

Newsletter

Slovak Investment and Trade Development Agency

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*Interest of investors
in Slovakia is growing*

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Interest of investors in Slovakia is growing

Increasingly more foreign investors are becoming interested in Slovakia according to economy minister Juraj Miskov. "There could be two reasons for this – one is improvement of economic conditions, and the sounding off of the crisis. The second comprises the clear signals that this government is sending to investors that we are really serious about improving the business environment in the country," said Miskov. Ministry of Economy is already working on a revision to the Act on the Provision of Investment Incentives. The revision should include more transparent conditions for incentives so that subjective elements in the process are eliminated as much as possible. The goal is also to place investments into regions with higher unemployment and support to investments with higher added value.

Investment incentives

In eight years Slovakia approved investment incentives worth almost €1.2bn. According to a report of the Economy Ministry, Slovak governments supported 108 investment projects worth over €6bn, thanks to which almost 41,000 new jobs were or will be created. The highest number of approved investment projects was recorded in 2006, representing 44% of the total number. The state approved the biggest sum in the form of funding for the purchase of long-term tangible and intangible assets (totaling almost €550m). The largest number of supported projects was located in the Kosice region (24) and the lowest in Presov region (5).

Production growth

The company Fagor Ederlan Slovensko launched an investment into increasing its production capacities by 40%. It also plans to hire tens of new employees. Compared to 2009 the firm, which supplies aluminum casting to carmakers such as VW Group and General Motors, posted an almost 50% growth in output. Other firms are also speaking about growth. Kosice based Handtmann Slovakia hired 25 people in the past few months thanks to new investments. CRW Plasticos is also speaking about new projects. The company Hanil E-HWA Automotive Slovakia will start supplying parts for the VW Family UP car models in Bratislava this year, as well as for the Hyundai plant in the Czech town of Nosovice. The company will also prepare for the launch of the new Kia Ceed car.

Finnish investment

Finnish metallurgy group Ruukki is planning to invest about EUR 6 million in its plant in Holic in western Slovakia. The company wants to install a surface finishing technological line in the plant where it produces cabins for mobile equipment. "The operation of surface finishing of cabins is currently carried out by external contractors. Since this kind of cooperation did not benefit and the company and was not effective, the management decided to establish its own new line for surface finish work," the company reasoned its investment plan, which has been submitted for Environmental Impact Assessment. This investment should secure twenty new jobs in the Skalica municipality. Ruukki wants to start implementation of the project next year.

Steam gas for half of the city

Private investor Mestska elektraren will finance the construction of a combined cycle power plant, which should be built this year in Nitra. It will supply a half of the city with energy. The plant's annual output will be 54 MW, while the whole of Nitra needs 90 MW per year.

Skoda car from Bratislava

Czech carmaker Skoda plans to launch serial production of a new small car with an unofficial price of roughly €7,200. The car will be unveiled at the auto fair in Frankfurt, and will be made in Bratislava. Skoda Auto should sell 100,000 of the cars a year. To date the concern has lacked a small car and with the new vehicle the carmaker is entering a completely new segment. The final shape of the car has not been published as yet. In August this year the VW plant in Bratislava will also start assembling the smallest VW cars and in October it should also start finalizing small Seat cars.

SPP plans to invest

The group of gas utility SPP group plans to invest €20m in connection with implementing the so-called third liberalization energy sector package. As part of the package's implementation, the company Eustream (100% subsidiary of SPP) will mainly invest into IT. The third liberalization package is currently being prepared and should be implemented by April 2011. The SPP group also plans further investments worth €110m. The money should be invested by another 100% subsidiary of SPP, the company SPP-distribucia, mainly into the distribution network.

TVsets made in Slovakia

Following AU Optronics and Samsung, the competitor Foxconn (last year, it took over SONY plant in Nitra) is also launching a large investment. This year it plans to increase the production of TV sets by half. Employment at the Nitra plant should grow by 30%. Around 900 people should thus find jobs there. Last year the plant made 3m TV sets. At the end of last year Samsung announced the creation of another 1,000 jobs. In April production should start at the new AU Optronics plant in Trencin. The company should create around 3,000 jobs. In 2010 alone Slovakia exported almost 11m TV sets to markets in Europe.

Mini-brewery

Company Sawpi plans building a mini-brewery Martpils in Martin, where it should produce around 6,000 hectoliters of beer per year. The former brewery in Martin was closed in 2003 and Heineken is now producing the Martin beer in its other plant in Hurbanovo.

Brownfield

The construction of the brown field industrial park in Levice will start in March. The 18,200 sqm park will be created with the help of EU funding worth €9.3m, which represents 95% of total costs. The municipality will contribute with 5% (€489,000). Following the reconstruction of the area, the municipality wants to rent the halls to two Slovak machinery firms that will employ 110 people. The well-established companies Roez from Levice and Hadvicak from Banska Bystrica want to expand their activities here and aim to rent the premises for 15 years. The town of Levice already has one successfully operating industrial park – the Industrial zone Levice – South, where several foreign investors set up their operations.

Factory expansion

Following expansion, the company Delta Electronics could hire 1,000 new employees for its plant in Dubnica nad Vahom. The firm wants to invest €10.5m into the construction of new production, storage, and administrative space. The decision on the investment will be made within 1-2 months. The plant currently employs 850 people. Construction work should be launched in March this year and should be completed in January 2012.

Investment to cellulose

Wood processing company Bukoza Holding plans to invest €30m, which should help create 300 new jobs. Bukoza is working on launching the production of pulp derivatives such as dust and micro-crystal cellulose. The group is also considering diversifying its portfolio through the production of viscose pulp and personal hygiene products. The investment should increase the group's annual sales by roughly 30%. In addition to the new investment plans Bukoza Energo wants to launch into service a reconstructed boiler for burning biomass with an hourly output of 130 tons of steam. The boiler will thus become the biggest energy source in Europe that burns biomass.

Eurovea is supposed to be number 2

The real estate project Eurovea in Bratislava will expand. The second stage of construction work should be launched immediately after stabilization of the first part. Representatives of Ballymore Group, the investor of the center on the bank of the Danube river, said that the economy supports further development of the project. Eurovea would thus become the second largest project of its kind in the country rather than the third largest at present. The launch of construction work is expected in a year and the work should take around two years. Investment costs should range between €200m and €350m. If Eurovea expands by the expected 10,000 sqm, it will become number two of its kind with 70,000 sqm. Avion Shopping Park will remain the leader with 14,000 sqm more.

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For sale?

The national privatization agency FNM is proposing the sale of several companies in which it holds stakes. According to a report on the operation of firms co-owned by the FNM, the cabinet should sell the six largest heating companies, stakes in 17 bus companies SAD, the Bratislava stock exchange BCPB, the company DMD Group, a stake in Slovak Telekom (ST), stakes in the spa companies Sliac and Bardejov, and in the Bratislava policlinic Poliklinika Tehelna. The FNM is proposing the sale of 100% stakes in heating companies in Trnava, Zilina, Kosice, Martin, Bratislava, and Zvolen in the form of international tenders. It also regards as reasonable the sale of its 15% stake in ST. Together the FNM and the Economy Ministry hold a 34% stake in ST.

Record low price growth

During the crisis Slovakia saw two years with the lowest growth in prices in its history. In 2010 prices even grew slower than in the euro-zone. The average harmonized inflation rate from January to December came to 0.7%, informed the statistics office SU. In December prices grew by 1.3% y/y according to EU methodology, which is 0.3 percentage points faster than the annual growth in November.

Money for innovation

The Ministry of Economy wants to increase its 2011 budget by EUR 829,000. It wants to use the funds for its innovation policy. The ministry wrote in its draft innovation policy for 2011 to 2013 that support for innovation activities in companies, in particular those small and medium-sized, is one of the basic instruments for securing Slovakia's development. Based on the draft, the government should secure EUR 2.26 million for innovation policies in 2012 and additional EUR 2.36 million for 2013.

Kia on the top

The factory of South Korean car maker Kia in Zilina was the only car factory in Slovakia whose output significantly overstepped 200,000 vehicles last year. As a result, Kia got ahead of PSA Peugeot Citroen, Slovakia's No. 1 in 2009. VW in Bratislava remained third.

Russian market entry

The Poprad-based manufacturer of rail freight wagons, Tatravagonka, has reported an extraordinary success – it is entering the Russian market. According to head of the marketing department Zuzana Janeckova, the company will acquire 50 % in the Russian OAO MTZ Transmash, an affiliation of Russian Railways. The Slovak company will manufacture wagons for the Russian state firm. Janeckova elaborated that Tatravagonka will not make the new generation flat wagons in Slovakia but will use Transmash's production capacity.

Long-term issue – long-term unemployment rate

Slovak Offices for Labor, Social Affairs and Family registered nearly 184,700 long-term unemployed people at the end of last year. These are people who have been registered with labor offices for at least twelve months. Compared with the end of 2009, their number increased by almost 44,600. Presov Country reported the highest increase in the number of long-term jobless people of over 9,600, next was Banska Bystrica Country with an increase of 7,100 people. This stems from data released by the Central Office for Labor, Social Affairs and Family. Labor offices registered 381,200 jobless people as of the end of last December, which was a moderate increase of 1,700 from a year ago. The registered unemployment rate grew 0.24 percentage points m/m in December 2010 to 12.46 %.

Improved growth prognosis

The European Bank for Reconstruction and Development (EBRD) has revised its 2011 economic growth prognosis for quickly-growing economies in the CEE region upwards, including Slovakia's forecast. The bank projects the increase in economic activity of the entire region at 4.2 %. Slovakia's economy is to firm by 3.7 % compared to 3.5 % prognosticated in October 2010.

Energy connection north – south

Member countries of the Visegrad Group (V4) have established a working group to lobby at the European Commission in support for their project of north and south energy interconnection. On Tuesday, the ministers of economy of Slovakia, Poland, Hungary and the Czech Republic signed a declaration calling for support in implementation of projects dealing with natural gas, crude oil and electricity and which outlines the preliminary technical design of the energy interconnection north-south. At a press conference after the meeting, the Slovak Minister of Economy, Juraj Miskov, said that with signing the declaration, the implementation of the north-south interconnection was launched.

Slovak – Hungarian interconnection

Slovak PM Iveta Radicova and her Hungarian counterpart Viktor Orban signed an intergovernmental agreement to build a Slovak-Hungarian natural gas pipeline interconnection. The new pipeline connecting Velky Krtis in Slovakia and Vecses in Hungary is part of the south-north energy project. The signatories pledge to cooperate in constructing, operating and maintaining the pipeline. "It is a step that means more energy independence for Slovakia. It is an important part of EU energy security. After the agreement [was signed] talks with Poland will continue on the north-south interconnection", Radicova said.

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