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Government Will End Cash for Clunkers

By The Moscow Times

March 15, 2011



Russia has no plans to extend its cash-for-clunkers scheme beyond September, a Trade Ministry official said, having helped put the country's automobile market back on course to matching pre-crisis sales levels in 2012.

The scheme, which awards 50,000 rubles ($1,751) to drivers willing to trade in models more than a decade old, has done much to revive sales of locally produced cars, mainly AvtoVAZ's Ladas, following its introduction in March of 2010.

Alexei Rakhmanov, head of the Trade Ministry's car industry department, said Tuesday that the scheme was likely to continue until September when he expects all the 500,000 certificates to have been used for car purchases.

"There is no intention and no obligation to continue the scheme," Rakhmanov told reporters on the sidelines of Adam Smith's Russia Automotive Forum.

He said some 487,000 certificates had been issued as of March 14 but part of them had yet

to be used.

The Association of European Businesses, or AEB, expects Russian annual car sales to return to pre-crisis levels of 2.9 million units during 2012 thanks to the government scheme and pent-up demand, it said last month.

"I imagine it will be finished soon as it is not needed. It would be like throwing money out of the window," AEB's chief executive Frank Schauff told Reuters on Tuesday.

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