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# Russia to Nationalize Renault Plant, Revive Soviet-Era Moskvitch Car After Handover

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Renault plant in Moscow. **Moskva News Agency**

Russia has nationalized a major factory that belonged to Renault and intends to use it to revive the famous Soviet-era Moskvitch car in what the French automaker categorized as a "responsible choice" for its thousands of employees in Russia.

The move appears to be the first major transfer of private assets into state hands after Russian officials threatened to nationalize Western businesses exiting over Moscow's invasion of Ukraine.

"I've decided to list the factory as the city's asset and resume production under the historical brand Moskvitch," Moscow Mayor Sergei Sobyanin announced.

"We will open a new page in the history of the Moskvitch in 2022," he added, vowing to keep "most" of the Renault plant's staff and subcontractors.

An iconic Soviet brand, Moskvitch cars were ubiquitous on the streets of the Soviet Union for decades. The production company was declared bankrupt in 2006, 75 years after rolling out its first model and five years after producing its last vehicle.

In a statement carried by Reuters, Renault described the sale of its majority stake in Avtovaz to NAMI and 100% shares in Renault Russia to the city of Moscow as a "responsible choice."

"Today, we have taken a difficult but necessary decision, and we are making a responsible choice toward our 45,000 employees in Russia," CEO Luca de Meo was quoted as saying.

De Meo said the move preserved Renault's performance and ability to return to Russia in the future under a different context.

Renault confirmed a non-cash writedown of nearly $2.29 billion to reflect the potential costs of suspending operations in Russia.

Renault began car production in Russia as part of a joint venture with the city of Moscow in 2005.

Renault, which had the most exposure to the Russian market among Western carmakers, suspended operations at its Moscow plant in March 2022 over Russia's invasion of Ukraine.

The French company was also assessing options on its majority stake in Russia's top carmaker Avtovaz.

Russia's Industry and Trade Ministry said Renault's 68% stake in Avtovaz will transfer to the ministry's automotive institute NAMI, which had taken part in creating a fleet of presidential vehicles.

The ministry said Renault will have the option to buy back its stake in Avtovaz, which will service Renault vehicles in Russia, within the next six years.

It did not indicate whether the same option exists for Renault's nationalized plant in Moscow.

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