

A nighttime photograph of a city skyline with several tall buildings. In the foreground, there are horizontal light trails from moving vehicles, primarily in red and white, creating a sense of motion. The buildings in the background are lit up with various lights, some green and some white.

# 2024 Automotive Trends

Top Legal Issues Driving the Automotive Industry

**Dykema**







# Welcome

Serving the automotive industry for nearly a century, Dykema fields one of the most extensive and innovative automotive legal practices in the United States. In 2023, for the third time in five years, our Automotive and Transportation Industry Group was named a Transportation Practice Group of the Year by Law360.

In creating our 2nd Annual Automotive Trends Report, we once again canvassed a select group of industry leaders and decision-makers to gauge their perspectives and share valuable insights on the legal trends most likely to impact the automotive space in 2024 and beyond.

On behalf of the more than 140 Dykema Automotive Industry Group members, we would like to thank all survey respondents for their time and insights.

Sincerely,  
Dykema's Automotive Industry Group



**Laura Baucus**  
Director, Automotive Industry Group









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## EXECUTIVE SUMMARY

# Shifting Gears

## Navigating the Legal Landscape of a Transformed Automotive Industry

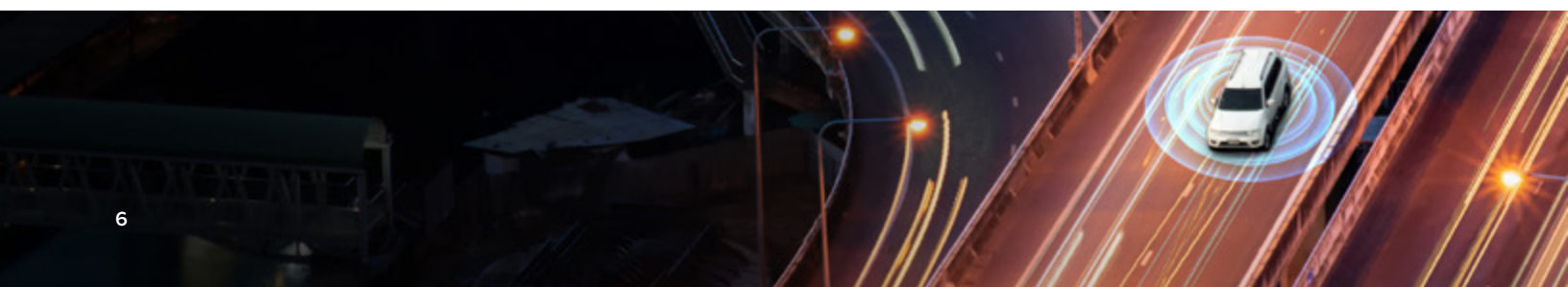
Dykema's 2nd Annual Automotive Trends Report has taken the pulse of industry leaders—from original equipment manufacturers (OEMs) and suppliers to seasoned executives and key decision-makers—to identify the legal landscape of this space and the trends that are shaping the road ahead. We hope this report serves as a key resource as you look to navigate this dynamic terrain. Stay tuned for more exciting opportunities from the Dykema Drives Auto Group in 2024, including in-person experiences at the M1 Concourse, insightful webinars, and more.

This year, we expanded the scope of our survey, probing respondents on their top concerns across twelve key areas: Supply Chain, Autonomous Vehicles (AVs), Cybersecurity and Data Privacy, Electric Vehicles (EVs), Risk and Litigation, Government Policy, Intellectual Property (IP), Government Investigations and Compliance, Financial Distress and Bankruptcy, Labor and Employment, Antitrust, and Dealerships.

The shadow of Big Tech and its impact on the legal landscape in the auto industry loomed large over this year's report. Electric and autonomous vehicles continue to hold center stage, with respondents echoing last year's concerns about potential legal ramifications of these advancements, such as product liability and other litigation focused on new

technologies. Additionally, policymakers—spurred by both environmental imperatives and consumer demand—are paving the way for increased regulation and incentives, fostering an ecosystem where EVs and AVs can truly take off.

Beyond the gleaming chrome of these technological stars, our survey reveals potential roadblocks that could throw a wrench in the industry's smooth ride. Antitrust scrutiny tightens its grip, particularly on collaborations and investments in EV and AV technologies. The workforce landscape remains complex post-strike, with labor and employment laws undergoing dynamic shifts, impacting non-compete agreements and overtime regulations. And supply chain disruptions continue to linger, a constant reminder of the fragilities within our interconnected world.









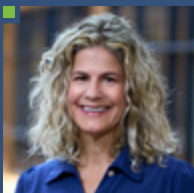
# Supply Chain

The clouds brought by pandemic-era supply chain disruptions may continue to linger in the year ahead, but our findings signal potentially sunny skies on the horizon. Survey respondents expect many of these bottlenecks to ease, particularly any ongoing shortages of parts and materials. Last year, while 81% of respondents viewed parts and material shortages as having a major impact on the industry, that number plummeted to just 37% in this year's survey.

Production challenges may still linger, however, and any ongoing volatility will likely fuel a flurry of legal activity. Those dealing in supply chain work may need to brace for contract clauses to be dissected under a microscope, including such clauses as: non-performance, force majeure, and supply chain litigation over missed deliveries, disrupted production, and potential breaches of performance clauses.

Regarding the automotive workforce, a mere 24% of survey respondents view the UAW strike as having a lasting impact on the supply chain (a trend you'll see throughout this report). And while 31% of survey respondents were concerned about labor shortages and turnover rates this year, the outlook is a lot more optimistic than it was in 2023, when 63% of respondents expressed concern about ongoing labor shortages.

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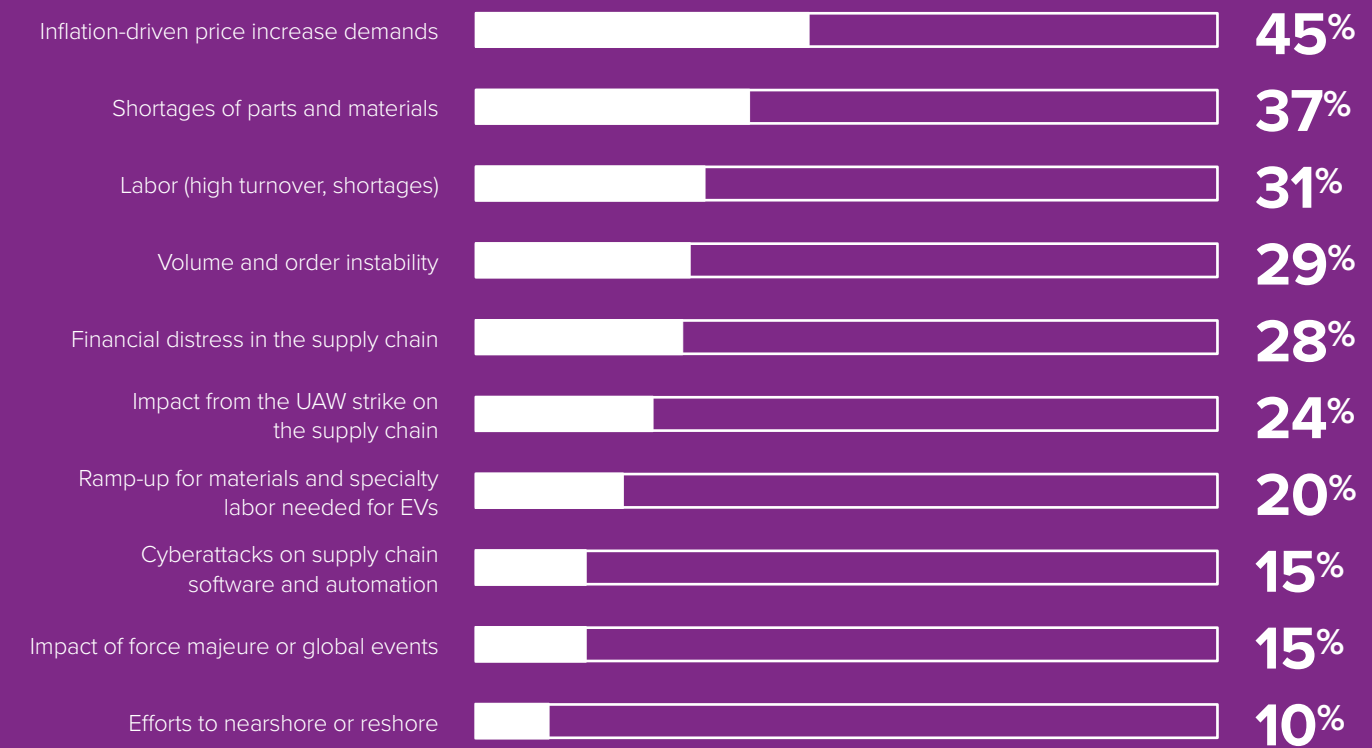


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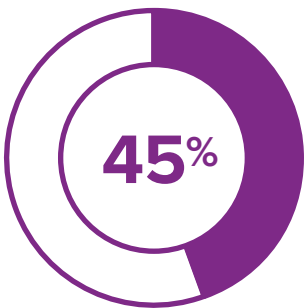


Which of the following supply chain challenges will have the greatest impact on the automotive industry in 2024?



ONE BIG THING

Fighting Volatility With Transparency



Inflation-driven price increase demands

Rising costs were a hot topic in our survey, with inflation-driven price fluctuations (45%) topping the list of supply chain concerns, and volume and order instability (29%) also ranking high. For the automotive supply chain, the ability to adapt to these unforeseen cost burdens could become a significant competitive advantage in the coming year. In response, companies may turn to more creative contracting approaches as a primary business practice. Most notably, we anticipate cost transparency will become a greater focus for many in the automotive space, with companies exploring new business arrangements, sourcing strategies, and contract practices to increase transparency.

As the industry continues to navigate inflationary pressures, expect an increase in demand for further provisions, like volume-based pricing and flexible escalation clauses, with more agreements incorporating cost-sharing terms (such as those triggered by material adverse changes in raw material prices or unexpected supply chain bottlenecks) and audit rights to ensure fairness and manage financial risks.



# Autonomous Vehicles

Our 2024 survey reveals a trend consistent with last year's findings: While 51% of survey respondents anticipate new laws governing AV development and operation, navigating existing regulations—particularly compliance with National Highway Traffic Safety Administration (NHTSA) reporting requirements (32%)—continues to have its challenges.

Concerns about driver liability and litigation also persist, with 62% of respondents expecting increased lawsuits involving AV and advanced driver assistance systems (ADAS) technologies (60% in 2023), particularly surrounding pedestrian detection (23%). The question of who holds the wheel of liability when a machine is driving is still being raised in lawsuits, as challenges in determining responsibility in AV accidents also remained an issue (38%).

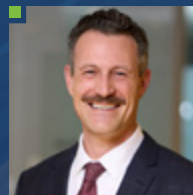
Concerns about safety regulations, on the other hand, appear to have subsided substantially. Legal concerns stemming from stricter standards for impaired/distracted driving prevention plummeted this year (from 50% in 2023's responses to 19% in 2024's responses). Supply chain woes (54% in 2023 versus 14% in 2024) also seem to have subsided, perhaps due to recent supply chain improvements.

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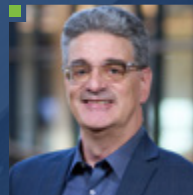
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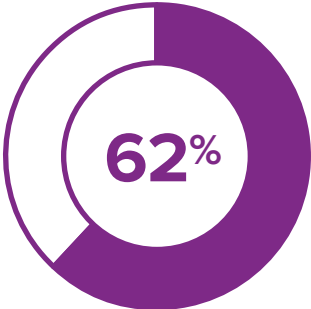
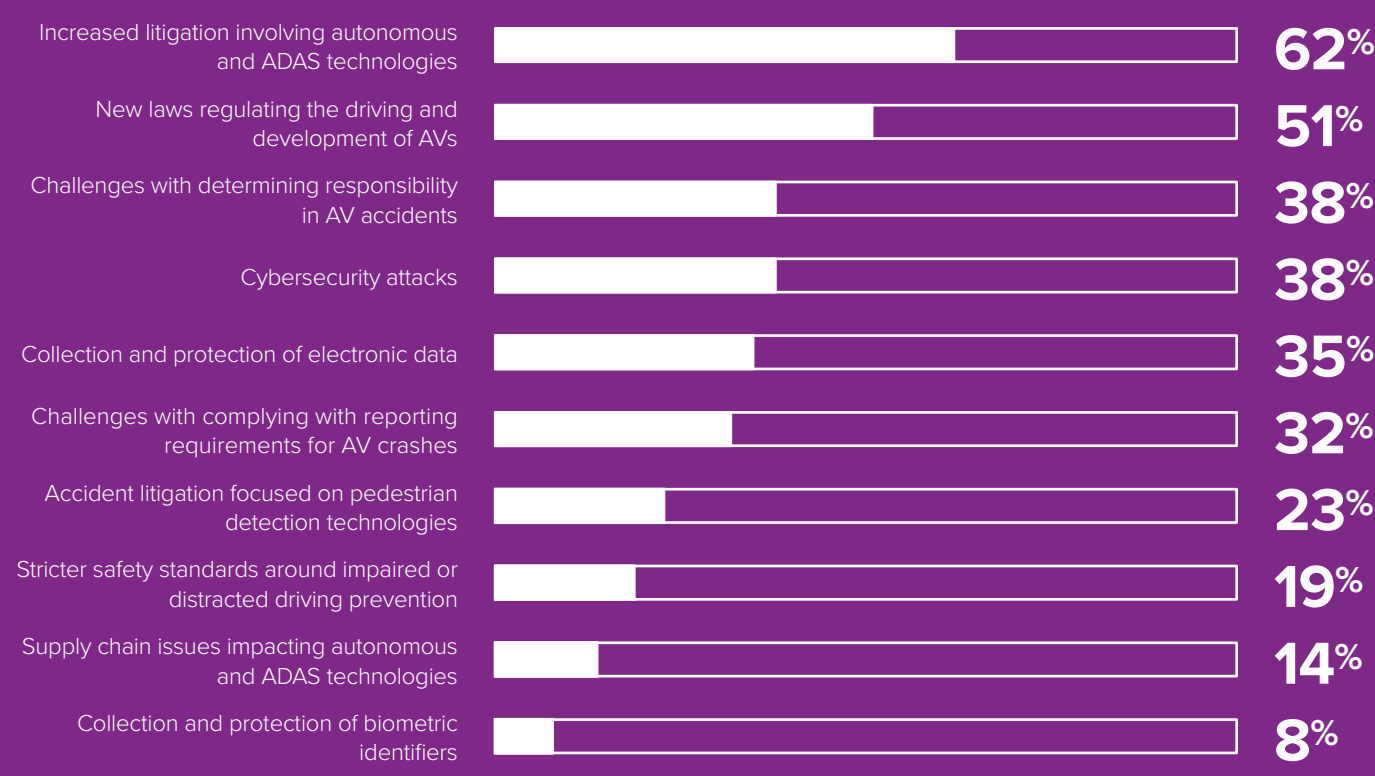


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# What are your top legal concerns related to autonomous vehicles for 2024?



Increased litigation involving autonomous and ADAS technologies

## ONE BIG THING Is Your Data the New Crash Test Dummy?

So public anxiety over AVs is a thing of the past, right? Not even close—prior concerns about the dangers that occur on the outside of an autonomous vehicle have only been replaced by new concerns of what’s happening inside them. Vulnerabilities surrounding data collection and cybersecurity garnered interest from a combined 81% of our respondents.

Cybersecurity threats raise concerns about whether the established legal frameworks for human-piloted accidents is equipped for the complexities of AVs and cyberattacks. Moreover, the personal data collected by AVs makes them ripe targets for breaches, threatening not just physical safety but also the privacy of passengers and pedestrians. Thus, the legal landscape of autonomous vehicles demands new strategies and robust defenses. The only thing that’s clear is that the road ahead demands a collaborative effort that develops clear regulations, robust cybersecurity measures, and transparent data practices.



# Cybersecurity and Data Privacy

The roar of engines masks a silent scream—the unnerving hum of cybersecurity vulnerabilities affecting the automotive industry. But while our 2023 survey identified a host of potential liability landmines throughout the automotive industry’s supply chain, this year’s findings indicate a far less bleak outlook.

For the second year in a row, ransomware and extortion tactics ranked as our respondents’ most pressing issue—but at 65%, the threat has cooled off since last year (80%). This outlook could be the result of the auto industry’s substantial investment in, and prioritization of, cyber-resilient technologies. After a year littered with headlines ringing the AI alarm bell, both manufacturers and suppliers seem to have acknowledged the need for enhanced protection and encryption of sensitive data.

Confidence in the auto industry’s willingness to adapt to the changing environment was up considerably as well. Concerns over the continued use of legacy software and components (25%) and inadequate software diagnostic and traceability functions (7%) both fell significantly year over year (45% and 27%, respectively). The race to technological innovation is often outpaced by legal frameworks, but with emerging regulations—like those from the United Nations Economic Commission for Europe, which set minimum standards for connected car cybersecurity, the legal landscape in which manufacturers operate is slowly becoming more defined.

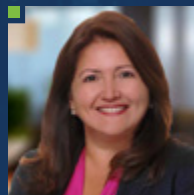
However, progress from inside the industry is only one side of the cybersecurity equation: consumer knowledge gaps and their impact on lagging adoption rates became more of a concern in the past year (21% in 2023 versus 34% in 2024). Unwittingly downloading malware, connecting to insecure networks, or ignoring software updates can turn everyday drivers into cyberattack accomplices. Consumer education and awareness campaigns will be crucial for building a more holistic cybersecurity defense network.

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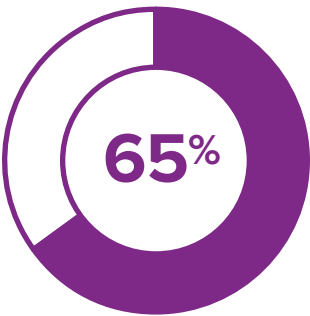
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# What are the main cybersecurity threats to the automotive industry in 2024?



## ONE BIG THING A Hacker's Playground



Ransomware and extortion tactics directed at manufacturers and the supply chain

The once gleaming fortress of the automobile is shedding its metal armor for a digital skin connecting to the world through a web of sensors, software, and wireless networks. This connectivity, while fostering convenience and innovation, has also opened a legal Pandora's box of new vulnerabilities—the ever-expanding attack surface of connected cars.

The results of our survey underscore the broad and varied nature of attack surfaces, with respondents expressing concerns over data breaches via communication interfaces both internal and external. Chief among them is the growing opportunity for hackers to intercept "data in transit" via remote access and charging stations (36%), which can siphon off diagnostic information, location data, or even personal details like digital gasoline. Privacy breaches and identity theft could become commonplace if these leaks remain unsealed.

Smart key fobs and code entry software (24%) and aftermarket third-party devices like smartphones and GPS trackers (31%) are also viewed as surprisingly vulnerable front doors. While drivers enjoy the convenience of aftermarket gadgets, concerns linger about liability for vulnerabilities within these third-party technologies. Should a hacker exploit a flaw in a GPS tracker and steal a car, who shoulders the legal blame: the automaker, the tech provider, or the driver who is unaware of the hidden vulnerability? While the headlines may highlight stolen cars as a leading industry problem, the legal landscape reveals deeper concerns. Automakers and suppliers could face increased lawsuits over product liability and data breaches.

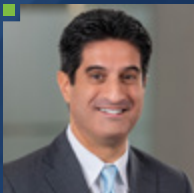


# Electric Vehicles

It was only one year ago when our Automotive Trends Report indicated an industry-wide focus on clearing the legal hurdles necessary to scale up electric vehicle production. Today, concerns about legal obstacles to increased EV production have decreased. Instead, survey results show a shifting focus on the management of EV product liability risks, such as battery fire claims and home charging claims. In fact, 49% of survey respondents advocate for prioritizing product liability risk management.

Last year's EV legislative landscape included predictions of skyrocketing subsidies and tax credits for EV production (55%) and charging infrastructure (53%). This year, the industry appears to be more focused on strategic consolidation and optimization efforts, as 21% of respondents predict an increase in EV-related M&A activity and private investments in the coming year. As we discovered elsewhere in our report, ongoing concerns over the UAW strike appear moderate, with 25% of respondents viewing UAW negotiations as having a major impact on EV plant reductions.

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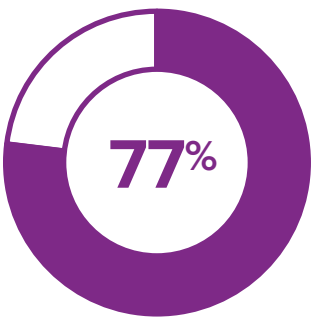
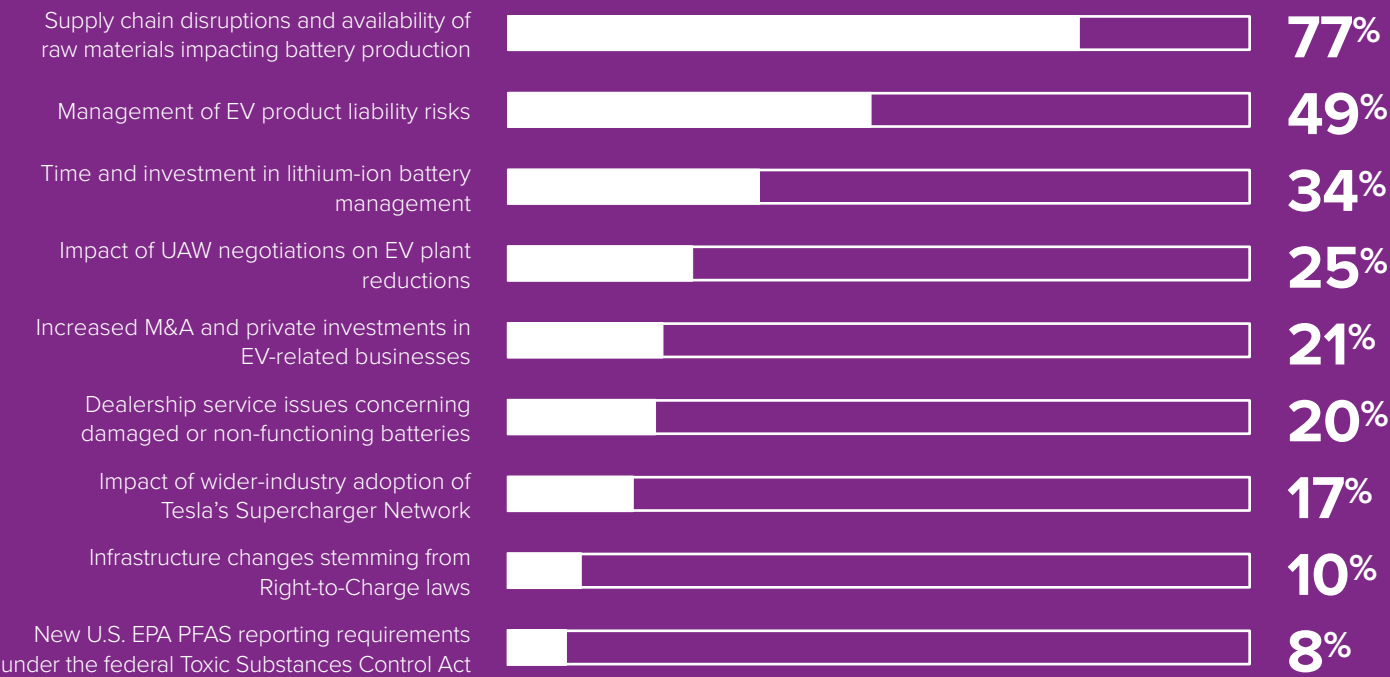
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# What legal issues in the electric vehicles space will have the largest impact on the automotive industry in 2024?



Supply chain disruptions and availability of raw materials impacting battery production

## ONE BIG THING Batteries Running on Empty

The highest hurdle the EV industry needs to clear? According to our survey, it's combating the supply chain disruptions and raw material availability that continue to impact production (77%). Battery production, hampered by shortages of lithium and cobalt, is particularly vulnerable.

To navigate the legal landscape, we expect litigation around supply contracts and more pressure for sustainable and ethical sourcing practices. Respondents view the time and investment in lithium-ion battery management (34%) as a priority going forward as well. Looking ahead, we anticipate an increase in regulatory and commercial supply chain requirements for properly transporting, storing, recycling, and disposing of lithium-ion batteries.



# Risk and Litigation

Survey data reveals an automotive landscape dominated by three key areas of concern for litigation: lawsuits arising out of new technologies, cost recovery disputes, and supply chain challenges.

Some good news: concerns about supply chain disputes dipped slightly since last year (33% in 2023 versus 46% in 2024), suggesting that there could be some adaptation and mitigation strategies taking hold. But the survey results also show concerns in the industry about continued litigation between customers and suppliers over recalls and cost recovery (38%).

As technology reshapes the driving experience, the survey reveals continued industry concern on class actions fueled by product liability losses (34%). Meanwhile, discovery disputes (14%) and pressure to access foreign parent company data (14%) add more complexity and cost to the equation. 2023's concerns over high jury awards (28%) have faded from the spotlight, replaced by anxieties about more specific tech-related risks, like cybersecurity and privacy litigation (31%).

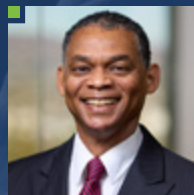


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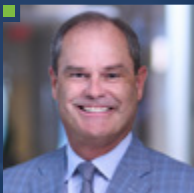
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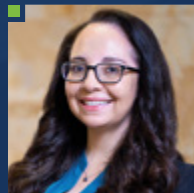
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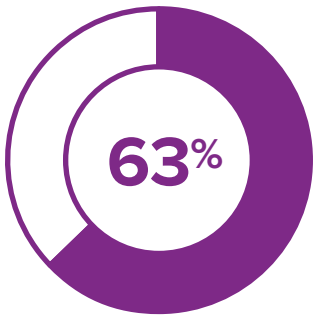
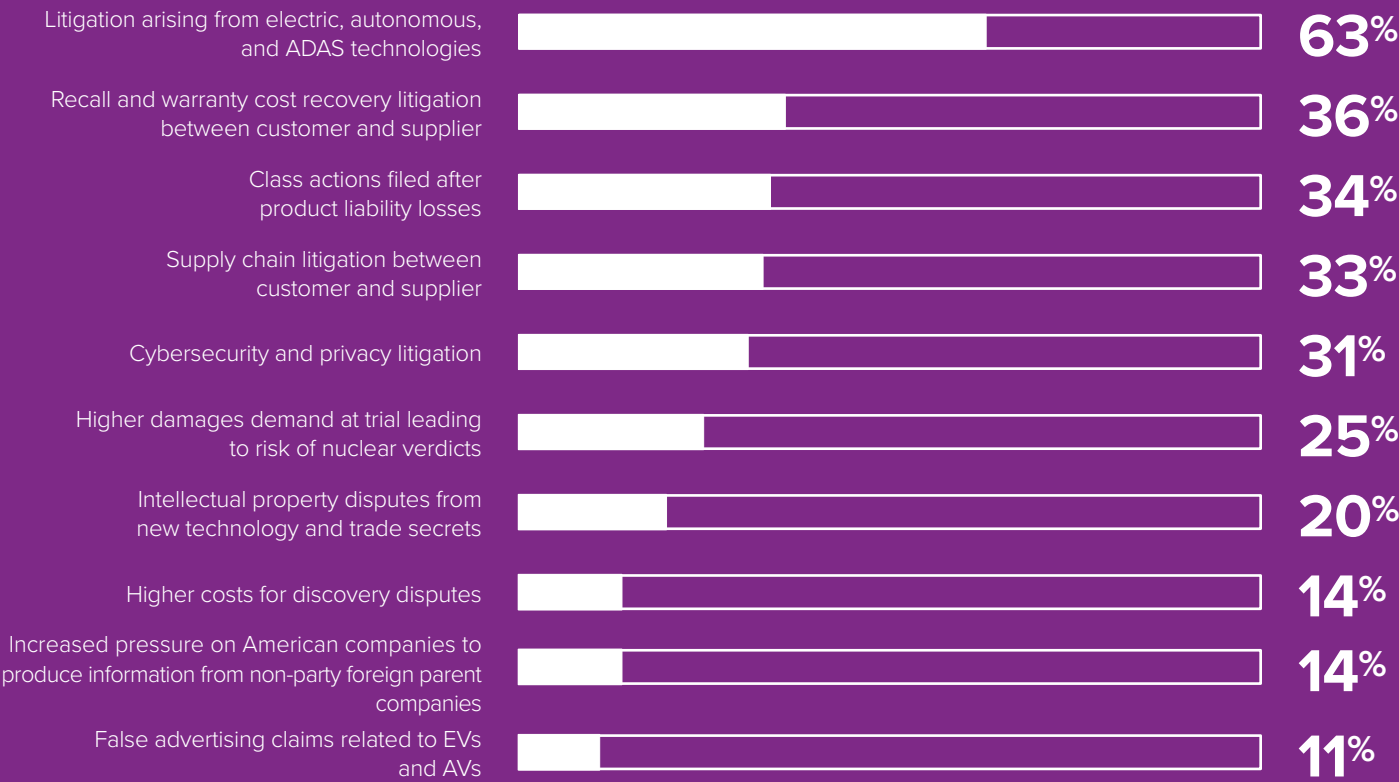


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# What are the top litigation risks facing the automotive industry in 2024?



Litigation arising from electric, autonomous, and ADAS technologies

## ONE BIG THING When Cars Take the Wheel, Who Holds the Reins?

Imagine a scenario: you're cruising down the road in your new ride, equipped with the latest autonomous and ADAS technology, when you rear-end the car in front of you. Who's at fault? Plaintiff's counsel are seeking to place the blame on new technologies. It's not surprising that the survey results reveal that concerns about rising electric, autonomous, and ADAS litigation have risen (63% in 2023 versus 51% in 2024). We expect that this type of litigation will be driven by several factors, including questions around culpability, the implementation of new regulations, and public scrutiny of high-profile accidents.

# Government Policy

This year's data signals a significant shift in the automotive policy landscape and tells an interesting story about where the government's priority's lie this year. With last year's focus on financial incentives for electric car production replaced by concerns over trade disputes and tightening regulations, the following question looms: Will the ongoing EV transition be able to meet the aggressive goals laid out by policymakers and industry leaders?

While interest rate hikes were a major concern in 2023 (63%), complying with environmental regulations looks to be a priority this year, reflecting a growing focus on climate action. Compliance with stricter NHTSA fuel efficiency standards (54%) and EPA greenhouse gas emission standards (47%) emerged as leading trends, a sign that fuel-efficient technologies and alternative powertrains will be in high demand.

Electric vehicle tax incentives and credits may have hit their zenith in 2023, as this year's data suggests a shift in focus from scaling up the EV industry to scaling up charging infrastructure to meet the growing demand. While EV purchase and production ranked high last year (57%), this year's focus on credits for EV charging infrastructure, though at only 29%, underscores a shift in priorities.

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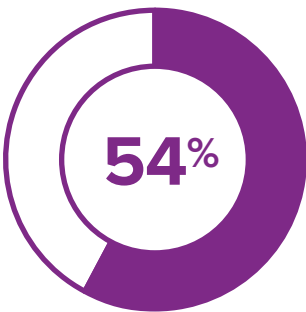
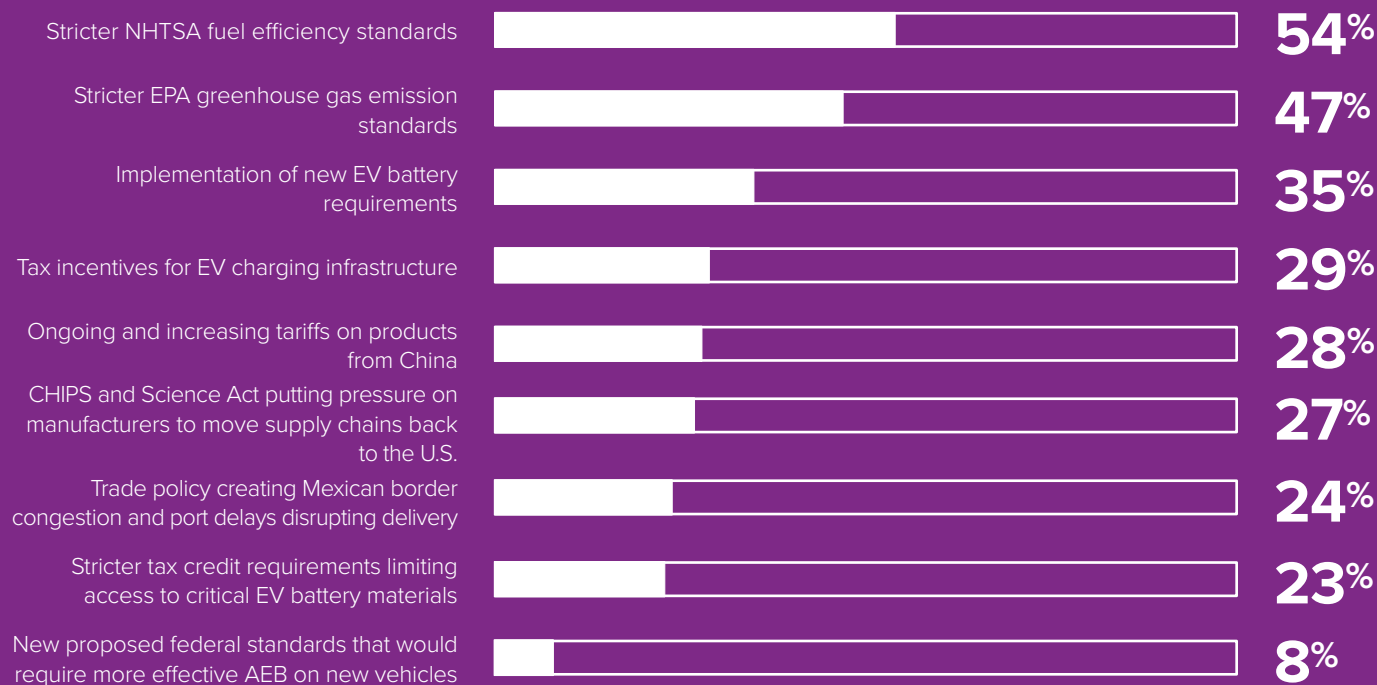


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Which of the following government regulations and policies will have the greatest impact on the industry in 2024?



Stricter NHTSA fuel efficiency standards

ONE BIG THING  
Homegrown Batteries

Securing access to critical components is paramount to the U.S. automotive industry’s long term growth, so concerns over the global supply chain’s vulnerabilities were top of mind for this year’s respondents. The Inflation Reduction Act’s new rule that makes EVs ineligible for a tax credit if they contain battery components from a “foreign entity of concern” (China, Iran, North Korea, or Russia) garnered interest from a combined 58% of respondents. Short term, this rule could impact sourcing strategies, potential partnerships, and investments in domestic production facilities; in the long run, it could reshape the global automotive landscape, impacting trade dynamics, international partnerships, and the cost structure of vehicle production.

Overseas, the ongoing tariffs on Chinese imports (28%) continue to cast a shadow, prompting some manufacturers to explore domestic production options in response to the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act (27%). This shift could reshape supply chains and influence trade relations. And down south, Mexican border congestion and port delays stemming from trade policy disputes (24%) will likely disrupt delivery chains and add logistical headaches. In this environment, diversification of sourcing and improved supply chain resilience will be crucial.

# Intellectual Property

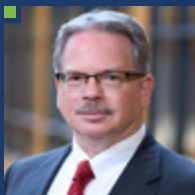
In 2023, electric vehicles dominated the intellectual property section of our report, with the development of faster-charging, longer-lasting batteries (67%) and of quick-charging public stations and roadway charging infrastructure (60%) leading the pack. But as the industry shifts toward practical implementation rather than aspirational promises, last year's focus on phasing out gas cars and building charging infrastructure has eased.

This year, the focus has shifted from the electric world to the autonomous world. Respondents viewed the increasing reliance on wireless communication (5G, Bluetooth) and so-called "standard-essential patents" (37%) as major factors in IP strategies this year, as these developments could raise complex patent battles over who owns essential communication elements. We also heard calls for more research in vehicle connectivity, such as the expanded use of the Internet of Things (IoT) (44%), indicating an emphasis on securing data and software through IP strategies. Clear ownership of sensor data, software algorithms, and IoT interactions is crucial for fostering a secure and trustworthy connected car ecosystem.

Battery research does maintain some importance in 2024 (38%), as automakers acknowledge that protecting breakthrough battery technologies with strong patents will give researchers a competitive edge and incentivize further advancements. Less important, however, is the area of fuel cell EVs, whose lack of emphasis (19%) underscores their niche place in the greater market.

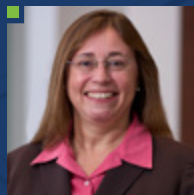
The influx of low-quality, potentially dangerous counterfeit parts from overseas (28%) also poses a threat to both driver safety and intellectual property rights. Strengthening border enforcement and collaboration with international authorities is essential to safeguard the industry from these illegal knockoffs.

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Which of the following factors do you anticipate will have the greatest impact on automotive intellectual property (IP) strategies in 2024?



ONE BIG THING  
AI’s Uncanny Valley



Potential for increased reliance on AI and AR for vehicle navigation

As AI and augmented reality (AR) systems contribute more significantly to automotive advancements, the question “who invented this?” creates a murky legal landscape. So while their surge in popularity opens exciting possibilities, it also ignites IP questions that could hinder innovation and investment until clear-cut regulations are put in place.

An increased reliance on AI for vehicle navigation (58%) emerged as the top response in our survey, but AI-generated innovations raise a host of other concerns that could have major impacts on IP strategies in 2024. Companies developing cutting-edge AI for autonomous driving or vehicle personalization will need to fiercely guard their algorithms and data as trade secrets. However, maintaining secrecy in an era of constant data exchange and interconnected systems will be difficult, so developing and enforcing robust in-house trade secret protection measures and stringent cybersecurity protocols will become essential.

On the patent side, the library of data generated by an AI-powered vehicle (sensor readings, driving decisions) creates a dense forest of potentially patentable elements, leading to an explosion of patent applications and potential patent thickets. Navigating this landscape of conflicting claims will be a major challenge for companies, and emerging on top will require sophisticated IP strategies and skilled legal teams.

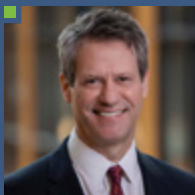
# Government Investigations and Compliance

As the automotive industry addresses evolving regulations, public scrutiny, and technological advancements, companies looking to stay above the fray will need to strike a balance between innovation and responsibility. Federal enforcement of emissions standards emerged as one of the top concerns among respondents, with 46% believing it will lead to governmental or internal investigations. Manufacturers will need to strategize carefully, balancing compliance concerns with production costs and consumer preferences. Expect to see increased research and development in electric and hybrid vehicles, alongside potential litigation risks for those falling short of stricter regulations.

While some in the industry believe we've reached "peak ESG," a comparison of this year's data to last year's ESG concerns suggests that this peak is more of a plateau. The impact of increased ESG scrutiny in transactions remained flat year over year (46% in 2023 versus 45% in 2024), underscoring the continued importance of ethical and sustainable practices throughout the automotive industry. Measuring and managing ESG risks (29%) through key performance indicators will potentially offer competitive advantages to companies demonstrating ethical and sustainable practices.

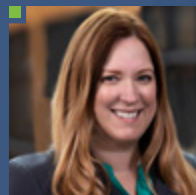
The expansion of sanctions, particularly on the Russian automotive sector (17%), adds a layer of complexity to international trade. Additionally, an increased focus on the Uyghur Forced Labor Prevention Act (UFLPA) and other anti-forced labor legislation (17%) suggests that automakers will need to conduct thorough investigations of their supply chains to identify any links to forced labor and implement measures to cut ties with such suppliers. Failure to do so could mean exclusion from government contracts, import bans on specific components, and reputational damage.

## GOVERNMENT INVESTIGATIONS AND CORPORATE COMPLIANCE CONTACTS



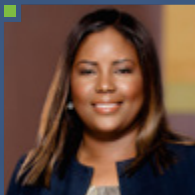
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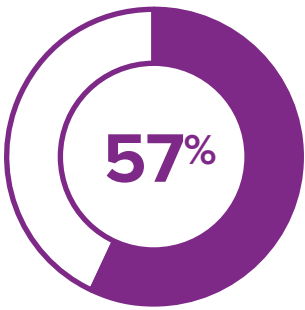
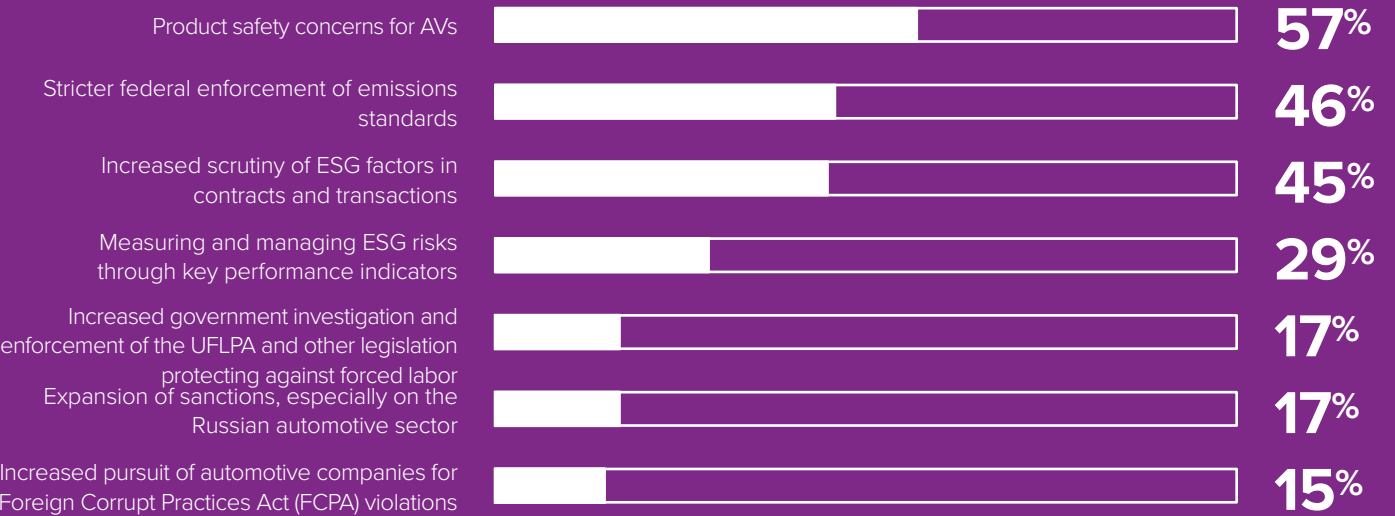


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What are the primary concerns in the automotive industry in 2024 that may lead to government or internal investigations?



Product safety concerns for AVs

ONE BIG THING  
Redefining “Safety”

With autonomous systems becoming more widely used, the question of vehicle safety has irrevocably expanded beyond steel and chrome. Our survey findings reflect this new landscape, as potential claimed product safety concerns for AVs (57%) ranked as the top issue that could lead to investigation.

Any crash involving AVs could trigger attention from government agencies like the NHTSA and National Transportation Safety Board, which may scrutinize software algorithms, sensor data, and decision-making processes of the AV system. The result of these investigations could lead to regulatory changes and litigation.

# Financial Distress and Bankruptcy

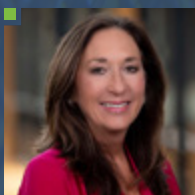
Our 2023 report painted a less than optimistic picture about the financial stability of the automotive industry. Rising costs of materials, transportation, and labor (73%), combined with a decrease in consumer demand (40%), signaled a gathering of storm clouds ahead. Companies faced a tightening vise: they are squeezed by inflationary pressures on one side, and a hesitant consumer base on the other.

In 2024, however, our findings reveal the industry was able to navigate this cost-demand dilemma and avoid the most dire financial pitfalls—for now, at least. Rising costs still emerged as the most pressing concern, but with 54% of respondents believing it will cause financial distress or bankruptcies this year, these concerns are down 19% year over year. And while consumer demand is still lagging, it too is seen as less of a concern in 2024 (28%).

Interestingly, the lingering impact of the UAW strike (21%) landed far lower on the priority list than we expected. Despite economic losses of \$10.4 billion, respondents seem bullish on the auto industry's ability to bounce back. But while unlikely to directly trigger bankruptcies this year, the strike's lingering impact could exacerbate existing financial burdens and reshape the industry toward automation and efficiency, ultimately impacting job security and competition.

Zooming out, recent turmoil in the Middle East had little impact on our respondents, as concern over geopolitical tensions (24%) remained relatively flat year over year (22% in 2023). However, with volatility overseas ongoing, trade disputes, tariffs, and other geopolitical obstacles are always in play, and this uncertainty could disrupt supply chains and impact market access. Building resilience in the face of external factors will be key for weathering these global storms.

## FINANCIAL CONTACTS



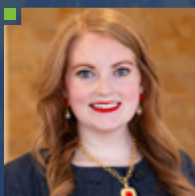
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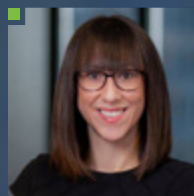
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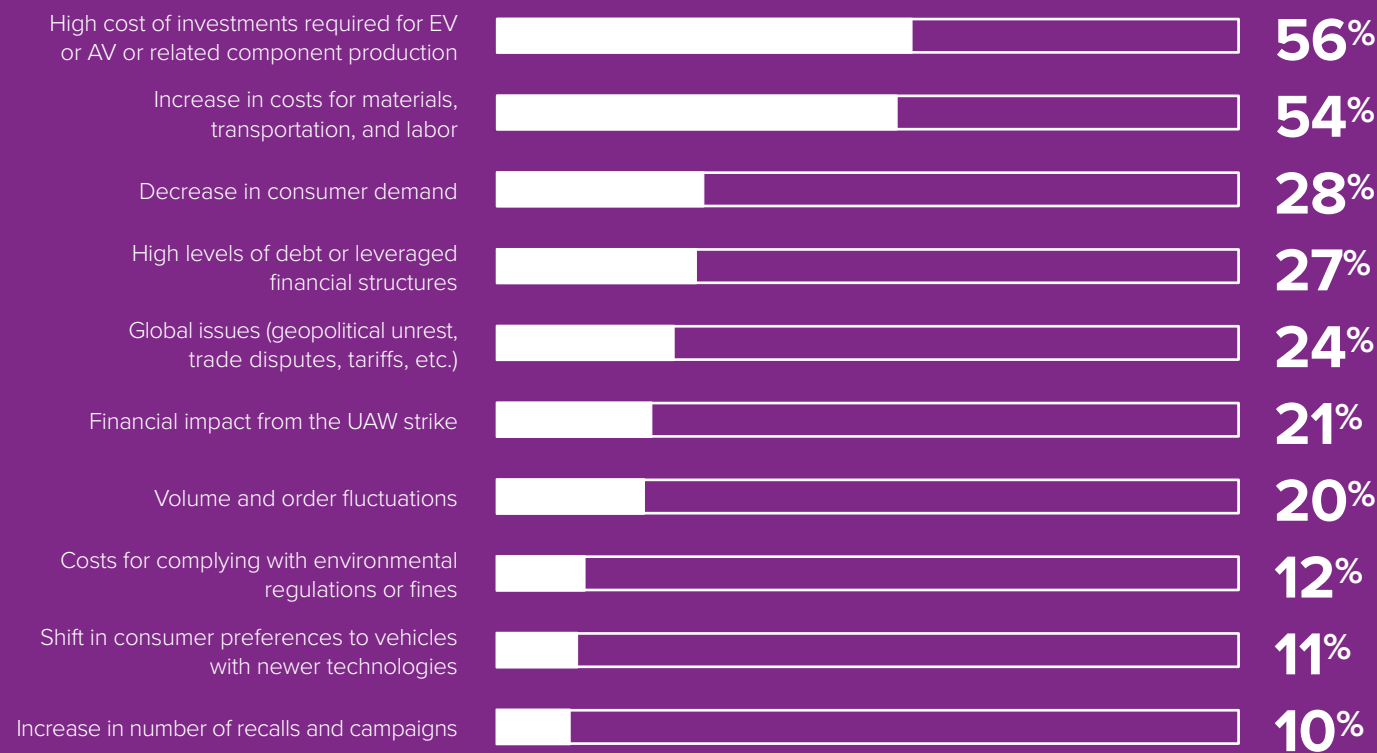


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Which of the following factors are most likely to lead to financial distress or bankruptcies in the automotive industry in 2024?



High cost of investments required for EV or AV or related component production

ONE BIG THING  
Tech’s Double-Edged Sword

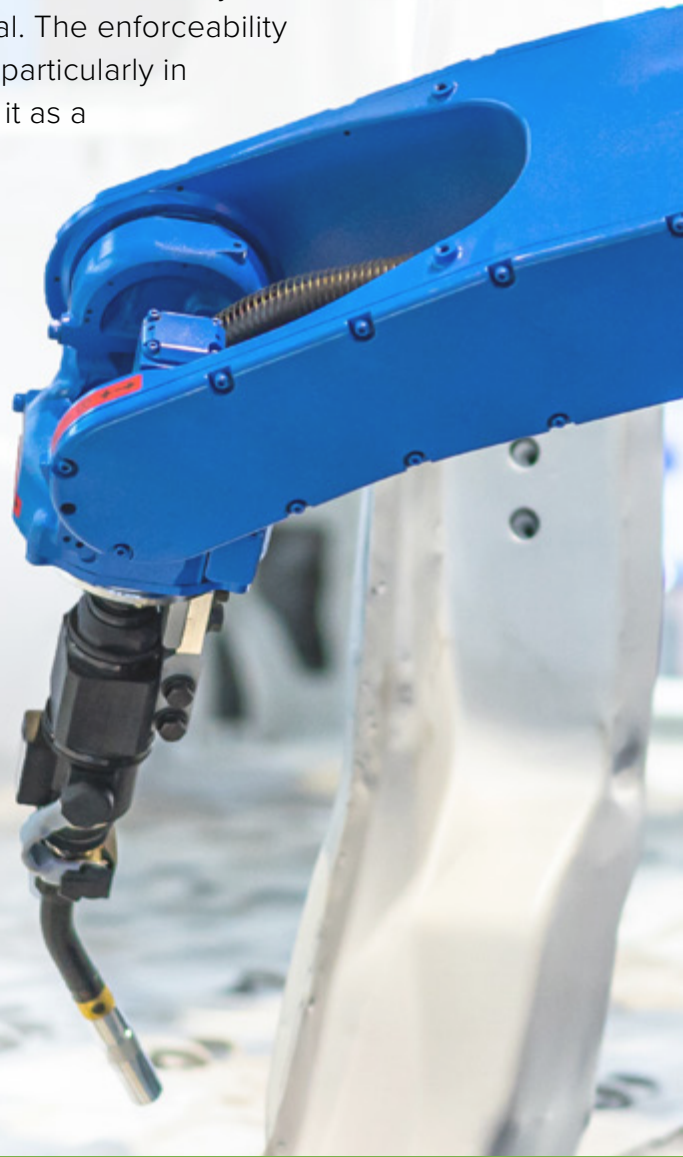
The future of a city street dominated by electric vehicles and autonomous driving technologies seems inevitable, yet navigating the investment landscape to reach that destination presents its own set of unique challenges. 56% of respondents are concerned about the financial burden of developing electric or autonomous vehicles (and their related components), an issue that has only grown more prevalent since 2023. The delicate balance of technological ambition with financial prudence will be top of mind for industry stakeholders in the year ahead.

Successfully venturing into the realm of these transformative technologies without compromising financial stability demands not only a visionary approach but also meticulous strategic planning, underscored by judicious and calculated investments.

# Labor and Employment

Amidst the whirring gears and flashing LEDs driving the automotive industry's technological revolution, the human element remains crucial. The enforceability of non-compete agreements remains a contentious issue—particularly in light of recent rulings—with over 47% of respondents citing it as a major issue in 2024. The demand for remote work options continues to reverberate (38%), with employees seeking flexibility and work-life balance. We expect that companies looking to retain top talent will need to develop clear policies and adapt management styles that are more conducive to this hybrid or remote work environment. Interestingly, however, the way companies manage their pandemic-related health and safety protocols was seen as far less of a priority (5%).

While the now-resolved UAW strike loomed large over the industry last fall, only 34% of respondents anticipate it will affect automotive industry employers in 2024. The decline in enthusiasm for diversity, equity, and inclusion (DE&I) programs has been well-covered over the past year, but a portion of our respondents (31%) believe that in the wake of affirmative action cases, DE&I initiatives in the automotive industry could see somewhat of a resurgence in 2024 as companies look to address systemic biases.

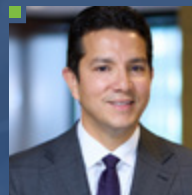


## LABOR AND EMPLOYMENT CONTACTS



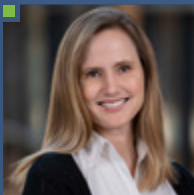
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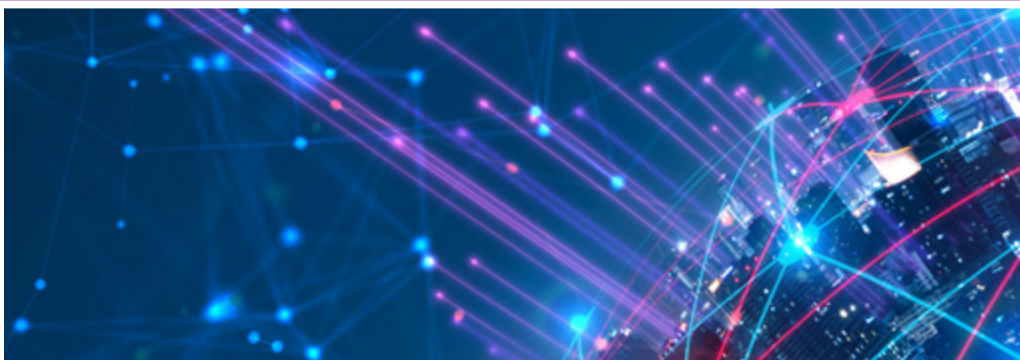
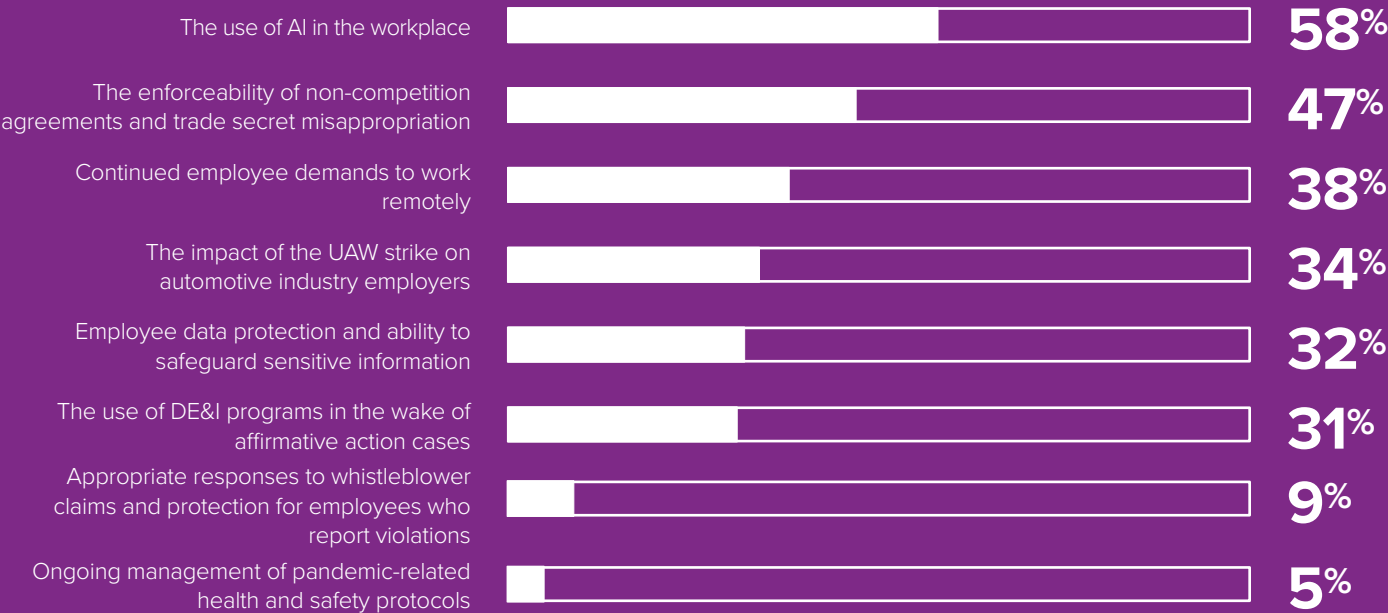


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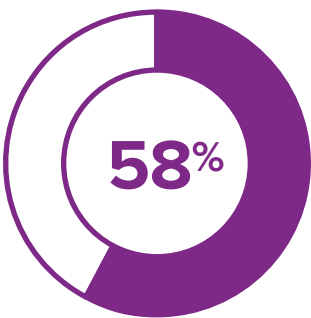
What are your top legal concerns related to labor and employment issues in the automotive industry in 2024?



ONE BIG THING  
Automation Anxiety

As the adoption of AI-powered technologies has skyrocketed over the past year, so has the concern within the labor force that a robot will soon be doing their job. In the automotive industry alone, some experts believe that artificial intelligence could replace up to 300 million full-time jobs by the end of the decade. Our survey underscores this concern, as the use of AI technology in the workplace was our top response, with 58% of participants viewing it as a major legal issue.

The increasing use of AI in hiring, performance evaluations, and even autonomous vehicle development also could raise concerns, including the difficulty of complying with evolving regulations around AI and its impact on the workforce. Related to this is the issue of data privacy, with 32% of respondents viewing “employee data protection and ability to safeguard sensitive information” as a top legal issue.



The use of AI in the workplace

# Antitrust

In 2024, the roar of automotive engines may soon be accompanied by the rumble of antitrust regulators, as our survey reveals heightened concerns about various antitrust issues. In 2023, only 7% of survey respondents expected antitrust scrutiny to shift more toward labor practices—this year, that number skyrocketed to nearly 38%. Non-compete agreements are coming under increased scrutiny by state and federal regulators and lawmakers (including a proposed Federal Trade Commission (FTC) rule and state legislation banning many non-competes and other agreements that could function the same as non-competes) and alleged no-poach and wage-fixing agreements continue to be challenged in major lawsuits. As such, industry players should focus on labor-side antitrust compliance, including HR in compliance efforts and assessing whether they have non-competes and other agreements that could be targeted, while at the same time considering other methods of protecting their trade secrets and proprietary information.

Another notable deviation from last year's findings was around merger enforcement and review, with 35% of respondents expecting the process to play a major role in 2024 (up from 19% in 2023). As recently underscored in the newly issued FTC/Department of Justice Merger Guidelines, in the proposed amendments to the Hart-Scott-Rodino premerger reporting process, and in recent cases targeting both horizontal and vertical mergers, navigating the merger clearance and review process will likely be more difficult and less predictable. It is therefore more important than ever assess antitrust risks very early in the M&A process.

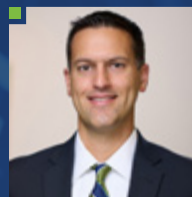
Consumer access to independent repair for vehicles, including EVs with their complex technology, will remain a hot topic. 41% of respondents anticipate a renewed focus on “right to repair” issues, a moderate increase from 2023 (32%). Expect continuing legal and legislative battles between automakers and consumers and consumer advocacy groups pushing for right-to-repair legislation.

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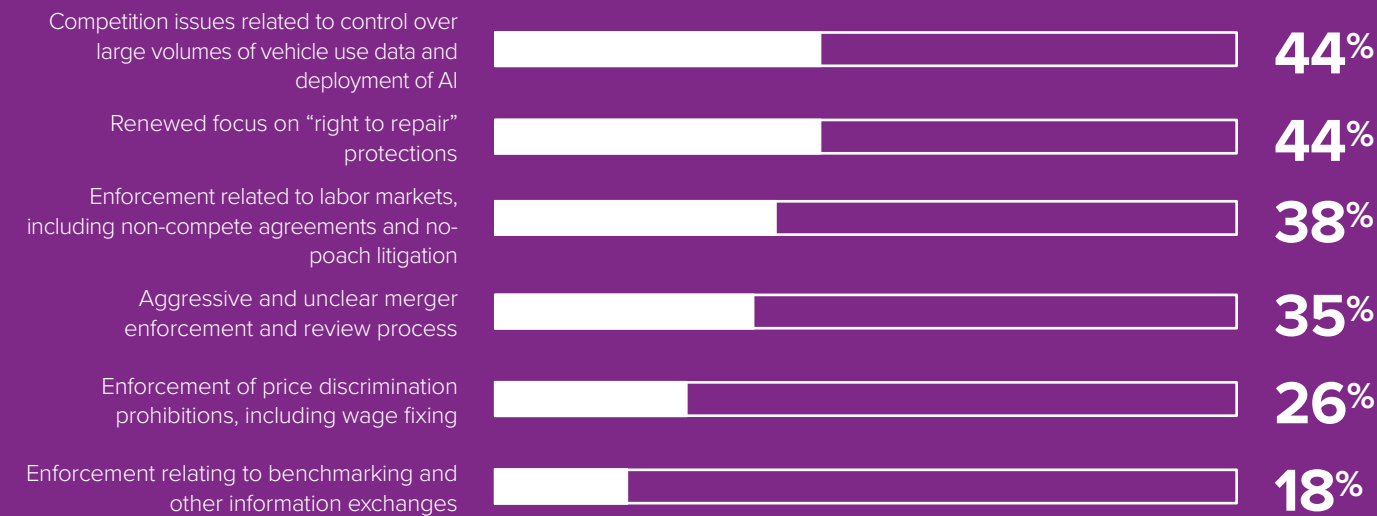


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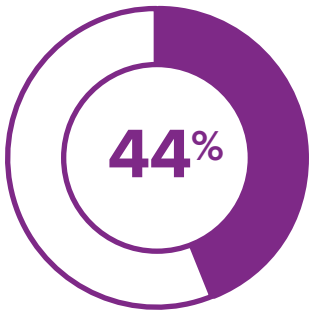
Which of the following automotive antitrust and trade regulation issues are you most concerned about in 2024?



ONE BIG THING  
A Monopoly on Data

Big Tech has been a bipartisan target since Senator Elizabeth Warren called for increased oversight in a high-profile letter to FTC Chair Lina Khan in November 2022. Additionally, federal regulators are laser focused on competition in the burgeoning AI space, stating that “data has replaced oil as the power source for our new industrial tools” and pledging to take action against dominant players who attempt to use their size to squelch rivals.

The top response of this year’s question underscores this concern, with 44% of respondents viewing “competition issues related to control over large volumes of vehicle use data and deployment of AI” as having a major impact on the automotive industry. As the federal government continues to keep Big Tech in its crosshairs, expect increased scrutiny of data gathering, access, and sharing practices by dominant industry players that maintain large volumes of data.



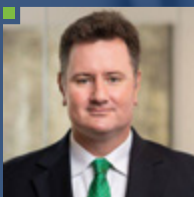
Competition issues related to control over large volumes of vehicle use data and deployment of AI

# Dealerships

2024 could present another interesting year for manufacturers and their dealer networks. Our survey sheds light on several potential flashpoints, with respondents citing concerns in various areas. The rise of online car sales looms large, with questions swirling around how manufacturers and dealerships will navigate this digital landscape (56%). Manufacturer visions for modern, luxury-focused dealerships (25%) for the in-person shopping and service experience also raise potential concerns.

Increased state oversight of manufacturer allocation processes and performance metrics (29%) continues to raise eyebrows. Dealer challenges surrounding warranty reimbursement rates and policies are also top of mind (34%).

## DEALERSHIPS CONTACTS



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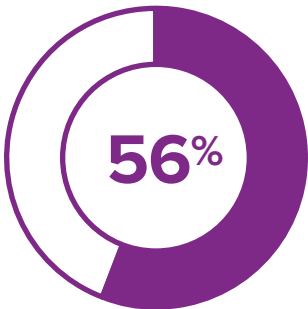
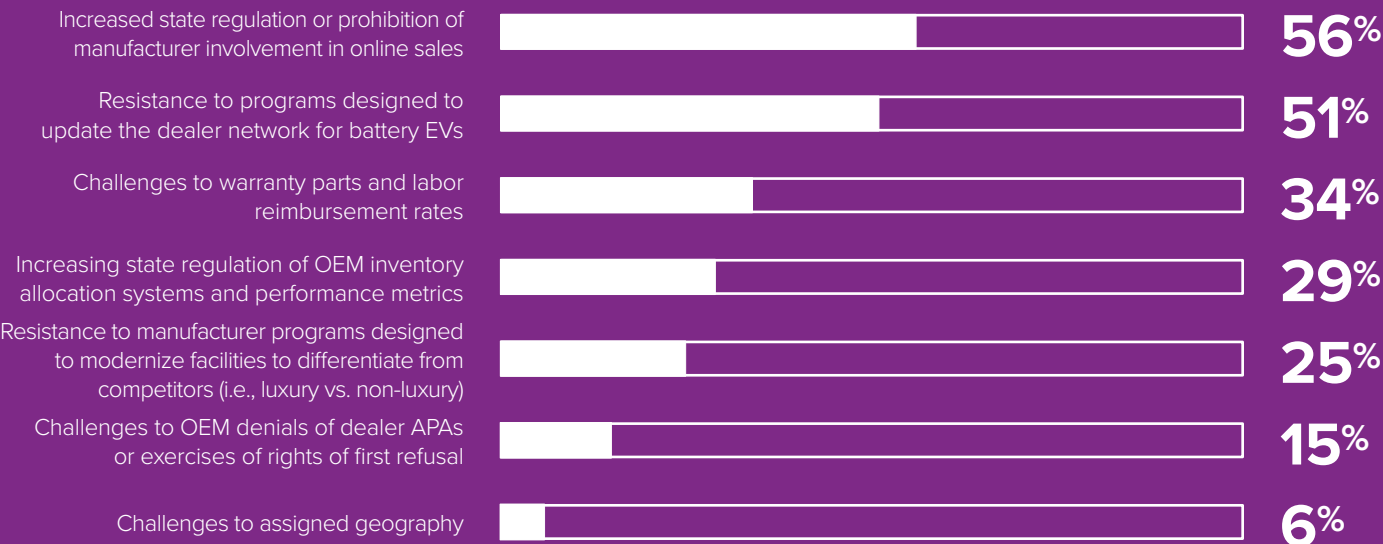


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Which of the following dealership legal issues will have the greatest impact on the automotive industry in 2024?



Increased state regulation or prohibition of manufacturer involvement in online sales

ONE BIG THING  
Plug In or Power Down

The electric vehicle revolution presents a potential tension between tradition and innovation. Manufacturer goals to revamp dealer networks for EV sales may face significant resistance (51%), fueled by anxieties about the costs and complexities of adapting infrastructure, personnel training, and brand image to cater to this new generation of vehicles. Automakers seeking modern facilities for a premium EV experience could clash with existing dealerships.

On the other hand, ignoring the EV shift could cause dealerships to lag behind in market relevance and consumer demand, leaving them vulnerable to fading market share and jeopardizing their long-term viability. This balance between tradition and innovation, modernization and potential financial strain, may well define the future for many dealerships in the EV era.









## ABOUT US

# Dykema's Automotive Industry Group

"Best known for its strong reputation and depth of experience in the automotive industry" and ranked among the top seven national firms for automotive litigation (Legal 500 US), Dykema is a go-to firm for automotive legal counseling. From our coast-to-coast network of offices, we guide an international roster of automotive clients through complex legal challenges, helping to achieve business success.

Faced with the unique industry challenges created by the complexity of conducting business in a global marketplace, new and innovative supply

chain structures, ever-increasing regulatory restrictions, and unique challenges posed by collaboration between the automotive and technology-focused industries, our clients get a true advantage from having our industry-savvy lawyers on their side.

Our cross-practice, cross-office team anticipates legal issues and meets our clients' business challenges long before they develop. We nurture collaborative relationships with our automotive clients, becoming a true partner that fully understands your business.









## METHODOLOGY

In December 2023, national law firm Dykema distributed its 2024 Automotive Survey via email and social media to a select group of executives at organizations that included original equipment manufacturers, suppliers, industry publications and advocacy groups, and outside financial, accounting, and legal support across the automotive space. The survey respondents represent a cross-section of executives and automotive advisors engaged in several areas of legal expertise, including litigation, antitrust, government advisory, labor and employment, intellectual property, and emerging technologies like cybersecurity and autonomous software. Survey participants were given the option to select up to three responses per question; as a result, percentages add up to greater than 100.



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