

Economic and Market Report

State of the EU auto industry

First three quarters of 2022



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EU ECONOMIC OUTLOOK

Ongoing supply chain disruptions caused by the protracted conflict in Ukraine have raised inflation risks and reduced growth prospects for the European economy in the near-term.

The conflict may also lead to a worsening of supply chain disruptions, particularly in the manufacturing sector, as Russia and Ukraine are key producers of neon gas, which is used in semiconductor production.

According to the European Commission’s latest forecast, real GDP growth in the European Union is now expected to decline from 5.4% in 2021 to 3.3% this year and 0.3% in 2023.

With food and energy prices exerting considerable upward pressure, consumer price inflation in the European Union is forecast to exceed 9% in 2022. It is then expected to decline in 2023, although projected to remain high at 7%.

On the bright side, solid labour market conditions and high household savings should help to moderate the impact of higher inflation on private consumption. Unemployment rates in the EU remain unusually low and are forecast to decline to a 6.2% historic low this year, and then increase only slightly to 6.5% in 2023.

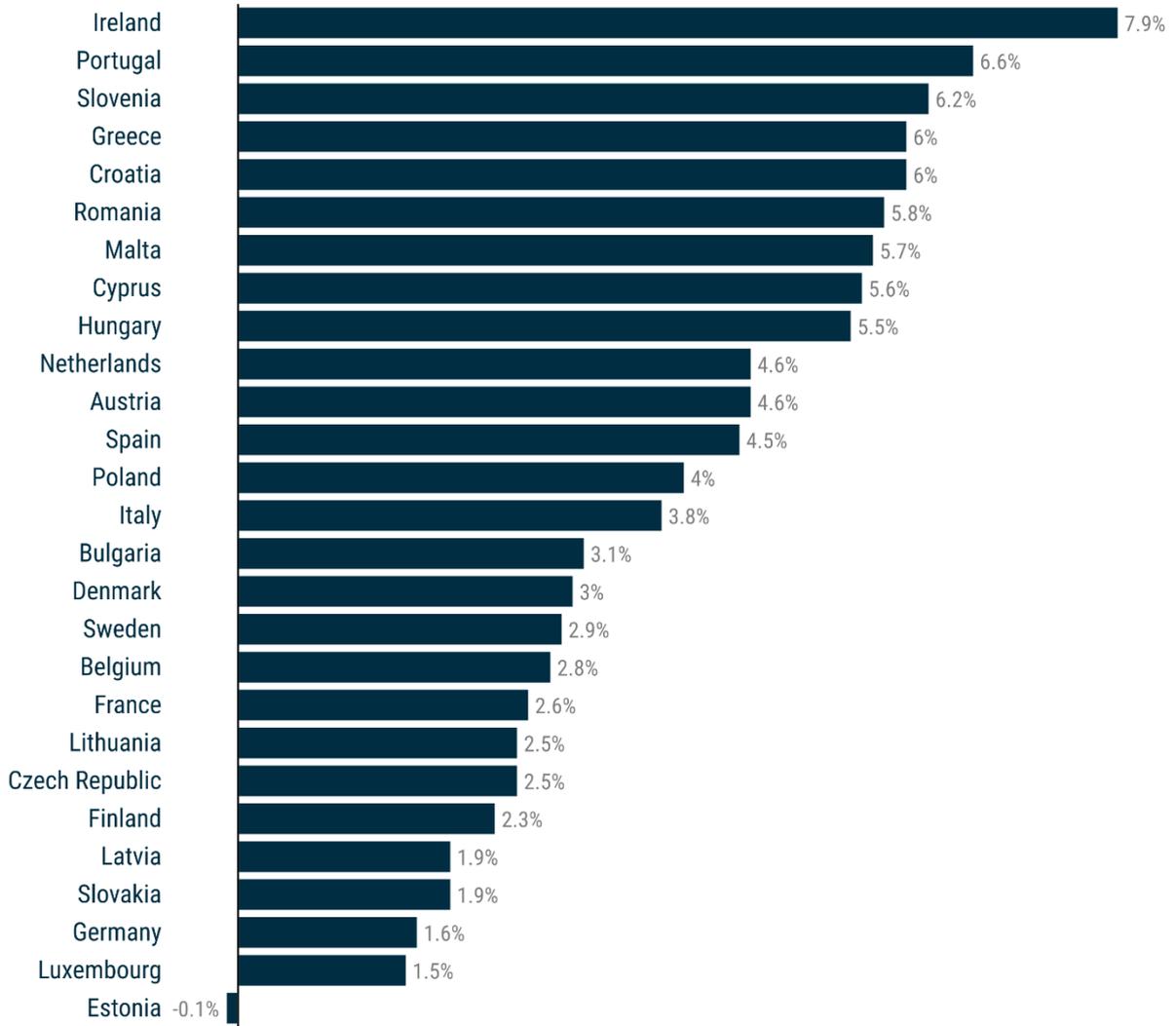
Table 1: Overview – EU economic forecast

	2021	2022	2023
Real GDP (%)	5.4	3.3	0.3
Inflation (%)	2.9	9.3	7.0
Unemployment rate (%)	7.0	6.2	6.5

SOURCE: EUROPEAN COMMISSION ECONOMIC FORECASTS, AUTUMN 2022

Figure 1: EU GDP growth forecast for 2022 | by country

GDP growth 2022 (%)



SOURCE: EUROPEAN COMMISSION ECONOMIC FORECAST, AUTUMN 2022

PASSENGER CARS

REGISTRATIONS

World

Nine months into 2022, the global car market remained vulnerable to ongoing supply chain pressures and rising geopolitical tensions. This caused a decline in global new car sales by 2.9% so far this year – nearly 1.5 million units below the 2021 level, and more than 7.5 million units less than in 2019.

European passenger car registrations fell by 15.4% over the first nine months of 2022, mainly because of the limited supply of vehicles due to semiconductor shortages. At the same time, the war in Ukraine and the emerging energy crisis has had a significant negative impact on car demand, especially in Eastern European countries, with the biggest declines observed in those countries that are directly involved in the conflict, namely Ukraine (-65.3%) and Russia (-61.8%).

Passenger car sales in North America continued to be affected by supply chain issues, which limited the availability of new vehicles. Over the first three quarters of 2022, regional car sales declined by 13.3%, down approximately 1.5 million units from the same period the year before. The same trend was observed in the US, where sales volumes contracted by 14.3% during this nine-month period.

Demand for new cars in South America remained stable at 2 million units during the first three quarters of 2022, despite a 3.8% drop in Brazilian sales, which account for more than half of total regional car sales alone.

Japanese and South Korean passenger car sales declined by 8.7% and 7.5% respectively from January to September as shortages of semiconductors and other components continued to impact production.

The strong recovery observed in Chinese car demand from June this year was largely due to the Chinese government's decision to halve the purchase tax for new passenger vehicles, in order to boost sales after the disruptions of the April–May lockdowns. As a result, January–September cumulative volumes in China increased by 8.2% to more than 15.3 million cars registered. The Chinese market now accounts for almost 32% of global passenger car sales.

Indian sales over the first three quarters of 2022 remained strong as an accumulation of savings, combined with lower interest rates and an increasing preference for personal mobility, convinced customers to buy a new car. As a result, new car registrations in India grew by 20.2% in January–September 2022 to reach 2.8 million units.

Table 2: World new passenger car registrations | by region

	Jan-Sep 2022 ¹	Jan-Sep 2021	% change 22/21	% share 2022
EUROPE	9,389,481	11,098,502	-15.4	19.5
European Union ²	6,784,318	7,526,831	-9.9	14.1
EFTA	278,429	318,732	-12.6	0.6
United Kingdom	1,208,368	1,316,614	-8.2	2.5
Russia	449,699	1,178,139	-61.8	0.9
Turkey	396,054	434,800	-8.9	0.8
Ukraine	27,046	78,053	-65.3	0.1
Others: Europe ³	245,567	245,333	+0.1	0.5
NORTH AMERICA⁴	9,497,214	10,954,518	-13.3	19.8
of which the United States	7,989,413	9,318,552	-14.3	16.6
SOUTH AMERICA	2,022,897	2,038,579	-0.8	4.2
of which Brazil	1,113,122	1,156,818	-3.8	2.3
ASIA	24,572,865	22,951,648	+7.1	51.1
China	15,309,586	14,144,576	+8.2	31.9
Japan	2,620,949	2,871,234	-8.7	5.5
India	2,819,761	2,345,917	+20.2	5.9
South Korea	1,024,944	1,107,783	-7.5	2.1
Others: Asia ⁵	2,797,625	2,482,138	+12.7	5.8
MIDDLE EAST/AFRICA	2,560,650	2,434,018	+5.2	5.3
WORLD	48,043,107	49,477,265	-2.9	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

The European Union passenger car market posted its second consecutive monthly increase in September, with a 9.6% uplift to 787,870 units, although this was largely driven by the low base of comparison from September the previous year.

However, this helped to reduce the year-to-date decline to 9.9%, at 6.8 million units, compared to the 14.0% drop recorded in the first half of the year.

This trend was reflected in the performances of most countries, with all the region's major markets remaining in negative territory despite recent improvements. Italy saw the steepest decline (-16.3%), followed by France (-11.8%), Germany (-7.4%) and Spain (-7.4%).

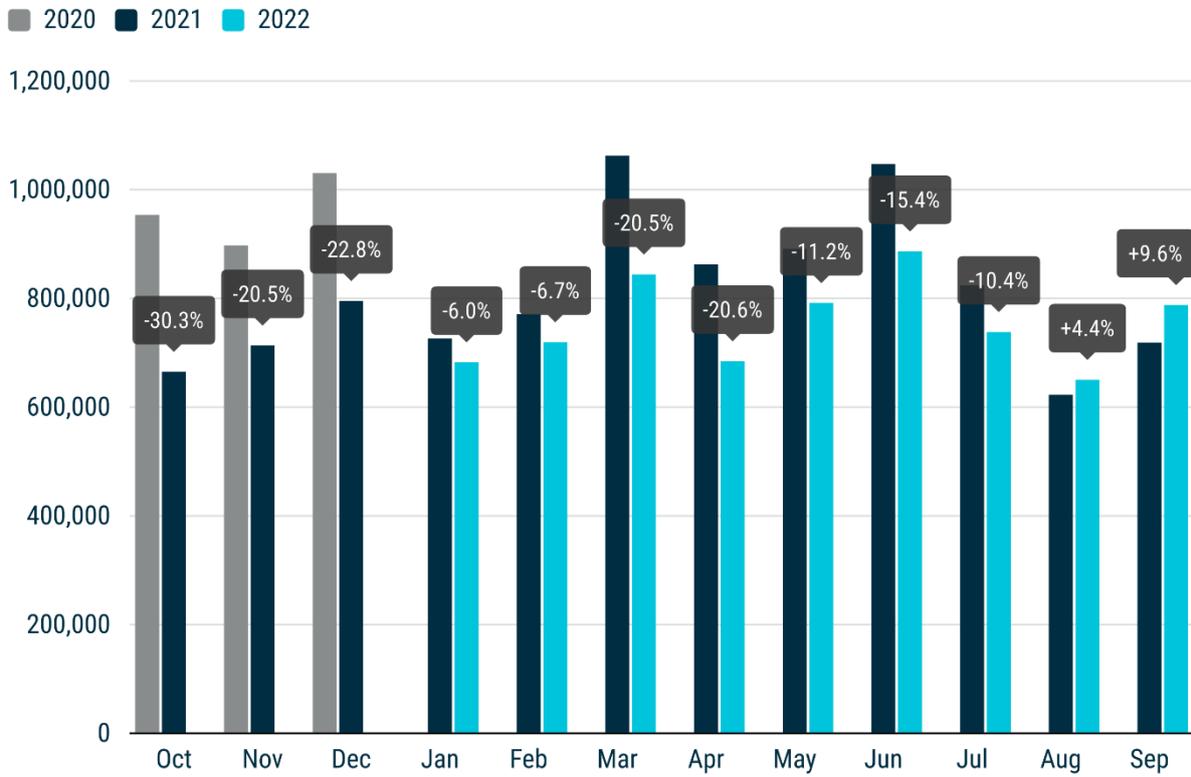
So far in 2022, the EU car market has continued to remain well below pre-pandemic levels – with 3.1 million fewer cars registered compared to January–September 2019 – and it is expected to shrink again this year, slipping by 1% to 9.6 million units by the end of the year.

Table 3: Top 4 – New passenger car registrations in the EU

	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2022	% change 22/21
Germany	2,740,158	2,041,831	2,017,561	1,867,885	-7.4
France	1,641,367	1,166,698	1,260,373	1,112,067	-11.8
Italy	1,468,237	966,335	1,165,692	976,055	-16.3
Spain	965,286	595,436	647,954	600,281	-7.4
EUROPEAN UNION	9,908,370	7,057,927	7,526,831	6,784,318	-9.9

SOURCE: ACEA

Figure 2: New passenger car registrations in the EU | 12-month trend



SOURCE: ACEA

PRODUCTION

World

Passenger car production in Europe dropped by 2.4% in the first three quarters of 2022, while remaining positive in the rest of the world's regions. The decline was largely due to the collapse of the Russian (-66.4%) and Ukrainian (-84.6%) markets, which had an impact on overall production volumes in the region.

Despite continued supply chain and logistical issues, North American output increased by 11.8% during the first nine months of 2022 – to nearly 8 million cars – driven by robust demand for new vehicles in the US.

South American production volumes maintained a positive trend from the second quarter onwards. This helped to improve the year-to-date performance, with roughly 1.6 million units produced from January to September – 12.4% more than during the same period in 2021.

Nine months into 2022, passenger car production in Japan remained stagnant as the impact of the COVID Omicron variant significantly disrupted manufacturing activities, further aggravating ongoing semiconductor shortages. As a result, Japanese production in the first three quarters of the year dropped by 2.1% year-on-year, despite the relatively low base in 2021.

Chinese passenger car production rebounded strongly after manufacturing activity was heavily affected by lockdowns during the second quarter of the year. This was due to incentives designed to stimulate private auto consumption. As a result, 16.4 million cars were manufactured in China from January to September – an increase of 15.1% compared to the same period in 2021.

During the first three quarters of 2022, Indian car production increased by 21.4% to 3.2 million units. This was mainly due to previous year's low base and a growing trend towards personal mobility, which strengthened domestic demand. On a similar trend, Indonesia's year-to-date passenger car production illustrated double-digit growth (+23.2%), largely driven by robust domestic market demand and strong exports.

Passenger car production in the Middle East/Africa region was up by 27.8% on a year-on-year basis, with most of the growth coming from Iran (+31.2%).

Nearly 50 million passenger cars were manufactured globally during the first three quarters of 2022, up 9% compared to the same nine-month period in 2021. However, this was still around 5 million units below pre-pandemic levels in 2019.

Table 4: World passenger car production | by region

	Jan-Sep 2022 ⁶	Jan-Sep 2021	% change 22/21	% share 2022
EUROPE	9,733,499	9,971,174	-2.4	19.5
European Union	7,965,864	7,530,082	+5.8	16.0
United Kingdom	572,375	650,180	-12.0	1.1
Russia	339,372	1,008,969	-66.4	0.7
Turkey	572,543	572,279	+0.05	1.1
Ukraine	943	6,135	-84.6	0.002
Others: Europe ⁷	282,402	203,529	+38.8	0.6
NORTH AMERICA	7,887,753	7,053,616	+11.8	15.8
of which the United States	5,292,276	4,721,074	+12.1	10.6
SOUTH AMERICA	1,589,386	1,413,611	+12.4	3.2
of which Brazil	1,356,584	1,246,395	+8.8	2.7
ASIA	29,092,398	26,072,832	+11.6	58.4
China	16,361,878	14,215,852	+15.1	32.8
Japan	4,826,804	4,930,635	-2.1	9.7
India	3,240,878	2,668,816	+21.4	6.5
South Korea	2,480,809	2,368,284	+4.8	5.0
Indonesia	741,325	601,914	+23.2	1.5
Thailand	491,776	529,541	-7.1	1.0
Others: Asia ⁸	948,928	757,790	+25.2	1.9
MIDDLE EAST/AFRICA	1,514,562	1,185,465	+27.8	3.0
of which Iran	949,817	723,726	+31.2	1.9
WORLD	49,817,598	45,696,698	+9.0	100.0

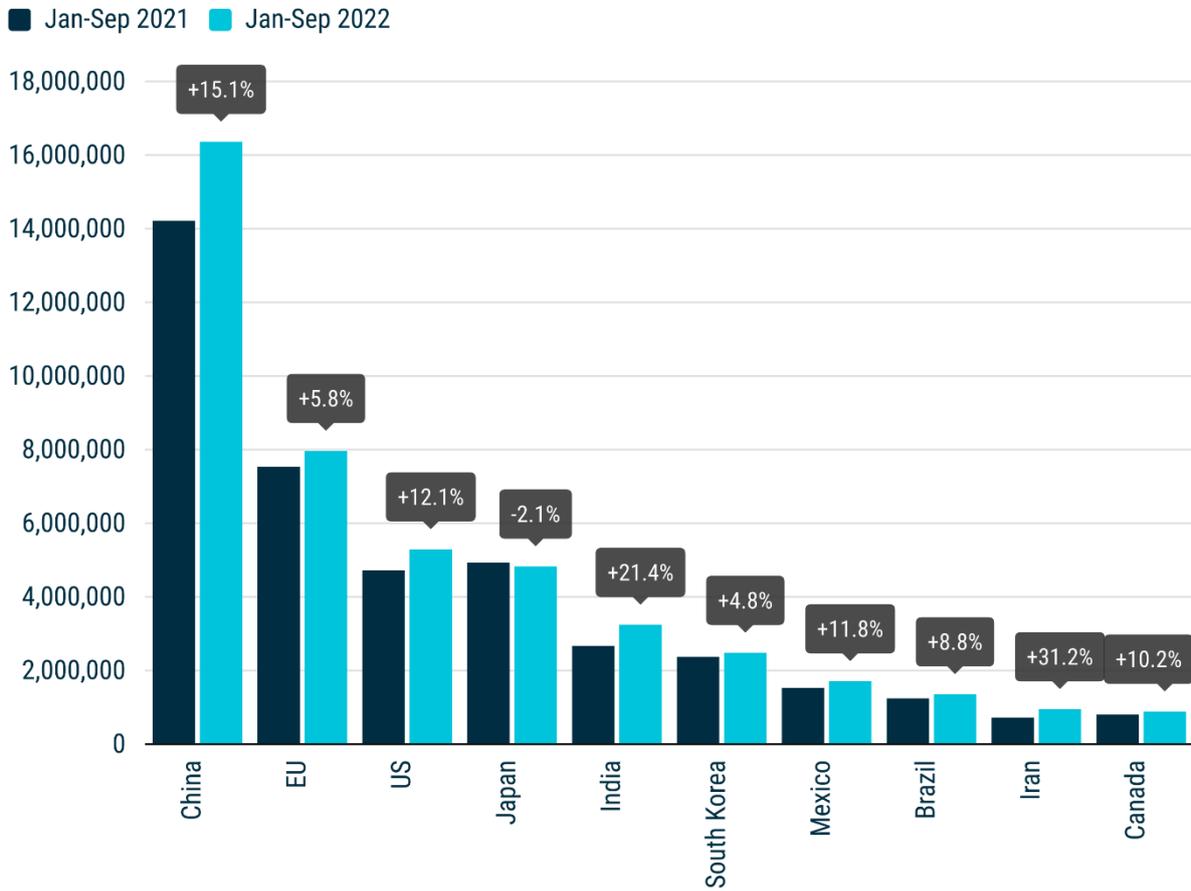
SOURCE: S&P GLOBAL MOBILITY

⁶ Provisional figures

⁷ Includes Belarus, Kazakhstan, Serbia and Uzbekistan

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

Figure 3: Top 10 world passenger car producers



SOURCE: S&P GLOBAL MOBILITY

The European Union

During the first three quarters of 2022, nearly 8 million cars were manufactured in the European Union, 5.8% more than during the same period in 2021. Although the supply of semiconductors remains significantly constrained, wider supply shortages could begin to ease in the final quarter of 2022 allowing production volumes to slowly recover.

Among the key Western European producers, passenger car production in the first three quarters was up 9.1% in Germany, 4.5% in Spain, 8.4% in France, and 10.1% in Italy. Central Europe also provided a strong boost, with significant gains seen in Romania (+19.3%) and the Czech Republic (+9.1%).

Table 5: Top 10 passenger car producers in the EU

	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2022	% change 22/21
Germany	3,437,164	2,311,981	2,210,025	2,411,981	+9.1
Spain	1,631,679	1,182,381	1,216,373	1,271,540	+4.5
Czech Republic	1,043,090	789,720	825,978	901,030	+9.1
Slovakia	817,593	656,539	729,180	724,297	-0.7
France	1,234,917	584,050	640,107	693,890	+8.4
Romania	354,812	305,073	315,115	376,047	+19.3
Italy	448,417	290,161	326,669	359,661	+10.1
Hungary	402,818	311,429	320,298	326,757	+2.0
Belgium	185,849	160,809	159,660	183,565	+15.0
Sweden	215,102	167,988	193,781	176,831	-8.7
EUROPEAN UNION	10,743,307	7,362,002	7,530,082	7,965,864	+5.8

SOURCE: S&P GLOBAL MOBILITY

COMMERCIAL VEHICLES

REGISTRATIONS

The European Union

Commercial vehicle registrations in the EU remained weak in the first three quarters of 2022, with September's decline marking the fifteenth consecutive monthly decrease.

Despite a strong rebound in truck registrations during August and September, year-to-date commercial vehicle sales contracted by 17.6% to 1.2 million units, dragged down by the negative performance in the van segment which accounts for the vast majority of commercial vehicle sales.

This negative trend was reflected across individual countries, with most EU markets suffering steep falls during the nine-month period.

Looking at the region's four largest markets, the strongest decline was recorded in Spain (-23.0%). Other key markets performed similarly, with double-digit reductions in France (-20.4%), Germany (-15.7%) and Italy (-11.0%).

On a category basis, light commercial vehicles were hit hardest by the semiconductor shortage, which continued to impact vehicle availability. As a result, new van registrations in the EU dropped by 21.2% to 944,509 units during the first nine months of the year.

By contrast, the number of new trucks registered across the European Union grew by 1.5%, with 220,066 units sold from January to September, as gains recorded in August and September brought the cumulative total into positive territory.

EU registrations of new buses and coaches remained on a negative trajectory during the first three quarters of the year, apart from March (+21.6%) and May (+32.8%). As a result, sales volumes fell by 4.8%, with a total of 20,457 buses registered from January to September.

Table 6: New commercial vehicle registrations in the EU

	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2022	% change 22/21
Vans ⁹	1,308,920	1,009,786	1,199,268	944,509	-21.2
Trucks ¹⁰	260,833	175,793	216,864	220,066	+1.5
Buses ¹¹	27,772	20,422	21,492	20,457	-4.8
TOTAL	1,597,525	1,206,001	1,437,624	1,185,032	-17.6

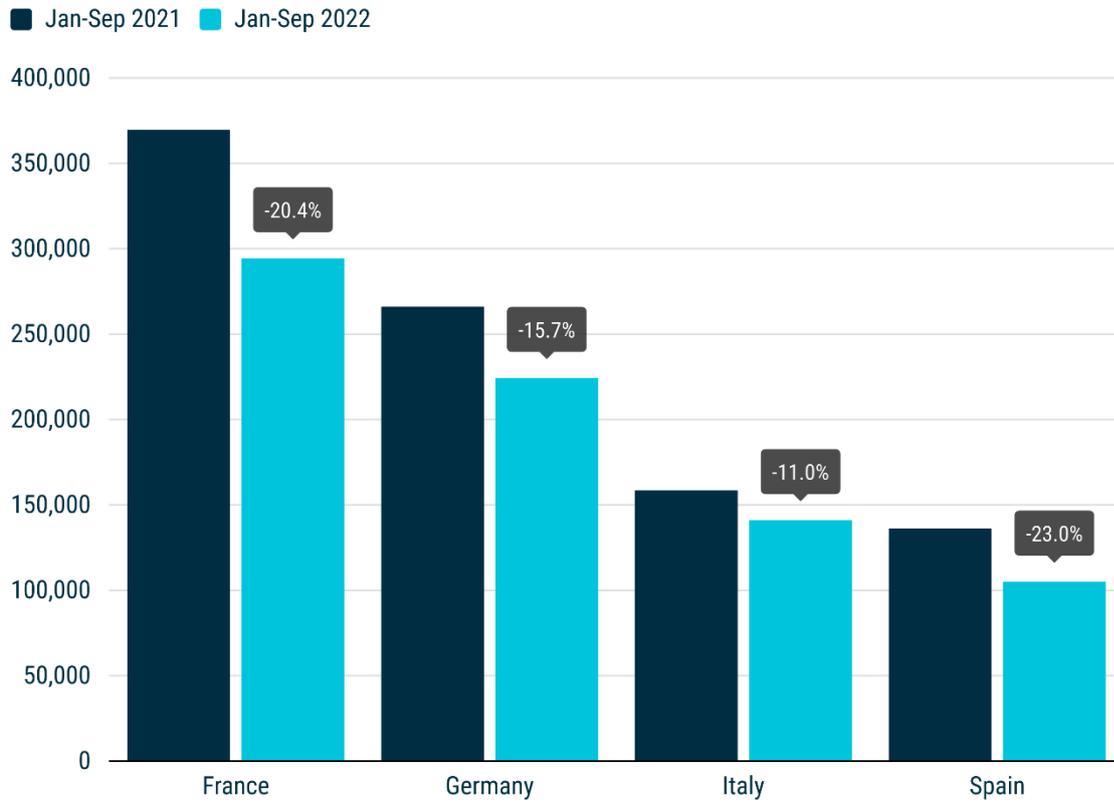
SOURCE: ACEA

⁹ Light commercial vehicles up to 3.5t

¹⁰ Medium and heavy commercial vehicles over 3.5t

¹¹ Buses and coaches over 3.5t

Figure 4: Top 4 – New commercial vehicle and bus registrations in the EU



SOURCE: ACEA

PRODUCTION OUTLOOK

World

Commercial vehicle production in North America is expected to reach roughly 4.6 million units in 2022 – or 10.5% more compared to 2021 – provided that supply constraints gradually ease.

Chinese output was severely disrupted during the first half of 2022 as lockdowns impacted commercial vehicle supply and demand. As a result, the overall van, truck and bus assembly output for 2022 (full-year) is projected to be down by 29% to 3.9 million units.

European production output continued to be affected by the availability of semiconductors and other components. In addition, the Russia-Ukraine conflict had a significant impact on production, especially in Eastern Europe. As a result, production in the region is expected to decrease by 1.2% to nearly 3.1 million commercial vehicles in 2022.

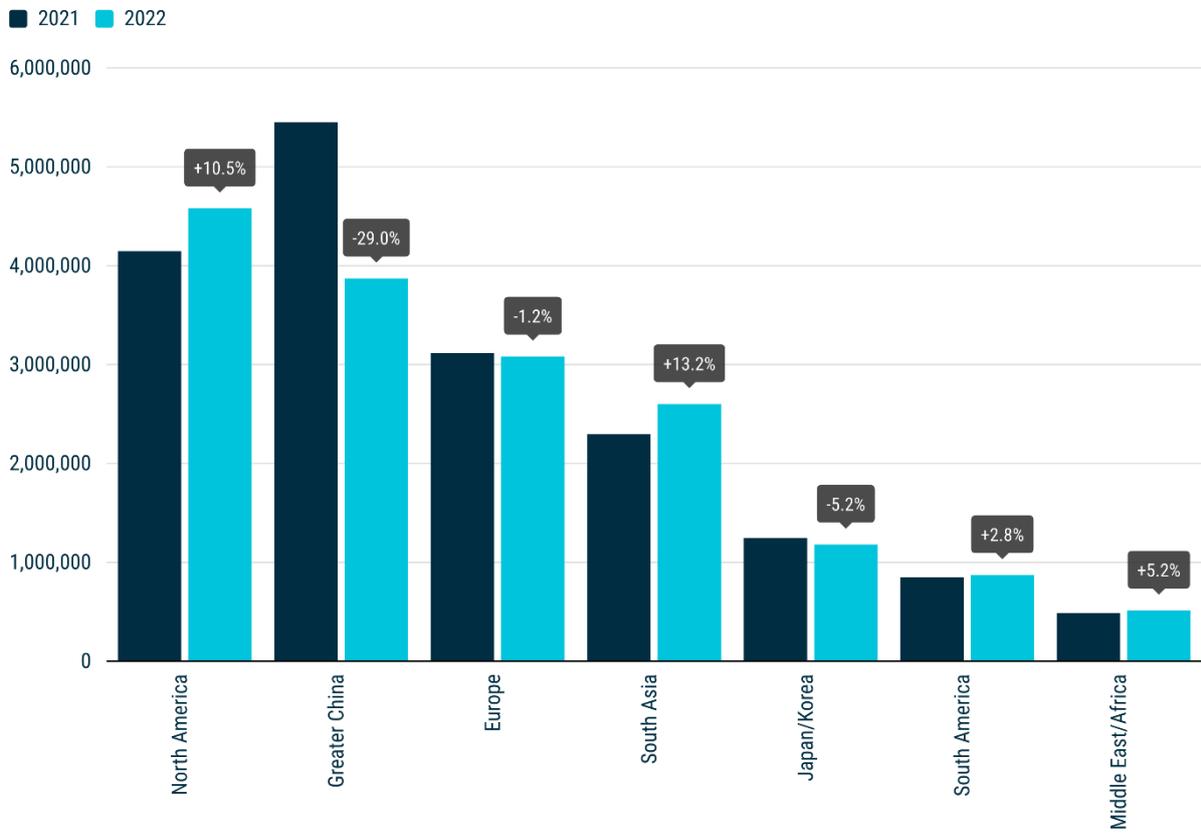
After recording solid growth in 2021, South Asian production was expected to further increase in 2022 to reach 2.6 million units, primarily fuelled by India and Thailand, the two largest producers of commercial vehicles in the region.

Production in Japan and Korea remained under pressure owing to a decline in domestic demand. Full-year output is expected to decrease by 5.2% to 1.2 million units in 2022.

In 2022, the total number of commercial vehicles manufactured in South America is expected to increase by 2.8% compared to 2021, reaching roughly 871,464 units, assuming ongoing supply constraints gradually ease.

Van, truck and bus production in the Middle East/Africa region is estimated to increase by 5.2% over the course of the year, totalling 0.5 million units in 2022.

Figure 5: World commercial vehicle production¹² | by region



SOURCE: S&P GLOBAL MOBILITY

¹² 2022 S&P Global Mobility forecast



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

ACEA REPRESENTS EUROPE'S 16 MAJOR CAR, VAN, TRUCK AND BUS MANUFACTURERS

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