

# CAPTURE THE OPPORTUNITY IN THE SLOVAK REPUBLIC

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BUSINESS SWEDEN

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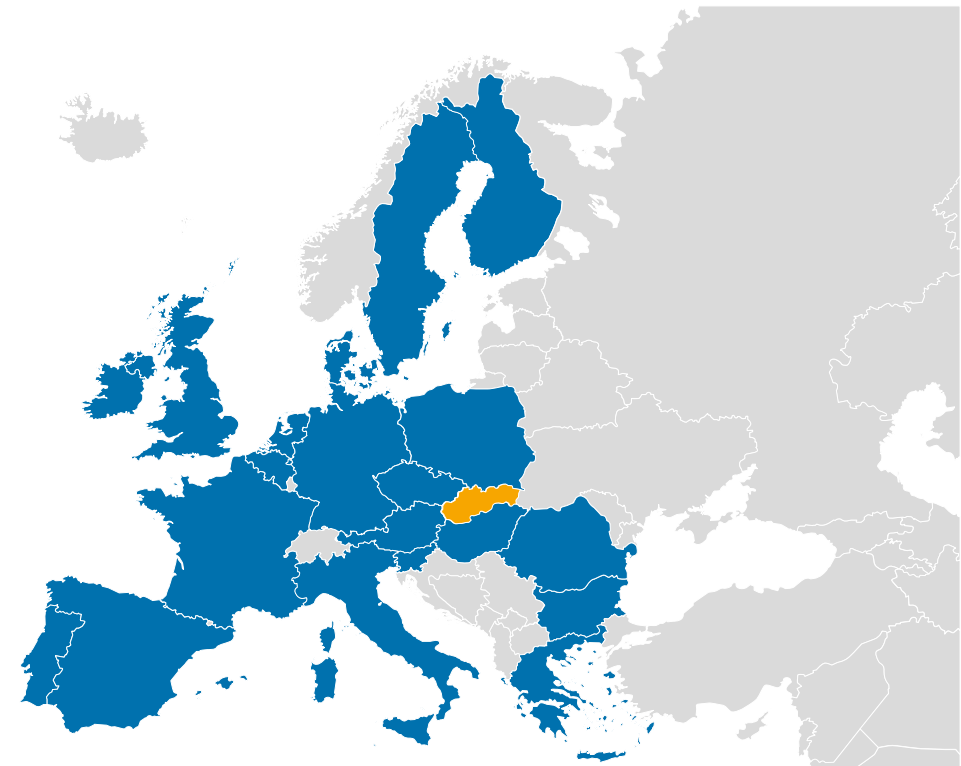
Prague



# SLOVAKIA HAS BEEN A MEMBER IN THE EU SINCE 2004

- ▶ **Population:** 5,400,000
- ▶ **Area (km2):** 49,035
- ▶ **Capital:** Bratislava
- ▶ **Language:** Slovak
- ▶ **Government:** Parliamentary democracy
- ▶ **Currency:** EURO
- ▶ Slovakia has adopted Euro in 2009 which reduces the currency exchange risk, lower transaction costs, increased economic and financial stability
- ▶ Slovakia has the highest labour productivity in CEE
- ▶ Strategy to **focus on R&D** activities (institutional cooperation, EU Funds, national incentives etc.)
- ▶ Fully integrated in international organizations like EU, NATO, OECD, Eurozone, Schengen, United Nations, World Bank, World Trade Organization, International Monetary fund

EUROPEAN UNION MAP



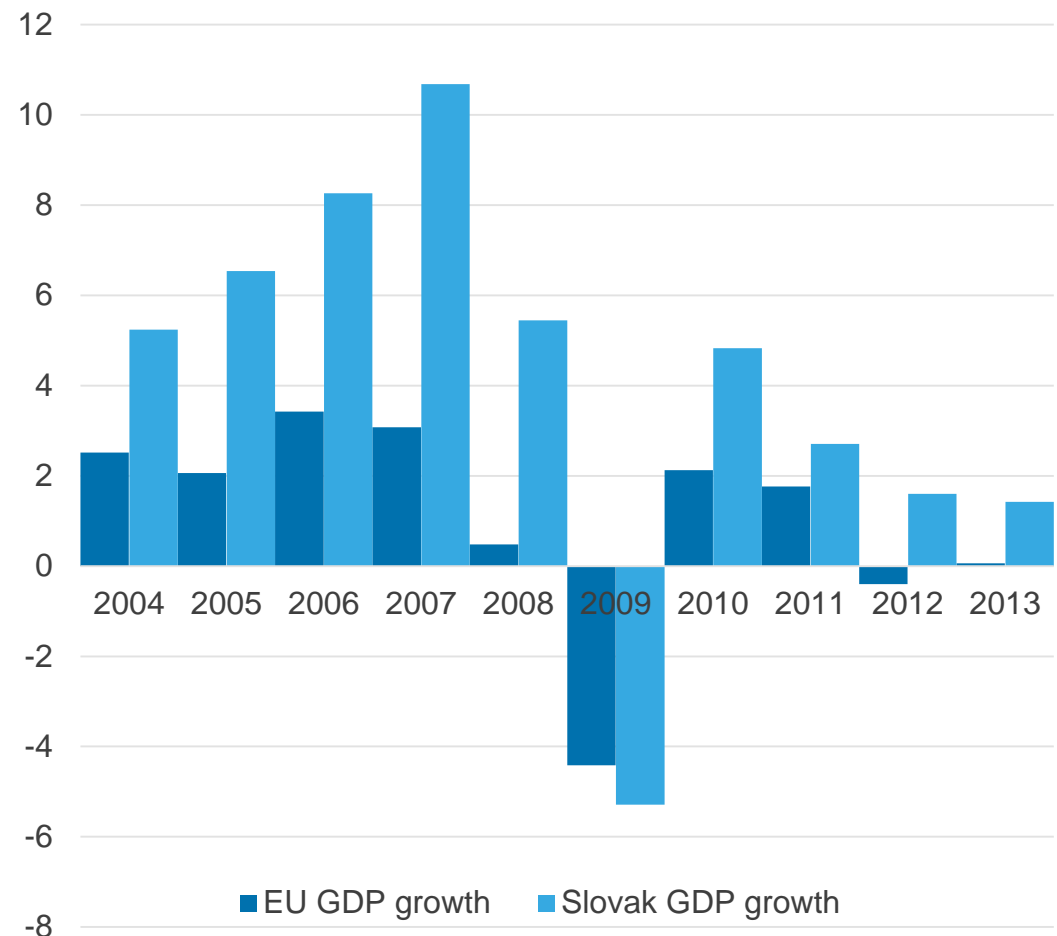


# SLOVAK ECONOMY HAS RECOVERED AFTER FINANCIAL CRISIS

## MACROECONOMIC OVERVIEW

- ▶ **GDP growth:** 2,9% (2012), 2% (2013)
- ▶ **GDP:** 73 593 MEUR (2013)
- ▶ **GDP per capita in PPP:** 75% EU avg
- ▶ **Inflation:** 1.4% (2013)
- ▶ **Unemployment:** 13,9% (2013)
- ▶ **Average Gross Salary:** 838 EUR (3Q. 2014)
  - ▶ Manufacturing: 888 EUR (3Q. 2014)
  - ▶ Financial and insurance: 1489 EUR (3Q. 2014)
  - ▶ ICT: 1 591 EUR (3Q. 2014)
- ▶ **State Debt / GDP:** 54%
- ▶ **Budget deficit / GDP:** 3%

## GDP GROWTH (%) IN SLOVAKIA 2004-2013

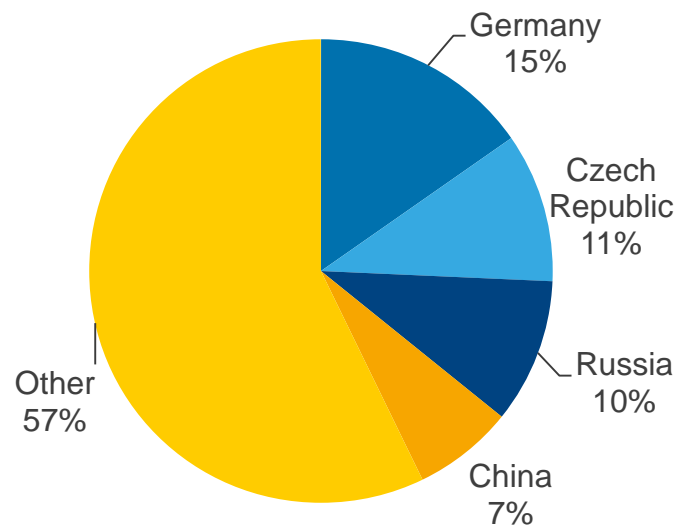


SOURCE: WORLD BANK, STATISTICAL OFFICE OF THE SLOVAK REPUBLIC

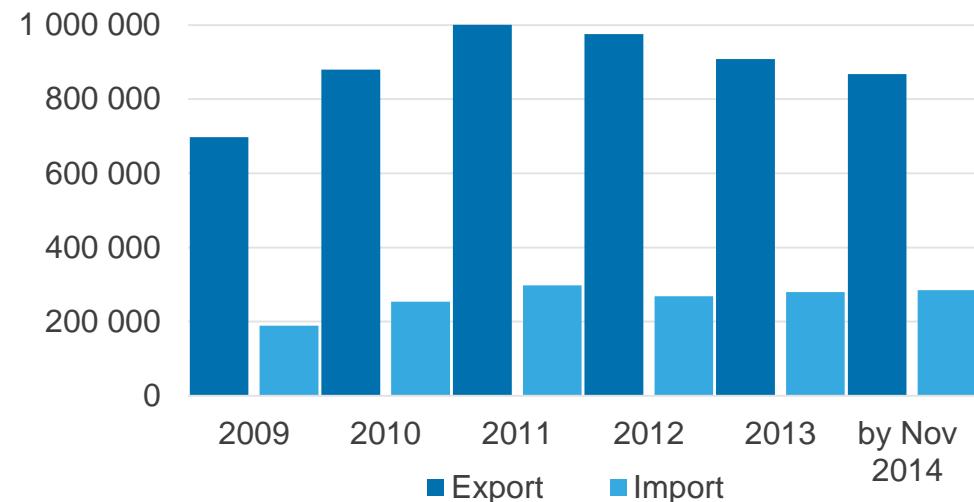


# GERMANY IS THE MAIN TRADE PARTNER, SWEDISH EXPORT IS RELATIVELY SMALL

GEOGRAPHIC COMPOSITION OF TRADE % (2014)



SWEDISH-SLOVAK TRADE (TSEK)



- ▶ Major trading partners are Germany followed by the Czech Republic, Russia and China (imports) while Germany, CR, Poland and Austria are largest export destinations
- ▶ EU countries account for 63% of Slovak imports and 83% of Slovak exports
- ▶ Main traded commodities: road vehicles, electrical equipment, power generating machinery, mineral fuels, iron and steel, optical, controlling and medical equipment
- ▶ Sweden accounts for about 0,5% of Slovak imports and 1,3% of Slovak exports; Slovakia has a long-term trade surplus with Sweden

SOURCE: MINISTRY OF THE FOREIGN AFFAIRS OF THE REPUBLIC OF POLAND, WTO

# 80 SWEDISH COMPANIES HAVE LOCAL ESTABLISHMENT IN SLOVAKIA – A NUMBER OF MANUFACTURING ONES

OTHER SWEDISH COMPANIES DOING BUSINESS IN SLOVAKIA THROUGH PARTNERS

Retail, Furniture	Automotive, Machinery
	
Services	Others
	

SOURCE: BUSINESS SWEDEN

## Local production activities





# THE MOST PROMISING SECTORS IN SLOVAKIA

- ▶ Key industry in Slovakia
- ▶ Volkswagen, PSA Peugeot Citroen, and KIA Motors have production and assembly plants
- ▶ Additional 316 tier 1-3 suppliers
- ▶ Employs over 80 ths. workers

## Automotive and Machinery

- ▶ The fastest growing industry since 2000, employing 12% of industry workforce
- ▶ Samsung, Whirlpool, Foxconn, Panasonic, Emerson has assembly or production lines

## Electrical engineering

- ▶ ICT employs over 45 ths people – approx. ½ programming.
  - ▶ ICT sector was 3 billion EUR in 2012 what represents 4.5% of GDP
- SW houses: Eset, Siemens  
Program and System Engineering,  
Asseco CE

## Information and Communication Technologies

## Shared Services Centres (SSC)

- ▶ Around 30 – 40 000 employees
- ▶ Main areas IT, Financial, Accounting, Technical helpdesks
- ▶ Companies like Dell, IBM, Hewlett-Packard, AT&T, Lenovo, Accenture, JCI, NESS, Amazon

## Wood processing industry

- ▶ SK belongs to the EU countries with the highest forest percentage (41%). 40% coniferous (25% spruce), 60% deciduous (31% beech)
  - ▶ Harvest btw. 9-10 mil m3
- Number of sawmills, pulp&paper (SCA Hygiene) and furniture (Swedwood) producers.

## Cleantech

- ▶ Many business opportunities especially in waste management, green building, efficiency in district heating systems



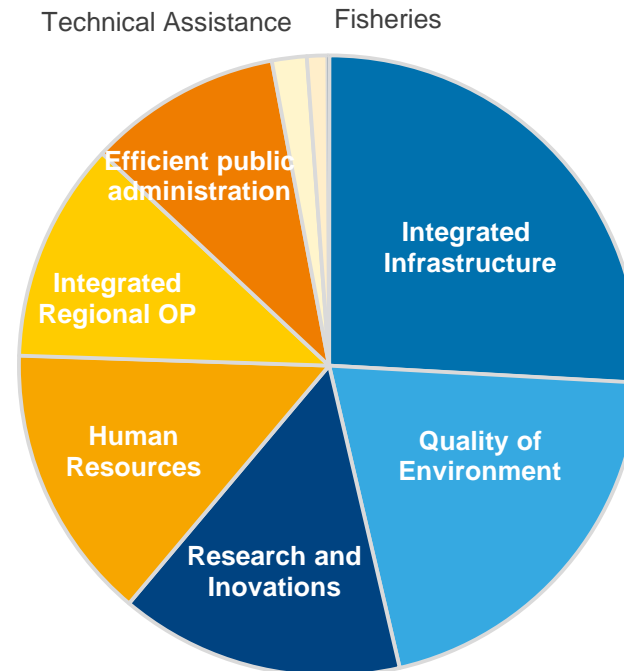
# EU FUNDS ALLOCATION OVER € 15 BN. IS ALLOCATED FOR 2014-2020

## Total OP budget: 2.1 bn €

- ▶ Over 150 km of reconstructed roads
- ▶ 134 newly created health care centres
- ▶ Almost 50% improvements of energy performance of residential buildings

## Total OP budget: 2.6 bn €

- ▶ ensure young people get the right skills that improve their employment prospects
- ▶ Help people in difficulties and those from disadvantaged groups to have the same opportunities as others to improve their study outcomes, find jobs and integrate into society.



## Total OP budget: 3.7 bn €

- ▶ Increased share of enterprises applying R&D&I by 10%
- ▶ 5 090 of supported new enterprises, out of which 1 362 start-ups or spin-offs

## Total OP budget: 4.66 bn €

- ▶ 56 km of reconstructed railway lines on TEN-T network.
- ▶ 104 km of newly built TEN-T roads.
- ▶ 27 km of new or improved tram lines.
- ▶ 78 pcs of new trams and trolleybuses
- ▶ Increased infrastructure of broadband internet

## Total OP budget: 4.3 bn €

- ▶ Waste management
- ▶ Wastewater treatment
- ▶ Flood protection
- ▶ Estimated annual decrease of greenhouse gas emissions is 713 000 t equiv. CO<sub>2</sub>
- ▶ Decrease of 279 million kWh/year in the total energy consumption by public buildings

# INVESTMENT INCENTIVES IN SLOVAKIA

## GOVERNMENT INVESTMENT AID

- ▶ Targeted at regions with high unemployment rate
- ▶ Eligible investments into **Industry, Shared Service Centers, Technology Centers, Tourism**
- ▶ 4 Forms of incentives: **Income Tax Relief** up to 10 tax periods, **Cash Grant** (paid ex-post, based on annual costs report), **Contributions on new jobs** (paid ex-post, based on annual costs report), transfer of state/municipal **property for a discounted price**
- ▶ Intensity: Up to 35% from eligible costs

## LABOUR CONTRIBUTIONS PROVIDED BY LOCAL LABOUR OFFICE

- ▶ Contribution for employing disadvantage job seekers, Contribution for graduate internships, Contribution for transportation to work, etc.

## GOVERNMENT INCENTIVES FOR R&D PROJECTS

- ▶ Scheme of tax deduction for companies performing R&D





# CONTACT US

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