

In Russia the capacity of car service market has reached 517 billion rubles

29.02.2016 / Autostat

The capacity of the service market for passenger cars in Russia has been calculated for 2015, as a result of a marketing survey conducted by Autostat analytical agency. The total market capacity of 68 major regions in Russian Federation, where more than 96% of the passenger cars in the country are registered, reached 517 billion rubles.

The amount includes the annual volume of technical maintenances and the repairs carried out by official dealers and independent service stations, as well as services such as: car wash, tyre fitting and body repairs (excluding the sales of spare parts and consumable materials). In addition, the market potential, implying the repairs and maintenance of vehicles carried out personally by car owners or private mechanics, has been calculated in monetary terms.

The biggest market shares belong to car wash and body repair services (23.4% and 22.6%, respectively). Tyre fitting has the lowest volume (approximately 5%).

Moscow, combined with its suburbs, is the leader of the market, in terms of absolute capacity (121.4 billion rubles). St. Petersburg - with Leningrad region- occupies the second place: 44.2 billion rubles. Krasnodar Krai completes the top-three - 19.1 billion rubles. Market capacities of the following regions and republics have exceeded the 10 billion rubles mark: Nizhny Novgorod, Samara, Chelyabinsk, Sverdlovsk, Tyumen, Rostov, Tatarstan, Bashkortostan and Primorsky Krai.

Russian Ministry of Industry and Commerce expects to sign 10 new federal investment contracts

25.02.2016 / Rusautonews.com

About 10 special federal investment contracts, for projects with investment values amounting up to 250 billion rubles, will be signed in the next 3-5 months, as told by the First Deputy of the Ministry of Industry and Commerce: Gleb Nikitin (via TASS).

German Claas and American Deere&Co are amongst these companies, according to Industrial Development Fund officials.

The first investment contract was expected to be signed by Sollers and Mazda, for the purpose of engine production in Vladivostok. The relevant statement had been made by Nikitin, during an interview with TASS in September 2015. The general director and the main shareholder of Sollers: Vadim Shvetsov has stated the investment amount in the project as approximately 2 billion rubles. The partners hope that the 10-year investment contract will be signed in March, said the representative of Sollers. According to the representative, the project will benefit from the Special Economic Zone's tax privileges in Vladivostok, but the most important thing is the preservation of the investment conditions. "The guaranteed government purchase is not necessary. The engines will be delivered to the overseas plants of Mazda." said the source.

10,600 automobiles have been manufactured in St. Petersburg in January

24.02.2016 / Vedomosti

St. Petersburg Hyundai, Nissan and Toyota plants have manufactured 10,600 automobiles in January 2016, which is equivalent to a 46% year-on-year decline, as stated by Auto-Dealer-SPb.

Hyundai has manufactured 6700 Hyundai and KIA automobiles in January, which is 53% below last year's production figures. A factory representative relates the decline to the suspension of production until 21 January, due to the preparations for the production of the new model Creta. Hyundai has manufactured 229,500 vehicles in 2015 (4% decline compared to 2014). The shrinkage in sales is due to the drop in the exports of Hyundai and KIA from 25,700 to 14,200 vehicles. Ukraine was the main export market for the Hyundai plant between 2011-2013. The products were also being delivered to Kazakhstan, Belarus and Azerbaijan. As told by a company representative, due to measures taken by Ukraine in order to protect its national car industry, Kazakhstan has become the main export market for Hyundai, with a share of more than 80%, since 2014. According to the representative, no new export markets are being considered at the moment and no exports were made in January.

Toyota and Nissan plants do not disclose monthly figures, however, according to Auto-Dealer-SPb, 3900 vehicles have rolled off the production lines of the two factories in January. 32,882 Toyota Camry have been manufactured at the St. Petersburg branch of Toyota Motor LLC in 2015 (-10% year-on-year), 2063 for Kazakhstan market and 259 for Belarus, the company representative said. The production of Toyota RAV will start at the factory, to be exported to the aforementioned countries, the representative added. St. Petersburg Nissan factory has manufactured more than 33,600 vehicles in 2015, which is equivalent to a 6% year-on-year rise. The analysts from the agency state that Toyota and Nissan plants almost repeated last year's car production figures in January: "Car production remained below last year's figures in St. Petersburg, due to suspension at Hyundai plant and the absence of GM production, which manufactured approximately 2000 vehicles in January 2015).

Adjustments are being made in the production plan at Hyundai plant, as told by the company representative. In January, the factory predicted the production figure for 2016 as within the limits of 215,000 vehicles, however, yesterday the representative of the plant adjusted the production plan to more than 200,000 automobiles. The reasons behind the adjustment have not been disclosed.



Bridgestone will establish a factory in Ulyanovsk Region in May

20.02.2016 / TASS

Bridgestone is opening its first factory in Russia and CIS in Ulyanovsk region in May. The relevant statement has been made by the governor of Ulyanovsk region: Sergei Morozov to TASS agency.

12 billion rubles will be invested in the project, as announced by the Ulyanovsk Region Development Corporation previously. The facility is estimated to reach full capacity in 2019, manufacturing 2 million tyres annually, with the possibility of doubling the amount to 4 million, in the presence of orders.

The factory will be built in cooperation with Mitsubishi Corporation. The facility will create 800 vacancies for locals. Currently, equipment installation and the completion of the commissioning works are being carried out in the plant, to be followed by the formulation of all necessary documents.

As announced by Autostat previously, in 2014, Bridgestone had started the construction of its first plant in Russia for the production of radial tyres for passenger cars, which will be located in Zavolzhye Industrial Park in Ulyanovsk region. "All types of Bridgestone passenger car tyres will be manufactured at our facility. We will pay special attention to the production of winter tyres, studying the specific climate conditions of Russia" said the general director of Bridgestone Tyre Manufacturing CIS: Hiromi Tanigawa.

The average passenger car age in Russia is 12.5

18.02.2016 / Autostat

According to Autostat data, the average age for passenger cars in Russia is 12.5 years. The average age is a little bit lower in foreign brand vehicles - 9.9 years. In the meantime, in average a domestic car (including the CIS brands) is 16 years old.

Chinese brands have the youngest fleet amongst foreign manufacturers (5 years in average), as stated by analysts. The average age for Korean automobiles is 6.4 years. American brands occupy the third spot (8.3 years). The figure goes up to 10 years in European vehicles. Japanese cars form the oldest fleet amongst foreign brands (average age: 12 years).

LADA has the lowest average age out of the domestic brands with 15.1 years. UAZ passenger cars are a little bit older (15.6 years). The average age of the remaining domestic brands is 21.1 years.

48,800 automobiles have been manufactured in Russia in January, despite the new year holidays

16.02.2016 / Autostat

According to Rosstat data, 48,400 automobiles have rolled off Russian production lines in January, which is equivalent to a 40.4% year-on-year decline. It should be noted that many Russian plants have extended their winter holidays during last month (AVTOVAZ, IzhAvto, GM-AVTOVAZ, Ford Sollers, Nissan St. Petersburg and Kaluga Volkswagen), the production line in Hyundai factory was further suspended due to the preparations for the production of the new crossover: Hyundai Creta and Ulyanovsk Car Factory was on a corporate holiday until the end of January.

Meanwhile, AVTOVAZ has transferred the production of the 5-door LADA 4x4 to its main production site, at the end of January. With regards to the assembly of foreign vehicles, Naberezhnye Chelny Ford Sollers plant began installing Russian made engines on EcoSport crossovers.

2400 trucks have been manufactured in January, which is equivalent to an 11.1% year-on-year decline. It's worth remembering that the biggest commercial vehicle manufacturers of Russia: KAMAZ and GAZ Group have resumed production only in the last week of January, due to company holidays. Finally, 684 buses have been produced last month. (-14.2%).

81,849 new cars and light commercial vehicles have been sold in Russia in January

08.02.2016 / Rusautonews.com

According to data published by the Association of European Businesses (AEB), 81,849 new cars and light commercial vehicles have been sold in Russia in January (-29.1%). Nine out of ten best-sold models have been manufactured domestically.

The chairman of AEB Committee of Car Manufacturers Joerg Schreiber has made the following comment: "Not the best start in to a year which all experts agree will show a negative sales trend again. Most forecasts including our own however see the full year at a better trend than shown in January.

January has never been a reliable indicator for the sales trend in the following months of the year. It remains to hope this is true also in 2016, for which the general expectation remains negative, however at a less pronounced pace than seen in the whole of 2015. The recently announced extension of the government support to the automotive sector in the first half of 2016 is a positive step in this direction. On the other hand, the continuing price inflation fueled by a very weak currency will remain a major challenge on the long way to market recovery". The detailed sales figures are at <http://rusautonews.com/statistics/>.

PwC expects 1.1 - 1.2 million new vehicle sales in Russia in 2016.

16.02.2015 / Vedomosti

PricewaterhouseCoopers (PwC) predicts a decline in the Russian automotive market in 2016, to 1.1 million vehicles in the baseline scenario or to 1.2 million, more optimistically (based on car registration data). The prediction is equivalent to 14% or 10% year-on-year decline, respectively.

The sharpest decline will be observed in the sales of new imported cars, by 20% in the baseline scenario, to 250,000 vehicles. The production of foreign brand vehicles will go down by 14% to 610,000 and the Russian brands by 7%, to 240,000.

PwC's previous sales forecast for 2016, in November, was a repeat of the 2015 performance: 1.3 million units in the baseline and 1.4 in the optimistic scenario. Due to the deterioration of the macroeconomic situation in Russia at the end of the year, the PwC analysts have revised their predictions. According to the current prediction of PwC, the oil price will be \$40 per barrel in the baseline scenario or \$43 in the optimistic case.

In the beginning of 2015, PwC had predicted that the market would not recover to its 2012 levels before 2019 at best, revising the forecast towards the end of the year, postponing the recovery to 2022.

The new prediction confirms this trend, however, the growth rate will be faster, due to the steepness of the shrinkage in 2016, as stated during the presentation of PwC.

According to AEB data Russian car and light commercial vehicle market amounted to 1.6 million vehicles in 2015, following a 35.7% decline. The market will shrink further in 2016, by another 4.7% to 1.53 million vehicles, as stated by AEB previously.



Russian car industry has reduced export supplies in 2015

12.02.2016 / Kommersant

According to the sources of Kommersant newspaper, AVTOVAZ has almost doubled its supply to non-CIS countries, to 7700 vehicles. On the other hand, exports to CIS countries have fallen in 2015: AVTOVAZ - 19,500 (-58%), GM-AVTOVAZ - 2400 (-40%), UAZ - 4800 (-24%).

While the supply of KAMAZ to CIS countries declined by 20% to 4200 vehicles, the exports to non-CIS countries doubled, to 1600. As a result, the total sales of the plant in overseas markets went down by 4%, to 5800 trucks. Ural, on the other hand, has increased its exports by 15%, to 2300 trucks. GAZ Group has not disclosed its export figures for 2015.

GM-AVTOVAZ has related the shrinkage in exports to the decline in consumer spending in the main foreign markets, such as: Kazakhstan and Azerbaijan, due to the depreciation in the national currencies. Sollers also agrees that the drop in UAZ exports is caused by the unstable economic situation in the main markets: the CIS and the neighbouring countries. According to the Association of Kazakhstan Car Business data, automobile sales fell by 40% in the country in 2015, to 97,500 vehicles. Another factor, reducing the automobile exports to Kazakhstan, as well as Belarus is that a large number of private dealers have purchased vehicles from dealers in Russia, due to the depreciation of the ruble last year and transported to their countries. In addition, the car exports to Ukraine have almost stopped.

According to the Federal Customs Service (FTS) data, the exports of passenger cars have fallen by 23% in total in 2015, to 97,400 vehicles. The supply to non-CIS countries has increased by 2.5 times, to 11,300 vehicles, in contrast with the 30% decline in sales to CIS countries, to 86,000 automobiles. Truck exports fell by 9% to 20,000.

However, the government continues to place its stake on exports, in the expectation that the increasing sales abroad will compensate for the falling domestic trade. The government plans to spend only 3.3 billion rubles on the transport of the vehicles to the borders and bringing the automobiles up to the standards of other countries this year, out of the total approximate figure of 56 billion rubles allocated for the support of car industry. The sources state that the effect of export subsidies on the budget, apart from the other measures taken by the government, tends to zero. There are other factors, hindering the development of exports, such as the introduction of a utilisation fee with relatively high rates in Kazakhstan, at the end of January.



Brano Group has started the production of automotive components in Nizhny-Novgorod Region

10.02.2016 / Kommersant

Czech Brano Group has established a facility, for the purpose of automotive component production in Kstovo, Nizhny-Novgorod region. The “Branorus” company operates on the premises, formerly owned by Agat factory. Approximately €6.5 million have been invested in the project, out of which, €3.5 million were spent on the production and warehouse complex and €3 million on equipment and technology.

As told by the general director of Branorus: Jiri Adamek to Kommersant newspaper, the new building is installed with equipment for the production of seat frames for American Lear Group, which supplies car seats for Nissan Tiida and Nissan Senta and the production of brake and clutch pedals for Skoda Yeti, Skoda Octavia and Volkswagen Jetta. Branorus is getting ready for the production of locks for Sobol and GAZel models manufactured at GAZ and brake and clutch pedals for Ford Fiesta and Ecosport vehicles. The annual production capacity of the plant is planned as 12,000 seat frames for Nissan, 53,000 pedals for Volkswagen Group vehicles, 65,000 pedals for Ford and 30,000 locks for GAZ automobiles.

The new plant is the second site of Brano Group in Nizhny-Novgorod region. The company has been operating in the region since 1999, the year a joint venture was formed with Gorky Car Factory, for the purpose of manufacturing locks. As told by the director of Brano Group: Pavel Juricek, the holding is planning to sell the plant, which is also located in Kstovo, in order to consolidate all production in one site. In addition, the company intends to expand the product range. In particular, the group wants to start the production of car jacks and possibly locks for bonnets and trunks. Branorus also hopes to increase its sales outlets. There are ongoing negotiations with UAZ and AVTOVAZ. In addition, there are plans to install a mechanical press unit in the site for all steel components, which will enable the company to transfer the production from Czech Republic to Kstovo. “This way, we will start the localisation of the production of car components” said Jiri Adamek.



The number of auto galleries has fallen by 7% in a year in Russia

03.02.2016 / Vedomosti

The total number of dealers has fallen by 7% in 2015, to 4159, as estimated by Auto Business Review magazine. Such a shrinkage has not been experienced since 2009, said the chief editor of the magazine. He has told that 75 companies have stopped operations completely. Nearly 200 dealers have stopped selling cars, continuing business as service providers. This applies to Opel and Chevrolet dealers, in particular. Some premium brands, such as: Mercedes, Audi, Lexus and Infiniti have increased the number of dealers on the contrary, according to Auto Business Review.

The Association of Russian Car Dealers has given the number of dealers gone out of business as 200-250. The remaining dealers have an annual sales capacity of 3 million vehicles at least. Meanwhile, as published by the Association of European Businesses (AEB), car sales have fallen for a third consecutive year. The sales collapsed by 35% in 2015, to 1.6 million vehicles. The drop rate reached 45% at the end of the 2013-2015 period. AEB expects the market to shrink this year as well, however not so dramatically, only by 4.7%.

Some centres have shifted to other brands, some began servicing automobiles and selling second hand vehicles, while others switched to different business, to cover the losses from auto trade. The share of used car sales within the total structure has reached 30% in January, up from 10% in 2015, says a senior manager from one of the regional dealers. Combination of different brands in a centre, excluding others, is another scheme used by dealers. The Association states that this applies to brands, the sales of which fell by over 50% (Peugeot, Citroen, Chery, SsangYong etc., according to AEB data).

According to Autostat analysts the dealer numbers will continue shrinking in 2016, however not as badly as in 2015. The dealers will switch to after-sales services and selling second hand automobiles. The dealers of brands with the sharpest decline rates in sales and single brand centres will be the only ones remaining in the risk zone.

The three consecutive years of decline has gradually taken its toll on the dealer networks, say the analysts from VTB Kapital. They share the opinion that as long as investment is made in the establishment of new centres and the dealers keep their hopes on market recovery alive, a mass market shrinkage will not be on the cards. In case of continuation of market decline, consolidation of dealer networks can be expected, since such high number of centres will not be necessary. In the meantime, the dealers are taking measures to optimise their businesses: reduction of staff, discount negotiations with car manufacturers and subsidies.



St. Petersburg automobile market has shrunk by 35% in 2015

02.02.2016 / Auto-Dealer-SPb

As published by Auto-Dealer-SPb, 124,260 new cars and light commercial vehicles have been sold in St. Petersburg in 2015, which is equivalent to a 35% year-on-year decline. In December, St. Petersburg car dealers have sold 11,666 automobiles, 10% more than November, but 44% below the December 2014 figure. According to AEB data, the Russian car market has declined by 35.7% last year, to 1.6 million vehicles. Auto-Dealer-SPb states that St. Petersburg market had shrunk by 6% in 2014, in comparison with 2013.

KIA has become the sales leader of St. Petersburg (12,691 vehicles, -18%), overtaking Renault (12,587, -32%). Hyundai occupies the third place (11,094, +5%). KIA implemented a very aggressive marketing policy in 2015 and Renault has sold the old version of its bestseller Duster during the first half of the year, which affected the sales of the brand, say Auto-Dealer-SPb analysts. According to the analysts, during a serious market shrinkage, sales rise can only be observed in selected premium brands or the cheapest brands.

The analysts are of the opinion that the previous year's factors will continue affecting this year's automobile sales: weak ruble, oil quotes and government programmes designed to stimulate the car market. The bestsellers will not change: the Korean brands and Renault, however LADA also expects an increase in sales, especially in big cities, thanks to its new models Vesta and Xray.

Kaluga PSMA Rus factory switches to four-days-a-week operation scheme

01.02.2016 / Autostat

PSMA Rus factory, based in Kaluga, switches to four-days-a-week working scheme as of February, within the frame of the annual car production plan for 2016, which aims to prevent mass layoffs, saving jobs consequently. The press office of the company has told the agency that the new regime will be implemented between 01 February - 31 July. Accordingly, the staff will be paid in proportion to the new working hours.

The joint facility of PSA/Peugeot-Citroen and Mitsubishi in Kaluga was established in April 2010. 70% of the enterprise, worth €470 million, belongs to PSA/Peugeot-Citroen and the remaining 30% to Mitsubishi. The Kaluga plant has a production capacity of 125,000 vehicles, 85,000 Peugeot and Citroen automobiles and 40,000 SUV from all three brands. Currently, PSMA Rus manufactures four models in full-cycle; two sedans: Peugeot 408 and Citroen C4 and two crossovers: Mitsubishi Outlander and Pajero Sport. As told by the press office of MMS Rus to the agency, the new generation of Mitsubishi Pajero Sport will be put on the Russian market at the end of the first half of 2016. Following the delivery of the first party of vehicles from Thailand, the production of the previous generation of the SUV will be discontinued at PSMA Rus in Kaluga.