

## **Journée du GERPISA n°219**

### **Whose success? The state-foreign capital nexus and the development of the automotive industry in Slovakia**

**Vendredi 10 avril 2015, 14h-17h**

**CCFA, salle Etoile, 2 rue de Presbourg, 75008 Paris**

(métro et RER Charles de Gaulle Etoile. La rue de Presbourg donne sur le côté sud des Champs-Élysées)

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The goal of this presentation is to analyze the role of the state in the development of the automotive industry in Slovakia, which represents an excellent example of a peripheral country that has been integrated into European automotive production networks since the early 1990s. Driven by FDI inflows of €2.4bn in the automotive industry between 1990 and 2012, the annual assembly of passenger cars increased from less than 3,000 units in 1993 to 980,000 units in 2013. Slovakia became the 19th largest producer of automobiles in the world in 2012 and the largest producer of passenger cars per capita. FDI-driven export-oriented expansion of the automotive industry contributed to rapid economic growth, especially between 2000 and 2007. Slovakia recorded the fastest GDP growth per capita in the OECD during 2001-2011 and it significantly narrowed the income gap relative to the more developed half of the OECD countries from more than 60% to almost 40%. What are the main reasons for this rapid production increase in a country with a very limited tradition of vehicle manufacturing before 1990? In this presentation, I will consider the role of the state in the rapid growth of the automotive industry in Slovakia after 1990 as an example of an integrated peripheral market of the global automotive industry.

I seek to move beyond the uncritical praise by the state, media, supranational organizations and consulting firms of FDI-driven development of the Slovak automotive industry and provide a more critical reading of the role of the state in these processes. Although the post-1990 development of the automotive industry in Slovakia has been driven by FDI, I argue that the state played an important role in making it possible by creating highly favorable conditions for foreign capital in Slovakia. My analysis draws upon approaches in Economic Geography, International Political Economy and on global value chains and global production network perspectives to argue that the successful development of the automotive industry in Slovakia has been achieved at the expense of its overwhelming dependence on foreign capital and foreign technology and at the expense of corporate capture. I will consider the potential consequences of dependent industrial development for the domestic economy of Slovakia and its position in the international division of labor. Rather than reflecting the capabilities of the domestic automotive industry, the Slovak growth is based on the successful offshoring of automotive technologies and production models by foreign firms to Slovakia. Ultimately, therefore, the rapid development of the automotive industry in Slovakia, East Central Europe as a whole, as well as other integrated peripheral markets, needs to be attributed to a successful spatial fix by global automotive lead firms.