



Brussels, September 2007, ACEA  
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## Economic Outlook - EU27

		2002 % ch 02/01	2003 % ch 03/02	2004 % ch 04/03	2005 % ch 05/04	2006 % ch 06/05	2007 % ch 07/06 (forecast)	2008 % ch 08/07 (forecast)	2009 % ch 09/08 (forecast)
<b>Real GDP</b> (European Commission) <sup>1</sup> Constant prices	Euro area	+0.9	+0.8	+2.0	+1.5	+2.8	+2.6	+2.2	+2.1
	EU27	+1.2	+1.3	+2.5	+1.8	+3.0	+2.9	+2.4	+2.4
<b>Real GDP</b> (Consensus Forecasts) <sup>2</sup> Constant prices	Euro area	+0.9	+0.8	+1.8	+1.6	+2.9	+2.6	+2.0	
	EU27	n.a.	n.a.	n.a.	+1.7	+3.1	+2.8	+2.3	
Last Economic Report GDP Forecast	Euro area	+0.9	+0.8	+2.0	+1.4	+2.7	+2.6	+2.5	
	EU27	+1.2	+1.3	+2.4	+1.7	+3.0	+2.9	+2.7	
<b>Private Consumption</b> <sup>1</sup>	Euro Area	+0.8	+1.3	+1.6	+1.5	+1.8	+1.7	+2.1	+1.9
	EU27	+1.5	+1.7	+2.2	+1.7	+2.2	+2.3	+2.4	+2.2
<b>Industrial Production</b> <sup>2</sup>	Euro Area	-0.5	+0.3	+2.1	+1.3	+4.0	+3.0	+2.2	
<b>Gross Fixed Capital Formation</b> <sup>1</sup>	Constant prices Euro Area	-1.5	+1.3	+2.2	+2.7	+4.8	+4.7	+2.9	+2.6
	EU27	-0.6	+1.3	+3.2	+3.0	+5.9	+5.6	+3.5	+3.4
<b>Consumer Prices</b> <sup>1</sup>  HICP	Euro Area	+2.3	+2.1	+2.2	+2.2	+2.2	+2.0	+2.1	+2.0
	EU27	+2.1	+2.1	+2.3	+2.3	+2.3	+2.3	+2.4	+2.2
<b>Crude Petroleum</b> <sup>1</sup>	USD/per barrel	25.0 (+0.1)	28.5 (+13.9)	38.0 (+33.4)	55.1 (+44.7)	66.2 (+20.2)	70.6 (+6.6)	78.8 (+11.7)	76.0 (-3.6)
<b>Trade Balance</b> <sup>1</sup>  Bn EUR	Euro area	127.8	105.0	101.9	46.8	30.3	51.4	52.9	64.8
	EU27			-48.3	-109.7	-169.2	-168.0	-182.6	-187.8
<b>Current Account balance</b> <sup>1</sup>  Bn EUR	Euro Area	57	32.4	62.5	-10.2	-7.4	-3.5	-5.2	3.0
	EU27			-20.6	-66.1	-92.1	-104.8	-124.4	-126.5
<b>Unemployment</b> <sup>1*</sup>	Euro Area	8.3	8.7	8.9	8.9	8.3	7.3	7.1	7.1
	EU27	8.8	9.0	9.1	8.9	8.2	7.1	6.8	6.6

Data is seasonally adjusted.

1) European Commission, Eurostat/DG ECFIN - Autumn 2007 Economic Forecasts; Annual % change unless otherwise indicated

2) Consensus Forecasts October 2007

\* In percent of total workforce, ILO definition





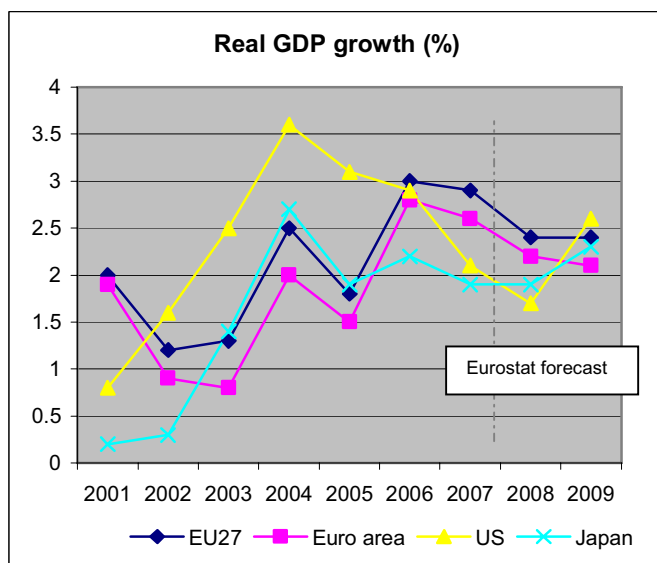
# Euro area and EU27 economic outlook<sup>1</sup> – January-September 2007<sup>2</sup>

## **EU output through September still healthy amid raising economic uncertainty**

The EU and euro-zone started the year with a sound economic performance, both showing in the **first quarter** an increase in gross domestic product of 0.8% compared to the previous quarter. Domestic activity started to somewhat erode in the **second quarter** and reached +0.3% in the euro area and +0.5% QoQ\* in the EU27. Compared with the second quarter of 2006, seasonally adjusted GDP grew by around 2.5% in the euro area and by 2.8% in the EU27, after 3.2% and 3.4%, respectively, in the previous quarter.

The EU economic outlook was hence fairly favourable at the moment the crisis on financial markets started to set in this summer. This was confirmed by the latest Eurostat estimates of the **third quarter** economic growth in the euro area (+0.7%) and in the EU27 (+0.8% QoQ). These results mean that seasonally adjusted GDP grew on a yearly basis by 2.6% in the euro zone and 2.9% in the EU27. Further to the recent tormenting developments in the financial markets, a deceleration of the GDP growth to 0.5% in the euro zone and to 0.6% in the EU27 is expected in the **fourth quarter**.

As regards the main partners of the EU, the economic activity in the **US** has so far this year been stable with a growth of 0.2%, 0.9% and 1% QoQ in the first three quarters of 2007. Over the same period growth in **Japan** has been mixed: first it accelerated by 0.7% then in the second quarter fell by 0.4% and finally reached 0.6% QoQ. The European Commission forecasts a slowdown in growth to 0.4% in both countries for the fourth quarter.



The European Commission **forecasts** the euro area GDP to grow by 2.6% and the EU27 by 2.9% in **2007**. Taking into account the impact of the financial markets turmoil in the summer of 2007, the forecasts for 2008 and 2009 have been revised downwards. Growth in the euro zone and in the EU27 is expected to slow down to 2.2% and 2.4%, respectively, in **2008** and to 2.1% and 2.4% in **2009**. US and Japanese economies are expected to grow slower than the EU in 2007 and 2008 (US 2.1% and 1.7%, Japan 1.9% both years) but they are likely to rebound in 2009 (US 2.6%, Japan 2.3%).

The major **downward risk factors** likely to affect the economic growth projections are related to the recent turmoil in the financial markets and a more severe and prolonged deceleration of the expansion of the US economy. Continued lack of confidence might further affect credit conditions and availability and this in turn could be harmful for, amongst others, housing markets. Consequently, most concerned countries are likely to be those lately experiencing a housing boom, with high external debt or a high share of debt at variable interest rates. Some other downward factors relate to persisting high and volatile oil and energy prices, large current account imbalances and global imbalances in general.

<sup>1</sup> Sources: European Commission (Eurostat, DG ECFIN – ‘European Economy, Economic Forecasts, Autumn 2007’, ‘Key Euro Area Indicators’, ‘Business and Consumer Surveys’), European Central Bank (‘Monthly Bulletin’), Consensus Forecasts

<sup>2</sup> Some data for the third quarter 2007 were not available at time of printing; second quarter data reported in such cases

\* QoQ stands for “quarter-on-quarter” i.e. development compared with the previous quarter

### ***Business and industrial confidence slightly eroding but still high***

The Commission's business and industrial confidence indicator for the euro area has been systematically increasing since the end of 2005 until recently. It fell significantly in September 2007 and continued to decline in October. However, the level of the indicator still exceeds its long-term average and, in combination with the hike in industrial production growth in July and August, suggests that economic activity in the industry sector grew at a solid pace in the third quarter of this year.

Looking at the components of the indicator, industry managers' assessment of the production trend observed in recent months worsened significantly. Managers' assessments of both total and export order books and their views of the stocks of finished products also deteriorated somewhat, while their production expectations remained unchanged.

Industrial production fell in September by 0.7% in the euro area and by 0.5% in the EU27 after having risen in August by 1.2% and 0.9%, respectively (monthly comparison). September production decreased in all sectors, except for energy. On an annual basis, industrial production increased by 3.5% in the euro area and by 3.1% in the EU27 vis-à-vis September 2006, driven by capital goods (+5.5% euro area, +5.7% EU27).

### ***Investment on an upward slope***

Gross fixed capital formation was slightly down in the second quarter of 2007 (-0.2% QoQ) for the first time in five years. While construction investment decreased by 1.6%, equipment related spending remained on a growth path (+1.9%; quarterly comparison). On an annual basis, investment increased by 4.3% in the second quarter 2007. Capacity utilization in the manufacturing sector over the same period remained stable at 84.2%, over 2 percentage points above its long-term average.

### ***Private consumption yearly up by 1.5% in the second quarter***

The European Commission's consumer confidence was on an upward trend since mid-2005 until May this year and remains above its long-term average. In October 2007, consumer confidence remained unchanged. Consumers were more pessimistic regarding their savings over the next 12 months, while their expectations regarding their financial situation over the same period remained stable. Consumers became slightly more confident regarding the general economic situation and unemployment.

Private consumption increased by 0.5% in the second quarter of 2007 (QoQ), after remaining flat in the previous quarter reflecting e.g. the impact of budgetary measures in Germany at the start of the year. On an annual basis, household consumption expenditure rose by 1.5%, compared to +1.4% in the first quarter 2007.

### ***Trade surplus of 1.3 bn euro for euro-area; 16.3 bn euro deficit for EU27***

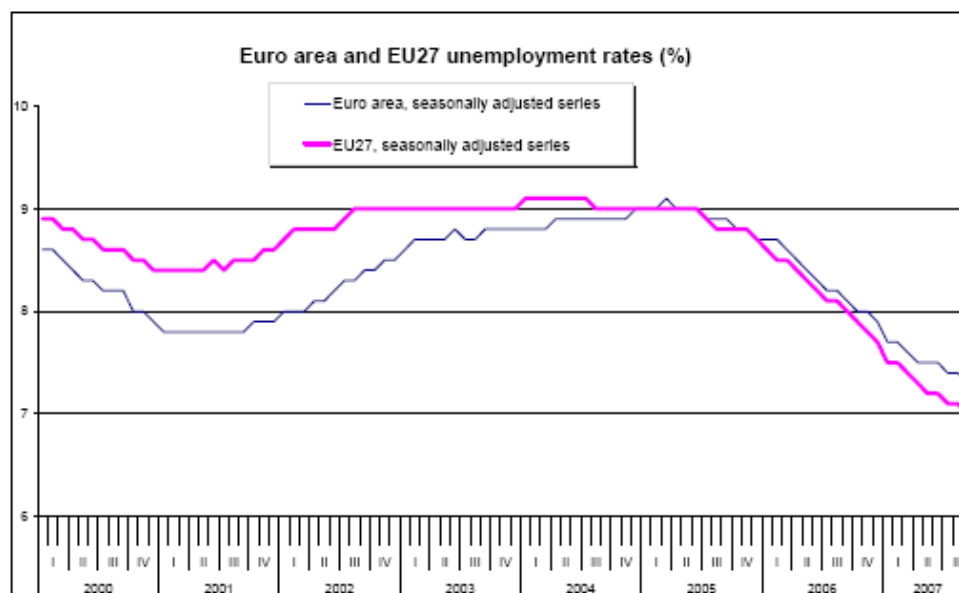
The latest available Eurostat estimate of the euro area trade balance revealed a surplus of 1.3 bn euro in August 2007, compared to +5.7 bn euro in July. Last year's figures showed a deficit of 5.2 bn euro in August 2006, after the July surplus of 1.1 bn euro.

Extra-EU27 trade resulted in a deficit of 16.3 bn euro, reduced in comparison with last year's level in the same month of -22.2 bn euro.

## **EU unemployment rate at fifteen-year low (7%)**

In September 2007, the unemployment rate stood at 7.3% in the euro area and 7% in the EU27, the lowest level in more than fifteen years. September last year it was still 8.1% and 8%. On a quarter-on-quarter basis, the seasonally adjusted number of persons employed rose by 0.5% in the second quarter. Employment expectations in the manufacturing industry worsened in October.

The unemployment rate in September was 4.7% in the US and at 4% in Japan.



Source: Eurostat

## **Nine months into 2007, EU inflation around 2% ...**

Inflation has remained contained over the first three quarters of 2007 in the EU27 (2.2% in September). However, the annual HICP in the EU27 accelerated in October to 2.7% and in the euro area to 2.6% up from 2.1% in the previous month. A year earlier the inflation rates were around 1.8% in the EU27 and 1.6% in the euro area.

Core inflation (HICP excluding energy and unprocessed food) in the euro zone in September 2007 stood at 2%, unchanged compared to August. The rise of headline inflation in September mostly stems from unfavourable base effects of last year's decline in energy prices. At the Member State level, there is also some evidence of acceleration in food prices.

The main components with the highest annual rates in October 2007 were education (9.5%), transport (4.1%) and food (3.8%), while the lowest annual rates were observed for communications (-2.1%), recreation & culture (0.0%) and clothing (1.1%).

The euro area industrial producer price index rose by 3.1% in September 2007 compared to September 2006 (excluding the energy sector). Compared to the previous month, prices rose by 0.4% in total industry. Among components, energy prices increased by 1.0%, while non durable consumer goods prices were up by 0.5%.

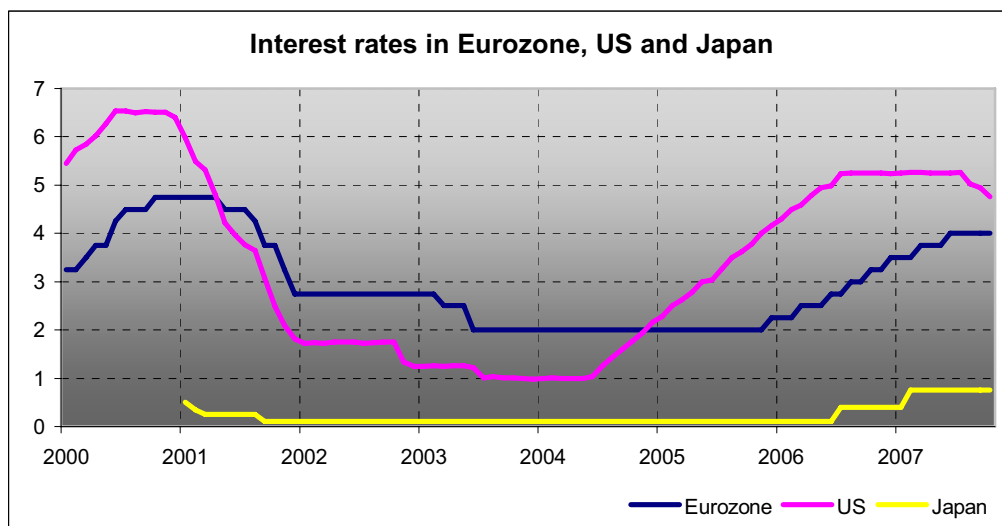
## **... and oil prices at all-time record**

The Brent Index reached 91.1 USD on 5 November, recording a new all-time record. The prices have been driven by expectations of an increase in the world demand, the weakness of the dollar and fears of supply disruptions. The latter were boosted by a decrease in US crude stockpiles and renewed tensions around Iran. Compared to January, oil prices are now about 70% higher in USD and 54% higher in EUR, despite the fact that oil prices had more than doubled in the preceding three years.

## Monetary and Financial Indicators

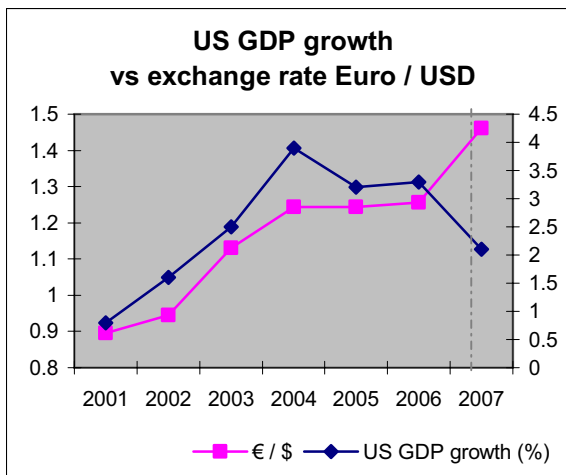
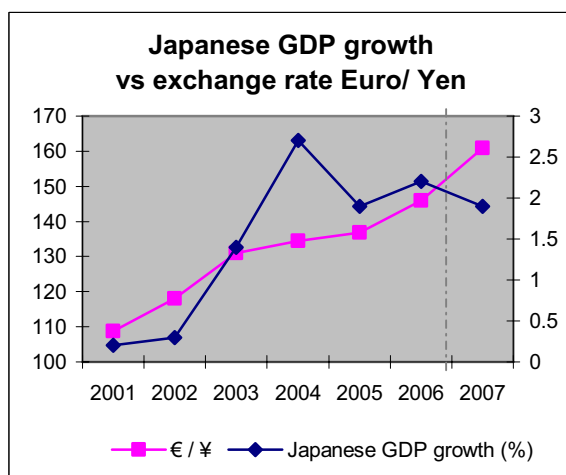
### ECB interest rates on hold since June 2007

On 13 June 2007, the ECB Governing Council decided to increase the policy interest rates by 25 basis points, raising the minimum bid rate on the main refinancing operations of the **Eurosystem** to 4%. To this day (15 November) the interest rates have been left unchanged. The previous 25 basis points hike was decided on 14 March 2007. The interest rate on the marginal lending facility is currently at 5% and the interest rate on the deposit facility is at 3%.



### Hike in euro-dollar exchange rates moderated in nominal effective terms<sup>3</sup>

On the foreign exchange rate markets, the dollar continued to fall in October due to downward revisions in growth expectations and new concerns about developments in credit and housing markets. On 7 November, the euro reached its highest level since 1999 against the dollar, trading at 1.47 USD. The euro appreciated also vis-à-vis the Yen to stand at 167 JPY on 7 November. However, in nominal-effective terms, the exchange rate of the Euro appreciated by much less since the beginning of the year (around 3.5%).



Source: European Commission, ECB; 2007 GDP change – EC forecast

<sup>3</sup> Against 13 other industrialized countries, double export weighted, 1995 = 100

## Economic Situation in the Major Economies<sup>4</sup>

### Germany

#### *Current situation*

- The German economy has moved to a solid growth path. At the end of 2006, private consumption and buoyant housing investment in prevision of the increase in VAT rate in January 2007 boosted the economic growth. As expected, private consumption slowed down substantially in the first months of 2007.
- The quarterly year-on-year growth rates reached 2.5% in the third quarter of 2007 and growth is expected to be above potential through the last quarter of year.

#### *Prospects for 2008 and 2009*

- The phasing-out of the favourable depreciation rules for investment in machinery and equipment at the end of 2007 will shape economic activity around the turn of the year. It is expected to boost investment in the second half of 2007 and to weigh negatively on growth in the first quarter of 2008, with a GDP expected to slow down to 2.2% from the 2007 estimate of 2.6%.
- Very favourable labour market developments with an estimated drop of the unemployment rate from 9.1% in 2007 to 8.5% in 2008 and significant wage increases are expected to largely contribute to the gradual recovery of private consumption. The latter has so far been relatively sluggish despite the current upswing. Consumer confidence is also benefiting from the rapid fall in unemployment. The resulting strong increase in consumption will however not have any negative effect on the household savings rate, which will remain at a high level.
- By contrast, the appreciation of the euro and slowing world demand is likely to dampen export growth. Moreover, wage moderation, which had backed the sustained improvement in Germany's price competitiveness vis-à-vis its trading partners and thus its remarkable export performance, seems to be coming to an end.
- Against the background of the recent financial market turmoil, both consumer and business confidence indicators have recently fallen significantly but remain at a relatively high level. While the German economy might be hit indirectly via slower growth in export markets, only a limited credit tightening for the corporate sector has been seen so far.
- Given the substantial impact of the VAT increase in 2007, in October the inflation in Germany has gone up to 2.7%. While this effect should fade out in 2008, further food price increases seem likely, although their impact on the overall consumer price index is limited. In addition, higher oil prices are currently mainly balanced out by a stronger euro, which is substantially dampening import prices. Inflation should calm down in the course of 2008 and remain broadly stable at around 1.5% in 2009.

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<sup>4</sup> Sources: European Commission (Eurostat, 'European Economy, Economic Forecasts, Autumn 2007', 'Key Euro Area Indicators', 'Business and Consumer Surveys'), European Central Bank ('Monthly Bulletin'), Consensus Forecasts (Oct 2007)

## France

### **Current situation**

- GDP quarterly growth rebounded in the third quarter (+0.7%) after having lost momentum in the second quarter of 2007 (+0.3%). It is expected to average 1.9% for the year as a whole, virtually the same rate as in 2006. It is still largely supported by domestic demand, while the external sector is likely to again make a negative contribution, albeit less so than in the previous years. The disappointing performance in the second quarter largely reflects an unexpected stagnation of business investment, which could in part be attributed to a wait-and-see attitude linked to uncertainties about the strategy of a new government.
- The recent financial turmoil is unlikely to encourage firms to boost their investment plans in the second half of the year. A technical rebound in investment spending at the end of the year seems plausible since the productive capacity utilisation rate is slightly above its average level.
- The TEPA fiscal package (*Loi en faveur du Travail, de l'Emploi et du Pouvoir d'Achat* – The Law on Work, Employment and Purchasing Power), adopted in the summer, is not expected to have an impact on growth in 2007. Purchasing power should also be supported by the growth in wage income due to accelerating employment, which would leave unemployment rate at 8.2% in 2007 while it was at 9% in 2006, and subdued inflation.
- The pace of consumer spending was solid in the third quarter 2007. Auto sales fell by 0.4% but spending on cars soared by 1.9%, solidly contributing to overall retail activity. Looking ahead, however, signals are mixed. On the one hand, September's purchasing managers' index for the retail industry soared to a 5-month high, indicating an increase in sales. On the other, INSEE's consumer confidence index saw a six-point fall, with consumers' perceptions of living standards and financial conditions declining sharply. August production rebounded by 15% from July's 0.5% decline, boosted by a 4.7% surge in car output. This suggests that actual outturns may finally fall in line with the upbeat sentiment registered in INSEE's recent manufacturing surveys. Industrial production forecast for 2007 have edged upward with a rate of 1.4%.

### **Prospects for 2008 and 2009**

- In 2008 and 2009, real GDP growth estimated at 2% and 1.8%, respectively, is expected to remain subdued and slightly below current estimates of potential growth. Private consumption is forecast to continue to be the main driver of economic growth. Consumption will increase in line with households' disposable income, reflecting both the expected rise in employment and tax and social contributions cuts introduced with the TEPA package.
- Muted inflation at 1.7% combined with the recent financial turmoil could lead to higher real interest rates. The consequent tightening of financial conditions could hamper the acceleration of investment, although domestic demand expectations should remain healthy.

## Italy

### ***Current situation***

- Following a weak real GDP growth in the first semester of 2007 (+0.2% QoQ), a more dynamic expansion in economic activity is expected in the third quarter of 2007 (+0.5% QoQ), based on an anticipated rebound in industrial output. On the other hand, for the fourth quarter of the year, business confidence indicators point to an easing of economic growth (+0.3% QoQ). Given the good starting position created by the acceleration of GDP growth in the fourth quarter of 2006, economic growth in 2007 as a whole is expected to be 1.9%.
- There may be some increased concern for the outlook given the financial market crisis and the euro's recent appreciation. Business confidence fell noticeably in September, equaling the December 2005 level (standing at 92.2). However, manufacturing firms' confidence seems to have recovered in October, with a seasonally adjusted confidence index increasing to 92.9. The stronger euro is also heightening fears of a slowdown in demand from abroad. On the other hand, strong global activity is projected to continue, mitigating some of the impact of any currency-related loss in price competitiveness.
- Private consumption was the main driver of economic growth in the first half of the year, and will remain so throughout 2007, supported by favourable employment developments, fiscal incentives for the purchase of durable goods and expected increase in investment.
- The forecast for annual HICP inflation in 2007 is at 1.9%, down from 2.2% in 2006, thanks to a lower contribution from energy prices and some of the liberalisation measures adopted so far, namely of telecommunications.

### ***Prospects for 2008 and 2009***

- The growth momentum at the start of 2008 is expected to be considerably lower than it was in 2007. In the context of a still benign, though slightly less dynamic and more uncertain international environment, economic growth in 2008 as a whole is expected to be 1.4%. For 2009, real GDP growth is forecast to converge towards potential, at 1.6%.
- Thanks to an expected increase in real disposable income, private consumption is likely to continue to be the main driver of GDP growth in both years, even though it will decelerate in 2008 on the back of an expected rise in the saving rate. Investment expenditure will decelerate due to less favourable financial conditions and less vigorous public investment.
- Given still favourable external demand and the ongoing restructuring in the manufacturing sector, export growth is expected to remain broadly stable in 2008 and to accelerate in 2009. On the other hand, import growth is expected to recover to a path consistent with, historical levels, also driven by the exchange rate appreciation. As a result, net exports will negatively influence the economic growth in 2008 and 2009.
- Inflation is expected to remain around 2% in two coming years

## Spain

### ***Current situation***

- Buoyant economic activity continued during the first half of 2007, underpinned by dynamic domestic demand. GDP growth is projected to remain around 3.8% over the whole year while private consumption is to lose momentum and housing investment is to decline. Meanwhile, the transitory base effect of oil prices is vanishing, and a decrease in inflation to 2.6% is expected for the whole 2007.
- In 2007, employment growth should still be robust and increase by 3%

### ***Prospects for 2008 and 2009***

- GDP growth is foreseen to fall to 3% in 2008 and is to further slow down in 2009 to around 2.3%. Export growth might remain broadly stable in 2008 and 2009 at around 4.5%, on the back of prospects for global demand broadly comparable to those prevailing in 2007. The contribution of net exports would become nearly neutral, as a result of lower cyclical imports rather than of more buoyant exports.
- The trade deficit is forecast to still remain at around 8.5% of GDP while some of the current developments in the construction sector, in financial markets, households' indebtedness and external imbalances could weigh on economic activity more than projected.
- Lower employment dynamism is projected in 2008 and 2009 as the unemployment rate might increase by around one percentage point, to 9% in 2009 with labour force growth outpacing job creation.
- In spite of higher expected oil prices in 2008 putting upward pressure on prices, weaker domestic demand is likely to refrain the inflation level close to 3% over the forecasting period.



## United Kingdom

### *Current situation*

- Economic activity in the first three quarters of 2007 continued on the strong path, with GDP growth of 0.8% in the first and third quarter and +0.5% in the second one. Looking ahead, however, it seems increasingly likely that the recent turbulence in world financial markets and the global re-pricing of risk will have a dampening effect on the UK economy in the near to medium term. As a result, economic activity in the final quarter of 2007 is likely to moderate (+0.5%); overall GDP growth in 2007 is expected to reach 3.1% after 2.8% in 2006.
- The economy's continued expansion in the first half of this year was primarily driven by robust growth in private consumption, boosted by wealth effects from resilient house price growth. In the second half, private consumption growth is expected to remain positive, but slightly weakening as house price growth moderates and consumer borrowing slows due to a more restrictive overall credit environment and an increase in precautionary savings. An increasing number of economists are expecting that the tighter credit conditions will lead to a more pronounced slowdown in consumer spending. Nonetheless, with the unemployment rate only at 2.8% and economic outturns to date showing only limited negative fallout from the crisis, prospects remain upbeat in general. Indeed, retail sales have remained robust of late, while manufacturing production has risen in five out of the past six months.

### *Prospects for 2008 and 2009*

- The economic outlook for the next two years is largely shaped by developments in the housing market and the financial sector, both of which are likely to dampen growth in 2008, only estimated at 2.2%. A projected recovery to around 2.5% in 2009 is likely to arise mainly thanks to a pickup in investment. This central scenario is subject to downside risks. Future developments in the financial sector are still highly uncertain but could prove pivotal, given the relatively large size of the UK's financial sector: a protracted downturn in financial sector activity would have a direct impact on both growth and employment.
- Private consumption will slow down. In addition, household-spending growth is also likely to slow on account of a more restrictive borrowing environment. Whilst positive employment growth and moderate increases in earnings will support private consumption, its contribution to overall growth will probably be somewhat weaker over the coming years.
- Tighter lending conditions for corporations will dampen business investment in 2008. Investment should return to robust levels in 2009 due to healthy corporate profitability and mounting pressures on productive capacity, particularly in manufacturing.
- Inflation is expected to hover around the level predicted for euro area (2%)



## Registrations of new motor vehicles in Europe (January - September 2007)

Registrations - WESTERN EUROPE (4)	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06	Forecast* FY 2007
<b>New Car Registrations</b>	11,383,300	11,405,726	-0.2%	-0,9%
<b>New LCV Registrations (1)</b>	1,537,050	1,443,504	6.5%	+2.1%
<b>New Truck Registrations (2)</b>	282,157	286,756	-1.6%	
<b>New Bus Registrations (3)</b>	23,362	25,448	-8.2%	
<b>Total New Registrations</b>	<b>13,225,869</b>	<b>13,161,434</b>	<b>0.5%</b>	

Registrations - TOTAL EUROPE (5)	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Registrations</b>	12,249,712	12,156,033	0.8%
<b>New LCV Registrations (1)</b>	1,663,489	1,546,019	7.6%
<b>New Truck Registrations (2)</b>	322,582	315,516	2.2%
<b>New Bus Registrations (3)</b>	24,691	26,943	-8.4%
<b>Total New Registrations</b>	<b>14,260,474</b>	<b>14,044,511</b>	<b>1.5%</b>

Source: ACEA, AAA, National Associations

\* October 2007 projections

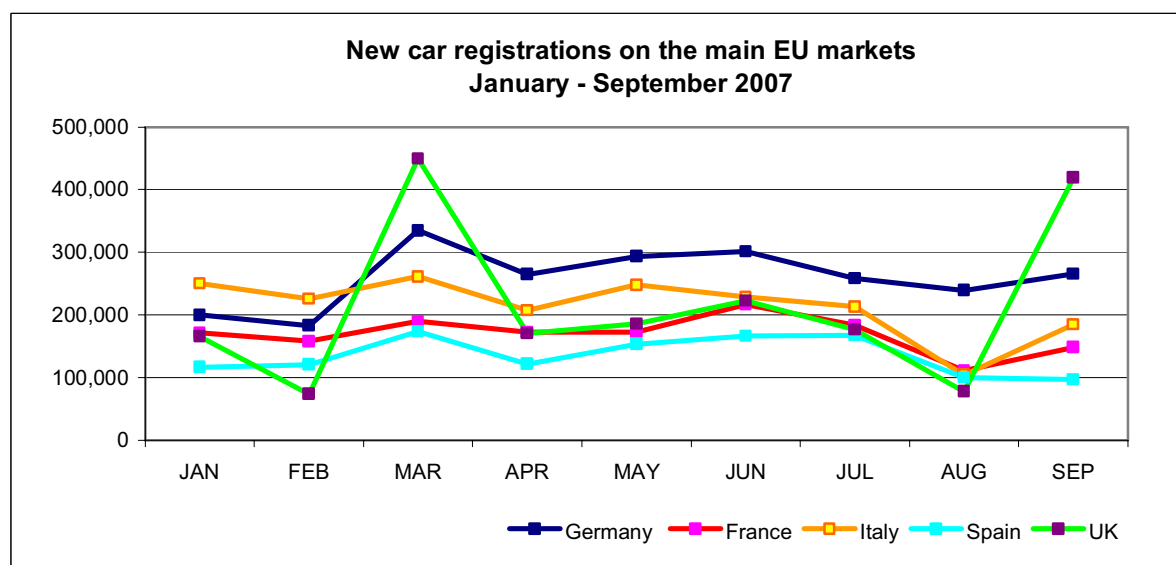
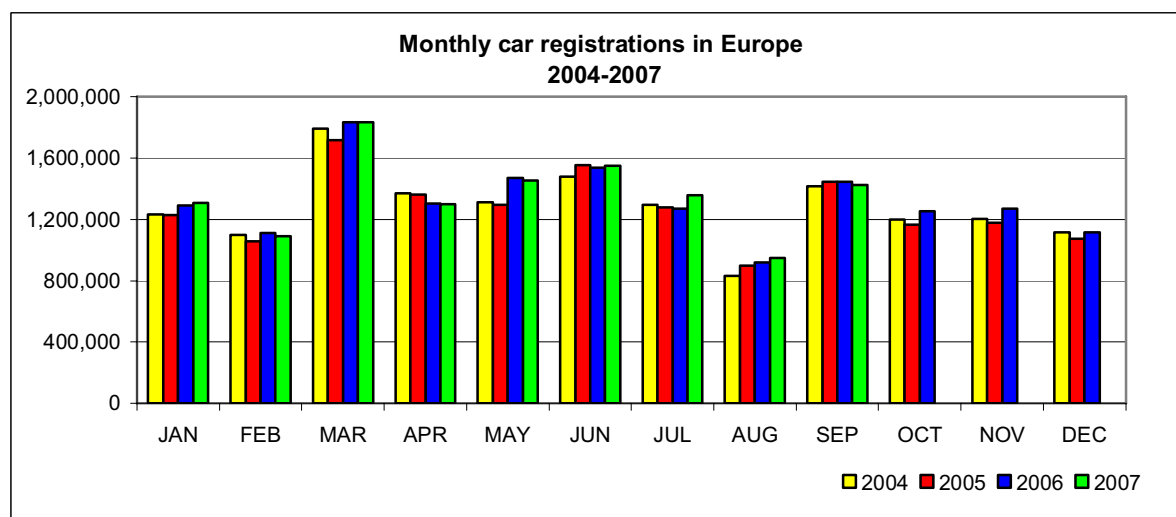
(1) Light Commercial Vehicles up to 3.5t (including light Buses & Coaches)

(2) Commercial Vehicles above 3.5t (excluding Buses & Coaches)

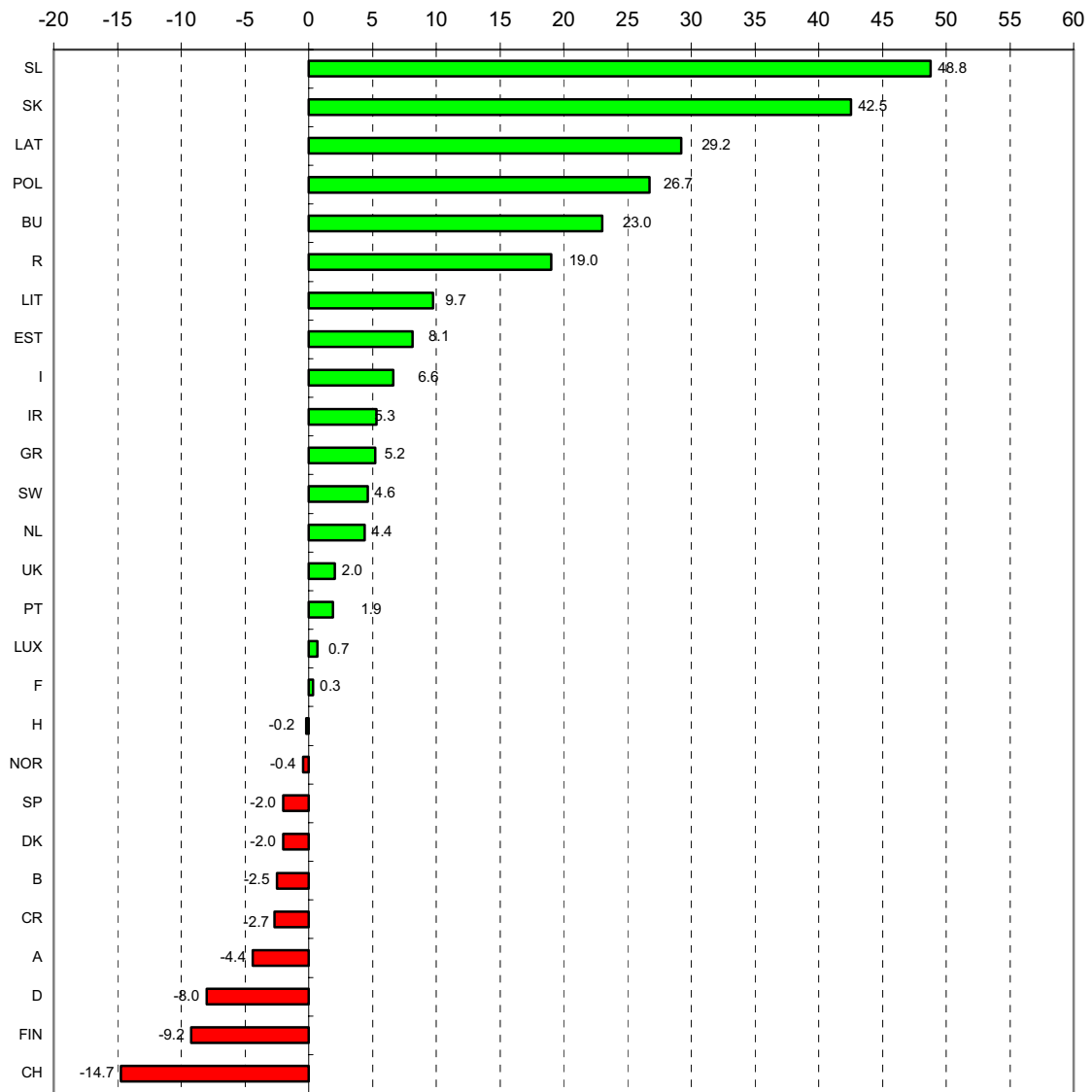
(3) Buses & Coaches above 3.5t

(4) WESTERN Europe = EU15 + EFTA3 (Iceland, Norway, Switzerland)

(5) TOTAL Europe = EU27 (excluding Malta and Cyprus) + EFTA3 (Iceland, Norway, Switzerland)

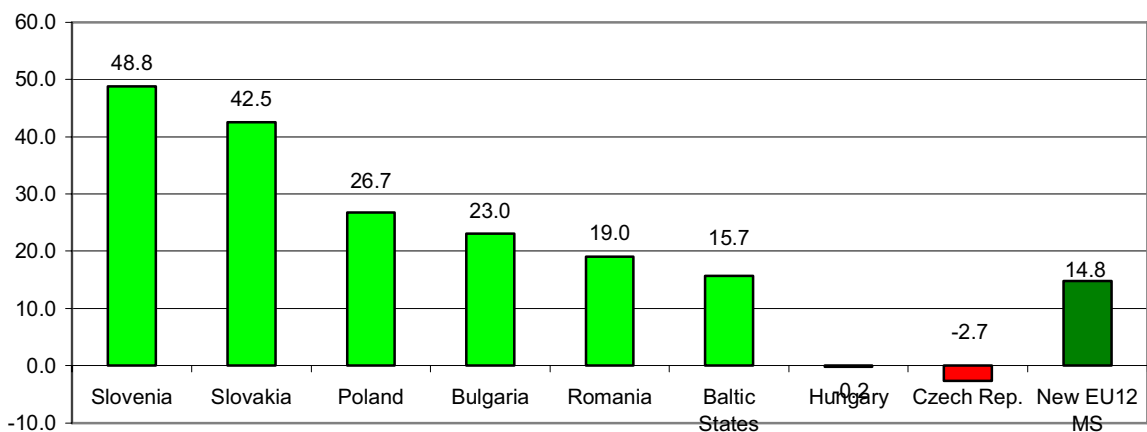


**New car registrations in Europe by country**  
Jan-Sept 2007 / Jan-Sept 2006 ( % change)



EU27 + EFTA 3 = +1%

**New car registrations in new EU member states**  
Jan-Sept 2007 / Jan-Sept 2006 ( % change)



### **New passenger car registrations slightly up over three quarters 2007 (+0.8%)**

By the end of the third quarter of 2007, passenger car registrations in Europe (EU27+EFTA) were 0.8% higher than last year. Falling registrations on three main markets pulled West European figures downwards (-0.2%) whereas the new Member states improved their last year result by 15.5%. Italy (+6.6%) and the UK (+2%) retained their rising trend and France has slowly started to recover (+0.3%). Germany (-8%) and Spain (-2%) remained on a slipping path, as did five smaller EU15 countries. Apart from Hungary (-7.1%) all other new member states positively contributed to the overall result.

### **New commercial vehicle registrations up by 2.6% over nine months 2007**

Over the first three quarters of 2007, new commercial vehicle registrations in Europe have altogether outperformed the results from the previous year by 2.6%. This improvement has been sustained by an uninterrupted hike in van registrations throughout the year. In September, demand for **light commercial vehicles** (vans) in Europe once again went up (+7.8%), despite a reduced number of working days, and reached a cumulative nine-month increase of +7.6%. The **truck market** (above 3.5 tonnes) plunged in September by 15.1%, reflecting last year's high as a result of anticipated purchases prior to the introduction of the Euro4 legislation in October 2006. However, between January and September this market remained on an upward trend (+2.2%) thanks to a 40.6% increase in the new EU member states. **Bus and coach** registrations dropped by 22.6% in September and by 8.4% over nine months.

#### **New van\* registrations up by 7.6%**

Steady growth trend in van registrations in Europe resulted in 7.6% higher cumulative three-quarter figures. Western Europe improved its last year's result by 6.5% and the new EU member states soared by 23.3%. With the exception of Denmark (-4.3%), Greece (-0.9%) and Lithuania (-4.2%), all other markets maintained their good results.

#### **New truck\*\* registrations up by 2.2%**

Between January and September 2007, 2.2% more new trucks were registered in Europe compared to the previous year. Western Europe further deepened its loss (-1.6%) while the new member states (+40.6%) positively contributed to the overall result.

#### **New buses & coaches registrations down by 8.4%**

New bus and coach registrations in Europe (EU21+EFTA) fell by 22.6% in September. The decrease was greater in the new member states (-30.7%) than in Western Europe (-22.1%). Cumulative figures showed a 8.4% drop after the first three quarters of the year.

\* "vans" stand for light commercial vehicles up to 3.5 tonnes

\*\* "trucks" stand for commercial vehicles over 3.5 tonnes (excluding buses & coaches)

# New PC Registrations Breakdown by Cubic Capacity, Power, 4x4, Diesel

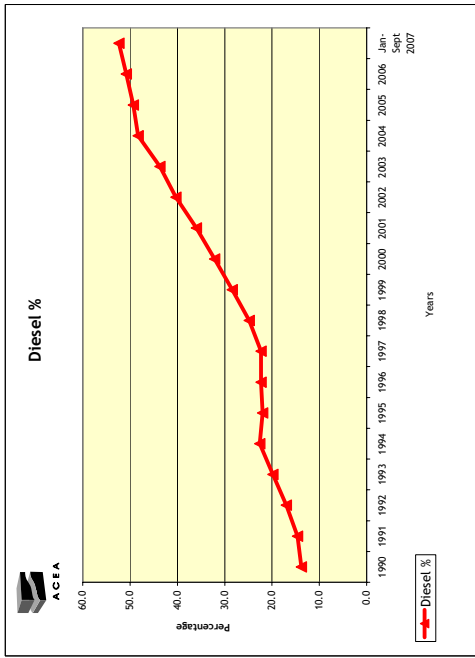
January – September 2007

	Sep. 2007					Jan. à Sep.2007				
	New Registrations	Average CC (cm3)	Average power (KW)	%Share		New Registrations	Average CC (cm3)	Average power (KW)	%Share	
				4X4	Diesel				4X4	Diesel
<b>Western Europe</b>	<b>1 333 124</b>	<b>1 739</b>	<b>87</b>	<b>9,95</b>	<b>50,40</b>	<b>11 378 172</b>	<b>1 738</b>	<b>86</b>	<b>9,57</b>	<b>52,33</b>
<b>EU</b>	<b>1 301 313</b>	<b>1 734</b>	<b>87</b>	<b>9,56</b>	<b>50,54</b>	<b>11 054 969</b>	<b>1 732</b>	<b>86</b>	<b>9,13</b>	<b>52,56</b>
Austria	21 932	1 751	84	13,53	57,46	231 457	1 771	85	14,45	58,85
Belgium	36 274	1 728	81	7,17	77,02	418 262	1 731	81	6,56	76,64
Denmark	12 500	1 643	81	2,74	34,22	114 599	1 653	82	3,58	32,03
Finland	9 826	1 869	96	14,04	31,29	108 711	1 847	95	13,24	27,70
France	148 164	1 651	78	6,38	74,36	1 523 361	1 676	80	6,61	73,60
Germany	265 473	1 836	94	10,24	47,23	2 340 492	1 867	96	10,19	47,17
Greece	19 369	1 561		11,27	3,15	228 267	1 544		11,02	2,78
Ireland	5 765	1 654	82	8,66	29,37	180 894	1 637	81	7,27	26,85
Italy	184 774	1 562	75	10,65	56,56	1 922 938	1 561	74	10,19	55,79
Luxembourg	3 816	1 954	102	12,76	78,25	40 846	1 977	103	12,53	76,67
Netherlands	40 581	1 684	83	6,60	26,41	414 254	1 704	84	6,99	27,43
Portugal	12 992	1 556	78	3,15	68,60	155 067	1 559	77	3,26	67,81
Spain	96 751	1 790	87	10,69	72,22	1 215 801	1 774	86	9,70	70,43
Sweden	23 806	1 976	105	14,20	34,65	219 505	1 959	104	14,68	30,62
United Kingdom	419 290	1 766	91	9,73	39,75	1 940 515	1 773	91	8,65	39,18
<b>EFTA</b>	<b>31 811</b>	<b>1 919</b>	<b>102</b>	<b>25,99</b>	<b>44,56</b>	<b>323 203</b>	<b>1 934</b>	<b>102</b>	<b>24,49</b>	<b>44,30</b>
Iceland	1 115			43,77	31,39	12 448			42,38	28,10
Norway	9 340	1 823	89	25,16	75,04	97 874	1 808	87	20,98	73,93
Switzerland	21 356	1 961	107	25,43	31,92	212 881	1 992	109	25,06	31,63

**New Passenger Car Registrations  
Breakdown by Specifications: Share of Diesel**

Diesel (%)	1980	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007
<b>AUSTRIA</b>	25.7	22.1	26.2	31.6	39.9	42.8	49.4	53.3	54.5	57.4	61.9	65.7	69.6	71.5	70.7	64.7	62.1	58.9
<b>BELGIUM</b>	32.7	30.8	31.8	36.9	42.4	46.8	45.7	49.8	52.2	54.3	56.3	62.6	64.3	68.2	70.0	72.6	74.5	76.6
<b>DENMARK</b>	4.1	2.6	2.4	2.7	2.7	2.9	3.0	4.7	4.7	9.4	13.2	17.8	20.2	22.7	24.0	23.8	26.3	32.0
<b>FINLAND</b>	5.2	4.9	5.0	7.8	5.6	6.7	13.5	14.6	15.3	15.7	16.6	16.6	15.6	15.2	15.5	17.0	20.2	27.7
<b>FRANCE</b>	33.0	38.4	39.0	45.5	47.6	46.5	39.2	41.8	40.2	44.1	48.0	56.2	63.2	67.4	69.2	69.1	71.4	73.6
<b>GERMANY</b>	9.8	11.8	14.8	14.6	16.6	14.5	15.0	14.9	17.6	22.4	30.3	34.5	37.9	39.9	44.0	42.0	44.2	47.2
<b>GREECE</b>																		
<b>IRELAND</b>	13.6	15.5	14.2	15.6	16.7	15.9	13.3	11.3	12.8	10.9	10.1	12.9	16.4	17.2	18.3	21.5	24.4	26.9
<b>ITALY</b>	7.3	5.7	7.6	8.4	9.1	9.9	16.5	17.5	22.5	29.4	33.6	36.6	43.4	48.7	58.0	58.3	58.2	55.8
<b>LUXEMBOURG</b>	21.3	16.7	25.1	27.6	28.1	28.5	32.4	35.2	38.8	42.0	50.4	58.2	61.9	65.9	72.5	75.4	77.4	76.7
<b>NETHERLANDS</b>	10.9	11.0	11.6	11.0	12.0	13.9	15.3	17.1	20.3	22.8	22.5	22.9	21.6	22.6	24.6	26.8	27.0	27.4
<b>PORTUGAL</b>	4.9	7.0	7.8	11.3	11.6	10.7	12.6	16.9	18.8	20.9	24.2	28.4	34.6	44.9	56.6	63.3	65.2	67.8
<b>SPAIN</b>	14.2	12.8	16.6	23.2	27.5	33.6	37.5	42.2	47.8	50.6	53.1	52.5	57.1	60.9	65.4	67.8	68.2	70.4
<b>SWEDEN</b>	0.6	0.9	0.8	3.1	3.2	2.7	5.2	7.6	11.0	7.2	6.3	5.6	7.0	7.7	8.0	9.7	19.4	30.6
<b>UNITED KINGDOM</b>	6.4	8.7	12.5	19.0	21.7	20.2	17.8	16.1	15.3	13.8	14.1	17.8	23.5	27.3	32.5	36.8	38.3	39.2
<b>EUROPEAN UNION (15)</b>																		
<b>ICELAND</b>																		
<b>NORWAY</b>	2.6	6.4	10.8	14.5	9.7	6.0	7.2	6.2	6.7	8.2	9.0	13.3	17.5	23.3	28.1	39.2	48.7	73.9
<b>SWITZERLAND</b>	3.0	2.7	3.1	3.5	4.7	4.2	4.7	5.1	5.9	6.8	9.3	13.4	18.0	21.7	25.9	28.3	30.0	31.6
<b>EFTA</b>																		
<b>WEST EUROPE</b>	13.8	14.6	17.0	19.8	22.6	22.0	22.3	22.3	24.8	28.4	32.1	36.0	40.3	43.7	48.3	49.3	50.8	52.3

Source: AAA (Association Auxiliaire de l'Automobile)



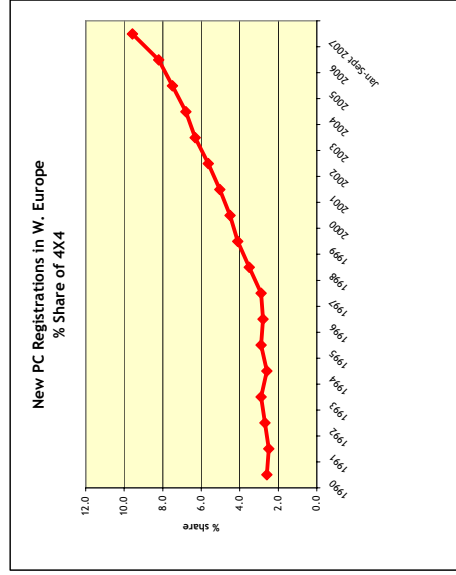
VOLUMES (Total New Registrations)	1980	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007
<b>AUSTRIA</b>	288,618	303,723	320,084	285,157	273,663	279,610	307,645	275,001	295,865	314,182	309,427	283,528	279,493	300,121	311,292	307,915	308,516	231,547
<b>BELGIUM</b>	473,506	462,125	466,195	375,409	387,348	358,868	397,359	396,240	452,129	489,621	516,204	488,683	467,569	458,796	484,757	479,433	525,544	418,599
<b>DENMARK</b>	80,654	83,685	83,679	82,013	139,680	135,773	142,430	162,084	159,773	143,706	112,686	96,173	111,585	96,083	121,490	146,672	152,844	117,905
<b>FINLAND</b>	139,095	92,483	66,547	55,836	67,201	80,033	95,830	104,507	125,571	136,324	134,646	109,487	116,877	147,222	142,439	147,949	145,886	108,887
<b>FRANCE</b>	2,309,130	2,031,274	2,105,700	1,721,222	1,872,919	1,930,504	2,132,091	1,713,030	1,943,553	2,148,423	2,133,884	2,254,732	2,145,077	2,009,246	2,013,709	2,067,789	2,000,549	1,523,367
<b>GERMANY</b>	3,349,788	4,158,674	3,929,568	3,194,204	3,209,224	3,314,003	3,496,320	3,528,179	3,735,987	3,376,343	3,376,343	3,252,898	3,236,938	3,266,825	3,320,147	3,467,961	3,467,961	2,340,492
<b>GREECE</b>	115,480	167,737	197,338	147,789	109,544	124,686	139,821	159,867	180,145	261,711	290,222	280,214	268,489	257,293	289,691	269,728	267,660	228,290
<b>IRELAND</b>	82,584	67,491	68,159	64,161	80,402	86,927	115,199	136,663	145,725	174,242	230,989	164,730	156,125	145,223	154,136	171,732	178,844	180,837
<b>ITALY</b>	2,347,443	2,340,716	2,374,776	1,890,073	1,654,660	1,704,910	1,736,047	2,408,761	2,373,904	2,340,140	2,415,600	2,413,455	2,279,612	2,246,135	2,264,888	2,234,174	2,321,087	1,922,938
<b>LUXEMBOURG</b>	38,422	43,065	37,248	29,674	29,082	28,029	29,980	31,418	35,928	40,476	41,896	42,833	43,403	43,620	48,234	48,517	50,487	40,514
<b>NETHERLANDS</b>	502,732	490,350	492,059	391,869	433,983	446,388	471,980	478,318	543,074	611,536	597,640	530,231	510,702	488,843	483,745	465,184	483,890	415,966
<b>PORTUGAL</b>	210,924	228,554	275,972	242,671	233,312	201,437	215,009	213,633	246,398	272,871	257,834	255,215	228,092	189,792	197,645	203,443	194,683	155,069
<b>SPAIN</b>	968,170	886,983	982,104	743,901	909,682	825,533	911,117	1,014,077	1,192,843	1,406,911	1,381,515	1,425,573	1,331,877	1,383,098	1,517,286	1,528,849	1,499,032	1,215,807
<b>SWEDEN</b>	229,941	188,308	154,173	124,434	156,375	169,756	183,820	225,263	253,430	295,249	290,529	246,581	254,589	261,206	264,246	274,301	282,766	219,505
<b>UNITED KINGDOM</b>	2,008,934	1,592,326	1,693,601	1,778,426	1,910,933	1,945,366	2,025,450	2,170,725	2,247,403	2,197,615	2,221,670	2,458,769	2,563,631	2,579,050	2,567,269	2,439,717	2,344,864	1,940,515
<b>EUROPEAN UNION (15)</b>	13,165,421	13,137,494	13,150,203	11,126,839	11,568,008	11,631,823	12,403,108	13,007,766	13,933,908	14,635,183	14,312,085	14,401,922	14,006,913	13,842,666	14,127,452	14,105,550	14,224,413	11,224,413
<b>ICELAND</b>																		
<b>NORWAY</b>	61,901	54,254	59,364	60,822	65,067	70,500	124,984	127,737	172,815	101,278	97,376	91,916	86,721	89,921	115,645	109,907	109,164	97,874
<b>SWITZERLAND</b>	329,899	313,368	289,136	259,443	268,037	272,030	272,895	272,815	296,945	316,641	316,519	316,641	295,065	270,309	269,385	264,413	269,900	213,539
<b>EFTA</b>	391,800	387,622	348,500	320,285	353,104	362,530	397,889	400,552	428,515	433,531	427,464	415,802	390,729	370,115	396,988	392,382	396,433	323,860
<b>WEST EUROPE</b>	13,557,221	13,505,116	13,498,703	11,447,104	11,921,112	11,994,353	12,800,997	13,408,318	14,362,423	15,068,714	14,739,549	14,817,724	14,398,742	14,212,781	14,524,450	14,497,932	14,620,846	11,224,413



**New Passenger Car Registrations in W.Europe  
Breakdown by Specifications: Share of 4x4 (%)**

4x4 (%)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007
<b>AUSTRIA</b>	7.1	6.0	6.0	5.9	4.9	5.7	6.6	6.5	5.5	6.5	6.9	6.6	7.9	8.8	10.3	12.5	13.6	14.5
<b>BELGIUM</b>	1.8	1.9	2.4	2.6	2.3	2.2	1.9	2.0	2.3	2.7	2.7	3.3	4.2	4.7	5.1	5.1	5.6	6.6
<b>DENMARK</b>	0.4	0.3	0.2	0.2	0.2	0.1	0.4	0.5	0.5	0.7	0.7	0.8	1.2	1.5	2.0	2.5	4.2	3.6
<b>FINLAND</b>	4.8	4.6	3.9	1.9	0.5	0.9	1.1	1.4	2.2	2.1	3.5	3.0	3.8	4.8	6.1	8.6	11.1	13.2
<b>FRANCE</b>	1.1	1.1	1.1	1.2	1.3	1.5	1.5	1.8	2.1	2.9	3.5	4.1	4.5	5.1	5.6	6.3	6.5	6.6
<b>GERMANY</b>	3.2	2.7	3.2	3.6	3.0	3.5	3.1	3.1	3.6	4.4	5.0	5.2	7.3	7.1	7.7	8.0	9.1	10.2
<b>GREECE</b>																		
<b>IRELAND</b>	0.1	0.1	0.2	0.9	1.1	1.2	0.8	1.1	1.8	2.0	2.5	3.4	4.0	4.5	5.5	6.4	6.8	7.3
<b>ITALY</b>	3.1	3.2	3.0	2.9	2.6	2.7	2.8	2.8	3.6	4.7	4.8	5.2	6.3	6.3	6.3	7.8	9.6	10.2
<b>LUXEMBOURG</b>	3.2	0.7	3.9	4.0	4.4	4.6	4.5	5.2	5.8	6.8	6.3	6.7	8.2	10.1	10.9	10.1	12.1	12.5
<b>NETHERLANDS</b>	0.7	0.4	0.5	0.6	0.6	0.8	0.8	1.1	1.6	2.4	2.5	3.2	3.5	4.1	4.6	5.4	5.7	7.0
<b>PORTUGAL</b>	0.4	0.4	0.5	0.4	0.2	0.4	0.2	0.1	0.3	0.3	0.3	3.4	1.8	2.1	2.2	2.4	2.8	3.3
<b>SPAIN</b>	0.8	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.4	0.4	0.3	0.5	0.3	0.8	0.8	0.9	1.2	9.7
<b>SWEDEN</b>	1.9	1.6	1.6	1.5	2.0	2.3	3.0	3.1	4.5	5.1	6.9	7.3	8.8	10.7	12.1	12.7	13.5	14.7
<b>UNITED KINGDOM</b>	2.3	2.7	3.3	3.8	4.1	4.5	4.3	4.3	5.0	5.3	5.5	6.5	6.5	6.8	7.6	8.5	8.9	8.7
<b>EUROPEAN UNION (15)</b>																		
<b>ICELAND</b>																		
<b>NORWAY</b>	0.6	0.8	1.3	2.4	1.9	1.9	3.8	3.8	6.0	8.5	8.8	11.1	11.0	13.8	17.0	20.5	21.3	21.0
<b>SWITZERLAND</b>	14.7	14.3	14.3	13.9	12.4	12.7	11.8	12.3	13.0	16.6	17.4	19.0	18.9	19.6	20.4	22.1	24.7	26.1
<b>EFTA</b>																		
<b>WEST. EUROPE</b>	2.6	2.5	2.7	2.9	2.6	2.9	2.8	2.9	3.5	4.1	4.5	5.0	5.6	6.3	6.8	7.5	8.2	9.6

Source: AAA (Association Auxiliaire de l'Automobile)



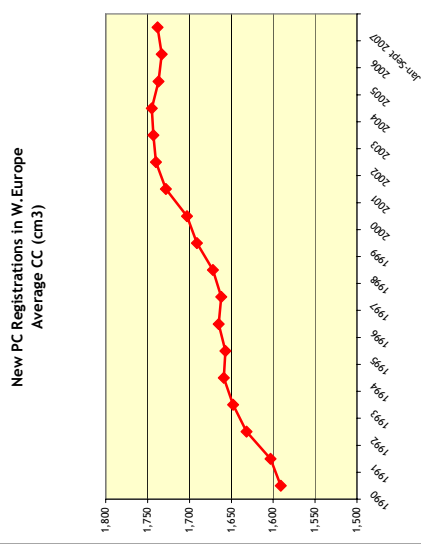
VOLUMES (Total New Registrations)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007
<b>AUSTRIA</b>	288,618	303,723	320,094	285,157	273,663	279,610	307,645	275,001	295,865	314,182	309,427	283,528	279,483	300,121	311,292	307,915	308,516	231,541
<b>BELGIUM</b>	473,506	462,125	466,195	375,409	387,346	358,868	397,359	396,240	452,129	488,621	515,204	488,683	467,569	458,796	484,757	479,433	525,544	418,599
<b>DENMARK</b>	80,654	83,685	83,679	82,013	139,680	135,773	142,430	152,084	159,773	143,706	112,686	96,173	111,585	96,083	121,490	146,672	152,844	117,905
<b>FINLAND</b>	139,095	92,483	68,547	58,836	67,201	80,033	95,830	104,507	125,751	136,324	134,646	109,487	116,871	147,222	142,439	147,949	145,686	108,687
<b>FRANCE</b>	2,031,274	2,105,700	1,721,222	1,972,919	1,890,504	2,132,091	3,496,320	3,528,179	3,735,987	3,802,176	3,378,343	3,341,718	3,252,898	2,009,246	2,013,709	2,067,789	2,000,549	1,523,361
<b>GERMANY</b>	3,349,788	4,158,674	3,929,568	3,194,204	3,209,224	3,314,003	3,496,320	3,528,179	3,735,987	3,802,176	3,378,343	3,341,718	3,252,898	3,236,938	3,286,825	3,320,147	3,467,961	2,340,492
<b>GREECE</b>	115,480	167,737	197,338	147,789	109,544	124,686	139,821	159,867	180,145	261,711	290,222	280,214	265,489	257,293	289,691	269,728	267,660	228,290
<b>IRELAND</b>	82,584	67,491	68,159	64,161	80,402	86,927	115,199	136,663	145,725	174,242	230,989	164,730	156,125	145,223	154,136	171,732	178,844	180,837
<b>ITALY</b>	2,347,443	2,340,716	2,374,776	1,890,073	1,654,860	1,704,910	1,736,047	2,408,761	2,373,904	2,340,140	2,415,600	2,413,455	2,279,612	2,246,135	2,284,688	2,234,174	2,321,087	1,922,938
<b>LUXEMBOURG</b>	38,422	43,065	37,248	29,674	29,082	28,029	29,980	31,418	35,928	40,476	41,896	42,833	43,403	43,620	48,234	48,517	50,487	40,514
<b>NETHERLANDS</b>	502,732	490,350	492,059	391,869	433,983	446,388	471,990	478,318	543,074	611,536	597,640	530,231	510,702	488,843	483,745	465,184	483,890	415,386
<b>PORTUGAL</b>	210,924	228,554	276,972	242,671	233,312	201,437	218,009	213,633	248,398	272,871	257,834	255,215	225,092	189,792	197,645	203,443	194,663	155,069
<b>SPAIN</b>	988,170	886,983	982,104	743,901	909,882	825,533	911,117	1,014,077	1,192,843	1,406,911	1,381,515	1,425,573	1,331,877	1,383,098	1,517,286	1,528,849	1,499,032	1,215,801
<b>SWEDEN</b>	229,941	188,308	154,173	124,434	156,375	168,756	183,820	225,263	253,430	295,249	290,529	246,581	254,589	281,206	284,246	274,301	282,766	219,505
<b>UNITED KINGDOM</b>	2,008,934	1,592,326	1,593,601	1,778,426	1,910,933	1,945,366	2,025,450	2,170,725	2,247,403	2,197,615	2,221,670	2,458,769	2,563,631	2,579,050	2,567,269	2,439,717	2,344,864	1,940,515
<b>EUROPEAN UNION (15)</b>	13,165,421	13,137,941	13,150,203	11,126,839	11,568,008	11,631,823	12,403,108	13,007,766	13,933,908	14,635,183	14,312,085	14,401,922	14,008,013	13,842,666	14,127,452	14,105,550	14,224,413	11,059,440
<b>ICELAND</b>																		
<b>NORWAY</b>	61,901	54,254	59,364	60,822	85,067	90,500	124,994	127,737	117,977	101,278	97,376	91,916	88,721	89,921	115,645	109,907	109,164	97,874
<b>SWITZERLAND</b>	329,899	313,968	289,136	269,443	268,037	272,300	272,895	272,815	296,945	316,876	316,519	316,641	316,641	270,309	269,385	264,413	269,900	213,538
<b>EFTA</b>	391,800	367,222	348,500	320,265	353,104	363,530	397,869	400,552	428,515	433,531	427,484	415,802	390,729	370,115	396,998	392,982	396,433	323,860
<b>WEST. EUROPE</b>	13,557,221	13,505,116	13,498,703	11,447,104	11,921,112	11,994,353	12,800,997	13,408,318	14,362,423	15,066,714	14,739,549	14,817,724	14,398,742	14,212,761	14,524,450	14,497,932	14,620,846	11,385,300



**New Passenger Car Registrations in W. Europe  
Breakdown by Specifications: Average Cubic Capacity (cm3)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007		
<b>Average CC (cm3)</b>																				
AUSTRIA	1,718	1,732	1,726	1,728	1,752	1,747	1,771	1,797	1,799	1,826	1,841	1,846	1,850	1,849	1,810	1,776	1,768	1,771	1,771	
BELGIUM	1,624	1,631	1,676	1,714	1,741	1,745	1,741	1,739	1,743	1,748	1,749	1,763	1,770	1,770	1,761	1,735	1,721	1,711	1,731	
DENMARK	1,606	1,632	1,638	1,639	1,602	1,613	1,626	1,643	1,644	1,648	1,675	1,794	1,767	1,769	1,804	1,816	1,836	1,847	1,847	
FINLAND	1,567	1,568	1,599	1,654	1,646	1,635	1,601	1,653	1,648	1,678	1,704	1,748	1,757	1,754	1,724	1,695	1,666	1,676	1,676	
GERMANY	1,758	1,729	1,776	1,772	1,771	1,742	1,755	1,760	1,759	1,775	1,816	1,825	1,844	1,852	1,863	1,844	1,851	1,867	1,867	
GREECE																				
IRELAND	1,432	1,435	1,462	1,483	1,507	1,504	1,466	1,458	1,506	1,455	1,447	1,526	1,563	1,569	1,592	1,604	1,624	1,637	1,637	
ITALY	1,337	1,353	1,392	1,398	1,428	1,447	1,493	1,431	1,461	1,513	1,528	1,557	1,585	1,581	1,587	1,579	1,577	1,561	1,561	
LUXEMBOURG	1,706	1,543	1,804	1,835	1,870	1,858	1,870	1,883	1,896	1,902	1,912	1,940	1,951	1,970	1,961	1,963	1,964	1,977	1,977	
NETHERLANDS	1,591	1,600	1,640	1,619	1,629	1,641	1,643	1,661	1,656	1,650	1,662	1,701	1,687	1,714	1,711	1,720	1,699	1,704	1,704	
PORTUGAL	1,244	1,262	1,282	1,318	1,327	1,328	1,347	1,372	1,387	1,405	1,432	1,482	1,490	1,489	1,523	1,524	1,537	1,559	1,559	
SPAIN	1,557	1,563	1,619	1,638	1,607	1,620	1,640	1,670	1,703	1,721	1,744	1,748	1,753	1,744	1,744	1,726	1,710	1,710	1,710	
SWEDEN	1,950	1,979	2,012	2,031	2,048	2,044	2,003	1,959	1,922	1,927	1,912	1,967	1,972	1,984	1,988	1,990	1,972	1,959	1,959	
UNITED KINGDOM	1,604	1,606	1,617	1,650	1,668	1,678	1,690	1,709	1,708	1,697	1,681	1,700	1,705	1,725	1,752	1,771	1,775	1,773	1,773	
<b>EUROPEAN UNION (15)</b>																				
ICELAND																				
NORWAY	1,919	1,935	1,950	1,943	1,950	1,954	1,948	1,952	1,949	1,957	1,951	1,971	1,974	1,996	2,001	1,992	2,000	1,992	1,992	
SWITZERLAND	1,919	1,935	1,950	1,943	1,950	1,954	1,948	1,952	1,949	1,957	1,951	1,971	1,974	1,996	2,001	1,992	2,000	1,992	1,992	
EFTA	1,919	1,935	1,950	1,943	1,950	1,954	1,948	1,952	1,949	1,957	1,951	1,971	1,974	1,996	2,001	1,992	2,000	1,992	1,992	
<b>WEST. EUROPE</b>	<b>1,591</b>	<b>1,603</b>	<b>1,632</b>	<b>1,648</b>	<b>1,659</b>	<b>1,657</b>	<b>1,665</b>	<b>1,662</b>	<b>1,672</b>	<b>1,691</b>	<b>1,703</b>	<b>1,728</b>	<b>1,740</b>	<b>1,743</b>	<b>1,745</b>	<b>1,737</b>	<b>1,733</b>	<b>1,733</b>	<b>1,733</b>	

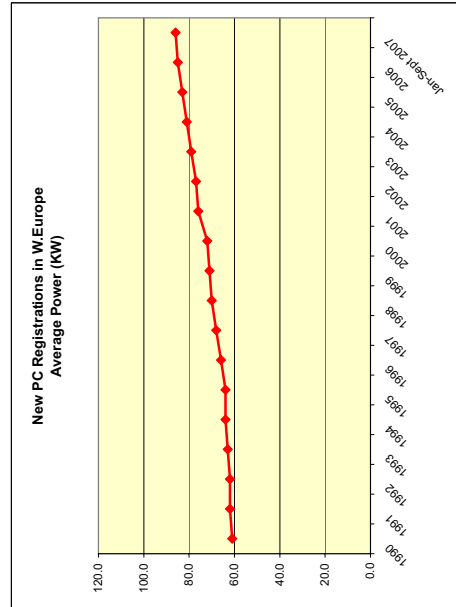
Source: AAA (Association Auxiliaire de l'Automobile)



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007	
<b>VOLUMES (Total New PC Registrations)</b>																			
AUSTRIA	288,618	303,723	320,094	285,157	273,663	279,610	307,645	275,001	285,865	314,182	309,427	293,528	279,493	300,121	311,292	307,915	308,516	231,547	231,547
BELGIUM	473,506	462,125	466,195	375,409	387,348	358,868	397,359	396,240	452,129	489,621	515,204	488,663	467,569	458,796	484,757	479,433	525,544	418,599	418,599
DENMARK	80,654	83,685	83,679	82,013	139,680	135,773	142,430	152,084	159,773	143,706	112,686	96,173	111,585	96,083	121,490	146,672	152,844	117,905	117,905
FINLAND	139,095	92,485	68,547	55,836	67,201	80,033	95,830	104,507	125,751	136,324	134,646	109,487	116,877	147,222	142,439	147,949	145,686	108,687	108,687
FRANCE	2,309,130	2,031,274	2,105,700	1,721,222	1,972,919	1,930,504	2,132,091	1,713,030	1,943,553	2,148,423	2,133,684	2,254,732	2,145,071	2,009,246	2,013,709	2,067,789	2,000,549	1,523,361	1,523,361
GERMANY	3,349,788	4,158,674	3,929,558	3,194,204	3,209,224	3,314,003	3,496,320	3,528,179	3,735,987	3,802,176	3,378,343	3,341,718	3,252,898	3,236,938	3,266,825	3,320,147	3,467,961	2,340,492	2,340,492
GREECE	115,480	167,737	197,338	147,789	109,544	124,686	139,921	159,867	180,145	261,711	290,222	280,214	288,489	257,293	289,691	269,728	267,660	228,290	228,290
IRELAND	82,584	67,491	68,159	64,161	80,402	86,927	115,198	136,663	145,725	174,242	230,989	164,730	156,125	145,223	154,136	171,732	178,844	180,837	180,837
ITALY	2,347,443	2,340,716	2,374,776	1,890,073	1,654,660	1,704,910	1,736,047	2,408,761	2,373,904	2,340,140	2,415,600	2,413,455	2,279,612	2,246,135	2,264,688	2,234,174	2,321,087	1,922,938	1,922,938
LUXEMBOURG	38,422	43,065	37,248	29,674	29,082	28,029	29,980	31,418	35,928	40,476	41,896	42,833	43,403	43,620	48,234	48,517	50,487	40,514	40,514
NETHERLANDS	502,732	490,350	492,059	391,869	433,983	446,388	471,909	478,318	543,074	611,536	597,640	530,231	510,702	488,843	483,745	465,184	483,800	415,366	415,366
PORTUGAL	210,924	228,554	276,972	243,671	233,312	201,437	218,009	213,633	248,398	272,871	257,834	255,215	226,092	189,792	197,645	203,443	194,883	155,069	155,069
SPAIN	988,170	866,983	692,104	743,901	909,692	825,533	611,117	1,014,071	1,192,843	1,406,911	1,381,515	1,426,573	1,331,877	1,383,098	1,517,266	1,528,849	1,489,032	1,215,801	1,215,801
SWEDEN	229,941	186,308	154,173	124,434	156,375	169,796	183,620	225,263	253,430	285,249	246,581	246,589	264,246	261,206	274,301	282,766	274,301	219,903	219,903
UNITED KINGDOM	2,006,934	1,923,326	1,993,601	1,776,426	1,910,933	1,945,366	2,025,450	2,170,723	2,247,403	2,197,615	2,221,670	2,456,581	2,565,631	2,579,050	2,567,629	2,439,717	2,344,661	1,940,915	1,940,915
<b>EUROPEAN UNION (15)</b>	<b>13,165,421</b>	<b>13,137,494</b>	<b>13,150,203</b>	<b>11,726,839</b>	<b>11,568,008</b>	<b>11,631,823</b>	<b>12,403,108</b>	<b>13,007,766</b>	<b>13,933,908</b>	<b>14,635,183</b>	<b>14,401,922</b>	<b>14,408,013</b>	<b>13,842,666</b>	<b>14,127,452</b>	<b>14,105,559</b>	<b>14,105,559</b>	<b>14,224,413</b>	<b>11,059,440</b>	<b>11,059,440</b>
ICELAND																			
NORWAY	61,901	54,254	59,364	60,822	65,067	90,500	124,994	127,737	117,977	117,376	91,916	88,721	89,921	89,921	115,645	109,907	109,164	97,874	97,874
SWITZERLAND	329,899	313,368	289,136	259,443	272,030	272,895	272,815	272,815	286,945	316,876	316,641	316,641	295,065	270,309	269,385	264,413	269,900	213,538	213,538
EFTA	391,800	367,622	348,500	320,265	353,104	362,530	397,889	400,552	428,515	433,531	427,464	415,802	390,729	370,115	396,998	392,382	396,433	323,860	323,860
<b>WEST. EUROPE</b>	<b>13,657,221</b>	<b>13,505,116</b>	<b>13,498,703</b>	<b>11,447,104</b>	<b>11,921,112</b>	<b>11,994,353</b>	<b>12,800,997</b>	<b>13,408,318</b>	<b>14,362,423</b>	<b>15,068,714</b>	<b>14,739,549</b>	<b>14,817,724</b>	<b>14,398,742</b>	<b>14,212,781</b>	<b>14,524,450</b>	<b>14,487,932</b>	<b>14,620,846</b>	<b>11,363,300</b>	<b>11,363,300</b>

**New Passenger Car Registrations in W.Europe  
Breakdown by Specifications: Average Power (KW)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007	
<b>Average Power (KW)</b>																			
AUSTRIA	62.0	65	64	64	64	64	65	67	70	71	73	73	75	77	79	80	83	85	
BELGIUM	57.0	59	62	63	63	64	64	65	66	67	68	68	73	74	76	77	78	81	
DENMARK	65.0	68	67	68	66	67	69	71	72	73	74	74	78	78	78	78	82	82	
FINLAND	55.0	55	57	57	56	56	57	61	63	65	67	67	73	74	75	76	77	80	
GERMANY	68.0	66	68	68	69	69	71	74	76	78	81	84	84	85	89	90	93	96	
GREECE	53.0	53	55	58	59	58	58	58	63	63	63	63	68	71	74	76	78	81	
IRELAND	52.0	54	54	54	57	59	61	58	60	62	63	65	68	68	70	72	74	74	
ITALY	65.0	58	69	72	73	75	76	79	81	82	84	87	89	92	93	96	99	103	
LUXEMBOURG	59.0	60	62	63	64	65	66	68	69	69	71	71	76	77	79	80	82	84	
NETHERLANDS	47.0	48	49	50	50	51	53	56	58	59	61	64	66	66	69	72	74	77	
PORTUGAL	60.0	63	63	63	59	58	60	61	63	65	67	72	72	72	77	80	81	86	
SPAIN	81.0	84	87	88	90	92	91	91	91	93	95	101	101	103	104	103	104	104	
SWEDEN	64.0	65	65	65	66	68	70	73	75	76	76	78	79	79	84	84	87	89	
UNITED KINGDOM																			
EUROPEAN UNION (15)																			
ICELAND																			
NORWAY																			
SWITZERLAND																			
EFTA																			
WEST EUROPE																			



Source: AAA (Association Auxiliaire de l'Automobile)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan-Sept 2007
<b>VOLUMES (Total New PC Registrations)</b>																		
AUSTRIA	288,518	303,723	320,094	285,157	273,863	276,610	307,645	275,031	295,865	314,192	309,427	293,528	276,438	300,121	311,292	307,915	308,516	231,547
BELGIUM	473,906	462,125	466,195	375,019	387,348	358,988	387,359	386,240	452,129	489,021	515,204	488,083	467,568	486,786	484,757	478,433	525,844	416,599
DENMARK	138,095	83,669	83,679	82,013	139,980	135,773	142,430	152,084	159,773	143,706	12,886	96,173	115,595	143,672	121,430	145,672	132,844	177,905
FINLAND	2,091,130	2,051,274	2,105,700	1,721,222	1,972,919	1,930,504	2,132,091	1,713,030	1,945,653	2,146,423	2,338,884	2,234,732	2,145,071	2,089,246	2,013,709	2,067,769	2,000,549	1,523,367
GERMANY	3,349,788	4,159,674	3,929,558	3,194,204	3,209,224	3,314,003	3,496,320	3,528,179	3,735,997	3,602,176	3,788,343	3,341,716	3,252,888	3,266,025	3,266,025	3,320,147	3,467,961	2,340,492
GREECE	115,480	167,737	197,338	147,789	109,944	124,666	139,821	138,887	160,149	261,711	280,222	280,214	266,469	257,293	269,091	269,728	267,660	180,637
IRELAND	82,594	67,491	66,159	64,161	80,402	86,927	115,999	138,663	145,729	174,242	230,969	164,730	155,123	145,223	194,138	171,732	178,644	160,637
ITALY	2,347,443	2,340,716	2,374,776	1,890,073	1,694,680	1,704,910	1,736,047	2,408,761	2,373,904	2,340,140	2,415,605	2,413,465	2,279,612	2,246,135	2,264,088	2,234,174	2,321,087	1,922,938
LUXEMBOURG	38,422	43,065	37,248	29,674	29,082	28,029	29,960	31,418	35,928	40,476	41,896	42,833	43,403	43,620	48,234	46,517	50,467	40,914
NETHERLANDS	502,732	490,350	492,059	391,869	433,983	446,388	471,990	478,316	543,074	611,536	597,640	530,231	510,702	488,843	463,745	465,194	483,890	475,386
PORTUGAL	210,924	228,554	276,972	242,671	235,312	201,437	216,009	213,633	246,399	272,871	257,834	255,215	228,092	189,792	197,645	203,443	194,663	135,069
SPAIN	988,170	886,963	982,104	743,901	909,682	825,533	911,117	1,014,077	1,192,843	1,406,911	1,381,515	1,425,573	1,331,877	1,383,098	1,577,286	1,528,849	1,499,032	1,215,807
SWEDEN	229,941	168,308	154,173	124,434	156,375	169,798	163,820	225,263	253,430	295,249	290,529	246,581	254,589	261,206	264,246	274,301	282,766	219,505
UNITED KINGDOM	2,008,594	1,592,326	1,593,601	1,778,426	1,910,833	1,945,386	2,025,450	2,170,728	2,247,403	2,197,615	2,221,670	2,458,769	2,563,631	2,563,631	2,567,269	2,439,917	2,344,864	1,940,915
EUROPEAN UNION (15)	13,165,421	13,137,494	13,150,203	11,126,839	11,588,008	11,631,823	12,403,108	13,007,766	13,933,908	14,635,183	14,407,085	14,407,922	14,008,013	14,127,452	14,127,452	14,105,550	14,224,413	11,059,440
ICELAND																		
NORWAY	61,901	54,254	59,364	60,822	85,067	90,500	124,984	127,737	133,593	153,377	132,669	7,245	6,943	9,885	11,968	18,062	17,369	12,448
SWITZERLAND	329,899	313,368	289,136	259,443	268,037	272,030	272,895	272,815	296,945	316,876	316,519	316,641	295,065	270,309	269,385	264,413	269,900	213,538
EFTA	391,800	367,622	348,500	320,265	353,104	362,530	397,889	400,552	428,515	433,531	427,464	416,602	390,729	370,115	386,398	392,382	396,433	323,660
WEST EUROPE	13,557,221	13,505,116	13,498,703	11,447,104	11,921,112	11,994,353	12,800,997	13,408,318	14,362,423	15,068,714	14,739,549	14,817,724	14,398,742	14,212,781	14,524,450	14,497,932	14,620,846	11,393,300



ACEA



## New Passenger Car Registrations - Breakdown by Segments and Bodies

Years	Passenger cars in W.Europe: breakdown by segments						Passenger cars in W.Europe: breakdown by bodies								
	Total Market	Small	Lower-Medium	Upper-Medium	Executive	Others	Unknown	Total Market	Saloons	Estates	Coupes	Convertibles	Mono-spaces (1)	Others	Unknown
Jan-Sept 2007	12,249,712	37.4	32.3	16.1	13.9	0.1	0.1	12,249,712	56.8	11.5	1.5	3.0	17.6	9.5	0.2
2006	14,620,864	35.2	32.9	12.4	10.9	8.5	0.1	14,620,864	57.3	13.0	1.2	2.7	18.3	7.4	0.2
2005	14,497,932	32.9	34.9	13.1	10.9	7.9	0.1	14,497,932	57.3	13.0	1.1	2.8	18.9	6.6	0.2
2004	14,524,450	33.9	34.9	13.1	10.9	7.9	0.1	14,524,450	57.3	13.1	1.1	2.8	18.9	6.6	0.2
2003	14,212,781	34.2	32.4	13.7	12.9	6.6	0.1	14,212,781	62.2	13.2	1.4	2.5	14.5	5.4	0.7
2002	13,999,372	32.7	33.9	14.8	12.7	5.7	0.1	13,999,372	65.9	12.5	1.7	2.0	12.7	5.2	0.1
2001	14,418,763	32.8	33.8	15.9	12.6	4.9	0.1	14,418,763	66.2	12.1	1.9	1.9	2.3	15.6	0.1
2000	14,312,085	32.7	34.2	15.7	12.7	4.6	0.1	14,312,085	67.5	12.6	2.2	1.5	2.3	13.8	0.1
1999	14,635,183	31.3	33.9	17.8	12.5	4.5	0.1	14,635,183	71.5	14.4	2.2	1.4	5.8	4.6	0.1
1998	13,933,908	31.1	33.2	18.9	12.9	3.8	0.1	13,933,908	73.4	14.4	2.0	1.5	4.6	3.9	0.1
1997	13,007,766	32.6	31.6	19.3	13.2	3.2	0.1	13,007,766	75.8	13.0	1.9	1.7	4.0	3.5	0.1
1996	12,403,108	32.3	32.3	18.8	13.6	2.9	0.2	12,403,108	79.3	11.1	2.1	1.4	2.5	3.5	0.2
1995	11,631,823	32.9	31.4	18.7	14.0	2.9	0.1	11,631,823	80.6	10.6	2.2	1.3	1.7	3.5	0.1
1994	11,568,008	31.9	31.6	20.0	13.1	2.7	0.7								
1993*	11,126,839	31.1	28.0	32.5	12.7	3.0	0.7								
1992*	13,150,203	31.6	30.7	21.7	12.5	2.7	0.8								
1991*	13,137,494	32.2	27.9	22.9	13.2	2.6	1.2								
1990*	13,165,421	30.4	27.7	22.9	13.0	2.4	2.7								

Source: Association Auxiliaire de l'Automobile (AAA)

NOTE: W.Europe includes: EU-15 countries + EFTA countries (Iceland, Norway, Switzerland).

\*Market shares (%) from 1990 to 1993 do not include shares from Finland, Norway and Sweden, but do include shares from Switzerland

(1) In 2002 there was a change in the definition of the monospace segment. This category now includes 'classic' monospaces, 'compact' monospaces and minispaces.

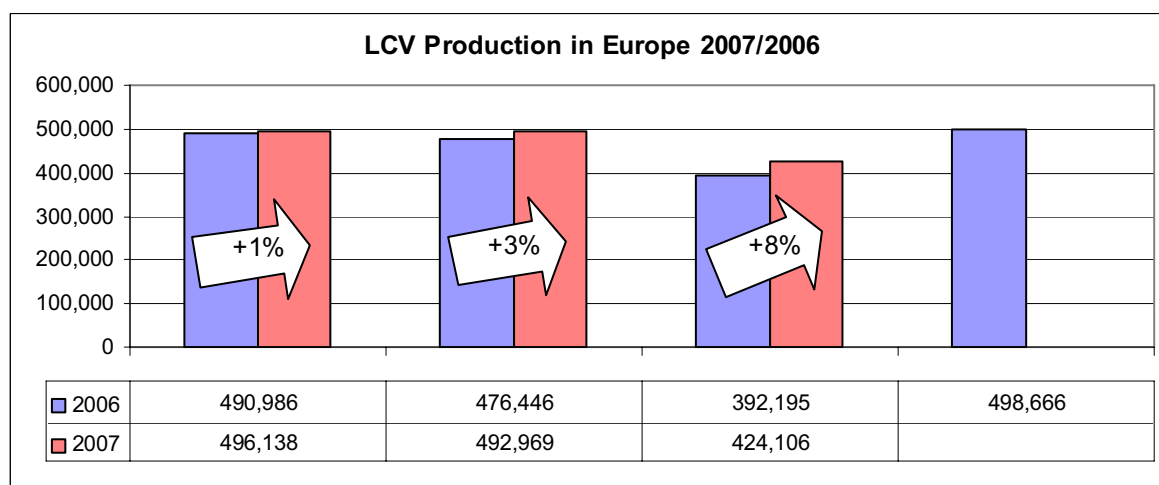
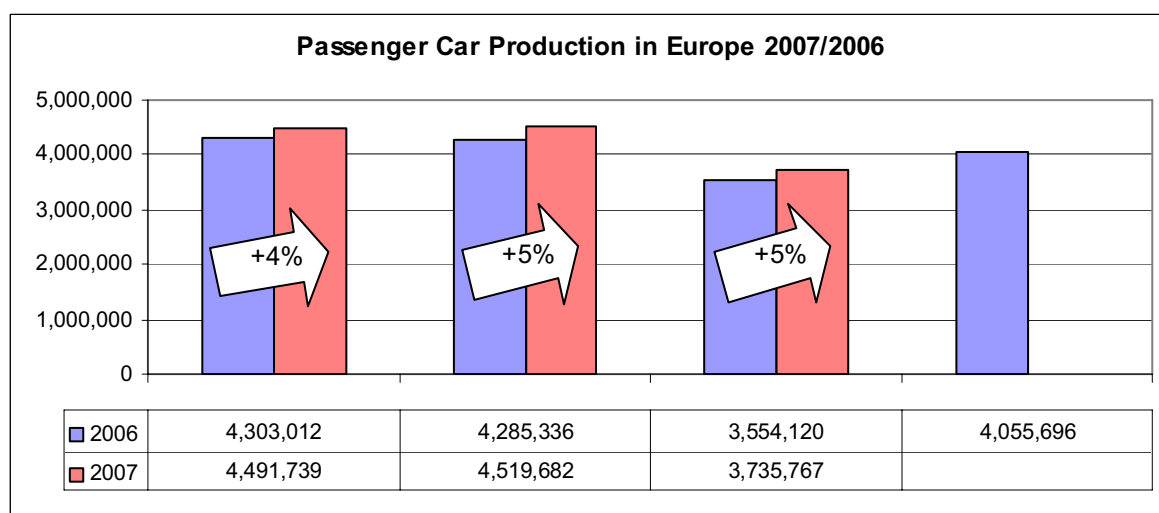


## Production of new motor vehicles in the EU27 (January-September 2007)

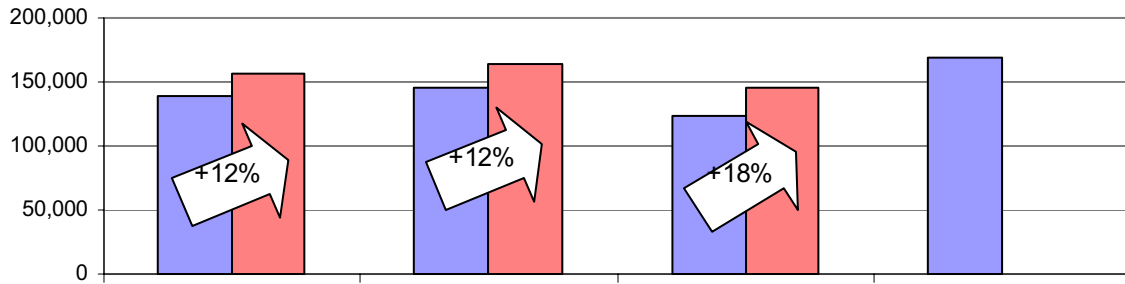
First three quarters of 2007 showed a dynamic evolution in the production of motor vehicles. In total, 14,6 million vehicles were produced in the enlarged Europe between January and September 2007, a 5.1% improvement with regard to the previous year. Passenger cars accounted for 87% of the whole production, also increasing by 5% compared with the same period in 2006. A particularly solid growth was noted in the truck sector (+13.8%) thanks to a booming demand on the European markets. The production of light commercial vehicles also went up (+3.9%) whereas the production of buses declined by more than 25%.

New EU member states, including Bulgaria and Romania, accounted for 15% of EU motor vehicles production by the end of the third quarter of 2007. Over 16% of all EU passenger cars have been produced in the EU12.

*In 2006, some 18,6 million vehicles were produced in Europe, 13% of which originated from the new EU member states. All vehicle categories positively contributed to this result: production of heavy trucks and buses and coaches showed a growth of 5% and 4% respectively while production of passenger cars went up by 1% and production of light commercial vehicles by 4%.*

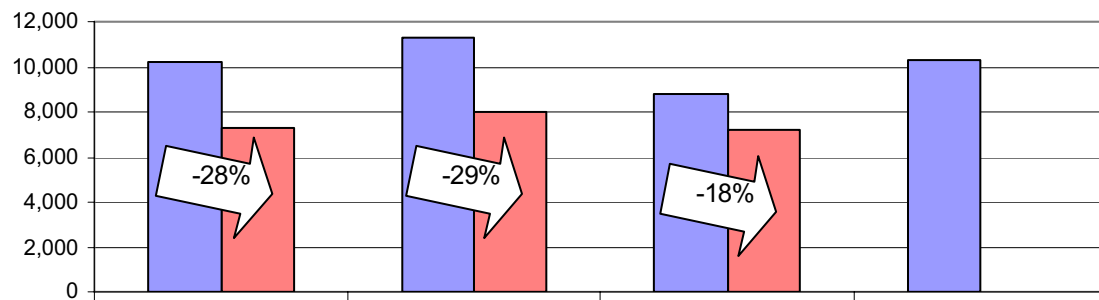


**CV Production in Europe 2007/2006**



2006	138,698	146,036	123,949	169,189
2007	155,576	163,976	145,664	

**Buses & Coaches Production in Europe 2007/2006**



2006	10,188	11,254	8,771	10,321
2007	7,319	8,035	7,171	

**MOTOR VEHICLE PRODUCTION IN EUROPE - 2006**

	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	%06/05
<b>CARS</b>	4,303,012	4,285,336	3,554,120	4,055,696	<b>16,198,164</b>	6%	-2%	0%	0%	1%
<b>LIGHT COMMERCIAL VEHICLES</b>	490,986	476,446	392,195	498,666	<b>1,858,293</b>	11%	-5%	0%	7%	3%
<b>HEAVY TRUCKS</b>	138,698	146,036	123,949	169,189	<b>577,872</b>	2%	1%	8%	8%	5%
<b>BUSES</b>	10,188	11,254	8,771	10,321	<b>40,534</b>	11%	23%	-2%	-16%	2%
<b>TOTAL</b>	4,942,884	4,919,072	4,079,035	4,733,872	<b>18,674,863</b>	6%	-2%	1%	1%	2%

**MOTOR VEHICLE PRODUCTION IN EUROPE - 2007**

	Q1	Q2	Q3	Q4	ytd 2007	Q1	Q2	Q3	Q4	%07/06
<b>CARS</b>	4,491,739	4,519,682	3,735,767		<b>12,747,188</b>	4%	5%	5%		
<b>LIGHT COMMERCIAL VEHICLES</b>	496,138	492,969	424,106		<b>1,413,213</b>	1%	3%	8%		
<b>HEAVY TRUCKS</b>	155,576	163,976	145,664		<b>465,216</b>	12%	12%	18%		
<b>BUSES</b>	7,319	8,035	7,171		<b>22,525</b>	-28%	-29%	-18%		
<b>TOTAL</b>	5,150,772	5,184,662	4,312,708		<b>14,648,142</b>	4%	5%	6%		

**TABLE 1 MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY**

MOTOR VEHICLES	ACEA correspondents survey																
	2005				2006				2007								
	Q1	Q2	Q3	Q4	FY 2005	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	Ytd 2007	% change second quarter 07/06	% change third quarter 07/06
<b>EU27</b>	<b>4,643,155</b>	<b>5,013,926</b>	<b>4,053,603</b>	<b>4,674,599</b>	<b>18,385,293</b>	<b>4,942,884</b>	<b>4,919,072</b>	<b>4,079,035</b>	<b>4,733,872</b>	<b>18,674,863</b>	<b>5,150,772</b>	<b>5,184,862</b>	<b>4,312,708</b>	<b>4,312,708</b>	<b>14,648,142</b>	<b>5.4%</b>	<b>5.7%</b>
- EUROPEAN UNION 15 countries	4,200,489	4,538,138	3,649,955	4,080,307	16,468,889	4,380,249	4,306,480	3,555,019	4,060,770	16,282,518	4,405,148	4,392,550	3,665,787	3,665,787	12,463,485	2.0%	3.1%
Double Countings Germany/Austria	4,962	4,678	6,007	6,613	22,260	4,481	4,928	6,144	5,948	21,501							
Double Countings Austria/Japan	0	857	5,382	6,343	12,582												
Double Countings Germany/Belgium	72,739	72,494	52,721	56,388	253,742	61,971	57,779	53,461	51,067	224,278	71,773	43,227	51,000	51,000	166,000	-25.2%	-4.8%
Double Countings Portugal/Japan	2,051	3,225	3,557	3,652	12,485	4,930	3,995	2,849	2,849	15,372	4,564	5,096	4,390	4,390	14,050	27.6%	54.1%
Double Countings Spain/Portugal	18,766	18,761	16,825	19,423	73,775	9,534	7,181	4,482	6,609	27,806							
AUSTRIA	53,089	66,822	61,523	71,845	253,279	70,276	69,162	62,753	72,741	274,932	68,718	62,019	48,145	48,145	178,882	-10.3%	-23.3%
BELGIUM	263,678	249,380	197,417	216,053	926,528	248,506	240,128	202,902	226,520	918,056	238,072	210,972	185,916	185,916	634,960	-12.1%	-8.4%
FINLAND	4,746	5,231	4,237	7,430	21,644	9,570	8,347	6,519	8,334	32,770	7,655	5,696	4,761	4,761	18,112	-31.8%	-27.0%
FRANCE	916,037	1,045,895	743,748	843,328	3,549,008	867,562	899,002	662,058	740,597	3,169,219	815,856	829,675	607,004	607,004	2,252,535	-7.7%	-8.3%
GERMANY(1)	1,417,421	1,524,993	1,359,986	1,455,310	5,757,710	1,530,612	1,468,269	1,374,822	1,445,911	5,819,614	1,646,432	1,574,276	1,441,660	1,441,660	4,662,368	7.2%	4.9%
ITALY	263,479	259,630	215,291	299,952	1,038,352	331,893	314,377	258,957	306,367	1,211,594	323,565	354,887	290,204	290,204	968,656	12.9%	12.1%
NETHERLANDS	47,736	44,964	31,703	56,345	180,748	36,942	41,159	27,062	54,291	159,454	28,136	27,884	27,533	27,533	83,553	-32.3%	1.7%
PORTUGAL	57,102	59,087	50,802	54,035	221,026	54,338	59,956	49,584	63,447	227,325	47,156	48,125	39,887	39,887	135,168	-19.7%	-19.6%
SPAIN	697,727	820,859	578,022	655,892	2,752,500	736,421	755,841	552,487	732,686	2,777,435	772,326	801,138	618,886	618,886	2,192,350	6.0%	12.0%
SWEDEN(2)	89,055	90,410	69,069	90,895	339,229	88,049	85,480	66,462	92,637	332,628	96,312	87,211	73,019	73,019	258,542	2.0%	9.9%
UNITED KINGDOM	488,337	470,882	422,049	421,841	1,803,109	466,986	438,642	358,349	394,401	1,648,388	435,257	438,990	384,162	384,162	1,258,409	0.1%	7.2%
<b>EU New Members</b>	<b>442,666</b>	<b>475,788</b>	<b>403,648</b>	<b>594,292</b>	<b>1,916,394</b>	<b>582,635</b>	<b>612,592</b>	<b>524,016</b>	<b>673,102</b>	<b>2,392,345</b>	<b>745,624</b>	<b>792,112</b>	<b>646,921</b>	<b>646,921</b>	<b>2,184,657</b>	<b>28.3%</b>	<b>23.5%</b>
Double Countings Slovakia/Germany	9,750	11,460	10,040	10,970	42,160	7,500	7,500	7,500	7,600	30,700	8,000	8,000	7,000	7,000	23,000	6.7%	-6.7%
CZECH REPUBLIC	123,570	136,636	109,341	232,690	602,237	229,841	224,417	180,033	220,556	854,907	245,927	235,746	202,426	202,426	684,099	5.0%	12.4%
HUNGARY	29,226	38,643	39,560	44,586	152,015	31,740	52,102	47,917	59,064	190,823	73,412	72,661	71,647	71,647	217,720	39.5%	49.5%
POLAND	153,600	151,000	136,900	171,700	613,200	178,492	184,908	165,872	185,328	714,600	198,985	223,075	136,910	136,910	560,970	20.6%	-16.3%
ROMANIA	48,430	53,567	40,644	52,161	194,802	54,985	59,745	46,131	52,736	213,597	54,110	70,340	42,426	42,426	166,876	17.7%	-8.0%
SLOVAKIA	50,479	59,389	51,970	56,511	216,349	49,707	59,401	62,577	123,706	295,391	135,719	151,032	148,249	148,249	435,000	154.3%	136.9%
SLOVENIA	47,111	48,013	35,273	47,554	177,951	45,370	39,519	28,926	39,312	153,127	45,471	47,258	50,263	50,263	142,992	19.6%	73.8%

(1) Official figures include Belgian GM assembly.

(2) Official figures take account of Swedish manufacturers world production; in this report, we only use the vehicles produced in Sweden, and the vehicles for which Volvo Trucks does not specify the country of production.







**TABLE 4 MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY**

IN UNITS	ACEA correspondents survey																	
	2005					2006					2007							
	Q1	Q2	Q3	Q4	FY 2005	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	Ytd 2007	% change second quarter 07/06	% change third quarter 07/06	
<b>HEAVY TRUCKS</b>																		
<b>EU27</b>	136,149	144,373	114,670	156,847	552,039	138,698	146,036	123,949	169,189	577,872	155,576	163,976	145,664	465,216		12.3%	17.5%	
- EUROPEAN UNION 15 countries	134,992	143,053	113,600	155,685	547,330	137,715	144,587	122,890	167,585	572,777	153,956	162,246	144,162	460,364		12.2%	17.3%	
Double Countings Germany/Austria																		
Double Countings Austria/Japan																		
Double Countings Germany/Belgium																		
Double Countings Portugal/Japan																		
Double Countings Spain/Portugal	353	608	1,260	1,045	3,266	1,776	1,444	863	1,111	5,194	1,425	1,838	1,437	4,700		27.3%	66.5%	
AUSTRIA	5,389	5,188	5,454	6,621	22,652	6,060	6,374	6,587	7,625	26,646	7,949	6,667	6,190	20,806		4.6%	-6.0%	
BELGIUM	8,400	7,686	5,858	8,435	30,379	8,599	9,493	5,875	11,017	34,984	10,868	11,651	7,311	29,820		22.7%	24.4%	
FINLAND	89	122	77	123	411	101	99	79	74	353	44	71	81	196		-28.3%	2.5%	
FRANCE	13,504	13,387	9,003	14,265	50,159	14,367	16,160	11,655	13,257	55,439	16,093	17,142	13,465	46,700		6.1%	15.5%	
GERMANY(1)	52,644	56,832	48,724	47,496	205,696	51,932	53,827	52,623	51,003	209,385	58,167	60,147	61,615	179,929		11.7%	17.1%	
ITALY	10,154	10,407	8,652	10,403	39,616	10,823	11,663	9,785	11,749	44,020	12,465	13,957	11,171	37,593		19.7%	14.2%	
NETHERLANDS	10,313	10,582	9,461	33,287	63,643	11,328	11,424	9,871	37,579	70,202	12,041	13,059	11,731	36,831		14.3%	18.8%	
PORTUGAL	319	608	1,967	1,345	4,239	1,788	1,456	869	1,135	5,248	1,437	1,886	1,424	4,747		29.5%	63.9%	
SPAIN	18,599	21,879	14,076	19,527	74,081	20,434	21,428	14,778	21,242	77,882	22,147	24,963	20,890	68,000		16.5%	41.4%	
SWEDEN (2)	11,321	12,346	7,360	10,319	41,346	8,866	9,424	7,223	9,972	35,485	9,943	10,450	7,910	28,303		10.9%	9.5%	
UNITED KINGDOM	4,613	4,624	4,228	4,909	18,374	5,193	4,683	4,408	4,043	16,327	4,237	4,091	3,811	12,139		-12.6%	-13.5%	
<b>EU New Members</b>	1,157	1,320	1,070	1,162	4,709	983	1,449	1,059	1,604	5,095	1,620	1,730	1,502	4,852		19.4%	41.8%	
Double Countings Slovakia/Germany																		
CZECH REPUBLIC	567	620	510	353	2,050	418	473	367	721	1,979	742	823	809	2,374		74.0%	120.4%	
HUNGARY	547	640	509	777	2,473	550	742	538	770	2,600	840	900	660	2,400		21.3%	22.7%	
POLAND																		
ROMANIA	43	60	51	32	186	15	234	154	113	516	38	7	33	78		-97.0%	-78.6%	
SLOVAKIA																		
SLOVENIA																		

(1) Official figures include Belgian GM assembly.

(2) Official figures take account of Swedish manufacturers world production; in this report, we only use the vehicles produced in Sweden, and the vehicles for which Volvo Trucks does not specify the country of production

Estimate

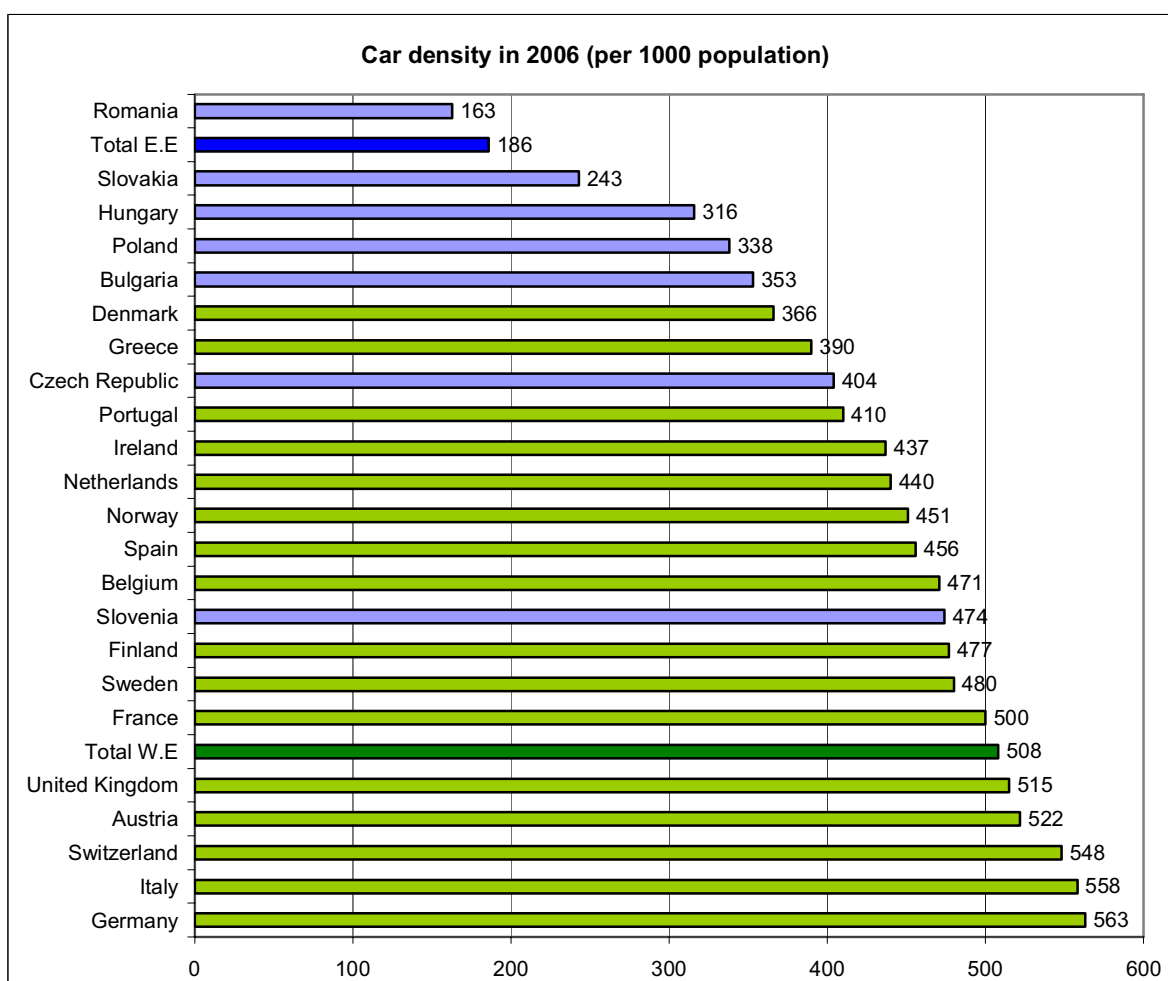
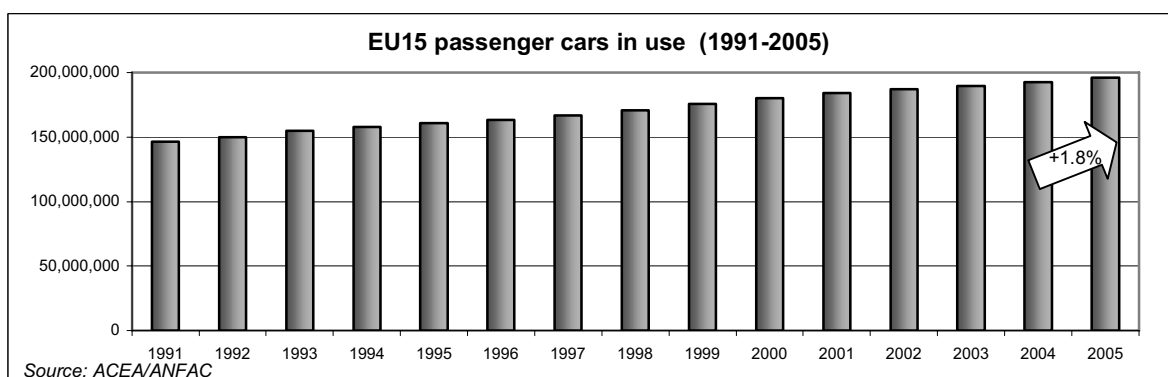


## Motor vehicles in use in the EU

According to latest ANFAC (Spanish Automobile Association) report on motor vehicles in use in the EU (January 2007 edition), the European vehicle fleet reached 224.3 million units in 2005, an increase of 1.8% compared to the previous year. With 195.7 million vehicles, passenger cars accounted for the highest share of the vehicle fleet (87%). The European car fleet is highly concentrated in five main markets (Germany, Italy, France, UK and Spain) and is characterised by a high diesel penetration (30%).

In terms of car density, the ratio of cars to population was 1:2 in Western Europe while in Eastern Europe this proportion was much lower (186 cars on a population of 1000). On the mature and saturated West European market, car demand stems mainly from replacement whereas in the new EU Members there is still large room for winning genuinely new customers.

For more details, please refer to the ANFAC report available on ACEA website under the following link: <http://www.acea.be/statistics>





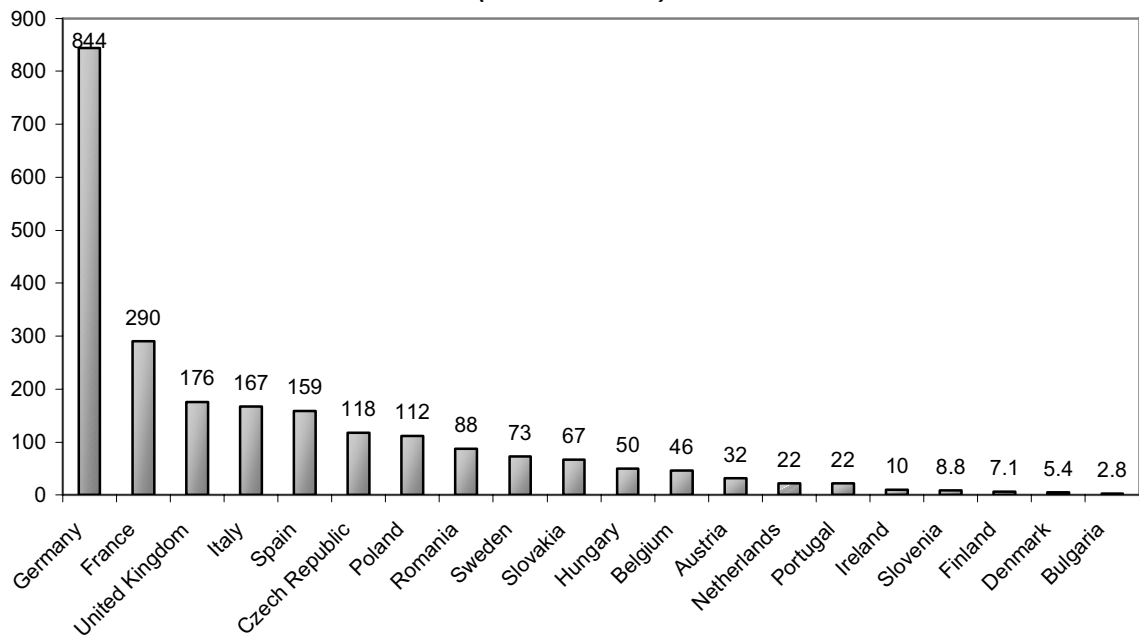
## Employment

	2001	2002	2003	2004	2005	2006	%02/01	%03/02	%04/03	%05/04	%06/05
Austria	28,787	28,427	29,553	32,158	32,359	32,341	-1.3%	4.0%	8.8%	0.6%	-0.1%
Belgium	53,554	51,300	49,300	46,600	46,300	46,161	-4.2%	-3.9%	-5.5%	-0.6%	-0.3%
Denmark*	6,958	6,500	6,000	5,600	5,400	5,400	-6.6%	-7.7%	-6.7%	-3.6%	0.0%
Finland	7,475	7,476	7,395	6,530	6,761	7,080	0.0%	-1.1%	-11.7%	3.5%	4.7%
France	317,949	313,454	301,838	302,010	299,000	290,000	-1.4%	-3.7%	0.1%	-1.0%	-3.0%
Germany	863,300	874,000	868,000	874,000	862,000	843,898	1.2%	-0.7%	0.7%	-1.4%	-2.1%
Ireland	10,000	10,000	10,000	10,000	10,000	10,000	0.0%	0.0%	0.0%	0.0%	0.0%
Italy	174,400	170,100	163,700	166,900	166,900	167,200	-2.5%	-3.8%	2.0%	0.0%	0.2%
Netherlands*	26,200	25,400	24,900	23,200	22,400	22,400	-3.1%	-2.0%	-6.8%	-3.4%	0.0%
Portugal	23,304	23,965	22,993	22,673	22,000	21,714	2.8%	-4.1%	-1.4%	-3.0%	-1.3%
Spain*	161,343	162,050	163,522	162,612	159,163	159,163	0.4%	0.9%	-0.6%	-2.1%	0.0%
Sweden	77,555	72,702	71,795	72,298	77,753	73,154	-6.3%	-1.2%	0.7%	7.5%	-5.9%
United Kingdom	222,000	222,000	210,000	201,000	185,000	176,120	0.0%	-5.4%	-4.3%	-8.0%	-4.8%
<b>EU15</b>	<b>1,972,825</b>	<b>1,967,374</b>	<b>1,928,996</b>	<b>1,925,581</b>	<b>1,895,036</b>	<b>1,854,631</b>	<b>-0.3%</b>	<b>-2.0%</b>	<b>-0.2%</b>	<b>-1.6%</b>	<b>-2.1%</b>
Bulgaria*	n.a.	3,200	2,900	2,800	2,800	2,800		-9.4%	-3.4%	0.0%	0.0%
Czech Republic	84,875	88,880	88,568	95,192	103,112	118,000	4.7%	-0.4%	7.5%	8.3%	14.4%
Hungary*	37,200	36,900	39,500	40,500	42,000	50,358	-0.8%	7.0%	2.5%	3.7%	19.9%
Poland	88,100	79,800	84,200	94,100	106,600	111,600	-9.4%	5.5%	11.8%	13.3%	4.7%
Romania	n.a.	70,100	61,300	59,000	64,600	87,524		-12.6%	-3.8%	9.5%	35.5%
Slovakia	44,400	50,210	54,700	56,500	57,400	66,900	13.1%	8.9%	3.3%	1.6%	16.6%
Slovenia*	n.a.	7,253	7,064	7,662	8,572	8,752		-2.6%	8.5%	11.9%	2.1%
<b>New EU MS</b>	<b>254,575</b>	<b>336,343</b>	<b>338,232</b>	<b>355,754</b>	<b>385,084</b>	<b>445,934</b>	<b>32.1%</b>	<b>0.6%</b>	<b>5.2%</b>	<b>8.2%</b>	<b>15.8%</b>
<b>TOTAL EU</b>	<b>2,227,400</b>	<b>2,303,717</b>	<b>2,267,228</b>	<b>2,281,335</b>	<b>2,280,120</b>	<b>2,300,565</b>	<b>3.4%</b>	<b>-1.6%</b>	<b>0.6%</b>	<b>-0.1%</b>	<b>0.9%</b>

Employment in automobile manufacturing in the enlarged EU (Romania and Bulgaria included) reached 2.3 million workers in 2006. Employment growth in the new EU Member States has been significant in the last five years, due essentially to the large investment efforts of automobile manufacturers in this region already prior to the EU enlargement. In the EU 15, total employment in the automobile sector has been slightly declining over the last five years, due mainly to significant restructuring efforts that are currently taking place in the region. In total, employment in the motor vehicle sector represents almost 7% of total employment in the EU manufacturing industry.

Indirect employment linked to the motor vehicle industry covered an estimated additional 10 million workers in the EU. This figure includes activities such as recycling, sales, maintenance and repair of motor vehicles, road transport (passenger transport, taxi operations, freight transport), manufacture of tyres, the construction of highways and roads etc. Yet, many more jobs in other sectors depend on a healthy automobile industry. The 10 million figures does not report employment in raw material sector (e.g. steel, aluminium, glass, plastic), textile, driving schools, licensing activities, renting of automobiles, vehicle testing, insurance and financing etc

**Direct employment in the automotive sector in the EU in 2006**  
*(in thousands)*





HICPs provides a sound basis for assessing comparative consumer price inflation. HICPs are not intended to replace national Consumer Price Indices (CPIs). Many Member States are likely to continue their existing CPIs for domestic purposes. This index is designed for international comparisons.

#### HICP Classification for Motor Vehicles:

**Group: 07.1 - Purchase of vehicles:** Purchases of recreational vehicles such as camper vans, caravans, trailers, aeroplanes and boats are covered by (09.2.1).

**Class: 07.1.1 - Motor cars (D):** Motor cars, passenger vans, station wagons, estate cars and the like with either two-wheel drive or four-wheel drive. Excludes: invalid carriages (06.1.3); camper vans (09.2.1); golf carts (09.2.1).

**Group: 07.2 - Operation of personal transport equipment:** Purchases of spare parts, accessories or lubricants made by households with the intention of undertaking the maintenance, repair or intervention themselves should be shown under (07.2.1) or (07.2.2). If households pay an enterprise to carry out the maintenance, repair or fitting, the total value of the service, including the costs of the materials used, should be shown under (07.2.3).

**Class: 07.2.1 - Spare parts and accessories for personal transport equipment (SD):** Tyres (new, used or retreaded), inner tubes, spark plugs, batteries, shock absorbers, filters, pumps and other spare parts or accessories for personal transport equipment. Includes: fire extinguishers for transport equipment; products specifically for the cleaning and maintenance of transport equipment such as paints, chrome cleaners, sealing compounds and bodywork polishes; covers for motor cars, motorcycles, etc. Excludes: crash helmets for motorcycles and bicycles (03.1.3); non-specific products for cleaning and maintenance such as distilled water, household sponges, chamois leathers, detergents, etc. (05.6.1); charges for the fitting of spare parts and accessories and for the painting, washing and polishing of bodywork (07.2.3); radio-telephones (08.2.0); car radios (09.1.1); baby seats for cars (12.3.2).

**Class: 07.2.2 - Fuels and lubricants for personal transport equipment (ND):** Petrol and other fuels such as diesel, liquid petroleum gas, alcohol and two-stroke mixtures; - lubricants, brake and transmission fluids, coolants and additives. Includes: fuel for major tools and equipment covered under (05.5.1) and recreational vehicles covered under (09.2.1). Excludes: charges for oil changes and greasing (07.2.3).

**Class: 07.2.3 - Maintenance and repair of personal transport equipment (S):** Services purchased for the maintenance and repair of personal transport equipment such as fitting of parts and accessories, wheel balancing, technical inspection, breakdown services, oil changes, greasing and washing. Includes: total value of the service (that is both the cost of labour and the cost of materials are covered). Excludes: separate purchases of spare parts, accessories or lubricants made by households with the intention of undertaking the maintenance or repair themselves (07.2.1) or (07.2.2); roadworthiness tests (07.2.4).

**Class: 07.2.4 - Other services in respect of personal transport equipment (S) - Hire of garages or parking spaces not providing parking in connection with the dwelling;** - toll facilities (bridges, tunnels, shuttle ferries, motorways) and parking meters; - driving lessons, driving tests and driving licences; - roadworthiness tests; - hire of personal transport equipment without drivers. Excludes: hire of a car with driver (07.3.2); service charges for insurance in respect of personal transport equipment (12.5.4).

For more information on explanatory notes for the codes included in the HICP, please, check the following web-site:  
<http://esa.un.org/unsd/cr/registry/regcs.asp?Cl=5&Lg=1&Co=07>

EUROPEAN UNION -25

Harmonized indices of consumer prices (HICP)

(Index 2005 = 100)

	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007	AUG 2007	SEP 2007	OCT 2007	NOV 2007	DEC 2007
cp00	102.7	103.1	103.7	104.3	104.6	104.7	104.4	104.5 r	104.9 ep			
	102.2 ei	102.6 ei	103.1 ei	103.6 ei	103.8 ei	103.9 ei	103.6 ei	103.8 eir	104.1 eip			
All Items HICP												
HICP excluding energy (e)												
Transport												
Purchase of vehicles (not motor cycles, bicycles and animal drawn vehicles)	102.2	102.6	103.7	104.8	105.8	106.2	106.9	106.6 r	106.0 ep			
Motor cars	101.3	101.6	101.6	101.9	101.9	101.7	101.7	101.7 r	101.5 ep			
Operation of personal transport equipment	101.4	101.7	101.8	102.0	102.0	101.8	101.8	101.8 r	101.6 ep			
Spare parts and accessories for personal transport equipment	102.4	102.8	104.6	106.4	107.9	108.6	108.9	108.1 r	108.5 ep			
Fuels and lubricants for personal transport equipment	104.7	104.8	104.8	105.0	105.4	105.6	105.7	106.0 r	106.2 ep			
Maintenance and repair of personal transport equipment	99.7	99.9	103.3	106.4	109.0	110.2	110.8	109.0 r	109.5 ep			
Other services in respect of personal transport equipment	106.1	106.7	107.1	107.3	107.7	107.8	107.9	108.3 r	108.5 ep			
	103.7	104.0	104.5	104.5	104.7	104.8	104.9	105.0 r	105.1 ep			

p) Provisional value

e) Estimated value

r) Revised value

Source: Eurostat

NOTE: This data is not comparable with the country-by-country data as this is the standardised Harmonised Consumer Price Index (HICP). Individual country figures typically reflect the national nomenclatures. Therefore, it should be used as a single set. You will find information on the European definition for the above values at the back of this page.

NOTE: CPA (Classification of Products linked to Economic Activity - Council Regulation EEC No. 3696/93 of 29/10/1993)

It provides a comparable and harmonized product nomenclature (the CPA) articulated with the activities nomenclature NACE Rev.1

co0cp	Classification of individual consumption by purpose
cp07	Transport
cp071	Purchase of vehicles
cp071_not_711	Motor cycles, bicycles and animal drawn vehicles
cp0711	Motor cars
cp072	Operation of personal transport equipment
cp0721	Spare parts and accessories for personal transport equipment
cp0722	Fuels and lubricants for personal transport equipment
cp0723	Maintenance and repair of personal transport equipment
cp0724	Other services in respect of personal transport equipment

EUROPEAN UNION -27

**Harmonized indices of consumer prices (HICP)**

(Index 2005 = 100)

	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007	AUG 2007	SEP 2007	OCT 2007	NOV 2007	DEC 2007
cp00	102.9	103.2	103.9	104.4	104.7	104.9	104.6	104.7 r	105.1 ep			
	102.4 ei	102.7 ei	103.2 ei	103.7 ei	103.9 ei	104.0 ei	103.7 ei	103.9 eir	104.3 eip			
cp07	102.3	102.7	103.7	104.9	105.8	106.3	107.0	106.6 r	106.1 ep			
cp071	101.3	101.6	101.6	101.8	101.9	101.7	101.7	101.7 r	101.5 ep			
cp0711	101.4 i	101.7 i	101.7 i	102.0 i	102.0 i	101.8 i	101.8 i	101.8 ir	101.6 eip			
cp072	102.4	102.8	104.6	106.4	107.9	108.6	109.0	108.2 r	108.5 ep			
cp0721	104.7	104.8	104.8	105.0	105.4	105.7	105.7	106.1 r	106.3 ep			
cp0722	99.7	99.9	103.2	106.4	109.0	110.2	110.8	108.9 r	109.5 ep			
cp0723	106.1	106.7	107.1	107.4	107.7	107.9	107.9	108.3 r	108.5 ep			
cp0724	103.8	104.2	104.6	104.6	104.8	104.9	105.0	105.2 r	105.3 ep			

p Provisional value

e Estimated value

r Revised value

Source: Eurostat

**NOTE:** This data is not comparable with the country-by-country data as this is the standardised Harmonised Consumer Price Index (HICP). Individual country figures typically reflect the national nomenclatures. Therefore, it should be used as a single set. You will find information on the European definition for the above values at the back of this page.

**NOTE: CPA (Classification of Products linked to Economic Activity - Council Regulation EEC No. 3696/93 of 29/10/1993)**  
It provides a comparable and harmonized product nomenclature (the CPA) articulated with the activities nomenclature NACE Rev.1

- coicop Classification of individual consumption by purpose
- cp07 Transport
- cp071 Purchase of vehicles
- cp071\_not Motor cycles, bicycles and animal drawn vehicles
- cp0711 Motor cars
- cp072 Operation of personal transport equipment
- cp0721 Spares parts and accessories for personal transport equipment
- cp0722 Fuels and lubricants for personal transport equipment
- cp0723 Maintenance and repair of personal transport equipment
- cp0724 Other services in respect of personal transport equipment

**AUSTRIA**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	102.3	102.3	102.8	103.3	103.6	103.7	103.7	103.7	103.7	103.7	103.7	103.7
<b>Price index for the Use of Motor Vehicle (2005=100)</b>	101.6	101.3	100.7	101.5	102.1	102.5	104.2	104.2	104.2	104.2	104.2	104.2
Total Motor Vehicle (NACE Rev.1 dm 34.1)	101.3	101.3	101.0	101.2	101.3	101.3	101.4	101.4	101.4	101.4	101.4	101.4
Passenger car	99.6	101.5	102.2	102.2	101.6	102.2	102.2	102.2	102.2	102.2	102.2	102.2
Motor cycles	98.6	97.8	100.3	102.8	106.1	106.6	113.0	113.0	113.0	113.0	113.0	113.0
Fuels and lubricants	104.4	104.3	106.8	107.2	105.1	105.2	105.2	105.2	105.2	105.2	105.2	105.2
Spare parts & accessories, Replacement, Extras, etc. Maintenance, Reparation, Garage, Inspection, etc. Insurance Tax	107.1	107.7	104.9	108.3	108.7	108.9	108.9	108.9	108.9	108.9	108.9	108.9
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>	101.4	101.4	101.1	101.3	101.3	101.4	101.5	101.5	101.5	101.5	101.5	101.5
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												

NOTE: NACE Rev.1 is a nomenclature of Economic Activities in the European Community (Council Regulation EEC No. 3037/90 of 9/10/1990 and Commission Regulation 761/93 of 24/03/1993)  
It provides an harmonized statistical nomenclature of economic activities in the EC aligned on the UN international classification

NACE Rev.1 classification:

- dm: Manufacture of transport equipment
- dm 34: Manufacture of Motor Vehicles, trailers and semi-trailers
- dm 34.1: Manufacture of Motor Vehicles
- dm 34.2: Manufacture of bodies (coachwork) for Motor Vehicles; manufacture of trailers and semi-trailers
- dm 34.3: Manufacture of parts, accessories for Motor Vehicles

**GERMANY**

**PRICE INDEX ( Index 2000=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2000=100)</b>	110.9	111.3	111.6	112.0	112.2	112.3	112.8	112.7	112.8			
<b>Price index for the Use of Motor Vehicle (2000=100)</b>												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	115.8	116.3	117.8	119.3	119.9	120.0	120.5	119.5	120.0			
Passenger car	109.7	109.8	109.9	109.9	110.0	110.1	110.1	110.3	110.2			
Motor cycles	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4			
Fuels and lubricants	123.4	124.5	129.5	133.9	136.5	137.0	138.7	134.5	136.4			
Spare parts & accessories, Replacement, Extras, etc.	107.9	108.2	108.3	108.4	108.5	108.6	108.9	108.8	108.9			
Maintenance, Reparation, Garage, Inspection, etc.	116.0	116.4	117.1	117.2	117.2	117.0	116.9	117.1	117.3			
Insurance	98.3	98.6	98.6	98.6	97.4	97.4	97.6	97.6	97.5			
Tax	157.9	157.9	157.9	162.4	162.4	162.4	162.4	162.4	162.4			
<b>Price index for Brandnew Motor Vehicles at retail prices (2000=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	108.4	108.6	108.8	108.9	108.9	108.9	108.8	109.0	109.1			
Purchase of brandnew passenger car	110.7	110.7	110.8	110.8	110.9	111.1	111.1	111.4	111.2			
<b>Index of Manufacturing Prices of Motor Vehicles (2000=100)</b>												
Total (NACE Rev.1 dm 34.1)	111.0	111.1	111.1	111.1	111.2	111.2	111.4	111.5	111.8			
<b>Index of Export Prices of Motor Vehicles (2000=100)</b>												
Total (NACE Rev.1 dm 34.1)	103.2	103.1	103.1	103.0	102.9	103.0	103.0	103.2	103.1			
<b>Index of Import Prices of Motor Vehicles (2000=100)</b>												
Total (NACE Rev.1 dm 34.1)	101.1	101.4	102.0	102.4	102.5	102.5	102.4	102.5	102.5			

NOTE: NACE Rev.1 is a nomenclature of Economic Activities in the European Community (Council Regulation EEC No. 3037/90 of 9/10/1990 and Commission Regulation 761/93 of 24/03/1993)

It provides an harmonized statistical nomenclature of economic activities in the EC aligned on the UN international classification

NACE Rev.1 classification:

dm: Manufacture of transport equipment

dm 34: Manufacture of Motor Vehicles, trailers and semi-trailers

dm 34.1: Manufacture of Motor Vehicles

dm 34.2: Manufacture of bodies (coachwork) for Motor Vehicles; manufacture of trailers and semi-trailers

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

**DENMARK**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	102	102.8	103.3	103.6	103.8	103.6	103.1	102.9	103.6			
<b>Price index for the Use of Motor Vehicle (2005=100)</b>												
Total Motor Vehicle (NACE Rev.1 dim 34.1)	100.8	100.7	100.5	100.5	100.1	99.7	98.8	98.4	98.3			
Passenger car	100.7	100.7	100.4	100.4	100	99.6	98.6	98.2	98.1			
Motor cycles	100.4	100.6	100.6	100.7	100.7	100.5	100.5	100.9	100.2			
Fuels and lubricants	97	99.2	103.6	106.5	110.2	109.6	110.5	105.8	107.7			
Spare parts & accessories, Replacement, Extras, etc. Maintenance, Reparation, Garage, Inspection, etc. Insurance Tax	97	99.2	103.6	106.5	110.2	109.6	110.5	105.8	107.7			
106.8	107.9	108.1	108.9	109.7	109.9	110.6	110.6	110.6	110.6			
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dim 34.1) Purchase of brandnew passenger car												
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dim 34.1)												
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dim 34.1)												
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dim 34.1)												

NOTE: NACE Rev.1 is a nomenclature of Economic Activities in the European Community (Council Regulation EEC No. 3037/90 of 9/10/1990 and Commission Regulation 761/93 of 24/03/1993)  
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- dim 34.2: Manufacture of bodies (coachwork) for Motor Vehicles; manufacture of trailers and semi-trailers
- dim 34.3: Manufacture of parts, accessories for Motor Vehicles

**FRANCE**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	102.0	102.2	102.7	103.2	103.5	103.7	103.3	103.8	103.9			
<b>Price index for the Use of Motor Vehicle (2005=100)</b>	103.8	104.1	105.3	106.5	107.7	108.1	108.3	107.9	108.3			
Total Motor Vehicle (NACE Rev.1 dm 34.1)	100.2	101.1	101.1	102.4	102.8	101.5	102.6	103.0	101.4			
Passenger car	100.2	100.4	103.3	105.9	108.3	109.1	109.5	108.0	108.5			
Motor cycles	106.5	106.7	106.6	106.9	107.4	107.7	107.7	108.1	108.5			
Fuels and lubricants	106.8	107.3	107.6	108.0	108.0	108.1	108.5	109.0	109.3			
Spare parts & accessories, Replacement, Extras, etc.	96.9	96.9	96.9	96.9	99.2	99.2	99.2	96.7	97.2			
Maintenance, Reparation, Garage, Inspection, etc.												
Insurance												
Tax												
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												

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NACE Rev.1 classification:

dm: Manufacture of transport equipment

dm 34: Manufacture of Motor Vehicles, trailers and semi-trailers

dm 34.1: Manufacture of Motor Vehicles

dm 34.2: Manufacture of bodies (coachwork) for Motor Vehicles; manufacture of trailers and semi-trailers

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

**GREECE**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	<b>104.76</b>	<b>103.11</b>	<b>105.66</b>	<b>106.5</b>	<b>106.69</b>	<b>106.64</b>	<b>105.83</b>	<b>104.75</b>	<b>107.11</b>			
<b>Price index for the Use of Motor Vehicle (2005=100)</b>												
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car												
Motor cycles	98.48	99.85	104.8	109.45	114.75	114.98	114.27	110.87	111.4			
Fuels and lubricants	102.58	102.73	102.76	102.91	103.07	103.1	103.24	103.31	104.01			
Spare parts & accessories, Replacement, Extras, etc.	106.22	106.6	106.68	106.71	107.06	107.2	107.24	107.25	107.26			
Maintenance, Reparation, Garage, Inspection, etc.												
Insurance												
Tax												
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	98.42	98.42	98.42	97.98	97.57	97.74	97.74	96.82	96.82			
Purchase of brandnew passenger car	98.47	98.47	98.47	98.05	97.67	97.83	97.83	96.95	96.93			
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												

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**ITALY**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	103.9	103.9	103.7	103.6	103.7	103.8	103.8	103.8	103.8	103.8	103.8	103.8
<b>Price index for the Use of Motor Vehicle (2005=100)</b>												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	106.9	106.0	106.2	105.7	106.7	108.4	107.5	106.8	105.2	105.2	105.2	105.2
Passenger car	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Motor cycles	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Fuels and lubricants	110.2	106.5	106.3	104.2	106.2	110.3	107.5	105.4	101.3	101.3	101.3	101.3
Spare parts & accessories, Replacement, Extras, etc.	104.5	103.3	103.3	103.3	102.8	102.8	102.8	103.2	103.2	103.2	103.2	103.2
Maintenance, Reparation, Garage, Inspection, etc.	106.5	107.4	107.4	107.4	107.8	107.8	107.8	108.2	108.2	108.2	108.2	108.2
Insurance	104.3	104.2	104.0	103.8	104.0	103.7	103.4	103.5	103.4	103.4	103.4	103.4
Tax	104.5	104.5	105.4	105.4	105.4	105.4	105.4	105.4	105.4	105.4	105.4	105.4
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	103.2	103.3	103.3	103.0	102.9	103.0	102.7	102.8	103.0	103.0	103.0	103.0
Purchase of brandnew passenger car	103.3	103.4	103.4	103.0	102.9	103.2	102.9	103.0	103.0	103.0	103.0	103.1
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)	104.0	103.3	102.9	102.9	102.9	102.3	102.3	102.4	n.a	n.a	n.a	n.a
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

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**IRELAND**

**PRICE INDEX ( Index Dec 2006=100)**

January 2007 February 2007 March 2007 April 2007 May 2007 June 2007 July 2007 August 2007 September 2007 October 2007 November 2007 December 2007

**HICP general (Dec 2006=100)**

**Price index for the Use of Motor Vehicle (Dec 2006=100)**

Total Motor Vehicle (NACE Rev.1 dm 34.1)

Passenger car

Motor cycles

Fuels and lubricants

Spare parts & accessories, Replacement, Extras, etc.

Maintenance, Reparation, Garage, Inspection, etc.

Insurance

Tax

104.6  
104.3  
100.6  
99.9  
109.5  
102.4  
103.8  
93.7  
100.0

**Price index for Brandnew Motor Vehicles at retail prices (Dec 2006=100)**

Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)

Purchase of brandnew passenger car

100.5  
100.6

**Index of Manufacturing Prices of Motor Vehicles (Dec 2006=100)**

Total (NACE Rev.1 dm 34.1)

**Index of Export Prices of Motor Vehicles (Dec 2006=100)**

Total (NACE Rev.1 dm 34.1)

**Index of Import Prices of Motor Vehicles (Dec 2006=100)**

Total (NACE Rev.1 dm 34.1)

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NACE Rev.1 classification:

dm: Manufacture of transport equipment

dm 34: Manufacture of Motor Vehicles, trailers and semi-trailers

dm 34.1: Manufacture of Motor Vehicles

dm 34.2: Manufacture of bodies (coachwork) for Motor Vehicles; manufacture of trailers and semi-trailers

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

## NETHERLANDS

### PRICE INDEX ( Index 2005=100)

#### HICP general (2005=100)

##### Price index for the Use of Motor Vehicle (2005=100)

Total Motor Vehicle (NACE Rev.1 dm 34.1)

Passenger car

Motor cycles

Fuels and lubricants

Spare parts & accessories, Replacement, Extras, etc.

Maintenance, Reparation, Garage, inspection, etc.

Insurance

Tax

##### Price index for Brandnew Motor Vehicles at retail prices (2005=100)

Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)

Purchase of brandnew passenger car

##### Index of Manufacturing Prices of Motor Vehicles (2005=100)

Total (NACE Rev.1 dm 34.1)

##### Index of Export Prices of Motor Vehicles (2005=100)

Total (NACE Rev.1 dm 34.1)

##### Index of Import Prices of Motor Vehicles (2005=100)

Total (NACE Rev.1 dm 34.1)

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
99,97	100,21	99,94	100,93	101,39	100,86	101,59	101,25	101,70				
100,75	100,74	101,16	101,24	101,35	101,38	101,34	101,12	101,18				

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#### NACE Rev.1 classification:

dm: Manufacture of transport equipment

dm 34: Manufacture of Motor Vehicles, trailers and semi-trailers

dm 34.1: **Manufacture of Motor Vehicles**

dm 34.2: Manufacture of bodies (coachwork) for Motor Vehicles; manufacture of trailers and semi-trailers

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

**PORTUGAL**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	103.6	103.6	104.9	105.9	106.0	106.0	105.7	105.3	105.8			
<b>Price index for the Use of Motor Vehicle (2005=100)</b>												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	102.9	103.2	103.3	103.4	103.2	103.2	102.7	102.1	101.4			
Passenger car	102.9	103.1	103.2	103.3	103.1	103.1	102.7	102.0	101.4			
Motor cycles	104.9	105.3	105.4	105.8	105.4	105.6	105.9	106.2	106.4			
Fuels and lubricants	106.7	106.8	110.6	113.9	117.0	117.8	117.8	115.8	115.9			
Spare parts & accessories, Replacement, Extras, etc.	100.1	99.9	100.5	100.8	100.9	101.0	101.0	100.2	100.2			
Maintenance, Reparation, Garage, Inspection, etc.	107.7	108.9	109.6	109.8	109.8	110.0	110.1	110.1	110.3			
Insurance												
Tax												
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	103.2	103.6	103.9	104.1	104.0	104.0	103.3	102.2	101.4			
Purchase of brandnew passenger car												
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												

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- dm 34.3: Manufacture of parts, accessories for Motor Vehicles

**SWEDEN**

**PRICE INDEX ( Index 2005=100)**

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (2005=100)</b>	117.3	117.9	118.6	119.1	118.9	119.1	118.7	118.6	119.6			
<b>Price index for the Use of Motor Vehicle (2005=100)</b>												
Total Motor Vehicle (NACE Rev.1 dim 34.1)	138.7	141.7	146.1	148.6	149.4	150.6	149.6	147.9	149.2			
Passenger car												
Motor cycles												
Fuels and lubricants	136.4	141.6	148.7	152.7	153.9	155.3	153.5	149.3	151.6			
Spare parts & accessories, Replacement, Extras, etc.	104.3	103.9	104.7	106.6	105.9	106.2	106.2	107.2	105.4			
Maintenance, Reparation, Garage, Inspection, etc.	161.4	161.8	162.6	162.6	162.7	164.2	164.2	164.3	164.5			
Insurance												
Tax												
<b>Price index for Brandnew Motor Vehicles at retail prices (2005=100)</b>												
Purchase of brandnew Motor vehicles (NACE Rev.1 dim 34.1)	103.9	104.1	104.2	104.4	104.3	104.0	104.0	103.7	103.7			
Purchase of brandnew passenger car												
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dim 34.1)	95.9	96.2	96.8	96.3	96.0	95.8	96.4	95.9	96.5			
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dim 34.1)	91.5	91.9	92.8	92.2	91.6	91.3	92.2	91.5	92.2			
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dim 34.1)	115.0	115.1	115.8	116.0	115.6	115.7	116.5	117.3	118.1			

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- dim 34.3: Manufacture of parts, accessories for Motor Vehicles

## UNITED KINGDOM

### PRICE INDEX ( index 2005=100)

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
<b>HICP general (1995=100)</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>			
<b>Price index for the Use of Motor Vehicle (1995=100)</b>	<b>0.01</b>	<b>0.00</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.03</b>	<b>0.02</b>	<b>0.01</b>	<b>0.04</b>			
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car												
Motor cycles												
Fuels and lubricants	-0.02	-0.03	-0.01	-0.01	-0.01	0.01	-0.01	-0.02	0.03			
Spare parts & accessories, Replacement, Extras, etc.	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.01			
Maintenance, Reparation, Garage, Inspection, etc.	0.05	0.05	0.05	0.06	0.06	0.06	0.05	0.05	0.05			
Insurance												
Tax												
<b>Price index for Brandnew Motor Vehicles at retail prices (1995=100)</b>	<b>-2.04</b>	<b>-1.49</b>	<b>-1.96</b>	<b>-1.87</b>	<b>-1.78</b>	<b>-2.16</b>	<b>-3.02</b>	<b>-3.31</b>	<b>-3.51</b>			
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
<b>Index of Manufacturing Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Export Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												
<b>Index of Import Prices of Motor Vehicles (2005=100)</b>												
Total (NACE Rev.1 dm 34.1)												

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# Summary of tax, environment, transport and emission policy measures in 2007/06 by country

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>A</b> Austria</p>	<p><b>Taxation</b> <b>Bonus – Malus on particle emissions</b></p> <p>The existing bonus/malus-system for cars and combination vehicles fulfilling 0,005 g/km particle emissions has been extended. The Bonus is paid until 30.6.2008, the malus remains unchanged (undated).</p>	<p><b>Environment</b> <b>Taxation on a CO2-relevant component</b></p> <p>An official draft concerning “Ökologisierung” has been published; the so called “Normverbrauchsabgabe” (Registration Tax based on fuel consumption of cars and combination vehicles) should be amended by introduction of a CO2 – relevant component:</p> <ul style="list-style-type: none"> <li>- A bonus (this means only reduction of registration tax) of maximum 300 € may be granted for vehicles less than 120 g/km</li> <li>- A malus has to be paid for first registration of vehicles with more than 160 g/km (25 € per g/km)</li> <li>- Maximum additional reduction of 200 € for vehicles with first registration before 1.9.2009 fulfilling Euro 5 and with first registration between 1.9.2009 and 31.8.2012 fulfilling Euro 6</li> <li>- Additional malus of 300 € for diesel driven vehicles not fulfilling 0,005 g/km particles</li> <li>- Special maximum bonus of 500 € for hybrid, E85, CNG and hydrogen engine until 31.8.2012 (no additional bonus/malus possible)</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>• 53. KDV-Novelle Publication of 53<sup>rd</sup> amendment (BGBl Teil II Nr. 275/2007) to Austrian regulation on vehicles. The text and explanations can be downloaded on our website: <a href="http://www.fahrzeugindustrie.at">www.fahrzeugindustrie.at</a> (Link Kraftfahrrecht)</li> <li>• Our Ministry of traffics has published a programme concerning 10 points to increase road-safety. Our Minister also invited the advisory committee for road-safety to raise recommendations.</li> <li>• Road-Pricing for trucks A commitment of the parliamentarian Committee of traffic to change the road-pricing system for trucks until 2010 by introducing environmental elements has been taken.</li> </ul>

**Taxes, Fiscal Incentives, Government Budget**

**Environment, Transport, Emissions and Others**

**B**  
Belgium

**Taxation**

**CO2 incentives for purchase of new cars**

- Tax reduction equivalent to 15% of the sale price for taxpayer who buys a car emitting less than 105 g CO2/km with a maximum of 4530 EUR
  - Tax reduction equivalent to 3% of the sale price for taxpayer who buys a car emitting between 105g and 115g CO2/km with a maximum of 850 EUR.
- Companies are not entitled to these tax reductions.

The measures related to CO2 emissions, in particular the purchase of fuel-efficient cars will be promoted by turning the existing income tax credit into a reduction on the invoice. These changes will take effect on 1 July.

As regards **company cars**, the tax deductibility of expenses related to the use of the car (currently limited to 75%) will be linked to the CO2 emissions of the car. This will apply to new cars as from 1 April 2007 and for the entire fleet as from 1 April 2008.  
The rates will be as follows:

<b>CO<sub>2</sub> Emissions</b>	<b>Deductibility</b>
Diesel	
Petrol	
< 105 g	90%
105 et 115	80%
115 et 145	75%
145 et 175	70%
> 175	60%

**Environment**

As from 1<sup>st</sup> January 2007, a tax reduction (200€) is granted for cars equipped with a particle filter and emitting less than 130g CO<sub>2</sub>/km.  
As from 1<sup>st</sup> July 2007, the income tax credit will be turned into a reduction on the invoice.

Companies are not entitled to these tax reductions.

The Walloon government has just decided to introduce a bonus-malus system on new and second-hand cars purchased by particulars. The system will be based on the CO<sub>2</sub> emissions and will be introduced as from 2008.

**Emissions**

Excises compensating tax on diesel cars will be gradually reduced and will be totally suppressed as from 1<sup>st</sup> January 2008.



	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>BG</b> Bulgaria</p>	<p><b>Taxation</b> In 2007 the Parliament voted on the introduction of 10 % corporate tax, down from 15%, effective January 1, 2008. Deliberations on the introduction of flat 10% income tax.</p>	

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others										
<p><b>Taxation</b></p> <p>Please refer also to our contributions in the previous Economic Reports. We mention below mostly those acts that have already entered into force. However, it is certain that some of them will be changed again soon, as during 2007 the Government had been preparing a vast financial reform. The appropriate Bill passed through the usual legislative procedures and was adopted as: <b>Act No. 261/2007 Coll. of 19 September 2007 - "Act on stabilization of public budgets"</b>, issued on 16 October 2007 and to come into force on 1 January 2008 except for some paragraphs to come into force later. The act will influence many other acts concerning e.g. VAT, Income Tax, Road Tax, taxes on energy (electricity, solid fuels, gases), Real Estate Tax, Real Estate Transfer Tax, Inheritance Tax, Gift Tax, insurance of different kinds, Labour Code...</p> <p>The relevant information will be provided in due course, above all in ACEA Tax Guide 2007 and the following Economic Reports.</p> <p><b>Excise duties (at present)</b></p> <p>The important legislation concerning excise duties has been: <b>Act No. 353/2003 Coll. of 26 September 2003 - "Act on excise duties"</b>. It was issued on 24 October 2003, came into force on 1 January 2004 and has been several times amended since, e.g. by:</p> <ul style="list-style-type: none"> <li>▪ <b>Act No. 217/2005 Coll. of 3 May 2005 - "Act on amending Act No. 353/2003 Coll. on excise duties..."</b>, issued on 3 June 2005 and in force since 1 July 2005.</li> <li>▪ <b>Act No. 575/2006 Coll. of 30 November 2006 - "Act on amending Act No. 353/2003 Coll. on excise duties..."</b>, issued on 27 December 2006 and in force since 1 January 2007.</li> </ul> <p>Rates are for instance:</p> <table border="1" data-bbox="885 138 1013 1041"> <tr> <td>petrol (Pb contents below 0.013 g/litre)</td> <td>CZK 11 840 / 1000 litres (formerly CZK 10 840)</td> </tr> <tr> <td>petrol (Pb contents over 0.013 g/litre)</td> <td>CZK 13 710 / 1000 litres</td> </tr> <tr> <td>diesel oil</td> <td>CZK 9 950 / 1000 litres (formerly CZK 8 150)</td> </tr> <tr> <td>LPG (for road transport)</td> <td>CZK 3 933 / ton (formerly CZK 2 850)</td> </tr> <tr> <td>CNG (for road transport)</td> <td>CZK 3 355 / ton (formerly CZK 0 = zero)</td> </tr> </table> <p>The rates for LPG and CNG do not comply with environmental requirements and trends.</p> <p><b>VAT (at present)</b></p> <p>The important legislation concerning VAT has been <b>Act No. 235/2004 Coll. of 1 April 2004 - "Act on value added tax"</b>, which was issued on 23 April 2004, came into force on 1 May 2004 and has been several times amended since. The latest amendment is included in <b>Act No. 319/2006 Coll. of 25 May 2006 - "Act amending Act No. 235/2004 Coll. on value added tax"</b>, issued on 30 June 2006 and in force since 15 July 2006.</p> <p>With newer Acts, in comparison to the older <b>Act No. 322/2003 Coll.</b>, there are now two rates that generate different outcomes.</p> <ul style="list-style-type: none"> <li>▪ The basic rate of 19% (formerly 22%) apply to: <ul style="list-style-type: none"> <li>- new vehicles and parts</li> <li>- electrical vehicles</li> <li>- repairs and maintenance</li> </ul> </li> </ul> <p style="text-align: right;">=&gt;&gt; decrease =&gt;&gt; decrease =&gt;&gt; decrease</p>	petrol (Pb contents below 0.013 g/litre)	CZK 11 840 / 1000 litres (formerly CZK 10 840)	petrol (Pb contents over 0.013 g/litre)	CZK 13 710 / 1000 litres	diesel oil	CZK 9 950 / 1000 litres (formerly CZK 8 150)	LPG (for road transport)	CZK 3 933 / ton (formerly CZK 2 850)	CNG (for road transport)	CZK 3 355 / ton (formerly CZK 0 = zero)	<p><b>Environment</b></p> <p><b>The Czech Republic - ELV - Legislation - Implementation</b></p> <p>The Ministry of Environment (MŽP = Ministerstvo životního prostředí) of the Czech Republic is also a responsible state body for the implementation (transposition) of the EU legislation related to environmental protection into the Czech legislation, including ELV issues. <b>Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of-life vehicles.</b> Appropriate implementation activities have been initiated (please refer to the previous versions of the Economic Report). AIA CR has authorized experts of its member, Skoda Auto, to represent AIA CR in the activities concerning ELV, such as e.g. participation in specialized Working Parties.</p> <p><b>MAC</b></p> <p>The national body responsible for MAC issues is the Ministry of Environment of the CR. AIA CR has entrusted specialists of its member, Skoda Auto, with the power to represent AIA CR in the activities concerning MAC, such as e.g. participation in specialized Working Parties. According to the latest information, the position of the CR (Ministry of Environment) is in compliance with the AIA CR standpoint that corresponds to ACEA's position.</p> <p><b>Transport</b></p> <p><b>Transport policy of the CR</b> (Source of information: Ministry of Transport of the CR = MoT) "The Transport Policy of the CR for the years 2005 - 2013" is a complex paper providing strategic goals in the field of transport and transport networks. It was approved by the Government in <b>Decision No. 882 /2005</b> of 13 July 2005.</p> <p><b>GEPARDI</b> (Source of information: Ministry of Transport of the CR = MoT) A general plan of the transport infrastructure development <b>GEPARDI</b> is the principal strategic document that directly follows the approved document "The Transport Policy of the CR for years 2005 - 2013" and should act as its implementation tool. A global target of <b>GEPARDI</b> is to improve mobility of persons and goods, to contribute to the national economy development, to foster social cohesion etc, in an environment-friendly way.</p> <p><b>Road-Pricing Systems - E-Toll</b> (Source of information: Czech media and Ministry of Transport = MoT) The development of this issue was described in all Economic Reports since Nov. 2004. More information on E-Toll system in the CR is available on <b>www.premid.cz</b></p> <p>Next developments expected:</p> <ul style="list-style-type: none"> <li>- from January 2008 on, a part of the 1<sup>st</sup> class roads (about 200 km - replacing the future motorways) shall be added to the system</li> <li>- at present the MoT is preparing the development concept of the E-toll system, analysing various options, e.g. expanding the system to cover also all 1<sup>st</sup> class (possibly 2<sup>nd</sup> and 3<sup>rd</sup> class) roads and vehicles over 3.5 t GVW</li> <li>- according to the results of the development study, the potential changes should not be applied before January 2010</li> </ul> <p><b>Marco Polo Programme</b> (Source of information: Ministry of Transport of the CR = MoT) In 2003 the MoT became responsible for the coordination of relevant activities within the Marco Polo Programme based on <b>Directive 2003/1382/EC of the European Parliament and of the Council of 22 July 2003</b>.</p>	<p><b>Environment</b></p> <p><b>The Czech Republic - ELV - Legislation - Implementation</b></p> <p>The Ministry of Environment (MŽP = Ministerstvo životního prostředí) of the Czech Republic is also a responsible state body for the implementation (transposition) of the EU legislation related to environmental protection into the Czech legislation, including ELV issues. <b>Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of-life vehicles.</b> Appropriate implementation activities have been initiated (please refer to the previous versions of the Economic Report). 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<p><b>National Strategy of Cycling Transport Development in the CR</b> (Source of Information: Ministry of Transport of the CR = MoT) This document was approved by the Government in <i>Decision No. 678/2004</i> of 7 July 2004. Its purpose is to promote biking as an environment-friendly, cheap and healthy way of transport. The project is carried on through 2007.</p> <p><b>Programme of Supporting Renovation of Urban Public Transport Vehicles and Public Intercity Bus Transport</b> (Source of Information: Ministry of Transport of the CR = MoT) This document promotes public transport by providing a set of rules for state support in the field of new vehicles purchase, incl. buses. The programme is carried on through 2007.</p> <p><b>Road safety</b> (Source of Information: Ministry of Transport of the CR = MoT) The following measures contribute to increasing the road safety level: Council of the Government of the Czech Republic for Road Traffic Safety The status of the <i>Council</i> was newly formulated by the Government of the CR on 11 June 2007 in <i>Decision No. 642/07</i> which came into force on 11 June 2007. <i>BESIP (BEzpečnost Silničního Provozu = Road Traffic Safety)</i>, as a special department of MoT, acts as an executive arm and a secretariat to the <i>Council</i>. The <i>Coordination Council of the Minister of Transport for Road Safety</i>, a former coordination, initiating and advisory body of the Minister aimed at increasing road safety, was abolished on 30 November 2004.</p> <ul style="list-style-type: none"> <li>• National Strategy of Road Traffic Safety</li> <li>• European Road Safety Charter</li> </ul> <p>AIA CR joined the Charter after having signed the appropriate documents on 27 Sept. 2007 in Prague in order to promote and disseminate the ideas of the Charter within AIA CR activities.</p> <p><b>ITS</b> (Source of Information: Ministry of Transport of the CR = MoT) The Czech Republic, complying with EU trends and measures, tries to increase the share of ITS in local and international transport. The MoT plays the leading role in this process which is also promoted by municipal and regional authorities. Some applications of telematics/ITS are already being introduced step by step, e.g. central traffic monitoring and control in big cities, traffic density monitoring, weather monitoring, applications for increasing safety in tunnels etc. Special attention is paid to motorways where ITS should be applied preferably. An appropriate effort is also focused on the implementation of <b>eCall</b> system. The CR is also engaged in the EU project <b>CONNECT</b>.</p> <p><b>Emissions</b></p> <p><b>Biofuel</b></p> <p>At present the most important legislation concerning biofuels is <i>Act No. 180/2007 Coll. of 7 June 2007 - "Act amending Act No. 86/2002 Coll. on clean air protection and amendment of some other acts ..."</i>, issued on 12 July 2007 and in force since 1 September 2007. In the Act mentioned there is an obligation of using biofuels. No subsidies nor tax incentives for biofuels producers or distributors have been proposed. An increase in fuel prices is expected although it should only be slight. As to the taxation, the existing rates (both excise duty and VAT) e.g. for blended diesel fuel (biofuel), unfortunately do not comply with environmental requirements and trends. An amount of 2% of RME must be added into diesel oil since 1 September 2007 and 4.5% from 1 January 2009 on. 2% of bioethanol of corn or sugar beet must be added into petrol from 1 January 2008 on and 3.5% from 1 January 2009 on. Biofuels shall share 5.75% of the vehicle fuel market by 2010. Biofuels distributors shall be inspected once a year for proper blending (% limit may be reached within a year in the amount of distributed fuels).</p>	<p>==&gt; increase ==&gt; decrease ==&gt; decrease ==&gt; increase ==&gt; decrease ==&gt; decrease ==&gt; decrease</p> <p>⇒ no change ⇒ no change ⇒ no change ⇒ no change</p> <p>▪ The lowered rate of 5% apply to:  <ul style="list-style-type: none"> <li>- commercial vehicle leasing</li> <li>- hand steering and controls for disabled persons</li> <li>- children car seats</li> <li>- regular passenger public transport</li> </ul>         Note that "decrease" does not mean "incentive"</p> <p>Deductions still do not apply to passenger cars, estate (combil) cars etc (ECE Cat. M1). The deduction is possible for LCVs up to 3.5t.GVW (ECE Cat. N1).</p>
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**AdBlue**

- This additive injected into SCR catalysts of new commercial vehicles to comply with emission limits (Euro 4 and esp. Euro 5) has appeared on the Czech market.
- The number of filling stations concerned is still limited nowadays as the demand is also limited.
- In the CR there are already over 100 filling stations providing AdBlue (W.A.G. - Eurowag, OMV, Benzina etc.)

**Miscellaneous**

Please refer to our contributions in the previous NERs for other issues.  
No meaningful news for this edition of the Economic Report.  
For the latest information on the history, recent development, current situation and future of the production and distribution of fuels and lubricants in the CR it is possible to visit [www.cappo.cz](http://www.cappo.cz) operated by **Czech Association of Petroleum Industry and Trade (CAPPO)** and to download for instance the "*Annual Report 2006*" of April 2007.  
Another important material worth downloading is the "Opinion of the Petroleum Industry Concerning the Use of Bio-fuels in Transport in the Czech Republic".

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>D</b> Germany</p>	<p><b>Taxation</b> Discussions on introducing a CO<sub>2</sub>-base into the annual circulation tax are still under way without any set timetable.</p>	<p><b>Environment</b> 20 German cities are currently planning the introduction of a low emission zone in the inner cities. Some cities will start already on 1 January 2008, others have not set a date yet. The introduction of low emission zones will in most cases be connected with a driving ban for diesel vehicles below Euro 2 and gasoline vehicles below Euro 1. The driving bans will be extended to other emission classes over time.</p> <p><b>Transport</b> On 1 September 2007, the motorway toll for heavy trucks was increased by 1,1 cent to 13,5 cent per kilometre on average. In parallel, circulation tax for heavy trucks was reduced to EU minimum levels and an innovation programme came into force, which provides incentives for investment in Euro V-trucks. The programme is limited until 30 September 2008 when toll rates will be reduced again proportionately.</p> <p>On 10 October 2007, the conference of regional transport ministers rejected the introduction of the modular concept in Germany and also opposed a nation-wide field trial. Currently, several regional trials are under way.</p> <p><b>Emissions</b> The government plans to increase the differentiation of the motorway toll for heavy trucks based on Euro emission classes. Currently, there is a 50 %-difference which shall be increased to 100 % in line with the new Eurovignette directive. It is yet unclear when the new scheme will come into force.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>DK</b> Denmark</p>	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ The Danish government changed the vehicle taxation rules in the spring of 2007.</li> <li>➤ Among the major changes were changes in the taxation of commercial vehicles. For commercial vehicles, the registration tax was increased from 30 % to 50 % - except for pickups and box trucks. However, the registration tax for commercial vehicles with a weight below 2 tonnes was reduced from 95 % to 50 %.</li> <li>➤ For both passenger cars and commercial vehicles an allowances/supplement was introduced, which depends on how fuel-efficient the vehicle is. A registration tax allowance was introduced for both passenger cars and commercial vehicles of DKK 4,000 for every kilometre per litre in excess of 16 km/l for petrol vehicles and 18 km/l for diesel vehicles. At the same time a registration tax supplement was introduced of DKK 1,000 for every kilometre per litre less than 16 km/l for petrol vehicles and 18 km/l for diesel vehicles.</li> <li>➤ For both passenger cars and commercial vehicles there were a number of changes in the tax allowances, which can be made for various types of safety equipment.</li> <li>➤ So far the changes in the vehicle taxation rules have led to a decline in the sale of commercial vehicles and an increase in the sale of small fuel-efficient passenger cars. The increase has been especially strong for small fuel-efficient diesel cars.</li> </ul>	<p><b>Transport Policy</b></p> <p>The Danish government has just called an election. The election will be held on November 13<sup>th</sup> 2007.</p> <p>Last year the government established a so-called "Committee on Infrastructure". This committee shall present an analysis of the challenges facing the infrastructure in Denmark and present proposals regarding the future investments in the transport area.</p> <p>The committee was supposed to publish its findings shortly, but this has been postponed due to the election.</p>

E Spain

**Taxation**

**New registration deductions:**

Withdrawal of PREVER incentives since first of January 2008

**New framework for registration taxes based on vehicles CO2 official emissions:**

1) Current situation

Registration tax : 7% if: <1600 cc petrol  
<2000 cc diesel  
Registration tax: 12% if: >=1600 cc petrol  
>= 2000 cc diesel

2) Registration taxes since first of January 2008

Emission CO2 (g/km)	Proposed rate	New registration 2006	% Share
< = 120	0%	125.662	7,7
> 120 < 160	4,75%	907.752	55,5
>= 160 < 200	9,75%	459.578	28,1
>= 200	14,75%	141.603	8,7
Total		1.634.595	100

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>F</b> France</p>	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>- Road transport companies have protested after a sharp increase in motorway toll prices for trucks in 2006 (+ 3.3% on average). Heavy trucks account for 18% of motorway traffic but for 40% of tolls. The Federation of transport and logistics companies asks for a modulation of tolls according to environmental vehicle standards.</li> <li>- The Alsace region intends to experiment a toll on heavy truck traffic in 2009 to limit the traffic increase since the introduction of the LKW-Maut in Germany in 2005. The tax should amount to € 0.06 per km for a 2-axle truck, € 0.09 per km for a 3-axle truck and € 0.12 for a 4-axle truck.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>- Following the presidential election campaign, public authorities have launched a national debate to define concrete actions in the field of environment ("<i>Grenelle de l'environnement</i>") with the participation of various actors (companies, experts, NGOs, trade unions, etc). In this framework, several actors have presented their own proposals. Concerning transport, modal shift should be the main priority with probable negative impacts on road users. Among possible measures currently discussed are: the creation of new rail or rail-road infrastructure, a new tax for heavy trucks around € 0.12 per km in the framework of Eurovignette, the increase of the excise tax on fuels and a new "<i>bonus-malus</i>" system for cars, with a tax or a credit depending on the CO<sub>2</sub> level, to finance public transport, or the possible reduction of speed limits. Several actors of the automobile sector ask for a scrap incentive to clean up the vehicle fleet.</li> <li>- CCFA takes part to these debates and asks for a status quo in terms of excise duty rates on diesel and gasoline fuel in order to allow further progress in terms of CO<sub>2</sub> emissions decrease. Concerning biofuels, French manufacturers also commit to develop in the short term vehicles allowing an incorporation rate of 10% and ask for more public research initiatives in this field. The government will unveil its final action plan (15 or 20 measures) at the end of October.</li> </ul> <p><b>Transport:</b></p> <p>In 2006, the number of fatalities decreased for the fifth year in a row to 4,709 (-11.5%). Alcohol has become the first factor leading to accidents (28.4%). Moreover, the average speed of passenger cars on French roads also continued to decrease last year (82,2 km/h, - 8 km/h compared to 2000). The number of automatic radars should rise from 1,500 to 2,000 by the end of the year, and double in the next five years.</p> <p><b>Emissions</b></p> <p>According to the annual ranking of Ademe (national environmental agency), 47% of the new passenger cars sold in 2006 in France were emitting less than 140 g CO<sub>2</sub>/km, against 42% in 2005 and 29% in 2002, whereas cars emitting more than 161g accounted for 25% of the market against 32% in 2005.</p>



**Taxes, Fiscal Incentives, Government Budget**

**Environment, Transport, Emissions and Others**

**Taxation**

New and modified taxes in 2006-2007

1. Tax of power  
Instead of the s.c. "weight tax" the tax of power is to be introduced 120-300 HUF/KW engine power
2. Tax of registration of the passenger cars

Technical characteristics of the car category	Tax (HUF/pce)			
	Environmental classification >8	6-8	4	<4
1. With Otto engine <1100 cm <sup>3</sup> With Diesel engine <1300 cm <sup>3</sup>	250000	372000	499000	749000
2. With Otto engine 1101-1400 cm <sup>3</sup> With Diesel engine 1301-1500 cm <sup>3</sup>	361000	542000	722000	1083000
3. With Otto engine 1401-1600 cm <sup>3</sup> With Diesel engine 1501-1700 cm <sup>3</sup>	478000	722000	966000	1434000
4. Otto 1601-1800 cm <sup>3</sup> Diesel 1701-2000 cm <sup>3</sup>	743000	1104000	1476000	2230000
5. Otto 1801-2000 cm <sup>3</sup> Diesel 2001-2500 cm <sup>3</sup>	1020000	1529000	2039000	3059000
6. Otto 2001-2500 cm <sup>3</sup> Diesel 2501-3000 cm <sup>3</sup>	1466000	2198000	2931000	4397000
7. Otto 2501-3000 cm <sup>3</sup> Diesel 3001-3500 cm <sup>3</sup>	2230000	3345000	4460000	6691000
8. Otto >3000 cm <sup>3</sup> Diesel >3500 cm <sup>3</sup>	3207000	4821000	6425000	9622000
9. Electrical power or electric – Otto/Diesel engine hybrid	190000			
10. Other (except for 9. category)	380000			

**Environment**

- No new measures to be reported.

H  
Hungary

	<b>Taxes, Fiscal Incentives, Government Budget</b>	<b>Environment, Transport, Emissions and Others</b>
<b>IRL</b> Ireland	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ There were no increases in either VAT or registration taxes in the Minister for Finance's Budget of December 2006.</li> <li>➤ There were no increases in road Tax or fuel duties</li> <li>➤ However, a Discussion Document was issued as part of the Budget, indicating a move to a partial CO2 basis for registration and road tax from January 1<sup>st</sup> 2008. All interested parties, including the motor industry, were invited to make a Submission.</li> <li>➤ Incentives were introduced for Electric Vehicles, with a reduction of 50% in VRT for these vehicles, similar to the incentive to for hybrid vehicles and Flexible Fuel Vehicles.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ Primary legislation on ELVs was passed in July 2003, which allowed manufacturers to opt for "own-marque" schemes. Regulations were issued at the end of May 2006, with free take back to commence from January 2007. The motor industry is unhappy with the regulation. The proposed system is unworkable, with particular concerns in the areas of the number of proposed treatment centres of 43 (with no provision for collection points), which would not be economically sustainable; the requirement for each Importer to register with each local authority and pay excessive annual registration fees; and the onerous administration and reporting requirements.</li> <li>➤ The EU Directive on CO2 emissions has now being implemented in the State.</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ The Government recently announced a hugely ambitious new plan, "Transport 21", which will see €34 billion invested in transport infrastructure over the next 10 years, including €18 billion on roads. This is the first time in the history of the State that transport infrastructure has been prioritised.</li> <li>➤ There are now four tolls in operation in Ireland at the current time, and this is expected to increase in the coming years. Consumers are becoming more disposed to the introduction of tolls, as long as these monies are clearly used to pay for the road infrastructure.</li> <li>➤ An overland tram system, "LUAS", consisting of 2 lines from Dublin's suburbs to the city center was opened in the summer of 2004. In addition a Port Tunnel for HGVs has been completed, with the aim of taking all HGVS away from the centre of Dublin. The tunnel is now fully operational.</li> <li>➤ The Government recently, as part of Transport 21, announced plans for a metro system in Dublin.</li> </ul> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ Hybrid Vehicles, Flexible fuel and Electric vehicles are entitled to a 50% refund of VRT.</li> <li>➤ Euro IV for passenger vehicles has been implemented in Ireland from January 2006.</li> </ul>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others																								
<p><b>NL</b> Netherlands</p>	<p><b>Taxation</b></p> <p>In 2008, the following taxation measures are planned to be taken into account in The Netherlands:</p> <ol style="list-style-type: none"> <li>January 1<sup>st</sup>: increase of the percentage of the car retail price, which has to be added to the personal income when a business car is used for private purposes. The increase should be from 22% to 25%. For ultra fuel-efficient cars however, the percentage will be lowered to 14%. "Ultra efficient" is defined as follows: - petrol: &lt; 110 gr CO2/km - diesel: &lt; 95gr CO2/km Besides, these ultra fuel efficient cars get a reduction of Annual Circulation Tax of 50%(1)</li> <li>February 1<sup>st</sup>: change of incentive-table incorporated in our registration tax, related to the CO2 efficiency of a passenger car (efficiency label A-G) <table border="1" data-bbox="430 1064 638 1859"> <thead> <tr> <th>Label</th> <th>Current incentive</th> <th>Proposed incentive</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>€ 1.000 (tax deduction)</td> <td>€ 1.400 (tax deduction)</td> </tr> <tr> <td>B</td> <td>€ 500 "</td> <td>€ 700 "</td> </tr> <tr> <td>C</td> <td>---</td> <td>---</td> </tr> <tr> <td>D</td> <td>€ 135 (tax addition)</td> <td>€ 400 (tax addition)</td> </tr> <tr> <td>E</td> <td>€ 270 "</td> <td>€ 800 "</td> </tr> <tr> <td>F</td> <td>€ 405 "</td> <td>€ 1.200 "</td> </tr> <tr> <td>G</td> <td>€ 540 "</td> <td>€ 1.600 "</td> </tr> </tbody> </table> <p>NB: We are still negotiating with our government to about these changes.</p> </li> <li>February 1<sup>st</sup>: introduction of a differentiation scheme in our registration tax for passenger cars with a diesel motor, related to emission of particle matter (PM). In 2006, the Dutch government wanted to obligate the industry to deliver each passenger car with a PM filter. This was obstructed by the European Commission. Now our government has proposed a tax measure (which seems to be permitted), which has quite the same effect as an obligation. The proposed scheme is as follows: - Each passenger car with diesel motor gets an registration tax deduction of € 1.000,- - This deduction is diminished with a € 200,- amount for each mg per km PM-emission. This means: at 5 mg/km PM-emission, the tax deduction is zero. For each mg/km extra PM emission, there is a penalty in the registration tax. <i>RAI is heavily objecting to this proposal because, in EURO IV, a PM emission/km of 25 mg is permitted which will now be sanctioned by a penalty of € 4.000 and pushes some brands/models completely out of the market.</i> NB: We are still negotiating with our government to about this proposal.</li> <li>February 1<sup>st</sup>: introduction of an extra amount of registration tax for passenger cars, related to CO2-emission. - petrol: € 110 per gram CO2 &gt; 240 gr/km - diesel: € 110 per gram CO2 &gt; 200 gr/km</li> <li>February 1<sup>st</sup>: Due to the preparation of a total new scheme in The Netherlands for taxing mobility (price per km), our government will lower the percentage in the registration tax formula, for passenger cars. This results in a loss in registration tax of € 150 million/year, which will be compensated by a general increase of the Annual Circulation Tax for all passenger cars, commercial vehicles, trucks and motorcycles in The Netherlands with the same amount (€ 150 million/year). The registration tax formula changes as follows: - petrol: Registration tax = 42,3% x (net catalog price) - € 1.442,- - diesel: Registration tax = 42,3% x (net catalog price) + € 307,- NB: increase of excise duty of € 0,03/liter for diesel and € 0,01/liter for LPG</li> <li>July 1<sup>st</sup>: increase of excise duty of € 0,03/liter for diesel and € 0,01/liter for LPG</li> </ol>	Label	Current incentive	Proposed incentive	A	€ 1.000 (tax deduction)	€ 1.400 (tax deduction)	B	€ 500 "	€ 700 "	C	---	---	D	€ 135 (tax addition)	€ 400 (tax addition)	E	€ 270 "	€ 800 "	F	€ 405 "	€ 1.200 "	G	€ 540 "	€ 1.600 "	<p><b>Environment</b></p> <p>See taxation above</p> <p><b>Transport</b></p> <p>In the course of 2008, preparations will continue to introduce a new pricing system for mobility in The Netherlands (read pricing), payable by all vehicle which the public road.</p> <p><b>Emissions</b></p> <p>See taxation above.</p>
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<p><b>P</b> Portugal</p>	<p><b>Taxation</b></p> <p>Since 1<sup>st</sup> July 2006 has come into force a new car tax composed of two parts, one part depending on cylinder capacity and the other one depending on CO<sub>2</sub> emissions of the vehicle. This new car tax penalizes more diesel cars than petrol ones.</p> <p>In the forthcoming months of 2007, this new car tax will be revised. The new policy points are the following: after 1<sup>st</sup> July 2007, 10% of the tax burden will be transferred from tax on acquisition to tax on ownership. At the same time, the environment part will represent 30% of the total tax on acquisition and the cylinder capacity part will represent the remaining 70%.</p> <p>Concerning the year 2008, the ISV rates will change after 1 January 2008. After that date, more than 8% of the tax burden will be transferred from tax on acquisition to tax on ownership and, at the same time, the environment part will be heavier and will begin to represent 60% of the total tax on acquisition and the cylinder capacity part will only represent the remaining 40%.</p>	<p><b>Environment</b></p> <p>The Government is giving subsidies to the scrapping of cars older than 10 years, during 2007 and will continue to do it next year, in 2008. In the meantime, the Government approved some procedures to make easier and more tempting these interventions.</p> <p>On the other hand, the recycling process of ELVs is still in course in Portugal. A company (VALORCAR) was created to monitor and coordinate the recycling process (it is possible to access the network of the Portuguese certified centres for the recycling process at <a href="http://www.valorcar.pt">www.valorcar.pt</a>).</p> <p>The car tax is giving more and more attention to environmental problems. An environmental component has already been introduced which will become more and more important (expected to represent 60% of the car tax on acquisition in 2008), either in acquisition car tax, or in ownership car tax. Gas, Electric, LPG and Hybrid vehicles are applied a reduction of 50% on the car tax on acquisition since 1 July 2007.</p> <p>Besides, Portugal is applying all directives in force relative to Euro Standards.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>PL</b> Poland</p>	<p><b>Taxation</b> Nothing new to report</p>	<p><b>Environment</b></p> <p>Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of-life vehicles was introduced by Act of 20 January 2005 on recycling of end-of-life vehicles (Journal of Laws No 25 item 202).</p> <p>The Polish ELV Act provides that the company bringing the vehicle into the country's territory is obliged to provide the network collecting the vehicles. Such a network should cover the country's territory in a way that enables the vehicle's owner to hand over an end-of-life vehicle to the authorized facilities for vehicle collection or to the authorized treatment facilities, situated at a distance no greater than 50 kilometers in straight line from the residence or the place of business of the vehicle's owner.</p> <p>The person/company introducing a vehicle into Poland is obliged to pay fees of the amount of PLN 500 for every vehicle, whenever no collection network is created.</p> <p>In September 2007, Parliament (Sejm) adopted <b>the ELV Act amendment</b> (very important for the Polish automotive industry) as follows:</p> <ul style="list-style-type: none"> <li>• If the network covers 95% of the territory =&gt; no fee</li> <li>• If the network covers 90% - 95% of the territory =&gt; 25 % fee</li> <li>• If the network covers 85% - 90% of the territory =&gt; 50% fee</li> </ul> <p><b>Others</b></p> <p>Design Protection in Poland is currently governed by the Amendment to the Act - „<b>Industrial Property Rights</b>” which was passed on July 31 and came into force on 31<sup>st</sup> October 2007 (Journal of Laws No 2136 item 958). The amendment introduced Design Protection liberalization law.</p> <p><b>Amendment to the Act – „Industrial Property Rights”</b> Following article 106, article 106<sup>1</sup> is supplemented with the following meaning:</p> <p>Art. 106. 1. <i>Rights from registration of a design, which is entitled to protection, are not vested in a product that constitutes an element of a complex product and is used to repair the said product in a way to restore its original appearance.</i></p> <p>2. <i>Third parties may make use of the product specified by point 1 either by manufacturing it, offering it, admitting it to trade, importing it, exporting it or by using the product in which the design is contained or used, or by storing such product for the above purposes.</i></p> <p>Following article 5, article 6 is added with the following meaning:</p> <p>“Article 6. <i>The rights included in art. 106 of the act, which are mentioned in art. 1, also apply to the use of industrial property law, and had been granted before the date of entry into force of this act.</i>”</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others																																										
<p><b>RO</b> Romania</p>	<p><b>Taxation</b></p> <p>1. Since the beginning of 2006, the special first registration tax has been applied, the amount of which depends on: displacement, emissions level and age of the vehicle. Simultaneously, excise duties have been removed for new local or imported vehicles. Applying the special first registration tax contributed to diminishing the number of second hand vehicles imported during the first quarter of 2007 to 15.367 units, compared to 53.563 second hand vehicles imported during the fourth quarter of 2006. A new algorithm in order to determine the special tax is currently being discussed by the authorities.</p> <p>2. Road taxes (rovigneta) Until the end of 2007 will be applied the annual taxes from the following table (in €):</p> <table border="1" data-bbox="432 1032 596 1906"> <thead> <tr> <th>Vehicle type</th> <th>Non Euro</th> <th>Euro1</th> <th>Euro2 and over</th> </tr> </thead> <tbody> <tr> <td>Cars</td> <td>24</td> <td>21</td> <td>16,8</td> </tr> <tr> <td>Microbus</td> <td>216</td> <td>210</td> <td>204</td> </tr> <tr> <td>Buses</td> <td>510</td> <td>450</td> <td>390</td> </tr> <tr> <td>CV 3,5-7 to</td> <td>240</td> <td>228</td> <td>210</td> </tr> <tr> <td>CV 7-12 to</td> <td>540</td> <td>480</td> <td>420</td> </tr> </tbody> </table> <p>3. Annual tax. In 2007 taxes will be applied as follows (in RON; 1€=3,5 RON):</p> <table border="1" data-bbox="695 1061 932 1879"> <thead> <tr> <th>Vehicle type</th> <th>Tariff</th> </tr> </thead> <tbody> <tr> <td>Car &lt;1600cc</td> <td>7</td> </tr> <tr> <td>Car 1601-2000cc</td> <td>15</td> </tr> <tr> <td>Car 2001-2600cc</td> <td>30</td> </tr> <tr> <td>Car 2601-3000cc</td> <td>60</td> </tr> <tr> <td>Car &gt;3000cc</td> <td>120</td> </tr> <tr> <td>Buses</td> <td>20</td> </tr> <tr> <td>CV&lt;12to</td> <td>25</td> </tr> <tr> <td>CV&gt;12to</td> <td>100-1361</td> </tr> </tbody> </table>	Vehicle type	Non Euro	Euro1	Euro2 and over	Cars	24	21	16,8	Microbus	216	210	204	Buses	510	450	390	CV 3,5-7 to	240	228	210	CV 7-12 to	540	480	420	Vehicle type	Tariff	Car <1600cc	7	Car 1601-2000cc	15	Car 2001-2600cc	30	Car 2601-3000cc	60	Car >3000cc	120	Buses	20	CV<12to	25	CV>12to	100-1361	<p><b>Environment</b></p> <p>1. There are no financial incentives concerning vehicles.</p> <p>2. The 2000/53 directive – recycling is transposed in the Romanian legislation. After 1 January 2007, the enforcing deadlines are the same as the EU ones.</p> <p>3. Displaying consumptions (labelling) in sales stands for new vehicles, but there are no technical demands concerning the CO2 emissions.</p> <p><b>Emissions</b></p> <p>Besides the registration taxes and the road tax (rovigneta) presented above, there are no incentives concerning vehicles. Fuel excises is slightly differentiated for the EURO 3,4,5, for gasoline and also diesel.</p>
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	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>S</b> Sweden</p>	<p><b>Taxation</b></p> <p>According to a Government proposal the petrol tax will be increased by SEK 0.29 per litre and the diesel fuel tax will be increased by SEK 0.55 per litre incl VAT from 1 January 2008.</p> <p>The annual road tax on diesel cars will be decreased from 1 January 2008 as follows:</p> <ul style="list-style-type: none"> <li>- For diesel cars that pay tax according to weight (older cars) the annual road tax will be decreased by 4,5%.</li> <li>- For diesel cars that pay tax according to CO<sub>2</sub>-emission (applied to cars of environmental class 2005 and onwards) the extra tax (the so called fuel and environmental factor) on diesel cars is reduced from 3,5 to 3,15 for cars newly registered from 1 January 2008. From 1 January 2008 the factor will be reduced to 3,3 for diesel cars newly registered up to the end of 2007.</li> </ul> <p>The reduction of the annual road tax compensates approximately for the increase of the diesel fuel tax for a car owner with an average annual mileage.</p> <p>The annual road tax will be increased from 1 January 2008 by 45% on most light trucks/buses up to 3,5 tons.</p> <p>The annual road tax incentive of SEK 6 000 on light diesel vehicles (cars and trucks/buses with G.V.W. up to 3,5 tonnes) of environmental class 2005PM having a particulate filter (max 5 mg/km) will be valid for newly registered cars only up to the end of 2007.</p> <p>On 1 April 2007 a tax incentive (environmental car premium) of SEK 10 000 for private persons purchasing an environmental car was introduced. The premium is paid by the National Road Board to private persons that have firstly registered an environmental car during the period 1 April 2007 to 31 December 2009. Sales of environmental cars have increased since the premium was introduced. The definition of an environmental car is in this case the same as the definition used by the National Road Board:</p> <ol style="list-style-type: none"> <li>1) <i>Petrol, diesel and electric hybrid cars with a CO<sub>2</sub>-emission of max 120 g/km. Diesel cars must have a particulate emission of less than 5 mg/km (normally a car with particulate filter).</i></li> <li>2) <i>Cars completely or partly driven by an alternative fuel must have a fuel consumption of max 9,2 litre/100 km petrol, 8,4 litre/100 km diesel or 9,7 cubic metres/100 km for CNG/biogas cars.</i></li> <li>3) <i>Electric cars with an electrical energy consumption per 100 km of max 37 kwh.</i></li> </ol> <p>A new tax on traffic insurance premiums was introduced on 1 July 2007. The tax is 32% of the premium and it is intended as a first step towards a complete transfer of the state costs for road traffic injuries to the traffic insurance premium. The new tax means an increase of the costs for an average car owner by SEK 700 per year.</p>	<p><b>Environment</b></p> <p>The ELV-directive was introduced in Sweden on 1 June 2007. At the same time the scrapping fee/scrapping premium system was abolished. From 1 June a scrapping compensation of SEK 4 000 was introduced for cars older than 1989 year model (mostly cars without a catalyzer). The scrapping compensation was paid as long as there was money left in the car-scrapping fund. There was a large increase of the scrapping due to the SEK 4 000 compensation and the scrapping fund became empty within a few days.</p> <p><b>Transport</b></p> <p>The congestion tax in Stockholm was re-introduced on 1 August 2007. This time the revenues from the tax will be financing road investments in the Stockholm area. Environmental cars according to the definition by the Tax Board will be exempted from congestion tax: <i>Cars completely or partly driven by an alternative fuel or electricity, which means CNG, biogas, ethanol, electric and hybrid electric cars.</i></p>

Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>Taxation</b></p> <p><b>TAXES ON ACQUISITION</b></p> <ul style="list-style-type: none"> <li>➤ Taxes imposed on motor vehicles splits in two categories, new and used vehicles: <ul style="list-style-type: none"> <li><b>New vehicles</b> can be imported either by an authorized wholesale importer or individually. Charges for the technical approval certificate and the appropriate documents for a single vehicle amount to 2000 Sk, in the case of mass production or importing by a wholesale importer the charge is 2000 Sk.</li> <li>➤ Complete conditions, affordability of vehicles, and other appurtenances are specified by new Act no. 725/2004 on Operation on road communications, which is in force from 1<sup>st</sup> March 2005. Main changes are in the field of individual imports of used cars. There is no limitation for the moment as it was in former Act. All former fees for individually imported vehicles based on vehicle age are canceled. Only the cars with Certificate of Conformity can be imported.</li> </ul> </li> </ul> <p><b><u>Taxes on motor vehicle sales</u></b></p> <p><b>VAT</b></p> <p><b>Generally</b></p> <p>VAT paid when importing the vehicle 19 %</p> <p>Import duty from outside EU 10,5%</p> <p>Proportional VAT calculated from difference between wholesale and general retail price 19 %</p> <p>Taxpayer is not allowed to decrease the vehicle price by proportional VAT.</p> <p>Taxpayer is allowed to count the price of the vehicle which is bought for business purposes into allowances for depreciation for a total value of 800 000 Sk, respectively 950 000 Sk, when purchasing a vehicle on leasing terms (1st depreciation group – depreciation period 4 years).</p> <p><b>VAT rates</b></p> <p>Fiat rate for VAT for any goods or services.</p> <p><b><u>Allowable deductions</u></b></p> <p><b>VAT Exemptions</b></p> <p>A person registered for VAT is allowed to deduct VAT on the purchase of commercial vehicles for professional use.</p> <p>Deductions are not allowed for passenger cars, estate (combi) cars etc. (ECE Cat. M1).</p> <p>The deduction for LCVs up to 3.5t GVW (ECE Cat. N1) is still possible.</p> <p><b>Registration charges</b></p> <p>Registration fee of first vehicle or trailing vehicle, including editing of appropriate documents: 1000 Sk</p> <p>Assigning of registration number and issuing of registration number plate: 500 Sk for each plate.</p> <p><b>TAXES ON OWNERSHIP</b></p> <p>There are no typical ownership taxes in the Slovak Republic.</p> <p><b><u>Motor vehicle tax (former road tax)</u></b></p> <p><b>Generally</b></p> <p>Any vehicle owner who uses his vehicle for business purposes is obliged to pay the road tax.</p> <p><b>Legislation</b></p> <p>Legislation concerning tax on motor vehicles is specified in Act no. 582/2004 Z. z, which specifies local taxes and taxes on communal waste and small building waste. Assessment of tax is now in responsibility of local authorities. Therefore, these taxes may differ from region to region. The Act specifies also conditions for vehicles, which are used in international transport and in combined transport.</p>	<p><b>Environment</b></p> <p><b>ELV - EC/53/2000</b></p> <p>Act no. 223/2001 Legislation on waste adopted on 15<sup>th</sup> May 2001.</p> <p>Vehicle importer and vehicle manufacturer, in accordance with mentioned Act, do not take any responsibility for fulfilling recycling quota. They are not responsible for taking vehicle from owner. They are obliged to pay contribution to the Recycling Fund. Recycling quota is specified in Program of waste economy. When cancelling registration, vehicle owner is obliged to present either confirmation regarding supplying vehicle to the authorised recycling company, or to declare keeping vehicle for its subsequent sale.</p> <p>Vehicle importers are obliged to contribute to Recycling fund regardless of vehicle category.</p> <p>Obligation of vehicle manufacturer or importer for all categories:</p> <ol style="list-style-type: none"> <li>1. To pay contribution to Recycle fund for spare parts imported according to Annex of items specified in Customs tariff Ministry of Environment <ul style="list-style-type: none"> <li>- batteries</li> <li>- oils</li> <li>- electronics</li> <li>- paper</li> <li>- glass</li> </ul> </li> <li>2. To keep and store the evidence of imported products and to provide these data to Recycle fund and to authorised regional state authority once quarterly.</li> </ol> <p>Obligation is specified for manufacturer or importer of vehicles M1 and N1 category.</p> <ol style="list-style-type: none"> <li>3. To pay contribution to Recycle fund for any imported vehicle of specified category regardless to vehicle model and weight. From 1<sup>st</sup> March 2004 contribution fee is 2 000 SKK also for individually imported vehicle.</li> <li>4. To provide necessary information for vehicle dismantling within 6 months after vehicle launching on market.</li> </ol> <p><b>Transport Policy</b></p> <ul style="list-style-type: none"> <li>- Since January 2007 heavy trucks obliged to drive only in right traffic lane and not allowed over taking truck by truck.</li> <li>- ITS applications (navigation systems)</li> </ul> <p>No obligatory use of navigation systems. Affordable for reasonable price including navigation maps of Slovakia and neighboring countries. Mostly used in premium segment of vehicles.</p> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ Slovakia has adopted EU Directive regarding using bio-compounds in fuels for motor vehicles. Till 2008 volume of bio-compound has to be at level 5% in petrol and diesel fuels. In 2006 ratio was 2%.</li> <li>➤ From January 2007 only new vehicles complying Euro 4 standard are allowed to be offered to customers.</li> </ul>



**a) Passenger cars with engine capacity**

< 900 cm <sup>3</sup>	1 600 SKK
900 - 1 200 cm <sup>3</sup>	2 100 SKK
1 200 - 1 500 cm <sup>3</sup>	2 900 SKK
1 500 - 2 000 cm <sup>3</sup>	3 700 SKK
2 000 - 3 000 cm <sup>3</sup>	4 700 SKK
> 3 000 cm <sup>3</sup>	5 600 SKK

**b) Commercial vehicles and buses**

According to GVW and the number of axles, taxes go from 1 800 SKK up to 71 800 SKK

**TAXES ON MOTORING****Fuel taxes**

Taxes applicable on mineral oils are specified in Act no. 239/2001 Z.z.

**Fuel taxes in 2005**

Fuel	Excise duty	VAT
Petrol	15 500 – 18 000 Sk/1000 l	19%
Diesel fuel	14 500 Sk/1000 l	19%

**Insurance****Generally**

Subscription to third party insurance is compulsory for all registered motor vehicles. At present, eight authorized insurance companies provide compulsory insurance services. Rates are not regulated and there are small differences depending on the insurance company. Rates are specified in base rates, with additional charges for taxis, vehicle renting companies and driving schools. The level of the rate depends on engine rating and vehicle use.

**Rates**

Motorcycles	rate in SKK
< 50 cm <sup>3</sup>	1 000
50 - 350 cm <sup>3</sup>	1 890
> 350 cm <sup>3</sup>	3 977
pass. cars (up to 3,5 t GVW)	rate in SKK
< 1 300 cm <sup>3</sup>	4 653
1 300 - 1 800 cm <sup>3</sup>	7 783
1 800 – 2 500 cm <sup>3</sup>	11 831
> 2 500 cm <sup>3</sup>	16 855
LCVs (up to 3,5 t GVW)	rate in SKK
< 1 300 cm <sup>3</sup>	4 961
1 300 - 1 800 cm <sup>3</sup>	8 996

1 800 – 2 500 cm <sup>3</sup>	11 831
> 2 500 cm <sup>3</sup>	30 571
<b>trucks</b>	<b>rate in SKK</b>
3 500 - 12 000 kg	26 154
> 12 000 kg	35 248
<b>buses</b>	<b>rate in SKK</b>
for public transport only	16 989
< 5 000 kg	24 992
> 5 000 kg	39 382
<b>Trolleybuses</b>	<b>rate in SKK</b>
for public transport only	13 186

These are average rates for single segment. Rates change depending on insurance company.

**Road pricing  
Highway fees for motor vehicles**

<b>Annual</b>	GVW < 3.5 t	1 100 SKK
	GVW 3.5 t - 12 t	13 500 SKK
	GVW > 12 t	28 000 SKK
<b>1 month</b>	GVW < 3.5 t	300 SKK
	GVW 3.5 t - 12 t	2 600 SKK
	GVW > 12 t	3 000 SKK
<b>7 days</b>	GVW < 3.5 t	150SKK
	GVW 3.5 t - 12 t	1 100 SKK
	GVW > 12 t	1 200 SKK
<b>1 day</b>	GVW - 12 t	260 SKK
	GVW > 12 t	300 SKK

**THE PRIVATE USE OF A COMPANY CAR**

Use of a company car for private motoring is treated as a benefit in kind under personal income tax. The amount to be added to an employee's income before taxation is 1% of the purchase price of the company car for each month of use.

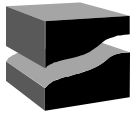
**PERIODICAL INSPECTION OF VEHICLES**

**Inspections**

Compulsory periodical inspections of road vehicles include the Regular Technical Inspections (RTI) and the Regular Emission Measurements (REM).

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p><b>UK</b> United Kingdom</p>	<p><b>Taxation</b></p> <p><b>Pre-Budget Report - Transport and environment taxes</b></p> <p>Budget 2007 saw fuel duties and light vehicle VED give some stability with indicative rates for 2008 and 2009. We welcomed this format and the limited guidance it gives to business and motorists on government's intentions here. The Government today announces inflation-only increases on motorcycle VED rates in 2008-09, while VED rates for special types vehicles, combined transport vehicles and all vehicle categories that are linked to the basic goods rate will be frozen. It also announced on 1 October 2007 that heavy goods vehicles (HGV) VED rates would be frozen in 2008-09. All changes take effect from licences commencing 1 April 2008.</p> <p>The notable recent change on fuel duties was the 1<sup>st</sup> October implementation of the delayed 2p per litre duty, as set in Budget 2007.</p> <p>The government will no longer proceed with seeking state aid clearance for an Enhanced Capital Allowance (ECA) for the cleanest biofuels plant. However there will be the extension of the 20p per litre biofuels duty differential to biobutanol on a pilot relief basis later this year, and government today laid in Parliament the draft RTFO order to prepare for the introduction of the RTFO in April 2008.</p> <p>The Government will be reviewing the hydrocarbon oils duties legislation to simplify the duty rates structure and remove obstacles to the introduction of more environmentally friendly fuels. Draft clauses will be exposed for comment later in the year.</p> <p>Following HMRC's review of the taxation of employee car ownership schemes (ECOS), the Government has decided not to impose a benefit in kind charge on ECOS. A summary of the responses to the consultation on the tax relief for business expenditure on cars is published with the PBR. The Government appreciates the importance of considering the framework of taxation of cars used for business travel as a whole, and will make announcements on future policy in this area in Budget 2008.</p> <p>From April 2008 the fixed figure on which the company car fuel benefit charge is based will be increased, from £14,400 to £16,900, to enhance the environmental incentive to drive fewer miles. After a period since 2003 of no change, the increase in line with RPI inflation over this period has reconfirmed government policy not to encourage any increase in uptake of this benefit.</p> <p>A package of measures announced on 1 Oct including freezing vehicle excise duty on HGVs; £2million per year for enforcement; and publishing a progress report on enforcement of foreign vehicles.</p> <p>The Government will continue in its work to include aviation in the EU Emissions Trading Scheme. Air Passenger Duty will also be replaced with a duty paid per plane rather than per passenger with effect from 1 November 2009, and will begin a consultation shortly. In advance of the introduction of a per plane duty, APD rates will be frozen at their current level for 2008-09.</p> <p>The Department for Environment, Food and Rural Affairs will see a budget increase by 1.4% in real terms on average over three years.</p> <p>Government has also announced the creation of an Environmental Transformation Fund of £1.2bn over the CSR07 period.</p> <p>In Phase III of EU ETS greater use will be made of auctioning.</p> <p>Climate Change Agreements will continue until 2017, subject to state aid approval, business will be involved in taking this forward.</p>	<p><b>Emissions</b></p> <p><b>King Review</b></p> <p>Further to the publication of the Stern Review last year at Budget 2007 the Chancellor launched the King Review, to examine the vehicle and fuel technologies which could help decarbonise road transport, particularly cars, over the next 25 years. The interim analytical report was launched today – 'Part 1: the potential for CO2 reduction' <a href="http://www.hm-treasury.gov.uk/pbr_csr/reviews/pbr_csr07_king_index.cfm">http://www.hm-treasury.gov.uk/pbr_csr/reviews/pbr_csr07_king_index.cfm</a></p> <p>This report looks at the scope of emissions reductions from vehicle technologies, clean fuels and consumers. It says whilst the challenge is large and urgent it is achievable. The report suggests 30 per cent lower CO2 emitting cars could be in place within 10 years, switching to the lowest emitters in each class, developing the market for low emission cars is the urgent short term challenge. A 50 per cent reduction by 2030 could be achieved, at a low cost, by battery-electric hybrids and bio-fuels. An almost complete decarbonisation of road transport is realistic in the long-term, through electric or hydrogen powered vehicles. The interim report understands the role of the consumer. The Review also mentions fuels must be assessed on life-cycle CO2 emissions. The next stage of the Review, regarding recommendations to Government on its role, is due in early 2008.</p>





ACEA

# AUSTRIA

## ECONOMIC REPORT

Wien, November 2007  
FFO / Association of the Austrian Vehicle Industry  
Mr. Walter Linszbauer (e-mail : [kfz@wko.at](mailto:kfz@wko.at))  
Phone: + 43 150 105 48 01

# The Association of the Austrian Vehicle Industry

## About us and the field of activities of member companies

The Association of the Austrian Vehicle Industry is a corporation under public law and represents by law the interests of the holders of a trading licence of the vehicle industry.

In 2006, the approximately 200 member companies of our association achieved with a total staff of 35.300 employees (+ 1 %) a production value of about 12,5 billion Euro (+ 4,2 % estimation).

The Austrian Vehicle Industry represents nearly 11 % of total industry and as concerns production it is one of the most important Industry-Branch.

Due to the small domestic market, these companies are bound to export their excellent products to all international markets. The high quota of direct exports of 87 % is an ample proof of their success. The products of this branch enjoy a high world-wide reputation and our member companies are frequently trend-setters for new technologies on international level.

Our member companies dedicate their activities to the following branches:

- vehicles,
- two-wheelers,
- surface mountings, trailers and car bodies,
- motor vehicle parts and components (especially motors and gear boxes),
- motor vehicle repair work and
- aircraft's.

The Association of the Austrian Vehicle Industry (FFÖ) is governed by a board of directors: President DI Bruno KRAINZ (speaker of the board of directors of the MAN Nutzfahrzeuge Österreich AG, Vice-president Julian WAGNER (Chairman of the board of Rosenbauer International AG).

The office of the association is directed by the general manager Mag. Walter LINSZBAUER and his assistants manager Mag. Andreas GAGGL, MSc and Ing. Gerhard KLAUSNER.

## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/ Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
<b>Real GDP</b>	198,46	+ 0,9% (+ 0,9%)	+ 1,2% (+ 1,1%)	+ 2,4% (+ 2,4%)	+ 2,0% (+ 2,0%)	+ 3,3% (+ 3,2%)	+ 3,4% (+ 3,0%)	+ 2,4% (+ 2,4%)
<b>Real Consumer Expenditure (Households)</b>	111,91	+ 0,1% (+ 0,1%)	+ 1,3% (+ 1,3%)	+ 1,8% (+ 1,9%)	+ 2,0% (+ 1,7%)	+ 2,1% (+ 1,8%)	+ 1,9% (+ 2,2%)	+ 2,1% (+ 2,0%)
<b>Real Industrial Production</b>	124,0	+ 0,4% (+ 0,4%)	+ 0,2% (+ 0,1%)	+ 2,4% (+ 2,4%)	+ 3,1% (+ 2,4%)	+ 8,8% (+ 7,2%)	+ 7,3% (+ 6,0%)	+ 3,0% (+ 3,3%)
<b>Real Business Investments</b>	47,02	- 6,0% (- 6,0%)	+ 5,9% (+ 5,9%)	+ 0,1% (+ 0,6%)	+ 0,3% (+ 0,3%)	+ 3,8% (+ 4,7%)	+ 6,3% (+ 5,5%)	+ 3,7% (+ 3,4%)
<b>Consumer Price Index</b>	+ 2,7 %	+ 1,8% (+ 1,8%)	+ 1,3% (+ 1,3%)	+ 2,1% (+ 2,1%)	+ 2,3% (+ 2,3%)	+ 1,5% (+ 1,5%)	+ 1,9% (+ 1,7%)	+ 2,0% (+ 1,8%)
<b>New Car price Index (Base 2000)</b>	101,9	+ 1,4%	+ 1,1%					
<b>Trade balance (Nominal) % (billion €)</b>	-1,9 (- 4,13)	+ 0,3% (+ 0,75%)	- 0,2% (- 0,48%)	+ 0,5% (+ 1,08%)	+ 1,3% (+ 3,24%)	+ 2,2% (+ 5,62%)	+ 2,2% (+ 6,01%)	+ 2,3% (+ 6,45%)
<b>Currant balance (Nominal) % (billion €)</b>				+ 1,7% (+ 3,99%)	+ 2,1% (+ 5,16%)	+ 3,2% (+ 8,23%)	+ 3,5% (+ 9,47%)	+ 3,7% (+ 10,46%)
<b>Unemployment rate Eurostat def.</b>	3,6 %	4,2% (4,2%)	4,3% (4,3%)	4,8% (4,8%)	5,2% (5,2%)	4,8% (4,7%)	4,3% (4,2%)	4,2% (+ 4,1%)

Source : Statistik Austria Outlook Sept 2007 (Outlook March 2007)

### ➤ Comments

#### **Strong Growth in 2007, Sizeable Cyclical Risks for 2008 Economic Outlook for 2007 and 2008**

GDP in Austria is growing by 3.4% in volume this year,  $\frac{3}{4}$  percentage point above the euro area average. Strong business activity is driven by exports and has meanwhile extended to construction and equipment investment. The swift expansion of demand and output is accelerating the growth of employment and of government revenues. Yet, the impact on private household consumption remains muted. The crisis on international financial markets, whose repercussions cannot be fully assessed as yet, will also exert a dampening effect. For 2008, GDP growth is expected to moderate to a rate of 2.4% in real terms, close to the long-term average.

In 2007, the Austrian economy is benefiting from the strong momentum of exports and investment in Western and Eastern Europe and is expected to grow by 3.4% in volume, broadly the same rate as last year. Austrian exports are rising by more than 8% in real terms, manufacturing output by 7.3%. High corporate earnings, fully utilised productive capacities and undiminished business optimism translate into a sizeable increase in investment (+8% for machinery and equipment). The business cycle has thereby passed the crucial stage from being entirely export driven towards taking root in investment. Further support comes from construction activity, rising by 5% this year, on the back of a stable expansion in civil engineering, a steady recovery of residential building and a reinforcement of industrial construction activity.

Nevertheless, the recovery is unlikely to turn into a cyclical boom, for two reasons: first, the weakening international environment in the wake of slackening activity in the USA and the global financial crisis, and second, the persistent sluggishness of private consumption in Austria.

The worldwide turbulences on financial markets originated from the sub-prime segment of the US real estate market and have been spreading since. Several banks have been faced with solvency problems, and risk premia for corporate financing have increased substantially. While timely counter-action by central banks has contributed towards calming the situation, the extent and duration of the problems in the global financial system are still unclear. Immediately affected by the crisis is the US economy. The fall in real estate prices and the scope of mortgage financing have led to a slump in housing investment, which is down by one-fifth from its peak in 2005. The drop in asset values and weaker employment growth will also dampen private household spending over the next few quarters, leading to a marked slowdown of US economic growth to annual rates below 2% in 2007 and 2008 and significantly adding to the risk of recession.

At present it is too early to judge to what extent the currently robust global activity will suffer from the financial market crisis. Sustained by the strong expansion in Asia, the world economy is enjoying in 2007 the fifth consecutive year of strong growth (+5% in volume). Notably the Chinese economy (+11% in 2007) is a key driver for South-East Asia and the world at large. Healthy rates of growth are recorded also for the OPEC countries, for Latin America and even Africa.

In the EU, first signs of the impact of the international financial crisis have already become visible:

- Several European banks are directly hit by the crisis in US mortgage financing.
- The dollar has come under significant downward pressure vis-à-vis the euro.
- A correction is under way also on some over-heated European real estate markets, particularly in Spain and Ireland, but also in the UK.
- Due to the weakness of consumer demand, the cyclical upturn in the euro area is lacking a broad base, making it more vulnerable to international shocks.

WIFO expects a slowdown of economic growth in the EU, to an extent currently difficult to predict. The present assumption is for GDP growth of 2.1% in volume in 2008 (after +2.9% in 2007). For the euro area, growth in 2008 (+1.9%) may fall back below the long-term average.

In contrast to past cyclical episodes, it is unlikely this time that lively export and investment activity will give rise to a boom in private consumption. Private household demand is falling markedly short of its momentum observed between 1998 and 2000. It is expected to edge up by only 1.9% in volume this year, below its long-term average already for the seventh year in a row (in 2000, the last year of a cyclical high, the increase amounted to 3.9%). Among the reasons for the spending restraint, sluggish private income growth stands out. While gross national income is growing rapidly, per-capita income of workers and employees is gaining only 2.6% in 2007. After taxes and adjusted for inflation, net real incomes are unchanged from last year. If private disposable income is nevertheless growing by 2% in real terms, this is entirely due to higher employment and a strong rise in property incomes. No substantial gain can be expected for 2008



either. Assuming an increase in gross nominal income per capita by 3%, slightly accelerating inflation (+2%) and somewhat higher deductions will leave a marginal 0.3% advance in real disposable per-capita income. Therefore, the scope for an increase in private consumption remains limited in 2008 (+2.1% in volume).

The strong economic growth will lead to a sizeable increase in the number of people employed, by 60,000 on annual average 2007. Owing to the boom in manufacturing industry and construction, the gains are not confined to part-time jobs, but also extend to full-time jobs. Against this background, the decline in unemployment by 15,000 (or 20,000 when participants in job training activities are included) is disappointingly small. Particularly the long-term unemployed hardly benefit from the cyclical boom, and also for young job-seekers the situation has improved little so far. The number of jobs held by foreign workers, however, is rising swiftly, whether from western, southern or eastern Europe. In 2008, the fall in unemployment will decelerate further as growth slows down, to an average jobless rate of 4.2% of the labour force. If unemployment does not sufficiently diminish even in times of buoyant activity, the prospects for further substantial inroads in the years to come do not appear favourable. A genuine improvement in the labour market situation over the medium term will only be achieved by means of a coherent strategy for growth and job creation on the basis of a broad array of policy measures.

The current favourable business cycle situation is confirmed by strong increases in government revenues from corporate tax, wage tax and social security contributions. As a result, the general government deficit will narrow further, possibly to a ratio of 0.4% of GDP. In 2008, progress towards a balanced budget is unlikely to continue, because of the less benign cyclical outlook as well as of policy decisions on a number of additional expenditures.

The lack of a rebound in consumer demand and the repercussions of the crisis on international financial markets will dampen the cyclical upswing earlier than hoped for. GDP growth in Austria is projected to decelerate markedly in 2008, even if it should stay above the euro area average. A further reduction of unemployment as well as of the government deficit is unlikely to occur.

The cyclical slowdown may turn out more severe than assumed in this central projection, notably in case of a further weakening of the external economic conditions. The major potential risks derive from a continued appreciation of the euro, a slump in real estate prices in a number of EU countries, and from the US economy slipping into a recession.

WIFO, Vienna, 16 October 2007

## MOTOR INDUSTRY

### New Registrations

### Production

### Exports

<i>Registrations</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Registrations</i></b>	0,2%	231 541	242 045	-4,3%
<b><i>New LCV Registrations</i></b> <sup>1</sup>	5,7%	24 650	23 018	7,1%
<b><i>New Truck Registrations</i></b> <sup>2</sup>	-8,3%	6 681	6 193	7,9%
<b><i>New Bus Registrations</i></b>	-33,4%	454	682	-33,4%

<i>Production</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Production</i></b>	7,6%	158 076	182 943	-13,6%
<b><i>New LCV Production</i></b>	.	.	.	.
<b><i>New Truck Production</i></b>	17,6%	20 806	19 021	9,4%
<b><i>New Bus Production</i></b>	86,1%	.	227	.

<i>Exports</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car EU Exports (total)</i></b>	7,9%	156 436	178 639	-12,4%
<b><i>New LCV EU Exports (total)</i></b>				
<b><i>New Truck EU Exports (total)</i></b>	16,7%	20 554	18 544	10,8%
<b><i>New Bus EU Exports (total)</i></b>	86,1%	.	227	.

1. LCV are Commercial Vehicles (CV) up to 3.5t

2. CVs above 3.5t,

excluding Buses

excluding Buses&Coaches

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2000</b>	14.770	-1,4%	540.620 / 2,7%
	<b>2001</b>	15.521	+5,1%	547.395 / 2,8%
	<b>2002</b>	15.301	-1,4%	538.009 / 2,8%
	<b>2003</b>	15.159	-0,7%	535.696 / 2,8%
	<b>2004</b>	16.551	+9,1%	538.322 / 3,1%
	<b>2005</b>	16.620	+0,4%	538.905 / 3,1%
	<b>2006</b>	<b>16.330</b>	<b>-1,7%</b>	<b>546.028 / 3,0%</b>
	<b>2007</b>			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	<b>2000</b>	12.773	+6,4%	2,4%
	<b>2001</b>	13.267	+3,9%	2,4%
	<b>2002</b>	13.126	-1,1%	2,6%
	<b>2003</b>	14.394	+9,7%	2,7%
	<b>2004</b>	15.690	+9,0%	3,1%
	<b>2005</b>	15.739	+0,3%	2,9%
	<b>2006</b>	<b>16.011</b>	<b>+1,7%</b>	<b>2,9%</b>
	<b>2007</b>			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	<b>2000</b>	27.543	+2,1%	+5,1%
	<b>2001</b>	28.787	+4,5%	+5,3%
	<b>2002</b>	28.427	-1,3%	+5,4%
	<b>2003</b>	29.553	+4,0%	+5,5%
	<b>2004</b>	32.241	+9,1%	6,0%
	<b>2005</b>	32.359	+0,4%	6,0%
	<b>2006</b>	<b>32.341</b>	<b>-0,1%</b>	<b>5,9%</b>
	<b>2007</b>			

Source: Statistik Austria

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

Bonus – Malus on particle emissions:

The existing bonus/malus-system for cars and combination vehicles fulfilling 0,005 g/km particle emissions has been extended. The Bonus is paid until 30.6.2008, the malus remains unchanged (undated).

A graphic in English language is available on our website ([www.fahrzeugindustrie.at](http://www.fahrzeugindustrie.at)) link "Umwelt" – link Dieselpartikelfilter.

**2. Environment:**

Taxation on a CO2-relevant component

An official draft concerning "Ökologisierung" has been published; the so called "Normverbrauchsabgabe" (Registration Tax based on fuel consumption of cars and combination vehicles) should be amended by introduction of a CO2 – relevant component:

- A bonus (this means only reduction of registration tax) of maximum 300 € may be granted for vehicles less than 120 g/km
- A malus has to be paid for first registration of vehicles with more than 160 g/km (25 € per g/km)
- Maximum additional reduction of 200 € for vehicles with first registration before 1.9.2009 fulfilling Euro 5 and with first registration between 1.9.2009 and 31.8.2012 fulfilling Euro 6.
- Additional malus of 300 € for diesel driven vehicles not fulfilling 0,005 g/km particles.
- Special maximum bonus of 500 € for hybrid, E85, CNP and hydrogen engine until 31.8.2012 (no additional bonus/malus possible).

**3. Transport policy:**

- 53. KDV-Novelle  
Publication of 53<sup>rd</sup> amendment (BGBl Teil II Nr. 275/2007) to Austrian regulation on vehicles.  
The text and explanations can be downloaded on our website: [www.fahrzeugindustrie.at](http://www.fahrzeugindustrie.at) (Link Kraftfahrrecht)
- Our Ministry of traffics has published a programme concerning 10 points to increase road-safety. Our Minister also invited the advisory committee for road-safety to raise recommendations.
- Road-Pricing for trucks  
A commitment of the parliamentary Committee of traffic to change the road-pricing system for trucks until 2010 by introducing environmental elements has been taken.

At the moment no more details are available.



ACEA

<p><b>BELGIUM</b></p> <p><b>ECONOMIC REPORT</b></p>
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Brussels, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07 Forecast
<b>Real GDP</b>	247.47	+0.9%	+0.9%	+2.6%	+1.7%	+2.8%	+2.7%	+2.1%
<b>Real Consumer Expenditure</b>	134.34	+0.3%	+0.9%	+1.5%	+1.3%	+2.0%	+2.5%	+1.7%
<b>Real Industrial Production</b>	-	+1.6%	+1.1%	+2.5%	n.a.	n.a.	n.a.	n.a.
<b>Real Business Investments</b>	35.80	-3.7%	-0.7%	+4.2%	+6.7%	+4.2%	+5.9%	+2.3%
<b>Consumer Price Index</b>	106.39	+1.6%	+1.6%	+2.1%	+2.8%	+1.8%	+1.7%	+2.2%
<b>New Car price Index</b>		+2.5%	+1.6%	+1.6%	+1.8%	+1.8%	+1.8%	+2.0%
<b>Trade balance (Nominal)</b>	8.04	+0.4%	-0.1%	+0.1%	-0.3%	0.0%	-0.4%	+0.1%
<b>Unemployment rate</b>			8.2%	8.4%	8.4%	8.2%	7.5%	7.2%

Source : Source : FPB, NBB, IRES

### ➤ Comments

This year, the Belgian economy should register an increase in GDP of 2.7%. In 2008, economic growth is expected to slow down to 2.1%.

In 2006, Belgian exports grew significantly slower than the relevant export markets. Belgian exporters thus suffered from important losses of market share. Despite a steady deceleration of growth in the relevant export markets this year and next year, export growth should somewhat accelerate.

Consequently, losses of export market shares should be more in line with their historical trend. The current account balance has worsened since 2003 due to the continued rise in oil prices. In 2007 and 2008, the slower increase in oil prices and the appreciation of the euro should limit the decline of the current account balance to 0.1% of GDP per year.

Domestic demand growth, which is mainly determined by the evolution of private consumption and business investment, should amount to 3.2% this year and 2% next year. In 2007, private consumption will benefit from a strong rise in employment and in property income, while business investment will be stimulated by the high capacity utilisation rate and the ongoing rise in profitability. Next year, private consumption growth should decelerate due to a smaller rise in real disposable income and less favourable demand prospects should weigh on business investment.

Domestic employment should increase by, on average, 61,300 persons in 2007 and 44,200 persons in 2008. As the number of jobs is growing faster than the labour force, broad administrative unemployment is expected to decrease by 57,800 persons this year and 20,400 persons next year. The harmonised Eurostat unemployment rate (which is calculated by means of labour force surveys) is expected to fall from 8.2% in 2006 to 7.2% in 2008.

The evolution of inflation, as measured by the national index of consumer prices, is strongly influenced by the evolution of natural gas prices, which should decline in 2007 and rise substantially in 2008. Consequently, inflation should amount to 1.7% this year and 2.2% next year.

## MOTOR INDUSTRY

New Registrations	Production	Exports
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<i>Registrations</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Registrations</b>	9,6%	418599	428977	-2,4%
<b>New LCV Registrations</b> <sup>1</sup>	-2,8%	51685	45470	13,7%
<b>New Truck Registrations</b> <sup>2</sup>	-12,0%	7543	6134	23,0%
<b>New Bus Registrations</b>	6,8%	827	741	11,6%

<i>Production</i>	%Ch 06/05	Jan-June 2007	Jan-June 2006	%Ch 07/06
<b>New Car Production</b>	-1,50%	425860	469950	-9,4%
<b>New LCV Production</b>	-	0	0	-
<b>New Truck Production</b>	15,20%	22509	18092	24,4%
<b>New Bus Production</b>	9,90%	675	592	14,0%

<i>Exports</i>	%Ch 06/05	Jan-June 2007	Jan-June 2006	%Ch 07/06
<b>New Car EU Exports (total)</b>		388406	433466	-10,4%
<b>New LCV EU Exports (total)</b>		0	0	-
<b>New Truck EU Exports (total)</b>		21061	16724	25,9%
<b>New Bus EU Exports (total)</b>		549	505	8,7%

1. LCV are Commercial Vehicles (CV) up to 3.5t

2. CVs above 3.5t,

excluding Buses

excluding Buses&Coaches

### ➤ Comments

New car registrations reached 418,599 units for the nine first months of 2007 -2.4% in comparison with the same period of 2006.

The forecasts for 2008 are estimated at about 500,000 – 510,000 units.

As far as the production figures are concerned, the total car production evolved as follows for the first six months of 2007:

#### **CARS**

Opel: 115,002 units against 119,750	➔ - 4.0%
Audi: 293 units	
VW: 35,456 units against 104,762	➔ - 62.5%
Volvo: 138,040 units against 135,868	➔ + 1.6%
Ford: 137,069 units against 109,569	➔ + 25.1%

In total: 425,860 units against 469,949 ➔ - 9.4%

#### **HCV's**

Volvo: 22,509 units against 18,092 ➔ + 24.4%

#### **BUSES**

Van Hool: 675 units against 592 ➔ + 14.0%



## Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2000</b>	27407		
	<b>2001</b>	26979		
	<b>2002</b>	24834		
	<b>2003</b>	23757		
	<b>2004</b>	21453		
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b>	<b>2000</b>	56581		
	<b>2001</b>	57152		
	<b>2002</b>	55952		
	<b>2003</b>	52046		
	<b>2004</b>	51748		

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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<b>1. Taxation:</b>
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**CO2 incentives for purchase of new cars**

- Tax reduction equivalent to 15% of the sale price for taxpayer who buys a car emitting less than 105 g CO<sub>2</sub>/km with a maximum of 4530 EUR
- Tax reduction equivalent to 3% of the sale price for taxpayer who buys a car emitting between 105g and 115g CO<sub>2</sub>/km with a maximum of 850 EUR.

Companies are not entitled to these tax reductions.

The measures related to CO<sub>2</sub> emissions, in particular the purchase of fuel-efficient cars will be promoted by turning the existing income tax credit into a reduction on the invoice. These changes will take effect on 1 July.

As regards company cars, the tax deductibility of expenses related to the use of the car (currently limited to 75%) will be linked to the CO<sub>2</sub> emissions of the car. This will apply to new cars as from 1 April 2007 and for the entire fleet as from 1 April 2008.

The rates will be as follows:

CO <sub>2</sub> Émissions		Deductibility
Diesel	Petrol	
< 105 g	< 120	90%
105 et 115	120 et 130	80%
115 et 145	130 et 160	75%
145 et 175	160 et 190	70%
> 175	> 190	60%

<b>2. Environment:</b>
------------------------

As from 1<sup>st</sup> January 2007, a tax reduction (200€) is granted for cars equipped with a particles filter and emitting less than 130g CO<sub>2</sub>/km. As from 1<sup>st</sup> July 2007, the income tax credit will be turned into a reduction on the invoice

These tax reduction is not allowed to companies.

The Walloon government has just decided to introduce a bonus-malus system on new and second-hand cars purchased by particulars. The system will be based on the CO<sub>2</sub> emissions and will be introduced as from 2008.

<b>3. Emissions:</b>
----------------------

Excises compensating tax on diesel cars will be gradually reduced and will be totally suppressed as from 1<sup>st</sup> January 2008.



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<p><b>BULGARIA</b></p> <p><b>ECONOMIC REPORT</b></p>
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**Sofia, November 2007**

**UIAB, Mr Dimiter Simeonov, phone: + 359 2 925 13 74**

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP						6.2%	6.2%	6.0%
Real Consumer Expenditure						12.4%	12.0%	12.0%
Real Industrial Production						14.0%	2.0%	12.0%
Real Business Investments						96.0%	62.0%	40.0%
Consumer Price Index						6.5%	10.0%	12.0%
New Car price Index						2.5%	4.5%	4.0%
Trade balance (Nominal)						- 5153%	- 6708%	- 7800%
Unemployment rate						- 15%	- 9%	- 8%

Source :

## MOTOR INDUSTRY

New Registrations	Production	Exports
-------------------	------------	---------

<i>Registrations</i>	%Ch	Jan-Sept	Jan-Sept	%Ch
	06/05	2007	2006	07/06
<b><i>New Car Registrations</i></b>	22,10%	29461	24182	21,83%
<b><i>New LCV Registrations</i></b> <sup>1</sup>	31,80%	6055	4386	38,05%
<b><i>New Truck Registrations</i></b> <sup>2</sup>	43,59%	1965	1337	46,97%
<b><i>New Bus Registrations</i></b>	25,96%	128	81	58,02%

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

Taxation	Environment	Transport Policy	Emissions
----------	-------------	------------------	-----------

### ➤ New Measures & effects on the Motor Vehicle market:

#### Taxation:

In 2007 the Parliament voted on the introduction of 10 % corporate tax, down from 15%, effective January 1, 2008. Deliberations on the introduction of flat 10% income tax.





ACEA

# CZECH REPUBLIC

## ECONOMIC REPORT

Prague, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
<b>Real GDP</b>	2.5%	1.9%	3.6%	4.6%	6.5%	6.4%	5.8 %	5.0 %
<b>Real Consumer Expenditure</b>								
- Households	2.2%	2.2%	6.0%	3.0%	2.5%	4.4%	6.6 %	4.2 %
- Government	3.6%	6.7%	7.1%	-3.1%	2.3%	1.1%	0.2 %	-0.4 %
<b>Real Industrial Production *</b>	6.5%	4.8%	5.5%	9.6%	6.7%	9.7%	7.1%	7.0 %
<b>Real Business Investments</b>	6.6%	5.1%	0.4%	3.9%	2.3%	7.6%	6.2 %	9.1 %
<b>Consumer Price Index</b>	4.7%	1.8%	0.1%	2.8%	1.9%	2.5%	2.3 %	3.4 %
<b>New Car Price Index</b>	2.7%	0.9%	-	-	-	-	-	-
<b>Trade Balance (Nominal)</b>	-2.8 bn	-4.8 bn	-5.4 bn	-4.9 bn	-0.8 bn	-0.4 bn	-1.3 bnp	-2.1 bnp
<b>Unemployment Rate</b>	8.5%	9.2%	9.9%	10.2%	9.8%	8.1%	6.9 %	6.3%

Source : MFCR, CZSO, CNB, Globalinsight

Rate of exchange used for the line "trade balance":

1 EUR = 34.08 CZK for year 2001  
 1 EUR = 30.81 CZK for year 2002  
 1 EUR = 31.80 CZK for year 2003  
 1 EUR = 31.90 CZK for year 2004  
 1 EUR = 29.80 CZK for year 2005  
 1 EUR = 28.30 CZK for year 2006  
 1 EUR = 28.00 CZK for year 2007 (estimation)  
 1 EUR = 27.40 CZK for year 2008 (estimation)

GDP, Real Consumer Expenditure, Real Business Investments, Trade Balance - constant prices 2000 base  
 Consumer Price Index - 2000 base  
 Unemployment Rate - annual average (as registered by Labour Offices)  
 Real Industrial Production - source Globalinsight \*

### ➤ Comments

In this NER-1107 issue (in NER-0203 for the first time), a publication of the Ministry of Finance (MFCR) "Macroeconomic Forecast - Czech Republic", July 2007 edition, prepared in cooperation with the Czech Statistical Office (CZSO) and the Czech National Bank (CNB), has been used as a main data source. This publication, updated quarterly, is the only one prepared on governmental level available to the public and dealing with forecasts. The data stated in previous NERs have been updated.

The Czech motor industry has been expanding regularly since 1995 including the years 2006 - 2007 and it has kept its position of the most efficient branch of the Czech national economy. The AIA CR economic figures for 2006 were stated in NER-0607, the figures for 2007 will be available in the next issues.

## MOTOR INDUSTRY

New Registrations	Production	Exports
-------------------	------------	---------

Registrations	%Ch 06/05	Jan-Sep 2007	Jan-Sep 2006	%Ch 07/06
<b><i>New Car Registrations</i></b>	-3.8%	98709	92667	6.5%
<b><i>New LCV Registrations 1</i></b>	31.3%	41744	34519	20.9%
<b><i>New Truck Registrations 2</i></b>	19.4%	8364	7293	14.7%
<b><i>New Bus Registrations</i></b>	25.9%	587	642	-8.6%

Production	%Ch 06/05	Jan-Sep 2007	Jan-Sep 2006	%Ch 07/06
<b><i>New Car Production</i></b>	72.5%	675132	630203	7.1%
<b><i>New LCV Production</i></b>	-15.0%	4246	802	429.4%
<b><i>New Truck Production</i></b>	-18.9%	2374	1258	88.7%
<b><i>New Bus Production</i></b>	40.4%	2347	2088	12.4%

Exports	%Ch 06/05	Jan-Sep 2007	Jan-Sep 2006	%Ch 07/06
<b><i>New Car Exports (total)</i></b>	104.2%	642394	582124	10.4%
<b><i>New LCV Exports (total)</i></b>		1575	4	39275.0%
<b><i>New Truck Exports (total)</i></b>	-17.6%	1733	789	119.6%
<b><i>New Bus Exports (total)</i></b>	35.6%	1844	1450	27.2%

The data on new (first) registrations (immatriculations) are used in this table.

These data concern new vehicles only, not used ones.

The figure on New Car Production Jan-Sep2006 already comprises also TPCA production

The data on New Car Exports are estimated (TPCA exports not disclosed).

- |  |                         |
|--|-------------------------|
| 1. LCV are Commercial Vehicles (CV) up to 3.5t | excluding Buses         |
| 2. CVs above 3.5t,                             | excluding Buses&Coaches |

### ➤ **Comments**

#### ○ **New registrations**

The data on new (first) registrations (immatriculations) are used in this analysis.

These data are available for the years 2007, 2006, 2005 and 2004 only. Therefore an appropriate comparison of registrations with years prior to 2004 is not possible.

#### **A comparison of Jan-Sept 2007 with the same period in 2006**

##### ▪ **Registrations of new cars**

A small increase (surely distorted by M1-N1 conversion - see below) but the situation seems to be quite stable in general, the cars manufactured in the CR still dominate on the local market, especially Skoda. Moreover cars by Toyota, Peugeot and Citroen from the new TPCA Plant are present on the market but the major part of TPCA production is exported.

##### ▪ **Registrations of new LCVs**

An increase continues, the market situation has changed owing to the successful Skoda comeback into this segment (almost 24% market share).

One may notice the recent striking growth of N1 vehicle registrations, esp. the growing share of N1 in the increasing total "light vehicles" (M1+N1) amount. The official criteria for classification according to ECE categories have not changed and should comply with the legislation, which corresponds to ECE and EEC rules.

We suppose that there are two main reasons:

1) Taxation system

In the CR there is a possibility to deduct VAT (now 19%) on purchase of N1 vehicle (not M1). Therefore customers are more and more interested in buying N1 vehicles, including those made up by easy conversion from M1 to N1.

2) Easy conversion M1-N1

Some M1 brands/models being on the boundary between M1-N1, e.g. some SUVs, MPVs or estate cars, may be modified quite easily to comply with the local regulations and to be classified and registered as N1. Conditions are stated in *Reg. 341/2002 Coll.* It is possible to convert some M1 cars to N1 vehicles e.g. by installing a partition wall behind the last rear seat row, changing the number of seats, modifying the rear side windows etc.

Moreover, certain "mass formula" should be complied with. As car makers/importers try to respond flexibly to the recent market trend mentioned above, the necessary changes are often already made by them in a professional way and modified vehicles are officially approved as N1.

- **Registrations of new trucks**

An increase thanks mainly to the expansion of the national economy.

- **Registrations of new buses**

A small drop after expansion in the previous periods.

- **Production**

**A comparison of Jan-Sept 2007 with the same period in 2006**

- **Production of new cars**

A small increase again reflecting not only growing demand for Skoda cars esp. abroad but also the growing production of cars by Toyota, Peugeot and Citroen in the new TPCA Plant.

- **Production of new LCVs**

A very big growth resulting from launching and developing production of new Skoda car-derived LCVs.

- **Production of new trucks**

A big increase as a result of successful restructuring by some makers.

- **Production of new buses**

An increase still going on due to growing demand on markets abroad incl. W. Europe.

- **Exports**

**A comparison of Jan-Sept 2007 with the same period in 2006**

- **Exports of new cars**

An increase continues thanks to still growing foreign demand.

- **Exports of new LCVs**

The extremely big growth (of course influenced by very low 2006 figures) reflecting the recovery and expansion of Skoda production in this category.

- **Exports of new trucks**

A very big increase reflecting an improving situation of local producers.

- **Exports of new buses**

A growth due to still better position on foreign markets.

## Employment

	Year	Number of persons Employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacture of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	31417	4.5%	2.3%
	2001	31184	-0.7%	2.2%
	2002	30038	-3.7%	2.2%
	2003	28799	-4.1%	2.1%
	2004	29396	2.1%	2.2%
	2005	31867 p	8.4 %	2.4%
	2006	n.a.	n.a.	n.a.
	2007	n.a.	n.a.	n.a.
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	47259	19.8%	3.7%
	2001	53691	13.6%	3.8%
	2002	58842	9.6%	4.3%
	2003	59769	1.6%	4.4%
	2004	65796	10.1%	4.9%
	2005	71245 p	8.3%	5.3 %
	2006	n.a.	n.a.	n.a.
	2007	n.a.	n.a.	n.a.
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	78676	13.1%	5.8% (manuf. ind. 1363329)
	2001	84875	7.9%	6.0% (manuf. ind. 1408491)
	2002	88880	4.7%	6.5% (manuf. ind. 1366876)
	2003	88568	-0.4%	6.6% (manuf. ind. 1346072)
	2004	95192	7.5%	7.1% (manuf. ind. 1334128)
	2005	103112 p	8.3 %	7.6% (manuf. ind. 1353261)
	2006	n.a.	n.a.	n.a.
	2007	n.a.	n.a.	n.a.

Source: MITCR, CZSO

### ➤ Comments

In this NER-1107 issue (in NER-0203 for the first time), a publication of the Ministry of Industry and Trade (MITCR) "Panorama of the Czech Industry 2005", prepared in cooperation with the Czech Statistical Office (CZSO), has been used as a main data source. The used methods for the data collection and processing better reflect the NACE classification. The data for 2000, 2001, 2002, 2003 and 2004 have been updated where necessary. Unfortunately, the publication "Panorama of the Czech Industry 2006" has not been issued by MITCR before the release of NER-1107, therefore the newer data cannot be provided.

The table above also includes companies which are not members of AIA CR. The number of employees in the whole branch started to increase again as a result of increased investments and production.

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

Please refer also to our contributions in the previous *Economic Reports*.

We mention below mostly those acts that have already entered into force. However it is certain that some of them will be changed again soon, as during 2007 the Government had been preparing a vast financial reform. The appropriate Bill passed through the usual legislative procedures and was adopted as:

**Act No. 261/2007 Coll. of 19 September 2007 - "Act on stabilization of public budgets"**, issued on 16 October 2007 and to come into force on 1 January 2008 except for some paragraphs to come into force later.

The act will influence many other acts concerning e.g. VAT, Income Tax, Road Tax, taxes on energy (electricity, solid fuels, gases), Real Estate Tax, Real Estate Transfer Tax, Inheritance Tax, Gift Tax, insurance of different kinds, Labour Code...

The relevant information will be provided in due course, above all in ACEA Tax Guide 2007 and the following Economic Reports.

**Excise duties (at present)**

The important legislation concerning excise duties has been:

*Act No. 353/2003 Coll. of 26 September 2003 - "Act on excise duties"*.

It was issued on 24 October 2003, came into force on 1 January 2004 and has been several times amended since, e.g. by:

- *Act No. 217/2005 Coll. of 3 May 2005 - "Act on amending Act No. 353/2003 Coll. on excise duties..."*, issued on 3 June 2005 and in force since 1 July 2005.
- *Act No. 575/2006 Coll. of 30 November 2006 - "Act on amending Act No. 353/2003 Coll. on excise duties..."*, issued on 27 December 2006 and in force since 1 January 2007.

Rates are for instance:

petrol (Pb contents below 0.013 g/litre)	CZK 11 840 / 1000 litres (formerly CZK 10 840)
petrol (Pb contents over 0.013 g/litre)	CZK 13 710 / 1000 litres
diesel oil	CZK 9 950 / 1000 litres (formerly CZK 8 150)
LPG (for road transport)	CZK 3 933 / ton (formerly CZK 2 850)
CNG (for road transport)	CZK 3 355 / ton (formerly CZK 0 = zero)

The rates for LPG and CNG do not comply with environmental requirements and trends.

**VAT (at present)**

The important legislation concerning VAT has been *Act No. 235/2004 Coll. of 1 April 2004 - "Act on value added tax"*, which was issued on 23 April 2004, came into force on 1 May 2004 and has been several times amended since.

The latest amendment is included in *Act No. 319/2006 Coll. of 25 May 2006 - "Act amending Act No. 235/2004 Coll. on value added tax"*, issued on 30 June 2006 and in force since 15 July 2006.

With newer Acts, in comparison to the older *Act No. 322/2003 Coll.*, there are now two rates that generate different outcomes .

- The basic rate of 19% (formerly 22%) apply to:
  - new vehicles and parts ==> decrease
  - electrical vehicles ==> decrease
  - repairs and maintenance ==> decrease
  - accessories back fitting ==> increase

- used vehicles ==> decrease
- rent-a-car ==> decrease
- passenger car leasing ==> increase
- fuels and lubricants ==> decrease
- assistance (rescue & similar) services=> decrease
- technical and emission inspection ==> decrease
- The lowered rate of 5% apply to:
  - commercial vehicle leasing => no change
  - hand steering and controls for disabled persons => no change
  - children car seats => no change
  - regular passenger public transport => no change

Note that “decrease” does not mean “incentive”

Deductions still do not apply to passenger cars, estate (combi) cars etc (ECE Cat. M1). The deduction is possible for LCVs up to 3.5t GVW (ECE Cat. N1).

## 2. Environment:

### The Czech Republic - ELV - Legislation - Implementation

The Ministry of Environment (MZP = Ministerstvo životního prostředí) of the Czech Republic is also a responsible state body for the implementation (transposition) of the EU legislation related to environmental protection into the Czech legislation, including ELV issues.

*Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles.* Appropriate implementation activities have been initiated (please refer to the previous versions of the Economic Report).

AIA CR has authorized experts of its member, Skoda Auto, to represent AIA CR in the activities concerning ELV, such as e.g. participation in specialized Working Parties.

### MAC

The national body responsible for MAC issues is the Ministry of Environment of the CR. AIA CR has entrusted specialists of its member, Skoda Auto, with the power to represent AIA CR in the activities concerning MAC, such as e.g. participation in specialized Working Parties. According to the latest information, the position of the CR (Ministry of Environment) is in compliance with the AIA CR standpoint that corresponds to ACEA’s position.

## 3. Transport policy:

### Transport policy of the CR

(Source of Information: Ministry of Transport of the CR = MoT)

“*The Transport Policy of the CR for the years 2005 - 2013*” is a complex paper providing strategic goals in the field of transport and transport networks. It was approved by the Government in *Decision No. 882 /2005* of 13 July 2005.

### GEPARDI

(Source of Information: Ministry of Transport of the CR = MoT)

A general plan of the transport infrastructure development *GEPARDI* is the principal strategic document that directly follows the approved document “*The Transport Policy of the CR for years 2005 - 2013*” and should act as its implementation tool.

A global target of *GEPARDI* is to improve mobility of persons and goods, to contribute to the national economy development, to foster social cohesion etc, in an environment-friendly way.

## Road-Pricing Systems - E-Toll

(Source of information: Czech media and Ministry of Transport = MoT)

The development of this issue was described in all Economic Reports since Nov. 2004.

More information on E-Toll system in the CR is available on [www.premid.cz](http://www.premid.cz)

Next developments expected:

- from January 2008 on, a part of the 1<sup>st</sup> class roads (about 200 km - replacing the future motorways) shall be added to the system
- at present the MoT is preparing the development concept of the E-toll system, analysing various options, e.g. expanding the system to cover also all 1st class (possibly 2nd and 3rd class) roads and vehicles over 3.5 t GVW
- according to the results of the development study, the potential changes should not be applied before January 2010

## Marco Polo Programme

(Source of Information: Ministry of Transport of the CR = MoT)

In 2003 the MoT became responsible for the coordination of relevant activities within the Marco Polo Programme based on *Directive 2003/1382/EC of the European Parliament and of the Council of 22 July 2003*.

## National Strategy of Cycling Transport Development in the CR

(Source of Information: Ministry of Transport of the CR = MoT)

This document was approved by the Government in *Decision No. 678 /2004* of 7 July 2004.

Its purpose is to promote biking as an environment-friendly, cheap and healthy way of transport. The project is carried on through 2007.

## Programme of Supporting Renovation of Urban Public Transport Vehicles and Public Intercity Bus Transport

(Source of Information: Ministry of Transport of the CR = MoT)

This document promotes public transport by providing a set of rules for state support in the field of new vehicles purchase, incl. buses. The programme is carried on through 2007.

## Road safety

(Source of Information: Ministry of Transport of the CR = MoT)

The following measures contribute to increasing the road safety level:

Council of the Government of the Czech Republic for Road Traffic Safety

The status of *the Council* was newly formulated by the Government of the CR on 11 June 2007 in *Decision No. 642/07* which came into force on 11 June 2007.

*BESIP (BEzpečnost Silnicního Provozu = Road Traffic Safety)*, as a special department of MoT, acts as an executive arm and a secretariat to *the Council*.

*The Coordination Council of the Minister of Transport for Road Safety*, a former coordination, initiating and advisory body of the Minister aimed at increasing road safety, was abolished on 30 November 2004.

- National Strategy of Road Traffic Safety
- European Road Safety Charter

AIA CR joined the Charter after having signed the appropriate documents on 27 Sept. 2007 in Prague in order to promote and disseminate the ideas of the Charter within AIA CR activities.

## ITS

(Source of Information: Ministry of Transport of the CR = MoT)

The Czech Republic, complying with EU trends and measures, tries to increase the share of ITS in local and international transport. The MoT plays the leading role in this process which is also promoted by municipal and regional authorities.

Some applications of telematics/ITS are already being introduced step by step, e.g. central traffic monitoring and control in big cities, traffic density monitoring, weather monitoring, applications for increasing safety in tunnels etc. Special attention is paid to motorways where ITS should be applied preferably. An appropriate effort is also focused on the implementation of **eCall** system. The CR is also engaged in the EU project **CONNECT**.

## 4. Emissions:

### Biofuel

At present the most important legislation concerning biofuels is *Act No. 180/2007 Coll. of 7 June 2007 - "Act amending Act No. 86/2002 Coll. on clean air protection and amendment of some other acts ..."*, issued on 12 July 2007 and in force since 1 September 2007.

In the Act mentioned there is an obligation of using biofuels. No subsidies nor tax incentives for biofuels producers or distributors have been proposed. An increase in fuel prices is expected although it should only be slight. As to the taxation, the existing rates (both excise duty and VAT) e.g. for blended diesel fuel (biofuel), unfortunately do not comply with environmental requirements and trends.

An amount of 2% of RME must be added into diesel oil since 1 September 2007 and 4.5% from 1 January 2009 on. 2% of bioethanol of corn or sugar beet must be added into petrol from 1 January 2008 on and 3.5% from 1 January 2009 on. Biofuels shall share 5.75% of the vehicle fuel market by 2010. Biofuels distributors shall be inspected once a year for proper blending (% limit may be reached within a year in the amount of distributed fuels).

### AdBlue

- This additive injected into SCR catalysts of new commercial vehicles to comply with emission limits (Euro 4 and esp. Euro 5) has appeared on the Czech market.
- The number of filling stations concerned is still limited nowadays as the demand is also limited.
- In the CR there are already over 100 filling stations providing AdBlue (W.A.G. - Eurowag, OMV, Benzina etc.)

### Miscellaneous

Please refer to our contributions in the previous NERs for other issues.

No meaningful news for this edition of the Economic Report.

For the latest information on the history, recent development, current situation and future of the production and distribution of fuels and lubricants in the CR it is possible to visit [www.cappo.cz](http://www.cappo.cz) operated by **Czech Association of Petroleum Industry and Trade (CAPPO)** and to download for instance the *"Annual Report 2006"* of April 2007.

Another important material worth downloading is the *"Opinion of the Petroleum Industry Concerning the Use of Bio-fuels in Transport in the Czech Republic"*.





ACEA

## GERMANY

# ECONOMIC REPORT

**VDA** | Verband der  
Automobilindustrie

Frankfurt, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	1.986,2 bn	0,1%	- 0,2%	1,6%	0,9%	2,7%	2,6%	
Real Consumer Expenditure	1.136,90 bn	-0,8%	0,1%	0,1%	0,1%	0,6%	-0,1%	
Real Industrial Production	99,5 (2000=100)	98,3	98,4	100,9	103,7	108		
Real Business Investments	425,29 bn	- 7,5%	- 0,2%	-2,6%	4,0%	7,0%	10,0%	
Consumer Price Index	+2,0 (2000 = 100)	1,4 %	1,1%	1,6%	2,0%	1,7%	2,1%	
New Car price Index	+1,5 (2000 = 100)	1,8%	0,9%	1,2 %	0,5%	1,4 %	3,0%	
Trade balance (Nominal)	42,51	97,12 bn	87,56 bn	109,46 bn	113,3 bn	126,4 bn	154,6 bn	
Unemployment rate	10,4%	10,9%	11,7%	11,7%	12,9%	12,1%	8,7%	

### ➤ Comments

- The German Council of Economic Experts states in his Annual Report 2007/08 with the title **THE GAINS MUST NOT BE SQUANDERED** that following the surprisingly strong upturn in 2006, which was reflected in an increase in gross domestic product (GDP) of almost 3%, the **German economy remained in healthy shape in 2007**.
- GDP will grow by 2.6% despite the dampening effects of the hike in value added tax (VAT) and the uncertainty engendered by the virulent crisis in the financial markets in the third quarter.
- As the **global economic risks have increased**, however, the pace of expansion is set to slow down. Consequently, German GDP is likely to grow by 1.9% in 2008 according to the Council.
- Nevertheless, this slackening of macroeconomic momentum should not be seen as an indication that the upturn has run its course or even that a recession is around the corner.
- According to provisional results of the Federal Statistical Office, **turnover** in retail trade in Germany in September 2007 was in nominal terms 1.2% and in real terms 2.2% smaller to that of the corresponding month of the previous year. The number of days open for sale was 25 in September 2007 and 26 in September 2006.
- When adjusted for calendar and seasonal variations, the September turnover was in nominal terms 2.6% and in real terms 2.3% larger than that of the preceding month.
- Compared with the corresponding period of the previous year, retail turnover was in the first nine months 2007 in nominal terms 0.9% and in real terms 1.6% smaller than that in the first nine months of 2006.
- As reported by the Federal Statistical Office, the **consumer price index** for Germany for October 2007 will – based on results available for six Länder – presumably rise by 2.4% on October 2006 (September 2007: +2.4%). Compared with the preceding month, this is a change by 0.2%.

- This high rate of price increase is markedly influenced by higher prices for food and non-alcoholic beverages. Those prices rose by 1.3% to 2.4% in the six Federal Länder in October 2007 in the previous month and were hence between 3.5% and 5.7% above the October 2006 price level.
- The harmonised consumer price index for Germany, which is calculated for European purposes, is expected to rise by 2.7% in October 2007 compared with October 2006 (September 2007: +2.7%). The index will rise by 0.2% on a month earlier.
- The number of **persons in employment** whose place of residence was in Germany was approximately 40.05 million in September 2007, that was 676,000 persons more (+1.7%) than in September 2006. The number of persons in employment hence continued to increase strongly thanks to a good short-term economic trend and a positive development on the apprenticeship market.
- Compared with the previous month of August 2007, the number of persons in employment was up by 341,000 (+0.9%) in September 2007. Seasonally adjusted, that is upon elimination of the typical seasonal fluctuations, employment rose by 36,000 persons in September 2007 in the previous month.
- The employment/population ratio, that is the share of persons in employment in the total population aged 15 to 64, was 70.7% and thus continued to be above the European employment target agreed to be achieved in line with the so-called Lisbon Strategy by 2010.
- The inhabitants of Germany put aside a monthly average of EUR 170 during the first six months of this year. The overall amount saved totalled EUR 84 billion. When seasonally adjusted, the **savings ratio** – amount saved in relation to the disposable income – rose by 0.4 percentage points from the first six months of 2006 to 10.9% in the first six months of 2007. This means that the level of the mid-1990s has been reached again.

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Registrations</b>	3.8	2,340,492	2,544,675	-8.0
<b>New LCV Registrations</b> <sup>1</sup>	12.5	159,218	140,733	13.1
<b>New Truck Registrations</b> <sup>2</sup>	10.2	81,966	79,207	3.5
<b>New Bus Registrations</b>	5.2	3,859	4,253	-9.3
<b>Production</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Production</b>	0.9%	4,300,339	4,060,375	5.9%
<b>New LCV Production</b>	4.9%	175,876	148,402	18.5%
<b>New Truck Production</b>	1.8%	179,929	158,382	13.6%
<b>New Bus Production</b>	5.7%	6,224	6,544	-4.9%
<b>Exports</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car EU Exports (total)</b>		<b>3,241,369</b>	<b>2,919,763</b>	<b>11.0%</b>
<b>of which:</b>				
<i>Western Europe</i> <sup>3</sup>	-3.6%	2,025,678	1,821,890	11.2%
<i>Eastern Europe</i> <sup>4</sup>	25.1%	342,392	260,752	31.3%
<i>NAFTA</i> <sup>5</sup>	4.4%	455,063	446,217	2.0%
<i>- o/w USA</i>	1.6%	401,041	391,408	2.5%
<i>South and Central America</i> <sup>6</sup>	23.4%	23,206	18,632	24.5%
<i>Asia</i> <sup>7</sup>	21.5%	296,294	267,070	10.9%
<i>-o/w Japan</i>	-13.8%	67,330	68,929	-2.3%
<i>Others</i> <sup>8</sup>	15.9%	98,736	105,202	-6.1%
<b>New LCV EU Exports (total)</b>		<b>122,965</b>	<b>101,444</b>	<b>21.2%</b>
<b>of which:</b>				
<i>Western Europe</i>	5.6%	93,019	79,211	17.4%
<i>Eastern Europe</i>	6.5%	20,387	15,522	31.3%
<i>NAFTA</i>	-17.1%	5,208	3,195	63.0%
<i>South and Central America</i>	-36.4%	12	35	-65.7%
<i>Asia</i>	-76.3%	660	285	131.6%
<i>Others</i>	36.6%	3,679	3,196	15.1%
<b>New Truck EU Exports (total)</b>		<b>125,932</b>	<b>105,905</b>	<b>18.9%</b>
<b>of which:</b>				
<i>Western Europe</i>	-1.2%	68,754	65,821	4.5%
<i>Eastern Europe</i>	24.1%	29,114	20,857	39.6%
<i>NAFTA</i>	-9.7%	4,569	2,412	89.4%
<i>South and Central America</i>	17.1%	829	619	33.9%
<i>Asia</i>	-40.4%	12,532	7,859	59.5%
<i>Others</i>	27.2%	10,134	8,337	21.6%
<b>New Bus EU Exports (total)</b>		<b>5,322</b>	<b>5,191</b>	<b>2.5%</b>
<b>of which:</b>				
<i>Western Europe</i>	6.0%	3,039	3,082	-1.4%
<i>Eastern Europe</i>	101.4%	448	818	-45.2%
<i>NAFTA</i>	-32.2%	330	335	-1.5%
<i>South and Central America</i>	337.5%	10	11	-9.1%
<i>Asia</i>	-28.5%	730	364	100.5%
<i>Others</i>	-10.0%	765	581	31.7%

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| <ul style="list-style-type: none"> <li>1. LCV are Commercial Vehicles (CV) up to 3.5t</li> <li>2. CVs above 3.5t,</li> <li>3. Western Europe</li> <li>4. Eastern Europe</li> <br/> <li>5. NAFTA</li> <li>6. South and Central America</li> <br/> <li>7. Asia</li> <br/> <li>8. Others</li> </ul> | <p>excluding Buses<br/> excluding Buses&amp;Coaches<br/> = EU+EFTA<br/> = Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia, Turkey.<br/> = US, Canada, Mexico<br/> = <i>South America</i>: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.<br/> = <i>Central America</i>: Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others.<br/> = <i>Southeast Asia</i>: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.<br/> = <i>Northeast Asia</i>: China, Japan, S+N Korea, Mongolia, Macao, Others.<br/> = <i>Central Asia</i>: Armenia, Georgia, Others.<br/> = <i>South Asia</i>: India, Nepal, Others.<br/> = <i>Middle East</i>: <i>Barhain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.</i><br/> Australia, S.Pacific, Africa</p> |
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➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

Discussions on introducing a CO<sub>2</sub>-base into the annual circulation tax are still under way without any set timetable.

**2. Environment:**

20 German cities are currently planning the introduction of a low emission zone in the inner cities. Some cities will start already on 1 January 2008, others have not set a date yet. The introduction of low emission zones will in most cases be connected with a driving ban for diesel vehicles below Euro 2 and gasoline vehicles below Euro 1. The driving bans will be extended to other emission classes over time.

**3. Transport policy:**

On 1 September 2007, the motorway toll for heavy trucks was increased by 1,1 cent to 13,5 cent per kilometre on average. In parallel, circulation tax for heavy trucks was reduced to EU minimum levels and an innovation programme came into force, which provides incentives for investment in Euro V-trucks. The programme is limited until 30 September 2008 when toll rates will be reduced again proportionately.

On 10 October 2007, the conference of regional transport ministers rejected the introduction of the modular concept in Germany and also opposed a nation-wide field trial. Currently, several regional trials are under way.

**4. Emissions:**

The government plans to increase the differentiation of the motorway toll for heavy trucks based on Euro emission classes. Currently, there is a 50 %-difference which shall be increased to 100 % in line with the new Eurovignette directive. It is yet unclear when the new scheme will come into force.







ACEA

<p><b>DENMARK</b></p> <p><b>ECONOMIC REPORT</b></p>
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Copenhagen, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP					3,1%	3,2%	1,8%	1,4%
Real Consumer Expenditure					4,2%	3,4%	1,8%	2,4%
Real Industrial Production								
Real Business Investments					7,7%	13,4%	5,3%	3,1%
Consumer Price Index					2,2%	2,1%	2,0%	2,0%
New Car price Index								
Trade balance (Nominal)								
Unemployment rate					5,5%	4,3%	3,6%	3,8%

Source : Danish Economic Council

### ➤ Comments

Over the past years, GDP growth has been strong, but there has been a decline in 2007 and a further decline is expected in 2008.

Due to a more normal GDP growth, employment is expected to peak in 2007. In 2007 the unemployment rate is expected to be 3,6 % of the work force, and a small increase to 3,8 % is expected for 2008.

During the past years there has been a large increase in the price of real estate, and owners of real estate have experienced large increases in the equity of their house. However, these price increases are not expected to continue. During 2005 the return on real estate investments was almost 17 %, and the return was 8 % in 2006 and is expected to be 7 % in 2007. In 2008 the return on real estate investments is expected to be less than 2 %.

## MOTOR INDUSTRY

New Registrations	Production	Exports
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Registrations	%Ch	Jan-Sept	Jan-Sept	%Ch
	06/05	2007	2006	07/06
<b>New Car Registrations</b>	5,4%	118 771	118 739	0,0%
<b>New LCV Registrations</b> <sup>1</sup>	12,3%	43 448	45 411	-4,3%
<b>New Truck Registrations</b> <sup>2</sup>	0,0%	5 443	4 951	9,9%
<b>New Bus Registrations</b>	13,6%	402	494	-18,6%

1. LCV are Commercial Vehicles (CV) up to 3.5t

2. CVs above 3.5t,

excluding Buses

excluding Buses&Coaches

### ➤ Comments

The strong Danish economy has led to high vehicle sales the past few years.

There was a decline in the sale of new vehicles in the spring of 2007, where the Danish government made some changes to the car taxation rules. These changes caused some uncertainty, and some consumers apparently choose to postpone their purchase of a new car.

During the summer of 2007 vehicle sales got going again. Vehicle sales in 2007 are expected to reach the same level as in 2006 – despite a lower GDP growth rate. One explanation for the large number of new cars sold in 2007 could be the high rate of return on real estate investments during the past years. Many house owners have experienced large increases in their equity and some have decided to realize part of this increase by purchasing a new car.

Economic growth is expected to be lower in 2008, and this is expected to have an impact on the sale of new vehicles. Also the return on real estate investments is expected to be moderate.

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

- The Danish government changed the vehicle taxation rules in the spring of 2007.
- Among the major changes were changes in the taxation of commercial vehicles. For commercial vehicles, the registration tax was increased from 30 % to 50 % - except for pick-ups and box trucks. However, the registration tax for commercial vehicles with a weight below 2 tonnes was reduced from 95 % to 50 %.
- For both passenger cars and commercial vehicles an allowances/supplement was introduced, which depends on how fuel-efficient the vehicle is. A registration tax allowance was introduced for both passenger cars and commercial vehicles of DKK 4,000 for every kilometre per litre in excess of 16 km/l for petrol vehicles and 18 km/l for diesel vehicles. At the same time a registration tax supplement was introduced of DKK 1,000 for every kilometre per litre less than 16 km/l for petrol vehicles and 18 km/l for diesel vehicles.
- For both passenger cars and commercial vehicles there were a number of changes in the tax allowances, which can be made for various types of safety equipment.
- So far the changes in the vehicle taxation rules have led to a decline in the sale of commercial vehicles and an increase in the sale of small fuel-efficient passenger cars. The increase has been especially strong for small fuel-efficient diesel cars.

**2. Transport policy:**

The Danish government has just called an election. The election will be held on November 13<sup>th</sup> 2007.

Last year the government established a so-called "Committee on Infrastructure". This committee shall present an analysis of the challenges facing the infrastructure in Denmark and present proposals regarding the future investments in the transport area.

The committee was supposed to publish its findings shortly, but this has been postponed due to the election.





ACEA

**SPAIN**

**ECONOMIC REPORT**



Madrid, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch
	(absolute figure in bn EUR)	04-Mar	05-Apr	06-May	07-Jun	08-Jul
					(forecast)	(forecast)
<b>Real GDP</b>	543.7	3,2%	3,5%	3,9%	3,8%	3,3%
<b>Real Consumer Expenditure</b>	419	4,2%	4,2%	3,8%	3,4%	3,1%
<b>Real Industrial Production</b>	95.5	1,6%	0,7%	3,9%	3%	2,8%
<b>Real Business Investments</b>	134.7	5%	6,9%	6,8%	5,8%	4,6%
<b>Consumer Price Index (Dec/Dec)</b>	2.7	3,2%	3,7%	2,7%	3,2%	2,5%
<b>New Car price Index (Dec/Dec)</b>	1.7	2,2%	2,2%	1,6%	n.a.	n.a.
<b>Trade balance (%GDP)</b>	-1.7	-6,3%	-7,5%	-8,1%	-8,4%	-8,7%
<b>Unemployment rate</b>	10.5	10,5%	9,2%	8,5%	8%	8,2%

Source : INE for current and historical data. Government, FUNCAS and CEPREDE forecasts for 2007 & 2008.

### ➤ Comments

**Second-quarter GDP growth in 2007** has shown a strong rate of progress (4%), although somewhat lower than in the first quarter. The last figures for summer months suggest similar levels of growth maintaining a gradual slowdown path.

The growth structure has been a bit more stable, starting a slight decrease of domestic demand contribution. Factors that have boosted the expansion during the prolonged period of growth - consumption and construction- have lost strength again. Private consumption has experienced a deceleration, although the 3.3% advanced which is the lowest rate since 2003. Construction cuts the growth to 4.6%, the most reduced rate since the last five years. Meanwhile the capital assets investment showed a considerable strength pushed by the come back of the industrial activity fed by the recovery of the European economy.

**It is expected towards the close-end of 2007** a soft economy deceleration, despite the internacional financial market turmoil due to the crisis of the “subprime” mortgages in the United States. The various international organizations and Spanish analysts agree growth will raise around 3.7%-3.8%.

Nevertheless **for the year 2008 the forecasts** concurrence is not so pronounced, hence the IMF in its recent report foresees growth of 2.7%, which differs from the 3.3% foreseen by the Spanish Government.

The main factors of the lower GDP growth in 2008 will be the **construction investment** which bearish growth has recently been revised in 1.3 percentage points less which would means a significant up trend of unemployment.

**Household expenditure** in 2008 is also expected to slacken compared with the dynamic growth in previous years. The increase in reference interest rates for mortgages, the rise in food and energy prices, together with a slower job growth in 2008 (2%), will weaken the purchasing power of Spanish households. It could even drop below 3%.

However, the **business investment** will continue being the component with major force of GDP, though below the rates achieved in 2006. **Inflation forecast** is kept near 3% for 2007, being up to 2.6% in 2008, in agreement with the slower growth expected for the household expenditure.

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Registrations</b>	-0,9%	1.215.801	1.240.612	-2,0
<b>New LCV Registrations</b> <sup>1</sup>	2,8%	204	204	0,1
<b>New Truck Registrations</b> <sup>2</sup>	2,5%	35	31	14,3
<b>New Bus Registrations</b>	-5,7%	3.053	2.871	6,3
<b>Production</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Production</b>	-0,9%	1.673.113	1.530.790	9,3%
<b>New LCV Production</b>	7,0%	450	456	-1,26%
<b>New Truck Production</b>	5,1%	68	57	20,09%
<b>New Bus Production</b>	16,5%	1.237	1.242	-0,4%
<b>Exports</b>	<b>%Ch</b>	<b>Jan-July</b>	<b>Jan-July</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car EU Exports (total)</b>	<b>-1,0%</b>	<b>1.125.798</b>	<b>1.020.634</b>	<b>10,3%</b>
<b>of which:</b>				
<i>Western Europe</i> <sup>3</sup>	-2,4%	975	905	7,8%
<i>Eastern Europe</i> <sup>4</sup>	8,9%	87	69	27,1%
<i>NAFTA</i> <sup>5</sup>	4,1%	23	25	-4,8%
- o/w USA	8,9%	12	13	-10,0%
<i>South and Central America</i> <sup>6</sup>	16,4%	3	2	58,1%
<i>Asia</i> <sup>7</sup>	-23,8%	7	9	-21,9%
-o/w Japan	53,6%	1	2	-44,3%
<i>Others</i> <sup>8</sup>	89,8%	29	11	155,5%
<b>New LCV EU Exports (total)</b>	<b>8,2%</b>	<b>326</b>	<b>329</b>	<b>-0,7%</b>
<b>of which:</b>				
<i>Western Europe</i>	5,5%	238	249	-4,1%
<i>Eastern Europe</i>	38,2%	40	43	-5,3%
<i>NAFTA</i>	>500	3	2	53,5%
<i>South and Central America</i>	8,7%	8	7	7,1%
<i>Asia</i>	10,3%	19	14	34,0%
<i>Others</i>	-22,7%	17	14	28,1%
<b>New Truck EU Exports (total)</b>	<b>3,0%</b>	<b>39</b>	<b>32</b>	<b>22,6%</b>
<b>of which:</b>				
<i>Western Europe</i>	5,0%	35	31	14,5%
<i>Eastern Europe</i>	21,9%	367	239	53,6%
<i>NAFTA</i>	-	331	2	-
<i>South and Central America</i>	53,3%	102	74	37,8%
<i>Asia</i>	-55,7%	436	303	43,9%
<i>Others</i>	-28,8%	3	697	307,7%
<b>New Bus EU Exports (total)</b>	<b>15,3%</b>	<b>756</b>	<b>520</b>	<b>45,4%</b>
<b>of which:</b>				
<i>Western Europe</i>	-10,8%	285	271	5,2%
<i>Eastern Europe</i>	-53,8%	9	17	-47,1%
<i>NAFTA</i>	-	0	0	-
<i>South and Central America</i>	-	0	0	-
<i>Asia</i>	82,1%	401	25	-
<i>Others</i>	92,7%	61	207	-70,5%

<b>Exports</b>	<b>%Ch 06/05</b>	<b>Jan-Sept 2007</b>	<b>Jan-Sept 2006</b>	<b>%Ch 07/06</b>
<b>New Car EU Exports (total)</b>	-0,96%	1.367.373	1.238.595	10,4%
<b>New LCV EU Exports (total)</b>	8,22%	392	392	0,07%
<b>New Truck EU Exports (total)</b>	2,98%	47	38	22,19%
<b>New Bus EU Exports (total)</b>	15,30%	876	566	54,77%

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| <p>1. LCV are Commercial Vehicles (CV) up to 3.5t</p> <p>2. CVs above 3.5t,</p> <p>3. Western Europe</p> <p>4. Eastern Europe</p> <p>5. NAFTA</p> <p>6. South and Central America</p> <p>7. Asia</p> <p>8. Others</p> | <p>excluding Buses</p> <p>excluding Buses&amp;Coaches</p> <p>= EU+EFTA</p> <p>= Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia, Turkey.</p> <p>= US, Canada, Mexico</p> <p>= <i>South America</i>: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.</p> <p>= <i>Central America</i>: Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others.</p> <p>= <i>Southeast Asia</i>: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.</p> <p>= <i>Northeast Asia</i>: China, Japan, S+N Korea, Mongolia, Macao, Others.</p> <p>= <i>Central Asia</i>: Armenia, Georgia, Others.</p> <p>= <i>South Asia</i>: India, Nepal, Others.</p> <p>= <i>Middle East</i>: <i>Barhain</i>, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.</p> <p>Australia, S.Pacific, Africa</p> |
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## ➤ **Comments**

The Spanish passenger cars market continues the trend of a slight decrease in the first ten months of the year 2007. **New car registrations** slowed down by 1.5% and reached 1.3 million units, 20.541 less than in 2006. This fall is due to the negative effects of the up trend of interest rates, the higher price of some basic goods and the highest household indebtedness. Nevertheless October showed a surprising peak with an increase of 3.4% due to a one working day more than in October 2006, the commercial efforts of manufacturers and the increase in high segments that will have a higher tax from next January 1. It is difficult to know, due to the new framework of registration taxes for next year, the evolution for the last two months of 2007 and the first ones of 2008, but is expected a slight decline for the whole year 2007 as well as for 2008.

**Light commercial registrations**, which represent 86% of the total Commercial aggregate, have a similar performance as last year, with only 250 units more.

**Trucks new registrations** in 2007 have shown a positive trend with a year-to-year increase by 14.3%. Nevertheless the monthly results for September have been very low, with a drop of 19.4%. It is due to the entry in force in October 2006 of the Euro IV Regulation, pushing September of this year over the usual behaviour of the market.

The total production of vehicles has grown in 2007 (+7.24%). Better trend of the EU market besides the good market behaviour of all new models that have started their production in Spain are under the recovery of the Spanish production. It is expected a stability in level production for the year 2008. The good evolution of some European markets have boosted Spanish exports over 10.4%.

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2002	72,537	0.2	2,4
	2003	71,038	-2.1	2.4
	2004	72,453	2	2.5
	2005	72,331	-0,6	2.3
	2006	70,786	-2,1	2,3
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2002	246,935	-2	8.2
	2003	253,059	2.5	8.5
	2004	252,550	-0.2	8.6
	2005	251,035	-0,6	8.06
	2006	247,772	-1,3	8,0

Source: Source: ANFAC, SERNAUTO. Figures do not match exactly NACE classifications as published by INE, which are very delayed (last figure available is for 1999)

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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### ➤ **New Measures & effects on the Motor Vehicle market:**

#### **New registration deductions:**

Withdrawal of PREVER incentives since first of January 2008

#### **New framework for registration taxes based on vehicles CO2 official emissions.**

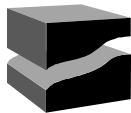
##### 1) Current situation

Registration tax : 7% if: <1600 cc petrol  
<2000 cc diesel

Registration tax: 12% if: >=1600 cc petrol  
>= 2000 cc diesel

##### 2) Registration taxes since first of January 2008

Emission CO2 (g/km)	<b>Proposed rate</b>	New registration 2006	% Share
< = 120	<b>0%</b>	125.662	7,7
> 120 < 160	<b>4,75%</b>	907.752	55,5
>= 160 < 200	<b>9,75%</b>	459.578	28,1
>= 200	<b>14,75%</b>	141.603	8,7
Total		1.634.595	100



ACEA

<p><b>ESTONIA</b></p> <p><b>ECONOMIC REPORT</b></p>
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Tallinn, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data (bn EUR/Index)	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
		02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	6,7	12	7,7	10,6	16,5	18	n.a.	n.a.
Real Consumer Expenditure	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Real Industrial Production	8,9	8,2	10,5	10,5	9,1	n.a.	n.a.	n.a.
Real Business Investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Consumer Price Index	5,8	3,6	1,3	3	4,1	4,4	n.a.	n.a.
New Car price Index	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trade balance (Nominal)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unemployment rate	12,8	10,5	10,3	9,9	8,3	5,9	n.a.	n.a.

## MOTOR INDUSTRY

### New Registrations

### Production

### Exports

<i>Registrations</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Registrations</i></b>	130	24136	19009	127
<b><i>New LCV Registrations</i></b> <sup>1</sup>	132	3490	2694	130
<b><i>New Truck Registrations</i></b> <sup>2</sup>	180	1407	971	145
<b><i>New Bus Registrations</i></b>	183	141	111	127

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

### ➤ Comments

There are not Manufactures of Motor Vehicles in Estonia.

### Taxation

### Environment

### Transport Policy

### Emissions

### ➤ New Measures & effects on the Motor Vehicle market:

#### Taxation:

There are not changes in taxation policy. There is free parking in Tallinn for the hybrid cars.







ACEA

**FRANCE**

**ECONOMIC REPORT**

Paris, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
<b>Real GDP</b>	1,497.2	+ 1.0%	+ 1.1%	+ 2.5%	+ 1.7%	+ 2.0%	+ 1.8%	+ 2.0%
<b>Real Consumer Expenditure</b>	817.4	+ 2.2%	+ 2.2%	+ 2.6%	+ 2.2%	+ 2.1%	+ 2.2%	+ 2.2%
<b>Real Industrial Production</b>	841.4	- 1.3%	- 1.2%	+ 1.9%	+ 0.8%	+ 1.0%	+ 1.4%	+ 1.5%
<b>Real Business Investments</b>	161.8	- 2.9%	+ 0.4%	+ 4.1%	+ 2.7%	+ 4.1%	+ 3.7%	+ 3.3%
<b>Consumer Price Index</b>	103,9	+ 1.9 %	+ 2.1 %	+ 2.1 %	+ 1.8 %	+ 1.7 %	+ 1.4 %	+ 1.6 %
<b>New Car price Index</b>	99,0	+ 1.1 %	+ 1.3 %	+ 1.7 %	+ 1.3 %	+ 1.1 %	+ 1.4 %	+ 1.2 %
<b>Trade balance (Nominal)</b>	17.2	26.5	16.1	1.7	- 15.7	- 25.8	-	-
<b>Unemployment rate</b>	8.7 %	9.1 %	9.9 %	10.0 %	9.9 %	9.0 %	8.1 %	7.9 %

Source: INSEE

### ➤ Comments

Economic growth in 2007 should be similar to that of 2006, in a different context: in particular, the appreciation of euro against dollar and increasing prices of oil and other raw materials. Furthermore, developments of the financial crisis could influence the real economy.

Business investment rate (in real terms) continues to be near 4% and real consumer expenditure rate above 2%, as in previous years; the latter was possible due to the decline of households' savings rate.

Business confidence is above the long term period average, but a slight deterioration was observed in October 2007.

The improvement of households' confidence after the French presidential election was not confirmed in September 2007. Households' confidence remains weak due to the high unemployment rate and increasing prices of oil and various food products. Their purchasing power is also affected by housing costs.

The mandatory payment rate was 44% of GDP in 2006, one of the highest rate-in the last five years. In 2007 income-tax was reduced after the French presidential election, which should support households' purchasing power. However deficits have to be financed and the question on reforms is debated.

The development of credit sustains households' investment and the European Central Bank policy could influence the real estate market, especially since last summer financial crisis.

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Registrations</b>	-3,1%	1 523 363	1 518 367	0,3%
<b>New LCV Registrations</b> <sup>1</sup>	2,2%	342 093	321 375	6,4%
<b>New Truck Registrations</b> <sup>2</sup>	3,6%	38 567	41 502	-7,1%
<b>New Bus Registrations</b>	14,4%	4 325	4 096	5,6%
<b>Production</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
<i>estimation</i>	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Production</b>	-11,8%	1 917 000	2 100 166	-9,0%
<b>New LCV Production</b>	-1,1%	285 685	283 372	0,8%
<b>New Truck Production</b>	17,5%	46 700	42 182	11,0%
<b>New Bus Production</b>	11,5%	3 150	2 902	9,0%
<b>Exports</b>	<b>%Ch</b>	<b>Jan-June</b>	<b>Jan-June</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car EU Exports (total)</b>	<b>-11,2%</b>	<b>1 143 448</b>	<b>1 242 335</b>	<b>-8,0%</b>
<b>of which:</b>				
<i>Western Europe</i> <sup>3</sup>	-10,5%	873 743	951 332	-8,2%
<i>Eastern Europe</i> <sup>4</sup>	3,0%	86 430	77 794	11,1%
<i>NAFTA</i> <sup>5</sup>	37,8%	6 955	9 976	-30,3%
<i>- o/w USA</i>	++	1 555	2 373	-34,5%
<i>South and Central America</i> <sup>6</sup>	-30,9%	9 297	6 383	45,7%
<i>Asia</i> <sup>7</sup>	-27,3%	116 079	142 164	-18,3%
<i>-o/w Japan</i>	-11,5%	7 322	6 071	20,6%
<i>Others</i> <sup>8</sup>	10,8%	50 944	54 686	-6,8%
<b>New LCV EU Exports (total)</b>	<b>-6,1%</b>	<b>109 990</b>	<b>116 758</b>	<b>-5,8%</b>
<b>of which:</b>				
<i>Western Europe</i>	-7,6%	89 349	96 791	-7,7%
<i>Eastern Europe</i>	-3,2%	12 924	11 269	14,7%
<i>NAFTA</i>	++	89	130	-31,5%
<i>South and Central America</i>	5,1%	378	946	-60,0%
<i>Asia</i>	-15,4%	2 002	1 551	29,1%
<i>Others</i>	13,9%	5 248	6 071	-13,6%
<b>New Truck EU Exports (total)</b>	<b>13,5%</b>	<b>25 687</b>	<b>25 608</b>	<b>0,3%</b>
<b>of which:</b>				
<i>Western Europe</i>	2,1%	16 277	16 427	-0,9%
<i>Eastern Europe</i>	32,6%	4 467	3 677	21,5%
<i>NAFTA</i>	-47,5%	44	62	-29,0%
<i>South and Central America</i>	++	814	899	-9,5%
<i>Asia</i>	-29,1%	1 084	620	74,8%
<i>Others</i>	57,4%	3 001	3 923	-23,5%
<b>New Bus EU Exports (total)</b>	<b>37,9%</b>	<b>394</b>	<b>320</b>	<b>23,1%</b>
<b>of which:</b>				
<i>Western Europe</i>	7,6%	156	183	-14,8%
<i>Eastern Europe</i>	++	149	108	38,0%
<i>NAFTA</i>			0	
<i>South and Central America</i>			0	
<i>Asia</i>			5	
<i>Others</i>	60,0%	89	24	++

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| <ul style="list-style-type: none"> <li>1. LCV are Commercial Vehicles (CV) up to 3.5t</li> <li>2. CVs above 3.5t,</li> <li>3. Western Europe</li> <li>4. Eastern Europe</li> <br/> <li>5. NAFTA</li> <li>6. South and Central America</li> <br/> <li>7. Asia</li> <br/> <li>8. Others</li> </ul> | <ul style="list-style-type: none"> <li>excluding Buses</li> <li>excluding Buses&amp;Coaches</li> <li>= EU+EFTA</li> <li>= Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia, Turkey.</li> <li>= US, Canada, Mexico</li> <li>= <i>South America</i>: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.</li> <li>= <i>Central America</i>: Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others.</li> <li>= <i>Southeast Asia</i>: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.</li> <li>= <i>Northeast Asia</i>: China, Japan, S+N Korea, Mongolia, Macao, Others.</li> <li>= <i>Central Asia</i>: Armenia, Georgia, Others.</li> <li>= <i>South Asia</i>: India, Nepal, Others.</li> <li>= <i>Middle East</i>: <i>Barhain, Iran</i>, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.</li> <li>Australia, S.Pacific, Africa</li> </ul> |
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## ➤ **Comments**

After a few years at a high level, above 2.1 million units, new passenger car registrations have been affected since the beginning of 2003 by many negative factors such as households' confidence crisis or high energy prices. Since 2003, registrations of new passenger cars have remained stable at a level of near 2 million units. In 2006 commercial incentives did not compensate enough for market weakness and registrations decreased by 3.3%. During the first nine months of 2007, the new passenger car market was stable; close to the average long term period

Following the resume in business investments, the market for light commercial vehicles has increased by 7% during 2004, above 400,000 units. The increase went on during the year 2005 (+2.8%) and the year 2006 (+4.8%) at 440,000 units, a new record. During the first nine months of 2007, the new light commercial vehicle market kept on increasing by 6%.

After increases of 4% during 2004 and 17% during 2005, truck registrations decreased by 4% during the year 2006, this decrease is mainly explained by reduced sales in January 2006 after a strong month of December 2005 due to digital tachograph uncertainty. Sales during the first nine months of 2007 decreased by 7%, but the results for last three months of the year will reduce this decrease, due to impacts of new environmental standards (Euro4).

The production of passenger cars in France decreased (-12%) during 2006. This production decrease is accentuated by reducing stocks of vehicles and sales policies. This trend is confirmed during the first nine months of 2007 (-9%).

Business investment supported commercial vehicle production during 2006 (light commercial vehicle production (+1.4%) and heavy commercial vehicle production (+10.6%)). This trend is confirmed during the first nine months of 2007 (+1% for light commercial vehicles and +11% for heavy commercial vehicles).

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2000</b>	190,830	+ 3.9 %	5.8 %
	<b>2001</b>	197,069	+ 3.3 %	6.0 %
	<b>2002</b>	191,367	-2.9 %	5.9 %
	<b>2003</b>	183,850	-3.9 %	5.9 %
	<b>2004</b>	186,123	+ 1.2 %	6.1 %
	<b>2005</b>	185,061	- 0.6 %	6.2 %
	<b>2006</b>	182,000	- 1.7 %	6.2 %
	<b>2007</b>			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	<b>2000</b>	120,434	+ 5.3 %	3.7 %
	<b>2001</b>	120,880	+ 0.4 %	3.7 %
	<b>2002</b>	122,087	+ 1.0 %	3.8 %
	<b>2003</b>	117,988	-3.4 %	3.8 %
	<b>2004</b>	115,887	-1.8 %	3.8 %
	<b>2005</b>	109,848	- 5.2 %	3.7 %
	<b>2006</b>	106,000	- 3.3 %	3.6 %
	<b>2007</b>			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	<b>2000</b>	311,264	+ 4.4 %	9.5%
	<b>2001</b>	317,949	+ 2.1 %	9.6%
	<b>2002</b>	313,454	-1.4 %	9.7%
	<b>2003</b>	301,838	-3.7 %	9.6%
	<b>2004</b>	302,010	+ 0.1 %	9.9%
	<b>2005</b>	294,909	-2.4 %	9.9%
	<b>2006</b>	288,000	-2.3 %	9.9%
	<b>2007</b>			

Source: INSEE

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

- Road transport companies have protested after a sharp increase in motorway toll prices for trucks in 2006 (+ 3.3% on average). Heavy trucks account for 18% of motorway traffic but for 40% of tolls. The Federation of transport and logistics companies asks for a modulation of tolls according to environmental vehicle standards.
- The Alsace region intends to experiment a toll on heavy truck traffic in 2009 to limit the traffic increase since the introduction of the LKW-Maut in Germany in 2005. The tax should amount to € 0.06 per km for a 2-axle truck, € 0.09 per km for a 3-axle truck and € 0.12 for a 4-axle truck.

**2. Environment:**

- Following the presidential election campaign, public authorities have launched a national debate to define concrete actions in the field of environment ("*Grenelle de l'environnement*") with the participation of various actors (companies, experts, NGOs, trade unions, etc). In this framework, several actors have presented their own proposals. Concerning transport, modal shift should be the main priority with probable negative impacts on road users. Among possible measures currently discussed are: the creation of new rail or rail-road infrastructure, a new tax for heavy trucks around € 0.12 per km in the framework of Eurovignette, the increase of the excise tax on fuels and a new "*bonus-malus*" system for cars, with a tax or a credit depending on the CO<sub>2</sub> level, to finance public transport, or the possible reduction of speed limits. Several actors of the automobile sector ask for a scrap incentive to clean up the vehicle fleet.
- CCFA takes part to these debates and asks for a status quo in terms of excise duty rates on diesel and gasoline fuel in order to allow further progress in terms of CO<sub>2</sub> emissions decrease. Concerning biofuels, French manufacturers also commit to develop in the short term vehicles allowing an incorporation rate of 10% and ask for more public research initiatives in this field. The government will unveil its final action plan (15 or 20 measures) at the end of October.

**3. Transport policy:**

In 2006, the number of fatalities decreased for the fifth year in a row to 4,709 (-11.5%). Alcohol has become the first factor leading to accidents (28.4%). Moreover, the average speed of passenger cars on French roads also continued to decrease last year (82,2 km/h, - 8 km/h compared to 2000). The number of automatic radars should rise from 1,500 to 2,000 by the end of the year, and double in the next five years.

**4. Emissions:**

According to the annual ranking of Ademe (national environmental agency), 47% of the new passenger cars sold in 2006 in France were emitting less than 140 g CO<sub>2</sub>/km, against 42% in 2005 and 29% in 2002, whereas cars emitting more than 161g accounted for 25% of the market against 32% in 2005.







ACEA

**FINLAND**

**ECONOMIC REPORT**

Helsinki, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP 1)	131,5	2,3%	2,4%	3,6%	2,9%	5,0%	4,2%	3,1%
Real Consumer Expenditure	65,6	1,7%	4,4%	3,2%	3,8%	4,3%	3,3%	3,5%
Real Industrial Production	32,5	2,1%	0,5%	5,0%	0,6%	7,9%	0,8%	1,5%
Real Business Investments	23,1	-4,8%	3,0%	4,9%	5,9%	5,6%	6,0%	3,5%
Consumer Price Index 2)	102,6	1,6%	0,9%	0,2%	0,9%	1,6%	2,5%	2,8%
New Car price Index 2)	100,9	2,5%	-5,4%	0,9%	-0,2%	-0,5%	0,4%	1,0%
Trade balance (Nominal)	14,1	13,6%	11,1%	10,2%	7,7%	9,1%	9,7%	9,3%
Unemployment rate %	9,1	9,1%	9,0%	8,8%	8,4%	7,8%	6,8%	6,3%

Source : 1)GDP at 2000 prices 2) 2000=100

### ➤ Comments

A strong economic performance continues in Finland. Economic growth will continue at a fast pace, pushing the limits of production capacity next year.

The number of people in employment will exceed 70 % of the working-age population, the unemployment rate dropping close to 6 %. On the other hand, this good development will be slower because of the closing down of two big mills in the forest industry. The expected incomes in the household sector are reasonably good in spite of a slightly rising inflation rate. Foreign trade will continue to show a comfortable surplus.

However, rising household debt, along with price and cost pressures, will present considerable risks to the national economy. Combined with increased uncertainty in the global markets, those may weaken growth prospects and the economic equilibrium.

## MOTOR INDUSTRY

New Registrations	Production	Exports
-------------------	------------	---------

<i>Registrations</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Registrations</i></b>	-1,2%	108687	119759	-9,2%
<b><i>New LCV Registrations</i></b> <sup>1</sup>	8,4%	13414	11736	14,3%
<b><i>New Truck Registrations</i></b> <sup>2</sup>	0,9%	3746	4128	-9,3%
<b><i>New Bus Registrations</i></b>	8,7%	415	373	11,3%

<i>Production</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Production</i></b>	73,4%	17916	24157	-25,8%
<b><i>New LCV Production</i></b>				
<b><i>New Truck Production</i></b>	-3,1%	196	279	-29,7%
<b><i>New Bus Production</i></b>				

<i>Exports</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car EU Exports (total)</i></b>	73%	17916	24157	-25,8%
<b><i>New LCV EU Exports (total)</i></b>				
<b><i>New Truck EU Exports (total)</i></b>	-21,1%	65	41	58,5%
<b><i>New Bus EU Exports (total)</i></b>				

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

### ➤ **Comments**

In 2006 the main reason for the slightly decreasing figures of new car registrations was the discussion in the media about possible changes in car taxation. This year, the situation in the sales is normalized. The production of sedan cars (Valmet Automotive) dropped and this has diminished the employment in the Uusikaupunki plant. The production of trucks (Sisu-Auto) is growing a little this year.

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	2694	6,3%	0,6%
	2001	2963	10,0%	0,7%
	2002	2954	-0,3%	0,7%
	2003	2870	-2,8%	0,7%
	2004	2460	-14,2%	0,6%
	2005	2189	-11,0%	0,6%
	2006	2280	4,2%	0,6%
	2007	1825	-20,0%	0,6%
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	4705	4,0%	1,1%
	2001	4512	-4,1%	1,0%
	2002	4522	0,2%	1,0%
	2003	4525	0,0%	1,0%
	2004	4070	-10,0%	1,0%
	2005	4572	12,3%	1,1%
	2006	4800	5,0%	1,1%
	2007	4895	2,0%	1,1%
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	7399	4,8%	1,7%
	2001	7475	1,0%	1,7%
	2002	7476	0,0%	1,7%
	2003	7395	-1,1%	1,7%
	2004	6530	-11,7%	1,6%
	2005	6761	3,5%	1,7%
	2006	7080	4,7%	1,7%
	2007	6720	-5,1%	1,7%

Source:

### ➤ Comments

The employment situation in the Finnish car manufacturing weakened in 2007 because the production of sedan cars was reduced. The employment situation of truck manufacturing will improve this year. However, the volume of truck manufacturing is fairly small.





ACEA

**GREECE**

**ECONOMIC REPORT**

**Athens, November 2007**

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
<b>Real GDP</b>	168.0	3.8%	4.8%	4.7%	3.7%	4.3%	3.7%	3.7%
<b>Real Consumer Expenditure</b>	144.5	10.8%	10.0%	12.2%	11.8%	12.9%	na	na
<b>Real Industrial Production</b>	98.18 (2000=100)	0.8%	0.3%	1.2%	-0.9%	0.5%	na	na
<b>Real Business Investments</b>	19.6% of GDP	1.5%	6.0%	-0.9%	-3.3%	8.9%	na	na
<b>Consumer Price Index</b>	87.5 (2005=100)	3.6%	3.5%	2.9%	3.5%	3.2%	na	na
<b>New Car price Index</b>	96.95 (2005=100)	0.9%	0.6%	1.3%	0.3%	-1.9%	na	na
<b>Trade balance (Nominal)</b>	-17.5	4.8%	3.3%	-1.1%	-12.8%	26.0%	na	na
<b>Unemployment rate</b>	10.7%	-3.7%	-5.8%	8.2%	-6.7%	-9.2%	na	na

Source: Eurostat

### ➤ Comments

- The economy continues its impressive performance in 2007 with growth accelerating to 4.6% in Q1 2006, significantly stronger than market expectations. The length is driven by robust private consumption growth and a surge in investment.
- The public investment program will continue to absorb significant EU structural funds as it did in the final 2 years of the CSF III program.
- Corporate tax rate this year is 25%, cut from 29%, boosting corporate revenues. As a result, the business investment outlook remains positive as shown in the recovery of sentiment.
- Private consumption grew by 2.8% y-o-y, well supported by high growth of disposable income as a result of income tax cuts, employment growth and increases in household wealth due to equity gains and high rates of credit growth.
- Despite the increase in EUR interest rates, household credit expansion remains strong at over 20%, significantly above EU levels.

Source: Piraeus Bank Quarterly Report

## MOTOR INDUSTRY

New Registrations	Production	Exports
<b>Registrations</b>	<b>%Ch</b>	<b>Jan-Sept</b>
	<b>06/05</b>	<b>2007</b>
	<b>2006</b>	<b>%Ch</b>
	<b>07/06</b>	
<b>New Car Registrations</b>	-1,41%	228290
<b>New LCV Registrations</b> <sup>1</sup>	1,92%	17778
<b>New Truck Registrations</b> <sup>2</sup>	16,79%	1836
<b>New Bus Registrations</b>	-27,72%	499

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	2251	-	0.95%
	2001	2219	-1.4%	0.95%
	2002	2053	-7.5%	0.89%
	2003	na	na	na
	2004	na	na	na
	2005	na	na	na
	2006	na	na	na
	2007	na	na	na
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	2251	-	0.95%
	2001	2219	-1.4%	0.95%
	2002	2053	-7.5%	0.89%
	2003	na	na	na
	2004	na	na	na
	2005	na	na	na
	2006	na	na	na
	2007	na	na	na



ACEA

# HUNGARY

## ECONOMIC REPORT

**Budapest, November 2007**

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data (bn EUR/Index)	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
		02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	3,8	3,5	4,9	4,0	4,3	4,3	2,0	2,7
Real Consumer Expenditure								
Real Industrial Production	3,6	2,6	6,4	10,2	9,0	9,0		
Real Business Investments								
Consumer Price Index	9,2	5,5	4,7	6,8	4,8	4,6	7,8	4,5
New Car price Index								
Trade balance (Nominal)	-3,5	-3,4	-4,3	-4,2	-4,2	-4,2		
Unemployment rate	5,4	5,7	5,7	6,1	7,1	7,2	7,5	

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	8800		
	2001	10000	+13,6	
	2002	10300	+3,0	
	2003	11000	+6,8	
	2004			
	2005			
	2006			
	2007			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	24400		
	2001	27200	+11,5	
	2002	26600	-2,2	
	2003	28500	+7,1	
	2004			
	2005			
	2006			
	2007			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	33200		
	2001	37200	+12,0	
	2002	36900	-0,8	
	2003	39500	+7,0	
	2004			
	2005			
	2006			
	2007			

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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➤ **New Measures & effects on the Motor Vehicle market:**

New and modified taxes in 2006-2007

1. Tax of power  
Instead of the s.c. "weight tax" the tax of power is to be introduced 120-300 HUF/KW engine power
2. Tax of registration of the passenger cars

Tax (HUF/pce)

Technical characteristics of the car category	Environmental classification			
	>8	6-8	4	<4
1. With Otto engine <1100 cm <sup>3</sup> With Diesel engine <1300 cm <sup>3</sup>	250000	372000	499000	749000
2. With Otto engine 1101-1400 cm <sup>3</sup> With Diesel engine 1301-1500 cm <sup>3</sup>	361000	542000	722000	1083000
3. With Otto engine 1401-1600 cm <sup>3</sup> With Diesel engine 1501-1700 cm <sup>3</sup>	478000	722000	966000	1434000
4. Otto 1601-1800 cm <sup>3</sup> Diesel 1701-2000 cm <sup>3</sup>	743000	1104000	1476000	2230000
5. Otto 1801-2000 cm <sup>3</sup> Diesel 2001-2500 cm <sup>3</sup>	1020000	1529000	2039000	3059000
6. Otto 2001-2500 cm <sup>3</sup> Diesel 2501-3000 cm <sup>3</sup>	1466000	2198000	2931000	4397000
7. Otto 2501-3000 cm <sup>3</sup> Diesel 3001-3500 cm <sup>3</sup>	2230000	3345000	4460000	6691000
8. Otto >3000 cm <sup>3</sup> Diesel >3500 cm <sup>3</sup>	3207000	4821000	6425000	9622000
9. Electrical power or electric – Otto/Diesel engine hybrid	190000			
10. Other (except for 9. category)	380000			



ACEA

**ITALY**

**ECONOMIC REPORT**



**ANFIA**

Torino, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
<b>Real GDP</b>	1.248,647	0,3%	0,1%	1,0%	0,2%	1,9%	1,7%	1,4%
<b>Real Consumer Expenditure</b>	733,562	0,2%	1,0%	0,7%	0,6%	1,5%	2,0%	1,5%
<b>Real Industrial Production</b>	99,5 (2000=100)	-1,6%	-0,6%	-0,3%	-0,8%	2,6%	1,9%	1,4%
<b>Real Business Investments</b>	253,778	4,0%	-1,5%	1,3%	-0,2%	2,4%	2,7%	1,7%
<b>Consumer Price Index</b>	102,7 (2000=100)	2,5%	2,7%	2,2%	2,0%	2,1%	1,8%	2,0%
<b>New Car price Index</b>	111,7 (1995=100)	114,8	116,6	116,1	118,6	120,4		
<b>Trade balance (Nominal)</b>	9,233	8,5%	2,8%	-1,5%	-9,4%	-21,1%	-5,6%*	
<b>Unemployment rate</b>	9,1	8,6%	8,4%	8,0%	7,7%	6,8%	6,5%	6,2%

Source : CSC (Centro Studi Confindustria) - Economic Notes October 2007  
 Consensus Economics - Forecasts October 2007  
 ISAE - October 2007

\* first seven months 2007

### ➤ Comments

#### **Italian Economy: political weakness hampers a solid recovery**

The international scenario is now - and again - strongly influenced by the financial market crisis and is going to worsen more and more, due to the deterioration of two main parameters limiting the regular evolution of the Italian economic system: the increase in oil prices and the appreciation of the European currency.

The project of the Italian Financial Law for the year 2008 is based on reductions of the public expenditure, paying however special attention to social allowances for low-income families, and aimed at improving tax revenues: the proposed objective is to reduce the budget deficit (1,9% of GDP in the first 6 months of 2007).

The fiscal revenues are on the other hand increasing (+10% in 2006, with an overall pressure of around 42.3% of GDP) and this trend is still growing, resulting even successful in fighting tax evasion.

The amounts collected last year, that were judged in excess (the so called "little treasure"), have been definitely given back to citizens, according to an income scale redistribution.

The main problem facing the position towards the international economic community is the heavy weight of the National Debt: in Europe Italy is the only country which manages to have a debt/GDP ratio over 100% (106.8 in 2006), that has only marginally decreased in recent months.

The political compromises undermine the majority's cohesion and stability. The Prodi's ruling coalition - or the new enlarged Democratic Party - could also have shortly great problems in defining a proper approach to economic policy for 2008.

## **Macro-economic indicators in Italy**

### **GDP: + 1.7% in 2007, +1.4% in 2008**

After a sound growth in 2006 (+ 1.9%, the highest since 2001), the economy could perform this year almost at the same level, but on a declining trend, with some doubts for the evolution in this last quarter. The climate in business confidence is however changing: a decline is foreseen in internal demand in 2008.

### **Private consumption: + 2.0% in 2007, + 1.5% in 2008**

The growth for 2007 comes from the evolution of the individual purchasing power: disposable income sustained by higher levels of per capita wages and growing employment of the workforce. A relevant part of the residents' expenses has been directed out of the national borders (trips and tourism outside), to be matched with fewer expenses by foreigners in Italy. Certain sectors of durable goods (cars, some household appliances) registered growing sales, owing to the granting of financial and fiscal government incentives (now to be renewed by law).

### **Gross investment: +2.7% in 2007, + 1.7% in 2008**

The investments' cycle in 2007 (the record year in recent times) has recovered, not only due to the expenditure aimed to a better efficiency in the production processes, but also thanks to measures adopted to extend the installed productive capacities (taking into account the already registered increasing plant utilization rates). In 2008 this data could slightly slip down, in line with some reduced trends in some European countries.

### **Industrial output: + 1.9% in 2007, + 1.4% in 2008**

The growth in manufacturing activities is now doing well: in September +3.2% on the same month of 2006, but the recent deterioration in industrialists' expectations anticipates a certain slowdown in production.

### **Inflation rate: + 1.8% in 2007 + 2.0% in 2008**

In the first 9 months of 2007 the oil prices have quite increased, up 31% (and up 88% from the beginning of 2005); forecasts are for a certain recovery in internal inflation rate, which could even result increased next year.

**Export:** a stronger Euro could affect the demand from abroad, making less appealing Italian goods on the global market, and with the need to start - or consolidate - new flows towards the emerging economies. The first 9 months of 2007 show a deficit of 13,201 million euros with extra-EU countries, against 18,745 in the same period of 2006, namely bettering the external unbalance.

### **Unemployment rate: 6.5% of the workforce in 2006, 6.2% in 2008**

The acceleration of the economic cycle has led to a positive trend of the labour market: employment has grown at higher rates, if compared to those reported in the past years. The unemployment rate could anyway reach 6.2% in 2008, an unattained goal in the last forty years, also thanks to a reduced number of people in search of work.

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>				
	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Registrations</b>	4,3%	1922938	1803182	6,6%
<b>New LCV Registrations</b> <sup>1</sup> (deliveries for Italy)	8,7%	177824	168554	5,5%
<b>New Truck Registrations</b> <sup>2</sup>	0,0%	26397	27357	-3,5%
<b>New Bus Registrations</b>	-1,1%	3349	3987	-16,0%
<b>Production</b>				
	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Production</b>	33,1%	691445	673251	2,7%
<b>New LCV Production</b>	-1,7%	238584	197323	20,9%
<b>New Truck Production</b>	10,5%	37593	32271	16,5%
<b>New Bus Production</b>	-10,0%	1034	2382	-56,6%
<b>Exports</b>				
	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car EU Exports (total)</b>	<b>43,9%</b>	<b>283 688</b>	<b>278 461</b>	<b>1,9%</b>
<b>of which:</b>				
<i>Western Europe</i> <sup>3</sup>	41,8%	212231	224641	-5,5%
<i>Eastern Europe</i> <sup>4</sup>	92,9%	35656	33750	5,6%
<i>NAFTA</i> <sup>5</sup>	13,0%	5022	4064	23,6%
- o/w USA	3,5%	4329	3599	20,3%
<i>South and Central America</i> <sup>6</sup>	34,3%	4650	384	++
<i>Asia</i> <sup>7</sup>	-23,2%	7282	4813	51,3%
-o/w Japan	-18,4%	4139	3314	24,9%
<i>Others</i> <sup>8</sup>	43,9%	18847	10809	74,4%
<b>New LCV EU Exports (total)</b>	<b>-1,3%</b>	<b>175 732</b>	<b>140 315</b>	<b>25,2%</b>
<b>of which:</b>				
<i>Western Europe</i>	-5,5%	133475	110492	20,8%
<i>Eastern Europe</i>	8,6%	38032	25485	49,2%
<i>NAFTA</i>	-100,0%	141	0	-
<i>South and Central America</i>	++	698	1181	-40,9%
<i>Asia</i>	-52,1%	331	222	49,1%
<i>Others</i>	133,3%	3055	2935	4,1%
<b>New Truck EU Exports (total)</b>	<b>11,5%</b>	<b>31 346</b>	<b>26 146</b>	<b>19,9%</b>
<b>of which:</b>				
<i>Western Europe</i>	9,1%	17841	16756	6,5%
<i>Eastern Europe</i>	36,9%	8547	5894	45,0%
<i>NAFTA</i>	29,0%	70	129	-45,7%
<i>South and Central America</i>	156,3%	192	223	-13,9%
<i>Asia</i>	-48,4%	1039	1126	-7,7%
<i>Others</i>	42,0%	3657	2018	81,2%
<b>New Bus EU Exports (total)</b>	<b>21,8%</b>	<b>356</b>	<b>1 061</b>	<b>-66,4%</b>
<b>of which:</b>				
<i>Western Europe</i>	17,9%	277	924	-70,0%
<i>Eastern Europe</i>	143,3%	63	73	-13,7%
<i>NAFTA</i>	-	0	0	-
<i>South and Central America</i>	++	0	8	-100,0%
<i>Asia</i>	30,4%	5	30	-83,3%
<i>Others</i>	-21,2%	11	26	-57,7%

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. LCV are Commercial Vehicles (CV) up to 3.5t</li> <li>2. CVs above 3.5t,</li> <li>3. Western Europe</li> <li>4. Eastern Europe</li> <br/> <li>5. NAFTA</li> <li>6. South and Central America</li> <br/> <li>7. Asia</li> <br/> <li>8. Others</li> </ol> | <p>excluding Buses<br/>excluding Buses&amp;Coaches<br/>= EU+EFTA<br/>= Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia, Turkey.<br/>= US, Canada, Mexico<br/>= <i>South America</i>: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.<br/>= <i>Central America</i>: Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others.<br/>= <i>Southeast Asia</i>: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.<br/>= <i>Northeast Asia</i>: China, Japan, S+N Korea, Mongolia, Macao, Others.<br/>= <i>Central Asia</i>: Armenia, Georgia, Others.<br/>= <i>South Asia</i>: India, Nepal, Others.<br/>= <i>Middle East</i>: <i>Barhain, Iran</i>, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.<br/>Australia, S.Pacific, Africa</p> |
|--|--|

## ➤ Comments

- **New car registrations**

In September the balance of the **first 9 months** closed at around **1,923,000 units, up 6.6%**, with almost 120 thousand units more than the volumes obtained last year in the same period. This leads to the conclusion that car sales have still been under the positive influence of the incentives adopted by the Italian Government to eliminate the old and polluting EURO 0 and EURO 1 vehicles, and the numerous promotional campaigns offered by the Italian Car Makers.

The **domestic Makes** scored excellent results with **606 thousand units** - the cumulative data from the beginning of the year (+9.3% on the same period of 2006)- the **market share** has been of **31.5%**, that is 0.8 points more than in the first 9 months in 2006.

**Diesel cars**, on the contrary, have undergone a small deceleration in the last months of the summer, accompanied by an incidence on the market (as from January) at **55.7%**.

- **New CVs registrations/sales**

### LCV sales

Since January 2007 the total volume of deliveries of the commercial vehicles up to 3.5t GVW has nearly touched **178 thousand units, up 5.5%**, which means over 9 thousand vehicles more than last year (taking into account that the year 2006 was positively influenced by an important supply to Italian public bodies).

**Domestic Makes** indisputably maintained the market's leadership: on the whole, in the progressive data relating to the first 9 months, they delivered **95,566 units (up 0.9%)** and obtained a **market share** of **53.7%**.

### **Heavy trucks registrations**

Since the **beginning of the year** the total registrations of **heavy trucks over 3.5 t GVW** recorded **26,397 units, down 3.5%** if compared to the volumes reached in the first 9 months last year.

### **Buses registrations**

**Buses** registered a negative trend in the first 6 months of 2007. The balance of the first **9 months** has been of **3,349 units** sold, that means **-16.0%** compared to the same period of 2006.

- **New car & New CVs Production/Export**

**New Cars** totalled this year **691,445** units in the first 9 month production, corresponding to **+2.7%** with regard to volumes reached last year in the same period (673,251 units, up 33.1% Vs 9 months 2005).

Also **exports** were positive, with 283,688 units, meaning **+1.9%** (same period in 2006: 278,461 units, +43.9%).

As for **Light Commercial Vehicles** and **Heavy Trucks**, both production and export grew. In the first 9 months **production** totalled **238,584 units (+20.9%)** and **export** attained **175,732 units (+25.2%)**.

As for **Heavy Trucks**, **production** was of **37,593 units (+16.5%)** while **export** scored **31,346 units (+19.9%)**.

With regard to **Buses**, the **production** recorded a decrease of **1,034 units (-56.6%)**; **export** also signed a negative trend: **356 units**, corresponding to **-66.4%**.

## Employment

	Year	Number of employees	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of motor vehicles</b> (NACE Rev.1 - 34.10)	2000	82,900	-7.4%	
	2001	69,900	-15.7%	
	2002	65,400	-6.4%	
	2003	59,500	-9.0%	
	2004	66,500	+11.8%	
	2005	66,400	- 0.2%	
	2006	66,500 (estim.)	+0.2%	
<b>Manufacture of bodies for motor vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	95,900	+4.8%	
	2001	104,500	+8.9%	
	2002	104,700	+0.2%	
	2003	104,200	-0.5%	
	2004	100,400	+0.2%	
	2005	100,500	+0.1%	
	2006	100,700 (estim.)	+0.2%	
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	178,900	-1.2%	
	2001	174,400	-2.5%	
	2002	170,100	-2.5%	
	2003	163,700	-3.8%	
	2004	166,900	+2.0%	
	2005	166,900	---	
	2006	167,200 (estim.)	+0.2%	

Source: Istat /Eurostat



ACEA

**IRELAND**

**ECONOMIC REPORT**

Dublin, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data (bn EUR/Index)	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
		02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	115.30	6.8%	3.7%	4.5%	5.5%	5.7%	4.7%	2.7%
Real Consumer Expenditure	55.20	2.7%	2.6%	3.8%	6.6%	5.7%	7.5%	4.0%
Real Industrial Production	34.30	11.0%	1.5%	4.7%	3.0%	2.9%	1.2%	2.2%
Real Business Investments	25.25	1.7%	-1.2%	8.0%	12.8%	3.1%	1.6%	-1.2%
Consumer Price Index	4.9%	4.6%	3.5%	2.2%	2.4%	3.9%	4.9%	3.4%
New Car price Index	2.5%	2.4%	6.7%	5.4%	1.2%	0.7%	0.6%	N/a
Trade balance (Nominal)	17.23	27.3%	-2.9%	-5.8%	-5.0%	-7.2%	0.6%	0.1%
Unemployment rate	3.9%	4.4%	4.6%	4.4%	4.4%	4.4%	4.8%	5.6%

### ➤ Comments

2006 saw continuing growth in the Irish economy, with real GDP growing by 5.7%, again the highest in the eurozone. This strong performance is evidenced by a big growth in employment, with an 87,000 net job increase in 2006. This growth is expected to continue in 2007, with growth in both GDP and employment expected to continue (by 4.7% and 52,000 respectively). This has been reflected in new vehicle registrations, with growth of 4% in 2006 when compared to 2005, and this growth has continued into 2007 with a 5% increase in the first three-quarters of 2007 when compared to the same period in 2006. It is expected that 2007 will be the second highest year for new car registrations in Ireland, surpassed only by the year 2000.

Employment continues to grow – Ireland's workforce has increased from 1m to 1.9m over the last twelve years and this trend seems set to continue with an expected workforce of 2.1 million by the end of 2007 or more than double that for the year 1993. The key danger to Ireland's continuing growth is global imbalances and the threat of decline in the dollar and/or continuing high fuel prices. One warning has been the recent increase in inflation, caused by increased mortgage rates and increases in utility bills. This was reflected in the recently agreed National Wage Agreement, which although brings the promise of stability in the workforce, allows for 10% pay increase over a 27 month period.

In addition to the buoyant continuing economic growth, strong Government finances last year gave the Minister for Finance opportunity to decrease taxation and increase public expenditure in last December's budget. The Exchequer balance for 2006 was €2.2 billion surplus and Ireland's ratio of General government Debt to GDP is now 24.9% (half the EU 25 average) down 2.5 percentage points on 2005. The Government also announced in November 2005, a commitment to spending €34 billion on transport infrastructure over the next ten years, which provides for an €18 billion investment in the national roads programme, while €16 billion will be provided for public transport projects and for regional airports. 2007 however has seen a tightening of the Exchequer finances, with a deficit expected by the end of the year. This slowdown will continue into 2008, but economic analysts see no cause for concern as long as the Budget 2008 is prudent.

## MOTOR INDUSTRY

### New Registrations

### Production

### Exports

Registrations	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Registrations</b>	4,13%	180 837	172 052	5,11%
<b>New LCV Registrations</b> <sup>1</sup>	10,17%	40 597	36 773	10,40%
<b>New Truck Registrations</b> <sup>2</sup>	20,61%	5 036	5 282	-4,66%
<b>New Bus Registrations</b>	48,16%	196	376	-47,87%

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

NB: Ireland does not produce vehicles.

### ➤ Comments

While the motor industry experienced a continuing strong car market for 2006, the year 2007 has seen further stimulation in the car market as monies saved by consumers under a special savings scheme back by the Government crystallised in 2007 – the total savings from these “SSIAs” will be in excess of €15 billion and the motor industry has benefited from some of these monies. Allied to this is a growing population, availability of credit and annual increases in numbers employed, which should ensure that Ireland’s car market continues to be strong.

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	.	.	0%
	2001	.	.	0%
	2002	.	.	0%
	2003	.	.	0%
	2004	.	.	0%
	2005	.	.	0%
	2006	.	.	0%
	2007	.	.	0%
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	10000	-	2%
	2001	10000	-	2%
	2002	10000	-	2%
	2003	10000	-	2%
	2004	10000	-	2%
	2005	10000	-	2%
	2006	10000	-	2%
	2007	10000	-	2%
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	10000	-	2%
	2001	10000	-	2%
	2002	10000	-	2%
	2003	10000	-	2%
	2004	10000	-	2%
	2005	10000	-	2%
	2006	10000	-	2%
	2007	10000	-	2%

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

- There were no increases in either VAT or registration taxes in the Minister for Finance's Budget of December 2006.
- There were no increases in road Tax or fuel duties
- However, a Discussion Document was issued as part of the Budget, indicating a move to a partial CO2 basis for registration and road tax from January 1<sup>st</sup> 2008. All interested parties, including the motor industry, were invited to make a Submission. The changes to the registration taxation will be effective from mid 2008.
- Incentives were introduced for Electric Vehicles, with a reduction of 50% in VRT for these vehicles, similar to the incentive to for hybrid vehicles and Flexible Fuel Vehicles.

**2. Environment:**

- Primary legislation on ELVs was passed in July 2003, which allowed manufacturers to opt for "own-marque" schemes. Regulations were issued at the end of May 2006, with free take back to commence from January 2007. The motor industry is unhappy with the regulation. The proposed system is onerous, with particular concerns in the areas of the number of proposed treatment centres of 43 (with no provision for collection points), which would not be economically sustainable; the requirement for each Importer to register with each local authority and pay excessive annual registration fees; and the onerous administration and reporting requirements.
- The EU Directive on CO2 emissions has now being implemented in the State.

**3. Transport policy:**

- The Government recently announced a hugely ambitious new plan, "Transport 21", which will see €34 billion invested in transport infrastructure over the next 10 years, including €18 billion on roads. This is the first time in the history of the State that transport infrastructure has been prioritised.
- There are now four tolls in operation in Ireland at the current time, and this is expected to increase in the coming years. Consumers are becoming more disposed to the introduction of tolls, as long as these monies are clearly used to pay for the road infrastructure.
- An overland tram system, "LUAS", consisting of 2 lines from Dublin's suburbs to the city center was opened in the summer of 2004. In addition a Port Tunnel for HGVs has been completed, with the aim of taking all HGVs away from the centre of Dublin. The tunnel is now fully operational.
- The Government recently, as part of Transport 21, announced plans for a metro system in Dublin.

**4. Emissions:**

- Hybrid Vehicles, Flexible fuel and Electric vehicles are entitled to a 50% refund of VRT.
- Euro IV for passenger vehicles has been implemented in Ireland from January 2006.





ACEA

**LATVIA**

**ECONOMIC REPORT**

**Riga, November 2007**

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## National Economic Outlook

### ➤ National Economic Data

	2001 Background Data (bn EUR/Index)	2002	2003	2004	2005	2006	2007
		%Ch 02/01	%Ch 03/02	%Ch 04/03	%Ch 05/04	%Ch 06/05	%Ch 07/06
							(forecast)
<b>Real GDP</b>	8.0%	6.5%	7.2%	8.7%	-10.6%	11.9%	
<b>Real Consumer Expenditure</b>	7.3%	7.4%	8.2%	9.5%	11.5%	19.8%	
<b>Real Industrial Production</b>	9.2%	8.4%	9.1%	8.9%	5.6%**	4.8%**	
<b>Real Business Investments</b>	12.9%	11.2%	11.5%	22.7%	17.6%	17.7%	
<b>Consumer Price Index</b>	2.5%	1.9%	2.9%	6.2%	6.7%	6.5%	
<b>New Car price Index****</b>	1.6%	7.6%	10.3%	5.6%	6.8%	2.1%	
<b>Trade balance (Nominal)</b>	-2672 bn EUR	-1862	-2070	-2466	-2816	-4390	
<b>Unemployment rate*</b>	13.1%	12.0%	10.6%	10.4%	8.7%	6.8%	6.0%***

### ➤ Comments

\* rate of job seekers as % of economically active population, aged 15-74 years.

\*\* The results of industrial activities are taken in all enterprises where 20 or more persons are engaged in industrial production or where turnover in the previous year was over 300 thsd lats

\*\*\* Unemployment rate in 2<sup>nd</sup> quarter of 2007

\*\*\*\* Since Latvia has very free market conditions for use of foreign currencies, and cars mostly are traded in euros, till the beginning of 2005, when rate was finally fixed, the car price index significantly was affected by changes in LVL/€ rate. The index reflects LVL/€ rate increase from ~ 0.56 LVL/€ in early 2002 to 0.7 LVL/€ at the beginning of 2005. E.g., if list price for car was € 10 000 and it remained almost constant during the several years, then car price in lats (national currency) in mid of 2002 was about 5 600 LVL, while at the beginning of 2005 it was about 7 000 LVL. This change is captured by price index as well.

## MOTOR INDUSTRY

### New Registrations

### Production

### Exports

Registrations	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Registrations</b>	57	25041	17660	42
<b>New LCV Registrations</b> <sup>1</sup>	17	2528	1668	52
<b>New Truck Registrations</b> <sup>2</sup>	110	2363	1610	47
<b>New Bus Registrations</b>	(-26)	146	157	(-8)

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2000</b>			
	<b>2001</b>			
	<b>2002</b>			
	<b>2003</b>			
	<b>2004</b>			
	<b>2005</b>			
	<b>2006</b>			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	<b>2000</b>			
	<b>2001</b>			
	<b>2002</b>			
	<b>2003</b>			
	<b>2004</b>			
	<b>2005</b>			
	<b>2006</b>			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	<b>2000</b>	665	160,2	0,4
	<b>2001</b>	671	100,9	0,4
	<b>2002</b>	723	107,7	0,5
	<b>2003</b>	813	112,4	0,5
	<b>2004</b>	828	101,8	0,5
	<b>2005</b>	947	114,4	0,6
	<b>2006</b>			

**Data source:** Yearly survey of enterprises and institutions.

Information on employment was compiled by the main activity form of respondents.

2003 - end of period data, 2004, 2005 - annual average.

2006 year data will be available in November of 2007.

NACE 34.10, 34.20, 34.30 is not available.





ACEA

# NETHERLANDS ECONOMIC REPORT



Amsterdam, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	1.3%	0.60%	-0.90%	1.25%	1.5%	3%	2.75%	2.5%
Real Consumer Expenditure	1.2%	1.25%	-0.90%	0.25%	0.7%	-1%	2%	2%
Real Industrial Production	-	-	-	-	-	-	-	-
Real Business Investments	-1.8%	-6.4%	-1.8%	-2.2%	3.1%	4.25%	5.25%	4,.75%
Consumer Price Index	4.5%	3.4%	2.1%	1.25%	1.7%	1%	1.75%	2%
New Car price Index	106.2	109.1	108.4	-	-	-	-	-
Trade balance (Nominal)	5.8%	6.5%	6.3%	7.2%	7.7%	7.75%	7.5%	7.75%
Unemployment rate	3.3%	4.0%	5.1%	6.5%	6.5%	5.5%	4.5%	4%

Source : : CPB, Macro Economic Outlook 2008

### ➤ Comments

#### Economic outlook for The Netherlands is favourable but uncertain

With economic growth projected at 2.75% for 2007 and 2.5% next year, the Dutch economy has been performing above trend for three years in a row. Economic developments in the Netherlands are in step with those in Europe. The recent turmoil in the financial markets is a clear downward risk to the projection. The Dutch labour market is tightening, causing upward pressure on contractual wage increases. Next year, consumer purchasing power will hardly rise on average, but differentials between households will be substantial. The general government budget balance swings from a deficit of 0.3% of GDP in 2007 to a surplus of 0.8% of GDP in 2008, which reflects the favourable cyclical situation and increasing gas revenues.

#### Dutch economy in step with Europe

With a projected economic growth of 2.75% this year and 2.5% next year, the Dutch economy is completely in line with European developments. This has been the case since 2004. In response to the favourable production development and strong profitability, employment is expected to rise by 2.25% (140,000 labour years) this year. This makes the labour market even tighter, which shows up in high vacancy rates. Although the favourable labour market situation is encouraging entrance into the labour market, the rise in labour supply is lagging the rise in labour demand. As a consequence, unemployment is falling to 4.25% of the labour force in 2007. Next year, employment growth is decelerating to 1%. This growth, however, remains stronger than the rise in labour supply. Unemployment is therefore projected to drop to 310,000 persons (4% of the labour force).

### **Wage increases and inflation veer up, purchasing power unchanged**

The contractual wage increase is projected to strengthen, from 1.75% this year to 3.25% next year. This acceleration is caused partly by a pick-up in inflation but even more so by swelling labour market tensions. Apart from higher contractual wage rises, higher employers' contributions to health care also play a substantial role in the sharp rise in total labour costs. Total compensation per employee is projected to increase by 4.5% next year, substantially above the rise of 2.25% this year. Inflation is projected to pick up to 2%, stemming from higher labour costs, higher energy prices and a rise in some indirect taxes. The purchasing power of households improves this year by 0.75% on average. Purchasing power will be unchanged next year on average, as the positive impact of the rise in real wages is offset by higher health care premia and rises in the tax burden.

*Source: CPB, Macro Economic Outlook 2008*

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Registrations</b>		415,424	396,966	4.65%
<b>New LCV Registrations <sup>1</sup></b>		63,964	51,671	23.79%
<b>New Truck Registrations <sup>2</sup></b>		13,176	13,567	-2.88%
<b>New Bus Registrations</b>		585	519	12.72%
<b>Production</b>	<b>%Ch</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car Production</b>		45,022	71,223	-36.79%
<b>New LCV Production</b>		0	0	
<b>New Truck Production</b>		36,931	32,623	13.21%
<b>New Bus Production</b>		1,700 *	1,317	29.08%
<b>Exports</b>	<b>%Ch</b>	<b>Jan-July</b>	<b>Jan-Sept</b>	<b>%Ch</b>
	<b>06/05</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>New Car EU Exports (total)</b>		<b>158,902 **</b>	<b>124,578</b>	
<b>of which:</b>				
<i>Western Europe <sup>3</sup></i>		144531	112,125	
<i>Eastern Europe <sup>4</sup></i>		5201	4513	
<i>NAFTA <sup>5</sup></i>		214	169	
<i>- o/w USA</i>				
<i>South and Central America <sup>6</sup></i>		240	181	
<i>Asia <sup>7</sup></i>		6,253	5,851	
<i>-o/w Japan</i>				
<i>Others <sup>8</sup></i>		2,463	1,739	
<b>New LCV EU Exports (total)</b>		<b>2,247</b>	<b>1,958</b>	
<b>of which:</b>				
<i>Western Europe</i>		2,099	1,870	
<i>Eastern Europe</i>		48	32	
<i>NAFTA</i>				
<i>South and Central America</i>				
<i>Asia</i>		53	42	
<i>Others</i>		47	14	
<b>New Truck EU Exports (total)</b>		<b>15,109</b>	<b>14,321</b>	
<b>of which:</b>				
<i>Western Europe</i>		12,310	11,402	
<i>Eastern Europe</i>		1,873	1,741	
<i>NAFTA</i>				
<i>South and Central America</i>		51	40	
<i>Asia</i>		602	589	
<i>Others</i>		273	549	
<b>New Bus EU Exports (total)</b>		<b>985</b>	<b>812</b>	
<b>of which:</b>				
<i>Western Europe</i>		884	729	
<i>Eastern Europe</i>		52	42	
<i>NAFTA</i>				
<i>South and Central America</i>		49	40	
<i>Asia</i>				
<i>Others</i>			1	

- |  |  |
|--|--|
| <p>1. LCV are Commercial Vehicles (CV) up to 3.5t</p> <p>2. CVs above 3.5t,</p> <p>3. Western Europe</p> <p>4. Eastern Europe</p><br><p>5. NAFTA</p> <p>6. South and Central America</p><br><p>7. Asia</p><br><p>8. Others</p> | <p>excluding Buses</p> <p>excluding Buses&amp;Coaches</p> <p>= EU+EFTA</p> <p>= Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia, Turkey.</p> <p>= US, Canada, Mexico</p> <p>= <i>South America</i>: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.</p> <p>= <i>Central America</i>: Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others.</p> <p>= <i>Southeast Asia</i>: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.</p> <p>= <i>Northeast Asia</i>: China, Japan, S+N Korea, Mongolia, Macao, Others.</p> <p>= <i>Central Asia</i>: Armenia, Georgia, Others.</p> <p>= <i>South Asia</i>: India, Nepal, Others.</p> <p>= <i>Middle East</i>: <i>Barhain</i>, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.</p> <p>Australia, S.Pacific, Africa</p> |
|--|--|

\* Estimated figure  
 \*\* Provisional figure

## Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing Industry</i>
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2000</b>	12,600	-0.1%	1.4%
	<b>2001</b>	11,800	-0.1%	1.3%
	<b>2002</b>	10,900	-6.8%	1.2%
	<b>2003</b>	10,600	-2.8%	1.2%
	<b>2004</b>	10,300	-2.8%	1.2%
	<b>2005</b>	9,800	-4.9%	1.2%
	<b>2006</b>			
	<b>2007</b>			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	<b>2000</b>	15,200	0.7%	1.6%
	<b>2001</b>	14,600	-4.6%	1.5%
	<b>2002</b>	14,400	-0.7%	1.6%
	<b>2003</b>	14,300	-0.7%	1.6%
	<b>2004</b>	12,900	-9.8%	1.5%
	<b>2005</b>	12,700	-1.6%	1.5%
	<b>2006</b>			
	<b>2007</b>			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	<b>2000</b>	27,800	-3.1%	2.9%
	<b>2001</b>	26,200	-5.8%	2.8%
	<b>2002</b>	25,400	-3.1%	2.8%
	<b>2003</b>	24,900	-2.0%	2.8%
	<b>2004</b>	23,200	-6.8%	2.7%
	<b>2005</b>	22,400	-3.4%	2.7%
	<b>2006</b>			
	<b>2007</b>			

Source: CBS Statline

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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➤ **New Measures & effects on the Motor Vehicle market:**

<b>1. Taxation:</b>
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In 2008, the following taxation measures are planned to be taken into account in The Netherlands:

1. January 1<sup>st</sup>: increase of the percentage of the car retail price, which has to be added to the personal income when a business car is used for private purposes. The increase should be from 22% to 25%.

For ultra fuel-efficient cars however, the percentage will be lowered to 14%.

“Ultra efficient” is defined as follows: - petrol: < 110 gr CO2/km  
- diesel: < 95gr CO2/km

Besides, these ultra fuel efficient cars get a reduction of Annual Circulation Tax of 50%(!)

2. February 1<sup>st</sup>: change of incentive-table incorporated in our registration tax, related to the CO2 efficiency of a passenger car (efficiency label A-G)

Label	Current incentive.	Proposed incentive
A	€ 1.000 (tax deduction)	€ 1.400 (tax deduction)
B	€ 500                    ,,	€ 700                    ,,
C	---	---
D	€ 135 (tax addition)	€ 400 (tax addition)
E	€ 270                    ,,	€ 800                    ,,
F	€ 405                    ,,	€ 1.200                ,,
G	€ 540                    ,,	€ 1.600                ,,

NB: We are still negotiating with our government to about these changes.

3. February 1<sup>st</sup>: introduction of a differentiation scheme in our registration tax for passenger cars with a diesel motor, related to emission of particle matter (PM). In 2006, the Dutch government wanted to obligate the industry to deliver each passenger car with a PM filter. This was obstructed by the European Commission. Now our government has proposed a tax measure (which seems to be permitted), which has quite the same effect as an obligation. The proposed scheme is as follows:

- Each passenger car with diesel motor gets an registration tax deduction of € 1.000,-  
- This deduction is diminished with a € 200,- amount for each mg per km PM-emission. This means: at 5 mg/km PM-emission, the tax deduction is zero. For each mg/km extra PM emission, there is a penalty in the registration tax.

*RAI is heavily objecting to this proposal because, in EURO IV, a PM emission/km of 25 mg is permitted which will now be sanctioned by a penalty of € 4.000 and pushes some brands/models completely out of the market.*

NB: We are still negotiating with our government to about this proposal.

4. February 1<sup>st</sup>: introduction of an extra amount of registration tax for passenger cars, related to CO2-emission.

- petrol: € 110 per gram CO2 > 240 gr/km  
- diesel: € 110 per gram CO2 > 200 gr/km

5. February 1<sup>st</sup>: Due to the preparation of a total new scheme in The Netherlands for taxing mobility (price per km), our government will lower the percentage in the registration tax formula, for passenger cars. This results in a loss in registration tax of € 150 million/year, which will be compensated by a general increase of the Annual Circulation Tax for all



passenger cars, commercial vehicles, trucks and motorcycles in The Netherlands with the same amount (€ 150 million/year). The registration tax formula changes as follows:

- petrol: Registration tax = 42,3% x (net catalog price) - € 1.442,-

- diesel: Registration tax = 42,3% x (net catalog price) + € 307,-

6. July 1<sup>st</sup>: increase of excise duty of € 0,03/liter for diesel and € 0,01/liter for LPG

## **2. Environment:**

See taxation above

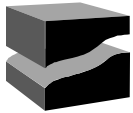
## **3. Transport policy:**

In the course of 2008, preparations will continue to introduce a new pricing system for mobility in The Netherlands (road pricing), payable by all vehicle which the public road.

## **4. Emissions:**

See taxation above





ACEA

# PORTUGAL

## ECONOMIC REPORT



Lisbon, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	1.7	0.	-1.	1.	0.5	1.3	1.8	2.2
Real Consumer Expenditure	1.0	0.	-0.	2.	2.1	1.1	1.4	1.4
Real Industrial Production	2.4	-0.5	0.3	-2.5	0.1	2.8		
Real Business Investments	0.3	-5.	-9.	0.	-3.1	-2.0	0.6	3.1
Consumer Price Index	4.4	3.	3.	2.	2.1	3.0	2.5	2.3
New Car price Index	2.8	4.8	4.5	2.2	1.9	2.5	1.0	
Trade balance (Nominal)	-8.4	-5.	-3.	-5.	-8.6	-8.7	-7.9	-8.1
Unemployment rate	4.2	5.	6.4	6.7	7.6	7.7	7.7	

### ➤ Comments

Real business Investments is recovering. However, despite its strong recovery in June (+4.9%) and July (+8.7%), real business investments slowed down in August (+6.5%). The evolution of public investment is strongly linked to structural budget reforms to curb the deficit.

At the same time, the indicator of economic activity is being stable and real consumer expenditure has been increasing.

The indicator of confidence of entrepreneurs has been deteriorating for the last three months as well as the expectations of consumers regarding the purchase of a car.

The level of debts of Portuguese households (in percentage of their total income) remains high.

In September, Consumer Price Index remained in 2.1%, the lower value since June 2005.

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>	<b>%Ch 06/05</b>	<b>Jan-Sept 2007</b>	<b>Jan-Sept 2006</b>	<b>%Ch 07/06</b>
<i><b>New Car Registrations</b></i>	-5.3	154990	152158	1.9
<i><b>New LCV Registrations</b></i> <sup>1</sup>	-5.6	51962	46522	11.7
<i><b>New Truck Registrations</b></i> <sup>2</sup>	33.2	4034	4573	-11.8
<i><b>New Bus Registrations</b></i>	-7.8	572	498	14.9
<b>Production</b>	<b>%Ch 06/05</b>	<b>Jan-Sept 2007</b>	<b>Jan-Sept 2006</b>	<b>%Ch 07/06</b>
<i><b>New Car Production</b></i>	-1.7	103867	103272	0.6
<i><b>New LCV Production</b></i>	-4.3	26436	56398	-53.1
<i><b>New Truck Production</b></i>	42.1	4747	4113	15.4
<i><b>New Bus Production</b></i>	-12.0	116	95	22.1
<b>Exports</b>	<b>%Ch 06/05</b>	<b>Jan-Sept 2007</b>	<b>Jan-Sept 2006</b>	<b>%Ch 07/06</b>
<i><b>New Car EU Exports (total)</b></i>	-1.8	102765	102034	0.7
<i><b>New LCV EU Exports (total)</b></i>	-2.9	24184	52511	-53.9
<i><b>New Truck EU Exports (total)</b></i>	38.5	4204	3346	25.6
<i><b>New Bus EU Exports (total)</b></i>	-37.7	64	48	33.3

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

### ➤ Comments

In this economical context, from January to September 2007, the total automobile market by increased 3.9%, over the same period in the previous year.

In the same period, registration of new passenger cars increased 1.9% when compared to the same period in the previous year.

The new LCV and Heavy Trucks markets have experienced an increase of 11.7% and a decrease of 11.8%, respectively. Bus registrations increased by 14.9%.

Concerning production of vehicles from January to September 2007, it decreased by 17.5% over the same period in the previous year. Production of passenger cars had a light increase of 0.6% and LCV production decreased by 53.1%, over the same period in the previous year.

Concerning the heavy commercial vehicles, production of heavy trucks increased by 15.4% and production of buses increased by 22.1%. The total production of heavy vehicles increased by 15.6% over the same period in the previous year.

Concerning external trade in the same period, global exports of vehicles decreased by 16.9%, over the same period in the previous year. Exports of passenger cars, trucks and buses increased by 0.7%, 25.6% and 33.3%, respectively. Exports of light commercial vehicles decreased by 53.9%.

In this final part of the year, the new tax tables of ISV (the new car tax since 1 July 2007) which will enter into force next 1 January 2008, are leading to the postponing on purchasing of cars.

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	9.684		0,9%
	2001	8.967	-7,4%	0,8%
	2002	8.350	-6,9%	0,8%
	2003	8.046	-3,6%	0,8%
	2004	6.740	-16,2%	0,7%
	2005	6.514	-3,4%	0,7%
	2006	6.594	1,2%	0,7%
	2007			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	18.481		1,7%
	2001	14.337	-22,4%	1,3%
	2002	15.615	8,9%	1,5%
	2003	14.947	-4,3%	1,5%
	2004	15.933	6,6%	1,6%
	2005	15.399	-3,4%	1,6%
	2006	15.588	1,2%	1,6%
	2007			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	28.165		2,6%
	2001	23.304	-17,3%	2,1%
	2002	23.965	2,8%	2,3%
	2003	22.993	-4,1%	2,3%
	2004	22.673	-1,4%	2,3%
	2005	21.913	-3,4%	2,3%
	2006	22.182	1,2%	2,3%
	2007			

Source:

### ➤ Comments

In the 2nd quarter of 2007 the unemployment rate raised to 7.9%, which is 0.5% less than in the previous quarter and 0.2% more than in the previous year. By national regions, unemployment rate is higher in the northern, Alentejo regions and Lisbon region.

The total national employment in the 2nd quarter of 2007 decreased by 1.2% over the previous year and by 0.5% over the previous quarter.

Due to the enormous competitiveness in international trade, productivity of workers assumes, nowadays, more and more importance in order to have a good exports performance and to keep foreign industry in our country. That is why the automotive manufacturers are giving much attention to training, to the revision of labor laws (in order to give them the possibility to adjust the number of workers to their production necessities and to get more flexibility in labor schedules) and to the evolution of the relationship *productivity increase* versus *labor costs by worker increase*. In fact, accordingly to OECD data, in 2006, in Portugal this relation was 3.2% versus 0.3% and the cumulative evolution in the last three years was 11.3% versus 1.6% so, that is a serious situation that is essential to invert.

Remark: At the end of 2006 GM Portugal stopped its production and closed.

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

Since 1<sup>st</sup> July 2006 has come into force a new car tax composed of two parts, one part depending on cylinder capacity and the other one depending on CO<sub>2</sub> emissions of the vehicle. This new car tax penalizes more diesel cars than petrol ones.

In the forthcoming months of 2007, this new car tax will be revised. The new policy points are the following: after 1<sup>st</sup> July 2007, 10% of the tax burden will be transferred from tax on acquisition to tax on ownership. At the same time, the environment part will represent 30% of the total tax on acquisition and the cylinder capacity part will represent the remaining 70%.

Concerning the year 2008, the ISV rates will change after 1 January 2008. After that date, more than 8% of the tax burden will be transferred from tax on acquisition to tax on ownership and, at the same time, the environment part will be heavier and will begin to represent 60% of the total tax on acquisition and the cylinder capacity part will only represent the remaining 40%.

**2. Environment:**

The Government is giving subsidies to the scrapping of cars older than 10 years, during 2007 and will continue to do it next year, in 2008. In the meantime, the Government approved some procedures to make easier and more tempting these subventions.

On the other hand, the recycling process of ELVs is still in course in Portugal. A company (VALORCAR) was created to monitor and coordinate the recycling process (it is possible to access the network of the Portuguese certified centres for the recycling process at [www.valorcar.pt](http://www.valorcar.pt)).

The car tax is giving more and more attention to environmental problems. An environmental component has already been introduced which will become more and more important (expected to represent 60% of the car tax on acquisition in 2008), either in acquisition car tax, or in ownership car tax. Gas, Electric, LPG and Hybrid vehicles are applied a reduction of 50% on the car tax on acquisition since 1 July 2007.

Besides, Portugal is applying all directives in force relative to Euro Standards.





ACEA

**POLAND**

**ECONOMIC REPORT**

**Warsaw, November 2007**

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	1,1	1,4%	3,8%	5,3%	3,6%	6,2%	6,1%	5,5%
Real Consumer Expenditure	2,2	3,3%	1,9%	4,3%	2,0%	4,9%	5,6%	4,9%
Real Industrial Production	0,6	1,1%	8,3%	12,6%	4,1%	11,3%	9,3%	9,5%
Real Business Investments	-9,7	-6,3%	-0,1%	6,4%	6,5%	15,6%	22,1%	17,4%
Consumer Price Index	5,5	1,9%	0,8%	3,5%	2,1%	0,6%	2,7%	2,7%
New Car price Index								
Trade balance (Nominal)	-15,8bn	-15,1bn	-12,8bn	-11,7bn	-9,8bn	-12,9bn		
Unemployment rate	19,4	20,0%	20,0%	19,0%	17,6%	14,8%	11,8%	10,5%

Source :GUS (Central Statistical Office); forecasts IlnGR (The Gdansk Institute for Market Economics)

### ➤ Comments

According to the newest data, Poland's economy is growing at an annual pace of 6,5%. But, on the other hand, Central Statistical Office (GUS) recently scaled back its estimates of economic growth to an annual 6,8% in the first half, from a preliminary figure of 7,1%. The downward revisions appeared to be mainly due to slower growth in inventories and fixed investments in the first half. In the third quarter of 2007, the economy growth was slightly lower than in the 1<sup>st</sup> half. It is expected to reach 5,6%.

The government expects the economy to expand 6,5% this total year and around 5,5% in 2008 (IlnGR forecasts respectively 6,1% and 5,5% as it is shown in the table above).

Main factors of current growth are still: domestic demand which rose by 7,4% at 3<sup>rd</sup> quarter, including consumption/private consumption (4,4 / 5,2% up), investments (20% up) and average employment (in total economy 3,3%). In that period, real industrial production rose by 8,1%, manufacturing industry 9,2% and motor vehicles manufacturing 9,9%. In the three quarters of 2007 registered results were a little higher: 9,8% for industrial production, 11,5% for manufacturing industry and 11,8% for the motor vehicles manufacturing.

The confirmation of a slight slowdown in growth, are the statistical office data showing that the retail sales rose slower than expected in September. According to these statistics, the retail sales climbed 14,2% year on year this month, slower than the analysts' expectations of 16,5%. The main reason for this slowdown was the decrease in food and durable goods sales. On commercial vehicles market good prosperity is maintained and after 3 quarters, sales result for LCV is nearly 35% higher than a year ago, for Medium and Heavy trucks 54% up. Bus sales (over 8T), monitored by JMK agency were also up by nearly 10% after 3 quarters. Bus production according to CSO (GUS) figures for 3 quarters diminished by 43%, but commercial vehicles production was up by 16,9% and passenger car 5,2%. Growth of PC sales was maintained and up 24% in comparison of 3 quarters of previous year.

According to Polish Leasing Association leasing companies continued growth of leased equipment and real estate value by 56%. Of which all road transport vehicles value was higher than a year ago by 63% and PC by 67%. Especially leasing of road tractors and trailers and semi-trailers noted good sales result. Road transport vehicles have still a high 65% market share in all leased equipment.

The unemployment rate fell to 11,6% in September from 11,9% a month earlier. Poland's unemployment rate has declined gradually since peaking at 20,7 percent in February 2003. This was an effect of a vigorous economic growth that has led to a boom in some sectors, notably construction. Unemployment has also fallen as thousands of Poles have left the country to take jobs in Western Europe.

## MOTOR INDUSTRY

New Registrations	Production	Exports		
<b>Registrations</b>				
<i>in thousand units</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Registrations</b>				
<b>New LCV Registrations</b>				
<b>New Truck Registrations</b>				
<b>New Bus Registrations</b>				
<b>New Motor Vehicles (PC,LCV&amp;Trucks)</b>	-1,7%	(257 est.)	204,2	26,0%
<b>Production</b>				
<i>in thousand units</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Production</b>	21,7%	494,9	470,5	5,2%
<b>New LCV Production</b>	4,9%	63,588	54,390	16,9%
<b>New Truck Production</b>				
<b>New Bus Production</b>	39,6%	2,482	4,382	-43,4%

## Employment

	Year	Av. Paid Employment	% change on previous year	% of total employment in manufacturing industry
		<i>In thousand empl.</i>		
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2004</b>	25,2	6,2	
	<b>2005</b>	25,8	2,5	
	<b>2006</b>	29,3	13,4	
	<b>2007</b>			
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	<b>2000</b>			
	<b>2001</b>			
	<b>2002</b>			
	<b>2003</b>			
	<b>2004</b>	3,5 and 58,2	7,2 and 22,8	
	<b>2005</b>	4,6 and 63,6	31,0 and 9,3	
	<b>2006</b>	5,6 and 70,0	21,5 and 10,2	
<b>2007</b>				
<b>TOTAL</b> (NACE Rev.1 - 34.00)	<b>2004</b>	94,1	15,2	
	<b>2005</b>	101,1	7,4	5,0
	<b>2006</b>	104,9	11,6	6,3
	<b>2007</b>			

Source: GUS (Central Statistical Office); remark: excluding economic entities employing up to 9 persons

### ➤ Comments

According to CSO (GUS), average paid employment in automotive industry was 114,6 thousand persons in the 1<sup>st</sup> half of 2007 and its growth was 15,2% in comparison with the same period of 2006. Of which 31,3 thousand persons were employed in manufacture of motor vehicles, 7,1 thousand in manufactures of bodies, trailers and semi-trailers and 76,2 thousand in manufactures of motor vehicles accessories and their engines.

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Environment:**

Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles was introduced by Act of 20 January 2005 on recycling of end-of-life vehicles (Journal of Laws No 25 item 202).

Polish ELV Act provides that the company bringing the vehicle into the country's territory is obliged to provide the network collecting the vehicles. Such a network should cover the country's territory in a way that enables the vehicle's owner to hand over an end-of-life vehicle to the authorized facilities for vehicle collection or to the authorized treatment facilities, situated at a distance no greater than 50 kilometers in straight line from the residence or the place of business of the vehicle's owner.

The person/company introducing a vehicle into Poland is obliged to pay fees of the amount of PLN 500 for every vehicle, whenever no collection network is created.

In September 2007, Parliament (Sejm) adopted **the ELV Act amendment** (very important for the Polish automotive industry) as follows:

- If the network covers 95% of the territory => no fee
- If the network covers 90% - 95% of the territory => 25 % fee
- If the network covers 85% - 90% of the territory => 50% fee

**2. Others:**

Design Protection in Poland is currently governed by the Amendment to the Act - „**Industrial Property Rights**” which was passed on July 31 and came into force on 31<sup>st</sup> October 2007 (Journal of Laws No 2136 item 958). The amendment introduced Design Protection liberalization law.

**Amendment to the Act – „Industrial Property Rights”**

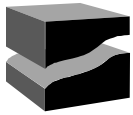
Following article 106, article 106 is supplemented with the following meaning:

*Art. 106. 1. Rights from registration of a design, which is entitled to protection, are not vested in a product that constitutes an element of a complex product and is used to repair the said product in a way to restore its original appearance.*

*2. Third parties may make use of the product specified by point 1 either by manufacturing it, offering it, admitting it to trade, importing it, exporting it or by using the product in which the design is contained or used, or by storing such product for the above purposes.*

Following article 5, article 6 is added with the following meaning:

*“Article 6. The rights included in art. 106 of the act and which are mentioned in art. 1 also apply to the use of industrial property law, and had been granted before the date of entry into force of this act.*



ACEA

**ROMANIA**

**ECONOMIC REPORT**

**Bukarest, November 2007**  
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## National Economic Outlook

### ➤ National Economic Data\*

	2001	2002	2003	2004*	2005*	2006*	2007*
	Background Data (bn EUR/Index)	%Ch 02/01	%Ch 03/02	%Ch 04/03	%Ch 05/04	%Ch 06/05	%Ch 07/06
							(forecast)
<b>Real GDP</b>				246468	288048	342418	
RON (1€=cca3,5RON)				8,5	4,1	7,7	
%Ch							
<b>Real Consumer Expenditure</b>				NA	NA	NA	
<b>Real Industrial Production</b>				5,3	2,0	7,1	
<b>Real Business Investments</b>				9,8	11,8	15	
<b>Consumer Price Index</b> (IPC/Eurostat)				11,9/11,9	9/9,1	6,56/6,6	
<b>New Car price Index</b>				NA	NA	NA	
<b>Trade balance (Nominal)</b> (M€)				-5323	-7806	-11758,7	
<b>Unemployment rate</b>				6,3	5,9	5,2	

Source : BNR

\* % change unless otherwise specified

### ➤ Comments

During the period 1.I – 31.VIII 2007, in comparison with the same period last year, gross industrial production index was by 6.0% higher, that increase being supported by manufacturing (+7,1%) and mining and quarrying (+0,9%). In manufacturing the highest increases of the production were registered in the industrial branches: wood and wooden products manufacturing (excluding furniture processing) (+23,3%), tobacco products (+22,5%), construction materials manufacturing and other products of non-metallic minerals (+20,9%).

By main industrial groups, the highest growths were registered in intermediate goods industry (+8,9%) followed by current use goods industry (+7,8%), capital goods industry (+7,4%), durable goods industry (+2,2%) while energy industry decreased by 2,5%.

During the same period compared with the corresponding period of the previous year, labor productivity in Romanian industry registered a growth by 10,6% (+10,9% in manufacturing).

The turnover value index in industry was during same period 12,8% higher.

In the sector of the means of road transport, prices increased in August 2007 comparatively with August 2006 (+1,9%).

The export (FOB) of means of road transport in 1.01-30.06.2007 against the same period in 2006 increased by 145.6% (total 1.267 bn euro).

The import (CIF) of means of road transport (1.01-30.06.2007/2006) increased by 156.3% (total 3169.7 bn euro).

The gross average earning in August 2007 (RON) was in the automotive industry 1152 RON (3.4 RON euro), increasing by 23.7%, in comparison with August 2006.

Unemployment rate continued to drop in the third quarter of 2007.

In the last period, after a continuous decrease, inflation started to slightly increase, but economical analysts hope that it will not surpass an average of 5% for the whole year.

## MOTOR INDUSTRY

<b>New Registrations</b>	<b>Production</b>	<b>Exports</b>
--------------------------	-------------------	----------------

<i>Registrations</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Registrations</i></b>		231788	180839	28,17%
<b><i>New LCV Registrations</i></b> <sup>1</sup>		15826	16595	-4,63%
<b><i>New Truck Registrations</i></b> <sup>2</sup>		11356	5830	94,78%
<b><i>New Bus Registrations</i></b>		1902	1327	43,33%

<i>Production</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Production</i></b>		160647	151633	5,9%
<b><i>New LCV Production</i></b>		6141	8817	-30,4%
<b><i>New Truck Production</i></b>		78	403	-80,6%
<b><i>New Bus Production</i></b>		10	8	25%

<i>Exports</i>	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car EU Exports (total)</i></b>		80111	58222	37,6%
<b><i>New LCV EU Exports (total)</i></b>	-	444	0	25,5%
<b><i>New Truck EU Exports (total)</i></b>		29	377	-92,3%
<b><i>New Bus EU Exports (total)</i></b>		-	-	-

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

### ➤ **Comments**

The dynamics of the internal market sales, illustrated by the increase of new vehicle registrations, remains at a very elevated level, even in comparison with some emergent countries from the area. Imported vehicles contributed to the increase of registrations, while the market share for local vehicles has diminished. This is an effect of the normal diversifying of the offer and demand on the market. On the other hand the vehicle exports, due exclusively to Dacia Logan, has substantially increased, the global market for this type of vehicle covering now over 50 countries, including the EU.

The LCV's registrations have diminished during the third quarter compared to the same period last year, due to the fact that the new light commercial vehicle Dacia Logan Van was still in the beginning phase of the sales, while the commercialisation of the new Dacia Logan Pick-up had not yet began. Vehicle imports in this category have continued to increase.

The national truck production remains insignificant, as well as the bus production. There is, however, a masive increase of registrations for trucks and buses, based on a larger demand caused by the relatively high rythm of the general economic growth, especially in the building sector and related activities.

## Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006	15843	-3,1	NA
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006	61681	+8	NA
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006	87524	+7,6	NA

Source: ACAROM Estimation

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

1.1 Since the beginning of 2006, the special first registration tax has been applied, the amount of which depends on: displacement, emissions level and age of the vehicle. Simultaneously, excise duties have been removed for new local or imported vehicles.

Applying the special first registration tax contributed to diminishing the number of second hand vehicles imported during the first quarter of 2007 to 15.367 units, compared to 53.563 second hand vehicles imported during the fourth quarter of 2006.

A new algorithm in order to determine the special tax is currently being discussed by the authorities.

1.2 Road taxes (rovigneta)

Until the end of 2007 will be applied the annual taxes from the following table (in €):

Vehicle type	Non Euro	Euro1	Euro2 and over
Cars	24	21	16,8
Microbus	216	210	204
Buses	510	450	390
CV 3,5-7 to	240	228	210
CV 7-12 to	540	480	420

1.3 Annual tax.

In 2007 taxes will be applied as follows (in RON; 1€=3,5 RON):

Vehicle type	Tariff
Car <1600cc	7
Car 1601-2000cc	15
Car 2001-2600cc	30
Car 2601-3000cc	60
Car >3000cc	120
Buses	20
CV<12to	25
CV>12to	100-1361

**2. Environment:**

2.1 There are no financial incentives concerning vehicles.

2.2 The 2000/53 directive – recycling is transposed in the Romanian legislation. After 1 January 2007, the enforcing deadlines are the same as the EU ones.

2.3 Displaying consumptions (labelling) in sales stands for new vehicles, but there are no technical demands concerning the CO2 emissions.

**3. Emissions:**

Besides the registration taxes and the road tax (rovigneta) presented above, there are no incentives concerning vehicles.

Fuel excises is slightly differentiated for the EURO 3,4,5, for gasoline and also diesel.



ACEA

**SWEDEN**

**ECONOMIC REPORT**

Stockholm, November 2007

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
<b>Real GDP</b>	245,0	+2,0%	+1,7%	+4,1%	+2,9%	+4,2%	+3,2%	+3,2%
<b>Real Consumer Expenditure</b>	119,8	+1,5%	+1,8%	+2,2%	+2,4%	+2,8%	+3,0%	+3,8%
<b>Real Industrial Production</b>	44,5	+5,8%	+3,7%	+10,1%	+4,1%	+5,4%	+3,5%	+4,0%
<b>Real Business Investments</b>	36,6	-7,1%	+1,2%	+5,9%	+8,8%	+6,4%	+11,4%	+4,4%
<b>Consumer Price Index</b>		+2,1%	+1,3%	+0,3%	+0,9%	+1,6%	+3,0%	+2,7%
<b>New Car price Index</b>		+1,4%	+1,3%	+1,8%	+1,1%	-0,1%		
<b>Trade balance (Nominal)</b>	16,4	+6,0%	-5,1%	+13,3%	-17,1%	+8,5%	+2,6%	-0,6%
<b>Unemployment rate</b>		4,5%	5,5%	6,3%	6,0%	5,4%	4,4%	4,0%

Source : Government Budget proposal for 2008 (Sep 2007)

### ➤ Comments

The growth in the Swedish economy is strong. GDP is expected to increase by 3,2% in both 2007 and 2008. All parts of the Swedish economy (private consumption, exports, investments) contribute to the growth. The good conditions for the households are expected to continue also in 2008. Due to decreased income taxes and increased employment the private consumption is expected to increase by 3% in 2007 and 3,8% in 2008. The household's real disposable income is expected to increase by 5,4% in 2007 and 4% in 2008. The Swedish Central Bank is expected to continue to increase the instrumental rate but it will still be on a historically low level. The inflation rate is expected to be 3% in 2007 and 2,7% next year. The labour market has recovered in 2007 and the unemployment rate has decreased and will continue to do so in 2008. The public finances are very strong. All this means very good conditions for sales of both passenger cars and commercial vehicles in Sweden.

The automotive industry continues to be the most important exporting sector in the first half of 2007.

## MOTOR INDUSTRY

New Registrations	Production	Exports
-------------------	------------	---------

Registrations	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Registrations</b>	3,1	219505	209820	4,6
<b>New LCV Registrations <sup>1</sup></b>	13,6	31364	28400	10,4
<b>New Truck Registrations <sup>2</sup></b>	8,4	5023	4681	7,3
<b>New Bus Registrations</b>	15,0	733	1092	-32,9

Production	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car Production</b>	-0,1	228119	207480	9,9
<b>New LCV Production</b>	-	-	-	-
<b>New Truck Production</b>	-14,2	28303	25513	10,9
<b>New Bus Production</b>	-2,4	NA	6962	NA

Exports	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b>New Car EU Exports (total)</b>	<b>-330,0%</b>	<b>363 868</b>	<b>350 161</b>	<b>390,0%</b>
<b>of which:</b>				
<i>Western Europe <sup>3</sup></i>	-2,7	184043	183260	0,4
<i>Eastern Europe <sup>4</sup></i>	43,4	30687	16721	83,5
<i>NAFTA <sup>5</sup></i>	-11,3	106344	113575	-6,4
<i>- o/w USA</i>	-11,1	96388	102073	-5,6
<i>South and Central America <sup>6</sup></i>	9,7	2433	1653	47,2
<i>Asia <sup>7</sup></i>	-4,2	25321	19104	32,5
<i>-o/w Japan</i>	-27	8971	7440	20,6
<i>Others <sup>8</sup></i>	19	15040	15848	-5,1
<b>New Truck EU Exports (total)</b>	<b>230,0%</b>	<b>105 421</b>	<b>88 633</b>	<b>1890,0%</b>
<b>of which:</b>				
<i>Western Europe</i>	8,5	51127	49729	2,8
<i>Eastern Europe</i>	52,6	24606	15467	59,1
<i>NAFTA</i>	-19,7	140	95	47,4
<i>South and Central America</i>	0,7	14341	11976	19,7
<i>Asia</i>	-45,8	9812	6831	43,6
<i>Others</i>	4,6	5395	4535	19
<b>New Bus EU Exports (total)</b>	<b>-730,0%</b>	<b>11 136</b>	<b>11 019</b>	<b>110,0%</b>
<b>of which:</b>				
<i>Western Europe</i>	-6,8	3245	3616	-10,3
<i>Eastern Europe</i>	21,1	598	463	29,2
<i>NAFTA</i>	1,6	1250	1451	-13,9
<i>South and Central America</i>	-37,2	2460	1828	34,6
<i>Asia</i>	38,1	2543	2966	-14,3
<i>Others</i>	-37,8	1040	695	49,6

The production figures refer to production in Sweden. Truck production figures include Volvo others (CKD-sets).  
All export figures include deliveries from both Sweden and factories abroad except deliveries from Volvo trucks produced in the USA.



- |  |  |
|--|--|
| 1. LCV are Commercial Vehicles (CV) up to 3.5t | excluding Buses  |
| 2. CVs above 3.5t,                             | excluding Buses&Coaches  |
| 3. Western Europe                              | = EU+EFTA  |
| 4. Eastern Europe                              | = Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia, Turkey.   |
| 5. NAFTA                                       | = US, Canada, Mexico   |
| 6. South and Central America                   | = <i>South America</i> : Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.<br>= <i>Central America</i> : Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others.   |
| 7. Asia  | = <i>Southeast Asia</i> : Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.<br>= <i>Northeast Asia</i> : China, Japan, S+N Korea, Mongolia, Macao, Others.<br>= <i>Central Asia</i> : Armenia, Georgia, Others.<br>= <i>South Asia</i> : India, Nepal, Others.<br>= <i>Middle East</i> : <i>Barhain</i> , Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.<br>Australia, S.Pacific, Africa |
| 8. Others                                      |  |

## ➤ Comments

New car registrations increased by almost 5% during the first nine months of 2007. The forecast for 2007 is 295 000 new cars. In 2006 the figure was 283 000 new cars. The diesel share of the new car market was 30,6% during the first nine months this year compared to 17,6% in the same period last year. The forecast for the diesel share is about 30% for the whole year 2007. Two years ago the diesel share in Sweden was only 10%. The main explanation to the increased diesel share is decreased annual road tax on diesel cars implemented during 2006. Registrations of environmental cars (cars wholly or partly driven by other fuels than petrol/diesel and diesel/petrol cars with max 120 g/km CO<sub>2</sub>-emission and the diesels having a particle filter), reached a market share of 16% Jan-September this year compared to 13% for the same period in 2006.

The demand for environmental cars among private persons has increased due to the fact that a tax premium of SEK 10 000 was introduced from 1 April 2007 for private persons purchasing an environmental car. The forecast for new registrations of environmental cars in 2007 is almost 60 000 compared to approx 36 000 in 2006.

The private import of cars is not included in the new registration figures. Privately imported cars increased by 4% Jan-Sept this year. In 2005 and 2006 the private import decreased. Eight out of ten privately imported cars are more than three years old.

New registrations of trucks increased by 7% Jan-September this year. Both light trucks and heavy trucks increased, light trucks increased by 10% and heavy trucks over 16 tons by 15%. The outlook is good that 2007 will be a record year for truck registrations. The increased truck registrations are a sign of a very strong Swedish economy. The forecast for new registrations of all trucks in 2007 is 49 000 compared to 46 000 in 2006 which was a record year for truck registrations.

World wide car production by Volvo Cars and Saab Automobile together increased by 7% during the first nine months 2007. World wide truck production by Volvo and Scania together increased by 2%. These production figures include all production/assembly abroad, except truck production by Volvo-owned Mack and Renault. Both car and truck production in Sweden increased by approx 10% January-September this year.

Export deliveries of cars (included deliveries from vehicles produced abroad) increased by 4% in Jan-September 2007 and truck export deliveries increased by 19%.

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	49400	+15,8	6,9
	2001	51268	+3,6	7,1
	2002	50202	-2,1	7,0
	2003	47781	-4,8	6,9
	2004	48596	+1,7	7,2
	2005	49775	+2,4	7,7
	2006	48554	-2,5	7,6
	2007	NA	NA	NA
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	23857	-13,5	3,3
	2001	26287	+10,2	3,6
	2002	22500	-14,4	3,2
	2003	24014	+6,7	3,5
	2004	23702	-1,3	3,5
	2005	27978	+18,0	4,3
	2006	24600	-12,1	3,9
	2007	NA	NA	NA
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	73347	+4,3	10,2
	2001	77555	+5,7	10,7
	2002	72702	-6,3	10,2
	2003	71795	-1,2	10,4
	2004	72298	+0,7	10,6
	2005	77753	+7,5	12,0
	2006	73154	-5,9	11,5
	2007	NA	NA	NA

Source: Statistics Sweden

### ➤ Comments

The number of people employed within the Swedish automobile industry according to the definition in the table above decreased by 5,9% in 2006. The share of people employed in the automobile industry in relation to the total employment within the manufacturing industry decreased from 12 % in 2005 to 11,5% in the year 2006.

The figures in the table are based on the Industry Statistics published by Statistics Sweden. The figures include only companies where more than half of the turnover can be referred to the automobile industry. Other calculations, where all suppliers to the automobile industry are included, indicate that the total employment within the Swedish automobile industry and suppliers amount to about 140 000 people

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

According to a Government proposal the petrol tax will be increased by SEK 0.29 per litre and the diesel fuel tax will be increased by SEK 0.55 per litre incl VAT from 1 January 2008.

The annual road tax on diesel cars will be decreased from 1 January 2008 as follows:

- For diesel cars that pay tax according to weight (older cars) the annual road tax will be decreased by 4,5%.
- For diesel cars that pay tax according to CO<sub>2</sub>-emission (applied to cars of environmental class 2005 and onwards) the extra tax (the so called fuel and environmental factor) on diesel cars is reduced from 3,5 to 3,15 for cars newly registered from 1 January 2008. From 1 January 2008 the factor will be reduced to 3,3 for diesel cars newly registered up to the end of 2007.

The reduction of the annual road tax compensates approximately for the increase of the diesel fuel tax for a car owner with an average annual mileage.

The annual road tax will be increased from 1 January 2008 by 45% on most light trucks/buses up to 3,5 tons.

The annual road tax incentive of SEK 6 000 on light diesel vehicles (cars and trucks/buses with G.V.W. up to 3,5 tonnes) of environmental class 2005PM having a particulate filter (max 5 mg/km) will be valid for newly registered cars only up to the end of 2007.

On 1 April 2007 a tax incentive (environmental car premium) of SEK 10 000 for private persons purchasing an environmental car was introduced. The premium is paid by the National Road Board to private persons that have firstly registered an environmental car during the period 1 April 2007 to 31 December 2009. Sales of environmental cars have increased since the premium was introduced. The definition of an environmental car is in this case the same as the definition used by the National Road Board:

- 1) *Petrol, diesel and electric hybrid cars with a CO<sub>2</sub>-emission of max 120 g/km. Diesel cars must have a particulate emission of less than 5 mg/km (normally a car with particulate filter).*
- 2) *Cars completely or partly driven by an alternative fuel must have a fuel consumption of max 9,2 litre/100 km petrol, 8,4 litre/100 km diesel or 9,7 cubic metres/100 km for CNG/biogas cars.*
- 3) *Electric cars with an electrical energy consumption per 100 km of max 37 kwh.*

A new tax on traffic insurance premiums was introduced on 1 July 2007. The tax is 32% of the premium and it is intended as a first step towards a complete transfer of the state costs for road traffic injuries to the traffic insurance premium. The new tax means an increase of the costs for an average car owner by SEK 700 per year.

## **2. Environment:**

The ELV-directive was introduced in Sweden on 1 June 2007. At the same time the scrapping fee/scrapping premium system was abolished. From 1 June a scrapping compensation of SEK 4 000 was introduced for cars older than 1989 year model (mostly cars without a catalyzer). The scrapping compensation was paid as long as there was money left in the car-scrapping fund. There was a large increase of the scrapping due to the SEK 4 000 compensation and the scrapping fund became empty within a few days.

## **3. Transport policy:**

The congestion tax in Stockholm was re-introduced on 1 August 2007. This time the revenues from the tax will be financing road investments in the Stockholm area. Environmental cars according to the definition by the Tax Board will be exempted from congestion tax: *Cars completely or partly driven by an alternative fuel or electricity, which means CNG, biogas, ethanol, electric and hybrid electric cars.*



ACEA

# SLOVAKIA

## ECONOMIC REPORT

**Bratislava, November 2007**

**Automotive Industry Association of Slovakia**

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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	103,3	104,4	104,2	105,5	109,9	106,5	111,9	
Real Consumer Expenditure	104,0	105,4	99,4	101,0	102,7	104,5	100,3	
Real Industrial Production	108,1	103,6	108,0	108,0	105,5	109	113,9	
Real Business Investments	109,1	99,1	98,8	103,0	118,6	107,3	106,8	
Consumer Price Index	106,4	103,3	108,5	107,5	102,7	104,6	102,6	
New Car price Index	"n.a."	"n.a."	"n.a."	"n.a."	"n.a."	"n.a."	"n.a."	
Trade balance (Nominal)	- 46 bn EUR	94,06	24,6	186,8	158,31	155,8	150,1	
Unemployment rate	18,6	18,5	17,4	18,2	16,8	13,9	11,1	

Source : Statistical Office of the Slovak Republic

### ➤ Comments

#### REAL GDP

In the 2nd quarter, a trend of speedup of a year-on-year increase in gross domestic product was kept. Gross domestic product was produced in the amount of SKK 450,1 billion by adjusted estimation and increased in real terms by 9,4% (by 11,5 % at current prices) compared to the corresponding period last year. A rise was up by 2,7 p.p., compared to the 2nd quarter of 2006.

A year-on-year increase in gross domestic product was influenced by a continuing rise in foreign demand by 18% and domestic demand by 6 %. Final consumption of households increased by 7,3%, production of gross capital by 6,8 % (of which production of gross fixed capital by 6,3%) and final consumption of public administration by 1,1%. Consumption of non-profit institutions for households decreased by 0,7% (it comprised 0,8% of GDP).

Speedup of production of gross domestic product was connected mostly with a rise in added value in industrial production by 15,9%, in transport, communications, electricity, gas and water supply equally by 12,6%, in construction by 9,6% and in trade by 7,3%. Added value in financial intermediation was down by 5,1% and in hotels and restaurants by 3,5%, compared to the previous year. Production of gross domestic product was influenced also by an increase in taxes of products subtracted by subsidies on products by 5,7%.

In terms of basic aggregates of incomes production, a year-on-year increase in gross domestic product was connected with a rise in gross operation surplus and mixed incomes by 13,7% and bonuses of employees (1) by 8,9%.

In the 1st half of 2007, production of gross domestic product reached SKK 864,7 billion by adjusted estimation. Compared to the corresponding period last year, gross domestic product was up by 9,2% in real terms (by 2,5 p.p. up as compared to the 1st half of 2006). It rose by 11,9% at current prices.

Employment (2) reached 2 156 thous. of persons by ESA 95, of which 1 876,5 thous. were employees. Compared to the 1st half of 2006, it increased by 2,1%, there has been a 2,3% increase in number of employees.

## REAL CONSUMER EXPENDITURE

In September, compared to August, consumer prices increased **in total** by 0,2 %. Prices rose in the following branches: in education by 2,5%, in health by 1,2%, in food and non-alcoholic beverages by 1%, in clothing and footwear by 0,6%. Prices of hotels and restaurants were up also by 0,3%, furnishings, household equipment and routine household maintenance by 0,2%, miscellaneous goods and services by 0,1%. Prices of alcoholic beverages and tobacco and also recreation and culture decreased by 0,3% and transport by 0,1%. Prices remained on the level of last month in the branches of housing, water, electricity, gas and other fuels, postal and telecommunication services.

A price rise of 1,1% in **food** was influenced by a price increase in milk, cheese and eggs by 2,1%, fruit by 1,8%, bread and cereals by 1,6%, oils and fats by 1,5%, meat by 1,3%, sugar, jam, honey, syrups, chocolates and confectionary by 0,1%. Prices of vegetables (including potatoes) decreased by 3,3%. Prices of fish did not change. Prices of **non-alcoholic beverages** were down by 0,1% (prices of mineral water, soft drinks, fruit and vegetable juices decreased by 0,5%, prices of coffee, tea and cocoa increased by 0,5%).

A price increase in fruit was caused by a price rise in lemons by 19%, red watermelons by 18,4%, kiwi by 9,2%, bananas by 6,5%, oranges by 1,6% and tangerines by 1,4%. Prices of table grapes decreased by 14,6% and apples by 4,1%. A price rise in meat was influenced by a price increase in poultry by 3,3%, pork meat by 1,1% and beef meat by 0,9%. Prices of smoked meat did not change. A price cut in vegetables was influenced by a price decrease in onion by 14,8%, potatoes by 13,8%, carrot by 13,7%, pepper by 11,3%, parsley by 10,1% and white cabbage by 3,1%. Prices of salad cucumbers increased by 29,8%, tomatoes by 11,2%, cauliflower by 1,7% and garlic by 1,3%.

A price decrease in the branch of **alcoholic beverages and tobacco** was influenced by lower prices of alcoholic beverages by 0,6% (spirits by 0,7%, beer by 0,6% and wine by 0,4%). Prices of tobacco did not change.

A price increase in **clothing and footwear** was influenced by a price rise in clothing and footwear, in both by 0,6%.

In the branch of **housing, water, electricity, gas and other fuels**, prices of actual rentals for housing, imputed rentals of owners, refuse collection and disposal, electricity, gas and heat energy did not change. Prices of solid fuels increased by 1%, services for regular maintenance and repair of the dwelling by 0,5%, water supply and wastewater both by 0,4% and other services relating to the dwelling by 0,2 %. Prices of materials for regular maintenance and repair of the dwelling decreased by 0,1%.

A price rise in **furnishings, household equipment and routine household maintenance** was influenced by a price increase in goods and services for routine maintenance of household by 0,8%, glassware, tableware furniture and household utensils by 0,2%, tools and equipment for house and garden by 0,1%. Prices of furnishings, carpets and other floor coverings, housing textiles and household appliances decreased equally by 0,1%.

Price index in **health** increased as a result of a price rise in medical services other than hospital ones by 1,3% (prices of other services except for hospitals increased by 3%, dentists services by 1,2% and prices of medical doctors services did not change), medical and pharmaceutical



products, therapeutic appliances and equipment by 1,2% (prices of pharmaceutical preparations and products by 1,3%, therapeutic appliances and equipment by 0,7%, prices of other medical products did not change). Prices of hospital services remained on the level of August.

A price increase in **transport** was influenced by a price rise in purchase of transport equipment by 1,2% (purchase of second-hand cars by 2,2% and purchase of new cars by 0,6%). Prices of operation of personal transport equipment rose by 0,3% (spare parts and accessories by 0,7%, maintenance and repair by 0,6%, fuels and lubricants by 0,3%) and transport services by 0,1% (prices of road passenger transport increased by 0,1%, prices of other transport services fell by 1%).

In the branch of **communications**, prices of postal and telecommunication services did not change. Prices of telephone equipments decreased by 3,2%.

A price cut in **recreation and culture** was affected by a price decrease in package holidays by 1,1%, audio-visual and photographic technology by 1%. Prices of other recreational items and equipments, gardens and pets increased by 0,3%, recreational and cultural services by 0,2%. Prices of other major durables for recreation and newspaper, books and stationery remained on the level of last month.

A price increase in **education** was caused by a price rise in pre-primary and primary education by 3,8% (a fee for children school club rose by 4,8% and a fee in kindergarten by 3,3%), education no definable by the level by 2,8% (a fee in primary school of art by 3,4%, a fee in language school by 2,7% and a fee for language lessons by 2,4%) and secondary education by 2,7%. Prices of tertiary education did not change.

A price rise in the branch of **hotels, cafés and restaurants** was influenced by higher prices of accommodation services by 0,7% and catering services by 0,3% (prices in restaurants and cafés increased by 0,6%, in canteens by 0,2%).

A price rise in **miscellaneous goods and services** was caused by higher prices of social services by 0,2% (payment for meal in canteens for pensioners by 0,6% and benefit for payments for day-care in retirement homes by 0,3%), financial services n.e.c. by 0,1% (payment for keeping personal account by 0,6%). Prices of personal care, personal effects n.e.c., insurance and other services n.e.c. did not change.

In September, compared to September 2006, consumer prices were up by 2,8% in total. Prices rose faster than totally in the following branches: housing, water, electricity, gas and other fuels by 6,8%, food and non-alcoholic beverages by 3,9%, education by 3,6%, postal and telecommunication services by 3,3%. Prices of miscellaneous goods and services increased by 2%, hotels, cafés and restaurants by 1,8%, alcoholic beverages and tobacco by 1,7%, clothing and footwear by 0,7%, recreation and culture by 0,2%. Prices of health decreased by 4,9%, transport by 2,1%, furnishings, household equipments and routine household maintenance by 0,4%.

On average, over the first eight months, compared to the corresponding period in 2006, consumer prices were up by 2,6% in total.

In September, compared to August, index of consumer prices in households of **employees** increased by 0,2% and in households of **pensioners** by 0,3%.

In September, compared to September 2006, index of consumer prices in households of **employees** was up by 2,7% and in household of **pensioners** by 3,8%.

## REAL INDUSTRIAL PRODUCTION

In August, a year-on-year rise in industrial production slowed down to 5,7%. The development was influenced by a slowdown of dynamics in manufacturing to 8,1%, in mining and quarrying to 4,6% and by a decrease in electricity, gas and water supply to 12,6%.

In manufacturing, a development rate was in some branches more considerably influenced also by comparable base in 2006. It was showed mostly in manufacture of transport equipment (production increased by 12,4%, in August 2006 by 71,1%) and in manufacture of chemicals, chemical products and man-made fibres (production decreased by 5,9%, there was a 22,5% rise a year ago). Production increase was also higher than on average of a branch in manufacture of electrical and optical equipment (23,5%), in manufacture of machinery and equipment n.e.c. (15,1%), in manufacture of n.e.c. (13,4%), in manufacture of metal and metal products (9,8%). Manufacture of textiles and textile products (by 9,6%), manufacture of wood and wood products (by 9%), manufacture of other non-metallic mineral products (by 8,4%), manufacture of leather and leather products (by 1,6%) did not reach last year's level.

Concerning the purpose of final use, a rise in production was connected with production of durable consumer goods higher by 40,4%, by 13,7% for investment goods and by 3,1%. For nondurable consumer goods. Production related to energy decreased by 6,8% and of intermediate goods by 0,3%.

Over the first eight months, production of industry rose by 13,9% year-on-year, of which in mining and quarrying by 39,9% and in manufacturing by 16,5%. It was down in electricity, gas and water supply by 8,7%.

Concerning the purpose of final use, production of durable consumer goods increased by 44%, investment goods by 39,3%, intermediate goods by 3,8% and nondurable consumer goods by 0,5%. Production related to energy decreased by 3%.

## TRADE BALANCE

In July, the total export of goods amounted to SKK 112,6 billion and increased by 12,3% year-on-year. The total import of goods increased by 13,2% to SKK 115,1 billion. The passive foreign trade balance amounted to SKK 2,5 billion and was up by SKK 1 billion as compared to July 2006.

The foreign trade **balance** for January - July was passive in the amount of SKK 8,9 billion (it was down by SKK 30,3 billion compared to the corresponding period in 2006).

The highest passive balance was in foreign-trade activity with the Russian Federation (SKK 54,3 billion), the Republic of Korea (SKK 37,7 billion), China (SKK 31,2 billion), Taiwan (SKK 16,7 billion), Japan (SKK 11,9 billion) and Malaysia (SKK 3,4 billion).

The Slovak Republic had the highest active balance with United Kingdom (SKK 27 billion), Italy (SKK 20,2 billion), France (SKK 20 billion), Austria (SKK 19,6 billion), the Netherlands (SKK 18,3 billion), Poland (SKK 13,9 billion), Spain (SKK 13,5 billion), Germany (SKK 10 billion) and Romania (SKK 9,9 billion).

Goods were **exported** in the amount of SKK 798,6 billion (EUR 23,5 billion) from the Slovak Republic. Compared to the corresponding period in 2006, the total export was up by 19,8 %. Export of food agroproducts (of the Chapter 1 - 24 of harmonized system) reached SKK 29,1 billion; there was a year-on-year rise of 3,7 %.

In terms of goods, export of private cars and other motor vehicles mostly for transporting passengers increased more considerably by SKK 57,8 billion, television equipment by SKK 35,9 billion, parts and accessories for motor vehicles by SKK 7,4 billion and bodies (coachwork) for motor vehicles by SKK 6,3 billion.

Export of data processing facilities decreased the most by SKK 7,7 billion, petroleum oils and oils from bitumen mineral, other than crude by SKK 6,3 billion, electric energy by SKK 1,9 billion and semi-finished products of iron or non-alloyed steel by SKK 1,1 billion.

Within the most significant trade partners, export to Germany increased by 6,4%, the Czech Republic by 4,2%, France by 92,1%, Italy by 25,4%, Poland by 18,8%, Austria by 5,2%, Hungary by 16,3%, United Kingdom by 67,3%, the Netherlands by 8,9% and Spain by 42,7%.

Considering the main economic groupings, export to the EU countries was up by 19,6% (it comprised 87,2% of the total export of the SR) and to the OECD countries by 19% (it comprised 89,1% of the total export of the SR).

Goods were **imported** in the amount of SKK 807,5 billion (EUR 23,8 billion) to the Slovak Republic; there was a year-on-year increase of 14,4%. Import of food agroproducts reached SKK 42,8 billion and increased by 12,4%.

In terms of goods, import of parts and accessories for transmitting equipment for radiotelephoning, radiotelegraphing, radio and TV broadcasting increased at most by SKK 35,4 billion, parts and accessories for motor vehicles by SKK 25,9 billion, internal combustion piston engines by SKK 6,3 billion and private cars and other motor vehicles mostly for transporting passengers by SKK 5,2 billion.

Import of petroleum gasses and other gaseous hydrocarbon decreased at most by SKK 16,2 billion, petroleum oils and oils from crude bitumen mineral by SKK 11,4 billion, products with liquid crystals by SKK 8,7 billion, rotary-reciprocal combustion piston engines by SKK 3,6 billion and parts and accessories for transmitting equipment for radiotelephoning, radiotelegraphing, radio and TV broadcasting by SKK 3,5 billion.

In relation to the most significant trade partners, import from Germany increased by 14,5%, the Czech Republic by 10,7%, Hungary by 26,5%, the Republic of Korea and China both by 62,1%, Poland by 12,6%, Italy by 0,2%, France by 47,7% and Austria by 4,6%. Import from the Russian Federation decreased by 24,1%.

Considering the main economic groupings, import from the EU countries rose by 16,2% (it comprised 69,8% of the total import) and from the OECD countries by 17,2% (it comprised 72,1% of the total import of the SR).

## **EMPLOYMENT**

In August, the highest year-on-year increase in the number of employed persons continued in sale and maintenance of motor vehicles (21,4 %). Employment also increased in retail trade by 5,7%, in real estates, renting, and business activities and the other services by 5,5%, in transport by 5,4%, in construction by 4,9%, in hotels and restaurants by 3,1% and in industry by 2,1%. A decrease in employment deepened in telecommunications to 6,8%, in posts to 2,1% and number of employed persons decreased also in wholesale (by 1,6%).

On average, over the first eight months, the highest number of employed persons was in industry 585,9 thous. of persons (of which 540,3 thous. in manufacturing). Number of employees was in construction 163,7 thous., in retail trade 156,8 thous., in real estate, renting, business activities

and the other services 149,2 thous., in wholesale 132,5 thous., in transport 90,5 thous., in hotels and restaurants 50,7 thous., in sale and maintenance of motor vehicles 27,8 thous., in communications 26,9 thous. (in postal and delivery activities 17,6 thous., in telecommunications 9,3 thous.)

Compared to the corresponding period last year, employment increased in sale and maintenance of motor vehicles by 20,2%, in retail trade by 7,3%, in construction by 6,2%, in hotels and restaurants by 5,3%, in real estate, renting, business activities and the other services by 5,1%, in industry and in transport both by 3,7% and in wholesale by 1,9%. There were 3% less people than a year ago to work in communications (in telecommunications 6,7 %, in postal and delivery activities 0,9 %).

### **AVERAGE MONTHLY WAGE**

In August, average nominal monthly wage increased in real estate, renting, and business activities by 10,8%, in transport by 10,6%, in posts by 10%, in sale and maintenance of motor vehicles by 8,2%, in retail trade by 6,8%, in construction by 6,5%, in industry by 5,2% and in telecommunications by 4,1%. It rose the slowest in hotels and restaurants, by 3,6%, and in wholesale, by 3,9%.

Real wage rose year-on-year in real estate, renting, and business activities and the other services by 8,3%, in transport by 8,1%, in posts by 7,5%, in sale and maintenance of motor vehicles by 5,8%, in retail trade by 4,4%, in construction by 4,1%, in industry by 2,8%, in telecommunications by 1,8%, in wholesale by 1,6%, in hotels and restaurants by 1,3%.

On average, over the first eight months, employees had the highest average nominal monthly wage in telecommunications SKK 48 849. It reached in real estate, renting, and business activities and the other services SKK 21 805, in industry SKK 19 882, in sale and maintenance of motor vehicles SKK 19 441, in transport SKK 19 404, in wholesale SKK 18 512, in construction SKK 15 067, in posts SKK 15 012 and in retail trade SKK 13 336. Employees in hotels and restaurants had the lowest wage with SKK 10 474.

Compared to the corresponding period last year, the highest increase in average nominal wage was in telecommunications by 24,4%. It rose in real estate, renting, and business activities and the other services by 9,5%, in transport by 8%, in sale and maintenance of motor vehicles by 7,5%, in construction by 7,4%, in retail trade by 7,1%, in industry by 6,8%, in posts by 5,5%, in wholesale by 4,6%, in hotels and restaurants by 2,2%.

Real average monthly wage exceeded last year's level in telecommunications by 21,2%, in real estate, renting, and business activities and the other services by 6,7%, in transport by 5,3%, in sale and maintenance of motor vehicles by 4,8%, in construction by 4,7%, in retail trade by 4,4%, in industry by 4,1%, in posts by 2,8% and in wholesale by 1,9%. It was lower than a year ago in hotels and restaurants by 0,4%.

## MOTOR INDUSTRY

<b>New Registrations</b>	<b>Production</b>	<b>Exports</b>
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<i>Registrations</i>	<b>%Ch 06/05</b>	<b>Jan-Sept 2007</b>	<b>Jan-Sept 2006</b>	<b>%Ch 07/06</b>
<b><i>New Car Registrations</i></b>	2.78	43479	43215	0.6
<b><i>New LCV Registrations</i></b> <sup>1</sup>	36.6	15824	13113	20.6
<b><i>New Truck Registrations</i></b> <sup>2</sup>	37.5	4048	3131	29.2
<b><i>New Bus Registrations</i></b>	218.3	189	417	-54.6

<i>Production</i>	<b>%Ch 06/05</b>	<b>Jan-Sept 2007</b>	<b>Jan-Sept 2006</b>	<b>%Ch 07/06</b>
<b><i>New Car Production</i></b>	6.08	418041	171685	143.49

1. LCV are Commercial Vehicles (CV) up to 3.5t

excluding Buses

2. CVs above 3.5t,

excluding Buses&Coaches

### ➤ **Comments**

Official production of VW Slovakia for the 3<sup>rd</sup> quarter 2007 reached 185 293 units. Comparing with same period of the previous year with 171 685 units, there is an increase of 7,92%.

Official production of Peugeot Citroen Slovakia company for the 3<sup>rd</sup> quarter 2007 reached 131 099 units.

Official production of KIA Motors Slovakia company for the 3<sup>rd</sup> quarter 2007 reached 101 649 units.

Total volume of production for the 3<sup>rd</sup> quarter 2007 reached 418 041 units which makes for an annual increase of 143,49%

Total volume of investments in automotive industry in Slovakia reached for 2007, in volume, 45 milliard Sk.

Comparing with previous year with 61 milliard Sk, this represent a decrease of 35,5%

## Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	2000	8400		1,50
	2001	9750	116,7	1,76
	2002	11500	118,46	1,80
	2003	11800	102,6	2,3
	2004	12500	105,9	2,46
	2005	13000	104,0	2,46
	2006	15600	120,0	2,98
	2007	16300	104,8	3,01
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	2000	27550		5,0
	2001	34650	125,8	6,25
	2002	38660	111,6	6,03
	2003	42900	111,0	8,50
	2004	44000	102,56	8,68
	2005	44400	101,0	8,40
	2006	51300	115,5	9,81
	2007	59700	116,3	11,05
<b>TOTAL</b> (NACE Rev.1 - 34.00)	2000	35950		6,50
	2001	44400	123,5	8,0
	2002	50210	113,08	7,83
	2003	54700	108,9	10,9
	2004	56500	103,2	11,15
	2005	57400	101,5	10,9
	2006	66900	116,55	11,45
	2007	76000	113,6	14,06

➤ **New Measures & effects on the Motor Vehicle market:**

**1. Taxation:**

**ENGINE RATINGS**

Engine ratings are not computed in the Slovak Republic.

**TAXES ON ACQUISITION**

Taxes imposed on motor vehicles split in two categories, new and used vehicles:

**New vehicles** can be imported either by an authorized wholesale importer or individually. Charges for the technical approval certificate and the appropriate documents for a single vehicle amount to 2000 SKK in the case of mass production or importing by a wholesale importer the charge is 2000 SKK.

Complete conditions, affordability of vehicles, and other appurtenances are specified by new Act no. 725/2004 on Operation on road communications, which has been in force since 1<sup>st</sup> March 2005. Main changes are in the field of individual imports of used cars. There is no limitation and only vehicles with Certificate of Conformity can be imported.

**Taxes on motor vehicle sales**

**VAT**

**Generally**

VAT paid when importing the vehicle	19 %
Import duty from outside EU	10,5%
Proportional VAT calculated from difference between wholesale and general retail price	19 %

Taxpayers are not allowed to decrease the vehicle price by proportional VAT.

Taxpayers are allowed to count the price of the vehicle which is bought for business purposes into allowances for depreciation for a total value of 800 000 SKK, respectively 950 000 SKK, when purchasing a vehicle on leasing terms (1st depreciation group – depreciation period 4 years).

**VAT rates**

Flat VAT rate for goods and services.

**Allowable deductions**

**Vat Exemptions**

A person registered for VAT is allowed to deduct VAT on the purchase of commercial vehicles for professional use.

Deductions are not allowed for passenger cars, estate (combi) cars etc. (ECE Cat. M1).

The deduction for LCVs up to 3.5t GVW (ECE Cat. N1) is still possible.

### **Registration charges**

Registration fee of first vehicle or trailing vehicle, including editing of appropriate documents: 1000 SKK  
Assigning of registration number and issuing of registration number plate: 500 SKK for each plate.

### **TAXES ON OWNERSHIP**

There are no typical ownership taxes in the Slovak Republic.

### **Motor vehicle tax (former road tax)**

#### **Generally**

Any vehicle owner who uses his vehicle for business purposes is obliged to pay the road tax.

#### **Legislation**

Legislation concerning tax on motor vehicles is specified in Act no. 582/2004 Z. z, which specifies local taxes and taxes on communal waste and small building waste. Assessment of tax is now under the responsibility of local authorities. Therefore, these taxes may differ from region to region. The Act also specifies conditions for vehicles, which are used in international transport and in combined transport.

#### **a) Passenger cars with engine capacity**

< 900 cm <sup>3</sup>	1 600 SKK
900 - 1 200 cm <sup>3</sup>	2 100 SKK
1 200 - 1 500 cm <sup>3</sup>	2 900 SKK
1 500 - 2 000 cm <sup>3</sup>	3 700 SKK
2 000 - 3 000 cm <sup>3</sup>	4 700 SKK
> 3 000 cm <sup>3</sup>	5 600 SKK

#### **b) Commercial vehicles and buses**

According to GVW and the number of axles, taxes go from 1 800 SKK up to 71 800 SKK

### **TAXES ON MOTORING**

#### **Fuel taxes**

Taxes applicable on mineral oils are specified in Act no. 239/2001 Z.z.

#### **Fuel taxes in 2005**

<b>Fuel</b>	<b>Excise duty</b>	<b>VAT</b>
Petrol 19%	15 500 – 18 000 SKK /1000 l	
Diesel fuel 19%	14 500 SKK /1000 l	

#### **Insurance**

#### **Generally**

Subscription to third party insurance is compulsory for all registered motor vehicles. At present, eight authorized insurance companies provide compulsory insurance services. Rates are not regulated and there are small differences depending on the insurance company. Rates are specified in base rates, with additional charges for taxis, vehicle renting companies and driving schools. The level of the rate depends on engine rating and vehicle use.



## Rates

<b>Motorcycles</b>	<b>rate in SKK</b>
< 50 cm <sup>3</sup>	1 000
50 - 350 cm <sup>3</sup>	1 890
> 350 cm <sup>3</sup>	3 977

<b>pass. cars (up to 3,5 t GVW) rate in SKK</b>	
< 1 300 cm <sup>3</sup>	4 653
1 300 - 1 800 cm <sup>3</sup>	7 783
1 800 – 2 500 cm <sup>3</sup>	11 831
> 2 500 cm <sup>3</sup>	16 855

<b>LCVs (up to 3,5 t GVW) rate in SKK</b>	
< 1 300 cm <sup>3</sup>	4 961
1 300 - 1 800 cm <sup>3</sup>	8 996
1 800 – 2 500 cm <sup>3</sup>	11 831
> 2 500 cm <sup>3</sup>	30 571

<b>trucks</b>	<b>rate in SKK</b>
3 500 - 12 000 kg	26 154
> 12 000 kg	35 248

<b>buses</b>	<b>rate in SKK</b>
for public transport only	16 989
< 5 000 kg	24 992
> 5 000 kg	39 382

<b>Trolleybuses</b>	<b>rate in SKK</b>
for public transport only	13 186

These are average rates for single segment. Rates change depending on insurance company.

## Road pricing

### **Highway fees for motor vehicles**

<b>Annual</b>	GVW < 3.5 t	1 100 SKK
	GVW 3.5 t - 12 t	13 500 SKK
	GVW > 12 t	28 000 SKK
<b>1 month</b>	GVW < 3.5 t	300 SKK
	GVW 3.5 t - 12 t	2 600 SKK
	GVW > 12 t	3 000 SKK

<b>7 days</b>	GVW < 3.5 t	150SKK
	GVW 3.5 t - 12 t	1 100 SKK
	GVW > 12 t	1 200 SKK
<b>1 day</b>	GVW - 12 t	260 SKK
	GVW > 12 t	300 SKK

## THE PRIVATE USE OF A COMPANY CAR

Use of a company car for private motoring is treated as a benefit in kind under personal income tax. The amount to be added to an employee's income before taxation is 1% of the purchase price of the company car for each month of use.

## PERIODICAL INSPECTION OF VEHICLES

### Inspections

Compulsory periodical inspections of road vehicles include the Regular Technical Inspections (RTI) and the Regular Emission Measurements (REM).

## 2. Environment:

### ELV - EC/53/2000

Act no. 223/2001 Legislation on waste was adopted on 15<sup>th</sup> May 2001.

Vehicle importer and vehicle manufacturer, in accordance with mentioned Act, do not take any responsibility for fulfilling recycling quota. They are not responsible for taking the vehicle from the owner. They are obliged to pay contribution to the Recycling Fund. Recycling quota is specified in Program of waste economy. When cancelling registration, the vehicle owner is obliged to present either confirmation regarding supplying vehicle to the authorised recycling company, or to declare keeping vehicle for its subsequent sale.

Vehicle importers are obliged to contribute to Recycling fund regardless of vehicle category.

Obligation of vehicle manufacturer or importer for all categories:

1. To pay contribution to Recycle fund for spare parts imported according to Annex of items specified in Customs tariff Ministry of Environment
  - batteries
  - oils
  - electronics
  - paper
  - glass
2. To keep and store the evidence of imported products and to provide these data to Recycle fund and to authorised regional state authority once quarterly.  
Obligation is specified for manufacturer or importer of vehicles M1 and N1 category.
3. To pay contribution to Recycle fund for any imported vehicle of specified category regardless to vehicle model and weight. From 1<sup>st</sup> March 2004 contribution fee is 2 000 SKK also for individually imported vehicle.
4. To provide necessary information for vehicle dismantling within 6 months after vehicle launching on market.

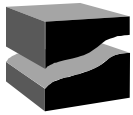
### **3. Transport policy:**

- Since January 2007 heavy trucks obliged to drive only in right traffic lane and not allowed over taking truck by truck.
- ITS applications (navigation systems)  
No obligatory use of navigation systems. Affordable for reasonable price including navigation maps of Slovakia and neighboring countries. Mostly used in premium segment of vehicles.

### **4. Emissions:**

1. Slovakia has adopted EU Directive regarding using bio-compounds in fuels for motor vehicles. Till 2008 volume of bio-compound has to be at a level of 5% in petrol and diesel fuels. In 2006 the ratio was 2%.
2. From January 2007 only new vehicles complying Euro 4 standard are allowed to be offered to customers.





ACEA

**UK**

**ECONOMIC REPORT**

London, November 2007  
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## National Economic Outlook

### ➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07
							(forecast)	(forecast)
Real GDP	£996,987mn	1.8	2.7	3.3	2.0	2.8	2.9	2.0
Real Consumer Expenditure	£653,326mn	3.6	3.0	3.5	1.5	2.0	2.8	1.8
Real Industrial Production	102.3	-2.0	-0.3	0.8	-2.0	0.0	0.4	0.2
Real Business Investments	£110,390mn	1.2	-1.0	2.3	15.7	-4.3	5.0	3.0
Consumer Price Index	94.2 (‘05=100)	1.3	1.4	1.3	2.0	2.3	2.3	2.0
New Car price Index	95.8 (‘05=100)	-0.4	0.7	2.3	1.7	0.9	1.5	2.0
Trade balance (Nominal)	-£19bn	-£32bn	-£36bn	-£39bn	-£38bn	-£38bn		
Unemployment rate	3.2%	3.1	3.1	2.8	2.8	3.0	2.7	2.8

Source : ONS for historical, forecasts various incl Independent panel for HM Treasury and SMMT

### ➤ Comments

***Growth in UK demand still robust, pick-up in inflation eases, but financial stability wobbles. GDP growth slows in 2008 as does inflation, but volatility remains as do restructuring concerns***

- UK annual GDP growth now a robust 3.0 per cent for the 3Qs to Q3 2007.
- CPI inflation rate surprises with fall to below target in Q3 2007.
- Inflationary price and cost volatility persists; crude oil still sets the lead.
- CPI inflation rate 2.4 and RPI rate 4.3 per cent for 9 months to Sept.
- Employee average earnings growth 3.9 per cent for 8 months to Aug & 3.7 per cent last 3 mths
- With growth in demand robust and supply capacity squeezed concerns linger on inflationary growth.
- Financial volatility & potential for instability may exacerbate restraining effect of base rate rises.
- Room for further USA dollar depreciation an additional external challenge macroeconomic stability.
- Tighter credit terms and availability to affect household spending and debt servicing.
- Major corrections in key asset markets – housing and equities – cannot be ruled out.
- World GDP growth 5.2 & 4.8 per cent in 2007 & 2008 (IMF); annual average 5 per cent per 2003 – 2008.
- Slower growth in advanced economies to be offset by robust & sustained growth in emerging economies.

## MOTOR INDUSTRY

New Registrations	Production	Exports
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Registrations	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Registrations</i></b>		1,940,515	1,901,888	2.0%
<b><i>New LCV Registrations</i></b> <sup>1</sup>		258,608	251,675	2.8%
<b><i>New Truck Registrations</i></b> <sup>2</sup>		36,095	45,633	-20.9%
<b><i>New Bus Registrations</i></b>		3,123	3,466	-9.9%

Production	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car Production</i></b>		1,133,512	1,112,617	1.9%
<b><i>New LCV Production</i></b>		124,806	116,778	6.9%
<b><i>New Truck Production</i></b>		11,287	12,559	-10.1%
<b><i>New Bus Production</i></b>		874	850	2.8%

Exports	%Ch 06/05	Jan-Sept 2007	Jan-Sept 2006	%Ch 07/06
<b><i>New Car EU Exports (total)</i></b>		858,772	842,139	2.0%
<b><i>New CV EU Exports (total)</i></b>		93,934	97,976	-4.1%
<b><i>New Truck EU Exports (total)</i></b>				

1. LCV are Commercial Vehicles (CV) up to 3.5t

2. CVs above 3.5t,

excluding Buses

excluding Buses&Coaches

### ➤ Comments

#### UK car registrations and output trends

- Volumes rise in key September market
- Full year market forecast revised upwards
- Car production continues impressive revival

September new car registrations rose by 1.3 per cent, when a decline had been envisaged. Volumes in Q3 rose by two per cent – almost twice the Q2 rate. Growth has been focused on diesel and alternatively fuelled cars. MPV and dual-purpose segment cars also recorded strong Q3 growth. Superminis showed best YTD volume gain.

The market is now expected to post full year growth. A modest decline is still envisaged in Q4 and more so in 2008 as the economic setting deteriorates, especially for consumer spending.

Car output showed a third successive double digit gain in September. The benefits of new models and restructuring are coming to the fore, despite the loss of Peugeot's output this year.



## **UK CV registrations and output trends**

- CV market stable in both September and YTD
- LCV market up, HCV market still distorted
- CV output dips in September, but up in YTD

Total new CV registrations were down one per cent over the first nine months of the year, after a modest 0.4 per cent dip in September. However, beneath the top-line figure the market for HCVs continues to perform erratically, following impact of regulatory changes last year. LCV volumes have been more robust and more positive, up 2.8 per cent in YTD and 5.2 per cent in September – growth remains focused at the heavier end of the market.

Output of CVs slipped for the second time in three months in September, but remains up over the YTD. IBC and Ford have posted modest YTD gains, whilst Vauxhall and LDV seen strong percentage gains, to offset Peugeot's closure and also a weak Land Rover performance.

## Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
<b>Manufacturer of Motor Vehicles</b> (NACE Rev.1 - 34.10)	<b>2000</b>	251.7		
	<b>2001</b>	238.2		
	<b>2002</b>	235.1		
	<b>2003</b>	224.1		
	<b>2004</b>	212.4		
	<b>2005</b>	200.6		
	<b>2006</b>	190.8		
	<b>2007</b>	187.0		
<b>Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines</b> (NACE Rev.1 - 34.20 + 34.30)	<b>2000</b>			
	<b>2001</b>			
	<b>2002</b>			
	<b>2003</b>			
	<b>2004</b>			
	<b>2005</b>			
	<b>2006</b>			
	<b>2007</b>			
<b>TOTAL</b> (NACE Rev.1 - 34.00)	<b>2000</b>			
	<b>2001</b>			
	<b>2002</b>			
	<b>2003</b>			
	<b>2004</b>			
	<b>2005</b>			
	<b>2006</b>			
	<b>2007</b>			

Source:

### ➤ **Comments**

UK seen employment levels fall consistently over the period shown. This reflects changing structure of industry and also shifts to increased automation. At end of 2006 saw Peugeot shut Ryton plant, but some jobs have been created at several other plants as they have moved to increase output.

<b>Taxation</b>	<b>Environment</b>	<b>Transport Policy</b>	<b>Emissions</b>
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➤ **New Measures & effects on the Motor Vehicle market:**

	<b>Taxation:</b>
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***Pre-Budget Report - Transport and environment taxes***

Budget 2007 saw fuel duties and light vehicle VED give some stability with indicative rates for 2008 and 2009. We welcomed this format and the limited guidance it gives to business and motorists on government's intentions here. The Government today announces inflation-only increases on motorcycle VED rates in 2008-09, while VED rates for special types vehicles, combined transport vehicles and all vehicle categories that are linked to the basic goods rate will be frozen. It also announced on 1 October 2007 that heavy goods vehicles (HGV) VED rates would be frozen in 2008-09. All changes take effect from licences commencing 1 April 2008.

The notable recent change on fuel duties was the 1<sup>st</sup> October implementation of the delayed 2p per litre duty, as set in Budget 2007.

The government will no longer proceed with seeking state aid clearance for an Enhanced Capital Allowance (ECA) for the cleanest biofuels plant. However there will be the extension of the 20p per litre biofuels duty differential to biobutanol on a pilot relief basis later this year; and government today laid in Parliament the draft RTFO order to prepare for the introduction of the RTFO in April 2008.

The Government will be reviewing the hydrocarbon oils duties legislation to simplify the duty rates structure and remove obstacles to the introduction of more environmentally-friendly fuels. Draft clauses will be exposed for comment later in the year.

Following HMRC's review of the taxation of employee car ownership schemes (ECOS), the Government has decided not to impose a benefit in kind charge on ECOS. A summary of the responses to the consultation on the tax relief for business expenditure on cars is published with the PBR. The Government appreciates the importance of considering the framework of taxation of cars used for business travel as a whole, and will make announcements on future policy in this area in Budget 2008.

From April 2008 the fixed figure on which the company car fuel benefit charge is based will be increased, from £14,400 to £16,900, to enhance the environmental incentive to drive fewer miles. After a period since 2003 of no change, the increase in line with RPI inflation over this period has reconfirmed government policy not to encourage any increase in uptake of this benefit.

A package of measures announced on 1 Oct including freezing vehicle excise duty on HGVs; £2million per year for enforcement; and publishing a progress report on enforcement of foreign vehicles.

The Government will continue in its work to include aviation in the EU Emissions Trading Scheme. Air Passenger Duty will also be replaced with a duty paid per plane rather than per passenger with effect from 1 November 2009, and will begin a consultation shortly. In advance of the introduction of a per plane duty, APD rates will be frozen at their current level for 2008-09.

The Department for Environment, Food and Rural Affairs will see a budget increase by 1.4% in real terms on average over three years.

Government has also announced the creation of an Environmental Transformation Fund of £1.2bn over the CSR07 period.

In Phase III of EU ETS greater use will be made of auctioning.

Climate Change Agreements will continue until 2017, subject to state aid approval, business will be involved in taking this forward.

### ***King Review***

Further to the publication of the Stern Review last year at Budget 2007 the Chancellor launched the King Review, to examine the vehicle and fuel technologies which could help decarbonise road transport, particularly cars, over the next 25 years. The interim analytical report was launched today – 'Part 1: the potential for CO2 reduction'

[http://www.hm-treasury.gov.uk/pbr\\_csr/reviews/pbr\\_csr07\\_king\\_index.cfm](http://www.hm-treasury.gov.uk/pbr_csr/reviews/pbr_csr07_king_index.cfm)

This report looks at the scope of emissions reductions from vehicle technologies, cleaner fuels and consumers. It says whilst the challenge is large and urgent it is achievable. The report suggests 30 per cent lower CO2 emitting cars could be in place within 10 years by switching to the lowest emitters in each class, developing the market for low emissions cars is the urgent short term challenge. A 50 per cent reduction by 2030 could be achieved, at a low cost, by battery-electric hybrids and bio-fuels. An almost complete de-carbonisation of road transport is realistic in the long-term, through electric or hydrogen-powered vehicles. The interim report understands the role of the consumer. The King Review also mentions fuels must be assessed on life-cycle CO2 emissions. The next stage of the Review, regarding recommendations to Government on its role, is due in early 2008.