ACEA

European Automobile Manufacturers Association

Economic and Market Report

EU Automotive Industry

Quarter 4 2016

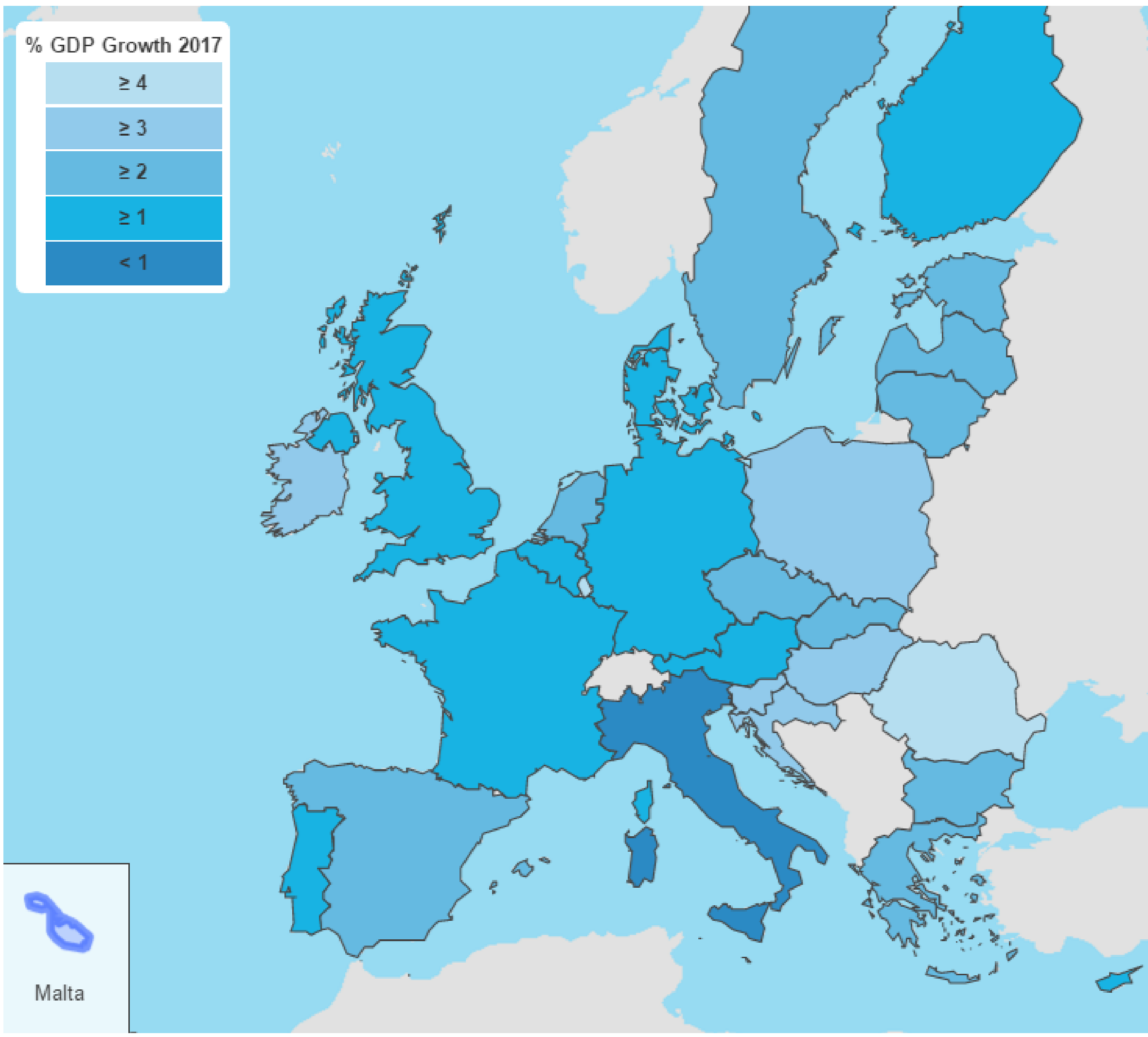
March 2017

CONTENTS

EU ECONOMIC OUTLOOK

Throughout the year 2016, the EU's GDP grew by 1.9%. The European economy is expected to continue to grow in the near future, although various factors threaten further recovery – including (geo)political uncertainty, the fragile state of global trade, and weak growth outside the EU. In its Winter Forecast, the European Commission predicts EU GDP growth to be around 1.8% in both 2017 and 2018, which would mark five consecutive years of economic recovery in the EU.

Figure 1: EU GDP growth forecast (in %)



Source: EUROPEAN COMMISSION, DG ECFIN

Table 1: European Economic Forecast - Winter 2017

EU FORECAST	2016	2017	2018
GDP GROWTH (%, YOY)	1.9	1.8	1.8
INFLATION (%, YOY)	0.3	1.8	1.7
UNEMPLOYMENT (%)	8.5	8.1	7.8

Source: **EUROPEAN COMMISSION, DG ECFIN**

Inflation in the European Union has been very low over the past two years, mainly the result of the drop in energy prices. According to the Commission's latest forecast, EU inflation is now expected to rise from 0.3% in 2016 to 1.8% in 2017 and 1.7% in 2018.

The labour market will continue to benefit from the economic recovery, as wages increase and domestic demand expands. Consequently, unemployment rates across the EU are expected to fall relatively fast over the next few years: from 8.5% in 2016 to 8.1% in 2017 and 7.8% in 2018.

PASSENGER CARS

REGISTRATIONS

WORLD

Demand for passenger cars in Europe[1] improved noticeably throughout 2016 (+4.5%), accounting for 22.5% of the global market. The EU region contributed significantly to the positive global picture, mainly thanks to better macroeconomic conditions which directly improved internal demand. With 14.6 million passenger cars sold in the EU during the year, results were 6.8% higher than in 2015. This represents a solid and rather consistent performance, especially considering the fact that this was the third consecutive year of growth in the region. However, some risks remain, for example following the Brexit vote last June, and this uncertainty will clearly have an unfavourable impact on the current market dynamics.

Russia ended the year with a double-digit drop (-11.9%) in car sales, because of very high inflation and the resulting decline in consumer confidence. More recently, however, the region stabilised a bit and the Ukrainian market showed signs of possible recovery, with car registrations up 45.0% in 2016. The Turkish market closed the year with modest growth (+4.3%), despite its negative performance in the second half of 2016 following the coup attempt in July.

Overall in 2016, Japanese passenger car sales were slightly down (-1.8%) compared to 2015, the result of Japan's weak domestic economy and consumption. For this reason, the Japanese government decided to delay the consumption tax hike planned for April 2017 to October 2019. South Korea, on the other hand, posted a very modest uplift (+0.5%) compared to the previous year.

The car market in the United States remained stable, with about 14.4 million passenger cars sold in 2016, accounting for 18.6% of the global market.

[1] Includes Belarus, Bosnia-Herzegovina, Kazakhstan, Macedonia, Russia, Serbia, Turkey, Ukraine and Uzbekistan

In 2016, passenger car demand in South America contracted by 12.4% to 3.1 million units, as the result of high inflation, currency devaluation and low consumer confidence. Brazil accounted for more than 90% of the volume loss in the region, with a contraction of 439,442 units over the year and a 20.7% fall compared to 2015.

China concluded the year with a strong uplift in car sales (+16.9%), partially driven by the remarkable performance of the SUV segment. The Chinese market reached 23 million units sold in 2016 and accounted for around 30% of global passenger car sales.

Looking at other emerging markets, passenger car demand in India increased during 2016 after a slow start; sales went up 6.6% compared to the year before.

Globally, 77.3 million passenger cars were sold in 2016, 5.5% more than in previous year.

Table 2: World new passenger car registrations

	2016[2]	2015	% change 16/15	% share 2016
EUROPE	17,416,776	16,671,512	+4.5	22.5
EU[3]	14,641,356	13,713,800	+6.8	18.9
EFTA	490,363	488,473	+0.4	0.6
RUSSIA	1,316,948	1,494,755	-11.9	1.7
TURKEY	756,931	725,596	+4.3	1.0
UKRAINE	62,942	43,422	+45.0	0.1
OTHERS-EUROPE[4]	148,236	205,466	-27.9	0.2
NORTH AMERICA[5]	17,291,271	17,172,797	+0.7	22.4
of which the US	*14,394,959*	*14,505,971*	*-0.8*	*18.6*
SOUTH AMERICA	3,081,987	3,520,032	-12.4	4.0
of which Brazil	*1,685,549*	*2,124,991*	*-20.7*	*2.2*
ASIA	35,541,945	32,009,975	+11.0	46.0
CHINA	23,053,150	19,717,332	+16.9	29.8
JAPAN	4,133,792	4,209,528	-1.8	5.3
INDIA	3,010,285	2,823,325	+6.6	3.9
SOUTH KOREA	1,534,290	1,526,963	+0.5	2.0
OTHERS-ASIA[6]	3,810,428	3,732,827	+2.1	4.9
MIDDLE EAST/AFRICA	4,011,608	3,950,113	+1.6	5.2
WORLD	77,343,587	73,324,429	+5.5	100.0

Source: IHS MARKIT, ACEA

[2] Provisional figures

[3] Data for Malta not available

[4] Includes Belarus, Bosnia-Herzegovina, Kazakhstan, Macedonia, Serbia and Uzbekistan

[5] Based on production type

[6] Includes Hong Kong, Taiwan and all the other South Asian countries, excluding India

THE EUROPEAN UNION

The European passenger car market posted growth in the last month of 2016 (+3.0%), marking the highest December total (in units) on record. This result brought full-year volumes to 14.6 million units, up 6.8% compared to 2015 and representing the third consecutive year of growth in the sector. This positive trend is a sign that despite political instability and economic uncertainty following key events in 2016, such as Brexit or the Italian referendum, consumer confidence has remained robust.

The growth recorded throughout the year was largely sustained across the whole region and in all major passenger car markets. Italy (+15.8%) and Spain (+10.9%) saw the strongest increase in demand during the year, followed by France (+5.1%), Germany (+4.5%) and the UK (+2.3%).

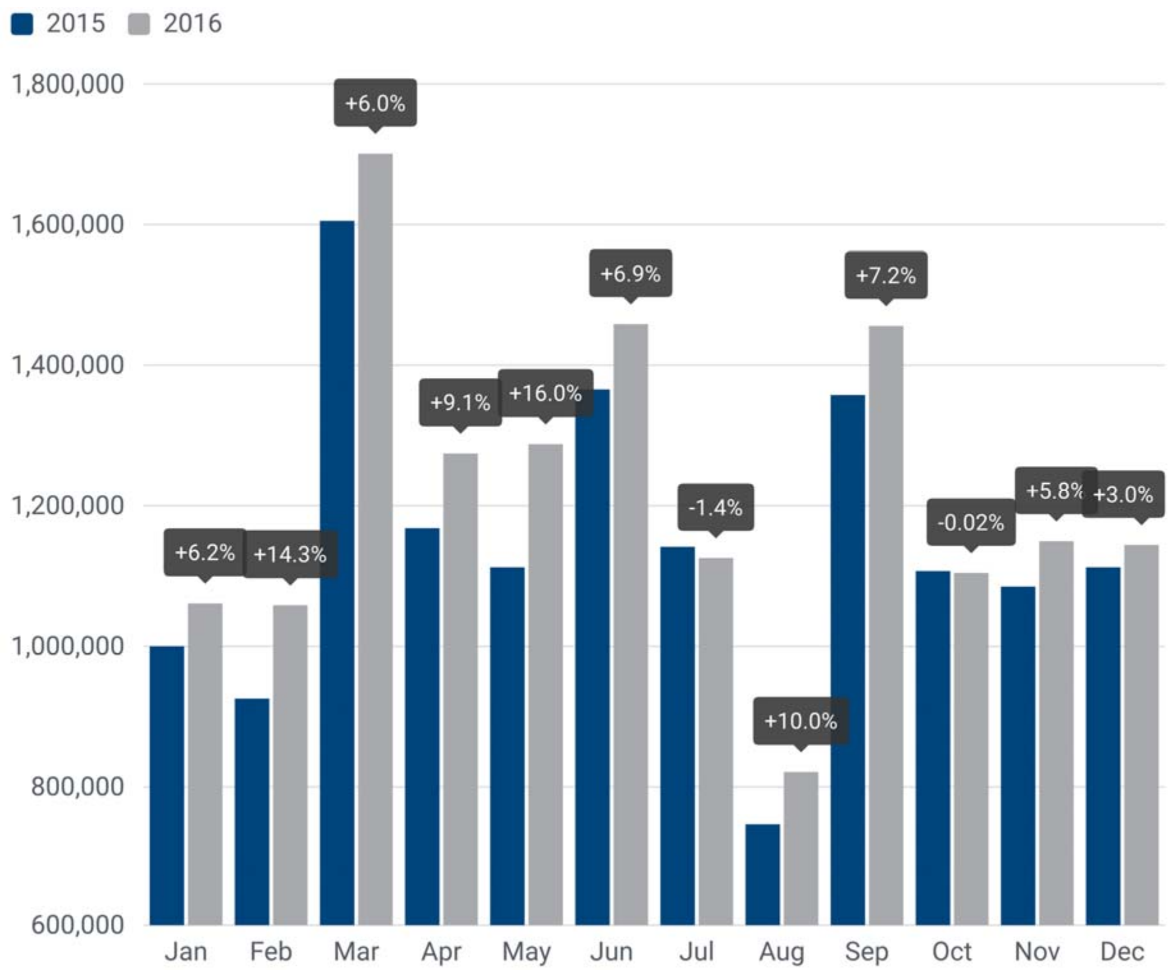
Table 3: Top 5 – New passenger car registrations in the EU

	2016	2015	% change 16/15
GERMANY	3,351,607	3,206,042	+4.5
UNITED KINGDOM	2,692,786	2,633,503	+2.3
FRANCE	2,015,177	1,917,226	+5.1
ITALY	1,824,968	1,575,737	+15.8
SPAIN	1,147,007	1,034,232	+10.9
EU[7]	14,641,356	13,713,800	+6.8

Source: ACEA

[7] Data for Malta not available

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



Source: ACEA

European Automobile Manufacturers Association

Registrations by alternative fuel type

In the fourth quarter of 2016, demand for alternative fuel vehicles (AFV) in the EU increased only moderately (+1.2%), with registrations totalling 168,103 units. Results were diverse among the different vehicle categories. Hybrid electric vehicles (HEV) continued the positive trend, showing double-digit percentage gains during the last quarter (+25.1%) and totalling 76,930 units. Growth in the electrically chargeable vehicle (ECV) segment, on the other hand, slowed down for the first time in 2016, posting a significant decrease (-16.5%). However, it is important to stress that this figure is based on a comparison with Q4 2015, which saw spectacular growth (+160.5%). At the same time, demand for cars powered by propane, ethanol or natural gas (NGV) continued to decline (-8.1%), although at a more moderate rate than in previous months and still totalling 41,536 units. The main reason for this downturn is a contraction of the Italian market, which accounts for the majority of LPG and NGV vehicles.

Overall in 2016, 609,629 AFVs were registered in the European Union, up 4.1% compared to the prior year. The uplift was mainly driven by hybrid electric vehicles (+27.3%), followed by the ECV segment that saw more modest growth (+4.8%) while the share of other alternative fuels declined (-19.7%).

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

	2016	2015	% change 16/15
ECV[8]	155,273	148,203	+4.8
Of which BEV	*63,278*	*59,165*	*+7.0*
Of which PHEV	*89,517*	*86,120*	*+3.9*
HEV[9]	278,574	218,755	+27.3
Other AFV[10]	175,782	218,832	-19.7
Total AFV	609,629	585,790	4.1

Source: ACEA

[8] Electrically chargeable vehicles (ECV): battery electric (BEV), extended-range electric (EREV), fuel cell electric (FCEV) and plug-in hybrid electric vehicles (PHEV)

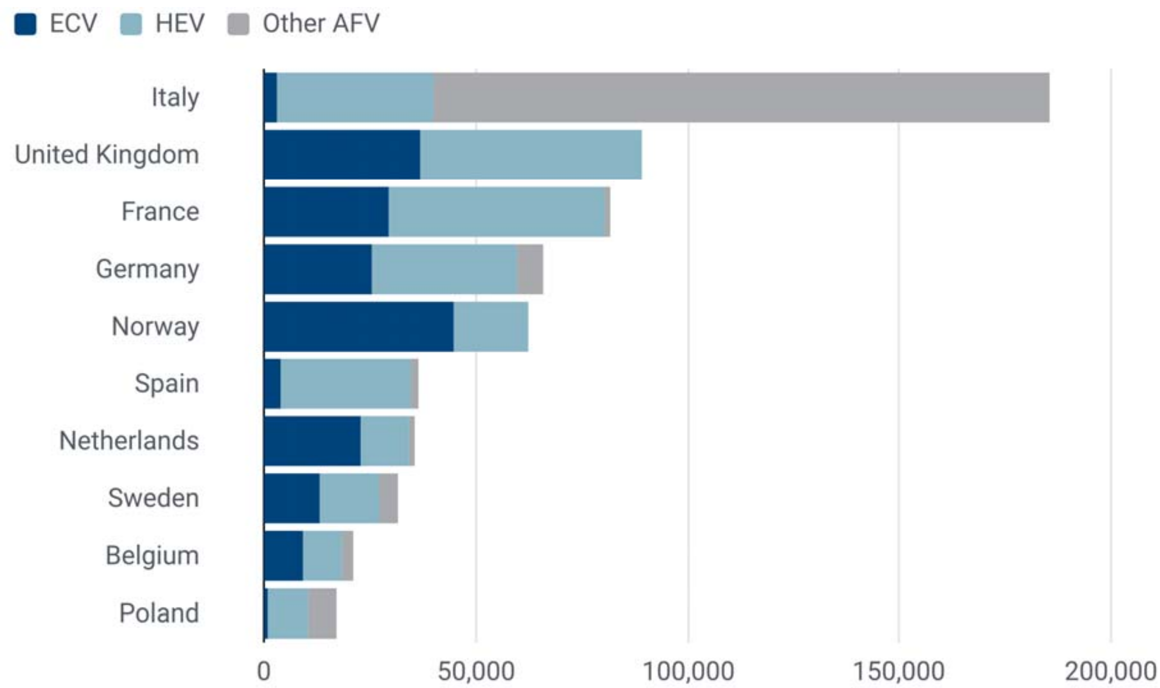
[9] Hybrid electric vehicles (HEV): full and mild hybrids

[10] Alternative fuel vehicles other than electric: natural gas (NGV), LPG-fuelled and ethanol (E85) vehicles

Among the big five markets, Spain (+56.2%), the United Kingdom (+22.2%) and Germany (+17.1%) recorded substantial increases in AFV registrations during the year. Growth in these countries was fully driven by demand for electric and hybrid electric vehicles. Italy performed less well than in 2015 (-12.1%) due to a decline in registrations of propane and gas-fuelled cars (-20.7%), which were only partly offset by increases in the electric (+20.7%) and hybrid electric (+47.2%) segments. France saw a modest increase (+1.1%) in total AFV registrations, mainly the result of a drop in HEV sales (-9.1%). Still, France accounted for the largest number of HEV registrations (50,961) during 2016.

When looking at the EU+EFTA countries, Norway maintained its leading position as it accounted for the largest number of ECV registered over the year: 44,908 units, up 33.0% compared to 2015.

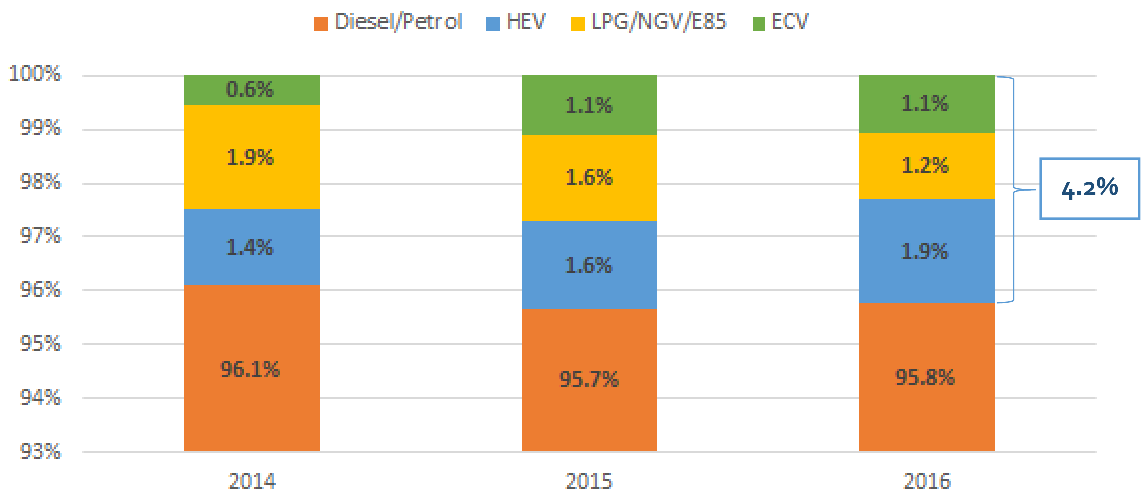
Figure 3: Top 10 - New alternative fuel car registrations in EU+EFTA | 2016



Source: ACEA

Despite impressive growth figures over the last few years, alternative fuel vehicles still only accounted for 4.2% of total EU passenger car registrations in 2016 – with electrically chargeable vehicles making up about 1% of all registrations.

Figure 4: New passenger car in the EU by fuel type | % share



Source: ACEA

Diesel penetration

Overall in 2016, 49.5% of all new passenger cars registered in Western Europe ran on diesel, more than two percentage points less than in 2015. In the EU-15, diesel's market share fell from 52.1% to 49.9% of total registrations throughout 2016.

Results were diverse across Western Europe: the market share of diesel increased slightly in Denmark, Italy and Switzerland, while significant declines were observed in Norway and the Netherlands where the share of diesel in new car registrations fell by 10 percentage points.

Table 5: Share (%) of diesel in new passenger cars in Western Europe

	2016	2015
AUSTRIA	57.3	58.3
BELGIUM	52.0	59.7
DENMARK	36.0	31.0
FINLAND	33.3	35.7
FRANCE	52.1	57.2
GERMANY	45.8	47.7
GREECE	55.1	63.2
IRELAND	70.0	71.0
ITALY	57.0	55.2
LUXEMBOURG	65.0	70.4
NETHERLANDS	18.9	28.9
PORTUGAL	65.1	68.1
SPAIN	56.9	62.7
SWEDEN	51.5	57.7
UNITED KINGDOM	47.7	48.4
EU-15	49.9	52.1
ICELAND	44.7	46.7
NORWAY	30.8	40.8
SWITZERLAND	39.6	38.7
EFTA	37.0	39.6
WESTERN EUROPE	49.5	51.6

Source: AAA

PRODUCTION

WORLD

European passenger car production totalled 18.6 million units in 2016, up 2.2% compared to the previous year. Production was mainly driven by high domestic demand, especially in the EU perimeter where 2016 output almost reached pre-crisis levels. Production in Russia and Ukraine continued to decrease (-7.7% and -41.4% respectively), although at a lower rate than in 2015.

US output declined slightly in 2016 compared to the year before (-1.3%) as demand for cars slowed, with production amounting to more than 9 million units over the year.

In 2016, passenger car production in South America continued to drop sharply. Throughout the year, the region produced around 2.2 million units, 13.7% less than the year before. Production volume continued to slide down in Brazil (-12.5%), with several factors (including high inflation and interest rates) still affecting domestic demand and thus production.

During the second half of 2016, production in China accelerated back into double-digit growth. More stable financial markets and demand stimulated by government policy, brought full year volumes up 18.6%. China maintained its leading position among passenger car producers with 22.5 million units rolling of the assembly lines, accounting for 30% of global production.

Japanese production was stable in 2016 (-0.2%) at around 7.7 million units, still affected by stagnant domestic sales. Similarly, passenger car production in South Korea contracted by 7.0% during the year, mainly due to sluggish export demand from South American and African markets.

In 2016, Indonesia and Thailand posted positive results, with production up respectively 11.0% and 8.9%. Strong domestic sales and improved exports boosted Indian production (+10.1%) as well, which totalled 3.6 million units over the last year.

Globally, 77.7 million passenger cars were produced during the year, 5.5% more than in 2015.

Table 6: World passenger car production

	2016[11]	2015	% change 16/15	% share 2016
EUROPE	18,636,799	18,232,461	+2.2	24.0
EU	16,467,322	16,030,126	+2.7	21.2
RUSSIA	1,104,338	1,195,968	-7.7	1.4
TURKEY	891,021	740,299	+20.4	1.1
UKRAINE	3,304	5,637	-41.4	0.0
OTHERS-EUROPE[12]	170,814	260,431	-34.4	0.2
NORTH AMERICA	14,017,274	14,026,737	-0.1	18.0
of which the US	*9,135,776*	*9,260,326*	*-1.3*	*11.8*
SOUTH AMERICA	2,167,527	2,512,907	-13.7	2.8
of which Brazil	*1,777,481*	*2,031,676*	*-12.5*	*2.3*
ASIA	41,010,371	37,335,756	+9.8	52.8
CHINA	22,506,385	18,977,727	+18.6	29.0
JAPAN	7,748,012	7,759,655	-0.2	10.0
SOUTH KOREA	3,907,872	4,202,186	-7.0	5.0
INDIA	3,627,495	3,295,221	+10.1	4.7
THAILAND	989,467	908,453	+8.9	1.3
INDONESIA	928,105	836,086	+11.0	1.2
OTHERS-ASIA[13]	1,303,035	1,356,428	-3.9	1.7
MIDDLE EAST/AFRICA	1,874,179	1,529,546	+22.5	2.4
of which IRAN	*1,147,518*	*879,051*	*+30.5*	*1.5*
WORLD	77,706,150	73,637,407	+5.5	100.0

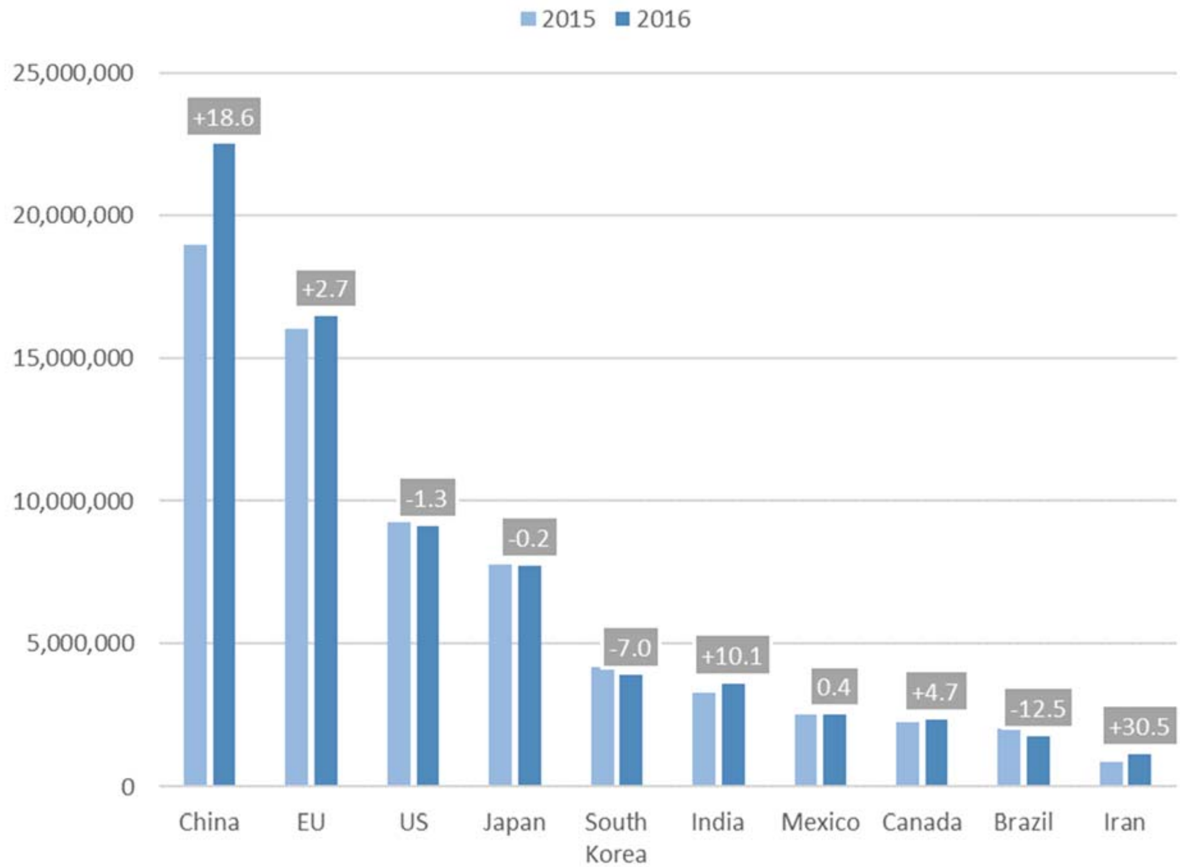
Source: IHS MARKIT

[11] Provisional figures

[12] Includes Belarus, Kazakhstan, Serbia and Uzbekistan

[13] Includes Taiwan, Australia, Malaysia, Pakistan, Philippines and Vietnam

Figure 5: Top 10 – World passenger car producers



Source: IHS MARKIT

THE EUROPEAN UNION

Within the European Union perimeter, passenger car production increased by 2.7% in 2016, totalling 16.5 million units and almost reaching the pre-crisis level of 16.6 million cars from 2007. The EU accounted for more than 21.0% of global passenger car production and was the world's second largest producer after China.

The main producing countries of Western Europe showed significant production growth in 2016, all driven by continuing growth of domestic demand. Italian production recorded the highest increase (+20.4%), followed by the UK (+9.0%), France (+4.4%), Spain (+4.3%) and Germany (+0.2%).

In Central Europe, production slowed down in Romania (-0.5%) and Poland (-0.8%) last year, while the Czech Republic (+9.5%), Hungary (+8.1%) and Slovakia (+3.2%) contributed positively to the EU's output increase over 2016.

Table 7: Top 10 – Passenger car producers in the EU

	2016[14]	2015	% change 16/15
GERMANY	5,542,971	5,532,675	+0.2
SPAIN	2,269,577	2,175,612	+4.3
UNITED KINGDOM	1,731,656	1,588,631	+9.0
FRANCE	1,571,809	1,504,913	+4.4
CZECH REPUBLIC	1,342,920	1,225,861	+9.5
SLOVAKIA	942,546	913,244	+3.2
ITALY	891,021	740,299	+20.4
HUNGARY	728,704	673,962	+8.1
POLAND	522,335	526,571	-0.8
ROMANIA	469,145	471,608	-0.5
EU	16,467,322	16,030,126	+2.7

Source: IHS MARKIT

[14] Provisional figures

TRADE

In 2016, the EU exported about 5.5 million passenger cars worth around €125 billion. At the same time, the value of EU imports strongly increased (+16.7%) as well.

EU passenger car exports fell slightly compared to 2015, both in value (-3.2%) and in volume terms (-1.5%); although exports recovered again after the first half of the year, when declines were even more significant.

Throughout the year, EU car exports generated a trade surplus worth €87 billion, down 9.9% compared to 2015.

Table 8: EU passenger car trade

Trade in value (€m)	2016	2015	% change 16/15
IMPORTS	37,971	32,528	+16.7
EXPORTS	125,014	129,100	-3.2
TRADE BALANCE	87,044	96,572	-9.9
Trade in volume (units)	**2016**	**2015**	**% change 16/15**
IMPORTS	2,851,220	2,463,445	+15.7
EXPORTS	5,499,044	5,580,621	-1.5

Source: EUROSTAT

IMPORTS

During 2016, most passenger cars imported into the EU came from Turkey and Japan, the latter also accounted for the highest import value – up 17.7% compared to 2015. Turkish imports recovered significantly in both value (+26.3%) and volume terms (+22.3%) over the last few months, after the first quarter of the year was marked by declines.

Imports from South Korea and the United States also increased significantly throughout the year. Together with Japan and Turkey, these countries accounted for over 65% of all EU passenger car imports.

Table 9: Origin of most passenger car imports

Trade in value (€m)	2016	2015	% change 16/15
WORLD	37,971	32,528	+16.7
JAPAN	9,081	7,719	+17.7
UNITED STATES	7,222	6,944	+4.0
TURKEY	6,386	5,056	+26.3
SOUTH KOREA	4,794	4,330	+10.7
SOUTH AFRICA	2,999	2,400	+24.9

Source: EUROSTAT

Table 10: Origin of most passenger car imports

Trade in volume (units)	2016	2015	% change 16/15
WORLD	2,851,220	2,463,445	+15.7
TURKEY	643,892	526,499	+22.3
JAPAN	574,827	479,795	+19.8
SOUTH KOREA	401,867	374,769	+7.2
UNITED STATES	254,464	242,027	+5.1
MOROCCO	196,737	169,822	+15.9

Source: EUROSTAT

EXPORTS

In 2016, EU passenger car exports to the United States were down 4.3% compared to the year before – although the situation is improving given the 6.7% decline recorded over the first three quarters of 2016. In fact, the US remained the EU's most valuable export market for passenger cars, with exports roughly totalling €38 billion – representing more than 30% of the total.

Compared to the declines observed in the first nine months of the year, EU exports to China and Turkey showed remarkable recovery in both volume (+13.2% and +0.5% respectively) and in value (+10.1 and +4.3% respectively). Significant increases were also observed in 2016 EU passenger car exports to Japan – up 13.6% in value and +12.7% in volume compared to 2015.

Table 11: Main destinations of EU passenger car exports

Trade in value (€m)	2016	2015	% change 16/15
WORLD	125,014	129,100	-3.2
UNITED STATES	37,728	40,466	-6.7
CHINA	19,760	17,948	+10.1
TURKEY	7,776	7,454	+4.3
SWITZERLAND	7,346	7,620	-3.6
JAPAN	7,342	6,465	+13.6

Source: EUROSTAT

Table 12: Main destinations of EU passenger car exports

Trade in volume (units)	2016	2015	% change 16/15
WORLD	5,499,044	5,580,621	-1.5
UNITED STATES	1,170,416	1,223,025	-4.3
TURKEY	534,222	531,726	+0.5
CHINA	531,790	469,755	+13.2
SWITZERLAND	281,463	303,127	-7.2
JAPAN	279,259	247,837	+12.7

Source: EUROSTAT

European Automobile Manufacturers Association

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COMMERCIAL VEHICLES

REGISTRATIONS

THE EUROPEAN UNION

In the final quarter of 2016, demand for new commercial vehicles in the EU continued the positive trend of previous quarters. After a minor drop in October (-2.4%), the market posted double-digit increases again in the last two months of the year (+13.2% and +10.4%).

The EU market for commercial vehicles expanded during the year, reaching more than 2.3 million registrations, up 11.7% compared to 2015. Growth was sustained across all segments, but was especially strong for light commercial vehicles (+11.9%) and trucks (+11.4%).

Throughout 2016, the five big markets performed noticeably better than in 2015. Italy (+49.9%) saw the most significant increase, followed by Spain (+11.3%), France (+8.3%), Germany (+7.0%) and the UK[15] (+1.5%).

Table 13: New commercial vehicle registrations in the EU | by type

	2016	2015	% change 16/15
LCV ≤ 3,5t[16]	1,918,950	1,714,554	11.9%
MHCV > 3,5t[17]	367,222	329,738	11.4%
MHBC > 3,5t[18]	40,380	39,417	2.4%
TOTAL CV	2,326,552	2,083,709	11.7%

Source: ACEA

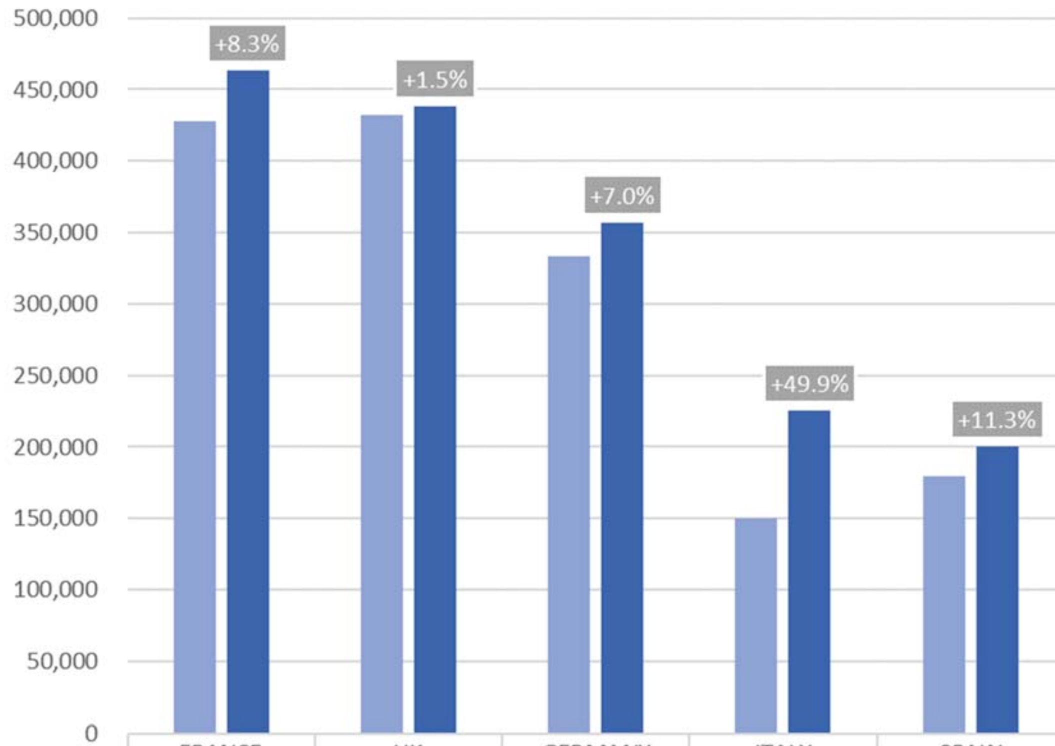
[15] MHCV and MHBC categories have been updated to take into account SMMT official quarterly data

[16] New light commercial vehicles (LCV) up to 3.5 tonnes

[17] New medium and heavy commercial vehicles (MHCV) over 3.5 tonnes

[18] New medium and heavy buses and coaches (MHBC) over 3.5 tonnes

Figure 6: New commercial vehicle registrations in the EU big 5 markets



	FRANCE	UK	GERMANY	ITALY	SPAIN
2015	427,866	431,858	333,783	150,342	179,980
2016	463,295	438,382	357,260	225,324	200,337

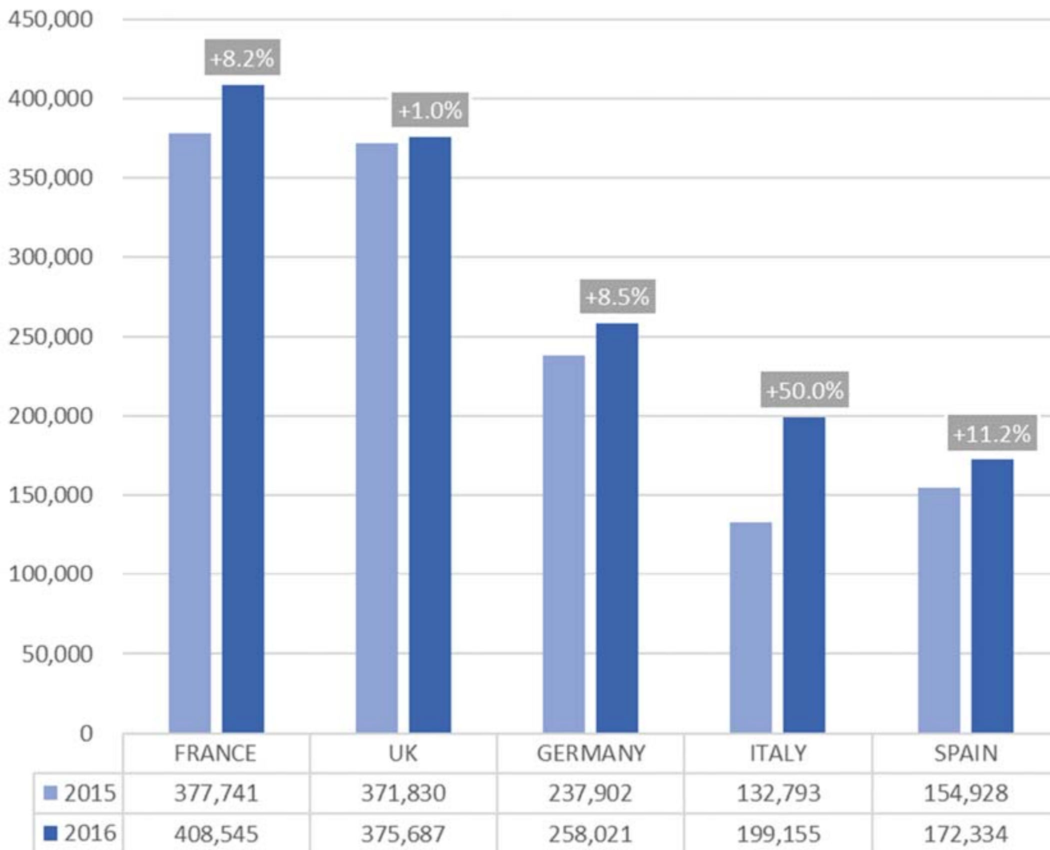
Source: ACEA

New light commercial vehicles (LCV) up to 3.5 tonnes

Overall in 2016, nearly two million new vans were registered in the European Union, 11.9% more than the year before.

All major markets contributed to this positive upturn. Demand was mainly driven by the Italian (+50.0%) and Spanish (+11.2%) markets, which posted double-digit increases, followed by Germany (+8.5%), France (+8.2%), and the UK (+1.0%).

Figure 7: New light commercial vehicle registrations in the EU big 5 markets



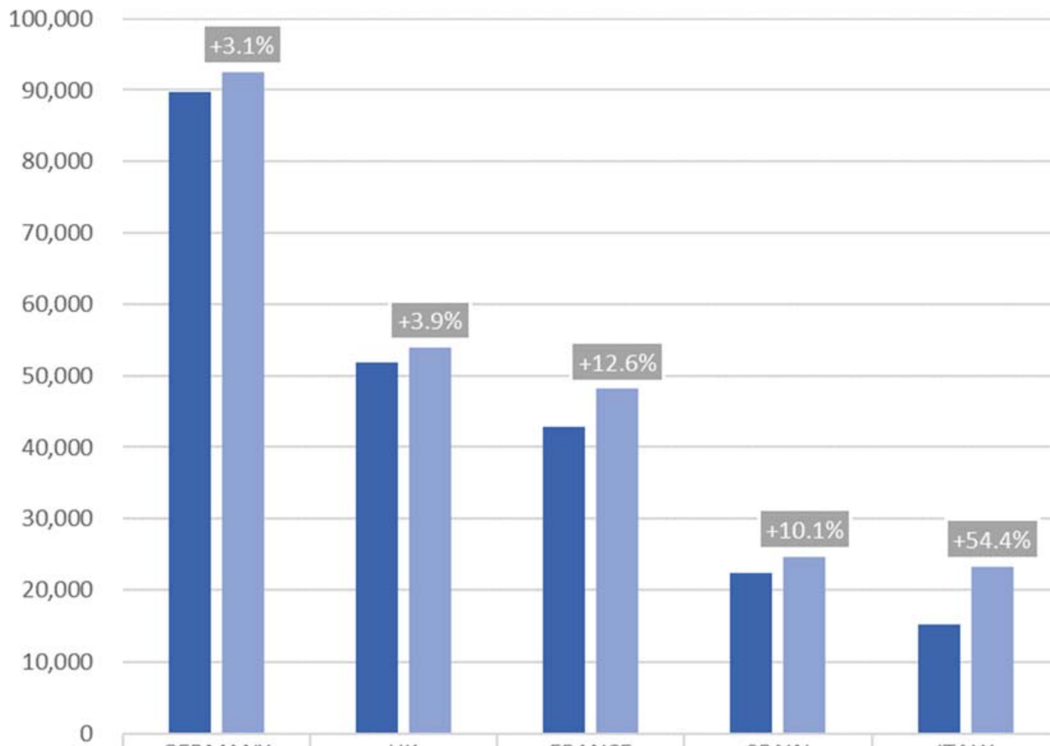
	FRANCE	UK	GERMANY	ITALY	SPAIN
2015	377,741	371,830	237,902	132,793	154,928
2016	408,545	375,687	258,021	199,155	172,334

Source: ACEA

New medium and heavy commercial vehicles (MHCV) over 3.5 tonnes[19]

In 2016, 367,222 new trucks were registered in the European Union, 11.4% more than in the year before. December 2016 results show a significant surge in the truck segment, contributing to the positive full-year results. Noteworthy is the performance of the Italian market: truck registrations nearly tripled in the last month of the year, mainly the result of support measures for transport companies introduced by the government in September. Italian registrations went up 54.4%, followed by France (+12.6%) and Spain (+10.1%) which also made significant contributions to 2016 growth.

Figure 8: New medium and heavy commercial vehicle registrations in the EU big 5 markets



	GERMANY	UK	FRANCE	SPAIN	ITALY
2015	89,744	51,899	42,780	22,435	15,138
2016	92,556	53,916	48,157	24,703	23,370

Source: ACEA

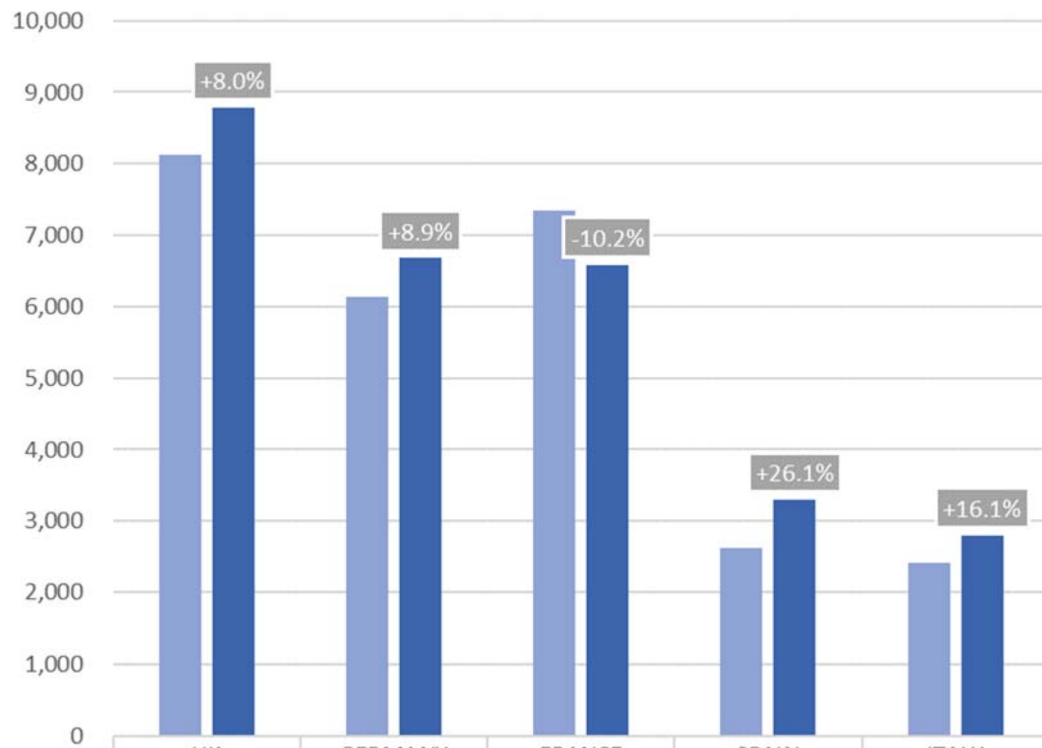
[19] Excluding buses & coaches

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

Throughout the year 2016, the EU market for buses and coaches only saw a moderate increase (+2.4%), counting 40,380 new vehicles registered.

In 2016, growth was mainly driven by Spain (+26.1%), Italy (+16.1%), Germany (+8.9%) and the United Kingdom (+8.0%), while France (-10.2%) saw demand decline. Noteworthy is the positive performance of the Dutch market (+144.2%).

Figure 9: Top 5 – New medium and heavy bus and coach registrations in the EU | by country



	UK	GERMANY	FRANCE	SPAIN	ITALY
2015	8,129	6,137	7,345	2,617	2,411
2016	8,779	6,683	6,593	3,300	2,799

Source: ACEA

GLOBAL PRODUCTION

In 2016, European[20] commercial vehicle production grew (+5.9%) and reached around 3.5 million units. Growth was mainly driven by an increase in domestic demand, especially in the van and truck segments. The upturn is expected to continue in 2017, supported by improving economic conditions in many parts of the Euro zone, which in turn is expected to boost consumer confidence.

Commercial vehicle production in China[21] was rather stable throughout 2016 (-0.2%), registering about the same production volumes as in 2015.

Production in North America followed an upward trajectory in 2016, supported by broad economic recovery and increasing demand across all commercial vehicle segments. Last year, commercial vehicle production totalled nearly 4.3 million units, up 7.4% compared to 2015.

Japanese production declined as domestic sales have been sluggish since the consumption-tax increase. This has resulted in a lower production volume of roughly 1.6 million commercial vehicles for the whole region[22], down 5.2% compared to 2015.

South America saw its commercial vehicle production increase slightly (+2.8%) to around 0.7 million units, despite Brazil's continuing economic crisis.

Production trends in the Middle East and Africa (MEA) are showing signs of improvement. In 2016, the region produced around 0.4 million commercial vehicles, up 3.4% compared to the year before.

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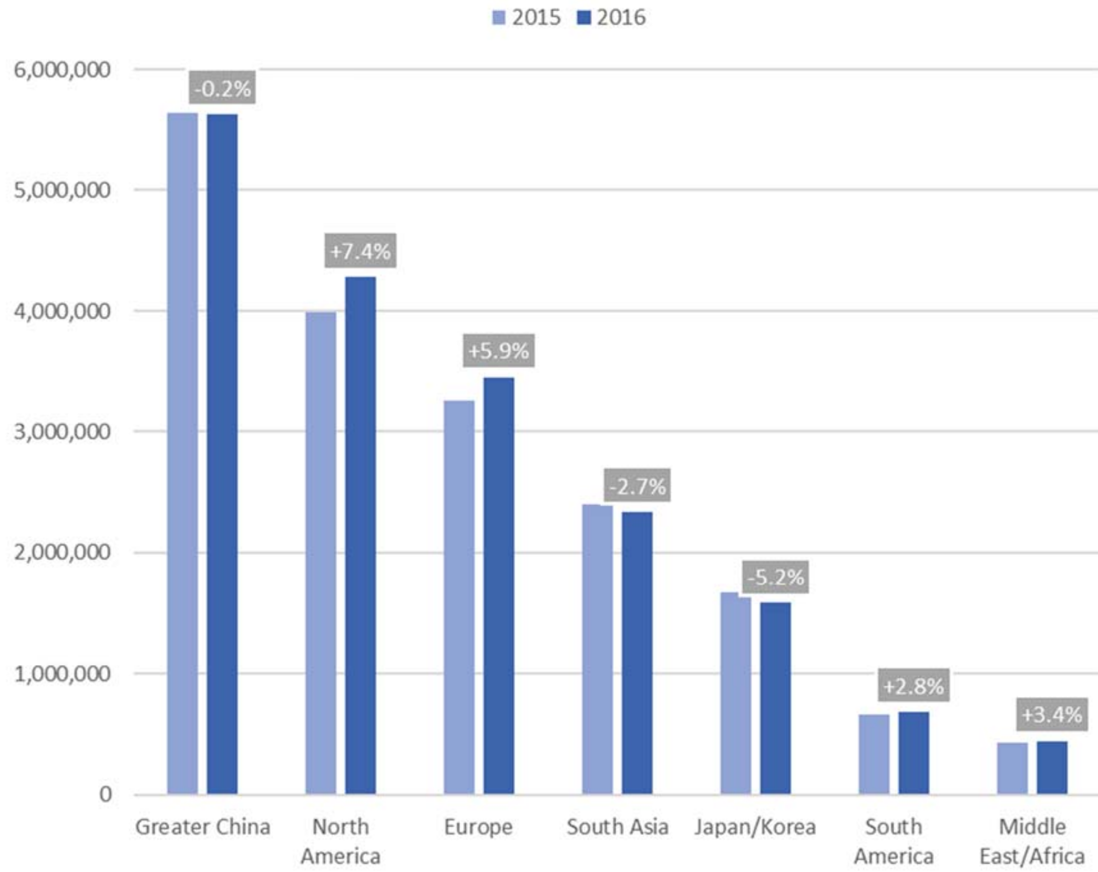
[20] Includes Turkey and CIS countries

[21] Includes Hong Kong and Taiwan

[22] Includes Japan and South Korea

Figure 10: World commercial vehicle production | by region[23]



Source: IHS MARKIT

[23] Provisional figures

TRADE

At the end of 2016, EU exports of light and heavy commercial vehicles managed to recover from the sharp decline observed during the first half of the year (+3.3% versus -1.0% respectively), with total vehicle exports adding up to around €10.4 billion. A stable result compared to the previous year.

Despite a significant increase in the total value of commercial vehicle and bus imports (+17.1%), the EU's trade balance remained positive throughout the year, generating a trade surplus of €2.7 billion.

Table 14: EU commercial vehicles (CV), buses and coaches (BC) trade | by type

Trade in value (€m)	CV up to 5t	CV over 5t + BC	Total CV + BC
2016			
IMPORTS	5,874	1,828	7,702
EXPORTS	4,088	6,305	10,393
TRADE BALANCE	-1,786	4,477	2,691
2015			
IMPORTS	5,018	1,561	6,579
EXPORTS	3,957	6,367	10,324
TRADE BALANCE	-1,061	4,806	3,745
% change 16/15			
IMPORTS	+17.1	+17.1	+17.1
EXPORTS	+3.3	-1.0	+0.7

Source: EUROSTAT

IMPORTS

In 2016, most EU commercial vehicle imports originated from Turkey (+8.0%). China came second with 76,843 units, although imports from China nearly halved (-40.6%) compared to the previous year, mainly due to a drop in bus imports.

Imports of commercial vehicles from Serbia, Thailand, South Africa and Morocco increased markedly in 2016, while imports from Norway and Argentina declined considerably. Vehicle imports from the United States ended the year positively, making up for declines in the first nine months of the year.

In total, the EU imported 542,868 commercial vehicles (including buses and coaches) throughout 2016, 5.2% less than in 2015.

Table 15: Top 10 – Origin of EU commercial vehicle and bus imports

Trade in volume (units)	2016	2015	% change 16/15
WORLD	542,868	572,322	-5.2
TURKEY	341,062	315,710	+8.0
CHINA	76,843	129,391	-40.6
THAILAND	40,675	30,679	+32.6
SOUTH AFRICA	24,794	19,490	+27.2
MOROCCO	21,230	18,547	+14.5
UNITED STATES	9,016	8,412	+7.2
SWITZERLAND	6,775	6,156	+10.1
NORWAY	3,311	17,897	-81.5
SERBIA	3,197	1,011	+216.2
ARGENTINA	2,993	6,666	-55.1

Source: EUROSTAT

EXPORTS

In 2016, EU commercial vehicle exports increased significantly (+59.1%) when compared to one year earlier. Substantial growth was observed in exports to Cameroon, Morocco, Nigeria, Norway and especially Hong Kong (the latter mainly driven by the truck segment). Exports to Australia slowed at the end of the year, after an uplift in the first semester.

Exports to Ukraine, traditionally a key market for EU commercial vehicles, gained momentum again in 2016: they went up by 31.1% compared to 2015.

At the same time, exports to the United States (-37.4%) and Turkey (-15.7%) showed double-digit declines throughout 2016, although less sharp than during the first three quarters.

Table 16: Top 10 – Destinations of EU commercial vehicle and bus exports

Trade in volume (units)	2016	2015	% change 16/15
WORLD	838,763	527,258	+59.1
HONG KONG	285,772	1,455	∞
TURKEY	50,938	60,394	-15.7
NIGERIA	47,875	18,320	+161.3
NORWAY	35,014	25,460	+37.5
SWITZERLAND	32,858	28,806	+14.1
UNITED STATES	30,420	48,593	-37.4
UKRAINE	22,250	16,977	+31.1
CAMEROON	19,873	4,826	+311.8
MOROCCO	19,142	6,698	+185.8
AUSTRALIA	18,230	21,219	-14.1

Source: EUROSTAT

ACEA
European
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ABOUT ACEA

- ACEA represents the 15 Europe-based car, van, truck and bus manufacturers: BMW Group, DAF Trucks, Daimler, Fiat Chrysler Automobiles, Ford of Europe, Hyundai Motor Europe, Iveco, Jaguar Land Rover, Opel Group, PSA Group, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, and Volvo Group.
- More information can be found on www.acea.be or @ACEA_eu.

ABOUT THE EU AUTOMOBILE INDUSTRY

- 12.2 million people - or 5.6% of the EU employed population - work in the sector.
- The 3.1 million jobs in automotive manufacturing represent 10.4% of EU manufacturing employment.
- Motor vehicles account for over €400 billion in tax contributions in the EU15.
- The sector is also a key driver of knowledge and innovation, representing Europe's largest private contributor to R&D, with €44.7 billion invested annually.
- The automobile industry generates a trade surplus of €100.4 billion for the EU.

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