

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.

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 Ausstellungen 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)

U.S. Commercial Service Contact Information

Name: Paul R. Warren-Smith
Position: Senior Automotive Specialist
Email: Paul.Warren-Smith@mail.doc.gov
Phone: +49-69-7535-3153