



CBI
Ministry of Foreign Affairs

CBI Product Factsheet:

Vehicle Body Parts in Germany, France, Spain, Italy and the United Kingdom

Introduction

Germany is the largest import market for body parts, followed by the United Kingdom and France. All 5 countries in the European Union with the biggest economies (the EU5), with the exception of Italy, have shown strong import growth. Italy is the biggest importer of developing country vehicle body parts, indicating its willingness to source from developing countries.

Product description

Automotive body parts are used in the total automotive industry, covering passenger cars, motor vehicles and vehicles for the transportation of people as well as goods. This study of automotive body parts covers the entire area.

Automotive body parts range from bumpers, fenders, header panels, hoods, spoilers and tailgates to alternators, blower motors, condensers, lights, starters and many more parts. Body Parts are grouped under "Parts and accessories for industrial assembly of bodies" (HS codes 87082910, 87082990). This Product Factsheet analyses the market for vehicle body parts in the EU5 nations (the biggest EU economies: Germany, France, the UK, Italy and Spain).

Automotive body parts are exceedingly made out of a mixture of materials. An example of this is a mixture of steel and aluminium. Suppliers of European manufacturers need to realise that European Original Equipment Manufacturers (OEMs) focus on lightweight vehicle body parts. This trend will probably continue in the coming years.

Figure 1: Automotive body parts



Source: Fotolia

Product specifications

Quality

The European market for vehicle body parts is characterised by the use of high quality materials in order to ensure durability and safety, so the supplied parts have to be carefully manufactured and inspected, as defective parts may be returned. Factors determining the quality of the parts are the accuracy of fit, the alignment to other components, and the resistance to corrosion.

Packaging & Labelling

In general, packaging is determined by the buyer: either the OEM or the end user (retailer, or wholesaler in the aftermarket). OEM suppliers, in order to reduce costs and to improve the efficiency of packaging operations, most often use returnable packaging. Returnable packaging is not discarded after use and the empty packaging is recycled by the OEM or by a designated packaging operator. In the aftermarket sector, the packaging is typically disposable, as it is discarded after being used just once.

Tip:

- For more information on requirements for packaging and packaging waste, we refer to the [European Commission](#).

Automotive body parts are typically packed in wooden or cardboard boxes and covered by foam and plastics for protective means.

In order to export to the EU, product packaging must comply with EU standards and legislation, for example:

- Wood packaging materials used for transport (including dunnage) ([Directive 2000/29/EC](#)): Europe sets requirements for wood packaging materials such as packing cases, boxes, crates, drums, pallets, box pallets and dunnage (wood used to wedge and support non-wood cargo).
- Another packaging-related directive is the general directive about packaging and packaging waste ([Directive 94/62/EC](#)). This directive stipulates the marking of the kind of packaging material used, and the maximum levels of heavy metals allowed in the packaging material.

Figure 2: Packaging of automotive body parts



Source: Fotolia

Buyer Requirements

Requirements can be divided into:

- (1) musts; these are legal and non-legal requirements you must meet in order to enter the market and
- (2) common requirements; which most of your competitors have already implemented; in other words, the ones you need to comply with in order to keep up with the market.

Musts: The most important requirement for automotive components such as vehicle body parts is that they comply with the technical standards set by EU legislation in order to guarantee vehicle- and environmental safety.

[Whole Vehicle Type Approval](#) (WVTA) is a certification for various types of motor vehicles and their components, which include agricultural and forestry tractors. The WVTA is valid in all EU Member States and is required when selling any products in the EU. Many automotive components including engines are not approved until the final assembly, in which case certification of individual components is not necessary, although these components will still have to comply with type-approval requirements

Tips:

- Check with your buyer, or with the approval authority of the country you want to export to, what the specific standards are for the parts you are manufacturing.
- Read more about type approval at the EU Export Helpdesk.

The [End of Life Vehicles](#) (ELV) Directive aims to avoid environmental pollution during the scrapping process through reducing the hazardous materials used in vehicle production. Vehicles must be designed to facilitate proper dismantling and recycling (by coding the components) and the use of heavy metals such as lead, mercury, cadmium and hexavalent chromium is prohibited (with the exception of a few applications).

In addition, more legal requirements are stated in our study on [buyer requirements](#). When exporting chemicals, we refer to the [REACH regulation](#). In the EU, buyers are responsible for [CE marking](#), which means that they will have to comply with additional requirements on safety, health and environmental protection.

Tip:

- Check if your buyer uses the [International Material Data System \(IMDS\)](#). This is a collective, computer-based data system developed by automotive OEMs to manage environmentally relevant aspects of the different parts used in vehicles. It has been adopted as the global standard for reporting on material content in the automotive industry.

In addition, more legal requirements are stated in our study on [buyer requirements](#). When exporting chemicals, we refer to the [REACH regulation](#). In the EU, buyers are responsible for [CE marking](#), which means that they will have to comply with additional requirements on safety, health and environmental protection.

Common buyer requirements:

Common requirements can be those put in place by the public sector (such as standardisation bodies), or they may be industry-led requirements (such as buyer requirements and private standards). Private standards are on the rise

in Europe, and include industry-led (niche) initiatives used to create enhanced quality, traceability and unity in design and dimensional specifications.

In general, standards can focus on quality of the product and production process (including social and environmental issues).

Quality Management: In order to apply for type-approval, production processes need to meet quality management criteria. ISO TS/16949 focuses on the design, development and production of automotive related products and ISO 9001 is a more general quality standard. Both are accepted as standard requirements and EU buyers and manufacturers often insist on them.

The EU has set [binding emission targets for new cars and vans](#). This means that every new car or van sold is permitted a certain amount of CO₂ emission. The maximum amount of CO₂ emission for passenger cars is 130 gram of CO₂/km in 2015 and will be reduced every year to the target level of 95 gram of CO₂/km in 2021. This will result in increasing demand for lightweight materials and thrifty parts from suppliers.

Tip:

- Be prepared that the requirements stated by your buyer might become even stricter in the future, in order to comply with the binding emission targets.

Corporate social responsibility (CSR) and the extent to which buyers expect a certain level of social and environmental performance is becoming increasingly important. Bigger EU companies have developed their own CSR policies and require their suppliers (and their sub-suppliers) to conform to these. Signing a supplier code of conduct is often a prerequisite. These codes of conduct generally cover compliance with local laws, protection regarding workers' health and safety, respecting basic labour rights and also business ethics. The implementation of an environmental management system is often a requirement for core suppliers.

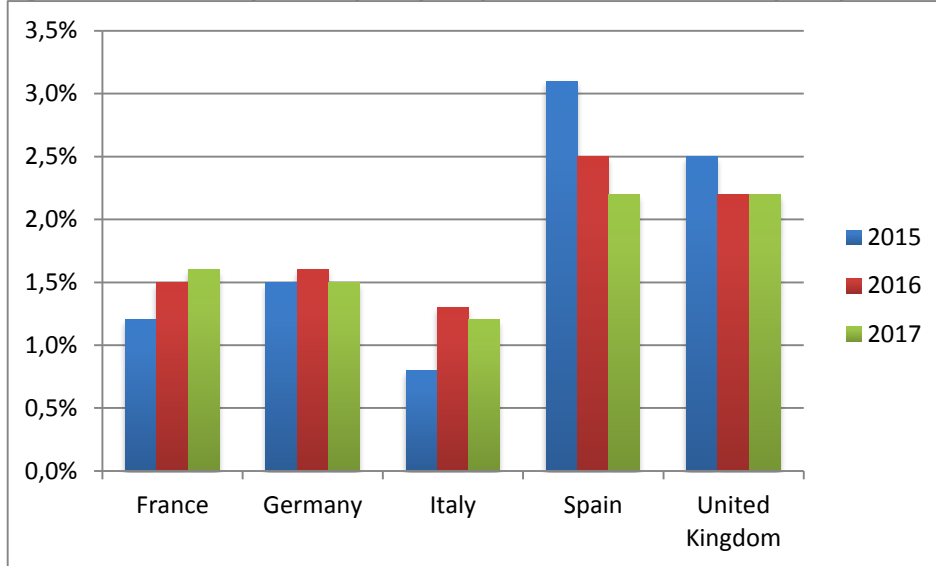
Tips:

- The leading car producers publish their CSR policies and supplier code of conduct on their websites. An Internet search for these may give valuable insight into assessing your company's performance by comparison.
- Implement an environmental management system, such as [ISO 14001](#), as it is a common requirement.

Macroeconomic statistics

The Gross Domestic Products (GDPs) of the EU5 countries saw an average growth of 1.1% in 2014. The International Monetary Fund (IMF) predicts an average GDP growth of 1.8% in the EU5 countries between 2015 and 2017. The GDP growth factor is an important economic indicator and therefore a predictor for the production of as well as the demand for vehicle body parts.

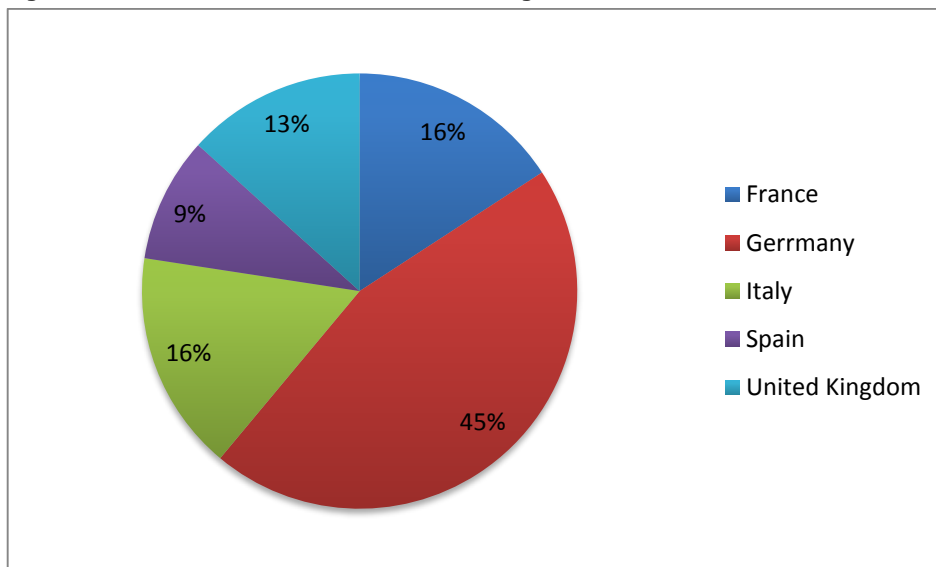
Figure 3: GDP (constant prices) Compound Annual Growth Rate (CAGR) forecast for 2015 - 2017 in EU5



Data source: IMF 2015, World Economic Outlook Database

The total national Gross Domestic Products (GDPs) for the EU5 countries together was estimated at about €9.5 trillion in 2014. Germany is the largest market in the EU5 with a GDP of €2.91 trillion accounting for a share of almost one third of the total GDP and with by far the strongest manufacturing base of all EU5 countries (€670 billion in 2014). Germany is followed by France and the UK, each of which represent roughly one fifth of the GDP value and 15% of the total manufacturing value for the five countries. France and the UK are followed by Italy, with a GDP value of €1.6 trillion and a manufacturing value of €242 billion. With a 2014 GDP of almost €1 trillion and a manufacturing value of €138 billion, Spain is the smallest of the five economies.

Figure 4: Relative national manufacturing value 2014 in EU5 countries



Data source: IMF 2015, World Economic Outlook Database

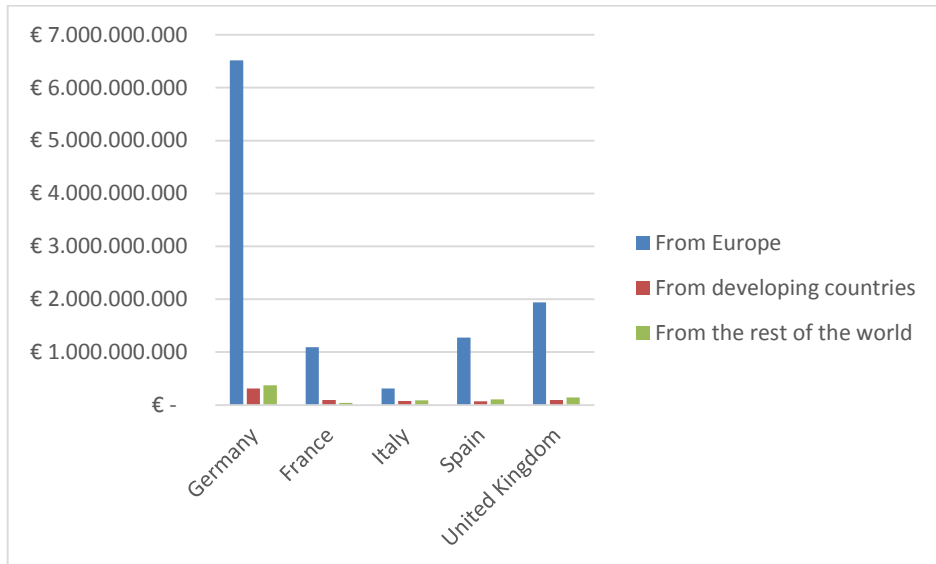
Trade Statistics

Imports and exports

The EU5 imported automotive body parts worth roughly €12.5 billion in 2014. Germany alone represents nearly 58% of the imports of vehicle body parts with an import value of €7.2 billion in 2014. It is followed by the United Kingdom with €2.2 billion and France with €1.5 billion. The imported vehicle body parts are mainly shipped from

within the European Union (88.8%), while 11.2% is imported from elsewhere. Between 2010 and 2014, the import of vehicle body parts grew with a CAGR of 8.3%.

Figure 5: Import of vehicle body parts in the EU5 in 2014

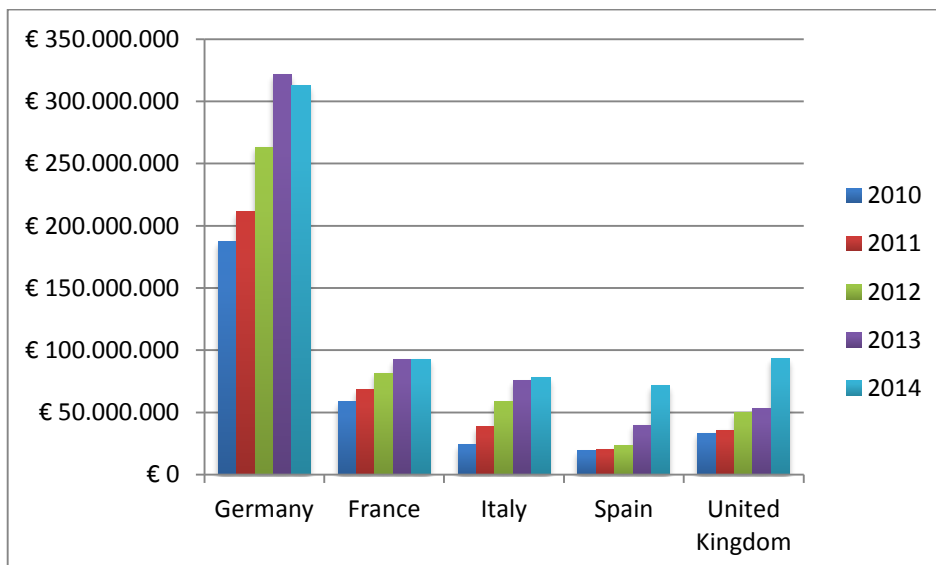


Data source: Eurostat 2016

78.6% of the imported vehicle body parts are body parts for larger vehicles (HS code 87082990). The rest (21.4%) of the import consists of body parts for passenger cars and smaller commercial vehicles (HS code 87082910). Although the import of larger vehicles is less, the import is growing faster. Both product import values have grown by a CAGR of around 8.3% between 2010 and 2014.

Imports of vehicle body parts from developing countries to the EU5 represented over €710 million (5.7% of total imports) in 2014 and grew by a Compound Annual Growth Rate (CAGR) of 19.1% between 2010 and 2014. Germany alone represents more than 48% of the import of developing country body parts. The biggest developing country exporters of body parts to the EU5 are Turkey (€260 million) and China (€175 million). Italy has by far the largest share of vehicle body part imports from the developing countries, at approximately 16.3%.

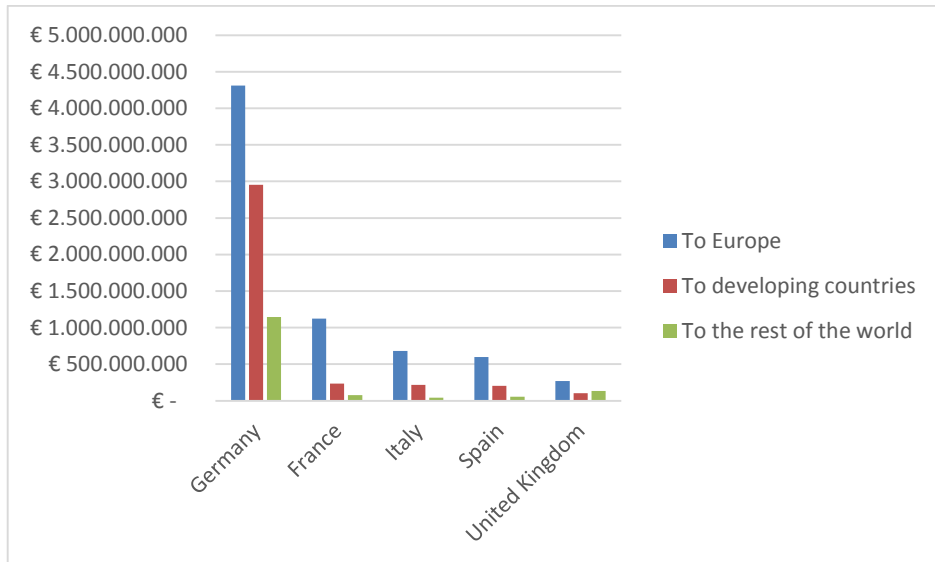
Figure 6: Import of vehicle body parts from developing countries in the EU5



Data source: Eurostat 2015

In 2014, the EU5 exported close to €12.2 billion worth of automotive body parts. Germany is by far the largest exporter of vehicle body parts among the EU5 countries, with approximately €8.4 billion in exports (comprising a 69% share of all EU5 vehicle body parts exports). EU5 automotive body parts exports grew by a CAGR of 6.3% between 2010 and 2014. 83.3% of the export consists of vehicle body parts for larger vehicles, while only 16.7% of the export is suitable for the production of passenger cars and smaller vehicles.

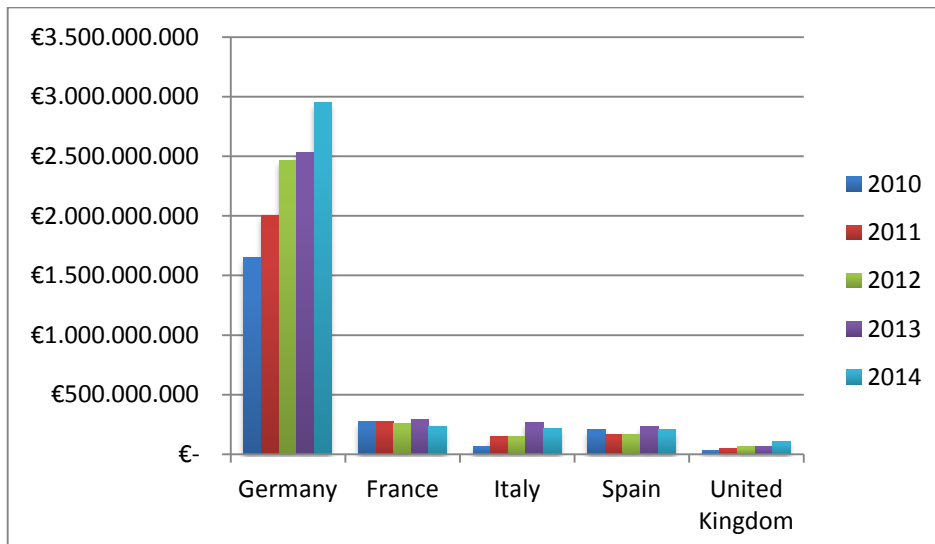
Figure 7: Exports of vehicle body parts from EU5 in 2014



Data source: Eurostat 2016

Nearly 70% of the exports end up being sold in Western and Eastern Europe and other developed countries, and the remaining share is exported to the developing countries. Exports to the developing countries grew by a CAGR of 13.5% between 2010 and 2014. China, Argentina, Brazil, South Africa and Turkey are the largest importers of vehicle body parts and together account for roughly €3.1 billion.

Figure 8: Exports of vehicle body parts to developing countries



Data source: Eurostat 2015

For more information on automotive trade statistics, read our study [on the demand for automotive products in the European market](#).

Market trends and opportunities

- *There are opportunities in markets other than the passenger car industry.* Although the European market is expected to stagnate in the short/medium term due to an already high density of car ownership, there are still opportunities to be explored by the developing country exporters within the EU5. In particular, opportunities exist outside of the conventional passenger car industry. The players in truck, bus, tractor and earth moving equipment manufacturing operate on a smaller scale and have fewer requirements for components than the passenger car industry.
- *Tier 1 suppliers for the Original Equipment Manufacturers (OEMs) should be your main target.* There is less potential in the aftermarket sector for vehicle body parts.
- *Approach your customers on trade fairs.* The easiest way to market vehicle body parts would be to approach the local automotive parts wholesalers or the OEMs and/or component/systems suppliers with a subcontracting offer. Contact can be made at trade fairs, which are generally good places to network with OEMs and parts and components suppliers.
- *The market for lightweight vehicle body parts is increasing.* Worldwide, but especially in Europe, due to the binding emission targets, the demand for more fuel-efficient vehicles is growing. Suppliers of vehicle body parts can contribute to this by using more lightweight materials.

Tips:

- For more information on automotive market trends and opportunities, please read the [CBI Trends for Automotive Parts and Components](#).

Price

Apart from the distribution of new parts, the aftermarket for automotive parts also encompasses the vigorous distribution of used or overhauled parts and components. Pricing depends on supply chain positioning. The aftermarket sector, in particular, is very discount-driven and has varied mark-ups at each distribution step for different parts and components. Due to the large variation in parts types and models, it is difficult to provide a general overview of body parts prices, but it is possible to provide some insight into the margins imposed by different players in the supply chain. Based on the margin ranges, the developing country suppliers selling to a Tier 3 supplier in the OEM supply chain could price their products at between 65% and 83% of the OEM delivery price.

The price of branded spare parts will not differ greatly among the various countries. Those players who are active in several European countries have largely harmonised their prices, and any differences in pricing may be because of different logistical and local costs. In the Original Equipment sector, the price is set in contracts of four years or more, which usually include a 3-5% price reduction each year after the first year. In the aftermarket sector, the prices are negotiated every year.

OEM supply chain	Margin
Tier 1 supplier delivering to OEM	7-9%
Tier 2 supplier delivering to Tier 1	7-17%
Tier 3 supplier delivering to Tier 2	11-27%
Aftermarket Original Equipment Supplier (OES)	Margin
Tier 1 delivering to OEM for OES sales through approved service chain	11-32%
Tier 1 delivering to OEM for OES sales through independent outlets	11-27%
OEM delivering OES parts through its approved service chain	26-67%
OEM delivering OES parts through independent outlets	31-42%

Tip:

- In order to better ascertain prices of specific products and models, you should talk directly to wholesalers and local experts. The only way to gain information about products or materials within specific markets is with inside information.

Main sources

- [OECD](#) – good source for macroeconomic and industry-specific information
- [CLEPA](#) - European association of automotive suppliers
- [ACEA](#) - European automobile manufacturers association
- [EY's Automotive information](#) - Automotive information – good source on automotive information
- [Inovev](#) - Worldwide automotive knowledge platform that offers free-of-charge and fee- based content
- Trade fairs are a good place to network, to meet buyers and to promote your company. The most prominent agricultural machinery trade fairs in Western Europe are: [Hannover Messe](#) - World's leading trade fair for industrial technology taking place in Germany; [Internationale Automobil-Ausstellung](#) (every year) – German automotive trade fair; [Barcelona Motor Show](#) (once every two years) – Spanish automotive trade fair; [British International Motor Show](#) (organised by SMMT once every two years); [Paris Motor Show](#) (once every two years) – French automotive trade fair and [Bologna Motor Show](#) (every year) – Italian automotive trade fair.



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