

Global Automakers in 2020

Besieged Between

U.S./China Trade War & COVID-19 Pandemic

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2019 was never short of troubles and controversies. Many automakers were caught in the tariff war arising from the trade conflicts between the U.S. and China. The automotive market took the brunt of this conflict and experts forecast global car sales would decline 2.5%, but no one would have thought of another form of chaos to come after this. It was winter 2019 when the U.S. and China was scaling up trade retaliation against each other. A new coronavirus broke out in Wuhan China and spread throughout the world via cross-country travels. The epicenter of COVID-19 moved from China to Japan, South Korea and then very quickly to Europe. Now the virus has arrived in the U.S. and that only took just a few months! In the places that the virus wreaked havoc, local automakers were forced to halt production as the infection ramped up, winding up with the fate as that of the Chinese automakers. At the start of the outbreak there was disrupted production in China on the far left of the supply chain. After the virus became pandemic, the global demand on the far right of the supply chain suddenly plummeted with consumers forced to be self-isolated or not willing to go out shopping.

There are a bunch of automakers in the world purchasing components from China. First, they were met with shortage of materials due to the disruption of production, and then came the massive decline in consumers' demand. The global automotive market is besieged between trade conflicts and the pandemic. How would this situation be reflected on sales figures? Below are our analyses on those figures.

Automotive Market Amid the U.S./China Trade Conflict

Automakers in the U.S./Europe/Japan/S. Korea

Table 1. Global Automaker Sales in 2019 Vs. 2018 (Excluding Automakers in China)

2019 Ranking	2018 Ranking	Automakers	2019 Sales (in Vehicles)	2018 Sales (in Vehicles)	YOY Sales Change (%)	2019 Market Share (%)	2018 Market Share (%)	YOY Market Share Change (%)
1	1	Volkswagen	10,336,495	10,442,283	-1.0	12.2	11.8	+3.3
2▲	3	Toyota	9,698,609	9,493,671	2.2	11.4	10.7	+6.5
3▼	2	Renault-Nissan Alliance	9,222,665	9,800,365	-5.9	10.8	11.1	-2.7
4	4	General Motors	7,744,714	8,676,734	-10.7	9.1	9.8	-7.1
5	5	Hyundai-Kia	7,203,538	7,282,158	-1.1	8.5	8.2	+3.6
6	6	Ford	4,901,247	5,310,038	-7.7	5.8	6.0	-3.3
7	7	Honda	4,826,223	4,851,189	-0.5	5.7	5.5	+3.6
8	8	FCA	4,360,186	4,534,648	-3.8	5.1	5.1	0
9	9	PSA	3,176,473	3,494,734	-9.1	3.7	3.9	-5.1
10▼	11	Daimler	2,623,037	2,538,887	3.3	3.1	2.9	+6.8

[Source: Focus2Move]

Since the trade conflict reached its peak in 2019, we will first look at the sales figures of the top 10 automakers (Table 1) in 2019. The top three in the chart last year were Volkswagen, Toyota and Renault, respectively taking up a double-digit 10% share in the market. Among them, Volkswagen took the champion for the 4 years in a row year with a 10 million vehicles sales record in 2019. From the chart, we can see that the worst performer was General Motors. It is the second largest foreign automaker in China. Due to the slowdown in China's economy, its overall automotive sales took a downturn since 2018, and slid another 10% or a reduction of 932 thousand vehicles. On the other side is U.S. Ford with a sales drop above 7%. It remains unclear whether the trade war will make America greater, but judging from the automotive sales figures, the top two U.S. automakers did not turn greater. Besides U.S., automakers in other countries also saw decline in car sales. Except for Toyota and Daimler with a minor increase, 8 out of the top 10 automakers winded up with a sales drop. The trade war might just be an unwanted disaster for global automotive markets.



Automakers in China

2019 Ranking	2018 Ranking	Automakers	2019 Sales (in Vehicles)	2018 Sales (in Vehicles)	YOY Sales Change (%)
1	1	SAIC Volkswagen	1,726,364	1,713,025	+0.7
2	2	FAW-VW	1,423,394	1,393,615	+2.1
3	3	Geely Auto	1,178,009	1,353,479	-12.9
4	4	Dongfeng Nissan	1,171,181	1,087,228	+7.7
5	5	SAIC-GM-Buick	876,946	1,066,629	-17.7
6▲	11	Dongfeng Honda	800,582	723,743	+10.6
7▲	9	Great Wall Motor	793,807	765,045	+3.7
8▲	10	Guangqi Honda	767,340	733,035	+4.6
9▲	12	FAW TOYOTA	703,112	715,727	-1.7
10▼	7	Beijing Hyundai	701,541	798,691	-12.1
11▲	15	Guangzhou Toyota	697,674	580,008	+20.2
12▲	30	China Chang'an Automobile	647,012	663,823	-2.5
13▲	6	SAIC-GM-Wuling	637,940	871,074	-26.7
14	14	FAW-Volkswagen	619,211	603,688	+2.5
15▲	21	BMW Brilliance Automotive	572,937	455,810	+25.6
16▲	19	Beijing Benz Automotive	565,644	485,006	+16.6
17▼	6	SAIC-GM-Wuling	541,133	871,074	-37.8
18▼	16	SAIC-GM-Chevrolet	512,455	547,022	-6.3
19▲	20	SAIC-Roewe	449,899	470,092	-4.2
20▼	18	BYD	441,807	500,028	-11.6

[Source: 16888.com]

What about the automotive sales in China last year? Since many Chinese automakers are joint ventures with foreign automakers, here we have listed 20 top automakers in Table 2. We found out of the top 20 Chinese carmakers and joint ventures, those with a sales increase and others with a sales decrease both take up half of the proportion. What caught our attention is that the one half has 4 carmakers with a double-digit growth up to 25% while the other half has 5 carmakers with a double-digit drop going as much as 37%. It can be found that China has

somewhat extreme fluctuations in the automotive market. We will see this as “the Chinese automotive market has taken half the blow from the trade war”. Did the trade war cast an impact on automotive sales in China? Well, yes and no, because it has not gone as far as to cause a huge impact. But then again, who would have thought that a virus would deal the Chinese automotive market a deadly blow?

Global Automotive Market Amid the Impact of Pandemic

Countries	March 2020		Jan.-Mar. 2020		
	Sales in Vehicles	YOY Change (%)	Sales in Vehicles	YOY Change (%)	
Asia	China	1,430,000	-43.3	3,672,000	-42.4
	Japan	581,438	-9.3	---	---
	Korea	597,826	-15.0	1,687,905	-9.2
	India	140,752	-51.3	652,623	-21.7
Americas	U.S.	992,392	-27.0	3,978,727	-12.4
	Canada	96,117	-47.1	---	-20.0
	Brazil	163,500	-21.8	558,000	-8.2
Europe	Russia	160,640	23.0	375,649	16.0
	UK	254,684	-44.4	483,557	-31.0
	Germany	215,119	-37.7	701,300	-20.0
	France	62,688	-72.2	364,679	-34.1
	Italy	28,326	-85.4	---	---
Spain	37,644	-69.0	218,705	-31.0	

January-February 2020 was the most gloomy period for China's automotive market as well as the period when the virus became rampant in China. China's car sales fell 81.7%! This is an unprecedented margin of drop in a single month along with a dual month drop of 43%, and that happened in China which is the largest automotive market in the world. With “China Manufacturing” forced to a halt for 2 months, the disrupted supply chain in China has put global automakers in chaotic components purchase and affects car production in other countries. Perhaps, it was because of the lingering impact of the trade war, or the disrupted supply chain in China. Other countries also reported a drop of less than 10% in a single month, but the U.S. and Brazil both reported a positive growth. On April 10, China Association of Automobile Manufacturers (CAAM) reported the nation's automotive production and sales reached 1.422 million vehicles and 1.43 million vehicles respectively, a drop of 44.5% and 43.3% respectively. March sales apparently improved over February sales, but part of the market demand remained restrained. The situation is dim for Europe (Table 3). After the announcements of shutdown, Europe saw sales drop between 30% to 70% in March. Russia saw a double-digit growth in March because it didn't take until April for the virus to turn rampant in Russia, but the country's sales outlook in April could be dismal. The Americas was approaching the climax of COVID-19 in the March-to-April time frame and saw a 20%-40% sales drop in March with its upcoming sales for April supposedly to continue downwards. However, we are hearing calls for possibly resuming production in May. It remains concerning whether the sales will ever rebound.



Table 4. Factory Shutdowns of Overseas Carmakers Amid the COVID-19 Pandemic

European Carmakers/Factory Locations (Date for Shutdown)		American Carmakers//Factory Locations (Date for Shutdown)	
Renault	France (March 16) Morocco (March 19) Romania (March 19) Portugal (March 18) Slovenia (March 17) Chennai (March 23) Latin America (March 26) Spain plant resumed on April 15. Portugal plant resumed on April 15. China plant resumed on March 30. Full resumption planned in May.	General Motors	The U.S., Canada, Mexico (March 18) Brazil (end of March) Planned to resume partial production at U.S. plant on May 18
	PSA Peugeot Citroën	Across Europe (March 16) including France, Spain, Germany, UK, Poland, Portugal, Slovakia.	Ford
Daimler	Most factories in Europe suspended for 2 weeks (March 17) Shutdown of factories in the U.S., Canada, Mexico, and Brazil (March 25) Resumption range increased in April.	Tesla	Super factory in the U.S. suspended Shanghai plant resumed production on Feb. 10
Lamborghini	Italy (March 13)	FCA	Italy, Poland, Serbia (March 16) Northern America (March 18) Production resumption planned on May 4
Rolls-Royce	UK (March 23) Planned resumption on May 4.	Japanese Carmakers//Factory Locations (Date for Shutdown)	
Opel	Shutdown of factories in Europe (until March 27 for re-evaluation) Vienna plant to resume production soon according to announcement	Toyota	Car and component factories in UK, Turkey, Czech and Poland suspended without knowing when to come back on line. Factories in France and Portugal suspended. Except for the one in Russia, factories in 6 European countries to be suspended. Malaysia (March 23) Philippines (March 17) One tested positive for the virus in the factory in Aichi Prefecture. The whole factory was sanitized for 3 days and continued production. Planned to resume production at U.S. plant on May 11
Volkswagen	Slovakia, Spain, Portugal factories and subsidiary component factories (March 17) Shutdown of factories in the U.S., Canada, Mexico Russia (March 30) Germany, Poland (March 19) Brazil (March 31) Germany plant resumed production on April 23	Honda	North America (March 23) Production resumption planned on May 4
BMW	Factories in Europe and South Africa suspended (until April) South Carolina (April 3) Production resumed on April 27	Mazda	Hiroshima/ Yamaguchi Prefectures (March 28) Mexico, Thailand (March 25) Notes: Factories in Hiroshima and Yamaguchi Prefectures suspended due to problems with component deliveries and stagnant overseas sales.
Scania	All factories in Europe (March 25) Brazil and Argentina plant resumed production on April 27	Subaru	State of Indiana (March 23) Production resumption planned on May 8
Porsche	Germany (March 21) Production resumption planned on May 4	Suzuki	Hungary (March 23) Production resumed on April 20
Škoda	Czech (March 18) Factory in China is back on line. Factory in India unaffected. Czech plant to resume production on April 27.	Nissan	Production line in Europe suspended. The U.S., Canada, Mexico (March 20) Production resumption planned in mid-May
Bugatti	Factories in France (March 20)		
Bentley	UK (March 20) Production resumption planned on May 18		

Then again, the virus did not go global in February, but now it has entered a state of a pandemic. You must have recalled hearing news of major carmakers halting production since mid-March. Here we put up a list (Table 4) of overseas carmakers halting production amid COVID-19. European automotive factories were all impacted, the nightmare for North American automotive factories has just begun, and factories in other countries are on thin ice. As of the date (May 4), it is unclear how further down the global car sales will go as the world continues to see more and more countries in lockdowns, but it is necessary to keep a close watch for at least the coming 6 months.

