EU auto sales to rise as chip crunch to ease: industry

February 8 2022

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European car sales are expected to rise again in 2022 as the microchip shortage that has put the brakes on the sector will ease, an industry group said Tuesday.

Passenger car registrations in the 27-nation EU are forecast to grow by 7.9 percent to 10.5 million units, according to the European Automobile Manufacturers' Association (ACEA).

But the figure remains almost 20 percent below the 2019 pre-pandemic level as sales collapsed last year due to the severe shortage of semiconductors, which power everything from anti-lock braking systems to airbags to parking assistance technology.

New passenger car registrations fell by 2.4 percent to 9.7 million units in 2021.

The chip shortage is expected to "stabilise" this year, ACEA said.

The forecast comes as the EU launches a plan Tuesday to raise tens of billions of euros to boost semiconductor production in Europe and cut its dependence on imports from Asia.

"In light of the European Chips Act to be published today, ACEA is therefore urging the EU to reduce its reliance on overseas suppliers to avoid such damage to strategic European industries in the future," the group said.

While the shortages hurt fossil fuel vehicles, electric and plug-in hybrid models gained overall market share and now account for almost one in five new cars sold in the European Union, ACEA said.

"However, we cannot forget that this is still quite a fragile market," said ACEA president Oliver Zipse, who is also the chief executive of BMW Group.

He said the market "is highly reliant on support measures such as purchase incentives and, above all, the widespread availability of

charging infrastructure."

ACEA warned that the "pace of infrastructure rollout is lagging way behind consumer demand for electrically-chargeable cars", with sales of electric vehicles growing four times faster than the installation of charging points.

With the European Commission eyeing an end to sales of new petrol and diesel cars from 2035, national governments and the European Parliament are discussing continental standards for charging stations.

ACEA urged the parliament and the national governments to bolster the European Commission's Alternative Fuels Infrastructure Regulation proposal "to ensure that Europe builds a sufficiently dense network of charging and refuelling infrastructure."

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Citation: EU auto sales to rise as chip crunch to ease: industry (2022, February 8) retrieved 23 April 2024 from
https://techxplore.com/news/2022-02-eu-automobile-sales-rebound-industry.html

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