

Russian Automotive – Selected News

14.04 – 27.04.2011

Michelin has set up a workshop for the recapping truck tyres in Davidovo

27.04.2011 / Avtostat, Autofrancorusse

Michelin has set up a workshop for recapping of truck tyres within its factory in Davidovo, near Moscow. The workshop has an annual capacity of 50.000 tyres. Michelin will invest a total amount of €10 million for this project until 2015. Up to today, in Davidovo factory, only passenger car tyres had been in production. Pete Selleck, the Chairman of Michelin, has commented that they have consolidated their position as leaders of radial truck tyres sector in Russia by localising the production of recapped tyres.

The factory of the French tyre manufacturer makes car tyres under the Michelin, BFGoodrick and Kleber brands. Its current capacity of nearly 2 million tyres per year should be increased to 4 million, as soon as market conditions allow it.

Foreign OEMs will invest \$76bn in Russia

26.04.2011 / Autonews.ru

Russian PM Vladimir Putin has stated that foreign OEMs will make a new investment of \$76 billion as part of Industrial Assembly Regime and additional 35.000 people will be employed. In February 2011, several changes have been made by the government within Industrial Assembly Regime this. With the new regime, the foreign OEMs that achieve to localise their production rate by 60% will be entitled to import parts and components free of tariff until 2020. On the other hand, the producers will be obliged to realise the production of bodyworks in Russia, in addition to committing themselves to a minimum annual production rate of 300.000 cars and 200.000 motors and gear boxes. A minimum investment of \$500 million is compulsory for those OEMs. This agreement signed by the producers and the government concerning the Industrial Assembly Regime will be valid for 8 years. The OEMs refusing to comply with the requirements of the agreement will be liable to pay full tariff while importing parts and components to the country.

Federal Mogul Naberezhnie Chelny's target is 100% Localisation

26.04.2011 / Avtostat

Federal Mogul Naberezhnie Chelny, a Russian-American joint venture producing for KamAZ has plans to increase the 90% localisation ratio it has achieved within the 6 months following its establishment to 100% in 2011. The company produces components of cylinder-piston groups for Euro-0 to Euro-4 KamAZ engines and also participating at the KamAZ's Euro-5 engine project. Today the products are being used for NefAZ buses and KamAZ trucks. In long term the company is planning to work with other OEMs in CIS.

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Russian Government has accredited Ford-Sollers \$1.3 billion

25.04.2011 / Autonews.ru

Russian government has accredited Ford-Sollers partnership a 10 year loan of \$1.3 billion. Ford-Sollers will use this loan for the production of Ford Focus, Mondeo, Kuga, Explorer, S-Max, Galaxy and Transit models as from next year.

Ford-Sollers also plans to make new investments in areas such as; engine production and press-die operations. It's predicted that Ford will be able to localise big amount of its production in Russia this way. The new company which will be established by the pair will also be responsible for imports and Russian market sales of Ford products such as cars, spare parts and accessories.

Russian Truck Market will return to its pre-crisis volumes

20.04.2011 / Avtostat

Ernst&Young CIS (EY) estimates that the Russian truck market may return to its pre-crisis volumes only by 2014. Truck sales recorded in 2010 as 84.000 will increase to 114.000 by the end of 2011. A market shrinkage of 8.5% is expected as from next year, as a result of an increase in costs due to the introduction of Euro-4 standards. Foreign producers who currently observe this standard will not be affected by this shrinkage.

According to EY's predictions, the Russian truck market will grow by 27%-29% as from 2013-2014. Therefore, the anticipated total volume of truck sales will be approximately 171.000. This sales volume is above 151.000, which was achieved in 2007. The positive effect of a possible scrappage program for trucks was not taken into account in this prediction.

EY also reported that the sales of second hand trucks in Russia went down by 31% reducing the market share of this sector to 7% from 20%. The government's decision of increasing the tariff on imported trucks over 5 years old had great effect on this current prospect. While the locally produced truck sales increased by 91% in 2010, the market share of this sector almost remained stable. The sales of foreign brand trucks rose by 190% and their market share increased to 6% from 4%.

In the other hand, Avtostat analysts have informed that the second hand commercial vehicles market in the country is much bigger than the new vehicles market. Accordingly, while 388.481 second hand vehicles changed hands, only 129.000 LCVs were sold in year 2010 in Russia. In 2010 within the category of over 3,5 tonnes vehicles the sales figures of new and used vehicles stood at 62.720 and 297.498 respectively.

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TPV will supply seats to AvtoVAZ, Johnson Controls to Renault-Nissan

19.04.2011 / RBK Daily

Johnson Controls is planning to establish a seat factory in Samara. The factory will supply seats for Renault-Nissan models designed on B0 platform. The production of these models is planned to start in AvtoVaz factory soon. On the other hand, Sloven seat producer TPV Rus will supply for Ladas, which have been designed on the same platform.

According to RBK Daily's report, Johnson Controls is currently in search of premises for their factory in Togliatti Special Economic Zone. Previously the company had plans to establish a factory near AvtoVaz, but this couldn't come true due to the crisis. According to the sources in relation with the company, the planned factory will have a production capacity of 40.000. Johnson Controls has two other factories that produce seats in St.Petersburg and trims in Togliatti.

TPV Rus also produces seats in Togliatti at present. By the end of April, TPV will start supplying seats for Lada Grantas. Company executives share the opinion that no rivalry will take place between Johnson Controls and TPV. This is due to the fact that Johnson aims to become the supplier of R90 and F90 projects –in other words Renault-Nissan models- the production of which is planned to start in AvtoVaz during 2012-2013 period

Bosch may establish a component plant in Togliatti

18.04.2011 / RBK Daily

German producer Bosch is planning to increase the localisation rate in their component plant in Engels within the next few years. Rudolf Colm, member of Robert Bosch GmbH administration, has stated that they are willing to expand their investments in connection with their production in Russia, during the annual press conference held in Stuttgart. According to this, the company will focus on Togliatti Industrial Park in near future. Colm has expressed in the same statement that there is no decision made yet, but production in Samara is one of the options. It has to be remembered that Bosch is included in Lada's suppliers list for speed sensors as well as its ESP (Electronic Stability Program) and APS (Absolute Position Sensor) systems.

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MAN will produce trucks in St.Petersburg next year

15.04.2011 / RBK Daily

German truck and bus producer MAN and the St.Petersburg's administration have signed an agreement proposing the establishment of a truck factory. According to the agreement, the project is worth €25 million. MAN prefers to operate on the former production facilities of GM, located on Arsenal factory. The start production is expected in spring 2012. MAN's St.Petersburg factory will produce for the markets of Russia, Belarus and Kazakhstan. According to the statement made by the company, a quarter of all the MAN trucks sold in Russia will be locally produced in 2012. On the other hand, the capacity target for year 2013 is 6000.

At first stage, the trucks' chassis assembly and painting will be carried out in Russia. In the long run there are plans to increase the localisation rate. Georg Pachta-Reyhofen, the CEO of MAN, states that the depth of the production will depend on the suppliers they will find. MAN has already made a deal with KamAZ for engine localisation.

According to AEB data, MAN has sold 923 trucks during the first quarter of 2011, increasing its sales of over 16,5 tonnes heavy trucks by 91% in comparison with the sales figures achieved in the same period of the previous year. This figure accounts for 24% of the market. According to Avtostat the numbers of MAN trucks in Russia stand at 44.383 (1.3%).

ZMZ has increased its production 1.5 times during the first quarter

14.04.2011 / Avtostat

Within the first quarter of 2011 Sollers affiliate Zavolzhiy Motor Factory (ZMZ) produced 15.946 motors, increasing its production by 50,5% in comparison with the same period of the previous year. According to the statement made by the company, an increase in the demand for 4 and 8cc motors from the spare parts market as well as from car producers such as UAZ and PAZ has occurred.