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### NEWS

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#### International

##### **AVIC acquires Henniges**

**Henniges Automotive Holdings, Inc.**, a supplier of sealing and anti-vibration parts, has announced it has been acquired by **AVIC Automotive Systems Holding Co., Ltd. (AVIC Auto)**, a wholly-owned subsidiary of **Aviation Industry Corporation of China (AVIC)**, which is also the professional platform for the development of automotive parts for the AVIC group. Terms of the acquisition were not disclosed. AVIC Auto also purchased **Nexteer Automotive Group Ltd.** in 2011.

#### Belarus

##### **Fiat Chrysler considers assembly activities in Belarus**

**Fiat Chrysler Automobiles N.V.** is considering assembly projects in Belarus. Cars and commercial vehicles may be assembled by the companies **ZAO Unison** and **BelavtoMAZ**. The idea was discussed during the meeting of Belarus' Prime Minister **Andrey Kobyakov** with FCA Group management in Italy. "A working group on Belarus' cooperation with Fiat Chrysler Automobiles will be set up in the near future. It will evaluate the

economic feasibility and technical potential of the projects of Fiat Chrysler Automobiles in Belarus” **Alexey Vaganov**, member of the Supervisory Board of the assembler Unison, told the BelTA news agency. “If the group decides that all the preconditions necessary for successful cooperation are in place, we will think about further steps that will be later set out in a roadmap” Vaganov said. In addition to Unison, BelavtoMAZ and some other companies may be involved in the projects. “At present, the matter is not about investments. We are assessing the potential of cooperation” Vaganov is quoted as saying. “Fiat Chrysler Automobiles would like to work in the market of the Eurasian Economic Union and to enhance its presence there. The company is ready to consider possibilities of cooperation with Belarus as a country-member of the Eurasian Economic Union” Vaganov explained. Concrete steps may be determined by the working group by the end of this year. According to Vaganov, the sides had reached a preliminary agreement to implement two projects to assemble **Fiat** and **Iveco** vehicles. SKD assembly of Fiat vehicles may be launched at Unison in 2016.

## Czech Republic

### **Škoda may produce another SUV**

While **Škoda Auto a.s.** is preparing the production of its large SUV which will be launched in 2016, **Winfried Vahland**, the company’s Chairman of the Board, has confirmed that the company is also considering another SUV which would be smaller than the **Škoda Yeti**. “I can imagine that we would manufacture such a car” Vahland said in an interview with the Czech business daily *Hospodářské noviny*. “I think that Škoda needs at least three SUVs” he added. Vahland has also not excluded a large SUV with a body type similar to the **BMW X6**.

### **MS Motorservice opens news plant in Chabařovice**

**MS Motorservice International GmbH**, which belongs to auto-industry supplier **KSPG AG**, has inaugurated a new plant for the production of small pistons on a site of around 50,000 square metres in Chabařovice. The new facility has a production area of 4,500 square metres and a workforce of 42 which, as business progresses, will rise to around 60 by year end and even higher next year. The new plant represents an investment of double-digit million euros. KSPG now has altogether three production sites in the north-west of the Czech Republic. **Metal** in Ústí nad Labem, a piston plant with a long-standing tradition, has been run by **KS Kolbenschmidt** since 1995. In 2005, a further plant has been added, where the affiliated company **Pierburg** manufactures such products as eco-friendly exhaust-gas recirculation and secondary air systems as well as exhaust gas flaps. “This location on the river Labe is becoming more and more important for us. With a planned output of 12 million units per year, this is one of our biggest piston plants, and construction work is continuing. Pierburg, too, has significantly grown with two additions. In all, the KSPG Group has since 2004 spent around €130 million or CZK3.5 billion in the region” said Horst Binnig, KSPG’s CEO, about the two older plants in Czech Republic. The new plant in Chabařovice will produce high-tech pistons for the world markets. Because of their extremely complex production process, these pistons are often manufactured in relatively small batches. Nonetheless, the close proximity of the two piston plants to each other will help boost combined workloads and productivity. Moreover, the use of the infrastructure of the large sister plant in Ústí nad Labem will generate benefits in the production of the small-batch pistons. The KSPG Group has a workforce of around 1,200 in the Ústí region. Sales are expected to total about €360 million or CZK9.7 billion in 2015.

### Hungary

#### **Opel inaugurates training facility**

**Opel Szentgotthárd Kft** has opened a €1.7 million training facility at its plant in Szentgotthárd. The company was awarded a HUF 150 million government grant for the project. The centre will provide training for automation technicians, electricians and mechanical engineers.

#### **Bosch announces further investment in Miskolc**

**Robert Bosch GmbH** has signed a co-funding agreement to invest HUF 9.3 billion in the Miskolc plant of **Robert Bosch Energy and Body Systems Kft**, of which HUF 1.4 billion is being financed by the Hungarian government. This was announced at a joint press conference with the Ministry of Foreign Affairs and Trade. The plant in Miskolc is one of the fastest developing facilities within the Bosch Group's Mobility Solutions business sector. The purpose of the investment is to enhance the plant's capacity to manufacture mobility solutions. The plant will have an additional demand for workers and the procurement of production lines. "Among others we will procure and install production lines and related testing equipments for our products of electrical drives division," said **Jochen Limberger**, technical plant manager of the plant.

#### **Ferzol expands in Tápiószőlős**

**Ferzol Kft**, a stamping and cutting company which works for the automotive, telecommunication and HVAC industries built a new, 5500 sqm production hall at its site in Tápiószőlős. The family-owned company spent HUF 550 million on the project - part of the funds was provided by the Hungarian government. The company now employs 370 people.

### Poland

#### **FCA unveils facelifted Lancia Ypsilon**



**Fiat Chrysler Automobiles N.V.** have shown a facelifted version of the **Lancia Ypsilon**, which is manufactured at the **FCA Poland S.A.** plant in Tychy, at the Frankfurt motor show. The designers have given it a facelift to achieve a more balanced, streamlined look, by emphasising the horizontal lines to make the car more striking. Sales will begin on the main European markets this month. The range will include three trim levels - Silver, Gold and Platinum - and five engines.

### **Volkswagen presents new Caddy Alltrack**

**Volkswagen AG** presented the Alltrack version of its new-generation **VW Caddy** at the Frankfurt motor show. The optical changes of the Caddy Alltrack include black trim for the wheel arches, skid plates at the front and back plus a new set of bumpers. In Germany, the Caddy Alltrack starts at €19,617 for the van or €24,359 for the passenger car version. Volkswagen will start to take orders after the Frankfurt show.



### **Valmet to transfer production from Germany to Poland earlier as planned**

Finnish vehicle manufacturer and supplier **Valmet Automotive Oy** will transfer production of convertible roofs from the plant in Osnabrück, Germany to its factory in Zary, Poland by March 2016 at the latest. Earlier plans foresaw that production in Osnabrück will be continued until 2017. According to Valmet, the earlier transfer is necessary because of the market situation. As announced earlier, a technology centre with about 100 employees will remain in Osnabrück. Valmet Automotive has recently renewed its management structure as it decided to separate its manufacturing and engineering services management teams. **Pasi Rannus**, SVP Production, has assumed responsibility for manufacturing services. **Jyrki Nurmi**, SVP Engineering Services, will continue to lead the engineering and sales services and **Harald Brunini**, President Roof Systems, will continue to lead roof systems services. In addition to Brunini, the roof systems management team consists of **Bernhard Thünemann** (German operations), **Remigiusz Greškowiak** (Polish operations), **Carsten Haferkamp** (Sales) and **Beata Szawlowska-Halas** (Finance & ICT).

### Romania

#### ***CiS electronic takes over BMB Kabeltechnik***

The German wiring manufacturer **CiS electronic GmbH** which is headquartered in Krefeld and operates plants in the Czech Republic and Romania, has taken over the German company **BMB Kabeltechnik GmbH**. BMB, which has its headquarters in Krefeld, operates the Romanian subsidiary **BMB Kabeltechnik SRL** in Copsa Mica with about 2,000 square metres of production space and 400 employees.

### Romania/Russia

#### ***Dacia to buy wheels from Russia***

**Automobile Dacia S.A.** will source wheels from a supplier located in Russia said **Jean-Christophe Kugler**, Senior Vice President and Chairman of Eurasia Region at **Renault S.A.** According to Kugler, it is one of the first examples of Renault's plan to support exports from Russia.

### Russia

#### ***Volkswagen: No decision on the assembly of new Tiguan in Kaluga yet***

**Volkswagen AG** has not decided yet about the assembly of the new-generation **VW Tiguan** in Russia. "The volumes in Russia are significantly reduced and we are now considering whether we will assemble the successor to the current Tiguan as well, this is still open" said **Marcus Osegowitsch**, Managing Director of **OOO Volkswagen Group Rus**. If Volkswagen would decide not to launch the assembly of the new Tiguan in the near future, it also could extend the assembly of the current generation Tiguan, Osegowitsch explained.

#### ***Volkswagen denies plans for new plant in Kaluga***

**Marcus Osegowitsch**, Managing Director of **OOO Volkswagen Group Rus**, has denied a report on plans for a new plant published by Izvestia. The newspaper said that **Volkswagen AG** may establish a plant for the production of significant chassis parts for the MQB platform.

#### ***Renault to decide on further production of old Logan soon***

**Renault S.A.** has not decided yet how long it will continue the production of the first-generation **Renault Logan** which is manufactured at the **OAO Renault Russia** plant in Moscow. "Today we have good sales with the old Logan so we are still studying in the conjunction with new regulations if we will adapt the old Logan to the new regulations or we will stop it" said **Jean-Christophe Kugler**, Senior Vice President and Chairman of Eurasia Region. "We are still investigating the case. In the coming month I will decide with my team in Russia (whether to continue the old Logan)" Kugler explained.

#### ***PSA may produce light commercial vehicles in Russia***

**PSA Peugeot Citroën** is considering production of light commercial vehicles at the **OOO PCMA Rus** joint venture plant in Kaluga. Currently the facility assembles **Peugeot 408** and **Citroën C4 Sedan** cars as well as

two **Mitsubishi** models. "We are looking from the product point of view what would be the best product to launch in Russia in the future. And we come to the conclusion that relying on light commercial vehicles would likely be the best option" said **Yann Vincent**, Executive Vice President Industry and Supply Chain at PSA.

### ***Lada Vesta: Wagon will be second body version***

Whilst the first body version of the **Lada Vesta** is the sedan, earlier plans had called for the Vesta hatchback to become the second body version of the model range. But the plans changed according to **Oleg Grunenkov**, Head of the XRAY project at **ОАО AvtoVAZ**. "Then we looked closely and realised that now the hatchback segment in this class is reduced little by little. Now it is not a priority task. We decided that the next car in the Vesta family will be a wagon, we will then look at the expansion of the model range, and, maybe, a hatchback will appear," Grunenkov told Za rulyom.RF. AvtoVAZ unveiled a concept of the Vesta wagon at the Moscow Off-Road Show last month.

### ***AvtoVAZ: Grunenkov on XRAY volumes***

**ОАО AvtoVAZ** plans to produce 600 to 1.000 units of the **Lada XRAY** this year and 35,000 to 40,000 in 2016, **Oleg Grunenkov**, Head of the XRAY project, told Za rulyom.RF. The annual planned capacity of the XRAY is 60,000 cars.

### ***Marchal: PSA and Mitsubishi to stay in Kaluga***

**PSA Peugeot Citroën** and **Mitsubishi Motors** will continue work at their **ООО PCMA Rus** joint venture car plant despite the crisis, the company's Managing Director **Jean-Christoph Marchal** told the Avtoevolutsiya conference in Kaluga. "We are now in the middle of a major crisis, but yet it was decided on the part of PSA Peugeot Citroen as well as on the part of MMC to stay in Russia. We have made huge investments to start the car factory in Russia. And they are made for the long term," Marchal is quoted as saying by Rossiyskaya Gazeta. One of the tasks is the increasing of local content. "With the start of production the level of 35 percent was achieved but this is not enough," said Marchal. "By 2016, we want to reach the level of 50 percent, taking into account the situation with the currency basket." Marchal also explained that the company intends to look for opportunities for the export of automotive components and relies on government's support for suppliers, including the Russian ones.

### ***Nemak opens plant in Ulyanovsk***

Mexican supplier **Nemak S.A.B. de C.V.** has officially opened its new plant in Ulyanovsk. The factory, which is located in the industrial zone Zavolzhye, will manufacture engine blocks and cylinder heads for the **ООО Volkswagen Group Rus** engine plant in Kaluga. The investment for the plant, which is expected to create some 300 new jobs, was about RUB 4 billion. "We look optimistically into the future, we believe that the crisis will pass. We think, that the market will 'catch up' by 2017," Nemak's CEO **Armando Tamez** said about the economic situation in Russia during the opening ceremony. "We already had the first shipment to Kaluga, and we are proud that we have got a reliable partner," said **Thomas Schneider**, Director of the Volkswagen engine plant in Kaluga.

### ***Nemak's CEO Tamez on the Russian plant***

**Armando Tamez**, CEO of **Nemak S.A.B. de C.V.**, made some comments about the company's new plant in Russia during an earnings call earlier this year. "Certainly everybody has been seeing that Russia is today facing an economic slowdown and we are talking with our customers," said Tamez. "The plan that we have with the Volkswagen Group is that they will look to export the engine and also vehicles that they will produce in Russia to other markets, such as Asia and potentially also to Europe," he added. "And we are confident that we have a very good partnership with the Volkswagen Group and they will help us lead to these prices in Russia that eventually we will expect that our volumes will recover and we will be reducing our investment in a much better way than how it looks in the short-term." Tamez also remains optimistic regarding the future in Russia. "I think we are very well positioned with the reputation that we have in terms of technology, in terms of quality and competitive costs not only to grow with the Volkswagen Group, but with other customers that we are today in conversations," he said. "And also I'd like to remind you that Russia, in spite of the fact that they are facing a slowdown, still represent the fourth place in the European market. And has a great potential in the midterm to grow and become the number one market in Europe."

### ***Volvo to restart truck production, considers exports***

**AB Volvo** plans to resume truck production at its plant in Kaluga, after a long interruption, on the 1<sup>st</sup> of October, **Peter Andersson**, Head of **Volvo Trucks** in Russia, said at a meeting with the members of the Kaluga region government. Production of cabs will start one week earlier. In addition, Andersson told the Avtoevolutsiya conference in Kaluga that the company is considering the export of Russian-made truck cabs.

### ***Sinopec to become strategic investor in SIBUR***

**China Petrochemical Corporation (Sinopec Group)** and **PAO SIBUR Holding** have entered into a framework investment agreement during a state visit by Russia's President **Vladimir Putin** to China whereby Sinopec is to acquire a stake in SIBUR. The transaction represents an important step for both parties to cement their existing strategic cooperation. "SIBUR's vertically-integrated upstream and petrochemicals business model is highly complementary with Sinopec's businesses. This transaction is in-line with our objective to strategically expand our petrochemical business overseas," said **Wang Yupu**, Chairman of Sinopec.

### ***Special Economic Zone Togliatti celebrates opening of first stage***

The **Special Economic Zone Togliatti** has celebrated the official opening of the first stage of the project. The event took place in the premises of the supplier **OOO Nobel Automotiv Russia**, the first company which started operations in the Special Economic Zone. Nobel Automotive launched production in August 2014 and currently employs about 110 people. The second company which already produces in the zone is **OOO CIE Automotive RUS** which launched operations earlier this year and currently has some 60 employees.

### ***CIE Automotive launches exports to Turkey***

**OOO CIE Automotive RUS** recently shipped several parts to the Turkish factory **Oyak Renault Otomobil Fabrikaları A.Ş.**, mentioned **Vasil Pavlov**, CEO of the Russian company on the sidelines of the Togliatti Special Zone's first phase opening celebration. CIE currently supplies engine parts to **OAo AvtoVAZ** which produces 1.6-litre **Renault** engines used in **Lada**, **Renault** and **Nissan** models.

### **GAZ works on common rail systems**

According to Vedomosti, a Russian business daily, **Gruppa GAZ** is in the process of obtaining a loan of RUB 200 million from Ministry of Industry and Trade of the Russian Federation (Minpromtrorg) for the development of fuel pumps used in common-rail diesel engines. Total cost of the project will amount to RUB 500 million. The new parts will be produced by the **Yaroslavsky Zavod Dizelnoy Aparatury (YaZDA) (Yaroslavl Diesel Equipment Plant)** beginning in 2016. The new pumps can be used in Euro 6 engines, said **Valentin Fomin**, director of the engine division at GAZ. These engines will be installed in cars, trucks, agricultural machines, railways and ships as well.

### **Serbia**

#### **Lames inaugurates new facility in Sremska Mitrovica**

**Lames Group**, an Italian supplier of window regulators, door modules and smaller parts opened its new self-owned site in Sremska Mitrovica. Previously the company operated from rented buildings. In addition to a current staff of 130, 50 new people will be hired.

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

### **Algeria**

#### **PSA confirms negotiations about assembly plant in Algeria**

**PSA Peugeot Citroën** has confirmed Algerian media reports regarding negotiations about an assembly plant in the country. "We are discussing with them but we have not taken any decision" **Yann Vincent**, Executive Vice President Industry and Supply Chain at PSA, said when asked about the Algerian project.

#### **Tata considers an industrial project in Algeria**

**Tata Motors Ltd.** is in discussions with its Algerian importer regarding an industrial project in line with the new rules dictated by the government which include the obligation to invest in an industrial project related to the automotive sector, **Johnny Oommen**, Head - International Business Passenger Cars at Tata Motors, said during a meeting with Algerian journalists. Nevertheless, "we expect to receive details on what the state expects from dealers and manufacturers and on what type of investment we should tackle - parts, assembly," he said. "Any project to set up an automobile industry whatever its nature is follows several parameters, some being dictated in advance by the government, which will allow us to study the project with our partner. It is clear that our goal is to develop a project for the introduction of a product that is unique on the market, meets the expectations of the Algerian customers and ensures the proper functioning of the assembly or production," Oommen was quoted as saying.



### Iran

#### **Iran reports higher vehicle production**

Iranian manufacturers produced 365,371 vehicles during the first five months of this Iranian year 1394 (until the 22<sup>nd</sup> of August), up 16.3 percent compared to the same period of last year, according to the Ministry of Industries, Mining and Trade. Iran Khodro Industrial Group produced 224,452 units, up 25.6 percent, while the output of Saipa increased by 5.8 percent to 97,492 units. The **Saipa** Pride was the most manufactured car with 89,077 units, followed by the **Peugeot** Pats with 63,229 units. However, whilst the total production for the first five months of 1394 saw an increase, the production in the month ending on the 22<sup>nd</sup> of August was lower than the output in the previous two months.

#### **Iran Khodro with higher sales last month**

**Iran Khodro Industrial Group** has sold more than 44,000 vehicles in the last Iranian month (22<sup>nd</sup> July to 23<sup>rd</sup> August), compared to 41,514 units compared to the same period of last year.

#### **Iran Khodro and Saipa to jointly cooperate with PSA**

According to Donya-e Eqtesad, an Iranian daily the **Iran Khodro** and **SAIPA** are in talks with **PSA** on local production of **Peugeot** 301 and the **Citroën** C-Elysée – two models which are based on the same platform. The companies plan to set up a new joint venture, which will handle part deliveries to respective plants. It seems IKCO will produce the Peugeot version, while Saipa will cater for the assembly of the Citroën variant.

#### **Saipa: Different reactions to Jamali's excuse for poor quality**

**Mehdi Jamali**, President and CEO of **Saipa Auto Group**, has apologised to customers for the low quality of **Saipa's** products. "Most cars manufactured in our company did not have the satisfactory quality when delivered to customers and I would like to apologise to them on my own behalf," Jamali said on the sidelines of a ceremony for the inauguration of Saipa's repair centres. Jamali said that Saipa is seriously pursuing plans to promote the quality and also to offer better repair services. He underlined that because of the number of jobs it creates and its role in industrial export, the car industry needs to be supported by both people and the government. According to comments on Iranian websites, many people do not believe that Jamali is serious with his apology. They do not believe that the quality will improve in short term or that domestic manufacturers will reduce their prices. They think the apology is just a reaction to lower sales figures and the "No to local cars" campaign. In contrast to that, **Hossein Garousi**, Member of Commission of Industries and Mines in the Iranian Parliament, said Jamali's apology was admirable. "Recent action of Saipa's CEO in apologising to customers shows the importance and place of people and local customers," Garousi told Iranian media. "If people make criticism or a campaign their goal is not to make automakers bankrupt or confront them, but they want to transfer some shortcomings to officials," he added. "Of course, representatives have been announced those shortcomings many times but there are some problems that are not related to sanctions and can be solved," Garousi was quoted as saying. "The reaction of Saipa's CEO in apologising to customers shows accepting recent criticism as he announced that the company is trying to remove shortcomings. If we accept our errors and apologise to customers after reviewing certainly people would trust officials and automakers more."

### ***JAC reports higher shipments to Iran***

Chinese vehicle manufacturer **China Anhui Jianghuai Automobile Co., Ltd. (JAC)**, which cooperates with the assembler **Kerman Automotive Industries** in Iran, saw a significant increase of shipments of CKD kits to Iran. According to JAC, the company exported about 15,000 CKD units to Iran in 2014. In the first half of 2015, JAC exported 20,165 units to Iran. Among them, the company exported 10,093 units of the **JAC S5** until the 8<sup>th</sup> of June, it said in a statement. According to JAC, the Iran plant has recently carried out three shift production and monthly output up to 3,500 units.

### ***JAC on the adaptation of the S5 model for Iran***

**China Anhui Jianghuai Automobile Co., Ltd. (JAC)** has explained modifications it made on the **JAC S5** models which are assembled at **Kerman Automotive Industries** in Iran. JAC said it made improvements to radiator, air conditioning system and chassis comfort according to Iran's environment temperature and altitude. All the parts have passed the pan-European homologation and the key parts all added the E-mark logo and label in both Chinese and English, JAC explained. And according to Iran regulation, JAC added the 120 km/h overspeed alarm system.

### UPCOMING EVENTS

- » **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/>

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