

GAZ President Seeks to Beat Sales Estimate

By [The Moscow Times](#)

September 09, 2010

The  Moscow Times

GOTHENBURG, Sweden ■ GAZ Group expects sales in 2010 to rise beyond its earlier target of 25 percent as Russia's auto market recovers from a downturn, its president said.

The carmaker also is looking to team up with other companies to give it an edge inside and outside Russia. It is currently negotiating with a number of different partners, a complicated task, president Bo Andersson said in an interview Thursday.

"It is a lot like getting married ■ if the object was to find any partner, I could find one, but the goal is to find the right one, both for us and for them," he explained.

GAZ said in March that it had automobile sales growth of 25 percent for the full year, hitting 84 billion rubles (\$2.7 billion). The GAZ president said his company appeared set to beat that target.

"Today, it looks like we should be well over the target in units," Andersson said on the sidelines of an auto industry conference. He declined to comment on the projected sales in ruble terms.

Russian car sales for the first seven months of this year were up 9 percent compared with 2009, to 963,688 units ☒ which is 45 percent below 2008 levels.

For 2010 as a whole, the government is anticipating a 15 percent increase in car sales, to about 1.7 million vehicles.

Andersson predicted that the market would rebound rapidly to the pre-crisis levels of 3 million cars. "Within two or three years, Russia will be back as the biggest passenger car market. If the sales trend continues like this, we will be ahead of Germany, England, Italy and France," he said.

Russia had been on its way to overtaking Germany as Europe's leading car market when sales collapsed in 2009 because of the global financial crisis.

Earlier this month, the chairman of Volkswagen AG said the German carmaker said it might use contract assembly at GAZ plants, according to [a transcript](#) published on a Russian government web site, and Andersson said GAZ was still in talks on producing passenger cars for other automakers.

"I cannot speak for Volkswagen. ... The only thing I can say at the moment is that we are in talks with Volkswagen, but also with others, and no deal is signed," he said.

GAZ recently bought a production line from Chrysler with a capacity of 150,000 cars a year. The line is idle at present.

GAZ's passenger car business ☒ such as its Volga brand ☒ makes up only a small part of its total revenue. GAZ isn't planning investments in that arm and instead will keep its focus on its commercial vehicle operations.

In that area, too, it is looking for a partner to give it access to markets outside of Russia.

GAZ was supposed to enter an alliance with Opel, following a joint bid for the German carmaker by Sberbank and Canada's Magna International last year, but the deal fell through.

As for the current negotiations with various partners, "we have been in talks with different players on how our products could be stronger, and how to help them get their products into Russia," Andersson said.

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