

Analysts Says Crimean Crisis to Aggravate Declining Car Market

By [The Moscow Times](#)

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The decline in Russia's car sales may accelerate if Western countries move through with their threats of sanctions against the country, market research firm IHS said Tuesday.

The sales on one of the world's largest car markets could drop by 7 percent this year under a new baseline scenario, instead of the firm's previous estimate of a 3.8 percent decline, IHS said in a statement. The economic measures threatened against Russia by the European Union and the U.S. over its suspected military presence in Ukraine's Crimea region would aggravate existing negative factors such as the falling value of the ruble, a lack of investments and capital outflow, the statement said.

IHS also said a prolonged armed conflict in the region. would deal a blow to Russia as a place to invest and the market will fall slightly further, 10 percent, this year.

Renault-Nissan, which has made the biggest commitment to Russia, has the “most to lose if

the situation deteriorates,” IHS said. The French-Japanese consortium is in the middle of acquiring effective control of Russia's largest automaker AvtoVAZ and the car production plant in Tolyatti, which manufactures the Nissan Almera, is preparing to begin production of Renault Logan. Ford and General Motors also have production sites in the country.

Carmakers and their suppliers are also “likely to be increasingly wary in the future in terms of committing to fresh investment,” the IHS statement said.

Meanwhile, the Association of European Businesses on Tuesday said Russian car sales fell 2 percent in February, a smaller decline than the previous month, which reflected a pick up in demand as a sliding ruble encouraged consumers to place orders.

The ruble situation was also credited with compelling 19 carmakers in Russia to raise prices from 3.5 to 10.2 percent in the first 10 days of March, avtorambler.ru reported.

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