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Russian automobile imports may shrink by 50% in 2015

22.12.2014 / Vedomosti

Avtostat executive director Sergei Udalov have told Vedomosti that the automobile imports of Russia may reduce to half in 2015 year-on-year, due to factors such as: the depreciation of the rouble, the decline in the purchasing power of the consumers and the new domestic models to be introduced to the market. The Russian Car Manufacturers Union executive director Igor Korovkin and the chairman of the Russian Car Dealers Union Vladimir Mozhenkov are of the same opinion. According to the prediction of Udalov, the year-end import figure will be between 500-600,000 vehicles (-23%-28%). The figure is expected to remain somewhere between the 280-300,000 vehicles interval, by the end of 2015.

Udalov, Mozhenkov and officials from two major car manufacturers foresee the total shrinkage rate in the market as 35% for the year 2015 (1.5 million vehicles).

The collapse of rouble continues to unsettle the Russian automobile market

22.12.2014 / OIB Russia

Renault-Nissan partnership has announced that they have stopped taking orders on several models. As one may remember, Nissan had increased Russia prices by 2-3% in the beginning of the month and by 3-5% on 17 December. A Renault representative has told RBK that new supplies have been suspended until the depletion of the current stocks. Renault Russia factory will not operate between 11 December - 11 January

Kaluga Volkswagen factory will not be operating until the end of the new year holidays; in other words until 12 January; either. The factory officials had previously announced that the production would continue as usual, last week.

Kommersant newspaper has written that KIA Motors Rus company has stopped supplying the dealers with automobiles which are already paid for, due to the price uncertainty as a result of the sharp decline in the rouble. Amongst other news, Sberbank has stopped the admission of new car credit applications.

Mubea has started the construction of a factory in Togliatti

22.12.2014 / Avtostat

German supplier Mubea has started constructing a factory in Togliatti Special Economic Zone. The factory, which will manufacture suspension system coil springs for automobiles, is expected to commence operations in 2016. The facility has been established with an investment of 700 million rubles and will employ approximately 100 people, once it reaches full capacity.

Production of foreign brand automobiles has stopped in Russia

18.12.2014 / Izvestiya

The collapse of rouble and the falling demand have compelled the manufacturers to stop production. According to Izvestiya newspaper, Kaluga based PSMA Rus factory has stopped production as of yesterday. The production at the factory is expected to start after the new year holidays. Vsevolozhsk Ford Sollers factory has also stopped production partially. Renault, on the other hand, has announced that although the production has been suspended at Moscow factory, the second generation Logan and Sandero are still being manufactured in Togliatti. Renault Moscow factory will resume operations on 11 January. GM is getting ready to lay off staff, according to news. However, production continues at the factory. Kaliningrad based Avtotor is another factory, which suspended production. The factory will remain closed until the end of January, due to cleaning, maintenance and equipment assembly works, as well as the situation the market is in. Officials from Nissan, Toyota, Sollers, Derways and Hyundai plants have told the newspaper that although the production continues, the production numbers of some models are being reviewed.

The sectoral analysts state that the factories have suspended production, due to the negative sales forecast for January. Accordingly, the companies need time to set production targets for the year 2015.

Volkswagen will continue Audi assembly in Kaluga in 2015

18.12.2014 / Za rulyom

Volkswagen Group plans to continue Audi assembly at its Kaluga plant next year. The relevant statement has been made by the VW representative. The assemblies of Audi Q3, Q5, A6, A7 and A8 models are being made in Kaluga factory, where Volkswagen Tiguan, Polo sedan and Skoda Rapid are manufactured.

Company had previously announced an annual assembly capacity of 10,000 Audi vehicles. The factory's Audi production target for the next year has not been announced yet. 31,031 Audi have been sold in Russia during the January-November period of 2014 (-8%).

Foreign brand car sales have stopped in Russia

17.12.2014 / Kommersant

According to Kommersant, several major dealers in Russia have stopped the sales of foreign brand vehicles, due to the collapse of the rouble. One of the dealers speaking to the newspaper has shown the lack of decision on choosing the currency to fix the prices on, as the reason behind the current situation. Furthermore, according to recent news, several manufacturers, such as: Jaguar, Land Rover, BMW and Nissan have stopped the supply of automobiles, due to the uncertainty experienced. Dealers speaking to the newspaper have told that they expect the situation to become clear within the forthcoming days.

Russian car production has shrunk by 27.1% in November

16.12.2014 / Avtostat

According to data published by the Russian Federal Statistics Service: Rosstat, 1.6 million automobiles have been manufactured in the country within the January-November period (-10.3%). The November production figure is around 200,000 vehicles (-27.1%).

AVTOVAZ has started the test production of Lada Vesta in November. The model will be manufactured at IzhAvto factory, established in Izhevsk. The production of new Camry has started at Toyota St. Petersburg factory and KIA Cerato at Kaliningrad Avtotor factory in November. GM has transferred the production of Cadillac CTS, ATS and SRX models from Avtotor to St. Petersburg. Moscow based Renault Russia factory has discontinued the production of the first generation Sandero hatchback model. The new generation of the model is being manufactured by AVTOVAZ. GAZ factory, which manufactures Chevrolet Aveo for GM, will operate four-days-a-week between 14.11.2014 - 13.05.2015, due to the shrinkage in the market.

According to Rosstat data, 139,000 trucks have been manufactured in Russia during the January-November period (-25.8%). November truck production figure is 14,000 (-38.6%).

KAMAZ had previously shifted to four-days-a-week working regime, due to the shrinkage in the truck market. The factory will maintain this regime at least until the year-end. Volvo Group has started cabin production right next to its Kaluga plant in November. The annual production capacity of the project has been announced as 15,000 cabins.

The number of buses manufactured in Russia within the January-November period has been declared as 38,300 (-20.6%). The production figure for November is 4200 (-19.1%).

Ford Otosan will manufacture trucks in Russia

10.12.2014 / OIB Russia

Turkish truck manufacturer Ford Otosan has signed a memorandum of understanding with Avtotor Holding, proposing cooperation in truck and tow truck production in Russia. According to the statement made by the company, a memorandum of understanding has been signed with Avtotor Holding, proposing cooperation in the production of Ford Cargo trucks and tow trucks, developed by Ford Otosan engineers at Eskisehir Inonu factory Turkey, in Russia.

In accordance with the agreement, Ford Cargo truck and tow truck models will be manufactured at Kaliningrad Avtotor factory in the northwest of Russia, to be sold in the Russian market. The production of the aforementioned vehicles is planned to start towards the end of December 2014.

Russian government is renewing its strategy in the automotive sector

11.12.2014 / Vedomosti

Russian prime minister Dmitri Medvedev has instructed the ministries of industry and commerce, economic development and finance to redevelop the country's strategy in the automotive sector, in cooperation with the actors within the automotive market. The prime minister demanded the new strategy to be prepared within a year. The automotive development strategy, which has been updated once in 2013, since coming into force in 2010, will be valid until the year 2020. The new strategy is expected to remain in force until 2030.

A source from within the sector has made the following comment on the developments to the Vedomosti newspaper: "As car manufacturers, the revision of the development strategy was one of our main expectations from the government, alongside market support. We are glad that they have heard our voice".

The source draws attention to the fact that the strategy had been developed in 2010, when the market was growing, however the sales have been on the decline since 2013. A representative from the ministry of economic development shares the opinion that the strategy is out of date already. The official states that the current strategy allows for neither long term government support nor resource allocation to finance such support.

The prospect of uncertainty from the year 2020 onwards, following the discontinuation of the subsidies implemented within the frame of the industrial assembly regime, is the key problem. The source from within the sector has identified this situation as the main obstacle before long term planning. Representatives from Avtostat and PwC, who spoke to Vedomosti, are of the same opinion. A Ford Sollers representative has also stated that they would like to know the government's view about the future of the sector.

Major manufacturers operating in Russia had signed the industrial assembly regime agreement, which enabled low-tariff or completely customs-free component imports, on condition that a certain production capacity (350,000) and localisation rate (60%) are achieved. The aforementioned regime will remain in force until 2020. According to the analysts, the manufacturers are looking for assurances on the continuation of government support to the sector beyond 2020, in order to keep up the investments.

Localisation rate has reached 30% at Toyota St. Petersburg factory

04.12.2014 / Avtostat

Toyota St. Petersburg factory, which started manufacturing Toyota Camry on 05.11.2014, has launched its new press and plastic component production shops. Thereby, the factory has increased its localisation rate to 30% in production. The company is planning to increase the annual production capacity of the factory to 100,000 automobiles from the current figure of 50,000, until the end of 2015. The factory will start manufacturing the RAV4 model in 2016. A new investment in the amount of 16 billion rubles will be made in the factory during the same year, creating 800 new jobs.

Automobile imports have fallen by 20.3% in Russia within the January-October period

09.12.2014 / Avtostat

According to data published by the Russian Federal Tariff Service, the number of automobiles imported to Russia has fallen by 20.3% year-on-year by the end of the first ten months of the year, with 595,700 vehicles. The monetary value of the aforementioned imports is \$11.5273 billion.

54,700 trucks have been imported to the country within the first ten months of 2014 (-12.5%). The monetary value of the truck imports is \$1.7733 billion.

Russia has exported 105,300 automobiles during the January-October period (-2.7%). In monetary terms: \$1.2208 billion. 101,800 of the automobiles have been exported to the CIS countries. The truck exports have fallen by 12.6% during the first ten months, with 18,100 vehicles (\$389.9 million). 14,300 of the vehicles have been exported to the CIS countries.

Nissan has started the production of the new X-Trail at St. Petersburg factory, following capacity increase

09.12.2014 / Avtostat

St. Petersburg based Nissan factory has started the production of the new Nissan X-Trail model today. The model will be put on the market from 2015 onwards. Nissan continues working towards capacity increase and localisation, in the meantime. Again today, the annual production capacity of the factory has risen to 100,000 vehicles from 50,000, with the introduction of a second line. The company has spent €167 million on capacity increase. The new capacity has enabled the factory to increase the number of simultaneously manufactured models from three to five.

Nissan is expected to push the localisation rate up to 45% in near future. The current rate is 39%. Within this frame, Nissan and Japanese Unipres have agreed to establish a components factory within the premises of the St. Petersburg plant.

The general director of the factory Dmitri Mihailov has made the following comment on the subject: "We have started manufacturing three new models this year: the new Teana in March, Pathfinder in August and the new X-Trail today. The production of the new Qashqai will start within the next few months. None of these would be possible without a significant increase in the production capacity of the factory and organisation of new processes."

Russian automobile market has shrunk by only 1.1% in November

08.12.2014 / OIB Russia

According to data published by the Association of European Businesses (AEB), 229,439 new cars and light commercial vehicles have been sold in Russia in November. The year-on-year market shrinkage rate is only 1.1%. Thereby, the number of vehicles sold in the country has reached 2,220,751 by the end of the first eleven months of the year (-11.6%).

Nine of the top-ten best-sold models of November are manufactured in Russia. The chairman of AEB Automobile Manufacturers Committee: Joerg Schreiber has made the following comment: "Under unusual circumstances, unusual things are happening: November month result exceeds October result, and total sales in November are almost at the same level as last year. Retail demand has been extraordinary in recent weeks, helped by government subsidies and consumers rushing to get ahead of widely anticipated new year price increases. The outlook on December sales is rather promising as well, raising the prospect of a decent closing of a difficult year for the Russian car market".

The detailed sales figures are available on [AEB website](#)

Renault-Nissan and AvtoVAZ unite purchase

04.12.2014 / Vedomosti

Avtovaz has approved the sale of 50% shares of the company under the name of Joint Purchasing Organisation (SZO) to Renault-Nissan. 49% of the shares will be held by Renault-Nissan Purchasing Organisation and 1% by Renault.

According to Vedomosti, SZO has become the first stage in uniting the purchasing operations of components and equipments to be used in automobiles manufactured in Russia. This way, the partners expect to lower the purchase prices by increasing purchase amounts. According to the former procedure, SZO used to make negotiations with the suppliers, however the purchase agreements were being made by the car manufacturers themselves. The news sources inform that Avtovaz will also have a share in the purchasing company, named Avtovaz Renault Nissan Purchasing Organisation (ARNPO). The new organisation is expected to commence operations as of early 2015.

According to Avtovaz sources, the company spent 90 billion rubles on purchases from Russia based suppliers in 2014. As analysed by VTB Kapital, the amount spent by the company on parts and components imports is over 100 billion rubles.

Russian government is getting ready to bring age limits to trucks and buses

04.12.2014 / Kommersant

Russian Ministry of Industry and Commerce has submitted the law draft, bringing age limits to trucks and buses, to the government. In case the draft passes, the new regulations will come into force in July 2015. The law, which proposes a maximum age limit of 12 years for a series of vehicle groups, is expected to have a positive impact on sales.

According to government data, 46% of commercial vehicles in the country are over 15 years of age and 31% over 20 years. While 78% of 5+ tonnes trucks are over 15 years of age, the ratio is 44% for buses.

According to the draft, the age limits will be applied gradually. The upper age limit for 5+ tonnes buses with 8-passenger capacity will be pulled down to 18 years in 2015, to 15 in 2017 and to 12 in 2018. Buses with heavier tonnages over 25 years of age will be scrapped in July 2016. The upper limit will be reduced to 15 years for these buses in 2018. A total number 36,000 buses are expected to be affected by the implementation.

3.5+ tonnes trucks over 18 years of age will be barred from traffic in 2016 (30,000 vehicles). The usage of trucks over 15 years of age will come to an end in 2017 (57,000) and over 12 years in 2018 (97,000). Out of the trucks weighing between 3.5-12 tonnes, the ones over 20 (30,000 vehicles), 18 (10,000) and 15 (14,000) years of age will be barred from traffic in 2016, 2017 and 2018, respectively. The upper age limits to be set for 12+ tonnes trucks during the course of the aforementioned years are 28 (7700 vehicles), 26 (10,900) and 25 (8900) years.

In the event of violation of the law, legal and private persons will be subject to penalties between 30,000-200,000 rubles.

According to Avtostat data, 59,300 trucks (-17.5%) and 84,400 light commercial vehicles (-21%) have been sold in Russia within the first eight months of 2014. 3600 buses have been sold during the first half of the year, on the other hand (-37%).

Martur will manufacture seats in Ulyanovsk

03.12.2014 / NAPI

Turkish seat manufacturer Martur and Ulyanovsk regional administration have signed an agreement, proposing the establishment of a car seat factory in the region. The factory will invest €5 million in the factory, which is expected to commence operations in October 2015. According to the predictions, Martur will supply Avtovaz in Togliatti and Renault Moscow factories with the seats manufactured in Ulyanovsk.

Russian government has increased the budget for the utilisation programme

03.12.2014 / Vedomosti

Russian government has increased the amount allocated from the budget for the automobile utilisation programme to 12.9 billion rubles. Thereby, it will be possible to sell an extra number of 30,000 automobiles, in addition to the initially planned 170,000 within the frame of the programme. The Minister of Industry and Commerce: Denis Manturov has announced the number of new vehicles sold within the frame of the programme as of 01 December as 146,000.

On the other hand, yesterday the Prime Minister Dmitri Medvedev has instructed the Ministry of Industry and Commerce to prepare a law draft, proposing the replacement of transportation tax with environmental tax and the support to federal regions during hybrid automobile purchases. A similar resource of 3.8 billion rubles had been allocated from the budget in 2014, to be used in gas engine bus and LPG vehicle purchases. Approximately 3 billion rubles will be spent on the same purpose next year.

Although hybrid models of Avtovaz, GAZ and KAMAZ exist, the vehicles are not manufactured serially. Avtostat director Sergei Udalov has told Vedomosti that despite being a current topic for big cities as an environmentally friendly form of transport, it seems unlikely that the hybrid automobiles will gain popularity in near future, due to their high price tags.

Ford Sollers has opened the modernised Nabrezhnye Chelny factory

03.12.2014 / Avtostat

The third factory of Ford Sollers in Russia has resumed operations following a modernisation process. The annual production capacity of the factory, established in Naberezhnye Chelny, is 115,000 automobiles. The factory has 1200 employees.

Ford Sollers CEO Ted Cannis has stated that the factory is fully modernised. According to Cannis, the welding shop has been renewed alongside the whole infrastructure and the capacity of the paint shop has been increased, within the scope of the modernisation process. The company has spent \$400 million for the works. The factory will specialise in the production of B segment automobiles.

Ford EcoSport has become the first model to be manufactured. The production of the new Ford Fiesta Hatchback model will start next year, on the other hand. The COO of Ford Sollers: Adil Shirinov has stated that engine production will start for EcoSport in Tatarstan next year, towards meeting the company aim to increase the localisation rate.

Ford Sollers had previously announced plans to introduce six new models to the market in 2014-2015, five of which to be manufactured in Russia.

The number of car sales points in Russia has exceeded 4000

01.12.2014 / Kommersant

According to Avtostat survey, the dealer networks of companies are expanding, despite the shrinkage in the Russian market. With the addition of the 124 sales centres opened this year, the number of dealers in the country has reached 4075.

Chinese brands: Changan, JAC, FondFeng and Brilliance have opened over 100 sales centres in 2014. The dealer numbers of Chinese brands have increased by 30%, together with the brands operating in the Russian market for long time, such as; Lifan, Chery, Geely and Great Wall.

The number of premium segment car dealers has risen by 6% in 2014, from 437 to 465. In contrast with the declining number of BMW and Cadillac sales centres, new Jaguar (+8%), Mercedes-Benz (+4%) and Lexus (+4%) dealers have been opened.

The recession has affected the popular brands with high sales figures mostly. While ZAZ and Tagaz-Vortex-BYD have completely left the market, the sales centre numbers of Daewoo, FIAT and Hyundai have fallen by 41, 30 and 4, respectively. The total number of closures in this segment is 244. Despite the closure of 54 sales points, AVTOVAZ keeps its leadership in this field with 382 centres.

In conjunction with the developments, several companies choose to shift their sales to the premium segment. The executive director of one of such companies, GK Nezavisimost, Maksim Miskin has announced the discontinuation of Peugeot sales in Moscow, as of the end of October. Miskin has explained the logic behind the decision by drawing attention to the declining sales figures of the brand in the capital: -36.8% by the end of the first three quarters. On the other hand, the company has opened two new sales centres for Audi, Jaguar and Land Rover.

The president of GK Favorit Motors: Vladimir Popov states that the preparation process to launch a new sales centre takes at least a year, quite often prolonging to two or three years. According to Popov, the decision to open the sales points, which commenced operations in the middle of this year, was taken somewhere in 2012-2013, the years when sales had an upward tendency. Moreover, none of these companies forecasted such an high increase in dollar/euro versus ruble exchange rates.

Volvo Group has opened a cabin factory in Kaluga

28.11.2014 / Autostat

Volvo Group has opened its Kaluga factory, which will carry out cabin welding and paint operations for Volvo and Renault trucks, yesterday. The general director of the company Piter Andersson has drawn attention to the fact that Volvo Group are the pioneers in the field of cabin production in Russia, as a foreign truck manufacturer. The factory, which will employ 350 people, has been established right next to Kaluga Volvo truck and excavator factories. The investment amount has been declared as €90 million, for the facility with an annual production capacity of 15,000 cabins. 10,000 of these cabins will equip Volvo trucks and the remaining 5000 Renault trucks.

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