

The economic and societal benefits deriving from the presence of Hyundai and Kia in Europe

December 2013



About London Economics

London Economics is one of Europe's leading specialist economics and policy consultancies. Based in London and with offices and associate offices in five other European capitals, we advise an international client base throughout Europe and beyond on economic and financial analysis, litigation support, policy development and evaluation, business strategy, and regulatory and competition policy.

Our consultants are highly-qualified economists who apply a wide range of analytical tools to tackle complex problems across the business and policy spheres.

Our approach combines the use of economic theory and sophisticated quantitative methods, including the latest insights from behavioural economics, with practical know-how ranging from commonly used market research tools to advanced experimental methods at the frontier of applied social science.

We are committed to providing customer service to world-class standards and take pride in our clients' success. For more information, please visit www.londecon.co.uk.

Head Office: 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ, United Kingdom.

w: www.londecon.co.uk e: info@londecon.co.uk

t: +44 (0)20 7866 8185 f: +44 (0)20 7866 8186

Wherever possible London Economics uses paper sourced from sustainably managed forests using production processes that meet the EU eco-label requirements.

Copyright © 2013 London Economics. Except for the quotation of short passages for the purposes of criticism or review, no part of this document may be reproduced without permission.

Contents

Page

Glossary	iii
Hyundai Motor Group at a Glance	iv
Executive summary	v
1 Background and context	1
1.1 The economic context	1
1.2 The automotive sector in Europe	1
1.3 Hyundai and Kia in the EU	4
2 Contribution to employment and GDP	6
2.1 Manufacturing	6
2.2 Sale and distribution	11
2.3 Research and development	11
2.4 EU-wide impact on GDP and employment	12
3 Training and development of the labour force	13
4 Tax contributions by Hyundai and Kia in Europe	14
5 Contributions to society and corporate social responsibility	15
5.1 Hyundai Motor Manufacturing Czech (HMMC)	15
5.2 Kia Motors Slovakia (KMS)	16
5.3 Hyundai Motor Europe (HME)	16
5.4 Kia Motors Europe (KME)	18

Tables, Figures & boxes

Page

Table 1:	Impact of Hyundai/Kia manufacturing	6
Table 2:	Hyundai/Kia share of national and regional (NUTS 2) employment ¹⁾	7
Table 3:	Hyundai/Kia share of national and regional (NUTS 2) number of persons employed in manufacture of motor vehicle	8
Table 4:	Hyundai/Kia share of national and regional (NUTS 3) GDP ¹⁾	8
Table 5:	Impact of Hyundai/Kia car parts suppliers	9
Table 6:	Regional employment resulting from Hyundai/Kia supply purchases: share of national and regional employment ¹⁾	10
Table 7:	Impact of Hyundai/Kia non-parts suppliers	10
Table 8:	Impact of Hyundai/Kia sale and distribution	11
Table 9:	Impact of Hyundai/Kia research and development	12
Table 10:	Combined EU-wide impact of activities by Hyundai and Kia on GDP and employment	13
Table 11:	Tax contributions by Hyundai and Kia in Europe (2012)	15
Figure 1:	Real GDP growth rate (percentage change on previous quarter), EU27	1
Figure 2:	Motor vehicle production per 1,000 inhabitants, 2012	3
Figure 3:	Direct employment in the automotive sector, EU27 (2008-2012)	3
Figure 4:	Average number of training hours per employee	14

Glossary

ACEA	Association des Constructeurs Européens d'Automobiles
BYE	Brilliant Young Entrepreneurs
CAR	Center for Automotive Research
EU	European Union
EVTA	European Vocational Training Association
GDP	Gross Domestic Product
GVA	Gross Value Added
HMC	Hyundai Motor Company
HMD	Hyundai Motor Germany
HME	Hyundai Motor Europe
HMETC	Hyundai Motor Europe Technical Center
HMG	Hyundai Motor Group
HMMC	Hyundai Motor Manufacturing Czech
JA-YE	Junior Achievement-Young Enterprise
KMC	Kia Motors Corporation
KME	Kia Motors Europe
KMS	Kia Motors Slovakia
LFS	Labour Force Survey
OEM	Original Equipment Manufacturer
OICA	Organisation Internationale des Constructeurs d'Automobiles
R&D	Research & Development
SBS	Structural Business Statistics
STEM	Science, technology, engineering and mathematics

NOTE: In this report, the terms 'Hyundai' and 'Kia' refer to the companies or their products in Europe (EU27). The scope of the report is the EU27, with the exception of some sales and export figures that are only available at the EU+EFTA level. These cases are explicitly stated within the report.

Hyundai Motor Group at a Glance



Hyundai Motor
Manufacturing Czech (HMMC)



Kia Motors Slovakia (KMS)



Hyundai Motor Europe (HME)



Kia Motors Europe (KME)



Hyundai Motor Europe Technical Center (HMETC)

Executive summary

Key findings

- *Almost 317,000¹ people owe their jobs to the presence of Hyundai and Kia in Europe*
- *Including customs duties, sales and income taxes, Hyundai and Kia contributed €2.1 billion in taxes to European governments in 2012*
- *In 2012, the majority (55%) of Hyundai and Kia cars sold in Europe were produced in Europe*
- *Hyundai and Kia are directly responsible for value added of almost €5 billion across the areas of manufacturing, supplies, research & development and sale & distribution*
- *The additional value added produces a further €15 billion in output and 244,000 jobs through the output multiplier*

The report

This report is a revised and updated edition of the study entitled “the economic and societal benefits deriving from the presence of Hyundai and Kia in Europe”, dated February 2013. The report draws on new data covering the period 2012 and uses a refined data collection approach to improve the accuracy and reliability of the impact data assembled in the first version. The focus is on the direct and indirect contribution of the European operations of Hyundai and Kia to **GDP**, **employment** and **tax revenues** in the EU. It also comments on aspects of the wider social contributions made by Hyundai and Kia through various programmes in promoting **education**, **entrepreneurship** and **social initiatives**.

The data for the report was provided during July and August 2013 by the Hyundai and Kia subsidiaries in Europe, namely the manufacturing operations in the Czech Republic (HMMC) and in Slovakia (KMS); the group technical centre in Germany (HMETC); as well as the European distributors of the two brands (HME and KME) and each brand’s sales companies in the individual Member States.

¹ Figures presented in the Executive summary are rounded. Where available, the precise (unrounded) figures are provided within the report. Any summations or calculations are based on the unrounded figures.

The economic context

- As of September 2013, the economic situation in the EU remains fragile. While real GDP increased during the second quarter of 2013, overall real GDP is still expected to decrease by 0.1% in 2013, with positive annual GDP growth expected to return by 2014 only.
- Growth continues to rely substantially on exports, which enhances the role of export-oriented industries such as automotive manufacturing.
- The automotive industry is:
 - a direct employer of a large and highly-skilled workforce, with an even larger effect on overall employment through the multiplier effect on jobs along the automotive value chain;
 - a major contributor to exports, the crucial source of growth over the foreseeable future;
 - a magnet for foreign direct investment (FDI);
 - a vital source of innovation and technology development.

A growing presence in Europe

- Hyundai and Kia are two success stories at the heart of the European automotive industry.
 - Hyundai and Kia are increasing their market in Europe: the number of Hyundai vehicles sold in Europe has almost doubled since 2008, whilst the number of Kia vehicles sold has increased by over two-thirds.
 - In 2012, Hyundai sales in the EU+EFTA increased by 9.4% and Kia sales by 15.6% as compared to 2011 while the market overall declined by 7.8%.
 - Market shares for Hyundai and Kia grew from 2.9% and 2.2% respectively in 2011 to 3.5% and 2.7% respectively in 2012².
 - In the first half of 2013, the market shares stood at 3.5% for Hyundai and 2.8% for Kia with the EU market overall having declined by 6.6%.

Manufacturing cars in Europe

- Hyundai and Kia have invested in two large manufacturing facilities in the EU, one in the Czech Republic (Nošovice) and one in Slovakia (Žilina).
- The majority (55%) of Hyundai and Kia cars sold in the EU are produced locally in the Czech Republic and Slovakia.
- Manufacturing output in the two European plants is increasing rapidly:
 - Hyundai Motor Manufacturing Czech (HMMC) produced 303,035 vehicles in 2012, up by 20.2% over 2011-12 (from 251,000 units to 303,035 units).

² ACEA New Passenger Car Registrations, Press Release 16 January 2013.

- This compares to the Toyota, Peugeot, Citroën (TPCA Czech s.r.o.) plants in the Czech Republic, which scaled back production by 26% over 2011-12, and the Škoda (Škoda Auto a.s.) plant, the largest in the Czech Republic, which reduced production by 2.6% over the same period.
- The increase in production at HMMC represented the largest yearly increase of all Hyundai plants.
- Kia Motors Slovakia (KMS), one of the few plants in the world that has the capacity to manufacture up to eight different models on the same line, increased plant production over 2011-12 by 15%.

Creating jobs and wealth in Europe

Employment

- The workforce employed directly by Hyundai and Kia and supported by their operations in the upstream and downstream markets consists of 73,000 individuals.
- In addition, 244,000 European workers are employed due to demand induced by the presence of Hyundai and Kia.
- In total, 317,000³ people owe their jobs to the presence of Hyundai and Kia in Europe.
- The companies making up the operations of Hyundai and Kia in the European Union have a variety of training programmes to develop, maintain and enhance employees' skills over a broad range of specialisations. All provide formal training.

Tax revenues

- Including customs duties, sales and corporation taxes, Hyundai and Kia contribute a total of almost €2.1 billion in taxes to European governments.

Value added along the value chain

- The Hyundai and Kia factories produce gross value added (GVA) of €1.0 billion from a turnover of €7.7 billion and provide high-quality employment to 7,304 full-time staff and agency workers.
 - They purchase car part supplies worth €6.8 billion, €4.6 billion of which (67%) is sourced from within Europe.
 - They purchase non-car part supplies worth €178 million, all of which are sourced locally.

³ This figure is derived by summing the number of employees directly involved in Hyundai and Kia entities (72,542), and the number of employees derived by the multiplier (244,228), and rounding to the nearest thousand.

- Demand by Hyundai and Kia provides employment for 22,500 people in the supplier industry (including both automotive parts and other supplies), whose additional gross value added is estimated at over €1 billion.
- The entire value chain, from R&D to distribution, can be found within Europe. Hyundai and Kia have a sales distribution network covering all EU Member States and EFTA countries.
 - The sales and distribution network adds an additional €2.9 billion to European GDP⁴, whilst the R&D facility adds an additional €32 million.
- The commitment of Hyundai and Kia to Europe is ongoing, with a €5.5 million investment to build a new vehicle test centre in Germany announced in January 2013 by Hyundai, and with the recent completion of a dedicated research and development centre for Kia in Europe.
- The combined GVA of Hyundai and Kia amounts to €5 billion. GVA may be seen as an economic entity's contribution to gross domestic product and is the value of the goods and services produced by the company net of input costs (or output minus intermediate consumption).
 - This figure includes the GVA of external suppliers and independent retailers of the two brands.
 - This is equivalent to about 2.7% of the increase in EU GDP in 2012.
- The additional output generated by Hyundai's and Kia's activities in Europe throughout the economy amounts to €15 billion. This figure is based on an estimated multiplier of three for the automotive industry⁵.
 - Given that the European economy supports one job per €61,100 of GDP on average, the €15 billion in output induced by Hyundai and Kia through a multiplier of three supports 244,000 jobs.

Social contributions

- Hyundai and Kia have initiated and continue to support financially and in other ways a wide variety of local and national projects focusing on social, environmental and educational issues.
 - This includes:
 - ✓ 'Skills for the Future', Hyundai Motor Europe's first pan-European programme launched in 2012 and run jointly with Junior Achievement-Young Enterprise (JA-YE) Europe, aiming to improve youth employability
 - ✓ 'Brilliant Entrepreneurs' designed to stimulate entrepreneurship amongst European university students.

⁴ GDP is the market value of goods and services produced in a country within a specified period of time.

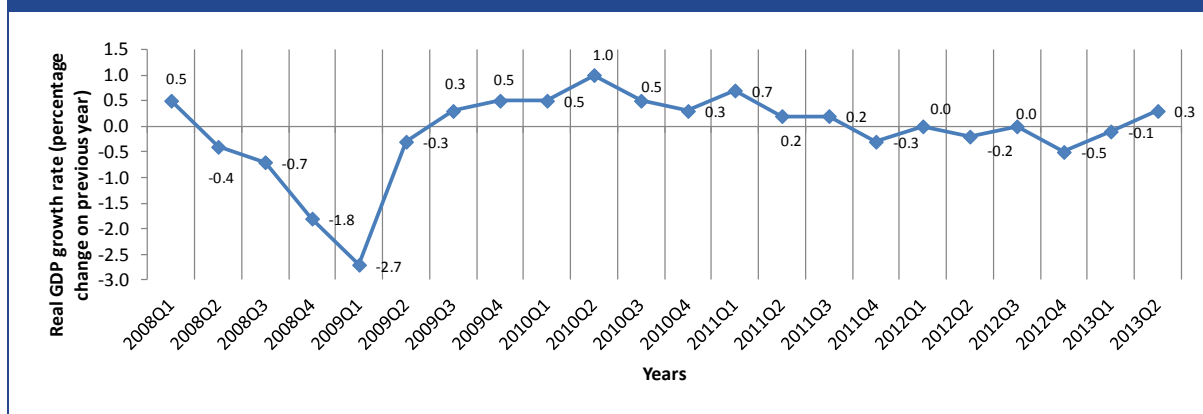
⁵ For the methodology underpinning use of this multiplier, see Haugh, D., Mourougane, A. and Chatal, O. (2010). 'The automobile industry in and beyond the crisis'. *OECD Economics Department Working Paper* No. 745. Available at: <http://bit.ly/ZlneSQ> [accessed 09 August 2013].

1 Background and context

1.1 The economic context

The European economy is only slowly emerging from the recession triggered by the 2008 financial crisis. The situation remains fragile. The latest figures suggest that, whilst economic activity is picking up, leading to an increase in real GDP during the second quarter of 2013, **real GDP is still expected to decrease by 0.1% in 2013 overall**, with positive annual GDP growth expected to return by 2014 only.

Figure 1: Real GDP growth rate (percentage change on previous quarter), EU27



Source: Eurostat

As a result of the slow recovery, unemployment remains high in many Member States. The European Commission⁶ expects unemployment to reach around 11% in the EU in 2013 and to remain at this level in 2014.

The economic forecasts underline the important role played by large-scale, high-tech manufacturing operations in providing high-quality, stable and sustainable employment and adding value to the European economy.

1.2 The automotive sector in Europe

“The EU is the world's largest producer of motor vehicles. The automotive industry is therefore central to Europe's prosperity. It is a huge employer of skilled workforce and a key driver of knowledge and innovation. It represents Europe's largest private investor in research and development (R&D). It also makes a major contribution to EU's Gross Domestic Product (GDP), and exports far more than it imports.”

European Commission DG Enterprise and Industry⁷

⁶ EC DG Ecf in Spring Economic Forecast. Available at: <http://bit.ly/16xvXEw> [accessed 09 August 2013].

⁷ Available at: <http://bit.ly/O5ydcD> [accessed 22 August 2012].

The automotive sector is of strategic importance to the EU economy and provides a unique contribution to Europe's economic wellbeing. Specifically, the European automotive industry:

- is a direct employer of a **large and highly-skilled workforce**;
- has an even larger effect on overall employment through the **multiplier effect on jobs** along the automotive value chain;
- is a major contributor to exports, the crucial **source of growth** over the foreseeable future;
- is a magnet for **foreign direct investment** (FDI);
- is a vital source of **innovation and technology development**.

On the international scale, the sector is a major contributor to Europe's economic strength: Europe accounted for **24% of world car production** in 2012. The European Commission reports that vehicle production showed a **positive trade balance of €45 billion** in the first five months of 2012, largely due to exports to the US and emerging markets⁸.

Moreover, the sector is dynamic and highly innovative. The industry invests €26 billion, or 5% of turnover, in R&D every year, which rises to €32.8 billion when including trucks, commercial vehicles and parts. The focus of innovation is on improving fuel efficiency and introducing further electronic systems into cars. The fuel efficiency aim encompasses several strategies, principally lithium-ion batteries, hydrogen fuel-cells, biofuels and improvements to conventional engines. Electronic systems innovation centres on navigational systems to reduce congestion, driverless cars and systems designed to increase fuel economy. The latest figures show that the automotive industry filed **9,541 patents** in 2012⁹.

The importance of exports and FDI for the European economy has further increased over recent years, given the collapse in spending by consumers, government and domestic businesses. Expenditure by the government sector is likely to fall, and together with the erosion of consumer incomes, this leaves the export sector offering the only growth viable prospects over the foreseeable future. The role of the car industry as an export motor is thus enhanced even further.

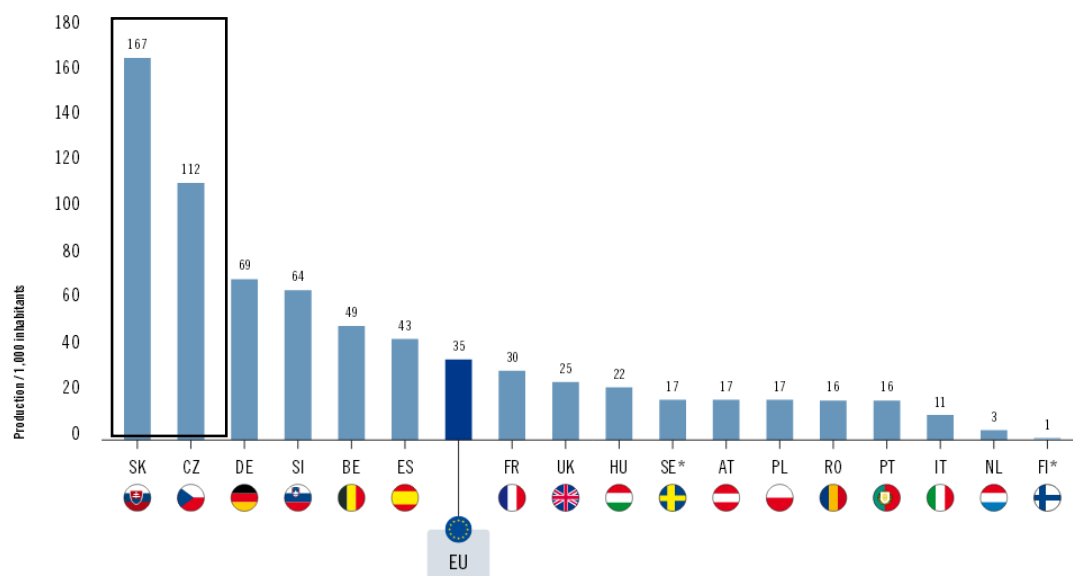
The trade surplus of Europe's car industry stands at €92 billion for 2012, which is distributed across the 16 Member States that have automotive sectors. The largest beneficiaries by value are still in the big-5 economies (DE, FR, ES, IT, UK), but relative to the size of the national economy, the automotive sector is also pivotal in central European countries like Hungary, Slovakia and the Czech Republic. Of the 252,000 vehicles made by Hyundai in 2011, 44,400 (18%) were exported outside the EU/EFTA. Slovakia and the Czech Republic, in particular, have a large and thriving automotive sector, which places them at the top in Europe in terms of motor vehicle production relative to size, with both producing over 100 cars per head. **Slovakia saw an increase in motor vehicle production by 40.7% between 2011 and 2012**¹⁰.

⁸ CARS 2020 Action Plan. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52012DC0636:EN:NOT>

⁹ ACEA Pocket Guide 2013, p. 25 (latest version as of October 2013).

¹⁰ OICA is the International organisation of Motor Vehicle Manufacturers.

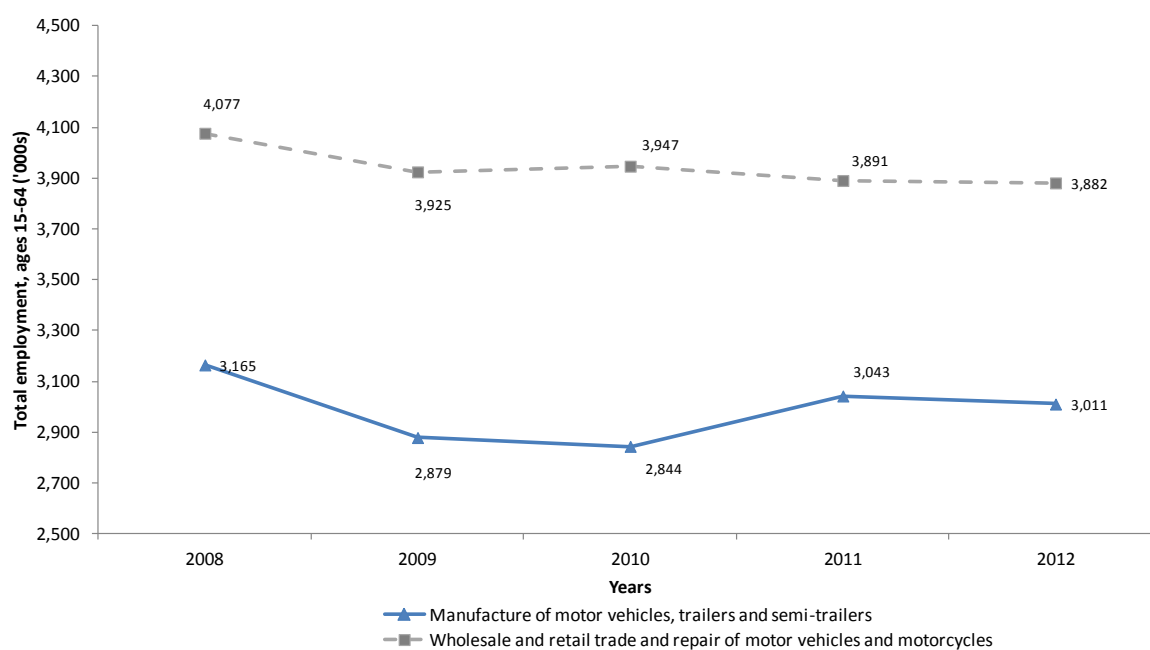
Figure 2: Motor vehicle production per 1,000 inhabitants, 2012



Note: *only car production available in 2012.

Source: ACEA Pocket Guide, 2013

Figure 3: Direct employment in the automotive sector, EU27 (2008-2012)



Source: Eurostat (LFS)

The automotive industry provides high-quality manufacturing jobs, both for skilled and semi-skilled manual workers and for highly-skilled engineers and management professionals. A detailed study of the European automotive sector¹¹ that was completed in 2008 found that manual workers still represent the bulk of the workforce in most countries: around 60% in the EU15 and over 70% in the new Member States, but also in Spain¹². Overall, the study found that the relative number of managers, engineers and other professionals and technicians increases over time compared with the number of manual workers. However, skilled manual jobs are still in demand, with the increasing use of information technology in cars increasing the need for electricians and electronics specialists, for example. The automotive industry has been a crucial factor in maintaining employment levels during the recent economic crisis (Figure 3), in a number of countries.

According to Eurostat, approximately **3.88 million people were employed in 'automotive trade'** and approximately **3.01 million in 'automotive manufacturing'** in 2012, which means a total of **6.9 million** people were directly employed by the automotive sector in 2012. This compares to a total of 5.2 million directly employed in the finance and insurance sector¹³, and 1.2 million in the telecommunications sector¹⁴, for example.

1.3 Hyundai and Kia in the EU

Globally the Hyundai Motor Group (HMG) is composed of companies and affiliates active across a range of different business sectors. The automotive sector, made up of companies using the Hyundai and Kia names, is the most significant in terms of Group revenue and profit. In 2012, the Group sold 7.12 million vehicles worldwide, an increase of around 8% from 2011¹⁵. Despite the economic slump, the Group is expected to sell 7.41 million cars during 2013, which is likely to further strengthen its status as a leading global automaker. With 30 factories across nine countries, the Group's global network and presence is significant.

It is therefore no surprise that Hyundai and Kia are two success stories at the heart of the European automotive industry. In 2012 Hyundai sales in the EU+EFTA increased by 9.4% and Kia's by 15.6% while the market overall declined by 7.8% as compared to 2011. Market shares for Hyundai and Kia grew from 2.9% and 2.2% respectively in 2011 to 3.5% and 2.7% respectively in 2012.¹⁶

Consumer success has been driven by very significant investments, and exceeding customer expectations has in turn stimulated further investment. Major facilities are located in three Member States. Design and R&D and sales and marketing headquarters are in Germany and manufacturing is in the Czech Republic and Slovakia. These represent significant continuing investment in Europe.

¹¹ Loire et al. (2008).

¹² 2007 data. See Loire et al. (2008), p. 63.

¹³ Eurostat (LFS) NACE Rev.2 'Financial service activities, except insurance and pension funding' + 'Activities auxiliary to financial services and insurance activities', 2012 (latest available figure).

¹⁴ Eurostat (LFS) NACE Rev. 2 'Telecommunications', 2012 (latest available figure).

¹⁵ http://europe.chinadaily.com.cn/business/2013-01/02/content_16076354.htm

¹⁶ ACEA New Passenger Car Registrations, Press Release 16 January 2013.

The centrepieces of the companies' investment in Europe are the **manufacturing facilities in Žilina, Slovakia and Nošovice, Czech Republic**. Investment by Hyundai and Kia has been instrumental in making the Czech Republic and Slovakia the world's top two producers of cars per capita¹⁷.

1.3.1 HMMC

Hyundai opened its European flagship plant, **Hyundai Motor Manufacturing Czech (HMMC)** in November 2008 following a €1 billion investment. The plant produced approximately 303,035 vehicles in 2012, up by 20.2% over 2011-12 (from 251,000 units to 303,035 units). The increase in production at HMMC represented the largest yearly increase of all of the Hyundai plants¹⁸. This expansion saw a resulting increase in turnover from €3.2 billion in 2011 to €3.7 billion in 2012 (an increase of 16%).

1.3.2 KMS

HMMC is located 90 kilometres north of **Kia Motors' Žilina Plant in Slovakia (KMS)**, which opened in April 2007. It is one of the few plants in the world that has the capacity to manufacture up to eight different models on the same line.

KMS represented 10.7% of global plant production in 2012¹⁹, equating to 292,050 cars. The growth rate in plant production over 2011-12 was 15%²⁰. Employment numbers are forecast to increase by 100 over 2013-14²¹.

The majority (55%) of Hyundai and Kia cars sold in the EU are produced locally in Slovakia and the Czech Republic.

1.3.3 R&D

Research and development takes place in **Hyundai Motor Europe Technical Center**, a high-tech multifunctional building located in Rüsselsheim near Frankfurt, Germany²².

In 2012, almost 95% of the 444,000 Hyundai cars sold in Europe were designed and engineered in Rüsselsheim, including the European best-sellers i30, ix35 and i40.

In addition, construction of a new Hyundai vehicle test centre at the Nürburgring race track in Germany was announced in January 2013. The new facility represents a €5.5 million investment. Tests carried out at the new facility will be used by engineers at the company's existing R&D centre in Rüsselsheim to improve the quality and driving performance of Hyundai's European-designed vehicles.

¹⁷ ACEA New Passenger Car Registrations, Press Release 16 January 2013.

¹⁸ Hyundai Motors Corporation Annual Report, 2012.

¹⁹ Kia Motors 2012 Annual Report, page 5.

²⁰ Kia Motors Slovakia 2012 Annual Report, page 9.

²¹ Ibid.

²² Hyundai Motor Company Annual Report 2011, p. 33.

Against this background, this report is aimed at highlighting the contribution of Hyundai and Kia in a number of dimensions:

- contribution to employment and GDP;
- training and development of the labour force;
- total tax contributions; and
- wider social contributions.

Unless otherwise specified, the data used in the following sections was provided by the different operating entities of Hyundai and Kia in Europe.

2 Contribution to employment and GDP

The following tables illustrate the contribution of Hyundai and Kia to the EU economy. The selected indicators are:

- turnover;
- gross value added (GVA);
- employment; and
- wages and salaries.

The tables are based on data supplied by the different Europe-based Hyundai and Kia entities and comparison data from European statistical office (Eurostat). The analysis distinguishes the impact of Hyundai's manufacturing, R&D, distribution and retail activities.

2.1 Manufacturing

Hyundai and Kia operate two manufacturing facilities in the EU, one in the Czech Republic (Nošovice) and one in Slovakia (Žilina). Hyundai and Kia produce value added of over €1 billion from a turnover of €7.7 billion and provide high-quality employment to 7,304 staff. The increase in GVA of almost 30% compared with the previous year coincides with the implementation of a 'three-shift' operation at HMMC in 2012, which increased the number of cars produced.

Table 1: Impact of Hyundai/Kia manufacturing

Indicator	Hyundai ⁽¹⁾	Kia ⁽²⁾	Total HMG (Hyundai + Kia)	Total manufacture of motor vehicles (EU27) ⁽³⁾	HMG as % of EU27
Turnover (€) ⁽⁷⁾	3,666,635,930	3,988,682,966	7,655,318,896	600,231m	1.3%
Gross value added (€) ⁽⁴⁾	528,995,706	477,474,289	1,006,469,995	90,000m	1.1%
Employment ⁽⁵⁾	3,415	3,889	7,304	1,034,500	0.7%
Wages & salaries(€) ⁽⁶⁾	52,679,709	68,589,362	121,269,071	58,000m	0.2%

Note: (1) Nošovice plant (CZ) (2) Žilina plant (SK) (3) Eurostat Structural Business Statistics (SBS) (NACE Rev.2), 2010 (4) Eurostat SBS = value added at factor cost, Hyundai value is from HMMC Annual Report 2012 (5) Eurostat SBS = number of persons employed (2009 data) (6) Eurostat SBS = personnel costs (2010 data) (7) Eurostat is 2011 data.

Source: Hyundai/Kia, Eurostat (SBS)

2.1.1 Regional impact in Slovakia and the Czech Republic

The impact of the HMMC and KMS manufacturing operations on the national and regional economies of the Czech Republic and Slovakia continues to be considerable. Hyundai represents around **10% of employment in the 'manufacturing of motor vehicles' sector in the Czech Republic**. KMS represents **almost 30% of the employment in the 'manufacturing of motor vehicles' sector in Slovakia**.

Table 2: Hyundai/Kia share of national and regional (NUTS 2) employment¹⁾

	Kia	Slovakia	Stredné Slovensko
Employment	3,889	2.3m	563,700
Kia %	100%	0.17%	0.69%
	Hyundai	Czech Republic	Moravskoslezsko
Employment	3,415	4.8m	537,400
Hyundai %	100%	0.07%	0.64%

Note: 1) total employment (2012) for individuals aged 15 to 64 years.

Source: Hyundai/Kia, Eurostat (LFS)

96% of HMMC employees live in the Moravian-Silesian region, which demonstrates the impact that HMMC has on the regional economy in terms of creating jobs for local people and sustaining the local economy. This ensures that the wages paid out by the plant are spent in the local economy, which helps to create and sustain further jobs in the region. **HMMC increased its share of GDP in the Moravskoslezský kraj region over 2011-12 by 30% or 0.8 percentage points²³**.

²³ HMMC's share of GDP in the Moravskoslezský kraj in 2011 was 2.72%, whereas the share in 2012 was 3.53%. Both numbers were calculated using the Eurostat NUTS 3 2010 GDP value for Moravskoslezský kraj, and both gross value added numbers were taken from HMMC's 2012 Annual Report.

Table 3: Hyundai/Kia share of national and regional (NUTS 2) number of persons employed in manufacture of motor vehicles

	Kia	Manufacture of motor vehicles in Slovakia ¹⁾	Manufacture of motor vehicles in Central Slovakia
Number of persons employed	3,889	13,654	3,889
Kia %	100%	28%	100%
	Hyundai	Manufacture of motor vehicles in Czech Republic ²⁾	Manufacture of motor vehicles in Moravia-Silesia
Number of persons employed	3,415	34,360	3,415
Hyundai %	100%	10%	100%

Note: (1) Eurostat NACE Rev. 2 industry classification is 'manufacture of motor vehicles' and the data is 2011 (latest available figure). (2) Eurostat NACE Rev. 2 industry classification is 'manufacture of motor vehicles' and the data is 2011 (latest available figure).

Source: Hyundai/Kia, Eurostat (SBS), ACEA, Czech Invest

Table 4: Hyundai/Kia share of national and regional (NUTS 3) GDP¹⁾

	Kia	Slovakia*	Žilinský kraj*
GVA/GDP*	€477,474,289	€65.9bn	€7.5bn
Kia %	100%	0.72%	6.37%
	Hyundai	Czech Republic	Moravskoslezský kraj ²⁾
GVA/GDP*	€528,995,706	€150.3bn	€15.0bn
Hyundai %	100%	0.35%	3.53%

Note: (1) GDP at current prices by NUTS 3 regions, 2010 (latest available year). (2) This is the same as the NUTS 2 region "Moravskoslezsko". * Hyundai and Kia GVA are compared with regional GDP. * figures rounded to the nearest million.

Source: Hyundai/Kia, Eurostat

2.1.2 Suppliers (car parts)

The Hyundai and Kia manufacturing operations are major customers of the automotive supply industry, including at the national level in Slovakia and the Czech Republic, on the European level, and internationally. Together, they purchase supplies worth €6.8 billion, €4.6 billion of which (67%) is sourced from within Europe.

Data on GVA, employment and wages at the independent enterprises that supply the inputs used in the manufacturing plants operated by Hyundai and Kia were not available for this study. To estimate the impact of Hyundai and Kia on these variables, we assume that the impact is proportional to the fraction of supplier sales that are accounted for by Hyundai and Kia purchases.

This means that, if Hyundai and Kia purchases are responsible for 50% of the sales of a supplier firm, we assume that 50% of the employment at that firm is also directly attributable to the demand from Hyundai and Kia²⁴.

Hence – assuming the impact on the supplier base is proportional to the overall magnitude of the purchases by Hyundai and Kia from European manufacturers of parts and accessories for motor vehicles, i.e. 2.2% – the direct effects include the employment of almost 22,000 people in the supplier industry as well as additional gross value added (and hence a GDP contribution) of almost €1 billion.

Table 5: Impact of Hyundai/Kia car parts suppliers

Indicator	Hyundai suppliers ¹⁾	Kia suppliers ²⁾	Total HMG suppliers (Hyundai + Kia)	Total manufacture of parts and accessories for motor vehicles (EU27) ³⁾	HMG as % of EU27
Turnover (€) ⁷⁾	2,005,535,770	2,570,077,901	4,575,613,671	211,000m	2.2%
Gross value added (€) ⁴⁾	436,891,710	559,873,200	996,764,910	45,965m	2.2%
Employment ⁵⁾	9,598	12,300	21,898	1,009,800	2.2%
Wages & salaries(€) ⁶⁾	306,307,379	392,530,434	698,837,813	32,226m	2.2%

Note: Figures rounded to the nearest integer. Rounding occurs through estimation procedures as explained in footnote 24. Hyundai and Kia figures for gross value added, employment and wages & salaries are imputed assuming that GVA, employment and wage payments by the European suppliers to Hyundai and Kia are proportional to their share of the of the industry's turnover in the EU (=2.2%). The values are allocated Hyundai and Kia according to their share in EU purchasing expenditures (Hyundai = 44%, Kia = 56%) (1) purchases from suppliers for the Nošovice plant (2) purchases from suppliers for the Žilina plant (3) Eurostat SBS (NACE Rev.2), 2010 (4) Eurostat SBS = value added at factor cost (2010 data) (5) Eurostat SBS = number of persons employed (2009 data) (6) Eurostat SBS = personnel costs (2010 data) (7) Eurostat data is 2011 (latest available year). Hyundai and Kia figures are the reported purchases (costs) of supplies by Hyundai and Kia, which can be equivalently expressed as the turnover of suppliers that can be attributable to Hyundai and Kia purchases.

Source: Hyundai/Kia, Eurostat (SBS)

²⁴ The figures for GVA, employment and wages and salaries in Table 5: Impact of Hyundai/Kia car parts suppliers are derived as follows: first, we take the value of the supplies purchased by the Hyundai and Kia manufacturing plants within Europe. This is assumed to be equal to the turnover of automotive suppliers in Europe that can be attributable to the presence of Hyundai and Kia. Dividing this by the total turnover of the sector ("manufacture of parts and accessories for motor vehicles") in the EU27 yields a contribution of 2.2% from Hyundai and Kia. By multiplying the EU-totals for GVA, employment and personnel costs in the sector by 2.2% (the proportion assumed to be attributable to demand by Hyundai and Kia), we derive an estimate of the combined EU-wide impact of Hyundai and Kia into the supplies part of the value chain (column 4). The estimated figures for the two brands combined are divided again by assuming the contribution of each is proportional to the fraction of sales attributable to them. The figures presented in the table are rounded to full integers (or one decimal in the case of the percentage figure).

Table 6: Regional employment resulting from Hyundai/Kia supply purchases: share of national and regional employment¹⁾

	Europe*	Slovakia*	-
Kia employment	12,300	8,163	-
Kia %	1.22% ⁽¹⁾	0.35%	-
	Hyundai*	Czech Republic*	Moravskoslezsko* ⁽⁴⁾
Hyundai employment	9,598	7,229	5,496
Hyundai %	0.95% ⁽²⁾	0.15% ⁽³⁾	1.02% ⁽⁴⁾

Note: *The number of employees attributable to Hyundai/Kia demand in each region is calculated using the total purchases of supplies data, in the same way as in Table 5 above). It is assumed that the share of total employment in the NACE sector 'total manufacture of parts and accessories for motor vehicles' is equal to the share of turnover of purchases in the EU NACE sector for that country/region. For KMS, no sub-national breakdown was provided. All national and regional employment data is Eurostat LFS (2012) total employment for individuals aged 15 to 64 years. (1) This is the share of total EU employment in the NACE sector (=1,009,800) that Kia's supply purchases is responsible for (2) This is the share of total EU employment in the NACE sector (=1,009,800) that Hyundai's supply purchases is responsible for. (3) This is the share of total employment in the Czech Republic (=4,810,400) that Hyundai's supply purchases in the Czech Republic is responsible for. Supplies are purchased from three suppliers in Nosovice, four suppliers in Ostrava and one supplier in Oterakovice. (4) This is the share of employment in the Moravskoslezsko region (=537,400) that Hyundai's supply purchases is responsible for. The Moravskoslezsko region is the lowest level of regional employment data available from Eurostat. Supplies are purchased from three suppliers in Nosovice, and four suppliers in Ostrava.

Source: Hyundai/Kia, Eurostat (LFS)

2.1.3 Suppliers (non-parts)

In addition to car parts, HMMC and KMS purchase non-auto supplies from 1,456 businesses in the Czech Republic and Slovakia. These purchases include subsidiary materials such as paints and oils, heavy-duty equipment such as robots, and other peripheral equipment such as office supplies. All of Hyundai and Kia's non-auto supplies are locally sourced from the Czech Republic and Slovakia respectively, significantly benefitting the local economy. Together, HMG purchases €178 million worth of non-auto part supplies, producing an estimated extra €21 million in gross value added.

Table 7: Impact of Hyundai/Kia non-parts suppliers

Indicator	Hyundai suppliers ¹⁾	Kia suppliers ²⁾	Total HMG suppliers (Hyundai + Kia)
Turnover (€)	82,467,525	95,700,000	178,167,525
Gross value added (€) ³⁾	9,752,091	11,316,880	21,068,971
Employment ⁴⁾	288	334	623
Wages & salaries(€) ⁵⁾	6,195,467	7,189,572	13,385,039

Note: Figures for GVA, employment and wages & salaries are imputed assuming that GVA, employment and wage payments by the European non-parts suppliers to Hyundai and Kia are proportional to their share of the of the industry's turnover in the EU27 NACE sector G: Wholesale and retail trade; repair of motor vehicles and motorcycles (=0.002%). The values are allocated to Hyundai and Kia according to their share in EU purchasing expenditures (Hyundai = 46%, Kia = 54%) (1) purchases from non-auto parts suppliers for the Nosovice plant, and includes subsidiary materials such as paints, oils and refrigerant; and equipment such as robots and office supplies (2) purchases from non-auto parts suppliers for the Žilina plant (3) Figures for Hyundai and Kia are imputed using Eurostat SBS = value added at factor cost (2009 data) and the turnover share that the HMG non-auto parts suppliers represents in the EU NACE sector (=0.002%) (4) Figures for Hyundai and Kia are imputed using Eurostat SBS = number of persons employed (2010 data) and the turnover share that the HMG non-auto parts suppliers represents in the EU NACE sector (=0.002%) (5) Figures for Hyundai and Kia are imputed using Eurostat SBS = personnel costs (2010 data) and the turnover share that the HMG non-auto parts suppliers represents in the EU NACE sector (=0.002%).

Source: Hyundai/Kia, Eurostat (SBS)

2.2 Sale and distribution

Both Hyundai and Kia maintain extensive distribution and dealership networks throughout the European Union. The total GVA contribution of Hyundai's and Kia's dealership and distribution network is almost €3 billion, and turnover is €36 billion. The network sustains over 40,000 employees.

Table 8: Impact of Hyundai/Kia sale and distribution

Indicator	Hyundai ¹⁾	Kia ²⁾	Total HMG (Hyundai + Kia)	Total sale of cars and light motor vehicles (EU27) ³⁾	HMG as % of EU27
Turnover (€) ⁷⁾	18,163,822,422	17,811,749,627	35,975,572,049	679,117m	5.30%
Gross value added (€) ⁴⁾	1,353,542,238	1,562,991,165	2,916,533,403	59,593m	4.89%
Employment ⁵⁾	23,601	18,881	42,483	1,398,600	3.04%
Wages & salaries(€) ⁶⁾	898,365,655	622,290,611	1,520,656,267	41,532m	3.66%

Note: (1) Distribution and dealership data was provided by Hyundai for the following countries: Austria, Denmark, Finland, Ireland, Italy, Netherlands, Romania, Slovakia, Slovenia, Sweden and UK. Distribution data only was provided for the following countries: Belgium, Bulgaria, Cyprus, the Czech Republic, France, Germany, Greece, Hungary, Poland, Portugal and Spain. For these countries, the figures for dealerships were estimated using Eurostat (2010 data) 'per enterprise' value for the indicator in the NACE Rev.2 sector 'sale of cars and light motor vehicles', multiplied by the number of dealerships in that country provided by HME. Due to lack of Eurostat data, the Eurostat (2010 data for all indicators except for value added, which uses 2009 data) EU27 per enterprise value was used to estimate dealerships for the following countries: the Czech Republic, Ireland, Greece, Spain and Malta. (2) Figures for distribution, with the exception of turnover, were provided by Kia; values for dealerships for each of the indicators was estimated using the Eurostat EU27 'per enterprise' value for the indicator, multiplied by the number of Kia dealerships provided by Kia (2,021). (3) Eurostat SBS (NACE Rev.2) (2010 data); figures rounded to nearest million (4) Eurostat SBS = value added at factor cost (2009 data); Hyundai dealerships' GVA is estimated for the countries listed in note (1) by multiplying the Eurostat (2009) GVA per enterprise in the NACE sector, by the number of dealerships in the country provided by HME. Hyundai GVA data for the following countries was taken from the first edition of the report: Denmark, Netherlands, Slovenia and UK. Distribution data is missing for the following countries: Austria, Bulgaria, Cyprus, Finland, Ireland and Portugal. Kia dealerships' GVA is assumed to be equal to the average GVA per enterprise in the NACE sector = €327,236 (5) Eurostat SBS = number of persons employed; Hyundai dealerships' employees is estimated for the countries listed in note (1) by multiplying Eurostat (2010) number of persons employed per enterprise in the NACE sector, by the number of dealerships in the country provided by HME. To compute the number of dealers' employees for Kia, we assumed the same number of dealers' employees per dealer as for Hyundai in the first edition of the report (8.7), multiplied by the number of Kia dealers (2,021) (6) Eurostat SBS = personnel costs (2010 data); Hyundai dealerships' wages & salaries is estimated for the countries listed in note (1) by multiplying the Eurostat (2010) personnel costs per enterprise in the NACE sector, by the number of dealerships in the country provided by HME. Wages & salaries for the Kia national/European distribution was provided by Kia; no data available on wages & salaries paid by Kia dealers; wages & salaries of Kia dealership employees were assumed to be equal to the EU average for employees in the NACE sector = €29,678. (7) Eurostat 2010 data. Hyundai dealerships' turnover is estimated for the countries listed in note (1) by multiplying the Eurostat (2010) turnover per enterprise in the NACE sector, by the number of dealerships in the country provided by HME. Hyundai turnover data for the following countries was taken from the first edition of the report: Denmark, Netherlands, Slovenia and Hungary. Distribution data is missing for the following countries: Austria, Bulgaria, Cyprus, Finland, Ireland and Portugal. Kia dealerships and distribution revenue combined is calculated assuming that Kia's turnover share of the total EU NACE sector is equal to that of GVA.

Source: Hyundai/Kia, Eurostat (SBS)

2.3 Research and development

Hyundai Motor Europe Technical Center (HMETC) is a research and development establishment servicing the needs of both brands. It is small in terms of its immediate contribution to the economy as measured by employment and value added. However, the Center produces significant intangible benefits to the European economy such as knowledge spillovers and productivity

spillovers; defined as stimulating further innovation through knowledge-sharing. Gross value added for HMETC increased over 2011-12 by 7.2%.

Table 9: Impact of Hyundai/Kia research and development

Indicator	Hyundai/Kia research and development ¹⁾
Turnover (€) ⁶⁾	54,161,712
Gross value added (€) ³⁾	32,183,126
Employment ⁴⁾	235
Wages & salaries(€) ⁵⁾	23,400,000

Note: (1) Figures relate to the joint Hyundai Motor Europe Technical Center.

Source: Hyundai/Kia

In addition, a new facility was officially opened in September 2013 on Nürburgring as part of the HMETC operation. It represents a €6.6 million investment and will allow for the testing on the Nürburgring of Hyundai and Kia vehicles. This demonstrates HMG's commitment to vehicle innovation, development, testing and safety.

2.4 EU-wide impact on GDP and employment

The contribution to GDP is measured by the combined GVA of the different activities undertaken by Hyundai and Kia in Europe²⁵. Our calculations show that the value added amounts to €5 billion.

A 2010 OECD study²⁶ puts the *output multiplier* of the automobile industry²⁷ at **close to three** in G7 countries. The multiplier is calculated using input-output tables and combines information on both domestic and import inter-sectoral linkages. A value of three means that a €1 increase in the value added delivered by the automobile industry increases economy-wide output by €3. As Haugh et al. (2010) report, "this level of multiplier is at or close to the top of what is observed in other industries, and always stronger than the average across industry (which is estimated to be at 2.2)". For Hyundai and Kia, this means that the GVA of €5.0 billion in Europe generates output throughout the European economy of €15 billion, which supports 244,000 jobs throughout the European economy²⁸. Note that we use a multiplier that is calculated for the automotive industry as a whole, i.e. including design, testing, manufacturing and sales. While it is likely that certain activities within the automotive value chain have a higher multiplier, we do not attempt to quantify the precise way in which the multiplier varies across different activities.

The workforce employed directly by Hyundai and Kia, supported by their operations in the upstream and downstream markets, is almost 73,000 individuals.

²⁵ Gross value added (GVA) is defined as the revenue net of cost of supplies. GVA represents the additional wealth created by the different activities undertaken by Hyundai and Kia in Europe.

²⁶ Haugh et al. (2010), p. 6-7.

²⁷ Including their design, testing, manufacturing and sales. Ibid., footnote 2.

²⁸ The EU's overall GDP of €12.9 trillion supports a workforce of 211.6 million [Eurostat: gross domestic product at (current) market prices (2012) and Eurostat (LFS): total employment ages 16 to 64 years (2012, latest available figure)]. The employment generated via the multiplier effect is the product of the induced output of €15 billion and the average number of jobs supported by the EU's overall GDP.

Table 10: Combined EU-wide impact of activities by Hyundai and Kia on GDP and employment

Hyundai/Kia activity	Gross value added (€)	No. of employees
Manufacturing	1,006,469,995	7,304
Suppliers	1,017,833,881	22,521
Sale and distribution	2,916,533,403	42,483
R&D	32,183,126	235
Total	4,973,020,405	72,542

Note: 2011 data; rows do not sum to total due to rounding: figures rounded to the nearest integer. Rounding occurs through estimation procedures and currency conversion.

Source: Hyundai/Kia

3 Training and development of the labour force

Hyundai and Kia's European entities provide significant opportunities for training and development of their employees. This is important for the wider economy because improving knowledge and skills of the labour force increases efficiency and productivity, which is a key driver of economic growth. The various organisations that make up the Hyundai and Kia operations in the European Union have put in place a variety of training programmes to develop, maintain and enhance employees' skills over a broad range of specialisms. Separate training programmes exist for technicians, sales and service staff, HR professionals as well as researchers and managers.

The training provided by Hyundai and Kia can take different forms: from highly specialised, task-specific training for technicians to training with general applicability. Often the training provided to Hyundai and Kia employees leads to externally recognised, formal qualifications.

HMMC provided training for 694 new employees through its 'Entry Course'. A total of 977 employees took part in training contributing to professional qualifications that was required by law, and 859 employees attended advanced safety training courses²⁹. A further 626 employees were trained in the fields of leadership and managerial competencies. Other core skills training included language skills development (116 employees participated) and organised computer courses (231 employees participated). E-learning courses were also launched in 2012, of which around 300 employees successfully completed courses. Moreover, 150 workers undertook training abroad. On average, HMMC provided **15 hours of training per employee in 2012**. All employees at Hyundai's European plant obtain formal qualifications.

KMS also contributes heavily to employee training and development. In 2012, KMS provided 86,480 training hours to 7,955 employees, **equivalent to 11 hours per employee**. KMS also provided training with the parent company in Korea for 1,274 employees.

Kia's own research and development centre also provided 196 hours of training in total in 2012, equivalent to **six hours per employee**.

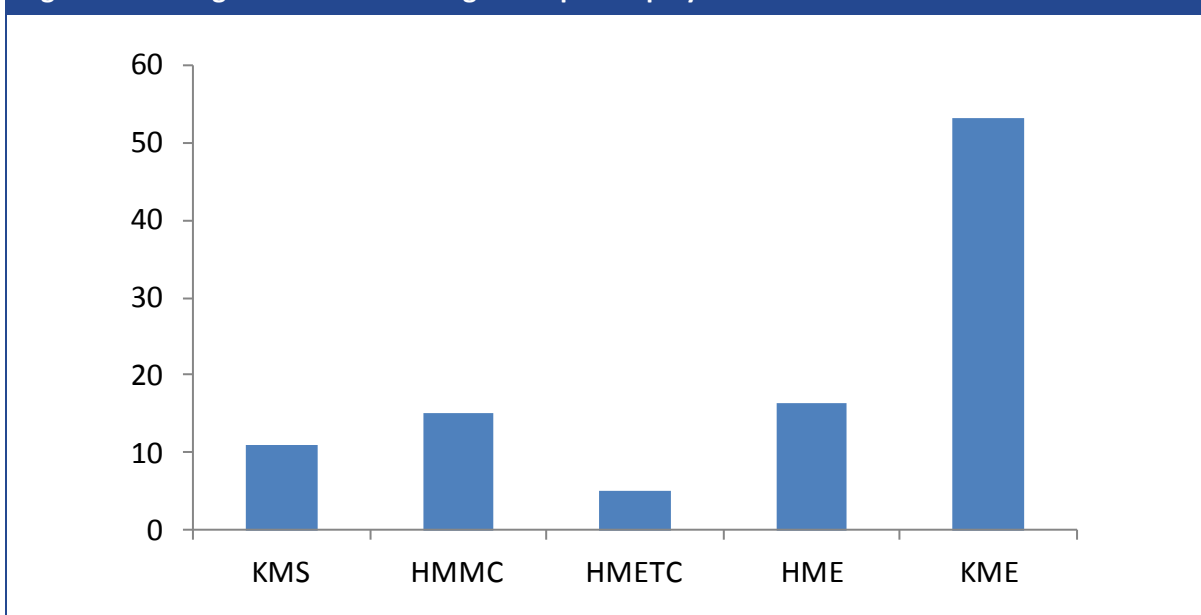
²⁹ HMMC Internal newsletter, no.55 / January 2013.

At the European Technical Center, initial training is intensive, with new employees undergoing 56 hours of training. Standard practice is a week-long training programme at the Hyundai Motor Company headquarters in Korea. Various seminars for improving specific employee skills are offered on an ongoing basis. HMETC provided an average of **five hours of formal training per employee throughout 2012**.

Hyundai's distribution and dealership network received approximately 16 hours of training per employee in 2012³⁰.

Kia's distribution network received approximately 53 hours of training per employee³¹.

Figure 4: Average number of training hours per employee



Source: KMS, HMMC and HMETC data

4 Tax contributions by Hyundai and Kia in Europe

Hyundai and Kia are major contributors to the public finances of EU Member States. The different activities based in Europe resulted in revenues for the public purse of € 2.1 billion in 2012. To put this into context, this figure is equivalent to 4.8% of the total net federal tax revenues of Austria³².

³⁰ The lower number, when compared to KME, may be because dealerships undergo less training than distributors.

³¹ The higher number, when compared to HME, may be because dealerships undergo less training than distributors.

³² €43.8 billion in 2012, see <http://wko.at/statistik/jahrbuch/budget-steuereinnahmen.pdf>.

Table 11: Tax contributions by Hyundai and Kia in Europe (2012)

Activity	Hyundai	Kia
Manufacturing ¹⁾	€25,837,222	€49,225,207
R&D ²⁾	€14,308,198	
Sale and Distribution ³⁾	€1,216,114,883	€809,410,653
Total	€2,114,896,163	

Note: (1) includes corporate and individual income tax, VAT, road tax, real estate, and customs. (2) includes income taxes on wage income, social security contribution, income tax, property tax, input VAT, and sales VAT. (3) Includes total income taxes paid; total payroll taxes and income taxes on wage income paid; sales taxes (VAT, other duties, etc.) paid; import duties on car imports paid and any other special taxes and levies. The following countries includes distribution taxes only (dealership tax contribution not included): Belgium, Bulgaria, Cyprus, the Czech Republic, France, Germany, Greece, Hungary, Poland, Portugal and Spain. The following countries includes distribution + dealership tax contribution combined: Austria, Denmark, Finland, Ireland, Italy, Netherlands, Romania, Slovakia, Slovenia, Sweden and UK.

Source: Hyundai/Kia

5 Contributions to society and corporate social responsibility

5.1 Hyundai Motor Manufacturing Czech (HMMC)

Through the **Hyundai Foundation**, an organisation founded by HMMC in collaboration with state institutions and ecological associations, HMMC distributed **€53,464 into the Frýdek-Místek and Nový Jičín regions** across 11 community projects in 2012. The maximum grant assistance is around €20,000³³. Similarly, HMMC contributes to the Hyundai Endowment Fund, established in 2007 to protect the environment and support the Moravian-Silesian region. HMMC originally contributed around €800,000 to the fund, which is distributed each year. Projects that receive funding promote sustainable development in the region, involve citizens in public activities, and promote protection of the environment. The maximum grant value is usually around €10,000. For example, one project that received funding in the past year include the “Granny to School” project – which aimed at involving elderly people in community life and encouraging intergenerational engagement.

HMMC launched another “Good Neighbour” fund in the autumn of 2012. The Good Neighbour scheme allows surrounding villages, towns, cities and regions to apply for funding with a view to supporting “social life in their communities”³⁴. The maximum fund per municipality is around €2,000³⁵. The funding enables municipalities to organise cultural, social, sports and other events. For example, some funding went to a primary school that used the money to organise a stage performance and a floorball tournament.

In addition, on 26 June 2013, HMMC was a partner for the “Together for safer Ostrava” project. The aim of this project is to increase awareness and teach the local community about safety and crime prevention. For example, role plays were used to teach visitors how to rescue a person from a wrecked car, or how to extinguish a burning car. Mini competitions were prepared for children in order to engage them with the material.

³³ Association of Public Benefit Organisations (AVPO), Future Funding of NGO's.

³⁴ HMMC Internal newsletter, no.55 / January 2013.

³⁵ Ibid.

HMMC continues to donate testing vehicles to local schools and universities in the Moravian region, a contribution that has been going on since 2008. On 18th December 2012, eight vehicles were donated between five high schools and universities in the Moravian region. These vehicles are not suitable for road use and are for educational and training purposes. For example, the VŠB Technical University of Ostrava, a public university located in the region, received two i30 cars and two transmissions.

5.2 Kia Motors Slovakia (KMS)

Throughout 2012, KMS allocated a total of €685,000 to corporate social responsibility. KMS donated approximately **€517,000 to various philanthropic and humanitarian projects**, and approximately **€172,000 to projects focused on environment, mobility support and education**³⁶. For example, KMS helped fund new cycling paths in the Žilina region, and funded various refurbishment activities in Žilina Green Park. From 19-21 December 2012, almost 180 KMS employees created Christmas gifts in cooperation with Pristav nadeje, a volunteering organisation, to raise money for the Žilina Hospital and give away to children with disabilities³⁷. Furthermore, KMS provides scholarship funding for final year students writing their theses in technical disciplines.

KMS ran the **Kia Innovation Award** for the third consecutive year. This event allows students from schools in the nearby Žilina and Trenčín regions to compete for a financial prize by preparing a project in the automotive field. For example, projects might address safety management processes, development of new technologies, development new types of power (electric, hybrid, hydrogen), or quality management strategies (before sales service and after sales service). The idea is to stimulate students' creativity and enthusiasm for the industry and develop a technical and practical knowledge of car production. Financial prizes of around €2,500 – €6,500 are given to the three best projects. The prizes must be used for educational purposes, and so this funding helps to stimulate further entrepreneurship and innovation opportunities for young people. Diplomas and gift certificates are also given to winners.

KMS also organised an educational event entitled the "English Daily Camp", an event which was designed to help local children improve their language skills through a combination of theoretical lessons and interactive sessions.

5.3 Hyundai Motor Europe (HME)

In 2012 and 2013 Hyundai Motor Europe launched two pan-European social contributions programmes in order to develop entrepreneurial skills amongst young people in Europe: ***Skills for the Future and Brilliant Young Entrepreneurs***.

In addition, Hyundai's national distributors support a variety of causes, often focused locally and nationally, but also involving overseas development. Hyundai Motor Germany (HMD), for example, spends a yearly budget of €160,000 on projects including car rental for charities, safety and fuel

³⁶ Kia Motors Slovakia 2012 Annual Report, page 8.

³⁷ Kia Motors Slovakia Family News 2013 – 01.

saving training for charity workers, discounts on car purchases by charities and their employees as well as aid projects in South Africa.

Skills for the Future

Skills for the Future is Hyundai Motor Europe's first pan-European programme, launched in 2012 and run in partnership with Junior Achievement-Young Enterprise (JA-YE) Europe, aiming to improve youth employability. During the 3-year initiative, 10,000 young people between the ages of 15 and 18 in 15 European countries will have the opportunity to try their hands at enterprise, learn valuable STEM (science, technology, engineering and mathematics) skills and apply their knowledge in new ways.



Skills development tailored to young people is essential in providing employment opportunities. At a time when youth unemployment in Europe is at an all-time high, the aim is to increase automotive sector awareness amongst students in vocational schools, to underline the importance of scientific and technical skills for future job opportunities and to help schools to prepare young people for their future careers. Skills for the Future is projected to run over an initial three year period with a budget of about €1 million.



In April 2013, Hyundai and JA-YE Europe organised a Skills for the Future panel debate at the European Parliament to discuss how to equip young Europeans with the skills needed for their future employability while boosting competitiveness in Europe. The discussion demonstrated how private sector companies, can work to prepare students for the real world environment in collaboration with the public sector and non-profit organisations.

Every year a Skills for the Future Award is given to the best mini-company in the automotive sector participating in Skills for the Future activities. In March 2013, the student company NET JA from Italy won the Skills for the Future Hyundai Award for their product HELIOS, a safety electronic device for cars.



Brilliant Young Entrepreneurs

Brilliant Young Entrepreneurs (BYE)[2] is a programme for University students to encourage young leaders of tomorrow to turn their dreams into reality. Through the BYE Hyundai will provide financial support to the participants developing business plans with strong potential to become 'real' businesses.

BYE was launched in April 2013 and complements Skills for the Future. Operated by JA-YE Europe and supported by HME, the programme has attracted business start-up entries from university students in 15 countries: Belgium, Bulgaria, Denmark, Finland, Lithuania, Luxembourg, Macedonia, the Netherlands, Norway, Portugal, Romania, Slovakia, Spain and the UK.

BYE is a core element of Hyundai's efforts to encourage the development of young entrepreneurs. The Hyundai Award is presented annually to the most outstanding start-up enterprise. The award is presented to the enterprise that has presented a clear plan for becoming a real business by demonstrating its business potential, growth opportunities, community impact, financial performance and innovation.

Twelve countries took part in the BYE pilot year and 13 youth enterprises will be supported in start-up their businesses. Furthermore, over 600 students took part in the competitions and almost 150 ideas were presented to the juries across 12 competitions.

Jury members from HME in all 12 countries take part in the selection process and will support, with mentoring activities, the young start-ups. The businesses awarded are all innovative, diverse and have real start-up potential.

Each year, a start-up is selected from each country as the national winner, receiving a €15,000 investment. The monetary award is presented at a grand finale.

This year's national winners utilised a broad variety of ideas and technologies, ranging from Ecorallium (a system to reproduce corals in aquariums), to InstantDrink (self-heating beverages), to ReNeW (a solution to promote healthy feet) and ePark (a mobile app which finds 'free' spaces on streets with special sensors).

5.4 Kia Motors Europe (KME)

Kia's distribution arm KME also supports a wide variety of charitable causes throughout its European markets. Expenditure is rising despite the ongoing economic difficulties in many of the countries concerned. The budget increased from €924,280 in 2011 to €1,230,631 in 2012.