

CEO of Ford's Russian Venture Expresses Optimism Over Car Industry – Vedomosti

By [The Moscow Times](#)

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Russia's floundering auto market could stabilize in the second half of this year, the head of Ford Motor Co's Russian venture told the Vedomosti newspaper on Tuesday, halting a slide in sales fueled by the country's economic downturn.

"The market will stabilize, but it will be a very fragile stabilization," said Ted Cannis, CEO of Ford Sollers, the U.S. firm's 50-50 joint venture with Russian carmaker Sollers .

"I believe July and August will be weaker than June," he told the daily. "But there is hope that the situation will improve in the autumn as inflation slows."

After years of growth in excess of 10 percent, car sales in Russia nose-dived in 2014 as the economy weakened, hit by a collapse in global oil prices and Western sanctions over Moscow's role in the Ukraine crisis.

Sales fell 30 percent year-on-year in June, according to the Association of European Businesses, and new car sales are seen at 1.55 million in 2015, down 36 percent from the previous year.

Cannis said a move by Ford in April to take control of Ford-Sollers, which recorded a 2014 net loss of 5.5 billion rubles, was to reduce the venture's exposure to the economic slump.

"The deal became necessary because of the crisis — our debt was in rubles but a lot of our equipment is imported," he told Vedomosti. "Because of the devaluation of the ruble we needed extra financing."

Ford, which acquired preferred shares in the deal, previously said it would have future rights to buy Sollers out of the joint venture.

But asked if Ford-Sollers could repurchase its preferred shares when the market stabilized, Cannis said: "Yes, that was precisely the point of deal."

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