

## **A reduction has been proposed in the growth pace of the localisation of foreign car production**

31.03.2016 / Rossiyskaya Gazeta

The Ministry of Economic Development has issued a departmental draft order, which proposes to set the localisation rate of industrial assembly of automobiles to 45% for the fourth year from the date of entry to the supplemental agreement and to 50% for the fifth year. Currently, a minimum rate of 50% of the components must be manufactured in Russia for the fourth year and at least 55% for the fifth year, as reported by Rossiyskaya Gazeta.

In addition, the document proposes changes to the method of calculation of the production costs of automobiles and their components. Apart from the already sold automobiles, it's planned to include the components, taken into account in the total primary cost, in the calculation, as well as the unsold vehicles in the warehouses. The calculation of the total price of all exported automobiles and components will be carried out in their turn, at a cost set in commercial and/or payment documents.

The method of calculation will also change for the selling price of component manufacturers. Previously, the prices fixed during the wholesale of automobiles and their components were considered as the selling price, therefore only the legal entities, manufacturing automobiles or units from components, were taken into account. According to the new version of the document, the cost of the component, sold by the manufacturer either wholesale or retail to legal entities, will be called the selling price. Or, for example, to natural persons in retail.

In turn, the calculation of the total cost of the manufactured components, gone for export, will be carried out at a cost, given in commercial and (or) payment documents.

## **9117 new cars and light commercial vehicles have been sold in St. Petersburg in February**

29.03.2016 / Vedomosti

15,684 new cars and light commercial vehicles have been sold in St. Petersburg within the January-February period of 2016, which indicates a 12% year-on-year shrinkage, as published by Auto-Dealer-SPb. The dealers have sold 9117 vehicles in February, down by 5% year-on-year and up by 41% in comparison with January 2016. This is the minimum decline rate in sales in a year: the lowest shrinkage rate on a monthly basis was 19% in 2015. According to AEB data, the Russian new car and LCV market has shrunk by 13.4% in February, to 111,145 vehicles. Analysts from Auto-Dealer-SPb explain the relatively successful performance in February with the low-base effect. Hyundai has become the leader of St. Petersburg automotive market (+13% in comparison with January-February period of 2015). Lada occupies the second place (+20%). The sales of Ford has risen by 133%. Mercedes-Benz and Toyota have also recorded growth in sales, by 5% and 15% respectively.

## The structure of Russian automotive in 2015

30.03.2016 / Zr.ru

Autostat has published the automobile production structure in Russia for 2015. The car factories in Russia have manufactured a total number of slightly more than 1.2 million passenger cars in 2015, which indicates a 27% year-on-year decline or down by 450,000 vehicles in quantitative terms.

AVTOVAZ, established in Tolyatti, had 28.7% share of car production last year. The factory has manufactured approximately 347,000 Lada, Renault, Nissan and Datsun vehicles (-20%). Hyundai Motor Manufacturing Rus (19% share) occupies the second place, with a production figure of nearly 230,000 Hyundai Solaris and KIA Rio vehicles (-3%). Volkswagen Group Rus comes third with 8% share, manufacturing 97,000 vehicles. The market shares of the remaining companies are as follows: Avtotor - 7.6%, IzhAvto - 6%, GAZ - 3.4%, Ford Sollers - 2.9%, GM-AVTOVAZ - 2.8%, Nissan Manufacturing Rus - 2.7%, Toyota Motor - 2.7%, UAZ - 2.3% and Peugeot Citroen Mitsubishi - 2.1%.

Out of all car factories, only UAZ (+10%) and Nissan Manufacturing Rus (+7) have displayed positive production dynamics.

However, UAZ has recently announced underutilisation of capacity at the factory, which may be the reason behind the shift to 4-days-a-week operation regime as of the first of June. GM-AVTOVAZ has been operating in a single shift since February, doubling the speed of assembly in return, as stated by the company.

Russian automobile market has shrunk by 35.7% in 2015, according to Association of European Businesses (AEB) data.

## 101,000 automobiles have been manufactured in Russia in February

24.03.2016 / TASS

According to Rosstat data, Russian car production has fallen by 17.5% year-on-year in February 2016, to 101,000 vehicles.

Truck production (except dump trucks), on the other hand, has risen during the aforementioned period, by 42.7% to 11,600 vehicles. February figures also indicate an increase in the production of bodies for motor vehicles, by 75% to 24,200 units.

Bus production has also risen by 6.7%, to 2600 vehicles.

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### **The start of production at Kaliningrad automotive cluster has been postponed again - to 2019**

24.03.2016 / Vedomosti

Car production may commence at Kaliningrad cluster Avtotor in 2019. The relevant statement has been made by a member of the company board of directors: Valery Gorbunov on Wednesday: "We should already have commenced operations, at the first plant of the auto-cluster this year. The start of production has been postponed to 2019 at least, due to economic and political conditions and the sanctions." According to Gorbunov, the project for the first factory of the cluster is ready and the infrastructure works have already begun.

There's no information as to which car manufacturers will participate in the Avtotor project yet. BMW, for whom the plant currently manufactures automobiles, had been named as one of the potential partners in the Avtotor project previously. The representative of BMW in Russia has not answered the questions. A representative from the main client of Avtotor -the Korean manufacturer KIA- has told that the company will keep on cooperating with Avtotor on current terms. The representative of Hyundai, another company making production in Kaliningrad, has not made any comments.

### **AVTOVAZ has almost doubled the production of Lada Vesta**

22.03.2016 / Vedomosti

AVTOVAZ Group has increased Lada Vesta production to 230 vehicles per day at its Izhevsk factory, as told by one of the contractors and a source close to the company. The production fell by approximately 100 vehicles during the January-February period, said another source. As a result, the production has almost doubled.

AVTOVAZ representative has confirmed the rise in Vesta production, however, not disclosed any figures. According to the representative, the factory operates five-days-a-week, in two daily shifts. For comparison: the main production site in Tolyatti has been operating four-days-a-week in two shifts since February - the plant has shifted to part-time regime for six months.

Vesta has been on the Russian market since last November, with price tags between 514,000 - 677,000 rubles. The current production rise is related to the demand for new products, as explained by the AVTOVAZ representative. According to AEB data, 1643 and 2955 Vesta have been manufactured in Russia, in January and February respectively. Vesta has become the second most popular Lada model after Granta, the sales figure of which reached 6335 vehicles in February. Vesta production may hit the 5000 vehicles mark in March, as told by one of the sources of Vedomosti.

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### **The assembly of Hyundai Creta crossovers has started in Russia**

22.03.2016 / [Autonews.ru](http://Autonews.ru)

Hyundai Motor has started the test production of the new crossover Creta at its St. Petersburg plant. As stated by Hyundai press office, the serial assembly of the model will begin during the third quarter of 2016.

The current 30% localisation rate of the crossover will have risen to 50%, by the end of 2017. The crossovers assembled in Russia will be exported to the neighbouring countries: Belarus, Ukraine, Kazakhstan, Azerbaijan, Kyrgyzstan, Moldova and Uzbekistan.

Creta crossover will be launched at the Moscow Motor Show, which will begin in August 2016. The new automobile will be equipped with 1.6 lt and 2.0 lt engines.

### **The shrinkage in St. Petersburg car market has slowed down in February**

22.03.2016 / [to Auto-Dealer-SPb](http://to-Auto-Dealer-SPb)

According to Auto-Dealer-SPb data, 33,900 vehicles have been manufactured in St. Petersburg Hyundai, Nissan and Toyota plants during the January-February period of 2016, which is equivalent to a 23% year-on-year decline. The shrinkage rate has fallen by a half, in comparison with January figures. The downward trend has slowed down, thanks to the relatively lower decline in production in February. 23,400 automobiles have been manufactured in the city during the last month of winter, down by 6% only, compared to February 2015.

“Out of the best-sold models of the Russian market, manufactured in St. Petersburg, only Nissan X-Trail has recorded a rise in sales in the beginning of the year. The sales of other leading models manufactured in the city have fallen, especially Toyota Camry, by more than 30%” say Auto-Dealer-SPb analysts. “Despite this, the positivity in February dynamics should be noted. If the production volume of the GM factory is not taken into account for last February, the overall figure of the remaining three plants doesn’t indicate a decline for the last month of the winter” they continue.

The share of St. Petersburg market in Russian automobile production has risen by the end of the January-February period, in comparison with the opening month of the year, with 22.7% (21.7% in January 2016).

Seven models have been manufactured in St. Petersburg car factories in February: Nissan Qashqai, Nissan X-Trail, Nissan Murano, Nissan Pathfinder, Toyota Camry, Hyundai Solaris and KIA Rio.

## **Secondhand car market has grown for the first time since December 2014**

16.03.2016 / Autostat

February 2016 has become the first successful month for the Russian secondhand car market, since December 2014. The market volume has reached 370,000 vehicles, following a 10.9% year-on-year increase. According to Autostat data, the secondhand car market had been on the decline for the last 14 months, since December 2014 (+19%).

Despite selling more than new vehicles all year round in 2015, the dynamics of the secondhand market remained negative. The year-on-year shrinkage rates according to months in 2015 are as follows: January (-9.5%), February (-22.5%), March (-24.3%), April (-29.8%), May (-24.1%), June (-23.4%), July (-18.7%), August (-15.9%), September (-8.7%), October (-10.6%), November (-16.4%) and December (-26.6%). 308,800 second-hand vehicles have been sold in January 2016 (-6.8% year-on-year decline).

“It’s possible to say that the low-base effect has played a role in the increase. In comparison with the 380,000 vehicles sold in March 2015, the current figures give us hope for the continuation of the market recovery” comment the Autostat analysts.

## **3375 new trucks and 5921 new light commercial vehicles have been sold in Russia in February**

16.03.2016 / Autostat

According to Autostat data, 3400 trucks have been sold in Russia in February 2016 (-25.7% year-on-year). Russian manufacturer KAMAZ has kept its leadership, with 42% market share. In quantitative terms, this corresponds to 1400 vehicles - 7.8% below last year’s sales figure. The second place is occupied by another domestic brand - GAZ, with 491 vehicles (+7.9%). The top-three is completed by yet another Russian brand - Ural (253, +8.6%). The top-five includes Belarusian MAZ (227, -43.7%) and German MAN (174, +64.2%).

It should be noted that the Russian new trucks market has shrunk by 33.3% in January-February period, in comparison with the same period of last year, with 6200 vehicles.

According to the agency data, 5900 light commercial vehicles have been sold in February, which indicates a 4.9% year-on-year decline. GAZ has remained the leader of the market, whose share exceeds 40% of the total market. The sales figure of GAZ is equivalent to 2500 vehicles, which is 3.8% above last year’s performance. Another domestic brand - UAZ comes second, with a February sales figure of 1300 vehicles (+8.1%). LADA completes the top-three (471, +16.6%). German brands Mercedes-Benz (365, -29.5%) and Volkswagen (334, +12.1%) have also found themselves places in top-five.

The Russian new LCV market has also fallen in January-February period, by 20.5% year-on-year, with 10,400 vehicles.

## Renault will supply car bodies for vehicles in Algeria from Tolyatti

10.03.2016 / Vedomosti

Renault plans to start the export of ready-made bodies -manufactured in AVTOVAZ- from Russia to the Algerian plant of the French Group for the production of Renault Logan and Sandero by the end of 2016, said the senior vice-president and the regional director of operations at Eurasia Renault: Jean-Christophe Kugler, during an interview with Interfax. “The Algerian facility is very small scale and there aren’t many local suppliers available. For that reason, it’s necessary to supply the automotive components from Romania and Turkey. In this way, we will strengthen the position of our plant in the Algerian market and keep our facility in Tolyatti busy at the same time.” he added.

“The supply volume has not been determined yet, however it won’t be 500 units. We are talking about thousands here” continued Kugler. 134,100 passenger cars have been sold in Algeria in 2015 (-25%), according to OICA data. With the participation of Renault Russia in the Algerian market, the sales figure may rise to 22,000, as stated in the presentation of the Ministry of Industry and Commerce. In the ministry’s point of view, Algeria may become the largest additional export market for Russian car factories this year.

Car export targets of Russia in 2016, according to markets: Algeria: 22,000, Iran: 11,000, Egypt: 8000, European countries: 5000, Cuba: 3000, Vietnam: 2500, Mexico: 2200, India: 1000 and Ethiopia: 400.

## Avtotor has started the production of the new generation of KIA Sportage

15.03.2016 / Autostat

Avtotor factory, established in Kaliningrad, has started the production of the fourth generation of KIA Sportage crossovers on 14 March. The vehicle has gone through significant interior and exterior changes. The crossover is available in full or front-wheel drive versions and equipped with a Euro-6 standard engine. The new version of one of the most popular automobiles in Russia will be put on the Russian market on the first of April.

All of the three previous generations of KIA Sportage have been manufactured at Avtotor. The production of the first generation had started in 1998. In 2002, Sportage became the first automobile to be welded and painted directly at Avtotor. In total, the Kaliningrad plant has manufactured 189,239 vehicles of three KIA Sportage generations, between the years 1998 and 2016.

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## St. Petersburg Toyota will start the production of RAV4 crossover in August

15.03.2016 / TASS, Autostat

St. Petersburg Toyota plant will start the production of Toyota RAV4 crossover in August, which will become the second model on the production line of the facility.

The annual production capacity of the factory has been doubled at the end of 2015, from 50,000 vehicles to 100,000. The shop areas have been enlarged, production lines expanded and all shops have been installed with new equipments, including the robotic body welding line, as well as the equipments needed to enhance automation at assembly and stamping lines.

The amount of investment in the expansion of the production capacity and preparations for the launching of Toyota RAV4 has already reached 7.1 billion rubles. The total investment in the facility amounted to 18.2 billion rubles.

RAV4 will be put on Russian, Belarusian and Kazakh markets. The relevant statement has been made by the press office of Toyota Motor in St. Petersburg to TASS.

“Toyota plant manufactures Toyota Camry for the markets of Russia, Kazakhstan and Belarus. The production of a second model - Toyota RAV4 will start at the facility in 2016. RAV4 will be manufactured for the same markets as Camry: Russia, Kazakhstan and Belarus” stated the company press office.

As published by Autostat previously, Toyota St. Petersburg has manufactured 32,882 Toyota Camry vehicles in 2015, which indicates a 10.2% year-on-year decline. All Camry vehicles sold by Russian dealer networks are manufactured locally. 30,315 Toyota Camry have been sold in Russia in 2015, down by 11.7% in comparison with the previous year's figure. According to Toyota Motor, Toyota Camry remains the best-sold business-class sedan in Russian market, having 35.7% share of the D/E segment. In addition, Toyota St. Petersburg plant has shipped 2063 Toyota Camry to Kazakhstan in 2015 (-33.1%) and 259 to Belarus (+15.6%).

## Russia has imported 11,000 automobiles in January

14.03.2016 / Autostat

Car imports to Russia fell by 58.8% year-on-year in January 2016, to 11,000 vehicles. According to Russian Federal Customs Service (FTS) data, Russia has spent \$185.6 million on car imports during the aforementioned period. Truck imports have fallen by 68.7% in January, to approximately 500 vehicles with a monetary value of \$30.7 million. Russian car exports went down by 28.6% during the first month of 2016, to 1500 vehicles, generating \$33.7 million in monetary terms. Truck exports shrank by 60%, to 200 vehicles, generating \$8.7 million.

## Lexus has achieved record number of sales in Russia in February

11.03.2016 / Autostat

Russian dealers have sold 1451 Lexus automobiles in February, which indicates an 83% year-on-year increase. The sales figure of the brand has risen by 71% by the end of the first two months of 2016, with 2536 vehicles. Lexus has thus broken a historical record in sales in February and for the first two months of a year in 2016.

As stated by Lexus press office, the high interest shown by buyers in the fourth generation of the premium crossover Lexus RX, the sales of which began in December 2015, was one of the reasons behind the increase in sales. RX has been the bestselling model of the brand since the turn of the year, breaking sales records in February and by the end of the first couple of months of 2016. Another popular model, the new flagship SUV: LX has consolidated the success of Lexus in the Russian market. LX has reached record sales figures both in January and February and by the end of the first two months of the year, as a result. The urban crossover NX has not lost its popularity either, the demand for which rises steadily amongst the young clientele.

## Gestamp has opened a factory for the production of automotive components in Russia

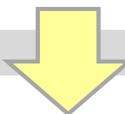
11.03.2016 / Autostat

Gestamp has opened its fourth plant in Russia “Edscha Tolyatti” on 10 March, which will manufacture hinges for doors, tailgates, trunk lids and bonnets. The new facility, established at Tolyatti SEZ, is the first plant of Edscha (an affiliate of Gestamp Group since 2010) in Russia.

Assembly and production of hinges for doors, tailgates, trunk lids and bonnets for the Russian market has started with 50 employees at the factory this year. An approximate production capacity of 2.5 million hinges is expected for the year 2016. Edscha Tolyatti plans to employ 150 more workers in the medium term. The plant has a production area of 5000 m<sup>2</sup>. An additional area of nearly 6000 m<sup>2</sup> is available for future expansions.

Gestamp has been operating in Russia since 2008. Currently, the company has four plants in Russia, including Edscha Tolyatti, employing more than 650 people. Russia has become the eleventh biggest market for Gestamp in 2014.

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## **Lifan sales up by 45% in Russia in February**

09.03.2016 / Autostat

Russian Lifan dealers have sold 1046 automobiles in February, which is equivalent to a 45% year-on-year increase. The figure for the first two months of the year has also risen in comparison with the previous year, by 54.3% to 2290 vehicles.

The crossover X60 has kept its position as the bestselling Lifan model in February with 473 vehicles and became the most popular Chinese SUV, according to Lifan Motors Rus. The compact crossover X50 occupies the second place in the model range with a sales figure of 417 vehicles. The X50 model has already reached a sales figure of 3830 automobiles since its launching in June 2015 and is currently on the market in more than 100 cities in Russia. As reported by Autostat previously, Lifan has plans to introduce new models to the Russian market. Lifan Cebrium CVT and the brand new sedan Lifan Solano are currently in certification process. In addition, the flagship 7-seater SUV Lifan X70 is planned to be launched.

## **KAMAZ revenues down by 13% in 2015**

04.03.2016 / Autostat

Last night in Moscow the KAMAZ Board of Directors has summed up the preliminary results of the operations of the OJSC KAMAZ Group companies for 2015. 29704 ready-made KAMAZ trucks have been sold in 2015, more than 23,100 domestically and 6600 exported. According to preliminary data, the total revenue amounted to 96.3 billion rubles in 2015, declining by 12.3% year-on-year. The company plans to increase the revenues to 112.1 billion rubles in 2016, as stated by KAMAZ press office.

On the other hand, 24 June 2016 has been set as the date for the annual general meeting of OJSC KAMAZ shareholders. Proposals have also been made as to which issues to include for discussion in the general meeting of the shareholders. The election lists of candidates for the Board of Directors and the Audit Commission have been approved. A number of deals, the completion of which were of interest, have been approved.

## **4500 new light commercial vehicles have been sold in Russia in January**

02.03.2016 / Autostat

According to Autostat data, the new LCV market, on the other hand, amounted to 4500 vehicles in January 2016, shrinking by 34.5% in comparison with the previous year. Russian manufacturer GAZ has kept its position as the leader of the new LCV market, with 38% share of the total sales in the country. The brand has sold 1700 vehicles, which is equivalent to a 17% year-on-year shrinkage. The leader is followed by one of its compatriots: UAZ, with an approximate January sales figure of 1200 vehicles (-28%). 25.7% share of the Russian LCV market belongs to UAZ. Mercedes, the best-selling foreign brand, completes the top-three (324, -56.3%).

## **Moscow car market has grown by 4% in January**

03.03.2016 / Autostat

According to Autostat data, 15,300 new passenger cars have been sold in Moscow in January 2016, which is equivalent to a 4.3% year-on-year increase.

Korean manufacturers Hyundai (2200 vehicles, +44%) and KIA (1800, +6%) and Japanese Toyota (1300, +36%) form the top-three car brands of the capital city. Domestic brand LADA, on the other hand, did not even get into the top-ten.

Hyundai Solaris has become the best-sold model in Moscow, with a sales figure of 1700 vehicles in January, which is 2.5 times more than last year. Solaris is followed by KIA Rio (646, +34%). Skoda Octavia completes the top-three (574, +68%). Lada Largus is the most popular domestic model, albeit remaining outside the top-ten in the rankings.

## **6460 new cars and light commercial vehicles have been sold in St. Petersburg in January**

03.03.2016 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 6460 new cars and light commercial vehicles have been sold in St. Petersburg in January 2016, which is equivalent to a 22% year-on-year decline. A lower figure on a monthly basis had been recorded in January 2010 for the last time, when St. Petersburg dealers only managed to sell a little over 5000 vehicles.

Hyundai has taken the leadership of the market, whose sales increased in consecutive five months last year. Despite the minus sales figure for January (672 vehicles, -17%), the brand held on to the first spot. The Korean brand is the only manufacturer, which kept its top-three position, in comparison with 2015. KIA (537, -30%) and Renault (436, -53%) have lost their rankings to LADA (627, +33%) and Volkswagen (567, -11%) in January.

Only three brands out of the top-ten have increased their sales on a monthly basis: LADA, Ford and Mercedes-Benz. LADA has climbed up in the rankings thanks to the introduction of Vesta models, which already constitute 15% of the Russian brand's model range. Ford sales increased due to the low base effect of last year, which will enable the brand to keep the upward trend for another two months at least. Mercedes begins the year with increasing sales volumes traditionally. Swedish Volvo Group has suffered the sharpest decline in sales with 97%.

The share of St. Petersburg in the total volume of new automobile sales in Russia amounted to 7.9% in January 2016.

## **KAMAZ will create a new inline engine in 2017**

01.03.2016 / Autostat

KAMAZ intends to create a new inline engine in 2017 and start the production in 2019, manufacturing 12,000 engines annually.

As stated by the company press office, the project to create a new generation of KAMAZ engines has started in 2014 and currently in the stage of development and technical preparations for production. Two important equipment supply contracts have been signed: for the lines of mechanical works and cylinder head assembly and for engine assembly lines. The company has made the following statement: "In the first quarter, we have to complete the selection of suppliers for all equipments and conclude all supply contracts towards mid-year. The first party of cylinder heads must roll off the production line in April."

The localisation of 80% of the components -to be used in the production of the new engines- in Russia and CIS countries is a challenge for KAMAZ. External influences that can not be predicted, therefore hard to avoid, are the main difficulties for the project, say KAMAZ officials: "In 2013, when the project started, there were a lot of imported components, minimising risks. However, due to the increase in exchange rates, we have revised our position and decided to manufacture 290 of the components in Russia. In parallel, we have begun the production of components, which do not require purchase of equipment, at KAMAZ." Blank production and mechanical works on the main components of the engines: cylinder heads, crankshafts, flywheel housings, flywheels, exhaust manifolds, oil pans, gas distribution pinion gears and power take-offs, front cylinder block covers; assembly operations, testing, painting and additional supply of engines, will be organised at the factories of the automotive giant.

This way, the main components of the engine, amounting up to 34% of the costs, will be manufactured in KAMAZ. The company aims to procure the prototypes of all components manufactured in Russia and KAMAZ until the end of the year, in order to assemble the engine using its own parts in the fourth quarter of the year. The first pre-production engine is set to take shape in 2017.

## **2800 new trucks have been sold in Russia in January**

02.03.2016 / Autostat

According to Autostat data, the new trucks market in Russia has shrunk by 40.6% year-on-year in January 2016, with 2800 vehicles.

KAMAZ remains the market leader, with 42% share of the total volume. In terms of quantity, the share is equivalent to 1200 vehicles, which is 24.6% below last year's figure. The second spot is occupied by another domestic brand: GAZ, with 388 vehicles (-20.2%). Belarusian MAZ completes the top-three (187, -52.8%).

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