

### **Mexican Nemak has established a factory in Ulyanovsk**

14.09.2015 / Governorship of Ulyanovsk

Mexican automotive supply industry company Nemak has started the production of cylinder heads and cylinder blocks at Zavoljye Industrial Park, Ulyanovsk. The construction of the facility -with an annual production capacity of 600,000 components- had started in May 2014. The investment amount has been announced as 4 billion rubles.

### **Bus and minibus production has shrunk by 16.1% in Russia within the January-July period**

11.09.2015 / ASM-Holding

According to ASM-Holding data, 19,515 buses and minibuses have been manufactured in Russia within the January-July period (-16.1%). 15,170 of this figure belong to domestic (-0.6%) and 4345 to foreign brands (-45.6%).

Thereby, the share of foreign brand buses within the total production has remained at 22.3%, during the aforementioned period. The ratio was 34.3% by the end of the same period of last year.

18,650 buses have been delivered to sales points from the factories within the January-July period.

### **Sollers and Mazda are establishing an engine factory, aimed for exports**

07.09.2015 / Lenta.ru

Sollers and Mazda Motor Corporation have signed a three-sided memorandum of understanding, proposing the establishment of an export-oriented engine factory, on the premises of the Russian manufacturer in Vladivostok. The third party of the agreement is the Russian ministry of industry and commerce.

As is known, Sollers and Mazda have been cooperating in vehicle production in Russian far-east since 2012. As stated by the chairman of Mazda Motor Corporation: Masamichi Kogai during his speech at the signature ceremony, the partnership has manufactured 80,000 automobiles up to today.

According to AEB data, Mazda sales have shrunk by 46% during the January-July period in Russia, with 14,800 vehicles.

### **Volkswagen has opened the Kaluga engine factory**

07.09.2015 / Autostat

Volkswagen Group Rus has opened the engine factory it constructed in Vladivostok, on 4 September. The factory, which was built on 30,000 m<sup>2</sup> premises right next to the Group's car factory in the city, will manufacture 1.6 l petrol engines. The annual production capacity has been announced as 150,000 engines. This will enable the company to use domestic engines on at least 30% of the automobiles it manufactures in Kaluga and Nizhny-Novgorod. Export of the engines to markets abroad is also being considered. Volkswagen had previously announced the investment amount as €250 million.

As one may remember, the company manufactures Tiguan, Polo sedan and Skoda Rapid models in Kaluga. In addition, within the frame of contract production, Skoda Yeti, VW Jetta and Skoda Octavia model vehicles are being manufactured at GAZ factory, established in Nizhny-Novgorod.

### **Derways may manufacture within the frame of the industrial assembly regime**

04.09.2015 / Vedomosti

According to a Kommersant newspaper report based on a sectoral source, Derways car factory, established in Cherkessk, has the opportunity to manufacture within the frame of the industrial assembly regime. The ministry of industry and commerce officials have also confirmed that Derways has acquired 100% of Himeks -a company which holds an industrial assembly regime agreement- and applied for changes to be made in the aforementioned agreement for the inclusion of Chinese brands. The application is currently being examined by the ministry.

Derways factory manufactures Chinese brands such as; Brilliance, Hawtai, Geely, Lifan, Chery and JAC. The factory, with an annual production capacity of 50,000 automobiles, has manufactured around 15,000 vehicles within the first seven months of the year.

The aforementioned agreement was signed by Himeks in 2005, never to be used for a decade. The agreement enables tariff-free component imports, in return for an annual automobile production of 25,000 and 30% localisation rate. As is known, the conditions of the industrial assembly regime were more relaxed in 2005, in comparison with today.

According to SPARK-Interfax data, 51% of Derways shares belongs to Sberbank Kapital, 44% to Hadji-Murad Derev and 5% to the vice president in charge of development: Alexander Romanov.

### **KAMAZ and Chinese Hawtai are planning to form a partnership worth \$350 million**

04.09.2015 / Prime

According to Prime agency, the Russian truck manufacturer KAMAZ and Chinese Hawtai Motor Group will establish a \$350 million partnership, in order to join forces in vehicle production. The news is based on the materials shared by KAMAZ at the International Beijing Economic Forum. Accordingly, the parties have consolidated the intention to manufacture KAMAZ trucks in China and Hawtai automobiles in Russia, by signing a series of agreements on 3 September.

As stated, the Hawtai automobiles will be manufactured in KAMAZ facilities. KAMAZ trucks, on the other hand, will be manufactured at the new plant, which is due to be established in the Chinese city of Tientsin.

### **Ford Sollers is opening its engine factory**

03.09.2015 / Vedomosti

Ford Sollers is opening its Elabuga engine factory today. The company has spent \$275 million on the factory. The planned annual production capacity of the facility is 105,000 engines at the first stage.

As announced by Ford Sollers press office, 1.6 Ti-VCT Sigma will be the first engine model to be manufactured in the factory. The engine will be manufactured in three variants: 85, 105 and 125 hp. By this means, 30% of Ford automobiles manufactured in Russia will be equipped with engines produced in Elabuga. The factory will work with suppliers such as; UC Rusal, GAZ Group, Sollers, Kostroma Component Factory, Bosch and Lukoil.

### **Manufacturers from Kaluga are lobbying in favour of a return to assembly production**

02.09.2015 / Kommersant

The foreign car manufacturers, who put their signatures under the localisation obligations in Russia, continue their efforts to relax the agreement with the government. According to Kommersant newspaper's own sources, Volkswagen Group and PSA Peugeot are lobbying for a return to SKD type production, through the Ministry of Industry and Commerce.

As is known, the industrial assembly regime agreement enables the manufacturers to import tariff-free components, in return for a gradual increase of CKD production, while allowing SKD production on a limited scale. The ministry sources rule out any possibility of a return to SKD regime, due to agreements signed by Russia during the admission process to WTO.

### Car prices have risen in Russia as of September

02.09.2015 / Autostat

A series of car manufacturers have decided to increase vehicle prices in Russia as of September. AVTOVAZ has announced a 3% price increase on all models except Priora, from 1 September onwards.

Japanese manufacturer Mazda has also pushed up the prices of all its models sold in Russia by 4%-7%.

Kommersant newspaper has written, according to dealer information, that Citroen and Peugeot (3%), Suzuki (6%) and Ford (2-4%) have all applied price rises.

Honda has cancelled the planned discount on its only new model in the Russian market. Thereby, the price of CR-V has risen by 2-5%. The special prices set for Elegance 2.4 and Sport 2.4 are still valid, on the other hand.

GM-AVTOVAZ has increased the price of Chevrolet Niva by 2%. This is the 4<sup>th</sup> markup implemented by the manufacturer this year.

According to Vedomosti, Hyundai is expected to increase the prices by 3%-7% this week. Renault has also marked up the prices twice in August (average 3%). Datsun was another brand which implemented a price rise in August (3-4%). Nissan has also increased Juke prices last month, by 6.7%-7.3%. Chinese Great Wall was amongst the brands which increased prices at the end of the month (2.8%-3.3%).

The sectoral analysts state that the manufacturers have risen the prices based on the prediction that the ruble will lose value against dollar and euro.

### Russian automotive operates with 40% capacity

31.08.2015 / Autostat

According to Autostat data, the current total annual production capacity of Russian automotive is approximately 3 million automobiles. However, the agency predicts a production figure of 1.2-1.3 million vehicles for this year, in the country. In other words, the production will shrink by 25% year-on-year or by 40% in comparison with 2012, the year in which the production hit the summit. The production figure of 1.2 - 1.3 million vehicles is equivalent to 40% of the total capacity of the country. Autostat executives remind that the ratio had plummeted to 25% during the crisis year of 2009, with 598,000 vehicles. Vsevolozhsk Ford and Kaluga PSMA are the factories with the lowest rates of capacity usage at the moment.

### **Russian ministry of industry and commerce has postponed the environmental tax and the implementation of age limits on commercial vehicles**

26.08.2015 / Autostat

Russian ministry of industry and commerce has decided to postpone the law drafts on environmental tax and age limits on the usage of commercial vehicles. The draft was planned to come into force as of 01.07.2015.

Minister Alexander Morozov has stated that the projects have been frozen until the stabilisation of the market and a consequent upward trend.

As one may remember, Morozov had announced plans to shift to environmental tax from vehicle tax, within the frame of the utilisation programme of Russian vehicle park, in Autumn 2014. The transformation proposed the assessment of the ecological class and the engine volume of the vehicle, rather than its horsepower, during the taxation process. In addition, a direct proportion between the age of the vehicle and the environmental tax was being aimed.

The ministry was also planning to limit the usage period of commercial vehicles.

### **Car production has fallen by 29% in St. Petersburg in July**

24.08.2015 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, Hyundai, Toyota, Nissan and GM factories, established in St. Petersburg, have manufactured 169,900 automobiles within the January-July period (-22%). The total production figure of the three factories (GM has stopped operations on 01 July) in July is 16,700, on the other hand (-29%). This is the worst production performance observed on a monthly basis since February 2011, when 13,200 vehicles were manufactured.

The agency has related the poor production figures to the collective holiday periods in Hyundai and Nissan factories and the closure of the GM plant, in its statement.

As one may remember, Nissan, Hyundai and Toyota remained closed for the duration of summer holidays, between 11 July - 02 August, 20 July - 02 August and 03-17 August, respectively.

The share of St. Petersburg factories in Russian automotive has been calculated as 22% for the January-July period. The ratio was 22.6% during the first six months.

### **Nissan will start the serial production of Qashqai in its St. Petersburg plant in October**

20.08.2015 / TASS

Japanese manufacturer Nissan will start the serial production of Qashqai model automobiles in its St. Petersburg plant in October. Qashqai will be the fifth model manufactured at the factory. Qashqai model automobiles sold in Russia currently are being imported from the Nissan factory in Sunderland, UK.

According to Autostat data, Nissan has manufactured 39,389 automobiles in Russia within the January-June period. 14,704 of the vehicles have been produced in St. Petersburg.

The company manufactures Teana, Murano, X-Trail and Pathfinder in St. Petersburg; Terrano in Moscow (Renault Russia plant) and Almera, Sentra and Tiida models in Togliatti and Izhevsk (AVTOVAZ and IzhAvto). 50,552 Nissan have been sold in the country within the first half of the year (-39%).

### **Sollers and Toyota have ended the Land Cruiser Prado production project**

20.08.2015 / Interfaks

Russian car manufacturer Sollers, Japanese Mitsui, Toyota and Sollers-Bussan company have discontinued the Land Cruiser Prado production project in Vladivostok. Sollers have not disclosed the reasons behind the cancellation of the agreement amongst the parties. A company representative has told Interfaks that Sollers-Bussan ended the production in mid-July and the agreement was cancelled mutually.

Toyota representative, on the other hand, states that it's not commercially viable to make production in Vladivostok, under the current circumstances. The representative has added that the enlargement project for the St. Petersburg plant is still on.

### **The share of domestic production within the total Russian market is 78%**

19.08.2015 / Autostat

According to Autostat, the share of domestic production in the total of Russian market has risen by 9.2 points to 78%, within the last 12 months. The analysts draw attention to the fact that Datsun and Lifan have achieved 100% localisation rate, alongside domestic brands such as; Lada and UAZ. In other words, all vehicles sold by these brands within the January-June 2015 period have been manufactured in Russia. These brands are followed by; Opel (99.7%), Ford (98.9%), KIA (98.6%), Chevrolet (98.4%) and Renault (98%). The analysts relate the increase to the depreciation of the ruble.

### **CIE Automotive Rus exports half of its production**

19.08.2015 / Autostat

As announced by the general director of Togliatti Special Economic Zone (SEZ) Alexei Pahomenko, CIE Automotive RUS, which was constructed within 11 months at the SEZ, has started the production of aluminium details for engines. The company will supply AVTOVAZ and factories abroad 50%-50% with its products. Pahomenko has told that the Turkish company Nobel Avtomativ Russia has completed the construction of the factory within 12 months. German company MANN + Hummel Togliatti is also expected to start production at the SEZ in 2016.

CIE Automotive Rus, which was established with an investment of €35 million, has an annual production capacity of 150,000 details. The company benefits from the customs area regime, provided by the SEZ. The regime enables the customs-free imports of technological equipments.

CIE Automotive RUS manufactures components such as; crankcases and valve caps, as well as cylinder head caps and oil level indicators. The company intends supply Renault Turkey plant, as well as AVTOVAZ. As is known, car production has shrunk in Russia, in parallel with the market. This situation compels the suppliers to opt for OEMs abroad.

### **Car production has shrunk by 36.6% in Russia in July**

18.08.2015 / Rosstat

According to data published by the Russian Federal Statistics Service: Rosstat, 774,000 automobiles have been manufactured in the country within the first seven months of the year (-26.1%). 68,300 trucks (-21.1%) and 19,300 buses (-13.4%) have been produced since the turn of the year.

The report in Rosstat website has not published the July production figures, however mentioned a year-on-year decline. Accordingly, automobile, truck and bus productions have shrunk by 36.6%, 12.2% and 3.5% respectively in July.

As one may remember, factories such as; Nissan, Hyundai, Ford, Volkswagen, AVTOVAZ, IzhAvto and GM-AVTOVAZ had suspended production in July, due to traditional summer holidays. St. Petersburg GM factory had closed down completely.

## **54.3% of Russian truck market belongs to KAMAZ**

17.08.2015 / Autostat

The sales of Russian truck manufacturer KAMAZ has fallen by 52.7% year-on-year, during the first six months. However, the share of the manufacturer in 14-40 tonnes truck market has reached 54.3% within January-June period, with a sales figure of 7697 vehicles. The company press office has stated that the figure is equivalent to an 11 points increase, in comparison with the same period of the previous year.

The volume of the 14-40 tonnes truck market has reached 14,000 vehicles by the end of the first half of the year, according to KAMAZ data (-62.3%). The Russian manufacturer has increased exports during the first six months on the other hand, with a sales figure of 2256 vehicles.

## **The weighted average of automobile prices has increased by 11.4% in Russia within a year**

17.08.2015 / Autostat

According to Autostat data, the weighted average automobile price has been calculated as 1.127 million rubles in Russia, as of June 2015 (excluding campaigns and sales). This is 11.4% more than last June's average price of 1,001 million rubles. The increase rates in premium segment and budget-friendly automobiles have been calculated as 32% and 6% respectively. On the other hand, the weighted average price has increased by 1.4% only, compared to January 2015.

The agency executives draw attention to the difference between the rates of increase in exchange rates and automobile prices. Dollar has increased by 58.4% within the June 2014 - June 2015 period and Euro by 30.7%. The weighted average automobile price was up by 11.4% during the same period, as mentioned above. Autostat analysts share the opinion that the price increase will continue, during the forthcoming months.

## **Russian government intends to allocate 4.8 billion rubles on automotive for the third quarter**

12.08.2015 / Vedomosti

The government of Russian Federation plans to allocate 4.824 billion rubles for the support of vehicle manufacturers, during the third quarter of the year. The draft of the relevant government order has been announced to public via regulation.gov.ru portal. Previously, allocation of 10 billion rubles for the first quarter and 5 billion rubles for the second had been announced, for the same purpose. The ministry of industry and commerce officials, who drafted the order, state that the measures have been taken, due to the sharp rise in car production costs in 2014.