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Renault Boosts Sales Forecast, Output

By The Moscow Times

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One of the new Lada models coming out next spring on display Tuesday at an AvtoVAZ exhibition held in Moscow. **Ivan Sekretarev**

French carmaker Renault is running its Moscow plant at full capacity to keep up with an expected 40 percent rise in overall Russian sales to 2.7 million in 2011, its Russia chief said Tuesday.

The company, in talks to take a controlling stake in Russia's flagship carmaker AvtoVAZ, has identified Russia as its paramount fast-growth market as consumer spending recovers from the recent financial and economic crisis.

"Most car manufacturers have revised their forecasts upwards to 2.6 million to 2.7 million [for 2011]. We think it will be closer to 2.7 million," the company's Russia chief, Bruno Ancelin, told reporters Tuesday.

The Association of European Businesses, which monitors car sales in Russia, has a forecast of just 2.35 million.

Ancelin said the boost would come from "natural" growth supported by economic recovery as well as the long-running government-sponsored scrappage scheme, and predicted that the market could reach a peak of 4 million units by 2015-16.

Renault's plans to take over AvtoVAZ, which had to be bailed out during the financial crisis in 2009, stem from its purchase of a 25 percent stake in the firm for $1 billion in 2008.

Renault wants to take a 51 percent stake alongside partner Nissan and has received the blessing of the Russian government.

"Carlos Ghosn [chief executive of the Renault-Nissan alliance] wants the negotiations to be concluded by the end of this year. ... The next step is to buy another 25 percent stake," Ancelin said.

He said he did not know what the main issues in the negotiations were, saying his focus is on the operational work between Renault, Nissan and AvtoVAZ in Russia.

Ghosn told analysts last month that Renault could take a 35 percent stake in AvtoVAZ and 15 percent in Nissan, according to analysts at the presentation.

Russian Technologies, with a 36.5 percent stake, may sell. Investment bank Troika Dialog owns 20 percent.

Renault's standalone plant on the outskirts of Moscow is operating at its full capacity of 160,000 vehicles a year, Ancelin said. Plans to build Renault and Nissan brands at AvtoVAZ's sprawling plant with a capacity of 900,000 vehicles a year are well advanced.

AvtoVAZ will launch two new Ladas next spring, with the first Nissan to follow later in 2012. Renault cars could start to be manufactured at the plant in Tolyatti the following year.

Western carmakers are being lured to Russia by state incentives as well as its underdeveloped car industry.

The government has offered to waive custom duties on imported parts if companies pledge to build at least 300,000 cars a year in Russia, while steadily increasing the percentage of parts sourced locally.

Volkswagen, Ford and Fiat are among players committing major investment.

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