

GAZ Could Increase Annual Revenue by \$200M by Contract Manufacturing

By [The Moscow Times](#)

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GAZ Group, Russia's top automaker, is set to focus on contract manufacturing and increase its production of foreign-brand vehicles, CEO Bo Andersson told Interfax on Wednesday.

Andersson said the company plans to eventually boost its annual production to between 250,000 and 300,000 vehicles, with half to consist of Chevrolet, Skoda and Volkswagen models.

On Tuesday, the GAZ plant in Nizhny Novgorod began full-cycle production of Chevrolet Aveo sedans (starting at 454,000 rubles, or \$15,000). Hatchbacks will also be assembled there starting in March. The American automaker expects to have GAZ produce 30,000 of its cars annually.

GAZ Group is well-known because it's the maker of Volga sedans, although now it produces only minivans, trucks, and buses.

Chevrolet will manufacture another one of its models in Nizhny Novgorod, but for now, Andersson told Vedomosti, "We need to earn GM's trust."

In 2012, Chevrolet was ranked the most popular foreign-brand car in Russia for the sixth consecutive year.

Apart from Chevrolet cars, GAZ also produces the Skoda Yeti and plans to manufacture the Skoda Octavia and the new Volkswagen Jetta.

In 2013, Volkswagen plans to produce 65,000 cars in Nizhny Novgorod, with that number to increase to 130,000 in the long term. This year, GAZ will also begin producing the Mercedes Sprinter.

VTB Capital analyst Vladimir Bepalov said that if GAZ produces 130,000 foreign-brand cars per year, it will gain 6 billion rubles (\$200 million) in incremental revenue.

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