

## **Ukraine's automotive industry on its way to a revival**

### **Bus./Industry**

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### **The resurgence in passenger car sales in Ukraine has brought challenges to the logistics industry, which was unprepared for the rise in volumes.**

By Vladislav Vorotnikov for Automotive Logistics, Aug 8, 2017: Ukraine's automotive market is building on the recovery that started at the end of last year, when the three-year slump in the passenger car market levelled off and a rebound began. Latest figures show that in the first half of 2017, the number of cars sold there rose 36% to 35,700. The Ukraine automotive industry association, Ukrautoprom, expects a total of 90,000 finished vehicles to be sold there in all this year.

Back in 2012, when domestic car sales peaked at 217,000 finished vehicles, Ukraine's government was forecasting a potential threefold rise in sales in the country by 2030. However, that required foreign OEM investment in assembly plants in Ukraine, both to meet the demand of the domestic market and to establish export supplies. It was thought at the time that Ukraine's cheap labour force, the upcoming free trade zone agreement with the European Union and a congenial investment climate would all contribute to the country becoming a new all-European assembly hub. The annexation of Crimea and the subsequent armed conflict in eastern regions subsequently scotched demand for passenger cars, undermined the financial shape of the country's car manufacturers and sent the national economy into a spin. The government has not given up on the automotive industry, however. In mid-June this year, it published a draft development concept that, among other things, proposed to completely cancel duties on the import of components to the country. Although it has not been revealed when the new programme will start, it promises to revive the car industry in the country. **A year of recovery** The resurgence in passenger car sales in Ukraine has brought challenges to the logistics industry, which was unprepared for the rise in volumes. "The automotive logistics market in Ukraine is experiencing an acute shortage in transport capacity, which everyone felt for the first time at the end of 2016," says Eugenia Poplavskaya, head of the finished vehicle logistics department at Gefco Ukraine. "It is associated with deferred demand, which has resulted in a twofold rise in sales of finished vehicles and further subsequent growth during 2017. "Transport companies were completely unprepared for this increased demand," adds Poplavskaya. "In the last three years the automotive carrier fleet has decreased by about three times, as many companies simply have not survived the crisis. In my opinion, we should be able to meet current elevated levels of demand in a year from now, as this problem can only be solved by investing in new equipment." [http://automotivelogistics.media/international-transportation/ukraine-automotive-industry-on-its-way-to-a-revival]