

INDEX

• International _____	1	• Turkey _____	7
• Czech Republic _____	2	• Ukraine _____	7
• Hungary _____	3	• Uzbekistan _____	7
• Kazakhstan _____	3	• News from Middle East and Africa ____	8
• Poland _____	3	• Iran _____	8
• Poland/Romania _____	3	• Iran/Kazakhstan _____	9
• Poland/Slovakia _____	4	• Statements _____	10
• Russia _____	4	• Upcoming events _____	11
• Serbia _____	6	• Imprint _____	11
• Slovakia/Czech Republic _____	6		

NEWS

International

Johnson Controls announces spin-off of Automotive Experience business

Johnson Controls Inc. has announced that it plans to pursue a tax-free spin-off of its Automotive Experience business. Following the separation, which is expected to close in approximately 12 months, the Automotive Experience business will operate as an independent, publicly traded company. Once the transaction is completed, **Bruce McDonald**, Johnson Controls vice chairman and executive vice president, will serve as the chairman and CEO of the new company. **Beda Bolzenius** will serve as president and chief operating officer. Automotive Experience reported \$22 billion in revenue in 2014. As part of the spin-off preparation, Johnson Controls is initiating a comprehensive cost savings program. Additional details of the transaction will be provided as the separation process develops.

Czech Republic

Czech car production reaches new record

Czech car manufacturers produced 673,241 cars in the first half of this year, up 6.04 percent from like-2014. That means a new first half year record for Czech car production. **Škoda Auto a.s.** manufactured 391,712 vehicles, down 0.03 percent. Production at **Hyundai Motor Manufacturing Czech s.r.o. (HMMC)** saw an increase by 4.28 percent to 166,830 cars. **Toyota Peugeot Citroën Automobile Czech s.r.o. (TPCA)** produced 114,694 cars between January and June, up 38.04 percent.

Hyundai reports higher production

Hyundai Motor Manufacturing Czech s.r.o. (HMMC) produced 166,830 cars at its plant in Nošovice, up 4.28 percent from like-2014. The total volume includes about 88,250 units of the **Hyundai ix35**, which was phased out on the 19th of June, 47,700 i30 cars in all three body versions, 20,450 Vengas and the first 10,400 units of the new Tucson. The largest European markets were UK, Germany, Spain, Russia, Italy and Czech Republic, while the plant's main non-European export destinations include Australia, Turkey, Egypt, Mexico and Colombia.

Škoda to expand and optimise production facilities during summer break

Extensive work is to be carried out during the forthcoming factory holidays at **Škoda Auto a.s.**' three production sites in the Czech Republic. The work in Kvasiny, where the factory closes between the 27th of July and 14th of August, will be on the expansion of the site, whilst the Mladá Boleslav and Vrchlabí plant, which will not work between the 3rd and 14th of August, will mainly see maintenance work. The projects in Kvasiny include installing new equipment such as for example a robotised workstation in the paint shop and expanding the production lines in the body shop. The assembly lines are also to be optimised and expanded, and work continues on the construction of a new logistics hall. In Mladá Boleslav, the focus will be on servicing the equipment on both production lines – MBI and MBII. In addition, some maintenance measures will be implemented in the press shop and body shop. The paint shop will receive a new cooling zone and the embossing and assembly equipment in the engine-block line will be modernised. In Vrchlabí, the company will continue work connected to the capacity increase for DQ200 gearboxes from 1,500 to 2,000 units per day by spring 2016.

European Commission approves investment aid for Nexen

The European Commission has approved regional investment aid totalling almost €116.8 million (CZK 3.207 billion) to **Nexen Tire Corporation Czech s.r.o.** for the construction of a tyre production plant in Žatec. The Commission found that the aid granted by the Czech Republic was compatible with EU state aid rules, and that it promotes regional development without unduly distorting competition in the internal market. The Czech Republic notified aid measures to support the construction of a new tyre plant totalling €116.8 million, consisting of a direct grant of €39.7 million, an employment grant of €10.1 million and about €67 million arising from tax relief and from the authorities selling the site for the plant at a reduced price. The project's total investment costs amount to €769 million and it is expected to create at least 1,000 new jobs.

Hungary

New logistics centre is being built in Kecskemét

Risk Capital, a privately owned property developer is building a new logistics centre next to the **Mercedes-Benz Manufacturing Hungary Kft** factory in Kecskemét. **MetLog Logistics** is realised with an investment of HUF 1.125 billion, which is supported by a HUF 450 million EU grant – said **Zoltán Petrik**, sales director of **In-Management Kft** which handles the leasing of the 5000 square metre property which will be opened by the end of 2015.

BorgWarner relocates drivetrain plant to Oroszlány

BorgWarner TTS Kft has opened its new plant in Oroszlány, next to the company's turbocharger plant. The facility was previously located in Szentlőrinc. At its new location 160 people are being employed, who produce all-wheel-drive components used mainly in **Jaguar** and **Land Rover** cars, but its customer base also includes **Volkswagen** and **Volvo** as well. With the 4000 square metre hall the company has left room for expansion.

Kazakhstan

WTO: General Council approves Kazakhstan's membership terms

WTO members have formally adopted Kazakhstan's WTO terms of entry at the General Council meeting in the presence of Kazakhstan's President **Nursultan Nazarbayev**. Kazakhstan will have until the 31st of October to ratify the deal to formally become a WTO member 30 days after it notifies the ratification to the WTO Director-General.

Poland

Volkswagen to use Dürr software across its Września plant

The EcoEMOS MES/SCADA solution developed by **Dürr AG** will control all production activities, from body shop to final assembly, in the **Volkswagen Commercial Vehicles** plant in Września. Since Dürr received the order in 2014 to construct the paint shop, including the EcoEMOS control technology, EcoEMOS has now also been selected for the body shop and final assembly areas. This is one of the largest orders ever placed for Dürr software. The customer has taken the opportunity of deploying a standardised software concept to control production at its new location.

Poland/Romania

ZEM adds jobs for Opel contract

Polish supplier **Zakład Elektrotechniki Motoryzacyjnej w Elku Sp. z o.o. (ZEM)** adds jobs at its plant in Elk as a result of a contract for production of wiring harnesses destined for the next-generation **Opel Astra** whose pilot production is now under way at the **General Motors Manufacturing Poland Sp. z o.o.** plant in Gliwice.

ZEM, which currently employs some 600 people, will add about 250 new jobs. According to ZEM, the first group of 60 new workers will leave for a two-week training at the **Delphi Packard Romania S.R.L.** plant in Ineu, Romania, on the 3rd of August. Two other groups of new employees will be trained at the ZEM plant in Elĸ.

Poland/Slovakia

Situation on future Jaguar Land Rover plant still unclear

According to a report published by the Sunday Times, **Jaguar Land Rover Automotive plc** may prefer Poland over Slovakia as the location of its new car plant. "Senior industry sources said Poland had offered 'huge' incentives," the newspaper wrote. "A decision on Poland could be announced within weeks, although sources said Slovakia remained an outside possibility." However, Polish sources which are close to the negotiations, suggest that the agreement will be signed with Slovakia. The Slovak Ministry of Economy says that negotiations are still ongoing. **Vrushali Deshpande**, a spokeswoman of **Tata Motors Ltd.**, told the Slovak daily SME that there is still no final decision. According to SME, Slovakia could support the project with a state aid of up to €425 million while Poland could help with up to €595 million because of the different status of the regions in both countries. Sunday Times reports that the initial capacity of the plant is to be 200,000 vehicles per year.

Russia

AvtoVAZ reduces production plan for the second half of 2015

OA O AvtoVAZ has reduced its production plan for the second half of 2015 to about 250,000 cars, the company's President and CEO **Bo Andersson** said. That means that AvtoVAZ would manufacture some 538,000 vehicles this year, down 6.5 percent from 2014. About a month ago Andersson said that the company expects to make some 585,000 cars this year.

GM-AvtoVAZ looks for RUB 12 billion loan

ZAO GM-AvtoVAZ is looking for possibilities to finance the finalisation of the construction and tooling for its new plant in the Special Economic Zone of Togliatti which is needed for the production of the next-generation **Chevrolet Niva**, RBC reports, quoting unnamed sources close to the project and a person from the government of the Samara Region. According to the report, GM-AvtoVAZ approached **Sberbank Rossiya** and **VTB** banks regarding a RUB 12 billion loan. VTB confirmed that it is in negotiations with the automaker on the loan.

AvtoVAZ transports parts by aircraft because of problems with one supplier

OA O AvtoVAZ used an aircraft to transport parts from Vladivostok to Ulyanovsk, the company's President and CEO **Bo Andersson** told Russian media. "One of the largest military transport aircraft landed in Ulyanovsk with 37 containers on board. It cost me 450 thousand euros, but I think that one of the suppliers was surprised because we no longer need him," Andersson said. "I will not allow gun to my head. It will not pass. I think that we will be able once again to charter the aircraft. We order the product from Vladivostok and delivered to

Ulyanovsk. I think I know what I'm doing." Russian media speculate that the supplier mentioned by Andersson may be **Halla Visteon Climate Control (HVCC)**. The company operates its **OOO Halla Visteon Rus** plant in Togliatti.

AvtoVAZ names good and bad suppliers

OOO AvtoVAZ has published names of its best and worst suppliers. Among the best suppliers, there are Russian companies **Severstal**, **MMK**, **TZTO**, **Saturno-TR**, **UralElastoTekhnika** and **DSK** and foreign-owned companies **Pirelli**, **Federal Mogul**, **Faurecia**, **Magna** and **Automotive Lighting**. In contrast, **AvtoVAZagregat**, **Halla Visteon**, **Takata** and **Avtokom** are among the worst supplier according to AvtoVAZ's President and CEO **Bo Andersson**. However, it is also known that the automaker experienced huge troubles with suppliers which belong to the **OAT Holding**.

AvtoVAZagregat no longer a supplier to AvtoVAZ

OOO AvtoVAZagregat, the Togliatti-based company which used to be an important supplier of **OOO AvtoVAZ**, is no longer a supplier of Russia's largest automaker. "We have to improve in the field of cost reduction, we manage to solve problems with suppliers," **Bo Andersson**, President and CEO of AvtoVAZ, said in an interview with the newspaper Izvestia. "The good news is that one supplier (AvtoVAZagregat) is not a supplier anymore." After big problems with AvtoVAZagregat the car maker relocated orders to other companies. It is not clear whether AvtoVAZ is still interested to acquire AvtoVAZagregat's seat business as it was the case some months ago.

KDAC Thermal Rus to launch production next month

Production at **KDAC Thermal Rus** will be launched on the 17th of August. Initially, 200 people will be employed. The company, which operates a 10,542 square metre plant in Togliatti, supplies thermal components to **OOO AvtoVAZ**, **ZAO GM-AvtoVAZ** and **OOO UAZ**.

Toyo Tires considers plant in Russia

The **Toyo Tire & Rubber Company** is considering the possibility to construct a tyre plant in Russia, Kolyosa.ru reports. The factory would produce tyres for Russia as well as for European markets. According to **Kenta Kuribayashi**, head of the company's subsidiary in Russia, the decision is to be made by mid-2018.

AvtoVAZ prepares new electric cars

OOO AvtoVAZ is preparing two electric cars - a new version of the **El Lada** and the electric version of the Lada Vesta, VolgaNews reports. The first version of El Lada was based on the pre-facelift Lada Kalina station wagon. AvtoVAZ manufactured 100 vehicles which were expected to be delivered for a electric taxi project in the Stavropol Region. However, the project failed. The company sold some cars to other customers, but some 40 first-generation El Ladas are still at AvtoVAZ according to the report. **Aleksandr Sviridov**, coordinator in the small series department OPP and head of the development of the original El Lada, told Volga News that the new El Lada which will be based on the current Kalina wagon will only be made on order. According to Sviridov, there will for example be changes regarding batteries so that the new El Lada

will have better characteristics, higher ground clearance and lower weight. The new El Lada should be unveiled this year. In addition, AvtoVAZ also prepares an electric version of the Lada Vesta, the company's President and CEO **Bo Andersson** told VolgaNews. "Here we have a huge advantage in the fact that we are working with the Renault-Nissan Alliance. And the good news is that South Demarchelier, who has worked for six years at AvtoVAZ, is now the head of Renault-Nissan electric vehicles activities worldwide. In fact, I do not believe in the development of our own system, but it makes sense to take the best from the alliance" Andersson is quoted as saying.

AvtoVAZ offers Lada Priora with bicolour painting

OA O AvtoVAZ has produced the first batch of 100 **Lada** Prioras with bicolour painting. The cars are painted white with black roofs.

Dongfeng to sell pickups and minibuses in Russia

Chinese vehicle manufacturer **Dongfeng Motor Corporation**, which currently offers the **DFM** S30 sedan and H30 Cross crossover models in Russia, plans to add new models. In addition to the AX7 crossover and the A30 sedan, which were announced earlier, the company also prepares the launch of a pickup and a minibus.

Serbia

Johnson Electric to expand plant in Niš

Representatives of the supplier **Johnson Electric Group** and Serbian authorities have signed a memorandum about the further expansion of the company's plant in Niš. This memorandum envisages another investment of Johnson Electric in the amount of €50 million and the employment of another 2,400 workers in addition to the earlier investment agreement about the first stage. The expansion should be realised in the next five years. The memorandum was signed for the Serbian part by **Željko Sertić**, Minister of Economy, **Zoran Perišić**, mayor of Niš and for Johnson Electric by **Markus Schmitz**, Director of the Serbian subsidiary **Johnson Electric d.o.o.** and Director for Europe, **Austin Wang**, Executive Director, and **Laurent Cardona**, representative. Prime Minister **Aleksandar Vučić** joined the ceremony. Vučić pointed that the Serbian government participated in Johnson Electric's original investment with €6,750,000. Johnson Electric signed its first contract with the Serbian government, which involved an investment of €15 million, a building of 10,000 square metres and employment of up to 1,000 workers until mid-2016, in late 2013. The company currently employs 365 people. By the end of 2015, the number of workers is planned to stand at 582, and by 2020 at 3,400.

Slovakia/Czech Republic

Kia produces three millionth engine

Kia Motors Slovakia s.r.o. has manufactured the three millionth engine since the launch of engine production in 2006. 1.4 litre gasoline engines accounted for the highest volume with 24 percent of the total production. Gasoline engines accounted for more than 50 percent of the total volume. Almost half of the production was

exported to the **Hyundai Motor Manufacturing Czech s.r.o.** plant in the Czech Republic. In the first half of 2015 the plant manufactured more than 286,000 engines with the 1.7 litre diesel engine as the powerplant with most units. Currently the plant produces 1.4 and 1.6 litre gasoline engines as well as 1.4, 1.6, 1.7 and 2.0 litre diesel engines.

Turkey

Tofaş is in talks with EBRD to secure EUR 200 million funding

Tofaş Türk Otomotiv Fabrikası A.Ş. recently announced that it is in discussions with the **European Bank for Reconstruction and Development (EBRD)** regarding a loan of €200 million. If talks are successful, €100 million will be maintained by EBRD, while the other €100 million will be a syndicated loan provided through commercial banks. Earlier this year **Tofaş** signed a letter of intent with **HSBC** and **ING Bank** to finance its investment program to the tune of €200 million.

Ukraine

Evrokar launches assembly of new-generation Škoda Superb

ZAO Evrokar has officially launched assembly of the new-generation **Škoda Superb** at its plant in Solomonovo.

Uzbekistan

GM launches production of Chevrolet Labo in Khorezm Region

GM Uzbekistan YoAJ has launched production of the **Chevrolet Labo** mini pickup at its Khorezm Auto plant which is located in Pitnak the Khorezm region. The annual capacity is 5,000 Labo vehicles. The total cost of the project is \$5.9 million. The Labo, a pickup version of the Damas small van, has a payload of 550 kg. It is powered by a 0.8 litre three-cylinder engine. After the Chevrolet Damas and Orlando, the Labo is the third model made at the plant.

UzAvtoSanoat and INZI AMT create joint venture

The Uzbek state-owned automotive industry company **AK UzAvtoSanoat** and the South Korean supplier **INZI AMT Co. Ltd.** have created a joint venture for the production of aluminium parts for engines called **OOO UzAuto-INZI**. Both partners have an equal stake in the new joint venture. The charter capital is \$10 million. UzAuto-INZI will be located in the neighbourhood of the **General Motors Powertrain Uzbekistan YoAJ** plant. The government of Uzbekistan has allocated 6.9 hectares of land for the plant, of which 5.3 hectares are on the territory of General Motors Powertrain Uzbekistan. The new company, which will manufacture aluminium parts by high-precision casting under pressure, is expected to start production from the 1st of January 2017. The government allowed UzAuto-INZI, on an exceptional basis, to carry out construction and installation work with the simultaneous development of design documentation until the 31st of August 2016.

Uz-Dong Yang prepares production of new components

Uz-Dong Yang Co., the Uzbek-Korean joint venture, prepares production of new parts for new models according to a report published by Pravda Vostoka. Plans include new components for the **Chevrolet** T-250 (Aveo) and for **MAN** trucks. According to **Dilshod Nazarov**, mechanical engineer at Uz-Dong Yang, production launch of five interior parts for the Chevrolet Orlando model is planned for 2016. Nazarov also said that Uz-Dong Yang is in negotiations with **Gruppa GAZ** in Russia and a Chinese company regarding shipments of parts for headliners for a new medium truck and of plastic parts. The company is expected to get new equipment for \$1.2 million soon.

NEWS FROM MIDDLE EAST AND AFRICA

Iran

Iran Khodro announces new models

Hashem Yekehzare, President and CEO of **Iran Khodro Co. (IKCO)**, announced several new models for the near future. According to Yekehzare, two new IKCO models with codenames X409 and X411 are to be presented this Iranian year which ends on the 20th of March 2016, while the X502 is to be launched in the first half of the next Iranian year (21st of March 2016 to 20th of March 2017). Speaking about foreign-branded cars, Yekehzare mentioned the plan to produce **Renault** Clio IV and Captur models, which is already known, and a restyling of the Renault Tondar 90. He also spoke about new **Peugeot** models without providing more information. However, the presentation shown by **Abbas Maleki Tehrani**, Senior Deputy Managing Director at Iran Khodro, at the recent IranEU2015 conference in Vienna confirms earlier plans to produce the Peugeot 2008 and 301 models. According to Yekehzare, plans also call for the production of new **Suzuki** models, including the Suzuki Swift. In addition, Yekehzare confirmed that assembly of a **Haima** SUV is now starting at the **Iran Khodro Khorasan** plant.

Saipa: Renault may buy minority stake in Pars Khodro

Renault S.A. is in discussions to buy less than half of the shares in **Pars Khodro**, **Naser Aghamohammadi**, Senior Vice President of Product Development, **Saipa Group**, and Managing Director, **Pars Khodro**, said after the IranEU2015 conference in Vienna. Renault is also in negotiations to buy infrastructure such as car plants owned by the Saipa Group, Aghamohammadi explained.

AVL signs Memorandum of Understanding on new engine project for Iran

The Austrian engineering company **AVL List GmbH** has signed a Memorandum of Understanding regarding the development of fuel-efficient and environmentally friendly car engine and delivery of related test equipment at the IranEU2015 conference in Vienna. The signing was joined by **Sorena Sattari**, Iran's Deputy President in charge of Science and Technology. AVL's partner is an unnamed Iranian-Indian joint venture which plans a new engine manufacturing project in Iran. "It is thus possible to use latest drive technology in

passenger cars which are already manufactured in Iran,” AVL said in a statement. The detailed implementation of this project depends on the further development of the nuclear agreement from Vienna. While AVL declined to provide more details on the deal and the engine, Iranian sources say that deal for the production of Euro 6 engines includes transfer of technology, design and commissioning of the production line and application of three-cylinder powertrain in Iranian vehicles. An initial version of the engine will have 122 hp and will be mounted to a six-speed automatic gearbox according to the sources. It will be installed on a mass-produced Iranian car.

RVMCO launches pre-sales of Rayen V5

Rayen Vehicle Manufacturing Co. (RVMCO) is currently launching pre-sales of the **Rayen V5**. The car, which is the first to wear the Rayen brand, is based on the Chinese model **FAW** Tianjin Weizhi V5. Rayen V5, which was unveiled at the 14th International Auto Show in Shiraz in June, will be assembled at RVMCO. Regular sales of the new model are to be launched in October.



Iran/Kazakhstan

Iran Khodro presents its vehicles in Aktau

Iran Khodro Co. (IKCO) has participated in a exhibition of Iranian products in the Kazakh city of Aktau. **IKCO** Dena and Soren cars as well as the Arisun pickup were exhibited at the event.

STATEMENTS

from the IranEU2015 trade conference in Vienna

High ranking representatives of Iranian government as well as Iranian and foreign companies participated in the IranEU2015 trade conference in Vienna on the 23rd and 24th of July. The conference was organised by the Ravand Institute of Iran and the Austrian Chamber of Commerce. Some top managers of the Iranian automotive industry were among the participants.

Mohammad Reza Nematzadeh, Minister of Industry, Mine and Trade

Mohammad Reza Nematzadeh once again underlined the plan to achieve an annual production of 3 million vehicles in Iran by 2025 and expressed that there was a huge opportunity for Joint Ventures in the automotive industry. He also said that non-strategic companies can be 100 percent privatised. "I have heard American carmakers have contacted their Iranian counterparts, but not on government level," Nematzadeh said when asked about contacts to the US automotive industry. "We are not going to buy CKD from Japan, they have to invest in the Iranian auto industry like Europeans," he said.

Amir Hossein Ghanati, General Manager, Automotive Industry & Propulsion

According to Amir Hossein Ghanati, the goal for Iran as vehicle manufacturer is to be first in the region, number 5 in Asia and number 11 worldwide by 2025.

Abbas Maleki Tehrani, Senior Deputy Managing Director, Iran Khodro Industrial Group

Abbas Maleki Tehrani presented Iran Khodro's plans for partnership framework:

- Joint Venture with global car and powertrain manufacturers
- Joint Venture with global R&D Centres
- Allocating specific plants to global car manufacturers
- Allocation specific distribution network
- CKD & CBU operation in order to complete product portfolio

Naser Aghamohammadi, Senior Vice President of Product Development, Saipa Group, and Managing Director, Pars Khodro

Naser Aghamohammadi presented Saipa Group's plans for partnership framework called Saipa Partnership Strategies (SPS):

- Transacting some portion of the stocks in affiliate or subsidiary companies
- CBU import to empower automotive industry
- Collaboration on long-term joint ventures for new products development and platform
- Collaboration on supplying the global components demands in accordance with surplus Capacity
- Collaboration on auto design and manufacturing
- Collaboration on powertrain(engine, transmission and axle) design and manufacturing
- Knowledge and technology transfer and joint investment in high-tech auto components

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-avtomobilestroen.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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