

AvtoVAZ Cuts Production of Ladas as Russia's Car Market Flops

By [The Moscow Times](#)

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Russia's AvtoVAZ plans to cut production of its Lada cars due to a falling Russian market.

Russia's top car maker AvtoVAZ plans to cut production of its Lada cars in the next three months due to a falling Russian market, it said Monday.

The company, controlled by the Renault-Nissan alliance, said total cuts would amount to 25,000 cars. In July it produced 47,100 Ladas as well as 12,100 Renault and Nissan vehicles.

"Because of the decrease in sales of all cars in the Russian market, and in order to better manage inventory levels, AvtoVAZ made a decision to reduce production of Lada cars in September, October and November for a total amount of 25,000," the company said in a statement.

AvtoVAZ added its workers would continue to receive their full salary in the next three months.

General Motors also said last week it would reduce production at its plant near St. Petersburg and was reviewing its expansion plans in the country.

Car sales have faltered in Russia this year as economic growth has slowed, causing people to put off large purchases. Consumer sentiment has come under further pressure because of Western sanctions over the crisis in Ukraine.

The downturn in Russia's car market gathered pace in July, with sales sliding 23 percent year-on-year after a 17 percent fall in the previous month, according to the Association of European Businesses, or AEB. Sales of Lada cars tumbled 25 percent to 28,014 in July, AEB data showed.

In 2013, AvtoVAZ produced 438,400 Ladas and 20,800 Renault and Nissan cars, while in the first seven months of 2014 production stood at 213,700 and 51,800 respectively, according to ASM-Holding.

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