



SLOVAKIA'S ECONOMY

overview-trends-outlook-needs-future



Financované Európskou úniou z Európskeho fondu pre integráciu štátnych príslušníkov tretích krajín. **Solidarita pri riadení migračných tokov.**



Quick overview

- on the crossroads of Europe
- member of EU, Schengen, NATO
- corporate income tax rate: 19%
- personal income tax rate: 19%
- VAT: 19%
- Withholding tax on dividends: 0%
- in need of sophisticated labour from abroad: IT specialists, science and technology, medicine, engineering
- in need to develop knowledge and value added economy
- need to change the structure of R&D expenses and start investing more into sophisticated areas with higher returns

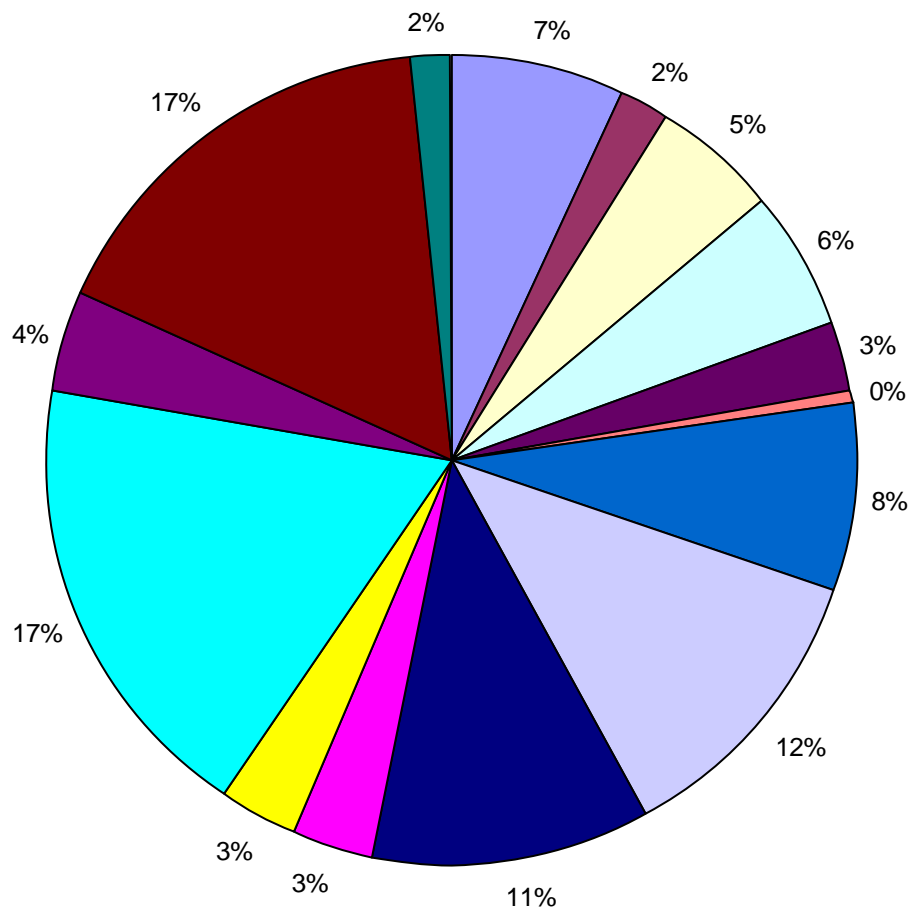


Industrial trends then and now



- Slovakia prides itself on the industrial heritage. Primary focus in **past** was given on **metallurgy and mining**. With changing trends and influx of foreign investors this has changed.
- Key sectors of the economy are **automotive industry, electro-technology, engineering and wood processing**
- Over the last 6 years, a large number of the key global corporate players have targeted Slovakia for investment. Significant projects have been announced in the automotive and electronics industry, including companies like KIA, PSA Peugeot Citroen, Samsung and Sony. Their arrival has attracted a large base of their suppliers to Slovakia.
- **Success stories: Alcatel, DELL, Delphi, Deutsch Telecom, EdF, Emerson Electric, EON, Gaz de France, IKEA, Heineken, Hewlett Packard, Johnson Controls, KIA, Lenovo, Panasonic, PSA Peugeot, Motorola, Orange, O2, Rodamco, RWE, Samsung, Siemens, Sony, Tesco, US Steel, Volkswagen, Whirlpool**

Industry's structure in August 2009



- grocery, beverages and tobacco products
- textile, clothing, leather and leather production
- wood, pulp and paper industry, printing
- production of coke and refined crude oil products
- production of chemical products
- pharmaceutical production
- rubber, plastic and non-metallic products
- production of metals
- computer, electronics and optical products
- production of electric devices
- machinery products
- production of vehicles (car industry)
- other manufacturing, repairing and installation
- electricity, gas, steam and cold air delivery
- water delivery; sewage, waste treatment services

Basic economic indicators

GDP growth in % Unemployment rate Average salary in EURO

2005	6.5	16.2	573.40
2006	8.5	13.3	622.75
2007	10.4	11.0	688.72
2008	6.4	9.6	723
2009	-2.6 (forecast)	11.6 (august 2009)	721.25 (first half of 2009)

Regional comparison 2008 figures

GDP growth in % Unemployment rate Aver. salary in EUR

Bulgaria	6.0	5.4	277.82
Romania	7.3	5.9	490.43
Hungary	0.5	8.5	820.69
Croatia	2.4	8.2	1083.63
Czech Rep.	3.1	4.7	944.72
Poland	4.9	7.0	866.05
Ukraine	2.1	6.5	243.09

Average salary vs. average spendings



Average salary per sector 2Q 2009:

SLOVAKIA

Agriculture: 557,54EUR

Industry: 745.34EUR

Construction: 557.28EUR

Wholesale, retail: 733.04EUR

IT technologies: 1341.25EUR

Financial and insurances: 1544.98EUR

Science and technology: 910.48EUR

Public services: 961.99EUR

Education: 636.70EUR

Health and social services: 657.03EUR

Arts, entertainment: 554.28EUR

Average spendings of the household

Slovak household: 900-1000EUR/month

Romanian/Bulgarian/Serbian household: 400-500EUR/month

Czech/Croatian/Polish/Hungarian household: 900-1000EUR/month

Ukrainian household: 214EUR/month

Percentage of the total spendings on grocery/month

Slovak/Czech household: 20%

Romanian household: 41%

Ukrainian: 54%

- grocery, living, energy and transport: 48%-70% of monthly spendings
- the lower the incomes the higher the expenses into these items

Source: RegioPlan Consulting



Labour market development

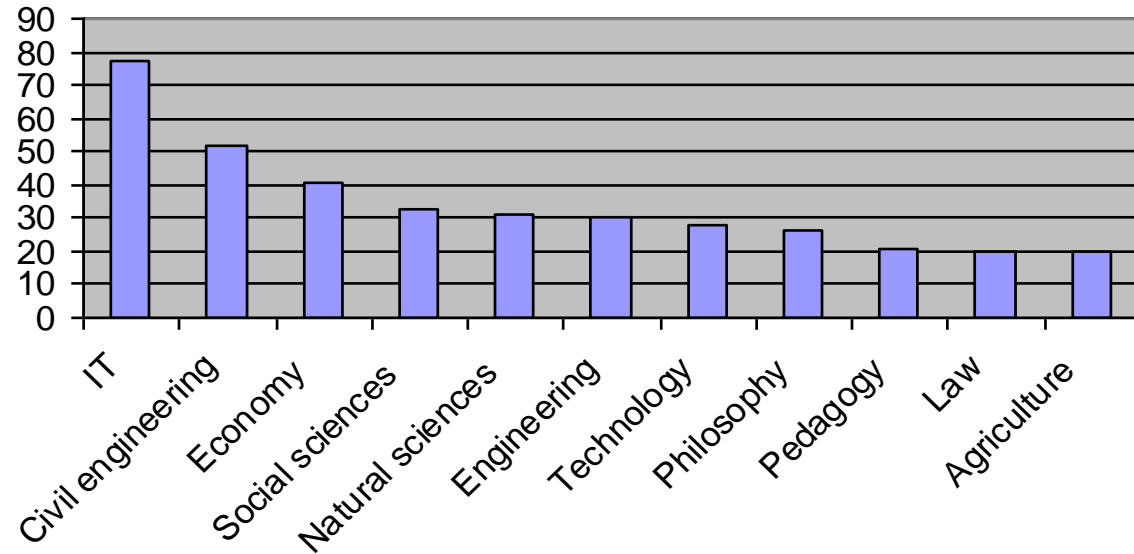


- labour costs will increase
- higher number of labour over 60 years of age
- no lifetime jobs (average no. of jobs per life - 5)
- higher spendings on employee education
- higher labour mobility
- unemployment rate in Slovakia is unlikely to fall below 5%
- need for new professions: alternative energy sources specialist, new technologies analyst, coordinator, personal trainer (free time), life management specialists, scientists, life prolongation medicine – doctors, specialised craftsmen

Increasing needs



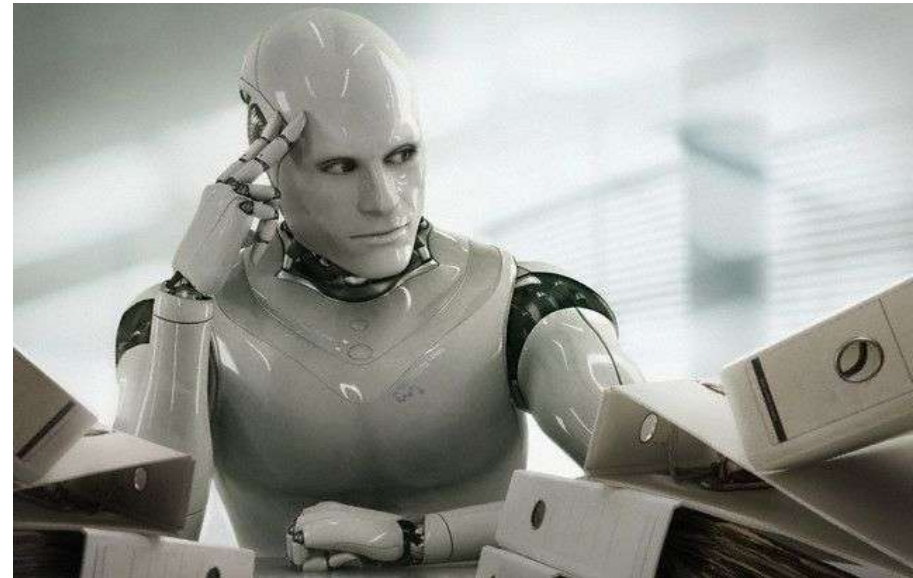
Index of employers interest per faculty



- infrastructure and public sector services,
- new energy and eco sources
- complex offer of free time activities
- special healthcare services
- information technologies
- education and knowledge activities
- personality development services
- new services related to global change (teleservices – telecentres)

Progressive technologies – sound of the future

- Main aim of the knowledge-based economy is to bring Slovakia on par with technologically developed countries. The government strategy presupposes development in the following areas:
 - innovative medicine
 - nanoelectronics
 - intelligent systems
 - aeronautics and air traffic navigation
 - hydrogen and fuel cells
 - photovoltaics
 - new food technologies/biotechnologies



Pooling qualified people to meet market needs

Thank you for your attention

Peter Barecz,
Economic Development and Market Needs



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