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Russia's Largest Automaker to Slash Wages After Shift to 4-Day Workweek – Reports

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Valery Sharifulin / TASS

Russia's largest automaker will cut employee salaries by at least 20% as the country's car industry faces mounting pressure from collapsing demand and a deepening inventory glut.

The salary reduction at AvtoVAZ will take effect at the end of September, when the company's flagship plant in Tolyatti shifts to a four-day workweek, the Telegram news channel Mash reported Wednesday.

Workers will also lose access to overtime pay, Mash cited a source in the company as saying, a move that has prompted some employees to consider resigning.

The cuts come as Russia's passenger car market continues to shrink.

New vehicle sales fell 28% in the first half of 2025, with just 530,000 cars sold nationwide, according to the market research group Avtostat.

Analysts say the downturn is being driven by high interest rates, which have made auto loans unaffordable for many buyers.

The Central Bank's high key rate has also forced manufacturers to delay investment and scale back production, impacting both passenger cars and commercial vehicles.

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AvtoVAZ CEO Maxim Sokolov warned earlier this year that the company was sitting on 100,000 unsold vehicles, nearly double its usual inventory of 60,000.

Other manufacturers are also struggling. Truckmaker KamAZ and the Gorky Automobile Plant in Nizhny Novgorod have both shifted to four-day workweeks.

Meanwhile, production at the Pavlovo Bus Plant, Russia's largest builder of small and mid-sized buses, has been suspended entirely due to plunging sales.

Avtostat data show that by the end of June, unsold inventory at dealerships had ballooned to 500,000 vehicles, enough to meet current demand for four to seven months. Typically, dealerships hold just two months' worth of stock.

The industry's overcapacity is placing many dealerships at risk. Around 30% of dealerships may be forced to shut down due to the industry's overcapacity, warned Alexei Podscherkodin, head of the Russian Car Dealers Association.

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