



# Globalisation and trade

Impact on automotive industry  
in the Slovak republic

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## FDI to automotive industry

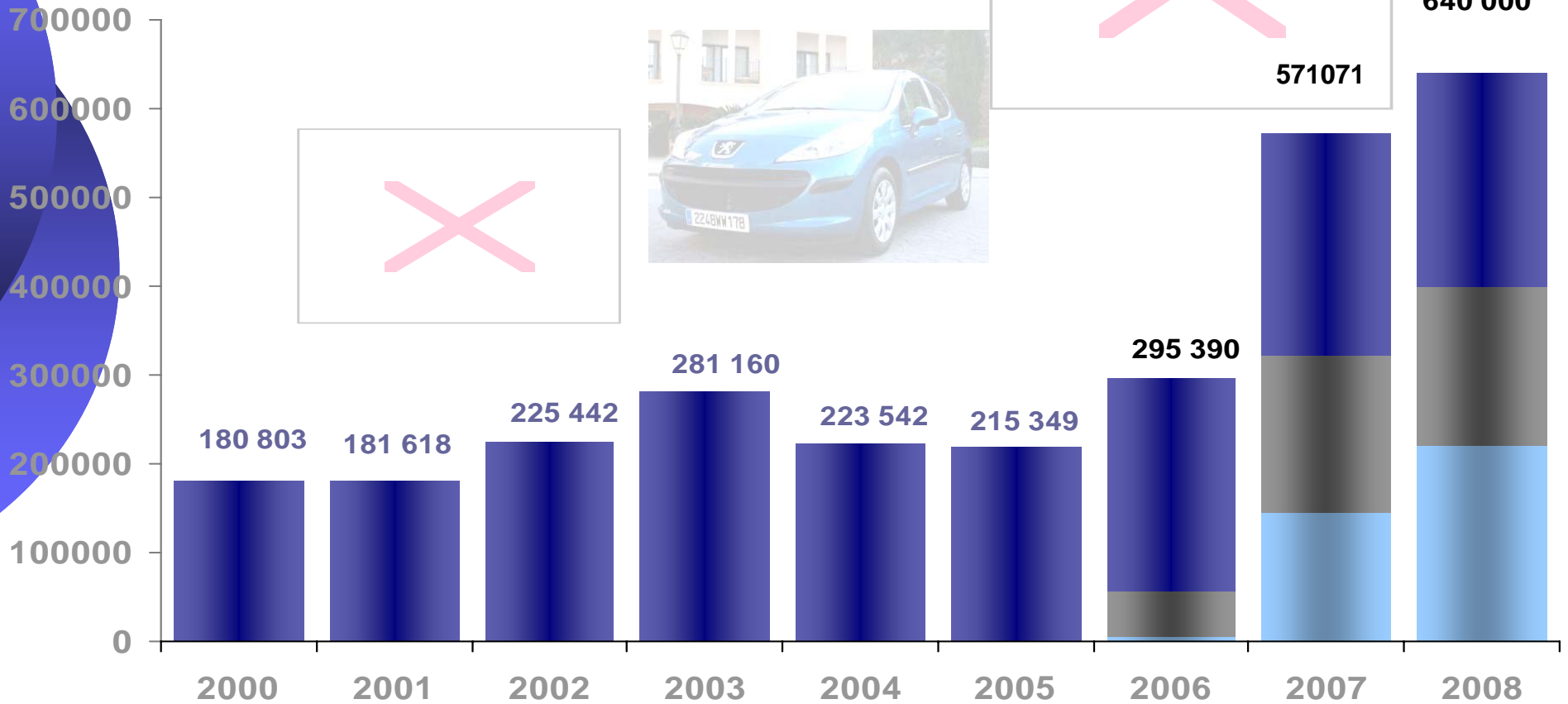
Volkswagen	1 240 million €
PSA Peugeot Citroen	700 million €
KIA	1 100 million €
<b>TOTAL</b>	<b>3 040 million €</b>

and more than 150 suppliers

Automotive industry generate nearly 31 % total industrial exports



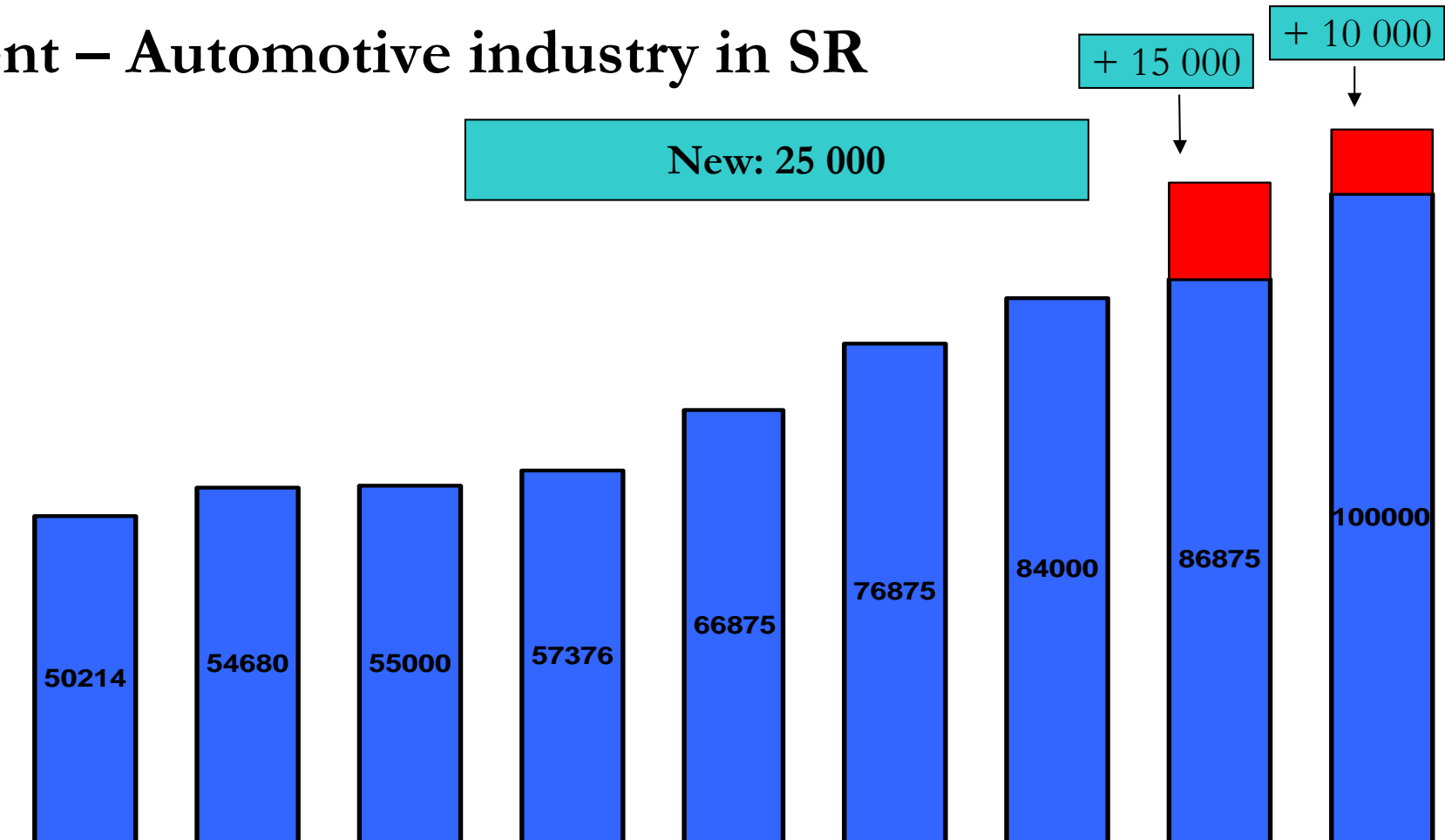
# Car manufacturing SR



Source : ZAP SR



# Employment – Automotive industry in SR



Source : ZAP SR

	2002	2003	2004	2005	2006	2007	2008	2009	2010
■ Annual growth								15000	10000
■ Numer of employees	50214	54680	55000	57376	66875	76875	84000	86875	100000



# Sectors linked to automotive industry

Industrial sectors of high priority linked to automotive industry will seek support oriented mainly on:

- Engineering industry
- Electrical engineering
- Chemical industry



## SWOT Analysis

From the point of view trade and globalisation the most important is SWOT analysis identified some policies that need to be enforced



## Strengths

- Long-term tradition of engineering production, experience gained from the operation of VW Slovakia as a world class company in Slovak industry
- Long-term construction of supply networks and cooperation of the public and private sectors
- Qualified work force representing potential for innovations, their creation and wider use
- Good educational base
- Lower labour costs for qualified experts



## Weaknesses

- Unfinished industrial parks
- Motorways under construction
- Incomplete infrastructure and clear interest of investors only in green fields
- Insufficient support of research infrastructure
- Weak innovation capability with regard to automotive industry potential
- Lack of well-qualified workforce



## Opportunities

- Dominant position of the automotive industrial production to be further strengthened by 2010
- Potential of further development of engineering and chemical production
- A chance of wider involvement of the Slovak science and research in the process of dealing with problems of the world's automotive industry
- Potential of existing markets of neighbouring countries (Poland, Hungary, Bulgaria)
- New eastern markets opportunities



## Threats

- Growing competition on new markets
- Reinvestments of big car manufacturers and their decisions concerning global relocations of production
- Asian and East-European car manufacturers with low price workforce
- Insufficient development of infrastructure, regional capacities, education and school system
- System of support of research and development that fall behind the needs of the Slovak industry



# Conclusion

- The automotive industry in some way could benefit from global crisis. It may seem unreal (in context of the short-term effects – mostly employees redundancy) but:
- the automotive industry, even if with not only purely positive attributes, will strengthen its influence in the global economy
- car producers could reduce burdens within anti-crisis measures
- the decline of production volumes will create space for innovations



**Thank you for your attention**