

Toyota to Invest \$181M to Expand St. Pete Plant

By [The Moscow Times](#)

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TOKYO — Toyota Motor Corp will invest about 18 billion yen (\$181 million) to expand capacity at its St. Petersburg plant in Russia where it will start assembling its popular RAV4 SUV in 2016, the Japanese carmaker said on Wednesday. While car sales have been declining for six consecutive months in Europe's second biggest market due to an economic slowdown, Toyota has seen sales of the RAV4 rise by 43 percent to 27,000 vehicles in the eight months to August.

"Demand is growing, and the RAV4 has become Toyota's best-selling model in Russia, so we will start producing the model locally based on a longer term standpoint," Ryo Sakai, a Toyota spokesman said.

Russia grants incentives to encourage foreign carmakers to localize production that would

also help Toyota build more vehicles there, he added.

At the expanded plant, Toyota will build up to 50,000 RAV4 vehicles a year based on the complete knock-down system, the company said in a statement. The plant, where Toyota currently makes the Camry sedan, now has an annual capacity of 50,000 vehicles.

The RAV4 is the fourth best-selling SUV in Russia after Renault SA's Duster, General Motors' Chevrolet Niva and the Lada 4x4. The RAV4 accounts for nearly a quarter of Toyota's sales in Russia.

Lada is a brand of AvtoVaz, Renault and Nissan Motor's Russian unit.

Toyota has seen car sales in Russia drop 3 percent year on year this year compared to a 7 percent decline in overall car sales in the country.

Sales have grown in recent years. In 2012, the world's best-selling carmaker sold 169,000 vehicles in Russia, up 26 percent from 2011, while Russia's total auto demand rose 11 percent to 2.94 million vehicles, Sakai said.

The government expects to collect 383 billion rubles (\$11.8 billion) in recycling fees from auto manufacturers between 2014 and 2015, Finance Minister Anton Siluanov said.

Russia-based manufacturers will pay 118.9 billion rubles in 2014, 127.5 billion rubles in 2015 and 136.6 billion rubles in 2016, the minister said Tuesday, Prime reported. The collected fees will be used as subsidies for single-industry towns and manufacturers of consumer products, Siluanov said.

Auto recycling fees are now collected for imports of new as well as used cars, while Russian-based car manufacturers can avoid the fees by giving authorities guarantees that they will later recycle their products. The anticipated changes to these rules, currently waiting for State Duma approval, would require Russia-based manufacturers to pay fees like their foreign counterparts.

Experts said car manufacturers were likely to receive compensations, such as state subsidies, that will neutralize some of the costs the recycling fees.

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