
Russia to extend USD 806 million loan to AvtoVAZ

Saturday, 06 Jun, 2009

RIA Novosti reported that Russia's prime minister has instructed the government to provide a RUB 25 billion loan to support the ailing car giant AvtoVAZ.

The government's website said the funds will be granted to the Russian Technology Corporation a key shareholder in AvtoVAZ which in turn will grant an interest free loan to the automaker.

Mr Boris Alyoshin CEO of AvtoVAZ earlier said the government's aid in the amount of RUB 25 billion would be channeled primarily to bridging the company's debts for earlier periods. Eventually, AvtoVAZ's investment program will be financed by banks on a market basis.

The company's debt stood at RUB 44 billion as of mid-April, a figure that includes bond issues. The company has several times suspended production over payment disputes with car part suppliers.

AvtoVAZ, Russia's largest car producer is based in Togliatti in the Volga Region. The company is best known abroad for its Lada brand.

(Sourced from RIA Novosti)

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