

AvtoVAZ to Borrow \$2Bln for Car Upgrade With Renault-Nissan

By [The Moscow Times](#)

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AvtoVAZ will seek to borrow as much as 60 billion rubles (\$2 billion) by 2015 for its biggest overhaul "in decades" with Renault and Nissan Motor's help, to compete against international brands.

"This is the first time in many years, if not in decades, that AvtoVAZ is launching new projects on such a scale," chief executive Igor Komarov said. Prime Minister Vladimir Putin visited the plant last week for the unveiling of the Lada Largus minivan and passenger car, its first model based on a Renault platform.

AvtoVAZ is revamping its vehicle lineup to boost sagging sales as international automakers expand production in Russia. Its plant, built in the late 1960s with the assistance of Fiat, will more than double output from last year to 1.2 million cars by 2017, Komarov said.

Sales of Ladas slumped 15 percent in the first quarter to 109,388 cars after a government-

sponsored car rebate program ended last year, the Association of European Businesses in Moscow said April 9. Nissan increased sales by 52 percent and Renault 27 percent in the period.

The 400 million euro (\$525 million) assembly line inaugurated April 4 by Putin will be able to produce 350,000 vehicles a year under Lada, Renault and Nissan brands.

By year-end, AvtoVAZ will manufacture 27,000 Largus vehicles and produce a Nissan model, with two Renault models planned for 2013, Komarov said. At the end of last year, the factory started making a budget car, the Lada Granta, which is now on sale, to replace its biggest-selling brands, the Classica series and the Samara, next year.

Renault and Nissan, which are seeking a more than 50 percent stake in the Russian carmaker, may agree with the major other owners on the details of the deal this month, AvtoVAZ chairman Sergei Chemezov said April 4. State-owned Russian Technologies, which holds 29 percent of AvtoVAZ and is headed by Chemezov, plans to hold talks with the French-Japanese alliance's chief executive Carlos Ghosn in Paris at the end of April.

Renault-Nissan may gain control of the car plant within two years, with the alliance paying in stages as goals are met, said in an interview in February.

Troika Dialog, which has 21 percent of AvtoVAZ that it plans to sell, will take part in the Paris talks, Sergei Skvortsov, managing director of the investment bank, said Tuesday through the investment bank's press service.

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