

Russian Automotive – Selected News

04.11 – 18.11.2011

Automobile production in Russia has increased by 49% in January-October period

18.11.2011 / OIB Russia

According to Russian Federal Statistics Service Rosstat's data, the automobile production in the country within January-October period has grown by 49%, reaching a volume of 1.4 million vehicles. During the same period, truck production has increased by 41.7% (171.000 vehicles), while the increase in bus production remained at 1.1% (32.400 vehicles). The increase rates achieved in October only are as follows; cars: 25.4%, trucks 21.8% and buses 0.8%.

As one may remember, the growth in car and LCV markets in Russia has been showing a declining tendency lately. The market grew by 27% in October, pushing the growth rate of the first ten months to 43%.

The most popular automobiles in Moscow: Lada, Ford and Nissan

18.11.2011 / Auto.vesti.ru

According to Avtostat, as of 01.10.2011, 729,072 Lada automobiles are registered in the capital of Russia. This number accounts for 21.2% of the total vehicles registered in Moscow. The number of Ladas in the city has gone down by 6.38% in comparison with the previous year.

The second most popular brand in Moscow is Ford with 191,847 vehicles registered in the city (share in total in number of vehicles: 5.6%, increase in number in comparison to last year: 5.71%). The third place on the list is occupied by Nissan with 179,218 vehicles registered in Moscow (share in total number of vehicles: 5.2%, the increase rate in comparison with the previous year: 9.9%). These brands are followed by Toyota (173,841 vehicles, share in total: 5.1%, increase rate: 4.02% and Hyundai (147,570 vehicles, share in total: 4.3%, increase rate: 7.1%).

The other brands that follow the top five are as follows: Mitsubishi (132,883 vehicles, +%2,62), Volkswagen (125,265 vehicles, +%13,19), Moskvich (123,136 vehicles, -%3,84), GAZ (112,332 vehicles, -%6,65), Kia (108,792, +% vehicles 25,7), Chevrolet (105,523 vehicles, +%10,09), Mercedes (99,005 vehicles, +%9,04), Opel (97,441, vehicles %6,37), Renault (92,492 vehicles, +%13,57) and ZAZ (92,343 vehicles, -%0,59).

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GAZ has lowered its expectations on the levels of end of the year production

16.11.2011 / Avtostat

As during the 2008 crisis, GAZ has become the first company amongst Russian producers to bring the level of its end of the year production prediction down. Accordingly, the planned production amount of LCVs for November-December period has been lowered by 17% for each month, in other words to 3000 vehicles. Thereby, the projected total production number for 2011 has been announced as 105,000 vehicles, following a reduction of 4.5%. Still, this amount is higher than 2010's production by 47.5%.

The president of GAZ Group, Bo Anderson has commented on the situation as; "We don't yet know what the following year will bring, but we're getting ready for the worst case scenario." Anderson added that they predict a possible 20% shrinkage or growth in the vehicle market and they have decided on making 10% of executive and expert staff redundant.

On the other hand, GAZ Group has announced 1.5 billion rubles profit in the first quarter of 2011. In the same period of the previous year, the group made a loss of 0.5 billion rubles. The company is aiming to increase its total turnover by a third, to 130 billion rubles and its net profit to 3.5-4 billion rubles (+60%) at the end of the year.

Russia will reduce the tariff rates on the import of new foreign brand vehicles to 25% as from 2012

15.11.2011 / Vedemosti

Due to its obligations, Russia will have to reduce the 30% tariff rate it implements on the import of foreign vehicles to 25% as from the admission date to World Trade Organization. However, the experts in the sector share the opinion that this reduction will not reflect on the prices in the near future.

Maxim Medvedkov, Russian head of negotiations on WTO, has stated that according to the signed agreement, as soon as Russia's membership to WTO becomes official, the tariff rates will go down to 25% and by making further annual reductions of 2.5% every following year, will finally be pulled down to 15% by the summer of 2019.

The tariff rates on 3 to 7 years old imported automobiles will be reduced to 25% from 35% and to 20% two years later. No new regulations are planned for vehicles older than 7 years old.

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Russia will provide extra quota on the import of spare parts to producers who sign the Industrial Assembly Regime

14.11.2011 / Kommersant

Following the entry to WTO, Russian government had to make concessions in favour of the European and American producers who signed the regime agreement, in order to preserve the conditions of the Industrial Assembly Regime. The eligibility provided by the Industrial Assembly Regime to producers in Russia, who localize their production to a certain extent as required by the regime, to customs-free spare parts import; is contradictory to the standards of WTO. The obligation to reach the 35-50% localization rate reduces the import made by the producers in consideration. Such conditions will be creating predicaments against the producers following the entry to WTO. Due to these reasons, the producers will obtain extra quota on the import of customs-free spare parts to Russia, proportional with the reduction on tariff rates.

Russia is anticipated to enter the WTO within 15-17 December

11.11.2011 / Kommersant

The protocol prepared by the collective study group, which run the negotiations on admission to WTO on behalf of Russia, has been approved in Geneva yesterday. Accordingly, the membership of Russia to the organization is expected to be confirmed during the WTO Ministers Conference, which will be held between 15-17 December. One of the disagreements between Russia and the WTO executives was the Automotive Assembly Industry Regime program, which has been in force since 2005. As is known, the program provided the foreign automobile producers with the opportunity to import customs-free parts and components.

Along with the entry to WTO, Russia will make a new regulation on Industrial Assembly Regime rules, which were last updated at the beginning of the previous year, since the parties have come to an agreement on a maximum 35% compulsory localization rate in automotive industry. Accordingly, the contracts of the producers, who signed the assembly regime agreement before 2011 with the requirement of a minimum 30% localization rate, will be extended from 2016 to 2018, while end date of the contracts of the producers who signed in June 2011 will be drawn to 2018 from 2020. The predicted \$5 million loss of the producers who signed new contracts will be compensated by the Russian government. Maxim Medvedkov, the head of the team, which negotiated on behalf of Russia on the admission process to WTO, has stated on Kommersant that these losses will definitely be compensated; however, the compensation mechanism has not yet become clear.

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Valeo has established a spare parts factory in Nizhniy-Novgorod

11.11.2011 / Avtostat

French spare parts producer Valeo has established a new factory at Volga Industrial Estate, in Nizhniy-Novgorod region. From 2011 onwards, door locks and head-lights; and as from 2012, rear-lights and window wiping systems will be produced for brands such as; Lada Granta, Nissan, Peugeot and Renault at the factory, which was established with 8 million Euro investment. The annual production capacity of the plant will be 400,000 components.

The size of Russian vehicle market has reached 2.16 million in October

10.11.2011 / OIB Russia

According to Association of European Business (AEB) data, the total sales of automobile and LCVs in Russia has increased by 43% compared to the same period of the previous year, reaching 2,162,504 vehicles by the first ten months of 2011. The number of vehicles sold in October only stands at 240,865 (+27%). Nine out of ten best-sold models are being produced in Russia.

Russians purchased 14 Mitsubishi i-MiEVs in 5 months

07.11.2011 / Auto.vesti.ru

Rolf Import, the distributor of Mitsubishi i-MiEV, the first electric automobile introduced to the Russian market, has announced that all 14 of electric vehicles have been sold up. As one may remember, Mitsubishi i-MiEVs were put on the market in June this year with 1,799,000 rubles price tag.

GAZ Group and VTB have signed a credit deal of 38 billion rubles

04.11.2011 / OIB Russia

GAZ Group and VTB have signed a 38 billion credit agreement in the past few days. The seven-year term loan will be used on restructuring the group's syndication debts to the banks. It's predicted that the relationship between the bank and the group will not be limited to the credit agreement only; in addition to the current relationship, VTB will contribute to the finance of the group's joint projects with Volkswagen. On the other hand, GAZ Group has started the SKD assembly of Skoda Yetis. 500 of these automobiles are planned to be produced in the factory until the end of the year.