

Russian Ministry of Industry and Commerce: “No automobile credit programme will be promoted this year”

07.05.2014 / Vedomosti

The Russian Ministry of Industry and Commerce will not start an induced automobile credit programme this year. The Minister: Manturov has stated that the sales figures for the first quarter have been analysed and it has been decided that the decline in the market has not reached a level, which would necessitate the reinstatement of the programme. Manturov has advised the manufacturers to cooperate with the banks more actively, rather than expecting a new programme.

As one may remember, the Russian government had implemented an induced automobile credit programme between July and December 2013 and issued 260,000 credits within the scope of the programme. The amount was equivalent to 9.3% of the Russian car market in 2013.

The sectoral analysts are of the opinion that the government's current decision not to subsidise the car market by issuing automobile credits is not a disaster, however this situation will affect the market negatively, especially in popular segments. A tough second quarter is being anticipated amongst the members of the market.

Support for local manufacturers of gas-fuelled vehicles from the Russian Ministry of Industry and Commerce

07.05.2014 / Avtostat

Russian Ministry of Industry and Commerce is planning to increase the government support for local bus and truck producers, manufacturing gas-fuelled vehicles to be used in municipal services. Minister: Denis Manturov has stated that a bylaw project, making the purchase of vehicles manufactured within the Eurasian Economic Union compulsory in public acquisitions, has been brought to the government's agenda. Subsidies for local bodies are also proposed within the scope of the project.

The aforementioned bylaw project also includes the proposal to scrap the 7+ years old vehicles, transporting children and hazardous cargo. The transportation of children with vehicles over 10 years old has been banned since 22 June 2014, within the frame of a previously passed law.

With the new bylaw, the federal and local bodies are planning to purchase 3200 new vehicles, 1300 being buses.

The panorama of Russian LCV market

05.05.2014 / Expert.Ru

The Russian light commercial vehicles market is on the decline. However, the shrinkage in LCV segment is not as sharp as in other types of commercial vehicles. The experts relate this situation to the increasing role played by LCVs in logistics chains of transportation companies.

Medium and heavy tonnage commercial vehicle sales have declined by 20% in Russia in 2013, in comparison with the previous year. The shrinkage continued at a rate between 15%-18%, during the first quarter of 2014. A year-end shrinkage rate of 20%-30% is expected generally.

The LCV market seems to be less affected by the crisis. In 2013, the sales have declined by 5.7% only. The shrinkage rate for the first quarter of the year is between 6%-8%. The year-end shrinkage rate is being predicted as 10%-15%. However sharp it may seem, this is a more optimistic prediction, in comparison with the medium and heavy tonnage commercial vehicle segments.

The usage of LCVs in Russian transport has been on the rise recently. The logistics operators opt for LCVs in big cities, where mobility problems are experienced.

The increasing popularity of online shopping in Russia and the growing necessity to transport goods in smaller parcels are other factors, increasing the demand for LCVs in logistics sector. A close relationship exists, especially between the electronic appliances market and the LCV usage. The sectoral experts draw attention to the serious progress made in the delivery of goods purchased from online stores, during the last two years.

In contrast with other segments, the LCV market is still dominated by Russian brands. 55% of sales have been made by GAZ and UAZ in 2013. During the same period, the market shares of Ford and Volkswagen were 7.6% and 6.3%, respectively. On the other hand, it should be taken into account that while the sales of GAZ and UAZ were on the decline (-5% and -10%), the sales of foreign brands maintained a steady upward trend: Ford +10%, VW +11%, Renault +20%, Iveco +30%, Mercedes +30%.

There's a direct proportion between the amount of budget allocated for LCV purchases and the preference of foreign brands. In small and medium scale investments, on the other hand, where the amortisation period is shorter, the Russian brands are preferred, considering their ability to offer their model ranges 1.5 to 2.5 times cheaper than foreign brands.

Will the Russian brands be able to maintain their dominant position in the market? When will the shrinkage end in LCV sales? These are some of the questions the manufacturers and dealers are trying to find answers at the moment.

The analysts from Avtostat share the view that factors.. → (next slide)

⇒(The panorama of Russian LCV market)

The analysts from Avtostat share the view that factors such as: the uncertainty, the unstable position of the Russian economy, the precautions taken by the Central Bank concerning the banking system, the depreciation of ruble and the decline in petrol prices; will have negative effects on the LCV market. The possibility of escalation in Ukrainian crisis and the speeding up of the recession process in Russian economy as a result, may potentially be added to the factors above.

However, the majority of the players in the market are trying to make strategies in accordance with the most optimistic scenario. This scenario suggests that the market will shrink by 10%-15% this year and the recovery process will start in 2015. The market will catch up with its previous levels somewhere in between 2016-2017.

The Russian brands possess several advantages not only to maintain their market shares, but also to push their sales figures to upper levels. The depreciation of ruble, which has a negative effect on the sales of foreign brands, being the main one. In addition, the Russian brands are trying to modernise their production and renew their model ranges, in order to increase their competitiveness.

Lada Largus, which was launched to the LCV market by AvtoVAZ this year, has to be mentioned at this point. 5953 of this model have been sold in 2013 (+670%). The experts are of the opinion that there is a great sales potential for Largus in future, which is currently the ninth most popular LCV. The vehicle, which was designed on Renault-Nissan partnership's Bo Platform, is 50% cheaper, in comparison with the foreign brands in the same segment.

Russian Ministry of Industry and Commerce: “The localisation rate will reach 75% before 2018”

30.04.2013 / Gudok.ru

During his speech at the conference: “The Future of Russian Automotive”, Alexander Morozov, the manager of Transport Vehicles and Special Purpose Machinery Industry Department at Ministry of Industry and Commerce has reminded that the foreign brands making production in Russia are under the obligation to localise 75% of their production by 2018. This ratio is currently around 45%.

Toyota is the manufacturer with the lowest rate of localisation with 10%. Moscow based Avtoframos has the highest localisation rate with 75%, on the other hand. Renault is followed by GM-AvtoVAZ and Volkswagen with 51% and 42%, respectively.

Alexander Morozov has added that as of 01 June localisation rates will be taken into consideration in public vehicle tenders and car, truck, bus etc. manufacturers, which fail to meet a specific localisation rate, will not be able to participate in the biddings.

Ford Sollers Vsevolozhsk factory has laid off 600 employees

30.04.2013 / Vedomosti

600 workers have resigned from Vsevolozhsk Ford Sollers factory, within the scope of the Voluntary Employee Withdrawal Programme, in return for five months' salaries. The press office of the factory has announced that 100 more employees will resign after 08 June.

As one may remember, the company had decided to lay off employees due to the depreciation in ruble and the decline in the sales of C-segment automobiles. Ford Sollers Vsevolozhsk factory manufactured 68,893 Focus and Mondeo in 2013 (-36%).

45,000 automobiles and LCVs have been sold in St. Petersburg within the first quarter

29.04.2014 / Auto-Dealer-SPb

According to Auto-Dealer-SPb agency data, 45,205 new cars and light commercial vehicles have been sold in St. Petersburg within the first quarter of the year. Thereby, the sales figure reached during the same period of the previous year has been repeated. The March sales figure is 18,968, on the other hand.

The first quarter car and LCV sales figure in St. Petersburg is equivalent to 7.5% of the countrywide market. This ratio was 7.3% by the end of the same period of 2013.

Renault has become the best-sold brand in the city during the first quarter. The French brand is followed by Volkswagen and KIA.

The General Director of Auto-Dealer-SPb: Mihail Chaplugin states that there is a direct proportion between the development of the market and the increase in exchange rates. The General Director has also predicted a shrinkage in the market for the second quarter. In case the Russian government starts a new credit programme in July, the consumers may postpone their purchase plans to the second half of the year.

Sollers will increase production in Vladivostok

25.04.2014 / Vedomosti

A Sollers representative has told Vedomosti newspaper that the production number of Mazda, Sangyong and Toyota automobiles will reach 77,000 this year, following a 13% increase, within the frame of the joint project in Vladivostok.

The Russian government is subsidising railway transport, in order to promote car production in the Far East region of the country. 4.9 billion rubles had been allocated for this purpose from the federal budget in 2013. According to the Ministry of Industry and Commerce data, 64,392 vehicles have been manufactured in Vladivostok, to be transported to the western part of the country, within the scope of the subsidies. However, the amount allocated for the same purpose within the 2014 budget has dropped by 40%: 3 billion rubles. 40,000 automobiles are planned to be transported with this budget. The Sollers representative, on the other hand, has stated that the company has not asked for any increase in the amount. The company intends to work towards increasing the sales in Far East and Siberia regions, rather than transporting all the vehicles manufactured to western Russia.

VTB Kapital analyst Vladimir Besplaov is of the opinion that despite the relatively low demand for automobiles in the Far East, Siberia may become a profitable sales zone for Sollers and its partners. According to Avtostat data, 13,030 new cars and light commercial vehicles have been sold in Far East Federal Region in 2013 (-20.2%). The figure goes up to 139,840 vehicles in Siberia Federal Region (-10.2%).

Works have started towards the establishment of a new special economic zone (SEZ) in Vladivostok, a short while ago. The new SEZ will not only lighten the tax burden on Sollers, but also create the opportunity to attract Japanese and Korean supply industry manufacturers to the region.

Yekaterinburg car market has shrunk by 7% in March

24.04.2014 / Auto-Dealer-Yekaterinburg

According to Auto-Dealer-Yekaterinburg agency data, 19,432 new cars and light commercial vehicles have been sold in Yekaterinburg within the first quarter (-9%). The March sales figure is 7665 (-7%).

The best-sold three models are ranked as: Lada, Volkswagen and Skoda. Lada has increased its sales in the city for the first time, since February 2013. The agency has stated that the Lada sales may have increased as a result of a large discount campaign applied by one of the galleries in the town, for the purpose of stock clearance, as part of a profile renewal strategy.

Volkswagen Group is launching a new sales programme for components

23.04.2014 / AutoBusiness Review

Volkswagen Group is giving start to the project, concerning the sales of original components to independent service stations, this month. 14% of the company's turnover had been generated from sales to independent stations in 2013. With the project, named Opt Resurs, it's aimed to increase this ratio. The project will enable the independent service stations to reach supplies from warehouses with reasonable prices and in shorter terms.

In conjunction with the project, Volkswagen Group Rus has become the first Russian car manufacturer to integrate into partslink24.com, a portal which gives opportunity to reach original component catalogues online.

St. Petersburg car production has declined by 3% during the first quarter

22.04.2013 / Auto-Dealer-SPb

According to Auto-Dealer-SPb agency data, St. Petersburg based Toyota, GM, Nissan and Hyundai factories have manufactured 97,500 automobiles during the first quarter of the year (-3%). The March production figure is 33,900, on the other hand (-2%).

The agency is of the opinion that despite the negative dynamics, it's necessary to interpret the figures in an optimistic way. According to the agency, the total production would have increased by 1 or 2 percent by the end of the first quarter, in comparison with the previous year, if the production hadn't been suspended for several times at GM factory. GM had to suspend operations for 12 days during the first quarter of the year.

St. Petersburg factories have carried out 21.8% of the country's production during the January-March period. The ratio remained unchanged compared to last year. Nine models manufactured by the four factories are as follows; Chevrolet Cruze, Opel Astra, Chevrolet Trailblazer, Nissan Teana, Nissan X-Trail, Nissan Murano, Toyota Camry, Hyundai Solaris and Kia Rio.

Avtotor and BMW are establishing a factory in Kaliningrad

21.01.2014 / Finmarket

Kaliningrad based Avtotor car factory and German manufacturer BMW have signed a cooperation agreement, proposing the establishment of a new factory in the city. As stated by the Chairman of Avtotor Holding: Valeri Draganov, the construction of the new factory will start during mid-Summer 2014. More than half of the BMWs currently sold in Russia are assembled in the existing Avtotor factory.

KamAZ-Marko will manufacture 300 Bravis buses in 2014

21.04.2014 / Avtostat

KamAZ-Marko partnership is planning to manufacture 300 Bravis brand small-class buses in 2014. The General Director of the partnership: Roman Mugerma has clarified the company's plans with the following statement: "We have observed a great amount of wear and tear in public transport vehicles throughout the federal regions. If we manage to develop an active cooperation with corporate customers, our brand Bravis may take the leadership of the market."

Bravis is manufactured by assembling Marko bodyworks on KamAZ-3297 frames. The 8m long buses can carry up to 50 passengers, 20 seated. Cummins engines, ZF gearboxes, Daimler axle shafts and Knorr-Bremse brake systems are used in the Euro-4 environmental standards-compliant model.

Ford Sollers Vsevolozhsk factory have stopped production until the 8th of June

21.04.2014 / Prime

Ford Sollers' Vsevolozhsk factory will not operate in between 21 April-8 June. As one may remember, the factory had stopped production from 7 to 15 April previously. The factory will lay off approximately 700 employees and start operating in shift system in June. It has been stated by the factory that there are ongoing negotiations between the management and the trade union.

Ford Sollers had previously announced several precautions to be taken due to reasons such as; the depreciation of ruble, the shrinkage in the market and the falling demand for C-segment automobiles. Around 2000 people are employed by the factory, where Ford Focus and Mondeo model automobiles are manufactured.

The Russian car battery market is dominated by foreign brands

21.04.2014 / Avtostat

2.24 million car batteries have been supplied to Russian automotive factories in 2013 (-3%). 85.1% of this amount have been used in automobiles, 12.3% in trucks and the remaining 2.6% in buses. 55.7% of these batteries have been produced by foreign and 44.3% by Russian manufacturers. Ista has become the leader of the OEM supply market with 22% market share. Global Battery occupies the second place with 18.2%. Volkswagen AG is ranked third in the list with 10.1%.

The number of car batteries supplied to Russian components market has increased by 1% in 2013, with 10.35 million units. The supremacy of foreign brands over Russians with 57% market share is observed in this market as well. Johnson Controls is the leader of the market with 12% share. Vesta and Mutlu Aku follow Johnson Controls with 8% and 7%, respectively.