

Analyzing the Automotive Industry in EU Region

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Why is the Automotive Industry Important?¹

The automotive industry is crucial for Europe's prosperity. The automotive sector provides direct and indirect jobs to 13.8 million Europeans, representing 6.1% of the total employment in the European Union (EU). 2.6 million people work in direct manufacturing of motor vehicles, representing 8.5% of EU employment in manufacturing. The EU is among the world's biggest producers of motor vehicles and the sector represents the largest private investor in research and development. To strengthen the competitiveness of the EU automotive industry and preserve its global technological leadership, the European Commission (EC) supports global technological harmonisation and provides funding for R&D.

European Car Market²

In April 2022, new passenger car registrations in the EU saw a significant drop (-20.6%), as supply chain issues continued to weigh heavily on car production. With the exception of the pandemic year in 2020, this was the weakest April result in terms of volumes sold since records began (684,506 units sold). All major markets contributed to the region's negative performance: Italy (-33.0%), France (-22.6%), Germany (-21.5%) and Spain (-12.1%). From January to April of 2022, new car registrations declined by 14.4% across the EU, totalling 2,930,366 units. The substantial decrease in car sales in March and April further dragged down the cumulative performance. Among the key markets in the EU, Italy saw the steepest fall (-26.5%), followed by France (-18.6%), Spain (-11.8%) and Germany (-9.0%).

Sources:

1. https://ec.europa.eu/growth/sectors/automotive-industry_en
2. https://www.acea.auto/files/20220518_PRPC_2204_FINAL.pdf
3. https://www.acea.auto/files/20220518_PRPC_2204_FINAL.pdf
4. <https://eauto.org.ua/en/news/79-sales-of-new-cars-in-the-eu-are-falling-for-the-fifth-month-in-a-row>
5. <https://www.mordorintelligence.com/industry-reports/europe-market-for-lightweight-cars-industry>



Main Players in the EU Market³



Volkswagen Group (including Volkswagen, Audi, Skoda, Sear, Porsche) had 25.7 % of the EU market share during January to April 2021, but it declined to 24.6% in the same period of 2022. Total registered VW cars were 878,781 units in January-April 2021 and it declined 18.0% to 720,385 units in the same period of 2022.

Stellantis (Including Peugeot, Fiat, Citroën, Opel, Jeep, DS, Chrysler and Alfa Romeo) is the second biggest player in the EU with a 23.6% market share between January-April 2021, but this share dropped to 20.4% in the same period of 2022. The registered cars of this Group were 806,603 units (in Jan.-Apr. 2021) and it declined 26.0% to 596,968 units (in Jan.-Apr. 2022).



Renault Group as the third biggest car provider in the EU has Renault, Decia and Alpine brands, representing 9.5% of EU market share in January-April 2021. The market share of this Group in the EU increased to 9.9% in the same period of 2022. The total registered cars of this Group were 323,805 units, but the number declined 10.5% to 289,695 units.

Hyundai with Kia and Hyundai brands as the 4th biggest car provider in the EU region had a 7.2% market share in January to April 2021. Its market share increased to 9.6% in the same period of 2022. The total registered cars of Hyundai were 247,682 units in Jan.-Apr. 2021 and it increased 13.6% to 281,456 units.



Toyota Group with Toyota and Lexus brands as the 5th biggest car provider in the EU region had a 6.2% market share in January to April 2021. Its market share increased to 7.2% in the same period of 2022; however, its registered cars were 213,821 units in Jan.-Apr. 2021 and it decreased 1.1% to 211,532 units.



BMW Group with BMW and Mini brands as the 6th biggest car provider in the EU region had a 6.9% market share in January to April 2021. Its market share increased to 7.0% in the same period of 2022; however, the total registered cars were 236,173 units in Jan.-Apr. 2021 and it decreased 13.7% to 203,847 units.



Mercedes-Benz Group with Mercedes and Smart brands as the 7th biggest car provider in the EU region had a 5.8% market share in January to April 2021. The market share increased to 5.9% in the same period of 2022; however, the registered cars were 236,173 units in Jan.-Apr. 2021 and it decreased 13.7% to 203,847 units.



Mercedes-Benz

The remaining car brands in the EU are shown in the following table.

Group	Brands	JANUARY - APRIL				
		Share in 2022 (%)	Share in 2021 (%)	Units in 2022	Units in 2021	% Change 2022/2021
Ford	Ford	4.5%	4.5%	130,586	155,408	-16.0%
Volvo	Volvo	2.2%	2.5%	65,218	86,187	-24.3%
Nissan	Nissan	1.8%	2.0%	53,079	68,337	-22.3%
Mazda	Mazda	1.2%	1.1%	36,094	37,691	-4.2%
Mitsubishi	Mitsubishi	0.6%	0.5%	18,952	18,470	+2.5%
Jaguar-Land Rover	Land Rover / Jaguar	0.6%	0.8%	18,502	28,263	-34.5%
Honda	Honda	0.5%	0.3%	14,799	11,660	+26.9%

Why are Sales of New Cars in the EU Falling⁴?

Sales of new cars in the EU have been declining for the consecutive fifth month. The reason is not because Europeans do not want to buy new cars, but is the global industrial crisis and the shortages of new cars due to the lack of components, chips and semiconductors. **The shortage of components has led to greater losses in the market of new EU cars than a full lockdown in the spring of 2020.** Given that automakers are still forced to reduce production and even shut down plants for a while, the world will feel the effects of the crisis for another two years, experts say.

The Trend of Lightweight Cars with Opportunities is the Future of Europe⁵

The European lightweight car market is expected to register a CAGR of about 9.7% during the forecast period (2021 – 2025).

- Currently, the market for lightweight vehicles is primarily driven by regulatory authorities pushing for fuel-efficiency and increased demand from the developed economies of Europe for higher focus on reducing the cost of materials through consistent research.
- The ideal materials for lightweight cars in this market include aluminium, high strength steel, and magnesium. With the enactment of stringent emission norms and fuel economy standards in the European region, the region's automobile manufacturers have started using carbon fiber composites in the manufacturing of their vehicles.
- With the emergence of electric vehicles and an increasing ban on diesel vehicles' production of gasoline and diesel engines, the fossil fuel-run automotive industry may face negative growth. However, lightweight car materials will remain a driving factor due to its application in an alternative fuel vehicle market. ■

