

### **Russian LCV market has shrunk by 6.9% in March**

18.04.2014 / Avtostat

12,916 new light commercial vehicles have been sold in Russia in March (-6.9%). Thereby, the number of vehicles sold within the first quarter of the year has reached 30,920 (-11.3%). 65.4% of this figure is formed of Russian brands.

GAZ has become the market leader once again in March with 6257 vehicles (-8.4%). The brand currently holds 48.4% of the market. UAZ occupies the second place with a sales figure of 1436 vehicles (-16.5%). The top-two are followed by another Russian brand: Lada. The total sales figure of Largus and VIS in March is 863 (+9.7%). Ford has become the leader amongst the foreign brands with 794 vehicles (-27%). Mercedes-Benz is ranked fifth with 739 vehicles. The German brand has doubled its commercial vehicle sales, in comparison with the previous year.

### **A SEZ will be established in Vladivostok**

17.04.2014 / OIB Russia

It has been announced via the website of the Governorate of Primorski Region that an industrial type Special Economic Zone (SEZ) will be established in Vladivostok towards mid-June. Accordingly, the Russian President: Vladimir Putin has signed the relevant directive.

Mazda Sollers Manufacturing Rus and Sollers affiliate: Pasifik Lojistik are the main investors of the plant, which is planned to be established near Sollers Far East factory. The project will cost 27 billion rubles.

The Governor of Primorski Region: Vladimir Miklushevski has stated that by means of the SEZ, it's being aimed to increase the annual number of automobiles manufactured in Primorski Region from 75,000 to 100,000 and the supply industry localisation rate to 30%.

The potential investors of the SEZ have already guaranteed to provide 20.6 billion rubles investment in the project. 15.8 billion rubles of this amount will be invested by Mazda Sollers Manufacturing Rus, 3.7 billion by Pasifik Lojistik and 1.1 billion by Japanese and Korean supply industry companies. The remaining amount will be obtained from the federal budget. The administration and the coordination of the project will be carried out by Sollers Far East.

The SEZ is expected to commence operations in 2015.

### **Car production has fallen by 3.9% in Russia during the first quarter**

16.04.2014 / Avtostat

According to data published by Russian Federal Institute of Statistics, 447,000 automobiles have been manufactured in the country within the first quarter of the year (3.9%). The number of automobiles manufactured in March is 173,000, on the other hand (+4%).

AvtoVAZ has become the production leader in March with 43,970 vehicles (+12.3%). Lada production has shown a positive dynamics on a monthly basis for the first time since February 2013.

St. Petersburg based GM-Avto did not make production for two weeks in March. Sollers-Busan, established in Vladivostok, has manufactured its 10,000th Land Cruiser Prado on 14 March.

According to Rosstat data, 29,400 trucks have been manufactured within the first quarter of the year (-25.7%). 13,400 trucks have been manufactured in March, on the other hand (-25%).

The biggest truck manufacturer of the country: KamAZ has returned to five-days-a-week working schedule in March and manufactured 3850 vehicles (-15.4%). Kaluga based Volvo Group Trucks factory has started the production of new Volvo models in mid-March. GAZ, on the other hand, has been manufacturing two-row GAZel Nexts since the beginning of March.

Approximately 7000 buses have been manufactured in Russia within the first three months of 2014 (-28.9%). The March-only production figure is 3500 (-17.2%). GAZ has started the production of new small-class GAZel Next minibuses in the beginning of March.

### **KamAZ production has declined by 23.4% during the first quarter**

15.04.2014 / Avtostat

KamAZ has manufactured 8200 trucks within the first three months of the year (-23.4%). March production figure is 3850, on the other hand (-15.4%). It should be remembered that the company operated for one week only in January due to the new year holidays and four-days-a-week in February in order to prevent stock accumulation. KamAZ has returned to five-days-a-week working schedule on 01 March.

Previously, KamAZ executives had announced the annual production plan as 43,500 trucks (-0.7%).

### **GAZ Group has started the production of new EvoTech 2.7 petrol engines**

14.04.2014 / Avtostat

GAZ Group affiliate: Ulyanovsk Engine Factory has started the production of EvoTech 2.7 model petrol engines today. The Euro-4 and Euro-5 environmental-quality standards-compliant engines will be used in GAZel Biznes and GAZel Next model light commercial vehicles.

EvoTech 2.7 has been developed by the cooperation of GAZ Group and Korean Tenergy. The 2.7 lt engines have a life-span of 400,000km. The guarantee period is either 3 years or 150,000km.

### **Sollers' owner has transferred the control of the company to Russia**

11.04.2014 / RBK

53.8% share of OAO Sollers has been transferred to OOO Erfiks from Southern Cypriot Newdeal Investments Limited. OOO Erfiks, established on 31 March, shares the same legal address with Sollers. The General Director of the company is Vadim Shvetsov, the Chairman of Sollers. President Vladimir Putin's instruction to reduce the offshore rate of the Russian economy is the reason behind the decision of Sollers' biggest shareholder Shvetsov.

Sollers Group, established in 2002, manufactures UAZ, SsangYong and Isuzu vehicles and ZMZ engines. The Group had established the Ford Sollers partnership with Ford in 2011. Sollers has another joint investment with Mazda in Vladivostok. Sollers has declared a net profit of 3578 billion rubles (-38.2%) and a turnover of 61,317 rubles (-6.5%) for the year 2013.

### **PwC has lowered its prediction on Russian automobile market**

11.04.2014 / ITAR-TASS

PricewaterhouseCoopers (PwC) has amended its prediction on Russian automobile market for the year 2014. Accordingly, the company anticipates a shrinkage of 8% in the market this year with 2.4 million vehicles. PwC's initial sales prediction for 2014 was 2.54 million vehicles (-3%). As one may remember, 2.61 million vehicles were sold in Russia in 2013.

Following the decline in car and LCV markets during the first two months of 2014, the sales figures have caught up with previous year's levels in March. The analysts relate the positive sales figures in March to the consumers' decision to purchase earlier, in order to avoid the price rises due to the depreciation of ruble against dollar and euro. Therefore, Sergei Litvinenko from PwC is of the opinion that March figures can not be taken as an indicative for the rest of the year. According to Litvinenko, the sales will start declining from May-June onwards.

### **Russian car market has not shrunk in March**

09.04.2014 / OIB Russia

According to data published by Association of European Business (AEB), 243,335 new cars and light commercial vehicles have been sold in Russia in March. This figure is only 890 vehicles fewer than last year. Thereby, the number of vehicles sold within the first three months of the year has reached 602,523 (-2%).

### **IzhAvto will triple production in 2015**

08.04.2014 / Prime

OAG director in charge of development: Andrei Lisyuk has stated that the Group's affiliate: Izhevsk Car Factory (IzhAvto) will increase production from 72,000 to 227,000 in 2015. Lisyuk has added that the factory has generated a turnover of 13.97 rubles in 2013. The company's turnover target for 2014 is 22 billion rubles.

Lisyuk has told Prime news agency that Lada Granta Hatchback production will start at the factory in April, to be followed by a new model of Nissan in August. The production of a second Nissan model will start at the factory as from early 2015, according to plans. Lisyuk has also stated that the pilot production of Renault models will start at IzhAvto in September 2014.

### **Yo-Mobil project has been cancelled**

07.04.2014 / Kommersant

Yo-Mobil automobile project, launched by Mihail Prohorov in 2010, has been cancelled. Yo-Engineering, the company in charge of the development of the vehicle, has transferred the complete design information and know-how rights to Russian Automobile Institute: NAMI, a state enterprise, for €1 million.

Valeri Senko, the manager in charge of investments at Prohorov's company: Oneksim has stated that the decision has been taken due to the weakening of ruble, besides the general course of the Russian automotive and economy. The equipment to be used in the production of the vehicle were planned to be procured from abroad.

### **Sollers-Isuzu has started the production of Isuzu trucks**

07.04.2014 / Avtostat

Sollers-Isuzu partnership has started manufacturing Isuzu trucks in Ulyanovsk, on 04 April, with CKD method. Welding, assembly and painting processes of the trucks are being carried out in Ulyanovsk. The annual production capacity of the project has been announced as 5000 vehicles. Russian Prime Minister: Dmitri Medvedev has also participated in the opening ceremony.

During his speech at the opening ceremony, the General Director of Sollers: Vadim Shvetsov has stated that the company aims to become the leader of small and medium tonnage truck segments.

5 different models from the ELF series, weighing in between 1.5-6.5 tonnes, will be manufactured in Ulyanovsk. Two new models from the 8-12.5 tonnes Forward series are expected to be added to the production range within 2014. This year's production target has been announced as 2544 vehicles: 2340 ELF and 204 Forward series.

The current localisation rate of Sollers-Isuzu is 30%. This rate is expected to rise to 40% with the start of the production of Isuzu frames at UAZ in 2015.

### **Russian tyre market may shrink by 4% in 2014**

07.04.2014 / Vedomosti

According to data published by the second biggest tyre manufacturer in Russia Kordiant, the tyre market has shrunk by 2% in 2013 in comparison with the previous year, with 58.4 million. The company anticipates a further shrinkage of 4.2% in the market in 2014, in parallel with the course of the economy (56 million).

According to Vedomosti newspaper's survey, the tyre imports to Russia have declined by 3% in 2013. The total import figure is 29.5 million. The biggest factor behind the drop in Russian tyre imports is the arrival of nearly all global manufacturers in the country. Nokian, Michelin, Yokohama, Pirelli and Continental have plants in Russia. Bridgestone, on the other hand, has started constructing a factory a while ago.

The increase in tyre production continued in 2013, in parallel with the aforementioned developments (+4%, 43.26 million). Russia's tyre exports have increased as well, by 17%. While a third of the tyres manufactured in Russia have been exported to CIS countries, 9% have been sold to Finland, 8% to Czech Republic, 8% to Germany and 5% to USA.

Kordiant anticipates an increase between 10%-20% in tyre prices in 2014.

### **Hyundai Russia factory has increased production by 3% during the first quarter**

04.04.2014 / Avtostat

St. Petersburg based Hyundai Motor Manufacturing Rus factory has increased production by 3% during the first quarter of 2014, in comparison with the same period of the previous year, with 58,540 automobiles. 33,630 of the manufactured automobiles are Hyundai Solaris and the remaining 24,910: KIA Rio.

The sales figures of Solaris and Rio in Russia for the first three months of the year are 25,444 (+0.2%) and 20,926 (+5.8%), respectively. 6860 of the automobiles manufactured during the first quarter have been exported to foreign markets such as; Kazakhstan and CIS countries. This amount is equivalent to 11.7% of production.

The General Director of the company: Shin Meng Ki has stated that the factory is currently operating in full capacity. Hyundai is aiming to manufacture 230,000 automobiles in 2014.

### **Ford Sollers is laying off staff in Vsevolozhsk**

03.04.2014 / Kommersant

Following AvtoVAZ, Ford Sollers has also started mass layoffs, due to falling car sales. The company is planning to lay off 35% of current staff at Vsevolozhsk factory. The company has shown the sharp decline in demand and the depreciation in ruble as the main reasons behind the decision. Ford dealers in Russia are of the opinion that the market is saturated with the models manufactured in Vsevolozhsk.

As well as Vsevolozhsk, Ford Sollers has also reduced production to a single shift in Elabuga and Naberezhniye Chelny. The company will suspend production at Vsevolozhsk factory in between 7-15 April and 21 April-8 June. 700 employees will be laid off in parallel with the suspensions. The factory currently employs 2000 people.

The Vsevolozhsk factory, established by Ford in 2002, manufactures Focus and Mondeo models automobiles. The production had declined by 36% at the factory in 2013, in comparison with 2012, with 70,000 vehicles. Ford Sollers manufactures Explorer, Kuga, S-Max, Galaxy and Transit model cars and LCVs at Naberezhniye Chelny and Elabuga factories. Edge will be added to these models in near future. The total annual production capacity of the three factories is around 315,000 automobiles.

Ford sales have been on the decline in Russia since 2012. The brand's sales declined by 21% in February 2014.

### **Production has declined by 16.4% at GM-AvtovAZ during the first quarter**

02.04.2014 / Avtostat

GM-AvtoVAZ has manufactured 12,290 automobiles during the first quarter of the year (-16.4%). According to the press bureau of the factory, 12,312 Chevrolet Niva have been delivered to the dealers, within the first three months (-11.7%). 1014 vehicles have been exported during the same period, on the other hand (+29.3%).

GM-AvtoVAZ had previously announced its 2014 production plan as approximately 57,000 vehicles (-1.6%). The export target has been announced as 5000 vehicles, on the other hand (+25%). The factory officials have denied any revision plans, despite the first quarter figures.

The factory has manufactured 538,141 automobiles since its establishment. 39,359 of these vehicles have been exported.

### **KamAZ and Thermission have signed a partnership agreement**

01.04.2014 / Avtostat

KamAZ and Thermission AG have signed the establishment agreement of a new partnership: “KamAZ-Thermission” on 28 March in Thun, Switzerland. The new company will manufacture metal components for KamAZ trucks, with Levicor technology. According to the agreement, the Russian company will have the usage right exclusivity of this technology within the three countries forming the Customs Union. The shares of KamAZ and Thermission have been declared as 49% and 51%, respectively.

Thermission AG is the sole owner of the intellectual property rights of Levicor technology, which aims to increase the abrasion resistance in high-strength steels.

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

01.04.2014 / Autobusiness Review

Bridgestone has started the construction of the factory it will establish in Ulyanovsk Region. The factory, which will manufacture radial tyres for cars, is expected to commence operations during the first half of 2016. 12.5 billion rubles will be invested in the factory, which will be established in Zavoljye Industrial Park, on 81 hectares premises. The annual production capacity target is over 4 million tyres.