

Government policies to develop the BEV industry in Slovakia

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State of the automotive industry in Slovakia

- ▶ The automotive industry produces 50 percent of the industrial production and directly employs 16 percent of the industrial workforce

Table 1 The production of cars in Slovakia in 2023 with the share of electric cars (PHEV and BEV)

Producer	Number of cars produced	Number and share of electric cars	
		Number	Share
Volkswagen Slovakia	308 990	86 517	28 %
Kia Motors Slovakia	307 600	27 684	9 %
Stellantis	316 440	42 666	13,5 %
Jaguar Land Rover Slovakia	117 000	0	0

Source: Automotive Industry Association of the Slovak Republic.

State of the battery industry in Slovakia

- ▶ Currently there is no major battery plant in operation in Slovakia
- ▶ Slovak battery startup InoBat has installed the first battery cell production line in Slovakia
 - ▶ Modest capacity – 45 MWh
- ▶ Chinese company Gotion High-Tech with InoBat is planning to build a 20 GWh factory with a potential 40 GWh extension
 - ▶ Estimated start of production – second half of 2026
 - ▶ Strong local pushback also supported by some populist political parties

Government aims and strategies

- ▶ 2015 - Strategy for the development of electromobility in the Slovak Republic and its impact on the national economy of the Slovak Republic
 - ▶ Goal - to initiate systematic promotion and development of electromobility in the country and facilitate the electric transformation of the Slovakian automotive industry
 - ▶ Policies - designed primarily to promote the adoption of electromobility in Slovakia
- ▶ 2019 - Action plan for the development of electromobility in the Slovak Republic
 - ▶ Policies - still mostly focus on the adoption of electromobility in Slovakia, but one segment deals with the support for battery research, development, and production. These measures aim to support the entire value chain of the battery ecosystem for their competitive and sustainable industrial production

Government aims and strategies

- ▶ 2023 - Action plan for the development of electromobility in the Slovak Republic (updated version)
 - ▶ Battery working group for battery production with representatives from the state administration, the automotive sector, entrepreneurs, and representatives of the European Investment Bank and the SARIO (investment and trade promotion) agency
- ▶ Slovak national plan of the EU Recovery and Resilience Facility
 - ▶ Primary focus on the development of charging infrastructure for electromobility and do not address the transformation of the Slovak automotive industry to BEV production

Government aims and strategies

- ▶ 2024 - Information on the sustainability of car production in the Slovak Republic in the context of the transition to electric vehicle production and selected problems of the development of electromobility
 - ▶ Goal - to ensure the long-term sustainability of the Slovak automotive industry
 - ▶ The government wants to encourage foreign investment in high-value-added projects, particularly in research and development and specialized corporate services
 - ▶ Develop a suitable qualification structure of the workforce to meet the labor market needs of the automotive industry, with a focus on the production of battery electric vehicles

Table 2 The principles and goals formulated in the government strategies

	Strategy for the development of electromobility	Action plan for the development of electromobility	Recovery and Resilience Plan	Action plan for the development of electromobility (update)	Information on the sustainability of car production
	2015	2019	2022	2023	2024
Domestic production					X
Domestic development (R+D)		X			
Development of infrastructure for electromobility	X	X	X	X	
Competitive and sustainable vehicle manufacturing/production					X
Adaptation of the transport infrastructure for electromobility					X
Job creation	X				
Attraction of FDI	X				X
Skilled labour force					X

Source: Author's compilation

Financial incentives for the development of BEV production

- ▶ Until 2024 there was no special scheme – all foreign investors could apply for financial incentives in the industry, if they fulfilled the defined criteria
- ▶ March 2024 – As a response to EU policy changes the government introduced new extraordinary investment subsidies for the sectors strategic for the transition to a climate-neutral economy
 - ▶ a) the manufacture of batteries, solar panels, wind turbines, heat pumps, electrolyzers, and equipment for carbon capture and storage equipment,
 - ▶ b) the manufacture of key components designed and primarily used as a direct input to production products referred to in point (a),
 - ▶ c) the production or recovery of critical raw materials necessary for the manufacture of products referred to in point (a); or (b).

Table 3 Criteria for state support for extraordinary investment subsidies for the sectors strategic for the transition to a climate-neutral economy

	Company size	Zone M1	Zone M2
Minimum value of the acquired fixed tangible assets and intangible fixed assets		10 000 000 euro	20 000 000 euro
Maximum amount of extraordinary investment subsidies		350 000 000 euro	150 000 000 euro
Maximum intensity of extraordinary investment subsidies	Large company	35 %	15 %
	Medium company	45 %	25 %
	Small and micro company	55%	35 %
Maximum intensity of extraordinary investment subsidies granted exclusively in the form of income tax relief	Large company	40 %	20 %
	Medium company	50 %	30 %
	Small and micro company	60 %	40 %

Source: Consolidated version of the government decree nr. 195/2018.

Conclusion

- ▶ The electric transformation of the Slovak automotive industry is well underway – but is mainly motivated by corporate strategies of the global car producers active in Slovakia
- ▶ There is frustration from the representatives of the automotive industry toward current government policies
 - ▶ "We are writing letters to the government and proposing solutions, but we are not getting answers,"
- ▶ Director of the Automotive Industry Association of the Slovak Republic Alexander Matušek - "What we're concerned about is the situation after 2027. That's what we're communicating, that we don't need special help, we need to create an environment here to be able to get those investments to us,"