

AvtoVAZ Brings Suit to Shed Monopolist Status

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July 24, 2013

The  **Moscow Times**

Car giant AvtoVAZ is meeting the Federal Anti-Monopoly Service in court Wednesday in an attempt to have itself removed from the state registry of monopolists.

Winning the case would free AvtoVAZ from regulations requiring monopolists to receive government approval on M and A transactions, FAS department head Maxim Ovchinnikov told Vedomosti.

A monopolist is defined as a company owning more than 35 percent of a given market. However, there are no set guidelines for calculating market shares, Sergei Udalov of analytic agency AutoStat said, making it difficult to predict the outcome of the trial.

AvtoVAZ was registered as a monopolist in 1996 but requested a reappraisal of their market share in 2010 at which point FAS found that the company no longer held a monopoly in the luxury market but maintained one in the economy class sector — cars with a price tag of up

to 600,000 rubles (\$18,500), Ovchinnikov said.

In 2010 FAS estimated that the Lada had 47 percent market share of its segment. An AvtoVAZ representative said at the time that they considered their share "considerably lower than 35 percent" but did not elaborate.

According to the Association of European Business, the company sold 537,625 Ladas in 2012, out of total automotive market sales of 2.75 million units.

The court's decision will in no way affect the joint venture between Rostec and the Renault-Nissan alliance, which owns 74.5 percent of AvtoVAZ, Ovchinnikov said. The venture was approved by FAS in 2012 and is obliged to inform the service about its sales volume, revenue, and pricing.

AvtoVAZ had a net loss of 3.7 billion rubles (\$115 million) in the first half of 2013 under Russian Accounting Standards, a loss 7.9 times greater than the same period the previous year, Interfax reported.

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