

### **Car production in Russia has declined by 38.3% in August**

15.09.2014 / [Autonews.ru](http://Autonews.ru)

According to Rosstat data, Russian car production has gone down by 38.3% in August, in comparison with the previous year. The production has shrunk by 42.1% in July 2014, on the other hand. The shrinkage rate for the first eight months of the year is 4.6%. 1.2 million automobiles have been manufactured within the January-August period.

As is known, the Russian automobile market has declined by 25.8% in August. The shrinkage rate in sales is 12.1% for the first eight months of the year. The total sales figure is 1.58 million (AEB data). Concordantly, the manufacturers review their production plans and cut production. Ford Sollers, GM and Volkswagen are amongst such companies.

### **EEC has launched an antidumping investigation on bus and truck tyre imports from China**

11.09.2014 / [Vedomosti](http://Vedomosti)

The Eurasian Economic Commission (EEC) has announced that an antidumping investigation has started on Chinese origin bus, truck, trolleybus and trailer tyres. The investigation has started following the appeals from Russian and Belarusian tyre manufacturers: Tatneft, Kordiant and Belshin.

According to EEC data, the tyre imports to the Customs Union, formed of Russia, Belarus and Kazakhstan, have increased by 29.8%, while Chinese imports increased by 36.3%. The share of Chinese brands in imported tyres market has reached 64% in 2013 and the dumping margin to 198%. The truck tyres market has grown by 5.1% in Customs Union countries, in contrast with the 9.2% shrinkage in domestic production and 17.1% decline in the sales of domestically manufactured tyres. Thereby, the market share of domestically manufactured tyres has declined by 11.1%.

EEC statement is as follows: "In order to compete with Chinese tyres, the factories within the Customs Union area had to reduce the prices of their products. As a result, the profitability rates of these enterprises have fallen."

According to Avtostat data, 7.24 million truck tyres have been sold in Russia in 2013. No increase is anticipated in the number of tyres to be sold in the components market this year. A shrinkage of 15%-20% is predicted in the number of tyres to be supplied to production lines, on the other hand.

Antidumping investigations usually take a year.

### **Car manufacturers are initiating their own utilisation programmes**

09.09.2014 / Vedomosti

The automobile utilisation programme, the commencing date of which was announced as 01 September by the Russian Ministry of Industry and Commerce, has not yet come into force, due to not being approved. Therefore, a number of car manufacturers have decided to start their own programmes, rather than waiting for the government. According to Vedomosti, the aforementioned companies are: AVTOVAZ, KAMAZ, GAZ, Sollers, PSA Peugeot Citroen and Ford Sollers.

The conditions of accession of the utilisation programmes of the companies are similar to the conditions of the programme announced by the government. The difference is rather on the validity periods. For example; the programme of AVTOVAZ will remain in force between 04 September - 15 December and KAMAZ between 08 September - 31 December.

According to data published by AEB, new car and light commercial vehicle sales have shrunk by 12% in Russia, during the January-August period. The August shrinkage rate is 25.8%, on the other hand.

### **Russian car and LCV market has shrunk by 25.8% in August**

09.09.2014 / AEB

According to data published by the Association of European Businesses (AEB), 172,015 new cars and light commercial vehicles have been sold in Russia in August. This figure is 25.8% lower, in comparison with the same period of the previous year. The number of vehicles sold in the country during the January-August period has thereby reached 1,582,713 (-12.1%).

### **Volkswagen Kaluga factory has suspended production**

08.09.2014 / Reuters

German car manufacturer Volkswagen has announced suspension to production at Kaluga factory. The economic situation in the country has been shown as the reason behind the decision.

VW has sold 154,606 VW, Audi, Seat and Skoda automobiles in Russia, during the first seven months of the year (-10.5%). The company holds 11% of Russian car and LCV market.

### **GMD Plastic Systems is establishing a factory in Klin**

08.09.2014 / [AutoBusiness Review](#)

French automobile supply industry company GMD is getting ready to establish a factory in Klin, Moscow Region. As announced by the city administration, the factory will be built on Grofilleks SNG industrial site.

The general director of GMD Plastic Systems: François-Xavier Lemasson has stated that the company is currently on the brink of an agreement with a bank for finance and staff recruitment has started. The company is expected to commence operations in October 2015. GMD Plastic Systems will supply the production lines of Renault-Nissan alliance -established in Moscow, Tolyatti and Izhevsk- with plastic components.

GMD, established in 1986, is a company specialised in the production of engine and gearbox blocks, saloon details and gaskets.

### **Russian automobile imports have fallen by 16.4% during the July-August period**

08.09.2014 / [AutoBusiness Review](#)

According to Russian Federal Customs House data, the automobile imports to the country have fallen by 16.4% in January-July period, in comparison with the same period of the previous year: 434,900 vehicles. The monetary value of the aforementioned imports has been declared as \$8.4 billion.

The number of automobiles exported from Russia is 76,800, on the other hand (+6%). The monetary value of this export is equivalent to \$858,600.

### **AVTOVAZ will lay off 2200 directors, specialists and workers until the end of the year**

05.09.2014 / [Interfaks](#)

AVTOVAZ will lay off approximately 2200 directors, specialists and workers as of 23 September, within the frame of a plan. The representative of AVTOVAZ trade union has stated that following the layoffs till the end of the year, around 11,000 directors, specialists and workers will remain at the company. The representative has added that the company, which completed the workforce reduction plan earlier than schedule this year, is not expected to lay off staff at this stage.

AVTOVAZ had decided to lay off 7500 employees this year, in order to cut expenditures.

### **Russia may remove the ban on the parallel imports of car components**

04.09.2014 / Autonews.ru

As stated by the official newspaper of Russian state: Rossiyskaya Gazeta, the Federal Competition Authority (FAS) has the intention to permit the parallel imports of car components. However, on condition that all components are manufactured under the licenses of the rights-holders.

Russian car owners often have to wait for the arrival of the relevant components during vehicle repairs. At times, the situation prolongs for months. The consumers, who don't care about vehicle warranty procedures, choose to go for considerably cheaper equivalent products, rather than the original components. However, such services are not rendered officially.

This is due to the fact that the entry of such components to the country has been banned by the Russian government, without the permission of the rights-holders. Such components are labelled as imitations, at the moment of entry to the country. This procedure limits the competition amongst the licensed components dealers, raising the prices of branded products.

### **Car seats will be manufactured for KIA models in Kaliningrad**

03.09.2014 / Avtostat

The establishment of car manufacturer Avtotor's Kaliningrad factory, where car seats will be manufactured for KIA automobiles within the frame of the supply industry development programme, is about to be completed. Johnson Controls and Youngsan KId have already started the assembly of production equipment at the facility, established very close to Avtotor factory. The facility will manufacture seats with CKD method for KIA Sorento and Cerato models. Johnson Controls and Youngsan KId are expected to start the serial production of seats within this month. The annual production capacity has been announced as 50,000 seats.

Avtotor has been manufacturing KIA Sorento with CKD method since November 2013. Currently, the assembly of the welding shop for Cerato bodywork production line is being carried out at the factory. The paint shop, with 75,000 bodyworks painting capacity, has been operating since November 2013.

Avtotor currently manufactures over 30 models, belonging to BMW, KIA, Opel, Cadillac, Chevrolet and Hyundai.

### **Sollers will manufacture Mazda engines for Japanese and Chinese markets**

02.09.2014 / Kolesa.ru

Sollers general director: Vadim Shvetsov has announced that the company will manufacture Mazda engines, to be exported to Japanese and Chinese markets. The project will start in Vladivostok in 2015.

Sollers' current factory in Vladivostok has the capacity to manufacture 77,000 automobiles from seven different models, annually. As stated by Shvetsov, the idea to manufacture engines has come from the Japanese partners of Sollers. The annual production capacity -with CKD method- is planned as 50,000 engines.

As one may remember, an industrial type special economic zone (SEZ) has been established in Vladivostok on 18 August, with the decision of the Russian prime minister: Dmitri Medvedev. The SEZ regime gives the investors the opportunity to benefit from tax and tariff cuts, to obtain subsidies for infrastructure construction and minimum exposure to administrative obstacles. The government has allocated 5.6 billion rubles resource for Vladivostok SEZ.

### **Coskunuz Alabuga factory has been opened with a ceremony**

01.09.2014 / Avtostat

Coskunuz has opened its Alabuga factory on 29 August, with a ceremony attended by the president of Tatarstan: R. Minnikhanov, the president of Ford Sollers: Ted Cannis and the general coordinator of Coskunuz Holding: Genk Yoney.

Tatarstan president: R. Minnikhanov has made the following statement during his speech at the opening ceremony: "Today we are opening the first Turkish facility at Alabuga SEZ. Coskunuz Alabuga is the biggest investment project in the field of large press metal sheet production in Tatarstan."

Coskunuz Alabuga representative has said the following: "We are planning to manufacture press equipment and assembly components for our partner Ford Sollers. Establishing a long term partnership with Renault-Nissan alliance is also within our plans."

Alabuga SEZ press office has announced that Coskunuz Alabuga factory will manufacture large press components such as: bonnets, side panels and ceilings for Ford automobiles.

Ford Sollers president: Ted Cannis, on the other hand, has made the following statement during the ceremony: "Coskunuz Alabuga has been established 300m away from our factory. Therefore, the supply of components to our production lines in Alabuga and Naberezhnye Chelny will be very easy."

### **Russia has reduced the tariffs implemented on the imports of second hand trucks and buses in several categories as of 01 September**

02.09.2014 / Finmarket

Russia has reduced the tariffs implemented on second hand truck and bus imports in several categories as of 01 September. The decision complies with the gradual tariff reduction plan, following the entry to WTO.

According to the relevant statement made by the Eurasian Economic Commission, the tariffs implemented on tow trucks and cement mixers have been reduced by 1.3%. The tariff rate implemented on buses with 120+ passenger carrying capacities has been reduced as well, by 1.6%. The tariff rates implemented during the imports of trucks lighter than 5 tonnes and with engine volumes lower than 2.5 lt and 2.8 lt will go down by 1%. The reduction rate on trucks heavier than 20 tonnes is 1.6%, on the other hand.

The changes on tariff rates will only be valid for vehicles within the 5-7 years age group.

### **KAMAZ, GAZ and Ford Sollers have made losses during the first half of the year**

02.09.2014 / Vedomosti

The declining automobile sales in Russia cause losses for manufacturers. However, the manufacturers hope to compensate the losses with the help of the renewal programme.

The net profit of Sollers has declined 6.6 times by the end of the first six months of 2014 in comparison with the previous year, with 256 million rubles. The turnover of the company has also fallen by 14%, remaining at 23 billion rubles. According to AEB data, the Russian sales of UAZ, SsangYong and Isuzu brands -sold by Sollers- have declined by 24%, during the January-June period. The total sales figure of the three brands is 31,160.

Sollers has made a loss from its participation in Ford Sollers, due to the decline in the sales of the partnership, 50% of which belongs to Sollers. The partnership has declared a net loss of 3.4 billion rubles for the first half of the year. The turnover, on the other hand, has been generated as 25.5 billion rubles, following a 35% decline.

Russian light commercial vehicle manufacturer GAZ has also made 1.3 billion rubles loss during the first half of the year. The loss made by another commercial vehicle manufacturer: KAMAZ is 1.5 billion rubles. The turnovers of GAZ and KAMAZ are 55 billion rubles (-8%) and 47.6 billion rubles (-10.4%), respectively. Another Russian brand with declining sales: AVTOVAZ has not yet announced the consolidated data for the first six months.

### **Russian government is restarting the vehicle utilisation programme**

29.08.2014 / Vedomosti

Russian government is resuming the utilisation programme as of 01 September, in order to promote the shrinking vehicle market. The minister of Industry and Commerce: Denis Manturov has stated that the programme will remain in force for four months.

As is known, the new car market has shrunk by 10.5%, LCV market by 18.8% and truck market by 15.8% during the first seven months of the year. (Avtostat data)

Russia had implemented another utilisation programme during the 2010-2011 period. The new programme differs from the former one on three aspects. This time, the programme covers trucks and buses, alongside cars and LCVs. Secondly, corporate bodies are eligible to benefit from discounts on car purchases, as well as real persons. Finally, the old automobiles may either be scrapped or used as trade-in (minimum age limit: 6 years).

The amount of discount is 50,000 rubles for scrap and 40,000 rubles for trade-in. The deduction for trucks, buses and LCVs are 350,000, 300,000 and 120,000 rubles, respectively.

The resource allocated by the government for the programme is 10 billion rubles. For comparison; the amount allocated for the former programme was 30 billion rubles.

### **Toyota will start the production of new Camry in Russia in November**

28.08.2014 / abreview.ru

The director of Toyota Motor Russia factory: Yesinori Matsunaga has announced that the production of the renewed Camry will start in Russia in November. The rearrangement of the production line of the restyled model will be carried out in Autumn. The new Camry is expected to be put on the market in December.

Toyota had manufactured 35,885 automobiles in Russia in 2013 (+25%). It has been stated that this figure will be maintained in 2014 and the localisation rate will exceed 30%.

The Toyota factory, established in 2007 in Shushary region of St. Petersburg, has an annual production capacity of 50,000 vehicles. The number of employees is 1780. The company has been manufacturing Camry model only, since its establishment. The company aims to double its production capacity by reaching 100,000 vehicles, by the end of 2015. RAV4 production will start in the factory as of 2016, on the other hand.

### Russian vehicle market will continue shrinking due to economical and political reasons

28.08.2014 / Vedomosti

Russian new car and light commercial vehicle market will shrink by minimum 10% in 2014, in comparison with the previous year. This prediction, belonging to Renault Russia general director: Bruno Anselin, is the most optimistic prediction amongst the car manufacturers participating in Moscow International Auto Show.

The shrinkage prediction of the director of Citroen Russia: Jean-Louis Chamla is 15%. Chamla, who made the following statement: "The unstable economical situation and the uncertainty of the consumers affect the market." said that the Citroen sales may decline by 30%. The brand sold 30,000 automobiles in Russia last year.

Volkswagen Group Rus general director: Marcus Ozegovic is of the opinion that the market may shrink by 20%. Ozegovic states that the business plan of the Kaluga factory will be updated on a weekly basis, under the current circumstances.

In the beginning of the year, everyone agreed that the Russian vehicle market would shrink in 2014, however the rate of shrinkage has exceeded all estimations. For example, the Association of European Businesses predicted this year's shrinkage rate as 2% only.

Ozegovic draws attention to recent political circumstances, in addition to the depreciation of ruble and the economical instability of the country. Chamla and the Ford Sollers general director: Ted Cannis agree with Ozegovic. However, the senior executives have different opinions on whether the sanctions have a direct effect on car manufacturers or not.

Stephan Mauerer from BCG Moscow office has warned that the market may settle into a stationary state within the 2.5-2.8 million vehicles interval before 2020, unless a recovery takes place. According to Mauerer, in the event of a recovery, the sales may hit the 4 million vehicles mark. Mauerer shows Russia as the most unstable amongst the major markets and underlines the difficulties in making predictions about the market patterns and developing satisfactory long term investment strategies.

However, none of the car manufacturers has announced any changes to long term strategies in the market or any investment cuts, to date. Only few manufacturers such as: Ford Sollers and GM have suspended production or resorted to shift cuts etc. and continue doing so. AVTOVAZ has also announced a cut to production by 25,000 vehicles during Autumn. Nevertheless, all senior executives confirm that the previously announced capacity enhancement projects and new model production and engine factory establishment plans are still valid. One of these executives, Hyundai Motor CIS managing director: Denis Petrunin has made the following statement: "There won't be any cuts in the production plan of Solaris this year."

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Ozegovic and Anselon draw attention to a persistent tendency for growth in the Russian market, despite being exposed to major blows, as all the developing markets. Ted Cannis is sure that Russia will sooner or later become the biggest market in Europe. Nissan Russia general director Philippe Saillard has told: “ We have full confidence in the Russian market, therefore we will continue with our investments.” The company has no intention to change plans, although Datsun has been put on the market during a downward trend. Nissan vice president and Datsun executive Vincent Cobe has said the following: “This is a long term operation. There’s a macroeconomic demand for individual mobility and the short term economical situation has no effect on this demand.”

The president of Toyota Motor: Takesi Isogaya’s statement is as follows: “We have full belief in our strategy, therefore there’s no need for a review. The investment plans have been approved for the following 5-10 years.” The sales of Toyota and Lexus brands increase in Russia. The president of BMW Group Russia: Wolfgang Schlimme, on the other hand, draws attention to the growth potential of the premium segment.

According to Association of European Businesses data, while the sales of new cars and light commercial vehicles declined by 9.9% in Russia within the first seven months of the year, Mercedes-Benz sales have risen by 18%. That being said, the company has not yet decided whether to make production in Russia or not.

Porsche sales have also risen by 18% in the country within the first seven months. The general director of Porsche Russland: Thomas Störtzel has stated the following: “The effect felt by the luxury automobile segment by the shrinkage in the market occurs later and to a weaker extent, compared to the rest of the segments.” The opening of the new dealer centre in Moscow in November, which is established on 13,000 m<sup>2</sup> premises, is another sign of the self-assurance of Porsche. The centre, where 54 models will be displayed, will be the biggest selling point of Porsche in the world.

The situation is not too bad for the Russian second hand car market, either. The second hand car sales is on the decline as well, but to a very low extent compared to the new vehicles market. According to Avtostat data, the number of second hand vehicles sold in June is only 2% below the new vehicles. The first 7 months’ sales figure for second hand vehicles is 2.9 million (+12%).

### **Delphi and SCC have opened an electric cable factory in Chapaevsk**

01.09.2014 / NAPI

American Delphi Corporation and Samara Cable Factory (SCC) has opened a factory, which will manufacture electric cables for automobiles. The factory, established with an investment of 1.2 billion rubles, is built on 20,000 m<sup>2</sup> premises. The factory supplies Ford Sollers with products, alongside AVTOVAZ.

### **Lifan will establish a car factory in Kaluga**

25.08.2014 / [Autonews.ru](#)

Chinese Lifan is getting ready to establish a car factory in Kaluga Region, with an investment of \$150 million. According to JustAuto, an agreement has been signed between the company and the regional administration, concerning the establishment of the factory.

The company has stated that it's possible to increase the annual production capacity of the factory, which is planned as 30-40,000 vehicles for the first stage, to 100,000 in due course.

Lifan automobiles are currently being manufactured at Derways factory in Russia, which is established in Karachai-Cherkessia Republic. Models such as: Breez, Solano, Smily and X60 are being manufactured at the factory, since 2007.

### **AVTOVAZ will cut production due to crisis**

25.08.2014 / [Autonews.ru](#)

AVTOVAZ is planning to cut production by 25,000 in Autumn. The company has taken this decision due to declining automobile sales. However, the staff will continue working without loss of shift and wage cuts.

The company has made the following statement: "AVTOVAZ has decided to cut Lada production by 25,000 in Autumn, due to falling automobile sales in Russian market, in order to optimise the stock management."

### **GM is reconsidering the growth plans at its St. Petersburg factory**

25.08.2014 / [Prime](#)

General Motors has announced that the growth plans at St. Petersburg factory are being reconsidered. The company has made the following statement:

"In relation to the current situation of the Russian market and the falling sales since the beginning of the year, we are carefully reconsidering our plans. The reconsideration includes the factory expansion plans."

CKD production of Chevrolet Cruze and Opel Astra and SKD production of Chevrolet TrailBlazer are being carried out at St. Petersburg factory currently. The company had plans to increase the production capacity from 98,000 to 230,000 in 2015. The current number of employees at the factory, which operates in two shifts, is approximately 2000 people, including office staff.

### Russian LCV market has shrunk by 28% in July

22.08.2014 / Avtostat

Light commercial vehicle sales have dropped by 28% in Russia in July, with 10,800 vehicles. Such a sharp decline in the LCV market of the country was observed during the post-crisis year of 2009 for the last time.

78,600 light commercial vehicles have been sold within the first seven months of the year (-16%). 67.5% of this figure belongs to Russian brands.

GAZ has become the market leader in July with 5500 vehicles (-24%). UAZ occupies the second place with a sales figure of 1200 vehicles (-43%). Another Russian brand: Lada is ranked third, with 850 Largus and VIS sales in July (-6%). Ford has become the best selling foreign brand with 620 vehicles (-50%). The fifth place belongs to Mercedes-Benz with 600 vehicles (+46%).

### Record decline in Yekaterinburg automobile market

21.08.2014 / Auto-Dealer-Yekaterinburg

According to Auto-Dealer-Yekaterinburg agency data, 45,086 new cars and light commercial vehicles have been sold in Yekaterinburg during the January-July period of 2014 (-16%). The July-only sales figure is 5864, on the other hand (-25%). Thereby, the city market has declined at a rate higher than 20% on a monthly basis, for the fourth consecutive month. In the meantime, the shrinkage has reached its peak point in July, with 25%.

The only brand that achieved to increase its sales in Yekaterinburg in July is Renault. The share of Yekaterinburg in Russian market has been calculated as 3.2%, for the first seven months of the year.

### St. Petersburg automobile market has returned to 2010 levels

20.08.2014 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 108,556 new cars and light commercial vehicles have been sold in St. Petersburg within the first seven months of 2014 (-5%). As one may remember, the Russian vehicle market had shrunk by 10% during the first seven months of the year. 14,006 vehicles have been sold in the city in July (-19%). Thereby, the city market has returned to 2010 levels, with a monthly sales figure of 13-14,000.

Only four out of thirty most popular models achieved to increase their sales in July: KIA, Mercedes-Benz, Lexus and Mercedes-Benz Van. As of the first seven months of the year, the share of St. Petersburg in Russian market is 7.7%.

### **KamAZ and Palfinger are establishing two new facilities in Russia**

19.08.2014 / Avtostat

Russian KamAZ and Austrian crane manufacturer: Palfinger AG have signed two agreements, proposing the establishment of two joint enterprises.

The first agreement is related to the establishment of a facility, which will manufacture hydraulic and telescopic cylinders for KamAZ, Palfinger Russia and third parties. The annual production capacity of the facility, which is planned to be established in Neftekamsk - Bashkortostan Republic, will be over 80,000 hydro cylinders.

The second agreement signed between the two companies proposes the establishment of an assembly centre, where crane equipments will be installed on truck frames from various brands, in Naberezhnye Chelny - Tatarstan. The centre will use crane equipments manufactured by Palfinger, alongside other brands. The shares of the companies in the partnership are as follows: Palfinger - 49%, KamAZ - 51%.

### **1.1 million automobiles have been manufactured in Russia within the January-July period**

19.08.2014 / Rosstat

According to data published by Russian Federal Institute of Statistics: Rosstat, 1.1 million automobiles have been manufactured in the country within the January-July period of 2014 (-0.7%). Automobile production has increased by 3.3% in July, compared to last year.

While car production follows a steady course in the country, light commercial vehicle production continues to decline. 86,900 trucks and 21,900 buses have been manufactured in the country during the first seven months of the year. The decline rates in these segments are 20.1% and 24.3%, respectively. On a monthly basis, on the other hand, truck production has declined by 13% in July and bus production by 16.4%.

### **AvtoVAZ has started the test production of Lada Kalina Cross**

18.08.2014 / Avtostat

AvtoVAZ has completed the first party production of 36 Lada Kalina Cross, prior to serial production. The manufactured automobiles will be used for presentation and test drive during Moscow Auto Show. The model, which is planned to be manufactured in small parties on order, will be put on the Russian market as from September.

### **Avtotor is investing in CKD type production**

18.08.2014 / AutoBusiness Review

According to the statement made by the press office of Kaliningrad based Avtotor car factory, the company is getting ready to proceed to the next step in the establishment of the welding shop, with an annual capacity to process 50,000 vehicles. The construction work on the premises, allocated for KIA Cerato bodywork welding, has been completed. Currently, the assisted service networks are being assembled.

It has also been stated that the welding and press equipments, purchased from South Korea for CKD production, have been delivered to the production area. The assembly of the welding line will start in September. The investment amount for the project is around 500 million rubles.

Avtotor has been manufacturing KIA Cerato since February 2013. Cerato will be the second model to be manufactured with CKD method in the factory, after Sorento.

### **The new Ford Fiesta will be manufactured in Russia**

18.08.2014 / Avtostat

Ford Sollers is planning to start the production of the new generation, 5-door Ford Fiesta Hatchback model automobiles in Naberezhnye Chelny, from mid-2015 onwards. The model will be launched at this year's Moscow Auto Show and will be put on the Russian market during the Summer of 2015. The CEO of Ford Sollers: Ted Cannis has stated that the model will be manufactured according to the needs of the Russian consumers and the road conditions of the country.

According to Vedomosti newspaper, \$150 million will be invested in the production of new Ford Fiesta. As one may remember, it has previously been announced that the production of EcoSport model will start at the factory, in Autumn. Ford Fiesta will be the second model to be manufactured with CKD model at the factory. Ford Sollers executives state that the capacity of the factory will reach 115,000 vehicles, following modernisation works. The factory will specialise in the production of B-segment automobiles.

The new Ford Fiesta is expected to have a high localisation rate, including all large bodywork panels. The model will be equipped with engines, manufactured by Ford Sollers in Tatarstan, as from 2016. The engine factory, under construction since 2013, will commence operations in 2015.

### **The Russian sales of Nokian Tyres have fallen by 31.4% during the first half of the year**

15.08.2014 / Avtostat

The sales of the Finnish tyre manufacturer: Nokian Tyres have shrunk by 31.4% in Russia during the first six months of 2014, in comparison with the previous year. The company has made €230.9 million worth of sales during the aforementioned period.

In the company statement, the depreciation of ruble against euro and the increasing share of medium price segment in winter tyres market have been shown as the reasons behind the decline in sales. 13 production lines operate in Nokian Tyres Vsevolozhsk factory. The annual production capacity of the factory is over 15 million tyres.

### **Ford Sollers has put the EcoSport model on the market**

15.08.2014 / napinfo.ru

Ford Sollers has announced the introductory price of Ford EcoSport as 699,000 rubles in Russia. EcoSport is the first model manufactured at Ford Sollers Naberezhniye Chelny factory, after modernisation. The company expects the model to strengthen the existence of Ford in SUV sector.

EcoSports are equipped with 1.6lt and 2.0lt engines and have 122 and 140 horsepower. The model, developed in accordance with Russian climate conditions, is equipped with a special winter package, which includes features such as; Quickclear window heating technology, cabin, seat and mirror heaters etc.

### **Premium segment sales have fallen in Russia in July**

15.08.2014 / AutoBusiness Review

Premium segment sales have geared down in July, following a long period of upward trend despite the negative course of the Russian market. According to AutoBusiness Review data, the sales have fallen by 7.2% in this segment, in comparison with the previous year. The total sales figure of 13 different premium vehicle brands for July is 14,600. Only five of these brands have achieved to increase their sales.

Mercedes-Benz has become the market leader once again with 4300 vehicles (+12.7%). While Audi sold 2600 vehicles (-12%), the sales of BMW remained at 2200 (-38%). The total sales figure of these three brands is equivalent to more than 60% of the aforementioned segment in Russia. The German brands are followed by Land Rover, Volvo and Porsche.

### **Nobel Automotive Russia has started test production at Tolyatti SEZ**

14.08.2014 / Avtostat

Orhan Holding AS affiliate: Nobel Automotive Russia has started test production in the factory it has established at Tolyatti Special Economic Zone (SEZ) in Russia. The facility will manufacture fuel pipes, window cleaning systems, elastic cables and seat casings for automobiles and springs for engine components.

Nobel Automotive has completed the establishment of the factory within a year and become the first company to commence operations at Tolyatti SEZ. The facility, which was established with an investment of €10 million, will employ 400 people, once it starts to operate in full capacity.

Nobel Automotive had been manufacturing fuel pipes in Tolyatti since 2011. The model range has been expanded following the shift of production to the SEZ.

### **AEB reaction to Medvedev's statement on sanctions**

13.08.2014 / autonews.ru

The representative of European companies operating in Russia: Association of European Businesses (AEB) has published a statement concerning Dmitri Medvedev's warning of potential sanctions to be implemented against western companies operating in aviation, shipping and automotive industries. In the statement, it has been emphasised that such measures will have negative reflections not only on the economies of the countries that will be exposed to sanctions, but also on Russian economy.

The statement continues as follows: "The introduction of such measures could lead to a serious decline in production volume and the number of workplaces, affecting not only the manufacturers themselves, but also suppliers and retailers working in these sectors. All this would harm not only the business of the companies concerned, but also fiscal revenues through the loss of tax and duty payments."

As one may remember, Dmitri Medvedev had made a statement on several possible sanctions against foreign automotive companies in Russia, on 07 August. The Prime Minister avoided to go into details about the types of sanctions to be implemented, however stated that conscious steps will be taken.

According to AEB data, the Russian automobile market has shrunk by 22.9% in July. The shrinkage rate for the first seven months is 9.9%, on the other hand. There are concerns that the market shrinkage will continue increasingly, in the event of sanctions against European companies.

### **Daimler has stopped armoured car sales in Russia due to sanctions**

12.08.2014 / Vedomosti

The sanctions implemented by EU and USA against Russia have started to affect Russian automotive, although yet indirectly. According to Vedomosti, Daimler has stopped the import of an armoured model to Russia. The relevant statement has been made by the Russian representation of the company. However, the name of the model, which will not be imported to Russia anymore, is yet unknown.

According to Mercedes-Benz's Russian website, Daimler used to sell four different armoured models in Russia: G 500 Guard, S-Guard Sedan ve Limousine and M-Guard. Representatives of several companies, who are experts in imports, have told Vedomosti newspaper that the model subject to sanctions may be G 500 Guard, a model highly popular amongst Russian security forces. The import of this model is being carried out under strict surveillance of the German government. The minimum annual sales number of the model, which is sold for €500-€600,000 in Russia, is being predicted as 10.

The annual volume of Russian armoured car market is around 500 vehicles. 100-150 of this figure are purchased from manufacturers such as: Mercedes-Benz, BMW and Audi. A BMW representative and a source close to Audi have told Vedomosti that the aforementioned companies have not yet been affected by the sanctions and the sales continue. According to sectoral experts, each of the three German brands sells between 20-30 armoured vehicles in Russia annually.

### **AvtoVAZ directors will sell their foreign brand automobiles**

11.08.2014 / Rossiyskaya Gazeta

Russian car manufacturer: AvtoVAZ has put six Infiniti SUV vehicles, assigned for senior managers, on the market. From now on, the managers will be using automobiles manufactured by AvtoVAZ only. The head of the company: Bo Andersson has taken the first step and started to use Lada Largus Cross. Infiniti QX56 model automobiles were purchased during the time of the former president: Igor Komarov. As one may remember, Komarov was replaced by Bo Andersson in April this year.

### **Dimitrovgrad Engine Bearing Factory has been incorporated into Federal-Mogul**

08.08.2014 / napinfo.ru

Icahn Enterprises has acquired Dimitrov Engine Bearing Factory. Federal-Mogul Group, one of Icahn Enterprises' assets, had been carrying out negotiations in order to acquire the factory, since Autumn 2013. The amount paid by Icahn Enterprises has been announced as \$17 million. The factory has been renamed as: Federal-Mogul Dimitrovgrad LLC.



### **KamAZ sales have declined by 7.2% in Russia during the first half of the year**

11.08.2014 / Interfaks

KamAZ has sold 16,100 trucks in Russia during the first six months of the year (-7.2%). According to company data, during the aforementioned period, the 14-40 tonnes truck market has shrunk by 1.3% in comparison with the previous year, with 37,400 vehicles. As a result, the market share of KamAZ remained at 43%. This ratio was 46.9% during the same period of the previous year.

Previously, KamAZ had declared a net profit of 11 million rubles for the first half of the year. This amount is 219 times lower, compared to the previous year. The turnover of the company has also fallen by 14%, remaining at 46 million rubles. In its statement, the company has underlined the fact that despite the decline in production and the negative financial indicators, the leadership of the 14-40 tonnes truck market has been maintained.

KamAZ has announced plans to manufacture 43,000 trucks in 2014 (-1.8%). The company's sales target in Russia for this year is 37,200 vehicles (+2.3%). The export target is 5800 (+1.75%).

### **Russian vehicle market has shrunk by 23% in July**

11.08.2014 / AEB

According to Association of European Businesses (AEB) data, 180,767 new cars and light commercial vehicles have been sold in Russia in July 2014. This figure is equivalent to a 22.9% decline, compared to last July.

With the addition of July sales, the number of cars and LCVs sold in the country since the beginning of the year has reached 1,410,606 (-9.9%).

Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee commented: "Unfortunately, the contraction of the automotive market continues, picking up speed in July. The overall trend is worrisome, and unlikely to improve fundamentally any time soon. Of course, the Moscow Motor Show set to open at the end of August should have a stimulating effect on car purchases, especially in the usually stronger autumn season. In any case, this is how it normally works. But what has been normal this year so far?"