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AvtoVAZ Says It's Considering Building a Rival to BMW X5

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Alexander Avilov / Moskva News Agency

AvtoVAZ has the technical capability to develop and mass-produce a crossover comparable to the BMW X5 but does not intend to pursue such a project in the near future, the carmaker's head of product programs has said.

"We have designs for higher-class vehicles, and we're looking in that direction, but everything needs to be done step by step," Oleg Grunenkov said in an interview with blogger Amiran Sardarov.

Grunenkov said the company plans to launch the Lada Azimut crossover in 2026, describing it as a model belonging to a "higher class" than the BMW X5.

"If everything works out with this model, we will move forward," he added.

The Lada Azimut is built on the Lada Vesta platform and has front-wheel drive only.

The first versions to reach the market are expected to feature a 1.6-liter VAZ engine producing

120 horsepower paired with a six-speed manual transmission manufactured in China.

More powerful 136-hp and 150-hp engines are planned for later releases.

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The BMW X5, first introduced in 1999, comes with all-wheel drive, engines exceeding 200 horsepower and a five-speed hydromechanical automatic transmission.

AvtoVAZ CEO Maxim Sokolov has previously expressed disappointment with sales trends in Russia, saying market volatility makes it too risky to launch new models and gives the company little reason to expand its lineup.

AvtoVAZ expects to produce 274,000 vehicles at its flagship Tolyatti plant in 2025, about 40% below its initial target. The value of shipped products is projected at 464.5 billion rubles ($5.95 billion), 27.7% lower than last year.

Production may fall another 3.3% in 2026 to 265,000 cars, a socio-economic forecast by Tolyatti's city administration said.

AvtoVAZ, Russia's largest carmaker, has been hit hard by a steep decline in Russia's auto market.

Market research firm Avtostat says Lada sales fell 25% in the first 10 months of the year compared with the same period in 2024, reducing the brand's market share to 25.5%.

AvtoVAZ has shifted to a four-day workweek, cut wages and started laying off workers in response.

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