Press release

AN EXCELLENT 2017 FOR THE EXPORT OF AUTOMOTIVE COMPONENTS, EXCEEDING 21 BILLION EURO (+6%), WITH A POSITIVE TRADE BALANCE OF 5.7 BILLION (+6%)

Exports to EU countries accounted for 70% and the principal country of destination remained Germany, while in Asia, China exceeded Japan and in North America Mexico saw a reversal in the flow of engines in favour of Italy

Turin, April 13th 2018 - In 2017, **exports of the motor vehicle components supply chain reached € 21.2 billion, exceeding 2016 levels of 6%.** In the same period**, the value of imports amounted to 15.4 billion, an increase of 6% compared to 2016. The trade balance therefore shows a positive balance of 5.7 billion euro, approximately 327 million more than the 2016 balance (+6%).**

In 2017, Italy's total exports of goods were up 7.4% (in value) compared to the previous year, as well as imports, which showed an increase of 9% (in value). The trade surplus reached 47 billion euro (to which were added 81 billion euro net of energy).

Exports for the motor vehicle sector[1] in 2017, was worth 23.7 billion euro, 5.3% of the exported total, up 11.3%, while imports were worth 33.3 billion euro and 8.3% of total Italian imports, 9.7% more than in 2016. The balance was negative and amounts to 9.6 billion euro.

The export of automotive components in 2017 represented 4.7% of all Italian exports (in line with the value of 2016**), while imports were worth around 3.8%.**

Overall, the trade of motor vehicles and components also took into account intra-company transfers and, for components only, was worth 36.6 billion euro in 2017.

For components, 2016 closed with exports at +0.5%, for a value of 20 billion euro, and with a positive balance of the trade balance of 5.4 billion euro.

"*The export of components took a leap forward in 2017, further improving the position of the sector in foreign markets* - commented **Giuseppe Barile, President of the ANFIA Components Group**. *Last year national production was supported by the sound performance of exports, but also that of domestic demand. In fact, production increased by 8.3% in 2017*[2] *for the motor vehicle manufacturing sector, while for the production of parts and accessories for motor vehicles, the increase was 0.5%. Orders for the components*[3] *production segment grew by 9.2% in 2017 (9.4% for domestic components and 8.8% for foreign components).*

The first export target market for Italian components is confirmed as Germany, with over 4 billion euro (+4.9% compared to 2016) and a 19.3% share (19.5% in 2016) on the

[1] ATECO code 29.1, based on ISTAT's foreign trade data.
[2] ISTAT data.
[3] ATECO code 29.3, ISTAT data.

exported total, while, unlike in 2016, China exceeded Japan - to which Italian exports were down 21%, while maintaining a positive balance of 61.6 million euro - becoming the first of the Asian target countries (and the fifth non-EU market after Turkey, the USA, Brazil and Mexico), with exports from Italy increasing by 28%, although the balance of the trade balance remains negative by over 671 million Euro. We also note that the positive balance of trade with the United Kingdom (1.11 billion euro) is the highest of all export target markets, of which it is the fourth. It is an important market, where the stability could change with the consequences of Brexit.

In the NAFTA area, it is important to note the positive balance of the trade balance with Mexico, equal to 402 million euro, or thirteen times higher than in 2016. This is down to the trade in the engines sector, which generated a positive balance of 116 million euro, reversing the trend of the previous year, where the balance was negative. Overall, exports in the NAFTA area of Italian components increased by 11%, to a value of 1.66 billion euro and a positive balance of 851 million (approximately 602 million in 2016). The value of exports fell by 6.5% in the USA, but grew by 11% in Canada and by 76% in Mexico. On balance, the latter recorded a new production record in 2017, after that of 2016, almost 4.1 million motor vehicles produced (+13%), of which about 80% was destined to foreign markets, in particular the United States, despite the fact we are witnessing a progressive easing of commercial dependence from the USA, thanks to the strengthening of commercial relations with the MERCOSUR area. This is also because of the uncertainty related to the reform of the NAFTA agreement, on which the countries concerned have not yet reached an agreement, the conclusion of which now seems to be complicated due to the imminent commitments of the parties with the presidential elections in Mexico in July and mid-term in the USA in November"- concludes Barile.

The export of components to EU28 countries is worth 14.8 billion euro (+6.1%) **and accounted for 70%** (69.5% in 2016) **of all component exports, with a trade surplus of 3.4 billion euro** (+3.1%). **Exports to non-EU countries amounted to 6.4 billion euro** (+5.7%) and accounted for 30% of all component exports (as in 2016), producing a **positive balance of 2.3 billion Euro** (2.1 billion in 2016).

The **export ranking for target countries** remained the same as in 2016. **After Germany**, as already mentioned, there was **France** (11% share), **Spain** (8%), the **UK** (7%), **Poland** (6%), **Turkey** (5.7%), the **USA** (4.9%), **Brazil** (2.6%), the **Czech Republic** (2.6%) and **Austria** (2.6%).

Italy exported components to the **MERCOSUR area** totalling **645 million euro**, up 12% after the decline in 2016. The **balance was positive at approximately 520 million euro** (453 in 2016).

Among the European countries outside the EU, the value of exports to **Turkey** in 2017 decreased (-0.5%, while maintaining a positive balance of 576 million euro) and to **Serbia** (-10%). On the other hand, the value of exports to **Russia** was on the rise (+14% and a positive balance of 158 million euros).

Trade to the **ASEAN[4] area** produced a negative balance of 65 million euro, despite an export growth of 15%. Japanese manufacturers dominated the car market in this area, which is not easily penetrated by European and Italian companies.

The **subdivision of components into macro-classes** saw the **mechanical parts** sector (including accessories and windows) totalling **65.8% of the export value**, with over 13.9 billion euro (+ 6.7%) and a positive balance of approximately 5.3 billion (5 billion in 2016).

The **engines** segment followed - with a value of 4.1 billion euro (+5%), which accounted for **19.2% of the exported total** of components, with a positive balance of 1.1 billion euro.

The **tyres and rubber goods sector for motor vehicles** had an export value of 1.26 billion euro (+6.7%), with a negative balance of 505 million euro (592 million euro in 2016). On the other hand, exports of the **sound reproduction apparatus** sector recorded a fall of 27%.

Exports of **electrical and related components** showed an increase of 3.7%, with a positive balance of 9 million euro (82 million in 2016).

For individual components, the following items had a significant positive balance: parts and accessories for assembly (2.2 billion euro), brakes (1 billion euro), engines (1.1 billion euro), axles with differentials (784 million euro), body shop parts and accessories (476 million euro), pumps (405 million euro).

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[4] Includes Malaysia, Indonesia, Vietnam, Cambodia, Singapore, Thailand, Philippines, Bruma, Brunei and Laos.

Methodological NOTE on ANFIA data processing

ANFIA extract the goods codes using the 8C combined nomenclature from the ISTAT External Trade data warehouse, also including some other items, referred to the automotive universe and labeled according to ATECO 2007 classification as economic activities not included in the following specific one:

CL29 Motor vehicles, trailers and semitrailers and relating sub-groups namely
CL291 Motor vehicles
CL292 Bodyworks for motor vehicles; trailers and semitrailers
CL293 Parts and accessories for motor vehicles and their engines

ANFIA processing also includes the following items:

- Tires (ISTAT classification: CG22 Rubber items and plastic materials)
- Car air conditioners, fuel pumps, oil filters for engines, intake air filters (ISTAT classification: CK28 Machinery and Equipment NCA)
- Accumulators, lamps for motor cycles and motor vehicles (ISTAT classification: CJ27 Electrical Equipment and Non-electrical appliances for household use)
- Sound systems, Telescopic and whip antennas (ISTAT classification: CI26 Personal computers and Electronic and optical items; Electro-medical apparatuses; Measuring apparatuses and watches)
- Glasses and mirrors for motor vehicles (ISTAT classification: CG23 Other products for the manufacture of non-metallic minerals)
- Locking devices, sealing material and hardware for motor vehicles; injection pumps (ISTAT classification: CH25 Metal products, excluding machinery and equipment)
- Axles and parts for trailers (ISTAT classification: CL292 Bodyworks for motor vehicles; trailers and semi-trailers)
- Engines (ISTAT classification: CL291 Motor vehicles)