

Newsletter

Slovak Investment and Trade Development Agency

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Industrial parks are on demand again

After a two year break industrial parks are starting to register increased interest of foreign firms in investing in Slovakia. Representatives of the town of Myjava are currently in talks with four investors that could start production in the local industrial park Javorinska. The companies are active in machinery and plastics production and could hire 150 workers. At the moment a new operation of Belgian firm CPN Invest is being built in the area. Currently four companies are active in the zone, employing 550 people. Industrial park Detva – Trstena is also in talks with a potential investor. The firm could create 50 new jobs in the area.

Expansion plans

TRW Steering Systems Slovakia, a part of the US TRW Automotive Holdings, announced plans to expand its plant in Nove Mesto nad Vahom. The investment could create 250 new jobs over the next three years. The TRW plant in Nove Mesto nad Vahom currently produces automotive steering servo-mechanism systems and employs 400 people.



Ecological investment

The company Bucina DDD Zvolen will invest around €50m in the next three years, of which roughly €18m should go to environmental projects. The investment should help double the production of particleboards and decrease solid, gas and smell emissions from the plant's drying unit, as well as reduce the noise from selected facilities. The investment should produce around 50 new jobs. Currently the firm employs 265 people.

European center of support

Hewlett-Packard (HP) Slovensko opened a new Revenue Solution Center in Bratislava. The company did not publish the value of the investment. The center will employ 50 IT people. Further expansion is likely according to HP representatives.

Automotive industry news

Volkswagen (VW) Slovakia by 2014 will increase employment levels by more than 3,000 jobs. VW Slovakia officially introduced its New Small Family car line in June 2009. The €308m investment will create 1,500 new jobs directly at the Bratislava plant. The first VW, Skoda, and Seat vehicles will be produced in 2011. Full production capacity is expected in 2012. In total the output in VW Slovakia should grow to 400,000 cars per year.

Trnava carmaker plant PSA Peugeot Citroën plans to expand production that should bring about as many as 1,000 new jobs. At the moment the carmaker employs 3,000 people. Last year the carmaker made 205,000 vehicles. This year's production should be below 200,000.

Kia Motors Slovakia produced 207,400 cars in the first 11 months of the year, which represents over a 50% growth y/y. Currently, Kia produces five car models and SUVs account for more than half of the total production. The production of engines grew 31% y/y to 291,035. In 2010 the plant hired more than 100 new employees. The recruitment will continue at the start of next year when the plant will hire another 100 workers.

Shopping center in Senica

The construction of Eco shopping park was launched in the town of Senica. The project will bring retail premises totaling 15,270 sqm. Miroslav Vepý, the representative of the investor company Reality Trade, said that a half of the premises were already contracted. The only officially confirmed tenant is retailer Billa, which will take over 5,000 sqm. The construction of the project for roughly €15m will be realized in two stages and the whole park should be completed in September 2012.

German mother, Slovak daughters

German company Bodet & Horst is expanding via its Slovak subsidiary Bodet & Horst mattress ticking Verwaltungen, which produces mattress coverings. The senior subsidiary of Bodet & Horst has been active in Vrbove for five years now and employs 450 people. After the government approved €5.5m in investment incentives for this project, the overall investment will come to €14m. The firm should create around 150 new jobs by the end of next year.

Dump site expansion

The company Spolocnost Saris, a subsidiary of Danish waste management firm Marius Pedersen, plans to expand a waste dump in the village of Raznany near Sabinov. The firm is also considering a composting unit and a waste collection yard with a sorting line. The company expects costs for the broadest variant of the investment to come to roughly €7.2m. Another subsidiary of the Danish firm, Spolocnost Stredne Povazie, plans to expand the waste dump near Dubnica nad Vahom and build a unit for the recycling of biologically decomposable waste. Investments should come to €4.12m.

New hall

The company Volz Filters SK plans to build a new hall for the production of filters for €13m in the industrial zone between the town of Martin and the village of Sucany. The plant should employ 300 people by 2015.

Among the fastest

The Slovak economy will be among the fastest growing in the EU in 2010 according to the European Commission. In its autumn prognoses Brussels increased its estimate of this year's GDP growth in Slovakia from 2.7% in the spring to 4.1%. Only Sweden is expected to grow faster (+4.8%). However, next year under the influence of the consolidation measures, Slovakia's economy should slow down to 3% and subsequently accelerate to 3.9% in 2012.

Among the best

Slovakia is still among the top 30 countries in IT offshore services, according to an analysis prepared by the company Gartner. The firm evaluated states based on 10 criteria. The results of the survey suggest that crucial factors include language and expert skills that people in Slovakia possess. Other benefits include the country's EU membership, political stability, and compared to other eastern and central European states, also the fact that software piracy is not widespread.

Improvement of the business environment

The Economy Ministry (EM) prepared 25 points that should be adopted in order to improve the business environment. Among other issues the EM proposes introducing unified office hours for public administration authorities. It also wants to cut the minimum basic capital of Ltd. companies to €1. Important business legislation, such as on income and payroll taxes, will be revised just once a year, changes taking effect as of January 1. The EM will also try to push through increasing level for the duty to pay advance payments for income taxes. The EM wants to realize all necessary steps in the course of next year.



More expensive gas

Natural gas prices will grow 4.47% next year, decided Utilities' regulator URSO. The regulator started the proceedings on the new price at its own initiative. Usually it only approves the prices proposed by gas utility SPP. SPP was demanding a 13% price hike for 2011 due to the weakening of the euro. This is also why URSO decided on the price hike. SPP buys gas in US dollars but sells it for euro. Compared to expectations, the euro weakened by more than 12%.

Parliament news

Parliament approved the state budget for 2011. The deficit should come to 4.9% of GDP, as opposed to nearly 8% this year. Analysts regard the budgetary goal as achievable. Finance minister Ivan Miklos said that Slovakia is up for a major recovery in public finances next year.

MPs approved a revision to the Act on Income Tax which abolishes several tax exemptions. The revision also unifies flat expenditures of self-employed to a single rate of 40%. Tax break for the third pension pillar is being canceled too. The revision also hikes the excise tax on tobacco products. This measure should bring in an additional €15.9m to the state budget in 2011, and €21.2m in 2012. The revision aims to satisfy the EU requirements and gradually increase the tax rate to the level of at least 60% of the average price of cigarettes by 2014. In 2011 and 2012 firms will pay a newly introduced 80% tax on emission quotas for the unused emission limits they received.

Parliament passed a new act based on which all contracts signed by the state or municipalities will be published on web. If contracts are not published, they will not be valid. The state and municipalities will also have to publish all orders and invoices. MPs deleted from the government's draft a provision that each contract with the state can be cancelled within ten days with no reason given.

MPs approved the revision to the Act on Support of Renewable Energy Sources. The revision limits support for electricity produced at photovoltaic power plants, reducing the impact that would be caused by the excessive installation of photovoltaic power plants on final energy prices. The revision will enable utilities' regulator URSO to decrease the feed-in tariff for electricity made with renewable sources by more than the currently allowed 10% annually.

How much do we make?

The average start up wage for secondary school graduates without work experience is €595. In the case of university educated people it is €796, according to the poll Pay Well 2010 conducted by the company PwC on 269 firms in Slovakia. The poll showed that the highest start-up wages are paid to pharmacists. If they have a university degree they receive more than €900. The poll also showed that as many as 59% of employers revise start-up wages already after three months of work. On average they increase them 11.1%. Most of the time wages are increased once a year. When increasing the wages 75% of firms look at inflation. Firms now expect to slow down the wage growth.

How is our life?

Slovakia is among those states with a very high level of human development. According to the latest Report on Human Development, prepared by the UNDP, the country ranked 31st, tightly behind the Czech Republic and Slovenia. The overall leader is Norway and the worst conditions are in sub-Saharan Africa. Hungary ranked 36th and Poland 41st.

Confirmed rating

Rating agency Standard & Poor's confirmed Slovakia's credit ratings on the current level yesterday. S&P did so in spite of doubts that the government would not manage to cut the deficit to under 5% of GDP in 2011 and below 3% in 2012. The agency kept the country's long-term liabilities' rating on the level of A+ and the short term at A-1. The outlook is stable. "Slovakia's ratings reflect our view of the decent potential of economic growth and the fact that government debt is low," stated S&P.



New CEO of SARIO

On December 3rd 2010 Juraj Miškov, Minister of Economy of the SR appointed Ing. Róbert Šimončíč, CSc., to the position of new Chief Executive Officer of the Slovak Investment and Trade Development Agency. He will replace Ing. Andrea Gulová, whose assignment of SARIO CEO ended on December 6th, 2010. Róbert Šimončíč, 53, graduated from the Slovak Technology University, Department of Informatics where he also received his academic title. After his studies he worked in the Institute of Computer Technology. Since 1988 he worked in IT sector in the U. S. and from 1994 he started to work in management and business consulting. He was worked for companies PricewaterhouseCoopers and IBM. From 2001 until 2008 he served as the CEO of Microsoft Slovakia. In 2008 he became the Microsoft Regional Director for Central and Eastern Europe. From June till August 2010 he was Assigned Chief Executive Officer of SARIO.

Norwegian business mission

Prešov Self-governing Region in the cooperation with the Embassy of the SR in Norway and the Slovak Investment and Trade Development Agency (SARIO) organized business mission of Norwegian companies in Prešov. The presentations of the Slovak and Norwegian institutions and companies were delivered to about 40 participants active in the regional development, scientific and educational activities as well as the business activity. This event followed up after the Norwegian – Slovak business forum which took place on June 10th, 2010 in Oslo as well as the visit of the Norwegian royal couple in the Slovak Republic in October 2010.

Project meeting AUTOCLUSTERS

Vladimir Svac, Strategic Development Manager of SARIO and Štefan Chudoba, Director of the Automobile Cluster Western Slovakia took part at the 5th meeting of project partners which was a part of the international project AUTOCLUSTERS focused on creation of the first cooperation and innovation network for the automotive industry in the South Eastern Europe Region. The event was sponsored by the Technology University of "Gheorghe Asachi", Iasi, Romania and the participants were from Italy, Hungary, Bulgaria, Croatia, Serbia, Slovenia and Romania. SARIO representative introduced "small innovative pilot project" focused on infrastructure analysis for electric cars in the South Eastern Europe Region aiming to map and identify current potential of project partners regions from the point of view of infrastructure for electric cars. Automobile Cluster Western Slovakia with the seat in Trnava is the leader of this international project. The main idea of this project is to create better connections and close networking with the foreign partners in the R&D and innovation in the automotive industry.

More about AUTOCLUSTERS project:
www.autoclusters.eu

***Merry Christmas and
A Happy New Year 2011!***



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