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Contraction of Russia's Car Market Accelerates in February

By The Moscow Times

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New car sales in Russia fell 37.9 percent year-on-year in February, after a 24.4 percent decline the previous month, a lobby group said Tuesday.

The Association of European Businesses said 128,298 new cars and light commercial vehicles were sold in Russia last month, compared with 206,526 in February 2014.

"The market is entering a very difficult phase now, and February is only the beginning. Industry sentiment in the next few months will be extremely difficult, and the market bottom has yet to be found," Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee, said in a statement.

After several years of strong growth, car sales in Russia shrank sharply in 2014 as the economy weakened due to lower oil prices and Western sanctions over Moscow's role in the Ukraine crisis. The ruble also tumbled last year, forcing consumers to put off large purchases.

The AEB earlier forecast a 24 percent fall in car sales this year, while accounting firm PricewaterhouseCoopers has said it expects a decline of 25 to 35 percent.

Schreiber said a recent stabilization in the ruble raised hopes for an improvement in the longer term. He did not give any comments on the AEB's outlook, which some automakers have called optimistic.

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