

Russian Automotive – Selected News

05.12 – 16.12.2011

IzhAvto has produced nearly 7000 automobiles in November

16.12.2011 / Avtostat

Izhevsk Car Factory (IzhAvto) has produced a total number of 6949 automobiles in November; 2844 Lada 2107, 3505 Lada 2104 and 600 Izh-27175. Thereby, the total number of vehicles produced in the factory within the first eleven months has reached 65,164. The allocation of this total figure according to the models is as follows; 29,557 Lada 2107, 28,486 Lada 2104, 4641 Izh-27175, 1680 Kia Spectra and 800 Kia Sorento.

According to AvtoVAZ data, 23,953 Lada 2104s and Izh-27175s have been sold within the first eleven months of the year. On the other hand, the total number of Lada 2107 sales, produced in AvtoVAZ and IzhAvto factories, has reached 83,059.

GAZ Group has started producing buses with Euro-5 engines

13.12.2011 / Avtostat

GAZ Group affiliate Likinsk Bus Factory (LiAZ) has started the serial production of buses which comply with Euro-5 and EEV (Euro-5+) standards. A total of 500 LiAZ-5292 buses (450 Euro-5 and 50 Euro-5+ standard) will be produced within the scope of the project; with an investment value of over 160 million rubles, until the end of the year.

Russia's car imports have increased by one half within 10 months

12.12.2011 / Prime Tass

According to Russian Federal Customs Office (FTS) data, within January-October period, the number of cars shipped into the country reached 799,000, increasing by one and a half times in comparison with the same period of the previous year. The monetary equivalent of these imports summed up to \$15 billion. 116,800 of these cars (\$764.7 million) have been imported from CIS countries and the remaining 682,200 (\$14.3 billion) from other countries.

The truck imports during the first ten months of the year reached 78,500, increasing by 1.9 times in comparison with the same period of the previous year, in monetary terms: \$1.9 billion.

Russia's car exports in the same period on the other hand, reached 49,500 vehicles, increasing by 46% (\$375 million). The increase in truck exports: 22% (10,000 vehicles, \$233.7 million).

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After joining WTO, Russia will protect the manufacturers benefiting from the Industrial Assembly incentives

12.12.2011 / OIB Russia

Russian government and the European Commission have signed an agreement proposing the creation of a compensation mechanism for the benefit of the companies which signed the Industrial Assembly agreement, safeguarding them against any potential losses due to WTO requirements following Russia's entry to the organisation. The agreement will enable the companies to import parts and components with low tariff rates or even customs-free.

According to the letter of agreement prepared by the Russian Ministry of Economic Development in co-operation with other relevant ministries, Russia will put the implementation of minimum or zero tariff rate compensation quota into effect, in case the export volume of car engines and components from EU to Russia decreases more than the threshold of 3%, according to 2010 parameters. The quota will be equal to the difference between the threshold value and the current export volume with the EU. According to government data, the monetary value of the export volume from EU to Russia for the year 2010 has been \$896.1 million for engines and \$8.25 billion for other components. For instance, if Russia imports \$700 million worth of engines from the EU this year, the companies will be entitled to import \$196.1 million worth of engines with minimum tariff rates for the following year. Seventy pages of detailed information is given in the letter of agreement about components and their corresponding tariff rates. Accordingly, this rate will be 0% for engines. Threshold value data will be updated on an annual basis, each year on the 1st of March.

According to another article of the agreement, in the event of a 25% decrease in car sales, the compensation quota will also decrease at the same ratio. If the market shrinkage is calculated in between 25-45%, for each 1% decrease in sales, the compensation ratio will decrease by 3.75%. If the sales numbers plummet for more than 45%, the quota will be nullified.

Citizens and corporate bodies registered in Russia will be able to import parts into the country within the frame of this mechanism. The procedure for registration and obtaining licence necessary for importing parts will become clear in the next period.

A ministry executive, who took part in the process of preparation of the letter of agreement, has told Vedemosti that the sooner a company acts to obtain licence, the more chance it will have to become eligible for the incentive mechanism. Moreover, the companies who signed the Industrial Assembly Agreement will have to increase their localisation rates to 60%, if they want to benefit from this mechanism. The mechanism will stay in force between the years 2012-2018.

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Daimler and GAZ Group have signed the final agreement on the co-production of Sprinters

12.12.2011 / Auto.News.ru

The Chairman of GAZ Group, Bo Anderson has announced that they have signed the final agreement with Daimler, on the co-production of Mercedes Sprinter light commercial vehicles at Gorky Car Factory (GAZ). The Sprinter production in Nizhniy Novgorod will start during the first quarter of 2013. The production target for the first year is 9000 vehicles. It's anticipated that this number will be increased to 29,000 by 2020. According to the plans, the production of components such as; engines, transmitters and axle shafts will also be made in Nizhniy Novgorod.

A high-performance lithium-ion battery factory has been established in Novosibirsk

09.12.2011 / OIB Russia

Liotech, a partnership established by Chinese producer Thunder Sky and Russian high-technology company Rosnano has established a high-performance lithium-ion battery factory in their base town, Novosibirsk.

The batteries produced by the factory, which was established with 13.5 billion rubles investment, will be used in electric public transport vehicles in big cities of Russia. Igor Chapaev, the manager of the factory with an annual battery production capacity of 1 million, has stated that this production amount is enough to supply 5000 electrobuses with energy annually. Michael Bush, Russia Representative of Thunder Sky, has declared that the first party production is going to be shipped to China soon. Bush has also stated that further supply agreements have been signed with several other clients from Russia, N. America and Europe.

Liotech has completed the testing of the prototypes of vehicles converted to electrobuses by equipping trolleybuses with lithium-ion batteries, in Novosibirsk, over last April. Lithium-ion feed systems on the other hand, have been implemented on NefAZ buses and Trolza trolleybuses in October. It's expected that the Municipality of Moscow will introduce approximately a hundred electrobuses to the roads of the capital in 2012.

The volume of the Russian vehicle market has reached 2.4 million vehicles in November

08.12.2011 / OIB Russia

According to Association of European Business (AEB) Automobile Manufacturers' Committee data, by November 2011, the total sales of automobiles and LCVs in Russia have increased by 41% in comparison with the same period of the previous year and reached 2,402,043. The number of vehicles sold in November only, stands at 239,539 (+26%). Nine out of ten best-sold models are being produced in Russia.

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Ministry of Industry and Commerce: “Russian vehicle market will grow by 40% in 2011”

06-12-2011 / Finmarket

Russian Ministry of Industry and Commerce foresees a 40% growth rate for the end of 2011, in other words; a sales volume of 2.65-2.7 million automobiles and LCVs. The prediction of the Ministry is more optimistic than AEB's anticipation of 34% growth and 2.55 million sales.

In his statement to Finnmarket News Agency, the Russian Minister of Industry of Commerce, Viktor Hristenko has drawn attention to the expansion of volume in Russian vehicle market, underlining the fact that in terms of market size, Russia has become the second biggest in Europe behind Germany this year, thus attracting the investors' attention. Hristenko has added that despite the growth experienced in Russian truck and bus markets, the alarm bells are ringing for the local industry due to the gradual decrease in the shares of Russian producers in these markets.

Avtotor aims to produce 600,000 automobiles annually by year 2017

05-12-2011 / Vedomosti

Avtotor Automobile Factory, established in Kaliningrad, is aiming to increase its annual production level to 600,000 vehicles before 2017. According to Vedomosti newspaper, new models of Subaru, Jaguar, Land Rover and Hyundai will be added to the production line at the factory, besides the brands under production currently; GM, KIA and BMW, by 2017. The planned amount of investment within the scope of the project for the next five years will be approximately 98 billion rubles.

According to the information given to the newspaper by an expert from the Ministry of Industry of Commerce, the incentives Avtotor, who operates in Kaliningrad Exclusive Economic Zone, benefited from will come to an end in year 2016. It's predicted that from 2016 onwards, despite not signing the Industrial Assembly Regime, Avtotor might still make use of the aforementioned incentives and reach its aim by co-operating with one of its partners; GM for example, who already has its signature under the Regime agreement. Such a case will bring the company under the obligation of achieving a localisation rate of minimum 30%.