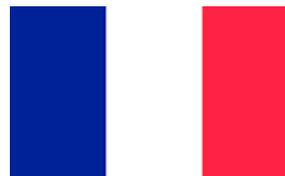


France

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 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 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.



such

and

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)

U.S. Commercial Service Contact Information

Name: Stephanie Pencole
Position: Commercial Service Trade Specialist
Email: Stephanie.Pencole@mail.doc.gov
Phone: + 33-1 43 12 71 38