

Struggling AvtoVAZ Sets Production Bar High While Cutting 8,500 Staff

By [The Moscow Times](#)

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A pair of factory workers putting together an automobile at the AvtoVAZ factory in Tolyatti in the Samara region.

Russia's biggest carmaker, AvtoVAZ, is aiming to maintain last year's production levels despite having to fire about 8,500 workers in 2014, the governor of the Samara region said.

AvtoVAZ, which is controlled by international automobile conglomerate Renault-Nissan, made a net loss of 7.9 billion rubles (\$222 million) in 2013 as the Russian car market shrank, and any possibility of a quick revival has been hindered by the economic uncertainty caused by the crisis in Ukraine. The company's sales dropped 21 percent in the first four months of 2014, according to RIA Novosti, and production has taken a hit.

In March, the Tolyatti-based plant made 49,000 Ladas, 13 percent less than over the same period last year, Governor Nikolai Merkulshkin told President Vladimir Putin at a meeting Tuesday, citing a conversation with the head of AvtoVAZ, Bo Andersson.

Nonetheless, Andersson, who was recently appointed in a bid to improve AvtoVAZ's fortunes, said that the plant can get back to 2013 production levels as long as the state provides additional support, Merkushkin said.

Russian media sources reported earlier that the company planned to fire 2,500 managers and 5,000 factory workers, but judging by the governor's comments these figures have gone up. By the end of the first quarter of 2014, about 64,000 staff were employed by the plant, which is co-owned by Renault-Nissan, RBK reported.

Merkushkin said that the region can cope with the losses, adding that there are four vacancies for every jobless person. About 3,500 jobs will be created thanks to the introduction of the region's Special Economic Zone status, while the construction of an industrial park by the end of 2014 will generate another 5,000 job openings, he said.

See also:

[AvtoVAZ Sales May Drop 15 Percent in 2014](#)

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