

Slovakia faces challenge of shifting gear into e-cars

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Slovakia runs the risk of missing the e-mobility boat by foot-dragging on incentives to encourage carmakers to produce electric cars

A small country but ranked as a major automaker, Slovakia now risks paying a heavy price should it miss out on the accelerating change to

electric cars, analysts say.

Slovakia reinvented its economy twice in recent decades, first after shedding the communist yoke in 1989 and then again after separation from the Czech Republic. Low corporate taxes drew foreign investors, primarily in the electronics and auto sectors.

A skilled workforce and wages that average half those in western Europe coupled with eurozone membership sweeten the deal.

But analysts say Bratislava could be missing the e-mobility boat by foot-dragging on fresh incentives to encourage global carmakers to produce electric cars at their Slovak plants. A risk accentuated this week when BMW chose neighbouring Hungary for a new billion-euro factory where it will produce both electric and conventional cars.

Of the three global automakers operating in Slovakia—Germany's Volkswagen, France's PSA and South Korean Kia—so far only VW produces [electric vehicles](#).

But even VW's future plans for e-car production in Slovakia remain unclear, and it is the same story for PSA and Kia.

A new Jaguar Land Rover plant is also due to open in September. Plans call for 150,000 cars to roll off the [assembly line](#) annually but it is unclear whether any will be electric.

The auto sector generates some 300,000 jobs in Slovakia, making it by far the largest employer in the country of 5.4 million.

Annual production has exceeded one million cars in each of the last three years and is forecast to grow by more than a third by 2020.

Overall, the carmaking sector accounts for 44 percent of Slovakia's total industrial production and 35 percent of its exports.



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'Lack of vision'?

According to International Energy Agency (IEA) estimates, worldwide electric vehicle production could explode from three million last year to 220 million by 2030.

Given such prospects, encouraging e-car production at Slovak plants

should be Bratislava's number one priority, said Peter Badik, co-founder of Greenway, the largest electric vehicle charging network in Slovakia and Poland.

"The opposite is true," he told AFP. "If we keep ignoring technological progress and we don't try to use it in our favour, it could become a huge problem for Slovakia."

He is echoed by Peter Sevce, director of the Slovak Electric Vehicle Association (SEVA), who insists that Bratislava needs to promote production of e-vehicles, battery management systems and electric engines.

"There's a lack of political will to deal with electromobility in Slovakia," he told AFP, adding that there is also a "lack a vision about where we see the automotive sector in a couple of years."

According to VW Slovakia spokesman Michal Ambrovic, the e-up! model, the carmaker's "first-ever mass-produced electric vehicle", began rolling off the assembly line at its Bratislava plant in 2013.

But Sevce contends that VW's "other electric models will be assembled in Germany, due to fears of a fall in employment in the automotive sector."

Ambrovic declined to comment on this claim. He also refused to disclose the number of e-up! vehicles VW produces in Bratislava or any future VW plans for e-car production on Slovak soil.



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'Prestige, regulatory concerns'

PSA Slovakia is also not forthcoming about its plans regarding e-vehicles.

Spokesman Peter Svec said the carmaker "is preparing for several projects" at its plant in Trnava, a town around 100 kilometres (60 miles) northeast of the capital Bratislava.

"At this time, I cannot confirm the details associated with this potential investment," he told AFP.

Slovakia's third carmaker, the Zilina-based Kia, was unavailable for comment.

The economy ministry took one of its first small steps in June to promote domestic purchases of electric vehicles by creating a support scheme worth 3.3 million euros (\$3.8 million).

Ministry spokesman Maros Stano told AFP that measures to support the development of e-car charging stations across Slovakia are also planned.

Martin Vlachynsky, an analyst with the Bratislava-based Institute of Economic and Social Studies, warned that although lagging behind in electromobility could prove problematic, "jumping in first can be risky" too.

"Today, e-cars are more of a matter of prestige and regulatory concerns for automakers, due to emission limits," he told AFP.

"They are, and for some time will remain loss-making products," he added.

The expert also insists that decisions on scaling up e-car production should remain decentralised, at the level of car-makers.

"This will minimise the risk that the state will take a step in the wrong direction," Vlachynsky said.

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