

Contents

1 Central and East European Automobile Industry.....	1
1.1 The Central and East European Automobile Industry	
Before 1989	3
1.1.1 Passenger Car Industry	3
1.1.2 Truck Industry	6
1.2 Post-1990 Automobile Industry Transformation in CEE	9
1.3 The Role of CEE in the European Automotive Industry	
Division of Labor	19
1.3.1 Mass Production of Small Passenger Cars	20
1.3.2 The Low Volume Production of Special Models	20
1.4 CEE Truck Manufacturing in the 1990s and Early 2000s	23
1.5 Production Trends in the Rest of the CEE Motor Industry	26
1.6 The Plan of the Book	28
2 Czech Automobile Industry Before 1990.....	33
2.1 Pre-1945 Development.....	34
2.2 Organization of the Automobile Industry Between 1945 and 1989	36
2.3 Effects of the CMEA on the Czechoslovak Automobile Industry.....	46
2.4 Production Trends 1945-1989	49
2.5 Foreign Links and Trade Patterns.....	54
2.6 Investment in the Czechoslovak Automotive Industry Before 1990	61
2.7 Pre-1990 Development of the Škoda Passenger Car Maker.....	65
2.7.1 Pre-1945 Development of Škoda	65
2.7.2 Development of Škoda Following the Second World War.....	67
2.7.3 Stagnation in the 1970s and Early 1980s	70
2.7.4 Škoda Favorit	72
2.8 Conclusion.....	76

3 Post-1989 Transformation of Škoda Auto.....	79
3.1 Privatization.....	79
3.2 Difficulties in the Early 1990s.....	86
3.3 Transfer of Managerial Know-how from VW to Škoda.....	90
3.4 Restructuring Strategies.....	94
3.5 Post-1995 Success and Challenges of the Early 2000s	105
3.6 Škoda's Vrchlabí Plant.....	112
3.7 Škoda's Kvasiny Plant.....	114
3.8 Internationalization of the Škoda Production Network	116
3.8.1 Poland.....	117
3.8.2 Russia	118
3.8.3 Ukraine and Kazakhstan.....	120
3.8.4 Bosnia-Herzegovina	121
3.8.5 India	122
3.8.6 China	124
3.9 Conclusion.....	124
4 Restructuring of the Czech Commercial Vehicle Industry.....	127
4.1 Tatra Kopřivnice.....	128
4.1.1 Pre-privatization Agony	129
4.1.2 Privatization	131
4.1.3 Post-privatization Experience	132
4.2 Liaz.....	138
4.2.1 Pre-privatization Agony at Liaz	139
4.2.2 Privatization of Liaz and its Effects	141
4.3 Avia Praha	143
4.4 Karosa Vysoké Mýto.....	149
4.5 Conclusion.....	154
5 Effects of Domestic Privatization in the Auto Components Industry.....	157
5.1 Domestic Privatization Strategies and Their Outcomes	159
5.2 Domestic Privatization of the Czech Auto Components Industry.....	165
5.2.1 Management Buy-outs	166
Privatization of Hanácké železárnny a pěrovny	167
Karsit Jaroměř: Successful Managerial Privatization	168
Failed Management Buy-outs	170
5.2.2 Management Buy-outs Followed by Joint Venture or Sale to Foreign Partners	171
Privatization of PAL Praha	171
Privatization of Osinek Kostelec nad Orlicí.....	172

5.2.3 Spontaneous Privatization	173
5.2.4 Effects of Voucher Privatization: The Role of IPFs in Privatized Companies.....	175
5.3 Negative Effects of Czech Privatization on Enterprises.....	178
5.4 Conclusion.....	182
6 The Role of FDI in the Czech Automotive Industry.....	185
6.1 Governmental Policies, FDI and Privatization	187
6.1.1 Privatization of Kablo Velké Meziříčí	189
6.1.2 Privatization of Magneton Kroměříž.....	190
6.2 Immediate Effects of FDI in Privatized Enterprises.....	193
6.2.1 Disciplining the Labor.....	193
6.2.2 Contested Nature of Enterprise Restructuring.....	195
6.3 Advantages of Foreign Ownership for Czech Automotive Enterprises	197
6.3.1 Access to Worldwide Sales and Distribution Networks	198
6.3.2 Technology Transfer	199
6.4 FDI-associated Risks for Enterprises and Regional Development	201
6.4.1 Stability of Western Investment	201
6.4.2 Local Integration of Foreign-owned Companies.....	205
6.5 FDI Effects on Domestic Research and Development	209
6.5.1 Transfer of R&D Abroad (Global Strategy).....	211
6.5.2 Local R&D Promotion Based on Specialized Expertise (Multi-local Strategy).....	213
6.5.3 Local R&D Promotion Based on Skilled and Inexpensive R&D Labor (Supply-oriented Strategy).....	215
6.6 Foreign Capital Failures	219
6.6.1 ČZ–Cagiva	220
6.6.2 Zetor–John Deere&Co.	221
6.7 Conclusion.....	223
7 Restructuring Strategies in the Czech Automotive Components Industry.....	227
7.1 Effects of Price and Trade Liberalization in the Early 1990s.....	228
7.2 Survival Strategies of Czech Component Suppliers in the Early 1990s.....	232
7.2.1 Export Expansion	232
7.2.2 Labor Shedding	233
7.2.3 Niche Marketing.....	234
7.2.4 Cooperation with a Foreign Partner	235

7.2.5 Concentration on the Passenger Car Components Production	236
7.3 Supplier Network Transformation in the Czech Passenger Car Industry.....	236
7.4 Effects of FDI in the Czech Automotive Components Industry.....	247
7.5 Toyota Peugeot Citroën Automobile (TPCA).....	250
7.6 Hyundai	252
7.7 Conclusion.....	254
8 Conclusion.....	257
8.1 Transformation of the Czech Automobile Industry.....	259
8.2 A Successful Transformation?	264
References.....	267
Index	291