Europe Car Sales Heading for 20-Year Low on German Slide

European car sales are sliding to a 20-year low after German concerns over the ongoing debt crisis sent demand plunging last month in the region's biggest economy and removed the main buffer protecting automakers.Registrations in March fell 10 percent to 1.35 million vehicles, the 18th consecutive monthly decline, with Germany's auto market plummeting 17 percent, the Brussels-based European Automobile Manufacturers' Association, or ACEA, said today in a statement. First-quarter deliveries in the region dropped 9.7 percent to a record low 3.1 million cars.Volkswagen AG (VOW3), Bayerische Motoren Werke AG (BMW) and Daimler AG (DAI), which last year shrugged off Europe's decline, are forecasting unchanged 2013 earnings as investor and consumer confidence fall in their home country. A recession stemming from the debt crisis, which reared back up last month with a rescue for Cyprus, has led to 12 percent unemployment in the 17 countries sharing the euro, the highest since records began in 1995."The car boom in Germany has come to an end" said Hans- Peter Wodniok, an analyst at Fairesearch GmbH & Co. "People have stop buying cars as consumers are much less confident of the future, especially after the latest decision on Cyprus."Volkswagen declined as much as 2.4 percent to 142.29 euros and was down 2.2 percent as of 11:01 a.m. in Frankfurt trading. BMW fell as much as 2.3 percent to 65.35 euros and was down 1.5 percent. Daimler was 0.8 percent lower.U.K. GainThe German car-sales drop was the steepest among Europe's five biggest auto markets, and compared with an 11 percent fall in February. The U.K., where sales increased 5.9 percent, overtook Germany in deliveries in March, according to the ACEA. Spain, Italy and France all posted declines."The western European passenger-car market is on track this year to hit levels last seen in 1993, and Germany seems to be in a free-fall," Max Warburton, an analyst at Sanford C. Bernstein Ltd. in Singapore, wrote in a report to clients yesterday. "While unit profitability in Germany is not nearly as high as China, it's still a critical driver of German carmakers' earnings and the current trend is quite disturbing."Deliveries at Wolfsburg-based VW, the regional market leader, dropped 9.3 percent, with the namesake brand posting a 15 percent decline. BMW (BMW), the world's biggest luxury-car producer, sold 4.7 percent fewer vehicles in Europe last month.Daimler DropsDaimler (DAI) posted a 1 percent European sales decline, with registrations at the two-seat Smart division dropping 16 percent and demand at Mercedes rising 0.8 percent. Daimler, which has said first-quarter profit will fall, plans to update 2013 forecasts this month once it assesses a European market that it has said shows no signs of recovery.European sales at Paris-based PSA Peugeot Citroen (UG), the region's second-biggest carmaker, and Dearborn, Michigan-based Ford Motor Co. (F) dropped 16 percent."A recovery in the second half looks a little less likely," Stephen Odell, Ford's European chief, said in an interview today on Bloomberg Television, adding that sales in the region after the first quarter are at the low end of the automaker's forecast.Ford and Peugeot are among auto manufacturers planning job cuts and factory shutdowns in Europe in coming years in response to the vehicle-market decline. Detroit-based General Motors Co. (GM) is scheduled to close one of its Opel brand's five car plants in Germany next year.Getting Worse“Ongoing difficulties have led to lower-than-expected industry sales during the first three months,” Allan Rushforth, head of Seoul-based Hyundai Motor Co. (005380)’s European business, said in an e-mail. “We anticipate this trend will continue through the second quarter, before an improvement in consumer confidence helps to push up sales in the second half.”Full-year car sales across Europe may fall as much as 7 percent, according to Peter Fuss, a partner at Ernst & Young consulting company’s Global Automotive Center in Frankfurt.Business confidence and an index of consumers’ willingness to buy fell in Germany last month following a botched bank bailout in Cyprus. The International Monetary Fund reduced its global full-year economic-growth forecast yesterday, predicting the euro area will contract 0.3 percent compared with a 0.2 percent decline foreseen early this year.“The market is getting worse day by day and, for the first time, I can’t see the bottom,” Fiat SpA (F) CEO Sergio Marchionne told reporters at the carmaker’s annual meeting on April 9. A decline in European sales “would be worse than the forecasts we indicated in January as our base for 2013 targets.”GM DropsGM’s European sales fell 13 percent in March, led by a 28 percent drop at the Chevrolet brand. Sales at GM’s Opel and Vauxhall divisions declined 10 percent. Among Asian carmakers, sales in Europe plunged 17 percent at Toyota Motor Corp. (7203), the world’s biggest auto manufacturer, and 10 percent at Hyundai (005380).Renault SA (RNO) posted a 9.7 percent drop in European deliveries. The manufacturer, based in the Paris suburb of Boulogne-Billancourt, is introducing the Captur multipurpose vehicle this month in an effort to revive demand.European sales by Turin, Italy-based Fiat (F) fell 1.2 percent because of declines at the Lancia, Chrysler and Alfa Romeo divisions. The namesake Fiat brand posted a 7.7 percent increase after introducing the 500L wagon. The new model helped slow the industrywide sales drop in Italy to 4.9 percent in March from a 17 percent plunge in February. Last month’s figures were also helped by a comparison with a year earlier, when a nationwide truckers’ strike halted deliveries.Bloomberg