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NEWS

International

Schaeffler goes public

Schaeffler AG has announced its intention to place up to 166 million new and existing non-voting common shares with institutional investors and to list these shares on the regulated market (Prime Standard) of the **Frankfurt Stock Exchange**. The new and existing non-voting common shares will be distributed through a bookbuilding process. Of the up to 166 million non-voting common shares, up to 100 million shares will be sold by **Schaeffler Verwaltungs GmbH**, a holding company of the Schaeffler family. A further 66 million shares result from a capital increase of Schaeffler AG. After closing of the transaction, the free float is expected to be approximately 25 percent. The proceeds of the issuance will be used to reduce financial indebtedness on both the level of Schaeffler AG and **Schaeffler Holding**.

Johnson Controls to cut jobs

Johnson Controls Inc. has announced it is planning to reduce its global salaried workforce by as many as 3,000 people, or 2.5 percent of total employees, through comprehensive initiatives designed to ultimately deliver up to \$250 million in annual cost savings. These actions will occur over the next two years.

Bulgaria

Magna in negotiations on new site in Bulgaria

Representatives of **Magna International Inc.** visited Bulgaria for negotiations regarding the possibility to establish a car plant in the country, the Austrian daily *Der Standard* has reported. According to the report, Bulgarian Prime Minister **Boyko Borisov** invited Magna to talk about the project. The government is said to have offered a site in Central Bulgaria. The reason for the intervention by the Bulgarian government was the failure of previous talks of Magna with the vehicle assembler **Litex Motors AD** in Bakhovitsa near Lovech in northern Bulgaria in early September, *Der Standard* reports. According to the newspaper Magna wanted to purchase the plant. The price for the plant would reportedly be €10 million. "However, Litex belongs to the bankruptcy estate of the Bulgarian Trade Bank **KTB**, which made the sales talks with Magna complicated and eventually resulted in a fail (of the negotiations)," the newspaper said. Magna's investment may have resulted in up to 5,000 new jobs in the region in long term, *Der Standard* reported. Litex Motors assembles Chinese **Great Wall** vehicles in small volumes from SKD kits.

Czech Republic

JETRO organised Japanese Component & Material Buyers Exhibition in Brno

Dozens of companies came together at the Brno exhibition grounds on the 16th of September. On the occasion of the **International Engineering Fair**, the Czech branch of the Japanese trade agency **JETRO** organised an exhibition of components and materials used in the automotive industry, electronics and production of rail vehicles. **CzechInvest** helped JETRO with selecting the Czech participants. The **Japanese Component & Material Buyers Exhibition** had the objective of bringing suppliers from Central and Eastern Europe together with Japanese investors. Potential customers presented goods which they would need manufactured locally. The event involved 15 participating Japanese companies operating in the Czech Republic, Hungary, the UK, Germany, Romania, the Netherlands and Belgium. Planned meetings with them have been scheduled by representatives of 42 suppliers from Czech Republic, Germany, Poland, Slovakia, Hungary and Slovenia. A total of 126 business meetings between Japanese investors and local suppliers were held at the venue. "The exhibition of components is returning to the Czech Republic after a break of more than ten years and we have registered relatively strong interest both from exhibitors and among suppliers," said **Tadashi Murakami**, Director of **JETRO Prague**. "We held similar conferences in cooperation with JETRO in the past," said **Karel Kučera**, CEO of CzechInvest. "During an event several years ago, 30 percent of meetings led to the establishment of cooperation".

Hungary

Rudolph expands in Győr

Rudolph Autóipari Logisztikai Kft has inaugurated its new, 14,000 square metre logistics hall at its Győr site. Additionally an office building was erected increasing the total size of the facility to 28,000 square metres. The €10 million investment, which was partly funded from EU grants, saw the creation of 200 new workplaces at the logistics specialist, which works for **Audi Hungária Motor Kft** and **BorgWarner Turbo Systems Alkatrészgyártó Kft** amongst others.

Bosch continues lean training activities

14 students of the **Bosch Lean Academy**, a collaborative pilot project of the **University of Miskolc** and **Robert Bosch Energy and Body System Kft.**, have successfully completed their first year and have now started year two of their studies. The **Lean Enterprise Institute Hungary** is also a partner of the lean management course. The second year of the pilot project started up with 8 students and there are plans for a stand-alone two-year dual lean master's course to start in February 2016.

Poland

FCA Poland celebrates 40 years of car production in Tychy

FCA Poland S.A. has celebrated the 40th anniversary of car production at its Tychy plant. First **Polski Fiat** 126p cars were manufactured at the factory, then called **Zakład nr 2 FSM** (Plant Number 2 FSM), on the 18th September 1975. In that time Tychy was the No. 2 factory of the former company **Fabryka Samochodów Malolitrażowych (FSM)** while the main plant was located in Bielsko-Biała.

NGK Ceramics Polska launches construction of second plant

NGK Ceramics Polska Sp. z o.o. has officially launched construction of its second plant in Dąbrowa Górnicza – Tuczawa. Commencement of production of silicon carbide diesel particulate filters (DPFs) is scheduled to commence January 2017. NGK Ceramics Polska is **NGK Group's** only production plant for SiC DPFs. Since the start of production in 2004, capacity has been ramped up in stages. Faced with the forecast for even further demand growth and a lack of space for further expansion of the existing facility, NGK decided to construct a second plant in Poland. The second factory will be constructed on a 14.7 hectare plot at Katowice Special Economic Zone, Tuczawa Industrial Park (Dąbrowa Górnicza, Province of Silesia), approximately 50 km to the east from the existing plant in Gliwice. The plant, with about 36,000 square metres of covered space, will require a capital investment of around €76 million. The company will produce modern silicon carbide diesel particulate filters in an innovative technology of production. At least 70 people will be employed at the new plant at the beginning. It is scheduled to increase the employment to up to 260 employees in the future.

Infiniti to expand dealer network

Infiniti Motor Company and its Polish distributor **IP Group** have signed a letter of intent on the expansion of the number of Infiniti dealerships from 2 to 6 by the end of 2016. In addition to current dealerships in Warsaw and Sosnowiec, IP Group will add dealerships in Kraków and Poznań in the first phase as well as Gdańsk and Wrocław in the second phase. After the expansion, almost 90 percent of Poland's inhabitants will live within a maximum of 150 kilometres from an Infiniti dealership.

Russia

AvtoVAZ: Andersson on the acquisition of OAT

OA O AvtoVAZ was planning to buy several assets of the **OA O Byedinennye Avtomobilnye Tekhnologiyi (OAT)** supplier holding. However, according to Russian media, the plan was not approved by the Board of

Directors of the Renault-Nissan Alliance. AvtoSreda asked **Bo Andersson**, President and CEO of AvtoVAZ, whether it is correct that the deal was blocked by the alliance and whether AvtoVAZ will buy OAT or not. "I would not say that someone is blocking it. Just now a question appeared that bothers shareholders – is it a good business? They are concerned that we take over a lot of bad assets. It was my decision to buy OAT. But I need the support of the Board of Directors. Currently we are working on due diligence. We know much more about the companies. We clearly understand what we need and what not," Andersson said. AvtoVAZ's Head also commented on the failed plan to take over the company's former supplier **OOO AvtoVAZagregat**. "AvtoVAZagregat is no longer our supplier and we also refused to purchase it. We had a plan, there was a clear proposal – 3.5 billion rubles, but for that the company should not have debts. That did not happen. The fact that they are no longer suppliers of AvtoVAZ will not affect negatively the quality of Lada cars. On the contrary, our cars will be even better," Andersson is quoted as saying.

Renault sticks to plan of consolidating AvtoVAZ next year

Renault S.A. is sticking to its goal of adding **OOO AvtoVAZ** to its books in 2016, despite the current crisis in Russia. "We've talked about 2016" for consolidating AvtoVAZ, Renault's Chief Financial Officer, **Dominique Thormann**, told Bloomberg. "It hasn't changed."

VMZ to cut more than 50 percent of its employees

OOO Volzhsky Mashinostroitelny Zavod (VMZ), the subsidiary of **OOO AvtoVAZ** which is mainly manufacturing production equipment, will cut more than 50 percent of its staff by the end of February 2016, Russian media report. According to **Sergey Zaytsev**, Head of AvtoVAZ's trade unions, the company plans to cut 1,195 people. After that, it is expected to continue with more than 1,000 employees.

Andersson: No final decision on Priora's future

The future of the production of the **Lada Priora** and a possible facelift of the model remain unclear. "We still think about the fate of the Priora, a final decision on its future is still pending," **Bo Andersson**, President and CEO of **OOO AvtoVAZ**, told AvtoSreda. Andersson also talked about the facelift plans for other existing models which will include the company's new X-style. "Yes, all models will be updated in our new corporate X-style. The updated Lada 4x4 will be slightly different from the others – the X-topic will also be included in its design, but more, say, angular. But the theme is the same," Andersson is quoted as saying.

AvtoVAZ interrupts production of Lada Priora

OOO AvtoVAZ has interrupted the production of the **Lada Priora**. According to the company's PR department, production was interrupted because the volume plan for September, which is based on dealers' orders has already been fulfilled. AvtoVAZ denied media reports that production of the Priora was being phased out.

Change at the top of Sollers' joint ventures in Vladivostok

Dmitry Kudinov (30), who until now served as Deputy Financial Director of **OOO Sollers**, has been appointed Managing Director of the **OOO Mazda Sollers Manufacturing Rus (MSMR)** joint venture. He replaces **Alexander Korneychuk**, who was Head of the company since 2012. Kudinov has experience with the Far East

projects as he used to serve as Financial Director at **OOO Sollers - Dalny Vostok** and Deputy Financial Director at MSMR in the past. Korneychuk was also Head of **OOO Sollers-Bussan**, the joint venture which used to assemble the **Toyota** Land Cruiser Prado and is now looking for new projects. At Sollers-Bussan, Korneychuk was replaced by **Ildar Khismatullin**, who formerly served as Director for Project Realization at MSMR.

ZMZ appoints new Managing Director

Maxim Solovyov (42) has been appointed Managing Director of **PAO Zavolzhsky Motorny Zavod (ZMZ)**, the engine and parts manufacturer which belongs to **OAo Sollers**. Solovyov, who joined ZMZ in 1996, recently served as Managing Director of **OOO Motor**.

Continental to increase tyre exports from Kaluga

OOO Continental Kaluga will launch exports of **Continental**, **Gislaved** and **Matador** tyres to new markets in the coming months. Belgium, Spain, Portugal, Italy, UK, Poland and Turkey are among the new markets for tyres manufactured in Kaluga. "In light of the current economic situation, the instability of the Russian tyre market and the development of the exchange rate that favors the export of goods produced in Russia, it becomes economically feasible for the group to produce tyres in Russia and deliver them to export," **Georgy Rotov**, General Director of Continental Kaluga, said in a statement. Currently, the Kaluga plant is shipping tyres to Ukraine, Belarus, Germany and France. In addition, the Continental IceContact 2 studded winter tyres, which are manufactured in Kaluga since March, are exported to Scandinavian countries. These type of tyres are only manufactured at two plants of the **Continental AG** in Kaluga and Korbach, Germany.

PSA appoints new executive director for Peugeot, Citroen and DS brands

PSA Peugeot Citroën has appointed **Alexander Migal** as the new Executive Director for the **Peugeot**, **Citroën** and **DS** brands in Russia. He replaces **Frédéric Vuarin** who takes over a new position at PSA's headquarters in France. Alexander Migal, who worked as Managing Director, **Chevrolet**, at **GM DAT CIS** since January 2013, has diverse experience in the automotive business. Migal joined **General Motors Co.** in 1998. Since that time, he worked in various positions at **GM CIS** in Russia, **GM Central and Eastern Europe** in Hungary, **Adam Opel AG** in Germany, **GM Uzbekistan** in Uzbekistan and **GM DAT CIS** in Russia.

AvtoVAZ to improve training of dealer staff

OAo AvtoVAZ is modernising its training system for dealer staff. **Lada Academy**, a new information and consulting centre based on the standards of the **Renault-Nissan Alliance** launched its work earlier this month. The Lada dealer network includes more than 350 companies with about 13,000 employees. More than 20 percent of the total dealer staff is expected to complete new training within the next year.

GM-AvtoVAZ launches loan co-financing program

ZAO GM-AvtoVAZ has launched a loan-co-financing program for **Chevrolet** Niva vehicles in cooperation with **VTB24**, **Setelem Bank** and **Metkombank** banks. With the purchase of a new Niva vehicle, customers can take up 0 percent-interest loan for the period of 12 months and 50 percent down-payment. For other options, the terms offered will be more favourable as comparative market offers. Within the program, further loan

term options can be considered for co-financing as well. The down-payment can be increased by choice of a customer for every loan option. The program period is extended until the 31st of December.

Russia/Belarus/Kazakhstan

Change at the top of Jaguar Land Rover Russia

Artyom Gusarov, who served as Executive Director of the distribution company **OOO Kia Motors Rus**, has been appointed General Director of **OOO Jaguar Land Rover Russia** effective as of the 1st of October. He follows **Frank Wittemann**, who was Head of the company since 2011 and now will take over a new position at the Jaguar Land Rover subsidiary in China. Prior to his work for Kia, Gusarov worked for **General Motors Co.** in Switzerland and Russia as well as for **Ford Motor Co.** in Russia. Jaguar Land Rover Russia is responsible for Belarus and Kazakhstan as well.

Russia/Kazakhstan

AvtoVAZ and Bipek Avto-Azia Avto may extend distribution cooperation

OA O AvtoVAZ and its Kazakh partner **Bipek Avto-Azia Avto** may extend their distribution cooperation to more countries, reports Vedomosti, quoting representatives of the Ministry for Economic Development. Currently, the Kazakh company is responsible for the distribution of **Lada** cars in Kazakhstan and some regions of Russia. According to the report, the cooperation may be extended to other countries in Central Asia.

Serbia/Hungary

Kikinda offers investment possibility for Tisza Automotive

The city of Kikinda is negotiating with Hungarian-owned supplier **Tisza Automotive d.o.o.** about the possibility of establishing a plant there, Kikinda's mayor **Pavle Markov** said. Tisza Automotive launched production of wiring harnesses in Senta, Serbia, in May 2015. According to an agreement between Tisza Automotive and Kikinda, the city is financing the training of its inhabitants which want to work at the supplier. 27 people from Kikinda, who completed the training, recently signed employee agreements with Tisza Automotive. According to **Akoš Barna**, Director of Tisza Automotive, the company currently employs 277 people. Another 190 persons, of which 123 are from Kikinda, are in training.

Slovakia

Kistler to almost double area of Bratislava site

The Slovak subsidiary of the Swiss **Kistler Group** will benefit from measures to boost competitiveness. In common with most export-oriented Swiss companies, the Kistler Group has been hit by the sudden strengthening of the Swiss franc. However, Kistler took immediate and specific steps in order to limit the damage. Long-term measures include plans to reduce the quota of suppliers who bill in Swiss francs. The relocation of individual operational units or production processes to the Eurozone will also be driven

ahead. Plenty of space is reserved for subsequent expansion at the new European Headquarters in Böblingen-Sindelfingen (Germany) and the area of the existing software development centre in Bratislava is to be virtually doubled. Work has already started on another extension at the production centre in Lorch (Germany) and in a parallel development, the area of the Shanghai Tech Center has also been doubled.

Slovenia

Renault to supply electric motors for Smart

Renault S.A. will produce motors for electric versions of the **Smart** ForTwo models manufactured in France and Smart ForFour cars made at **Revoz d.d.** in Novo Mesto, Slovenia. The motors, which will be manufactured at **Renault's** plant in Cleon, France, will be the same as those used in the Renault Zoe electric car. Batteries for Smart electric vehicles will be sourced from **Daimler AG's** subsidiary **Deutsche ACCUmotive GmbH & Co. KG**, in Kamenz, Germany. The new-generation electric Smart cars will go on sale in late 2016.

Turkey

Toyota is coy about production location of C-HR

At the recent Frankfurt Motor Show, **Toyota Motor Corporation** unveiled a prototype version of its new B-SUV. Called the C-HR, its production version will be shown at next year's Geneva Motor Show, and that's where the announcement of a production location is likely, according to **Karl Schlicht**, the Executive Vice President of **Toyota Motor Europe NV/SA**, speaking at Frankfurt show. However Ceauto Newsletter already announced that **Toyota** has been working on a new Compact SUV, which will be produced at the Sakarya plant in Turkey. Code named 560A supplier nominations have already been made.

Marchionne approves Fiat Aegea

Earlier this month **Sergio Marchionne** visited the **Tofaş Türk Otomobil Fabrikası A.Ş.** plant in Bursa and approved the new **Fiat Aegea** sedan. **Mustafa Koç**, Chairman of **Koç Holding**, said at the Frankfurt Motor Show that the new model is a "turning point in the history of Tofaş". Production of the new Aegea will commence in early October. In addition to sedan, hatchback and wagon body styles will be produced later.

Oyak Renault supplies engines to Daimler

Celal Çağlar, chairman of **Oyak Otomotiv Group**, announced that the company is now supplying its 1.5-litre diesel engine to **Daimler AG**. In 2014, 239,000 engines were produced. Turkish-made Renault engines are exported to vehicle plants in different countries.

Ukraine/Romania

Fujikura to establish plant in Lviv region

Japanese supplier **Fujikura Ltd.** plans to establish production in the Yavorivski district of the Lviv region. Ukrainian Economic Development and Trade Minister **Aivaras Abromavičius** said at an event in Kiev that a

month ago Fujikura made the decision to resume the realisation of the project on the creation of the plant in Lviv region which was frozen in November 2013 due to political events in Ukraine. **Ichiro Kamada**, Managing Executive Officer of **Fujikura Automotive Europe GmbH**, said at the presentation of the project that the company started searching for the location in 2011. "We've almost decided to come in 2013 and signed the office and production facilities leasing agreement in October and November 2013, but, unfortunately, we had to freeze the project. Now we again decided to come, hoping that nothing bad would happen in Ukraine" Kamada is quoted as saying by Interfax-Ukraine. "We plan to transfer our production facilities from Romania to Ukraine and at the first phase the products will be made at existing facilities with a gross area of 12,000 square meters" Kamada said. According to Kamada, the company plans to invest €5 to €6 million and to create 300 jobs in the first phase. He said that if the first phase is a success, Fujikura will decide on its expansion and further construction of a plant. The total investment would be about €60 million for three years and Fujikura may increase the number of employees to 3,000 within the next three years. Fujikura expects up to €40 million of revenue from the plant in 2016 and €70 million in 2017.

Uzbekistan

UzMinda to launch production of parts for Chevrolet Aveo this year

PII 000 UzMinda, the Uzbek-Indian joint venture based in Navoy, will start production of parts for the **Chevrolet Aveo (T-250)** this year, **AK UzAvtoSanoat** said. Currently, the company produces driver information systems as well as security and access systems such as for example speedometers, door handles, door lock sets for Chevrolet Cobalt, Damas, Lacetti, Matiz and Nexia models.

NEWS FROM MIDDLE EAST AND AFRICA

Iran

Renault confirms plans for Kwid production

Peyman Kargar, Director of **Renault Pars**, told Iranian media that **Renault S.A.** plans to manufacture the **Renault Kwid** small crossover in the country. According to Kargar, the Kwid could replace the old **Saipa Pride** at the Iranian market. „For this vehicle to replace Pride in Iran, over 85 percent of it need to be manufactured locally. Kwid is the most preferable option to replace Pride," Kargar is quoted as saying by local media. However, the Kwid is expected to be priced at 250 to 300 million rials (\$7,300 to \$8,750), while the Prode is currently offered at 200 million rials (\$5,800). Kargar did not mention a possible release date for the Kwid. He said the production of 100,000 Kwids per year is not farfetched. „We aim to produce 300,000 of the vehicles within the next few years," he is quoted as saying. In addition to the Kwid, Renault Captur, Duster, Koleos also may be manufactured locally. According to earlier statements, **Iran Khodro Industrial Group** is expected to produce the Clio IV and Captur models while Duster and Koleos may be produced at Saipa's subsidiary **Pars Khodro**.

Renault and Pars Khodro celebrate official production launch of Renault Sandero

The official launch of volume production of the **Renault Sandero** hatchback was celebrated at the **Pars Khodro** plant. In addition to top representatives of Pars Khodro and **Saipa Auto Group**, **Bernard Cambier**, Renault's Senior Vice President, Chairman of the Africa-Middle East-India Region, joined the ceremony.

Bahman Motor inaugurates assembly line for Isuzu D-Max

Bahman Motor Co. celebrated the inauguration of the assembly line for the **Isuzu D-Max** pickup. The D-Max production starts with about 26 percent localization, which is to reach more than 40 percent after one year.

Volkswagen to conclude Iran market study by the end of 2015

Volkswagen AG and its Czech subsidiary **Škoda Auto a.s.** are looking at entering Iran. „It is still too early to say which product we could use to go in with but of course we see the potential,” **VW** brand R&D Head **Heinz-Jakob Neusser** told Reuters. „Iran is a very interesting market with great opportunities.” According to Neusser, VW would conclude an assessment of Iran's auto market by the end of 2015. „If the conditions develop right, this will be a market where we can fit in quite well with our offerings,” **Frank Welsch**, Škoda's Member of the Board responsible for R&D, said in an interview with Reuters.

Automotive workers protested in front of Parliament

Workers of vehicle and parts manufacturers gathered in front of the Parliament in Tehran were demanding the guarantee of job security. The demonstrators were afraid that the situation in the Iranian automotive industry will lead to the dismissal of workers.

Iran/Tajikistan

Iran Khodro launches exports to Tajikistan, considers assembly

Iran Khodro Industrial Group has officially launched exports to Tajikistan. The company plans to export 500 vehicles in the first stage of a larger contract, **Saeed Tafazzoli**, Head of **IKCO's** Exports and International Affairs, said in a statement. According to Tafazzoli, if the first is successful, Iran Khodro will start assembling vehicles in Tajikistan in cooperation with Tajik investors. „While the Tajik side will provide investment and prepare the production line, IKCO will lend the technical know-how, engineering services and the KD kits” he said. Tajikistan also could become IKCO's export hub to neighbouring countries, Tafazzoli explained.

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/>

IMPRINT

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