

## Car manufacturers were allowed extension to the completion period of localisation obligations

30.05.2016 / Gazeta.ru

The car manufacturers, making production in Russia under the terms of the industrial assembly agreement, have received extension to the fulfillment period of obligations on localisation.

“Car manufacturers were allowed extra time to fulfil their obligations on localisation, although the final criteria will remain unchanged” - as reported by Gazeta.Ru, based on the Ministry of Industry and Commerce press office. Accordingly, the car manufacturers will need to fulfil the initially signed terms of the industrial assembly regime agreement by the year 2018. The decision has been made on a temporary basis, as part of the anti-crisis measures.”

The main changes to the agreement terms are as follows: from now on, the production aimed at export markets will be included in localisation rate calculations, as well as the manufactured, but unsold products stored in warehouses.

As further explained, the changes will enable the car manufacturers to neutralise the effects of the future currency fluctuations and increase export potentials, thus making a contribution on the efforts to overcome the crisis in the Russian automotive market. The policy of deeper localisation will be maintained, considering the advantages the highly localised models have in the Russian market, in addition to their relative independence from exchange rates.

## St. Petersburg automotive industry has shrunk by 18% in April

30.05.2016 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, Hyundai, Nissan and Toyota plants in St. Petersburg have manufactured 79,800 vehicles within the January-April 2016 period, which is equivalent to a 21% decline. The total April production figure of the factories is 23,900 vehicles, 18% below the same period of the previous year. It's worth noting that a quarter of all car production in Russia has been made in St. Petersburg in April. “Although the shrinkage pace of car production slowly began to decline in the city, it may rise back to the previous levels in May, due to the suspension in Toyota plant between holidays” - state the analysts from Auto-Dealer-SPb. “The launching of Hyundai Creta production in June will allow the St. Petersburg car industry to improve the situation considerably during the Summer months. We may observe the first positive results in Autumn, when the production of Toyota RAV4 starts” - added the analysts. The share of St. Petersburg in Russian car production continues to rise. The share of the city reached 23.1% by the end of the January-April period (22.4% during the first quarter). Seven models have been manufactured in St. Petersburg car factories in April: Nissan Qashqai, Nissan X-Trail, Nissan Murano, Nissan Pathfinder, Toyota Camry, Hyundai Solaris and KIA Rio.

**PwC: “Russian market will start to recover in 2017”**

26.05.2016 / Autostat

The Russian market will start to recover from 2017 onwards and reach a volume of 2.1 million new passenger cars by 2020, as predicted by PwC. “As is known, the historical dynamics of new car sales has a cyclical nature in Russia (with a frequency of 5-7 years), in parallel with the cycles in the economy in many ways. The long-term forecast of PwC is based on the averaging of future cyclical sales fluctuations. Therefore, in order to answer the question: “when will the new passenger car sales figures return to the pre-crisis levels?”, one should consider the pre-crisis levels as an average sales volume calculated during one cycle. For example, the average sales figure of 2.1 million units recorded during the 2009-2015 period, corresponds to the current forecast of PwC for the year 2020” - comments the partner and the head of the department of advisory services to companies in the automotive industry of PwC in Russia: Oleg Malyshev.

Malyshev has added that in the event of the continuation of adverse economic conditions in the future, a demand shift from new to secondhand vehicles will most likely be observed in the automobile market. This trend is partly reflected in the results of 2015. The sales of new cars in Russia has decreased by 45% year-on-year in 2015, in comparison with the 19% shrinkage in secondhand car sales. Thereby, the secondhand market has overtaken the volume of the new automobile market in monetary terms in 2015.

“Despite the dire situation not only the automobile market, but also the general economy is in, the crisis has a temporary nature, as largely confirmed by the historical cyclical dynamics of the automotive market. Most of the car manufacturers, who invested in the localisation of production in Russia, believe in the fundamental potential of the Russian market and are prepared to incur losses for a certain period of time, in the expectation of growth in sales and profits, along with the market recovery” - noticed Oleg Malyshev.

**Russian secondhand car market has grown by 16.5% in April**

24.05.2016 / Autostat

According to analytical agency Autostat data, nearly 480,000 second-hand cars have been sold in Russia in April 2016, which indicates a 16.5% year-on-year increase. Russian brand LADA has remained the leader of the second-hand car market, with more than 28% share. This is equivalent to 137,500 vehicles in quantitative terms, approximately 3% over last year's figure. Japanese Toyota has become the best-sold foreign used car brand once again, the sales of which reached 53,400 vehicles (+24.3%). The third place was occupied by another Japanese brand: Nissan (25,200 vehicles), increasing sales as well, by a quarter. Chevrolet (20,500, +27.1%) and Hyundai (20,100, +37.3%) complete the top-five in second-hand car sales. It should also be noted that the volume of the Russian secondhand car market has reached 1.6 million units by the end of the first four months of 2016, following a 9% increase.

## **New truck market has grown by 14% in April**

24.05.2016 / Autostat

According to Autostat data, approximately 4400 new trucks have been sold in Russia in April 2016, indicating a 14% year-on-year increase. This is the first period of market growth observed in 2016.

Russian manufacturer KAMAZ has kept its position as the leader of the truck market, with an approximate share of 40% of the total volume. In quantitative terms, the figure is equivalent to 1700 vehicles, 42% above last year's sales. The second place is occupied by another home brand: GAZ, with a sales figure of 720 vehicles (+24.6%). Yet another domestic brand: URAL completes the top-three (286 vehicles, +19.2%). Belarusian MAZ (271, -11.1%) and Russian NEFAZ (196, +117.8%) came fourth and fifth respectively.

It should be noted that the Russian new truck market has amounted to 14,500 vehicles by the end of the first four months of the year, following a 15.3% year-on-year decline.

The Russian light commercial vehicle (LCV) market, on the other hand, has reached 8100 units in April 2016, increasing by 9.7% in comparison with the same period of the previous year.

Russian manufacturer GAZ has kept its position as the market leader, with approximately half of the total market share. The sales figure of the company reached 3800 vehicles, 15.5% more than the year before. The leader is followed by another Russian brand: UAZ, with over 20% market share. UAZ has sold almost 1800 vehicles in April (+23.3%). German Mercedes-Benz occupies the third spot (619 units, -24%). The top-five is completed by LADA (537, +0.8%) and Volkswagen (350, +74.1%).

Finally, 25,700 new light commercial vehicles have been sold in Russia during the first four months of the year, which is equivalent to a 6% year-on-year shrinkage.

## **Avtotor plans to maintain the production levels in 2016**

19.05.2016 / TASS, Vedomosti

Russian company Avtotor plans to manufacture 92,000 automobiles in 2016, as told by the board of directors representative Valery Gorbunov, during the launching ceremony of the production of three new Hyundai models at the factory in Kaliningrad on Thursday. The company has stated that 92,200 vehicles have been manufactured in 2015.

Avtotor has started the production of premium-class sedan Genesis, Santa Fe Premium crossover and compact sedan Elantra. Gorbunov has told that it would not be possible to reach the aforementioned production levels without these models. Cooperation with Hyundai Motor helps Avtotor maintain around 120 staff members.

### Sollers has made a net profit of 3.1 billion rubles in 2015

23.05.2016 / Autostat

Sollers Group has generated a revenue of 38.3 billion rubles in 2015, down from the 47.9 billion rubles in 2014. The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) has also fallen to 4.0 billion rubles, from 4.3 billion rubles in 2014. The EBITDA margin has amounted to 10.5% by the end of 2015 (9% in 2014), as stated by Sollers press office. The company has made an operating profit of 3.0 billion rubles during the aforementioned period and the net profit of the Group has risen to 3.1 billion rubles by the end of 2015.

“2015 figures have reflected, above all, the high stability and rising competitiveness of UAZ, which currently has investment priority for Sollers company. Since the launch of the new products of Ford Sollers joint venture in 2015, we have been observing a steady rise in sales and a substantial increase in the market share of Ford brand”, told the first deputy general director of Sollers: N.Sobolev.

### Car market has shrunk by 8.5% in April

13.05.2016 / AEB

In April 2016, sales of new cars and light commercial vehicles fell by 8.5% year-on-year in Russia or by 11 269 sold units, and amounted to 121 272 vehicles, according to the AEB Automobile Manufacturers Committee (AEB AMC). 440 583 cars have been sold within the January-April period of 2016.

Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee commented: “Total market performance continues to make steady, although painfully slow progress towards finding its bottom in terms of year-on-year trend. Meanwhile, absolute sales volume has fallen to the lowest level in 10 years, equally in the months of March and April as well as in cumulative result during the first 4 months of the year. Under these circumstances, the decision of the Russian government to extend market stimulation measures is a highly welcome and appropriate measure intended to help the market to get through what is probably the toughest period in its recent history”. The detailed sales figures are on [RusAutoNews.Com/statistics/](http://RusAutoNews.Com/statistics/)

### KAMAZ sales have increased by 30% by the end of four months

16.05.2016 / Finmarket

KAMAZ has sold 6470 trucks home and abroad during the first four months of 2016 (+30%). The share of KAMAZ in the Russian market has risen from 54% to 65% year-on-year, during the January-April 2016 period (+11%), as reported by KAMAZ press office.

## Car imports have fallen during the first quarter

12.05.2016 / Russian Federal Customs House (FTS)

Passenger car imports to Russia have fallen by 45.7% by the end of the first three months of 2016, to 52,700 vehicles. According to FTS data, the monetary value of the imports is equivalent to \$1.017 billion for the aforementioned period. Passenger car exports, on the other hand, were also down by the end of the first three months of 2016, by 22.8% to 16,900 vehicles, with a monetary sum of \$220 million.

Truck imports have also shrunk during the January-March period, by 38.2% to 3400 vehicles, adding up to \$158.8 million in monetary terms. Trucks exports have gone down by 21.9% to 2500 vehicles, generating \$68.9 million.

## St. Petersburg Nissan factory will start the production of new Murano in June

11.05.2016 / carscope.ru

St. Petersburg Nissan plant will start the production of the new generation of Murano crossover at the end of June. According to CARscope.ru, the production of the previous generation of Murano currently continues at the factory, alongside the assembly of X-Trail, Pathfinder and Qashqai crossovers. Qashqai production started last Autumn, upon the discontinuation of Teana sedan. The plant has reduced the number of shifts from double to single in Spring, which led to layoffs.

## Russian LCV market has grown for the first time since December 2014

06.05.2016 / Autostat

New LCV market has grown in Russia in March 2016, following consecutive months of decline since December 2014. 7000 vehicles have been sold, which indicates a 3.7% year-on-year increase. According to Autostat data, the market had grown on a monthly basis for the last time as far back as 15 months ago, in December 2014 (+4.2%).

“The market growth in March 2016 is largely due to the low comparative base of the previous year. As one may remember, due to the devaluation of the ruble, the market had recovered for some time in the beginning of 2015, which was followed by shrinkage in February-March period. The monthly volumes of the LCV market remained below the 7000 units mark, during the first quarter of 2015. This is the reason behind the positive dynamics we observe currently” say the agency analysts.

## Secondhand car market has shrunk only in the Siberian Federal District during the first quarter

06.05.2016 / Autostat

Analytical agency Autostat has conducted a survey of Russian secondhand passenger car market for the first quarter of 2016, covering the country's federal districts. According to the results, negative market dynamics has only been observed in the Siberian Federal District, where the secondhand market shrank by 1.6% by the end of the three months period (to 159,800 vehicles).

The market has risen in the other federal districts. The highest increase has been observed in Privolzhsky Federal District, where the second hand car sales rose by 10% during the aforementioned period (to 204,600 vehicles). A similar upward trend was recorded in the North-West Federal District (+9.8%, 107,400). 101,600 second-hand cars have been sold in the Ural District during the same period, which is equivalent to an 8.2% increase. The market has also grown in the Far-East District, by 7.2% (63,900). Meanwhile, the highest volume has been reached in the Central Federal District (290,400), indicating a 7% increase. It should also be noted that the pre-owned car market has risen in the Southern (115,100 vehicles) and North Caucasian (73,200) regions as well during the first quarter, by 4.6% and 4.2% respectively.

## St. Petersburg plants have sold 53,800 automobiles within the first quarter

05.05.2016 / Auto-Dealer-SPb

According to Auto-Dealer-SPb data, 53,857 automobiles, manufactured in St. Petersburg, have been sold during the first quarter of 2016. The figure indicates an 8% year-on-year decline. Demand has only risen for the products of Nissan plant, during the aforementioned period (+38%). Sales of three out of four models manufactured in the factory have increased (Murano sales declined).

The automobiles manufactured at Hyundai and Toyota were less popular amongst the Russian clientele during the first quarter of the year. While Hyundai Solaris and KIA Rio sales dropped by 12% in total, the shrinkage rate in Toyota Camry sales reached 25%.

The seven models manufactured at St. Petersburg factories are as follows: Nissan Qashqai, Nissan X-Trail, Nissan Murano, Nissan Pathfinder, Toyota Camry, Hyundai Solaris and KIA Rio. A total number of 55,900 vehicles have been manufactured in St. Petersburg within the first quarter of 2016, which is equivalent to a 22% year-on-year shrinkage.

## KAMAZ and GAZ have announced their participations in Busworld Russia

11.05.2016 / ITEMF

KAMAZ and GAZ Group have announced their participation in the International Coach & Bus Show [BUSWORLD RUSSIA powered by AUTOTRANS](#). The companies plan to introduce the latest innovations in the bus segment.

## Experts have warned against closure of up to six car factories in Russia

06.05.2016 / Vedomosti, BCG

A significant rise in demand should not be expected in Russian automobile market, according to BCG report. The market prediction of 3.5-4 million units per year by the year 2020, made only a few years ago, has been reduced in the current baseline scenario to 1.9 million units, taking the 2015 figure of 1.5 million into consideration. The anticipated low oil prices and the weak national currency are amongst the main reasons behind the reduction in the forecast. PwC has made a similar forecast - 2.2 million automobiles in 2020. Sollers, on the other hand, foresees the market below the 2 million vehicles mark, for the aforementioned time.

The Russian sales record had been broken in 2012, with an annual figure of 2.8 million new automobiles. Since then the sales decline steadily. The Russian car plants have a total annual capacity of more than 3 million vehicles, however, incur losses due to underutilisation. "The best strategy under the new circumstances is to realise the existence of the considerable amount of excess capacity and take drastic measures in order to utilise or restructure it, instead of waiting for the market growth" – reports BCG.

The automobile export potential is not enough on its own to stabilise the Russian car market. According to the prediction of BCG, automobile exports will rise from the 2016 figure of 300,000 vehicles to only 600,000 in 2020. Government support wouldn't be a remedy for the problem either: 90-150 billion rubles is required annually just on demand stimulation, as calculated by BCG. The government has allocated 50 billion rubles for these purposes in 2016 - 43 billion rubles in 2015. BCG believes that 3-6 out of the existing twenty-odd car factories may face closure. The manufacturers without any strategic interest in Russia, who focus on developing their businesses in other BRIC countries are at risk, as well as the enterprises which launched production comparatively recently, according to the report. American GM has already left Russia last year. In the meantime, the assembly of SsangYong has been suspended and the production of Toyota Land Cruiser Prado discontinued in the Far East.

Operations may be suspended completely in some Russian companies, however it seems unlikely for the next two years. The companies will act cautiously at the current stage and continue with staff optimisation, reducing working days and shifts, reports VTB Kapital. The Auto Business Review is of the opinion that closure or preservation of certain plants has not been ruled out for 2016 yet, both in car and truck segments. "A number of manufacturers, which have low levels of integration with local partners and suppliers, may leave Russia, especially following the completion of their respective industrial assembly agreements" told a Sollers representative. The representative believes that the government should encourage the concentration of demand around a limited number of players, who focus on maximising the value added in Russia. The Ministry of Industry and Commerce does not agree with such apocalyptic predictions. The ministry representative has more optimistic views: "We believe that a gradual recovery of the markets in the short term is more likely." However, he has not given a concrete forecast. "Providing timely and proper support, alongside companies' own efforts and the help of exports, all major car manufacturers can be saved in Russia", stated the official.

## Minister of Industry and Commerce: “Russian car production may shrink by 5%-7% in 2016”

04.05.2016 / TASS

Car production may go down by 5%-7% in Russia in 2016. The relevant statement has been made by the Minister of Industry and Commerce: Denis Manturov, as reported by TASS.

“In my opinion, the production will decline by 5% on the whole. I'd like to hope for a repeat of last year's performance, however a shrinkage between 5%-7% seems the more likely outcome” said the minister.

The production of passenger cars has fallen by 27.7% year-on-year in Russia in 2015 to 1.213 million vehicles and trucks by 14.7% to 131,000 vehicles.

## Passenger car production fell by 25% in Russia by the end of four months

19.05.2016 / Interfax

345,000 passenger cars have been manufactured in Russia during the January-April period, which is equivalent to a 25.1% shrinkage in comparison with the same period of the previous year, according to Rosstat data. The year-on-year shrinkage rate for April 2016 is 21.7%.

Truck production (including chassis) has gone up by 10% by the end of the first four months of 2016 to 37,900 units, in contrast with the decline in bus production, by 3.7% to 9300 vehicles.

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