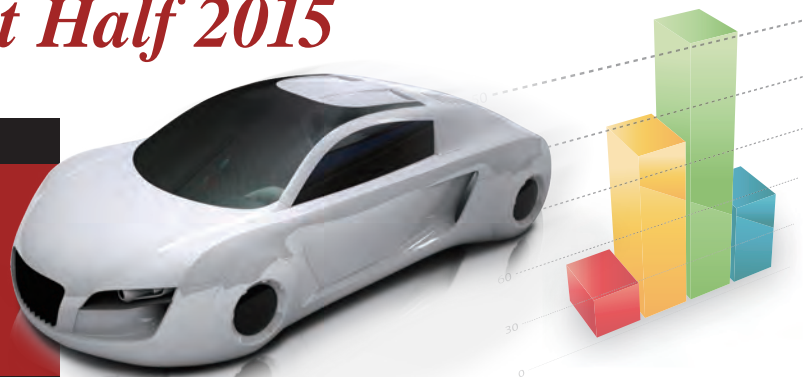


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Data source: OICA
Note: Values in tables marked
in yellow are estimates

Global Car Production & Sales in 1st Half 2015



Global Market Continues to Be Influenced by Various Factors and Car Production/Sales in Certain Markets Demonstrate Significant Fluctuations

Remember in 2014 it was reported that “From 2009 to 2013, global car sales continued to rise from 65 million units to 85 million units, thus increasing the possibility to reach the goal at 100 million units by 2018”? The global market in 2015 was influenced by several factors such as regional wars, oil prices, governments’ new policies, and developments and applications of new energy for cars, which directly/indirectly affected the development and trend of the automotive market in certain regions. Accordingly, some markets showed slowdown in growth, stagnancy, or even decline. Some other markets were, however, showing remarkable results in car production or sales.

though there won’t be a sharp decline. Is this trend short term or long term? It may need some time to tell.

On the other hand, production in emerging markets such as India, Mexico, Czech Rep., Turkey, Iran, Poland, and South Africa all showed growth. In particular, Turkey, Iran, and South Africa grew 18.40%, 13.90%, and 22.40% respectively, higher than other emerging markets. However, production in Brazil, Thailand, Russia, Indonesia, Slovakia, Argentina, Egypt, and Ukraine all showed decline due to the sluggish economy, attacks that influenced industry operation, conservative governments’ policies, and unstable political situations. This shows that production activities in emerging markets are moving toward where politics and economy are comparatively stable.

Main Car Manufacturing Countries Still Dominate Global Market but Developments in Emerging Markets Show Changes

Based on the newly released global car production/sales statistics for 1st half 2015 by OICA, the top 10 car manufacturing countries were still China, USA, Japan, Germany, S. Korea, India, Mexico, Spain, Brazil, and Canada. Except that rankings of Spain and Brazil in 2015 were different from in 2014, other countries in the top 10 remained at the same places. However, what’s worth noting is that production of the top 5 car manufacturing countries in the 1st half 2015 all showed slowdown in growth when compared to the same period in 2014. Moreover, S. Korea and Japan even showed decline. As these 5 car manufacturing countries shared nearly 62% of the global car production, this is an indicator that the growth in global car production in the next few years may not be as strong as many analysts expected in 2014. The global growth will show a rather flat curve,

N. America, W. Europe, and Asia are Major Car Sales Markets, but Sales in Middle East and Turkey are Also Growing

Based on the global car sales statistics for the 1st half 2015, nearly 77% of global car sales were in NAFTA (USA/Canada/Mexico), W. Europe (Germany/UK/France/Italy/Spain), and Asia (China/Japan/India/S. Korea), which are highly concentrated. Main reasons for this result were early industrial development, comparatively stable politics & economy and people’s incomes, and better stimulus plans for developing the automotive industry in these countries. Some countries even offered favorable policies and guidance to boost further investments in the automotive industry as well as subsidies to encourage people to purchase new cars (e.g., with increasing concerns for environmental protection, governments encourage people to replace old cars with new ones that are more environmentally friendly). This is why these countries can continue to be hotspots of car sales.

On the other hand, car sales in emerging markets such as Turkey and Iran showed substantial growth of 49% and 15% respectively in the 1st half 2015. Although sales of these two countries were lower than those of Russia and Brazil with higher population, the current economic decline in Russia and Brazil may force car sellers to develop in other emerging markets such as Turkey or Iran. If this trend continues, the mapping of car sales in emerging markets may gradually change.

Car Production/Sales Markets in Central & South America Haven't Shown Improvement and Major Countries Even Show Substantial Decline

The automotive industry development in Central & Southern America is generally considered to be led by Brazil, Argentina, Colombia, Chile, and Peru. Brazil even takes over 50% of total car sales in the region.

These 5 countries shared 87.5% of total car sales in Central & Southern America. However, based on the car production/sales statistics for the 1st half 2015 in this region, sales of these 5 countries all showed decline, greatly influencing the performance of the entire Central & Southern America and making car sales in the region down 17% from the same period in 2014. Sales greatly declined from nearly 3 million units in the 1st half 2014 to about 2.3 million units in the 1st half 2015.

Car production of Brazil and Argentina were in the top 30. That Brazil could attract foreign car manufacturers' investments and take a place in the top 30 was due to its being rich in materials, proximity to neighboring demanding countries, and competitive labor cost. However, the car production in Brazil under the influence of its domestic currency inflation and economic recession revealed a bottleneck that caused an 18.5% decline in 2015. Brazil has been recently outrun by Spain. Car sales in Brazil were not good, either, and the decline was 21%. Car production and competitiveness of Brazil have been so far outrun by Mexico. On the other hand, Argentina, the 2nd largest car manufacturing and sales market in Central & Southern America (1/4 of Brazil's scale), also demonstrated a 10-20% decline in its car production/sales in the 1st half 2015, showing the automotive market in Central & Southern America is not going to turn well in the near future.

Global Car Production

Global car production in the 1st half 2015 (Table 1) reached 45.6 million units, merely up 0.86% from the same period of 2014, which was almost a stagnant situation. It is estimated that the car production for the full year of 2015 will be 91 million units. China, USA, Japan, Germany, and S. Korea will continue to be the critical countries.

According to recent market surveys of China Association of Automobile Manufacturers, China sharing 1/4 of global car production was influenced by its domestic economic slowdown, so the demand for cars reduced and car manufacturers' inventories increased. The growth in Chinese car market showed a sign of slowdown. Similar situations were also observed in the USA. In the 1st half 2015, though U.S. car production showed growth, its growth margin was down nearly 2% from the same period of 2014. However, the production in China and USA still showed quicker growth

speed than in Japan, Germany, and S. Korea. China and USA still shared 40% of the global car production, dragging other countries far behind.

Japan is another worth noting market. In the 1st half 2014, it showed a 8.70% growth (9.60% for China and 4.70% for USA in the same period), but in the 1st half 2015 it showed a 8.20% decline, making it the country with the no. 2 decline in the top 10 car manufacturing countries (no.1 was Brazil). According to the recent statistics of JAMA, the overseas production of Japanese car manufacturers was increasing (H1 2014: 8.7 million units, H1 2015: up to 9 million units) and their manufacturing bases are mainly in Asia and N. America, which shows Japanese car manufacturers are trying to relocate their factories to overseas markets due to manufacturing, materials, and shipping costs.

Germany, with the no.4 car production, initially had a 6.60% growth in the 1st half 2014 due to contributions from remarkable sales of its leading car manufacturers such as M. Benz, BMW, VW, Audi, etc. But within only a year, the growth margin shrank to 0.60% in the 1st half 2015. Although this result was still better than that of S. Korea, the performance of German car production for the full year of 2015 is expected to experience reduction after certain diesel car models of VW (sharing a large proportion of German car production) were found in Sep. 2015 to falsify exhaust emission data, which kind of destroyed the reliable and high quality image of German car manufacturers and which is very likely to incur additional recall and lawsuit costs.

In S. Korea, though it has Hyundai (incl. Kia), the 5th largest car manufacturer in the world, its car production in the 1st half 2015 also showed decline. In terms of its total car production, the scale remained at a certain level. It is estimated that in the full year of 2015, S. Korea's car production will land at 4.6 million units if the wage dispute between the labor union and the management of Hyundai Motors does not result in another wave of strike in the 2nd half 2015.

As for India, Mexico, and Spain in the 6th, 7th, and 8th place respectively, they all showed a nearly or over 10% growth in the 1st half 2015, showing stable development in the automotive market of these three countries. India and Mexico have been major targets for int'l car



manufacturers to invest in for so long, as both countries have tremendous market demand caused by emerging middle-class and low labor cost. On the other hand, Europe's 2nd largest car manufacturing country, Spain, with its car production higher than of UK and France, has many car manufacturers mainly controlled by non-Spanish companies. Cars made in Spain are for both local demand and export. The annual production is nearly 3 million units.

Table 1.

Rank	Country	Cars	Commercial Vehicles	Total	% Change
	Total	34,562,299	11,040,506	45,602,805	0.86%
1	China	10,327,754	1,767,246	12,095,000	2.60%
2	USA	2,166,636	3,953,957	6,120,593	3.00%
3	Japan	3,910,535	740,433	4,650,968	-8.20%
4	Germany	2,919,548	165,232	3,084,780	0.60%
5	South Korea	2,107,395	214,446	2,321,841	-0.90%
6	India	1,681,599	367,438	2,049,037	7.20%
7	Mexico	1,029,244	783,127	1,812,371	8.60%
8	Spain	1,185,712	271,991	1,457,703	12.80%
9	Brazil	1,033,838	242,800	1,276,638	-18.50%
10	Canada	467,009	631,706	1,098,715	-7.90%
11	France	874,000	164,000	1,038,000	5.80%
12	Thailand	395,854	539,397	935,251	-1.80%
13	UK	793,642	48,677	842,319	1.60%
14	Russia	654,137	76,241	730,378	-27.00%
15	Czech Rep.	673,241	2,602	675,843	6.10%
16	Turkey	391,977	275,615	667,592	18.40%
17	Indonesia	424,323	153,226	577,549	-14.50%
18	Iran	496,982	58,972	555,954	13.90%
19	Slovakia	540,000	0	540,000	-1.20%
20	Italy	343,430	175,948	519,378	43.10%
21	Poland	297,800	63,487	361,287	11.70%
22	Malaysia	305,230	25,280	330,510	4.40%
23	South Africa	164,552	136,682	301,234	22.40%
24	Argentina	158,657	111,616	270,273	-12.40%
25	Hungary	232,200	0	232,200	7.00%
26	Belgium	200,974	20,954	221,928	-22.80%
27	Romania	212,433	0	212,433	0.90%
28	Taiwan	154,312	26,902	181,214	-4.50%
29	Others	106,374	31,310	137,684	24.00%
30	Uzbekistan	119,412	0	119,412	-6.80%
31	Portugal	66,102	21,400	87,502	-3.60%
32	Australia	76,800	5,572	82,372	-7.80%
33	Sweden	80,451	N.A.	80,451	-5.40%
34	Austria	67,580	7,530	75,110	-3.50%
35	Slovenia	73,647	0	73,647	50.80%
36	Serbia	45,470	720	46,190	-10.50%
37	Finland	42,000	0	42,000	47.90%
38	Egypt	6,000	12,000	18,000	-15.30%
39	Ukraine	2,289	892	3,181	-86.70%

Brazil (the 9th place) and Canada (the 10th place), if compared to the other countries in the top 10, both showed bad performance in the 1st half 2015, especially Brazil showing a nearly 20% decline. As cars made in Brazil and Canada are mainly for local market demand, we can know that in the 1st half 2015 the automotive market of both countries is in a continuous decline.

Global Car Sales

Table 2 shows that in the 1st half 2015 the global car sales increased merely 1% from the same period in 2014, not a very significant growth. It is estimated that the global car sales in the full year of 2015 will reach 89 million units. If ranked by continent from the highest sales to the lowest, it will be Asia/Oceania/Middle East (21.5 million units), Americas (12.6 million units), Europe (9.9 million units), and Africa (0.77 million units); if ranked by country, top 10 will be China (11.85 million units), USA (8.7 million units), Japan (2.67 million units), Germany (1.77 million), India (1.67 million units), UK (1.58 million units), Brazil (1.31 million units), France (1.23 million units), Canada (0.95 million units), Italy (0.94 million units), and S. Korea (0.89 million units).

Table 2. Global Car Sales in the 1st Half of 2015

Regions/Countries	H1 2014	H1 2015	% Change
All Countries	44,288,947	44,589,313	1%

Europe

Europe (Table 3) shares about 22% of the global car sales and major sales markets are Germany, UK, Italy, and France (each shows production of 1-4 million units per year). In the 1st half 2015, except for Austria, Finland, and Luxemburg showing decline, other European countries all showed growth, especially Spain, Italy, and Sweden in the top 10 car sales countries showing 24%, 15%, and 10% growth respectively. Europe's car sales are mainly concentrated in W. Europe. Although certain countries of Eastern Europe also showed significant growth, their market scales are still much smaller than those of other W. European countries, so they cannot cause substantial influence on Europe's total car sales.

On the other hand, Russia, a neighbor of Europe, has been involved in a territory dispute with Ukraine since the beginning of last year, which later resulted in a series of economic sanctions by Western countries that indirectly influenced Russia's industrial

development and a substantial decline in market demand. That is why Russia's car sales in the 1st half 2015 showed a nearly 40% decline. Its car sales dropped from "over a million units" in the 1st half 2014 to "less than a million units" in the same period of 2015. Car sales in Ukraine, Belarus, Moldavia and other former CIS countries also showed significant decline. Turkey, however, has a different story. In recent years, Turkey has become a highly attractive place for foreign investors to set up factories, which stimulates local industrial development and boosts market demand. In the 1st half 2015 car sales in Turkey increased nearly 50%.

Table 3. H1 2015 Sales Statistics for Europe, Russia, and Turkey

Regions/Countries	H1 2014	H1 2015	% Change
EUROPE	9,555,728	9,827,480	3%
EU 28 countries + EFTA	7,808,243	8,491,333	9%
EU 15 countries + EFTA	7,264,882	7,895,410	9%
Germany	1,691,597	1,779,255	5%
United Kingdom	1,461,062	1,588,599	9%
France	1,171,267	1,233,496	5%
Italy	824,321	944,905	15%
Spain	519,218	643,182	24%
Belgium	322,784	327,970	2%
Netherlands	232,566	241,337	4%
Poland	205,605	213,185	4%
Sweden	175,628	193,513	10%
Austria	186,780	182,121	-2%
Switzerland	167,349	180,094	8%
Czech Republic	108,254	131,035	21%
Denmark	113,850	123,401	8%
Portugal	89,067	116,858	31%
Ireland	76,310	98,250	29%
Norway	90,326	93,442	3%
Finland	66,220	64,454	-3%
Hungary	42,334	47,970	13%
Greece	40,028	46,661	17%
Slovakia	40,471	42,869	6%
Romania	37,963	42,794	13%
Slovenia	32,972	36,418	10%
Luxembourg	29,572	28,242	-4%
Croatia	24,681	25,332	3%
Bulgaria	12,242	13,799	13%
Estonia	12,626	12,845	2%
Lithuania	9,653	11,378	18%
Iceland	6,937	9,630	39%
Latvia	8,029	8,915	11%
Cyprus	4,868	5,485	13%
Malta	3,663	3,898	6%
Russia, Turkey, and Other Europe	1,747,485	1,336,147	-24%
Russia	1,339,520	827,450	-38%
Turkey	305,124	455,269	49%
Ukraine	62,341	19,408	-69%
Serbia	13,600	13,480	-1%
Belarus	12,600	8,800	-30%
Bosnia	4,690	4,260	-9%
Georgia	2,690	2,180	-19%
Moldavia	2,900	2,040	-30%
Armenia	2,700	1,940	-28%
Albania	1,320	1,320	0%

America

America (Table 4) is the 2nd largest car sales market (1st: Asia) and represents 28% of the global car sales. Over 80% of its sales are in N. America. Top 5 largest car sales markets in America are USA (8.7 million units), Brazil (1.32 million units), Canada (0.95 million units), Mexico (0.62 million units), and Argentina (0.31 million units). In the 1st half 2015, car sales in N. America increased 5%, but sales in Central & Southern America declined 17%. The entire performance of N. America was better than that of Central & Southern America.

Table 4. H1 2015 Sales Statistics for America

Regions/Countries	H1 2014	H1 2015	% Change
AMERICA	12,506,201	12,563,121	0%
NAFTA	9,753,742	10,273,917	5%
USA	8,311,704	8,700,832	5%
Canada	926,950	953,710	3%
Mexico	515,088	619,375	20%
Central & South America	2,752,459	2,289,204	-17%
Brazil	1,662,920	1,318,949	-21%
Argentina	377,583	311,811	-17%
Colombia	153,900	148,600	-3%
Chile	173,242	137,458	-21%
Peru	92,845	86,839	-6%
Ecuador	56,177	54,500	-3%
Puerto Rico	49,100	44,700	-9%
Panama	25,600	26,600	4%
Uruguay	27,700	24,900	-10%
Costa Rica	20,600	21,200	3%
Guatemala	14,600	15,500	6%
Bolivia	15,200	15,200	0%
Dominican Republic	11,900	13,000	9%
Paraguay	15,200	12,300	-19%
Trinidad	7,900	9,600	22%
Venezuela	11,600	9,300	-20%
Guadeloupe	6,324	6,396	1%
Martinique	5,418	6,117	13%
El Salvador	5,800	6,100	5%
Nicaragua	4,600	5,500	20%
Honduras	5,640	5,410	-4%
Jamaica	2,400	2,800	17%
Guyana	2,540	2,484	-2%
Cuba	2,250	2,250	0%
Bahamas	1,220	1,390	14%
Belize	200	300	50%

In addition to U.S. market, Mexico, Brazil, and Argentina are also worth noting countries. Mexico's car sales in the 1st half 2015 greatly increased 20%, much higher than those of USA and Canada, showing a booming car sales market in Mexico, which will definitely become a new star for car sellers in the future. In contrast, Brazil's car production in the 1st half 2015 was higher than that of Canada and Mexico, but this result was still 21% lower than its previous record in the same period of 2014. Argentina following after Brazil also showed a 17% decline. Apparently, it is not the right time to develop the car sales market in Brazil or Argentina.

Asia / Oceania / Middle East

Asia (incl. the Oceania and Middle East)(Table 5) remains a market with the largest car demand and represents 48% of the global car sales. Main car sales are concentrated in China, Japan, India, S. Korea, and Iran, which represent 80% of the sales in Asia. China (with the sales of 11.85 million units) even represents over 50% of the total sales in Asia. China's car sales are not only higher than those of Europe, but are also very close to the total car sales in America. This shows China's huge market scale and the growth in this market still continues.

Japan with the 2nd largest car sales in Asia showed a sales level of over 2.6 million units in the 1st half 2015. However, due to the domestic economic recession and depreciation of Japanese yen, its sales dropped 11% over the same period of 2014. It is the only country in the top 5 car sales markets in Asia that showed decline.

The automotive market in India in 2015 was turning well, showing a 7.2% growth in production and an over 5% growth in sales (production: -6.4%, sales: -7.2% in the same period of 2014). The performance of the entire automotive market was quite stable.

S. Korea though showed decline in production, its sales showed a 7% growth, but was still lower than those of China, Japan, and India.

On the other hand, car sales in the Middle Eastern countries such as Iran, Saudi Arabia, UAE, Pakistan, etc. (excluding Iraq, Syria, and Lebanon that are currently in war) showed growth in the 1st half 2015. Iran and Pakistan even showed 15% and 49% growth respectively.

Africa

Africa (Table 6) has not always been the major development focus for car sales. According to its performance in the 1st half 2015, Africa only represented 2% of the global car sales and its total sales were 0.77 million units. Car sales in Africa are concentrated in South Africa, Egypt, and Algeria. Total car sales in these three countries represents

75% of total Africa's sales. In the 1st half 2015, except for South Africa and Egypt, which still showed a sales level of over 0.1 million units, other African countries all showed sales lower than 0.1 million units. Due to low incomes of most African people and many other factors, the development of the car sales market in Africa still has a long way to go.

Table 5. H1 2015 Sales Statistics for Asia/Oceania/Middle East

Regions/Countries	H1 2014	H1 2015	% Change
ASIA/OCEANIA/ MIDDLE EAST	21,421,801	21,427,085	0%
China	11,683,603	11,850,327	1%
Japan	3,005,806	2,676,634	-11%
India	1,594,201	1,676,434	5%
South Korea	840,075	898,396	7%
Iran	630,900	725,500	15%
Australia	559,950	578,427	3%
Indonesia	608,941	526,836	-13%
Saudi Arabia	405,800	418,000	3%
Thailand	440,911	370,700	-16%
Malaysia	333,142	322,184	-3%
Taiwan	148,732	150,884	1%
UAE	128,900	134,100	4%
Philippines	126,485	131,465	4%
Israel	118,800	128,300	8%
Pakistan	77,572	115,323	49%
Vietnam	65,389	103,492	58%
Oman	102,100	94,900	-7%
Kuwait	74,600	75,300	1%
New Zealand	62,146	65,574	6%
Kazakhstan	76,666	53,083	-31%
Qatar	45,500	48,200	6%
Hong Kong	30,035	34,201	14%
Singapore	17,774	31,895	79%
Bahrain	29,900	30,800	3%
Uzbekistan	28,400	28,400	0%
Bangladesh	25,500	25,300	-1%
Iraq	43,000	20,300	-53%
Lebanon	19,800	19,000	-4%
Palestine	17,500	17,500	0%
Brunei	11,800	11,500	-3%
Jordan	11,700	11,100	-5%
Azerbaijan	12,330	8,650	-30%
Sri Lanka	7,630	8,200	7%
Laos	7,200	8,100	13%
New Caledonia	5,223	4,730	-9%
Nepal	4,070	4,720	16%
Tajikistan	3,150	3,150	0%
Turkmenistan	2,400	2,400	0%
Kirghizstan	2,390	2,390	0%
Cambodia	2,030	2,270	12%
Syria	2,500	2,000	-20%
Yemen	2,000	1,800	-10%
Tahiti	1,890	1,710	-10%
Macedonia	1,690	1,570	-7%
Myanmar	880	970	10%
Mongolia	790	370	-53%

Table 6. H1 2015 Sales Statistics for Africa

Regions/Countries	H1 2014	H1 2015	% Change
AFRICA	805,217	771,627	-4%
South Africa	308,615	302,619	-2%
Egypt	171,000	188,100	10%
Algeria	100,592	84,500	-16%
Morocco	59,800	58,000	-3%
Libya	22,100	21,900	-1%
Tunisia	25,000	20,500	-18%
Botswana	17,100	17,100	0%
Nigeria	26,400	14,500	-45%
Reunion	12,230	13,108	7%
Angola	17,500	11,200	-36%
Mauritius	5,200	5,400	4%
Ghana	6,400	4,600	-28%
Kenya	6,600	4,400	-33%
Ivory Coast	3,100	4,100	32%
Senegal	3,300	3,100	-6%
Cameroun	2,130	2,400	13%
Gabon	2,400	2,300	-4%
Uganda	2,430	2,200	-9%
Zimbabwe	2,830	2,100	-26%
Sudan	1,490	1,800	21%
Tanzania	2,900	1,600	-45%
Zambia	1,980	1,600	-19%
Congo	1,180	1,400	19%
Madagascar	1,270	1,100	-13%
Malawi	830	900	8%
Burkina Faso	440	700	59%
Burundi	200	200	0%
Liberia	200	200	0%

Conclusion

To review the general performance of the global automotive market in the 1st half 2015, it is estimated that from the 2nd half 2015 through the 1st half 2016 the global automotive market will continue to be dependent upon main activities of car manufacturers of USA, W. Europe, China, Japan, India, and S. Korea. In addition, unstable situations in some regions will definitely halt back car manufacturers' interest in investments, and whether certain governments' policies will be favorable may also result in periodical adjustment in car manufacturers' plans to establish/expand/relocate plants. Car production and sales in emerging markets may also show relocation, which will directly/indirectly influence the export of automotive fasteners suppliers. Should related companies would like to increase their product sales and enhance services supplied to customers, they definitely must pay attention to current activities of major car manufacturers as well as emerging markets with outstanding performance. ■