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AUTOMOTIVE PARTS & EQUIPMENT MARKET - AUSTRIA

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000 3,105
 2001: 5,321
 2002: 6,018 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2000-2002: 28%
- C) Imports, total (US \$ millions):
 2000: 2,491
 2001: 2,801
 2002: 3,968 (estimated)
- D) Est. Avg. Annual Growth Rate (1997-1999) of total imports: 14%
- E) Imports from the U.S. (US \$ millions):
 2000: 716
 2001: 798
 2002: 921 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: 9%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	1	1	5	4
Batteries	3	3	2	5	4
Garage Equip. (General)	3	2	4	5	4
<i>(Diagnostic)</i>	3	2	4	5	4
<i>(Emission Control)</i>	4	2	4	5	4
Engines and Parts	4	1	4	5	4
Gears/Gear Boxes	4	1	1	5	4

<i>(HVAC Equipment)</i>	3	3	1	5	4
<i>(Transmission Parts)</i>	4	2	1	5	4
<i>(Tubes and Tires)</i>	4	1	2	5	4
<i>(Accessories)</i>	4	2	2	5	4

III. Narrative Information:

U.S. exports of automotive parts and equipment to Austria increased from only \$30 million 1991 to over \$790 million in 2001. The American share of the after-market in Austria is still very low, though the true picture is probably not fully captured in official statistics as they do not control U.S. products that enter Austria via another EU country.

We expect that the total market for auto parts and equipment in Austria to grow by around 15% in 2002. One of the reasons for this slow growth is mainly the overall slump in auto sales, which seems to continue this year. This picture is brightened significantly by the simple fact that people who don't buy new cars must repair the cars they have which in return will keep the demand for replacement parts healthy.

IV. Major Procurements on the Horizon (next 18-36 months):

None

V. Country's Methods of Procurement:

N/A

VI. Means of Financing Procurements:

For suppliers entering the market for the first time or selling to new customers, the usual practice is to require confirmed and irrevocable letters of credit. Most trade relationships between the United States and Austria, however, are well established, and less stringent requirements, including both open account and extended terms, are often agreed upon once confidence is established. As Austria is a fully developed industrial nation, no special funding of U.S. export sales is available from U.S. governmental or multinational institutions. Austria's international credit rating gives it preferred status for trade, finance and investment guarantees. A bilateral arbitration agreement exists and can be included in contracts.

VII. Points of Contact:

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- B) Wirtschaftskammer Oesterreich
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Internet: www.wko.at/fahrzeuge
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AUTOMOTIVE PARTS & EQUIPMENT MARKET - BELGIUM

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 15,451
 2001: 16,524
 2002: 19,546 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 1998-2000: 7%
- C) Imports, total (US \$ millions):
 2000: 18,429
 2001: 19,711
 2002: 23,316 (estimated)
- D) Est. Avg. Annual Growth Rate (1997-1999) of total imports: 9%
- E) Imports from the U.S. (US \$ millions):
 2000: 921
 2001: 986
 2002: 1,166 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: 5%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	1	2	2	2	2
Batteries	2	2	1	2	2
Garage Equip. (General)	4	5	2	4	4
<i>(Diagnostic)</i>	4	4	3	2	3
<i>(Emission Control)</i>	4	4	3	2	3
Engines and Parts	4	1	3	3	3
Gears/Gear Boxes	3	1	2	2	2
<i>(HVAC)</i>					

<i>Equipment)</i>	3	2	3	2	2.5
<i>(Transmission Parts)</i>	4	1	2	2	2
<i>(Tubes and Tires)</i>	3	1	1	3	2
<i>(Accessories)</i>	5	5	3	4	4

III. Narrative Information:

Belgium's automotive industry has always been one of the strongest components of its economy. More than 95% of its output is destined for export, making Belgium a world leader in the car assembly industry in terms of per capita production.

Belgium's car assembly industry, Ford, Opel, Volvo and Volkswagen employ 30,000 direct employees, yielding an average annual output of one million vehicles. This production is valued at \$14.1 billion. Investor confidence is strong and is reflected in the impressive \$350 million annual investments by parent companies Ford, GM, Chrysler and Volkswagen.

There is a fairly high renewal rate of cars in Belgium and there are 5.8 million motor vehicles registered in the country. In 2001, 502,000 new cars, excluding 61,000 utility vehicles, joined the Belgian car park. 583,000 secondhand cars and 67,000 utility vehicles were resold. On average, each year 485,000 vehicles fail to pass technical and must leave the Belgian car park. 190,000 of these cars are stripped for parts and recycled and crushed while the rest are resold abroad.

Along with passenger cars, Belgium assembles trucks, buses and trailers. Van Hool, Volvo Europa, Daf, and Jonckheere are the major manufacturers, employing over 10,000 people that generate an annual turnover of \$2.7 billion.

This thriving manufacturing and assembly industry has helped to fuel a vigorous national automotive supply network. Currently, over 250 firms cater for the industry supplying raw materials, components, services and systems. These firms represent a turnover of approximately \$11 billion and provide employment for some 25,000 people. With new supplier parks planned for Genk and Ghent, the Belgian Automotive Suppliers Association predicts this figure will continue to rise steadily over the next few years.

In 2001 there was a 16% increase in sales of 4x4 vehicles and Sport Utility Vehicle, while sales of minivans also rose 11%. Sales of other vehicle types –compact, subcompact, station wagons and lower-end luxury sedans declined and are predicted to decline further. Sports and leisure vehicles are clearly becoming the new trend in Belgium. Volkswagen, at 12%, Opel, Ford, Renault, Peugeot, Citroen and Toyota at 6%, and Mercedes, BMW, and Nissan at 5% are the most popular brands of car.

Due to the high cost of gasoline and relatively poor gas mileage, 62% of newly registered cars are diesel-powered. This new-car market share has been rising steadily over the past ten years and should continue to increase. However, 56% of the car park are gasoline powered and less than 1% use Liquefied Petroleum Gas.

In Belgium, 90% of the cars have a displacement under 2 liters. Fiscal burden is very heavy for 'larger' displacement engines. For reference, a 3-liter engine would cost over \$2,000 to register and over \$2,000 in annual taxes.

Best prospects for auto equipment include anti-theft devices, fast-rotating replacement parts, and gadgets for in-car entertainment, customizing and sport accessories, car maintenance chemicals, hands-free

telephone kits, and GPS devices. In addition, quality American garage and test equipment has also always been highly respected.

In the repair and service equipment market, the most promising items are air-conditioning maintenance equipment, electronic diagnostic devices, emission testing equipment, and testing equipment for technical inspection stations.

Environmental awareness is a most recent trend in the Belgian automotive industry, especially regarding vehicle recycling. By 2005, 85% newly registered car's weight must be recyclable, by 2015, 95%. Currently, 75% is the standard.

IV. Major Procurements on the Horizon (next 18-36 months):

None at this time.

V. Country's Methods of Procurement:

In Belgium, exports amount to roughly two thirds of GDP. Consequently, the process of paying for imported goods is well understood by banking staffs -- even in the smallest regional and local branches. Generally speaking, buyers show a preference for payment by cash against documents (CAD), as this is the simplest and least costly method. However, they understand U.S. and transcontinental buyer requirements for letters of credit (L/C). This is often the form of payment for U.S. companies beginning to sell to Belgium. In cases where Belgian importers and their U.S. suppliers have built up mutual confidence, letters of credit are superseded by time drafts and eventually by CAD terms. In rare instances, open account terms -- where the importer pays after receipt of the goods -- are used.

VI. Means of Financing Procurements:

Belgian importers are relatively small, with inadequate sources of inexpensive capital and consequently press for the most lenient credit terms possible. In addition, they are accustomed to being offered flexible payment terms, mainly from their neighboring trading partners, including France, Germany, the Netherlands, U.K., Switzerland, and (sometimes) Italy. Extended payment terms of 30, 60, 90 and even 120 days are not unusual, though the most common payments terms are net 30 days. However, Belgian businesses, like many in Europe, routinely delay payment beyond the agreed upon terms. In Belgium, some 43 % of all payments are not made on time, although 80 % of the delayed payments are made within another 30 days. In short, 91 % of all payments by Belgian businesses are made net 60 days. Yet, this is a better record than in Italy or the U.K., and equal to that of France and the Netherlands.

Since the use of credit is consequently widespread, flexible credit terms can be important to winning sales contracts in Belgium. A U.S. firm should consider offering such terms, provided it is able and willing to provide such financing and has done a full credit check on the Belgian company. Even then, it would probably be wise to try several shipments on a secured credit basis before moving to more lenient terms. There are several local credit agencies available, including Dun, Bradstreet and Graydon.

Import duties and value added tax (VAT) are applied to the CIF (Cost Insurance Freight) value of goods. The rate of import duties is the same as that applied by all EU countries. Since products coming from other EU members enter Belgium duty free, U.S. products often start off with an average 5-6 % price disadvantage. By offering favorable credit terms, U.S. suppliers can help their importers offset a portion of that higher price.

VII. Points of Contact:

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Commercial Attaché: Angela Dawkins

Commercial Specialist: Ira Bel

AUTOMOTIVE PARTS & EQUIPMENT MARKET – REPUBLIC OF BULGARIA

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 80.3
 2001: 84.4
 2002: 88.5 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2000 - 2002: 5.0%
- C) Imports, total (US \$ millions):
 2000: 75.8
 2001: 80.3
 2002: 83.6 (estimated)
- D) Est. Avg. Annual Growth Rate (2000 - 2002) of total imports: 5.0%
- E) Imports from the U.S. (US \$ millions):
 2000: 4.1
 2001: 4.9
 2002: 6.5 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: 14%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	3	3	3	3
Batteries	4	2	3	2	3
Garage Equip. (General)	4	4	1	3	4
<i>(Diagnostic)</i>	4	4	1	3	4
<i>(Emission Control)</i>	4	3	1	3	4
Engines and Parts	5	3	1	3	4
Gears/Gear Boxes	5	4	2	4	5
<i>(HVAC)</i>					

<i>Equipment)</i>	3	3	3	2	3
<i>(Transmission Parts)</i>	4	4	2	2	4
<i>(Tubes and Tires)</i>	5	5	2	4	5
<i>(Accessories)</i>	5	5	3	4	4

III. Narrative Information:

The automotive parts and equipment market is an important and growing sector in Bulgaria. The total market has been growing 5 % annually and U.S. imports have grown by 60 % since 2000. However, while imports represent almost 95 % of the market, the United States has only a 7.7 % market share. Major import competition comes from Germany (Beissbarth, ROHE, Karcher), UK (Haynes), Italy (ITM, Lavor Wash, Corchi, Usag, Spanesi, Comet, Sapiens, Beta, Motorscan), France (Facom, ABAC, Rodcraft), Turkey (BalansMatic).

Currently about 15,000 used cars are imported into Bulgaria annually. Bulgaria is unusual in the Southeast Europe region in that there are no age limitations for imported used cars. The average age of the 2.2 million passenger cars in Bulgaria is about 19 years and 90 per cent of these cars have manual gearboxes. Out of the remaining 10 per cent with automatic transmission, approximately 90 per cent are U.S. manufactured cars. The majority of cars (70 per cent) are powered by gasoline engines of which half are equipped with LPG fuel systems. The remaining 30 per cent of the Bulgarian automotive fleet are diesel fuel cars.

Used cars sold on the Bulgarian market do not undergo any preliminary service inspection and are not covered by any warranty. This translates into a large demand for immediate inventory of spare parts, consumables, tools, instruments and service station equipment. Both used and new cars (after the second year of initial date of purchase) undergo annual technical inspection and check-up which is a precondition for visiting the service station and applying the necessary service/repair intervention.

The end user market for automotive repair, tools and service equipment includes more than 3,000 repair shops, half of which are car dealerships and the other half are independent businesses. Many Bulgarian car owners also do their own service, such as oil changes, filter replacement, simple adjustments, rubber belts replacement, and brake and brake shoe lining replacement.

There are no non-tariff barriers. Equipment certified for use in the European Union will meet the Bulgarian standards as well. However, the customs tariff in Bulgaria does work against American exporters. The duties levied on U.S. originating automotive tools, repair and service equipment varies within the range 5 to 15 %, while similar equipment imported with EURO1 certificate is subject to maximum 2 %. The American Embassy in Sofia is working to eliminate this discrepancy in tariff rates.

Best Sales Prospects by Category HS Code

Hand tools (non adjustable)	8204.11
Hand tools (adjustable)	8204.12
Socket wrenches	8204.20
Interchangeable tools for hand tools	8207
Steam and sand blasting machines	8424.30
Jacks, hoists	8425.39, 8425.41, 8425.42
Body straightening equipment	8425.92
Gas/smoke analysis apparatus	9027.80
Electronic measuring and tracing equipment	9031.80

Electronic engine control and tuning equipment	9029.20
Diesel fume emissions measuring equipment	9031.80
Generic repair equipment (wheel balancers, tire replacement, and alignment equipment)	9031.10, 9031.20, 9031.30

IV. Major Procurements on the Horizon (next 18-36 months):

None

V. Country's Methods of Procurement:

Traditional procurement methods for Bulgaria remain:

- letter of credit (downpayment upon placing of the order and balance payment upon presentation of commercial Invoice, Certificate of Origin, Certificate of Quality, Bill of Lading, EUR certificate in case of EU origin),
- deferred payment or consignment stock supplies which are applicable among long-term partners
- bank transfer

Commercial Service Sofia would recommend in cases of Letter of Credit and Bank Transfer a bank guarantee issued by a reputable commercial bank to be requested.

VI. Means of Financing Procurements:

The sources for financing procurements in Bulgaria are still rather limited and/or very restrictive. Limited number of companies can afford bank loans. The interest rate and other loan and credit specifics could vary and are available on the Bulgarian National Bank website www.bulbank.bg

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Commercial Attaché Mr. Reginald Miller
Commercial Specialist Mrs. Uliana Kan

AUTOMOTIVE PARTS & EQUIPMENT MARKET - CROATIA

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 67
 2001: 72
 2002: 75 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2000-2002: 5.5%
- C) Imports, total (US \$ millions):
 2000: 62
 2001: 67
 2002: 70 (estimated)
- D) Est. Avg. Annual Growth Rate (2000-2002) of total imports: 6%
- E) Imports from the U.S. (US \$ millions):
 2000: N/A
 2001: N/A
 2002: N/A (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: N/A

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	4	3	1	5	4
Batteries	4	2	2	4	3
Garage Equip. (General)	3	2	1	3	4
<i>(Diagnostic)</i>	4	3	1	5	4
<i>(Emission Control)</i>	4	3	2	4	3
Engines and Parts	5	4	2	5	5
Gears/Gear Boxes	5	3	1	4	4
<i>(HVAC)</i>					

<i>Equipment)</i>	3	2	1	2	2
<i>(Transmission Parts)</i>	4	3	2	2	4
<i>(Tubes and Tires)</i>	4	5	1	3	5
<i>(Accessories)</i>	5	5	2	4	4

III. Narrative Information:

Croatia has a population of 4.5 million people. In 2001, 70,212 new vehicles were registered, making a total of 1.3 million registered vehicles. In 2000 and 2001, the Croatian market for new automobiles set two record years, and similarly, the market for automotive parts and accessories also rose steadily.

Last year, the following firms were the ten top car manufacturers, in terms of the number of new vehicles sold:

1. Renault (11,981 vehicles; 16.94% of the market)
2. Volkswagen (7,860; 11.12%)
3. Fiat (7,553; 10.68%)
4. Skoda (6,841; 9.67%)
5. Opel (6,781; 9.59%)
6. Peugeot (4,606; 6.51%)
7. Citroen (4,451; 6.29%)
8. Hyundai (3,364; 4.76%)
9. Mazda (3,089; 4.37%)
10. Daewoo (2,642; 3.74%)

The after-market retail distribution network in Croatia is structured as follows:

- Official car dealers/auto repair shops (some of which instituted 24-hours emergency services, providing immediate assistance/vehicle replacement)
- Independent service stations
- Specialized retailers of auto-parts and tools

Official car dealers generally are required by their OEMs to sell exclusively the original spare parts, preventing them from using products from specialized manufacturers (unless the OEM does not offer such products). Furthermore, car warranties require owners to repair vehicles only at official dealers, using original spare parts. However, official car dealers can offer various car accessories such as car radios or car-care products from different manufacturers. This type of products is also sold at the gas stations, independent service stations, and specialized retailers.

There is very little domestic production of automotive parts, and almost no domestic production of car accessories. Local companies such as Cimos, AD Plastik, Elcon and Prevent produce a small number of parts for the French manufacturers Citroen, Peugeot and Renault, which entitles these OEMs to tax benefits.

US manufacturers of automotive parts and accessories have a good reputation among local importers and distributors. However, the local market is dominated by imports from Germany, Italy, Britain, other European countries and Japan. This somewhat limited presence of US products on the Croatian market would require emphasizing general public awareness for US products. The main concerns that local importers and distributors expressed about importing products from the US were the following: (1) price in comparison with main competitors, (2) applicability of US products on some non-US vehicles, and (3) service.

Croatian law requires that each year all automobiles pass a technical inspection prior to their registration for the following year. These mandatory inspections increase activity in the auto repair industry. The average age of automobiles in Croatia is 14 years, which is much higher than the EU average. There are many older models (including 250,000 still surviving Zastava automobiles) for which the official car dealers do not have adequate parts, thus providing opportunities for independent service stations and specialized retailers.

The best sales prospects for US exports in Croatia are the following:

- Car radios
- Car-care products
- Car-enhancement products
- In-car entertainment products
- Air conditioning units
- Anti-thefts systems
- Computerized engine management
- Diagnostics

Recently, there has been a sharp increase in the after-market anti-theft devices and other accessories. Many Croatians see their cars as status symbols, and are therefore prepared to buy expensive models, and equip it with various accessories (and protect it against theft). However, these accessories – beside their aesthetic value – have to be functional.

IV. Major Procurements on the Horizon (next 18-36 months):

None

V. Country's Methods of Procurement:

Regularly, government institutions and large state-owned companies issue tenders for purchasing new vehicles, and maintenance of their older vehicles (including the purchase of automotive parts and equipment).

VI. Means of Financing Procurements:

VII. Points of Contact:

A) U.S. Embassy
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AUTOMOTIVE PARTS & EQUIPMENT MARKET – CZECH REPUBLIC

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Despite the decline in Europe and the US, the Czech automotive market continues to grow. The automotive industry, one of the most prosperous sectors of Czech industry, presents many opportunities for U.S. automotive producers. (End Summary)

The Czech Republic produces the largest volume of cars in the Central/Eastern European region. Czech auto plants make passenger cars as well as parts and accessories. This sector is 13.3% of the overall Czech industrial production.

At the core of the Czech automotive sector is **Skoda Auto**, managed by The Volkswagen Group since 1991. In 1997, Škoda Auto overtook Fiat to become the **largest car producer in Central Europe**. The greenfield manufacturing plant built in the Octavia range is one of the most efficient in Europe with six component systems integrators supplying modules directly to the assembly line. Volkswagen's US\$ 2.6 billion investment in Skoda Auto stimulated the entire Czech components industry.

There are now **270 car-parts suppliers on the Czech market**. 45% of the Top 100 European automotive component suppliers and 40% of the Top 100 World automotive component suppliers have facilities in the Czech Republic. It is an attractive market because of its excellent connectivity with Europe's motorway network, a track record of successful R&D and quality production, and highly qualified, low-cost labor. More than 130 joint ventures and greenfield sites have been set up by foreign component manufacturers in the Czech Republic, and more are in the pipeline. Many major companies are expanding their single Czech plants into multiple operations. The Czech Republic is a possible location for new factories to be built by Audi and Toyota. Czech-based automotive sector suppliers are geographically close to important car manufacturers in Germany, Poland, Slovakia and Hungary, and also supply further-flung markets like France and Spain. A significant number of U.S. companies have established joint ventures or bought a majority stakes in Czech auto parts producers.

Best sales prospects include: lighting equipment, car bulbs, filters, bumpers, shock absorbers, car phones, in-car entertainment, security equipment and car care products.

Contact

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AUTOMOTIVE PARTS & EQUIPMENT MARKET - DENMARK

Summary

This is a concise overview of opportunities in the Danish market for U.S. automotive products and services. It should be viewed as an addition to the Industry Sector Analysis report entitled “Denmark – Automotive Parts and Services”. The Danish automotive industry, despite continuing difficulties in the sales of new models, offers reasonable prospects for US suppliers of automotive parts and accessories, particularly those catering to the automotive after-market.

Facts and Figures for the Danish Automotive Industry

Yet again the Danish automotive market continues to stagger from pillar to post. While the total amount of cars on the road has risen some 20,000 to some 1,877,000 the amount of new cars on the road has fallen by some 50,000 to 96,181 units. The sale of used cars continues to rise and currently stands at 390,294. Overall the number of cars on the Danish roads as rose some 17% in real terms since 1990.

For every new car sold in Denmark, five used cars are sold. The reason for this is taxation - Danes shy away from new purchases (and thus avoid the heavy taxation) and look towards the second-hand market for their automotive needs, with a concomitant increased opportunities in the parts and accessories market. The heavy taxation policy (a determined government drive to force people to accept the benefits of public transportation) means that Denmark has only 349.9 cars per 1,000 citizens (the fourth lowest total in the whole of the European Union).

Danes are keeping their cars for longer and using them more and more. The average age of Danish cars is now 8.8 years (up from 8.6 years in 1999) while the average life-span of a Danish car has risen more than 5% to its current 15.5 year average.

The Danish Taxation System – Explaining Why New Cars Will Not Sell

This example will give some indication of the aggressive taxation policy the Danish government has towards new car purchases. It is an example taken from the Danish Automotive Association and illustrates the amount that Danes have to pay the state when purchasing a new car.

A new Vauxhall/Opel Astra, inclusive of tax, costs (all figures are approximations based on an exchange rate of 7.5) USD28,000. Delivery and number plate charges are a further USD424. The approximate total cost, inclusive of tax, is therefore USD28,424. Of this, the Danish state charges were approximately USD18,000 – almost 67% of the cost of a new car in Denmark is attributable to state charges.

In terms of running costs for this car, an average car in Denmark drives 15,000km every year. Environmental taxes run to USD402, insurance inclusive of tax is USD1359 while fuel inclusive of tax is USD1244. Service inclusive of value added tax (25% flat rate for all goods and services) is USD262 and other expenditures are expected to be in the region of USD386 (inclusive of tax). Therefore the average running costs of a new family car in Denmark is approximately USD3,600. Almost 45% of this is directly attributable to state charges, taxations and levies.

Getting Cars Services in Denmark

Given the extremely high costs associated with new car purchases in Denmark, it comes as little surprises that there is a blossoming market for after-sales and service products. The following list gives some indication of the current import market.

Parts and Accessories Market in Denmark for 2002 (exch. rate = 7.5)

HS Code	Total Import in USD	US Share of Market in USD
8708.29.90	59,000,000	114,000
8708.40.90	5,030,000	94,266
8708.50.90	2,810,000	28,933
8708.70.91	251,000	32,133
8708.70.99	142,000,000	1,489,000

8708.80.90	8,300,000	133,466
8708.91.10	347,000	31,000
8708.91.90	10,292,000	185,000
8708.92.90	29,410,000	53,800
8708.93.90	6,393,000	43,200
8708.94.90	4,181,000	34,400
8708.99.98	224,000,000	3,000,000

This table shows a lot of potential growth areas for US products: direct US exports to Denmark remain a relatively small part of the market and in many individual sectors the US currently has no direct US-Denmark market presence. However, as stated earlier, these figures are only an indication of direct Danish imports: there are no current statistics available for exports to Denmark via another non-Danish port of entry.

Current best sales prospects are for equipment to service and retrofit air-conditioning systems, emission quantifying machinery, testers and parts for air-bag machinery, retro-fit catalytic converters (although the demand for this is declining with newer cars fitted with catalytic converters as standard).

How Danes Service Their Car

When Danes purchase a new car and then require a service, they take their purchases to one of the 1,200+ factory dealerships spread across the country. This is done largely because most dealerships offer free or “low-cost” servicing as part of the initial sales package. Yet as the car increases in road mileage there is a distinct tendency for Danes to have their cars serviced at local, independent workshops – 8 years is the current average for a Danish car before it disappears from the point-of-purchase service register. This in effect means that after 8 years Danes will avoid dealership workshops and instead opt for the local, independent garage option. Currently, 47% of Danish cars are serviced at authorized dealership workshops, 13% at other independent workshops, 3% are serviced by registered mechanics outside of their workplace, 9% are serviced by the owner, 27% are serviced by irregular garage visits, while the remaining 2% go unclassified. This means that there is a very large market for parts and accessories targeted at either the local workshop or at the owner themselves. All mechanics and point-of-sale repair workers who are members of the Danish Automotive Association (DAF) – around 1100 of the 1200 state-authorized workshop – are certified via a system equating to the ISO 9000-system, meaning that a level of quality and workmanship is to be reached. Danes are in general very satisfied with the levels of service on offer in these workshops, with at least 60% indicating that the service level was above expected.

In terms of local automotive workshops, there are an estimated 7,500 automotive workshops placed around Denmark (the number is widely agreed to be higher due to the rising number of “back-street” garages operating without full license). Of these 7,500, approximately 1,100 are attached to local factory-authorized dealerships, usually of a very high standard and operating according to the regulations set down by the actual car manufacturer. The rest (approximately 6,400) are known as independent garages. It is this sector that should be the main target for US suppliers of automotive parts and accessories. There are two main reasons for this: firstly, the tightening of government regulations in relation to the workshop environment has necessitated workshop owners having to look for air-quality and hazardous waste/ equipment and machinery in order to meet current and regulations. Secondly, as the market has adapted to the wholesale changes in the automotive industry, investments in modern technology and equipment (ie. Emissions testing equipment) has become a necessity for every workshop. This cost-intensive upgrading of workshops has led to the closure of some of the smaller businesses unable to keep up with industry changes as a whole but has also meant that the local workshops, have been and are currently investing in heavy equipment (typically with at least a 5-year lifespan). Finally Quick-fit centers (primarily for exhaust systems and tire replacement) have risen in popularity but offer only very limited repair services (and concomitant opportunities for sales of parts and accessories).

There are several purchasing organizations within Denmark for regional wholesalers and numerous “specialty” importers (i.e. importers of body repair equipment, management systems for fluids, test

equipment, lifts and brake testers) who US manufacturers of such equipment should be targeting. CS Copenhagen are able to advise any US suppliers looking for access into the Danish market.

Domestic Competition for US Suppliers

Approximately 100 Danish companies, employing approximately 3,500 people, are directly involved in the Danish automotive parts industry. Statistics (as above) indicate a healthy trade balance, with many of the most popular products (particularly brakes and friction parts) enjoying a very healthy export profit. Production is relatively diversified, but can be subdivided into finished products and components for auto-manufacturers

Key players include:

1. Roulunds Fabrikker – producing friction parts such as brake pads and fan belts.
2. Obtec A/S – producing brake parts, including discs.
3. Walker – US owned, making exhaust systems and catalytic converters.
4. Veng International – manufacturer of body parts.

Furthermore, there are a second group acting as sub-suppliers to the European automobile industry. These key players include:

1. Metallic – manufacturers aluminum parts.
 2. Vald. Birn – transmission mounting parts.
 3. Hydro Heat Transfer – components for automotive air conditioning units as its major product line.
- None of these companies supply directly to the Danish after-market and have no influence on the domestic competitive situation.

In addition to outright production, there is a considerable industry segment related to the reconditioning of parts, particularly electrical parts such as starter motors and generators. In these segments, these “local” producers offer substantial competition. The value of this output is not statistically classified as production, and this to a large degree is the reason for the export statistics being much higher than current production values.

Many American companies catering to the automotive after-market have impressive market shares and sales volumes, enjoy high brand recognition and have an excellent reputation. Most US companies however supply the Danish market from manufacturing facilities out side of the US itself. Walker (part of the US Tenneco Group) for example, supplies exhaust systems from its own manufacturing facility in Denmark, yet when sold these are classified as Danish exports despite being a high revenue earner for the Tenneco Group. The most obvious example is Ford and GM (Opel), which have approximately 20% market share for new cars sold but have their automobiles manufactured from their European production plants. Thus U.S. brand names and goods are spread throughout the Danish market, often without Danes themselves knowing that the brand is indeed a US one.

Compared to other markets, Denmark is characterized by a very wide variety of makes, models and years of production, making a spare part sector a very complicated one. To gain market access, a supplier must offer a “complete program” i.e. a product range wide enough to cover at least 80% of the broad number of makes and models found on the Danish roads. As an example, dealers say it takes more than 500 stock numbers to cover 90% of the shock absorber market. A large regional wholesaler with a full range of parts, accessories and tools is likely to stock around 50,000 stock numbers. Because of the complexity of the market, piecing together a full program from several different suppliers is usually avoided if possible. If a US supplier can’t offer a relatively complete line, the alternative is to market products unrelated t specific makes and models.

Market Access

The Danish economy is reliant on international trade and nowhere is this more apparent than in the automotive industry. It is therefore not surprising that there are no tariff barriers or other obvious market access problems. However, as in the rest of the EU, all incoming parts and accessories must be CE marked, a mark by the manufacturer attesting to the fact that the product meets the essential requirements for that

product as stipulated in all relevant EU directives. Local Export Assistance Center (EACs) or CS Copenhagen are able to assist in any CE-related matters.

There are no non-tariff barriers or other obvious market access problems in Denmark, which shares the common EU import duties levied on parts and accessories manufactured outside the EU. These range from 4.9% to 11%. A 25% VAT is levied on all goods and services sold in Denmark. Importers with a good credit rating often expect an open account and terms of 30 days once a business relationship has become established. Most will, however, find it reasonable for a supplier to initially insist on doing business on a secured basis, and to pay for even major purchases with a credit card would not be out of the ordinary.

Distribution and Business Practices

Parts are sold in Denmark through two channels. One is via factory owned or contractually designated importers and their network of about one thousand authorized dealer outlets. It is generally assumed that this channel distributes 60% of the entire after-market. The other route is through the network of independent importers and distributors and regional wholesalers. Import agents, who are usually importers, customarily receive a 5-10% commission which is settled on a monthly or quarterly basis.

There are about 250 importers and distributors catering to the “non-authorized” aftermarket. Some firms act in both capacities. Nationwide distribution is dominated by three chains. One, A.Ostergaard/DAM (Danish) has a single owner, while the other two, DATI and AUTO-G, are buying associations which utilize a common name for shops belonging to diverse owners. Two other industry heavyweights are Bak & Uhrenfeldt (regional) and Falkenberg (owned by Hella, Germany).

Regional wholesalers sell to workshops and often to private “home mechanics” in their chosen geographical region. There is not always a clear distinction of function between many companies in the Danish parts and accessories sector. Some are regional wholesalers, but still have a few representations for foreign firms. Others are primarily importers, but also serve as a regional wholesaler. Often the difference is in the price lists. The discount offered on the price list reflects the type of customer. A regional wholesaler will usually take great care not to offer a private home mechanic the approximately 30% discount which a professional workshop can expect. In very much the same way, an importer will not “undercut” a regional wholesaler by offering a workshop the same price.

Parts for US made cars are not broadly distributed as there are so few on the market. Apart from Ford and GM and Chrysler Import Denmark only a handful of Danish firms offer such parts.

There are no nation-wide retailers of either spare parts or accessories. The largest chain, Bildillen, has 15 outlets and operates in the Copenhagen area. Its focus is on accessories rather than parts. Neither gas stations nor department stores are particularly important distribution channels. The lack of a nationwide retailer is a very good opportunity for US retailers to enter the Danish market.

Financing

Importers with a good credit rating expect to open an account and terms of 30 days once a business relationship has been established. Most will, however, find it reasonable for a supplier to initially insist on doing business on a secured basis. To pay for even relatively large orders by credit card would not be considered out of the ordinary.

The wholesaler will offer the workshop a 30% discount of the price and at least 30 days credit. Fierce competition among wholesalers usually prevents surcharges on late payments.

An American exporter should not typically expect newly appointed importer to both purchase and stock a full-line of products and at the same time bear the full cost of launching the new product on the Danish market. In many cases, direct financial contributions from the US exporter will be necessary to ensure successful market entry. In some cases, discussing cost sharing at an early stage will be a prerequisite for generating genuine interest among qualified importers.

Organizations of Interest to U.S. Companies

1. Dansk Automobile Forhandler (www.daf.dk) – the branch association for Denmark’s authorized automotive workshops and sales outlets. The DAF membership consists of some 834 companies with over 1,000 sales outlets. Over 20,000 people work within the DAF areas of interest and they estimate the turnover of their members to be in the region of USD6 billion.
1. De Danske Bilimporter (www.bilimp.dk) – association for the 32 companies in Denmark actively involved in the importation of automotive, vans and trucks.

Further Information

Please contact CS Copenhagen for further information and a complete list of addresses and contact information related to this report.

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AUTOMOTIVE PARTS & EQUIPMENT MARKET - FRANCE

I. Statistical Information

Exchange rates USD 1.00 for 2000 = Euros 0.924

Exchange rates USD 1.00 for 2001 = Euros 0.896

Exchange rates USD 1.00 for 2002 = Euros 0.880

A) Total Market Size (in your country) in US \$ millions:

2000:	38,218
2001:	39,362
2002:	40,820 (estimated)

B) Est. Avg. Annual Growth Rate of Market 2000-2002 (%): 3%

C) Imports, total (US \$ millions):

2000:	10,650
2001:	11,470
2002:	12,400 (estimated)

D) Est. Avg. Annual Growth Rate (2000-2002) of total imports (%): 8%

E) Direct imports from the U.S. (US \$ millions):

2000:	334
2001:	337
2002:	344 (estimated)

F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: 3%

II. Evaluation of Sector -Automotive Parts & Equipment

Ranked from 1 (low) to 5 (high). *The priority given in your country by the public and private sectors to the development or improvement of the following sectors:*

	Develop. & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	2	4	4	3
Batteries	5	3	5	4	4
Garage Equip. (General)	4	3	4	4	4
(Diagnostic)	5	5	4	4	5
(Emission Control)	5	5	5	5	5
Engines and Parts	5	4	5	4	4
Gears/Gear	3	3	5	4	3

Boxes					
HVAC Equipment	5	4	4	4	4
Transmission Parts	3	3	5	5	3
Tubes and Tires	2	2	3	2	3
Accessories	4	3	4	5	3

III. Narrative Information

France is the third largest automotive market in Europe after Germany and the United Kingdom. The overall automobile market witnessed an increase of 3% in 2001 due to an 8.4% upturn in French automotive production (3.6 million vehicles in 2001). New French vehicle models, such as Peugeot 206 and 307, Renault Clio and Citroen Picasso, helped increase sales.

In 2002, the automotive industry is undergoing a difficult period, due to the overall economic downturn, and in some measure due to the lingering effects of 9/11. While worldwide sales of automobiles, including in the U.S. are generally in decline, new vehicles in France and the rest of Europe have not fallen as much. In 2002, Automotive experts, however, are hopeful that the market will start expanding again in 2004.

According to professional automotive sources, the number of registered passengers and commercial vehicles in 2001 was estimated at 30 million. The average age of those 30 million vehicles is 7 years old.

Sales of parts and equipments for use in the original equipment market and aftermarket increased by 4% in 2001 and 3.7%, respectively.

The high percentage of diesel engines (roughly 60 percent of cars in France) represents an ever-growing market opportunity for new replacement diesel parts and diesel diagnostic servicing equipment. Furthermore, as European CO2 regulations tighten, emission technologies are becoming important sectors open to new outside competition.

The market share between the tier one market and the aftermarket is a 50-50 ratio in France. With the advent of the new 1400/2002 European regulation concerning automotive distribution (car sales and services), the proportion of market share may change to the advantage of:

- Original equipment suppliers: they will be able to sell parts matching the quality of original spare parts directly to the independent network (garages, repair shops, car body shops) due to the new rule regarding the label of original on spare parts. Original equipment suppliers (OEMs) manufacture 73% of parts and equipment of a vehicle; of this 27% corresponds to assembly line activities handled by car manufacturers.
- Independent car repairers: they will be able to offer consumers a better choice of parts that will be considered as original spare parts. They will also have a free access to technical information, tools, equipment, diagnostic equipment and training, thanks to the new regulation concerning car dealers' rights to sub-contract repair activities to independent repairers without the authorization of car manufacturers. Professionals in the automotive after-market will have to invest in new equipment and devote budgets to training in order to compete effectively with car manufacturers' networks.
- Consumers: they will have a choice as to where their vehicles are repaired, which spare parts should be used to repair their vehicles, and lower prices.

(For more information: http://europa.eu.int/comm/index_en.htm)

The do-it-yourself auto center and hyper-market market, essentially composed of “expendables” (i.e., essentially parts for car maintenance), should grow less rapidly in the future, mainly due to the increasing complexity of parts.

IV. Means of Financing Procurements

Payments practices vary among manufacturers and their customers. The most common method is deferred payment. New customers are normally extended to 30-day terms after approval of credit standing. Once a seller and buyer have established a relationship of trust, credit is often extended to 90-120 days.

France is well positioned to provide full banking services to local and international customers alike. Financing packages can be designed for exports and imports of all types of goods and products.

Banks provide a full range of basic services, documentary and standby letters of credit, letters of guarantee, bills of collection, acceptance financing, export/import pre-financing, as well as recourse and non-recourse financing.

Accuracy and efficiency are ensured through a high quality communication network. The Commercial Service works closely with the “COFACE” export financing agencies in France.

V. Points of Contact:

A) American Embassy

The Commercial Service

American Embassy

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75008 Paris, France

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E-mail: Stephanie.Pencole@Mail.Doc.Gov

Internet home page: <http://www.buyusa.gov/france/en>

Senior Commercial Officer: Robert Kohn

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B) Automotive Associations

Fédération des Syndicats de la Distribution Automobile (FEDA)

(French Association of the Automotive Distribution in France)

10, Rue Pergolèse

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EquipAuto (October 16-21, 2003 in Villepinte)

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AUTOMOTIVE PARTS & EQUIPMENT MARKET - GERMANY

POST OF ORIGIN: FRANKFURT
SERIES: INDUSTRY SECTOR ANALYSIS (ISA)
ITA INDUSTRY CODE: APS
AUTHOR: PAUL R. WARREN-SMITH
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SUMMARY

Over the last five years, automotive companies have invested more than 51 billion Euro in capital investments in Germany. A high percentage was invested in East Germany; 18 U.S. automotive parts manufacturers alone invested in facilities in Thuringia. As a result, as more U.S. companies manufacture parts and accessories in Germany, German exports have risen and imports have fallen.

In 2001, German parts manufacturers increased their investments in Research and Development (R&D) by over 6%. A third of total expenditure for R&D in Germany is now accounted for by the German automobile industry, which registered well over 4,000 patents in 2001. The automobile industry accounts for a fifth of Germany's gross national product, every seventh person now works for the automotive industry, every 4th Euro in German tax associated with the automotive industry. In 2001, German manufacturers of vehicles, parts and accessories exported products worth 145.5 billion Euro, making it the most successful industry sector, ahead of machine exports with a total of 90.6 billion Euro.

In 2001, German systems suppliers (Tier 1) generated 12% more business, creating ideal opportunities for U.S. parts manufacturers, as German vehicle manufacturers and systems suppliers increase global sourcing. German vehicle manufacturers ran a trade surplus of over 16 billion Euro with the USA in 2001 and major German vehicle manufacturers would like to see a higher content of U.S. parts in their vehicles, for partly political reasons. The strong U.S. dollar, however, is crimping U.S. exports of automobile parts to Germany.

Following the terrorist events of 9/11 and the dip in the financial markets, coupled with the introduction of the Euro in the European Union (EU) and higher gasoline prices because of tension in the Middle-East, it would appear that German consumers are holding off on purchasing new vehicles. All of this is having a detrimental effect on the industry and, at the moment, it would appear that automobile sales (coupled with parts sales) are 2% below those of 2001. The industry is trying to be optimistic, but dealers are being forced to offer discounts and the new April 2002 figures are again disturbing.

A. MARKET HIGHLIGHTS AND BEST PROSPECTS

--STATISTICAL DATA

(Please note: All calculations are based on German currency values)

The German Market for Automotive Parts

Table I	(EURO MILLIONS)			
	2000	2001	2002	Est. Growth % 2002 – 2004

Import Market	52,618	54,196	55,281	0-5
Local Production	470,000	526,400	579,040	10-15
Exports	116,419	130,389	143,427	10-15
Total Market	406,199	450,207	490,894	0-5
U.S. imports	2,213	2,279	2,347	0-5

Table II (USD MILLIONS)

	2000	2001	2002
Import Market			
Local Production			
Exports			
Total Market			
U.S. imports			
Exchange Rate			
Inflation Rate (assumed)	1.0	1.5	2.0
2000 Import Market Share (Percent for U.S. and Major Competitors):			

U.S.: 4%; France: 12%; UK: 9%; Spain 9%; Austria 8%; Belgium: 8%; Italy: 8%; Japan 7%; Other: 25%

Receptivity Score (1/low - 5/high): 4

Intra-European trade is no longer considered international and it is difficult to obtain reliable export/import statistics. Many U.S. systems suppliers and component manufacturers are now based in neighboring EU countries and, therefore, export/import figures in this report must be considered estimates and are based on best estimates by the German Automobile Association. It is difficult to estimate shares of industrial EU countries. In the case of a Belgium warehouse distributing imported U.S. parts to other EU countries for example, the shipments would be considered EU domestic shipments, rather than U.S. imports.

Over the last years the German market has become more receptive to U.S.-made vehicles and as a result to U.S. after market parts.

-- BEST SALES PROSPECTS

The trend towards using lighter and stronger materials for manufacturing German vehicles is increasing and German manufacturers are turning to lighter and stronger materials. U.S. manufacturers lead the world in the development of light, strong materials and German vehicle manufacturers are increasingly trying to source aluminum, magnesium and composite materials. This OE sector offers excellent export chances for U.S. manufacturers.

The alternative fuel vehicle sector continues to develop at an ever faster pace, although the trend is turning towards hybrid vehicle (especially diesel/electric). German vehicle manufacturers will soon have fuel cell-powered vehicles on the market and are increasingly sourcing sensors, associated electrical components and fuel systems. New types of fuel tanks will also be needed to hold methanol and later, hydrogen.

Most new vehicles now use some kind of GPS and communications equipment and this sector offers excellent chances for U.S. manufacturers. In particular demand are all types of monitoring equipment, especially those that can monitor a running engine directly from the manufacturer's service center. With such monitoring equipment, the customer can be forewarned of problems or when his vehicle is due for inspection

Further best prospects for OEM parts are:

Electronic and fiber optic systems	ABS and EPS brake systems
Catalytic converter systems	Air conditioning and associated parts
Multi-media systems (Internet/Laptop/GPS/Television/Fixed video/cellular phone systems)	

All types of GPS systems

For after market products, they are:

Lubricant additives, chemicals and polishes	Decals
All types of vehicle interior improvements, such as wood surfacing	Floor mats
Tires	Mufflers (especially sport)
All types of filters	Spark Plugs

HS codes for parts and accessories, both OEM and After market, are:

HS-870810	bumpers and parts thereof for motor vehicles
HS-870821	safety seat belts for motor vehicles
HS-870829	parts and accessories of bodies (including cabs) for motor vehicles, nesoi
HS-870831	mounted brake linings for motor vehicles
HS-870839	brakes and servo-brakes and parts thereof nesoi, for motor vehicles
HS-870840	gear boxes for motor vehicles
HS-870850	drive axles with differential for motor vehicles
HS-870860	non-driving axles and parts thereof for motor vehicles
HS-870870	road wheels and parts and accessories thereof for motor vehicles
HS-870880	suspension shock absorbers for motor vehicles
HS-870891	radiators for motor vehicles
HS-870892	mufflers and exhaust pipes for motor vehicles
HS-870893	clutches and parts thereof for motor vehicles
HS-870894	steering wheels, steering columns and steering boxes for motor vehicles
HS-870899	parts and accessories for motor vehicles, nesoi
HS-4011	new pneumatic tires, of rubber
HS-401110	new pneumatic tires, of rubber, of a kind used on motor cars (including station wagons and racing cars)
HS-401120	new pneumatic tires, of rubber, of a kind used on buses or trucks
HS-401191	new pneumatic tires, of rubber, nesoi, having a herring-bone or similar tread
HS-401199	new pneumatic tires, of rubber, nesoi
HS-4013	inner tubes for tires, of rubber
HS-401310	inner tubes, of rubber, of a kind used on motor cars (including station wagons and racing cars), buses or trucks
HS-760429	aluminum alloy automotive forged products
HS-841430	compressors used in refrigerating equipment (including air conditioning)
HS-8415	air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity; parts thereof
HS-841581	air conditioning machines, nesoi, incorporating a refrigerating unit and valve for reversal of the cooling/heat cycle
HS-841582	air conditioning machines nesoi, incorporating a refrigerating unit, nesoi
HS-841583	air conditioning machines nesoi, not incorporating a refrigerating unit
HS-842123	oil or fuel filters for internal combustion engines
HS-842131	intake air filters
HS-940120	seats of a kind used for motor vehicles

B. COMPETITIVE ANALYSIS

In 2001, sales of German automobiles in the domestic market held their own. The first months of 2002, however, have seen market shares being lost to French manufacturers. Citroen increased sales of their vehicles to Germany by 28%, Peugeot by 19% and Renault by 16%.

At the same time, In the first months of 2002, sales of Opel vehicles dropped by 24%, Volkswagen by 9% and Mercedes by 5%. Industry experts comment that bad decisions in model policies are to be blamed, especially in the case of Opel. Another sector that has been badly hit, is the van sector. Accessory manufacturers had just stated to take an interest in supplying the van market, when sales started to rapidly

fall. Sales of Nissan vans fell by 40%, Volkswagen by over 15%, even sales of the newly introduced PT cruiser have recently fallen by over 7%. Buyers would appear to be returning to estate wagons or “mini” minivans, such as the “Scenic” manufactured by Renault (which has accounted for Renault’s success over the last months in Germany).

In 2001, and the first months of 2002, exports of German manufactured premium vehicles (BMW, Mercedes and Porsche) continued to increase considerably, worldwide. It is estimated that over 40% of premium vehicles sold throughout the world, are of German manufacture.

Although French vehicle manufacturers increased sales to Germany, French parts manufacturers saw their sales to Germany decrease by 10%. France still remains the largest exporter of parts and accessories to Germany. Italian and Portuguese manufacturers both increased their exports to Germany by over 10%. Eastern European manufacturers, many of them owned by German parts manufacturers, increased their exports to Germany by over 26% (9 billion Euro), while Australian parts manufacturers increased their exports to Germany by 23% (for a total figure though of only 24 million Euro).

As German manufacturers increase their German based research and development, an acute demand for automobile engineers is being created. At the same time, German manufacturers are increasing their investments in manufacturing facilities in Latin America, India and Asia, as well as in Eastern Europe. The fastest growing automotive sub-sector in Germany is automotive microelectronics used for control systems, such as motor management and a variety of wheel control systems. According to industry spokesmen, 6,500 automotive electronic technicians finish their studies in Germany each year, but 13,000 are needed.

At the same time and, although it is a paradox, U.S. manufacturers are increasing their investments in Germany and, over the last years, eighteen U.S. manufacturers have invested in East German facilities. As a result, employment in the East German automotive industry increased has increased by 10% over the last two years.

In Germany, U.S. OEM parts manufacturers continue to enjoy a high reputation in many sectors, whether it is for forged aluminum or magnesium parts, or for high quality electronics. American exporters, however, are finding it hard to break into the German market because of the strong dollar. Only those with a high technological edge are able to find a foothold. It is expected that this will change, as the Euro gains compared with the U.S. Dollar.

In the automotive workshop sector, U.S. manufacturers still hold almost 40% of the import market for automotive workshop equipment. U.S. manufacturers hold a high reputation for workshop equipment, but German automobile dealerships are in dire financial trouble and it is expected that the total of approximately 16,000 official dealerships will be reduced to under 11,000 in the near future. Opel recently took drastic action, canceling its contracts with its dealerships and stating that it wants to reduce the number from 890 to 470. As a result, many dealerships are holding back on investments, in addition a large amount of used workshop equipment in almost new condition is flooding the German market and depressing prices. The independent dealerships, of which there are approximately 20,000 in Germany, are purchasing the used equipment entering the market, rather than investing in new equipment.

The wholesalers that service the automotive dealership market and supply both workshop equipment and after-market parts and accessories, have also been adversely affected by the cutback in dealerships and are experiencing, in many cases, also financial difficulties. U.S. workshop equipment manufacturers, as well as manufacturing parts and accessories, would be advised to conduct background credit check before entering into contracts.

The German market for U.S. tuning and customized “hard parts” is also becoming difficult for U.S. manufacturers to enter. Because of sealed on-board-diagnostics, manufacturers of tuning equipment must work closely with vehicle manufacturers in development areas. Because of the language and the distance involved, German vehicle manufacturers prefer to work with domestic tuners and customizing companies. All German vehicle manufacturers now have their “in-house” tuners, it is very difficult for foreign companies to break into this market unless they invest in locating part of their operations in Germany.

Entering this market entails having parts certified by German testing facilities, a long and weary process in some cases. To help U.S. tuners and customized parts manufacturers enter this market, the U.S. Speciality and Equipment Marketing Association (SEMA) has opened an office near Frankfurt, to help its U.S. members overcome this "barrier".

C. END-USER ANALYSIS

U.S. OEM manufacturers can follow two alternative paths to penetrate the German market: approach the OEM automobile manufacturers or the OEM systems suppliers directly, or supply after-market parts through German wholesalers or retail distributors.

D. MARKET ACCESS

MARKET ACCESS FOR U.S. MANUFACTURERS OF OEM PARTS:

German automobile manufacturers and systems suppliers increasingly use E-Commerce, to both purchase parts and sell automobiles.

General Motors, Ford and DaimlerChrysler have established a platform called Covisint, according to DaimlerChrysler spokesmen this is now saving considerable time and money, for both DaimlerChrysler and its suppliers.

OEM parts suppliers, together with Robert Bosch, have founded an E-Commerce platform under the name "Supplyon".

By shortening delivery time, industry spokesmen calculate that approximately \$1,000.00 can be saved per vehicle.

-- GERMAN AUTOMOBILE PARTS PURCHASING DEPARTMENTS

Because of language barriers and the complex organization of purchasing departments, it is sometimes difficult for foreign companies to approach purchasers at the major German automobile manufacturing companies.

Specified contact information and organizational charts of the purchasing departments of the major automobile manufacturers, wholesalers, distributors and OEM agents are available from CS Frankfurt. (For contact information please see below).

U.S. OEM parts manufacturers can also approach the major systems suppliers in Germany, which include such names as Mannesmann/Thyssen/Krupp/Siemens, Delphi (GM), Bosch, Visteon (Ford), Teves (U.S.) TRW (U.S.) and Lear (U.S.).

Agents and wholesale companies formed an association, the "INTERESSEN-GEMEINSCHAFT DER WERKSVERTRETUNGEN FUER KFZ-TEILE e.V." (Association of Automotive Parts and Accessories Dealers), whose aim it is to advise new-to-market parts and accessories manufacturers on marketing and sales opportunities in Germany. U.S. suppliers should contact this association for advice and further information concerning market conditions in Germany. (For contact information, please see this section below, "Major Trade Associations".)

Another association of OEM and after-market parts dealers is the "GVA - Gesamtverband Autoteile-Handel e.V." (Association of Automotive Parts Dealers), which works closely with foreign manufacturers. U.S. suppliers can contact the Association in order to find qualified dealers for their particular product. (For contact information, please see this section below, "Major Trade Associations").

Sales channels used by manufacturers to reach the end-user differ, depending on whether or not the seller has a manufacturing presence in Germany. In general, German manufacturers (as well as foreign

companies with subsidiary operations in Germany) use their own distribution networks. Smaller companies without a manufacturing base in Germany usually sell through importers, agents, or wholesalers since those companies are familiar with local market conditions.

OEM agents tend to be ex-purchasing department executives that earlier worked for automobile or OEM parts manufacturers, in addition most have an engineering background and in addition are multi-lingual. In dealing with U.S. manufacturers, most German OEM automobile (as opposed to parts) manufacturers like to work together with OEM agents, especially those that have their own R&D departments and have staff willing to travel to the U.S. at short notice.

Other well-accepted marketing channels include cooperation, joint venture, and licensing agreements with German manufacturers, which then sell through their own distribution networks. Prompt after-sales service and technical support are considered major requirements if a foreign supplier is to be successful in this highly sophisticated market.

BUSINESS STANDARDS

Following is an informal translation of the German Automobile Association's guide for German OEM producers. This guide provides an excellent description of the business standards in the German automotive industry.

(Begin informal translation)

Any agreement between automobile manufacturers and suppliers should be cooperative and trustful, and should present rights and duties for both sides. Both parties should share responsibilities, opportunities and risks.

Manufacturers should inform suppliers about their strategies and targets as early as possible in order that the suppliers can structure their research accordingly.

Price analysis for both sides should be taken into account.

Both parties should agree on realistic price increases for modifications, specifications or any other additional services, and should cooperate in trying to reduce costs.

Mutual investments should be considered for expensive projects.

Settlement of accounts should be made as soon as possible after a project has been finished.

Long-term or lifetime contracts can be made, with clauses for exceptional cost changes, as long as all details are finalized before the contract is signed.

Projects and construction plans must be kept secret. CAD-data and product and technical details must not be passed to other users. An agreement by both parties is necessary for any exceptions.

Automobile manufacturers must respect trademarks of suppliers.

Quality standards (Q-target, Q-instruments) should be agreed on.

Control analysis and warranties should be considered.

(End translation)

-- CUSTOMS DUTIES

Customs duties for automotive parts and accessories average approximately five percent. No customs duties are levied on imports from the European Union (EU) countries. An import turnover tax of 16% is currently applied, which in turn is passed on to the final customer as a value-added tax (VAT). VAT applies equally to European and German competitors. Trade restrictions or other non-tariff barriers (such as quotas) do not exist, but all equipment has to comply with German (and/or European) safety regulations and technical standards. The metric system of weights and measures is standard in Germany.

-- TECHNICAL STANDARDS

Technical standards are defined, maintained and approved by:

DIN Deutsches Institut fuer Normung e.V.

(German Institute for Standards)

Burggrafenstr. 6

10787 Berlin

Telephone (030) 2601-0

Telefax (030) 2601231

English translations of standards are available from Beuth Verlag GmbH (Beuth Publishing), at the same address.

For further information on trade regulations and standards, please see the Country Commercial Guide for Germany, which can be accessed through the National Trade Data Base (NTDB) of the U.S. Department of Commerce.

-- INDUSTRY ASSOCIATIONS

Verband der Automobil Industrie e.V. (VDA)

(German Automobile Association)

Westendstrasse 61

60325 Frankfurt am Main

Telephone (069) 975070

Telefax (069) 7570261

Internet www.vda.de

Gesamtverband Autoteile-Handel e.V. (GVA)

(Association of Automotive Parts Dealers)

Oberstrasse 36-42

40878 Ratingen

Telephone (02102) 473037

Telefax (02102) 475663

Internet www.gva.de

Verband Deutsche Automobil Tuner e.V. (VDAT)

(Association of German Automobile Tuners)

Mr. Michael Lauer

Lintorfer Waldstr. 5

40489 Dusseldorf

Telephone (0203) 741435

Telefax (0203) 741437

Internet www.vdat.de

Zentralverband des Deutschen Kraftfahrzeug-

Gewerbes e.V. (ZDK)

(Central Association for German Motor Trades

and Repair)

Franz-Lohe-Str. 21

53129 Bonn
Telephone (0228) 91270
Telefax (0228) 2600110
Internet www.kfzgewerbe.de

Zentralverband Karrosserie-und-Fahrzeug-Technik e.V.
(ZKF)
(Central Association for Car and Body Technology)
Frankfurter Str. 2
61118 Bad Vilbel
Telephone (06101) 12061
Telefax (06101) 12598
Internet www.zkf.com

-- TRADE PUBLICATIONS

Advertising in professional trade journals is a well-accepted method of product promotion. The following German language magazines are important for U.S. exporters of aftermarket parts and service:

MTZ - Motortechnische Zeitschrift
ATZ - Automobiltechnische Zeitschrift
Franckh'sche Verlagshandlung
W. Keller & Co.
Pfizer Strasse 5 - 7
70184 Stuttgart

Telephone (0711) 21910
Telefax (0711) 2191360
Frequency of Publications monthly
Circulation 3,500 (each)

The above magazines are published in English and German, and deal with technical engineering information used in the production of engines and chassis.

Automobil Produktion Verlag - Eric Felber
Moderne Industrie AG
Justus-von-Liebig-Strasse 1
86899 Landsberg

Telephone (08191) 1250
Telefax (08191) 125279
Internet www.automagazine.de
Frequency of Publication quarterly
Circulation 8,000

German language publication dealing with all aspects of automobile production.

Lastauto - Omnibus
Vereinigte-Motor-Verlage GmbH & Co KG
Schloss Strasse 37
70174 Stuttgart 1

Telephone (0711) 784980 /11
Telefax (0711) 7849889
Internet www.eurotransport.de

Frequency of Publication monthly
Circulation 14,000
German language publication dealing with bus and truck production.

KFT

Heinrich Bauer Spezialzeitschriften
Hardenberstr. 28
10623 Berlin
Telephone (030) 8835100
Telefax (030) 8818915
Frequency of Publication monthly
Circulation 110,000
Technical magazine reporting on engines, also incorporates a technical dictionary.

-- TRADE FAIRS

Participation by U.S. companies in German trade shows is one of the best means of finding customers in Germany and throughout Europe. U.S. manufacturers who are not yet represented in the European market, or those who wish to present new products, should consider exhibiting at international German trade fairs, as follows:

Event AUTOMECHANIKA - Frankfurt
Site Frankfurt
Dates September 17-22, 2002
Organizer Messe Frankfurt - Messe und Ausstellungen GmbH
(Exhibition Frankfurt - Fair and Exhibition Organizer)
Mr. Horst Niedlich, Exhibits Manager
Ludwig-Erhard-Anlage 1
60327 Frankfurt
Telephone (069)75750 6208
Telefax (069)75756433
Internet www.messe-frankfurt/-automechanika
E-mail info@messefrankfurt.de

or, contact in the United States

Messe Frankfurt, Inc.
Dirk Heinz Ebener
200 Galleria Parkway, NW
Atlanta, Georgia 30339
Telephone (770) 984-8016
Telefax (770) 984-8023
E-mail: dirk.ebener@usa.messefrankfurt.com

In 2000, AUTOMECHANIKA featured 3,820 exhibitors, including over 220 from the U.S., on 251,000 square meters of exhibition area and attracted 162,635 visitors. This fair is the world's largest display of automotive parts and equipment, and is held every two years. Wholesalers and distributors make up the largest part of the visitors.

Event IAA (International Automobile Exhibition)
Site Frankfurt
Dates September 13-23, 2003
Organizer Verband der Automobil Industrie e.V.
(Automotive Industry Association)
Westend Strasse 61
60325 Frankfurt am Main
Telephone (069) 975070
Telefax (069) 97507305

Internet www.vda.de
www.iaa.de

or, contact in the United States:

Motor Vehicle Manufacturers Association
Att. Mr. Evers
300 New Center Bldg.
Detroit, MI 48202
Telephone (313) 872-4311
Telefax (313) 872-5400

In 2001, a total of 1,144 exhibitors displayed their products in ten halls covering a total exhibition area of 225,000 square meters. Over 896,200 people visited the fair, a high percentage of them from foreign countries.

Although originally a show for new passenger vehicles, trucks and busses, there has been a marked increase in the display of automotive original equipment and after-market accessories, as well as workshop equipment. This biennial show is for both the industry and the general public. In 1997 all new cars and commercial vehicles were concentrated in and around three major halls. The remaining seven halls were occupied by parts and equipment manufacturers and were visited mainly by industry buyers/representatives. For the second time, FCS Frankfurt organized a product and catalogue pavilion for 42 U.S. manufacturers, almost 2,500 trade leads were generated.

Event IAA NUTZFAHRZEUGE
IAA - Heavy duty vehicle exhibition
Site Hanover
Dates September 12-19, 2002
Organizer Verband der Automobil Industrie e.V.
(Automotive Industry Association)
Westend Strasse 61
60325 Frankfurt am Main
Telephone (069) 97507 0
Telefax (069) 97507305
Internet www.vda.de

or, contact in the United States:

Motor Vehicle Manufacturers Association
Att. Mr. Evers
300 New Center Bldg.
Detroit, MI 48202
Telephone (313) 872-4311
Telefax (313) 872-5400

In 1998, a total of 1,214 exhibitors displayed their products in ten halls covering a total exhibition area of 173,500 square meters. Over 288,000 industry-related visitors attended the fair, a high percentage of them from foreign countries.

At this fair, manufacturers exhibit trucks, busses, trailers and truck bodies, as well as all possible aspects of accessories and transport devices. In addition, exhibitors include logistics and transport companies dealing with freight by land and rail.

Event AUTO MOBIL INTERNATIONAL
Site Leipzig
Dates April 13-21, 2003
Organizer Leipziger Messe
Mr. Matthias Kober or Ms. Steffi Paatzsch

Postfach 100720
04007 Leipzig
Telephone (0341) 6780
Telefax (0341) 6788762
E-mail info@leipziger-messe.de
Internet www.messe-leipzig.de/automobilinternational

or, contact in the United States

Leipzig Trade Fair Agency in the USA
Weidenbach & Associates, Inc.
Suite 1104, Cain Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303
Telephone (404) 525-7030
Telefax (404) 525-6658

In 2002, Auto Mobil International showcased more than 420 exhibitors from 20 countries on 122,000 sq. meters of exhibit area, drawing about 300,000 visitors. The main exhibits were automobiles and trucks. Parts and accessories were exhibited in a separate section under the name "AMITEC", as well as workshop and gas station equipment. It was noticeable at AMITEC that many of the German and EU exhibitors were the same as those that exhibit at Automechanika, which takes place later this year (see above). At the 2001 show, manufacturers exhibited a number of new cars for the first time. The show has become competitive, especially for visitors from the New States and Eastern Europe, to both the IAA and the Automechanika (see above).

Commercial Service Contact:

Paul R. Warren-Smith
Telephone (069) 95620415
Telefax (069) 561114
E-mail Paul.Warren-Smith@mail.doc.gov

AUTOMOTIVE PARTS & EQUIPMENT MARKET - HUNGARY

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000 1480
 2001: 1524
 2002: 1554 (estimated)

Source: Association of Hungarian Automotive Parts Manufacturers and the Hungarian Statistical Office

- B) Avg. Annual Growth Rate of Market 1998-2000: 3%

- C) Imports, total (US \$ millions):
 2000: 242
 2001: 250
 2002: 257 (estimated)

Source: Hungarian Statistical Office

- D) Avg. Annual Growth Rate (1997-1999) of total imports: 5%

- E) Imports from the U.S. (US \$ millions):
 2000: 23.4
 2001: 24.2
 2002: 24.9 (estimated)

Source: Hungarian Statistical Office and Kopint-Datorg Market Research Company

- F) Avg. Annual Growth Rate (2000-2002) of U.S imports: 3 %

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	2	3	4	3
Batteries	4	2	2	4	3
Garage Equip. (General)	3	2	3	4	3
Diagnostic	4	4	3	4	4
Emission Control	4	4	3	4	4

Engines and Parts	4	4	3	3	4
Gears/Gear Boxes	4	3	3	4	4
HVAC Equipment	5	4	2	3	4
Transmission Parts	4	3	2	4	4
Tubes and Tires	4	3	2	5	4
Accessories	5	5	3	4	4

Source: U.S. Commercial Service, Budapest (estimates)

III. Narrative Information:

The Hungarian market for automotive after-market parts is likely to continue to expand with growing incomes, increasing car ownership and growing interest in car care. Growth may be slow, because of the Hungarian patterns of car ownership and expenditure do not yet foster a high demand. Moreover, competition is already vigorous because of the strong presence of global suppliers. This year U.S. products have become a little more competitive after removal of a 3.5 % tariff, which previously discriminated in favor of domestic and European products. Hungary imports an estimated \$250 million in these products annually and U.S. imports have remained constant in the \$20-25 million range per year. (These numbers may be subject to error, as official U.S. export data indicates approximately \$50 million in auto parts exports to Hungary. Much of these goods may be for the provision of components to Hungary's many original equipment producers. On the other hand, U.S. after-market supplied products through European channels may also be undercounted.)

Currently, Hungarians have only 2.5 cars for every 10 people compared to 7 cars for every 10 Americans. Their cars tend to be smaller, of Western European or Japanese brand, older on average and frequently were imported as used cars. Engines are small and transmissions manual. Increasingly some Hungarians are acquiring a small second car for their families. Unfortunately, American brand cars remain a bit of a novelty, limiting the demand for replacement parts and upgrades.

With increasing car ownership, demand should grow for lubricants, engine spare parts, body parts, brake parts, filters, additives and maintenance supplies. Hungarians are also taking a new interest in car appearance and comfort upgrades and American style upgrades such as seat covers, spoilers, hub caps and performance enhancing electronics are beginning to gain popularity. Tightened testing requirements have made pollution control mandatory. Hungarians also buy many auto security devices to counteract high theft rates.

In general, exporters of U.S. brand products to Hungary should seek opportunities to increase their share of the mass parts market, fill niches for American specialty products such as lubricants, auto-chemicals, car-care products, and expand market share in supplies. U.S. retail marketers might consider creation of U.S.-style of auto part or specialty stores.

IV. Major Procurements on the Horizon (next 18-36 months):

None

V. Country's Methods of Procurement:

The after-market has consolidated in recent years. Today less than a dozen auto parts wholesalers dominate over 85% of the Hungarian market. The biggest of these are Lang Autoparts, Unix Trade, Bardi Rt., Meteor Hungaria have national networks of retail stores and affiliated service garages. They sell mainly brake parts, shock absorbers, car-body parts, chassis-parts, engine spare parts, water pumps, filters and chemicals. Additional distributors include Hegyalja, Indit-Trade, Forex, Birner, Start Auto, Nefejejs, Neumerker Hungary and Miskey Autoparts, which specialize in selected product lines.

VI. Means of Financing Procurements: B

The level of mutual trust in business transactions is usually not high consequently business practices in Hungary are fairly conservative. The safest method of receiving payment for U.S. exports is through a confirmed, irrevocable letter of credit (L/C). Banks in Hungary require the importer to deposit funds prior to issuance of a L/C. Typically, L/Cs are opened for a period to prepare shipment, cover shipping, and they are normally paid within seven working days after receipt of the goods. Deferred payments are also in use to ensure proper payment. In long-term relationships more favorable and less expensive conditions could be expected.

VII. Points of Contact:

U.S. Commercial Service
American Embassy
Bank Center
Szabadsag ter 7-9.
H-1054 Budapest, Hungary
Phone: (36-1) 475-4090
Fax: (36-1) 475-4676
E-mail: csilla.vegh@mail.doc.gov
Website: www.buyusa.gov/hungary
Commercial Counselor: Mr. Scott E. Bozek
Commercial Attaché: Mr. David Knuti
Commercial Specialist: Ms. Csilla Vegh

AUTOMOTIVE PARTS & EQUIPMENT MARKET - ITALY

I. Statistical Information

A) Total Market Size (in US \$ million):

2001 18,992 (estimated)

2002: 19,117 (estimated)

2002: 20,097 (estimated)

B) Est. Avg. Annual Growth Rate of Market 2001-2003 (%):

-1.3%

C) Imports, total (US \$ million):

2001: 6,435 (estimated)

2002: 6,577 (estimated)

2003: 7,184 (estimated)

C) Est. Avg. Annual Growth Rate (2001-2003) of total imports (%):

1.3%

E) Imports from the U.S. (US \$ million):

2001: 244 (estimated)

2002: 250 (estimated)

2003: 272 (estimated)

F) Est. Avg. Annual Growth Rate (2001-2003) of U.S imports:

1.5%

Exchange rates used:

2001: \$1.00 = Euro 1.12

2002: \$1.00 = Euro 1.11

2003: \$1.00 = Euro 1.03.

II. Evaluation of Sector -- Automotive Parts & Equipment

Ranked from 1 (low) to 5 (high):

	Develop. & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	3	5	4	3
Batteries	4	3	5	4	4
Garage Equip. (General)	4	3	5	5	4
General Diagnostic	4	3	5	4	4
Emission Control	5	4	5	5	5

Engines and Parts	4	3	5	5	4
Gears/Gear Boxes	3	3	5	5	4
HVAC Equipment	4	4	4	3	4
Transmission Parts	4	4	5	5	4
Tubes and Tires	3	3	5	5	3
Accessories	4	3	5	4	4

III. Narrative Information

The Italian market for automotive sales in the year 2001 maintained the record level achieved the previous year with 2,436,799 automobiles sold (down only 0.02%). This achievement is mainly attributable to the need to substitute some of the circulating vehicles not equipped with catalytic converters on account of the January 1, 2002 banned sale in Italy of leaded fuel. Sales of commercial and industrial vehicles, however, dropped 7% during 2001, reaching sales of 237,934 units. The first five months of 2002 have witnessed a further drop of 12.7% in automotive sales compared to the same period of the previous year. As such, forecasted sales for 2002 are expected to drop to 2.2 million vehicles. The market for automotive parts and service equipment experienced an estimated decrease of 1.4% during 2001, with domestic production covering approximately 66% of the demand (down 2% compared to the previous year), and imports covering the remaining 34% (up 1.4% compared to the previous year).

Sales of original equipment (OE) experienced an estimated decrease of 1.5%, and accounted for 71% of total components demand (22% of which were covered by imports, which themselves brilliantly increased by 10%). **After-market (AM)** sales decreased 3% and represented 29% of overall components demand (of which 55% were covered by imports, which themselves however decreased by 7%). The exceptional market share of AM imports is attributable to the development of modern distribution channels and transnational operators, improved performance of foreign automotive organizations and greater competitiveness of imported products. The major foreign suppliers are Germany (33%) and France (21%). Imports from the U.S. increased by 3% but still represent only approximately 3.8% of overall imports.

Italy has one of the highest auto densities and largest automotive markets in the world, but still one of the oldest circulating auto fleets in Europe, with approximately 35 million vehicles (including an estimated 31 million cars) currently on the road. Despite the fact that a stabilization, if not a contraction, in the growth of the vehicle fleet and the simultaneous increase in the reliability of components would point to a slowdown in the growth of the market, the higher frequency of periodic compulsory motor vehicle inspections and stricter pollution control regulations are nonetheless expected to spur sales in Italy of spare parts and service equipment.

The U.S. import market share is expected to reach 4%, with **growth in U.S. automotive parts and service equipment shipments to Italy averaging annual increases of 1.5-2% for the next two years.** U.S. industry is also supplying the Italian market primarily from its European subsidiaries and pursuing several joint ventures and “green field” investments in Italy. Best prospects include the whole range of passive and

active security and cruise control components/accessories, diagnostic apparatuses, emission-control equipment, environmentally friendly materials and light weight/acoustic insulation/advanced materials.

IV. Major Procurements on the Horizon (next 18-36 months)

N/A

V. Country's Methods of Procurement

While automotive parts and equipment suppliers purchase directly from manufacturers and distributors, the major purchasing practice for Italian motor vehicle manufacturers is to use their list of "qualified" suppliers. As a result of the recent Fiat/General Motors (GM) agreement, a joint venture called "General Motors-Fiat Worldwide Purchasing Co." has been set up at Russelsheim (Frankfurt, Germany) to manage the acquisitions of both car manufacturers, except for the U.S. and the Asia-Pacific markets. This company, in turn, has delegated to approximately 70 Fiat/GM "creativity teams" (the previous acquisition departments) the bids and purchases of OE products. In order to select the supplier for a certain product, the appropriate "creativity team" calls for bids among Fiat/GM panel suppliers (approximately 600, of which 250 are in common) which handle the given product. In theory, if none of the company's usual suppliers tendering for the contract offers a satisfactory solution, then the creativity teams may turn elsewhere.

Worthy of note is that both the massive car manufacturers' outsourcing of entire systems and "Business to Business" (B2B) are transforming the overall structure of components procurement. Today's classic pyramid from top to bottom has car manufacturers, acting as "assemblers" of component systems, followed by 1st tier suppliers (JIT system integrators), 2nd tier suppliers (system specialists) and 3rd tier suppliers (suppliers of parts and components). However, in the near term, the present structure is expected to flatten and thin out with the integration of 1st and 2nd tier suppliers which will give way to a limited group of highly standardized "mega-suppliers". The 3rd tier will be composed of a reduced number of highly standardized and specialized suppliers of parts and components.

VI. Means of Financing Procurements

Financing practices in the automotive parts and equipment sector adhere to normal Italian business standards and are usually handled by banks. While importers/distributors tend to make payments in an average 60 - 90 days, the turnaround times for paying invoices by the Italian auto manufacturers range from 60 to 180 days. The typical mark-up margins vary from 30% to 40% for importers and distributors.

VII. Points of Contact:

A) American Consulate

The Commercial Service

Lungarno Amerigo Vespucci 38

50123 Florence, Italy

tel: 39/055/211-676

fax: 39/055/283-780

E-mail: florence.office.box@mail.doc.gov

Internet home page: <http://www.usis.it/fcs/>

Senior Commercial Officer: Eric Weaver

Principal Commercial Officer: Maria Andrews

Commercial Specialist: Barbara Lapini

B) Host Government

MINISTERO DEI TRASPORTI E DELLA NAVIGAZIONE

(Ministry of Transportation)

Direzione Generale della Motorizzazione Civile e

dei Trasporti in Concessione

Quarta Direzione Centrale, Divisione 43 - 44

Via G. Caraci 36
00157 Rome
tel: 39/06/41581
fax: 39/06/41586200
internet: www.trasportinavigazione.it
Contact: Dr. Tullio D'Ulisse, Director

CENTRO SUPERIORE RICERCHE E PROVE AUTOVEICOLI
(Ministry of Transportation Testing Center)
Via di Settebagni 333
00138 Rome
tel: 39/06/872881
fax: 39/06/87133903
Contact: Eng. Giovanni Fiore, Director

CUNA - COMMISSIONE TECNICA DI UNIFICAZIONE NELL'AUTOVEICOLO
(Technical Committee for Motor Vehicle Standardization)
Corso G. Ferraris 6
10128 Turin (TO)
tel: 39/011/5621149
fax: 39/011/532143
Contact: Eng. Mario Oggero, Director

ISPESL
(National Institute for Health and Safety in the Workplace)
Via Urbana 167
00184 Rome
tel: 39/06/47141
fax: 39/06/4820323
internet: www.ispesl.it
Contact: Dr. Antonio Moccaldi, Director

UNI
(Italian Standards Institute)
Via Battistoti Sasi 11/B
20100 Milan (MI)
tel: 39/02/70024200
fax: 39/02/70105992
Contact: Eng. Ravaglia, Director, Motor Vehicle Parts

C) Automotive Associations
AD ITALIA GRUPPO TUTTEMARCHE
(Consortium of Auto Components Distributors)
Via Triberti 5
10020 Cambiano (TO)
tel: 39/011/9443000
fax: 39/011/9443020
internet: www.autodistribution.it
Contact: Dr. Mario Vanzo, Managing Director

A.D.I.R. S.r.l. - Associazione Distributori Ricambi
(Spare Parts Distributor Association)
Z.I. Molinaccio - Via dell'Industria 2
06087 Ponte San Giovanni (PG)
tel: 39/075/395400
fax: 39/075/394000

internet: www.aps-service.com
Contact: Dr. Fabio Villa, Commercial Director

AERO - Associazione Europea Ricambio Auto Omologato
(European Association of Spare Parts Distributors)
Viale Monte Ceneri 58
20155 Milan (MI)
tel: 39/02/39273093
fax: 39/02/39256770
Contact: Mr. Guglielmo Bruni, President

AICA - Associazione Italiana Costruttori Attrezzature
(Italian Automotive Equipment Manufacturers Association)
Via A. G. Ragazzi 9
40011 Anzola Emilia (BO)
tel: 39/051/733000
fax: 39/051/731886
internet: www.asso-aica.it
Contact: Dr. Renzo Servadei, Secretary General

AICARR - Associazione Italiana Condizionamento dell'Aria, Riscaldamento, Refrigerazione
(Italian Association of Air Conditioning, Heating and Refrigeration)
Viale Montegrappa 2
20124 Milan (MI)
tel: 39/02/29002369
fax: 39/02/29000004
internet: www.aicarr.it
Contact: Dr. Alberto Cavallini, President

AIRA/CNA - Associazione Italiana Riparatori Auto/Confederazione Nazionale dell'Artigianato e delle
Piccole Imprese
(Italian Association of Car Repairers/Federation of Craftsmen and Small Enterprises)
Via G.A. Guattani 13
00161 Rome
tel: 39/06/441881
fax: 39/06/44249515
Contact: Dr. Alessandro Tosti

AIRP - Associazione Italiana Ricostruttori Pneumatici
(Italian Tire Retreaders Association)
Via A. G. Ragazzi 9
40011 Anzola Emilia (BO)
tel: 39/051/733000
fax: 39/051/731886
internet: www.asso-airp.it
Contact: Dr. Renzo Servadei, Secretary General

ANFIA - Associazione Nazionale fra le Industrie Automobilistiche
(Italian Association of Motor Vehicle Manufacturers)
Corso Galileo Ferraris 61
10128 Turin (TO)
tel: 39/011/545160
fax: 39/011/545464
internet: www.anfia.it
Contact: Dr. Aldo Malandra, Director

ASSORICAMBI - Consorzio Assoricambi
(Consortium of Automotive Parts and Accessories Suppliers)
Via Principe Eugenio 21
20100 Milan (MI)
tel: 39/02/3450364
fax: 39/02/31686
internet: www.assoricambi.it
Contact: Ms. Mirella Lipolis, Partner

CONFAUTO - Associazione Professionale Riparatori
(Association of Professional Automotive Repairers)
Viale Monte Ceneri 58
20155 Milan (MI)
tel: 39/02/33003971
fax: 39/02/39215800
Contact: Dr. Gaetano D'Ambrosio, President

CONSORZIO EURO CME
(Consortium of Auto Parts and Accessories Distributors)
Viale Cassala 22
20143 Milan (MI)
tel: 39/02/89421147
fax: 39/02/89421154
internet: www.eurocme.it
Contact: Dr. Giuseppe Gugliemini, Managing Director

I.D.I.A.
(Independent Distributors Automotive)
Via Carlo Poerio 86
80121 Naples (NA)
tel: 39/081/2405060
fax: 39/081/2452522
internet: www.idia.it
Contact: Dr. Vittorio Amura, Managing Director

FEDERAICPA - Federazione Associazioni Italiane Concessionari Produzione Automotoristica
(Italian Association of Car Dealers)
Via Nomentana 248
00162 Rome
tel: 39/06/86325149
fax: 39/06/86325549
Contact: Dr. Vincenzo Malago', President

FEDERPNEUS - Federazione Nazionale Rivenditori Specialisti di Pneumatici
(Federation of Italian Tire Specialists)
Via A. G. Ragazzi 9
40011 Anzola Emilia (BO)
tel: 39/051/733000
fax: 39/051/731886
Contact: Dr. Renzo Servadei, Secretary General

FIR - Federazione Italiana Rettificatori Ricostruttori di Motori
(Federation of Italian Engine Rebuilders)
Via M.E. Lepido 203/24
40132 Bologna (BO)
tel: 39/051/406842

fax: 39/051/404742
internet: www.fir-rettificatori.it
Contact: Eng. Renzo Servadei, Secretary General

OSSERVATORIO AUTOPROMOTEC
(Italian Automotive Garage Equipment Observatory)
Via A.G. Ragazzi 9
40011 Anzola Emilia (BO)
tel: 39/051/733000
fax: 39/051/733008
e-mail: info@autopromotec.it
Contact: Dr. Gabriele Giorgi, Marketing Manager

UNRAE - Unione Nazionale Distributori Automotoveicoli
(National Union of Motor Vehicle and Motorcycle Distributors)
Via Abruzzi 25
00187 Rome
tel: 39/06/42010270
fax: 39/06/42010278
internet: www.unrae.com
Contact: Dr. Gianni Filipponi, Secretary General

D) Other – Importers

ASSO.IMPEX S.r.l.
Via Lega 16
10155 Torino (TO)
tel: 39/011/2462062
fax: 39/011/2462305
e-mail: assoimpex@liberto.it
Contact: Commercial Director
Products: Carburetors, spare parts, injection apparatus, electric parts, sheet metal panels, lamps and accessories.

AUTOGAMMA S.p.A.
Viale Lidice 4
10095 Grugliasco (TO)
tel: 39/011/3149412
fax: 39/011/3149418
internet: www.autogamma.com
Contact: Mr. Piergiorgio De Leone, General Manager
Products: Electric and mechanical spare parts for cars and trucks.

C.D.A. S.p.A.
S.S. 593 Loc. Marlero
13040 Alice Castello (VC)
tel: 39/0161/909157
fax: 39/0161/909155
internet: www.2.labinf.it/cda
Contact: Mr. Wilner Pedrazzini, Commercial Director
Products: Automotive spare parts.

CIEMMECI S.r.l.
Via E. Fermi 8/10
20019 Settimo Milanese (MI)
tel: 39/02/33500274
fax: 39/02/33500296

e-mail: cimmeci@tin.it
Contact: Mr. Cristiano Paone, Commercial Director
Products: Automotive spare parts and components.

C.I.R.O.G. RICAMBI S.r.l.
Via Belgio 22/A
37135 Verona (VR)
tel: 39/045/8201012
fax: 39/045/8201029
internet: www.cirog.com
Contact: Mr. Giancarlo Mori, Commercial Director
Products: Automotive components and spare parts.

CO.RA. S.p.A.
Via Corriera 14
48010 Barbiano di Cotignola (RA)
tel: 39/0545/78137
fax: 39/0545/78734
internet: www.coraitaly.com
Contact: Mr. Alberto Lolli, President
Products: Automotive accessories.

EUROCOMPONENTI S.r.l.
Via Grandi 8
10095 Grugliasco (TO)
tel: 39/011/7708900
fax: 39/011/7070063
internet: www.eurocomponenti.com
Contact: Marketing Director
Products: Automotive components and spare parts.

FRATELLI LOMBATTI S.p.A.
Via Nazionale 115
43045 Fornovo del Taro (PR)
tel: 39/0525/2741
fax: 39/0525/2455
Contact: Mr. Francesco Lombatti, Commercial Director
Products: Automotive accessories.

FRENOCAR S.p.A.
Via Colico 10
20158 Milan (MI)
tel: 39/02/37678211
fax: 39/02/37678212
internet: www.frenocar.com
Contact: Mr. Gianni Brusatin, Commercial Director
Products: Spare parts for braking devices and diesel fuel injection equipment, diagnostic equipment.

GBM S.p.A.
Via A. Mambretti 9
20157 Milan (MI)
tel: 39/02/39003125
fax: 39/02/39003002
internet: www.gbmspa.com
Contact: Marketing Director
Products: Automotive spare parts.

HODARA UTENSILI S.p.A.
Viale Lombardia 16
20090 Buccinasco (MI)
tel: 39/02/48842597
fax: 39/02/48842783
internet: www.hodara.it
Contact: Mr. Giorgio Nicastro, Commercial Manager
Products: Automotive service tools.

I.A.P. INTERNATIONAL AUTOMOTIVE PARTS S.r.l.
Via Castagnini 14
40012 Calderara di Reno (BO)
tel: 39/051/729001
fax: 39/051/728603
internet: www.iap-bo.it
Contact: Mr. Giuseppe Sgambelluri, Commercial Manager
Products: Automotive spare parts and accessories.

MATRIX AUTOMOTIVE PARTS S.r.l.
Via Novi 21/A
15060 Silvano D'Orba (AL)
tel: 39/0143/841992
fax: 39/0143/841850
e-mail: matrixap@tin.it
Contact: Marketing Director
Products: Automotive spare parts and components.

NORD EUROPA RICAMBI S.r.l.
Via Rio Cocchino 15
21040 Caronno Varesino (VA)
tel: 39/0331/981596
fax: 39/0331/981523
internet: www.nordeuoparicambi.com
Contact: Mr. Ciman, Commercial Director
Products: Spare parts.

ORVIP S.r.l.
Via Germania 9
35127 Padova - Z.I. Camin (PD)
tel: 39/049/8703800
fax: 39/049/761667
internet: www.orvip.com
Contact: Mr. Adriano Rossetti, Commercial Director
Products: Automotive spare parts.

REDAT S.p.A.
Via Calcatelli 3
10029 Villastellone (TO)
tel: 39/011/9691111
fax: 39/011/9696852
internet: www.redat.com
Contact: Mr. Attilio Cortella, Managing Director
Products: Spare parts for diesel injection pumps and turbochargers.

RODIESEL S.r.l.

Via Battista de Rolandi 13/17
20156 Milan (MI)
tel: 39/02/39218264
fax: 39/02/39257025
e-mail: rodiesel@tiscalinet.it
Contact: Mr. Paolo Caricato, Commercial Manager
Products: Automotive spare parts for diesel-run vehicles.

S.A.F.A.RI. MARKET INTERNATIONAL S.r.l.
Via E. Barsanti 9
37139 Verona (VR)
tel: 39/045/8510711
fax: 39/045/8510730
internet: www.safarimarket.it
Contact: Mr. Corrado Finetto, Commercial, Managing Director
Products: Automotive spare parts.

SEAL-TECH S.r.l.
Via Pietre Grosse 21
25031 Capriolo (BS)
tel: 39/030/7460724
fax: 39/030/7460711
internet: www.seal-tech.it
Contact: Mr. Giacomo Bertazzoli, Commercial Director
Products: Automotive components.

SIRA S.p.A.
Via della Resistenza 53
20090 Buccinasco (MI)
tel: 39/02/4885271
fax: 39/02/48852760
e-mail: info@sira-spa.com
Contact: Mr. Guarinelli, Commercial Manager
Products: Pneumatic and electric tools.

SOCIETA' ITALIANA COMMERCIALE UTENSILI S.p.A.
Via Cesena 15
20155 Milan (MI)
tel: 39/02/345761
fax: 39/02/3314503
internet: www.sicutool.it
e-mail: sicutool@tin.it
Contact: Mr. Marco Corradini, Commercial Director
Products: Tools

AUTOMOTIVE PARTS & EQUIPMENT MARKET - NETHERLANDS

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 3789
 2001: 4005
 2002: 4115 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2000-2002: 4%
- C) Imports, total (US \$ millions):
 2000: 3054
 2001: 3176
 2002: 3304 (estimated)
- D) Est. Avg. Annual Growth Rate 2000-2002 of total imports: 5%
- E) Imports from the U.S. (US \$ millions):
 2000: 435
 2001: 451
 2002: 470 (estimated)
- F) Est. Avg. Annual Growth Rate 2000-2002 of U.S imports: 2%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	3	3	3	4
Batteries	4	3	2	2	3
Garage Equip. (General)	4	4	3	3	4
<i>(Diagnostic)</i>	4	4	3	2	4
<i>(Emission Control)</i>	4	3	3	3	4
Engines and Parts	5	4	3	3	5
Gears/Gear Boxes	5	4	4	4	3
<i>(HVAC)</i>					

<i>Equipment)</i>	3	3	3	2	4
<i>(Transmission Parts)</i>	4	5	2	2	5
<i>(Tubes and Tires)</i>	4	4	2	3	5
<i>(Accessories)</i>	5	5	3	4	5

III. Narrative Information:

The total number of registered passenger cars in the Netherlands is about 6 million units, a relatively high number, given that the total population is 16 million. In 2001, 612,00 new passenger cars were sold in the Netherlands, valued at \$11 billion. Total sales of new cars increased by 12.7 percent for 2001. In addition 865,000 used cars were sold, worth \$6.1 billion. Only a very small percentage of these cars are manufactured in the U.S. But in general, General Motors, DaimlerChrysler and Ford continue to make inroads with market shares of 27.7, 14.5 and 11.5 percent respectively in the Dutch market.

A continuing trend is the growing Dutch interest in car-customizing. Opportunities exist for U.S. manufacturers of high quality and price-competitive audio equipment and other interior and exterior accessories for European cars. The increased value of cars and higher theft rates also create demand for a wide range of anti-theft products.

Increased complexity and the application of high-tech are major trends for new passenger cars. This demands more sophisticated garages and thus results in greater investment in high-tech garage tools and equipment. Also, the Netherlands has growing environmental concerns, which create a need for new and innovative environment-friendly products, technologies for cars. The Netherlands has an extensive public transportation network. However, 79 percent of all transportation of people is done by automobiles which play an important role in the Dutch society. By comparison, public transportation and motorcycles account for 13 and 8 percent respectively, of the total movement of people.

Best Prospects: are sophisticated infrared testing equipment (HS-903180390) and micro-electronic exhaust testers, as well as sealed and recyclable batteries (HS-850710810). Asbestos-free brake (HS-870831990) and friction materials are in demand, as well as paint thinner and recycling products. Products for waste oil and other waste materials storage, and transportation and special filter installations for auto paint spraying are also making strong inroads. A dramatic increase in the use of computers, software, data storage on diskettes, in-car navigation, electronic maps (CD-ROM), infrared blind-spot detectors, radar enhanced cruise control (HS-903289900), and heads up speed/distance displays, audio equipment (HS-852721910, HS-852721990), alloy wheels (HS-870870500), wooden trimmings (HS-442010190), seat covers (HS-63049300).

IV. Major Procurements on the Horizon (next 18-36 months):

None

V. Country's Methods of Procurement:

Public procurement, open tender, and direct purchase by private sector are all common methods of procurement. It is almost impossible to sell to the Dutch government for U.S. companies without local representation. All public sector procurement tenders over the threshold amount of 5 million ECU (US \$4.3 million) are published both in the EU Journal and the Dutch Government Gazette (Staatscourant). Companies interested in identifying and bidding on government procurements under this amount will have to contact the individual Dutch ministries directly. A bonafide local representative is vital in this process.

There are three purchasing procedures used, depending on the service to be rendered, the contract value and the completion dates:

- 1) Open procedure (publication without tender restrictions)
- 2) Restricted procedure (provision of information to a restricted group of bidders only)
- 3) Negotiation procedure (single tender action after an international announcement with subsequent competition).

VI. Means of Financing Procurements:

Banking facilities for international transactions available in the Netherlands generally meet or exceed US standards. The Nederlandsche Credietverzekering Maatschappij NV (NCM), a private company owned by the Dutch banks, and a number of insurance and export finance companies, provides export credit insurance. Most projects are financed by public and private sector lenders at commercial rates. As a member of the European Union, the Netherlands has access to EU-funded programs which provide a wide range of support in the form of grants, loans and co-financing for training, feasibility studies, infrastructure projects in the environmental, transportation, energy and other key sectors. EU initiatives are designed to support projects within its Member States and the EU-wide "economic integration" projects that cross over borders.

EU Structural Funds are available to assist economically depressed regions that require industrial restructuring and agricultural re-conversion. Tenders for such projects are subject to EU public procurement legislation, provided that the tender meets the EU threshold requirements. There are no overt prohibitions against the participation of U.S. firms. From a commercial perspective, these initiatives create significant market opportunities for European firms of American parentage.

VII. Points of Contact:

A) American Embassy
The Commercial Service
American Embassy
Lange Voorhout 102
2514 EJ The Hague
The Netherlands
Phone: (31) 70 310 9417
Fax: (31) 70 363 2985
E-mail: ayube.shirriff@mail.doc.gov
Website: www.sce.doc.gov - www.ustrade.gov, www.BuyUSA.nl
Commercial Counselor: August Maffry
Commercial Attache: Pamela Ward
Commercial Specialist: Mr. Ayube Shirriff

AUTOMOTIVE PARTS & EQUIPMENT MARKET - POLAND

I. Statistical Information

A) Total Market Size in US\$ Millions

2000: 3327

2001: 3600

2002: 3800

B) Estimated Average Annual Growth Rate of Market

2000-2002: 7%

C) Imports, total (US\$ Million):

2000: 2255

2001: 2400

2002: 2500

D) Estimated Average Annual Growth Rate of Total Imports

2000-2002: 6%

E) Imports from the U.S. (US\$ Millions):

2000: 14

2001: 14

2002: 14

F) Estimated Average Annual Growth Rate of U.S. Imports

2000-2002: 0%

II. Evaluation of Sector

	Develop. & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	2	2	3	4	3
Batteries	3	3	4	4	4
Garage Equip (Gen.)	4	4	2	5	4
(Diagnostic)	4	4	2	5	4
(Emission Control)	4	4	2	5	4
Engines and Parts	2	2	3	4	3
Gears/Gear Boxes	2	2	2	3	2
	3	4	2	4	4

HVAC Equipment					
Transmission Parts	2	4	2	4	4
Tubes and Tires	3	3	4	5	4

III. Narrative Information

There were 9,991,000 passenger cars registered in Poland in 2000. This number is likely to grow to 15 million by 2010.

The automotive market in Poland had been growing significantly over the last several years reaching the high peak in 1999 with sales of 640,183 new cars (647,000 produced in Poland and 165,257 imported) and 114,180 used cars imported into Poland. In 2000 a sudden decline was observed with 532,000 cars produced in Poland, 187,826 new cars imported and 200,733 used cars imported. This decline was caused by a number of factors including a less frequent turnover rate (Poles tend to keep their cars longer), expensive credit terms, and decreasing purchasing power caused by an economic slowdown. It is expected that this trend will continue over the next couple of years, with local production suffering from the biggest decline.

However, the market for automotive parts has not really suffered from the decline in new car sales. The growing number of used cars imported into Poland has led to an increase in car parts/maintenance products which have doubled in the last two years.

Car parts end-users can be divided into three categories:

- original car manufacturers (supplied directly by manufacturers of car parts)
- service stations (supplied directly by parts manufacturers or through importers' warehouses)
- sale for individual buyers (supermarkets, small specialty shops, filling stations)

Automotive parts and maintenance products offered by small and medium-sized U.S. firms would mostly fall into the last two categories (after-market). Major car parts importers concentrate on the after-market, supplying service stations, supermarket chains and their regional distributors who distribute the imported products to individual retail shops.

The U.S. position in the market is not very strong. This is mainly due to higher duties applied to imports from the U.S. (Some major American car parts producers have their production located in Europe so that they can produce parts meeting EU specifications and thus ensure that their parts are treated as "European.")

Price is still the single most important factor influencing end-user purchasing decisions. However, quality- and brand-awareness have been growing noticeably in Poland.

There is a significant potential market in Poland for U.S.-made car parts, especially for passenger cars with European specifications, for accessories and, in the future, for tuning products and equipment.

III. Major Procurements on the Horizon (next 18-36 months)

Given the nature of the Polish automotive sector, there are no major procurements planned for the next 18-36 months.

IV. Methods of Procurement

Public procurement, open tender, and direct purchase by private sector are the most common. To be successful, it is recommended that the U.S. company has a local presence either through its own office or through a representative.

V. Means of Financing Procurements

Import financing procedures adhere to Western business practices. All payments go through one of the following qualified foreign exchange banks, whose guarantees are reliable: Bank Handlowy w Warszawie S.A. (the central bank and its nine regional branches), Bank Polska Kasa Opieki S.A. (Pekao, S.A.), Bank Rozwoju Eksportu S.A. (Export Development Bank), Powszechna Kasa Oszczednosci-Bank Panstwowy (PKO-BP), Bank Gospodarki Zywnosciowej (Bank for Food Economy), and Polski Bank Rozwoju (Polish Development Bank).

The safest method of receiving payment for U.S. exports is through a confirmed, irrevocable letter of credit (L/C). Banks in Poland require the importer to deposit funds prior to issuance of a L/C. Most difficulties in obtaining a U.S. bank guarantee on a Polish L/C seem to stem from considerations of Poland's overall debt performance. This does not reflect the actual performance of Polish banks on L/Cs, however, and there have been no known cases of default on payment during the last several years. Typically, L/Cs are opened for a period to cover production and shipping, and they are normally paid within seven working days after receipt of the goods. Cash payment or down payments provide an extra measure of security for export sales.

VI. Points of Contact

A/ American Embassy
U.S. Commercial Service
IKEA Building
Al. Jerozolimskie 56 C
00-803 Warsaw, Poland
tel: (48 22) 621-4374
fax: (48 22) 621-6327
e-mail: Warsaw.Offcie.Box@mail.doc.gov
internet home page: www.buyUSA.gov/Poland
Senior Commercial Officer: Mr. Edgar Fulton
Commercial Attaché: Mr. Robert J. Donovan
Commercial Specialist: Ms. Joanna Chomicka

AUTOMOTIVE PARTS & EQUIPMENT MARKET - PORTUGAL

I. Statistical Information

- A) Total Market Size (in your country) in US \$ millions:
 2000: USD 3956
 2001: USD 4239
 2002: USD 4441 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2002-2004: 5%
- C) Imports, total (US \$ millions):
 2000: USD 2719
 2001: USD 2854
 2002: USD 2968 (estimated)
- D) Est. Avg. Annual Growth Rate (2002-2004) of total imports: 4-6 %
- E) Imports from the U.S. (US \$ millions):
 2000: USD 4.6
 2001: USD 4.9
 2002: USD 5.3 (estimated)
- F) Est. Avg. Annual Growth Rate (2002-2004) of U.S imports: 4-5 %

II. Evaluation of Sector -- Automotive Parts & Equipment

Ranked from 1 (low) to 5 (high).

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	3	2	3	4
Batteries	3	3	2	2	4
Garage Equip. (General)	5	5	3	2	4
(Diagnostic)	5	5	3	2	3
(Emission Control)	4	3	2	2	3
Engines and Parts	3	3	4	3	3
Gears/Gear Boxes	2	3	4	3	3
HVAC Equipment	2	3	3	3	4

Transmission Parts	3	3	2	3	4
Tubes and Tires	5	4	3	2	4
Accessories	4	3	3	2	4

III. Narrative Information:

Portugal is a country of 10 million. The Portuguese automobile market exploded 8 years ago, as a result of the higher standard of living due to the European Union (EU) financial support. Automobile prices in Portugal are some of the most expensive in the EU and the average vehicle on the road is approximately 4/5 years old. Nevertheless, the Portuguese market for automotive components and services has good potential.

There are currently 150 component manufacturers in Portugal and approximately 300 importers/distributors, accounting for 24,000 employees in this market. The components manufacturers are broken down into two different sectors: original equipment, which are the components used in the production of new vehicles, sold directly to the car manufacturers for the assembly lines; and replacement equipment, which are the manufactured components used to replace and complement the original equipment. Both sectors are growing, but demand for replacement parts is expected to grow faster as owners seek to maintain their vehicles. The vehicles' test requirements for old automobiles also add to the demand for replacement parts.

Investment in the automotive component industry continues to be attractive to many investors and strongly supported by the Government of Portugal (GOP) and EU funds under the community until 2006 (see key contacts - ICEP). Demand for automotive components is projected to increase four to six percent in coming years due to the expected increase of auto exportation and customer satisfaction requirements.

Market opportunities exist for:

- (1) Service equipment: A higher standard of living among Portuguese in the last 4 years has resulted in an increase in the number of new and sophisticated automobiles, making consumers more demanding. These automobiles need the services of electronic and diagnostic equipment, which until recently, only the manufacturer/dealer was able to provide.
- (2) The more after-market electronic options that many car owners prefer: car phones, in-car entertainment and security equipment. To a large extent, these are still optional items, which are not installed by the manufacturer.
- (3) U.S. products enjoy a very favorable reputation in the market and, therefore, car care products should also be taken into consideration.

IV. Major Procurements on the Horizon (next 18-36 months):

N/A

V. Country's Methods of Procurement:

This sector does not lend itself to major government procurement decisions. Government purchases are small and procurement is made through domestic tenders or direct consultation.

VI. Means of Financing Procurements:

N/A

VII. Points of Contact:

Robert Shipley
Senior Commercial Officer
U.S. Embassy, Commercial Services
Av. das Forcas Armadas
1600-081 Lisbon, Portugal
Tel: (351) 21 770 2526
Fax: (351) 21 726 8914
Email: robert.shipley@mail.doc.gov

Celeste Conde
Industry Specialist
U.S. Embassy, Commercial Services
Av. Das Forcas Armadas
1600-081 Lisbon, Portugal
Tel: (351) 21 770 2527
Fax: (351) 21 726 8914
Email: celeste.conde@mail.doc.gov

The Commercial Service - Oporto
Av. Boavista, 3523-5., Sala 501
4150 Porto, Portugal
Tel: (351) 22 618 6607
Fax: (351) 22 618 6625
Adolfo Coutinho
Commercial Specialist
Email: adolfo.coutinho@mail.doc.gov

Trade Associations:

ACAP - Associacao do Comercio Automovel de Portugal
(Portuguese Motor Vehicle Trade Association)
Rua da Palmeira 6
1200 Lisboa
Tel: (351) 21 347 0048
Fax: (351) 21 342 0064

ANECRA - Associacao Nacional Das Empresas Do Comercio
e Reparacao Automovel
(National Automotive Repair Association)
Rua Almeida Brandao 2
1249-089 Lisbon, Portugal
Tel: (351) 21 392 9030
Fax: (351) 21 397 8504

AFIA - Associacao Dos Fabricantes p/a Industria Automovel
(Portuguese Component Manufacturer's Ass'n.)
Rua do Castro 190
4000 Oporto
Tel: (351)22 617 2668
Fax: (351)22 610 1877

Host Government:

ICEP - Investimentos, Comercio E Turismo De Portugal
(Portuguese Trade and Tourism Office)

Av. 5 de Outubro 101/3

1050 Lisboa

Tel: (351-21) 790 95 00

Fax: (351-21) 793 50 28

ICEP – (Portuguese Trade Commission)

590 Fifth Avenue, 3rd. Floor

New York, N.Y. 10036-4704

Tel: (212) 354 4610

Fax: (212) 575 4737

AUTOMOTIVE PARTS & EQUIPMENT MARKET – RUSSIA

I. Statistical Information

- A) Total Market Size in US\$ Millions
 2000: Not Available
 2001: Not Available
 2002 (est): Not Available, but see narrative
- B) Estimated Average Annual Growth Rate of Market
 1998-2000: 5
- C) Imports, total (US\$ Millions)
 2000: Not Available
 2001: Not Available
 2002 (est): Not Available, but see narrative
- D) Estimated Average Annual Growth Rate of Total Imports: Not Available
- E) Imports from the US (US\$ Millions):
 2000: Not Available
 2001: Not Available
 2002 (est): Not Available
- F) Estimated Average Growth Rate of U.S. Imports 1998-2000: Not Available

II. Evaluation of Sector

Ranked from 1 (low) to 5 (high)					
	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	2	5	3	2
Batteries	3	4	3	4	4
Garage Equipment					
(General)	3	4	3	3	3
(Diagnostic)	2	4	3	3	3
(Emission Control)	2	4	2	2	2
Engines and Parts	3	4	4	3	4
Gears/Gear Boxes	3	3	4	4	4
HVAC Equipment	1	5	2	3	4
Transmission Parts	2	4	4	3	4
Tubes & Tires	3	3	4	4	3
Accessories	3	5	2	3	4

III. Narrative Information

In 2001, Russian car ownership grew to 140 vehicles per 1,000 inhabitants, more than double the 1993 rate of 59 cars per 1,000 people. Sales of cars and trucks are growing at an annual rate of 9.5 percent, a trend that is expected to continue over the next 6 years. Approximately 24.5 million vehicles are on Russian roads, including 19.5 million cars, almost 50 percent of which are 10 years or older. Consequently, the aftermarket for parts and supplies is very large, although most of the demand is met by low-cost Russian or CIS suppliers.

In 2001, Russian customers purchased 1.5 million cars. This figure includes 1 million new Russian-made cars, 100,000 new imported cars and 400,000 used imports. Official dealers reported total sales of 72,500

new foreign cars, a considerable increase over the 42,500 units in 2000. In addition to purchases from official dealers, many Russians import cars individually. Importers are currently forecasting continuing rapid growth of approximately 40% in 2002. Results for the first three quarters of 2002, show year-on-year growth of 40%. With the record number of used vehicles imported to Russia in 2002, the final tally for car sales in Russia is likely to exceed 1.7 million vehicles. Driving this growth is healthy GDP growth (9% in 2000, 5 % in 2001, and 4.2 % in 2002), and rapidly rising income levels.

The total value of new and used car sales in Russia is estimated at \$10 billion annually, trucks at \$2.5 billion, and buses at \$1 billion. Sales of trucks and buses have been growing by 15 percent annually during the last three years and are expected to continue growing, although at a more modest rate, within the next three years. Experts' opinions about the size of the Russian market for automotive parts, components, accessories, chemicals and service equipment vary from \$3 billion to as much as \$6 billion, including both after-market sales and supplies to assemblers. Russian parts suppliers completely dominate the OEM market, but are not so strong in the after-market. Imported replacement parts and car accessories are very common in Russia and are supplied from Western and Eastern Europe, CIS countries and the U.S.

Russian vehicle assembly and component manufacturers are hobbled by ineffective management, lack of capital for modernization and an underdeveloped distribution system. The use of barter sales has decreased significantly, as liquidity returned to the marketplace, but still exists and constrains growth. More than 300 firms produce components, fluids, lubricants and equipment for the automotive industry; however, only a handful of them are capable of supplying adequate quality and adhering to delivery terms.

There are several projects underway to assemble foreign makes in Russia. The most advanced are the Ford assembly plant in a suburb of St. Petersburg and the GM-AvtoVAZ joint venture in Togliatti. The Ford facility started operations in summer 2002, and is scheduled to produce up to 20,000 Focus cars annually with a possible expansion to 100,000 cars per year. As of October 2002, orders received had exceeded expectations. GM established a joint venture with AutoVAZ, the largest car manufacturer in Russia, and in September 2002 began producing SUVs under the Chevrolet-Niva brand. The JV will manufacture 75,000 vehicles for the Russian market and for exports. Ford's and GM's strategies in Russia differ completely. The Ford Focus is assembled in Russia from 95% imported components and the product is marketed only in Russia. The Chevy-Niva is sourced from Russian suppliers, predominantly from AvtoVAZ, and marketed both in Russia and in export markets. However, both Ford and GM, when interviewed by Commercial Service staff, expressed great interest in working together with Western component manufacturers willing to establish facilities in Russia. Both wish to source high quality components from suppliers in Russia, be they Russian or foreign-owned or JVs. The current lack of such quality in the local market is a major obstacle to the rapid development of the Ford and GM projects in Russia. Both companies have teams working full-time to improve the supply chain. Other foreign assembly projects in Russia include Renault, BMW, Kia and Hyundai.

The best opportunities for U.S. firms exist in supplying components to the above projects, either by direct export or by establishing Russian production of automotive components. Other opportunities exist through licensing or modern technology transfer to Russian component manufacturers. After-market sales of replacement parts and accessories are dynamic and customers' attitude towards U.S. products is quite positive. Many U.S. brand names are very well known and sold in Russia. Some of the products which Russian motorists tend to associate with "Made in USA" are lubricants, automotive chemicals and off-road accessories. There are no known trade barriers affecting import of U.S. automotive products.

Russian Government officials recognize the need to attract foreign assemblers and component manufacturers in order to bring the domestic automotive industry up to world standard. Recently, the government introduced high import tariffs on used vehicles older than seven years; this measure is aimed at supporting local manufacturers whose low-price, low-quality products compete with used foreign imports. Some experts are predicting that import duties on new vehicles may also be increased in the near future, in order to support Ford and GM-AvtoVAZ projects. Also to facilitate development of component industry, the Russian government is planning to establish several tax-free zones where Western component manufacturers will be granted the most favorable investment climate.

Officials of AvtoVAZ, the largest Russian assembler, indicated that they are interested in importing quality components, such as power steering, engine parts, ignition, power train parts and so on. Preference will be given to Western manufacturers interested in long-term cooperation and willing to invest in local manufacture of components. Many Russian component manufacturers are interested in modernizing their facilities and acquiring modern technologies, but lack funding to do so. The most realistic opportunities for U.S. firms are in supplying the Ford and GM projects or investing in local component production. Supplying initial fluid fills for newly manufactured vehicles is another opportunity. The European Bank for Reconstruction and Development (EBRD), which is an equity partner in the GM/AvtoVaz JV, has repeatedly expressed its willingness to co-finance investments in Russian automotive component manufacturing projects.

Trade Promotion Opportunity

The US Commercial Service Russia is recruiting US Automotive Components Manufacturers to participate in a Business Development Mission scheduled for Spring 2003. It will allow the mission participants to meet with major players in the Russian OEM market: decision makers of Ford Russia, GM Russia, AvtoVAZ and other key players in this market. All trade mission participants will have an opportunity to network and establish contacts with key government officials responsible for the Russian automotive sector, meet management of major Russian automotive manufacturers, participate in one-on-one business meetings with potential buyers/partners in Moscow and make site visits to Russian production facilities in Samara/Togliatti and other locations.

AUTOMOTIVE PARTS & EQUIPMENT MARKET - SLOVAKIA

The automotive sector is one of the fastest growing in Slovakia in recent years. Domestic automotive production significantly increased, improving prospects for parts suppliers. There seems to be a thriving automotive after-market, and we suspect that there will be a growing market for garage equipment and diagnostic tools. There are opportunities for U.S. investors. A number of companies are also seeking U.S. partners for manufacturing.

Slovakia has already seen investment come from numerous foreign companies wishing to supply the automotive industry. The decision to invest is not only backed up by a greatly improved investment climate in Slovakia, but for sure also by the positive experiences of those already established investors in the Slovak automotive industry. Foreign concerns do exceptionally well in Slovakia - manufacturers of products with lower added value, which manage to tighten costs thanks to cheap and highly qualified labor. A key customer of automobile components is the German concern Volkswagen. Important US investors in the production of components in Slovakia in 2000 and 2001 were US Steel (sheet metal), Dana Corp. (bearings), Delphi Automotive (car cable systems), Tower Automotive (castings, sheet metal), Lear (door linings), and Johnson Controls (seats).

Attracting foreign investment has become a top priority for the Slovak government. The government has developed a comprehensive series of investment incentives, which include tax holidays and worker retraining grants. The government is also in the process of privatizing most remaining state-held firms, including Bank Slovakia, Slovak Electric Company and Istrochem.

Slovakia is on a path to enter the European Union and expects to be considered as a first wave candidate for EU entry in 2004.

Points of Contact:

AUTOMOTIVE PARTS & EQUIPMENT MARKET - SWEDEN

I. Statistical Information --

A) Total Market Size in US \$ millions:

2001: 4,725
 2002: 5,570 (estimated)
 2003: 5,849 (estimated)

B) Est. Avg. Annual Growth Rate of Market 2001-2003: 5 %

C) Imports, total (US \$ millions):

2001: 2,529
 2002: 2,981 (estimated)
 2003: 3,130 (estimated)

D) Est. Avg. Annual Growth Rate (2001-2003) of total imports: 5 %

E) Imports from the U.S. (US \$ millions):

2001: 103
 2002: 121 (estimated)
 2003: 127 (estimated)

F) Est. Avg. Annual Growth Rate (2001-2003) of U.S imports: 5 %

II. Evaluation of Sector -- Automotive Parts & Equipment

Ranked from 1 (low) to 5 (high).

	Develop. & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	3	2	2	3
Batteries	4	3	2	2	3
Garage Equip (Gen.)	3	3	2	2	3
(Diagnostic)	4	4	3	3	4
(Emission Control)	4	4	3	3	4
Engines and Parts	3	3	3	3	3
Gears/Gear Boxes	3	3	3	3	3
	3	3	3	3	3

HVAC Equipment					
Transmission Parts	3	3	3	3	3
Tubes and Tires	4	3	2	2	3
Accessories	4	4	3	3	4

III. Narrative Information

Sweden, with a population of about 8.9 million, had 4 million cars at the end of 2001. This corresponds to one car to every 2.2 people. The number of commercial vehicles was 418,000. Half the fleet of cars in use today is at least 10 years old, which is a high proportion compared to many other European countries.

The total import of automotive parts and accessories (HS 87.08) was worth dollars 2.5 billion in 2001. Major supplying countries were Germany (34 %), U.K. (11%) and Belgium (9%). U.S. suppliers accounted for 4.1 percent of the import market.

The best sales prospects exist for products within the "safety" and "environment" sectors. Swedes are very safety conscious and the automotive manufacturers are known to follow high safety standards. In the aftermarket sector products that are related to the Swedish climate enjoy good prospects. Examples are engine heaters for the winter and roof boxes for skis. Steering wheels, rims, mirrors and decorations for the exterior of the car also sell well. Extra lights are also popular, especially as it is very dark for 6 months of the year in Sweden. Areas where US suppliers are doing well are within brake systems, steering systems, body parts and gearboxes/transmissions. Car care products and automotive chemicals are other segments where U.S. firms are strong

IV. Major Procurements on the Horizon (next 18-36 months)

No major procurements have been identified.

V. Country's Methods of Procurement

As a rule, the automotive manufacturers prefer direct contact with the suppliers. Volvo Cars, now fully owned by Ford, co-ordinates purchasing through its headquarters in Sweden, while SAAB, owned by General Motors, co-ordinates purchasing through GM European in Germany.

VI. Means of Financing Procurements

Financing is done through mutual agreements. Terms of payment are generally 30-60 days between delivery and payment. If payment is late, there is usually a penalty interest rate.

VII. Points of Contact:

A) American Embassy
The Commercial Service
American Embassy
Dag Hammarskjolds Vag 31
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Fax: (46) 8 660 91 81

E-mail: Stockholm.office.box@mail.doc.gov
Internet home page: <http://www.usatrade.gov.sweden>
Senior Commercial Officer: Thomas Kelsey
Commercial Specialist: Hakan Vidal

Showcase Europe Automotive Coordinator:

The Commercial Service
American Embassy
Lange Voorhout 102
2514 EJ The Hague
The Netherlands
Phone: (31) 70 310 9416
Fax: (31) 70 363 2985
E-mail: the.hague.office.box@mail.doc.gov
Internet home page:
Website at: <http://www.sce.doc.gov>
Commercial Counselor: August Maffry
Commercial Specialist: Ayube Shirriff (AAIW, Intertraffic, Training Program, reviews)
Commercial Specialist Bram Groen (Equip Auto, Annual Plan, Multi-country CMA)

B) Host Government

Vagverket
(The Swedish National Road Administration)
SE-781 87 Borlange
Sweden
Tel: (46) 243 750 00
Fax: (46) 243 758 25
Web site: www.vv.se

C) Automotive Associations

Fordonskomponentgruppen AB
(Scandinavian Automotive Suppliers)
Bror Nilssons Gata 4
SE-417 55 Goteborg
Sweden
Tel: (46) 31 711 89 01
Fax: (46) 31 711 89 04
Contact: Mr. Svenake Berglie

Sveriges Bildelsgrossisters Forening
(The Association of Swedish Wholesalers of Automotive Parts and
Accessories)
SE-103 29 Stockholm
Sweden
Tel: (46) 8 762 77 00
Fax: (46) 8 762 77 60
Contact: Mr. Gunnar Oijvall

Fordonsverkstadsutrustarna
(The Association of Garage Equipment Suppliers)
SE-103 29 Stockholm
Sweden
Tel: (46) 8 762 77 00
Fax: (46) 8 762 77 60
Contact: Mr. Gunnar Oijvall

Bilkemikalieleverantörerna
(Automotive Chemical Supplier's Association)
Box 5501
SE-114 85 Stockholm
Sweden
Tel: (46) 8 783 80 00
Fax: (46) 8 411 45 26
Contact: Mr. Torbjorn Trangteg
Web site: www.plast-kemi.se

Dackleverantörernas Forening
(Tire Suppliers Association)
SE-103 29 Stockholm
Sweden
Tel: (46) 8 762 77 00
Fax: (46) 8 762 76 43
Contact: Mr. Gunnar Oijvall

Bilimportorsgruppen
(Car Importers Group)
SE-103 29 Stockholm
Sweden
Tel: (46) 8 762 77 00
Fax: (46) 8 762 76 43
Contact: Gunnar Oijvall

Bilindustriföreningen
(The Association of Swedish Automobile Manufacturers and Wholesalers)
Box 26173
SE-100 41 Stockholm
Sweden
Tel: (46) 8 701 63 60
Fax: (46) 8 791 23 11

D) Other – Importers
APE Components AB
Box 50
SE-164 94 Kista
Sweden
Tel: (46) 8 632 63 00
Fax: (46) 8 632 06 50
Web site: www.apefordon.se

Biltema Sweden AB (retailer, mail order)
SE-581 97 Linköping
Sweden
Tel: (46) 13 23 00 00
Fax: (46) 13 10 04 60
Web site: www.biltema.se

Bima, Bilmaterial AB (garage equipment)
SE-405 31 Gothenburg
Sweden
Tel: (46) 325 07 00

Fax: (46) 325 16 11
Web site: www.bima.se

Hall-Miba
Forsdalavagen 2
SE-342 32 Alvesta
Sweden
Tel: (46) 472 166 00
Fax: (46) 472 166 77
Web site: www.hall-miba.se

Hansen Racing (mainly US products)
Box 8004
SE-163 08 Spanga
Sweden
Tel: (46) 8 474 50 00
Fax: (46) 8 474 50 05
Web site: www.hansen-racing.com

Huzell i Karlstad AB
Box 77
SE-651 03 Karlstad
Sweden
Tel: (46) 54 85 22 00
Fax: (46) 54 85 18 15
Web site: www.huzells.se

KG Knutsson AB
SE-191 81 Sollentuna
Sweden
Tel: (46) 8 92 30 00
Fax: (46) 8 96 19 92
Web site: www.kgk.se

Klintberg & Way (parts for U.S. cars)
Box 196
SE-127 24 Skärholmen
Sweden
Tel: (46) 8 680 88 00
Fax: (46) 8 740 00 52
www.klintberg-way.se

LH Trading (garage equipment)
Box 7215
SE-187 13 Taby
Sweden
Tel: (46) 8 630 12 00
Fax: (46) 8 630 12 80

Mekonomen AB (chain of workshops/retail stores)
Stensatravagen 6
SE-127 39 Skarholmen
Sweden
Tel: (46) 8 464 00 00
Fax: (46) 8 464 00 66
Web site: www.mekonomen.se

OK Marknadsservice (chain of gas stations)

Box 23900

SE-104 35 Stockholm

Sweden

Tel: (46) 8 506 800 00

Fax: (46) 8 506 801 00

Web site: www.okq8.se

Smartab Hi-Tech Chemicals AB (car care products)

Sagargatan 9

SE-753 18 Uppsala

Sweden

Tel: (46) 18 15 31 00

Fax: (46) 18 15 31 01

Web site: www.smartab.com

Statoil Detaljhandel AB (chain of gas stations)

Torkel Knutssonsgatan 24

SE-118 88 Stockholm

Sweden

Tel: (46) 8 429 60 00

Fax: (46) 8 429 61 29

Web site: www.statoil.se

AUTOMOTIVE PARTS & EQUIPMENT MARKET - SWITZERLAND

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 1967
 2001: 1567
 2002: 1652 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2001-2003 2%
- C) Imports, total (US \$ millions):
 2000: 777
 2001: 712
 2002: 694 (estimated)
- D) Est. Avg. Annual Growth Rate (2000 - 2003) of total imports: 2%
- E) Imports from the U.S. (US \$ millions):
 2000: 42
 2001: 38
 2002: 40 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2003) of U.S imports: 2%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	2	2	2	4	2
Batteries	3	3	2	3	2
Garage Equip. (General)	2	2	2	2	2
<i>(Diagnostic)</i>	2	3	2	2	2
<i>(Emission Control)</i>	2	2	2	2	2
Engines and Parts	3	2	2	3	3
Gears/Gear Boxes	2	2	2	2	2
<i>(HVAC)</i>	2	3	3	3	2

<i>Equipment)</i>					
<i>(Transmission Parts)</i>	2	2	2	2	2
<i>(Tubes and Tires)</i>	2	2	2	3	2
<i>(Accessories)</i>	2	2	2	2	2

III. Narrative Information:

Despite the fact that the Swiss Confederation does not have its indigenous automobile manufacturing industry, it has become a leading player in establishing a worldwide presence as the systems and modules suppliers of engineered products geared toward optimizing driving comfort in passenger and utility/commercial vehicles. The Swiss overall automotive parts and accessory market was valued in 2001 at \$ 1567 million and is forecast grow within the forthcoming years by an average of two percent. US exports as of the past few years have played an insignificant role, registering in 2001 \$ 712 million. The nation, which traditionally has gained the strongest foothold in the Swiss marketplace, is Germany, capturing the lion's share of almost 46 percent, followed by a distant second France with 16 percent and Japan with 12 percent. Domestic production in 2001, which heavily relies upon exports, was estimated to total \$ 4.8 billion. This figure is exclusive of the powerful machine tool industry, which also delivers a premium proportion of its output to automobile manufacturers around the world.

Revenues generated by the Swiss automobile market are an important element of the Swiss overall economy. In 2001, the automotive industry sector (encompassing automobile importers, automotive parts importers, wholesaler/distributors of parts, car dealerships for new and used vehicles, repair and service facilities, gasoline stations as well as providers of related services) registered a total volume of \$ 38 billion. Of the \$ 38 billion, \$ 6.2 billion derived from the importation and sale of new passengers cars as well as utility/commercial vehicles.

IV. Major Procurements on the Horizon (next 18-36 months):

None

V. Country's Methods of Procurement:

Although small in size, Switzerland is an attractive and highly competitive market. Its volume is substantially larger than the mere size of the country might suggest. Swiss importers, distributors and wholesalers tend to be very well informed about current market trends and expect sophisticated technology and equipment. The preponderance of buyers is versed in the English language. Imports, distributors and wholesalers maintain excellent networks of contacts with automobile manufacturers, automotive parts, systems and accessories suppliers. Procurements follow the rules of the free market. By and large, the Swiss import market is liberal with few trade barriers.

VI. Means of Financing Procurements:

Prevailing payment practices adhere to normal business standards. A bank guarantee or a letter of credit to demonstrate stability, creditworthiness, solvency, and longevity are usually superfluous, albeit it should be noted that a down payment for new customers is often requested. Invoices are settled through private commercial accords and banking facilities within 30 days pursuant to receipt and inspection of the order. Deferred payment customarily entails the interest payments.

While imports from EU and EFTA countries are duty free, US and non-EU shipments of parts, accessories etc. to Switzerland are charged a customs duty, with the assessment based upon the product imported. Customs authorities utilize the Harmonized System (HS), classifying goods in numerical order, to compute duties owed. The duty fee, usually one to three percent of the value of the item, is levied per 100-kilogram increments of the gross dutiable weight. The "VAT", payable to the authorities by suppliers of goods or services is an indirect tax levied upon consumption at every stage of production and distribution. Currently the general rate levied upon most durable commodities amounts to 7.6 percent. The "VAT", which Switzerland imposes upon goods and services, is considerably lower than the levels EU-member countries assess. Their rates range between 15 and 21 percent.

VII. Points of Contact:

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E-mail: sandor.galambos@mail.doc.gov

AUTOMOTIVE PARTS & EQUIPMENT MARKET - TURKEY

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 6,060
 2001: 2,020
 2002: 2,250 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2000-2002: 10%
- C) Imports, total (US \$ millions):
 2000: 2,750
 2001: 1,400
 2002: 1,550 (estimated)
- D) Est. Avg. Annual Growth Rate (2000-2002) of total imports: 5%
- E) Imports from the U.S. (US \$ millions):
 2000: 500
 2001: 250
 2002: 275 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: 5%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	4	2	5	5	1
Batteries	4	2	5	3	1
Garage Equip. (General)	2	3	3	3	2
<i>(Diagnostic)</i>	3	3	2	3	2
<i>(Emission Control)</i>	3	2	2	3	2
Engines and Parts	4	2	5	4	1
Gears/Gear Boxes	4	2	5	4	1
<i>(HVAC)</i>	3	3	3	4	1

<i>Equipment)</i>					
<i>(Transmission Parts)</i>	4	2	5	4	1
<i>(Tubes and Tires)</i>	4	2	5	3	1
<i>(Accessories)</i>	3	3	5	3	1

III. Narrative Information:

Increased consumer demand in the 1990s and Turkey's Customs Union agreement with the EU drove rapid growth of automotive production in Turkey. The growing local market and promising neighboring export markets (the CIS, Central and Eastern Europe and the Middle East) attracted foreign direct investment to Turkey. Most international vehicle producers will be completing their investments in Turkey and the Turkish automotive industry will primarily be of J/V or direct foreign operations. By 2005, Turkish automotive exports are estimated to reach 500,000 units.

Presently, there are 19 vehicle producers in the Turkish market. Ford continues to manufacture in Turkey and has begun manufacturing the V184 Ford Transit minibus. Ford has also begun trial-production of the V227 this year. The Overseas Private Investment Corporation (OPIC) is providing political risk insurance for the project.

The Turkish automotive parts/service equipment industry has expanded as Turkish automotive production and imports have increased. Today Turkey produces spark plugs, carburetors, fuel injection systems, and several transmission parts. The sector provides parts to the new vehicles as well as the existing automobile fleet of 7.3 million units. Of the 7.3 million automobiles on Turkish roads, nearly 25 percent are commercial vehicles. The vehicle and auto parts industry ended the year of 2001 as Turkey's third largest manufacturing export sector, following textiles & apparel and iron & steel. Industry specialists expect that it will be the largest one by 2005.

Turkey has gone through an economic bottleneck last year, and automotive industry has been one of the loss leaders. The industry, extremely sensitive to economic developments, is expected to recover in the late 2002s, yet production targets surpassing one million units after 2005 are dependent upon the rapidity and breadth of the recovery. Turkey's automobile density of 102 vehicles per 1,000 people ranks behind most European countries. An expectation of increases in vehicle density through 2005 portends high market potential.

Spare parts producers and importers have experienced similar slow downs. As consumers and commercial vehicle operators have delayed new vehicle purchases, the auto parts industry seems to be recovering more quickly due to the need to maintain equipment and the consistent parts export market. Especially with the expectation of the 500,000 units to be exported annually after 2005, an expansion in both the OEM productions for the related productions and after-market productions to support these units in the export markets is highly expected.

Tires, brake linings, gearboxes, and clutches are the major imported items in the parts industry. Generally, imported parts are used in supplying imported vehicles or where there is no local production, such as for CV driveshafts, catalytic converters and tapered roller bearings. Imports are also found where production shortages occur. Examples include power steering hydraulic systems, bearings, and v-belts. Parts, which need to be replaced frequently because of poorly maintained roads, heavy traffic, traffic accidents, and poor fuel quality, can also be considered as "best prospects." Examples include: shock absorbers, brakes, clutches, rings, filters, bumpers, lights, and signaling equipment to name but a few.

IV. Major Procurements on the Horizon (next 18-36 months):

None due to the economic crisis the country is facing

V. Country's Methods of Procurement:

Major procurements are realized by private business. There is a remarkable size of a vehicles fleet owned by the local management and the central government, however, private part plays a larger role to define the sector.

Suppliers' agents play an essential role in marketing and sales. In fact, in view of complicated import procedures, it is almost impossible to sell without a competent agent in the country. In Turkey, agency/representation/distributor agreements are private contracts between agents and their foreign suppliers. There are no unusual regulations, which govern commission rates, termination, etc. However, in the automotive after-market sector, a commission rate of 5-10 percent is most common application. Representatives provide proforma invoices to the importers, including their commission in the price, and expect the foreign supplier to reimburse the commission amount to their account after the sale is realized.

In the service equipment sector, distribution channel is made up of three points: supplier, agent, and the end user. There are no others in the line. Usually, it is the agents, which imports the equipment. However, if the company wants to import it itself, then the agent only provides the proforma invoice.

VI. Means of Financing Procurements:

After-market parts: The most common payment method is by letter of credit, when importing. Especially, when a new business relation is starting, an irrevocable and confirmed L/C is suggested. After both parties, supplier and local representative, get acquainted with each other, cash against documents becomes more common. Turkish suppliers, who receive payments from their customers in installments, however, might eventually need supportive payment terms from the foreign suppliers in order to increase sales. Local producers provide longer terms of payment to the wholesalers, and the wholesalers reflect similar payment terms to the retailers. However, consumers usually pay in cash.

Service equipment: Companies usually prefer to have long term back payments. Local producers are more flexible in providing longer terms. U.S. firms are found not as flexible as European companies. While most U.S. suppliers prefer to work on a letter-of-credit basis with short payment terms, European firms generally agree on open account arrangements with longer payment terms with their distributors. Many distributors enjoy a 4-months pay back period from their foreign suppliers, which are mostly European, and they provide 6-months pay back periods to their end users on Turkish Liras.

In conjunction with its January 1, 1996 accession to the European Union's Customs Union, Turkey has adopted a new import regime. The new regime applies the E.U.'s common external tariff for the third country imports and provides zero duty rates for non-agricultural items of EU/EFTA origin. Therefore, U.S. suppliers have an additional customs duty as well as additional freight costs disadvantages compared to European competitors. There is an additional 18 percent Value Added Tax (VAT) on sale of these equipment and spare parts.

VII. Points of Contact:

U.S. Commercial Service
Ataturk Cad. 126/5 Pasaport 35210 Izmir, Turkey
Phone: [90] (232) 441-2446
Fax: [90] (232) 489-0267
E-mail: berrin.erturk@mail.doc.gov
Websites: www.sce.doc.gov - www.ustrade.gov , BuyUSA.com
Commercial Counselor: Mr. Amer Kayani

Commercial Attache: Mr. Erik Hunt
Commercial Specialist: Ms. Berrin Erturk

AUTOMOTIVE PARTS & EQUIPMENT MARKET - UKRAINE

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 2185
 2001: 2251
 2002: 2365 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 2000-2001: 3%
- C) Imports, total (US \$ millions):
 2000: 1851
 2001: 1925
 2002: 1989 (estimated)
- D) Est. Avg. Annual Growth Rate (2000-2001) of total imports: 4%
- E) Imports from the U.S. (US \$ thousand):
 2000: 14,4
 2001: 14,7
 2002: 15,3 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2001) of U.S imports: 2%

II. Evaluation of Sector -- Automotive Parts & Equipment

Ranked from 1 (low) to 5 (high).

Bearings					
Batteries					
Garage Equip.					
(General)					
(Diagnostic)					
(Emission Control)					
Engines and Parts					
Gears/Gear Boxes					
HVAC Equipment					
Transmission Parts					
Tubes and Tires					
Accessories					

III. Narrative Information:

Automotive Parts/Services Equipment (APS)

The number of automobiles operating in Ukraine is now approximately 4.5 million and they have an average age of nine to eight years. Of this number, 500,000 are Western used cars, although many are in poor mechanical condition, and 200-300,000 are approaching the end of their useful life.

The Ukrainian car market is largely dominated by NIS car manufacturers (VAZ, Volga (GAZ), followed by Korean (Daewoo, KIA, Hyundai), and German (Volkswagen, Opel, Mercedes). The Winner Automotive Group Ford vehicle dealer and the local GM-Ukraine GM vehicle dealer sell two makes of American cars. Both have locally established dealerships with service centers. Other American car brands are channeled from Russian and Western Europe dealerships.

Annually Ukraine imports cars for US\$ 1.9 billion.

The most popular Western brands are Volkswagen, Opel, Mercedes, Audi, Ford, Mitsubishi, Mazda, Toyota, Honda, BMW, Nissan, Fiat, and Renault.

Automotive Parts

The Ukrainian market for auto parts is still in flux. The supply of new parts for Western cars, although developed, is minimal. Spare parts are abundant for NIS manufactured cars. According to Ukrainian experts, the Ukrainian market for new and used spare parts is valued at \$ 110-130 million annually.

The main suppliers in Ukrainian cities are automotive service stations, which buy crashed and obsolete vehicles for parts. Automotive flea markets are also important for used automotive spare parts: Used parts account for an estimated \$70 million of this. There are no big commercial salvage enterprises in Ukraine involved in large-scale automotive dismantling. A few service depots recondition used parts. Finally some official dealers supply parts for their models (e.g. Mercedes, Ford, GM, OPEL, Volkswagen, etc.).

Among spare parts, the strongest demand is for front and rear lights, bumpers, radiator grills, wheel disks and calipers, hood and trunk lids, windshields, windows, and wings (i.e. the parts most vulnerable in car accidents). Starters, generators, radiators, gearboxes, doors, side windows are also needed. Suspension systems from dismantled cars are rarely sold because they are usually in poor condition after operating on bad Ukrainian roads, and the demand for engine parts is low. Most in demand are parts for Opel, Audi, BMW, Ford, and Volkswagen. Used parts for most Japanese, American, Swedish, Italian, French and Spanish cars are difficult to find in the Ukrainian market.

Automotive Accumulator Batteries

About 1.1 million automotive batteries are sold annually in Ukraine, 20 percent of which are imported. Two domestic manufacturers dominate, but at least 10 foreign producers have introduced their products to the market. Sales of local products total US\$33 million, imports total US\$11 million.

The market for batteries is seasonal, with sales peaking in spring and fall. Despite the abundance of locally produced accumulator batteries, the sale of imported batteries is more profitable for local automotive dealers.

The best known imported battery models in Ukraine are: AAA (Italy), Acelco, and Banner (Austria), Baren (Austria), Bosch (Germany), Centra (Poland), Fiamm (Italy), Filmen Inciaku (Turkey), Monbat (Bulgaria), Munja (Croatia), Varta (Germany), Yusimi (Southern Korea), Zletovo (Yugoslavia). Some Russian and Chinese batteries are also sold, and they are often cheaper than Ukrainian-made batteries.

Many Chinese and Turkish-made automotive batteries are smuggled into Ukraine, and are sold for US\$ 15 - 20 each. The average price of locally produced batteries is US\$ 30, and the average price of imports is US\$ 50.

Car Filters

Ukraine has a \$ 30 million oil, air and gas filter market. The annual demand is estimated at 40 million pieces for the 4.5 million vehicles on Ukrainian roads. 75 percent are supplied from NIS countries, and 25 percent (for Western cars) are supplied from abroad.

The market for car filters is seasonal in Ukraine, with sales peaking in the fall and spring. 63 percent of all filters sold are for oil and lubrication, 21 percent for air, and 16 percent are for gas. The most popular filter brands are Fram, Mann-Hammel, Knecht, Fiamm, UR, Filtron, Acelco, Champion, and Ufi. The average price for one filter is approximately US\$ 9 in Ukraine.

U.S. suppliers of automobile filters should be aware of heavy competition. Approximately one sixth of all automobile filters purchased in Ukraine are smuggled. Most Western-made filters are smuggled from Eastern European countries, mostly from Poland. In Poland there are many wholesale or flea markets, which are frequented by small Ukrainian firms or individuals. These filters are usually new, of low quality, and are 30-50 percent cheaper than the officially imported ones, for which customs tariffs are paid.

There are 15 large wholesale trading companies that import automotive filters from Western producers. They have vast distribution networks and even their own retail outlet chains. This helps them compete with smugglers, offering buyers a higher quality product.

American suppliers of car filters can compete by offering an attractive price structure and maintaining a distributor discount policy. Demand in this sector is expected to reach to 3 percent over the next three years.

Automotive Tires

Annual sales of automotive and truck tires total around \$ 136-154 million for 5.2 million tires. Only 6 percent are imported, and they include the following brands: Michelin, Good Year, Bridgestone, Continental, Yokohama, Pirelli, and Nokia, as well as the Eastern European Debica and Matador brands.

There are three local producers- Dniroshina, Rosava and Valsa; seven large wholesale distributors- Ukrprominvest-Uukravtozapchastyna (Kiev), TradeLine (Kiev), Amalgamation Invelta (Dnipropetrovsk), Ukrtechprom (Dnipropetrovsk), Transshina (Simpferopol) and Argo (Kherson): the Trading House Altran; and dozens of small distributors.

Automotive Workshop Equipment

The aging of the existing automobile population, significant growth in automobile sales, stringent government technical inspection and environment regulation will encourage market demand for auto repair and maintenance equipment. Older automobiles continue to need maintenance and new automobiles require technical repair and maintenance services, forcing automobile repair shops to update their equipment.

The majority of Ukrainian car service stations are privately operated.

The total annual market for auto repair and maintenance equipment is estimated to be worth USD 65 million and is supplied almost entirely by imports, of which the United States has a 15 percent market share.

European manufacturers have a distinct price advantage over U.S. manufacturers due to the closer location and reduced transportation add-on costs. Meeting the Ukrainian buyer's preference for higher quality professional equipment can offset the price disadvantage.

According to car service equipment wholesalers, an estimated 5,000-6,000 service centers have opened during the last five years. Most Ukrainian car service stations are small, with equipment worth about \$12,000. They offer basic services; such as changing oil, renewing brake pads and exhaust systems, wheel alignment, changing and repair of tires. The few fully equipped car plazas in larger Ukrainian cities usually have equipment worth up to \$300,000. The market is highly dispersed, and the number of local distributors is on the rise. Only a few Ukrainian distributors trade in equipment from a sole Western manufacturing source, most offer several Western brands to suit the clients' needs.

Factors contributing to the development of the car-servicing sector in Ukraine include:

- The increasing number of dealers and local manufacturers selling car servicing equipment;

- The growing number of imported new and used Western cars with more sophisticated engine/electronic/gear/fuel/lubrication systems requiring specially qualified car service and sophisticated repair equipment;
- The large proportion of used cars with an average age of eight to ten years.

There is a growing demand for car jacks and hoists, wheel/tire repair machinery, car washing equipment, car spray-painting chambers and booths, diagnostic machinery, compressors, lubrication equipment, hand-tool kits and cabinets. Panel-beating (or body repair) is not well developed in Ukraine. Even in Kiev, efficient and high-quality straightening, polishing, and painting services are not readily available. Industry sources predict a rapid increase in demand for such services and related equipment during the next three years.

Automotive Additives, Fluids and General Car Care Products

Ukraine's annual market for automotive additives, fluids and general car care products (hereinafter "automotive chemicals") is estimated to be worth USD 62 million, of which 40 million is covered by imports. The United States has a 15 percent share of the import market, corresponding to a value of an estimated USD 6 million.

Industry specialists predict that over the next two years the Ukrainian market for automotive chemicals will increase by 15-20 %. Most of this rise is expected due to the increase (up to 25 %) in sales of car care additives. Sales of automotive fluids (brake, cooling, etc.) are expected to rise by 5 -7 %. Automotive chemicals packed in individual (do-it-yourself) packages generate more sales revenues (65-70 %) than automotive chemicals packaged in bulk (25-30 % of sales revenues).

A few local manufacturers produce automotive fluids exclusively, because these additives for the most part do not require sophisticated production facilities, but there is not significant Ukrainian production of the other items. Experts consider that Ukrainian local production will remain limited over the next three years creating an opportunity for foreign suppliers of automotive chemicals.

Trade and distribution in automotive chemicals are in private hands. The Ukrainian automotive chemical market is highly dispersed, and the number of local distributors is on the rise. A few Ukrainian distributors trade in products from a sole Western manufacturing source, but most offer several Western brands to suit the clients' needs and increase sales.

Price is a key factor for sales in the Ukrainian market, while quality is the second factor motivating a Ukrainian motorist to select a particular car care product. The third factor is recommendations of a car service specialist or word of mouth voiced for a particular brand. The fourth factor is availability in retail and wholesale outlets which meets customer demand immediately.

Automotive Paints

According to unofficial published information, the annual sales in 2000 for automotive paints in Ukraine were estimated at USD 20 to 25 million in retail costs. According to estimates of Ukrainian paint wholesalers, Ukrainian market for automotive paints consumes 250-300 ton (190-220 thousand liters) of acrylic automotive paints, and 1600-1700 ton (1,3-1,4 million liters) of alkyd automotive paints annually.

In a quantitative breakdown, acrylic automotive paints have a 10-15 % market share and alkyd automotive paints a 85-90 % market share.

Although Ukraine has many plants producing paints and enamels, none of them manufacture automotive enamels. One reason is because the production of automotive paints needs sophisticated equipment. Secondly, the pigment ingredients for the production of automotive paints are manufactured abroad and importing them into Ukraine for local production is costly. Therefore the Ukrainian market for automotive paints is 100 % import dependent.

There are 15-20 brands of various automotive paints sold on the Ukrainian market. They are Glasurit, Du Pont, Standox, Sikkens, Max Mayer, Spies Hecker, PPG, etc. - acrylic paints. Alkyd automotive paints are sold in Ukraine under the following trademarks: Helios, Color, Motip, Dupli-Color, "ML", etc.

Car Security And Anti-Theft Devices

According to Ukrainian auto spare part wholesalers, sales of various anti-cartheft security devices in Ukraine is estimated at \$12-15 million annually.

According to estimates of Ukrainian car parts and accessory sellers, the annual Ukrainian market for various car security systems is comprised of 90-100 thousand anti-cartheft electronic systems, 50-60 thousand non-removable mechanical locks and 30-40 thousand removable locking devices.

In a cost breakdown of electronic security systems (micro-chip alarms, immobilizers, ignition or gas cut-off systems, etc.) have a 50-55 % market share, installed mechanical locks - 40-45 %, and removable locks (steering wheel lock, brake pedal locks, brace locks, etc.) - 5-7 %.

The average price for microchip car anti-theft electronic systems sold in Ukraine is \$ 60-80. Car security systems sold for under \$ 50 are also available in Ukraine (10-12 % share in total sales revenues). In Ukraine, expensive electronic anti-theft car devices are considered those sold for more than \$125 per piece (3-5 % share in sales revenues). The mechanical anti-carjack devices sold in Ukraine are divided into cheap - up to \$ 40, medium priced - \$40-100, and expensive - more than \$ 100.

In general, average retail price of car security electronic systems is \$ 70, installed mechanical locks - \$ 100, and removable locking devices - \$ 25.

Most of anti-carjack security systems are imported into Ukraine. Domestic production satisfies only 5 % of local demand. Local production of anti-carjack devices is mostly comprised of assembly of electronic security devices from imported electronic components. Mechanical devices (locks, bar locks etc.) are not produced in Ukraine and are mostly imported from Western countries.

There are more than 30 brands and trademarks of car anti-theft electronic systems, such as: Pantera, Alligator, Clifford, Red Scorpio, Viper, Python, Excalibur, Avital, Zorro, Magic system, Getronic, Sirio 777, Pharaon, Terminator, Spal, Fighter, etc., Russian-made car electronic anti-theft devices are widely represented on the Ukrainian market.

Installed mechanical anti-cartheft devices are not numerous - five to seven trademarks: Mul-T-Lock, Construct, Hood-Lock, Bear-Lock, Sentry, and Defend-Lock. They are mostly imported from Western countries.

To maximize chances for success in selling automotive-related products, service equipment and expendables, U.S. companies must consider a variety of local and regional distribution options. American suppliers can choose from a small but growing number of existing Ukrainian distributors. These Ukrainian agents can help in placing new products on their store shelves, handling customs and transportation matters and conducting promotional campaigns by placing advertisements in mass media or exhibiting equipment at major automotive trade shows.

American exporters must be aware that each new type of imported product is subject to certification for quality and safety in conformity with the Ukrainian regulations. Certification is an important consideration for prospective imports; the certification process requires that a sample from the planned import batch of the product be tested and approved by a Ukrainian laboratory.

AUTOMOTIVE PARTS & EQUIPMENT MARKET – UNITED KINGDOM

I. Statistical Information

- A) Total Market Size (US \$ millions):
 2000: 16956
 2001: 17868
 2002: 19632 (estimated)
- B) Est. Avg. Annual Growth Rate of Market 1998-2000: 6%
- C) Imports, total (US \$ millions):
 2000: 12120
 2001: 12724
 2002: 16665 (estimated)
- D) Est. Avg. Annual Growth Rate (1997-1999) of total imports: 9%
- E) Imports from the U.S. (US \$ millions):
 2000: 1089
 2001: 916
 2002: 1174 (estimated)
- F) Est. Avg. Annual Growth Rate (2000-2002) of U.S imports: 4%

II. Evaluation of Sector -- Automotive Parts & Equipment

- G) Priority for Automotive Parts & Equipment Sectors:

(Rank from 1 (low) to 5 (high) the priority given in your country by the public and private sectors to the development or improvement of the following sectors.)

	Development & Improvement	Receptivity to U.S. Exports	Domestic Competition	Third-Country Competition	Overall Receptivity
Bearings	3	3	3	3	4
Batteries	4	3	2	2	3
Garage Equip. (General)	4	4	3	3	4
<i>(Diagnostic)</i>	4	4	3	2	3
<i>(Emission Control)</i>	4	3	3	3	4
Engines and Parts	5	4	3	3	5
Gears/Gear Boxes	3	2	4	4	4

<i>(HVAC Equipment)</i>	3	3	3	2	4
<i>(Transmission Parts)</i>	4	4	2	2	4
<i>(Tubes and Tires)</i>	3	4	2	3	4
<i>(Accessories)</i>	3	4	3	3	3

III. Narrative Information:

Peak in total demand has been falling intermittently since 1997 possibly caused by the high quality and reliability of components, longer service intervals and longer warranties reducing the need for replacement parts. However, total demand for motor components in the OE market is expected to continue growing in the longer term because the motor industry is still investing in new production capacity given the favorable national and international response to the recently introduced new models.

Historically, most of the motor components currently used by vehicle assemblers in the UK were made in the UK. But now, several of the major car manufacturers having stated that it is their intention to greatly increase their future supplies of components and assemblies from lower cost countries in Europe and the Far East. This places increasing demands on financial and technical resources and has put considerable pressure on all the international parts suppliers, both in the US and in continental Europe, as well as the UK.

This is changing the nature of the UK components industry. In particular, the manufacture of parts and accessories for motor vehicles is being consolidated into larger groups. All vehicle manufactures have stated their intention to rationalize their supplier base of components and sub-assemblies and to cease the manufacture of parts in-house wherever possible. Consequently, the orders on preferred suppliers should become larger and contacts extended over longer periods. The trend is towards first tier suppliers that provide complete sub-assemblies of parts sourced from a variety of second and third tier component manufacturers. Newly identified as 0.5 tier suppliers, these companies are gaining greater competence in modules, systems and even vehicle manufacture and have to meet the highest quality standards to be able to compete in the global market. Notably, several US owned suppliers that have traditional roots in Britain have maintained and in some cases strengthened their position as a result of this trend.

The UK's "Motorsport Valley" dominates high technology racecar manufacturing and component supplies for the major international racing series being valued at £5bn a year and employing more than 40,000 people. The UK Government has recently announced a scheme for further commitment to the industry to ensure the UK can meet the growing competition from other countries and maintain its pole position, resulting in further opportunities for US Exporters into this sector.

IV. Major Procurements on the Horizon (next 18-36 months):

Unknown

V. Country's Methods of Procurement:

Standard Business Practices

VI. Means of Financing Procurements:
Internal Corporate Finance

VII. Points of Contact: