

Russian Automotive – Selected News

11.01 – 25.01.2012

Russian automotive industry has set a new record in 2011: 1,740,000 automobiles

25.01.2012 / Avtostat

According to PriceWaterhouseCoppers data, 1,740,000 automobiles have been produced in Russia in 2011. This figure accounts for a production number, which not only outruns the previous year's performance by 45%, but also stands out as the highest annual automotive production level ever recorded in Russian history. Within the total sum, the increase rate of the local brands remained lower in comparison with the foreign brands.

AvtoVAZ has achieved a 3% increase in production in comparison with the previous year, manufacturing 561,669 vehicles in 2011. One should remember that due to factors such as; the transfer of the production of Lada 2107 to IzhAvto, the modernisation of the main production line and the decreasing demand for Lada vehicles following the end of the renewal programme, AvtoVAZ has lost its production pace since May. IzhAvto on the other hand, has produced 70,176 vehicles in 2011. Chevrolet manufacturer GM-AvtoVAZ has produced 57,765 vehicles (+56%).

Foreign producers based in Russia continued to expand their product ranges in 2011. Factories such as; Avtoframos, Volkswagen, Nissan, GM-Avto and Hyundai started operating in full capacity after a certain period of time in the year in response to the increasing demand. Kaluga Volkswagen Factory increased its production by 40% in comparison with the previous year, producing 134,500 vehicles. 125,500 of these vehicles (VW Polo, Sedan, Tiguan, Skoda Octavia and Fabia) have been produced with CKD method and the remaining 9500 vehicles (VW Multivan and Touareg) with SKD method. The factory has been operating in full capacity since the end of August. Moreover, 300 Skoda Yetis have been produced at Nizhni Novgorod GAZ Factory for Volkswagen in November 2011. Another factory established in Kaluga, PSMA Rus, has produced 44,000 vehicles in 2011 (+63%). While 29,500 C class Peugeot 308 and Citroen C4 have been manufactured, Peugeot 4007, Citroen C-Crosser and Mitsubishi Outlander models made up the remaining 14,500 vehicles. According to the statement made by PSMA Rus, the factory will shift to CKD production as from mid-2012. St. Petersburg Hyundai Factory has produced around 139,000 vehicles in 2011; 85% Hyundai and 15% KIA models. The company's production target for 2012 is 200,000 vehicles.

Vsevolozhk Ford Sollers Factory has increased its production by 23% in comparison with the previous year, producing 99,000 vehicles. The end of the year production number of St. Petersburg Nissan Factory on the other hand, has been 43,200 vehicles (+74.2%). While Sollers Far-East Factory completed the assembly of 25,100 Ssang Yongs in 2011, St. Petersburg Toyota Factory remained at 14,131 vehicles (-11.1%). This decline in Toyota production is being related to the shift preparations for the production of seventh generation Camry, being manufactured since November.

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Industrial Assembly Regime has been successful in attracting the foreign component manufacturers to Russia

23.10.2012 / Vedemosti

Russian Ministry of Economic Development had signed about 400 memoranda of understanding proposing the production of parts and components within the frame of the Industrial Assembly Regime with 178 different component manufacturers by the end of February 2011. The companies that convert the memoranda of understanding into definitive agreements will become eligible for favourable tariff rates on sub-component and equipment imports to be used in their production facilities established in Russia. On the other hand, it will be compulsory for the companies to reduce the number of imported sub-components within the next few years.

The companies that signed the memorandum of understanding will have the right to sign the definitive agreement until the end of 2013. Dmitri Levchenkov, the Director of the Ministry of Economic Development Exclusive Economic Zones and Project Finance Department, has stated that a total number of 38 companies, including Magna, Faurecia, Hyundai Mobis, Denso Co. and Toyota Boshooku, have signed the definitive agreement up to today. The total investment promised by these companies sums up to approximately \$1 billion. The ministry executives predict that 80-90% of the companies who signed a memorandum of understanding will be signing definitive agreements within the two year period.

Some of the companies that signed the memorandum of understanding are as follows; Asahi Glass (Nizhni Novgorod based car window producer), BASF (enamel producer in Moscow region), Continental (currently building a factory in Kaluga), Delphi (Samar region), Johnson Controls (owns factories in St. Petersburg and Tolyatti), Robert Bosch (Saratov region). Russian component manufacturers are also included in the Ministry's list. Most of these producers prefer forming partnerships with foreign companies.

Chinese producer Foton is willing to establish a factory in Russia

20.01.2012 / Vedemosti

Viktor Sopin, the Mayor of Nizhni Novgorod's satellite city Dzerzhinsk, has stated that the Chinese producer Foton Motors is willing to establish a factory in the city. Although Sopin has told that the Chinese are planning to produce trucks in the beginning and cars at a later stage, he hasn't given any information on when the project will come to life.

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Russian LCV market has grown by 30% in 2011

19.01.2012 / Avtostat

According to 2011 statistics, 174,969 light commercial vehicles have been sold in Russia in total during the year (+29.5%). 69.5% of the vehicles sold belong to local brands. The number of LCVs sold in December only has been 18,711, increasing by 4.7% in comparison with the same period of the previous year.

As usual, the Russian LCV market has been dominated once again by GAZ in 2011. Last year 89,766 vehicles of this brand have been sold (+26.2%), giving GAZ a market share of 51.3%. The second place has been occupied by UAZ with a sales figure of 26,422 vehicles (+8.6%). The sales of the leader of foreign brands; FIAT, has fallen by 2.8% in comparison with the previous year with 12,942 vehicles sold. As one may remember, following the split between FIAT and Sollers in the beginning of the year, the Italian producer started to lose ground in Russia. Despite outracing its rivals at the end of the year, the Italian producer had been overtaken by Hyundai and Volkswagen in November and December. The sales figures of VW, who took the fourth place in end of the year sales figures rankings, has sold a total number of 10,268 vehicles in 2011 (+82.5%). Peugeot took the fifth place with 9 490 vehicles (+40.7%).

Russian automobile market has become the second biggest in Europe in 2011

18.01.2012 / Avtostat

Russian automotive market has taken the second place behind Germany amongst European countries, in terms of volume in 2011. The ranking according to the total sales figures and the growth rates in comparison with the preceding year is as follows; 1) Germany: 3,173,634 (+8.8%), 2) Russia: 2,476,000 (+39.5%), 3) France: 2,204,229 (-2.1%), 4) UK: 1,941,253 (-4.4%), 5) Italy: 1,748,143 (-10.9%).

263,000 car loans have been provided in Russia in 2011

16.01.2012 / Avtostat

According to data from the Russian Ministry of Industry and Commerce's internet site, Russian state has allocated 263,168 car loans in 2011. This figure corresponds to 10% of the total number of cars and LCVs sold in the country in 2011. The share of this amount amongst all the car credits issued in the country is above 30%. The programme of state-sponsored car credits had started in March 2009 and 71,500 credits had been issued during the same year. The number of credits had risen to 165,708 in 2010.

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Industrial Assembly Regime: MoU of the companies who fail to take further action until 2013 will be cancelled

16.01.2012 / ITAR TASS

Dmitri Levchenkov, the Director of the Russian Federation Ministry of Economic Development Exclusive Economic Zones and Project Finance Department, has stated that the agreements will be cancelled, unless the companies who signed the memorandum of understanding on Industrial Assembly Regime take the necessary steps in putting the projects into practice. Currently, there are 38 agreements and 178 MoU with a total value of \$2 billion, signed in between the RF government and the component manufacturers. The signatory companies have to convert the memoranda of understanding into definitive agreements by the end of 2013.

One of the conditions on Russia's admission to the World Trade Organisation was putting an end to Industrial Assembly Regime agreements. Levchenkov has stated that no further agreements will be signed, but the existing agreements will be carried on in current conditions, without being affected by the new decision. All agreements will terminate between the years 2016-2020.

Automotive imports have increased by 45.6% in Russia during January-November period of 2011

13.01.2012 / auto.vesti.ru

According to Russian Federal Customs Agency (FTS) data, 901,500 automobiles have been imported to Russia during January - November period of 2011 (+45.57%). 775,900 of these vehicles have been imported from countries outside the Commonwealth of Independent States (CIS) (monetary value: \$16.2 billion). 125,600 vehicles have been imported from the CIS countries on the other hand (\$824.3 million). Accordingly, the average value of an imported vehicle is calculated as \$21,900.

An increase has been observed in the truck imports of Russia during the 11-month period of 2011 (89,500 vehicles, +89.62%, \$2.247 billion). Average value of an imported truck is calculated as \$25.100 accordingly. 700 of these trucks have been imported from CIS countries and 88,800 from the rest of the world.

The automobile exports from Russia to other countries during the same period have increased by 45.8%, reaching 57,000 vehicles. The monetary value of these exports sums up to \$430.3 million. The average price of a vehicle exported from Russia is calculated as \$7500 according to these figures.

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2,650,000 cars and light commercial vehicles have been sold in Russia in 2011

13.01.2012 / AEB

According to the Association of European Business (AEB) data, by the end of 2011, the total sales of cars and LCVs in Russia have increased by 39% in comparison with the previous year, reaching 2,653,408 vehicles. The number of vehicles sold in December only on the other hand, has reached 251,414 (+23%). Nine out of ten best-sold models are being manufactured in Russia. AEB's market prediction for 2012 is 2.8 million vehicles.

GM is investing \$1 billion on Russian automotive industry

13.01.2012 / auto.vesti.ru

James Bovenzi, Executive Director of GM Russia, has declared that the company is aiming to increase its annual production number in the country from 232,000 (2010) to 520,000 by 2015. In conjunction with this target, the American producer is planning to introduce a few new models such as; Chevrolet Cruze Hatchback, new Opel Zafira, Chevrolet Aveo and Chevrolet Camaro into the Russian market in 2012-2013. Out of these models, Aveo will be manufactured with SKD model in Kaliningrad Avtotor Factory. Towards the end of the year the production will be shifted to Nizhni Novgorod GAZ Factory. On the other hand, the company will launch Chevrolet Cobalt into the Russian market in 2013. This model is expected to be manufactured in Uzbekistan.

Avtostat's prediction of car and LCV sales for 2012: 2.78-2.92 million

12.01.2012 / Avtostat

Avtostat statistics agency has revealed its prediction as the Russian market will grow at a lower pace in 2012, in comparison to 2011 and a decline in sales might occur in the event of a negative trend in financial markets. According to the optimistic scenario, the Russian car and LCV market will grow by 5-10%, reaching 2.78-2.92 vehicles. The worst case scenario projects a 15-20% market shrinkage and the sales trailing at 2.1-2.3 million interval. Russian car and LCV market performed at 2.95, 1.91 and 2.65 million vehicles in years 2008, 2010 and 2011 respectively.

MAN will produce trucks in Russia

11.01.2012 / Avtopanorama

MAN will establish a factory in Russia during the first half of 2012 and the facility will start operating in full capacity within the following three years. At the first phase TGS trucks will be manufactured. Up to this point, MAN trucks were being imported from Germany and Poland and the buses again from Germany and Turkey into Russia. A MoU had been already signed between MAN and the administration of St.Petersburg.