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01.08.08

Western Europe

Has diesel demand peaked?

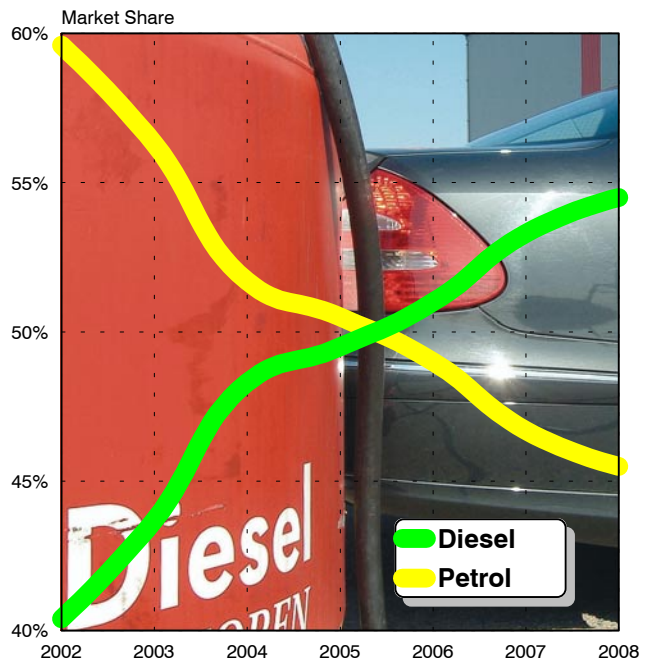
Diesel bandwagon, now confronted by fuel price parity, has slowed but not stopped

EVEN though Europe's diesel car market is still growing at a pace which puts other sectors to shame, it would be far to simplistic and optimistic to suggest that Europe's long-booming market for diesel cars - clearly replacing petrol-powered cars as consumers' 1st choice - is set for a totally untroubled 2008 and 2009. That's chiefly because one of the diesel market's main pillars of strength, a traditional lower pump price for lower-taxed diesel fuel, has now clearly started to wobble.

That's chiefly because in many of Europe's markets such as Germany the commercial fortunes of diesels remained closely tied to the traditional pump price advantage of diesel fuel. Significantly, the steep and disproportional recent rise in the price of diesel fuel, resulting in previously unfamiliar price parity in many European markets, almost wiped out overnight one of consumers' psychological prime reasons for buying a diesel powered car in the first place.

There are some who believe that these recent developments on the headline-grabbing fuel price front, fuelled above all by the steep disproportional price hike from diesel fuel, are potentially capable of

Western Europe
Diesel v Petrol Passenger Car Sales



AID Graph 08/71

Note: 2008 = AID "Diesel Car Prospects to 2013"

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