

PwC Expects 5% Increase in Car Sales

By [The Moscow Times](#)

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In 2012, Russian automobile sales grew 10.6% to a record 2.94 million. **Vladimir Filonov**

Russian automobile sales are likely to increase 5 percent in 2013, PricewaterhouseCoopers forecast Tuesday, a slowdown from the previous year but a stark contrast to the situation in recession-bound Europe, where car sales slid to a 17-year low.

PwC expects auto sales for 2013 to rise to around 2.9 million. That would be up from 2.76 million in 2012, which was a 10 percent increase from the previous year.

"We expect next year we will see modest, measured growth," said Stanley Root, PwC's automotive industry leader for Russia, adding that the market was showing signs of steadying after a period of significant expansion.

The accounting firm predicts that growth will slow after next year to 3 percent annually between 2014 and 2017. The firm foresees zero growth by 2025, when it estimates the market will have reached its maximum level, with annual sales of 3.7 million.

It predicts that growth in 2013 will be largely driven by foreign brands produced in Russia, which are slated to see a 9 percent increase in sales to 1.33 million.

Imports of foreign brands are expected to rise 3 percent to 990,000, while sales Russian makes will be flat at 580,000 units.

Root said a new recycling fee imposed only on imported vehicles is expected to slow growth in the sector.

He said development of the scrap industry is key to future growth in Russia, where owners keep their cars on the road for some 16 years, much longer than the European average.

Data published in January by the Association of European Businesses showed that Russian automobile sales in 2012 grew 10.6 percent to a record 2.94 million.

The country has a relatively low ratio of vehicles per person and a comparatively aged fleet on the road, which, along with the rise of the middle class, has spurred sales in Europe's second-largest automobile market.

Sales growth slowed at the end of 2012 as people put off making large purchases due to economic uncertainty.

In 2013, sales are expected to be between 2.8 million units and 3.1 million units, the AEB said.

"The next year isn't going to be very easy ... based on the current conditions and the customer demand," said Joerg Schreiber, chairman of the AEB.

"Everything depends on the domestic market environment, and Russia is surrounded by regions where economic development is quite difficult," Schreiber said. "So currently, we are forecasting a market on the level of the market in 2012."

In Europe, new car registrations fell 8.2 percent to 12.05 million vehicles in 2012, the lowest level since 1995, recent figures by the European automotive industry association ACEA showed.

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