

Renault freezes Zil deal blaming the ruble's slump

PARIS, FRANCE: French car company Renault has frozen a project to make commercial vehicles with Russian company Zil because of the fall of the ruble, a Renault spokesman said on Wednesday (23 April).



Renault has halted a deal with Zil to open a production plant in the country. Zil mainly builds trucks for the military and construction sector although it is now offering some commercial vehicles as well. Image: Wikipedia

"Because of the weakening of the ruble, Renault has halted this project at this time until it finds a way to do the project profitably," the spokesman said.

"Renault was studying whether it should make commercial vehicles in Russia and Zil offered one way of doing this," she said, but no investment had yet been made.

The ruble has fallen sharply against the euro, partly because of an underlying slowdown of the Russian economy and more recently because of the crisis over Ukraine.

In August last year, Igor Koulgan, the managing director of Zil's subsidiary MosavtoZil mentioned talks with Renault and with Italian group Fiat to produce commercial vehicles on Zil assembly lines.

But he said then that it was too soon to speak of any agreement, while hoping that a contract might be signed in September.

The newspaper Vedomosti, citing industrial and government sources, reported then that the agreement would involve the production of Renault Master and Fiat Ducato vehicles from the first quarter of 2014. It suggested at the time that the total capacity would reach 50,000 vehicles per year.

The other big French car manufacturer, PSA Peugeot Citroen, said in March last that it was negotiating with Zil on a

production agreement.

ZIL, founded in 1916, made limousines for the Kremlin and the government during the time of the Soviet Union. It now produces mainly heavy trucks and vehicles for the construction industry.

Source: AFP via I-Net Bridge

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