Doing Business in Slovakia: 2013 Country Commercial Guide for U.S. Companies

Chapter 1: Doing Business in Slovakia

Market Overview Return to top

- Slovakia is a country of 5.4 million strategically located at the geographic heart of Europe
- The Slovak market is increasingly dominated by the automotive, electronics, engineering, tourism and service industries
- Slovakia's stable macroeconomic policies have made it a good place for U.S. exporters to do business
- Slovakia is a member of the North Atlantic Treaty Organization (NATO), the Organization for Economic Cooperation and Development (OECD) and the European Union (EU), Organization for Security and Cooperation in Europe (OSCE), United Nations (UN), Council of Europe, Visegrad 4, Central European Free Trade Agreement CEFTA, International Monetary Fund, World Bank, International Finance Cooperation, World Trade Organization, UNESCO, INTERPOL, and other multi-lateral organizations. It is a member of the EU Schengen Agreement, which allows for the free movement of people.
- Slovakia adopted the Euro as its currency on January 1, 2009, and became the 16th member of the European Monetary Union, resulting in the facilitation of trade through lower transaction costs, higher pricing transparency and greater monetary stability
- Slovakia has investment-grade ratings from the three major rating agencies
- Real GDP growth reached 2.3 % in 2012
- GDP growth in 2012 was one of the fastest rates among all EU countries.
- Unemployment nationwide stands at 14.4 % but varies widely from region to region
- Inflation in 2012 was 3.6%
- Continued GDP growth of 0.5 – 0.8 % is anticipated in 2013
- U.S. Exports to Slovakia in 2012 totaled USD 332.7million
- U.S. Imports from Slovakia in 2012 totaled USD 1,780 million
- Foreign Direct Investment (FDI) stands at more than USD 53 billion with U.S. FDI estimated at approximately USD 4.9 billion
- U.S. imports from Slovakia are dominated by Volkswagen, Audi and Porsche Sports Utility Vehicles that are manufactured in Bratislava
- Slovakia's major trading partners are the Czech Republic, Germany, Poland, France, Austria, Hungary, Italy and the United States

Market Challenges Return to top

- Corruption: Slovakia ranked 62nd on Transparency International's Corruption Perceptions Index in 2012, slightly better than its 66th in 2011, but worse than its 59th in 2010, 56nd in 2009 and 52th in 2008
- International companies doing business with the Slovak Government or attempting to obtain licenses that are required by the Slovak Government to do business in the country perceive non-transparency in bureaucratic processes to be a problem
- Bribery is widespread in the public courts and the health care system
- While the legal system generally enforces property and contractual rights, decisions may take years, thus limiting the utility of the courts for dispute resolution
- A new center-left government was elected in March 2012.

Market Opportunities Return to top

Best Prospects for U.S. Exporters include:

- Mineral fuel, briquettes, bituminous coal, petroleum jelly
- Nuclear reactors, boilers, general machinery and other energy technologies
- Optic and medical/surgical equipment and medical/industrial laboratory equipment and analyzers
- Electrical machinery and electronic components
- Automotive parts and components and aftermarket products
- Articles of stone, plaster, asbestos fibers
- Iron and steel and articles of iron and steel
- Glass and glassware
- Chemical products
- Plastics

Market Entry Strategy Return to top

- Visit Slovakia first-hand to get a feeling of what the market is like and how your product or service would be received; Bratislava is a 45-minute drive from Vienna airport
- Consider Slovakia as a regional market along with the Czech Republic, Poland and Ukraine
- Slovakia is an EU member and a gateway to the 27-member EU market
- The Euro, adopted by 17 other EU countries, became Slovakia's nationwide currency on January 1, 2009, easing trade transactions
- The most common and simple option for establishing an office in Slovakia is the limited liability company (LLC)
- Make the U.S. Commercial Service Bratislava office your first stop when considering entry to the Slovak market

Market Fact Sheet Return to top

Return to table of contents

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/3430.htm

Return to table of contents

Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor Return to top

U.S. Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Slovak national laws. The Slovak Commercial Code closely follows EU legislation and recognizes agents, commissioned merchants and brokers not bound by contract.

There are many agents and distributors in Slovakia competing to represent companies in a vibrant business environment. Numerous Slovak agents, distributors and trading companies have excellent business savvy, capital resources, and experienced personnel.

The U.S. Commercial Service offers its Gold Key Matching Service (GKS) and International Partner Search Service (IPS) to U.S. companies seeking potential business partners or representatives in Slovakia. The IPS provides U.S. firms with a short list of pre-screened Slovak contacts that have expressed an interest in representing a U.S. firm after reviewing the American company's product information. The GKS takes this a step further by arranging one-on-one business appointments with Slovak contacts when a representative from the U.S. firm visits Slovakia. Other customized contact-making services and market research are also available through the U.S. Commercial Service.

For more information about how the U.S. Commercial Service can assist you in expanding your sales to the Slovak market, please contact the U.S. Commercial Service's Export Assistance Center closest to you, which can be located through the following website: http://export.gov/usoffices/index.asp, or contact the U.S. Commercial Service in Bratislava directly at http://export.gov/slovakia

European Union (EU) Laws and Regulations

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:
http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays. The new Directive 2011/7/EU, which replaced the current law in March 2013, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8% above the European Central Bank rate) as well as Euro 40 as compensation for recovery of costs. For business-to-business transactions a 60 day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Key Links:
http://www.ombudsman.europa.eu/home/en/default.htm
http://ec.europa.eu/solvit/site/about/index_en.htm

Establishing an Office Return to top

The Slovak Commercial Code provides for the establishment of branch offices, joint stock companies, limited liability companies (LLCs), limited or unlimited partnerships, cooperatives, silent partnerships, and associations. All companies must register their names with the Slovak Commercial Register.

The following procedures and documents are required for company registration:

- (a) Lease contract for premises,
- (b) Approval of the office/company's location by local authorities,
- (c) Slovak bank account,
- (d) Trade authorization from the local trade authority,
- (e) Satisfaction of minimum capital requirements is required for offices headed by foreign nationals, and a long-term residence permit is required.

The most common option for foreign companies is the limited liability company (LLC). It is the simplest to establish, permits 100% foreign ownership, and allows full repatriation of after-tax profits.

The following rules apply to Limited Liability Companies in Slovakia:

(a) Between 1 and 50 shareholders may form a limited liability company, and the total basic capital must be at least Euro 5,000 (USD 6,400) with a minimum participant deposit of Euro 750 (USD 960) each
(b) A supervisory board is not required but may be established
(c) An official appraiser must value non-monetary contributions, and for certain contributions, two appraisers are required
(d) At least 30% of each partner's deposit and 50% of monetary and non-monetary contributions must be paid up before the company may be entered in the Slovak Commercial Register
(e) If the company is founded by a single entity, the foundation capital must be paid up in full

The forms for local office registration and all steps involved in establishing a local office are available on the Slovak Ministry of Justice’s web site:

The process of registering a company with the Slovak Commercial Register (www.orsr.sk) takes approximately five days.

Data Privacy and Protection
Return to top

Current Situation

The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter.

Transferring Customer Data to Countries outside the EU

The EU's current general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the unambiguous consent of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is NOT one of these.

As a result, in 2000 the Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the current Directive), and by publicly stating that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor program do. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up for the Safe Harbor.

Key links: U.S.-EU Safe Harbor Overviews

http://export.gov/safeharbor/eu/eg_main_018476.asp
http://export.gov/static/Safe%20Harbor%20and%20Cloud%20Computing%20Clarification_April%2012%202013_Latest_eg_main_060351.pdf

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005, and were complemented in 2010 by contractual clauses on “sub-processing” (outsourcing by an EU based exporter of its processing activities to other sub-processors outside the EU). Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries’ Data Protection Authorities (DPAs) and large multinational companies have also developed a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country DPA approval of “binding corporate rules” (BCRs). A BCR is the international code of practice that a multinational corporation follows for transfers of personal data between the companies belonging to that corporation (worldwide intra-group transfer). BCRs are suitable for closely-knit, highly hierarchically structured multinational companies but not for loose conglomerates. Companies that set up BCRs that satisfy European DPAs are able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

Proposed New Regulation

The EU’s current data privacy legislation is undergoing review. A new commercial data protection regulation was proposed by DG Justice in January 2012 and is now being revised in the European Parliament and EU Council of Ministers. Ireland was able to make good progress while holding the rotating Presidency of the EU Council during the first six months of 2013. Lithuania will take on the Presidency as of July 2013, and its Ministry of Justice has indicated its intent to prioritize the revision of the proposed legislation. The Commission has pushed for adoption of the proposed regulation in 2014 before the European Parliament’s general elections in June of that year.

If the December 2012 version of the regulation is adopted, it will impose significant requirements on European and U.S. businesses and on the way they are able to gather and utilize user data. It will also introduce substantial fines for offending companies (up to 2% of global revenue). For over two years, industry representatives have voiced their concerns to EU Institutions and Member State officials. In a Position Paper published in July 2012, the American Chamber of Commerce to the EU identified 10 key concerns with the proposed regulation:

- data breach notification
- consent
- definition of personal data, a child, and of public interest
- technical feasibility of the ”right to be forgotten” provision
- extraterritoriality element that would hamper international data transfers

The implications of this proposed regulation go well beyond its immediate scope; in particular data privacy is an integral part of other current EU regulatory initiatives in ICT sectors such as cloud computing and cyber-security.

Key Links:
European Commission’s Justice Directorate-General:
http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm
http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm
http://ec.europa.eu/justice/data-protection/document/international-transfers/binding-corporate-rules/index_en.htm

AmChamEU position paper on the proposed regulation:
http://www.amchameu.eu/DesktopModules/Bring2mind/DMX/Download.aspx?TabId=165&Command=Core_Download&EntryId=7914&PortalId=0&TabId=165

Franchising Return to top

Franchising in Slovakia is growing and includes hotels, fast food operations, gasoline stations and business services. There is no Slovak legislation specific to franchising. Franchising agreements are treated as commercial contracts and are regulated by the Slovak Commercial Code. U.S. franchises in Slovakia are still limited but include, for example, McDonald’s, Pizza Hut, Kentucky Fried Chicken, Subway, New Horizons, Curves International and Office 1 Superstore. This is an excellent time to enter the market, but franchisers should be prepared to offer creative financial options, as the financial resources of some of Slovakia's most promising entrepreneurs could be limited.

The Slovak Franchise Association (SFA) http://www.slovak-franchise.sk/ supports the development of franchising in Slovakia for existing members as well as for companies planning to implement franchising in the future. The goal of the SFA is to build optimal franchising conditions for both franchisers and franchisees.

The Slovak web portal http://retazce.sk/ promotes franchising in Slovakia.

European Union (EU) Laws and Regulations

U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally, do not constrain the competitive position of U.S. businesses. The potential franchiser should take care to look not only at the EU regulations, but also at the local laws concerning franchising. More information on specific legislation can be found on the website of the European Franchise Federation: http://www.eff-franchise.com/spip.php?rubrique21

Direct Marketing Return to top

Direct sales marketing in Slovakia will increase after local legislation is established to protect consumers from unfair or misleading practices. Current direct marketing firms include Amway, Avon, Herbalife, Oriflame, Lauder, Mary Kay, and Yves Rocher.

European Union (EU) Laws and Regulations

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

Processing Customer Data
The EU has strict laws governing the protection of personal data, including the Use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules
The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business at a distance with consumers.

It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - “the Consumer Rights Directive”. The provisions of this Directive will apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts, regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Links:
Consumer Affairs Homepage:

http://ec.europa.eu/consumers/index_en.htm

Consumer Rights:
http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm

Distance Selling of Financial Services
Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT

Direct Marketing over the Internet
The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm.

Joint Ventures/Licensing Return to top

The Slovak Commercial Code permits joint ventures and licensing. However, licensing is less common in Slovakia than it is in some other European countries.

European Union (EU) Laws and Regulations

For information on this topic please consult the Commerce Department's Country Commercial Guides on EU member states: EU Member States' Country Commercial Guides

Alternatively, search the Commerce Department's Market Research Library, available from: http://www.export.gov/mrktresearch/index.asp under Country and Industry Market Reports.

Selling to the Government Return to top

Slovakia is a founding member of the General Agreement on Tariffs and Trade (GATT) and is an original signatory to the World Trade Organization (WTO). The Slovak Government has joined the WTO Agreement on Government Procurement. Government tenders are published on the Public Procurement Office's website: http://www.uvo.gov.sk/

European Union (EU) Laws and Regulations

The EU public procurement market, including EU institutions and member states, totals approximately EUR 1.6 billion. This market is regulated by three Directives:

- Directive 2004/18 on Coordination of Procedures for the Award of Public Works, Services and Supplies Contracts;

- Directive 2004/17 on Coordination of Procedures of Entities Operating in the Utilities Sector, which covers the following sectors: water, energy, transport and postal services; and

- Directive 2009/81 on Coordination of Procedures for the Award of Certain Works, Supply and Service Contracts by contracting authorities in the fields of defense and security.

Remedy directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the EU member states.

The U.S. and the EU are signatories to the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some work contracts published by national procurement authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the GPA. The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement.

Key Link:

http://export.gov/europeanunion/grantstendersandfinancing/eu-fundedprogramsgrants/index.asp

Distribution and Sales Channels Return to top

Bratislava is located in the southwestern corner of Slovakia and has the largest metropolitan population in the country, making it the most important retail market with the best-developed distribution networks. The cities of Kosice, Trnava, Trencin, Zilina, Poprad, and Nitra are the major manufacturing areas in Slovakia and are also important retail markets.

The Slovak retail sector is composed of private networks of retail and wholesale businesses. The trend in western-style retailing, which offers a wide variety of products, has been greatly influenced by the operations of foreign companies such as Tesco. Currently, Tesco operates 130 outlets in Slovakia and employs about 10,000 people. The breakdown includessix Tesco department stores, 72 hypermarkets and 32 supermarkets, two upscale “galleries,” and a number of small-size retail stores called Tesco Express. Tesco also operates 17 gasoline stations and provides mobile phone and financial services. Tesco’s sales in Slovakia have grown continuously since 1996 and reached Euro 1.37 billion (USD 1.78 billion) in 2012.

The second largest retailer, Billa, which is part of the German retail chain Rewe, had sales of Euro 623 million (USD 809 million) in 2012. With 118 stores and more than 4,000 employees, Billa is an important employer in Slovakia. Billa operates smaller supermarkets and hypermarkets in shopping centers and downtown areas.

Metro Cash & Carry is Slovakia’s third largest retailer. Metro’s seven large hypermarkets sell products and operate on a similar business model as Costco and Sam’s Club chains in the U.S. In 2012 the company had sales of Euro 590 million (USD 767 million).

Kaufland, the fourth largest retail chain, operates 50 stores and employs 4,000 people in Slovakia. It plans to expand over the next four years by opening 9 new stores. In 2012 Kaufland’s sales reached Euro 510 million (USD 663 million).

Other international retail chains in Slovakia include Lidl, Ahold, Baumax, Hornbach, Drogerie Markt (DM), IKEA, KIKA, Kika. Major Slovak retailers include COOP Jednota and Terno.
The expansion of large retail chains has caused smaller businesses to consolidate or liquidate, laying the groundwork for franchising opportunities.

Selling Factors/Techniques Return to top

Slovak law permits 24-hour and Sunday shopping, but many smaller retail shops keep their hours to 9:00 a.m. to 6:00 p.m. weekdays, 9:00 a.m. to noon on Saturdays, and are closed on Sundays.

Slovakia’s disposable income is one of the lowest among EU countries, making price a key competitive factor. Slovaks prefer to buy domestic products, especially in grocery stores, if there is a price advantage. The importance of quality is gradually catching on with Slovak consumers as more foreign brand names begin to appear and more new products are launched.

Slovak retailers, especially those in cities, understand the benefits of promotion techniques used by U.S. and international retailers. Consumer campaigns with special offers and discounts are becoming more common in chain stores, and the use of some promotion techniques, such as coupons and small gifts, is not regulated by law.

The Ministry of Finance does, however, regulate consumer lotteries (sweepstakes) conducted by Slovak and foreign firms alike. The following requirements apply to lotteries held by companies:

- The company must be registered with the Slovak Commercial Register
- Taxes cannot be charged to consumer participants
- All labeling and product documentation must be in the local language

European Union (EU) Laws and Regulations

For information on this topic please consult the Commerce Department's Country Commercial Guides on EU member states: EU Member States' Country Commercial Guides

Alternatively, search the Commerce Department's Market Research Library, available from: http://www.export.gov/mrktresearch/index.asp under Country and Industry Market Reports.

Electronic Commerce

Return to top

Electronic commerce has been growing at a steady pace over the past several years. There are many Internet portals through which individual consumers and companies purchase products and services. The most commonly purchased products are consumer goods, electronics, software, voice, data and TV services, household appliances, furniture, hobby, music, video on demand, cosmetics, toys, airline tickets, holiday trips, tickets for cultural events and clothes. U.S. providers of online services, such as video on demand, software, games, and music, should make an effort to penetrate the Slovak market for those products and offer fee-based services to consumers who already have fiber optic and broadband Internet connections at home. Many younger Slovaks speak English, and the general population is highly interested in American entertainment products. Many consumers who have already purchased fiber optic connections belong to a market segment that is receptive to cutting-edge technology.

European Union (EU) Laws and Regulations

The Electronic Commerce Directive (2000/31/EC) mentioned in the direct marketing section above provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content. The European Commission released a work plan in 2012 in order to facilitate cross-border online services and reduce barriers and released a report on implementation of the action plan in 2013.

Key Link: http://ec.europa.eu/internal_market/e-commerce/directive_en.htm

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each member state. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are located, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Trade Promotion and Advertising

Return to top

Many companies, both Slovak and foreign, specialize in advertising, and they vary considerably in quality. Internet, newspaper, radio and television are the most common means of advertising. Private radio stations offer advertising in all metropolitan areas, and billboards are used in cities and along main highways.

Major Slovak-language newspapers and business journals include:

Pravda	Tel: +421 2 4959 6979, fax: +421 2 4959 6402 E-mail: pravda@pravda.sk Web site: http://www.pravda.sk
SME	Tel: +421 2 5923 3500, fax: +421 2 5923 3679 E-mail: redakcia@sme.sk Web site: http://www.sme.sk
Hospodarske Noviny	Tel: +421 2 4823 8111, fax: +421 2 4823 8369 E-mail: redakcia@ecopress.sk Web site: http://www.hnonline.sk
Profit/ Trend	Tel: +421 2 2082 2222, fax: +421 2 2082 2223 E-mail: redakcia@trend.sk, etrend@trend.sk

	Web site: http://profit.etrend.sk, http://www.trend.sk
Novy Cas	Tel: +421 2 5822 7320, fax: +421 2 5822 7320 E-mail: cas@cas.sk Web site: http://cas.sk

The only English-language newspaper in Slovakia is:

The Slovak Spectator	Tel.: +421 2 5923 3300, fax: +421 2 5923 3319 E-mail: spectator@spectator.sk Web site: http://www.spectator.sk

There is one state-owned television station broadcasting on two channels and three privately owned television stations broadcasting on six channels.

Posters and billboards are commonly used to advertise in Slovakia and are found in post offices, on telephone booths, public transportation, outdoor kiosks, and along public walking and driving routes. Again, there is minimal formal consumer protection, and local companies are advised to use ethical principles and advertising strategies or run the risk of a backlash from Slovak consumers who tend to be well-informed about unethical advertising.

European Union (EU) Laws and Regulations

General Legislation

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." member states can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." member states can, and in some cases have, restricted misleading or comparative advertising.

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allowing for U.S.-style product placement on television and the three-hour/day maximum of advertising have been lifted. However, a 12-minute/hour maximum remains. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children. Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below, though this Directive will be incorporated into the Consumer Rights Directive mentioned above by June 2014.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm
http://ec.europa.eu/avpolicy/reg/avms/index_en.htm

Medicines

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC as amended by Directive 2004/27/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission presented a new proposal for a framework for information to patients on medicines in 2008 which would allow industry to produce non-promotional information about its medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance. The debate on the framework however is currently blocked in the member states and therefore, current varying systems at national level are in force.

Key Link:
http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm

Nutrition & Health Claims

On July 1, 2007, a regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the Use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol”. The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) are allowed to carry claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011 on information to consumers mentioned below.

In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data will have to be submitted to EFSA for evaluation but a simplified authorization procedure has been established.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content”. A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Key Link: http://ec.europa.eu/nuhclaims/

Food Information to Consumers
In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011). The new EU labeling requirements will apply from December 13, 2014 except for the mandatory nutrition declaration which will apply from December 13, 2016.

Key link: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF

Food Supplements
Directive 2002/46/EC harmonizes the rules on labeling of food supplements and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by Member States.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently revised in November 2009. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Key Link: http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm

Tobacco
The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. The EU proposed a revision to the Tobacco Products Directive in 2012 with proposals to include bigger, double-sided health pictorial warnings on cigarette packages and plain packaging along with health warnings, tracking systems.

Key link: http://ec.europa.eu/health/tobacco/products/revision/

Pricing Return to top

The minimum monthly salary in Slovakia is Euro 338 (USD 439) per month and the average salary is about Euro 784 (USD 1,019) per month. Thus, price remains a key and sensitive factor for consumers. There is, however, a sizeable segment of the population with significantly higher earning power. There is a gap between prices in urban areas and those in rural areas. Most food prices remain below EU levels.

Sales Service/Customer Support Return to top

All entities, Slovak and foreign, must provide two-year warranties and after-sales service, especially for technical products. There is currently no law requiring a company registered in Slovakia to provide this service itself, but it must be able to arrange service for customers either within Slovakia or abroad.

European Union (EU) Laws and Regulations

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:
http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is still undergoing review.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

As of June 2014, Directive 1999/44/EC will be incorporated into the new Consumer Rights Directive previously mentioned.

Key link: http://ec.europa.eu/consumers/rights/gen_rights_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property Return to top

Introduction

Several general principles are important for effective management of intellectual property ("IP") rights in the EU. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in the EU than in the United States. Third, rights must be registered and enforced in the EU under local laws. Your U.S. trademark and patent registrations will not protect you in the EU. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally, cannot enforce rights for private individuals in EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources
A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.

- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For contact information, please see: http://www.uspto.gov/ip/global/attache/Attache_Contacts_2012-08.doc

Due Diligence Return to top

The Bratislava office of the U.S. Commercial Service can assist U.S. companies in evaluating potential business partners. The International Company Profile Service (ICP) helps U.S. companies evaluate potential business partners by providing a detailed report on Slovak companies which have been personally visited by a Commercial Specialist or Commercial Officer of the U.S. Commercial Service. Through the ICP, clients can request answers to detailed questions about Slovak companies on a variety of issues and receive expert advice from our commercial staff about the relative strength of the firm in its market and its reliability, among other things. For more information please contact office.bratislava@trade.gov.

European Union (EU) Laws and Regulations

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

Local Professional Services Return to top

A number of law firms in Slovakia conduct business in English and are familiar with U.S. laws. A few U.S. firms have offices in Slovakia. U.S. companies seeking a list of English-speaking attorneys may contact the U.S. Commercial Service office in Bratislava at office.bratislava@trade.gov. More information on individual law firms can be obtained from the Slovak Chamber of Attorneys.

European Union (EU) Laws and Regulations

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at:
http://export.gov/europeanunion/businessserviceproviders/index.asp.

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website EU Member States' Country Commercial Guides.

Web Resources Return to top

Slovak websites:

Slovak Commercial Register
www.orsr.sk

Database of Slovak Companies
www.zlatestranky.sk/index.jsp?language=EN

American Chamber of Commerce in the Slovak Republic
http://www.amcham.sk

Slovak Chamber of Attorneys
www.sak.sk

Slovak Investment and Trade Development Agency
www.sario.sk

Slovak Franchise Association
www.slovak-franchise.sk

Public Procurement Office of the Slovakia
www.uvo.gov.sk

Industrial Property Office
www.upv.sk

Media and Copyright Division, Ministry of Culture
www.culture.gov.sk/media-audiovizia

EU websites:
Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community:
http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Directive on Late Payment:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF

European Ombudsman:
http://www.ombudsman.europa.eu/home/en/default.htm

EU's General Data Protection Directive (95/46/EC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF

Safe Harbor:
http://export.gov/safeharbor/eu/eg_main_018476.asp

Information on contracts for transferring data outside the EU:
http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

EU Data Protection Homepage :
http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Distance Selling Rules:
http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Distance Selling of Financial Services:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:271:0016:0024:EN:PDF

E-commerce Directive (2000/31/EC):
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:
http://ec.europa.eu/consumers/rights /

Information to Patients - Major developments:
http://ec.europa.eu/health/human-use/information-to-patient/legislative-developments_en.htm

Nutrition and health claims made on foods - Regulation 1924/2006
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:012:0003:0018:EN:PDF

Regulation on Food Information to Consumers:
Regulation 1169/2011

EU-27 FAIRS EU Country Report on Food and Labeling requirements:
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Brussels%20USEU_EU-27_12-27-2012.pdf

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA
http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Health & Nutrition Claims
http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco
http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:
http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm

Product Safety
http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-Sales Service:
http://ec.europa.eu/consumers/rights/gen_rights_en.htm

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:EN:HTML

Industrial Property
http://ec.europa.eu/internal_market/indprop/index_en.htm

Trademark
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

European Patent Office (EPO)
http://www.european-patent-office.org/

Office for Harmonization in the Internal Market (OHIM)
http:/oami.europa.eu/

World Intellectual Property Organization (WIPO) Madrid
http://www.wipo.int/madrid/en

U.S. websites:

IPR Toolkit: http://www.stopfakes.gov/sites/default/files/europeanunion_toolkit.pdf

EU Public Procurement:
http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp

Local Professional Services:
http://export.gov/europeanunion/businessserviceproviders/index.asp

Return to table of contents

Chapter 4: Leading Sectors for U.S. Export and Investment Commercial Sectors

Mineral Fuel, Oil, Bitumin Substances, HS Code 27

Overview
Return to top

Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	12,024,253	14,160,094	13,391,636	12,000,000
Total Local Production	6,915,458	7,865,698	8,016,265	7,000,000
Total Exports	3,112,574	5,051,281	4,786,662	5,000,000
Total Imports	8,221,369	11,345,677	10,162,033	10,000,000
Imports from the U.S.	56,510	102,354	112,984	120,000
Exchange Rate: 1 USD	0.72	0.78	0.80	0.80

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Statistical Office of the Slovak Republic
Total Exports: Global Trade Atlas, TradeStats Express
Total Imports: Global Trade Atlas, TradeStats Express
Imports from U.S.: Global Trade Atlas, TradeStats Express

Sub-Sector Best Prospects
Return to top

The following specific items were the leading exports from the U.S. to Slovakia covered by this Leading Sector, ranked in USD from 2011 to 2012:

ITEM	2011	2012
2701--coal; briquettes, ovoids mfr from coal	100,925,440	111,909,933
2710--oil (not crude) from petrol & bitum mineral etc.	1,351,216	972,444
2712 - petroleum jelly; mineral waxes & similar products	77,253	89,142

Opportunities
Return to top

Black coal and briquettes made from black coal are used primarily for production of iron and steel. There are two main producers of iron and steel in Slovakia - U.S. Steel in Kosice and Zeleziarne Podbrezova in Podbrezova. There is also growing trend for import of bituminous coal and petroleum jelly that is used by chemical and other industries for further reprocessing and production of final goods.

Web Resources
Return to top

Statistical Office of the Slovak Republic

Slovak Ministry of Economy

Slovak Customs Office

Reactors, Boilers, Equipment, Machinery HS Code 84

Overview

Return to top

Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	6,594,285	6,864,704	6,910,584	6,200,000
Total Local Production	6,258,458	7,018,000	7,216,000	7,200,000
Total Exports	6,536,416	8,932,985	9,127,728	10,000,000
Total Imports	6,872,243	8,779,689	8,822,312	9,000,000
Imports from the U.S.	57,974	60,443	77,461	80,000
Exchange Rate: 1 USD	0.72	0.78	0.80	0.80

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Statistical Office of the Slovak Republic
Total Exports: Global Trade Atlas, TradeStats Express
Total Imports: Global Trade Atlas, TradeStats Express
Imports from U.S.: Global Trade Atlas, TradeStats Express

Sub-Sector Best Prospects

Return to top

The following specific items were the primary exports from the U.S. to Slovakia covered by this Leading Sector, ranked in USD from 2011 to 2012::

ITEM	2011	2012
8407--spark-ignition recipient or rotary combustion piston	13,922,492	16,435,435
8471--automatic data process machines; magnetic reader	8,013,957	15,546,876
8413--pumps for liquids; liquid elevators; parts thereof	6,247,091	5,685,325
8424—mechanical appliances to disperse liquid etc; sand etc blast machine	818,917	3,517,434
8417--industrial or lab furnaces & ovens	1,012,172	2,447,876
8443--print machines including ink-jet machines	996,240	2,435,600
8433--harvest machines, cleaning eggs	1,524,856	2,326,266
8421--centrifuges; filter mach for liquid or gases	1,631,542	2,276,182
8414--air or vacuum pumps, compressors & fans; hoods & fans	1,841,500	2,077,440
8473--parts for typewriters & other office machines	1,559,765	1,648,066
8467--tools for working in the hand, pneumatic or hydraulic	2,200,797	1,588,294
8484--gaskets & similar joints of metal sheeting	838,927	1,496,748
8481--taps, cocks, valves for pipes, tanks	1,445,110	1,481,286
8462--machine tools for forging, bending, stamping	8,000	1,380,887
8438--machines for preparation of food or drink	531,026	1,198,305

8423--weighing machines & weighing machine weights	612,855	1,198,022
8479--machines having individual functions	897,964	1,152,594
8419--machinery for temperature changed treatment	1,570,839	1,118,238

Opportunities Return to top

Excellent opportunities exist in the energy sector, which is mostly covered by HS 84. Slovakia had a shortage of electricity production capacity after closing two 440MW nuclear reactors at Nuclear Power Plant Jaslovske Bohunice in 2006 and 2008. The Slovak and U.S. government signed the Joint Declaration Agreement concerning industrial and commercial cooperation in the nuclear energy sector in March 2012.

The most important planned energy project is the construction of a new 1000MW to 1200MW “third generation” nuclear power plant by approximately 2025. This project will most likely be situated in Jaslovske Bohunice in order to use the existing infrastructure network from the two reactors that are already closed at the site. The Slovak Government is currently reviewing a feasibility study for the new plant that was completed in 2012. Construction costs are estimated to be between Euro 4 to 6 billion Euro. The Slovak Government decided that the new nuclear power plant will be constructed by a joint venture company created by the state-owned Slovak company JAVYS a.s. (the Slovak Nuclear Decommissioning Company) and the Czech company CEZ a.s. As a result, JAVYS a.s. and CEZ a.s. signed a joint venture agreement in May 2009. The new company, JESS a.s., was established on December 31, 2009. JAVYS a.s. owns 51% of JESS a.s. and CEZ owns 49%. In late 2012 CEZ decided to sell their shares to Russian ROSATOM. JAVYS a.s. and CEZ a.s. signed a memorandum with Rosatom in January 2013. The memorandum created conditions for ROSATOM to get the necessary information about the current status of the project based on which ROSATOM would clarify whether it is interested in participating in this project. According to several energy experts, there are three major potential suppliers of “third generation” reactors for the new plant, Atomstroyexport from Russia, Areva from France and Westinghouse from the U.S.

The Slovak Government plans to create a new facility to be used as a final storage disposal site for used nuclear fuel and other nuclear waste. The total planned investment is approximately USD 4.7 billion. The government is considering five potential locations for this facility.

There is promising U.S. export potential in the renewable energy sector, specifically for thermo solar, biomass, biogas, geothermal, hydro, biofuel and alternative fuel technologies. Despite Slovakia’s extensive use of forestry waste for energy production, it is estimated that only 17 % of this resource is currently being utilized. A significant amount of biomass could potentially be used to generate electricity on a large scale, or perhaps be utilized to supply heat for residential and industrial needs. Slovakia has significant geothermal resources, and some of them have high thermodynamic potential. For example, the Kosice basin has areas suitable for development of geothermal projects. Slovakia also has over 207 small hydropower plants currently in operation. In addition, there are about 250 locations on Slovak rivers (the Danube, Váh, Hron, Bodrog and Hornád) that have nearly 130 MW of generation potential. Slovakia downsized the maximum allowed by law for installed capacity for photovoltaic power plants to 100 kW.

In total, 1,663 photovoltaic power plant projects with a total installed capacity of 453 MW were approved by the end of 2013 and they might represent good export opportunities for U.S. suppliers of photovoltaic technologies. All applications for wind projects are currently on hold, so there is limited potential at this time for U.S. exporters of wind energy technologies.

In addition, opportunities for the sale of machine, tools, and production technologies to a number of industries including construction industry, food industry and automotive industry. A number of new automotive subcontractors that have opened production facilities near the three OEM (original equipment manufacturer) automobile manufacturing plants in Slovakia, Volkswagen in Bratislava, Kia in Zilina and PSA/Peugeot in Trnava.

Web Resources

Return to top

Statistical Office of the Slovak Republic

Slovak Ministry of Economy

Slovenske Elektrarne a.s.

Energy Centre

Slovak Energy Agency

Slovak Electricity and Dispatch Company - SEPS

JAVYS a.s.

JESS a.s.

Public Procurement Office

Slovak Customs Office

Optical, Photo, Medical/Surgical Instruments, HS Code 90

Overview

Return to top

Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	7,658,619	8,908,680	9,689,658	9,700,000
Total Local Production	6,365,589	7,120,000	7,050,000	7,000,000
Total Exports	632,391	872,692	885,347	900,000
Total Imports	1,925,421	2,661,372	3,525,005	3,600,000
Imports from the U.S.	31,374	38,143	36,339	35,000
Exchange Rate: 1 USD	0.72	0.78	0.80	0.80

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Statistical Office of the Slovak Republic
Total Exports: Global Trade Atlas, TradeStats Express
Total Imports: Global Trade Atlas, TradeStats Express
Imports from U.S.: Global Trade Atlas, TradeStats Express

Sub-Sector Best Prospects

Return to top

The following specific items were the leading exports from the U.S. to Slovakia covered by this Leading Sector, ranked in USD from 2011 to 2012:

ITEM	2011	2012
9031--machines, not specified in chapter 90; profile project, parts	8,663,625	10,284,178
9018--medical, surgical, dental or veterinary instruments, non electric	9,652,821	10,087,455
9027--instruments for physical analyzers ; microtome; parts	3,867,872	4,402,488
9001--optical fibers & bund; sheets; unmounted optical elements	525,724	2,863,993
9026--instruments measure or check flow, parts	2,177,999	1,984,222
9030--oscilloscopes, spectrum analyzers , parts	3,781,013	1,950,248
9022--x-rayapparatus; tubes, panels, screen, parts	1,066,965	825,995
9024--machines for testing mechanics property of material, parts	1,452,055	627,065
9021--orthopedic appliances; artifficial body parts; hear aid; parts	3,547,164	568,385
9032--automatic regulating or control instruments; parts	675,952	416,747
9017--drawing, mathematical, measuring instruments parts	327,474	369,881
9029--revolution & production count, taximeters, parts	268,643	338,314
9019--mechanical -therapeutical, massage, psychological testing, ozone appliances, pts	219,513	334,388

9014--direction finding compasses & navigation instruments parts	450,339	304,948

Opportunities

Return to top

Optical, photo and measuring equipment consumption has increased in Slovakia. The market has become increasingly focused on "high tech" products. Most equipment is still imported. New entrants face competition from the same international competitors they encounter elsewhere in the world. Most opportunities are in industrial production, especially automotive, and in the medical and dental sectors.

Automobile and automotive parts and components production dominate industrial applications for products in this leading sector. Three major OEM manufacturers and many automotive parts and components suppliers are located in Slovakia. Due to the introduction of new small car models produced in Slovakia as of 2011 as well as plug-in hybrid car models as of 2013, demand for quality measuring and testing equipment increased.

Private health care services have been introduced in Slovakia and consequently most private health care centers are investing considerable amounts of money in new health care equipment. Moreover, there are about 3,000 dentists in Slovakia and most are private practitioners who receive full payment for their services directly from patients. Private dental clinics are interested in keeping up-to-date on the latest technological advances and procuring new equipment to satisfy the demands of their customers. Especially promising segments for U.S. suppliers of dental equipment are laser dentistry, implants and cosmetic/aesthetic dentistry.

Web Resources

Return to top

Slovak Dental Chamber

Automotive Parts and Components, HS Code 87

Overview

Return to top

Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	9,143,805	9,060,252	7,495,018	7,200,000
Total Local Production	14,980,315	16,920,000	17,268,256	18,000,000
Total Exports	13,084,921	16,803,987	18,969,152	20,000,000
Total Imports	7,248,411	8,944,239	9,195,914	9,200,000
Imports from the U.S.	9,122	16,766	18,713	20,000
Exchange Rate: 1 USD	0.72	0.78	0.80	0.80

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Statistical Office of the Slovak Republic

Total Exports: Global Trade Atlas, TradeStats Express
Total Imports: Global Trade Atlas, TradeStats Express
Imports from U.S.: Global Trade Atlas, TradeStats Express

Sub-Sector Best Prospects

Return to top

The following specific items were the leading exports from the U.S. to Slovakia covered by this Leading Sector, ranked by USD from 2011 to 2012:

ITEM	2011	2012
8708--parts & accessories for motor vehicles (head 8701-8705)	9,367,228	10,061,128
8701--tractors (other than works trucks of heading 8709)	7,961,675	9,653,874
8703--motor cars & vehicles for transporting persons	5,260,949	8,819,720
8711--motorcycles (including mopeds) & cycles with auxiliery motor	1,122,080	1,489,337
8714--parts & accessories for cycles & invalid carriages	105,145	653,547
8704--motor vehicles for transport of goods	140,000	254,840
8705--special purpose motor vehicles	222,000	200,000
8709--works trucks, self-propelled, no lift; stationary tractors; pt	128,681	116,170
8716--trailers; other vehicles, not mechanically propelled, pt	87,698	69,684
8707--bodies (including cabs), for specific motor vehicles	0	59,744
8712--bicycles & other cycles (including tricycle) no motor	43,820	30,494

Opportunities

Return to top

Automobile and Tier 1 Supplier Production

In 2012 Slovakia became the largest producer of automobiles per capita (171 cars per 1000 inhabitants) in Europe and the world. . . Automobile and related manufacturing remains the pillar of the Slovak economy, encompassing nearly 40 % of the nation's GDP. The country's ambition for 2013 is to locally produce 930,000 cars.

Three OEM automobile companies produce in Slovakia. They are Volkswagen in Bratislava (approx. 400,000 cars produced in 2012; 8,400 employees; car models: VW Tourag, Audi Q7, Volkswagen up!, Skoda Citigo, Seat Mii), PSA Peugeot Citroen in Trnava (approx. 215,000 units produced until the end of December 2012; 3,000 employees; car models: Peugeot 208, Citroen C3 Picasso, Peugeot 207i) and KIA Motors in Zilina (292,000 units produced in 2012; 3,900 employees; car models: Venga, Sportage, GT). Since 2010, five new NSF (New Small Family) car models are manufacturedin Slovakia and the near future remains bright. With innovations implemented in 2011 and further 2012 investments totaling Euro 1.1 billion, Volkswagen is launching production of plug-in hybrids of SUV VW Touareg, Audi Q7 and Porsche Cayenne.
The benefits of Slovakia's geographic location include its proximity to automobile plants in other countries. There are approximately 12 automobile manufacturing plants within

the Slovak and Czech Republics, Poland and Hungary. Today, some Slovak Tier 1 suppliers (Tier 1 and Tier 2 suppliers employ over 70,000 people) provide just-in-time shipping, not only to plants located in Slovakia, but also to manufacturing facilities in neighboring countries.

Automobile Parts and Aftermarket Products

Slovakia is an EU member country and thus the market for automobile parts and equipment is largely saturated by products from countries such as Germany, Austria and France. Competitive pricing and just-in-time delivery are essential for U.S. suppliers to be successful in selling to the three OEM automobile manufacturers in Slovakia and to their Tier 1 suppliers.
In 2012 with 69,268 sold cars, Slovakia recorded annual 1.56 **%** increase in new cars' registration.

Car sale and registration chart:

Vehicle Category	Dec 2012	Jan-Dec 2012	Dec 2011	Jan-Dec 2011	Dec 2012/ Dec 2011
M	5,074	69,268	6,595	68,203	-23.06
N	4	5,103	5	5,735	-16,83
N	4	5	5	5	-25.86
N	1	2,998	2	3,149	32.78
M	0	1	3	8	0.00
M	4	2	4	2	-4.26

Legend:
M – new passenger cars
N – new light commercial vehicles

Skoda of the Czech Republic sells the most automobiles in Slovakia (22.14% market share), followed by Volkswagen (9.24% market share), KIA (7.79% market share), Hyundai (6.69% market share) and Renault (5.82% market share). First TOP 10 brands sold in Slovakia include Peugeot, Opel, Suzuki, Citroen and BMW. Ford ranked No.11. U.S. made Hummer and Cadillac are considered luxury vehicles due to their price or design and thus are sold in low volumes.

U.S. automobile aftermarket products such as in-car entertainment, automobile security equipment and "car care" items are all good prospects for the Slovak market.

Education and Training

With five new automobile models beginning production in Slovakia by the end of 2013, many experts believe the country will soon experience a shortage of trained production line workers and technical professionals. Slovakia has already experienced difficulty in finding electronic and technical engineers, designers, quality controllers, logistics experts, procurement professionals and maintenance staff who are experienced and speak at least one foreign language. Automotive companies in Slovakia realize the need to have a new, properly educated talent pool with appropriate knowledge of sophisticated technologies, new trends and processes, and foreign language skills. Thus, U.S. suppliers of training programs that focus on technical skills and foreign language ability will find opportunities in Slovakia.

The Slovak government and Slovak Automotive Industry Association's goals are to support and streamline professional education, create R&D base, improve cooperation of OEM automobile manufacturers with sub-suppliers, support sub-suppliers and finalize the law on waste and recycling of old automobiles.

Web Resources

Return to top

Automotive Industry Association of the Slovak Republic

Statistical Office of the Slovak Republic

Slovak Ministry of Economy

Electrical Machinery, Sound Equipment, HS Code 85

Overview

Return to top

Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	5,767,483	5,867,997	5,073,067	5,500,000
Total Local Production	7,680,650	7,930,256	7,820,998	7,500,000
Total Exports	15,758,346	16,626,990	16,652,713	16,000,000
Total Imports	13,845,179	14,564,731	13,904,782	14,000,000
Imports from the U.S.	41,992	47,746	31,180	45,000
Exchange Rate: 1 USD	0.72	0.78	0.80	0.80

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Statistical Office of the Slovak Republic
Total Exports: Global Trade Atlas, TradeStats Express
Total Imports: Global Trade Atlas, TradeStats Express
Imports from U.S.: Global Trade Atlas, TradeStats Express

Sub-Sector Best Prospects

Return to top

The following specific items were the leading exports from the U.S. to Slovakia covered by this Leading Sector, ranked in USD from 2011 to 2012::

ITEM	2011	2012
8504--elec trans, static conv & induct, adp pwr supp, pt	7,247,720	4,775,862
8517--electric apparatus for line telephony etc, parts	11,029,138	4,308,996
8542--electronic integrated circuits & microassembl, pts	4,029,637	2,624,021
8525--trans appar for radiotele etc; tv camera & rec	2,017,220	2,045,851
8536--electrical apparatus for switching etc, nov 1000 v	2,329,929	1,875,674
8544--insulated wire, cable etc; opt sheath fib cables	1,476,390	1,812,375
8523--prepared unrecorded media (no film) for sound etc.	1,229,246	1,245,575
8543--electrical mach etc, with ind functions nesoi, pts	655,703	1,244,131
8541--semiconductor devices; light-emit diodes etc, pts	916,656	908,440
8537--boards, panels etc elec switch and n/c appar etc.	693,495	867,391
8501--electric motors and generators (no sets)	276,714	605,890
8529--parts for television, radio and radar apparatus	2,638,392	374,527
8532--electric capacitors, fixed, var or adj (preset) pt	249,907	358,827
8515--electric, laser or oth light or photon beam etc	84,780	351,207

Opportunities

Return to top

The development of Slovakia's ICT market reflects spending from banks, private companies, financial service institutions and the public sector. Growth from the implementation of new networks plus maintenance of hardware and software continues, with the main end users of hardware equipment coming from the financial sector, insurance companies, government ministries, the parliament and state administrative offices. Local industries, such as automobile manufacturers, engineering companies, and energy production and distribution companies, are also contributing to the growth of ICT sector.

The high demand for ICT services also explains the growing complexity of ICT solutions and the popularity of packaged applications, increased user investments in networking and communications, and the increasing importance of the Internet, e-commerce and rising FDI inflows.

The best prospects in the area of Business Process Technology are system and application software, customized software, client-oriented multi-currency banking information systems, software for electronic distribution channels providing all basic retail functions, complex information systems for card services, decision-support information systems, information systems for management staff, and complex information systems for insurance companies.

The best prospects in Communication Technology are: cloud technology, Wireless Application Protocol (WAP) services, 3G and 4G equipment and solutions. U.S. companies still have some potential opportunities in these services, such as pre-paid cards or Wi-Fi services. There are also opportunities for alternate hard-line operators and other new services such as call centers, home work services, and tele-education or distance learning services.

The best prospects in Digital Equipment & Systems are server systems, work stations & personal computers, servers, data communications equipment, packet switching & routing equipment, PBX, key systems & circuit switching equipment, data com and network equipment, system & application software, switched data & leased line services, cable & digital TV services, set-top boxes, and presentation technology.

Analog television is no longer broadcast in Slovakia since January 1, 2012. End-users must replace traditional CRTs or analog plasma with digital flat panel displays. Advances in digital technology for the AV/IT/Telecommunications/Consumer Electronics markets are stimulating demand for the latest innovations in both the residential and business sectors. Technological developments gradually being adopted in the market include "triple play" internet services offered by companies such as Slovanet (www.slovanet.sk), T-Com (www.tcom.sk) and Orange (www.orange.sk), interactive cable TV offered by companies such as UPC (www.upc.sk), 3D TV, video on demand, wireless AV applications, streaming media and HDTV.

The consumer electronics entertainment segment of the AV market is the largest and fastest growing segment in this best prospect sector. Among television sets, there is a trend towards medium-size or large digital LCD or Plasma units with DVBT, DVBS and DVBC receivers. Popular products include 3D LCD and Plasma TVs, DVD players/recorders, "Blue Ray" players, Digital Portable Audio Players (mp3), "set top boxes," HiFi audio equipment and digital satellite receivers. For the business segment,

popular AV products include electronic display systems and signage, projectors and control systems. Demand for wireless/mobile/portable products is growing.
Good opportunities also exist in the telecommunications sector for innovative peripheral products and services. The largest customers in telecommunications are the three mobile operators in Slovakia, Orange, T mobile, O2 and the fixed-line land operator Telecom.

Consulting, education and training services in area of ICT and audiovisual equipment might be good added value service best prospect as many SMEs and large enterprises implement or will implement the newest ICT solutions as for example data storage on clouds, thin office models, home working, web conferences and others.

Web Resources Return to top

Statistical Office of the Slovak Republic

Slovak Ministry of Economy

Orange

T mobile

O2

T-Com

Plastics and articles thereof, HS Code 39

Overview

Return to top

Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	3,837,551	5,094,739	5,740,410	5,600,000
Total Local Production	3,216,256	4,580,000	4,845,000	4,800,000
Total Exports	2,026,054	2,588,898	2,249,113	2,200,000
Total Imports	2,647,349	3,103,637	3,144,523	3,000,000
Imports from the U.S.	7,261	4,846	21,291	20,000
Exchange Rate: 1 USD	0.72	0.78	0.80	0.80

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Statistical Office of the Slovak Republic
Total Exports: Global Trade Atlas, TradeStats Express
Total Imports: Global Trade Atlas, TradeStats Express
Imports from U.S.: Global Trade Atlas, TradeStats Express

Sub-Sector Best Prospects

Return to top

The following specific items were the leading exports from the U.S. to Slovakia covered by this Leading Sector, ranked in USD from 2011 to 2012:

ITEM	2011	2012
3920--plates, sheets, film no adhesives, , plastic	571,456	794,240
3923--containers (boxes, bags), closurers , plastic	161,678	760,814
3919--self-adhesive plates, sheets, film of plastics	818,371	400,460
3926--articles of plastics (including polymers & resins)	177,088	320,170
3917--tubes, pipes & hoses & their fittings, of plastics	109,534	209,484
3901--polymers of ethylene, in primary forms	114,966	201,867
3907--polyethers, expoxides & polyesters, primary forms	68,440	133,982
3902--polymers of propylene or other olefins, primary forms	0	70,304
3908--polyamides in primary forms	0	31,816
3909--amino-resins, phenolics & polyurethanes, primary form	33,885	22,664
3921--plates, sheets, film, foil & strip, plastics	78,377	21,692
3905--polymers of vinyl acetate & other vinyl polymers,	59,748	21,388

Opportunities

Return to top

Plastics are used in a wide range of industrial sectors. Given the competitive qualities of plastics, including durability and low maintenance requirements, plastics products are being used more and more in the automotive, household, industrial and agricultural sectors. There has also been a significant increase in use of plastics by information technology, healthcare product and electronics producers in Slovakia. Plastics continue to replace traditional materials such as metal, wood and leather.

Polypropylene (PP) and polyethylene (PE) films are used in the packaging industry. Mineral water and soft drink consumption is growing steadily. PET, HDPE and LDPE are processed into plastic bottles, food containers and bags used in the food and cosmetics industries. The trend is to package more food items individually, which in turn requires more packaging materials. The major raw material, PVC, is necessary for cable and wire manufacturing, as well as pipe manufacturing. Plastic materials also are important components in the production of apparel and sporting goods.

Several Slovak companies manufacture plastics to meet demand on the Slovak market. Since larger plants are able to produce in greater quantities, their presence in the marketplace often makes it difficult for smaller firms to compete on price. In Slovakia, the plastic industry consists of two segments, plastic raw materials production and plastic processing. Producers are responsible for making the plastic raw materials, while processors use plastic raw materials to manufacture end-products such as tubes, pipes, hoses, floor covers, plates, sheets, films, boxes, bags, and household articles.

The key Slovak industrial market players that import large quantities of plastics include Slovnaft, Plastika, QUINN PLASTICS SLOVAKIA, BAUMIT, ICOPAL and Chemosvit. . There are about 300 small and medium sized plastic product producers in Slovakia, e.g. INERGY Automotive Systems, Nexis Fibers or ENL. In most cases they use extrusion or injection molding technologies for the production of plastic products. There are good opportunities for U.S. companies to supply extrusion or injection molding technologies, color concentrates, additives, granules and other materials needed in plastic production.

Web Resources Return to top

Plastic Portal

Plastics Europe

Slovak Ministry of Economy

Emerging Subsectors

Water Purification and Sewage Treatment

There are 17 municipal water companies that drive this sector's growth. Fifteen companies are operated directly by municipalities and two water companies, located in Poprad and Banska Bystrica, rent their pipeline networks to the French utility company Veolia. Servicing water and sewage networks in Slovakia presents long-term business opportunities for U.S. companies. Another opportunity is the sale of water treatment plants, water and sewage equipment and technology for pipeline networks, as the construction and reconstruction of wastewater treatment facilities and pipeline networks is a high priority in Slovakia. In addition, there are a number of small and medium-size construction projects that have water treatment needs. These include, for example, water treatment plants or water purification technologies for new factories, and recreational or urban areas not connected to the public water network. These smaller projects are usually covered by local companies that are potential U.S. buyers.

There are three main conditions that have contributed to transactions in water treatment over the last seven years. First, the Slovak Government eliminated distorted prices and cross subsidies through the implementation of legislation overseen by the Regulatory Office for Network Utilities. Also, the national government transferred existing water and sewage pipe systems and treatment plants to municipalities. Lastly, EU funds for infrastructure development provided additional financial sources.

Renewable Energy

There is a window of opportunity for renewable energy sources in the Slovakia, including biomass, biogas, hydro, and geothermal, to ensure Slovak energy security and sustainability. Economic efficiency and the return on investment are the two key factors that will decide which renewable energy sources will be adopted.

Biomass is considered to be a promising renewable source that will replace the use of some fossil fuels in electricity and heat production. Slovakia's total annual capacity in the production of forest biomass suitable for energy production will reach about 1,200 tons by 2015. It is realistic to increase the amount of forest biomass available after 2015 through more intensive tree cutting and planting new trees that will eventually be used for biomass purposes. Other sources of biomass production include agricultural biomass such as cereals, corn, sunflower straw and winter rape, plus orchard and vineyard wood waste.

Geothermal energy is currently used in approximately 38 locations in Slovakia with heat production capacity amounting to 150 MW. The aggregate geothermal energy potential of geothermal waters in all prospective areas of Slovakia is 5,538MW. The current situation in the use of geothermal energy is unsatisfactory considering the potential this renewable energy source has to offer. The largest geothermal deposit, with a potential capacity of as much as 300 MW, is located in the Kosice basin.

Sustainable Development of Transportation

The use of renewable and unconventional fuels in transport is the strategy for sustainable development of transportation. Slovakia will aim to reduce its dependency on crude oil by using alternative types of motor fuel and increasing the energy efficiency of individual modes of transport. For the time being, electric vehicles, liquefied gas motor fuels, including liquefied petroleum gas (LPG) and compressed natural gas (CNG) are a short-to-medium-term alternative to petroleum or diesel fuels as cheaper and more environmentally-friendly fuels.

Franchising

Franchising in Slovakia is not as developed as the country's relatively high GDP and other positive economic and market indicators would dictate for this market. As of January 2013, the U.S. Commercial Service in Slovakia identified only 30 Slovak franchises and 88 foreign franchises.

The total Slovak franchise market is valued at approximately USD 450 million. Currently, potential franchise growth is in hotel accommodation services, fast food and self-service restaurants, car repair, real estate, beauty/hair salons and luxury fashion shops.

Foreign franchise chains maintain a significant position in the Slovak market with approximately 75% of all chain networks. These foreign-owned networks are mainly in retail sales. Slovak companies do not use franchising as a fast growth or sales expansion tool. Even well known franchisers are unfamiliar to local businesses. Several quality service providers and franchisers have penetrated the market only within main urban areas. Privately held franchise chains are ideal tools for market expansion within Slovakia. One of the most important steps for local franchise expansion is that business advisors educate local managers on how they could benefit from their own franchise chain. The best way to achieve this is through local advertisements and meetings with potential license purchasers.

Security Equipment

The demand for security equipment and services continues to be significant and remains a primary area of focus for the Slovak Government and large companies. The total 2013 budget of the Ministry of Interior is USD 1.3 billion, from which USD 300 million is allocated for security-related expenditures, including funding to upgrade the equipment, infrastructure and technology used by police forces.

Local and regional police forces are continually upgrading traffic controls and street surveillance systems in Slovak cities that have more than 40,000 inhabitants.

The construction industry, in both in the commercial residential sectors, is another significant market opportunity. It is becoming standard procedure to equip all new buildings with fire and smoke detectors, fire-fighting systems, surveillance systems, and automatic entry control systems. Owners of older business facilities are upgrading their buildings with smoke alarms, security detectors, and fire-fighting systems. Insurance companies provide significant discounts if a property is equipped with smoke detectors, fire-fighting systems, and surveillance equipment.

Official statistical information is not available for annual nationwide sales of security equipment. Therefore, the U.S. Commercial Service in Bratislava has contacted several companies to determine current market data. Security equipment installation companies declared to us that the annual growth rate in security equipment expenditures is approximately 8%. Virtually all of the companies contacted said that their clients request advanced security solutions and equipment that is fully automatic and resistant to sophisticated detection-avoidance methods. The strongest demand is for video surveillance systems and GPS tracking systems for vehicles.

Companies that provide security services, personal protection services and technical services stated that that the annual growth in their field is at least 6%.

Return to table of contents

Agricultural Sectors

Return to top

Name of Sector: Agriculture and Food Industry
ITA Industry Code: AGC

The agriculture and food industry sector in Slovakia generates approximately 3 % of the country's gross domestic product. Slovakia's main trading partner in the agricultural food sector is the Czech Republic.

Demand for high quality U.S. food products has grown as a result of an improved Slovak economy and an increasing number of hypermarkets and food-chain stores where U.S. products are introduced. Most U.S. high-value food products are imported through European intermediaries rather than directly. Since Slovakia joined the EU, the share of transshipments, mainly via Germany and the Netherlands, has increased and a sizable amount of imports from the United States is not shown in official import statistics. Actual U.S. market share is significantly higher than direct trade data implies due to transshipments through other EU countries. U.S. agricultural products holding the best prospects on the Slovak market include dried fruits and nuts (such as raisins, almonds, and pistachios), various food preparations and extracts (teas, herbal mixes, condiments), and fish products. U.S. wood panel products, including plywood, are emerging as a niche market.

Niche markets for high-value agriculture inputs, such as seeds (sunflower and corn seeds), and livestock genetic material (e.g., bovine semen) have strengthened along with the economy. U.S. wines are just now beginning to make inroads into the market, and Slovaks are expected to continue to adopt more western European styles and levels of consumption, imports, and quality preferences in the coming years. Most retail sales remain motivated by price, though private market sales (less price-sensitive) are on the rise.

Best Sub-sector Prospects for Agricultural Products

Note: All figures are in Thousands of U.S. Dollars, unless otherwise stated.
Data Source: Global Agricultural Trade System (GATS). The GATS does not track intra-EU transshipments only direct trade. Other best prospects are based on trade information and product presently on the market.

Dried Fruits and Nuts (Consumer Oriented Product)
Food Preparations (Intermediate Product)
Vegetable Saps and Extracts (Intermediate Product)
Soybean Meal (Intermediate Product)
Fish Fillets & Meat (Fish Products)
Bovine Genetics (Intermediate Product)
Panel Products (Forest Product)

Commodity Group: Processed Fruits & Vegetables
Harmonized Schedule Code(s): Dried Grapes and Nuts (0802 + 0806)
Value in USD 1,000

Year	2010	2011	2012	2013 (f)

Total Imports	61,170	63,694	65,806	68,000
Total Imports from U.S.	429	574	3,266	3,500

Commodity Group: **Intermediate Products**
Harmonized Schedule Code(s): Food Preparations (2106)
Value in USD 1,000

Year	2010	2011	2012	2013 (f)
Total Imports	146,964	177,872	183,683	187,900
Total Imports from U.S.	4,802	3,813	2,518	3,520

Commodity Group: **Intermediate Products**
Harmonized Schedule Code(s): Vegetable Saps and Extracts (1302)
Value in USD 1,000

Year	2010	2011	2012	2013 (f)
Total Imports	8,053	8,625	11,084	13,000
Total Imports from U.S.	233	444	1,032	1,500

Commodity Group: **Fish Products**
Harmonized Schedule Code(s): Fish Fillets & Meat, Fresh, Chilled or Frozen (0304)
Value in USD 1,000

Year	2010	2011	2012	2013 (f)
Total Imports	26,134	29,896	25,239	28,000
Total Imports from U.S.	232	492	964	1,010

Commodity Group: **Soybean Meal**
Harmonized Schedule Code(s): Soybean meal (2304)
Value in USD 1,000

Year	2010	2011	2012	2013 (f)
Total Imports	35,978	50,609	47,949	48,000
Total Imports from U.S.	415	204	240	260

Commodity Group: **Animal Genetics**
Harmonized Schedule Code(s): Bovine Genetics (051110)
Value in USD 1,000

Year	2010	2011	2012	2013(f)
Total Imports	1,520	1,630	2,653	2,800
Total Imports from U.S.	188	134	226	270

Commodity Group: **Panel Products (including Plywood)**
Harmonized Schedule Code(s): Veneer Sheets and Sheets for Plywood (4408)
Value in USD 1,000

Year	2010	2011	2012	2013(f)
Total Imports	36,500	44,368	37,417	39,000

Total Imports from U.S.	1,578	2,804	1,462	1,500

Source:
Global Trade Atlas - Country Customs Reported Import Data. Note: All foreign trade figures do not include transshipments.

Web Resources:

Attaché Reports
Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the local food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products. U.S. Foreign Agricultural Service Attaché reports can be found at http://www.fas.usda.gov/scriptsw/attacherep/default.asp. In recent years, many of the reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the market covered by our Post also review the EU-27 reports.

Trade Data

Please refer to the USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS). GATS includes international agricultural, fish, forest and textile products trade statistics dating from the inception of the Harmonized coding system in 1989 to present.

Available at:

http://www.fas.usda.gov/gats/default.aspx

USDA's Foreign Agricultural Service (regional office in Warsaw):
http://poland.usembassy.gov/poland/agric.html
http://prague.usembassy.gov/agr.html

Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs Return to top

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. To determine if a license is required for a particular product, check the TARIC.
The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link:
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Trade Barriers Return to top

The licensing system is Slovakia's primary non-tariff barrier. The Ministry of Economy is authorized to issue import and export permits or licenses for sensitive goods with the objective of protecting the domestic market. The licensing procedure is governed by Regulation No. 15/1998 and amended Regulation No. 163/1999, which describe the conditions for issuing official authorization for the import/export of goods and services. These regulations also include individual lists of products subject to licensing procedures. There are four specific licensing regimes:

1) Extremely dangerous poisons, hazardous chemical substances, pesticides and additive chemical substances are subject to non-automatic licenses that may be issued upon written application of the Slovak importer/exporter of the goods. The licenses are not transferable. The licensing procedure for certain hazardous chemical substances and pesticides is governed by Regulation No. 67/2010.

2) Narcotics, psychotropic substances, precursors and additive chemical substances are also subject to non-automatic licenses that may be issued upon written application of the Slovak importer/exporter of these goods. The licenses are not transferable. The licensing procedure for drug precursors is governed by Regulation No. 331/2005.

3) Dual-use goods and technologies that can be used in military as well as civilian applications (Wassenaar system). The licensing procedure is governed by Regulation No. 21/2007.

4) Weapons, ammunition, explosives and related items.

European Union (EU) Laws and Regulations

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website: http://www.ustr.gov/sites/default/files/2013%20NTE%20European%20Union%20Final.pdf

Information on agricultural trade barriers can be found at the following website: http://www.fas.usda.gov/posthome/useu/

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at http://www.trade.gov/tcc or the U.S. Mission to the European Union at http://export.gov/europeanunion/

Import Requirements and Documentation

Return to top

European Union (EU) Laws and Regulations (includes Slovakia)

The TARIC (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a particular product.

Many EU member states maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to member state import licenses, please consult the relevant member state Country Commercial Guide: EU Member States' Country Commercial Guides or conduct a search on the Commerce Department's Market Research Library, available from: http://www.export.gov/mrktresearch/index.asp.

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

More information on the SAD can be found at:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension.

The Modernized Customs Code (MCC) of the European Union is expected to be fully in place by June 2013. Some facets of the MCC have already been implemented including EU wide Economic Operators Registration and Identification (EORI) numbers. The MCC replaces existing Regulation 2913/92 and simplifies various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm

New U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an agreement on customs cooperation and mutual assistance in customs matters. For additional information, please see
http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.' voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority is recognized by all member state's customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety". The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase will take place in 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):
http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/implementing_regulation_58_2013_en.pdf

Additional information on the MRA can be found at:
http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_program_information/international_efforts/eu_faq.ctt/eu_faq.pdf

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators placed on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. For more information, see our market research report: http://www.buyusainfo.net/docs/x_4062262.pdf

REACH

REACH, "Registration, Evaluation and Authorization and Restriction of Chemicals", is the system for controlling chemicals in the EU and it came into force in 2007 (Regulation

1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by this policy. REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central database handled by the European Chemicals Agency (ECHA). Information on a chemical's properties, its uses and safe ways of handling are part of the registration process. The next registration deadline is **May 31, 2013**: http://echa.europa.eu/web/guest/reach-2013. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU: http://export.gov/europeanunion/reachclp/index.asp

Material Safety Data Sheets (MSDS) must be updated to be REACH compliant. For more information, see the guidance on the compilation of safety data sheets: http://echa.europa.eu/documents/10162/17235/sds_en.pdf

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of Substances of Very High Concern (SVHCs) and the Authorization List. Substances on the Candidate List are subject to communication requirements. Companies seeking to export products containing substances on the Authorization List will require an authorization. The Candidate List can be found at: http://echa.europa.eu/web/guest/candidate-list-table. The Authorization List is available at http://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list

WEEE Directive

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register the products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012. The revised WEEE Directive expands the scope of products covered to include all electrical and electronic equipment. The expanded scope will apply from August 14, 2018. U.S. exporters seeking more information on the WEEE Directive should visit: http://export.gov/europeanunion/weeerohs/index.asp

RoHS

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant. The Directive was revised in 2011 and entered into force on January 2, 2013. One important change with immediate effect is that RoHS is now a CE marking Directive. The revised Directive expands the scope of products covered during a transition period which ends on July 22, 2019. Once this transition period ends, the Directive will apply to medical devices, monitoring and control equipment in addition to all other electrical and electronic equipment. U.S. exporters seeking more information on the WEEE Directive should visit: http://export.gov/europeanunion/weeerohs/index.asp

Cosmetics Regulation

On November 30, 2009, the EU adopted a new regulation on cosmetic products which will apply from July 11, 2013. The new law introduces an EU-wide system for the notification of cosmetic products and a requirement that companies without a physical presence in the EU appoint an EU-based responsible person.

In addition, on March 11, 2013, the EU imposed a ban on the placement on the market of cosmetics products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose. For more information on animal testing, see: http://ec.europa.eu/consumers/sectors/cosmetics/animal-testing

For more general information, see:
http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: http://www.fas.usda.gov/posthome/Useu/certificates-overview.html

Sanitary Certificates (Fisheries)
In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on imports of fishery products from the U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU's. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1012/2012. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@trade.gov) or visit the following NOAA dedicated web site: http://www.seafood.nmfs.noaa.gov/EU_Export.html

U.S. Export Controls

Return to top

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available at: http://www.bis.doc.gov/licensing/exportingbasics.htm

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at:
http://www.bis.doc.gov/enforcement/redflags.htm

Also, BIS has "Know Your Customer" guidance at:
http://www.bis.doc.gov/Enforcement/knowcust.htm

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the confidential lead page at: https://www.bis.doc.gov/forms/eeleadsntips.html

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

For additional information on ECR see: http://export.gov/ecr/index.asp

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at: https://www.bis.doc.gov/seminarsandtraining/index.htm

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website at: http://www.bis.doc.gov/

Temporary Entry Return to top

Slovakia's Commercial Code allows temporary imports a full or partial exemption from import duties, depending on the product. The temporary import regime allows for the commercial use of foreign goods, which will remain the property of the importing foreign entity. For example, a person or company that imports goods temporarily must pay only part of the import charges, proportional to the time period of use in Slovakia. The customs duty is 3% of the normal import charge for each month the goods are present in Slovakia instead of being officially cleared by Slovak Customs for free and permanent circulation and use in the country. The period allowed for temporary importation is 24 months and can be extended, upon a customs broker's request, to a maximum of 36 months.

Slovakia is a signatory of international customs agreements on ATA and TIR carnets, which allow for temporary import or transit of goods without the obligation to secure the partial exemption described above and without import duties or charges in the country of transit or destination. The Slovak Chamber of Commerce and Industry http://web.sopk.sk is the national guarantee organization and executive body for ATA carnets. Cesmad Slovakia (Czech and Slovak Association for International Automobile Transportation) http://www.cesmad.sk holds the same responsibilities for TIR carnets.

Labeling and Marking Requirements Return to top

European Union (EU) Laws and Regulations (includes Slovakia)
An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: http://buyusainfo.net/docs/x_366090.pdf

Prohibited and Restricted Imports Return to top

European Union (EU) Laws and Regulations (includes Slovakia)

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it.

To determine if a product is prohibited or subject to restriction, check the TARIC for the following codes:

CITES Convention on International Trade of Endangered Species
PROHI Import Suspension
RSTR Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link:
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Customs Regulations and Contact Information Return to top

Information about Slovak Customs procedures and contact Information for Slovak Customs authorities can be found in English by clicking on the British flag at the top of the following webpage: http://www.colnasprava.sk

European Union (EU) Laws and Regulations

The following provides information on the major regulatory efforts of the EC Taxation and Customs Union Directorate:

Electronic Customs Initiative – This initiative deals with EU Customs modernization developments to improve and facilitate trade in the EU member states. The electronic customs initiative is based on the following three pieces of legislation:

- The Security and Safety Amendment to the Customs Code, which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade (Electronic Customs Decision) which sets the basic framework and major deadlines for the electronic customs projects;
- The Modernized Community Customs Code which provides for the completion of the computerization of customs.

Key Link:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Homepage of Customs and Taxation Union Directorate (TAXUD) Website
Key Link: http://ec.europa.eu/taxation_customs/customs/index_en.htm

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

The EU imports in excess of Euro 2 trillion worth of goods. It is important that the value of such commerce is accurately measured for the purposes of:

- economic and commercial policy analysis;
- application of commercial policy measures;
- proper collection of import duties and taxes; and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value. The EU applies an internationally accepted concept of 'customs value'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Key Link:
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Standards Return to top

Overview Return to top

European Union (EU) Laws and Regulations (includes Slovakia)

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of

new approach legislation, go to
http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main.

The concept of new approach legislation is likely to disappear as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Since 2010/2011 existing legislation has been reviewed to bring them in line with the NLF concepts.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

Agricultural Standards
The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: http://www.fas.usda.gov/posthome/useu/about.html

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website:
http://www.fas.usda.gov/posthome/useu/about.html

Standards Organizations Return to top

European Union (EU) Laws and Regulations (includes Slovakia)

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

1. CENELEC, European Committee for Electrotechnical Standardization (http://www.cenelec.eu/)

2. ETSI, European Telecommunications Standards Institute (http://www.etsi.org/)

3. CEN, European Committee for Standardization, handling all other standards (http://www.cen.eu/cen/pages/default.aspx)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing

European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates – or requests for standards - can be checked on line at: http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

Given the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, Israel, and Morocco among others. Another category, called "partner standardization body" includes the standards organization of Mongolia, Kyrgyzstan and Australia, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN's "sectors" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU legislation, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: http://www.cen.eu/cenorm/products/cwa/index.asp

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link: http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm

Conformity Assessment   Return to top

The Slovak Institute for Technical Standardization (STS) is the central state body that governs technical standardization and conformity assessment. The STS formulates, approves and publishes Slovak technical standards. The STS is the Slovak national standardization agency.

Slovakia has 26 authorized national testing organizations. Contact addresses of all authorized national testing organizations and a list of their main fields of activities are available at http://www.unms.sk/?authorization

European Union (EU) Laws and Regulations

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link: http://ec.europa.eu/enterprise/newapproach/nando/

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification   Return to top

European Union (EU) Laws and Regulations (includes Slovakia)

To sell products in the EU market of 27 member states – soon 28 - as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation Return to top

The Slovak National Accreditation Service (SNAS) is the body for executing accreditation in Slovakia. SNAS is responsible for providing accreditation to national testing centers as well as certifying, inspecting and calibrating laboratory testing equipment. SNAS accredits these bodies in compliance with Slovak laws and standards, international standards such as ISO/IEC, EU standards within the EN 45000 series and standards set forth by international and regional organizations (for instance EA, ILAC, IAF, and OECD regulations on good laboratory practice). SNAS provides accreditation for labs according to STN EN 45 000, ISO/IEC, and OECD (ENV/MC/CHEM (98) 17, No. 1) regulations.

European Union (EU) Laws and Regulations

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" (http://www.european-accreditation.org) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Publication of Technical Regulations Return to top

European Union (EU) Laws and Regulations (includes Slovakia)

The Official Journal is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more (http://eur-lex.europa.eu/JOIndex.do?ihmlang=en). It lists the standards reference numbers linked to legislation (http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm).

National technical Regulations are published on the Commission's website http://ec.europa.eu/enterprise/tris/index_en.htm to allow other countries and interested parties to comment.

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Labeling and Marking

Return to top

Products made in Slovakia or imported into Slovakia must be labeled with the CE mark. All electrical equipment should have, in addition to the CE mark, an "Energy Efficiency" label. Under the 1995 State Language Law, companies are required to mark contents of domestically produced or imported goods, product manuals, product guarantees, and other consumer-related information in the Slovak language.

European Union (EU) Laws and Regulations

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers. Key Link: http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm

The Eco-label
The EU eco-label is a voluntary label which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently 30 different product groups, and approximately 1300 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000.

There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

Key Links:
Eco-label Home Page

Contacts Return to top

Slovak Office of Standards, Metrology and Testing:
http://www.unms.sk/?home

Customs Administration of the Slovak Republic:
http://www.colnasprava.sk/wps/portal/!ut/p/_s.7_0_A/7_0_28O

Trade Agreements Return to top

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see:
http://tcc.export.gov/Trade_Agreements/index.asp

Web Resources Return to top

<u>Slovak websites:</u>

Slovak Customs Office:
http://www.colnasprava.sk

Slovak Office of Standards, Metrology and Testing (OSMT):
http://www.normoff.gov.sk www.unms.**sk**

Slovak Institute for Technical Standardization (STS):
http://www.sutn.sk

EU websites:
Online customs tariff database (TARIC):
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

The Modernized Community Customs Code MCCC):
http://europa.eu/legislation_summaries/customs/do0001_en.htm

ECHA: http://echa.europa.eu

Taxation and Customs Union:
http://ec.europa.eu/taxation_customs/customs/index_en.htm

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF

Electronic Customs Initiative: Decision N° 70/2008/EC
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF

Modernized Community Customs Code Regulation (EC) 450/2008):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF

Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Export Help Desk
http://exporthelp.europa.eu/thdapp/index_en.html

International Level:

What is Customs Valuation?:
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

Customs and Security: Two communications and a proposal for amending the Community Customs Code:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF

Pre Arrival/Pre Departure Declarations:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm

AEO: Authorized Economic Operator:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm

Contact Information at National Customs Authorities:
http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Approach Legislation:
http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main

Cenelec, European Committee for Electrotechnical Standardization:
http://www.cenelec.eu/

ETSI, European Telecommunications Standards Institute:
http://www.etsi.org/

CEN, European Committee for Standardization, handling all other standards:
http://www.cen.eu/cen/Pages/default.aspx

Standardisation – Mandates:
http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

ETSI – Portal – E-Standardisation :
http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector:
http://www.cen.eu/cenorm/sectors/index.asp

CEN - Standard Search:
http://esearch.cen.eu/esearch/

Nando (New Approach Notified and Designated Organizations) Information System:
http://ec.europa.eu/enterprise/newapproach/nando/

Mutual Recognition Agreements (MRAs):
http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main

European Co-operation for Accreditation:
http://www.european-accreditation.org/home

Eur-Lex – Access to European Union Law:
http://eur-lex.europa.eu/en/index.htm

Standards Reference Numbers linked to Legislation:

http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

What's New:
http://ec.europa.eu/enterprise/news/index_en.htm

National technical Regulations:
http://ec.europa.eu/enterprise/tris/index_en.htm

NIST - Notify U.S.:
http://www.nist.gov/notifyus/

Metrology, Pre-Packaging – Pack Size:
http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm

European Union Eco-label Homepage:
http://ec.europa.eu/environment/ecolabel

U.S. websites:
National Trade Estimate Report on Foreign Trade Barriers:
http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-1

Agricultural Trade Barriers:
http://www.fas.usda.gov/posthome/Useu/

Trade Compliance Center:
http://tcc.export.gov/

U.S. Mission to the European Union:
http://useu.usmission.gov/

The New EU Battery Directive:
http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH:
http://export.gov/europeanunion/reachclp/index.asp

WEEE and RoHS in the EU:
http://export.gov/europeanunion/weeerohs/index.asp

Overview of EU Certificates:
www.fas.usda.gov/gainfiles/200605/146187632.doc

Center for Food Safety and Applied Nutrition:
http://www.fda.gov/Food/default.htm

EU Marking, Labeling and Packaging – An Overview
http://buyusainfo.net/docs/x_366090.pdf

The European Union Eco-Label:
http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements:
http://tcc.export.gov/Trade_Agreements/index.asp

Return to table of contents

Chapter 6: Investment Climate

Openness to Foreign Investment Return to top

The flow of FDI per capita in Slovakia is comparable to that in neighboring Hungary and the Czech Republic. The inward flow of FDI to Slovakia reached USD 670.9 million in 2011, and the cumulative FDI inflow to Slovakia increased to more than USD 50 billion (National Bank of Slovakia estimates). An informal survey by the U.S. Embassy showed U.S. investments in Slovakia at about 4.5 billion USD for current and future commitments, making the U.S. the third largest source of FDI. Official Government of Slovakia (GOS) statistics differ, because most U.S. investments are credited to third countries, depending on their corporate structure. For example, U.S. Steel Kosice, and the Slovak-based operations of Cisco Systems, Dell, and IBM are registered as Dutch entities. According to the National Bank of Slovakia, the largest foreign investors in Slovakia in order of size were: the Netherlands, Austria, Germany, Italy, Hungary, and the Czech Republic.

Conversion and Transfer Policies Return to top

The Foreign Exchange Act (312/2004 Z.z.) governs foreign exchange operations and allows for easy conversion or transfer of funds associated with an investment. As a member of the OECD, Slovakia meets all international standards for conversion and transfer policy. In 2003, an amendment to the Foreign Exchange Act liberalized operations with financial derivatives and abolished the limit on the export and import of banknotes and coins (domestic and foreign currency). Since January 2004, an amendment to the Foreign Exchange Act authorized Slovak residents to open accounts abroad and eliminated the obligation to transfer financial assets acquired abroad into Slovakia. Non-residents may hold foreign exchange accounts. No permission is needed to issue foreign securities in Slovakia, and Slovaks are free to trade, buy, and sell foreign securities. There are very few controls on capital transactions, except for rules governing commercial banking and credit institutions, which must abide by existing banking and anti-money laundering laws.

Expropriation and Compensation Return to top

The constitution of Slovakia and the commercial and civil codes permit expropriation only in cases of public interest, with a requirement to provide compensation. The law also provides for an appeal process. Nevertheless, the current Smer government has openly discussed the possibility of expropriating the two private health insurance companies operating in Slovakia as a part of its plan to move toward a single-payer healthcare system. In December 2007, the GOS approved a new expropriation (or eminent domain) law that allows the state to construct highways on private property without prior consent of the landowner, if the construction parcel is considered "strategic" for Slovak interests. Owners would be compensated by the state after the fact. The legislation was aimed at speeding up highway construction projects to finish the connection between Bratislava and Slovakia's second city, Kosice. It was challenged by several civil society groups and MPs in the Constitutional Court in 2008. On January 26, 2011, the Constitutional Court ruled that the provisions of the Law on Extraordinary One-Off Measures in Preparation of Road and Highway Construction are in contradiction with the Constitution of the Slovak Republic and international agreements.

Dispute Settlement Return to top

Slovakia is a contracting state of the International Centre for Settling International Disputes (ICSID), the World Bank's Commercial Arbitration Tribunal (established under the 1966 Washington Convention). Slovakia is also a member of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitrage Awards.

In 2008 the Fico government passed a law that banned private health insurance companies from paying dividends to their shareholders, severely limited allowable overhead costs, and required companies to plough their profits from public health insurance back into the healthcare system. In response, Dutch insurer Achmea, owner of Union Zdravotna Poistovna, one of the two private health insurance companies operating in Slovakia, filed for arbitration at the International Arbitration Tribunal. In December 2012, the Tribunal ruled in favor of Achmea and ordered the Government of Slovakia to pay EUR 22 million in damages and EUR 3 million in court costs.

In 2012, U.S. Steel Corporation, through its Dutch subsidiary U.S. Steel Global Holdings, sued the Slovak Republic for setting new, higher tariff fees on electricity production which is self-generated for the company's internal use. The arbitration is still in its preparatory phase - in the process of tribunal constitution and selection of legal representative for the Slovak Republic.

The Slovak judicial system is comprised of general courts and the Constitutional Court. General courts decide civil and criminal matters and also review the legality of decisions by administrative bodies. The 54 District courts are the courts of first instance. The eight regional courts hear appeals. The Supreme Court of the Slovak Republic is the court of final review. A special court focused on cases involving corruption, organized crime, and crimes committed by senior public officials was created in 2005. It was subsequently abolished by a judgment of the Constitutional Court in 2009, but was soon replaced with a similar court with changed jurisdiction in such a manner that crimes committed by senior public officials were excluded and most serious crimes like premeditated murders were included into the jurisdiction of the court. The Judicial Council nominates General Court Judges. These judges receive lifetime appointments from the President of the Slovak Republic and may only be removed for cause. The Constitutional Court of the Slovak Republic is an independent judicial body that decides on the conformity of legal norms, adjudicates conflicts of authority between government agencies, hears complaints -- including individuals' complaints of human rights violations -- and interprets the Constitution or constitutional statutes. The President appoints Constitutional Court Judges from a list of candidates provided by Parliament. Judges are appointed to 12-year terms.

The legal system generally enforces property and contractual rights, but decisions may take years, thus limiting the utility of the courts for dispute resolution. Slovak courts recognize and enforce foreign judgments, subject to the same delays. Although generally the commercial code appears to be applied consistently, the business community sees corruption and political influence as significant problems in the legal system. U.S. and other companies have reported to Embassy officers instances of multi-million dollar losses that were settled out of court because of doubts about the court system's ability to offer a credible legal remedy.

Slovakia accepts binding international arbitration, and the Slovak Chamber of Commerce and Industry has a court of arbitration for alternative dispute resolution; nearly all cases involve disputes between Slovak and foreign parties. Slovak domestic companies generally do not make use of arbitration clauses in contracts.

The current law on bankruptcy and restructuring entered into effect on January 1, 2006. Its main aim was to shorten the duration of cases and to increase the volume of revenues recovered. The law allows companies to undergo court-protected restructuring and individuals to discharge their debts through bankruptcy. According to the International Monetary Fund, the act overhauls ineffective bankruptcy procedures by speeding up their processing, improving creditor rights, reducing discretion by bankruptcy judges, and randomizing the allocation of cases to judges to reduce the potential for corruption. As of January 2012, the Amendment on Bankruptcy and Restructuring, and on Amending and Supplementing Certain Acts, came into force. Its objective was to simplify the procedure for lodging creditors' receivables claims, including situations in which a creditor can lodge multiple unsecured receivables claims by means of one application. Under the new law, a creditor is obliged to lodge its claim with the trustee only, and creditors can submit their receivables even after the primary 45-day filing period has lapsed from the moment bankruptcy is declared.

Slovakia recognizes secured interests in real property, normally secured by physical possession of, or a conveyed title to, the property in question until the loan is repaid. There is a recognized procedure for foreclosures, which specifies how evictions are handled, debts are repaid, and any remaining funds are returned to the titleholder. Since

2003, Slovakia has had one of the most advanced frameworks in Europe for registering security interests in moveable property.

Increase in electricity grid connection fees of several major private manufacturing companies were questioned in 2011. The Regulatory Network Authority has increased the electricity connection grid fees for self-producers of the electricity from 30% of the regular fees to 100% of the fees. Private companies which have invested in building their own private power plants within the company compound and solely for the company's own use now must pay 100% of the electricity grid connection fees, a situation which many companies consider grossly unfair. Recently, the Economy Ministry announced a willingness to resolve this issue by offering a compromise solution to the private companies. However, details of a possible solution are not yet available.

In 2011 the center-right government also introduced an 80% tax on profits from the sale of excess CO_2 emission quotas, a step that significantly impacted U.S. investors in Slovakia. The then-Finance Minister explained the high level of taxation on profits from excess CO_2 emission quotas as an attempt to correct over-priced emission quotas that came out of a less-than-transparent quota assignment process. In 2012, the new Smer government eliminated this controversial tax, although it did not do so retroactively, and companies did not receive a refund of taxes paid in 2011.

Performance Requirements and Incentives

Return to top

In 2011, the center-right government approved a new Act on Investment Incentives - number 231/2011. The legislation regulates the conditions under which investment incentives are made available to foreign and domestic investors and specifies a preference for tax breaks and tax holidays over direct cash support to investors. The period for potential tax benefits was increased from five to 10 years, and priority was given to investments in regions with high unemployment and to higher value-added industries. While these provisions remain in effect, the new Smer government is considering amending investment incentives in the near future.

Slovakia has no formal performance requirements for establishing, maintaining, or expanding foreign investments. However, such requirements may be included as conditions of specific negotiations for property involved in large-scale privatization by direct sale or public auction. (See the "Openness to Foreign Investment" section for details on incentives). Foreign entities have no obstacles in participating in GOS-financed and/or subsidized research and development programs and receive equal treatment to that of domestic entities. There are no domestic ownership requirements for telecommunications and broadcast licenses.

The law on defense offsets came into effect on January 1, 2008. The law outlines the basic principles and responsibilities of the supplier and the relevant state institutions (Ministry of Defense, Ministry of Economy, interdepartmental offset committee) for offset programs in Slovakia, based on similar legislation in other EU and NATO countries. The law requires offsets of 20% direct or 30% for a combination of indirect and direct offsets of the value for defense contracts worth over EUR 6 million (USD 8.2 million). The offsets can be reduced by a set formula if applied in specific areas such as technology transfer, R&D, education, IT, and direct investments.

Right to Private Ownership and Establishment Return to top

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity in Slovakia. In theory, competitive equality is the standard by which private enterprises compete with public entities. In addition, businesses are able to contract directly with foreign entities. Private enterprises are free to establish, acquire, and dispose of business interests, but all Slovak obligations of liquidated companies must be paid before any remaining funds are transferred out of Slovakia. Non-residents from EU and OECD member countries can acquire real estate for business premises. Since January 2004, there are no restrictions for Slovak residents on the purchase, exchange, and sale of real estate abroad.

Protection of Property Rights Return to top

Secured interests in property and contractual rights are recognized and enforced. The mortgage market in Slovakia is growing, and a reliable system of recording such interests exists. However, titles to real property are often unclear and can take significant amounts of time to determine. Legal decisions may take years, thus limiting the utility of the court system for dispute resolution.

Slovak courts recognize and enforce foreign judgments, subject to the aforementioned delays, and the commercial code is applied consistently. Amendments to the bankruptcy law in 2011 by Act No. 348/2011 (entered into force in January 2011), have improved creditors' rights and simplified the procedure for lodging creditors' receivables in bankruptcy cases. Legislation passed in 2009 that provided for easy expropriation of private land for public projects was later overturned by the Constitutional Court. The business community considers corruption a significant factor in the court system and, therefore, sometimes goes to extraordinary lengths to avoid litigation in Slovak courts.

Protection of intellectual property rights (IPR) falls under the jurisdiction of two agencies. The Industrial Property Office is responsible for most areas, including patents, and the Ministry of Culture is responsible for copyrights (including software). Slovakia is a member of the World Trade Organization (WTO), the European Patent Organization, and the World Intellectual Property Organization (WIPO). The WTO TRIPS agreement is legally in force in Slovakia, though no cases have occurred to test actual enforcement. Slovakia also adheres to other major intellectual property agreements including the Bern Convention for Protection of Literary and Artistic Works, the Paris Convention for Protection of Industrial Property, and numerous other international agreements on design classification, registration of goods, appellations of origin, patents, etc. In general, patents, copyrights, trademarks and service marks, trade secrets, and semiconductor chip design appear adequately protected under Slovak law and practice. In December 2012, the government announced plans to establish a new unit in the Ministry of Finance to deal with issues of digitalization and related IPR issues. The unit would be only advisory in nature.

In 2006, Slovakia was taken off the Watch List of the U.S. Trade Representative's annual interagency "Special 301" review, in recognition of the significant progress that the GOS had made in addressing concerns related to the protection of pharmaceutical patents in Slovakia. Slovak authorities adopted legal and administrative measures to ensure that patent-infringing drugs are not given market authorization; some of those measures have since been weakened to accord with current EU norms. The government also built a new secure facility to house confidential pharmaceutical test data.

Transparency of Regulatory System

Return to top

Investors have expressed frustration with a general lack of transparency and predictability in Slovakia. Many have criticized the process for obtaining residency permits for expatriates to work in Slovakia as difficult and time-consuming, stressing in particular that authorities are not always consistent in their knowledge or application of regulations. These procedures, however, do not differ significantly from those of other EU countries. Over time, the government has eased some restrictions; notably, Slovak authorities no longer require an apostil on FBI criminal background results. An updated law governing the stay of foreigners, effective from January 2012, introduced some improvements while changing other requirements; for instance, applicants must now submit all documents at once, which may prevent applicants who have not prepared in advance from starting the process within a 90-day visit to the Schengen area. Investors have long complained that purchasing land and obtaining building permits are time-consuming and unpredictable processes. However, improvements, including the web portal **www.katasterportal.sk**, which enables interested parties to verify information about land ownership online, have started to ease the process.

The Commercial Code and the 1991 Economic Competition Act govern competition policy in Slovakia. The Anti-Monopoly Office is responsible for preventing noncompetitive situations. The current Law on Public Procurement, valid from 2006, harmonized Slovak law with all relevant EU directives on public procurement. An electronic tendering system, operated by the Public Procurement Office and the Ministry of Finance, was adopted in 2007 to support the tendering cycle. Nevertheless, the transparency and integrity of public tenders remain concerns which have led to the dismissal of government ministers and to inquiries on the part of the European Commission. Lack of transparency in public tenders ranks among the areas of most concern to foreign investors in Slovakia.

Foreign investors and foreign companies doing business in Slovakia have complained about poor law enforcement and a lack of transparency in regulatory processes in several industries. A number of regulatory bodies are considered by the business community as less than fully independent (including the Telecommunication Office and the Regulatory Network Authority). Political pressure on regulators in several offices has at times resulted in changes of leadership to influence the outcome in specific regulatory adjudications.

In 2011, the Telecommunications Regulatory Authority of the Slovak Republic awarded 10-year license fees to the two major Slovak telecommunication operators – French Orange and German T-Com – that should reach 63 million USD (T-Com) and 53.7

million USD (Orange). The Supreme Court is reviewing this decision, due to allegedly inaccurate calculations about the number of potential customers. The Regulatory Network Authority, an independent regulatory body within the Ministry of Economy responsible for approving prices of electricity, natural gas, and heat for households, has often come under scrutiny for seemingly politically-biased decisions.

The government has occasionally used emergency legislative procedures in cases affecting businesses. This practice drastically shortened the public comment period for some proposed laws and regulations to practically nothing, a measure that various business groups vigorously protested. One law passed under this shortened legislative procedure was the controversial "strategic companies" law introduced in 2009. The law brought about a major change in bankruptcy and restructuring procedures, allowing the state the right of first refusal in acquiring distressed companies in certain sectors. The law was drafted, introduced, and passed in roughly a week, with no formal period for public comment. The "strategic companies" law expired at the end of 2010 and was not renewed by the current government. Another example, from 2008, changed corporate governance rules for companies in regulated network industries to allow the state to determine utility prices. Again, this highly controversial legislation was brought to a vote in Parliament and signed into law with virtually no public comment period.

Efficient Capital Markets and Portfolio Investment Return to top

Financial market supervision was integrated under the National Bank of Slovakia in 2006. Under this reform, the Financial Market Authority was dissolved, and all its powers and responsibilities, including coverage of banking, capital markets, insurance, and pension supervision, were transferred to the National Bank of Slovakia. Financial Market Supervision Act No. 747/2004 and the Act on the National Bank of Slovakia No. 566/1992 govern financial market supervision.

Slovakia's financial sector felt the pinch of the eurozone debt crisis during 2011; however, effects began to ameliorate during the first six months of 2012. No Slovak bank reported any significant, direct, adverse effects on its profitability, capital, or liquidity position as a result of the crisis. The banking sector in Slovakia enjoys robust liquidity. While most banks operating in Slovakia are subsidiaries of foreign-owned institutions, they report minimal dependence on their mother companies for financing. As of June 30, 2012, the National Bank of Slovakia estimated banking assets at EUR 60 billion. Credit demand is increasing – both household and corporate – and banks report a strong increase in lending. However, in 2012, total banking sector profit declined year-on-year by almost 40%. This decrease is mainly attributable to the government's January 2012 introduction of a temporary banking levy aimed at enhancing revenue to meet EU debt reduction requirements.

The Bratislava Stock Exchange (BSSE) is a joint-stock company whose activities are governed primarily by the Stock Exchange Act No 429/2002. Only Stock Exchange members and the National Bank of Slovakia are authorized to conclude stock exchange transactions directly. The BSSE was admitted as an associate member of the Federation of European Securities Exchanges (FESE) in 2002. BSSE became a full member of FESE on June 1, 2004.
At the end of 2011, BSSE recorded 244 emissions of various financial instruments. 240 of the emissions were denominated in euros; four of them were in Czech crowns. In

2012, BSSE launched 45 new emissions for a total value of EUR 6.16bn. Only one of the 45 was related to equity trading.
The Slovak government continued to refinance its debt through six issuances of Treasury bonds with a short-term maturity in total value of EUR 4.63bn. BSSE reported EUR 10.94 billion in new capital traded in 2011.
Background documents:
Financial market overview by National Bank of Slovakia:
http://www.nbs.sk/_img/Documents/_Dohlad/ORM/Analyzy/ASFS_1h2012.pdf
http://www.nbs.sk/_img/Documents/_Dohlad/ORM/Analyzy/ASFS_2011.pdf
Data on the banking sector:
http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-148580?prefixFile=m_
Annual Report of the Bratislava Stock Exchange:
http://www.bsse.sk/Portals/0/Resources/statistiky/rocenky/Rocenka_2011.pdf.

Competition from State Owned Enterprises Return to top

In general, state-owned enterprises and private companies compete on a level playing field. There are, however, several instances in which this has not been the case. In 2008 the government imposed strict return guarantee requirements and fee limits on private pension funds. Many industry analysts believe the government instituted these requirements to eliminate competition against the state-run “pay-as-you-go” pension system and to encourage investors to move their savings back into the deficit-plagued state. The Achmea health insurance company arbitration case, mentioned in the Dispute Settlement section above, is also seen as an attempt by the government to push private companies out of the insurance business to consolidate the government’s role. In particular, the government’s attempt to restrict Achmea’s payment of dividends to its policyholders was widely seen as an effort to limit competition with the state-owned insurance company, which has a 70% market share.

Corporate Social Responsibility Return to top

Under a government program, corporations can direct 2% of their corporate income tax to non-governmental organizations (NGOs). Many corporations take advantage of this opportunity, making this program a key funding sources for NGOs. Some in the government have proposed limiting or eliminating this donation to increase revenue collection efforts. In January 2011, the government approved an amendment to the existing tax assignment law, which decreased the donation amount to 1.5% as of fiscal year 2010. The current amendment continues to decrease the donation slowly toward 0.5% in 2018; however, NGOs continue to fight this change. Most major foreign investors operating in Slovakia have Corporate Social Responsibility (CSR) programs, ranging from employment and education programs for underprivileged minorities to fundraising for charities and NGOs. For example, Whirlpool has a Habitat for Humanity program; U.S. Steel Kosice has a Roma employment program; and Johnson Controls has a community volunteer program. U.S. companies have been recognized by government and civil society for the excellence of their community service efforts

Political Violence Return to top

There have been no reports of politically motivated damage to property, and civil disturbances are extremely rare. There has been no violence directed toward foreign-owned companies.

Corruption

Return to top

In the past year, Slovakia received poor ratings in several international measures of transparency.

Measure	**Year**	**Rank**
Transparency International Corruption Index	2012	62/176
Heritage Foundation's Economic Freedom Index	2013	42/177
World Bank's Doing Business Report	2012	46/185
World Economic Forum Competitiveness Index	2012 - 2013	71/144
Forbes' Best Countries for Business List	2012 (2011 economic data)	43/100

Several of the indices cite problems with the judiciary as the biggest single issue in the area of transparency. The Transparency International Index, for example, calls the judiciary "one of the weakest institutions in the country." Slovak law provides for an independent judiciary; however, in practice, problems with corruption, intimidation of judges, inefficiency, and a lack of integrity and accountability have continued to undermine judicial independence.

In the World Economic Forum's latest Competitiveness Index, Slovakia achieved its worst ranking since 1997. On dimensions related specifically to corruption, such as diversion of public funds, public trust in politicians, wastefulness of government spending, and efficiency of the country's legal framework, Slovakia ranked 112th or worse. In the World Bank "Doing Business 2013" report, Slovakia actually received much worse ratings than most of its European counterparts on key factors like protecting investors (where Slovakia ranked 117th) or enforcing contracts. Similarly, in Forbes' 2012 "Best Countries for Business" List, Slovakia received particularly poor ratings for investor protection (99th out of 100), red tape, and corruption. The latest iteration of the European Quality of Life Survey, published in December 2012, shows that the Slovak public's overall trust in public institutions is sixth worst among the EU27 countries.

Slovakia is a party to international treaties on corruption, among them the OECD Convention on Combating Bribery of Foreign Public Officials, UN Anti-Organized Crime Convention, UN Anti-Corruption Convention, and Criminal Law Convention on Corruption and Civil Law Convention on Corruption. Slovakia is a member of the Group of States against Corruption (GRECO).

The press has taken an active role in reporting on corruption, and public awareness of the issue has steadily increased over the past several years. The Slovak chapter of Transparency International (TI) is active and, along with other civil society groups, monitors public tenders. As Slovakia is a signatory to the OECD Convention on Combating Bribery of Foreign Public Officials, to give or accept bribes is a criminal act. Despite having legislation in place, however, Slovakia is ranked very low in the quality of its implementation of the Convention, according to a TI report. Slovakia ranked 62nd on TI's 2012 Corruption Perception Index (CPI), down (i.e. more corrupt) from 59th in 2010 and 57th in 2009.

After it came to power in June 2010, the center-right government led by Prime Minister Iveta Radicova began publishing all government contracts on the web from January 2011 onward in order to increase transparency. These procedures continue today under the new Smer government. The Justice Ministry introduced compulsory disclosure of contracts by public administration and state-owned companies in the Central Registry of Contracts in 2011. The registry contains now about 110,000 documents, and local municipalities have published additional contracts as well. The only exemption constitutes some state-owned companies, which were established as joint stock companies and, according to the law, represent private business. These large enterprises, which have a significant stake in government contracts, criticized the disclosure law, as they fear they will be disadvantaged in comparison to private companies who do not have to disclose their contracts. Analysts and journalists agree that contract disclosure has helped reduce corruption. However, non-governmental organizations have continued to make corruption allegations, including several allegedly involving senior members of the Slovak government. Shortly before the end of 2011, an anonymous leak of alleged secret-service tapings was published on the internet, disclosing potentially corrupt activities of current and previous high-level politicians – across political parties – and Slovak oligarchs during privatizations in the years 2005-2006.

The European Commission has sought explanations or investigated corruption complaints in connection with several tenders and regulatory decisions involving EU funds. The most notable cases involved the Ministry of Environment; the Ministry of Construction and Regional Development; the Ministry of Labor, Social Affairs, and Family; and the Ministry of Transportation.
Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: http://www.ustr.gov/trade-agreements/free-trade-agreements.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

POST INPUT: Public sector corruption, including bribery of public officials, [remains a major/minor challenge for U.S. firms operating in xxx xxx. Insert country specific corruption climate, enforcement, commitment and information about relevant anticorruption legislation.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements Return to top

Slovakia has bilateral investment treaties with the following countries: Austria, Belgium, Bulgaria, Belarus, Bosnia and Herzegovina, Canada, China, Croatia, Cuba, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Indonesia, Ireland, Israel, Italy, Lithuania, Luxembourg, Malta, Montenegro, the Netherlands, North Korea, Norway, Poland, Portugal, Romania, Russia, Serbia, Singapore, Slovenia, South Korea, Spain, Sweden, Switzerland, Syrian Arabic Republic, Tajikistan, Turkey, Turkmenistan, Ukraine, the United Kingdom, the United States, the Socialist Republic of Vietnam, and Uzbekistan. Like other newer EU members, Slovakia had to negotiate an amendment to its bilateral investment treaty with the United States, because it was considered inconsistent with EU legislation. The amended treaty entered into force on May 14, 2004. In November 2007, Slovakia signed a bilateral Science and Technology Agreement with the United States.

OPIC and Other Investment Insurance Programs

Return to top

The Overseas Private Investment Corporation (OPIC) offers U.S. investors in Slovakia insurance against political risk, expropriation of assets, damages due to political violence, and currency inconvertibility. OPIC can provide specialized insurance coverage for certain contracting, exporting, licensing, and leasing transactions undertaken by U.S. investors in Slovakia. Slovakia is a Member of the Multilateral Investment Guarantee Agency (MIGA).

The U.S. Embassy purchases local currency at a rate generated by the Department of State; the current rate (January 4, 2013) is EUR 0.762 / USD 1.00. The Embassy expects to convert roughly USD 10.8 million during fiscal year 2013.

Labor

Return to top

A new amended Labor Code came into force in Slovakia on January 1, 2013. It reverses some of the employer flexibility that existed under the Labor Code revised by the previous center-right coalition government in September 2011. The 2011 changes had moved Slovakia to among the top 10 OECD countries in terms of the least strict rules regarding employment protection, but the latest changes will move the country to a position in the middle of the pack with regard to labor flexibility. Slovakia has a standard workweek of 40 hours, and the new Labor Code fixes the maximum overtime work to no more than 400 hours annually. As of January 2012, the minimum wage is 338 euros per month. The minimum living standard is established at 195 euros per month. Wages have risen steadily since 2004, following the country's accession to the EU and because of increasing demand for labor brought on by growing levels of FDI. A new law on the minimum wage, which took effect at the beginning of 2009, introduced indexing of the minimum wage to overall wage growth in the economy. Slovak social insurance is compulsory and includes a health allowance, unemployment insurance, and pension insurance. Legislation passed in 2007 increased the ceiling on social insurance payments, affecting both employers and employees.

The Act on Collective Agreement was amended on December 14, 2010. The January 2010 version of the Act had guaranteed that a collective agreement negotiated between a company and the government was automatically extended to all other companies in the same sector. Based on the December 2010 amendment to paragraph 7 of the same Act, the Ministry of Labor has to approach each company in the negotiations about extending collective agreements.

Slovakia's workforce of more than two million has a strong tradition in engineering and mechanical production. Foreign companies frequently praise the motivation and abilities of younger workers, who also often have good foreign language and computer skills. Slovaks have a reputation for being technically skilled, particularly in heavy industry. Nominally, education levels match or exceed neighboring countries, with nearly 86% of Slovaks aged 25-64 having at least a high school education. According to the World

Bank’s Student Learning Assessment Database, Slovaks outscored all other Central and Eastern European students in math and placed third (behind Hungary and the Czech Republic) in sciences. (OECD Education at a Glance 2012 report).

Total nominal hourly labor costs in Slovakia increased slightly in 2010 (+0.4%), reflecting higher compulsory compensation payments associated with high unemployment. The unemployment rate, which hovered around 20% as recently as six years ago, and which had declined to as low as 8% in 2008 due to strong economic growth, entry to the EU, and stricter policies on qualifying for unemployment benefits, finished 2012 at 13.7%. There are significant regional variations in unemployment rates across the country, with a pre-recession rate of less than 6% in Bratislava but up to 33% in some parts of eastern and southern Slovakia (Rimavska Sobota).

Union membership has been on the decline in recent years. According to the Confederation of Labor Unions estimates, 365,541 workers (or approximately 17% of the total Slovak workforce) belonged to trade unions in 2010. The Ministry of Labor, Social Affairs, and Family estimates that 24% of all workers are covered by collective bargaining agreements; however, business associations estimate the union membership base at 10%. In 2007 the government re-instituted the so-called "tripartite arrangement," a discussion platform consisting of state representatives, labor unions, and the employers' association. The unions generally have been tolerant of the costs imposed on labor by economic transformation, but union leadership has remained politically engaged and is active among its membership. Slovakia is a member of the International Labor Organization and adheres to its Convention Protecting Worker Rights.

Foreign-Trade Zones/Free Ports Return to top

Foreign trade zones and free ports were eliminated in Slovakia in 2006.

Foreign Direct Investment Statistics Return to top

Slovakia imports more than 90% of its oil and gas from Russia, and its export markets are primarily OECD and EU countries. More than 85% of its trade is with EU members. Germany is Slovakia's largest trading partner, purchasing 19.3% of Slovakia's exports in 2010. Other major markets include the Czech Republic (14%), Poland (7.3%), France (7%), Austria (6.7%), Hungary (6.5%), and Italy (5.8%). Slovakia’s primary import partners are Germany (15.5%), Czech Republic (10.3%), Hungary (4.2%), Poland (4%), France (3.7%), Italy (3.2%), and Austria (2.5%). Slovakia's exports to the United States made up 1.4% of its overall exports in 2009 (USD 649 million), while imports from the U.S. accounted for 0.9% of its total purchases abroad (USD 398 million), according to the Ministry of Economy (September 2011 data).

There are over 130 U.S. companies in Slovakia. In December 2011, the U.S. company Honeywell announced a USD 50.2 million investment in Slovakia, creating 446 new jobs in Eastern Slovakia. The Government of Slovakia approved USD 25 million in state aid for the new Honeywell investment, including USD 15.2 million in direct financial subsidies, USD 600,000 in tax breaks and USD 9.2 million in contributions for jobs created. In 2011, Amazon and Google opened offices in Slovakia. In 2000, U.S. Steel Kosice (USSK) acquired East Slovakian Steelworks to become the largest U.S. investor in Slovakia, with an investment of USD 1.2 billion and over 13,000 employees. Johnson Controls has over 6000 employees in Slovakia; IBM has roughly 4000 employees in Bratislava, followed by HP with approximately 2000 employees. Whirlpool has over 900 employees and produces two million washing machines annually, making its local unit the largest appliance producer in Europe. Several other American companies have substantial investments in Slovakia, including Emerson Electric, Tower Automotive, Crown Bevcan, Citibank, TRW, Visteon, AT&T, HP, Microsoft, CISCO, Johnson Controls, and Dell. Other major foreign corporations in Slovakia include Volkswagen, Hyundai Motors, Peugeot-Citroen, Samsung, Getrag Ford, Deutsche Telecom, EON Ruhrgas, Intesa BCI, UniCredito, Raiffeisen Group, Enel and Siemens. Other significant foreign investments included USD 171.6 million expansion plans of German-Slovak Continental Matador Rubber, and a USD 27.7 million investment of German Secop (former Danfoss Compressors).

Web Resources Return to top

National Bank of Slovakia:
www.nbs.sk

Center for Economic and Social Analyses:
www.mesa10.sk

Slovak Ministry of Economy:
www.economy.gov.sk

IngSlovakia:
www.ingfn.sk

The Slovak Republic Government Office:
www.government.gov.sk

Ministry of Finance of Slovak Republic:
www.finance.gov.sk

OECD:
www.oecd.org

International Monetary Fund:
www.imf.org

Return to table of contents

Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment) Return to top

Since January 1, 2009 interest rates for commercial financing have been derived from interest rates of the European Central Bank (ECB) http://www.ecb.int/ecb/html/index.en.html.
There are special credit programs available for small and medium enterprises. The availability of credit for SMEs (small and medium size enterprises) is based on their credit rating.

Large-scale project financing may be obtained from the multilateral lending institutions such as the European Bank for Reconstruction and Development (EBRD) www.ebrd.com, International Finance Corporation (IFC) www.ifc.org, or the European Investment Bank (EIB) www.eib.org.

Methods of payment are similar to those in the United States and other countries and include payments in advance via Swift, letters of credit, bank guarantees, and open terms.

How Does the Banking System Operate Return to top

The Slovak banking system is based upon a European model rather than a U.S. model and is governed by the Slovak Banking Act. Under Slovak law, commercial banks may engage in investment banking and brokerage activities, as well as traditional commercial transactions and lending. These activities are subject to licensing by the National Bank of Slovakia www.nbs.sk, which controls minimum capital, reserve requirements, and bank supervision.

Foreign banks can establish representative offices or full-fledged branches. Representative offices are limited to offering advice and informing clients of the services of the parent bank. Branches may handle any transactions authorized by the parent bank. Foreign banks must agree to take over the assets and liabilities, effectively guaranteeing the financial health of the branch. Thus far, foreign banks in Slovakia have concentrated on providing international payment services and loans to foreign clients or Slovak companies with extensive export business.

The Inter-Bank Payment System (SIPS) is operated through the National Bank of Slovakia. By law, all banks are obliged to carry out their domestic payment transactions through this center. The clearing center is the organizational unit of the Central Bank. Security of the Inter-Bank Payment System in Slovakia is based on a high level of data protection during all stages of processing and settlement at National Bank of Slovakia. All participants in the Inter-Bank Payment System Slovakia must have a backup facility for both data transfer and processing.

Foreign-Exchange Controls Return to top

There are generally no foreign-exchange controls. Slovakia adopted the Euro as its national currency beginning January 1, 2009. For more information please visit http://www.nbs.sk/en/euro

U.S. Banks and Local Correspondent Banks Return to top

There is one subsidiary of a U.S. bank with a physical presence in Slovakia:

Citibank Europe plc
Mlynské nivy 43
825 01 Bratislava 26
Slovakia
Tel: +421 2 5823 0111
Web site: www.citibank.sk

Other banks in Slovakia that have correspondent relationships with U.S. banks include:

Sberbank Slovensko:
- Citibank, NY
- Chase Bank, NY
- Bank of New York, NY
- Bank of America, International, NY

Allianz:
- American Express Bank, NY
- Bankers Trust, NY
- Bank of America, NY
- Citibank, NY
- First Union National Bank
- Bank of New York
- Philadelphia National Bank
- Chase Bank, NY

Tatra Banka (through Tatra Raiffeisen, Austria):
- American Express Bank, NY
- Bankers Trust, NY

Vseobecna Uverova Banka (VUB):
- Citibank, NY
- Chase Manhattan Bank, NY
- Bank of America, NY
- American Express Bank, NY
- Bankers Trust Company, NY

UniCredit Banka:

- -- American Express Bank, NY
- -- Citibank, NY
- -- Bankers Trust Company, NY
- -- First Union National Bank, NY

Project Financing

Return to top

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). A number of centralized financing programs are also generating procurement and other opportunities directly with EU institutions. From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within its member states, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe, Iceland and Turkey, as well as some of the former Soviet republics.

The EU provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds program are distributed through the member states' national and regional authorities, and are only available for projects in the 27 (soon to be 28) EU member states. All grants for projects in non-EU countries are managed through the Directorate-General EuropeAid in conjunction with various European Commission departments, such as DG Regional Development.

EU Structural Funds

EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. From 2007 – 2013, the EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs. In addition to funding economic development projects proposed by member states or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member states negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit: http://ec.europa.eu/regional_policy/atlas2007/index_en.htm

For projects financed through the Structural Funds, member state officials and regional authorities are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the member states, it is advisable for would-be contractors to meet with DG Regional Development officials and local officials in Member States to discuss local needs.

Tenders issued by member states' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation and EU Treaty rules. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is highly advisable to team up with a local partner to gain credibility and demonstrate references.. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU:
http://export.gov/europeanunion/marketresearch/index.asp

The Cohesion Fund
The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU member states from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.
Key Link: http://ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm

Other EU Grants for Member States
Another set of sector-specific grants offers assistance to EU member states in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:
http://ec.europa.eu/grants/index_en.htm

External Assistance Grants
"Development and Cooperation – EuropeAid" is a new Directorate–General (DG) responsible for designing EU development policies and delivering aid through programs and projects across the world. It incorporates the former Development and EuropeAid DGs. Its website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation in these calls for tender is reserved for enterprises located in the EU member states or in the beneficiary country and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. Consultants of U.S. nationality employed by a European firm are allowed to form part of a bidding team. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link:
http://ec.europa.eu/europeaid/index_en.htm

The EU also provides specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through the "Instrument for Pre-accession Assistance" (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is €11.4 billion.

Key Link: http://ec.europa.eu/enlargement/index_en.htm

The European Neighborhood Policy program (ENPI) covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is €11.9 billion for 2007-2013.

http://ec.europa.eu/world/enp/index_en.htm

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2012, the EIB lent EUR 52 billion for projects. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. The EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: http://www.eib.org/projects/pipeline/index.htm

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

Web Resources Return to top

National Bank of Slovakia:
http://www.nbs.sk

Citibank (Slovakia):
http://www.citibank.sk

<u>EU websites:</u>

The EU regional policies, the EU Structural and Cohesion Funds:
http://ec.europa.eu/regional_policy/index_en.htm

EU Grants and Loans index: http://ec.europa.eu/grants/index_en.htm

EuropeAid Co-operation Office: http://ec.europa.eu/europeaid/index_en.htm

EU tender repository: http://ted.europa.eu/TED/main/HomePage.do

The European Investment Bank: http://www.eib.org

EIB-financed projects: http://www.eib.org/projects/index.htm?lang=-en.

<u>U.S. websites:</u>

Market research section on the website of the U.S. Mission to the EU:
http://export.gov/mrktresearch/index.asp

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

SBA's Office of International Trade
http://www.sba.gov/about-offices-content/1/2889

Return to table of contents

Chapter 8: Business Travel

Business Customs

Return to top

Business practices and etiquette in the Slovakia represent a mixture of those used in Western Europe and the United States and those used in Eastern Europe. Decision-making in a company is often restricted to a small number of people, if not just one person. Even relatively minor decisions may require the approval of a high level official. Appointments should be made well in advance, with re-confirmations made one or two days prior to actual meetings. Business dress is similar to that in Western Europe.

Titles and positions are highly respected and are generally used on business cards. U.S. business people occasionally have difficulty in receiving replies to inquiries and are encouraged to follow-up to ensure contact with the intended recipients. E-mail is the most common way of communicating.

Doing business successfully in Slovakia generally requires the establishment of good personal relationships and a feeling of mutual trust. General social conversation prior to getting down to business is the norm, and launching directly into business topics may impede the development of a good personal relationship with the Slovak business partner. After initial meetings, written summaries of goals, objectives, and points of agreement or disagreement should be used to minimize misunderstandings among business parties.

Offers to host business dinners and/or lunches are welcomed as compensation for gifts. If invited to a person's home, you are expected to bring flowers for the hosts. Small gifts are also appreciated, but not expected. It is common to give small presents such as a bottle of wine, cookies or chocolates in the weeks leading up to Christmas.

Travel Advisory

Return to top

Please check the following U.S. Department of State website for updated travel advisories:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1019.html

Visa Requirements

Return to top

Slovak Entry Requirement for U.S. Citizens

Slovakia is a party to the Schengen Agreement. As such, U.S. citizens may enter Slovakia for up to 90 days for tourist or business purposes without a visa issued prior to departure from the United States. U.S. passports should be valid for at least six months beyond the period of stay.

In accordance with the Law of the National Council of Slovakia No. 48/2002 Coll. on the stay of foreigners in Slovakia as amended later by law 558/2005 (effective December 15, 2005), persons intending to stay in Slovakia longer than a total of 90 days during any 6-month period must submit an application for a Temporary Term Residence Permit either at a diplomatic or Consular Mission of the Slovakia in the country of their residence (Embassy of the Slovakia, 3523 International Court, NW, Washington D.C. 20008, telephone: 202-237-1054, web page http://www.mzv.sk/washington) or at the alien's police department in the district of their residency in Slovakia. A permit can be granted for a period of not more than two years with a possibility of repeated extension provided that the application for a renewal of the permit is submitted no later than 60 days before the expiration of its validity. Please check the documents needed to accompany an application for a permit, which is to be completed in Slovak, on the following website: http://slovakia.usembassy.gov/residency-permit.html

Meeting the requirements of Slovak law to obtain a long-term stay permit can be a long and difficult process, with health and police checks, among other things, needed to complete the process. Slovak authorities have been criticized for the length of this process.

U.S. companies seeking long-stay residency permits for their employees should contact the Slovak Embassy in Washington, D.C., for further information and detailed instructions on making appropriate applications. Most U.S. companies engage the services of an attorney with extensive knowledge and experience with Slovak immigration law to guide them through the application process.

U.S. Entry Requirements for Slovak Citizens

Slovaks may travel to the United States under the Visa Waiver Program (VWP). To travel under the VWP, Slovak citizens must have a biometric passport issued by the Slovak Government after January 1, 2008, an electronic travel authorization obtained in advance of the trip through the Electronic System for Travel Authorization (ESTA), and stay in the U.S. for 90 days or less for tourism or non-paid business purposes. To apply for authorization to travel to the U.S. through ESTA, please visit https://esta.cbp.dhs.gov/esta/ . Visitors seeking to travel to the United States under the VWP can apply directly for travel authorization via this web site. The ESTA application Web site is available in many different languages and includes a "help section" that provides additional information for VWP travelers to guide them through the application process. There is no benefit to utilizing private web sites that charge for information about ESTA, or to apply for an ESTA on behalf of VWP travelers.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/

Telecommunications Return to top

The Slovak telecommunications system is very much comparable with other EU countries.

The level of internet access in Slovakia is developed. According to the Slovak Ministry of Telecommunications, there are about 1,075,000 customers connected to the Internet with fixed access and approximately 1,915,000 customers connected to the Internet with mobile access. Approximately 1,045,000 customers have broadband Internet access. Internet access is easily available in all cities and towns. Wi-Fi spots are widely available in the number of public places, including restaurants and coffee houses in several major cities.

Mobile telecommunication and Internet services are provided in the GPRS/EDGE, UMTS/HSDPA, F-OFDM and UMTS/FDD standards. There are three mobile service providers in Slovakia: Orange, T mobile and O2. More than 97 % of the country is covered by mobile telephone access, with the exception of very remote rural areas. Fixed line services are very reliable. There is one primary fixed-line operator, T-Com and 38 alternative fixed-line operators. The country code for Slovakia is +421. Direct-dial, VoIP and cellular telephone calls can be made easily throughout the country.

Transportation Return to top

Slovakia's transportation system is well organized but some modes of transport are aging.

In 2012, commercial air transport was available from Bratislava, Košice, Žilina and Poprad - Tatry international airports. VIP WINGS is the primary domestic carrier, also servicing the domestic Bratislava – Košice connection. Most international commercial service was provided by Travel Service, Ryanair, Norweigan Air Shuttle, UT Air and EL Al, CSA / Air France/ Delta Airlines / Alitalia / Aeroflot / KLM, Lufthansa / Austrian Airlines and Eurolot. The primary international destinations were Alicante, Alghero, Barcelona, Bari, Bologna, Birmingham, Bristol, Brussels, Burgas, Dublin, Edinburgh, Gerona, Gdansk, Copenhagen, Las Palmas, Liverpool, London, Malaga, Manchester, Milan-Bergamo, Moscow, Palma de Mallorca, Paris, Pisa, Prague, Rome, Stockholm, Tel Aviv, Trapanji, Vienna (Košice), and Warsaw. Due to proximity, many travelers to Bratislava use the Vienna International Airport, which is only 45 minutes away by car, taxi, or scheduled bus service. Travelers should check destinations and timetables carefully, as they change frequently. Travel by train within Slovakia is reliable, although coaches are not generally up to the standards of those in Western Europe.

Automobile travel is also possible, although, due to many narrow two-lane roads, travelers often find that travel by car can take longer than expected.

Slovakia imposes a "road user fee" for intercity highways and certain other roads, and the fee applies to Slovaks and foreigners alike. Fees vary by length of validity and vehicle type and weight. Stickers can be purchased at border crossings, gas stations and post offices. If use of a rental car is planned, try to rent a vehicle that already has a valid sticker showing that the applicable fee has been paid. Information on highways and stickers is found at: http://www.ndsas.sk/?lang=en. Vehicles exceeding 3.5 tons (trucks, buses, etc.) are obliged to pay special, additional, tolls on certain highways and motorways. Please check the following website for fees and a list of roads that require the purchase of a special highway sticker: http://www.emyto.sk. Taxi service is readily available, reliable, safe and generally inexpensive. Many drivers do not speak English, but some taxi companies have English-speaking dispatchers. Potential difficulties may arise from the confusing system of multiple rates (based on distance, location, use of a highway or a regular road when getting to the destination and how the taxi was called, whether by telephone or at a taxi stand), but taxis are metered. It is advisable to call for a taxi rather than hail one on the street, as taxis summoned by order though radio services are generally less expensive and more reliable. All major cities have public bus and tram services that are convenient and inexpensive.

Language

Return to top

Slovak is the official language. Slovaks are usually friendly and open to Americans, and English is increasingly used as a business language, especially in Bratislava. German is also widely spoken as a second language, especially outside of Bratislava. Czech and Russian are widely understood by older Slovaks. Hungarian is spoken by about 10% of the population, mainly in southern Slovakia, but is not widely understood in Bratislava or other parts of the country. Many Slovak companies have English speakers among their top managers, but U.S. business representatives should be prepared to sometimes do business through interpreters in order to avoid possible misunderstandings.

Health

Return to top

There have been no major health risks encountered in Slovakia. Updates may be found at: www.health.gov.sk

There are several private medical clinics in Bratislava where English-speaking doctors are on staff. Many private dentists use the most recent technologies and equipment. Medicines are easily available at pharmacies that are located at convenient locations throughout larger towns and cities. Some provide 24-hour service. Pharmacies in smaller cities and towns might be closed during the weekend. Prescriptions are always needed. If a U.S. traveler's private health insurance does not cover medical services in Slovakia, it is highly recommended that he or she obtain temporary coverage from a well-known international insurance company.

Hygienic standards are comparable to those in Western Europe.

Local Time, Business Hours, and Holidays

Return to top

Slovakia is on CET (Central European Time). As in many European countries, the workweek is Monday through Friday (40 working hours), and Saturday and Sunday are days off for most employees.

The following holidays will be observed in the Slovakia from January 1, 2013 through December 31, 2013:

January 1	(Tuesday) Slovakia Day; New Year's Day
January 6	(Sunday) Epiphany
March 29	(Friday) Good Friday
April 1	(Monday) Easter Monday
May 1	(Wednesday) Labor Day
May 8	(Wednesday) End of World War II
July 5	(Friday) St. Cyril & St. Methodius Day
August 29	(Thursday) Slovak National Uprising Day
September 1	(Sunday) Slovak Constitution Day
September 15	(Sunday) Day of the Virgin Mary of the Seven Sorrows
November 1	(Friday) All Saints Day
November 17	(Sunday) Day of the Fight for Freedom & Democracy
December 24	(Tuesday) Christmas Eve
December 25	(Wednesday) Christmas Day
December 26	(Thursday) St. Stephen's Day

Temporary Entry of Materials and Personal Belongings Return to top

There are no difficulties or special requirements for bringing personal items such as software, laptops and other belongings into Slovakia on a temporary basis.

See "Temporary Entry" in Chapter 5 above for information on obtaining temporary import approval for commercial goods.

Web Resources Return to top

U.S. Department of State Travel Information and Resources:
http://travel.state.gov

Embassy of Slovakia in the United States:
www.mzv.sk/washington

U.S. Embassy in Slovakia:
http://slovakia.usembassy.gov

Bratislava Stefanik International Airport:
www.airportbratislava.sk

Vienna International Airport:
http://www.viennaairport.com/jart/prj3/va/main.jart?rel=en&reserve-mode=active&content-id=1249344074214

Slovak Toll Road Network Information:
https://www.emyto.sk/web/guest/home

Slovak National Tourism Portal:
http://www.slovakia.travel/

Return to table of contents

Chapter 9: Contacts, Market Research and Trade Events

Contacts Return to top

Embassy of the United States of America
Hviezdoslavovo namestie 4
P.O. Box 309
814 99 Bratislava
Tel.: +421 2 5443 0861, 5443 3338
Fax: +421 2 5443 0096
http://slovakia.usembassy.gov

U.S. Commercial Service
Embassy of the United States of America
Hviezdoslavovo namestie 5. 811 02 Bratislava
Tel.: +421 2 5922 3338
Fax: +421 2 5922 3345
http://www.export.gov/slovakia

American Chamber of Commerce in the Slovak Republic:
www.amcham.sk

Slovak Chamber of Commerce and Industry:
www.scci.sk

Slovak Ministry of Foreign Affairs:
www.foreign.gov.sk/en/home

Slovak Ministry of Finance:
http://www.finance.gov.sk/En/Default.aspx

Slovak Ministry of Economy and Construction:
www.economy.gov.sk

Slovak Ministry of Agriculture and Rural Development:
http://www.mpsr.sk/en/index.php?start&language=en&language=en

Slovak Ministry of Defense:
www.mosr.sk

Slovak Ministry of Environment:
http://www.minzp.sk/en/

Slovak Ministry of Interior:
http://www.minv.sk/?ministry-of-interior

Slovak Ministry of Justice:
www.justice.gov.sk

Slovak Ministry of Education, Science, Research and Sport:
http://www.minedu.sk/index.php?lang=en

Slovak Ministry of Health Care:
www.health.gov.sk

Slovak Ministry of Transportation, Posts and Telecommunications:
http://www.telecom.gov.sk/index/index.php?lang=en

Slovak Ministry of Labor, Social Affairs and Family:
http://www.employment.gov.sk/index.php?SMC=1&lg=en

Slovak Ministry of Culture and Tourism:
http://www.culture.gov.sk

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service, please proceed to the following website:

http://www.export.gov/mrktresearch/index.asp

and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events Return to top

Please click on the link below for information on upcoming trade events:
http://www.export.gov/tradeevents/index.asp

Please click on the links below for information on Slovak trade shows:
http://www.incheba.sk/event-calendar/137#CUREVENT
http://www.agrokomplex.sk/kalendar/
www.dtke.sk

Return to table of contents

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully**, **connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

Return to table of contents