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NEWS

International

Volkswagen Group may be revamped into four holding companies

Volkswagen AG's corporate structure will be reorganized into a decentralized system with four holding companies running the company's 12 brands, reports published by Handelsblatt, Reuters and Bloomberg said. Former **BMW AG** manager Herbert Diess is expected to be in charge of the holding company that will run the **VW**, **Škoda** and **Seat** car brands. The **Audi**, **Lamborghini** and **Ducati** brands will form a holding company under the leadership of **Audi AG's** CEO **Rupert Stadler**, the reports said. **Porsche**, **Bentley** and **Bugatti** will form another unit led by **Porsche AG's** CEO **Matthias Müller**. As already announced earlier, **VW Commercial Vehicles** and the **Scania** and **MAN** brands will be grouped together in a division led by former **Daimler AG** trucks head **Andreas Renschler**. According to the reports, Volkswagen is also examining whether it still needs separate group-level executives for sales, production and the Chinese market. The company intends to receive supervisory board approval at the end of September, Bloomberg wrote. "Allocating Bugatti and

Bentley to Porsche isn't a big deal, at least not for shareholders. For Audi things remain unchanged. Škoda would be most affected and potentially disappointed given its very strong performance over the years," **Arndt Ellinghorst**, Senior Managing Director, Head of the Global Automotive Research, at **Evercore ISI**, said in a note to investors.

Belarus/Russia

Yo-Engineering to be closed

OOO Yo-Engineering, the company located in Minsk, Belarus and owned by Russia's **Onexim Group**, will be closed, **Russky Avtomobil** has reported. About a half of the employees have already been laid off and the remaining employees are to be laid off by the 1st of August. The company's building and equipment are to be sold. The people at Yo-Engineering were working on the **Yo-Mobil** project. After that, Yo-Engineering, with its almost 100 employees, worked on some projects for other companies. It was, for example, involved in the development of **OAo AvtoVAZ's** hybrid car. More recently the company worked on two of its own projects - a hybrid transmission for buses and a small delivery van - but was not able to find investors.

Croatia

Wollsdorf inaugurates plant near Varaždin

Wollsdorf Leder Schmidt & Co Ges.m.b.H., the Austrian manufacturer of leather parts, has officially opened its Croatian plant **Wollsdorf Components d.o.o.** which is located at the Entrepreneurial Zone Jalžabet in Jalžabet near Varaždin. Production at the site already started last year. Wollsdorf has transferred production from its Austrian plant in Weiz to the new factory in Croatia.

Czech Republic

Hyundai launches volume production of Tucson

Hyundai Motor Manufacturing Czech s.r.o. (HMMC) has celebrated the official launch of volume production of the **Hyundai Tucson**. The vehicle, which is the successor to the Hyundai ix35, will arrive at dealerships in late summer.

Hyundai: Unions complain about higher production speed

Hyundai Motor Manufacturing Czech s.r.o. (HMMC) has increased the assembly line speed from 60 to 66 cars per hour starting from the 13th of May at its plant in Nošovice in conjunction with higher production plan for this year and with the production launch of the new Hyundai Tucson. However, the trade unions have complained that the assembly takes sometimes 67 units per hour. In a letter to the management, the trade unions protested against the higher speed of the production as the situation is becoming mentally and physically unbearable for them. They also criticised that workers receive protective drinks in hot days only after the shift. "Employees call on us to announce a strike warning as it was held at **Škoda** in Mladá Boleslav," **Radek Kuchař**, Head of the OS KOVO trade union at HMMC, wrote in the letter. According to **Ctirad Václavínek**,

Head of employees relations at HMMC, the line speed is under all conditions kept between 66 and 66.5 units per hour at the inlet. He said that 54 new workers were added on the assembly line between the 1st and 15th of June. HMMC added a total of 156 new employees in the second quarter of 2015, of that 129 intended for the assembly. The company will also install water fountains in the halls and provide protective beverages at the beginning of the shifts assuring that temperature limits will be achieved during the shift. HMMC said it expects that the negative impact of increased speed of production and setting new processes will be gradually eliminated this month together with the phase out of the Hyundai ix35.

Hyundai: 100 agency workers to receive permanent contracts

100 agency workers which are working at the **Hyundai Motor Manufacturing Czech s.r.o. (HMMC)** plant will receive permanent contracts from the company effective as of the 10th of August, the OS KOVO trade union said.

Automotive industry revenue reached new record in 2014

The revenue of Czech vehicle manufacturers and suppliers which are members of the country's **Automotive Industry Association (AutoSAP)** rose 15 percent to a record CZK 991 billion in 2014, AutoSAP said. Exports also grew 15 percent to CZK 845 billion. Czech car production reached a record 1.245 million vehicles in 2014, up 11 percent from 2013. AutoSAP has said it expects production to increase further this year, although at a lower growth rate than in 2014. According to AutoSAP, the average wage in the industry increased almost 3 percent to CZK 31,515. It was almost 23 percent higher than the average wage in the Czech Republic. The employment in the automotive industry achieved about 155,000 people at the end of 2014. Member companies of AutoSAP counted 112,877 employees, up 3.3 percent for 2013.

Estonia/Latvia/Lithuania

Change at the top of Toyota Baltic

Matthew Harrison, President and Managing Director of **Toyota GB**, will be appointed Vice President, Sales & Marketing, **Toyota Motor Europe SA/NV** effective as of the 1st of July. He will be holding dual assignments as President of the distribution company **Toyota Baltic AS**. At Toyota Baltics he follows Alar Metsson, who will be appointed President, **Toyota Norway AS**.

Hungary

Daimler is in talks to expand its Hungarian plant

Levente Magyar, state secretary in charge of economic diplomacy at Hungary's Ministry of Foreign Affairs and Trade, has told MTI, the Hungarian newswire, that talks are ongoing between **Daimler AG** and the government in regards to capacity expansion at the Kecskemét plant.

Daimler to launch Mercedes-Benz CLA assembly in India

Daimler AG is preparing the assembly of Hungarian-made **Mercedes-Benz** CLA sedan at its plant in Pune, India. The company will add the CLA within a few months. In addition to the C-, E-, and S- class models as well

as the GL and ML already built in India the company launched the GLA assembly earlier this month. "Due to the very high demand on the GLA we actually postponed the local production of this model. It was planned to first produce the CLA and then GLA, but we postponed it. However, the CLA will come a bit later," **Eberhard Kern**, Managing Director and CEO of **Mercedes-Benz India**, told India's CNBC-TV18. Recently the company doubled capacity of the plant in Pune to 20,000 vehicles a year.

Parat inaugurates new production hall

Parat Ungarn Kft has inaugurated its new production facility in Szügy. The company, which previously produced soft-tops in Szügy, sold its business to **Magna International Inc.** two years ago. The new, 12,000 square metre factory will be used to produce plastic parts. It was realised with an investment of HUF 1.6 billion which was partly funded by an EU grant. By 2016 the company plans to employ up to 200 people.

Poland

FCA to unveil facelifted Fiat 500 in early July

Fiat Chrysler Automobiles N.V. will unveil a facelifted version of the **Fiat 500** on the 4th of July. The Fiat 500 is manufactured at the **FCA Poland S.A.** plant in Tychy since 2007. It is also produced in Mexico.

Opel Cascada receives new engine

Opel Cascada receives the new 2.0 litre turbo diesel engine recently introduced in the Insignia and Zafira Tourer. The 2.0 CDTI 170 hp four-cylinder unit with 400 Nm torque replaces the 165 hp engine.

Delphi finalizes expansion of technical centre in Kraków

Delphi Automotive PLC has finalised the expansion of its technical centre in Kraków. In the last three years the centre has been expanded by 2,000 square metres. The investment was PLN 51 million. The company's representatives said that the expansion will allow the hiring of 160 additional engineers.

HMT to expand plant in Środa Śląska

German supplier **HMT Heldener Metalltechnik GmbH & Co. KG** is expanding its Polish factory **HMT Heldener Metalltechnik Polska Sp. z o.o. & Co. Sp.K.** located in Komorniki in the municipality Środa Śląska. The company is constructing a new hall with about 3,000 square metres which will allow an increase of the product portfolio and an addition of about 50 employees. The investment is to be finalised in August. HMT manufactures metal parts.

Romania

Ford celebrates 400,000th engine from Romania

Ford Romania S.A. has built the 400,000th engine since production started in May 2012. The plant in Craiova launched production of 1.0 litre three-cylinder engines in 2012 and added 1.5 litre four-cylinder engines in April 2013. Currently, some 800 employees are producing about 700 engines per day. Romanian-made Ford engines are shipped to Germany, Spain, Turkey, Taiwan and Thailand.

Webasto inaugurates third building phase of plant in Zimandu Nou

Webasto SE has inaugurated the third building phase of its panorama and sunroof plant covering approximately 10,000 square metres in Zimandu Nou in the Arad County. Total investments for the plant amount to about €65 million. Now that the expansion has been completed, the site encompasses a total of 26,000 square metres. Last year, over half a million sunroofs and panorama roofs were produced at the factory. For the current year Webasto expects to manufacture close to 750,000 roofs for customers such as **BMW AG** or **Volkswagen AG**.

Russia

Andersson: Most car plants in Russia are uncompetitive

Most Russian car assembly plants in Russia are not cost competitive because they are not producing enough vehicles, **Bo Andersson**, President and CEO of **OAO AvtoVAZ**, told the Automotive News Europe Congress in Birmingham. "I would say only 5 (plants) are sustainable, and they are the ones with production volumes over 175,000," he said.

Andersson: AvtoVAZ to reach operative profit this year

After a 3 percent operative loss in 2014, **OAO AvtoVAZ's** President and CEO **Bo Andersson** said the company is on track for a 3 percent operating profit this year and that its target of a 6 percent operating profit is reachable "if everything works out".

AvtoVAZ to launch Kalina facelift this year

OAO AvtoVAZ plans to unveil a facelifted version of the **Lada Kalina** this year, the company's President and CEO **Bo Andersson** said in an interview with the Rossiya 24 TV channel. According to Andersson, there also will be changes of interior plastic parts.

UAZ's Industrial Park inaugurated

The Industrial Park of **OAO UAZ** has been officially opened on the territory of the Vostok Industrial Zone. The 56 hectare industrial park includes buildings with a total covered space of more than 377,000 square metres. An agreement between UAZ and **OOO VM Avto**, a new resident of the industrial park, was signed during the ceremony.

AvtoVAZ adds some GM dealers to its network

Some **Chevrolet** and **Opel** dealers are to sell **Lada** cars as **General Motors Co.** is phasing out sales of most of its mainstream models in Russia, **OAO AvtoVAZ's** President and CEO **Bo Andersson** said at the Automotive News Europe Congress in Birmingham. "Last year we were having a hard time getting new dealers," he said. "Now everyone wants to be a Lada dealer. We've added 16 dealers, some of them were former Chevy and Opel dealers."

GM to phase out Cadillac assembly in St. Petersburg this month

SKD assembly of **Cadillac** cars at the **OOO GM Avto** plant in St. Petersburg will be phased out at the end of June, ZaRulyom.RF reports, quoting an unnamed representative of the Cadillac brand.

Lifan X50 sales start next week

Russian sales of the **Lifan X50** will be launched on the 25th June. The car, which is powered by a 1.5 litre gasoline engine with 103 hp, will start at RUB 499,900.

BYD left Russia

Cars of the Chinese brand **BYD** are not offered in Russia any more and the importer **OOO MAVto** was liquidated in February, Izvestia reports. No BYD car was sold in Russia this year, the statistics for 2014 shows 5 units sold. BYD cars appeared in Russia in the middle of the previous decade for the first time. The BYD F3 was assembled by **OOO TagAZ** between June 2010 and December 2012.

Russia/Czech Republic/Hungary

AvtoVAZ to restart shipments to EU countries

OOO AvtoVAZ will restart **Lada** shipments to European Union countries this fall, the company's President and CEO **Bo Andersson** told Izvestia. According to Andersson, AvtoVAZ has solved all problems connected to new standards valid in the European Union. In fall 2014, shipments of AvtoVAZ's cars to the EU were halted due to non-compliance with the EU environment and safety rules. At the same time AvtoVAZ plans to find new key distributors, Andersson said. "The products are ready but exports are an entirely different issue, we need a right partner. Now we are developing a distribution network across the entire world. And I'd rather there are fewer of them but they would be more organised than many of them working in vain," Andersson is quoted as saying. The European dealers will have to adopt to AvtoVAZ's new standards regarding the showrooms, service, advertising and guarantee. According to Andersson, AvtoVAZ already made a decision regarding importers in the Czech Republic and Hungary. Other countries, such as for example Germany and Italy, are to follow.

Slovakia

PCA Slovakia to take over 300 agency workers

PCA Slovakia s.r.o. will take over 300 agency workers between July and October. 200 agency workers will receive permanent contracts while the other 100 will have limited contracts.

Kechnec plans High-Tech Park

Kechnec, a small village in eastern Slovakia near Kosice, has unveiled plans to establish a 36 hectare High-Tech Park in the next five years. Kechnec already has an industrial park which is home to some automotive suppliers. "Having already jobs in the automotive, electronic, engineering and food sectors, we would also

like to create jobs in information and communication technologies within five years” Kechnec’s mayor **Jozef Konkoly** told TASR. Earlier this month, Konkoly visited Taiwan and held talks with companies potentially interested in joining the project in Kechnec.

Turkey

Exports of Toyota decrease by 68 percent

Toyota Otomotiv Sanayi Türkiye A.Ş. produced 48,443 cars between January and May of this year and exported 35,561 units, reported the **Automotive Manufacturers’ Association (OSD)**. This is a decline of 68 percent compared to the same period last year, which is mainly due to the collapse of the new car market in Russia.

GS Yuasa to acquire ownership of Inci Akü

Japanese battery specialist, **GS Yuasa Corporation** has announced that its subsidiary, **GS Yuasa International Ltd** will take over 50 percent of shares in Turkey’s **Inci Akü Sanayi ve Ticaret A.Ş.**, which produces lead-acid batteries for automobiles and forklifts. With this move the company hopes to accelerate its growth in the Middle East and Africa. Plans call for the transfer of shares on the 31st of July and start of business operation under the new system on the 1st of August. The name of the Turkish company is to be changed to **Inci GS Yuasa A.Ş.** in August.

Wirthwein acquires 70 percent of shares in Farel Plastik

The **Turkish Competition Bureau** approved the acquisition of 70 percent of shares in the Turkish company **Farel Plastik A.Ş.** by **Wirthwein AG** of Germany. Thus the contract between Farel Plastik and Wirthwein comes into effect retroactively from the 1st of January 2015. Farel Plastik, which was founded in 1999, is a subsidiary of the **Farplas Group**. The company employs around 360 people and generates an annual turnover of €35 million. It is located in Çerkezköy in the region of Tekirdağ (close to Istanbul). Farel Plastik focuses on the production of plastic products for the home appliances industry but also for the automotive industry, albeit to a lesser extent. Farel Plastik owns 47 injection moulding machines. Its production capacity complements the machinery of the Wirthwein Group of presently around 425 injection moulding machines.

NEWS FROM MIDDLE EAST AND AFRICA

Algeria/Ghana/Tunisia

Bosch to open more sales offices in Africa

Following the opening of a new sales and service company in Nigeria (see separate news), **Robert Bosch GmbH** plans to add more branch offices in Africa. Including the new branch office in Nigeria, the company will be represented in ten African countries by the end of 2015. "We have also had a local presence in Kenya, Angola, and Mozambique since last year. Now we are looking to further expand our presence in western and northern Africa. Just a few days ago, we announced a new Bosch branch office in Algeria, and we plan to officially open sales offices in Ghana and Tunisia before the end of the year" said **Markus Thill**, the Bosch Group's representative in Africa.

Iran

Iran Khodro was the main exhibitor at last week's auto show in Shiraz

Iran Khodro Co. (IKCO) was the largest exhibitor at the 14th International Auto Show in Shiraz last week. The main exhibition stand included **IKCO** Samand, Soren, Dena, Rana and Arisun models as well as the **Renault** Captur. A new version of the Soren with an EF7 turbocharged engine is the newest product with the launch of volume production to start before the end of the Iranian year 1394 (21st of March 2015 to 20th of March 2016). The Soren and Samand models shown in Shiraz had some changes compared to current models. IKCO's commercial vehicle subsidiary **Iran Khodro Diesel (IKD)** also participated in the Shiraz show with a wide portfolio of vehicles starting from a pickup up to heavy trucks. IKD unveiled a new minibus for 13 passengers called Vana. **Saipa Auto Group's** car and light commercial vehicle manufacturing companies **Saipa, Pars Khodro** and **Zamyad** were not participating in Shiraz. However, Saipa's subsidiary **Saipa Diesel** was presented with heavy trucks. Iranian assemblers of Chinese cars such as **Diar Khodro, Kerman Automotive Industrie Co., Modiran Vehicle Manufacturing Co. (MVM), Rayen Vehicle Manufacturing Co. (RVMCO)** were showing new models destined for local assembly (see separate news in this and the previous issue). **Bahman Group** exhibited several cars and commercial vehicles. It unveiled the previous-generation **Isuzu D-Max** double cab pickup which will be assembled in Iran (see separate news). Bahman's subsidiary **Siba Motor Co.**, which is responsible for import, assembly and sales of **FAW** vehicles, presented the FAW Jiefang Long V series light truck. It is not clear whether local assembly is planned. Imported car brands exhibited in Shiraz included **Hyundai, MG, Mitsubishi, Subaru** and **Toyota**. Light and heavy truck of several brands were also presented.

MVM to add assembly of Chery Tiggo 5

Modiran Vehicle Manufacturing Co. (MVM), the Iranian assembler of **Chery** cars under the **MVM** brand, plans to launch assembly of the Chery Tiggo 5 in 2015, the company's managers told local journalists at the 14th International Auto Show in Shiraz. In addition to the Chery New QQ (see last issue of the Ceauto Newsletter), the Tiggo 5 is the second new model assembly of which is scheduled for this year.

Bahman Group to launch assembly of Isuzu D-Max soon

The **Bahman Group** have unveiled the previous-generation **Isuzu D-Max** double cab pickup at last week's auto show in Shiraz. The company is now starting pre-sales of the vehicle. The launch of Iranian assembly of the Isuzu D-Max is scheduled for July or August with delivery to customers to follow one month later.



Saipa increases price for Pars Khodro Rich pickup

As one of the first steps after the appointment of **Mahdi Jamali** as the new CEO of **Saipa Auto Group** the price of the Pars Khodro Rich double cab pickup was increased by Toman 2.5 million to Toman 68.5 million.

Nigeria

Bosch opens sales and service company in Lagos

Robert Bosch GmbH has opened a new sales and service company in Lagos, Nigeria. "Africa offers great potential for our business" said **Uwe Raschke**, a member of the Bosch board of management, at the official opening ceremony. "The economic forecasts for many African countries are very promising: the population is growing rapidly, the average age is low, and the purchasing power of the emerging middle class is rising". This is particularly true for Nigeria, he added. With more than 170 million people, Nigeria is the continent's most populous country and the largest African economy. In October 2014, Bosch signed a memorandum of understanding with the Nigerian government's **National Automobile Council (NAC)** to set up an alliance. The alliance aims to expand the automotive workshop network in Nigeria and enhance mechanics' specialist knowledge.

Tunisia

Tata pickups and light commercial vehicles to be assembled in Tunisia

Tata Motors Ltd. and its Tunisian partner **ICAR S.A.**, the industrial subsidiary of **Le Moteur S.A.**, have announced the assembly of **Tata** pickups and light commercial vehicles. Assembly will commence this month. The portfolio will include Tata Xenon pickups to be assembled in 3 variants as the Single Cab 4x2 and Double Cab in the 4x2 and 4x4 configuration as well as the Tata Super Ace and Tata Ace vehicles which belongs to the small utility segment. The distribution and after-sales service will be provided by Le Moteur and the product will be available throughout Tunisia starting from September 2015. Established in 1931, Le Moteur is the official distributor of **Mercedes-Benz**, **Mitsubishi** and since 2013 Tata vehicles in Tunisia. The company ICAR, which is mainly known as a bus manufacturer, was founded in February 2009 and acquired assets of the Tunisian vehicle maker **STIA** in September 2009. Vehicle assembly at STIA started in 1964.

UPCOMING EVENTS

- » **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/>

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