UK, Dutch plants face uncertain futures

European countries where production is expected to rise and the most to fall

<table>
<thead>
<tr>
<th>Country</th>
<th>Estimated 2010 production</th>
<th>% decrease vs. 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>150,436</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Russia</td>
<td>1,863,271</td>
<td>35.6%</td>
</tr>
<tr>
<td>Poland</td>
<td>277,773</td>
<td>39.3%</td>
</tr>
<tr>
<td>Hungary</td>
<td>291,486</td>
<td>63.1%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>79,937</td>
<td>81.2%</td>
</tr>
</tbody>
</table>

Winners and Losers

- **3rd quarter 2007**: PSA, Peugeot-Citroen and Kia opened new plants in Slovakia. By 2010, Kia is considering an expansion to 400,000 units from 300,000 units in Zilina. PSA will make 300,000 units a year at its plant in Trnava. In 2008, Hyundai will open its 300,000-unit-a-year plant in the Czech Republic.

The data shows that not all countries in the East will flourish. Slovakia and the Ukraine are both expected to build fewer cars in 2010 than in 2008.

"We think we will see a build-up of momentum in eastern Europe, which will settle in the triangle of Poland, the Czech Republic and Slovakia," said Mark Fulthorpe, director European vehicle forecast at CSM. "In addition to that, there is a main Detroit effect around St. Pete-"ersburg. It is logistically an interesting location, and we expect to see Nissan having a presence in that part of the world — in addition to Toyota, Ford and Calum McRae, an analyst at PricewaterhouseCoopers's office in London, agreed with Fulthorpe.

"We see a trend of newcomers building up capacity in eastern Eu- rope — not only because of labor costs but also because that is where there is most growth potential in the market," McRae said. “At the same time, peripheral plants in western Europe are under threat.”

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**End of article**
Guide to assembly plants in Europe

BMW GROUP (See also )

Regensburg, Germany – BMW 1 and 3 series
Munich, Germany – BMW 5, 6 and 7 series
Oxford, UK – Mini, Mini-cabriolet
Leipzig, Germany – BMW 3 series
Goodwood, UK – Rolls-Royce Phantom

DAIMLERCHRYSLER

Bremen, Germany – Mercedes C-class sedan, station wagon, CLK-class convertibles, coupé, SL class, SLA class, premium SUV (2008)
Stuttgart, Germany – Mercedes A class, B class, C class, E class, S class, G class, M class
Gerik, Belgium – Mercedes-Benz S-class, SL, S500
Ghent, Belgium – Volvo S40, V50, V70
Gothenburg, Sweden – Volvo S40, V50, XC70, XC90
Uddevalla, Sweden – (Pentranzia Sverige; Pentranzia 60%, Volvo Car 40%) – Volvo C70
Valencia, Spain – Ford Fiesta, Focus, Ka, Volvo C30
Valencia, Spain – Ford Fiesta, Focus, Ka, C30, C-Max
Kocard, Turkey (Ford Otosan: Ford 41%, Koc Holding 41%, public 18%) – Ford Transit, Transit Connect
St. Petersburg, Russia – Ford Focus

FIAT GROUP

Aulnay-sous-Bois, France – Citroen C2, C3

FRANCE

Castle Bromwich, UK – Jaguar S-Type, XJ XJ, XKR, XJ Super Eight
Solihull, UK – Land Rover Defender, Discovery 3, Range Rover, Range Rover Sport
Cologne, Germany – Ford Fiesta, Fusion
Sanofi, Germany – Ford Focus, Ford C-Max
Genk, Belgium – Ford Mondeo, Galaxy S-Max
Shett, Belgium – Volvo C30, S40, V50, V70
Goteborg, Sweden – Volvo S40, V50, XC70, XC90
Uddevalla, Sweden – (Pentranzia Sverige; Pentranzia 60%, Volvo Car 40%) – Volvo C70
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PSA/PEUGEOT-CITROEN

Bochum, Germany – Opel/Vauxhall Astra, Zafira
Eisenach, Germany – Opel/Vauxhall Corsa
Rüsselsheim, Germany – Opel/Vauxhall Signum, Vectra
Eisenach, Germany – Opel/Vauxhall Corsa
Almeria, Spain – Volvo C70
Zaragoza, Spain – Opel/Vauxhall Corsa, CorsaVan, Meriva
Tremoli, Italy – Fiat Idea, Marea, Grande Punto, Multipla
Turin, Italy – Fiat Idea, Multipla, Grande Punto, Punto
Alfa Romeo 147, 156 Sportwagon, 159, 159 Sportwagon, GT
Mirafiori, Italy – Fiat Idea, Multipla, Grande Punto, Punto
Alfa Romeo 166, Lancia Musa, Thesis
Maranello, Italy – Ferrari 360, F40, Enzo
Bursa, Turkey (Ford Otosan: Ford 41%, Koc Holding 41%, public 18%) – Ford Transit, Transit Connect

DENMARK

Kolin, Czech Republic – Toyota Peugeot Citroen Automobile: Toyota 50%, PSA 50% – Citroen C1; Peugeot 107, Toyota Aygo

RENAULT

Baliy, France – Renault Mascott, Master I; Opel Movano, Nissan Interstar
Dieppe, France – Chlo Renaultsport, Megane Renaultsport
Douai, France – Renault Megane II, Megane II CC, Scenic/Grand Scenic
Rennes, France – Renault Clio II, Symbol II (production ends 07/2007)
Nantes, France – Renault Clio II, Symbol II (production ends 07/2007)

PSA 50%) – Citroen C1; Peugeot 107; Toyota Aygo

TOYOTA

Burnaston, UK – Toyota Avensis sedan, Corolla hatchback, Auris (spring 2007)
Oeiras, Portugal – (Ediskor Castrolio IMI) Castrolio family 61%, Toyota 27% public 12% Toyota Dna, Mace, Optimo
Valenciennes, France – Toyota Taros
Adapazarı, Turkey – Toyota Corolla sedan and station wagon, Corolla Verso
St. Petersburg, Russia – Toyota Cariny (2007)
Kolin, Czech Republic – Toyota Peugeot Citroen Automobile: Toyota 50%, PSA 50% – Toyota Aygo; Citroen C1; Peugeot 107

VOLKSWAGEN

Emerol, Germany – VW Passat sedan, station wagon, coupé (2008)
Hannover, Germany – VW California, LT 2, Multivan, Transporter 75
Mosel, Germany – VW Golf, Passat sedan; Bentley (bodies only)
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Volatile time

More changes expected to Europe’s vehicle production footprint

Plants at risk
GM Europe, Ellesmere Port, UK
GM Europe, Trolhättan, Sweden
GM Europe, Antwerp, Belgium
Jaarbeek, Holland
GM, Osnabrück, Germany
Mitsubishi, Born, Netherlands

Plants due to close
GM Europe, Amadora, Portugal (December 2006)
PSA, Ryton, UK (January 2007)

Plants opened this year
PSA, Timave, Slovakia
Kia, Zlín, Slovakia

Plants due to open soon:
Toyota, St. Petersburg, Russia (2007)
GM, Szolnok, Romania (2007)
VW, Kagaln, Russia (2008)

Kenitra, Morocco – (SKD)*** Skoda Fabia, Octavia; Audi A3, A4, A6 (2007)

Tough time for coachbuilders
Automaker-owned plants are not the only ones in jeopardy.
German coachbuilder Karmann is under intense pressure.
Karmann’s revenues in 2005 were down 31 percent to €4.9 billion compared in 2004. Karmann’s revenues fell because vehicle production dropped from a record 93,630 units in 2004 to 54,547 cars last year.
The main reason for the decrease was great demand for the Chrysler Crossfire sports car, which Karmann makes under contract for DaimlerChrysler.
Production of the roadster and convertible versions of the car fell more than 65 percent to 12,455 units last year.
The production drop has caused Karmann to cut about 6,000 of the 5,200 jobs at its main plant in Osnabrück, northern Germany, which makes the car.
Karmann said it expects to rehire 900 when the company starts assembling the new production capacity and assign more niche and overflow business to independent coachbuilders.
By the end of the decade, Austria’s production will decrease nearly 38.3 percent and Finland will be down more than 36.9 percent compared to 2006, according to data from consultancy CSM Worldwide’s London office. (See graphic, above)

Traditional assembly work in North America and Asia.

In Finland, coachbuilder Valmet is the country’s only car manufacturer.
This month the company, which makes Porsche Boxster and Cayman sports cars, announced it would cut its daily production rate from 132 cars by 50 percent.
It also said it would lay off about 80 of its 1,320-person workforce.

Slovakia’s surge
By contrast, CSM’s data predicts that eastern Europe as a whole will experience vast growth, led by Slovakia’s 214.8 percent production increase to 780,481 units by 2010.
This year, both PSA/Peugeot-Citroen and Kia opened new plants in Slovakia.
By 2010, Kia is considering an expansion to 400,000 units and is expected to make 300,000 units a year at its plant in Trnava.
In 2008, Hyundai will open its 300,000-unit-a-year plant in the Czech Republic.

But the data shows that not all countries in the East will flourish.
Slovakia and the Ukraine are both expected to build fewer cars in 2010 than this year.

“I think we will see a buildup of momentum in the Czech Republic which will settle in the triangle of Poland, the Czech Republic and Slovakia,” said Mark Futhorne, director of European vehicle forecast at CSM.
“In addition to that, there is a main Detroit effect around St. Petersburg.
It is logistically an interesting location, and we expect to see Nissan having a presence in that part of the world — in addition to Toyota,” said McRae.

Callum McRae, an analyst at PricewaterhouseCoopers’s office in London, agreed with Futhorne.

“We see a trend of new ventures building up capacity in eastern Europe — not only because of labor costs but also because that is where there is most growth potential in the market,” McRae said.
“At the same time, peripheral plants in western Europe are under threat.”