

INDUSTRIAL COMMITTEES

# AUTOMOBILE MANUFACTURERS COMMITTEE

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**DEVELOPMENT OF THE ELECTRIC  
TRANSPORT MARKET IN RUSSIA**

The Automobile Manufacturers Committee welcomes the government's initiatives aimed at developing the electric vehicle market. "The Concept for the development of manufacture and use of electric vehicles in the Russian Federation for the period up to 2030" adopted by a Government Decree No. 2290-r dated 23 August 2021, establishes objectives (up to

2023) and a plan of actions (up to 2024) for electric vehicles manufacture and charging infrastructure development and use of electric vehicles in the Russian Federation.

The Automobile Manufacturers Committee recognizes the necessity for this document, but is concerned about:

- › lack of an electricity cost control programme and possible future speculation in the provision of charging services;



- › monopolization of the manufacture of batteries and related technologies risks;
- › lack of technology development conditions aimed at reducing the duration of the battery charging process, as one of the blocking factors in the development of electric vehicles;
- › lack of requirements and conditions necessary for the unification and standardization of power packs for electric vehicles within the territory of the Russian Federation;
- › lack of conditions and requirements for the used batteries recycling and for the development of related technologies within the territory of the Russian Federation;
- › lack of conditions for the development of clean energy technologies to minimize the environmental impact of the manufacture, operation, and disposal of electric vehicles.

The implementation of the key objectives of the Concept has likely to grapple with significant difficulties caused by the current conditions of the Concept and legislative initiatives, namely:

1. The implementation of zero import duty on electric vehicles for the period from May 2020 to December 31, 2021, helped to increase sales of BEVs in Russia. The return of 15% of the import tariff will increase the end-price for the customers by up to 10%. Given the high elasticity of demand for vehicles, such an increase will inevitably slow down sales dynamics. This will negatively affect the plans of bringing to the Russian market of electric vehicles in affordable price categories.

The Automobile Manufacturers Committee finds it necessary to extend the zero-import duty on electric vehicles for the period up to 2024-2025.

2. The Concept does not address the problem of disposing used batteries, which is one of the key issues in the development of this area worldwide. This means that the state will soon face the problems of their disposal and environmental pollution as a result of the lack of effective technologies and recycling system in the country.
3. The Roadmap of the Concept foresees amendments to Decree of the Government of the Russian Federation No. 1291 dated December 26, 2013 "On disposal fee of wheeled vehicles (chassis) and their trailers and on amendments to certain acts of the Government of the Russian Federation" regarding the adjustment of the factor for calculating the disposal fee of electric vehicles from 2022, in order to implement the provisions of the Federal Law "On manufacture and consumer wastes" aimed at ensuring environmental safety, including those of protecting human health and the environment from the harmful effects of the operation

of vehicles, taking into account their technical and wear characteristics. Considering the risks associated with an increase the disposal fee rate for electric vehicles, which can lead to the market decrease, we believe that a review of the rate should only take place after a deep analysis of the market conditions and its impact on its development and the achievement of the objectives established by the Concept. The opinion of the car manufacturers should be taken into account.

4. The Plan of Actions of the Concept provides for amendments to Decree of the Government of the Russian Federation No. 719 dated July 17, 2015 "On approval of manufacture of industrial products in the Russian Federation" (hereinafter – PP 719) in terms of expanding the list of manufacturing operations and components for the manufacture of electric vehicles (including hydrogen vehicles with a low carbon footprint) and energy storage for electric vehicles (traction batteries) to increase their localization. Such amendments to the 719 Decree can significantly worsen the situation of vehicle manufacturers who have already made substantial investment commitments for the localization of vehicles with internal combustion engines within SPICs. We think it is necessary to harmonize the terms of the 719 Decree with the car manufacturers to avoid risks to localization projects and the investment climate deterioration.

Alongside with the aforementioned risks, there is a significant gap in the development of charging infrastructure, which is impossible without sufficient demand for its use by BEV owners and real operation experience. The investments in the up-to-date and advanced charging infrastructure as in all related technologies will grow only together with the increase of number of e-vehicles, which will contribute to the successful localization of BEV manufacture in Russia in the upcoming years.

## AUTODATA PROJECT

The Autodata project which has been being developed for quite a time raises concerns of a vast majority of key players of the automotive market. It aims at collecting and commercializing data generated by vehicles and defining ownership of this data. The Project imposes additional essential obligations on businesses and entails serious risks, including cybersecurity, not only for car manufacturers, but also for the end owners and users of vehicles.

Car manufacturers and official importers – AEB members are totally against the mediation of third parties in the process of transferring information from vehicles to authorized bodies and underline the following risks:

1. The Federal Law shall establish the minimum set of automotive data that must be transferred to the state in order to ensure national security and personal safety of citizens

of the Russian Federation and shall be exhaustive in order to exclude a possible extension of the list through other federal laws or bylaws. Such data is not subject to commercial use.

2. The mechanism for ensuring the security of data on board a vehicle, when transferring data or storing and processing it in external information systems, including the possibility of applying Russian standards for cryptographic information protection for vehicles operated in Russia must be strictly confidential and exclude the possibility of direct access to the vehicle board bypassing the car manufacturer's cloud services.
3. The use of any specific Russian inventions of crypto protection in the in-bound systems of car manufacturers in the Russian Federation will require a re-development of the entire ecosystem (including the on-board equipment) from scratch exclusively for the volumes of the Russian market, with the loss of economies of scale. It will take at least 24-36 months of D&D (design & development) with significantly higher expenditures. It is proposed not to implement any special regulation in the Russian Federation,

considering the entry into force of UN Regulation 155/156, which car manufacturers will be obliged to comply with, as well the Russian Federation being a member state of the Geneva Agreement 1958 should accept Declarations of conformity assessment issued under these rules.

## OTHER ISSUES

- > Mandatory vehicle insurance (OSAGO) issues.
- > Recall campaigns.
- > Labelling of spare parts.
- > Technical regulation & certification.
- > Utilization of end-of-life vehicles.
- > Used cars.
- > Motor vehicle certification.
- > Other.



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Committee page**