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Car Sales in Russia May Fall by 25% in 2025, AvtoVAZ CEO Says

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Dmitry Yagodkin / TASS

Passenger vehicle sales in Russia could fall by up to 25% this year, the head of Russia's leading automanufacturer AvtoVAZ said Wednesday.

"The market is clearly going to decline, and we expect that drop to be about a quarter compared to last year," CEO Maxim Sokolov told state broadcaster Rossia 24. "In other words, we're forecasting that passenger car sales will total around 1.1 million, or possibly 1.2 million if we include light commercial vehicles."

For comparison, 1.55 million passenger cars were sold in Russia last year, which marked a 47% year-on-year increase. Analysts had initially projected a more modest 10% year-on-year decline for 2025, citing inflation and rising scrappage fees.

Dealers also say demand is being undermined by macroeconomic uncertainty. Potential buyers are holding onto their savings or converting funds into U.S. dollars, betting on a ruble depreciation widely expected by economists.

Inventories of passenger vehicles have built up to more than 500,000, according to the AvtoStat analytics agency.

Dealerships across Russia are increasingly turning to aggressive discounts to attract buyers, which "destroy" the car sales business, according to the head of AvtoStat Sergei Tselikov.

The challenges facing Russia's domestic auto industry have been compounded with a nearly threefold drop in electric vehicle sales in the first five months of 2025, Russia's Vedomosti business newspaper reported last week.

Russia's car market has been fundamentally reshaped since the 2022 invasion of Ukraine, following the mass exit of Western automakers and a surge in imports from Chinese manufacturers.

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