

Manufacture of 4- and 6-Cylinder Diesel Engines within the Engine Power Range Between 80 hp and 350 hp Conforming to Euro 4/5/6 Ecological Standards

A. Project Opportunity Description:

A1. Project Name:

Manufacture of 4- and 6-cylinder diesel engines within the engine power range between 80 hp and 350 hp conforming to Euro 4/5/6 ecological standards to automobiles and buses, Stage 3B and, in the perspective, Stage 4 – to off-road vehicles

A1a. Short name:

Manufacture of 4- and 6-cylinder diesel engines within the engine power range between 80 hp and 350 hp conforming to Euro 4/5/6 ecological standards to automobiles and buses, Stage 3B and, in the perspective, Stage 4 – to off-road vehicles

A1b. Full name:

Manufacture of 4- and 6-cylinder diesel engines within the engine power range between 80 hp and 350 hp conforming to Euro 4/5/6 ecological standards to automobiles and buses, Stage 3B and, in the perspective, Stage 4 – to off-road vehicles

A1c. Summary description:

Development and introduction of a new diesel engines family of higher technological level with improved ecological and technological and economy ratings within the engine power range between 80 hp and 350 hp

A2. Progress Status:

The design is defined
Manufacture development
Financing on equipment purchase is required.

A3. Organizations involved and their roles (contact person, telephone and fax numbers, E-mail, Web page):

OJSC “Minsk Motor Plant”, Technical Director and Deputy General Director for Development of PA “MMZ”- OJSC “MMZ” – Igor K. Anushkevich.
Tel: 375 172 301114, Fax: 375 172 301362, E-mail: general@po-mmz.minsk.by

A4. Project Description (approach, tasks, components, results, stages, terms, general financing, advantages, influence on the economy transient processes etc.):

The project realization will ensure meeting of the declared demand of Belarusian companies in engines, expand the promotion of the new diesel engines in the home and foreign markets, establish partnership relations with potential customers, preserve the company personnel, create new jobs. Sales markets: the Republic of Belarus, Russian Federation, CIS countries and distant foreign countries
The production organization principle: Manufacture, assembly and testing to be done

at OJSC «MMP»

Stages:

1. Creation of new production lines at the currently operating enterprise
2. Modernization of production using new technologies

Developing the design of 4- and 6-cylinder engines allowed to improve the technical standards, reduce the noise level and ensure conformity to international EURO 4/5 ecological standard and in the future - EURO 6 - for the off-road vehicles.

Schedule: 2011...2015

Total finance required: 98 400 million of Belarusian rubles

A4a. Project cost (mln USD):

32,7 \$ mln. (As of 01.02.2011г.)

A5. Background / history / overall program / related or similar projects:

Technical requirements of the companies of the Ministry of Industry and the agrarian sector of Belarus and Russia. Ensuring further competitiveness, increasing the volume of production of engines, preserving and strengthening the leading position in the markets of Belarus, Russia and other countries of the CIS.

A6. Environmental impact summary:

The project realization will allow to reduce:

- emission of harmful agents exhaust
- noise and vibration levels

A7. Possible obstacles / problems / risk degree:

Risks related to possible delay in return of investment

A8. Term of realization / term of recoupment (years):

2011-2015 term of recoupment – 4,5 of a year

A9. Project's branch:

Engine building

B. Capital Cost Items (total investments, necessary for the execution of the project):

B1. Project physical components:

The necessary industrial premises and communications are available, well developed transport infrastructure

a) R&D, preparation of production

b) Purchase of machinery

Total:

B2. Capital cost (mln USD):

-

32.7

32.7

B3. Sub-projects by location:

-

B4. Project cost (mln USD):

32.7

C. Capital by Origin, Available at Sponsors of the Project (Owners, Associates, Sponsors):

C1. Type of sources (grants, investments, equity / ownership, etc.):	C2. Amount (mln USD):
Own funds	16.4
The connected credits of foreign banks	11.3
Innovation Fund	4.98

D. Required Investments, Deficient Funds:**D1. Necessary Financing, Required Type of Financial Participation:**

D2. Sources of Finance:	D3. Type of Investment:	D4. Amount (mln USD):
Extra means	The connected credits of foreign banks	11.3

E. Demand (Users) and Revenues:**E1. Type of Users, Volumes, Pricing, Revenues, Estimated Profit / Savings:**

- a) Customers: Auto-vehicle, tractor, agricultural, road building machinery companies and special machinery companies
b) Markets: Belarus – 55,0%, Russia – 38,0, other CIS countries -7,0%
c) Prices: below international

E2. Financing Sources:	E3. Revenues (Sales) (mln USD) 2011:
-	-

F. Transaction and Operating Costs:**F1. Cost Components, Capital Allowances Policy, Industrial Engineering etc.:**

Typical production costs related to the complete cycle of introduction, manufacture and sales. Costs related to modernization and purchase of production machinery

F2. Cost Item:	F3. Amount (mln USD) 2011:

G. Net Income Value:

G1. Net Income Value:	G2. Amount (mln USD), 2011:

H. Project Information Source:**H1. This form was completed by (name, appointment):**

OJSC “MMP”

H2. Organization (name and address): OJSC “MMP” 4 Vaupshasov Str.,

220070, Minsk, the Republic of Belarus

H3. Tel / Fax / E-mail:

Tel.:(+375-17) 230-11-24

Fax: (+375-17) 230-31-88

e-mail: general@po-mmz.minsk.by

H4. Date: 20.05.2010

H5. Supreme organization:

Ministry of Industry of the Republic of Belarus