

[UAE Automotive Market Report](#)

Vehicle Milestone in U.A.E

BMI estimates that total automotive sales amounted to 154,000 units in 2006, representing growth of 33.3% over 2005 ...

High rates of growth on the UAE market were reported by several autos majors, including **Ford** (up 30%), **Volvo** (up 48%), **GM** (up 61%) and **Honda** (up 128%)

Dubai's Roads and Transport Authority (RTA) has reported that new vehicle registrations in the emirate amounted to around 70,000 in 2006, bringing the total number of vehicles on the roads to 700,000.

There has been a massive increase in vehicular traffic, as a result of a 650 per cent increase in the number of cars from 2001 to 2006.

The Press and Public Relations Department of Abu Dhabi Police said in 2001 there were 27,338 small vehicles and on January 15 this year, the number of vehicles reached 212,686.

According to reports, the total increase in the number of all kinds of vehicles including trucks, buses has reached over a quarter of a million in the last five years from 31,472 in 2001 to 237,891 on January 15, 2006.

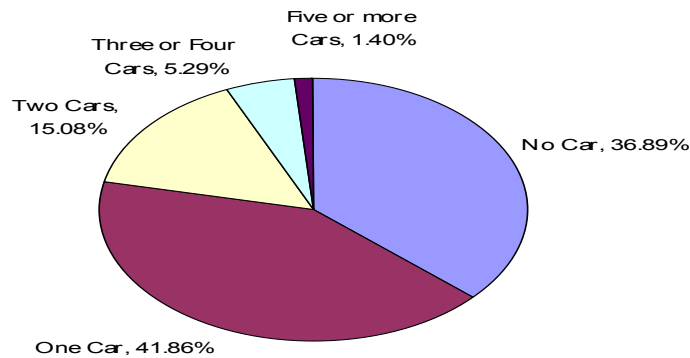


Photo by Emirates Today

Within the UAE, Dubai has been taking the lead in the vehicle market, having 50 per cent of the vehicles' stock.

By 2011, automotive sales will total 523,700 units, a 4.5% rise over the level achieved in 2006

Car Ownership by Household, Dubai



Source: Dubai Government

The people to car ratio is currently at 1.7 according to Roads & Transport Authority

Middle East, one of the fastest-growing markets

Favourable developments in Iraq could create sizeable demand for used cars. The main import channel for this trade is likely to be through the port of Dubai. Low-priced German and U.S used cars are attractive to Iraqi buyers.



A parallel surge in demand for spare parts and garage equipment is also expected.

Number of auto manufacturers have decided to locate regional distribution facilities to the UAE. This would enable parts to be supplied more quickly while improving customer service and reducing capital tied up in transit inventory

- Volvo Group Middle East officially opened two new regional centers in the Jebel Ali Free Zone of Dubai. The Regional Parts Distribution Centre (RPDC) and Regional Competence Development Centre (RCDC) consolidate the Volvo group's activities on one site. The RPDC's warehouse has the capacity to hold over 20,000 types of spare parts, including 10,000 parts for trucks and buses, 8,000 for construction equipment, 2,000 for Mack trucks and 200 for Renault trucks.



Some more Facts & Figures

Automobile spare parts trade through Dubai recorded a 40 per cent growth in 2005 compared the previous year, according to official statistics.

Imports accounted for 63 per cent of the total trade, with re-exports making up 31 per cent and exports five per cent. "These figures clearly states Dubai's reputation as a major re-export hub, with about half the total spare parts imports being re-exported to countries in the region and elsewhere in the world

The total value of vehicle spare parts trade in 2005 was more than Dh18 billion compared with Dh13 billion in 2004. Imports increased from Dh8 billion to Dh11 billion last year, while exports jumped from Dh524 million in 2004 to Dh934 million in 2005. Total value of re-exports was put at Dh5.8 billion, up from Dh4 billion in 2004, PCFC said in a statement.

Japan ranked first on the list of top automobile spare parts exporters to Dubai, with exports totaling Dh2 billion. China was second with exports of Dh1.9 billion, followed by Germany, the US and Italy at Dh1.5 billion, Dh724 million and Dh643 million respectively. (Gulf News)

Automobile parts and accessories comprised the bulk of the total trade with a 30 per cent share, followed by pneumatic tires and liquid pumps at 19 per cent and seven per cent respectively. Petroleum oils and oils obtained from bituminous minerals contributed six per cent and engine parts added another five per cent, with miscellaneous items forming the remaining 33 per cent.

Dubai's re-export of vehicles and automotive parts was estimated at US\$2.4bn in 2005.

Re-exports are set to rise by 12.5% annually - to 103,270 units by 2010 - as the UAE establishes itself as a trade hub for the rest of the GCC and beyond.

Re-exports will continue to make up around 55% of total auto sales

Dubai's trade volume in cars reached 230,000 last year, at total value of more than Dh9.5 billion. Of which 73,000 cars were re-exported, amounting to 31 per cent, at a total value of more than Dh2 billion. The figures were 27 per cent higher than 2003, which recorded about 211,000 cars at value of Dh7.4 billion.

Iraq topped the list of re-export destinations from Dubai, importing more than 30,000 cars, which represented 16 per cent of the total re-exports, and more than Dh322 million, followed by China, which imported 1,540 cars. (The Gulf Today)

Auto Finance Market

The UAE's automobile finance market in 2006 is worth an estimated US\$2.3 billion (Dh8.45bn), according to industry figures.

The DCCI report sourcing figures from Business Monitor International (BMI) said that the auto finance sector in 2005 was estimated to be worth US\$2.1bn (Dh7.71bn) in the UAE



BMI estimated that the country's domestic auto market comprised about 1.4 million Vehicles last year, growing at an annual rate of 10 per cent, resulting in a figure of Dh8.45bn for today's auto finance market

According to the DCCI, Japan, Europe and the United States are the main source of UAE vehicle market supply.

Growth in Commercial Vehicle

UAE commercial vehicle market grew by 38.5% between 2000 and 2005, fuelled by light commercial vehicle and bus sales.

BMI forecasts that commercial vehicle sales in the four Gulf States (UAE, Bahrain, Saudi Arabia, and Kuwait) will rise by 20.1% by 2010, reaching US\$9.56bn.

BMI anticipates 38.9% growth in the UAE's commercial vehicles market from 2006 to 2010.

Special Zones for Auto Industry

A new industrial area under Jebel Ali Free Zone Authority (Jafza) is being set up in Dubai at a cost of Dh2 billion to house companies dealing in vehicles and related service and spare parts industries.



Dubai Auto Zone will consist of a free zone to attract foreign direct investment, a specialized economic zone to cater to the GCC market, and a retail zone to serve the local market.

Jafza is home to hundreds of companies from the auto industry involved in assembly and trade of heavy machinery, automotive, spare parts, tires, batteries, electrical equipment and other products.

However, due to the high demand in the auto industry, Dubai Auto Zone has been created to accommodate the growing market – according to a Jafza statement.

Two private sector projects worth a total of Dh8.84 billion announced in Abu Dhabi will create a combination offshore automobile and tourism complex and the region's first automobile hub respectively.



The first project, the US\$2 billion (Dh7.34 billion) AutoPolis, is to be built on an island near Abu Dhabi. Autovention will contain showrooms, office complexes and other commercial facilities. Autovention will give AutoPolis visitors a chance to test drive cars. The second project, the Dh1.5 billion Autohub, will be set up at Mussafah Industrial City. It will cluster automobile operators, distributors, manufacturers and auto-related industries.

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