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NEWS

International

Grupo Antolin to purchase interiors operations of Magna

Grupo Antolin-Irausa S.A. has reached an agreement with **Magna International Inc.** to purchase substantially all of Magna's interiors operations. The purchase price for the operations, excluding certain assets, is approximately \$525 million, subject to customary closing adjustments for the value of net working capital and net debt at closing. The transaction includes 36 manufacturing operations and approximately 12,000 employees located in Europe, North America and Asia. Full year 2014 total sales for the operations included in the agreement were approximately \$2.4 billion. Magna's seating business is not included in this transaction. The transaction is expected to close in the third quarter of 2015, subject to a number of customary conditions, including antitrust approvals. Grupo Antolin said it has already obtained the funds to finance the business. "The operations have complementary products, providing a good opportunity to

diversify product mix. The strong position of Grupo Antolin in the overheads market will be further strengthened jointly with the door panels business and new state-of-the-art technologies: instrument panels and also floor consoles and garnish/hard trim," Grupo Antolin said in a statement. Upon completion of the transaction, Grupo Antolin would become the third largest global player in the interiors market. It would almost double its current size. Jointly, Grupo Antolin plus Magna's interiors operations would have achieved sales of more than €4 billion at the end of 2014 and a workforce of more than 27,000 employees.

TRW signs agreement to divest linkage and suspension business to THK

TRW Automotive Holdings Corp. announced that its subsidiary, **TRW Automotive Inc.**, signed a definitive agreement to divest its Linkage and Suspension business for \$400 million in cash, subject to working capital and other adjustments, to **THK Co., Ltd.** The planned divestiture, with annual sales of approximately \$550 million, is expected to close by the end of TRW's fiscal third quarter and is subject to customary conditions, including regulatory approvals. Proceeds from the sale will be used for general corporate purposes. "In addition to resolving the company's overlap position relating to TRW's pending acquisition by **ZF Friedrichshafen AG** announced on the 15th of September, 2014, this agreement represents a great outcome for both TRW and the business," said **John C. Plant**, Chairman and CEO of TRW Automotive.

Czech Republic

Škoda unveils new-generation Fabia and Superb in Shanghai

The Chinese premiere of the new-generation **Škoda** Fabia and Superb took place at the Shanghai Auto Show. Chinese sales of the new Fabia start together with the premiere in Shanghai. Fabias destined for the Chinese market are manufactured by **Shanghai Volkswagen (SVW)** at the Anting plant. In China, the new Fabia will be available with a choice of two new petrol engines: 1.4 MPI (66 kW) and 1.6 MPI (81 kW). Both engines are available with either 5-speed manual transmission or 6-speed automatic gearbox. Since the start of sales of Chinese-made Fabias in 2008 more than 243,800 cars were delivered to the customers in the country. Prior to that, a small number of the model was exported to China from the Czech Republic. The Chinese-made Superb was available from 2009 starting from the second generation with 211,000 Chinese customers opting for Škoda's flagship. Before that, some Superbs were imported as CBU vehicles from the Czech Republic. Since entering the Chinese market with locally manufactured models in 2007, more than 1.4 million customers have opted for one of Škoda's models. Prior to that, some tens of thousands of Škoda cars were imported from Škoda's Czech plants. China has been **Škoda Auto a.s.**' largest individual market since 2010. Last year Škoda achieved a new sales record in China delivering 281,400 cars to customers, up 24 percent from 2013. In the first quarter of 2015, the brand sold 71,700 vehicles on the Chinese market, an increase of 15.6 percent and a new sales record for the first three months of a year. Over the coming years, Škoda plans to increase sales to over 500,000 vehicles annually in China.

Škoda phases out Roomster

Škoda Auto a.s. will phase out production of the **Škoda** Roomster next week. Last vehicles are expected to be made at Škoda's plant in Kvasiny on the 30th of April. The successor to the Roomster will be based on the **VW Caddy** and manufactured at the **Volkswagen Poznań Sp. z o.o.** plant in Poznań, Poland.

Saar Gummi to expand production in Červený Kostelec

Saar Gummi Czech s.r.o., the Czech subsidiary of **CQLT SaarGummi Technologies S.à r.l.**, will expand capacity of its plant in Červený Kostelec. Plans call for an investment of about CZK 90 million in the third production line for rubber compounds blending, the company's general Manager **Jan Tichý** told ČTK. The new line is expected to be installed in 2016.

Hungary

Rába announces consolidated results for 2014

Total sales revenue of **Rába Járműipari Holding Nyrt** amounted to HUF 47.9 billion in 2014. Its operating profit decreased by 42 percent to HUF 1.9 billion.

Gealan opens first Hungarian plant

The plant of **Gealan HungaryPlast Kft** has been officially opened in Székesfehérvár. The German-owned company specialises in the production of speaker-parts, PUR-foam and plastic welding. Currently 65 people are being employed. Its clients include **Harman-Becker** and **Hungarian Sound System Kft**.

Kazakhstan

Kazakh companies launch sales with subsidised loans

Kazakh companies have launched sales of locally assembled cars and commercial vehicles using subsidised loans. The terms of loans to individuals for purchase of vehicles assembled in Kazakhstan imply that the effective rate on the loan, including the cost of casco insurance and registration of motor vehicles, shall not exceed 7.5 percent per year. The loan term is no more than 5 years, the loan currency is the Kazakh tenge (KZT). The price of the vehicle to be purchased can be maximal 5.6 million tenge, the mandatory initial contribution is not more than 20 percent of the price. The loans will be issued through **Narodny Bank Kazakhstana** (KZT 4 billion), **EvrAziysky Bank** (KZT 3 billion), **Sberbank Rossiy** (KZ 2 billion), **ForteBank** (KZT 2 billion), **Bank Center Credit** (KZT 2 billion) and **ATF Bank** (KZT 2 billion).

Poland

Volkswagen launches production of the VW T6 in Poznań

Volkswagen Poznań Sp. z o.o. has launched production of the new-generation **VW T6** commercial van. Plans call for the production of more than 12,000 VW T6 vehicles this year. Volkswagen Poznań invested more than €38 million in the adaption of its plant for production of new-generation VW Caddy 4 and T6 models. Production of the previous-generation VW T5 was phased out in Poznań on the 17th of April. The plant manufactured more than 280,000 units of the VW T5.

Podlaska Wytwórnia Struktur Kompozytowych to produce parts for Syrenka and Arrinera

Podlaska Wytwórnia Struktur Kompozytowych Sp. z o.o. and **Białostocki Park Naukowo-Technologiczny (BPN-T)**, or **Białystok Science & Technology Park** in English, have signed a partnership and cooperation agreement regarding the rent of BPN-T's physicochemical laboratory in Białystok. Podlaska Wytwórnia Struktur Kompozytowych is a company that conducts research on the implementation of innovative manufacturing technologies and applications of composites used so far mainly in aviation but also in other industries. It is a member of the Silesian Aviation Cluster, whose tasks include initiating research projects and the implementation of aviation technology. The company plans to produce parts for new Polish car projects **Syrenka** and **Arrinera** Hussarya. "Currently we are focusing on the production of parts for the new car project Syrenka, that includes body and interior elements," said the company's Chairman **Marek Siciński**. According to Siciński, the company also signed a preliminary agreement on the production for the Polish super-sports car Arrinera Hussarya. Hussarya's body and interior parts consisting of carbon fibre and kevlar will be manufactured in BPN-T's laboratory.

Global Steering Systems lays cornerstone for plant in Opole

Global Steering Systems Europe Sp. z o.o. celebrated the cornerstone laying ceremony for a new plant in Opole in the Opole Subzone of the **Wałbrzych Special Economic Zone Invest-Park**. Plans call for a 4,200 square metre plant, including 3,800 square metres of production space. The investment will be PLN 27 million. Pilot production is expected to start this autumn with about 20 employees. Another 20 workers are to be recruited at the end of 2015. Volume production is to start in the first quarter of 2016. The company expects to have 120 employees by the end of 2016 and 220 by the end of 2017. The Opole plant will be the company's first facility in Europe. According to **Larry Finell**, CEO of **Global Steering Systems LLC**, the company also considered sites in Czech Republic, Spain and Germany.

Visteon Poland receives new name

Visteon Poland Sp. z o.o. has changed its name to **Reydel Automotive Poland S.A.** The company is located in Swarzędz near Poznań.

Nysa is getting closer to acquire former FSO plant's land

As Ceauto Newsletter already reported, the city of Nysa plans to buy a 20 hectares territory of a former vehicle plant located in the city from **FSO S.A.** Nysa's mayor **Kordian Kolbiarz** told local media that negotiations with FSO regarding the acquisition of land were completed and the price was agreed. However, the price was not published yet. Now the deal has to be approved by FSO's supervisory board and the city council of Nysa.

Poland/Czech Republic

Mubea to construct new plant in Ujazd

German supplier **Muhr und Bender KG (Mubea)** intends to construct a new factory in the Olszowa village which is a part of the Ujazd community in the Opole Voivodeship, Nowa Trybuna Opolska reports. The company is negotiating about the acquisition of about 20 hectares of land. Plans call for the start of construction work this year so that the new plant can be finished in 2016. The company is already looking for employees. According to **Tadeusz Kauch**, mayor of Ujazd, the negotiations were conducted for about half a year. "A few days ago we got the information that the company decided to invest" Kauch told Nowa Trybuna Opolska. "This is a very serious investor. I am glad that the company has already started to complete the crew". The workers which are now recruited will be trained at Mubeas plant in Žebrák in the Czech Republic. "We are looking to start with about 100 employees," **Rafał Kaczmar** from the employment agency **Randstad**, which is responsible for the recruiting, is quoted as saying. "The place of work and training will be in Žebrák in the Czech Republic. Then these people will transfer to the plant that will be built in Ujazd."

Romania

Federal-Mogul constructs plant for windshield wipers in Ploiesti

Federal-Mogul Motorparts, a division of **Federal-Mogul Holdings Corporation**, started building a new factory for production of windshield wipers and wiper parts in Ploiesti. The new factory is located in Ploiesti West Park, where Federal-Mogul already operates a brake pad plant. The facility is expected to be finished by the end of November. The plant will achieve the number of 300 employees until 2016.

Dräxлмаier inaugurates new production premises

German supplier **Fritz Dräxлмаier GmbH & Co. KG** has inaugurated new production premises of its Romanian subsidiary **SC DTR Draexлмаier Sisteme Tehnice Romania S.R.L.** in Codlea. Romanian Prime Minister **Victor Ponta** joined the ceremony. The new unit, which consists of two buildings with a total area of 25,000 square metres, has been built separately from the already existing plant. It produces interior parts. With the investment of about €50 million the German company created 500 new jobs. Dräxлмаier, which started its activity in Romania in 1993, currently has about 15,000 employees at several Romanian sites.

Tenaris opens training centre in Zalău

Italian-owned steel factory **Tenaris** has opened a training centre in Zalău, north-western Romania. The company, which employs about 1,700 workers in Zalău, invested €12.9 million in the project.

Romania/Morocco

Dacia insists on the construction of Sibiu-Pitesti highway

Automobile Dacia S.A.'s General Manager **Nicolas Maure** warned in an interview that the company might make "radical decisions" in 2020 if the Sibiu-Pitesti highway will not be constructed. Dacia must remain

competitive against other Renault plants, such as the one in Morocco, said Maure. "It is very important for us to have easy access to the border in Arad, and this is a priority that we have communicated to the government. According to our calculations, we would save €30 per vehicle if there was a highway," Maure is quoted as saying by Mediafax. According to Maure, there are also other factors to be considered for Dacia's competitiveness, such as "labour costs, which must be maintained at a certain level, otherwise the plant in Tangier (Morocco), which is a new factory, is becoming more and more efficient and might be compared to the one in Mioveni". Maure stated that **Renault S.A.** does not plan to leave Romania, but on the other hand, considering the plant in Morocco is more and more competitive, it is important for Romania to also keep its competitiveness to be able to export to markets in Western Europe, writes Mediafax.

Dacia employees protested for Sibiu-Pitesti highway

About 7,000 people, most of them union members of the **Automobile Dacia S.A.** plant and their relatives, protested on the streets of Dacia's mother city Mioveni near Pitesti, asking the government to start working on the Sibiu-Pitesti highway. Transport Minister **Ioan Rus** said that work on the Sibiu-Pitesti highway would start in two years. The **European Commission** recently asked the Romanian government to make the 160 kilometre highway a priority in its new Transport Master Plan. Dacia employees fear negative consequences for the plant if the highway is not built. The protesters in Mioveni said this was the last peaceful march for the highway and that the following actions will be more radical. They also asked the government to change some of the regulations in the labour code which are unfavourable for employees. In his reaction Prime Minister **Victor Ponta** asked the protesters to be rational and not jeopardise their jobs by continuing with the protests. "As far as I know, they (Dacia) make a profit. I also know that if they (the employees) continue the protests, the company will move production to Morocco," said Ponta. He also stressed that the government has supported Dacia with state aids.

Russia

Avtotor and Kaliningrad Region sign agreement on automotive cluster

The government of the Kaliningrad Region and **OOO Avtotor Holding** have signed an agreement on the construction of the automotive cluster. The agreement regulates the interaction and obligations of the parties in the project to build an industrial and production zone of regional importance, a cluster of full cycle automotive productions, as well as the construction of transport and engineering infrastructure. According to Avtotor's Chairman and main owner **Vladimir Shcherbakov** the document signed in recent days is an agreement on cooperation and partnerships. The final investment agreement is expected to be signed by July. Avtotor intends to build facilities which will enable production of 250,000 cars per year including welding and paint operations as well as the production of components which are to provide an average level of localisation of 38 percent by 2020. The company is committed to bring to the project about RUB 60 billion of investments. The regional government is ready to carry out activities related to the creation of an industrial production zone of regional importance. The agreement establishes the distribution of the parties' obligations for the design, construction and commissioning of the main engineering infrastructure project. It is expected that by 2023 the growth products of the automotive cluster companies and related production will amount to RUB 350 billion and the employment up to 22,000 people. The volume of taxes paid in 2020 is expected to amount to RUB 120 billion, of which RUB 3.3 billion will make payments to the regional

budget. "In the current economic situation it is difficult to overestimate the role and importance of mutual responsibility between business and government to the residents of the region. Signing of the agreement is an example of real public-private partnerships" said Avtotor's President **Valery Draganov**. "The regional government with the support of the federal government will make the necessary efforts for the realisation of this strategically important project for the region. This result, in our opinion, is in line with current economic conditions, objectively assesses the possibilities of the investor and the state budget," explained **Nikolai Tsukanov**, Governor of the Kaliningrad Region.

Avtotor to give part of its land in exchange for building the infrastructure for public money

OOO Avtotor Holding will give a part of its total area in the north-west of Kaliningrad under the control of the Kaliningrad Region for the needs of other companies - whether related to the automotive industry or not. In exchange, the regional government will invest funds of the federal target program of development in the field of construction of external infrastructure to the site, **Nikolai Tsukanov**, the Governor of the Kaliningrad Region, said during the signing ceremony of the agreement with Avtotor. That means that Avtotor's production facilities will be located at the remaining land. Avtotor's President **Valery Draganov** declined to provide the exact size of the land to be transferred to the control of the region. According to the Governor, plans call for the allocation of about RUB 400 million under the Federal Program for the infrastructure construction for this year. The funding for the infrastructure of the next stage of the industrial area to be provided the federal program is about RUB 3 billion. This amount is not guaranteed yet.

Avtotor on the construction of BMW plant

OOO Avtotor Holding intends to build a CKD plant for **BMW** cars in one year in order to keep the possibility of duty-free import of components in the framework agreement on industrial assembly, Avtotor's President **Valery Draganov** told journalists. "We will make BMW cars in the mode of full-profile production. For this construction BMW is in full swing. The project documentation is now ready. Today's agreement with the regional government will help create the necessary infrastructure in order that the financing of the second phase of construction of the BMW plant is in full swing for the next and future years," Draganov is quoted as saying.

Agreement with Avtotor: "Last minute" signature of Shcherbakov

Originally the agreement between the government of the Kaliningrad Region and **OOO Avtotor Holding** was to be signed by Avtotor's President **Valery Draganov** and Governor **Nikolai Tsukanov**, the signature of Avtotor's Chairman and main owner **Vladimir Shcherbakov** was not planned. Immediately prior to the signing of the agreement the Governor persistently asked that the agreement was signed by Shcherbakov as well, local media report.

Avtotor expects assembly of 80,000 vehicles in 2015, cuts jobs

OOO Avtotor Holding expects to assemble about 80,000 vehicles this year, the company's Chairman and main owner **Vladimir Shcherbakov** told Russian media. Last year Avtotor assembled about 185,000 vehicles. In conjunction with the situation the company will cut some 500 workers. About half of them was already laid off, the remaining are to be laid off by the 1st of June, Shcherbakov said.

Ford Sollers launches Transit CKD assembly

OOO Ford Sollers Holding has started CKD assembly of the **Ford Transit** on a new \$100 million production line in its modernised assembly plant in Elabuga. "Ford Sollers installed some of the most technologically-advanced production equipment on any commercial vehicle production line in Russia, such as a high-tech welding system and new robotic equipment for the paint line," the company said. More than 30 of the major components used to build the Transit in Russia will be sourced from local suppliers. "We remain committed to continuing to expand the range of Ford models we build and sell in Russia, including commercial vehicles," said **Ted Cannis**, president and CEO, Ford Sollers. The company will build Transit models with a variety of payload capabilities, and in three length variations and two different roof heights. All will be powered by the 2.2-litre Duratorq diesel engine in a choice of three power ratings.

Ford Sollers introduces range of special Transit models for Russia

In addition to the **Ford Transit** standard models, **OOO Ford Sollers Holding** also is introducing a range of special versions of the Transit specifically for Russia. These include shuttle buses; school buses with a range of seating capacities and enhanced safety equipment; and ambulances with all the necessary equipment to meet Russian regulations. "By bringing special vehicles to the market that are based on the Ford Transit, we will open new business opportunities. These Transit special models not only enable us to provide our customers with unique solutions that meet their specific needs, but also extends the number of local suppliers we and our qualified Russian bodybuilder partners will work with in building these vehicles," said **Adil Shirinov**, executive director and chief operating officer, Ford Sollers.

GAZ considers Gazel Next with right hand steering wheel

Gruppa GAZ is in negotiations about the development of a **GAZ Gazel Next** equipped with a right hand steering wheel, Izvestiya reports. "In one of the left-driving countries our partners expressed their willingness to organise the production and distribution of Gazel Next if a version with right hand steering wheel will be created," GAZ's President **Vladimir Sorokin** is quoted as saying. "But for new export developments are required investments which in today's conditions became unavailable for the automotive industry because the high cost of credit." Sorokin said that for this project the company needs the support of the state in terms of R & D subsidy for the expansion of exports.

Mitsubishi Fuso suspends trucks assembly

Japan-based **Daimler AG** subsidiary **Mitsubishi Fuso Truck and Bus Corp.** has suspended assembly of trucks in Russia, reports TASS. "The prospects of resuming production are not yet determined. However, we are not going to leave Russia and there will be no job cuts. We will be monitoring the development of the situation," a representative of the company in Japan is quoted as saying by TASS. **Mitsubishi Fuso's** Canter trucks have been produced in Naberezhnye Chelny since 2009 on the basis of a joint venture of Daimler and **OOO Kamaz**. Some 1,700 Canter trucks per year were manufactured in 2011-2013. The figure fell by almost one half in 2014.

Severstal signs contracts with international automakers

PAO Severstal has signed a four-month contract to deliver rolled steel to **Renault-Nissan** from March to June 2015. Steel produced at the **Cherepovets Steel Mill (CherMK)** will be used in car production at the **OAo Renault Russia** plant in Moscow and **OAo AvtoVAZ** plant in Togliatti plants of Renault-Nissan and AvtoVAZ Alliance. Severstal will meet 83 percent of the demand from the two factories, the company said. CherMK also continues to supply steel to **GM Uzbekistan** for production of **Daewoo** and **Chevrolet** cars under a one-year contract that began in January 2015. Severstal is GM Uzbekistan's primary supplier of rolled steel. In 2014 the company supplied more than 60 percent of GM Uzbekistan's steel consumption. Since the beginning of 2015, Severstal has already been delivering rolled steel to **OOO Volkswagen Group Rus** under a one-year contract. Metal blanks are produced at **Severstal-Gonvarri-Kaluga**, while pressed parts are produced at **Gestamp-Severstal-Kaluga**. In 2014, Severstal began supplying hot-dip galvanised steel for making parts for the **Volkswagen Polo Sedan** cars which are manufactured at Volkswagen's plant in Kaluga. "This year CherMK is implementing an investment project to renovate a four-stand cold rolling mill to ensure that we continue to meet and exceed automakers' requirements and demands. This will enable us to produce rolled steel of greater width which will optimise the steel sheet for the car part production process," said **Dmitry Gorshkov**, Head of Sales and Marketing at **Severstal Rossiyskaya Stal (Severstal Russian Steel)**. Severstal currently supplies car makers with operations in Russia and the CIS, including General Motors, **Hyundai-Kia**, **PSA Peugeot Citroën**, Renault-Nissan-AvtoVAZ Alliance and Volkswagen Group Rus. Severstal delivered a total of 210,000 tonnes of rolled steel to international automakers in 2014, plus 6 percent from 2013.

Chery joins Association of European Businesses

ZAO Chery Avtomobili Rus, the Russian distributor of **Chery** cars, has joined the **Automobile Manufacturers Committee** of the **Association of European Businesses (AEB)** as the first Chinese car maker.

Russia/Serbia

Eurasian Council delays decision on Fiat imports from Serbia

The Council of the **Eurasian Economic Commission** was to consider the customs duty free import of Serbian-made **Fiat 500L** cars on the 15th of April. However, the head of the PR department **Valery Petrov** told Sputnik Serbia that a delay had occurred for technical reasons. The commission is expected to consider the issue in late April or early May.

Serbia

Hutchinson to construct plant in Ruma

French supplier **Hutchinson** intends to construct a new plant for the production of rubber components in the Serbian city of Ruma. Hutchinson plans to use a 7.86 hectare lot in the Industrial zone Zapad. Plans call for the investment of €7.3 million and creation of 200 new jobs. As part of the preparations, a contract on transfer of property over the land on the territory of Ruma municipality intended for the Hutchinson plant

from the ownership of the Republic of Serbia to the authority of local self-governance of Ruma was signed. "By the end of April, there will be a meeting of the Municipal assembly of Ruma where the decision on the land will be verified and then in early May contract signing with Hutchinson will follow, after which construction of the production facility would start," said **Sladjan Mančić**, President of Ruma.

Cooper Tire may construct new plant in Kruševac

Cooper Tire & Rubber Company plans to boost production capacity, open a new factory and increase the number of employees in Kruševac, representatives of the company explained at a meeting between Kruševac's mayor **Dragi Nestorović** and **Stuart Wootton**, plant manager of **Cooper Tire & Rubber Company Serbia d.o.o.**, according to an information published by the city administration.

Slovakia

CCN Group asks for investments incentives for new plant in Beluša

CCN Group Slovakia s.r.o., the Slovak subsidiary of the French **CCN Group**, is asking for investment incentives worth €5.75 million for its new plant located in Beluša in the Púchov district, according to documents published by the Slovak Ministry of Economy. The incentive should be in form of an income tax incentive. CCN plans to invest €27.57 million in an expansion of production of turbocharger parts in the years 2015 to 2017. Plans call for the creation of 230 new jobs by 2019. Currently CCN Group Slovakia operates a plant in Považská Bystrica.

Turkey

Tofaş mandates for €200 million financing

Tofaş Türk Otomotiv Fabrikası A.Ş. said it has signed a mandate letter with lenders **HSBC** and **ING** for €200 million of financing for the development of a new car. The loan deal is to be signed in June. The company said it is investing to manufacture new hatchback and station wagon models, according to a filing with the stock exchange.

Ford Otosan: Official closing process of R&D centre in Gebze approved

The official closing process of the **Ford Otomotiv Sanayi A.Ş. (Ford Otosan)** R&D centre in the **TÜBİTAK MAM Technology Free Zone** was approved by Gebze Trade Registrar's Office. As reported earlier, the company's R&D activities which were previously carried out in Gebze had been stopped and moved to the new Research & Development centre at İstanbul/Sancaktepe.

Ukraine

ZAZ moves bus production from Ilyichevsk to Melitopol

Ukrainian vehicle manufacturer **PAO ZAZ** has moved its production of buses from the previous plant in Ilyichevsk to the site of its **PP MeMZ** engine plant in Melitopol. Bus production in Melitopol was launched

earlier this month. First 32 **ZAZ** A07 midibuses, also known as ZAZ I-VAN, are expected to be assembled by the end of May. Plans call for the production of 144 buses this year. The Ilyichevsk site is to be transferred to a logistics centre.

ZAZ restarts engine production in Melitopol

In conjunction with the restart of car production at **PAO ZAZ**'s plant in Zaporozhya, the company is also relaunching production of engines at its **PP MeMZ** engine plant in Melitopol. There is a plan to manufacture 240 engines in April and 780 engines in May. The 1.3 litre engines are destined for **ZAZ** cars.

Honda to close import subsidiary

Honda Motor Co. has decided to close its Ukrainian import subsidiary **OOO Honda Ukraina**. Starting from July, a new company called **Pride Motor** will take over the import of **Honda** and **Acura** cars as well as other products. **Pride Motor** is owned by **Sergey Dashko** who also owns the company **Dnipro Motor Invest**, which acted as Ukrainian Honda importer between 1992 and 2006. Following the establishment of Honda's own subsidiary in May 2006, **Dnipro Motor Invest** continued as dealer. Currently the dealer network includes 33 Honda and 2 Acura dealerships. Honda launched Acura sales in Ukraine in 2014. Russia and Ukraine are the only European countries where Acura cars are being offered.

AIS to open two Opel dealerships as Opel's distribution policy changes

GK AIS, a large Ukrainian car import and retail group, will open two new **Opel** dealerships in Kiev and Odessa in the upcoming two months. This is the first visible sign of a change of Opel's distribution policy in the Ukraine. Opel has left its previous policy to have one exclusive importer in Ukraine. In April 2003, Opel signed a contract with the distribution company **OOO UkrAvtoZAZ-Service**, which belongs to the **Ukrainskaya Avtomobilnaya Korporatsiya (UkrAvto)**, for the distribution of Opel cars. Later **UkrAvto**'s subsidiary **General Avto Group** took over the Opel import. Before 2003, there were single dealers which worked directly with Opel's headquarters in Rüsselsheim, Germany. Now, while continuing the cooperation with **General Avto Group** and its dealers, Opel is again developing direct cooperation with independent dealers without the involvement of an importer.

Uzbekistan

Uzavtosanoat to implement projects for more than \$380 million

AK Uzavtosanoat said it will implement 15 projects with total cost of \$381.5 million in the years 2015 to 2019. The projects will be realised within the programme of measures on ensuring structural reforms, modernisation and diversification of production for 2015–2019, approved by the Uzbek President on the 4th of March. The project will be financed due to loans of the commercial banks at the size of \$245.3 million and own resources for \$135.9 million. **GM Uzbekistan YoAJ** will invest \$104.2 million in the production of the **Chevrolet Aveo (T250)** in 2015-2016. The annual capacity of a new line will be 73,600 cars. **GM Uzbekistan** will also spend \$53.8 million to modernise existing capacities on production of parts, including \$18.4 million for the localization of the production of Chevrolet/Daewoo Gentra. **Uzavtosanoat** also will invest \$38.4 million

for a project on production of aluminium parts for localization of other vehicles with the capacity of 3.2 million units a year. In addition, \$30 are destined for a project on localisation of production at the Uzbek German joint venture **OOO MAN Auto – Uzbekistan** in the Samarkand region. Some \$16 million are to be invested in the project for the localisation of truck cabs with the capacity of 3,000 cabs per year.

Uzbekistan/Russia

Uzavtosanoat looks for supply possibilities in Russia

AK Uzavtosanoat is looking for the possibility to supply Uzbek-made parts to Russian car producing joint ventures. At a recent automotive industry conference Uzavtosanoat's representatives talked to purchasing managers from **OOO PCMA Rus** and **OOO Ford Sollers Holding**.

NEWS FROM MIDDLE EAST AND AFRICA

Algeria

New standards for car imports

The import of new vehicles in Algeria is now governed by new regulations. The new specifications indicating the new automotive standards in Algeria were published in the Official Gazette and officially came into force.

SAPPL-MB to launch assembly of Mercedes-Benz buses in May

Société Algérienne pour la Production de Poids Lourds de Marque Mercedes-Benz (SAPPL-MB), the joint venture owned 34 percent by Société Nationale des Véhicules Industriels (SNVI), 17 percent by **Entreprise de Développement de l'Industrie de Véhicules (EDIV)** and 49 percent by **Aabar Investments PSJ**, will launch assembly of **Mercedes-Benz** buses at its plant in Rouïba in May, **Ramdane Toukal**, Director of Partnership and Development at SNVI, told local media on the sidelines of the 3rd National Subcontracting Exhibition. SAPPL-MB launched assembly Mercedes-Benz Actros trucks in April 2014 and added the Zetros truck in March.

Iran

US car companies are looking for contacts with Iran

Some US carmakers have sent messages to Iran, expressing readiness for investments in Iran's auto industry, said **Sasan Ghorbani**, the secretary-general of the **Iranian Auto Parts Manufacturers Association**. The US companies sent messages to Iran via third parties, explained Ghorbani.

Iran Khodro to produce more fuel efficient vehicles

Iran Khodro Industrial Group will increase focus on the production of fuel efficient engine in the Iranian year 1394 (21st of March 2015 to 20th of March 2016). According to **Jamshid Kondori**, **IKCO** Deputy CEO in Part and Component Production, Iranian market demands high-tech engines, production of which is one of IKCO's priorities. "As far as Paykan pickup is no longer produced and OHV engine production is halved, the production of EF7 engine has increased to 400 sets, while TU5 engines are supposed to increase to 1200 sets on a daily basis," said Kondori. Kondori also mentioned that IKCO in cooperation with **SAPCO** is going to upgrade TU5 engine, which will be produced this spring. The process is supposed to improve engine's fuel economy and standard. "EF7 engine is mounted on our best product, IKCO Dena, which is backed by our customers as the polling reports confirm," said Kondori, "IKCO TU3 engine is produced locally and is less thirsty compared to TU5 engine." Recalling the market demand and the standard requirements, Kondori claimed "We planned to make more TU engines last year and we even made around 900 engines a day. However, TU engines enjoy a high-tech system and their production is quite complicated". He also stated that the share of XU7 engine from IKCO engine portfolio has decreased from 1100 sets to 900 and this trend will be the same in this Iranian year as well.

IKCO on quality issues

Iran Khodro Industrial Group (IKCO) held a gathering in the presence of its quality managers. Referring to the necessity of performing fundamental changes to reduce the gap between global carmakers and IKCO, **Ostad Rahimi**, IKCO Deputy CEO in Quality claimed that crucial measures have been taken. Rahimi also asked all quality managers to present the required plans and programs to prevent last year's quality defects from happening again. In this respect all IKCO staff is inquired to develop quality self-audit behaviours. He also explained that the quality indices of part suppliers is another issue and IKCO will not purchase parts that don't meet IKCO quality standards.

UPCOMING EVENTS

- » **April, 23-24:** ALMATY, KAZAKHSTAN: EURASIA BUSINESS FORUM
<http://www.ebf.kz>
- » **April, 28-29:** KRAKOW, POLAND: AUTOMOTIVE CEE DAY
<http://www.automotiveceeday.eu>
- » **May, 19-21:** NOVO MESTO, SLOVENIA: STRATEGIC COOPERATION & JOINT PRODUCTION IN CAR BODY ENGINEERING
<http://www.automotive-circle.com/>
- » **June, 8-10:** GYŐR, HUNGARY: EUROPEAN AUTOMOTIVE CONGRESS
<http://eaec2015.org/>
- » **June, 2-3:** VIENNA, AUSTRIA: AUTORETAIL EUROPE
<http://www.autoretail-europe.com>
- » **October, 28-30:** BUDAPEST, HUNGARY: AUTOMOTIVE HUNGARY
<http://automotiveexpo.hu>

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