

### **The production of new generation Volvo trucks has started in Kaluga**

31.03.2014 / Avtostat

Kaluga based Volvo Group Trucks factory has started the production of new generation Volvo trucks in mid-March. Volvo FMX, with 6x6 tyre formula and 11lt. engine, has become the first manufactured model.

Volvo Trucks had completed the eight months long production line renewal works last May. The factory will mainly focus on the production of 16+ tonnes trucks such as: FM, FMX and FN, from now on.

### **AvtoVAZ has made a loss of 7.9 billion rubles in 2013**

28.03.2014 / Avtostat

AvtoVAZ Group has declared 7.9 billion loss for the year 2013. The turnover of the company has declined by 13 billion rubles to 177 billion rubles. The financial deterioration of the company is being related to the decline in Russian automobile market.

The Chairman of AvtoVAZ: Bo Andersson has made the following statement: “2013 was not an easy year for us. Our aim for the year 2014 is to make the company profitable again. In order to achieve this we have set ourselves a series of targets such as: increasing the productivity and product quality, introducing new models and cutting expenses. I’m sure of our company’s capabilities to achieve these goals.”

AvtoVAZ has sold 534,911 Lada in 2013 (-12.1%). While 456,309 of this figure have been sold in the domestic market (-12.1%), the remaining 78,602 have been exported (+11.4%).

### **Yekaterinburg automobile market has shrunk by 14% in February**

27.03.2014 / Auto-Dealer-Yekaterinburg

According to Auto-Dealer-Yekaterinburg data, 11,770 new cars and light commercial vehicles have been sold in Yekaterinburg, during the first month of 2014 (-10%). The February sales figure is 6518, on the other hand (-14%). Only Nissan, Toyota and Mitsubishi sales have shown positive dynamics, amongst the ten most popular brands. Lada has once again become the market leader, despite falling sales.

The decline in Yekaterinburg market is sharper, in comparison with the rest of Russia. As one may remember, Russian new car and light commercial market shrank by 4% in January-February period. Yekaterinburg vehicles sales were equivalent to 3.3% of the Russian market during the first two months of the year.

### UAZ's 2013 loss exceeded 1 billion rubles

27.03.2014 / Prime

Sollers affiliate Ulyanovsk Car Factory (UAZ) has declared a loss of 1.081 billion rubles for the year 2013. The company had made 985.6 million rubles profit in 2012. UAZ's 2013 turnover has been declared as 26,192 rubles, on the other hand (-6.2%). The gross profit is 2.711 billion rubles (2012 level) and the profit on sales is 961,469 million rubles (-25.4%).

UAZ sold 62,044 SUV vehicles in domestic and foreign markets in 2013 (-9%).

### Russian second-hand car sales have increased by 16% during the January-February period

27.03.2014 / Vedomosti

According to Avtostat data, second-hand car sales have increased by 16.1% within the first two months of the year, in comparison with the same period of the previous year, with 795,415 vehicles. 243,752 of this figure belong to Lada (+5.2%). Toyota occupies the second place with 96,646 vehicles (+19.3%).

New car and LCV sales have declined by 4% in January-February period, in comparison with the previous year. The total sales figure of the two months is 359,138.

Avtostat analysts state that the increase in second-hand car sales is normal, considering the current economic climate. Relatively new second-hand vehicles are being seen as the alternative to brand-new automobiles by the population, whose purchasing power is on the decline.

CarOperator Group analysts are of the opinion that the second-hand car sales in Russia repeat the dynamics observed in the new automobile market, following a period of 4-4.5 years. The new automobile sales had started to recover in 2010, following a 50% decline in 2009. Therefore, the second-hand car market is currently on the rise. Another factor behind the growth in the second-hand market is being less dependent on foreign exchange rates, compared to the new automobiles market.

### **St. Petersburg automobile market has maintained last year's figures in January-February period**

26.03.2014 / Auto-Dealer-SPb

According to Auto-Dealer-SPb agency data, 26,231 new cars and light commercial vehicles have been sold in St. Petersburg within the first two months of 2014 (-0.2%). February sales figure is 15,296 vehicles, on the other hand (-1%). The top-five best-sold brands of the city are ranked as follows: Renault, Volkswagen, Nissan, Skoda and Toyota.

The agency has drawn attention to the fact that St. Petersburg market shrinks at a slower pace, in comparison with the rest of Russia. Russian market shrank by 4% during the January-February period. The share of St. Petersburg within the Russian market has been calculated as 7.3%. This ratio was 7% last year.

### **Great Wall has established an assembly factory in Lipetsk**

26.03.2014 / OIB Russia

A new factory, where Great Wall automobiles will be assembled, has been established in Lipetsk on 26 March. Nearly the entire model range of the Chinese brand is planned to be manufactured at the factory, near the village of Krasnoye. However, the priority will be given to Great Wall Hover H6 model.

Approximately 7 billion rubles have been invested in the factory together with the Russian partner Irito. Planned investment volume is \$100 million. The employment level of the facility will rise to 5000 people from the current number of 260, once the planned capacity is reached. The planned capacity is 30.000 units and the planned production volume is approx. 10.000 units annual.

### **AvtoVAZ has increased its retail prices by 2.8%**

26.03.2014 / Volga News

AvtoVAZ press bureau has announced that the prices of Lada brand automobiles will increase by 2.8% as from 25.03.2014. However, the new prices will be applicable on automobiles manufactured in 2014 only.

The models according to increase rates and base sale prices are as follows: Lada Granta 3.4% - 289,000 rubles, Lada Largus 3.4% - 354,000 rubles, Lada 4x4 2.7% - 364,500 rubles, Lada Priora 2% - 375,400 rubles and Lada Kalina 1.7% - 330,500 rubles.

AvtoVAZ had increased prices on 25.03.2013 for the last time. The then increase rate was 0.5%. The company has stated that the inflation rate has risen by 5% during the previous year.

### **Russian Ministry of Industry and Commerce: “The automotive industry does not need help”**

25.03.2014 / Vedomosti

The Russian Minister of Industry and Commerce Denis Manturov has come together with the representatives of the domestic and foreign car companies, manufacturing in Russia. The state subsidies on Russian automotive have also been discussed at the meeting. A ministry official has told Vedomosti newspaper that the Volkswagen representative has asked the ministry to moderate the conditions of the Industrial Assembly Regime, however the minister has turned down this request.

The request to reinstate the induced automobile credit programme is another detail, leaking from the meeting. As one may remember, 276,640 vehicles had been sold within the frame of this programme, during the July-August period of the previous year (80% being Russian made). Another proposal mentioned during the meeting was bringing back the renewal programme, which was implemented successfully a few years back.

However, these proposals seem to have gotten the cold shoulder from Manturov. The Minister has stated that the relevant precautions had been taken in order to support the car and LCV markets in the past, but this year the priority will be given to the commercial vehicles segment. According to Manturov, the car sales will decline by 6.5%-10.1%, LCV sales by 9%-30%, truck sales by 5%-14% and bus sales by 5%-30% in 2014.

Denis Manturov has stated that limitations will be brought on imported vehicles in government purchases, with a new project presented to the government by the Ministry of Industry and Commerce. The new regulation will be implemented from 01.04.2014 onwards. Accordingly, the government bodies will have to take the localisation rates of the vehicles into consideration, during the purchasing process from the manufacturers. The manufacturers who fail to meet the localisation rates will not be excluded from purchasing bids. However, such companies will be required to present near future investment and localisation plans.

OEM representatives' support demands from the Russian government are not without reasons. The sales continue to decline. According to AvtoVAZ chairman: Bo Andersson, the market may shrink by 20% by the end of this year. GAZ Group also anticipates 15%-20% decline in commercial vehicles sales. The weakening of rouble against dollar and euro is another threat. Yet, the foreign companies manufacturing in Russia import part of their components from abroad.

### St. Petersburg car factories may obtain SEZ status

25.03.2014 / Vedomosti

The Director of Russian Ministry of Industry and Commerce Special Economic Zones (SEZ) Department Andrei Sokolov has stated that the car factories established in St. Petersburg may obtain SEZ status, following a series of regulations in Special Economic Zones Act. The Ministry expects the aforementioned regulations to pass into law within the next few months. The regulations will start to be implemented in Autumn, on the other hand.

Due to St. Petersburg Special Economic Zone's technical-innovation region status, industrial production is not permitted in the area. In addition, there are some limitations to the number of facilities to be established in a single SEZ. The new regulations will abolish these limitations. Car factories will also be able to include their premises to St. Petersburg SEZ with the new regulations.

Daniil Novitski, the representative of one of the OEMs manufacturing in the area: Nissan, is of the opinion that the new regulations will attract more suppliers to the area near the factory. Obtaining suitable premises and establishing a facility is more difficult in St. Petersburg, compared to cities such as Kaluga and Elabuga. According to Novitski, while the cost of establishing a factory with a power of 4-5 MW on 4-5 hectares of land needs an investment of 5 million rubles in Elabuga SEZ, the same project requires 150-175 million rubles in St. Petersburg.

### AvtoVAZ has started the production of new Renault Logan

21.03.2014 / Vedomosti

The General Director of Renault Russia: Bruno Anselin has announced that the production of Renault Logan Sedan has started at AvtoVAZ.

Anselin has stated that the capacity was insufficient at Avtoframos factory in Moscow, where the previous model of the vehicle was being manufactured. Accordingly, the production number of the new Logan at AvtoVAZ will exceed the previous model.

According to ASM Holding data, AvtoVAZ has manufactured 198,825 automobiles in 2013. Logan forms 51,842 of this figure. 50,894 Logan had been sold in Russia last year, on the other hand (-13%).

Anselin has stated that Avtoframos will replace Logan with Duster. In addition, the production of Megane and Fluence will increase. Currently, these models are partly being imported from Turkey.

### Car production continued to fall in St. Petersburg in February

24.03.2014 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, St. Petersburg based Toyota, GM, Nissan and Hyundai factories have manufactured 63,600 automobiles within the first month of the year (-3%). The February production figure of the four companies is 33,600, on the other hand (-2%).

The agency commented: “The depreciating ruble caused GM to stop production on the one hand and gave the St. Petersburg factories, which manufacture models with low sales figures, the opportunity to increase production, on the other hand. The demand for Toyota Camry has risen in February. The increase in the sales of Nissan X-Trail exceeded 40% during the two-months period.”

The share of St. Petersburg within the Russian automotive has been calculated as 23.2% for the January-February period. This is equivalent to a 0.9% increase in comparison with the same period of 2013.

The nine models manufactured throughout the four car factories established in the city are as follows: Chevrolet Cruze, Opel Astra, Chevrolet Trailblazer, Nissan Teana, Nissan X-Trail, Nissan Murano, Toyota Camry, Hyundai Solaris and KIA Rio.

### LCV sales continue to fall in Russia

21.03.2014 / Avtostat

10,227 new light commercial vehicles have been sold in Russia in February (-16.6%). Thereby, the number of LCVs sold during the first two months of the year has reached 18,004 (-14.2%). 64.8% of the vehicles sold belongs to Russian brands.

GAZ has become the market leader once more. The January-February sales figure of the brand is 7787 (-23.3%). UAZ occupies the second place with 2251 vehicles (-21.7%). The third spot is also occupied by a Russian brand. Lada has sold 1606 Largus and VIS within the first two months of the year (+7.8%). Volkswagen (1384, +12.2%) and Ford (1139, -27.3%) follow the top-three brands.

### **GAZ may reduce the working hours to four-days-a-week**

20.03.2014 / Prime

Gorky Car Factory (GAZ) may operate four days a week, instead of five, until 20.07.2014. According to recent news, the company has made a relevant application to Nizhni-Novgorod Regional Employment Bureau.

GAZ Group press office has made the following statement: “According to the law, the employer is under the obligation to inform the regional employment bureau, prior to reducing the working hours. However, the working hours may remain unchanged afterwards. We have made the application as a precaution against a potential shrinkage in the market. The factory currently continues to operate five days a week.”

According to AEB data, GAZ sales have declined by 23% during the first two months of 2014, in comparison with the same period of the previous year, with 7787 vehicles. The February sales figure of the brand is 4527 vehicles (-25%)

### **Russian Ministry of Industry of Commerce predicts a market shrinkage of 2.8%-6.5% for 2014**

19.03.2014 / OIB Russia

The Russian Deputy Minister of Industry and Commerce: Alexei Rakhmanov has stated that a shrinkage between 2.8% and 6.5% is being predicted in automobile market in 2014, during his speech at the 17th Russian Automobile Forum, organised by the Adam Smith Institute. Accordingly, the total sales figure of cars, LCVs, trucks and buses will be somewhere around 2.72-2.83 million by the end of the year. An optimistic prediction expects the market to reach 2.89 million vehicles. As one may remember, 2.91 million new vehicles were sold in Russia in 2013.

On the other hand, the ministry puts emphasis on three different scenarios, considering the production numbers. According to the optimistic scenario, the automotive production of the country will have reached 2.27 million vehicles by the end of 2014, following a 3.7% increase. The worst case scenario predicts a 1.6% decline: 2.16 million vehicles. 2.19 million vehicles were manufactured in the country in 2013.

Alexei Rakhmanov has highlighted localisation as the key factor of automotive in 2014, considering the weak position of rouble against the dollar and euro. The Deputy Minister has announced the 2013 localisation rate of Russian automotive as 75.6%. While Avtoframos and Nissan Manufacturing Rus were the foreign manufacturers with the highest localisation rates (65%), factories such as: Toyota and PSMA Rus only managed to reach 10% and 20%.

### **Ford Sollers Vsevolozhsk Factory may stop production for two months**

17.03.2014 / Vedomosti

A source from Ford Sollers Vsevolozhsk factory has told Interfaks that the factory may suspend production in between the following dates: 11.04.2014 - 09.06.2014. Accordingly, the company is considering to take such action due to falling sales and the depreciation of rouble. However, a union representative, who spoke to Interfaks, has stated that they haven't received such information. The Ford Sollers representative, on the other hand, commented that no final decision has been taken on the suspension of production, as yet.

If Ford Sollers Vsevolozhsk factory decides to suspend production for two months, it will be the longest period of interruption to production, observed in Russian automotive in recent years.

Currently, Ford Focus and Mondeo model automobiles are being manufactured at the factory. The Russian sales figures of these models are on the decline. In contrast, the sales of light commercial vehicles manufactured by Ford Sollers in Tatarstan maintain their upward trend. While the overall LCV sales in Russia declined by 5.4% in 2013, the sales of Ford Transit increased by 15.4%.

The Vsevolozhsk factory representative is of the opinion that the depreciation of rouble is the main obstacle, hindering the development of the company. Ford sales remained at 106,374 vehicles in 2013, following an 18% decline compared to the previous year. The sales of the brand have fallen by 21% during the first month of 2014: 10,556 vehicles.

### **Russian car production has declined by 2.8% in February**

17.03.2014 / OIB Russia

According to data published by the Federal Institute of Statistics: Rosstat, 274,000 automobiles have been manufactured in Russia, during the first two months of 2014 (-8.2%). The February-only production figure is around 157,000, on the other hand (-2.8%).

16,000 trucks have been manufactured within the January-February period (-27.1%). 12,800 of this figure have been manufactured in February (-8.9%).

Finally, almost 4000 buses have been manufactured in the country within the first month of the year (-36.6%). The February production figure is 3200 (-25.3%).