

# Geneva: Automakers cast wary eye toward Russia

March 4 2014, by Colleen Barry

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The new Lamborghini Huracan, in yellow, during a preview show of Volkswagen Group, as part of the 84th Geneva International Motor Show, Switzerland, Monday, March 3, 2014. The Motor Show will open its gates to the public from March 6 to 16. (AP Photo/Laurent Cipriani)

European automakers cast a wary eye toward Russia on the first day of the Geneva Auto Show on Tuesday, poised for a quick strategy rethink as the threat of sanctions hangs over the country because of its intervention in Ukraine.

Russia has been a key market for recession-battered European automakers that have looked to expand sales and find partners for lucrative joint ventures. But new uncertainty has been raised by growing tensions between Russia and the West over the Ukrainian peninsula of Crimea.

"There is always going to be a surprise out there. Ukraine is an example. You have to be flexible," the CEO of Ford Europe, Stephen Odell, told journalists on the Geneva Auto Show's opening press day.

With three plants and annual sales volumes around 120,000 units, Russia is important to Ford Europe's goal of returning to profitability by 2015. Odell says the company is not giving forecasts for 2014 volumes in Russia " and frankly, given the volatility we have to wait and see." The key going ahead, Odell said, is to have a plan but not be so rigorous in the face of changing realities.

Toyota Europe chief Didier Leroy says he is in frequent touch with his team leader in Ukraine, where Toyota has 33 Toyota and five Lexus dealership, and watching developments in Russia, where Toyota Europe sold 172,000 cars last year.



The new Volkswagen T-Roc, urban SUV concept car is introduced during a preview show of Volkswagen Group, as part of the 84th Geneva International Motor Show, Switzerland, Monday, March 3, 2014. The Motor Show will open its gates to the public from March 6 to 16. (AP Photo/Laurent Cipriani)

"Things are moving very quickly," Leroy said. "It is difficult for us to have any forecasts."

Leroy said that while the recovery in car sales in Europe had begun, it would be slow. "The competition will stay very, very severe."

## **Digitalization**

Among the models carmakers were presenting at the Geneva show, a big focus was on connecting the car to the smartphone and making apps easier and safer to use. Ferrari, Mercedes-Benz and Volvo are

previewing Apple's iPhone technology for cars this week.

Volkswagen is one of the carmakers working with Google Inc. to turn Android phones into an essential part of cars. Google hopes to finish work on its system for tethering Android phones to cars by the end of this year.

VW chief Martin Winterkorn said in Geneva that cars are becoming mobile computers with "revolutionary consequences for future operation." He said in the future customers may be able to update car software in their own garage.

Winterkorn predicted that digitalization will disrupt model cycles, with customers demanding "the right car with the right technology at the right time," forcing carmakers to consider shortening the normal seven or eight year cycle to develop a car.

"Over the next few years, our industry will face one of the greatest upheavals since the invention of the automobile."

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Citation: Geneva: Automakers cast wary eye toward Russia (2014, March 4) retrieved 25 April 2024 from <https://phys.org/news/2014-03-geneva-automakers-wary-eye-russia.html>

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