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EUROPE | AUTOMAKERS AND SUPPLIERS

AUTOMOTIVE NEWS EUROPE E-MAGAZINE

## Remote Swedish spot is a frozen paradise for automakers and suppliers



Renault engineers were spotted testing the new-generation Megane on Arjeplog's icy roads.

Photo credit: Automedia

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Nick Gibbs

Automotive News Europe

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An email circulated among the car companies and suppliers working in Arjeplog, Sweden, warning them that a photojournalist had been spotted on the frozen lakes. In mid-February, emails like that are common as so-called "spy photographers" try to capture images of the cars that will star at the annual Geneva auto show in March or debut at other events during the year.

During the peak season between January and March this remote area just 100km south of the Arctic Circle is a hot spot for automakers and suppliers looking to test their latest models and technology against the area's brutal winter conditions.

Companies with permanent bases here include Land Rover, BMW, Continental, BorgWarner, Fiat Chrysler Automobiles, Opel, GKN and Robert Bosch. The appeal of Arjeplog is twofold: reliably cold temperatures that can drop to -40 degrees Celsius and lots of frozen lakes.

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GKN technology boss Rob Rickell, with a BMW i8, says Arjeplog is a world-class location to test cars and components against brutal winter conditions.

**Key developments**

Many of the world’s most important active safety systems have been refined here including ABS in the early 1970s by automakers such as Volvo and Saab, as well as traction control in the early 1980s by Bosch and Mercedes. The increased fitment of all-wheel drive in SUVs, crossovers and other vehicles has given a further boost to Arjeplog, where awd specialists such as GKN and its BorgWarner-owned Swedish rival, Haldex, push their systems to their limits. “If you’re going to be in the awd business you have to understand the behavior of cars in these conditions. It’s just a given,” GKNK technology boss Rob Rickell told *Automotive News Europe*.

There are other popular sites in the world for winter testing, but Arjeplog (pronounced Are-ye-plog) as well as nearby Arvidsjaur and Alvsbyn are generally considered among the finest by automakers and suppliers. “This is one of the best. You’re guaranteed good winter-test conditions,” Rickell said.

In winter, the population of Arjeplog doubles as 3,000 engineers from 30 auto companies arrive to take advantage of about 2,000km of test tracks. This generates an average of 150 million euros for the local economy each year, according to an exhibition at the local airport in Arvidsjaur. There are direct flights to Arvidsjaur from Paris as well as Munich, Stuttgart and Hanover, Germany.



BMW tested its first fwd sedan, which is a 1-series variant, this winter. The production version of the car is expected to debut in 2017.

Photo credit: Automeia

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### 'Intense testing'

Generally engineers love coming here. "They like it because it's intense testing – you can achieve so much more than in the office, there's nothing disturbing you," said Magnus Pettersson, head of chassis development at Volkswagen Group-owned truck maker, Scania. Pettersson said engineers stay for a week to a month. Any longer than a month gets to be monotonous, engineers said, because there is not much to do besides work. Going out to eat can be tricky because there are not many restaurants, which means conversations need to steer away from work topics. "Nobody wants to talk in case a rival's listening, everyone looks to see what prototype you've driven to the car park. It's a really weird atmosphere," said an engineer who asked to remain nameless.

### Cold cash

Arjeplog was first used by Opel engineers in 1969. Here are some fast facts:

Estimated annual value of car testing to local economy	150 million euros
Summer population	2,900
Winter population	6,000+
Length of test tracks	2000km
Distance from Stockholm	901 km (11 hours by road)
Distance from North Pole	2,666km

Despite that, Arjeplog's unique environment with its reindeer forests, endlessly configurable lake tracks and occasional nighttime glimpses of the famed Northern Lights is a useful draw.

"It's not just about testing cars. We bring customers here, the press, the investors, this is about selling the technology of the group," GKN's Rickell said. "It's a nice informal friendly atmosphere, you don't wear a suit and tie. It's very different to a meeting in Germany."

Increasingly, auto companies are using simulators or indoor facilities that recreate some of Arjeplog's worst conditions. Scania, for example, has a climate-controlled wind tunnel that can replicate snow and bring the temperature down to -40, as well as simulate heat and high humidity. But as Scania's Pettersson said: "Not everything can be replicated in the tunnel."

The potential of these lakes was first discovered in 1969 by two adventurous engineers from Opel who had driven to the area from Germany. A team of Opel engineers returned four years later and swept a rudimentary track on Lake Hornavan with brooms. The *Arjeplog Times*, a local newspaper produced only during the winter testing season, reported that those engineers had a unique way to make sure the ice was safe for a car. They put an Opel Admiral into drive, pointed it toward the lake and got out as it rolled away just in case it broke through. The ice held. It wasn't long before others – including the spy photographers – joined Opel.

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RETAIL GLOBAL

# In Russia, all are losing, but none are leaving

Automakers plan to ride out volatile market

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Ghosn: "It's a bloodbath for everybody."

**Nick Gibbs**  
Automotive News

December 21, 2014 - 12:01 am ET

Despite suffering heavy losses in Russia's sinking economy, global automakers say they still expect a long-term payoff from their huge investments there.

But for now, with the collapse of the ruble and cratering auto sales, the red ink is flowing.

"It's a bloodbath for everybody. All car manufacturers are losing money," Renault-Nissan CEO Carlos Ghosn told reporters in Japan on Friday, according to Reuters.

General Motors, Audi, Renault-Nissan and Jaguar Land Rover temporarily halted or limited sales last week in response to the volatility of the ruble, which has lost more than 40 percent of its value against the dollar since Jan. 1. Others, including Ford and BMW, have increased prices as they struggle to stem rising losses.

U.S. automakers have been hit particularly hard. Through November, Ford sales fell 40 percent to 56,807 on the back of collapsing demand for its best-selling Focus, while GM's Chevrolet and Opel brands lost a combined 26 percent to post sales of 169,005.

Russia has become vitally important for automakers in recent years as the market surged to 2.9 million annual sales in 2012 to become the second largest in Europe behind Germany.

Automakers such as Ford, GM, Volkswagen, Nissan, Toyota, Hyundai and Kia have been enticed to build there with the promise of favorable taxes. But automakers now are suffering from what one analyst has described as Russia's "endemic volatility."

## Sales down 12%

Sales of cars and light-commercial vehicles were down 12 percent through November to 2.2 million, according to data from the Association of European Businesses. That pushes the country to third behind the United Kingdom in European sales and raises the specter that 2015 sales could slump close to 2009's low of 1.5 million.

Ford said in September that problems in Russia meant it wouldn't achieve its long-predicted return to European profitability in 2015, saying it expected to lose \$250 million in the region instead. A spokesman for Ford of Europe told *Automotive News* last week that the recent currency collapse hadn't changed its prediction.

Meanwhile, GM partly blamed problems in Russia for its third-quarter loss of \$387 million in Europe. GM has said it will return to a profit in Europe in 2016.

Nobody is talking of leaving, however.

"The present business environment in Russia is challenging and fluid, but this is a key market with the potential to be the largest in Europe at some point in the future," the Ford of Europe spokesman said. Ford makes "99 percent" of all its vehicles sold in Russia in the country and recently began making the EcoSport subcompact SUV in the newest of three Russian plants it runs in a joint venture with Sollers. In 2015, it will add the Fiesta to take

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advantage of the growing subcompact market.

### VW is 'committed'

A spokesman for the VW Group told *Automotive News* that the company is "committed to the Russian market and is ... fulfilling its investment program in Russia." VW will open a new engine operation at its Kaluga plant in 2015.

Ghosn told reporters on Friday that he predicted the Russian market would stabilize, without giving a time frame. Nissan has just started production of the new X-Trail midsize SUV at its plant in St. Petersburg and in 2015 will add the Qashqai compact SUV, a vehicle it currently imports. Nissan's head of production in Europe, Colin Lawther, said profits on the big-selling Qashqai were being hit. "Clearly, when we start producing in Russia, it'll be better for us," he said.

Renault-Nissan has benefited from its takeover of local maker Lada's parent company, AvtoVAZ, and is one of the few automakers to have sales rise this year, mainly due to the popularity of its budget Almera compact model made in AvtoVAZ's giant Togliatti factory.

Automakers building locally have had some protection against the ruble collapse, but a prolonged downturn could force them to revise long-term plans, said Nikolaus Lang, senior partner at Boston Consulting Group.

"Should this situation continue for six to 12 months, then it will definitely impact the thinking of some OEMs," he said.

They could yet grow tired of riding out Russia's boom-and-bust car market. IHS Automotive principal analyst Tim Urquhart said in a note: "There is little point in manufacturing and importing vehicles that are going to lose money."

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