

Perspectives of the Czech Automotive Industry's Decarbonization (scope 3)

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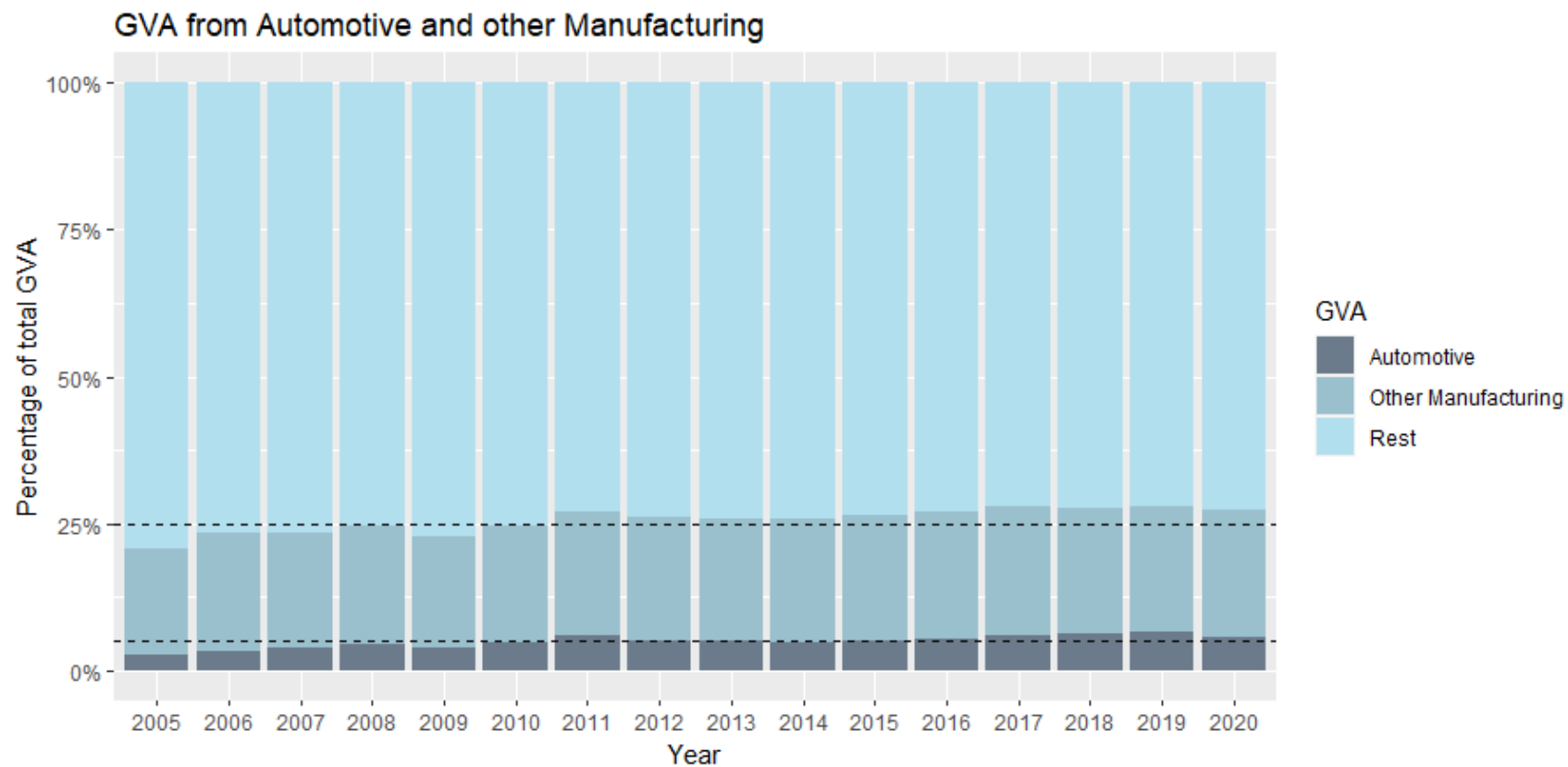
EUROPEUM Institute for European Policy, Prague/Brussels



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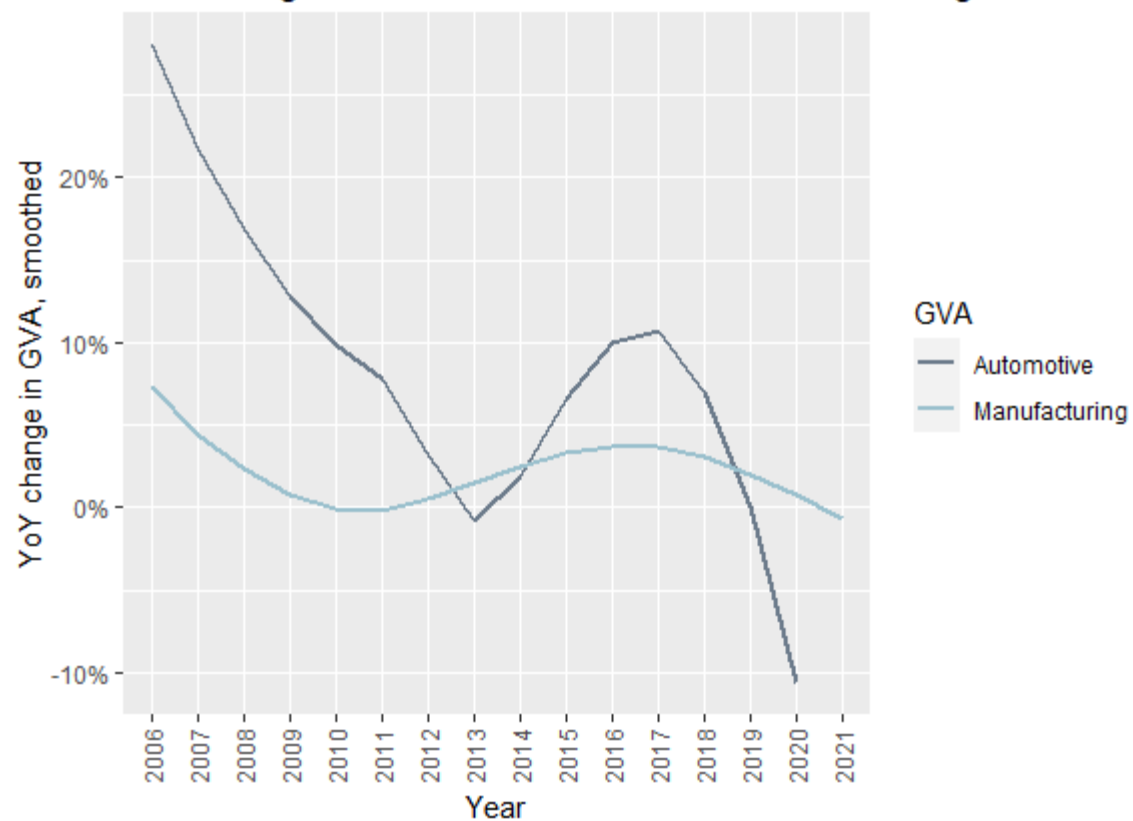
CESEE countries in (e-)motion: trends in the automotive industry and individual mobility

Czech Automotive

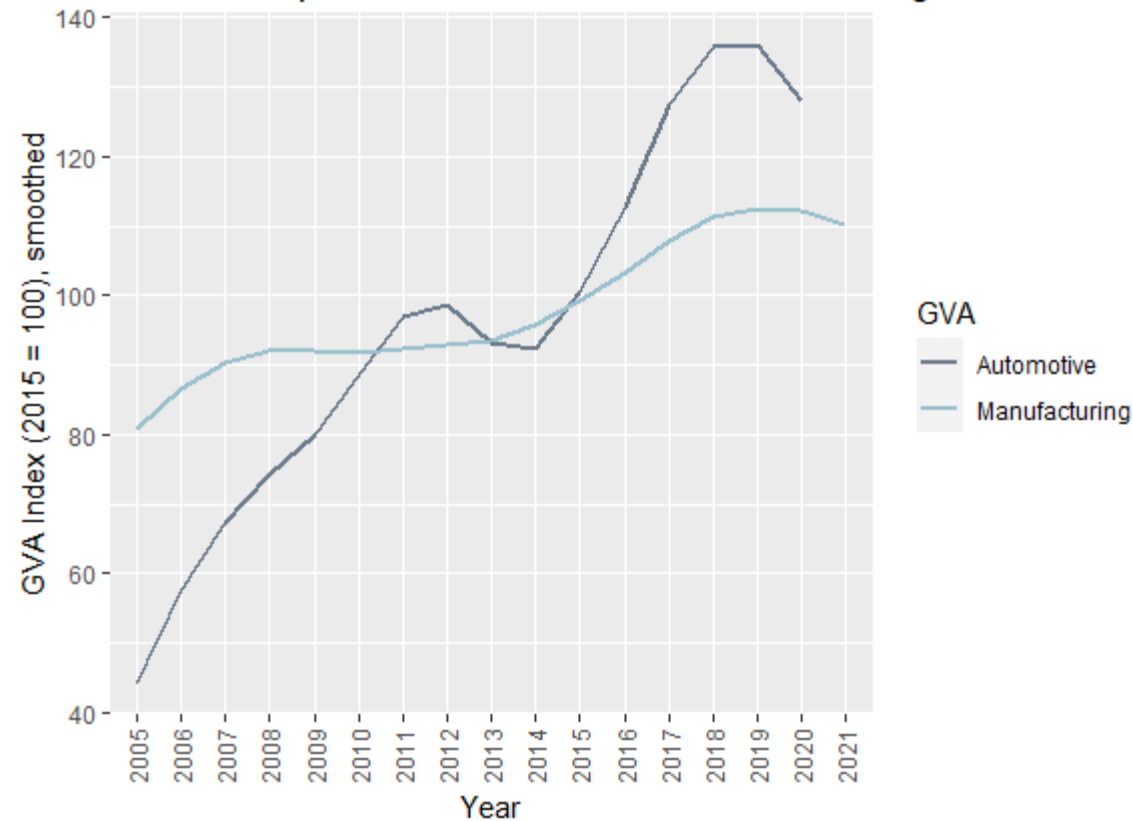


Source: Czech Statistical Office

YoY change in GVA of Automotive and Manufacturing

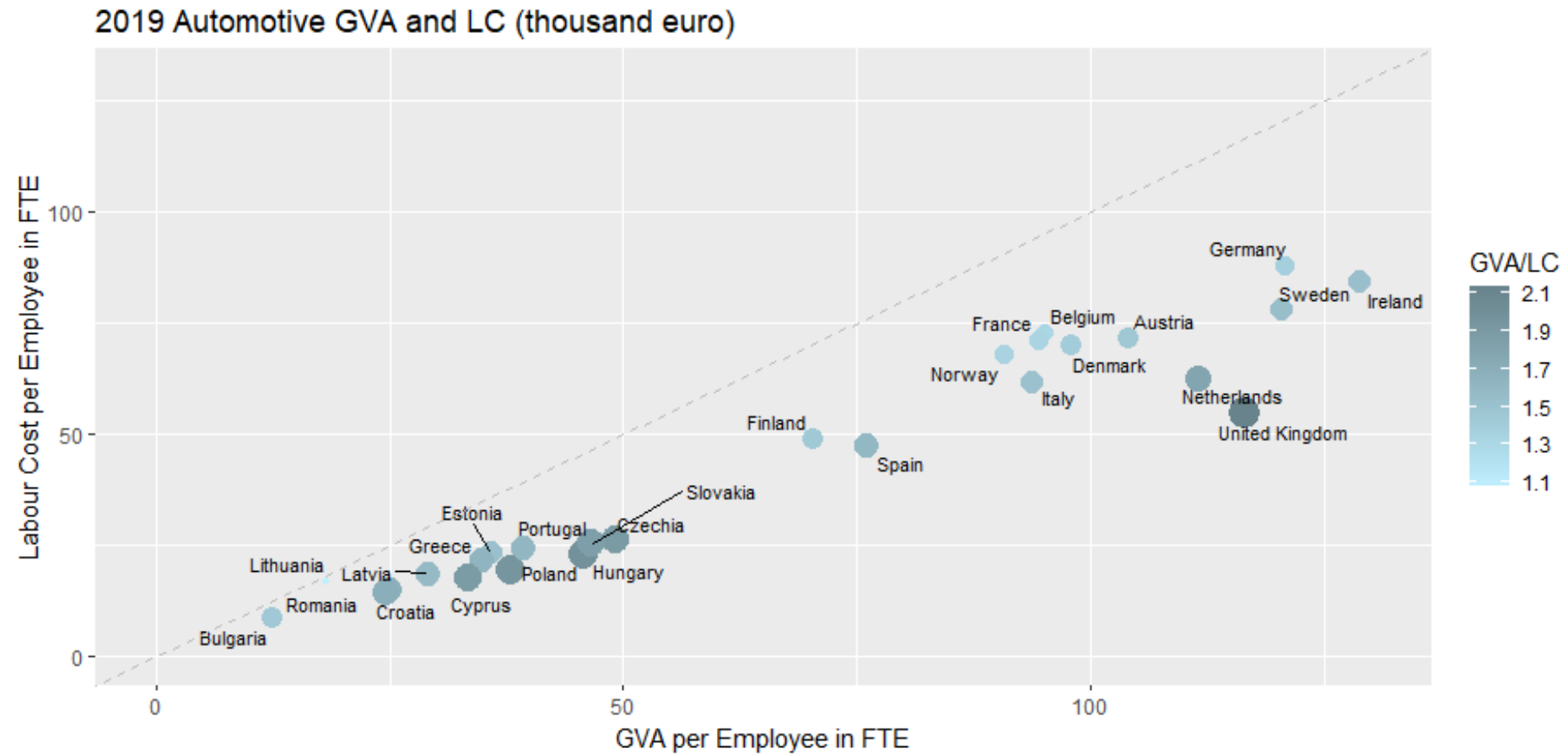


GVA development of Automotive and Manufacturing



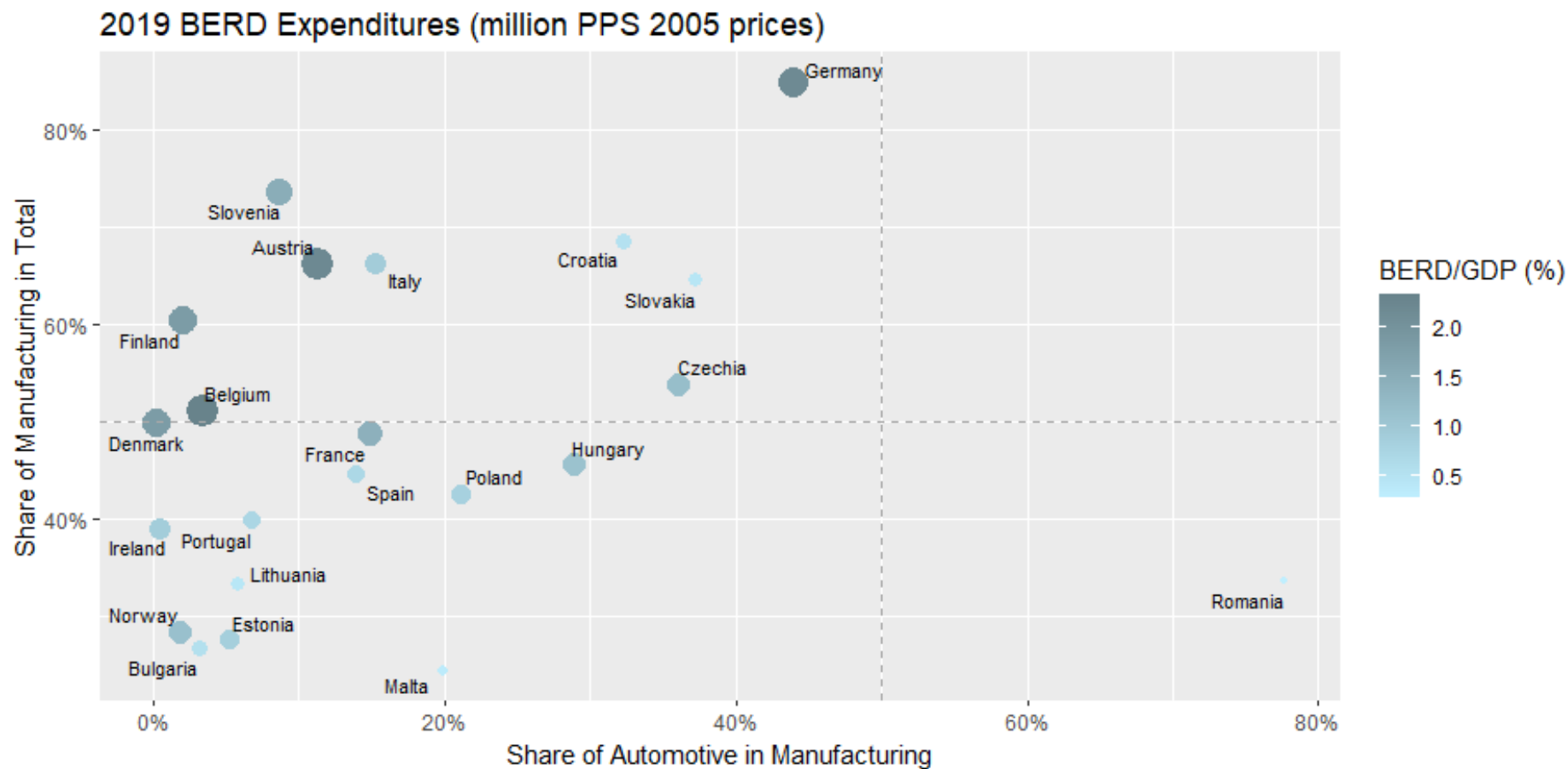
Source: Czech Statistical Office

European Automotive



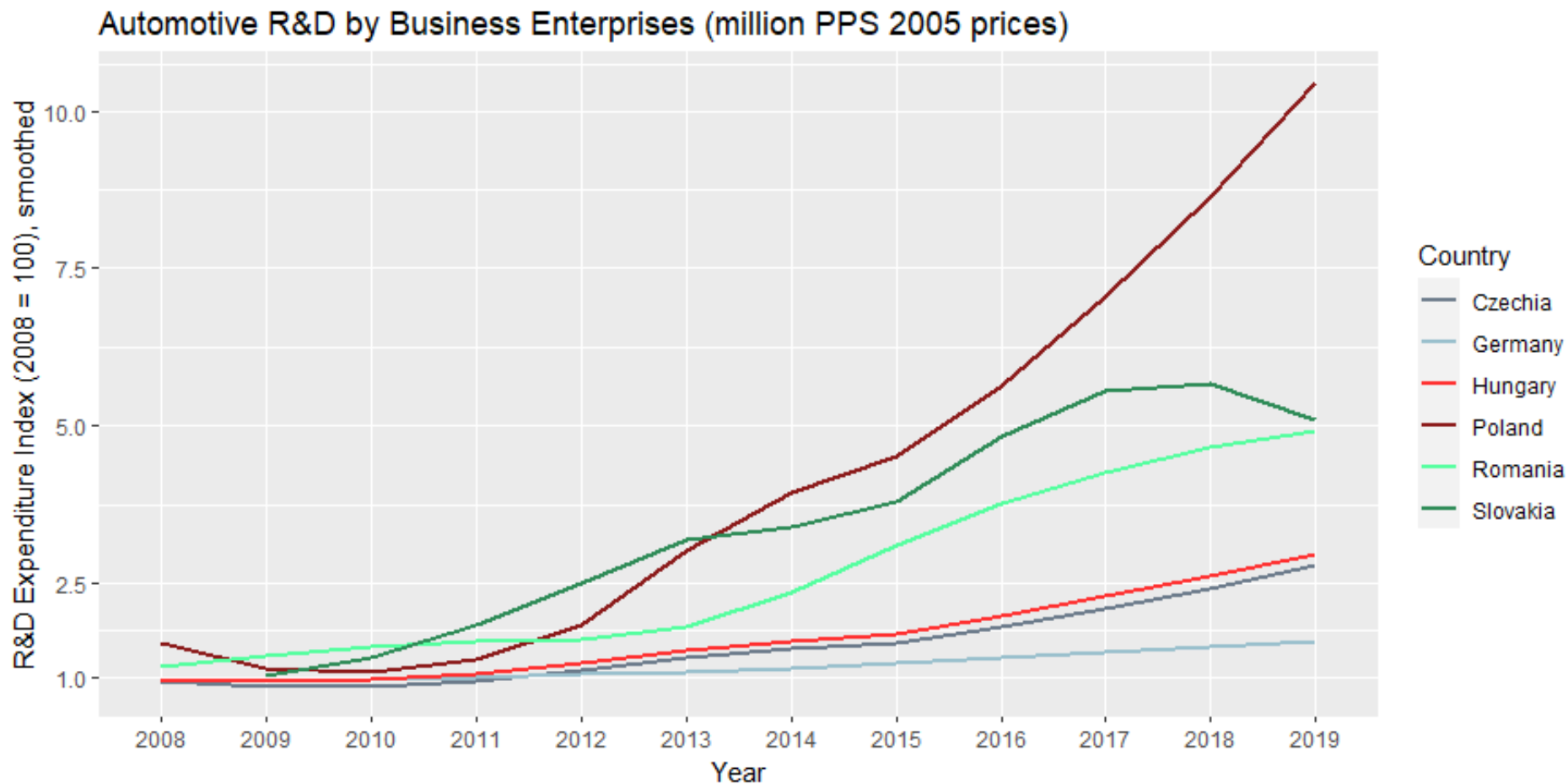
Source: Eurostat

Trends R&D



Source: Eurostat

Trends R&D



Source: Eurostat

Chicken & Egg

Which Came First

- 10,000 BEVs and 5,200 PHEVs / 6.3 million passenger cars
~0.25% compared to ~1.6% in the EU
- 1,850 charging points / 950 charging stations (public)
- 8 chargeable cars per charging point
similar to the EU average
- 2021 has seen a slower growth of BEV segment compared to 2020
- ~80% of passenger BEVs – private sector's fleet
- ~40% of all registered cars = imported and used cars
- High average fleet age
15.5y compared to 11.5y in the EU
- Is the purchasing power of Czech consumers high enough to switch to e-mobility in the upcoming years?

Market for Electric Lemons

- BEVs and PHEVs – low used-cars market penetration (0.6% for BEVs, 1.7% for HEVs – cannot differentiate between PHEVs and HEVs) (sauto.cz, 2022)
- 21% of these BEVs were under ~€20.000 (question of affordability)
- Warranty for battery condition needed
- Private sector could consequently boost this used-cars market
- Imports of old cars (>15y) have grown tenfold in past 12 years
- How will the import develop, when WE countries shift to e-mobility at a faster pace?

The In-EV-itable Future

- Significant allocation of RRF and MFF funds for clean mobility (not only passenger cars)
- Fivefold growth of allocation in OP Transport for charging infrastructure compared to the 14-20 framework
- Less than 4% of RRF-dedicated spending allocated for automotive compared to less than 17% of RRF-dedicated spending for automotive in Germany (EIB, 2021)
- Possible battery production – what can we offer in terms of the state aid
- Cluster creation and cooperation – focus on SMEs and suppliers (~60% of employees in the Czech automotive sector)
- Is Czechia willing to support the battery industry the way Hungary does?

Stakeholder Opinion: Threats

- Lack of staff – ~300,000 employee deficit across industries in 2021
- Need of upskilling/reskilling in the industry, automotive sector and energy sector spill-over
- R&D, FDIs, higher value-added production – HQ-level decisions (high rate of foreign control)
- GVC – strong bilateral linkages (Germany, China, Spain, Slovakia), connectivity not only in motor vehicles manufacturing, but also metallurgy, plastics, computers (see Adarov, 2021) – linkages to Russia and China?
- Not very positive stance to electrification and transformation of the traditional motor vehicles industry of the past government
- Need for strong governmental support, nudging of private sector

Stakeholder Opinion: Opportunities

- Emerging battery value chain – Cínovec or Chvaletice projects (lithium, wolfram, manganese etc.)
- R&D international projects (ALBATTIS) – will the Czech Battery Alliance be launched?
- Planned projects – Czech Battery Cluster Initiative by CzechInvest (Kučírek, 2022)
- Czech EU presidency starting in July 2022 – need for clear and concise strategic communication
- Fit for 55 and the possibility to communicate during the presidency also the positive impacts on the national economy

Thank you!

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