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Carmaker Sollers Sees Majority Share Moved to Russia

By The Moscow Times

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The majority shareholder in Russian carmaker Sollers has moved his holding back to Russia, becoming the first major businessman to respond to an asset repatriation drive launched by the Kremlin against a backdrop of Western sanctions.

Vadim Shvetsov, who holds 53.8 percent of the firm's equity, shifted his holding from Cyprus-incorporated Newdeal Investments Ltd. to Moscow-based OJSC Erfiks, the carmaker said late on Wednesday.

Sollers, which has production ventures with Ford and Mazda Motor Corp., had revenues of 61 billion rubles ($1.7 billion) last year, roughly a third of the 177 billion rubles generated by Russia's biggest carmaker Avtovaz .

Responding to Western sanctions over Russia's annexation of Crimea and a domestic economic downturn, President Vladimir Putin said last month that Russian companies should

be registered at home with transparent ownership structures.

A spokesman for Sollers declined to comment on the reasons for the move by Shvetsov, who is not known as a particular ally of Putin.

Moscow's intervention in Ukraine has squeezed Russia's stock market and the ruble and led to capital outflows of more than $50 billion in the first quarter. This week, the government slashed its economic growth forecast for 2014 to 1.1 percent.

Some of Russia's largest companies chose years ago to register abroad, where they often benefit from lower tax rates.

Last December, Putin threatened to deny offshore companies access to loans from Russian state-owned development bank VEB and to state orders.

Sollers also owns manufacturing facilities to produce Russian UAZ off-road vehicles, and cars for South Korea's SsangYong and Japan's Toyota. Some of its joint ventures have credit facilities with VEB and the firm also benefits from interest rate subsidies.

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