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Lifan will start production in SEZ Lipetsk in 2017

26.11.2014 / TASS

Ministry of Economic Development of Russian Federation approved Lifan's application for a new passenger car assembly plant in Special Economic Zone in Lipetsk. It is planned that the project designing will be completed in January 2015 and the start of production will be in summer 2017.

Planned Lifan models are: Sedan 650, 730, 820 and SUV X40, X50, X55, X60. In the first phase planned investment amount is 300 million USD and the planned annual production capacity is 60 thousand units.

In 2013 Lifan sold 27 thousand cars in Russia. Company's 2014 sales target is also 27 thousand cars.

AVTOVAZ has acquired VMZ machine building plant

25.11.2014 / Avtostat

AVTOVAZ has acquired Volga Machine Building Plant (VMZ). The company president Bo Anderson has made the following statement:

“The partnership of AVTOVAZ and VMZ has a strategic character. We will start the production of five new models within the next three years. We need press-work, die sets and equipments, in order to achieve this goal. An order in the amount of 1 million rubles has already been placed with VMZ.”

VMZ supplies AVTOVAZ with necessary components for automobile assembly and technological equipments. The company also takes part in the production preparations for Lada Vesta, which will be manufactured in Izhevsk. The production of the model will start in September 2015.

On the other hand, AVTOVAZ, which makes engine assembly for models designed on B0 platform, has plans to manufacture engine components in the near future. The company intends to manufacture crankshafts, cylinder blocks and block headers for the new 16 valves 1.6 lt. H4 engines, itself. The production of the aforementioned components is expected to start in Spring 2015.

Special purpose light commercial vehicles will be assembled on GAZ bodies in Crimea

24.11.2014 / RBK

The president of Crimean Republic: Sergei Aksyonov has announced GAZ Group's plans to start LCV assembly in the region. GAZ Group press office has identified the project to RBK as: the assembly of light commercial vehicles on GAZ bodies in cooperation with the local companies. In addition, the company is planning to open sales and service points in Crimea soon. Aksyonov has added that GAZ will participate in public special purpose vehicle -ambulances etc.- supply programmes.

Renault has discontinued the production of the first generation Sandero

25.11.2014 / Za Rulyom.RF

Moscow based Renault Russia factory has discontinued the production of the first generation Sandero hatchback. The model was being manufactured since the end of 2009.

A Renault representative has told Za Rulyom.RF portal that the production of the first generation Sandero has been discontinued in Moscow, once the Tolyatti based AVTOVAZ factory reached the planned production capacity for Sandero and Logan models. According to the information given by the representative, the company has manufactured more than 190,000 Sandero in Moscow.

Renault Russia factory is currently working on allocating space for new models in the production line and other preparations. The company has not revealed the names of the new models.

The current models manufactured at the factory with an annual production capacity of 180,000 automobiles are as follows: Renault Duster, “old” Logan, Fluence, Megane and Nissan Terrano. Renault has invested €500 million in its Moscow factory up to today.

St. Petersburg automobile market will shrink by 10% this year

25.11.2014 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 152,753 new cars and light commercial vehicles have been sold in St. Petersburg within the first ten months of the year (-9%). The October sales figure is 15,604 (-11%). During the previous three months, the sales had shrunk by over 15% consecutively.

Renault has become the sales leader in October with 1721 vehicles (+21%). This is the highest ever sales figure achieved by the company in St. Petersburg, on a monthly basis. KIA occupies the second place with 1499 vehicles (+13%). Lada has become the brand with the highest increase rate in sales in October (1219 vehicles). The brand had reached such a sales volume two years ago, for the last time. The share of St. Petersburg within the Russian market was 7.7% in January-October period.

Auto-Dealer-SPb officials underline the fact that the brands with positive sales dynamics are almost totally different from the brands, which achieved the same thing during the first half of the year. The government promoted utilisation programme has played a great role in this aspect. Brands with wide product ranges such as: Volkswagen, Skoda and Nissan had managed to increase their sales during the first half of 2014. Toyota has become the only brand which achieved to increase its sales steadily, all year around.

The agency officials state that the utilisation programme did not suffice to pull the market to plus values, however slowed the shrinkage down. Auto-Dealer-SPb predicts that the market will close 2014 with a 10% shrinkage rate.

Russian car dealers: “Our western partners are planning to reduce sales by 30%”

24.11.2014 / Kommersant

The sectoral experts predict that a third of Russian car dealers may face bankruptcy next year. Officials from Russian Car Dealers Union have told Kommersant FM that some players will have to leave the market, due to the shrinkage in the market. According to the dealers, the sector is in need of government subsidies.

The vice president of the union: Andrei Patrenko has said the following: “The volatility of ruble is very strong. Prices of the components will rise, as well as the automobiles. Our western partners are planning to reduce sales by 30%. This is in fact the most pessimistic prediction, in the absence of government subsidies. A support, in the form of induced credit, is an option for example.”

Vector Market general director: Dmitriy Chumakov shares the prediction that the number of dealers will decline, however doubts that the decline will be as high as 30%. According to Chumakov, more probably the dealers in relatively better positions will continue their trade by acquiring the less fortunate ones.

AEB predicts a 12% shrinkage rate for Russian automobile market this year, with 2.5 million vehicles.

Ernst & Young: “Russian automobile market will resume its growth in 2016”

24.11.2014 / Izvestiya

Ernst & Young predicts a 5%-6% growth in Russian automobile market for the year 2016. The company foresees a shrinkage between 7%-10% for the following year, on the other hand.

Ernst & Young analysts share the view that the Russian market has not reached the saturation point yet. For example, in comparison with the 400 automobiles per 1000 people in East European countries, this ratio is 300/1000 in Russia.

Company analyst Andrei Tomishev has stated that the ratio of new car sales to the number of scrapped vehicles is also taken into the equation during the prediction process, besides automobile saturation. In the event of major financial and economic uncertainties, the consumers tend to hold on to their existing automobiles and wait for the right time for new purchases. In times of growth, the aforementioned parameter is: one scrapped vehicle for two new automobiles in Russia. Tomishev has stated that this ratio will be reached again in 2016.

Russian vehicle park is amongst the top-five in the world

24.11.2014 / AutoBusiness Review

According to Avtostat data, Russia hosts the fifth biggest vehicle park in the world, with 45.6 licenced vehicles. USA is at the top of the list with 251,5 million vehicles. China and Japan are ranked second and third, with 109 million and 76.1 million, respectively. Germany occupies the fourth spot with 46.5 million.

The analysts draw attention to the fact that Russia has overtaken Italy, France and Great Britain in recent years, due to high sales volumes and low scrap rates. Russia has one of the oldest vehicle parks in the world, on the other hand. 56.8% of the vehicles in the country are over ten years old. Also according to Avtostat data, Russia is ranked 52nd in the world in automobile market saturation. There are 317 automobiles per 1000 people in the country.

GM will start the production of Escalade and Tahoe in St. Petersburg in 2015

24.11.2014 / AutoBusiness Review

General Motors Russia administration has announced that the production of Cadillac Escalade and the new generation Chevrolet Tahoe models will start at St. Petersburg factory from 2015 onwards. The company has stated that 6.2 lt. V8 engines will be used in both models.

The sales prices of Cadillac Escalade and Chevrolet Tahoe will start from 3.5 and 2.8 million rubles, respectively. The vehicles are expected to be put on the market during the first quarter of the year. The total sales figure of the two models has exceeded 1000 by the end of the first ten months of 2014.

GM Auto, which commenced operations in 2008, currently manufactures Chevrolet Cruze, Chevrolet TrailBlazer and Opel Astra models. The annual production capacity of the factory is 98,000 vehicles.

Automobile prices may rise between 10%-25% in Russia in 2015

20.11.2014 / Avtostat

According to the assessment of Avtostat, in the event of stable exchange rates, an average increase of 10%-15% may be expected in automobile prices in Russia next year. The estimated increase rate for imported automobile prices is within the 20%-25% interval, on the other hand.

Many manufacturers have announced changes in automobile prices in recent days. Renault, being one of those, has marked up the prices of Logan, Sandero and Duster by approximately 10-13,000 rubles. BMW has also announced a price increase of 10% on all models in Russia, from December onwards.

Bridgestone Russia will commence operations in summer 2016

21.11.2014 / Avtostat

Bridgestone Tyre Manufacturing C.I.S. general director Hiromi Tanigawa has announced that the rubber plant, which is being constructed in Ulyanovsk region, will commence operations in Summer 2016.

Tanigawa has made the following statement: “We are planning to transfer the production equipments as of the beginning of 2015. The production will start during the first half of 2016.”

The general director has added that the factory will have a daily production capacity of 12,000 tyres. 800 people are expected to be employed at the factory, which will reach its full capacity in 2019.

As one may remember, an agreement proposing the establishment of a tyre factory had been signed among Bridgestone Corporation, Mitsubishi Corporation and Ulyanovsk Regional Administration in April 2013.

Russian car production has shrunk by 24% in October

19.11.2014 / Rosstat

According to data published by the Russian Federal State Statistics Service: Rosstat, 1.4 million automobiles have been manufactured in the country within the first ten months of the year (-8.2%). The October production figure is 100,000 (-23.9%).

The decline in truck production is even sharper. The truck production figure for the first ten months of the year has been announced as 127,000 (-24.2%). 14,000 trucks have been manufactured in October (-41.1%).

Finally, 34,100 buses have been manufactured in the country during the January-October period (-20.7%). The number of buses manufactured in October is 4500 (-14.8%).

GM has denied the rumours on the closure of St. Petersburg factory

17.11.2014 / Avtostat

The management of General Motors Russia has strongly denied the rumours, speculating about the closure of the St. Petersburg factory due to political reasons. The press secretary of the company Sergei Lepnuhov has made the following statement: “Russia is a market with a strategic importance for us. We have faith in the future of this market. Models with strategic importance for the company such as: Opel Astra and Chevrolet Cruze are being manufactured at St. Petersburg factory. We have been working on a single shift since the 5th of November, however the factory is still active and everything is under control. We have not announced our production plans for 2015, because we might make adjustments in production, in accordance with the demand.”

New car and LCV sales have shrunk by 9.9% in Russia in October

13.11.2014 / OIB Russia

According to data published by the Association of European Businesses (AEB), 211,365 new cars and light commercial vehicles have been sold in Russia in October. This is equivalent to a 9.9% drop year-on-year. With the inclusion of October figures, the number of vehicles sold within the first ten months of the year has reached 1,991,312 (-12.7%).

The Chairman of AEB Automobile Manufacturers Committee has made the following comment: "Market performance in October was far from perfect, however a step forward compared to the very weak results in recent months. The reason behind the relative improvement is the combined effect of the scrappage incentive supporting the sales of domestic models and the sharp decline of the Ruble, raising the short-term demand for imported models. The stimulating impact of these two factors will be only temporary, but for now appears to be carrying sufficient momentum to deliver a further improvement in the market sales statistics for November".

Russian Ministry of Industry and Commerce predicts 1.5% growth in automotive in 2015

12.11.2014 / TASS

Russian minister of Industry and Commerce Denis Manturov has stated that the country's automotive sector is predicted to grow by 1.5% next year. According to the minister's most optimistic prediction for this year, 2013 figures will be kept with the help of the utilisation programme.

Manturov has added that there are ongoing negotiations about increasing the finances allocated for the utilisation programme and a final decision will have been taken on the subject by the end of November. As of today, 115,000 vehicles have been sold within the frame of the programme. The minister has stated that limitations will be brought to the usage periods of commercial vehicles in order to support the automotive sector, transport tax will be replaced by environmental tax and purchase of gas engine vehicles will be promoted.

Prices of 24 brands have changed in November

10.11.2014 / Avtostat

According to Avtostat survey, prices of 24 brands have changed in Russia in November. Despite the general tendency, where prices fall towards the year-end, this year many brands have increased their prices. The experts have stated that such an increase was expected and drawn attention to the high dependency on imports, still felt in the automobile market. Relevant to the political situation the country is in, dollar is gaining value against the ruble (as of today \$1 = 48.8 rubles). The rise in dollar is expected to continue, since the Central Bank has refused currency inflows to support the ruble. While the rates of increase in prices have remained between 0.1%-0.3% at some brands (Range Rover), brands such as Infiniti have pulled up their prices by 9.9%-10.2%. Some Chevrolet models, on the other hand, have increased by 18.6%-19.2%.

Russian automobile imports have fallen by 20% during the January-September period

11.11.2014 / Avtostat

According to data published by the Federal Customs House (FTS), the number of automobiles imported to Russia has fallen by 19.7% year-on-year by the end of the first nine months, with 537,900 vehicles (27,300 from the CIS countries). The monetary value of the aforementioned imports has been calculated as \$10.256 billion (CIS - \$210 million).

The number of imported trucks has also declined by 19.6% during the same period, with 50,600 (2000 from the CIS countries). The monetary value of truck imports is equivalent to \$1.6354 billion (CIS - \$249 million).

Russia has exported 96,300 automobiles during the January-September period, on the other hand (+1.6%). During the period, Russia has generated \$1.111 billion from automobile exports. 93,000 out of the aforementioned amount have been exported to CIS countries (\$1.068 billion).

The truck export figure of Russia, by the end of the first nine months, is 14,900 (-16.3%). The monetary value of the truck exports has been calculated as \$339.9 million. The total figure includes the 11,600 trucks exported to the CIS countries (\$222.8 million).

Daimler has increased its share in KAMAZ to 15%

07.11.2014 / Vedomosti

German car manufacturer Daimler has purchased 4% more shares of KAMAZ and increased its participation in the Russian truck manufacturer to 15%. The 4% share purchased by Daimler was previously held by the European Bank for Reconstruction and Development (EBRD).

Prior to the purchase, the share distribution at KAMAZ was as follows: public corporation Rosteh - 49.9%, Avtoinvest Limited - 24.53%, Daimler - 11%, Kamaz International Management Co. - 4.25%, EBRD - 4% and Decodelement Services Limited - 2.73%.

The German car manufacturer had become a shareholder at KAMAZ for the first time in 2008, following the purchase of 10% shares from Troyka Dialog for \$250 million.

Daimler has made a loss of €1 million from its participation in KAMAZ, during the first three quarters of the year. The profit generated by the company from the partnership was €12 million during the same period of the previous year, on the other hand.

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