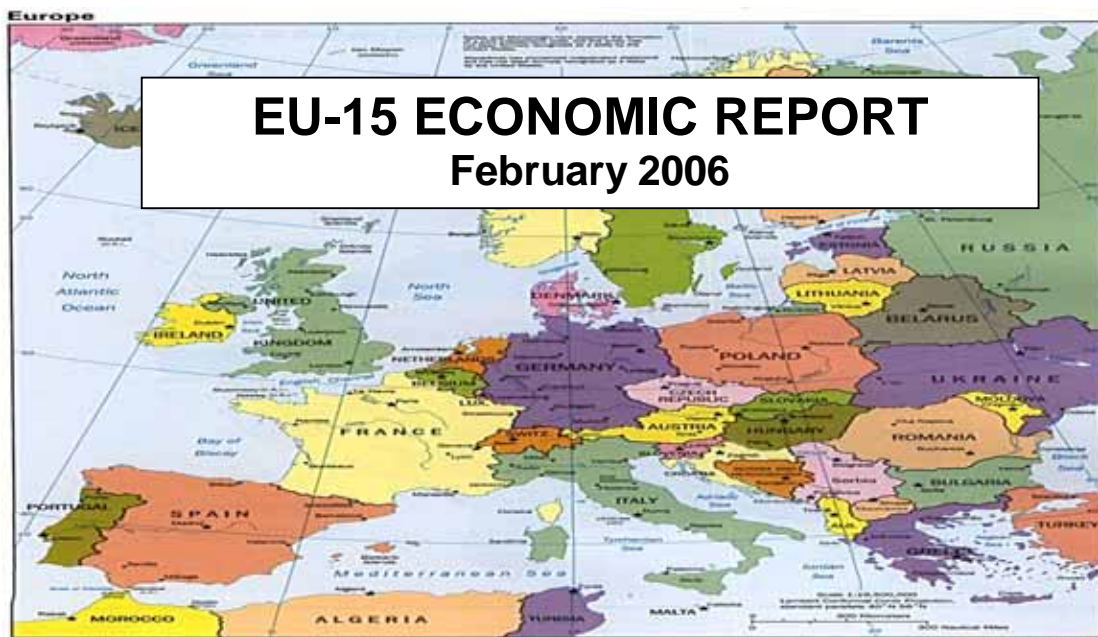


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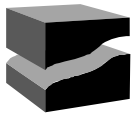
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ACEA

# EUROPEAN UNION ECONOMIC REPORT



Brussels, February 2006  
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## Economic Outlook – EU 25

		2001	2002	2003	2004	2005	2006	2007
		%Ch 01/00	%Ch 02/01	%Ch 03/02	%Ch 04/03	%Ch 05/04 (forecast)	%Ch 06/05 (forecast)	%Ch 06/05 (forecast)
<b>Real GDP</b> (European Commission) <sup>1</sup>	Constant prices <b>Euro Area</b>	+1.9	+0.9	+0.7	+2.1	<b>+1.3</b>	<b>+1.9</b>	<b>+2.1</b>
	Constant prices <b>EU-25</b>	+1.9	+1.2	+1.2	+2.4	<b>+1.5</b>	<b>+2.1</b>	<b>+2.4</b>
<b>Real GDP</b> (Consensus Forecasts) <sup>2</sup>	Constant prices <b>Euro Area</b>	+1.6	+0.9	+0.5	+1.8	<b>+1.4</b>	<b>+1.9</b>	<b>+1.8</b>
	Constant prices <b>EU-25</b>	n.a.	n.a.	+1.0	+2.3	<b>+1.6</b>	<b>+2.1</b>	
Last Econ. Report GDP Forecast	<b>Euro Area</b>	+1.6	+0.9	+0.6	+2.0	<b>+1.6</b>	<b>+2.1</b>	
	<b>EU-25</b>	+1.8	+1.1	+1.0	+2.4	<b>+2.0</b>	<b>+2.3</b>	
<b>Private Consumption</b> <sup>1</sup>	<b>Euro Area</b>	+1.9	+0.7	+1.1	+1.3	+1.6	+1.8	
	<b>EU-25</b>	+2.0	+1.4	+1.5	+1.8	+1.9	+2.0	
<b>Industrial Production</b> <sup>2</sup>	<b>Euro Area</b>	+0.5	-0.6	+0.1	+1.9	+3.0	n.a.	
	<b>EU-25</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>Gross Fixed Capital Formation</b> <sup>1</sup>	Constant prices <b>Euro Area</b>	-0.1	-2.4	-0.5	+2.1	+2.8	+3.7	
	<b>EU-25</b>	+0.3	-1.4	+0.1	+3.0	+3.6	+4.1	
<b>Consumer Prices</b> <sup>1*</sup> (Index 1996=100)	HICP <b>Euro Area</b>	+2.4	+2.3	+2.1	+2.1	+2.3	+2.2	+1.8
	HICP <b>EU-25</b>	+2.5	+2.1	+1.9	+2.1	+2.3	+2.2	+1.9
<b>Crude Petroleum</b> <sup>1</sup>	USD/per barrel	25.0 (-12.4)	25.0 (+0.2)	28.8 (+14.8)	37.8 (+31.6)	55 (+45.3)	61.4 (+11.6)	60.3 (-1.8)
<b>Trade Balance</b> <sup>1**</sup>	Bn EUR	73.6	128.5	102.7	102.8	61.1	41.9	38.5
<b>Current Account balance</b> <sup>1**</sup>	Bn EUR	-3.3	64.6	20.4	46.7	8.1	-6.7	-4.0
<b>Unemployment</b> <sup>1***</sup>	<b>Euro Area</b>	7.9	8.3	8.7	8.9	8.6	8.4	8.1
	<b>EU-25</b>	8.4	8.7	9.0	9.0	8.7	8.5	8.1

Data is seasonally adjusted.

1) European Commission, Eurostat/DG ECFIN – Autumn 2005 Economic Forecasts, Annual % change unless otherwise indicated

2) Consensus Forecast - Last updated: 09.01.06

\* Eurostat

\*\* Euro Area, adjusted

\*\*\* In percent of total workforce, ILO definition

## **COMMENTS** \*

### **A. Euro Area and EU-25**

- a. **Output – ‘Recovery engaged in 2004 to continue moderately in 2005, but no real upturn expected before 2006’**

According to revised estimates from Eurostat<sup>1</sup>, the **Euro Area and EU25 GDP both grew by 0.6% in the third quarter of 2005**. This represents a slight improvement relative to the second quarter performance which posted growth rates of +0.4% in the Euro Area and +0.5% in the EU 25.

**In comparison with the same quarter of the previous year, GDP grew by 1.6% in the Euro Area and by 1.8% in the EU25.**

Among the main partners of the EU, **GDP grew by +1.0% in the US in the third quarter of 2005** (after 0.8% in the second quarter) and by **+0.2% in Japan** (+1.2% in the previous quarter).

The Commission’s new dynamic factor model for quarterly GDP growth in the Euro Area predicts **growth in the range of 0.4% to 0.8% for the fourth quarter of 2005 and the first quarter of 2006.**

Looking ahead, **projections for GDP growth in 2005 remain cautious**. The European Commission forecasts<sup>2</sup> for 2005 point to a 1.3% growth in the Euro Area and 1.5% in the EU-25. As the price of oil subsides, economic activity is expected to slowly pick-up again in 2006, reaching 1.9% in the Euro Area (2.1% in the EU-25). This recovery is expected to continue in 2007, where GDP growth is expected to reach 2.1% in the Euro Area and 2.4% in the EU-25.

Among the **downward risk factors** likely to affect the above projections, one sees:

- (i) Persisting high oil prices leading to short-term inflation being entrenched in long-term inflation expectations and wage and price-setting behaviour;
- (ii) The large and long-standing US macroeconomic imbalances which may hold back the sustained expansion of the US economy on which the EU recovery depends heavily;
- (iii) Slow progress in structural reforms announced in the main EU economies;
- (iv) Persisting high levels of unemployment which may continue to weight heavily on consumption and investment decisions;
- (v) Growing budgetary and current account imbalances;
- (vi) Geopolitical tensions.

---

\* Sources: European Commission (Eurostat, DG ECFIN – ‘European Economy, Economic Forecasts, Autumn 2005’, ‘Key Euro Area Indicators’, ‘Business and Consumer Surveys’), European Central Bank (‘Monthly Bulletin’), Consensus Forecast.

<sup>1</sup> Eurostat flash estimate – News Release 14/1006 – 3 February 2006

<sup>2</sup> Commission November 2005 Forecasts.

## b. Industry

The Commission's industrial confidence indicator increased by 2 points in December. This indicates an upward path which began towards the end of the second quarter of 2005 and which reflects the strong improvement in order books.

**Industrial production** in the Euro Area rose by 1.3% in November 2005 compared to the previous month. On an annual basis, industrial production increased by 2.6% vis-à-vis the same period in 2004. Production increased in all sectors except in non-durable goods. The largest rise was registered in the energy sector.

## c. Investment

**Gross fixed capital formation** increased by 1.3% in the third quarter of 2005 (q-o-q), after a decline of 0.9% in the previous quarter. On an annual basis, investment increased by 2.9% compared to 1.9% rise in the second quarter of 2005. The **change in stocks** (as % of GDP) reached 0.1% in the third quarter of 2005. **Capacity utilisation** in the manufacturing sector (in % of full capacity) remained unchanged in the third quarter of 2005 at 81.2%. This is slightly below the average for the last two years.

## d. Private Consumption

The European Commission's **consumer confidence** improved by two points in December. For the first time in more than three years, the indicator is above its long-term average.

In December 2005, compared to the previous month, the volume of **retail trade** (non-food products) rose by 0.1%. Compared to the same month last year retail sales grew by 0.8%. **Private consumption** increased by 0.3% in the third quarter of 2005 (q-o-q) after a 0.2% in the previous quarter. On an annual basis, household final consumption expenditure increased by 1.5%.

## e. Inflation

In December 2005, the **Euro Area annual HICP inflation rate** decreased to **+2.2%** down from 2.3% in November. The impact of energy prices (oil, petrol), was the key factor behind this high level rate despite some easing in the annual inflation rate of energy prices up to mid-December.

The highest annual inflation rates were recorded for Housing (+5.1%), Transport (+4.5%) and alcohol and tobacco (+2.7%). The largest absolute contributions to the HICP inflation rate were energy price related. They stemmed from fuels for transport (an annual increase of +11.2%), heating oil (+25.2%) and gas (+13.3%). The **core inflation rate** (headline inflation excluding energy and unprocessed food – represents almost 84% of the headline index) was 1.4%, down from 1.5% in November 2005.

Headline inflation is projected to be above 2% in the Euro Area over the next two years (2.3% in 2005 and 2.2% in 2006). It is expected to decelerate in 2007 to reach 1.8%.

After some easing during the spring period, oil prices started to increase again in the third and fourth quarter of 2005. In January, increases in oil prices reflected heightened supply concerns related to separate developments in Nigeria and Iran. The price of Brent oil (spot) stood close to the highest levels that were recorded in late August and early September in the aftermath of the Hurricane Katrina (reaching a peak of 65.09 USD per barrel on 30 January). Generally speaking, oil prices continue to be driven by strong demand and tight capacity. European Commission Autumn forecasts point to an average of USD 55.0 per

barrel for 2005 and USD 61.4 per barrel in 2006. After an annual rise of 31.6% last year, this profile implies another rise of +45.3% this year and of +11.6% in 2006. A decrease of +1.8% is projected for 2007.

In December 2005, **production price inflation** rose to +4.6%, up from +4.2% in November. Among the main components, the highest annual inflation rate was recorded for energy (+16.9%). **Producer prices excluding energy** and construction increased at an annual rate of **+1.4%**.

#### f. Labour Market Developments

In December 2005, **unemployment in the Euro Area** stood at **8.4% of total workforce** compared to 8.3% in November. It was at 8.8% in December 2004. The **EU 25 unemployment rate** was **8.5%** in December 2005 unchanged compared to November. It was 9.0% in December 2004. **Total employment in the Euro Area** rose by +0.6% (y-o-y) in the third quarter of 2005, almost unchanged from last year's result which pointed to +0.7%.

#### g. Trade Balance

The Eurostat estimate of the **trade balance** for the Euro Area in November 2005 revealed a 0.1 bn EUR surplus, compared to a revised deficit of 1 bn EUR in the previous month. The improvement in the trade balance was the result of an increase in exports goods (+4.2 bn EUR), which more than offset the increase in imports goods (+3.1 bn EUR). In the third quarter of 2005, exports of goods and services were up by 3.3%, while imports rose by 2.8% (q-o-q). Compared to one year earlier, exports and imports rose by 5.2% and 5.4% respectively.

The Euro Area **current account** (seasonally adjusted) showed a deficit of EUR 10.1 bn in November 2005 (8.5 bn in non seasonally adjusted terms), reflecting deficits in income and current transfers, which were only partially offset by surpluses in goods and services.

In the **financial account**, combined direct and portfolio investment recorded net outflows of EUR 44 bn EUR in November 2005, reflecting net outflows in both portfolio investment (32 bn) and direct investment (12 bn EUR).

#### h. Monetary and Financial Indicators

##### Interest rates

On 1 December 2005, the ECB governing Council decided to raise policy interest rates by 25 basis points. The minimum bid rate on the main refinancing operations of the Eurosystem was raised from 2% to 2.25%. The interest rate on the deposit facility is currently at 1.0% and the interest rate on the marginal lending facility at 3.0%.

##### EUR/USD Exchange rate

The euro exchange rate lost 2.5% against the USD between the third and the fourth quarter of 2005. In contrast, it strengthened by almost 3% against the JPY. In mid-January, the euro stood at 1.21 USD and 140.5 JPY. Among the key determinants of exchange rate movements were the interest differential and the economic outlook for the US and the Euro Area.

(European Commission, DG ECFIN, Competitiveness Report – 4<sup>th</sup> Quarter 2005)



## B. Economic Situation in the Major Economies<sup>3</sup>

### • Germany

- With a 1.6% increase in GDP growth in 2004, Germany registered the highest annual GDP growth in four years (-0.2% in 2003). This improvement resulted essentially from a marked increase in export demand in particular for investment goods. Domestic demand in contrast remained weak.
- In 2005, GDP is estimated to have grown by +0.9%, i.e. a slight deceleration compared to 2004. Whilst retail sales and domestic demand remained sluggish throughout the year (-.2% est.), machinery and equipment investment has grown substantially (+5.3% est.) which is a good sign for future consumer activity. Another positive development is the strengthening of the industrial sector which improved substantially in the second half of 2005. This is further underpinned by sustained activity in export demand.
- A number of dampening factors continue to weight heavily on the economy. These include in particular: persisting high unemployment holding back private consumption, uncertainty about the course of the policy reforms (*'Agenda 2010'*) and budgetary constraints keeping growth impulse from the public sector limited.
- **Prospects for 2006 and 2007:** Positive data releases in the end of 2005 and beginning of 2006 have increased the likelihood of the economy strengthening in 2006, although a planned hike in VAT (from 16% to 19%) foreseen by the new Merkel Government for January 2007 could somewhat dampen market activity in that year. However, this could be compensated by improvements in country's budgetary situation.

### • France

- In 2004, the French economy showed signs of recovery, reaching a 2.1% GDP growth (against +0.9% in 2003). This was the strongest performance in the last four years. The French recovery was supported by domestic demand, in particular private consumption (+2.3%). Exports activity in contrast remained weak.
- GDP is estimated to have grown by +1.6% in 2005, i.e. a slight deceleration compared to 2004. Low industrial production (+0.5% est.), hesitant consumer activity, and weak labour market prospects (unemployment was at 9.2% of the labour force in December 2005) are expected to hamper any significant turnaround.
- The new government has made a series of new proposal to tackle the problem of unemployment and the funding of social welfare. However, it is still too early to say whether these measures will have any effective impact on the economic activity. With a presidential election looming in 2007, chances for effective and timely labour market reforms seem unlikely.
- **Prospects for 2005 and 2006:** The Autumn projections from the Commission point to a GDP growth of +1.5% in 2005 and +1.8% in 2006 (downward revision compared to Spring 2005 forecasts). Economic activity should still be driven by domestic demand, while the contribution of net export to GDP growth should remain moderate.

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<sup>3</sup> Sources: European Commission (Eurostat, DG ECFIN – '*European Economy, Economic Forecasts, Autumn 2005*', '*Key Euro Area Indicators*', '*Business and Consumer Surveys*'), European Central Bank (*'Monthly Bulletin'*), Consensus Forecast (January 2005).

- **United Kingdom**

- Overall, UK GDP growth in 2004 remained robust and above trend, at 3.2% for the year as a whole. Domestic demand (up by 4%) has been the key driver of this performance, with private consumption expenditure and government consumption as the main sources of growth. Growth in fixed investment, at 6.0% for 2004 as a whole, also contributed.
- GDP is estimated to have grown by +1.7% in 2005, i.e. a slight deceleration compared to 2004 (+3.2%).
- With low unemployment levels, controlled inflation (+2.1% for 2005 est.) and controlled public finances, the main downrisk factors remains in house price developments (affecting households debt) and the external economic environment, including euro-pound exchange rate developments.
- **Prospects for 2006 and 2007:** 2006 should see an acceleration in economic activity as manufacturing production recovers from a disappointing year and consumer spending growth remains stable. The economy is expected to show more momentum in 2007, with activity projected to expand by 2.4%.

- **Italy**

- Following two years of near stagnation, economic growth recovered somewhat in 2004 reaching an average rate of 1.0%. However, the situation remains fragile. The driving forces have not consolidated yet, with private consumption expenditure exhibiting a fairly unsteady pattern and exports benefiting with a long lag from the dynamic world trade growth. Meanwhile inflation remains sticky at around 2.2%. In contrast, investment shows an upward momentum which should help underpinning the recovery.
- **Prospects for 2005 and 2006:** Latest projections available point to a near-zero growth in 2005. Reflecting both the persistence of structural rigidities and temporary factors such as high oil prices, 2006 is not projected to accelerate beyond 1.3%.

- **Spain**

- Following strong GDP growth in 2004 (+3.1%), economic activity has been sustained in 2005. Whilst final figures are not yet available, projections point to a +3.4% GDP growth in 2005 and continuous improvements through 2006 and 2007. Domestic demand remains the key determinant of the expansion with household consumption (+4.4% est.) and investment (+4.9% est.) as the main driving forces. The external sector in contrast continues to record a negative contribution. Despite a slowdown in the end of 2004, inflation remains above the Euro-Area average (+3.0% est.), affecting the country's competitiveness.
- **Prospects for 2006 and 2007:** Whilst further improvements in GDP growth are expected for 2006 and 2007, the latter is foreseen to weaken slightly from last year's estimated outturn of 3.4%, growing by a still-healthy **3.1% in 2006 and 2.8% in 2007**. Output growth will continue to be based on dynamic domestic demand, along with a broadly stable negative external contribution to GDP growth. Nonetheless, some downrisk factors remain, including interest rates, price developments (in particular house prices) and household debt. Indeed, the sustained period of robust economic activity has been underpinned by booming credit growth and falling interest rates. However, increasing interest rates (as initiated by the ECB in December 2005) could affect growth unfavourably.

# MOTOR INDUSTRY

## 1. New Motor Vehicle Registrations in Europe

Registrations – W.EUROPE*	%Ch 04/03	Jan-Dec 2005	Jan-Dec 2004	%Ch 05/04	Forec' FY 2006**	Forec' FY 2007**
<b>New Car Registrations</b>	2,2%	14.497.932	14.524.450	-0,2%	-0,5%	-0,1%
<b>New LCV Registrations (1)</b>	9,4%	1.980.422	1.921.686	3,1%	-1,3%	-1,2%
<b>New Truck Registrations (2)</b>	6,3%	358.890	339.293	5,8%		
<b>New Bus Registrations (3)</b>	4,6%	33.604	32.628	3,0%		
<b>Total New Registrations</b>	<b>3,1%</b>	<b>16.870.848</b>	<b>16.818.057</b>	<b>0,3%</b>		

Source: ACEA, AAA, National Associations

\* W.Europe = ex-EU 15 + EFTA countries (Iceland, Norway, Switzerland)

\*\* January 2006 projections

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

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

(3) Coaches & Buses above 3.5t

Registrations – EUROPE*	%Ch 04/03	Jan-Dec 2005	Jan-Dec 2004	%Ch 05/04
<b>New Car Registrations</b>	1,8%	15.249.732	15.349.816	-0,7%
<b>New LCV Registrations (1)</b>	9,7%	2.080.540	2.022.169	2,9%
<b>New Truck Registrations (2)</b>	9,4%	387.210	365.841	5,8%
<b>New Bus Registrations (3)</b>	7,7%	35.133	34.257	2,6%
<b>Total New Registrations</b>	<b>2,8%</b>	<b>17.752.615</b>	<b>17.772.083</b>	<b>-0,1%</b>

Source: ACEA, AAA, National Associations

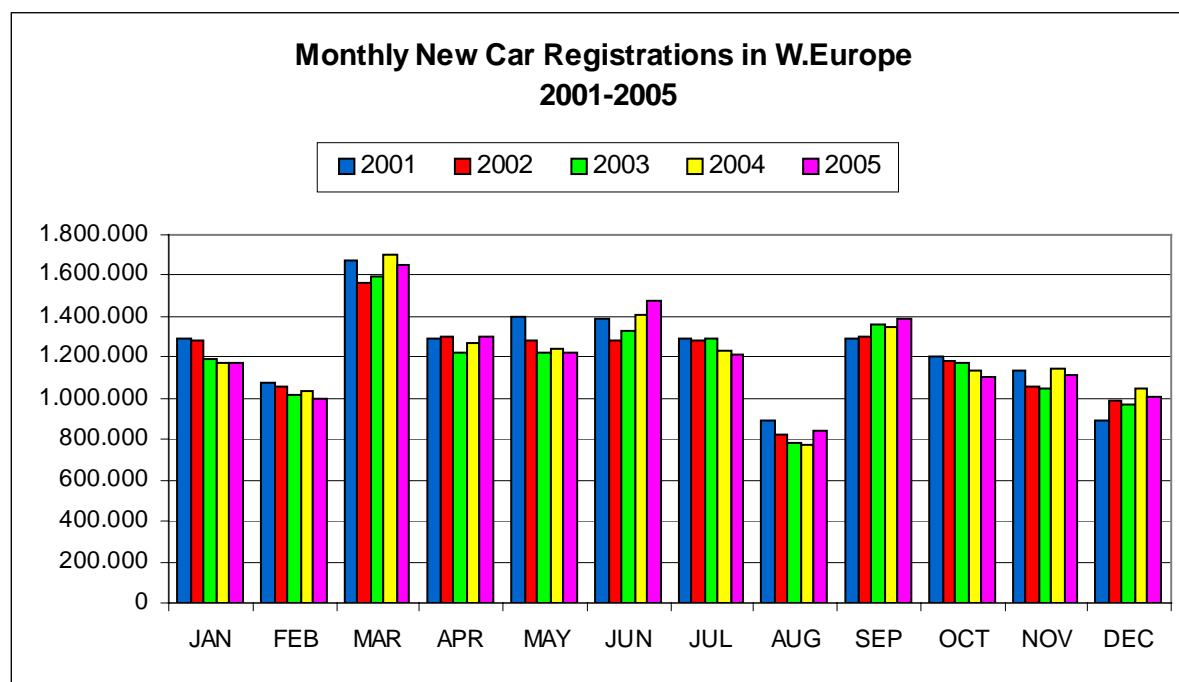
\* Europe: EU 25 + EFTA countries (Iceland, Norway, Switzerland)

\*\* January 2006 projections

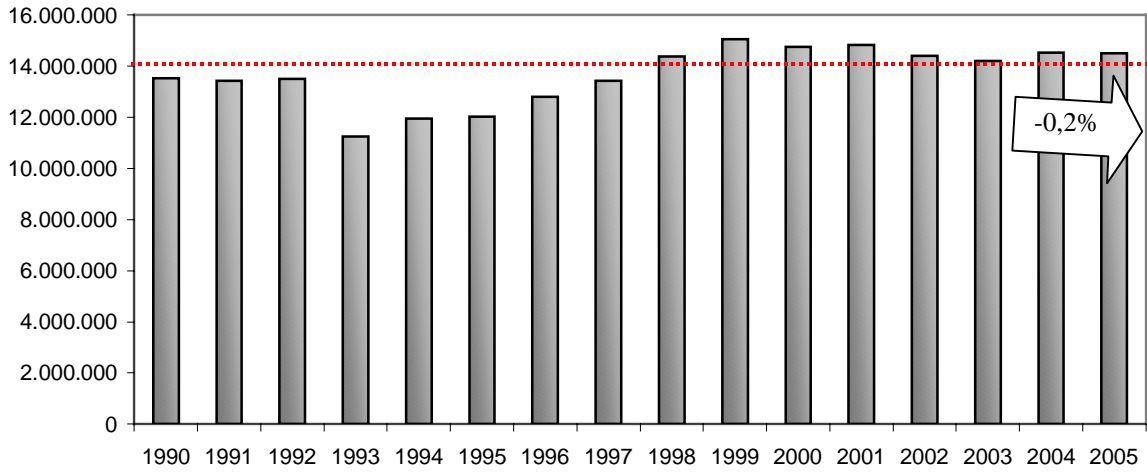
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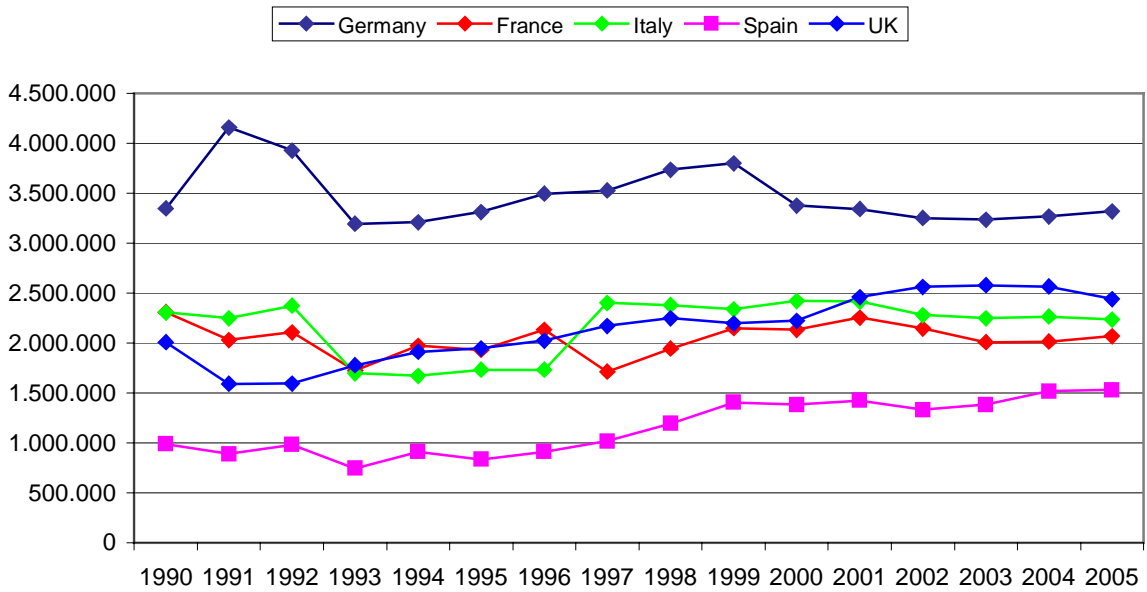
(3) Coaches & Buses above 3.5t



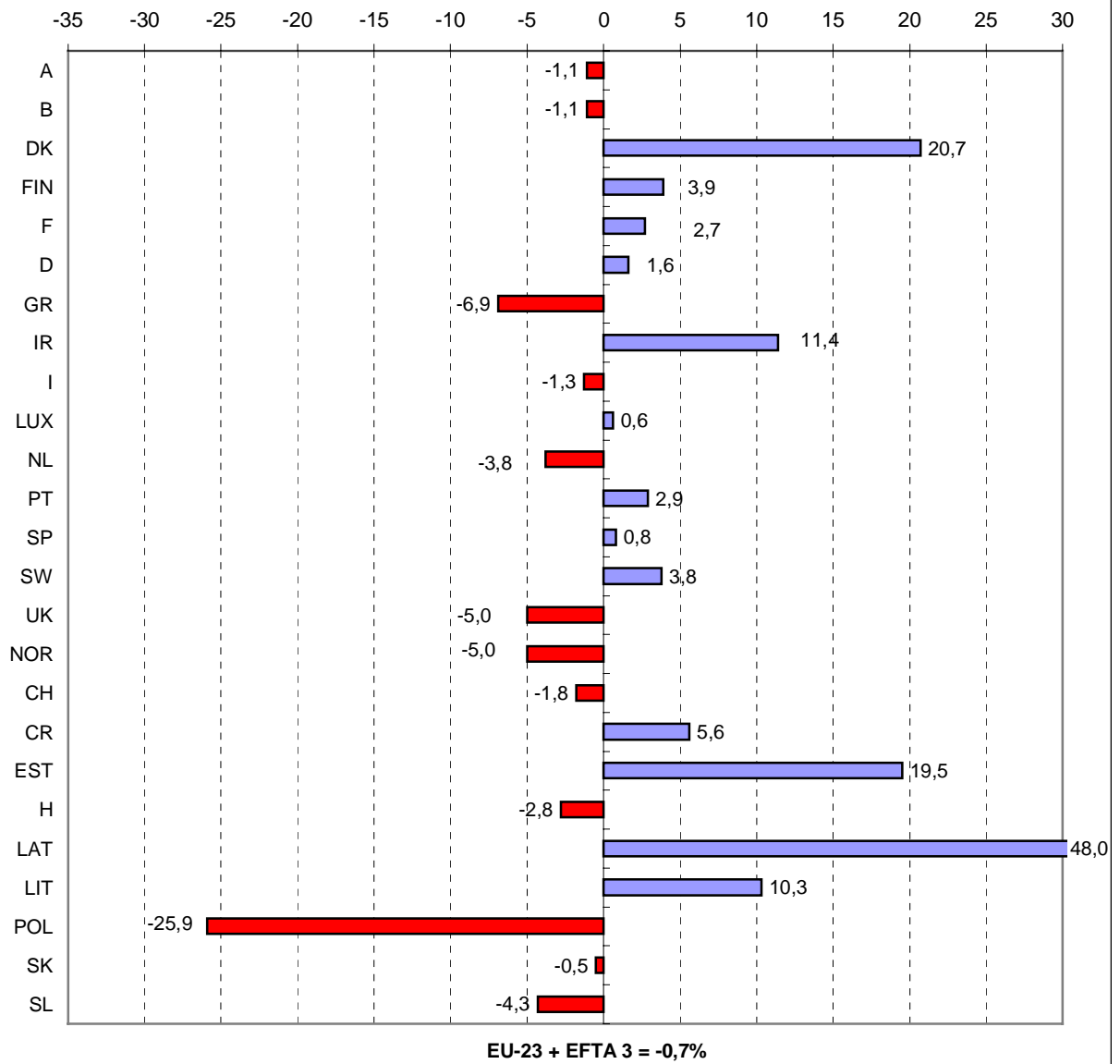
## New PC Registrations in W. Europe 1990-2005



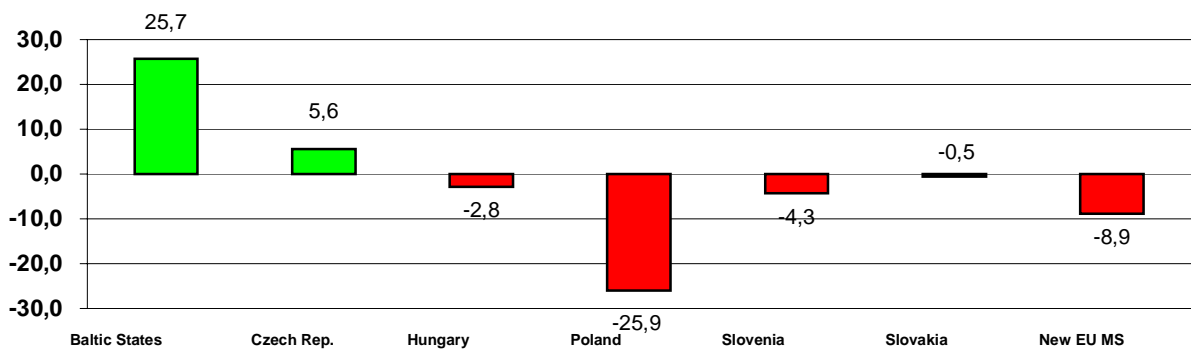
## New PC Registrations in Major European Markets 1990-2005



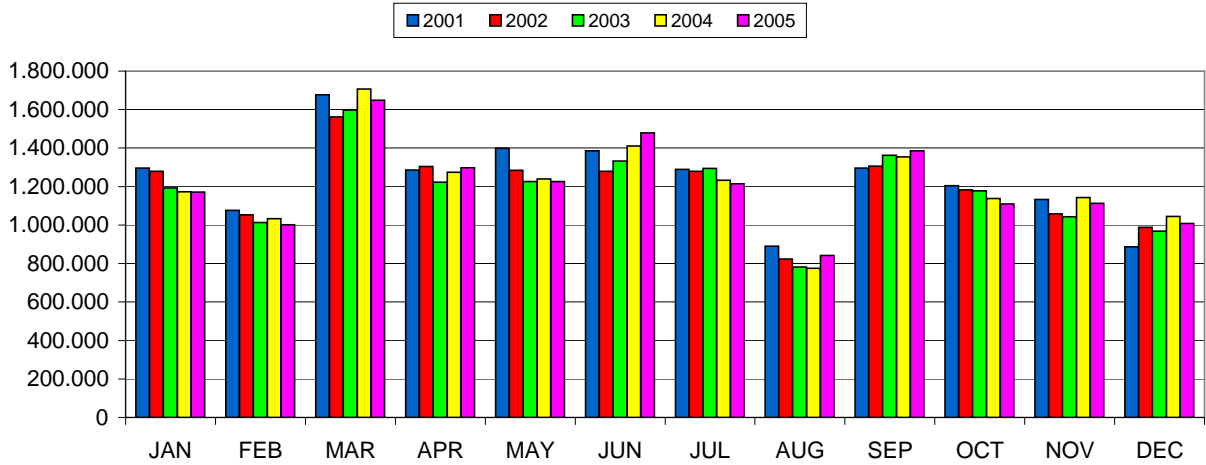
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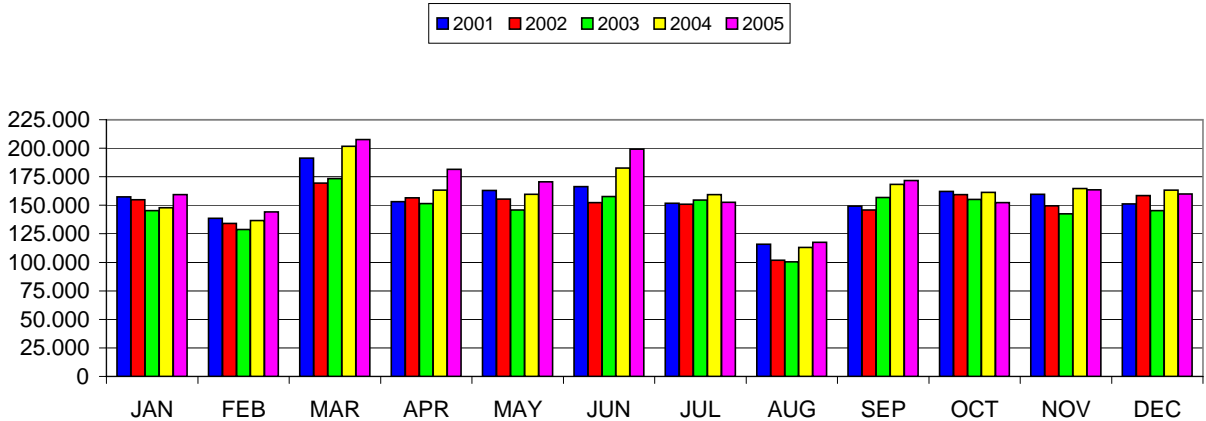
**New PC Registrations in New EU Member States (% 05/04)**



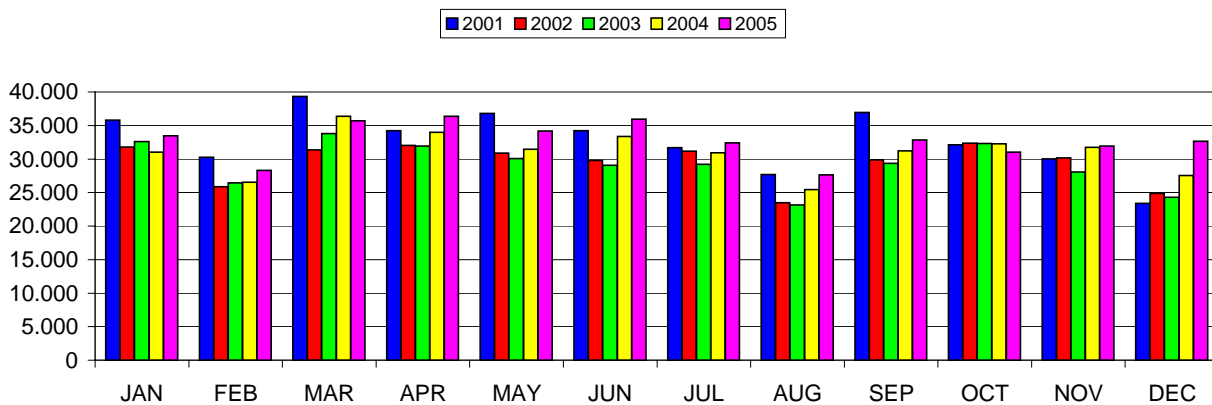
### Monthly New Car Registrations in W.Europe 2001-2005



### Monthly New LCV Registrations in W. Europe 2001-2005



### Monthly New CV Registrations in W. Europe 2001-2005



Total CV over 3,5t including trucks and buses

Source: ACEA

**New PC Registrations Breakdown by:**  
**Cubic Capacity, Power, 4x4, Diesel**  
**(Jan-Dec 2005)**

	Ann. 2004					Jan. à Dec.2005				
	New Registrations	Average CC (cm3)	Average power (KW)	% Share		New Registrations	Average CC (cm3)	Average power (KW)	% Share	
				4X4	Diesel				4X4	Diesel
Western Europe	14 524 450	1 745	81	6,82	48,26	14 497 932	1 737	83	7,45	49,32
EU	14 127 452	1 740	80	6,42	48,88	14 105 550	1 732	82	7,02	49,83
Austria	311 292	1 810	79	10,29	70,75	307 915	1 776	80	12,49	64,73
Belgium	484 757	1 735	76	5,14	70,05	479 433	1 721	77	5,12	72,65
Denmark	121 490	1 684	78	2,03	23,99	146 672	1 654	78	2,48	23,88
Finland	142 439	1 804	88	6,12	15,49	147 949	1 816	90	8,66	16,97
France	2 013 709	1 724	75	5,56	69,17	2 067 789	1 695	76	6,28	69,11
Germany	3 266 825	1 863	89	7,73	43,96	3 320 147	1 844	90	8,04	42,04
Greece	289 691	1 544		10,24	2,89	269 728	1 541		10,33	1,55
Ireland	154 136	1 592	74	5,51	18,28	171 732	1 604	76	6,37	21,53
Italy	2 264 688	1 587	70	6,31	58,05	2 234 174	1 579	72	7,79	58,34
Luxembourg	48 234	1 961	93	10,85	72,52	48 517	1 963	96	10,09	75,36
Netherlands	483 745	1 711	80	4,56	24,58	465 184	1 720	82	5,44	26,77
Portugal	197 645	1 523	69	2,19	56,60	203 443	1 524	72	2,42	63,29
Spain	1 517 286	1 734	77	0,78	65,38	1 528 849	1 726	80	0,93	67,81
Sweden	264 246	1 988	104	12,14	8,00	274 301	1 990	103	12,71	9,67
United Kingdom	2 567 269	1 752	84	8,47	32,53	2 439 717	1 771	87	8,92	36,80
EFTA	396 998	1 929	97	21,05	26,28	392 382	1 923	99	22,80	30,96
Iceland	11 968			41,20	15,11	18 062			41,72	19,64
Norway	115 645	1 764	86	20,51	28,14	109 907	1 762	86	21,27	39,26
Switzerland	269 385	2 001	102	20,38	25,98	264 413	1 992	104	22,14	28,29

## ➤ COMMENTS

### 1. New PC Registrations – Market Performance in the first half of 2005

- **First Quarter 2005**

New passenger cars registrations in W. Europe reached 3.821.164 units in the first quarter of 2005, representing a 2.3% drop relative to the same quarter last year (-3.1% for the enlarged Europe<sup>1</sup>). In contrast with previous years which typically saw a rise in sales in March due to dynamic market performance in the UK, new car registrations were down in each of the first three months of the year.

The drop was particularly severe in the new EU Member States which recorded an overall fall in new car registrations of 17.9% relative to the first quarter of 2004. Poland alone experienced a drop of 33%. This situation resulted mainly from the abolishment of import tariffs on used cars.

The slow start to 2005 was largely foreseen as 2004 ended up with an even bigger sale than expected (registrations growth in both November and December averaged 8%). Furthermore, reduced discounts, high energy prices and a slower economy all weighted significantly on the car market in the first quarter of 2005.

- **Second Quarter 2005**

New West European car registrations saw some improvement in the second quarter of 2005 which showed a growth of 1.6% relative the same quarter last year (+0.8% for the enlarged Europe). June sales were particularly strong, showing a 4.5% growth relative to June 2004. With the exception of the UK (-4.8% in June), all the main markets contributed positively to this result: Italy (+18.0%), Germany (+8.2%), France (+2.7%) and Spain (+1.8%). In Italy, the June figure was very much influenced by the surge of deliveries of new cars that could not happen in May due to a month-long strike of car transporters.

The improvement in new car registrations in the second quarter of 2005, led to an improvement in the year-to-date results. **Total new car registrations reached 7.809.093 units in the first semester of 2005** which represents a modest fall of **0.3% relative to the same period last year (-1.1% for the enlarged EU)**. Three out of five of the main markets ended the semester with positive figures: France (+5.6%), Germany (+2.5%) and Spain (+2.6%). In contrast, a slowdown was observed in the British (-5.8%) and Italian markets (-5.4%). The sluggish performance of the UK market is mainly explained by the slowdown in private (-5.6%) and fleet (-5.8%) car demand while high interest rates and other pressures like high energy price also appear to have had a significant impact on the new car purchases. The closure of MG Rover was also key to the market slowdown. According to the SMMT, *'problems at Longbridge have left a hole in the UK new car market in the second quarter representing some 75% of the net slowdown in the market. In June, MG Rover represented a more modest 53% of the market's loss.'*

In the other West European markets, the situation was generally positive. With the exception of Switzerland (-11.0%), Greece (-8.0%), the Netherlands (-4.0%), Belgium (-2.9%) and Norway (-0.8%), all markets ended up with positive new cars sales growth ranging from +24.9% in Denmark to +0.6% in Austria.

The performance in the **new EU Member States** was mixed, due essentially to significant sales drops in Poland (-32.8) and Hungary (9.4%).

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<sup>1</sup> Enlarged Europe = EU 25 + EFTA 3



**In total new passenger car sales in the new EU Member States reached 385.594 units in the first semester of 2005, a 14.7% drop relative to same period last year.**

The factors accounting for this drop include the abolition of import tariff on used cars and the increase in new cars' price.

- **Third Quarter 2005**

After an expected slowdown in July (-1.8% in new registrations compared to July 2004), the car market showed a strong activity in August (+7.5%) although traditionally a weak month. This dynamism was to some extent sustained in September which showed another increase in new passenger car registrations compared to the same month last year (+1.9%). The contrasting figures for the two summer months were heavily influenced by the number of working days: on average, July 2005 had one working day less across Europe, while August had two extra working days in Estonia and Hungary, and one extra day in Latvia, Germany, Ireland, the Netherlands, Finland, Denmark, Sweden and the UK. In September calendar effects were limited which suggests a progressive strengthening of the market. In the third quarter of 2005, new passenger registrations increased by 2.2%. Cumulative figures for the first nine months of the year show an almost flat situation (-0.1%) for the enlarged Europe and a slight increase (+0.6%) in the EU-15.

The performance in the **new EU Member States** remained mixed, due essentially to the weak activity of the Polish and Hungarian markets.

- **Fourth Quarter 2005**

New passenger car registrations in W.Europe totalled **3.230.321 units in the fourth quarter of 2005, a 3.0% drop relative to the same quarter last year**. This reflects successive monthly falls in registrations: -2.6% in October, -2.8% in November and -3.6% in December.

The **deterioration of the market in December resulted from both calendar effect and weak market conditions**. Due to the Christmas break a smaller number of working days was recorded in almost all countries (-2 days in Italy, Greece, Luxembourg, Netherlands, Lithuania, Hungary, Poland and Slovenia, and -1 day in Belgium, Spain, France, Ireland, Austria, Portugal, Finland, the Czech Republic, Latvia and Slovakia). Regarding **market conditions**, new PC registrations in December were penalised by sluggish economic activity in the main automobile markets as well as high and very volatile energy prices.

Looking at the performance of the individual markets in December 2005, four out of five of the big markets reported losses: Germany (-8.8%), France (-1.4%), Italy (-6.3%), Spain (-0.4%). In contrast, the UK saw a significant increase in new car registrations, recording a +8.7% rise. This rise was pushed by the diesel market surge, as company car buyers pulled forward demand prior to changes in company car taxation.

The situation in the other markets was generally weak. In W. Europe, only Denmark (+0.9%) and Portugal (+3.0%) posted increases in new car registrations. In the new EU Member States, with the exception of Hungary (+5.0%) and the Baltic States, all the markets reported drops in new car registrations: Poland (-20.7%), Slovakia (-19.5%), Czech Republic (-7.2), Slovenia (-6.6%).

- **Full Year 2005**

**New passenger car registrations in W. Europe** reached **14.5 million units in 2005**. This represents a modest drop of **-0.2% relative to 2004**. If we consider “**total Europe**” figures (i.e. enlarged EU + EFTA countries), **15.2 million new cars** were registered, a fall of **-0.7% relative to 2004**.

The slowdown of new passenger car registrations observed in 2005 was influenced by generally weak macroeconomic conditions in the EU, high energy prices and the deceleration of the British and Spanish automobile markets.

**Three out of five of the main car markets ended up the year with a rise in new car registrations:** France (+2.7%), Germany (+1.6%), Spain (+0.8%). In contrast, Italy (-1.3%) and the UK (-5.0%) reported losses.

**The situation in the other markets was mixed.** Whilst a majority of the Nordic countries reported growth in new car registrations (Denmark: +20.7%, Finland: +3.9%, Sweden: +3.8%), Greece (-6.9%), the Netherlands (-3.8%), Austria (-1.1%), and Belgium (-1.1%) reported losses.

**Total new car registrations for the new EU Member States** reached **727.148 units**, a **-10% fall relative to 2004**. This result was heavily influenced by developments in the Polish market which continued to deteriorate throughout 2005. New car registrations fell by 26% relative to 2004. The main factors accounting for this drop remain the unfavourable car taxation policies, the abolition of import tariff on used cars and the increase in new cars' prices.

In terms of **new passenger car registration specifications**, the diesel penetration made continued progress throughout 2005. The **share of diesel powered cars out of total new W. Europe registrations reached 49.3%** (against 48.3% in 2004).

Regarding **new passenger car registrations by market segment**, the highest share remains in the so-called 'lower medium' segment (35% of total new registrations) followed closely by the 'small' segment (33% of total new registrations). The **4x4 segment continues to enjoy a steady increase in demand**, accounting for **7.5% of total new car registrations in 2005** (against 6.9% in 2004).

## **2. New Commercial Vehicle Registrations - Market performance in 2005**

The improvement in the commercial vehicle (CV) market observed in 2004 (+9.0% for LCVs and +6.2% for CVs above 3.5t) continued in 2005, although at a slower pace.

- **New LCV Registrations (+ 3.1%)**

**New LCV registrations** in W. Europe reached **1.980.422 units in 2005**, representing an increase of **+3.1% relative to 2004**. With the exception of Italy (-2.4%) and the UK (-2.0%), all the main markets contributed positively to this result: Spain (+15.9%), Germany (+3.0%) and France (+2.8%).

In the other markets, significant growths in new LCV registrations were recorded in particular for Denmark (+24.2%), Ireland (+22.3%) and Sweden (+11.5%). In contrast, the Netherlands reported a marked fall (-24.3%) in new LCV registrations. This was mainly due to the change in the fiscal regime of LCVs for private use which, since July 2005, do not benefit from tax exemption anymore.

In the **new EU Member States**, **100.118 new LCVs were registered in 2005**, a **-0.4% fall relative to 2004**. This deterioration was mainly due to the poor performance of the leading markets, mainly: Poland (-3.4%), Hungary (-16.1%) and the Czech Republic (-7.5%).

- **New CV Registrations (+ 3.4%)**

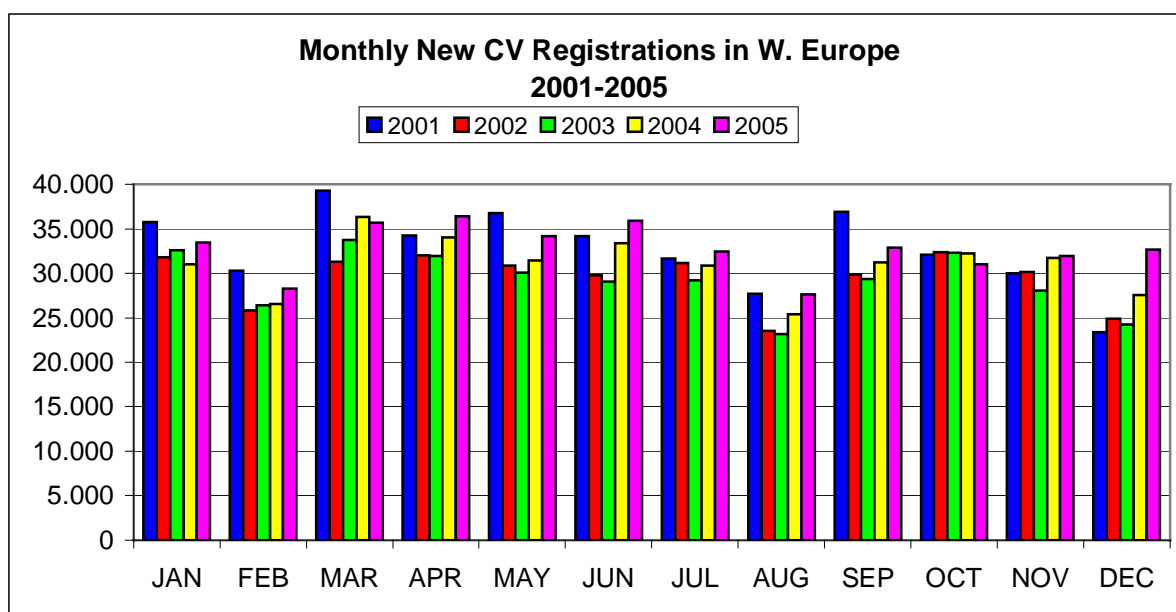
**W. Europe new CV registrations above 3.5t** reached a total of **358.890 units** in 2005, a rise of **+5.8% relative to 2004**.

**New heavy truck registrations (above 16t)** reached **252.486 units**, a **+8.0%** relative to last year.

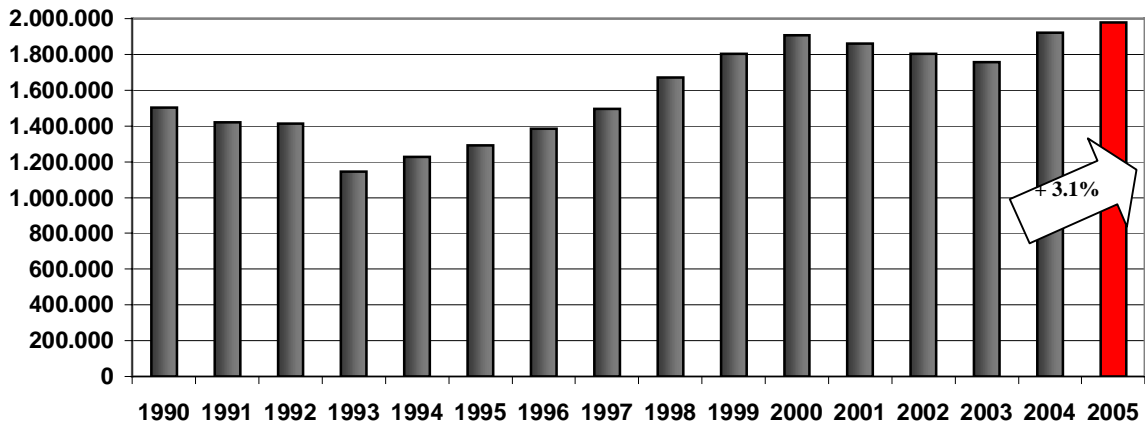
**New buses and coaches registrations** reached **33.604 units**, a **+3.0%** increase relative to 2004.

In **total**, new registrations of commercial vehicles (LCVs, CVs and Buses and Coaches) reached **2.372.916 units**, a **+3.4%** rise relative to 2004.

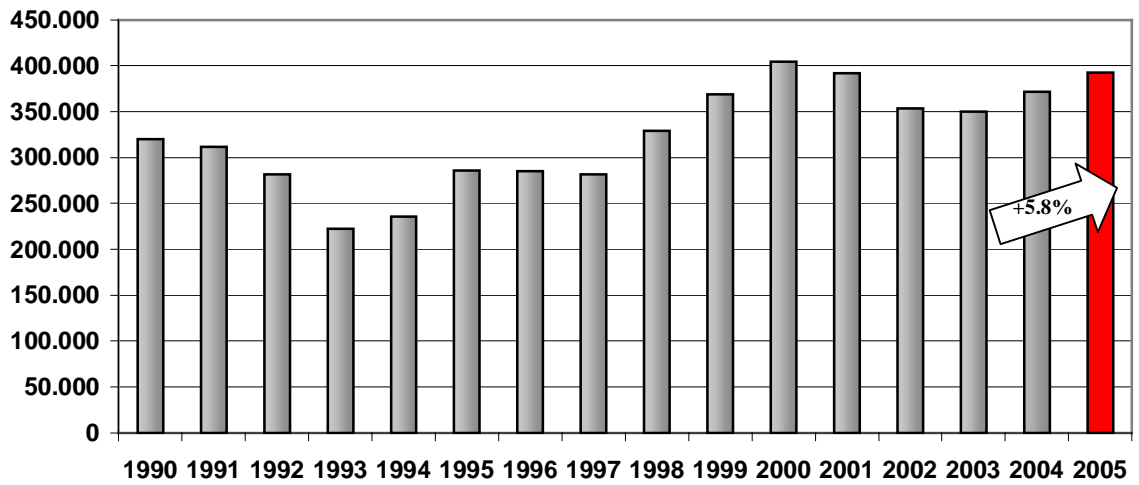
The main rationale for this improvement lies essentially in the favourable export business, in particular with the Eastern European Countries and the OPEC countries, as well as in the replacement of fleet vehicles by haulage companies.



**New LCV Registrations in W. Europe  
1990-2005**

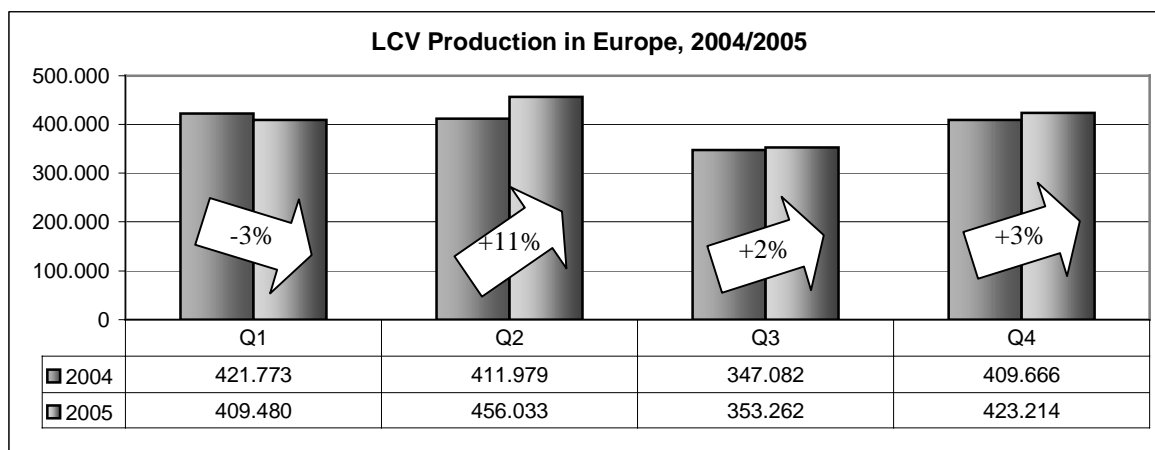
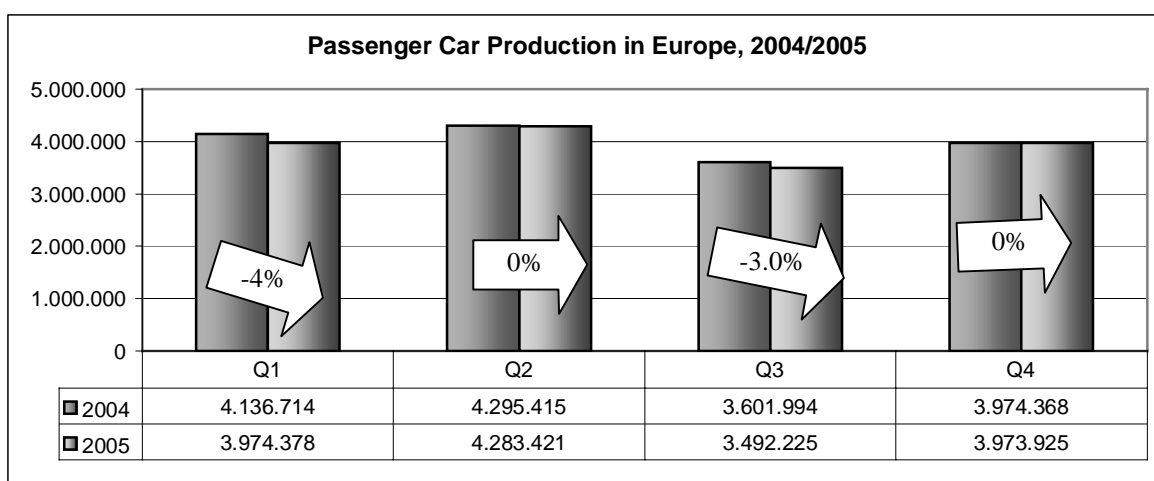


**New CV Registrations in W. Europe  
1990-2005**

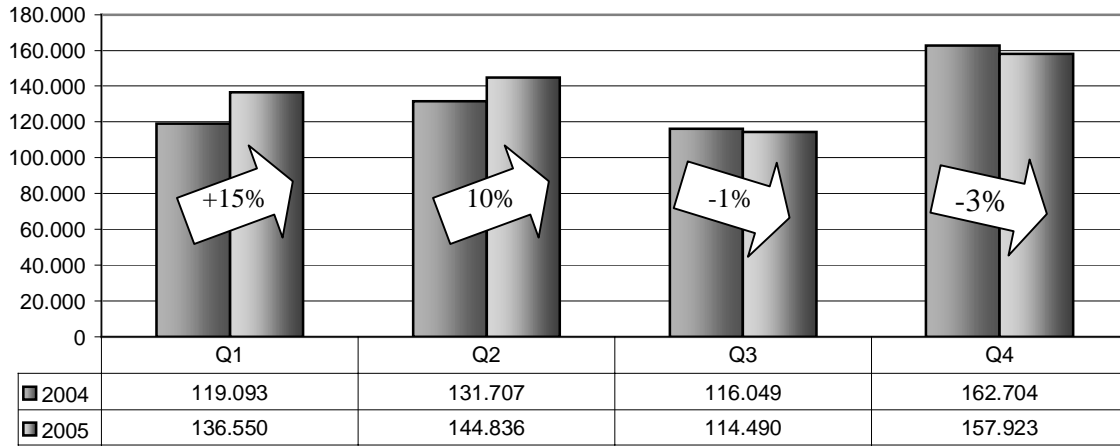


### 3. New Motor Vehicle Production in Europe

Automobile production in Europe, showed a fairly weak pattern in 2005. In total, **17.9 million vehicles** (PC, LCV, CV, Buses & Coaches) were produced, a **-1.1% drop** relative to last year. This fall was due essentially to the **slowdown of passenger cars production** which experienced a decrease of **-1.8%** relative to 2004. In contrast, the **production of commercial vehicles continued to increase**, although at a slower pace than in 2004. In total, **1.6 million light commercial vehicles** were produced in Europe in 2005, an increase of **+3.2%** relative to 2004. The **production of trucks** totalled 553.799 units, a rise of **+4.8%** relative to 2004. The production for **buses & coaches** experienced a drop of **-1.6% (33.209 units)**.



**CV Production in Europe, 2004/2005**



**Buses & Coaches Production in Europe, 2004/2005**

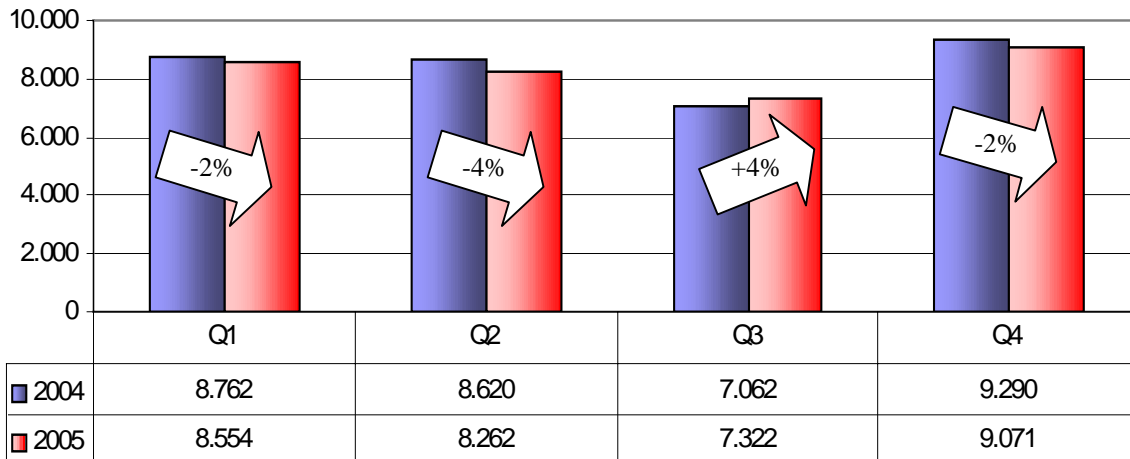


TABLE 1

## MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

IN UNITS															
ACEA correspondents survey															
MOTOR VEHICLE	2003					2004					2005				
	Q1	Q2	Q3	Q4	FY 2003	Q1	Q2	Q3	Q4	FY 2004	Q1	Q2	Q3	Q4	FY 2005
<b>EUROPE</b>	<b>4.570.899</b>	<b>4.622.158</b>	<b>3.860.392</b>	<b>4.499.721</b>	<b>17.553.170</b>	<b>4.686.342</b>	<b>4.847.721</b>	<b>4.072.187</b>	<b>4.556.028</b>	<b>18.162.278</b>	<b>4.528.962</b>	<b>4.892.552</b>	<b>3.967.299</b>	<b>4.564.133</b>	<b>17.952.5</b>
- EUROPEAN UNION	<b>4.389.961</b>	<b>4.419.570</b>	<b>3.676.249</b>	<b>4.312.565</b>	<b>16.798.345</b>	<b>4.361.041</b>	<b>4.507.730</b>	<b>3.788.085</b>	<b>4.235.755</b>	<b>16.892.611</b>	<b>4.201.651</b>	<b>4.537.937</b>	<b>3.656.254</b>	<b>4.096.954</b>	<b>16.492.7</b>
Double Countings Germany / Austria	5.079	6.266	5.796	6.489	23.630	6.997	6.837	5.846	6.240	25.920	4.962	6.000	6.000	6.000	22.5
Double Countings Germany / Belgium	65.526	66.328	55.409	66.616	253.879	49.370	82.484	50.000	49.649	231.503	74.055	75.945	50.000	53.000	253.0
Double Countings Spain / Portugal	18.621	16.000	15.000	16.945	66.566	15.831	16.734	15.582	17.235	65.382	17.500	18.500	18.352	18.000	72.3
AUSTRIA	33.774	31.705	31.899	42.278	139.656	56.270	70.078	62.939	59.431	248.718	53.089	66.822	61.523	71.845	253.2
BELGIUM	241.720	240.869	183.441	237.481	903.511	221.550	243.921	195.417	239.385	900.273	263.678	249.380	196.052	218.182	927.2
FINLAND	10.061	4.846	2.428	2.323	19.658	2.369	2.465	1.588	4.088	10.510	4.746	5.231	4.237	7.430	21.6
FRANCE (1)	976.328	977.383	776.232	890.110	3.620.053	918.482	1.003.902	789.594	954.012	3.665.990	916.037	1.045.895	743.747	843.324	3.549.0
GERMANY(2)	1.413.664	1.350.150	1.274.345	1.468.470	5.506.629	1.420.441	1.465.404	1.290.457	1.393.652	5.569.954	1.417.421	1.524.993	1.359.986	1.455.310	5.757.7
ITALY	336.934	377.750	273.097	333.850	1.321.631	307.075	298.332	257.349	279.349	1.142.105	263.479	259.630	215.291	299.952	1.038.3
NETHERLANDS(1)	49.730	48.551	42.075	52.278	192.634	48.218	61.493	62.072	75.720	247.503	47.736	44.964	31.188	56.680	180.5
PORTUGAL	64.042	64.299	51.220	59.800	239.361	59.708	57.240	50.151	59.629	226.728	57.102	59.121	49.449	53.463	219.1
SPAIN	800.377	845.899	617.304	766.246	3.029.826	801.901	849.823	648.361	711.691	3.011.776	697.643	820.945	578.022	655.890	2.752.5
SWEDEN (3)	78.865	86.797	69.073	88.297	323.032	93.711	82.042	75.500	89.017	340.270	89.055	90.410	69.069	90.044	338.5
UNITED KINGDOM (1)	473.692	479.915	431.340	461.482	1.846.429	503.514	479.085	426.085	442.905	1.851.589	488.182	470.991	422.042	421.834	1.803.0
- EAST AND CENTRAL EUROPE	<b>180.938</b>	<b>202.588</b>	<b>184.143</b>	<b>187.156</b>	<b>754.825</b>	<b>325.301</b>	<b>339.991</b>	<b>284.102</b>	<b>320.273</b>	<b>1.269.667</b>	<b>327.311</b>	<b>354.615</b>	<b>311.045</b>	<b>467.179</b>	<b>1.460.1</b>
Double Countings Slovakia / Germany	15.000	26.000	26.000	27.353	94.353	16.758	13.000	10.000	7.784	47.542	10.071	12.000	10.000	10.000	42.0
CZECH REPUBLIC	113.668	118.354	93.834	115.861	441.717	111.173	123.391	95.566	117.976	448.106	123.570	136.642	109.189	235.529	604.5
HUNGARY	35.864	31.867	38.055	20.510	126.296	39.227	23.242	33.019	27.173	122.661	29.137	38.580	39.551	31.650	138.5
POLAND						132.600	145.300	115.000	130.000	522.900	134.200	132.000	120.000	154.000	540.2
SLOVAK REPUBLIC	46.406	78.367	78.254	78.138	281.165	59.059	61.058	50.517	52.908	223.542	50.475	59.393	52.305	56.000	218.1

TABLE 2

## MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

IN UNITS

ACEA correspondents survey

PASSENGER CARS	2003					2004					2005				
	Q1	Q2	Q3	Q4	FY 2003	Q1	Q2	Q3	Q4	FY 2004	Q1	Q2	Q3	Q4	FY 2005
<b>EUROPE</b>	<b>4.020.956</b>	<b>4.059.016</b>	<b>3.420.004</b>	<b>3.940.514</b>	<b>15.440.490</b>	<b>4.136.714</b>	<b>4.295.415</b>	<b>3.601.994</b>	<b>3.974.368</b>	<b>16.008.491</b>	<b>3.974.378</b>	<b>4.283.421</b>	<b>3.492.225</b>	<b>3.973.925</b>	<b>15.723.929</b>
<b>- EUROPEAN UNION</b>	<b>3.842.177</b>	<b>3.858.636</b>	<b>3.237.584</b>	<b>3.756.471</b>	<b>14.694.868</b>	<b>3.813.431</b>	<b>3.957.810</b>	<b>3.320.250</b>	<b>3.656.698</b>	<b>14.748.189</b>	<b>3.649.054</b>	<b>3.931.140</b>	<b>3.182.979</b>	<b>3.508.872</b>	<b>14.272.045</b>
<i>Double Countings Germany / Austria</i>	5.079	6.266	5.796	6.489	23.630	6.997	6.837	5.846	6.240	25.920	4.962	6.000	6.000	6.000	22.952
<i>Double Countings Germany / Belgium</i>	65.526	66.328	55.409	66.616	253.879	49.370	82.484	50.000	49.649	231.503	74.055	75.945	50.000	53.000	253.000
<i>Double Countings Spain/ Portugal</i>	3.369	4.000	3.000	5.000	15.369	3.948	4.484	4.922	6.656	20.010	5.500	6.000	6.536	6.000	24.036
AUSTRIA	28.532	26.498	26.991	36.629	118.650	51.109	65.188	57.535	53.412	227.244	47.682	61.604	56.035	65.184	230.503
BELGIUM	216.658	215.910	160.470	198.665	791.703	201.697	235.169	189.466	230.787	857.119	255.014	241.392	190.000	209.382	895.797
FINLAND	9.968	4.741	2.347	2.170	19.226	2.245	2.350	1.496	3.960	10.051	4.657	5.109	4.160	7.307	21.230
FRANCE (1)	867.504	872.013	700.005	780.806	3.220.328	809.468	887.503	694.371	836.074	3.227.416	800.452	923.738	656.386	732.380	3.112.576
GERMANY(2)	1.327.566	1.261.978	1.187.415	1.368.444	5.145.403	1.334.842	1.371.365	1.197.543	1.288.351	5.192.101	1.317.607	1.418.396	1.264.091	1.350.093	5.350.197
ITALY	260.298	294.589	212.362	259.205	1.026.454	229.832	218.736	189.416	195.594	833.578	185.919	172.550	147.381	219.678	725.536
NETHERLANDS(1)	41.858	40.861	35.472	44.889	163.080	39.333	52.375	54.024	41.868	187.600	36.903	33.803	21.902	22.513	115.112
PORTUGAL	44.981	44.508	33.695	42.392	165.576	40.230	36.524	32.950	41.077	150.781	37.439	37.956	29.690	32.517	137.602
SPAIN	626.877	664.526	491.419	616.552	2.399.374	637.608	684.769	519.969	559.757	2.402.103	540.461	632.054	438.521	487.132	2.098.170
SWEDEN (3)	67.584	76.326	60.400	76.084	280.394	81.958	69.315	65.000	74.110	290.383	74.662	76.173	60.015	77.809	288.665
UNITED KINGDOM (1)	424.325	433.280	391.213	408.740	1.657.558	445.424	428.321	379.248	394.253	1.647.246	432.775	416.310	377.334	369.877	1.596.286
<b>- EAST AND CENTRAL EUROPE</b>	<b>178.779</b>	<b>200.380</b>	<b>182.420</b>	<b>184.043</b>	<b>745.622</b>	<b>323.283</b>	<b>337.605</b>	<b>281.744</b>	<b>317.670</b>	<b>1.260.302</b>	<b>325.324</b>	<b>352.281</b>	<b>309.246</b>	<b>465.053</b>	<b>1.451.904</b>
<i>Double Countings Slovakia / Germany</i>	15.000	26.000	26.000	27.353	94.353	16.758	13.000	10.000	7.784	47.542	10.071	12.000	10.000	10.000	42.071
CZECH REPUBLIC	112.365	117.018	92.631	114.283	436.297	109.824	122.022	94.495	116.471	442.812	122.270	135.118	108.031	234.053	599.474
HUNGARY	35.008	31.000	37.535	18.975	122.518	38.558	22.225	31.732	26.075	118.590	28.450	37.770	38.910	31.000	136.155
POLAND						132.600	145.300	115.000	130.000	522.900	134.200	132.000	120.000	154.000	540.200
SLOVAK REPUBLIC	46.406	78.362	78.254	78.138	281.160	59.059	61.058	50.517	52.908	223.542	50.475	59.393	52.305	56.000	218.130







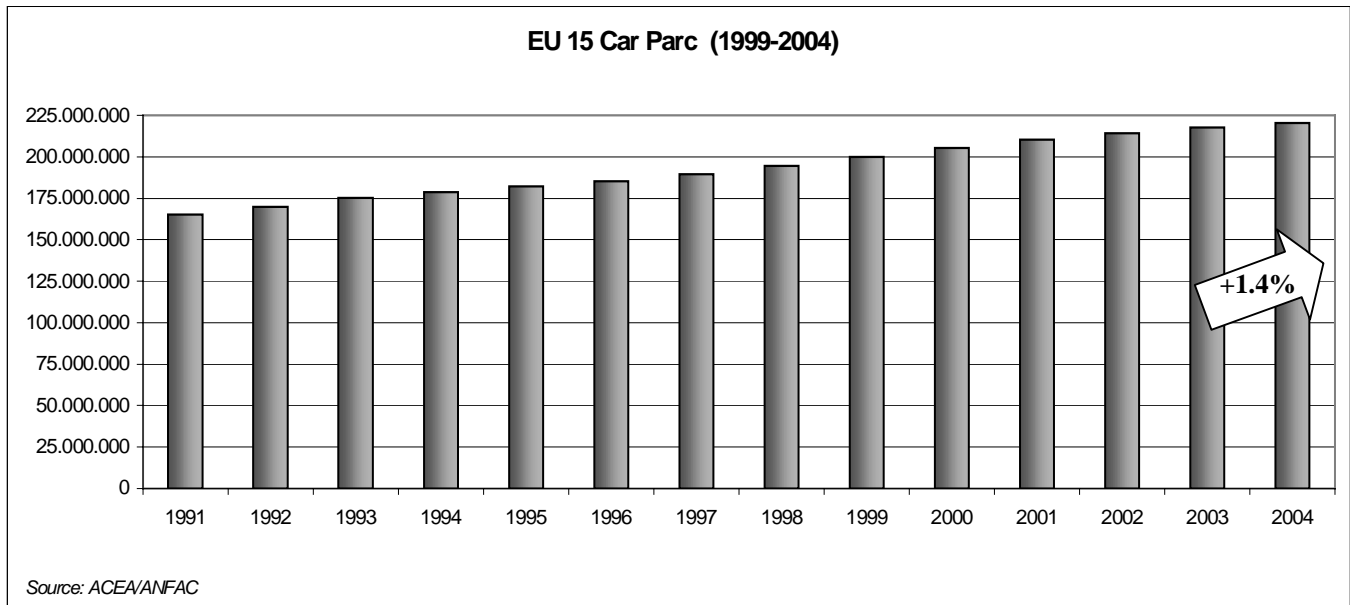


#### 4. EU Motor Vehicle Parc

According to ANFAC's latest report on motor vehicles in use in the EU (December 2005 edition), the **total European vehicle parc** reached **220.424.320 units in 2004**, an increase of **+1.2%** compared to last year. With **192.2 million vehicles, passenger cars** account for the biggest share of the parc (87.2%). Compared to last year, the **car parc** increased by **+1.4%**. Its **average age is 8 years**.

Among the stylised facts characterising the European vehicle parc, one sees:

- A fast growing parc (+1.4%);
- A highly concentrated parc (vehicles in use are concentrated in the five main European markets: Germany, Italy, France, UK, Spain);
- A high ratio of diesel penetration: 23% of cars in use in the EU are diesel powered against almost 0% in the US and 16% in Japan.



## 5. Employment

### Employment in DM 34.00

	2000	2001	2002	2003	2004	%01/00	%02/01	% 03/02	%04/03
Belgium	53.447	53.554	51.900	48.922	45.600	0,2%	-3,1%	-5,7%	-6,8%
Denmark	7.507	6.958	6.548	6.300	5.974	-7,3%	-5,9%	-3,8%	-5,2%
Germany	855.500	863.300	874.000	881.700	886.400	0,9%	1,2%	0,9%	0,5%
Spain	164.549	161.833	161.571	168.778	168.778	-1,7%	-0,2%	4,5%	0,0%
France	310.217	316.833	312.265	311.000	310.000	2,1%	-1,4%	-0,4%	-0,3%
Ireland	10.000	10.000	10.000	10.000	10.000	0,0%	0,0%	0,0%	0,0%
Italy	175.629	171.064	167.323	161.034	171.400	-2,6%	-2,2%	-3,8%	6,4%
Netherlands	27.800	26.400	25.300	24.900	23.200	-5,0%	-4,2%	-1,6%	-6,8%
Austria	27.543	28.788	28.427	29.553	32.158	4,5%	-1,3%	4,0%	8,8%
Portugal	43.000	41.000	37.000	37.000	35.000	-4,7%	-9,8%	0,0%	-5,4%
Finland	7.399	7.475	7.476	7.395	6.530	1,0%	0,0%	-1,1%	-11,7%
Sweden	73.257	77.555	72.702	71.795	72.298	5,9%	-6,3%	-1,2%	0,7%
United Kingdom	236.000	222.000	222.000	217.000	211.000	-5,9%	0,0%	-2,3%	-2,8%
<b>EU (pre-accession)</b>	<b>1.991.848</b>	<b>1.986.760</b>	<b>1.976.512</b>	<b>1.975.377</b>	<b>1.978.338</b>	<b>-0,3%</b>	<b>-0,5%</b>	<b>-0,1%</b>	<b>0,1%</b>
Czech Republic	78.676	84.875	88.880	88.568	93.107	7,9%	4,7%	-0,4%	5,1%
Hungary	33.200	37.200	36.900	39.500	40.800	12,0%	-0,8%	7,0%	3,3%
Slovakia	35.950	44.400	50.160	54.700	56.500	23,5%	13,0%	9,1%	3,3%
Poland	88.000	88.100	79.800	84.200	94.100	0,1%	-9,4%	5,5%	11,8%
<b>New EU MS</b>	<b>235.826</b>	<b>254.575</b>	<b>255.740</b>	<b>266.968</b>	<b>284.507</b>	<b>8,0%</b>	<b>0,5%</b>	<b>4,4%</b>	<b>6,6%</b>
<b>TOTAL EU</b>	<b>2.227.674</b>	<b>2.241.335</b>	<b>2.232.252</b>	<b>2.242.345</b>	<b>2.262.845</b>	<b>0,6%</b>	<b>-0,4%</b>	<b>0,5%</b>	<b>0,9%</b>

Sources: Eurostat and National Automobile Associations

### ➤ Comments

Total employment in the automobile sector has been slightly declining in the ex-EU 15 over the last four years, due mainly to the significant restructuring effort that is currently taking place in the region. In 2004, employment in the automobile sector totalled **1.9 million workers**, of which 40% were directly employed in the manufacturing of motor vehicles (dm 34.10). The other 60% were employed in the manufacturing of bodies for motor vehicles, trailers and semi-trailers (dm 34.20) and the manufacturing of parts and accessories for motor vehicles and their engines (dm 34.30).

Looking at the **enlarged EU**, employment in the automobile sector totalled **2.3 million workers**. Employment growth in the new EU Member States has been significant in the last four years, due essentially to the significant investment effort of automobile manufacturers in this region already prior to the enlargement.

In total, **employment in the motor vehicle sector represents 6.8% of total employment in the EU manufacturing industry.**

**Indirect employment** linked to the motor vehicle sector reached an estimated 10 million workers. This figure includes activities such as:

- Recycling;
- Sale, maintenance and repair of motor vehicles;
- Land transport (land passenger transport, taxi operation, freight transport by road);
- Renting of automobiles and other land transport equipment;
- Construction of highways, roads and other civil engineering works.

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

#### HICP Classification for Motor Vehicles:

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

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

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

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

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

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

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

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

EUROPEAN UNION -15

Harmonized indices of consumer prices (HICP)

(Index 1996 = 100)

	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
<i>cp00 All Items HICP</i>	115.8	116.1	116.9	117.4	117.7	117.8	117.7	118.0	118.5	118.8	118.5	118.9
<i>HICP excluding energy (e)</i>	114.5	114.8	115.4	115.7	116.1	116.0	115.6	115.8	116.1	116.3	116.4	116.9
<i>cp07 Transport</i>	119.7	120.7	121.8	123.0	123.2	123.9	125.8	126.7	127.7	127.5	125.5	125.4
<i>cp071 Purchase of vehicles (not motor cycles, bicycles and animal drawn vehicles)</i>	104.1	104.4	104.5	104.8	104.8	104.6	104.6	104.7	104.8	105.0	105.0	105.0
<i>cp0711 Motor cars</i>	104.0	104.5	104.5	104.7	104.8	104.5	104.6	104.7	104.8	104.9	105.0	105.0
<i>cp072 Operation of personal transport equipment</i>	127.8	129.3	131.1	133.6	133.3	134.5	137.1	138.6	141.8	141.1	137.7	136.7
<i>cp0721 Spares parts and accessories for personal transport equipment</i>	107.2	107.6	107.5	107.7	107.8	108.1	108.2	108.3	108.5	108.7	108.8	109.0
<i>cp0722 Fuels and lubricants for personal transport equipment</i>	131.6	134.4	138.3	143.6	142.7	144.9	150.5	153.5	160.4	158.9	150.3	147.8
<i>cp0723 Maintenance and repair of personal transport equipment</i>	133.9	134.3	134.6	135.0	135.4	135.8	135.9	136.4	136.5	136.8	137.6	137.8
<i>cp0724 Other services in respect of personal transport equipment</i>	121.3	121.5	121.6	121.7	121.8	121.9	122.5	122.3	122.6	122.9	123.0	123.2

p Provisional value  
e Estimated value  
r Revised value

Source: Eurostat

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

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

coicop Classification of individual consumption by purpose

cp07 Transport

**cp071 Purchase of vehicles**

cp071\_1 Motor cycles, bicycles and animal drawn vehicles

**cp0711 Motor cars**

cp072 Operation of personal transport equipment

cp0721 Spares parts and accessories for personal transport equipment

cp0722 Fuels and lubricants for personal transport equipment

cp0723 Maintenance and repair of personal transport equipment

cp0724 Other services in respect of personal transport equipment

EUROPEAN UNION -25

Harmonized indices of consumer prices (HICP)

(Index 1996 = 100)

	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
<i>cp00 All Items HICP</i>	119.5	119.9	120.6	121.1	121.4	121.5	121.4	121.7	122.3	122.5	122.3	122.6
<i>HICP excluding energy (e)</i>	116.9	117.1	117.7	118.0	118.4	118.3	117.9	118.1	118.3	118.6	118.7	119.2
<i>cp07 Transport</i>	122.2	123.2	124.3	125.6	125.8	126.5	128.5	129.4	130.6	130.3	128.2	128.0
<i>cp071 Purchase of vehicles (not motor cycles, bicycles and animal drawn vehicles)</i>	104.2	104.6	104.6	104.8	104.8	104.6	104.6	104.7	104.8	104.9	104.9	104.8
<i>cp0711 Motor cars</i>	104.1	104.6	104.6	104.8	104.8	104.5	104.6	104.6	104.8	104.8	104.9	104.9
<i>cp072 Operation of personal transport equipment</i>	129.8	131.3	133.1	135.8	135.6	136.8	139.5	141.0	144.5	143.8	140.2	139.0
<i>cp0721 Spares parts and accessories for personal transport equipment</i>	107.9	108.3	108.3	108.5	108.5	108.8	108.9	109.1	109.2	109.4	109.5	109.7
<i>cp0722 Fuels and lubricants for personal transport equipment</i>	134.9	137.6	141.4	147.1	146.3	148.5	154.2	157.3	164.4	162.8	154.3	151.4
<i>cp0723 Maintenance and repair of personal transport equipment</i>	134.8	135.3	135.6	136.0	136.4	136.7	136.9	137.4	137.5	137.8	138.6	138.7
<i>cp0724 Other services in respect of personal transport equipment</i>	122.0	122.2	122.3	122.4	122.5	122.6	123.2	123.1	123.4	123.6	123.7	123.9

p Provisional value  
e Estimated value  
r Revised value

Source: Eurostat

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

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

coicop Classification of individual consumption by purpose

cp07 Transport

**cp071 Purchase of vehicles**

cp071\_1 Motor cycles, bicycles and animal drawn vehicles

**cp0711 Motor cars**

cp072 Operation of personal transport equipment

cp0721 Spares parts and accessories for personal transport equipment

cp0722 Fuels and lubricants for personal transport equipment

cp0723 Maintenance and repair of personal transport equipment

cp0724 Other services in respect of personal transport equipment



## AUSTRIA

Source: FFO

PRICE INDEX ( index 2000=100)	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
VPI (COICOP)												
HICP general (2000=100)	109,7	110	110,5	110,2	110,4	110,8	110,5	110,5	111,1	111,1	110,9	
Price index for the Use of Motor Vehicle (COICOP 7) (2000=100)	107,8	107,8	108,9	109,5	109,9	111,3	111,7	112,8	113,8	112,7	111,7	
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car (COICOP 7.1.1)	106,4	106,6	106,6	106,7	106,9	106,8	106,7	106,7	107	106,9	107	
Motor cycles (COICOP 7.1.2)	111,8	112,1	109,4	109,4	109,5	109,8	109,8	109,8	109,5	109,5	109,2	
Fuels and lubricants (COICOP 7.2.2)	100,6	102,5	106,9	112,2	111,5	113,3	116,9	120,5	127,7	124,3	117,6	
Spare parts & accessories, Replacement, Extras, etc.	106,6	106,1	105,9	105,9	106,3	106,3	106,3	106,3	106,3	106,5	108,4	
Maintenance, Reparation, Garage, Inspection, etc.	121,4	122,3	122,6	122,6	123	123	123	123,2	123,1	123,2	124,8	
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2000=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car	106,4	106,7	106,7	106,8	106,9	106,8	106,7	106,7	107	106,9	107	
Index of Manufacturing Prices of Motor Vehicles												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles												
Total (NACE Rev.1 dm 34.1)												

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

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

## NACE Rev.1 classification:

dm: Manufacture of transport equipment

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

dm 34.1: Manufacture of Motor Vehicles

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

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

## FRANCE

Source: CCFA

### PRICE INDEX ( index 1996=100)

	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
HICP general (1996=100)	113,5	114,3	115,1	115,3	115,3	115,5	115,3	115,8	116,3	116,3	116	116,2
Price index for the Use of Motor Vehicle (1996=100)	121,6	123,1	124,7	126,4	125,7	127	128,9	129,9	132,5	132,6	129,8	128,8
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car	101,5	103	102,5	103,7	103,5	102,5	102,9	103,6	103,5	103,6	103,2	102,8
Motor cycles												
Fuels and lubricants	126,9	130,1	134,4	138,9	136,7	139,5	144,4	147,2	153,8	153,7	145,9	142,8
Spare parts & accessories, Replacement, Extras, etc.	107,9	108,2	108,1	108,3	108,3	108,8	108,9	109,1	109,2	109,3	109,2	109,5
Maintenance, Reparation, Garage, Inspection, etc.	132,1	132,7	132,9	133,3	133,5	134	134,2	134,4	134,7	134,7	134,9	135,2
Insurance	94,2	94,1	94	93,1	93	92,9	92,8	92,8	92,8	92,8	92,8	92,8
Tax												
Price index for Brandnew Motor Vehicles at retail prices (1996=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
Index of Manufacturing Prices of Motor Vehicles (1996=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (1996=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (1996=100)												
Total (NACE Rev.1 dm 34.1)												

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

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**dm 34.1: Manufacture of Motor Vehicles**

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

      dm 34.3: Manufacture of parts, accessories for Motor Vehicles

## GERMANY

PRICE INDEX ( index 2000=100)	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
HICP general (2000=100)	106,9	107,3	107,6	107,7	108	108,1	108,6	108,7	109,1	109,1	108,6	109,6
Price index for the Use of Motor Vehicle (2000=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	109,1	109,5	110,7	111,9	111,8	112,6	113,9	114,6	116,5	116	113,7	113,6
Passenger car	104,3	104,6	104,8	104,9	105	105,1	105	105,1	105,5	105,6	105,9	106
Motor cycles	105,1	105,1	105,4	105,4	105,4	105,4	105,4	105,4	105,4	105,6	105,6	105,6
Fuels and lubricants	109,6	110,9	114,9	119,3	119	121,5	126,4	128,4	135	132,8	124	123,6
Spare parts & accessories, Replacement, Extras, etc.	103,7	103,8	103,7	103,8	103,9	103,9	104,1	104,1	104,2	104,6	104,7	104,8
Maintenance, Reparation, Garage, Inspection, etc.	110,3	110,5	110,7	110,9	110,8	111	111,2	111,5	111,6	111,8	112	112
Insurance	100,6	98,6	98,6	98,6	97,4	97,4	97	98	98	98	97,1	96,7
Tax	155,5	156,3	156,3	156,3	156,8	156,8	156,8	156,8	156,8	156,8	156,8	156,8
Price index for Brandnew Motor Vehicles at retail prices (2000=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	103,2	103,4	103,7	103,8	104	104,1	104,1	104,2	104,6	104,8	105	n.a
Purchase of brandnew passenger car	105,1	105,5	105,7	105,7	105,8	105,8	105,8	105,9	106,3	106,3	106,6	n.a
Index of Manufacturing Prices of Motor Vehicles (2000=100)												
Total (NACE Rev.1 dm 34.1)	107,3	107,6	108	108,2	108,3	108,3	108,3	108,3	109	109	109,1	109,2
Index of Export Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)	101,2	101,2	101,3	101,6	101,8	102,2	102,3	102,4	102,5	102,6	102,5	102,2
Index of Import Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)	100,6	100,6	100,4	100,7	100,7	100,4	100,6	100,6	100,6	100,6	100,7	100,8

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

### NACE Rev.1 classification:

dm: Manufacture of transport equipment

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

dm 34.1: Manufacture of Motor Vehicles

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

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

## IRELAND

Source: SIMI

PRICE INDEX ( index Dec 2001=100)	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
HICP general (Dec 2001=100)												
Price index for the Use of Motor Vehicle (Dec 2001=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	102,7	102,8	102,4	102,9	103,4	102,1	103,2	103,5	106,4	106,4	106,1	106,1
Passenger car												106,5
Motor cycles												96,7
Fuels and lubricants												131,12
Spare parts & accessories, Replacement, Extras, etc.												105,7
Maintenance, Reparation, Garage, Inspection, etc.												121,8
Insurance												79,8
Tax												117,3
Price index for Brandnew Motor Vehicles at retail prices (Dec 2001=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												106,1
Purchase of brandnew passenger car												106,5
Index of Manufacturing Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)												

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

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

### NACE Rev.1 classification:

dm: Manufacture of transport equipment

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

dm 34.1: Manufacture of Motor Vehicles

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

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

## ITALY

Source: ANFIA

### PRICE INDEX

	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005
HICP general (1995=100)	125,2	125,6	126,0	126,3	126,6	126,7	127,1	127,3	127,3	127,5	127,6	127,7
Price index for the Use of Motor Vehicle (1995=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	129,6	130,8	131,8	133,6	134,3	133,6	135,1	135,9	137,2	138,3	137,0	136,0
Fuels and lubricants	124,3	127,0	129,9	135,2	135,8	134,0	138,5	139,7	143,9	147,3	140,3	137,4
Spare parts & accessories, Replacement, Extras, etc.	109,5	111,5	111,5	111,5	112,5	112,5	112,5	112,5	112,5	112,5	113,7	113,7
Maintenance, Reparation, Garage, Inspection	139,2	139,9	139,9	139,9	140,6	140,6	140,6	141,0	141,0	141,0	143,1	143,1
Insurance	228,2	228,4	228,8	229,1	229,3	230,0	231,1	231,6	232,7	232,5	233,6	233,6
Tax (motorway tolls)	129,8	129,8	129,8	129,8	129,8	129,8	129,8	129,8	129,8	129,8	129,8	129,8
Price index for Brandnew Motor Vehicles at retail prices (1995=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	117,6	117,8	118,0	118,4	118,6	118,4	118,7	118,7	118,6	118,7	119,3	119,8
Purchase of brandnew passenger car	117,6	117,8	118,0	118,4	118,6	118,4	118,7	118,7	118,6	118,7	119,3	119,8
Index of Manufacturing Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)	107,3	108,1	108,5	108,5	108,5	109,2	109,2	109,5	109,7	109,8	109,8	na
Index of Export Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)	102,3	103,1	105,4	104,0	103,2	106,7	103,7	104,9	106,4	106,0	na	na
Index of Import Prices of Motor Vehicles (1995=100)												
Total (NACE Rev.1 dm 34.1)	104,1	105,5	105,6	105,1	103,6	106,8	104,5	106,5	105,2	105,0	na	na

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PRICE INDEX ( index 1995=100)	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	June 2005	July 2005	Aug 2005	Sept 2005	Oct 2005	Nov 2005	Déc 2005
HICP general (1995=100)	1,6	1,6	1,9	1,9	1,9	2,0	2,3	2,4	2,5	2,3	2,1	2
Price index for the Use of Motor Vehicle (1995=100)												
HICP												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	5,2	5,6	6,5	7,6	5,2	5,5	7,5	8,9	10,9	9,3	6,9	6,2
Passenger car												
Motor cycles												
Fuels and lubricants	4,4	5,5	6,7	10,4	4,8	5,1	9,8	12,5	17,5	13,4	7,9	6,6
Spare parts & accessories, Replacement, Extras, etc.	2,1	1,8	1,3	1,7	1,4	1,7	1,6	2,1	2,2	1,9	2,2	2,2
Maintenance, Reparation, Garage, Inspection, etc.	7,3	7,0	6,7	6,9	6,7	7,0	6,4	6,8	6,3	6,6	6,7	6,5
Other services	3,3	3,4	3,1	3,1	3,0	3,6	6,4	6,4	5,8	6,0	6	6,3
<i>Retail Price Index</i>												
<i>Purchase</i>	-6,9	-6,7	-6,1	-6,1	-6,0	-5,6	-5,4	-5,5	-4,5	-3,4	-3	-3
<i>Maintenance</i>	6,3	6,2	5,9	6,0	5,9	6,2	5,7	6,2	5,9	6,2	6,4	6,3
<i>Petrol and Oil</i>	4,3	5,6	6,7	10,3	4,8	5,1	9,8	12,4	17,5	13,3	7,9	6,7
<i>Tax &amp; Insurance</i>	-0,9	-2,9	-3,4	-1,6	-0,1	-0,5	0,5	-2,1	-1,9	-1,1	-0,2	-1,2
<i>Total</i>	-1,2	-1,1	-0,8	0,5	-0,5	-0,3	1,1	1,4	3,1	2,7	1,6	1,1
Price index for Brandnew MV at retail prices (1995=100)												
HICP												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car	2,5	2,5	2,4	2,1	1,7	1,6	1,6	1,6	1,4	1,6	1,1	0,9

## Summary of tax, environment, transport and emission policy measures in 2006/05 by country

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<b>B</b> Belgium	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ As from 1<sup>st</sup> January 2004, the registration tax (to obtain the plate) has been reduced from 62 EUR to 31 EUR. As from 2006, this tax will be suppressed.</li> <li>➤ As from 1.01.2005, employers have to pay a tax based on CO2 emissions for company cars and light duty vehicles (cat. M1 and N1) if they allow private use of these vehicles by their employees. This tax is based on EU Directive 80/1268/CEE. It is computed as follows:             <ul style="list-style-type: none"> <li>- Gasoline vehicles: <math>[(Y*9 \text{ euro})-768]/12</math></li> <li>- Diesel vehicles : <math>[(Y*9 \text{ euro})-600]/12</math></li> <li>- LPG vehicles : <math>[(Y*9 \text{ euro})-990]/12</math></li> </ul> </li> </ul> <p>(Y : CO2 emissions expressed in g/km)</p> <p>The tax shall in any case never be lower than 20.83 euro per month. If the CO2 emissions data are not available, they will be assumed to be for:</p> <ul style="list-style-type: none"> <li>- vehicles with gasoline engine: 182 g/km</li> <li>- vehicles with diesel engine: 165 g/km</li> </ul> <ul style="list-style-type: none"> <li>➤ CO2 incentives for purchase of new cars:             <ul style="list-style-type: none"> <li>- Tax reduction equivalent to 15% of the sale price for a taxpayer who buys a car emitting less than 105 g CO2/km with a maximum of 4530 EUR.</li> <li>- Tax reduction equivalent to 3% of the sale price for taxpayer who buys a car emitting between 105g and 115g CO2/km with a maximum of 850 EUR.</li> </ul> </li> </ul> <p>These tax reductions are not allowed for companies.</p>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ Implementation of Directive 1999/94/CE about CO2 labelling</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ Different measures in the 3 regions are studied, including:             <ul style="list-style-type: none"> <li>- Replacement of Eurovignette;</li> <li>- Road-pricing systems.</li> </ul> </li> </ul> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ Excises compensating tax on diesel cars will be gradually reduced and will be totally suppressed as from 1<sup>st</sup> January 2008.</li> </ul>
<b>DK</b> Denmark	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ The Danish car tax scheme was changed effective 1<sup>st</sup> of July 2003. All Passenger Cars with ESP are subject to a 3,500 DKK allowance in 2003 (pre-tax calculation). The allowance will be reduced to 3,200 DKK in 2004. All PC's with safety belt alarms are subject to a 100 DKK allowance per alarm – max. 3 alarms - (post-tax calculation).</li> <li>➤ The Danish government has just finished the political talks on the finance bill for 2006. During these talks it has been agreed to introduce a 4,000 DKK before registration tax allowance on diesel passenger cars and light commercial vehicles with particle filters. The allowance is going to reduce the PC and LCV gross price with respectively 7,200 and 1,200 DKK without regard to the cost of the particle filter.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ Danish legislation concerning <b>ELV</b> is expected to be enacted in 2<sup>nd</sup> quarter of 2006.</li> </ul> <p><b>Emission</b></p> <ul style="list-style-type: none"> <li>➤ From January 1<sup>st</sup> 2006 all new registered <b>diesel driven passenger</b> cars with particle filter will obtain a 2,000 DKK pre-tax deduction.</li> <li>➤ The Danish government has announced a legislative proposal concerning government subsidies to vehicle owners who retrofit particle filters on trucks (above 3.5 T and approved for transport of material goods) and on busses (above 3.5 T and approved for bus services).</li> </ul>

<p><b>D</b> Germany</p>	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ The new government has decided not to introduce any fiscal incentives for new passenger cars with particulate filters but to restrict incentives to retrofitting. Circulation tax for new diesel passenger cars without particulate filter shall be increased from 2008.</li> <li>➤ The new government plans to introduce an annual circulation tax based on CO<sub>2</sub>. However, this needs approval by a majority of regional governments so it is unclear whether it will in fact be implemented.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ The new government is considering the introduction of compulsory blending of biofuels into conventional fuel. This is meant to replace the exemption of blended biofuels from fuel tax.</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ The transport ministers of the German regions rejected proposals to introduce a time-based motorway fee for passenger cars. Some regional governments had proposed the introduction of a vignette (100 Euro per year). 6 regions voted in favor of the proposal, 7 against, 3 abstained. The introduction of road user charges for cars has also been discussed in the negotiations to form a new federal government. For the time being, it seems as if the government would not put forward any proposals for a passenger toll nor for an extension of the truck toll to vehicles below 12 t.</li> </ul> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ From Bundesrat (upper house of parliament) adopted a proposal for a labelling scheme based on emission levels so that traffic bans for old vehicles with high emissions could be introduced in inner cities. It is not yet clear in which way the new government will pursue this issue.</li> </ul>
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	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<b>E</b> Spain	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ The PREVER incentive scheme has been extended from 1<sup>st</sup> January 2004 to December 31<sup>st</sup> 2006 with the following measures: <ul style="list-style-type: none"> <li>- Deduction of 480.81 EUR in the registration tax to be applied to the purchase of a new car or commercial vehicle with less than 6 tons when an old vehicle with more than ten years for cars and seven years for commercial vehicles is simultaneously scrapped.</li> <li>- Deduction of 721.21 EUR in the registration tax for the purchase of a new car, including diesel cars, if it is accompanied by the scrapping of a <u>leaded gasoline</u> car with more than 10 years old.</li> <li>- The same quantity (480.81 EUR or 721.21 EUR for cars depending if the scrapped passenger car uses or not unleaded petrol and 480.81 EUR for commercial vehicles) is reduced from the price of a second hand passenger car with less than 5 years old and a second hand commercial vehicle (&lt; 6tons) with less than 3 years old.</li> </ul> </li> <li>➤ Due to the high fuel prices the Spanish Government has increased by 20% the discount in the Corporate Tax to the hauliers purchasing of industrial vehicles with environmental performances.</li> <li>➤ In a recent parliamentary hearing, the Spanish government expressed a negative opinion on the EU Commission proposal on passenger car taxation. The following arguments were put forward: <ul style="list-style-type: none"> <li>- The proposal disrupts the actual Spanish local and regional tax scheme. The Spanish registration tax is a key point in the Regional Financial System.</li> <li>- The level of registration tax in Spain is not dissuasive for the buyers.</li> <li>- The European Commission is going beyond what is permitted by the principal of subsidiarity. The problems of internal market fragmentation which justifies the Commission proposal, could be solved by other means than the elimination of the registration tax.</li> </ul> </li> </ul>	<p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ <b>Road Pricing Systems:</b> <ul style="list-style-type: none"> <li>- Lobbying actions have been carried out in regards to the modification the 1999/62/EC Directive ("The Eurovignette"). Spanish Minister of Transport (Ministerio de Fomento) has shown a receptive position in regards to ACEA's proposals in line with the traditional support of the Spanish Government to the Road Transport. "The Eurovignette" has never entered into force in Spain.</li> <li>- An increase in automatic toll systems based in DSRC technologies is being observed in Spain. Major road infrastructure constructions are being built under the Public-Private Partnership formula linked to tolling systems.</li> </ul> </li> <li>➤ <b>Urban Mobility and Anti-congestion Measures:</b> <p>Regulated Parking in Madrid City center is the most recent action taken by Madrid City Hall to combat private car usage in the city center.</p> <p>New parking regulation is established for 34,300 parking spaces with strict limitations in maximum parking time, higher fees and increased control from police.</p> </li> <li>➤ <b>ITS Applications – Navigation systems</b> <p>Intense activities driven by ANFAC are being developed to promote and enhance the Traffic Information Service based on RDS-TMC offered by DGIT (Dirección General de Tráfico) and SCT (Servicio Catalán de Tráfico). The objective is to offer to the Spanish drivers high quality traffic information for dynamic navigation.</p> <p>Seat and other Spanish entities are actively participation in the "e-call" project</p> </li> <li>➤ <b>Emissions</b> <p>Reduced type for hybrid vehicles with low CO2 emission in Canary Island:</p> <p>Since 1<sup>st</sup> January 2005, a reduced type (2%) of IGIC (Impuesto General Indirecto Canario which is similar to VAT) on the acquisition of hybrid vehicles that do not exceed 120gr/km of CO2 emissions.</p> </li> </ul>

<p><b>FIN</b> Finland</p>	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ <b>Motor vehicle tax:</b> Vehicles using fuel other than petrol must pay an annual motor vehicle tax. From 1.1.2004 there is an exception to this. Passenger cars and LCV's using metain or metain based fuels are free of annual motor vehicle tax. These vehicles should meet Euro 4 requirements to get this advantage.</li> <li>➤ <b>Income taxes</b> and some <b>consumption taxes</b> have been decreased by the Government in 2004 and consequently the purchasing power of consumers is increasing approx. 5 %. It is strengthening the consumer confidence during 2004.</li> <li>➤ The Government is preparing changes to <b>circulation taxation</b> in relation to CO2 emissions. Timing of Ministry of Finance is 2007-2008.</li> </ul>	<p><b>Environment</b></p> <p><b>ELV</b></p> <ul style="list-style-type: none"> <li>➤ The Finnish legislation implementing the ELV directive came into force 1.9.2004. According to the legislation, the producers are responsible for the recycling of all vehicles within the scope of the directive, including vehicles registered before 1.7.2002, from 1.9.2004.</li> <li>➤ A 10 year contract was signed in April 2005 with Stena, a Swedish shredder company, on the recycling of ELVs in Finland. Stena will, at not cost for the Finnish importers, create, maintain and operate a take back and pre-treatment network that satisfies all the requirements of the ELV directive correspondent national legislation. Negotiations with the aim of concluding similar contracts with two other shredder companies will continue.</li> </ul> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ <b>CO2 emissions:</b> Discussions continue based on Kyoto agreement. Government's proposal about CO2 emission trade will be given in April 2004. Meanwhile, discussions over CO2 element on car taxation continue. No results are expected during this year.</li> </ul> <p>Government Emissions Working Group is preparing possibilities to increase bio components in fuels. Timing is March 2006.</p> <ul style="list-style-type: none"> <li>➤ <b>Sulphur free fuels:</b> By the beginning of 2005, only sulphur free gasoline and diesel (fuels with a sulphur content of less than 10 mg/kg) will be sold in Finland. The rapid shift towards sulphur free fuels is a consequence of a small tax incentive granted to these fuels from 1.9.2004. This means that Finland will fulfill the EU requirements concerning the quality of fuels well in advance of its deadline 1.1.2009.</li> </ul>
<p><b>F</b> France</p>	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ Following an amendment by the Senate, <b>the tax discount for LPG</b> cars has increased from €1,525 to € 2,000 since the 1 January. However, the field of this discount has been dramatically reduced and it now covers only cars emitting less than 140 g CO<sub>2</sub> per km. Only five models sold on the French market are now concerned, against 66 in 2004.</li> <li>➤ According to the new law on transport safety and development, <b>trucks of 12 tons</b> and more driving in the Alsace region near the German border are going to be submitted to a toll. The amount will vary from 0.01 to 0.15 per ton-kilometer. The objective is to prevent a diversion of road traffic from Germany because of the LKW-Maut. This measure should be experimented during five years. It raised protests from road hauliers who fear an extension to other regions.</li> <li>➤ In the framework of a government action plan for the road freight sector, road hauliers now have the opportunity to recover VAT on motorway fees paid between 1996 and 2000. The maximum rebate on professional tax will be doubled for Euro 1 trucks (of 16 tons and more) up to € 700. It will be tripled up to € 1,000 for Euro 2 and Euro 3 trucks. A system of repercussion of diesel fuel prices paid by road hauliers on their customers is also being implemented.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ <b>CO2:</b> In the context of the National Plan on Health and Environment presented on 21 June, a draft of combined tax and incentive based on CO<sub>2</sub> emissions was presented by the government and rejected by the Parliament.</li> <li>➤ The French government is completing its National Plan of CO<sub>2</sub> Quota Allocation which will be part of the projected European plan in force from 2005. France's objective is to reduce its total CO<sub>2</sub> emissions to their Kyoto level (553 millions tons) until 2012.</li> <li>➤ The government will increase the share of biofuels in France to 5.75% at the end of 2008, 7% at the end of 2010 and 10% at the end of 2015. This represents an advance of two years compared with the schedule of the European Union. It also involves multiplying bio fuel production in France by 6 in 2008 compared with 2005.</li> </ul>

		<p><b>Transport:</b></p> <ul style="list-style-type: none"><li>➤ Because of their impact in terms of emissions and safety for pedestrians, the City Council of Paris intends to forbid SUVs in the capital, at first during pollution peak days and then every day.</li><li>➤ The Minister of Transport sent a memorandum to the European Commission to relaunch the debate on the harmonisation of professional diesel fuels.</li><li>➤ The Mobility Week has taken place in September. However, the Car Free Day campaign has been abandoned after being unsuccessful during several years.</li><li>➤ A poll indicates that 68 % of the people living in the Greater Paris are opposed to any new congestion charge.</li><li>➤ A reform of public parking management will be implemented from 2005. Municipalities will be allowed to fix the amount of local fines. Revenues of these fines will in turn have to be allocated to public transport funding as well as to traffic improvement.</li></ul>
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	<b>Taxes, Fiscal Incentives, Government Budget</b>	<b>Environment, Transport, Emissions and Others</b>
<b>GR</b> Greece	<b>Taxation</b> <ul style="list-style-type: none"> <li>➤ VAT rate increased from 18% to 19%.</li> <li>➤ In October 2003 (initial announcement in early September 2003), <b>registration tax</b> was reduced, but not abolished.</li> </ul>	<b>Environment</b> <ul style="list-style-type: none"> <li>➤ <b>CO<sub>2</sub> Labeling Directive:</b> The 2<sup>nd</sup> edition of the fuel and consumption Eguide has been completed and is currently available.</li> <li>➤ <b>ELV:</b> Gradual establishment of Collection points for the ELV system in Greece (EDOE), implementing the directive 2000/53/EC.</li> </ul> <b>Transport</b> <ul style="list-style-type: none"> <li>➤ The General Elections on the 7<sup>th</sup> March 2004 resulted in a new government by the (rightist) "New Democracy" party and subsequently a new Minister for Transport and Communications, Mr Michalis Liapis. In the government's policy statement Mr Liapis focused on the following issues and aims: <ul style="list-style-type: none"> <li>- Encourage the use of public transport increasing the percentage of public transport users among the population from 30% today to 50%.</li> <li>- Ensure the unobstructed flow of goods through the country.</li> <li>- Respond satisfactorily to the increased needs of the Olympic Games.</li> </ul> </li> </ul> <p>The above will be pursued through the following actions:</p> <ul style="list-style-type: none"> <li>- Increase the number of buses in Athens to 2.500.</li> <li>- Introduction of cheap day-pass for all rail transport (train, metro and tram).</li> <li>- Single public transport organisation with local government participation.</li> <li>- 16 new parking areas for metro passengers.</li> <li>- 10.000 new parking spaces for motorcycles.</li> <li>- Reduction of VAT on helmets and safety equipment for motorcyclists.</li> <li>- Creation of new pedestrian zones and introduction of bicycle roads.</li> <li>- Expansion of metro and tram network.</li> <li>- Completion of suburban rail network.</li> <li>- Access to public transport for the disabled.</li> </ul>
<b>IRL</b> Ireland	<b>Taxation</b> <ul style="list-style-type: none"> <li>➤ There were no increases in either <b>VAT</b> or <b>registration taxes</b> in the Minister for Finance's Budget of December 2004.</li> <li>➤ There were no increases in road tax or fuel duties.</li> <li>➤ Plans for introducing a carbon tax in 2005 have been cancelled.</li> <li>➤ Incentives were introduced for Flexible Fuels Vehicles, with a reduction of 50% in VRT for these vehicles, similar to the incentive for hybrid vehicles.</li> </ul>	<b>Environment</b> <ul style="list-style-type: none"> <li>➤ Discussions ongoing with the Department of Environment with regard to the <b>EU Directive on ELVs</b> and it is expected that the framework for the system in place over the coming year. Primary legislation on ELVs was passed in July 2003, which allowed manufacturers to opt for "own-marque" schemes. Draft regulations are expected to be issued by the end of February 2006, with free take back to commence from January 2007.</li> <li>➤ The <b>EU Directive on CO<sub>2</sub> emissions</b> has now been implemented in the State.</li> </ul>

		<p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ The Government recently announced a new plan, “<b>Transport 21</b>”, which will see €34 billion invested in transport infrastructure over the next 10 years.</li> <li>➤ There are now four <b>tolls</b> in operation in Ireland at the current time, and this is expected to increase in the coming years. Consumers are becoming more disposed to the introduction of tolls, as long as these monies are clearly used to pay for the road infrastructure.</li> <li>➤ A new overland tram system, “<b>LUAS</b>”, consisting of 2 lines from Dublin’s suburbs to the city center is under construction, with the first line expected to be operational from summer 2004. In addition a Port Tunnel for HGVs is expected to be completed by the end of 2004, with the aim of taking all HGVs away from the center of Dublin.</li> </ul> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ Hybrid vehicles are entitled to a 50% refund of registrations taxes.</li> </ul>
<p>I Italy</p>	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ By a Decree-law 24.12.2003, n. 355, an increase on gasoline excise of € 558,64/1000l has been introduced, resources compelled to finance the renewal of labour contract in Public Transport sector.</li> </ul>	<p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ Italian legislation on the matter is the following: <ol style="list-style-type: none"> <li>1. Purchase from Public Administration and public service Companies, in municipalities with over 25,000 inhabitants (Environment Ministry Decree 18.10.2002): <p><b><i>Rebate on the price (VAT excluded) for hybrid vehicles M1 and N1 of:</i></b></p> <p>60% (maximum 41,316 Euro) for vehicles with independent electrical functioning;</p> <p>35% (maximum 7,746 Euro ) for vehicles without independent electrical functioning.</p> </li> <li>2. Private purchases (Law Decree 25.9.77, n. 324 converted in the Law 403/97): <p><b><i>Incentives till a maximum amount of 1,807 Euro for the purchase of an electrical or hybrid new vehicle, provided that a 10 years old car is scrapped and an equal amount is granted by the manufacturer.</i></b></p> </li> <li>3. By the Law 166/2002, art. 17, an amount of 90,000 mln. Euro covering the period 2004-2006 has been allocated to purchase all categories of low emission vehicles.</li> </ol> </li> </ul>

**The Decree of implementation has been issued on October 10<sup>th</sup>, 2004** by the Ministry of Environment in agreement with Productive Activities and Transports Ministries (**O.J. n. 243 of 15.10.2004**).

The quota-rate for electrical and hybrid vehicles is confirmed at 60% of total funds, the 40% rest for CNG and LPG units.

For Italian legislation in force on the matter, please consult ACEA.

**Environment:**

- Due to huge increase in demand for new CNG and LPG passenger cars in the first four months of this year (almost the double compared to the same period in 2004), the Minister of Productive Activities announced that the financial resources which should grant incentives (1500 EUR to buyers of new cars and 650 EUR to convert gasoline cars aged less than one year) will end on 30 April.

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<b>NL</b> Netherlands	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ <b>New tax regime for LCVs (&lt;3.5t):</b> Since 1<sup>st</sup> July 2005, registration tax has to be paid for LCVs less than 3.5t. This new tax has been introduced because the “old” legislation gave private persons the possibility to buy certain double-cabine vans tax free. Since more and more private persons were using these kind of vehicles the government decided to introduce new legislation to stop this use. Due to this new tax regulation the market has been decreasing by about 20 %. (note: If the customer can prove he is an entrepreneur (VAT-liable), he can get a refund of the paid registration tax.)</li> <li>➤ 1<sup>st</sup> July 2006, the Dutch government is planning to introduce a <b>scheme for fiscal incentives for fuel-efficient passenger cars</b>, using the Dutch registration tax as a vehicle. This fiscal scheme is based on the Dutch system for “energy-labeling” which is based on the relative position of fuel-efficiency in its class. This class is based on physical length x width of comparable cars. The relative position of a certain car, compared to the average fuel consumption of its class, determines its label.            A = relatively very efficient, G = relatively very in-efficient            The fiscal scheme implies a bonus for A- and B-label, zero for C-label and a malus for D-, E-, F- and G-label.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ Thanks to strong lobbying from RAI and ARN the ministry of environment has decided to change the national <b>ELV legislation</b> on a crucial point. The situation in the Netherlands was that the percentage of recycling was set at 95% in the year 2007. Now the ministry of VROM (Environment) has agreed to comply with the EU-directive which is set at 95% in 2015.</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ The Dutch government has expressed that it was not very happy with the general tendency of the <b>White Paper</b>. Especially the idea that taxes on road transport should go into funds for railway infrastructure is not a policy that is consistent with the general Dutch policy on transport. This policy will go no further than to ask each mode to bear its own external costs. Perhaps the new government (with EP member Karla Peijs as minister of Transport!) has new views on this matter.</li> <li>➤ <b>Road pricing:</b>            A governmental working group including members from a variety of Dutch organisations, has agreed unanimously on a system for road pricing. The main elements of this recommendations are:           <ul style="list-style-type: none"> <li>- Start as soon as possible with introducing “pay-per-km” at 4-5 carefully selected places around large cities in The Netherlands with major traffic problems and use the incoming payment for quick adjustment of the traffic problems (“you pay something, you get something right away”).</li> <li>- Introduce in a course of ca. 10 years a system of road pricing all over The Netherlands and at the same time, abolish registration tax and circulation tax.</li> </ul> <p>It is quite uncertain still whether or not the Dutch government will adopt the advise because of the perception of introduction costs and costs of maintenance.</p> </li> <li>➤ <b>Anti-congestion measures:</b> The programme of the new government says that it will allocate means to problems in public transport as well as road congestion. A part of the duties on motor fuels will be used for this purpose.</li> </ul> <p><b>Emissions</b></p> <ul style="list-style-type: none"> <li>➤ <b>Electrical vehicles:</b> no road- and luxury-tax (BPM). <b>Hybrid vehicles:</b> lower road tax, no luxury tax. With this incentive the consumers price shows a significant decrease and makes this vehicles with an alternative propulsion a serious alternative for the cars with traditional propulsion systems.</li> </ul>

		<ul style="list-style-type: none"> <li>➤ <b>Tax-incentive for OEM on-board devices improving safety and fuel consumption.</b> This incentive (based on the luxury-tax system BPM) has increased the number of vehicles fitted with an OEM on-board devices such as cruise-control and curtain-airbags significantly. This incentive is the outcome of a close co-operation between the industry and the Dutch government.</li> <li>➤ <b>CO2-based registration tax:</b> On 1st July 2006, the Dutch registration tax will be differentiated, according to its fuel-efficiency. The premium can be a bonus or a malus. The system is based on the <i>Dutch system of energy-labeling</i>, according to the <i>relative</i> fuel-efficiency of the car <i>in its class</i>. This system allows even <i>absolute</i> fuel-inefficient cars to get a bonus, as far as this is, relatively speaking, more fuel efficient compared to the average fuel efficiency of its class.</li> <li>➤ <b>Particulate filters:</b> The Dutch government is planning an obligation to use particle filters as from January 1<sup>st</sup> 2007. In this way, the government wants to take a step ahead of the new EURO V-measure, which is still under preparation.</li> </ul>
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	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<b>OE</b> Austria	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ <b>Filters for particles of cars and combination vehicles:</b> An official draft of a registration amending the Austrian registration tax of cars and combination vehicles exists: <ul style="list-style-type: none"> <li>1) If particle emissions are lower than 0.005 P k: the registration tax will be changed as follows: Reduction for first new registrations between 1.7.2005 and 30.6.2007 by 300,-- E.</li> <li>2) Increases of registration tax for first new registrations of vehicles not fulfilling the 0,005 g/km: <ul style="list-style-type: none"> <li>3.1 New registrations between 1.7.2005 and 30.6.2006: 0,75 % of car purchase price (without taxes); the maximum for that "malus" is limited with 1507-- C which will be reached by a car price beginning of 20.000 -- f.</li> <li>2.1) New registrations from 1.7.2006: 1,5 % of car purchase price with limited "malus" of 300 -- C.</li> </ul> </li> </ul> </li> <li>➤ Probably increase of <b>mileage allowance</b> (mileage money) per 1.11.2005 from € 0,356 up to € 0,376/km for cars.</li> <li>➤ <b>For motorcycles:</b> increase from € 0,113 up to 0,119 (≤ 250 ccm) and from € 0,201 up to 0,212 for motorcycles for more than 250 ccm.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ On Nov. 5, 2002 Austrian law concerning <b>ELV (End-of-Life Vehicles)</b> was published. Until 4<sup>th</sup> Dec. 2002 importers had to announce the addresses of the places where they would take back the EOL-vehicles. The text of the Austrian law including explanations of the Ministry and our organisation is available on internet. More or less the EOL Directive was directly transferred to Austrian law without great changes. Importers have to decide now, whether they organise the process of taking back old vehicles by themselves or if they take part in an official collecting system. At the moment there are two systems in preparation. (For more information see Austrian report)</li> <li>➤ An official draft for registration exists to increase the substitution of regular fuel by bio fuels. To reach the Austrian goals of specific fuel shares, it is planned to change the existing system of mineral oil tax.</li> <li>➤ Publication of modified rules concerning the quality of Fuels (BGBl 2004/Z09 11 v. 11.5.2004).</li> </ul> <p><b>EMISSIONS</b></p> <ul style="list-style-type: none"> <li>➤ Since 1.10.2005 it is necessary to increase overall share of bio – fuel at minimum of 2,4 % (4,3 % as from 1.10.2007 and 5,75 % as from 1.10.2008).</li> <li>➤ Taxes for fuels with a share of both, minimum 4,4 % bio – fuel and less than 10 mg sulphur receive tax reductions respectively taxes increased for "traditional fuels".</li> <li>➤ <b>EURO 4:</b> A lot of regional and different financial supports for new registrations of busses and trucks fulfilling Euro 4 are available. So for example in Lower Austria 1.200 € are granted to entrepreneurs by the local Government for buying such a vehicle.</li> </ul> <p>Also additional equipment of used cars, trucks and busses with particle filter is financed by some local authorities with 300 € (cars) and 700 € (trucks and busses).</p> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>➤ <b>Road Pricing:</b> The new road pricing system was implemented on 1<sup>st</sup> January 2004. The basic toll duty for vehicles with two axles is 13 cents per kilometer, for vehicles with three axles 19 cents, and for those with four or more axles 27 cents per kilometer (excluding VAT). The Road Pricing will affect motor vehicles with a maximum permissible total weight of more than 3,5 t and has to be paid on all highways.</li> </ul> <p>At the moment this system does not differ between any emission-levels of vehicles, although in near future we expect an amendment that gives an additional bonus for EURO IV-vehicles. (For more information see Austrian report)</p>

		<ul style="list-style-type: none"> <li>➤ At the same time the Road Pricing started (Jan. 1, 2004), a few <b>reductions of taxes</b> took place (e.g. the existing highway toll - "<i>Mautvignette</i>") was abolished for vehicles with more than 3,5 t and some time-specific taxes on trucks will be abolished or reduced.</li> <li>➤ Detailed information concerning Road Pricing for coaches and trucks above 3.5 tonnes maximum permitted laden weight: <ul style="list-style-type: none"> <li>- 2 axles                    0,13 Euro</li> <li>- 3 axles                    0,182 Euro</li> <li>- 4+ axles                   0,273 Euro</li> <li>- Weighted average      Euro 0.22/km</li> <li>- All figures are excluding turnover tax of 20%.</li> <li>- On existing toll sections, higher per kilometer tariffs    apply.</li> </ul> </li> <li>➤ <b>Sectoral and regional ban on trucks:</b> The local government of Tyrol decided on 13.5.2003 to ban trucks with more than 7,5 t maximum permissible total weight on an specific highway-route in Tyrol (Inntal) if they transport specific goods (details see national report). Exemptions shall only exist for local traffic. Transports with clean EURO IV-trucks will <u>not</u> get an exemption. The regional law was published on 27<sup>th</sup> May 03. The ban should start on 1<sup>st</sup> August 2003. The legal basis is an environmental law, which deals with NOx-emission levels and allows regulations if emissions are too high. (For an assessment see national report) <p>On 30<sup>th</sup> July 2003 the European Court suspended the local regulation of the government of Tyrol with a transient decree that was extended again in October 2003. The final decision by the European Court is awaited by February 2004.</p> </li> <li>➤ <b>Ban on trucks during night-time:</b> <p>The existing ban on all trucks over 7,5 t maximum permissible weight during night-time in winter (10:00 p.m. until 5:00 a.m.) on specific highway-routes in Tyrol (Inntal - same routes as according the sectional and regional ban on trucks) will be expended to the whole year.</p> </li> <li>➤ <b>Day-time Running Lights:</b> <p>From 15.11.2005 all vehicles have to use "daytime running light" according to ECE 87. It is also possible to use dipped-beam headlamps without other lights (e.g. without lights on rear side).</p> </li> <li>➤ <b>Winter – Tires</b> <p>Draft of a law concerning the mandatory use of winter – tires between 1.11. and 31.3. for trucks (M 2, M 3, N 2, N 3).</p> </li> </ul> <p><b>Block Exemption</b></p> <ul style="list-style-type: none"> <li>➤ All treaties between importers and dealers have to be modified. The better part of importers had to abrogate the treaties. The block exemption may increase the concentration process of outlets and dealers.</li> </ul>
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	<b>Taxes, Fiscal Incentives, Government Budget</b>	<b>Environment, Transport, Emissions and Others</b>
<b>P</b> Portugal	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ A new car tax will enter into force on 1/07/2006. It will be based on two elements: the first one will depend on the cylinder capacity of the car and the second one will depend on the CO2 emissions of the vehicle. This new car tax will represent on average an increase of 2.5 percent of the tax burden. The diesel cars will be more penalised than the petrol ones.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ The Government subsidies to the scrapping of cars older than 10 years, continued in 2005 and will be maintained in 2006. Furthermore, there will also be an incentive for cars older than 15 years.</li> <li>➤ The Directive on ELV-cars has already been transposed. The recycling process of ELV's is monitored and coordinated through a company called VALORCAR.</li> <li>➤ The CO2-emissions and fuel consumption information Directive has been fully applied in Portugal.</li> </ul> <p><b>Transport:</b> Responses at National level from the EU White Paper: The Portuguese Government has been taking few, if any, actions on this subject.</p> <p><b>Emissions:</b> Hybrid vehicles have a tax reduction of 40%.</p>
<b>SW</b> Sweden	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ In December 2005, the Swedish government presented a bill to the parliament (to be voted in March 2006) regarding the introduction of <b>CO2-related annual road tax</b> on passenger cars fulfilling at least environmental class 2005 (Euro 4). The new tax law will be put in force on 1 May 2006, but it will not be fully implemented until 1 October 2006. Cars older than environmental class 2005 will still have a taxation according to the service weight of the car. The formula for the new tax is SEK 360 + SEK 15 for every gramme of CO2 above 100 grammes. For Diesel cars this sum is multiplied by 3,5.</li> <li>➤ In February 2005, the government announced that it will put a proposal regarding a <b>tax incentive on light diesel vehicles (cars &amp; buses with GVW up to 3.5t and N1 light trucks) with particulate filter (max 5 mg/km)</b>. The tax incentive is proposed to be a reduction of the annual road tax by totally SEK 6 000 to be spread out for three years. The tax incentive will probably be applied as from 1st July 2006 and will be valid for all light diesel vehicles with max 5mg, also vehicles that are sold today.</li> <li>➤ The <b>annual road tax on light trucks/buses up to 3.5t was increased by 60%</b> as from 1 January 2006.</li> <li>➤ Taxation of company cars for private use: The benefit value for company cars driven by methane (CNG or biogas) that are used privately was reduced from January 2006. The reduction of the benefit value for these cars is from 2006, 40% (in 2005 it was 20%) compared to a corresponding petrol car.</li> </ul>	<p><b>Environment</b></p> <p><i>Environmental cars</i></p> <p>In September and October this year almost one in every ten new car sold in Sweden was an "environmental car". In September/October last year the corresponding figure was less than 3% environmental cars. Environmental cars = biofuel cars (methane), flexifuel cars (E85) and electric hybrids. The increased interest in environmental cars can mostly be explained by tax incentives and local incentives such as free parking and exemption from Stockholm congestion charge starting on 3 January 2006.</p> <p><i>Problem with misfuelling of ethanol-E85</i></p> <p>At Swedish filling stations new pumps for the new fuel E85 (85% ethanol and 15% gasoline) is now rapidly installed. The new fuel is intended for new vehicle types with Flexible Fuel technology – FFV-vehicles. However, as the price for gasoline is approximately 1,25 euro/ litre and the price for E 85 is only approx. 0,85 euro/ litre, considerable volumes of E85 is now filled in the tanks of normal gasoline vehicles - mixed with gasoline to a blend of 20-80% ethanol. BIL Sweden has issued a press release with a warning to use E85 in normal gasoline vehicles. This is based on the risk of engine damage, material compatibility defects, cold start and driveability problems and increase in exhaust emissions.</p>

		<p><b><i>Proposal for regulations for approval of aftermarket conversion kits for use of ethanol (E85) and CNG as a fuel</i></b></p> <p>Upon request from the government the National Road Administration has published a proposal for regulations on approval of kits converting gasoline fuelled passenger cars to run on (dual-fuel or flexi-fuel) ethanol (E85) and CNG, respectively.</p> <p>Regarding CNG conversions the proposal is not controversial as it is based on approval according to relevant ECE-regulations. Addressing conversions to ethanol (E85) as a fuel, however, creates more problems as no applicable ECE regulations or EU-directives are available. For example: national detailed regulations must be presented for an ethanol reference fuel for emission testing of the conversion kits, the fire-safety risks with ethanol must be evaluated and end up in regulations on need for safe fuel pumps, filler inlets, etc. The government will send out the proposal for comments until end of January 2006. The proposal must and will be notified to the EU Commission. At present the passenger car manufacturers in Sweden have no intentions to use the proposed regulations –that is- will not market any conversion kits.</p> <p><b>Transport</b></p> <p>The preparations for the experimental work with a congestion tax in Stockholm from 3 January 2006 is going on. The experimental work will last until 31 July 2006. After the experimental work there will be a referendum about maintaining the congestion tax or not (Autumn 2006). "Environmental vehicles" (powered completely or partly by electricity, biogas (Methane) or bioalcohol, E85) will not have to pay the congestion tax.</p>
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	<b>Taxes, Fiscal Incentives, Government Budget</b>	<b>Environment, Transport, Emissions and Others</b>
<b>UK</b> United Kingdom	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ The pre-budget report published in December 2005 showed no change concerning automotive taxes. Fuel duties remain frozen.</li> <li>➤ A 3% waiver on Euro 4 diesels was removed on 1st January from company car tax. This led to a strong pull forward of diesels in December 2005.</li> </ul>	<p><b>Environment and Emissions</b></p> <ul style="list-style-type: none"> <li>• VED bands realigned from AA-D band into a A-F system to correspond to industry environmental new car label.</li> <li>• Minor increases in some VED bands, by £5.</li> <li>• Fuel duty increases postponed till September, in light of high crude oil prices.</li> <li>• Discussion on EU ETS phase 2 and potential to widen scope of eligibility.</li> <li>• SMMT publishes fourth annual CO2 report – please see: <a href="http://www.smmt.co.uk/publications/publications.cfm?catid=3073&amp;sid=210&amp;tsid=146&amp;CFID=1489996&amp;CFTOKEN=923649">http://www.smmt.co.uk/publications/publications.cfm?catid=3073&amp;sid=210&amp;tsid=146&amp;CFID=1489996&amp;CFTOKEN=923649</a> for details</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>• In July the Department for Transport published a White Paper on the future of transport in the UK.</li> <li>• The UK government's strategy is based on three key objectives : - <ul style="list-style-type: none"> <li>- increasing capacity;</li> <li>- better use of existing capacity and;</li> <li>- addressing existing pressures on the network.</li> </ul> </li> <li>• The strategy builds on the 10 Year Plan for transport and extends the planned investment for transport to 2014-2015.</li> <li>• The White paper also contains a feasibility study on Road Pricing, which suggests that motorists would be charged based on their use of the roads network and may pay more for using very congested roads. This could mean changes to the present system of motoring taxation.</li> </ul>
<b>CZ</b> Czech Republic	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ A <b>new Excise Duty Act</b> has been issued on 24 October 2003 and came into force on 1<sup>st</sup> January 2004. New rates include: <ul style="list-style-type: none"> <li>- petrol (Pb contents below 0.013 g/liter) CZK 11 840 / 1000 liters (formerly CZK 10 840)</li> <li>- petrol (Pb contents over 0.013 g/liter) CZK 13 710 / 1000 liters</li> <li>- diesel oil CZK 9 950 / 1000 liters (formerly CZK 8 150)</li> <li>- LPG (for road transport) CZK 3 933 / ton (formerly CZK 2 850)</li> <li>- CNG (for road transport) CZK 3 355 / ton (formerly CZK 0 = zero)</li> </ul> </li> </ul>	<p><b>Environment</b> (see national report)</p> <ul style="list-style-type: none"> <li>➤ <b>ELV</b></li> <li>➤ <b>MAC</b></li> <li>➤ <b>REACH</b></li> <li>➤ <b>BIOFUELS</b></li> </ul> <p><b>TRANSPORT</b> (see national report)</p> <ul style="list-style-type: none"> <li>➤ <b>Road-Pricing Systems – E-toll</b></li> </ul>

	<p>The new excise duty rates have caused the increase of prices in average by about CZK 1 (petrol) and CZK 1,8 (diesel oil) with negative impact on both individual vehicle owners and companies (especially transport firms).</p> <p><b>VAT:</b> Latest existing legislation concerning VAT is Act. No. 235/2004 of 1<sup>st</sup> April 2004 – “Act on value added tax”. It was issued on 23<sup>rd</sup> April 2004 and came into force on 1<sup>st</sup> May 2004.</p> <p>New Acts provide for two rates: basic (19%) (formerly 22%) and lowered (5%). Deductions are still not allowed for passenger cars, estate (combi) cars, etc. (ECE cat. M1). The deduction for LCVs up to 3.5t GWE (ECE cat. N1) is possible.</p>	<ul style="list-style-type: none"> <li>➤ <b>Marco Polo Programme</b></li> <li>➤ <b>Road Safety</b></li> <li>➤ <b>State Programme for Support of Energy Savings and Utilisation of Renewable Energy Sources</b> (sub-programme within Ministry of Transport for year 2005)</li> </ul> <p><b>Emissions</b> (see national report)</p> <ul style="list-style-type: none"> <li>➤ <b>Biofuels</b></li> </ul>
	<b>Taxes, Fiscal Incentives, Government Budget</b>	<b>Environment, Transport, Emissions and Others</b>
<b>H</b> Hungary	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ <b>Hybrid vehicles:</b> The new registration fee – introduced on 1st of February 2004 (which is changing the former customs and VAT rates to be paid the cars once these have been delivered into Hungary) won't make any difference if the car is a hybrid car. Hybrid car owners have to pay the cheapest registration fee, i.e. 640.000 HUF. (The biggest rate is 1.6 Millions of HUF)</li> <li>➤ New registration fee categories in force from the 1. of May 2004.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ ELV Directive: Harmonisation of the 53/2000/EC Directive about the ELV's: <ul style="list-style-type: none"> <li>- 29/2004/GKM (III.12.) Ministerial ordinance from the Ministry of Economy and Transportation about the minimum required technical equipments for the dismantling and recycling of ELV's (practical the metaphrase of the Annex I. of the 53/2000/EC Directive),</li> <li>- 34/2004/GKM (III.30.) Ministerial ordinance from the Ministry of Economy and Transportation about the obligation of deliverance of dismantling information for the dismantlers and recyclers.</li> <li>- 35/2004/GKM (III.30.) Ministerial ordinance from the Ministry of Economy and Transportation about the heavy metal ban, its Annex III consists the exemption criteria (practical the metaphrase of the Annex II. of the 53/2000/EC Directive).</li> </ul> </li> </ul>
<b>SK</b> Slovakia	<p><b>Taxation</b></p> <p>See National Report and ACEA Tax Report 2004.</p>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ ELV – EC/53/2000: Act No 223/2001 legislation was adopted on 15th May 2001.</li> </ul>
<b>LV</b> Latvia	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>➤ Nature resource tax LVL 22 per each first registered in Latvia passenger car has been initiated as of 1<sup>st</sup> October 2004.</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>➤ The ELV treatment system became operational on 1<sup>st</sup> October 2004.</li> </ul>