

GM May Double Capacity in Russia, in Talks With GAZ

By [The Moscow Times](#)

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General Motors may need to double production capacity in Russia to meet demand and is in talks with potential partners, including billionaire Oleg Deripaska's GAZ Group, a top executive said Friday.

GM, which has the ability to make 180,000 cars a year in Russia, would need to add capacity even after its St. Petersburg plant and a joint venture with AvtoVAZ reach peak output, James Bovenzi, GM's Russia president and managing director, said in an interview. A final decision will depend on market demand, he said.

"We really see the market now poised for growth," Bovenzi said at the Moscow International Auto Salon. "The bad things are behind us, and the crisis is behind us, and now the market is starting to improve."

Industry-wide passenger-car sales in Russia will probably grow to 1.8 million vehicles this

year, from 1.5 million last year, reaching 3 million by 2015, Bovenzi said.

Detroit-based GM will need to develop new projects in Russia, he said. Talks are under way with GAZ Group, controlled by Deripaska's Russian Machines, he said, without providing details.

After a 49 percent record slump in sales of new passenger cars and commercial vehicles in 2009, deliveries in Russia increased 9 percent to 964,000 units in the first seven months, according to the Association of European Businesses.

Nissan, Japan's third-largest automaker, raised its Russian car sales target and plans to add a third model on its St. Petersburg assembly line as demand rebounds along with the economy.

Nissan will produce the Murano crossover in addition to the X-trail sport utility vehicle and Teana sedan near St. Petersburg, chief operating officer Toshiyuki Shiga said in an interview.

The company plans to sell 100,000 vehicles in Russia this fiscal year, which ends March 31, 2011, an increase of 25 percent from the previous forecast, he said. Total Russian car sales may reach 2.2 million vehicles in the year and rise to 2.9 million units by 2013, Shiga said.

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