

A number of foreign suppliers have lost their right to import customs-free components in Russia

14.10.2015 / Zr.ru

A series of automotive supply industry companies making production in Russia have lost the inducements brought by the Enactment no 566, due to failure to fulfil the obligations of the agreements, signed with the ministry of economic development.

The ministry has stated that some manufacturers fell short of the required localisation rates, as found out during annual audits. Accordingly, the rights of seven companies to import customs-free components have not been extended this year.

The ministry officials abstained from giving out any company names. However, according to Izvestiya newspaper, who reported the news, Modine Rus, manufacturing radiators for KAMAZ in Naberezhnye Chelny, is one of these companies.

Approximately 100 foreign supply industry companies have signed industrial assembly agreements with the government within the scope of the aforementioned enactment, during the 2010-2011 period in Russia. The companies gain the right to import customs-free parts and components, in return for meeting a certain localisation rate.

The AEB Association of European Businesses (AEB) representative, interviewed by the newspaper, states that the foreign supply industry companies making production in the country within the frame of the industrial assembly regime are almost held in pledge, due to the market shrinkage. The representative has drawn attention to the fact that exit from the market is inevitable for manufacturers, which lack the necessary amount of resistance against fluctuations.

The experts state that the situation will push the prices of parts and components up, which will eventually reflect on automobile prices.

Avtotor has started the serial production of Ford trucks

06.10.2015 / Autostat

Kaliningrad based Avtotor factory has started the serial production of Ford trucks. The relevant statement has been made by the Avtotor chairman Valery Draganov.

As one may remember, Avtotor had signed a memorandum of understanding with Otosan from Turkey, proposing the joint organisation of truck assembly, at the end of 2014.

Fake components problem faced by Russian automobile companies

13.10.2015 / Zr.ru

Automotive companies operating in Russia suffer great losses due to fake components. BMW, being one of the companies, has started to warn its clients against the damages caused by fake components, through its dealer network.

AVTOVAZ experts, on the other hand, have calculated the losses suffered by Russian car manufacturers due to fake components as 5-8 billion rubles annually. The company is fighting against the rogue component dealers, in cooperation with government officials.

Officials from Samara regional administration name Lada as the brand, with the most number of fake components in circulation in the region. The regional ministry of internal affairs has stated that over 100 raids have been made, since the turn of the year. As a result of the raids, more than 50 'under the counter' type manufacturers have been identified. The fake component manufacturers sell their products to storehouses and outlets in cities such as: Tolyatti, Samara and Syzran.

The biggest ten regional markets in Russia as of 2015

12.10.2015 / Autostat

According to Autostat data, 24% of automobile sales in Russia took place in Moscow city and region, during the first nine months of 2015. St. Petersburg city and Leningrad region has 7.2% share. Tatarstan Republic comes third with 4.7%. Other regions and their market shares are as follows: Krasnodar Krai - 3.6%, Samara Region - 3.5%, Republic of Bashkortostan - 3.1%, Tyumen Region - 3%, Sverdlov Region - 2.7%. Rostov Region - 2.7%. Nizhny Novgorod Region - 2.5%. Chelyabinsk Region - 2.3% and Perm Krai - 1.8%. The market share of Moscow, St. Petersburg and the top-ten regions adds up to 60% approximately. The total share of the remaining 70 federal regions is 40%.

Hyundai will spend \$100 million on the modernisation of its St. Petersburg plant

12.10.2015 / Finmarket

St. Petersburg based Hyundai factory will start the production of the new generation of Hyundai Solaris from the end of 2016 onwards. The model is expected to be put on the market in January 2017. The public relations manager of the factory: Viktor Vasiliev has stated that a new investment of \$100 million will be made in the modernisation of the factory, until the end of 2016. The press shop and the storage units of the factory will be expanded within the scope of modernisation. Vasiliev has added that the existing production capacity of 200,000 vehicles will remain unchanged. As one may remember, previously the company had announced the start of Creta production at the factory, alongside Solaris, in the forthcoming year.

Russian car and LCV market has shrunk by 28.6% in September

09.10.2015 / OIB Russia

According to Association of European Business (AEB) data, 140,867 new cars and commercial vehicles have been sold in Russia in September (-28.6%). Thereby, the number of vehicles sold within the first nine months of the year has reached 1,192,723 (-33%).

All of the top-ten models in September have been manufactured domestically.

The chairman of AEB Car Manufacturers Committee Joerg Schreiber has told that as a result of a survey conducted amongst the members, the year-end market prediction has been confirmed as 1.57 million vehicles (-37%).

HYUNDAI SOLARIS	11006	+10%
NEW KIA RIO	10822	+69%
LADA GRANTA	8597	-50%
LADA LARGUS	3992	-12%
VW POLO	3838	-5%
RENAULT LOGAN	3610	-36%
RENAULT DUSTER	3274	-43%
LADA 4X4	3176	-42%
RENAULT SANDERO	3160	+10%
CHEVROLET NIVA	2827	+2%

The number of electric cars in Russia is below 500

07.10.2015 / OIB Russia

According to Autostat data, there are only 486 electric cars in Russia, as of mid-2015. Mitsubishi i-MiEV is the leader of the electric car park in the country with 217 vehicles. Tesla occupies the second spot with 122 vehicles. The pair is followed by Nissan Leaf with 86 vehicles. The number of AVTOVAZ model El-Lada is 49. There are 12 Renault Twizy, registered in traffic.

The number of electric cars is approaching 1 million worldwide, in the meantime. This segment of the market achieves an approximate growth of 70-80% every year. Electric cars are most popular in USA, Japan, Norway and Sweden.

On the other hand, according to Zr.ru portal, a charging station for electric cars has been opened yesterday in a park owned by the municipality in Moscow, within the frame of a new project. The pilot project, run by the partnership of Moscow city administration and Rosseti company, proposes the establishment of 150 charging stations throughout the city.

The number of charging stations in the city is expected to reach 200 by 2017. The government plans to establish 1000 charging stations in ten regions of the country, by the end of 2018.

Only 7.5% of cars and 2% of commercial vehicles comply with Euro-5 in Russia

07.10.2015 / Autostat

According to Autostat survey, only 3.1 million out of the 41 million automobiles registered in Russia comply with the Euro-5 environmental standards (7.5%). 11.1 million automobiles meet Euro-4 standards (27%), 6.2 million Euro-3 (15%), 5.3 million Euro-2 (13%) and 2 million Euro-1 (5%). 32.7% of the automobile park is beyond the age of any Euro standards.

The situation is worse in commercial vehicles. Accordingly, only 152,000 of the registered vehicles comply with Euro-5 standards (2%). More than half of the commercial vehicles park is outside any Euro standards (55%).

As one may remember, the Russian government had announced the shift to Euro-5 standards on 1 January 2016. However, the cabinet has decided to postpone the shift to 1 July 2016, during its meeting yesterday.

No support for automotive in Russian government's draft budget for 2016

05.10.2015 / RBK

The Russian government has scheduled the approval of the 2016 budget for 8 October. According to RBK's own sources, there's no mention of automotive support in the draft budget. The sources stated that the ministry of finance is against taking any specific measures in order to save the automotive sector, under the dire conditions the budget is currently in.

Several programmes, such as: vehicle park utilisation, induced automobile credits and leasing are being implemented in order to support the Russian automotive, at the moment. Despite the proposal made by the ministry of industry and commerce to extend these programmes to 2016, no funds have been found for the purpose.

On the other hand, the car manufacturers interviewed by RBK remind that articles on automotive support didn't exist in 2014 and 2015 budgets either and the funds were created through government orders in due course.

The ministers' expectation of recovery in the automotive market for 2016 is amongst the factors causing reluctance on the allocation of funds, according to news.

Renault will manufacture Captur crossover in Moscow

05.10.2015 / Vedomosti

Vedomosti newspaper has written that Renault Moscow factory will start the production of the Russian version of the Captur crossover in 2016. The serial production of the model will begin during the second half of the year.

According to ASM-Holding data, Renault Russia has manufactured 40,288 automobiles within the January-July period of 2015. The models under production are: Duster, the old generation Logan, Fluence and Nissan Terrano. The factory has an annual production capacity of 188,000 automobiles.

Car prices up by 24% in Russia within a year

05.10.2015 / Autostat

According to Autostat's analysis of price changes in all automobile brands and models sold in Russia between September 2014 - October 2015, vehicle prices have increased by 24% in average in the country.

While the sharpest rise has been observed in January with 7.7%, the lowest increase occurred in February and April, with 4.3%. The prices, which were on the decline between May and August (-0.9%), began to increase again in September. The price rise is expected to continue in October-December period.

The weighted average automobile price has increased by 16.5%, on the other hand. The analysts explain the situation by the shift in the market structure towards cheaper and compact models.

Volvo Kaluga factory has resumed production

05.10.2015 / Rossiyskaya Gazeta

Volvo has resumed production in its Kaluga factory, following an eight months break. As one may remember, the factory had suspended production due to market shrinkage in February. The public relations manager of the company Oleg Vasilichenko has stated that the cabin welding and paint shops have commenced operations on 22 September. With the resumption of operations in the factory, the members of staff, who were laid off in February, have been re-employed.

Volvo Vostok factory, which manufactures Volvo and Renault trucks in Kaluga, was established in January 2009. 1000 people were working at the factory with an annual production capacity of 15,000 trucks, at that point.

Avtotor has started the assembly of the renewed KIA Quoris

02.10.2015 / Autostat

Kaliningrad Avtotor factory has started the production of the renewed KIA Quoris sedan model. The 424 hp automobile is equipped with a 5lt V8 engine. Avtotor has been manufacturing the model since January 2013. Approximately 1500 vehicles have been manufactured up to today.

Other models currently under production at the factory are as follows: Sorento, Sorento Prime, Cerato, Quoris, Cee'd, Sportage, Optima, Soul, Venga and Mohave.

The price of the renewed Quoris starts from 2,339,900 rubles in Russia.

Mazda-Sollers has lost its right to import customs-free components

01.10.2015 / Kommersant

Mazda-Sollers partnership has lost the opportunity to import customs-free components, due to the failure to establish the workshops required by the industrial assembly agreement on time. The partnership manufactures Mazda6 sedan and Mazda CX-5 crossover models in Vladivostok.

The industrial assembly agreement requires the shift to CKD method, following the establishment of welding, paint and body assembly shops after 30 months of SKD production period.

Sollers officials have shown the lack of engineering infrastructure in Vladivostok and the delay in the construction of the special economic zone (SEZ) as the reasons for falling behind the schedule.

As one may remember, the decision to establish a SEZ in the region was taken in August 2014. Sollers executives say that the funds necessary for the construction have been received only in the beginning of September.

Mazda-Sollers has an industrial assembly agreement signed with the Russian government, under the former conditions. As is known, the agreement had been regulated according to new rules in February 2011.

Car manufacturers are downsizing their model ranges in Russia

02.10.2015 / Autostat

According to Autostat analysis, the brand and model variety is on the decline in 2015, alongside the shrinkage in the market (34% in eight months). The statistics created by the Association of European Businesses (AEB) state that 388 models belonging to 56 brands were on the Russian market in 2014. In accordance with the same source, the brand number has gone down to 49 and the model number to 366 in 2015 (-6%). In August there were only 306 models on the market (-20%).

While brands such as ZAZ, Bogdan, TAGAZ, Dodge and Luxgen have left the market completely, brands the likes of Ferrari and Maserati have given up supplying AEB with statistics. Opel, Chevrolet, Seat and Alfa Romeo are amongst the brands, which sell vehicles left in stock.

The analysts draw attention to the fact that the brands are currently in the process of optimising their model ranges for the Russian market. Some models are being replaced by new ones, others being discontinued. These are the models not being demanded by Russian consumers.

Suzuki, for example, has ended the supply of Kizashi, Splash and Swift models. Mazda2 and Mazda5 models are not being sold. Renault, on the other hand, has stopped supplying Latitude, Scenic and Clio. Accord, Civic and Pilot are the Honda models with zero sales figures. The company has shifted to production on order regime, which is expected to reduce the sales volumes further down.

The car manufacturers put emphasis on bestselling products, rather than model variety. The best-sold 15 models make up 50% of the Russian market. The remaining half is formed of over 350 models.

Autostat analysts state that the process of model optimisation has started recently in Russia, but will continue actively. The analysts explain this trend with the shrinkage in the market and the devaluation of ruble. Supply of many models is not profitable under current conditions. As assessed by Autostat, the number of models on the market will remain below 300 next year.

GM-AVTOVAZ production has shrunk by 22.6% in nine months

01.10.2015 / Autostat

As announced by GM-AVTOVAZ press office, 26,190 Chevrolet Niva have been manufactured within the first nine months of the year (-22.6%). The sales figure for the vehicle is 24,550 during the aforementioned period (-25.7%). 1675 of the vehicles have been exported (-46.1%). The factory has manufactured and sold 596,402 automobiles since its establishment. 44,001 vehicles have been exported. The factory has shifted to four-days-a-week operation regime as of July and this pace will be kept until the year-end.

Rosstandart has not come across any violations in Volkswagen emissions

30.09.2015 / Vedomosti

Russian Federal Technical Regulations and Metrology Agency: Rosstandart has not detected any violations in the emission values of diesel automobiles belonging to VW Group or any other car manufacturer. The relevant statement has been made by the Russian minister of industry and commerce: Denis Manturov: "According to data obtained by Rosstandart, Russian norms and standards have not been violated, as of today. This is the case not for VW only, but all other companies making production in Russia."

Upon the discovery of violation in VW diesel vehicles by American EPA, Rosstandart has sent a letter to the offices of VW Russia, asking for explanation. The organisation had asked for information from BMW, due to the same reason.

Vedomosti has heard from a source close to the ministry that the officials are waiting for the completion of the investigation. Russia is subject to European environmental standards, not American. The source has stated that Russia refrains from taking any harsh measures before the verdict, due to being subject to sanctions at the moment and highlighted VW's position as one of the biggest foreign investors in the country. The German company has invested in the car factory it established in Kaluga €1 billion and €250 million in the engine factory up to today.

According to Autostat data, 50,900 VW and 16,600 Audi vehicles with diesel engines have received licence in Russia, since 2011.

Great Wall has started the construction of a car factory in Tula Region

28.09.2015 / Autostat

Great Wall Motors has started the construction of the car factory it's planning to establish at Uzlovaya Industrial Park, Tula Region.

As one may remember, Tula regional administration, Tula Region Development Agency, Haval and Great Wall Motors had signed an agreement, proposing the establishment of a car factory in the region, in Shanghai in May 2014. According to the plan, the factory will include press, welding, paint, assembly and component production shops. The employment number is aimed as 2500 people and the annual production capacity as 150,000 automobiles. The total investment amount is \$500 million.

The factory is expected to commence operations in 2017. The models to be manufactured are as follows: Haval H2, H6 coupe, H8 and H9.

Russian government has allocated 4 billion rubles more on automotive

30.09.2015 / Kommersant

Russian minister of industry and commerce Denis Manturov has announced that an additional amount of 4 billion rubles will be allocated for the support of the country's automotive sector, until the end of the year. 2.5 billion rubles of the amount will finance the vehicle park utilisation programme and the remaining 1.5 billion rubles the induced leasing programme. The minister has told that no additional fund is needed for the induced automobile credit programme.

As reported by Kommersant newspaper, the government has allocated 2.5 billion rubles on car leasing, since the turn of the year. The ministry of industry and commerce had demanded another 1 billion rubles from the government this summer. The ministry responded by sending a letter to leasing companies, advising against the admission of new applications. Application approvals are expected to resume, with the extension of the programme's duration of validity. According to ministry data, 18,900 vehicles have been sold within the scope of the programme, during the first eight months of the year.

15 billion rubles have been spent on the vehicle park utilisation programme since the new year. Again according to ministry data, 228,700 vehicles have been sold in the country within the frame of the programme.

AEB has pushed up its prediction for Russian automobile market in 2015

29.09.2015 / RBK

The chairman of Association of European Businesses Car Manufacturers Committee Joerg Schreiber has told during an event in Moscow that 1.7 million automobiles are expected to be sold in the country this year (-34%). This figure is above the previously announced prediction, which was a 36% shrinkage (1.55 million vehicles).

Schreiber has shown the increasing demand in August, following the price mark up announcement made by car manufacturers for the forthcoming days, as the reason behind the enhancement of their prediction. Accordingly, the aforementioned upward tendency will continue for another three months. Schreiber has added that the steepness of the depreciation in ruble has taken everyone by surprise.

Russian ruble had lost 20% of its value in July and August. As one may remember, new car and LCV sales have shrunk by only 19.4% in Russia in August, according to AEB data. August sales are above the July figure by 5.8%.

The Russian ministry of industry and commerce will support car exports

25.09.2015 / Zr.ru

Officials from the Russian ministry of industry and commerce are of the opinion that in current conditions, any investment in a new car factory will be in vain, unless aimed at exports. Vice minister Gleb Nikitin has advised the companies making production in the country to allocate more capacity on exports: "The current automobile market does not allow full capacity operations. Therefore, any additional capacity to be created in the near future should be aiming at export markets, rather than the domestic."

Nikitin has added that the state is ready to establish the macroeconomic conditions, necessary for increasing the effectivity of production for exports, including the logistical costs.

The ministry is expected to take the necessary measures, as of the following week.

AVTOVAZ has started the serial production of Lada Vesta

25.09.2015 / Autostat

The serial production of Lada Vesta has started in AVTOVAZ Izhevsk car factory. 1.6lt AVTOVAZ engines and Renault gearboxes are used in Vesta automobiles.

Vesta is currently being manufactured on AIMS line, where IzhAvto produces Nissan Sentra and Tiida. The model will be put on the market on 25 November.

BAW has started the production of a new truck in Ulyanovsk / Gazeta.ru

23.09.2015 / Gazeta.ru

According to Gazeta.ru, Chinese manufacturer BAW is starting the production of the 33462-102 Fenix model, a new flatbed truck with gas-petrol engine, in Ulyanovsk. The engine of the truck belongs to ZMZ and gas equipment to Lovato. The localisation rate of the model, with 1700 kg load carrying capacity, has been announced as 60%.

The Ulyanovsk factory, established by BAW with an investment of \$50 million, has an annual production capacity of 25,000 vehicles.

Scania and MAN trucks will be manufactured in the same factory in Russia

23.09.2015 / Vedomosti

According to Vedomosti newspaper, there are plans to move Scania truck production in St. Petersburg to MAN Truck and Bus Production Rus factory, which is located in close proximity. Scania production at MAN factory will start in 2016. The merger of the two companies will complete within a year. The company, which has not been named yet, will be managed by Ino Muberg, who is currently at the helm of Scania-Piter.

Volkswagen Group had announced changes to company structure in summer. 12 brands under the umbrella of the Group will be joint in four holdings. MAN, Scania and VW will operate within the scope of the Commercial Vehicles Truck & Bus Holding. Scania-Piter, which was established with an investment of €10 million, has an annual production capacity of 7500 trucks. Scania and MAN are expected to manufacture an approximate number of 300 vehicles each in two separate plants, due to the shrinkage in the market. The choice of MAN factory over Scania for the merger has been explained by the possibility of bodyworks being painted in the facility. Scania imports the bodyworks, painted abroad.

The post-merger annual production capacity has been announced as 6000 trucks: 3000 MAN, 3000 Scania. According to Autostat data, while Russian truck market shrank by 45.4% within the January-August period, the sales of Scania declined by 58.2% and MAN by 56.3%.

St. Petersburg car production down by 4% in August

23.09.2015 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, St. Petersburg based Hyundai, Nissan, Toyota and GM factories have manufactured 194,800 automobiles within the first eight months of the year (-20%). The August production figure of the three plants, excluding GM which closed down on 1 July, is 24,900, on the other hand (-4%). Thereby, the share of the city in Russian automotive has risen to 23%, from 22% within January-July. The models manufactured at the three factories are as follows: Nissan Teana, Nissan X-Trail, Nissan Murano, Nissan Pathfinder, Toyota Camry, Hyundai Solaris and KIA Rio.

Again according to the agency data, 79,305 new cars and light commercial vehicles have been sold in St. Petersburg within the January-August period (-35%). August sales figure is 10,293 (-20%). This ratio has been the “smoothest” decline observed on a monthly basis so far in 2015. St. Petersburg’s market share in the country has reached 7.5%, by the end of eight months.

Continental Kaluga factory will export tyres to Europe and Asia

18.09.2015 / Interfax

Continental AG affiliate Continental Kaluga factory will start exporting tyres to several European and Asian countries, within the forthcoming months. Factory director general Georgiy Rotov has said the following on the subject: "Under the current economic conditions -the instability of the Russian tyre market and favourable exchange rates for exports- tyre production in Russia in order to export becomes a feasible option for our company."

Turkey is amongst the export targets of Continental from Kaluga, alongside Belgium, Spain, Portugal, Italy, UK and Poland. The company makes production in Kaluga, under the brand names of Continental, Gislaved and Matador. As reported by Interfax, the factory currently exports products to Ukraine, Belarus, Germany and France. The factory also exports studded winter tyres, the production of which started in March, to Scandinavian countries.

The company has stated that the export markets are seen as a resort to compensate for the losses due to the shrinkage in the Russian market. As predicted by Continental, the aforementioned shrinkage tendency will continue until next year and 2013 sales figures will only be caught in 2020.

Car production has shrunk by 28.3% in Russia in August

15.09.2015 / Autostat

According to Russian Federal Institute of Statistics: Rosstat data, 843,000 automobiles have been manufactured in the country within the first eight months of the year (-26%). August production figure is 69,000 (-28.3%).

Cherkessk based Derways factory has suspended production for two weeks in August. GAZ, which manufactures VW and Skoda models for VW Group Rus in Nizhny-Novgorod, has also remained idle for the duration of the month, due to insufficient demand. Kaluga based PSMA Rus factory, on the other hand, has resumed the production of Peugeot 408 and Citroen C4 sedan, following a 3.5 months break. Avtotor factory, established in Kaliningrad, has started the production of the renewed compact crossover model: KIA Soul in August. Hyundai St. Petersburg has started manufacturing Solaris for export markets such as; Egypt and Lebanon.

According to Rosstat data, 77,200 trucks have been manufactured in the country, during the January-August period (-22.4%). August figure is 8900, on the other hand (-30.3%).

KAMAZ stopped operations for two weeks in August, due to summer holidays. Bus production has shrunk by 13.5% in the country by the end of the first eight months, with 22,400 vehicles. 3100 buses have been manufactured in August (-14.2%).

CIE Automotive Rus supplies components to Turkey

15.09.2015 / Autostat

Spanish automotive supply industry company CIE Automotive Rus, which commenced operations at Tolyatti SEZ recently, has started supplying Renault Turkey factory with products. The relevant statement has been made by the company director general: Vasil Pavlov. The company manufactures engines, gearboxes, chassis and saloon details from aluminium.

Pavlov has stated that a project is currently being run for AVTOVAZ on new engines and the Russian production lines of Renault and Nissan will be supplied with products via AVTOVAZ.

As one may remember, the construction of the CIE Automotive Rus factory in Tolyatti SEZ had started in April 2014. The company aims to process 800 tonnes of aluminium until the end of 2015 and continue the exports to Turkey.

Car and LCV sales down by 19.4% in Russia in August

15.09.2015 / OIB Russia

According to data published by the Association of European Businesses (AEB), 138,670 new cars and light commercial vehicles have been sold in Russia in August. The figure is equivalent to a 19.4% shrinkage year-on-year. All of the top-ten bestselling models of the month have been manufactured domestically.

The number of vehicles sold within 2015 has risen to 1,051,851, with the inclusion of the August figures (-33.5%).

Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee commented: "The pace of year-on-year sales decline slowed down further in August, suggesting the market is moving closer to finding some sort of equilibrium at a new, lower level. This may not happen too soon however, as currency fluctuations continue to have an enormous impact on day-to-day consumer behavior and demand for high-value goods like cars. The latest sharp drop in the value of the Ruble is a sure guarantee for the market to see an immediate uplift in sales, only to be followed by a corresponding slump later. So get ready for another ride on the Russian roller coaster!"