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Korean SsangYong Motor Suspends Russia Exports as Car Market Dwindles

By The Moscow Times

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Russia's once-promising car market has seen demand dwindle as the economy weakens, battered by Western sanctions over the Ukraine crisis and sliding oil prices.

South Korea's SsangYong Motor said it has suspended vehicle shipments to major export market Russia since January, the latest global automaker to see demand hit by the plunging ruble and a prolonged economic slump.

South Korea's fourth-largest automaker, owned by Indian automaker Mahindra & Mahindra, has no plans to resume shipments to Russia until the ruble stabilizes, and will boost sales to Europe and China instead, a spokesman added.

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The tumbling value of the ruble has also raised prices of imported vehicles, further curbing

global automakers' sales.

On Wednesday, General Motors said it would shut a Russian factory and wind down its Opel brand in the country, while Nissan Motor also said earlier this week that it was suspending Russian production for 16 days this month.

SsangYong Motor is taking a bigger hit than other foreign brands in Russia because it does not have a local production base: all its vehicles are made in Pyeongtaek, South Korea.

The company shipped no vehicles to Russia in January and February after exports slumped 41 percent to 21,258 last year from a record high of 35,753 in 2013, according to data from Korea Automobile Manufacturers Association.

SsangYong Motor, which survived near-bankruptcy in 2009, saw its operating loss widen last year to 76.9 billion won ($69.12 million) from 8.9 billion won in 2013, hit by losses in Russia and higher wage costs.

Its January-February overseas sales plunged by 47 percent from a year earlier, while its domestic sales grew 22 percent thanks to sales of it smaller Tivoli SUV.

Other South Korean automakers including Hyundai Motor sister company Kia Motors, as well as GM's South Korean unit, have also cut exports to Russia this year, according to the auto association.

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