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Press release

ZAP SR: We need a constructive dialogue with the government

Bratislava, 16.1.2025

Last year, according to preliminary results, 993 000 vehicles were produced in Slovakia, which is a decrease of almost 87 000 vehicles compared to the previous year. The forecast for the current year is positive and it is expected that in 2025 production will rise again, the number of vehicles produced will reach the threshold of 1 150 000 units. This information was also presented at the Annual Press Conference of the Association of the Automotive Industry of the Slovak Republic. In addition to the current statistics, during the meeting with the media, the topic of electromobility in the context of European or global trends and the need for a closer dialogue and constructive cooperation with the Government of the Slovak Republic in order to maintain the competitiveness of the automotive industry for the coming years were also discussed.

Economic results

Slovakia remains the world leader in vehicle production per capita, with 182 vehicles produced per 1,000 inhabitants. The automotive industry, i.e. the production of cars and parts, still accounts for a high percentage of total industry sales, 49.5 per cent in 2023. The automotive sector directly employs more than 165,000 people, with aggregate employment reaching 244,000. *"These results are mainly due to the fact that in the past we have been an attractive destination for investors and have been able to offer the best conditions,"* says Alexander Matušek, President of ZAP SR.

Representatives of the Association of the Automotive Industry of the Slovak Republic point out that the automotive industry is facing not only in Slovakia, but also in Europe several problems or challenges. On the one hand, there are billions of investments in electromobility, on the other hand, there is a decline in production and registrations of cars due to falling demand, the threat of tariffs from the USA and China, and the charging infrastructure is still insufficiently built. There is no coherent industrial development strategy within the EU, inflation and the costs to compensate for it are rising, energy prices for industry are high, self-sufficiency in raw materials and semiconductors is insufficient. "*All these factors also negatively affect the competitiveness and development of our industry, including the automotive industry. This makes it all the more necessary for us to have a constructive dialogue with the government and address our demands*."

The need for constructive dialogue

In order to sustain the transformation of production to electromobility, it is necessary to create framework conditions for investors on the part of the state, with a clear and stable foreign policy orientation, bearing in mind that over the past 15 years, up to 93 percent of investments have come from EU countries, the UK and the USA. The second priority is the need to prevent further rises in production costs, with health levies for employers already having increased in early 2024, as well as property tax, persistently high inflation and high energy prices for industry. The shortage of skilled labour, both domestic and foreign, remains a problem. Slovakia is still lagging behind the developed

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countries, including in the field of environmental sustainability. ZAP SR appreciates that the government has partially reflected some of the communicated priorities, such as simplifying the entry of foreigners to the labour market, streamlining the EIA (environmental impact assessment) permitting processes, the mismatch between education and labour market needs, and the necessity to retrain employees and graduates. "*Despite this, most of the demands have remained unanswered by the government, the working groups are without relevant results*," says Alexander Matusek. Instead of a systematic dialogue came consolidation, approved without discussion and without taking into account the social dialogue. Among other things, it brought a transaction tax, an increase in corporate tax to 24 percent, VAT to 23 percent. The increase in the maximum ceiling for social contributions has meant that the best-paid employees receive a significantly lower net wage than, for example, in the Czech Republic, and employers pay significantly more for them. We may start losing these jobs and new ones may not be created at all. We are thus depriving ourselves of the best talent. *"We need to start a dialogue with the government and start looking very seriously for solutions within the priorities of the automotive industry, as we are the least attractive compared to our neighbouring countries in all the areas mentioned*

Promoting electromobility
Slovakia is still lagging behind in the development of electromobility. We are among the five worst countries in BEV (battery electric vehicle) and PHEV (plug-in hybrid vehicle) registrations for 2024. For BEVs, the share of registrations is 2.5 per cent, for PHEVs 2.4 per cent. The number of charging points is still insufficient. In 2024, the number reaches 2,223, an increase of 22.9 percent compared to 2023. It is not lucrative to build charging stations in our country, the reason is their low utilization. In Slovakia, electric vehicles are not sold, yet the government is not considering supporting them; on the contrary, it is difficult to draw funds from calls and funds intended to support electromobility and conditions are constantly changing. *"For a country that ranks first in the number of cars produced, last place in registrations of cars with the latest technology is undignified."* The Slovak economy needs a positive boost to reverse the negative trend, and so does the automotive industry as production and registrations are in decline across Europe. *"It is essential to make Slovakia an attractive destination for investment and talent from abroad. Multinational corporations will make decisions in the coming months and years that we have not seen before. It is necessary to start sending positive signals abroad immediately,"* adds Alexander Matušek.

Vehicle registration
In 2024, 106,134 vehicles will be registered in Slovakia, an increase of 4.2 per cent year-on-year. Significantly, however, by the end of the third quarter of 2024, the overall market was down year-on-year. The end of the year was mainly driven by sales and registrations of passenger vehicles, where the increase in the VAT rate to 23 per cent from January 2025 increased individuals' interest in purchasing a passenger vehicle. The share of passenger vehicle purchases by individuals increased from 28 to almost 33 per cent.

In the category of new M1 passenger cars, registrations reached 93,409 vehicles and increased by 6.1 per cent year-on-year. The last quarter of 2024 in passenger vehicle sales was the second best fourth quarter in the era of the independent Slovak Republic. We achieved a better result in passenger vehicle registrations only in 1996

In 2024, we saw a balanced market in the light commercial vehicle category, with the total number of vehicles in the N1 category being 9,061 (-0.51 per cent year-on-year change). Truck category

(N2 and N3) ended with a year-on-year decline of -13.37 percent, with a total of 3,412 vehicles. The registration of M2 and M3 buses declined by more than 68 per cent, with a total of 252 vehicles. Both segments are heavily influenced by public interest and resources. In the passenger car segment, the SUV segment dominates sales (48,618 vehicles, a share of 52.02 per cent).

The second most popular passenger car segment in Slovakia is compact cars (C) with 20 273 vehicles. The interest in the small vehicle segment (B) increased slightly by 398 vehicles in 2024 and the total number of registered vehicles was 11 343.

For individual imports of passenger vehicles, the total number increased by 1 087 vehicles year-on-year, but at the same time the share of individually imported vehicles in the total number of first-registered vehicles in Slovakia decreased. Despite the slight increase in vehicles in circulation, it is pleasing to note that interest in vehicles more than 10 years old fell by 1 595 vehicles year-on-year. In terms of the type of propulsion of passenger vehicles, petrol power dominated, which, together with hybrid and plug-in hybrid emission-reducing technology, reached a share of 76.9 per cent. Diesel was the second most popular fuel.

Vehicles that can drive emission-free (battery and plug-in hybrids) missed out on 4.79 per cent of the pie. Pure battery vehicles registered 2,227 with a share of 2.38 per cent, which is unfortunately a drop of 0.28 per cent from last year. The result placed Slovakia in last place among all European countries.

"On the desks of the ministries there are unspent and already inexhaustible resources, whether from the Recovery and Resilience Plan or from the EU Structural Funds. The government is sitting on a recovery plan spending crisis, openly talking about the fact that some milestones cannot be met. It is incomprehensible if the Government is not interested in lending a hand. The European Commission has approved a scheme to support the purchase of low and zero emission vehicles (battery and plug-in hybrid). Let's start motivating the market and reduce transport emissions in Slovakia," commented Pavol Prepiak, Executive Vice President of ZAP SR, on Slovakia's last place in EU registrations of electric vehicles.

***Automotive Industry Association of the Slovak Republic** (ZAP SR) was founded on 22 June 1993 in Bánovce nad Bebravou. It is a voluntary association of legal entities (companies, enterprises, production cooperatives and other legal entities). It is a member of the European Automobile Manufacturers Association ACEA. It currently represents the interests of 213 legal entities operating in the following areas: research, development, production and sale of cars, motorcycles or their components, import of motor vehicles, design and production of tools for the automotive industry and training of professionals within the automotive sector. The automotive industry is the driving force of our economy, generating 9.2 per cent of Slovakia's gross domestic product, directly and indirectly affecting more than 244,000 jobs and accounting for 43.1 per cent of Slovakia's total industrial exports.*