

# Russian Automotive – Selected News

27.09 –14.10.2011

## Renault-Nissan and IzhAvto are expanding the localization at Izhevsk

14.10.2011 / [Auto.vesti.ru](http://Auto.vesti.ru)

Igor Kulgan, the General Director of Sberbank affiliate OAG Group, which owns IzhAvto, has announced that the experts from Renault-Nissan have invited the suppliers who work with the company to the region, in order to identify the models to be produced at IzhAvto and the components to be used in these models, making a mention of the ongoing concordant efforts of the regional authorities to invite all potential spare parts producers to the region at the same time. Within this frame, a major meeting will be assembled on 26-27 October in the region, with the participation of approximately 100 spare parts producing companies and the representatives of Renault-Nissan. Igor Kulgan has stated that the localization strategy of Renault-Nissan in Izhevsk will be discussed during the meeting.

## The ministry will not prolong the automobile credit program to 2012

13.10.2011 / [Auto.vesti.ru](http://Auto.vesti.ru)

Aleksei Zhidjajev, the Vice-Director of Russian Ministry of Industry and Commerce Automobiles Department has stated that the implementation of the automobile credits inducement program will not be extended to year 2012. Zhidjajev has added that the program had been put into practice during the crisis period in order to support the local automotive industry, highlighting the current comparatively much better performance of the sector. He concluded his words as saying; “The market is growing. There’s no need to extend the program.” 179,000 incentive automobile credits have been issued during the first nine months of 2011. The credits with maximum term of 36 months are available for vehicles with price tag up to 600,000 rubles.

## 1.9 million cars and LCVs have been sold in Russia during the first three quarters of 2011

11.10.2011 / [OIB Russia](http://OIB.Russia)

According to the monthly report on Russian vehicle sales, prepared by AEB Automobile Producers Committee, 1,921,282 cars and light commercial vehicles have been sold in the Russian Federation in the first three quarters of 2011. This corresponds to an increase of 45% when compared to 1,327,937 vehicles sold in the same period of the previous year. The number of cars and light commercial vehicles sold reached 235,552 in September only. (26%.) AEB’s end of the year sales prediction is 2.45 million vehicles.

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## Russian vehicle market continued slowing down in September

12.10.2011 / Kommersant

The growth rate of Russian vehicle market continued to slow down in September. The market only grew by 26% in September, even less than the 32% rate in August. The drop in the sales of budget-friendly cars such as; Renault Logan, Daewoo, Opel Astra, Lada Priora and Lada Kalina can be observed within the general panorama. Market leader AvtoVAZ only achieved 20% growth last month.

The distributors who spoke to Kommersant have said that the current panorama reminds them of times before the 2008 crisis. According to one of the distributors, Vladimir Popov, the owner of Queengroup, the monthly growth rates will sit on 20-25% band until the election and as from the second half of the next year the situation in 2008 will repeat. In the new market conditions, the sales of the companies which feel insecure will experience sharp drops, while the market shares of companies which always aim for the highest such as; Chevrolet, Hyundai, KIA, Renault and Nissan will increase.

## 1,243,000 vehicles have been produced in Russia during the first eight months

10.10.2011 / OIB Russia

According to the ASM statistics, 163,678 vehicles have been produced in the country (142,585 cars, 16,474 commercial vehicles and 4,619 buses). With these figures, the total number of vehicles produced in the first eight months of 2011 reached 1,243,414 (1,090,836 cars, 126,731 commercial vehicles and 25,847 buses).

AvtoVAZ has become the leading car producer once again with 47,704 vehicles. St. Petersburg based GM, Toyota, Hyundai and Nissan factories produced a total number of 20,893 automobiles. The production numbers of other regions and cities are as follows; Kaliningrad, Avtotor- 16,420; Kaluga Region, VW, PSMA- 10,370, IjAvto- 9,507, Ford Motor Company- 9200, Sollers- 7,950 and Moscow, Avtoframos – 5,892 vehicles.

On the other hand, including the August imports, the total number of vehicles entering the country since the beginning of the year has reached 581,291; 576,404 new + 4,887 second-hand. The increase rate compared with the same period of the previous year is 56.7%. The financial value of the automobiles imported in the first eight months is \$11.5 billion. (+82.8) The seven most imported brands are as follows; Toyota (69,511; +%67,3), Daewoo (60,923; +29,5), Nissan (56,736; +83,1), Mitsubishi (38,913; +%82,2), Volkswagen (33,727; +%367,5), Kia (28,318; +%38,5) and Hyundai (28,136; +%35,1).

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## **A new estate for automotive supply industry is being established in Nizhniy Novgorod**

07.10.2011 / RBK Daily

GAZ Group and Nizhniy Novgorod Regional Administration are making preparations to establish a new automotive supply industrial zone in order to attract spare parts producers to the region. The authorities are promising tax exemption to a certain extent as well as financial support to companies willing to invest in the region. The land belonging to GAZ factory and two other premises in Doskino have been selected for the new production zone project. The Regional Administration has stated that the negotiations continue with several foreign companies willing to make production in these areas.

The aim of the foreign investors that intend to come to the region is to find opportunities to work with GAZ, who recently signed a number of big production deals. As one may remember, GAZ has made deals with VW, GM and Daimler on assembly production of vehicles produced by those companies. GAZ Group also plans to extend the production in its Pavlov Bus Factory (PAZ) and Arzamas Engine Works (AMZ). The Group's plan to make 7 billion rubles investment in its facilities in Nizhniy Novgorod until 2015 has been announced previously.

## **In Kaluga a new Spanish-Russian partnership has been established**

06.10.2011 / Auto.vesti.ru

A new Russian-Spanish partnership has been established in Kaluga, under the name of Avtokom- CIE Automotive- Doga, in order to produce window wipers, window washing systems, air conditioners, ventilators and radiator cooling systems. As reported by Itar-TASS, the company, foundation agreement of which was signed by CIE, Doga and Avtokom on the 4<sup>th</sup> of October, will make production in Kaluga Electric Car Equipment Factory. Avtokom- CIE Automotive- Doga is planning to supply products to bus factories, as well as OEMs such as VW, Renault, Sollers, Fiat, PSA, GM and GAZ. The Russian leg of the partnership Avtokom is currently the supplier for producers such as; AvtoVAZ, GAZ, Ford Motor Co., GM AvtoVAZ, ZAZ, UAZ, KamAZ, ZiL, PAZ and MAZ.

## **Ford-Sollers has officially started operating**

03.10.2011 / RBK Daily

Ford-Sollers has started its operations following a ceremony held on Saturday. Ford's Russia Representative Ted Cannis' appointment as the head of the establishment has been announced at the ceremony. Previously Ted Cannis was in charge of Ford Turkey. Adil Shirinov has been appointed as the executive director of the partnership. The first project to be undertaken by Ford-Sollers will be the production of Ford Transits and Ford Explorers at Elabuga Factory in 2012.

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## **Avtokomponent will establish another factory in Nizhniy Novgorod**

28.09.2011 / Vedomosti

The Russian holding Avtokomponent is getting ready to establish a new factory in Nizhniy Novgorod with the investment value of 1.32 billion rubles, in order to produce car components. At Avtokomponent's existing factory in Nizhniy Novgorod, established in 2010, parts and components such as; mirrors, front panels, car heaters, air-conditioners and steering wheels are being produced as well as frame grids. The completion of the construction of the new factory is expected within two years.

As one may remember, Gorky Automobile Factory (GAZ), which is established in Nizhniy Novgorod, has signed joint production deals with foreign companies such as; VW, Daimler and GM previously. During the process, the selection of the suppliers to work with will be made by the foreign partners of GAZ directly. According to the statement made by the Press Bureau of GAZ, the process of the selection of potential suppliers has not been completed yet.

Avtokomponent has sent applications to bid in the three auctions which will take place during November and December.

## **Sollers has moved into profit**

27.09.2011 / Ladaonline

Sollers Group has declared 897 million rubles net profit in the first two quarters of 2011. (During the same period of last year the group had declared a net loss of 1.1 billion rubles.) The turnover of the group has reached 31.5 billion rubles, increasing by 150%, at the end of the first two quarters. The profit before rates, depreciation and taxes has quadrupled, reaching 2,683 billion rubles. The profitability rate before interest rates, depreciation and taxes has increased to 9.1%, compared to 3.3% achieved in 2010. The company executives, encouraged by the significant growth trend being observed in sales since the beginning of the year, are hoping to increase their consolidated turnover at least by 30% and end the year in net profit.