

# Ukraine's Car-Production Plunges 96%; Many Banks Also Fail

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Global Research, April 08, 2015

Region: [Russia and FSU](#)

Theme: [Global Economy](#)

In-depth Report: [UKRAINE REPORT](#)

*On Tuesday April 7th, Ukravtoprome (the Ukrainian Association of Automobile Manufacturers) [reported](#) that, in the three-month period January-March 2015, as compared to the same three months of 2014, production of passenger cars plunged 96%, commercial vehicles 23%, buses 43%, for an overall decline of 92%.*

In March alone, as compared to March 2014, passenger-car production plunged 94.3%, commercial vehicles fell 31%. The figure for buses was not shown.

March figures were a considerable improvement over the month before: "compared to February, the number of cars produced has doubled."

On April 2nd was [reported](#) that "Sales of new cars in Ukraine fell to the lowest in 15 years," and that March's sales-volume (number of cars sold) was 23% less than that in February. Furthermore, "The general decline in sales of vehicles in Ukraine in January-February 2015 compared to the same period in 2014 was 67%."

Consequently, production in Ukraine has been falling even faster than consumption in Ukraine.

A separate report presents the Managing Director of Ukraine's Deposit Guarantee Fund, [saying, on April 7th](#), that there is a "mass bankruptcy of banks" in Ukraine, and that the Fund is working with "48 insolvent banks, 46 of which are recognized as insolvent in 2014-2015." This report quotes him as saying, "The causes of Ukraine's mass bank failures in 2014-2015 were crooked owners and managers of these banks, as well as unfavorable business environment in the country. Immoral owners and managers, who used a bank in some of their personal goals, stripped assets. ... When one or another business in the country begins to fail because of the absence of exports, falling domestic consumption, cost, production cost, etc., the banks suffer." So, sometimes, the owner or top executive takes whatever money there is, and the Guarantee Fund gets stuck with all of the loss.

This economic strain (plunging sales-volume of products such as cars, plunging manufacturing, soaring unemployment, collapsing banks) is ultimately felt by the national government. "According to preliminary estimates, the fund for payments to depositors of the two largest insolvent banks, which employ temporary administration, 'Nadra' and 'Delta Bank,' requires \$20.5 billion." That's money which must come from the Fund, and, ultimately from the loans that Western taxpayers, via USAID, IMF, EU, etc., will first pay to the principal and interest to Ukraine's bondholders. Some if not all of the losses will then be dumped on those Western taxpayers, the general public — who can't experience any of the

gains, if any. For example, Franklin Templeton group funds have purchased very high interest-rate Ukrainian Government bonds, under the assumption that Western taxpayers will eat all or most of the losses. Negotiations are already going on about that, among the aristocracy, who [will decide how much the public will lose](#). This is called “capitalism.” Some call it “democracy,” or “the fight for democracy.” Perhaps a more accurate phrase for it would be George Orwell’s phrase, “Big Brother.”

*Investigative historian Eric Zuesse is the author, most recently, of [They’re Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010](#), and of [CHRIST’S VENTRILOQUISTS: The Event that Created Christianity](#), and of [Feudalism, Fascism, Libertarianism and Economics](#).*

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