

### **Russia wants to promote electric car production**

30.04.2015 / Vedomosti

Eurasian Economic Commission will pull down the tariff rates implemented on the imports of parts and components used in electric car production and electric filling stations, manufactured outside the member states. According to Vedomosti newspaper, the Commission has already prepared a plan, in order to promote the production and usage of electric cars in the member states, for 2015-2017 period. The plan has been approved by the vice presidents of Russia, Kazakhstan, Belarus and Armenia, according to the report.

The decision to pull down the tariff rates on the imports of parts and components used in electric car production is expected to be taken during the 2015-2016 period. The aforementioned rates are around 5%-10% currently. The nullification of the rates is also on the agenda. It should be remembered that the imports of ready-to-use automobiles are exempt from customs duties in the member states, until the end of 2015. The hybrid automobiles are outside the scope of government support, on the other hand. However, the inclusion of components used in the production of hybrid automobiles is within possibility.

The officials hope that the reduction in tariff rates will encourage domestic production, which is currently in the beginning phase. The electric buses of KAMAZ and GAZ Group are being tested at the moment. AVTOVAZ, on the other hand, seems to be a few steps ahead of its rivals. El Lada electric cars, manufactured on the basis of Lada Kalina, have been on the market for a while. However, the figures are pretty small. The company has manufactured only 33 El Lada in 2014.

The Commission officials state that there are less than 1000 electric cars on the roads of the member states and 300 electric cars have been imported in 2014. Components such as: batteries and engines are generally imported for electric car production. The Eurasian Economic Commission's plan includes inducements on the establishment of electric filling stations as well.

### **Cellino has established a car component factory in Kaluga**

29.04.2015 / Comtrans.biz

Italian Cellino S.r.l affiliate SMK has opened its first production facility, which will manufacture car components in Kaluga. The factory will manufacture aluminium petrol tanks for trucks at the first stage. According to Comtrans.biz, the factory will produce steel petrol and oil tanks for cars and trucks and components and bonnet parts for pinions and chassis, in the forthcoming period.

€10 million have been invested in SMK, established on the premises of OAO Kaluzhskiy Dvigatel. 50 people will be employed in the facility, according to the plans.

### **The average automobile age is 12.4 in Russia**

30.04.2015 / Autostat

According to Autostat survey, the average automobile age in Russia is 12.4. The average age for foreign and Russian (and CIS origin) brands are 9.3 and 16.1 respectively.

The analysts draw attention to the fact that the Chinese brands form the youngest section of the automobile park, with an average age of 4.3. The Korean brands are 5.8, The Americans 7.5 and the Asians 8.7 years of age, in average. The oldest average age belongs to Japanese brands, with 11.6 years.

The Russian brands Lada and UAZ have average ages of 15 and 15.7 respectively. The average age of other domestic brands is 20.7 years.

### **Average truck age in Russia is 18.9**

29.04.2015 / Autostat

An Autostat survey has determined the average truck age in Russia as 18.9 years. While an average truck from Russia and CIS countries is 20.5 years old, the age goes down to 12.1 in foreign trucks.

The average age falls to 15.3 years in buses. Russian and foreign brands 14.6 and 16.6 years, respectively.

Light commercial vehicles form the youngest commercial vehicles segment in Russia, with an average of 13.7 years. Russian brands are younger than the foreign ones in this segment as well, with 12.7 years compared to 15.3.

### **Automobile imports to Russia continue falling in all segments**

28.04.2015 / Autostat

According to Autostat data, the car, LCV, truck and bus imports to Russia have fallen by 45.4%, 72%, 75% and 80.8% respectively, year-on-year, during the first quarter of the year.

38,800 automobiles have been imported in March. The import figure for the first quarter is 87,300. While 1500 light commercial vehicles have been imported in March, the first quarterly figure reached 3700. The number of trucks imported to the country in March is around 400. 1900 trucks have been imported during the first quarter. In the bus segment, where the sharpest decline has been observed, only 50 vehicles were imported.

### **St. Petersburg administration has asked the government to reduce the tariffs implemented on components used in truck assembly**

24.04.2015 / TASS

St. Petersburg city administration has asked the Russian Federation Ministry of Industry and Commerce for the reduction of the tariffs implemented on the components used in truck production with SKD method. According to TASS, the relevant statement has been made by the city's Industry Policy and Innovation Committee chairman: Maxim Meyskin.

Meyskin has said the following: "We have called for a discussion on the tariff rates implemented on components before the ministry, due to the paradoxical situation: While 5% tariff is implemented on the imports of new trucks, the rate is 8% for the components of trucks assembled domestically. We're currently negotiating the subject with the ministry officials."

There are two factories making truck assembly in St. Petersburg: MAN and Scania. Scania predicts a 35% shrinkage for the truck market in 2015, therefore suspending production periodically. MAN Trucks and Bus Production Rus has also suspended production due to falling demand, between 1 March - 12 May.

### **Russian LCV park has grown by 3.1% in 2014**

24.04.2015 / Autostat

According to Autostat data, the Russian LCV park has reached a magnitude of 3.95 million vehicles in 2014, following a 3.1% increase. The number of foreign light commercial vehicles has risen by 4.7%, to 1.4 million. In other words, 36.7% of the park is formed of foreign brand vehicles, as of 01.01.2015. The increase rate in Russian brands is 2.2%, with 2.5 million vehicles.

### **Mitsubishi Fuso has stopped truck production in Russia**

20.04.2015 / TASS

Mitsubishi Fuso Truck and Bus Corp (MFTBC) has stopped truck production in Russia, due to falling demand and the depreciation of the rouble. The company press office has denied the possibility of complete closure of the facility and staff layoffs via an announcement made to TASS news agency. The company intends to evaluate the market situation for a while.

Mitsubishi Fuso had been manufacturing Canter light trucks with Daimler and KAMAZ in Naberezhnye Chelny, since 2009. Only 900 vehicles were manufactured in the facility in 2014, where the annual production number had been 1700 between 2011-2013.

### **Ford Sollers has started the production of Ford Transit with CKD method**

23.04.2015 / Vedomosti

Ford Sollers has started the CKD production of Transit light commercial vehicles at its modernised Elabuga plant. The company had been manufacturing the model with SKD method, since the second half of 2014. Ford Sollers chairman Ted Cannis has stated that over \$100 million have been invested in the modernisation of the LCV production line.

The annual production capacity of the Elabuga plant is 85,000 automobiles. The localisation rate of Ford Sollers is 40%, as of the end of 2014. According to Autostat data, 1229 Ford Transit have been sold in Russia during the first quarter of the year (-42.2%).

On the other hand, the company has announced that the production of two versions of Ford Fiesta, 5-door and sedan, will start at Naberezhnye Chelny plant this summer. The vehicles are expected to be put on the market during the third quarter. The investment amount for Fiesta production at Naberezhnye Chelny plant, where EcoSport is currently being manufactured, has been announced as \$150 million. A total amount of \$400 million has been invested in the factory, up to the present.

Ford Sollers executive director Adil Shirinov has stated that the engines manufactured in the new Elabuga factory will be used in Fiesta vehicles, as of 2016. Shirinov has added that \$274 million have been invested in the engine factory.

Fiesta model, sixth generation of which is being manufactured since 2008, has been renewed in 2013. The model is being manufactured in ten factories throughout the world.

### **St. Petersburg automobile market has shrunk by 45% in March**

23.04.2015 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 28,482 new cars and light commercial vehicles have been sold in St. Petersburg during the first quarter of the year (-38%). March sales figure is 10,585, following a 45% year-on-year decline. Previously, the shrinkage rate in the city's automotive market had never exceeded 40%.

The best-sold brands in the city have been ranked as: Renault, KIA, Nissan, Hyundai and Lada, for the first quarter. Only nine brands managed to increase their sales. Five of these belong to the premium segment. Mercedes-Benz is the only brand among the top-ten, which increased its sales (+6%).

The base effect created by the sales of extra 20,000 automobiles, as a result of the induced automobile credit programme implemented last March, is shown as the reason behind the decline by the analysts, alongside the general course of the market.

### **Russian Automobile Insurers Association has updated its components and service prices catalogue**

21.04.2015 / Kommersant

Russian Automobile Insurers Association (RSA) has re-calculated the average component and equipment prices and the hourly unit rates on car services. Accordingly, the component and equipment prices have increased by 19% and 28% respectively, year-on-year. The insurers will apply the updated rates on accidents occurring after 1 May.

Russian automobile insurers had formed a source of reference for the determination of component prices and service rates as of 01.12.2014 and made it accessible on the internet. The source, which is also recognised by the Russian courts, aims to solve the problems between the car owners and insurance companies.

However, some of the law firms representing car owners are of the opinion that the source of reference does not reflect the situation in the market fully. Accordingly, the increase rate in component prices is over 18%.

### **Car production has shrunk by 18.8% in Russia in March**

16.04.2015 / Autostat

According to Russian Federal Institute of Statistics: Rosstat data, 355,000 automobiles have been manufactured in the country, within the first quarter of 2015 (-19.7%). March production figure is 140,000 (-18.8%).

As a reminder, Kaluga PSMA Rus and St. Petersburg Toyota factories have started the production of -both renewed- Mitsubishi Outlander and Camry in March. On the other hand, while St. Petersburg GM factory has ended production completely, apart from models manufactured with SKD method, Kaliningrad Avtotor has discontinued the assembly production for GM. In addition, Nissan and Volkswagen plants have suspended production at various times in March, due to falling demand.

According to Rosstat data, 23,000 trucks have been manufactured in the country during the January-March period (23.3%). 12,100 of these trucks have been produced in March (12.1%).

MAN truck factory, established in St. Petersburg, was among the manufacturers suspending production in March, due to the shrinkage in demand. Nizhni-Novgorod based GAZ factory has started the production freightage and passenger transport version of GAZon Next medium tonnage trucks, on the other hand.

6600 buses have been manufactured in Russia during the first quarter (-16.5%). March production figure is 3400 (-7.6%).

### Russian government will allocate 128 billion rubles for automotive this year

17.04.2015 / TASS

The amount allocated by the government of Russian Federation for the support of the automotive sector in the country will increase gradually, with the new programmes announced. The aforementioned amount has already exceeded 128 billion rubles.

The relevant statement has been made by the head of the Ministry of Industry and Commerce Transport and Privately Owned Vehicles Department: Alexander Morozov, during a sectoral conference. According to Morozov, the ministry aims to contribute by approximately 400,000 vehicles to this year's sales volume, by means of support programmes:

- Approximately 40,000 new automobile sales, as a result of the transportation of vehicles manufactured in the far east to the western regions of the country.
- Extra 1500 vehicle sales, by prohibiting the admission of imported vehicles to government purchase tenders.
- 97,000 vehicle sales in January-May and 44,000 in June-July periods, thanks to the utilisation programme in wheeled transport vehicles park.
- 190,000 vehicle sales, resulting from the induced car credit programme.
- 10,000 vehicle sales through automobile leasing.

Similar programmes have also been introduced in order to increase the sales of light commercial vehicles, however in smaller scales. Morozov states that the ministry will give indirect support to car manufacturers as well. Accordingly, the government plans to spend 7 billion rubles on the modernisation of production, 59 billion rubles on industry subsidies and 25 billion rubles on government purchase guarantee for GAZ Group.

In relevance to all these developments, the government has revised its prediction for the automobile market in 2015 positively, as 1.98 million vehicles (-24%). The previous prediction, in the absence of government support, was 50% shrinkage, with 1.3 million vehicles.

### Russian truck market has shrunk by a half in March

14.04.2015 / Zr.ru

According to Autostat data, truck sales have shrunk by 49.7% in Russia year-on-year in March, with 4000 vehicles. The shrinkage rate for the first quarter is 40.6% and the sales figure is 13,260.

### **Americans are at the helm of Ford Sollers**

13.04.2015 / OIB Russia

Ford Motor Company has taken the control of the Ford Sollers partnership, following the signature of an agreement between the parties on 31 March. According to company documents, although the shares are still held 50-50% between the partners, Ford has taken the control by increasing the amount of prior stocks in its possession.

The vice president and executive director of Ford Sollers: Adil Shirinov has announced plans to increase the localisation rate to 83-85% until 2018-2019, on the other hand. As is known, Ford Sollers has committed itself before the government, to achieve a 60% localisation rate before 2018, within the frame of the industrial assembly regime agreement. Shirinov states that this ratio is not sufficient, in order for the company to maintain its competitiveness and sets the minimum level to be targeted as 70%. The current localisation rate of the three factories owned by Ford Sollers is 40%.

According to Pricewaterhousecoopers data, Ford prices have gone up by 45% since September 2014, due to the depreciation of the rouble. The first quarterly sales of the brand have fallen by 71% as a result (AEB data). The risks the manufacturers with low localisation rates are under have come to the surface with the depreciation of the rouble, as stated by sectoral analysts. Accordingly, this is one of the reasons behind GM's closure of its Russia factory and the discontinuation of sales.

### **MAN has suspended production for two months in its St. Petersburg factory**

13.04.2015 / Prime

MAN Trucks and Bus Production Rus has suspended truck production in St. Petersburg plant due to falling demand, as of 1 March. The operations will resume on 12 May at the factory. A company representative has told Prime news agency that the employees are being trained at the moment. The plant was opened in July 2013. MAN TGS and TGX are being manufactured at the factory.

### **IzhAvto has increased production by 80% in March**

13.04.2015 / Interfaks

Izhevsk Car Factory (IzhAvto) has manufactured 9300 automobiles in March. This is equivalent to an 80% year-on-year increase. The press office of the factory has informed Interfaks that 8000 of these vehicles are formed of Lada Granta.

IzhAvto officials had previously announced plans to increase production by 40% in 2015, manufacturing 106,000 automobiles. The aforementioned figure covers the production of Nissan Sentra, Tiida, Lada Granta Liftback, Vesta and Granta sedan for disabled people. The factory also manufactures the normal version of Granta sedan periodically, according to the demand in the market.

### Second hand car sales fell by 24% in Russia in March

13.04.2014 / Autostat

According to Autostat data, 386,500 second hand automobiles have been sold in Russia in March (-24.3%). Thereby, the number of second hand vehicles sold during the first quarter of the year has reached 1.1 million (-20%). 32.5% of this figure belongs to Lada. The share of the most popular foreign second hand brand Toyota is 10%, on the other hand, Nissan, Chevrolet, Ford, Hyundai, Volkswagen, Mitsubishi, Honda and Renault follow this brand.

Autostat analysts draw attention to the fact that the decline in the second hand vehicle market is getting momentum. The shrinkage rate in the market was 10% in January and over 20% in February. In March, it barely reached to a quarter of the year before. As is known, the Russian new car market had shrunk by over 40% in March. The analysts remind that the prices of automobiles within the 2-4 years age group increase sharply in winter months. The demand shifts to older and cheaper vehicles, accordingly.

### Russian car market has shrunk by 42.5% in March

09.04.2015 / AEB

According to the Association of European Businesses (AEB) data, 139,850 new cars and light commercial vehicles have been sold in Russia in March. Thereby, the sales have shrunk by 42.5% year-on-year. The sales figure for the January-March period is 383,691 (-36.3%). Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee commented: "Total market performance in March is bad, of course, but not much worse than expected. What we are seeing now in the sales statistics is the long-predicted 'hole' in consumer demand, caused by the pull-ahead of car purchases at the end of last year, and compounded by heavy price inflation in the current year. Sooner or later, the situation will stabilize, but we are not at this point yet".

### Mitsubishi will have increased the localisation rate to 30% by the end of the year

09.04.2015 / Vedomosti

MMS Rus chairman Naoya Takai has told Vedomosti newspaper that Mitsubishi will increase the localisation rate of the automobiles manufactured in Russia to 30% until the end of the year. Takai has not disclosed the current localisation rate, however stated that it was 17% in September 2014. The chairman has added that the current Japanese partners, with whom they work in Thailand, Philippines and USA, will be the new suppliers for the company. The Japanese suppliers will come to Kaluga for production. St. Petersburg is also among the options.