U.S. Department of Commerce
International Trade Administration

Automotive Resource Guide

A Reference for U.S. Exporters to Worldwide Markets

prepared by

U.S. Commercial Service
Global Automotive Team

2008 – 2009 Edition

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USAutoTeam.org

	Passenger Vehicles	Trucks	Buses	Motor-cycles	Specialty vehicles	Hybrid Vehicle Compo-nents	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 & Transporta-tion
Europe															
Austria	1	1	1	3	2	3	2	1	2	3	2	2	2	2	2
Croatia	2	2	2	3	2	1	3	3	3	4	2	2	1	1	1
Finland	1	1	1	2	1	1	3	3	3	3	3	3	2	2	2
France	2	2	2	2	2	2	3	3	2	3	2	2	3	1	1
Germany	2	2	1	2	1	4	4	4	4	4	1	4	4	1	2
Hungary	1	2	1	1	2	2	3	3	2	3	3	2	2	2	3
Italy	3	2	2	3	2	3	3	2	2	4	3	2	2	4	2
Kazakhstan	3	2	2	3	3	1	3	3	3	2	2	2	1	1	1
Netherlands	3	2	2	3	2	3	3	2	3	4	2	2	2	2	2
Poland	3	2	2	3	2	2	2	2	3	3	2	2	2	3	2
Romania	2	2	2	3	2	1	3	3	2	3	2	2	3	3	3
Russia	3	3	2	3	3	2	3	2	3	3	2	2	3	3	2
Slovakia	3	2	2	3	2	2	3	3	3	3	2	2	2	3	2
Spain	3	1	1	3	3	3	4	1	3	2	2	2	2	2	2
Sweden	3	2	1	3	3	3	3	2	3	3	2	2	2	1	1
Switserland	2	2	2	2	1	2	3	2	3	3	3	3	2	2	2
Turkey	3	3	2	3	2	2	2	3	3	2	3	2	2	2	3
United Kingdom	2	2	2	3	2	2	3	1	2	3	3	2	1	2	2
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Argentina	1	2	1	2	2	1	2	1	2	1	1	1	1	1	2
Brazil	1	1	1	1	2	2	3	2	3	3	3	3	2	3	2
Dominican Republic	2	2	2	1	1	1	3	2	3	1	3	3	2	2	2
Canada	3	3	2	3	2	3	3	3	3	3	3	3	3	1	1
Colombia	2	3	1	2	2	2	3	2	3	2	4	4	4	3	1
Costa Rica	2	2	2	3	1	2	3	3	4	3	3	2	1	2	2
Ecuador	3	3	3	1	3	2	3	2	3	4	2	3	2	1	1
El Salvador	3	3	2	3	3	2	3	3	3	3	2	2	1	2	2
Guatemala	2	2	2	2	2	2	3	4	3	2	2	2	1	2	3
Mexico	4	3	3	3	3	4	3	3	3	3	3	3	2	2	2
Panama	3	4	2	3	2	2	4	4	4	4	2	3	3	2	3
Africa & Middle East														1	1
Israel	4	2	1	2	1	2	3	4	3	1	2	2	2	1	2
Jordan	3	2	1	1	2	1	2	3	3	2	3	3	3	1	2
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Lebanon	3	2	1	1	2	1	2	3	3	2	3	3	3	1	1
Morocco	1	2	1	1	3	2	3	3	3	3	2	4	3	3	3
Qatar	4	2	3	4	3	1	3	4	4	4	4	4	4	3	3
Nigeria	1	4	2	1	3	3	4	4	4	4	4	4	4	1	2
South-Africa	3	3	3	3	3	2	4	2	3	4	3	2	3	3	3
United Arab Emirates	3	3	2	2	2	2	2	1	3	2	2	2	2	1	2
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Australia	2	1	2	3	3	3	4	2	3	3	3	2	2	3	2
China	2	2	2	2	3	3	3	3	3	4	3	2	2	1	1
India	2	2	2	3	2	3	2	2	3	2	2	3	2	3	2
Japan	3	1	1	3	2	1	3	3	3	2	2	2	1	2	1
South-Korea	3	3	2	4	3	4	3	3	2	2	3	3	3	3	3
Kyrgyzstan	4	3	1	2	3	1	3	2	3	3	2	2	3	2	3
Malaysia	2	1	1	2	1	1	2	3	2	3	3	2	1	4	2
Pakistan	2	3	2	1	3	3	3	4	2	3	2	2	2	1	3
Philippines	3	2	2	2	3	2	3	2	3	4	1	2	3	3	4
Singapore	2	2	2	2	2	3	3	2	3	4	2	2	1	1	2
Thailand	1	1	1	4	2	3	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
Vietnam	3	3	1	2	2	1	2	2	3	2	2	2	1	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

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Introduction

For quite a number of years, I have witnessed U.S. companies struggle with the identification of promising export markets. As a result, my colleagues and I worked together to create a solution. We are proud to fill the knowledge gap with the first edition of the U.S. Commercial Service's Automotive Resource Guide, which identifies markets where U.S. automotive products or services are likely to succeed. The Guide provides you with access to 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 this Resource Guide is useful to you, please share your experience with us and help us identify areas of improvement by contacting me directly at Natasha.Keylard@mail.doc.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,

Natasha Keylard
Global Automotive Team Leader
U.S. Commercial Service

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 fractionsal horsepower motors, used CS support to expand their international sales and marketing plans. Gail Snyder, our domestic AutomotiveTeam 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.

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, 2008. All rights reserved outside of the United States.

Argentina

Capital: Buenos Aires
Population: 40,301,927
GDP:* $691.054 billion
Currency: Peso (ARS)
Language: Spanish

Summary

Argentina has a well-established domestic automotive industry that was started in the mid 1950's through the importation of used plants and machine tools from the United States. U.S. exporters interested in the Argentina automotive market will find it a challenging market to penetrate. Argentina is primarily a closed market in the automotive sector due to the Bilateral Auto Pact between Brazil and Argentina. The automobiles manufactured in Argentina (and Brazil) are European-designed subcompacts and automotive parts brought into the country from other sources other than Brazil are subject to high import duties.

Market Entry

Argentina and its MERCOSUR partners established a common external tariff (CET) on goods originating in non-member countries that currently ranges from zero to 20 percent for most products. However, some categories of goods, such as automobiles, have a CET of up to 35 percent.

Certain types of special vehicles, and automobiles to be used as prototypes also require government approval prior to import into Argentina.

Current Market Trends

Overwhelmingly, Argentines prefer manual transmissions, which account for more than 90 percent of cars sold. As for engine size, 85 percent of cars in Argentina have a cylinder capacity between 1.2 and 2 liters. But this is changing gradually. Although small cars remain the most popular type of car in Argentina representing 73 percent of all new registrations in 2007, the appeal of larger-sized mini-vans is also increasing. In 2007, the Brazil-designed Ford Eco Sport mono-space was the third most sold vehicle in Argentina. There are only a few late model U.S. vehicles on the roads in Argentina. Some models however, such as the Jeep, sell relatively well in this market. Typically, the types of cars purchased in Argentina contrast sharply with the models popular in the U.S. Of the 4.5 million cars on the road today, 85 percent are of European origin (design), Japan 5 percent and Korea 4 percent.

Main Competitors

At present, nine OEMs are active in Argentina, producing automobiles and trucks of European design. In 1991, Argentina and Brazil signed the "Automotive Industry Cooperation Agreement" which allows for the integration of production but limits imports of automobiles and parts from third countries. The nine local manufacturers are FIAT with 5.6 percent of the market, Ford 12.8, General Motors 20.1, Iveco 1.0, Daimler Chrysler 5.6, Peugeot-Citroen 28.5, Renault 12.5, Toyota 11.4 and Volkswagen 7.9. In 2007 they produced 500,000 units of which approximately 60 percent is exported, mainly to other countries in the region. Annual sales, of locally made plus vehicles imported from Brazil reached 570,000 in 2007. 65 percent of the new cars sold in Argentina are imported, of which 95 percent originate in Brazil. The market for used automobiles is unusually high when you consider the total size of the market: it reached one million in 2007. One of the reasons is the delay in the delivery of new cars.

Current Demand

Best prospects for high performance and or tuning products, are wheels, exhaust systems, suspension systems, lights and body parts which, as indicated above, are adequately supplied by Argentine and Brazilian manufacturers. It is important to bear in mind that Brazilian imports enter Argentina free of duties because of the MERCOSUR customs agreement. This competitive advantage places Brazil as Argentina's single largest supplier for this type of equipment, after Asia.

Regarding the market for parts in general, the average vehicle lifespan in Argentina ranges from 10 to 15 years. Low-end buyers, who strongly favour third party rather than OEM products, dominate the market for replacement parts. More and more parts are manufactured locally or in Brazil. Aftermarket parts imports consist, again, of low cost Asian imports or high quality hoses, belts, filters, batteries, light bulbs, brake pads, a/c compressors, air bag systems and other electronic from the U.S. and Europe.

Some selected U.S. brands have a solid reputation in Argentina, yet the market presence of American auto accessories is low. This situation is not only due to the resulting high landed costs, but also to the small size of the import market. On-line advertising and shopping for cars and auto accessories is an established practice. U.S. companies offering on-line shopping options will have an added advantage of capturing some business in Argentina. This has cost advantages to individual buyers compared to purchasing locally since as a rule, customs procedures for packages received via the international mail are easier.

Another category to be considered is commercial trucks. There is a growing interest in truck accessories and enhancements, such as chrome wheel covers, spoilers, horns, trucker comforts, gadgets and stylish add-ons.

Barriers

Used automobiles, parts or components cannot be imported into Argentina. Restrictions have always existed, historically, on imported automobiles.

Available Market Research

Automotive Aftermarket Accessories and Performance Equipment (June 2008)

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Australia

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

Summary

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

Current Market Trends

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

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

Main Competitors

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

Current Demand

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

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

Current Demand (continued)

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

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

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

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

Trade Shows

THE AAAA TRADE FAIR 2009 & COLLISION REPAIR EXPO
Date: April 2-4, 2009
Location: Sydney Convention and Exhibition Center, Darling Harbor
Frequency: Biennial
Exhibition Organizer: The Australian Automotive Aftermarket Association and Australian Exhibitions and Conferences
Web Site: www.aaaa.com.au & www.aec.net.au/aaaa & http://www.collisionrepair.com.au

AUTO EQUIP EXPO 2008
Date: August 8-10, 2008
Location: Sydney Convention and Exhibition Centre, Darling Harbor
Frequency: Annual (alternates with Melbourne)
Exhibition Organizer: Expertise Events Pty Ltd
Tel: 61 2 9938 9938
Fax: 61 2 9939 4229
Contact: Ross Hannan
Email: RossH@expertiseevents.com.au
Web Site: http://www.autoequipexpo.com.au/sydney08.php

Available Market Research

Australia: Caravans and Trailers (July 2008)
Australia: Automotive Parts and Accessories (July 2007)

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Austria

Capital: Vienna
Population: 8.2 million
GDP:* $283.8 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 2006, approximately 5.72 million motor vehicles were registered, of which roughly 4.2 million are passenger cars. 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) U.S. automobiles represent less than two percent of the vehicles on the Austrian roads.

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.

Main Competitors

European and especially German automobiles dominate the passenger car market in Austria, an important factor in the success of German and European-made aftermarket parts. Notable is the success of Volkswagen, by far the most popular cars on the road in Austria:

Top 10 registered vehicle models (alphabetically)

Model (country)	**2004**		**2005**		**2006**	
	Units	%	Units	%	Units	%
Audi A4 (Germany)	7,352	2.4%	7,558	2.5%	7,017	2.3%
Ford Focus (Germany)	10,190	3.3%	9,394	3.1%	8,078	2.6%
Opel Astra (Germany)	8,050	2.6%	10,153	3.3%	7,564	2.5%
Peugoet 206 (France)	7,577	2.4%	6,351	2.1%	3,364	1.1%
Renault Megane (France)	10,529	3.4%	8,347	2.7%	7,332	2.4%
Skoda Fabia (Czech Rep.)	8,966	2.9%	8,541	2.8%	8,543	2.8%
Skoda Octavia (Czech Rep.)	5,307	1.7%	7,464	2.4%	7,306	2.4%
VW Golf (Germany)	22,809	7.3%	20,902	6.8%	17,948	5.8%
VW Passat (Germany)	5,959	1.9%	7,874	2.6%	9,461	3.1%
VW Polo (Germany)	8,929	2.9%	8,812	2.9%	9,129	3.0%

Source: Austrian Statistical Office, www.statistikaustria.at

Current Demand

The replacement parts market in 2003 (the last year for which figures exist) was worth $1.92 billion, and industry experts estimate growth since then to be very slow or even negative. The most important revenue generators were chassis and body repairs, followed by drive trains, electric and electronic repairs, and small parts. Three important trends in the replacement parts market are the falling number of kilometers driven per vehicle and year, as well as the increasing popularity of automatic transmissions and air conditioning. As a result, the total market for replacement parts has been stagnant or negative, and within that market, brake, steering, and air conditioning service and repair are becoming more important.

The market for auto accessories in 2003 came to around $1.92 billion. By far the most important aftermarket accessory in Austria is the aluminum rim, followed by practical accessories such as child seats, bike and luggage racks, and winter care equipment. Exciting new electronic technologies, including in-car navigation and entertainment systems, are gaining in popularity as they are increasingly on offer at cutthroat prices in electronics discount stores. Nearly all of the aftermarket electronics are imported from low-wage Asian countries. Customization is primarily a do-it-for-me market in Austria, and the emphasis is on understatement; there are very few obviously customized cars on the road. This is at least partly due to the strict registration requirements for vehicles that have been modified.

Best Prospects:

- Parts for air conditioning units
- Parts for automatic transmissions
- Brake parts
- Steering parts
- Aluminum and other light metal or designer rims
- Marketing and business tools for independent garage operators

Trade Events

AutoZum
January 14-17, 2009
Venue: Messezentrum Salzburg
Type: Targets Austrian auto sales, specialty parts and repair service professionals
URL: http://www.autozum.at/

Available Market Research

Motorcycle and ATV parts and accessories (Aug 2006)
Automotive Replacement Parts (Aug 2007)

U.S. Commercial Service Contact Information

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Brazil

Capital: Brasília
Population: 183,888,841 (2007 estimate)
GDP:* US$1.804 trillion (2007 estimate)
Currency: Real (R$)
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. Other countries, including Argentina, are gaining competitive advantages that could encourage multinational companies to relocate some of their manufacturing facilities. Similarly, the Brazilian Central Bank's interest rate hike this month could cause automakers to reconsider some proposed investments.

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 USD 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 USD four billion in 2002 to USD 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 assembly plants in the world.

Current Market Trends

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.

Market Entry

The four largest auto manufacturers in Brazil are Fiat, Volkswagen, GM, and Ford.

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 totalled 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.

Brazil's auto industry is booming and manufacturers are investing in new technologies to gain competitiveness and expand capacity. Despite the growth in passenger cars in Brazil, only one in three Brazilians owns a car, leaving an untapped consumer market for automakers. Brazil's additional costs of doing business (coined the "Brazil cost"), however, limit the Brazilian auto industry's ability to maintain its competitive edge and prevent multinational companies from relocating production facilities for lower taxes and cheaper labour. The recent 0.5 percentage point interest rate hike and possible mid-term energy concerns are factors that automakers will likely consider when making future investment decisions.

Available Market Research

The Brazilian Automotive Industries Breaking Records (May 2008)
Perspectives for the Automobile Industry in Brazil (March 2007)

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Canada

Capital: Ottawa
Population: 33,274,000 (2008 estimate)
GDP:* $1.274 trillion (2007 estimate)
Currency: Canadian dollar
Language: English, French

Summary

With a value of C$54 billion in passenger vehicle sales in 2007, Canada represents the second largest automotive market in North America, and the largest industry-trading partner for the United States. Canadian sales figures thus far for 2008 have indicated an across-the-board increase, with each major manufacturer demonstrating improvement over their 2007 monthly totals for January and February. In particular, American manufacturers have benefited tremendously from new sales incentives, which analysts agree have maintained record sales, continuing the industry momentum from December 2007. For the month of January, the U.S. Census Bureau calculates roughly $1 billion in automobile and light automobile exports to Canada, representing 33 percent of total exports and a 29 percent increase over January 2007.

Canada Motor Vehicle Sales 2007 (Units)

	2007	2006	Year/Year Change (%)
Passenger vehicles*	858,679	863,161	-0.5
Trucks **	831, 869	803,168	3.6
Motorcycles	82,482	82,022	0.5
Total Canadian Sales	1,690,548	1,666,327	1.5

Note: *Canadian statistics include light commercial vehicles under passenger vehicles.
**Trucks include minivans, SUV's, light and heavy trucks, vans and buses.

Market Entry

	Exports to Canada for January 2008 ($1,000)	Canada's % of World Totals (US Exports)	January 2007/2008 Change (%)
Automobiles and Light Duty Motor Vehicles, including Chassis	1,016,405	33%	29%
Heavy Duty Trucks and Chassis	503,007	66%	-7%
Motor Vehicle Parts	796,425	45%	-7%
Motor Vehicle Gasoline Engines and Engine Parts	356,137	68%	-14%
Motor Vehicle Electric and Electronic Equipment	126,552	45%	-14%
Motor Vehicle Steering and Suspension Components	54,148	63%	-22%
Motor Vehicle Brake Systems	81,707	55%	-27%
Motor Vehicle Transmissions and Power Train Parts	315,374	66%	-4%
Motorcycles and Parts	34,720	20%	20%

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

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

Despite increased competition over vehicle sales within Canada, U.S.-based manufacturers continue to out-sell all competitors within the light and heavy-duty truck market, retaining an 89 percent market share. Consumer demand for trucks - which includes minivans, SUV's, light and heavy trucks, vans and buses – is forecasted to abound through 2008, with the aforementioned preference for American trucks expected to continue.

At present, new cars represent less than 11 percent of total automobiles on Canada's roads at any given time. As such, repairs and maintenance have, and will remain a staple within the Canadian automotive landscape. Moreover, customizing also continues to be a popular trend. Subsequently, the automotive aftermarket in Canada remains an excellent prospect for American exporters. Despite growing competition from Mexico and China, U.S. aftermarket manufacturers and suppliers accounted for 80.5 percent of Canadian imports in 2007, up 4.5 percent from the previous year. The U.S. market share is expected to maintain current growth levels over the short-term.

The automotive aftermarket includes: plastic parts (NAICS 316193), rubber and plastic hose and belting (NAICS 326220), engines and assemblies (NAICS 336310), steering and suspension components (NAICS 336330), brake systems (NAICS 336340), transmission and power train parts (NAICS 336350), seating and interior (NAICS 336360), and audio and video equipment (NAICS 334310).

Interestingly, the motorcycles and aftermarket parts market is demonstrative of a growing export market for 2008. U.S. Census Bureau statistics indicate a 20 percent growth in exports between January 2007 and January 2008, with Canada consuming 20 percent of total U.S. manufactured motorcycles and parts exported globally. New motorcycle sales grew roughly 1 percent through 2007, and are expected to continue upward in 2008. The slight increase in annual sales indicates a strong aftermarket parts industry, which given the annual decline in American motorcycle sales evident over the past year - 85,000 fewer units were sold in 2007 – offers a reprieve for U.S.-based manufacturers.

Technology and innovation represent the most significant opportunity for American automotive exporters. For the first time, the Federal government of Canada is developing fuel consumption regulations for all new cars and light trucks beginning with the 2011 model year. Consequently, manufacturers, exporters, importers and distributors of cars and light trucks, as well as component parts, engines, electrical systems, computer technologies, aftermarket parts, assembly equipment and any other stakeholder currently within, or expressing interest in the Canadian market employing hybrid or "alternative" technologies stand to benefit from the im pending regulations. In particular, reducing fuel consumption is necessarily linked with vehicle weight. This means demand for lightweight plastics and other component parts will increase as a corollary to the impending federal regulations. Moreover, as "green" technologies advance throughout the manufacturing sector, subsequent technologies within the aftermarket and vehicle maintenance sectors will develop to meet industry trends. As a result, U.S. exporters of aftermarket parts and machinery in-line with "green" technologies will experience increased opportunities as this technology proliferates.

Gasoline-electric hybrids represent a strong growth sector within Canada's automotive market. Responding to high fuel prices and an increased awareness of global warming, consumer sales of hybrids have abounded over 300 percent since 2004, with January 2008 demonstrating a 27.3 percent improvement over the previous January. While hybrid sales represent only about 2 percent of light automobile sales in Canada, with high fuel prices and global warming as the primary catalysts for

sales, this market sector will continue to grow. As a result, the hybrid-based aftermarket parts and accessories industry sector will certainly experience greater opportunity within the Canadian marketplace going forward.

Clean diesel, which accounts for up to 70 percent of new vehicle sales in certain European countries, also provides a possible replacement option to contemporary fuel injection engines. However, while diesel engines emit less carbon dioxide than gasoline engines, they emit more oxides of nitrogen and particulate matter, and therefore face significant regulatory challenges in many regions of North America. Presently, ultra-low sulfur diesel fuel and more effective exhaust control technology are being implemented to help meet tighter tailpipe emissions standards, increasing the marketability of this technology. Yet, there remains the issue of fuel cost and access. Diesel costs substantially more than gasoline – 15-20 percent in most cases. Moreover, it remains difficult to locate diesel at the pump in many urban centers. Despite this, manufacturers have targeted 2010 as the year to introduce clean diesel vehicles to market in North America. If cost and access can improve to parallel this introduction, clean diesel could make a significant immediate impact on the market. Thus, clean diesel is a prospect which R&D firms and aftermarket manufacturers should watch with interest as its proliferation would signal new opportunities in Canada's automotive market.

At present, the main impediment to the commercialization of electric automobiles is the economic imbalance between performance and cost. With top speeds averaging between 32-40 km/h, all provinces and territories, except British Columbia, limit the use of electric vehicles to areas low traffic areas (e.g. gated communities, golf courses). What's more, electric vehicles are typically sold at high premium prices outside the reach of the average consumer. To improve feasibility, manufacturers and research and development (R&D) departments must find a way to close the gap between cost and performance.

Similarly, hydrogen systems currently encounter issues pertaining to cost and access. Only three manufacturers – BMW, General Motors and Honda – have hydrogen vehicles on the road, though only within a select test group; none are available commercially. Given that only ten certified fueling stations exist with Canada, sufficient access to hydrogen fueling facilities would require a complete overhaul of the fuel distribution networks already in place. Subsequently, widespread use of this technology, even if costs are reduced, remains years away.

Panelists at the AutoFutureTech Summit 2008 representing auto manufacturers and electricity providers spoke in support of "plug-in" hybrids as a feasible enhancement to present hybrid technology. Where hydrogen will require an overhaul of fuel delivery infrastructure, "plug-ins" can use existing power grids to charge electric motors with only minor adjustments to infrastructure, comparatively speaking. What's more, this technology could assist any future large-scale transition to electric automobiles. Consequently, U.S. R&D departments addressing the development of electric motor technologies as they relate to battery longevity, electricity transfer, and improved hybrid fuel economy, as well as grid adaptation and additional infrastructure could find an improved marketplace within Canada in the near future.

Given their status as developing technologies, combined with an prospects for future demand, the evolution of the aforementioned fuel alternatives will be driven in large part by the R&D departments of companies which supply components and raw materials. Eco-innovation is the lifeblood of the alternative fuels industry, and the precursor to eventual large-scale manufacturing. Thus, U.S.-based firms presently engaged, or with the capacity to undertake R&D in this field, as well as manufacturers of necessary components and materials, will find a lucrative market within Canada as conceptualization and development becomes more important with increased demand.

Trade Events

AutoMechanika Canada	http://www.automechanikacanada.com
Truck World	http://www.truckworld.ca
Ontario Transportation Expo	http://www.ote.ca
Toronto Int'l Spring Motorcycle Show	http://www.supershowevents.com
Bike-Expo Calgary	http://www.confabb.com/conferences/34678

Available Market Research

U.S. Commercial Service Country Commercial Guide (CCG) 2008
Canada: Automotive Aftermarket (2008)

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China

Capital: Beijing
Population: 1.321.851.888 (2007 estimate)
GDP:*
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.

China's Automotive Components Market (USD Millions)

	2005	2006	2007 (as of Nov)
Total Market Size	71,360	73,164	93,630
Total Local Production	64,470	63,8230	82,891
Total Exports	6,471.052	8,730.787	12,106.411
Total Imports	6,809.545	9,342.905	10,739.195
Imports from the U.S.	308.462	498.737	613.366

Note: Data for Total Market Size and Total Local Production are from a professional auto consultant company; Data for Total Exports, Total Import, and Imports from the U.S. are based on products with HS codes 8706, 8707, 8708, 84073410, 84073420, and 84079090.

Current Market Trends

In 2008, it is estimated that ten million new motor vehicles in China will be sold. As of November 2007, China had already produced 8.8 million vehicles, a 33.33% rise over 2006's figures.

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 have 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 U.S. company possessing clean energy parts and technologies will have more opportunities in the Chinese market.

Trade Events

Auto China 2008
April 20-28
Beijing New International Exhibition Center
http://www.autochina.com.cn

The 6h Guangzhou Int'l Automobile Air-conditioning & Cold Chain Technology Exhibition China
March 15-18, 2008
http://buy.ecplaza.net/search/1s1nf20sell/exhibition

Automotive Manufacturing in China
April 16-19, 2008
Great Wall Sheraton Hotel, Beijing
http://www.cbuauto.com

China Chongqing International Auto Industry Fair 2008
June 11-15
Chongqing International Convention Exhibition Center
http://www.autochongqing.com

Trade Events (continued)

China International Auto Parts Expo
November, 2008
Beijing International Exhibition Center
http://www.iapechina.com

Automechanika Shanghai
December 10-12, 2008
Shanghai New International Expo Center
http://www.buyusa.gov/china/en/auto2008.html

Available Market Research

China: Automotive Industry (Sep 2006)
China Automotive Market (Jan 2007)

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Colombia

Capital: Bogotá
Population: 44,065,000 (2007 estimate)
GDP:* $337.286 billion (2005 estimate)
Currency: Colombian peso (COP)
Language: Spanish

Summary

In 2007, the Colombian automotive sector experienced a third record year of significant growth. Since 2001, it has generated a sustained, solid and dynamic growth of approximately 20 percent per year. It is the fourth most important industry in Colombia. The United States has traditionally been Colombia's major supplier of automotive parts and accessories, accounting for approximately 21 percent of total imports during 2006 to 2007 period.

Another factor contributing to future growth of the automotive market is that approximately 80 percent of cargo transportation and passengers are moved in Colombia by land. Thus, transportation companies need to keep their vehicles in optimum condition to perform efficiently. The road infrastructure within Colombia is improving, however, overall they are in fair to poor condition necessitating the need for constant vehicle safety checks.

	2005	2006	2007 (p)
Total Market Size	1,811.7	1,994.6	2,219.1
Total Local Production	526.0	537.0	569.2
Total Exports	245.4	289.3	306.6
Total Imports	1,531.1	1,746.9	1,956.5
Imports from the U.S.	271.6	325.4	357.9

The above statistics are unofficial estimates in millions of USD

Market Entry

Upon the approval of the U.S.-Colombia Trade Promotion Agreement, 53 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 23 percent of exports will be eliminated over five years. Duties on the remaining 24 percent of U.S. exports will be eliminated over ten years.

Tariffs on priority automotive products, including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts will be phased out immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all automotive exports from Colombia will continue to receive duty-free treatment.

Colombia will eliminate its prohibition on the importation of remanufactured automotive goods, as defined in Chapter Four - Rules of Origin, upon entry into force of the Agreement. Colombia will eliminate tariffs on most remanufactured automotive goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.

Current Demand

The demand for automotive parts and accessories and service equipment is note worthy and the average lifespan of most of the 3.4 million motor vehicles running in Colombia is twelve to fifteen years. Analysts predict a sizeable increase in demand for imported and locally made automotive parts-accessories and service equipment within the next two years. This is due to considerable vehicle fleet growth of the past ten years and for the significant number of imported and manufactured vehicles sales, which were registered during the 2005-2007 period. In addition, as new vehicles age, the demand for parts and accessories will increase correspondingly.

Demand for automotive parts and accessories from the three local manufacturing plants (GM, Mazda, and Renault) also showed significant growth of 35 percent in 2007. Local carmakers are active in the market and have captured market-share by increasing the variety of models produced in country and for exports to Venezuela, Ecuador and other Andean countries. Also, there is a permanent demand of parts and accessories for the maintenance and repair of the Bogota mass passenger bus transportation system, "Transmilenio," and similar systems developed for Cali, Barranquilla, Medellin, the coffee growing region (Eje Cafetero) and other major cities.

Best Products/Services

Best sales prospects over the short and medium term will be determined primarily by the continued demand of the aftermarket and by the demand for parts generated by the equipment already in operation. According to industry and trade sources, local companies plan to manufacture those automotive parts and accessories that will have the largest demand in the local market. Demand for imported equipment will follow the same trend, but the growth brought on by expanded markets created by international trade agreements (such as the CAN-Mercosur, G-3, ALADI, and others) could mean more opportunities for U.S. imports.

- Tires for small vehicles, trucks and buses
- Gasoline and diesel engines, piston rings, cast-iron engine parts, carburetors, engine valves, other cast-iron engine parts, fuel-injection pumps
- Parts of fans, ventilating hoods, air conditioning and parts for motor vehicles
- Ball bearings, tapered roller bearings, roller bearings, gaskets and similar joints of metal sheeting
- Electric storage batteries, nickel-cadmium storage batteries, electrical distribution parts, terminals, electrical splices and electrical couplings, boards, panels, consoles
- Cabinets for motor vehicles, bodies for passenger automobiles, body stampings, gearboxes, drive axles with differential, suspension shock absorbers, radiators, clutches, suspension systems, parts for power trains, brake parts.

Available Market Research

Automotive Market Overview (Aug 2007)

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Costa Rica

Capital: San José
Population: 4,133,884 (2007 estimate)
GDP:* $56.777 billion (2006 estimate)
Currency: Costa Rican colón
Language: Spanish

Summary

	2005	2006	2007
Total Market Size	157.6	162.0	166.0
Total Local Production	31.0	32.0	32.8
Total Exports	25.4	26.0	26.8
Total Imports	152.0	156.0	160.0
Imports from the U.S.	46.0	47.0	48.0

Data provided in US$ millions. The above statistics are based upon industry sources and are unofficial estimates. For more information contact: Costa Rican Customs Directorate, Ministry of Finance, at 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, aluminum and steel wheels, windshields, carpets, hoses, mufflers, bus bodies, and tires.

Total imports in this sector are expected to increase in 2007 by 2.6 percent over the previous year to about US$160 million.

Current Market Trends

The consensus within the local automotive parts industry is that the sector will grow at an annual rate of 3-4 percent from 2007-2009. The surge on the importation of used low cost vehicles from Asian countries Korea during the last three years led to an increase in auto parts imports from Korea, which reduced the U.S. share of market. As a result, industry sources indicate that the U.S. share of the import market is expected to improve only slightly from 2007-2009. The U.S. market share for automotive parts for 2007 was estimated to be 30 percent.

Main Competitors

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

Current Demand

Best Products/Services

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.

Current Demand (continued)

Other opportunities

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: carballomotor@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

Available Market Research

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

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Croatia

Capital: Zagreb
Population: 4,453,500 (2008 estimate)
GDP:* $74.419 billion (2008 estimate)
Currency: Kuna
Language: Croatian

Summary

Automobile sales in Croatia registered a 4.7 percent growth in 2007, well above the European average of 0.8 percent. With 82,683 cars sold in 2007, the total number of passenger vehicles in Croatia reached 1.48 million, which is roughly 75 percent of the total number of registered vehicles in Croatia (1.98 million). The increase continued in 2008 with 21,805 private vehicles registered in the first three months of 2008, which presents an 8.9 percent increase compared to the same period last year. At the same time, imports of used cars decreased by as much as 30 percent.

Current Market Trends

Approximately one third of vehicles registered in Croatia are fueled by diesel, while all others use gasoline. Regardless of steadily increasing imports, almost 50 percent of the passenger vehicles registered in Croatia are older than 10 years. This brings the average age of passenger vehicles in Croatia to 10 years and 3 months. There is no data on the spare parts market in Croatia, but an average private vehicle owner spends approximately USD 5,500 per year on car-related expenses, which includes gas for 13,000 kilometers, highway tolls, registration, technical inspection, maintenance, and spare parts. Most of the new cars are bought on credit, which increases the costs of owning a car; therefore, spare parts suppliers (with only a few exemptions) decided to freeze the prices in 2007 and 2008.

Main Competitors

Opel is the most popular car brand in Croatia, with 12,112 cars sold in 2007, followed by Renault with 8,705 sold vehicles. U.S. suppliers are represented by approximately 7,000 new and used cars that Croatia imports directly from the U.S. annually. Weak imports of U.S. cars to Croatia are a consequence of European brands' domination and traditional trade relations between Croatia and Western Europe.

Current Demand

As car tuning is not a big market in Croatia and the new vehicles come pre-equipped with CDs, alarm systems and other electronic equipment, the only type of equipment that records significant sales growth are the GPS systems. Garmin is clearly the market leader here, but the future trends are unclear as the mobile operators offer numerous relatively cheap GPS-enabled phones.

Trade Events

Zagreb Auto Show
March 2009
Venue: Zagreb Fairgrounds
URL: http://www.zv.hr/sajmovi/163/index_en.html

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Dominican Republic

Capital: Santo Domingo
Population: 9.5 million
GDP:* $35.5 billion (2007estimate)
Currency: Dominican Peso
Language: Spanish

Summary

The Dominican Republic (D.R.) is completely dependant 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 government has a tendency to periodically increase taxes on vehicles. Over the last four years, taxes on this sector have suffered three increases, not only on the import taxes and fees, but on the “Tax for Circulation Rights” as well. For American made vehicles the situation will improve in a few years because of the implementation of the Central American Free Trade Agreement-Dominican Republic (CAFTA-DR). Under the CAFTA-DR, U.S. imports into the Dominican Republic have been classified by categories. Each category provides for the elimination of customs duties in different stages. For a complete list of each products category and the tax schedule, please contact Ms. Isolda Frias at the Commercial Service or visit the Dominican Customs Website: www.dga.gov.do

Main Competitors

Japanese and other Asian products account for most of the imports due to the significant car population imported from Japan. Nevertheless, U.S. automotive spare parts exporters have managed to increase exports to the Dominican Republic mainly because of the shorter delivery time, and U.S. supply of 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 grow over the next two years due to the CAFTA-DR, 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.

Import strengths for the U.S. include universal parts (driveshafts), electrical motor parts (mainly fuses), batteries, brakes, and shock absorbers. On the other hand, there continues to be an increase in demand for parts for Japanese made cars that are manufactured exclusively for the U.S. market, and for Japanese brands manufactured in the United States.

Current Demand (continued)

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 20 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 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.

Available Market Research

Light Trucks (Jan 2007)
Automotive: Parts/Accessories/Service, CAFTA-DR (July 2007)

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El Salvador

Capital: San Salvador
Population: 6.5 million
GDP:* $20 billion (2007 estimate)
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.

Since 2003 the sale of new vehicles in El Salvador has been steadily increasing. A total of 15,110 new vehicles were sold during 2005. In 2006, a total of 16,095 new vehicles were sold and in 2007 almost 18,000 new vehicles were sold. As a result of CAFTA-DR some U.S. origin vehicles received immediate tariff elimination, but most automobiles and light trucks are subject to back weighted 10 year tariff phase –outs (must of the tariff cut occurs in the last seven years).

Current Market Trends

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 are frequently purchasing parts and accessories from local automobile parts importers, as well as automotive equipment usually imported directly for use in their shops. In comparison to previous years, the demand for used imported vehicles has decreased by 5%, since well established, reliable distributors with good reputations are now distributing new Chinese brands of economical vehicles (e.g, Chery, Great Wall, Jinbei, Zot Ye, Dongfeng, and JMC) and are offering competitive prices and credit lines.

El Salvador is steadily increasing its market demand for parts and accessories. New trends in the market require the use of parts and accessories. “Tuning” is now a term very well known and used by most Salvadorans; this esthetic and engine modification of vehicles has become a true passion for many vehicle owners. Other trends that result in an increase in the demand of parts and accessories include “drifting;” each time, more and more vehicle and motorcycle owners gather to show their new abilities. Also, races for the different types of vehicles are taking place and gaining popularity. The market has evolved to a new phase that not only requires that the vehicle transports, but also that the vehicle reflects the personality of the owner. Several local magazines provide constant updates on these trends. The annual local trade show called Auto Expo 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 representatives.

Another reason why parts are 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 and roads, increasing traffic, disorganized public transportation, use of old vehicles, and importation of used vehicles.

Public transportation service buses/microbuses are old and require repair in order to continue providing the much-needed public transportation service. Most spare parts and accessories 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.

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 Taiwan and Brazil.

Main Competitors

67.9% of registered vehicles are Japanese and in second position by country of brand 12.24% of vehicles are Americans. Chevrolet and Ford are the most sold US brands.

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.

Considerations for potential opportunities:

1- Increased environmental awareness and concern to keep cars in better condition to avoid polluting. This will require purchase of additional parts and their necessary equipment and machinery for installation.
2- The law of Ethanol (bio-fuels) is estimated to be approved in 2008. With sufficient bioethanol, Flexi Fuel vehicles could be imported in El Salvador in the future.
3- High prices of gasoline and diesel make people also look for ways to make their engines more efficient. These types of products, if at competitive prices, have good opportunity in the market.

Available Market Research

Country Commercial Guide, Chapter 4: Leading Sectors for U.S. Export and Investment (2008)

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Ecuador

Capital: Quito
Population: 13,755,680 (2007 estimate)
GDP:* $61.7 billion (2006 estimate)
Currency: US Dollar
Language: Spanish

Summary

Ecuadorian imports show that the United States has been the major source for automotive parts and accessories for the last few years. U.S. market share for the latter has been on average around 25% 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.

Main Competitors

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

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Finland

Capital: Helsinki
Population: 5,308,208 (2008 estimate)
GDP:* $163 billion (2005 estimate)
Currency: Euro
Language: Finnish

Summary

Finland, with a population of 5.3 million, had about 2.6 million passenger cars in 2007. In 2007, 125,608 passenger cars were registered in Finland. 6,507 of them were directly imported from the United States, representing 3.1 percent of Finland's overall passenger car imports. 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.

Number of automobiles in use in Finland

	2007	2006	Change %
Passenger cars	2 553 556	2 489 287	2,6
Vans	294 196	281 407	4,5
Trucks	96 610	90 925	6,3
Buses	11 500	11 147	3,2
Other vehicles	13 264	13 590	-2,4
Total	**2 969 126**	**2 886 356**	**2,9**

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.

A sale of original equipment manufacturer's (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.

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.

Main Competitors

U.S. suppliers generally face strong competition from European suppliers. In 2007, Germany was Finland's number one supplier of passenger cars (21.5 percent), followed by United Kingdom (14.5 percent), Japan (13.1 percent) and France (11.4 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 relatively good sales potential in Finland. Also alloy wheels, accessories, chemicals and lubricants have market potential in Finland.

The majority of 2006 ATV (All-Terrain-Vehicle) imports came from China, with 5,000 vehicles. The United States came second with 4,000 vehicles. As the market is developing, local experts mostly agree that the next products with increasing demand in Finland will be ATV 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, ice-chains and spare parts and supplies are expected to increase in the years to come.

Trade Events

Helsinki Motor Show
November 26-29, 2009
Venue: Helsinki Fair Center
Type: Finland's largest automobile and automotive accessories Exhibition
URL: http://www.finnexpo.fi/exhibition.asp?Id=1632

Available Market Research

All-Terrain-Vehicle (ATV) Market (2006)

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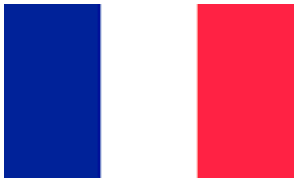
France



Capital: Paris
Population: 64,473,140 (2008 estimate)
GDP:* US1.871 trillion (2006 estimate)
Currency: Euro
Language: French

Summary

	2006	2007	2008 (estimated)*
Total Market Size	33813	37097	37468
Total Local Production	36441	41848	42266
Total Exports	24204	30151	30452
Total Imports	21576	25400	25654
Imports from the U.S.	708	971	981
Exchange rate: USD 1.00	0.8	0.7	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 an estimated registered 2,000,000 new (not including second hand) light vehicles in 2006, France is facing difficult times as both new car production and demand have decreased. On the other hand, the average life span of cars is increasing and a higher number of used cars were registered.

French automotive parts suppliers' sales reached approximately USD 33.8 billion in 2006 (-4% compared to 2005). The two main reasons are the drop in production of passenger cars in France and the increase in automotive equipment production plants supplying parts to the vehicle manufacturers' new production units located in Central and Eastern Europe. The main categories of automotive parts included in this figure are: power train equipment (39.8%), vehicle interiors (30.6%), tire-to-road link components (13.5%), body components (12.1%) and equipment for measurements, checks, diagnostics and repairs (4%). 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 21.7 billion, a 4% decrease over 2006, mainly due to the decrease of French car production. All product categories suffered except air supply components and electrical equipment for engines, controls for transmission systems and exhaust line components.

On the other hand, automotive parts suppliers' sales to the aftermarket (OES + IAM) increased by 1.8% to reach approximately 6.5 billion in 2006. This evolution is mainly due to two factors: 1) the increase in the number of registered light vehicles (passenger and light commercial cars which also includes second hand vehicles), which exceeded 35 million units in 2006, and 2) the average age of light vehicles, which exceeded 8 years in 2006. Product categories which were successful in 2006 were: fuel circuit components, engine components, air supply components and electrical equipment for engines, controls for transmission systems, and body components.

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

Current Market Trends (continued)

market from its European subsidiaries or via local joint ventures. Direct imports from North America increased in 2006 and 2007 to reach 971 millions dollars. However, the trend is still to source in foreign countries such as China, Japan, Taiwan and India to the detriment of the USA.

The FIEV 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. Since France's exports and imports of parts and components and assembled vehicles are largely within the Euro zone, the use of Euro as a transaction currency is a determining factor in source selection.

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.

Resources

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

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

Trade Events

EquipAuto 2009
October, 2009
Website: http://www.equipauto.com

Available Market Research

France: Automotive Equipment : The Garage Equipment Market (Aug 2007)
France: Automotive Maintenance Products (Sep 2007)

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Germany

Capital: Berlin
Population: 82,210,000 (2007 estimate)
GDP:* $2.81 trillion (2007 estimate)
Currency: Euro
Language: German

Summary

With 46.6 million passenger vehicles and 3.2 million heavy trucks on the roads, Germany is the largest market in the EU for automotive products. Original equipment (OE) and automobile manufacturers are very receptive to U.S. products.

German Motor Vehicle Sales 2006/2007

	2007	2006	% Δ
Passenger vehicles	3,148,163	3,467,961	-9.2
Light commercial vehicles	334,116	304,433	9.8
Trucks up to 6 tons	222,390	197,818	12.4
Motorcycles	113,014	114,840	-1.59

Truck sales are expected to rise over the next years, whereas passenger vehicle sales in Germany are expected to continue their spiral downwards.

Current Market Trends

U.S. exports have risen rapidly over the last years, mainly because of a shift by German manufacturers to take advantage of cheaper labor costs and materials in the U.S. Both Mercedes and BMW now manufacture vehicles in the U.S. for the German domestic market, their suppliers have followed them with manufacturing investments in the U.S. and now export U.S. made systems and parts back to automobile manufacturers in Germany. Volkswagen, Audi and Porsche are expected to soon set up a cooperative manufacturing facility in the U.S. and are already looking for U.S. suppliers, for both the future U.S. plant and for their facilities in Germany.

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 concern type approvals of vehicles and parts.

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 whether they are sold 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.

Market Entry (continued)

Customs

As a EU Member state, Germany applies the "Common Customs Tariffs of the EU" (CCT), which is supplemented by the German Customs Tariff Ordinance. The Common Customs Tariffs of the EU generally take the form of ad valorem duty rates. Germany uses the Harmonized System (HS) to classify internationally traded goods, and all products must have an HS number for determining the duty. Import of goods into Germany from non-EU countries is also subject to the German import turnover tax, which is part of the German value added tax (VAT) system.

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. Their 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 a UN economic commission agreement from March 20, 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. According to this Ordinance, all vehicle manufacturers and component manufacturers may not put materials or components on the market if these 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, which 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 AltfahrzeugV is available in English at http://www.bmu.de/files/pdfs/allgemein/application/pdf/vehicles_vo.pdf

Current Demand

U.S. suppliers generally face strong competition from European suppliers. Nevertheless, a comparison of Europe-wide statistics for 2006 revealed that Germany remains the major market for U.S. automotive exports, figures show that strong exports consist of general parts and accessories, 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.

At the present time there are only a few thousand hybrid vehicles in use in Germany. German OE manufacturers forecast extremely strong demand for hybrid vehicles and want to source U.S. suppliers that can deliver hybrid parts and systems in large quantities. Bosch as the main European competitor, believes that it will become the main World supplier for hybrid systems and lithium ion

Current Demand (continued)

battery systems, it has increased its hybrid research staff fourfold over the last years.
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.

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. The new "Tuning World Bodensee", however, which takes place in Friedrichshafen on Lake Constance (Switzerland is just across the border), is rapidly becoming the Mecca for German and Swiss tuners and customizers. 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 through websites. In the short term, further increase is seen in the aftermarket use of computers, software, data storage on diskettes, in-car navigation and electronic maps (CD-ROM). However, it is expected that within the near future all of these products will be included in new vehicles as OE equipment. This will only leave a market for diminishing after-market sales to equip older vehicles.

In the aftermarket segment, it is expected that more than half of all maintenance and repair services will be of an electronic nature within the next two years. At the moment, it is about 45%. Most of the individual workshops, that are not part of a dealer distributorship, 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. 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.

Trade Events

AUTOMECHANIKA - Frankfurt
September 16-21, 2008
Organizer: Messe Frankfurt - Messe und Ausstellungs GmbH
http://www.messe-frankfurt/-automechanika
E-mail: info@messefrankfurt.de

Engine Expo + **Automotive Testing Equipment** (Stuttgart)
June 16-19, 2009
Organizer: UK IP Media and events
http://www.engine-expo.com http://www.testing-expo.com

Trade Events (continued)

IAA (International Automobile Exhibition (Frankfurt)
September 13-23, 2009
Organizer: Verband der Automobil Industrie e.V. (Automotive Industry Association)
http://www.vda.de or http://www.iaa.de

IAA NUTZFAHRZEUGE (Heavy Duty Vehicle Exhibition) (Hannover)
Dates: September 25- October 2, 2008
Organizer: Verband der Automobil Industrie e.V.
(Automotive Industry Association)
Westend Strasse 61
60325 Frankfurt am Main
Telephone (069) 97507 0
Telefax (069) 97507305
Internet:www.vda.de

Tuning World Bodensee **(**Friedrichshafen)
April 30 to May 04, 2009
Organizer: Messe Friedrichshafen
E-mail: tuning@messe-fn.de
http://www.tuning-world.bodensee.de

Essen Motor Show **(**Essen)
Nov. 28 to December 07, 2008
Organizer: Messe Essen GmbH
E-mail: info@messe-essen.de
Internet: http://www.essen-motorshow.de

Available Market Research

Germany: The Market for Motorcycles and Scooters (March 2007)
Automotive Parts & Services Equipment (2007)

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Guatemala

Capital: Guatemala City
Population: 13,000,000 (2007 estimate)
GDP:* $63.78 billion (2005 estimate)
Currency: Quetzal
Language: Spanish

Summary

The Guatemalan market for Automotive Parts, Accessories and Service Equipment continues to grow steadily. Seventy three percent of the vehicle imports into Guatemala in 2007 were used cars, the remaining twenty seven percent belongs to new car imports. In average, Guatemalans keep their automobiles for 5-7 years before purchasing a newer model. Because of the large number of used vehicles on the roads every day, there is a continuous maintenance and replacement services need in the Country.

Current Market Trends

Security: The use of high tech security systems, alarms, GPS and others is growing in the market but at a very slow rate. It is estimated that only 3% of the vehicle market might have an interest in GPS systems.

Accessories and Customizing: Very popular, but extremely price sensitive. U.S. products are expected to compete with Asian prices in this niche. Car stereos, lamps, wheels are popular and manufactured in Asia.

Services: Guatemala is known for it's labor intense auto shops and low labor cost culture, hence it looks like automated service shops, sophisticated equipment, consulting and services in general, is only for a very small percentage of the market which services high end customers. It seems that the Country will continue doing manual repairs and services for the near future.

Vehicle Breakdown: As of December 2007, there were 1,558,145 vehicles in the Country. Following is a breakdown of their classification by type:

Buses, Microbuses	5%
Vehicles	25%
SUV's, Panels, small vans	11%
Trucks, cargo transportation	6%
Motorcycles	22%
Pick- ups	23%
Tractors, mini-tractors	1%
Jeep	1%
Other, for industrial use, etc	3%

The number of vehicles that Guatemala imports has been increasing at 17-18 percent rate in the past two years. Despite the cost of fuel, in the first quarter of year 2008, Guatemala's Customs Authority continue showing increasing trends in vehicle imports.

It is a fact that the imports of motorcycles has increased in the past two years and expects to continue doing so. Indian and Asian brands enjoy the majority of share in this market due to competitive prices. Spare parts are then, a major necessity to cover this growing market.

In order to meet the demand of spare parts and accessories to cover the market it is interesting to understand who are the major players in the Country. Seventy five percent of Guatemala's vehicle park is dominated by Asian brands such as: Toyota (25%), Mitsubishi, Mazda, Suzuki, Nissan, Isuzu, Hyundai, Kia, Bajaj, etc. U.S. brands such as Ford (4%), Honda (7%), Chevrolet (4%), International (1.5%), Freightliner (0.8%) and Dodge (0.9%) are also players in the park enjoying eleven percent of the market share.

Main Competitors

Asian manufacturers are entering aggressively into the market with low priced products Seventy five percent of the cars circulating in Guatemala represent Asian brands. Eleven percent represent U.S. brands. The remaining are European and from other Countries. In the past two years the U.S. brand participation has grown between twelve to fifteen percent, so this is a clear indication that U.S. brands continue to enjoy a good reputation and acceptance in the local market.

Customs records for Guatemala report that U.S. has over fifty percent market share when analyzing accessories and service parts, but this does not necessarily mean that products are manufactured in the US, but probably sold through an American distributor.

Current Demand

There are more than one hundred spare parts and service agents in the Country. Due to the large demand for aftermarket products and service tools and equipment, the majority of these agents and distributors, whether they are large size companies or a small entrepreneur, are always open to new alternatives to offer their customers. It is very important to note that this market is completely price driven and that Asian brands are well positioned in the market, so the innovative, unusual products are a good opportunity for US manufacturers as long as the prices remain competitive.

Equipment is sold to local mechanic shops, service stations and gas stations. Automotive parts importers have to keep up with the demand from local importers of used cars, who need parts to repair sometimes, severely damaged cars.

Best Prospects

The most promising sub-sectors within the industry include Aftermarket products such as: Bumpers, spoilers, tail lights, wheels, sound systems, alarms, tires, batteries, suspension kits, mufflers, filters, chips, exhaust systems, brakes, windshield wipers, spark plugs, wheel covers, steering wheels, etc. Other promising products are service equipment such as: Lifts, tire repair, electronic diagnosis, tire balancing, compressors, and in general all necessary equipment and tools for service stations.
The following enjoy special preference among Guatemalan buyers if they are U.S. brands:
Belts, oil, fuel and air filters, brake liquid and pads, shock absorbers, sealed beams, spark plugs and it's cables.

Resources

Guatemala Statistics Information (Customs): http//www.sat.gob.gt

Available Market Research

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

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Hungary

Capital: Budapest
Population: 10,041,000 (2008 estimate)
GDP:* $198.7 billion (2008 estimate)
Currency: Forint
Language: Hungarian

Summary

The market for automobiles in Hungary has been on a robust expansion since the mid-1990s, helped by the rise of personal disposal income and the easing of available credit. However, new car sales fell roughly 3.8 percent between 2004-2007 due to an influx of used cars imported tariff-free from other EU countries following Hungary's EU accession. Despite this, growth opportunity for Hungary appears strong as car ownership rates catch up with those of Western Europe in the coming years. The average vehicle age in Hungary is 11.2 years; many of these vehicles will need to be replaced. Demand for less expensive, small compact cars (engine sizes of 1,200-1,600 cubic cm) looks promising, as these are Hungary's biggest sellers.

Main Competitors

Hungary is home to a large automotive components industry, as well as some assembly plants. Suzuki, with a manufacturing facility in Esztergom, is the market leader with 21 percent. But U.S. automakers are also faring well. GM's Opel and Chevrolet brands comprise over 18 percent of the market, while Ford has a 14 percent market share in the passenger car market but Ford is a market leader brand in Hungary for light commercial vehicles under 3.5 tons. High-end, niche models, such as Cadillac, Corvette, and Hummer, sell marginally, but capture high visibility and profit margins.

Current Demand

U.S. automotive brands enjoy strong image and demand in Hungary. But a faster growing market is that of automotive after-market products that improve a car's appearance, comfort, output and security. Some Hungarian consumers prefer American-style accessories like chrome wheels, seat covers, spoilers, and racks. In addition, with car theft still being a major problem in Hungary, alarm systems and security devices are big sellers. Products like specialty metal, engine parts, AC systems, automotive-related chemicals, exhaust and ignition systems and diagnostic products can also fill a niche in the Hungarian market.

Practically all the major international oil and gas manufacturers - such as Agip, Aral, Avanti, ÖMV, BP, Esso, Mobil, Shell, Total - own and control filling stations in Hungary selling their own oils and lubricating products. Engine oil is the largest segment in the Hungarian automotive lubricants market accounting for roughly 40 percent market share and playing an important role in deciding the market share of manufacturers. Implementation of pollution control norms is also one of the key drivers of the engine oil segment.

The gear and hydraulic oil is the next largest segment in the Hungarian lubricants markets. The market for gear oils is growing rapidly and has a high potential due to the increasing number of vehicles on the road. New generation vehicles with advanced gear system technologies and automatic transmission systems require special type of lubrication resulting in greater demand for multi axel gear oil, Dexron I-II-III and API GL-4 and GL-5 semi-synthetic and synthetic gear oil.

All these types of oils are used not only in the automotive but also in the machining, metalworking manufacturing operations and foundries. The key market players in Hungary that apply huge quantity of these products during their three-shift continuous operation are Delphi-Calsonic, ZF Hungaria, General Electric units in Veresegyhaza, PCC-AFT, Gibbs Die-Casting, Le Bellier foundry etc.

Current Demand (continued)

The tuning mania started in Hungary about 6-7 years ago. At that time, hi-fi sound systems were extremely popular. This popularity has slowly shifted to built-in playstations, DVD players, multimedia turbo and chip tuning and all kinds of optical tuning products especially body elements such as spoilers, alloys, etc.

New cars are often tuned up with extras such as digital air conditioning, hi-fi systems, reversing radar, ABS, ESP, board computers, etc. These features can be ordered as options and are usually installed at an extra cost but pay back well in the long run.

Performance and tuning parts make up a growing but still relatively small part of total aftermarket sales. It needs to be emphasized that there are no official figures available, but market experts estimate a market size of between USD 20-21 million, with a yearly growth of a respectable two to three percent.

Trade Events

Automobil 2008
May 14-18, 2008
Venue: Hungexpo Fair Site
Type: Targets the automotive and tuning industry
URL: http://www.automobil.hungexpo.hu

Available Market Research

Diesel Parts and Services in Hungary (Nov 2007)
Tuning Products in Hungary (Jul 2006)
Automotive Oil and Lubricants Market in Hungary (2006)

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India

Capital: New Delhi
Population: 1,132,446,000 (2008 estimate)
GDP:* $ 2.965 trillion
Currency: Indian Rupee
Language: Hindi, English

Summary

The Indian automotive market is one of the most rapidly growing automotive markets in the world today, and one of the fastest growing sub-sectors within the Indian automobile sector is the automotive electronics segment. The current size of the Indian automotive electronics market is approximately $2 billion. With electronic content growth in Indian automobiles expected to rise to 20 percent from the current 10 percent, industry sources estimates the market for automotive electronics to grow to approximately $3 to 4.5 billion by 2011.

Market Entry

There are no restrictions on the import of automotive electronic items into India. The components of the current total import duty of 34.13 percent include a basic duty of 10 percent (applied on the cost insurance freight (CIF) value of goods); additional duty of 16.45 percent (popularly called countervailing duty), which is equivalent to the excise duty on similar articles manufactured within the country; a special additional customs duty of 4 percent; and an educational cess of 3 percent.

Main Competitors

Major players in India for safety systems include Haryana-based, Sona Koyo Steering Systems Ltd. – a joint venture between Indian Sona Systems and Koyo Seiko company of Japan, and Chennai-based, Sundaram Clayton Ltd. of the TVS group; and Sony Electronics, and Pioneer Electronics in the automotive entertainment segment. Some of the of p popular Indian automotive electronics equipment and service suppliers include Textek Electronics of Coimbatore; CG-CG Smith Software a part of KPIT Cummins Infosystems based in Bangalore, a leading software and systems service provider for embedded applications for automotive electronics; and TACO Sasken Automotive Electronics also based in Bangalore – a joint venture between Tata Autocomp Systems and Sasken Communication Technologies dealing in design, development of automotive electronic products in telematics, and infotainment. Other important automotive electronic component suppliers are: Veeyessar Industrial Products Pvt Ltd in Hosur; and Mico-Bosch, and Electronic Automation Pvt. Ltd. in Bangalore.

Global dealers such as Avnet of the U.S., and Arrow Asia, a subsidiary of New York-based, Arrow Electronics also have a fairly strong presence in the Indian automotive electronics market.

Current Demand

Increasing demand by Indian consumers for technologically advanced engine and control management systems, and superior safety systems have been the main drivers for the growth of the automotive electronics market. Stricter regulations on emission and competitive pressures in the growing automobile industry in India are also forcing automotive manufactures to constantly upgrade on automotive electronics technology. Increasing emphasis on vehicle exports from India is also an important factor contributing to this trend. Emission norms for vehicles would be on par with European norms by 2010. Several government regulations, especially on safety expected to be introduced in the next one or two years is expected to drive the growth of the Indian automotive electronics further. The demand for automotive security systems is set to increase in the near future, and by 2010 many safety features such as car protection during collisions is likely to be standard in Indian automobiles. The market for safety electronics is expected to grow at around ten percent annually over the next three to four years.

Current Demand (continued)

Engine management systems such as engine control units and fuel-injection technology, accounting for close to 50 percent of the power-train segment currently dominates the Indian automotive electronics market. The automobile entertainment segment in India is dominated by CD, MP3 players today with even DVD players being adopted in Indian automobiles. In this modern age, driven by the growing demand from Indian consumers for added connectivity solutions to the traditional in-vehicle standalone audio and video systems, the overall automotive entertainment systems are like to see major changes. According to projections of iSuppli Corp., a major global electronics research group, the Indian automotive infotainment market is estimated to grow to $54 billion in 2012, achieving a compounded annual growth rate of seven percent from $38.3 billion in 2006.

The import market for superior quality automotive electronics items is growing fueled by the increasing awareness and demand by Indian consumers for technologically advanced products. Following government initiatives towards enforcement of stronger safety and emission/environment norms, the automotive sensors and automotive body electronics segments, which represent less than 10 percent of the total automotive electronics market currently are expected to witness very high growth rates creating opportunities for suppliers. By 2015, the Indian automotive market would adhere to global norms.

Once government initiatives on vehicle safety regulations are also implemented, rapid growth in the safety electronics segment is also to be expected, which offers opportunities for U.S. safety system manufacturers.

While automotive engine management and safety systems are to be the main market drivers for Indian automotive electronics, use of advanced digital instrumentation and electronic ignition systems is also on the rise.

Trade Events

AUTO COMPONENTS AND MACHINE TOOLS ENGINEERING EXHIBITION (ACMEE)
Chennai Trade Center
June 12-16, 2008
http://www.acmee.in

Auto Expo India,
New Delhi
January 6-13, 2010
http://www.the-autoexpo.com/news_april_14.asp

Available Market Research

India: Automotive Electronics Market (Jul 2007)

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Italy

Capital: Rome
Population: 59,448,163(2007 estimate)
GDP:* $1.888 trillion (2007 estimate)
Currency: Euro
Language: Italian

Summary

In Italy, sales of new vehicles are reducing in this moment. Several factors are to be considered: the end of the national environmental incentives to buy new, less polluting, vehicles; the economic slowdown (and the higher interest rates); the higher fuel prices. The only exception refers to light commercial vehicles sector. Anyway, it is important to highlight that 2007 was an exceptional year as regards new cars sales (about 2,500,000).

Italian market	2008 1st quarter	2007 1st quarter	% variation
Cars	867,207	945,150	- 8.24
Light commercial vehicles	87,122	79,767	+ 9.22
Motorcycles	141,428	155,657	- 9.15

Current Demand

The following paragraphs highlight the subsectors with potential in Italy:

Passenger Vehicles

In Italy, there are very few 'made in U.S.A.' passenger vehicles, (in particular some SUVs are imported directly from the US). On the contrary, there are lots of passenger vehicles, and light commercial vehicles ‘made in Europe’ (or ‘in Asia’) and sold under U.S. brands (Ford, GM, Chrysler). As the business press is highlighting, the exchange ratio Euro / $ might push U.S. manufacturers to expand their sales of U.S. manufactured vehicles, to add to their current offer. In this case, compliance to EU regulations is obviously to be considered. Last but not least, interesting niche opportunities might be available for environmentally friendly vehicles.

Motorcycles

Some U.S. motorcycles (mainly Harley/Buell, Polaris / Victory, and Vectrix) are sold in Italy. Considering the relevance of the Italian motorcycles market, there might be some room for other top quality brand. Top quality is, more than price, 'the' competitive factor, and the strong competition posed by local, European, and Japanese brands can be faced only by focusing on it (the low end of the market is more or less saturated by East Asian and local brands)

Hybrid Vehicle Components

ZEVs and hybrid vehicles are getting interest in Italy (e.g. Toyota Prius, but also U.S. Tesla and Vectrix motorcycles). There might be opportunities for manufacturers of this kind of components in the market too.

Aftermarket Accessories & custom products

Car customizing is expected to grow in the market in 2008. According to estimates, in 2007 the customization market was worth more than 1,200 million Euros, 30% in the car audio and entertainment sector, 40% in the tire sector and 30% in the tuning. For this reason, companies operating in many of the sub-sectors of the auto accessories and tuning sector may find interesting opportunities in the market.

Current Demand (continued)

Aftermarket: Mobile Electronics & Technology

The car audio and video/car entertainment sub-sectors present the most important opportunities. One of the latest crazes for Italians is info-mobility, and many car owners are installing satellite navigators, (even on compact cars). Tools as navigators are quickly spreading into the consumer goods market, and are now available in most of the department stores. From dashboard GPS to fleet management solutions, the market is growing, and many U.S. manufacturers are already present here. Moreover, some opportunities will also arise for new-to-market companies offering cutting-edge new products. In sum, the market is growing and may be of real interest for U.S. manufacturers (some of the most important U.S companies are already present).

Aftermarket: Testing Equipment

The higher frequency of periodic compulsory motor vehicle inspections and stricter pollution control regulations in Italy have forced the replacement of parts and the use of more modern service equipment than was common some years ago. Furthermore, as the electronic systems on cars become increasingly sophisticated, service shops have to invest in new equipment and technologies to provide suitable maintenance. New European standards on auto servicing, have opened some interesting prospects for independent repair professionals, who will be entitled to receive from car manufacturers any technical information and training needed to repair any kind of automobile.

Services: Engineering and Consulting

Local, and European, competition is strong. But it is possible that very interesting niches be found (e.g. in the racing sector). Opportunities might be available also when dealing with big manufacturers. Recently CS Italy was able to allow a U.S. company to supply a specific designing tool to the major Italian trucks manufacturer IVECO.

U.S. engineering and consulting companies able to support 'state of the art' services will probably find interesting opportunities. Moreover, even though competition is not generally based on price, they may also lever on current Euro / $ exchange rate.

Trade Events

AUTOMECHANIKA Rome
Jan. 31st thru Feb. 3rd, 2008
http://www.automechanikaroma.com/automechanikaroma/brick/home-en

OIL&NONOIL (Modena, Italy)
Apr. 13th through 15th, 2008
http://www.oilnonoil.it/en/news_e.htm,

EICMA (Milan, Italy)
Nov 4-9, 2008
Type: International Motorcycle Exhibition
http://www.eicma.it/moto/en

AUTOPROMOTEC (Bologna, Italy)
May 20th thru 24th, 2009
http://www.autopromotec.it/index_en.php

Available Market Research

Italy: Garage Repair and Maintenance Equipment (Aug 2007)

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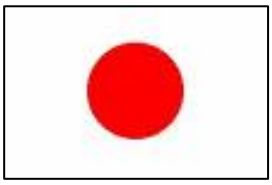
Japan



Capital: Tokyo
Population: 127,433,494 (2007 estimate)
GDP:* $4.346 trillion (2007 estimate)
Currency: ¥ Yen
Language: Japanese

Summary

Japan, which accounts for an estimated ten percent of the world's total of approximately 700 million motor vehicles currently in use, is second only to the United States in terms of the number of motor vehicles on the road. Of the 75.7 million registered motor vehicles in Japan, 57.1 million are passenger cars, 16.7 million are trucks, and 230,000 are buses. Other specialized vehicles represent 1.6 million units. In the Japanese auto parts and accessories aftermarket, U.S. firms face stiff competition but there are significant opportunities in areas such as sports performance parts, aluminum wheels, shock absorbers, and new technologies such as components of intelligent transportation systems.

Market Entry

In August 1995, the U.S. and Japanese governments completed a comprehensive agreement (the "Automotive Framework Agreement") aimed at opening Japan's automotive sector to foreign companies. To date, the Ministry of Land, Infrastructure and Transport (MLIT) has completed many of the deregulatory actions outlined in that agreement. The framework agreement and MLITs have helped to open new markets for U.S. firms, especially in Japan's auto parts and accessories aftermarket.

While such progress is significant, independent entry into the aftermarket remains difficult. A long-term view of the market is necessary considering that any return on investment of time and money may not be immediate. An alternative method of entering Japan's aftermarket is OEM sales to a Japanese parts manufacturer or to a Japanese auto manufacturer. A fair number of foreign manufacturers (e.g., wiper blades, shock absorbers, spark plugs, window wipers, and air filters) have used this approach successfully.

Regardless of the product being brought to market, successful entry generally requires:

- Products of high quality backed by superior engineering and attention to detail;
- A superior image in the marketplace;
- The presence of top quality personnel in Japan for marketing and after sales service;
- An emphasis on product packaging;

Furthermore, a successful track record selling to a Japanese auto assembly plant in the United States (known as a "transplant") will help a U.S. supplier gain traction in the original equipment distribution channel in Japan.

Current Demand

Current market conditions are less than favorable for U.S. manufacturers seeking to become independent parts suppliers in Japan. However, there are certain aftermarket segments that appear to have some potential for U.S. manufacturers.

In the engine category, easily replaced products such as air filters, oil filters, and spark plugs offer possibilities provided that the products have superior functionality and/or an exclusive brand name, which their Japanese counterparts do not have. In the chassis and drive train parts category, non-durable parts and components such as clutch disks, facings, pads, brake hoses,

Current Demand (continued)

etc., are good markets for U.S. suppliers. Price is a major consideration for independently licensed garages, while brand and functional superiority are the major considerations for independent auto shops.

In the body parts category, parts such as wiper blades – with relatively few specification differences by car make – offer good opportunities for U.S. suppliers. Ease of replacement, price competitiveness, and brand image are key factors. In the electrical and electronic parts category, the market for non-durable and sporty accessories holds promise.

Resources

Ministry of Land, Infrastructure and Transport (MLIT) Website: http://www.mlit.go.jp/english
Ministry of Economy Trade and Industry (METI) Website: http://www.meti.go.jp/english/index.html
Japan Automobile Manufacturers Association (JAMA) Website: http://www.jama-english.jp
Japan Auto Parts Industry Association (JAPIA) Website: http://www.japia.or.jp/en/index.html
Auto Parts & Accessories Retail Association (APARA) Website: http://www.apara.jp (Japanese only)
Nippon Auto Parts Aftermarket Committee (NAPAC) Website: http://www.napac.jp (Japanese only)
Japan Auto Accessories Manufacturers' Association (JAAMA) Website:
http://www.jaama.gr.jp/j_top.html (Japanese only)

Trade Events

International Auto Aftermarket EXPO 2009
Scheduled March 12 - 14, 2009
Venue - Tokyo Big Sight
Type: This is the only international trade show held in Japan to bring together various information and business opportunities related to the auto aftermarket in Japan and overseas. This exhibition aims to introduce auto aftermarket parts, suppliers and services from the U.S., Europe, Asia and other regions to companies and trade partners in Japan.

http://www.iaae-jp.com/english/index.html

The 41st Tokyo Motor Show 2009
Scheduled Fall 2009
Venue - Makuhari Messe, Chiba Prefecture
Type - The show aims to provide the maximum amount of information, all in one compact space where cutting-edge products and technologies gather, including many world premieres displays across a wide range of automotive categories.

http://www.tokyo-motorshow.com/eng/

Available Market Research

Japan: Motorcycle Industry (May 2008)

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Jordan

Capital: Amman
Population: 6,053,193 (2007 estimate)
GDP:* $27.96 billion
Currency: Jordanian dinar
Language: Arabic

Summary

With a population of 5.6 million and a total number of over 750,000 registered vehicles, the car-to-inhabitant ratio in Jordan is 0.13. 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.

Current Market Trends

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 1300 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 1200, and an estimated 1400 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.

With the advancement in car manufacturing technology, the capabilities of old fashioned garages are becoming more and more limited. This will place more demand for maintenance on authorized dealers and modern shops and garages, which will result in an increase in the demand for sophisticated garage equipment and tools. Such trends will also require the traditional repair shops to modernize their outfits and utilize sophisticated equipment in order to compete. In the repair and service equipment market, the most promising items are air-conditioning maintenance equipment and electronic diagnostic devices. Due to the low cost of labor in Jordan, there is less reliance on labor saving equipment. However, such equipment is desirable by authorized dealers for efficiency reasons.

Furthermore, today's technologically complex vehicles, which often incorporate the increasing presence of electronics (e.g. GPS systems) and the use of highly technical materials (aluminum for hoods, cradles, engine blocks, rims, complex plastics and alloys), air bags and ABS (Anti-lock Braking Systems), make cars more difficult to repair. Professionals will need to invest in new equipment to repair these vehicles.

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.

US 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

Market Entry (continued)

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, US 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 Demand

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 per capita ratio in Jordan at 0.13. 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 percent 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

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

Resources

Vocational Training Corporation
P.O. Box 925837
Amman 11101-Jordan
Tel: +962 6 585-8481
Website: www.vtc.gov.jo

Association for Car Parts Importers
P.O. Box 4462
Amman 11131, Jordan
Tel: +962 6 567-3206

Association for the Owners of Mechanic Shops
Wadi Seer Industrial Area
Amman, Jordan
Tel: +962 6 585-6481

Resources (continued)

Jordan Traffic Institute (Public Security Directorate)
P.O. Box 935
Amman, Jordan
Tel: +962 6 563-3415
Website: www.jti.jo

Available Market Research

Jordan: Garage Tools and Equipment Market (May 2008)

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Kazakhstan

Capital: Astana
Population: 15,217,711 (2006 estimate)
GDP:* 161,155$ 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, new and used cars from Japan made up the majority of imports. 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.

Main Competitors (continued)

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: 10,356,000 (2006 estimate)
GDP:* $981.900 billion (2007 estimate)
Currency: Won
Language: Korean

Summary

Overview Korea's automotive parts and accessories market

	2,005	2,006	2007 (Estimate)
Total Market Size	39,427	42,639	45,999
Total Local Production	44,873	49,474	54,546
Total Exports	8,452	10,229	12,380
Total Imports	3,006	3,394	3,832

Unit: USD million
Source: Statistics are unofficial estimates based upon Korea Automotive Industry Cooperative Association reports
USD 1=930 Won

In 2007, Korea manufactured 4 million automotive vehicles, making it the fifth largest car manufacturer in the world after Japan, the U.S., China, and Germany. The total size of the automotive parts market was estimated at USD 46 billion in 2007, 8 percent increase from 2006. The OEM market segment accounted for about 94 percent of total market demand and the aftermarket approximately represented remaining 6 percent.

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 the planned launch of Kia Motors' Georgia plant in 2009 will accelerate this trend.

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 plant in the U.S. and U.S. parts suppliers with a manufacturing base in Korea is highly recommended to gain access to the Korean 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.

Main Competitors

Imports increased to USD 3.8 billion in 2007 from 3.4 billion in 2006 to account for 8 percent of the total market demand. Asian countries including Japan are the principal exporters to Korea, accounting for 46 percent of total imports. The EU and North America follow Japan with a 38 percent and 14 percent market share, respectively. CS Korea forecasts that imports will continue to grow over the next two years to reach a value of USD 4.7 billion in 2009.

Current Demand

Best Products/Services for OEMs

- leading-edge engine design, engine control units (ECU), electronic engine parts, steering parts
- advanced core parts, including automatic transmissions, gear boxes, anti-lock brake systems and air bags
- hybrid car and pollution-free car related technologies

Best Products/Services 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.

Trade Events

Korea Autoparts & Accessories Show 2008 (KOAAshow 2008)
Nov 20-23, 2008
http://www.koaashow.com

Available Market Research

Automotive After Market (Dec 2006)

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Kyrgyzystan

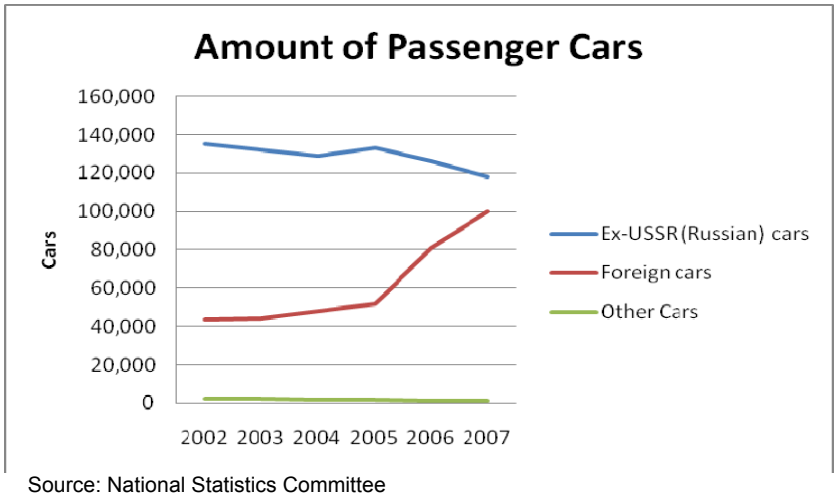
Capital: Bisjkek
Population: 5.356.869 (2008 estimate)
GDP:* $10.764 billion (2005 estimate)
Currency: som (KGS)
Language: Kyrgyz, Russian

Summary

Kyrgyzstan is a small landlocked state located in Central Asia with a population a little over 5 million people. It borders with China, Kazakhstan, Uzbekistan and Tajikistan. The Kyrgyz economy is primarily comprised of services and agriculture, with a small contribution of industrial production. Industrial production is largely represented by gold production, and on average remains the largest export commodity for Kyrgyzstan.

There is no local automobile production and all vehicles are imported. The Kyrgyz automobile market is not well-developed, although the market has experienced steady growth in the past few years. The market is primarily represented by older cars of the 90's and older. Currently there are around 220,000 passenger cars registered in the Kyrgyz Republic. Soviet-type cars used to have a much larger share in the total amount of cars in Kyrgyzstan. In 2002, their share amounted to 72% of all passenger cars. Since 2005, the situation started to change dramatically, and foreign-produced cars are very close to outpacing the amount of Soviet-type cars. In 2007 only 54% of all passenger cars were represented by Soviet-type cars, the rest were foreign.

Number of Passenger cars registered with State Auto Inspection



Source: National Statistics Committee

Around 71,000 out of 220,000 of all passenger vehicles are located in the capital of Kyrgyzstan, Bishkek. Among those 60% are foreign type passenger cars.

Current Market Trends

Popular Brands
The most popular brands in Kyrgyzstan include Mercedes Benz, Audi, BMW, Volkswagen, Mazda, Toyota, Nissan and some Russian brands. There are other brands present on the market, but they have a significantly smaller share due to poor technical service support.

Current Market Trends (continued)

Dealerships
There are very few certified dealers in Kyrgyzstan. Existing dealers of new cars include Hyundai, Tyan-Shan Lada, and Mitsubishi Motors. Several other service stations provide technical support for popular used cars. The absence of official dealers or sufficient technical support for other brands causes customers to avoid buying other brands of cars.

Technical Service
There are numerous private technical service stations all around Kyrgyzstan, but it is close to impossible to find a service station that would deal with the whole spectrum of car problems. It is also common, that one service station would specialize only on certain car brands. In 2007 technical service market was estimated at around $20 million and year on year experienced a steady growth.

Spare Parts
Imports of spare parts have tripled in the last three years amounting to $40 million in 2007. The United States increased its share in spare parts exports to Kyrgyzstan from 1.7% in 2004 to 15.7% in 2007. The major exporter of automobile spare parts remains Netherlands, which has reached a market share of close to 50%. Spare parts are sold at large open markets, as well as in specialized stores and official service centers.

Import of automobile spare parts, 2004-2007.

Import of automobile spare parts	2004	2005	2006	2007
Total	$ 12,279,900	$ 14,466,200	$ 24,621,100	$ 40,705,700
USA	$ 209,100	$ 1,235,300	$ 1,921,000	$ 6,387,900

Source: State Customs Committee (http://customs.gov.kg)

Market Entry

The legislative side of automobile imports has some loopholes, which prevent legal entities from operating normally. Legal entities, which import cars, have to pay up to 40% of the car's value in taxes and duties when importing a car, while an individual pays a smaller fee, which depends on the engine volume. That is why legal entities cannot compete with individuals legally. Normally companies will order cars from abroad on the names of their employees, and not on the company name.

The government has attempted to pass some laws prohibiting the import or use of right-hand drive cars on the territory of Kyrgyzstan, but none had taken any force so far.

Main Competitors

Passenger car imports 2004-2007.

Import of passenger cars (Units)	2004	2005	2006	2007
Total	***29,258***	***4,032***	***2,170***	***8,458***
Japan	4,141	668	1,002	5,997
Russia	2,568	768	768	1,349
Germany	19,581	1,799	107	543
United States	307	96	55	143
Uzbekistan	133	41	50	139
South Korea	1,637	514	91	138
China	-	-	52	94
Great Britain	133	23	3	1

Source: State Customs Committee (http://customs.gov.kg)

Main Competitors (continued)

Kyrgyzstan heavily relies on imports of mostly used cars, because there is no local production of vehicles. The primary sources for car imports are Japan, Germany, Russia, United States and South Korea. There used to be a large amount of car imports coming from Germany, but this tendency has changed in the last few years shifting to Japan, Russia, United States and South Korea.

Japanese cars have become very popular in the last few years, because they are almost new and are much cheaper than cars from other countries. Their only disadvantage is that these cars are right-hand drive vehicles. Current legislation allows right-hand drive cars to be imported and used on the territory of Kyrgyzstan. This is in contrast to neighboring Kazakhstan and Tajikistan which have restrictions on the import and use of right-had drive cars. This allows Kyrgyzstan to import these cars more cheaply. Currently there are 8,277 right-hand drive vehicles registered in Kyrgyzstan, and 70% are located in Bishkek.

Current Demand

Official statistics indicate that there are only around 50 cars per 1000 people in Kyrgyzstan, while the average in neighboring CIS states is 150 cars per 1000 people. There is a huge potential to grow further. An ongoing increase in the amount of traffic jams on the roads of major cities of Kyrgyzstan proves that the market is developing and will follow the same path in the future.

Currently people are buying a lot of used cars from the United States from private entrepreneurs and well-established companies. Imports from the USA can be significantly increased if there are going to be service centers for US cars and availability of spare parts for American cars.

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Lebanon

Capital: Beirut
Population: 4,196,453 (2008 estimate)
GDP:* $41.96 billion (2007 estimate)
Currency: Lebanese pound
Language: Arabic

Summary

Lebanese Automotive Sector

Overview

	2005	2006	2007 (to Aug 31)
Total Market Size	758	709	559
Total Local Production	0	0	0
Total Exports	21	25	21
Total Imports	779	734	580
Imports from the U.S.	85	93	90

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 15 percent in the first eight months of 2007 compared to the same period in 2006, with a total import value of $580 million. This growth is mainly attributed to the weakness of the dollar in relation to Euro. U.S. market share is expected to reach 15 percent in 2007.

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 is increasing because they have demonstrated a quality advantage over foreign competitors.

Trade Events

Lebanon Motor Show 2009
Bi-annual Trade Fair.
http://www.promofair.com.lb

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Malaysia

Capital: Kuala Lumpur
Population: 27,496,000 (2008 estimate)
GDP:* $357.9 billion (2007 estimate)
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 2007 registered 487,176 units against 490,768 units registered in 2006. Passenger vehicle sales totaled 442,885 units -- represents 91% share of the TIV in 2007.

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.

Resources and Key Contacts

Malaysias New National Automotive Policy (May 2006)

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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[8]. 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 market[9]. 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[9].

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 increases 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.

Current Demand (continued)

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)[9], 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

Auto Parts and Accessories in Western Mexico (Feb 2007)
Importing used vehicles (May 2007)
Automotive Accessories in Mexico 2007 (Sep 2007)
Government Initiates Program For the Importation of Pre-Owned Vehicles (Sep 2007)
Mexico: Auto Parts & Supplies Industry (Sep 2007)
The Market for Automotive Parts and Accessories in Northwest Mexico (Oct 2007)
Mexico - The Automobile Industry in Jalisco (Dec 2007)
Mexico - New Car Assembly Plant in Michoacan (Dec 2007)
Up Date and Overview of the Mexican Automotive Industry 2008 (Apr 2008)

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 Tucks Producers: **http://www.anpact.com.mx**
National Chamber of Cargo Transports: **http://www.canacar.com.mx**

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Morocco

Capital: Rabat
Population: 33,757,175 (2007 estimate)
GDP:* $152.5 billion (2006 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.

The U.S. Department of Commerce's Global Automotive Team is opening doors at Renault-Nissan on behalf of the U.S. automotive industry. A webinar will be held on August 29 to help U.S. industry supply to the Alliance. For more information:
http://www.buyusa.gov/auto/supply_to_renault_nissan.html

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The Netherlands

Capital: Amsterdam
Population: 16.4 million
GDP:* $625.271 billion (2005 estimate)
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 7.2 million passenger vehicles, the Netherlands is the seventh largest automotive market in Europe and the Dutch are very receptive to U.S. products.

Dutch Motor Vehicle Sales 2007

	2007	2006	% Δ
Passenger vehicles	504,197	484,078	4.2
Light commercial vehicles	79,829	64,549	23.7
Trucks >3.5 tons	17,402	20,266	-14.1*
Motorcycles	16,228	14,797	9.7

* Truck sales declined compared to 2006, which was an exceptional year. Sales are expected to remain stable at the 2007 level.

Current Market Trends

A comparison of Europe-wide statistics for 2006 revealed that the Netherlands was the largest market for U.S. tire and tubes. It ranked fifth in Europe for passenger cars (new and used), fifth for other parts and accessories of vehicles, eighth for trucks, buses and special purpose vehicles, ninth for engines and engine parts (carburetors, pistons, rings, etc), and thirteenth for bodies and chassis for passenger cars.

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.

Current Demand (continued)

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 2010. Currently, this number lies at 40%. 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.

Suppliers are increasing their efforts to reach consumers in an organized fashion. As a result, the number of retail chains is increasing quickly. The 2007 market report on "Automotive Parts & Services Equipment" offers an overview of the type and number of retail chains in the Netherlands.

Trade Shows

ReMaTec
June 2009
Venue: Amsterdam RAI
Type: Targets the International remanufacturing industry
URL: http://www.rematecnews.com

Available Market Research

Automotive Parts & Services Equipment (Sep 2007)

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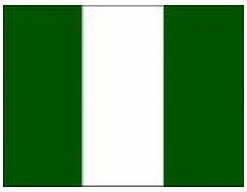
Nigeria



Capital: Abuja
Population: 148,000,000 (2007 estimate)
GDP:* $191.4 billion (2006 estimate)
Currency: Nigerian naira
Language: English

Summary

	2006	2007	2008(estimated)
Total Market Size	1100	1320	1500
Total Local Production	300	320	325
Total Exports	0	0	0
Total Imports	800	1000	1175
Imports from the U.S.	250	300	350

(Note: Figures in millions of dollars)
Estimates from industry contacts
Exchange rate: 118 naira to 1 USD

As part of its efforts to privatize public enterprises, the Government of Nigeria has divested its stake in Peugeot Automobiles Nigeria (PAN) Limited, Anambra Motor Manufacturing Company (ANAMCO) and Steyr Nigeria Limited to private investors. Nevertheless, the future of domestic automobile production after privatization remains very uncertain. The current size of the market does not justify the level of installed capacity. Nigerian car plants will need to generate interest from foreign partners to inject new capital and extend their reach to the rest of Africa.

Current Market Trends

Used vehicle imports account for nearly 80% of total imports, a sustained percentage for 2008. In the past 5 years, U.S. imports have taken a leading market share position reaching nearly 70% of all used vehicle imports into Nigeria. Factors driving this favorable lead include the falling U.S. dollar, which makes cars imported from the United States more affordable than those from Europe. Additionally, Nigerians perceive U.S.-assembled automobiles usually referred to as “American Specs” in local parlance, as being well built as well as possessing options and exceptional features that appeal to auto consumers.

Government’s regulation only allows cars not above 8 years old to be imported into Nigeria through seaports and airports. Imports through land borders from neighboring countries are illegal and is punishable under the law. Nevertheless, large numbers of vehicles especially those above 8 years, continue to be smuggled into the country with the help of corrupt customs officials.

There are no restrictions to imports and tariffs range from 20-30%. Clearing at the seaports remains a challenge and could take 2-3 weeks to complete. U.S. companies that are interested in exploring export opportunities in Nigeria are advised to contact the U.S. Commercial Service at the American Consulate in Lagos, Nigeria for assistance.

Current Demand

Best Prospects:

- Used vehicles (cars and trucks) and used car spare parts.
- Car care products, such as car wax, carburetor/injector cleaners, fuel/oil treatments, polishes, body fillers, paints, grease removers, masking tape, transmission oils and radiator coolants.
- Car diagnostic equipment.

Available Market Research

Overview of Used Car Spare Parts in Nigeria (Aug 2005)
Nigerian Haulage Industry (Aug 2006)

Commercial Service Contact Information

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Pakistan

Capital: Islamabad
Population: 169,300,000 (2007 estimate)
GDP:* US$ 504.3 billion (2008 estimate)
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

AUTO & AUTO PARTS PAKISTAN 2007
3rd International Automobiles, Auto Parts, & Accessories Exhibition
December 12-15, 2007
http://www.autoexpo.com.pk

AUTO ASIA
4th International Exhibition and Conference
Automobile and allied sectors
March 25 - 27 2008
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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Palestinian Territories

Currency: Israeli new sheqel
Language: Hebrew, Arabic

Summary

This text covers the Palestinian territories in West Bank and Gaza.

There is a niche market opportunity for passenger vehicles in the Palestinian market where European, Korean and Japanese cars are making headways by assigning direct and exclusive dealers in the area.

The only American manufacturer with an assigned dealer is Ford, which is faring relatively well. Chrysler is not on the market and has not responded favorably to several requests from Palestinian entrepreneurs to set up a dealership in the Palestinian Territories while GM is partially covered by a distributor, who works with an Israeli importer.

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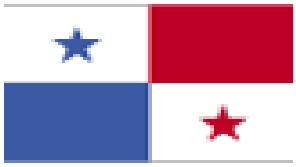
Panama



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

Summary

It took the Panamanian automotive sector nine years to surpass the historical sales record of 1998. In 2007, passenger car and commercial vehicle sales reached a total of 41,375 units, an increase of 33 percent compared to 2006 and nearly 24 % higher that the historical sale record of 1998.

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 microbuses 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.

Market Entry (continued)

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. ust under 6% and European 5%.

Toyota is the leading brand in sales with a total of 28 percent of the market; followed by Nissan 20 percent and Hyundai 11 percent, 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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Phillipines

Capital: Manila
Population: 90.5 million (2008 estimate)
GDP:* $466.632 billion (2006 estimate)
Currency: Peso
Language: Filipino and English

Summary

Philippine Motor Vehicle Sales 2007

	2007	2006	% Δ
Passenger vehicles	41,213	38,479	7.1
Commercial vehicles	76,690	61,062	25.6

2007 is an important year for the Philippine automotive industry. The Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and the Truck Manufacturers Association (TMA) announced that the industry closed 2007 with 117,903 new motor vehicle sales. This 18.4% growth is attributed to strong economic activity, coupled with new models and the government's more active campaign against the importation of used vehicles. For 2008, the industry estimates a more conservative growth rate of 5% to 7%.

The dominance of commercial vehicles over passenger cars is attributed to the Filipino concept of owning a vehicle – it must be "multi-functional". The Filipino's primary consideration for vehicle purchase is fuel cost and parts availability. They will purchase a vehicle that is relatively comfortable, easy to maintain, and makes use of affordable fuel. Aesthetics and safety are secondary considerations.

Current Market Trends

Average vehicle lifespan in the Philippines ranges from 10 to 15 years, hence the high potential for replacement parts. The market is dominated by low-end buyers (70% of the market), who strongly favor third party rather than OEM products.

A major obstacle faced by the domestic automotive industry is the proliferation of smuggled cars in the market. These used vehicles enter the country through the Subic Bay Freeport Zone or the Port of Cebu, and are auctioned off at much lower rates. On February 20, 2006, the Supreme Court has issued a ruling to clarify that "used motor vehicles that come into the Philippine territory via the secured fenced-in former Subic Naval Base area may be stored, used or traded therein, or exported out of the Philippine territory, but they cannot be imported into the Philippine territory outside of the secured fenced-in former Subic Naval Base area". However, an executive from Ford Motors Philippines was quoted as saying that the Philippine government still has a long way to go in terms of curbing smuggling. While Ford commends the government's recent efforts, they, along with other vehicle manufacturers, would like to see more apprehensions. The industry believes the prevalence of smuggled used cars is more the result of insufficient enforcement of laws than the buyer's ability to pay.

Main Competitors

Japanese-made cars continue to dominate the market based on 2007 new vehicle sales. Toyota remains the market leader, followed by Honda, Mitsubishi and Isuzu. Ford has the fifth largest market share with 6.35%, while GM has 1.71%. The same market distribution is expected for 2008.

Main Competitors (continued)

Toyota	38.24%
Honda	14.65%
Isuzu	8.29%
Mitsubishi	12.73%
Ford	6.35%
Nissan	2.39%
Hyundai	5.16%
Columbian Autocar	2.37%
General Motors	1.71%
BMW*	0.68%
Volvo**	0.23%
Porsche & Audi***	0.16%

** BMW is distributed by Asian Carmakers*
*** Volvo is distributed by Scandinavian Motors*
**** Porsche & Audi is distributed by PGA Cars*

Note: Smaller, local vehicle manufacturers account for the remaining 7%

The Philippine automotive industry has a vibrant parts manufacturing industry. The Motor Vehicle Parts Manufacturers Association of the Philippines (MVPMAP) reports that the industry supports some 28,000 workers. These parts are either used by local car manufacturers or exported to countries like Japan, Thailand, Vietnam, and the U.S. In 2006 automotive imports reached over $1.7 billion. Thailand is the leading third country exporter followed by Japan, Indonesia, and the U.S.

Current Demand

The best prospects for U.S. aftermarket manufacturers include:

- Engine Replacement - engines and associated parts including hoses, belts, filters, transmission parts, radiators, etc. to keep aging vehicles on the road.
- Body Parts and Mechanical Replacement such as fenders, axles, clutches (predominantly a manual transmission market), brakes, brake pads, mufflers and exhaust systems.
- Auto Electric - Batteries, light bulbs, air conditioners and compressors.
- Aftermarket products for Japanese brands
- Demand for service equipment and accessories, such as brake lathes, is growing as inventory ages.

Trade Events

Automekaniko Philippines 2008
October 8-11, 2008
SMX Convention Center, SM Mall of Asia, Pasay City
http://www.globallinkph.com/event_2008_automekanikoPhil.htm

Available Market Research

Automotive High Performance Parts (Nov 2007)

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Poland

Capital: Warsaw
Population: 38,518,241 (2007)
GDP:* $631.8 billion (2007 estimate)
Currency: Zloty
Language: Polish

Summary

Typically, Poles buy much smaller cars than Americans and tend to keep them longer. Diesel fuel engines are more popular in Poland and unlike in the U.S., cars are almost exclusively equipped with manual gearboxes.

Over the last ten years the number of cars sold in Poland has grown significantly, with over 13.2 million passenger cars currently registered. The number of passenger cars is likely to grow to 16 million by the year 2010. Experts estimate that the Polish car market is capable of absorbing approximately 500,000-600,000 passenger cars annually.

Polish Motor Vehicle Sales 2007

	2007	2006	% Δ
Passenger vehicles	293 319	238 683	9
Light commercial vehicles	54 477	39 724	37
Trucks	23 000	15 000	53
Motorcycles	21 217	12 782	66
Used cars import	994 564	816 839	22

Source: ww.samar.pl, www.scigacz.pl

Current Market Trends

Passenger Vehicles and Motorcycles

There is a growing interest in Poland in importing new and used passenger cars from the U.S. due to weakening rate of U.S. Dollar versus Polish currency. Some of the new vehicles imported from the U.S. are even 30-40% cheaper than the same or similar models sold in Poland. The price differences for used cars are even bigger. All Terrain Vehicles, SUVs, and vans enjoy the biggest demand. In 2007 Poles imported almost 24,000 vehicles from the U.S. The similar situation is observed on the motorcycle market.

Other sectors

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 accounts to only 1% of their 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 is also a growing number of garages offering styling and tuning services. Some of the high-end well-known tuning service providers like Brabus and Carlsson, are already present on the Polish market.

Current Market Trends (continued)

There is also a significant interest in repair and diagnostic equipment for service stations. The demand for this 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 then on annual basis. Another important factor increasing the sales of automotive service equipment is the huge import of used cars, of average age 8 years or older, from EU countries since Poland joined the EU on May 1, 2004. These cars often need urgent repair, some of them having been in crashes and imported for repair in Poland.

Market Entry

Polish government wants to change regulations concerning individual import of vehicles from outside of the EU. Currently, to register a car imported individually from a non-EU country the car has to be modified in order to meet the EU specs (lights, exhaust etc.). The cost of the changes is about 2,000 USD. Then the car has to pass a technical approval, which costs 100 PLN (40 USD). The planned change the Polish government wants to introduce would require an importer of a single unit to test the imported car in order to register it in Poland. The new tests are in their scope very similar to homologation tests and can be done only by testing institution that is assigned to do homologation tests. The new law is going to significantly increase the complexity of procedures and the cost of import of cars from the U.S.

U.S. exporters must comply with EU and national legislation.

Main Competitors

The most common brands of new cars sold in 2006 are: Skoda (12,04% of the market), Toyota - 11,67%, Opel - 10,43%, Fiat - 10,16%, Ford - 7,41%. The best-selling brands are Skoda Fabia, Toyota Corolla, Toyota Yaris, Fiat Punto, Fiat Seicento, Opel Corsa, Peugeot 206, Ford Focus. Polish cars tend to be equipped with manual transmission (90%) and are gasoline-powered (80%).

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.

Trade Events

Automotive Technology Fair (Poznan)
http://www.motorshow.pl/en

Available Market Research

Polish Market for Motorbikes and Scooters (Jan 2007)
Automotive Styling and Tuning (Apr 2007)

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ROMANIA

Capital: Bucharest
Population: 21.5 million (July 2007)
GDP: 121,300 million EUR (2007)
Currency: RON
Language: Romanian
2nd languages: English, French

Summary

Romanian Motor Vehicle Market 2007
(EUR millions)

Car (motor vehicles market)	2006	2007 (approximations)
A) Total Market Size	3,900	4,850
B) Total Local Production	1,600	1,800
C) Total Exports	505	860
D) Total Imports	2,900	3,800
E) of which: Imports from the US	48.5	35

The above statistics are unofficial estimates.

The Romanian market has taken the lead in Central and Eastern Europe in terms of the increase in the import of new vehicles. Imports have surged to by 290% in 2004-2006 up from only 95% in 2001-2003 (according to a study conducted by Unicredit Group). Sales on the domestic vehicles market have experienced an appreciation from 72,000 units sold in 2001 to well above 360,000 units in 2007. This development rhythm has left Bulgaria, Turkey and the Czech Republic trailing Romania.

The boost to the automotive sector has led to the appreciation of the foreign direct investment within this realm. According to Unicredit analysts, Romania ranked 5th as investment destination in 2005, thereby attracting 5% of the EUR 21,58 billion ploughed into the development of automotive production facilities. The biggest share of the investment was attracted as a byproduct (externality) of the Renault's activity at the Automobile Dacia. By that measure Romania ranked top of the list according to the production appreciation rate that stood at an average 30% in 2002-2006.
Taking the appreciation of the exporting rhythm within this realm into account, Romania comes out top with a 300% rate in 2004-2006. Over this period, automotive exports accounted for 5% of the EUR 60bn EU worth in Central and Eastern European automotive exports.

The Romanian auto market is very active; it has been constantly growing for some years in a row now, which is practically unique in Europe. Strong economic growth and rising levels of personal disposable income have boosted automotive demand in Romania.

Car ownership has increased significantly over the past three years, despite relatively low levels of disposable income, to an estimated 160 cars per 1,000 people in 2006. According to the Global Insight Study, the average for the new EU members was 186 cars and for the Western EU member it was 508 cars. Car ownership is heavily concentrated in and around the capital, Bucharest, where ownership rates are double the national average.

Market Entry

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

Main Competitors

U.S. suppliers generally will face strong competition from European suppliers (see the table below).

As regard balance trade in 2007 with the USA, even it is a total deficit of 26,6 million EUR, for the automotive parts area it is shown a surplus of 7.5 million EURO, imports registered only 1.1 million EUR while exports registered 8.6 million EUR. In fact, for this sector it is a general surplus as exports exceeded imports significatively.

Import / Export Overview
(values in EURO)

2007	*AUTOMOTIVE SECTOR*		*MOTOR VEHICLES*		*AUTOMOTIVE PARTS*	
	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT
EU 27 intra	4.508.917.623	1.563.393.255	3.606.608.641	581.238.404	902.308.982	982.154.851
USA	35.321.546	8.666.425	34.222.865	0	1.098.681	8.666.425

The above figures are based on motor vehicles (CN 8702 – 04) and automotive parts (CN 8708, 8512).

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.

Trade Shows

SIAB – Bucharest International Motor Show
Type - Passenger cars, LCVs, spare parts and accessories, lubricants, services
Date: Odd years. The next edition is in October 4-14, 2009

Available Market Research

Romanian Automotive Market (May 2008)

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Russia

Capital: Moscow
Population: 142,008,838
GDP:* $1.290 trillion
Currency: Ruble
Language: Russian

Summary

	2005	2006	2007
Total Market Size	6,500	7,800	9,500
Total Local Production	4,400	5,000	5,500
Total Exports	200	250	300
Total Imports	2,300	3,050	4,300
Imports from the U.S.	800	850	1,000

All figures in USD millions

In the last few years, the Russian automotive market has grown at an annual rate of 20-25%. This has been and will most probably continue to be the fastest growing automotive market in Europe. According to industry analysts if growth rates will stay as high as they are now, the Russian automotive market will become the largest in Europe by 2015. In 2007, many imported car dealers again reported record results by increasing sales of new cars from 1,000,000 vehicles in 2006 to over 1,650,000 in 2007. The import of used cars and trucks is also growing. These trends will continue to dominate in the next few years.

Current Market Trends

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 25% of the U.S. rate. The total Russian motor vehicle fleet is estimated at 36 million units, including 26 million cars.

There are several projects underway to assemble foreign cars in Russia. Ford's new plant began operation in July 2002 in a suburb of St. Petersburg, and the demand for Russian-manufactured Focuses exceeded even the best expectations. This high demand for the new Focus model made Ford one of the sales leaders in 2007 with over 100,000 vehicles sold. The GM-AvtoVAZ joint venture, which manufactures the Chevrolet-Niva SUV since September 2002, is also selling successfully. In 2005, Renault started manufacturing a low-cost Logan vehicle at a Moscow-based facility. The Russian company SOK started assembly of KIA Spectra in Izhevsk with planned annual output of 40,000 vehicles. The Russian company SeverstalAuto set up assembly of Ssang Yong SUVs and Fiat low-cost sedans in Yelabuga . In December 2007, Toyota launched into operation an assembly facility in St. Petersburg which is going to manufacture 50 Camry vehicles annually. General Motors, Nissan, Suzuki and Hyundai plants are under construction in St. Petersburg while Volkswagen and Peugeot-Citroen facilities are being built in Kaluga.
Other smaller foreign CKD car assembly projects in Russia include BMW, Kia, Hyundai and Chinese Great Wall, 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.

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.

In 2005, the Russian 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 Severstalauto, a former subsidiary of the leading Russian steel producer Severstal, and AutoVAZ currently controlled by the state owned Rosvooruzhenie. Those companies are successfully restructuring their automotive assets and investing in the modernization of these outdated facilities. Majority of component manufacturing assets are owned by the SOK Group.

Current Demand

Engine and engine components, steering components, brake system components, powertrain components, seats, 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. Those projects' operators are so interested in developing component supplier bases that they are ready to financially support interesting projects. International financing

ready to financially support interesting projects. International financing institutions, such as EBRD (European Bank for Reconstruction and Development), are also inclined 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

Current Demand (continued)

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. Some of the "Made in the USA" products, which Russian motorists seem to favor, are: lubricants, automotive chemicals and off-road accessories. There are no known trade barriers affecting imports of U.S. automotive products; tariffs for many imported spare parts are a relatively low 5%.

Trade Shows

4th International automobile exhibition INTERAUTO (Moscow)
Aug 27 – 31, 2008
http://www.interauto-expo.ru

Automechanika St. Petersburg
Oct 29 – Nov 2, 2008
http://automechanika.messefrankfurt.com/petersburg/en

Moscow International Motor Show
Aug 28 – Sep 1, 2008
http://www.motorshows-ite.com

Available Market Research

Russian Automotive Industry (Mar 2008)
Country Commercial Guide 2008 – Automotive Industry

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Saudi-Arabia

Capital: Riyadh
Population: 27,601,038 (2007 estimate)
GDP:* $381.938 billion (2007 estimate)
Currency: Riyal
Language: Arabic

Summary

Saudi Arabia is the largest country in the Middle East in terms of population and has the largest overall vehicle market. The strength of Saudi Economy and continued population growth in recent years led to 4% yearly growth in the number of all types of vehicles imported into the Kingdom of Saudi Arabia. Every household has on an average, 1 passenger vehicle. This is true across urban, provincial, and rural Saudi Arabia. Sedans are the most popular passenger vehicles (75%) followed by 4 wheel drive (4X4s) vehicles (20%) with ownership of 4X4s higher in rural areas (27% own a 4X4). The average age of vehicles is 6.4 years with 42% of vehicles manufactured in 2001 or later. Larger local households own American brands, while relatively smaller local households buy European brands. People with lower education levels and incomes buy Korean brands. More than 340,000 cars, trucks and vans are annually imported into Saudi Arabia, including used cars and buses.

Current Market Trends

The economic recovery, which started a few years ago, will likely boost the demand to around 360,000 units, valued at $6.3 billion.

Saudi Arabia has a large secondhand market. The market for second-hand vehicles is largely sourced from the United States and to a lesser extent from Germany. Demand for second-hand vehicles has been shrinking annually by an average four percent due to the availability of financing and leasing options and a higher purchasing power. Currently, industry sources estimate that close to 70,000 units are being imported every year but expect that figure to come down to 50,000, especially for passenger cars and SUVs. For used cars, the United States and Germany still lead in used car sales to Saudi Arabia, while Japan retains a relatively good share of this market. GM, Ford, and Chrysler's Jeep brands are among the most popular vehicles in Saudi Arabia.

The strength of the Saudi economy, reflected in a higher per capita income, led to the increasing popularity of luxury cars and premium automobiles. In addition, Saudis have always opted for large SUVs that can accommodate large families. The market for GMC Suburbans and similar sized SUVs has remained relatively unaffected by the fluctuations in the economy.

Main Competitors

Over the years, U.S. manufacturers have witnessed their market share steadily eroding to Japanese and South Korean car manufacturers, especially Japanese companies, which have consistently enhanced their share of the Saudi automotive market, especially for passenger cars. New vehicles - Japanese brands account for two-thirds of the new vehicle market, Toyota alone has a 40 percent market share. American brands account for less than a third of the market. Korean brands have been growing over time, while the share of European brands has been declining. Dammam is the only place where American brands close the gap with Japanese brands.

The higher value of the Euro and the Yen against the U.S. Dollar has little effect on the share of European and Japanese car sales, which control nearly 70 percent of the market. Japan, the U.S., Australia, Germany, and South Korea are the key players in the Saudi automotive market representing more than 90 percent of all vehicle imports.

U.S. companies command a leading position in the supply of transmission, steering, suspension, and braking components and parts. The favorable U.S. dollar exchange rate against the Euro and

Main Competitors (continued)

Japanese Yen is boosting the U.S. market share. Nonetheless, Japanese car manufacturers and spare parts suppliers still command the lion share of the Saudi market at more than 40 percent. There are a number of local factories that manufacture filters, radiators, and batteries, exhaust systems, and converters.

Current Demand

Saudis become more demanding and look for more passenger cars/vans safety and luxury features. They look for branded wheels, chrome plated wheels, screen monitors, DVD players, amplifiers, loud speakers, airbags, door beams, and anti lock breaking systems. Most of Saudis prefer to buy American cars specially the MPVs, SUVs, and Jeeps. The Coupes, Sports Cars, Roadsters, Grand Tourers, Super Cars and Convertibles, Chevrolet Lumina, Chrysler, Voyager, Ford, GMC Safari is dominant in the market.

Best Prospects:

There are good opportunities for U.S. companies in the following areas:

- Services Equipment
- Body and chassis parts
- Automobile transmissions and spare parts
- Auto oil, lubricants, and chemicals
- New & Used American Cars/Sedans
- Cars/vehicles accessories

Available Market Research

Saudi Arabia: Used Vehicle Market (Oct 2007)

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Singapore

Capital: Singapore City
Population: 4,588,600 (2007 estimate)
GDP:* US$171.95 billion (2007 estimate)
Currency: Singapore dollar
Language: English, Malay, Mandarin, Tamil

Summary

The projected growth of the car population is optimistic and there is little doubt that 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 6.2%. 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)

	2005	2006	2007
Cars & Station-Wagons	432,827	465,482	505,987
Rental Cars	7,756	9,235	11,054
Taxis	22,383	23,334	24,446
Buses	13,494	14,120	14,530
Goods & Other Vehicles	139,098	144,466	150,979
Motorcycles & Scooters	139,434	142,736	144,340
Total Motor Vehicles	754,992	799,373	851,336

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 9.0% growth in the car market for 2007. Toyota (which sold 146,597 units last year) maintained its lead as the best selling motorcar brand in 2007. Honda, with sales of 67,830 units last year, was second, followed by Nissan, Hyundai and Mitsubishi. In terms of market share in Singapore, Toyota had a 28.35% share last year, while Honda had a 13.12% 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 9 out of the 60 mainstream makes suffered lower sales last year. Those with fall in sales included Mercedes, Ford, Renault, Hyundai, Opel, Jaguar, M.G., Triumph and Datsun. The LTA figures also showed that all other brands posted gains. The most significant growth included those posted by Alfa Romeo, Volkswagen, Chrysler, Jaguar, Ford and Chevrolet. Observers are optimistic that the year will end with more winners than losers because of the huge increase in COE numbers barring any global economic crisis.

Parallel importing is becoming 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 of a lower Yen, but a more likely possibility is the fact that these 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 the prohibition of left hand drive vehicles. Those right-hand drive American cars on the road in Singapore are: Ford Taurus, DaimlerChrysler's Cherokee, General Motor's Opel and, to a lesser extent, Cadillac.

Trade Events

Singapore Motor Show 2008
September 26 – October 5, 2008
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.
http://www.motorshow.com.sg

Available Market Research

Overview: Singapore Automotive Industry (May 2008)

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Slovakia

Capital: Bratislava
Population: 5,379,455 (2001 census)
GDP:* $109.587 billion
Currency: Euro
Language: Slovak

Summary

In 2007 there were 590,000 cars produced in Slovakia by three car producers: Volkswagen, Kia and Peugeot-Citroen. This number is expected to grow to 800,000 vehicles by 2010, when all three factories are running at full capacity. Automobile and automotive parts and components manufacturing accounts for more than 30% of Slovak exports and more than 30% of Slovak Gross Domestic Product, which makes it the biggest driving force for the country's economy.

Current Market Trends

Slovakia's domestic car market should show strong growth over the next five years. Slovakia is already the world's largest per capita automotive producer, but it is last in the EU in vehicle ownership. Slovakia's ratio is 4.8 people per car, while the EU average is 1.76 people per car. U.S. made cars have found a niche market in Slovakia. Cadillac, Corvette and Hummer all sell vehicles here through dealerships.

	2006	2007	2008 (estimated)
Total Market Size	9,371	7,413	14,325
Total Local Production	11,536	10,842	17,325
Total Exports	6,894	9,583	11,000
Total Imports	4,729	6,154	8,000
Imports from the U.S.	10.9	13.4	14.06

Slovak Statistical Office, OTII, ITA (in Millions of USD)

Rapid technological changes are expected in the automotive industry over the next five years. Changes are expected mainly in the following areas: breaking systems, adaptive speed control, intelligent parts of passive and active safety (radar security systems, video transfer systems, automatic stirring control of vehicles in a traffic jam, etc.), global navigation and the use of satellites, among others.

Current Demand

The following specific items were the leading exports from the U.S. to Slovakia, ranked by thousands of U.S. dollars from January – September 2007:

Item	2005	2006	2006 thru Sep	2007 thru Sep
Total	10,947	13,400	10,402	15,560
8703--motor cars & vehicles for transporting persons	2,603	5,244	3,281	8,846
8701--tractors (other than works trucks HS 8709)	6,136	5,438	5,077	2,933
8708--parts & access for motor vehicles (8701-8705)	1,469	1,663	1,268	1,517
8711—motorcycles & cycles with aux motor	631	971	734	1,409
8705--special purpose motor vehicles	0	0	0	591
8709--works trucks, no lift; static tractors	7	0	0	144
8707--bodies (including cabs), for specif. motor vehicles	0	0	0	43

8712--bicycles & oth cycles (inc del tricycle) no motor	11	20	7	34
8714--parts & access for cycles & invalid carriages	90	57	30	31
8716--trailers etc; other vehicles, not mech. propeld	0	5	5	13

Other automotive sector products that are attractive for sale in Slovakia include:

- SUVs and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars

- Tractors, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods tractors of the type used on railway station platforms; parts of the foregoing vehicles

- Parts and accessories of motor vehicles, like tractors, and special-purpose motor vehicles other than those principally designed for the transport of persons or goods (for example, breakdown trucks, crane trucks, fire-fighting vehicles, concrete-mixer trucks, road sweeper trucks, spraying trucks, mobile workshops and mobile radiological units

- Research and development, mainly in brake systems, adaptive speed control, intelligent parts of passive and active safety, global navigation and use of satellites

- E-technology and education

- Automotive aftermarket parts and accessories

The collection and assessment of recycled vehicles is currently under implementation in Slovakia. Since this is a new business requirement, the best prospects for U.S. companies are in the consulting and technical fields and also in environmental automotive cleanup.

Trade Events

Annually, there are three sophisticated and cost-effective automotive trade shows held in Slovakia, where domestic and international companies congregate to seek new partners. They are:

Autosalon, Autoservis, Motocykel - held in Bratislava
There is also the **C.S.I.L. CAR SUBSUPPLIERS INDUSTRY** exhibition (This year's 4th international fair of producers and subcontractor for automotive industry and logistics) along with **CAR PLAST** (international fair of plastics, tire and compositors for automotive industry). More info: http://www.incheba.sk

Autocee Conference – held in Hotel Carlton in Bratislava
http://www.wbresearch.com/autocee/index.html

Autosalon in Nitra – http://www.agrokomplex.sk/?pl=40

Available Market Research

The Slovak Automotive Industry (May 2008)

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South-Africa

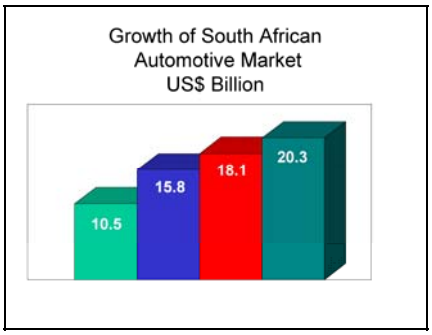
Capital: Pretoria
Population: 43.7 million (2008 estimate)
GDP:* $467,95 billion (2007 estimate)
Currency: South African rand
Language: Afrikaans, English, Ndebele, Northern Sotho, Sotho, Swati, Tsonga, Tswana, Venda, Xhosa, Zulu.

Summary

The automotive industry remains the leading manufacturing sector in the South African economy, accounting for about 7.53 percent of overall GDP. It incorporates the manufacture, distribution, servicing and maintenance of vehicles. The automotive components sector has been subjected to rapid increases in import penetration, with imports rising from 32.2 percent of domestic demand over the 1994-1998 period, to 47.3 percent over the comparable subsequent time span (1999-2003). These trends are linked directly to the South African Government's incentive policy for the automotive industry: the Motor Industry Development Program (MIDP).

Current Market Trends

The chart below illustrates the rapid growth seen in the automotive parts and service equipment sector over the past few years:



Due to the rapid growth and demand for classic products, there has been an influx of world-renowned brands into the South African auto styling, accessory, sound and performance market. 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.

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.

Market Entry

In terms of the trade which supports this industry, there are approximately 4,400 garages and fuel stations (with the majority having repair workshops as well), plus a further 1,800 specialist repairers; 1350 new car dealerships holding specific franchises; an estimated 1,580 used vehicle outlets; about 300 vehicle component manufacturers, together with about 150 others supplying the industry on a nonexclusive basis; 1,700 specialist tire dealers and retreaders; 480 engine reconditioners; 170 vehicle body builders and 2,770 part dealers.

Current Demand

Best Prospects/Services for Automotive Parts and Service Equipment

Top 10 parts and components imported into South Africa include: engine parts, automotive tooling, tires, stitched leather components, gauges/instrument parts, brake parts, catalytic converters, transmission shafts, car radios and lighting equipment. Further opportunities for U.S. exports to South Africa are:

- Airbags and Airbag Packs,
- Air-Conditioning Compressors,
- Engine and Engine Components,
- Center Consoles,
- Chassis Modules and Components,
- New Generation Manifolds,
- Aluminum Forging and Castings,
- Instrument Panels,
- Metal Substrates,
- Electric Power Assisted Steering Wheel,
- Plastic Moldings and Paintings,
- Leather Products,
- Body Parts,
- Electronic Components, and
- Specialty Equipment (Performance and Accessories)

Opportunities

The large number of model derivatives imported has widespread implications for the aftermarket, which represents opportunities for U.S. companies. Further, there is a lack of telematic components that are essential for inflating airbags, the facilitation of security and control of tracking devices, and the control of engine/transmission functions. These functions demand more and more sensors, making repair difficult and expensive. Industry sources predict significant growth in the proportion of new cars that will feature automotive telematics. Electronic systems account for as much as a third of the manufacturing costs of new cars and the proportion is increasing – yet another opportunity for U.S. technology to develop in the South African automotive component market.

Best Prospects/Services for Specialty Equipment

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. 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.

Best Prospects

Personal interviews with local retailers and importers indicated their eagerness to identify and establish exclusive distributor agreements with U.S. suppliers, citing that differential advantage to existing products being of utmost importance

Turbo conversions and aspirated four cylinder conversions are in demand by the street racing enthusiasts. Turbo conversions are very costly in South Africa. Many of the racing enthusiasts are reluctant to spend such huge amounts and are therefore looking for cheaper alternatives. This may offer opportunities to innovative U.S. companies who can enter the market with competitive prices on mostly four cylinder applications. In addition to this, providing financing alternatives for the purchase and installation of turbo conversions is an approach that will be welcomed by this lucrative market.

Trade Events

Castrol Extreme Auto Show
June 13-16, 2008
http://www.extremeautoshow.co.za/

Johannesburg International Motor Show
October 30 – November 9, 2008
http://www.johannesburgmotorshow.co.za/

Available Market Research

South Africa: Overview of the Trucking Industry (Jun 2007)
Quality, Reliability, and Innovation Buy USA Auto Products (Jul 2007)

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Spain

Capital: Madrid
Population: 45,200,737 (2007 estimate)
GDP:* $1.362 trillion (2006 estimate)
Currency: Euro
Language: Spanish

Summary

Passenger Vehicles

Spain is the third largest automobile manufacturer in the European Union (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 2006. Additionally, the European Union boasts the highest number of vehicles per thousand inhabitants in the world. The outlook for the automotive sector in Spain is excellent, and steady growth in consumption levels is expected to continue into the near future.

Motorcycle Market

In April 2006, approximately 260,000 motorcycles were registered in Spain.

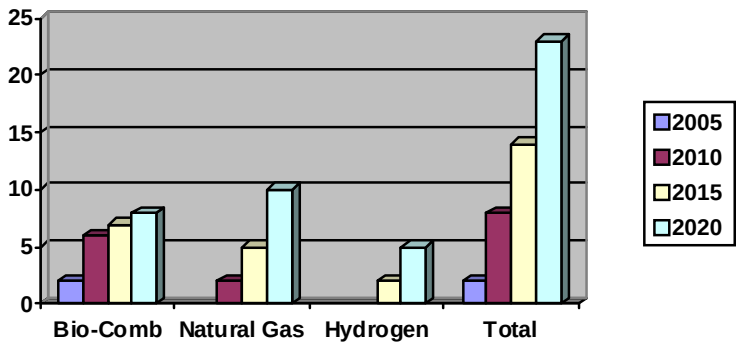
Specialty Vehicles in Spain

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 where 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 derivates 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. Spain has over 20 magazines devoted to tuning and aftermarket accessories including, but not limited to, AutoMAX, Europneus, FLASH-tuning, GTI Mag, Maxi Tuning, Tuners 100% Lifestyle Magazine.

Services: Engineering and Consulting

According to the latest National Institute of Statistics survey there are 77,378 companies offering technical and analytical services in architecture and engineering in Spain. The total turnover of these companies was close to $10,500 million USD and they employed less than 174,000 persons.

The Spanish engineering consultancy market is highly competitive. The market is divided into various regional sub-markets. Of the 17 autonomous regions, Madrid, Cataluña. País Vasco and Valencia are the main markets.

Growth in the engineering and consultancy market has averaged around 10 percent per year in the last 5 years.

Main Competitors

Spain's membership in the European Union provides a favorable investment climate and increased competition within the market. Engineering companies from the U.K. (e.g. Ove Arup), France (e.g. Eyser) and Holland (e.g. Eptisa), are the most prominent, while the larger US engineering consultants active in Spain include CH2M Hill, Fluor Daniel, Foster Wheeler and URS. Most of these companies choose to enter the Spanish market through acquisition or partnership.

Available Market Research

Spain: Automotive Repair and Maintenance Equipment (Jul 2007)

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Sweden

Capital: Stockholm
Population: 9,196,227 (2008 estimate)
GDP:* $333.1 billion (2007 estimate)
Currency: Swedish Krona
Language: Swedish

Summary

Sweden, with a population of about 9 million, had 4.3 million cars in 2007. This corresponds to one car to every 2.2 people. The number of commercial vehicles was 517,000.

The total import of automotive parts and accessories (HS 87.08) was worth US$ 6.6 billion in 2007. Major supplying countries were Germany (34%), Belgium (10%) and France (6%). US suppliers accounted for 2% percent of the import market.

Current Demand

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 2007, there were 55,000 new environmental vehicles registered which is an increase by 50 percent compared to 2006. 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 2007, Harley-Davidson sold 2,029 motorcycles, which was an increase by 10 percent compared with 2006.

Another sector of interest is specialty vehicles. Customizing cars is a hot trend. Many Swedes consider the U.S. 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 Swedish makes Volvo and Saab take the lead followed by German cars; in particular VW, Audi and BMW. The most popular Japanese cars for customizing are Honda, Nissan and Toyota.

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

"Lastbil 2008" – truck exhibition
Jönköping, August 20-23, 2008
(Biennial)
http://www1.elmia.se/lastbil/

Svenska Bilsportmässan (Swedish Motorsport Exhibition)
Stockholm International Fairs
Stockholm, November 28-30, 2008
http://www.bilsportmassan.se

Bilsport Performance & Custom Motor Show
Elmia, Jönköping, March/April, 2009
http://www.custommotorshow.se/2007/info_eng.php

Available Market Research

Automotive Parts and Accessories including Aftermarket and OEMs (2006)
Automotive Aftermarket - Specialty Equipment (Styling and Tuning) (Aug 2006)

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Switzerland

Capital: Berne
Population: 7,591,400 (2007 estimate)
GDP:* $296.2 billion (2007 estimate)
Currency: Swiss franc
Language: German, French

Summary

Switzerland has no indigenous automobile manufacturing industry, and all autos are imported. The overall Swiss market demand for automotive parts, aftermarket products, accessories as well as specialty equipment was valued at USD 949 million in 2006 and was expected to grow 3-4% over the coming years.

Main Competitors

In the past few years, U.S. exporters have garnered a small market share, registering USD 45 million in 2006 or 4.8%. 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%.

Current Demand

Accessories & Custom Products

Car customization enjoys a high degree of receptivity at the present time due to a flourishing overall Swiss economy. End-users have the propensity to devote large sums of their disposable income toward customization of automobiles and luxury accessories. Opportunities exist for U.S. suppliers in the areas of specialty wheels, seat covers, high-end in-car entertainment systems, alarm systems, and performance enhancing products. In recent years, Swiss motorist have also rediscovered their predilection for costly interior fittings, which is driving demand for aftermarket accessories and custom products. This trend is sustainable until the overall economy is beginning to shrink.

Aftermarket: Parts & Components

Although small in size, Switzerland is an attractive and highly competitive market for aftermarket parts and components. Swiss importers and distributors tend to be very well informed about current market trends and expect sophisticated technology and equipment from their supplier base. The overall Swiss market demand for automotive parts and components is forecast to grow between 2-3% in 2008. Because of the health of the Swiss economy, Swiss consumers trend to make automotive procurements at shorter time intervals, which impinges favorably upon the parts and components market.

Aftermarket: Mobile Electronics & Technology

As a result of rising car theft incidents, Swiss motorists are increasingly equipping their automobiles with alarm systems. A large number of new cars imported into Switzerland every year are fitted with alarms systems. This latest trend has added impetus to the mobile electronics and technology market. GPS systems, electronic maps and in-car entertainment equipment are in strong demand and are contributing to healthy growth in this market segment.

Aftermarket: Testing Equipment

The receptivity of U.S.-sourced testing equipment is quite high. This is an area that U.S. suppliers are encouraged to exploit. They have to be prepared to initially ship in small volumes, with the prospect of growth once successfully introduced to Swiss buyers. Switzerland has a wide net of garages, repair services and dealerships that could potentially be interested in U.S.-sourced testing

equipment. U.S. suppliers have to be price-competitive with their offerings and should plan to establish long-term relationships with their Swiss business partners.

Current Demand (continued)

Original Equipment: Tools and Testing Equipment

All major automobile brands are represented in Switzerland, which provides a market for original equipment/tools and testing equipment. Switzerland has an overall car fleet of about 3.8 million automobiles. In 2007, car imports were assessed at 269,500 units, with the U.S. holding a 1% market share.

Available Market Research

Automotive Parts, Accessories & Specialty Equipment Market (Jul 2007)

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Thailand

Capital: Bangkok
Population: 63,038,247 (2007 estimate)
GDP:* $519.9 billion (2007 estimate)
Currency: Baht
Language: Thai

Summary

Thailand's vehicles production increased eight percent from production in 2006 to 1.3 million units in 2007. Overall, the 2008 market is expected to expand up to 11%.

Current Market Trends

As the Southeast Asian regional manufacturing hub for the world majors, Thailand presents significant automotive opportunities for U.S. companies. Building on the success of its initial plan to make Thailand one of the world's major pickup manufacturers, the Royal Thai Government will soon launch its second master plan for the development of the country's automotive industry from 2007 to 2011. Becoming a manufacturing hub for the "Eco car" is among the key elements in this new plan, with the objective to uphold Thailand's competitive level and position as a production hub in the global market. This will increase opportunities for parts manufacturing, automotive technologies and related services both in OEM manufacturing and later in the after-service industry.

Market Entry

Thailand's automotive policies and regulations have traditionally promoted free competition and foreign investment in local production. Incentives are given to global investment so as 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 barrier, does not exist to hinder automotive imports.

Main Competitors

Toyota is the most popular in both the passenger car (54.4%) and pickup truck (41.4%) categories, commanding a 44.7% share of the Thai market. Isuzu (34.8%) and Honda (29.5%) have the second largest shares of the pickup and passenger car segment, respectively.

Current Demand

Best Prospects

- Mold and die castings used in manufacturing items such as engine blocks, crank shafts, front cases, oil pans, gear boxes and auto safety parts.
- Molds for plastic injection such as those used in manufacturing automotive Electronic Control Units, (ECUs), housings for automotive steering columns and dashboards.
- Automotive electronics components.
- Alternative fuel engine and component technologies

Trade Events

BANGKOK INTERNATIONAL MOTOR SHOW
Consumer show for automobile and accessories
Date: March 28 – April 6, 2008
Venue: Bangkok International Trade Exhibition Center (BITEC)
http://www.bangkok-motorshow.com

Motor Expo 2008
Consumer show for automobile and accessories
Date: 28 November -10 December 2008
http://www.autoinfo.co.th

Available Market Research

Automotive Aftermarket - Specialty Equipment (Styling and Tuning) (Aug 2006)
Vehicle Manufacturing Overview (Feb 2008)

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Turkey

Capital: Ankara
Population: 70,586,256 (2007)
GDP:* $941.6 billion (2008 estimate)
Currency: New Turkish Lira
Language: Turkish

Summary

Passenger Vehicles

Passenger Car sales: 357,465 units
Light commercial vehicles sales: 237,297 units

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 the 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 J/V partnerships with local firms, direct investment, or license agreements.

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 models from every brand find a good market in Turkey.

Turkish consumers have a special interest and respect for U.S. vehicles, especially SUVs.

Trucks and Buses

Turkish consumers look for commercial vehicles with low fuel consumption, trucks being able to carry heavier payloads and tractor-trailer units. 1.5 ton pick-up trucks are among the best prospects.

More than one-third of the Turkish 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).

Motorcycles

Turkey has a promising motorcycle market and exceeded 13 million units. Only back in 2004, there were 10 internationally known brands present in Turkey, including BMW, Yamaha, Honda, Suzuki, Kawasaki. With the additional imports from China, the number of brands boomed, reaching 220. These units do not take shares from other internationally known brands, but increase the market by supplying cheaper products.

There are 20 distributors and close to 180 importers serving the market, in addition to the five local producers. Yamaha, BMW, Triumph, KTM, Harley, Vespa, Piaggio, Gilera, Derbi, Motoguzzi, Honda, Jinlun, Skyteam, Aeon, SYM, FYM, Suzuki, MV Agusta, Cagiva, Husqvarna are among the imported brands. The rest of the market is local production, and imports from China, Korea, such as: Hyosung, Indian TVS, and Mondial.

The majority of the sales is in the lower engine size, including scooters. Currently, number of motorcycles per 1000 persons in Turkey is much lower compared to other countries: Turkey - 16, Bulgaria – 40, Greece – 70, Italy – 150, France – 180. 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.

Aftermarket Chemicals and Lubricants

The 2007 Turkish market exceeded $500 million for purchasing automotive chemicals, lubricants, greases, fuel additives and general car care products. U.S. producers only accounted for 4.5% of the import market, or approximately USD 3 million.

The current market trend is for greater sales of semi-synthetic lubricants that are used in diesel engines and high-performance products. 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. Another item that affects this market is the significant increase in the motorcycles market. Lubricants and motorcycles care products are also becoming interesting markets for suppliers.

Aftermarket Parts and Components:

Tires, brake linings, gearboxes, and clutches are the major imported items in the parts industry. Generally, imported parts are used in supplying imported vehicles, 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 where 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.

U.S. firms that supply parts/services to the diesel engine vehicles should also pay more attention to the Turkish market, and the changing habits of the Turkish customers.

Aftermarket: Testing Equipment

The demand for auto repair garages and related equipment has increased, making this one of the most attractive subsectors in the automotive industry. The market in 2007 for auto repair and maintenance equipment reached USD 577 million, and industry experts forecast a two-three percent increase every year. Of this segment of the market, 86% is met by imports. German and Italian equipment are dominant in the market. U.S. equipment has 4.4 percent share of the total market.

There is no local production of the diagnostic equipment, therefore this equipment continues to be of best prospects.

Another equipment/tool that is expected to have a remarkable share in the near future is baroscope, which is used to find out problems with the cylinder, segment, etc. without taking the engine down to save time. There is also a good number of people, who are not able to afford a new automobiles, but are happy with a second-hand car, resulting in a wide market for used vehicles in Turkey. Centers to inspect such automobiles are widening, and such equipment like baroscope may find a very good market in such auto inspection centers.

Barriers

The Turkish import regime only prohibits importation of remanufactured/rebuilt/used/reconditioned vehicles. Only the current year or the following year models are allowed to be imported. This is true for all kinds of vehicles and parts.

Trade Events

Automechanika Istanbul
April 16-19, 2009
http://www.automechanika.com.tr

Available Market Research

Turkish Automotive Chemicals and Lubricants Market (Mar 2007)
Diesel Engine Vehicles Market in Turkey is Booming (Oct 2007)
Garage Repair and Maintenance Equipment Industry (May 2008)

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United Arab Emirates

Capital: Abu Dhabi
Population: 4,588,697 (2006 census)
GDP:* $159.3 billion (2007 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

Current Demand (continued)

Best Sales Prospects:

HS Codes	Description
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

Automechanika Middle-East (Dubai)
May 31 – June 2, 2009
http://www.messefrankfurtme.com/automechanika/site/index.php

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United Kingdom

Capital: London
Population: 60,587,300 (2006 estimate)
GDP:* US$2.270 trillion (2006 estimate)
Currency: Pound
Language: British

Summary

Overview Automotive Parts & Equipment Market

$ Millions	2005	2006	2007 (est.)
Total Market Size	25,076	26,945	27,200
Total Local Production	18,032	17,998	17,400
Total Exports	8,289	8,287	8,288
Total Imports	15,333	17,234	18,088
Imports from the U.S.	450	465	475

(Unofficial estimates)

The UK motor industry is heavily dependent on overseas suppliers for parts and equipment. To guard against possible shortfalls in supply, most of the leading vehicle manufacturers source their parts from a variety of countries and companies. With over 5,000 companies active in the sector, 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. It has the strongest independent aftermarket in Europe, with many small operators doing business alongside large household names.

There are approximately 30 million cars, vans, and trucks registered in Britain, with 3.5 million existing vehicles replaced by new vehicles each year. Sales of new vehicles have traditionally exceeded those retired from service, so there has been a small annual increase in the vehicle "parc" (i.e., the base of registered vehicles in the UK). However, the new car market remained subdued in 2007, and the number of registrations is expected to decline 1.3% in 2008.

Current Market Trends

New registrations of motorcycles and mopeds in the UK have reached a 5-year high. A growing number of people are realizing that powered two-wheelers offer a low-cost alternative to cars and public transport, and are also seen as part of the solution to the pressures on the environment. Although Japanese producers dominate the market at this time, the number of people opting for two-wheelers will continue to increase. U.S. exporters should note that a large part of consumers' decision is based on price, and largely served by products manufactured in the Far East.

Current Demand

Opportunities for U.S. exporters exist in the area of test/inspection equipment for use in garages and service stations authorized to undertake the stringent mandated annual checks. Such equipment includes laser and optical alignment systems, as well as diagnostic equipment for engine, fuel, emissions and electronic systems. In addition, OEMs are continually looking for innovative new products, particularly those that focus on improving fuel efficiency and reducing emissions.

Other prospects include replacement parts for brakes, clutches and cooling systems. Security and safety system products, such as anti-carjacking systems and devices to combat car-key theft are also of great interest. Finally, parts relating to in-car entertainment and car care all have potential as well. It is important to note that since Britain drives on the left and has a road system designed for smaller vehicles, there are a relatively small number of U.S.-built cars registered in the UK and vehicle-specific accessories for U.S.-built cars may not be universally accepted in UK automobiles.

Current Demand (continued)

Although Japanese producers dominate the market at this time, the number of people opting for two-wheelers will continue to increase. U.S. exporters should note that a large part of consumers' decision is based on price, and largely served by products manufactured in the Far East.

In both OEM and aftermarket the UK is continually looking for innovative new products, particularly those that focus on providing fuel economy and reduced emissions. Also, security and safety system products, such as anti-carjacking systems and devices to combat car-key theft, and parts relating to in-car entertainment and car care.

Opportunities exist in fleet management systems, to monitor vehicle activity, provide proof of service levels and plan most efficient routes and for vehicle axel weighing solutions.

The number of used cars sold each year is around three times as large as the new-car market and this continues to create opportunities for diagnostic equipment in garages that provide servicing and maintenance.

Increased competition in the road haulage sector is largely a result decreased regulatory obstacles for companies that wish to enter the UK logistics/transportation services market. The boundaries between what were once seen as separate and distinct sectors of the freight services market have become blurred, as road haulers, freight forwarders, integrated transport operators, global logistics companies and postal administrations have each sought to expand into each other's traditional markets.

Trade Events

Commercial Vehicle Show
National Exhibition Centre, Birmingham
April 15-17, 2008
www.cvshow.com

Autosport International
National Exhibition Centre, Birmingham
January 8-11, 2009
www.autosport-international.com

Resources

Trade Associations

The Society of Motor Manufacturers & Traders (London)
Tel: 44 20 7235 7000
http://www.smmt.co.uk/

The Motorsport Industry Association (Warwicks)
Tel: 44 2476 692 600
http://www.the_mia.co.uk/

The Garage Equipment Association (Daventry)
Tel: 44 1327 312616
http://www.gea.co.uk/

Available Market Research

The Approval Process for Imported Automobiles and Motorcycles (May 2007)
The UK Automotive Parts Aftermarket (Sep 2007)

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Uzbekistan

Capital: Tashkent
Population: 26,593,000 (2005 estimate)
GDP:* $50.395 billion (2005 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"), and
- 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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Vietnam

Capital: Hanoi
Population: 87,375,000 (2007 estimate)
GDP:* $262.5 billion (2006 estimate)
Currency: đồng
Language: Vietnamese

Summary

Total population of automobiles: about 750,000 vehicles (as of 2006)
Total population of trucks: about 300,000 trucks (as of 2006)
Total population of buses: about 90,000 buses (as of 2006)
Total population of cars and vans: about 360,000 vehicles (as of 2006)
Total population of privately owned cars: about 130,000 vehicles (as of 2006)

Total market size in 2007: 109,000 vehicles.
This includes trucks (40,277 units) and buses (CKDs: 80,392 units, Imported CBUs: 28,608 units) (Source: GTVT - Jan 11, 2008).

The truck market is expected to grow at over 20% per year over the next few years and may reach about 50,000 trucks in 2008.

According to the Ministry of Industry and Trade, as of 2007 Vietnam has more than 40 automobile assembling factories and more than 100 part makers with a total output capacity of about 200,000 vehicles per year. Of these, the 18 leading automobile makers are represented by The Vietnam Automobile Manufacturers' Association (VAMA).

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Internet Guide to Federal Export Resources

Website	Description	Address
U.S. Department of Commerce's Global Automotive Team	Information on trade events, trade leads, HTS codes, free e-Market Express newsletter and much more.	www.USAutoTeam.org
U.S. Department of Commerce's U.S. and Foreign Commercial Service (USFCS)	Locate your local U.S. Commercial Service office in 102 U.S. cities and 145 U.S. Embassies and Consulates for more information about our international business services.	www.buyusa.gov
U.S. Government's Export Portal	Learn about export basics: Identifying your market, developing export plan, conducting market research, etc.	www.export.gov
U.S. Department of Commerce, Manufacturing and Services (MAS) – Office of Automotive Industries	Assessment of the U.S. domestic automotive industry, industry data, links to industry trade association sites and other industry informational links.	www.ita.doc.gov/td/auto
International Trade Administration (ITA) of the Department of Commerce	Provides you access to ITA's valuable information and services regarding U.S. international trade policy.	www.trade.gov
Trade Finance Guide: A Quick Reference for U.S. Exporters, 2008 edition	Offers the basics of numerous financing techniques, from open accounts, to forfeiting, to government assisted foreign-buyer financing.	www.trade.gov/media/publications/pdf/tfg2008.pdf
U.S. Free Trade Agreements	Information on on-going and pending U.S. Free Trade Agreements	www.export.gov/fta/
Bureau of Industry and Security	Learn about export control basics and how to apply for an export license.	www.bis.doc.gov

Note: Some links may take you off Federal Government websites

Notes