

GLOBSEC AutoFocus Report launch x Economic Growth and Sustainability Pro

“The Time is Now to Retool Slovakia’s Automotive Industry for E-mobility”

Event Summary

Introduction

On March 29, 2022, GLOBSEC hosted the launch event of its new study “*Slovakia Automotive Industry 2.0: The time is Now to Retool for the E-Mobility Era*”, funded by the European Climate Foundation (ECF) and completed in collaboration with CambridgeEconometrics and the Slovak Electric Vehicle Association (SEVA).

The study launch event brought together policymakers, experts from the private and public sectors, and other relevant stakeholders to discuss the pressing challenges and opportunities emanating from the transformative wave in the automotive sector.

“Slovakia Automotive Industry 2.0” highlights that the automotive industry in the country must undergo deep transformation if it wants to retain its export market shares, GDP growth, and employment levels. The inability to adapt to the transition from internal combustion engine to electric vehicles production, in the worst-case scenario, will lead to a 10% drop in national GDP compared to the best-case scenario. Total employment will drop by 4.5% on 2020 levels.

Key Takeaways

The participants identified practical steps for Slovakia to maintain its position in the automotive industry landscape, taking inspiration from the study.

As the EU level, the following key actions have been identified to foster battery production and jump-start electric vehicle manufacturing:

1. Developing an EU-wide battery regulation.
2. Outlining a plan to secure minerals for this new industry, factoring in considerations stemming from the disruptions caused by the Russian war on Ukraine and the COVID-19 pandemic.

3. Introducing a strategy to reskill or upskill workers throughout Europe to support the transition from low-skilled to high-skilled tasks.
4. Preparing a plan on batteries’ recycling and waste management.

At the national level, participants outlined the following key steps for Slovakia to capitalise on the transition to electric vehicle production:

1. Preparing greenfield sites that could be immediately available for investments and construction.
2. Reskilling the labour force in the automotive sector.
3. Speeding up the administrative process and cutting red tape: the average time to obtain a business permit is a year and a half.
4. Fostering public-private collaboration and connecting research institutions with the large industrial players.
5. Engaging citizenship in the debate and transformational process.
6. Cooperating in cross-border, regional projects in automotive.

With 74% of Slovakia’s key export markets announcing bans on ICE vehicles sales by 2035, the Slovak automotive industry needs to urgently act and adapt to the transformative wave.

Salient quotes from the participants:

Mr. Maroš Šefčovič, Commissioner for Interinstitutional Relations, opened the meeting with a clear statement:

“Action is needed quickly. It is important for Slovakia to send a clear political signal that the country needs, wants and will work on battery investment, as it considers it crucial for the future of its economy. Many countries are moving by leaps and bounds and it will be difficult to catch up today.”

The Commissioner also underlined that the battery market alone will amount to € 250 billion per year, with the added value of the battery industry amounting at € 625 billion per year. Slovakia should do its utmost to send a signal that it is willing to invest in building gigafactories, training staff, and low-carbon energy to capitalise on this transformative opportunity.

“One of the greatest challenges for the automotive in Slovakia will be to transform its economic anchor and national identity – the passenger vehicle – to meet the global mobility demands of the future,” commented Vazil Hudák, Vice-Chairman Globsec Board of Directors. He also added, that ***“this will be increasingly important from the point of view of the current events.”***

“We should want to develop and produce the batteries ourselves. It is not true that no one in Slovakia is working around the battery segment. We (as a company) are very far ahead. Today we manufacture and test the fourth generation of batteries. We are also researching how to start the recycling process. Why do representatives of Slovakia not know about these successes and actions?”

Patrik Križanský, Director of the Slovak Electric Vehicle Association (SEVA).