

## **German car sales plunge as Europe's auto crisis deepens**

New car sales in Germany fell by more than 10 percent year-on-year in February, signaling the crisis for Europe's auto makers is deepening as recession-hit consumers curb spending.

The data, which comes as executives gather for Wednesday's opening of the Geneva Car Show, follows an 8.5 percent decline in new car registrations in Europe's largest economy in January.

Demand for cars in Europe has been hit hard as disposable incomes have been squeezed by rising prices, subdued wages and government austerity measures.

New car sales in the region dropped to a 17-year low in 2012.

The U.S. market, in contrast, has bounced back in recent months amid signs of a brightening economy there, while Asian markets have generally remained robust. U.S. car sales rose nearly 4 percent in February.

Speaking ahead of the industry meeting in Geneva, the sales chief of General Motors' (GM.N) Opel brand said car sales for the whole of Europe might fall by as much as 10 percent this year.

Until recently, industry executives have been penciling in a decline of around 3-5 percent for Europe's car market in 2013. The market shrank 7.8 percent last year.

Germany, Europe's biggest car market, held up better than its neighbors in 2012, thanks to a more resilient economy and the strength of Volkswagen VOWG.p.DE and BMW (BMWG.DE), whose success in United States and Asian markets has allowed them to fund discounts for cash-strapped Europeans.

Germany continues to outperform markets such as France and Italy, where car registrations tumbled 12 percent and 17 percent respectively in February.

But the country's auto market has deteriorated recently, with its economy shrinking in the fourth quarter of last year by more than at any time since the height of the 2009 financial crisis.

VW, Europe's biggest car maker, last month scaled back its 2013 profit forecast.

Germany's VDIK association of car importers said on Monday new car registrations fell to about 200,000 vehicles in February, taking the total for the first two months of the year to 392,000.

German car sales fell 2.9 percent in 2012, including a 16 percent drop in December.

(Additional reporting by Irene Preisinger; Writing by Mark Potter; Editing by David Cowell)