

Automotive Industry



The car industry is a complex branch which influences other branches of the economy such as engineering, metallurgy, the chemical industry, the rubber industry and plastic processing. The car industry also has a significant influence on the building industry, primarily in connection with the expansion of production capacities and the building of industrial estates.

The car industry branch plays a very important role in the Czech Republic into-state economy. At the present time, it is among the most important and successful segments of industrial production in the Czech Republic. It produces less than 16% of Czech industrial production capacity and more than 22% of total Czech exports. The car industry directly employs more than 140,000 people. In 2009, car production in the Czech Republic exceeded one million units for the first time in history. The home car industry exports more than 78% of its production and approximately 89% of it to EU countries. In 2009, the Czech Republic became the 5th largest

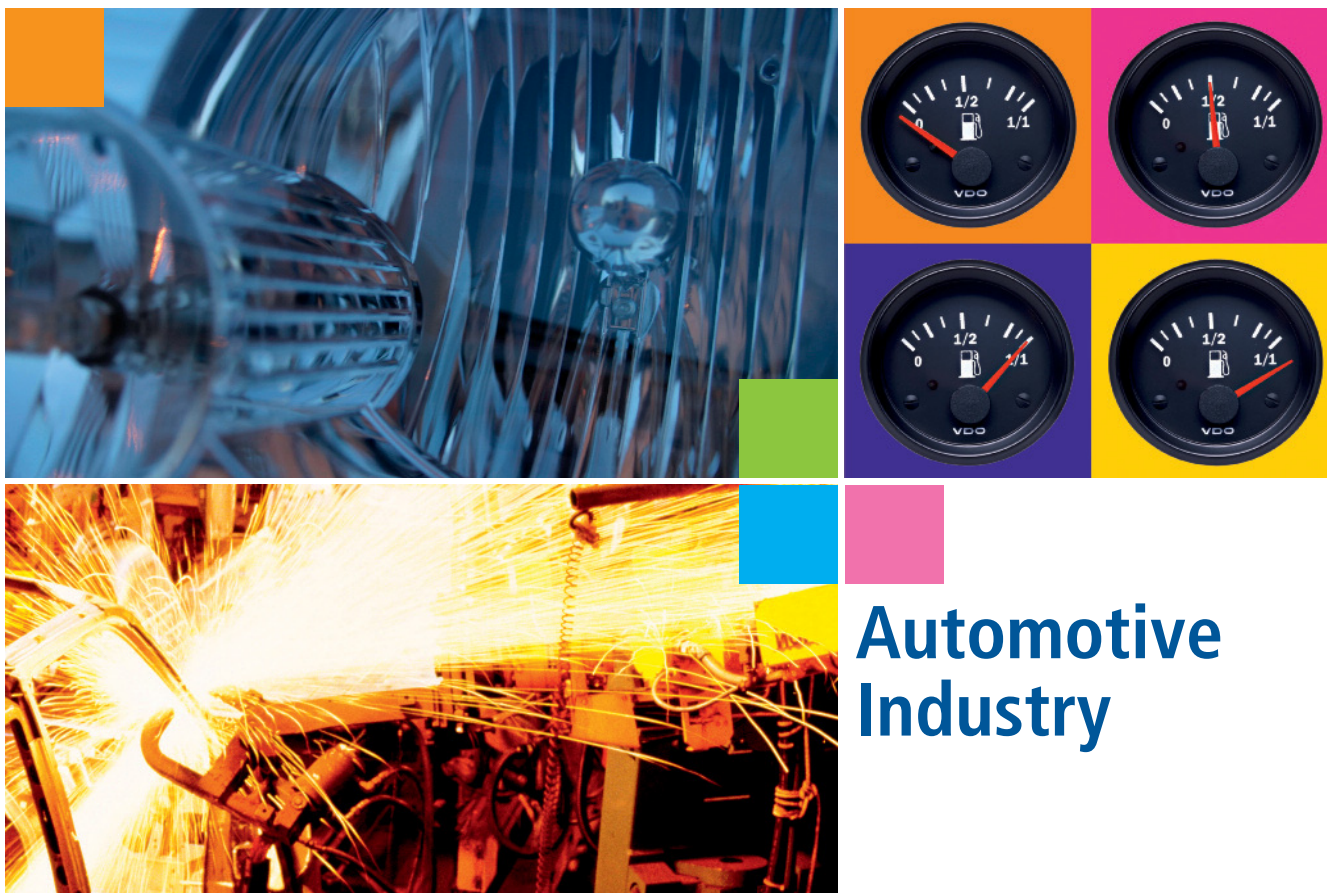
European producer of cars (after Germany, France, Spain and Great Britain) and, at the same time, the second largest car producer in the world in terms of the number of inhabitants.

Most of the home car spare parts factories are owned by foreign investors, usually renowned companies in the branch which were attracted in the 1990s by Volkswagen, which is the owner of the Škoda car factory in Mladá Boleslav. A further example of the successful entrance of a foreign car producer is the TPCA green grass factory building, which started its production of small cars like the Toyota Aygo, Peugeot 107 and Citroen C1 in February 2005. As early as the following year, its production reached the planned yearly capacity of 300,000 cars and the firm became one of the biggest exporters in the Czech Republic. Another car factory, the Korean Hyundai, built its first production factory in Nošovice in the north-east of the Czech Republic and started its serial production in November 2008, with a production capacity of 200,000 cars a year,

Car production in the CR between 2005 and 2009

Car category	Year 2005	2006	2007	2008	2009
Cars M1	596,774	848,799	925,060	934,046	976,435
Light commercial vehicles N1	1,220	1,070	6,238	6,288	2,650
Lorries N2 and N3	2,050	1,993	3,168	2,737	1,091
Buses M2 and M3	2,198	2,948	3,182	3,496	3,067
Motorcycles and mopeds L	1,607	1,015	2,140	1,561	749
Towed vehicles O3 and O4	2,445	1,993	2,330	2,424	761
Towed vehicles O1 and O2	13,210	17,319	20,763	20,230	15,817
Truck superstructures	2,511	2,139	2,493	2,390	1,541
TOTAL	622,015	877,283	965,374	973,172	1,002,111

Source: The Car Industry Association



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and this capacity should increase to 300,000. The largest South Korean car factory, the Hyundai Motor Company, has invested more than one thousand million euros, in other words more than 25 thousand million Czech crowns, in the Nošovice factory.

An important role in the Czech motor industry is also played (except for the above-mentioned firms) by motor lorry producers (Tatra, Avia Ashok Leyland), bus producers (Iribus Iveco, Sor Libchavy and tram producers (Siemens, Škoda).

Subcontractors for the car industry

However, the car industry is not only created by car producers but also by spare parts suppliers. A wide network of leading supplier firms specializing in supplies for the car industry operates in the Czech Republic. The suppliers are divided into levels, for which the English word "tier" is usually used in accordance with the stage of completion of the product. The great power of the car industry in the Czech Republic is created by the suppliers of all these levels. Names such as Bosch, Continental, Magna and Denso are known all over the world. However, at the same time, as well as these international concerns, there are also a lot of all-Czech companies which produce car parts for the whole world. For example, the Brano Group produces, inter alia, heating, car horns, pumps, foot pedal equipment, hand brake levers, while Brisk Tabor produces spark plugs.

Basically, no significant car producer exists in Europe which does not use parts from the Czech Republic. Further leading suppliers are e.g. AGC Automotive Czech - one of the most important producers of windscreens in the world; Automotive lightning - the producer of car headlamps for most European car factories; the Behr company - number one in

the European market in the branch of air-conditioning and engine cooling; Faurecia - a producer of seats, doors and exhaust pipes; Johnson Controls - dealing with the development and production of products for car interiors; Lucas Varsity - the producer of breaking systems; Bosch and the Visteon - Autopal company which, since the multinational corporation Visteon entered the Czech firm Autopal in 2000, has become the centre for the world development and production of lightning, air-conditioning and cooling technologies for the car industry.

Research, development and education in related branches

The Czech Republic is also among the world's most attractive localities in the sphere of research and development for the car industry. Companies such as MB Tech, Ricardo, Swell, Valeo, Visteon, Bosch and Siemens have developed their research and development centres here. Due to the high level of technological education at many technological universities, evenly distributed all over the country, the Czech Republic has a sufficient number of specialists for this kind of research. In the country there are more than 80,000 university students in the technological or scientifically-oriented branches. More than 15,000 graduates form part of the work force and the number of graduates in the technological branches increases by hundreds every year.

Most of the technological universities have research and development centres which are aimed at operations connected with the car industry and they closely cooperate with firms from this branch. As well as the universities, the Czech educational system has also other sources of qualified labour, including specialized four-year technical secondary schools, students of which achieve qualifications near to a bachelor level at universities.

Czech Trade Promotion Agency

Head Office
 Dittrichova 21, Prague 2
 Czech Republic
info@czechtrade.cz
www.czechtradeoffices.com

Automotive Industry Association, www.autosap.cz
 Czech Exporters Directory, <http://exporters.czechtrade.cz/en>