

Automotive Resource Guide

A Reference for U.S. Exporters to Worldwide Markets

Prepared by the U.S. Commercial Service Global Automotive Team

2010–2011 Edition



ACKNOWLEDGEMENT

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For concept development & overall coordination.

The U.S. Commercial Service international staff worldwide

For their country assessments.

UPS proudly works with the U.S. Commercial Service to promote global growth opportunities for the automotive industry.



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Introduction

For quite a number of years, we have witnessed U.S. companies struggle with the identification of promising export markets. It was difficult to determine which country may have potential for your product or service. In fact, exporters were spending valuable company resources assessing markets that held little promise. As a result, my colleagues and I worked together to create a solution – the Automotive Resource Guide. We are proud to offer you the second edition of the Automotive Resource Guide, which identifies markets where U.S. automotive products or services are likely to succeed. The guide offers foreign market information and additional resources to help increase your international sales.

The Automotive Resource Guide was developed by the Global Automotive Team, a vital part of the International Trade Administration's U.S. Commercial Service. We are dedicated to serving you, the U.S. automotive industry. The Global Automotive Team is comprised of a network of domestic and international automotive specialists, whose primary objective is to help both large and small automotive firms expand into foreign markets. Our Team members are located in 102 offices throughout the United States and in U.S. Embassies and Consulates in more than 80 countries across the globe.

Our goal is to promote U.S exports in projects that transcend geographical lines. We focus on the changing world economy in an effort to get you involved in international opportunities before the competition. We are well-connected and have the ability to open doors, as demonstrated by our ability to get U.S. companies involvement in projects with major foreign OEMs, such as Renault-Nissan, Hyundai-Kia and Volkswagen.

We do not play down the challenges facing the U.S. motor vehicle industry, the largest manufacturing industry in the United States. We consciously focus on areas where we can make a meaningful contribution because we view the industry as being dynamic and tremendously successful.

As we move forward, your feedback will become an important barometer for shaping our activities. If the Automotive Resource Guide is useful to you, please share your experience with us and help us identify areas of improvement by emailing us directly at Eduard.Roytberg@trade.gov or Natasha.Keylard@trade.gov. As a government resource for U.S. companies, our team relies on your comments and needs to hear whether we are serving you well.

We look forward to opening up markets on your behalf and delivering opportunities to your doorstep.

Sincerely,



Eduard Roytberg
Global Automotive Team Leader 2010-2011



Natasha Keylard
Global Automotive Team Leader 2008-2009



What Can The Global Automotive Team Do For You?

Members of the Global Automotive Team are your primary export resource and should be your first point of contact when you plan to expand internationally. Why should you work with the Global Automotive Team?

- Our Team of international trade specialists provide export assistance by helping you identify markets of opportunity and connecting you with qualified distributors and partners in foreign markets
- We provide up-to-date market research produced by our overseas specialists on market conditions, industry-specific information, areas of growth and opportunity, local competition, distribution channels, and more.
- We disseminate trade leads at the request of foreign buyers
- We are present at a most large international trade shows across the globe in an effort to maximize your time at these events through matchmaking and pre-show promotional campaigns to foreign buyers
- We offer market and issue-specific webinars with industry experts that you can participate in without leaving your desk
- We organize trade missions to markets that hold great opportunities
- We maintain and build partnerships with industry associations to jointly promote your interests

Export Success Stories

- ❖ Gold Eagle Company, a manufacturer and distributor of aftermarket fluids was put in contact with a Dominican distributor of engine lubricating oils when the foreign buyer required our assistance in identifying U.S. suppliers. This match was realized through domestic team member Robin Mugford out of our office in Libertyville, Illinois, and our international team member Isolde Frias out of our office in Santo Domingo. The effort resulted in a sale worth over \$48,000.
- ❖ A manufacturer of windshield wiper systems and fractional horsepower motors, used CS support to expand their international sales and marketing plans. Gail Snyder, our domestic Automotive Team member out of our office in Portland, Oregon, counseled company representatives on Commercial Services programs, provided market research, and gave them access to educational programs. Company representatives attended an Export Strategies Seminar, which covered marketing, distribution, finance, and documentation to expand their knowledge base. Trade Specialist Snyder also set up consultation appointments for the manufacturer to meet with staff in our offices in Guadalajara. The company is now actively exporting to Mexico, a value to date of approximately \$24,000. This client has since broadened its S. America plans by starting additional Commercial Service programs.

www.USAutoTeam.org



How to Use This Guide

While our economy may be taking a downturn, exports are booming. Many U.S. automotive firms, both small and large, have been able to continue their success by looking at foreign buyers and overseas partners. Through this Resource Guide, the U.S. Commercial Service is encouraging more U.S. firms to take advantage of a weak dollar and a global demand for American expertise in the automotive sector to explore foreign markets.

The Resource Guide is divided into main two sections, an automotive sub-sector matrix and a market research section for each country. In the back of this book you will find a reference section that is designed to provide additional sources of information for exporting generally.

The matrix provides ratings for countries in each of 15 automotive sub-sectors. It is intended to provide the reader with a quick reference in understanding which of 15 automotive sub-sectors have the most potential for success in a given market. Each sub-sector and market has a 1-4 rating according to the opinion of our automotive commercial specialist. The numbers refer to the following.

- 1 A U.S. exporter has little or no probability of success in this market
- 2 There are more challenges than opportunities for a U.S. exporter in this market
- 3 There are more opportunities than challenges for a U.S. exporter in this market
- 4 A U.S. exporter has a very high probability of success in this market

A short market research section follows, authored by each automotive commercial specialist that further explains opportunities or barriers within the markets indicated in the matrix.

The ratings in the sub-sector matrix and the market research represent the opinions of the commercial specialists responsible for the automotive sector at U.S. embassies and consulates worldwide. You will notice that the sub-sector categories are still quite broad and may not be applicable to specific products within those sub-sectors. We encourage you to do further research to confirm that there is a market for your product or service. There may be additional barriers to entry once a market is further explored, such as political turmoil or a change in import duties since the date of this publication. While we encourage you to use our expertise and services, there are other sources of information to help decide if you are prepared to enter a foreign market. See our reference section for more information.

The U.S. Commercial Service is present in 80 countries; however we are not in all markets. Not all countries are represented in the matrix or the market research section. Therefore, you should not assume that there is no market for U.S. automotive products in countries not included in this guide. If you are interested in a market that is not represented in the Resource Guide, contact the nearest local U.S. trade specialist in one of our 102 offices in the U.S.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice. International copyright, U.S. Department of Commerce, 2009. All rights reserved outside of the United States.





	Passenger Vehicles	Trucks	Buses	Motor-cycles	Specialty vehicles	Hybrid Vehicle Components	Remanufactured Parts	Aftermarket Accessories & custom products	Aftermarket Chemicals & lubricants	Aftermarket: Parts & components	Aftermarket: Mobile Electronics & Technology	Aftermarket: Testing Equipment	Original Equipment: Tools & Testing Equipment	Services: Maintenance & Repair	Services: Engineering & Consulting	Services: Logistics & Transportation
Europe																
Austria	1	1	1	3	2	3	2	2	1	2	3	2	2	2	2	2
Belgium	2	2	1	4	3	2	2	3	2	3	3	2	2	2	3	3
Bulgaria	3	1	3	3	3	3	2	3	3	3	3	2	2	3	3	3
Croatia	2	2	2	3	2	2	2	3	3	2	3	2	2	2	2	2
Czech Republic	2	2	1	3	2	3	3	3	2	3	4	1	2	3	3	2
Denmark	2	2	2	3	3	2	3	3	2	3	3	2	2	2	2	2
Finland	1	1	1	2	1	1	-	3	3	3	3	3	3	2	2	2
France	2	2	1	2	1	3	3	2	2	2	3	1	2	3	1	1
Germany	4	1	1	2	2	4	3	2	2	2	4	4	4	4	2	2
Hungary	3	2	2	2	2	3	3	3	3	3	4	4	2	3	2	2
Netherlands	3	2	2	3	2	3	3	3	2	3	4	2	2	2	4	2
Poland	3	2	2	3	2	2	2	2	2	3	4	2	2	2	2	2
Romania	2	2	2	3	2	1	-	3	3	2	3	2	2	3	3	3
Russia	1	2	2	2	3	1	2	3	2	3	3	2	2	3	3	3
Slovakia	2	1	1	3	2	3	2	3	2	3	4	1	2	3	3	2
Spain	2	1	1	2	2	3	1	4	2	3	3	2	1	1	1	1
Sweden	3	2	1	3	3	3	-	3	2	3	3	2	2	2	1	1
Switzerland	1	1	1	3	2	2	2	3	2	3	3	3	2	3	2	2
Turkey	4	3	2	4	4	3	1	3	2	3	4	3	3	3	3	3
United Kingdom	2	2	2	3	2	2	3	1	2	3	3	2	1	2	3	2
Americas																
Argentina	1	2	1	1	1	1	0	1	1	2	2	1	1	2	1	2
Dominican Republic	3	2	2	1	1	0	3	3	3	3	2	1	1	1	1	1
Canada	2	2	2	3	3	3	3	3	4	4	4	4	4	3	3	2
Colombia	3	3	2	3	2	2	0	4	3	3	3	2	3	2	3	2
Costa Rica	2	2	2	3	1	2	-	3	3	4	3	2	2	2	1	2
El Salvador	3	3	2	3	3	2	-	3	3	3	3	2	2	1	2	2
El Salvador	3	3	2	3	3	2	-	3	3	3	3	2	2	1	2	2
Honduras	2	2	3	3	2	2	-	3	4	4	3	2	2	3	2	2
Panama	3	4	2	3	2	2	-	4	4	4	4	2	3	3	2	3
Venezuela	2	2	2	2	1	1	3	3	3	3	2	2	3	3	2	2
Africa & Middle East																
Israel	3	2	1	2	2	3	2	3	3	3	3	3	2	2	2	2
Jordan	3	2	2	1	1	2	2	2	3	3	3	3	3	3	1	2
Kuwait	3	2	2	3	2	3	3	3	2	3	4	2	2	2	4	2
Palestinian Territories	4	2	1	2	1	2	-	3	4	3	1	2	2	2	1	2
Saudi Arabia	4	2	2	2	1	1	-	4	3	3	2	3	3	3	4	4
Morocco	1	2	1	1	3	2	-	3	3	3	3	2	4	3	3	3
Nigeria	4	4	2	1	1	1	3	3	4	4	4	4	4	3	3	4
South-Africa	2	2	2	3	4	3	2	4	2	3	3	3	3	3	2	2
United Arab Emirates	3	3	2	2	2	2	-	2	1	3	2	2	2	2	1	2

Rating Scale	Rating Definitions
1	Little to no probability of success for U.S. exporters
2	There are more challenges than opportunities for U.S. exporters
3	There are more opportunities than challenges for U.S. exporters
4	Very high probability of success for U.S. exporters





	Passenger Vehicles	Trucks	Buses	Motor-cycles	Specialty vehicles	Hybrid Vehicle Components	Remanufactured Parts	Aftermarket Accessories & custom products	Aftermarket Chemicals & lubricants	Aftermarket: Parts & components	Aftermarket: Mobile Electronics & Technology	Aftermarket: Testing Equipment	Original Equipment: Tools & Testing Equipment	Services: Maintenance & Repair	Services: Engineering & Consulting	Services: Logistics & Transportation	
Asia / Pacific																3	2
Australia	2	2	2	3	3	3	2	4	2	3	3	3	2	2	3	3	
China	2	2	2	2	3	3	-	3	3	3	4	3	2	2	1	1	
India	1	1	1	2	3	3	1	2	1	2	2	3	3	2	3	2	
Japan	2	1	1	2	2	1	1	3	3	3	2	2	2	1	1	1	
South-Korea	3	3	2	4	3	4	-	3	3	2	2	3	3	3	3	3	
Kazakhstan	3	2	2	3	3	1	-	3	3	3	2	2	2	1	1	1	
Malaysia	2	1	1	2	1	1	-	2	3	2	3	3	2	1	4	2	
New Zealand	2	3	1	4	4	4	1	2	2	3	2	2	1	2	2	2	
Pakistan	2	3	2	1	3	3	-	3	4	2	3	2	2	2	1	3	
Philippines	2	2	2	2	2	2	2	3	2	3	3	2	3	3	3	1	
Singapore	2	2	2	2	2	3	-	3	2	3	4	2	2	1	1	2	
Taiwan	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	
Thailand	1	1	1	4	2	3	2	3	3	3	4	3	2	3	3	4	
Uzbekistan	4	1	1	1	2	1	-	3	3	3	2	2	2	2	2	2	

Rating Scale	Rating Definitions
1	Little to no probability of success for U.S. exporters
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3	There are more opportunities than challenges for U.S. exporters
4	Very high probability of success for U.S. exporters



Australia

Capital: Canberra
 Population: 22 million
 GDP*: \$795 billion
 Currency: Australian dollar
 Language: English



Summary

Growth in Australia's aftermarket has averaged in excess of 5% over the past ten years. According to the World Trade Atlas 2008, the United States is the leading supplier, accounting for 20% of imports (\$328 million), while Japan is the second most important supplier; 17% market share (\$290 million). Excellent opportunities exist in Australia for U.S. exporters in the Automotive Industry.

Market Entry



The U.S.-Australia Free Trade Agreement (FTA) eliminated tariffs on 99% of U.S. exports to Australia, which have increased 10.4% since the FTA entered into effect in 2005. Providing the products can be classified as *automotive items of minimum 51% U.S. content*, they will not be subject to any customs tariffs under the Australia-U.S. Free Trade Agreement. Documentation stating the Rules of Origin, however, should accompany the shipment of goods.

Current Market Trends

The United States is currently the leading supplier of automotive products to Australia with \$1.6 billion exported from the United States to Australia in 2008. This represents 20% of the market. Market share is decreasing for the United States, however, while increasing significantly for China, a popular trend experienced across the developed world.

8708 Parts & Access For Motor Vehicles (Head 8701-8705)

Rank	Country	U.S. Millions			% Share			% Change - 08/07 -
		2006	2007	2008	2006	2007	2008	
	--The World--	1435.1	1548.8	1670.7	100	100	100	n/a
	United States	326.2	366.2	328.5	23	24	20	-10
2	Japan	311.7	305.6	290.2	22	20	17	-5
3	China	103.6	140.0	176.6	7	9	11	26
4	Germany	139.6	137.3	146.5	10	9	9	7
5	Thailand	73.2	110.7	124.1	5	7	7	12

The economic crisis positively affects the Australian Automotive Aftermarket Industry as consumers opt to service and improve their current motor vehicles.

Main Competitors

There are three automotive vehicle manufacturers that dominate the Australian automotive industry market share; Toyota (20.7%), GM Holden (12.5%), and Ford (10.3%). All three companies have manufacturing facilities in Australia. The Federal Chamber of Automotive Industries (FCAI) advises that the year-to-date 2009 market of 350,376 vehicles is behind the same period in 2008 by 19.2% or 83,778 vehicle sales.

Current Demand

Traditionally, replacement parts were a prominent part of the industry, and while they still remain a necessity, replacement parts are continuing to be less important to the industry. The best prospects are in the specialty equipment market and the performance sector for passenger vehicles. Additionally, the motorcycle market, trucking industry and SUV market all offer fantastic opportunities for U.S. exporters. The performance market in Australia is a niche; however, performance, racing and tuning businesses turnover \$390 million annually. This comprises 10% of the total independent automotive aftermarket, which is in turn a part of Australia's \$5.3 billion accessories and parts industry.



The best prospects are engine modifications, turbos, superchargers, and brake and clutch improvements. An interesting emerging market is the 'green' performance area, where customers buy products that enhance fuel economy, while also improving performance. Parts and accessories for the SUV market, the trucking industry, and motorcycles are proving increasingly popular. Research group IBIS has predicted that the motorcycle industry will show some of the strongest growth in the automotive industry and grow by 8.9 percent to achieve total revenue of \$3.6 billion in 2010-2011.

In general, Australians always seek quality, unique, innovative, and/or environmentally-friendly products for the automotive industry.

Barriers



The Department of Infrastructure, Transport, Regional Development and Local Government (www.infrastructure.gov.au) governs the Australian Design Rules (ADRs). The ADRs are national standards for vehicle safety, anti-theft and emissions. The ADRs are generally performance based and cover issues such as occupant protection, structures, lighting, noise, engine exhaust emissions, braking and a range of miscellaneous items. The current standards, the Third Edition ADRs, are administered by the Australian Government under the *Motor Vehicle Standards Act 1989*. The Act requires all road vehicles, whether they are newly manufactured in

Australia or are imported as new or second hand vehicles, to comply with the relevant ADRs at the time of manufacture and supply to the Australian market.

A Goods and Services Tax (GST, similar to VAT) of 10% is applied to all products and services sold in Australia. The 10% GST is applicable to the **entire landed cost** of the goods, i.e.- including insurance, shipping, etc. While the responsibility to pay GST to the Australian Taxation Office lies with the supplier, the consumer ultimately bears the GST cost. The importer will pay the GST to the Australian Customs Service (www.customs.gov.au).

Standards Australia (www.standards.org.au) is the nation's peak non-government standards organization. The Commonwealth Government put this organization in place to meet Australia's need for contemporary, internationally-aligned standards and related services.

Trade Events

AAAE

Melbourne, May 12-14, 2011

This will be the Inaugural Year for the USA Pavilion at this newly Certified Trade Fair. Registration for the USA Pavilion ends on February 28th, 2011. For more information: <http://www.buyusa.gov/auto/aaae.html>

Available Market Research

Australia: Performance and Racing Equipment (June 2009)

U.S. Commercial Service Contact Information

Name: Melanie Heskin
Position: Commercial Specialist - Automotive
Email: melanie.heskin@trade.gov
Phone: +61 39 526 5924



Austria

Capital: Vienna
Population: 8.2 million
GDP*: \$373.9 billion
Currency: Euro
Language: German



Summary

Austria, with a population of 8.2 million, is one of the most densely motorized countries in the world: In the year 2009, 6.6 million motor vehicles were registered, of which over 4.4 million were passenger cars, 387,972 were commercial vehicles and 9,599 were buses.

There are two important characteristics to note about the Austrian fleet: 1) diesel engines dominate the market, powering around 75% of the passenger vehicles, and 2) there are very few U.S. vehicles on the road here; less than two percent.

The average age of an Austrian car is 8.9 years, a figure that has been rising in recent years. The average lifespan of an Austrian passenger vehicle is 12 to 15 years. The average distance driven per vehicle and year is estimated at around 13,500 kilometers, a figure which has been falling over the past years.

Market Entry

We at CS Vienna can help you enter the Austrian market. Here are our tips:

1. Price. With the Euro still high against the Dollar; your prices might be hard for European manufacturers to beat. Investigate current price points before moving forward.
2. Fit. Make sure that your products make sense for the cars that are on the road in Austria, and that you have taken care of all the necessary safety and marking requirements.
3. The right partner. Find a reliable local distributor who serves your target customer base, and make sure that communications, orders, and deliveries are trouble-free.

Current Market Trends

Current market trends in the commercial vehicle sector are centered on saving fuel and making the best possible use of time and vehicle capacity. Some of the best prospects in this sector are plastic bumpers and cabin parts, aluminium wheels, aerodynamic body parts and spoilers, fuel-saving tires, brake and transmission parts, and on-board electronics.

Market trends in the passenger vehicle sector are more difficult to pinpoint, but also tend toward smaller, lighter vehicles and increasing fuel efficiency. Best prospects include aluminium wheels, fuel-saving tires, brake and transmission parts, and on-board electronics, including navigation, theft, and entertainment systems.

Main Competitors

Most of the vehicles on the road in Austria are European. Market leaders in the private passenger vehicle sector are VW, Ford (Germany), and Opel. Market leaders in the heavy duty sector are MAN, Mercedes and Volvo.

European (and especially German) producers hold the lion's share of the Austrian automotive aftermarket. Here is a list of some of the most successful companies according to product; the production location is in parenthesis:

1. Brakes, servo breaks and parts: TRW (USA), Honeywell (Germany), Brembo (Italy)
2. Gear boxes: ZF Friedrichshafen AG (Germany)
3. Clutches: Sachs (Germany), LUK (Germany)
4. Shock absorbers: Monroe (Belgium) [part of Tenneco], Sachs (Germany), Bilstein (Germany)
5. Mufflers & Exhaust Pipes: Woka (Belgium) [part of Tenneco] Bosal (Holland)
6. Body Parts: Vanwezel (Belgium)
7. Drive axles: GKN-Spidan (U.K.)

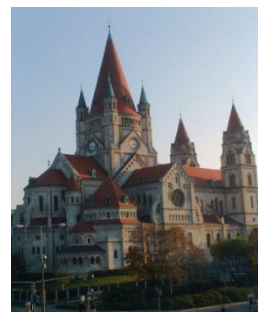


Current Demand

Demand for new automobiles has been stagnating over the past several years, culminating in a dramatic fall in the last quarter of 2008. The rebate for retiring older vehicles offered by the government has worked to revive new car registration numbers. However, the global recession is taking its toll on the Austrian automotive sector. The fact that older cars are remaining in use even longer has certain positive implications for the aftermarket, including boosting demand for brake and steering parts, as well as transmission parts and tires.

Barriers

The two most important market access issues for U.S. products have nothing to do with customs or duties or taxes, but with marking and safety testing requirements, and the Austrian vehicle code. The question of marking and safety testing is a complex one. In a nutshell, there are three categories of products: 1) those for which a European law or directive has established a harmonized minimum standard, 2) those for which there is no European standard and thus by default the national standards apply, and 3) those for which no European or national minimum requirements apply at all. For the supplier, the trick is figuring out which category his product falls into. Products that do not fall within the scope of a European standard must meet Austrian national standards. As a general rule, Austrian standards are higher than European standards. This category of product is the most difficult to get certified, partly because the most difficult to standardize products are "left over" and have not yet been harmonized, and partly because the Austrian bureaucracy is characterized by a frustrating lack of transparency.



Trade Events

Name of event: Autozum

Location: Salzburg

English language website: <http://www.autozum.at/en/index.html>

Description: Autozum is Austria's only significant automotive aftermarket trade event, taking place every second year in Salzburg. The next show is planned for January 2011.

Available Market Research

Commercial and Heavy Duty Vehicles (2008)

U.S. Commercial Service Contact Information

Name: Marta Haustein
Position: Commercial Specialist
Email: marta.haustein@trade.gov
Phone: +43-131-339-2205

Belgium

Capital: Brussels (Bruxelles, Brussel)
Population: 10.3 million
GDP per capita: \$36,265
Currency: Euro since January 1999
Languages: Dutch/French/German



Summary

The Belgian car industry has always been one of the main drivers of the national economy. While more than six million vehicles (roughly one car for every two Belgians) are registered in Belgium with more than 500,000 new registrations every year, Belgium represents a small market relative to the US. The most important consideration for American exporters to keep in mind in creating auto-related goods for the European market is that the design must fit European specifications and style.

Consideration must also be given to the size and structure of vendors in the market. Sales volumes and freight terms often required by American suppliers can be obstacles to entering the Belgian market.

Belgium is often considered the home base of assemblers, manufacturers and importers of vehicles. Thanks to its "open economy," almost all foreign car makers are represented in Belgium. On an annual basis, about one million cars and 90,000 commercial vehicles, buses and coaches are assembled in Belgium. The country's assembly industry includes Ford, Opel, Volvo and Audi and employs 60,000 direct employees. This production is valued at \$14.1 billion. In addition, more than 260 automotive suppliers employ 25,000 people. These companies are active in industrial production, logistics, engineering, R&D, ICT, services, etc.

Current Market Trends

The Belgian car market has grown at a steady rate in the past 10 years. According to the Belgian Federal Government there were 5.16 million cars in 2009, compared to 5.06 million the year before. This is an increase of 1.8%; 2006 saw an increase of 1.44 percent. Households average two-three cars each and family members are spending more time in their cars, between commuting and vacationing, amounting to about one hour per day.

Overwhelmingly, Belgians prefer manual transmissions, which account for more than 90% of cars sold. Belgians also prefer engines that have a lower consumption rate. Higher fuel efficiency of diesel engines and the lower cost of diesel fuel drive demand for diesel engines. Diesels now represent more than 60% of all vehicles in Belgium.

The size of cars being purchased is diversifying. Small family cars remain the most popular type of car in Belgium (24%), followed by station wagons (14.3%), and small urban cars (10.4%).

There are only a few late model U.S. vehicles on the roads in Belgium. This is due mainly to the high fuel consumption of most American models and the lack of diesel versions. In some cases, professional car dealers, as well as individuals, travel to the U.S. to buy sport utility vehicles (SUV's) or pick-up trucks because of their typical American look. However, those numbers are still marginal.

Main Competitors

Auto-related imports to Belgium come from Germany (42%), France (30%), and the United Kingdom (1%). Because of import duties ranging between 5-10%, European manufacturers have a price advantage over U.S.-based manufacturers.

There are few large Belgian brand names in the auto accessory market, but there are strong European players. Belgians are more familiar with European brands, due to their historical presence. However, American brands have a positive image in Belgium and representatives in the industry believe that American products can sell well, and should be better represented.

Current Demand

Despite the economic crisis, the interest or willingness to buy new and innovative products is still present although less important. The key to successful accessory sales is an understanding of the style and needs of the European driver. The young drivers' market, as well as the two-wheeled motor vehicle market, appears to have the greatest potential for growth in accessories. In addition, demand for security systems is also high and evolving.



Barriers

In order to sell products in the Belgian market, U.S. exporters must meet the CE mark requirements applicable to their goods. The CE mark certifies that the products have met the EU health, safety, and environmental requirements. Once a manufacturer has earned a CE mark (some can self-certify, others require certifying agents), it may affix the CE mark to its product. The product may then be marketed throughout the EU. See http://www.export.gov/cemark/doc_ce_mark_main.asp for more information.

Packaging must be translated into French, Dutch and German. Non-metric measuring units, poor translations and/or graphics often insufficiently address European cultural differences. Typically, U.S. exporters can entirely miss the point by using Canadian French translations for material used in France and Belgium. Therefore, both the advertising material and the retail packaging should always be the responsibility of the local importer.

Trade Events

AUTOTECHNICA SHOW

Next event: May 2012

Blvd. de la Woluwe 46, Box 9

B-1200 Brussels, Belgium

Contact: Mr. Klaus Van Cauwenberghe

Tel. 32/2/778-6200

Fax. 32/2/778-6222

<http://www.autotechnica.be>



Tools Equipment Show

January 30-31, 2011

Contact: Mr. Klaus Van Cauwenberghe

Tel. 32/2/778-6200

Fax. 32/2/778-6222

<http://www.tools-tools.be>

This is the only show in Belgium for automotive parts, accessories and repair equipment.

Available Market Research

None currently available.

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Brazil

Capital: Brasília
Population: 191 million
GDP: 4.8%
Currency: Real
Language: Portuguese



Summary

For the Brazilian automotive industry, 2007 was a record-breaking year. The industry set an all-time high of 2.97 million cars, vans, buses, and trucks manufactured. Comprising 18 percent of the country's industrial production and five percent of GDP, the growth in the auto industry contributed to Brazil's higher than expected GDP growth of 5.4 percent last year. Local automakers predict production in 2008 will top 3.25 million vehicles and are ramping up investments and hiring more workers to increase capacity.

Flex-fuel vehicles, which run on any combination of gasoline and ethanol, also broke records. Today, almost nine out of ten new cars sold in the Brazilian market have flex-fuel engines. Brazil's stable macroeconomic picture, higher household incomes, and readily available credit have stimulated domestic sales. However, Brazil's high tax rate and rising wages for workers, as well as an appreciating currency, are areas of potential concern for the industry.

Market Entry

The Brazilian government's five-year plan in 1956 to promote the country's industrialization led to the creation of Brazil's modern auto industry. Fifty years later, Brazil is the world's seventh largest automobile manufacturer and eighth largest consumer base for automobiles. The auto industry comprises approximately 18 percent of Brazil's industrial output and accounts for five percent of GDP. Industry analysts expect Brazil this year to surpass French production and the consumption levels of Great Britain and France.

Today, the Brazilian auto industry is a major driver of economic growth. Brazil is becoming an emerging market leader for technology development because of its highly skilled and qualified engineers and relatively low labor costs compared to developed countries. Brazil has the largest number of car assembly plants in the world, manufacturing more than 30 brands. The auto sector has invested approximately \$27.5 billion since 1994 to expand plant and component manufacturing capacity and in new technology for developing new models.

Brazilian exports rose in value from \$4 billion in 2002 to \$13.2 billion in 2007. Globalization also has pushed the industry to restructure its supply chain and product design processes. Innovative organizational designs, novel production facility layouts, and efficient supply chain management make Brazil one of the most dynamic automotive industries. General Motors (GM), Ford, Volkswagen, and Fiat all have flex-fuel development and engineering facilities in Brazil. The Ford plant in Bahia and the GM plant in Rio Grande do Sul are considered the most modern assembly plants in the world.

Current Market Trends

Sales of flex-fuel vehicles, which run on any combination of gasoline and ethanol, accounted for 85.6 percent of new cars, or two million cars. In addition to flex-fuel vehicles, the GOB's policy of mandatory blending of gasoline with 20 to 25 percent ethanol is also driving the success of Brazil's ethanol program. GM's Government Relations Manager Pedro Bentancourt told Economic Officer that, as of March, 26 percent of the country's light vehicle fleet is flex-fuel. This figure is expected to reach 50 percent by 2015 as heavy investments from the auto industry have driven down the price of flex-fuel technology enabling manufacturers to offer these models at the same price as gasoline-powered vehicles. Similarly, by mid-2008, the state of Sao Paulo expects to launch approximately 20 flex-fuel buses as an environmentally friendly pilot project.

Main Competitors

An increase in available credit, lower interest rates, and extended car loan maturities up to six years all contributed to the boom in auto sales. Pablo Teruel from the Department of Statistics of the Brazilian Motor Vehicle Manufacturers Association (ANFAVEA) told Economic officer that Brazil's rising employment and income were partly responsible for sales expansion. Teruel also told Economic officer that he did not foresee any changes for the sector from the Central Bank's capital requirements on leasing put in place in January because auto companies finance their own leasing operations and therefore are not subject to the new reserve rules. ANFAVEA is confident that auto sales will continue to grow. A major part of the nearly 86 percent growth in



leasing in 2007 went to the auto sector, and traditional financing for vehicles was also up 29 percent. ANFAVEA reported that motor vehicle production (autos, trucks, and buses) and domestic and international sales all hit record highs in 2007. Last year, the industry assembled 2.97 million cars, up 13.9 percent over 2006. Domestic sales including imported vehicles climbed 27.8 percent, totaling 2.46 million. Imported vehicles accounted for 10.9 percent of total domestic sales. Fiat led Brazilian domestic market sales in 2007 with 523,180 cars, followed by Volkswagen with 491,790, and GM with 444,904. At the end of 2007, the Brazilian automotive industry employed 120,245 people, up 13.1 percent from 2006.

These upward trends have continued in early 2008. According to ANFAVEA's data for the first quarter of 2008, total vehicle production was 783,000 cars, up 19.3 percent from the same period a year ago. Vehicle sales reached 648,000, up 31.4 percent. At the end of March, the industry employed 124,200 people. According to a recent local TV newscast, ANFAVEA President Jackson Schneider said that Brazil's auto industry is estimating an output of approximately 3.2 million cars in 2008, up 8.9 percent from 2007.

Current Demand

Skyrocketing auto sales have left automakers unable to meet demand. Between February 2007 and March 2008, auto companies were only able to meet 91.5 percent of demand. Schneider said at a press conference that the wait for a new car is at least three months for some models, and as long as nine months for trucks. As a result, automakers in Brazil have announced plans to invest USD 4.9 billion in 2008, more than double what they invested in 2007 and also the largest amount they have ever allocated in one year. Brazilian subsidiaries of Fiat and Ford have announced investments of USD 2.9 billion and USD 1.5 billion, respectively, through 2011.

Volkswagen's truck manufacturing division also confirmed USD 600 million in investments to expand production. Most investments will be channeled to increase production capacity from 3.5 to 3.85 million cars this year and to four million cars in 2009. Including Brazil's auto parts industry, total investments are expected to reach USD 20 billion by 2010.

The four largest auto manufacturers in Brazil, Fiat, Volkswagen, GM, and Ford, are hiring more workers to try to meet the growing demand for new cars. GM has 22 percent of the Brazilian market and plans to hire 1,500 workers for its biggest plant in Sao Paulo, Brazil. GM Vice President in Brazil Jose Carlos Pinheiro Neto told the press that first quarter sales exceeded expectations, climbing 30 percent to 117,687 cars. He said that the GM plant in the Sao Paulo industrial region now has a total of 11,000 workers, which should help increase production to 250,000 cars. GM also may invest USD one billion in Brazil and Argentina to introduce a new compact car.

Currently, Ford enjoys a stable market share of 12.5 percent and is ranked fourth in Brazilian auto sales. In the first quarter of this year, Ford manufactured 37,854 cars, down 8.5 percent from the same period in 2007. Unlike Ford Motor Company's global operations, Ford's Brazilian operations had registered profits until this year.

Barriers

Despite the booming domestic market, the appreciation of the Brazilian currency has reduced the auto industry's global competitiveness. While the Brazilian auto industry broke records in 2007, total cars exported were down 6.6 percent from 2006. Pablo Teruel said that ANFAVEA does not anticipate export revenues this year to surpass 2007. Nonetheless, export earnings in the first quarter of this year totaled USD 3.24 billion, up 13.1 percent compared to the same period a year ago. Although the Brazilian auto market is expected to set new production and sales records this year, industry analysts point to Brazil's high tax burden, inadequate infrastructure, and cumbersome bureaucracy, combined with the appreciation of the Brazilian currency, as making Brazilian vehicles less competitive internationally. Several auto industry interlocutors told Economic Officer that production costs in Argentina are lower and that Argentina is becoming an attractive alternative for auto makers, especially given the duty-free access to the Brazilian market afforded to Mercosul countries.

Despite Argentina's current energy crisis, several automakers have announced investments in Argentina. For example, Honda plans to invest USD 100 million to construct its first assembly plant in Argentina, both for the Argentine market and as a platform to Brazil and Mexico. Fiat also announced plans to reactivate a plant in Argentina that it had shut down in 2002. Renault also is examining the possibility of transferring production of its low-end models to Argentina.

Trade Events

2010

RECAUFAIR TIRE SHOW - TIRE AND EQUIPMENT INTERNATIONAL FAIR AND CONVENTION

Expo Center Norte – Sao Paulo

<http://www.recaufairpneushow.com.br>

Available Market Research

South America Trade Show (2009)

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Name: Mauricio Vasconcelos, Commercial Specialist in Belo Horizonte

Position: U.S. Commercial Service in Belo Horizonte

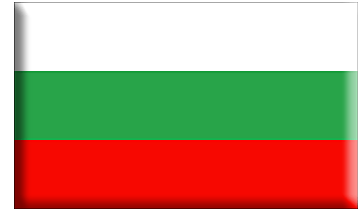
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Bulgaria

Capital: Sofia
Population: 7.6 million
GDP*: 49.8 billion
Currency: Euro
Language: Bulgarian



Summary

In 2007, Bulgaria entered into the European Union and into the U.S. - EU trading relationship. The signing of the U.S. - Bulgarian Defense Cooperation Agreement provided further evidence of the deepening of the strategic political and military partnership between Bulgaria and the United States. Ratification of the Double Taxation Treaty and introduction of flat 10% tax in 2008 contributed to further optimism in the future bilateral business relations between both countries.

Current Market Trends

The new cars market in Bulgaria until 2009 demonstrated stable upward trend as of 1996.

In 2009 as in many other countries, the financial crisis hit badly this market. The number of new cars sold in 2009 declined to 26 813 which is almost 53.7% compared to the new cars sold in 2008 amounting to 57 927.

The market leader in 2009 was Toyota with 2820 cars sold which is 44.5% decline compared to 2008, followed by Peugeot with 2263 new cars sold, 8.80% market share and decline of 45.4%. Third in ranking was VW with 2251 new cars sold, 8.76% market share and 52.5% decline. Fourth was Opel with 2191 new cars sold, 8.52% market share and 59.9% decline. The only car brand with positive upward trend in sales was Land Rover, which sold 231 cars which was a 29.8% increase compared to the sales in 2008.

Most seriously affected was the market for heavy duty and professional vehicles, busses and vans. In 2009 this market declined by 73% compared to 2008. The leader in this market segment for 2008 and 2009 remained Mercedes with total number of sales 479 and the decline was 66.8%. The least shrinking market segment in Bulgaria in 2009 was the motorcycles and ATV market, which declined only by 25.9% and amounts to 488 pcs.



For the first half of 2010 Toyota remained the top selling brand with 893 vehicles sold, which comprised 10.38% of the total vehicles market share in Bulgaria. Next in the ranking list are Ford with 857 cars sold with 9.96% market share, Peugeot with 788 cars sold with 9.16% market share and VW with 736 cars sold with 8.55% market share. The last on the 10-companies' list of best-selling car brands in 2010 is Opel with 476 cars sold and 5.53% market share. The market for heavy duty and professional vehicles in 2010 declined by another 29% compared to 2009 amounting to 351 vs. 498 for the same period in 2009. The motorcycles market declined by 27.6% compared to 2009.

Almost 18% of the cars registered in Bulgaria are older than 10 years. Since 2000 Bulgarian families prefer to buy cars not older than 10 years. Now almost 70% of Bulgarian families own a car and almost 80% of the firms with business activities have motor pools, which depending on their activities, consists of cars, vans, minibuses, jeeps and light trucks.

The automotive aftermarket and collision repair car business is one of the fastest growing in Bulgaria. The growth in numbers of European cars will lead to a need for more sophisticated service and car body repair equipment, both mechanical and electronic, paint products and application methods at an affordable price. The official distributors of all new car models maintain warranty service and repair stations within their company structures. The new, sophisticated electronic car equipment requires special analyzers, testers and experts to deal with it. Best sales prospects include consumables, including oil and air filters, wiper blades, rubber blades, hoses, gaskets and rings, engine parts, brake parts, exhaust system parts, car body parts, accessories such as wheel covers, car/truck bed covers, car batteries, exterior accessory lights, auto security products such as alarms, steering wheel locks, service equipment for electronic diagnosis, monitoring, testing and analyzing, wheel balancing, tire changing, oil changing, battery chargers, quick repair kits, tools, paints and auto cosmetics.

Available Market Research

None currently available.

U.S. Commercial Service Contact Information

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Canada

Capital: Ottawa
 Population: 33.5 million (2009 estimate)
 GDP*: \$1.279 trillion (2009 estimate)
 Currency: Canadian
 Languages: English, French



Summary

Canada Motor Vehicle Sales 2008/2009 (Units)

	2008	2009
Passenger vehicles*	894,506	747,671
Trucks*	779,639	737,185
Motorcycles**	89,390	64,087
Total Canadian Sales	1,763,535	1,548,943

* Source: Statistics Canada

** Source: Motorcycle and Moped Industry Council

Market Entry

Source: U.S. Census Bureau – U.S. International Trade Statistics

	<u>Exports to Canada for January 2009 (\$1,000)</u>	<u>Canada's % of World Totals (US Exports)</u>	<u>January 2008/2009 Change (%)</u>
Automobiles and Light Duty Motor Vehicles, including Chassis	287,035	21%	-72%
Heavy Duty Trucks and Chassis	301,145	57%	-40%
Motor Vehicle Parts	426,561	42%	-46%
Motor Vehicle Gasoline Engines and Engine Parts	158,940	61%	-55%
Motor Vehicle Electric and Electronic Equipment	73,706	33%	-42%
Motor Vehicle Steering and Suspension Components	26,950	55%	-50%
Motor Vehicle Brake Systems	50,632	50%	-38%
Motor Vehicle Transmissions and Power Train Parts	124,580	57%	-60%
Motorcycles, Bicycles, and Parts	32,471	22%	-6%

After the United States, Canada represents the second largest automotive market in North America with more than 1.64 million units sold in 2008. The inextricable relationship Canadian and U.S. production facilities have forged over the years also makes Canada the largest industry trading partner for the United States. Despite the North American automotive industry's sharp decline in recent months, sales of new motor vehicles in Canada rose 6.3 percent in March 2009 to 122,194 units: the largest monthly growth since January 2008. Further, the number of new motor vehicles sold in March 2009 rose in all provinces with the most growth in Quebec, whose sales rose 10.4 percent. For the month of March 2009, the U.S. Census Bureau calculated that roughly \$660



million in automobile and light duty motor vehicles were exported to the Canadian market, representing 30 percent of total U.S. exports.

Main Competitors

While American automotive imports retain a majority in Canada, market trends indicate significant inroads for Asian manufacturers – including aftermarket and component parts, in addition to passenger vehicles and trucks.

Current Demand

For the first quarter of 2009, monthly sales of new passenger vehicles in Canada indicate that the United States lost approximately four percent of its market share to foreign competitors. Despite increased competition in the passenger vehicle sector, the United States continued to maintain its dominance within the light and heavy-duty truck market, retaining 85 percent of the Canadian market share.

Given the 50 million cars on Canada's road and the maintenance they require, the best prospects in the automotive sector for U.S. companies are in the aftermarket. In other words, while the auto sales market has declined rapidly, the demand for maintenance continues to expand. Thus, the current slowdown in the auto sector will not likely catch up to the aftermarket for a few years. Until then there will still be a strong demand for aftermarket products and services.

On average, each car 12 years or older requires a minimum of \$1000 in maintenance per year. This figure is important because 43 percent of cars on Canadian roads are on average 15 years old. Much of the market is still in mechanically installed (MI) parts, but also we are seeing a large increase in the Do-It-Yourself (DIY) purchases and repairs.

The automotive aftermarket sector is the largest retail sector in Canada ahead of clothing, food, furniture and pharmaceuticals. The sector encompasses production, re-manufacturing, distribution and retailing of replacement parts, tools, equipment, accessories, chemicals and production for fixing used cars. The sector is estimated at over \$19.35 billion.

The sector has been growing at a steady rate of 2-3 percent over the past four years. This growth is expected to continue for a few more years despite the slowdown in the automotive market. The Canadian market offers U.S. suppliers the best opportunities in this sector because of a strong trade relationship and the largest market other than its own.



Trade Events

AutoMechanika Canada

Toronto

<http://www.automechanikacanada.com>

Automechanika is the only Canadian trade show showcasing North American aftermarket suppliers and retailers (Automechanika replaced the Automotive Industries Association of Canada trade show).

Truck World: Canada's National Truck Show

International Center, Toronto

www.truckworld.ca

Truck World is the annual meeting place for Canada's truck industry. The show attracts new products, new ideas, and new solutions within its 300,000 square feet of trucks, equipment and technology.

Ontario Transport Expo

Toronto

www.ote.ca

The Ontario Transport Expo is a trade show and conference that brings together buyers and sellers from the bus transportation industry to facilitate the exploration of more efficient ways in which they can service their transportation customers in the future.

Available Market Research

Automotive Aftermarket Parts and Accessories/Service Equipment (2008)



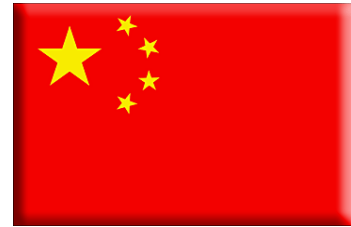
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China

Capital: Beijing
Population: 1,336,580,459 (by Sep. 2, 2010)
GDP*: \$5,263 billion (2010 estimate)
Currency: Yuan
Language: Mandarin



Summary

China is now the second largest automotive market in the world, trailing only the United States and Europe. China has about 6000 automotive enterprises, which are scattered in five sectors: motor vehicle manufacturing, vehicle refitting, motorcycle production, auto engine production, and auto parts manufacturing. This includes approximately 100 OEMs, with 40 producing passenger vehicles, and over 4000 registered auto parts/accessories companies. All tiers of the industry are being driven by the booming sales of the OEM sector. Nearly 80% of the revenue for the auto parts and accessories market is through new vehicle sales. However, revenue from after market is increasing rapidly.

Current Market Trends

Statistics shows that China manufactures 13.791 million vehicles in 2010, 48.30% increased from last year and became the number one in the world regarding the volume in number. It is forecasted that this number will reach 16.00 million in 2010.

Importation for parts and components recovered quickly from 2008 when this industry was really down. The importation volume for the first half year of 2010 is USD 12.72 billion, 90.65% increase compared with same period of last year. Among this, imported engine was 487,400 valued 1.3 billion, with 88.24% increase in dollar; parts, components and frame was USD10.4 billion with 90.32% increase; tiers for car and motorcycle is 0.185 billion with 62.79% increase; all the rest was 0.813 billion with 110% increase.

Market Entry

China's fulfillment of WTO requirements has helped drive new vehicle sales. As of July 1, 2006, China fulfilled its WTO requirements by lowering import tariffs for auto parts and accessories to 10% and import tariffs for new automobiles to 25%. The reduction of tariffs on automotive parts and China's agreement to eliminate local content requirements after WTO entry has placed domestic automotive parts manufacturers in direct competition with their international counterparts.

Shanghai and its surrounding provinces (Zhejiang, Jiangsu, and Anhui) are the centers for component manufacturing, representing around 44% of national production. Shanghai is home to Shanghai General Motors, Delphi, Visteon, and other notable American automotive companies and, as such, provides a good starting point for U.S. automotive component exporters to begin to explore the Chinese market. Other major automotive centers in China include Guangzhou (South China), Chongqing (West China), and Changchun (North China).

Current Demand

The main goals for automotive components, parts, and accessories manufacturers are to improve technology and quality and to develop design capability. Most of the domestic automotive parts manufacturers' R&D capabilities are limited due to the small scale of their operations and a shortage of capital as compared to international companies. In the next five years, the Chinese Government will continue to encourage foreign investment in automotive component development and manufacturing. In the meantime, there is a growing market for imports and American products are generally highly regarded by Chinese customers.

Best prospects:

- Engines for motor vehicles and motorcycles;
- Auto and motorcycle casting blanks;
- Key automotive parts and components including disc-type breaking assembly, drive axle assembly, automatic transmission box,, engine admission supercharger, engine displacement control device, electric servo steering system, viscous continuous shaft device (for four-wheel drive), air shock absorber, air suspension frame, hydraulic tappet, and compound meter;
- Auto electronic devices and instruments (including control systems for engine, chassis and vehicle body);
- Fuel cell technology;
- Automotive accessories;
- After market products



The reductions in automobile tariffs will make it much more cost effective for U.S. firms to export finished vehicles to China and reduced tariffs on parts will allow companies to import essential components that cannot currently be found domestically. Additionally, as China's restrictions on trading and distribution are reduced, American companies are gaining the right to distribute most products, including automobiles and related parts, in any part of China. Previously, foreign companies could only distribute parts to one interior destination in China and could not ship or distribute products between cities without employing a Chinese freight company.

The Chinese government has launched the "National Projects of Electric Vehicles," that encourages the development of environmentally friendly automobiles. So a U.S. company possessing clean energy parts and technologies will have more opportunities in the Chinese market.

Available Market Research

China: Auto Aftermarket (2009)

U.S. Commercial Service Contact Information

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Colombia

Capital: Bogotá., D.C.
Population: 48.7 Million (e)
GDP*: \$241,300 million
Currency: Peso, Colombiano
Language: Spanish



Summary

The automotive sector is the fourth most important industry in Colombia. The United States has traditionally been Colombia's major supplier of vehicles, automotive parts and accessories. This sector represented 8% of all Colombian imports for the first semester of 2009. Colombia imported from the United States \$11.3 billion products in 2008.

After a sustained growth of 20% per year since 2001, the Colombian automotive sector has experienced a significant setback in 2008. According to the Colombian Ministry of Commerce, Industry and Tourism, total sales of this sector (local market and exports) dropped by 41% with a 40% drop for utility vehicles and trucks. Domestic demand reduction and restrictions on Colombian exports to Venezuela and Equator were the major factors.

In 2008, the Colombian local market experienced a 15% overall reduction. The Colombian ministry of transportation imposed a reduction on truck licensing and a program to discard trucks over 20 years old until 2010. The output of this sector in the national industry lost 5%, from 41.5% in 2007 to 40% in 2008. A significant factor was Venezuelan restrictions on imports from Colombia, reducing national exports to Venezuela by 64%, which greatly affected the Colombian automotive industrial production and national employment rate.

In 2009, it was projected that sales of imported vehicles would drop by 18% from 2008, from 139,554 units sold in 2008 to 114,480 units in 2009. During the first quarter of 2009, the market remained stagnant, only tackling large dealer inventories. The automotive sector is gaining pace and reacting more dynamically in the second quarter of 2009, boosted by new production and assembly lines and a stronger demand for auto parts.

Market Entry

The following guidelines are recommended for Market Entry:

- Secure an agent, representative, or distributor in Colombia, which requires a contract that meets the provisions of the Colombian Commercial Code.
- Focus on formality, personal relationships and trust when negotiating agreements and contracts.
- Perform direct marketing and personal visits to potential buyers supported by Internet communications, printing and distribution of materials to prospective customers, which are essential.
- Keep good after-sales service arrangements, which are important in Colombia, not only in the original buying decision, but also in maintaining the sales relationship.
- Consider the product's quality, financing, and price, supported by extensive advertising campaigns, which play an important role in a Colombians' buying decision.

Current Market Trends

According to a 2009 market forecast by Econometria S.A., the Colombian market will sell 180,000 units in 2009, or 18% below 2008 sales. On top of export restrictions to Venezuela, exports to Ecuador will basically be banned as a result of Ecuadorian policies over politics with the Colombian Government. Venezuela and Ecuador are the main destinations for Colombian automotive industry exports. This loss should affect the Colombian unemployment rate as the sector generated 2.5% employment in 2008 and 2.6% of the industrial output. Econometria S.A. concluded that production in 2009 would experience a 38% reduction from 2008. By May 2009, 14,146 new vehicles were sold against 14,500 units sold on average during the past six months, confirming a downward trend in the market. The first quarter of 2009 showed a significant change in trends among imported vehicles, local production (47%), and cars and utility vehicles (68%) breakdown compared to the respective breakdown (46% and 69%) in 2008. Taxis, vans, and commercial vehicle sales were stable. In contrast, merchandise vehicles sales dropped significantly during this time frame. During the first semester of 2009, 1,200

pick-ups and 600 freight vehicles were sold from 1,600 pick-ups and 1,000 freight vehicles sold during the second quarter of 2008.

Main Competitors

Approximately 49 brands and some 249 models are found in the market. In 2008, the following motor vehicle brands competed very actively in the Colombian import market: Chevrolet, Hyundai, Ford, Nissan, Skoda, Mitsubishi, Volkswagen, Kia, Toyota, Peugeot, Renault, Daihatsu, Honda, Citroen, Dacia, International, BMW, Mercedes-Benz, Dina, Renault, Kenworth, Mack, Dodge, Freightliner, Petteril, Audi, Agrale, Daihatsu, Samsung, Subaru, Nissan, Isuzu, Hino and Volvo.

Current Demand

In general, the Colombian automotive parts and accessories sector reflects the economic state of the nation as well as the motor vehicles manufacturing/assembly sector. About 38% of all Colombia's exports feed the U.S. market. Because of the 2008 global economic crisis and lower import demand from the United States, Colombia's economy has stalled in 2008 and during the first quarter of 2009. However, analysts expect an improvement due to President Uribe's economic policy, a stronger demand in China and Brazil for Colombian products and services, higher raw materials value, and a favorable U.S. Colombian pesos exchange rate.

Barriers

Since 1990, Colombia has lowered and simplified its import tariffs. Import duties are quoted *ad-valorem* on the Cost Insurance Freight value of shipments. All duties (with few exceptions) have been consolidated into four tariff levels: a) 5 percent for raw materials, intermediate and capital goods not produced in Colombia, b) 10 percent and 15 percent for goods in the above categories but produced and registered in Colombia, c) 20 percent for finished consumer goods, and d) the exceptions, such as import duties for motor vehicles which remain at 35 percent, and some agricultural products which fall under a variable import duty system (price band).

These tariff levels are in line with Decision 370 of the Andean Community (formerly "Andean Pact") Agreement, which the governments of Bolivia, Colombia, Ecuador, Peru, and Venezuela approved in 1994. This Decision, known as the Common External Tariff (CET), was adopted by Colombia in 1995 through Decree 205. Under Decision 370, Andean Community countries assign a CET for imports coming from third countries, and while gradually eliminating duties on products manufactured and imported from within the region. Venezuela left the Andean Community in 2006, but indicated in 2007 that it may rejoin the Andean Community in the near future.

Trade Events

Name of event: Expopartes Trade Show

Location: Bogota, Colombia

English language website: N/A – Spanish Site <http://www.asopartes.com/web/directorio/expopartes/>

Description: This is an event that takes place every two years in Bogota, Colombia. This year it took place in June 2009; this is retail aftermarket source for parts, accessories and service equipment. Special show sections include Machine Shop; Paint, Body & Equipment; Tool & Equipment; Medium & Heavy Duty Truck; SUV and Vehicle Technology.

Available Market Research

Colombia Automotive Sector Overview (2009)

U.S. Commercial Service Contact Information

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Costa Rica

Capital: San José
Population: 4,509,290 (2009, CR Census Bureau)
GDP (PPP): \$48 billion (2009 estimate)
Currency: Costa Rican colón (Exch. Rate 500-600 per 1 USD)
Language: Spanish



Summary

Total Market Size (2009)	Total Local Productions (2009)	Total Exports (2009)	Total Imports (2009)	Imports from the U.S. (2009)
144.5	40	35.7	140.2	37.4

Data provided in US\$ millions. The above statistics are based upon industry sources and are unofficial estimates.

<https://www.hacienda.go.cr/msib21>.

Local production is limited to small electrical and metal parts, batteries, electrical copper cable, hydraulic seals, filters (air/gasoline), steel leaf springs, aluminium and steel wheels, windshields, carpets, hoses, mufflers, bus bodies, and tires.

Total imports in this sector are expected to increase in 2010 by 2 percent over the previous year to about US\$143 million.

Current Market Trends

The consensus within the local automotive parts industry is that despite the economic crisis that affected Costa Rica during 2009, the sector is expected to grow at an annual rate of 2-4 percent from 2010-2012. The surge in imports of used, low-cost vehicles from Asian countries during the last four years led to an increase in auto parts imports from China and Korea, which reduced U.S. market share. As a result, industry sources indicate that the U.S. share of the import market is expected to improve only slightly from 2010-2012. The U.S. market share for automotive parts for 2009 was estimated at 26.7 percent.

Main Competitors

Major U.S. competitors in this sector are Japan, South Korea, Brazil, Taiwan, and France.

Current Demand

Many of the cars in Costa Rican roads are imported as “used” from the United States, due to high taxes on new cars. For that reason, Costa Rican importers of automotive parts and accessories purchase their products in the U.S., although a significant portion of these items is not of U.S. origin.

According to several Costa Rican importers of automotive parts, good sales opportunities continue for virtually all categories of products in this sector. High quality, durability, availability and an assortment of vehicle parts, fast delivery, and favorable prices are the main factors for increasing U.S. sales of these products.

Under DR-CAFTA, U.S. suppliers should be well positioned to expand their market share for automotive parts. CAFTA-DR better positions U.S. exporters to take advantage of this expanding market. Current import taxes for automotive parts vary from 0 to 14 percent, depending on the product. Most of these import taxes will disappear immediately with the approval of the CAFTA-DR approval.*

Resources

Costa Rican Association of Importers of Automotive Parts (AIPA): aipacr@racsa.co.cr

Costa Rican Importers of Used Vehicles –CCA: carballeomotor@gmail.com

Costa Rican Association of Importers of Vehicles –AIVEMA: aivema@racsa.co.cr

Costa Rican Customs Directorate, Ministry of Finance: <https://www.hacienda.go.cr/msib21>

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Available Market Research

Automotive: Parts/Accessories/Service, CAFTA-DR (Jul 2007)



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Croatia

Capital: Zagreb
Population: 4.43 million
GDP (2008): \$69.34 billion
Currency: Croatian kuna
Language: Croatian



Summary

During the first 7 months of 2009, automobile sales in Croatia dropped by more than 48 percent. There were 29,999 newly registered personal vehicles, compared to 58,268 that were registered in the same period last year. The total number of registered vehicles in Croatia is approximately 2 million, of which 1.5 million are personal vehicles.

Current Market Trends

Opel is still the most popular car brand in Croatia, with 3,360 vehicles (an 11.2 percent market share) sold during the first 7 months of 2009. It is followed by Volkswagen and Renault with 2,879 and 2,649 vehicles sold, respectively. Ford is the highest-ranked U.S. car brand (1,326 vehicles sold; the 5th most popular car brand in Croatia, primarily thanks to the Ford Focus).

The recession has hit the car imports pretty hard, affecting the used cars market as well. The only brands/models that registered sales growth compared to last year were Lancia, Dacia and Mercedes Smart.

Almost 50 percent of the passenger vehicles registered in Croatia are older than 10 years. There is no data on the spare parts market in Croatia, but an average private vehicle owner spends approximately \$5,500 per year on car-related expenses, which includes gas for 13,000 kilometers, highway tolls, registration, technical inspection, maintenance and spares parts.

Trade Events

Zagreb Auto Show
March 18-28, 2010

Venue: Zagreb Fairgrounds

URL: http://www.zv.hr/sajmovi/163/index_en.html

In 2008, the Auto Show hosted 51 automobile brands (348 models) and 35 motorcycle brands (180 models), with numerous premieres and concepts. It is probably the most popular show in Zagreb.

Available Market Research

2008-2009 Automotive Resource Guide

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Czech Republic

Capital: Prague
Population: 10 million
GDP 2009: \$180 billion
Currency: Czech Crown (CZK)
Language: Czech



Summary

Due to massive foreign direct investments in the last two decades, the Czech Republic has become the major car manufacturer in the Central/Eastern European region (CEE). Leading Czech automotive companies are SKODA AUTO/Volkswagen, Toyota-Peugeot-Citroen (TPCA), Hyundai, Tatra and Avia (trucks), Iveco and SOR (buses), and Zetor (tractors). While in its entirety CEE's automotive production has represented roughly 10% of global personal car production and 5% of utility vehicle production, the Czech vehicle production is as follows below:

Production of Vehicles

	2008	2009	1Q 2010
Skoda Auto / Volkswagen	603,981	627,722	165,612
Toyota-Peugeot-Citroen (TPCA)	324,289	331,631	88,963
Hyundai *)	12,050	114,664	41,233
Others	10,232	8,000	1,500
Total	948,128	1,074,017	295,808

Although the financial crisis hit the Czech automotive industry hard at the end of 2008, production of new passenger cars rose to all-time-record high of 979,085 units in 2009. This is a 4.12 percent increase from 2008. The Czech automotive industry capitalized on higher demand for cheaper and smaller cars in the European Union, which car manufacturers in the Czech Republic specialize in. In addition to new car manufacturing, production of automotive parts and components plays significant role and represents almost 50% of the sector. This area was hit by the crisis the most and the market has faced severe reductions.

Market Entry

Excellent opportunities exist for U.S. automotive suppliers interested in selling parts to local auto plants or to the aftermarket. However, tapping into local supply chains can be both a costly and time consuming process.

Finding a good local partner is the key to successful entry into the Czech market. The quickest way into the market is to find a distributor with an existing distribution network which may welcome a new U.S. product that supplements an existing line. The best distributors work closely with their foreign suppliers to develop strategies tailored to the nuances of the local market, drawing on the distributor's knowledge of local pricing strategies, promotion techniques, and competition. In most cases, one distributor can provide coverage throughout the entire country for a related line of products.

Larger U.S. firms might want to consider establishing joint manufacturing facilities in the Czech Republic to provide Just-In-Time (JIT) inventory to large clients in the Czech Republic, or neighboring Germany, Poland, and Slovakia.

The U.S. Commercial Service at the U.S. Embassy in Prague helps American companies explore business opportunities here. Due to the importance of building person-to-person relationships in this market, we recommend that U.S. executives visit Prague themselves, using the **Commercial Service's Gold Key Service** or joining a trade mission. Executives may wish to combine their first visit to Prague with introductory visits to other nearby countries in the Central European region, such as Slovakia, Poland, or Hungary. Please contact us for more information.

Current Market Trends / Current Demand

SKODA AUTO's goals are to produce 1 million cars in 2012 and to double its current production to 1.5 million by the year 2018. Both TPCA and Hyundai have planned production increases in 2009. However, the ongoing crisis has put all these plans on hold indefinitely.



Barriers

There are no trade restrictions on imports of cars and automotive components from the United States, other than import duties. However, U.S. imports face strong competition from imports from the other European Union countries since automotive components produced in the EU can be imported into the Czech Republic duty-free. Import duties on automotive components have been generally low, ranging from 3.0% - 6.3%. Some foreign auto-parts producers use this advantage and import components into the Czech Republic from their European production sites.

American exporters must be aware that each new type of imported product is subject to certification for quality and safety in conformity with the relevant EU regulations. The certification process requires that a sample from the planned import batch of the product be tested and approved by a notified body anywhere in the EU.

Trade Events

AUTOTEC BRNO - INTERNATIONAL MOTOR SHOW

June 2011, Brno

Web: www.bvv.cz/autosalon, E-mail: autosalon@bvv.cz

Central Europe's most prestigious automotive event for years, AUTOTEC 2010, innovations in the production of trucks and commercial vehicles, trailers, parts and service technology. It is listed by O.I.C.A (the International Organization of Car Producers) among major world exhibitions.



Available Market Research

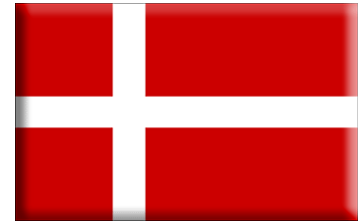
Automotive Sector Analysis (2010)

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Denmark

Capital: Copenhagen
Population: 5,263,327 (2009 estimate)
GDP*: \$344.49 billion
Currency: Danish Kronor DKK
Language: Danish



5.5 million

Summary

Due to heavy taxation on new vehicles (up to 180%), Denmark has traditionally had an older car fleet compared to other Western European markets. The economic boom leading up to the financial crisis somewhat altered this image, but consumers have once again grown reluctant to purchase new vehicles. Sales of new passenger vehicles, light and heavy trucks have dropped dramatically over the past year by as much as 50-70%.

This pattern of an aging car fleet, however, provides opportunities for exporters of spare parts as well as aftermarket accessories.

Market Entry

It is recommended that the Danish market be entered through a Danish or Nordic distributor who knows the business environment and the distribution channels.

Current Market Trends

In April 2007, the Danish government introduced a change in the tariff system for automobiles. Tariff rates were changed in favor of environmentally friendly cars. This has led to considerable discounts on cars that run more miles per gallon, increasing the demand for these. Nothing indicates for this trend to lose pace. Diesel cars have, due to a good mix of fuel efficiency and more powerful engine, become more popular in Denmark.

The industry expects a lot from electric cars, both new and fitted. New legislation is still in the making to make these cars a real and economically viable option for the masses. However, many eco-friendly consumers will go to great lengths to get their hands on an electric car, and exporters are trying to feed this demand.

Main Competitors

Denmark enjoys competition from the same brands as present in most of Europe, with brands from Asia, Europe and the United States.

Within spare parts, OEM producers gain large profits. Aftermarket spare parts are also available and are sold through some retail channels as well as directly from some repair shops.

American products are generally perceived well, and as they are often competitive they should have a chance on the market.

Current Demand

Sales of new conventional vehicles are practically at a stand-still. This trend will end with the financial crisis.

The combination of very high disposable income and a very low Dollar rate lead to large imports of classic American cars, trucks and motorcycles. Due to the current economic climate, there is now a heavy overflow of these vehicles in the Danish market.

Considering the average age of Danish vehicles and the reluctance to purchase new cars there is an ongoing demand for aftermarket products and services e.g. spare parts and accessories like ICS solutions. American automotive products are generally perceived well and there are many opportunities for exporters of high-quality, innovative and price competitive products and services.

Barriers

One of the benefits of working with a distributor in Denmark is their guidance through the potential maze of import regulations. These regulations, whilst not overwhelming, can be a barrier if U.S. companies attempt the direct to end-user route.

Import duty tariffs for vehicle *equipment* (not cars) are generally low and in-line with EU averages. Once cleared by customs, goods may move freely within the EU. In addition to import duty, all goods are subject to a 25 percent VAT (Value Added Tax) calculated on the landed (c.i.f) cost plus the duty. VAT applies on a nondiscriminatory basis to all goods, whether imported or locally produced.

Trade Events

No major trade shows in 2009. One large show has been cancelled due to current financial climate.

Name of event: Biler I Bella

Location: Copenhagen

English language website: www.bileribella.dk/ (Danish only)

Description: One of Denmark's only major automotive trade shows. Bi-annual. Next show will be March 21-23 2010.

Available Market Research

No current research available

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Dominican Republic

Capital: Santo Domingo
Population: 9.5 million
GDP: \$79.65 billion (2009 estimate, CIA World Factbook)
Currency: Dominican Peso
Language: Spanish



Summary

The Dominican Republic (D.R.) is completely dependent on imports of vehicles, automotive spare parts and accessories. Domestic production of automotive spare parts is limited to batteries and only accounts for two percent of the total market demand for this product. Japanese vehicles enjoy the most advantageous situation and dominate the Dominican market in each segment. Financial considerations (price and long-term and low financing terms), fuel-efficiency, availability of spare parts, quality and a good performance record are the key factors taken in consideration by Dominicans when purchasing a vehicle.

Market Entry

The best way to introduce a foreign company in the Dominican market is thorough local importers and distributors. The general import climate in the Dominican Republic is very favorable. The dollar exchange rate is responsive to market forces and imports can obtain hard currency easily. There are no restrictions for importation of vehicles and automotive products into the Dominican Republic. However, the law forbids the importation of used vehicles that are older than five years.

The Dominican Republic - Central American Free Trade Agreement (DR-CAFTA) provides competitive advantages to American exports to the Dominican Republic because the agreement allows significant reduction of import duties. As a result of DR-CAFTA, American exports of automotive products to the Dominican Republic have increased an average of 15 percent.

Main Competitors

Japanese and other Asian products account for most of the imports due to the significant car population imported from Japan. However, the situation is shifting slowly because of DR-CAFTA. Now that American vehicles are entering the market duty free, their presence is increasing and the demand for spare parts is also increasing. Shorter delivery time due to proximity to the U.S. is another advantage for American products in this market. In addition, the U.S. supplies approximately 75 percent of the total market for large passenger transportation buses. Also, parts for European and Japanese brands often come through the United States. The same must be said of the parts for Japanese brands manufactured in the United States.

Current Demand

The market for new automotive spare parts is expected to continue growing over the next two years due to the DR-CAFTA, especially within the "universal" spare parts subsector (those that can be used for any car brand: batteries, fuses, filters, suspension shock absorbers, etc.). This is the best subsector for U.S. automotive products and one of the best prospects for U.S. goods in the Dominican market.

Another factor that contributes to a steady increase in the importation of batteries (especially from U.S.) is their multi-usage. It is estimated that at least 25 percent of the imported batteries are being used in inverters. For years, the Dominican Republic has suffered severe energy problems that lead to regular blackouts. Every business has a back-up generator (sometimes two), and 35 percent of the Dominican private residences have an electrical inverter to help them cope with the energy deficiency. Inverters use from two to twelve batteries depending on their capacity. There is also a significant market for used automotive spare parts. Of this, 80 percent is dedicated to motor engines and transmissions. Low incomes of the majority of Dominicans are one of the reasons why most car owners (especially those dedicated to public transportation) are forced to buy used spare parts.



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Ecuador

Capital: Quito
Population: 14,257,281 (2010 estimate)
GDP*: \$52.5 billion (2009)
GDP/capita: \$8,280
Currency: US Dollar
Language: Spanish



Summary

Ecuadorian imports show that the United States continues to be the major source for automotive parts and accessories in 2009. U.S. market share in the automotive sector has been on average 26% during the last five years.

Current Market Trends

Imports of parts and accessories have closely followed the growth trends for the Ecuadorian vehicle fleet over the years. Following this tendency, the market for parts and accessories is set to grow in the future, and since the vehicle fleet has an average age of nine years it is probable that parts and accessories demand will tend to grow faster than the vehicle fleet.



Market Entry

The Ecuadorian market for automotive parts and accessories is complex due to the number and variety of the participants. The easiest and fastest way U.S. firms can access to the Ecuadorian Market is through local representatives (agents) or distributors. There are several automotive parts that require a standards certificate issued by the Ecuadorian Standards Institute (INEN). In some instances it can be difficult to obtain this certificate; mainly due to different requirements between the standards systems in both countries (i.e. an optional standard in the U.S. can be mandatory in Ecuador).

Main Competitors

Competitors include Colombia, Brazil, Japan, as well as many Asian countries.

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El Salvador

Capital: San Salvador
Population: 5.8 million
GDP*: \$21.1 billion (2009)
Currency: US Dollar
Language: Spanish



Summary

El Salvador is net importer of all type of vehicles and of almost all the related parts and accessories for their performance/maintenance.

There are approximately 655,000 vehicles registered in the country. 49% of total registered vehicles are concentrated in the Department of San Salvador.

The market for vehicles decreased by 60% in 2009, compared with 2008. In 2007 16,924 new cars were sold, when in 2008 that number went down to 14,355, and in 2009 to 6,744. Regardless the fact that vehicle imports decreased, when comparing total importation of parts from 2007 to 2008 there was a 17% increase in imports. In 2008, 30% of imported parts and accessories were of US origin.

Current Market Trends

The market for auto parts is divided in three: the private sector, the public transportation companies, and the government. Auto repair shops have an important role in decision making for purchasing parts and accessories for their clients in any of the above three categories of end users.

The private sector includes all the consumers that provide maintenance to their vehicles as well as private companies that need their fleet working in the best shape possible. The public transportation companies own 6,680 buses, from which 1,604 have more than 15 years of intense public transportation service. Buses are old and require repair in order to continue providing the much-needed service. All parts to keep the public transportation fleet working are imported. According to the Vice Minister of Transportation, 80% of the Salvadoran population uses this public transportation service.

For accessories "Tuning" is always on fashion and tuning followers exhibit their vehicles in San Salvador as well as in the rest of country, by organizing tours to different cities called "Speedfests". Additionally, the annual local trade show called Auto Expo, to be held this year on November 2010, puts together all vehicle related sectors and auto fanatics and presents to the general public the new auto trends and fashions. U.S. companies exhibit at Auto Expo through their local authorized representative.

Another reason why this sector is an excellent business opportunity is that Salvadoran vehicles deteriorate faster and need more parts in order to maintain active use. This is due to poor maintenance of streets, increasing traffic, disorganized public transportation, use of old vehicles, and importation of used vehicles. Currently, 90% of used vehicles purchased in El Salvador are imported from the United States and are bought directly from salvaged car auctions to be repaired locally and then sold. These cars require continuous maintenance and replacement services. Mechanic and repair shops purchase parts and accessories from local automobile parts importers, as well as automotive equipment usually imported directly for use in their shops. In comparison to 2008, the demand for used imported vehicles has decreased by 60%, mainly as a result of the current economic crisis.

There are four associations that represent the interests of the automotive sector: 1- Salvadoran Association of Auto Parts Importers, 2- the Salvadoran Association of Distributors of Vehicles, 3- the Salvadoran Association of Importers of Used Vehicles, and 4- Association of Auto Repair Shops.

Market Entry

Importers, distributors, and end users are receptive to U.S. auto parts and accessories due to the products' quality and warranty, and geographic proximity. Nevertheless, the industry is extremely price oriented and this means there is strong competition in sales of parts and accessories from other countries like China, Japan, Taiwan, and Brazil.

Main Competitors

Chinese, Brazilian, Japanese and Korean parts are sold in the country.



Current Demand

There is no significant automotive parts and accessories production in the Salvadoran economy and thus, almost all parts are imported. The U.S. Central America Free Trade Agreement (CAFTA), implemented in El Salvador on March 1, 2006, provides a broader opportunity for the U.S. industry, since import tariffs for parts under SAC 8708 were automatically reduced to zero after CAFTA implementation. For Vehicle Accessories under SAC 8714, 57% of product categories already had 0% tariff and 14% of product categories became 0% after having a 5% tariff. The remaining product categories will be decreasing in tariff rates in the following 9 years. Also, American auto brands have been steadily increasing their units in the market over the past several years, and spares are needed. Salvadorans recognize the value of quality parts made in the U.S.



Available Market Research

Country Commercial Guide, Chapter 4: Leading Sectors for U.S. Export and Investment (2010)

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Finland

Capital: Helsinki
Population: 5.3 million
GDP: \$238 billion
Currency: Euro
Language: Finnish (91.5%) and Swedish (5.5%)



Summary

Finland, with a population of 5.3 million, had a total of about 2.8 million passenger cars in 2009. In 2009, 90,574 new passenger cars were registered. According to statistics from 2008, 6,539 cars were directly imported from the United States. However, the total number of U.S. passenger cars in the market is considerably higher due to U.S. car manufacturers' imports from the European Union (EU) area. Vehicles equipped with catalytic converters and other low emission vehicles made up 67 percent of all automobiles and 72 percent of passenger cars. According to local sources, passenger car sales in Finland are expected to decline somewhat in 2010 due to global economic downturn.

Number of automobiles in use 2009 in Finland

	2009	2008	Change %
Passenger cars	2 758 291	2 682 831	2,8
Vans	328 962	315 275	4,3
Trucks	110 638	105 106	5,3
Buses	12 974	12 230	6,1
Other vehicles	12 821	13 030	-1,6
Total	3 223 686	3 128 472	3,0

Source: Statistics Finland/TraFI

Market Entry

The technical requirements in EU regulations make it challenging to import non-EU vehicles into Finland. In Finland, the "single approval" is the only way to enter the market. However, it is time and money consuming, due to the fact that many technical tests are required to prove that the vehicle meets EU requirements. The requirements inside "single approval" vary country by country in the EU. In Finland, EU approval is always mandatory for some vehicle parts, such as lights. For more information, please visit TraFI's website http://www.ake.fi/AKE_EN/

Current Market Trends

The most important factors for choosing and buying a new car for Finns are driving characteristics, appearance, durability, driving comfort, standard of equipment, and collision safety. Due to weather conditions, the best sales prospects for automotive parts and accessories are all kinds of devices that improve traffic safety.

The sales of original equipment manufacturers' (OEM's) automotive parts and accessories is closely related to the sales of automobiles of these manufacturers. Since the United States market share of new cars sold in Finland is not significant, the same applies to automotive parts and accessories.

Main Competitors

U.S. suppliers generally face strong competition from European suppliers. In 2008, Germany was Finland's number one supplier of passenger cars (24 percent), followed by the United Kingdom (20 percent), France (8.5 percent) and Japan (8.4 percent).

Current Demand

Currently, imports of automobiles from the United States are about 3-4 percent of total imports. U.S.-made products, such as steering systems, brake systems and parts, transmission systems, chassis and body parts have some sales potential in Finland. Also alloy wheels, accessories, chemicals and lubricants have market potential in Finland.

As the market is developing, local experts mostly agree that the next products with increasing demand in Finland will be ATV (All-Terrain-Vehicle) aftermarket products. At the moment, there are only a handful of dealers who sell ATV equipment and supplies. Sales of products such as winches, tires and rims, and spare parts and supplies are expected to increase in the years to come.



Trade Events

Helsinki Motor Show

Date: 2010 – Exact dates to be decided

Helsinki Exhibition and Convention Center

English language website: http://www.finnexpo.fi/helsinkimotorshow/default.asp?code_language=en

Description: Finland's largest automobile and automotive accessories exhibition

Electric Motor Show 2010

September 10-12, 2010

Helsinki Exhibition and Convention Center

http://www.finnexpo.fi/exhibition.asp?Id=1837&code_language=en

Description: Electric Motor Show 2010 event presents the latest electric cars and motorcycles, as well as electric scooters, bicycles and electric micro cars.

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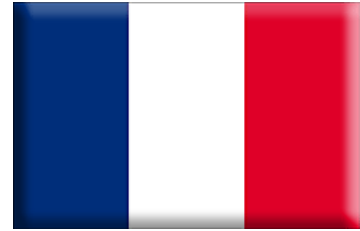
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France

Capital: Paris
Population: 65,073,482
GDP*: \$2.9 trillion
Currency: Euro
Language: French



Summary

	2008	2009*	2010*
Total Market Size	34,285	27,428	27,428
Total Local Production	35,742	28,593	28,593
Total Exports	28,497	22,797	22,797
Total Imports	27,040	21,632	21,632
Imports from the U.S.	809	797	797
Exchange rate: USD 1.00	Euro 0.7	Euro 0.7	Euro 0.7*

(Figures in USD millions: * estimated figures)

Source: FIEV (French Vehicle Suppliers Association)

France is the fourth largest European automotive market after Germany, the U.K. and Italy, with 2,050,283 new registered passenger vehicles and 5,393,000 second hand passenger vehicles in 2008. France is facing a most difficult year due to the economic crisis that has hit the worldwide automotive industry. The entire French automotive business chain suffered essentially because of the decrease in passenger vehicles production, which plunged 15.3% in 2008 to 2.5 million vehicles (instead of 2.9 million in 2007).

French automotive parts suppliers' sales totaled approximately USD 34.2 billion in 2008, which represented a decrease of 12.1% compared with 2007. Professionals within the industry estimate a turnover decrease of 20% to 25% for 2009. The drop in production and demand for passenger cars in France will also affect automotive parts suppliers in 2010. Estimates for 2010 are difficult to establish but figures should be similar to 2009. The industry is still very prudent as incentives (which help boost sales of small and green vehicles) will not be renewed in 2010.

The main categories of automotive parts included in these figures are: power train equipment (41.9%), vehicle interiors (29.6%), tire-to-road link components (13.7%), body components (11.5%) and equipment for measurements, checks, diagnostics and repairs (3.3%). This equipment is sold to the OEM market (Original Equipment Manufacturers) and the aftermarket, which includes the OES (Original Equipment Suppliers) and the IAM markets (Independent Market).

OEM auto parts sales reached approximately USD 28.2 billion, a 12.6% decrease compared to 2007. On the other hand, automotive parts suppliers' sales to the aftermarket (OES + IAM) decreased by 9.5% to approximately USD 6 billion in 2008.

France lost 7,000 automotive workers in 2008 for a total of 107,000 employees.

Current Market Trends

The automotive parts market in France is dominated by big multinational firms, many of them American with French or European operations. The FIEV (The French Vehicle Equipment Industries Association) regroups the main parts and equipment suppliers in France. Large U.S. suppliers are already present in France and are doing well. Among the twenty top suppliers, eight are American (Delphi, Visteon, Johnson Controls, Lear, TRW Automotive, Dana, Arvin Meritor, Federal Mogul). There is little or no room for mid-sized exporters in this very closed environment, where competitive requirements, transportation costs, etc., make it very difficult for firms not physically established here to sell their products to OEM and OES. U.S. industry generally supplies the French market from its European subsidiaries or via local joint ventures.

Direct imports from North America decreased in 2008 to 797 million dollars. The trend is still to source in Asia, the Middle East and North African countries.



The FIEV, the French Vehicle Suppliers Association, has mapped the evolution of the supply chain, and it is obvious that French manufacturers encourage their key suppliers to co-locate in manufacturing plants adjacent to the in-country assembly operations, or in European countries close by.

Most of the larger vehicle manufacturers have rationalized their suppliers' base of components and sub-assemblies and have stopped manufacturing parts in-house wherever possible. The trend is toward Tier One suppliers that provide complete sub-assemblies of parts sourced from the variety of Tier Two and Tier Three component manufacturers. Key suppliers are gaining greater competence in modules, systems, and even complete vehicle manufacture and have to meet the highest standards to be able to compete in this industry.

Current Demand

Opportunities for U.S. suppliers will be on highly technological products or those that are innovative in the context of the environment or security and safety. On-board communication tools are enjoying good growth.

Trade Events/Associations

Equip Auto 2011-Trade Show – October 2011
Website: <http://www.equipauto.com>

French Vehicle Equipment Industries Association
Website: <http://www.fiev.fr>

French Association of Automotive Independent Distributors
Website: <http://feda.fr>

Available Market Research

The Automotive Parts & Equipment aftermarket Distribution Networks in France – 2010
Overview of the Electrical Vehicles Market in France - 2010

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GERMANY

Capital: Berlin
Population: 82,060,000
GDP*: \$2.81 trillion
Currency: Euro
Language: German



Summary

German original equipment (OE) and automobile manufacturers are very receptive to U.S. products and U.S. manufacturers of automotive parts and services will find ample opportunities in the German market, if they take into account that Germany abides by strict environmental policies and safety standards.

With more than 46 million passenger vehicles and over 3 million heavy trucks on the roads, Germany is the largest market in the EU for automotive products. In Western Europe, German manufacturers account for 47 percent of all of the vehicles sold, and worldwide, for close to 20 percent. The German automotive industry employs 750,000 employees and, with sales of Euro 290 billion, accounts for 20 percent of Germany's economy and has the highest percentage of exports. Every seventh job in Germany is dependent on the automotive industry.

Because the German automobile industry is so important, the present economic turndown is causing considerable difficulties with a decrease in exports of 42 percent (3 of 4 vehicles manufactured in Germany are exported). This massive decrease in exports severely impacts not only vehicle manufacturers, but also automotive suppliers and all of the related industries; steel, plastics, electronics and chemicals. For 2009, it is expected that 25 percent of German suppliers will incur considerable losses and that almost 20 percent will go out of business (200 of 1,000 German suppliers) within the next two years.

On the domestic side, the German government is subsidizing the purchase of new vehicles by offering money to scrap vehicles which are more than 9 years old. As a result, new registrations in Germany have risen by 40 percent in the first months of 2009. Despite this present increase, the German Automotive Industry Association (VDA) expects only 2.9 million new domestic registrations by the end of 2009, against 3.1 million registrations in 2008.

As almost 17% of all German automobile exports are sold in the United States and in addition, German manufacturers maintain large manufacturing facilities in the U.S., major U.S. automotive component and equipment suppliers are in an ideal position to increase their sales to German manufacturers. In 2008, German automobile plants in the United States increased their sales to Latin America by 8 percent and to Brazil by 6 percent.

German automobile manufacturers are cutting costs by replacing many of their European suppliers with U.S. suppliers, both for their U.S. and other global plants. For this reason, U.S. automotive parts manufacturers are well placed to supply German plants in both the United States and around the world. BMW, for instance, recently announced that it intends to double its purchasing within NAFTA to Euro five billion per year. BMW and Daimler already work together on purchasing certain equipment and hope, until 2012, to save Euro four billion through mutual purchasing. They recently announced that in 2008, this way, they saved three times more than by buying alone over the last years. However, they both agree that they can only mutually purchase up to 10 percent of their total, otherwise the individual brands/designs would start to suffer.

Since 2007, U.S. manufacturers have increased their efforts to acquire German automotive original equipment (OE) suppliers. At the same time, as German vehicle manufacturers continue to demand lower prices from parts suppliers, many German suppliers will be forced to merge or go bankrupt. Since, November 2008, over 50 German suppliers have filed insolvency. For this reason, and as an average vehicle uses more than six thousand parts and one missing part can shut down production completely, the trend is to again use multiple suppliers, rather than just one or two suppliers as has been the case over the last years.

In 2008, higher fuel prices forced vehicle manufacturers to move towards manufacturing alternative fuel powered vehicles. Although German manufacturers already offer 80 models in Germany which use less than 5 liters per 100 kilometers, and 336 models which use less than 6.5 liters per 100 km, the German automotive industry is focusing on the production of electric vehicles. U.S. automotive electric component manufacturers are well placed to take advantage of the trend to "green" power.

Market Entry

Participation by U.S. companies in German trade shows is one of the best means of finding customers in Germany and throughout Europe. U.S. manufacturers not yet represented in the European market, or those who wish to present new products, should consider exhibiting at international German trade fairs. U.S. exporters must comply with EU and national legislation when it concerns type approvals of vehicles and parts.

Technical Standards

The huge differences in technical standards between vehicles sold in the United States and those sold in the EU, whether built by German or U.S. manufacturers, have long been cause for controversy. The cost of designing the same vehicle, but having to build in different systems, such as lighting or emission systems for the different markets, have often led to unnecessarily high costs. Taking into account that EU and U.S. manufacturers produce 43 percent of the world's vehicles (24.4 million), it is important that technical standards be simplified between the two areas. For this reason, in April 2007, the U.S. Government and the EU Commission created the "Transatlantic Economic Council (TEC)", and are now working closely together to create a transatlantic "level playing field".

In this context, the German Automobile Association (VDA) – www.vda.de and the U.S. Motor and Equipment Manufacturers Association – www.mema.org are working closely with their members, and with each other, to minimize the complexity of standards.

Technical standards are defined, maintained and approved by:

DIN Deutsches Institut fuer Normung e.V.
(German Institute for Standards)

Internet: <http://www.din.de/cmd?level=tpl-home&languageid=en>

For a fee, English translations of standards are available from Beuth Verlag GmbH (Beuth Publishing), at the same address.

Testing Requirements for Manufacturers of OEM Parts, After-Market Parts and Accessories

U.S. Manufacturers can contact CS Frankfurt for a list of individual companies/agencies in Germany (complete addresses) that certify products to the following standards:

ISO/TS 16949
QS. 9000
VDA 6.x

For further information on trade regulations and standards, please see the Country Commercial Guide for Germany, which can be accessed through the National Trade Data Base (NTDB) of the U.S. Department of Commerce.

Labeling

According to Regulation Kfz-GVO 1400/2002, "original replacement parts" are defined as parts manufactured by the parts supplier, regardless of whether they are sold through the automobile manufacturer-approved distributors or on the open market. Previously, replacement parts built by the same supplier but not sold through approved distributors were identified as "identical parts." This legislation will be in place until 2010.

Customs Duties

Customs duties for automotive parts and accessories average approximately five percent. No customs duties are levied on imports from European Union (EU) countries. An import turnover tax of 19% is currently applied, which in turn is passed on to the final customer as a value-added tax (VAT). VAT also applies equally to European and German suppliers. Trade restrictions or other non-tariff barriers (such as quotas) do not exist, but all equipment has to comply with German (and/or European) safety regulations and technical standards. The metric system of weights and measures is standard in Germany.

Certification

German standards for safety of equipment are set by over 200 technical standards and regulations. Important conformity requirements are tested by the TUEV Rheinland Group, which provides international certification for machinery, including ISO services. Its North American offices can be accessed online at <http://www.us.tuv.com>. The German agency responsible for standardization, the Deutsches Institut fuer Normung e.V. provides an online directory at <http://www2.din.de/index.php?lang=en>.



Technical regulations for industrial vehicles are harmonized on the basis of an agreement reached by the UN economic commission in 1958. All automobiles and parts must be marked with an international compliance mark, which consists of a circle with the letter “E” and the number of the appropriate country (1 for Germany). A list of technical requirements can be found in German on the website <http://www.bmvbs.de/Verkehr/Strasse-,1446/KfZ-technische-Vorschriften.htm>.

Disposal Requirements

Vehicles and components on the German market are subject to the “German Ordinance on the Transfer, Collection and Environmentally Sound Disposal of “end-of-life” Vehicles,” also called AltfahrzeugV (abbreviation for Altfahrzeug-Verordnung). According to this ordinance, all vehicle manufacturers and component manufacturers may not put materials or components on the market if they contain lead, mercury, cadmium, or hexavalent chrome. In addition, they are subject to coding standards as outlined by the European Commission in Article 8, Paragraph 2 of Directive 2000/53/EC. This paragraph concerns itself with identification of components and materials that are suitable for reuse or recycling. Finally, manufacturers of vehicles and component are required to provide information on the dismantling, storage and testing of reusable components to accredited dismantling facilities without prejudice to commercial and industrial confidentiality. The full text of Altfahrzeug V is available in English at

http://www.bmu.de/files/pdfs/allgemein/application/pdf/vehicles_vo.pdf

In addition, as of January 2009, a 2,500 euro automobile disposal ruling is in effect in Germany (known as Abwrackpraemie). Anyone participating in the “clunker ruling” must be the registered driver of the old vehicle for at least one year. The “clunker” automobile must also be a minimum of nine years old and the new vehicle must comply with the euro 4 carbon dioxide emission standards. The ruling is expected to be in place until the end of 2009, in order to boost the economy and reduce layoffs in the automobile sector.

Current Market Trends

Tuning, customizing

Customizing cars remains a popular trend in Germany. The following models are customized most often in Germany: BMW, Fiat, Ford, Honda, Mercedes, Mini, Seat, Suzuki, Toyota and Volkswagen. The Essen Motor Show remains the main show for Northern Germany, Netherlands and Belgium. However, the new “Tuning World Bodensee”, which takes place in Friedrichshafen on Lake Constance (Switzerland is just across the border), is rapidly increasing in importance for German and Swiss tuners and customizing companies. A good reason is that it takes place at the beginning of May and international car clubs gather around Friedrichshafen to meet and camp out and, at the same time, to hold their own events parallel to the show. (See below for details on both shows.)

As car customizing continues to grow in Germany, opportunities exist for U.S. manufacturers of high quality and price competitive audio equipment (HS-852721910, HS-852721990); Alloy wheels (HS-870870500), wooden trimmings (HS-442010190), seat covers (HS-630493000) and other interior and exterior car accessories for European and Asian cars. In this area, U.S. manufacturers face tough competition from German and Asian manufacturers. Increasingly, many customizing and tuning products are sold by international manufacturers via websites.

Micro technology

The further rapid development of micro technology is revolutionizing the electronics sector, providing micro-sensors and motors for a huge number of applications, such as in lighting systems (both interior and exterior), airbags and other safety applications. In addition, micro camera systems complete with motors and sensors have been developed to assist drivers in a possibly dangerous situation (such as braking in fog/lane change, driver drowsiness, etc.).

The increase in use of a multitude of sensors and motors means that the use of EDS (electronic distribution systems/cables) is also on the increase, with a luxury German vehicle now needing up to 2,000 meters of cabling.

Alternative materials

Alternative energy has always been a major theme for manufacturers and suppliers in Europe and all agree that in order to combat fuel consumption less steel/weight will be used in the future. Aluminum and magnesium will play a larger role, as will plastics and elastomers. Whereas aluminum, magnesium and plastics are used for 15% of parts at the moment, BASF estimates that by 2010, plastic parts will account for 20% and in some cases even 25% of materials used.



Main Competitors

U.S. suppliers generally face strong competition from European and Asian suppliers. Nevertheless, Germany remains the major market for U.S. automotive exports.

Current Demand

Figures show that strong exports consist of original parts and systems (OE), as well as aftermarket parts and accessories. A high volume of automotive exports are made up of the following products: gasoline engines and parts, seating and interior trim, transmission and power train components, suspension parts, lighting equipment, metal stampings, air-conditioning parts, tires and chemicals. It is also expected that exports of OE infrared blind-spot detectors, radar enhanced cruise control (HS-903289900), and head up display of speed/distance will increase in the near future.

Ongoing discussions on declining sources of fossil fuels, increasing energy costs, and the environmental damages caused by CO₂-emissions have led to increased worldwide research and development (R&D) of vehicles that use a minimum amount of fuel. One third of all of the automobiles that are produced in the EU are made by German manufacturers and the automotive market is the most important sector for the German economy. Germany, therefore, has taken an international lead in the effort to reduce CO₂ emissions and the German R&D sector is rapidly developing alternative drive systems, such as electric motors, fuel cells and hybrid technology.

The demand for such technologies is enormous. Studies show that approximately 29% of German consumers state that environmental sustainability is important for their next car purchase (see figure 1).

While traffic volumes in Germany are continuously growing, the transport sector is facing the major challenge of trying to cut CO₂ emissions and reduce its dependency on oil, while also safeguarding a high level of mobility.

Current negotiations in the EU regarding climate protection and CO₂-emission targets for the automotive industry have prompted the German government to introduce tax incentives for vehicles with low CO₂ emissions. German manufacturers need to drastically step up their efforts to meet the target value of 130 gram CO₂ emission per kilometer by 2012. The current average fleet value for German automobiles is presently at 173 g CO₂/km. (see figure 2)

In response to the recent financial crisis, the German federal government introduced the so called "Umweltprämie" ("clunker" scrapping incentive) in order to support the automotive industry and to reduce the number of old cars on the road with high fuel consumption. Car buyers who scrap their old cars, which must be at least nine years old, qualify for a EUR 2,500 bonus to put towards a new vehicle. As a result, sales of hybrid drive vehicles have increased considerably since the end of 2008.

Replacement parts continue to make up approximately 60% of the aftercare and accessories market, with more than EUR 43 billion in sales. In this sector, brake pads, electrical systems, exhaust and motor parts are most frequently replaced or repaired, making up 49% of all replacements and repairs (see chart below). Brake systems and transmissions were the parts experiencing the highest growth rates in value terms in 2006. As the electrical content of cars increases, the frequency and value of repairs in this segment will continue to increase rapidly.

In the aftermarket segment, more than half of all maintenance and repair services is now electrical. The availability and accessibility to technical information is a major issue to the aftermarket. High-tech automotive development is expected to increase rapidly in the coming years, making OE technical information, universal testing and diagnostic equipment, software, tools and training a critical element to repair workshops.

Barriers

A major barrier to U.S. imports is the German approval and certification of automotive products. CS Frankfurt can supply a separate report on the topic of German approval and certification for U.S. products.

Trade Events

Over 90% of products and technologies are introduced into the German market via trade fairs. Participation by U.S. companies in German trade shows is one of the best means of finding global customers. U.S. manufacturers not yet represented in the European market, or those who wish to present new products, should consider taking full advantage of the business opportunities presented at the international German trade fairs. The U.S. Commercial Service in Germany provides counseling, market research, and other support services to U.S. exhibitors before, during and after the show. Details of U.S. pavilions at these trade fairs can be obtained from CS Frankfurt. Relevant fairs are listed below:

Event: AUTOMECHANIKA

Site: Frankfurt

Dates: September 14-19, 2010

Internet: <http://automechanika.messefrankfurt.com/frankfurt/en/home.html>

E-mail: info@messefrankfurt.de

or, contact in the United States

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The 20th Automechanika in 2008 featured 4,471 exhibitors, including over 180 from the United States, on 300,000 square meters of exhibition area, which attracted over 161,000 trade visitors from 80 countries. Automechanika is the world's largest trade fair for automotive parts & equipment and workshop equipment & services. Since 2002, Automechanika also showcases OE parts and systems. The trade fair is held every other year, alternating with the IAA trade fair (see below). The fair consists mainly of buyers from international wholesalers and distributors.



In mutual cooperation with the major U.S. associations, CS Frankfurt provides pre-show support and product promotion for U.S. manufacturers to the European press, as well as hands-on support at five major U.S. pavilions.

Event: Z - Die Zuliefermesse (The Subcontracting Fair)

Site: Leipzig

Dates: March 1-4, 2011

E-mail: info@leipziger-messe.de

Internet: www.zuliefermesse.de

CS Frankfurt recruits and organizes a U.S. pavilion at this fair. For further information please contact CS Frankfurt (contact information follows at the end of this report).

The fair is for Tier One, Tier Two and Tier Three automotive parts manufacturers and systems suppliers. It also features machine tools. This fair is not for aftermarket products or accessories.

In 2009, The "ZulieferMesse and Mechatronik (Z)" and "Intec Messe" combined featured 1320 exhibitors from 28 countries. The conventions spread over an area of 60,000 square meters, which attracted more than 20,200 industry visitors. "Z" is for the automotive supplier and machine tool sector and is very specific, showcasing original automotive parts, equipment and systems (OE products only). Part of the fair is dedicated to the automotive machine tool sector.

Event: Testing + Engine Expo

Site: Stuttgart

Dates: June 22-24, 2010

E-Mail: info@ukintpress.com

Internet: www.engine-expo.com

At this very specialized niche event in 2009, more than 350 exhibitors displayed products. This event features engines and OE testing equipment. In 2009, the event covered a total exhibition area of 18,000 square meters. Over 11,000 businessmen attended the fair, a high percentage of them from foreign countries. The testing event concentrates on all types of equipment that could be possibly used in OE vehicle testing. This event does not cover or include aftermarket test equipment.

The engine expo deals only with parts and equipment that make up an engine.

Event: IAA (International Automobile Exhibition)

Site: Frankfurt

Dates: September 17-27, 2009

Internet: www.vda.de or www.iaa.de

or, contact in the United States:

Motor Vehicle Manufacturers Association

Att. Mr. Evers

300 New Center Bldg.

Detroit, MI 48202

Telephone: (313) 872-4311

Telefax: (313) 872-5400

In 2007, a total of 1,081 exhibitors (42 % from foreign countries) displayed their products in ten halls. Total exhibition area covered 169,495 square meters. Nearly one million people visited the show. More than 62 percent came from 125 foreign countries.

Most of the consumers visit the ground floors of all of the major halls, where the IAA showcases new passenger vehicles (88 new car premiers in 2007) as well as tuned and customized vehicles.

Of the industry visitors, 26% are from automobile manufacturers and 28% come from parts and equipment manufacturers. These mainly visit the exhibits in the floors above, where manufacturers display OE and equipment, as well as aftermarket parts and accessories. According to the VDA, 25% of the industry visitors are decision makers. Purchasing personnel are hard to find at the stands, as booth staff are normally from the sales or press department. The show is ideal for U.S. manufacturers that wish to promote/launch a new product, especially those seeking visibility with consumers.

Event: IAA NUTZFAHRZEUGE - Heavy duty vehicle exhibition

Site: Hanover

Dates: September 23 – 30, 2010

Internet: www.vda.de

or, contact in the United States:

Motor Vehicle Manufacturers Association

Att. Mr. Evers

300 New Center Bldg.

Detroit, MI 48202

Telephone: (313) 872-4311

Telefax: (313) 872-5400

In 2008, a total of over 2,000 exhibitors from 110 countries displayed their products at the Hannover truck show. The total exhibition area was more than 188,578 square meters.



The IAA Nutzfahrzeuge fair exhibits manufacturing trucks & bodies, buses and trailers. IAA also showcases accessories and devices for transport. In addition, exhibitors include logistics and transport companies dealing with freight by land and rail.

Event: International Supplier Fair (IZB) – automotive original equipment (OE)

Site: Wolfsburg

Dates: September 29 – Oct. 1, 2010

Internet: www.izb-online.com

In 2008, more than over 680 manufacturers from 22 countries displayed their products at the International Suppliers Fair, held for the fifth time at Volkswagen headquarters in Wolfsburg. The total exhibition area was more than 188,578 square meters, spread out through 6 halls.

The original conception of the IZB, was that suppliers would come to exhibit their products in Wolfsburg, to give the Volkswagen purchasing department the opportunity to examine OE products on one spot, at the same time. In the meantime, the event has become so international that purchasing personnel from around the world come, in order to examine the latest developments and technology. As Volkswagen is about to start production at its new factory in Tennessee, North America has been chosen as “Partnerland” for the 2010 event.

Core themes, in addition to traditional automotive OE products, are electrical components, mechatronics, joining and bonding technology; metal and lightweight body construction, plastics, interiors, modules, chemical products, powertrain control, power plant, chassis, development, IT service providers, and finance.

Event: Tuning World Bodensee

Site: Friedrichshafen

Dates: May 13-16, 2010

Organizer: Messe Friedrichshafen

E-mail: tuning@messe-fn.de

Internet: www.tuningworldbodensee.de

The “Tuning World Bodensee” is an interactive meeting of the industry, a focal point for associations, wholesalers, retailers, tuning clubs and race organizers. Held in May, the tuning world descends on Friedrichshafen, camping out, sleeping in their vehicles/trailers, or staying in picturesque hotels on Lake Constance. The show is rapidly increasing in size, having first been held in 2003.

In 2009, “Tuning World” featured more than 220 exhibitors (“hardcore”), on almost 80,000 square meters of exhibition area and attracted almost 107,500 visitors from all over Europe. This trade fair is one of Europe’s most attractive tuning shows; members from 154 private clubs displayed their vehicles and staged a continuous succession of tuning/customizing events and rock concerts. The show is not only a meeting point for wholesalers; it also serves as a major sales outlet to the general public, with many booths presenting their latest tuning systems and accessories for sale.

Event: Essen Motor Show

Site: Essen

Dates: Nov. 27 to December 05, 2010

Nov. 26 to December 04, 2011

Organizer: Messe Essen GmbH

E-mail: info@messe-essen.de

Internet: www.essen-motorshow.de

In 2009, the Essen Motor Show featured more than 600 exhibitors, on over 50,000 square meters of exhibition area. It attracted 346,800 trade visitors, most of them from Europe. CS Frankfurt has organized pavilions at this show a number of times. However, the show is heavily consumer orientated towards younger people.

Available Market Research

The market for original components and systems (August 2009)

The market for Hybrid, electric and fuel cell vehicles (August 2009)



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Honduras

Capital: Tegucigalpa
Population: 7.8 million
GDP*: \$32.5 billion (2009 estimate)
Currency: Lempira (LPS)
Language: Spanish



Summary

Market demand for U.S. products in the automotive parts and service equipment sector look promising, with an expected growth rate of 15 percent over the next three years. An aging car population continues to fuel demand for automotive parts and accessories in Honduras. An estimated 70 percent of the total vehicle population, registered at 852,604 units in 2008, is at least 5 years old and in need of constant repairs. According to industry sources, the global slowdown has reached Honduras, and is having a negative impact on domestic demand for new vehicles. The total vehicle population, however, could double in the next 5 years, and the distances traveled should also increase due to an accelerated urban expansion. The total Honduran market for automobile parts, accessories and service equipment is estimated at \$517.3 million in 2009.

	2007	2008	2009 (estimated)
Total Market Size	393.8	449.8	517.3
Total Local Production	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	393.8	449.8	517.3
Imports from the U.S.	283.4	249.5	286.8

(Sources: USDOC/OTII and SIECA. Data in USD Millions).

Market Entry

Many Honduran firms have enjoyed longstanding relationships with U.S. suppliers and the high receptivity to U.S. products is reinforced by the geographical proximity of the two countries. The duty assessed by the Honduran government at the time of customs clearance ranges from 0 to 15 percent for most items. With the implementation of the Central American Free Trade Agreement (CAFTA-DR), about 80 percent of U.S goods now enter the region duty-free, and U.S. suppliers are well positioned to expand their market share in the automotive parts and service equipment sector.

For marketing purposes, Honduras can be divided into two regions: the North Coast, including San Pedro Sula, the country's commercial and industrial capital; and the Central region, where Tegucigalpa, the political capital and largest city, is located. Tegucigalpa and San Pedro Sula are the major distribution centers for imported goods. The most common way to distribute automotive parts and service equipment in the local market is through direct importers, who also act as specialized retailers. A single distributor or representative is generally sufficient to cover all of Honduras.

Honduras, located in the heart of Latin America, is only at a 2-hour flight from several U.S. gateway cities and 48 to 72 hours by sea. With the lowest logistical costs in the region, Honduras serves as a distribution platform for the rest of Central America. Puerto Cortés, the largest deep-water port in the region, is the first port in Latin America to qualify under both the Megaports and Container Security Initiatives (CSI), which now make approximately 90 percent of all transatlantic and transpacific cargo imported into the U.S. subject to prescreening prior to import.

Price is among the most important selling factors in Honduras, followed by quality, availability of parts, and delivery time. In many cases, Honduran business people buy directly from the source if they feel that the cost-savings is sufficiently advantageous. The local banking system is traditionally conservative and generally extends only limited amounts of credit, though looser monetary policies and increased competition from regional and international banks including HSBC and Citigroup led to an expansion of consumer credit in 2007. U.S. exporters that offer attractive financing terms, low prices, warranty, and excellent customer service on sales to Honduran traders have the best chance of gaining market share.

Current Market Trends

Despite harsh economic conditions, industry contacts perceive this sector as a growing market. The higher cost of purchasing a new vehicle, for example, forces owners to maintain their old automobiles and buy parts and accessories more frequently. Public service transportation units represent one of the major end-users of automotive parts and accessories in Honduras. Most of the urban transportation fleets use buses of low operational quality, which are 80 percent obsolete. The replacement needs for urban buses alone is estimated at over \$60 million. According to the National Statistics Bureau, buses and other passenger transportation vehicles report an average annual growth of 2,500 units.

There are more than 300 retailers of automotive parts and accessories in Honduras who buy directly from overseas or through local distributors. Japanese cars and light trucks dominate the market but parts are often purchased through the United States. American-made pickups, SUVs, heavy trucks and buses have stronger shares of the local market. Recent tariff changes for automotive vehicles include the elimination of a disadvantage to U.S. vehicles vs. Japanese models, as Honduras rescinded the tariff based on engine size.

According to the "Regulation of Hazardous Gas Emissions of Automotive Vehicles" enacted in 2001, aimed at reducing the increasing air pollution levels generated by tailpipe emissions in the major cities of Honduras, all passenger motor vehicles need to be fitted with an emissions control system or catalytic converter. This important regulatory measure, coupled with the growing demand for effective emissions control devices, should positively influence the demand for automotive parts and accessories through local repair shop services.

Main Competitors

Honduras has no local production of automotive parts & accessories. The United States is one of the major suppliers in this sector, along with Japan, Taiwan, Korea, China, Brazil, Mexico, Germany and the U.K. Japanese vehicle brands constitute about 70 percent of the total car population. In recent years, however, the Honduran market has seen the introduction of several major American automotive brands, creating stronger competition for suppliers from other countries.

Current Demand

In general, most automotive aftermarket products and service equipment are expected to offer good sales opportunities in the Honduran market. Particularly promising products include:

All types of engine spare parts

- Electrical and brake system components
- transmission and suspension parts
- tires; wheels
- bumpers; spoilers; tail lights
- mobile electronics; alarms; sound systems
- repair shop, paint, tools & equipment
- emission control equipment
- batteries
- automotive accessories



Barriers

Recent tariff changes involving the removal of a complete ban on the importation of used automobiles and passenger motor vehicles of more than 10 and 13 years old, respectively, is expected to increase the used vehicle population in Honduras (former import regulation was 7 and 10 years old).

Trade Events

There are no locally held automotive shows in Honduras. The Commercial Service Office in Tegucigalpa annually recruits and leads a delegation of Honduran automotive aftermarket leaders to the Automotive Aftermarket Industry Week (SEMA/AAPEX) show in Las Vegas, Nevada, the most important retail and specialty automotive aftermarket trade event in the U.S. For more information on this International Buyer Program, please visit www.aaiwshow.com

Available Market Research

Automotive Parts and Service Equipment Overview – Honduras, August 2009.

U.S. Commercial Service Contact Information

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Hungary

Capital: Budapest
Population: 10 million
GDP (PPP): \$207.9 billion (2010)
Currency: Hungarian Forint
Language: Hungarian



Summary

Hungary is home to a large automotive components industry as well as some assembly plants. The market for automobiles in Hungary has robustly expanded since the mid-1990s, helped by the rise of personal disposable income and the easing of available credit. There are currently 3.5 million passenger cars in Hungary with an average age of ten years (8 years in the capital city of Budapest), so there is still a large growth opportunity in the replacement of the old vehicles. Although sales have dropped sharply in the past months due to the global financial crisis, in the medium term, demand for less expensive small, compact cars looks promising. The automotive after-market also remains interesting for U.S. manufacturers.

Market Entry

With Hungary's accession to the European Union (EU) on May 1, 2004, Hungary adopted the EU's common external tariff (CXT) rates. Tariff assessment and all other customs procedures take place at the first port of entry into the EU. However, Hungary still collects the Value Added Tax (VAT) on all goods with Hungary as a final destination. VAT is now 25 percent on most products and services.

For cars, a Registration Tax and Environmental Product Fee also has to be paid. The amount of the Registration Tax depends on the environmental ranking of the car, the engine size, the type of fuel and the age of the car. The Environmental Product Fee (Green Tax) is applied on the production, sale, importation or intra-EU acquisition of certain items, such as lubricating oils, tires, cooling equipment and refrigerants, batteries, electric appliances and electronic equipment.

Current Market Trends

The vehicle manufacturing sector became a vital source of FDI for the Hungarian economy at the beginning of the 1990s. The market, including the production of motor vehicles, associated parts, trailers and other transport vehicles, shares nearly 25% of the industrial output. A network of suppliers and components manufacturers has also developed and continues to expand, servicing the domestic market as well as the automotive industries on the neighbouring markets. Suppliers from the EU, the US and Japan have also established operations in Hungary, and thus Hungary became home to large automotive assembly plants such as Audi, Opel and Suzuki. Mercedes-Benz is in the middle of establishing a factory here in Kecskemet where the production of Mercedes A class vehicles will start early 2011.

The Hungarian automotive sector is now facing one of the most serious downturns among all industries in view of the global financial crisis. Even in 2010 there was a 20 percent decline in new car sales, despite the fact that sales figures were boosted by foreign buyers availing of subsidies. Purchases by foreign buyers from countries where governments are offering citizens subsidies to trade in their old cars for new ones accounted for as much as 80% of all new car purchases at some dealerships (The scrapping schemes favour small, fuel-efficient cars and many Western-European dealers soon ran out of stock of certain models). It is expected that 50,000 cars and 10,000-11,000 small commercial vehicles will be sold in Hungary this year.

Main Competitors

Foreign-owned domestic manufacturers dominate sales in the Hungarian automotive industry and about 95% of the cars produced in Hungary are exported. On the market of passenger cars the former leader Suzuki was overtaken by Ford (15%), followed by VW Group Skoda (12%) and by Opel (10%).

* Ford also leads the light commercial vehicle market with Ford Transit, tailed by VW Transporter and Fiat Caddy.

Current Demand

There are 3.5 million cars registered in Hungary, a number which has continuously increased in the past years. However, ownership still remains well below the levels of EU27 countries. Hungary is considered a one-car market, with most households keeping a single car to serve the needs of the entire family. Small and medium-sized cars dominate sales. Eighty percent of cars sold in Hungary are either in the compact class, or in the lower medium class, making these the fastest-growing segment of the sector over the past few years. Suzuki was a market leader from 1994 until 2008, when Ford took over the leading position in the passenger cars subsector. Growth in the premium segment is fuelled mainly by increasing demand for sports utility vehicles (SUVs).



Less expensive, gasoline engines dominate the market: While in Western Europe about half of all passenger vehicles are diesel powered, in Hungary this share is only about twenty percent.

There are roughly 11.8 thousand motorcycles in Hungary and mopeds account for about 40% of the market. The leading brand is Honda, followed by Suzuki. The average age of motor vehicles in Hungary is eight year and is predicted to remain far above the EU average, ensuring strong demand for spares and maintenance services. Performance and tuning parts make up a growing, but still relatively small part of aftermarket sales.

Practically all of the major international oil and gas manufacturers - such as MOL, Agip, ÖMV, Avia, Shell, Lukoil - own and control filling stations in Hungary selling their own automotive maintenance products. Engine oil is the largest segment in the lubricants market followed by gear and hydraulic oil.

Barriers

Products have to comply with European safety regulations and technical standards. The metric system of weights and measures is standard in Hungary.

Trade Events

Automobile 2011

Budapest, October 27-30, 2011

http://www.automobil.hungexpo.hu/&_nyelv=en

The bi-annual fair presents the full range of the vehicle maintenance industry's garage industry products, parts and accessories together with its servicing, fitting, repair and remanufacturing technologies.

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India

Capital: New Delhi
Population: 1.16 billion (May 2009 estimate)
GDP*: \$1.16 trillion
Currency: Indian Rupees
Language: Hindi, English



Summary

The Indian automotive industry is on a fast track for growth. India is emerging as the world's fastest growing passenger car market, second largest two-wheeler, and fifth largest commercial vehicle manufacturing center in the world. India produced 1.8 million passenger cars and 417,126 commercial vehicles, and 8.4 million two-wheelers (motor cycles and scooters) during the fiscal year ended with March 2009. Major international automobile companies including Ford, General Motors, Hyundai, Suzuki, Mitsubishi, Toyota, BMW, Nissan, Renault, and Volkswagen maintain manufacturing facilities in India and compete with home grown companies such as Tata Motors and the Mahindra group. The Government of India's Automotive Mission Plan 2006-2016 (AMP) envisions India as the destination of choice for the design and manufacture of automobiles and auto components by 2016. The AMP projected that the sales revenue of the Indian automobile industry will reach \$122-159 billion by 2016 from \$34 billion in 2006.

Market Entry

The Government of India (GOI) allows the imports of automobile and components, production machinery, Computerized Numerically Controlled (CNC) machinery, tools and dies without government approvals and on payment of applicable customs duty. The GOI also allows licensing arrangements and joint venture opportunities in this sector. Foreign investment up to 100% is allowed in the automotive industry sector.

Current Market Trends

The Indian automobile industry is a mature industry segment with several MNCs competing with local companies. The Indian automobile market is set to expand exponentially in the next 5-10 years, given the strong growth in demand. McKinsey projected that the Indian middle class will reach 550 million by 2025, from the present 200 million growing middle class with strong purchasing power, signaling a sustained growth for the automobile sector. Realizing a strong latent potential, international automobile manufacturers are finalizing major new investment plans. These include: Ford \$500 million, Ashok Leyland-Nissan \$500 million, Nissan-Renault \$1 billion, VW (put in U.S. \$\$), Honda \$250 million, and Tata Motors \$240 million.

The Indian automotive components industry, with over 500 local firms in the organized sector, is a mature segment manufacturing a range of products for both domestic and export markets. The Indian auto components industry sector has been recording an average annual growth of over 20% in the past years. With the current recession and reduced automobile sales, growth was reduced to 8-9% through March 2009. An estimated 80-85 percent (pick either % or percent and stick with it) of the auto parts ventures are ISO 9000 certified, and some have received the Deming Award, the highest TQM award for quality. The Indian auto component sector reached a sales turnover of \$18 billion in FY 2008 (ended in March 2008), including exports of \$3.6 billion and imports of \$4.9 billion. According to a McKinsey study, the Indian auto components sector has a potential to reach \$40 billion by 2016.

Main Competitors

International players compete with Indian automobile manufacturers in the passenger cars and commercial vehicle space. Ashok Leyland, Mahindra & Mahindra, and Tata Motors are the major home grown companies that compete aggressively in the passenger cars and commercial vehicle segment. Indian automobile components ventures compete with international leaders such as Delphi, Visteon, and Bosch. Indian companies have formed joint ventures with leading foreign companies to manufacture components locally. Global automobile manufacturers including Ford, General Motors, and Toyota have set up their international purchasing offices in India to source components for their global operations. India is also fast becoming the global hub for automotive R&D center. General Motors, Daimler Chrysler, Bosch, Suzuki, and Johnsons Control, among others, have set up their development center in India.

Current Demand

The market is so large and diverse that a large number of players can be absorbed to accommodate buyer needs. The auto component sector not only has global players looking to invest and expand but leading domestic component companies are also pumping in huge sums into expanding operations. An auto park is coming up near Hyderabad with investments worth over \$ 409.30 million from around 34 automotive ancillary units. This is in addition to a \$245.59 million Greenfield project being set up by MLR Motors near the park. To cater to these upcoming investments and projects, all technology focused products for the OEM segment is expected to be in great demand in the country.

Indian automobile companies are also looking for products and technologies to improve fuel efficiency and emission standards. Emission norms of the Indian automobile sector will be on par with the Euro norms by 2010, requiring Indian cars to employ the latest technologies to meet the stringent standards. The GOI is considering implementing tough safety and security norms for vehicles by 2010, leading to opportunities for safety products such as car protection during collision, etc. Once government initiatives on vehicle safety regulations are implemented, rapid growth in the safety electronics segment is also to be expected, offering opportunities for U.S. safety system manufacturers. The electric and hybrid vehicle market is another segment offering opportunities for the U.S. suppliers.



The aftermarket is not well organized and aftermarket companies are scattered throughout the country. They are usually small-sized traders selling products to end users and retail customers. Major trading companies import products from neighboring countries and distribute them to the retail segment. The Indian aftermarket companies deal with a range of automotive products manufactured in the country and/or imported from neighboring countries in the region. Price, rather than performance, is the major factor in retail purchase decisions. India is an extremely price sensitive market. There will be opportunities in the aftermarket segment if the U.S. companies adjust their price accordingly.

Trade Events

Name of event: 10th Auto Expo

Location: New Delhi

English language website: <http://www.autoexpo.in/>

Description: 10th Auto Expo is India's largest automobile and components exhibition to be held in New Delhi, January 5-11, 2010. Industry leaders and decision makers will attend the exhibition and seminar.

Available Market Research

India: Opportunities in Indian Auto Components Sector (June 2009)

India: Automotive Electronics Market (July 2007)

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Israel

Capital: Jerusalem
Population: 7.6 million
GDP*: \$ 215 billion
Currency: New Israeli Shekel (NIS)
Language: Hebrew



Summary

In 2009, 172,715 new vehicles were imported to Israel worth approximately US\$2 billion. Of the 2.5 million cars, 3.7% are made in the United States and the balance from Europe (45.9%) and Asia (50.4%) - Japan 39.1% and South Korea 11.3%. The five top brands are Mazda, Hyundai, Toyota, Chevrolet (Korea), Ford (EU). In 2009, total imports of aftermarket products amounted to \$325 million, of which \$22 million was from the U.S. and the bulk of the balance from Germany (\$49 million), Japan (\$35 million) and Asia (\$42 million). The automotive aftermarket sector in Israel consists of original equipment manufacturers (OEM) parts and their substitutes. In Israel there are presently between 600–700 importers of aftermarket products and around 20 local manufacturers of aftermarket parts and accessories.

American spare parts are recognized for their high quality although in recent years Israel has progressively adopted European standards for vehicles as the bulk of cars being imported are from Europe and the Far East. Taxes in Israel are among the highest in the world, which industry sources blame as the main factor preventing the car market from reaching its potential. Discounting taxes, car prices in Israel were among the lowest in the world, up to 40% less than in Europe. In 2010, the Ministry of Transport & Safety will introduce new legislation, which will allow the parallel importation of vehicles by either individuals or newly appointed distributors who must meet stringent requirements. Personal car imports account for only 2% of all car imports, but nearly 25% of luxury car imports (mostly from the USA) costing more than NIS 200,000 (USD\$54K). Moreover, Japanese and European models, which are made in the USA according to American standards, will now be allowed into the country.

Market Entry

Partnering up with a reputable local representative who has excellent contacts in the industry, proven reliability, loyalty, technical suitability and after-sales service capability is a key factor to success in selling and maintaining a continued presence in the Israeli market. U.S. companies need to be aggressive in their pursuit of business opportunities and maintain an active in-country presence.

The most common approach used by exporters is to obtain a local importer/distributor. Distributors will import on their own account, carry sufficient stock to satisfy ongoing demand or to use for demonstration, maintain their own sales organization, supply spare parts and maintain a service division, if applicable.

Current Market Trends

Israel's Green Tax reform went into effect on August 2, 2009. The reform sets tax incentives aimed at reducing vehicular air pollution. The reform comes in the wake of the recommendations of a Green Tax Committee, which included representatives of the Ministries of Finance, Transportation, National Infrastructure and Environmental Protection.

The tax reform largely relates to changes in purchase taxes imposed on new motor vehicles weighing less than 3.5 tons. For the first time, tax rates on vehicles will be linked to the level of pollution emitted by these vehicles. Relatively clean vehicles will enjoy a significant tax benefit and lower sales prices while polluting vehicles will cost more in the wake of the reform.

The tax group of each vehicle model is based on the following:

1. Air pollution testing of each car model before it is approved for use in Israel, or in Europe or in the United States. The test results provide information on the following pollutant emissions: carbon monoxide (CO), hydrocarbons (HC), nitrogen oxide (NOx), particulates (PM) and carbon dioxide (CO₂).



2. Factoring of the emission data of each model by means of a "green grade." The grades are divided into 15 groups of pollution that form the basis for tax credits, with group 1 representing the cleanest vehicle group and group 15 the most polluting. Setting the tax benefit for each group according to its pollution level. The tax benefit is granted after uniform taxing of all vehicles at a rate of 90% (except hybrid cars and electric cars). The rate of benefit ranges from 15,000 shekels (\$3,950) for relatively clean vehicles to 0 shekels for the most polluting group.

The new tax structure will make cleaner and smaller cars less expensive by thousands of shekels, while the cost of polluting cars will increase significantly in order to incentivize the public to purchase more environment friendly cars. Taxes will go down for most of the smaller family cars that cost up to 120,000 shekels (\$31,600), the benefit of which, the Taxation Department. Hope will flow to the consumer.

Main Competitors

The majority of cars in Israel are from Europe and the Far East. Israelis in general and leasing companies, in particular, that are the main buyers, prefer compact, reliable and fuel efficient vehicles. With it has come a flood of Asian made aftermarket products, which are far cheaper than American and European products. Historically these products were far more inferior but over the years their quality has greatly improved making it more difficult for American products to compete in this very price sensitive market.

Current Demand

Israeli importers are always on the lookout for quality products at competitive prices – usually in that order. Market demand is greatest for the following products:

- Car security and anti-theft devices: anti-theft electronic systems, locking devices
- Car body: bumpers, radiator grills, hood and trunk lids, wings, front and rear lamps (i.e., the parts most vulnerable in car accidents)
- Service parts: disc brake pads, shock absorbers, front suspension parts, filters for oil and lubrication, air conditioning parts
- Replacement service parts: tires, fan belts, water hoses, water pumps, brake components, engine and transmission components, electrical components, undercarriage items that need replacing at the end of the warranty period
- Vehicle accessories: car care products, polish, wax, upholstery spray
- Water-coolants (Glycol) for radiators
- Electronic accessories: TV screens for the rear seats, GPS systems, sound systems etc.
- Universal lubricants: well-known brand names of high-grade oils, lubricating, glycol, wax. The market demands well-known brand names



Barriers

All US-made vehicles entering Israel must be retrofitted with EU standard headlights. CS Israel and the DOT are currently working with the Ministry of Transport to find a technical solution which will allow the use of both systems in Israel.

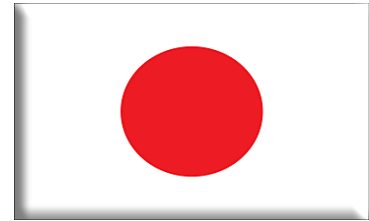
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Japan

Capital: Tokyo
Population: 127 million (2010 estimate provided by CIA Factbook)
GDP*: \$5.068 trillion (2009 estimate provided by CIA Factbook)
Currency: Yen
Language: Japanese



Summary

The automobile industry is Japan's primary manufacturing sector. Global demand for Japanese autos is virtually certain to grow in the long term on the basis of existing sales networks and future technologies, with emerging economies holding the best growth prospects. Due to the current global economic slowdown, sales of automobiles and auto parts have temporarily dropped precipitously, and as Japan's traditional purchasing practices are forced to evolve as a result, opportunities for U.S. auto parts manufacturers to conduct business with Japanese auto manufacturers are increasing. Key areas of current market trends include modularization, environmental technologies (including electric and hybrid systems), and safety. U.S. auto parts manufacturers with state-of-the-art technologies in the areas of "next-generation" transportation systems, transportation safety, traffic accident reduction, theft-resistance, and electronic components should consider entering this market.

Market Entry

Japanese auto manufacturers have maintained "keiretsu relationships" under which they dealt almost exclusively with other Japanese auto manufacturers by building close personal and business relationships. On one hand, this competition-free keiretsu transaction was the source of cost competitiveness of the Japanese auto manufacturers, while it has gradually revealed its own downside. In order to survive global competition and a high Yen rate firms have been expanding toward a more keiretsu-free procurement environment. This may enable U.S. auto parts manufacturers to enter the market.

Current Market Trends

The Japanese government demands for improved environmental performance and safety. This has impacted the auto and auto parts industry in significant ways, as illustrated by increasing cases of specification changes in auto-parts materials.

Modularization: Modularization enables auto manufacturers to streamline assembly lines, reduce assembling man-hours, and speed up auto production. This occurs when auto parts manufacturers, referred to as "Tier 1" suppliers; take over the work of parts assembly previously performed by auto manufacturers themselves. Modularized parts are delivered to auto manufacturers.

Environmental technologies: Changing consumer awareness and regulatory pressures all point to the need for new ways of building and operating automobiles. The need to ensure sustainable growth is accelerating demand for new power development and recycling technologies. Automobiles will be forced to meet increasing demands for exhaust gas reduction, fuel performance enhancement, noise reduction, resource-conservation, and recyclability.

Safety: Automakers are under pressure to upgrade the strength of outer panels, equip vehicles with multiple airbags to protect drivers, passengers, and even pets; enhance accident-preventing technologies and reduce congestion while decreasing the distance between vehicles at high speeds. The Japanese government has organized an Active Safety Vehicle (ASV) promotion deliberation system aimed at developing safer vehicles by upgrading the sophistication of automotive functions with the use of electronics technology, and reducing human error and misjudgment in driving. Electronic control technology is an indispensable factor in ASV and, as the technology progresses; electronics-related industries can expect to enjoy a substantial increase in demand.

Main Competitors

Japanese auto manufacturers are Daihatsu Motor Co., Ltd., Fuji Heavy Industries Ltd., Hino Motors, Ltd., Honda Motor Co., Ltd., Isuzu Motors Limited, Mazda Motor Corporation, Mitsubishi Fuso Truck and Bus Corporation, Mitsubishi Motors Corporation, Nissan Diesel Motor Co., Ltd., Nissan Motor Co., Ltd., Suzuki Motor Corporation, and Toyota Motor Corporation. The leading Japanese auto parts manufacturers or "Tier 1" suppliers are: Aisin AW Co., Ltd., Aisin Seiki Co., Ltd., Calsonic Kansei Corporation, Denso Corporation, Jatco Ltd., Koyo Co., Ltd.,

NOK Corporation, NSK Ltd., NTN Corporation, Sumitomo Wiring Systems, Ltd., Tokai Rika Co., Toyoda Gosei Co., Ltd., and Yazaki Corporation. There are countless “Tier 2” and “Tier 3” suppliers in Japan who are specialized in their forte.

Current Demand

Japanese auto parts manufacturers are required as never before to compete on cost, develop differentiating products (including modularizing and designing capabilities), and upgrade the operating efficiency of their domestic production base.

Japanese auto manufacturers are proceeding with the research and development of the Next Generation Vehicles (NGV) such as Electric Vehicle (EV), Plug-in Hybrid Car (pHV), Hybrid Car, Hydrogen Vehicle, Fuel Cell (FC) Vehicle, Clean Diesel Vehicle, and Compressed Natural Gas (CNG) Vehicle.

Intelligent Transport Safety (ITS) uses cutting-edge information and communications technologies to network data between people, roads, and vehicles to reduce road congestion, accidents and improve traffic flow. The Japanese government has been promoting ITS development and announced ITS development guidelines to achieve progress in three basic areas: safety and security, fuel efficiency and environmental protection, and comfort and convenience. Current R&D is focused on fuel conservation driving control technology, autonomous driving control technology, driving situational recognition, position recognition technology, and inter-vehicle communication technology.



The development of EV and ITS, combined with emerging safety and environmental requirements, is forecast to further accelerate the computerization of automobiles. The proportion of electrical components in the cost of manufacturing is rising.

Barriers

There are no specific obstacles for U.S. auto and auto parts manufacturers to conduct business in Japan.

Trade Events

Tokyo Motor Show

Location: Makuhari Messe, Chiba Prefecture

Website: <http://www.tokyo-motorshow.com/en/index.html>

Tokyo Auto Salon

Location: Makuhari Messe, Chiba Prefecture

Website: <http://www.e-autosalon.net/tokyo/english/index.php>

Available Market Research

Automotive Parts Industry (2009), Auto Parts in Central Japan (2009)

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Jordan

Capital: Amman
Population: 5.6 million
GDP*: \$2,700
Currency: Jordanian Dinar (JD)
Languages: Arabic & English



Summary

Jordan's population is 5.6 million, with approximately 750,000 registered vehicles, resulting in a car-to-inhabitant ratio in Jordan of 0.13 (this is not a ratio). Cars in Jordan are predominantly small cars with engine sizes less than two liters; however, recently there has been a growing market for SUVs, and mini-vans.

The total annual market for auto repair and maintenance equipment in the past two years is worth nearly \$13 million and is supplied almost entirely by imports, of which the United States has an estimated 15 percent market share. The end user market includes more than 1,300 licensed and accredited repair shops (mainly independent garages, tire specialty service stations, machine shops, etc.), 33 authorized new-car dealers that also provide garage services, and 150 authorized auto-parts import shops. Other end users include garage and repair shops that are not registered, used car show rooms estimated at 1,200, and an estimated 1,400 used parts importers.

The used car market share is continuously increasing. Although used cars must pass inspections prior to entry to Jordan, there are no requirements for secondhand cars to pass any inspection before they can be re-sold within the Kingdom. The dealer usually inspects secondhand cars re-sold by the authorized dealers as a result of trade-ins; however, the majority of second-hand cars are traded between car dealers and/or individuals who usually select a garage or shop of their preference to conduct such inspection.

Market Entry

Generally speaking, the Jordanian market is very favorable towards imports, especially those from the United States. There are no particular restrictions or barriers to imports of U.S. products. The U.S.-Jordan Free Trade Agreement (FTA), which entered into force in 2001, will eventually eliminate duties and commercial barriers to bilateral trade in goods and services originating in the United States and Jordan.

U.S. companies interested in entering the Jordanian market are advised to establish business agreements with local representatives. Local distributors usually use Letters of Credit (L/C) when dealing with foreign suppliers of equipment. A grace period of 30 to 90 days is granted to local distributors to settle their accounts.

In order to take advantage of the benefits for U.S. goods under the FTA, U.S. exporters need to understand how to determine that their goods are originating or qualify for preferential duty treatment under the U.S.-Jordan FTA Rules of Origin, and specifically claim FTA treatment for each qualified shipment. See www.ustr.gov for more information.

Current Market Trends

There are 755,5 (up to the end of 2006) motor vehicles registered in Jordan for a little over 5.6 million people. This puts the vehicle-percapita ratio in Jordan at 0.13 (not a ratio). Jordanians tend to keep their cars for longer periods than Europeans and Americans. Given the high fuel prices, Jordanians also prefer compact vehicles; however, minivans and SUVs are gaining in popularity. Labor costs are relatively low in Jordan; therefore, labor saving equipment does not have a significant advantage over other types of equipment, except in improving efficiency.

The market for air-conditioning maintenance and repair equipment is growing significantly. Five years ago, fewer than 10% (stick with % or percent throughout report to be consistent) of the cars in Jordan had standard air-conditioning. Today, that number has jumped to over 50%. Other best prospects are electronic diagnostic devices. Car dealers are also a primary source for car maintenance services, followed by independent garages and service stations. Potential end users that are accredited and registered at the Jordan Vocational Corporation and their estimated numbers are as follows:

New Car Authorized Dealers 33
Used and New Car showrooms 1200
Tire authorized importers (dealers) 28
Authorized auto-part importers 150



Auto-part distributors 3000
Used auto-parts importers 1400
Garages 1300

There is a demand for distortion measuring equipment especially in the newer bodywork repair shops, with the conventional body shops having to compete with the newer and better equipped authorized dealers. Laser distortion measuring devices, preloaded with the specs of vehicles common to the local demand, can sell well if properly marketed.

The big governmental entities that own large fleets of vehicles and equipment such as the Armed Forces, the Ministry of Public Works, the Ministry of Water and Irrigation, and the large municipalities (such as Amman and Zarqa), usually have central workshops for the maintenance and repair of such vehicles. Such entities are also potential end users of garage and service equipment, especially for the larger sized vehicles (e.g., trucks and construction vehicles)

Main Competitors

Below is a list for some of the main types of equipment utilized in the car service industry, which is expected to be in demand due to the continued growth in the Jordanian market:

HS 8203-8205	Hand tools and the like (screwdrivers, clamps, etc)
HS 84254	Lifts, jacks, and hoist equipment
HS 84152	AC testing equipment for vehicles
HS 9027	Gas and smoke detection equipment
HS 9030	Equipment for measuring voltage, electricity, resistance, etc.
HS 9031-9032	Other checking and diagnostics equipment

The average value of imported garage equipment and tools in the last year were estimated at nearly \$13 million. Asian and European products have the biggest market shares for these products. The biggest U.S. market share is in diagnostics and lifting equipment.

Current Demand

The various types of garage equipment in Jordan can be categorized into the following main categories:

- Hand tools and the like (screwdrivers, clamps, etc)
- Lifts, jacks, and hoist equipment
- AC testing equipment for vehicles
- Gas and smoke detection equipment
- Equipment for measuring voltage, electricity, resistance, etc.
- Other checking and diagnostics equipment

The above categories were mainly identified based on the value of imports over the past two years. However, some equipment that had relatively low value of imports is believed to have good future potential. This is especially true with the advancement in the car manufacturing industry and the more extensive use of electronics and high tech systems in cars today. Although a good proportion of garage shops in Jordan are traditional and old fashioned, this trend in the car manufacturing industry warrants that such garages utilize sophisticated and modern equipment. With awareness and regulation on environmental issues increasing, the market for environmentally-friendly equipment is growing accordingly.

Garage equipment sold in Jordan is almost exclusively metric. Gauges indicate grams, liters, Newton's meter, atmospheres, etc. Fittings and connectors are also metric. Electric tools sold in Jordan must be 230 volts with a 50 MHz frequency



Barriers

Jordan restricts used tires from being imported.

Trade Events

Name of event: Jordan Motor show 2009

Location: Amman

English language website: http://www.ifpjordan.com/exhibition_overview.php?id=108

Description: The Jordan Motor show 2009 will offer exhibitors an exceptional opportunity to meet buyers and decision makers from Jordan and the region in a professionally organized setting. Since many Iraqi businesspeople – including auto importers - have a base in the Jordanian capital Amman, the Jordan Motor show 2009 will allow participants unique access to Jordan's Iraq-bound auto re-export market. The show will see a series of world debuts and interesting announcements.

Available Market Research

No current research available.

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Kazakhstan

Capital: Astana
Population: 15,217,711 (2006 estimate)
GDP*: 61,155\$ billion (2007 estimate)
Currency: Tenge
Language: Kazakh



Summary

Kazakhstan's car market has been rapidly growing since the country's independence and currently presents good sales opportunities for U.S. suppliers of used and new cars and service equipment. Car supplies from the U.S. grew sharply in 2007 due to the introduction of new legislation banning imports of right-hand drive cars from Japan and the strengthening of the Euro relative to the dollar.

Current Market Trends

The passenger car market has been rapidly growing since the independence of Kazakhstan. After years of uneven growth ranging between 20-60% a year, the market totaled 2.6 million vehicles in 2007. According to the Road Police Department under the Ministry of Interior Affairs, the number of vehicles on Kazakhstan's roads is projected to increase to 4.5 million vehicles by 2012.

In 2007, Kazakhstan imported 310,000 passenger cars, including over 31,000 new cars sold through official dealers. This represents a 53% increase in the new car market from 2006, when official dealers sold 20,000 cars. Official dealers expect only moderate market growth in 2008, up to 35,000-40,000 cars, as a result of the ongoing liquidity crisis in Kazakhstan. Also, the sales process will change slightly, as clients that use to purchase high-end expensive cars will partially move to the mid-priced automotive segment.

In addition, Kazakhstan's market is now much better protected against gray market dealers who reportedly sold less than 7,000 new cars in 2007, which represents a great improvement from previous years when the gray market accounted for 70% of all sales of new cars. Official dealers have expanded their distribution and showroom network and upgraded service facilities, and now Kazakhstani buyers tend to choose official dealers over the gray market.

Used cars account for almost 90% of current imports, with 70% of cars older than seven years. Kazakhstan has recently banned imports of cars older than ten years and there are expectations that the import regime will be further tightened and imports of cars over seven years old will be limited (but no official announcements have yet been made).

Market Entry

New-to-market suppliers interested in the market should find capable agents or distributors who are knowledgeable about both importing and distribution. Local dealers have expressed interest and a willingness to act as agents and/or distributors for American exporters of used and new cars. However, they note that a potential U.S. supplier must be competitive to succeed in this market.

Main Competitors

Until 2001, most cars were imported from Russia and Germany. From 2002-2006, the majority of imports from Japan were from new and used cars. While traffic moves on the right-hand side of the road, there were no laws against vehicles with right-mounted steering wheels, so used Japanese cars with right-hand steering were very popular with Kazakhstani buyers. In January 2007, Kazakhstan banned imports of vehicles with right-mounted steering wheels, though previously imported right-wheeled cars can be used without limits. Currently most car imports come from the U.S., Germany, Eastern Europe and the UAE.

Currently, the top ten best selling brands in Kazakhstan include Toyota, Mazda, Daewoo, Nissan, Volkswagen, Ford, Opel, Audi, BMW, and Mercedes-Benz. Car dealers note a sharp decrease in sales of BMWs and Mercedes-Benz as a result of the growing Euro-dollar disparity.

There are 11 official dealers representing over 40 car brands in Kazakhstan. The key players are Astana Motors with 33% market share, Mercur Auto with 28% share, Toyota Center Zhetysu with 20%, and Bibek Auto with 8%.



Astana Motors represents seven brands, including Toyota, Hyundai, Subaru, Mitsubishi, Honda and BMW. Mercur Auto represents over ten brands, including UzDaewoo, VW, Ford, Audi, Volvo, Porsche, and Land Rover. Toyota Center Zhetysu – Toyota and Bipek Auto – Russian-made cars and locally assembled Chevy Niva, Scoda, and Chevrolet.

Current Demand

Automobile dealers are seeking to diversify and expand models represented, and have expressed growing interest in dealing U.S.-manufactured cars. The strengthening of the Euro relative to the dollar has created more favorable conditions to introduce new U.S. brands in Kazakhstan. Currently, the U.S. brands actively represented by official dealers are Chrysler-Jeep-Dodge (from a VA-based dealer) and Ford. There is a limited number of GM vehicles (including Hummers) sold through the gray market, and likewise various models of Cadillac can be seen on the streets (the Escalade being the most popular). From discussions with Kazakhstani dealers, there may be many others companies authorized to sell in Kazakhstan, but which do not have the resources or interest to do so.

Trade Events

Trade Promotion Opportunities Auto World Astana 2008

April 24-26, 2008, Astana

<http://www.autoworld.kz/en/2008/>

Transit Kazakhstan 2008

May 28–29, 2008, Astana

<http://www.exhibitions.kz>

Auto Show 2008

October 23-26, 2008, Almaty.

Type: The largest event in Kazakhstan's car market.

<http://www.exhibitions.kz>



Available Market Research

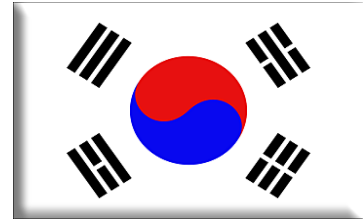
Kazakhstan: Car Market Overview (Apr 2008)

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South Korea

Capital: Seoul
Population: 48.51 million (July 2009 est.)
GDP*: USD 1.34 trillion (2009 est.)
Currency: Won
Language: Korean



Summary

Overview Korea's automotive parts and accessories market

	2007	2008	2009(E)
Total Market Size	48,078	39,857	36,387
Total Local Production	53,968	45,079	38,907
Total Exports	9,925	9,570	7,204
Total Imports	4,036	4,348	4,684

(Unit: USD million)(Source: The above statistics are unofficial estimates based upon Korea Automotive Industry Cooperative Association reports)

[USD1= 930 Won (2007), 1,100 Won (2008), 1,277 Won (2009)]

In 2009, Korea manufactured 3.5 million automotive vehicles, making it the fifth largest car manufacturer in the world after China, Japan, the U.S., and Germany. The total size of the automotive parts market was estimated at USD 36 billion in 2009, 24 percent drop from 2007, largely due to the depreciation of Korean won (KRW). The OEM market segment accounted for about 94 percent of total market demand and the aftermarket approximately represented remaining 6 percent.

Market Entry

U.S. suppliers need to be aware of the competition, and offer products with technological advantages that the competition does not have. They also need to educate end-users about the advanced features of their products. It is strongly recommended to partner with a qualified and capable Korean distributor who maintains its existing sales network to serve end-users. Exhibiting at local automotive trade shows can be a useful platform to explore the market and gain exposure to end-users.

Tapping into the Hyundai and Kia plants in the U.S. and U.S. parts suppliers with a manufacturing base in Korea is highly recommended to gain access to the Korean OEM market. Most of the major auto parts suppliers have a manufacturing base in Korea, which include Delphi, Visteon, TRW, Johnson Automotive Controls, etc.

For the aftermarket, U.S. companies are recommended to supply through existing channels that include OEM's after-sales service networks, automotive service franchises, independent auto service shops, etc.

Current Market Trends

In the era of global competition in the automotive industry, Korean OEMs are expected to expand global outsourcing practices for the procurement of parts and accessories. Industry sources predict that the launch of Hyundai Motors' manufacturing plant in Alabama and Kia Motors' Georgia plant will accelerate this trend.

Main Competitors

Total market size decreased to USD 36 billion in 2009 from 39 billion in 2008. However, the imports increased to USD 4.6 billion, 16 % increase, despite the steep KRW depreciation against USD in 2008.

Domestic Korean suppliers and transplants of non-Korean part suppliers in Korea are dominant in the Korean market with their established business with OEMs.

Current Demand

For OEM:

- Leading-edge engine design, engine control units (ECU), electronic engine parts
- Advanced core parts, including automatic transmissions, anti-lock brake systems and air bags
- Hybrid car, fuel cell cars, and other low-emission related technologies

For the aftermarket:

- Replacement parts
- Spark plugs
- Ignition cables
- Timing belts
- Wiper blades
- High-end car audio systems and components
- High-performance automotive chemicals, such as wax and rust-proofing solutions, and Accessories like window films.



Barriers

Korea has very rigid automotive safety and pollution control standards. Finished automotive products that are being widely used in other advanced countries are often times found to be not in conformity with Korean regulations. The import tariff for most automotive parts is 8%.

Trade Events

Name of event: Korea Auto parts & Auto-related Industry Show (KOAA Show 2010)

Location: Ilsan, Korea

English language website: www.koaashow.com

Description: KOAA Show is Korea's largest annual automotive trade show, attracting 330 exhibitors including 93 exhibitors from 16 countries, and 22,000 buyers in 2008. KOAA features engine systems, power train, suspension, steering, body and exterior, interior and HVAC, chemicals, tuning equipment, etc.

Available Market Research

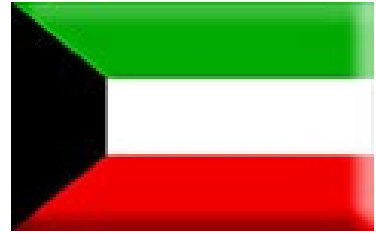
Korea: Automotive Aftermarket (2008)

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Kuwait

Capital: Kuwait City
Population: 3.4 million
GDP*: \$ 116 billion
Currency: Kuwaiti dinar
Language: Kuwaiti



Summary

The State of Kuwait is a significant importer of new and used American automobiles. The low-cost of fuel and consumer preference feed the demand for new and large-sized automobiles. This country of 3.4 million people purchases between 50,000 and 70,000 cars per year. Of those, Kuwaiti consumers buy about 1,500 GM full-size Sports Utility Vehicles (SUVs), while other U.S., European and Japanese SUVs share the new and used car market. In addition to SUVs, Kuwait is an excellent market for high-end luxury automobiles. With U.S. automobile exports valued at \$540 million, this is the single largest niche for U.S. exporters in the Kuwait consumer market. Due to the economic slump, according to one source, it is estimated that auto and auto parts dealers will decrease by 10% compared to 2008. The penetration of U.S. vehicles is higher in Kuwait than in other GCC (spell out) countries. The United States is a major source for auto parts for European and Asian vehicles as well as U.S. ones.

Current Market Trends

Large sized SUVs with heavy-duty shock absorbers, transmissions, cooling and air conditioning systems and tires which meet extreme temperatures and road conditions are best prospects. Luxury automobile manufacturers will also find an excellent market in Kuwait. Given Kuwait's leading position in supply chain and logistics services to Iraq and Afghanistan, companies such as does not exist any longer Mercedes and Freightliner are selling large volumes of trucks to serve logistics companies serving U.S. and coalition forces in the region. Most auto dealers note that the utility vehicle market is showing tremendous volume growth. The low price of gasoline, between \$1.00-1.20 per gallon, propels sales for SUVs and other large engine/gas hungry vehicles that consume a lot of fuel.

The State of Kuwait is a significant importer of new and used American automobiles. The low-cost of fuel and consumer preference feed the demand for new and large-sized automobiles. This country of 3.4 million people purchases between 50,000 and 70,000 cars per year. Of those, Kuwaiti consumers buy about 1,500 GM full-size Sports Utility Vehicles (SUVs), while other U.S., European and Japanese SUVs share the new and used car market. In addition to SUVs, Kuwait is an excellent market for high-end luxury automobiles. With U.S. automobile exports valued at \$540 million, this is the single largest niche for U.S. exporters in the Kuwait consumer market. Due to the economic slump, according to one source, it is estimated that auto and auto parts dealers will decrease by 10% compared to 2008. The penetration of U.S. vehicles is higher in Kuwait than in other GCC countries. The United States is a major source for auto parts for European and Asian vehicles as well as U.S. ones.

Selling Factors/Techniques

Once an U.S. firm appoints a manufacturer's representative or agent, he expects, and should, receive the principal's full support with respect to literature, technical information and advertisement materials. Possible public sector buyers and potential private sector importers should receive product catalogs and other literature clearly displaying the name and address of the local representative or distributor. A common and highly effective support practice is to invite the representative or agent to the principal's country every year for annual sales and technical support meetings and training. Both agents and, if possible, their principals, should periodically visit existing and new customers since the importance of personal contact in Kuwait cannot be overemphasized.

U.S. exporters often fail to win or keep contracts in Kuwait because they fail to listen to or get to know their customer well enough. In order to be competitive in the local market, the key selling factors in Kuwait include price, quality, effective and convenient after-sale service and support, payment terms, discounting, and commitment to the business relationship. Payment installment plans and discounts are common marketing tools in a market that exhibits a highly price-driven demand.

Marketing schemes vary and include offering commercial discounts, sales, free service for equipment purchased over a limited offer period, give-aways, warranties, trade-in opportunity and promotional events. For consumer products, Kuwait inaugurated a local shopping festival called “Hala Febrayer” (Welcome February). Special offers and promotional campaigns are common during this period, with hotels and other entertainment centers offering special rates and deals to attract shoppers from the region. Companies are reminded that all sales discounts require prior approval of the Ministry of Commerce and Industry.

Exhibitions in Kuwait are local and regional in nature. The best attended shows are Bahrain, Jordan or UAE. The support of a local representative or agent will go a long way in establishing a presence for the U.S partner. Participating alongside your representative makes good business sense. American Business Council of Kuwait, supported by the Commercial Service, will sponsor a “Brands USA” Trade Show in March 2010 to introduce new U.S. products to Kuwait.

Pricing

As a key selling factor in Kuwait, payment installment plans and discounts are common marketing tools in this market. Until you know your client, we recommend cash advance or Letters of Credit. Marketing schemes include commercial discounts, sales, free service for equipment purchased over a limited offer period, give-away, warranties, trade-in opportunity and promotional events.

Trade Fair

The Kuwait International Fair hosts an automobile exhibition with the next show in 2010. Information can be found at www.kif.org.

The largest Gulf auto show is in Dubai. For more information visit: <http://www.dubaimotorshow.com>.

Distribution and Sales Channels

Marketing of most foreign products in Kuwait is through local agents or distributors. Depending on the location, type of product and after market support that may be required, most U.S. companies will work through an agent or representative who would have access to a distribution network and have a customer support operation in place. Commission-based representatives/agents, on the other hand, periodically visit their customers with their foreign principals to maintain vital personal contact. For direct support of U.S. interests in Kuwait, please contact any of the Commercial Specialists located at the U.S. Embassy in Kuwait.

http://www.buyusa.gov/kuwait/en/contact_kuwait.html.



Imports

Most products imported into Kuwait from a non-GCC member state will be assessed a duty of 5%. This will need to be included in any pricing calculation. There is no Value Added Tax. In addition to the CIF price quotation plus import duty, U.S. exporters should be mindful of the Kuwaiti agent’s commission (often between 5-15%), other transportation costs, and any installation costs or training that may be part of the agreed upon terms of delivery. Most U.S. exporters find Kuwait a more expensive export destination than expected.

Available Market Research

No current research available.

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Lebanon

Capital: Beirut
Population: 3.8 million
GDP*: 35 billion (2009)
Currency: Lebanese pound
Language: Arabic



Summary

Lebanese Automotive Sector Overview

	2007	2008	2009 (to Oct 31)
Total Market Size	929	1,638	1,528
Total Local Production	0	0	0
Total Exports	29	49	80
Total Imports	958	1,687	1,608
Imports from the U.S.	155	279	248

Figures are in millions of dollars and based on Lebanese Customs statistics – Section 17 / Chapter 87

The Lebanese market of approximately 1.7 million vehicles witnessed an increase of 12 percent in 2009 compared to 2008, with a total import value of \$1,608 million. This growth is mainly attributed to the weakness of the dollar in relation to Euro. U.S. market share reached 16 percent in 2009.

Market Entry

The Lebanese Car Importers Association co-organizes the Motor Show, a bi-annual trade fair for the automotive industry in Lebanon. The Motor Show presents significant opportunities for U.S. companies to introduce their products and services to the Lebanese market.

Current Demand

Demand for Sport Utility Vehicles (SUVs) in Lebanon has been growing. According to private sector sources, around 10 percent of cars imported into Lebanon are SUVs. This percentage is expected to increase due to their heavy duty performance and poor road conditions throughout the country. Lebanese prefer American SUVs over other SUVs because of their competitive price, high quality, and long record of success in the market. Moreover, demand for U.S. automotive products such as brakes, clutches, engine lubricants, and safety accessories are increasing because they have demonstrated quality advantage over foreign competitors.



Trade Events

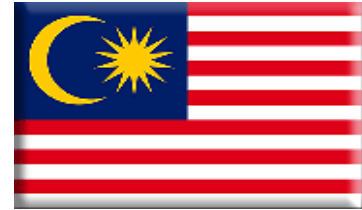
Lebanon Motor Show 2009

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Malaysia

Capital: Kuala Lumpur
Population: 28,900,000 (2010 estimate)
GDP*: \$227 billion (2009 figures)
Currency: Ringgit
Language: Malay



Summary

There is almost no bilateral trade in automobiles between U.S. and Malaysia. The U.S. exports effectively zero cars to Malaysia, and it also imports zero cars from Malaysia.. The total industry volume (TIV) of motor vehicles sold in Malaysia for the year 2009 registered 536,905 units against 548,115 units registered in 2008 a slight dip due to the global recession. However, the Malaysian Automotive Association (MAA) has forecasted its 2010 total industry volume (TIV) at 570,000 units based on sales performance of 301,077 units until June 2010. Passenger vehicle sales in 2009 totaled 486,342 units -- represents 91% share of the TIV in 2009.

Current Market Trends

U.S. investments in the Malaysian automotive industry are relatively small. Ford had a joint venture plant in Malaysia that assembled Ford cars and also other makes such as BMW and Mazda. However, Ford has recently sold the entire equity to its local partner. Delphi Automotive Systems and TRW Automotive have a plant each in Malaysia. Delphi manufactures wire harness, and TRW manufactures steering gear and suspension parts. Ford Malaysia has been selling a few thousand (annually) Ford motor vehicles (CBUs from Philippines, and CKD packs from Japan and Thailand) in Malaysia in the last few years. Hicomobil Sdn Bhd, which imports and distributes Chevrolet cars, has been selling a few thousand (annually) CBUs of Chevrolets imported from Thailand and South Korea in the last few years.

Market Entry

Local manufacturers Proton (established in 1983 and produced its first car in 1985) and Perodua (established in 1993 and produced its first car in 1994) have dominated the Malaysian car market for more than 10 years. Currently, the two companies, along with foreign makers that assemble their vehicles here, account for 90 percent of the cars sold in Malaysia. Besides Proton and Perodua, national cars currently also include Naza group's Naza Ria and Naza Citra and Inokom's Atos.

Main Competitors

Malaysia is the only country in Southeast Asia producing its own cars, but its policy of protecting the national carmakers (Proton and Perodua) has discouraged foreign car manufacturers to set up plants in the country. However, as stated in the National Automotive Policy (unveiled in March 2006), the Malaysian government wants the local car industry to have two strong national car-makers in Proton and Perodua, complemented by a number of foreign vehicle manufacturers (potentially with local joint-venture partners) who would upscale their assembly operations and at the same time rationalize the models assembled, to drive sustainable industry linkage.

Current Demand

There are opportunities for U.S. companies with technology and expertise to help local manufacturers Proton and Perodua to upscale their assembly operations and rationalize the models assembled.

Market Research

No current research available

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Mexico

Capital: Mexico D.F. (Mexico City)
Population: 105 million (2008 estimate)
GDP*: US\$ Billion: 190.7 (2007 estimate)
Currency: Pesos
Language: Spanish



Summary

Between 2006 and 2007, the Mexican auto parts industry and vehicle production and assembly reached record production levels even after signs of economic slowdown in the principal export market in the United States.

Current Market Trends

As a result of new investments in their assembly lines and the launching of innovative vehicle platforms, Ford, Volkswagen, and Nissan significantly increased their production. General Motors announced that they will start operations of their new plant in the city of San Luis Potosi in the month of April with a production of 30 automobiles per hour and could be increased to 60 units per hour by the end of 2008.

The city of Aguascalientes will be the headquarters of a plant to be built by European investors to produce hybrid and fully electric ecological cars for the Mexican and U.S. markets. This provides an extraordinary opportunity for further growth for U.S. first and second tier suppliers, and especially for providers of raw materials, technological advancement, parts, machinery, and consumable supplies.

In the production of new automotive parts, assembly plants are now requiring that their suppliers be as close as possible to them in order to reduce inventory volumes and to facilitate just-in-time delivery during the assembly process. This shift in production areas has forced many U.S. first- and second-tier suppliers to move to these new areas so that they can produce at lower costs, reduce freight and handling expenses, and deliver parts and components very quickly in a JIT program.

This trend opens a new field of opportunity to U.S. suppliers of production machinery and equipment, materials, pre-assembled components, molds and tooling, cutting tools and chemicals, automation process equipment, raw materials, engineering and design, and in many cases, finished parts and accessories sold through local representatives or distributors.

Market Entry

On August 25, 2005, the Mexican government began allowing the importation of used vehicles into Mexico for use by the importer. The move came four years ahead of the 2009 date originally agreed upon under NAFTA. However, the imports of used vehicles are subject to a new decree, which became effective in February 2008. For more details on the contents of the decree, NAFTA and other regulations related to the imports of used cars into Mexico, please contact Ernesto de Keratry. These new regulations opened a tremendous amount of opportunities for U.S. auto parts manufacturers and distributors to enter the Mexican market.

Current Demand

Best Prospects

The replacement market for standard auto parts will remain in place so long as vehicles continue to be sold; therefore, many of such products remain best prospects for exporters to Mexico. Yet overall, the more technologically advanced and value-enhancing products will prevail as the Mexican economy continues to strengthen in its current fashion. Due to these changing consumer preferences and the position in which a high cost, capital intensive producer, like the U.S., is placed, the best prospects for U.S. exporters of auto parts to the Mexican market are as follows (listed alphabetically):

Air conditioning parts and accessories: In the first quarter of 2007, Mexico imported 87.2% more automotive air conditioning parts and accessories compared to the same quarter in 2006. The U.S. posted a 117.8% increase in export sales to Mexico in the same time period. A similar pattern has been seen in each of the last three years. Due to this unprecedented growth, air conditioning parts and accessories appear to be an US\$85 million a year industry for 2007.



Brake systems: This is an US\$867.5 million import market. In 2006, nearly 22% of these imports came in the form of disk brake systems, an example of a more sophisticated product within this genre. The United States provides 69.2% of Mexico's imported disc brakes, of which Mexico imported 15% more last year.

Engine replacement parts (rings, pistons, carburetor parts, fuel injection, etc.): This ever-needed and reliable sector creates demand for its parts that corresponds with the demand of vehicles. So long as consumers continue to buy cars, these products will remain integral to the auto parts & supplies industry. Last year, the driving force behind these replacement parts – larger piston engines – created export sales to Mexico from foreign countries worth over US\$1.34 billion, 74% of which came from U.S. exporters (an 87.4% annual increase). This indicates a tremendous, growing market that continually needs maintenance. In addition to engine parts, both replacement and original input products for electrical systems and transmissions pose good opportunity for U.S. exporters.

GPS systems and accessories: With a similar logic to that of providing hybrid vehicle accessories, GPS navigational equipment is an automotive item that will become commonplace in Mexico in the near future. Fortunately for vendors, such systems and their accessories can be sold both pre and post market. All that impedes growth is the lack of fuller navigational information technology. Once this information technology becomes adequately gathered, one should expect to see these products in higher end car almost immediately.

Hybrid vehicle accessories/inputs: Mexico is following the same trend that the United States has set. According to JD Power and Associates, hybrid vehicles will comprise 5% to 10% of the automobile market in the U.S. by 2015. Who is to say that Mexico would not follow suit? There is already a long waiting list to buy the Toyota Prius in Mexico and both Honda and Ford have recently introduced hybrid alternatives to the Mexican markets. Additionally, the Mexican government is offering incentives to definitive (versus temporary) importers – and, in turn, to consumers – of hybrids. As of the fiscal year 2007, the tax applied to imported vehicles with combustion engines, which is normally 2.6% of the automobile's value, has been lowered to a mere 0.16% for hybrids.

Polishing waxes & paintjob restoration: With a growing concern for cosmetic design of their automobiles, Mexicans are more and more eager to purchase products and services that aesthetically improve their cars, trucks and SUVs. Something as simple as maintaining a paintjob through the use of car wax has seen remarkable returns. The U.S. only continues to increase its 94% share in the US\$56.8 million a year import market of polishing wax products. The product that enhances these cosmetics (i.e. paint, wax, etc.) and the manner in which it maintains, restores or improves the look of a vehicle (i.e. the service) are both emergent markets that warrant attention from exporters.

Rims and tires: Tireless wheels (more commonly known as rims) posted US\$109.4 million in export sales to Mexico in 2006, 65.75% of which came from the United States. Mexico imported nearly 20% more rims in 2006 than in 2005. In 2006, Mexico imported US\$548.4 million worth of new motorcar tires. During 2006, the near 25% export sales growth of tires from the U.S. coincided nicely with the entire Mexican import market's 23% growth. As with rims, American manufacturers benefit from the majority of these import sales transactions in Mexico.

Sophisticated alarm systems (e.g. vehicle tracking systems): Considering the 13% upsurge in vehicle thefts in Mexico during the first quarter of 2007 (compared to the same period in 2006), consumers are increasingly seeking out alarm systems that work more effectively than what is currently available. Last year, 54% of the US\$9 million in vehicle alarm systems that Mexico imported arrived from the U.S. In this same time frame, this import market grew 34.2% and U.S. exports to Mexico increased 47.8%.

Sound equipment: Radio receivers for vehicles (most often with CD or mp3 capabilities) alone generated US\$361.6 million worth of exports from foreign producers to Mexico. The U.S. sold US\$227.7 million of these exports. Other increasingly popular car audio equipment, such as woofers, amps and speakers, are not included in this figure and they all pose great growth potential for firms supplying such products.

Suspension systems: The U.S. maintains seven times the export sales to Mexico than its closest competition in this category (Japan). The \$36 million in suspension systems that Mexicans imported during 2006 is 91.4% greater than the value imported throughout 2004. As suspension systems' technical capabilities improve, so do prospects of selling such products to the Mexican market.



Trade Shows

PAACE Automechanika

Centro Banamex, Mexico City

July 9 - 11, 2008

<http://www.paaceautomechanika.com>

Available Market Research

Mexico: The Automotive Sector Misses the Growing Market of Auto Parts (2009)

Border Trade Initiative: Opportunities and Challenges. - Automotive Industry (2009)

Resources and Key Contacts

State of Jalisco Autoparts Distributors Association: <http://www.rujac.com>

The National Association of the Manufacturers of Buses, Trucks and Tractor Trailers:

<http://www.expotransporteanpact.com.mx>

National Autoparts Industry Association: <http://www.ina.com.mx>

Mexican Association of Automobile Distributors: <http://www.amda.org.mx>

Mexican Association of Automotive Industries: <http://www.amia.com.mx>

National Association of Bus and Cargo Trucks Producers: <http://www.anpact.com.mx>

National Chamber of Cargo Transports: <http://www.canacar.com.mx>

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Morocco

Capital: Rabat
Population: 31,285,174 (2009 estimate)
GDP*: \$145.6 billion (2009 estimate)
Currency: Moroccan dirham
Language: Arabic



Summary

Morocco was generally not an attractive market for U.S. Automotive products. This is gradually changing with the arrival of Renault Nissan, which is building a large production plant in Tangiers.

Current Market Trends

The Renault-Nissan Alliance is continuing to spread its global tire tracks as it signs an agreement for manufacturing facilities in Morocco. The Franco-Japanese Alliance already has an assembly plant in Rosslyn, South Africa, among other places, and this new agreement signals its intention to increase sales and output dramatically in the next few years. Renault started building the complex earlier this year in Tangiers.

The manufacturing site is currently producing 30,000 vehicles per year and has the capacity to produce 400,000 vehicles per annum by 2010. A number of vehicle derivatives from Logan's B0 Platform and Nissan's LCVs will be manufactured through the facility.

Current Demand

Renault-Nissan requires 60% to be sourced in Morocco as part of the Alliance's local integration strategy. Local sourcing is targeted to increase to 80%. As it stands, current Moroccan suppliers are unable to deliver all the required vehicle part quality level. Therefore, Renault / Nissan is looking for Tier 1 and 2 suppliers to expand their presence to Morocco. Tier 3 suppliers are encouraged to explore JV or other types of business relationships with local suppliers. The first requests for quotations are expected to be released shortly.



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The Netherlands

Capital: Amsterdam
Population: 16.6 million
GDP*: \$629 billion
Currency: Euro
Language: Dutch



Summary

The Netherlands abides by strict policies environmental and safety standards. U.S. products taking these measures into account will find ample opportunities on the Dutch Market, which is dominated by imports. With more than 7.7 million passenger vehicles or 4.4 per capita (2009), the Netherlands is the seventh largest automotive market in Europe and the Dutch are very receptive to U.S. products.

Dutch Motor Vehicle Sales 2008-2010

	2010 (Jan – Sep)	2009	2008
Passenger vehicles	345,300	387,699	499,980
Light commercial vehicles	35,025	51,286	84,659
Trucks >3.5 tons	6,872	12,922	19,497
Motorcycles	10,399	14,319	15,391

Current Market Trends

Safety and environmental concerns drive many decisions behind mobility in The Netherlands. As such, the Dutch government promotes the use of environment-friendly vehicles with tax breaks, subsidies and other incentives. Technologies to reduce harmful emission enjoy positive attention.

There is a growing interest in electric vehicles, including passenger cars, trucks, busses, special vehicles and motorbikes, which offer many “green” opportunities in the Netherlands. In fact, the purchase of green passenger cars tripled in 2009 as compared to 2007. Sustainable mobility or the development of hybrid, economical and clean freight vehicles is also high on the agenda. The government would like to have a sustainable fleet of vehicles that use renewable fuels, and accordingly, is taking on the role of launching customer. Although the government aims for one million electric passenger cars on the road by 2025, the national industry association has a more conservative estimate of 400,000 vehicles.

In addition, the Dutch government aims for a broader national network of pumps for alternative fuels (natural gas, bio-fuel, and eventually hydrogen). To realize this, it has allocated almost 3.6 million euros (or \$4.8 million) in subsidies to add new filling stations to accommodate green gas, ethanol (E85) and biodiesel (B30). The bulk of the subsidy will be invested in 53 filling stations for green gas. It will also be necessary to conduct research into the possibility of a so-called smart grid electricity network for plug-in hybrids and cars that run entirely on electricity. A full description of Dutch government subsidies to support and promote electric mobility and its required infrastructure is available in the market report listed below.

As The Netherlands becomes more densely populated and the roads more congested, transportation by motorbikes and motor scooters are becoming increasingly popular in the Netherlands in all age groups. One does not require a driver’s license, only a certificate. It is a practical, handy and affordable means of moving quickly through congested traffic. Parking costs and availability is rarely an issue while use, maintenance and acquisition costs are relative low. Top brands sold in 2009 include: Microcar, Ligier, Aixam, JDM, Mega, Chaternet, Bellier, Casalini, and Crecav Spa. Electric motorbikes and motor scooters are gaining ground in the Netherlands.

Last but not least, car customizing continues to be popular. The Dutch regulations on specialty equipment and customized cars are a grey area. Authorities tend to be tolerant towards customized cars as long as vehicles do not jeopardize the safety of others.

Market Entry

As a member of the European Union, both EU and national legislation apply.

Main Competitors

U.S. suppliers generally will face strong competition from European suppliers.

Current Demand

In a market where interest in car customizing continues to grow, opportunities exist for U.S. manufacturers of high quality and price competitive audio equipment (HS-852721910, HS-852721990); Alloy wheels (HS-870870500), wooden trimmings (HS-442010190), seat covers (HS-630493000) and other interior and exterior car accessories for European cars.



Customizing cars remains a hot trend. The following models are customized most often in the Netherlands: Alfa Romeo, Audi, BMW, Chrysler, Citroën, Daewoo, Fiat, Ford, Honda, Hyundai, Kia, Lexus, Mazda, Mercedes, Mini, Mitsubishi, Nissan, Opel, Peugeot, Renault, Rover, Seat, Škoda, Smart, Subaru, Suzuki, Toyota, Volkswagen and Volvo.

Alarm systems also continue to be a booming market. In the short term a dramatic increase is expected in the use of computers, software, data storage on diskettes, in-car navigation, electronic maps (CD-ROM), infrared blind-spot detectors, radar enhanced cruise control (HS-903289900), and head up display of speed/distance.

In addition, the aftermarket expects half of all maintenance and repair services to be of an electronic nature in 2011. A quarter of the universal garages will not be capable of performing the required work on cars older than three years. The availability and accessibility to technical information is a major issue to the aftermarket. The rate of technological advancement in passenger cars and trucks is expected to increase over the coming years, making good accessibility to technical information, universal testing and diagnostic equipment, software, tools and training a critical element to companies in the automotive industry.

Trade Shows

ReMaTec

June 19 - 21 2011

Venue: Amsterdam RAI

Type: Targets the International remanufacturing industry

URL: <http://www.rematecnews.com>

Available Market Research

Assessment of Opportunities for Electric Vehicles, Parts and Systems in the Netherlands (2010)

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New Zealand

Capital: Wellington
Population: 4.3 million people
GDP*: 128.500 billion
Currency: New Zealand Dollar
Language: English



Summary

Repair work and vehicle maintenance spur New Zealand's aftermarket automotive parts and accessories sales. For the year ending May 2009, automotive repair and services increased 3.1%. However, vehicle sales, auto electrical sales, tire sales and smash repairs fell in demand. (Source: Statistics New Zealand) New Zealand's economy is in a recession.

With the exception of some local assembly of trucks, buses and kitset cars, New Zealand imports most of its motor vehicles. The national fleet consists of approximately four million vehicles, of which approximately 2.8 million vehicles are passenger vehicles. (Source: Land Transport Safety Authority, June 30, 2007). New and pre-used vehicles from Japan are a significant part of the national registered fleet.

New Zealand is a right-hand drive nation. New Zealanders drive on the left-hand side of the road -- the steering wheel fits on the right-hand side of the vehicle. Petrol vehicles dominate the national fleet.

Current Market Trends

Fuel efficiency and safety features are important to local vehicle users. Inspections are annually undertaken on on-road vehicles for safety compliance.

Improved environmental performance is intrinsic to New Zealand's clean, green, international image. New Zealand's demand for environmentally friendly "green technologies" comes partly in response to New Zealand's commitment under the Kyoto Protocol to reduce greenhouse gas emissions. On September 10, 2008, the New Zealand Government passed legislation to introduce The New Zealand [Emissions Trading Scheme \(NZ ETS\)](#), which places a price on greenhouse gas emissions covering a range of sectors in the economy including transport. The NZ ETS was originally scheduled to be phased-in between 2008 and 2013, but due to the economic downturn the transition is under review. Putting a price on emissions will change investment and consumption patterns, leading to greater investment in environmentally friendly technologies by the transport sector.

Main Competitors

A combination of local component manufacturers and importers supply automotive parts and accessories for the New Zealand market. Japan is the leading import source securing 20% market share in 2008, followed by Australia (14% market share), China (13% market share) and the United States (12% market share). In 2008, New Zealand's imports of automotive parts and accessory totaled \$565.3 million – an increase of 5.7% on the previous year. (Source: Statistics New Zealand)

The domestic sector is a significant supplier of auto products. When the last motor assembly plant closed in New Zealand in 1999, the automotive component industry developed export markets in order to remain profitable. Automotive exports from New Zealand for the year ending December 2008 totaled \$101 million. Approximately half of New Zealand's automotive exports depart for Australia. New Zealand's core capability lies in the manufacture of original equipment and spare parts.

Current Demand

New Zealand's demand for automotive parts and accessories imports fell 31% between January and May 2009 reflecting challenges in the local vehicle industry. (Source: Statistics New Zealand) Economists suggest New Zealand's economy shows some signs of improvement. Repairs and maintenance will continue to spur demand for the remainder of 2009.

Barriers

- The Land Transport Safety Authority offers information on vehicle standards through its website: www.ltsa.govt.nz
- The majority of goods now imported into New Zealand are tariff-free. New Zealand Customs offers a working tariff online: <http://www.customs.govt.nz/library/working+tariff+of+new+zealand>
- All goods imported into New Zealand are liable for a 12.5% Goods and Services Tax (GST).
- There are no importing licensing requirements.
- Products may comply under Consumer Guarantees Act, 1993 and Fair Trading Act, 1996

Trade Events

Name of event: Speed show 2009

Location: Auckland

English language website: www.speedshow.co.nz

Description: New Zealand's premier automotive event with displays and exhibits featuring all genres of motorsport and competition; the finest new cars and performance models from some of the world's greatest manufacturers; motorcycles of every form – new, vintage, competitive and street; and Speed show 4 Kids, a dedicated kids fun interactive area.



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Nigeria

Capital: Abuja
Population: 148 million
GDP*: \$339 billion (2009 estimate)
Currency: Naira
Languages: English (national), Ibo, Yoruba and Hausa (ethnic)



Summary

The Nigerian market for cars and trucks has grown significantly in the past 20 years, averaging an estimated 10% annually. In the car category, Japanese brands hold a major share reaching up to 60% while American brands account for less than 5%. However, the United States generally controls the used car market with up to 60% of all used car imports. Used truck imports are also a growing phenomenon with the United States significantly leading. Used cars entering Nigeria must not be more than 5 years old except for trucks and buses which have no age restrictions. The import tariff is for automobiles generally is 30%.

Market Entry

The best way for U.S. manufacturers and suppliers to penetrate the Nigerian market is to combine the benefits of the network services and programs of U.S. Export Assistance Centers (USEACs, http://www.export.gov/comm_svc/eac.html.) with the extensive knowledge, industry contacts and services of the U.S. Commercial Service at the U.S. Consulate General in Lagos, Nigeria (<http://www.buyusa.gov/nigeria>). Seeking the assistance of a USEAC before exploring an opportunity in this market is encouraged.

Current Market Trends

Nigeria is the largest market for used cars, trucks and spare parts in sub Saharan Africa. With an estimated per capita GDP of just over \$400, new cars are beyond the reach of a vast majority of the population. Low household incomes have thus given rise to the demand for used automobiles. Imported used cars and used spare parts popularly known as “Tokunbo”, have recorded significant sales since the 1980s. In 2009, for example, Tokunbo cars accounted for about 80% of all used car import. Economic improvements, which Nigeria has recorded since it returned to democracy in 1999, have slightly raised the purchasing power of especially the middle class so that they can now afford new vehicles. However, demand for used automobiles, especially Japanese brands imported from the United States, still remains high. Cars U.S. imported cars are considered to be well maintained, of good quality, cheaper in terms of price and loaded with extra features like leather seats, air-conditioning, security and navigational instruments, sound system and others. The long standing ban by the Nigerian government on the importation of cars above five years old has not stopped, but has only encouraged smuggling of cars much older than 5 years into Nigeria from bordering countries like Benin Republic and Togo.

The Nigerian trucking industry also shows a promising outlook. The collapse of the Nigerian rail system and the increasing need to move goods nationwide has made road haulage indispensable. Transportation by road now accounts for more than 80% of all haulage activities. This trend is expected to continue unless the effort of the Nigerian government to rehabilitate the country’s ailing railway infrastructure begins to yield results. Demand for trucks and accessories has risen significantly because shipping, warehousing and logistics, manufacturing and petroleum products marketing companies in Nigeria now outsource their transport activities to haulage services providers.. Nigeria is now a big export destination for new and used trucks and truck accessories, with used trucks accounting for more than 70% of total demand. American brands, especially the Mack, are mostly preferred because of their ruggedness and reliability.

Main Competitors

Major competitors to U.S. used car and truck imports include China and European countries like Germany and Belgium.

Current Demands

Demand for used cars and parts is estimated to account for about 70% of total demand for new and used cars while used trucks and parts are responsible for more than 60% of imports.



Barriers

Used cars that are more than 5 years old are not allowed into Nigeria. However, there are no age restrictions on buses and trucks. All vehicles entering Nigeria must be left hand drive. Tariff on automobiles are as follows: cars 30%, buses 15% and trucks 30%.

Trade Events

Currently no trade events are scheduled.

Available Market Research

No current research available.

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Pakistan

Capital: Islamabad
Population: 170 Millions
GDP*: US\$ 162 billion
Currency: Rupee
Language: Urdu, English



Summary

Pakistan is a promising market for automobiles and accessories, offering exceptionally good sales opportunities for U.S. exporters of used cars, busses and heavy trucks. During recent years, the country has seen drastic changes in this sector because the local government has allowed the import of used/refurbished vehicles, and has exempted buses in CKD (completely knocked down) condition from customs duty. The automotive industry demonstrated a very impressive growth rate of 50 percent during the past fiscal year. A corresponding increase in the number of banks and financial institutions willing to extend credit to the public has strengthened the performance of this sector.

Current Market Trends

Pakistan has a growing market for automobiles and accessories (including tractors), offering exceptionally good sales opportunities for U.S. exporters in the car, bus and heavy truck segments. The total number of vehicles in Pakistan is over 5 million units. The annual demand is approximately 300,000 units with total imports worth USD 300 million. The local production of aftermarket automotive parts and accessories is around USD 850 million. Four hundred manufacturers of automotive parts and accessories support 32 automobile manufacturing and assembly facilities in Pakistan. Only five of these automobile manufacturers, produce/assemble buses and trucks.

The vehicle industry demonstrated a very impressive growth rate of over 50 percent during the past fiscal year, mainly due to the increase in demand and the availability of consumer credit and low interest rate loans. The Government of Pakistan (GOP) encourages local franchisees to introduce more buses on city routes by providing 4 percent loans for bus purchases. The government also gives 10 percent rebate of custom duties for the import of public transport vehicles. The GOP has exempted buses in Completely Knocked Down (CKD) condition from customs duty irrespective of whether they run on Compressed Natural Gas (CNG) or diesel fuel. The Small and Medium Enterprises Development Authority (SMEDA) monitors the import, resale and transfer of vehicles imported under this customs duty exemption. The general tariff regime is 20 percent on CKD buses and trucks; 60 percent on Completely Built Units (CBU) trucks and 20 percent on CBU buses.

Buses using Compressed Natural Gas (CNG) are particularly in demand, as the GOP applies the National Environmental Quality Standards related to air, water, and noise pollution to the vehicle industry. Recently, the government has made tremendous progress in promoting CNG usage by setting up filling stations, converting petrol-run vehicles, and providing incentives to entrepreneurs.

As a result, more than 265,000 vehicles have already been converted to CNG and the clean fuel has gained instant popularity. Pakistan has become the third largest CNG (for autos) user in the world after Argentina and Brazil.

Market Entry

Manufacturers and assemblers of buses and trucks should consider entering this market. For U.S. companies interested in selling automobiles in Pakistan, the best strategy is either to find a local partner to act as the sole distributor/agent or to register and establish a representative office in Pakistan. Pakistan has a sophisticated and regulated banking industry with both state-owned and private banks offering a full range of financial services including trade financing.

Additionally, incentives from the government that include zero duty on imported components used in the manufacture of products for re-export and emphasis on the training and development of human resources has paved the way for manufacturers to align themselves with their foreign counterpart and pursue joint manufacturing and value addition.

Current Demand

The following list includes the products that demonstrate good sales prospects due to their increased market size and demand.

HS Code Description

8704	Buses - Motor vehicles for transport of passengers
8705	Trucks - Motor vehicles for transport of goods
8706	Special purpose motor vehicles
9503100000	CNG conversion kits and CNG filling station equipment
8409914000	Parts for spark-ignition internal combustion piston engines for use in motor buses or trucks
8409994000	Parts for compression-ignition internal combustion piston engines (diesel) for use in road
8708295070	tractors, motor buses, automobiles or trucks
8708390000	Parts and accessories, nesoi, of bodies (including cabs) of heading 8701 to 8705
8708401000	Brakes and servo-brakes and parts, of motor vehicles of headings 8701 to 8705

Trade Shows

MTAP 2010

6th International Machine Tools & Automation Exhibition Incorporating Automotive Technology
November 11–13, 2010

<http://www.machinetoolpakistan.com/>

AUTO ASIA

7th International Exhibition

Automobile and Transport sectors

March 26-28, 2011

<http://www.autoasia.com.pk>

Available Market Research

Market of Automobiles (Sep 2007)

Resources and Key Contacts

Pakistan Automobile Spare Parts Importers and Dealers' Association (PASPIDA)

Email: rshaikh@brain.net.pk; paspida@super.net.pk; paspida@hotmail.com; paspida@gem.net.pk

Web Site: <http://paspida.com.pk> ; <http://www.freehomepages.com/paspida/private/MAIN.html>

<http://www.autopakistan.com/Supported%20by.swf>

Pakistan Automotive Manufacturer Association(PAMA)

Email: pamauto@cyber.net.pk

Web Site: www.pama.org.pk

Pakistan Tyres Importers and Dealers Association

7/12 Rimpa Plaza, M.A. Jinnah Road
Karachi, Pakistan

Automobile Association of Pakistan

155, Chenab Block, Allama Iqbal Town
Lahore-54000, Pakistan

List of automobiles importers, dealers, manufacturers and association:

<http://www.jamals.com>.



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Panama

Capital:	Panama City
Population:	3,000,000
GDP*:	16 billion
Currency:	US dollar
Language:	Spanish



Summary

Around 600,000 vehicles presently circulate in the Republic of Panama, of which 70% are passenger vehicles, 22% are pick-up trucks and commercial work vehicles; buses and minibuses account for about 6% of the market and other vehicles represent some 2%.

Current Market Trends

Sales of passenger vehicles to individual consumers and businesses, roughly at equal levels, account for most transactions. Sales are expected to increase again this year spurred by growth in construction, tourism and canal related activities, and nurtured by a relatively stable economy.

The traditionally open Panamanian market makes for a vehicle mix very different from other countries with a preference for subcompact and compact passenger cars primarily operated in congested city driving conditions. Deteriorating road and traffic conditions and the large influx in recent years of vehicles with more sophisticated technology require higher quality and more sophisticated parts. The vehicle accident rate is at an all-time high with an average of 100 collisions daily, which bodes well for body parts and collision repair equipment.

Market Entry

Price, service, brand awareness and quality are the principal factors influencing most local parts purchases. Parts stores are usually located in several well-known "parts" streets that facilitate price and assortment comparison by local consumers.

In general, automotive parts competition is intense with a broad range of quality and prices to choose from. A major factor affecting competition is the one step distribution channel from importer/wholesaler direct to the end user, practiced by the larger multi-store operators. Although the market has not yet reached saturation level, several large importers have overstocks of fast moving parts and have further reduced prices to lower their inventories.

Successful brands invest in seminars and product training, merchandising material, promotional campaigns and catalogs in Spanish with vehicle applications and OEM cross-references. It is important to have catalogs updated with the correct vehicle models and specifications sold in this market as they frequently differ from those in the U.S. Efforts should be made to educate counter salespersons and end-users as to parts compatibility and usage; e.g. many technicians will use Japanese spark plugs for Japanese and Korean cars, German plugs for European cars and U.S. plugs for U.S. cars.

The import climate for automotive parts is positive. Import duties are reasonable and customs clearance is relatively fast and straightforward. Panama has a dollar-based economy, good transportation infrastructure and telecommunication systems, modern ports and excellent access to shipping and air transport.

U.S. products enjoy a high quality image and are well accepted. There are no regulations, technical or safety standards for automotive parts.

Import duties on vehicle parts, in general, range from 5% to 15% of the CIF value. Ad valorem import duties are levied on the CIF value plus a 5% value-added tax. This is a sample list of duty rates by parts category:

Main Competitors

New automobile imports by origin: Japanese 69%, Korean 17%, U.S. just under 6% and European 5%. Toyota is the leading brand in sales with a total of 28% of the market; followed by Nissan 20% and Hyundai 11%, with the makers capturing approximately 60% of the market. Competition is intense. Parts imports from the Far East, especially Japan, Korea and Taiwan, account for 60% of total imports due to their low cost and the predominance of Japanese and Korean cars in the market. Of that share, about 20% enter Panama via the Colon Free Zone and inventories maintained to service a number of Latin American markets. Nevertheless, imports from the U.S. continue to be significant at 35%, which include U.S. exports to both U.S. and foreign made parts, due to quick delivery times, product assortment and diversity of suppliers, competitive freight costs and payment conditions.

Current Demand

Trucks and heavy equipment will be needed for the Expansion of the Panama Canal Project; sales in this sector are expected to increase in the coming years.

Sub-sectors offering the best market opportunities include servicing equipment, passenger and light truck tires and tubes for heavier trucks, buses and equipment, passenger vehicle body parts and collision repair equipment.

Good prospects for U.S. exports include engine parts, pumps, filters, batteries, ignition parts, spark plugs, lamps, body parts, brake parts, shock absorbers, exhaust components and used or remanufactured parts especially for buses, dump trucks and other commercial vehicles.



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Philippines



Capital: Manila
Population: 94 million (2010)
GDP: \$161.196 billion (2009)
Per Capita: \$1,747.8 (2009)
Currency: Philippine Peso
Language: Filipino (English also widely spoken)

Summary

The Philippine automotive industry exceeded expectations in 2009 posting over 6% growth at a time when most foreign markets are still struggling. There were 132,444 new vehicles sold in 2009.

Table 1: Comparative 2009 and 2008

	2009	2008	% change
Passenger vehicles	46,228	44,425	4.06%
Commercial vehicles	86,216	80,024	7.74%
Grand Total	132,444	124,449	6.42%

Source: Chamber of Automotive Manufacturers of the Philippines (CAMPI)

Motor vehicle sales data from the Chamber of Automotive Manufacturers of the Philippines (CAMPI) show brand new vehicle sales increasing steadily since 1998, with 112,454 units sold from January to August 2010. This is an impressive 37% growth from the 82,081 units sold during that same period in 2009. Moreover, industry officials expect sales of new vehicles in 2010 to surpass the 1996 record of 162,095 units, spurred by overseas Filipino worker remittances, aggressive financing packages, and increased general improvement in consumer and business confidence.

Market Entry

Since 2002, the Philippine automotive industry has investments of about US\$17 billion and employs close to 75,000 workers. Auto companies that have manufacturing facilities in the country include Ford, Toyota, Mitsubishi, Honda, and Isuzu.

Ford Motor Company Philippines (FMCP) began vehicle assembly in the Philippines in 1999 with an initial investment of US\$200 million. They expanded in 2002 when it began exporting. In June 2007, Ford Philippines launched production at a US\$25 million Flex Fuel Vehicle (FFV) engine manufacturing facility. Ford manufactures the Ford Focus (sedan), Ford Escape (SUV), and Mazda3 (sedan) in the Philippines. These are exported to Indonesia, Thailand, Vietnam, and Malaysia. By the end of 2009, FMCP exported close to 65,000 units (since 2002) with an export value of more than US\$800 million. Ford imports completely built units (CBUs) of its SUVs from around the region.

The General Motors and Chrysler brands are available in the Philippines through exclusive distributors. General Motors closed its Philippine office in 2009.

U.S. automotive aftermarket companies need to find local agents or distributors to help them penetrate the market. The distributor or agent must be familiar with local regulations, have access to key customers, and have the capability to provide after-sales support. It is also important to note that automotive lubricants and fuel additives must secure the necessary permits from the Philippine Department of Environment and Natural Resources (DENR) and the Department of Energy (DOE). Duties and tariffs apply to vehicle and aftermarket product imports. More information is available from CS Manila.

Current Market Trends

Filipinos have a strong preference for commercial vehicles versus passenger cars. The Filipino differentiation between a “passenger car” and a “commercial vehicle” is not based on usage, but on passenger capacity. Passenger cars are typical four door sedans, anything larger is classified as commercial vehicles. Commercial vehicles consist of vans, sports utility vehicles, trucks and buses. The Filipino’s primary consideration for vehicle purchase is fuel cost, number of passengers, and parts availability. Average vehicle lifespan in the Philippines is 15 years. This explains the high demand for replacement and maintenance parts.

Main Competitors

Japan continues to dominate the motor vehicle market share. Based on the January to August 2010 sales, Toyota remains the market leader with 32.5% of the motor vehicle market followed by Mitsubishi (18.9%), and Korea’s Hyundai (12.2%). Hyundai has consistently increased its market share to overtake other Japanese brands Honda (10.5%), Isuzu (6%) and Nissan (5.3%).

Ford has a 6% market share with 6,311 units, while the Covenant Car Company (GM’s distributor) sold 1,222 units (1.08% share) from January to August 2010. European brands, Mercedes, BMW, Porsche, and Volvo have local distributors. Lexus opened its first Philippine dealership in 2009, while the Mini Cooper was launched in 2010. The Mini Cooper has surpassed sales projections of 130 units for the year. Countryman Mini SUV will be introduced in the Philippines in 2011.

The United States is known for aftermarket products and automotive chemicals. However, more affordable and accessible products from China and Thailand are gaining market share. The United States remains the leader in the lubricant, additive, and car care market.

Current Demand

Motor vehicle sales are expected to continue its upward trajectory. 5% growth is projected for 2011. Aftermarket products in high demand are suspension parts, shock absorbers, brake pads, spark plugs, transmission and engine oils. Filipino car owners are expected to spend on the following automotive accessories: bull bars, stepping boards, rear bars, carriers, and high end bulbs.

Barriers

Executive Order 156 of 2002 prohibits the entry of used vehicles into the country. Smuggled used vehicles have been a major obstacle faced by the domestic automotive industry for the last decade. Smuggled cars (used or luxury vehicles) impede the growth of the Philippine automotive manufacturing industry.

Continuing liberalization of trade and zero tariffs under the ASEAN Free Trade Agreement (AFTA) and the Japan Philippine Economic Partnership Agreement (JPEPA) have made completely built up (CBU) importation more competitive and attractive for auto manufacturers. Due to AFTA and JPEPA, Japan and ASEAN CBU imports are now either zero tariff or reduced to only 5 percent. U.S. CBUs, however, remain at current “Most Favored Nation” (MFN) rates of between 20 to 30 percent. This puts U.S. vehicle manufacturers at a grave disadvantage. Ford has pointed out that this makes them uncompetitive in the local market.

Trade Events

Name of event: Transport Show 2011

Location: Mandaluyong City, Philippines

English language website: <http://www.tradeshow.com.ph/transsportshow.html>

Description: Featuring restored and vintage cars as well as customized contemporary cars. Aftermarket exhibition with focus on styling and tuning products.

Name of event: Philippine International Motor Show (PIMS) 2012

Location: Pasay City, Philippines

English language website: <http://www.campiauto.org/motorshow/>

Description: Held every two years, the PIMS is considered the premier automotive exhibition in the Philippines.

Available Market Research

No current research available.

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Poland

Capital: Warsaw
Population: 38.5 million
GDP*: \$678.8 billion (2009 est.)
Currency: Zloty (PLN)
Language: Polish



Summary

Poland is the sixth largest European automotive market after Germany, the U.K., Italy, France and Spain. The number of vehicles registered in Poland more than doubled in twenty years - from 9 million in 1990 to 18 million in 2009 (16.5 million passenger cars). The number of passenger cars is likely to grow to 18 million by the year 2012. Experts estimate that the Polish car market is capable of absorbing approximately 500,000-600,000 passenger cars annually.

The car park in Poland is very old – only 5% of cars are 2 years old or younger, 6.7% are 3-5 years old, 18.5% are 6-10 years old, 28% are 11-15 years old, 17.7% 16-20 years old.

Typically, Poles buy much smaller cars than Americans and tend to keep them longer. Diesel fuel engines are popular in Poland - in 2009 there was 3.4 million diesel cars, 10.4 million gasoline cars and 2.3 million LPG powered cars (0.4 million cars were unidentified). Unlike in the United States, cars are almost exclusively equipped with manual gearboxes. The most popular brands of new cars sold in 2009 are: Skoda Octavia (5,74% of the market), Skoda Fabia (4.52 %), Fiat Punto (3.29%), Volkswagen Golf (3.18%), Toyota Yaris (3.01%), Ford Focus (2.83%), Kia Cee'd (2.74%), Fiat Panda (2.52%), Toyota Avensis (2.13%).

Poland is the tenth largest vehicle producer and the eighth largest passenger car producer in Europe. Every seventh bus and every twentieth passenger car manufactured in the EU is made in Poland. In 2009 the number of cars produced in Poland reached 899,737. The leading local producers are Fiat Auto Poland (605,797), Opel Polska (96,697), FSO SA (59,695), and Volkswagen Poznan (55,950). There is also a noticeable production of trucks (Volkswagen, MAN, Jelcz), buses and coaches (MAN, Volvo, Solaris, Scania, Autosan). 95% of the vehicle production is exported. Poland has also attracted a number of significant foreign investors including automotive parts producers like: Bosch, Denso, Delphi, Jonson Controls, Faurecia, TRW, Lear, Valeo, Visteon and others.

Market Entry

U.S. exporters must comply with EU and national legislation. The duty rate for import of passenger cars to the EU is 10%, the local Polish excise tax is 3.1% for cars less than or equal to 2 liter engine capacity and 18.6% for cars greater than or equal to 2 liter engine capacity. VAT in Poland is 22%, but there are plans to increase it to 23% starting 2011. The duty for parts, service station equipment and accessories vary – check the rate on the official page of the European Commission. There is no excise tax for parts and service equipment.

For companies interested in selling in Poland, the best strategy is either to find a local Polish partner to be a sole distributor/agent or to register and establish a representative office in Poland. In any case, it is important to maintain a very close business relationship with potential Polish buyers. It is highly recommended that U.S. companies participate in appropriate trade fairs (like Automotive Aftermarket Industry Week held in Las Vegas, each November, or Automechanika in Frankfurt every other September or the Essen Motor Show) and to advertise in professional magazines.

Current Market Trends

The automotive parts market is dominated by multinational companies with global presence. Large U.S. suppliers (Delphi, Johnson Controls, Lear, TRW, and others) are already present in Poland as car manufacturers located in Poland encouraged their suppliers to move their production as close as possible. It would be very difficult for US exporters to sell their products to OEMs. Supplying products as aftermarket parts might be easier. US companies might want to present their offers to several large importers/distributors of parts (Inter Cars, Fota, Hart, Polcar, Moto Profil, and others).

Import of used cars from the USA was increasingly popular in the years 2006-2008 (approx. 25,000 vehicles imported annually). The situation changed in 2009, with depreciation of USD. Currently, only import of luxury cars from the USA is still profitable.

The interest in car tuning and styling has grown over the last ten years. Many Poles consider the U.S. to be the trend setter when it comes to styling and tuning their vehicles. The most popular car brands for styling and tuning are European and Japanese models including: Renault (Megane, Clio), VW (Golf), Toyota (Corolla, Celica), Honda (Prelude, Civic), Suzuki (Swift), Subaru, BMW, Citroen, and Nissan.

Styling and tuning products are imported by either small, specialized importers of such products or by large car parts importers (styling and tuning products account for only 1% of their total turnover). Most of the companies that specialize in the styling and tuning sector are small family firms with only a few employees. They usually have an online shop since a significant portion of sales in this sector is done through the internet. There are also a growing number of garages offering styling and tuning services.

There is also a significant interest in repair and diagnostic equipment for service stations. The demand for such equipment is driven by Polish regulations requiring all automobiles to pass a technical inspection three years after the initial date of sale. The next inspection is done after two more years and thereafter on annual basis. Another important factor increasing the sales of automotive service equipment is the huge import of used cars, on average aged 8 years or older. These cars often need urgent repair, some of them having been in crashes and imported for repair in Poland.

Main Competitors

U.S. suppliers of parts and equipment generally will face strong competition from European suppliers for high quality products and Asian suppliers for cheaper and lower quality products.

Current Demand

Aftermarket: Parts and Components

There is a significant potential market in Poland for U.S. made car parts. Especially for passenger cars with European specifications, accessories, engine parts, body parts, and air conditioning systems.

Aftermarket: Mobile Electronics & Technology

There are opportunities in Poland for U.S. made audio equipment, amplifiers, radar sensors, navigation systems, as well as high-tech alarms.

Resources

Polish Chamber of Automotive Industry

Website: <http://www.pim.org.pl>

Automotive market research Institute

Website: <http://www.samar.pl>

Association of Distributors of Automotive Parts

Website: <http://www.sdcm.pl>



Trade Events

Name of event: Poznan Automotive Meetings

Location: Poznan

English language website: <http://www.motorshow.pl/en>

Description: The Poznan Automotive Meetings is Poland's largest presentation of cars. The show includes also family cars, luxury limousines and sport coupes, SUVs, special-purpose vehicles and campers as well as parts and components, tuning and accessories.

Name of event: Automotive Technology Fair

Location: Poznan

English language website: <http://www.motorshow.pl/en>

Description: Exhibitors showcase a comprehensive range of equipment for car repair shops, vehicle testing stations and car washes, along with spare parts and components, automotive electronics, car alarms and anti-theft systems, supplies, car accessories, car maintenance and care products, as well as offers for tuning fans.

Available Market Research

Poland: Automotive Repair and Maintenance Equipment (2008)

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Romania

Capital: Bucharest
Population: 22.3 million (July 2010)
GDP: \$161.1 billion
Currency: RON
Language: Romanian
2nd languages: English, French



Summary

Romanian Motor Vehicle Market 2010

(Units sold)

Car (motor vehicles market)	2009 (January - July)	2010 (January - July)
A) Total Market Size	91,466	71,168
B) Total Local Production	176,206	219,656
C) Total Exports	149,348	194,523
D) Total Imports	64,608	46,035

The above statistics are unofficial estimates.

Romania's car market registered the fourth largest decline in the EU at -32.2% in the January-August interval. The number of new car registrations in the EU dropped 3.5% during the same period. Romania registered 55,488 new cars in the first eight months of 2010, compared with 81,861 new registrations in the same period the year before.

Production of vehicles in Romania increased through the first seven months, January-July 2010 by a quarter as compared to the same period last year. According to APIA Romania (Automotive Manufacturers and Importers Association) 219,656 vehicles were produced in Romania. Obviously, Dacia owned by French Renault, has the biggest share with its 215,463 units. Ford was second in market share with its 4178 units. The statistics also register the 15 trucks manufactured at Roman Brasov, a small number considering that at Dacia facility 40 cars are being manufactured per hour.

Car production was one of the driving forces of Romania's exports, 89% of all vehicles manufactured in the Romanian facilities, ie 194,523 of the units being exported. Ford exported its entire production, the 4178 Ford Transit Connect units, and Roman Brasov and Dacia exported 190,329 passenger cars and commercial vehicles. Car exports rose 30% as compared to the period January-July 2009.

On the other hand, the Romanian car market continues its decline, as through the first seven months of 2010 car sales slumped by 26%. Dacia is still the best-selling brand, with 22,194 cars, followed by Ford (5841 cars), Renault (5,300 units) and Skoda (4584 vehicles). Imports of vehicles decreased by 36%, to 6385 units in July, and through the first seven months dropped by 28.7% to 46,035 cars. In the classification of imported cars by models, Renault Clio is the leading model both in July and in the first seven months followed by Skoda Octavia and Ford Fiesta.

Car ownership has increased significantly over the past three years, despite relatively low levels of disposable income, to an estimated 167 cars per 1,000 people in 2010. According to the Global Insight Study, a total 9,021,703 cars were registered in the first eight months of the year across the European Union, except for Malta and Cyprus, for which there was no available data.

Market Entry

U.S. exporters must comply with EU and national legislation when it concern type approvals of vehicles and parts.

Current Market Trends

The Romanian automotive industry has been one of the most profitable branches of the economy in recent years and has been attracting increasing foreign investor interest. Opportunities in the automotive market have yet to be fully exploited by companies already operating within the region, or still considering their entry into this marketplace. Auto components manufacturing has moved out of mature economies into the strong growth Romanian economy. Local production is mainly export oriented and serves many of the top car brands worldwide.

Current Demand

The auto components and accessories market has evolved spectacularly, mainly due to foreign investment made in Romania in this sector. Global players are placing production in Romania and structuring their component sales for both the internal market and also for export markets. Taking into account these considerations, we could see as best prospects for the near future the following areas:

- manufacturing automotive spare parts & components;
- manufacturing or distribution of car accessories: GPS devices, anti radar systems, car security premium systems, Hi-Fi car audio devices (electronic and information device parts);
- establishing workshops (even in franchise system) especially designed for install the cars' accessories.

Available Market Research

Romanian Automotive Market (May 2009)

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Russia

<i>Capital:</i>	Moscow
<i>Population:</i>	140 million
<i>GDP*:</i>	\$1.3 trillion
<i>Currency:</i>	Russian Ruble
<i>Language:</i>	Russian



Summary

The world economic crisis has seriously impacted the Russian automotive market which virtually collapsed in 2009 after several years of continuous and impressive growth. New car registrations dropped from over 3 million vehicles in 2008 to 1.5 million in 2009. Dollar-denominated sales dropped even worse from \$69 billion in 2008 to \$25 billion in 2009. The major reason for this slump was the financial crisis resulting into a loss of certainty in future among middle class buyers, unwillingness of banks to finance sales of new cars at affordable rates and 30% devaluation of the local currency. The import of used cars in 2009 practically stopped because of prohibitive import tax rates introduced by the Russian government. Subsequently, aftermarket sales also decreased drastically.

In early 2010, the Russian government launched “cash for trash” program that offered \$1,700 subsidy to those owners that would like to replace a 10-year-and older vehicle by a new one manufactured in Russia. This initiative was successful, and in 2010 the car sales started growing. The government plans to prolong the “cash for trash” initiative for 2011 and extend it on trucks and buses.

The future of the Russian automotive market will depend on the global situation and the state of the Russian economy. The ability of Russian consumers to spend for new cars is significantly dependent on oil and gas prices and the wealth they generate. The optimistic scenario envisages that the market will reach 2008 levels in 2012, while the pessimistic outlook foresees surpassing 2008 results by 2015.

Market Entry

- Perform detailed market research to identify specific sector opportunities.
- Establish a local presence or select a local partner for effective marketing and sales distribution in Russia. Due diligence is a must.
- Maintain a long-term timeframe to implement plans and achieve positive results.
- Use the experience of other, successful U.S. companies in the market. The local American Chamber of Commerce has over 850 members and is a valuable resource.
- Be prepared to offer financing to Russian buyers. Both the U.S. Export-Import Bank (Eximbank) and Overseas Private Insurance Corporation (OPIC) have programs to address these needs.
- Be prepared also to establish a well thought out budget plan and include in the entry strategy advertising, market promotion and regular visits to the major cities in Russia.

Current Market Trends

There are several projects underway to assemble foreign cars in Russia. Ford, GM, Toyota, Renault, Nissan, Hyundai and VW own recently established SKD plants in Russia. Fiat, Kia and Ssang Yong plants are operated by Russian companies under licensing agreements. Other foreign assembly projects in Russia include BMW, Navistar/International and bus projects by Scania and Volvo. The major obstacle to successful development of foreign assembly projects in Russia is the lack of local component suppliers.

The market for car components and aftermarket replacement parts is likely to become stronger as car ownership steadily increases and customers demand higher performance from domestically produced cars. Russia represents a large potential market for the U.S. automotive industry. Currently, the rate of car ownership in Russia is only 30% of the U.S. rate. The total Russian motor vehicle fleet is estimated at over 40 million units, including 34 million cars.

In 2005 the government took the decision (166 Decree) to drastically decrease import taxes for automotive components imported by OEMs under the condition to gradually achieve 30% localization within seven years of operation. The government decision envisages that import taxes will be either abolished (engines, power trains, exhaust systems, and body parts) or cut to as low as three percent (starters and spark plugs) for components supplied to assembly projects. In 2006, the Russian government modified the decree (566 decree) to allow tier-1 component manufacturers to import tax-free components under the condition to achieve 30% localization within 40 months.

Main Competitors

The Russian auto industry represents a major force in the domestic economy because of highly competitive pricing, but quality must improve if the industry is to maintain its position. Russian vehicle assembly and component manufacturing factories remain plagued by outdated equipment, a lack of modern technologies and inadequate management. Nonetheless, the automotive sector of Russia's economy is in better shape than many other industries. The major local automotive market players include: GAZ Group, a subsidiary of Basic Element, the largest Russian aluminum manufacturer; and Sollers, a former subsidiary of the leading Russian steel producer Severstal, and AutoVAZ currently controlled by the state owned Rosvooruzhenie and minority-owned by Renault. Those companies are successfully restructuring their automotive assets and investing in the modernization of these outdated facilities.

The aftermarket is quite competitive with parts, chemicals and car-care products suppliers from Europe and Asia active in the Russian market. Entering the market is an uneasy task since existing local distributors are not interested in taking risks of investing in new brands and expect suppliers to significantly contribute in marketing and brand promotion.

Current Demand

Engine and engine components, steering components, brake system components, powertrain components, tires, interior components, new car dealerships. The best opportunities for U.S. firms are in the establishment of local manufacturing facilities or the formation of joint ventures with Russian firms and the supply of components to foreign vehicle assembly projects in Russia or Tier-1 suppliers. International financing institutions, such as EBRD (European Bank for Reconstruction and Development), are interested to provide financing for automotive projects in Russia. Another good prospect is to supply upgraded equipment and technology to Russian manufacturers. Opportunities also exist in the licensing and transferring of modern technology to Russian component manufacturers. Aftermarket sales of replacement parts and accessories are dynamic, with high customer receptivity to U.S. products. Many U.S. brand names are very well known and sold in Russia. There are no known trade barriers affecting imports of U.S. automotive products; import tariffs are moderate.



Barriers

Import taxes on used cars have been recently increased to become prohibitive.

Trade Events

Name of event: Moscow International Motor Show

Location: Moscow

English language website: www.mims.ru

Description: MIMS is the largest and best-known trade show in Russia devoted to the automotive industry. It is organized by the British company ITE.

Available Market Research

Russian Automotive Industry (Aug 2010)

Country Commercial Guide 2010 – Automotive Industry

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Singapore

Capital: Singapore
Population: 5,076,700 (2010)
GDP*: US\$182.233 billion (2009)
Currency: Singapore dollar
Language: English, Malay, Mandarin, Tamil



Summary

The projected growth of the car population is optimistic and there is little doubt that the demand for automotive parts and accessories will increase. The total number of motor vehicles on Singapore roads has been increasing over the past three years on an average annual rate of 4.25%. This growth pattern is anticipated to remain unchanged for the next three to five years. These developments certainly bode well for U.S. business for the foreseeable future.

New Motor Vehicle Sales (in units)

	2007	2008	2009
Cars & Station-Wagons	505,987	540,455	566,608
Rental Cars	11,054	12,391	12,763
Taxis	24,446	24,300	24,702
Buses	14,530	15,327	16,023
Goods & Other Vehicles	150,979	156,089	158,207
Motorcycles & Scooters	144,340	146,120	147,215
Total Motor Vehicles	851,336	894,682	925,518

Source: Land Transport Authority, Singapore

Current Market Trends

Singapore's market offers opportunities in the automotive components sector, which continues to grow. Recent investments reflect the importance of Singapore as a major manufacturing base, especially for the production of higher value-added engineering systems. Many leading multinational corporations (MNCs) have set up international procurement offices to source high-quality and competitively-priced automotive parts. They have established their operational headquarters in Singapore to coordinate their manufacturing and distribution operations for the region.

After reaching ten years of age, cars must be scrapped or face hefty road taxes. Those owners who get rid of their cars are entitled to receive a lump-sum benefit under the "Preferential Additional Registration Fee (PARF)" plan introduced in 1975. The sum, determined by engine capacity, may be used to offset the registration fee of a new car, but it is not applicable to cars previously registered outside Singapore. Those who keep their cars more than ten years must pay a surcharge on their road tax of between 10-50%.

As a result of this fairly high turnover there is very small market for remanufactured/reconditioned cars and auto parts. There are very few reconditioned automotive parts and supplies dealers because new parts are preferred. Since there is no domestic production of automobiles in Singapore, imports must meet total market demand.

The demand for accessories, car-care products, prestige items, and new spare parts is also high as vehicle owners maintain their cars in top condition. Singapore also serves as the primary distribution center for automotive products in Southeast Asia.

Market Entry

A common belief in Singapore was that automobiles with automatic gears were hard to service and maintain, therefore, manual gear cars were the norm. This perception is slowly fading, as more new cars with automatic transmissions are being sold. Companies looking to sell in Singapore should consider making their cars available in both manual and automatic gears. Another hindrance to selling American cars in Singapore is the reluctance of American car companies to produce right-hand drive cars. U.S.-built vehicles are admired for their design and user benefits. Interest in multi-purpose vehicles (MPV) runs high. On the whole, the MPV market is expanding faster than any other segment. American manufacturers who are willing to design their cars in the right-hand drive mode would have better sales prospects in Singapore than those who don't. GM is the first American automobile



producer to launch its seven-seater Opel Zafira in the Singapore market. Needless to say, there is room for more American involvement in this marketplace. In view of the competitive nature of the local business environment, any American company that is just starting to develop the local market is recommended to appoint a local representative. Once business has matured, the establishment of a representative office might then be desirable to exploit regional potential.

Main Competitors

The automobile market in Singapore is highly competitive, though the Japanese manufacturers dominate car sales. Statistics released by the LTA showed a 4.8% growth in the car market for 2009. Toyota (which sold 161,074 units last year) maintained its lead as the best selling motorcar brand in 2009. Honda, with sales of 90,861 units last year, was second, followed by Nissan, Hyundai and Mitsubishi. In terms of market share in Singapore, Toyota had a 27.8% share last year, while Honda had a 15.68% market share.

Parts come from neighboring countries such as Malaysia, Thailand, Taiwan, China and India. Singapore also affords easy access for original equipment parts from Japan, the U.S. and EU and ensures fast delivery time of replacement parts.

An analysis of recent LTA figures clearly shows that only 15 out of the 60 mainstream makes suffered lower sales last year. Those with fall in sales included Nissan, Mazda, Ford, Renault, Opel, SAAB, Alfa Romeo, Daewoo, Rover, Wuling, M.G., Naza, Daimler, Isuzu, and Morgan. The LTA figures also showed that all other brands posted gains. The most significant growth included those posted by Toyota, Honda, Nissan, Mercedes, and Chevrolet. Observers are optimistic that 2010 will end with more winners than losers because of the lower COE prices and a better economy in Singapore.

Parallel importing remains a visible trend in the local automobile industry. Traditionally, parallel importers only sold Mercedes-Benz because of the demand and the profit margin. Parallel importers have increased their presence here, boosted largely by the availability of excess stock in Japan. According to estimates, the makes offered by these importers included Toyota, Nissan, Mitsubishi, Honda and Mercedes-Benz. Trade observers said the lackluster Tokyo economy gave rise to a ready supply of cars, thus contributing to the influx of Japanese grey imports here. These are priced lower than the local distributor's prices. This is possible because these parallel importers invest next to nothing on after-sales service, infrastructure or warranties.

Current Demand

When considering auto parts, one must remember that Singapore's focus is on the production of high technology and low labor-intensive parts. Singapore has positioned itself as the regional center for the manufacture and design of high-tech auto components for the OEM and the replacement parts market. Singapore firms engage a wide range of sophisticated manufacturing technology, such as in-process x-ray inspection, vision control assembly machines and hybrid technology. A broad variety of automotive components are being produced. They are: electronic sub-assembly (like ignition control modules and pressure sensors), engine parts (such as gaskets and oil seals), compressor parts and automotive audio systems, and transmission components (such as universal joint kits). There is also great interest in advanced propulsion system and exotic metal research, particularly in view of the "green" movement initiated by the Government to reduce carbon pollution.

Barriers

The greatest obstacle for U.S. automobile imports is all vehicles are right hand drive which includes: Ford Taurus, DaimlerChrysler's Cherokee, General Motor's Opel, and to a lesser extent, Cadillac.\

Trade Events

Singapore Motor Show 2011 <http://www.motorshow.com.sg>
Sept/Oct 2011

Type: The Singapore Motor Show is staged biennially. It is a marketing showcase for manufacturers and distributors of passenger vehicles covering concept cars, convertibles, exotic cars, hot hatches, performance cars, saloons, sport cars, and super luxury sedans. The exhibit profile also incorporates the full range of commercial vehicles as well as OEM parts, workshop equipment, accessories and aftermarket products.

P.S. The website for the 2011 motor show has yet to be done. Hence, the attached 2008 website is meant as a guide. The actual dates for the staging of the 2011 show will be finalized in due course.



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Slovakia

Capital:	Bratislava
Population:	5.396 million
GDP ¹ :	\$78.3 million
Real GDP growth:	-2.60
Currency:	Euro
Language:	Slovak



Summary

Although the car plants in Slovakia have the capacity to build more than 800,000 cars annually, production dropped to 459,756 units in 2009 due to the worldwide economic recession.

In 2009 there were over 120 Tier 1 and Tier 2 auto suppliers in Slovakia (30% less compared to 2008), providing parts and subassemblies to clients throughout Europe and beyond.

The financial crisis and recession have hit the Slovak automotive industry strongly. Car exports, especially to the United States., dropped dramatically and the three local car makers were forced to temporarily shut down their third shift of operations or introduce a four-day working week. The industry has recovered somewhat since a car-scraping bonus was implemented by the Slovak Government in early 2009. All three car producers are back to working shifts.

Market Entry

Excellent opportunities exist for U.S. automotive suppliers interested in selling parts to local auto plants, the automotive aftermarket, as well as to companies experienced in education /training and R&D/test production activities.

Slovakia has difficulty in finding experienced electronic and technical engineers, technologists, designers, quality controllers, logisticians, purchasers and maintenance people who speak at least one foreign language. Specialists for IT and managerial positions are in highest demand.

The development of applied R&D is essential for the automotive industry. In Slovakia there is excellent potential for penetration into the R&D activities of the large automobile corporations in specific segments. Integration of Slovak research workstations into R&D of cars, development of components, aggregates, technologies for car production and car assembly must be consistent.

Finding a good local partner is the key to successful entry into the Slovak market. The quickest way is to find a local distributor with an existing distribution network ready to expand his existing product portfolio with a new U.S. product. Local partners have unique knowledge of native culture and language, market nuances and price policy of the Slovak market. In most cases one distributor provides coverage throughout the entire country and in some cases reaches out to neighboring countries, particularly the Czech Republic.

Larger U.S. firms might want to consider establishing joint venture manufacturing facilities in Slovakia to provide high quality products Just-In-Time (JIT). The U.S. Commercial Service at the U.S. Embassy in Bratislava strongly recommends building person-to-person relationships in the Slovak market. We will gladly assist you through many of our services such as the Gold Key Service or International Partner Search. Executives may wish to combine their first visit to Central Eastern Europe with introductory visits to other nearby countries. Please contact us for more information.

Current Market Trends / Current Demand

An approximate allocation by manufacturer is:

PSA Slovakia in Trnava (Models: Peugeot 207, Peugeot 207 van), production up to 500,000 units; (203,732 units produced in 2009. PSA ranked No.1 car producer in 2009 when it produced 17,000cars more than in 2008.)

KIA Motors Slovakia in Zilina (Models: Hyundai Tucson, Kia ED, Kia CEED, Kia Sportage), production up to 300,000 units (150,020 units produced in 2009.) VW Slovakia in Bratislava (Models: Audi Q7, Touareg and Porsche Cayenne body), production up to 300,000 units; (105,997units produced in 2009)

Barriers

There are no trade restrictions on imports of cars and automotive components from the United States other than import duties. However, U.S. imports face strong competition from imports from the other European Union (EU) countries since automotive components produced in the EU can be imported into the Slovak Republic duty-free. Non-EU automotive components carry a duty rate of 10%.

American exporters must be aware that each new type of imported product is subject to certification for quality and safety in conformity with the relevant EU regulations. The certification process requires that a sample from the planned import batch of the product be tested and approved by a notified body anywhere in the EU.

Trade Events

Autosalon, Autoservis, Motocykel - held in Bratislava around March

Autocee Conference – usually takes place in May or June in Bratislava

Autosalon in Nitra - usually takes place in September or October

There is also Autosalon in Bratislava:

http://www.incheba.sk/exhibitions/Exhibition_Motorshow_2011/3018?lang=en,
(usually includes international fair of plastics and composites for the automotive industry)



Available Market Research

No current research available.

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South Africa

Capital: Pretoria
Population: 49,052,489
GDP Per Capita:\$5,787 (2009)
Currency: Rand
Language: English



Summary

There has been a rapid growth in demand for automotive specialty equipment and accessories in South Africa. This growth can be attributed to the higher disposable income within specific segments of the South African population. Since 2001 the activity of accessorizing and improving performance of vehicles has transformed from a hobby to a fully-fledged culture of fierce competition. In the race to individualize and distinguish their vehicles from others, enthusiasts constantly seek innovative, authentic specialty components with little regard to price. In this lucrative sector, South Africans often follow trends set in the United States and are highly receptive to U.S. brands.

Market Demand and Overview

The combination of a growing new vehicle market, increasing vehicle population and an emerging black middle class has led to a demand of specialty equipment, thus the rapid increase of specialty auto centers, dyno-tuning centers and accessory importers and retailers around South Africa. To satisfy the demands of enthusiasts, owners of these establishments continually seek to import and establish distributor agreements with foreign companies. Although there has been an influx of world-renowned brands into the South African accessory, sound and performance market, there has also been an influx of cheap alternatives imported from the East. Counterfeit and inferior products are seen as a “very serious problem” in South Africa.



Interior and Exterior accessory products such as body styling kits; racing seats; alloy wheels; lowering-suspension kits; graphics; steering wheels; gear and hand-brake pouches; boot spoilers and wings; aluminum pedals; xenon light kits are retailed in most accessory outlets and auto-centers. Approximately 85% of these accessories are imported, mainly from Japan and China.

Leading sound brands such as Calibra, Star Sound, Sony Mobile, Pioneer, Alpine, Audio Bank, Kenwood, Kicker, Blaster, Xplod, JBL, Clarion, Cerwin Vega and Earthquake are firmly established brands in the South African audio sound market. There are monthly sound competitions in major South African cities, drawing participants from all parts of the country. These competitions are well sponsored and supported by audio sound retailers and installers.

The following performance products are sought after by dragsters in “the race to be the best”: intercoolers; ball bearing turbos; octane boosters; gauges; racing bolts; performance water injection systems, high flow injectors; racing clutches; metal head-gaskets; racing pistons; calipers and racing disk kits; high pressure fuel kits; gas flow cylinder heads, dynamometers. Many international companies have seen the demand for high-end performance products and have established local representation in the South Africa. These include: Seidl-Tuning; Lumma-Tuning; Weitec suspension; Folia Tec; NOS; Arias Forged Racing Pistons; Turbonetics, Automotive Racing Products (ARP); Clutch Masters; MSD Ignition and many others

Majority of the performance products are imported directly from the United States, United Kingdom, Italy and Germany. However, these imports may not necessarily be purchased from the manufacturer and without any exclusivity and/or distributor agreements. This scenario leads to “rogue distributors” and fierce competition amongst wholesalers and smaller retail, customizing and performance shops. South African companies are interested in acquiring U.S. distributorships, however, U.S. companies seldom reply to their inquiries or the U.S. company’s minimum requirement to ship is too large for the South African importer. This leaves the South African importers without much choice but to engage U.S. agents who consolidate and ship U.S. specialty products that are purchased from third parties to them.

Market Data

South Africa's main automotive trading partners (exports plus imports) for 2009 reflected the country's global linkages with the OEM parent companies in Germany, the USA and Japan. Germany comprised \$5.72 billion or 28,4% of South Africa's total automotive trade in 2009, followed by the USA with \$2.73 billion or 13,5% and Japan with \$2.49 billion or 12,3% of total automotive trade.

Data relating specifically to specialty equipment (styling, sound and performance) is difficult to obtain, as there is no formal association regulating this sector. The general consensus is: "Unknown, but nowhere near its full potential". Estimations are that the market size for specialty equipment is between \$2.5 – 3 billion.

Performance Products: These include King Dragon, Snow Performance, NOS Octane Boosters, Razor, Seidl-Tuning, Lumma-Tuning, Weitec suspension, Folia Tec, Jamex, Arias Forged Racing Pistons, Turbonetics, Automotive Racing Products (ARP), Clutch Masters, MSD Ignition, K&N Filters, and Mickey Thompson Racing Tires.

Audio Sound: Major audio sound manufacturers in South Africa are Calibra, Star Sound, Sony Mobile, Pioneer, Alpine, Audio Bank, Kenwood, JVC, Audio Stream, Kicker, Blaster, Bronx, MTX Audio, Xplod, RockFordFosgate, JBL, Clarion, Cerwin Vega, and Earthquake.

Accessory Products: These are mainly imported from China, Taiwan, and Italy, and include steering wheels, pedal sets, alloy wheels and tires, racing seats, gear knobs, laser detectors, and other non OEM body fixtures such as bumpers, grills and lowered suspension kits. Some of the well known accessory brands include Isotta, Napier Racing, Jada Toys, Victor, Jammex, TSW, Smith Wheels, Momos, Tiger, and Altezza.

Market Entry

Many South African specialty equipment and accessory wholesalers and retailers are seeking to expand their product range and welcome opportunities to establish distributor agreements with U.S. firms. The South African Government does not have stringent laws prohibiting foreign/international automotive performance and accessory commodities.

Market Issues and Obstacles

Items under Harmonized Code (HS Code) 89: Parts and Accessories of Motor Vehicle NES are subject to a 25-30% import duty, with an additional fourteen percent for Value Added Tax (VAT) which can be reclaimed by the importer.

Trade Events

Johannesburg International Motor Show (JIMS)

October 6-16, 2010

<http://www.jims.co.za>

Automechanika South Africa 2011

March 9-11, 2010

<http://www.automechanikasa.co.za/>

Available Market Research

No current research available.

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Spain

Capital: Madrid
Population: 46.951 million (January 1, 2010)
GDP*: \$1.051 trillion (January 1, estimate)
Currency: Euro
Language: Spanish



Summary

Passenger Vehicles

Spain is the third largest automobile manufacturer in the European Union (EU) (surpassed only by Germany and France) and one of the seven largest automobile manufacturers in the world. More than three out of every four passenger cars manufactured in Spain were exported in 2009. Additionally, the EU boasts the highest number of vehicles per thousand inhabitants in the world. The outlook for the automotive sector in Spain is not as good as it was in the past 8-10 years, and steady growth in consumption levels is not going to continue in the near future.

Motorcycle Market

In May 2009, approximately 270,000 motorcycles were registered in Spain.

Specialty Vehicles in Spain

There has been very little competition in the Spanish market as there have been very few companies that have been fully dedicated to the adaptability of vehicles, but since the new European laws were enforced there have been a great number of new companies dedicated exclusively to this matter or others that only dedicated part of their work to this and have recently decided to have full dedication to the adaptation of all types of vehicles.

Hybrid Vehicle Components

Currently, automobile manufacturers are working on several projects to develop alternative propulsion systems, some of them using derivatives of petroleum as diesel or bio-diesel, creating vehicles with electrical propulsion, and generating electricity by diesel or natural gas engines or new hydrogen motors.

SUBSTITUTION OF TRADITIONAL COMBUSTIBLES

Year	Bio-combustibles	Natural gas	Hydrogen	Total
2005	2	-	-	2
2010	6	2	-	8
2015	7	5	2	14
2020	8	10	5	23

Source: Libro Blanco del transporte – Comisión CE

Aftermarket: Accessories and Custom Products & Parts and Components

Spanish visitors to the annual SEMA and AAPEX trade shows in Las Vegas has increased from only 8-10 companies in 2004 to over 160 companies participating in 2008 and then had a decline in 2009 as a result of the economic crisis, to 50 companies. Spain has over 20 magazines devoted to tuning and aftermarket accessories including, but not limited to, [AutoMAX](#), Europneus, FLASH-tuning, GTI Mag, [Maxi Tuning, and Tuners 100% Lifestyle Magazine](#). The automotive repair and maintenance sector is expected to grow for the coming years as a result of the current economic crisis which has fueled demand for parts and services to upkeep older vehicles in lieu of purchasing new ones. The aging automobile fleet coupled with strict government inspections and increased market competition should result in 10 to 15 percent market growth. Growing demand for U.S. imports will also boost U.S. presence 10 percent in the next three years.

Available Market Research

Spain: Economic Crisis presents opportunity for automotive repair and maintenance. Feb. 2009

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Sweden

Capital: Stockholm
Population: 9,059,651
GDP*: \$405.4 billion (2009 est.)
Currency: Swedish krona
Language: Swedish



Summary

Sweden, with a population of about 9 million, had 4.3 million cars registered in 2009. This corresponds to one car to every 2.2 people. The number of registered commercial vehicles was 528,000.

The motor vehicle industry plays a central role in the Swedish economy. The four Swedish automotive manufacturers, including suppliers to the industry, employ about 140,000 people.

The total import of automotive parts and accessories (HS 87.08) was worth \$3.6 billion in 2009. Major supplying countries were Germany (29%), Belgium (13%) and the Poland (7%). US suppliers accounted for 2% percent of the import market.

Market Entry

As a rule, the Swedish vehicle manufacturers prefer to deal directly with foreign suppliers rather than going through agents.

As regards the aftermarket, it is more common to work through importers/agents or wholesalers. The products are thereafter sold through dealers, car part stores, garages and gas stations. Mail order firms also play an important part in the distribution system. About 60-70 percent of the sales got through authorized car dealers and garages.

Current Market Trends

Generally, Sweden offers a good market for high-quality and technically sophisticated automotive products. Good prospects exist for products within the safety and environment sectors. Swedes are very safety conscious and the manufacturers are known to follow high safety standards.

Sweden is a global leader in renewable energy and alternative fuels use. The Swedish government has pledged to cut CO2 emissions by 25 percent by the year 2020. In 2009, there were 81,130 new environmental vehicles registered which is 38% of the total cars registered, up from 34,1%, 2008. Good prospects exist for products within emission technology, alternative energy technology and telematics.

Other products that enjoy good prospects are products that relate to the Swedish climate. Examples are engine heaters for the winter and roof boxes for skis. Extra lights are also popular, especially as it is very dark for 6 months of the year in Sweden. There is also a growing market for truck aftermarket equipment.

Good prospects exist for motorcycles. There are about 300,000 motorcycles on the roads, which can be compared with 125,000 twelve years ago. The trend is for smarter, stronger - and more expensive motorcycles. In 2009, Harley-Davidson sold 1,029 motorcycles and was the third biggest supplier after Yamaha and Honda.

Another sector of interest is specialty vehicles. Customizing cars is a hot trend. Many Swedes consider the United States to be a leading country when it comes to styling and tuning their cars. The most popular cars for customizing are European and Japanese models. The products, which traditionally are most popular in the styling and tuning sector are tires and wheels, lowering kits, and exhaust systems. The trend is moving towards more visible products such as body kits, spoilers and lighting equipment. Steering wheels, rims, mirrors and decorations for the exterior of the car also sell well. It is also popular to install impressive stereo equipment.



Classic U.S. cars and muscle cars are very popular in Sweden. The Swedish Federation of Historic Vehicle Clubs has 156 registered member clubs with 95,000 members. They estimate that there are at least 250,000-300,000 historic vehicle enthusiasts in Sweden.

Trade Events

“Automässan”Gothenburg, January 19 – 22, 2011 (triennial)

Phone: (46) 31 708 80 00

Number of exhibitors (2008): 263

Number of visitors (2008): 18,305

http://nemonet.swefair.se/templates/FlexiblePage_____175170.aspx

“Lastbil 2012” – truck exhibition (biennial)

Jönköping, August 22 – 25, 2012

Number of exhibitors (2010): 450

Number of visitors (2010): 39,131

<http://www.elmia.se/lastbil/>

“Stockholm International Motor Show” (triennial)

Stockholm, April 9-17, 2011

Number of exhibitors (2006): 200

Number of visitors (2006): 155,000

www.bilsalongen.com

<http://www.stockholmsmassan.se/Common/Category.aspx?id=1>

Available Market Research

Automotive Parts and Accessories (2009)

Hybrid and Alternative Fuel Vehicles (2009)

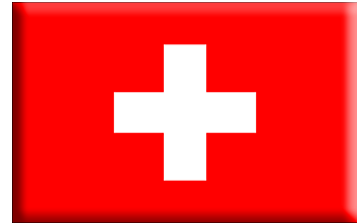
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Switzerland

Capital: Bern
Population: 7.6 million
GDP*: \$494.6 billion (2009 est.)
Currency: Swiss Franc (Sfr.)
Languages: German, French, Italian and Romansch



Summary

The overall Swiss market demand for automotive parts, aftermarket products, accessories as well as specialty equipment was valued at \$1.12 billion in 2009. With Switzerland climbing out of recession, the overall economy is expected to show growth of 2.7%, which will favorably impinge upon the automotive market. In the past few years, U.S. exporters have garnered a small market share, registering \$45 million in 2009. Germany, which traditionally has had a strong stronghold in the market, captured the lion's share with a total exceeding 47% of the market, followed by France with 14% and Japan with 12%.

Market Entry

In order to retain their customer base, Swiss car dealerships and repair shops often grant their clients large discounts, recently driving prices down to the lowest relative levels ever in Switzerland. Receptivity is fairly high for U.S.-made parts, accessories, and specialty equipment, including audio equipment and emission testing equipment. While most garage dealerships source their products from the U.S. supplier directly to eliminate the intermediary, there is a pool of importers/distributors of parts, accessories and specialty equipment in Switzerland. These companies maintain good relationships with the end-users of parts and components.

Current Market Trends

Products with a high degree of receptivity on the Swiss market include specialty equipment, specialty wheels, specialty tires, in-car entertainment systems, styling products, garage equipment, diagnostics equipment, and performance enhancing products.

Main Competitors

In 2009, U.S. exporters supplied \$45 million of parts and accessories, representing a market share of less than 5% of the import market. An increased U.S. market share is contingent upon competitive prices since Swiss car dealerships and importers are faced with thinner profit margins in a fiercely competitive market environment. In addition to a string of small to mid-sized U.S. companies, Tenneco, Federal Mogul and Cardone Industries are well established in the Swiss market and are endeavoring to increase their market share. U.S. suppliers of accessories sold to consumers are encouraged to adjust their pricing schemes in order to remain competitive. U.S. exporters benefit from the favorable U.S. dollar-Swiss franc exchange rate as Swiss importers and distributors of automotive parts, accessories, and specialty equipment are looking at the U.S. market to source their products. U.S. suppliers are encouraged to consider penetrating the highly competitive and potentially lucrative Swiss market. However, they have to be prepared to sell initially in smaller quantities with the potential to increase sales once established in the market.



U.S. exporters face stiff competition from European Union suppliers, particularly from Germany with a 47% market share, Italy with 16%, France with 14% and the U.K. with 8%, as well as from Japan (12%). EU suppliers benefit from proximity to the market and favorable duty rates. China is making big strides to break into the Swiss market by offering low prices and, in some cases, substandard products.

Current Demand

The Swiss automotive market was liberalized on January 1, 2005, giving consumers greater choice in buying new automobiles as well as parts, accessories and specialty equipment. As predicted, with the liberalization, prices have fallen and are more commensurate with prices in the European Union. U.S. automobiles captured a meager 1.2% market share in 2009. Demand for U.S. automobiles is nonetheless expected to rise between 2009 and 2011 as a direct result of the liberalization of the parts and components distribution and the availability of more U.S. and other foreign auto parts, which can now be incorporated into the distribution networks of dealers of parts, accessories and specialty equipment. A greater U.S. automotive market share is bound to spur demand for OEM, parts and accessories and specialty products. In spite of the recessionary climate, industry experts are forecasting market demand to grow between 2-3% annually over the next two years.

Revenues generated by the overall Swiss automotive industry, including the sales of new and used automobiles, utility/commercial vehicles, gasoline stations, repair and service facilities and providers of related services, registered a total volume of \$ 67 billion in 2009, reflecting the industry's importance and might in the overall Swiss economy. The overall car fleet in Switzerland is about 3.8 million automobiles and is expected to grow marginally over the next two years as a result of higher retention rates of automobiles.

Barriers

Switzerland's open and transparent market environment, affluence, central location in the heart of Europe, sound economy, and highly developed industrial base are vital elements for U.S. exporters. Federal, cantonal (state) and communal governments intervene as little as possible in the decisions of corporate management. The Swiss import climate is favorable to imports of automobile parts, aftermarket products, equipment and accessories with no major roadblocks.

The 1972 Free Trade Agreement between Switzerland and the European Community eliminated customs duties and other trade restrictions for industrial and agricultural products. Free trade is, therefore, possible for about 90% of the trade in goods of Swiss or EU origin. This free trade is also applicable to the European Free Trade Association (EFTA), of which Switzerland is a member. The majority of U.S. shipments of goods to Switzerland are assessed a customs duty, which is tied to weight rather than value. Automotive parts and accessories earmarked for the Swiss market are subject to the Value-Added-Tax (VAT), which at present is assessed at 7.6%. The VAT is assessed based upon the value of the imported commodities.

Available Market Research

Automobile Crisis to Affect Swiss Automobile Industry (January 2009)

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Taiwan

Capital: Taipei
Population: 22.9 million
GDP*: \$712 billion
Currency: New Taiwan dollars
Language: Mandarin Chinese (official), Taiwanese (Min), Hakka dialects



Summary

Taiwan's automotive sector in general is dominated by Japanese with a market share over 85%. Taiwan has a relatively strong in the aftermarket sector. The market for U.S. automotive products is declining.

In light of this, no additional information is available for Taiwan. For questions, please contact the automotive specialist below.



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Thailand

Capital: Bangkok
Population: 67.2 Million (2010 estimate)
GDP: \$269.6 billion (2009 estimate)
Currency: Baht
Language: Thai



Summary

As a regional assembly base for world vehicles manufacturers, Thailand presents significant automotive opportunities that are forecasted to grow as the government plans to expand the industry to be one of the ten largest manufacturers in the world. The eco-car, once called the ACES (Agile, Clean, Efficient, and Safe), has been identified as a key product that will drive the industry towards its target of two million-unit assembly capacity by 2010. Honda, Suzuki, Nissan, and Toyota are assemblers receiving promotion privileges under the eco-car program. AutoAlliance, a Ford-Mazda joint venture, and Tata are also granted investment promotion privileges for their investments in manufacturing of the Ford-Mazda B-car and the Tata pickup. These new investment plans are expected to add 863,000 vehicle units to local production over the next couple of years.

Thailand's vehicle assembly output is expected to reach 1.56 million units in 2010. Production of pickup trucks accounts for 66% of the total production in the first eight month of 2010, and passenger cars for 33%. Exports are forecasted at 800,000 units, with passenger cars making up for 230,000 units. Domestic sales are expected to reach 750,000 units, making Thailand the largest market in Southeast Asia. Passenger car sales during the first three quarters of this year totaled close to 50% share of the market which has traditionally been dominated by 60% share of pickup trucks. Popularity of small passenger cars has gradually been on the rise in recent years causing demand for passenger cars to grow at higher rate than that of pickup trucks.

Market Entry

American manufacturers interested in supplying to the auto industry in Thailand will need to develop their relevance to the platforms selected for assembly in Thailand. Moreover, new-to-market manufacturers can enhance their access to the assemblers and their supplier networks in Thailand by building upon their relationships with them elsewhere.

Current Market Trends

The eco-car, with a 1,300 CC engine and maximum gas consumption of 5 liters per 100 km, meets Euro 4 emission standards and UNECE Reg 94 and Reg 95 passenger safety standards for front and side impact. This is expected to drive the automotive industry in Thailand towards achieving the government's goal of becoming one of the ten largest auto manufacturing countries in the world by 2010.

Investment plans from Toyota, Honda, Suzuki and Nissan have already been approved for investment promotion privileges under this new eco-car program. AutoAlliance also has a new investment plan for its Ford-Mazda B car and Tata for its one-ton pickup. These new investment plans are expected to add 863,000 vehicle units to local production over the next couple of years. New vehicle products and expansion of assembly capacity provide increasing opportunities for parts manufacturing and all other supporting industries. High potential areas include moulds and die casting, moulds for plastic injection, automotive electronic components, and alternative fuel engine and component technologies.

Main Competitors

Japanese manufacturers dominate the market and have a combined market share of larger than 90%. The five best selling brands are Toyota (40.5% share), Isuzu (19.5% share), Honda (14.7% share), Nissan (6.5% share), Mazda (4.7% share) and Mitsubishi (4.7% share). They all have assembling operations in Thailand that manufacture for both domestic and export markets. Ford/Mazda, General Motors, BENZ, BMW, Hino also have local manufacturing facilities for both markets.

Toyota leads in both the one-ton pickup and passenger car segments, while Isuzu comes in second for the one-ton pickup segment and Honda for the passenger car segment. Despite the majority of the vehicle market being controlled by only a few manufacturers, Thailand continues to attract producers of well-known brands from around the world. There are close to 40 makes available to Thai consumers.

Current Demand

This year, the industry projects a 24% decline in production, estimating an output of 1.1 million units. The domestic market is expected to decline by 20% from 2008's 615,720 units of 2008 to below half a million units and exports are expected to decrease by as much as 27% to approximately 580,000 units. A sharper decline in demand for vehicle imports from Thailand is forecasted in key destination markets in Asia, Central and South America, and particularly Europe, due to the global economic recession. A less severe decline in Thailand's domestic market is forecasted as industry believes in Thailand's strong economic fundamentals and expects the market to pick up in the later- half of 2009.

Notably, Toyota has confirmed its plan to invest in the local assembling of the Camry Hybrid and to further expand its CNG-powered vehicles this year. In fact, some industry experts believe Thailand's automotive industry could benefit due to possible relocations of vehicles production from Japan to Thailand.



Barriers

Thailand's automotive policies and regulations have traditionally promoted free competition and foreign investment in local production. Incentives are given to global investment to promote establishment of the local manufacturing industry. Meanwhile, tariff structures are designed to protect the local industry by imposing high tariff rates on Completely Built Units (CBUs) and finished parts. Despite the tariff barriers structured to promote growth in the local industry, other non-tariff barriers do not exist to hinder automotive imports.

Trade Events

Name of event: **Motor Expo**

Location: Bangkok, Thailand

English language website: www.motorexpo.com

Description: Consumer show for automobile and accessories with primary focus on end users market

Name of event: **BANGKOK INTERNATIONAL MOTOR SHOW**

Location: Bangkok, Thailand

English language website: <http://www.bangkok-motorshow.com>

Description: Consumer show for automobile and accessories with primary focus on end users market.

Available Market Research

Thailand: Vehicle Manufacturing (2008)

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Turkey

Capital: Turkey
Population: 72,561,312 (as of December 31, 2009)
GDP*: \$905.3 billion (2009)
Currency: Turkish Lira
Language: Turkish



Summary

Turkey's position at the crossroads of Europe and Asia and Turkey's Customs Union agreement with the EU make it an ideal location to penetrate markets in Central Asia, the CIS and the Caucasus for automotive manufacturers. Most international vehicle producers already have production in Turkey. Presently, there are 19 international vehicle producers in the Turkish market including; Ford, Toyota, Renault, Fiat, Chrysler, Opel, Honda, Hyundai, Peugeot, MAN, Mercedes, Isuzu, Mitsubishi, through joint/venture partnerships with local firms, direct investment, or license agreements.

The Turkish automotive parts/service equipment industry has expanded as Turkish automotive production and imports have increased. Auto parts increased by 40 percent compared to the year before, making 2007 a record year. As a result of this trend, automotive exports ranked first in total exports ahead of the traditional exports such as textiles and apparel. Turkey produces spark plugs, carburetors, fuel injection systems, and several transmission parts. This sector provides parts for new vehicles as well as the existing Turkish automobile fleet that exceeds 10 million units. Of the locally produced parts industry, 90 percent either are used in the production of vehicles that are exported or directly go to world part market.

Unfortunately, the automotive industry is one of the industries that has been affected by the global economic crisis in Turkey. Neither the local market nor the export markets are sufficiently large to let the firms in the auto industry work at full capacity.

Currently, the number of motorcycles per 1,000 persons in Turkey is much lower compared to other countries: Turkey - 20, Bulgaria – 50, Greece – 80, Italy – 170. This clearly shows the potential of growth in the motorcycles market in Turkey. American companies are encouraged to consider this young and growing market very closely.

Market Entry

American products compete with European products that maintain price advantages because of lower transportation and logistics expenses, and zero customs duties. Turkey is also a member of the EU Customs Union. In addition, American companies compete with cheap Asian products. In some segments of the industry, such as automotive chemicals and lubricants, the easiest way for an American supplier to overcome the freight disadvantage is to supply its products in bulk and have the products repackaged for retail in the local market. They may also bring products in a concentrated form, add ingredients and then package them in Turkey. This is how most American companies are successful in the market.

Major procurements are realized by private business. However, large fleets of vehicles owned by the municipalities and the central government, also define the sector.

Suppliers' agents play an essential role in marketing and sales. In fact, because of the complicated import procedures, it is almost impossible to sell without a competent agent in the country. In Turkey, agency/representation/distributor agreements are private contracts between agents and their foreign suppliers. There are no unusual regulations, which govern commission rates, termination, etc. However, in the automotive aftermarket sector, a commission rate of 5-10 percent is most common. Representatives provide pro forma invoices to the importers, including their commission in the price, and expect the foreign supplier to reimburse the commission amount to their account after the sale is realized.

Current Market Trends

Passenger Cars: Eighty four percent of the total vehicles market is in the A,B, and C segment, which have smaller engines, and therefore lower taxes. Twenty six percent is in the D,E, and F segments with larger engine sizes. The B segment has a 43 percent (stick with percent or make it % throughout) market share, the highest among all segments. The highest demand is for sedan types with 53 percent and hatch backs follow with 34 percent. Fifty-three percent of the total passenger car market is made up of diesel vehicles. The market for diesel engines is booming. Automatic transmission vehicles increased on a year to year basis by 15percent. Turkish consumers have a special interest and respect for U.S. vehicles, especially SUVs.



Commercial Vehicles: Turkish consumers seek commercial vehicles with low fuel consumption and trucks that are able to carry heavy payloads and tractor-trailer units. Large 1.5 ton pick-up trucks are among the best prospects. More than one-third of the commercial vehicles market is sustained by imports. The market for vehicles with carrying capacities below 3.5 tons is expanding. Opportunities exist for manufacturers of vans (50 percent of the market) and pick-up trucks (30 percent of the market).

Trucks and pick-ups: The seven sisters (no longer together)-Mercedes, Volvo, Scania, Iveco, Renault, DAF, and MAN) dominate the imported truck market. Volvo, Scania, Renault and DAF strictly import. The remaining companies manufacture domestically and import products.

Buses: DaimlerChrysler-Mercedes, MAN, BMC and TEMSA are the major bus manufacturers and importers for the Turkish market. Though the domestic bus market is sluggish, Turkey exports buses to Europe, Russia, the CIS and China. Turkey's BMC holds a 40 percent market share for municipal buses. The majority of the sales in the motorcycles market are in the lower engine size, including scooters. In the auto chemicals market, the semi-synthetic lubricants, which are used in diesel engines and high-performance products, have had increased sales. The light commercial vehicles market is also increasing in Turkey, and this increase results in an increase of mineral and semi-synthetic lubricants used in such vehicles. Turkish agents may help American exporters with the import and certification procedures, customs, and conducting promotional campaigns.



Tires, brake linings, gearboxes, and clutches are the major imported items in the parts industry. Generally, imported parts are used in supplying imported vehicles and to OEMs for vehicles to be exported, or, where there is no local production, such as for CV drive shafts, catalytic converters and tapered roller bearings. Imports are also found when production shortages occur. Examples include power steering hydraulic systems, bearings, and v-belts. Parts, which need to be replaced frequently because of poorly maintained roads, heavy traffic, traffic accidents, and poor fuel quality, can also be considered as "best prospects." Examples include: shock absorbers, brakes, clutches, rings, filters, bumpers, lights, and signaling equipment.

Main Competitors

Turkish consumers have a special interest and respect for U.S. vehicles. The first vehicles in Turkey were American in the 1950s. European vehicles started dominating the market later. Vehicles from Asian countries are now available everywhere in Turkey. American vehicles, especially the SUVs, have a good reputation.

The main competitors in the automotive chemicals market in Turkey for U.S. suppliers are from the following countries: Belgium: 40.1 percent, Germany: 32.9 percent, Italy: 7.8 percent, Netherlands: 6.9 percent, U.K.: 6.3 percent, and the rest by France, Switzerland, and Spain. Domestically manufactured and refined petroleum products meet more than 85 percent of the market.

Current Demand

There is a wide variety of vehicle models available in Turkey. In addition to the large number of models manufactured in Turkey, a significant large number of models are imported. Almost all the models from every brand have a good market in Turkey. Number of Passenger Car sales: 369,819 units (2009) Number of Light Commercial Vehicles sales: 187,307 units (2009). More than one-third of the truck and bus market is met by imports. The market for vehicles with carrying capacities below 3.5 tons is expanding. Opportunities exist for manufacturers of vans (50% of the market) and pick-up trucks (30% of the market).

Turkey has a promising motorcycle market and exceeded 13 million units. Currently, the number of brands existing in the Turkish market reached 220, including BMW, Yamaha, Honda, Suzuki, Kawasaki, Triumph, KTM, Harley, Vespa, Piaggio, Gilera, Derbi, Motoguzzi, Honda, Jinlun, Skyteam, Aeon, SYM, FYM, Suzuki, MV Agusta, Cagiva, Husqvarna, and some Chinese ones.

All of the major international petroleum refiners are present in the Turkish auto chemicals and lubricants market. Companies such as Castrol-BP, Shell, Exxon-Mobil, Texaco, Total, M-Oil are present and offer the full range of motor oils, lubricants and fuel additives. Additionally, firms that are only involved in the lubricants business also operate in the Turkish market, such as the Fuchs, a German company. Domestic production is met by several large producers and 100 additional small to medium-sized companies involved in the car care market.

Barriers

The Turkish import regime prohibits the importation of remanufactured, rebuilt, used, reconditioned vehicles and parts. Only the current year or the following year models/newly manufactured parts can be imported.

Trade Events

Name of event: Otomotiv 2009

Location: Istanbul

English language website: http://www.itf-otomotiv.com/content/en_index.asp

Description: The fair hosts around 500 exhibitors, of which a quarter are international exhibitors from Germany, Poland, Czech Republic, Iran, Romania, Ukraine, Thailand, China and Taiwan, exhibiting a wide variety of products from engine and parts, to transmission components, from brake systems and parts, to chassis components and parts, from electrical equipments and lighting systems to security components. The visitor profile of the show included vehicle manufacturers, importers and exporters, wholesalers, distributors and agencies, fuel oil station executives, OEM manufacturers, procurement representatives, technicians and engineers.

Name of event: Automechanika Istanbul

Location: Istanbul

English language website: <http://www.messefrankfurt.com.tr/index.php?page=155&lang=en>

Description: This show is one of Eurasia's major shows for the industry to approach major OEs, and Tier 1 and 2 suppliers. It is also a major show for aftermarket firms in Turkey, and also the markets of North Africa, Europe, Middle East, Russia, Eastern Europe and the central Asia countries. The Show draws over 25,000 automotive professionals from 72 different countries visiting the event.

Available Market Research

No current research available.

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United Arab Emirates

Capital: Abu Dhabi
Population: 4,798,491 (2009 estimate)
GDP*: \$186.8 billion (2009 estimate)
Currency: UAE Dirham
Language: Arabic



Summary

UAE has no domestic automotive manufacturing industry and therefore the vehicles are mainly imported either for domestic use or re-export to other countries. The UAE vehicle market is about 1.4 million vehicles and it grows annually, on average, by 10%.

Current Market Trends

Complimentary to the vehicle sector, there is an auto parts and components sector that has been growing rapidly. It is estimated that about 65% of the auto parts and accessories, that have been imported, are re-exported to other countries. They are among the top 10 re-export products of Dubai and have been growing annually by about 20%. The main destinations of these re-exports are Middle East, Africa and East Europe.

The relatively high living standards in GCC countries, the rising oil prices, the booming economies and the growing population are the driving forces behind the growth of the automotive sector in the UAE and the gulf region. The developments in the region, such as the situation in Iraq, will have an influence on the re-exports of motor vehicles from UAE.

However, policy measures are needed to counter the auto market spare parts and accessories counterfeit products, which account for more than 30% of the market.

Market Entry

A new industrial under the Jebel Ali Free Zone Authority (JAFZA) is being set up in Dubai to house companies dealing in vehicles and related service and spare parts. Dubai Auto Zone will consist of a free zone to attract foreign direct investment, a specialized economic zone to cater to the GCC market and a retail zone to serve the local market.

Main Competitors

The main sources of the market supply are Japan, Europe and the United States. Within the UAE, Dubai has been taking the lead in the vehicle market, having 50% of the vehicles stock. The major players in the motor vehicles manufacturing industry in UAE are Nissan, Toyota, Mitsubishi, Mercedes, BMW, Volkswagen, Jaguar, Land Rover, Ford and General Motors. It is estimated that out of the 150,000 four-wheel drive vehicles that are sold annually in the GCC countries, 70% is accounted for by UAE and Saudi Arabia.

Current Demand

Best Sales Prospects:

HS Codes	Description
870839000	Anti-Braking Systems
870899600	Air Bags
870870500	Alloy Wheels
852500000	Antennas
340530000	Automotive body polish and cleaners
870800000	Brake hydraulic systems and parts
870810000	Bumpers, including bumper guards
852721000	Car Audio
841330000	Fuel Injection Pumps
871493000	Hubcaps
870894000	Hydraulic steering systems and parts
S51980000	Paints



630492200 Seat Covers
902920500 Speedometers and tachometers
841300000 Water pumps and fuel pumps

Other opportunities are in the following areas:

- 4WD Accessories
- Body parts, including grills, lights etc.
- Decorative trim
- Spark plugs
- Valves for passenger cars, trucks and buses
- Windshield wiper blades
- Wireless power tools
- Anti glare glass film

Trade Events

Event Name: Automechanika Middle-East

Location: Dubai

Date: June 7-9, 2011

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United Kingdom

Capital: London
Population: 61,284,806
GDP:* \$2,149 trillion (2009 est.)
Currency: Pound Sterling
Language: English



Summary

\$ Billions	2008	2009	2010 (estimated)
Total Market Size	24.5	22.9	23.3
Total Local Production	15.6	13.8	14.3
Total Exports	6.4	6.0	6.3
Total Imports	15.3	15.1	15.2
Imports from the U.S.	.41	.39	.4

(Unofficial estimates)

The UK market for auto parts decreased in 2009 by 6.3% to a value of \$2.3 billion. U.S. imports of auto parts account for 2.6% of total UK imports. The UK auto parts market is diverse and comprises two main sectors: original equipment (OE) and the aftermarket. Figures are not available to differentiate market shares between OE and aftermarket products.

The UK is one of the ten largest motor-vehicle manufacturers in the world and one of the five major automotive manufacturing countries in Europe. However because of the economic downturn, vehicle production levels fell to a 25-year low in 2009, declining 30.9% from the previous year and there has been a decrease in demand for auto parts from OE manufacturers.

Market Entry

Key competitive factors for entering the UK market are quality, price, and innovative products. The most common way to enter the UK market is to establish a relationship with a local distributor or authorized representative. Distribution channels include large chain stores, such as A1 Motors and Halfords, small independent stores, home centers, wholesalers, and repair and service centers. Duty rates vary depending on products and Value Added Tax in currently 17.5%. This is set to increase to 20% in 2011.

Current Market Trends

The UK has the strongest independent aftermarket in Europe. There are approximately 35.8 million cars, vans and trucks registered in Britain, which provide a strong base for the sale of auto parts. Used-car sales are growing, and car owners and operators are keeping their cars, on average, at least 6.8 years. A growing older vehicle "parc" (the base of registered vehicles in the UK) means consumers will need more repairs, more often, a development that offers good potential for products related to the repair trade.

Main Competitors

Competition is strong, with a wide variety of products available. Leading UK suppliers include: GKN PLC, TI Automotive Ltd, Tomkins PLC and Unipart Group of Companies Ltd. In addition to European subsidiaries of overseas manufacturers including Robert Bosch, and Japanese companies such as Calsonic Kansei Europe, and NSK Europe, there are a number of U.S. firms: Cummins, Delphi Automotive Systems UK, Johnson Controls Automotive UK, Lear Corporation UK, and TRW (U.S.).

Current Demand

U.S. exporters should explore opportunities for sales of test and inspection equipment for use in garages and service stations that are authorized to undertake stringent annual checks mandated by legislation. These include laser and optical alignment systems and diagnostic equipment for engine, fuel, emissions and electronic systems that are used in specialized service and repair facilities. In addition, OEMs are continually looking for innovative new products, particularly those that focus on providing fuel economy and reduced emissions.

Barriers

The EU is the main source of automotive legislation and is introducing new rulings concerning motor vehicle safety and pollution. Tire producers and suppliers face a number of legislative changes such as the S-marking legislation aimed at reducing noise from tires and the regulations for tire-pressure monitoring systems.



http://ec.europa.eu/enterprise/sectors/automotive/files/safetty/presentation_tyres_en.pdf

Upcoming Trade Events

Commercial Vehicle Operator Show
National Exhibition Centre, Birmingham, April 12-14, 2011
<http://www.cvoperatorshow.com/>

Autosport International
National Exhibition Centre, Birmingham, January 13-16, 2011
www.autosport-international.com

Trade Associations

The Society of Motor Manufacturers & Traders
<http://www.smt.co.uk/>

The Garage Equipment Association
<http://www.gea.co.uk/>

Government Departments

Department for Transport (Dft)
<http://www.dft.gov.uk/>

Available Market Research

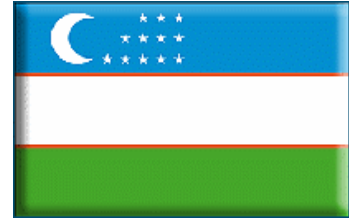
Garage Repair and Maintenance Equipment (2008)
The UK Automotive Parts Aftermarket (2007)

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Uzbekistan

Capital: Tashkent
Population: 27,606,007 (July 2010 estimate)
GDP*: \$78.34 billion (2009 estimate)
Currency: Uzbekistan som
Language: Uzbek



Current Market Trends

Passenger trucks sub-sector has a very high probability of success for at least one US exporter – GM. In fact, very recently GM announced that it is buying 25% stake in Uzbek auto manufacturer. When it reaches its full capacity, GM Uzbekistan will be assembling and selling in Uzbekistan and nearby markets about 250,000 Chevrolet cars.

Current Demand

Aftermarket accessories and custom products are in high demand in Uzbekistan and it is expected that this demand will grow with GM entry into the market. Moreover, during recent surveys Uzbek importers showed their interest in these products and expressed their readiness to consider business opportunities with US companies.

Aftermarket chemicals and lubricants is a very attractive sub-sector and US manufacturer Chevron is already taking advantage of this opportunity. Chevron's joint venture in Uzbekistan Uz-TEXACO established in 1997, consolidated the resources of two International oil companies:

- Uzbek National Corporation "Uzbekneftegaz" (through its subsidiary GPO "Uzneftepererabotka")
- International oil corporation "TEXACO" (through its subsidiary TEXACO Overseas Holding Inc.). UZ-TEXACO imports products from Europe and manufactures high-quality motor oils for the developing industrial complex of Uzbekistan. UZ-TEXACO is the safe source of lubricant supply for the agricultural, construction and mining industry of Uzbekistan.



Aftermarket parts and components is also expected to experience increased demand for US parts and components as GM Uzbekistan expands its operations in Uzbekistan. Chevrolet cars produced by GM Uzbekistan will need aftermarket parts and components.

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Venezuela

Capital: Caracas
Population: 25Million
GDP*: USD\$ 313 Billion
Currency: Bolivar (BF)
Language: Spanish



Summary

Venezuela has over four million cars, trucks and buses and is the fourth largest assembler of automobiles in Latin America. Presently, the U.S. exporters' position in the auto parts market is excellent due to the predominance of American car assemblers and the strong market acceptance of U.S. automotive products. The estimated age of motor vehicles in circulation is above 10 years, Venezuela an excellent market for spare parts for older cars.

Market Entry

Although not legally required, U.S. exporters are generally encouraged to find a local representative to provide technical expertise and after-sales service. In fact, Venezuelan consumers in the automotive sector typically require qualified local suppliers with expertise, replacement parts, and well-trained personnel for after-sales service. Local Venezuelan companies might operate as a manufacturer's representative (sales agent), importer/distributor, wholesale or retail dealer, separately or all at the same time.

Current Market Trends

Projections of increased demand continuing over the next five years depends on several factors: 1) continuing economic strength because of high oil revenues and strong government and consumer spending 2) inflation being kept under control 3) no extreme currency devaluations, and 4) no social upheaval as a result of rising prices, taxes and general living costs. If macroeconomic factors remain positive, sector sources estimate that the annual increase of parts sales could reach 10%. The U.S. market position, though deteriorating somewhat because of the growing market for Japanese, Korean and European vehicles, is expected to remain strong.

Main Competitors

Venezuelan custom duties on auto parts imports are set by the Andean Sub-regional Pact (Pacto sub regional Andino), signed by Bolivia, Colombia, Peru, Ecuador and Venezuela. There are no non-tariff barriers. Import duty range from 5% to 15% on parts and accessories and all imports are subject to a 2% customs service charge. Duties and charges are calculated on the CIF cost. There is 14% sales tax (VAT) for all countries of origin.

Current Demand

Although no official statistics are available, trade sources estimate that imports of automotive components, not counting CKD kits for local assembly, exceed \$US 800 million/year. Only 30% of the contents of assembled vehicles are made locally. The estimated average age of motor vehicles in circulation is above 10 years, a factor which makes Venezuela an excellent market for spare parts for older cars.

Barriers

U.S. exporters to Venezuela are well advised to perform their risk-return calculations carefully, mindful of the uncertainties but not overlooking the opportunities that exist in various sectors of the Venezuelan market.

Trade Events

Expo Canidra, Date: April 2010 Location: Caracas Description: Largest auto parts event every 2 years.

Available Market Research

Venezuela Automotive Industry (2009)



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West Bank and Gaza

Population: 3.9 million
GDP:* \$4.5 billion 2009
Currency: Israeli Shekel, Jordan Dinar, U.S. Dollar
Language: Arabic

Summary

Palestinian market although small is not widely covered by American made vehicles, there is one exclusive Ford dealer and distributor and another for GM. Chrysler does not have any representation in the market. Buses are not available because they do not meet European standards, as for trucks it is completely dominated by European makes such as Mercedes and Volvo and other European brands. OEM parts are very expensive and hard to find. Spare parts come mostly from China and Turkey.

Market Entry

Smaller scale models in the range of 1600-2000 cc engines are best suited for the market because they consume less gas, while customs and licensing fees on these models are generally lower.

Current Market Trends

There is demand for used cars that are competitively priced, used cars up to three years old are allowed to be imported into PA areas and Israel. American made cars manufactured in Korea by GM are being marketed successfully because they are competitively priced and come in smaller sized engines. Korean made cars such as Hyundai are gaining market share followed by VW. Commercial banks are now very active in providing loans to salaried employees in the PA areas to purchase new cars; the loans are payable over a five years period. There has been a surge in the number of used car importers with imports coming mainly from Germany the United Arab Emirates and Jordan. Hybrid cars could gain market share as Palestinian Authority plans to reduce Purchase Tax from 10% to 0%. Purchase Tax on other cars is 75% and could go down to 50%.

Main Competitors

Korean, German, French, Japanese

Current Demand

There are no accurate or recent statistics.

Barriers

The Palestinian Authority and Israel are in a customs union which means that any product that comes into the PA areas must meet the standards and entry requirements that apply to Israel. With regards to cars, Israel follows European standards and the Palestinian Authority has to conform as well. The main difference has to do with headlights that are not the same as in the U.S.

Trade Events

No events planned

Available Market Research

No current market research available

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