

Cash for Clunkers Program Extended to Year-End

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Cash for clunkers has boosted sales of Russian cars by a third in the past year, mostly benefiting AvtoVAZ. **Vladimir Filonov**

Ending the automobile scrappage program should not impact the automotive industry, Deputy Industry and Trade Minister Andrei Dementyev said.

"I'm hoping we will reach a pre-crisis level of car production this year, and the cancellation of the scrappage program will not have any critical meaning," Dementyev told reporters Wednesday after a meeting devoted to the program's extension.

"The scrappage program is no longer a rescue program, but a market-support program," he said. The scrappage program, in which old used vehicles are traded in for discounts on new ones, generated about a third more sales for Russian automakers this past year.

An additional 5 billion rubles (\$177 million) will be allocated to the program this year,

Dementyev said. The program will thus be extended until the end of 2011.

The program awards 50,000 rubles to drivers willing to trade in models more than 10 years old and has mainly benefited AvtoVAZ since its introduction in March 2010.

"The program for scrapping cars is absolutely one of the most successful programs the government has instituted lately ... and, absolutely, 500,000 cars sold in a year is, of course, an impressive number. The decision made today means that before the end of the year to that half-million automobiles will be added another 100,000," Industry and Trade Minister Viktor Khristenko said Wednesday.

"We have proposals to use the scrappage mechanism for trucks and buses and agricultural machinery. They have been proposed, and only determining the possibilities of budgetary financing is needed," Dementyev said.

(Reuters, Interfax)

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