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By

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**NDU PANEL DISCUSSION  
– Perspectives on the Automotive Industry**

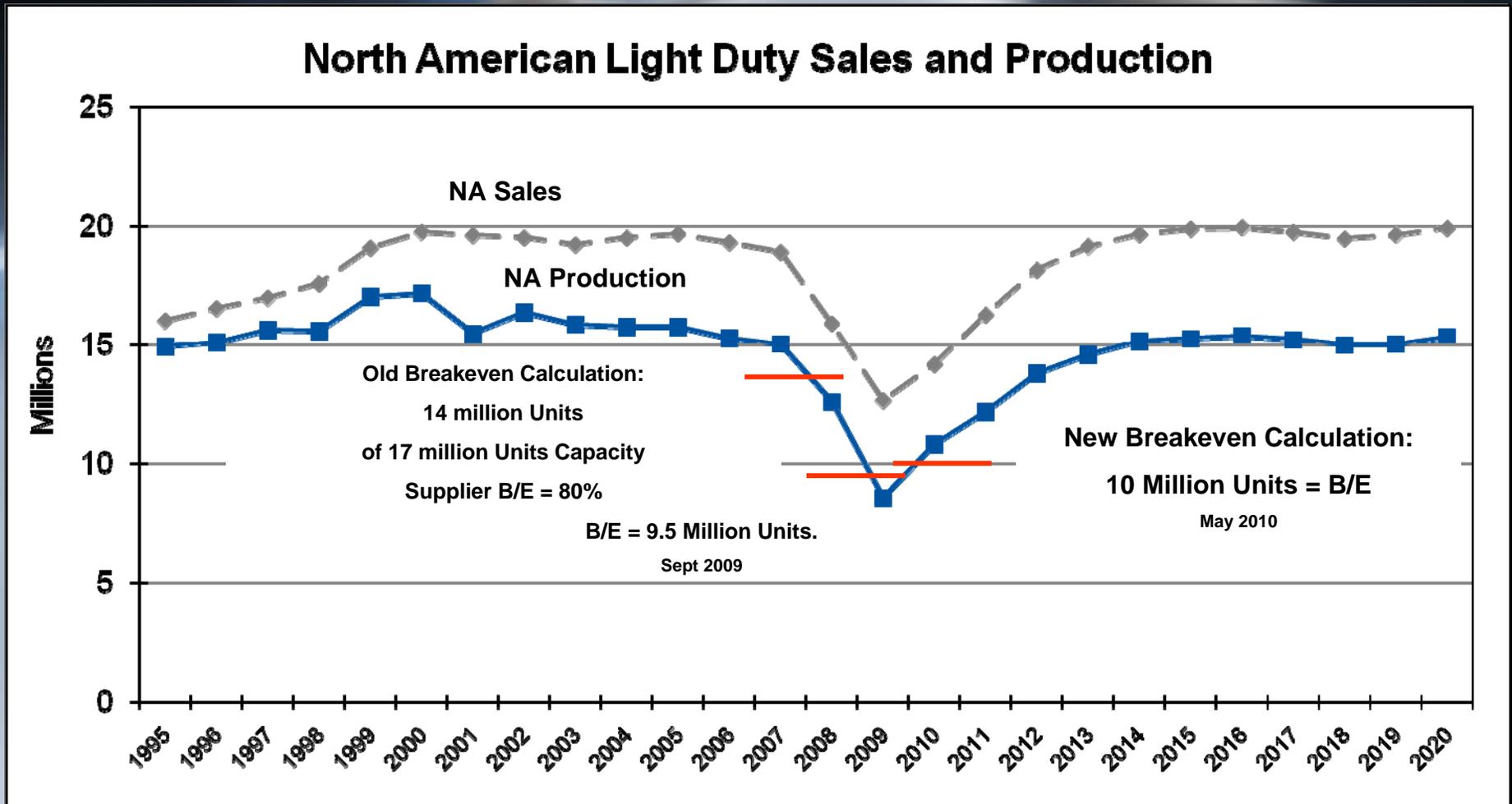
*Sanjay Rishi*

# Agenda

## **Automotive - The state of the Industry**

- **Economic contribution - Magnitude of influence**
- **A global perspective**
- **The Strategic Imperative to act**

# The state of the Automotive Industry



Sources: Global Insight March 2010 NA Production and Sales Forecast and  
 May 2010 OESA Automotive Supplier Barometer

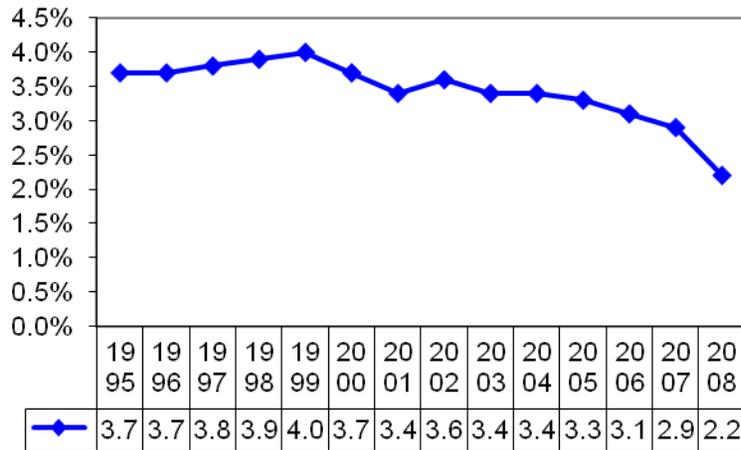
# The state of the Automotive Industry

- The recovery continues .....
- “Ford ‘s rebound rolls on as it posts a \$2.6B profit” – July 23, 2010
- “GM posts big profit (\$1.3B) CEO says he has done is job” – August 12, 2010
- “2Q operating profit a lift for Chrysler” – August 10, 2010
- “For many big suppliers, profits are back” – August 1, 2010

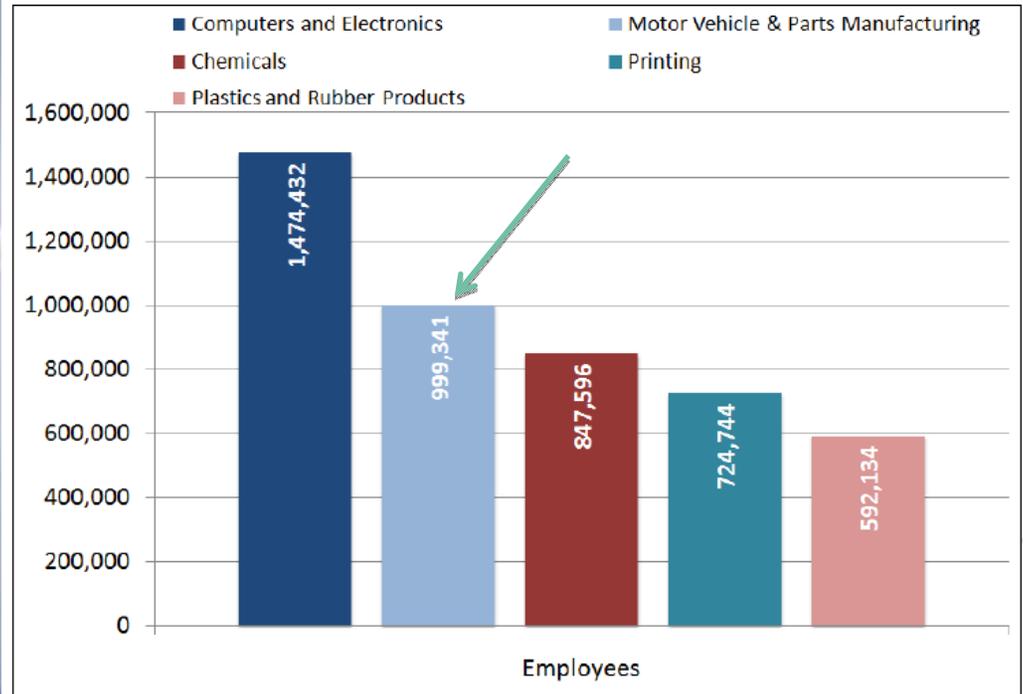
*Post recovery, the US Automotive Industry has sound fundamentals and an opportunity to compete*

# Economic contributions – the magnitude of influence....

## U.S. Automotive Output as Percent of GDP, 1995-2008

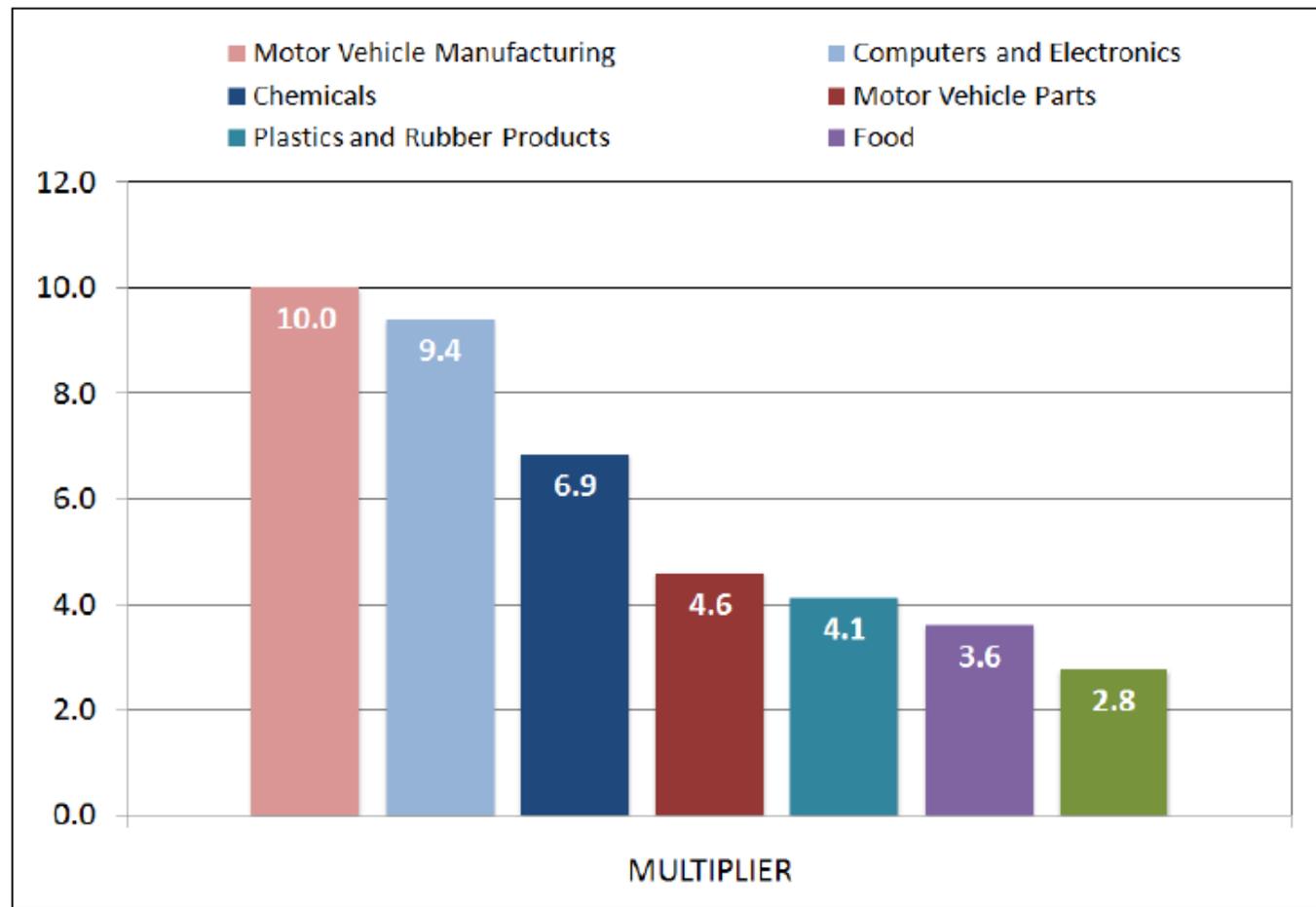


## Figure 1.5: Employees by Selected Industry



# Economic contributions – the magnitude of influence....

**Figure 1.6: Job Multiplier by Selected Industry**

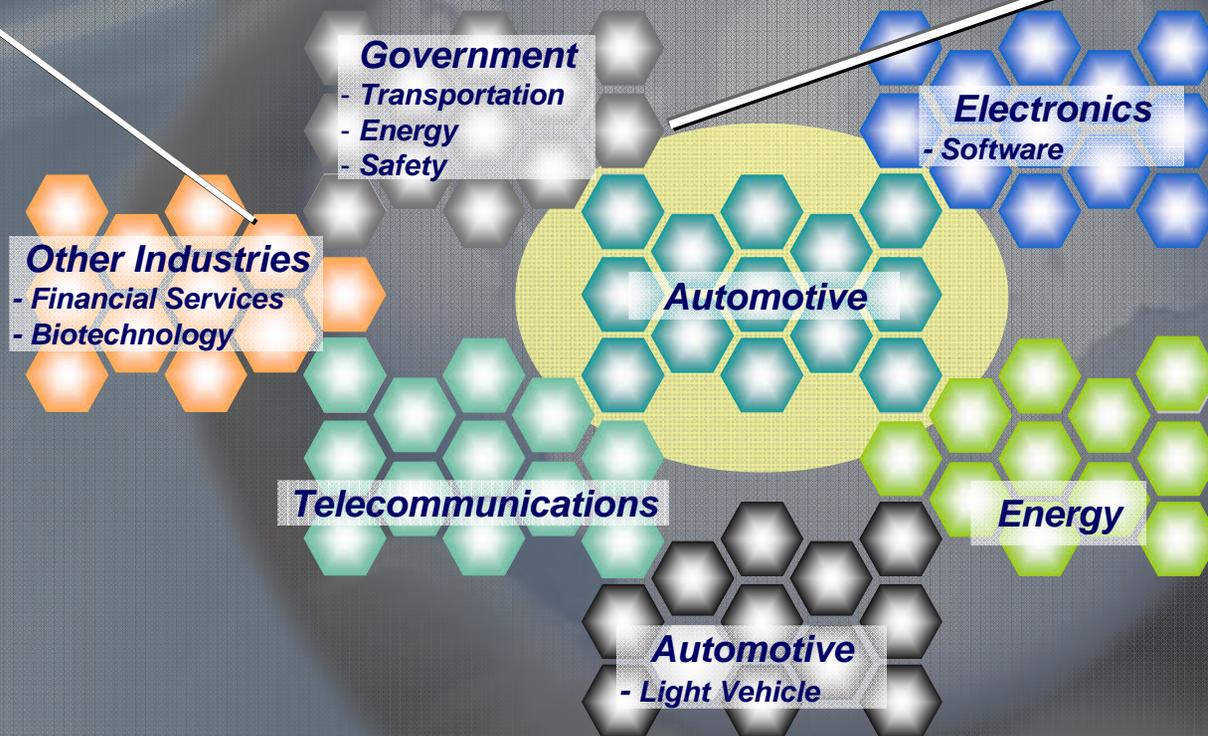


*– and the magnitude of risk....*

# But it is a new world – with entirely new opportunities for innovation

New business models are emerging at the seams of industry intersections

The role of Public Private Partnerships is increasingly evident



....and entirely new ecosystems of competition

# As a nation, we reacted well to the financial crisis!

## US Government 2009 Auto Industry Investment

GM DIP:	\$50 billion
DOE Loans:	\$25 billion
GMAC:	\$16.3 billion
Chrysler DIP:	\$12 billion
TALF:	\$4.9 billion
Supplier Assistance:	
\$3.5 billion	
Cash for Clunkers:	\$2.9 billion
Battery Initiative (Recovery Act):	
\$2.4 billion	
Chrysler Finance:	\$2.0 billion
Warranty Coverage:	\$0.64 billion
Training (DOL):	\$0.01 billion
<b>TOTAL:</b>	<b>\$119.6</b>
<b>billion</b>	

# Economies around the globe recognize the strategic importance of this sector

- China – the Latest Automotive Plan

- Consolidation of the local industry – 2 to 3 groups > 2M units; 4 to 5 groups > 1M units
- Investment of \$15 billion in 'green' cars in 10 years
- 5 million plug in hybrids on the road by 2020
- Blueprint for Developing New Energy Vehicles
- 1M hybrid vehicles, 300,000 pure electric vehicles, and 20,000 fuel cell vehicles by 2015
- Focus on the two “pillar” industries – Automotive and Steel
- 10 B Yuan investment to help upgrade technologies
- Significant subsidies for the purchase of green vehicles

# Economies around the globe recognize the strategic importance of this sector

- India – The Automotive Mission Plan
  - Vision: “....destination of choice for the design and manufacture of automotive components .....output exceeding 10% GDP .... Employing 25 Million people”
  - Investment, Tariff, and Tax holiday policy
  - Port, Power, Rail, and Road infrastructure
  - Export incentives – products and services
  - Subsidies for R&D related investments
  - Incremental investment of \$35B to \$40B during the next 10 years

# The strategic imperative to act

- Is there a risk of relegating a storied history of manufacturing excellence and leadership?
- Have implications beyond the fate of the Detroit 3 been ignored?
- Are innovation, science, and engineering excellence a matter of national importance?
- **If so.....**
  - Does the US need its own strategic plan? A comprehensive long term roadmap?
  - Is there a need for an entirely new context of public-private partnerships?
    - R&D? Tax incentives? Skillsets? Workforce continuity? Innovation hubs? Incubation Centers of Excellence?



Thanks