

Russian government expects growth in vehicle market in 2017

30.12.2015 / OIB Russia

Russian vice president A.Dvorkovich has stated that the vehicle market will shrink by only 5% in 2016, thanks to 40 billion rubles government support. The sales figures of 2015 may even be maintained, in case the support is risen to 50 billion rubles. The vice president has thus commented on Rossiya 24 channel: "We have allocated over 40 billion rubles, in order to support automotive in 2015. By this means, the predicted 50% annual shrinkage rate has remained below 30%. This is not a figure to be glad about, however, we have managed to prevent a catastrophic decline and save the factories, production lines and employment, in general terms." "Our duty for next year is to stop the decline in production completely. Therefore, we will continue with the support programmes, at least matching the amount spent in 2015. On the other hand, we are working on raising the allocated amount from 43 billion rubles to 50 billion rubles."

As is known, the new car and LCV sales have been on the decline in Russia for three consecutive years. The market has shrunk by 34.5% in November. In parallel with the situation, the factories operate with 40% capacity. Hyundai Motor Manufacturing Rus in St. Petersburg is the only factory operating in full capacity in Russia at the moment.

The optimistic predictions about the future of the market have been replaced with pessimistic ones, under the current circumstances. For example, PwC has pulled down the 2020 market prediction it published a few years ago, from 4 million vehicles to 2.6 million.

A Ford Sollers representative has made the following comment via Vedomosti newspaper: "Russia has always experienced sharp up and downs. What's different today is the high number of main and supply industry investments in the country. This fact makes it necessary for the government to react promptly and efficiently." The Renault representative states their belief in the potential of the Russian market, despite everything.

According to Autostat data, there are 284 automobiles per 1000 people in Russia. The agency officials are of the opinion that Russia's potential is 500 vehicles per 1000 people. However, it doesn't seem likely to reach an annual market volume of 4 million vehicles, within the next ten years. The Hyundai representative and officials from Autostat share the same opinion. The agency officials draw attention to a new threat against automobile sales, alongside the economic risks.

Moscow city government, the biggest regional market of the country, has taken a decision towards limiting vehicle usage in the city. The agency states that the parking meters have increased the expenditures for drivers and this might have a negative effect on the demand for new automobiles in Moscow within a few years. On the other hand, other cities may follow Moscow's lead in parking policies in future. According to a top dealer who spoke to Vedomosti, the spread of parking meters will not have a fundamental effect on the demand. However, the dealer doesn't deny the potential negative effects of ever increasing parking fees on the appeal of private vehicles.

Sollers has left the partnership with Isuzu

25.12.2015 / Autostat

Sollers has left the Sollers-Isuzu partnership, selling 29% share to Isuzu Motors Limited and 21% to Sojitz Corporation. The new shares allocation is as follows: 74% Isuzu Motors Limited, 26% Sojitz Corporation.

The general director Vadim Shvedtsov has stated that Sollers has left the partnership, in order to focus on the SUV and LCV segments, where the company feels more secure, under the current market conditions.

As is known, Sollers-Isuzu partnership used to manufacture light tonnage trucks, within the structure of Ulyanovsk Car Factory-UAZ.

St. Petersburg vehicle market has shrunk by 41% in November

24.12.2015 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 112,090 new cars and light commercial vehicles have been sold in St. Petersburg within the first eleven months of 2015 (-34%). The November sales figure is 10,564 (-41%).

The agency officials relate the decline to the high base effect. Around 50% shrinkage is expected for December, in case the sales maintain the current tendency. The agency's year-end prediction is 36% shrinkage.

The share of St. Petersburg within the Russian vehicle market is 7.7%, as of the January-November period.

Hyundai will manufacture new commercial vehicles in Russia

21.12.2015 / Auto Review

Hyundai has plans to introduce two new commercial vehicle models to Russian market next year: the light commercial H350 and the truck Mighty.

According to Auto Review magazine, the production of H350, which is currently manufactured in Turkey, will start in Kaliningrad soon. The Russia sales price of the vehicle is expected to be between GAZel Next (1.1 million rubles) and Mercedes Sprinter Classic (1.4 million rubles).

The sales price of the 3.5 - 7.5 tonnes Mighty truck is expected start from 1.7 million rubles in Russia.

Russian car factories have solved the supply problems from Turkey

25.12.2015 / Vedomosti

The customs problems faced in component supplies from Turkey have been tackled, as told by representatives from Renault, Ford Sollers and Volkswagen Group Rus, to Vedomosti newspaper. The Nissan representative has stated that the problem has been solved almost completely. Accordingly, the automotive parts and components from Turkey are being held at the customs for longer times than usual. Toyota representative says that everything is back to normal. The representative from the Federal Customs Service (FTS) has confirmed these statements.

As one may remember, production has almost come to a halt in some automotive and machinery plants, following the seizure of parts and components imported from Turkey in Russian customs.

However, a factory representative highlights the delays during the customs clearance processes of components used in car services. The representatives from Russian Union of Car Dealers do not expect any problems, thanks to the sufficient component stocks in warehouses.

On the other hand, despite the fact that the problems in component supplies from Turkey have been solved, the factories are in search of new suppliers, according to rumours. A source from AVTOVAZ states that more than a year is needed, in order to procure the aforementioned components domestically. The period is between one and three months, in case the supplier is situated abroad. The suppliers manufacturing in Russia are dealing with the case at the moment. For instance, Pirelli -who manufactures tyres with Rosteh in Russia- imports metal and textile wires from Turkey. The company is on the lookout for new suppliers according to news, despite experiencing no supply problems up to today.

AVTOVAZ has started the production of LADA XRAY

15.12.2015 / Autostat

AVTOVAZ has started the production of LADA XRAY hatchback automobiles today, with a ceremony. The investment amount for the project is 12 billion rubles. The production line has an annual capacity of 60,000 automobiles. The localisation rate, which was announced as 50% for the initial stage, is planned to be risen to 75% within a year.

The model will be put on the market at the beginning of February, according to plans. Previously, the basis price of the vehicle was announced as under 600,000 rubles.

Russian car factories are taking new year holidays

18.12.2015 / Autostat

Ten car factories in Russia have made announcements about next year's operation plans, prior to the new year holidays.

- Kaluga based PSMA Rus factory will reduce the working week by one day next year. The factory will follow the new scheme for six months (1 February - 31 July), in order to maintain the employment numbers.
- AVTOVAZ will operate 4-days-a-week, as of 15 February 2016. The new regime is a part of the cost reduction and crisis prevention programme, implemented by the company during the market shrinkage.
- IzhAvto, established in Izhevsk, will take new year holidays between 29 December 2015 - 13 January 2016. The press office of the factory has stated that the holiday will start earlier than usual this year, due to the incompleteness of the production plan.
- KAMAZ will keep the current regime unchanged until the end of 2015. However, there's a possibility to shift to a shorter working week, depending on the order situation.
- Nissan St. Petersburg factory has announced that the current two shifts per day regime will be reduced to a single shift, from Spring 2016 onwards. This means layoff for 500 workers.
- Hyundai Motor Manufacturing Rus factory, on the other hand, plans to continue operating in three shifts, five-days-a-week. The factory will resume operations following the new year holidays, on 21 January. The factory has stated that modernisation works will be carried out for the production of new models, until the resumption of operations.
- GM-AVTOVAZ will remain idle between 22 December - 17 January.
- UAZ factory in Ulyanovsk will take holidays between the New Year's Eve and 10 January. The staff will take annual leaves between 10 January - 1 February. In the meantime, there are plans to continue works at the factory, regarding a number of investment projects.
- As one may remember, Ford Sollers had taken new year holidays earlier than its competitors. Vsevolozhsk and Tatarstan plants of Ford Sollers will not be operating for two months, due to falling demand.
- St. Petersburg Toyota plant will stop production between 31 December - 10 January, due to the traditional new year holidays.

Russian new truck market has shrunk by 32% in November

14.12.2015 / Autostat

According to Autostat data, 4133 new trucks have been sold in Russia in November (-32%). Thereby, the number of trucks sold within the January-November period has reached 45,374 (-42.6%). It should be remembered that vehicles over 3.5 tonnes weight, used in freightage, are classified as trucks in Russia.

Car production fell by 22.2% in Russia in November, in contrast with the 6.3% rise in truck production

16.12.2015 / Rosstat, Autostat

According to data published by Russian Federal Statistics Service: Rosstat, 1.2 million automobiles have been manufactured within the January-November period (-23.6%). The November production figure is 100,000 vehicles (-22.2%).

Some car factories have stopped production as of the beginning of November. Toyota suspended production till 15 November, due to production preparations for RAV4; GAZ, which makes contract production for VW, till 10 November, due to falling demand and AVTOVAZ and GM-AVTOVAZ till 4 November, due to stock taking. Ford Sollers has also stopped production at its Naberezhnye Chelny and Vsevolozhsk plants on 18 November. The plants will not resume operations until 15 January 2016, due to shrinkage in demand.

According to Rosstat data, 116,000 trucks have been manufactured in the country, during the January-November period (-16.2%). In November, truck production has risen by 6.3% year-on-year, with 13,000 vehicles. The biggest truck manufacturer of the country: KAMAZ has returned to five-days-a-week operation regime, due to the increasing number of orders in November. Another Russian manufacturer Ural has started the production of the new Ural Next series trucks last month, on the other hand.

32,000 buses have been manufactured in Russia within the January-November period (-17.1%). The November bus production figure is 3400 (-28%).

Russian car imports down by 51.7% in 10 months

10.12.2015 / Autostat

According to Russian Federal Customs Service (FTS) data, 288,000 automobiles have been imported to the country within January - October 2015 (-51.7%). The monetary value of the aforementioned imports is \$5 billion 376.1 million.

16,700 trucks have been imported within the first ten months of the year (-69.5%). The monetary value of truck imports is equivalent to \$672.1 million.

The automobile exports of Russia shrank by 24.1% within the same period, with 79,900 vehicles (\$886.4 million). 14,400 trucks have been exported, on the other hand, \$337.6 million in monetary terms.

Japanese supplier Hi-Lex has started test production in Tolyatti

09.12.2015 / Autostat

Japanese Hi-Lex Rus factory, established in Tolyatti Special Economic Zone (SEZ), has started the test production of gearbox cables for automobiles. According to the statement made by the SEZ, the production of window lifting systems, bonnet release cables and fuel fillers will be organised in the factory, in the forthcoming period.

Hi-Lex rus factory, established on 4 hectares premises with 1.3 billion rubles investment, will employ 150 people, once full capacity is achieved.

New automobile and light commercial vehicle market has shrunk by 42.7% in Russia in November

08.12.2015 / AEB

According to Association of European Businesses (AEB) data, 131,572 cars and light commercial vehicles have been sold in Russia in November. This means a 42.7% year-on-year shrinkage. The sales figure for January-November period is 2,220,758, on the other hand (-34.5%).

Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee commented: "One year ago, the Ruble was plummeting and customers were storming dealer showrooms to put their money to use before car prices caught up with the new exchange rate reality. None of this happened in November this year, which explains the relative deterioration in year-on-year performance of the market. The year is not over yet, however expectations regarding December are rather modest, especially in comparison with the record sales achieved last year at the peak of a short-lived sales boom".

