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Page 1 of 2

## Colloquium in Mladá Boleslav paves the way for 'Pact for the Future of Czech Auto Industry'

- › Czech Government, Industry Association AutoSAP, ŠKODA AUTO and other representatives of Czech economy draw up plans to strengthen domestic automotive industry
- › Prime Minister Bohuslav Sobotka, other ministers and Prague Mayor Adriana Krnáčová attended the auto summit

Mladá Boleslav, 16 February 2017 – At the 'Colloquium on the Future of the Automotive Industry in the Czech Republic', which was held at ŠKODA's headquarters in Mladá Boleslav, high-ranking government representatives, representatives of the Czech Automobile Association, the trade union organization and the Czech economy set the course for the sustainable success of the Czech auto industry. Alongside Czech Prime Minister Bohuslav Sobotka (ČSSD), several ministers and other government members, as well as the mayor of Prague, Adriana Krnáčová, took part in the auto summit, organized by the Czech government and the Association of the Automotive Industry AutoSAP. One of the most important decisions at the event was the planned development of a 'Pact for the Future of the Automotive Industry in the Czech Republic', which is to be adopted in the middle of this year.

"The future of the automobile has begun," said ŠKODA CEO, Bernhard Maier. "We are operating on a solid foundation and the advantage of being located in the Czech Republic is the envy of many. Now it is important to protect our existing strengths, while building and developing new ones. That is why I welcome the fact that together - politics, the automobile industry and the economy - we are drawing up a 'pact for the future of the automotive industry in the Czech Republic'," Maier continued. To this end, the participants of the auto summit – including representatives from the fields of politics, the automotive industry and other industries, alongside experts from universities and renowned research centres – will present specific measures and proposals by the middle of this year.

One of the core messages of the colloquium, which ŠKODA hosted, was: In addition to industrial production, services and digital technologies will increasingly shape the face of the economy in the brand's home country. This change also brings important future issues and opportunities for the automotive industry, which is one of the pillars of the Czech economy. The automotive industry contributes nine percent to the gross domestic product of the Czech Republic, and is one of the most important employers – directly employing more than 150,000 people. In addition, there are hundreds of thousands of jobs in the supplier industry. The automotive sector accounts for 25 percent of all Czech exports. Well over half of all passenger cars produced in the Czech Republic car (around 57 percent) rolled off ŠKODA's production lines in 2015. The traditional brand is the largest car manufacturer in the country and is represented in more than 100 markets around the world. ŠKODA has established itself as a successful volume brand in many locations. In 2016, the company produced more than one million vehicles for the third time in a row.

The summit participants discussed effective strategies to shape the change in the Czech automotive sector actively and sustainably. It was agreed that significantly higher investments in





**ŠKODA**  
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# PRESS RELEASE

Page 2 of 2

education and research & development are needed to ensure the competitiveness of the entire industry in the long term. Background: At present, Czech gross domestic product (GDP) is growing faster than investment in research and development. Two percent of GDP currently flows into this sector. The share of funding for education in the Czech Republic amounts to 4.4 percent of GDP. In the Czech Republic, the automotive industry is the largest investor in research & development at 24 percent. Taking into account the mechanical and electrical sector, this figure adds up to more than 50 percent.

The new business areas of electromobility, autonomous driving, increasing digitization and innovative mobility solutions offer great potential. In surveys, more than half of Czechs expressed their interest in purchasing an electric vehicle and modern connectivity solutions. 30 percent said they consider buying an autonomous vehicle. This creates great potential for the Czech automotive industry. To fully exploit this and to master the forthcoming transformation processes successfully, ŠKODA proposed specific measures to the government representatives. For example, solutions for smart cities and digitization can be promoted, among other things, by the establishment of a nationwide broadband network. Autonomous driving will be supported by a national strategy, targeted funding for research & development and by installing a test corridor. The latter could link the ŠKODA headquarters in Mladá Boleslav to the cities of Prague, Plzeň, Rozvadov and the German metropolis of Nuremberg. In addition, ŠKODA proposed the reorientation of the National Plan for Clean Mobility, as well as the establishment of a consultative body at a government level for the rapid expansion of electromobility. Another important point was special customer incentives for electric cars.

With strategy 2025, ŠKODA has already set its own milestone plan for the technological change and the company's long-term growth. The strategy sets forth the traditional Czech company's plans to grow in two dimensions: Vehicle sales will consistently increase, while new business areas for innovative mobility services will be established. An integral part of this forward-looking strategy is the new DigiLab in Prague, which aims to strengthen the company's innovative- and digital-development expertise.

## **The automotive industry is an important pillar of the Czech economy**

With consistently positive economic development, the domestic automotive industry has underscored its importance for the entire country for several years. For example, the sales of all companies organized by the AutoSAP Association increased by 7 percent to CZK 912 billion between 2014 and 2015. Exports rose by 7.2 percent to CZK 780 billion in the same period. In 2015 the automobile industry in the Czech Republic achieved a new historical record with a total of 1.3 million vehicles produced. While production volumes rose by only 1.1 percent worldwide, they rose 4.2 percent in ŠKODA's home country. As a result, the automotive industry made a major contribution to the economic growth in the Czech Republic, which reached 4.6 percent in 2015. For the current year, the Czech National Bank expects a GDP increase of three percent.

With more than 26,000 employees, ŠKODA is one of the largest employers in the Czech Republic. A further 150,000 people are employed by the manufacturer's suppliers. Since 1991, the company has invested over CZK 350 billion into manufacturing processes and the local factories in Mladá Boleslav, Kvasiny and Vrchlabí.





**ŠKODA**  
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# PRESS RELEASE

Page 3 of 2

In addition, the high wages in the Czech automotive industry, which are around 26 percent above national average, are boosting domestic demand and having a positive knock-on effect on the state budget. This is also true of the low unemployment rate, which reached one of the lowest rates in the European Union in 2016, at just 5.2 percent.

## For more information:

Jozef Baláž  
Head of Corporate Communications  
T +420 326 811 773  
[jozef.balaz@skoda-auto.cz](mailto:jozef.balaz@skoda-auto.cz)

Tomáš Kubík  
Corporate Communications  
T +420 326 811 749  
[tomas.kubik@skoda-auto.cz](mailto:tomas.kubik@skoda-auto.cz)

## Media images:



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Source: ŠKODA

## ŠKODA AUTO

- › is one of the longest-established vehicle manufacturers in the world. The company was founded in 1895 – during the pioneering days of the automobile. The company's headquarters remain in Mladá Boleslav.
- › currently offers the following model series: CITIGO, FABIA, RAPID, OCTAVIA, YETI as well as the KODIAQ and SUPERB.
- › delivered more than 1 million vehicles to customers worldwide in 2016.
- › has been part of Volkswagen Group since 1991, one of the most successful car manufacturers in the world. ŠKODA, in association with the Group, independently manufactures and develops vehicles as well as components such as engines and gear transmissions.
- › operates at three locations in the Czech Republic; produces in China, Russia, Slovakia and India mainly through Group partnerships, as well as in Ukraine and Kazakhstan with local partners.
- › employs over 26,600 people globally and is active in more than 100 markets.

