

European car sales growth slows down in April

After eight consecutive months of growth Europe I starting to show signs of a slowdown as five markets fell back last month.

With capacity still a major problem in Europe Hyundai's announcement of another van into the market and a looming EU/Japan trade deal is sure to add to the pressure on the European automotive sector.

Recalls are back in the news as GM get hit with a maximum \$35 million fine and Lexus's swipe at EVs leaves them with a bit of a shock.

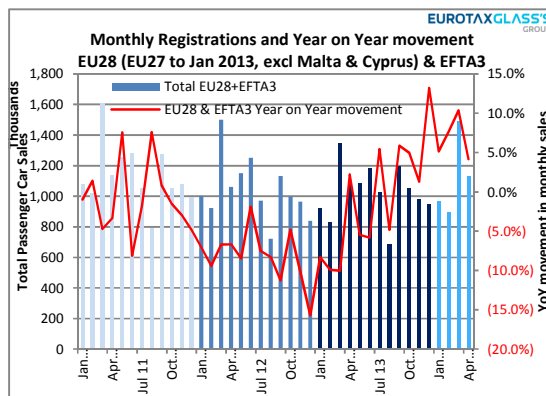
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European car sales rise 4.6%

Car sales in Europe rose for the eighth consecutive month in April but at the lowest rate since



August 2013. Only five countries in the EU28 saw sales falling last month with Germany the largest market by size which dropped 3.6% as the economic uncertainty continues. The Netherlands saw the biggest drop overall, down 6.3% closely followed by Romania (-5.9%), Finland (-5.6%) and Austria down 5.1%. Amongst the EFTA countries Norway saw sales drop 13.4% last month with Switzerland also dropping by a more modest 2.1%. YTD the EU28 is now up 7.4% with Portugal seeing the largest percentage growth, up 43.7% but of the

big five markets Spain is still seeing the fastest recovery and is now up 16.2% this year.

<http://www.acea.be/press-releases/article/passenger-car-registrations-7.4-over-four-months-4.6-in-april>

EU-Japan trade deal opposed by EU OEMs

But as the European recovery cools down a little, concern is starting to rise that a trade deal between the EU and Japan is unbalanced meaning Japanese manufacturers will be able to sell cars into Europe without European OEMs having the same level of reciprocal trade. Whilst parallels can be drawn with the EU/South Korea deal of 2011 it is worth remembering that the timing of that deal coincided with a number of scrappage schemes which were perfect for the relatively new small cars coming from Korea.

<http://europe.autonews.com/article/20140509/ANE/140509806/european-carmakers-oppose-eu-japan-trade-deal?ccid=email-ane-daily&r=1884G9220467G1V>

Hyundai target CV market with a truck made in Turkey

Talking of Korea and Hyundai has announced that it plans to launch a Turkish built truck into Europe. The large van is being built with partner Karsan and starts production next year. Whilst commercial vehicles are seeing a recovery along the lines of cars they are also being hit with the same competitive pressures of discounting and pushed sales across much of Europe.

<http://www.reuters.com/article/2014/05/15/europe-vans-idUSL6N0NY3DA20140515>



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Nissan target Golf sales

Nissan have also announced plans to launch a vehicle, although this time into a segment they have not been in for a few years. The Pulsar will be Nissan's first car in the highly competitive C-segment since the demise of the Almera in 2006 and it will be built in Barcelona. Whilst the Pulsar will have a fight on its hands as build quality and reliability in this segment is now at a level that was expected of premium products back in the Almera days the cars has acres of internal space and superb handling.

<http://europe.autonews.com/article/20140516/ANE/140519916/nissan-will-launch-the-pulsar-to-rival-the-vw-golf?ccid=email-ane-daily&r=1884G9220467G1V>

US suppliers rate GM worst automaker

A lack of consistency between them and other US OEMs was also part of the issue which saw suppliers in America vote GM as the worst automaker to deal with out of the big 6 OEMs which make up 85% of the American market. GM scored particularly badly on trustworthiness, communication skills and protection of IPR.

<http://www.reuters.com/article/2014/05/12/us-gm-suppliers-survey-idUSBREA4B01I20140512>

GM to pay \$35 million fine over recall delays

As if the negative PR from suppliers wasn't enough to contend with GM has now scored a record year for recalls, currently 11.2 million vehicles in the year to May 2013. On top of this GM has also been hit with a \$35 million fine relating to its handling of the ignition switch recall. The fine is the largest civil penalty the National Highway Traffic Safety Administration (NHTSA) is able to impose after it raised the limit in 2010.

<http://www.reuters.com/article/2014/05/16/us-generalmotors-recall-idUSBREA4F0CU20140516>

PSA's China JV recall 162,913 cars re defective valves

The recalls are still rolling in this year with PSA's joint venture with Dongfeng resulting in 162,913 cars being recalled due to defective valves that could potentially lead to fuel leaks.

<http://www.reuters.com/article/2014/05/16/peugeot-china-recall-idUSL3N0O229J20140516>

Next generation Leaf to have better batteries and traditional styling

Going back to Nissan who also announced this week that the next-gen Leaf will have more mainstream styling and a battery with a greatly increased range. Without being drawn into specifics Andy Palmer, EVP in charge of Nissan's zero emissions business, said that EV batteries need to deliver up to 300km (186 miles) to be an everyday alternative to hydrogen fuel cells. Palmer also would not be drawn on when the next-gen Leaf would be launched but he did confirm Infiniti's long awaited EV would debut in 2017 with the new improved battery.

<http://europe.autonews.com/article/20140516/COPY/305169994/next-nissan-evs-mainstream-look-better-battery?ccid=email-ane-daily&r=1884G9220467G1V>

Lexus EV attack back fires

And finally staying on the theme of Japanese premium brands and electric vehicles, Lexus, one of the champions of hybrid technology decided to take a swipe at EVs. Lexus decided to produce a video praising its technology with the slogan "No charging means more driving" whilst showing a 4 hour countdown clock and "an image of a public charger ... accompanied by the words 'Reserved for someone with four hours to kill.'" Unfortunately the showed what is clearly a Nissan Leaf being plugged into a DC fast charger which can recharge a car back to 80% capacity within 20-30 minutes. It looks like someone wasn't a very bright spark when producing the film.

http://www.greencarreports.com/news/1091940_lexus-ad-not-only-sneers-at-plug-ins-but-gets-charging-wrong

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