

Volkswagen Axes at Least 150 Jobs at Russian Plant

By [The Moscow Times](#)

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Volkswagen cars are pictured in a production line at the plant of German carmaker Volkswagen in Moscow.

Volkswagen will reduce shifts and lay off at least 150 workers at its Russian car plant, the German car producer said Monday, to try to cut costs in a market downturn.

Car sales in Russia dropped sharply last year as the economy was hit by a fall in oil prices and Western sanctions over Ukraine. The ruble also weakened, hurting demand.

General Motors said last week it would shut its Russian factory and wind down the Opel brand in the country, while Nissan Motor Co suspended Russia production for 16 days this month.

"In the first months of 2015 the Russian auto market continued to feel the impact of a weak economy, significant price increases and high interest rates. We don't expect that to change in coming months," Volkswagen said in emailed comments.

The company said its car plant in Kaluga, south of the capital Moscow, would work four days a week from April to July this year and starting from May the number of shifts would decrease to two from three.

As part of measures intended to help the company adapt to the current economic environment, the production would be suspended for two weeks on May 5-8 and May 12-15, it added.

The company also said it would not renew contracts with at least 150 employees and would offer some others the chance to move to its new auto parts warehouse in the Moscow region or an engine plant. Both are scheduled to open later this year.

It will also offer compensation packages to employees who will give up their jobs by mutual agreement.

Volkswagen's Russian sales fell 40 percent in January-February, year-on-year, while the broader market was down 32 percent, according to Moscow-based lobby group the Association of European Businesses.

However, the German carmaker said its Russian investment plans were intact, with the construction of the engine plant and the auto parts warehouse on schedule.

"The Russian market still has a significant growth potential long-term," it said in the statement.

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