

Ministry and Industry Experts Disagree on Car Import Trend

By [The Moscow Times](#)

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The Economic Development Ministry predicts that the process of substituting imported passenger cars with locally manufactured autos will stop next year, but industry experts disagree with that forecast, a news report said Friday.

Locally manufactured cars have been gaining ground on imports over the last several years, but the trend may reverse in 2014, the ministry said in forecast of the country's economic development until 2016 published this week. According to the document, the share of imported passenger cars will begin to grow and reach 37.7 percent in 2016.

But experts disagreed.

Imports may rise temporarily due to a large number of new model releases slated for next year, but the effect would not last, said Sergei Udalov, head of research firm Avtostat.

Foreign car manufacturers that have established local production in Russia have been expanding their production both by volume and by adopting more models for local production, said VTB Capital analyst Vladimir Beshpalov. The process of substituting imports for foreign models is continuing, he added.

Based on the data provided by Avtostat, the share of locally manufactured foreign car brands in Russia had almost doubled in 2009-2012 to 44 percent and may reach 50 percent by 2016.

The process of import substitution is driven by production agreements with several major car manufacturers, the introduction of the disposal fee and weaker ruble, experts said.

Avtostat predicts that the share of imported cars on the Russian market will continue to slide until 2017, by which time it will decrease to 32.2 percent.

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