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REFORMATION OF DOMESTIC MOTOR INDUSTRY IN THE CRISIS CONDITIONS

Domestic market of cars requires real changes. World financial crisis demonstrates faults of developing strategy about domestic automobile industry.

As an initial step towards stabilizing this troubling scenario, governmental agencies should seek to establish a plan to implement the direct purchase of automotive machinery and components from domestic suppliers. Such a move would serve to support both the fragile automotive industry while providing a much needed boost to the ailing economy.

For example ZAZ collaborates with 827 Ukrainian factories to support itself. Lanos is a leader of sales in sector of new sedan cars for three years.

Ukraine existing machine-building enterprises are like engines for the economy which supports most players of the industry. One job at the ZAZ factory provides not fewer that 10 jobs all over Ukraine.

The import stopped at all because of demand reduction and creating of 13 percent tax for imported card. We should use this situation for sales increasing in condition of crisis.

This downward spiral could potentially lead to an irreversible collapse of this vital industry with subsequent repercussions to the economy-at-large. As an illustration current demand statistics signal an 83 % reduction in assembly production.

Biggest part of using cars in government sector is made abroad. It should be changed. Subsidizing or formulating partnership models with large scale international conglomerates such as GM or FORD and utilizing their modernization practices, marketing models and management styles, it would be a catalyst for rapid-fire changes and success. In lock-step we should develop, design and market our own domestic models under the auspices of these banner companies. This would make a result in national brands which would not only be cost-effective to produce, but which would open our markets to international review and acceptance.

Consumers with financial assistance through low interest marginal loans would increase sales. We must also remain vigilant in our efforts to foster solutions to the current barriers imposed by the WTO specifically these which relate directly to the custom duty rates. By embracing this prescribed recipe for change by resolving to adjust to the changes required in a global market and especially by remaining committed to the sacrifices of the designed plan changes along the way,

our automotive industries can not continue to exist, but prosper in the world setting.

National banks should be integrated in these reforms as participants and start with credits for modernization and of course in consumer lending.