CeAUTO Newsletter

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NEWS

International

Toyota and Mazda agree long term partnership

Toyota Motor Corporation and **Mazda Motor Corporation** entered an agreement to build a mutually beneficial long term partnership. "By leveraging the resources of both companies to complement and enhance each other's products and technologies, the partnership will result in more appealing cars that meet the diverse needs and tastes of customers all over the world," both companies said in a common statement. A joint committee will now be set up to evaluate how best to utilize each company's respective strengths. The committee will encourage broad and meaningful collaboration across a range of fields, including environmental and advanced safety technologies. "This latest agreement will go beyond the traditional framework of cooperation, aiming instead to create a whole new set of values for cars through wide-ranging medium to long term collaboration," the statement said.

Lingyun takes over Waldaschaff Automotive

The Chinese company **Hebei Lingyun Industrial Co. Ltd.** is acquiring the German supplier **Waldaschaff Automotive GmbH** which is located in Waldaschaff. The new Chinese owner plans to take over all 450 employees after the closing. The management of Waldaschaff Automotive is to remain unchanged. Waldaschaff Automotive manufactures door systems and structure components from steel and aluminium. Back in 2012 Lingyun acquired German supplier **Kiekert AG**.

Czech Republic

TPCA and trade unions reach new collective agreement

Toyota Peugeot Citroën Automobile Czech s.r.o. (TPCA) and its trade union organisations ASO and KOVO have come to a new collective agreement. Production employees in tariff position will get an increase of CZK 700 and the total labour budget will increase by 3.4 percent. Instead of bonuses paid by TPCA in the past the company will introduce a 13th month payment. The company guarantees 70 percent of the 13th monthly payment and the rest will depend on performance indicators. Awards for seniority will be increased as well – people working at TPCA for six years or more will receive extra CZK 100 for each year as Z-konto benefit. For example a production operator working at TPCA for 10 years will get the benefit of CZK 4,000 to the Z-konto every month. At the same time, the company is increasing the severance payment and the additional payment for extra shifts, which will become CZK 800 above the statutory surcharge requirements. As a new solution TPCA and the unions agreed the introduction of a flexible working hour accounts. It is expected to be in effect by the end of this year. The new collective agreement is valid for the period from the 1st of May 2015 to the 31st of March 2016. The employees will receive a special bonus for April as a compensation of wage and Z-konto increase.

Hyundai launches production of facelifted ix20

Volume production of the facelifted version of the **Hyundai** ix20 started at the **Hyundai Motor Manufacturing Czech s.r.o. (HMMC)** plant in Nošovice last week whilst the first cars were shipped to dealers this week. Hyundai ix20 accounts for 12 to 14 percent of HMMC's production volume on long-term basis. The company has manufactured almost 200,000 vehicles since production start in autumn 2010. The largest market for the ix20 was Italy with almost 36,000 units, followed by Germany (32,000) and the UK (almost 20,000).

Simoldes Plásticos to establish plant in Rychnov nad Kněžnou

The Portuguese supplier **Simoldes Plásticos** will establish a plant in the **Panattoni Park Rychnov nad Kněžnou**. The factory will be located in Lipovka, a part of Rychnov nad Kněžnou, close to the **Škoda Auto a.s.** plant in Kvasiny. Simoldes Plásticos will invest more than CZK 800 million and create 300 new jobs. "We are confident that it is the right location not only for shipments to Škoda Auto, but also to other manufacturers in Central and Eastern Europe," said **Jaime Sa**, CEO of Simoldes Plásticos. The supplier will use an investment incentive in the form of tax relief from corporate income tax. Panattoni will construct a 22,000 square metre plant for Simoldes Plasticos. The earth moving work for the new factory already started said **Pavel Sovička**, Managing Director of **Panattoni Europe Česká republika**. The space for the new plant was prepared by the Czech **Accolade** group. According Accolade's Chairman **Milan Kratina**, Accolade and Panattoni Europe have other free plots in the neighbourhood in Kvasiny which are ready for the investment of other companies.

CzechInvest will hold an automotive investment seminar in Japan

The **"Investment Opportunities for the Automotive Supply Chain in the Czech Republic"** seminar organised by **CzechInvest** will be held at the **Osaka Chamber of Commerce and Industry** on the 9th June. The purpose of the seminar is to present the Czech automotive industry, its future prospects and leading companies, as well as opportunities for the automotive supply chain. Speakers will present recently concluded investment projects within the sector and the new financial support scheme for companies establishing their manufacturing and R&D facilities in the Czech Republic. Alternative fuels and green mobility will also be discussed. **Shigeru Mizoguchi**, President of **Neturen Co., Ltd**, a manufacturer of vehicle suspension springs, will share the recent experiences of starting a business in the Czech Republic.

Hungary

Audi shows TT clubsport concept car in Austria

Audi AG shows an **Audi** TT clubsport turbo concept car at the GTI Treffen on the Wörthersee Lake in the Austrian town of Reifnitz (13th to 16th of May). The inspiration for the show car came from the successful Audi 90 IMSA GTO of the late 1980s. A new technology is making its debut under the hood. The car's electric biturbo adds even more dynamism to the driving experience with its spontaneous response. "In our TDI engines, we are close to production readiness with this technology" said **Ulrich Hackenberg**, Audi's Board Member for Technical Development, about the technology. The Audi TT clubsport turbo has a power-boosted

2.5 TFSI engine with 600 hp of power and 650 Nm (479.4 lb-ft) of torque, the latter from 3,000 to 7,000 rpm. Thanks to systematic lightweight design, the TT clubsport turbo show car has an unladen weight of just 1,396 kg. The car completes the standard sprint from 0 to 100 km/h in 3.6 seconds, and its top speed is 310 km/h. The car is 4.33 metres long and 1.97 metres wide, including the side mirrors – 14 cm wider than the technical platform upon which it was based.

Audi expands Engine Research Centre

Audi Hungária Motor Kft has opened a new building at its Engine Research Centre in Győr. The new 1,600 square metre hall already houses six new test benches out of a total of 12 which are planned to be installed in the near future. This enables the testing of all locally produced engines from four- to 12-cylinders.

Wuppermann lays cornerstone of new plant in Gönyű

With an investment of €100 million **Wuppermann AG** is building a new pickling and hot galvanising plant in Gönyű, near Győr. The company obtained a 80,000 square metre field and is now setting up four new production and logistics halls on a combined area of 32,000 square metres. Production is scheduled to start in mid-2016 when it will take over production from the company's Austrian plant in Linz, which operates on rented properties and needs to be closed in 2016. Wuppermann produces for the construction, automotive and chemical industries.

Bourns closes investment project in Ajka

Bourns Kft has inaugurated a HUF 1.8 billion expansion project at its Ajka site. The sensor specialist set up a new 5,000 square metre hall, created 50 new jobs and acquired new lines for the production of torque and transmission sensors. According to plant director **István Bulyáki**, there are 550 people employed at the site currently.

Kazakhstan

Vice Minister Rau expects assembly of 20,000 to 30,000 vehicles

Albert Rau, Kazakhstan's Vice Minister of Investment and Development, expects that Kazakh companies will assemble 20,000 to 30,000 cars in 2015. "This year, of course, it will be difficult to reimburse the losses we have suffered due to large influx of cars from Russia," Rau told journalists. "We will produce 30,000 cars in an optimistic scenario and 20,000 cars in the pessimistic scenario this year," Rau is quoted as saying.

Poland

FCA Poland reports slight production increase

FCA Poland S.A. has manufactured 114,177 cars in the first four months of this year, up 0.5 percent from like-2014. Production of the **Fiat** 500 (including **Abarth** 500) increased 9.5 percent to 73,775 units. The company also produced 20,467 **Lancia** Ypsilon (down 15,9 percent) and 19,935 **Ford** Ka (down 9 percent).

Tenneco inaugurates new plant in Stanowice

Tenneco Inc. has inaugurated its new plant **Tenneco Silesia Sp. z o.o.** which is located in Stanowice on the territory of the Jastrzębsko-Żorska subzone of Katowicka Specjalna Strefa Ekonomiczna (KSSE). The covered space of the production hall is more than 10,000 square metres. The plant will produce exhaust systems for such customers as **Daimler AG** and **BMW AG**. The company will have 150 employees at the end of 2015 and plans to add another 540 jobs in the future.

Romania

Continental to close German plant as new contract went to Romania

Continental AG will close its **ContiTech Techno-Chemie GmbH** plant in Salzgitter, Germany. The factory, which employs 220 people, manufactures hose lines. A major contract will expire at the end of May, earlier than expected, said **Florian Fauch**, ContiTech's Managing Director and Head of Segment responsible for the plant. That means that the plant in Salzgitter will lose about one third of its sales. According to local trade unions the follow-up order from **Volkswagen AG** went to a ContiTech plant in Romania.

Russia

AvtoVAZ: Andersson denies plans to take over the second-generation Chevrolet Niva project

OAO AvtoVAZ's President and CEO **Bo Andersson** has denied news that AvtoVAZ is considering the acquisition of **General Motors Co.**'s share in **ZAO GM-AvtoVAZ** including the project of the second-generation **Chevrolet** Niva. "It is not true. We are currently working with our consumer base, with our potential buyers and they tell us the following: it is necessary to maintain the current size of the **Lada** 4x4. And the GM project turned substantially larger," Andersson told Russky Avtomobil. "We have a full-scale model of three- and five-door variants of the Niva 3, if you see them, you will understand why we are trying to keep it compact," Andersson said about the preparation for the successor of the Lada 4x4, also known as Niva 3 or Niva NG. "Regarding the NG, we are at the stage of determining the basic parametres of the product. With the two scale models mentioned above we research the preferences of our customers. And they say: keep the size! And I think that's right," Andersson said. According to Russky Avtomobil plans call for the annual production of 100,000 vehicles with the 3-door version accounting for about 70 percent. Russky Avtomobil also reports that it is not clear whether the new generation will be manufactured in the department 62 or the OPP part of the plant.

Great Wall selects Tebodin as project partner for Russian plant

Great Wall Motors has selected Dutch consulting and engineering company **Tebodin B.V.** as the general project partner for its new plant **Haval Motor Manufacturing Rus** in the Tula region, the region's development agency said. The start of construction work is scheduled for mid-2015.

Brilliance V3 to be launched in Russia in 2016

Russian sales of the new **Brilliance** V3 crossover, which was unveiled at the Shanghai auto show last month, will be launched next year, Avtosreda reports. The company plans to launch sales of its H230 model in Russia in the near future.

Russia/Egypt

Hyundai may export cars to Egypt

OOO Hyundai Motor Manufacturing Rus, which produces **Hyundai** Solaris and **Kia** Rio cars at its plant in St. Petersburg, may launch export shipments, dp.ru reports. Representatives of the Egyptian distributor recently visited the plant for negotiations. HMMR's PR department confirmed negotiations about export to Egypt to dp.ru without providing more details.

Slovakia

Brose to construct new plant in Prievidza

German supplier **Brose Fahrzeugteile GmbH & Co. KG** will construct a new plant in Prievidza. Slovak Prime Minister **Robert Fico** joined the official announcement in the city. Plans call for the investment of €50 million. The construction work is expected to start in October and to be finished in summer 2016. "We will launch production in the summer of next year, therefore we will already start the training of employees in Bratislava in the second half of this year" **Alex Mallener**, CEO of the Slovak plant **Brose Bratislava s.r.o.** which is located in Lozorno near Bratislava, told TASR. In the first phase the company plans to create about 600 new jobs but Mallener would not exclude that the number could be even higher if things go well. The company is negotiating with the state about investment incentives. Prime Minister Fico said that Brose will receive incentives without providing details. According to Mallener Brose also checked investment possibilities in Serbia, Romania and Ukraine. Prievidza's mayor **Katarína Macháčková** explained that negotiations with Brose lasted almost one year and the German company was considering several sites in Slovakia. "We were in the last selection round together with Partizánske," said Macháčková.

PwC presents survey on Slovak suppliers

PwC presented a new survey on Slovak suppliers conducted in cooperation with the **Slovak Automotive Institute (SAI)** and the **Automotive Industry Association (ZAP)**. The survey was carried out in March and April and includes the views of over 50 suppliers. "Expectations for 2015 are optimistic again, with as many as 61 percent of suppliers confirming – despite various uncertainties – that they expect slight or significant growth in revenues and the volume of production," **Peter Mrnka**, PwC's specialist for the automotive industry explained when introducing results of the survey. One half of the respondents confirmed that their financial situation last year was better when compared to 2013. 14 percent of the suppliers recorded worse economic results. Almost 50 percent of the companies said that they expanded their staff in 2014, while 43 percent expect to add jobs this year. The survey also showed that 78 percent of the respondents confirmed that lack of access to and expertise of a qualified workforce may hamper their growth. About half of the companies said that they would like to join the scheme involving the practical training of students based on newly adopted legislation on vocational education.

Slovenia

Kolektor inaugurates plant in Mexico

Kolektor Group d.o.o. has officially inaugurated its new plant **Kolektor GTO S. de L.R. de C.V.** in Silao, Mexico. Volume production at the facility was launched in September 2014. The total investment is about €10 million. As of now, three production lines for HB commutators as well as a production line for connectors operate in the production hall. Currently, less than 50 percent of all available capacities are being used. There is enough space to complement the existing production program with the hybrid technology program. Kolektor GTO plans to fill the production site completely in the next five years by 2020. Existing programs will be extended and new ones added. The staff, which currently counts 30 people, is to be expanded to 70 by 2016, Kolektor's board member **Valter Leban** told STA.

Turkey

Toyota to launch Lexus in Turkey

Lexus will extend its presence to a new market in Europe with the launch of the brand in Turkey planned for the last quarter of 2015. Plans call for a first showroom to be opened in Istanbul and further expansion in the coming years. The Lexus line-up will be displayed for the first time at the 2015 Istanbul Autoshow next week. "There has been demand for Lexus in Turkey for a long time. With the renewal of the product range and the introduction of new 2.0l turbo engine options, we believe that this is the most appropriate timing to enter the market" said **Ali Haydar Bozkurt**, President of **Toyota Türkiye Pazarlama ve Satış A.Ş.** "We expect the Turkish automotive premium market to grow from about 80,000 units this year to more than 100,000 units in the near future. This puts Turkey in the top 7 in Europe" explained **Alain Uyttenhoven**, Head of **Lexus Europe**. Toyota Türkiye Pazarlama ve Satış is a subsidiary of **ALJ**.

Uzbekistan

GM to produce first 10,000 Aveos in 2016

GM Uzbekistan plans to produce the first 10,000 **Chevrolet** Aveo cars in 2016, Podorbno.uz reports. Plans call for the production of 25,000 units in 2017, 40,000 in 2018 and 45,000 in 2019.

NEWS FROM MIDDLE EAST AND AFRICA

Egypt

GB Auto announces 99.86 percent of rights exercised in capital increase

GB Auto S.A.E. announced that existing shareholders, and purchasers of the tradable subscription rights, accounting for 99.86 percent of the company's shares exercised their right to participate in its EGP 960 million capital increase following the expiration of the 30-day subscription period ending on the 30th of April, with the company's paid-in and issued capital set to rise to EGP 1.094 billion. Pursuant to GB Auto's extra-ordinary general assembly delegation to the Board of Directors, GB Auto's Board of Directors will not seek an additional subscription period, and the company is proceeding with regulatory authorities to finalise the issuance of the new ordinary shares resulting from the capital increase. Proceeds from the capital increase will be mainly used to support the company's plans to invest in a tyre manufacturing facility and a motorcycles and three wheelers assembly project.

Iran

PSA confirms regular talks to Iran Khodro

PSA Peugeot Citroën is in talks to cooperate with Iranian carmaker **Iran Khodro Co.** on a regular basis, **Peugeot** brand chief **Maxime Picat** told the German Manager Magazin. "We are speaking to our Iranian partners on a weekly basis about how and when we can start our activities" Picat is quoted as saying. "We are thinking about launching a joint venture with Iran Khodro with which we could cover the whole spectrum from procurement to manufacturing and the sale of spare parts," Picat said. Picat explained he hoped an agreement between Iran and world powers could be reached in June and sanctions would then be lifted. At the beginning PSA would export higher-value models from Europe to Iran to "strengthen our image in Iran," Picat added, and later seek to manufacture cheaper vehicles locally.

INTERVIEW

with Fabrice Cambolive, Vice President Sales and Marketing Russia and Eurasia Region, Renault S.A.

"The fact that 95 percent of our cars sold now in Russia are produced in Russia is a big advantage"

In the current Russian crisis Renault S.A. benefits from the high localisation of its production in Russia. That enables the company to save costs and improves the flexibility in order to adjust the production to the market needs.

Mr. Cambolive, what is your view regarding the car market in Russia? Many things changed during the last months.

You say that lot of things changed, that is right, but it is on one hand a surprise, on the other hand it is not a surprise because when you look at the history in Russia, we are used to this kind of up and down, and it is part of our job to adjust to that. Of course, the trend since the beginning of the year is much lower than all the specialists, all the experts were talking about two or three years ago. Two or three years ago everybody was saying Russian market will be ahead of the German market within the next two years. No, it will not be the case, but on the other hand the market will still remain at a quite high level. What happened in the last months? Of course, as the rouble went from 40 to 80, it was almost 50 percent of devaluation. And of course, because of that, and even if we are localised, all the brands decided to increase prices and this price increase plus harder credit conditions made the market drop in the last time quite significantly. We have to analyse now for few months at which level the market will stabilise.

As the Renault production in Russia is highly localised, do you feel advantages because of this localisation?

Of course. The localisation is always an added value. What are the measures we can do? First of all we have to work in order to be always more localised. The second point, the fact that we are localised is also very important in order to be industrially flexible. When you receive your supplies from a country which is 500 kilometres from Russia it may mean delays, longer time for the ordering of cars. The advantages to be localised and to produce locally is not only the costs, but also our capacity to manage the stock. In this crisis we have to be ready if we have to drop the production, we have to be ready if we want to increase the production. And I think this localisation aspect is very important for us. Of course, the fact that 95 percent of our cars sold now in Russia are produced in Russia is a big advantage.

Do you see the need to offer new cheaper model versions with lower equipment or to continue the old Logan for longer time because of the crisis?

There are different measures we can take. First of all in case of credit subsidies we have to go with that and to use this credit subsidies just in order to be able to sell to the customers, I would say, safety packages. Because in this crisis somebody who will buy a car should buy a car with three or four years guarantee, with very good and affordable insurance and should have a very good interest rate. One of our first measures is to join the government efforts to support the car market with a big complete service offer. After that, of course, there is some change of model mixes because people are looking for better prices. That's why we are still selling the old Logan and why also, for instance, we decided to launch the Sandero Stepway not only in a luxury version but in two different levels of equipment. There is now also a version with a lower equipment level available, which was not the case with the old Sandero Stepway.

How do you see the situation of Russian Renault dealers in the current situation?

I would say that generally our dealers are still profitable. Where we have to be very careful is our stock management. It means our first objective is never to push cars by the dealers. Because if you produce more than the demand is of course somewhere and sometime there will be problems with payment. We have to avoid that. Regarding the dealers, we are giving better financing conditions, but our main strategic job is to adjust our production to the demand. That is the best way to maintain our dealers which are on a structure basis profitable because our business model is very safe.

How do you compare the current crisis with the previous one?

I would say it is always interesting to see the future of Russia through the history. Everybody is remembering the years 2007, 2008, 2009. I think we learned from that and we have to be as confident as we have been in 2009 just in order to prepare our next product launches.

What about the situation in Kazakhstan and Belarus, which belong to the customs union with Russia?

We have got different situation in terms of market between Kazakhstan and Belarus. In Kazakhstan the market is also decreasing as it decreased in Russia, but in this decreasing market Renault is still going good with five percent market share last year and a very good success of the Duster and now of the new Logan and new Sandero. In Belarus we are since 2014 on the first position among all the brands with a very good market share and a very good success also of the new Sandero Stepway. That means that in these two countries we are compensating the drop of market with better performance.

Do you see the possibility to export Russian-made Renault cars to markets outside of the CIS countries?

Yes, I think with the rouble devaluation and as long as we decrease our costs and increase our competitiveness, Russia is a serious candidate to export cars specially in the situation when the domestic market is going down. We have to work on it. Currently we are exporting to Kazakhstan, to Belarus and we can see through this two examples that a good product made in Russia can be successful out of Russia. So why not to export to some other countries out of the region?

Which countries do you mean?

Countries outside of Europe.

Interview conducted by Peter Homola

UPCOMING EVENTS

» **May, 19-21:** NOVO MESTO, SLOVENIA: STRATEGIC COOPERATION & JOINT PRODUCTION IN CAR BODY ENGINEERING
http://www.automotive-circle.com/

» **June, 2-3:** VIENNA, AUSTRIA: AUTORETAIL EUROPE
http://www.autoretail-europe.com

» **June, 8-10:** GYŐR, HUNGARY: EUROPEAN AUTOMOTIVE CONGRESS
http://eaec2015.org/

» **October, 28-30:** BUDAPEST, HUNGARY: AUTOMOTIVE HUNGARY
http://automotiveexpo.hu

» **October, 1-11:** BUCHAREST, ROMANIA: BUCHAREST AUTO SHOW
http://www.sab.ro

» **November 24-25:** ISTANBUL, TURKEY: 2ND WORLD AUTOMOTIVE CONFERENCE.
http://worldwidepartnerships.co.uk/conference/world-automotive-conference-in-turkey/

IMPRINT

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