

GLOBAL TRENDS IN AUTOMOTIVE INDUSTRY



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THE IMPORTANCE OF AUTOMOTIVE FOR GLOBAL ECONOMY



- Automotive industry is capital intensive, technology heavy demanded and labor intensive.
- Automotive industry is one of the most important drivers of global economic growth.
- Over the past two decades, the automotive industry has experienced considerable disruptions (the Great Recession of 2008, radical innovations, political and economic conflicts, the pandemic...) that have left long-term effects on the industry's structure.

STRUCTURE OF AUTOMOTIVE INDUSTRY



Government

Threat of substitutes

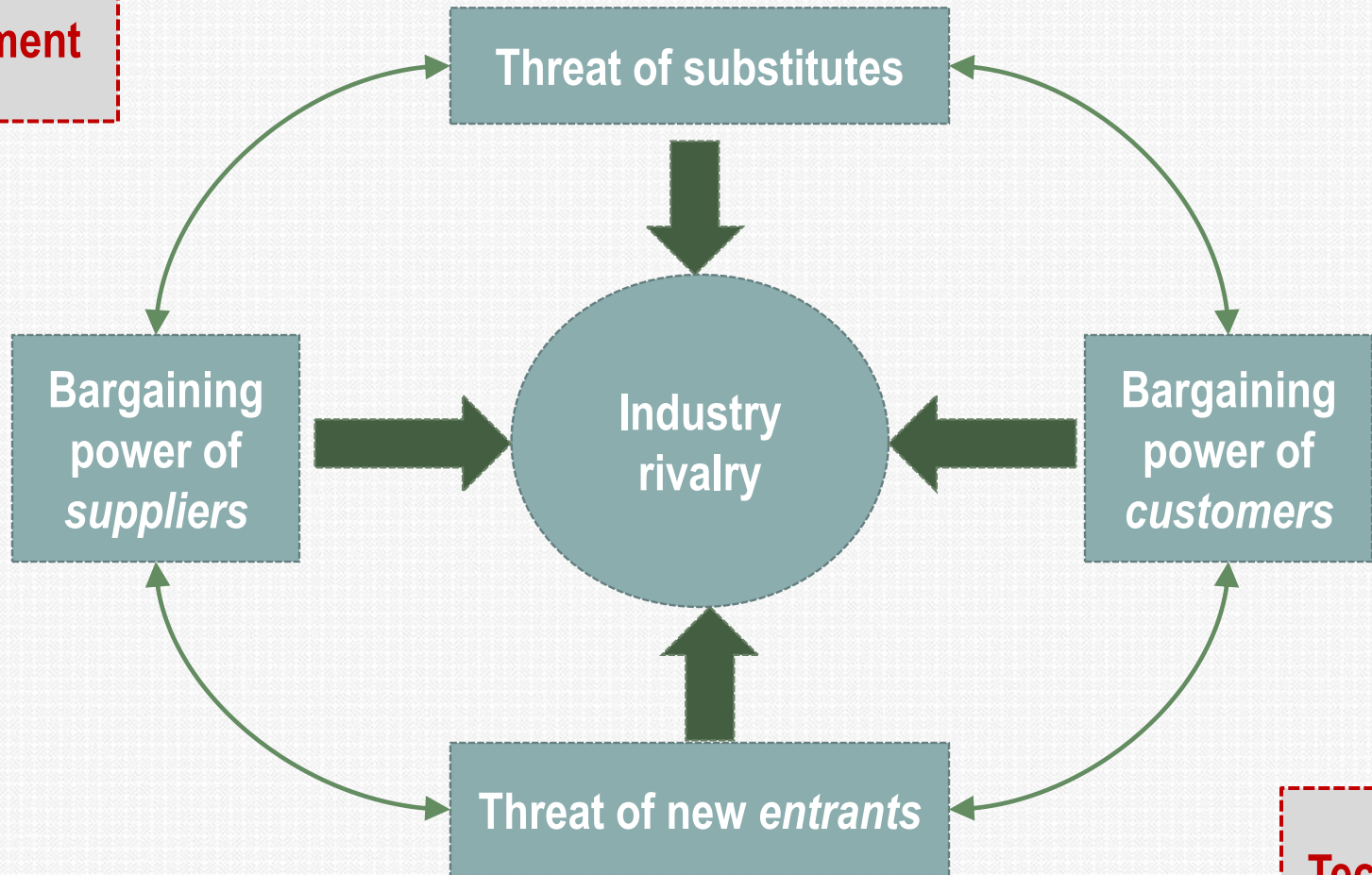
Bargaining
power of
suppliers

Industry
rivalry

Bargaining
power of
customers

Threat of new *entrants*

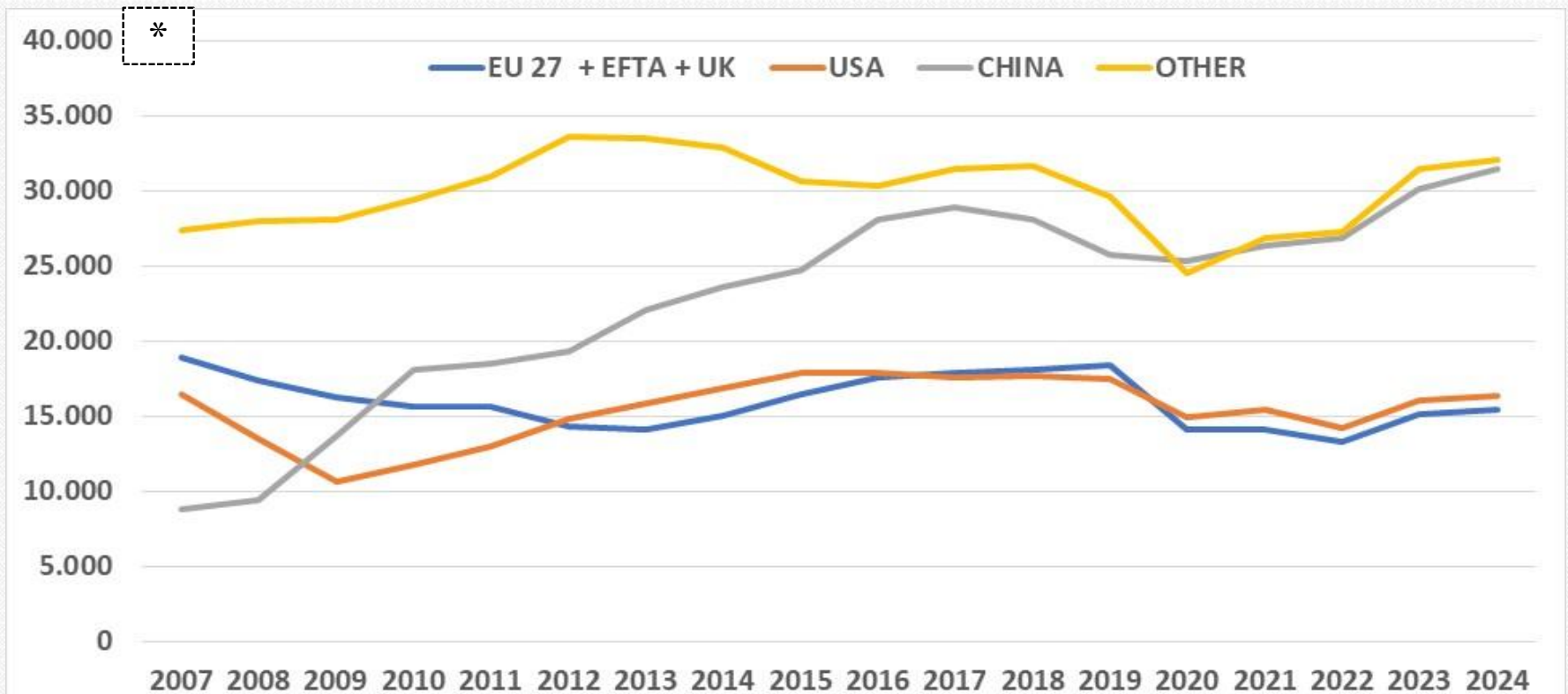
Technology



GLOBAL DEMAND



- Emerging markets are larger than developed markets and they continue to rise significantly.

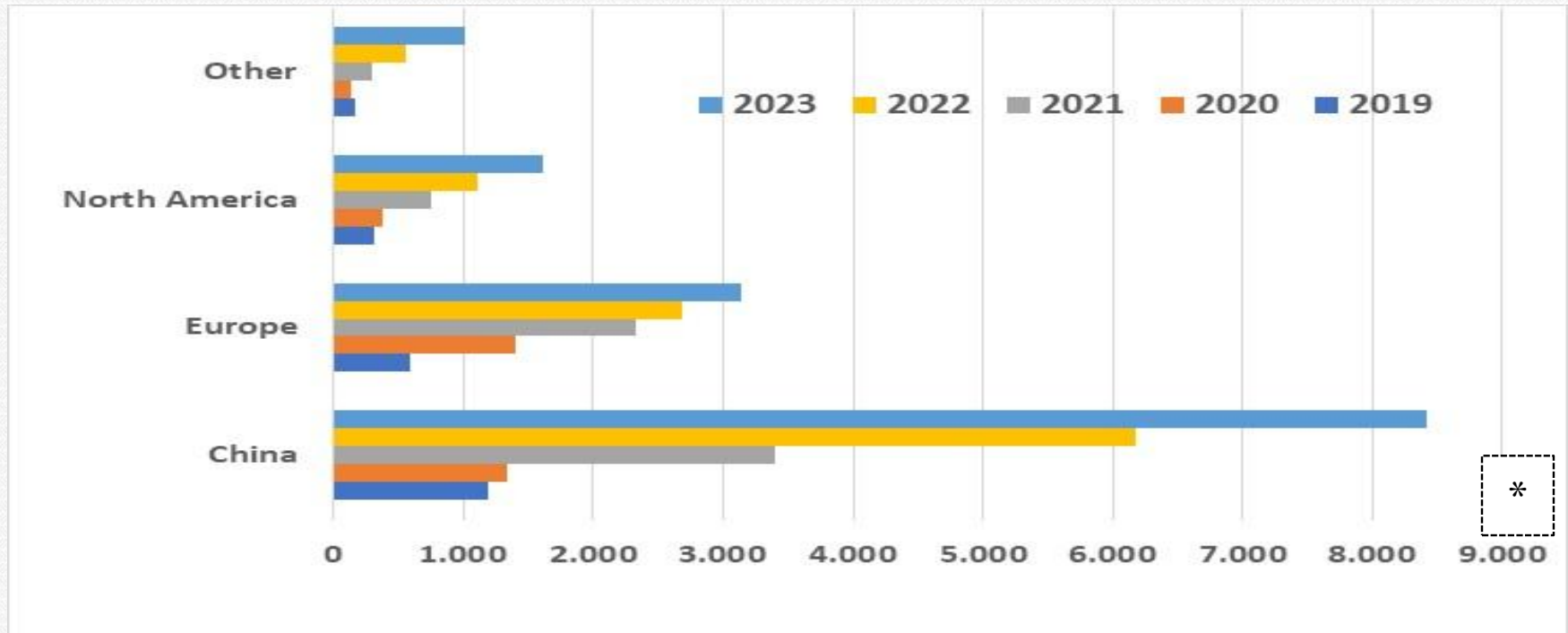


* 000 vehicles

GLOBAL DEMAND



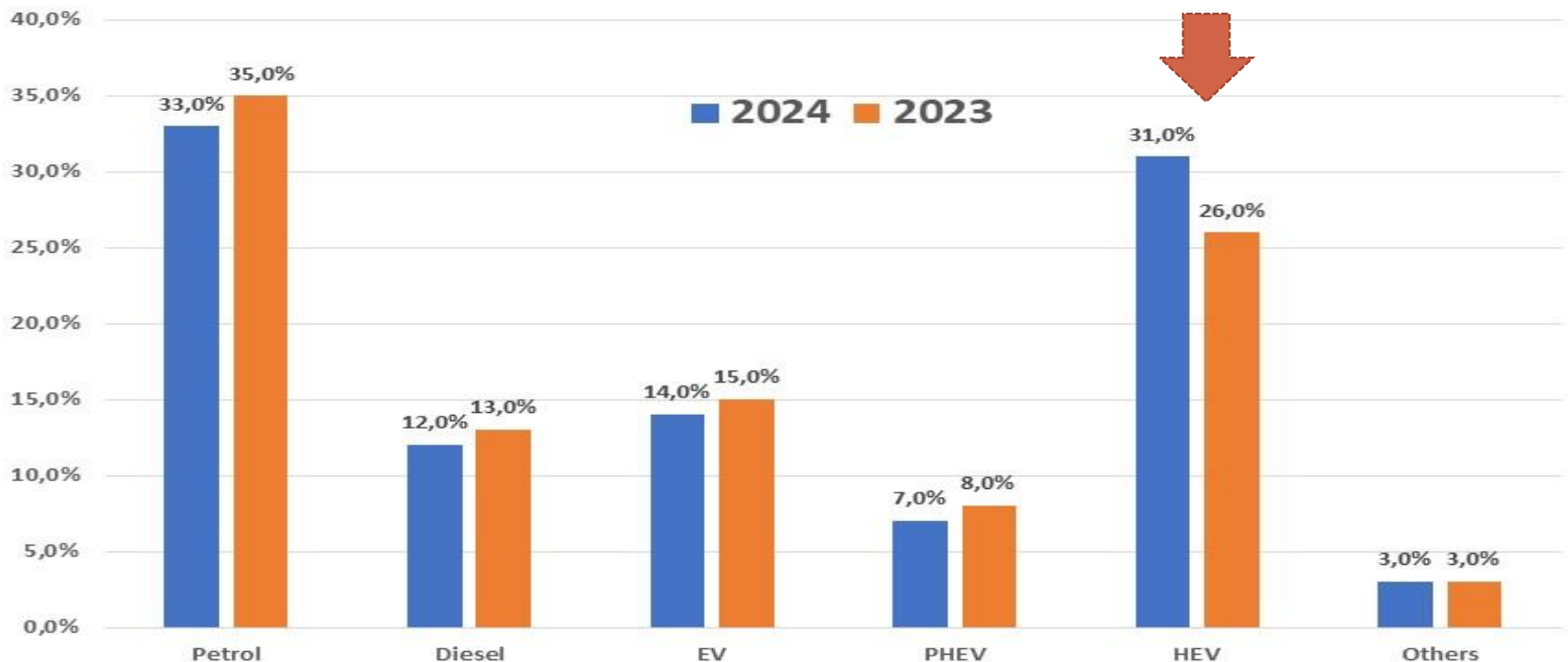
- Consumers want vehicles that are connected, have high safety performance and provide entertainment during the ride, but they are not willing to pay a premium price for them.
- Governments introduce incentives for buying „green vehicles“.



* 000 EV

EUROPEAN AUTOMOTIVE MARKET

- After 2020 European market has faced strong contraction due to the pandemic and economic stagnation.
- In 2024 number of new registered vehicles rose slightly to 12.2 million vehicles (less than pre-pandemic level).



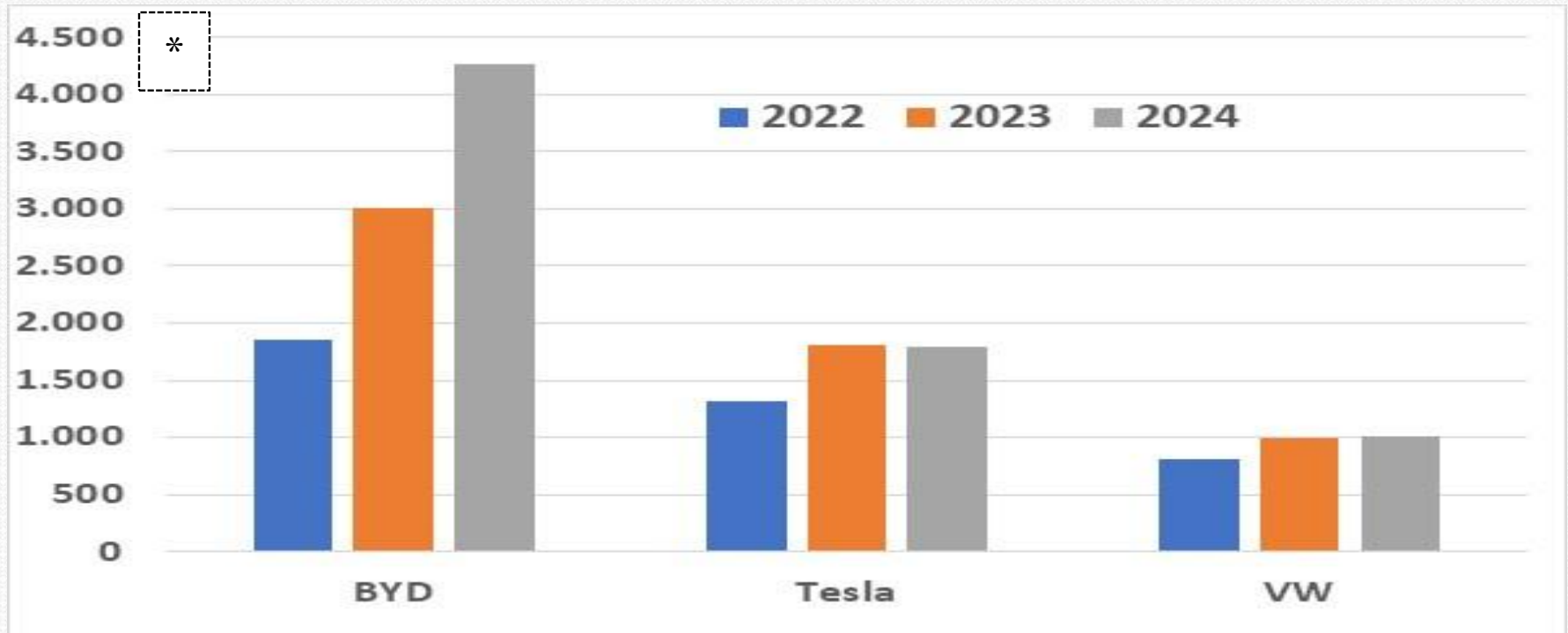
COMPETITION AND NEW ENTRANTS



- Competition is very fierce, and there is significant overlap of competitors across segments and markets.
- Production costs of vehicles are **30%** lower in China than in Europe, which is why Chinese companies are pushing European competitors out of the domestic market (63% market share) and putting pressure on them in European market (**VW plans to close 3 plants in Europe**)
- The competitive advantages of Chinese companies include higher labor productivity, economies of scale, control of upstream activities in the supply chain, simpler product architecture, lower energy costs, etc.
- More than 30% European plants utilized less than 50% capacity in 2024.

COMPETITION AND NEW ENTRANTS

- European additional tariffs for cars produced in China.
- The responses of European companies include strategic partnerships with Chinese companies (Stellantis-Leapmotor) or a paradigm shift (hydrogen fuel cells).



* 000 EV

SUBSTITUTES



- Technological innovations (digitalization and autonomous vehicles) and regulatory changes have enabled the development of ride-hailing, ride-sharing and car-sharing services.
- Demographic characteristics, lifestyle, regulations, and service availability influence the development of this type of service. The number of 18-year-olds in the U.S. with a driver's license ***has declined from 80% to 60%*** between 1983 and 2023.
- Despite great enthusiasm, this type of substitute has not fully taken hold.

AUTOMOTIVE SUPPLIERS



- Automobile companies hold a stronger position compared to second-tier suppliers, while they establish strategic partnerships with first-tier suppliers (VW and Kuka JV).
- Automotive companies include open supply chains for suppliers with competences in digitalization and electrification.
- New suppliers are squeezing out traditional suppliers from value chains (the battery accounts for about 40% of the vehicle's value in the mass segment, while in the premium segment, intangible elements are expected to make up 50% of the value by 2030).
- Traditional suppliers are under pressure to reduce the prices of their products and services.

AUTOMOTIVE INDUSTRY IN 2025



Businessweek
The Big Take

The US Hasn't Noticed That China-Made Cars Are Taking Over the World

The country is poised to become the No. 2 exporter of passenger vehicles, surpassing the US and South Korea and risking new tensions with trading partners and rivals.

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France presses EU to threaten trade war against China

Paris is seen as pushing for a probe that could result in Chinese electric vehicles being hit with tariffs.

'A very serious situation': Volkswagen could close plants in Germany for the first time in history

[news.com/business/autos/trump-auto-tariffs-which-companies-how-much-when-what-to-know-rcna198223](https://www.nbcnews.com/business/autos/trump-auto-tariffs-which-companies-how-much-when-what-to-know-rcna198223)



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TRUMP TARIFFS

Trump to impose 25% tariff on all imported vehicles and foreign-made auto parts

Foreign governments and carmakers criticized the new import taxes, which drew threats of retaliation and pushed down auto stocks around the world.