



THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

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SMMT INTERNATIONAL BUSINESS GROUP (meeting also open to non-members)

to be held at **Nissan's Cranfield Technical Centre**,
Cranfield Technology Park, Moulsoe Road, Cranfield, Bedfordshire MK43 0DB
on Tuesday **15 June** starting at 12:30

Focus Markets - Russia & Hungary

The automotive markets in Russia and Hungary were severely affected by the financial crisis of 2008/9, but both are now showing signs of positive recovery, with increasing consumer confidence and a revival in inward investment presenting many opportunities for UK companies. To enable IBG members to take maximum advantage of this up-turn, we have assembled a panel of expert speakers, who can offer first-hand, up-to-date advice on the local automotive industries and the broader business environments in these two markets. This is a unique opportunity to visit the impressive Nissan Technical Centre and to benefit from the wide-ranging expertise of guest speakers and networking with similar international focussed automotive companies.

The Programme starts at 12:00 with a networking lunch, which will also be joined by members of the SMMT Design Engineering Group. Followed by an hour-long tour of the facilities, including Chassis Dyno, EIPF, Anti Theft, Juke Vehicle Viewing & Explanation and Safety (only 30 places). The formal IBG meeting commences at 14:30 and will include presentations as below. The meeting is open to non-SMMT members and there is no entry charge.

14:00:14:15 A welcome and to SMMT IBG	Richard Long	Borg Warner (IBG Chair)
14:15 – 14:45	Peter Horvath an Executive	Embassy of Hungary, London The Association of Hungarian Car Manufacturers
Automotive Opportunities in Hungary		
14:45 – 15:15 A first-hand perspective on the Russian auto market	Michael English & Alastair Kitson	Crozier & partners
15:15 – 15:45 Trading with Russia : how to succeed & common pitfalls	David Cant	Director, Albion (Overseas) Ltd
15:45 – 15:55 Russian travel & visa requirements	Barry Martin	Director, The Russia House
15:55 – 16:10 Transport & Logistics in Russia	Gary O'Grady	Director, Blackthorne Transport Ltd
16:10 – 16:25 Product Certification & Registration	Charlie Fleming	SG
16:25 – 17:00	The presentations will be followed by a panel Q&A session, and a round-up of the latest information and advice on other key global markets. The meeting will close at 17:00.	

We can only accommodate a limited number of delegates at the Cranfield venue, and will have to offer places on a first-come first-served basis. To register your interest, or to receive further details, please contact Pat Shaw at SMMT – tel 020 7344 9260, email pshaw@smmt.co.uk.



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Central and Eastern Europe - important centre for the world's automotive industry.

With 3.3 million passenger cars produced last year, the area is becoming an important production base for the EU market. Central Europe's role is particularly significant in the production of small, economical cars where cost minimisation is essential. Rapid growth in local vehicle production is also reflected by an expanding supplier segment that accounts for more than half of the industry in many CEE countries. Rapid development of the automotive industry in Central and Eastern Europe would not be possible without substantial foreign investment, which has now exceeded EUR 20 billion. In recent years, the CEE region has attracted all the leading automakers of Europe, the US and Asia.

The automotive sector is one of Hungary's core industries and contributes 20 per cent of total exports. In 2009, vehicle sales outside Hungary were worth EUR 8.3 billion and engines accounted for EUR 5.3 billion. Over 600 companies employing a total of 100,000 people are active in the sector. Of these enterprises, 240 operate according to the ISO and/or TS 16949 quality management standards. The export ratio of Hungarian made cars is 94 per cent, a figure that stands at 88 per cent for engine and component production. The number of first- and second-tier equipment manufacturers is continually rising. Since the early 1990s, several foreign car manufacturers, such as Suzuki, Audi and General Motors, as well as 14 of the top 20 Tier 1 suppliers, have set up production facilities in Hungary.

German car maker Daimler has laid the cornerstone for a EUR 800m plant in the Hungarian city of Kecskemet. Daimler will make next-generation Mercedes A- and B-Class compact models in Hungary. The plant is expected to employ 2,500 staff to turn out an annual 100,000 vehicles from 2012. Daimler picked Hungary for the plant because it had the best infrastructure, logistics network, workforce and wages, according to Daimler's spokesperson. Although costs would have been lower in other countries, Daimler was won over by Hungary's economic and industrial policy as well as the positive experiences of Audi and Suzuki, two other car makers with big plants in Hungary.

Russian Government seeking five-fold increase in vehicle production by 2020

The Russian government is looking to achieve a five-fold rise in vehicle production in the country by 2020 to 3.7 million units, reports the ITAR-TASS World Service news agency. The aims were published by the Ministry of Industry and Trade in its "Strategy of the Russian Car-Making Industry in the Period up to 2020". The strategy expects the annual production of 3.15 million cars, 280,000 light commercial vehicles (LCV), 280,000 trucks, and 35,000 buses by this point.

This in turn would support the share of Russian-produced vehicles sold on the domestic market rising to 80% for passenger cars, 65% for light commercial vehicles (LCVs), 91% for trucks, and 99% for buses in value terms it added. The government also expected that it would require the investment of 584.1 billion roubles (US\$19.7 billion), with the government's input dependent on requests from automakers and the support of foreign investors and credit organisations.

In 2009, during what was a difficult year for automakers with bases in the country, vehicle production fell to around 710,000 units from an all-time high of almost 1.8 million units the previous year.

The report would see a doubling of this level, largely driven by the hopes of the expected sales benefits from within the country by this point. Despite the low levels of sales activity recently, this has not put off further investments in the country, with Renault looking to boost AvtoVAZ with new models based upon its engineering, while Fiat has joined forces with Sollers so as to position itself strongly in the market when a bounce back takes hold fully.

However, at present, IHS Global Insight anticipates production to be around 1 million units less than this at 2.7 million units, and still relying on at least a quarter of vehicles sold coming from abroad.
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