



Russian engine producers searching for alternative component suppliers



With the support of



Dear recipient,

As you might know I have conducted a great number of travels to Russia, Ukraine and Belarus on behalf of FKG – Fordonskomponentgruppen (The Scandinavian Association of Automotive Suppliers). Russia has a rather impressive automotive industry, despite the recession and political situation in the country. You can also argue that the domestic OEM's, like AvtoVAZ and GM-AvtoVAZ, have an advantage at this very moment, as the imported cars, and cars with a lot of imported parts, are facing a severe time due to the depreciation of the Russian Rouble. Russian OEMs are also very interested in increasing the quality of its products. Having met a great number of OEMs over the years I can say that there are demands in practically every sphere of components, and if we look at engines especially, there is demand in rubber details, in die casting and in other details. This is not only a question for automotive engines, but there are also opportunities within the markets for railroad engines, marine engines and stationary engines.

We have been thinking for some time to arrange a trip to Russia for companies having an interest in meeting with possible new clients in a new market with an interesting potential. Our approach is that we want it to be very concrete, where we mean that the purpose shall be to have direct discussions with the relevant counterparties, such as constructors and purchasing managers. In order to be prepared, on both sides, there is a need to have good information to be presented beforehand, so that you will be able to meet with the right persons when on the spot. We will be available for discussions of how to proceed with this information, as we have many years of experience of organizing this type of event, and we also know what your new possible client wants from you. This said, we can underline the importance of understanding the Russian way of doing business. If you are not experienced in this, we will teach you, either before the trip, or during the trip.

There are several options in respect of engine producers – automotive engines, railway engines, marine engines and stationary engines. Depending on your interest, we will be able to tailor the trip as you wish to have it, but in order to keep costs down and to have a united approach from a delegation, we suggest that we fulfil the trip with a minimum of 4 and a maximum of 6 participating companies.

As we are mainly turning to you as suppliers to the automotive industry, we suggest that the project concentrates on the producers of engines to private cars, trucks and construction equipment/agricultural equipment. On the following pages, you will find a list of the producers we are talking about, with both a short description and with links to their websites.

*Best regards,
Per-Olof Egli
Industry Senior Advisors (ISEA)*

with the support of

*Fredrik Sidahl
Fordonskomponentgruppen*

Summary of proposed engine producers to visit (page 1 of 2)

ZMZ in Zavolzhye



Location: Situated some 60 km northwest of Nizhnij Novgorod on the Volga River

Website: <http://www.zmz.ru/eng/about>

This company belongs to the "Sollers" Group, which also has a deep co-operation with "Ford". Sollers is the owner of the "UAZ" car manufacturer (mainly known for its military and police jeeps) situated in Uljanovsk. The main buyers of ZMZ engines are UAZ, PAZ buses (GAZ group) and also Ford. Ford has recently started up production of some of its engines in Zavolzhye, something very much needed due to industry assembly regulations in Russia.

In addition to the engines ZMZ also produces die-cast products in its local company RusALIT. This company supplies not only Ford in Russia, but also exports 80 per cent of its production to other Ford factories around the world.

Within the premises of ZMZ six other suppliers have established their Russian set-ups: Diado Metal Rus (bearings, Japan), Trelleborg Automotive (anti-vibration components, Sweden), LEONI (wiring harness and optic fibers, Germany), Flaig+Hommel (bolts and nuts, Germany), SOLLERS-Spetzavtomobilii (Special versions of Ford Transit), Speztech, cross-country techniques.

JaMZ – Avtodiesel - in Jaroslavl



Location: 270km north-north-east of Moscow on the Volga river

Website: <http://eng.gazgroup.ru/about/structure/powertrain/avtodiesel/>

This company belongs to the GAZ Group, and it produces diesel engines for trucks like Ural, MAZ (Belarus) and KrAZ (Ukraine) and for buses as well as for combines, tractors etc. The engines have volume of 11-26 liters with bhp 150-800. They are now striving at implementing at least Euro 5 standards.

UMZ – in Uljanovsk



Location: 430 km southwest of Nizhnij Novgorod

Website: <http://www.umz-gaz.ru/> (only in Russian)

UMZ in Uljanovsk belongs to the GAZ group as well, and produces petrol and gas/petrol engines for the Gazelle and Sobol programme produced in GAZ' Nizhnij Novgorod plant, but also engines for the UAZ plant located in Uljanovsk itself. At this moment they are producing Euro 4, but they have development going on for both Euro 5 and Euro 6. As you know these standards are not yet obligatory in the Russian Federation. As they are producers of the whole engine cycle, they are also producing spare-parts to their own engines.

Summary of proposed component companies to visit (page 2 of 2)

Traktornye Zavody & Kompleksnoe Obespechenie



Location: Cheboksary, some 240km east of Nizhniy Novgorod

Website: <http://tplants.com/en/> and <http://kosnab.ru/en/>

This Group is one of the largest tractor, wheel-loader, caterpillar and agricultural machinery producers in the world. It has a complicated structure, with the Holding company situated in Holland, but most of the production is made in Russia in a great number of daughter companies. At the same time they are international players, and for example they own the forest machinery producer "Silvatec" in Denmark, "Luitpoldhütte" in Germany and the Austrian company "Vogel & Noot" producing agricultural equipment.

Coming back to the engine production, this Group has two engine plants – Altajskij Motornyj Zavod (AMZ) in Barnaul in Siberia <http://amz.tplants.com/ru/company/review/> (only Russian), and Vladimirskij Motoro-traktornyj Zavod in Vladimir (VMTZ) (180km east of Moscow) <http://vmtz.tplants.com/ru/company/review/> (only Russian). The first company produces engines for tractors and combines mainly (7-11 liters), but also have marine engines in the portfolio. The second one is producing also tractor diesel engines 2-4.5 liters. As the purchasing is centralized to Cheboksary and to "Complex Maintenance" – this is the place where to have contacts.

In Russia the best known brands of the group are:



Chetra

Website: <http://www.chetra.ru/> (only Russian)

Wheel loaders, bulldozers, graders, excavators, etc.



ChAZ

Website: <http://www.chaz-spc.ru/en/>

Undercarriage systems for several types of machinery.



Agromash

Website: <http://agromh.com/?lang=en>

Combines, tractors (both wheel and crawlers) and other agricultural equipment.

Consult Per-Olof Egli for more information

Proposed itinerary

Day 1 – Travel day. Sweden – Moscow (air)-Jaroslavl (train)

Day 2 – Meeting with JaMZ in Jaroslavl – Bus to Nizhnij Novgorod

Day 3 – Meeting with ZMZ in Zavolzhye – Back to Nizhnij Novgorod

Day 4 – Meeting with GAZ in Nizhnij Novgorod – Bus to Cheboksary

Day 5 – Meeting with Traktornye Zavody in Cheboksary – Bus to Uljanovsk

Day 6 – Meeting with UMZ in Uljanovsk – Back to Sweden

This is a proposed itinerary, as there are possibilities that GAZ wants to centralise all meetings in Nizhnij Novgorod, and then Jaroslavl and Uljanovsk are not on the itinerary. It is not really possible to predict how they want to arrange such meetings. If this situation occurs, the itinerary may be shortened by 1 or 2 days.

Time frame: In order to be able to plan in a good way, and in order to arrange visas etc. we plan to make this trip during week 22, i.e. 24th – 29th May, 2015.

Deadline to apply: In order to be able to organize these visits we need to have your confirmation of participation not later than 25th March.

Other: We need to be at least four (4) participating companies in order to make this trip worthwhile.

Pricing

This proposed trip is made with the support of FKG – Fordonskomponentgruppen, but there is no co-financing by Tillväxtverket this time. Therefore it will be conducted on a pure commercial basis. We suggest the following price tag:

SEK 45 000 for each participating person (excl. VAT)

This price includes:

- Arranged meetings with the above mentioned possible clients
- Transportation to and from meetings, including eventual bus transport between cities
- One joint dinner for all the participants

Payment:

- 50 percent against invoice at enrolment, and not later than 1st April, and 50 percent after fulfilment of the trip.

This is paid by the participants:

- Air tickets – (indicative price SEK 3 000 from Stockholm)
- Train tickets – (indicative price SEK 150)
- Hotels (will be booked by us) – (indicative price SEK 6-800/night)
- Visas (approximately SEK 2 000 + consulate fees for a business visa)
- Private consumption

Your personal contact:

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Itinerary on the map

