



## CE Automotive Newsletter

Q2 2023

Dear Readers, we are thrilled to introduce our new CE Automotive Newsletter! We would like to bring you a collection of valuable content featuring Deloitte studies, market research, and expert opinions, covering various aspects of the automotive industry.

With a quarterly release schedule, our newsletter will keep you well-informed about the latest insights and trends in the automotive industry. To ensure you don't miss out on future issues, we encourage you to subscribe here:

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**According to the findings, 46% of managers from diverse manufacturing industries in Germany expressed Eastern Europe as one of the most attractive regions for industrial location.**

A [recently published Deloitte survey](#) on supply chain trends among German companies has revealed several concerning findings. In addition to addressing the latest supply chain disruptions, the survey polled managers about their perception of Germany as an industrial location. According to the results, **over half of the respondents believe that Germany's attractiveness as an industrial location is declining** and will continue to do so in the future. Additionally, **45% of the respondents see a strong risk of future deindustrialization in Germany.** That appears to be a concerning signal, as it is widely recognized that the development of the German industry holds significant importance not only for Germany but also for Central Europe.

Regarding potential locations, a majority of the respondents **indicated North America (56%) and Eastern Europe (46%) as the most appealing regions.** Respondents highlighted several **benefits of these regions, such as lower labour costs, good transportation infrastructure, skilled workforce, easy market access, less regulation or bureaucracy, and low energy costs.**

Energy costs have become one of the most significant disruptors for several industries across Europe, leading to numerous struggles to remain operational. Energy costs and inflation have had a significant impact on producer margins, particularly in the automotive industry. It is therefore unsurprising that **many producers are now exploring the possibility of shifting their operations from Europe to other locations,** which puts not only Germany but also Europe as a whole at risk of losing its manufacturing.

**Eastern Europe is also being affected, as evidenced by Volkswagen's recent postponement of its decision on a battery plant in the Czech Republic.** North America is becoming an increasingly attractive manufacturing location, particularly with the **introduction of the U.S. Inflation Reduction Act, which puts European producers at a disadvantage.** Another notable example is Scottish battery manufacturer AMTE, which is considering relocating its production site to the U.S. due to the absence of competitive advantages in the UK and the unavailability of incentives.

To address these challenges, the European Union should offer greater support to its industry. **Introducing incentives and postponing initiatives like the EURO 7 implementation** to the latest deadline are two potential strategies to encourage industries to remain in Europe and prevent deindustrialization. There are already some initiatives on country or Union level, however, there is still much work to be done to address the challenges facing Europe's industrial sector. To address them it will **require a coordinated effort across different stakeholders,** including governments, businesses, and industry associations, to promote innovation, investment, and competitiveness.

## Deloitte latest analysis and studies

### Future of Automotive Mobility 2035

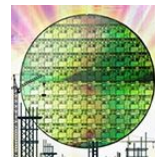
How can mobility providers ensure future success in an evolving industry? Our latest global report dives into key strategies for adapting to tomorrow's value chain.

Read more insights from our global report and explore key strategies to ensure future success.



[The future of automotive mobility to 2035 | Deloitte Global](#)

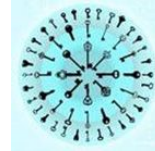
## EU Chips Act: A 43 Billion Investment in Europe's Automotive Industry?



The global semiconductor industry is growing rapidly, expected to reach US\$633 billion in 2022 and potentially hitting US\$1 trillion in revenue by 2030. Europe consumes 20% of chips but only manufactures 9%, making it a net importer. The European Union plans to invest €43 billion in the EU Chips Act to boost self-sufficiency and competitiveness. This raises questions about semiconductor technology priorities, value chain development, and meeting demand and talent needs. Europe must seize this opportunity in the next decade to benefit from the industry's growth.

[Europe's semiconductor chip shortage | Deloitte Insights](#)

## Unlocking the power of AI : Organisations need machine learning operations to scale their AI capabilities



Only organisations ready to scale their AI capabilities and meet the challenge with Machine Learning Operations (MLOps) capabilities will be in the front line to harness the whole potential of emerging technologies. Discover the benefits of MLOps in our latest article.

[Scaling AI through machine learning operations | Deloitte Insights](#)

## What we do? Suppliers Risk Management

Supply chain operations often generate significant challenges for both individuals and organizations. These challenges can severely disrupt production and hinder overall operational efficiency. Common problems encountered by organizations in this area include:

- Inadequate assessment of real production capacity overtime.
- Supply problems and disruptions in logistics processes.
- Absence of a comprehensive maintenance plan.
- Inappropriate or insufficient implementation of IT systems, particularly essential modules, often due to financial constraints.
- Shortage of experienced, well-trained employees with industry-specific expertise.
- Lack of effective project monitoring, with a dearth of IT tools and dedicated project managers.
- Over-reliance on a single procurement source without alternative options.

At Deloitte Central Europe, we specialize in addressing these pressing challenges and assisting manufacturers, primarily in the automotive sector, in optimizing their performance, mitigating supply chain disruptions, and fortifying their resilience. Our service portfolio revolves around supporting to Automotive OEMs, Tier 1, and Tier 2 suppliers, encompassing various critical aspects of the supply chain.

We offer logistics audits to ensure adherence to industry standards and assist automotive suppliers in preparing for these audits. Additionally, we review logistics compliance in production to ensure suppliers meet specific guidelines. In times of crisis, we possess specialized proficiency in logistics crisis management and the prevention of production shutdowns.

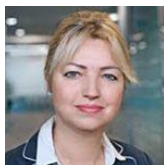
Anita, a member of our Supply Chain team, is responsible for Suppliers Risk management and Logistics Audits execution. She has successfully resolved business cases such as securing a regular supply of parts to approximately 15 automotive OEM plants during the COVID period to prevent shutdowns. Her responsibilities include logistics process supervision, order management control, and coordination of the distribution network. Anita has also played a key role in securing battery supply for automotive OEMs through regular production supervision and part quality assurance, thereby eliminating production cuts.

## Team



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