

Editor's Note

We ring in 2025 with a new edition of *Plugged In*. In this edition, Bob Weiss contemplates the critical challenges facing Volkswagen. From missteps in strategy to fierce competition in China and unprecedented restructuring plans at home, this article dives into the company's turbulent journey and evaluates whether VW can reclaim its place as an industry leader—or if it risks being left behind in the race for survival. Next, we shift gears to the recent debate over the H-1B visa program and the looming question of whether Elon Musk's support for the program will influence the President-Elect's position on skilled immigration. In the article, I explore how the debate impacts the electric vehicle sector, uncovering the challenges and opportunities it presents for companies navigating a global talent shortage. Finally, in his recurring column, "In Case You Missed It," Bob highlights recent news articles addressing current issues and challenges for automakers and suppliers. From the high-stakes merger talks between Honda and Nissan to Stellantis' uphill battle to maintain its European operations, the automotive world is grappling with seismic shifts. Dive into a recap of 2024's pivotal EV moments and the challenges legacy automakers face as they strive to stay competitive in an industry undergoing radical transformation.

Heather Frayre | Member Partner

Volkswagen's Race for Survival

Introduction

Although nearly all legacy OEMs are struggling to address the myriad challenges inherent in the transformative transition from ICE to BEV, perhaps none has been more consequentially impacted than the venerable leading European manufacturer, Volkswagen. The fallout from missteps in the transition process from ICE to BEV has cost VW billions in losses and materially negatively impacted its iconic brands. It was reported by Bloomberg Law that VW's parent, Porsche Holdings, may take a €20 billion impairment due in large part to VW's failed execution of its EV strategy.

Volkswagen's very viability is dependent upon the successful completion of a massive, painful and unprecedented restructuring. While some elements of Volkswagen's situation are unique, many of the factors contributing to its current precarious state are shared by most legacy OEMs. It is therefore instructive to understand the reasons for the decline of VW and to evaluate its prospects for survival.

Brief Company History and Profile

Volkswagen's history traces back to the development of the "Käfer" (Beetle). In 1934, the initiative to design and mass-produce an affordable "People's Car" began as part of a Nazi-backed project designed to promote the image of Germany as technologically advanced and capable of providing affordable, modern conveniences to its citizens. The German government officially founded Volkswagen in 1937. However, with the outbreak of World War II, the company transitioned to producing military vehicles and armaments. Following the war, Volkswagen returned to its foundational mission, resuming production of the Käfer, which became an iconic symbol of accessible transportation.

The company was the world's largest car manufacturer in 2016 and 2017, based on the number of global sales. In 2019, the VW Group grew its worldwide deliveries by 1.3% to 10,974,600 vehicles. VW Group currently owns 12 brands, employs 671,295 worldwide, has 124 production plants in 20 European countries and an additional 11 plants outside Europe, and sells its vehicles in 153 countries across the globe. The Volkswagen Group's largest market is China (including Hong Kong and Macau), which accounts for 40% of its sales. (Wikipedia).

From Dominance to Survival Mode

VW was once the leader in worldwide automobile sales, selling its iconic brands throughout the world and, for a time, sold more vehicles on an annual basis than any other manufacturer. It was

an early entrant into the Chinese market and dominated Chinese domestic sales for a number of years.

Today, VW is losing market share in China and elsewhere, having been eclipsed by Toyota as worldwide sales leader. Perhaps more foreboding, it is feeling the competitive heat from Chinese manufacturers like rising superstar BYD. A *New York Times* article from December 15th, titled "Automakers Thrived in the Pandemic. Many Are Now Struggling,"¹ notes that VW, which gets a third of its sales from China, saw a 10% drop in deliveries there in the first nine months of this year compared to 2023.

Ironically, several years ago, VW was a strong advocate for a rapid transition to electric vehicles and supported government regulations to speed up the process. This stance frustrated some competitors who favored a more incremental and nuanced approach. The author noted that "Volkswagen was among the first established carmakers to develop electric vehicles, but the models underwhelmed buyers and critics." In the U.S., sales of the ID.4 SUV dropped by more than half in the third quarter compared to the previous year, according to Kelley Blue Book. Software issues affected sales of the ID.4 and other electric models in Europe and Asia. Thomas Schafer, CEO of Volkswagen passenger cars, stated, "We currently don't make enough money from our cars, while our costs for energy, materials, and personnel have continued to rise."

Aggressive Restructuring

This fall, VW began negotiations with its union on a bold restructuring plan. Factors such as overcapacity, high manufacturing costs, a declining European market, poor investments, and fierce competition in China necessitated swift action. The restructuring plan initially called for the closure of three German factories, laying off thousands of employees, and implementing wage cuts for those remaining—an unprecedented move in VW's history.

VW's proposals were met with pushback from its union. In an article appearing in Bloomberg's Hyperdrive entitled, "Gridlock in Germany",² the author noted the stalemate in VW's negotiations with its unions over these cost-cutting measures, in particular looming layoffs and factory closings.

¹ <https://www.nytimes.com/2024/12/15/business/automakers-trouble.html>

² https://www.bloomberg.com/news/articles/2024-12-16/volkswagen-s-conflict-with-labor-risks-dragging-on-next-year?cmpid=BBD121724_hyperdrive&utm_medium=email&utm_source=newsletter&utm_term=241217&utm_campaign=hyperdrive

The union is not only opposing the proposed cost-saving measures but is also critical of the corporate decision-making that led to this situation. In an article of Bloomberg Hyperdrive from December 5 entitled, "Placing Risky Bets",³ the author lists a number of multibillion dollar failed investments that have drawn the union's ire and undermines the union's confidence that management can successfully manage a difficult restructuring. The authors criticize multiple failed investments, including the allocation of approximately €1.4 billion (\$1.47 billion) into a Swedish battery upstart in which VW was the largest shareholder until its Chapter 11 filing in the US last month. They also claim VW's decision to allocate close to €12 billion into its in-house software unit Cariad was an even costlier move. While more than two-thirds of that investment has gone into existing software architecture and technology used in the current lineup, the unit has racked up billions of euros in operating losses since 2021 and caused years of key model delays. High hopes for autonomous driving also prompted VW to invest approximately €2.6 billion into Argo AI, the driverless tech company it co-founded with Ford. But tantalizing visions of deploying self-driving across a variety of projects ran up against regulatory snags and cultural resistance. VW wrote down [€1.9 billion](#) in 2022 after it backed out of the project.

VW has reportedly reached a deal with its union in order to charge forward with its plans to streamline operations, enhance efficiency, and restore its financial footing. In an article⁴ appearing in *Wall Street Journal* on December 20, the author provides the broad outline of VW's deal with its union. In sum, it is reported that the deal will avoid any forced job cuts or factory closures in Germany until 2030. Also, based on staffing and bonus reductions and what the author describes as "...a novel cost-control tactic," annual savings at some point are estimated to rise to €4 billion.

VW's China Problem

VW's precipitous decline in China represents perhaps VW's greatest challenge. In an article appearing in the *Wall Street Journal* on December 18 entitled, "The China Shock Behind the Honda-Nissan Merger Talks,"⁵ the author discusses the rapid growth of EVs and hybrid vehicles in China and the rise of Chinese competition. The author aptly captures the dilemma, noting, "Western and Japanese brands for decades dominated and milked the Chinese market, while having little fear of Chinese rivals encroaching on their own strongholds.The foreign brands

³ <https://www.bloomberg.com/news/newsletters/2024-12-05/vw-s-risky-northvolt-bet-exposes-series-of-costly-investments>

⁴ <https://www.wsj.com/business/volkswagen-union-says-labor-negotiations-stuck-after-four-days-of-talks-0f2558cd>

⁵ <https://www.wsj.com/business/autos/the-china-shock-behind-the-honda-nissan-merger-talks-0b1ce808>

were taken by surprise at how quickly EVs and their plug-in hybrid cousins took off in China in the span of four years."

Given the extraordinary support of the Chinese government for its domestic producers, which shows no sign of abating, production costs advantage of the Chinese competition as well as the advanced state of engineering and styling of the Chinese products, it is hard to envision how VW will be able to rebuild its brand and market share in China.

Volkswagen Isn't Throwing In the Towel

In an early December interview with Automotive News Europe, Martin Sander, VW Board member for sales and marketing, struck an optimistic tone, in terms of VW's ability to compete in terms of quality, performance and price. He noted for example the Model ID3, which has a price tag in Germany and France below €30,000, has more range than the Tesla Model Y, and charges faster than the BMWj4.

Apparently, VW has no plans to abandon the China market. Volkswagen has made clear it intends to invest and rebuild in China, its biggest market, even as it pursues painful cost cuts at home. Over the past year or so, Volkswagen has been shifting to use more Chinese components obtained from local suppliers to cut development time and expense. It is also investing billions of dollars in local companies to get its hands on cutting-edge Chinese technology.

In his interview with Automotive News, Mr. Sanders again struck an aggressively optimistic tone. "Our business in China is the huge advantage for the whole organization. We are committed to competing there, which is why we have more than 30 new products in the pipeline that are going to launch in China starting in 2026. Most of them will be new energy vehicles (full-electric and plug-in hybrids). I'm convinced these cars will be highly competitive when it comes to their features and prices. Everything we have to do to be successful in China helps us in Europe, North America and everywhere else. We already talked about the how it has helped us speed up our development cycle. It has forced us to be much more rigorous about cost control to compete with all these new players. This will definitely put us in a much more competitive position everywhere."

As an example of its creativity or, as others would argue, its desperation, VW is partnering up with Rivian to build EV software. In an article appearing in Barron's December 16th edition entitled, "Volkswagen Bets On US Start Up To Save Its EV Strategy,"⁶ the author reports that the

⁶ <https://www.barrons.com/news/volkswagen-bets-on-us-startup-to-save-its-ev-strategy-428ee428>

companies will jointly build the operating system for VW's EVs from 2026 onward. The author quotes the Center For Automotive Research as describing the partnership as "high risk."

Conclusion

Successfully undertaking a complex restructuring of a global company in a stable and generally positive environment is an enormous task. To do so, during a time of industry transformation, in a declining overall European market, in a skeptical, if not hostile labor and regulatory environment and in a highly competitive industry is, extraordinarily challenging, if not arguably impossible. Whether Volkswagen management is up to the task remains to be seen. Stay tuned.

Robert Weiss | Of Counsel | Co-Chair, EV Initiative

Elon Musk and the H-1B Visa Debate: What it Means for the EV Industry

A recent clash between Elon Musk and incoming President Trump's conservative base has ignited a debate over the H-1B visa program, raising questions about its role in the American economy and its impact on specific industries like the automotive industry, which is undergoing a rapid transformation due to vehicle electrification. The H-1B debate highlights a critical challenge for U.S. immigration policy: balancing the need to protect American jobs with the demand for specialized skills vital to industries like electric vehicle development.

Understanding the H-1B Visa Category

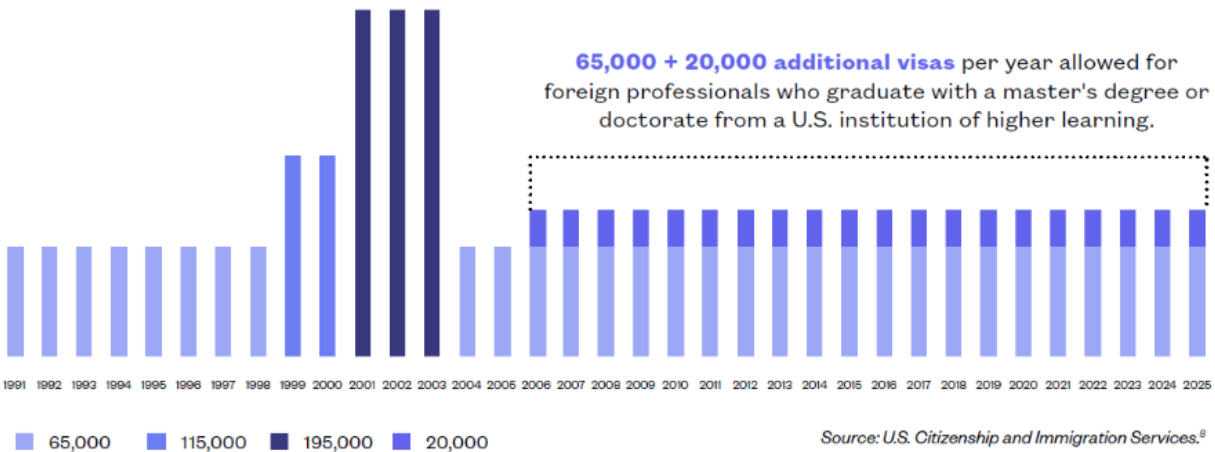
1. History

The H-1B visa classification was introduced as part of the Immigration Act of 1990, signed into law by President George H. W. Bush, to allow U.S. employers to temporarily hire highly skilled foreign workers in specialized fields such as technology, engineering, medicine, and academia.

The program was designed to address labor shortages in industries requiring advanced expertise. It was originally capped at 65,000 visas per fiscal year, and an additional 20,000 visas were later added for workers holding advanced degrees from U.S. institutions. Due to demand consistently exceeding the annual cap of 85,000 visas, a lottery-based registration system is used to allocate visa numbers. In the most recent fiscal year, the selection rate was approximately 28%, an increase from 24.5% the previous year (the difference likely due to changes aimed at combatting

duplicate registrations).⁷ Certain institutions, such as universities, nonprofit research organizations, and government research institutions, are exempt from these caps, allowing them greater flexibility in hiring foreign talent. The following chart from the [American Immigration Council](#) shows the allocation of H-1B visas annually since the program's inception.

FIGURE 1: ANNUAL CAP ON H-1B VISAS, FY 1991-2025



Over the years, the program has evolved minimally, facing periodic reforms aimed at preventing misuse, such as requiring employers to certify that hiring H-1B workers will not adversely affect U.S. workers' wages or job opportunities. The program has become a focal point of debates over immigration policy, labor protections, and the role of foreign talent in maintaining U.S. competitiveness, especially in high-tech industries.

The H-1B visa classification has a long history of bipartisan support, rooted in its role as a driver of innovation and economic growth. Established under the Immigration Act of 1990, which received strong backing from both Democrats and Republicans, the program was seen as a way to address critical labor shortages in specialized fields and to attract global talent to the U.S. Over the years, both Republican and Democratic administrations have supported expanding the H-1B program, recognizing its importance to sectors like technology, healthcare, and academia. For example, the H-1B cap was temporarily increased under the American Competitiveness in the 21st Century Act of 2000, signed by President Bill Clinton with bipartisan support in Congress. Similarly, President George W. Bush endorsed efforts to streamline and strengthen the program to meet workforce demands in high-tech industries. While debates over reform and enforcement continue, the H-1B's value in fostering economic competitiveness has garnered consistent support across party lines.

⁷ <https://www.uscis.gov/working-in-the-united-states/temporary-workers/h-1b-specialty-occupations/h-1b-electronic-registration-process>

During the first Trump administration, the H-1B program faced heightened scrutiny as part of a broader "Buy American and Hire American" policy agenda. Executive actions and administrative changes sought to tighten eligibility requirements, increase enforcement against perceived misuse, and prioritize higher-skilled, higher-paid workers. This included revisions to the H-1B lottery system, emphasizing advanced degree holders and wage levels, and greater scrutiny in adjudications, leading to significantly higher denial rates for H-1B petitions. While these measures aimed to protect American workers and address concerns about program abuse, they also drew criticism from businesses and universities that rely on H-1B workers for specialized roles, arguing that the changes created uncertainty and hampered access to global talent critical to innovation.

Requirements for H-1B Visa Eligibility

Several key requirements must be met for a foreign worker to be eligible for an H-1B visa:

- **Specialty Occupation:** The position must require theoretical and practical application of a body of highly specialized knowledge and attainment of a bachelor's or higher degree in a specific specialty (or its equivalent) as a minimum for entry into the occupation in the United States a bachelor's degree or higher (or its equivalent) in a specific field.
- **Employer Sponsorship:** A U.S. employer must sponsor the foreign worker and file a petition with the U.S. Citizenship and Immigration Services (USCIS).
- **Beneficiary Qualifications:** The beneficiary must meet the following requirements:
 - Hold a U.S. bachelor's or higher degree required by the specialty occupation from an accredited college or university;
 - Hold a foreign degree that is the equivalent to a U.S. bachelor's or higher degree required by the specialty occupation from an accredited college or university;
 - Hold an unrestricted state license, registration, or certification that authorizes them to fully practice the specialty occupation and be immediately engaged in that specialty in the state of intended employment; or
 - Have education, specialized training, and/or progressively responsible experience that is equivalent to the completion of a U.S. bachelor's or higher degree in the specialty occupation, and have recognition of expertise in the specialty through progressively responsible positions directly related to the specialty.

- **Labor Condition Application (LCA):** When filing a Labor Condition Application (LCA) for an H-1B visa, employers must make several attestations to comply with U.S. labor laws and protect workers. These include:
 - **Wage Obligation:** The employer must attest that it will pay the H-1B worker the greater of the actual wage paid to other employees in similar positions or the prevailing wage for the occupation in the area of employment.
 - **Working Conditions:** The employer must affirm that hiring the H-1B worker will not adversely affect the working conditions (e.g., hours, benefits) of similarly employed U.S. workers.
 - **No Strike or Lockout:** The employer must certify that there is no ongoing strike, lockout, or labor dispute in the worker's occupation at the intended place of employment.
 - **Notice Requirement:** The employer must provide notice of the LCA filing to its employees, either by posting the LCA at the worksite or through electronic means.
 - **Employer Compliance:** The employer must agree to maintain records and comply with all regulations related to the H-1B worker's employment, including wage payments and job duties.

An H-1B petition may be approved initially for up to three years, and extended for a maximum of six years. If certain milestones in the permanent residency process are reached, an employer may be able to request an extension beyond the six-year max. Significant backlogs in the employment-based permanent residency process, particularly for Indian and Chinese nationals, often necessitate extensions beyond the six-year max for foreign nationals.

The Debate and Its Implications

Arguments in Favor of H-1B Visas:

Proponents argue that H-1B visas are crucial for attracting global talent, driving innovation, and maintaining the U.S. as a leader in technology. Supporters, including tech leaders like Musk, argue that the program fills significant skills gaps in STEM fields, allowing companies to recruit top talent when domestic supply is insufficient. Research shows that H-1B workers often complement U.S. workers, creating new job opportunities and boosting economic activity.

Studies suggest that each H-1B visa holder can create additional jobs for Americans and significantly contribute to the GDP.⁸

Proponents also point out the wage protections built into the H-1B process. Employers are required to pay the higher of the “actual wage,” which is the same wage rate the employer pays other workers with similar experience and qualifications, or the local “prevailing wage” for the occupation in the area of intended employment. In addition, government filing fees for an initial H-1B petition range from approximately \$2,000 to \$6,000 depending on the size of the employer and the desired speed of processing, with even additional fees for employers deemed to be H-1B-dependent. Considering attorney fees, an H-1B filing could easily cost an employer around \$10,000. Due to the significant costs, as well as compliance obligations, any employer simply looking for “cheap labor” would find that difficult due to the protections built into the program, filing fees, and wage obligations.

Arguments Against H-1B Visas:

Critics claim the H-1B program is exploited to reduce labor costs and displace American workers, using it as a tool for wage suppression rather than innovation. They argue that companies hire foreign workers at lower wages, bypassing qualified Americans, which undermines wages and working conditions. Additionally, the system is said to put foreign workers in vulnerable positions, limiting their ability to change employers and likening their situation to “indentured servitude.”

The H-1B Visa and the EV Industry

The EV industry, a rapidly growing sector with a high demand for specialized skills, relies heavily on the H-1B visa program to attract and retain top talent. Companies like Tesla, a leader in the electric vehicle market, employ a significant number of H-1B visa holders in roles ranging from engineering and software development to research and design.

Tesla has been outspoken about its reliance on H-1B visas, emphasizing that access to a global talent pool is essential for maintaining its innovation and competitiveness. Public data reflects Tesla's growing demand for these visas. In the 2024 fiscal year (FY 2024), Tesla ranked 16th among employers requesting initial H-1Bs, a first for the company in the top 25.⁹ Specifically, Tesla had 742 approved H-1B petitions for initial employment in FY 2024—more than double the 328 approvals in FY 2023 and 337 in FY 2022. Given the H-1B lottery system, Tesla’s actual demand likely exceeded the number of petitions filed. If Tesla's selection rate aligned with the

⁸<https://www.americanimmigrationcouncil.org/research/h1b-visa-program-fact-sheet#:~:text=The%20H%2D1B%20is%20a,technology%2C%20and%20medical%20sciences%20often>

⁹ <https://www.forbes.com/sites/stuartanderson/2024/12/12/tesla-emerges-among-top-employers-of-h-1b-visa-holders/>

national average in FY 2024, it would indicate the company requested more than 3,000 initial H-1Bs. These figures exclude the total number of H-1B workers, as they do not account for extensions or petitions involving a change of employer. Nonetheless, they highlight the dependence of leading U.S. companies, particularly tech-focused ones like Tesla, on foreign workers to fill specialized roles.

Musk and other business leaders see the H-1B as essential to technology and innovation, with Musk [asserting on X](#) that there is a “permanent shortage of engineering talent.”¹⁰ In the EV space, the demand for specialized skills in cutting-edge fields such as battery technology, artificial intelligence, and autonomous driving frequently outpaces the availability of qualified U.S. workers. These fields require highly specialized expertise, often combining advanced technical knowledge with innovative problem-solving capabilities.

The H-1B visa program enables companies like Tesla to tap into a global talent pool, recruiting professionals who possess the unique skills necessary to drive the company’s innovations. Musk [stated on X](#), “The outcome of any given company is the vector sum of the people within it. Improve the alignment of the individual vectors and their amplitude and the outcome will improve accordingly,” implying that foreign workers are a critical piece of the U.S. workforce who can work alongside U.S. workers to drive growth. By attracting top talent from around the world, Tesla can advance critical technologies that not only contribute to its success but also play a pivotal role in shaping the future of sustainable energy and transportation. Musk further emphasizes that access to global talent is essential for maintaining the United States’ competitive edge in an increasingly international market, where technological leadership is key to staying ahead. In response to a thread claiming the U.S. needs 160,000 engineers in the semiconductor industry by 2032, Musk [claimed](#) the U.S. needed “double that number yesterday.” He argues that without the ability to hire specialized foreign workers, companies like Tesla would face significant challenges in meeting the demands of rapidly evolving industries, potentially slowing down progress in areas critical to the global economy.

While other automotive companies may not have the same platform to voice their concerns as Elon Musk, the demand for H-1Bs, or skilled and professional labor for that matter, is not limited to Tesla. For instance, an article in *The Korea Economic Daily* addresses how Korean automotive manufacturers are investing heavily in the United States but are experiencing labor issues due to stringent immigration requirements.¹¹ A Korean executive addressing the need for skilled professionals is quoted as saying, “We need more than three times as many professionals compared to two to three years ago, but it is becoming more difficult to find them.” The article

¹⁰ <https://www.washingtonpost.com/technology/2024/12/28/trump-h1b-musk-immigration-debate/>

¹¹ <https://www.kedglobal.com/corporate-investment/newsView/ked202403030002>

also addresses how the industry is forced to compete with Big Tech for limited H-1Bs, as the U.S. immigration system does not address any industry-specific demands for professional labor. Within the constructs of the U.S. immigration system, the H-1B category is often the only option for employers seeking to hire global talent for skilled positions, as other visa options are either limited to individuals of specific nationalities or require “extraordinary ability,” which is a high bar and can be difficult to prove in fast-paced or emerging industries even for highly qualified candidates. Interestingly, the Department of Labor announced last year that it was considering expanding the Schedule A program, which could have addressed industry-specific concerns, at least to some degree. The Schedule A program provides a streamlined pathway to permanent residency for those working in certain occupations. In considering an expansion of the Schedule A program, DOL recognized that economic and labor market conditions have changed for certain industries and occupations. However, the considered expansion of the Schedule A program never came to fruition.

The skilled labor gap is not confined to the United States; it is a global challenge fueled by intense competition for top talent. For instance, China is struggling to meet the workforce demands created by its rapidly growing EV industry.¹² Companies worldwide are offering competitive salaries and other incentives to attract talent on a global scale¹³

Labor shortages are further exacerbated by the limitations of the H-1B visa program, which, while providing a pathway for professional workers, does not address labor shortages in non-professional or technical roles. In the EV industry, there is significant demand for skilled workers in positions that fall outside the H-1B classification, such as mechanics, technicians, and electricians—roles that typically do not require a bachelor’s degree. The H-1B program is restricted to positions requiring a degree in specific fields, leaving a substantial gap in addressing labor needs for unskilled or semi-skilled workers. Some automotive companies have attempted to circumvent these visa restrictions, leading to costly violations of immigration regulations.¹⁴ These abuses have had a ripple effect, as U.S. consulates have tightened their oversight and introduced additional measures to curb perceived misuse of visa categories. Unfortunately, this heightened scrutiny has also created new obstacles for companies seeking to legitimately sponsor foreign workers, further complicating efforts to address critical labor shortages in the EV industry.

¹² <https://www.nytimes.com/2023/12/08/business/china-electric-vehicles.html>

¹³ <https://www.kedglobal.com/electric-vehicles/newsView/ked202308020021>

¹⁴ <https://news.bloomberglaw.com/daily-labor-report/workers-kia-supplier-reach-1-2-million-trafficking-settlement>

What's Next?

The H-1B program, designed to bring in highly skilled foreign workers, has remained largely unchanged for the past 30 years. This stagnation has created a disconnect between immigration law and the evolving realities of the U.S. labor market. As innovation accelerates and the need for specialized talent grows, particularly in emerging sectors, the H-1B program is often the only, and a very limited, option. Demand for the program remains at an all-time high. In its current state, the program struggles to effectively address both the legitimate concerns of American workers and the critical workforce needs of cutting-edge industries, as is clear from the ongoing debate.

Only time will tell what is to come of the H-1B classification under the incoming Trump administration. Although H-1B denial rates skyrocketed under the last Trump administration,¹⁵ and the incoming administration includes some of the same influential figures in terms of immigration policy (e.g. Stephen Miller), Elon Musk's close relationship with President-Elect Trump may prove to be influential on H-1B policy. In fact, President-Elect Trump has stated that he agrees with Musk and supports the H-1B program.¹⁶ While emphasizing the need for skilled foreign labor, Musk has also acknowledged a need for reform of the H-1B program,¹⁷ but whether there is a political will to effectuate any meaningful change remains to be seen.

Heather Frayre | Member Partner

In Case You Missed It

(1) [As predicted by many, consolidation of major OEMs are coming](#)

As widely reported, Honda and Nissan have signed a memorandum of understanding to explore a merger or combination of some type. In an article appearing in the December 23rd edition of the *New York Times* entitled, "Honda and Nissan Aim to Merge as Global Competition Bears Down," the author describes the respective party's intent to "... discuss combining their operations under a holding company, with the goal of completing the merger in August, 2026. One of the objectives is to reduce the individual burden of the enormous investment of the research and development necessary to be

¹⁵ <https://www.forbes.com/sites/stuartanderson/2022/01/12/h-1b-visa-denial-rates-plunge-after-trump-immigration-policies-end/>

¹⁶ <https://www.reuters.com/world/us/elon-musk-vows-war-over-h-1b-visa-program-amid-rift-with-some-trump-supporters-2024-12-28/>

¹⁷ <https://economictimes.indiatimes.com/nri/latest-updates/elon-musk-tries-to-mend-maga-rift-over-immigration-debate-labels-h-1b-system-broken-and-offers-a-fix/articleshow/116782581.cms?from=mdr>

competitive in the emerging EV space as well as gasoline powered vehicles by pooling their activities and resources.

A Japanese based consultant, Takaki Nakanishi, explains, "To sustain these dual investments, automakers need scale and the operational efficiencies that come with it. If Nissan and Honda are not able to achieve this, they will not survive. Times are truly that tough."

The author concludes with two pessimistic observations: (1) mergers in the automotive sector have a dubious track record; and (2) given the forces at play in China, it may be too late to effectively compete with the Chinese manufacturers.

(2) [Many Frowns to Turn Upside -Down](#)

VW is not the only European based OEM to be navigating challenging times. In an article appearing in the December 30th edition of Bloomberg Hyperdrive, the author describes the efforts of Stellantis' Chairman, John Elkann, in the wake of the departure of Carlos Tavares, the company's first and only CEO, to placate political, union and other constituencies by committing to keeping plants open throughout Europe. It seems highly questionable whether Stellantis will be able to make good on those commitments in the long run.

(3) [2024 Look Back](#)

Now that 2024 is in the rear mirror, it's time for a look back at some of the stories that shaped the year 2024, one of the most impactful years in the transition from ICE to BEV. In an article appearing in the December 17th edition of BloombergNEF, entitled, "Robotaxis, BYD and Tariffs: 10 EV stories that Defined the Year," the author explores "...10 key trends that helped shape the EV world in 2024 - and could pave the industry's way going forward. "The article covers legacy OEMs, start-ups, Chinese companies, start-ups, Tesla and much more. A good overview of the triumphs and travails of the industry in 2024.

Robert Weiss | Of Counsel | Co-Chair, EV Initiative

To learn more about our EV practice, visit our website at <https://www.dickinson-wright.com/practice-areas/electric-vehicles?tab=0>.

All views presented in this newsletter are those of the authors and do not necessarily reflect the views of Dickinson Wright.

Issue Authors:



Robert Weiss | *Of Counsel | Co-Chair, EV Initiative*

RWeiss@dickinsonwright.com

Tel.: 954-991-5455



Editor: **Heather Frayre** | *Member Partner | El Paso, TX*

HFrayer@dickinsonwright.com

Tel.: 915-541-9370