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Russia is grappling with an influx of Chinese-made cars

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On 30 July, the Russian Federal Agency for Technical Regulation and Metrology (Rosstandart) revoked certification permits for selected models of four Chinese truck brands (Dongfeng, Foton, FAW, and Sitrak), as well as for Foton truck bodies, thereby prohibiting their sale on the Russian market. Rosstandart inspections reportedly found that these vehicles failed to meet standards concerning braking efficiency and noise emission levels. This is the latest in a series of similar moves by the Kremlin – on 1 October 2024, it had already raised the mandatory recycling fee on imported passenger cars by up to 85%, depending on engine capacity (ranging from $520 to $4,810), a measure that primarily affected imports from China.

The actions of Rosstandart should be seen as part of Moscow's protectionist policy aimed at shielding the domestic automotive sector, which is unable to compete on market terms with the large-scale influx of Chinese car brands. In late July, in response to their deteriorating economic position, Russia's three largest automotive companies announced a reduction in the working week to four days – Kamaz and GAZ from 1 August, and AvtoVAZ from 29 September. In the first half of 2025, sales of heavy-duty trucks (over 14 tonnes) in Russia dropped by 60%, to approximately 20,000 units, while passenger car sales fell by 26%, to 530,000 units. The aim of the Russian authorities' measures is to partially replace Chinese imports with the domestic assembly of Chinese-manufactured vehicles.

Commentary

- **The current difficulties faced by Russia's automotive industry result from both fierce competition from China and the worsening economic situation caused by Western sanctions.** Since the beginning of 2025, there has been a noticeable slowdown in the country's economic growth (for example, industrial output increased by only 1.4% in the first half of the year, compared to 4.8% during the same period in 2024). High interest rates are significantly dampening demand, which also negatively affects the automotive sector. For example, the scaling back of certain infrastructure projects, particularly in the construction sector, has already led to the cancellation of approximately 20,000 truck leasing contracts, with the vehicles being returned to dealerships.
- **Following Russia's invasion of Ukraine, Chinese brands have come to dominate the Russian automotive market.** In 2024, they accounted for nearly 60% of new passenger car sales (compared to 2% in 2019 and 9% in 2021) and approximately 65% of truck sales (up from around 1% in 2019). They have thus filled the gap left by Western manufacturers withdrawing from Russia. However, unlike Western carmakers – many of whom

produced a significant proportion of their vehicles locally (particularly passenger cars), relying on domestic supply chains and Russia's extensive production infrastructure – Chinese manufacturers predominantly supply vehicles produced entirely in China. Therefore, the shift to importing Chinese brands signifies a regression for the Russian automotive sector.

- **Russia's automotive production remains heavily dependent on China.** The supply of components and parts from China (particularly complex items such as automatic transmissions, ABS safety systems, and electronics) enabled the Russian automotive sector to recover from the collapse it experienced in 2022. Additionally, Beijing permitted the manufacturing of its domestic car models (notably from JAC and Chery Automobile) under Russian brands. However, these rebranded vehicles are about twice as expensive in Russia as they are in China. As a result of this cooperation, in 2024 Russia produced 5% more trucks than in 2021. Meanwhile, passenger car production declined by 55% year-on-year, although this still represented a 60% improvement compared to the crisis year of 2022.
- **The Kremlin responded to the rising influx of Chinese cars by adopting increasingly protectionist measures.** The main advocate for curbing supplies from the People's Republic of China has been Sergei Chemezov, head of the state-owned conglomerate Rostec, which controls approximately 70% of Russia's defence production as well as the country's two largest automotive companies: Kamaz and AvtoVAZ. As a result of these efforts, the mandatory recycling fee on imported vehicles was increased from 1 October 2024. This decision was preceded by a sudden increase in deliveries from China, as dealers stockpiled vehicles in anticipation of the higher charges. Furthermore, by suspending sales of selected Chinese trucks via Rosstandart (a move similar to that taken against Shacman dump trucks in January this year), the Kremlin aims to bolster Kamaz's financial performance. The Russian authorities have a track record of using administrative regulations to suppress foreign competition (for example, in the case of Georgian or Moldovan wines). However, it is worth noting that despite concerns regarding the braking systems of Chinese brands, Rosstandart has not imposed a total ban on their use.
- **The restriction of access to the Russian market for fully assembled imported vehicles is intended to pressure Chinese manufacturers into expanding their production within Russia.** As of 2025, Haval is the only Chinese car maker with its own manufacturing facilities in the Russian Federation. Until last year, two models from the Chery Automobile group were also assembled at the Avtotor plant in Kaliningrad; however, negotiations to extend that contract failed. Consequently, the Chinese company will likely relocate its operations to Kazakhstan. Chinese investors consider the Russian market risky and plagued by corruption. More broadly, they are reluctant to situate significant value-added production outside China – not just in relation to Russia. It remains unclear how Beijing will respond to Moscow's protectionist turn and its attempts to compel Chinese companies to invest in Russia. Thus far, China has not responded even to the increase in Russia's recycling fee in autumn 2024, despite possessing various instruments of leverage it could apply against Moscow. Since 2022, Russia's dependence on China has grown substantially. Beijing not only provides critical dual-use goods, but

also offers financial support by purchasing Russian raw materials, and facilitating cross-border transactions. Despite occasional conflicting interests – such as those seen in the automotive sector – the deepening of Sino-Russian relations is likely to continue, as both regimes derive strategic benefits from continued cooperation.