

TAGAZ VEGA PIONEERING NEW TECHNOLOGY

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17 September TagAZ unveiled Vega, a new sedan car, thus completing its C-100 project. Based on foreign technology, the model is manufactured in Russia.

Vega is a C-class sedan equipped with a 1.6-liter 124 horsepower engine and a manual transmission. TagAZ offers five varieties of Vega with prices ranging from 350 to 470 thousand rubles. The base model features include a driver airbag, an audio system, power front windows, electrically heated rear window and steel wheels. The plant hopes to put out 100,000 Vega units per year.

Vega was designed at TagAZ's South Korea-based design office. All main units are manufactured in South Korea, while the assembly plant is located in Taganrog. For the moment, Vega's are 15% locally produced, but the automaker promises to increase this parameter to 30% in the near future. Parts manufactured in Russia include batteries, suspension elements, wheels and tires. The vehicle exterior, price and TagAZ's unfulfilled plans to assemble previous-generation Hyundai Elantra in 2008 all prompt us to think that Vega is based on the fourth-generation Elantra. Commercialization of C-100 indicates that the domestic automotive industry has reached a qualitatively new level. The Vega project has shown that Russian carmakers are able to master foreign technology and effectively use it in local productions. There are favorable conditions for successful introduction of the local assembly project adjusted for the specifics of the Russian economics and industry. Taking into account the length of TagAZ and Hyundai cooperation, we may expect the launch of new AutoVAZ models based on Renault technology to occur in the medium term.

Some questions remain unanswered, however. First, GM–Daewoo filed a lawsuit against TagAZ's South Korean branch for copying its cars. Although Vega vehicles go on sale already, court actions could significantly damage the project that is so important for Russia's automotive industry. Secondly, allowing TagAZ to use its own technology (although it is not brand new), Hyundai needs to be sure that it will not get a rival in Russia. However, the top version of Vega costs around 470,000 rubles, while the price of the base variant of new Elantra reaches 600,000 rubles. Amid the financial crisis, this price difference could appear decisive for buyer choices.