

# Russian Automotive – Selected News

13.07 – 26.07.2011

## Russian automotive is marching towards a record

28-07-2011/ Autostat

By the end of year 2011, Russian automotive industry might reach the highest car production level throughout its history. According to the predictions of Autostat, the number of cars produced this year will be as high as 1,694,000, following a 40% increase compared with the previous year. The highest production number achieved by the Russian automotive industry belongs to year 2008: 1,472,000.

Aforementioned predictions anticipate production levels of 697,000 local and 997,000 foreign brand cars. While AvtoVAZ occupies the first place in the production of local cars (580,000), it's predicted that Avtotor will be the market leader in foreign brands (230,000). Avtoframos, with 140,000 cars sold, will be the best performer amongst the companies which produce within the frame of the Industrial Assembly Regime.

## Chinese car sales has doubled in Russia during the first quarter

27-07-2011 / PwC

In respect of the first 6 months of year 2011, the sales of Chinese cars in Russia have risen by 92%, as compared with the increase of 66% and 32% in the sales of foreign and Russian cars respectively. The best-sold Chinese car has been Lifan with 7544 vehicles, following an increase of 3.3%. Vortex (Cherry), produced by TagAZ, has taken second place with 6193 vehicles sold within the first 6 months of the year, achieving a 3.9% increase as compared with the same period of 2010. Great Wall has become the third best-sold Chinese car with 2683 cars (+135%). The sales of the previous market leader Cherry remained at 2107, decreasing by 53%, the reason being the production of Cherry at TagAZ, under the brand name of Vortex. Geely, number five on the list, has increased its sales by 66%, selling 1846 cars within the first 6 months of the year. Haima 3, which entered the Russian market in November 2010 managed to sell 1324 vehicles. In accordance with the figures above, the total number of Chinese cars sold in Russia reached 21,697 within the first quarter.

## The sale of UAZ shares has ben postponed

26-07-2011 / Autostat

Rosimushestvo Agency, responsible for the management of public assets, has postponed the auction for the sale of UAZ shares owned by the Russian Government from 10th of August to 29th of September. The deadline date for the applications has been shifted to 22nd of September accordingly. Last week, the General Director of Sollers Vadim Shvetsov declared that they did not intend to take part in the auction, blaming the high asking price. Currently Sollers holds 67.77% shares of UAZ.

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## Renault-Nissan-AvtoVAZ aim to sell 1.6 million vehicles in 2016

26-07-2011 / OIB Russia

Renault-Nissan partnership intends to obtain the control shares of AvtoVAZ within the next 5 years. In addition, the partnership aims to increase its existing market share of 34.4% to 40% within the same period, an operation which might enable them to reach an annual sales figure of 1.6 million vehicles. 2010 sales figure of 1.1 million vehicles included the sales of Lada, as well as Renault and Nissan. Relevant statements about the subject has been made by Carlos Ghosn, the CEO of Renault-Nissan and Bruno Ancelin, Renault Eurasia Regional Manager. Renault executives predict the sales figures for year 2011 as in between 2.6 and 2.7 million vehicles.

The main plan of Renault is to increase its current 25% share in AvtoVAZ to 50%+1. The company has stated that negotiations on the subject are continuing at the moment. The second phase of the plan is to ramp up the production by increasing the capacity, in order to meet the existing demand. AvtoVAZ's annual production capacity (with two shifts) is 900,000 vehicles. According to Ancelin, it's possible to increase the capacity by 50% by adding another shift in the production line. In the beginning of 2012, a new line will be put into operation in Togliatti Factory, in order to produce 5 new models of Renault, Nissan and Lada, designed on Logan platform. 400,000 of these models are planned to be produced annually.

On the other hand, the partnership is also considering the modernisation of the IjAvto Factory in Ijevsk, within the scope of the aim of increasing the total production. Concerning this factory, it's within AvtoVAZ's plans to establish a facility with the production capacity of 300,000 cars. Company President Igor Komarov has stated that they intend to allocate 100,000 of this capacity to Lada Granta production. Komarov hopes that the remaining capacity will be utilised by the partnership.

## The shift to Euro-3 petrol has been postponed yet another time in Russia

25-07-2011 / Vedemosti

Russian Government has postponed the shift to the Euro-3 standard fuels yet another time. As a result, Euro-2 class Ai-92 type petrol will still be in use at least until mid-2012. According to the newly signed licence agreement, the companies with the permission to sell Euro-2 fuel will be liable to finalise the modernisation of refineries within the preset time limit. The government had to take this step due to the midyear fuel shortage experienced in the country. More than half of the fuel consumed in Russia belong to Euro-2 type. This fact makes the executives reluctant on setting an exact date for the ban on the usage of Euro-2 class fuels.

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## 100,000 cars have been produced in St. Petersburg within the first 6 months of the year

20-07-2011 / Auto-Dealer-SPb

St. Petersburg based Hyundai, GM, Nissan and Toyota factories achieved to produce 20,600 cars in between themselves during June. In total, these factories managed to produce 99,400 cars within the first 6 months of the year. There are 9 models produced by these four factories; Chevrolet Cruze, Opel Astra, Chevrolet Captiva, Opel Antara, Nissan Teana, Nissan X-Trail, Nissan Murano, Toyota Camry and Hyundai Solaris. The brand production numbers are as follows; Hyundai – 48,000; Nissan – 17,000; Toyota – 7,444. These figures lift up the production share of St. Petersburg in the total Russian market to 12%. This rate was 8.7% in January.

## Putin: “Russia will not give up Industrial Assembly Regime for the sake of WTO.”

18-07-2011 / Avto.Vesti.Ru

Russian PM Vladimir Putin has stated that the new Industrial Assembly Regime will not be sacrificed as a price for gaining access to the WTO. In his speech, the PM has mentioned about the European and American executives' discomfort and their efforts to put pressure for the termination of certain rules brought by the Industrial Assembly Regime, such as the obligations of a minimum annual production of 300,000 vehicles and meeting the 60% localisation rate and added that these two rules are “sine qua non” and the benefits of the Russian producers will remain to be protected. As one may remember, EC executives have recently protested against the regime, claiming that the industrial assembly specifications do not comply with the rules of WTO.

## Russian LCV market is about to reach pre-crisis levels

13-07-2011 / Avtostat

According to AEB data, LCV sales in Russia reached 43,710 during the second quarter of 2011, increasing by 34%, as compared with the same period last year. GAZ is the leader in this particular market. The producer from Nizhni-Novgorod has sold 32,852 vehicles in April-June period. (+33%). UAZ 5635 vehicles (+6%) and Fiat 3700 vehicles (+3%) occupy the second and third places in the list.

During the second quarter the medium tonnage truck market has grown by 92% reaching a volume of 2,840 vehicles. As in 2010, the leader of this segment has become Hyundai with 1813 vehicles. (+110%). The Korean producer has been followed by Isuzu, 307 vehicles (-29%) and Mitsubishi Fuso, which entered the Russian market in July 2010, with 296 vehicles. Within the quarter, the heavy tonnage truck market has grown by 163%, following the sales 5621 vehicles. Scania has sold 1737 trucks, multiplying its sales figures by 6,1. Scania has been followed by MAN 1649 trucks (+85%) and Volvo 1139 trucks (+229%). On the other hand, during April-June period, bus sales in Russia has increased 3.6 times. Total sales: 248.