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### NEWS

#### International

##### ***Porsche takes over toolmaking division of Kuka***

**Dr. Ing. h.c. F. Porsche AG** is taking over the toolmaking division of **Kuka Systems GmbH** with locations in Schwarzenberg, Germany and Dubnica nad Váhom, Slovakia. Under the name of **Porsche Werkzeugbau GmbH**, the business unit with more than 600 employees will become a fully owned subsidiary of Porsche. Kuka Systems belongs to **Kuka AG**, a supplier of robot-based automation systems. "The employees of our new subsidiary are distinguished by their very high level of expertise across every step of the toolmaking process. We are especially able to profit from this expertise in complex aluminium parts relevant to lightweight design." said **Oliver Blume**, Member of the Executive Board - Production and Logistics at Porsche.

### ***Fair Friend Group to take over MAG Group***

Taiwan-based **Fair Friend Group (FFG)** and the shareholders of global automotive supplier **MAG Group** have signed a Memorandum of Understanding regarding the acquisition of MAG Group, including 100 percent of the shares of **MAG IAS GmbH**, by FFG. Signing of the relevant documentation is planned before August and closing of the transaction is expected before October. The companies intend to present their combined offering together at the EMO trade fair in Milano in October. The parties have agreed confidentiality on the details of the transaction. FFG is an industrial holding conglomerate with over 80 companies which operate in leading industrialised and emerging countries with annual sales of approximately \$3.3 billion in 2014. Its machine tool division reported a total of \$1.8 billion in sales and includes over 44 production facilities mainly located in Taiwan, Germany, Italy, Japan, South Korea, China, Switzerland, and USA with a total of 28 brands. MAG, a machine tool manufacturer focused on the automotive industry, has seven production facilities in Germany, Hungary, China, USA and India and reported sales of €474 million in 2014. "With this strategic acquisition, FFG will become one of the largest machine tool companies in the world," said **Jimmy Chu**, Chairman and Founder of the Fair Friend Group. In 2013, FFG already acquired the Industrial Equipment segment of MAG Group.

### **Czech Republic**

#### ***Hyundai to produce 106,000 Tucsons this year***

**Hyundai Motor Manufacturing Czech s.r.o. (HMMC)** plans to produce 106,000 units of the new **Hyundai Tucson** this year, the company said. Starting from 2016, the model should account for 60 percent of the plant's total production which means about 200,000 units per year. The new Tucson also brings new export markets for Hyundai's Czech-made SUVs. Saudi Arabia, Qatar, Kuwait and United Arab Emirates are among the new export countries.

#### ***Hyundai phases out production of ix35***

**Hyundai Motor Manufacturing Czech s.r.o. (HMMC)** phased out production of the **Hyundai ix35** on the 19<sup>th</sup> of June. The company celebrated production of the 600,000th ix35, since production started in July 2011, earlier this month.

#### ***Škoda launches volume production of new Superb wagon***

**Škoda Auto a.s.** has started volume production of the wagon version of its third-generation **Škoda Superb**. The market launch of the new Superb Combi is set for September.

#### ***Daechang to expand plant in Třinec***

**Daechang Seat s.r.o.** plans to expand its plant for the production of seat frames which is located in the industrial zone Třinec – Baliny. The phase 2 of Daechang's facility includes an assembly hall (7,160 square metres of covered space), a logistics hall (6,100 square metres) and an office building (795 square metres). The expansion is to start this year and to be finalised in 2016.

### Hungary

#### ***Opel to introduce new 1.4 litre Turbo engine***

**Adam Opel GmbH** will introduce a new four-cylinder gasoline engine with central direct fuel injection and turbocharging at the IAA motor show in Frankfurt in September. The full name of the new engine is the 1.4 ECOTEC Direct Injection Turbo. The powerplant will be available in two outputs, 125 hp and 150 hp. This combination links the new all aluminium engine to the recently introduced 1.0 ECOTEC Direct Injection Turbo three-cylinder unit known from **Opel Adam** and **Corsa**. Both engines are members of the so-called small gasoline engine family – a group of engines with three or four cylinders and a displacement below 1.6 litres. The 1.4 ECOTEC Direct Injection Turbo is manufactured in the Opel Flex Plant at **Opel Szentgotthárd Kft** in Szentgotthárd, Hungary. It will make its debut in the new **Opel Astra** from September.

#### ***Opel to produce close to 580,000 engines in Szentgotthárd this year***

**Opel Szentgotthárd Kft** plans a significant production increase of engines in 2015, the company said on the occasion of the celebration of its 8 millionth engine since the production launch in June 1992. "In 2014 we built nearly 380.000 units while this year our production figure will be close to 580.000," plant manager **Tamás Solt** said at the event. "Such a significant increase in production requires additional employment. In 2010, when we announced the new Flex plant project, we had about 600 people, that number is over 1,500 up by now and our growth requires still an additional 300 to 400 well trained colleagues," Solt explained. "We plan to bring 27 new models and 17 new engines to market by 2018, most of these 17 new engines will be made here in our Flex Plant," said **Peter Christian Küspert**, Vice President Sales and Aftersales, **Opel Group GmbH**.

#### ***Daimler: No summer break in Kecskemét***

Production at the **Mercedes-Benz Manufacturing Hungary Kft** plant in Kecskemét will run without a summer break this year. In Germany, **Daimler AG's** passenger car division will keep its all assembly and powertrain plants running this summer.

#### ***NHK Spring opts for Tata***

After much speculation Japanese spring suppliers **NHK Spring Co. Ltd.** chose the Tata Industrial Park as the location of its new, 10,000 square metre plant. According to **József Michl**, the mayor of Tata, production start has been delayed from December 2015 to May 2016. Eventually the Japanese company plans to produce 3.5 million springs and 1.2 million stabilisers.

#### ***Eagle Ottawa expands in Szolnok***

**Eagle Ottawa Hungary Kft** is building a new, 18,000 square metre production hall at the Szolnok Industrial Park, announced the company. Construction work is at an advanced stage, with production set to begin in October, said **István Szabó**, deputy mayor of Szolnok. The new facility is being realised with an investment of HUF 9.5 billion, will employ 500 people and will focus on leather seat covers.

## Kazakhstan

### **Kazakhstan to join WTO**

The negotiations on Kazakhstan's joining the **World Trade Organization (WTO)** have been completed, said the Kazakh President **Nursultan Nazarbayev** in an address to the country's people. "Kazakhstan will become the 162<sup>nd</sup> member of the WTO," said Nazarbayev. "Today, 90 percent of our trade accounts for the WTO member countries. Therefore, this decision is very important for us." According to the President, Kazakhstan managed to combine the requirements of the WTO and the Eurasian Economic Union. WTO Director-General **Roberto Azevêdo** met with Kazakhstan's Minister for Economic Integration, **Zhanar Aitzhanova**, following the adoption by consensus, ad referendum, of Kazakhstan's WTO accession package. He congratulated the Minister and welcomed this important step which took place at a final Working Party meeting on the 22nd of June. The Working Party will now forward the Accession Package to the General Council for formal adoption by all 161 WTO members. "I look forward to welcoming Kazakhstan as a Member of the WTO very soon," said Azevêdo. The talks on Kazakhstan's accession to the WTO have lasted 19 years.

### **AllurGroup and Shinhan Financial Group launch cooperation**

The **GK AllurGroup** and **TOO MFO Shinhan Finance**, the Kazakh subsidiary of South Korea's **Shinhan Financial Group**, have signed a Memorandum on the cooperation in the field of loans for new car buyers.

## Poland

### **Kirchhoff selects Gniezno as location for its fourth Polish plant**

German supplier **Kirchhoff Automotive GmbH**, which operates three plants (one in Mielec and two in Gliwice) with about 1,500 employees in Poland, have selected Gniezno, about 50 km east from Poznań, as the location for its fourth Polish facility. The company signed a letter of intent with the city administration of Gniezno. In the first stage, Kirchhoff will invest about €15 million in the construction of a plant with almost 7,000 square metres of covered space and create close to 100 new jobs. Plans call for the start of operations in early 2016.

### **Plastic Omnium ramps up production of new SCR systems for Volkswagen Group in Lublin**

In early 2015, **Compagnie Plastic Omnium S.A.** began production of SCR (Selective Catalytic Reduction) diesel vehicle emissions reduction systems for the **Volkswagen Group's** new MLBevo platform. Following the shipments for the new **Audi Q7**, production of SCR systems for the Audi A4 has just begun in the Polish plant **Inergy Automotive Systems Poland Sp. z o.o.** in Lublin. The Audi A5, **VW Touareg** and **Porsche Cayenne** will be equipped with the system from 2016 and 2017. A total of 2 million SCR systems will be provided to the Volkswagen Group over the lifetime of this platform.

### **Wirthwein to expand production in Łódź**

German supplier **Wirthwein AG** plans to expand production at its Polish plant **Wirthwein Polska Sp. z o.o.** in Łódź. Plans call for the investment of at least PLN 16 million and the creation of 48 new jobs.

### ***Boryszew receives loan for expansion of Maflow's foreign plants***

**Boryszew S.A.** has signed an €10 million loan agreement with the **Bank Gospodarstwa Krajowego (BGK)**. The loan is destined for foreign activities of Boryszew's **Maflow Group**, including Maflow's new plant in Mexico and expansion of the existing facilities in India and China. "Mexico is our gateway to NAFTA countries," said **Cezary Pyszkowski**, Vice President of Boryszew. "We are also planning a significant expansion of production capacity at our plants in India and China".

### ***Romania***

#### ***Dacia: Higher automation eventuates in voluntary separation program***

**Automobile Dacia S.A.** will take the automation degree of certain departments at its plant in Mioveni to 30 percent from 10 percent last year. The press shop is amongst the departments which should receive higher automation. With this plan, the company started a process of voluntary departures, after which employees receive between RON 10,000 and RON 100,000 if they decide to voluntarily leave the company. As the degree of automation of the plant will increase from 5 to 20 percent of all production departments, according to Dacia's President **Nicolas Maure**, the company will have to eliminate between 500 and 1,000 jobs of the current 14,000 jobs, ZF.ro reports.

#### ***Renault unveils pickup on Duster basis in Argentina***

**Renault S.A.** is currently displaying the new **Renault Duster Oroch** double cab pickup at the 7<sup>th</sup> Buenos Aires International Motor Show (19<sup>th</sup> to 28<sup>th</sup> of June). The medium-sized pickup slots in between the half-ton and one-ton pick-ups. With four doors and five seats, it combines a double cab with a level of space comparable





to a bigger pickup. However, it is more compact. It is scheduled for launch in the second half of 2015. Currently the Duster Oroch is aimed at the Latin American market. Renault has not yet indicated whether the vehicle will be produced and sold in other regions as well.

### ***Dacia delivers 1.5 millionth Logan to customer***

A client from Romania is the owner of the **Dacia** Logan vehicle with the number 1,500,000. The total figure includes Dacia Logan sedans and other Logan body versions manufactured at the **Automobile Dacia S.A.** plant in Mioveni, Romania and assembled at the **SOMACA** factory in Casablanca, Morocco. Romania was the biggest Dacia Logan market with 513,702 units sold between the Logan launch in September 2004 and the end of May 2015. It is followed by Algeria (211,784), France (182,788), Turkey (130,048) and Germany (120,600).

### ***Continental to add jobs in Romania***

**Continental AG** plans to employ additional people at its plants and R&D facilities in Romania. "This year, we will continue with our investment and in so doing hire an additional more than 1,000 new employees in Romania," said **Elmar Degenhart**, Chief Executive Officer of Continental. The company is currently celebrating 15 years of activities in Romania. Continental has more than 15,000 employees at its sites in Timișoara, Iași, Brașov, Sibiu, Carei and Nădab. The company has underlined the importance of its software activities in the country. "One of our team's most important tasks in Romania is the development of innovative software solutions for the automotive industry all over the world. As software is the new wheel of our industry, this is a crucial challenge," Degenhart said. According to **Christian von Albrichsfeld**, Head of R&D in **Continental Automotive Romania**, the company employs almost 4,500 engineers.

### ***Immofinanz constructs industrial park near Bucharest***

Austrian real estate developer **Immofinanz AG** has started the speculative construction of the first stage of a 140,000 square metre logistics park under the **Log IQ** brand in Mogosoaia near Bucharest, Economica.net reports. The first phase includes an area of 40,000 square metres. The park, which doesn't yet have tenants, will have a railway connection.

## **Russia**

### ***Hyundai confirms production of Creta SUV***

Russian distribution company **OOO Hyundai Motor SNG** has officially confirmed the production of the **Hyundai Creta SUV** at the **OOO Hyundai Motor Manufacturing Rus** plant in St. Petersburg. Production of the new model will be launched in 2016. The Russian-made Hyundai Creta will be available with front-wheel-drive or four-wheel-drive and will be powered by 1.6 and 2 litre engines.

### ***AvtoVAZ resumes production after problems with suppliers***

**OOO AvtoVAZ** has resumed production at larger part of car assembly lines on Tuesday (23<sup>rd</sup> of June) in the morning after a 24 hour disruption caused by problems with the supply of some parts such as seats, exhaust systems or sensors, the company said. The **Lada 4x4** production line restarted its work on Wednesday (24<sup>th</sup> of June).

### ***AvtoVAZ appoints Boston Consulting Group manager Maurer as Executive Vice President Finance***

**Stefan Maurer** has been appointed as new Executive Vice President Finance at **OAo AvtoVAZ** effective as of the 1<sup>st</sup> of July. Maurer worked for **The Boston Consulting Group (BCG)** since 2006. Between July 2012 and December 2014 he was Principal at BCG in Russia. Since January of 2015, Maurer, whilst still working for BCG, was acting CFO at AvtoVAZ.

### ***AvtoVAZ expects to sell up to 350,000 cars in Russia this year***

**OAo AvtoVAZ** may sell up to 350,000 **Lada** cars in Russia in 2015. "Our first task is a 20 percent market share. With the current market, this means that we will have to sell between 325,000 and 350,000 cars in Russia," the company's President and CEO **Bo Andersson** told journalists when asked about this year's expectations. About 70,000 Lada cars are to be exported.

### ***AvtoVAZ has no plans to increase prices this year***

There are no plans for another price increase in 2015 according to **Bo Andersson**, President and CEO of **OAo AvtoVAZ**. "We have no plans (to raise prices). The prices that we have today are good," Andersson told journalists on the sidelines of the St. Petersburg International Economic Forum. This year AvtoVAZ increased **Lada** prices twice - on the 15<sup>th</sup> of January and 4<sup>th</sup> of March.

### ***GAZ: Negotiations with foreign companies about contract manufacturing***

**Gruppa GAZ** is in talks with several vehicle manufacturers about contract manufacturing projects in order to use its idle capacity after **General Motors Co.**'s decision to phase out the **Chevrolet Aveo** assembly at GAZ, the company's Chairman **Siegfried Wolf** said. "We have about six or seven very interested partners that would go in for production," Wolf said in an interview at the St. Petersburg International Economic Forum. Chinese manufacturers are among those interested, he explained without providing any name. According to Wolf, a final decision is to be made within two to three months. "In principle (we can bring in) as many (partners) as our capacity allows. It's at least 200,000 passenger cars and this is what we have to look at, how we will utilize this," Wolf is quoted as saying. GAZ assembled about 75,000 cars for General Motors and **Volkswagen AG** last year. **Oleg Deripaska**, Chairman of the Supervisory board of **GAZ**'s mother company **OOO Bazovy Element**, confirmed negotiations with foreign car makers in a meeting with Russia's Prime Minister **Dmitry Medvedev** when asked about the possibility to replace the contract manufacturing agreement with General Motors. However, Deripaska spoke about two companies.

### ***Lada Kalina with 180 hp?***

**Lada Sport**, a subsidiary of **OAo AvtoVAZ**, plans to launch a 180 hp version of the **Lada Kalina** hatchback, writes Avtosreda.ru. The car will be called Kalina NFR Turbo. There are no details about the technical data available, the article said. According to earlier reports, AvtoVAZ may launch sales of the Kalina NFR with 140 hp in the near future.

### ***Avtotor launches assembly of facelifted Hyundai i40***

**OOO Avtotor Holding** has launched assembly of the facelifted version of the **Hyundai i40** at its plant in Kaliningrad. Until now, the company assembled about 16,500 Hyundai i40 cars since the launch of assembly in March 2013. The Russian Hyundai distributor expects to sell about 7,000 facelifted i40 vehicles this year.

### ***Sberbank and GAZ sign agreement on cooperation in foreign markets***

**OOO Sberbank Rossiya** and **Gruppa GAZ** signed a general agreement on cooperation in foreign markets. The agreement envisages interaction of the parties with regards to funding of export sales of vehicles, leasing and factoring operations and providing special credit programs for foreign end customers. "Currently Sberbank is represented in most of the CIS countries, Central and Eastern Europe and in Turkey. The geography of our presence matches the prospective export markets of GAZ Group," said **Sergey Gorkov**, Deputy Chairman of Sberbank. "More notably, in Turkey with an active support from **DenizBank**, a Sberbank Group subsidiary, GAZ Group was able not just to successfully launch the new GAZ model GAZelle Next in the local market, but also set up assembly operations, established an efficient dealer network and rolled out a new discounted crediting program for vehicle buyers". According to GAZ, the company is currently negotiating with potential partners about distribution of its vehicles in more than 30 countries all over the world.

### ***Pirelli and Rosneft expand commercial partnership***

**Pirelli & C. S.p.A.** and **OOO NK Rosneft** have signed a cooperation agreement that extends their already existing commercial and marketing partnership. The document was signed by the Chairman of the Managing Board of Rosneft, **Igor Sechin**, and by the Chairman and CEO of Pirelli, **Marco Tronchetti Provera**, during the St. Petersburg International Economic Forum. The agreement calls for the development of new Pirelli sales points in Rosneft service stations, the continuation of the implementation of the project to create a concept Pirelli flagship tyre centre and the launch of joint analysis of the possibility of opening mobile tyre-changing stations for seasonal use within Rosneft service stations, as well as research into the potential joint branding of driving schools. By the end of 2015, Pirelli and Rosneft plan to open up to 15 points of sale in the Moscow area, while overall it foresees reaching at least 200 points of sale by 2019. A joint venture owned by Pirelli operates two Russian tyre plants in Kirov and Voronezh.

## **Russia/Egypt/Iran**

### ***Hyundai may export cars to Egypt and Iran***

As the Ceauto Newsletter has already reported, **Hyundai Motor Co.** is considering the possibility to export cars made at the **OOO Hyundai Motor Manufacturing Rus** plant in St. Petersburg to Egypt. Now it seems that Iran is also among potential new export markets for the Russian plant. "We know, that they have sufficiently large export plans. There is an unofficial information that (planned export countries) are Egypt and Iran" **Maxim Meyksin**, Chairman of the **St. Petersburg Committee for Industrial Policy and Innovation**, told TASS on the sidelines of the St. Petersburg International Economic Forum.



### Serbia

#### ***FCA interrupts production***

**FCA Srbija d.o.o.** has interrupted production according to Danas. The production is expected to be resumed on the 1<sup>st</sup> of July. According to the newspaper, the company is considering another production break of about 10 days for July but the final decision will depend on orders. There will be a regular summer break between the 3<sup>rd</sup> and the 24<sup>th</sup> of August.

#### ***I.G. Bauerhin to expand premises in Indija***

German supplier **I.G. Bauerhin GmbH** plans to expand the production space at its plant **IGB Automotive Comp d.o.o.** in Indija, the company's CEO **Josef Hilmer** confirmed. In addition to the current 1,300 employees, the company plans to create 500 new jobs in the medium-term, Hilmer said. More details will be provided later. The Serbian subsidiary manufactures heaters, sensors and cables.

### Slovakia

#### ***Minister: Need for quick change of law as new car plant investment will be decided by mid-September***

The Slovak government needs to adopt an amendment to the law on significant investments as the country has a great opportunity to attract another car company that would provide thousands of jobs according to Slovak Minister of Economy **Vazil Hudák**. As the country has no established industrial park for the potential investor, the government wants to adopt an amendment to the law on significant investments and to approve it in an accelerated mode. "We need to get this park built very quickly, because the investor will make a decision by mid-September," said Hudák in the Slovakia parliament, calling for the support of the accelerated procedure. He did not mention the name of the investor but he was likely speaking about a potential investment planned by **Jaguar Land Rover Ltd.** in the region. "Going normal legislative process would mean several months, and we do not have that luxury," explained Hudák. According to the Minister, neighbouring countries such as Poland, Czech Republic and Hungary have large industrial parks over 100 hectares. "Already during my time at the Ministry of Finance we lost two big investments just because we could not provide such a big park," said Hudák. He was speaking about tyre manufacturers **Apollo Tyres Ltd.** and **Nexen Tire Corporation** who decided to construct factories in Hungary and the Czech Republic respectively. Hudák underlined that the amendment to the law is of general importance, not only for this particular investor.

#### ***PCA Slovakia: Workers protested in Trnava, threat to strike***

About 400 employees of **PCA Slovakia s.r.o.** took part in a protest in the streets of Trnava on the 19<sup>th</sup> of June calling on the company to increase salaries. The protest was the last warning before an all-out strike would be announced, the head of PCA's trade union OZ KOVO **Milan Minárech** said. "We want to show the employer that we are determined enough and that it should take our justified claims seriously," Minárech is quoted as saying by TASR. The union leaders were stating through a megaphone that the staff at PCA in Trnava has the lowest average salaries among all three carmakers in Slovakia. "The carmaker was in a

difficult situation two years ago, so we agreed with freezing our salaries for 2013 and 2014,” Minárech said. “Now we want what we’re entitled to, however. We cannot tolerate any further slump of our real salaries and a growing labour burden related to a continuous production optimisation and rising production pace”. The trade union said it will start a strike on Monday, the 29<sup>th</sup> of June, at 6 am, if no agreement is reached.

### ***Volkswagen to recruit new workers***

**Volkswagen Slovakia a.s.** will hire more than 100 new workers, mainly destined for the company’s SUV production. The recruiting is to be finished by mid-July.

### ***Police investigates theft at Hella plant***

Police is investigating the theft of a large number of lighting products from the **Hella Slovakia Signal-Lighting s.r.o.** plant in Bánovce nad Bebravou. Currently six people are accused in the case. According to the information published by the police, one of the six accused persons, along with other so far unidentified employees of the company, have stolen lights for vehicles of different brands and other lighting products worth about €228,000 between 2011 and the 16<sup>th</sup> of June. Stolen lamps were offered through advertisements on the internet portals and sold to at least 100 people in Slovakia and abroad.

## **Slovenia**

### ***Cimos TAM Ai cuts jobs***

The Slovenian supplier **Cimos TAM Ai d.o.o.** is cutting jobs at its plant in Maribor. The company, which had 816 employees in May, is expected to have up to 120 workers less at the end of July.

## **Ukraine**

### ***Ukraine to cut 5 percent import surcharge on cars***

Ukrainian government is expected to cut the 5 percent import surcharge on cars. **World Trade Organization (WTO)** members adopted the report on Ukraine’s import surcharge imposed for balance-of-payments reasons, in a meeting of the Committee on Balance-of-Payments Restrictions on the 19<sup>th</sup> of June. Reflecting the views expressed during the consultations since consensus among WTO members could not be reached, the report will be submitted to the WTO General Council for consideration in July. On the 28<sup>th</sup> of April and 11<sup>th</sup> of June, WTO members conducted consultations with Ukraine over its surcharge of 5 percent on imports of industrial goods and 10 percent on imports of agricultural goods. The measure, adopted on the 25<sup>th</sup> of February, was imposed to deal with “exceptional conditions” affecting Ukraine’s balance of payments. Although most members considered Ukraine’s measure to be in line with WTO rules – Article XII of the General Agreement on Tariffs and Trade (GATT) 1994 and the Understanding on Balance-of-Payments Provisions – one delegation was not in agreement. **Oleg Nazarenko**, General Director of the Ukrainian importers and dealers association **VAAID** expects that the surcharge may be cut already in September.

## **NEWS FROM MIDDLE EAST AND AFRICA**

### **Middle East and Africa**

#### ***PSA eyes annual sales of one million vehicles by 2025***

**PSA Peugeot Citroën** plans to achieve sales of one million vehicles per year in the Africa-Middle East region by 2025, the company said in conjunction with the signing of the agreement for a new plant in Morocco (see separate news). "Africa and the Middle East are among PSA's historic markets and we must make this region a key driver of international growth as part of our Back in the Race plan. The agreement signed with the Kingdom of Morocco will allow us to increase our production capacity in the heart of the region in order to achieve our goal of selling one million vehicles by 2025" said **Carlos Tavares**, PSA'S Chairman of the Managing Board. According to PSA, Africa and the Middle East are among the Group's historic markets, particularly for Peugeot, which is a well-established brand in the region. The Group boasts a strong foothold in certain markets (it is ranked first in Tunisia and second in Morocco), while Peugeot is the number two vehicle manufacturer in Algeria. "The agreement (with Morocco) rounds out the existing manufacturing facilities in Nigeria and those being negotiated in Iran" said PSA. PSA's plan foresees that the Africa-Middle East region will become PSA's third largest profitable growth market. According to PSA's estimates, the total potential production volume in the Africa-Middle East region is estimated to reach eight million vehicles by 2025.

### **Iran**

#### ***Iran Khodro establishes gearbox research centre***

**Iran Khodro Co. (IKCO)** has established a Gearbox Research Centre at its subsidiary **Charkheshgar Co. Hashem Yekehzare**, IKCO's President and CEO, described the new Gearbox Research Centre as a milestone in IKCO's technical strategy. According to Yekehzare, IKCO would attach great importance for production of automatic gearboxes and six-gear-gearboxes. As first step, an automatic double clutch transmission would be designed and produced, he said. The German company **ZF Friedrichshafen AG** holds 16.7 percent of Charkheshgar.

#### ***Dinex signs agreement on catalytic converter production with SAPCO***

Danish company **Dinex A/S** has signed a technical support and technology transfer agreement with **SAPCO**, the component subsidiary of **Iran Khodro Co. (IKCO)**. According to the agreement, a plan for the production of catalytic converters is to be established before the end of the current Iranian year 1394 (21<sup>st</sup> of March 2015 to 20<sup>th</sup> of March 2016). Plans call for the production of catalytic converters which meet the Euro 4 and Euro 5 emission standards. According to SAPCO, the contract will result in annual saving of €5 million.

#### ***Kerman launches sales of locally assembled Lifan X50***

**Kerman Automotive Industrial Company**, the Iranian assembler of **JAC** and **Lifan** cars, has launched sales of locally assembled Lifan X50 crossover model. Lifan X50 celebrated its Iranian debut at the auto show in Shiraz earlier this month.

### Morocco

#### ***PSA to establish car and engine plant in Morocco***

**PSA Peugeot Citroën** and the Kingdom of Morocco have signed an agreement to build a plant in the commune of Ameer Seflia in Kenitra province, which will begin producing B and C segment engines and vehicles as from 2019. The agreement was signed by **Carlos Tavares**, Chairman of the Managing Board of PSA, and **Moulay Hafid Elalamy**, the Morocco's Minister for Industry, Trade, Investment and the Digital Economy, under the Chairmanship of **His Majesty the King, Mohammed VI, King of Morocco**. Starting out with an initial production capacity of 90,000 engines and vehicles, the plant will ultimately raise output to 200,000 units in line with future market demand. PSA allocated €557 million in capital expenditure to the Morocco project. The company plans to achieve a local content rate of 60 percent at the launch date ultimately rising to 80 percent.

#### ***PSA has manufacturing history in Morocco***

**PSA Peugeot Citroën** has manufacturing experience in Morocco. The **SOMACA** assembly plant in Casablanca, which is currently majority owned by **Renault S.A.**, used to assemble **Citroën** (1986 to 2010), **Peugeot** (1980 to 2010) and **Simca/Talbot** (1962 to 1985) vehicles in the past. Last PSA models assembled at SOMACA were **Citroën** Berlingo and **Peugeot** Partner. PSA owned a share in SOMACA for a long time.

### EXCERPTS

from statements by Hashem Yekehzare, President and CEO of Iran Khodro Co. (IKCO)

#### **“Many of our products have low quality”**

Hashem Yekehzare, Head of Iran’s largest vehicle manufacturer Iran Khodro Co. (IKCO), made comments about the automotive industry and market at the fourth expert meeting of auto industry.



#### ***On political influence...***

Be sure that as automakers we are not answerable to professors, representatives or political persons. We are only answerable to customers and if professors or representatives are our customers or stating customer’s ideas we appreciate them but if they are going to make some decisions regarding the auto industry and force us to do them, nothing would remain for an automaker.

#### ***On the quality...***

We certainly know that there are some problems in rolling out products but this is not an event that has only occurred in the last one or two years. Today there are problems in many sectors of the country that our government is dealing with and the quality of a vehicle like the Pride is not the only problem. Many of our products have low quality while the auto industry is challenged politically.

#### ***On the criticisms about high amount of tariffs on imported cars ...***

Which country has zero tariffs for imported cars? Although there are some countries that came together as an alliance and offer 5 to 10 percent tariff for imported cars but in countries without such alliance the amount of tariffs are high.

#### ***On comparison of prices between vehicles in Iran and Europe ...***

We suggest that those saying that prices of cars in Iran are higher than in Europe should be more transparent. It is not reasonable to compare the price of a car in Germany excluding registration, tolls and other costs to the price of a car in Iran which includes VAT, insurance and other things.

*Compiled by Peter Homola*



### UPCOMING EVENTS

- » **August, 24-27:** MOSCOW, RUSSIA: MIMS AUTOMECHANIKA  
<http://www.mims.ru>
  
- » **August, 25:** MOSCOW, RUSSIA: VI INTERNATIONAL MOSCOW AUTOMOTIVE FORUM (IMAF)  
<http://www.mims.ru/en-GB/events/VI-moskovskii-mezhdunarodny-forum-avtomobilstroen.aspx>
  
- » **October, 1-11:** BUCHAREST, ROMANIA: BUCHAREST AUTO SHOW  
<http://www.sab.ro>
  
- » **October, 13-14:** PRAGUE, CZECH REPUBLIC: CENTRAL & EAST EUROPEAN AUTOMOTIVE FORUM  
<http://www.ceeautomotive.com/>
  
- » **October, 28-30:** BUDAPEST, HUNGARY: AUTOMOTIVE HUNGARY  
<http://automotiveexpo.hu>
  
- » **November 24-25:** ISTANBUL, TURKEY: 2ND WORLD AUTOMOTIVE CONFERENCE.  
<http://worldwidepartnerships.co.uk/conference/world-automotive-conference-in-turkey/>

### IMPRINT

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