

Car Sales in Russia Falling Ever Faster as Ukraine Crisis Hits Confidence

By [The Moscow Times](#)

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The downturn in Russia's car market gathered pace in July, with sales sliding 23 percent year-on-year in the latest sign that Russian consumers are growing increasingly worried about the impact of the Ukraine crisis.

Car sales have fallen this year as Russia's slowing economy is further hit by Western sanctions over Ukraine and people delay making large purchases. Consumer sentiment may worsen further after Moscow escalated tensions by imposing a ban on certain Western food imports on Thursday.

"People are afraid to buy cars because they are uncertain about the future, while banks and insurance companies raise rates to protect themselves in a crisis," said Svetlana Vinogradova, a branch director at major car dealer Rolf.

The Association of European Businesses, a lobby group known as AEB, said that only 180,767

new cars and light commercial vehicles were sold in Russia in July, about 53,600 fewer than a year ago. In June, sales declined by 17.3 percent year-on-year.

"Unfortunately, the contraction of the automotive market continues, picking up speed in July. The overall trend is worrisome and unlikely to improve fundamentally anytime soon," Joerg Schreiber, chairman of the AEB Automobile Manufacturers Committee, said in a statement.

Russia has imposed a ban on certain agricultural imports from the European Union, the United States, Australia, Canada and Norway and said the government could introduce protective measures in aircraft, shipbuilding and automotive industries.

The AEB, which represents more than 600 European companies, said it regretted the tit-for-tat sanctions.

"The AEB strongly requests EU and Russian authorities to protect foreign investors from both sides from any further retaliatory measures," it said in a separate statement.

"We hope that the government's [possible] intention to impose economic sanctions against foreign automakers will not lead to the collapse of the domestic car market," said Rolf's Vinogradova.

Last month, the AEB slashed its forecast for Russian car sales and said it expected a 12 percent drop this year to 2.45 million vehicles, having previously forecast a decline of just 1.6 percent.

Seven-month sales stood at 1.4 million, down 9.9 percent on the same period last year, it said Friday. But Schreiber said the Moscow Motor Show, to open at the end of August, should stimulate purchases in the usually stronger autumn season.

"This is how it normally works. But what has been normal this year so far?" he said.

State-controlled Avtovaz's sales of Lada cars fell 25 percent to 28,014 vehicles in July, while Hyundai Motor Co fell 2 percent, Renault SA lost 16 percent and Nissan Motor Co dropped 21 percent.

See also:

[PwC Says Russian Car Market Slump to Deepen](#)

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