Automakers Face European Struggles

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Automakers in France, Italy and Spain are facing increasingly challenging conditions, as sales fall and consumers are weighed down by the worsening financial climate.

According to the CCFA, the French trade body, purchases levels of passenger cars fell by 7% year on year in July to 148,966 units, even though there were two more working days than in 2011.

When adjusting totals to take this fact into account, the decline reached 16% on an annual basis. Over the year to date, the market has contracted 13.5%, hitting 14.1% if figures are adjusted.

Although these totals were broadly in-keeping with seasonal shifts, Francois Roudier, head of the CCFA, still suggested it constituted a "poor result" for the industry.

Turning to Spain, monthly data from ANFAC, the trade association, showed that new car registration numbers dropped from 78,914 to 65,322, despite widespread special offers from manufacturers.

Aranzazu Mur, ANFAC's chief economist, told Reuters:
"That trend will not change in the short term even though the discounts on offer are about the best in history."

The primary causes of the slump, he argued, were the "lack of consumer confidence tied to the economic downturn, high unemployment and difficult access to financing".

Juan Antonio Sanchez Torres, president of GANVAM, the dealers' association, added that a planned rise in VAT would only mean sales decreased further, prolonging a two year recession for the sector.

"That will psychologically impact consumers, reducing registrations for this year in another 25,000 units and reducing annual forecasts to under 700,000 cars sold, which will distance us even more from the principal European markets," he said.

Conditions are proving equally adverse in Italy, where the market shrank by 21.2% year on year in July to 108,826 vehicles, the transport ministry reported.

"Families and young people find today very difficult to maintain and use a car, squeezed as they are by taxes and job uncertainty," said Jacques Bousquet, president of UNRAE, the industry group.

Such a slide followed a 24.4% contraction in June. Over the course of 2011 as a whole, purchase rates fell by 10.8% to 1.74m cars, the fourth successive decline.

Data sourced from Reuters; additional content by Warc staff

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