



European  
Automobile  
Manufacturers  
Association

# Economic and Market Report

EU Automotive Industry  
First half of 2019



September 2019

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## EU ECONOMIC OUTLOOK

According to the European Commission's latest forecast, economic activity in the European Union is set to continue expanding in 2019, although at a more moderate pace than before. GDP growth in the EU is expected to slow from 2.0% in 2018 to 1.4% this year, before increasing again to 1.6% in 2020. Despite strong domestic consumption, the increasing likelihood of a no-deal Brexit and enduring global trade tensions are weighing on the world economy, and the manufacturing sector in particular.

Overall inflation in the European Union (HICP<sup>1</sup>) will remain subdued, falling from 1.9% last year to 1.5% in 2019, as energy prices are expected to moderate further during the year. Labour market conditions in the EU will remain positive, with rising wages and job creation expected to continue, albeit at a slower pace than in 2018. As a result, the EU unemployment rate is forecasted to further decline from 6.8% last year to 6.5% in 2019 and 6.2% in 2020, according to Commission estimates.

Table 1: European Economic Forecast – Summer 2019

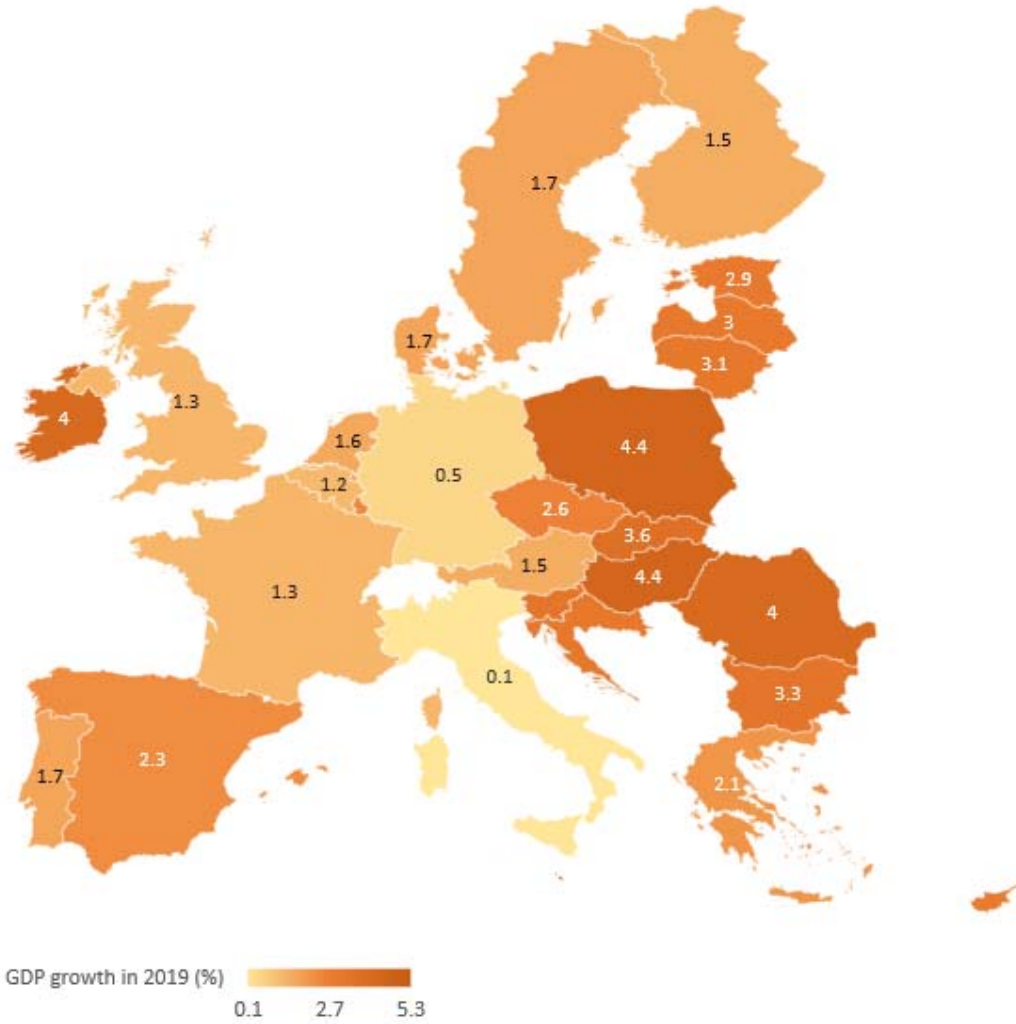
EU FORECAST	2018	2019	2020
GDP GROWTH (% , YOY)	2.0	1.4	1.6
INFLATION (% , YOY)	1.9	1.5	1.6
UNEMPLOYMENT (%)	6.8	6.5	6.2

SOURCE: EUROPEAN COMMISSION, DG ECFIN

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<sup>1</sup> Harmonised Index of Consumer Prices

Figure 1: EU GDP growth – Summer 2019 forecast



SOURCE: EUROPEAN COMMISSION, DG ECFIN

# PASSENGER CARS

## REGISTRATIONS

### WORLD

New passenger car registrations in Europe decreased by 3.9% during the first half of 2019, with demand falling from 9.9 to 9.5 million units – or roughly 25.6% of all cars sold worldwide. The main reasons for this decline are sluggish demand in Western Europe and the ongoing contraction of the Turkish market – where car sales have almost halved compared to the first six months of 2018.

Through the first half of 2019, new car demand fell in the United States, with sales down 3.3% compared to the same period one year before. Nevertheless, the US increased its share of the global passenger car market from 17.6% in 2018 to 18.2% over the first six months of this year.

In South America, half-year 2019 results were 6.1% lower than in 2018. This was mainly due to Argentina's ongoing economic recession, which led to a 52% contraction in car sales. Brazil partially offset these losses, noting a 12.6% increase and more than 1 million new passenger cars sold so far.

Japanese sales remained flat during the first half of the year, at around 2.3 million vehicles. By contrast, demand for new cars in South Korea fell by 5.5% due to sluggish economic conditions.

From January to June 2019, passenger car sales in China decreased by 14.4% to 9.8 million units, continuing the downward trend that started last year after nearly three decades of uninterrupted growth. Rising trade tensions with the United States and a general economic slowdown are likely to have affected consumer confidence. As a result, China's market share decreased from 29.4% of global car sales in 2018 to 26.5% so far this year. However, China remains the world's largest passenger car market.

Indian car sales counted for 1.6 million units during the first half of 2019, a decline of 11.3% compared to the same period last year. This fall can be attributed to rising ownership cost and the country's ongoing liquidity crisis, both of which negatively affected domestic demand.

Six months into the year, more than 37 million passenger cars were sold around the world, or 8.0% less than during the first half of 2018.

Table 2: World new passenger car registrations

	H1 2019 <sup>2</sup>	H1 2018	% change 19/18	% share 2019
<b>EUROPE</b>	<b>9,507,464</b>	<b>9,897,554</b>	<b>-3.9</b>	<b>25.6</b>
EU <sup>3</sup>	8,183,562	8,449,689	-3.1	22.0
EFTA	242,628	246,538	-1.6	0.7
RUSSIA	779,089	799,280	-2.5	2.1
TURKEY	156,379	275,870	-43.3	0.4
UKRAINE	38,458	37,361	+2.9	0.1
OTHERS-EUROPE <sup>4</sup>	107,348	88,816	+20.9	0.3
<b>NORTH AMERICA<sup>5</sup></b>	<b>8,043,813</b>	<b>8,349,744</b>	<b>-3.7</b>	<b>21.6</b>
<i>of which the US</i>	<i>6,753,570</i>	<i>6,982,999</i>	<i>-3.3</i>	<i>18.2</i>
<b>SOUTH AMERICA</b>	<b>1,721,058</b>	<b>1,833,032</b>	<b>-6.1</b>	<b>4.6</b>
<i>of which Brazil</i>	<i>1,065,362</i>	<i>946,538</i>	<i>+12.6</i>	<i>2.9</i>
<b>ASIA</b>	<b>16,343,052</b>	<b>18,309,190</b>	<b>-10.7</b>	<b>44.0</b>
CHINA	9,835,545	11,496,834	-14.4	26.5
JAPAN	2,271,202	2,281,917	-0.5	6.1
INDIA	1,565,012	1,763,647	-11.3	4.2
SOUTH KOREA	709,441	750,389	-5.5	1.9
OTHERS-ASIA <sup>6</sup>	1,961,852	2,016,403	-2.7	5.3
<b>MIDDLE EAST/AFRICA</b>	<b>1,564,535</b>	<b>2,021,614</b>	<b>-22.6</b>	<b>4.2</b>
<b>WORLD</b>	<b>37,179,922</b>	<b>40,411,134</b>	<b>-8.0</b>	<b>100.0</b>

SOURCE: IHS MARKIT, ACEA

<sup>2</sup> Provisional figures

<sup>3</sup> Data for Malta not available

<sup>4</sup> Includes Belarus, Bosnia-Herzegovina, Kazakhstan, North Macedonia, Serbia and Uzbekistan

<sup>5</sup> Based on production type

<sup>6</sup> Includes Hong Kong, Taiwan and all the other South Asian countries, excluding India

## THE EUROPEAN UNION

During the first half of 2019, demand for new passenger cars across the European Union was down by 3.1% compared to the same period last year, counting 8.2 million registrations in total. After May saw the first uplift (+0.1%) in nine months, car sales fell significantly again in June (-7.8%) as a result of a negative calendar effect.

Demand continued to be driven by the Central European countries, where new car registrations grew by 1.4% over the first half of the year, while registrations in Western Europe recorded a slight decline (-3.5%). With the exception of Germany (+0.5%), each of the five big EU markets posted losses so far in 2019, and Spain (-5.7%) in particular.

The outlook for the remainder of 2019 appears increasingly uncertain, with economic growth moderating and the prospect of a no-deal Brexit continuing to weigh on the region. For the full year 2019, ACEA has revised its forecast for 2019 passenger car registrations downwards to -1%, with total EU car sales projected to be just above 15 million units at the end of this year.

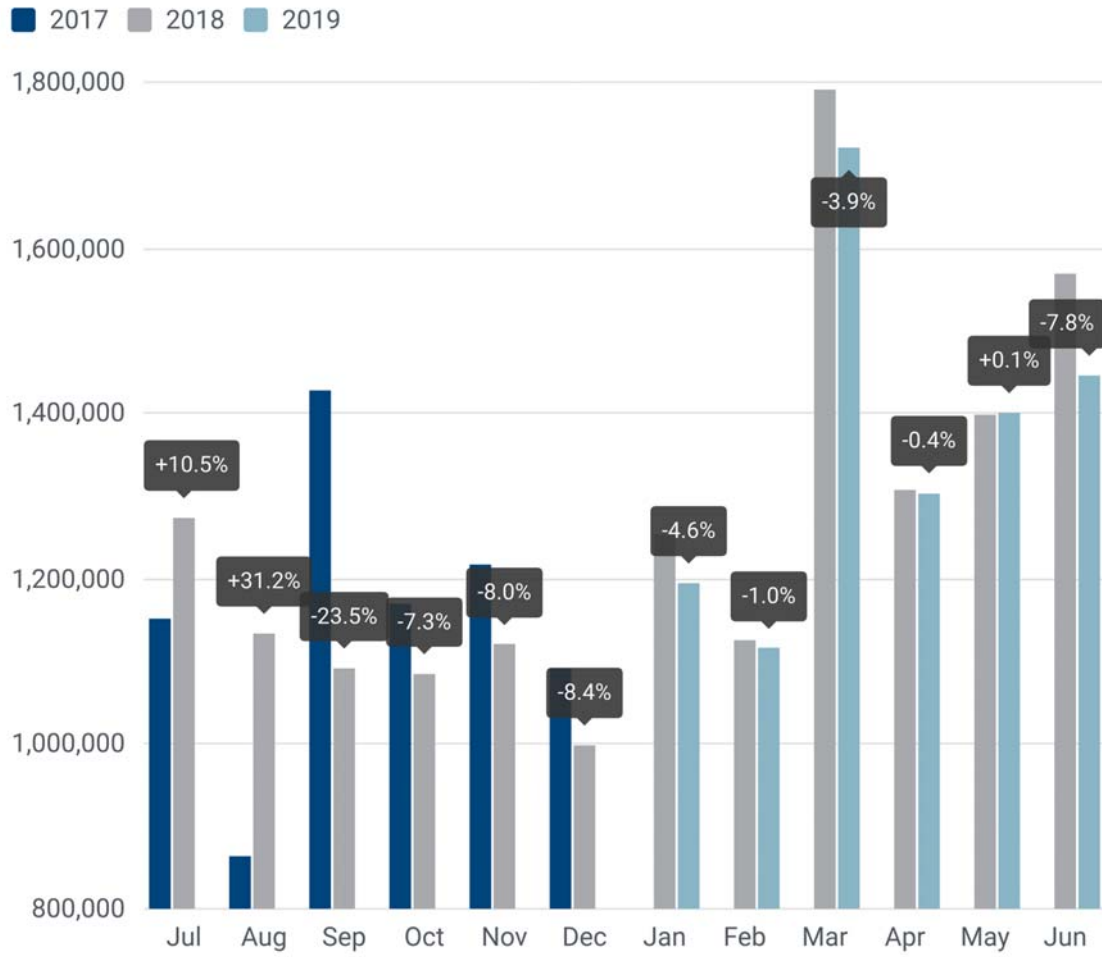
Table 3: Top 5 – New passenger car registrations in the EU

	H1 2019	H1 2018	% change 19/18
<b>GERMANY</b>	1,849,000	1,839,031	+0.5
<b>UNITED KINGDOM</b>	1,269,245	1,313,994	-3.4
<b>FRANCE</b>	1,166,442	1,188,150	-1.8
<b>ITALY</b>	1,082,197	1,121,649	-3.5
<b>SPAIN</b>	692,472	734,671	-5.7
<b>EU<sup>7</sup></b>	<b>8,183,562</b>	<b>8,449,689</b>	<b>-3.1</b>

SOURCE: ACEA

<sup>7</sup> Data for Malta not available

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



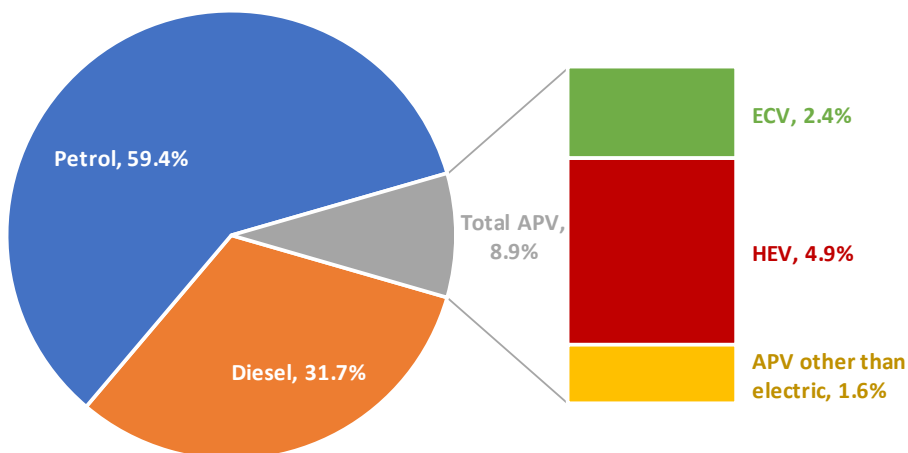
SOURCE: ACEA



## EU PASSENGER CAR REGISTRATIONS BY FUEL TYPE

During the first half of 2019, the EU new-car market shifted further towards petrol vehicles. Petrol now represents nearly 60% of all new passenger car registrations, while demand for diesel continued to fall between January and June. Electrically-chargeable vehicles (ECV) accounted for 2.4% of total new car sales across the region, while all alternatively-powered vehicles (APV) combined made up 8.9% of the EU market.

Figure 3: New passenger car in the EU by fuel type, % share | H1 2019



SOURCE: ACEA

### Petrol and diesel cars

Demand for new petrol cars continued to increase in the five major EU markets, except for Germany. The highest percentage gain (+24.5%) was posted by Italy. The Central European countries also saw a surge in demand for petrol vehicles, with registrations increasing by 7.0%. As a result, petrol expanded its market share from 56.1% to 59.4% over the first six months of the year.

By contrast, the number of diesel cars registered across the EU decreased by 17.2% to 2.6 million units, with diesel's market share falling from 37.1% in the first half of 2018 to 31.7% this year. In Germany, however, demand for diesel recovered slightly – up 3.0% so far in 2019.

## Alternatively-powered vehicles (APV)

From January to June 2019, registrations of alternatively-powered passenger cars in the European Union showed strong growth (+27.5%).

Some 197,813 electrically-chargeable vehicles (ECV) were registered, up 37.8% compared to last year. Sales of battery electric vehicles almost doubled (+90.9%), while demand for plug-in hybrids declined during the first six months of 2019 (-6.9%).

Hybrid electric vehicles (HEV) posted strong results (+36.5%), with 398,915 units sold from January to June this year. However, registrations of LPG and natural gas cars slightly fell during the first semester (-3.4%), mainly due to a 35.3% drop in demand for natural gas vehicles (NGV).

Table 4: New passenger car registrations in the EU by alternative powertrain

	H1 2019	H1 2018	% change 19/18
<b>ECV<sup>8</sup></b>	197,813	143,501	+37.8
<i>of which BEV</i>	125,344	65,672	+90.9
<i>of which PHEV</i>	72,469	77,829	-6.9
<b>HEV<sup>9</sup></b>	398,915	292,295	+36.5
<b>APV other than electric<sup>10</sup></b>	127,871	132,418	-3.4
<i>of which LPG</i>	98,773	86,801	+13.8
<i>of which NGV</i>	28,995	44,841	-35.3
<b>Total APV</b>	<b>724,599</b>	<b>568,214</b>	<b>+27.5</b>

SOURCE: ACEA

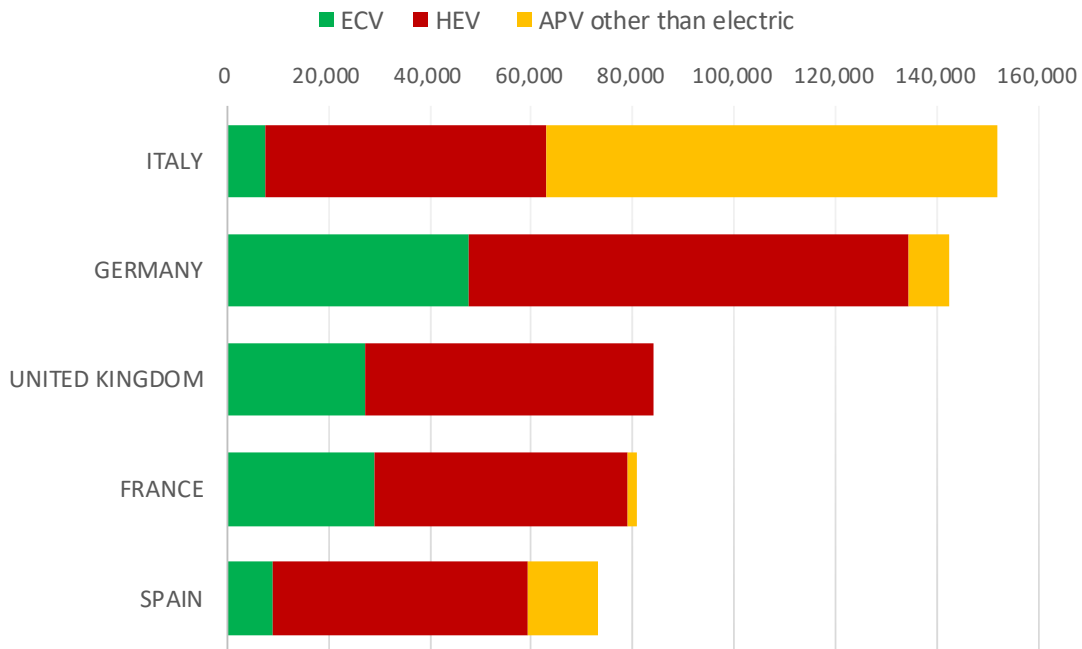
<sup>8</sup> Electrically-chargeable vehicles, including battery electric vehicles (BEV), extended-range electric vehicles (EREV), fuel cell electric vehicles (FCEV) and plug-in hybrid electric vehicles (PHEV)

<sup>9</sup> Hybrid electric vehicles, including full and mild hybrids

<sup>10</sup> Alternatively-powered vehicles other than electric, including natural gas (NGV), LPG-fuelled and ethanol (E85) vehicles

Each of the five largest EU car markets saw registrations of alternatively-powered vehicles increase significantly. Germany (+61.8%) recorded the highest percentage gains, boosted by strong demand for hybrid electric vehicles, followed by Spain (+41.4%) and France (+17.7%).

Figure 4: Alternately-powered car registrations in the five key EU markets | H1 2019



SOURCE: ACEA

## PRODUCTION

### WORLD

Car production on the European continent contracted by 6.2% during the first six months of 2019, the result of falling demand in the European Union and Western Europe in particular. Outside of the EU, production in Turkey (-13.2%) and Ukraine (-19.4%) continued to deteriorate, although Russian output maintained positive momentum (+1.9%).

North American car output decreased by 5.5% this year when compared to the first six months of 2018. Production in the United States, which accounts for more than 60% of the region's total output, declined 6.5% to 3.9 million units so far this year. In South America, on the other hand, production continued to grow (+1.1%), despite the recession in Argentina. Brazil was the main positive driver in the region, with local output increasing by 6.9% throughout the first half 2019.

Six months into the year, passenger car production in China decreased by 12.7%, with some 10 million units delivered in total. This significant decline mainly resulted from weak domestic demand and trade tensions with the United States. China nevertheless managed to maintain its leading position as the world's biggest car producer, representing almost 27% of global output.

In Japan production volumes showed growth, increasing by 2.1% between January and June as a result of relatively stable domestic demand and strong exports. South Korea's passenger car output, on the other hand, remained stable at around 1.8 million units, as domestic sales decreased slightly.

Among the emerging markets, car production fell by 5.0% in Thailand. Nearly half a million units were made during the first half of 2019, as the market normalised after seeing significant growth in 2018. Indian passenger car output counted 1.9 million units so far this year, or 6.7% less than during the same period in 2018, mainly due to contracting domestic demand and low export volumes.

During the first half of 2019, 37.8 million passenger cars were produced around the world, that is 7.3% less than the year before.

Table 5: World passenger car production

	H1 2019 <sup>11</sup>	H1 2018	% change 19/18	% share 2019
<b>EUROPE</b>	<b>9,650,152</b>	<b>10,288,710</b>	<b>-6.2</b>	<b>25.5</b>
EU	8,274,146	8,874,145	-6.8	21.9
RUSSIA	770,881	756,511	+1.9	2.0
TURKEY	463,288	533,554	-13.2	1.2
UKRAINE	2,698	3,349	-19.4	0.07
OTHERS-EUROPE <sup>12</sup>	139,139	121,151	+14.8	0.4
<b>NORTH AMERICA</b>	<b>6,384,488</b>	<b>6,755,674</b>	<b>-5.5</b>	<b>16.9</b>
<i>of which the US</i>	<i>3,898,158</i>	<i>4,170,185</i>	<i>-6.5</i>	<i>10.3</i>
<b>SOUTH AMERICA</b>	<b>1,391,589</b>	<b>1,376,539</b>	<b>+1.1</b>	<b>3.7</b>
<i>of which Brazil</i>	<i>1,263,610</i>	<i>1,181,785</i>	<i>+6.9</i>	<i>3.3</i>
<b>ASIA</b>	<b>19,612,523</b>	<b>21,166,164</b>	<b>-7.3</b>	<b>51.9</b>
CHINA	10,090,227	11,557,685	-12.7	26.7
JAPAN	4,194,324	4,107,480	+2.1	11.1
INDIA	1,929,360	2,068,246	-6.7	5.1
SOUTH KOREA	1,833,696	1,837,817	-0.2	4.9
THAILAND	496,150	522,438	-5.0	1.3
INDONESIA	495,594	489,633	+1.2	1.3
OTHERS-ASIA <sup>13</sup>	573,172	582,865	-1.7	1.5
<b>MIDDLE EAST/AFRICA</b>	<b>731,876</b>	<b>1,174,297</b>	<b>-37.7</b>	<b>1.9</b>
<i>of which Iran</i>	<i>300,444</i>	<i>755,501</i>	<i>-60.2</i>	<i>0.8</i>
<b>WORLD</b>	<b>37,770,628</b>	<b>40,761,384</b>	<b>-7.3</b>	<b>100.0</b>

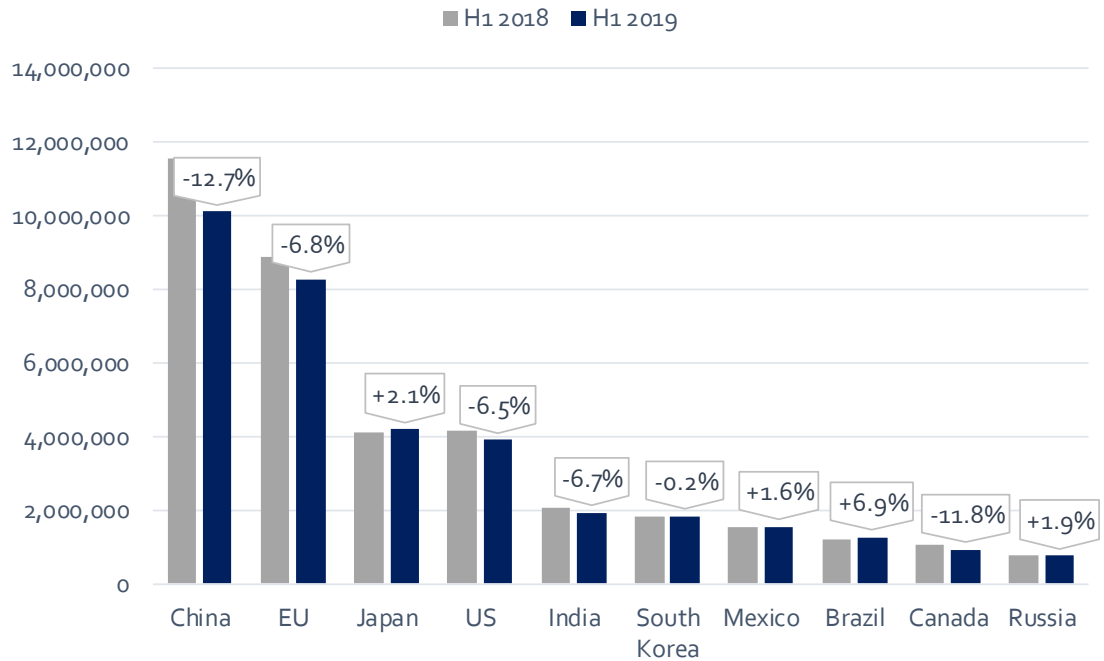
SOURCE: IHS MARKIT

<sup>11</sup> Provisional figures

<sup>12</sup> Includes Belarus, Kazakhstan, Serbia and Uzbekistan

<sup>13</sup> Includes Taiwan, Australia, Malaysia, Pakistan, Philippines and Vietnam

Figure 5: Top 10 – World passenger car production



SOURCE: IHS MARKIT

## THE EUROPEAN UNION

Production of passenger cars in the European Union further deteriorated in the first half of 2019, caused by the uncertainty surrounding Brexit and a further escalation of global trade tensions. Half-year 2019 output amounted to 8.3 million units, or 6.8% less than in the same period the year before. Despite this, the EU maintained its position as the world's second largest producer of passenger cars, increasing its share of global car production from 20.5% in 2018 to 21.9% so far this year.

Among Western Europe's key car-manufacturing countries, production only increased in France (+1.2%) while recording double-digit declines in Italy (-23.9%), the United Kingdom (-20.2%) and Germany (-10.8%).

Looking at Central Europe, Hungary (+12.0%), Slovakia (+10.9%) and Romania (+4.3%) all posted strong growth during the first six months of the year, although Polish car production fell 12.7%.

Table 6: Top 10 – Passenger car producers in the EU

	H1 2019 <sup>14</sup>	H1 2018	% change 19/18
<b>GERMANY</b>	2,430,350	2,723,120	-10.8
<b>SPAIN</b>	1,175,681	1,264,035	-7.0
<b>FRANCE</b>	920,462	909,839	+1.2
<b>CZECH REPUBLIC</b>	728,975	743,842	-2.0
<b>UNITED KINGDOM</b>	666,737	835,016	-20.2
<b>SLOVAKIA</b>	573,813	517,531	+10.9
<b>ITALY</b>	298,014	391,590	-23.9
<b>HUNGARY</b>	274,979	245,568	+12.0
<b>ROMANIA</b>	258,077	247,480	+4.3
<b>POLAND</b>	184,901	211,760	-12.7
<b>EUROPEAN UNION</b>	<b>8,274,146</b>	<b>8,874,145</b>	<b>-6.8</b>

SOURCE: IHS MARKIT

<sup>14</sup> Provisional figures

## TRADE

Six months into the year, EU exports of passenger cars represented a value of almost €62 billion, down 4.9% compared to the year before. In parallel, the value of car imports increased by 5.7% to reach €26 billion in total.

When making up the balance, the surplus generated by trade in passenger cars declined by 11.2% to €36 billion during the first half of 2019.

Table 7: EU passenger car trade

Trade in value (€m)	H1 2019	H1 2018	% change 19/18
<b>IMPORTS</b>	25,557	24,171	+5.7
<b>EXPORTS</b>	61,592	64,767	-4.9
<b>TRADE BALANCE</b>	36,035	40,596	-11.2

Trade in volume (units)	H1 2019	H1 2018	% change 19/18
<b>IMPORTS</b>	1,834,480	1,835,079	-0.03
<b>EXPORTS</b>	2,470,219	2,872,260	-14.0

SOURCE: EUROSTAT



## IMPORTS

EU passenger car imports from Japan increased by double digits – both in value (+14.0%) and in volume terms (+11.6%) – between January and June this year, making Japan the number one country of origin of EU car imports. Together with Turkey, South Korea and the United States, Japan accounted for more than 70% of the total EU import value during the first half of 2019.

Looking at the largest trading partners of the EU, car imports from the United States increased again after last year's slow down. By contrast, imports originating from Turkey and Mexico contracted both in volume and in value terms six months into 2019.

Table 8: Main countries of origin of EU passenger car imports

Trade in value (€m)	H1 2019	H1 2018	% change 19/18	% share 2019
<b>JAPAN</b>	5,944	5,213	+14.0	23.3
<b>TURKEY</b>	4,415	4,605	-4.1	17.3
<b>SOUTH KOREA</b>	4,098	3,865	+6.0	16.0
<b>UNITED STATES</b>	3,538	2,951	+19.9	13.8
<b>MEXICO</b>	2,500	3,161	-20.9	9.8
<b>SOUTH AFRICA</b>	2,308	1,541	+49.8	9.0

SOURCE: EUROSTAT

Table 9: Main countries of origin of EU passenger car imports

Trade in volume (units)	H1 2019	H1 2018	% change 19/18	% share 2019
<b>JAPAN</b>	394,996	354,106	+11.6	21.5
<b>TURKEY</b>	391,317	413,246	-5.3	21.3
<b>SOUTH KOREA</b>	293,123	299,889	-2.3	16.0
<b>UNITED STATES</b>	156,528	143,963	+8.7	8.5
<b>MOROCCO</b>	153,322	145,107	+5.7	8.3
<b>MEXICO</b>	114,413	165,442	-30.8	6.2

SOURCE: EUROSTAT

## EXPORTS

Throughout the first half of 2019, the export value of EU-built passenger cars heading to China (-6.9%), Japan (-6.1%) and South Korea (-18.2%) declined substantially. Exports to the United States, however, increased by 9.0% so far this year – making it the EU's most valuable export market for cars.

When it comes to export volumes, the number of cars shipped to the EU's six main export destinations dropped significantly – except for those heading to Russia (+1.0%). As a result, the total number of vehicles exported by the European Union from January to June fell by 14%.

Table 10: Main destinations for EU passenger car exports

Trade in value (€m)	H1 2019	H1 2018	% change 19/18	% share 2019
<b>UNITED STATES</b>	18,729	17,186	+9.0	30.4
<b>CHINA</b>	10,852	11,653	-6.9	17.6
<b>JAPAN</b>	3,850	4,099	-6.1	6.3
<b>SWITZERLAND</b>	3,846	3,728	+3.1	6.2
<b>SOUTH KOREA</b>	3,223	3,938	-18.2	5.2
<b>CANADA</b>	2,050	2,152	-4.7	3.3

SOURCE: EUROSTAT

Table 11: Main destinations for EU passenger car exports

Trade in volume (units)	H1 2019	H1 2018	% change 19/18	% share 2019
<b>UNITED STATES</b>	536,653	577,347	-7.1	21.7
<b>CHINA</b>	235,527	285,363	-17.5	9.5
<b>SWITZERLAND</b>	136,923	138,708	-1.3	5.5
<b>JAPAN</b>	127,218	142,473	-10.7	5.2
<b>RUSSIA</b>	90,713	89,808	+1.0	3.7
<b>SOUTH KOREA</b>	88,293	114,950	-23.2	3.6

SOURCE: EUROSTAT

# COMMERCIAL VEHICLES

## REGISTRATIONS IN THE EU

Demand for new commercial vehicles grew throughout the first half of 2019, although a negative calendar effect slowed down growth in June. So far this year, commercial vehicle registrations increased by 5.8% compared to the same period in 2018 – counting almost 1.4 million units sold across the European Union.

Looking at the five main EU markets, Germany led this growth with a 13.9% increase, followed by the United Kingdom (+10.2%), France (+6.9%), Italy (+4.8%) and Spain (+2.6%).

Table 12: New commercial vehicle registrations in the EU | by type

	H1 2019	H1 2018	% change 19/18
LCV ≤ 3,5t <sup>15</sup>	1,107,787	1,066,995	+3.8%
MHCV > 3,5t <sup>16</sup>	228,361	196,013	+16.5%
MHBC > 3,5t <sup>17</sup>	22,123	20,252	+9.2%
<b>TOTAL CV</b>	<b>1,358,271</b>	<b>1,283,260</b>	<b>+5.8%</b>

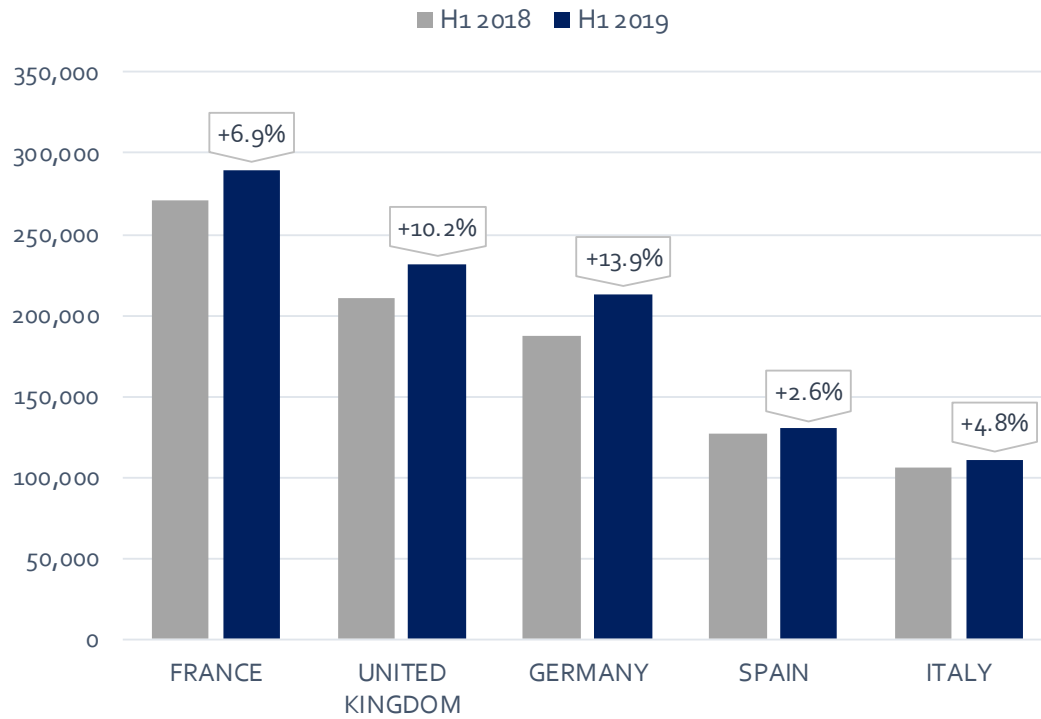
SOURCE: ACEA

<sup>15</sup> New light commercial vehicles (LCV) up to 3.5 tonnes

<sup>16</sup> New medium and heavy commercial vehicles (MHCV) over 3.5 tonnes

<sup>17</sup> New medium and heavy buses and coaches (MHBC) over 3.5 tonnes

Figure 6: New commercial vehicle registrations in the five main EU markets



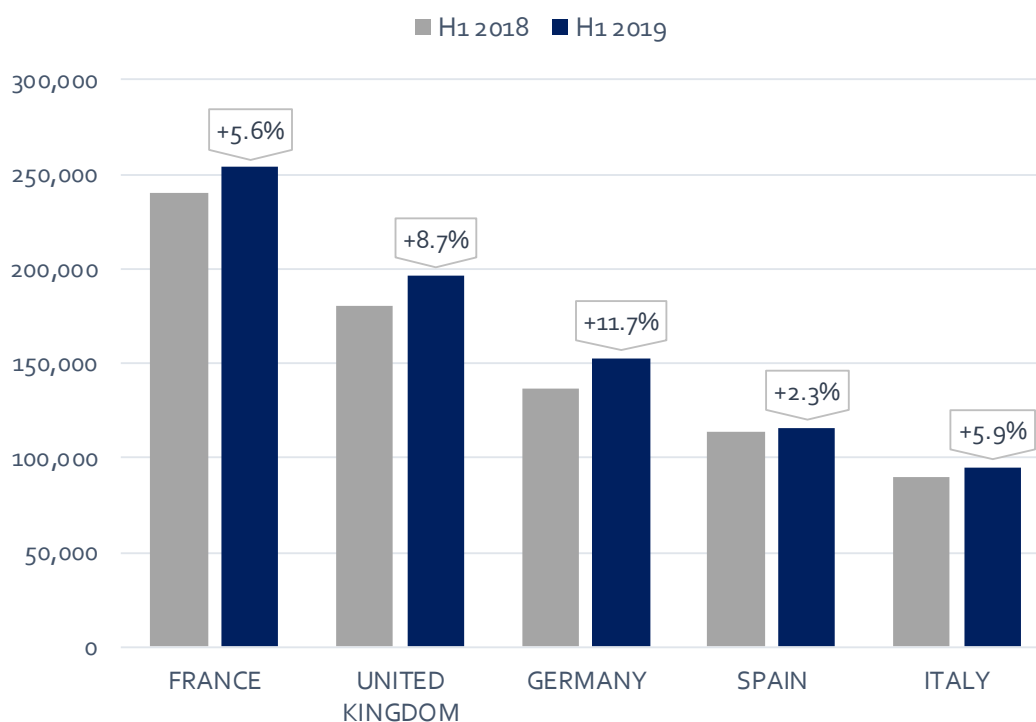
SOURCE: ACEA

## New light commercial vehicles (LCV) up to 3.5 tonnes

Six months into the year, registrations of new light commercial vehicles increased by 3.8% to reach 1.1 million units, making up over 80% of total demand for commercial vehicles. Despite a drop in June (-5.0%), the EU market for vans performed strongly during the first half of 2019, providing solid support for the commercial vehicle segment in terms of growth.

Each of the five largest EU markets performed well so far this year: Germany (+11.7%), the United Kingdom (+8.7%), Italy (+5.9%), France (+5.6%) and Spain (+2.3%).

Figure 7: New light commercial vehicle registrations in the five main EU markets



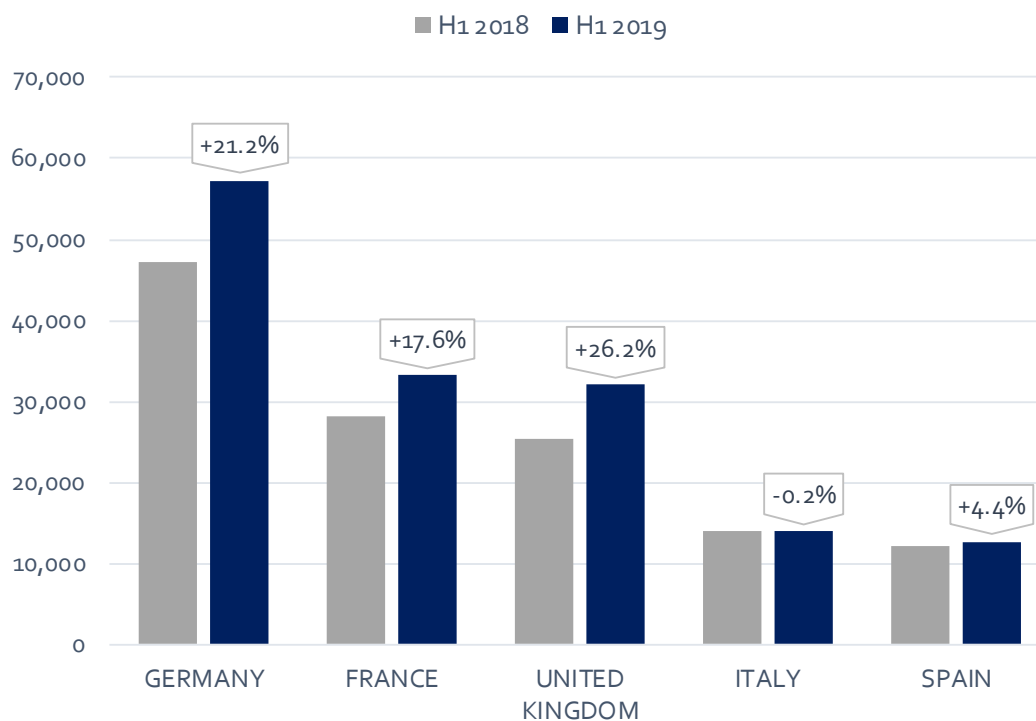
SOURCE: ACEA

## New medium and heavy commercial vehicles (MHCV) over 3.5 tonnes<sup>18</sup>

During the first semester of the year, the EU truck market expanded by 16.5% to reach 228,361 units in total, with positive results in the first months and a very strong performance in June (+47%).

The United Kingdom (+26.2%), Germany (+21.2%) and France (+17.6%) were the main drivers of this growth. Thanks to excellent results in June, cumulative figures for Spain (+4.4%) and Italy (-0.2%) also improved – with registrations stable compared to the year before.

Figure 8: New medium and heavy commercial vehicle registrations in the five main EU markets



SOURCE: ACEA

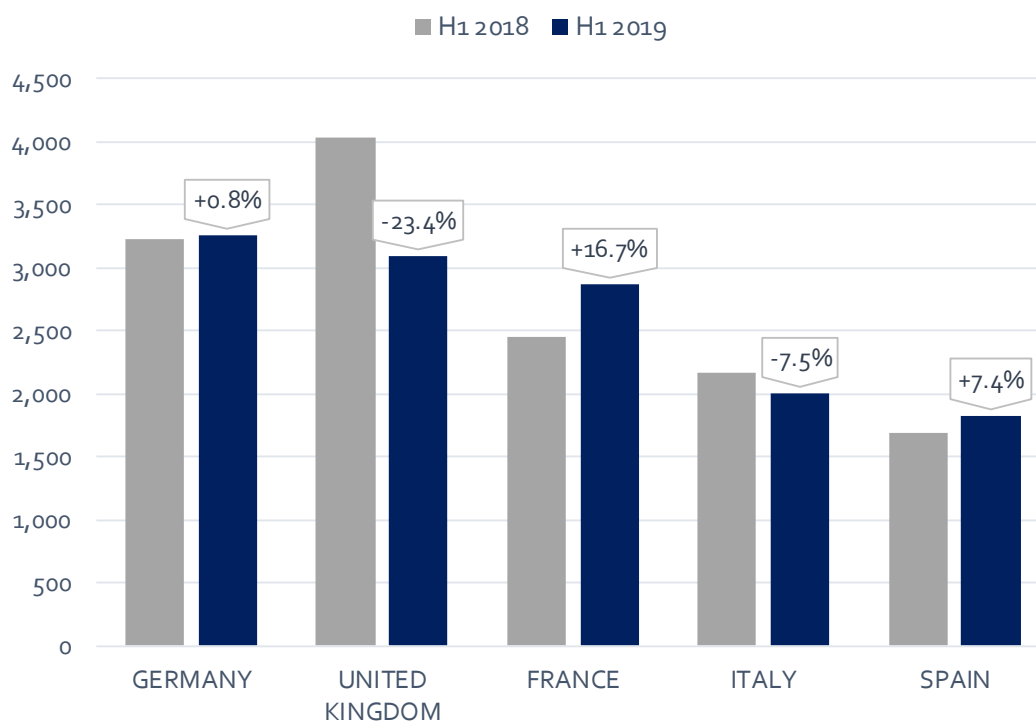
<sup>18</sup> Excluding buses and coaches

## New medium and heavy buses and coaches (MHBC) over 3.5 tonnes

The first half of 2019 saw a considerable improvement (+9.2%) in demand for new buses and coaches, mainly due to the strong performance of the segment in May (+23.3%) and June (+32.2%).

The Central European markets made an important contribution to the region's growth (+29.7%), especially given that two of the five largest EU markets posted declines so far in 2019.

Figure 9: Top 5 – New medium and heavy bus and coach registrations in the five big EU markets



SOURCE: ACEA

## GLOBAL PRODUCTION OUTLOOK<sup>19</sup>

European<sup>20</sup> output of commercial vehicles is expected to reach 3.6 million units in 2019, or 1.4% less than the year before. Russia is likely to make a positive contribution to production in Europe, although Turkey's output will continue to deteriorate. Looking at the European Union, a positive trend was observed during the first half of the year, but production growth is expected to moderate in the second half of 2019 due to the weaker economic conditions and a looming no-deal Brexit.

Chinese production<sup>21</sup> is set to continue to decline in 2019, although less markedly than last year (-1.8%) as the light commercial vehicle segment is expected to recover slightly. Nevertheless, the threat of a possible recession and the protracted trade conflict between China and the United States could further undermine consumer confidence, thus affecting vehicle output.

Production of commercial vehicles in Japan and South Korea is forecasted to outperform 2018 results (+2.3%), with 1.5 million units expected to be made in total by the end of the year.

North America's commercial vehicle output is projected to expand by 5.1% in 2019, largely driven by high volumes of pickup trucks. In total, some 4.8 million units are expected to be built in 2019.

For the full year 2019, the production of commercial vehicles in South America is expected to remain stable, with slightly more than 0.8 million units built. This is the result of two opposing trends: the Brazilian market is performing very well, while Argentina faces an economic crisis.

After posting strong results in 2018, production in South Asia is set to slow down this year (-1.6%) due to weakening demand in Thailand and Indonesia.

Finally, commercial vehicle output in the Middle East and Africa will likely drop by 9.4% in 2019, as Iranian production is projected to further decline this year as a result of reimposed US sanctions.

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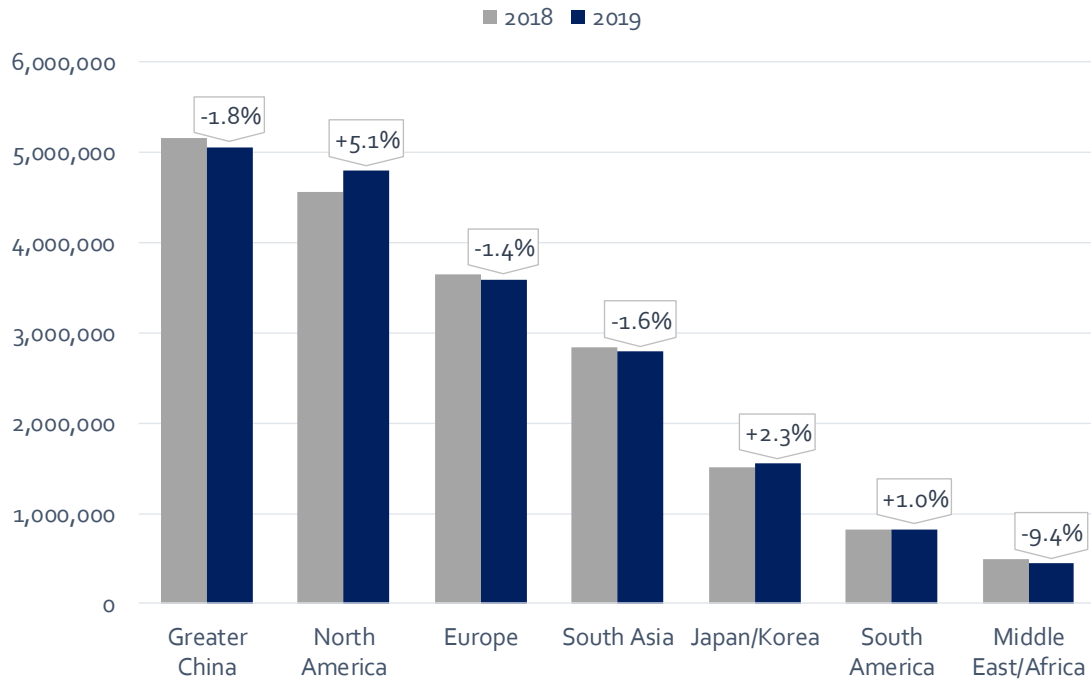
<sup>19</sup> Commercial vehicle production figures not available on a quarterly basis

<sup>20</sup> Includes Turkey and CIS countries

<sup>21</sup> Includes Hong Kong and Taiwan



Figure 10: World commercial vehicle production<sup>22</sup> | by region



SOURCE: IHS MARKIT

<sup>22</sup> 2019 provisional data

## TRADE

Over the first half of the year, the total export value of commercial vehicles grew significantly (+9.8%), resulting in a trade surplus of nearly €1.6 billion for the European Union.

This growth was largely supported by the truck and bus segments, with both imports (+30.4%) and exports (+17.7%) posting double-digit gains compared to the year before. Within these two segments, exports of EU trucks and buses generated a €2.5 billion trade surplus so far this year.

By contrast, imports and exports of light commercial vehicles declined slightly during the first six months of 2019, with van imports exceeding exports by almost €1 billion.

Table 13: EU trade in commercial vehicles (CV), buses and coaches (BC) | by type

Trade in value (€m)	CV up to 5t	CV over 5t + BC	Total CV + BC
<b>H1 2019</b>			
IMPORTS	3,053	1,248	4,301
EXPORTS	2,129	3,746	5,875
TRADE BALANCE	-925	2,498	1,573
<b>H1 2018</b>			
IMPORTS	3,174	956	4,130
EXPORTS	2,167	3,183	5,350
TRADE BALANCE	-1,006	2,227	1,220
<b>% change 19/18</b>			
IMPORTS	-3.8	30.4	4.1
EXPORTS	-1.8	17.7	9.8

SOURCE: EUROSTAT

## IMPORTS

So far in 2019, the main country of origin of EU commercial vehicle imports was Turkey, even though the value of imports from Turkey remained almost the same as last year.

Throughout the first half of the year, commercial vehicle imports from most of the EU's main partners increased substantially in value terms, most notably those coming from China, Thailand, South Africa and Norway.

On the other hand, the value of commercial vehicles exported from the United States and Morocco to the European Union decreased from January to June (down 7.9% and 11.5% respectively).

Table 14: Top 10 – Countries of origin of EU commercial vehicle and bus imports

Trade in value (€m)	H1 2019	H1 2018	% change 19/18	% share 2019
<b>TURKEY</b>	2,881	2,871	+0.4	67.0
<b>SOUTH AFRICA</b>	479	409	+17.3	11.1
<b>THAILAND</b>	329	279	+18.0	7.7
<b>MOROCCO</b>	107	121	-11.5	2.5
<b>MACEDONIA</b>	87	91	-3.9	2.0
<b>CHINA</b>	80	39	+105.5	1.9
<b>UNITED STATES</b>	69	75	-7.9	1.6
<b>SWITZERLAND</b>	67	61	+9.5	1.6
<b>INDIA</b>	62	58	+6.0	1.4
<b>NORWAY</b>	53	47	+14.1	1.2

SOURCE: EUROSTAT

## EXPORTS

The value of EU commercial vehicle exports to Norway (+58.0%), China (+132.6%), Russia (+26.6%) and Canada (+77.5%) increased significantly during the first half of the year. Norway now is the main export destination for EU-made commercial vehicles and buses, and together with Switzerland accounted for nearly a quarter of the total EU export value so far in 2019.

By contrast, the value of exports to Turkey (-59.6%), the United States (-17.8%) and Australia (-13.8%) declined strongly six months into the year.

Table 15: Top 10 – Destinations for EU commercial vehicle and bus exports

Trade in value (€m)	H1 2019	H1 2018	% change 19/18	% share 2019
<b>NORWAY</b>	886	561	+58.0	15.1
<b>SWITZERLAND</b>	561	508	+10.3	9.5
<b>AUSTRALIA</b>	427	495	-13.8	7.3
<b>CHINA</b>	415	178	+132.6	7.1
<b>ISRAEL</b>	269	229	+17.3	4.6
<b>RUSSIA</b>	248	196	+26.6	4.2
<b>UNITED STATES</b>	246	300	-17.8	4.2
<b>CANADA</b>	202	114	+77.5	3.4
<b>ALGERIA</b>	168	168	+0.1	2.9
<b>TURKEY</b>	161	399	-59.6	2.8

SOURCE: EUROSTAT



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## ABOUT THE EU AUTOMOBILE INDUSTRY

- 13.8 million Europeans work in the auto industry (directly and indirectly), accounting for 6.1% of all EU jobs.
- 11.4% of EU manufacturing jobs – some 3.5 million – are in the automotive sector.
- Motor vehicles account for €428 billion in taxes in the EU15 countries alone.
- The automobile industry generates a trade surplus of €84.4 billion for the EU.
- The turnover generated by the auto industry represents over 7% of EU GDP.
- Investing €57.4 billion in R&D annually, the automotive sector is Europe's largest private contributor to innovation, accounting for 28% of total EU spending.

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