

Fiat Presents Production Plan in Time for Duties Reduction

By [The Moscow Times](#)

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MILAN, Italy — Fiat presented a memorandum of understanding to the Industry and Trade Ministry on Friday on production in the country, a week after it was ousted from alliance plans.

Russian carmaker Sollers dropped a joint venture plan with Fiat last week in favor of Ford as the U.S. automaker tries to boost its presence on the booming market.

Fiat's memorandum of understanding "foresees the creation of production capacity up to 300,000 vehicles a year, in conformity with new Russian rules on industrial and auto assembly of cars in Russia," the Italian carmaker said in a statement.

Fiat plans to produce medium to large sedans in the C and D segments, sports utility vehicles and light commercial vehicles using its Fiat brand and the Jeep brand of U.S. automaker Chrysler, in which Fiat owns 25 percent.

The Russian plan includes a commitment to expand and strengthen its dealer network, Fiat said.

Foreign carmakers have until the end of the month to sign deals with local manufacturers to qualify for reduced customs duties on parts.

Russia is on track to rise from the 10th to the sixth largest auto market in the world by 2020, with annual sales of 4 million units, according to the Boston Consulting Group.

Car sales increased 30 percent last year to 1.91 million units, the Association of European Businesses said last month, and sales are expected to hit pre-crisis levels of 2.9 million vehicles in 2012.

Western manufacturers are in talks about ventures with Russian players to take advantage of market growth and to get incentives for local production.

Fiat shares closed up 1.27 percent at 6.78 euros Friday. The STOXX Europe auto sector index was up 2.77 percent.

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