

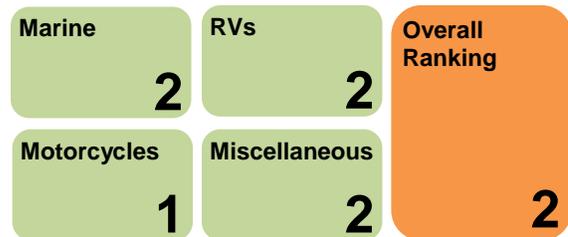


2016 Top Markets Report **Recreational Transportation** Country Case Study

Western Europe

Western Europe is the second largest regional destination for recreational transportation exports. Over the next three years, Western Europe will account for nearly 24 percent of all U.S. exports in the sector. The European region has some of the highest levels of leisure time, middle class consumers and income outside the United States. In addition, the region has some of the greatest infrastructure for recreational transportation with many rivers, lakes and waterways, a large highway and roadways systems making it easy for consumers to recreate. While most exporters are well established in Europe, many small manufacturers could benefit from export promotion activity either in the U.S or at European trade events.

Regional Ranking



This case study will look primarily at Western Europe. It includes 23 countries, including all the Scandinavian countries and all countries west and south of Germany and Greece. Some sections will include information that pertains to only EU countries and, in some instances, to countries outside Western Europe.

Overview of the Recreational Transportation Market

The countries of Western Europe have some of the greatest purchasing power in the world. The GNI per capita for Norway is the highest in the world at \$103,630. Other notable GNI per capita values in Europe are: Austria, \$49,670; Belgium, \$47,260; Denmark, \$61,310; Finland, \$48,420; France, \$42,960; Germany, \$47,640; the Netherlands, \$51,890 and Sweden, \$61,610. As a result of this type of purchasing power, virtually all recreational transportation products are in high demand in Europe.

Unlike many other markets, there are major domestic competitors in Europe for most of these sectors. The ease of doing business between these markets, however, means that opportunities are available and will continue to be available, particularly for U.S. producers that offer a unique or new product.

Recreational Marine

The European market for recreational marine products is strong. U.S. recreational marine exports to Western Europe account for 24 percent of total U.S. recreational marine exports. Europe offers a great number of rivers, lakes and other waterways to enjoy recreational boating. There are over 16,777 miles of inland waterways and over 43,496 miles of coastline. These waterways are used for commercial purposes. As a result, they can be over used and have environmental restrictions that limit use for recreational purposes.

According to ICOMIA, the association of boating industry associations around the world, over 48

million European citizens participate in boating activities on a regular basis. In addition, there are over 6 million registered boats. Finally, the number of marinas in Europe total 4,500, offering over 1.75 million berths for boats. These statistics point to a vibrant, strong and healthy recreational boating market.

Recreation Vehicles (RVs)

Europe is the second largest global RV market after the United States. In 2015, new registrations of RVs in Europe totaled 151,293, representing a 10 percent increase over 2014. Of the total 2015 registrations, 81,298 (54 percent) were for motor caravans, and 69,995 (46 percent) were for touring caravans. Germany had the largest RV market segment, with 47,143 registrations, followed by the United Kingdom (31,577), France (25,334), Sweden (7,201), Netherlands (7,037) and Norway (5,369).¹

In 2015, countries with the largest motor caravan registrations were: Germany (28,348); France (17,414); United Kingdom (10,577); Sweden (4,034); Italy (3,730) and Switzerland (3,544). Countries with the largest touring caravan registrations were: United Kingdom (21,000); Germany (18,795); France (7,920); Netherlands (5,785); Sweden (3,167) and Norway (2,597).²

In 2014, estimated revenue of the European RV industry was £17.4 billion (\$19.4 billion). Of this amount, sales of new RVs accounted for £7.9 billion (\$8.8 billion), sales of used RVs £6.6 billion (\$7.4 billion), RV service/maintenance £1.7 billion (\$1.9 billion) and sales of RV equipment/accessories £1.2 billion (\$1.3 billion).³

Figure 1: Number of RVs in Use in Europe (2013)⁴
(in 000s)

	<u>Total RVs</u>	<u>Motorhomes</u>	<u>Trailers</u>
EUROPE	5,500	3,900	1,600
Germany	1,330	880	450
France	1,262	845	417
Great Britain	700	525	175
Netherland	547	462	85
Spain	360	330	30
Sweden	346	280	66
Italy	266	59	207

In 2012, there were an estimated 30,000 campsites across Europe. Countries and regions with the largest number of campgrounds were: France (10,400);

Northern Europe (4,350); United Kingdom (4,000); Germany (3,600); Southern Europe (3,150); Netherlands (2,500) and Italy (2,000).⁵

Motorcycles

The European market for motorcycles is likely the largest in the world. There were nearly 25 million motorcycles in the EU in 2012. New registrations of motorcycles began increasing in 2015, reaching 798,328, a 7 percent increase from the previous year. This category had been declining since 2007 and the recession that hit Europe. The European market has a high per capita use of motorcycles that is higher than that of the United States but not as strong as many Asian markets. Unlike in Asia, however, there are no regulations that have been enacted to hinder further growth of the market. The industry association for motorcycles has pointed out that increase in motorcycle and moped use will improve traffic congestion on European roads. The European industry is also pushing the use of alternative fuel and electric powered bikes in the region.

Miscellaneous Vehicles

The market for miscellaneous vehicles is strong in Europe. There are numerous golf courses in the region, as highlighted in the Miscellaneous Vehicle Sub-Sector section of the report. In addition, the Scandinavian countries offer a great opportunity for snowmobiling. ATV use is also desired throughout Europe. Germany is the third largest market for ATVs in the world, and France is the fifth largest market.

Challenges and Barriers to Recreational Transportation Exports

There are several challenges to exporting to Europe for U.S. manufacturers of recreational transportation products. For boats and marine products, there are EU regulations that, although they lead to largely equivalent products, do not automatically allow for the acceptance of products manufactured to standards by U.S.-domiciled SDOs. Standards developed by the American Boat and Yacht Council (ABYC) are more focused on safety concerns, reacting to boat accident data, whereas European standards are more design and performance related. Although modifications are not typically required, the cost to meet a second major standard raises costs and, therefore, hurts competitiveness.

For RVs, certain regulatory aspects are governed by EU standards and areas where there is no EU directive or standard are subject to EU member state rules. EU requirements for RVs include those for habitation relating to health and safety, 12 V direct current extra low voltage electrical installation, safety ventilation and liquid fuel heating systems. The most cumbersome EU regulations for the U.S. industry are related to width and weight requirements. These regulations can make most U.S. RVs models ineligible to be sold in the EU markets. (For additional information on EU standards, see www.cen.eu, European Committee for Standardization, CEN/TC 245/WG 6 Published Standards.)

Most RVs in Europe can be driven with a conventional driver's license. Only four countries (United Kingdom, Sweden, Germany and France) have provisions that allow for persons to operate vehicles over 3.5 tonnes.⁶

Most EU regulations for motorcycles and ATVs are or will soon be harmonized with U.S. regulations. Some manufacturers are worried that noise standards in the EU could become a problem. New proposed regulations on noise reduction may be more burdensome and require going beyond current technology to meet.

Opportunities for U.S. Companies

The ongoing TTIP negotiations represent a great opportunity to eliminate burdensome costs U.S. companies face because the EU does not recognize standards developed by U.S.-domiciled SDOs as automatically meeting their regulatory requirements and stipulates additional, costly testing to prove compliance. The U.S. and European boating industry are hoping for some sort of mutual recognition agreement or the establishment of one notifying body for both regulations.

Where U.S. recreational transportation companies need help is in the area of export promotion. Much like U.S. consumers, European buyers are informed and demanding about what they want. This is a positive aspect, as many U.S. manufacturers have modified and customized their products to meet a demanding clientele. European dealers are constantly looking to keep up with them and are seeking new products and new innovations. Therefore, the best way to support the industry is to bring European

buyers to U.S. shows through the International Buyer Program and encourage manufactures to attend the European industry's trade shows.

The important trade shows in the United States that could entice European buyers are: 1) the Miami International Boat Show, which is held in February; 2) the Dealernews International Powersports Dealer Expo, which is held in December in Chicago and 3) the National RV Trade Show in Louisville. The major shows in Europe for recreational marine products are: 1) Marine Equipment Trade Show (METS) in Amsterdam in November (marine parts and accessories), 2) The London International Boat Show, 3) The Dusseldorf Boat Show and 4) The Genoa International Boat Show (mostly super yachts). Europe has several major RV trade shows. The largest is CARAVAN SALON (August) in Dusseldorf, Germany. In 2014, over 192,000 attended the show. Other shows (in order of attendance in 2014) include: Il Salone Dei Camper (September) in Parma, Italy; Salon des Vehicules de Loisirs (September/October) in Paris, France; The Motorhome & Caravan Show (October) in Birmingham, U.K. and Caravaning (October) in Barcelona, Spain.

For motorcycles, ATVs, snowmobiles and golf cars, the most important trade shows are: 1) EICMA in Milan, Italy (motorcycles and ATVs); 2) INTERMOT in Cologne, Germany (motorcycles and ATVs); 3) MC Massan in Gothenburg, Sweden (motorcycles, snowmobiles and ATVs) and 4) Golf Europe in Munich, Germany (golf cars).

Sub Sector Snapshots in Europe

Marine

ITA has created the Pleasure Boat International Resource Guide the covers 31 international markets, including 17 European markets. This guide can be found at:

http://export.gov/build/groups/public/@eg_main/@byind/@marine/documents/webcontent/eg_main_092148.pdf. Below are highlights from three of the European markets.

Belgium

Technically, Belgium is the largest destination for U.S. boats in Europe. Because Mercury Marine makes outboard engines there, it is used as a jumping off

point for the broader EU market with many boats entering Belgium, having their engines attached, and being distributed throughout Europe. The market is situated on the North Sea and has many canals, rivers and other waterways suitable for recreational boating, so it is nevertheless a strong market in its own right. In 2014, there were about 40,000 boats in Belgium. About 25,000 of those boats were large enough to accommodate an overnight stay. The market is a well-developed market with discerning consumers demanding high quality.

Spain

Spain is the fifth largest economy in Europe. The country itself, however, is just emerging from the recession that started in 2008. New boat registrations increased 15 percent in 2015 from the previous year with almost all the boating segments experiencing growth. The two fastest growing segments in 2015 were Jet Skis and boats registered as rentals, increasing 61 percent and 56 percent, respectively. Spain has 4,516 miles of beautiful coastline, making it a great market for recreational boating. It is the largest consumer boating market in Europe. The Barcelona International Boat Show will be held on October 12 to 16, 2016 and is one of the top three shows in Europe. ITA has assisted with the USA pavilions in the past.

Italy

The Italian boat market is also just emerging from the 2008 recession. The market increased about 2 percent in 2014, and ITA estimates that the market will only have slightly better growth in 2015. One of the best prospects for entering the market remains outdoor motorboats between 20 and 40 feet. The Italian consumer is also becoming very safety conscious, and U.S. manufacturers offering fire suppression, life saving devices and life rafts should do well in this market. The Genoa International Boat Show is one of Europe's largest with many large boats, yachts and super yachts present. Those should also fair well be at this show and in Italy in general.

RVs

Czech Republic

In 2015, ITA reported that the RV market in the Czech Republic was estimated to be about \$30 million and

that it was expected to grow steadily. In 2013, 1,657 units were imported into the Czech Republic, with an average value of \$20,000. This was a 57 percent increase over 2012 levels. In 2014, 734 RVs were sold by September. There are two major domestic RV manufacturers.

Industry groups that represent the RV industry in the Czech Republic include OSCAR and ASOCIACE CARAVAN CLUBU ACR. The leading RV trade show in the Czech Republic is Caravaning Brno, International Caravaning Show (November).

France

In 2015, the French RV market comprised of 25,124 new registrations and 54,548 used vehicle registrations (campers and motorhomes). There are five major manufacturers and distributors of RVs in France. Approximately 11,000 campgrounds are located across the country.

The main organization representing the interests of the RV industry in France is UNI VDL. The leading RV trade show is Les Salon des Vehicules des Loisirs (late September/early October). In 2015, U.S. RV exports to France totaled less than \$500,000.

Netherlands

The Netherlands currently ranks second (to Sweden) in terms of caravan density in Europe. The Dutch consumer association, Algemene Nederlandse Wielrijdersbond (ANWB), lists over 1,200 caravan and campsites in the Netherlands (see www.anwbcamping.nl). There are two major domestic RV manufacturers.

In 2014, new caravan sales in the Netherlands totaled 5,489 units, compared to 5,782 in 2013. The brands Hobby and Fendt are leaders in the caravan market. (Fendt recorded a 20 percent rise in sales in 2014.)

Campers are becoming increasingly popular in the Netherlands. In January 2009, there were 60,000 units in the market, but 2014 closed with more than 90,000 campers, an increase of 50 percent over the past six years. Leaders in the new camper market are Humer, Adria and Burstner. Campers are particularly well-received by people in the 55 and over age group.

Organizations that represent the RV industry in the Netherlands include BOVAG, which has over 10,000 members, and ANWB, which represents consumers and companies. The European Caravan Federation (ECF) is the umbrella organization representing the national organizations of the European Caravanning Industry. The leading domestic RV trade shows are Auto RAI (April) and Kampeer en Caravan (October).

Slovak Republic

The RV market in the Slovak Republic is very limited. There are 149 campgrounds in the country, but these are usually underdeveloped.

Sweden

Camping is very popular in Sweden, which has the most travel trailers per capita in Europe (295 travel trailers per 10,000 inhabitants). Motorhomes are increasing in popularity and may soon overtake the number of travel trailers. Sweden has 450 campgrounds, with 75,000 individual camping places.

Sweden has 281,321 registered travel trailers and 74,343 registered motorhomes. In 2014, new registrations for motorhomes were 3,967 and 3,638 for travel trailers, each representing an increase of 13 percent from 2013.

The Swedish manufacturer Kabe has a growing share of the market for motorhomes and travel trailers, mainly in the premium segment. Sales within this segment seem to be increasing as new customer groups can be noticed: for example, boat owners and customers who have sold their summer houses are looking for well-equipped motorhomes.

A Slovenian company, Adria (represented in Sweden by Kabe), offers many smaller travel trailers. In 2014, its products represented a growing share of the domestic market for travel trailers and motorhomes. These RVs are particularly popular among first time buyers and families. ITA believes that the travel trailer market in Sweden may already be reaching oversaturation, but there is still potential for growth for motorhomes.

HRF-Husvagnsbranschens Riksförbund (Swedish Caravan Trade Association) represents the RV industry. Major industry trade shows in Sweden are

Elmia Husvagn & Husbil (Scandinavian Caravan Show) (September) and Caravan Stockholm Kista (February).
United Kingdom

The caravan industry in the United Kingdom (U.K.) contributes more than £6 billion (\$8.5 billion) to the U.K. economy. The industry employs approximately 130,000 people, including part-time and seasonal staff (mainly in parks).⁷

Caravanning is an important contributor to U.K. tourism. In 2013, over £1.8 billion (\$2.6 billion) was spent on caravan holidays across Great Britain. More than 51 million nights are spent in caravans each year. Caravan holidays are popular for their low cost, their low carbon footprint and the abundance of places to visit in the country. There are over 3,000 campsites and caravan parks across England, Scotland, Wales and Northern Ireland.⁸

It is estimated that there are 550,000 touring caravans, 330,000 caravan holiday homes and more than 205,000 motorhomes currently in use across the United Kingdom. In addition, there are about 100,000 residential park homes in use.⁹ There are 15 major RV manufacturers in the United Kingdom.

According to data from the National Caravan Council, production of touring caravans in the United Kingdom between January and July 2015 rose by 2 percent (over the same period in 2014) to 11,916 units, and the moving annual total production increased by 3.6 percent. Also, holiday home production between January and July 2015 increased by 16.5 percent (over the same period in 2014). Motor caravan dealers reported strong new order numbers during the summer months of 2015, as well. Motor caravan sales increased 24.7 percent from January to July 2015 (compared to the same period in 2014).¹⁰

Several organizations represent the RV industry in the United Kingdom. These include the National Caravan Council (NCC), The Caravan Club and Camping and Caravanning Club. Major RV trade shows are the Caravan, Camping and Motorhome Show (February) and Motorhome & Caravan Show (October).

In 2015, U.S. RV exports to the United Kingdom totaled \$12.1 million. Travel trailers were the largest category of exports (64 percent).

Motorcycles

ITA put together a series of European Market Briefs on Motorcycles in 2014. There are 17 markets covered in this report. One can view these reports at: http://export.gov/build/groups/public/@eg_main/@byind/@autotrans/documents/webcontent/motorcycles066908.pdf.

This report is invaluable to those new to market and even experienced exporters. The reports, however, were written while the European motorcycle market was still in a recession. We hope that these market briefs will be updated to capture the growing market opportunities for U.S. manufacturers of motorcycles, parts and accessories.

Snowmobiles and ATVs

Sweden

Scandinavia is likely the largest market for snowmobiles outside North America. Sweden has 54 trails throughout the country. The largest lies between the Sweden and Norway border, which is about 1,010 miles long. Guided snowmobiling through the country is a popular activity for tourists in Sweden. Snow usually covers the ground from December to April in the southern region of Sweden while the northern region can see snow beginning in October and lasting until May.

Currently, there are no major barriers for U.S. snowmobile manufacturers. Sweden has been trying to toughen its noise standards beyond what the EU mandates. If these proposed standard are enacted as written, most, if not all, manufacturers would be excluded from the market, as the current and anticipated technologies will not reduce noise emission sufficiently to meet the regulation according to the International Snowmobile Manufacturers Association (ISMA).

Did You Know?

1. ITA works to recruit European businesses to participate in U.S. recreational transportation trade shows like the Miami International Boat Show and the National RV Show in Louisville, KY.
2. ITA programs, such as Gold Key services and International Company Profiles, offer small firms the knowledge to make the best decision possible when selecting an European partner to sell your products into the recreational markets.
3. Participating in European recreational transportation trade shows is one of the best ways to find dealers, learn about the market and maximize your sales potential in Europe.
4. The U.S. Government is negotiating an agreement with the European Union to lower tariffs and other barriers in the TransAtlantic Trade and Investment Partnership (TTIP).
5. Europe is the second largest global RV market after the United States.
6. Sweden has the most travel trailer RVs per capita in Europe.

¹“Freizeitfahrzeug-Neuzulassungen Europa 2014/2015,” Caravan Industrie Verbandes Deutschland (CIVD).

²Ibid.

³Presenter, Hermann Pfaff, “Europe,” World RV Conference, Melbourne, Australia, February 27, 2015.

⁴Ibid.

⁵Ibid.

⁶“Jahresbericht Annual Report, 2014/2015,” CIVD.

⁷Caravan Parks and Campsites Guide 2015, www.uk-sites.com.

⁸Ibid.

⁹Ibid.

¹⁰Jayson Whittington, “Caravan Market Trends – October 2015,” September 29, 2015, www.glassbusiness.co.uk.