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## **Russia plans to cancel out the tariffs on vehicles imported from Serbia**

08.04.2015 / Autonews.ru

According to Kommersant newspaper, the officials from the Russian ministry of economy have stated that the government is ready to allow customs free imports of FIAT automobiles manufactured in Serbia to the country. The subject will be discussed during the Eurasian Economic Commission session on 15 April.

The aforementioned project proposes the cancelling out of tariffs between the two countries, within a certain amount of quota. In other words, Russia will also be entitled to export vehicles to Serbia customs free. The newspaper has written that GAZ Group is the only Russian manufacturer interested in the project so far. The Group plans to sell light commercial vehicles to the Balkan countries.

As one may remember, Russian and Serbian officials had previously negotiated on customs free sales of automobiles manufactured at FIAT's Serbia factory to Russia, without coming to a conclusion. FIAT vehicles are manufactured in the city of Kragujevac in Serbia. The factory, which is owned by FIAT (67%) and the Serbian state (33%) has been manufacturing Punto since 2009 and 500 L minivan since 2012.

## **Russian car service market is worth 1.5 trillion rubles**

08.04.2015 / Autostat

According to Autostat data, the volume of car services has reached 568 billion rubles in the country in 2014. The analysts calculate the volume of components market as 930 billion rubles for the same period. In other words, the citizens of Russian Federation have spent 1.5 trillion rubles on car services last year. The money spent on regular technical service, all kinds of repairs, bodywork operations, car wash, tyre repair and assembly is included in this figure. 70% of the serviced vehicles are foreign brands.

Moscow city and region alone have received 20% of all services carried out in the country. This is equivalent to 300 billion rubles in monetary terms. St. Petersburg and Leningrad region occupy the second spot with 100 billion rubles. Krasnodar Krai comes third with a volume of 56 billion rubles. Federal regions with volumes over 40 billion rubles, such as: Sverdlov, Rostov, Tatarstan and Primorski follow the top-three.

According to Autostat data, there are more than 46,000 service centres in the country. 9% of these are official and 33% independent services. The remaining 58% are service companies, specialised in certain areas.

The analysts predict the monetary volume of the market to increase by 20-25% this year.

## **Automobile imports fell by 45% in Russia in January-February**

08.04.2015 / AB Review

According to Federal Customs Service data, Russia's new automobile imports have declined by 45% year-on-year, by the end of the first two months of the year. 56,000 vehicles have been imported. The value of the aforementioned imports is \$773.5 million (-59%).

The number of automobiles exported by Russia has also declined by 27% year-on-year during the January-February period, with 11,500. These exports are worth \$115 million in monetary terms (-43%).

## **Russian government may increase tariffs on car components**

07.04.2015 / Izvestiya

Russian ministry of industry and commerce has proposed a series of measures against foreign products, within the frame of the import substitution programme. As assessed by the ministry, an implementation in favour of domestic products in government purchases in nearly all branches of industry is inevitable.

According to Izvestiya newspaper, the tariff procedure on the import of car components with domestic analogues in the automobile industry is being examined (10-20%). Currently, the manufacturers, who signed the industrial assembly regime agreement, pay tariffs between 0-5% during component imports. At times, this ratio goes up to around 40% in spare part imports. The ministry has stated that all measures concerning the support of domestic companies and import restrictions will be scheduled by the government.

The deputy minister Gleb Nikitin has said the following: "Import substitution requires the development of new production technologies. These are financed by credits, as well as the equities of the investors. The total volume of the resources is estimated as 1.26 trillion. We predict the total amount to reach 1.5 trillion rubles, following an additional government support of 235 billion."

The Russian ministry of industry and commerce predicts that at least 800 new products will be launched in the country until 2020. However, the possibility of a decline in the predicted amount is not being ruled out, due to the sanctions.

## **Ford Vsevolzhsk factory has started the production of new Mondeo**

07.04.2015 / Zr.ru

Ford Vsevolzhsk factory has announced that the production of the new Mondeo model will start officially on 9 April. In fact, the production of the model started in the factory a little while ago and the first party of automobiles has already reached the dealers. Ford Sollers chairman Ted Cannis and the governor of Leningrad region Alexandr Drozdenko will also take part in the ceremony. Ford sold 65,966 new automobiles in Russia in 2014 (-38%).

## **The Russian government will subsidise KAMAZ and AVTOVAZ in order to protect employment**

03.04.2015 / TASS

The Russian government has allocated 1.87 billion rubles for employment protection in Tatarstan, Altai Krai, Samara and Tver regions in 2015. The aforementioned amount will prevent 35,000 people from losing their jobs. 15,800 of these staff work for KAMAZ and 2600 for AVTOVAZ.

As one may remember, AVTOVAZ was getting ready to lay off 1100 workers, including directors, experts and ordinary workers. KAMAZ currently has 40,000 employees.

## **PSMA Rus will suspend production for two months**

27.03.2015 / Zr.ru

Kaluga PSMA Rus factory will suspend the production of Citroen C4 sedan and Peugeot 408 between 27 April - 10 June. Falling demand has been shown as the reason behind the decision. The suspension will also have a partial effect on Mitsubishi Outlander and Pajero Sport. The production of these models will resume on 12 May.

The factory has decided to lay off 100 workers, whose employments contracts run out on 31 March. As one may remember, the factory had announced that the contracts of 40% of the staff will not be extended, in the beginning of the week.

## **Russian government has allocated 25 billion rubles for the support of automotive sector**

24.03.2015 / Vedomosti

The government of Russian Federation has allocated 25 billion rubles, in order to promote the automotive sector in the country. The aforementioned package covers areas such as; the subsidy of the interests on car and commercial vehicle credits, reducing leasing costs and commercial vehicle purchases by government organs. The minister of industry and commerce Denis Manturov has highlighted the support given by the prime minister Dmitri Medvedev, on all proposals presented by the ministry, at the end of the meeting.

Manturov has added the following: "The market will shrink by 50%, unless we take precautions. We hope the decline in the market to remain at 24%, thanks to the measures we have taken today, in addition to the ones, which came into force at the beginning of the year."

The allocation of 5 billion rubles for the extension of the automobile utilisation programme to the second quarter of the year is also amongst the measures. 10 billion rubles had been allocated for the programme, during the first half of the year. The amount allocated to federal organs and the municipalities for vehicle purchases is 11.6 billion rubles, on the other hand.

## **GAZ plans to launch four new products in 2015**

27.03.2015 / Autostat

The chairman of one of the participants of the Russian Automobile Forum: GAZ Group Vadim Sorokin has told that the company launched 13 new products in 2014. The Group plans to add four more models to its product range in 2015. Accordingly, the productions of GAZel Next van, Ural Next truck, Vector Next bus and the gas version of the Euro-5 standard-compliant 534 model engine will start during the year. The company also aims to develop special purpose vehicle production in cooperation with joint companies and increase the localisation rate in 2015.

## **Car and commercial vehicle imports have declined by 46% and 67% respectively in Russia, during the January-February period**

24.03.2015 / Autostat

According to Autostat data, 48,547 automobiles have been imported to Russia within the January-February period (-46%). Toyota has become the import leader with 11,111 vehicles (-3.9%). Hyundai occupies the second spot: 7695 (-16.9%). Mercedes follows the top-two with 4475 vehicles (-27.4%).

Other brands and their import figures are as follows: Lexus - 2628 (+146%), Land Rover - 2579 (-38.8%), Audi - 2573 (-24.3%), Volvo - 1337 (-45%), Daewoo - 1267 (-59.6%) and Volkswagen - 886 (-77.7%).

A total number of 610,000 automobiles have been imported to Russia in 2014 (-24%). Autostat predicts a 50% shrinkage for this year. 3678 vehicles have been imported to Russia within the first two months of the year. This figure is equivalent to a 67% year-on-year decline. Import figures for the first two months are as follows: 2198 LCVs (-68.4%), 1456 trucks (-62.7%), 24 buses (-82.6%).

In 2014, 64,351 commercial vehicles were imported to Russia in total (-34%). 38,932 LCV, 24,386 trucks and 1033 buses.

## **Tesla electric cars have recorded a tenfold sales increase in Russia in 2014**

24.03.2015 / Zr.ru

Tesla has become the most popular electric car in Russia, as of 2014. The sales figure is 82 vehicles. The price tag of Tesla starts from 6.4 million rubles in Russia. According to Autostat data, the Russian sales figures of other electric car brands are as follows: Mitsubishi i-MiEV - 27, Nissan Leaf - 26, BMW i8 - 5 vehicles.

Nissan Leaf was last year's best selling electric car brand worldwide, with a sales figure of 61,500 vehicles.

## Car production in St. Petersburg is on the decline for ten months

24.03.2015 / Auto-Dealer-SPb

According to data published by Auto-Dealer-SPb agency, St. Petersburg based Toyota, GM, Nissan and Hyundai factories have manufactured a total number of 54,200 vehicles within the January-February 2015 period (-15%). The February production figure is 25,000 (-26%). Car production had increased in the city in April 2014 for the last time, on a monthly basis. In other words, the city's production has been on the decline for the last ten months.

The agency executives see no signs, indicating an increase in production this year. Especially following GM's decision to close down its factory. The share of St. Petersburg factories in Russian automotive has been calculated as 25% for the January-February period.

The models manufactured at the factories established in the city are as follows: Chevrolet Cruze, Opel Astra, Chevrolet Trailblazer, Cadillac ATS, Cadillac CTS, Cadillac SRX, Cadillac Escalade, Nissan Teana, Nissan X-Trail, Nissan Murano, Nissan Pathfinder, Toyota Camry, Hyundai Solaris and KIA Rio.

## Volkswagen Kaluga factory is laying off staff

23.03.2015 / Autonews.ru

Volkswagen has decided to reduce the number of shifts at its Kaluga plant to two. The company press office has announced suspension to production on Fridays, during the April-June period. In addition, the company will lay off staff. A minimum number of 150 workers will be laid off, according to current plans.

Volkswagen Kaluga plant had signed an industrial assembly regime agreement with the Russian government, one and a half year after its establishment in 2007. Volkswagen started test production at its engine factory, also established in Kaluga, in February. The factory is expected to commence operations during the second half of 2015.

## Russian car production has shrunk by 17% in February

19.03.2015 / Rosstat

According to Russian Federal Institute of Statistics: Rosstat data, 215,000 automobiles have been manufactured in the country within the first couple of months of the year (-20.6%). The February production figure is 129,900, on the other hand (-17%).

The truck production figure for the first two months is 10,900, according to the same source (-32.6%). 8300 trucks have been manufactured in February (-37.2%). The number of buses manufactured in the January-February period is 3200 (-24.6%). February figure is 2300 (-23.2%).

## **Russian government has extended the period of the automobile utilisation programme**

20.03.2015 / Interfaks

Russian prime minister Dmitri Medvedev has signed the bylaw, extending the validity period of the automobile utilisation programme until the end of 2015. As reported by Interfaks, 3 billion rubles have been allocated for the finance of gas-fuelled vehicle purchases, within the frame of the anti-crisis measures.

Medvedev has stated that the vehicle utilisation programme has already proven its efficiency on two previous occasions, having a positive impact on the sales of factories, making production in Russia. The ministry of industry and commerce had previously announced the minimum financial source to be allocated for the programme as 5 billion rubles.

The government also plans to start the induced automobile credit programme, as of 1 April. As predicted by the ministry of industry and commerce, 200,000 new automobiles will have been sold within the scope of the programme, until the year-end. This figure is approximately equivalent to one-tenth of the Russian market.

## **GM is closing its Russia factory**

19.03.2015 / OIB Russia

GM chairman Dan Ammann has announced the planned closure of the St. Petersburg factory in mid-2015. The company will also discontinue the contracted production at Nizhni-Novgorod GAZ facilities. GM had ended production in Avtotor in February. Production has already been stopped at St. Petersburg GM factory. The factory will only make SKD production until the middle of the year. The operations will cease completely afterwards.

The company will continue with Chevrolet Niva production at GM-AVTOVAZ plant in Togliatti. However, the preparations for the production of the new Niva have been stopped in Togliatti as well. Thereby, GM has pulled out of the industrial assembly regime agreement signed with the Russian government in 2005. The agreement enabled customs-free import of components, in return for maintaining a certain amount of production.

From now on, GM will only focus on the sales of the premium brands Cadillac and Corvette and Chevrolet models, such as Camaro and Tahoe in Russia. GM affiliate Opel, on the other hand, will suspend all its Russia sales until December 2015.

Opel Group general director Karl-Thomas Neumann has made the following statement: "The localisation rate of the automobiles we manufacture in Russia is not sufficient. The market conditions, on the other hand, require serious investments, in order to increase the localisation rates." The localisation rate at St. Petersburg GM factory has not been announced. GM Group has sold 189,500 vehicles in Russia in 2014, following a 26.4% year-on-year decline. The brands belonging to the Group have only managed to sell 8362 vehicles within the first two months of the year (-74.6%).

## **OEM executives have declared their predictions at the Russian Automobile Forum**

18.03.2015 / OIB Russia

Executives from several OEMs participating in the Russian Automotive Forum sponsored by OIB, have announced their plans and predictions for the upcoming period.

The general director of Kaluga PSMA Rus factory: Jean-Christophe Marshal has told that the company keeps its faith in the market, despite the stark sales figures recorded by Peugeot and Citroen. Marshal has also underlined the localisation rate increase, as their priority for the forthcoming period. The current localisation rate is 35% in the factory. The rate is even lower for the PSMA partner: Mitsubishi.

The general director has put forward the localisation rate target until 2016 as 50% and added that the company is actively in search of local suppliers throughout Russia and CIS countries. The company administration intends to localise the supply of 185 components. Local suppliers have been found for approximately 100 of the aforementioned components. Marshal highlights the lack of high quality and local suppliers which provide competitive prices, as the main shortcomings of the Russian automotive.

15,914 Peugeot (-41.3%) and 16,630 Citroen (-30.7%) have been sold in Russia in 2014, according to Autostat data. The sales figures for the first two months of 2015 are as follows: Peugeot - 554 (-83%), Citroen - 606 (-80.4%).

AVTOVAZ chairman Bo Andersson was another participant in the forum. Andersson has announced plans to start the production of five new models within the next three years (2015-2017). These are: Lada Vesta sedan, XRAY hatchback, Vesta hatchback, XRAY Cross and the new generation 4x4.

The chairman of the light commercial vehicle manufacturer GAZ Group: Vadim Sorokin was one of the major participants in the forum. Sorokin predicts the LCV market to shrink between 40-47% in 2015. Sorokin's market prediction is even more pessimistic for 2016: 70,000 vehicles.

However, the GAZ chairman has stated that the sales are expected to start increasing during the following couple of years and reach 105,000 in 2019. The 2020 figure is anticipated as 125,000.



## St. Petersburg automobile market has shrunk at a record rate in February

18.03.2015 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 17,875 new cars and light commercial vehicles have been sold in St. Petersburg within the January-February period of 2015 (-32%). The sales have fallen by 38% in February, with 9579 vehicles. This is so far the sharpest decline recorded in the city, on a monthly basis.

Renault has become the market leader once again. While Mercedes-Benz and BMW were amongst the top-ten best selling brands, Chevrolet and Ford stayed out. Only ten brands have achieved to increase their sales within the first two months of the year, half of which being premium segment automobiles: Mercedes-Benz, Audi, Lexus, Porsche and Chrysler.

The sales of brands, such as Suzuki, Honda and Opel have declined by over 90%. Finally, the share of St. Petersburg in Russian automotive has been calculated as 7.3%, at the end of the first two months.

## Nissan St. Petersburg plant has suspended production for two weeks

17.03.2015 / TASS

St. Petersburg Nissan factory has suspended production between 16 - 31 March. The company representation has told TASS news agency that the operations are being carried out at a low capacity since February, in order to cut costs. Layouts are also expected in the factory. As one may remember, St. Petersburg Nissan factory commenced operations in 2009.

The factory had doubled its car production capacity in 2014, to 100,000 vehicles annually. The following models are being manufactured at the factory, where 2200 employees work in two shifts: Nissan X-Trail, Teana, Murano and Pathfinder. The company had also announced plans to start Qashqai production at the factory, towards the end of 2015.

## Buses sell better than cars in Russia

16.03.2015 / Autostat

1600 new buses have been sold in Russia within the January-February 2015 period. The sales have only shrunk by 5% year-on-year. According to Autostat data, the shrinkage rate has reached 32% in car sales, during the aforementioned period.

PAZ has become the leader of the bus market once again, with a sales figure of 900 (+21%). Belarusian MAZ occupies the second spot: 175 vehicles, -39%. LIAZ BUS follows the top-two: 150 vehicles, +12%. While 147 NEFAZ were sold during the January-February period (+118%), the sales of KAVZ remained at 40 (-13%). These five brands are followed by Volzhanin, Hyundai, Mercedes, Bogdan and Marcopolo. The total share of the ten brands in Russian market is 96%.

## **Automobile imports to Russia have fallen by 42% in January**

16.03.2015 / Finmarket

According to Russian Federal Customs Service (FTS) data, 26,700 automobiles have been imported to Russia during the first month of the year (-42%). The monetary value of the aforementioned imports has been calculated as \$326.5 million. 1600 trucks have been imported to the country in January, on the other hand (-53.1%). The truck imports are equivalent to \$34 million.

Russia has exported 2100 automobiles in January 2015 (-67%). In monetary terms, \$28.5 million. The truck exports remained at 500, during the same period (-67%).

While AVTOVAZ and KAMAZ were the export leaders of Russia, the top import brands have been ranked as: BMW, GM, Hyundai, KIA, Mercedes-Benz, Nissan and Toyota.

## **GM-AVTOVAZ has stopped the construction of the new Chevrolet Niva line**

13.03.2015 / Autostat

The new capacity construction, carried out by the GM-AVTOVAZ affiliate JV Systems at Togliatti Special Economic Zone, has been stopped. GM-AVTOVAZ press office has announced the termination of the contract with the construction firm: Avtozavodstroy.

As one may remember, the construction of JV Systems started in June 2013. The annual production target for the factory was 120,000 Chevrolet Niva bodyworks. The total investment to be made in the project had been announced as \$209 million.

## **Volkswagen has discontinued the production of three Audi models in Russia**

12.03.2015 / Autonews.ru

Kaluga Volkswagen factory has announced the discontinuation of the assembly of A7, Q5 and Q7 models. The press office of the factory has made the following statement: "The decision has been taken as a result of internal planning. The production of new Audi Q3 and Audi Q7 models is not on the agenda for the moment. Currently, Audi A6 and A8 models are being manufactured in Kaluga."

SKD production of Audi in Kaluga, which started in September 2009, was halted in Autumn 2010. The production of the brand resumed in 2013.

## **IzhAvto has started the production of Nissan Tiida**

12.03.2015 / Zr.ru

Izhevsk Automobile Factory (IzhAvto) has started the production of the new C-class hatchback automobile, specially designed by Nissan for Russian climate and road conditions, today. The new Nissan Tiida is being manufactured on the new line of IzhAvto. The vehicle will be put on the Russian market at the end of March. The price tag is expected to be announced within the next few days.

## **KAMAZ and Palfinger have established two facilities in Russia**

11.03.2015 / Prime

Russian truck manufacturer KAMAZ and Austrian crane manufacturer Palfinger AG have established two facilities in Russia. According to the statement made by KAMAZ, the first facility will operate in Naberezhnye Chelny, Tatarstan, as an assembly centre, which installs crane equipments on truck chassis. The share of Palfinger in the partnership is 49%.

The second facility, established in Neftekamsk, Bashkortostan, will manufacture hydraulic and telescopic cylinders. The announced annual production capacity is 80,000 units. The share of Palfinger is 51%.

As one may remember, the parties had signed the agreement, proposing the establishment of the two facilities in Tatarstan and Bashkortostan, in August 2014.

Please see the next page

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