

Newsletter

Slovak Investment and Trade Development Agency

September
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S A R I O

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and Trade Development Agency

State aid

The government will support investments of the companies Embraco and LVD S3 with roughly €9.9m. The firms should create around 550 new jobs. Brazilian producer of compressors Embraco should gain €6.5m, of which €2.3m will be in the form of tax relief. The company plans to produce new types of compressors at its plant in Spisska Nova Ves, a project worth around €13.5m. Subsidiary of Belgian company LVD S3 should get €3.44m to build a plant for the production of machines for metal working in the town of Tornala. The investment of the firm, which supplies software and machines used in metal working, represents €6.88m.

New production and storage facilities

The company Hansol LCD Slovakia plans to build new production and storage facilities in Voderady near Trnava. Next year 160 jobs should be created. Already now the producer of components for LCD modules employs 1,500 people. The company did not specify the value of the investment. The investor plans to launch the construction work this year, and the date of completion and installation of technologies, together with the launch of production, is planned for next year.

Production expansion, new jobs

The company Foxconn, which took over the Slovak Sony plant in Nitra, as well as the Presov based company Draka Comteq, will generate new jobs. This is thanks to expanded production at both firms. At the moment the Nitra plant is working on the preparation of three new production lines for making TV set models with a new type of LCD screen. From January 2011 Foxconn should hire 200-300 new workers each quarter. When taking over the Sony plant in Slovakia Foxconn announced a growth of output and the hiring of as many as 500 new workers. Currently the firm employs roughly 2,800 people in Slovakia. Draka Comteq in Presov plans to build a new production hall. The machinery and electro-technical producer currently employs 60 people. The new investment that should be completed at the start of 2011 could potentially double the number of workers.

Levoca is expecting

Two industrial zones in Levoca are expecting new investors – two foreign and one domestic company. In total they should employ up to 300 people. A Swedish company will deal with the production of lighting, a local firm will deal in machinery, and the other foreign investors will produce components for the supplier to European airplanes producer Airbus. The three firms will be based on the former Levoca machinery plant estate. The municipality gained a grant from EU funds worth €8m to re-build the 8 hectare large area.

Plastic tubes

The plant of the company Tubex Slovakia in Zarnovica, which produces aluminum tubes for the food,

technical, and cosmetics sectors, has started producing tubes from plastics as well. It invested around €300,000 into the respective production technologies. The firm employs around 160 people and the new investments will create another 20 jobs.



Dutch sweets from Levice

Dutch firm Leaf International will close down the production of hard candy in Denmark and the new technologies for their production will be installed at its plant in Levice. Production should be launched in April 2011. The project will produce 53 new jobs.

Continental will be expanding

One of the biggest global automotive suppliers – German Continental – plans to expand significantly its plant for the production of car brakes in Zvolen. The local firm Continental Automotive Systems Slovakia has already started specifying the individual steps in the expansion process. One of the biggest parts of the investment for roughly €7m is expected to go into the new galvanizing line. The project will create more than 30 new jobs.

Changes in Slovak tax system

The coalition partners agreed that the basic VAT rate will temporarily increase as of next year from the current 19 to 20%. It will be effective until the public finance deficit drops below 3% of GDP, which is expected in 2013. The hike should bring in revenues worth €160m annually. Medications, books, and medical devices will still be charged with a lower 10% VAT rate. However, the preferential 6% rate for yard sales will be cancelled. The coalition also agreed to increase the excise tax on cigarettes and beer. The flat expenditures for sole traders will be unified at 40%. The payroll tax ceiling levels will not be increased and will not be paid from agreements on work and temporary work. Health insurance should be paid from all income, including dividends. The exceptions in taxes and write-offs will be cancelled, i.e. advantages in the case of the third pension pillar. The government also wants to save at least €900m in expenditures. These steps should help cut the public finance deficit by €1.7bn next year.



Slovakia significantly higher than its neighbours

Hong-Kong was evaluated as the most economically free country, having gained 9.05 points on a 10 point scale, stated the Canadian Fraser Institute in this year's economic freedom report. Slovakia and Luxemburg placed 16th with 7.60 points, considerably ahead of the neighboring states. Hungary was 28th (7.44 points), the Czech Republic 46th (7.19 points), and Poland 69th (6.60 points).

(FM) improved the outlook of this year's GDP growth to 4% from the previous 3.2%. Next year the growth of the Slovak economy should slow down to 3.3% according to the new forecast. After that, in the next few years it will accelerate to more than 4%. The improved outlook is based mainly on the accelerated recovery of Slovakia's trade partners, which will boost the country's industrial production and exports. This and next year the economy should mainly profit from foreign demand and re-stocking, and from 2012 a recovery in domestic consumption is also expected.

IT sector is expanding

Large IT firms in Slovakia plan to hire roughly 500 people this year. US corporation Hewlett-Packard is looking for experienced IT professionals for its support centers. Producer of anti-virus systems Eset is hiring people to its headquarters in Bratislava. It should increase the number of employees by a fifth. Employees will also be hired in the company Dell. Finally, Chinese computer producer Lenovo is opening a new HR center.

HP 270 jobs
Dell 100 jobs
Eset 100 jobs
Lenovo 30 jobs

Changes in export

1H of 2010 shook the chart of Slovakia's biggest exporters. The data of the statistics office SU say that the Samsung plant in Galanta still holds first position from last year, but by the end of this year the situation could be different. The output of cars at the Slovak Volkswagen plant grew 43% y/y, transmissions going up by two thirds, and components by 63%. The carmaker ranked second in the chart. Zilina based Kia Motors became the third biggest exporter. In 1H of 2010 it recorded roughly a 67% growth in production. After a year, U.S. Steel Kosice made it into the top five but the management of the steel mill would not comment on the improvement. A big comeback was also recorded by the Continental Matador Rubber plant from Puchov. It returned to the top 10 after two years.

Slovakia is attacking top rankings

The European Commission (EC) steeply increased its GDP growth forecast in the euro zone for this year to 1.7% from the original expectation of 0.9%. The economy of the EU as a whole should grow by 1.8%, while the original prognosis expected 1.0%. In its report, the EC does not specifically mention the estimated growth in Slovakia, though. "With regards to the results of Slovakia's economy in 1H (GDP grew 4.7% y/y in real terms) there is justified reason to expect that Slovakia will be attacking the leading position in this year's economic expansion," thinks Volksbank Slovensko analyst, Vladimir Vano. The Finance Ministry

Reinforced position in Turkey

Energy machinery firm SES TImace is strengthening its position on the Turkish market. In August it signed a contract with Turkish firm 3S Enerji ve Maden Uretim for the supply of what is now the third boiler. The value of both contracts comes to €120m.

Shanghai negotiations might bring new investment to Slovakia

Mrs. Andrea Gulova, assigned CEO of the SARIO Agency, during her ten-days Asia business trip in the company of the Minister of Economy and Construction of the SR Mr. Juraj Miskov and as a member of the official delegation of the President of the SR in Shanghai, took part at several business meetings. The Minister of the Economy and Construction of the SR after the meeting with the Vice President of the Shanghai Chamber of Commerce Wang Liem said: *"We already participated at many successful meetings with different Chinese companies that showed their interest to invest in Slovakia."* According to Minister Miskov the interested parties might come into automobile and food processing industry as well as tourism. The negotiations at the Shanghai Chamber of Commerce were followed by the Slovak – Chinese Business Forum. Commercial Counselor in Shanghai coordinated preparation of this event based on the requests and profiles of Slovak companies looking for business and cooperation partners in the energy, construction, food processing, machinery industries, tourism and others.



Hong Kong is an inspiration for Slovakia

Mrs. Andrea Gulova, Assigned CEO of the SARIO and an official member of the delegation of the Minister of Economy and Construction of the SR Mr. Juraj Miskov, took part at the meeting with the Vice Minister for Trade and Economic Development of Hong Kong Mrs. Yvonne Choi Ying-pik. *"Just like Hong Kong is considered to be the gateway to Asia, Slovakia might become the gateway to Europe"*, said the Minister of Economy and Construction of the SR Mr. Juraj Miskov at the meeting with the Vice Minister for Trade and Economic Development of Hong Kong. The representatives of both countries stressed their similarities – Slovakia and Hong Kong are small and open economies dependent on the export of their products. The Minister and the representatives of Slovak companies met also with the representatives of Hong Kong Trade Development Council and Mr. Miskov also participated in the negotiations with the representatives of Hong Kong companies that presented their interest in investing in Slovakia especially into telecommunication and aviation industries.

Business seminar in Macao

The Business Seminar on trade and economic cooperation was organized as a part of the presidential visit of Macao with the participation of the

Secretary of the Minister of Economy and Finance of Macao Mr. Francis Tam and the Minister of Economy and Construction of the SR Juraj Miskov; as well as with the participation of Slovak businessmen and the representatives of business subjects from Macao and the Chambers of Commerce active in this territory. The President of the Macao Trade and Investment Promotion Institute (IPIIM) Mr. Jackson Chang and Mrs. Andrea Gulova, Assigned CEO of the SARIO agency presented their respective countries. Mrs. Andrea Gulova in her speech stressed the advantages of investing in the SR; she presented the tax system, the strongest sectors of the economy and the government support to investment projects. Since the mutual trade balance of Slovakia with Macao reached very low numbers – about 1,236 thousands EUR in 2009; she welcomed this opportunity to intensify the cooperation with the partnership organization IPIIM to develop mutual trade. Just like Hong Kong, also Macao might become not only attractive territory for export but also the gateway for Slovak companies to Chinese market.

Slovak – Cambodian business forum

In Phnom Penh, the capital city of Cambodia, the Minister of Economy and Construction of the SR Mr. Juraj Miskov and the Minister of Trade of Cambodia Mr. Cham Prasidh participated in the opening of the Slovak - Cambodian Business Forum. Mrs. Andrea Gulova, Assigned CEO of the SARIO agency presented the investment environment of the Slovak Republic, mutual trade balance and development milestones that Slovakia had reached from its establishment. The General Deputy of the Slovak Chamber of Commerce and Industry (SOPK) Mr. Martin Hrivik and the President of Cambodia Chamber of Commerce Mr. O. K. Meng delivered speeches. Over 80 representatives of Slovak and Cambodian business subjects participated in the business forum. With regard to the fact that Cambodia is one of less developed countries, its export is without imposed duty and this might be one of the advantages for potential Slovak companies that would decide to invest here. The export is mainly textile although at the meeting with Mrs. Gulova they also expressed wish to import different goods from Slovakia; mainly it would consist of import of Technologies, machines and equipment for agriculture, foodstuffs processing etc.

SARIO on social networks

The Slovak Investment and Trade Development Agency (SARIO) joined social networks Facebook, Twitter, LinkedIn and YouTube. According to Mrs. Andrea Gulova, Assigned CEO of SARIO, the agency wants to inform public about SARIO activities, simplify and intensify the communication and create new space for addressing potential investors, or people interested in trade with Slovak companies also through these means of communication. Published information will be updated regularly.

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