

Economic and Market Report

Global and EU auto industry: First three quarters 2023



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EU ECONOMIC OUTLOOK

After robust post-pandemic expansion, the EU economy slowed down this year. Real GDP barely grew in the first three quarters of 2023, and the European Commission predicts a modest 0.6% growth for the entire year. Looking ahead, a slight rebound of 1.3% is expected, driven by higher wages and rising external demand.

According to the latest forecast from the European Commission, EU inflation is projected to drop from 6.5% in 2023 to 3.5% in 2024 and to 2.4% in 2025. The decrease in consumer energy prices has been a key factor, and recent months have seen a broader moderation in inflation, indicating easing price pressure.

Despite the slowdown in economic growth in the first three quarters of 2023, the EU labour market remained strong. As the economy gradually improves next year, employment growth is expected to continue, keeping the unemployment rate stable, close to its record low.

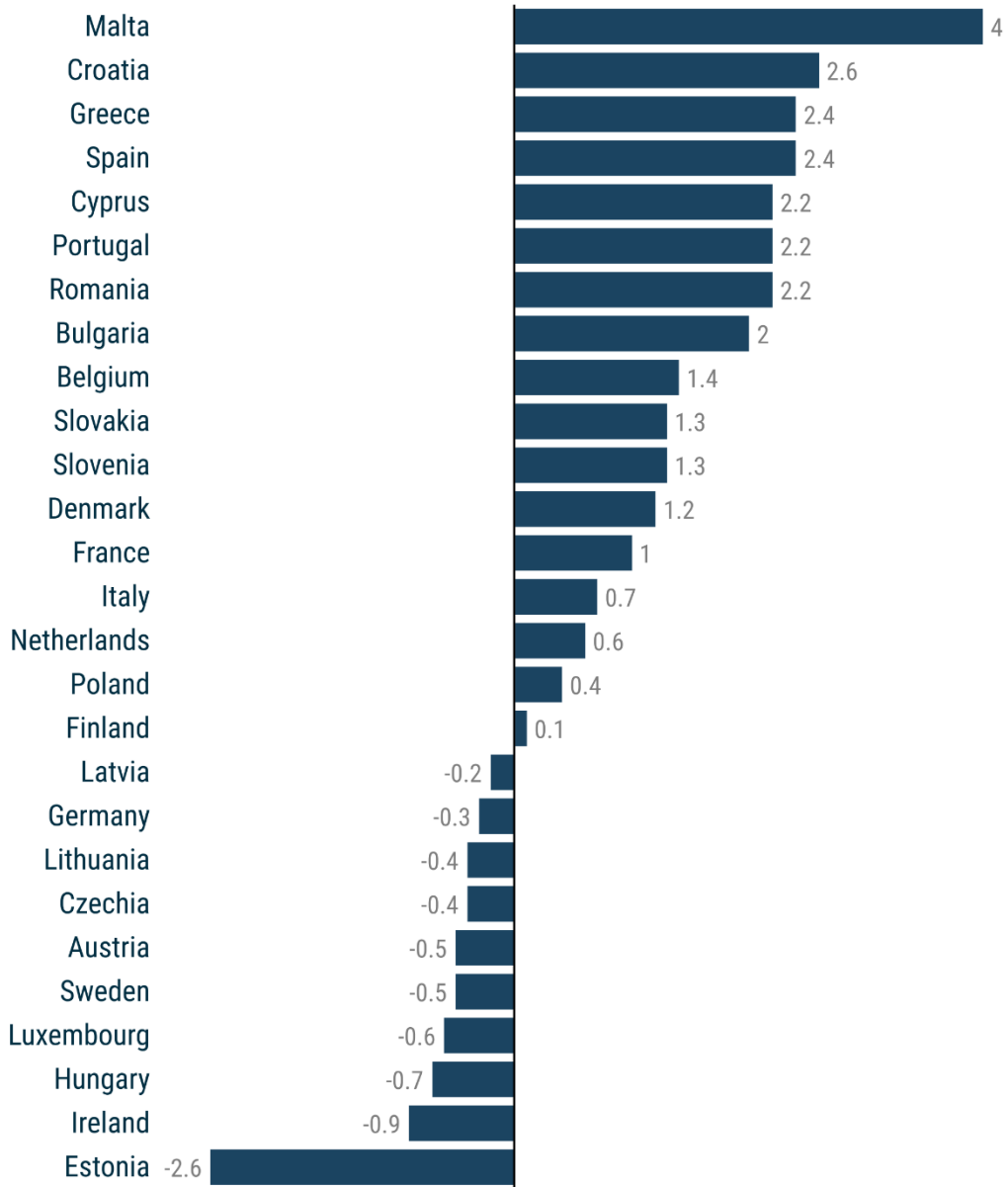
Table 1: EU economic forecast – Key figures

| | 2023 | 2024 | 2025 |
|------------------|------|------|------|
| GDP (%) | 0.6 | 1.3 | 1.7 |
| Inflation (%) | 6.5 | 3.5 | 2.4 |
| Unemployment (%) | 6.0 | 6.0 | 5.9 |

SOURCE: EUROPEAN COMMISSION ECONOMIC FORECASTS, AUTUMN 2023

Figure 1: EU GDP growth forecast for 2023, by country

GDP growth 2023 (%)



SOURCE: EUROPEAN COMMISSION ECONOMIC FORECAST, AUTUMN 2023

REGISTRATIONS

GLOBAL

Global car sales are recovering, growing by a significant 8.9% in the first three quarters of the year as supply chain challenges gradually ease.

The European market experienced a robust surge, with a 20.4% increase in car registrations from January to September, fuelled by growing demand. Russia and Ukraine, after facing substantial declines in 2022, are now on a slow path to recovery, with their markets growing impressively by 45.2% and 56.3%, respectively.

North America saw a resilient surge in car sales, marking a substantial 15.5% increase until the third quarter of the year – despite facing challenges such as new vehicle inventory constraints, high inflation, and rising interest rates. Similarly, the United States witnessed double-digit growth in new car sales, up 15.5% over the preceding year.

In South America, the demand for cars remained stable at 2 million units, with Brazil, the region's largest market, registering a modest 8% growth, reaching a total volume of 1.2 million units.

In Asia, Japanese car sales witnessed a remarkable 17.8% increase in 2023, attributed to a lower baseline for comparison due to semiconductor and component shortages last year. Conversely, South Korea recorded a more modest growth of 6.6%, influenced by a negative payback effect following the government's termination of tax relief support in June 2023.

In China, the market stalled in the first three quarters of the year, registering sales of 15.6 million units, reflecting a marginal increase of only 0.2% compared to the same period in 2022.

Finally, the Indian car market grew by 8.8% from January to September 2023, driven by a preference for personal mobility, increased bookings, low inventory levels in networks, and the introduction of new models.

Table 2: Global new car registrations

| | Jan-Sep 2023 ¹ | Jan-Sep 2022 | % change 23/22 | % share 2023 |
|----------------------------------|------------------------------|-----------------|-------------------|-----------------|
| EUROPE | 11,428,176 | 9,489,587 | +20.4 | 21.6 |
| European Union | 7,940,749 | 6,790,789 | +16.9 | 15.0 |
| EFTA | 292,237 | 278,485 | +4.9 | 0.6 |
| United Kingdom | 1,451,908 | 1,208,620 | +20.4 | 2.7 |
| Russia | 682,861 | 470,270 | +45.2 | 1.3 |
| Türkiye | 667,062 | 399,224 | +67.1 | 1.3 |
| Ukraine | 44,233 | 28,306 | +56.3 | 0.1 |
| Others (Europe) ² | 346,377 | 313,893 | +10.3 | 0.7 |
| NORTH AMERICA³ | 10,947,638 | 9,480,363 | +15.5 | 20.7 |
| <i>United States only</i> | 9,217,470 | 7,979,259 | +15.5 | 17.4 |
| SOUTH AMERICA | 2,051,632 | 2,050,460 | +0.1 | 3.9 |
| <i>Brazil only</i> | 1,203,165 | 1,113,541 | +8.0 | 2.3 |
| ASIA | 25,813,024 | 24,950,091 | +3.5 | 48.8 |
| China | 15,605,359 | 15,577,787 | +0.2 | 29.5 |
| India | 3,146,448 | 2,892,867 | +8.8 | 5.9 |
| Japan | 3,014,165 | 2,558,892 | +17.8 | 5.7 |
| South Korea | 1,101,892 | 1,033,558 | +6.6 | 2.1 |
| Others (Asia) ⁴ | 2,945,160 | 2,886,987 | +2.0 | 5.6 |
| MIDDLE EAST/AFRICA | 2,687,651 | 2,612,974 | +2.9 | 5.1 |
| WORLD | 52,928,121 | 48,583,475 | +8.9 | 100.0 |

SOURCE: ACEA, S&P GLOBAL MOBILITY

¹ Provisional figures

² Includes Belarus, Bosnia-Herzegovina, Kazakhstan, North Macedonia, Serbia, and Uzbekistan

³ Based on production type

⁴ Includes Hong Kong, Taiwan, and all the other South Asian countries, excluding India

EUROPEAN UNION (EU)

In the first three quarters of 2023, the EU car market grew significantly, totalling eight million registered units with a remarkable 16.9% surge. This notable result was consistently sustained throughout the period, with September marking the fourteenth consecutive month of growth in the EU car market. Most of the region's markets recorded gains over these nine months, notably the four largest ones: Italy (+20.5%), Spain (+18.5%), France (+15.9%), and Germany (+14.5%).

We currently forecast a 12% growth in car registrations in the EU for 2023. Despite this, registrations are expected to remain relatively low, at over 10.4 million units, nearly 20% less than the volumes recorded in 2019.

Anticipating renewed growth in new EU car registrations in 2024, albeit at a slower pace, we project an approximate 2.5% increase, with sales volumes expected to reach nearly 10.7 million cars next year.

Table 3: Top four – New EU car registrations

| | Jan-Sep 2023 | Jan-Sep 2022 | % change 23/22 |
|-----------------------|------------------|------------------|----------------|
| Germany | 2,138,066 | 1,867,885 | +14.5 |
| France | 1,288,624 | 1,112,067 | +15.9 |
| Italy | 1,176,003 | 976,226 | +20.5 |
| Spain | 711,380 | 600,283 | +18.5 |
| EUROPEAN UNION | 7,940,749 | 6,790,789 | +16.9 |

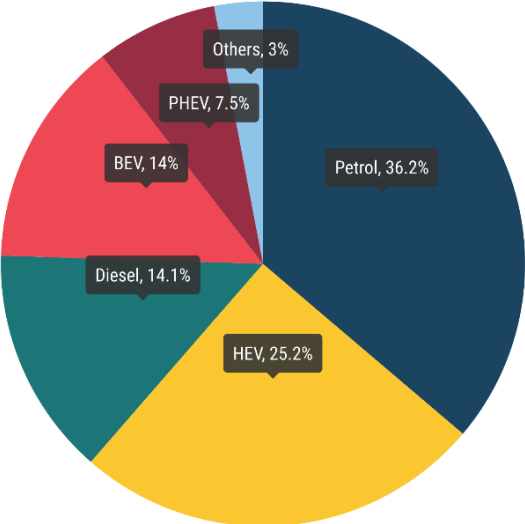
SOURCE: ACEA

Concerning EU car sales by power source, battery-electric cars exhibited robust growth, surging by 55%, and currently command a 14% market share. This is expected to increase to approximately 14.5% by the end of the year.

Hybrid-electric cars remained the second most preferred option, holding a substantial 25.2% market share. Despite a decline to 36%, petrol cars continued to lead the market.

Figure 2: New EU car registrations by power source

■ Petrol ■ Diesel ■ Battery electric (BEV) ■ Plug-in hybrid electric (PHEV) ■ Hybrid electric (HEV) ■ Others
% SHARE, JAN-SEP 2023



SOURCE: ACEA

PRODUCTION

GLOBAL

In the first three quarters, notable trends in production emerged across various regions.

European car production grew substantially, reaching 11 million units, marking a significant year-on-year improvement of 13.8%. This surge is primarily attributed to the weaker comparison baseline of 2022.

In North America, production increased by 14.1%, resulting in 8.9 million cars produced. The US mirrored this trend with double-digit growth in new car output.

South American production also saw a modest increase, growing by 3.2% and producing over 1.6 million cars. Brazil contributed 1.3 million units to this total, representing a slight 0.4% increase from the same period in 2022.

In the first three quarters of 2023, Japan's car production volumes experienced a notable 18.6% recovery, reaching 5.6 million units. However, it's important to note that this rebound is largely attributed to the unusually low production volume in 2022. Similarly, production in South Korea (+18.4%) grew significantly to 2.9 million units over the same nine-month period, driven by stable plant operations and strong exports.

Car production in China experienced a boost in August and September due to strong exports and increased consumer demand. Consequently, the year-to-date output in the region increased by 4.7% to 17.5 million cars produced from January to September.

Three quarters into 2023, car production in India grew by 7.7%, reaching 3.6 million units. This growth was influenced by the lower production base in 2022, improved semiconductor supply, and a rising preference for personal mobility, resulting in strong demand. In Thailand, car production during this period reached 621,929 units, marking a notable 20.1% year-on-year growth.

Conversely, in the first nine months of the year, passenger car production in the Middle East and Africa region decreased by 2.3%. The main contributor to this decline was Iran, with an 8.1% reduction, largely due to a slowdown in domestic demand. Iran's decrease accounted for nearly 60% of the overall production decline in the region.

In total, more than 55 million cars were manufactured globally during the first three quarters of 2023, reflecting a substantial 9.8% increase compared to the same period in 2022.

Table 4: Global car production

| | Jan-Sep 2023 ⁵ | Jan-Sep 2022 | % change 23/22 | % share 2023 |
|------------------------------|------------------------------|-------------------|-------------------|-----------------|
| EUROPE | 11,051,450 | 9,711,826 | +13.8 | 20.0 |
| European Union | 9,067,163 | 7,956,494 | +14.0 | 16.4 |
| United Kingdom | 657,152 | 575,399 | +14.2 | 1.2 |
| Russia | 312,139 | 344,892 | -9.5 | 0.6 |
| Türkiye | 684,673 | 566,629 | +20.8 | 1.2 |
| Ukraine | 1,501 | 1,122 | +33.8 | 0.0 |
| Others (Europe) ⁶ | 328,822 | 267,290 | +23.0 | 0.6 |
| NORTH AMERICA | 8,923,725 | 7,822,700 | +14.1 | 16.2 |
| <i>United States only</i> | 5,848,722 | 5,258,844 | +11.2 | 10.6 |
| SOUTH AMERICA | 1,626,687 | 1,576,038 | +3.2 | 3.0 |
| <i>Brazil only</i> | 1,347,327 | 1,342,576 | +0.4 | 2.4 |
| ASIA | 32,092,964 | 29,628,376 | +8.3 | 58.2 |
| China | 17,537,777 | 16,750,092 | +4.7 | 31.8 |
| Japan | 5,632,461 | 4,752,426 | +18.5 | 10.2 |
| India | 3,557,771 | 3,302,476 | +7.7 | 6.5 |
| South Korea | 2,934,898 | 2,477,795 | +18.4 | 5.3 |
| Indonesia | 865,337 | 840,720 | +2.9 | 1.6 |
| Thailand | 621,929 | 517,915 | +20.1 | 1.1 |
| Others (Asia) ⁷ | 942,791 | 986,952 | -4.5 | 1.7 |
| MIDDLE EAST/AFRICA | 1,439,978 | 1,473,355 | -2.3 | 2.6 |
| <i>Iran only</i> | 837,311 | 911,137 | -8.1 | 1.5 |
| WORLD | 55,134,804 | 50,212,295 | +9.8 | 100.0 |

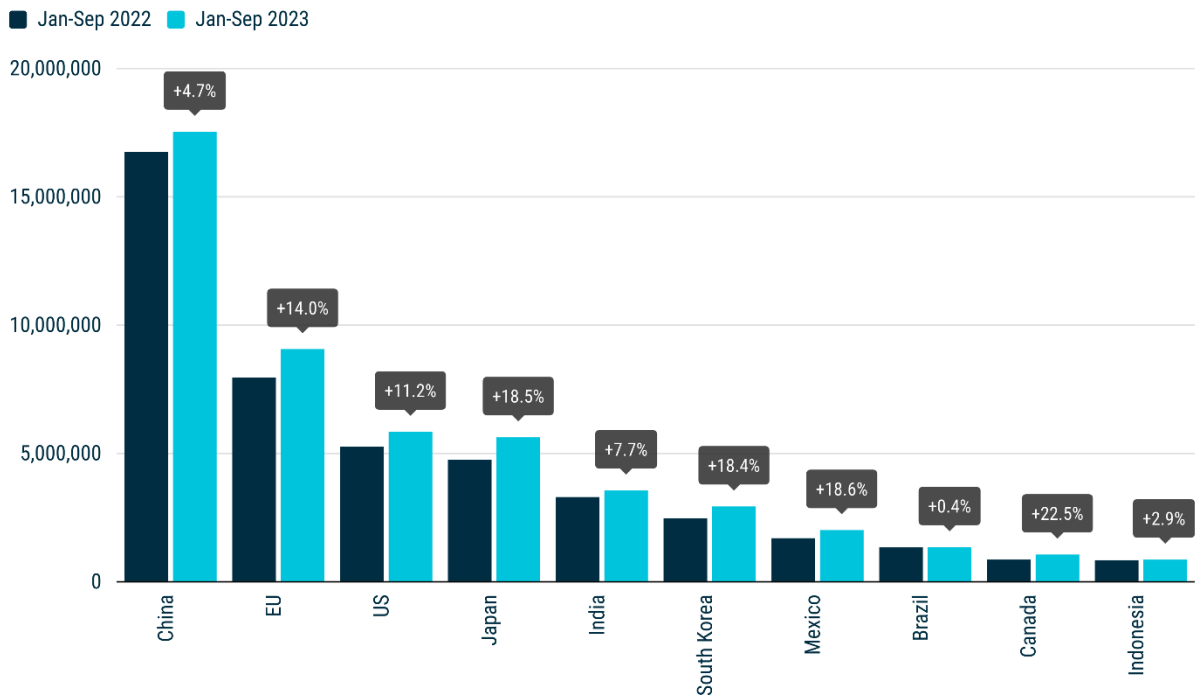
SOURCE: S&P GLOBAL MOBILITY

⁵ Provisional figures

⁶ Includes Belarus, Kazakhstan, Serbia and Uzbekistan

⁷ Includes Taiwan, Australia, Malaysia, Pakistan, Philippines and Vietnam

Figure 3: Top 10 global car producers



SOURCE: S&P GLOBAL MOBILITY

EUROPEAN UNION (EU)

In the first three quarters of 2023, the EU manufactured over nine million cars, marking a 14% increase from the same period in 2022. This growth is attributed to the gradual easing of supply chain challenges, allowing for improved production volumes.

Key Western European car producers performed well, with Germany leading in volume terms, recording a substantial 22.4% increase in production. Germany was followed by Italy (+17.9%), Sweden (+15.8%), Spain (+9.6%), France (+6.4%). Belgium recorded the highest growth rate at 32.4%.

Central Europe also played a significant role, with substantial gains in Slovakia (+19.3%), Czechia (+13.6%), and Hungary (+10.8%). Among the 10 largest EU car producers, only Romania declined (-3.6%).

Table 5: Top 10 EU car producers

| | Jan-Sep 2023 | Jan-Sep 2022 | % change 23/22 |
|-----------------------|------------------|------------------|-------------------|
| Germany | 2,973,437 | 2,428,549 | +22.4 |
| Spain | 1,382,405 | 1,261,151 | +9.6 |
| Czechia | 1,018,913 | 897,250 | +13.6 |
| Slovakia | 809,202 | 736,625 | +9.9 |
| France | 720,827 | 677,250 | +6.4 |
| Italy | 412,363 | 349,748 | +17.9 |
| Hungary | 373,746 | 337,383 | +10.8 |
| Romania | 368,210 | 381,971 | -3.6 |
| Sweden | 218,532 | 188,644 | +15.8 |
| Belgium | 213,281 | 161,045 | +32.4 |
| EUROPEAN UNION | 9,067,163 | 7,956,494 | +14.0 |

SOURCE: S&P GLOBAL MOBILITY

TRADE

In the first three quarters of 2023, the import value of EU-made cars increased by 43.2%, while volume rose by a substantial 28.5%.

At the same time, improved production, facilitated by the gradual easing of supply chain issues, resulted in an 18.3% increase in export value and a 16.8% uptick in export volume.

This resulted in a trade surplus of nearly €70 million, marking a 4.7% increase from the same nine-month period in 2022.

Table 6: EU new car trade

| Trade in value (in million €) | Jan-Sep 2023 | Jan-Sep 2022 | % change 23/22 |
|-------------------------------|--------------|--------------|----------------|
| Imports | 52,189 | 36,450 | +43.2 |
| Exports | 122,161 | 103,269 | +18.3 |
| Trade balance | 69,972 | 66,819 | +4.7 |
| Trade in volume (in units) | Jan-Sep 2023 | Jan-Sep 2022 | % change 23/22 |
| Imports | 2,418,732 | 1,882,842 | +28.5 |
| Exports | 3,551,680 | 3,039,674 | +16.8 |

SOURCE: EUROSTAT

IMPORTS

In the first three quarters of 2023, China maintained its position as the primary source of new EU car imports in value terms, growing by an impressive 58.1% and claiming a significant 17.2% market share in value terms. South Korea and Japan closely followed, collectively contributing to almost half the value of new EU car imports outside the bloc. Noteworthy performers in the import car market during this period were the US and the UK, with impressive growth rates of 62.4% and 33.2%, respectively.

Looking at import volumes, the five major countries contributing to EU imports experienced substantial increases in 2023 compared to the previous year. China led the group with a remarkable 50.7% surge, followed by Japan (+43.5%), Türkiye (+20.8%), Morocco (+17.3%), and South Korea (+14.2%).

Table 7: EU new car imports, main countries of origin

| Trade in value (in million €) | Jan-Sep 2023 | Jan-Dec 2022 | % change 23/22 | % share 2022 |
|-------------------------------|--------------|--------------|----------------|--------------|
| China | 8,971 | 5,676 | +58.1 | 17.2 |
| South Korea | 7,603 | 5,673 | +34.0 | 14.6 |
| Japan | 7,522 | 4,892 | +53.8 | 14.4 |
| United Kingdom | 7,370 | 5,534 | +33.2 | 14.1 |
| United States | 5,547 | 3,416 | +62.4 | 10.6 |

SOURCE: EUROSTAT

Table 8: EU new car imports, main countries of origin

| Trade in volume (in units) | Jan-Sep 2023 | Jan-Dec 2022 | % change 23/22 | % share 2022 |
|----------------------------|--------------|--------------|----------------|--------------|
| China | 473,020 | 313,972 | +50.7 | 19.6 |
| Türkiye | 366,804 | 303,551 | +20.8 | 15.2 |
| South Korea | 341,416 | 298,889 | +14.2 | 14.1 |
| Japan | 330,096 | 229,972 | +43.5 | 13.6 |
| Morocco | 260,894 | 222,336 | +17.3 | 10.8 |

SOURCE: EUROSTAT

EXPORTS

Three quarters into 2023, the export value of EU-made cars destined for the UK and the US increased by 28.1% and 16%, respectively, making them the EU's two most valuable export markets. In contrast, exports to China decreased by 17.9%. Notably, new EU car exports to Türkiye grew remarkably during the same period, with a 135.2% increase.

Looking at export volumes to the EU's top five destinations, Türkiye stood out, with the volume of new cars exported more than doubling. Export volumes also grew strongly in the two major markets, the UK (+16.5%) and the US (+14.7%), accounting for over 40% of the EU's total export volumes.

Table 9: EU new car exports, main destinations

| Trade in value (in million €) | Jan-Dec 2023 | Jan-Dec 2022 | % change 23/22 | % share 2023 |
|-------------------------------|--------------|--------------|----------------|--------------|
| United States | 29,229 | 25,188 | +16.0 | 23.9 |
| United Kingdom | 22,841 | 17,828 | +28.1 | 18.7 |
| China | 15,238 | 18,556 | -17.9 | 12.5 |
| Türkiye | 9,508 | 4,043 | +135.2 | 7.8 |
| Switzerland | 5,483 | 4,134 | +32.6 | 4.5 |

SOURCE: EUROSTAT

Table 10: EU new car exports, main destinations

| Trade in volume (in units) | Jan-Dec 2023 | Jan-Dec 2022 | % change 23/22 | % share 2023 |
|----------------------------|--------------|--------------|----------------|--------------|
| United Kingdom | 908,859 | 780,501 | +16.5 | 25.6 |
| United States | 582,297 | 507,708 | +14.7 | 16.4 |
| Türkiye | 452,164 | 222,804 | +102.9 | 12.7 |
| China | 259,815 | 302,025 | -14.0 | 7.3 |
| Switzerland | 147,301 | 120,032 | +22.7 | 4.1 |

SOURCE: EUROSTAT