

# Exporting vehicle body parts to Europe

Vehicle body parts for tractors, motor cars and other motor vehicles are – and will likely continue to be – a growing market in Europe. Despite this growth, the share of vehicle body parts imported from developed countries is limited. Though opportunities are limited as well, they do exist. Opportunities are mainly found in the Original Equipment Manufacturers (OEM) market. Because the matching of vehicle body parts is very precise, these parts are generally difficult to replace. This situation means that the OEMs largely dominate the aftermarket.

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## 1. Product description

Automotive body parts are those parts that make up the car body, ranging from bumpers, fenders, header panels, hoods, spoilers and tailgates to alternators, blower motors, condensers, lights, starters and many more parts. Vehicle body parts are grouped under “Parts and accessories for industrial assembly of bodies” (Harmonised System (HS) codes 87082910 and 87082990). This Product Fact sheet analyses the market for vehicle body parts in the EU. For more information on these HS codes, you are referred to the [integrated Tariff of the European Union](#) (TARIC).

This Product Fact sheet analyses the market for vehicle body parts as used in all kinds of vehicles, covering passenger cars, vehicles for the transportation of goods and other motor vehicles.

## Materials and components

Automotive body parts are increasingly made out of a mixture of materials; for example, mixtures of steel and aluminium. Plastics are widely used as well, specifically to define the external appearance.

### Tip:

Make a detailed offer that pays attention to all specifications of the buyer. In most cases, the buyer will provide a document with very detailed specifications: quality, materials, deviations, quantity, delivery date, and so on. It is strongly advisable to compose your offer according to these requirements.

## Geographic scope

The geographic scope of this study is the European Union. Based on the total import values and the import values from developing countries, there is a focus on a selected group of countries: Germany, France, Spain, the United Kingdom, Italy, Romania, the Netherlands and Slovakia. These countries are large importers of vehicle body parts and offer good opportunities to exporters from developing countries. The term “focus countries” refers to these eight selected countries, unless stated otherwise.

## 2. Which European markets offer opportunities for exporters of vehicle body parts?

On a global level, the market for vehicle body parts has grown in recent years. Considering the strong interdependence with the sales of vehicles, the market for vehicle body parts is expected to continue growing. The EU requires more vehicle body parts than it supplies, with a total demand of €82 billion in 2015. Compared to a total export value of €25.1 billion in 2015, Europe is a net importer of vehicle body parts.

### Macroeconomic statistics

The Gross Domestic Product (GDP) growth factor is an important economic indicator, and therefore a predictor, of both the production of and the demand for vehicle body parts. With a national GDP value of €3.0 trillion, Germany has the largest economy in the EU. The Czech Republic, Germany and Slovakia are the most industrious economies, as their manufacturing bases (the part of the GDP comprised by the manufacturing of goods) amount between 21% and 27%, respectively. The manufacturing bases of the other focus countries range from 10% to 19%. The automotive industry within the European Union is still recovering from the global crisis. From 2010, the market has been growing again and the expectations for the coming years are positive.

### Import

In 2015, the total value of vehicle body parts imported in the EU was €25.9 billion. The import of vehicle body parts has increased at a Compound Annual Growth Rate (CAGR) of 7.2% since 2011. This figure reflects a significant positive growth over the past four years. The share of the imports from developing countries was 4.2% of the total import in 2015. These imports have had a CAGR of 13.7% since 2011. There are several reasons for this growth. One reason is that some major producers of vehicle body parts have outsourced part of their production to developing countries. Another reason is EU policy that stimulates trade with developing countries with the aim of putting trade at the service of inclusive growth and sustainable development. Examples of this stimulus policy are the [EU's trade agreements with several developing countries](#).

### Import of the focus countries

Having one of the most important automotive industries in the world, Germany is the largest importer of vehicle body parts in the EU with imports valued at €7.8 billion in 2015. Germany is followed by Slovakia and the United Kingdom (€3.0 billion and €2.4 billion, respectively).

The EU countries that are classified as focus countries in this report are the seven largest importers of vehicle body parts from developing countries plus Slovakia. Slovakia is included because it has the second-highest import value of vehicle parts. Slovakia's large import value is primarily driven by the presence of three of the world's largest automotive companies; Volkswagen, PSA Peugeot Citroën and Kia. The large number of cars that these companies produce means a large demand for vehicle body parts. Despite its large import value, only 0.1% (€4.2 million) of this value is imported to Slovakia from developing countries.

The largest importers of vehicle body parts from developing countries are Germany (€344 million), France (€142 million), Spain (€111 million), the United Kingdom (€106 million), Italy (€88 million), Romania (€73 million) and the Netherlands (€64 million).

Except for Romania and Slovakia, each of the focus countries has shown an above-average growth of interest in vehicle body parts from developing countries. This is especially true for Spain, the United Kingdom and the Netherlands, in which focus countries the import values from developing countries grew at CAGRs of 52.6%, 31.3% and 31.1%, respectively. In addition to their high import values, most of the focus countries therefore offer an interesting opportunity because of their rising interest in vehicle body parts from developing countries.

The relatively low share of import values imported from developing countries has two main reasons. First, the

production of vehicle body parts is very complex, with 99% of the production process regulated by robotics. This process means that manufacturers often need to rely on their own expertise. Moreover, because of the high rate of automation, the low wages offered by developing countries are less important.

The second reason is transport. Since an average vehicle body weighs around 200 kilograms, the costs of transport are high. In addition, the longer the transportation distance, the likelier the occurrence of corrosion of the vehicle body parts. In practice, this situation means that even those OEM manufacturers willing to outsource their production often only consider nearby developing countries. Furthermore, the complexity of the production process requires the suppliers to have sufficient knowledge and technological capabilities.

Another opportunity for some developing countries (such as China) is the supply of smaller parts that cause fewer transportation problems. For developing countries with sufficient resources, an additional opportunity is the supply of raw materials. This option is not suitable for all countries, since the production of raw materials requires a lot of capital, material and energy.

Out of the focus countries, Italy, Romania and the Netherlands have the highest shares of imports from developing countries (16.7%, 16.6% and 10.9%, respectively). With these relatively high shares, these three countries demonstrate the highest willingness to source from developing countries. Figure 3 below provides a more detailed overview of the main origins of vehicle body parts imported by each focus country in 2015.

### **Tips:**

Focus your sales efforts on Germany, Slovakia, France, Spain, the United Kingdom, Italy or the Netherlands. Where the German, Slovakian, French, Spanish and British markets are the largest, the willingness of the Netherlands and Italy to source from developing countries is among the highest (and still grows significantly year by year).

Focus your export on smaller parts that are easier and cheaper to transport. Large vehicle body parts are often produced by major OEM manufacturers or imported from other EU countries.

Partner up with local organisations that have the appropriate knowledge. The production of vehicle body parts is complex and requires a lot of technological knowledge.

## **Important suppliers of vehicle body parts**

The import of vehicle body parts from developing countries is almost entirely dominated by Turkey (€409 million in 2015) and China (€363 million in 2015). Other important suppliers are Mexico (€64 million) and Thailand (€49 million). All these countries have a good infrastructure, are traditionally large producers of vehicles and their parts, and have arranged high-value contracts with large OEM manufacturers. Of these four countries, China has experienced the highest four-year growth of export value to the EU (29.9% CAGR). With a CAGR of 13.7%, the total export value of vehicle body parts from developing countries to the EU has increased significantly over the last four years.

The high export value of vehicle body parts from Turkey is partly explained by its traditionally large automotive industry, the presence of large automotive producers, its favourable geographical location and its compliance to European standards and norms. It should be noted that there might be economic consequences due to the recently risen tensions between the EU and Turkey. Although there has not been a significant effect on trade up until the first quarter of 2017, the situation should nonetheless be watched closely.

The fact that Turkey has a larger export value to the EU than China can be explained by China's large distance

to the EU. Despite this disadvantage, China is still the second-largest exporter of vehicle body parts. One explanation is its dominance in the export of steel. The production of raw materials such as steel is very capital intensive and requires a lot of resources and knowledge, all of which China possesses.

Of the eight most important exporters of vehicle body parts from the list of developing countries, Morocco has experienced the highest growth. The export of vehicle body parts from Morocco to the EU grew at a CAGR of 59.9%, increasing from €4 million in 2011 to €26 million in 2015. The export growth of vehicle body parts from Morocco is in line with its growing automotive industry, which has expanded due to a lucrative market; it is characterised by a strategic geographical location, a competitive labour market and free trade agreements with the EU. Its high export growth to Europe is also driven by the presence of the largest French vehicle manufacturers such as Renault and PSA Peugeot Citroën. Morocco has a large French-speaking population, making it lucrative for French companies to invest in Morocco.

With a CAGR of 30.0% from 2011 and 2015 and an export value of €33 million in 2015, Serbia is becoming more important as an exporter of vehicle body parts to the EU as well. Serbia has a long history as a producer of vehicles and vehicle parts, and is characterised by its highly qualified labour force and its very strategic geographical location. In addition, Serbia has a good infrastructure, has arranged free trade agreements with the EU and offers favourable financial incentives. One of the largest manufacturers in Serbia is Fiat Chrysler, being one of Serbia's largest exporters.

### **Tips:**

Seek an alliance with Turkey and China. Because these countries export a fair amount to the EU, they are a major trade hub for access to the European market.

Seek partnerships with Chinese companies to gain know-how on the production of vehicle body parts, as the production of important materials used in vehicle body parts (such as steel) is complex.

Explore the opportunity of a partnership with Serbia and Morocco. The high growth value of exported vehicle body parts from these countries might offer an interesting opportunity as well.

Explore partnerships within Turkey, Serbia and/or Morocco if your geographical distance is unfavourable with respect to the EU. The high export value of these three developing countries are largely explained by their strategic location.

## **Export**

In 2015, the total value of vehicle body parts exported by countries in the EU was €25.1 billion. The EU has a negative trade balance of €779 million, since the export exceeds the import. The CAGR for exports of vehicle body parts has been 6.1% since 2011. The majority of vehicle body parts are exported within the EU (74.2%), while the share exported to developing countries was 17.4% in 2015 (€4.4 billion).

Of the vehicle body parts exported to developing countries, nearly half of the value was destined for China (€2.1 billion). Other large importers of vehicle body parts from the EU are South Africa (€409 million), Brazil (€321 million), Turkey (€277 million), Argentina (€255 million) and Mexico (€230 million). Exports from the EU to developing countries have increased at a CAGR of 9.4% since 2011.

Within the EU, Germany is by far the largest exporter of vehicle body parts, with an export value of €9.0 billion. The other countries export significantly less: the Czech Republic (€3.4 billion), Poland (€1.8 billion), France (€1.6 billion), Slovakia (€1.1 billion), Italy (€1.0 billion) and Hungary (€1.0 billion). Of these high-export countries, the export values from Hungary, Slovakia and Poland grew the most between 2011 and 2015 at a CAGR of 23.2%,

14.3% and 11.3%, respectively.

**Tip:**

Germany, the Czech Republic, Poland, France, Slovakia, Italy and Hungary export a fair amount within the EU. Seek a partnership with these countries, given their high export value and their inside knowledge of the European market.

## **Production**

The total production value for vehicle body parts in the EU was around €56 billion in 2015. Production values grew at a CAGR of 7.2% between 2011 and 2015, with Germany having the highest production value (€13.8 billion in 2015). Most individual countries (but mostly Germany) are characterised by a decreasing production value of vehicle body parts, whereas the overall EU production experienced a positive growth. The simultaneous occurrence of a sharp decline in production of the largest producer, Germany, and an overall growth in EU production may feel intuitively contradictory. This paradox can be partially explained by the investments (for example, outsourcing) of large automotive producers such as Volkswagen in rising EU countries such as Slovakia (of which the production data are unknown).

**Tip:**

Seek business opportunities in Germany, Italy, the United Kingdom and Slovakia. These countries have the highest production values of vehicle body parts. Combined with Germany's and Italy's relatively high willingness to source from developing countries, these countries may provide the best business opportunities.

## **Consumption**

The apparent consumption (Production + Imports - Exports) in the EU tells how many vehicle body parts are used. In 2015, this figure amounted to €56.1 billion. Vehicle body parts are not often replaced. When replacement is needed, this process is most often done by OEMs. As a result, consumption of vehicle body parts is highest in countries with the most and the largest OEMs, such as Germany, Italy, the United Kingdom, France and Spain. The forecast is that consumption of vehicle body parts will rise in the Czech Republic and Poland as well.

## **3. Which trends offer opportunities on the European market for vehicle body parts?**

The trends in the automotive industry that affect the growth of the market for vehicle body parts described in this section are classified into three main categories: safety-driven trends, industry-driven trends and environment-driven trends.

### **Safety-driven trends**

Since vehicle body parts are among the most important safety equipment in vehicles, safety-driven trends are of high importance to this market. These trends are not only stimulated by government regulations but are also initiated by the industry itself.

- The structure of a vehicle as formed by its body is an important factor in the passive security of a vehicle. The components of passive security are those that assist during a crash, whereas active security measures are devoted to the prevention of a crash. Vehicle body parts such as bumpers should protect the driver and, if applicable, a pedestrian in a collision. In modern times, all vehicles are expected to have crumple zones, which are used to absorb the force of a collision and divert it away from the passengers.
- Apart from these industry-driven safety measures, the growth of the vehicle body market is driven by governments and safety organisations mandating stricter safety regulations. One of the global safety initiatives is the [New Car Assessment Programme](#) (NCAP). The NCAP has been introducing crash tests since 1997. In present times, nine out of ten cars in Europe comply with NCAP requirements.
- The European Union is continuously seeking new methods and technologies that can ensure higher vehicle safety. An example is the [Pedestrian Protection Regulation](#) adopted in 2009. This regulation requires manufacturers to develop energy-absorbing hoods and front bumpers. In November 2014, the EU made another big step in safety regulation by introducing the [General Safety Regulation](#).

### Tips:

Develop vehicle body parts that comply with industry standards for safety. Make sure that the parts pass NCAP tests.

Always comply to EU regulations. Not complying weakens your export position significantly.

Anticipate new EU and/or country-specific regulations, as this gives a strong competitive advantage.

Try to innovate. Competitive advantage can be reached by initiating new safety technologies.

## Industry-driven trends

There are several industry-wide factors that drive the growth of the vehicle body market. Two of the most important innovations in the vehicle body market are the increase of stiffness and 3D printing. Both innovations are described below.

- An important trend in the vehicle body market is the increase of the body's stiffness. Generally, the stiffer the body, the better a vehicle's performance. Vehicle body stiffness affects the vehicle's weight, handling, steering and other driving mechanisms. In order to increase the vehicle body stiffness, different materials are used. Increasing the stiffness has a positive influence on the noise, vibration and harshness of a vehicle. Resolving these issues also enhances safety by reducing the chances of resonance and fatigue.
- The second innovation trend that is becoming more important in the vehicle body industry is 3D printing. This technology is expected to become of high importance in future. It has many advantages, such as the development of new shapes. 3D printing enables the continuous production of new parts, potentially leading to an industry where cars can be rebuilt and recycled throughout their lifetime. In addition, producing with 3D printers means significantly less waste, which is very favourable for the environment. Despite these advantages, this upcoming technology still requires a lot of development. As yet, 3D printing is very slow and expensive, making it unsuitable for mass production (for now).

### Tips:

Read the [CBI study of trends in the automotive industry](#).

Talk with your prospective or current buyers about their technological developments, in order to learn what will be expected from you in the coming years.

Try to partner up with large producers of vehicle body parts. Their high budget and global coverage provides more opportunities.

Be prepared for the upswing in 3D printing. It is expected that this technology will become of high importance in future.

## Environment-driven trends

As demonstrated by the Paris Climate Conference in December 2015, environmental issues are vitally important drivers of the world economy – and therefore of the automotive industry. In short, two major environment-driven trends can be distinguished: weight savings and the use of sustainable materials.

- Considering its large presence with respect to weight and size in vehicles, vehicle body parts are strongly affected by the weight saving-trend, being one of the automotive industry's most important trends. Lightweight materials demand less energy and therefore reduce fuel consumption. This trend has been a key driver in the development of components constructed from lightweight materials such as aluminium and carbon fibre.
- Another environmental issue has to do with the sustainability of the materials used. Gains are not only achieved by using more sustainable materials but also by introducing new technologies that reduce the use of chemicals.

### Tips:

Communicate your efforts in the area of sustainability to the outside world.

Use lightweight materials for the production of vehicle body parts, as the growing demand for lightweight components is one of the EU's most important automotive trends.

Analyse the possibilities and financial or other effects of using sustainable products for your vehicle body parts. Although this process may lead to higher costs, a higher demand is expected in this area. Information on exporting plastic parts is provided in the [CBI study of plastic parts and components](#).

## 4. Which requirements should vehicle body parts comply with to be allowed on the European market?

The quality, reliability and durability of vehicle body parts in Europe is very high, because the machines are used for extended periods of time on a day-to-day basis and do not always have extensive maintenance schedules. This situation means that the parts supplied to the market have to be carefully manufactured and inspected. Within this section, requirements on testing, coding, packaging and quality management systems are discussed.

### Tips:

Read our [study of buyer requirements](#) for additional information on legal and non-legal requirements.

For more information on the legal requirements of your product, go to the [EU Export Helpdesk](#).



## Test vehicle body parts by Whole Vehicle Type Approval

[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. Because many automotive components are not approved until the final assembly, certification of individual components is often not necessary, although these components will still have to comply with type approval requirements.

Within the WVTA system (specifically in [Directive 2007/46/EC](#) under Annex I, Paragraph 9), different aspects of a vehicle's bodywork are tested. The system enables the identification of several bodywork characteristics (such as type of bodywork, materials used, and so on). It also requires suppliers to deliver multiple drawings and pictures. The directive provides a clear overview of the required information specifications.

### Tip:

Add every piece of information that is required to earn the WVTA. Consult the corresponding directive for the specifics.

## Code all components

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.

### Tip:

Always code the components of the product that you are exporting.

## Adjust your packaging according to your buyer and European regulations

Vehicle body parts are typically packaged in boxes to protect them from being damaged. For vehicle body parts, there is no typical packaging material. Boxes can be made of cardboard, plastic, wood, steel or other materials. One of the highest risks associated with the transport of vehicle body parts is corrosion. The exported parts are often subjected to long transportation, long storage time and unpredictable weather conditions, increasing the risk of corrosion. Independent of the packaging material, the vehicle body parts should therefore be protected carefully from corrosion. A widely used method to prevent corrosion is the application of volatile corrosion inhibitors (VCI). VCIs create a neutral packaging environment and can prevent various stages of corrosion.

In addition, packaging should always be labelled. The outer package should include the brand name and type number. This procedure is not only for the purposes of identification during transport but also to indicate the quantity, weight, the products themselves and the producer's name.

In order to export to the EU, note that product packaging must comply with EU standards and legislation. This situation means among other things that the maximum level of heavy metals used in packaging is restricted ([Directive 94/62/EC](#)).



### Tips:

Identify the requirements and specifications of the product, the materials and packaging of the buyer.

Make sure that your products are protected carefully against corrosion. Investigate the use of volatile corrosion inhibitors when exporting vehicle body parts.

For additional information on requirements for packaging and packaging waste, you are referred to the [European Commission](#). Additional requirements apply to [wood packaging](#).

## Implement quality management systems

In order to apply for type approval, production processes need to meet quality management criteria. The [ISO/TS 16949](#) standard is considered to be the highest level of quality. This standard is important for the European automotive industry, as it outlines the best practices when designing, developing, manufacturing, installing or servicing automotive products. [ISO 9001](#) is a more general quality system. Both are accepted as standard requirements, and EU buyers and manufacturers often insist on them.

### Tips:

Implement [ISO 9001](#) or [ISO TS/16949](#), as these are a standard requirement of EU buyers.

Check with your buyer, or with [the notified body of the country to which you want to export](#), what the specific standards are for the parts that you are manufacturing.

## 5. What competition do I face in the European Union?

Vehicle body parts are mainly produced by the OEM market players, because the matching is very precise. However, there are a few large suppliers to OEMs in the market. Examples are [Magna International](#) and [Aisin Seiki](#). Most OEM players and their suppliers export to Europe, but they also have factories in Europe. With a growing global and European market, many suppliers have been focusing on growth as well as on research and development.

### Tips:

Focus your sales efforts on the OEM market. Because vehicle body parts are very hard to replace, the aftermarket for vehicle body parts is dominated by OEMs and offers fewer opportunities.

Take note of the additional sector-level information provided in the [CBI study of competition](#) within the automotive industry.

Read the [CBI Tips for doing business with European buyers](#) in the automotive industry.

## 6. What do the trade channels and interesting market segments

## for vehicle body parts look like in Europe?

You can find a general overview of the European market channels and segments for automotive parts and components on the Market Intelligence Platform of CBI. Where the market segments for vehicle body parts do not differ significantly from those for the sector in general, the aftermarket for vehicle body parts is much smaller than that for other vehicle products.

### Tip:

Read the [CBI study of channels and segments](#) in the automotive industry.

## 7. What are the end market prices for vehicle body parts?

Suppliers of car exteriors (including vehicle body parts) have seen growing margins over the last decade and are now somewhere around 7%. The exact margins depend on the efficiency of the supplier and whether the products are sold to OEMs or the aftermarket (margins are higher in the aftermarket), but also on the core business of the suppliers. Suppliers which are more vertically integrated have higher sales margins but also higher production costs, while suppliers who focus more on assembly have lower sales margins but also lower production costs. Moreover, product innovators are found to outdo product specialists in terms of profitability. In general, we expect the margins of vehicle body parts to grow slowly.

Because the automotive market has grown in recent years – and is expected to grow further in the coming years – manufacturers have been consolidating and have increased their production capacity, leading to lower production costs. Furthermore, new production technologies have led to a more efficient production process. Where production costs per unit have generally decreased, lightweight processes mean higher material costs. Lightweight materials such as carbon fibre and aluminium are more expensive than the materials that they replace (cast iron and steel, respectively). Representing the most important material in the production of vehicle body parts, Figure 5 below gives the historical price (up until 2015) and the forecast price of steel. While the price of steel has dropped significantly in recent years, the forecast for the coming years is that it will rise slightly.


Prices of specific parts differ per product. You can search the internet to determine the appropriate range, or talk directly to wholesalers and/or retailers. The differences in price of branded spare parts will not be large among the various countries. Those players who are present in several European countries have largely harmonised their prices; any differences in pricing may occur because of different logistics and local costs.

### Tips:


Make sure that you are either in a niche market (for example, by supplying innovative lightweight body parts), or have a very efficient production process, in order to realise high profit margins.

Use contracts with variable material costs in order to prepare for higher prices of steel.

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