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“Russian automobile market will shrink by 25-35% in 2015”

10.02.2015 / AutoBusiness Review

According to the prediction announced by PricewaterhouseCooper, the Russian automobile market will shrink between 25-35% in 2015, excluding light commercial vehicles. The automobile sales figure will be in between 1.52 and 1.75 million, accordingly.

As predicted by PwC, the demand for Russian brands will be somewhere in between -10% shrinkage and +5% increase (a sales figure between 370-440,000 vehicles). The estimated shrinkage rate is higher for foreign brands: 23-33% (860-980,000 vehicles). The sales figure for new imported automobiles is expected to remain in between 290-340,000 (-48-55%).

According to PwC analysts, geopolitical situation, fluctuation in petrol prices, dollar vs. euro exchange rate and measures to be taken by the government in order to support the market such as; credit programmes etc. will be amongst the key factors, determining the course of the automobile market in 2015.

Russian vehicle market has shrunk by 24.4% in January

09.02.2015 / OIB Russia

According to Association of European Businesses (AEB) data, 115,390 new automobiles and light commercial vehicles have been sold in Russia in 2015. Thereby, the market has shrunk by 24.4% by the end of the first month of the year. All of the ten best-sold models have been manufactured in Russia.

The chairman of AEB Car Manufacturers Committee: Joerg Schreiber comments: “If December was a big party for many market participants, then January is the equivalent to a bad hangover. The peculiarity of the current situation is that 2014 model year stocks at lower prices are practically sold out, much earlier than usual. At the same time, responding to currency movements, prices for the new model year have increased, much more than usual. The price transformation of the market is something still in process, so the headache will rather get worse before going away eventually.”

Volvo Trucks is discontinuing production at Kaluga factory

06.02.2015 / Avtostat

Swedish truck manufacturer Volvo Trucks has decided to discontinue production at its Kaluga factory, as of 11 February. No information has been given, as to when the operations will recommence at the plant. Public relations manager of Volvo Group Russia Vasilchenko has said the following: “We are not going to close down the factory. We are only suspending the production. As many other businesses operating in our sector. We can not define a date for the restart of production. Everything depends on the demand in truck market.”

According to KAMAZ, Russian truck market will hit the bottom in 2015

06.02.2015 / RBK

The head of KAMAZ Strategic Development Department: Igor Savelyev predicts that the 14-40 tonnes truck market will hit the bottom in 2015 and recover to an average growth trend of 3-7% from 2016 onwards. According to Savelyev, demand increase will be triggered in the market thanks to several infrastructure projects, within the forthcoming years.

Savelyev has added that the strategic development programme has been revised at the end of 2014 and the sales target for the year 2020 has been pulled down to 60-70,000 vehicle from 80,000, accordingly. KAMAZ aims for a market share of 20-30%.

Foreign car manufacturers are worried about the current state of the Russian market

05.02.2015 / Za rulyom.RF

Ford finance director Bob Shanks, interviewed by the German financial paper Handelsblatt, has stated that the problems arising from the devaluation of the rouble and the weakness of the economy will reflect on the share of the company in the Russian automobile market and 2015 doesn't look promising from their point of view. According to Shanks, the Japanese and Korean competitors of Ford have managed to pull down prices using the exchange rate advantage, putting the company in a predicament. Shanks, however, states that Ford will go to all lengths in its combat against the crisis, apart from leaving Russia.

Renault-Nissan CEO Carlos Ghosn has also stated during his interview with Bloomberg that the automobile sales will continue to fall in Russia this year: "The market will shrink by a third during the next couple of years. The situation is already bad."

The officials from the London based advisory firm Evercore ISI, interviewed by Bloomberg, are of the opinion that the car manufacturers have no option but to reduce their losses to minimum and wait until the crisis is over.

The experts from the consultancy firm IHS Automotive estimate this year's sales figure in Russian market as 1.8 million vehicles (-2.7%). As predicted by the company, the prices of imported automobiles will increase by 20% and the domestically manufactured vehicles by 10%, in the meantime. The experts state that the neighbouring countries will suffer from a potential crisis in Russian economy and that will cancel out the positive effect resulting from falling petrol prices: "The biggest uncertainty for European car manufacturers, if not for the rest of the world, will be the shrinkage volume in the Russian market in 2015-2016."

Dongfeng automobiles will be manufactured in Tatarstan

27.01.2015 / Avtostat

Alabuga Special Economic Zone (SEZ) Experts Council has approved the business plan presented by "Alabuga Motors". The business plan of Alabuga Motors proposes the assembly production of Chinese Dongfeng models (DFM S30 sedan and H30 hatchback), alongside the production of special vehicles. The annual production capacity proposed by the plan is 7000 vehicles.

Mazda is changing the import procedure to Russia

05.02.2015 / Kommersant

According to Kommersant, the foreign automobile companies operating in Russia are changing their sales mechanisms. Mazda has become the pioneer, by deciding to supply the models for imports by order only. The clients of the brand will have to wait for four months for an automobile, from now on. The new procedure excludes the production of the company in Russia.

Mazda imports Mazda2, Mazda3, Mazda5, CX-9 and MX-5 models to Russia. The company also makes the assembly production of CX-5 and Mazda6 models with Sollers in Vladivostok. According to AEB data, CX-5 is the 25th best-sold automobile in Russia. 24,900 of these automobiles have been sold in Russia in 2014. The total sales figure for the brand is 50,700 (+17.5%). The market share of Mazda in Russia is 2%.

Analysts has no doubt that all foreign brands operating in Russia will change the aforementioned mechanisms, during the forthcoming period. However, the representatives of PSA Peugeot Citroen, Toyota, Jaguar, Land Rover, Suzuki, Honda and Hyundai have told the newspaper that despite the current difficulties, there are no plans to alter the delivery mechanisms. A few dealers have informed that Hyundai is currently reviewing similar options though. It's being predicted that in case the mechanisms change, the number of automobiles imported to the country will fall dramatically.

Toyota St. Petersburg factory has increased production by 2.6% in 2014

04.02.2015 / Avtostat

St. Petersburg Toyota factory has manufactured 36,612 Toyota Camry in 2014 (+2.6%). As one may remember, the plant started the production of the seventh generation of Camry in November. The localisation rate of the factory has reached 30% with the inclusion of the recently opened press and plastic component production shops.

34,117 Camry have been sold in Russia in 2014 (+3.7%). In addition, the St. Petersburg plant has exported 3084 automobiles to Kazakhstan and Belarus. Previously, Toyota Motor had announced plans to increase the production capacity from 50,000 to 100,000, before 2016. The factory will start the production of Toyota RAV4 in 2016. The company has invested approximately 16 billion rubles in St. Petersburg plant, up to the present.

Russia has banned the public procurement of imported heavy machinery

04.02.2015 / Finmarket

Russian government has approved the bylaw, prohibiting the public procurement of imported heavy machinery. The regulation covers the construction machinery used in areas such as; mining sites etc. and municipality and other types of vehicles. The purchases from Eurasian Commission member countries are exempt from the prohibition.

Production shrank by 8% in St. Petersburg factories in 2014

02.02.2015 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, St. Petersburg based Toyota, GM, Nissan and Hyundai factories have manufactured 361,400 automobiles in 2014 (-8%). The December production figure is 31,600 (-8%). 66% of these automobiles have been manufactured at Hyundai factory. This ratio was 58% last year. Nissan plant has started the production of Teana in March and X-Trail in December. Another model, the production of which started in 2014, is Pathfinder. Qashqai production will start in 2015. Hyundai has been manufacturing the new Solaris model since June. Toyota, on the other hand, started the production of the new Camry in November. The models being manufactured by GM since last year are as follows: Cadillac ATS, CTS and SRX. It should be remembered that GM plant had suspended production for two months, due to insufficient demand.

Auto-Dealer-SPb predicts the city's production to shrink between 10-15% in 2015. The share of St. Petersburg in Russian automotive has risen to 21.3% in 2014, from 20.5% in 2013. The models manufactured at the four factories are as follows: Chevrolet Cruze, Opel Astra, Chevrolet Trailblazer, Cadillac ATS, Cadillac CTS, Cadillac SRX, Nissan Teana, Nissan X-Trail, Nissan Murano, Nissan Pathfinder, Toyota Camry, Hyundai Solaris and KIA Rio.

St. Petersburg GM has suspended production for two months

29.01.2015 / Kommersant

St. Petersburg GM factory has decided to suspend production for two months, due to stagnant demand. According to the dealers and experts, however, GM suffers from a relatively low localisation rate and an obsolescent model range. As announced by the GM press office, the factory will not be operating between 23 March - 15 May. The factory had operated for four days in August and September 2014 each and for eight days in October.

According to AEB data, GM has sold 189,500 automobiles in Russia in 2014 (-26.4%). The overall shrinkage rate in the market was 10.3%. The market share of the company has remained at 7.6%, declining by 1.7 points. The sales figures according to the brands are as follows; Chevrolet - 174,600 (-29.5%), Opel - 81,400 (-20.2%) and Cadillac - 1513 (-12.5%).

GM has increased prices sharply, due to the depreciation of the rouble. The dealers, who spoke to Kommersant, are of the opinion that GM's low localisation rate is the reason behind the price increase. The renewal need of the Chevrolet model range is another factor. The company had previously announced that the production of Cadillac Escalade and Chevrolet Tahoe models would start in 2015. The production of Opel Mokka was being planned to start in May 2016. Kommersant has received information that these plans are currently being reviewed by the factory management.

Lifan will start the construction of Lipetsk car factory in Spring

29.01.2015 / Avtostat

Chinese manufacturer Lifan will start the construction of the automobile factory it's preparing to establish in Lipetsk region in Spring 2015. Approximately \$300 million will be invested in the factory. As one may remember, the agreement proposing the establishment of an automobile factory by Lifan and the regional administration was signed in October 2014.

The factory, which will be built in Lipetsk Special Economic Zone (SEZ), will have an annual production capacity of 60,000 automobiles at the first stage. According to the predictions, approximately 1500 workers and experts will be employed at the facility. The factory, which will include welding and paint shops, will manufacture all models of Lifan.

The company currently manufactures X60, Cebrium sedan, Solano, Celliya and Smily hatchback models at Derways factory, established in Cherkessk. Lifan Motors Rus chairman: Sun Tzetzuyun states that the cooperation with Derways will continue until 2018 at least. The localisation rate of Derways factory is 15%.

The initial minimum localisation rate of the Lipetsk factory has been declared as 10%. It has been stated that this rate will reach minimum 30% in 2021, when the factory starts operating in full capacity, with the inclusion of the production in Derways.

Chairman Tzetzuyun has stated that the company has made an agreement with Fujang Glass operating in Kaluga, which is also Lifan's supplier in China, for car glass supplies. The company is negotiating with Cordiant -resident in Russia- and Yokohama for tyre supplies. Seats, discs and car batteries are amongst the components, which Lifan aims to procure in Russia. Engines, pressed components, chassis and other components will come from China. Tzetzuyun also revealed plans to establish an engine factory in Russia after 2021. The realisation period of this project depends on market conditions, according to the chairman.

Russian car imports have declined by 21.4% within the January-November 2014 period

28.01.2015 / Avtostat

According to data published by the Russian Federal Tariff Service (FTS), 650,600 automobiles have been imported to the country within the January-November period of 2014 (-21.4%). The monetary value of the aforementioned imports has been calculated as \$12.4 billion. 57,700 trucks have been imported to the country within the same period (-28.6%), which is equivalent to \$1.9 billion in monetary terms.

Russia has exported 115,900 automobiles valued at \$1.3 billion (-6.9%) and 19,800 trucks valued at \$438.3 million (-13.9%) within the January-November 2014 period, on the other hand. 112,000 of the automobiles and 15,600 of trucks have been exported to the CIS countries.

Automobile production has shrunk by 9.7% in Russia in 2014

27.01.2015 / Avtostat

According to Federal Institute of Statistics: Rosstat data, 1.7 million automobiles have been manufactured in Russia in 2014 (-9.7%).

The leader of Russian automotive: AVTOVAZ has manufactured 575,100 automobiles during the previous year. Lada and the vehicles manufactured for Renault-Nissan have formed 386,800 (-12%) and 133,900 (+6.4 times) of this figure, respectively. AVTOVAZ affiliate IzhAvto has manufactured 74,300 automobiles in 2014 (+28%). 68,900 of this figure belong to Lada Granta and 5400 to Nissan Sentra. Sollers affiliate UAZ has produced 62,500 vehicles in 2014 (-14%). The number of Chevrolet Niva manufactured by GM-AVTOVAZ is over 45,000 (-22%).

St. Petersburg Hyundai has become the foreign plant, which manufactured the most number of automobiles in the country last year, with 237,000 vehicles (+4%). Moscow based Renault Russia factory has produced a total number of 213,700 Renault, including the vehicles manufactured at Tolyatti AVTOVAZ facility. While Kaluga Volkswagen factory manufactured 185,000 Volkswagen and Skoda vehicles (-1.5%), St. Petersburg GM manufactured 36,700 Chevrolet, Opel and Cadillac (-54.5%). Another plant based in St. Petersburg: Toyota has manufactured 36,600 Camry sedan, on the other hand (+3%). St. Petersburg Nissan's production figure is above 30,000 vehicles (-36%). The total number of Nissan manufactured at Moscow, Tolyatti and Izhevsk plants belonging to the Renault-Nissan alliance exceeds 70,000 vehicles. Kaluga based PSMA Rus has manufactured 46,100 Peugeot, Citroen and Mitsubishi during the previous year (+2%).

According to Rosstat data, 154,000 trucks have been manufactured in Russia in 2014 (-25.7%). The biggest truck manufacturer of the country KAMAZ has produced 38,900 vehicles last year (-9%). 43,200 buses have been manufactured in Russia during the previous year (-18.2%).

AVTOVAZ will lay off 1100 experts and directors

27.01.2015 / Vedomosti

AVTOVAZ has informed the trade union about the layoff of 1100 experts and directors on 14.01.2015. In Russia, the employers have the obligation to give notice for layoffs three months in advance. In other words, the layoffs will start in April.

Currently, AVTOVAZ has 52,000 employees, 10,000 of which are in managerial positions. The market conditions are shown as the reason behind the layoffs. 387,307 Lada were sold in Russia in 2014 (-15%).

The average managerial salary in AVTOVAZ is 30,000 rubles. The company expects to save 400 million rubles annually, as a result of layoffs. According to company reports, 12.5 billion rubles out of the total cost, calculated as 83.7 billion rubles for the first half of 2014, has been spent on salaries and social expenditures.

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