

Q1 Foreign Car Production Up 90%

By [The Moscow Times](#)

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PricewaterhouseCoopers expects the Russian car market to increase this year by 4 percent in comparison with last year to 2.6 million units, Interfax said Thursday, citing a report.

Sales of Russian cars are expected to decrease 11 percent to 550,000 units while foreign car sales (produced or assembled in Russia) should go up 11 percent to 1.15 million units.

“The first quarter continued the positive trend of 2011,” PricewaterhouseCoopers analysts wrote. “Total sales of cars went up 21 percent. We expect a slight slowdown in growth rates in the future and presume that total sales of cars in 2012 should come to about 2.6 million units excluding light commercial vehicles.”

The market for new cars in Russia increased 51 percent in monetary terms and 21 percent in volume in January–March to \$15 billion, or 580,000 cars. This figure includes Russian cars, which held steady at the same level as the first quarter of 2011 at \$1.3 billion. Foreign cars produced in Russia increased 90 percent to \$7 billion from \$3.7 billion in the same period of 2011.

Imports of new cars increased 37 percent to \$6.7 billion from \$4.9 billion in the first quarter of 2011. Imports of cars will increase 7 percent to 900,000 units. Imports of used foreign cars might influence a change in tariff rates, according to the analysts.

A stronger foothold in Russia and sharply higher sales in the United States helped German carmaker Volkswagen beat market expectations for its first-quarter profits, The Associated Press reported Thursday.

Net profit rose to 3.19 billion euros (\$4.2 billion) from 1.71 billion euros in the same period the year before.

Volkswagen's business boomed in Russia, where sales climbed 77 percent to 66,000 vehicles, and in a stronger U.S. economy, where sales rose 34 percent.

Chief executive Martin Winterkorn confirmed the company's bullish outlook for rising sales in 2012 despite the uncertainties stemming from Europe's persistent sovereign debt crisis.

The company's results were boosted by accounting measures such as revaluing of options related to the company's attempt to fully integrate sports car maker Porsche and hedging against currency fluctuations. The company's results swung from a loss of 700 million euros last year to a plus of 1.1 billion euros, lifted by the value of currency hedging instruments, the Porsche options and Chinese joint ventures.

✉(MT, AP)

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