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General Motors Suspends Production at Russian Plant Citing Volatile Ruble

By The Moscow Times

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Russia's weak ruble and struggling economy were cited on Thursday by Ford Motor Co as major reasons the company lowered expectations for its European business in 2015.

General Motors Co will suspend production at its St. Petersburg auto assembly plant in Russia from mid-March to mid-May and is raising prices for its products because of the weak and volatile Russian ruble, a company spokesman said Thursday.

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In addition, Volkswagen AG's labor chief said on Thursday the company lost hundreds of millions of euros in Russia because of the decline of the ruble.

The St. Petersburg plant is the only one GM fully owns in Russia. It also operates operates a joint-venture plant in Russia with AvtoVAZ OAO.

A GM spokesman in Europe confirmed a report by the Russian daily newspaper Kommersant of the plant shutdown, and said that the company has raised prices for its vehicles sold in Russia because of the devalued currency.

But he could not confirm Kommersant's reporting that prices for GM products have risen an average of 20 percent in the last two months.

Last year, GM's Russian sales fell 26 percent to about 258,000 vehicles, according to the Association of European Business.

Industry wide, the same group said that auto sales in Russia fell 10.3 percent last year and that it expected a 24 percent fall in 2015 sales, a forecast that several automakers said was too optimistic.

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