

Economic and Market Report

State of the EU auto industry

Full-year 2022



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PASSENGER CARS

REGISTRATIONS

World

Full-year global new car registrations reached 2021 volumes at 66.2 million units, aided by the easing of semiconductor supplies, combined with a sales recovery in the last quarter of 2022. However, global vehicle demand is still trending well below pre-pandemic levels, and a comparison with 2019 volumes (74.9 million units) highlights how far registrations have dropped.

Passenger car registrations in the European region declined by 10.4% during 2022 to 12.8 million units. The main factor impacting the region's performance was again the shortage of semiconductors. In addition, the war in Ukraine continued to hold the Eastern European market back, with major declines in the countries directly involved in the conflict: Ukraine (-64.7%) and Russia (-62.7%).

Despite a slight rebound in the final quarter of 2022, full-year sale volumes in North America were down 8.7% compared to 2021, at 12.7 million units. The same trend was observed in the US, where passenger car sales contracted by 9.2% during 2022, affected by supply chain and logistics issues.

Demand for cars in South America during the last year was up by a modest 1.8%, with nearly 2.8 million units sold. Brazil – the region's largest market – managed to close flat year-on-year, thanks to a recovery in the last quarter.

Japan's passenger car sales were down by 5.1% compared with 2021, as higher energy prices, combined with depreciation of the yen, led to a decline in real disposable income affecting vehicle sales. On a similar note, South Korean new car registrations declined by 3.0% in 2022 compared to a year earlier.

Demand in China increased by 7.6% year-on-year to 21.7 million cars sold, reflecting some payback from brought-forward demand. The withdrawal of government electric vehicle incentives by the end of 2022 helped to convince customers to make their purchases within the year.

Indian passenger car sales grew by 23.1% in 2022, reaching 3.8 million units, as an accumulation of savings combined with lower interest rates convinced customers to buy new cars. An increasing preference for personal mobility was also an important driver of this growth.

Table 1: World new passenger car registrations, by region

	2022 ¹	2021	% change 22/21	% share 2022
EUROPE	12,830,910	14,326,088	-10.4	19.4
European Union ²	9,255,926	9,700,089	-4.6	14.0
EFTA	416,946	427,546	-2.5	0.6
United Kingdom	1,614,063	1,647,181	-2.0	2.4
Russia	578,042	1,548,907	-62.7	0.9
Turkey	571,329	561,853	+1.7	0.9
Ukraine	37,247	105,591	-64.7	0.1
Others: Europe ³	357,357	334,921	+6.7	0.5
NORTH AMERICA⁴	12,747,169	13,964,639	-8.7	19.3
of which the United States	10,760,768	11,857,574	-9.2	16.3
SOUTH AMERICA	2,775,095	2,726,985	+1.8	4.2
of which Brazil	1,556,332	1,557,947	-0.1	2.4
ASIA	34,409,029	31,959,455	+7.7%	52.0
China	21,747,245	20,207,981	+7.6	32.8
India	3,835,863	3,116,630	+23.1	5.8
Japan	3,485,411	3,672,503	-5.1	5.3
South Korea	1,435,365	1,480,109	-3.0	2.2
Others: Asia ⁵	3,905,145	3,482,232	+12.1	5.9
MIDDLE EAST/AFRICA	3,440,448	3,234,328	+6.4	5.2
WORLD	66,202,651	66,211,495	-0.01	100.0

SOURCE: ACEA, S&P GLOBAL MOBILITY

¹ Provisional figures

² Data for Malta not available

³ Includes Belarus, Bosnia-Herzegovina, Kazakhstan, North Macedonia, Serbia and Uzbekistan

⁴ Based on production type

⁵ Includes Hong Kong, Taiwan and all the other South Asian countries, excluding India

The European Union

Registrations of new passenger cars in the EU fell by 4.6% in 2022, mainly due to the impact of component shortages during the first half of the year.

This is the third consecutive year that registrations in the EU have declined. Although the market showed signs of improvement in the latter part of the year – with increases recorded from August to December – cumulative volumes stood at 9.3 million units, the region’s lowest level since 1993, when 9.2 million units were registered.

The region’s negative result was reflected by the performance of three of its four largest markets, with Italy (-9.7%), France (-7.8%) and Spain (-5.4%) all posting declines during 2022. Germany was the exception to this trend, and recorded a modest uplift (+1.1%), helped by its strong result in December.

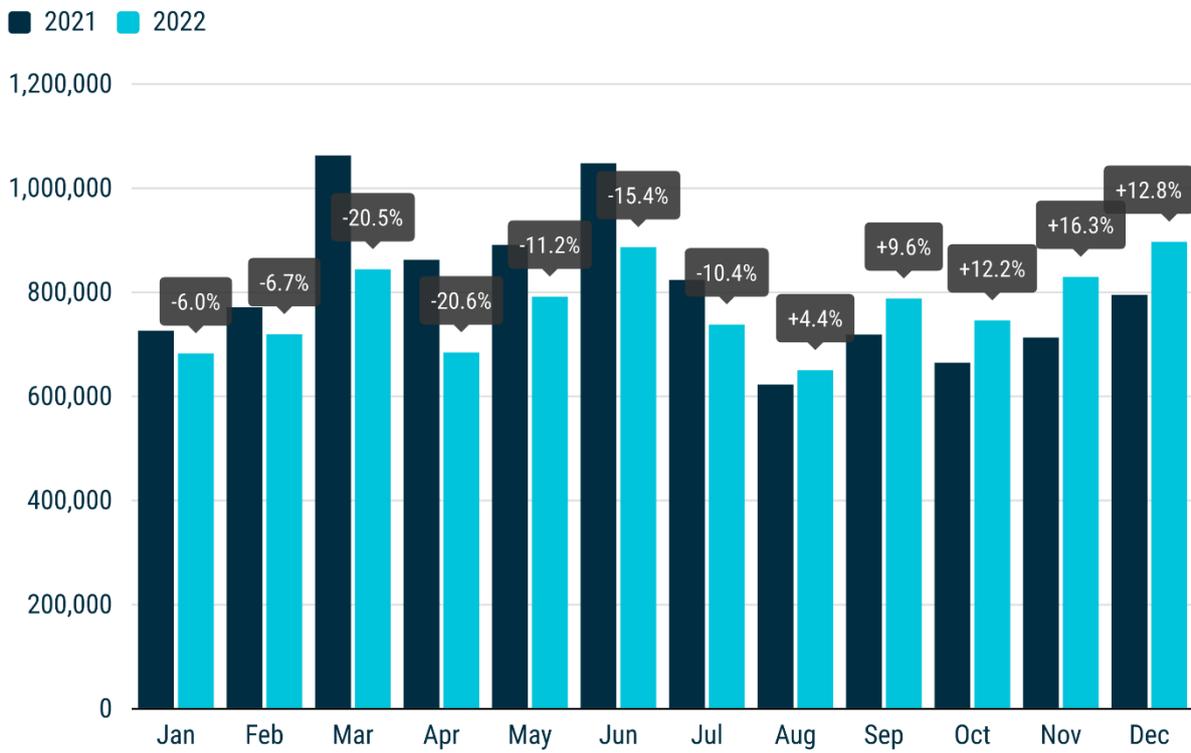
Looking to 2023, the outlook for the EU car market is slightly more positive. Despite a challenging economic environment in the region, and the continuing impact of component shortages on vehicle production, new car registrations are expected to increase by around 5% this year. If achieved, this would put registration volumes broadly on a par with 2020, but still far below the 13 million units recorded prior to the pandemic in 2019.

Table 2: Top 4 – New passenger car registrations in the EU

	2019	2020	2021	2022	% change 22/21
Germany	3,607,258	2,622,132	2,622,132	2,651,357	+1.1
France	2,214,279	1,650,118	1,659,003	1,529,035	-7.8
Italy	1,916,949	1,381,756	1,458,032	1,316,702	-9.7
Spain	1,258,251	851,210	859,477	813,396	-5.4
EUROPEAN UNION	13,028,948	9,939,418	9,700,089	9,255,926	-4.6

SOURCE: ACEA

Figure 1: New passenger car registrations in the EU | 12-month trend



SOURCE: ACEA

PRODUCTION

World

Passenger car production in Europe fell by 1.6% in 2022, with contrasting underlying trends between the European Union and Eastern Europe. The EU contributed to an increase in production levels, with a gain of 7.1% for the full year. However, overall volumes across the region were significantly impacted by the collapse of the Russian and Ukrainian markets, which were down 67.4% and 79.7% respectively.

Despite ongoing supply chain and logistics challenges, North American car production rose by 10.3% in 2022 compared with the previous year, reaching a total of 10.4 million units. This growth was primarily driven by strong demand for new vehicles in the US – the region's largest market – which led to an 11.7% increase in its production to 7 million units.

South American volumes maintained a positive trend during the second half of 2022. As a result, full-year performance remained solid, with more than 2.1 million cars produced – up 9.1% compared to 2021. Reflecting this trend, production in Brazil increased by 6.1% to nearly 1.8 million units.

As a result of stronger production in the third quarter of 2022, Japanese output remained on a par with 2021 volumes at 6.6 million units. South Korean passenger car production grew by 7.6% to 3.4 million units as export recovery and growth in domestic demand led to an increase in production.

As lockdowns were lifted and with demand strongly stimulated by government incentives, vehicle production rapidly recovered in China, despite logistics and supply chain pressures. As a result, Chinese car production increased by 11.7% last year, with 23.2 million vehicles built, representing 34% of global production.

Boosted by robust domestic demand and higher consumer confidence, Indian car production reached 4.3 million units in 2022, resulting in strong growth of 21.6%.

Overall, more than 68 million passenger cars were manufactured worldwide in 2022, an increase of 7.9% from a year earlier. This was nonetheless still 5.6 million units below pre-crisis production levels in 2019.

Table 3: World passenger car production | by region

	2022 ⁶	2021	% change 22/21	% share 2022
EUROPE	13,142,901	13,362,109	-1.6	19.3
European Union	10,769,893	10,055,833	+7.1	15.8
United Kingdom	764,854	853,584	-10.4	1.1
Russia	437,633	1,343,911	-67.4	0.6
Turkey	791,522	788,233	+0.4	1.2
Ukraine	1,490	7,342	-79.7	0.002
Others: Europe ⁷	377,509	313,206	+20.5	0.6
NORTH AMERICA	10,424,181	9,450,670	+10.3	15.3
of which the United States	7,061,146	6,320,425	+11.7	10.4
SOUTH AMERICA	2,126,988	1,949,131	+9.1	3.1
of which Brazil	1,812,214	1,707,851	+6.1	2.7
ASIA	40,624,837	36,817,772	+10.3	59.6
China	23,170,356	20,738,511	+11.7	34.0
Japan	6,624,532	6,629,198	-0.1	9.7
India	4,324,283	3,556,492	+21.6	6.3
South Korea	3,427,960	3,186,801	+7.6	5.0
Indonesia	1,075,891	865,857	+24.3	1.6
Thailand	725,021	728,962	-0.5	1.1
Others: Asia ⁸	1,276,794	1,111,951	+14.8	1.9
MIDDLE EAST/AFRICA	1,842,895	1,616,566	+14.0	2.7
of which Iran	1,085,859	979,969	+10.8	1.6
WORLD	68,161,802	63,196,248	+7.9	100.0

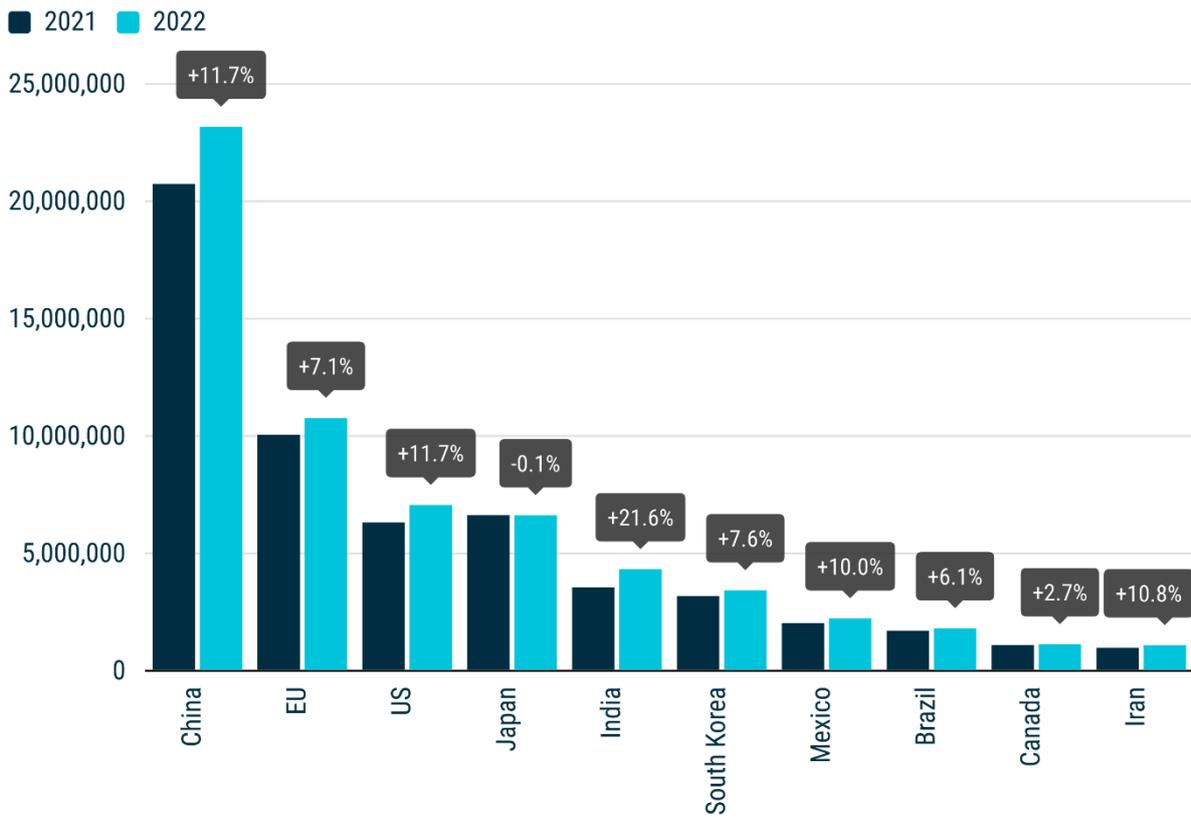
SOURCE: S&P GLOBAL MOBILITY

⁶ Provisional figures

⁷ Includes Belarus, Kazakhstan, Serbia and Uzbekistan

⁸ Includes Taiwan, Australia, Malaysia, Pakistan, Philippines and Vietnam

Figure 2: Top 10 world passenger car producers



SOURCE: S&P GLOBAL MOBILITY

The European Union

Despite a reduction in supply chain pressures, a shortage of semiconductors remained the primary limiting factor for EU passenger car production in 2022. The impact of the shortage was most significant during the first half of the year, although growth was recorded in the final two quarters of 2022, leading to an increase of 7.1% on the full year.

However, this growth was set against a low base. At 10.8 million units, 2022's production output aligned with that of 2020, which was itself affected by lockdowns. The 2022 figure is around 24% below 2019 pre-crisis levels.

Looking at full-year results at a country level, all major car producers in the EU saw growth, with the exception of Slovakia (-1.3%). Germany led the way with 3.3 million cars built (an improvement of 13.2% compared to 2021), followed by Spain with 1.7 million vehicles, equating to an increase of 6.5%. Despite year-on-year growth of 10.3%, France ended the year in fifth place, with volumes still not exceeding the million-unit threshold.

Central European markets provided a strong boost to the region's positive performance, with substantial gains registered in Romania (+20.6%), the Czech Republic (+8.7%) and Hungary (+6.0%).

Table 4: Top 10 passenger car producers in the EU

	2019	2020	2021	2022	% change 22/21
Germany	4,493,922	3,393,960	2,946,320	3,336,116	+13.2
Spain	2,175,909	1,759,907	1,598,986	1,702,641	+6.5
Czech Republic	1,398,996	1,129,429	1,095,096	1,190,160	+8.7
Slovakia	1,072,858	943,746	976,947	964,072	-1.3
France	1,590,636	869,856	852,812	940,690	+10.3
Romania	490,412	438,107	420,755	507,269	+20.6
Italy	548,688	455,323	447,673	476,929	+6.5
Hungary	524,348	433,601	416,843	441,776	+6.0
Sweden	285,709	245,671	253,488	257,446	+1.6
Belgium	247,020	237,075	222,105	235,385	+6.0
EUROPEAN UNION	14,096,444	10,779,146	10,055,833	10,769,893	+7.1

SOURCE: S&P GLOBAL MOBILITY



ABOUT THE EU AUTOMOBILE INDUSTRY

- 13.0 million Europeans work in the auto industry (directly and indirectly), accounting for 7% of all EU jobs
- 11.5% of EU manufacturing jobs – some 3.4 million – are in the automotive sector
- Motor vehicles are responsible for €374.6 billion of tax revenue for governments across key European markets
- The automobile industry generates a trade surplus of €79.5 billion for the European Union
- The turnover generated by the auto industry represents almost 8% of the EU's GDP
- Investing €58.8 billion in R&D per year, automotive is Europe's largest private contributor to innovation, accounting for 32% of the EU total

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