DOI: 10.1595/147106709X437317

New Autocatalyst Facility for Russia

JOHNSON MATTHEY ESTABLISHES MANUFACTURING BASE AT KRASNOYARSK

Between 2000 and 2008, the Russian automotive market saw year on year double-digit growth. By 2008 it showed the potential to become one of the world's leading markets. This trend was driven by the country's economic growth, with factors such as increasing average income and the development of the credit system contributing to the growth in the market.

Total Russian car sales doubled between 2004 and 2008 – from 1.5 million units sold in 2004 to over 3 million in 2008 (see for example, (1)). Over the same period the value of the market grew even faster – from a total of U.S.$18 billion in 2004 to U.S.$36 billion for the first six months of 2008. Russian car sales reached second place in Europe in 2008, and at the end of 2008 Russia appeared likely to overtake Germany as Europe's number one for car sales in the near future.

The growth of the Russian market has not been ignored by the global automotive industry. The Russian Government has also promoted the market to investors by establishing attractive conditions for companies investing in local production, and over the past few years all the major global automotive manufacturers have announced decisions to build new facilities in Russia.

Car production lags behind sales in Russia, but it is also on the increase, with many Western original equipment manufacturers (OEMs) investing or planning to invest in manufacturing plants to support Russia's appetite for foreign-brand cars. Together with local players, which could retain reasonably good positions in the market, at the time of writing this article the total output of vehicles in Russia was expected to be in excess of 1.5 million units by 2012, with the potential to exceed 2 million units after 2015.

In turn, these developments have pushed Tier 1 and Tier 2 automotive suppliers to consider establishing production in Russia. The Russian Federation Government has been consistent in setting up similar promotional incentives, allowing foreign suppliers with local production capacity to operate under favourable conditions.

During the same period, new emissions legislation was introduced in Russia, with the adoption of Euro 2 for all types of on-road

John Walker (Division Director, ECT) and Larry Pentz (Executive Director, Environmental Technologies Division) attended the opening ceremony of the new Johnson Matthey Emission Control Technologies (ECT) autocatalyst production facility at Krasnoyarsk, Russia, in August 2008 vehicles throughout the country in July 2006. Emissions legislation tightening followed promptly, and Euro 3 was implemented in January 2008. Further tightening is expected: Euro 4 should follow in 2010 and Euro 5 in 2014 (2).

Johnson Matthey made the strategic decision to invest in Russia and build a new facility, the 12th ECT plant, to support local market requirements. Krasnoyarsk in western Siberia was chosen as the location, having the advantages of a highly-skilled local workforce and the ability to source raw materials such as platinum group metal salts from the local precious metals refinery giant, JSC Krastsvetmet.

The new Johnson Matthey ECT plant was opened in August 2008. The opening ceremony was well attended by regional and state officials, as well as customers and potential business partners in Russia. The latest advanced technologies for emissions control, produced to the highest standards of quality, are now available locally. The plant is designed to supply the market with up to 1 million catalysts annually, with the potential to increase this capacity in the future.

Johnson Matthey ECT is looking forward to developing successful and effective partnerships with new customers in Russia, as well as meeting the requirements of its global customers who decide to set up in Russia.

ANDREY KOSSOV

References

1 Global Insight, March 2009: http://www.globalinsight.com/

2 Russian Federation Governmental Decree No. 609, 12th October, 2005, Special technical regulations "On Requirements for Pollutant Emissions by Motor Vehicles, Currently Produced and Imported in the Territory of the Russian Federation"

Andrey Kossov is Commercial Manager Russia at Johnson Matthey Emission Control Technologies, Moscow, Russia.