

Mission report - EVP Frans Timmermans, Czech Republic 26-27/09/2022

Out of scope

2. Visit to Škoda manufacturing plant (Mladá Boleslav)

The Škoda manufacturing plant at Mladá Boleslav is one of the oldest and largest car assembly plants in the EU. The first part of the site visit consisted of a walk through the battery and electric vehicle (EV) assembly lines, which started operating in 2019. At the unit visited, each day some 350 battery EV (Enyaq iV) are produced, as well as 1,000 Octavia mild hybrid and plug-in hybrid vehicles. Škoda confirmed that many jobs have been discarded but on balance, the transition to electrification has created more jobs. The focus is therefore on reskilling. Producing Octavias with ICE on the same line as electric Enyaqs helps that process.

Battery cells for the EVs are purchased from LG and CATL, and the battery packs are assembled on-site. A second assembly line is in the final stages of construction and will allow to double the battery production capacity. Next to their use in vehicles produced on-site, battery packs are transported off-site by electric trucks and via train to supply other EV plants of the VW Group. Particularly striking during the walk-through were the high degree of automation, in particular in the battery assembly plant, as well as the extensive safety measures, including fire protection.

During the lunch meeting, Škoda expressed strong support for the 2035 zero CO₂ targets for new cars, as these provide clarity that battery technology is the way to go for the coming decade. CZ Environment Minister Anna Hubáčková explicitly endorsed this position. Škoda aims to develop a complete battery chain in the Czech Republic, including through a giga-factory, but no decision on its location has been made.

The Škoda CEO raised strong concerns over the upcoming Euro 7 legislation, as this would add significant costs – especially in the small vehicle segment - and unduly take away resources needed for the further development of e-mobility. EVP Timmermans noted the concerns raised, while highlighting the need for strong evidence on cost/benefit impacts.

So far, the uptake of EV in CZ is very limited (around 2% of the new fleet). In Škoda's view – which was endorsed by the CZ Environment Minister - this is mainly due to affordability issues, more than to a lack of charging infrastructure. Agreed Initiatives are planned to incentivise the electrification of

corporate fleets. EVP Timmermans pointed at the EU funding made available to support the transition.

At the end of the visit, a Memorandum of Understanding was signed between the Ministry of Environment and Škoda, which includes a commitment from the Ministry to facilitate the permitting of new activities contributing to the transformation to sustainable production and zero-emission mobility.

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