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Volkswagen to Sell Russian Assets to Local Company

By AFP

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Employees checking a car that left the assembly line of German car maker Volkswagen's plant in Kaluga, Russia in 2009. **Natalia Kolesnikova / AFP**

German carmaker Volkswagen said Friday it had completed the sale of its Russian assets to local dealership group Avilon, as part of its exit from the country following Moscow's invasion of Ukraine.

The sale includes the flagship Kaluga factory southwest of Moscow, which employs around 4,000 people and has the capacity to build 225,000 vehicles per year.

"The new owner will acquire all shares in the Russian subsidiaries," VW group said in a statement.

"The deal has been approved by the Russian government authorities," it added.

Like other major car companies, Volkswagen halted its operations in Russia last year after

Moscow's invasion of Ukraine triggered heavy Western sanctions that disrupted supply chains.

But VW had to wait for the sign-off from the Russian government before it could complete its departure from the country.

The sale of assets by companies from "unfriendly countries," as Moscow calls those that have imposed sanctions on it, require approval from a government commission that monitors foreign investment.

VW did not disclose any financial details of the transaction.

But Germany's Handelsblatt financial newspaper said the carmaker would receive around 125 million euros ($135 million) from the sale — well below the actual value of VW's Russian assets.

"All activities are sold so we are not present in Russia anymore," a VW spokesman told AFP.

The war in Ukraine has sparked an exodus of foreign companies from Russia, including Starbucks, McDonald's and H&M.

Japanese carmaker Nissan sold its assets in the country to the Russian government last year.

French automaker Renault also handed over its Russian assets to Moscow for a symbolic one ruble.

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