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About Us

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

Global Truck Production Index Climbs 8.6% Outlook Is Bright for 2018 Truck Production

By Chris Fisher, PSR Senior Commercial Vehicle Analyst.

Jim Downey, PSR Vice President - Global Data Products.

ST. PAUL, MN (JANUARY 12, 2018) — The outlook for global truck production in class 4-8 looks very promising for 2018, as the strong growth pattern established in 2017 continues. Even previously struggling countries such as Russia, Brazil and Turkey saw very positive signs in 2017 and are looking for continued growth this year. North America and Europe also are expected to have a good year in 2018.




Truck Production Index

With the exception of Japan, Korea and possibly China, all regions are expected to see modest to strong demand for medium and heavy commercial trucks in 2018.

The Power Systems Research Global Truck Production Index (PSR-TPI) increased from 111 to 114, or 2.7%, for the three-month period ended Dec. 31, 2017. Even better was the year-over-year (Q4 2016 to Q4 2017) gain for the PSR-TPI: 8.6%, increasing from 105 to 114.

The PSR-TPI measures truck production globally and across six regions: North America, China, Europe, South America, Japan & Korea and Emerging Markets.

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Global Truck Production

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In Greater Europe, production for medium and heavy commercial vehicles is expected to increase by 9.7% in 2017, compared with 2016.

This data comes from CV Link™, the proprietary database developed and maintained by Power Systems Research.

Looking at individual regions, this is what we see for 2018:

North America: When final numbers for 2017 are tabulated, production of medium and heavy commercial trucks is expected to increase by 9.3%, compared to 2016. The class 8 heavy truck segment continues to improve, and production is expected to finish approximately 11.5% higher than 2016, driven by high order intake. The medium truck (class 4-7) segment is expected to remain strong with production increasing by 6.9% over 2016. Demand for class 8 trucks declined in 2016 but stabilized in 2017, and production is expected to reach 300,000 trucks in 2018.

Europe: In Greater Europe, production for medium and heavy commercial vehicles is expected to increase by 9.7% in 2017, compared with 2016. After a relatively strong couple of years in Western Europe, demand has moderated somewhat, but production improved by 5% compared with 2016. After the past few years of political and economic strife, truck demand improved greatly in 2017 and is expected to finish the year 35.8% higher than 2016. This is due to a combination of companies upgrading their fleets and economic expansion.

South Asia: With the exception of India, all of the countries of South Asia are expected to have a good year for medium and heavy commercial vehicle demand. Demand has slowed in India with the strict implementation of the BS-IV emission regulations on April 1, which increased the cost of the vehicles by 6% – 10%. There was very little truck pre-buy during Q1 2017, and there was a sharp decline in demand during Q2 2017. However, demand appears to have stabilized in the third quarter. For the year, medium and heavy commercial truck demand is expected to decline by 1.8% compared to 2016.

South America: Medium and heavy commercial vehicle production has finally stabilized in Brazil albeit, at historically low levels with production expected to increase by 25% compared to 2016.

Japan/Korea: Domestic and export demand for medium and heavy commercial vehicles are expected to decline in 2017 compared with 2016. Production for medium and heavy commercial vehicles is expected to decline by 3.3% in 2017.

Greater China: Production of medium and heavy commercial vehicles is expected to increase by 28.3% in 2017. In 2017, China started to strictly enforce the GB1589 regulations to control overloading of trucks. This change will reduce freight hauling capacities by 20% thus driving the need to increase truck capacity in the market.

The next update of the Power Systems Research TPI will be in April 2018 and will reflect changes in the TPI during Q1 2018. **PSR**

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Alternative Power

2018 Annual Automotive Industry Outlook Conference

By *John Krzesicki*, PSR Business Development Manager



SUMMARY. Automotive and technology companies from around the globe are moving into next-generation mobility through acquisitions, driving favorable investment activity and potentially strong financial returns. The timing is right for auto OEMs and suppliers, the economy is stable, technology is moving at light speed, and it's time to climb aboard and explore the future of mobility.

These trends became obvious recently when the Society of Automotive Analysts (SAA) held its 31st Annual Automotive Industry Outlook Conference Jan. 14, 2018, at the GEM Theatre in Detroit.



*John
Krzesicki*

This year, SAA put together a strong panel of economists and analysts who provided expert insights into the challenges and opportunities the Auto Industry could see in the near future.

Panelists included:

The keynote speaker **Chris Thomas**, Partner and Founder of Fontinalis, addressed the emerging automotive technologies and their impact on the industry. Thomas's message was quite clear: Next-Generation Mobility is Not Only the Future, it is the Present! The Next-Generation Mobility ecosystem is incredibly broad and complex. This innovation is creating new business models and significant competition between start-ups and industry incumbents, and will create new business opportunities and challenges.

Emily Kolinski Morris, Chief Economist, Ford Motor Company, provided the state of the overall economy and review for 2017. What she considers one of the major surprises of the year was based on a study conducted by the University of Michigan. The study showed that overall buying sentiment consistently has been favorable since 2015, but that could be changing. Today, consumers are less likely to cite low interest rate as a reason to purchase a new vehicle.

Kevin Riddell, from LMC Automotive, talked about the outlook and the massive investments in development of electrification on a global scale, and the risk of limited money for investment needs to balance with IC, fuel cells, and autonomy development in the future.

Mark Fulthorpe, from IHS Markit, covered global production trends with a look at OEM and platform strategy in response to the challenges of the rapidly changing environment. As 2018 continues to move to a new phase in the global cycle, mature markets will show only limited growth, Brazil and Russia will go through their own recovery cycles, and real sustainable growth will be concentrated in the emerging APAC markets.

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Alternative Power

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In the space of a few years, the Consumer Electronics Show has evolved into a leading showcase for automotive technology, quickly reaching its current stature alongside the major automotive shows.

James Albertine, Consumer Edge Research, provided an outlook for U.S. vehicle demand, auto credit, vehicle life cycles and the future of autonomous driving. Their research shows that within 10 years consumers' desire to own will compete against the falling cost of shared mobility services programs. Higher vehicle transaction prices will push more consumers to the brink of either cycling to older, used vehicles or opting against the purchase/lease of a second vehicle to utilize semi-public ridesharing/dynamic shuttle programs. **PSR**

Commentary

Technology in the Desert

Although some form of the Consumer Electronics Show (CES) has been staged by the Consumer Technology Association for 50 years, it's only been recently that this early-January event in Las Vegas has captured wider attention.

Technologies that once made this a bucket-list event for geeks and gamers are advancing at an amazing pace and across an ever-broadening landscape. CES



*Dennis
Huibregtse*

now attracts an increasingly diverse cross-section of exhibitors and visitors each January. The organizer cites impressive statistics for 2017 – 4,000 exhibiting companies, 1,200 featured speakers, and 184,000 visitors – all of which are expected to be well above those levels when the final numbers for 2018 are tallied in the coming days.

With ideas seeming to leap from cutting-edge concepts to mainstream products in the space of a few months, the scope and content of CES have been changing noticeably from year to year. In the space of a few years, the event has evolved into a leading showcase for automotive technology, quickly reaching its current stature alongside the major automotive shows.

This scope expanded further in 2018 with inclusion of commercial vehicle technologies on a visible scale for the first time. Trucks and buses are adapting variants of the same technologies that are going into passenger vehicles, a convergence that is more logical than first glance might suggest.

For purposes of simplicity, these technologies can be grouped into two broad categories: Vehicle Autonomy and Vehicle Propulsion, each of which has numerous sub-categories.

Vehicle autonomy seems to get lots of play in the popular press, both pro and con. This includes collision avoidance technology, for which market adoption is likely to advance rapidly; certainly, more quickly than getting driverless vehicles onto public highways.

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Commentary

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Vehicle propulsion technologies include a range of electric drivetrains: plug-in electric, fuel cell, and various types of hybrids, plus combustion engine-based systems operating on natural gas or hydrogen.

At CES 2018, first-time exhibitor Paccar unveiled two concept trucks featuring futuristic technologies from each of these two categories. The first was a Kenworth class 8 tractor featuring a hydrogen fuel cell powertrain with a claimed operating range of 150 miles. It is expected to begin trial operation during Q2-2018 hauling freight containers at the ports of Los Angeles and Long Beach, where there have been prominent local efforts to reduce/eliminate exhaust emissions from diesel vehicles.

The second vehicle, a Peterbilt with Level 4 autonomous capability – i.e. self-driving – is also said to be ready for initial testing, although that will take place at Paccar's own facility rather than on public highways.

Opinion around the industry suggests that the adoption rate for many of the emerging technologies is likely to advance more rapidly with commercial vehicle operators than among passenger vehicle users. In simple terms, trucks are employed to transport goods and generate revenues for their operators; they are expected to give a return on investment.

So, a technical advance that reduces operating cost or improves efficiency will be adopted quickly by commercial operators if it can improve their bottom line. The case is less compelling for private passenger vehicle operators, where vehicles are chosen more for subjective reasons than for operating efficiency or ownership cost.

If what we've seen in the first weeks of January is an indication, 2018 promises to be an exciting year for technological advances in commercial vehicles. **PSR**



Dennis Huibregtse, CEO, Power Systems Research.

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Earlier this year, we saw major downturns in the financial markets from their achieved highs following the elections. This was mainly due to the saga and the defeat of the health care repeal and replace overhaul, which is still underway.

Global/North America Report

By *Yosyf Sheremeta*,

PSR Director of Product Management and Customer Experience

Global Markets Look Promising in 2018

SUMMARY. The end of 2017 continued the positive trend which was set early in the year. Major global economies showed very healthy levels of activities and growth. It also seems that the global political surprises of 2016 became less influential and almost irrelevant in the current economic environment where major markets primarily relied on solid economic data.

European economies in post-election mode were primarily focused on economic agenda and policies. Companies around the world are starting the new year more optimistic than they have been in decades, but the prospect of Brexit still is casting a considerable shadow over sentiment in the UK.



*Yosyf
Sheremeta*

However, the latest developments in proposed policies and negotiation talks have given businesses some clarity, which should translate into an increase in optimism in early 2018. UK's economy has started to rebalance itself, with a slight movement towards being manufacturing orientated instead of being consumption based.

Solid economic growth in the U.S. is turning more toward economic factors and drivers and away from political speculations. This was seen clearly during the last few months. However, we expect to continue to see some rapid shifts in political and money capital between industries and markets going forward.

This change certainly has benefited the oil and gas industries, infrastructure and financial sectors of the economy so far; however, this might change soon.

Earlier this year, we saw major downturns in the financial markets from their achieved highs following the elections. This was mainly due to the saga and the defeat of the health care repeal and replace overhaul, which is still underway. However, the latest success with the passing of tax reform legislation promises new opportunities for the U.S.

Overall, in the very near term, the global economic drivers will remain stable; oil prices regained ground in Q3 2017 and continued to do so during the last quarter of 2017, and currently are at US\$ 60. This was a very solid gain of almost 20% in just one quarter. Employment levels are at record highs, and interest rates still are at near record lows.

As we look to the growth in 2018, we are not making significant changes to our previous projections, and we remain cautiously optimistic on overall global performance for the rest of the year.

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Global/North America Report

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The 2016 -2017 period showed continued positive trends on a global basis; we have also seen the start of a turnaround in Brazil during 2017, which we expect will continue to accelerate in 2018. However, it will take some time to get to pre-recession levels in that region. At the same time, somewhat positive news from China and India, as well as developed markets of North America and Europe, helped drive growth in the global economy. Most markets are growing at modest rates, and we are currently in the middle up-trend of the global growth cycle in the developed economies such as Europe and in less developed markets such as India.

North America

In North America, while the general economy is doing very well, we believe the overall consumer markets are rapidly approaching their peaks, and we expect to see some decline in production activity reported at the end of 2017 for some segments.

We already have started to see warning signs; a few production assembly plants for passenger cars and minivan/SUVs were idled for short periods during first part of 2017, mainly to align inventories and current demand levels, as the trends from previous years peaked and began losing steam. However, personal transportation markets still show very healthy levels of demand.

On the other hand, the Agricultural and Construction segments saw no growth in previous years prior to 2017; however, year 2017 was quite promising, especially for Construction, and small Agricultural equipment, which gives optimism for the near future.

Other regions such as Brazil, China and Russia, due to various factors, have either already approached or are rapidly approaching the bottom of their downturn cycles, and have started to see improvements in 2017 which should continue into 2018. Key countries in Central and South America region will be busy in 2018 with elections, which could bring more uncertainty and could postpone recovery.

We have seen a slowdown in demand from emerging markets for equipment and products made in the well-developed regions of North America and Europe. However, the solid demand from domestic markets compensated for losses from export activities.

This partially explains the situation where smaller OEMs, which are mainly focused on domestic markets, are performing much better than their larger competitors, which rely heavily on exports. At the same time, according to U.S. Census Bureau, there was a significant increase in export activities from the U.S. Exports of goods and services in October, for example, increased to \$195.9 billion from \$191 billion in April. In Brazil, we finally started to see a significant turnaround in 2017, especially in the Agricultural and Construction segments (up 11% and 4%, respectively) vs 2016; remember, almost all segments have suffered drastic declines of more than 30%-50% over the last few years.

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Global/North America Report

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We expect significant improvements in Brazil in 2018. Our projection for the region remains at high single to double digits growth (Agricultural at about 14%, Construction at 10% and Industrial at 3%); however, that is far from adequate to recover the losses from 2014 -2016.

China continues to experience a slowdown in some segments, such as Agricultural, Marine, and Power Generation, but the growth estimates should be in line with our earlier projections from Q2 2017. At the same time, the Construction, Industrial and Medium Heavy Vehicles segments reported solid performance in 2017, and we expect that trend to continue in 2018 and 2019. **PSR**

Brazil/South America Report

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

2018 Brazil Motorcycles Growth Forecast is 5.9%

2018 starts with the potential for Brazil motorcycle production to reach 940,000 units. This is a continuing trend when 2017 production was 883,000 units, and



*Fabio
Ferraresi*

2016 production hit 888,000 units. This positive trend was especially evident in Q4 2017, when production was 32.1% higher than the same quarter of 2016.

Source: Autodata [Read The Story](#)


PSR Analysis: With recovering employment and declining interest rates, this segment recovery is very likely, and the 5.9% figure is conservative. However, the volumes still are much lower than those seen before the crisis started in 2014.

Imported Passenger Car Sales in Brazil May Jump 53% in 2018

With the end of Inovar Auto program that established additional 30 percentage points for imported vehicles, Anfavea sees an increase of 53% in sales of imported vehicles in Brazil for 2018, climbing from 244,000 to 375,000 units in 2018.

This includes vehicles produced in countries such as Argentina and Mexico, where Brazil has bilateral trade agreements. On the other hand, the importers association ABEIFA, that represents 17 brands, projects the increase from 29,000 to 40,000, an increase of 35%.

Source: Autodata [Read The Story](#)

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Brazil/South America Report

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Mercedes is forecasting 2018 30% higher sales volume for trucks and 15% higher for bus chassis for the Brazilian Market.

PSR Analysis: After three years of import volume decreases, it is likely to increase with the end of Inovar Auto program. However, the new program – Rota 2030 - is being reviewed by the government and may change the forecast. Or not. Everything is uncertain in this field now and that is bad for investment and company planning.

Mercedes Forecasts 30% Sales Increase in Trucks for 2018 in Brazil

Mercedes is forecasting 2018 30% higher sales volume for trucks and 15% higher for bus chassis for the Brazilian Market. Exports today are 40% of total production and are not expected to hold at this level. A Mercedes representative notes concerns regarding the lack of definition for the Rota 2030 program that will define the automotive policy for Brazil for the next 12 years. While the removal of import barriers could jeopardize investment made at the passenger car plant, the plant continuity is assured and there is no risk of divestiture in the short term.

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

PSR Analysis: 2018 starts with a more optimistic scenario than we saw at the end of 2017. If the mood keeps up, we should see the market increase, and we'll increase our growth forecasts moving into Q2 2018. **PSR**

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Far East/Southeast Asia Report:

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

Far East: Japan

More Auto OEMs Join Toyota/Mazda EV Union

Suzuki, Subaru, Daihatsu and Hino Motors have elected to participate in the development of electric vehicles (EV) now under way by Toyota Motor



*Akihiro
Komuro*

Corporation, Mazda Motor Corporation and DENSO. As for EV, which trails in commercialization compared with Europe and the United States, each OEM brings a wide range of technologies from compact cars to commercial vehicles and accelerates development of an attractive EV portfolio. The four OEMs have already signed a contract to participate in EV C-A Spirit (Nagoya-Prefecture), a technology development company of EV established by Toyota in September. After

January each OEM will dispatch about five technicians each and contribute research expenses.

Source: Jiji Tsushin [Read The Story](#)

PSR Analysis: Japanese technology development in the automobile market is lagging behind the global level. The technical advantage that existed in the 1980s today is a thing of the past. This movement is not limited to the automobile industry, where companies are trying to survive global competition by sharing the strengths rather than advancing development alone. Collaboration is being explored in construction equipment and agricultural equipment. By accelerating the collaboration in the automobile industry, which has the largest working population, Japanese manufacturing industry can gain ground on the competition. **PSR**

Far East: South Korea

S. Korean Builders Saw Rebound in Overseas Contracts for First Time in 3 Years

The number of overseas contracts won by South Korean construction firms, which was on the decrease, has shown a rebound for the first time in three years. The industry believes that the worst situation is done. However, it will be unable to see a dramatic increase as Middle Eastern countries, which are the main orderers, are shrunk due to lower oil prices and political unrest.

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Far East/Southeast Asia Report

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The Vietnamese government plans to eliminate tariffs on key auto parts beginning in January. The move follows the planned termination of tariffs on cars within the region, as the Association of Southeast Asian Nations Economic Community becomes fully effective in the same month.

According to the International Contractors Association of Korea (ICAK), the total amount of overseas contracts received by domestic constructors came to US\$29.01 billion (31.21 trillion won) as of December 27 this year, surpassing US\$28.19 billion (30.33 trillion won) in 2016. The figure, which dropped by a whopping US\$20 billion (21.52 trillion won) every year after recording at US\$66 billion (71.02 trillion won) in 2014, succeeded in rebounding and halting the slide this year.

Source: BusinessKorea December 28, 2017 [Read The Story](#)

PSR Analysis: Order abroad activities are a very important factor not only in construction but also in the whole Korean economy, but orders in the Chinese market, which is the largest market for Korea, are stagnating. This news certainly shows an expansion of the existence of Korean builders in the Middle East. However, the performance in the Middle East is not enough to complement Korea's stagnation in the Chinese market. **PSR**

Southeast Asia: Vietnam

Vietnam To Remove Tariffs on Auto Parts

The Vietnamese government plans to eliminate tariffs on key auto parts beginning in January. The move follows the planned termination of tariffs on cars within the region, as the Association of Southeast Asian Nations Economic Community becomes fully effective in the same month.

From January, a greater number of cars is expected to be imported from neighboring nations. The government wants to protect domestic car assemblers, as well as foreign automakers operating in the country.

The zero tariff will be applied to car components used for the 2000cc, nine-passenger vehicles or lower specifications that account for about 70% of all new car sales in the country.

Source: The Nikkei Asian Review, December 5, 2017 [Read The Report](#)

PSR Analysis: One of the supposed measures is to suppress the expansion of the passenger car market by the domestic tax system. Taxes on Vietnamese cars, besides import duties, include the domestic consumption tax, special consumption tax and automobile registration fee. Among them, the special consumption tax is extremely high at 45% at present, and it is a major factor in suppressing demand. The special consumption tax has been raised many times to restrain traffic congestion and consideration of the environment. If the rapid increase in the imports of passenger cars continues, there is a possibility that a raise will be carried out again. **PSR**

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China's Ministry of Environmental Protection issued 38 million RMB fines, an equivalent of US\$ 5.7 million, against two Chinese local truck makers for violations of emission regulation.

China Report

By Qin Fen, PSR Business Development Manager-China.

Erik Martin, Director-Asia Region contributed to this report.

Jack Hao, China Research Manager

Largest Fines for China's Truck Companies

China's Ministry of Environmental Protection, also known as CEPA, issued 38 million RMB fines, an equivalent of US\$ 5.7 million, against two Chinese local truck makers for violations of emission regulation. Effective on December 29, 2017. The paper was posted on the ministry's webpage on January 02, 2018 and copied to local environmental protection agency.



Qin Fen

Source: Ministry of Environmental Protection of the People's Republic of China – January 02, 2018. **Read the Story.**

Read this story too.



Jack Hao

PSR Analysis: By issuing the largest fines against local manufacturers, the critical source of tax income and employment for local government, the central environment authority is now showing teeth and telling everyone that this time they are for real. The penalty fees will go directly into the central government's bank accounts, very little can be done by local government, who usually will do something to avoid such fines.

Furthermore, officials from the ministry warned that this will not be the end if other companies continue to produce vehicles against emission regulations.

This will absolutely be good news for after-treatment companies if the ministry keeps doing what they are doing now when China 6 comes into force. **-QF**

Geely Holding Acquires Strategic Stake in AB Volvo

(Beijing, China) – Zhejiang Geely Holding Group (Geely Holding)...announced it has reached agreement with Cevian Capital (Cevian)...to acquire Cevian's 88.47 million A-shares and 78.77 million B shares in AB Volvo. Upon completion and following necessary regulatory approvals, Geely Holding will become the largest holder of AB Volvo's share capital.

Source: Electric Vehicles Research **Read The Report**

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China Report

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MAN Engines develops, produces and sells a wide range of efficient diesel and gas engines for many applications in numerous industries.

PSR Analysis: Geely was the first Chinese company to get Volvo car technology from Ford Motors, rather than through a joint venture, in 2010. Volvo Group, headquartered in Sweden, is a global leader in the manufacture of trucks, buses, construction equipment, marine and industrial engines, and owns key brands including Volvo Trucks, UD Trucks, Renault Trucks, Volvo Penta and more. Volvo Group is the fifth largest construction company in the world, and the construction equipment and commercial vehicle sector is highly valued by Geely Holding Group.

The Chinese construction market will continue recovery during the years 2018 to 2020. The excavator life cycle is normally about 8 years, so the replacement cycle peak will come again in 2020. The service life of concrete machinery and truck cranes is about 10 years, and we expect to see the peak replacement occurring in 2020 – 2021. This will help Volvo Group expand its construction market share in the Chinese market and also help Volvo develop infrastructure projects in One Belt, One Road countries. PSR **-JH PSR**

Europe Report

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

MAN Engines Seeking More Third Party Business.

MAN Truck & Bus has reorganized MAN Engines, its engine and component business area, into an independent business unit. **Read The Story**



*Emiliano
Marzoli*

PSR Analysis: Driving the MAN Truck & Bus move is the company's desire to boost sales of its engines and components to third party companies. Furthermore, MAN Truck & Bus wants to increase its flexibility and responsiveness to diverse customer needs.

MAN Engines develops, produces and sells a wide range of efficient diesel and gas engines for many applications in numerous industries. In addition to use in MAN's own trucks and buses/coaches, the high-speed MAN engines can be found in commercial vehicles of third-party providers, in power generation and cogeneration systems, and in the drives of agricultural machinery, rail, marine and special vehicles.

The power of MAN engines ranges from 50 hp to 1900 hp and is covered by 4- and 6-cylinder series, as well as 8- and 12-cylinder V engines. MAN Engines' product range is completed by transfer cases and axles for buses/coaches and special vehicles. The change will allow the company to respond

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Europe Report

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more quickly and flexibly to current and future situations, as well as any customer wishes, the company said.

According to the Power Systems Research OE Link™ proprietary database, MAN Engine sales to European third-party OEMs in Heavy applications segments increased by a 3.7% CAGR from 2009 to 2017. Despite this very positive growth, the company's market share slightly decreased in the same period by negative 1.3% CAGR. MAN Truck & Bus showed the highest growth in the agricultural segment, thanks to the growing size of combines and tractors (CAGR +21.5%). On the other hand, it suffered in marine applications due to the drastic reduction of the all segment after the 2009 downturn (CAGR -27%).

With the new reorganization, MAN Truck & Bus engines and components could become a more prominent player in the diesel and natural gas engine market in Europe and in other regions around the world. **PSR**

The commercial sector in India has bounced back strongly after setbacks from demonetization and the BS-IV transition in 2017.

India Report

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

Will Commercial Vehicle Growth Last in India?

The recent green shoots around the commercial vehicle sales in India may not live long, because this might be a pre-buying spree because of the upcoming policy changes such as the new body building norms and mandatory air conditioning for all the new buses and trucks sold. **Read The Story**



*Jinal
Shah*

PSR Analysis: The commercial sector has bounced back strongly after setbacks from demonetization and the BS-IV transition in 2017. We believe, the growth triggered because truck, bus manufacturers and their dealers shelled out steeper discounts. The discounts were offered to strike lucrative deals and increase their declining market share. This growth was also supported by growth in consumption driven sectors including e-commerce, infrastructure etc.

However, a slowing economy and the expected rise in the product cost to meet new regulation's is likely to limit this growth momentum.

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India Report

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For India to get the EV formula right, all the stakeholders have to manage multiple complexities and get the equation right – a set of tough assignments for sure!

Nissan Plans Electric Car for India, Priced Below Rs. 7 lakhs

Nissan is planning to introduce electric cars in India, at a competitive price tag of around US\$ 10,000, less than about Rs. 7 lakhs today. To keep the price of the electric car competitive, the Japanese automaker is planning to build it in India, with extensive local parts sourcing. **Read The Story**

PSR Analysis: India's target to meet EV goals looks steeper than that of developed nations because India is neither blessed with Lithium nor does it have enough technological know-how for EVs. However, India has a sweet-spot to leverage: its lowest per-capita vehicles.

OEMs are already evaluating considerations to meet this target and necessity is mother of newer business models which includes dealing with new parts, re-skilling the workforce, reorganizing the assembly line, optimizing global trade, immense change organization management, impact on employment etc.

For India to get the EV formula right, all the stakeholders have to manage multiple complexities and get the equation right – a set of tough assignments for sure! **PSR**

Russia Report

By Maxim Sakov, Market Consultant, Russia

Zvezda, Ural Diesel Plan High-Revolution Engines


The engine production is scheduled to start in January 2018 at two sites, St. Petersburg and Ekaterinburg. The total amount of investments in the



*Maxim
Sakov*

production project is expected to be about 19 Bln Rubles (US\$ 330 million) until 2025. The engine range to be made is from 350 to 7500 HP, and production volume is expected to hit 770 engines/year in 2022. The engines will be used applications for use in industrial, power generation, marine, railway. **Read The Story**

PSR Analysis: Currently, the main producer of diesel engines for off-hwy applications in Russia is YAMZ. However, most of its products are below 350 HP. So, Russia has a gap in the production of piston engines above 350 HP (the production volume of manufacturers such as Kolomna Diesel is insignificant). The Russian government has decided to eliminate this gap and has launched a project for making HHP engines, which are designed to replace such products as the MAN, MWM, GE, etc.

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Russia Report

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KAMAZ Starts New Conveyor for Making R6s Engines

Currently the conveyor is operating in the test mode. About 10 engines were made in 2017. Full load production is set to start in March 2018, and annual production capacity of the new line is 12,000 engines.

The project was put together in partnership with Liebherr. In 2014 KAMAZ, and Liebherr signed an agreement for development of a new family of 6-cylinder in-line engines from 400 to 700 hp, ecological class Euro 5 (Euro 6 in prospective). **Read The Story**

PSR Analysis: KAMAZ has a number of joint ventures with leading foreign OEMs. Among them, Bosch, Cummins, Daimler, ZF. Co-operation with Liebherr allows the OEM to develop its own HHP on-hwy engines with high ecological class.

New Bus Operation Opens

A new bus production line has been started in the Vladimir region. It's planned to produce up to 1,200 NG powered and electric buses per year under the brand "Volgabus". The line is equipped by robots and other modern equipment. The plant will employ 650. **Read The Story**

PSR Analysis: Strictly speaking, this plant is not new. A Volgabus plant was operating in Volzhsky (Volgograd region) until 2014. This plant was making buses for the Sochi Olympic games in 2014. After this, the plant was closed, and the equipment was relocated.

Currently, the plant in Volzhsky belongs to Russian Machines holding and is assembling AG tractors in co-operation with AGCO. Bus making equipment was relocated to the Vladimir region, upgraded and re-started. It looks to be a trend (a similar situation can be seen with the Krasnoyarsk combine plant). So, if a plant in Russia is closed, it could be re-opened soon in another part of the country. **PSR**