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EUROPEAN UNION

ECONOMIC REPORT



Brussels, December 2008
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Economic Outlook - EU27

		2002	2003	2004	2005	2006	2007	2008	2009	2010
		% chg	% chg	% chg	% chg	% chg	% chg	% chg	% chg	% chg
		02/01	03/02	04/03	05/04	06/05	07/06	08/07 <i>forecast</i>	09/08 <i>forecast</i>	10/09 <i>forecast</i>
Real GDP <small>(European Commission)*</small> Constant prices	Euro area	+0.9	+0.8	+2.2	+1.7	+2.9	+2.7	+1.2	+0.1	+0.9
	EU27	+1.2	+1.3	+2.5	+2.0	+3.1	+2.9	+1.4	+0.2	+1.1
Real GDP <small>(Consensus Forecasts)**</small> Constant prices	Euro area	+0.9	+0.8	+1.9	+1.8	+3.0	+2.6	+1.0	-0.2	n.a.
	EU27	n.a.	n.a.	n.a.	+1.7	+3.1	+2.9	+1.3	0.0	n.a.
Last Economic Report GDP Forecast	Euro area	+0.9	+0.8	+2.1	+1.6	+2.8	+2.6	+1.7	+1.5	
	EU27	+1.2	+1.3	+2.5	+1.9	+3.1	+2.8	+2.0	+1.8	
Private Consumption*	Euro area	+0.9	+1.2	+1.6	+1.8	+2.0	+1.6	+0.5	+0.4	+1.0
	EU27	+1.6	+1.7	+2.1	+2.0	+2.3	+2.2	+1.0	+0.2	+0.8
Industrial Production**	Euro area	-0.5	+0.3	+2.1	+1.4	+4.0	+3.4	+0.2	-1.4	n.a.
Gross Fixed Capital Formation* Constant Prices	Euro area	-1.4	+1.3	+2.3	+3.3	+5.5	+4.3	+1.2	-2.6	+0.2
	EU27	-0.5	+1.3	+3.0	+3.6	+6.1	+5.4	+1.2	-1.9	+0.9
Consumer Prices* HICP	Euro area	+2.2	+1.9	+2.2	+2.2	+2.2	+2.1	+3.5	+2.2	+2.1
	EU27	+2.3	+2.1	+2.3	+2.3	+2.3	+2.4	+3.9	+2.4	+2.2
Crude Petroleum*	USD/barrel	25.0 (+0.1)	28.5 (+13.9)	38.0 (33.4)	55.1 (+44.7)	66.2 (+20.2)	72.5 (+9.5)	104.0 (+43.4)	85.7 (-17.5)	90.4 (+5.5)
Trade Balance* € bn	Euro area	127.8	105.0	104.4	49.4	24.8	60.7	33.9	55.1	70.4
	EU27	n.a.	n.a.	-43.1	-101.5	-168.4	-160.2	-188.8	-166.6	-148.1
Current Account Balance* € bn	Euro area	56.9	33.6	63.8	10.1	-10.8	13.1	-33.1	-10.7	-5.5
	EU27	n.a.	n.a.	10.3	-27.6	-96.3	-80.8	-116.0	-93.7	-75.3
Unemployment*	Euro area	+8.5	+8.6	+9.0	+9.0	+8.3	+7.5	+7.6	+8.4	+8.7
	EU27	+8.8	+8.9	+9.0	+8.9	+8.2	+7.1	+7.0	+7.8	+8.1

Data is seasonally adjusted

* European Commission, Eurostat/DG ECFIN - *Autumn 2008 Economic Forecast* ; Annual % change unless otherwise indicated

** Consensus Forecasts November 2008

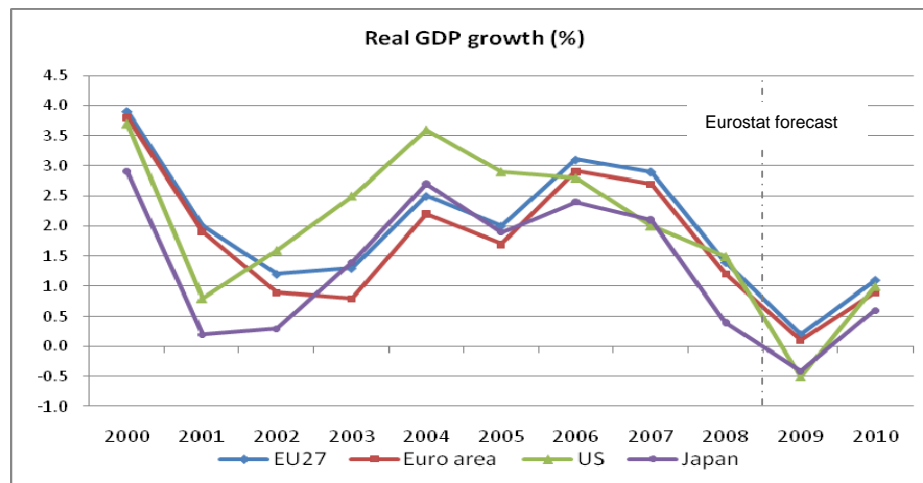
NB: *Unemployment is expressed in % of total workforce, ILO definition.*

Growth aggravated with escalating financial crisis

After a solid year **2007** where growth was sustained both in the **euro area** (+2.7%) and in the **EU 27** (+2.9%) amid torments on international financial markets, **2008** has been marked in its second half with exceptional uncertainty of the economic situation, while the first half of the year was characterized by a relatively robust growth. September and October's financial meltdown exacerbated the squeeze in credit, which deepened the financial crisis and led to important policy measures taken by governments and central banks, both in the US and EU. Consequently, the European Commission has revised its forecasts significantly downwards and projected growth in the euro zone and in the EU27 to drop sharply to 1.2% and 1.4%, respectively, in **2008** and to 0.1% and 0.2% in **2009** (down from the 1.5% and 1.8% formerly predicted). Growth is expected to pick up again in **2010**, by 0.9% in the euro zone and by 1.1% in the EU27. Eurostat estimated the decline of GDP for the third quarter of 2008 to be 0.2% both in the euro area and in the EU27 (quarter-on-quarter). In the second quarter of 2008, growth rates were -0.2% in the euro area and 0.0% in the EU27. Seasonally adjusted GDP grew on a yearly basis by 0.7% in the euro area and by 0.8% in the EU27.

US GDP growth, thanks to the positive carry-over from 2007 (+2.0%), in addition to the good performance in the first half of this year, is projected to be sustained at 1.5% in 2008, before declining by 0.5% in 2009 and resuming up again by 1.0% in 2010. Growth in **Japan** is expected to slow markedly, from 2.1% in 2007 to 0.4% in 2008 and -0.4% in 2009, before picking up to 0.6% in 2010.

In the third quarter of 2008, GDP decreased by 0.1% in the US (quarter-on-quarter). On a yearly basis, US GDP rose by 0.8% in the US.



Business and industrial confidence at lowest since 1993

Since mid-2007, the Commission's business and industrial confidence indicator for the euro area has been gradually decreasing, yet remaining well above its long-term average of -7. However, since the summer, it has deteriorated below the long-term average threshold, reaching in November 2008 -25, its lowest level since September 1993 (-27).

All the components of the indicator contributed to the decrease. The production trend observed in recent months fell sharply while stocks of finished products increased. Industry managers' assessment of their current order books and export order books increasingly worsened. Production expectations also deteriorated considerably.

Industrial production fell by 1.6% in September compared to August. Compared with September last year, the decrease was 2.4%. The decline affected production of all product categories.

¹ Sources: European Commission (Eurostat, DG ECFIN – 'European Economy, Economic Forecasts, Autumn 2008', 'Key Euro Area Indicators', 'Business and Consumer Surveys'), European Central Bank ('Monthly Bulletin'), Consensus Forecasts

Investment down 1% in second quarter

Gross fixed capital formation fell by 1.0% in the second quarter of 2008 (quarter-on-quarter). Investment in equipment slightly decreased by 0.3% in the second quarter of 2008 while construction investment dropped by 1.6% over the same period. On an annual basis, investment growth was 2.5% in the second quarter of 2008. The 82.8% capacity utilisation in the manufacturing sector in the third quarter of 2008 remained above its long-term average (82.0%).

Private consumption up 0.3% in second quarter (y-o-y)

The European Commission's consumer confidence indicator dropped to the level of -25 in November, its lowest value in nearly fifteen years and well below its long-term average of -12. The deterioration was mainly driven by the consumers' worsened expectations as to the current labor market and the general economic situation.

Private consumption contracted by 0.2% in the second quarter of 2008 (q-o-q). On an annual basis, household consumption expenditure rose by 0.3% in the second quarter of 2008.

Trade deficit of 5.6 bn euro for euro-area; 23.0 bn euro for EU27

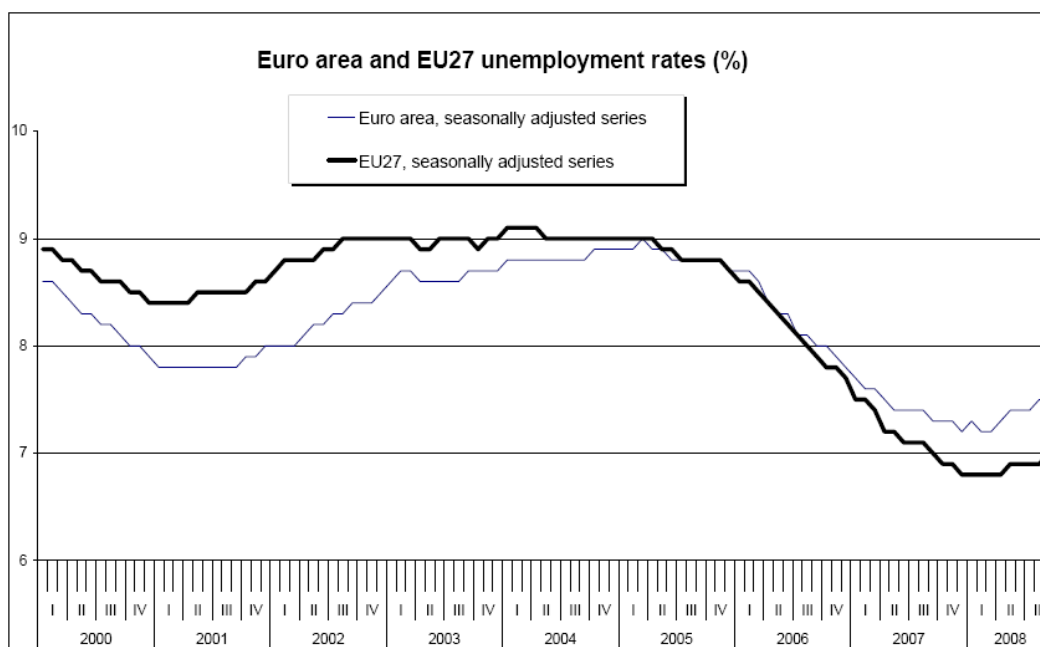
Eurostat estimates for the euro area trade balance revealed a deficit of 5.6 bn euro in September 2008, compared with the 2.9 bn euro surplus registered in September 2007. The balance indicated a deficit of 9.4 bn euro in August 2008, compared with the 1.1 bn euro surplus recorded in August 2007.

The extra-EU27 trade balance for September 2008 resulted in a deficit of 23.0 bn euro, while a lesser deficit was registered in September 2007 (16.6 bn euro).

Euro area unemployment rate stable at 7.5%; EU27 up to 7.0%

In September 2008, the unemployment rate was stable at 7.5% in the euro area, compared with August, while the EU27 recorded the slightly lower figure of 7.0%, compared with 6.9% in August. The euro area saw the situation on its labor market somewhat deteriorate compared with September last year (7.3%). In the EU27, the situation remained stable as the unemployment rate registered in September 2007 was the same (7.0%).

Compared with a year ago, seventeen Member States recorded a fall in their unemployment rate, nine an increase and one remained stable.



Source: Eurostat

EU inflation down to 3.2%

Inflation further increased throughout the first half of 2008, reaching its highest level in twelve years, with a peak of 4.4% in the EU in July and 4.0% in the euro area. However, the slowdown in economic activity, triggering higher unemployment and weakened domestic demand growth, has contributed to ease domestic pressures on consumer prices. Headline inflation was 3.2% in October 2008 in the euro area and 3.7% in the EU, down from 3.6% and 4.2% respectively in September. A year earlier, the rate was 2.6% and 2.7%.

Core inflation (HICP excluding energy and unprocessed food) in the euro zone in October 2008 remained at 2.4%, although headline inflation recently eased considerably.

The main components with the highest annual rates in October 2008 were housing (5.9%), food (4.7%) and transport (3.7%), while the lowest annual rates were observed for communications (-2.2%), recreation & culture (0.2%) and clothing (1.0%).

The euro area industrial producer price index declined by 0.2% in September 2008 compared to August, and increased by 7.9% compared to September last year.

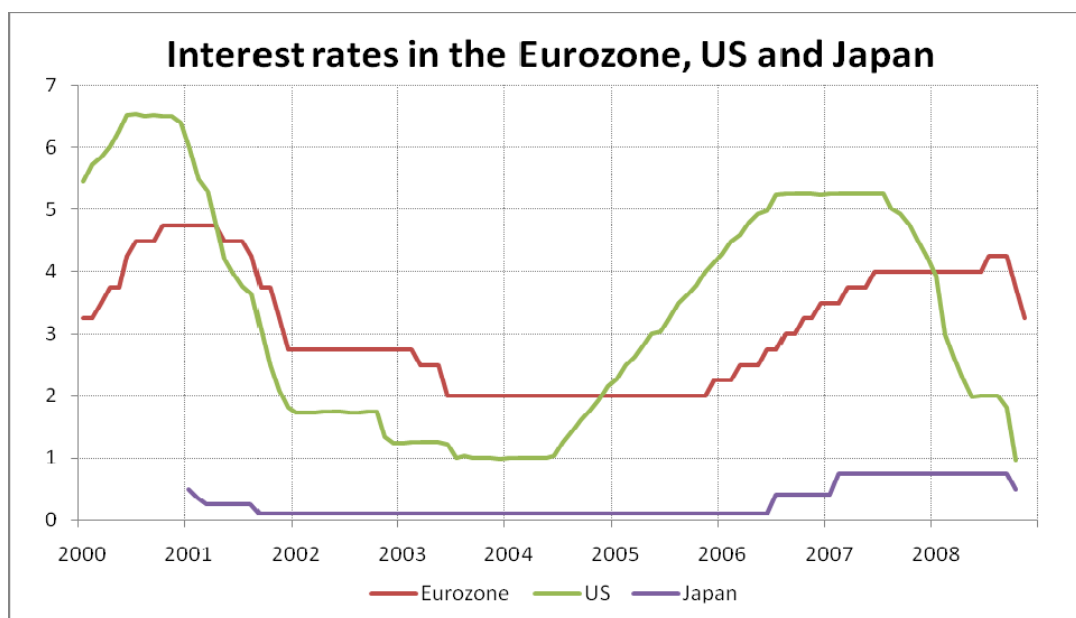
Oil prices at 2005 level low

The Brent Index continued to soar in the summer to reach a record-high at 145.65 USD on July 4. In September, oil prices fluctuated sharply before resuming their downward trend in October, declining by more than 30% in USD and almost 25% in EUR. In the course of November, oil prices continued to tumble, reaching less than 50 USD per barrel at the end of the month, a level last seen in May 2005. The decrease is due to slowing global demand, unwinding of speculative positions and the concerns about spill-over effects of the financial crisis into the real economy.

Monetary and Financial Indicators

ECB interest rates

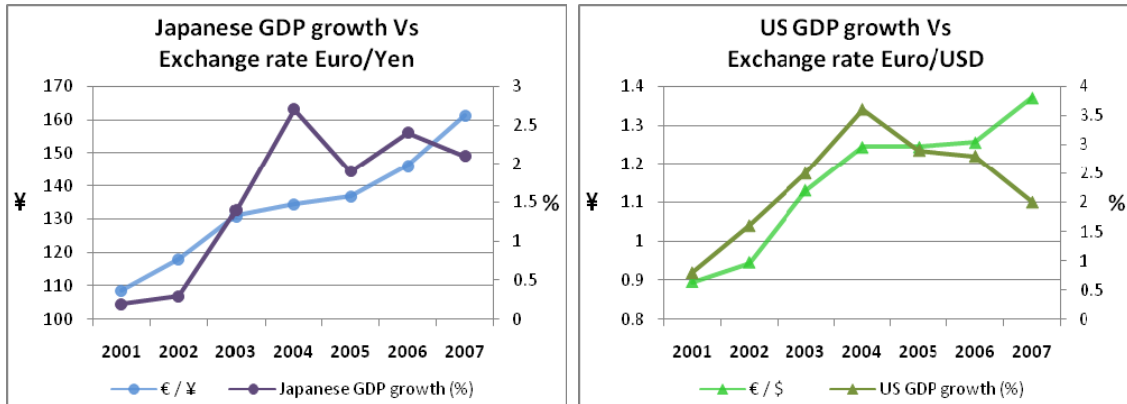
On October 8, 2008, the ECB Governing Council decided that the main refinancing operations of the **Eurosystem** would be carried out through a fixed-rate tender procedure, and not through the variable-rate tender procedure which has been in force since June 2000. The fixed rate was first set at 3.75%, then decreased to 3.25% on November 12. The interest rate on the marginal lending facility is noted at 3.75% in November 2008 and the interest rate on the deposit facility at 2.75%.



Exchange rates²

On the foreign exchange rate markets, the dollar further continued to weaken against the euro from March to July, when the euro stood at a record-high (1.58 USD). From August on, however, started to appreciate against the euro again. In October, the euro stood at 1.33 USD.

The euro had been appreciating vis-à-vis the Yen since April this year and reached a peak of 168.45 in July. In August, it still stood over 160 JPY but rapidly eased in September (153.2) and dropped at 133.52 in October, the lowest level since June 2005.



Source: European Commission, ECB

² Against 13 other industrialized countries, double export weighted, 1995 = 100
ECONOMIC REPORT – EUROPEAN UNION 200812

Registrations of new motor vehicles in Europe (January – October 2008)

Registrations –	Jan – Oct	Jan – Oct	%Ch	Forecast*
<i>WESTERN EUROPE (4)</i>	2008	2007	08/07	2008
New Car Registrations	11,838,846	12,614,483	-6.1%	-6.3%
New LCV Registrations (1)	1,576,296	1,722,362	-8.5%	-7.9%
New Truck Registrations (2)	324,011	315,677	2.6%	
New Bus Registrations (3)	34,503	33,443	3.2%	
Total New Registrations	13,773,656	14,685,965	-6.2%	

Registrations –	Jan – Oct	Jan – Oct	%Ch	Forecast*
<i>TOTAL EUROPE (5)</i>	2008	2007	08/07	2008
New Car Registrations	12,828,310	13,580,242	-5.5%	-5.4%
New LCV Registrations (1)	1,765,967	1,889,767	-6.6%	-6.0%
New Truck Registrations (2)	377,934	380,099	-0.6%	
New Bus Registrations (3)	40,176	37,021	8.5%	
Total New Registrations	15,012,387	15,887,129	-5.5%	

Source: ACEA, National Associations

* November 2008 projections

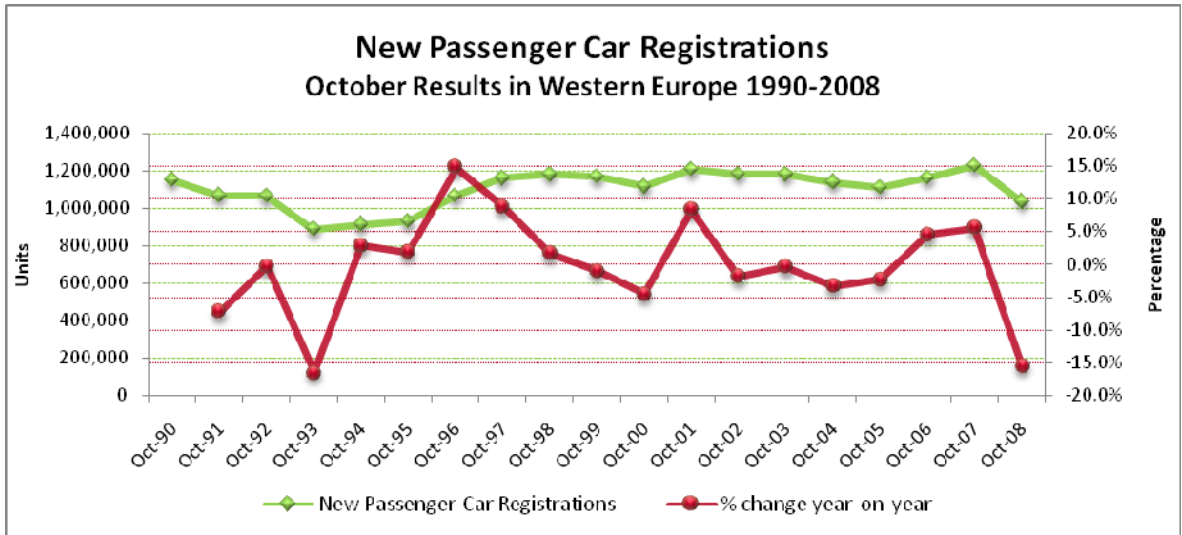
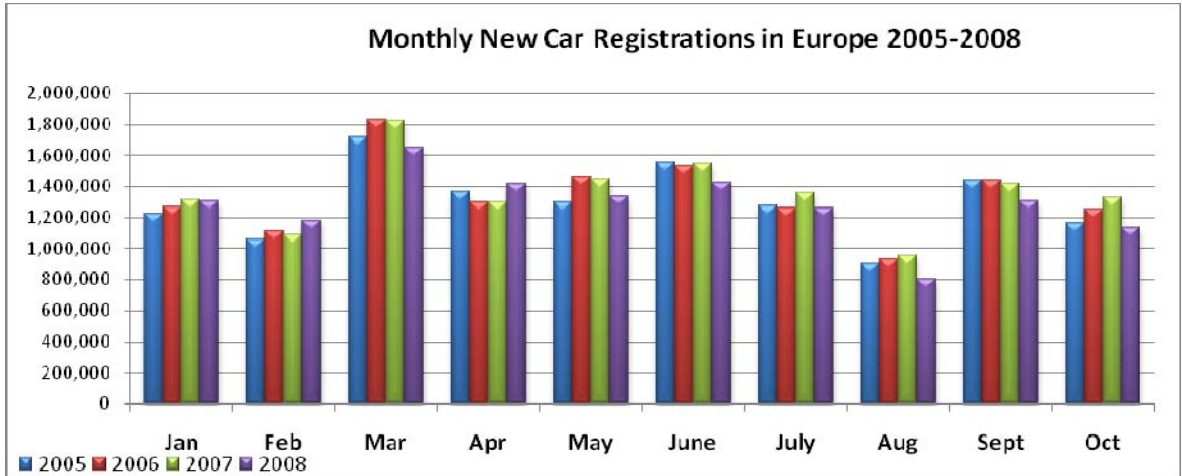
(1) Light Commercial Vehicles up to 3.5t (including light Buses & Coaches)

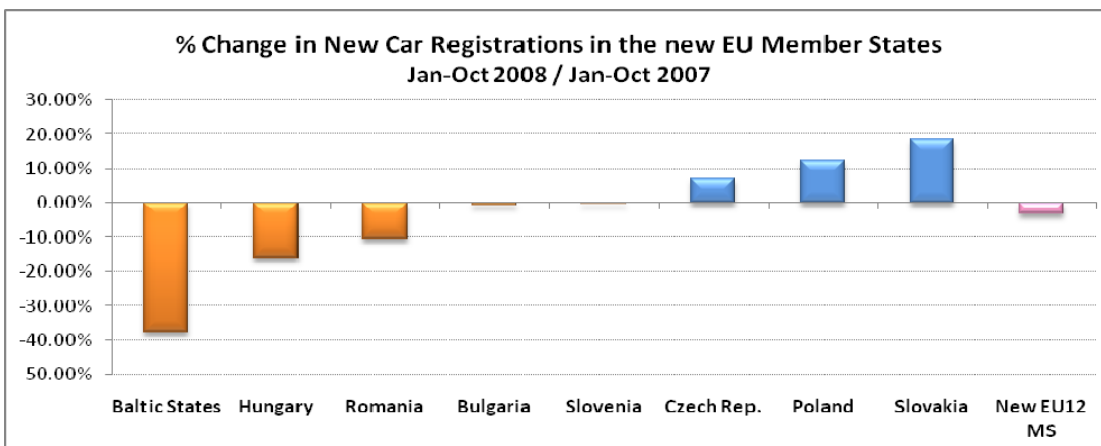
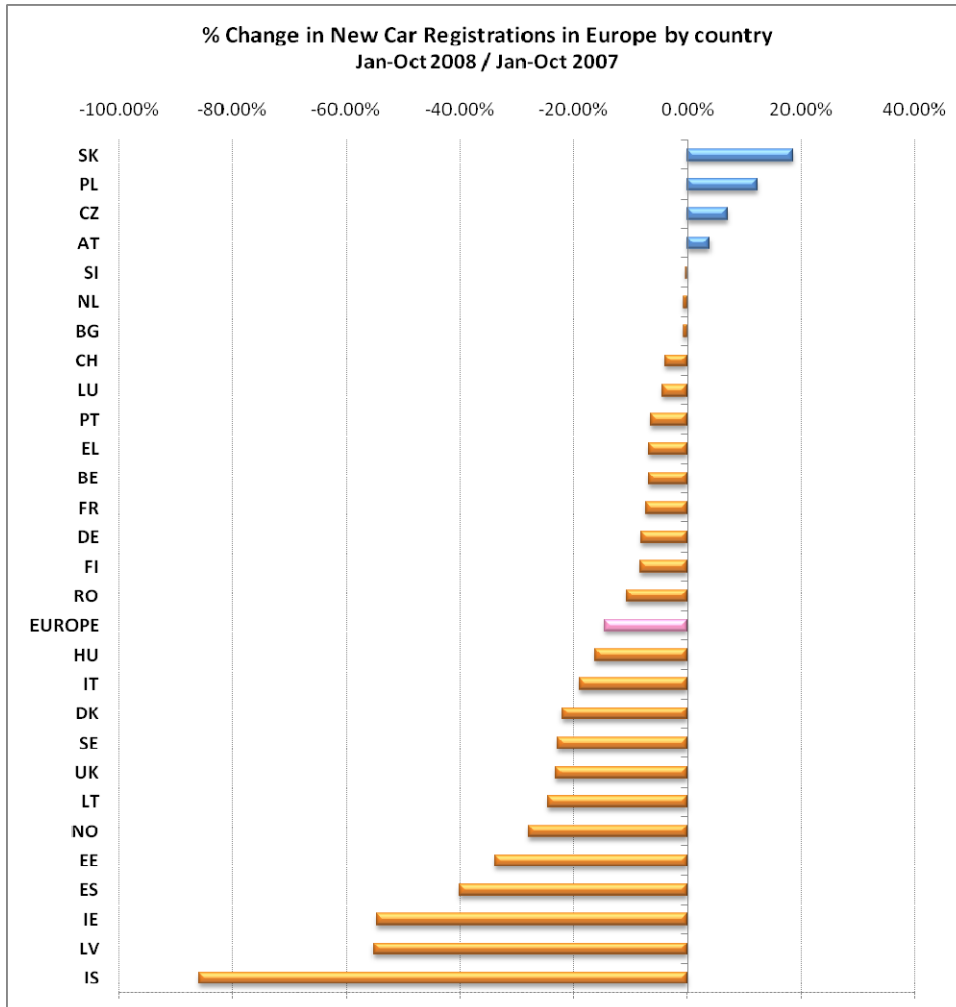
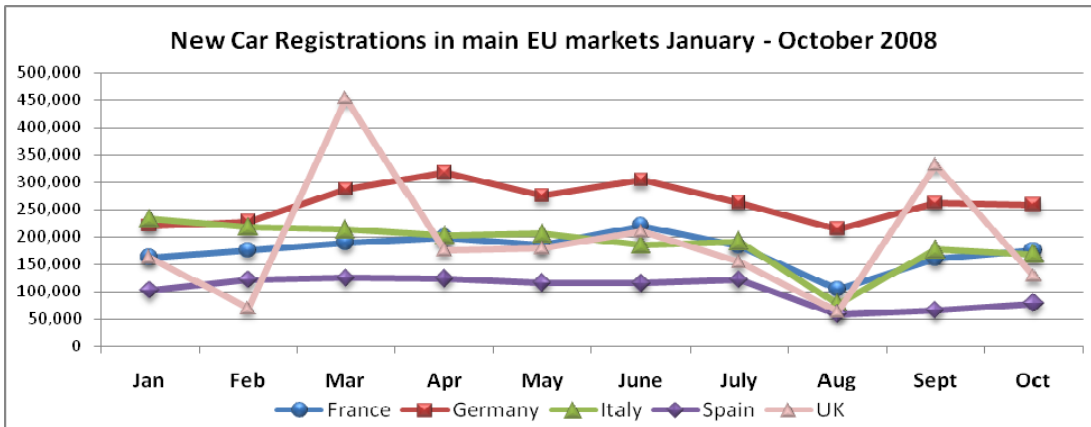
(2) Commercial Vehicles above 3.5t (excluding Buses & Coaches)

(3) Buses & Coaches above 3.5t

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

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





New passenger car registrations drop 14.5% in October

Demand for new passenger cars in Europe* fell by 14.5% in October. Reflecting the financial and economic crisis, new car registrations have now decreased for six consecutive months, most notably since the summer. Cumulative figures over January to October show a minus of 5.4%.

Markets in Western Europe registered 1,034,955 new cars in October, or 15.5% less compared to last year. With the exception of Austria (+4.0%), all markets contracted. The Irish and the Spanish markets continued their sharply downward trend, plummeting -54.6% and -40.0% respectively in October, and down -18.2% and -23.8% over the first ten months of the year. In Spain, registrations in October were the lowest since 1995. In the UK, demand for new cars was down 23.0%, with cumulative results from January to October showing an 8.8% decline. For the tenth consecutive month, new registrations were down on the Italian market (-18.9%), resulting in a 12.0% drop in the cumulative results. In Germany, October new car registrations were 8.2% lower than the already weak result of last year. In France, the market recorded a 7.4% fall. Ten months into 2008, both Germany and France still have a stable number of newly registered cars compared to 2007, recording a +0.3% and +2.2% change respectively over the year onto October.

Registrations of new cars in the new EU Member States also declined in October (-3.2%), with cumulative results holding grounds at a 2.5% plus over the first ten months of the year. The Polish market expanded in October (+12.3%), as well as from January to October (+9.0%), consolidating its position as the largest market in the region. Romania, despite a 10.6% fall in October remained the second biggest market.

New commercial vehicle registrations down 17% in October

In October 2008 new registrations of commercial vehicles in Europe totaled 204,118 units, a decline of 17.0% compared to the same month last year. Both Western Europe (-17.5%) and the new EU Member States (-13.3%) contributed to the downturn. The European market has contracted for sixth consecutive months, resulting in a 5.3% decline over the ten first months of 2008. The cumulative 5.9% growth in the new EU Member States could not compensate the 6.6% drop in Western Europe.

New van* registrations down 18.3%

In October, the segment of vans was the most affected by the downturn, falling by 18.3% compared to October last year. In Western Europe, 144,156 new vehicles were registered, 19.3% down on last year's result. From January to October, the market contracted by 6.6% in Europe*, resulting from an 8.5% drop in Western Europe and a 13.3% cumulative growth in the new EU Member States.

New truck registrations down 13.8%**

Ten months into the year, new registrations slipped by 0.6% in Europe as they were up 2.6% in Western Europe and contracted by 16.3% in the new EU Member States. Only Spain faced an important downturn (-25.2%) while the Italian market slightly shrank and the Dutch (+24.6%), the British (+18.2%), the French (+13.2%) and the German (+2.0%) posted growths. Poland improved its performance by 1.0% compared to last year.

New buses & coaches registrations down 13.9%

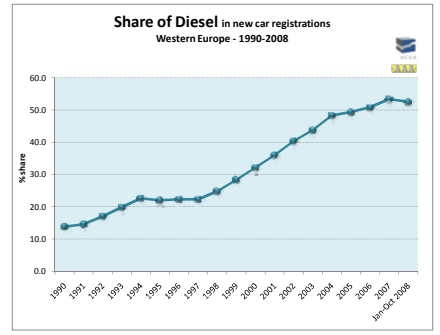
New demand for buses & coaches was down 8.5% ten *months into the year*. With the exception of Greece (-7.7%), Spain (-9.3%), the UK (-11.0%) and the Netherlands (-17.3%), all markets posted growth from January to October.

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

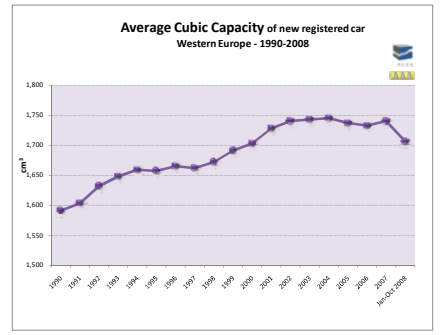
** "trucks" stand for commercial vehicles over 3.5 tonnes (excluding buses & coaches)

New Passenger Car Registrations - Breakdown by Specification

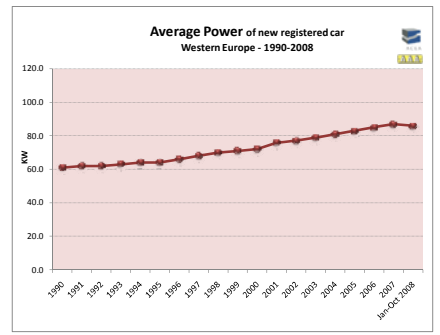
Diesel (%)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-Oct 2008
AUSTRIA	25.7	22.1	26.2	31.6	39.9	42.8	49.4	53.3	54.5	57.4	61.9	65.7	69.6	71.5	70.7	64.7	62.1	59.0	54.6
BELGIUM	32.7	30.8	31.8	36.9	42.4	48.8	45.7	49.8	52.2	54.3	56.3	62.6	64.3	68.2	70.0	72.6	74.5	77.0	79.0
DENMARK	4.1	2.6	2.4	2.3	2.7	2.9	2.9	3.0	4.3	9.4	13.2	17.8	20.7	24.3	23.7	24.0	23.8	26.3	28.4
FINLAND	5.2	4.9	5.0	7.8	5.6	6.7	13.5	14.6	15.3	15.7	0.0	16.6	15.5	15.2	15.5	17.0	20.2	28.4	49.3
FRANCE	33.0	38.4	39.0	45.5	47.6	46.5	39.2	41.8	40.2	44.1	49.0	56.2	63.2	67.4	69.2	69.1	71.4	73.9	77.5
GERMANY	9.8	11.8	14.8	14.6	16.6	14.5	15.0	14.9	17.6	22.4	30.3	34.5	37.9	39.9	44.0	42.0	44.2	47.8	44.0
GREECE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.7	0.7	0.8	0.9	1.5	2.9	1.6	2.1	2.9	3.6
IRELAND	13.6	15.5	14.2	15.6	16.7	15.9	13.3	11.3	12.8	10.9	10.1	12.9	16.4	17.2	18.3	21.5	24.4	27.1	33.4
ITALY	7.3	5.7	7.6	8.4	9.1	9.9	16.5	17.5	22.5	29.4	33.6	36.6	43.4	48.7	58.0	58.3	58.2	55.8	51.4
LUXEMBOURG	21.3	16.7	25.1	27.6	28.1	28.5	32.4	35.2	38.8	42.0	50.4	58.2	61.9	65.9	72.5	75.4	77.4	77.2	77.0
NETHERLANDS	10.9	11.0	11.6	11.0	12.0	13.9	15.3	17.1	20.3	22.8	22.5	22.9	21.6	22.6	24.6	26.3	27.0	28.3	25.1
PORTUGAL	4.9	7.0	7.9	11.3	11.6	10.7	12.6	16.9	18.8	20.9	24.2	28.4	34.6	44.9	56.6	63.3	65.2	69.3	67.5
SPAIN	14.2	12.8	16.6	23.2	27.5	33.6	37.5	42.2	47.8	50.6	53.1	52.5	57.1	60.9	65.4	67.8	68.2	70.9	69.3
SWEDEN	0.6	0.9	0.8	3.1	3.2	2.7	5.2	7.6	11.0	7.2	6.3	5.6	7.0	7.7	8.0	9.7	19.4	34.7	36.1
UNITED KINGDOM	6.4	8.7	12.5	19.0	21.7	20.2	17.8	16.1	15.3	13.8	14.1	17.8	23.5	27.3	32.5	36.8	38.3	40.1	43.2
EUROPEAN UNION (15)	0.0	0.0	0.0	0.0	23.1	22.6	22.9	22.8	25.3	29.0	32.8	36.7	41.0	44.3	48.9	49.8	51.2	53.6	62.8
ICELAND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.1	16.4	17.1	13.3	12.5	13.6	15.1	19.6	24.3	30.0	33.3
NORWAY	2.6	6.4	10.8	14.5	9.7	6.0	7.2	6.2	6.7	8.2	9.0	13.3	17.5	23.3	28.1	39.2	48.7	74.4	72.2
SWITZERLAND	3.0	2.7	3.1	3.5	4.7	4.2	4.7	5.1	5.9	6.8	9.3	13.4	18.0	21.7	25.9	28.3	30.0	32.1	32.2
EFTA	0.0	0.0	0.0	0.0	5.9	4.7	5.5	5.4	6.4	7.4	9.5	13.4	17.8	21.8	26.3	31.0	34.9	44.7	43.3
WEST EUROPE	13.8	14.6	17.0	19.8	22.6	22.0	22.3	22.3	24.8	28.4	32.1	36.0	40.3	43.7	48.3	48.3	50.8	53.3	52.5



Average CC (cm³)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-Oct 2008
AUSTRIA	1,718	1,732	1,726	1,728	1,752	1,747	1,771	1,797	1,799	1,826	1,841	1,846	1,850	1,849	1,810	1,776	1,769	1,766	1,730
BELGIUM	1,624	1,631	1,676	1,714	1,741	1,745	1,734	1,739	1,743	1,742	1,749	1,783	1,770	1,781	1,735	1,721	1,711	1,725	1,712
DENMARK	1,606	1,632	1,638	1,638	1,602	1,613	1,626	1,643	1,644	1,648	1,675	1,716	1,703	1,702	1,694	1,654	1,654	1,651	1,580
FINLAND	1,567	1,588	1,599	1,654	1,646	1,635	1,601	1,653	1,646	1,678	1,704	1,748	1,767	1,769	1,804	1,816	1,836	1,851	1,813
FRANCE	1,758	1,729	1,776	1,772	1,771	1,742	1,755	1,760	1,759	1,775	1,816	1,825	1,844	1,852	1,863	1,844	1,851	1,863	1,834
GERMANY	1,432	1,435	1,452	1,493	1,507	1,504	1,466	1,458	1,506	1,455	1,447	1,526	1,563	1,569	1,592	1,604	1,624	1,637	1,623
GREECE	1,337	1,353	1,392	1,398	1,428	1,447	1,493	1,451	1,461	1,513	1,528	1,557	1,586	1,581	1,587	1,579	1,577	1,558	1,548
IRELAND	1,706	1,543	1,804	1,836	1,849	1,858	1,870	1,883	1,896	1,902	1,913	1,940	1,951	1,976	1,961	1,963	1,964	1,976	1,945
LUXEMBOURG	1,591	1,600	1,640	1,619	1,629	1,641	1,643	1,661	1,656	1,650	1,662	1,701	1,687	1,714	1,711	1,720	1,699	1,703	1,644
NETHERLANDS	1,244	1,262	1,282	1,316	1,327	1,328	1,347	1,387	1,405	1,432	1,482	1,490	1,499	1,523	1,524	1,537	1,559	1,549	1,543
PORTUGAL	1,557	1,563	1,619	1,638	1,607	1,620	1,640	1,670	1,703	1,721	1,744	1,748	1,793	1,744	1,734	1,726	1,710	1,784	1,743
SPAIN	1,950	1,979	2,012	2,031	2,048	2,044	2,003	1,959	1,922	1,927	1,912	1,967	1,972	1,984	1,988	1,990	1,972	1,964	1,899
SWEDEN	1,604	1,606	1,617	1,650	1,668	1,678	1,690	1,709	1,708	1,697	1,681	1,700	1,705	1,725	1,752	1,771	1,775	1,777	1,744
UNITED KINGDOM					1,662	1,650	1,656	1,666	1,685	1,698	1,723	1,736	1,738	1,740	1,732	1,728	1,734	1,740	
EUROPEAN UNION (15)									1,674	1,659	1,663	1,702	1,711	1,735	1,764	1,762	1,788	1,818	1,812
ICELAND									1,945	1,967	1,951	1,971	1,974	1,996	2,001	1,992	2,003	1,984	1,924
NORWAY									1,674	1,659	1,663	1,702	1,711	1,735	1,764	1,762	1,788	1,818	1,812
SWITZERLAND									1,674	1,659	1,663	1,702	1,711	1,735	1,764	1,762	1,788	1,818	1,812
EFTA	1,919	1,935	1,950	1,943	1,950	1,954	1,946	1,952	1,970	1,984	1,983	1,910	1,913	1,930	1,929	1,923	1,938	1,936	1,892
WEST EUROPE	1,591	1,603	1,632	1,648	1,639	1,637	1,665	1,662	1,672	1,691	1,703	1,728	1,740	1,743	1,745	1,737	1,733	1,740	1,706



Average Power (kw)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-Oct 2008
AUSTRIA	62.0	62.1	65	64	64	64	65	67	70	71	73	75	77	77	79	80	83	85	84
BELGIUM	57.0	59	60	62	63	62	64	65	66	67	68	73	74	74	74	76	78	81	81
DENMARK	65.0	68	67	68	66	67	69	71	72	73	74	78	78	78	78	78	80	82	78
FINLAND												82	83	85	88	90	92	95	93
FRANCE	55.0	55	55	57	56	56	57	61	63	65	67	71	73	74	75	76	77	80	76
GERMANY	68.0	66	68	68	69	69	71	74	76	78	81	84	85	87	89	90	93	96	96
GREECE	53.0	53	55	58	59	58	58	58	63	63	63	68	71	72	74	76	78	81	82
IRELAND																			
ITALY	52.0	54	54	54	57	59	61	58	60	62	63	65	68	68	70	72	74	74	75
LUXEMBOURG	65.0	58	69	72	73	75	76	79	81	82	84	87	89	92	93	96	99	103	103
NETHERLANDS	59.0	60	62	63	64	65	66	68	69	69	71	76	77	79	80	82	83	85	83
PORTUGAL	47.0	48	49	50	50	51	53	56	58	59	61	64	66	66	69	72	74	77	76
SPAIN	60.0	63	65	63	59	58	60	61	63	65	67	72	72	75	77	80	81	87	85
SWEDEN	81.0	84	87	88	90	92	91	91	93	95	101	101	103	104	103	104	104	105	102
UNITED KINGDOM	64.0	65	65	65	66	68	70	73	75	76	76	78	79	81	84	87	89	91	90
EUROPEAN UNION (15)					63	64	66	67	68	71	72	75	77	78	80	82	84	86	85
ICELAND																			
NORWAY																			
SWITZERLAND																			
EFTA	81.0	84	85	85	86	87	88	90	88	90	92	95	96	97	97	99	102	102	85
WEST EUROPE	61.0	62	62	63	64	64	66	68	70	71	72	76	77	79	81	83	85	87	88



New Registrations	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-Oct 2008
AUSTRIA	288,618	303,723	320,094	285,157	273,663	279,610	307,645	275,001	295,865	314,182	309,427	293,528	279,493	300,121	311,292	307,915	308,516	298,028	258,149
BELGIUM	473,506	462,125	466,195	375,409	387,348	358,868	397,359	396,240	452,129	489,621	515,204	488,683	467,569	458,796	484,757	479,433	525,544	525,194	483,599
DENMARK	80,																		



New Passenger Car Registrations in Western Europe - Breakdown by Segments and Bodies

ACEA



Years	Passenger cars in W.Europe: breakdown by segments							Passenger cars in W.Europe: breakdown by bodies							
	Total Market	Small	Lower-Medium	Upper-Medium	Executive	Others (1)	Unknown	Total Market	Saloons	Estates	Coupes	Convertibles	Mono-spaces (2)	Others	Unknown
Jan-Oct 2008	11,861,864	38.6	32.0	16.9	12.3	0.2	0.2	11,861,864	56.2	13.4	1.5	2.8	16.5	9.4	0.2
2007	14,792,143	37.1	32.4	16.3	14.0	0.1	0.1	14,792,143	56.6	11.8	1.5	2.8	17.4	9.8	0.2
2006	14,620,864	35.2	32.9	12.4	10.9	8.5	0.1	14,620,864	57.3	13.0	1.2	2.7	18.3	7.4	0.2
2005	14,497,932	32.9	34.9	13.1	10.9	7.9	0.1	14,497,932	57.3	13.0	1.1	2.8	18.9	6.6	0.2
2004	14,524,450	33.9	34.9	13.1	10.9	7.9	0.1	14,524,450	57.3	13.1	1.1	2.8	18.9	6.6	0.2
2003	14,212,781	34.2	32.4	13.7	12.9	6.6	0.1	14,212,781	62.2	13.2	1.4	2.5	14.5	5.4	0.7
2002	13,999,372	32.7	33.9	14.8	12.7	5.7	0.1	13,999,372	65.9	12.5	1.7	2.0	12.7	5.2	0.1
2001	14,418,763	32.8	33.8	15.9	12.6	4.9	0.1	14,418,763	66.2	12.1	1.9	1.9	2.3	15.6	0.1
2000	14,312,085	32.7	34.2	15.7	12.7	4.6	0.1	14,312,085	67.5	12.6	2.2	1.5	2.3	13.8	0.1
1999	14,635,183	31.3	33.9	17.8	12.5	4.5	0.1	14,635,183	71.5	14.4	2.2	1.4	5.8	4.6	0.1
1998	13,933,908	31.1	33.2	18.9	12.9	3.8	0.1	13,933,908	73.4	14.4	2.0	1.5	4.6	3.9	0.1
1997	13,007,766	32.6	31.6	19.3	13.2	3.2	0.1	13,007,766	75.8	13.0	1.9	1.7	4.0	3.5	0.1
1996	12,403,108	32.3	32.3	18.8	13.6	2.9	0.2	12,403,108	79.3	11.1	2.1	1.4	2.5	3.5	0.2
1995	11,631,823	32.9	31.4	18.7	14.0	2.9	0.1	11,631,823	80.6	10.6	2.2	1.3	1.7	3.5	0.1
1994	11,568,008	31.9	31.6	20.0	13.1	2.7	0.7								
1993*	11,126,839	31.1	28.0	32.5	12.7	3.0	0.7								
1992*	13,150,203	31.6	30.7	21.7	12.5	2.7	0.8								
1991*	13,137,494	32.2	27.9	22.9	13.2	2.6	1.2								
1990*	13,165,421	30.4	27.7	22.9	13.0	2.4	2.7								

Source: Association Auxiliaire de l'Automobile (AAA)

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

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

(1) In 2007 some vehicles were dispatched from the category "Others" to all the remaining categories.

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

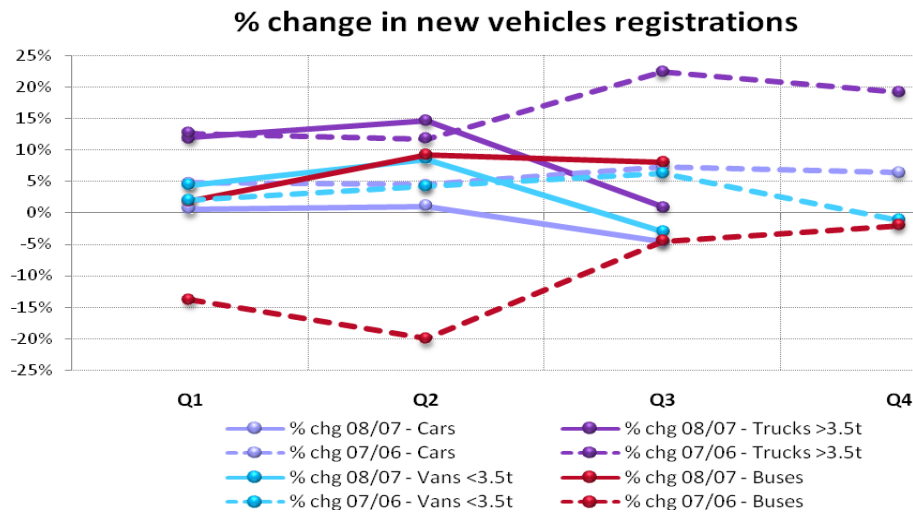
Production of new motor vehicles in the EU27 (January-September 2008)

Nine months into 2008, over 14.7 million motor vehicles (passenger cars, trucks, vans and buses) were produced in Europe, a number similar to the amount produced in the same period of last year. The third quarter of 2008, however, saw a sharp drop in the production figures (-4%), reflecting the financial and economic turmoil. Of the total vehicle production in Europe, 86% concerned passenger cars (87% in the same period of 2007).

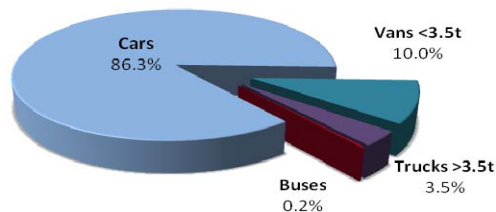
Passenger cars production decreased by 1% in the first nine months of 2008, with production contracting by 4% in the third quarter alone. Three quarters into the year, the truck sector still posted a solid growth (+5%), but with the trend turning in the third quarter as well (-2%). In cumulative numbers, the production of light commercial vehicles went down 4%, and the production of buses 6%.

New EU Member States accounted for 17% of EU motor vehicles production three quarters into the year. Automotive production in these countries increased by 13% compared to 2007. Almost 19% of all EU passenger cars have been produced in the new EU Member States.

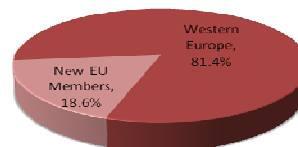
In 2007, some 19.7 million vehicles were produced in Europe. All vehicle categories positively contributed to this result, except for buses and coaches, the production of which fell by 10% compared to 2006. Production of heavy trucks increased the most (+16%) while production of passenger cars went up by 6% and production of light commercial vehicles by 3%.



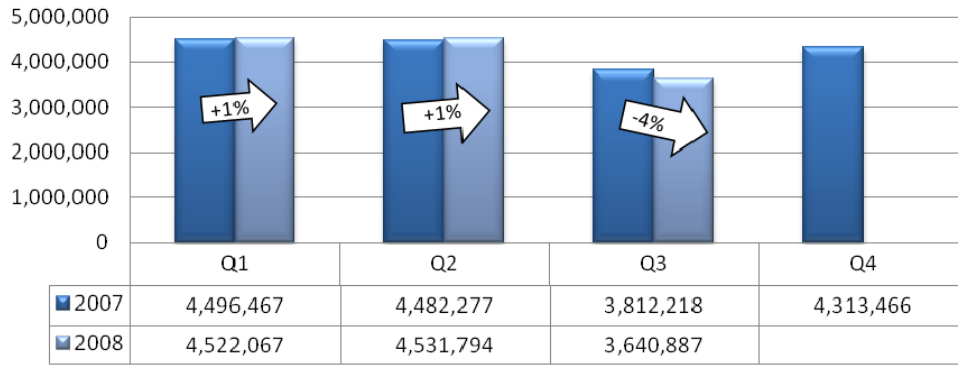
**European Production of Motor Vehicles in 2008
by type**



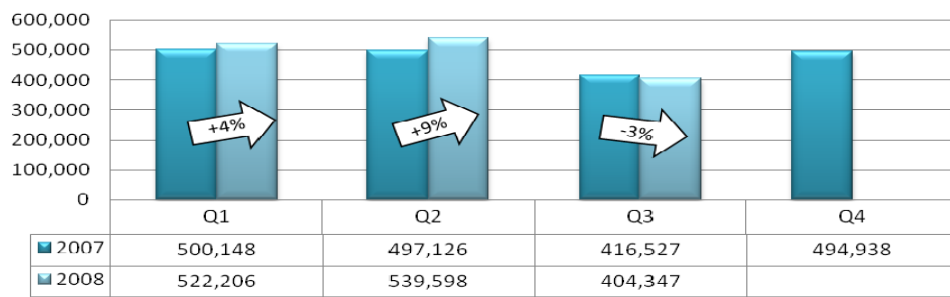
Passenger Car Production in the EU - 2008



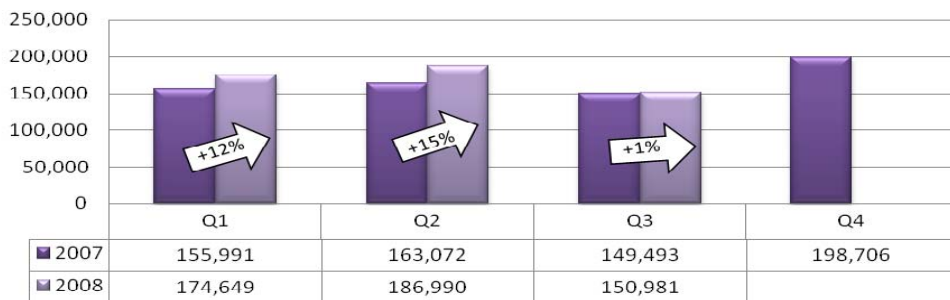
Passenger Car Production in Europe 2008/2007



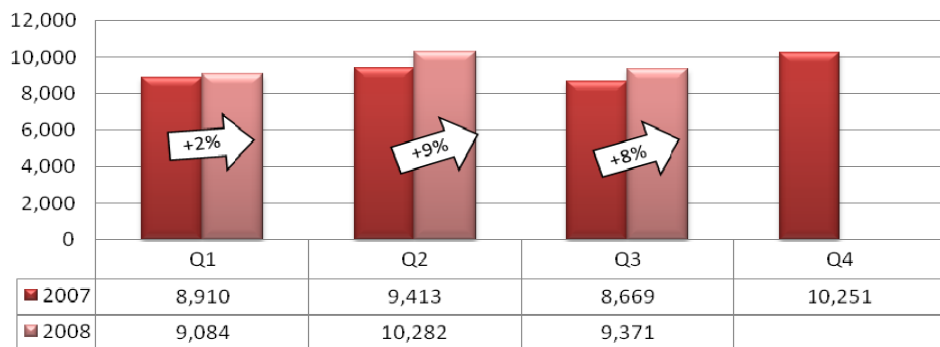
LCV Production in Europe 2008/2007



CV Production in Europe 2008/2007



Buses & Coaches Production in Europe 2008/2007



MOTOR VEHICLE PRODUCTION IN EUROPE - 2007

	Q1	Q2	Q3	Q4	FY 2007	Q1	Q2	Q3	Q4	%07/06
CARS	4,496,467	4,482,277	3,812,218	4,313,466	17,104,428	5%	5%	7%	6%	6%
LIGHT COMMERCIAL VEHICLES	500,148	497,126	416,527	494,938	1,908,739	2%	4%	6%	-1%	3%
HEAVY TRUCKS	155,991	163,072	149,493	198,706	667,262	13%	12%	22%	19%	16%
BUSES	8,910	9,413	8,669	10,251	37,243	-14%	-20%	-4%	-2%	-10%
TOTAL	5,161,516	5,151,888	4,386,907	5,017,361	19,717,672	5%	5%	8%	6%	6%

MOTOR VEHICLE PRODUCTION IN EUROPE - 2008

	Q1	Q2	Q3	Q4	FY 2008	Q1	Q2	Q3	Q4	%08/07
CARS	4,522,067	4,531,794	3,640,887		12,694,748	1%	1%	-4%		-1%
LIGHT COMMERCIAL VEHICLES	522,206	539,598	404,347		1,466,151	4%	9%	-3%		4%
HEAVY TRUCKS	174,649	186,990	150,981		512,620	12%	15%	1%		9%
BUSES	9,084	10,282	9,371		28,737	2%	9%	8%		6%
TOTAL	5,228,006	5,268,664	4,205,586		14,702,256	1%	2%	-4%		0%

TABLE 1

MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

IN UNITS

ACEA correspondents survey

MOTOR VEHICLES	2006					2007					2008					% change Q1-Q3 08/07
	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	FY 2007	Q1	Q2	Q3	Q4	YTD 2008	
EU27	4,942,884	4,919,071	4,079,190	4,734,837	18,675,982	5,161,516	5,151,888	4,386,907	5,017,361	19,717,672	5,228,006	5,268,664	4,205,586		14,702,256	0.0%
- EUROPEAN UNION 15 countries	4,360,249	4,306,479	3,554,984	4,062,605	16,284,317	4,406,715	4,394,073	3,704,706	4,185,739	16,691,233	4,348,427	4,417,003	3,450,454		12,215,884	-2.3%
<i>Double Countings Austria / Germany</i>	<i>4,481</i>	<i>4,928</i>	<i>6,144</i>	<i>5,948</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>		<i>0</i>					
<i>Double Countings Austria/Japan</i>						<i>0</i>					<i>0</i>					
<i>Double Countings Belgium / Germany</i>	<i>61,971</i>	<i>57,779</i>	<i>53,461</i>	<i>51,067</i>	<i>224,278</i>	<i>71,773</i>	<i>43,229</i>	<i>38,173</i>	<i>43,148</i>	<i>196,323</i>	<i>47,733</i>	<i>44,090</i>	<i>36,317</i>		<i>128,140</i>	<i>-16.3%</i>
<i>Double Countings Italy / EU</i>						<i>3,189</i>	<i>4,396</i>	<i>3,058</i>	<i>4,445</i>	<i>15,088</i>	<i>5,858</i>	<i>5,512</i>	<i>2,900</i>			<i>9.8%</i>
<i>Double Countings Portugal/Japan</i>	<i>4,930</i>	<i>3,995</i>	<i>2,849</i>	<i>3,538</i>	<i>15,312</i>	<i>4,564</i>	<i>4,396</i>	<i>3,058</i>	<i>4,445</i>	<i>16,463</i>	<i>5,763</i>	<i>5,512</i>	<i>2,900</i>		<i>14,175</i>	<i>13.8%</i>
<i>Double Countings Portugal/Spain</i>	<i>9,534</i>	<i>7,181</i>	<i>4,482</i>	<i>6,609</i>		<i>0</i>	<i>5,096</i>	<i>4,521</i>	<i>4,388</i>		<i>0</i>					
AUSTRIA	70,276	69,162	62,753	72,716	274,907	68,718	62,018	48,146	49,184	228,066	51,162	47,292	30,470		128,924	-27.9%
BELGIUM	248,506	240,128	202,902	226,520	918,056	238,072	210,977	176,922	208,432	834,403	204,700	210,708	163,507		578,915	-7.5%
FINLAND	9,570	8,347	6,519	8,310	32,746	7,544	5,807	4,761	6,191	24,303	6,789	5,488	2,446		14,723	-18.7%
FRANCE	867,562	899,002	662,058	740,597	3,169,219	815,874	829,657	606,121	764,202	3,015,854	800,748	768,683	554,994		2,124,425	-5.7%
GERMANY(1)	1,530,612	1,468,269	1,374,822	1,445,911	5,819,614	1,649,670	1,578,544	1,447,157	1,538,089	6,213,460	1,630,373	1,688,416	1,446,372		4,765,161	1.9%
ITALY	331,893	314,377	258,957	306,367	1,211,594	323,667	354,787	290,207	315,651	1,284,312	304,582	328,392	217,761		850,735	-12.2%
NETHERLANDS	36,942	41,159	27,062	54,291	159,454	28,136	28,275	27,082	55,075	138,568	28,871	22,017	24,773		75,661	-9.4%
PORTUGAL	54,338	59,956	49,584	63,447	227,325	47,156	48,125	39,885	41,076	176,242	47,725	44,815	41,930		134,470	-0.5%
SPAIN	736,421	755,841	552,487	732,686	2,777,435	772,244	801,103	619,175	697,181	2,889,703	751,636	793,648	544,162		2,089,446	-4.7%
SWEDEN (2)	88,049	85,479	66,427	93,117	333,072	99,903	88,514	74,814	102,789	366,020	99,373	98,695	60,230		258,298	-1.9%
UNITED KINGDOM	466,996	438,642	358,349	385,805	1,649,792	435,257	438,987	416,188	459,850	1,750,282	481,822	464,276	407,571		1,353,669	4.9%
EU New Members	582,635	612,592	524,206	672,232	2,391,665	754,801	757,815	682,201	831,622	3,026,439	879,579	851,661	755,132		2,486,372	13.3%
<i>Double Countings Slovakia / Germany</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,600</i>								<i>0</i>	<i>0</i>			
CZECH REPUBLIC	229,841	224,417	180,093	220,466	854,817	247,088	235,813	201,198	254,428	938,527	268,414	263,051	217,939		749,404	9.5%
HUNGARY	31,740	52,102	48,107	58,284	190,233	73,412	71,919	76,508	70,188	292,027	86,443	35,997	51,046		173,486	-21.8%
POLAND	178,492	184,908	165,872	185,328	714,600	198,985	182,453	179,532	223,730	784,700	249,526	259,611	235,818		744,955	32.8%
ROMANIA	54,985	59,745	46,131	52,736	213,597	54,110	69,340	43,426	74,836	241,712	65,242	68,077	63,445		196,764	17.9%
SLOVAKIA	49,707	59,401	62,577	123,706	295,391	135,735	151,032	131,274	153,030	571,071	153,250	166,555	139,005		458,810	9.8%
SLOVENIA	45,370	39,519	28,926	39,312	153,127	45,471	47,258	50,263	55,410	198,402	56,704	58,370	47,879		162,953	14.0%

Estimate

(1) Official figures include Belgian GM assembly.

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

TABLE 2 MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

IN UNITS																
ACEA correspondents survey																
PASSENGER CARS	2006					2007					2008					% change Q1-Q3 08/07
	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	FY 2007	Q1	Q2	Q3	Q4	YTD 2008	
EU27	4,303,012	4,285,336	3,554,120	4,055,549	16,198,017	4,496,467	4,482,277	3,812,218	4,313,466	17,104,428	4,522,067	4,531,794	3,640,887		12,694,748	-0.7%
- EUROPEAN UNION 15 countries	3,756,500	3,705,834	3,060,444	3,420,341	13,943,119	3,780,862	3,756,583	3,160,479	3,518,361	14,216,285	3,684,671	3,725,795	2,923,210		10,333,676	-3.4%
Double Countings Austria / Germany	4,481	4,928	6,144	5,948	21,501											
Double Countings Austria/Japan																
Double Countings Belgium / Germany	61,971	57,779	53,461	51,067	224,278	71,773	43,229	38,173	43,148	196,323	47,733	44,090	36,317		128,140	-16.3%
Double Countings Italy / EU						71,774	4,396	3,058	4,445	83,673	5,858	5,512	2,900		14,270	9.8%
Double Countings Portugal/Japan																
Double Countings Portugal/Spain	9,534	7,181	4,482	6,609	27,806											
AUSTRIA	64,157	62,703	56,083	65,116	248,059	60,769	55,352	41,955	41,893	199,969	43,546	39,726	25,231		108,503	-31.4%
BELGIUM	239,599	230,351	196,763	215,216	881,929	226,866	198,994	168,423	195,391	789,674	191,520	197,255	153,755		542,530	-8.7%
FINLAND	9,469	8,248	6,440	8,236	32,393	7,500	5,736	4,680	6,084	24,000	6,688	5,401	2,380		14,469	-19.2%
FRANCE	750,984	779,549	569,633	623,030	2,723,196	693,468	709,396	513,191	634,814	2,550,869	667,263	638,856	467,514		1,773,633	-7.4%
GERMANY(1)	1,423,821	1,362,416	1,274,138	1,338,133	5,398,508	1,526,646	1,454,804	1,318,889	1,408,800	5,709,139	1,498,930	1,541,015	1,310,982		4,350,927	1.2%
ITALY	251,064	230,839	191,348	219,251	892,502	227,003	256,541	207,896	219,420	910,860	197,382	221,162	138,116		556,660	-19.5%
NETHERLANDS	25,138	29,257	16,828	16,109	87,332	15,511	15,782	13,729	16,890	61,912	17,236	10,788	13,584		41,608	-7.6%
PORTUGAL	32,003	39,481	31,788	40,206	143,478	36,110	37,437	30,320	30,180	134,047	36,280	33,811	33,245		103,336	-0.5%
SPAIN	550,441	569,411	410,938	547,849	2,078,639	596,553	607,799	468,761	522,667	2,195,780	573,339	600,771	412,184		1,586,294	-5.2%
SWEDEN (2)	76,507	73,253	57,720	81,103	288,583	87,516	75,955	64,648	88,731	316,850	84,547	83,552	48,893		216,992	-4.9%
UNITED KINGDOM	409,303	390,214	312,852	329,716	1,442,085	377,882	386,412	369,218	401,084	1,534,596	421,531	403,060	356,543		1,181,134	4.2%
EU New Members	546,512	579,502	493,676	635,208	2,254,898	715,605	725,694	651,739	795,105	2,888,143	837,396	805,999	717,677		2,361,072	12.8%
Double Countings Slovakia / Germany	7,500	7,500	7,500	7,600	30,100	0	0	0	0		0	0	0			
CZECH REPUBLIC	228,604	222,786	178,813	218,596	848,799	244,304	233,048	197,780	250,646	925,778	264,614	259,546	215,255		739,415	9.5%
HUNGARY	31,100	51,246	47,313	57,974	187,633	72,440	71,649	76,150	67,743	287,982	85,467	35,323	49,910		170,700	-22.5%
POLAND	158,100	165,400	147,000	161,800	632,300	175,500	161,100	158,300	200,100	695,000	218,800	229,500	210,600		658,900	33.1%
ROMANIA	51,381	56,590	43,662	50,030	201,663	51,351	66,740	42,556	73,456	234,103	62,831	61,453	60,743		185,027	15.2%
SLOVAKIA	49,707	59,401	62,577	123,706	295,391	135,735	151,032	131,274	153,030	571,071	153,250	166,555	139,005		458,810	9.8%
SLOVENIA	35,120	31,579	21,811	30,702	119,212	36,275	42,125	45,679	50,130	174,209	52,434	53,622	42,164		148,220	19.5%

(1) Official figures include Belgian GM assembly.

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

Estimate

TABLE 3

MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

ACEA correspondents survey																
IN UNITS																
LIGHT COMMERCIAL VEHICLES	2006					2007					2008					% change Q1-Q3 08/07
	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	FY 2007	Q1	Q2	Q3	Q4	YTD 2008	
EU27	490,986	476,446	392,195	500,287	1,859,914	500,148	497,126	416,527	494,938	1,908,739	522,206	539,598	404,347		1,466,151	3.7%
- EUROPEAN UNION 15 countries	457,961	447,436	364,916	467,099	1,737,412	464,281	467,788	388,844	463,851	1,784,764	483,750	497,258	370,688		1,351,696	2.3%
Double Countings Austria / Germany																
Double Countings Austria/Japan																
Double Countings Belgium / Germany																
Double Countings Italy / EU																
Double Countings Portugal/Japan	3,114	2,517	1,965	2,395	9,991	3,097	3,222	3,071	3,118	12,508	3,844	3,892	2,962		10,698	13.9%
Double Countings Portugal/Spain																
AUSTRIA																
BELGIUM																
FINLAND																
FRANCE	101,284	102,359	79,729	103,140	386,512	105,296	101,940	78,466	107,552	393,254	112,140	107,507	72,466		292,113	2.2%
GERMANY(1)	52,829	49,765	45,808	54,029	202,431	62,547	60,277	63,520	65,250	251,594	66,922	71,430	63,645		201,997	8.4%
ITALY	69,112	70,860	57,351	74,882	272,205	83,840	84,032	70,722	82,295	320,889	92,749	92,065	69,392		254,206	6.5%
NETHERLANDS						0					0					
PORTUGAL	20,507	18,985	16,906	22,074	78,472	9,567	8,766	8,103	9,620	36,056	9,514	9,011	7,066		25,591	-3.2%
SPAIN	165,168	164,546	126,363	163,367	619,444	153,305	167,839	129,182	149,258	599,584	152,241	166,960	118,165		437,366	-2.9%
SWEDEN (2)						0					0					
UNITED KINGDOM	52,175	43,438	40,724	52,002	188,339	52,823	48,156	41,922	52,994	195,895	54,028	54,177	42,916		151,121	5.8%
EU New Members	33,025	29,010	27,279	33,188	122,502	35,867	48,156	41,922	52,994	178,939	38,456	42,340	33,659		114,455	23.2%
Double Countings Slovakia / Germany																
CZECH REPUBLIC	289	351	162	275	1,077	1,290	1,115	1,841	1,992	6,238	2,121	2,073	1,150		5,344	25.9%
HUNGARY						0					0					
POLAND	18,901	17,799	17,690	21,710	76,100	22,660	20,502	20,426	22,512	86,100	29,783	28,997	24,119		82,899	30.4%
ROMANIA	3,585	2,920	2,312	2,593	11,410	2,721	2,588	832	1,303	7,444	2,282	6,522	2,675		11,479	86.9%
SLOVAKIA																
SLOVENIA	10,250	7,940	7,115	8,610	33,915	9,196	5,133	4,584	5,280	24,193	4,270	4,748	5,715		14,733	-22.1%

(1) Official figures include Belgian GM assembly.

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

Estimate

TABLE 4

MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

ACEA correspondents survey																
IN UNITS																
HEAVY TRUCKS	2006					2007					2008					% change Q1-Q3 08/07
	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	FY 2007	Q1	Q2	Q3	Q4	YTD 2008	
EU27	138,698	146,036	123,806	168,503	577,043	155,991	163,072	149,493	198,706	667,262	174,649	186,990	150,981		512,620	9.4%
- EUROPEAN UNION 15 countries	137,715	144,587	122,890	167,332	572,524	154,371	162,002	148,331	195,683	660,387	172,777	185,721	149,158		507,656	9.2%
Double Countings Germany / Austria																
Double Countings Austria/Japan																
Double Countings Germany / Belgium																
Double Countings Portugal/Japan	1,776	1,444	863	1,111	5,194	1,425	1,838	1,412	1,228	5,903	1,885	1,898	1,559		5,342	14.3%
Double Countings Spain/ Portugal																
AUSTRIA	6,060	6,374	6,587	7,600	26,621	7,949	6,666	6,191	7,291	28,097	7,616	7,566	5,239		20,421	-1.9%
BELGIUM	8,599	9,493	5,875	11,017	34,984	10,858	11,656	8,216	12,786	43,516	12,846	13,128	9,476		35,450	15.4%
FINLAND	101	99	79	74	353	44	71	81	107	303	101	87	66		254	29.6%
FRANCE	14,367	16,160	11,655	13,257	55,439	16,094	17,141	13,497	20,663	67,395	20,264	21,192	14,110		55,566	18.9%
GERMANY(1)	51,932	53,827	52,623	51,003	209,385	58,555	61,223	62,686	61,178	243,642	62,548	73,271	69,430		205,249	12.5%
ITALY	10,823	11,663	9,785	11,749	44,020	12,573	13,852	11,168	13,521	51,114	14,136	14,839	9,937		38,912	3.5%
NETHERLANDS	11,328	11,424	9,871	37,579	70,202	12,041	11,876	13,014	37,718	74,649	11,165	10,726	10,762		32,653	-11.6%
PORTUGAL	1,788	1,456	869	1,135	5,248	1,437	1,886	1,424	1,234	5,981	1,897	1,958	1,595		5,450	14.8%
SPAIN	20,434	21,428	14,778	21,242	77,882	22,065	24,928	20,853	24,947	92,793	25,771	25,532	13,530		64,833	-4.4%
SWEDEN (2)	8,866	9,424	7,223	9,972	35,485	9,943	10,450	7,910	12,061	40,364	12,436	12,746	8,964		34,146	20.6%
UNITED KINGDOM	5,193	4,683	4,408	3,815	18,099	4,237	4,091	4,703	5,405	18,436	5,882	6,574	7,608		20,064	54.0%
EU New Members	983	1,449	916	1,171	4,519	1,620	1,070	1,162	3,023	6,875	1,872	1,269	1,823		4,964	28.9%
Double Countings Slovakia / Germany																
CZECH REPUBLIC	418	473	367	735	1,993	742	823	809	780	3,154	816	533	702		2,051	
HUNGARY	550	742	395	323	2,010	840	240	320	2,166	3,566	928	642	1,096		2,666	-13.6%
POLAND																90.4%
ROMANIA	15	234	154	113	516	38	7	33	77	155	128	94	25		247	
SLOVAKIA																216.7%
SLOVENIA																

(1) Official figures include Belgian GM assembly.

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

Estimate

TABLE 5

MOTOR VEHICLE PRODUCTION IN EUROPE BY COUNTRY

ACEA correspondents survey																
IN UNITS																
BUSES & COACHES	2006					2007					2008					% change Q1-Q3 08/07
	Q1	Q2	Q3	Q4	FY 2006	Q1	Q2	Q3	Q4	FY 2007	Q1	Q2	Q3	Q4	YTD 2008	
EU27	10,188	11,253	9,069	10,498	41,008	8,910	9,413	8,669	10,251	37,243	9,084	10,282	9,371		28,737	6.5%
- EUROPEAN UNION 15 countries	8,073	8,622	6,734	7,833	31,262	7,201	7,700	7,052	7,844	29,797	7,229	8,229	7,398		22,856	4.1%
Double Countings Germany / Austria																
Double Countings Austria/Japan																
Double Countings Germany / Belgium																
Double Countings Portugal/Japan	40	34	21	32	127	42	36	38	42	158	34	35	24		93	-19.8%
Double Countings Spain/ Portugal																
AUSTRIA	59	85	83	0		0					0					
BELGIUM	308	284	264	287	1,143	348	327	283	255	1,213	334	325	276		935	-2.4%
FINLAND						0					0					
FRANCE	927	934	1,041	1,170	4,072	1,016	1,180	967	1,173	4,336	1,081	1,128	904		3,113	-1.6%
GERMANY(1)	2,030	2,261	2,253	2,746	9,290	1,922	2,240	2,062	2,861	9,085	1,973	2,700	2,315		6,988	12.3%
ITALY	894	1,015	473	485	2,867	251	362	421	415	1,449	315	326	316		957	-7.4%
NETHERLANDS	476	478	363	603	1,920	584	617	339	467	2,007	470	503	427		1,400	-9.1%
PORTUGAL	40	34	21	32	127	42	36	38	42	158	34	35	24		93	-19.8%
SPAIN	378	456	408	228	1,470	321	537	379	309	1,546	285	385	283		953	-23.0%
SWEDEN (2)	2,676	2,802	1,484	2,042	9,004	2,444	2,109	2,256	1,997	8,806	2,390	2,397	2,373		7,160	5.2%
UNITED KINGDOM	325	307	365	272	1,269	315	328	345	367	1,355	381	465	504		1,350	36.6%
EU New Members	2,115	2,631	2,335	2,665	9,746	1,709	1,713	1,617	2,407	7,446	1,855	2,053	1,973		5,881	16.7%
Double Countings Slovakia / Germany																
CZECH REPUBLIC	530	807	751	860	2,948	752	827	768	1,010	3,357	863	899	832		2,594	10.5%
HUNGARY	90	114	399	-13	590	132	30	38	279	479	48	32	40		120	-40.0%
POLAND	1,491	1,709	1,182	1,818	6,200	825	851	806	1,118	3,600	943	1,114	1,099		3,156	27.2%
ROMANIA	4	1	3	0	8	0	5	5	0	10	1	8	2		11	10.0%
SLOVAKIA																
SLOVENIA																

(1) Official figures include Belgian GM assembly.

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

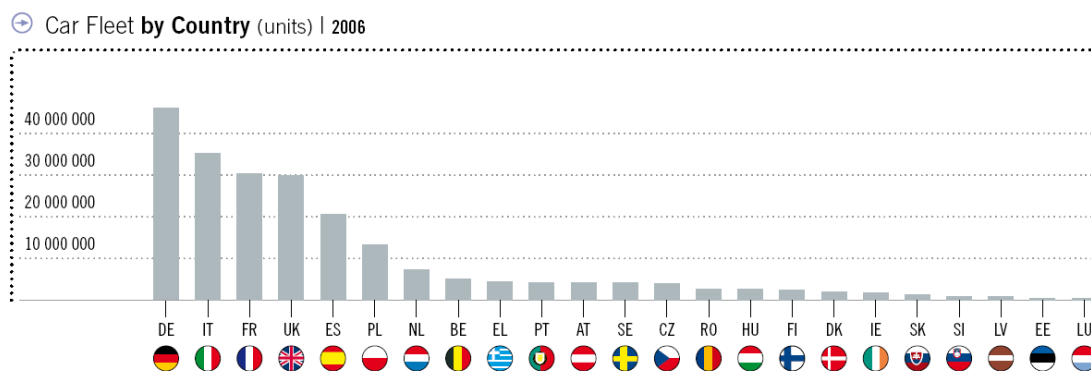
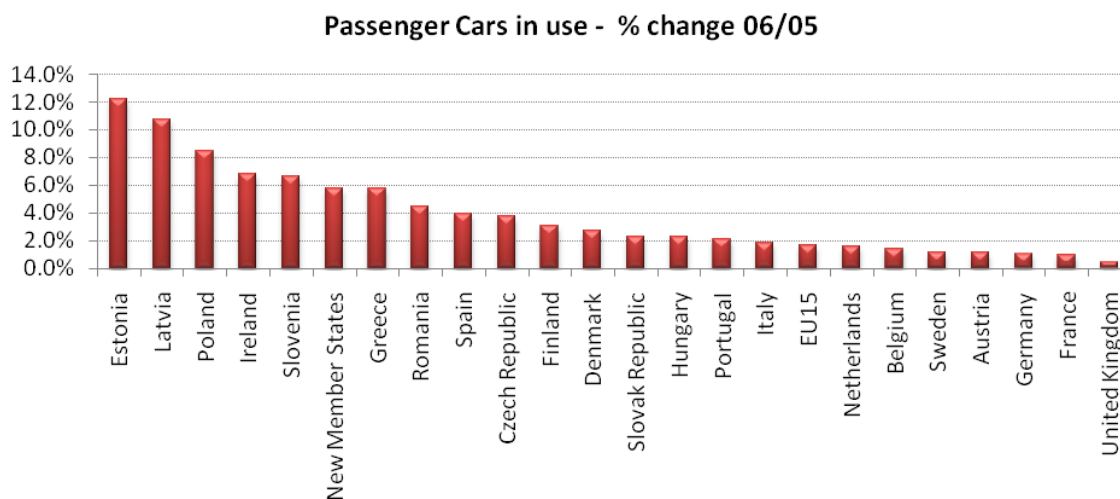
Estimate

Motor vehicles in use in the enlarged EU

According to the last ANFAC (Spanish Automobile Association) report on motor vehicles in use in the enlarged EU (January 2008 edition) the European vehicle fleet reached 251.3 million units in 2006, an increase of 2.4% compared to the previous year. The few EU members missing in the report (Bulgaria, Hungary, Lithuania, Romania and Slovenia) account for around 10 million additional passenger cars, as showed in the table below. Altogether, the 230 million passenger cars represent 87% of all the vehicles on the European roads. The European car fleet is highly concentrated in five main markets (Germany, Italy, France, UK and Spain) and is characterised by a high diesel penetration (30%).

In terms of car density, the ratio of cars to population was 0.5 in Western Europe while in Eastern Europe this proportion was much lower (0.3). On the mature and saturated West European market, car demand stems mainly from replacement whereas in the new EU Members there are still many genuinely new customers.

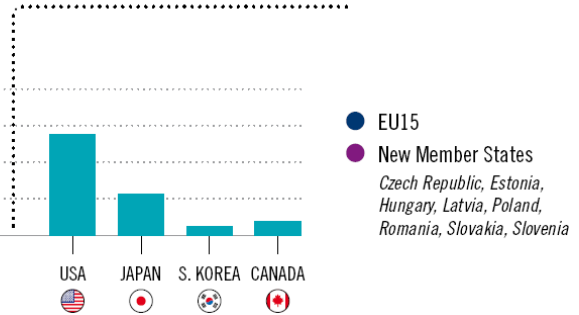
For more details, please see the ANFAC report available on ACEA website under the following link: <http://www.acea.be/statistics>



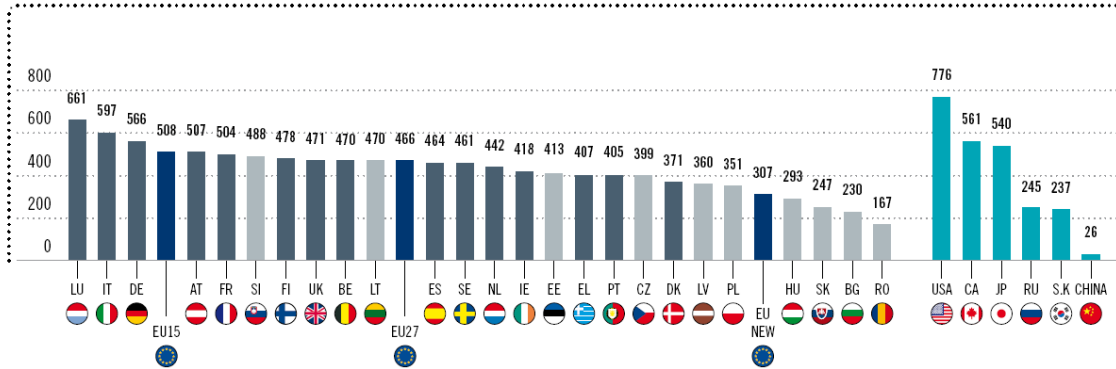
EU Car Fleet | 2000-2006



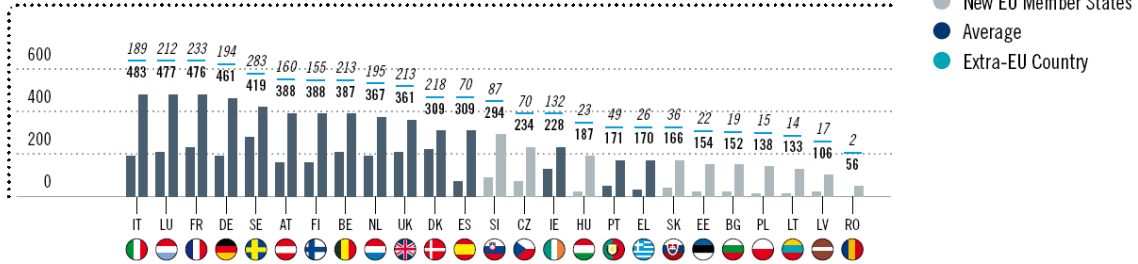
Non-EU Car Fleet | 2006



Motorisation – World Comparison (cars per 1000 inhabitants) | 2006



Motorisation – EU Comparison (cars per 1000 inhabitants) | 1970 and 1990



SOURCE: EUROSTAT

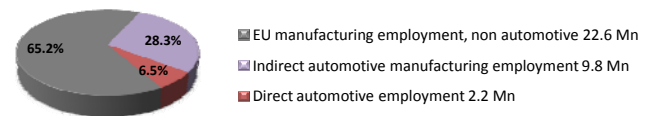
Employment

	2001	2002	2003	2004	2005	2006	2007	%02/01	%03/02	%04/03	%05/04	%06/05	% 07/06
Austria	30,360	28,273	29,587	33,222	33,293	33,108	33,075	-6.9%	4.6%	12.3%	0.2%	-0.6%	-0.1%
Belgium	54,022	51,461	49,291	47,604	47,320	47,046	45,075	-4.7%	-4.2%	-3.4%	-0.6%	-0.6%	-4.2%
Denmark	6,958	6,548	5,998	5,634	6,234	6,390	6,758	-5.9%	-8.4%	-6.1%	10.6%	2.5%	5.8%
Finland	7,489	7,471	7,459	6,686	6,880	6,737	6,346	-0.2%	-0.2%	-10.4%	2.9%	-2.1%	-5.8%
France	286,049	283,409	287,750	279,428	275,564	267,673	258,304	-0.9%	1.5%	-2.9%	-1.4%	-2.9%	-3.5%
Germany	863,207	874,014	867,601	873,785	866,569	840,392	833,837	1.3%	-0.7%	0.7%	-0.8%	-3.0%	-0.8%
Greece	3,565	3,606	3,399	3,524	2,830	2,861	2,913	1.2%	-5.8%	3.7%	-19.7%	1.1%	1.8%
Ireland*	3,657	3,591	3,471	3,213	3,359	3,863	3,863	-1.8%	-3.3%	-7.4%	4.5%	15.0%	0.0%
Italy	174,442	170,087	163,738	166,867	166,554	166,076	<i>168,435</i>	-2.5%	-3.7%	1.9%	-0.2%	-0.3%	1.4%
Netherlands	27,311	25,176	25,170	23,622	22,704	22,520	22,284	-7.8%	0.0%	-6.2%	-3.9%	-0.8%	-1.1%
Portugal	23,304	23,967	22,993	22,673	23,128	22,876	22,590	2.8%	-4.1%	-1.4%	2.0%	-1.1%	-1.3%
Spain	161,881	162,511	164,325	162,713	159,913	158,229	159,052	0.4%	1.1%	-1.0%	-1.7%	-1.1%	0.5%
Sweden	77,545	73,514	80,171	84,748	85,552	85,827	85,561	-5.2%	9.1%	5.7%	0.9%	0.3%	-0.3%
United Kingdom	220,111	221,529	217,282	203,974	192,708	178,949	173,884	0.6%	-1.9%	-6.1%	-5.5%	-7.1%	-2.8%
EU15	1,939,901	1,935,157	1,928,235	1,917,693	1,892,608	1,842,547	1,821,977	-0.2%	-0.4%	-0.5%	-1.3%	-2.6%	-1.1%
Bulgaria	3,519	3,204	2,935	2,847	3,374	3,019	3,155	-9.0%	-8.4%	-3.0%	18.5%	-10.5%	4.5%
Czech Republic	84,862	89,953	89,188	95,833	104,082	112,478	126,223	6.0%	-0.9%	7.5%	8.6%	8.1%	12.2%
Estonia	1,471	1,583	1,850	2,033	2,078	2,241	2,729	7.6%	16.9%	9.9%	2.2%	7.8%	21.8%
Hungary	37,202	36,958	39,529	40,965	42,917	51,225	58,806	-0.7%	7.0%	3.6%	4.8%	19.4%	14.8%
Latvia	671	741	756	829	954	1,222	1,433	10.4%	2.0%	9.7%	15.1%	28.1%	17.3%
Lithuania	329	428	756	719	892	1,181	2,500	30.1%	76.6%	-4.9%	24.1%	32.4%	111.7%
Poland	88,242	79,841	84,975	101,651	108,358	118,934	137,000	-9.5%	6.4%	19.6%	6.6%	9.8%	15.2%
Romania	74,668	70,071	61,344	63,797	60,856	59,572	60,281	-6.2%	-12.5%	4.0%	-4.6%	-2.1%	1.2%
Slovakia	<i>44,400</i>	<i>50,210</i>	<i>54,700</i>	<i>56,500</i>	<i>57,400</i>	<i>66,900</i>	<i>76,000</i>	13.1%	8.9%	3.3%	1.6%	16.6%	13.6%
Slovenia	6,984	7,253	7,064	7,690	8,349	8,888	12,200	3.9%	-2.6%	8.9%	8.6%	6.5%	37.3%
New EU MS	342,348	340,242	343,097	372,864	389,260	425,660	480,325	-0.6%	0.8%	8.7%	4.4%	9.4%	12.8%
TOTAL EU	2,282,249	2,275,399	2,271,332	2,290,557	2,281,868	2,268,206	2,302,302	-0.3%	-0.2%	0.8%	-0.4%	-0.6%	1.5%

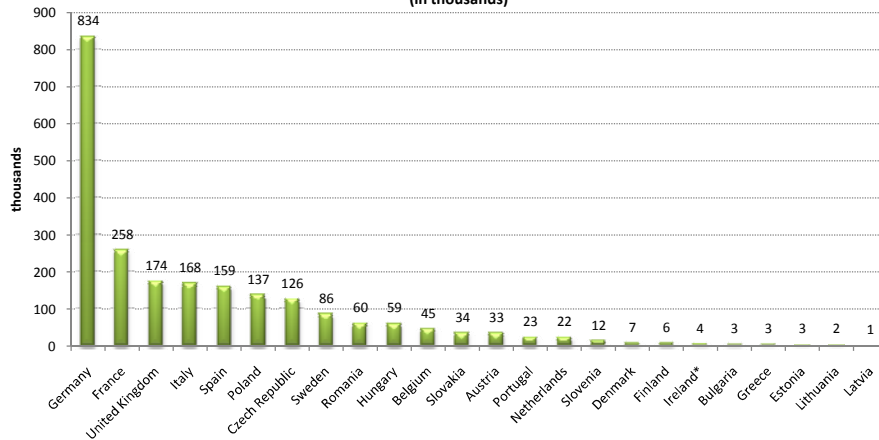
Source: Eurostat - DM 34 corresponding to Manufacture of motor vehicles, trailers and semi-trailers; figures in italic come from National Automobile Associations

* Please note that figures and/or estimates for 2007 were not available at the time of publication for Ireland

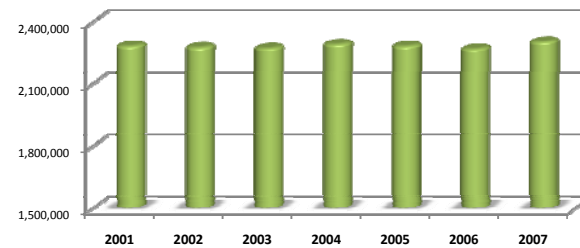
Automotive employment put into perspective



Employment in the Automotive Sector in the EU in 2007
(in thousands)



Automotive Employment in the EU27 - 2001-2007



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

HICP Classification for Motor Vehicles:

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

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

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

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

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

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

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

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

EUROPEAN UNION -27

Harmonized indices of consumer prices (HICP)

(Index 2005 = 100)

		JAN 2008	FEB 2008	MAR 2008	APR 2008	MAY 2008	JUN 2008	JUL 2008	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008
cp00	<i>All Items HICP</i>	106.4	106.8	107.7	108.2	108.9	109.3	109.2	109.2	109.5	109.5		
	<i>HICP excluding energy (e)</i>	105.1	105.5	106.3	106.6	107.0	107.2	106.9	107.1	107.4	107.8		
cp07	Transport	108.5	108.7	110.0	110.4	112.3	113.9	114.9	113.5	112.6	110.6		
cp071	Purchase of vehicles (not motor cycles, bicycles and animal drawn vehicles)	101.5	101.5	101.5	101.5	101.4	101.4	101.3	101.3	101.3	101.2		
cp0711	Motor cars	101.6	101.7	101.6	101.6	101.5	101.4	101.4	101.4	101.3	101.1		
cp072	Operation of personal transport equipment	112.6	112.7	114.7	115.4	118.7	121.5	122.2	118.9	118.3	114.6		
cp0721	Spares parts and accessories for personal transport equipment	108.1	108.6	108.7	109.0	109.2	109.5	109.7	110.0	110.3	110.6		
cp0722	Fuels and lubricants for personal transport equipment	115.7	115.3	118.9	119.9	125.8	130.9	132.0	125.6	124.1	116.7		
cp0723	Maintenance and repair of personal transport equipment	110.5	111.1	111.6	112.0	112.5	112.7	113.0	113.3	113.8	114.2		
cp0724	Other services in respect of personal transport equipment	106.6	106.9	107.1	107.3	107.5	107.7	107.8	107.7	108.0	108.3		

Source: Eurostat

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

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

coicop	Classification of individual consumption by purpose
cp07	Transport
cp071	Purchase of vehicles
cp071_not_711	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 2005 = 100)

		JAN 2008	FEB 2008	MAR 2008	APR 2008	MAY 2008	JUN 2008	JUL 2008	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008
cp00	All Items HICP	106.1	106.6	107.5	107.9	108.6	109.0	108.9	108.9	109.2	109.2		
	HICP excluding energy (e)	104.9	105.3	106.0	106.4	106.7	106.9	106.6	106.9	107.1	107.5		
cp07	Transport	108.4	108.5	109.8	110.2	112.1	113.7	114.6	113.3	112.3	110.3		
cp071	Purchase of vehicles (not motor cycles, bicycles and animal drawn vehicles)	101.5	101.5	101.5	101.4	101.4	101.3	101.3	101.3	101.2	101.1		
cp0711	Motor cars	101.6	101.6	101.6	101.5	101.4	101.4	101.3	101.3	101.2	101.1		
cp072	Operation of personal transport equipment	112.6	112.6	114.6	115.3	118.6	121.3	122.0	118.8	118.2	114.5		
cp0721	Spares parts and accessories for personal transport equipment	108.0	108.5	108.6	108.8	109.1	109.4	109.6	109.9	110.1	110.4		
cp0722	Fuels and lubricants for personal transport equipment	115.6	115.2	118.9	119.9	125.8	130.9	132.0	125.5	124.0	116.5		
cp0723	Maintenance and repair of personal transport equipment	110.5	111.0	111.5	111.9	112.4	112.7	113.0	113.3	113.7	114.2		
cp0724	Other services in respect of personal transport equipment	106.4	106.7	106.9	107.1	107.3	107.5	107.6	107.5	107.9	108.1		

p Provisional value
e Estimated value
r Revised value

Source: Eurostat

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

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

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

AUSTRIA

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2005=100)	105.58	105.9	106.86	107.15	107.72	108.02	107.7	107.49				
Price index for the Use of Motor Vehicle (2005=100)	107.1	106.7	108.1	108.6	111	112.3	112.3	111.3				
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car	102.2	102.2	102.2	102.3	102	102	102.2	102.2				
Motor cycles	103.5	102.2	102.2	102.2	102.2	102.2	102.2	102.2				
Fuels and lubricants	121.8	121.9	126.6	127.5	135	140.5	141.1	134.4				
Spare parts & accessories, Replacement, Extras, etc.	108.8	108.9	108.8	108.9	109	109.2	109	109.1				
Maintenance, Repairation, Garage, Inspection, etc.	110.7	111.2	112.8	113	113.1	113.1	113.1	113.2				
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car	102.3	102.3	102.2	102.3	102	102	102.2	102.2				
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

Source: Statistik Austria

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

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

NACE Rev.1 classification:

dm: Manufacture of transport equipment

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

dm 34.1: Manufacture of Motor Vehicles

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

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

DENMARK

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2005=100)												
Price index for the Use of Motor Vehicle (2005=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	98.3	98.5	98.1	98.1								
Passenger car	98.0	98.3	97.8	97.8								
Motor cycles	101.1	101.1	101.7	101.7								
Fuels and lubricants	113.4	112.5	114.1	115.8								
Spare parts & accessories, Replacement, Extras, etc.	108.0	108.3	109.0	109.1								
Maintenance, Repairation, Garage, Inspection, etc.	113.0	113.5	114.3	114.4								
Insurance	105.4	105.7	105.7	105.8								
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

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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NACE Rev.1 classification:

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 - 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

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2005=100)	105.2	105.5	106.3	106.7	107.3	107.8	107.5	107.4	107.4	107.3		
Price index for the Use of Motor Vehicle (2005=100)	113.0	113.0	115.0	115.8	118.2	120.9	121.2	118.6	118.3	115.9		
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car	102.7	102.9	102.9	102.6	102.4	102.7	102.9	103.8	104.2	103.9		
Motor cycles												
Fuels and lubricants	116.9	115.6	120.1	121.8	127.6	134.1	134.3	127.2	125.9	119.0		
Spare parts & accessories, Replacement, Extras, etc.	110.7	111.5	111.8	112.0	112.2	112.6	113.0	113.6	113.8	114.3		
Maintenance, Repairation, Garage, Inspection, etc.	112.0	112.7	113.2	113.7	114.0	114.2	114.4	114.7	115.1	115.6		
Insurance	101.2	98.0	98.0	97.9	97.9	98.0	97.9	97.7	97.5	97.5		
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

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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NACE Rev.1 classification:

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dm 34.1: Manufacture of Motor Vehicles

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dm 34.3: Manufacture of parts, accessories for Motor Vehicles

GERMANY

PRICE INDEX (index 2000=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2000=100)	105.3	105.8	106.3	106.1	106.7	107	107.6	107.3	107.2			
Price index for the Use of Motor Vehicle (2000=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	109.0	108.9	110.4	110.5	112.4	113.5	114.1	111.8	112.1			
Passenger car	106.2	106.1	106.2	106.2	106.3	106.3	106.5	106.5	106.6			
Motor cycles	105.3	105.7	105.7	105.7	105.7	105.7	105.7	105.4	105.4			
Fuels and lubricants	114.3	114.0	118.9	119.0	125.1	128.5	130.3	122.3	122.8			
Spare parts & accessories, Replacement, Extras, etc.	106.8	107.1	107.3	107.2	107.2	107.4	107.7	107.6	108.0			
Maintenance, Repairation, Garage, Inspection, etc.	107.4	107.5	107.8	108.1	108.4	108.6	108.8	108.9	109.3			
Insurance	110.8	111.1	111.1	110.6	111.8	111.8	111.8	111.8	111.6			
Tax	104.7	104.7	104.7	104.7	104.7	104.7	104.7	104.7	104.7			
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	110.1	110.3	110.5	110.7	110.9	111.0	111.2	111.0	111.2			
Index of Manufacturing Prices of Motor Vehicles (2000=100)												
Total (NACE Rev.1 dm 34.1)	112.0	112.0	112.2	112.2	112.4	112.5	112.6	112.7	112.7			
Index of Export Prices of Motor Vehicles (2000=100)	103.9	104.0	104.1	103.9	104.0	104.0	104.1	104.3	105.0			
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2000=100)	102.6	102.6	102.8	102.9	103.3	103.3	103.5	103.6	103.8			
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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NACE Rev.1 classification:

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

dm 34.1: Manufacture of Motor Vehicles

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

dm 34.3: Manufacture of parts, accessories for Motor Vehicles

GREECE

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2005=100)												
Price index for the Use of Motor Vehicle (2005=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car												
Motor cycles												
Fuels and lubricants	118.01	118.62	120.21	122.07	129.9	134.97	134.47	129.14	127.48	115.36		
Spare parts & accessories, Replacement, Extras, etc.	105.56	105.98	106.26	107.19	107.53	107.66	107.73	107.74	108.17	108.64		
Maintenance, Reparation, Garage, Inspection, etc.	110.08	110.09	111.23	111.67	111.99	111.98	112.03	112.06	112.21	112.31		
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)	96.73	95.41	95.42	95.43	95.63	95.63	95.18	95.18	95.19	95.18		
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

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 34.3: Manufacture of parts, accessories for Motor Vehicles

ITALY

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	Year 2007
HICP general (2005=100)	106.9	106.8	107.1	107.0	107.4	107.8	107.9	107.9	107.6	107.5			
Price index for the Use of Motor Vehicle (2005=100)													
Total Motor Vehicle (NACE Rev.1 dm 34.1)	115.8	116.1	116.3	116.2	119.2	115.2	116.0	114.0	113.4	109.9			
Passenger car	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a			
Motor cycles	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a			
Fuels and lubricants	129.4	127.9	131.2	130.7	136.9	142.9	144.6	138.8	136.5	130.7			
Spare parts & accessories, Replacement, Extras, etc.	90.4	89.8	89.2	87.9	88.0	88.5	87.5	87.2	86.4	85.8			
Maintenance, Reparation, Garage, Inspection, etc.	109.2	109.9	110.2	110.2	111.0	111.2	111.3	111.3	111.7	112.0			
Insurance	106.8	107.2	106.8	106.6	106.7	106.4	106.0	106.0	105.8	106.0			
Tax	110.6	110.7	110.7	110.7	110.7	110.7	110.7	110.4	110.4	110.4			
Price index for Brandnew Motor Vehicles at retail prices (2005=100)													
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)	104.2	104.2	104.2	103.9	103.8	104.2	104.2	104.5	104.9	104.7			
Purchase of brandnew passenger car	104.3	104.2	104.3	104.1	104.0	104.5	104.5	104.8	105.1	105.2			
Index of Manufacturing Prices of Motor Vehicles (2005=100)													
Total (NACE Rev.1 dm 34.1)	105.2	105.0	104.6	105.2	105.2	105.5	105.5	105.2	105.2	n.a			
Index of Export Prices of Motor Vehicles (2005=100)													
Total (NACE Rev.1 dm 34.1)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a			
Index of Import Prices of Motor Vehicles (2005=100)													
Total (NACE Rev.1 dm 34.1)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a			

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dm 34.3: Manufacture of parts, accessories for Motor Vehicles

NETHERLANDS

PRICE INDEX (index 2005=100)	January 2008	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
HICP general (2005=100)	102.1	102.8	103.8									
Price index for the Use of Motor Vehicle (2005=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car	100.8	100.3	100.4	100.5	100.2	100.2	100.0	100.0	99.83	100.2		
Motor cycles	99.8	99.8	99.8									
Fuels and lubricants	107.7	108.4	109.7									
Spare parts & accessories, Replacement, Extras, etc.	102.7	102	102	101.6	101.7	101.8	102.0	101.9	101.8	102.2		
Maintenance, Repairation, Garage, Inspection, etc.												
Insurance	97.1	96.2	96.5	96.5	97.2	97.2	97.2	97.3	97.3	97.3		
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

* provisional

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PORTUGAL

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2005=100)	2.9	2.9	3.1	2.5	2.8	3.4	3.1	3.1	3.2	2.5		
Price index for the Use of Motor Vehicle (2005=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)	100.7	100.1	99.7	99.7	99.5	99.4	99.1	98.7	98.5	98.5		
Passenger car	100.6	100.0	99.5	99.5	99.3	99.2	99.0	98.5	98.3	98.3		
Motor cycles	106.3	106.3	106.3	106.3	106.9	107.0	106.6	106.6	106.5	106.5		
Fuels and lubricants	122.2	121.7	124.5	126.4	132.6	136.6	137.1	131.3	129.0	120.7		
Spare parts & accessories, Replacement, Extras, etc.	101.2	101.3	101.2	101.2	101.4	100.7	100.2	99.5	100.1	99.4		
Maintenance, Repairation, Garage, Inspection, etc.	111.4	111.7	112.5	113.1	113.2	113.4	113.0	113.3	112.9	113.3		
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car	100.6	99.9	99.4	99.5	99.4	99.4	99.4	99.1	98.9	99.0		
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

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SPAIN

PRICE INDEX (index 2006=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2006=100)	104.7	104.9	105.8	107.0	107.7	108.3	107.8	107.6	107.5	107.9		
Price index for the Use of Motor Vehicle (2006=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car	100.4	100.8	100.7	101.1	100.7	100.7	100.7	101.1	101.2	101.1		
Motor cycles												
Fuels and lubricants	109.7	109.9	114.5	115.6	123.2	128.6	130.4	122.656	119.189	111.438		
Spare parts & accessories, Replacement, Extras, etc.	107.5	107.7	108.3	108.5	108.8	108.9	108.7	108.514	108.385	109.208		
Maintenance, Repairation, Garage, Inspection, etc.	106.8	107.8	108.6	109.2	109.3	109.4	109.8	109.911	110.195	110.652		
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2006=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car												
Index of Manufacturing Prices of Motor Vehicles (2000=100)												
Total (NACE Rev.1 dm 34.1)	127.4	128.1	129.2	130.2	131.8	133.3	135.3	134.2	133.3			
Index of Export Prices of Motor Vehicles (2000=100)												
Total (NACE Rev.1 dm 34.1)	112	113.9	112.5	110.9	112.1	112.7	115.8	114.7				
Index of Import Prices of Motor Vehicles (2000=100)												
Total (NACE Rev.1 dm 34.1)	108.6	107.8	108.5	108.7	109.6	109.9	113.2	114.7				

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 - dm 34.1: Manufacture of Motor Vehicles
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 - dm 34.3: Manufacture of parts, accessories for Motor Vehicles

SWEDEN

PRICE INDEX (index 2005=100)	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
HICP general (2005=100)	104.72	105.15	106.02	106.45	106.89	107.32	106.8	106.89	107.93	107.67		
Price index for the Use of Motor Vehicle (2005=100)	109.05	109.9	111.01	112.39	115.18	117.63	117.19	114.61	114.86	109.07		
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car												
Motor cycles												
Fuels and lubricants	110.57	112.05	113.22	115.56	120.54	125.21	124.36	119.32	119.59	108.96		
Spare parts & accessories, Replacement, Extras, etc.	101.62	101.84	101.7	101.8	101.9	100	101.68	102.23	101.54	100.49		
Maintenance, Reparation, Garage, Inspection, etc.	107.93	107.98	109.74	110.04	110.32	110.25	110.28	110.67	111.26	111.29		
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (2005=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car	100.09	100.05	99.58	99.27	99.89	98.51	98.31	98.3	98.74	98.78		
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)	103.12	102.95	102.37	102.28	101.79	101.7	102.04	102.28	103.12			
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)	103.05	102.8	102.19	101.84	101.05	100.97	101.32	102.27	103.14			
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)	103.62	103.82	103.14	103.62	103.01	102.94	103.48	103.89	102.74			

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UNITED KINGDOM

PRICE INDEX (index 2005=100)	January 2008	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
HICP general (1995=100)	2.2%	2.5%	2.4%	3.0%	3.3%	3.8%	4.4%	4.8%	5.2%	4.5%		
Price index for the Use of Motor Vehicle (1995=100)												
Total Motor Vehicle (NACE Rev.1 dm 34.1)												
Passenger car												
Motor cycles												
Fuels and lubricants	19.2%	20.4%	20.3%	18.6%	19.6%	24.0%	25.8%	20.5%	19.6%	9.2%		
Spare parts & accessories, Replacement, Extras, etc.	1.7%	2.1%	2.3%	3.1%	3.0%	2.7%	2.1%	1.8%	2.2%	3.1%		
Maintenance, Repairation, Garage, Inspection, etc.	4.9%	5.0%	5.1%	4.7%	5.0%	4.8%	5.2%	5.2%	5.9%	6.1%		
Insurance												
Tax												
Price index for Brandnew Motor Vehicles at retail prices (1995=100)												
Purchase of brandnew Motor vehicles (NACE Rev.1 dm 34.1)												
Purchase of brandnew passenger car	1.2%	1.3%	1.3%	1.1%	1.2%	1.0%	1.2%	1.4%	1.7%	1.8%		
Index of Manufacturing Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Export Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												
Index of Import Prices of Motor Vehicles (2005=100)												
Total (NACE Rev.1 dm 34.1)												

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Summary of tax, environment, transport and emission policy measures in 2008/07 by country

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
AT Austria	Since the elections on September 28, 2008, Austria has been waiting for the constitution of a new government, which is expected to be in place in the following week or two, and led by the same political parties as before (socialists, christian democrats).	

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others																					
BE Belgium	<p>Taxation</p> <p>CO2 incentives for the purchase of new cars</p> <ul style="list-style-type: none"> • Tax reduction equivalent to 15% of the sale price for taxpayer who buys a car emitting less than 105 g CO₂/km with a maximum of 4,350 EUR • Tax reduction equivalent to 3% of the sale price for taxpayer who buys a car emitting between 105g and 115g CO₂/km with a maximum of 810 EUR. <p>Companies are not entitled to these tax reductions.</p> <p>The measures related to CO₂ emissions, in particular the purchase of fuel-efficient cars will be promoted by turning the existing income tax credit into a reduction on the invoice. These changes will come into force on 1 July.</p> <p>As regards company cars, the tax deductibility of expenses related to the use of the car (currently limited to 75%) will be linked to the CO₂ emissions of the car. This will apply to new cars as from 1 April 2007 and for the entire fleet as from 1 April 2008.</p> <p>The rates will be as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">CO₂ Émissions</th> <th>Déductibilité</th> </tr> <tr> <th>Diesel</th> <th>Petrol</th> <th></th> </tr> </thead> <tbody> <tr> <td>< 105 g</td> <td>< 120</td> <td>90%</td> </tr> <tr> <td>105 et 115</td> <td>120 et 130</td> <td>80%</td> </tr> <tr> <td>115 et 145</td> <td>130 et 160</td> <td>75%</td> </tr> <tr> <td>145 et 175</td> <td>160 et 190</td> <td>70%</td> </tr> <tr> <td>> 175</td> <td>> 190</td> <td>60%</td> </tr> </tbody> </table>	CO₂ Émissions		Déductibilité	Diesel	Petrol		< 105 g	< 120	90%	105 et 115	120 et 130	80%	115 et 145	130 et 160	75%	145 et 175	160 et 190	70%	> 175	> 190	60%	<p>Environment</p> <p>Since 1st January 2007 a tax reduction (200€) has been granted for cars equipped with a particles filter and emitting less than 130g CO₂/km. Since 1st July 2007, the income tax credit has been turned into a reduction on the invoice Companies are not entitled to these tax reductions.</p> <p>The Walloon government has introduced a bonus-malus system on new and second-hand cars purchased by particulars. The system is based on CO₂ emissions and has been introduced since 1st January 2008. The malus came into force on 1st April.</p> <p>Emissions</p> <p>Excises compensating tax on diesel cars were suppressed on 1st January 2008.</p>
CO₂ Émissions		Déductibilité																					
Diesel	Petrol																						
< 105 g	< 120	90%																					
105 et 115	120 et 130	80%																					
115 et 145	130 et 160	75%																					
145 et 175	160 et 190	70%																					
> 175	> 190	60%																					

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
DK Denmark		<p>Environment</p> <p>At the annual conference of the governing liberal party, Prime Minister Anders Fogh Rasmussen gave a major policy speech which was entirely focused on the fight against climate change. No concrete initiatives were announced, but emphasis was put on electric cars as well as on the promotion of vehicles with low emissions.</p> <p>Transport Policy</p> <p>A major government plan on infrastructure investments is expected in the coming weeks.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
FI Finland	<p>Taxation</p> <p>On 7 November 2008, the Government proposed a bill to the Parliament on the new registration tax system for LCVs. The system is based on CO2 emissions. LCVs with a mass over 2500 kg get a reduction of the car tax level. The heavier the vehicle is, the bigger is the reduction. We have negotiated the system together with the Ministry of Finance and our estimation is that the system has reached a good balance between CO2 emissions and weight.</p>	<p>Environment</p> <p>The new CO2 based registration tax system for passenger cars has been quite successful. The average CO2 emissions of new passenger cars was 178 g/km in 2007 and 160 g/km this year. Car Recycling Company Ltd, which is owned by importers, launched a huge media campaign on car recycling. The idea was that a person who recycled his/her car against COD (SAK:s network) received an incentive, the value of which was 200 € when purchasing a used car and 500 € when purchasing a new car.</p> <p>The Environmental Center of Finland made a study with use of the life cycle analysis of the proper running time of a passenger car. Of course, it showed that, if there is more than a 3% average decrease on CO2 emissions of new cars, it will be reasonable to renew the whole population of cars when talking about CO2 emissions.</p> <p>Transport Policy</p> <p>--</p> <p>Emissions</p> <p>A Committee is trying to find out how Finland could meet the targets for reducing CO2 emissions by 2020. The Committee is making proposals on how to achieve these targets. AT has a member in the Committee.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
FR France	<p>Taxation</p> <p>In a very difficult context for the road transport sector (1,478 bankruptcies during the first nine months of 2008 ; + 82%), the National Assembly adopted, on 16 October, the new toll on heavy truck traffic on the national road network (excluding motorways and the Trans-European Network), which will enter into force on 1 January 2011. Its amount will be modulated according to the regions and other criteria like the euro standard. The benefits should be around € 900 million per year and will be devoted to the National Agency for Transport Infrastructure (ambitious non-road projects in the continuation of the <i>Grenelle de l'environnement</i>). Road transport companies will be able to pass on this tax to shippers and customers, but details have not been defined yet.</p>	<p>Environment</p> <ul style="list-style-type: none"> - The bonus-malus system, which was initially planned to be financially neutral with the bonus offsetting the malus, will generate a deficit of € 260 million to the national Budget in 2008 (and possibly € 330 million in 2009), due to the fact that low-CO₂ car sales have been much higher than expected, to the detriment of higher-range cars. However, the emission levels fixed for the bonus-malus will remain unchanged in the short term. - As a complement to this existing measure, an additional, annual "malus" is planned by the government for cars emitting more than 250 g/km (€ 160) and registered for the first time from 1 January 2009. - During his visit to the <i>Mondial de l'Automobile</i>, the French President confirmed that € 400 million would be devoted to R&D activities for low-CO₂ technologies (electric and hybrid cars). The ecological bonus of € 5,000 for cars emitting less than 60 g/km will be unchanged until 2012 in terms of emission criteria, and will be extended to light commercial vehicles. From 1 January 2009, a decree will limit to 130 g/km the maximum CO₂ emission level for public fleets (see the Green Public Procurement Directive). Mr. Sarkozy also supported the demand expressed by ACEA for a low-interest loans package to help to secure a sustainable market for current and newly developed innovative technologies. <p>Transport Policy</p> <p>Fuel purchases in France decreased in October (-3.5 %) and increased in September (+4.3 %). A historic decrease in August (-12.3 %; -16.9 % for gasoline, -10.6 % for diesel) followed already significant decreases during June (-8.1 %) and July (-4 %), in a context of sharp price increases and economic downturn. The trend is negative for the first ten months of 2008 (-2.2 %).</p> <p>In order to collect additional funds for the ambitious infrastructure projects laid down by the <i>Grenelle de l'environnement</i>, the annual fee paid by motorway companies to the State Budget following their recent privatisation could barely double in 2009 to € 475 million. As a counterpart, motorway user prices are expected to increase more significantly in the coming months.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
DE Germany	<p>Taxation</p> <p>Discussions on introducing a CO₂-base into the annual circulation tax are still under way. However, the federal government has agreed to eliminate the circulation tax for one year on all new cars bought until 30 June 2009. Low-emission cars (Euro 5 and 6) will be exempted for two years. However, no exemptions will be granted after 2010.</p> <p>Furthermore, the federal government has recently confirmed its intention to introduce a CO₂-based circulation tax from January 2011 onwards.</p>	<p>Transport Policy</p> <p>From 1 January 2009 onwards the motorway toll for heavy trucks will be increased from 13.5% to 16.3% per kilometer on average. The chamber of the states (Bundesrat) agreed to this measure on 7 November.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
EL Greece	<p>Taxation</p> <p>The Minister of Finance announced his intention to reactivate the tax presumptions* on the acquisition of passenger cars in relation to the yearly income of their owners, a law that was abolished in 2003.</p> <p>AMVIR's Board of Directors met recently with the Minister of Finance who accepted that tax presumptions should only be applied to passenger cars with an engine capacity of more than 2,0L and will correlate their real maintenance cost and not much higher, as was the case in the past.</p> <p><i>(*) Tax presumption means that, if for example, a tax payer owns a car, a certain income relating to the car's engine capacity is assumed to be available to him every year, and in case the tax payer declares less in his annual tax statement than the aforementioned assumed income, then he will be taxed on the higher income, as produced by the tax presumption.</i></p>	<p>Transport Policy</p> <p>The Minister of Transport recently announced his intention to implement a programme for the renewal of the passenger car fleet in Greece, starting in 2009 or 2010.</p> <p>For this reason, a special Committee has been set up in the Ministry of Transport, the so-called "Green Transportation Committee".</p> <p>AMVIR, along with the Foundation for Economic & Industrial Research (IOBE), has prepared a relevant study for passenger car fleet renewal and communicated it to the Ministry of Transport.</p> <p>At the moment, the Minister of Transport is examining the above study and further actions will be announced shortly.</p>

		Taxes, Fiscal Incentives, Government Budget				Environment, Transport, Emissions and Others				
IT Italy	Taxation	The Italian Government has adopted the new Fiscal Law for 2008. The main issue concerning the automotive sector is the renewal of incentives:				Environment				
						Italian Regions and Municipalities have adopted different measures – seasonal or annual - to limit the circulation in the urban centers.				
						REGIONAL MEASURES				
						AREA	PERIOD	VEHICLES CONCERNED	TIME	EXEMPTIONS
		Incentive to purchase <u>upon</u> scrapping the old vehicle	New vehicles	Vehicles to be scrapped	Period					
	Incentive to purchase new electric, hydrogen, CNG, LPG vehicles <u>without</u> scrapping the old									
	Only scrapping									
					Emilia Romagna	1/10/07 – 31/3/08; 7/1/08 – 31/3/08	- (PC+LCV) Euro 0 + Diesel Euro 1 - Euro 2 Diesel without DPF - all private vehicles	Mon–Fri: 8.30-18.30 Thu: 8.30 -18.30 (cancelled in case of non-critical conditions)	- Electric/ hybrid/methane/ LPG - Euro 4 petrol - Euro 4 Diesel with DPF - Specific transports and special use	
					Piedmont	from 1/10/07	- (PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: minimum 8 h	- Electric/ hybrid/methane/ LPG - Specific transports and special use	
					Lombardy	15/10/07 – 15/4/08	- (PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: 7.30.– 19.30	- Electric/ hybrid/methane/ GPL	
					Tuscany*	- 2007 - 2008	- (PC+LCV) Euro 0 + Euro 1 Diesel	Tue-Thu: 8.00 - 18.00 + in 16 municipalities Euro 0 7days/week/ 24hours.	- to be defined at municipality level	
					Veneto	- winter 2007-2008	- Modes and times different depending on cities, but preferably aimed at Euro 0 + Euro 1 Diesel vehicles			

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others																														
IT Italy		<p>MUNICIPALITY MEASURES</p> <table border="1"> <thead> <tr> <th data-bbox="1213 240 1346 289">AREA</th> <th data-bbox="1346 240 1461 289">PERIOD</th> <th data-bbox="1461 240 1667 289">VEHICLES CONCERNED</th> <th data-bbox="1667 240 1808 289">TIME</th> <th data-bbox="1808 240 2013 289">EXEMPTIONS</th> </tr> </thead> <tbody> <tr> <td data-bbox="1213 289 1346 464">Turin + 17 municipal. surrounding the city</td> <td data-bbox="1346 289 1461 464">from 5/11/07</td> <td data-bbox="1461 289 1667 464">- (PC+LCV) Euro 0 + Euro 1 Diesel</td> <td data-bbox="1667 289 1808 464">Mon-Fri: cars 8.00 – 19.00 goods transport: 8.30-13/ 14.30-19</td> <td data-bbox="1808 289 2013 464">- Electric/hybrid/ methane/LPG - Drivers over 65</td> </tr> <tr> <td data-bbox="1213 464 1346 574">Milan + 210 municipal. in Lombardy</td> <td data-bbox="1346 464 1461 574">15/10/07 – 15/4/08</td> <td data-bbox="1461 464 1667 574">- (PC+LCV) Euro 0 + Euro 1 Diesel</td> <td data-bbox="1667 464 1808 574">Mon-Fri: 7.30 – 19.30</td> <td data-bbox="1808 464 2013 574">- Electric/hybrid/ methane/LPG</td> </tr> <tr> <td data-bbox="1213 574 1346 837">Milan* historical centre/ precinct and ancient ring-walls</td> <td data-bbox="1346 574 1461 837">from 2/1/08</td> <td data-bbox="1461 574 1667 837">car entrance ticket: Euro 1-2 petrol: 2€ Euro 0 petrol / Euro 1-2-3 Diesel: 5€ Euro 0 Diesel: 10€ special tickets for residents/ commuters</td> <td data-bbox="1667 574 1808 837">Mon-Fri: 7.30 -19.30</td> <td data-bbox="1808 574 2013 837">- Electric/hybrid/ methane/LPG - Euro 3-4 petrol - Euro 4 petrol with DPF - Euro 4 Diesel, without DPF (up to June 30)</td> </tr> <tr> <td data-bbox="1213 837 1346 1013">Venice (on city land)</td> <td data-bbox="1346 837 1461 1013">- 15/10/07 - 12/12/07 & - 7/1/08 – 30/3/08</td> <td data-bbox="1461 837 1667 1013">- (PC+LCV) Euro 0 + Euro 1 Diesel - other vehicles: different number plates on alternative days</td> <td data-bbox="1667 837 1808 1013">Mon-Fri: 8.30 - 18 Thu & Fri: 8.00 - 18.00</td> <td data-bbox="1808 837 2013 1013">- Electric/hybrid/ methane/LPG</td> </tr> <tr> <td data-bbox="1213 1013 1346 1162">Florence*</td> <td data-bbox="1346 1013 1461 1162">- from 1/1/08</td> <td data-bbox="1461 1013 1667 1162">- Euro 0 PC + Euro 1 Diesel - (LCV + special use vehicles) Euro 0</td> <td data-bbox="1667 1013 1808 1162">7days/week/ 24hours</td> <td data-bbox="1808 1013 2013 1162">- Electric/hybrid/ methane / LPG - drivers over 65</td> </tr> </tbody> </table> <p data-bbox="1213 1162 1314 1192">* in force</p>	AREA	PERIOD	VEHICLES CONCERNED	TIME	EXEMPTIONS	Turin + 17 municipal. surrounding the city	from 5/11/07	- (PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: cars 8.00 – 19.00 goods transport: 8.30-13/ 14.30-19	- Electric/hybrid/ methane/LPG - Drivers over 65	Milan + 210 municipal. in Lombardy	15/10/07 – 15/4/08	- (PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: 7.30 – 19.30	- Electric/hybrid/ methane/LPG	Milan* historical centre/ precinct and ancient ring-walls	from 2/1/08	car entrance ticket: Euro 1-2 petrol: 2€ Euro 0 petrol / Euro 1-2-3 Diesel: 5€ Euro 0 Diesel: 10€ special tickets for residents/ commuters	Mon-Fri: 7.30 -19.30	- Electric/hybrid/ methane/LPG - Euro 3-4 petrol - Euro 4 petrol with DPF - Euro 4 Diesel, without DPF (up to June 30)	Venice (on city land)	- 15/10/07 - 12/12/07 & - 7/1/08 – 30/3/08	- (PC+LCV) Euro 0 + Euro 1 Diesel - other vehicles: different number plates on alternative days	Mon-Fri: 8.30 - 18 Thu & Fri: 8.00 - 18.00	- Electric/hybrid/ methane/LPG	Florence*	- from 1/1/08	- Euro 0 PC + Euro 1 Diesel - (LCV + special use vehicles) Euro 0	7days/week/ 24hours	- Electric/hybrid/ methane / LPG - drivers over 65
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		Rome (inner part of city loop)	- 10/1/08 - 27/3/08	- (PC+LCV) Euro 0 petrol + Euro 0-1-2 Diesel - (PC+LCV) Euro 1 -2-3 petrol + Euro 3 Diesel/Euro 4 without DPF	- Thu : 15.00 - 21.00 (in emergency: 7.30 - 21.00) - different number plates on alternative Thursdays: 15.00 – 21.00	- Electric/hybrid/methane/LPG - Euro 4 petrol - Euro 4 Diesel, with DPF
		Naples *	- from 3/9/07	- (PC+LCV) Euro 0 + Euro 1	Euro 0 – Mon & Fri: 8.30 - 18.30. Euro 1: Wed-Fri: 9.30 - 13.30	- Electric/methane/LPG
		* in force				

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p>NL Netherlands</p>	<p>Taxation</p> <p>➤ On 31 May 2008, our government has made some crucial decisions about the environment and taxation for the next few years.</p> <p>First of all, a decision was made about the introduction of road pricing in the Netherlands. In the year 2011, heavy commercial vehicles will start with road pricing. In 2012, the first contingent of passenger cars will start with road pricing. In order to facilitate the scheme of road pricing, our registration tax (BPM) will be abolished, except for motorcycles. This will take place in the next 10 years, to start in 2009. The scheme of abolishment will be: a 5%/year reduction during the first 4 years. Then another 6 years with 12,5% /year. In total, this would represent 95%. In 2008, a first step of 5% was already made (in total: 100%). In the meantime, the next operation will be carried out:</p> <ul style="list-style-type: none"> - The reduction of BPM will be compensated by an increase of the annual circulation tax (ACT) for all vehicles (commercial vehicles, passenger cars and motorcycles). - During the scheme of abolishment, the foundation of our registration tax (catalogue price) will be gradually redirected to the amount of CO2 emissions/km. <p>Other plans of our government for 2009 and the following years:</p> <ul style="list-style-type: none"> - Increase ACT for commercial vehicles and heavy trucks, equal to or less than EURO 2. - Addition of extra step of 20% in our scheme of taxation for the private use of business cars, between the current steps of 14% (very fuel-efficient cars, i.e. less than 110 g CO2/km for petrol cars and less than 95 g CO2/km for diesel cars) and 25% (nominal tariff). - Another 50% discount ACT for these very fuel-efficient cars (the first 50% discount was introduced on 1st April 2008). - Lowering the excise duty for LNG to the amount applied to petrol cars. - Re-introduction of a fiscal scheme for passenger cars with diesel engines with a particle matter emission equal to or less than 5 mg/km. For these cars, there will be a fiscal discount of € 600,- in 2009 and of € 300,- in 2010. In 2011, the discount will be nihil. The funding for this re-introduction will be found in the increase of the registration tax for all passenger cars by € 76,- during three years. - In 2009, the limits from where a surplus in the registration tax will be charged for very fuel inefficient cars (petrol as well as diesel) will again be lowered - During the years 2010-2013 (4 years), the fundamentals of our registration tax (which is now the net consumer price), will gradually but completely change into CO2 emissions in g/km. <p>➤ Our government prefers a voluntary agreement between the government, suppliers of commercial vehicles and customer organisations to speed up the introduction and purchase of these vehicles with an FAB filter. It is supposed to sign an agreement in December 2008.</p> <p>➤ The aforementioned proposals are to be discussed by our Parliament at the moment of this writing. In the course of November 2008, our Parliament will make a final decision about these proposals. All details will be included in the forthcoming ACEA Tax Guide 2009.</p>	

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
PT Portugal	<p>Taxation</p> <p>The new policy for car tax (ISV) points out the following: since 1 July 2007, 10% of the tax burden from the tax on acquisition has been transferred to the tax on ownership. At the same time, the environment part has become a bigger part of the total tax on acquisition than the cylinder capacity part. Concerning year 2008, the ISV rates were changed after 1 January 2008 and, after that date, the environment part began to represent 60% of the total tax on acquisition, while the cylinder capacity part represented the remaining 40%.</p>	<p>Environment</p> <p>During 2008, the Government has kept giving subsidies for the scrapping of cars older than 10 years. In the meantime, the Government has approved some procedures to make these subventions easier and more tempting.</p> <p>On the other hand, the recycling process of ELVs is still in progress in Portugal. A company (VALORCAR) was created to monitor and coordinate the recycling process (on www.valorcar.pt, it is possible to have access to the network of the Portuguese certified centres for the recycling process).</p> <p>The car tax is paying more and more attention to environmental problems. In 2008, the environmental component of ISV represents 60% of the car tax on acquisition. Gas, Electric, LPG and hybrid vehicles benefit from a reduction of 50% on the car tax on acquisition.</p> <p>Besides, Portugal is applying all the directives in force relative to Euro Standards.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others																										
E Spain		<p data-bbox="1199 191 1864 212">Incentives: PLAN VIVE (Vehículo Ecológico – Vehículo Innovador)</p> <p data-bbox="1199 253 2007 298">As of 1 December, Plan VIVE will deeply change the conditions, making it more flexible and attractive to buyers. The changes are shown in the following table:</p> <table border="1" data-bbox="1209 358 1990 1344"> <thead> <tr> <th data-bbox="1209 358 1598 456">PLAN VIVE (BOE nº156-June 28th 2008)</th> <th data-bbox="1598 358 1990 456">NEW PLAN VIVE (BOE nº81- November 21th 2008)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1209 456 1598 516">Credit facilities</td> <td data-bbox="1598 456 1990 516">Credit facilities</td> </tr> <tr> <td data-bbox="1209 516 1598 576">Credit line up to € 1,200 million</td> <td data-bbox="1598 516 1990 576">Credit line up to € 1,200 million</td> </tr> <tr> <td data-bbox="1209 576 1598 636">Scrapping of a vehicle that is more than 15 years old</td> <td data-bbox="1598 576 1990 636">Scrapping of a vehicle that is more than 10 years old or that has more than 250,000 km.</td> </tr> <tr> <td data-bbox="1209 636 1598 727">Credit of € 5.000 free of interest rate. Credit period of 5 years</td> <td data-bbox="1598 636 1990 727">Credit of € 10.000 free of interest rate. Credit period of 5 year with the possibility of a year of lack</td> </tr> <tr> <td data-bbox="1209 727 1598 906">New vehicle - CO2 emissions not over 120 g/km or CO2 emissions not over 140 g/km with ESC (Electronic Stability Control) and acoustic seat belt alarm.</td> <td data-bbox="1598 727 1990 906">New vehicle - CO2 emissions not over 120 g/km or CO2 emissions not over 140 g/km with ESC (Electronic Stability Control) and acoustic seat belt alarm or cars with CO2 emissions not over 140 g/km with some other specific technical requirements</td> </tr> <tr> <td data-bbox="1209 906 1598 966">Commercial vehicles are not included</td> <td data-bbox="1598 906 1990 966">Commercial vehicles (<3,5 t), with emissions not over 160 g/km</td> </tr> <tr> <td data-bbox="1209 966 1598 1026">Second-hand vehicles are not included</td> <td data-bbox="1598 966 1990 1026">Second-hand vehicles (maximum 5 years), but the vehicle scrapped should be 15 years old</td> </tr> <tr> <td data-bbox="1209 1026 1598 1086">Maximum price of acquisition: € 20,000</td> <td data-bbox="1598 1026 1990 1086">Maximum price of acquisition: € 30,000</td> </tr> <tr> <td data-bbox="1209 1086 1598 1146">It is obligatory to finance 100% of the new vehicle</td> <td data-bbox="1598 1086 1990 1146">The 100% requirement has been eliminated</td> </tr> <tr> <td data-bbox="1209 1146 1598 1263">Rest of the credit: variable interest rates (Euribor+ until 2.5%)</td> <td data-bbox="1598 1146 1990 1263">Rest of the credit: fixed interest rates (ICO interest rates reference+ until 2.5%)</td> </tr> <tr> <td data-bbox="1209 1263 1598 1292">Consumer saving: approx. € 900-1000</td> <td data-bbox="1598 1263 1990 1292">Consumer saving: approx. € 1800-2000</td> </tr> <tr> <td data-bbox="1209 1292 1598 1344">In force: from 1 August 2008 to 30 November 2008</td> <td data-bbox="1598 1292 1990 1344">In force: from 1 December 2008 to 31 July 2010</td> </tr> </tbody> </table>	PLAN VIVE (BOE nº156-June 28 th 2008)	NEW PLAN VIVE (BOE nº81- November 21 th 2008)	Credit facilities	Credit facilities	Credit line up to € 1,200 million	Credit line up to € 1,200 million	Scrapping of a vehicle that is more than 15 years old	Scrapping of a vehicle that is more than 10 years old or that has more than 250,000 km.	Credit of € 5.000 free of interest rate. Credit period of 5 years	Credit of € 10.000 free of interest rate. Credit period of 5 year with the possibility of a year of lack	New vehicle - CO2 emissions not over 120 g/km or CO2 emissions not over 140 g/km with ESC (Electronic Stability Control) and acoustic seat belt alarm.	New vehicle - CO2 emissions not over 120 g/km or CO2 emissions not over 140 g/km with ESC (Electronic Stability Control) and acoustic seat belt alarm or cars with CO2 emissions not over 140 g/km with some other specific technical requirements	Commercial vehicles are not included	Commercial vehicles (<3,5 t), with emissions not over 160 g/km	Second-hand vehicles are not included	Second-hand vehicles (maximum 5 years), but the vehicle scrapped should be 15 years old	Maximum price of acquisition: € 20,000	Maximum price of acquisition: € 30,000	It is obligatory to finance 100% of the new vehicle	The 100% requirement has been eliminated	Rest of the credit: variable interest rates (Euribor+ until 2.5%)	Rest of the credit: fixed interest rates (ICO interest rates reference+ until 2.5%)	Consumer saving: approx. € 900-1000	Consumer saving: approx. € 1800-2000	In force: from 1 August 2008 to 30 November 2008	In force: from 1 December 2008 to 31 July 2010
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	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
S Sweden	<p>Taxation</p> <p>The tax premium of SEK 10 000 for private persons purchasing a new eco car will be abolished already from 1 July 2009 instead of 1 January 2010, as decided earlier.</p> <p>Also the exemption for eco cars to pay the congestion tax in Stockholm will be abolished in advance. Eco cars newly registered from 1 January 2009 have to pay congestion tax. According to a former decision, all eco cars should be exempted from paying the congestion tax until the end of July 2012. All eco cars newly registered before 1 January 2009 will, however, not pay the congestion tax until the end of July 2012.</p> <p>The exemption for people having an eco car to pay a residence parking fee will be abolished in advance or already from 1 January 2009.</p> <p>The petrol tax will be increased by SEK 0.29 per litre and the diesel fuel tax will be increased by SEK 0.22 per litre, incl. VAT from 1 January 2009. These tax increases are the effect of an annual price index adjustment.</p>	

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
UK United Kingdom	<p>Taxation</p> <p>The Pre-Budget Report is due on 24th November and this is likely to set up the Government's policy on taxation in the short term, with the main Budget expected in Spring 2009.</p> <p>Like many other nations the UK is looking at tax cuts to help stimulate the economy and lessen the impact of the expected recession.</p> <p>Industry has pressed for government to reconsider proposals already announced in the last Budget, to move the Vehicle Excise Duty system for new cars from 7 to 13 bands (based on CO₂ emissions) in April 2009, with significantly higher rates at the top end and also in April 2010 a new first year rate – which would range from £0 to £950 for the highest emitting cars.</p>	<p>Environment</p> <p>The Committee on Climate Change (CCC) Inaugural Report 'Building a low-carbon economy - the UK's contribution to tackling climate change' will be published on 1st December 2008. The CCC is being established as an independent body to provide expert analysis and advice on how the UK can meet its climate change goals. The CCC is responsible for advising on the UK's carbon budgets for the period to 2050, and for reporting on progress in reducing emissions to meet these budgets. In October it recommended that emissions from harmful Greenhouse Gases be reduced by at least 80% by 2050.</p> <p>Emissions</p> <p>SMMT published figures showing average new car emissions in the UK fell to 158.6g/km over the first three quarters of 2008. This was 3.8% down on the full year 2007 figure – the steepest decline on record and 16.4% below the 1997 figure (1st year SMMT has data on).</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
BG Bulgaria	<p>Taxation</p> <p>No taxation changes since the last report. 20% VAT for vehicles. Excise tax for car with engine power above 120 kW. Tax initiatives (local taxes) for vehicles complying to Euro 1, Euro 2, Euro 3 and Euro 4.</p>	<p>Environment</p> <p>ELV treatment fee (legislation change in 2008) – contrarily to the stipulations of Directive 2000/53/EC the fee is being collected not only for vehicle that are put on the market but also for second-hand cars having a new registration in Bulgaria i.e. a car put on the EU market is a subject to a second fee collection in Bulgaria if the car has a new owner in Bulgaria.</p> <p>Transport Policy</p> <p>One of the priorities of the Bulgarian government is the development of the infrastructure.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
<p>CZ Czech Republic</p>	<p>Taxation</p> <p>Please refer also to our contributions in the previous NERs. During 2007, the Government was preparing the vast financial reform. The appropriate Bill passed through the usual legislative procedures and was adopted as: Act No. 261/2007 Coll. of 19 September 2007 - "Act on stabilization of public budgets" It was issued on 16 October 2007 and came into force on 1 January 2008, except for some paragraphs to come into force later. This Act influences, possibly amends in its wording or even initiates, many other acts concerning e.g.: VAT, Income Tax, Excise Duty, Road Tax, special taxes on energy (electricity, solid fuels, gases), Real Estate Tax, Real Estate Transfer Tax, Inheritance Tax, Gift Tax, insurance of different kinds, Labour Code etc. Some of existing individual acts are to be amended to comply with Act No. 261/2007 and the appropriate bills have been or are just being negotiated in the Parliament. The procedure has not been finalised yet in some cases due to strong opposition. Therefore, the relevant information will be provided in due course in the next NERs.</p>	<p>Environment</p> <p>The Czech Republic - ELV - Legislation - Implementation For further details, please see the previous NERs. REACH For further details, please see the previous NERs.</p> <p>Transport Policy</p> <p>Transport policy of the CR <i>(Source of information: Ministry of Transport of the CR = MoT)</i> A document "The Transport Policy of the CR for years 2005 - 2013" is a complex paper providing strategic goals in the field of transport and transport networks. It was approved by the Government in <i>Decision No. 882 /2005 of 13 July 2005</i>. For further details, please see the previous NERs. The document is naturally also valid in 2008.</p> <p>GEPARDI <i>(Source of information: Ministry of Transport of the CR = MoT)</i> A general plan of the transport infrastructure development <i>GEPARDI</i> is a principal strategic document that directly follows the approved document "The Transport Policy of the CR for years 2005 - 2013" and should act as its implementation tool. For further details, please see the previous NERs. The document is naturally also valid in 2008.</p> <p>Road-Pricing Systems - E-Toll <i>(Source of information: Czech media and Ministry of Transport = MoT)</i> For further information, please see the previous NERs. More information on the E-Toll system in the CR is also available on www.premid.cz.</p> <p>Marco Polo Programme <i>(Source of information: Ministry of Transport of the CR = MoT)</i> For further details, please see the previous NERs. This programme is also going on in 2008.</p> <p>National Strategy of Cycling Transport Development in the CR <i>(Source of information: Ministry of Transport of the CR = MoT)</i> For further details, please see the previous NERs. This programme is also going on in 2008.</p> <p>Programme of Supporting Renovation of Urban Public Transport Vehicles and Public Intercity Bus Transport <i>(Source of information: Ministry of Transport of the CR = MoT)</i> For further details, please see the previous NERs. This programme is also going on in 2008.</p> <p>State Programme for Support of Energy Savings and Utilisation of Renewable Energy Sources (Sub-Programme within Ministry of Transport) <i>(Source of information: Ministry of Transport of the CR = MoT)</i> For further details, please see the previous NERs. This programme is also going on in 2008.</p> <p>Road safety <i>(Source of information: Ministry of Transport of the CR = MoT)</i> For further details, please see the previous NERs. The following measures contribute to increasing the road safety level:</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
CZ Czech Republic		<p>- Council of the Government of the Czech Republic for Road Traffic Safety The status of <i>the Council</i> was newly formulated by the Government of the CR on 11 June 2007 in <i>Decision No. 642/07</i>, which came into force on 11 June 2007.</p> <p><i>BESIP (BEzpecnost Silnicniho Provozu = Road Traffic Safety)</i>, as a special department of MoT, acts as an executive arm and a secretariat to <i>the Council</i>.</p> <p>- National Strategy of Road Traffic Safety <i>The National Strategy of Road Traffic Safety</i> was approved by the Government of the Czech Republic at its meeting on 28 April 2004 in <i>Decision No. 394/04</i>. The document is naturally also valid in 2008.</p> <p>- European Road Safety Charter AIA CR joined the Charter by signing the appropriate documents on 27 September 2007 in Prague in order to promote and disseminate the ideas of the Charter within the AIA CR activities.</p> <p>ITS (Source of information: Ministry of Transport of the CR = MoT) For further details, please see the previous NERs. This strategy and this programme are also going on in 2008.</p> <p>Emissions</p> <p><i>Biofuel</i> For further information on the developments of this issue, please see the previous NERs.</p> <p>AdBlue For further details, please see the previous NERs.</p> <p>For the latest information on the history, recent development, current situation and future of the production and distribution of fuels and lubricants in the CR it is possible to visit www.cappo.cz operated by the Czech Association of Petroleum Industry and Trade (CAPPO) and to download, for instance, the "<i>Annual Report 2007</i>" of April 2008.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
EE Estonia	<p>Taxation</p> <p>In addition to the 18% VAT. the following excise duties apply:</p> <ul style="list-style-type: none"> - diesel: 5.165 EEK (€0.330)/litre - unleaded petrol: 5.62 EEK (€0.359)/litre - leaded petrol: 6.60 EEK (€0.422)/litre. <p>There are no additional changes in the taxation policy. There is free parking in Tallinn for the hybrid cars.</p>	

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others
PL Poland		<p>Environment</p> <p>On 7 November 2008, the Polish Parliament adopted a new Act amending the Act on public roads and some other Acts. The main provisions of abovementioned Act are:</p> <ul style="list-style-type: none"> • Exclusion of vehicles below 12t from the present regulation relating to road fares. • Increase of the maximal road fare to 1800 euro for a year (before it was 800 euro for a year). • The regulations mentioned in this Act will be enforced until 30 June 2011. • Introduction from 1 July 2011 of a new electronic collection system of road fares, which is intended for vehicles above 3.5 tons. • New electronic collection system based on kilometer rate which, will be paid for every kilometer covered by a vehicle on given roads. • Penalties for breaching the provisions of the Act relating to road fares. <p>The Act to enter into force first needs to be signed by The President, which probably will happen in 2-3 weeks. It will then be published in The Journal of Law. Finally, it will enter into force 14 days its after publication in The Journal.</p>

	Taxes, Fiscal Incentives, Government Budget	Environment, Transport, Emissions and Others																																										
RO Romania	<p>Taxation</p> <p>1.1 Since the beginning of 2007, the first special registration tax has been applied, the amount of which depends on: displacement, emissions level and age of the vehicle. Simultaneously, excise duties have been removed for new local or imported vehicles.</p> <p>A new algorithm aimed at determining the “pollution” tax was approved and has been effective since 1 July 2008.</p> <p>1.2 Road taxes (rovigneta)</p> <p>Until the end of 2007, the annual taxes in the following table were applied (in €):</p> <table border="1"> <thead> <tr> <th>Vehicle Type</th> <th>Non Euro</th> <th>Euro 1</th> <th>Euro 2 an over</th> </tr> </thead> <tbody> <tr> <td>Cars</td> <td>24</td> <td>21</td> <td>16.8</td> </tr> <tr> <td>Microbuses</td> <td>216</td> <td>210</td> <td>204</td> </tr> <tr> <td>Buses</td> <td>510</td> <td>450</td> <td>390</td> </tr> <tr> <td>CV 3.5 – 7 to</td> <td>240</td> <td>228</td> <td>210</td> </tr> <tr> <td>CV 7-12 to</td> <td>540</td> <td>480</td> <td>420</td> </tr> </tbody> </table> <p>1.3 Annual tax.</p> <p>Annual taxes are the following (in RON; 1€=3,5 RON):</p> <table border="1"> <thead> <tr> <th>Vehicle type</th> <th>Tariff</th> </tr> </thead> <tbody> <tr> <td>Car <1600cc</td> <td>7</td> </tr> <tr> <td>Car 1601-2000cc</td> <td>15</td> </tr> <tr> <td>Car 2001-2600cc</td> <td>30</td> </tr> <tr> <td>Car 2601-3000cc</td> <td>60</td> </tr> <tr> <td>Car >3000cc</td> <td>120</td> </tr> <tr> <td>Buses</td> <td>20</td> </tr> <tr> <td>CV<12to</td> <td>25</td> </tr> <tr> <td>CV>12to</td> <td>100-1361</td> </tr> </tbody> </table>	Vehicle Type	Non Euro	Euro 1	Euro 2 an over	Cars	24	21	16.8	Microbuses	216	210	204	Buses	510	450	390	CV 3.5 – 7 to	240	228	210	CV 7-12 to	540	480	420	Vehicle type	Tariff	Car <1600cc	7	Car 1601-2000cc	15	Car 2001-2600cc	30	Car 2601-3000cc	60	Car >3000cc	120	Buses	20	CV<12to	25	CV>12to	100-1361	<p>Environment</p> <p>2.1 There are no financial incentives concerning vehicles.</p> <p>2.2 The 2000/53 Directive – recycling is transposed in the Romanian legislation. After 1 January 2007, the enforcing deadlines are the same as those of the EU.</p> <p>Emissions</p> <p>There are no incentives concerning vehicles.</p> <p>Fuel excises are slightly different for gasoline and diesel in EURO 3, 4 and 5.</p>
Vehicle Type	Non Euro	Euro 1	Euro 2 an over																																									
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AUSTRIA

ECONOMIC REPORT

Wien, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	215.88	+ 0.9 (+ 0.9)	+ 1.1 (+ 1.2)	+ 2.5 (+ 2.3)	+ 2.9 (+ 2.0)	+ 3.4 (+ 3.3)	+ 3.1 (+ 3.4)	+ 2.0 (+ 2.1)	+ 0.9 (+1.7)
Real Consumer Expenditure	111.91	+ 0.1 (+ 0.1)	+ 1.3 (+ 1.3)	+ 2.2 (+ 1.8)	+ 2.6 (+ 2.0)	+ 2.4 (+ 2.1)	+ 1.0 (+ 1.4)	+ 1.0 (+ 1.6)	+ 1.2 (+1.6)
Real Industrial Production	124.0	+ 0.4 (+ 0.4)	+ 0.1 (+ 0.1)	+ 3.0 (+ 2.4)	+ 4.8 (+ 3.1)	+ 9.6 (+ 8.8)	+ 5.5 (+ 7.1)	+ 3.2 (+ 3.0)	+ 0.5 (+2.8)
Real Business Investments	47.02	- 6.0 (- 6.0)	+ 5.9 (+ 5.9)	+ 0.7 (+ 0.1)	+ 2.4 (+ 0.3)	+ 2.6 (+ 3.8)	+ 4.7 (+ 4.8)	+ 2.2 (+ 2.2)	+ 0.0 (+1.8)
Consumer Price Index	+ 2.7%	+ 1.8 (+ 1.8)	+1.3 (+ 1.3)	+ 2.1 (+ 2.1)	+ 2.3 (+ 2.3)	+ 1.5 (+ 1.5)	+ 2.2 (+ 2.2)	+ 3.4 (+ 2.9)	+ 2.2 (+2.3)
New Car price Index	101.9	+ 1.4	+ 1.1						
Current balance (Nominal)	-1.9 (- 4.13)	+ 0.3 (+ 0.75)	- 0.2 (- 0.48)	1) + 2.1 (+ 4.84)	+ 2.0 (+ 4.92)	+ 2.4 (+ 6.29)	+3.2 (+ 8.76)	+ 2.8 (+8.06)	+ 2.6 (+ 7.66)
Unemployment rate	3.6%	4.2 (4.2)	4.3 (4.3)	4.8 (4.8)	5.2 (5.2)	4.8 (4.7)	4.4 (4.4)	3.9 (+ 4.2)	4.2 (+4.3)

1) New calculation method

Source : WIFO Outlook Sept 2008 (March 2008)

➤ Comments

Economic Outlook for 2008 and 2009: International Downturn Weighing On Domestic Activity

Following an increase by 3.1% in 2007, economic growth in Austria will moderate to 2% this year. While demand and output in the first half of 2008 were clearly more dynamic than in the euro area as a whole, the momentum has slowed steadily since the beginning of the year. Confidence among domestic companies is receding. The cyclical downturn in the USA, high oil prices and exchange rate moves holding back export growth will continue to burden the economy in 2009.

Real GDP is expected to advance by a modest 0.9%, overshadowing developments on the labour market where employment growth will level off and the fall in unemployment turn around. The projections rest on the assumption that the adverse effects of the financial market crisis on the real economy will be contained.

Global economic activity is losing steam this year and the next, with the downturn covering the USA, Japan and Europe. In the USA, expansionary policy measures will support economic growth in 2008 and 2009, by which time business activity should gradually recover.

The crisis on real estate and financial markets will nevertheless continue to weigh on US growth for the years to come.

Following the lively momentum at the beginning of the year, demand and output in the euro area have slackened considerably. This is a consequence not so much of the financial crisis in the USA but rather of the cyclical downturn in the world's leading economy, the high dollar-euro exchange rate and the drain in purchasing power caused by the jump in commodity prices. Unlike in the USA, policy in the euro area is largely refraining from taking counter-cyclical action. GDP growth is expected to trail that in the USA in both years. Also in the euro area, a cyclical turnaround is unlikely to set in before mid-2009.

The international economic downturn is taking its toll also on activity in Austria. While, unlike in the euro area as a whole, GDP increased further in the second quarter 2008, the regular business survey points to an imminent loss of momentum. Notably exports should suffer further from the slackening demand abroad as well as from the adverse exchange rate to the dollar. Volume exports in 2008 will rise by only half the rate recorded last year and diminish further in 2009.

With the slower pace of activity, investment is likely to level off. After an increase by 4.7% in 2007, gross fixed capital formation is projected to advance by only 2.2% this year and to remain flat in 2009. Whereas construction investment is keeping up the lively pace of last year, spending on machinery and business equipment is edging up by less than half the rate of 2007. In 2009, the slowdown will extend to both components of corporate spending, with equipment investment even shrinking in real terms.

Private consumption is set to remain subdued over the years to come. While the deceleration of inflation and the expansionary stance of fiscal policy will boost household disposable income, developments on the labour market will have a dampening influence. Private household consumption is projected to expand by just above 1% in volume each in 2008 and 2009.

Domestic headline inflation peaked in June 2008 and has since moved to a gradual downward trend. The easing of commodity and agricultural product prices should allow the decline to continue. The annual rate for 2008 will nevertheless be close to 3.4%. In 2009, price pressures should further abate; in addition, the cut in VAT for medicines and the abolition of student fees will have a dampening impact. The rate of inflation is set to moderate to 2.2%.

Although economic growth in Austria is gradually losing steam, the labour market has been remarkably resilient so far. In August, employment still went up by 80,000 or 2.4% year-on-year and unemployment diminished by 3.8% or 7,000 persons. However, compared with the previous month, a turnaround is already visible. In 2009, employment will only increase by 0.5% on account of the subdued cyclical conditions, and the rate of unemployment as measured by conventional national definitions will edge up from 5.8% to 6.3%.

Government tax revenues continued to grow strongly in 2008. Despite the increase in public expenditure, the general government balance shows a ratio of -0.6% of GDP. In 2009, the business cycle slowdown will be reflected in the government accounts: including the discretionary increase in expenditure decided so far, the deficit will widen to 1% of GDP in 2009. Although fiscal policy moves thereby to an expansionary stance that is warranted by cyclical conditions, it does not honour its commitments to budgetary savings as laid down in the latest update of the Stability Programme.

Source: WIFO Vienna, 2 October 2008

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Registrations</i>	-3.4%	232,157	231,541	0.3%
<i>New LCV Registrations</i> ¹	6.5%	25,619	24,650	3.9%
<i>New Truck Registrations</i> ²	10.6%	6,948	6,681	4.0%
<i>New Bus Registrations</i>	-6.8%	810	454	78.4%

<i>Production</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Production</i>	-19.4%	108,503	158,076	-31.4%
<i>New LCV Production</i>	.	.	.	.
<i>New Truck Production</i>	5.5%	20,421	20,806	-1.9%
<i>New Bus Production</i>	.	.	.	.

<i>Exports</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car EU Exports (total)</i>	-18.3%	107,977	156,436	-31.0%
<i>New LCV EU Exports (total)</i>	.	.	.	.
<i>New Truck EU Exports (total)</i>	6.5%	20,075	20,554	-2.3%
<i>New Bus EU Exports (total)</i>	.	.	.	.

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

excluding Buses

2. CVs above 3.5t,

excluding Buses & Coaches

➤ **Comments**

Official statistic data for new registrations of cars reports the same situation and level as last year for the first 9 months of 2008. We assume that especially for the last 2-3 months we have an increase of 10% of short term registrations.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing Industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	14,770	-1.4%	540,620 / 2.7%
	2001	15,521	+5.1%	547,395 / 2.8%
	2002	15,301	-1.4%	538,009 / 2.8%
	2003	15,159	-0.7%	535,696 / 2.8%
	2004	16,551	+9.1%	538,322 / 3.1%
	2005	16,620	+0.4%	538,905 / 3.1%
	2006	16,382	-1.4%	555,364 / 3,0%
	2007	15,946	-2.7%	568,181 / 2.8%
	2008			
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	12,773	+6.4%	2.4%
	2001	13,220	+3.9%	2.4%
	2002	13,091	-1.0%	2.4%
	2003	14,363	+9.7%	2.7%
	2004	15,666	+9.1%	3.1%
	2005	15,719	+0.3%	2.9%
	2006	16,213	+3.1%	2.9%
	2007	17,444	+7.6%	3.1%
	2008			
TOTAL (NACE Rev.1 - 34.00)	2000	27,543	+2.1%	5.1%
	2001	28,741	+4.5%	5.3%
	2002	28,392	-1.2%	5.3%
	2003	29,522	+4.0%	5.5%
	2004	32,217	+9.1%	6.0%
	2005	32,339	+0.4%	6.0%
	2006	32,595	+0.8%	5.9%
	2007	33,390	+2.4%	5.9%
	2008			

Source: Statistik Austria

Taxation	Environment	Transport Policy	Emissions
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➤ New Measures & effects on the Motor Vehicle market:

Since the elections on September 28, 2008, Austria has been waiting for the constitution of a new government, which is expected to be in place in the following week or two, and led by the same political parties as before (socialists, christian democrats).



BELGIUM

ECONOMIC REPORT



Brussels, December 2008
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National Economic Outlook

➤ National Economic Data

	2001 Background Data (bn EUR/Index)	2002 %Ch 02/01	2003 %Ch 03/02	2004 %Ch 04/03	2005 %Ch 05/04	2006 %Ch 06/05	2007 %Ch 07/06	2008 %Ch 08/07 Forecast	2009 %Ch 09/08 Forecast
Real GDP	247.47	+0.9%	+0.9%	+2.6%	+1.7%	+2.8%	+2.8%	+1.6%	+1.2%
Real Consumer Expenditure	134.34	+0.3%	+0.9%	+1.5%	+1.3%	+2.0%	+2.6%	+1.4%	+0.8%
Real Industrial Production	-	+1.6%	+1.1%	+2.5%	n.a.	n.a.	n.a.	n.a.	n.a.
Real Business Investments	35.80	-3.7%	-0.7%	+4.2%	+6.7%	+4.2%	+5.9%	+4.6%	+1.3%
Consumer Price Index	106.39	+1.6%	+1.6%	+2.1%	+2.8%	+1.8%	+1.8%	+4.7%	+2.7%
New Car price Index		+2.5%	+1.6%	+1.6%	+1.8%	+1.8%	+1.8%	+3.0%	+2.5%
Trade balance (Nominal)	8.04	+0.4%	-0.1%	+0.1%	-0.3%	0.0%	-0.5%	-1.0%	0.2%
Unemployment rate			8.2%	8.4%	8.4%	8.3%	7.5%	6.8%	6.9%

Source : Source : FPB, NBB

➤ Comments

In 2007 the Belgian economy grew by 2.8%. However, from 2007Q4 onwards, weakening exports and domestic demand have led to a slackening of economic growth. In line with the European outlook, the growth of the Belgian economy should almost come to a standstill in 2008Q3 and should gradually recover afterwards to 0.5% in the second half of 2009. GDP volume growth should therefore amount to 1.6% in 2008 and to only 1.2% in 2009 as very weak growth in the second half of 2008 is putting downward pressure on the annual figure. These forecasts were finalised on 10 September 2008

Belgian exports will be affected by the slackening of growth on foreign markets and will lose strength from 2008Q2 onwards. In the course of 2009, export growth should pick up again, stimulated by the modest recovery of the international economy. During the period 2008-2009, Belgian exports should keep growing more slowly than export markets, but the loss of export market shares should gradually decrease. In 2008, export growth (2.9%) will still be impeded by the appreciation of the effective exchange rate of the euro in the first half of the year. The recent depreciation of the euro should benefit the export performance of the Belgian economy. In spite of the slowdown in the growth of foreign export markets in 2009 (4.4% against 4.7% in 2008), export growth should end up at 3%.

In 2008, imports will keep growing faster than exports, while terms of trade should deteriorate (-1%) as a result of the high oil prices. These factors should reduce the current account surplus to barely 0.1% of GDP. In 2009, net exports should make a slightly positive contribution to economic growth, but the external surplus should disappear due to a further deterioration in terms of trade.

In line with the evolution of private consumption, corporate investment, and residential investment, growth in domestic demand in 2008 and 2009 should drop to 2.7% and 1.1% respectively, compared to 3.4% in 2007.

This year and the next, the evolution of households' real disposable income will be strongly influenced by the acceleration of inflation in 2008, for two reasons. Firstly, growth of real disposable income will be negatively affected as the recent increase in inflation is mainly due to rising energy prices. As this increase is only partially taken into account in the health index, which serves as the basis for indexing public sector wages and social allowances, the health index will increase much slower than total inflation. Secondly, indexation mechanisms will react with a certain delay to the evolution of the health index, so that wage indexation should be lower this year and higher next year than the increase in the health index. Nevertheless households' real disposable income should still increase slightly in 2008 (0.1%) thanks to strong employment growth. Private consumption should still grow by 1.4% as households are expected to save a smaller part of their income (11.9% against 13.1% in 2007). Supported by wage indexation, which partially reflects the strong inflation rate in 2008, real disposable income growth should amount to 1.8% in 2009. As a result, quarterly growth of private consumption should accelerate slightly. On a yearly basis, private consumption growth will nevertheless remain restricted to 0.8% due to an unfavourable carry-over.

With an increase of more than 8%, business investment (corrected for purchases of public buildings) was the main driving force of the Belgian economy in 2007. This should remain so in 2008 (annual volume growth of 6.6%), even though it is mainly due to a very favourable starting point. In line with the lower rate of capacity utilisation and the deteriorating indicator of business confidence, business investment growth should be strongly reduced from 2008Q2 onwards. In the course of 2009, quarterly business investment growth should gradually recover, but the weak starting point should limit annual growth to 1.7%.

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Oct 2008	Jan-Oct 2007	%Ch 08/07
New Car Registrations	-0.3%	483,729	464,752	4.1%
New LCV Registrations ¹	12.9%	57,149	57,174	0.0%
New Truck Registrations ²	19.7%	19,323	18,118	6.7%
New Bus Registrations	19.6%	1,096	922	18.9%

<i>Production</i>	%Ch 07/06	Jan-July 2008	Jan-July 2007	%Ch 08/07
New Car Production	-9.5%	435,549	475,321	-8.4%
New LCV Production	-	-	-	-
New Truck Production	28.8%	28,927	25,169	14.9%
New Bus Production	14.7%	761	681	11.7%

<i>Exports</i>	%Ch 07/06	Jan-July 2008	Jan-July 2007	%Ch 08/07
New Car EU Exports (total)	-10.2%	386,255	433,723	-10.9%
New LCV EU Exports (total)				
New Truck EU Exports (total)	28.8%			
New Bus EU Exports (total)	8.0%			

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

2. CVs above 3.5t,

excluding Buses

excluding Buses&Coaches

➤ **Comments**

For the first 10 months of 2008 new car registrations reached 483,729 units: +4.1% in comparison with the same period in 2007.

The forecasts for 2008 are estimated at about 530,000 units.

As far as the production figures are concerned, the total car production evolved as follows for 2008:

CARS

	7 months 2008	7 months 2007	Diff.
FORD	176,347	157,618	17.9%
OPEL	100,642	127,119	-12.5%
AUDI (VW)	52,493	41,318	-57.3%
VOLVO	106,067	149,266	-1.4%
TOTAL	435,549	475,321	-10.5%

HCVs

Volvo: 28,927 units against 25,169 → + 14.9%;

BUSES

Van Hool: 761 units against 681 → + 11.7%;

Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	27407		
	2001	26979		
	2002	24834		
	2003	23757		
	2004	21453		
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	56581		
	2001	57152		
	2002	55952		
	2003	52046		
	2004	51748		
TOTAL (NACE Rev.1 - 34.00)	2000			
	2001			
	2002			
	2003			
	2004			

Source:

1. Taxation:

CO2 incentives for the purchase of new cars

- Tax reduction equivalent to 15% of the sale price for taxpayer who buys a car emitting less than 105 g CO₂/km with a maximum of 4,350 EUR
- Tax reduction equivalent to 3% of the sale price for taxpayer who buys a car emitting between 105g and 115g CO₂/km with a maximum of 810 EUR.

Companies are not entitled to these tax reductions.

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

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

The rates will be as follows:

CO₂ Émissions		Déductibilité
Diesel	Petrol	
< 105 g	< 120	90%
105 et 115	120 et 130	80%
115 et 145	130 et 160	75%
145 et 175	160 et 190	70%
> 175	> 190	60%

2. Environment:

Since 1st January 2007 a tax reduction (200€) has been granted for cars equipped with a particles filter and emitting less than 130g CO₂/km. Since 1st July 2007, the income tax credit has been turned into a reduction on the invoice

Companies are not entitled to these tax reductions.

The Walloon government has introduced a bonus-malus system on new and second-hand cars purchased by particulars. The system is based on CO₂ emissions and has been introduced since 1st January 2008. The malus came into force on 1st April.

4. Emissions:

Excises compensating tax on diesel cars were suppressed on 1st January 2008.



<p style="text-align: center;">DENMARK</p> <p style="text-align: center;">ECONOMIC REPORT</p>

Copenhagen, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP						3.9	1.8	1	0.3
Real Consumer Expenditure						2.8	2.5	1.6	1
Real Industrial Production									
Real Business Investments									
Consumer Price Index						2.1	1.9	3.5	2.7
New Car price Index									
Trade balance (Nominal)									
Unemployment rate						3.8	2.7	1.5	2.4

Source Ministry of Finance: (Please note that figures may be revised due to the ongoing financial turmoil)

➤ Comments

After a prolonged period with very strong growth, the Danish economy is now experiencing some problems. First of all, the global financial crisis has affected the economy substantially with several small and medium lenders in need of government rescue plans.

The global financial crisis has forced the Danish Central Bank to raise interest rates several times in order to defend the fixed exchange ratio between the Danish krone and the euro. This has led to an increase in the difference between Danish and euro-zone interest rates, affecting both businesses and families who face higher costs on mortgages, car loans, etc.

The housing market is also an area of concern. A burst housing bubble has led to an escalating fall in real-estate prices which, combined with the rise in interest rates, has led to increasing economic uncertainty.

Government finances have been affected too, and not at the least, as a consequence of the steep fall in oil prices which have reduced tax revenues from the North Sea substantially.

Although there is no doubt that the strong growth which Denmark has experienced in several years will slow down, the fundamentals of the Danish economy remain strong. A record low unemployment is fuelling the economy and, combined with long-planned tax cuts in 2009, continued growth should be sustainable. However the global financial crisis and the extent of the slowdown in major export markets such as the US, the UK and Germany will be determine whether the slowdown will develop into a recession and potentially a deeper economic crisis.

MOTOR INDUSTRY

New Registrations

Production

Exports

Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	3.7	121,893	119,112	2.3
New LCV Registrations ¹	-10.7	27,022	43,542	-37.9
New Truck Registrations ²	15.2	5,174	5,473	-5.5
New Bus Registrations	-10.5	554	423	31

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

excluding Buses

2. CVs above 3.5t,

excluding Buses & Coaches

➤ Comments

The strong Danish economy has led to high vehicles sales in the past few years (2005-2007).

As a result of virtually no unemployment and strong growth rates, new registrations of passenger cars reached a very high level in 2007. Only once in history has the number of new registrations been higher, namely in 1986.

Another explanation for the large number of passenger cars sold in 2007 – especially the second half of 2007 – could be a change in the taxation of fuel efficient vehicles, where there is a tax allowance for petrol vehicles that travel more than 16 kilometres per litre and diesel cars that travel more than 18 kilometres per litre.

In the first half of 2008, passenger car sales developed even better – aiming for a 2008 to become another record year. However, from August to October, sales have dropped substantially. In October alone, sales dropped by 22 % compared to 2007. On a year-to-year basis; 2008 sales for the first 10 months of the year are now on the same level as 2007, but with negative expectations for the last 2 months of the year.

In 2007, there was an increase in the sales of small fuel-efficient vehicles. However, new registrations of light commercial vehicles declined in 2007. The decline followed a change in the taxation of light commercial vehicles (spring 2007), where the registration tax for certain commercial vehicles has been increased from 30 % to 50 %.

The decline in the new registrations of light commercial vehicles has continued in 2008, and in the first 10 months of 2008, new light commercial vehicle registrations have been 37,5 % below registrations in the same period in 2007. In addition to the changes in taxation rules, the activity in many of the business sectors, where light commercial vehicles are used, has declined. This is illustrated by a substantial decline in the confidence indicator for the construction sector. Further drops in sales figures and a reduced market for light commercial vehicles are expected due to the global economic slowdown.

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

1. Environment:

At the annual conference of the governing liberal party, Prime Minister Anders Fogh Rasmussen gave a major policy speech which was entirely focused on the fight against climate change. No concrete initiatives were announced, but emphasis was put on electric cars as well as on the promotion of vehicles with low emissions.

2. Transport policy:

A major government plan on infrastructure investments is expected in the coming weeks.



FINLAND

ECONOMIC REPORT

Helsinki, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP 1)	131.5	2.3	2.4	3.6	2.9	4.9	4.5	2.1	0.5
Real Consumer Expenditure	65.6	1.7	4.4	3.2	3.8	4.1	3.2	2.6	0.7
Real Industrial Production	32.5	2.1	0.5	5.0	0.6	10.5	5.4	1.8	0.3
Real Business Investments	23.1	-4.8	3.0	4.9	5.9	6.5	8.5	4.0	-1.5
Consumer Price Index 2)	102.6	1.6	0.9	0.2	0.9	1.6	2.5	3.9	2.0
New Car price Index	100.9	2.5	-5.4	0.9	-0.2	-0.5	0.5	-6.5	-1.0
Trade balance (Nominal) 3)	14.1	13.5	11.4	10.2	7.7	9.1	8.7	8.1	7.7
Unemployment rate	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.5	6.7

Source : Ministry of finance, Statistics Finland, Nordea Bank 1)GDP at 2000 prices 2) 2000 = 100 3) Bn EUR

➤ Comments

The global financial crisis has caused an unprecedented turmoil in the international economy but the economic climate in Finland has remained generally favourable as far as autumn 2008. Economic growth will slow down considerably in Finland next year. With international demand diminishing and higher financial costs in investments Finnish exports are estimated to decline. However, slower inflation and tax cuts will boost purchasing power. The consumption demand will keep up the economic activity. Nevertheless, the economic growth will be so weak in 2009 that unemployment will turn up. Due to the economic uncertainty, high interest rates and growing unemployment, car demand will decrease.

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Registrations</i>	-9.2	118,542	108,688	9.1
<i>New LCV Registrations</i> ¹	14.3	12,485	13,414	-6.9
<i>New Truck Registrations</i> ²	-9.3	3,950	3,746	5.4
<i>New Bus Registrations</i>	11.3	471	415	13.5

<i>Production</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Production</i>	-25.8	14,469	17,916	-19.2
<i>New LCV Production</i>				
<i>New Truck Production</i>	-29.7	254	196	29.5
<i>New Bus Production</i>				

<i>Exports</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car EU Exports (total)</i>	-25.8	14,469	17,916	-19.2
<i>New Truck EU Exports (total)</i>	58.5	60	65	-7.6

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches

➤ **Comments**

Car registrations developed quite fast in the first half of 2008 but the change for worse happened in the autumn. Car manufacturers are adjusting their production to the reducing demand of cars. The exports prospects are going slowly down. The upswing in exports is expected with the new hybrid model in 2010.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	2,694	6.3	0.6
	2001	2,935	9.2	0.7
	2002	2,954	0.6	0.7
	2003	2,871	-2.8	0.7
	2004	2,110	-26.5	0.6
	2005	2,194	4.0	0.6
	2006	2,339	6.8	0.6
	2007	1,825	-22.0	0.6
	2008	1,700	-7.0	0.5
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	4,705	4.0	1.1
	2001	4,481	-4.8	1.0
	2002	4,522	0.9	1.0
	2003	4,526	0.5	1.0
	2004	4,547	0.5	1.0
	2005	4,641	2.1	1.1
	2006	4,789	3.2	1.1
	2007	4,895	2.2	1.1
	2008	4,920	0.5	1.1
TOTAL (NACE Rev.1 - 34.00)	2000	7,399	4.8	1.7
	2001	7,416	0.2	1.7
	2002	7,476	0.8	1.7
	2003	7,397	-1.1	1.7
	2004	6,657	-9.8	1.6
	2005	6,835	2.7	1.7
	2006	7,128	4.3	1.7
	2007	6,720	-5.7	1.7
	2008	6,620	-1.5	1.7

Source: Statistics Finland (excl 2008)

➤ Comments

Sisu Auto (trucks) can keep the number of employees in 2008 at the same level as in the previous year but Valmet Automotive (sedan/sports cars) has had layoffs since August this year. Manufacture and employment of trailers, parts and accessories will react more steadily.

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

1. Taxation:

On 7 November 2008, the Government proposed a bill to the Parliament on the new registration tax system for LCVs. The system is based on CO₂ emissions. LCVs with a mass over 2500 kg get a reduction of the car tax level. The heavier the vehicle is, the bigger is the reduction. We have negotiated the system together with the Ministry of Finance and our estimation is that the system has reached a good balance between CO₂ emissions and weight.

2. Environment:

The new CO₂ based registration tax system for passenger cars has been quite successful. The average CO₂ emissions of new passenger cars was 178 g/km in 2007 and 160 g/km this year. Car Recycling Company Ltd, which is owned by importers, launched a huge media campaign on car recycling. The idea was that a person who recycled his/her car against COD (SAK:s network) received an incentive, the value of which was 200 € when purchasing a used car and 500 € when purchasing a new car.

The Environmental Center of Finland made a study with use of the life cycle analysis of the proper running time of a passenger car. Of course, it showed that, if there is more than a 3% average decrease on CO₂ emissions of new cars, it will be reasonable to renew the whole population of cars when talking about CO₂ emissions.

3. Emissions:

A Committee is trying to find out how Finland could meet the targets for reducing CO₂ emissions by 2020. The Committee is making proposals on how to achieve these targets. AT has a member in the Committee.



<p style="text-align: center;">FRANCE</p> <p style="text-align: center;">ECONOMIC REPORT</p>
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	1,497.2	+ 1.0%	+ 1.1%	+ 2.5%	+ 1.9%	+ 2.2%	+ 2.2%	+ 0.9%	0.0%
Real Consumer Expenditure	817.4	+ 2.2%	+ 2.2%	+ 2.6%	+ 2.6%	+ 2.3%	+ 2.5%	+ 0.9%	+ 0.3 %
Real Industrial Production	841.4	- 1.3%	- 1.2%	+ 1.9%	+ 1.5%	+ 1.2%	+ 2.0%	- 0.5%	- 1.5 %
Real Business Investments	161.8	- 2.9%	+ 0.4%	+ 4.1%	+ 3.7%	+ 4.9%	+ 7.4%	+ 1.6 %	- 3.0 %
Consumer Price Index	103,9	+ 1.9 %	+ 2.1 %	+ 2.1 %	+ 1.8 %	+ 1.7 %	+ 1.5 %	+ 3.1%	+ 1.6 %
New Car price Index	99,0	+ 1.1 %	+ 1.3 %	+ 1.7 %	+ 1.3 %	+ 1.1 %	+ 2.0 %	+ 0.5%	+ 2.0%
Trade balance (Nominal)	17.2	26.5	16.1	1.7	- 14.9	- 22.8	- 36.4		
Unemployment rate	7.8 %	7.9 %	8.5 %	8.9 %	8.8 %	8.8 %	8.0 %	7.6%	8.5%

Source: INSEE

➤ Comments

After the rise of oil and other raw materials prices (including, at the end of the year 2007, food products), the beginning of the financial crisis in the USA that affects now all countries, has consequences on the real economy.

After several years of growth, real business investment is expected to sharply slow down. The real consumer expenditure rate, which was above 2% due to the household debt increase until 2007, should be very weak in the near future.

Business confidence is now under the long term period average. Enterprises have difficulties to obtain credits and concerns about their liquidities have reappeared.

The improvement of the households' confidence after the French presidential election was not confirmed later; the level observed in the last survey of October 2008 was one of the lowest ever seen. The households' confidence remains very weak due to their own financial situation and the upturn of unemployment.

The real estate market is now affected by the financial crisis. The interest rate on loans increase and money is more difficult to find.

The mandatory payment rate was 43% of GDP in 2007. The financial crisis will also have effects on public deficit of the country, which will have to be financed.

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	0.3%	1,575,765	1,523,363	3.4%
New LCV Registrations ¹	6.4%	353,731	342,093	3.4%
New Truck Registrations ²	-7.1%	43,965	38,567	14.0%
New Bus Registrations	5.6%	4,514	4,325	4.4%

<i>Production</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production	-8.8%	1,773,630	1,916,114	-7.4%
New LCV Production	0.8%	292,113	285,702	2.2%
New Truck Production	10.8%	55,909	46,733	19.6%
New Bus Production	9.0%	3,113	3,163	-1.6%

<i>Exports</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car EU Exports (total)	-7.9%	1,599,678	1,610,014	-0.6%
<i>of which:</i>				
<i>Western Europe ³</i>	-9.0%	1,089,093	1,210,187	-10.0%
<i>Eastern Europe ⁴</i>	9.0%	135,333	124,325	8.9%
<i>NAFTA ⁵</i>	-30.0%	5,465	10,348	-47.2%
<i>- o/w USA</i>	-33.3%	254	2,668	-90.5%
<i>South and Central America ⁶</i>	24.2%	13,306	12,893	3.2%
<i>Asia ⁷</i>	-9.1%	302,131	176,631	71.1%
<i>-o/w Japan</i>	3.8%	9,893	9,930	-0.4%
<i>Others ⁸</i>	-11.4%	54,350	75,630	-28.1%
New LCV EU Exports (total)	-2.5%	161,890	158,115	2.4%
<i>of which:</i>				
<i>Western Europe</i>	-4.3%	127,941	128,070	-0.1%
<i>Eastern Europe</i>	16.4%	19,019	19,114	-0.5%
<i>NAFTA</i>	-53.3%	355	92	285.9%
<i>South and Central America</i>	-54.7%	1,420	653	117.5%
<i>Asia</i>	26.0%	2,193	2,675	-18.0%
<i>Others</i>	-7.2%	10,962	7,511	45.9%
New Truck EU Exports (total)	4.9%	43,544	37,743	15.4%
<i>of which:</i>				
<i>Western Europe</i>	1.1%	25,805	22,992	12.2%
<i>Eastern Europe</i>	29.3%	8,578	6,947	23.5%
<i>NAFTA</i>	-63.1%	22	52	-57.7%
<i>South and Central America</i>	-4.3%	1,533	1,152	33.1%
<i>Asia</i>	85.7%	2,252	2,076	8.5%
<i>Others</i>	-16.4%	5,354	4,524	18.3%

Exports	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Bus EU Exports (total)	-7.6%	806	607	32.8%
of which:				
<i>Western Europe</i>	-44.2%	622	247	151.8%
<i>Eastern Europe</i>	16.9%	111	173	-35.8%
<i>NAFTA</i>			1	-100.0%
<i>South and Central America</i>				
<i>Asia</i>	-100.0%	4		
<i>Others</i>	204.9%	69	186	-62.9%

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

➤ Comments

Since 2003, registrations of new passenger cars have remained stable at a level between 2 and 2.07 million units, which is the long-term average. During the first nine months of 2008, the market increased by 3%: A new “bonus-malus” system was introduced on 1 January 2008 and the structure of the market has changed with an increase of the share of low range passenger cars. However, the market increase during the first six months was higher (+4.5%).

Like business investments, the market for light commercial vehicles has increased since 2004 and reached a new record in 2007 with 460.000 units. The increase went on during the first three quarters of 2008 (+2.9%). As for passenger cars, the market increase was higher at the end of June (+5.4%).

Since mid-2005, truck registrations have been above 50,000 units per year, which represents a high level. Sales during the first nine months of 2008 increased by 14% and on a twelve month basis they are as high as the best level ever seen in France during the record year 2001 (more than 58,000 units).

After -12% during 2006 and -6% during 2007, the production of passenger cars in France continued to decrease during the first nine months of 2008 (-7%). The production of French car manufacturers continues to increase outside Europe.

Business investment supported commercial vehicle production during 2007 (+1.7% for light commercial vehicles and +22% for heavy commercial vehicles). The production continued to increase during the first nine months of 2008 (+2% for LCV and +20% for HCV), supported also by the launch of new vehicles.

Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	190,830	+ 3.9 %	5.8 %
	2001	197,069	+ 3.3 %	6.0 %
	2002	191,367	- 2.9 %	5.9 %
	2003	183,850	- 3.9 %	5.9 %
	2004	186,123	+ 1.2 %	6.1 %
	2005	185,061	- 0.6 %	6.2 %
	2006	176,803	- 4.5 %	6.1 %
	2007	170,000	- 3.8%	5.9 %
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	120,434	+ 5.3 %	3.7 %
	2001	120,880	+ 0.4 %	3.7 %
	2002	122,087	+ 1.0 %	3.8 %
	2003	117,988	- 3.4 %	3.8 %
	2004	115,887	- 1.8 %	3.8 %
	2005	109,848	- 5.2 %	3.7 %
	2006	106,500	- 3.0 %	3.7 %
	2007	103,950	- 2.4 %	3.6 %
TOTAL (NACE Rev.1 - 34.00)	2000	311,264	+ 4.4 %	9.5%
	2001	317,949	+ 2.1 %	9.6%
	2002	313,454	- 1.4 %	9.7%
	2003	301,838	- 3.7 %	9.6%
	2004	302,010	+ 0.1 %	9.9%
	2005	294,909	- 2.4 %	9.9%
	2006	283,303	- 3.9 %	9.7 %
	2007	273,950	- 3.3 %	9.5 %

Source :SESSI

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

1. Taxation:

In a very difficult context for the road transport sector (1,478 bankruptcies during the first nine months of 2008 ; + 82%), the National Assembly adopted, on 16 October, the new toll on heavy truck traffic on the national road network (excluding motorways and the Trans-European Network), which will enter into force on 1 January 2011. Its amount will be modulated according to the regions and other criteria like the euro standard. The benefits should be around € 900 million per year and will be devoted to the National Agency for Transport Infrastructure (ambitious non-road projects in the continuation of the *Grenelle de l'environnement*). Road transport companies will be able to pass on this tax to shippers and customers, but details have not been defined yet.

2. Environment:

- The bonus-malus system, which was initially planned to be financially neutral with the bonus offsetting the malus, will generate a deficit of €260 million to the national Budget in 2008 (and possibly €330 million in 2009), due to the fact that low-CO₂ car sales have been much higher than expected, to the detriment of higher-range cars. However, the emission levels fixed for the bonus-malus will remain unchanged in the short term.
- As a complement to this existing measure, an additional, annual “malus” is planned by the government for cars emitting more than 250 g/km (€160) and registered for the first time from 1 January 2009.
- During his visit to the *Mondial de l'Automobile*, the French President confirmed that €400 million would be devoted to R&D activities for low-CO₂ technologies (electric and hybrid cars). The ecological bonus of €5,000 for cars emitting less than 60 g/km will be unchanged until 2012 in terms of emission criteria, and will be extended to light commercial vehicles. From 1 January 2009, a decree will limit to 130 g/km the maximum CO₂ emission level for public fleets (see the Green Public Procurement Directive). Mr. Sarkozy also supported the demand expressed by ACEA for a low-interest loans package to help to secure a sustainable market for current and newly developed innovative technologies.

3. Transport policy:

Fuel purchases in France decreased in October (-3.5 %) and increased in September (+4.3 %). A historic decrease in August (-12.3 %; -16.9 % for gasoline, -10.6 % for diesel) followed already significant decreases during June (-8.1 %) and July (-4 %), in a context of sharp price increases and economic downturn. The trend is negative for the first ten months of 2008 (-2.2 %).

In order to collect additional funds for the ambitious infrastructure projects laid down by the *Grenelle de l'environnement*, the annual fee paid by motorway companies to the State Budget following their recent privatisation could barely double in 2009 to €475 million. As a counterpart, motorway user prices are expected to increase more significantly in the coming months.



GERMANY

ECONOMIC REPORT



Frankfurt, December 2008

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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	1,986.2 bn	0.1	- 0.2	1.6	0.9	2.8	2.5	1.6	
Real Consumer Expenditure	1,136.90 bn	-0.8	0.1	0.1	0.1	0.6	-0.3		
Real Industrial Production	99.5 (2000=100)	98.3	98.4	100.9	103.7	109.8	116.0		
Real Business Investments	425.29 bn	- 7.5	- 0.2	-2.6	4.0	7.0	10.0		
Consumer Price Index	+2.0 (2000 = 100)	1.4	1.1	1.6	2.0	1.7	2.2		
New Car price Index	+1.5 (2000 = 100)	1.8	0.9	+1.2	0.5	1.5	3.3		
Trade balance (Nominal)	42.51	97.12 bn	87.56 bn	109.46 bn	113.3 bn	126.4 bn	154.6 bn		
Unemployment rate	10.4	10.9	11.7	11.7	12.9	12.1	10.1		

Source : VDA

➤ Comments

As reported by the German Federal Statistical Office (Destatis) the gross domestic product (GDP) in the third quarter of 2008 was lower by 0.5% – upon price, seasonal and calendar adjustment – than in the second quarter of the year. In the first quarter of 2008, the economic performance was up by 1.4% in a quarter-on-quarter comparison, while it was down by 0.4% in the second quarter.

In a quarter-on-quarter comparison, growth was based only on domestic demand. Seasonally and calendar-adjusted, final consumption expenditure of households was up by 0.3%, while government final consumption expenditure rose by 0.8% on the second quarter of 2008. A slight increase by 0.1% was recorded for gross fixed capital formation, which is due especially to the trend in capital formation in construction (+0.3%, following -3.4% in the second quarter and +5.5% in the first quarter of 2008).

Capital formation in machinery and equipment decreased in the third quarter of 2008 (-0.5%), after it had increased for seven quarters in a row, thus contributing to the economic growth of the past two years. In the reference quarter, enterprises considerably extended their inventories, so that changes in inventories contributed to economic growth.

The positive impact of domestic uses, however, was counteracted by a highly negative trend of net exports. In the period from July to September 2008, exports were by 0.4% smaller than in the previous quarter, whereas imports were up by 3.8%. In the second quarter of 2008, imports were down by 1.4%.

The following information refers to the year-on-year comparison: compared with the third quarter of 2007, the GDP increased a price-adjusted 1.3% in the third quarter of 2008. When calendar-adjusted, the growth rate was 0.8% because the third quarter of 2008 had one working day more than the same quarter a year earlier.

The economic performance in the third quarter of 2008 was achieved by 40.5 million persons in employment, which was an increase of 582,000 persons or 1.5% on a year earlier. The number of employees (domestic concept) rose by 574,000 (+1.6%) to a good 36 million persons. A marked increase in the number of persons in employment was again recorded in financial, real estate, renting and business activities, where 234,000 more persons (+3.4%) were employed than a year earlier. The number of persons employed in industry (including energy) was up by 108,000 (+1.4%). Hence, job growth in industry lost some of its dynamics as in the first and second quarters of 2008 the growth rate was 1.7% each.

Overall labour productivity (price-adjusted gross domestic product per person in employment) in the third quarter of 2008 decreased by 0.1% in a year-on-year comparison. Measured per hour worked, labour productivity was down by 0.2%.

As regards the production side of the price-adjusted gross domestic product, all economic sectors increased their output. However, in many sectors, the growth rates were markedly below those of the first two quarters. Gross value added of industry (including energy) was by 0.9% higher than in the third quarter of 2007. That was the lowest growth rate in that area since the first quarter of 2005. In trade, transport and communications, the economic performance rose by 1.7%, following increases by 2.5% and 3.8% in the first and second quarters, respectively.

Gross value added of financial, real estate, renting and business activities was by 1.8% higher than in the same period of the previous year; in the second quarter of 2008, the growth rate was 2.5%. Output was up on a year earlier also in agriculture, hunting and forestry; fishing (+1.4%), in construction (+4.4%) and in other service activities (+1.1%). Altogether, price-adjusted gross value added of all economic sectors rose by 1.5%, following increases by 2.0% in the first quarter and 3.6% in the second quarter of 2008.

As regards the use side of the price-adjusted gross domestic product, capital formation in machinery, equipment and transport equipment increased by 6.9% compared with the third quarter of 2007. Capital formation in construction rose a by total of 3.7%. While capital formation in residential construction increased by just 1.0%, capital formation in non-residential construction saw a substantial increase by 7.2% on the same period of the previous year. As in the second quarter, capital formation from July to September 2008 regarded especially buildings (+ 10.5%). Final consumption expenditure was up by 0.5% on a year earlier. However, that positive trend is only due to government consumption, which was by 2.8% higher than in the third quarter of 2007. However, final consumption expenditure of households (price-adjusted) decreased by 0.3%, contrary to the quarter-on-quarter comparison. Households spent less especially on food, beverages and tobacco (-1.5%) as well as on goods and services of transport and communications (-3.1%). Main reasons for the latter are a marked decrease in private car purchases and a lower demand for motor fuels. However, consumption expenditure on clothing and footwear (+1.9%), on housing, water, electricity, gas and other fuels (+1.2%) as well as on recreation and culture (+1.9%) were higher than a year earlier.

Foreign demand for German goods and services showed a marked downward trend in the third quarter of 2008. Although German exports increased by 3.9%, they remained far behind the growth rates reached in the previous quarters: in the first quarter of 2008, exports recorded an increase by 5.8%, in the second quarter by 7.3%. Between July and September 2008, imports (+5.7%) rose much more strongly than exports and slightly exceeded the growth rate of the second quarter of 2008 (+5.6%). The resulting negative net exports had a downward effect on economic growth.

At current prices, the gross domestic product and gross national income were up by 2.7% each in the third quarter of 2008 compared with a year earlier. The net national income (factor costs), which consists of compensation of employees and property and entrepreneurial income, rose by 2.9%. The compensation of employees (+3.6%) showed a much better trend than property and entrepreneurial income, which was up by 1.7% on the third quarter of 2007. The disposable income of households rose slightly more strongly (+2.7%) than the final consumption expenditure of households (+2.3%). The savings ratio of households increased from 9.2% in the third quarter of 2007 to 9.8%.

MOTOR INDUSTRY

New Registrations	Production	Exports		
Registrations	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Car Registrations	-8.0%	2,371,473	2,340,492	1.3%
New LCV Registrations ¹	13.1%	168,623	159,218	5.9%
New Truck Registrations ²	3.5%	84,114	81,966	2.6%
New Bus Registrations	-9.3%	4,147	3,859	7.5%
Production	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Car Production	5.8%	4,350,927	4,300,339	1.2%
New LCV Production	24.3%	201,997	186,344	8.4%
New Truck Production	16.4%	205,249	182,464	12.5%
New Bus Production	-2.2%	6,988	6,224	12.3%
Exports	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Car EU Exports (total)	10.6%	3,245,374	3,241,369	0.1%
of which:				
<i>Western Europe</i> ³	10.7%	1,914,631	2,025,519	-5.5%
<i>Eastern Europe</i> ⁴	32.7%	399,514	342,549	16.6%
<i>NAFTA</i> ⁵	-0.6%	474,747	457,412	3.8%
- o/w USA	-0.7%	405,881	403,390	0.6%
<i>South and Central America</i> ⁶	16.7%	27,901	20,818	34.0%
<i>Asia</i> ⁷	14.4%	331,157	296,344	11.7%
-o/w Japan	0.4%	65,465	67,330	-2.8%
<i>Others</i> ⁸	-9.2%	97,424	98,727	-1.3%
New LCV EU Exports (total)	19.2%	146,135	133,428	9.5%
of which:				
<i>Western Europe</i>	16.0%	100,712	93,019	8.3%
<i>Eastern Europe</i>	25.6%	27,166	20,387	33.3%
<i>NAFTA</i>	60.2%	11,955	15,671	-23.7%
<i>South and Central America</i>	240.0%	712	12	5833.3%
<i>Asia</i>	114.0%	1,477	660	123.8%
<i>Others</i>	13.6%	4,113	3,679	11.8%
New Truck EU Exports (total)	18.3%	143,204	128,439	11.5%
of which:				
<i>Western Europe</i>	3.2%	74,144	68,754	7.8%
<i>Eastern Europe</i>	40.2%	34,092	29,114	17.1%
<i>NAFTA</i>	140.4%	7,311	7,076	3.3%
<i>South and Central America</i>	25.7%	1,064	829	28.3%
<i>Asia</i>	44.4%	14,490	12,532	15.6%
<i>Others</i>	23.1%	12,103	10,134	19.4%

Exports	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Bus EU Exports (total)	1.2%	5,559	5,322	4.5%
of which:				
<i>Western Europe</i>	0.2%	3,218	3,039	5.9%
<i>Eastern Europe</i>	-36.1%	841	448	87.7%
<i>NAFTA</i>	-5.9%	137	330	-58.5%
<i>South and Central America</i>	-71.4%	10	10	0.0%
<i>Asia</i>	55.3%	454	730	-37.8%
<i>Others</i>	25.4%	899	765	17.5%

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

Taxation	Environment	Transport Policy	Emissions
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➤ New Measures & effects on the Motor Vehicle market:

1. Taxation:

Discussions on introducing a CO₂-base into the annual circulation tax are still under way. However, the federal government has agreed to eliminate the circulation tax for one year on all new cars bought until 30 June 2009. Low-emission cars (Euro 5 and 6) will be exempted for two years. However, no exemptions will be granted after 2010.

Furthermore, the federal government has recently confirmed its intention to introduce a CO₂-based circulation tax from January 2011 onwards.

2. Transport policy:

From 1 January 2009 onwards the motorway toll for heavy trucks will be increased from 13.5% to 16.3% per kilometer on average. The chamber of the states (Bundesrat) agreed to this measure on 7 November.



GREECE

ECONOMIC REPORT

Athens, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
							(forecast)		(forecast)
Real GDP	168.0	3.4	5.6	4.9	2.9	4.5	4.0	3.4 ^(f)	3.3 ^(f)
Real Consumer Expenditure	104.3	9.3	9.2	9.3	9.3	9.3	9.4	n.a.	n.a.
Real Industrial Production	98.18 (2000=100)	0.8	0.3	1.2	-0.9	0.5	2.1	n.a.	n.a.
Real Business Investments	18.1% of GDP	5.5	5.2	-6.0	-1.1	4.3	0.0	n.a.	n.a.
Consumer Price Index	87.5 (2005=100)	3.6	3.5	2.9	3.5	3.2	2.9	n.a.	n.a.
New Car price Index	96.95 (2005=100)	0.9	0.6	1.3	0.3	-1.9	-0.6	n.a.	n.a.
Trade balance (Nominal)	-17.0	-1.7	-3.1	-1.1	0.5	-4.4	-3.3	n.a.	n.a.
Unemployment rate	10.8%	-0.5	-0.6	0.8	-0.7	-0.9	-0.7	-0.4	-0.2

Source: NSSG, Eurostat, NBG

➤ Comments

As already known, due to the undergoing deep world economic depression, global financial markets have been severely affected. The crisis has become a radical reshaping of the global banking sector, since it has spread in most major banking and insurance organisations all over the world. The US Federal Reserve and the European Central Bank have already tried several times to invigorate markets by offering money, so as to limit the consequences. However, their interventions are not adequate yet to overcome the liquidity crisis in the global banking sector.

Within this context, an EU summit took place earlier this month on the financial crisis. The EU leaders were encouraged by the EU French Presidency to make decisions to promote global joint actions and a coordinated response to the impending macroeconomic challenges and to seek solutions to improve the international financial management.

As far as the Greek economy is concerned and for the first half of the year, in the second quarter of 2008, it grew by 3.4% y-o-y, despite the continuing weakness in domestic demand, which increased by 1% y-o-y compared to 4.7% y-o-y in 2007. GDP growth slowed to 3.5% y-o-y, down from 3.8% y-o-y in the second half of 2007. This deceleration mainly reflects the continuing decline in the residential construction activity as well as the slowdown in private consumption (2.5% y-o-y compared to 3.2% in 2007).

According to major financial services firms (i.e. Fitch, UBS, Morgan Stanley, etc.), the economic growth of Greece will drop importantly in 2009. The Greek economy is and will be further negatively affected by the global economic crisis since it greatly depends on external lending. Major problems are the fiscal deficit, the present transactions balance, the significant slowdown in consumer demand, as well as the development of the economies of neighbouring countries.

Reductions in personal income tax rates and delays in implementing new tax measures are expected to make the achievement of budget targets for 2008 difficult, if not impossible. However, due to the possible implementation of the new property tax and the effective implementation of the new heating oil tax system, as well as the intensification of efforts against tax evasion and the prospective actions from the government to support low income households, the revenue performance is expected to improve considerably.

The Ministry of Economy and Finance has recently unveiled a bundle of tax measures so as to maintain the budget deficit below the threshold of 3% of GDP in 2008. The measures are the following:

- Abolishment of the tax-free threshold of € 10,500, which was applied to self-employed and replacement by a € 1,050 tax.
- Car annual circulation fees are increased by 20%.
- Incentives are provided for the payment of outstanding and overdue taxes until the end of 2008.
- A 10% tax will be imposed on company dividends from January 2009.
- A 0.15% tax on stock market transactions will be replaced by a 10% tax on capital gains on shares.
- Both corporate and individual's income taxes will be reduced to 20% by 2014 from 25% today.

MOTOR INDUSTRY

New Registrations	Production	Exports		
Registrations	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Car Registrations	5.2%	226,289	228,290	-0.9%
New LCV Registrations ¹	-0.9%	17,716	17,780	-0.4%
New Truck Registrations ²	7.7%	2,157	1,836	17.5%
New Bus Registrations	21.1%	472	499	-5.4%

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

excluding Buses

2. CVs above 3.5t,

excluding Buses & Coaches

➤ Comments

New passenger car registrations for the period January-October 2008 have been reduced by 1.4% in relation to the same period of 2007. More importantly, from August 2008 to October 2008 the decrease reached almost 6% and judging from the current economic situation and the reduced consumer demand in the car market, new registrations will continue to drop even more severely until the end of the year at least.

Attention must be drawn to the fact that, in the first 15 days of November 2008, there was a steep reduction of 23% in passenger car registrations and of 26.5% in light commercial vehicle registrations in relation to the same period of 2007.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	2,219		
	2001	2,053	-7.5	
	2002	2,053	0.0	
	2003	2,984	45.3	
	2004	3,526	18.1	
	2005	2,832	-19.7	
	2006	n.a.	n.a.	
	2007	n.a.	n.a.	
	2008	n.a.	n.a.	
TOTAL (NACE Rev.1 - 34.00)	2000	2,219		
	2001	2,053	-7.5	
	2002	2,053	0.0	
	2003	2,984	45.3	
	2004	3,526	18.1	
	2005	2,832	-19.7	
	2006	n.a.	n.a.	
	2007	n.a.	n.a.	
	2008	n.a.	n.a.	

Source: NSSG

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

1. Taxation:

The Minister of Finance announced his intention to reactivate the tax presumptions* on the acquisition of passenger cars in relation to the yearly income of their owners, a law that was abolished in 2003.

AMVIR's Board of Directors met recently with the Minister of Finance who accepted that tax presumptions should only be applied to passenger cars with an engine capacity of more than 2,0L and will correlate their real maintenance cost and not much higher, as was the case in the past.

() Tax presumption means that, if for example, a tax payer owns a car, a certain income relating to the car's engine capacity is assumed to be available to him every year, and in case the tax payer declares less in his annual tax statement than the aforementioned assumed income, then he will be taxed on the higher income, as produced by the tax presumption.*

2. Transport policy:

The Minister of Transport recently announced his intention to implement a programme for the renewal of the passenger car fleet in Greece, starting in 2009 or 2010.

For this reason, a special Committee has been set up in the Ministry of Transport, the so-called "Green Transportation Committee".

AMVIR, along with the Foundation for Economic & Industrial Research (IOBE), has prepared a relevant study for passenger car fleet renewal and communicated it to the Ministry of Transport.

At the moment, the Minister of Transport is examining the above study and further actions will be announced shortly.



ITALY

ECONOMIC REPORT



Torino, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	1,248,647	0.3	0.1	0.9	0.1	1.8	1.5	0.0	-0.5
Real Consumer Expenditure	733,562	0.2	1.0	0.5	0.1	1.1	1.4	-0.4	-0.3
Real Industrial Production	99.5 (2000=100)	-1.6	-0.5	-0.2	-0.7	2.4	-0.2	-2.0	-1.3
Real Business Investments	253,778	4.0	-1.5	1.9	-0.4	2.5	1.2	-0.4	-1.6
Consumer Price Index	102.7 (2000=100)	2.9	2.8	2.3	1.9	1.9	2.0	3.6	2.0
New Car price Index	109.7 (2000=100)	2.8	1.5	-0.4	2.2	1.5	1.5	1.3*	n.a.
Trade balance (Nominal)	9,233	8,478	2,752	-1,221	-9,369	-21,356	-9,530	-9,889**	n.a.
Unemployment rate	9.1	8.6	8.4	8.0	7.7	6.8	6.1	6.8	7.1

* first 10 months
** first 9 months

Sources: Banca d'Italia Economic Bulletin October 2008
 Centro Studi Confindustria Economic Notes November 2008
 Consensus Economics Forecasts November 2008
 ISAE Economic Outlook October 2008

➤ Comments

Italy: moving into a technical recession

The worsening of the world finance crisis has led to downward forecasts on the Italian economy trend. For the second half of the year, most of the indicators, in particular industrial output and business confidence show that the country has moved into a technical recession. As for 2008, the economy activity is expected to be flat, which implies a negative growth impulse for 2009.

A price cut in raw materials since last summer has contributed to improving the purchasing power of the Italian families towards a slight recovery.

Macro-economic indicators in Italy

GDP: 0.0% in 2008, -0.5% in 2009

Italy, as the Eurozone countries, has entered into a technical recession period after two consecutive quarters characterised by a negative GDP trend. This dynamics points to a more or less zero growth for 2008. Stagnation is also expected in 2009, while perspectives for 2010 indicate a slight recovery, with a GDP around +0.6%. Its feasibility, however, firstly depends on the development of the worldwide economic scenario.

Private consumption: - 0.4% in 2008, - 0.3% in 2009

After growing over 2007 (+1.4%), the increasing energy and food prices recorded in 2008 have weighed on the household real income, reducing private consumption, particularly regarding durable goods like cars. Private consumption is expected to fall down 0.4% in 2008 and 0.3% in 2009.

Industrial output: - 2.0% in 2008, - 1.3% in 2009

This year some factors have led to a drop in the industrial production index: a lower demand (both foreign and internal), higher input costs and a slackening internal consumption.

The perspectives for the next months seem even more uncertain due to the reduction of the number of companies working on job orders. The weakness is one of the effects of the strong worsening of the manufacturing companies' confidence index.

Gross investment: - 0.4% in 2008, - 1.6% in 2009

The relative positive results in the two previous years have been replaced again by a poor cycle for investments. In particular, manufacturing companies are postponing their investments given the poor internal and external demand.

Inflation rate: + 3.6% in 2008; + 2.0% in 2009

Inflation is expected to have peaked in the third quarter of 2008. Assuming a deceleration in oil and non-oil commodity prices, the rate shall return to 2% in 2009. The energy component of the price index shall decline in 2008, whereas the food component will be contained.

Export:

The sales of *Made in Italy* products hold out despite the decline in the world growth.

The first 9 months of 2008 show a negative balance of 9,889 bn euro, with exports up to 5% and imports up to 5.7%.

Unemployment rate: 6.8% of the workforce in 2008, 7.1% in 2009

The unemployment rate is expected to increase for the first time in ten years as new jobseekers, many of them being women and new recorded immigrants, outnumber the new hired. The unemployment rate is expected to increase gradually, as the growth rate of the labour force is still increasing faster than the employment rate.

MOTOR INDUSTRY

New Registrations	Production	Exports
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Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	6.9%	1,711,225	1,927,706	-11.2%
New LCV Registrations ¹ (deliveries for Italy)	6.1%	175,626	178,831	-1.8%
New Truck Registrations ²	-3.5%	26,822	26,398	1.6%
New Bus Registrations	-16.0%	3,411	3,349	1.9%

Production	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production	2.7%	556,660	691,440	-19.5%
New LCV Production	20.9%	254,206	238,594	6.5%
New Truck Production	16.5%	38,912	37,593	3.5%
New Bus Production	-56.6%	957	1,034	-7.4%
TOTAL	7.0%	850,735	968,661	-12.2%

Exports	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car EU Exports (total)				
of which:	1.9%	237,124	283,688	-16.4%
Western Europe ³	-5.5%	175,088	212,231	-17.5%
Eastern Europe ⁴	5.6%	34,352	35,656	-3.7%
NAFTA ⁵	23.6%	4,927	5,022	-1.9%
- o/w USA	20.3%	4,491	4,329	3.7%
South and Central America ⁶	++	270	4,650	-94.2%
Asia ⁷	51.3%	5,041	7,282	-30.8%
-o/w Japan	24.9%	1,872	4,139	-54.8%
Others ⁸	74.4%	17,446	18,847	-7.4%
New LCV EU Exports (total)				
of which:	25.2%	194,031	175,721	10.4%
Western Europe	19.8%	139,174	132,338	5.2%
Eastern Europe	53.7%	48,915	39,160	24.9%
NAFTA	-	357	141	153.2%
South and Central America	-40.9%	658	698	-5.7%
Asia	49.1%	801	331	142.0%
Others	4.0%	4,126	3,053	35.1%
New Truck EU Exports (total)				
of which:	19.9%	30,281	31,338	-3.4%
Western Europe	6.5%	17,412	17,841	-2.4%
Eastern Europe	45.0%	8,595	8,547	0.6%
NAFTA	-45.7%	55	70	-21.4%
South and Central America	-13.9%	82	192	-57.3%
Asia	-7.4%	1,309	1,043	25.5%
Others	80.6%	2,828	3,645	-22.4%

<i>Exports</i>	<i>%Ch</i>	<i>Jan-Sept</i>	<i>Jan-Sept</i>	<i>%Ch</i>
	<i>07/06</i>	<i>2008</i>	<i>2007</i>	<i>08/07</i>
<i>New Bus EU Exports (total)</i>				
<i>of which:</i>	-66.4%	138	356	-61.2%
<i>Western Europe</i>	-70.0%	126	277	-54.5%
<i>Eastern Europe</i>	-13.7%	2	63	-96.8%
<i>NAFTA</i>	-	0	0	-
<i>South and Central America</i>	-100.0%	2	0	-
<i>Asia</i>	-83.3%	7	5	40.0%
<i>Others</i>	-57.7%	1	11	-90.9%

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

Since the beginning of the year, the **Italian car market** has contracted by **11.3%** over the first 9 months in 2007, while the loss recorded in total volumes went close to 220,000 units, namely just nearly 1,709,000 new registrations on the same period a year earlier (around 1,928,000).

It is necessary to consider the present unfavourable economic situation (both national and international): consumers are less confident and more cautious when buying durable goods (especially new cars), due to this general context of financial crisis caused by sub-prime and a greatly increased oil price.

Since no particular sign of reversal trend is expected for the next months and since, according to forecasts made by ANFIA during its Annual Public General Assembly, **2008** is likely to close with a decrease of 13% on last year's closure when 2,170,000 units were recorded.

Despite this situation, **domestic makes** give positive signs. Since the beginning of the year, new car registrations scored **around 550,000 units**, i.e. **down 9.6%** with 58,000 units less than during the same period in 2007, and this has allowed domestic makes to gain 0.6 points on the **market share**, from 31.5% **to 32.1%**.

Since January 2008, **diesel car registrations** have fallen down, with an incidence of 51.4% on the total market, namely down 4.3 points on the results of 2007 end-of-the year (55.7%). This deceleration has partly been due to the jump of the oil price at the pump, which has set to zero the difference between oil and diesel oil prices. Also, road traffic restrictions imposed in city centers have quite often penalized the diesel motorisation.

➤ **New CV registrations/sales**

LCV sales

After 5 slackening consecutive months, deliveries from the beginning of the year have recorded a reversal of trend, dropping by 1.8% to 175,600 units. This has been mostly due to the difficult economic situation, currently undergone and weighing in particular on those reference sectors strictly connected with the LCV market.

Domestic makes have maintained the market leadership all the same. Since the beginning of the year, the result has decreased to -1.3% on the first 9 months of 2007, with around 94,400 units in total. Despite its little slipping down in volumes, the share has improved by 0.3 in terms of percentage points, reaching 53.7%.

Since the beginning of the year, **Fiat Professional's** volumes (just below 76,000 vehicles) have been in line with the first 9 months of 2007. Meanwhile, its market share has attained +43.2% on +42.5% recorded in 2007. In the first 9 months, Fiat Professional has strictly held its leadership in the specific segment of *commercial derived vehicles*, capturing half of the whole market, thanks in particular to the positive results obtained by *New Fiorino* and *Doblò Cargo* (23,000 deliveries in total). The successful model *New Fiorino*, has received the international acknowledgement of "Van of the Year 2009": for the second consecutive year, the Turin brand has been recognised worldwide (in 2008, Fiat Scudo).

In the cumulative data since January, **IVECO** has posted approximately 14,700 deliveries, shrinking by 7.8% on the first 9 months 2007. The high range of this market (> 2.8 tons), the only one where Iveco operates, is still under the negative effects of the domestic and international economic crisis, and is also suffering from the deceleration recorded in both the production and construction sectors.

With regard to **PIAGGIO VEICOLI COMMERCIALI**, on the contrary, the performance of the home company settled in Pontedera has been quite good. Since the beginning of the year it has grown by 0.2 points on the first 9 months last year, and reached 2.1% on the total market. Piaggio's strategy has substantially been targeted on *mobility* (trade and professional) in the "intercity" transport sector. Moreover, the company has successfully consolidated the sales of the "ECO-SOLUTION" model, its environmentally friendly vehicle launched on the market in February 2008 (be-fuelled, LPG and Zero-emission motorization).

Heavy truck registrations

The market of heavy trucks **over 3.5 tons** GVW, with about 27,000 units, recorded a slight positive trend in the first 9 months: **up 1.6%** on 2007 the same period.

The market trend of the last months has however been negative, and the 2008 forecasts therefore indicate a market aligned with the 2007 ones.

Bus registrations

In the **first 9** months of the year, the trend of bus registrations highlighted a slight increase (**up 1.9% and 3.411 units**) in comparison with the same period in 2007. This growing trend, however, does not correspond to a constant increase; it only represents the differences existing in behaviour within the various segments.

In particular, the **financed urban line buses** scored a decrease of **11.8%** on the cumulative data recorded last year in September.

With regard to **interurban line buses**, a decrease was recorded (**down 4.7%** on 2007), **tourist buses** increased on 2007 (**up 3.2%**) and **minibuses & derived buses** grew **up to 17.2%** on 2007.

Domestic makes maintained the market leadership (at around 50% of the total).

➤ New car & New CV Production/Export

In the first 9 months of **2008**, the Italian production registered a negative trend, **down 12.2%** on the same period in 2007.

In particular, **556,660 cars** were produced, **down 19.5%** on the same period in 2007. The negative trend was affected by an extraordinary industrial re-launch that stopped for 2 months (January and February), the production of the brand Alfa Romeo in the plant at Pomigliano d'Arco, but above all by the negative trend of the Italian car market (down 11.2% at the end of September).

The **export** trend was also been negative in this period, **down 16.4%** with 237,124 units exported.

With regard to **Commercial Vehicles**, both production and exports posted good results, except for the HCV exports. They recorded a **production** of **254,256 light vehicles (+6.5%)** and of **38,912 heavy vehicles (+3.5%)**, and an **export** of **194,031 light vehicles (+10.4%)** and of **30,281 heavy vehicles (-3.4%)**.

In this period, the **bus production** fell down to **957 units (-7.4%)**. A negative trend was also noted in exports: **138 units**, corresponding to **- 61.2%**.

Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
Manufacturers of Motor Vehicles (NACE Rev.1 - 34.10)	2000	82,900	-7.4	
	2001	69,900	-15.7	
	2002	65,400	-6.4	
	2003	59,500	-9.0	
	2004	66,500	+11.8	
	2005	67,600	+1.7	
	2006	68,600	+1.5	
	2007	<i>not available</i>	n.a.	
Manufacturers of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	95,900	+4.8	
	2001	104,500	+9.0	
	2002	104,700	+0.2	
	2003	104,300	-0.4	
	2004	100,300	-3.8	
	2005	99,000	-1.3	
	2006	99,800	+0.8	
	2007	<i>not available</i>	n.a.	
TOTAL (NACE Rev.1 - 34.00)	2000	178,800	-1.2	
	2001	174,400	-2.5	
	2002	170,100	-2.5	
	2003	163,800	-3.7	
	2004	166,800	+1.8	
	2005	166,600	-0.1	
	2006	168,400	+1.1	
	2007	<i>not available</i>	Na	

Source: Istat /Eurostat

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

1. Taxation:

The Italian Government has adopted the new Fiscal Law for 2008. The main issue concerning the automotive sector is the renewal of incentives:

	New vehicles	Vehicles to be scrapped	Period	Incentive amounts
Incentive to purchase upon scrapping the old vehicle	Petrol Car Euro 4 - Euro 5 CO2 ≤ 140g/Km Diesel Car Euro 4 - Euro 5 CO2 ≤ 130g/Km	Euro 0 Euro 1 Euro 2 (registered by 31.12.1996) Cars	New vehicles ordered from 1.01.2008 until 31.12.2008 and registered by 31.03.2009	700€ + 1 years of exemption from circulation tax (3 years if old car is Euro 0)
				+ 100€ if the new car has CO2 ≤ 120g/Km +500€ (2 old cars against 1 new car)
	Euro 4 – Euro 5 LCV, special lorries, motor caravan < 3 tons GVW	Euro 0 - Euro 1 LCV, special lorries, Motor Caravan <3.5t GVW		1500€
Euro 4 – Euro 5 LCV, special lorries, motor caravan ≥ 3t up to 3.5 tons GVW	2500€			
Incentive to purchase of new electric, hydrogen, CNG, LPG vehicles without scrapping the old	Euro 4 -Euro 5 Car LCV < 3.5 tons GVW		New vehicles ordered from 1.01.2008 until 31.12.2008 and registered by 31.03.2009	1500€ + 500€ If CO2< 120g/Km.
Only scrapping	without purchasing a new vehicle	Euro 0 - Euro 1 – Euro 2 (registered by 31.12.1998) Cars	Scrapping between 1.01.2008 and 31.12.2008	150€ In this case it is not possible to buy another vehicle during the next 3 years, who scraps one's car can obtain: - a free annual fee (for 3 years) for the public transport in the city where he/she lives, - or 800€ for using Car sharing services

2. Environment:

Italian Regions and Municipalities have adopted different measures – seasonal or annual - to limit the circulation in the urban centers.

REGIONAL MEASURES

AREA	PERIOD	VEHICLES CONCERNED	TIME	EXEMPTIONS
Emilia Romagna municipalities > 50,000 inhabitants	1/10/07 – 31/3/08; 7/1/08 – 31/3/08	(PC+LCV) Euro 0 + Diesel Euro 1 Euro 2 Diesel without DPF - all private vehicles	Mon–Fri: 8.30-18.30 Thu: 8.30 -18.30 (cancelled in case of non-critical conditions)	- Electric / hybrid / methane / LPG - Euro 4 petrol - Euro 4 Diesel with DPF - Specific transports and special use
Piedmont 35 municipal. > 20,000 inhabitants	from 1/10/07	(PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: minimum 8 h	- Electric / hybrid / methane / LPG - Specific transports and special use
Lombardy Critical zone (A1) 210 municipal.	15/10/07 – 15/4/08	(PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: 7.30.– 19.30	- Electric / hybrid / methane / GPL
Tuscany* 30 municipal.	- 2007 - 2008	(PC+LCV) Euro 0 + Euro 1 Diesel	- Tue-Thu: 8.00 - 18.00 + in 16 municipalities Euro 0 7days/week/24hours.	- to be defined at municipality level
Veneto Main municipal.	- winter 2007-2008	- Modes and times different depending on cities, but preferably aimed at Euro 0 + Euro 1 Diesel vehicles		

MUNICIPALITY MEASURES

AREA	PERIOD	VEHICLES CONCERNED	TIME	EXEMPTIONS
Turin + 17 municipal. surrounding the city	from 5/11/07	- (PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: cars 8.00 – 19.00 goods transport: 8.30-13 /14.30-19	- Electric / hybrid /methane / LPG - Drivers over 65
Milan + 210 municipal. in Lombardy	15/10/07 – 15/4/08	- (PC+LCV) Euro 0 + Euro 1 Diesel	Mon-Fri: 7.30 – 19.30	- Electric / hybrid /methane / LPG
Milan* historical centre/precinct and ancient ring- walls	from 2/1/08	car entrance ticket: Euro 1-2 petrol: 2€ Euro 0 petrol / Euro 1-2-3 Diesel: 5€ Euro 0 Diesel: 10€ special tickets for residents /commuters	Mon-Fri: 7.30 -19.30	- Electric / hybrid / methane / LPG - Euro 3-4 petrol - Euro 4 petrol with DPF - Euro 4 Diesel, without DPF (up to June 30)
Venice (on city land)	- 15/10/07 - 12/12/07 & - 7/1/08 - 30/3/08	- (PC+LCV) Euro 0 + Euro 1 Diesel - other vehicles: different number plates on alternative days	Mon-Fri: 8.30 - 18 Thu & Fri: 8.00 - 18.00	- Electric / hybrid / methane / LPG
Florence*	from 1/1/08	Euro 0 PC + Euro 1 Diesel (LCV + special use vehicles) Euro 0	7days/week/24hours	Electric / hybrid / methane / LPG drivers over 65
Rome (inner part of city loop)	- 10/1/08 - 27/3/08	(PC+LCV) Euro 0 petrol + Euro 0-1-2 Diesel (PC+LCV) Euro 1 -2-3 petrol + Euro 3 Diesel / Euro 4 without DPF	- Thu : 15.00 . 21.00 . (in emergency: 7.30 - 21.00) - different number plates on alternative Thursdays: 15.00 – 21.00	Electric / hybrid / methane / LPG Euro 4 petrol Euro 4 Diesel, with DPF
Naples *	- from 3/9/07	(PC+LCV) Euro 0 + Euro 1 Diesel	Euro 0 – Mon & Fri: 8.30 - 18.30. Euro 1: Wed-Fri: 9.30 - 13.30	Electric / methane / LPG

* *in force*



NETHERLANDS

ECONOMIC REPORT



Amsterdam, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	1.3%	0.60%	-0.90%	1.25%	1.5%	3%	2.75%	2.25%	1.25%
Real Consumer Expenditure	1.2%	1.25%	-0.90%	0.25%	0.7%	-1%	2%	1.5%	1.0%
Real Industrial Production	-	-	-	-	-	-	-	-	-
Real Business Investments	-1.8%	-6.4%	-1.8%	-2.2%	3.1%	4.25%	5.25%	4.75%	-
Consumer Price Index	4.5%	3.4%	2.1%	1.25%	1.7%	1%	1.75%	2.5%	3.0%
New Car price Index	106.2	109.1	108.4	-	-	-	-	-	-
Trade balance (Nominal)	5.8%	6.5%	6.3%	7.2%	7.7%	7.75%	7.5%	7.75%	-
Unemployment rate	3.3%	4.0%	5.1%	6.5%	6.5%	5.5%	4.5%	3.2%	3.3%

Source : CPB, Macro Economic Outlook 2008

➤ Comments

Slowdown in Dutch economic growth in 2008 and 2009

The credit crisis, and the slackening international business cycle that has ensued, have led to a sharp decline in economic growth, to 2.25% in 2008 and 1.25% in 2009. Nevertheless, the labour market remains tight and unemployment low. Inflation will be above 3% in both years.

Cyclical decline in Dutch economy has really started

The Netherlands has passed the top of the business cycle in terms of economic growth. After two excellent final quarters in 2007, the quarter-to-quarter growth in the first quarter of 2008 was only 0.4%. Production did not increase at all in the second quarter of this year - on a quarter-to-quarter basis - for the first time in three years. The diminished growth of world trade leads to a lower rise in Dutch exports. Consumption and private non-residential investment will develop less favourably this year and the next than they have in the past few years.

On a quarterly basis, Dutch economic growth will be very meager in 2008. Nevertheless, GDP growth on a yearly basis is still expected to come out at 2.25%, as a result of the so-called 'carryover effect'. The projected rise of GDP in 2009 is lower, only 1.25%, but with larger quarter-to-quarter growth during the year.

Labour market remains tight

Despite moderate quarter-to-quarter growth, the tension in the Dutch economy remains this year. This tension is felt most keenly in the labour market. The number of vacancies is around 245,000 (3% of all jobs + vacancies) for three quarters already, a historic record. Unemployment will be well under the estimated level of equilibrium unemployment. The projections show a slight increase in unemployment in 2009, to 4.25% of the labour force, but this is still low, both historically and compared to other countries.

Rising wages and inflation

The high oil price boosts inflation, which is expected to rise to 2.75% this year and to 3.25% in 2009. The rise in some indirect taxes also contributes to the increase in prices. Furthermore, labour productivity will expand relatively slowly this year and next, and the resulting increase in unit labour costs will add fuel to the inflation.

Consumption growth is slowing down

At 0.75%, the projected growth of real disposable household income in 2008 is significantly below the increase of 3.7% last year, tempering consumption growth to 1.5% this year and to 1% in 2009.

Stagnating exports restrain economic growth

The slowdown in Dutch economic growth in 2008 is to a large extent due to export developments. 'Made-in-Holland' exports are expected to increase by only 2.25% in 2008, compared with 5.0% last year. The main cause of this slackening is the deteriorating international economic situation.

Source: CPB Netherlands Bureau for Economic Policy Analysis, September 2008

MOTOR INDUSTRY

New Registrations	Production	Exports
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Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations		421,340	416,174	1%
New LCV Registrations ¹		70,831	63,964	11%
New Truck Registrations ²		14,694	13,176	12%
New Bus Registrations		477	585	-18%
Production	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production		41,608	45,022	-8%
New LCV Production		0	0	
New Truck Production		32,853	36,931	-11%
New Bus Production		1,400	1,540	-9%
Exports	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car EU Exports (total)		Jan.-Aug		
of which:		74,921	72,763	3%
Western Europe ³		64,114	60,160	7%
Eastern Europe ⁴		9,082	10,974	-17%
NAFTA ⁵				
- o/w USA		246	80	208%
South and Central America ⁶		16	66	-76%
Asia ⁷		616	515	20%
-o/w Japan				
Others ⁸		847	968	-13%

There has been a correction from CBS for the export figures.

The new figures only concern new cars. The previous figures also gave used cars.

New Truck EU Exports (total)		21,373	23,325	
of which:				
Western Europe		14,359	16,899	-15%
Eastern Europe		4,541	4,133	10%
NAFTA		10	28	-64%
South and Central America		216	277	-22%
Asia		1,531	1,127	36%
Others		716	861	-17%

The same correction from CBS. New trucks and new LCV together.

New Bus EU Exports (total)		1,217	1,760	-31%
of which:				
Western Europe		890	1,104	-19%
Eastern Europe		225	399	-44%
NAFTA				
South and Central America		73	70	4%
Asia		2	150	-99%
Others		27	37	-27%

The same correction from CBS.

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

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	12,600	-0.1	1.4
	2001	11,800	-0.1	1.3
	2002	10,900	-6.8	1.2
	2003	10,600	-2.8	1.2
	2004	10,300	-2.8	1.2
	2005	9,800	-4.9	1.2
	2006	8,700	-11.2	1.2
	2007	n.a.		
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	15,200	0.7	1.6
	2001	14,600	-4.6	1.5
	2002	14,400	-0.7	1.6
	2003	14,300	-0.7	1.6
	2004	12,900	-9.8	1.5
	2005	12,700	-1.6	1.5
	2006	13,000	+2.4	1.5
	2007	n.a.		
TOTAL (NACE Rev.1 - 34.00)	2000	27,800	-3.1	2.9
	2001	26,200	-5.8	2.8
	2002	25,400	-3.1	2.8
	2003	24,900	-2.0	2.8
	2004	23,200	-6.8	2.7
	2005	22,400	-3.4	2.7
	2006	20,700	-7.6	2.7
	2007	n.a.		

Source: CBS Statline

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

Taxation:

- On 31 May 2008, our government has made some crucial decisions about the environment and taxation for the next few years.

First of all, a decision was made about the introduction of road pricing in the Netherlands. In the year 2011, heavy commercial vehicles will start with road pricing. In 2012, the first contingent of passenger cars will start with road pricing. In order to facilitate the scheme of road pricing, our registration tax (BPM) will be abolished, except for motorcycles. This will take place in the next 10 years, to start in 2009. The scheme of abolishment will be: a 5%/year reduction during the first 4 years. Then another 6 years with 12,5% /year. In total, this would represent 95%. In 2008, a first step of 5% was already made (in total: 100%). In the meantime, the next operation will be carried out:

- The reduction of BPM will be compensated by an increase of the annual circulation tax (ACT) for all vehicles (commercial vehicles, passenger cars and motorcycles).
- During the scheme of abolishment, the foundation of our registration tax (catalogue price) will be gradually redirected to the amount of CO2 emissions/km.

Other plans of our government for 2009 and the following years:

- Increase ACT for commercial vehicles and heavy trucks, equal to or less than EURO 2.
 - Addition of extra step of 20% in our scheme of taxation for the private use of business cars, between the current steps of 14% (very fuel-efficient cars, i.e. less than 110 g CO2/km for petrol cars and less than 95 g CO2/km for diesel cars) and 25% (nominal tariff).
 - Another 50% discount ACT for these very fuel-efficient cars (the first 50% discount was introduced on 1st April 2008).
 - Lowering the excise duty for LNG to the amount applied to petrol cars.
 - Re-introduction of a fiscal scheme for passenger cars with diesel engines with a particle matter emission equal to or less than 5 mg/km. For these cars, there will be a fiscal discount of € 600,- in 2009 and of € 300,- in 2010. In 2011, the discount will be nihil. The funding for this re-introduction will be found in the increase of the registration tax for all passenger cars by € 76,- during three years.
 - In 2009, the limits from where a surplus in the registration tax will be charged for very fuel inefficient cars (petrol as well as diesel) will again be lowered
 - During the years 2010-2013 (4 years), the fundamentals of our registration tax (which is now the net consumer price), will gradually but completely change into CO2 emissions in g/km.
- Our government prefers a voluntary agreement between the government, suppliers of commercial vehicles and customer organisations to speed up the introduction and purchase of these vehicles with an FAB filter. It is supposed to sign an agreement in December 2008.
- The aforementioned proposals are to be discussed by our Parliament at the moment of this writing. In the course of November 2008, our Parliament will make a final decision about these proposals. All details will be included in the forthcoming ACEA Tax Guide 2009.



PORTUGAL

ECONOMIC REPORT



Lisbon, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data (bn EUR/Index)	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
		02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	1.7	0.5	-1.3	1.3	0.5	1.3	1.9	0.5	0.1
Real Consumer Expenditure	1.0	0.5	-0.7	2.3	2.1	1.1	1.6	1.3	0.1
Real Industrial Production	2.4	-0.5	0.3	-2.5	0.1	2.8	1.8	-1.7(*)	
Real Business Investments	0.3	-5.5	-9.6	0.2	-3.1	-2.0	3.1	0.1	-2.7
Consumer Price Index	4.4	3.7	3.3	2.5	2.1	3.0	2.4	2.9	2.3
New Car price Index	2.8	4.8	4.5	2.2	1.9	2.5			
Trade balance (Nominal)	-8.4	-5.2	-3.6	-5.9	-8.6	-8.7	-10.0	-11.6	-10.6
Unemployment rate	4.2	5.1	6.4	6.7	7.6	7.7	7.5	7.6	8.4

Source : Banco de Portugal

(*) – September/2008, average change over the last twelve months

Accordingly to the latest release of the Bank of Portugal, the forecasts were revised downwards, including:

Strong deceleration in GDP in 2008 to a growth rate between 0.2% and 0.8% (after 1.9% in 2007) and maintaining the pace of growth in 2009 and some acceleration in 2010;

Sharp drop in contribution of domestic demand and net external demand for the growth of GDP (the last one gave a negative contribution of - 4.4%);

Trend of reduced growth rate of private consumption to a level close to 1% at the end of the forecast horizon;

Decline in investment in 2008 (almost 1%) must re-submit only positive growth rates in 2010;

Exports to monitor the fall in external demand, the pace of growth to be around 2% in 2008-2009 and again to recover in 2010 (loss of market share);

Inflation rate should drop to values close to 2%.

MOTOR INDUSTRY

New Registrations	Production	Exports
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<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	1.7%	162,173	154,872	4.7%
New LCV Registrations ¹	11.7%	40,620	51,954	-21.8%
New Truck Registrations ²	-11.8%	4,298	4,034	6.5%
New Bus Registrations	14.9%	597	572	4.4%

<i>Production</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production	0.6%	103,336	103,867	-0.5%
New LCV Production	-53.1%	25,591	26,436	-3.2%
New Truck Production	15.4%	5,450	4,747	14.8%
New Bus Production	24.2%	93	116	-19.8%

<i>Exports</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car EU Exports (total)	0.7%	102,301	102,765	-0.5%
New LCV EU Exports (total)	-53.9%	22,929	24,184	-5.2%
New Truck EU Exports (total)	25.6%	5,014	4,202	19.3%
New Bus EU Exports (total)	37.5%	59	66	-28.9%

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches

➤ Comments

From January to September 2008, 202,793 light vehicles were sold in Portugal, which represents a decrease of 1.9%.

Looking at the trend in sales of light vehicles in September, from 2000 to 2008, we note that the value of sales of cars registered in September of this year is roughly at the same level of the figures recorded since 2003. If we do this analysis for the corresponding period accumulated, it appears that the car market has been stagnant since the year 2003.

In the first nine months of 2008 162,173 passenger cars were sold in Portugal, which represents an increase of 4.7% over the same period of the last year.

Concerning the market for light commercial vehicles, the market fell by 21.8% over the same period of last year, which corresponds to a total of 40,620 units sold.

Concerning the market for heavy vehicles, in the first nine months of 2008, sales amounted to 4.895 units which was an increase of 6.3% over the same period a year earlier.

For the car production in Portugal, in the first nine months of 2008, 134.470 vehicles left the lines of national manufacturing, which represents a slight decrease in production of 0.5%, over the same period of the last year.

Of the total vehicles produced from January to September 2008, 96.9% were allocated to the foreign market, while only 3.1% of the vehicles were sold domestically. The total exports of vehicles decreased 0.7% over the same period in the previous year.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	9,684		0.9%
	2001	8,967	-7.4%	0.8%
	2002	8,350	-6.9%	0.8%
	2003	8,046	-3.6%	0.8%
	2004	6,740	-16.2%	0.7%
	2005	6,514	-3.4%	0.7%
	2006	6,594	1.2%	0.7%
	2007	5,794	-12.1%	0.6%
	2008			
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	18,481		1.7%
	2001	14,337	-22.4%	1.3%
	2002	15,617	8.9%	1.5%
	2003	14,947	-4.3%	1.5%
	2004	15,933	6.6%	1.6%
	2005	16,614	4.3%	1.7%
	2006	17,338	4.4%	1.8%
	2007	16,638	-4.0%	1.7%
	2008			
TOTAL (NACE Rev.1 - 34.00)	2000	28,165		2.6%
	2001	23,304	-17.3%	2.1%
	2002	23,967	2.8%	2.3%
	2003	22,993	-4.1%	2.3%
	2004	22,673	-1.4%	2.3%
	2005	23,128	2.0%	2.4%
	2006	23,932	3.5%	2.5%
	2007	22,432	-6.3%	2.3%
	2008			

➤ Comments

The unemployment rate estimated for the 2nd quarter of 2008 was 7.3%. This figure is lower than that observed in the same period of 2007 by 0.6 percentage points (pp) and that observed in the previous quarter by 0.3 pp. The unemployed population was estimated at 409.9 thousand individuals, corresponding to a decrease of 6.9% over the corresponding quarter and 4.0% on the previous quarter. The number of employees increased by 1.4% when compared with the same quarter of 2007 and by 0.7% on the previous quarter.

The employed population, a total of 5 228.1 thousand individuals in the 2nd quarter of 2008, has increased by 1.4% (73.5 thousand people) and quarterly by 0.7% (37.1 thousand).

The sectors of *Services, Education, Public Administration, Social Security and Defense* contributed positively to the employment. In contrast, in *Agriculture, Forestry and Fisheries*, on the one hand, and *Industry, Construction, Energy and Water*, on the other hand, the employment decreased (4.3 thousand and 33.1 thousand individuals, respectively).

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

1. Taxation:

The new policy for car tax (ISV) points out the following: since 1 July 2007, 10% of the tax burden from the tax on acquisition has been transferred to the tax on ownership. At the same time, the environment part has become a bigger part of the total tax on acquisition than the cylinder capacity part. Concerning year 2008, the ISV rates were changed after 1 January 2008 and, after that date, the environment part began to represent 60% of the total tax on acquisition, while the cylinder capacity part represented the remaining 40%.

2. Environment:

During 2008, the Government has kept giving subsidies for the scrapping of cars older than 10 years. In the meantime, the Government has approved some procedures to make these subventions easier and more tempting.

On the other hand, the recycling process of ELVs is still in progress in Portugal. A company (VALORCAR) was created to monitor and coordinate the recycling process (on www.valorcar.pt, it is possible to have access to the network of the Portuguese certified centres for the recycling process).

The car tax is paying more and more attention to environmental problems. In 2008, the environmental component of ISV represents 60% of the car tax on acquisition. Gas, Electric, LPG and hybrid vehicles benefit from a reduction of 50% on the car tax on acquisition.

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



<p style="text-align: center;">SPAIN</p> <p style="text-align: center;">ECONOMIC REPORT</p>



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National Economic Outlook

➤ National Economic Data

	2001	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(absolute figure in bn EURO)	03/02	04/04	05/04	06/05	07/06	08/07 (forecast)	09/01 (forecast)
Real GDP	543.7	3	3.2	3.5	3.9	3.8	1.6	1
Real Consumer Expenditure	419.0	2.8	4.2	4.2	3.8	3.2	0.7	0.4
Real Industrial Production	95.5	1.4	1.6	0.7	3.9	1.9	-5	-7
Real Business Investments	134.7	5.9	5	6.9	6.8	5.9	-0.6	-3.6
Consumer Price Index (Dec/Dec)	2.7	2.6	3.2	3.7	2.7	4.2	2.7	2.8
New Car price Index (Dec/Dec)	1.7	1.3	2.2	2.3	1.7	0.5	-0.1	--
Trade balance (% GDP)	-1.7	-5.1	-6.3	-7.5	-8.6	-10.1	-10.5	-9.9
Unemployment rate	10.5	11.5	10.5	9.2	8.5	8.3	10.8	13.5

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

➤ Comments

The Spanish economy is being affected by the international financial crisis, an increase in commodity prices and a decrease in housing construction.

The lower consumer confidence and the drop in the employment, which has been very intensive in the past months, are marking a negative trend in the national demand. Jointly with the construction readjustment process the investment and consumption is being pushed to very low levels.

Forecasts point out in GDP a slight increase, 1.3% of growth in 2008, and a negative percentage in 2009 that would be near 1%. Government forecasts are showing a very optimistic view and it is possible that this will change soon.

The positive aspects are the considerable deceleration of the inflation and the expected decreases in interest rates.

MOTOR INDUSTRY

New Registrations	Production	Exports		
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Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	-1.2	1,025,651	1,345,188	-23.8
New LCV Registrations ¹	0.6	148,727	228,470	-34.9
New Truck Registrations ²	10	28,751	38,425	-25.2
New Bus Registrations	4.7	3,107	3,425	-9.3

Production	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production	5.6	1,586,294	1,673,113	-5.19
New LCV Production	-3.2	437,366	450,326	-2.88
New Truck Production	19.2	64,833	67,846	-4.44
New Bus Production	5.2	953	1,237	-22.96

Exports	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car EU Exports (total)	2.5	951,490	1,015,298	-6.3
<i>of which:</i>				
<i>Western Europe</i> ³	2.9	968,286	1,034,720	-6.4
<i>Eastern Europe</i> ⁴	31.4	129,143	95,625	35.1
<i>NAFTA</i> ⁵	-56.1	25,445	23,934	6.3
<i>- o/w USA</i>	-99.9	13,676	12,000	14.0
<i>South and Central America</i> ⁶	459.5	5,843	3,863	51.3
<i>Asia</i> ⁷	-11.8	9,728	7,579	28.4
<i>-o/w Japan</i>	-29.4	2,829	1,366	107.1
<i>Others</i> ⁸	144.1	39,772	32,421	22.7
New LCV EU Exports (total)	-5.2	257,626	241,878	6.5
<i>of which:</i>				
<i>Western Europe</i>	-5.2	265,171	249,682	6.2
<i>Eastern Europe</i>	-3.4	47,232	42,529	11.1
<i>NAFTA</i>	31	496	3,293	-84.9
<i>South and Central America</i>	6.4	6,053	8,353	-27.5
<i>Asia</i>	41.9	16,957	20,149	-15.8
<i>Others</i>	11.5	11,243	18,430	-39.0
New Truck EU Exports (total)	12.3	37,546	36,664	2.4
<i>of which:</i>				
<i>Western Europe</i>	11.5	37,546	36,664	2.4
<i>Eastern Europe</i>	19.1	836	380	120.0
<i>NAFTA</i>	>500	165	468	-64.7
<i>South and Central America</i>	47.0	143	106	34.9
<i>Asia</i>	8.9	422	440	-4.1
<i>Others</i>	171.7	192	2,882	-93.3

Exports	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Bus EU Exports (total)	18.8	345	285	21.1
of which:				
<i>Western Europe</i>	18.8	345	285	21.1
<i>Eastern Europe</i>	-50	7	9	-22.2
<i>NAFTA</i>	-	0	0	-
<i>South and Central America</i>	-	0	0	-
<i>Asia</i>	>500	15	461	-96.7
<i>Others</i>	-35.3	196	71	176.1

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

➤ Comments

In the first ten months of the year, the Spanish market of passenger cars suffered a strong fall with a negative year-to-year rate of -23.8%. During the last 6 months, new registration figures showed a contraction between -25% and -40%. A decrease of 25% for the whole 2008 and 10% for 2009 is expected. This means a loss of 400,000 cars in the current market and an additional cut of 120,000 more in 2009. The market figure will be similar to the one of 1997 and close to 1,000,000 car sales.

The main reasons are the fact that the confidence index is deeply decreasing, due to credit restrictions, and the increase of unemployment. At the same time, families have less disposable income as a result of the increase in consumer prices and interest rates.

New registrations of light commercial vehicles and trucks have also been negative during 2008. The weak evolution of the construction and industrial sector has had a strong negative effect on these segments. Contraction of credit is a very important factor in demand restriction. From January to October, the market showed a year-to-year decrease of 34.9% and 25.2% respectively for commercial vehicles and trucks. A strong slowdown trend has been noted for the segment of buses and coaches with a percentage rate of -9.3%. Forecasts are also very negative for commercial vehicles with a cut down over 30% in 2008.

As to the production of cars, it decreased in the first nine months of 2008 and translated into a rate of 5.2% with 1,586,294 units. In line with the bad evolution of some European markets, exports have diminished and translated into a negative rate of 6.3%. ANFAC foresees a decrease of 10% in the production of the current year, which means 300,000 vehicles less than the previous year.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing Industry
Manufacturer of Motor Vehicles	2002	72,537	0.2	2.4
	2003	71,038	-2.1	2.3
	2004	72,453	2.0	2.4
	2005	72,331	-0.2	2.3
	2006	70,601	-2.4	2.3
	2007	69,929	-1.0	2.3
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines	2002	246,935	-2.0	8.1
	2003	253,059	2.5	8.3
	2004	252,550	-0.2	8.3
	2005	251,035	-0.6	8.1
	2006	247,772	-1.3	8.0
	2007	245,666	-0.8	7.9

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

➤ **Comments**

As a consequence of the current trend of the demand (national and European), flexible labour measures are being implemented to try and adapt the production to the slowdown of the market. At present, nearly 20,000 employees are being affected by this situation with temporary suspensions.

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

Incentives: PLAN VIVE (Vehículo Ecológico – Vehículo Innovador)

As of 1 December, Plan VIVE will deeply change the conditions, making it more flexible and attractive to buyers. The changes are shown in the following table:

PLAN VIVE (BOE nº156-june 28th 2008)	NEW PLAN VIVE (BOE nº81-november 21th 2008)
Credit facilities	Credit facilities
Credit line up to € 1,200 million	Credit line up to € 1,200 million
Scrapping of a vehicle that is more than 15 years old	Scrapping of a vehicle that is more than 10 years old or that has more than 250,000 km.
Credit of € 5.000 free of interest rate. Credit period of 5 years	Credit of € 10.000 free of interest rate. Credit period of 5 year with the possibility of a year of lack
New vehicle - CO2 emissions not over 120 g/km or CO2 emissions not over 140 g/km with ESC (Electronic Stability Control) and acoustic seat belt alarm.	New vehicle - CO2 emissions not over 120 g/km or CO2 emissions not over 140 g/km with ESC (Electronic Stability Control) and acoustic seat belt alarm or cars with CO2 emissions not over 140 g/km with some other specific technical requirements
Commercial vehicles are not included	Commercial vehicles (<3,5 t), with emissions not over 160 g/km
Second-hand vehicles are not included	Second-hand vehicles (maximum 5 years), but the vehicle scrapped should be 15 years old
Maximum price of acquisition: € 20,000	Maximum price of acquisition: € 30,000
It is obligatory to finance 100% of the new vehicle	The 100% requirement has been eliminated
Rest of the credit: variable interest rates (Euribor+ until 2.5%)	Rest of the credit: fixed interest rates (ICO interest rates reference+ until 2.5%)
Consumer saving: approx. € 900-1000	Consumer saving: approx. € 1800-2000
In force: from 1 August 2008 to 30 November 2008	In force: from 1 December 2008 to 31 July 2010



SWEDEN

ECONOMIC REPORT



Stockholm, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	245.0	+2.4	+1.9	+4.1	+3.3	+4.1	+2.7	+1.5	+1.3
Real Consumer Expenditure	119.8	+2.6	+2.0	+2.6	+2.7	+2.5	+3.0	+1.8	+2.3
Real Industrial Production	44.5	+6.3	+4.9	+9.1	+4.4	+5.1	+2.7	+1.1	+1.5
Real Business Investments++	36.6	-6.0	+1.6	+4.8	+8.9	+6.4	+8.9	+3.5	-0.1
Consumer Price Index		+2.1	+1.3	+0.3	+0.9	+1.6	+3.5	+3.6	+1.1
New Car price Index		+1.4	+1.3	+1.8	+1.1	-0.1	-0.7		
Trade balance (Nominal)	16.9	+2.0	-5.1	+13.3	-17.1	+7.8	-19.1	-7.3	-1.8
Unemployment rate		6.1	6.8	7.7	7.7	7.1	6.2	6.0	6.4

Source : Government Budget Proposal, September 2008
1 Euro=SEK 9,25

➤ Comments

The forecast in the table above was made by the Government in September. Since then the current severe financial crisis has made the economic outlook less favourable. In an updated forecast made in October by the National Institute of Economic Research the forecast for GDP in 2009 is -0.1% and the forecast for the households expenditure is +1.0%.

Due to the effects of the financial crisis both companies and households have become more pessimistic about the future. The number of people that has been noticed that they will probably be unemployed has increased during the past months, for example within the automobile industry. The number of signed orders by car purchasers has decreased since this summer and the effect of this is now seen in the large decrease of new car registrations. The consumer demand is held back by increased pessimism among the households, downturn on the stock market, uncertainty about house prices and not the least uncertainty about the labour market. On the other hand the households will get lower income taxes next year that will increase their disposable income.

Difficulties for both private persons and companies to get credits are important explanations to the lower activity in the Swedish economy. On 20 October, the Government presented a plan for the stabilisation of the financial system. The plan contains a guarantee programme on SEK 1500 billion to support the financing by the banks and other credit institutes. During the autumn both the Riksbank and the National Debt Office have taken measures to strengthen the financial stability.

MOTOR INDUSTRY

New Registrations	Production	Exports
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Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	8.5	196,911	219,500	-10.3
New LCV Registrations ¹	11.9	30,147	31,364	-3.9
New Truck Registrations ²	6.2	5,234	5,023	4.2
New Bus Registrations	-26.5	871	733	18.8

Production	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production	9.8	216,992	228,119	-4.9
New LCV Production	-	-	-	-
New Truck Production	13.7	34,146	28,303	20.6
New Bus Production	-2.2	n.a.	n.a.	n.a.

Exports	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car EU Exports (total)	3.4	314,483	363,868	-13.6
of which:				
<i>Western Europe</i> ³	-2.2	136,854	184,043	-25.6
<i>Eastern Europe</i> ⁴	56.8	33,901	30,687	10.5
<i>NAFTA</i> ⁵	-2.4	79,420	106,344	-25.1
<i>- o/w USA</i>	-1	72,128	96,388	-25.2
<i>South and Central America</i> ⁶	94.9	2,621	2,433	7.7
<i>Asia</i> ⁷	24.3	24,560	25,321	-3.0
<i>-o/w Japan</i>	16.3	5,189	8,971	-42.2
<i>Others</i> ⁸	16.7	37,127	15,040	146.9
New Truck EU Exports (total)	19.1	n.a.	105,421	
of which:				
<i>Western Europe</i>	3.5	n.a.	51,127	
<i>Eastern Europe</i>	66.6	n.a.	24,606	
<i>NAFTA</i>	-15.8	n.a.	140	
<i>South and Central America</i>	27.8	n.a.	14,341	
<i>Asia</i>	16.5	n.a.	9,812	
<i>Others</i>	19.9	n.a.	5,395	
New Bus EU Exports (total)	11.4	n.a.	11,136	
of which:				
<i>Western Europe</i>	1.4	n.a.	3,245	
<i>Eastern Europe</i>	17.7	n.a.	598	
<i>NAFTA</i>	0.3	n.a.	1,250	
<i>South and Central America</i>	54.3	n.a.	2,460	
<i>Asia</i>	-8.5	n.a.	2,543	
<i>Others</i>	51.7	n.a.	1,040	

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

2. CVs above 3.5t, excluding Buses&Coaches

3. Western Europe = EU+EFTA

4. Eastern Europe = Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Slovakia, Slovenia, Ukraine, Serbia/Montenegro, Russia Turkey

- 5. NAFTA = US, Canada, Mexico
- 6. South and Central America = *South America*: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Falkland Isl., French Guyana, Guyana Republic, Paraguay, Peru, Suriname, Uruguay, Venezuela, Others.
= *Central America*: Costa Rica, Cuba, Guatemala, Jamaica, Panama, Puerto Rico, Caribbean Isl., Others
- 7. Asia = *Southeast Asia*: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Vietnam, Others.
= *Northeast Asia*: China, Japan, S+N Korea, Mongolia, Macao, Others.
= *Central Asia*: Armenia, Georgia, Others.
= *South Asia*: India, Nepal, Others.
= *Middle East*: Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Others.
- 8. Others Australia, S.Pacific, Africa

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

➤ Comments

New car registrations in Sweden decreased by almost 10% during January-September 2008. In October, the new car registrations decreased by 23%. The forecast for 2008 is 255,000 new cars which is a decrease of 17% compared to the 2007 figure of 307,000. 2007 was the fifth best car year ever. The diesel share of the new car market has continued to increase and was 36.0% during the first nine months this year compared to 30.6% during the same period last year. In 2005, the diesel share was only 9.7%. The main explanations for the increased diesel share are the decreased annual road tax on diesel cars and the increased supply of diesel car models on the market.

The market share of eco cars (cars wholly or partly driven by other fuels than petrol/diesel and diesel/petrol cars with max. 120 g/km CO₂ emissions and the diesels having a particle filter), has more than doubled this year. In January-September 2008 the eco car market share of the total new car market was 32.1% compared to 15.9% for same period last year. The demand of eco cars among private persons has increased due to the fact that a tax premium of SEK 10,000 was introduced from 1 April 2007 for private persons purchasing an eco car. A lot of new models of eco cars is another explanation of the increased market share. Among the eco cars registered in January-September this year, 67.9% were ethanol cars (E85), 26.5% diesel/petrol cars with max. 120 g/km CO₂ emissions, 4.4% hybrids and 1.2% gas.

The private import of cars is not included in the new registration figures. The number of privately imported cars has decreased by 27% in January-September this year. Eight out of ten privately imported cars are more than three years old.

New registrations of trucks decreased by 2.8% in January-September this year. Light trucks decreased by 3.9% and heavy trucks increased by 3.4%. The forecast for light truck registrations in 2008 is 38,000 vehicles, which can be compared to the all time high level in 2007 of 44,000 vehicles. In October, truck registrations decreased by 19%.

Worldwide car production by Volvo Cars and Saab Automobile together decreased by 15% during January-September this year. Worldwide truck production by Volvo and Scania together increased by 10%. These production figures include all production/assembly abroad, except the truck production by the Volvo-owned Mack and Renault. The car production in Sweden decreased by 5% and the truck production in Sweden increased by 21% in January-September 2008.

Export deliveries of cars (including deliveries of vehicles produced abroad) decreased by 14% in January-September 2008.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	49,400	+15.8	6.9
	2001	51,268	+3.6	7.1
	2002	50,202	-2.1	7.0
	2003	47,781	-4.8	6.9
	2004	48,596	+1.7	7.2
	2005	49,775	+2.4	7.7
	2006	48,554	-2.5	7.6
	2007	47,368	-2.4	7.4
	2008	n.a.	NA	NA
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	23,857	-13.5	3.3
	2001	26,287	+10.2	3.6
	2002	22,500	-14.4	3.2
	2003	24,014	+6.7	3.5
	2004	23,702	-1.3	3.5
	2005	27,978	+18.0	4.3
	2006	24,600	-12.1	3.9
	2007	24,654	+0.2	3.9
	2008	n.a.	NA	NA
TOTAL (NACE Rev.1 - 34.00)	2000	73,347	+4.3	10.2
	2001	77,555	+5.7	10.7
	2002	72,702	-6.3	10.2
	2003	71,795	-1.2	10.4
	2004	72,298	+0.7	10.6
	2005	77,753	+7.5	12.0
	2006	73,154	-5.9	11.5
	2007	72,022	-1.5	11.3
	2008	n.a.	n.a.	n.a.

Source: Statistics Sweden

➤ Comments

The number of people employed within the Swedish automobile industry according to the definition in the table above decreased by 1.5% in 2007. The share of people employed in the automobile industry in relation to the total employment within the manufacturing industry decreased from 11.5 % in 2006 to 11.3% in the year 2007.

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

Taxation	Environment	Transport Policy	Emissions
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Taxation:

The tax premium of SEK 10 000 for private persons purchasing a new eco car will be abolished already from 1 July 2009 instead of 1 January 2010, as decided earlier.

Also the exemption for eco cars to pay the congestion tax in Stockholm will be abolished in advance. Eco cars newly registered from 1 January 2009 have to pay the congestion tax. According to a former decision, all eco cars should be exempted from paying the congestion tax until the end of July 2012. All eco cars newly registered before 1 January 2009 will, however, not pay the congestion tax until the end of July 2012.

The exemption for people having an eco car to pay a residence parking fee will be abolished in advance or already from 1 January 2009.

The petrol tax will be increased by SEK 0.29 per litre and the diesel fuel tax will be increased by SEK 0.22 per litre, incl. VAT from 1 January 2009. These tax increases are the effect of an annual price index adjustment.



UK

ECONOMIC REPORT



London, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data (bn EUR/Index)	%Ch 02/01	%Ch 03/02	%Ch 04/03	%Ch 05/04	%Ch 06/05	%Ch 07/06	%Ch 08/07	%Ch 09/08
								(forecast)	(forecast)
Real GDP	£1,086bn	2.1	2.8	2.8	2.0	2.8	3.1	1.1	-0.1
Real Consumer Expenditure	£668bn	3.7	3.1	3.1	2.0	2.0	3.0	1.8	-0.6
Real Industrial Production	102.3	-1.6	-0.6	0.9	-1.1	0.7	0.5	-1.0	-0.4
Real Business Investments	£117bn	1.2	-1.0	1.0	4.8	3.9	9.8	-0.6	-2.8
Consumer Price Index	94.2 ('05=100)	1.3	1.4	1.3	2.0	2.3	2.3	3.8	2.7
New Car price Index	95.8 ('05=100)	-0.4	0.7	2.3	1.7	0.9	1.5		
Trade balance	£41bn	£48bn	£49bn	£61bn	£69bn	£76bn	£89bn	£93bn	£92bn
Unemployment rate	3.2%	3.1	3.1	2.8	2.8	3.0	2.7	2.8	4.2

Source : ONS for actual and OEF for forecasts (at October 2008)

➤ Comments

- Economic forecasts much more downbeat as recession the reality for UK
- GDP growth to fall, 2009 first year of recession since 1991

This autumn saw the global economy escape a damaging financial collapse. The usual policy responses were inadequate, both in shape and scale. Governments' actions have been bolder and more intrusive in terms of intervention and involvement in financial markets and businesses. The scale of the involvement to bail-out banks and cushion some of the harsher edges of the fall-out on vulnerable groups is huge. The economies of the industrialised world were already in a fragile state, confidence to spend was weak and asset market values were tumbling and volatile. UK GDP growth had eased rapidly; inflation remained high but was soon expected to peak. With growth unlikely to revive until the final quarter of 2009 and inflation shifting back to acceptable levels, the key concerns are to support credit availability, ease the cost and cash squeeze and limit the force of recession.

UK economic output shrunk by 0.5% in Q3 on Q2, and at 0.3% growth on Q2 2007 was the weakest since Q2 1992. Service sector growth is slowing rapidly; manufacturing now in recession. Consumers very reluctant to spend as inflation up at 5%, unemployment rising, house prices fall steeply and consistently and cheap credit's gone. Most new forecasts see growth falling from 3% in 2007 to near 1% in 2008 and to be negative in 2009. IMF sees UK consumers as most vulnerable to credit crunch fallout. The immediate outlook is for recession, with paltry growth in nominal spending.

Much weaker demand has cut oil prices by a half from recent peaks. This is lowering pump prices, material, energy and haulage costs. This will cut consumer inflation rates in 2009. UK base rates cut from 5% to 3% over the last month. With no recent precedent, the action shows policy concern is now with easing the plunge into recession. Although the cuts may not be fully passed-on to firms and consumers they will give an immediate lift to confidence and over time will begin to ease the tight cost and cash squeeze.

MOTOR INDUSTRY

New Registrations	Production	Exports
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Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations	2.0%	1,794,419	1,940,515	-7.5%
New LCV Registrations ¹	2.8%	239,629	258,608	-7.3%
New Truck Registrations ²	-20.9%	44,117	36,095	22.2%
New Bus Registrations	-9.9%	3,586	3,123	14.8%

Production	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production	1.9%	1,181,134	1,133,512	4.2%
New LCV Production	4.8%	151,121	142,901	5.8%
New Truck Production	-8.8%	20,064	13,031	54.0%
New Bus Production	-0.9%	1,350	988	36.6%

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches

➤ Comments

- Growth in new vehicle demand deeply negative
- Forecasts revised downwards – expecting volumes down 10-15% in 2009
- Output has grown over first nine months of 2008, but set to fall in face of weaker demand

Car demand fell by 21.2% in September and 23% in October on 2007 months. SMMT revised its full year 2008 forecast to 2.15 million units, a 250,000 shortfall on 2007. Outlook for 2009 suggests a similar drop in volumes to see a total below 2 million for the first time since 1995. This would also be 0.7 million down on the March 2004 peak annual running rate.

Total CV registrations fell by 30.8% in October, after a 19% fall in September. LCV volumes have been falling for some time, but October's 35% fall was very steep. HCV demand is high following a volatile period of regulatory-affected sales, but sales also fell in October, by 9.4%. The outlook for Q4 2008 and for 2009 is also very weak; 2009 sales may be down over 20% on recent peaks.

Car output remained up 0.7% over the first ten months of 2008, but fell by 13.3% in the last three months and by 25.1% in the month of October. Output is expected to sharply in the remainder of this year and into next. Several plants have already announced a significant number of non-production days, extended Christmas shut-down periods and in some instances redundancy measures.

Likewise CV output fell by 41% in October, was down 21.9% in the past three months, although earlier growth has ensured volumes to remain up 3.6% over the first ten months of 2008. However, like car output further sharp reductions are expected in the final two months of this year and into 2009, reflecting weakening demand both domestically and in export markets.

Employment

	<i>Year</i>	<i>Number of persons employed</i>	<i>% change on previous year</i>	<i>% of total employment in manufacturing industry</i>
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	104,000		
	2001	93,000		
	2002	94,000		
	2003	90,000		
	2004	88,000		
	2005	84,000		
	2006	77,000		
	2007			
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	127,000		
	2001	138,000		
	2002	125,000		
	2003	120,000		
	2004	112,000		
	2005	105,000		
	2006	96,000		
	2007			
TOTAL (NACE Rev.1 - 34.00)	2000	231,000		
	2001	220,000		
	2002	219,000		
	2003	210,000		
	2004	200,000		
	2005	189,000		
	2006	173,000		
	2007			

Source:

Nationally UK unemployment is rising and reached an 11 year high in September at 1.82 million people and is widely tipped to pass two million by the end of the year. The motor industry has not been immune to the slowdown in the economy. Significantly weaker vehicle demand is resulting in output being cut. Most producers have introduced non-production days and extended the Christmas shut down period. Job losses have thus far been fairly minimal, but redundancy packages have been offered at Jaguar Land Rover, JCB and Leyland.

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

1. Taxation:

The Pre-Budget Report is due on 24th November and this is likely to set up the Government's policy on taxation in the short term, with the main Budget expected in Spring 2009.

Like many other nations the UK is looking at tax cuts to help stimulate the economy and lessen the impact of the expected recession.

Industry has pressed for government to reconsider proposals already announced in the last Budget, to move the Vehicle Excise Duty system for new cars from 7 to 13 bands (based on CO₂ emissions) in April 2009, with significantly higher rates at the top end and also in April 2010 a new first year rate – which would range from £0 to £950 for the highest emitting cars.

2. Environment:

The Committee on Climate Change (CCC) Inaugural Report 'Building a low-carbon economy - the UK's contribution to tackling climate change' will be published on 1st December 2008. The CCC is being established as an independent body to provide expert analysis and advice on how the UK can meet its climate change goals. The CCC is responsible for advising on the UK's carbon budgets for the period to 2050, and for reporting on progress in reducing emissions to meet these budgets. In October it recommended that emissions from harmful Greenhouse Gases be reduced by at least 80% by 2050.

3. Emissions:

SMMT published figures showing average new car emissions in the UK fell to 158.6g/km over the first three quarters of 2008. This was 3.8% down on the full year 2007 figure – the steepest decline on record and 16.4% below the 1997 figure (1st year SMMT has data on).



BULGARIA

ECONOMIC REPORT

Sofia, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	n.a.	n.a.	5.0	6.6	6.2	6.3	6.2	6.0	n.a.
Real Consumer Expenditure	n.a.	n.a.	n.a.	n.a.	5.5	8.5	5.1	5.4	n.a.
Real Industrial Production	n.a.	n.a.	n.a.	n.a.	6.7	5.9	9.2	7.0	n.a.
Real Business Investments	n.a.	n.a.	1,850.5	2,735.9	3,152.1	6,005.6	6,516.9		n.a.
Consumer Price Index	n.a.	n.a.	5.6	4.0	6.5	6.5	12.5	9.5	n.a.
New Car price Index	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trade balance (Nominal)	n.a.	n.a.	-2,425.6	-2,953.5	-4,409.7	-5,562.3	-7,302.8	-8,235.4	n.a.
Unemployment rate	n.a.	n.a.	13.5	12.2	10.7	9.1	6.9	6.5	n.a.

Source : Bulgarian National Bank (BNB)

➤ Comments

Proposal for State Budget 2009

The financial and economic stability of Bulgaria in the conditions of world financial crisis and coming recession

The world economy is entering into recession. A number of countries in the EU are already reporting a negative growth during the past quarter. The forecasts are for this process to remain similar in 2009.

In face of this background, Bulgaria still maintains its high economic dynamics and financial stability. This does not mean, of course, that the country will not be affected by the global crisis.

Preliminary data give reasons to expect that the current year will end with a growth of 6% in GDP. The partial contraction of growth in the construction and industry sectors is offset by the good dynamics in the agricultural sector. This results in a 5.6% growth during the third quarter of this year.

The financial stability of the country is still not affected by the crisis. The banking system is currently not experiencing problems.

- The budget surplus as of September 2008 is BGN 5 billion – about 7.5% of expected GDP. It is true that the budget surplus is a fluctuating value during the year, but an analysis of the budget execution shows that it will be maintained at a level of not less than 6% of GDP for the whole year (an estimate not taking into account the part of the surplus which the Parliament has already passed for spending until the end of the year).
- The fiscal reserve (the deposit of the government in BNB) will reach, by the end of 2008, BGN 13 billion – about 20% of GDP.
- International currency reserves of BNB as of the end of September 2008 are BGN 29.4 billion - 45% of the expected GDP.
- The government and government guaranteed debts amount to BGN 10.5 billion – 15.9% of GDP.

- Direct foreign investments as of September 2008 are EUR 3,659.8 mio and are 10.8% of GDP, compared to EUR 4,715.2 mio or 16.3% of GDP for the same period in 2007. Last year, they covered 120.9% of the current account deficit, and this year – 68%. The deficit is covered by the financial account balance.

A positive trend is the increase in the relative share of foreign investments in the manufacturing industry – about 5 times (from 3.4% to 16.3%);

- The negative current account balance for the period January–September 2008 is 15.8% of GDP, and was 13.5% for the same period in 2007. In absolute numbers the deficit has grown by about EUR 1.5 billion. A basic factor for this negative dynamics is the increased deficit of the trade balance account by EUR 1,469.5 mio. A positive symptom is the decrease by EUR 6.3 mio in the negative current account balance in September 2008 compared to the same month in 2007.

The great current account deficit continues to be one of the serious risk factors in the country, which is reflected as necessary when working on the 2009 Budget.

- Real incomes increase, although at a lower rate, compared to 2007. During the first six months of this year (available official data up to June), the average real salary increased by 4.6%. On an annual basis, in June of this year (compared to June 2007), the real salary increased by 9%.

There is a small decrease in the crediting (a healthy one) and a decrease in incoming foreign investments – mainly in the construction and real estate acquisition. The first symptoms of a smaller growth are available – e.g. separate companies are decreasing their production due to the contracted demand and the falling prices. As a whole, the domestic demand – consumer and investment – continues to grow at a decent rate.

This is the current picture. Obviously, the effects of the global crisis and the resulting recession in countries, which are our export markets, will be felt in a stronger way in 2009. Although small, the Bulgarian economy is very open and due to this it will be affected. Therefore, we reconsidered the macroeconomic frame and other parameters of the preliminary drafts of the 2009 Budget. The expected growth is about 4.7%. The latest forecasts made by the EU Economic Committee in Brussels for Bulgaria are similar and provide for a 4.5% GDP growth.

Without noisily announcing counter-crisis programmes, the GOB is retuning and resizing its economic, and specifically fiscal policy, in order to minimize the negative effects of the global crisis on the financial system and the economy of Bulgaria.

The basic instrument is Budget 2009

The planned fiscal buffers in the budget system include:

- Maintaining a positive balance under a consolidated fiscal program not less than 3 % of GDP;
- Restricting the budgetary expenditures to 40 % of GDP;
- A 7% decrease of expenditure and transfers under the Republican budget during the year, except for investment spending;
- Including a reserve for incidental expenses for structural reforms and public investments – 1.3% of GDP;
- A substantial reserve for softening the effects of the financial crisis in case of necessity will come from the fiscal reserve resources;
- In order to strengthen the trust in the banking system, the Government increased the limit of bank deposit guarantee up to BGN 100,000 and the government takes the responsibility to provide the necessary additional funds. The Government announced its readiness to back any bank with the necessary financial resource in case liquidity problems appear (through state deposits, assets buy-out, etc.).

Here are some basic measures:

- An increase in capital expenses of up to 7% of GDP – a 21% growth compared to 2008;
- A supplementary investment program amounting to 1.4 of GDP (about BGN 1 bn) at the expense of the provided reserve for public investments (up to BGN 400 mio) and a decrease of the positive budget balance of up to 1% of GDP (about BGN 700 mio) in case of stagnation of the economic activity;
- A possibility to transfer additional budget credits for capital expenditures at the expense of a decrease in current expenses;
- Provision of access to credit resources for the SMEs by increasing the capital of the Bulgarian Bank for Development up to BGN 500 mio (the bank will give credit lines to the commercial banks);
- A substantial increase of the crediting limit of the Bulgarian Exports Insurance Agency.
- Measures to provide better conditions for the municipalities for development and implementation of projects financed by EU funds;
- Increased financial resources for the Scientific Research and Innovations Fund by 50%;
- Creation of business parks by a state company.
- Studying the possibility to exempt from corporate tax (in compliance with EU requirements for state support), to try to attract big foreign investors;
- Provision of flexibility and security on the labour market through the Social Networks Flexibility Package

Currently the economic situation in the country is relatively favourable and the competitive positions of the economy are maintained. Due to the abrupt worsening of the international situation in September 2008, the expectations of the business in Bulgaria may quickly change. The companies will obviously be facing the challenge of managing their expenses in a more flexible way - particularly their salary expenditures - in order to maintain their competitive positions under the conditions of a global slow-down of economic activity. This will probably cause decrease in job numbers.

MOTOR INDUSTRY

New Registrations	Production	Exports		
Registrations	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
<i>New Car Registrations</i>	18.9%	34,324	29,461	16.7%
<i>New LCV Registrations</i> ¹	45.7%	6,842	6,055	14.0%
<i>New Truck Registrations</i> ²	50.3%	3,097	1,965	24.5%
<i>New Bus Registrations</i>	20.7%	227	128	54.9%

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches

➤ **Comments**

There is no official statistic information in Bulgaria about the registration of vehicles. The registration authorities (traffic police) are not willing to make the information public. It is considered to be confidential information.

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

1. Taxation:

NO taxation changes since the last report. 20% VAT for vehicles. Excise tax for car with engine power above 120 kW. Tax initiatives (local taxes) for vehicles complying to Euro 1, Euro 2, Euro 3 and Euro 4.

2. Environment:

ELV treatment fee (legislation change in 2008) – contrarily to the stipulations of Directive 2000/53/EC the fee is being collected not only for vehicle that are put on the market but also for second-hand cars having a new registration in Bulgaria i.e. a car put on the EU market is a subject to a second fee collection in Bulgaria if the car has a new owner in Bulgaria.

3. Transport policy:

One of the priorities of the Bulgarian government is the development of the infrastructure.



CZECH REPUBLIC

ECONOMIC REPORT



Prague, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	2.5	1.9	3.6	4.5	6.3	6.8	6.6	4.4p	3.7p
Real Consumer Expenditure									
- Households	2.2	2.2	6.0	2.9	2.5	5.4	5.9	3.3p	3.9p 0.5p
- Government	3.6	6.7	7.1	-3.5	2.9	-0.7	0.5	1.1p	
Real Industrial Production *	6.5	4.8	5.5	9.6	6.7	11.2	9.0	5.9p	7.5p
Real Business Investments	6.6	5.1	0.4	3.9	1.8	6.5	5.8	5.1p	4.5p
Consumer Price Index	4.7	1.8	0.1	2.8	1.9	2.5	2.8	6.4p	2.9p
New Car price Index	2.7	0.9	-	-	-	-	-	-	-
Trade balance (Nominal)	-2.8 bn	-4.8 bn	-5.3 bn	-4.8 bn	-0.9 bn	0.2 bn	1.0 bn	3.9 bnp	4.2 bnp
Unemployment rate	8.5	9.2	9.9	10.2	9.8	8.1	6.6	5.4p	5.4p

Source: MFCR, CZSO, CNB, Globalinsight

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

1 EUR = 34.08 CZK for year 2001

1 EUR = 30.81 CZK for year 2002

1 EUR = 31.80 CZK for year 2003

1 EUR = 31.90 CZK for year 2004

1 EUR = 29.80 CZK for year 2005

1 EUR = 28.30 CZK for year 2006

1 EUR = 27.80 CZK for year 2007

1 EUR = 24.90 CZK for year 2008 (estimation)

1 EUR = 24.70 CZK for year 2009 (estimation)

GDP, Real Consumer Expenditure, Real Business Investments, Trade Balance - constant prices 2000 base

Consumer Price Index - 2000 base

Unemployment Rate - annual average (as registered by Labour Offices)

Real Industrial Production - source Globalinsight *

➤ Comments

In this NER-1208 issue (in NER-0203 for the first time), a publication of the Ministry of Finance (MFCR) "Macroeconomic Forecast - Czech Republic", October 2008 edition, prepared in the cooperation with the Czech Statistical Office (CZSO) and the Czech National Bank (CNB), has been used as a main data source. This publication, updated quarterly, is the only one prepared at governmental level and made available to the public (also on www),. It also deals with forecasts. The data provided in previous NERs have been updated.

The Czech motor industry has been expanding regularly since 1995, including in 2007 and 2008, and has kept its position of the most efficient branch of the Czech national economy.

The AIA CR economic figures for 2007 were provided in NER-0608, the figures for 2008 will be available in the next issues.

MOTOR INDUSTRY

New Registrations	Production	Exports		
Registrations	%Ch	Jan-Sep	Jan-Sep	%Ch
	07/06	2008	2007	08/07
New Car Registrations	6.5	109,000	98,709	10.4
New LCV Registrations 1	20.9	45,972	41,744	10.1
New Truck Registrations 2	14.7	8,282	8,364	-1.0
New Bus Registrations	-8.6	800	587	36.3
Production	%Ch	Jan-Sep	Jan-Sep	%Ch
	07/06	2008	2007	08/07
New Car Production	7.1	739,415	675,132	9.5
New LCV Production	429.4	5,344	4,246	25.9
New Truck Production	88.7	2,051	2,374	-13.6
New Bus Production	12.4	2,594	2,347	10.5
Exports	%Ch	Jan-Sep	Jan-Sep	%Ch
	07/06	2008	2007	08/07
New Car Exports (total)	10.4	728,006	642,394	13.3
New LCV Exports (total)	39275.0	5,026	1,575	219.1
New Truck Exports (total)	119.6	1,156	1,733	-33.3
New Bus Exports (total)	27.2	2,692	1,844	46.0

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

These data concern new vehicles only, not used ones.

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

➤ Comments

New registrations

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

These data are available for years 2008, 2007, 2006, 2005 and 2004 only. Therefore, an appropriate comparison with the registrations recorded in 2003, 2002, etc. is not possible.

A comparison of Jan-Sep 2008 with the same period in 2007

Registrations of new cars

A growth again (though surely influenced by M1-N1 conversion - see below), but the situation seems to be quite stable in general at present. The cars produced in the CR, especially the Skoda, still dominate on the Czech market. Moreover, the Toyota, Peugeot and Citroën cars from the local TPCA Plant are present on the market, but a majority of the TPCA production is exported.

Registrations of new LCVs

There has been an improvement in the market situation thanks to the successful Skoda comeback in this segment (over 24% of new LCV market share in the CR in 2007 and over 25% in January - September 2008).

One may notice the recent increase of N1 vehicle registrations, especially the growing share of N1 in the increasing total number of "light vehicles" (M1+N1).

We suppose that there are two main reasons:

- 1) Taxation system
 - 2) Easy conversion M1-N1
- For further details, please see the previous NERs.

Registrations of new trucks

A very small decrease, maybe the first sign of the imminent global economic recession.

Registrations of new buses

An increase again, the revival of the new bus market seems to go on.

Production

A comparison of Jan-Sep 2008 with the same period in 2007

Production of new cars

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

Production of new LCVs

An increase going on as a result of the expanding production of new Skoda car-derived LCVs.

Production of new trucks

A decline again, maybe partly seasonal, but it could also indicate the expected global recession.

Production of new buses

An increase, which goes on due to the rising demand on markets abroad, including Western Europe.

Exports

A comparison of Jan-Sep 2008 with the same period in 2007

Exports of new cars

An increase boosted by the growing demand abroad not only for Skoda cars, but also for Toyota, Peugeot and Citroën cars from the new TPCA Plant.

Exports of new LCVs

A very big growth resulting from the rising demand for Skoda estate cars abroad and their expanding production.

Exports of new trucks

A drop probably due to the starting global economic recession.

Exports of new buses

An increase again due to a still better scoring abroad.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacture of Motor Vehicles (NACE Rev.1 - 34.10)	2000	31,417	4.5	2.3
	2001	31,184	-0.7	2.2
	2002	30,038	-3.7	2.2
	2003	28,799	-4.1	2.1
	2004	29,396	2.1	2.2
	2005	29,791	1.3	2.2
	2006	31,557 p	5.9 p	2.3 p
	2007	n.a.	n.a.	n.a.
	2008	n.a.	n.a.	n.a.
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	47,259	19.8	3.7
	2001	53,691	13.6	3.8
	2002	58,842	9.6	4.3
	2003	59,769	1.6	4.4
	2004	65,796	10.1	4.9
	2005	73,793	12.2	5.5
	2006	79,191 p	7.3 p	5.8 p
	2007	n.a.	n.a.	n.a.
	2008	n.a.	n.a.	n.a.
TOTAL (NACE Rev.1 - 34.00)	2000	78,676	13.1	5.8 (manuf. ind. 1363329)
	2001	84,875	7.9	6.0 (manuf. ind. 1408491)
	2002	88,880	4.7	6.5 (manuf. ind. 1366876)
	2003	88,568	-0.4	6.6 (manuf. ind. 1346072)
	2004	95,192	7.5	7.1 (manuf. ind. 1334128)
	2005	103,584	8.8	7.7 (manuf. ind. 1342461)
	2006	110,748 p	6.9 p	8.1 p (manuf. ind. 1361581)
	2007	n.a.	n.a.	n.a.
	2008	n.a.	n.a.	n.a.

Source: MITCR, CZSO

➤ Comments

In this NER-1108 issue (in NER-0203 for the first time), a publication of the Ministry of Industry and Trade (MITCR) *"Panorama of the Czech Industry 2006"*, prepared in cooperation with the Czech Statistical Office (CZSO), has been used as a main data source. The methods used for the data collection and processing reflect better the NACE classification. The data for 2000, 2001, 2002, 2003, 2004 and 2005 have been updated, where necessary, while the data for 2007 were expected to be available in autumn 2008.

Unfortunately, the publication *"Panorama of the Czech Industry 2007"* has not been issued by MITCR before the deadline given for the NER-1108, and new data can therefore not be provided. The above table also includes companies that are not members of AIA CR.

The total number of AIA employees was 121,440 on 31 December 2007.

The number of employees in the whole branch (34.00) started to increase again as a result of increased investments and production.

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

1. Taxation:

Please refer also to our contributions in the previous NERs.

During 2007, the Government was preparing the vast financial reform. The appropriate Bill passed through the usual legislative procedures and was adopted as:

Act No. 261/2007 Coll. of 19 September 2007 - "Act on stabilization of public budgets"

It was issued on 16 October 2007 and came into force on 1 January 2008, except for some paragraphs to come into force later.

This Act influences, possibly amends in its wording or even initiates, many other acts concerning e.g.:

VAT, Income Tax, Excise Duty, Road Tax, special taxes on energy (electricity, solid fuels, gases), Real Estate Tax, Real Estate Transfer Tax, Inheritance Tax, Gift Tax, insurance of different kinds, Labour Code etc.

Some of existing individual acts are to be amended to comply with Act No. 261/2007 and the appropriate bills have been or are just being negotiated in the Parliament.

The procedure has not been finalised yet in some cases due to strong opposition.

Therefore, the relevant information will be provided in due course in the next NERs.

2. Environment:

The Czech Republic - ELV - Legislation - Implementation

For further details, please see the previous NERs.

REACH

For further details, please see the previous NERs.

3. Transport policy:

Transport policy of the CR

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

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

For further details, please see the previous NERs.

The document is naturally also valid in 2008.

GEPARDI

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

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

For further details, please see the previous NERs.

The document is naturally also valid in 2008.

Road-Pricing Systems - E-Toll

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

For further information, please see the previous NERs.

More information on the E-Toll system in the CR is also available on www.premid.cz.

Marco Polo Programme

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

For further details, please see the previous NERs.

This programme is also going on in 2008.

National Strategy of Cycling Transport Development in the CR

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

For further details, please see the previous NERs.

This programme is also going on in 2008.

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

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

For further details, please see the previous NERs.

This programme is also going on in 2008.

State Programme for Support of Energy Savings and Utilisation of Renewable Energy Sources (Sub-Programme within Ministry of Transport)

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

For further details, please see the previous NERs.

This programme is also going on in 2008.

Road safety

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

For further details, please see the previous NERs.

The following measures contribute to increasing the road safety level:

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

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

BESIP (**BE**zpečnost **SI**lnicniho **P**rovozu = Road Traffic Safety), as a special department of MoT, acts as an executive arm and a secretariat to *the Council*.

- National Strategy of Road Traffic Safety

The National Strategy of Road Traffic Safety was approved by the Government of the Czech Republic at its meeting on 28 April 2004 in *Decision No. 394/04*.

The document is naturally also valid in 2008.

- European Road Safety Charter

AIA CR joined the Charter by signing the appropriate documents on 27 September 2007 in Prague in order to promote and disseminate the ideas of the Charter within the AIA CR activities.

ITS

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

For further details, please see the previous NERs.

This strategy and this programme are also going on in 2008.

4. Emissions:

Biofuel

For further information on the developments of this issue, please see the previous NERs.

AdBlue

For further details, please see the previous NERs.

For the latest information on the history, recent development, current situation and future of the production and distribution of fuels and lubricants in the CR it is possible to visit www.cappo.cz operated by the **Czech Association of Petroleum Industry and Trade (CAPPO)** and to download, for instance, the *“Annual Report 2007”* of April 2008.



ESTONIA

ECONOMIC REPORT

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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	6.7	12	7.7	10.6	16.5	18	17	n.a.	n.a.
Real Consumer Expenditure	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Real Industrial Production	8.9	8.2	10.5	10.6	9.1	9.9	6.7	n.a.	n.a.
Real Business Investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Consumer Price Index	5.8	3.6	1.3	3	4.1	4.4	6.6	n.a.	n.a.
New Car price Index	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trade balance (Nominal)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unemployment rate	12.8	10.5	10.3	9.9	8.3	5.9	4.7	n.a.	n.a.

Source :

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Registrations</i>	121	20,526	24,136	85
<i>New LCV Registrations</i> ¹	123	2,310	3,490	66
<i>New Truck Registrations</i> ²	123	1,088	1,407	77
<i>New Bus Registrations</i>	112	57	141	40

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

2. CVs above 3.5t.

excluding Buses

excluding Buses & Coaches

➤ Comments

There are no Manufacturers of Motor Vehicles in Estonia.

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

Taxation:

In addition to the 18% VAT. the following excise duties apply:

- diesel: 5.165 EEK (€0.330)/litre
- unleaded petrol: 5.62 EEK (€0.359)/litre
- leaded petrol: 6.60 EEK (€0.422)/litre.

There are no additional changes in the taxation policy. There is free parking in Tallinn for the hybrid cars.



LATVIA

ECONOMIC REPORT



Riga, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
									(forecast)
Real GDP	8.0	6.5	7.2	8.7	10.6	12.2	10.3	4.3	5.5
Real Consumer Expenditure	7.3	7.4	8.2	9.5	11.5	21.1	13.9	5.0	4.5
Real Industrial Production	10.2	8.9	6.0	6.7	5.9	6.2	-0.3	-4.0	
Real Business Investments	12.9	11.2	11.5	22.7	17.6	17.7	18.8	3.6	
Consumer Price Index	2.5	1.9	2.9	6.2	6.7	6.5	10.1	11.0	8.2
New Car price Index	1.6	7.6	10.3	5.6	6.8	2.1	2.3	2.1	
Trade balance (Nominal) (bn EUR)	-1,493	-1,556	-1,765	-2,243	-2,440	-4,064	-4,875		
Unemployment rate	13.1	12.0	10.6	10.4	8.7	6.8	6.0	6.0	6.2

Source :

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Registrations</i>	42	16,056	25,041	-35.9
<i>New LCV Registrations</i> ¹	52	1,574	2,528	-37.6
<i>New Truck Registrations</i> ²	47	1,546	2,363	-34.6
<i>New Bus Registrations</i>	(-8)	151	146	3.4

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches



POLAND

ECONOMIC REPORT

Polski Związek Przemysłu
Motoryzacyjnego



Warsaw, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP	1.1	1.4	3.8	5.3	3.6	6.2	6.6	5.1	3.9
Real Consumer Expenditure	2.2	3.3	1.9	4.3	2.0	4.9	5.2	5.1	4.3
Real Industrial Production	0.6	1.1	8.3	12.6	4.1	11.2	9.8	6.4	5.4
Real Business Investments	-9.7	-6.3	-0.1	6.4	6.5	15.6	19.3	13.1	8.1
Consumer Price Index	5.5	1.9	0.8	3.5	2.1	1.0	2.5	4.3	3.4
New Car price Index									
Trade balance (Nominal)	-15.8bn	-15.1bn	-12.8bn	-11.7bn	-9.8bn	-12.9bn	-17.6bn	for 8 months -15.2bn	
Unemployment rate	19.4	20.0	20.0	19.0	17.6	14.8	11.4	9.5	8.2

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

➤ Comments

Poland's economic growth and inflation have been less affected by international credit crunch compared to most other EU countries. But after a relatively high rate of growth in the first half of the year, the economy slowed in the third quarter. According to the preliminary estimates, the GDP grew by 4.4 - 5 % year on year.

The current expectations of GDP growth for the fourth quarter are 3.1-4.2%.

Although the country's economic growth will be weaker than previously projected, mainly due to the effects of the global financial crunch, the outlook for Poland is quite good. This year, Poland's GDP is expected to rise by 5.1-5.4%. The country will still be the fourth fast-growing economy in the EU.

Poland's economy is still driven by strong consumer demand. Domestic demand will probably continue to be strong but will slow down. It is supported by rising nominal wages and personal income tax cuts scheduled for 2009 as well as a substantial decrease of 8.9% in unemployment in September. The average employment in the first three quarters was higher by 5.2% than a year ago. The high growth of average real wages diminished due to the slower growth of nominal wages and inflation at 4.7% in the third quarter. Meanwhile, the vehicle purchase price index was -4.6% in September and -1.7% during the whole period since the beginning of the year.

The continued inflow of EU funds will support capital investment. However, credit is becoming more difficult to obtain and the rapid growth in wage costs is squeezing corporate profitability. This leads to a slowdown in the growth of investment spending.

But the main factor causing the worsening condition of the Polish economy is the slowdown among Poland's main trading partners in Western Europe. Weak external demand will limit the growth of Polish exports. Deficit was deepened to -15.2bn euro after 8 months. Exports accounted for 76.5bn euro and imports for 91.7bn euro.

Strong industry production growth was maintained in the first half of the year at 8.5%, but slowed in the third quarter to 3.4% (6.8% in average). For the manufacture of motor vehicles (group 34.) the indices were even higher, i.e. 18.3% and 24.1% for the first and second quarter and 5.6% for the third one (16.2% in average). But the newest GUS figures for October show stability for the total industry growth (+0.2%), for manufacturing (+1.3%) but a decrease in the manufacturing of motor vehicles, trailers and semi-trailers (group 34.) by 9.8%.

Retail sale in the total economy was higher by 11.4% in the first three quarters than in the same period last year, but the growth rate consecutively dropped. Similarly, cumulative figures for motor vehicle sales for the first 9 months are good but every month growth percentage diminished. PC sales in this period amounted to 236,000 units and were higher by 9% than a year ago. CV sales amounted to almost 62,000 units and increased by 13% (LCVs: 42,500 units, +16%, and Trucks: 19,300 units, +6%). Relatively good sales of PCs were also maintained in October because many makes cut their prices due to the strong Polish zloty, especially in the summer. But a very severe situation could be noted, especially in the heavy truck segment (over 16t) where sales decreased fourth months in a row, from -16.8% year on year in July to -43% in October. In the same period, sales of buses amounted to more than 1,000 units and were higher by 9.4% over the result for the first 9 months of 2007, which it is the best result over seven years.

Used car imports to Poland remained at a the high level. During the first 3 quarters of 2008, almost 875,000 used passenger cars were imported to Poland, 20% more than in the same period in 2007. Even more than 1,100,000 thousand are expected to be imported at the end of 2008. The number of cars up to 4 years old is growing and after 9 months was 12.6%. Cars over 10 years gained 43.3% for this period. Because of the strong zloty and the weak US dollar, the imports of used cars from non-EU countries, especially from the United States, increased (25,000 until September).

According to the Polish Leasing Association, 123,800 vehicles at 14.4bn PLN value were leased in the first three quarters of this year, including over 68,000 PCs (14.4bn PLN), 30,000 trucks (3.5bn PLN) and 1.100 buses (0.4bn PLN). The growth rate was respectively for total vehicles 3%, PC + 17%, trucks + 13% and 77% for buses. In general, it is commented that the lease market slowed down and is also negatively influenced, especially due to difficulties in transport companies.

MOTOR INDUSTRY

New Registrations	Production	Exports		
Registrations	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Registrations*	24	235,836	217,043	8.7
New LCV Registrations *¹	37.6	42,772	36,867	16.0
New Truck Registrations *²	54.1	19,251	18,179	5.9
New Bus Registrations	-1.5	2,593	1,167	122.2
*Sales				
Production	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
New Car Production ('000 units)	5.2	658,9	494,9	33.1
New LCV Production	16.9	82,899	63,588	30.4
New Truck Production				
New Bus Production	-43.4	3,156	2,482	27.2

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches

➤ Comments

A two digits growth of +33% was noted in the motor vehicle production in the first three quarters of 2008 in Poland. According to GUS data, the PC production volume rose by 33%, CVs (LCVs and trucks) by 30% and buses by 27%.

Vehicle producers exported 97.6% of passenger cars and 96.3% of light commercial vehicles. According to the Samar Agency, Fiat Auto Poland gained 49% share in PC production, Opel Polska -22%, FSO 20%, VW -9%. As for the LCV production, VW gained 74% of the market share and Fiat 26%.

The very good level of the bus production was a result of high exports (75%) and of a good demand for city buses in the country. According to the JMK Agency, MAN, Solaris, Volvo and Scania gained 82% share of the country production, respectively 31%, 23%, 15% and 13% for each of them.

A decrease in the demand for motor vehicles on the European market influenced especially the GM (Opel) factory in Poland where some production constraints have been introduced. However, in October none of the car factories in Poland reduced their earlier production plan for this year due to the downturn. GM maintains a cautious plan of 180,000 cars, FSO – 150,000 (not 230,000 because of the EC demand), Fiat Auto Poland – ca. 500,000 and VW – 185,000 (in majority LCVs).

In November 2008, component producers announced production constraints. Among them: Delphi Polska, Lear Corporation, TRW braking Systems, Ficomirrors Polska, Inter Groclin Auto which plan to move their one of two plants to Ukraine, Michelin Olsztyn.

Employment

	Year	Av. Paid Employment '000 employees	% change on previous year	% of total employment in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000			
	2001			
	2002			
	2003			
	2004	25.2	6.2	
	2005	25.8	2.5	
	2006	29.3	13.4	
	2007	31.9	8.9	
	1-2Q2008	34.8	11.1	
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000			
	2001			
	2002			
	2003			
	2004	3.5 and 58.2	7.2 and 22.8	
	2005	4.6 and 63.6	31.0 and 9.3	
	2006	5.6 and 70.0	21.5 and 10.2	
	2007	7.6 and 78.7	35.7 and 12.4	
	1-2Q2008	8.7 and 85.7	22.9 and 12.4	
TOTAL (NACE Rev.1 - 34.00)	2000			
	2001			
	2002			
	2003			
	2004	94.1	15.2	
	2005	101.1	7.4	5.0
	2006	104.9	11.6	5.3
	2007	118.2	12.8	6.7
	1-2Q2008	129.2	11.8	5.7
	1-3Q2008	137	11.8	6.1

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

➤ Comments

According to the Central Statistical Office (GUS) statistics on the employment growth in the manufacture of motor vehicles (total group 34.) was also maintained in the third quarter of 2008. Average employment in that group showed -137,000 employees in the first three quarters of 2008, 11.8% more than a year ago. And even 139,000 people employed at the end of September 2008 (+7.8%). It was the highest growth of the average employment among other significant groupings in the total enterprise sector. The average employment in manufacturing in this period was 2,257,000 employees, 3.6% more than in 2007. The employment increase for the total industry was 3% and for the construction industry 9.6%. The indices were lower than in the first half of 2008.

But because the global downturn negatively affected the automotive industry, announcements have been made in Poland that, although there are no plans for the reduction of employment in any local car factories, we may expect a decrease in the employment growth during the rest of the year. Especially the GM factory in Gliwice, in times of production breaks, has organised training and preparation sessions for employees involved with the planned production of Astra IV (2009/2010). The work organisation has also been changed from 3 shifts to 2.

MAN in truck factory in Niepolomice nearby Krakow, expected to dismiss about 150 employees out of 550 to the end of 2008. They plan to offer them jobs in their factories in Starachowice or in Sady near Poznan. They also consider reducing the number of employees in the Starachowice factory by 300 persons out of 2800.

The much stronger and faster downturn in Global and European motor vehicle sales and the vehicle production constraints negatively affected components producers. They have to reduce the work time. Delphi Polska, for example, which employed nearly 8,000 people have started reducing the number of employees.

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

Environment:

On 7 November 2008, the Polish Parliament adopted a new Act amending the Act on public roads and some other Acts. The main provisions of abovementioned Act are:

- Exclusion of vehicles below 12t from the present regulation relating to road fares.
- Increase of the maximal road fare to 1800 euro for a year (before it was 800 euro for a year).
- The regulations mentioned in this Act will be enforced until 30 June 2011.
- Introduction from 1 July 2011 of a new electronic collection system of road fares, which is intended for vehicles above 3.5 tons.
- New electronic collection system based on kilometer rate which, will be paid for every kilometer covered by a vehicle on given roads.
- Penalties for breaching the provisions of the Act relating to road fares.

The Act to enter into force first needs to be signed by The President, which probably will happen in 2-3 weeks. It will then be published in The Journal of Law. Finally, it will enter into force 14 days its after publication in The Journal.



ROMANIA

ECONOMIC REPORT



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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch	%Ch
	(bn EUR/Index)	02/01	03/02	04/03	05/04	06/05	07/06	08/07	09/08
								(forecast)	(forecast)
Real GDP(bn Euro)			52.6	60.8	79.3	97.2	116.9	136.1	
Real Consumer Expenditure			NA	NA	NA	NA	NA	NA	
Real Industrial Production (% yoy)			3.1	5.3	2.0	7.1	5.4	5.2	
Real Business Investments(bn Euro)				5.12	5.24	8.72	7.2	10.0	
Consumer Price Index (yoy)%			14.1	11.9	9.1	6.56	4.9	4.7	
New Car price Index			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Trade balance (Nominal) (bn Euro)			-4.0	-5.3	-7.8	-11.75	-15.8	-20.2	
Unemployment rate (yoy)			7.4	6.3	5.9	5.2	4.1	5.0	

Source :

➤ Comments

- For the first six months of the year 2008, GDP's value was 195.8 bil lei (55.9 bil Euro), with a real growth percentage of 8,8% compared to the same period in 2007.
- The industry contribution to the PIB was 26,5%. With an increase of 8,8% of the GDP, the industry growth is 5.8% compared to the first six months of 2007.
- Despite the fact that the increase in imports of goods and services (14.6%) was lower than the increase in exports of goods and services (18.3%), this lead to maintaining a commercial and payments deficit balance. The commercial deficit for the first eight months of 2008 was of 14,6 bn euro.
- In the exports structure, 34,1% were, in the first semester, cars and transport equipments, while the same category represented 33.2% last year.
- Inflation: the National Bank of Romania has reconsidered the forecast for the inflation level for the whole 2008 to 6.7%.
- The total unemployment level is at 3.9%, but it is expected to grow during the last months of 2008 due to the economic crisis and also to the winter period (the construction activities will stop during this period).

MOTOR INDUSTRY

New Registrations

Production

Exports

<i>Registrations</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Registrations</i>		228,450	231,743	-1.4
<i>New LCV Registrations</i> ¹		26,390	15,826	66.8
<i>New Truck Registrations</i> ²		6,959	15,359	-54.7
<i>New Bus Registrations</i>		3,141	1,902	65.03

<i>Production</i>	%Ch 07/06	Jan-Sept 2008	Jan-Sept 2007	%Ch 08/07
<i>New Car Production</i>		185,027	160,647	15.2
<i>New LCV Production</i>		11,479	6,141	86.9
<i>New Truck Production</i>		247	78	216.7
<i>New Bus Production</i>		11	10	10.0

<i>Exports</i>	%Ch 07/06	Jan-Sept 2008	78 10	%Ch 08/07
<i>New Car EU Exports (total)</i>		121,934	80,584	51.3
<i>New LCV EU Exports (total)</i>		1,228	444	176.6
<i>New Truck EU Exports (total)</i>		172	29	493.1
<i>New Bus EU Exports (total)</i>	0	0	0	

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

excluding Buses

2. CVs above 3.5t,

excluding Buses & Coaches

➤ **Comments**

During the first nine months of 2008, the new passenger cars registrations reached 228.450 units, a decrease of 1.4% compared to the same period in 2007. The Light Commercial Vehicles (LCV) registrations increased by 66.8%. A significant increase in bus registrations (+65.03%) was noted and an important decrease of 54.7% in Heavy Commercial Vehicle registrations. Most registrations have been recorded, until now, by the local brand, Dacia.

The national production of vehicles registered an increase of 17.9 % due to Dacia , while Ford's production at the old Daewoo plant has not yet started.

Exports increased by 51.3% in the first nine months of 2008 compared to the same period in 2007, also due to Dacia.

Concerning LCVs, the internal production increased by 86.9% during the first nine months of 2008 compared to the quarter of 2007, especially due to the start of the Dacia Logan pick-up.

During the first nine months of 2008, the vehicle sales increased by only 0.9% compared to the same period in 2007.

The market quotas registered in the first nine months were: Dacia 26%, Skoda 7.5 %, Renault 7.3%, Volkswagen 7.0%, Ford 6.8%.

Employment

	Year	Number of persons employed	% change on previous year	% of total employment in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007	16,943	+7%	
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007	62,581	+1.5%	
TOTAL (NACE Rev.1 - 34.00)	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007	79,524	+2.6%	

Source:

➤ Comments

The number of employees of the Dacia Renault plant in Mioveni Pitesti increased by 17% in 2007 compared to 2006, due to the increase of the production pace of the Logan, while at the DAEWOO plant in Craiova, the activity decreased, and the Ford programme is awaited, which depends on the European Commission agreement.

During the first nine months of 2008, the employment at Dacia continued to increase, as well as the production.

The number of employees in the automotive industry has also continued to grow.

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

1. Taxation:

1.1 Since the beginning of 2007, the first special registration tax has been applied, the amount of which depends on: displacement, emissions level and age of the vehicle. Simultaneously, excise duties have been removed for new local or imported vehicles.

A new algorithm aimed at determining the “pollution” tax was approved and has been effective since 1 July 2008.

1.2 Road taxes (rovigneta)

Until the end of 2007, the annual taxes in the following table were applied (in €):

Vehicle Type	Non Euro	Euro 1	Euro 2 an over
Cars	24	21	16.8
Microbuses	216	210	204
Buses	510	450	390
CV 3.5 – 7 to	240	228	210
CV 7-12 to	540	480	420

1.3 Annual tax.

Annual taxes are the following (in RON; 1€=3.5 RON):

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

2. Environment:

2.1 There are no financial incentives concerning vehicles.

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

3. Emissions:

There are no incentives concerning vehicles.

Fuel excises are slightly different for gasoline and diesel in EURO 3, 4 and 5.



SLOVAKIA

ECONOMIC REPORT



Bratislava, December 2008
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National Economic Outlook

➤ National Economic Data

	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Background Data (bn EUR/Index)	%Ch 02/01	%Ch 03/02	%Ch 04/03	%Ch 05/04	%Ch 06/05	%Ch 07/06	%Ch 08/07 (forecast)	%Ch 09/08 (forecast)
Real GDP	103.3	104.4	104.2	105.5	109.9	106.5	111.9	112.8	112.0
Real Consumer Expenditure	104.0	105.4	99.4	101.0	102.7	104.5	103.1	100.3	100.5
Real Industrial Production	108.1	103.6	108.0	108.0	105.5	109	113.9	114.8	115.0
Real Business Investments	109.1	99.1	98.8	103.0	118.6	107.3	106.8	106.6	106.0
Consumer Price Index	106.4	103.3	108.5	107.5	102.7	104.6	102.6	104.2	104.2
New Car price Index	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trade balance (Nominal)	-46 bn EUR	94.06	24.6	186.8	158.31	155.8	150.1	150.1	150.1
Unemployment rate	18.6	18.5	17.4	18.2	16.8	13.9	11.1	10.5	10.3

Source :: Statistical office of the Slovak Republic

➤ Comments

REAL GDP

According to a flash estimate procedure, the volume of the gross domestic product in the *third quarter of 2008* reached SKK 535 billion. In comparison with the third quarter of 2007, the volume increased by 7.1% (at current prices of 10.3%).

The total employment for the reference period reached 2,260,200 persons. In comparison with the same period of the previous year, it increased by 3.1%.

After a seasonal adjustment of the results of the third quarter of 2008, the gross domestic product in volume of SKK 388,4 billion (at chain-linked volumes with reference year 2000) was created. It represents an increase of 7.6%, compared to the same period of the previous year. The seasonal adjustment of the total employment reached 2,249,900 persons, which represents an increase of 3.1% according to the same period of the previous year.

According to a flash estimate, from the *1st to the 3rd quarter of 2008*, the gross domestic product increased by 8% (at current prices of 11.5%).

Flash estimates of the gross domestic product and total employment will be updated on the basis of subsequent available statistical and administrative data. The data will be published in extent according to the *Statistical report on basic development tendencies in economy of the Slovak Republic for first to third 2008*. The updated results will be published on 4 December 2008 at 9.00 a.m.

Quarterly national accounts data series for the 1st quarter of 1995 to the 2nd quarter of 2008 related to annual account revision 1995-2007 will be published on 4 December 2008 at 9.00 a.m. The revision of quarter data time series will be published in the public database SLOVSTAT by 12 December 2008.

In October, consumer prices rose **in total** by 0.4% compared to September. Prices of alcoholic beverages and tobacco mostly increased by 1.8%, clothing and footwear by 1.3%, health by 1.1% and housing, water, electricity, gas and other fuels by 1%. Prices also rose in other branches: education by 0.7%, hotels, cafés and restaurants by 0.4%, miscellaneous goods and services by 0.2%. Prices of transport declined by 1.6%, furnishings, household equipment and routine household maintenance by 0.3%. Prices did not change in the following branches: food and non-alcoholic beverages, postal and telecommunications services, recreation and culture.

Prices of **food** were influenced by higher prices of vegetables (including potatoes) by 2.6%, oils and fats by 0.6%, fishes by 0.5%, bread and cereals by 0.4% and meat by 0.2%. Prices of fruit decreased by 5.4% sugar, jam, honey, syrups, chocolates and confectionary by 0.8%. Prices of milk, cheese and eggs did not change. Prices of **non-alcoholic beverages** increased by 0.4% (mineral water, soft drinks, fruit and vegetable juices by 0.5%, coffee, tea and cocoa by 0.2%).

Price increases in vegetables were influenced by price rises of pepper by 42.8%, tomatoes by 39.1%, salad cucumbers by 27.6% and cauliflower by 23.9%. Prices of parsley decreased by 18.7%, onion by 15.3%, carrot by 14.3%, white cabbage by 13%, potatoes by 5.1% and garlic by 1.5%. Price rises in meat were affected by higher prices of sausages by 0.6%, pork meat by 0.4% and beef meat by 0.3%. Prices of poultry fell by 0.7%. Price decreases in fruit were influenced by lower prices of apples by 20.1%, oranges by 13.4%, tangerines by 9.6% and table grapes by 0.8%. Prices of red watermelons increased by 18.6%, lemons by 4.9%, kiwi by 3.1% and bananas by 1.1%.

Price rises in **alcoholic beverages and tobacco** were affected by price increases in tobacco by 4.8%. Prices of alcoholic beverages did not change (prices of spirits rose by 0.2%, wine by 0.1% and prices of beer decreased by 0.2%).

Price increases in **clothing and footwear** were influenced by higher prices of footwear by 2% and clothing by 1.1%.

Price rises in the branch of **housing, water, electricity, gas and other fuels** were influenced by price increases of heat energy by 2.5%, imputed rentals of owner-occupiers by 2.2%, solid fuels by 1.3%, other services relating to the dwelling by 0.5%, actual rentals paid by tenants and also services for regular maintenance and repair of the dwelling by 0.3%. Prices of materials for regular maintenance and repair of the dwelling, wastewater, water supply, waste disposal, electricity and gas remained at the level of the previous month.

Price decreases in **furnishings, household equipment and routine household maintenance** were influenced by price cuts of goods and services for routine maintenance of household by 1% and household appliances by 0.1%. Prices of glassware, tableware furniture and household utensils increased by 0.3%, household textile by 0.2%, tools and equipment for house and garden by 0.1%. Prices of furnishings, carpets and other floor covering did not change.

Price index in **health** rose as a result of higher prices of outpatient services by 1.5% (dental services by 2.9%, medical services by 1.1% and other services except for hospitals by 0.1%), medical and pharmaceutical products, therapeutic appliances and equipment by 0.9% (therapeutic appliances and equipment by 1.2%, pharmaceutical preparations and products by 0.8% and other medical products by 0.3%) and hospital services by 0.7%.

Price cuts in **transport** were affected by price decreases of operation of personal transport equipment by 2.6% (prices of fuels and lubricants declined by 3.3%, prices of maintenance and repair increased by 0.1%, prices of spare parts and accessories did not change) and purchase of transport equipment by 2.2% (second hand cars by 4.4%, new motor vehicles by 0.4%). Prices of transport services increased by 0.5% (prices of passenger transport by road increased by 0.8%, other transport services by 0.1% and prices of passenger transport by air decreased by 5.4%).

Prices of postal and telecommunications services did not change in the branch of **communications**. Prices of telephone equipments decreased by 2.9%.

In the branch of **recreation and culture**, prices of newspaper, books and stationery increased by 0.8%, other recreational items and equipments, gardens and pets by 0.7%, recreational and cultural services by 0.4% and other major durables for recreation by 0.3%. Prices of audio-visual and photographic technology decreased by 1.3% and package holidays by 0.8%.

Price increases in the branch of **education** were affected by price rises of pre-primary and primary education by 3.5% (fee in school club of children by 6.1% and fee in kindergarten by 2.5%), secondary education by 0.4% and education not definable by the level by 0.2% (fee in primary school of art by 0.5%, fee for language lessons by 0.2%). Prices of tertiary education did not change.

Price rises in the branch of **hotels, cafés and restaurants** were affected by higher prices of accommodation services by 2.1% and catering services by 0.4% (in restaurants and cafés by 0.5%, in canteens by 0.3%).

Price rises in **miscellaneous goods and services** were affected by price increases of social services by 1.1% (payments for meals in canteens of pensioners by 1.3% and benefit for payment of care in retirement house by 0.7%, payment for day-care decreased by 0.7%), personal effects n.e.c. by 0.4% and personal care by 0.3%. Prices of insurance, financial services n.e.c. and other services n.e.c. remained at the level of the previous month.

Consumer prices rose in total by 5.1% *in October compared to October 2007*. Prices rose more rapidly than totally in branches: housing, water, electricity, gas and other fuels by 9.9%, hotels, cafés and restaurants by 7.2% and health by 6%. Prices also rose in following branches: food and non-alcoholic beverages and also alcoholic beverages and tobacco by 5.1%, education by 4.1%, miscellaneous goods and services by 2.3%, transport by 2.2%, clothing and footwear by 1.6%, recreation and culture by 1%, furnishings, household equipments and routine household maintenance by 0.1%. Prices of postal and telecommunication services decreased by 0.3%. *Over the first ten months*, consumer prices increased in total by 4.6% *on average* compared to the corresponding period in 2007.

Index of consumer prices increased in households of **employees** and also in households of **pensioners** by 0.3% in October compared to September.

Index of consumer prices rose year-on-year in households of **employees** by 5% and in households of **pensioners** by 4.8% in October.

Over the first ten months, index of consumer prices rose in household of **employees** and also in household of **pensioners** by 4.5% *on average* compared to the corresponding period in 2007.

Real Industrial Production

In September compared with September 2007 industrial production rose by 5.5% as a result of 6% increase in manufacturing, 2.6% in electricity, gas and water supply and 6.6% fall in mining and quarrying.

The highest year-on-year increase of production was in the manufacture of electrical and optical equipment (23.8%). Production rose more rapidly than on average for a branch also in the manufacture of rubber and plastic products (by 17.9%), in the manufacture of machinery and equipment n.e.c. (by 8%), in the manufacture of pulp, paper and paper products, publishing and printing (by 6.2%). Production was lower in manufacture of leather and leather products (by 21.9%), in the manufacture of chemicals, chemical products and man-made fibres (by 5.4%), in the manufacture of metal and metal products (by 3.5%), in the manufacture of food products, beverages and tobacco (by 0.9%).

In terms of the main industrial groupings production of durable consumer goods rose most rapidly by 39.1%. Production of investment goods grew year-on-year by 5.5%, non-durable consumer goods by 3.4% and production related to energy by 0.4%. The production of intermediate goods decreased by 0.7%.

Over the first nine months, production of industry exceeded the level of the corresponding period last year by 5.4%, of which manufacturing by 6.5%, electricity, gas and water supply by 2.9%. Mining and quarrying decreased by 24%.

The production of durable consumer goods increased at most (by 15.2%) in terms of the main industrial groupings. The production of investment goods grew by 12.2%, non-durable consumer goods by 3.4% and production of intermediate goods by 1.1%. The production related to energy declined by 3%.

Increase in turnovers for own performances and goods (hereafter called 'turnovers') in **industry** renewed *in September*. Compared to September 2007, they rose by 3.4% at constant prices to SKK 192 billion as a result of a rise in electricity, gas and water supply by 6.9%, in mining and quarrying by 3.2% and in manufacturing by 3.1%.

Over the first nine months, turnovers in industry increased by 9.3% in comparison with the corresponding period last year, including in electricity, gas and water supply by 15.4%, in manufacturing by 8.8% and in mining and quarrying by 7.4%.

Turnovers in **construction** continued to increase considerably. Compared to September 2007 they grew by 23.3% at constant prices to SKK 31,4 billion. They rose year-on-year by 16.6% *since the beginning of year*.

A rise in turnovers in **transport and storage** speeded up and they were higher than in the corresponding period last year by 20.6% and amounted to SKK 17.1 billion *in September*. Higher turnovers in air transport by 42.1%, in supporting and auxiliary transport activities by 40% and in other ground transport by 18.5% were reflected in the development. Turnovers in railway transport did not reach last year's level (by 3.7%) for the third month in a row.

Over the *first nine months*, turnovers rose year-on-year by 14.3%.

Turnovers in **communications** were realised in the volume of SKK 7 billion (in posts SKK 1,2 billion, in telecommunications SKK 5,9 billion). Compared to September 2007, they increased by 6.7% at current prices (in posts by 18.3%, in telecommunications by 4.7%).

Since the beginning of the year, turnovers in communications increased year-on-year by 5.2%, including in posts by 11.2% and in telecommunications by 4.1%.

The year-on-year increase in turnovers in **real estates, renting, business activities and the other services** by 7% at constant prices to SKK 24,2 billion was kept by an increase in turnovers in almost all the main activities. Turnovers for computer and related activities that decreased for the first time in this year (by 5.1%) were an exception. The development was mostly influenced by an increase in turnovers in other business service activities (by 12.6%), for recreational, cultural and sport activities (by 4.1%).

Over the *first nine months*, their volume grew year-on-year by 12.4%.

FOREIGN TRADE

In September, the total exports of goods amounted to SKK 131,5 billion; there was a 6.5% rise year-on-year. The total imports of goods decreased by 7.6% to SKK 129 billion. The foreign trade balance was active in the amount of SKK 2,6 billion (it was lower than in September 2007 by SKK 1,1 billion).

In the period of January - September, the total exports rose by 11% to SKK 1 143,4 billion (EUR 36,2 billion) and the total imports rose by 10.6% to SKK 1 146,2 billion (EUR 36,3 billion) in relation to the corresponding period last year.

The foreign-trade balance was passive in the amount of SKK 2,8 billion (it was lower than in the corresponding period in 2007 by SKK 3,1 billion).

The total exports of goods amounted to SKK 111,3 billion (EUR 3,7 billion) and increased year-on-year by 2,9% *in August*. The total imports of goods rose by 4.7% to SKK 108,6 billion (EUR 3,6 billion). The foreign trade balance was active in the amount of SKK 2,7 billion (it was passive in the amount of SKK 5,8 billion in August 2007).

The foreign trade **balance** was passive in the amount of SKK 5,4 billion *in the period of January - August* (it was lower than in the corresponding period last year by SKK 4,2 billion).

The highest passive balance was in foreign trade activity with the Russian Federation (SKK 79 billion), the Republic of Korea (SKK 52,1 billion), China (SKK 43,7 billion), Taiwan (SKK 13,9 billion), Japan (SKK 12,7 billion) and Malaysia (SKK 2,9 billion).

The Slovak Republic had the highest active balance with the United Kingdom (SKK 32,2 billion), Austria (SKK 28 billion), Poland (SKK 26,4 billion), France (SKK 26,2 billion), Italy (SKK 20,3 billion), the Netherlands (SKK 17,6 billion), the Czech Republic (SKK 15,1 billion), Finland (SKK 14,6 billion) and Hungary (SKK 13,3 billion).

Goods in the amount of SKK 1 011,8 billion (EUR 31,9 billion) were **exported** from the Slovak Republic. Compared to the corresponding period in 2007, the total export grew by 11.6%.

In terms of goods, the total exports of television equipment rose more considerably by SKK 18,5 billion, petroleum oils and oils from bitumen mineral, other than crude by SKK 9,5 billion, private cars and other motor vehicles mostly for transporting passengers by SKK 8,6 billion, bodies (coachwork) for motor vehicles by SKK 5,8 billion and hot-rolled flat-rolled products of iron or non-alloyed steel by SKK 4,5 billion.

The total exports of data processing facilities and also unwrought aluminium decreased at most by SKK 2,1 billion, semi-finished products of iron of non-alloyed steel by SKK 1,7 billion, electronic integrated circuits and micro assemblies by SKK 1,6 billion.

The total exports within the most significant trade partners increased: Germany by 5.1%, the Czech Republic by 17.1%, France by 12.1%, Poland by 17,9%, Poland by 17.2%, Hungary by 16.2%, Austria by 10.9%, the United Kingdom by 5.5% and the Russian Federation by 87.4%. The total exports to Italy declined by 0.9%, the Netherlands by 7.8% and Spain by 18.2%.

The total exports to the EU countries increased by 9% (it represented 85.1% of the total exports of the SR) and to the OECD countries by 8.5% (it represented 86.7% of the total exports of the SR) in terms of the main economic groupings.

Goods in the amount of SKK 1 017,2 billion (EUR 32 billion) were **imported** to the Slovak Republic; there was an 11% increase year-on-year.

In terms of goods, the total imports of petroleum oils and oils from crude bitumen mineral increased at most by SKK 15,9 billion, petroleum gasses and other gaseous hydrocarbon by SKK 13,8 billion, private cars and other motor vehicles mostly for transporting passengers by SKK 10,8 billion, parts and accessories for transmitting equipment for radiotelephoning, radiotelegraphing, radio and TV broadcasting by SKK 8,2 billion and petroleum oils and oils from bitumen mineral, other than crude by SKK 5,4 billion.

The total imports of piston compression engines decreased at most by SKK 3,2 billion, transmitting equipment for radiotelephoning, radiotelegraphing, radio and TV broadcasting and also parts and accessories of motor vehicles by SKK 2,4 billion, products with liquid crystals by SKK 1,8 billion and cigarettes and cigars by SKK 1,7 billion.

The total imports within the most significant trade partners increased: Germany by 12.7%, the Russian Federation by 38%, the Czech Republic by 8.4%,%, China by 21.1%, the Republic of Korea by 20.1%, Hungary by 1.4%, France by 11.9%, Poland by 1.3% and Austria by 2.7%. The total imports from Italy declined by 0.7%.

The total imports from the EU countries rose by 7.3% (it represented 67.6% of the total imports) and from the OECD countries by 7.8% (it represented 68.8% of the total imports of the SR) in terms of the main economic groupings.

MOTOR INDUSTRY

New Registrations	Production	Exports		
Registrations	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Car Registrations	0.6	52,083	43,478	19.7
New LCV Registrations ¹	20.6	19,560	15,824	23.6
New Truck Registrations ²	29.2	3,837	4,048	-5.2
New Bus Registrations	-54.6	413	189	118.5
Production	%Ch	Jan-Sept	Jan-Sept	%Ch
	07/06	2008	2007	08/07
New Car Production	143.49	458810	418041	9.75

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

2. CVs above 3.5t,

excluding Buses

excluding Buses & Coaches

➤ Comments

The official production of VW Slovakia for the 3rd quarter of 2008 reached 155,426 units.

The official production of the Peugeot Citroën Slovakia company for the 3rd quarter of 2008 reached 146,276 units.

The official production of the KIA Motors Slovakia company for the 3rd quarter of 2008 reached 157,108 units.

The total volume of production for the 3rd quarter of 2008 reached the level of 458,810 units.

Employment

	Year	Number of	% change	% of total employment
		persons employed	on previous year	in manufacturing industry
Manufacturer of Motor Vehicles (NACE Rev.1 - 34.10)	2000	8,400	n.a.	1.50
	2001	9,750	116.7	1.76
	2002	11,500	118.46	1.80
	2003	11,800	102.6	2.3
	2004	12,500	105.9	2.46
	2005	13,000	104.0	2.46
	2006	15,600	120.0	2.98
	2007	16,300	104.8	3.01
	2008	27,550	169.02	5.0
Manufacture of bodies for Motor Vehicles, trailers, semi-trailers, parts and accessories for motor vehicles and their engines (NACE Rev.1 - 34.20 + 34.30)	2000	34,650	125.8	6.25
	2001	38,660	111.6	6.03
	2002	42,900	111.0	8.50
	2003	44,000	102.56	8.68
	2004	44,400	101.0	8.40
	2005	51,300	115.5	9.81
	2006	59,700	116.3	11.05
	2007	35,950	60.2	6.50
	2008	44,400	123.5	8.0
TOTAL (NACE Rev.1 - 34.00)	2000	50,210	113.08	7.83
	2001	54,700	108.9	10.9
	2002	56,500	103.2	11.15
	2003	57,400	101.5	10.9
	2004	66,900	116.55	11.45
	2005	76,000	113.6	14.06
	2006	84,000	110.52	1.50
	2007	97,500	116.7	1.76

Source: Statistical office of the Slovak Republic

➤ Comments

EMPLOYMENT

In September, the trend of a year-on-year increase in the employment continued in construction (10.1%), in real estates, renting, and business activities and the other services increased (7.7%), in transport (4.5%), in retail trade (2.6%), in wholesale (2.2%) and in industry (1.5%). The employment was lower than a year ago in hotels and restaurants by 5.2%, in communications by 1% (it declined in posts by 2.2%, it rose in telecommunications by 1.3%), in sale and maintenance of motor vehicles by 0.4%.

Over *the first nine months* on average, the highest employment was in industry 599,400 persons (in manufacturing 556,600). 178,200 persons worked in construction, 159,800 in retail trade, 157,200 in real estate, renting, business activities and the other services, 134,700 in wholesale, 95,800 in transport, 50,500 in hotels and restaurants, 28,300 in sale and maintenance of motor vehicles, 26,800. in communications (17,300 in postal and delivery activities, 9,500 in telecommunications).

Compared to the corresponding period in 2007, the employment rose in construction by 8.5%, in real estate, renting, business activities and the other services by 6.3%, in transport by 5.7%, in industry by 2.4%, in retail trade by 2%, in wholesale by 1.8%, in sale and maintenance of motor vehicles by 1.7%. It did not reach last year's level in communications by 0.4% (it decreased in posts by 2%, it increased in telecommunications by 2.6%), in hotels and restaurants by 0.6%.

AVERAGE MONTHLY WAGE

The average nominal monthly wage was higher than a year ago in all selected branches. It grew the most rapidly in construction and also in wholesale by 13.5%. It increased in industry by 9.6%, in retail trade by 8.1%, in transport by 7.9%, in communications by 7.3% (including posts by 5.9%, telecommunications by 6.8%), in real estate, renting, business activities and the other services by 6.6%, in hotels and restaurants by 6%, in sale and maintenance of motor vehicles by 5.9%.

The real wage increased year-on-year in construction and also in wholesale by 7.7%, in industry by 4%, in retail trade by 2.6%, in transport by 2.4%, in communications by 1.8% (in posts by 0.5%, in telecommunications by 1.3%), in real estate, renting, and business activities and the other services by 1.1%, in hotels and restaurants by 0.6%, in the sale and maintenance of motor vehicles by 0.5%.

Over *the first nine months* on average, the average nominal monthly wage was in communications SKK 28,516 (in telecommunications SKK 48,801, in posts SKK 17,341). The wage in real estate, renting, and business activities and the other services amounted to SKK 24,106, in industry to SKK 21,592, in transport to SKK 21,009, in wholesale to SKK 20,835, in the sale and maintenance of motor vehicles to SKK 20,492, in construction to SKK 16,236, in retail trade to SKK 14,686, in hotels and restaurants to SKK 11,020.

The average nominal monthly wage was over last year's level in all selected branches. It rose in wholesale by 12.7%, in real estate, renting, and business activities and the other services by 10.2%, in retail trade by 10%, in industry by 8.4%, in transport by 7.9%, in construction by 7.8%, in communications by 7.1% (in posts by 13.2%, in telecommunications by 1.4%), in the sale and maintenance of motor vehicles and also in hotels and restaurants by 5%.

The real wage grew year-on-year in wholesale by 7.8%, in real estate, renting, and business activities and the other services by 5.5%, in retail trade by 5.3%, in industry by 3.7%, in transport by 3.3%, in construction by 3.2%, in communications by 2.5% (it rose in posts by 8.3%, it decreased in telecommunications by 3%), in sale and maintenance of motor vehicles and also in hotels and restaurants by 0.5%.