

ZiL Could See Rebirth

By [The Moscow Times](#)

March 28, 2012

The  Moscow Times

The Moscow city government, the main shareholder in the Likhachev automotive factory, or ZiL, and Sberbank are in discussions for the creation of a joint venture that would use the plant to produce commercial vehicles, according to sources informed about the negotiations.

The joint venture would produce several types of Fiat light-commercial vehicles and midsize Hyundai vehicles. Sberbank might hold a controlling share packet in the venture.

The new company hopes to operate under one of the special manufacturing agreements made in the past with the Economic Development Ministry, which provides financial incentives to manufacturers who make local production commitments. In order to do this, the bank needs to acquire a company that signed such an agreement but never used it.

In this regard, four dormant agreements currently exist. The most likely option for purchase would be United Transport Technologies, which earlier signed such an agreement.

"Negotiations are under way, but a purchase will be made from those who will sell at a lower

price," sources said.

The Economic Development Ministry earlier said that it plans to suspend signed but unused agreements for vehicle assembly by the end of this year.

The city of Moscow allocated more than 2.2 billion rubles (\$75 million) in August 2011 for the relaunch of the automotive plant. Production of trucks was restarted at ZiL after a two-year break. However, the number of trucks produced every month still does not correspond to the plans announced for the facility.

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