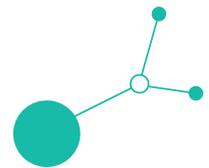


# D 2.3.1 TRANSFORMATION CAPACITY BUILDING PACKAGE FOR POLICYMAKERS

Framework for Awareness, Capacity Building  
and Policy Dialogue



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# D 2.3.1. TRANSFORMATION CAPACITY BUILDING PACKAGE FOR POLICYMAKERS

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# INTRODUCTION

## Context

The automotive industry in Europe is facing profound structural changes. The sector, long considered a backbone of industrial competitiveness, innovation, and employment, is now confronted with four disruptive megatrends: electrification, connectivity, autonomous driving, and the rise of the platform economy. These changes are driven by the combined forces of climate change, regulatory pressure, global competition, and digital transformation.

In Central Europe, the importance of the automotive sector cannot be underestimated. In some countries, it represents up to 10-13% of GDP, employing hundreds of thousands of people. Regions heavily dependent on automotive jobs are particularly vulnerable to shocks but also uniquely positioned to benefit from the transition, if adaptation is managed well.

Policy makers at local, regional, and national levels are central to shaping the environment for this transformation. They define industrial policies, oversee labour market and education reforms, negotiate with EU institutions, and ensure that strategies are implemented at regional level. Without political involvement, transformation efforts by businesses and clusters remain fragmented and risk lacking legitimacy or continuity.

Therefore, involving policy makers primarily means gaining their interest and attention (for example, by providing information and facts about the ongoing transformation, but also by engaging them in an appealing way) and strengthening their capacity, knowledge of key facts and trends, their interrelationships, and opportunities to respond to these phenomena with appropriate interventions.

## Scope

### Supporting Policymakers in Navigating the Transformation of the Automotive Industry

The transformation of the automotive industry in Central Europe is driven by electrification, autonomous driving, connectivity, and platform-based business models. These changes are not only technological but also structural, requiring coordinated responses from regional, national, and European policymakers.

The Drive2Transform project, funded by Interreg Central Europe, besides other measures, foresees to support policymakers (Working package 2, A2.3 TransformationCapacity building for Policy Makers). Involvement of policy makers should be based on a 3-steps approach:

- Providing facts about the status of the automotive sector and related challenges uncovered by Drive2Transform analysis in WP1,
- Showcasing good practices from regions and project partners,
- Reaching consensus on actions expressed in a policy paper (*see draft policy paper in Annex*).

The project helps policymakers understand the readiness of their regions and industries, identify gaps in skills, infrastructure, and innovation, and design targeted interventions to support SMEs and regional ecosystems.

The Transnational Automotive Open Transformation Platform (TOP) also serves as a source for information, offering a Transformation Readiness Model (TRM) to evaluate preparedness, regional transformation scenarios based on stakeholder input, case studies and best practices from across Central Europe, and capacity-building measures tailored to local needs.



As a result of their participation in the capacity building activities, policymakers will get better insight in good practices, tools and actions to play an appropriate role in the automotive transformation process.

### Leveraging Insights from the Readiness Index and Expert groups achievements

The Transformation Readiness Index is a core analytical tool developed by Drive2Transform. It enables regions and companies to benchmark their current status against transnational standards, identify strengths and weaknesses in key transformation areas, and prioritize actions based on evidence and comparative analysis.

Insights from the index are complemented by transnational benchmarks, which highlight best practices and innovation models from across Central Europe. These benchmarks facilitate knowledge transfer between regions, encourage harmonization of transformation strategies, and support the development of joint policy frameworks.

By integrating these tools into policymaking processes, regions can move from reactive to proactive transformation management. This approach ensures that no region is left behind and that the automotive sector remains a pillar of economic strength and sustainability in Europe.

## Objectives

The process of involving policymakers and strengthening their interest and capacity, has the following objectives:

- Gain policymakers' interest in processes related to the transformation;
- Present main facts and most important trends gained within Drive2Transform project, risks and opportunities and make them generally understandable;
- Offer relevant policy options regarding automotive transformation;
- Provide good practice examples and knowledge transfer among regions;
- Encourage direct stakeholder participation in Drive2Transform actions or events.



## MULTI-LEVEL POLICY ENGAGEMENT APPROACH

The transformation of the automotive industry is not only a technical or economic challenge, but also a governance challenge. Because responsibilities are spread across different levels of government, effective involvement of all levels - local, regional, national, and European - is crucial. Ideally policies across local, regional, national, and EU levels can reinforce each other. Otherwise, fragmentation leads to inefficiencies, missed funding opportunities, or conflicting measures. Regional pilots or local initiatives can address context-specific challenges, while national and EU frameworks allow scaling up and securing broader impact.

**An indicative allocation of competences, acknowledging potential areas of overlap:** local level, regional level, national level, EU level.

The appropriateness of this approach can be demonstrated in certain other areas. Covenant of Mayors / NECPlatform (Energy & Climate), where local and regional authorities are involved in shaping national climate plans increased feasibility and acceptance of measures. The other example can be the EU Just Transition Mechanism (Coal regions) which is an example of multi-level platform helped align local job needs with EU-level funding, reducing resistance to industrial restructuring. The most relevant example, which is thematically close to automotive transformation is the innovation policy integration Smart Specialisation Strategies. This initiative required regional and national co-design, leading to better targeted investments and improved innovation ecosystems.

Some bodies at European level are directly involved in this issue and are composed of representatives of cities, municipalities, and regions. The European Committee of the Regions has set up the Automotive Regions Alliance, a political network of EU regions with a strong automotive/supply industry, to address the transition challenges in the automotive sector.

These cases show that multi-level governance is especially effective in transitions where economic competitiveness, social impacts, and regulatory frameworks intersect – exactly the case of automotive transformation.

Of course, we can expect some obstacles within the multilevel approach regarding the capacity building process, among which:

- A large number of participants with different backgrounds and decision-making competencies in an international (multilingual) environment, which may cause difficulties in understanding the context of issues raised within the group;
- Conflicting priorities (for instance: local actors might prioritise jobs, while EU representatives rather focus on emission-related goals, and national governments try to ensure frameworks for competitiveness);
- Power asymmetries (while national and European institutions play a key role and have key powers in the transformation process, the role of regions, cities, and municipalities may be asymmetrically smaller (we take this into account in the draft policy paper and try to identify roles according to competencies).

The capacity building methodology presented below takes these risks into account and offers to mitigate them to the highest possible ability.



## Methodology

The framework for policy learning activities in the Drive2Transform project is designed to establish a structured way that empowers policymakers to actively participate in shaping the transformation of the automotive industry in their regions. The principles of this process encompass:

- **Inclusivity** - engaging policymakers from all levels, including from regions outside the project's partnership.
- **Evidence-driven** - facilitating discussion on the basis of data gathered within the project (e.g. Readiness Index, SME feedback).
- **Action-oriented** - each workshop will produce practical outcomes, including ideas, recommendations and proposals for the policy paper.

**Step 1: Stakeholder identification.** This step includes identifying and contacting the right policymakers at local, regional, and possibly national levels, taking into account their field of competencies in economic policies, innovation policies, education and labour market policies. This activity is planned to take place in periods 3 and 4. RDAP will prepare an introductory letter that shall be applied by the project partners while contacting the appropriate policymakers. The project partners will provide data about the interested stakeholders and their fields of competencies in a joint table in Sharepoint.

**Step 2: Workshop preparation.** A set of three online workshops will be organised, with specific focus on "Facts", "Ideas" and "Consensus on recommendations". In each workshop an expert speaker will set the framework. RDAP will prepare the invitation format for these workshops including time, overview of main speakers, guests from other regions, expected outcomes and intended facilitation method. The policy paper draft provided to stakeholders before the third online workshop will help them to prepare for the debate on policy recommendations in view of a consensus around a final policy paper.

### Step 3: Workshop implementation.

For the online workshops to be sufficiently interesting and attractive and for the participants to get involved in discussions, certain prerequisites must be met. These are primarily: an attractive program (special guests, newly revealed information); a set time frame; a facilitation methodology engaging all; a follow-up process after the workshop to inform about the next steps and keep the participants involved.

### Workshop 1: "FACTS" - Kick-off meeting

February 2026, RDAP + R-Tech, JS representative (optional)

This session brings together policymakers and experts to initiate a structured dialogue on the transformation of the automotive industry across Central Europe. One of the primary objectives of the kick-off meeting is to define the scope of communication parameters for policymakers. It also includes aligning expectations around the policy paper, which serves as both a strategic roadmap and a collaborative tool for guiding transformation efforts.

Agenda:

- Introduction of the participants
- Short summary of the Drive2Transform project
- Facts from the Transformational Readiness Model (R-Tech)
- Expert speaker - Main transformation challenges in the Automotive sector in Central Europe  
2 external expert contributors (e.g. M. Hampl + person to be arranged by R-Tech)



- Moderated discussion to highlight the challenges faced by the regions

### **Workshop 2: “IDEAS”**

April 2026, RDAP + CCIS (support in engaging an expert e.g. Interreg CE, FI4INN, tbc).

This session will focus on idea generation based on regions’ good practices and use cases related to the four areas of transformation covered in the project.

Agenda:

- Introduction of the participants
- Short summary of Drive2Transform project
- Presentation of good practices and use cases
- Expert speaker (e.g. successful regional solution, or motivation speaker)
- Moderated discussion to generate ideas for facilitating the transformation process in regions

### **Workshop 3: “CONSENSUS ON RECOMMENDATIONS“**

May 2026, RDAP + KSSE and SEVA

The policymakers will receive the policy paper draft two weeks before the workshop. They will have the possibility to send their suggestions to RDAP before the workshop. During this workshop participants will try to reach consensus on recommendations for actions to facilitate the automotive transformation process in their regions.

Agenda:

- Introduction of the participants
- Short summary of Drive2Transform project
- Expert speaker (e.g. Directorate-General for Trade, European Commission)
- Moderated discussion on the content of the policy paper
- Consensus building on the final recommendations

**Step 4: Final policy paper editing and dissemination.** RDAP will coordinate the process of policy paper editing and preparation for dissemination based on the outcomes of the three workshops. The project partners will provide peer-review. The final policy paper will be distributed among the policymakers who took part in the workshops and made available on the project’s website.



## KEY FINDINGS FROM THE READINESS INDEX

### Structured summary

The capacity-building plan was strategically developed to accommodate the varying levels of readiness and skill gaps across participating regions. It ensures that training programs, webinars, and awareness-raising activities are tailored to address the most critical needs identified. The analysis of Transformational Readiness Model (TRM) scores revealed substantial regional disparities in preparedness for the automotive industry's transition, particularly in the domains of electrification, automation, and digitalization.

Electrification was identified as the most promising area, demonstrating significant growth potential in battery systems, electric motors, and energy technologies. However, the degree of specialization varied considerably among regions. Bavaria, Slovenia, and Slovakia exhibited advanced expertise, whereas Poland and Hungary showed limited development. This imbalance necessitated targeted capacity-building interventions, especially in regions with lower readiness levels, to strengthen workforce competencies in electric vehicle (EV) technologies.

Autonomous driving technologies continue to be a pivotal factor in the transformation process, requiring advanced skills in software engineering, robotics, and autonomous systems. The automation gap observed in Austria and Poland highlighted the need for focused training initiatives to bridge existing knowledge deficits. Baden-Württemberg, classified as "Transformation Ready," serves as a benchmark for automation excellence due to its strong research and development (R&D) ecosystem, although further support is needed for small and medium-sized enterprises (SMEs).

Emerging fields such as connectivity and the platform economy present additional challenges. Regions including Slovenia, Poland, and Austria demonstrated limited engagement in these areas, thereby constraining their capacity to leverage digital transformation opportunities. Consequently, the capacity-building agenda prioritized digital literacy enhancement, IT infrastructure training, and strategies for cross-sectoral collaboration.

The TRM assessment further emphasized region-specific strengths and challenges that shaped the capacity-building approach. Bavaria, with moderate readiness, showed leadership in advanced electrification projects such as the EMIL e-bus initiative but faced skill shortages and elevated operational costs. Accordingly, efforts in Bavaria focused on expanding digital services and fostering interregional cooperation to maximize transformation potential. Upper Austria, categorized as "Limited Ready," displayed strong electrification integration but encountered regulatory burdens and limited adoption of platform economy models, prompting initiatives aimed at policy advocacy and strengthening business support organizations (BSOs).

In Hungary and South Tyrol, limited readiness scores were attributed to underdeveloped innovation ecosystems, insufficient R&D funding, and resource limitations. Addressing these issues required investments in infrastructure, workforce upskilling, and the promotion of public-private partnerships to facilitate transformation. Similarly, Slovakia and Slovenia, while increasingly aware of the importance of electrification, faced policy and digital skill gaps, necessitating strategic investments in education and stronger linkages between industry and academia.

The Pilsen Region and Silesia (Poland), both exhibiting moderate to limited readiness, were challenged by their reliance on traditional automotive markets and insufficient digital infrastructure. Capacity-building efforts in these regions prioritized transformation strategies focused on digitalization, electrification, and tailored support programs for manufacturers transitioning to new mobility solutions.



## CONCLUSION

The document provides an overview of capacity building activities for policymakers within the Drive2Transform project. All project partners have been successfully involved in the various formats.

The transformation of the automotive sector in Central Europe requires coordinated efforts, strategic planning, and inclusive policy development. Through targeted policy learning sessions, regions will be empowered to share knowledge, align strategies, and respond collectively to emerging challenges. The engagement of policymakers in online meetings coordinated by RDAP will give basis for continuity and collaboration. By fostering evidence-based dialogue and proposing actionable support measures for SMEs, the initiative aims to strengthen regional resilience and competitiveness. Harmonized policy responses and interregional cooperation will be key to navigating global pressures, including trade tensions and the growing influence of non-European markets. Moreover, addressing the socioeconomic impacts of the Green Deal will be essential to maintain public support and ensure a just transition. Ultimately, these efforts will contribute to a more sustainable, innovative, and inclusive automotive ecosystem across Europe.



# ANNEX 1: POLICY RECOMMENDATION PAPER

## General Objective

- Raise awareness and offer policy recommendations related to the transformation of the automotive industry.
- Identify key risks and opportunities within the transformation.
- Foster engagement in functional cooperation networks.
- Promote a constructive attitude toward proposed changes.
- Encourage direct stakeholder participation in events supporting automotive transformation.

## Content Structure

- Abstract
- Introduction
- Problem Description
- Policy Options
- Conclusion and Recommendations
- Bibliography
- Annexes

### 1. Abstract

This paper aims to raise awareness and provide actionable policy recommendations concerning the ongoing transformation of the automotive industry. It outlines the core challenges and opportunities, evaluates policy alternatives, and proposes targeted interventions across governance levels to ensure a smooth transition. Emphasis is placed on strategic collaboration, workforce adaptation, innovation support, and infrastructure modernization. The recommendations are grounded in empirical data gathered from stakeholders + policy makers, companies, business support organizations, and regional stakeholders.

### 2. Introduction

The European automotive industry remains a cornerstone of the continent's economic strength, currently positioned at a strategic crossroads. Factors such as climate change, rising energy costs, disruptive technologies, global competition, and economic deglobalization are driving an accelerated transformation. Four pivotal trends—electrification, connectivity, autonomous driving, and the platform economy—are shaping the future of mobility.

This transformation has wide-reaching implications for economic performance, R&D priorities, employment, and education systems. Recognizing its critical importance, the European Commission—guided by the Draghi Report—plans to launch a Strategic Dialogue on the Future of the European Automotive Industry and an Industrial Action Plan in early 2025.

To address these changes proactively, regions, clusters, universities, and think tanks in Central Europe have joined forces under the Drive2Transform alliance. This platform supports regional cooperation and innovation, backed by empirical research, to formulate policy guidance. The Transnational Automotive Open Transformation Platform has been created to sustain and expand these efforts over the long term.



The purpose of this policy paper is to propose a structured roadmap for stakeholders operating at local, regional, national, and EU levels.

### 3. Problem Description

The Drive2Transform project conducted collaborative research across European regions to evaluate transformation readiness in the automotive industry. The study focused on technological capacity, labour market dynamics, innovation potential, and business support mechanisms.

#### Key Findings:

- **Cost Pressures:** Companies face increasing operational costs (labour, energy, materials) and regulatory compliance burdens. These issues are compounded by growing global market barriers and intense competition—especially from China—in both innovation and cost efficiency.
- **Workforce Challenges:** Skills mismatches are evident, particularly in fields like electrification, autonomous systems, and connectivity. This underlines the urgency of targeted reskilling and upskilling programs.
- **Technology Gaps:** Moderate readiness was observed in regions regarding electrification and autonomous driving. However, many companies lack advanced IT infrastructure and cybersecurity systems—critical for developing connected and autonomous mobility solutions.
- **Support Infrastructure:** Business support organizations (BSOs) vary in their effectiveness. Companies seek more targeted, specialized assistance and enhanced financial instruments—beyond cost-offsetting subsidies—to drive collaborative innovation.

#### Summary of Structural Challenges:

- Strong manufacturing tradition and engineering know-how.
- Dependence of SMEs on a few major clients limits flexibility.
- Innovation potential in software-defined vehicles, charging infrastructure, and semiconductors.
- Battery value chain dominance by non-European actors (primarily Chinese firms).

### 4. Policy Options

To ensure practical usability, policy options are structured by governance level:

#### Local (Municipal and City Policies)

- **Objective:** Understand local industry dynamics, support infrastructure, and initiate cooperative initiatives.
- **Actions:**
  - Establish regular dialogues with automotive stakeholders.
  - Implement local energy strategies to reduce operational costs.
  - Consider sectoral dependencies when designing investment support mechanisms.
  - Pilot infrastructure projects (e.g., robust electric grids, public and freight EV charging).
  - Develop 5G-based mobility systems and regulatory sandboxes for autonomous driving.

#### Regional Policies

- **Objective:** Secure skilled labour and mitigate job displacement.
- **Actions:**



- Integrate automotive indicators into regional labour market analytics.
- Update vocational and secondary education curricula (e.g., electromobility).
- Mobilize ESF+ or EGF funding to support displaced workers.
- Promote international cooperation among professional and trade organizations in the automotive sector.

#### National Policies

- Objective: Align national strategies with mobility transformation goals.
- Actions:
  - Integrate automotive transformation into Smart Specialization Strategies.
  - Support public-private development infrastructure for digitization and automation.
  - Expand adoption incentives for low/zero-emission vehicles.
  - Integrate mobility programs into national Social Climate Plans.
  - Address competitiveness gaps stemming from high energy costs.

#### European-Level Policies

- Objective: Define a long-term, coherent strategy for sustainable mobility.
- Actions:
  - Stabilize CO<sub>2</sub> performance regulations for new vehicles.
  - Clarify legislation on hybrid vehicle assessments and EURO 7 implementation.
  - Protect EU markets from unfairly subsidized foreign imports.
  - Establish EU-wide regulatory frameworks for autonomous vehicles.
  - Expand R&D funding (e.g., Horizon Europe) for AV systems and software-defined architectures.
  - Support battery innovation and recycling through BATT4EU and similar programs.

## 5. Conclusion and Recommendations

The transformation of Europe's automotive industry presents both profound challenges and strategic opportunities. A coordinated response is essential across all policy levels.

#### Key Recommendations:

- Knowledge Sharing & Vision Alignment:
  - Create interconnected learning networks.
  - Share empirical insights across all governance levels.
  - Develop a shared vision reflecting local realities.
- Workforce Development:
  - Launch comprehensive training and reskilling initiatives.
  - Link educational reforms to emerging industry needs.
- Technology & Innovation:
  - Encourage collaboration between industry, academia, and public agencies.



- Support regional specialization and R&D investment.
- Support for SMEs:
  - Provide access to funding, guidance, and internationalization support.
  - Reduce dependency on dominant OEMs.
  - Stimulate Consumer Demand.
  - Address infrastructure gaps, EV affordability, and consumer confidence.
  - Promote safety and digital innovation in vehicle offerings.

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## ANNEX 2: REGIONAL READINESS INDEX RESULTS

Annex - additional notes for regions (country)

### Pilsen Region (Czech Republic) - RDAP

The automotive in **Czech Republic** generates more than nine percent of national GDP. Members of the Association of the Automotive Industry represent 13% of employees in the manufacturing industry in the Czech Republic, who together generate 29% of manufacturing industry sales. Share of motor vehicles on total export volume is approximately 28% (as of 2024, in CZK). The entire automotive sector in the Czech Republic directly employs almost 180,000 people (as of 11/2024). OEMs operate only in certain regions, while supply chains are supra-regional. Supply chains companies, mostly small and medium sized, are usually in the position of dependent on OEM regarding client portfolio diversity and margin space. There is currently no subsidy for purchasing an electric car. It is expected, that further foreign automotive investments in Czech will occur due to the deglobalization and interest of global automotive to overcome customs barriers. Main weaknesses and threats of companies involved into regional analysis of piloting **Pilsen region** (NUTS 3) arise from growth of input prices, in particular energy and material, then lack of own capital and qualified labor (the unemployment rate within Czech Republic is one of lowest within EU). Risks also include heavy reliance on established production chains without sufficient diversification. Above all, the unclear political vision, strategy and availability of specialized support programs causing uncertainty and stagnation and an already apparent decline in demand and sales and consequently own investments. Main strength and opportunities are related to strong tradition in automotive production, automation implementation, diversification of customer portfolio, software development within digitization and R&D focused on charging systems and semiconductors components.

### Bavaria (Germany) - TechBase Regensburg

Bavaria demonstrates a moderate level of readiness for automotive transformation, as revealed by a regional survey conducted within the Drive2Transform project among 23 companies located in the region. The analysis focused on transformation readiness and strategic positioning in the ongoing automotive transition. Based on the results, Bavaria reached a Regional Transformation Score of 57, which corresponds to a “Moderate Ready” status according to the Readiness Index methodology.

The assessment of key transformation dimensions shows a mixed picture. Opportunities scored 67, indicating strong potential for innovation and market growth, while Perspectives reached 65, reflecting a positive strategic outlook within the regional ecosystem. Readiness itself stands at 62, suggesting openness to transformation, although progress is hampered by framework conditions. The weakest area is the Platform Economy with a score of 41, as digital platforms and connected business models remain underdeveloped. Connectivity scored 52, highlighting the need for significant improvements in digital infrastructure and integration. Electrification and Automation both achieved scores slightly above 50, pointing to an advanced but still incomplete development, particularly in charging networks, supply chains, and data ecosystems. Pressure and Risk scores of 50 and 61 respectively indicate that companies are aware of competitive and regulatory challenges, as well as transformation risks such as international competition. Specialisation reached 56, confirming Bavaria’s established strengths in automotive production and engineering.

Several regional challenges were identified. High costs of materials, energy, and personnel represent major barriers to investment. The shortage of skilled labor is critical, as the transition requires new qualifications in electrification, artificial intelligence, and automation. Excessive administrative complexity slows down



innovation and limits access to funding. Infrastructure remains underdeveloped, particularly in e-mobility and digital connectivity. Global competition adds further pressure, with non-European players—especially from China—holding strong cost and speed advantages.

To address these challenges, targeted policy measures are recommended. Financial incentives should support transformation-related investments in small and medium-sized enterprises, including tax relief and grants. Administrative simplification is necessary to reduce bureaucratic overhead for innovation projects, testbeds, and R&D consortia. Strategic use of connectivity should foster digital ecosystems and platform-based business models. Regional upskilling and training alliances must be established to provide transformation-oriented education programs and talent platforms. Expansion of e-mobility infrastructure is essential, including improved charging networks and autonomous mobility pilots such as automated public transport and delivery systems. Finally, policy-led diversification should encourage broader customer and supplier bases to reduce dependence on large OEMs.

### Silesia region (Poland) - KSSE

The Silesia region (Śląskie Voivodeship) is one of the country's most industrialised regions with a strong presence of the automotive industry. The Silesia region encompasses an area of 12.3 thousand km<sup>2</sup> and is home to 4.3 m inhabitants (11,5% of the Polish population). The region is characterised by a high share in the creation of Polish Gross Domestic Product (GDP), second only to the Masovian Voivodeship in this respect.

In Poland about 207,000 people are employed in 2782 companies registered under NACE29 (manufacture of road vehicles), of which about 55,000 people in 432 companies in Silesia. Many companies registered under NACE22 (manufacture of rubber and plastic products), NACE24 (manufacture of basic metals) and NACE25 (manufacture of fabricated metal products) are Tier-2 and Tier-3 suppliers in automotive supply chains. As such the total employment related to the automotive sector in the region is estimated around 80,000 to 100,000 jobs.

The Katowice Special Economic Zone (Katowicka Specjalna Strefa Ekonomiczna S.A. - KSSE) is the coordinator of Silesia Automotive & Advanced Manufacturing, a cluster established in 2011 counting currently over 220 members. Among these members there are several business and technology parks that developed their own partnerships, for example to provide projects supporting companies' competitiveness through technology development and innovation. There are several service companies (for instance: Dekra Polska, SQD Alliance, QSence, Quality Austria Polska) in the cluster delivering training and certification to ensure compliance with norms and standards. At the end of 2023, SA&AM counted 23 universities and research institutions among its members. Research teams specialised in engineering, machine and machine tool engineering, new materials, IT engineering and other research disciplines are being involved in problem-solving meetings and Science2Business matchmaking events. On regional level, there are several business support organisations that were set up by local and regional self-governments about 30 years ago to manage economic transformation processes. There are also several loan and guarantee funds supporting companies. Companies in the automotive sector cooperate with consultancy firms and business support organisations in identifying public and private financing instruments and in preparing business plans and project applications.

The companies that took part in the survey urge for a complete redefinition of the regional economic policy that would encompass transformation issues specifically



related to the automotive sector and the new mobility revolution. Silesia is among the Just Transition regions providing a transformation process of its coal mining sector and energy intensive sectors. There has been little attention for the challenges in the automotive sector since this sector has been seen as the major driver for industrial change in the past two decades. After many years of large investments and employment growth, there is little awareness among policy makers and BSO's of the transformation challenges ahead. Another important issue is the adaptation of educational programmes on technical school and university level in line with new requirements related to electrification, connectivity and autonomous vehicles.

### **Slovak Republic - SEVA**

Slovakia is the largest global per capita passenger car producer, owing to four OEMs: Volkswagen Slovakia in Bratislava (since 1991), PSA Peugeot Citroën Slovakia in Trnava (since 2003), Kia Motors Slovakia in Žilina (since 2004), and Jaguar Land Rover in Nitra (since 2015). The fifth production facility by Volvo Cars Košice, dedicated solely to BEV (Battery Electric Vehicle) production, will be launched in 2026. There are more than 350 automotive suppliers in Slovakia, accounting for the vast majority (89%) of direct jobs across the automotive industry. Car manufacturing is the largest industry in the country, constituting between 12% and 13% of GDP, almost 50% of industrial production, over 33% of industrial exports, and 10% of the employed population (approximately 275,000 jobs between Tier 1 (177,000) and Tier 2 and services (98,000)).

The large Tier 1 foreign affiliates account for most of the value added in the sector compared to Tier 2 suppliers, which are typically Slovak small and medium-sized enterprises (SMEs).

The country's strong reliance on car manufacturing makes it particularly vulnerable to e-mobility adoption trends. Over 70% of Slovakia's key export markets have already announced bans on ICE vehicle sales by 2035. Domestic producers need to adapt to the changing market situation, regardless of the local rate of EV uptake, if they are to remain competitive.

The transition of Slovakia's automotive industry towards electric vehicles, especially BEVs, has accelerated since 2020-2021. Of the total annual production of almost 1.1 million vehicles in 2023, approximately 126 thousand were electric vehicles (BEV and PHEV). The share of EVs in the production of individual facilities reached from around 9% (Kia) up to 28% (VW). A good trend is at least six new fully electric models from Kia, Stellantis, and VW that are being launched between 2025 and 2026. The production of only EVs launched at the new Volvo production site from 2026 will build on this production.

According to the companies that took part in the survey, the Slovak automotive sector is moderately ready for the upcoming changes in all three indicators: current product portfolio, current production technologies, and currently possessed competencies among employees.

Overall, the companies and BSOs as well, lack a strategy from the government for the transformation of the automotive industry. Another important topic is the adaptation of educational programmes on technical schools and universities in line with new requirements related mainly to electrification and connectivity, as well as school/university - business linkage.



## Republic of Slovenia - CCIS

Slovenia is currently assessed as "Limited Ready" in terms of transformation capacity within the automotive sector, according to the Drive2Transform regional survey conducted among companies and BSOs. While the country shows growing awareness of the importance of electrification and benefits from a relatively skilled workforce and quality research institutions, several critical gaps remain. These include limited infrastructure tailored to emerging automotive technologies, insufficient financial incentives, and a lack of specialized support services in areas such as automation, connectivity, and the platform economy.

Policymakers in Slovenia can play a central role in addressing these shortcomings. Firstly, they should introduce **targeted financial incentives** such as subsidies, grants, and tax relief measures to encourage innovation in digital mobility and electrification. This includes support for production companies adopting electric vehicle (EV) technologies and those developing autonomous driving systems. Secondly, the state can **invest in specialized infrastructure**, including testing facilities for autonomous and hydrogen vehicles, as well as industrial zones designed for firms in high-tech mobility sectors. **Regulatory support** must also be improved, with streamlined approval processes and legal frameworks that facilitate experimentation with new mobility models, such as ride-sharing and vehicle platform services.

Another area where policy can make a strong impact is in workforce development. Despite having a solid base of technically educated professionals, Slovenia faces a shortage of digital competencies critical for the future automotive economy. Policymakers should work to **modernize vocational and higher education programs** by integrating curricula focused on artificial intelligence, robotics, cloud computing, and platform economy business models. National authorities can also enhance re-skilling efforts by funding **lifelong learning initiatives and supporting public-private training centers**, particularly those that align with the demands of the electrification and automation sectors. By providing targeted training programs in areas where gaps are most prominent—such as connectivity, platform economy services, and digital transformation—the project can help build up the local capacity needed to **support SMEs and scale transformation strategies**.

Slovenia also has several strengths that can be of great value to other regions in the project. The country's capabilities in electrification and its skilled workforce in mechanical and automotive engineering can serve as a **model for developing effective education-industry linkages**. In particular, Slovenia can share its experience with implementing dual training systems and integrating research institutions into industrial development. These practices may be especially helpful for regions such as Poland and Hungary, where similar ecosystems are still in early development.

In summary, Slovenia has significant potential to accelerate its transformation in the automotive sector. With stronger policy support, investments in infrastructure, and a focus on skills development, the country could shift from limited to moderate or even high readiness.



## South Tyrol (Italian Republic) - NOI

South Tyrol is a mountain region with 500T inhabitants in north Italy, with a boarder to Austria, Switzerland. Due to its geographical position between the two strongest industrial regions in Europe - Southern Germany and Northern Italy - some automotive suppliers established an ecosystem, which contributes ~5% to the regional GDP (160% of EU av.). The 200+ companies assume 5k employees and generate 2+G€ turnover. They have in common lack of cheap economic production areas and cheap labour. The focus of the automotive ecosystem ( <https://automotive.noi.bz.it/> ) is on vehicles and mobility solutions in off-road and mountain areas, the prototyping and manufacturing of small series and special vehicles. Market leaders in ropeway construction, snow groomers, fast electric charging stations, agricultural vehicles for mountains and military vehicles.

Here it can be noted that the three greatest risk factors are staff shortages, staff critical competences, and intense price competition, especially with East Europe. According with the Draghi report, shortages of high-skilled workers are likely to become more acute over time. Projections to 2035 indicate that labour shortages will be most pronounced in high-skilled, and 77% of EU companies report that even newly recruited employees do not have the required skills. In addition the introduction of short-time work could impact the issue of staff shortages, and these issues are developing very quickly. Employee costs pose a major risk in both European and international comparisons, as does the intense competitive environment.

According with the results the automotive sector in Nord Italy is moderately ready for

the upcoming changes in all three indicators: current product portfolio, current production technologies, and currently possessed competencies among employees. Companies feel confident and ready for a transformation in their product portfolios but face challenges with workforce development. While there is a willingness to transform, companies need support to overcome financial constraints and develop comprehensive strategies for navigating the changing automotive sector. Despite the majority of companies feel well-prepared for the future, the diminishing order from OEM's linked to market troubles of BEV, influences negatively in the last month, the financial perspective and economic result of 2024.

Horizontal diversification strategy within the north Italian automotive industries remains a common thread in order to seize the opportunities. Therefore, companies are also looking to intensify R&D efforts in key areas like vehicle decarbonisation (components for BEVs production), connectivity, and automation. This aligns with their perceived opportunities in electrification and the need to adapt to technological advancements. Some companies emphasize developing new business models for the platform economy, indicating an awareness of the transformative potential of digital platforms. Several companies highlight the importance of collaboration, both within the industry and across sectors, to access new knowledge and resources. In Electrification, the region sees itself well-positioned as an automotive hub (on average rated as fair = 3). Automation and Connectivity is rated a bit lower but still as fair, while Platform Economy remains between fair and poor, with small gap in comparison with Eu average. Overall, there is a tendency toward stagnation or growth. Diversification is particularly increasing among smaller companies. Despite the overall results for the development perspective are between fair and good, ongoing market weaknesses in European automotive sector, and the latest bad news related to closure of production plants, tend to offer a different scenario. It seems to be worse than stagnation, also in north Italian companies. At least cost reduction and working time reduction are the now



focus. On average, smaller Slovenian enterprises (both national and foreign owned) express slightly dynamic reactions towards changes compare to medium - large of their counterparts and exceeding the CE average.

### Western-Transdanubia region (Hungary) - PBN

The Western Transdanubia region of Hungary plays a crucial role in the country's automotive sector and stands as one of its most industrialised areas, strongly connected to European value chains through its geographical location at the Austrian and Slovak borders. The presence of major actors such as Audi Hungaria in Győr, which operates the largest engine manufacturing facility in Europe, has anchored the region firmly within the global automotive industry. Around this core, a dense network of Tier 1 to Tier 3 suppliers, many of them small and medium-sized enterprises, contribute to plastics, electronics, and metalworking production, creating a highly specialised industrial ecosystem. Regional universities and research institutions, such as Széchenyi István University in Győr, the University of Sopron, and the ELTE Savaria Campus in Szombathely, together with applied research centres like am-LAB, support innovation in automation, digitalisation, and advanced manufacturing.

Despite these strengths, the region faces significant risks in the ongoing transformation of the automotive industry. Heavy reliance on internal combustion engine production makes the regional economy particularly vulnerable to the global shift towards electrification. Local SMEs remain highly dependent on a few large OEM clients, limiting their flexibility and innovation capacity, while skills mismatches are increasingly visible. The workforce is traditionally strong in mechanical and production engineering, but gaps in software development, artificial intelligence, and e-mobility technologies may constrain future competitiveness. Rising energy costs and the underdevelopment of e-mobility infrastructure further exacerbate these challenges, while investment uncertainty continues to weigh on smaller firms.

At the same time, the region holds promising opportunities. Ongoing investments into electrification, including the introduction of electric drivetrain production lines in Győr, signal a clear strategic direction. Testbeds in digital innovation, Industry 4.0 laboratories, and AI-supported manufacturing solutions provide fertile ground for supplier modernisation. Strong cross-border linkages with Austria and Slovakia offer further potential for joint research and workforce development initiatives, while regional actors are increasingly integrating renewable energy and circular economy approaches into industrial strategies. To fully harness these opportunities, coordinated action is needed to strengthen dual education and reskilling programmes, provide targeted support for SMEs to diversify their customer base, modernise energy and e-mobility infrastructure, and foster deeper collaboration between universities, research institutions, and industry.

Western Transdanubia therefore embodies both the risks and the potential of Europe's automotive transformation. Its industrial strength and cross-border position could allow it to emerge as a competitive hub in future mobility, but this will depend on addressing vulnerabilities in skills, infrastructure, and SME resilience through proactive regional, national, and European policy measures.



## Baden-Wuerttemberg (Germany) - HSPF

Baden-Württemberg is one of Europe's foremost centers for automotive innovation and advanced engineering, home to internationally renowned companies such as Mercedes-Benz, Daimler, Porsche, Audi, Bosch, MAHLE, ZF Friedrichshafen, and TRUMPF. The sector employs over 235,000 people and generates an annual turnover of €90 billion, underpinned by a dense network of manufacturers, suppliers, and research institutions that drive global leadership in innovation, sustainability, and technology.

Within this framework, the **Northern Black Forest** represents a key economic hub in southwestern Germany. With over 600,000 residents across 2,340 km<sup>2</sup>, its economy is shaped by precision engineering, medical technology, woodworking, and, critically, the automotive industry, which employs more than 30,000 people (14% of insured workers). Anchored by firms such as Arburg, Boysen, and Witzenmann, alongside numerous family-owned suppliers, the region benefits from its proximity to Stuttgart and Karlsruhe as well as strong infrastructure links to the A8 and A81 motorways.

**Pforzheim University** plays a pivotal role in supporting industrial transformation in the region. With its focus on applied sciences, it advances innovation in digitalization, mechanical engineering, and production technologies. Its research and educational programs address the challenges of electrification, lightweight construction, connected mobility, and emission reduction, thereby equipping regional suppliers with critical expertise in software, electronics, and e-mobility solutions.

The region's strength lies in its dense base of small and medium-sized enterprises (SMEs), which ensure flexibility and adaptability. However, the heavy reliance on traditional powertrain production, coupled with structural weaknesses such as the lowest Innovation Index in Baden-Württemberg, poses significant challenges. Pressures from skilled labor shortages, rising energy and material costs, bureaucracy, and global competition further underline the need for targeted transformation strategies.

Despite these difficulties, opportunities emerge in automation, connectivity, the platform economy, and sustainable mobility. Realizing this potential requires stronger regional support, particularly in IT skills development, e-mobility infrastructure, and testing facilities. Enhanced collaboration, improved R&D intensity, and robust support systems are essential to securing long-term competitiveness.

Surveyed organizations across the region demonstrate strong readiness for transformation, yet their success depends on coordinated efforts between businesses, support organizations, academia, and policymakers. Comprehensive data and regular surveys will be vital in refining policies and ensuring that the Northern Black Forest remains an innovative and competitive player in the evolving automotive landscape through 2030.



## Upper Austria (Republic of Austria) - Biz-Up

### Future Mobility Region: Strategic Transformation through Innovation and Collaboration

Upper Austria is actively shaping the transformation of mobility through coordinated regional strategies, strong industrial foundations, and innovation-driven ecosystems. The region was assessed for its transformation readiness and scored **48**, placing it in the “**Limited Ready**” category. This highlights both the potential and the urgency for targeted action.

#### Key Regional Characteristics:

- **Industrial Backbone:** Upper Austria is a manufacturing powerhouse, with a dense network of automotive suppliers and engineering firms. SMEs play a central role, often integrated into international supply chains but facing pressure from OEMs and global competition.
- **Innovation Ecosystem:** Initiatives like **Future Mobility Region**, **SAAM Austria**, **A2LT** and **UpperVISION** foster collaboration between industry, research, and public stakeholders. These platforms support pilot projects in electrification, automation, and digital mobility services.
- **Research and Education:** Institutions drive R&D in AI, sensor systems, lightweight materials, and energy technologies. However, survey results indicate a **skills gap** in some key transformation areas.

Upper Austria’s transformation readiness was assessed with a score of 48, placing the region in the “Limited Ready” category. This result reflects a number of structural and financial barriers that hinder progress. Companies in the region report a lack of clear transformation strategies, outdated production technologies, and limited access to capital. Among the most pressing challenges are high staff costs, rising energy expenses, and the financial burden of meeting compliance requirements. Severe price competition, particularly from OEMs and international players, adds further pressure, while material costs and a shortage of staff with the necessary competencies exacerbate the situation. Additionally, many businesses are experiencing a decline in demand from existing clients, which contributes to uncertainty and hesitancy in investment decisions.

Infrastructure and capacity gaps are also evident. Many companies lack modern machine parks and adequate production space to carry out transformation projects. There is a noticeable shortage of suppliers and partners with the required expertise to support innovation and adaptation. Human capital challenges remain critical, with staff shortages and a lack of transformation-relevant skills in areas such as electrification, connectivity, and automation. Upskilling and reskilling efforts are urgently needed to prepare the workforce for future mobility demands.

Despite these challenges, Upper Austria has strategic opportunities to accelerate its transformation. Policy and financial support measures, such as targeted incentives and improved access to capital markets, could significantly ease the burden on SMEs and enable them to develop new products and services aligned with evolving market needs. Education and workforce development must also be prioritized, with vocational and university programs adapted to reflect the competencies required in the mobility sector. The region can further benefit from fostering digital ecosystems and platform-based business models, while expanding e-mobility infrastructure and piloting autonomous mobility solutions. Finally, Upper Austria’s geographic proximity to Germany and the



Czech Republic offers valuable potential for cross-border collaboration in innovation and supply chain integration.

Upper Austria has the industrial strength and collaborative mindset to become a leading mobility region. However, the “**Limited Ready**” status underscores the need for strategic investments, policy support, and capacity building. By addressing key challenges and leveraging regional assets, Upper Austria can accelerate its transformation and contribute meaningfully to Europe’s future mobility landscape.



## ANNEX 3: LETTER OF INFORMATION FOR POLICYMAKERS

Subject: Invitation to the Workshop 1: “FACTS“ - Kick-off

Dear [Policymaker Name / Function],

We are very pleased to inform you that you have been selected to join the Expert Policymakers Group as part of our Central European automotive transformation initiative.

Your expertise is highly valued, and we look forward to your contributions in shaping the future of the automotive sector and new mobility in Central Europe.

To proceed, we kindly ask you to:

Please log in using the link provided below. We ask you to confirm your consent to the GDPR terms, which will allow us to share the list of participants, send you meeting invitations, and set up a dedicated Microsoft Teams channel for communication.

Should you have any questions, feel free to reach out to me via email or phone.

We're excited to have you on board and truly appreciate your support in this joint effort!

Project Info's:

<https://www.interreg-central.eu/projects/drive2transform/>

<https://www.linkedin.com/company/drive2transform/posts/?feedView=all>