

Bank of Ireland

Motor Sector News

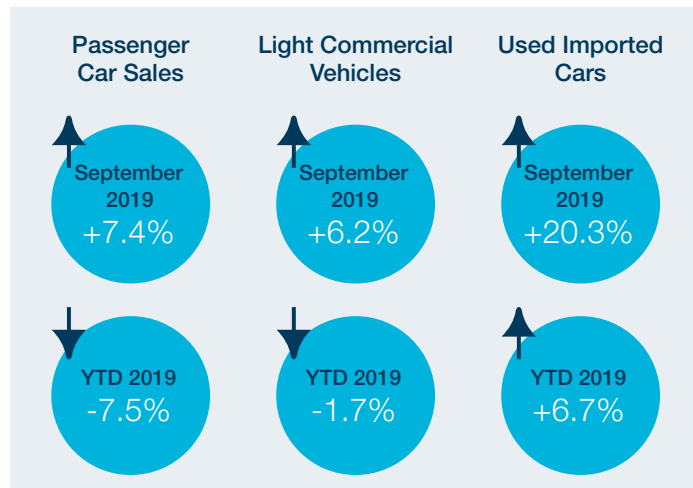
Edition 9 September 2019

In the month of September, new car registrations finished up 7.4%, light commercial vehicle sales (LCV) were up 6.2% and used imports increased by 20.3%.

Based on a 3 year average from 2016-2018, September represents 2.9% of annualised passenger car sales and 5.6% of annualised LCV sales. Quarter 3 (Q3) represents 28.5% of annualised passenger car sales and 27.7% of LCV sales.

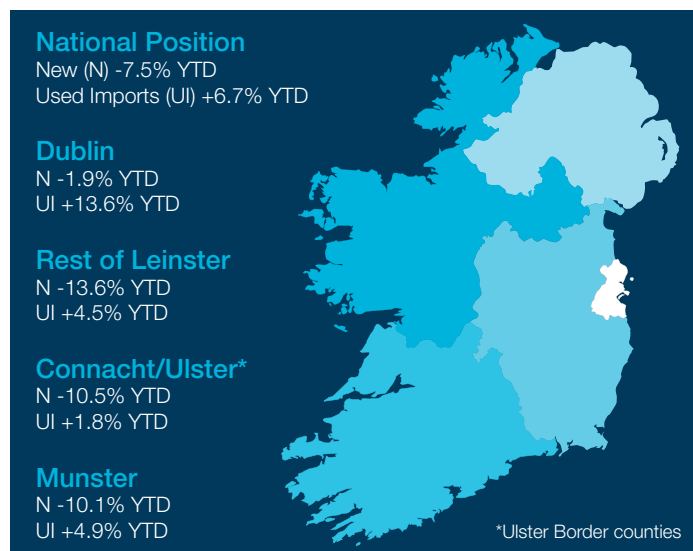
In Q3, new car registrations finished down 8.0%, LCV sales were up 13.0% and used imports increased by 15.4%.

In the first 9 months of 2019, new passenger car sales have declined 7.5%, LCV sales are down 1.7% and used imports have increased by 6.7%.



Provincial Developments

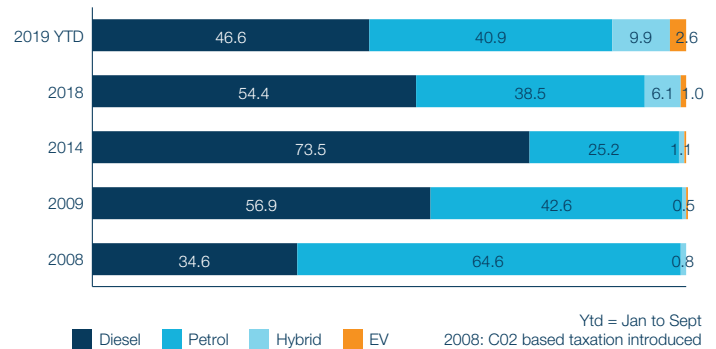
September 2019 YTD



Sector Trends

Fuel Type

Diesel engines remain the most popular choice for Irish consumers at 46.6% of new car sales in 2019 YTD, followed by Petrol at 40.9%, Hybrid at 9.9% and Electric at 2.6%.



Budget 2020

On October 8th, Minister for Finance Paschal Donoghue will deliver Budget 2020 to the Dáil. The sector is seeking clarification regarding the future treatment of Vehicle Registration Tax (VRT) due to the rollout of the full Worldwide Harmonised Light Vehicle Test Procedure (WLTP) in 2020.

WLTP is a new laboratory test to define vehicle CO2 emissions. It replaces the less stringent New European Driving Cycle (NEDC) test designed in the 1980's.

Following a phased transition to WLTP since Q4 2017, full WLTP will apply in 2020. WLTP involves more "real world" testing and produces higher CO2 emission results. Motor taxation in Ireland (VRT; Motor Tax) uses CO2 emissions as the basis for calculating these taxes.

The EU recommends implementation of WLTP in a revenue-neutral manner in all member states. Without intervention from government, the impact of WLTP in 2020 will mean higher retail prices and higher road tax for Irish consumers. This represents a significant threat to motor dealers in Ireland.

To avoid a fourth year of declining new vehicle sales, significant price increases and a reduction in exchequer receipts from the sector, reform of the current VRT regime with regard to new vehicles and imported used vehicles is needed.

The sector, represented by the Society of the Irish Motor Industry (SIMI), is currently engaged with the Department of Finance to find a revenue-neutral solution.

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Stephen joined Bank of Ireland in 2018 and brings over 20 years Motor Sector Industry experience having held senior positions in both wholesale distribution and in retail as a motor dealer where he operated as Dealer Principal for 7 years – read more about him at boi.com/motorsector.

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