

Renault-Nissan Finalizes AvtoVaz Deal

By [The Moscow Times](#)

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Renault-Nissan finalized a long-awaited deal to take control of Lada-maker AvtoVAZ as it looks to snatch market share from rivals in Russia by offering affordable, modern vehicles to a rising middle class.

Carlos Ghosn, leader of the Franco-Japanese alliance, who was in Moscow to sign the agreement, said the deal deepens a four-year partnership with AvtoVAZ to tap demand for new cars from Russians with growing salaries and rising aspirations.

"Russia is poised to become the largest auto market in Europe by 2015," Ghosn said at a news conference Wednesday. "The market is highly competitive, and all the major foreign automakers already have operations here. But let's be clear: We are doing more than building and selling cars in Russia."

Ghosn expects the new venture to capture 40 percent of Russia's market by 2016, up from 30 percent, as Renault-Nissan contributes technology and product knowledge to Lada while benefiting from AvtoVAZ's manufacturing facilities.

Reviving the Lada brand, still Russia's market leader, is a top priority for Ghosn.

AvtoVAZ survived the 2009 slump only with the help of a state bailout, and its clunky sedans with a reputation for breaking down are often the butt of jokes.

"Without any doubt, the Lada brand will be in the short term and the long term the largest brand in Russia for the alliance," Ghosn said. "We are here to strengthen the brand and give it everything it needs."

"If you bring a modern product under a Russian brand, there would be a very strong demand for it," he said.

The joint venture with Moscow state entity Russian Technologies is to be completed by mid-2014, the companies said.

Under the deal, first announced in May, Renault-Nissan will invest 23 billion rubles (\$742 million) to take control of AvtoVAZ via a 67 percent stake in the joint venture by mid-2014. The venture will then own 74.5 percent of AvtoVAZ. Russian Technologies will own 33 percent of the joint venture.

AvtoVAZ's debt to Russian Technologies will also be restructured under the agreement. The Russian manufacturer will sell noncore assets to pay 8 billion rubles in loans. A remaining 46 billion ruble interest-free debt is being extended and will be repaid by 2032.

As part of the agreement, Renault-Nissan will have eight seats on the board, which will be expanded from 12 members to 15.

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