

Australia

Capital: Canberra
Population: 21.3 million
GDP:* \$718.4 billion
Currency: Australian Dollar (AUD)
Language: English



Summary

Growth in Australia's aftermarket has averaged over 5 percent over the past ten years. The aftermarket for replacement parts and accessories is a significant element of Australian component producers' total sales. This part of the market is estimated to be worth approximately US\$5 billion and is split fairly evenly between local producers and imports. According to the World Trade Atlas 2006, the United States is the leading supplier, accounting for 22.73 percent of imports, while Japan is the second most important source of supply with around 21.72 percent of the market or US\$377 million.

Current Market Trends

The U.S.-Australia FTA has resulted in an immediate elimination of the 15 percent Australian tariff on U.S. automotive imports. This fact coupled with the larger size of the U.S. industry will likely contribute to a boost in U.S. exports.

Additionally, the economic stimulus expected from the FTA would likely lead to an improved Australian market for motor-vehicle parts. As a result, vehicle and parts producers may also reevaluate component-purchasing patterns to determine optimal sourcing, which could raise U.S. export volume. This growth potential however, may be limited by the modest size of the Australian market. Although the United States is Australia's largest import source of these components, U.S. exports to Australia represent less than 2 percent of total U.S. exports of motor-vehicle parts (US\$40 billion).

Main Competitors

There are four main automotive companies that dominate the Australian auto industry which currently has a retail industry turnover of around US\$90 billion. As of November 2007, Toyota remains the market leader holding 22.4 percent, Holden with 14.1 percent, Ford with 10.3 percent. It is followed by Mazda (7.4 percent), Mitsubishi (6.2 percent) and Honda (5.8 percent). The Federal Chamber of Automotive Industries (FCAI) advises that the year-to-date 2007 market of 963,732 vehicles is running ahead of the same period in 2006 by 8.8% or 78,129 vehicle sales. According to the FCAI, this result sets to confirm that in excess of a million vehicle sales will be achieved for the first time in a calendar year.

Current Demand

The automotive components and accessories market is valued at around US\$5 billion. Including tires, engines and engine parts it is valued at almost US\$12 billion. The largest proportion of this is in vehicle servicing which accounts for 35 percent followed by other parts and accessories with 33 percent. The remainder is made up of crash repair parts, oils, lubricants, additives and electrical accessories.



The Australian automotive market provides excellent opportunities for U.S. suppliers of both specialty aftermarket equipment as well as the necessary aftermarket parts such as: tires, carburetors, piston rings, fuel injection products, transmission and ignition products, lubricants and fuel pumps, body repair kits and products, along with automotive tools and aftermarket accessories. In general, high-quality and competitively priced accessories are always in demand. In addition, the Free Trade Agreement should improve the ability of U.S. exporters to compete with other

Current Demand (continued)

suppliers, particularly from Asia, to capture a greater share of this growing market for other parts & accessories.

The best areas of opportunity in Australia's auto sector for U.S. companies, is for manufacturers of light cars, medium sized family cars and sports utility vehicles and related accessories and replacement parts. The performance industry also offers considerable opportunity for U.S. firms.

According to the Federal Chamber of Automotive Industries (FCAI), sales of light cars and all types of sports utility vehicles have helped the Australian motor vehicle market to a strong 2007 sales result. Furthermore, results from a local industry statistician show that the small car/light car segments were one of the main drivers of the 2007 market with sales up by 9 percent and 15.4 percent in November 2007. This growth trend is as a result of spiking fuel prices together with a succession of rising interest rates.

The medium car segment also presents opportunities for U.S. manufacturers with the sector continuing to grow as a result of a swing in consumer preference for family sedans. In addition, the SUV segment where fuel economy is less of a concern, also experienced growth providing opportunity for U.S. suppliers.

Trade Shows

THE AAAA TRADE FAIR 2009 & COLLISION REPAIR EXPO

Date: April 2-4, 2009

Location: Sydney Convention and Exhibition Center, Darling Harbor

Frequency: Biennial

Exhibition Organizer: The Australian Automotive Aftermarket Association and Australian Exhibitions and Conferences

Web Site: www.aaaa.com.au & www.aec.net.au/aaaa & <http://www.collisionrepair.com.au>

AUTO EQUIP EXPO 2008

Date: August 8-10, 2008

Location: Sydney Convention and Exhibition Centre, Darling Harbor

Frequency: Annual (alternates with Melbourne)

Exhibition Organizer: Expertise Events Pty Ltd

Tel: 61 2 9938 9938

Fax: 61 2 9939 4229

Contact: Ross Hannan

Email: RossH@expertiseevents.com.au

Web Site: <http://www.autoequipexpo.com.au/sydney08.php>



Available Market Research

Australia: Caravans and Trailers (July 2008)

Australia: Automotive Parts and Accessories (July 2007)

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