

In 1909 the founder of General Motors (GM), William Crapo Durant, offered to buy Ford for \$8M. Henry Ford spurned the advance, making way for one of the fiercest and most multifaceted rivalries in corporate history. Which is Detroit's finest V8 engine: Ford's "flat head" or the "small block" from Chevrolet, GM's main brand? Did the looks of the Ford Thunderbird outshine the Corvette in the 1950's? Did the Camaro outmuscle the Mustang a decade later?



A new context is brewing between America's mightiest carmakers that may be the most momentous in a century. It is the race to electrify their fleets, and especially pickups, the biggest source of profits for both companies. As part of this campaign GM has said it will build four battery factories by 2025 with its partner, LG Chem, a South Korean battery maker. This week Ford and its battery partner, SK Innovation, also of South Korea, announced an investment of \$11B in three battery factories and an assembly plant for electric F-Series pickups.

Ford estimates that 40% of its global sales will be electric by 2030. GM wants all of its vehicles to be emission-free by 2035. The ultimate result of this competition will determine which of Detroit's giants will have the upper hand in the market for electric vehicles (EVs) and autonomous driving. It will also help shape the future of both motoring and carbon emission in the country that invented the gas-guzzler and car culture.





The reason for this sudden spurt of ambition is both firms' painful decline in their home market. In 2020 65% of Ford's revenues and well over 80% of GM's, along with most of their profits, came courtesy of domestic buyers. But although America dominates both companies, they no longer dominate America. Hubris, bred from decades of effortless success, ran up against smaller, cheaper and better vehicles made by foreign firms. Ford and GM's current combined market share of 30% is a shadow of the combined 50% they commanded 20 years ago, let alone 70% in the 1970s.

If the electric race is tight, the longer-distance one to autonomous driving is even harder to call. Both firms are tight-lipped about progress in their self-driving divisions. Cruise, of which GM is the majority owner, is widely seen as being ahead of Argo, jointly owned by Ford and Volkswagen. The road ahead for both Ford and GM is filled with hairpin turns and riddled with technological potholes that could leave either company with a blow-out or in the ditch. Regardless, the age-old rivalry between America's heavyweights shows no sign of slowing, and with billions of dollars of profits at stake, it's pedal to the metal for both.

Be safe, be well!

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