

# PowerTALK



Published Monthly by  **Power Systems Research**  
*Powerful Possibilities™*

Volume 3 No. 3 March 19, 2018

**Worldwide News & Analysis**

## Top Stories

*PSR Marine Database Expanded*

*Data Point: A new feature*

*2018 Moscow Boat Show Report*

*India Shifts EV Program*

*Hyundai May Build Engine Plant in Russia*

*Ford Delivers First Bi-fuel Focus Cars in Russia*

*China Drops Term Limits. Some Thoughts*

*VW Picks China's CATL as Battery Source*

*PowerTRACKER North American gen-set survey report*

## About Us

**Power Systems Research (PSR)** is a world leader in providing power equipment information, whether it's pure data, analysis, forecasting or specific business intelligence. This product information ranges from IC engines to battery-electric and hybrid powertrain technologies. PSR has been providing world class business and market intelligence to industry leaders for more than 40 years. How can we help you? For details, call +1 651.905.8400 or email [info@powersys.com](mailto:info@powersys.com). [www.powersys.com](http://www.powersys.com)

***Power Systems Research: Data....Forecasts...Strategies***

## Editor's Note

### New Feature: Data Point

We have something new for you in this report. Going forward, each issue of PowerTALK will contain an important **Data Point** item from Carol Turner, a senior analyst at Power Systems Research. The items will focus on important production data for a specific application in one of the 13 industry segments followed by PSR. This month, Carol reviews UTV production in North America. **PSR**

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

## Data Point

By *Carol Turner*, Senior Analyst, Global Operations

**448,000**

*Polaris leads in North American UTV production with a 31.5% share, Deere & Co., is second at 12.5%, trailed by Kubota with 9.5%. Production is expected to increase steadily over the next 3-5 years.*

This is the estimate by Power Systems Research for the number of UTVs that will be produced in North America in 2018. This compares with 2017 production of 437,400 units, or an increase of 10,600 units (2.4%). This data comes from OE Link™, PSR's proprietary OEM database. Polaris leads in North American UTV production with a 31.5% share, Deere & Co., is second at 12.5%, trailed by Kubota with 9.5%. Production is expected to increase steadily over the next 3-5 years.

OE Link™ is the definitive source of global original equipment manufacturer (OEM) production and forecast data. It covers internal combustion engines and electric and hybrid-drive systems across vehicle, mobile and stationary equipment applications in 13 industry segments. **PSR**

## Expanded MarineLink™ Database Readied


The expanded and updated **MarineLink™** proprietary database of global boat builders developed by Power Systems Research is being prepared for distribution in Q2 2018. Details will be available in the April 2018 issue of the PSR PowerTALK report. For more information, email us at [info@powersys.com](mailto:info@powersys.com).

Launched in 1990, MarineLink™ originally included information on all types of European pleasure boats powered with an inboard, sterndrive or sail drive diesel engine (motor boats and yachts, sports cruisers, sport fishing boats, sailing yachts, trawlers, canal boats, superyachts, etc). MarineLink™ now contains data on more than 300 boat builders and marine OEMs in Europe, Eastern Europe and Russia.

MarineLink™ does not include boats powered with an outboard engine.

New information in the updated edition of MarineLink™ this year includes about 100 North American marine engine OEMs and boat builders manufacturing recreational boats with an inboard, stern drive or sailboat engine, using gasoline or diesel fuel.

MarineLink™ is a great tool for all boat and marine pleasure engine manufacturers, boat builders, component manufacturers and those tracking trends in the marine industry. **PSR**

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

## Global/North America Report

By *Tyler Wiegert*, PSR Project Manager and Research Analyst



### Severe Weather, Economy Boost Strong Q4 2017 Gen-Set Sales

**SUMMARY.** North American gen-set sales continued with strong growth in the lower kW ranges in Q4 2017 with overall unit sales up 12.9% over Q3 2017.



*Tyler  
Wiegert*

The gains were driven by ongoing demand caused by severe hurricanes, as well as optimism about the economy.

This increase follows Q3 2017 where dealers reported sales increased a remarkable 21.8%. Sales dropped off in the larger kW ranges after a banner Q3 2017, however.

On a YoY basis, unit sales for Q4 2017 were up 19.5% compared to sales levels in Q4 2016.

The data comes from the proprietary **PowerTracker™** series of quarterly syndicated surveys conducted by Power Systems Research. A total of 1,400 interviews are completed each quarter with gen-set dealers and distributors, businesses and households in North America.

Solid growth continued in the smaller gaseous (gasoline, natural gas, propane) kW ranges with <10 kW up 12.2%, 10-20 kW up 8.6% and 21-50 kW up 5.4% relative to Q3 2017 levels.

Sales of diesel gen-sets held steady in the lower kW ranges with <10 kW remaining flat and 10-20 kW sets up only 2% for the fourth quarter.


After the hurricane-driven climb in Q3 2017 sales, however, sales dropped 3%-5% in each of the 301-500 kW, 501-1000 kW, and 1001-2000 kW ranges, and 5%-7.5% in the 2001-5000 kW range, for each diesel and gaseous fuels.

In Q3 2017, we reported that dealers had replenished inventories at a higher rate than normal, despite strong sales.

In Q4 2017, we heard from some of our PowerTracker™ respondents that it was not fast enough. Between wildfires in California and hurricanes battering the East Coast, we heard from many dealers that their inventories had been wiped out, and overall inventories declined by 2.8% relative to Q3 2017.

On a YoY basis, inventory levels at the end of Q4 2017 were still 10.6% higher than the end of Q4 2016

Dealers were still seeing an increase in demand in Q4 2017, so much so that it started eating into their inventories and some were not able to replenish quickly enough to meet the demand in their area. But it wasn't enough to overcome the growth in inventories over the previous three quarters.

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

## Global/North America Report

Continued from page 3

### EnginLink™

If you need OEM data and forecasts, you'll love **EnginLink™**

**EnginLink™** is the definitive source of global production, forecast and specification data for IC engines. And now providing information on electric and hybrid-drive systems.

It contains model level detail for power sources used in off-road equipment and on-highway vehicles.

Call today. +1 651. 905.8400, or email us at [info@powersys.com](mailto:info@powersys.com).

**Call Today.**  
**Why wait for success?**



**Power  
Systems  
Research**

Powerful Possibilities™

1365 Corporate Center Curve  
St. Paul, MN 55121

+1 651.905.8400  
[www.powersys.com](http://www.powersys.com)

**METHODOLOGY:** Since 1998, Power Systems Research (PSR) has been continuously maintaining its PowerTracker™ series of syndicated surveys, conducting interviews each quarter among three key respondent groups in North America.

We conduct 200 interviews each quarter among dealers and distributors; the focus of this survey is on recent sales and market observations for the current quarter as well as expectations for the coming quarter.

Our Business Consumer survey consists of 900 interviews per quarter among a wide cross section of businesses to gather their input concerning ownership, usage trends and motivating factors for purchase, including any concerns about the reliability and availability of electric power.

Finally, our Household Consumer survey consists of 300 interviews per quarter to learn more about gen-set ownership trends among households and monitor the likelihood of a gen-set purchase.

#### Dealer/Distributor Outlook for Q1 2018

When asked about the short-term outlook, PowerTracker™ dealers and distributors anticipate Q1 2018 will have some expected decreases in activity in the lower kW ranges as the hurricane season has passed, but changes will be segmented by fuel type.

For diesel gen-sets, Q1 2018 will be about flat in the power ranges <20 kW, but will decline between 4% and 8% in the 20-100 kW, 301-500 kW, and 1001-5000 kW ranges.

Gaseous-powered gen-sets will decline 7%-12% in the <300 kW range, but may actually see modest growth in the 301-5000 kW range. The strongest area for growth expected for Q1 2018 is with gaseous gen-sets from 1001 kW to 2000 kW increasing about 5%.

When asked, "Why do you expect sales to change in the upcoming quarter?" comments from dealers focused on the following market observations:

**Improving Weather:** As expected, growth slowed somewhat after the hurricane season passed. We heard from many dealers, though, that the recent spate of hurricanes has made consumers more conscious of the need for backup power.

In fact, in our Business Consumer survey we saw an increase in the number of respondents who cited extended power outages and frequent power outages as

### Like what you see?

To ensure that you continue to receive your complimentary copy of the PowerTALK report each month, [Sign up now.](#)

[↑ Click Here To Go To Page 1](#)

## **Global/North America Report**

*Continued from page 4*

*Further slow-down in growth may also be tempered by ongoing wildfires in California, which have had a similar, albeit more muted effect as recent hurricanes.*

a reason to buy a gen-set, and a decrease in the number of power outages that would cause them to purchase a generator.

Further slow-down in growth may also be tempered by ongoing wildfires in California, which have had a similar, albeit more muted effect as recent hurricanes.

**Political-Economic:** Dealers are divided on how to feel about the current political-economic environment. On one hand, the economy is strong, and consumer confidence is growing. More than a few dealers attributed this to the recent tax cuts and the leadership of the Trump White House in rolling back regulations.

Others were not as optimistic. They focused on political fighting and the shrinking government as the reason that their government-side orders have stalled or evaporated. Whatever the case may be, we will likely hear both sides of this story for the foreseeable future.

**Seasonal:** Expectations are largely negative for Q1 2018, with overall expectations ranging anywhere from roughly flat to -10% growth, depending on the kW range. Dealers cited historically poor Q1 performance, as well as a hiatus on outdoor activities as the primary reasons. The smallest declines are in the <20 kW diesel range, at less than a 1% decline, matching what we heard from some dealers that Q1 is the best time for the sale of portables.

When asked, "What changes have you recently noticed among particular customer groups or product categories within your market?" there were several comments that emerged as common themes. Many of these are comments that have carried from quarter to quarter, but the following is a sampling of some key observations:

- **Greater customer awareness** across the board for the need for backup power in homes and businesses. Dealers are specifically citing hurricanes as driving this awareness.
- **More interest** in natural gas gen-sets.
- **A strong economy** is driving consumer confidence
- **Price consciousness** is pushing consumers to get multiple quotes, but ultimately buy online from foreign manufacturers

The sales index continued a second quarter of growth not seen for over 5 years, resulting in the first decline in the inventory index since 2014. Going forward, we will be watching to see if the recent lessons from the hurricane season stick in the minds of consumers and if the increased demand for emergency back-up power holds.

We will be interested to see if dealers can capitalize on the present surge in demand, or if they will be unable to restock in time before the weather improves and the economy returns to a more normal growth rate. **PSR**

[↑ Click Here To Go To Page 1](#)

## Brazil/South America Report

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



*Fabio  
Ferraresi*

### Brazil February Vehicle Sales Jump

February vehicle sales in Brazil (PC, LCV, MHV) grew 15.7% over February 2017. Sales figures break down this way: Passenger Cars and LCVs grew 14.6%, MH Trucks climbed 57.26%, and Bus chassis sales increased 71.4%. Sales for the first two months of 2018: Passenger Car + LCV, up 18.6%; Trucks up 56.71%, and Bus chassis up 64,3%.

**Source:** Fenabreve [Read The Article](#)

**PSR Analysis:** The sales growth trend seen in February directly impacts production in Brazil, Argentina and imports from Mexico. Imports of LV also will grow with these stronger sales and the end of Inovar-Auto program that eliminates import quotas.

### Auto OEMs To Invest US\$ 30 Billion in Brazil


The Brazilian Automotive industry is facing a new wave of investment for parts nationalization, new model launches and productivity gains in line with 4.0 industry concepts. A sizeable portion of this investment will be made through 2020. The bulk of investment will take place in Passenger Car, but Truck OEMs will invest, too. Mercedes, Scania and Volvo announced investments of about US\$ 2 Billion, each with different timelines.

**Source:** Valor Econômico [Read The Story](#)

**PSR Analysis:** In this investment there are several components, such as complete engines, crankshafts, engine housings, and launches of new models such as the Toyota Yaris. This combination of new models and new manufacturing footprints will heavily impact sales planning, since it creates opportunities, and brings supply chain change, at the same time. **PSR**

## Like what you see?

To ensure that you continue to receive your complimentary copy of the PowerTALK report each month, [Sign up now.](#)

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

## Far East/Southeast Asia Report:

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

### Far East: Japan

#### Japan Companies Push Hydrogen Stations



*Akihiro  
Komuro*

Eleven Japanese companies have joined forces to push the development of hydrogen stations for fuel cell vehicles (FCV) in Japan. The new company, Japan H2 Mobility, LLC (JHyM), plans to foster the deployment of hydrogen stations throughout Japan under the guidance of the Japanese central government's Ministerial Council on Renewable Energy, Hydrogen and Related Issues. The goal of JHyM is to increase the number of FCVs on the road in Japan, and build the hydrogen station business.

**Source:** Toyota global newsroom [Read The Article](#)

**PSR Analysis:** The lineup of 11 companies crosses many aspects of Japanese business, which shows Japan's enthusiasm for hydrogen energy. The number of stations currently installed is about 100. The FCV itself is only around 2,400 units, so the station business is not profitable at this time. The new company plans to improve this situation. Looking at hydrogen from a global perspective, it is only in Japan, and it is still unknown how this will spread to the world in the future. **PSR**

### Far East: South Korea

#### Diesel, Motorcycle Emissions Regs Tightened

Emissions regulations for diesel cars and mid to small-size motorcycles have been tightened by 200% as part of the Ministry of Environment's amendment to the Clean Air Conservation Act.

The ministry says the revision is one of the "comprehensive measures for fine dust management" announced by the government last September. The government plans to reduce fine dust by about 3,200 tons over the next 10 years, and lower noise pollution caused by motorcycles.

**Source:** The World on Arirang [Read The Article](#)

**PSR Analysis:** This move will meet Euro 6 standards. About 20% of the total population lives in Seoul, and air pollution is getting worse. Previous efforts

## OE Link™

If you need OEM data and forecasts, you'll love **OE Link™**

**OE Link™** is the definitive source of global OEM production and forecast data for IC engines. And now providing information on electric and hybrid-drive systems.

It contains model level detail on vehicle, mobile and stationary equipment applications in 13 key industry segments.

Call today. +1 651.905.8400, or email us at [info@powersys.com](mailto:info@powersys.com).

**Call Today.**  
**Why wait for success?**



**Power  
Systems  
Research**

Powerful Possibilities™

1365 Corporate Center Curve  
St. Paul, MN 55121

+1 651.905.8400  
[www.powersys.com](http://www.powersys.com)

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

## Far East/Southeast Asia Report

Continued from page 6

*Thaco said it expects its tractors to have a market share in Vietnam of 7% in 2018 (or 500 tractors sold), and a 38% market share – 2100 tractors — by 2026.*

to reduce PM 2.5 (Particulate Matter 2.5  $\mu\text{m}$ ) by adjusting bus and subway schedules have not been effective. The Ministry of the Environment expects the new moves to cut noise and emissions to be more effective. **PSR**

## Southeast Asia: Vietnam

### Tractor Factory Opens in Vietnam

Truong Hai Automobile Joint Stock Co. (Thaco) has opened its new tractor factory in Vietnam. The company, called Vietnam's first modern agricultural equipment manufacturer, was created through a partnership between Thaco and South Korea's LS Mtron Corp. last year. The plant is designed to build up to 2,000 tractors annually and started production using completely knocked down (CKD) tractors from South Korea. Thaco said it expects its tractors to have a market share in Vietnam of 7% in 2018 (or 500 tractors sold), and a 38% market share – 2100 tractors — by 2026.

**Source:** Diesel Progress [Read The Article](#)

**PSR Analysis:** Thaco does not release the selling price but seems to set a lower price than Japanese products such as Kubota, which is very popular in Vietnam. Mechanization has been slow in Vietnam, and there are still many farmers who depend on manual work. Second hand products of Japan and China OEMs are popular in the agricultural equipment market. **PSR**

## China Report



Qin Fen

*By Qin Fen, PSR Business Development Manager-China.  
Erik Martin, Director-Asia Region contributed to this report.*

### China Eliminates Presidential Term Limits

The National People's Congress, China's parliament, adopted a landmark amendment to China's Constitution by secret ballot March 11, 2018, scrapping term limits for the president, allowing Xi Jinping to serve beyond his scheduled two-terms.

**Source:** China Daily [Read the Article.](#)

**PSR Analysis:** This is actually THE news of the year for us here. But I would say it's not as bad as it may seem to be, for several reasons.



Erik  
Martin

### LIKE WHAT YOU SEE?

To ensure that you continue to receive your complimentary copy of the PowerTALK report each month, [Sign up now.](#)



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

## China Report

Continued from page 8

### CV Link™

If you need OEM data and forecasts for commercial vehicles, you'll love **CV Link™**

**CV Link™** is the leading source of global production, forecast and specification data for on-highway commercial vehicles.

CV Link™ contains OEM names, brands, and models, engine model detail, and qualitative analysis of OEMs and product platforms.

Call today. +1 651. 905.8400, or email us at [info@powersys.com](mailto:info@powersys.com).

**Call Today.**

**Why wait for success?**



**Power  
Systems  
Research**

Powerful Possibilities™

1365 Corporate Center Curve  
St. Paul, MN 55121

+1 651.905.8400  
[www.powersys.com](http://www.powersys.com)

Xi Jinping is not going to be THE ruler for the rest of his life, but he is definitely going to cast a long and large shadow in history. Democracy, though misinterpreted by many and in many ways, is instilled in people's hearts and minds now in China, and no one can change that. Not him, not the Party;

Ironically, you have to grab as much power in China as you can before you can give people a lot of democracy. I know it sounds crazy, but it's where we are now. No one knows where Xi Jinping will be headed when he grabs all the power he needs; he could end up a terrible dictator or he could be one of those who leads people down the right path, given the right amount of trust by the people.

As he's taking the whole nation down a new path, Xi Jinping will get mountains of objections from democracy backers and hundreds of pre-planted landmines from his opponents within the Party (ones he calls comrades).

A very important point: No one has noticed that the tenure change applies to the vice-chairmanship as well as the chairmanship. The vice-chairman is Xi Jinping's biggest opponent and will sabotage every effort he thinks right for the country.

China's road to rule of law and democracy, even if eventually accomplished, will not be entirely the same as those of America, France or Germany.

2018 and 5-10 years forward is critical to China, in terms of political and social structure. A great deal of reform work needs to be done by the people involved; it's not an easy task. One stable leadership on top will relieve much suspicion and resistance around all the reform work this year and after.

In an era and place where democracy is easy for everyone to say and barely possible to implement, it takes guts to say "not now". One might ask what about 20 years or 30 years from now? Well, we shall see. **-QF**

## China May Go Further on Vehicle Emission Control

Premier Li Kiqiang, in his government work report 2018, announced diesel trucks will be targeted in a special program that will aim to reduce exhaust emissions.

**Source:** China Global Television Network

**PSR Analysis:** This might suggest that China's central government may set tougher or more aggressive actions against air pollution, by either promoting use of DPF on in-place vehicles or reinforcing National 6 emission regulation ahead of schedule. **-QF**

### Like what you see?

To ensure that you continue to receive your complimentary copy of the PowerTALK report each month, [Sign up now.](#)

[↑ Click Here To Go To Page 1](#)

## China Report

Continued from page 9

## Volkswagen Picks Chinese Battery-Maker in EV Push

BEIJING – Volkswagen plans to spend more than \$60 billion on battery cells, and it has picked China's largest electric-car battery-maker, Contemporary Amperex Technology Co. (CATL), to supply batteries in its race to grab market share in the hot electric-vehicle (EV) market. The German auto giant said it will add other battery suppliers for its ambitious EV plan in the future. Representatives at CATL declined to comment.

Volkswagen's first pure electric model equipped with CATL batteries will hit the market this year. The partnership is part of Volkswagen's plan to launch 80 new electric car models by 2025 and offer a hybrid or all-electric version of all 300 models it produces by 2030.

**Source:** Caixin Global [Read The Article](#)

**PSR Analysis:** Volkswagen's decision to buy batteries from CATL makes sense, in terms of timing. They have seen BMW and Daimler buy from CATL, and in order to start selling their new EVs by the end of this year, a trusted battery source is required.

CATL, to its credit, has taken advantage of the Chinese government's subsidy policy, effectively preventing foreign battery manufacturers from competing in the largest EV market in the world. CATL's plans for a plant in Europe, and their ability to woo Toyota, Honda and Nissan attest to their strong position in the field. It also reminds us that we need to seek a level playing field driven by market forces – not subsidies and the whims of policy makers – to see a stable conversion to EVs throughout the world. **-EM PSR**

*With India among a few countries where vehicle sales grew at a healthy pace, the past year saw the nation's profile as a key automobile market increasing.*

## India Report

By *Jinal Shah*, PSR Manager, South Asia Operations

### Indian Auto Sales Climb 14.41%



*Jinal  
Shah*

Indian auto sales climbed 14.6% during 11-month the period, April - February 2018. [Read The Story](#)

**PSR Analysis:** The Indian auto industry registered better growth than predicted during this period, overcoming the effects of demonetization and the initial hiccups from the implementation of GST. With India among a few countries where vehicle sales grew at a healthy pace, the past year saw the nation's profile as a key automobile market increasing. Honda Motors and Suzuki,

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

## India Report

Continued from page 10

in the two-wheeler segment, and Maruti Suzuki in passenger cars have had their highest revenue contribution from India.

Although the global sales for Hyundai declined, India is its third biggest market and its sales in India climbed year-on-year. The success of the Asian OEMs is based on their developing products suited for Indian buyers. US and European automakers have taken a cue from this success and have started targeting Indian buyers with new products.

It appears that growing middle-class and rural incomes, economic growth, a favorable national budget, and targeted new product launches will keep auto sales growing at a good pace.

## India Government Reduces EV Goals

The Indian government seems to be realigning its road map for electric vehicles closer to what the automobile industry had envisioned.

### Read The Article

**PSR Analysis:** While opinions vary as to whether the goal of selling only fully electric vehicles by 2030 is practical or achievable in India, lack of sufficient charging infrastructure is hampering promotion of EVs. Also, technologies in critical areas such as motors, controllers and batteries are still evolving.

Based on Phase I of implementation, it appears that the EV goal may be modified, delayed, or dialed back significantly for lack of a suitable ecosystem. Actions by the government to re-align the goals, create guidelines and provide a suitable charging infrastructure are certainly encouraging and should keep the hope of EVs in India alive. **PSR**

## COMPONENTS

Looking for component data?

*We can help.*

Many components are already included in our databases. If the ones you require are not, we can identify them for you.

The **Components & Consumables Module Directory** provides a quick overview of components data available in our EnginLink™, OE Link™, CV Link™ and PartsLink™ proprietary databases.

The modules are not stand-alone products; they can be purchased only as part of a subscription/extract to one of the databases, EnginLink™, OE Link™, CV Link™ or PartsLink™.

Call today. +1 651.905.8400, or email us at [info@powersys.com](mailto:info@powersys.com).



**Power  
Systems  
Research**

Powerful Possibilities™

1365 Corporate Center Curve  
St. Paul, MN 55121

+1 651.905.8400  
[www.powersys.com](http://www.powersys.com)



Maxim  
Sakov

## Russia Report

By *Maxim Sakov, Market Consultant, Russia*

### Moscow Boat Show Seems To Be Slipping

MOSCOW (March 8, 2018)--This year, the Moscow Boat Show looks sad. It uses only one hall in Crocus Expo fair center here, down from two or three halls few years ago.

The show runs March 8-11, and show organizers say that more than 20 000 visitors are expected to attend and more than 250 companies from around the world will take part, once final numbers are totalled, but those estimates may be high.

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

## Russia Report

Continued from page 11

*Ford Sollers is a joint venture between Ford and the Russian OEM Sollers. Ford operates its own engine plant in Russia. CNG vehicles have a good future in Russia after the problem with gas station networks is resolved.*

There is only one flybridge yacht (Polish Galeon 460) and one Italian Azimut Atlantis 43 on display. That's all that can be considered as luxury boats. Less than a dozen boats above 10 meters in length are here. All leading boat builders, like Princess, Sunseeker, Bavaria, etc., are gone. The ones remaining are mostly small sailing and motor boats, most with outboard motors.

There are a few French (Jeanney) and US boats shown here, but most are Polish and locally-made. Outboard motors are presented by Mercury, Yamaha and Korean Mikatsy. A Volvo Penta dealer is showing a 5.7 liter inboard engine. Perkins and Yanmar marine gen-sets also are being shown.

Fair participants say sales of big boats in Russia have virtually stopped. So, the focus is on smaller and cheaper stuff now. One of the most famous local boat builders, Velvette, has not brought its flagship Evolution 41' here, choosing to show only smaller boats.

In conclusion, I could say that the Russian market for luxury boats continues in a deep coma. This is one factor for the downsizing of Moscow Boat Show. Another factor is the competing fair in St Petersburg (SPIBS), which started five years ago and is growing in popularity. Apparently, it's much easier to deliver large boats to St Petersburg by sea in September, than to Moscow in March with the related complicated logistics.

Still, the fact remains that the purchase of a yacht is not a priority in Russia, and this situation is not going to improve over the next several years.

## Ford Delivers First Bi-fuel Focus Cars

Ford Sollers has delivered its first six bi-fuel vehicles to the Tatarstan government. The new cars are powered by a 1.6-liter modified engine and fueled by both CNG and gasoline. The new car is able to run 1000 kilometers without re-fueling, and the change between CNG and gasoline can be done automatically or manually. The OEM warranty for gas installation is 24 months, and the engine is under the standard Ford warranty. The vehicles were made in Russian plant of Ford Sollers, and the modification was done in the Russian R&D center of Ford Sollers. [Read The Article](#)

**PSR Analysis:** Ford Sollers is a joint venture between Ford and the Russian OEM Sollers. Ford operates its own engine plant in Russia. CNG vehicles have a good future in Russia after the problem with gas station networks is resolved.

### Like what you see?

To ensure that you continue to receive your complimentary copy of the PowerTALK report each month, [Sign up now.](#)

[↑ Click Here To Go To Page 1](#)

## Russia Report

Continued from page 12



## Hyundai May Build Engine Plant in Russia

Hyundai is expected to make its final decision on a new plant in Russia by the end of this year. At the moment, Hyundai is considering various options of co-operation with local component suppliers for transmission and engine parts.

### Read The Article

**PSR Analysis:** Russia widely practices so called “Special investment contracts.” Under this approach, international OEMs receive certain privileges, if they place production locally, and increase local market share. This is the way, most international car OEMs operate. Ford, Mazda, and VW have their own production in Russia, including engines. Mercedes and BMW have started building their own plants. However, GM has refused to play this game and closed its plant in St. Petersburg. As a result, we see, that Chevrolet and Opel cars have been wiped out of the Russian market.

## Government Investment for Russian Railways in 2018–2020 Will Reach US\$ 33 Billion

The Russian government said it plans to invest about US\$ 33 billion (1.8 trillion Rubles) over three years to build the country’s infrastructure. Among the major projects are the expansion of Trans-Siberian railway, development of Far East harbors approaches, building the bridge to Sakhalin Island, Northern Latitude way. The plan calls for rebuilding almost 10,000 kilometers of railways.

On top of this, Russian Railways is planning to purchase more than 2,000 new locomotives. Generally, one ruble invested in railway infrastructure gives a payback of 1.5 rubles. **Read The Article**

**PSR Analysis:** Railway network development is a part of Russian’s strategic development plans. It should be noted that besides existing projects, such as the Trans-Siberian railway or the railway to Crimea, there are new projects, such as the Sakhalin bridge and the resurrection of the Northern railway, the railway to the Far North (parallel to North Sea Route), which was started in the middle of last century, but cancelled in 1955. **PSR**