

Top Stories

Trouble in India's Motown

CNH Plans Major Changes

DataPoint: NA Aircraft Support Equipment

Great Wall Motor Plans Europe Expansion

Toyota Plans Hybrid Flex Fuel Production in Brazil

Brazil, Argentina Sign Auto Free Trade Pact

Doosan Bobcat Opens Manufacturing India Plant

Toyota To Invest US\$ 300 Million in St. Petersburg Plant

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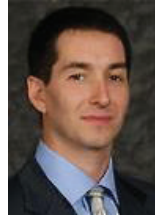
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[Click Here To Go To Page 1](#)

Europe Report

By *Emiliano Marzoli*, Senior Business Development Manager - Europe



Emiliano Marzoli

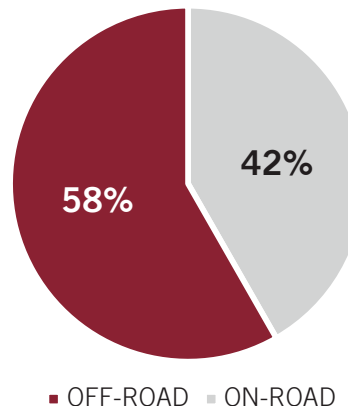
CNH Industrial Reveals New Strategic Plan

Read The Article

One of the giants in the heavy-duty world, CNH Industrial announced its new strategic plan this month. The major change is the spin-off of the On-Road segment (and powertrain business) from the Off-Road business.

This is the biggest change that the group has faced since it was created in 2011. Suzanne Heywood, CNH Chair, said the plan will lead to the creation of two global leaders in their segments. The split is part of a five-year plan by CNH to increase its profit margin to 10% by 2024.

2018 Machines Produced by CNH Industrial



Source: PSR OE Link™

When we look at our data, we can see how the different companies will shape up in terms of volumes produced. The On-Road business will also incorporate the powertrain business (Engines, axles and transmissions). The data can give us even further insights on this point. The On-Road segment is a captive business.

The vehicles CNH is producing are equipped with FPT Industrial engines, the business unit of CNHI that will join Trucks & Busses. On the other hand, not all the Off-Road Machines are built with the group engines fitted in.

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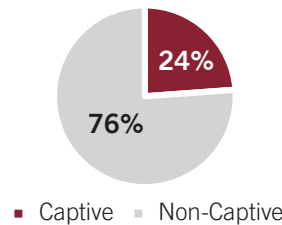
[Click Here To Go To Page 1](#)

Europe Report

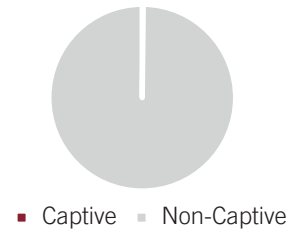
Continued from page 2

The automotive industry is going through a colossal revolution. Electrification. The resources and commitment needed to develop new powertrains is enormous.

% 2018 OFF ROAD



% 2018 ON ROAD



Source: PSR OE Link™

There is another aspect to consider. FPT engines are sold to many more OEMs around the world in the Off-Road segments. These OEMs are not part of CNHI, thus they are competitor and client at the same time. With FPT moving to another company, it can have a more neutral role.

Finally, and maybe most importantly, the automotive industry is going through a colossal revolution. Electrification. The resources and commitment needed to develop new powertrains is enormous, and the On-Road segment is far ahead compared to the Off-Road development in this change. Thus, the need to have the powertrain units together with the trucks and Busses rather than agricultural or construction machines.

Data Point: CA & US Aircraft Support Equipment 3,100

By Carol Turner, Senior Analyst, Global Operations

This is the estimate by Power Systems Research of the number of Aircraft Support Equipment units that will be produced in the United States and Canada during 2019. Estimated 2019 production will be about flat with 2018.

In 2018, production was 3,030 units, up 246 units or 8.8% from 2017.

This information comes from two proprietary databases maintained by Power Systems Research: **EnginLink™**, which provides information on engines, and **OE Link™**, a database of equipment manufacturers.

Market Share: With combined plant totals of 52% (CN & US), **TLD-ACE** leads in production of Aircraft Support Equipment in North America. In second position is **Tug Technologies** with 21%; third is **JBT AeroTech** with 11.5%.

Exports: Collectively up to 35% worldwide

 [Click Here To Go To Page 1](#)

Data Point

Continued from page 3

Trends: In 2018, production of Aircraft Support Equipment in North America increased about 9% over 2017. Production is expected to gain about 1% in 2019. The increase is attributed to the strengthening of the airline market after several bankruptcies and mergers along with the demand for new products caused by decreased competition.

Overall, there has been a rise in air traffic worldwide that is driving demand for ground support equipment (GSE) related products. There also is rising demand for electric and hybrid ground support equipment, and this is expected to be one of the most significant factors driving the growth of the GSE market. Many airports have expanded terminals and are upgrading airports to meet increased consumer traffic. Production should remain stable over the next three years with an increase up to 12% as 2020 approaches. **PSR**

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Brazil/South America Report

By Fabio Ferraresi, PSR Director, Business Development, South America

CAOA Acquires Ford Plant in Brazil



*Fabio
Ferraresi*

The CAO A Group that currently assembles Hyundai cars and Chery-CAOA cars in Brazil, said it has acquired the Ford Plant in São Bernardo do Campo-SP.

Ford will produce trucks until October, and CAO A will assume production in the plant after that. CAO A said it will produce Trucks and one model of Chery car. No details in the product line-up for trucks have been disclosed. The transaction is estimated to be US\$ 250 million (R\$ 1 billion).

Here is more information on **CAOA**.

Source: *Estado de São Paulo* **Read The Article**

PSR Analysis: CAO A is likely to keep the F-Series production at least until Proconve P8 (equivalent to Euro VI), when additional investment is necessary to introduce new technologies. Ford holds a significant share of the LCV and lighter end of MHV segment, and CAO A will attempt to build on this. On the Heavy end of MHV, there were rumors of the Hyundai Trucks product line to be brought to Brazil. However, no official announcement has been made so far. PSR will keep tracking movements and official announcements to update databases on production and forecasts.

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Brazil/South America Report

Continued from page 4



Scania To Produce Gas Truck in Brazil

Scania announces regular sales and production of Trucks using gas as fuel. Scania will become the first manufacturer to have regular production of CNG, liquefied gas or biomethane trucks in Brazil. To take this step, the company invested \$21 million in the factory of ABC Paulista.

The first model is the G 410 XT 6x4, already used by Usina São Martinho, that produces its own gas. For regular production, Scania will start taking orders of these Trucks in October 2019 with initial deliveries planned for April 2020.

Source: *Estado de São Paulo* [Read The Article](#)

PSR Analysis: As PSR anticipated in its forecasts and studies, Gas is a viable alternative in Brazil. Scania is the first to put big bets on it and others will come along, confirming the forecasts we already set, reinforced by the announcements of cheap energy due to gas distribution we shared with PowerTALK™ readers two month ago.

Toyota Launches World's First Hybrid Flex Fuel To Be Produced in Brazil

Toyota has announced the launch of the Corolla 2020 with two versions of engine. The Hybrid has a 1.8 liter hybrid fueled by ethanol and/or Gasoline Atkinson Cycle. The less innovative one is a 2.0 liter Atkinson Cycle fueled by ethanol and/or gasoline with efficiency of 10.9 km/l with ethanol and 15.6 km/l with gasoline.

Source: *O Globo* [Read The Article](#)

PSR Analysis: Three remarkable bets by Toyota: Hybrid, Ethanol and South America focus for innovation to keep leadership in the medium sedans segment. The only question about Toyota's line-up in South America is why the company is not investing in the SUV's/compact SUV's segment, the fastest growing market in South America, as all other players are doing.

Brazil and Argentina Sign Auto Free Trade Agreement

Brazil and Argentina have signed the Automotive free trade agreement to replace the current one, which expired in 2016 and which has been renewed without changes so far. The new agreement is a transition between the current model to the 100% free model by 2029, in line with the agreement Brazil signed with EU. [Read The Article](#)

PSR Analysis: In the short term, the impact is zero in volumes and forecasts, but investment in the medium long term may change. Overall, free trade is beneficial for Brazil, and the Argentina government welcomes the time to adapt to the new scenario. Time will tell if the Argentina Industry will have the ability to adapt or struggle with the new rules. **PSR**

 [Click Here To Go To Page 1](#)

China Report

By *Qin Fen*, 秦奋 PSR Business Development Manager-China. 业务拓展经理



Qin Fen

Great Wall Motor Announces Plan to Enter European Market

Great Wall Motor announced plans to officially enter the EU market in two years at the Frankfurt Auto Show. Great Wall Motor Company Limited is China's largest SUV and pickup truck manufacturer. It's been listed on the Hong Kong Stock Exchange since 2003 and the Shanghai Stock Exchange since 2011.

Great Wall Motors owns two brands--Haval and Great Wall which covers three categories: SUV, passenger car and pickup trucks. The company has more than 30 subsidiaries and 60,000 employees operating four vehicle manufacturing plants.

Sources: China Association of Automobile Manufacturers [Read The Article](#)

PSR Analysis: First is socks and cigarette lighters, then wrenches and nail guns; more and more made-in-China products are shipped and put on the shelf in global markets. And now we see 5G products, along with automobiles made-in-China, being shipped to global markets, too.

Great Wall Motor is definitely not the first Chinese company to expand into overseas markets, nor will it be the last one. Back to our industry, we will witness more and more vehicle OEMs and components makers making their way to global markets. **PSR**

长城汽车宣布两年后全面进入欧盟市场

2019年09月16日 — 在近日开幕的法兰克福国际车展上，长城汽车携旗下高端品牌WEY系列车型和四家零部件公司（蜂巢易创、蜂巢能源、诺博汽车系统、曼德电子电器）共同参展，对海外市场的重视度可见一斑。长城汽车董事长魏建军还在现场发布了WEY品牌全新的全球化战略——在德国建立技术中心，以德国市场为起点，计划两年后正式全面进入欧盟市场。此外，据悉长城汽车或有意向未来在欧盟地区建立汽车制造厂。

新闻来源: 中国汽车工业协会 [阅读原文链接](#)

PSR分析: 先是袜子打火机，然后是扳手射钉枪，越来越多的中国制造产品搬上了全球市场的货架。现在5G还有中国的汽车产品也来了，长城绝不是第一家开始抢占全球市场的中国公司，也绝不会是最后一家这么做的企业。回到这个行业，我们未来会见证越来越多的整车和零部件企业，从中国走向世界。 **PSR**

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Far East: Japan Report

By *Akihiro Komuro*, Research Analyst, Far East and Southeast Asia

小室 明大 極東及び東南アジア - リサーチアナリスト

Tadano Opens Fifth Kozai Plant in Japan



*Akihiro
Komuro*

The fifth Kozai plant in Japan started full-scale operation in August 2019, and the completion ceremony was held at the plant August 29, the day of the company's 100th anniversary. The factory was completed in April.

The Tadano Group has set "LE World No. 1" (LE = Lifting Equipment) as a long-term goal, and to achieve this goal, they increased the production capacity of major components such as construction cranes and boom cylinders in 2019.

The main production items are Rough Terrain Cranes, Truck Cranes, Main Parts (Booms, Cylinders, etc).

Source: *Tadano official website* [Read The Article](#)

PSR Analysis: Tadano, the global leader in the crane market, has made a large capital investment, even though domestic demand is soft. The domestic crane market is generally flat or gradually decreasing due to longer product life and soft construction demand.

This is a sign of their confidence in the future. Their strategy of steadily increasing their market share is a sign to other OEMs. Tadano has established 17 overseas group companies over the past 10 years, expanding its eight bases. Their aggressive actions will continue to lead the Japanese crane industry.

Compared to other construction machines such as hydraulic excavators, construction cranes are characterized by their durability and long life and high price. **PSR**

極東 > 日本:

タダノ、国内5番目となる香西工場(高松市)の完成披露式を開催

(株)タダノは9月2日、日本国内 5 番目となる香西工場が2019年8月より本格稼働に入り、創業100周年の記念日である8月29日に同工場で完成披露式を開催したと発表した。タダノグループは長期目標として「LE世界No.1」(LE = Lifting Equipment)を掲げており、その達成に向けて建設用クレーンおよびブーム・シリンダ等主要部品の生産能力を高めるべく、2019年4月に同工場を竣工した。主な生産品目はラフテレーンクレーン、トラッククレーン、ブームおよび長尺シリンダ等主力部品。香西工場は「Next Generation Smart Plant ~ 人と機械が調和し、次世代につながるスマート工場」をコンセプトに建設した。無人

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Far East Report

Continued from page 7

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搬送車や工場内の空調システムなどの最新鋭の設備を導入し、従来の生産性を大きく向上させることを目指している。

出典: タダノ公式HP [記事を読む](#)

PSR 分析: クレーン市場におけるグローバルリーダーであるタダノが大規模な設備投資を行った。国内のクレーン市場は製品の長寿命化や工事需要の鈍化から緩やかな減少傾向にある。そうした環境下での積極的な投資は、彼らの将来への自信の現れと言える。

油圧ショベルなど他の建設機械と比較すると、建設用クレーンは耐久性に優れ、寿命も長く、中古車としての価格が高いのが特徴だ。「壊れたから買い替える」というよりは、景気が良くなったら新しい製品に買い替え、景気が冷え込むと買い替えを待つ傾向にあるという投資行動がある。つまり建設用クレーンは、他の建設機械と比べて景気の波に左右されやすい。そうした中でも堅実にシェアを伸ばしている彼らの戦略は他のOEMにとっての指標になっている。タダノはこの10年で、海外に17社のグループ会社を設立し、8箇所の拠点を拡大した。彼らの積極的なアクションが日本のクレーン業界を今後も牽引してくださう **PSR**

Far East Asia: South Korea

Doosan Bobcat Opens Manufacturing Plant in Chennai

Doosan Bobcat India, a subsidiary of Doosan Bobcat Inc., has begun operations in a manufacturing facility in Chennai, India. The state-of-the-art plant will receive an investment of US\$ 26 million over the next five years; it covers an area of 21.6 acres and has an annual production capacity of 8,000 units.

The manufacturing, warehouse, assembly and painting plant is an integrated facility under one roof, initially supporting the production of backhoe loaders that have been fully designed and developed by the engineering team.

It is a new addition to the existing product portfolio of Bobcat in India and consists of several models of skid steer loaders and mini excavators. The company plans to make this facility a global manufacturing base for exports as well as a regional base. In addition to backhoe loaders, the company is looking to localize other compact products to serve the Indian and potentially export markets.

Source: *Kikai News* [Read The Article](#)

PSR Analysis: India is a market where rapid growth can be expected, and the construction of this factory will be an opportunity to dramatically improve Bobcat's branding in India.

Backhoes play an active role in many construction sites. Opening a factory in a growing market is a good indication of their strategy. All backhoe loaders sold in India are manufactured domestically, and there are many local competitors. Localization is essential for OEMs to increase their market share. **PSR**

 [Click Here To Go To Page 1](#)

Far East Report

Continued from page 8

Hitachi Construction Machinery says it will start to provide the service solution “ConSite OIL”, in Southeast Asian countries. Currently, it’s available to customers in Europe and Japan.

極東 > 韓国:

斗山ボブキャット、インド製造工場(チェンナイ)の開設を祝う

2019年8月28日、Doosan Bobcat Inc.の完全子会社であるDoosan Bobcat Indiaは、インドのChennaiにある製造施設の開設と操業開始を発表した。今後5年間で2,600万ドル(約28億円)の投資を行う最先端の工場は21.6エーカー(約87,000㎡)の面積をカバーし、8,000台の年間生産能力を持っている。製造、倉庫、組み立て、塗装工場が1つの屋根の下にある統合施設で、最初はエンジニアリングチームが完全に設計開発したバックホーローダーの製造をサポートする。これは、インドのボブキャットの既存の製品ポートフォリオに新しく追加されたもので、スキッドステアローダーとミニショベルのさまざまなモデルで構成されている。同社はまた、この施設を輸出向けのグローバルな製造拠点および地域の卓越した拠点にすることを計画している。バックホーローダーに加えて、同社は他のコンパクトな製品をローカライズして、インド市場および潜在的に輸出市場にもサービスを提供することを検討している。

出典: Kikai-News [記事を読む](#)

PSR 分析: インドは今後も急速な成長が期待できる市場であり、この工場建設はボブキャットのインドにおけるブランディングを飛躍的に向上させるきっかけとなるだろう。バックホーはそのオールマイティーさから多くの建設現場での活躍が見込まれるボブキャットの主力製品であり、成長市場への素早く適切なタイミングでの工場開設は彼らの戦略性をよく表している。インドで販売されているすべてのバックホーローダーは国内で製造されている。つまり現地での競合が多いということだ。OEMがプレゼンスを高めるためにはローカライズすることは必須であり、そうした観点からも彼らのこの戦略は的確だろう。 **PSR**

Southeast Asia Report

Hitachi To Start Providing “ConSite OIL” To SE Asia

Hitachi Construction Machinery says it will start to provide the service solution “ConSite OIL”, in Southeast Asian countries. Currently, it’s available to customers in Europe and Japan.

A large hydraulic excavator equipped with the ConSite OIL function was exhibited at the Mining Indonesia 2019 show in Jakarta, Indonesia, Sept. 18-21. Beginning with this exhibition, the company will gradually provide services through the ConSite OIL to markets in Southeast Asian countries such as Indonesia, Singapore, Malaysia, Thailand, Vietnam, Philippines, Cambodia, and Laos.

ConSite OIL monitors engine oil and hydraulic oil information 24 hours a day using oil monitoring sensors installed in the construction machine in operation and accumulates big data such as construction machine operation/location information. It is a service solution that automatically diagnoses the condition of oil using Global e-Service and automatically delivers reports to customers and service staff agents.

 [Click Here To Go To Page 1](#)

Southeast Asia Report

Continued from page 9

Source: *Kikai News* [Read The Article](#)

PSR Analysis: This service is highly valued in Japan, Europe and the United States, as OEM support is important, and is one of the requirements for customers in their buying decisions. Using this service, customers can quickly find out about the state of the machine using a smartphone app.

The app has been available in 33 languages since April 2018. The company also launched an app for sales agents to increase inspection efficiency. The number of repair proposals to customers in Japan increased 1.5 times compared to the same period in 2017.

Although stable operation of machines is important at every site, it is very difficult to predict failures. Standard installation on new models is progressing, but Hitachi Construction Machinery will expand after-sales support in the global market by providing the same service in Southeast Asia, where demand for construction machinery is expected to increase. **PSR**

東南アジア >

日立建機、東南アジア市場に「ConSite OIL」を提供開始

日立建機は9月2日、従来、ヨーロッパや日本市場で顧客から支持されているサービスソリューション「ConSite OIL」を、東南アジア各国市場で順次提供を開始すると発表した。これに先立ち、「ConSite OIL」機能を搭載する予定の大型油圧ショベルを9月18～21日までインドネシアのジャカルタで開催される「Mining Indonesia 2019」に出展する。同展示会を機に、インドネシアやシンガポール、マレーシア、タイ、ベトナム、フィリピン、カンボジア、ラオスなどの東南アジア各国市場に、「ConSite OIL」を通じたサービスを順次提供していく。「ConSite OIL」は、稼働する建設機械に搭載した「オイル監視センサ」からエンジンオイルや作動油の情報を24時間モニタリングするとともに、建設機械の稼働・位置情報などのビッグデータを蓄積するGlobal e-Serviceによってオイルの状態を自動で診断し、顧客と代理店のサービススタッフなどにレポートを自動で配信するサービスソリューション。

出典: Kikai-News [記事を読む](#)

PSR 分析: OEMのサポート力の高さが顧客の機械の選定条件の一つとして重要視される中、このサービスは日本や欧米で高く評価されている。このサービスのリリースによって、顧客はスマートフォンのアプリで機械の状況を素早く知ることが可能となった。アプリは2018年4月から33言語に対応している。また、販売代理店には点検効率を高めるアプリの提供を開始した。日本における顧客への修理提案数が2017年同期比で1.5倍となった。機械の安定稼働はどの現場でも重視されるものだが、故障の予見は非常に難易度が高い。新機種には標準搭載が進んでいるが、今後建機需要が高まる東南アジアでも同じサービスを提供することで、日立建機はグローバル市場でのアフターサポートの拡充を図る。 **PSR**

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The CV market is likely to continue to see soft demand as customers defer purchases because of under-utilization of trucks caused by falling freight rates.

India Report

By *Ritvik Kulkarni*, Research Analyst-India

Special Report: Trouble in India's Motown



*Ritvik
Kulkarni*

The bad times in the India automobile market started with the slowdown in Q4 2018, triggered by the NBFC (Non-Banking Financial Companies) crisis. Since then it has been 10 consecutive months of hard times for almost all automobile segments. All the segments in the country, be it passenger cars or commercial vehicles, have registered a decline.

Weak market sentiments and an overall economic slowdown have added to existing reasons for low sales.

The two-wheeler industry has witnessed a 10% decline through August in 2019 owing to increased vehicle costs caused by new safety mandates and insurance premiums. The rural market, which makes up around 60% of total sales, has been affected by the worst economic crisis ever seen in rural areas.

The Passenger vehicle segment saw a 9% decline through August in 2019 because of the reduced buying power caused by the NBFC crisis. People living in the metro areas also are reducing their purchases due to the increased availability of shared mobility.

After blockbuster CV growth in 2017 and 2018, largely driven by demand for tipper trucks in new infrastructure spending, mining projects and fleet replacements, the party ended in Q4 2018. At that time, the industry experienced a sharp decline between 2018 and 2019 mainly due to the liquidity crunch, revised axel norms, slowdown in manufacturing and infrastructure spending, and uncertainties due to the general elections.

The CV market is likely to continue to see soft demand as customers defer purchases because of under-utilization of trucks caused by falling freight rates.

The slowing of the economy is hurting overall customer sentiments and impacting demand for new vehicles. The MHCV segment dipped 19% in 2019 through August.

To address this situation, several reforms and steps are being taken by OEMs and the Government. Some of them are listed below.

OEMs. The OEMs have

- **Started offering** hefty discounts and additional benefits to boost sales.
- **Increased** their advertising budgets by 10%-12% over 2018 for the festive season.
- **Organized** special events like 'gramin mahotsavs' (village festivals)
- **Offered** attractive financing schemes and exchange deals to draw in consumers in rural areas, where good rains since July have raised hopes of a bumper harvest and faster recovery in the economy.

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India Report

Continued from page 11

Government. The government is planning to cut the GST on the auto segment by 10% in addition to the reduction in interest rates on loans. It has pumped in Rs. 70,000 crores in NBFCs, and it has introduced fiscal incentives for old vehicles.

Considering these positive steps against the existing negative pressures, demand should pick up in this festive season and should continue for several quarters, considering the pre-buy. Q4 2019 should see Y-O-Y growth due to the low base of Q4 2018. **PSR**

Russia Report

By Maxim Sakov, Market Consultant, Russia

Toyota To Invest US\$ 300 Million in St. Petersburg



*Maxim
Sakov*

Toyota Motor plans to invest US\$ 300 million (20 billion rubles) in its St. Petersburg plant through 2028, says Japanese Prime minister Shinzo Abe. "Interest of Japanese companies to Russia is growing," he says.

Abe also said Toyota will improve supply chains and personnel skills.

The Toyota plant opened in St. Petersburg in 2007. Its cars are targeted to the markets of Russia, Kazakhstan and Belarus.

Currently, the plant assembles Camry and RAV4 models. Its production capacity is 100,000 cars per year. **Read The Article**

PSR Analysis: Despite many economic issues and sanctions, the Russian car market is attractive to global automotive makers.

Part of Moscow-St. Petersburg Toll Road Opens

A section of the M11 toll road between Moscow and St. Petersburg (from marker 543 to 646 km) has been opened for traffic. It's now possible to go almost 440 km without stopping. The new road meets the requirements for IA category. It has four lanes overall, with fencing and lighting. Maximum allowed speed is 110 km/h, which will be increased to 130 km/h.

Earlier, the head of State company Autodor said the toll road M11 Moscow-St. Petersburg will be completed in December 2019. The toll to drive between the two cities will be about US\$ 30 (2000 rubles). **Read The Article**

PSR Analysis: The nearly-completed toll road between Moscow and St. Petersburg is one of Russia's infrastructure mega-projects. This summer, I drove this road, and at a gas station stop, I saw German tourists admiring the quality of the road. That's a very good sign.

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Russia Report

Continued from page 22



Volkswagen May Halt Cooperation with GAZ Group

GAZ owner Oleg Deripaska told the *Wall Street Journal* that it would halt cooperation with GAZ if US sanctions become effective in November, as planned. Currently, the sanctions are postponed by the OFAC, a government regulator.

Earlier, Deripaska said that Daimler already has suspended co-operation with GAZ. Also, GAZ has problems with banks, and some suppliers have stopped working with the OEM because of fears over secondary sanctions.

At the moment, GAZ has no debts to Western banks. However, its debts to the Russian State have increased to US\$ 1.4 billion. **Read The Article**

PSR Analysis: Most probably, the sanctions will be implemented. Volkswagen has already suffered during “dieselgate,” so most probably, it will stop co-operation with GAZ. Then 150,000 + Volkswagen engines per year, produced in Russia, will be shifted elsewhere—possibly out of the country--and that part of the GAZ group will face more problems. In a worst case scenario, some plants of GAZ group (depending on foreign components) will be taken over by the State.

If that happens, the part of the OEM that is nationalized will switch to production of less sophisticated vehicles (on local component base), and another part will switch to military applications, thus following the experience of “Tractor Plants” operation. **PSR**

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