



# **BUSINESS FRIENDLY SLOVAKIA**

## **Secrets Behind the Largest Business Case in Europe in Last 7 Years**

Laura Nadaska, Consultant,  
Slovak Investment and Trade Development Agency

**Opportunities for trade between Luxembourg and Slovakia**, October 10, 2016

[Laura.Nadaska@sario.sk](mailto:Laura.Nadaska@sario.sk)

## JAGUAR LAND ROVER – INVESTMENT OF THE DECADE



1.4 BN €

Amount of Investment

2,834

People employed directly

15,000

Indirect job generation

150,000

Annual production

# SUCCESS STORIES FROM AROUND THE WORLD

## CANADA

MAGNA  
SLOVTECA,  
Martinrea  
Slovakia Fluid  
Systems,  
Slomatec

## GERMANY

Siemens, Volkswagen, Brose,  
KUKA, Osram, ZF, Deutsche  
Telekom

## AUSTRIA

KROMBERG & Schubert,  
MIBA, Neuman Aluminium,  
Michatech, ZKW

## CHINA

Lenovo, Yanfeng,  
Huawei, ZTE,  
Mesnac, Boge  
Elastmetall

## USA

US Steel, Emerson,  
DELL, Whirlpool, IBM,  
Hewlett Packard  
Enterprise, Johnson  
Controls, AT&T,  
Accenture, Amazon,  
Honeywell, Getrag  
Ford, Lear Corp.



## BRAZIL

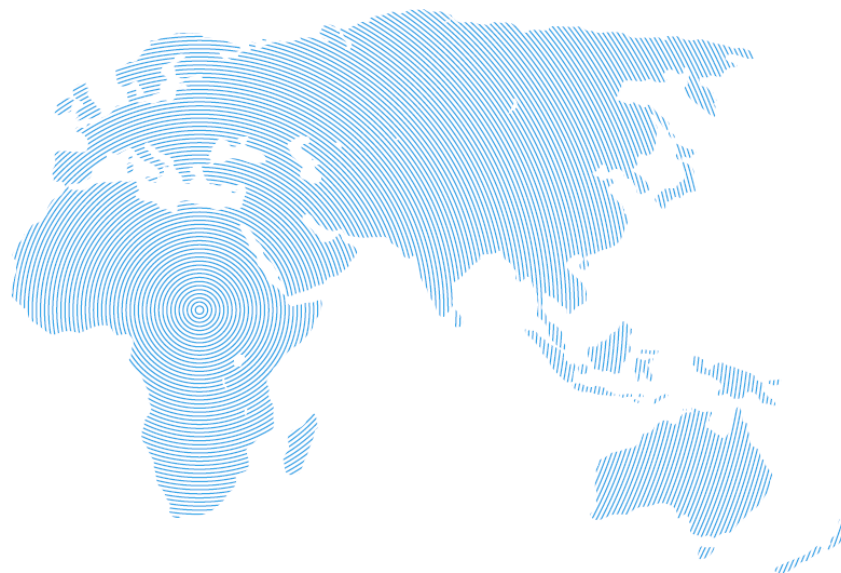
Embraco, CRW  
Slovakia, Micro  
Juntas SK

## SPAIN

Gestamp, Jobelsa,  
Cikautxo, Estamp,  
Fagor Ederlan,  
ArcelorMittal Gonvarri,  
Farguell, Elastorsa,  
Technometal

## UK

Jaguar Land  
Rover,  
GlaxoSmithKline,  
de Miclén, KMF,  
Boxperfect, Tesco,  
Innoparma, DS  
Smith



## FRANCE

PSA Peugeot  
Citroen, Orange,  
Faurecia,  
Bourbon, CCN,  
Alcatel Lucent,  
Plastic Omnium,  
Atos, GeLiMa, Bel,  
Decathlon

## ITALY

Magneti Marelli,  
Bovedani,  
SISME,  
Z Industries SK,  
Bonfiglioli, MTA,  
Mevis,  
Lombardini,  
C.I.M.A.

## SWITZERLAND

Swiss RE,  
Schindler,  
Holcim,  
Novartis,  
Vetropack, ABB,  
Nestlé, Nexis,  
Enics

## TAIWAN

AU Optronics,  
ESON,  
Foxconn,  
Delta  
Electronics

## JAPAN

SE Bordnetze,  
Panasonic,  
Yazaki, Akebono,  
U-Shin, Sanyo,  
Siix, Minebea,  
Brother  
Industries

## SOUTH KOREA

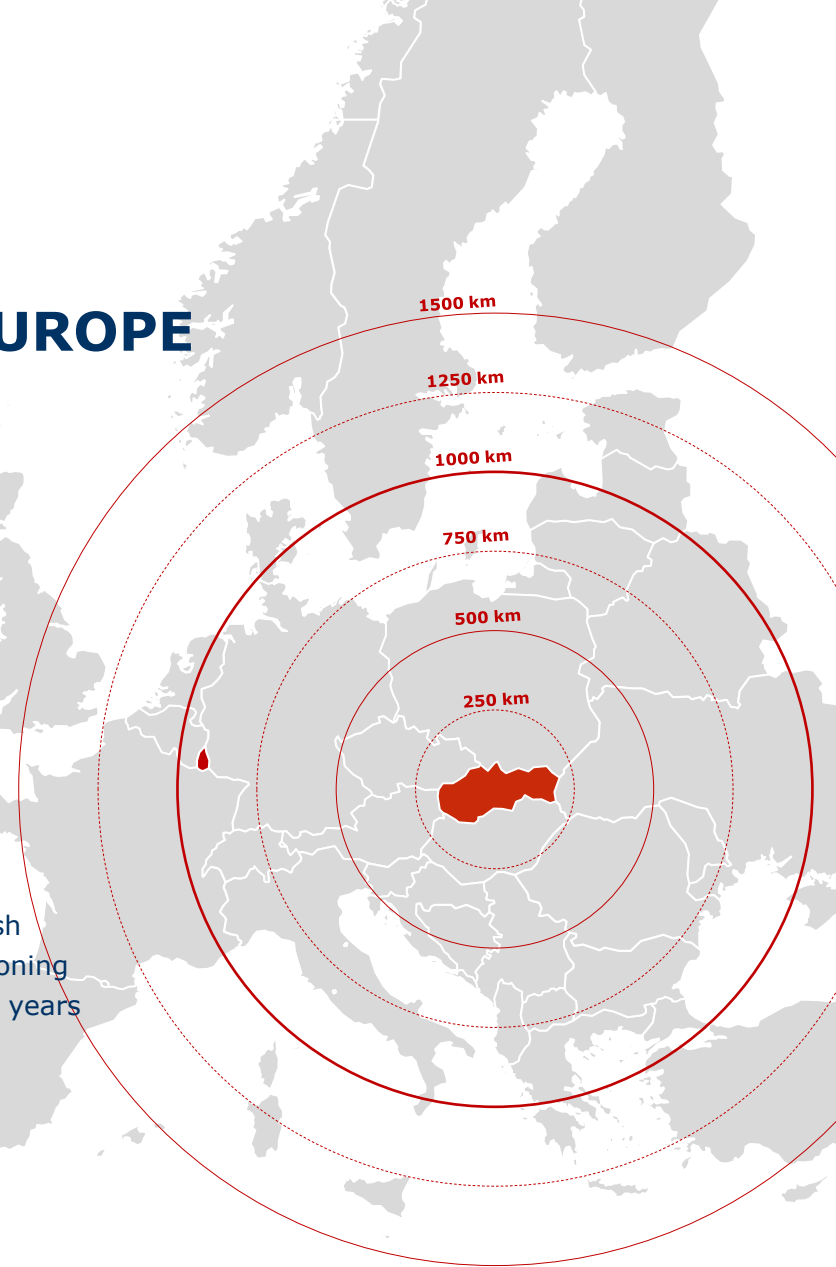
Kia Motors,  
Samsung,  
Mobis, YURA,  
Sungwoo  
Hitech,  
Hyundai  
Dymos

# SLOVAKIA: GROWING HEART OF EUROPE



**Establishment:** 1 January 1993  
**Official name:** Slovak Republic  
**Area (km<sup>2</sup>):** 49,035  
**Population:** 5,400,000  
**Capital:** Bratislava  
**Official currency:** Euro  
**Official language:** Slovak  
**Political system:** parliamentary democracy  
**Election term:** 4 years  
**Neighbours:** Austria, Czech Republic, Hungary, Poland, Ukraine  
**Time zone:** GMT+1 hour

1839 (Independence)  
 Grand Duchy of Luxembourg  
 2,586  
 576,000  
 Luxembourg City  
 Euro  
 German, French, Luxembourgish  
 Constitutional monarchy functioning as parliamentary democracy, 5 years  
 Belgium, France, Germany  
 Time zone: GMT+1 hour



## INTEGRATED IN INTERNATIONAL ORGANIZATIONS



EUROPEAN  
UNION



NORTH  
ATLANTIC TREATY  
ORGANIZATION



UNITED  
NATIONS



**\*1918**

**CZECHOSLOVAKIA**



**1993**

**INDEPENDENCE  
OF SLOVAKIA**



**2004**

**EUROPEAN  
UNION**



**2007**

**SCHENGEN  
AREA**



**2009**

**EUROZONE**



**2016**

**EU COUNCIL  
PRESIDENCY**

## EURO ZONE MEMBER



**EURO €**  
**since 1 January 2009**



## ONE OF BEST COUNTRY CREDIT RATINGS IN CEE

CREDIT RATING AGENCY	SLOVAKIA	CZECH REPUBLIC	HUNGARY	POLAND	BULGARIA	ROMANIA
 <b>STANDARD &amp; POOR'S</b>	<b>A+ stable</b>	AA-stable	BB+ stable	BBB+ negative	BB+ stable	BBB-stable
 <b>Moody's Corporation</b>	<b>A2 stable</b>	A1 stable	Ba1 stable	A2 negative	Baa2 stable	Baa3 stable
 <b>Fitch Ratings</b>	<b>A+ stable</b>	A+ positive	BB+ stable	A- positive	BB+ stable	BBB-stable
 <b>JCR</b> Japan Credit Rating Agency,	<b>A+ stable</b>	A stable	BBB negative	A stable	BBB stable	BBB-stable
 <b>R&amp;I NOW</b> Rating and Investment Information	<b>A stable</b>	A+/AA-stable	BBB-stable	A-/A stable		
<b>OECD Country risk</b>	<b>0</b>	0	4	0	4	3

## SURROUNDING INTERNATIONAL PORTS



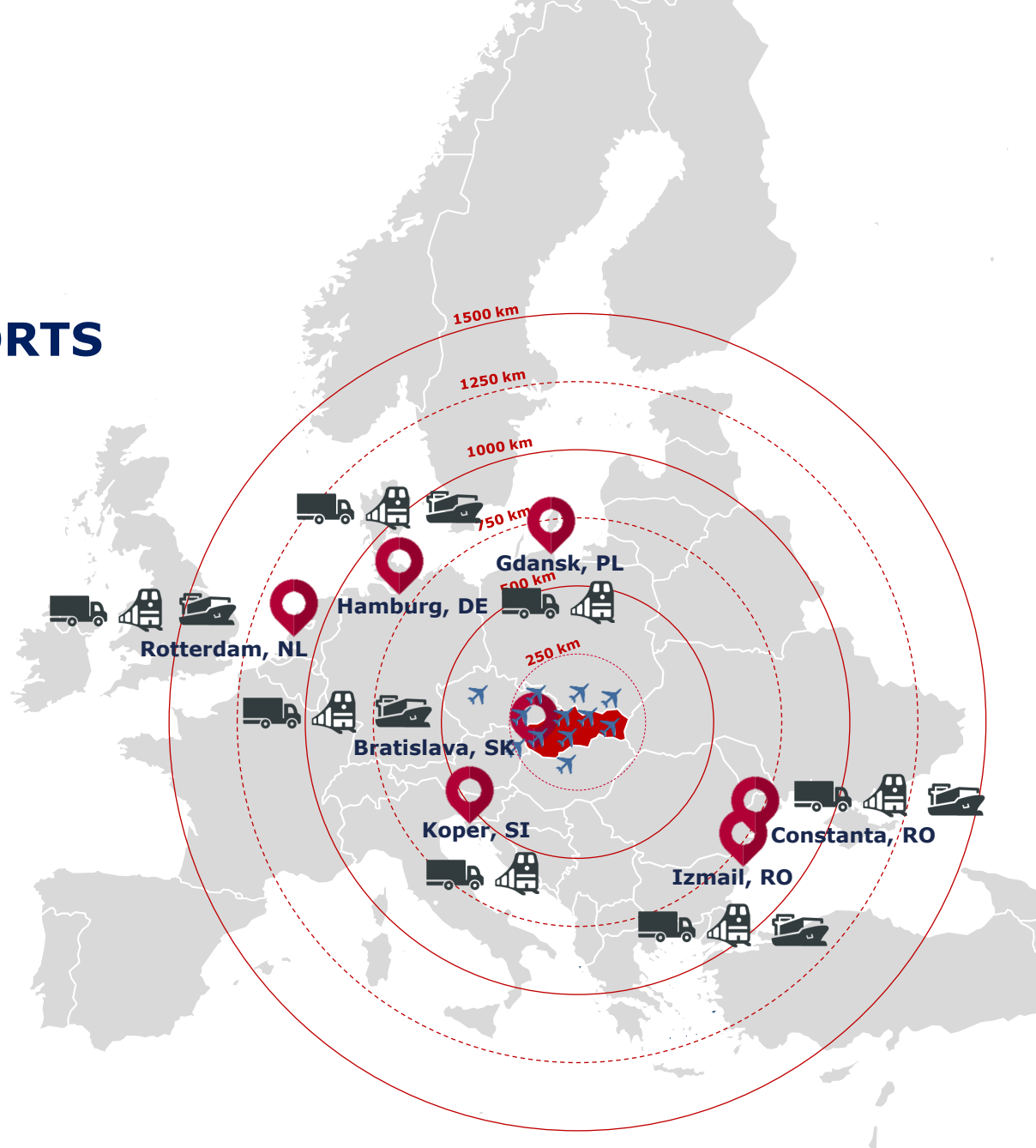
**Road**



**Railway**

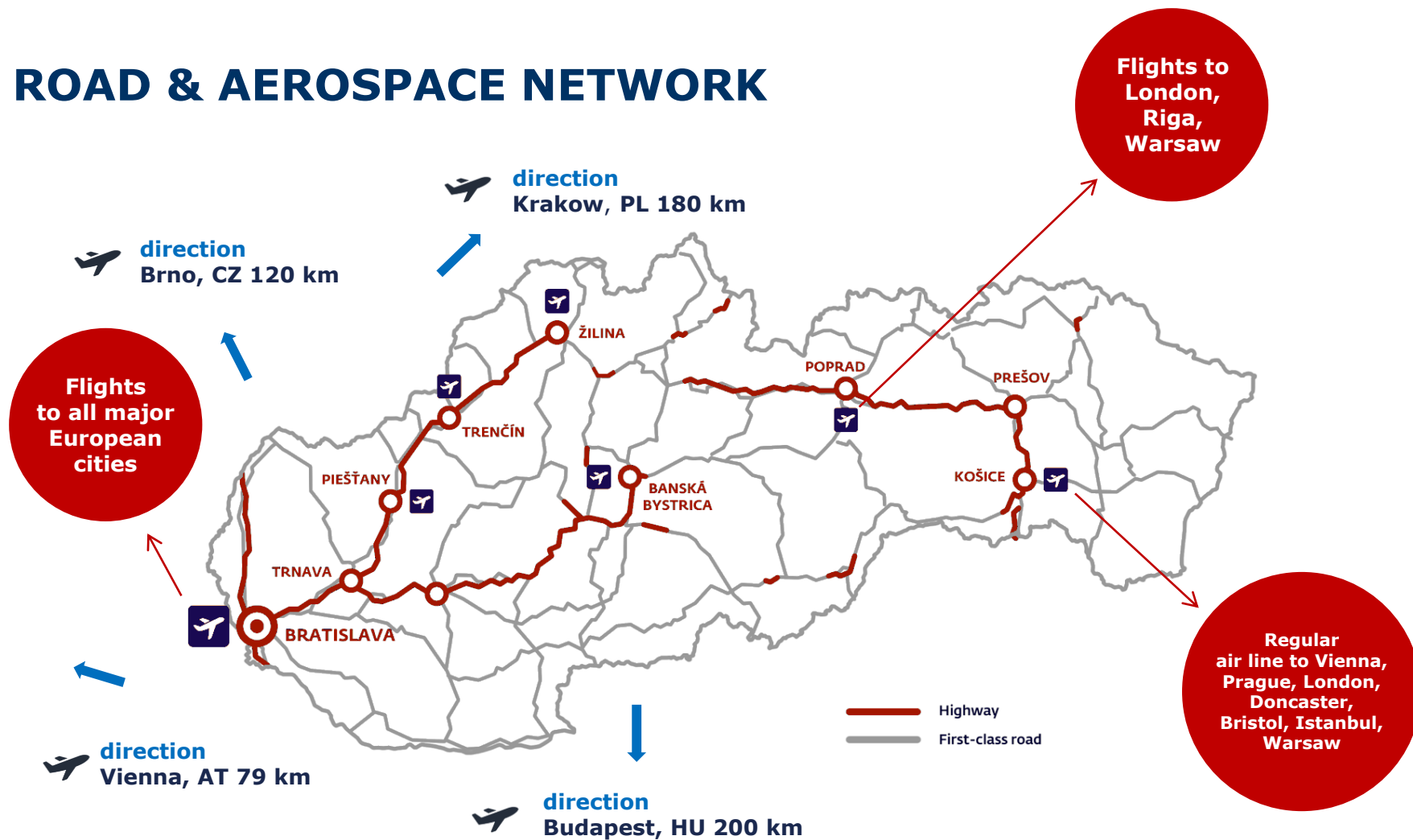


**Waterway**





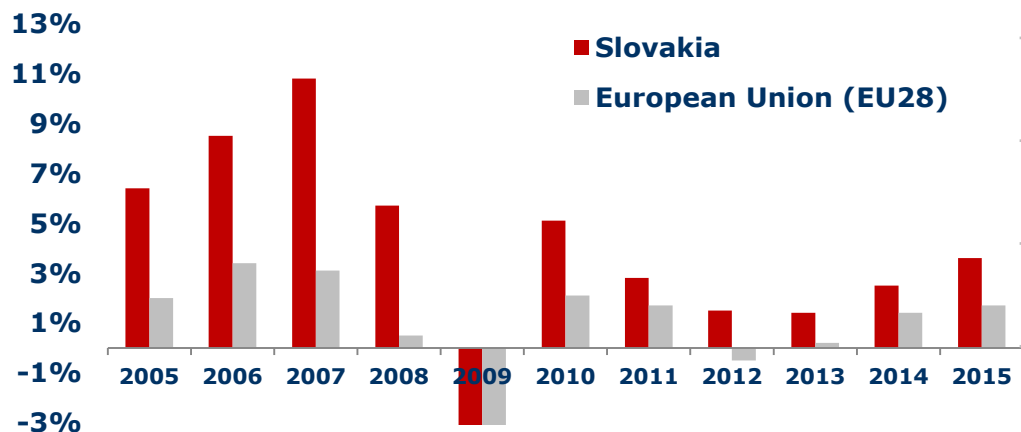
# ROAD & AEROSPACE NETWORK





# KEY MACROECONOMIC INDICATORS

## MACROECONOMIC OVERVIEW

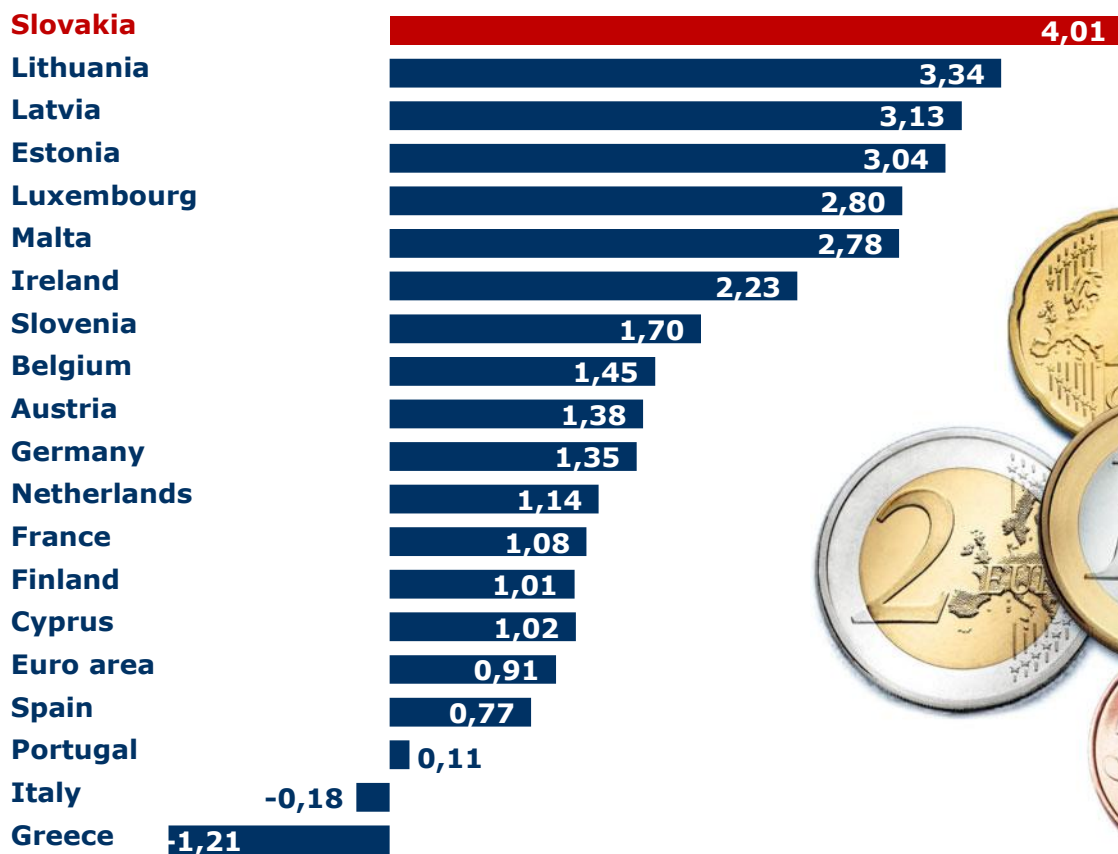


	2016f	2017f
Germany	1.6%	1.6%
<b>Slovakia</b>	<b>3.2%</b>	<b>3.3%</b>
Poland	3.7%	3.6%
Czech Rep.	2.1%	2.6%
Hungary	2.5 %	2.8 %
Romania	4.2 %	3.7 %
Bulgaria	2.0 %	2.6 %

	2010	2011	2012	2013	2014	2015
<b>Real GDP Growth</b>	5.1%	2.8%	1.5%	1.4%	2.5%	3.6%
<b>HICP Inflation</b>	0.7%	4.1%	3.7%	1.5%	- 0.1%	- 0.3%
<b>Unemployment</b>	14.5 %	13.7 %	14%	14.2 %	13.2 %	11.5 %



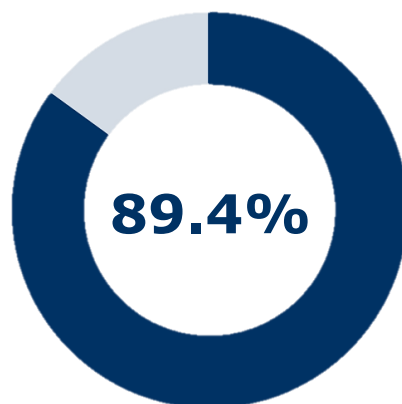
## FASTEST GROWTH IN EURO ZONE



**Average  
Annual  
Growth Rate  
2004-2015**



## IN TOP 15 MOST OPEN ECONOMIES OF THE WORLD



### EXPORT OF GOODS TO GDP INDEX 1<sup>st</sup> place in Europe

**4<sup>th</sup>**

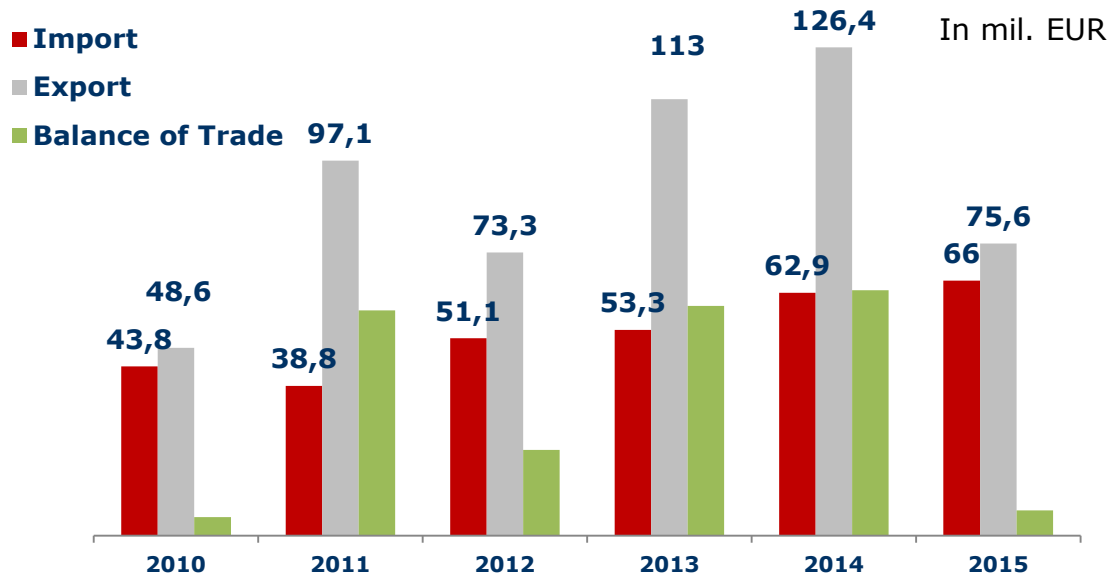
in Europe in the export  
of goods & services to  
GDP: 93.8% (2015)

**25<sup>th</sup>**

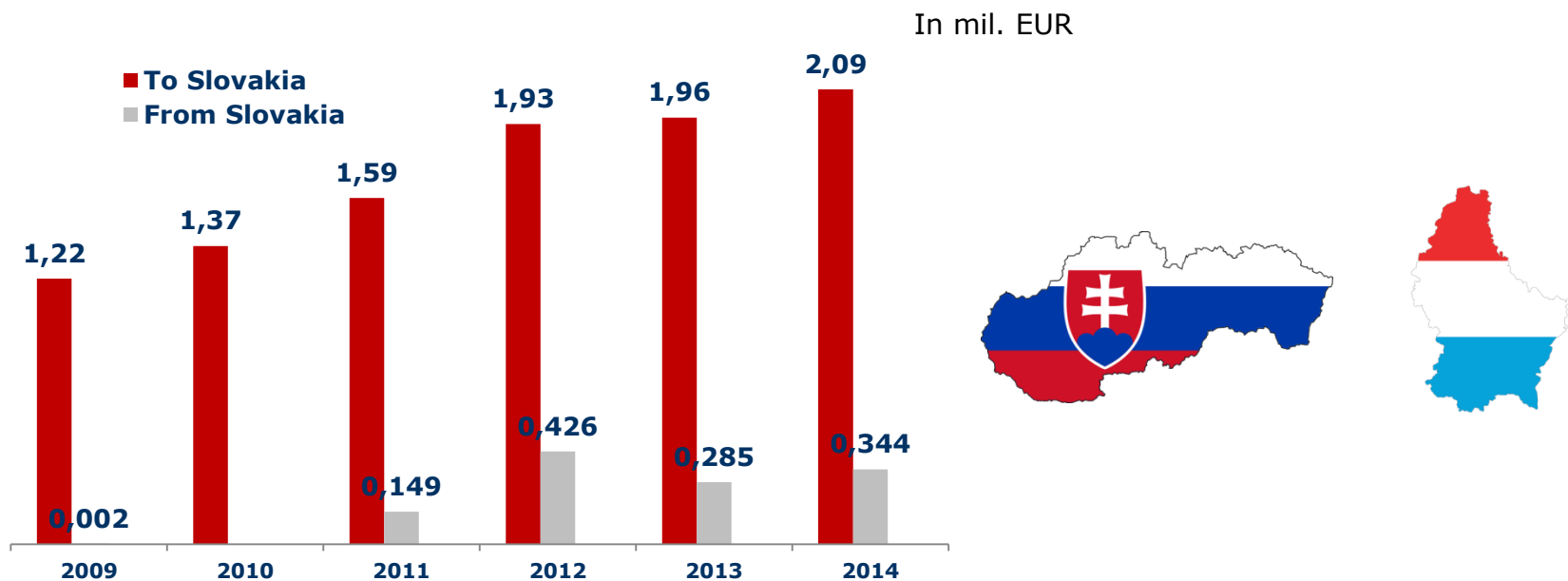
in the world in the  
export per capita  
(2013)



## FOREIGN TRADE BETWEEN SLOVAKIA AND LUXEMBURG



# FOREIGN DIRECT INVESTMENT SLOVAKIA-LUXEMBOURG

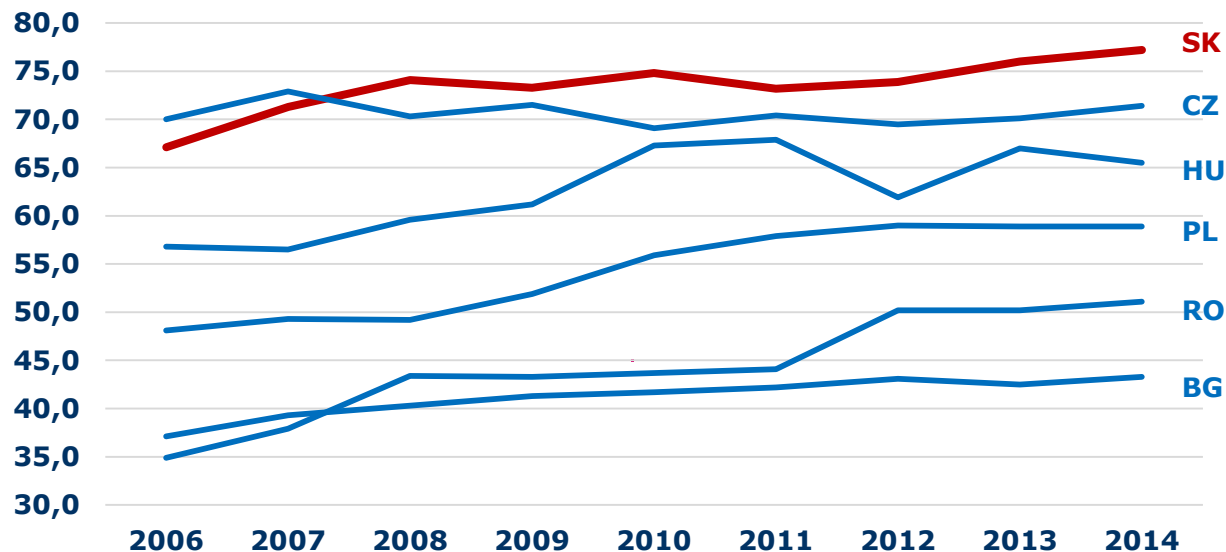




# SLOVAK LABOUR FORCE



## THE HIGHEST LABOUR PRODUCTIVITY IN CEE



**SLOVAKIA  
REACHES THE  
HIGHEST LABOUR  
PRODUCTIVITY**

**GDP (in PPS) per hour  
worked as compared to  
EU28 (100)**

**GROSS  
MONTHLY  
SALARIES  
2015**



**970 €**  
26,459 CZK  
Czech Republic



**934 €**  
3,899 PLN  
Poland



**883 €**  
**Slovakia**



**799 €**  
247,784 HUF  
Hungary

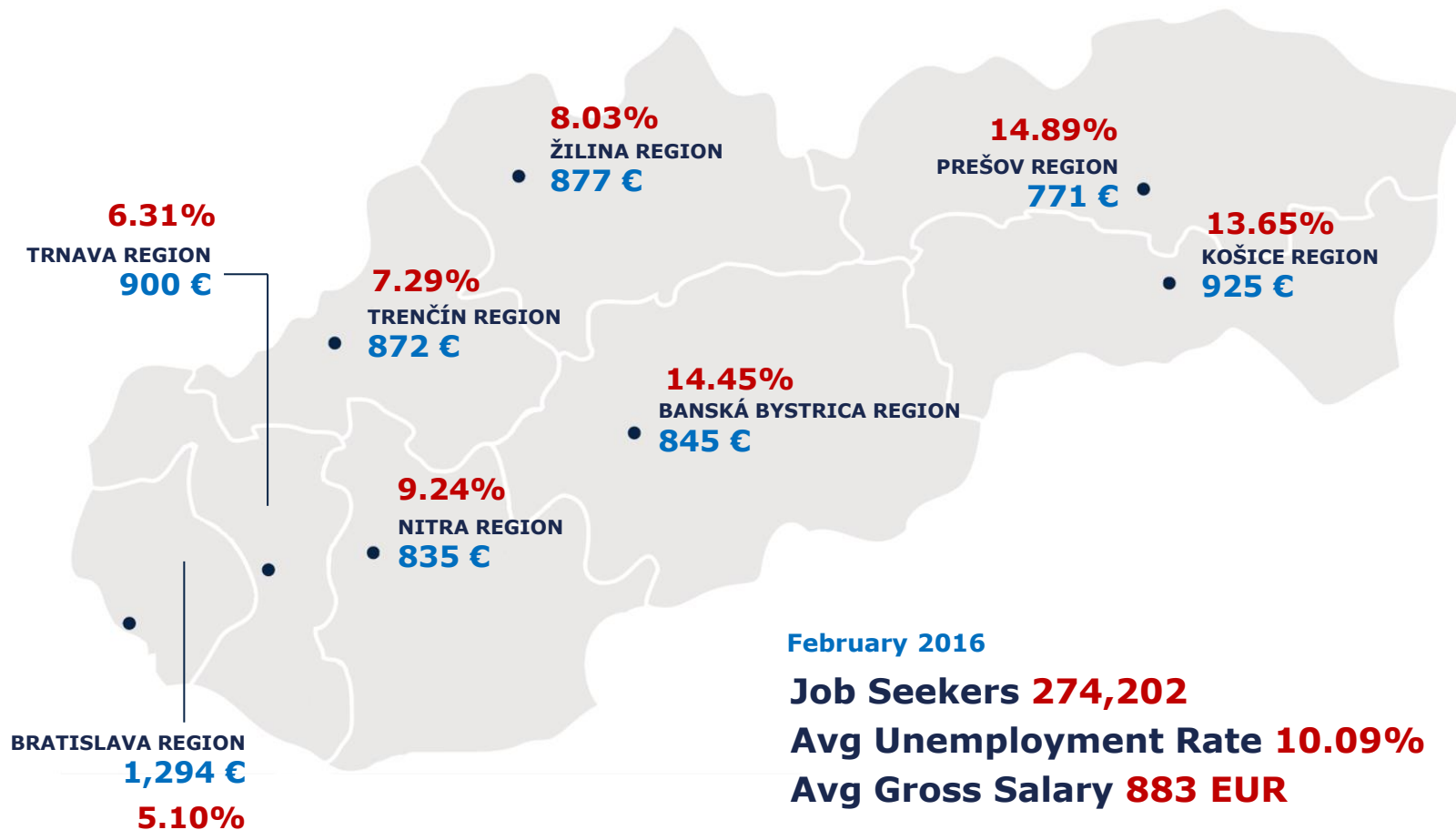


**576 €**  
2,559 RON  
Romania



**457 €**  
893 BGN  
Bulgaria

## UNEMPLOYMENT & AVERAGE SALARY LEVELS



**85%**  
OF SLOVAK  
PEOPLE SPEAK  
AT LEAST  
ONE FOREIGN  
LANGUAGE

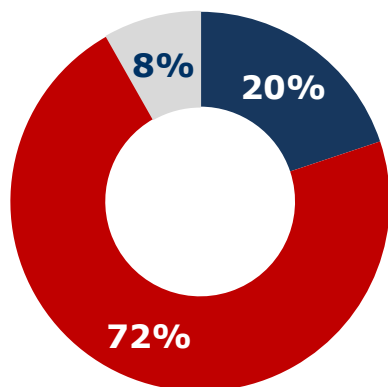
## EDUCATION & LANGUAGE COMPETENCE

**72%**

One of the highest proportion of secondary educated people in the EU

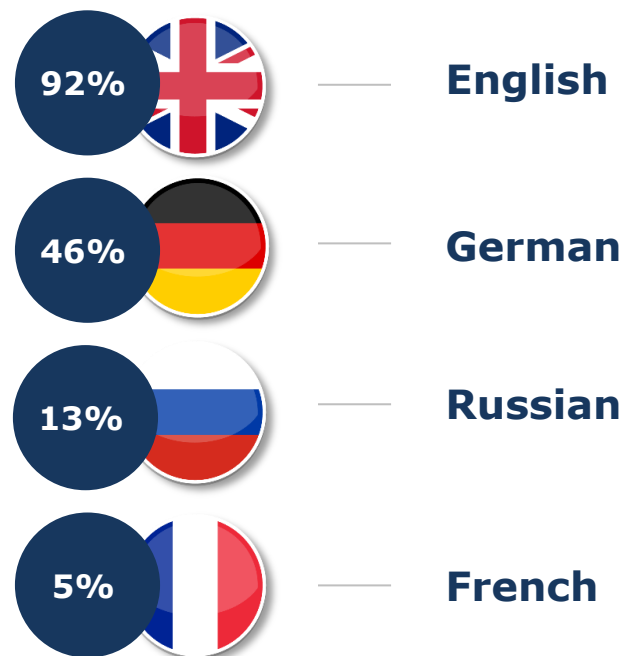
**92%**

Proportion of at least upper secondary educated among the slovak population



■ Tertiary ■ Upper Secondary ■ Below Upper Secondary

**THE MOST COMMON FOREIGN LANGUAGES**  
(taught at Slovak secondary schools)



## INSTITUTIONAL DUAL EDUCATION SCHEME

**MORE  
THAN 50%**  
OF ALL SECONDARY  
VOCATIONAL  
STUDY FIELDS ARE  
TECHNICALLY  
ORIENTED

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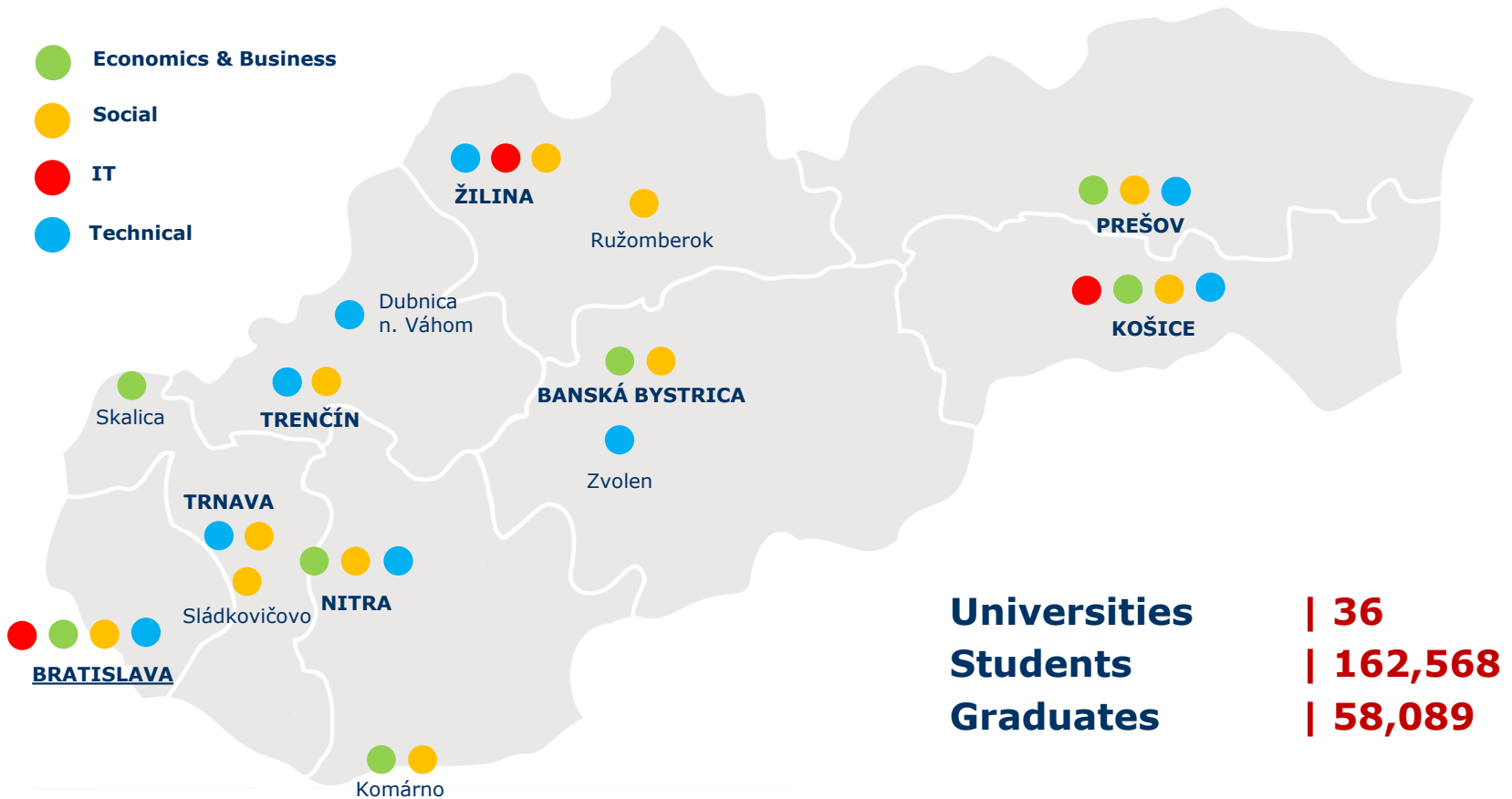
### 2015 New Framework For Dual Education

- Shared theoretical education in schools & practical training (60-80%) in company
  - Tax benefits for involved companies
- 

**DUAL  
EDUCATION**



## UNIVERSITY STUDENTS & GRADUATES





# KEY SECTORS

## STRUCTURE OF ECONOMY



**AGRICULTURE 4,4%**

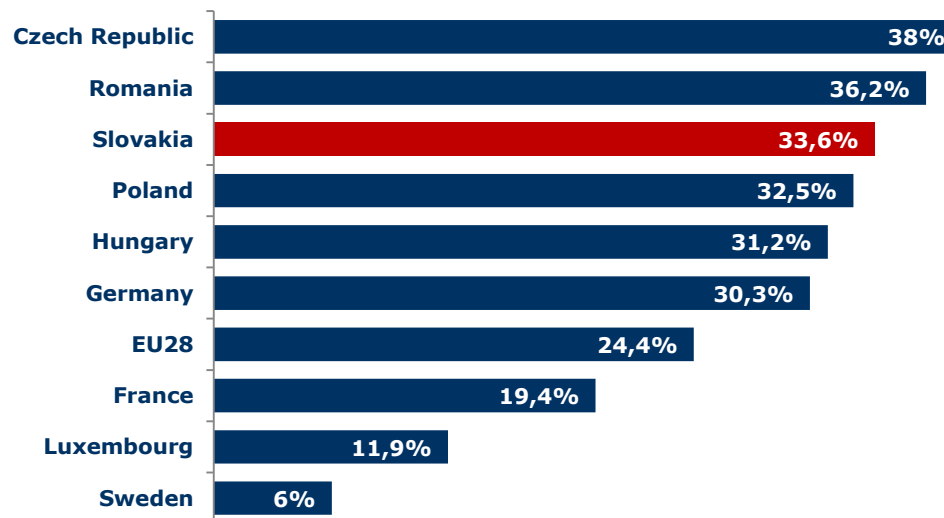


**INDUSTRY 33,6%**

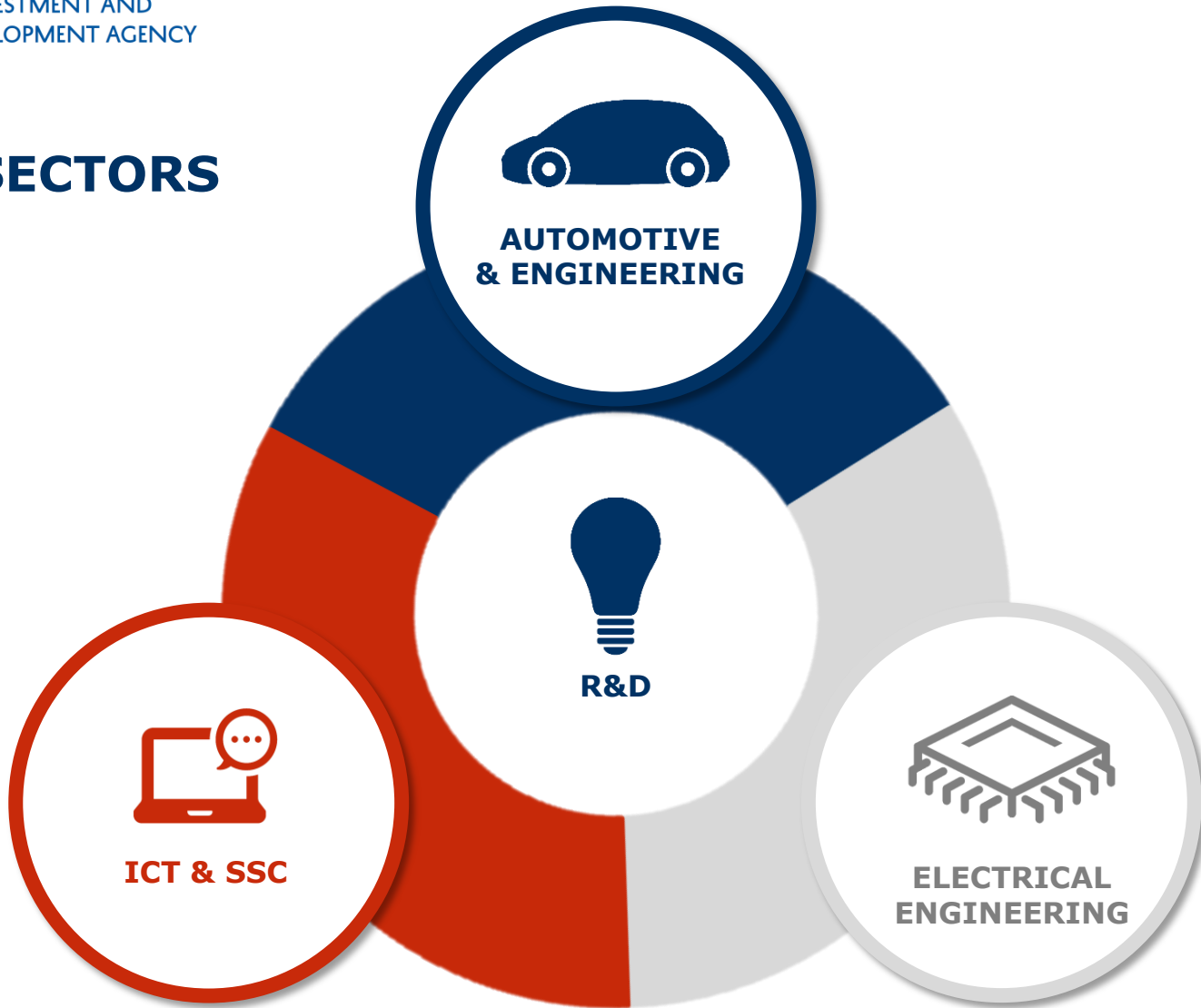


**SERVICES 62%**

**SLOVAKIA**  
Among the  
most industrial  
countries in  
the EU



## KEY SECTORS





## VOLKSWAGEN SLOVAKIA

Germany | 1991 | Bratislava

The only  
plant in the  
world producing  
5 brands under  
one roof



**VOLKSWAGEN** Touareg  
**VOLKSWAGEN** Up! & e-Up!  
**AUDI** Q7  
**ŠKODA** Citigo  
**SEAT** Mii  
**PORSCHE** Cayenne

## PSA PEUGEOT CITROËN

France | 2003 | Trnava

The most  
profitable plant in  
the PSA group



**CITROËN** C3 Picasso  
**PEUGEOT** 208  
new **CITROËN** C3  
+ **ENGINE** shop as of  
2019

## KIA MOTORS

South Korea | 2004 | Žilina

KIA's first  
and only factory  
in Europe



**KIA** cee'd  
**KIA** cee'd Sportswagon  
**KIA** pro\_ cee'd  
**KIA** Sportage  
**KIA** Venga  
+ **ENGINE** shop for **KIA**  
and **HYUNDAI**

## JAGUAR LAND ROVER

United Kingdom | 2015 | Nitra

The most  
sophisticated  
production site of  
the JLR group



Medium sized luxury  
SUVs (specific  
models yet to be  
determined)

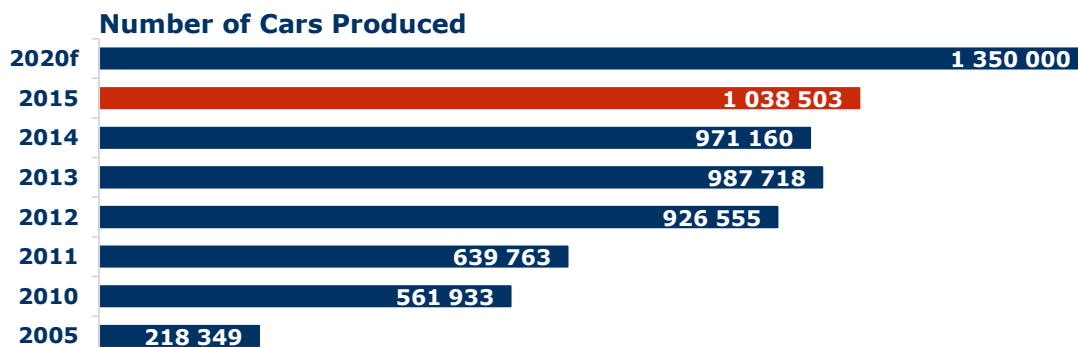
## KEY SECTOR NR. 1 – AUTOMOTIVE

### SLOVAKIA

Leader in World Car Production Per Capita (2015)

**190 Vehicles | 1,000 Inhabitants**

World Average = 10 Vehicles | 1,000 Inhabitants



250,000

People employed directly & indirectly by the automotive industry

44%

Share of the automotive industry of the country's total industrial production

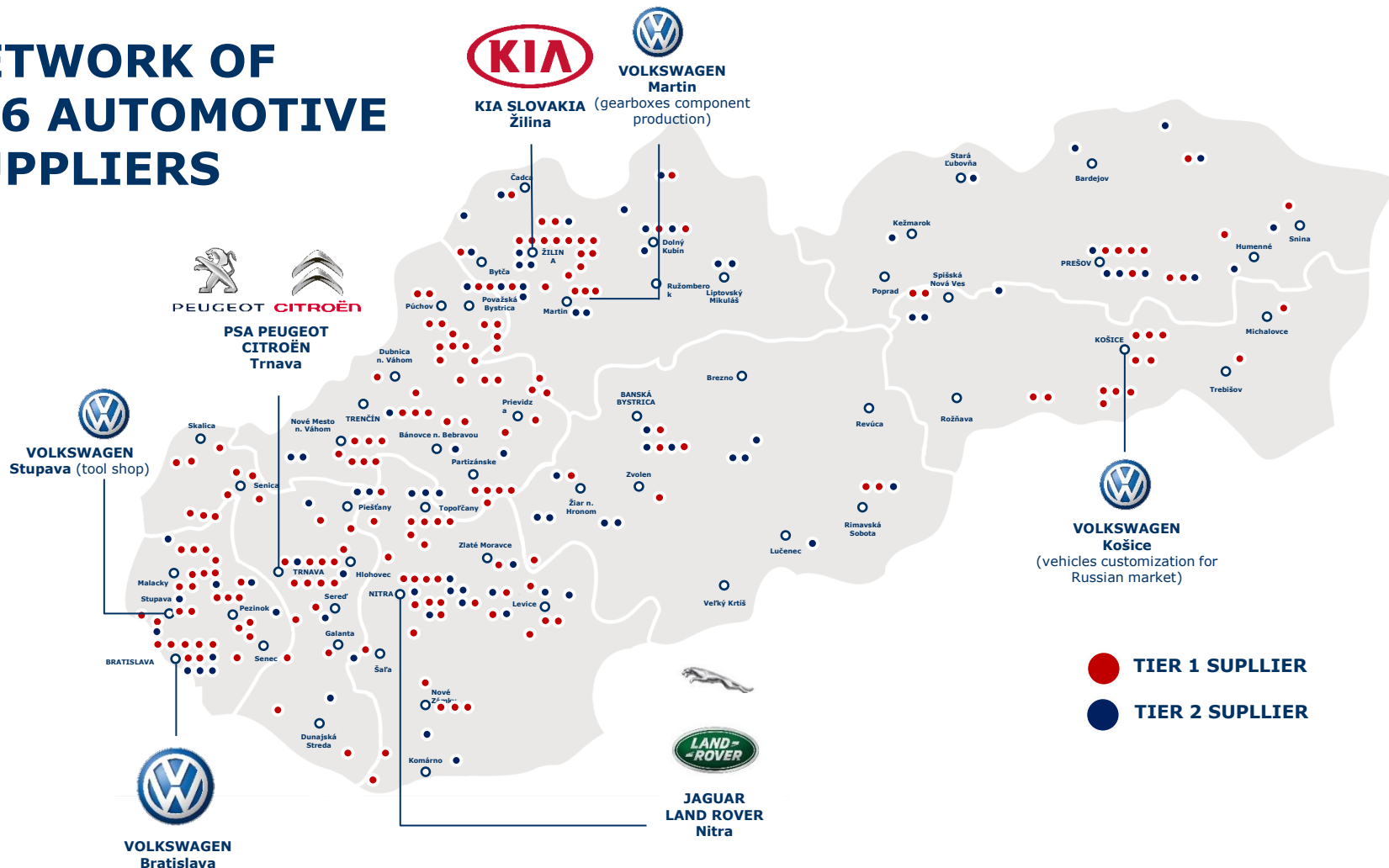
26 bn €

Volume of industrial export generated by the automotive industry

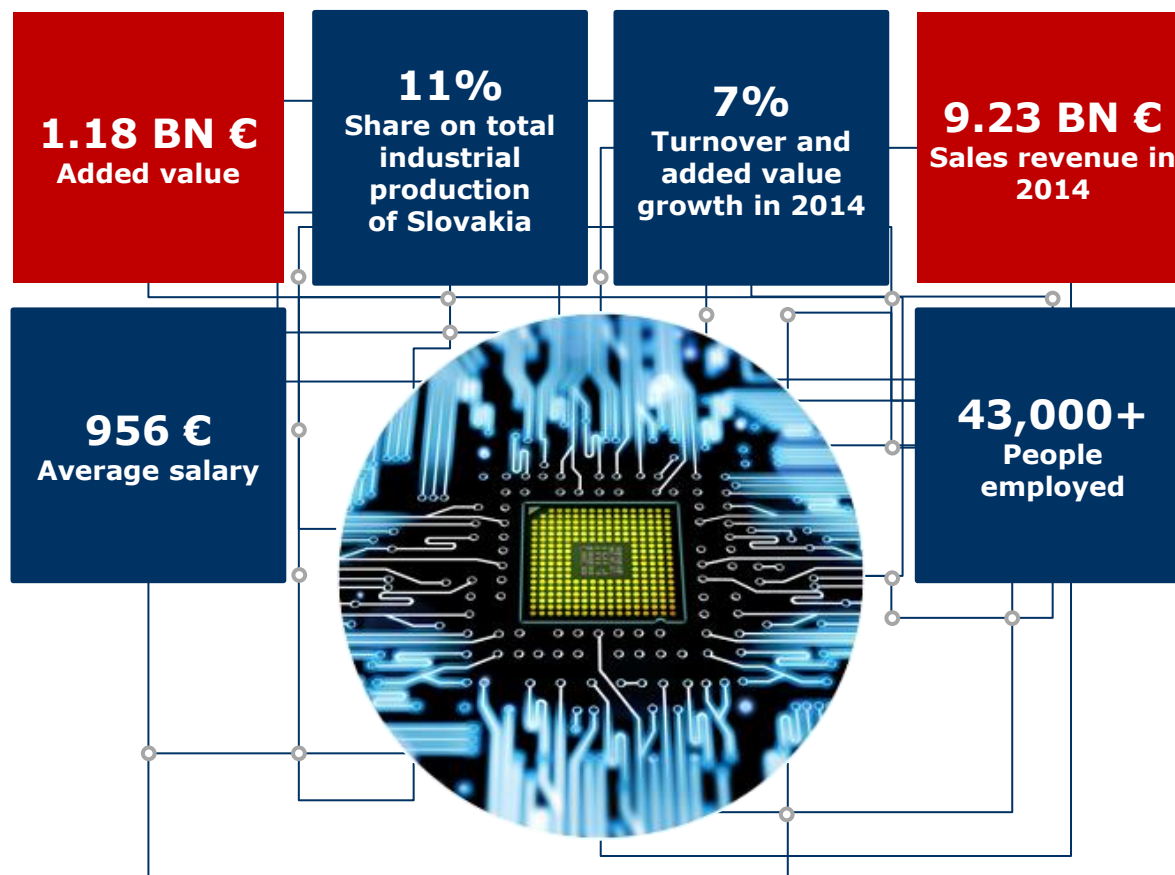
2.5 bn €

Added value in the automotive industry

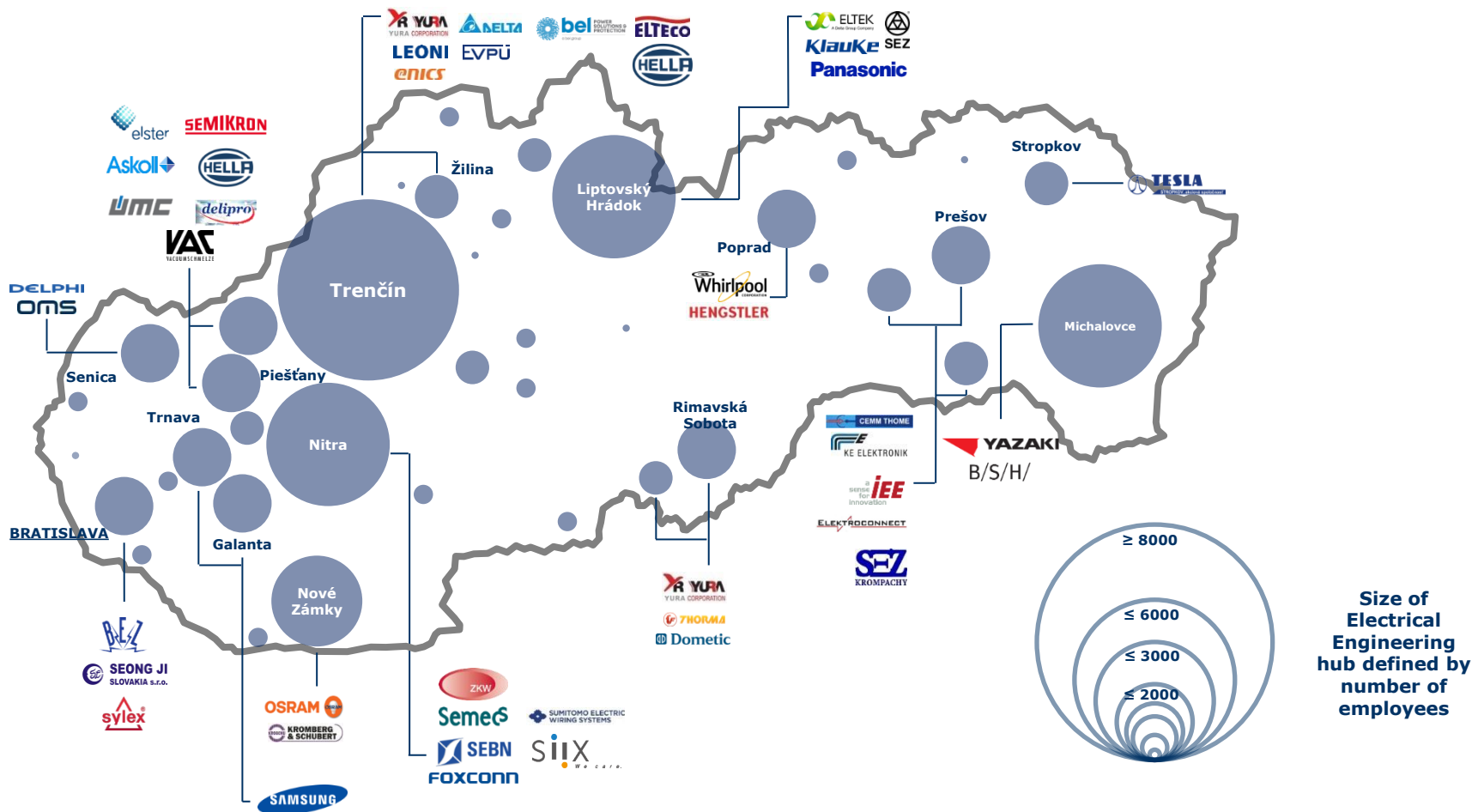
# NETWORK OF 316 AUTOMOTIVE SUPPLIERS



## KEY SECTOR NR. 2 – ELECTRICAL ENGINEERING

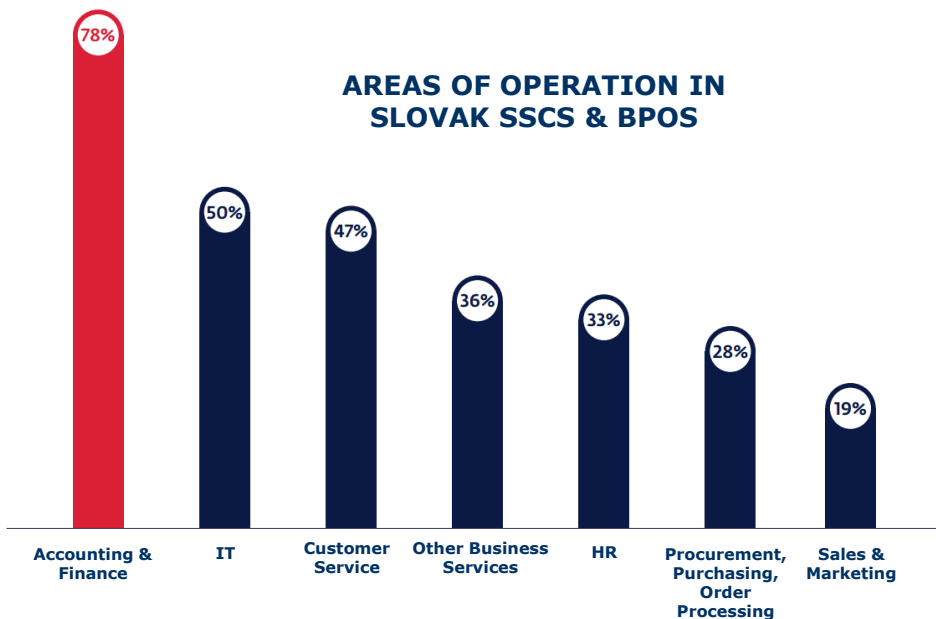


# ELECTRICAL ENGINEERING – MAJOR HUBS

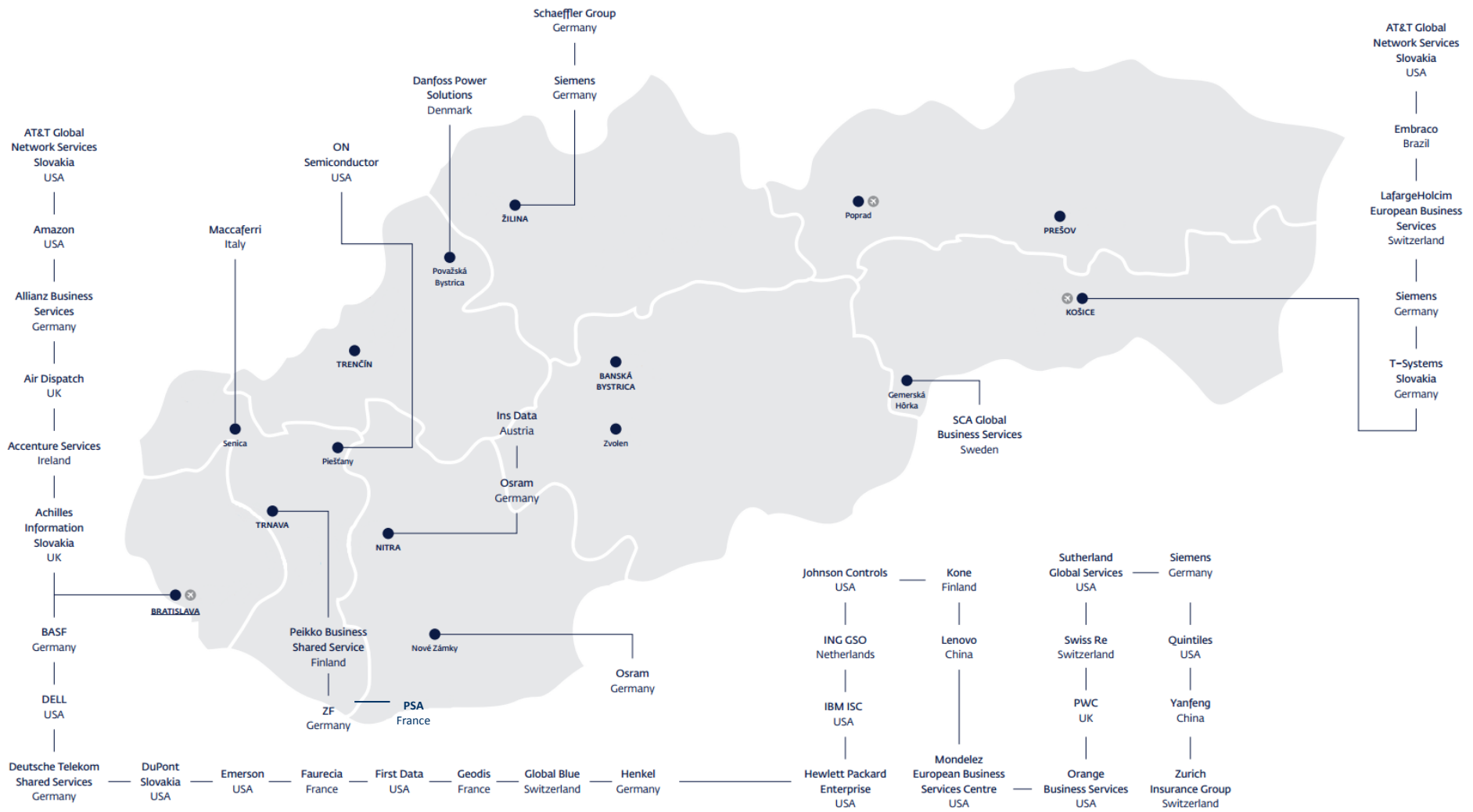


## KEY SECTOR NR. 3 – SHARED SERVICES CENTRES

- over the last 10 years, Slovakia has developed a **leading reputation for quality & high value services**
- **more than 40** Shared Services Centers (SSCs) and Business Process Outsourcing Centers (BPOs) are established in Slovakia providing **multifunctional scope of operations**



# SSCs & BPOs IN SLOVAKIA – ALREADY ESTABLISHED CENTERS



Source: SARIO list of SSC, BPO, ICT companies in Slovakia (2016)

## SSCs & BPOs - EMPLOYEMENT

**25,000+**

People employed by  
the Slovak SSC &  
BPO centers



### AVERAGE ATTRITION RATE

in Slovak SSCs and BPOs  
Below CEE average, which is around  
17%

## LANGUAGES WITHIN SLOVAK SSC & BPOS:



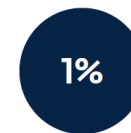
**English**  
(only)



**Core**  
(+ English)



**Non core**  
(+ English)



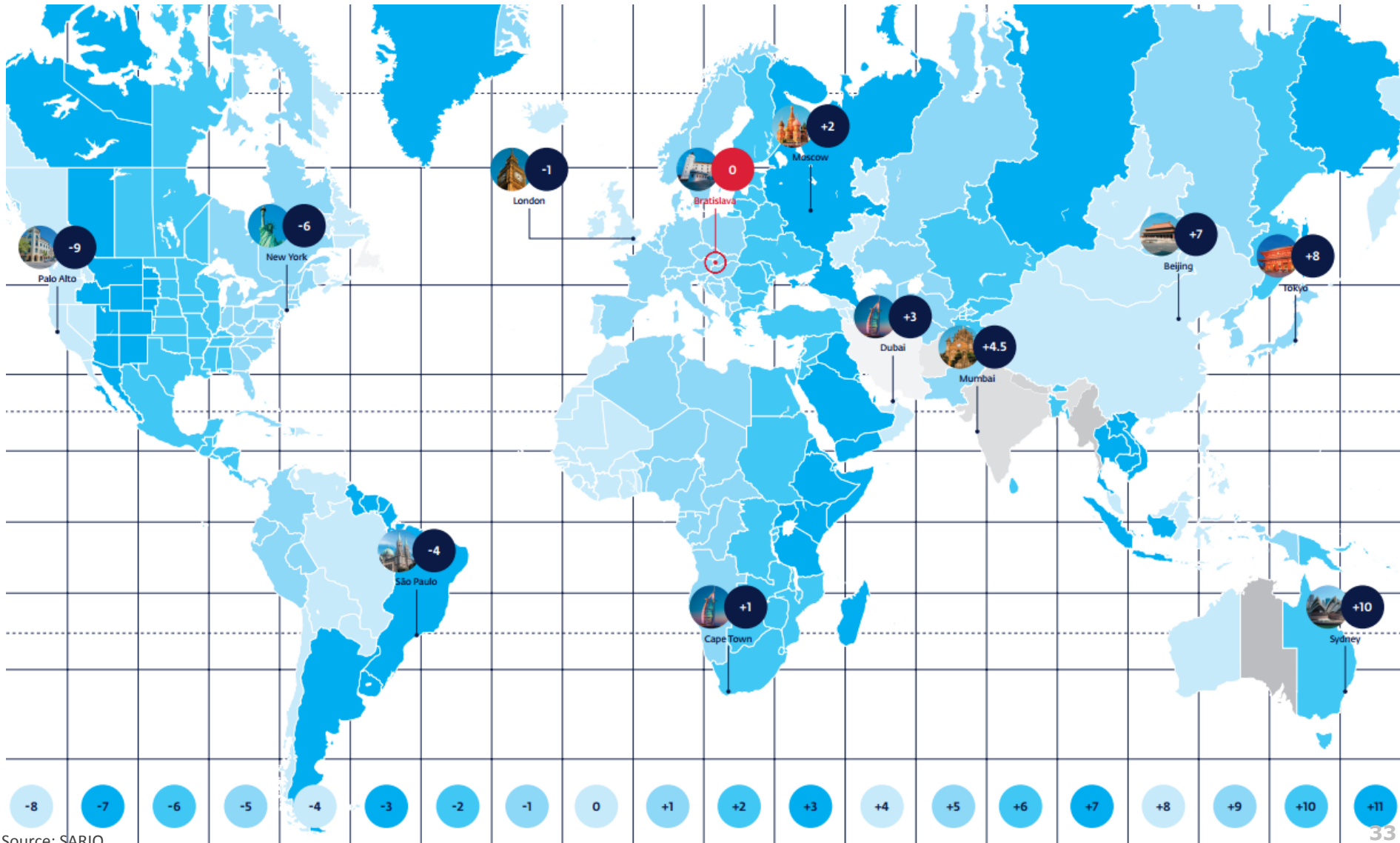
**Exotic**  
(+ English)

Core languages: German, French, Italian, Czech, Bulgarian, Hungarian, Polish, Romanian, Russian, Slovenian, Spanish. Non-core languages: Albanian, Arabic, Croatian, Danish, Dutch, Finnish, Flemish, Greek, Hebrew, Chinese, Japanese, Lithuanian, Macedonian, Norwegian, Portuguese, Serbian, Swedish, Turkish, Ukrainian



Slovak SSC can support Asia market in the early morning hours, then cover the American continent from the afternoon till late evening hours and any other time zones in between.

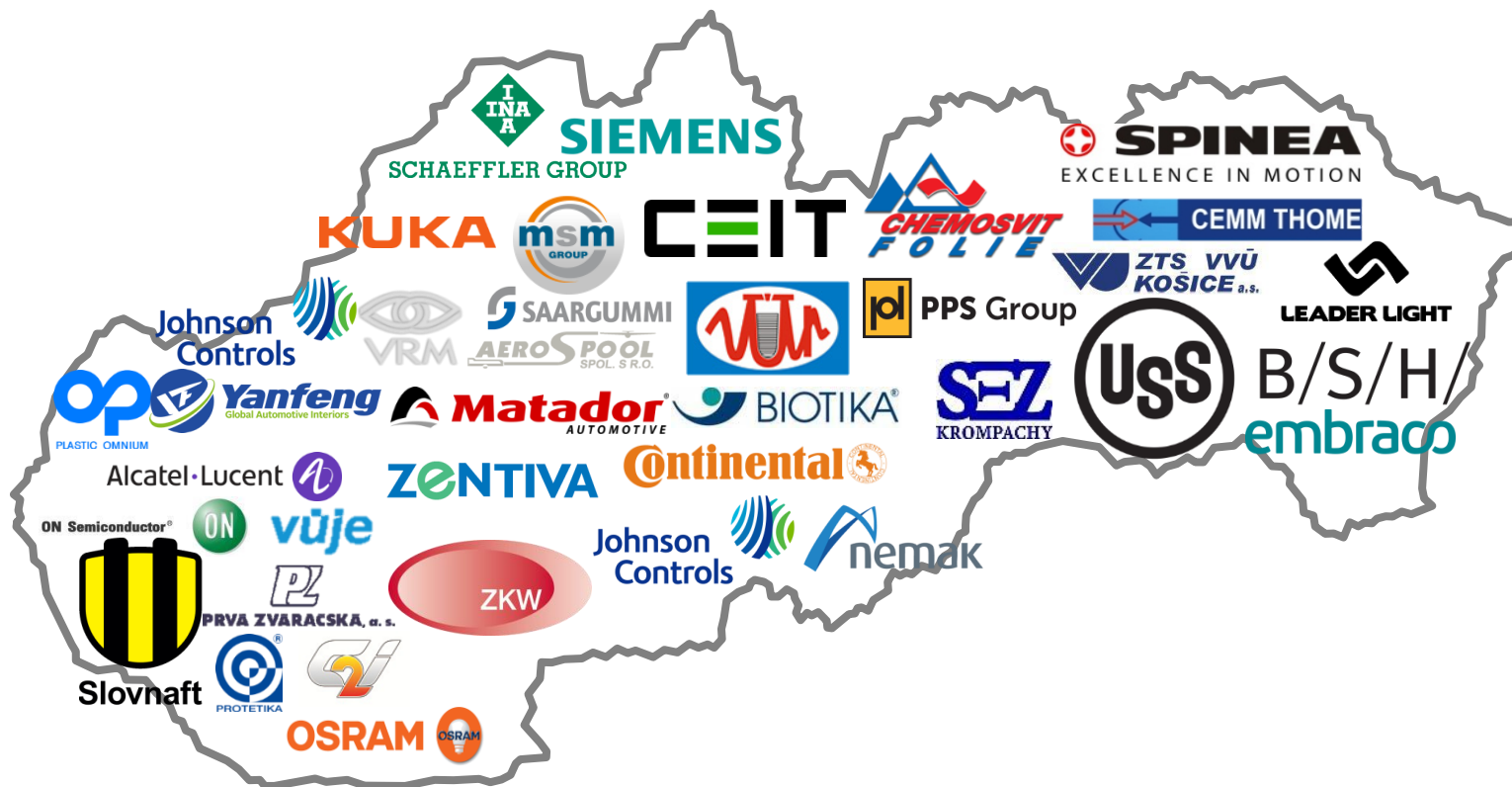
## STRATEGIC TIME ZONE FOR GLOBAL FUNCTIONS





# **SUCCESS STORIES & INNOVATION POTENTIAL**

## EXAMPLES OF CORPORATE R&D CENTRES



## SUCCESS STORY – SPINEA

The only European manufacturer of high precision gearboxes

#1

Twin  
Spin

Application



Member Of  
The International  
Federation Of  
Robotics

 **SPINEA**  
EXCELLENCE IN MOTION

Development,  
production  
and sales of  
high precision  
reduction  
gears

### References



**ABB** **DMG MORI**

## SUCCESS STORY CENTRAL EUROPEAN INSTITUTE OF TECHNOLOGY

Industrial  
Automation

Engineering  
Services

Biomedical  
Engineering



An innovative  
group with a  
strong focus on  
R&D that brings  
practical solutions  
to improve  
productivity &  
efficiency

### References

Volkswagen Slovakia



Continental



Whirlpool®



## SUCCESS STORY — ESET

ESET developed one of the first antivirus software in the world.

#1

NOD 32

Tackling  
Cyber  
Crime



A pioneer  
of antivirus  
protection, creating  
award winning  
threat-detection  
software since  
1987

ESET  
security solutions  
allow businesses and  
consumers in more  
than 180 countries  
to make the most  
of the digital  
world

## SUCCESS STORY – c2i



### AUTOMOTIVE INDUSTRY

- structural carbon-fibre composites



### AEROSPACE INDUSTRY

- c2i designs and manufactures aircraft interior structures & assemblies for Airbus A350, Airbus A320 and Boeing 787



### OTHER INDUSTRIES

- motorcycles, satellite communication, defence & security, nautic



Hi-tech  
designer and  
manufacturer of  
premium carbon  
fibre composites  
components  
since 2015

HYPERLOOP



## SUCCESS STORY — AEROMOBIL



Ready to  
take first  
preliminary  
orders in  
2016

Prototype  
of the world's  
most advanced  
flying car

„Finally,  
the flying  
car may  
have  
landed“

the guardian

„Little-known  
Slovakian start-up  
has taken the wraps  
off of what they've  
touted as the  
world's most  
advanced flying  
car“

The Washington Post

„The elegant  
blue-and-white vehicle  
fits neatly in a parking  
space or a garage and  
tanks up at any filling  
station. But once it reaches  
an airport, it can unfold its  
wings within seconds,  
becoming a plane“

The Japan Times

„Finally,  
the long-  
awaited flying  
car is almost  
here “

CNN



# SUCCESS STORY

## INSTITUTE OF MATERIALS AND MACHINE MECHANICS

**Innovative  
Materials**

**Aluminium  
Foam**

**Applied  
Research**



**FERRARI  
MODENA  
Car frame  
stiffeners**



**AUDI Q7  
Rear impact  
stiffeners**



**institute of materials & machine mechanics**

**slovak academy of sciences**

**RESEARCH  
INSTITUTION**  
R&D of advanced  
nonferrous materials,  
technologies of their  
preparation and  
research in applied  
mechanics





# INVESTMENT INCENTIVES

## INVESTMENT INCENTIVES — ELIGIBLE PROJECTS



**INDUSTRIAL  
PRODUCTION**



**STRATEGIC/  
SHARED SERVICES  
CENTERS**



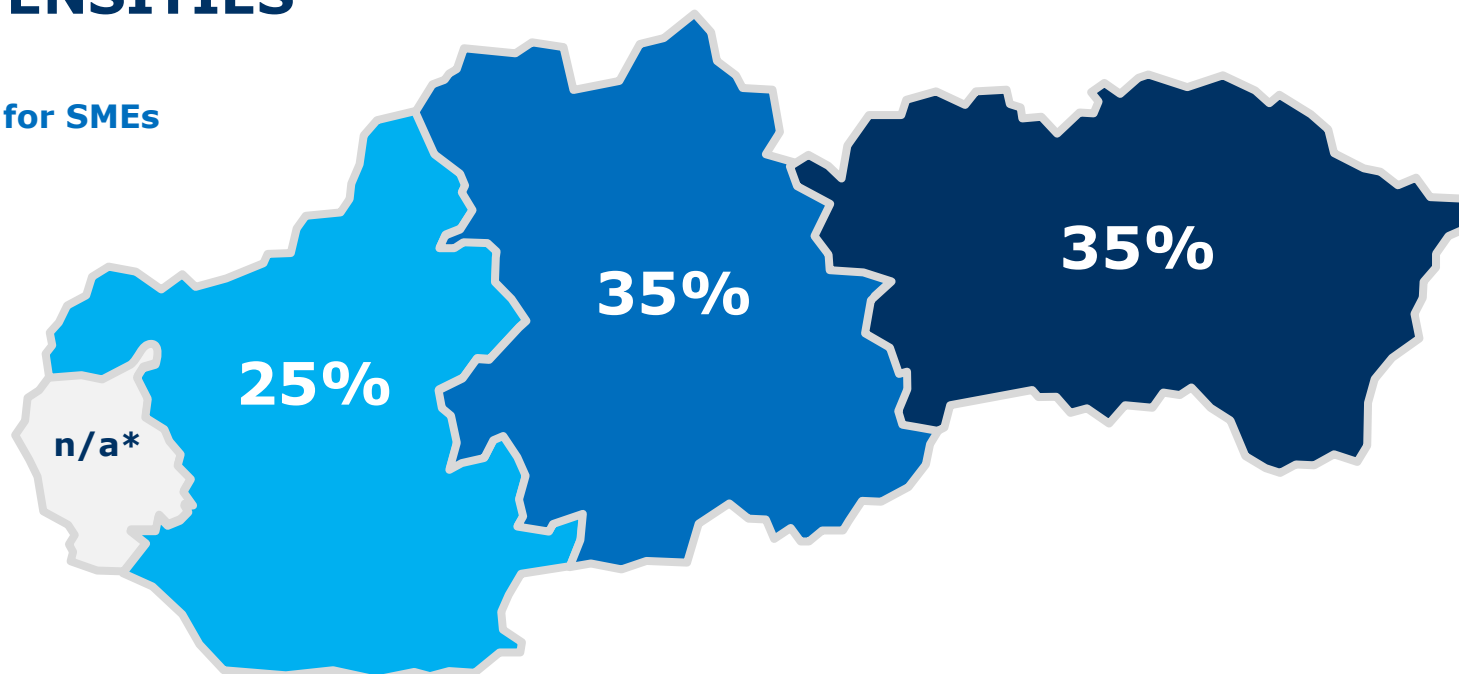
**TECHNOLOGY/  
R&D CENTERS**



**TOURISM**

## INVESTMENT AID — MAXIMUM REGIONAL AID INTENSITIES

+ 10 to 20% for SMEs



### FORMS

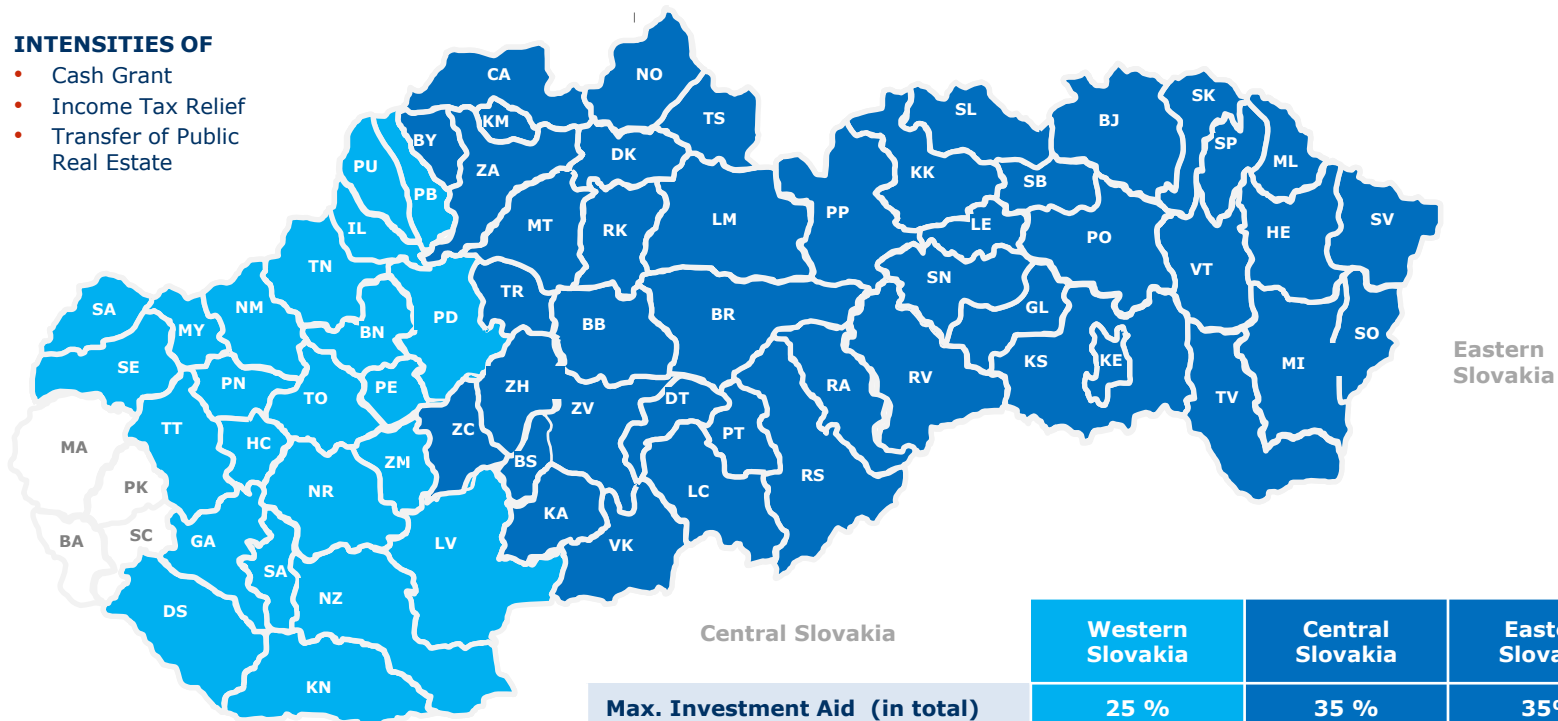
- **Income tax relief** — up to 10 tax periods
- **Cash grant** — paid ex-post, based on annual costs report
- **Contributions on new jobs** — paid ex-post, based on annual costs report
- **Transfer of public real estate for discounted price**

\*Districts in Bratislava region are excluded from the investment aid scheme

# MAXIMUM INTENSITIES — AVAILABLE FORMS

## INTENSITIES OF

- Cash Grant
- Income Tax Relief
- Transfer of Public Real Estate



Western Slovakia

Central Slovakia

Eastern Slovakia

	Western Slovakia	Central Slovakia	Eastern Slovakia
<b>Max. Investment Aid (in total)</b>	25 %	35 %	35%
Max. Cash Grant	25 %	35 %	35 %
Max. Income Tax Relief	25 %	35 %	35 %
Public Real Estate for Discounted Price	25 %	35 %	35 %

\*Districts in Bratislava region are excluded from the investment aid scheme



# SARIO SERVICES

## OUR SERVICES

The Slovak Investment and Trade Development Agency (SARIO) is a governmental investment and trade promotion agency operating under the supervision of Ministry of Economy of the Slovak Republic.

**YOUR ONE  
STOP SHOP  
FOR INVESTMENT  
AND TRADE IN  
SLOVAKIA**

**ALL OUR  
SERVICES  
ARE FREE OF  
CHARGE**

### FOREIGN TRADE DEPARTMENT

- Supports Slovak manufacturers in their export activities
- Assists foreign companies to identify potential new products for export from Slovakia
- Identifies potential suppliers and subcontractors
- Monitors free production capacities
- Manages online databases
- Trade Fairs
- Organizing B2B meetings

### INVESTMENT PROJECTS DEPARTMENT

- FDI attraction
- Assistance, consultancy for investment project implementation
- Database of available real estate
- Consultancy on investment aid
- Preparation of starting business related materials and analyses
- Promoting Slovakia abroad via seminars
- Manages M&A database, open projects for investments

## INSTITUTIONAL NETWORK



- Focus - Small and Medium Enterprises
- Financing/Microfinancing
- <http://www.sbagency.sk/en/slovak-business-agency>



- Support of business activities in Slovakia
- <http://web.sopk.sk/view.php?cislocianku=10>



- Focus – Innovations and energy sector
- <http://en.siea.sk/>



- Project by European Commission 2015-2020
- More than 600 partners from EU
- <http://www.enterprise-europe-network.sk/?en>



- **(Researching Agency)**
- Managing Authority for the Operational Programmes of Education and Research and Development
- <http://www.vyskumnaagentura.sk/en/>



SLOVAK RESEARCH  
AND DEVELOPMENT  
AGENCY

- Focus – R&D development (basic and applied research and experimental development)
- Funds provision
- <http://www.apvv.sk/agentura.html?lang=en>



## **SLOVAKIA — NOT JUST ABOUT BUSINESS...**



### **SPA & THERMAL WATERS**



### **MOUNTAINS & HIKING**



### **CULTURAL HERITAGE & SPORT EVENTS**



**YOUR ONE  
STOP SHOP  
FOR INVESTMENT  
AND TRADE IN  
SLOVAKIA**

**ALL OUR  
SERVICES  
ARE FREE OF  
CHARGE**

SARIO  
Slovak Investment and  
Trade Development Agency  
Trnavská cesta 100  
821 01 Bratislava

T: +421 2 58260 100  
E: [invest@sario.sk](mailto:invest@sario.sk); [trade@sario.sk](mailto:trade@sario.sk)

[www.sario.sk](http://www.sario.sk)

