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# Toyota Expects Flat 2014 Sales in Russia Despite Car Market Slump

By The Moscow Times

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A customer sits in a Lexus IS330C, Toyota's luxury brand.

Toyota Motor Corp expects to keep its sales in Russia at last year's levels despite a market slump there, helped by its focus on more downturn-resistant higher-end vehicles, a senior official said on Wednesday.

Russia's car sales may hit their worst year this year since the financial crisis after Western sanctions over Ukraine hit its economy and led to people delaying large purchases.

"There is a lot of uncertainty in Russia ... people are more reluctant to spend money; this is why the entry market is much more affected than the premium market," European operations head Didier Leroy told journalists at the Paris auto show.

However, sales of vehicles such as the Camry and Lexus have helped the Japanese carmaker boost its Russia market share by around 1 percent this year.

Leroy said that while Russia's car sales in the premium segment were down 8 percent, the drop was at 25-30 percent for entry cars, hurting many of Toyota's competitors.

The total Russian car market may fall to under 2.1 million vehicles next year from around 2.3-2.4 million in 2014, he said.

Leroy said Toyota would sell "slightly more" than 865,000 vehicles in Europe this year, up from 847,530 in 2013. The auto group counts 56 countries, including Israel, Russia and Turkey, as part of its European market.

Since 2010, Leroy has spearheaded a restructuring of Toyota's European business while the automaker faced a safety crisis in the United States and production halts after the 2011 tsunami in Japan.

The company's target to sell 1 million vehicles in the region in 2015 still stands, but Leroy said he would only push for it if it could be done sustainably.

### Fuel Cell Vehicles

He said there was a slight recovery in the western part of Europe, but the true picture was distorted by subsidies and growth rates coming from a very low comparison base.

Toyota's operating margin in Europe in the financial year ended March stood at 2.1 percent and Leroy expects to do better in the current financial year.

The world's largest carmaker has been gradually growing its market share in Europe, which it sees at 4.8 percent this year, buoyed by new models, cost cuts and the popularity of hybrids, which now make up around 20 percent of its European sales.

The carmaker's next challenge is its push into fuel cell vehicles, which run on electricity generated from cells that combine hydrogen with oxygen. Toyota hopes it can popularise the technology as it did with the Prius, which it launched in 1997 to become the world's top-selling hybrid vehicle.

Toyota plans to start selling its new fuel cell car in Japan by the end of March, followed by launches in the summer in the United States, United Kingdom, Germany and Denmark, with initial sales in the 3-4 digit numbers, said Satoshi Ogiso, managing officer at Toyota Motor Corp.

Toyota will first target customers such as high-ranking company executives, government agencies or even film stars who could act as ambassadors for the technology and help change perceptions about fuel cells.

Future rollout of the technology elsewhere will be dictated by the availability of the necessary infrastructure and government support, Leroy said, adding that fuel cells will likely remain a niche segment until 2020-25.

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