

## FUEL PRICES AND CAR SALES

Vlad Cârstea\*

### Abstract

*Automotive industry is a very important economic sector that is highly responsive to changes in the world economy. The fuel price is the biggest enemy of car manufacturers. This is a compared analysis between Europe and Romania regarding new car registrations.*

### Keywords

*Automotive industry, fuel price, car sales*

Throughout the last two years we all witnessed the biggest rising of oil prices from history, reaching a value of 136,11\$ for a barrel, dropping from 146,9\$. An OPEC official predicted in an interview that the oil prices will reach 200\$/barrel in the next two or three years and if Iran will be attacked because its nuclear program, the prices could go up to 500\$ /barrel.

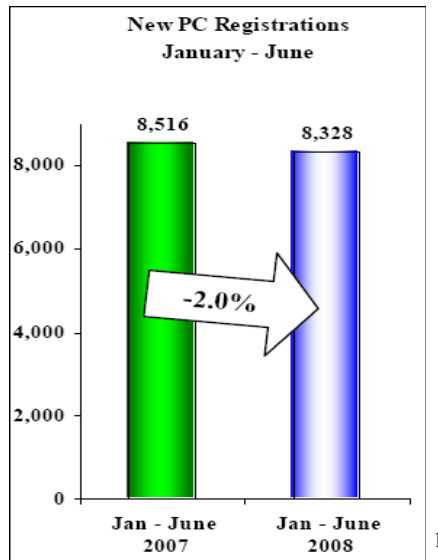
The effects of these prices were felt in all the economic branches like the food industry, energy supply, transportation, but mostly in the automotive industry. This sector is highly responsive to these changes, and they were reflected by losses in sales figures.

According to ACEA (European Automobile Manufacturers Association) in Europe<sup>1</sup> the passenger cars registrations fell 2,0 % from the beginning of 2008, compared with the same period in 2007. This diminution is not only the result of fuel prices but also the result of inflation.

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\* Vlad Cârstea is Assistant Professor of Foreign Direct Investment at the Romanian American University in Bucharest.

<sup>1</sup> EU27 + EFTA without Malta and Cyprus



Regarding the new EU Member States, except Latvia, Estonia and Hungary, all the other states registered a growth in the first six months of 2008, which translates into a 6,9% growth for the whole region. The losses in the three Eastern countries mentioned earlier were quite important, Latvia registered 32,2% losses, Estonia 11,2% and Hungary 2,2%.

Poland and Romania were the engine of the region when it comes to new passenger car registrations with about 320,000 cars put in use.

Luna/An	2008	2007	Variatie
January	6 429	5 429	18.4%
February	7 761	6 494	19.5%
March	7 135	9 793	-27.1%
April	6 872	8 591	-20.0%
May	7 073	14 606	-51.6%
June	10 472	12 183	-14.0%
July	-	11 782	-
August	-	6 743	-
September	-	6 945	-
October	-	9 774	-
November	-	10 328	-
December	-	8 234	-
<b>Total</b>	<b>45 742</b>	<b>57 096</b>	<b>-19.9%</b>

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<sup>1</sup> Source : ACEA

<sup>2</sup> Source: APIA

In Romania the domestic cars recorded losses from March 2008 until present with an overall loss of 19,9% compared with the same period in 2007. Every month the figures dropped with an average of 20% with a top of 51,6% in May.

The import cars were better perceived by the Romanian public, with 11,3% growth for the first six months of 2008, and a top of 49,3% in January.

### Top vanzari autoturisme import - marci

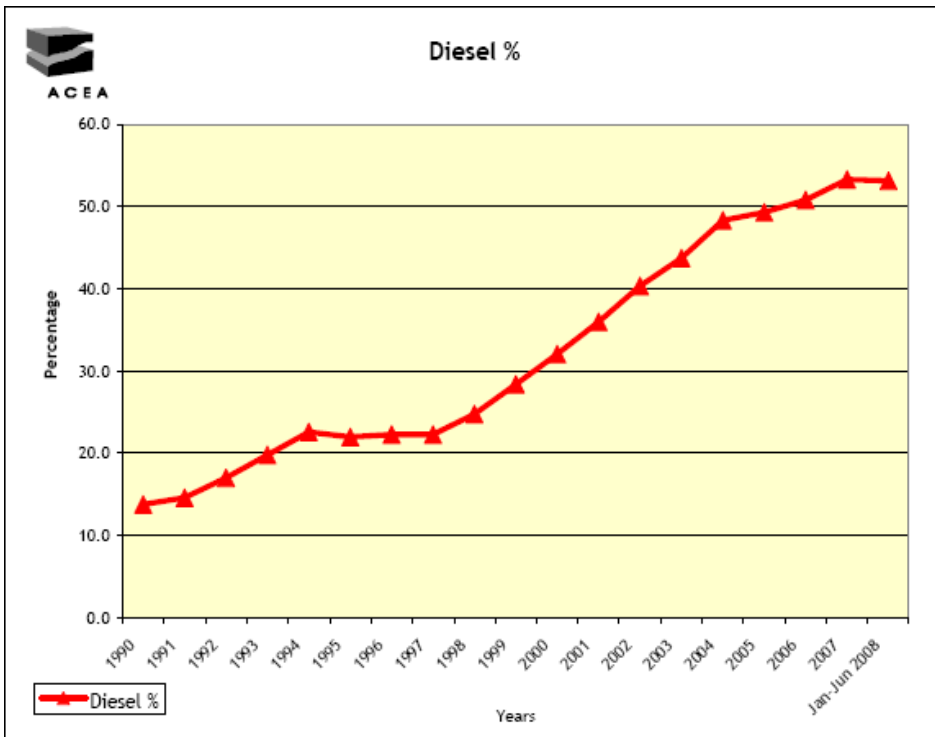
MARCA	Iunie		Variație Mai		6 luni 2008		Variație 2007	
	poziție	unitati	poziție	procent	poziție	unitati	poziție	procent
SKODA	2	2393	1 ↗	13.8%	1	12713	2 ↗	12.0%
RENAULT	1	2497	3 ↗	65.1%	2	10923	1 ↘	-21.1%
VOLKSWAGEN	3	2079	2 ↗	23.6%	3	10149	3 ↘	-2.3%
FORD	4	1961	4 ↗	29.9%	4	9350	6 ↗	47.2%
OPEL	5	1668	5 ↗	29.2%	5	8962	4 ↗	16.7%
HYUNDAI	7	1379	6 ↗	21.0%	6	6015	8 ↗	11.3%
PEUGEOT	6	1394	7 ↗	27.7%	7	5954	5 ↘	-8.1%
CHEVROLET	9	1091	8 ↗	15.1%	8	5362	7 ↘	-12.3%
TOYOTA	10	893	9 ↗	6.1%	9	4978	9 ↗	21.9%
FIAT	8	1199	11 ↗	98.2%	10	4469	10 ↗	10.0%
Rest		3904		6.5%		20371		51.5%
<b>TOTAL</b>		<b>20458</b>		<b>24.8%</b>		<b>99246</b>		<b>11.3%</b>

Dacia is the best sold car brand in Romania having a market share of 27,9%. The national car is a success in the Western Europe as well, after gaining a market share of 37,5%, which means that 45,253 cars were sold.

The next car manufacturer that has an important market share is Skoda, that had a 12% growth compared with the same period of 2007. Renault that got the 2<sup>nd</sup>, had a 21,1% loss, and Volkswagen, that also recorded a loss of 2,3%.

Things will change a little if we look at the sales recorded by the car models. On the first position we find Renault Clio, the French representative in the small class category, followed by Skoda Octavia and Ford Focus. Ford's compact car had the biggest rising, coming from the 13<sup>th</sup> place to 3<sup>rd</sup> place. This could be the result of the new facelift that was done recently.

<sup>1</sup> Source: APIA



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Besides the growth recorded by the Romania's car market, another thing that differentiates it from the Western European countries is Romanian's preference for cars with petrol engines rather than diesel engines. In Western Europe 58% of the new passenger cars registered from January until June 2008, were equipped with this type of engine, while in Romania, 59,8% were cars with petrol engines. The explanation could be the sum of a few factors, like:

- the diesel cars are more expensive than the same car but with a petrol engine and higher maintenance costs;
- the price of diesel fuel which is just a bit higher; Romanians are very sensitive when it comes to their family budgets;
- the noise made by these types of engines that are often associated with the older diesel engines that were loud and were underpowered.

On the other hand, in Western Europe, the sales for diesel cars are on a growing trend since 1998. This success lead to a continuously improved technology for these engines, that made them more economical, more powerful and why not quieter than before.

An aspect which Western Europeans care about is preserving the environment. Despite most opinions, diesel engines are actually less pollutant than petrol engines, and today's technology make them even cleaner.

<sup>1</sup> Source: ACEA

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