The Italian supply chain

Automotive components: uncertainty and optimism

by Lara Morandotti

Osservatorio sulla componentistica automotive italiana 2020, Anna Moretti e Francesco Zirpoli (a cura di), Edizioni ca' Foscari-Venezia 2020. In collaborazione con ANFIA, Camera di Commercio Industria Artigianato e Agricoltura di Torino, CAMI- Centre for Automotive & Mobility Innovation, Dipartimento di Management dell'Università Ca' Foscari di Venezia

A specific Observatory has analysed the Italian automotive supply chain in the light of 2020-crisis, with particular reference to component suppliers. Our thorough analysis has highlighted the electric motor and the future of this growing promising field

The 2020-edition of the Observatory on Italian automotive components, led by ANFIA, Italian Association of the Automotive Industry, has been called to face a challenge in the challenge: to shed light on the sudden complex transformations the national automotive supply chain is living and the unprecedented impact of pandemic on the whole Italian and world industry.

The period is difficult and Italian components should rely on conditions that can accompany their transformation efforts in a global strict interaction, which also witnesses the morphology change of the main players, like in the case of the rising Stellantis Group, with the opportunities and the repercussions it potentially involves. It is urgent a plan of structural strategic interventions to be accomplished in the frame of the European Recovery Plan, ideal occasion to help companies to support the necessary investments to face the incoming challenges. What action is instead up to companies? To have clear targets on which focusing in the matter of R&D and education of human resources, dimensional growth and correct ranking in terms of manufacturing capacity, strategies based on innovation and flexibility in meeting the requirements of vehicle manufacturers.

The three reasons for uncertainty

In 2019, the production of the national industry ended with -9.6% of the industrial production of the automotive industry, with -13.9% of cars compared to the previous year and -7.9% in terms of manufacturing of parts and accessories for vehicles and their motors. The data about the manufacturing and sale shrinkage are unavoidably mirrored in the evaluation of the economic-financial data of enterprises in the Italian supply chain. However, what should we expect for next months?

Anna Moretti and Francesco Zirpoli of CAMI – Management Department, Ca' Foscari University, Venice, have explained that there are at least three elements of uncertainty. The first, very contingent, concerns the recovery of vehicle demand and production in Europe and in the primary outlet markets of the Italian supply chain and, in their turn, they depend on the end of COVID-19 emergency and on how, and if, consumptions and purchases will recover.

The second uncertainty reason depends on the choices of Stellantis, the company stemming from the merging between PSA and FCA. Given manifold overlaps in EU among activities of design, manufacturing and component supply chain of the two historical automotive companies, there are some doubts about new European manufacturing balances.

The last reason concerns the policies to react to the crisis. The latter has shown the need of shortening the global supply chains to succeed in managing supplies with more reliability: this can turn into an opportunity especially for smaller-size Italian suppliers.

The world automotive industry

In 2019, 91.5 million vehicles were sold (-4.5% versus 2018), of which 3.7 millions in the Asian Continent.

Among the major markets, the following are affected by decreasing volumes