

Russia Needs to Do More to Revive Car Sales

By [The Moscow Times](#)

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Russia needs to go further in efforts to revive its ailing car industry, a lobby group said on Monday, as auto sales continued to slide in July.

After years of growth in excess of 10 percent, Russian car sales collapsed in 2014 as the economy shrank and the ruble weakened, due to lower oil prices and Western sanctions over Moscow's role in the Ukraine crisis.

Russia has responded with a car-scrappage scheme and loan subsidies in a bid to support automakers, which had to raise prices as the cost of imported components surged.

But while helping to avoid a sharper decline, programs would have to be expanded significantly to reverse the trend in a substantial manner, said Joerg Schreiber, chairman

of the Automobile Manufacturers Committee of the Association of European Businesses (AEB). The AEB last month cut its 2015 forecast for new car sales in Russia to 1.55 million, suggesting a 36 percent fall from 2014 levels.

In July, sales of new passenger cars and light commercial vehicles fell 27.5 percent year-on-year to 131,087 cars, the AEB said.

"After a cumulative volume loss of 36 percent in the first half of the year, the July result of minus 27.5 percent looks almost like a piece of good news," Schreiber said.

"In reality, what we are seeing is mostly the low-base effect of a poor market showing in the corresponding period last year," he added. "The fundamental performance of the automotive market continues to disappoint though, in the framework of a struggling economy and falling consumer incomes."

The AEB data showed mass-market brands and those targeting middle-class customers, such as Ford, Nissan and Avtovaz's Ladas, mostly posted declines of more than 20 percent.

"Existing state-support measures are not enough to turn the tide, the market needs new incentives," said Yulia Ditchenkova, director of Mazda dealer Rolf Khimki.

Luxury brands mostly fared well, with sales of Volkswagen's Porsche cars up 19 percent year-on-year in July and sales of Toyota Motor Corp's Lexus brand up 5 percent.

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