



The best hidden secret of Central Europe

A small big country in the heart of Europe with beautiful scenery and hospitable people

EU's Fastest Growing Economy Again in 2010?

Slovakia's economy experienced 15 (!) consecutive years of GDP growth between 1993 and 2008. In 2007, it was the fastest growing EU country with GDP growth reaching 10.4%. In 2008, Slovakia's GDP grew by 6.4% (second-highest in the EU).

Slovakia's robust GDP growth was driven by strong domestic and foreign demand for Slovak products, high foreign and domestic investments, and setting up of new production capacities primarily in the automotive and electronic sectors.

In 2009, the country's export-focused economy declined by 4.7% due to the influence of the global crisis on Slovakia's main export markets.

Latest predictions foresee a growth of 2.7% in 2010 (same as for Poland), which would once again be EU's highest growth rate! Slovakia should experience the first signs of economic recovery in the second half of 2010. If the economy grows by 2-3% in 2010 and moderately faster in 2011, GDP will attain the 2008 level in the second half of 2011.

Slovakia - offering a 19% flat tax rate, highly skilled workforce, liberal labor code, political and economic stability, and strong engineering tradition, among other advantages - has belonged to one of the top European destinations for foreign investment.

Sector Spotlight

KEY SECTORS

Slovakia's strong sectors include automotive manufacturing, electronics, chemicals and other sectors.

AUTOMOTIVE

Slovakia has recently been known as the country with the highest per-capita car production in the world. Automotive components and cars represent one third of the country's exports. Three world-class car producers have set up production facilities there – Volkswagen arrived already in early 1990's, while PSA Peugeot Citroen and Kia Motors both started production in 2006. Vehicle production amounted to 575,776 units in 2008, up from 180,803 in 2000. By 2011, the Slovak automotive industry is expected to produce over a million cars annually. The automotive parts sector also flourished as the value of production of automotive parts plants increased more than tenfold over the last decade. The total supply of components reached over USD 13 billion in 2008 (more than the turnover of all three car producers).

ELECTRICAL ENGINEERING

Electrical engineering has remained Slovakia's fastest growing industrial sector as its production doubled since 2000. Fastest pace was experienced in the segment of production of radio, TV and connection equipment (+260%). Key international players with local production include Sony, Samsung, and Panasonic and others.



Michal Porubec
Director Slovakia



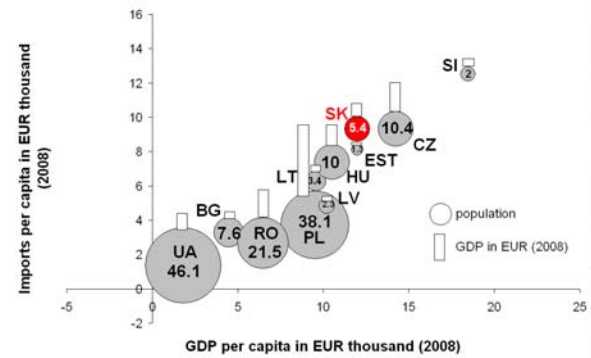
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EasyLink Business Services is proud to represent the Commonwealth of Pennsylvania in the Czech Republic, Slovakia, Poland, and Hungary since 2008.

To obtain export assistance in any of the above markets, contact:

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Key Facts



Area	18,859 sq miles (40% of Pennsylvania)
Population	5.5 million
Capital	Bratislava (0.55 mil.)
Language	Slovak
Currency	Euro (EUR)
GDP per capita (PPP, 2009)	USD 21,200

Media Snapshots

- In March 2010, industrial orders in Slovakia posted the fourth fastest growth in the EU, rising 30% year-on-year (compared to 20.7% in the EU).
- According to a preliminary estimate, Slovakia's GDP grew by 4.6% year-on-year in the 1Q 2010 and by 0.8% quarter-on-quarter. The Statistics Office also reported that employment rate fell by 3% compared to 1Q 2009 and by 0.6% compared to 4Q 2009.
- The international ratings agency Fitch stated it may further improve Slovakia's rating if its new government proves stable, cohesive and able to implement fiscal and structural reforms. Slovakia currently has a Long-term Foreign Currency Issuer Default rating of A+ with a Stable Outlook.
- Slovakia's June 2010 parliamentary election results support Europe's recent shift to the right. Although the left-of-center Smer Social Democrats party won the elections, it was unable to find suitable coalition partners to form a government. The country will thus be led by a new center-right four party coalition, with 79 seats in the 150-seat Parliament, which has pledged to further "improve Slovakia's business environment, reduce the deficit and fight corruption." The government will be headed by the country's first female prime minister.
- In May 2010, Slovakia's exports grew by 29.7% enjoying the fastest year-on-year growth since January 2007.

Comparative Advantages

- Member of the Euro currency zone
- 3rd highest GDP per capita in CEE
- Dynamic GDP growth – past and forecasted
- Liberal and open economy, quality manufacturing