

# Ford Ramps Up Production With Sollers

By [The Moscow Times](#)

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U.S. carmaker Ford unveiled plans to nearly triple its production capacity in Russia alongside local partner Sollers, increasing its foothold in a market it hopes to double by the middle of the decade.

The company, which signed a letter of intent to team up with Sollers in February, signed the 50-50 joint venture in the company of Prime Minister Vladimir Putin in Moscow on Wednesday.

The deal will see Ford's Russian operation combine with Sollers to produce 350,000 vehicles a year by around 2014 — enough to take advantage of a government incentive waiving import tariffs on components.

The plans include adding the Ford Transit van to its Russian production portfolio, the first in a line of new products to be rolled out in coming months.

"This deal will see Ford become part of the fabric of Russia and help with the manufacturing

policy in Russia," Ford's Europe CEO, Stephen Odell, told reporters after the signing.

Ford is one of several foreign carmakers looking to sign partnerships in Russia to take advantage of state-sponsored incentives, part of the government's plan to strengthen its manufacturing base ahead of any future crisis.

Renault owns 25 percent of Lada-maker AvtoVAZ, while Volkswagen and General Motors have both done deals with GAZ Group.

Ford today has the capacity to produce 125,000 vehicles a year from its single plant outside St. Petersburg.

It built about 80,000 Ford Focuses and Mondeos there last year, selling just over 90,000, while Sollers, the second-biggest Russian producer behind AvtoVAZ, sold 98,000 cars and light commercial vehicles in 2010.

Car sales are forecast to total 2.35 million in 2011, according to the Association of European Businesses, up from 1.97 million last year.

Ford's Odell said he hoped the market would double from last year's total by the mid-point of the decade, a forecast more bullish than most, and said the Sollers deal would help Ford boost market share at the same time.

"Right now the forecast for mid-decade is 4 million. At that point you can expect a very high utilization of that capacity [350,000 a year]," he said.

"But we have lived through a recession and we need to be flexible in our approach to demand," he added.

He said Ford's historical market share in Russia has been 7 percent to 10 percent, a position likely to improve with increased capacity.

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