

### **Yekaterinburg car market has experienced the biggest decline in May since the crisis**

28.06.2013 / Auto-Dealer-Ekaterinburg

According to Auto-Dealer-Yekaterinburg data, 37,501 cars and LCVs have been sold in Yekaterinburg, within the January-May period (-5%). The number of vehicles sold in May-only is 7923, on the other hand (-14%). This is the sharpest decline ratio observed on monthly basis, since the end of the economic crisis in 2009.

Lada has become the market leader of the city again with a sales figure of 4865 vehicles (-18%). The Russian brand has been followed by KIA (3073, +32%), Hyundai (3007, +5%) and Toyota (2793, -19%).

The experts share the opinion that the new automobile credit programme will contribute to the improvement of the situation.

### **Car production has fallen in St. Petersburg for the first time since 2009**

27.06.2013 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, Toyota, GM, Nissan and Hyundai factories established in St. Petersburg have manufactured 168,500 automobiles in January-May period (+7%). The production number in May-only is 30,000, on the other hand (-12.5%). Thereby, the car production has fallen for the first time in the city since October 2009, on a monthly basis. Long May holidays and the shrinking demand for automobiles in the country are shown as the reasons behind the decline in production. The car production has fallen by 2.3% in Russia by the end of the first 5 months of 2013. 18% decline has been observed in production in May.

22% of car production in Russia is made in St. Petersburg. Eleven different models are being manufactured in four factories. The models are as follows; Chevrolet Cruze, Opel Astra, Chevrolet Trailblazer, Nissan Teana, Nissan X-Trail, Nissan Murano, Infiniti FX, Infiniti M, Toyota Camry, Hyundai Solaris and KIA Rio.

### **Second-hand car sales has fallen by 4.5% in Russia**

26.06.2013 / Avtostat

According to Avtostat data, second-hand car sales has declined by 4.5% in Russia in January-May period, with 2.04 million vehicles. Lada brand vehicles formed 34% of second-hand sales. Toyota has become the leader amongst foreign brands with a market share of 34% (214,400 vehicles). Nissan occupies the third place (99,200). These brands are followed by Ford, Chevrolet, Hyundai, VW, Mitsubishi, Honda and Renault.

### Great Wall wants to establish a car factory in Primorski

27.06.2013 / Avtostat

Chinese car manufacturer Great Wall is planning to establish a factory in Primorski Region, Eastern Russia. The regional administration has stated that the factory, which will be established in the city of Ussuriysk, will have an annual production capacity of 150,000 automobiles. The amount to be spent at the first stage of the investment is \$350 million. A components workshop will be constructed during this stage, alongside press, welding, paint and final assembly lines. The localisation rate is anticipated to reach 65% by the end of the second stage.

On the other hand, Great Wall has already started the construction of a factory in the city of Lipetsk, with a production capacity of 100,000 vehicles, with its Russian partner Irito. The President of Great Wall: Van Fenin had previously announced that the factory will commence operations in October. H6 will be the first model to be manufactured in the factory in Lipetsk. The production method to be used has been announced as CKD. Great Wall is currently manufacturing Hover and SUV G5 models at its facility, situated in the city of Gjel near Moscow, with Irito.

### Mercedes-Benz is increasing the number of its LCV dealers in Russia

26.06.2013 / AutoBusiness Review

The General Director of Mercedes-Benz Rus Jan Madeja has announced that the company is planning to open 36 new LCV dealers by the year 2016. Madeja has made the following statement: "No other country has such a dynamic LCV market. Russia is the primary market for the Vans Go Global strategy of Daimler AG. The partnership established with GAZ has enabled us to manufacture locally in Russia. We will have opened 16 new LCV dealers by the end of the year. 20 more dealers will be added on this number within the next two years." As one may remember, the contracted serial production of Mercedes-Benz Sprinter Classic had started at GAZ factory, established in Nizhniy-Novgorod, in the beginning of June. The anticipated annual production capacity of the project is 25,000 vehicles. The total investment value is €190 million.

### The average age of automobiles in Russia is 11.9

25.06.2013 / Avtostat

According to Avtostat data, the average age of foreign and domestic brand vehicles in Russia is 9 and 14.9 respectively. As of 01.01.2013, the overall average age of vehicles in Russia is 11.9, on the other hand. The "youngest" automobile amongst foreign brands is KIA, with 3.5 years. KIA is followed by Chevrolet (3.9), Renault (4.1) and Hyundai (4.3). The average age of other brands are as follows; Ford - 7.3, Mitsubishi - 8.4, Nissan - 9.1, VW - 10.4, Opel - 10.7, Toyota - 12.3, Lada - 13.6, UAZ - 15.5, GAZ - 17.6, ZAZ - 23.8, Moskvich - 25.4.

### **Moscow vehicle market has shrunk by 8.3% in five months**

26.06.2013 / AutoBusiness Preview

287,800 cars and LCVs have been sold in Russia within the January-May period. This is 8.3% below the sales figure of the same period of 2012.

KIA has become the best-sold brand by the end of the five-months period with 22,653 vehicles (-14.2%). This number is equivalent to 7.87% of Moscow market. KIA is followed by Hyundai (21,400 vehicles, +2.5%) and Renault (20,400, +6.9%). Volkswagen (-14.3%) and Nissan (-18.6%) are the two other brands with sales figures above 20,000. The sales figure of the domestic brand: Lada is 16,955 (+6.9%), on the other hand. While Chinese Geely was the brand with the highest ratio of sales increase (+106.1%), the biggest decline has been experienced by Chrysler (-44.4%).

One of the premium class brands Mercedes-Benz has sold 9086 automobiles in Moscow (+21%). The sales figures of BMW and Audi are: 8800 (+13.3%) and 8100 (+3.7%), respectively.

### **St. Petersburg vehicle market has shrunk by 12% in May**

24.06.2013 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 79,712 new cars and LCVs have been sold in St. Petersburg within January-May period (-4%). The number of vehicles sold in May-only is 16,473, on the other hand (-12%). This number is even below the figure recorded in May 2011. Renault is the current market leader.

Despite the declining automobile market in the city, the sales of premium vehicles increased. The sales of BMW, Mercedes-Benz, Audi, Land Rover, Volvo, Lexus, Infiniti, Porsche, Jaguar and Cadillac brands has increased by 15%, reaching a total number of 8958 vehicles. Thereby, the share of premium vehicles within the total automobile sales reached 11%. This ratio was 9% last year.

### **The implementation of Renewal Tax has been postponed for Russian manufacturers**

21.06.2013 / AutoBusiness Review

The Russian parliament Duma failed to complete the investigation on the law draft, proposing the inclusion of domestic manufacturers within the frame of the renewal tax, on time. Several members of the parliament told Kommersant newspaper that due to technical issues the investigation is likely to be completed in Autumn, at the earliest. Accordingly, the new legislation will come into force on 01.10.2013, instead of 01.07.2013. The proposal had been presented to Duma at the end of May.

### **Russian Ministry of Industry and Commerce will reactivate the automobile credits programme**

24.06.2013 / Vedomosti

The Russian Ministry of Industry and Commerce has prepared a new automobile credit programme which is anticipated to remain in force from July 2013 till the end of 2013, will cover LCVs and foreign brand vehicles, as well as the automobiles manufactured in Russia. The 600,000 rubles upper price limit is expected to rise to 700,000 rubles.

As one may remember, a similar programme was implemented between the years 2009-2011 and 490,000 credits were given. This time, the ministry is aiming to allocate 200-250,000 credits. The experts in the sector share the opinion that this is a reasonable target. According to Ernst & Young data, 34% of cars and LCVs sold in 2012 have been purchased on credit.

As is known, the sales of cars and LCVs have been on the decline during recent months. It's hoped that the new programme will improve the situation to a certain extent or at least slow down the downward trend.

### **Octavia production has started in Nizhniy-Novgorod**

21.06.2013 / auto.vesti.ru

GAZ car factory, established in Nizhni-Novgorod, has started the production of Skoda Octavia. Skoda executives underline the fact that Russia is their third biggest market in the world and second biggest in Europe and half of the sales made in Russia is formed of Octavia models. The price of new Octavia is starts from 590,000 rubles. Since the introduction of the model in Russia in 2004, 227,600 Octavia vehicles have been sold in the country.

### **Magna will increase its capacity in St. Petersburg**

20.06.2013 / Kommersant

Canadian automobile supply industry company: Magna is making an additional investment of €100 million in its production capacity in St. Petersburg. Magna's plan is to establish a new factory in the city with Korean Shin Young Co. The associated company, established by the duo under the name of: Piterform, currently owns two active factories in Shushary and Kamenka regions. These factories supply components for Hyundai, GM and Nissan. Magna is also manufacturing plastic components for Ford in the region.

Magna has investment projects in other cities of Russia as well. The company is making an investment of 1.7 billion rubles in bumper, front panel, petrol cap and radiator frame production in Nizhni-Novgorod.

As one may remember, Magna had announced its plan to establish a cluster with an annual production capacity of 350,000 automobiles in Kaliningrad, with the local car factory: Avtotor, in March 2012.

### Automobile production in Russia has fallen by 18.1% in May

19.06.2013 / Rosstat

According to Russian State Institute of Statistics data, 767,000 automobiles have been manufactured in Russia within the first five months of 2013 (-2.3%). The number of sales recorded in May-only is 18.1% lower than the previous year with 143,000 vehicles, on the other hand.

AvtoVAZ has kept its position as the leader of Russian automotive, despite the 51% decline in production (22,885 vehicles). The transition to new generation Kalina and the suspension of Lada 4x4 production due to modernisation works are given as the reasons behind the decline in production numbers.

Avtotor factory, established in Kaliningrad, has started the production of Hyundai Equus in May. The factory manufactured 19,092 vehicles of various models last month (-14.4%).

The truck production in Russia has fallen by 13.7% in May (16,700 vehicles). The number of trucks manufactured within the first five months of the year is 77,000 (-6.1%), on the other hand.

The biggest truck manufacturer: KamAZ has produced 4240 trucks in May. Thereby, the number of trucks manufactured by the factory reached 20,147 by the end of the first five months of the year. The number of dumpers manufactured by NefAZ and trucks by AZ Ural factory is 1111 and 452 respectively.

4500 buses have been manufactured in the country in May (-1.1%). The number of buses manufactured within five months is 19,800 (-2.6%), on the other hand.

### Derways in investing in components production

18.06.2013 / AutoBusiness Review

Derways Car Factory, established in Cherkesk, is planning to make a supply industry investment in North Caucasian Federal Region, in order to reduce the dependency on China in components supply. The relevant statement has been made by the President of Karachai-Cherkessia Republic: Rashid Temrezov.

Rashid Temrezov has stated that Derways is currently carrying out works for the purpose of increasing the capacity of the factory to 100,000, by the year 2016. The cost of the project will be around 5.2 billion rubles.

### **Russian LCV market has shrunk by 3.5% in May**

18.06.2013 / Avtostat

LCV sales in Russia has fallen by 3.5% in May, with 13,852 vehicles. Thereby, the number of LCVs sold in the country has reached 64,578 by the end of the first five months of 2013 (+1.9%). 67.5% of this figure belongs to Russian brands.

GAZ has become the leader of the market as usual in May, despite the 9% decline (6568 vehicles). The second place is occupied by UAZ (2005, -10.7%). Volkswagen is the leader amongst the foreign brands (1260, -0.6%). The number of sales recorded by Ford is exactly the same as last year: 949 vehicles. Lada has been ranked fifth in the list, following the sales of 637 Largus and VIS.

### **Japanese are the leaders of the foreign brand automobiles components market in Russia**

17.06.2013 / Avtostat

According to Avtostat's survey, the best-sold components in Russian foreign brand automobiles components market belong to Toyota model vehicles. 40% of the market were formed of Toyota components in 2012. The monetary value of this amount has been calculated as \$2.51 billion. The second place is occupied by Nissan. The share of the brand within the foreign brand automobiles components market is 9% (\$1.18 billion). The two Japanese brands are being followed by American Ford (\$0.76 billion).

According to Avtostat data, the worth of the foreign brand automobiles components market has reached \$13.45 billion in 2012.

### **\$200 million new investment in GM-AvtoVAZ**

17.06.2013 / Reuters

General Motors and AvtoVAZ are making a new investment of \$209 million in GM-AvtoVAZ factory, established in Tolyatti. The relevant statement has been made by the Russian Special Economic Zones Administration.

Up until today, the bodyworks of the new generation Chevrolet Nivas, manufactured in GM-AvtoVAZ, were being assembled using components manufactured at AvtoVAZ. Following the new investment, the bodyworks will be manufactured by GM-AvtoVAZ.

The GM-AvtoVAZ executives have announced that an annual production capacity of 120,000 Niva bodyworks will be created on 200,000 m2 area. The operations will commence at the facility, the construction of which started on 14.06.2013, in December 2015, according to plans.

### **Ford-Sollers has started manufacturing Tourneo Custom in Elabuga**

17.06.2013 / Finmarket

Ford-Sollers partnership has announced that the production of Ford Tourneo Custom minivans has started in its factory established in Elabuga, Tatarstan. Tourneo Customs are being equipped with 2.2 lt, 125 hp Duratorq diesel engines. As one may remember, production had started in Elabuga in 2012. Transit, S-MAX, Galaxy, Kuga and Explorer models are currently being manufactured in the factory.

### **Moscow is the leader of Russian spare parts market**

14.06.2013 / Avtostat

According to Avtostat, Moscow has become the leader of Russian automobile spare parts market in 2012, with total sales of \$2.25 billion. 80% of this amount belongs to components of foreign brand automobiles (\$1.87 billion).

The total market volume of smaller residential areas surrounding Moscow -known as Podmoskovye- has been calculated as \$1.38 billion. In other words, Moscow and its immediate surroundings form one-fifth of Russian automobile spare parts market. The worth of the spare parts market within the borders of the administrative unit named: Moscow Region is \$1.08 billion.

St. Petersburg occupies the fourth place in terms of market size: \$923.3 million.

According to calculations, Russian automobile spare parts market is worth \$20.5 billion in total.

### **Schaeffler has started constructing a factory in Ulyanovsk**

13.06.2013 / auto.vesti.ru

German automotive supply industry company: Schaeffler has started the construction of a factory in Ulyanovsk. The company will manufacture hub bearings for automobiles and trucks, besides various engine components in Russia. A total amount of 2 billion rubles will be invested in the factory. As one may remember, Schaeffler had announced its plans to construct a new factory at the end of year 2012. The facility to be established in Zavoljye Industrial Estate will commence operations in 2014. Factories of several other German companies from various sectors such as; Quarzwerke, Gildemeister and Fresenius have also been operating in the area.

### **Russian manufacturers will also be subject to renewal tax**

[auto.vesti.ru](http://auto.vesti.ru) / 13.06.2013

Russian automotive manufacturers will also be liable to pay renewal tax, like their foreign counterparts. The relevant law proposal has been submitted to the legislative power of Russia: Duma.

As one may remember, the renewal tax implemented on imported automobiles came into force in Russia in September 2012. The renewal tax amount is calculated by multiplying the coefficient, determined according to the age and the engine volume of the vehicle, by 20,000 rubles. The coefficient increases in direct proportion to the age and the engine volume of the vehicle. The base value for trucks and buses is 150,000 rubles. The domestic and foreign companies manufacturing on Russian soil were exempt from renewal tax initially. These companies were only liable to provide guarantees for the completion of the recycling of vehicles in environmentally-friendly ways, at the end of their life-cycles.

However, due to staunch criticism by Russia's WTO partners on the implementation of renewal tax solely on foreign manufacturers, the Russian government had promised to reevaluate the regulation. On the other hand, prior to the amendments, the annual revenue received by the treasury from renewal tax was 54 billion rubles. Following the enactment of the regulation, 148,5 billion rubles will be added on this amount.

### **The influx of Japanese automotive supply industry companies to Russia continues**

13.06.2013 / OIB Russia

According to Itar-Tass news based on the Japanese press, Sanoh Industrial has plans to open two new factories in Russia before the end of the year. The first factory, established in Tolyatti by the fuel-pipe production specialist company, had commenced operations in February. Sanoh will also install a line in Nissan's St. Petersburg factory in 2014. The company will invest \$30.5 million in Russia in total. Kinugawa Rubber Industrial Co. Ltd is another Japanese company, with plans to make investment in Russia. The factory to be established by Kinugawa is expected to commence operations in 2014.

On the other hand, according to Finmarket, the gearbox supplier of AvtoVAZ: Jatco is also evaluating the investment opportunities in Russia. The President of Jatco: Takashi Gata has told the agency that in case the annual supply amount exceeds 100,000 units, the company will start considering investment options. The company has supplied around 30,000 transmissions to AvtoVAZ, since the beginning of their partnership with the factory last year. It's worth remembering that Jatco is an affiliate company of Nissan Motor.

According to the assessments made in Japanese media, Russia is an extremely attractive market for Japanese car manufacturers. As is known, Nissan and Toyota have factories in St. Petersburg. However, the factories currently import the majority of parts and components needed from Japan, by sea shipment.