
Recession reports - 10pct of Romanian auto dealers bankrupt in 2009

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Nine O'Clock reported that the recession registered in the auto industry in 2009 resulted in the bankruptcy of 10% of the 400 dealerships belonging to the local auto industry.

According to Mr Brent Valmar VP of Association of Car Producers & Importers and also president of Porsche Romania, at least 38 dealerships were closed last year in what concerns his company alone. He pointed out that the bankruptcy of local dealers was caused mainly by the banks' reticence to finance this domain but also by the leasing companies that posted extremely low prices that led to a drop in sales for the dealers.

Referring to 2010, the APIA representative pointed out that in the best of cases the volume of sales will remain at a level similar to the one registered last year.

Mr Valmar "2009 was the worst year in the auto industry's recent history, considering that only 115,000 units were sold last year, of which 14,000 were re exported. Likewise, if we also exclude the Cash for Clunkers Program we end up with a real market of 85,000 units for the whole year."

Mr Ernest Popovici president of APIA said that in fact, almost 40% of the 212,000 second hand vehicles sold in Romania last year were older than 10 years, with 95% of the trade in used cars being untaxed. He added that "One of the dealers' ways of escaping bankruptcy is represented by after service deals. In 2009 this sector was affected by the insurance companies' tendency to direct their clients to unauthorized repair centers."

Moreover, the APIA representative expressed his concern with the agreement that the European Union and South Korea are about to sign in a few weeks' time, an agreement on low tariff trade.

(Sourced from www.nineoclock.ro)

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