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Russia's GAZ in Talks With Foreign Car Makers to Replace GM

By The Moscow Times

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ST. PETERSBURG — Russian businessman Oleg Deripaska's GAZ Group is in talks with at least six foreign car producers to let them use its idle capacity after General Motors Co. pulled out of the market, GAZ Chairman Siegfried Wolf said.

GM had been producing Chevrolet cars at the GAZ plant in Nizhny Novgorod, about 400 kilometers east of Moscow, since 2011, but decided to exit the market this year following a sharp drop in sales.

GAZ, which also has contract manufacturing agreements with German car makers Volkswagen AG and Daimler AG, has said it will try to fill the gap.

"We have about six or seven very interested partners that would go in for production," Wolf

said in an interview at the St. Petersburg International Economic Forum in Russia's second city.

He said Chinese auto makers were among those interested, but declined to name any of them. A final decision is to be made within two to three months, he added.

"In principle [we can bring in] as many [partners] as our capacity allows. It's at least 200,000 passenger cars and this is what we have to look at, how we will utilize this."

GM and Volkswagen made a combined 75,000 cars at the GAZ plans last year, while the plant's capacity exceeds 200,000.

Wolf said GAZ's partnerships with Volkswagen and Daimler were "very stable for the time being" but acknowledged they would not be completely safe if the downturn in the car market deepens.

"Nobody buys a car just to support Volkswagen or support GAZ, but if there is a demand ... We have to look very carefully at how we stimulate the market," he said. "If volumes change more dramatically ... there is everything to discuss."

Russia's 2015 car sales could drop by between 25 and 50 percent year-on-year, Russian Industry and Trade Minister Denis Manturov said on Thursday at the St. Petersburg forum.

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