SLOVAKIA / THE SLOVAK REPUBLIC

ECONOMIC COUNTRY REPORT
(up-dated in July 2007)

1. ECONOMIC AND POLITICAL ENVIRONMENT

Slovakia was ranked in 36th place among 175 countries in terms of favourable business environment, the report of the World Bank on doing business for 2007.

Slovakia is undergone in last 17 years transition from a centrally planned economy to a market economy. Two governments of the ex-prime minister Mikulas Dzurinda (centrist-right-christian coalition) made progress in 1998-2006 in macroeconomic stabilization and main structural reforms. Major privatizations are nearly complete, the banking sector is almost completely in foreign hands (98%), and foreign investment has picked up. Slovakia's economy exceeded expectations in 2001-2005 during the general European slowdown. Despite the high rates of economic growth (almost 10% by the end 2006), the country has failed to address regional imbalances in wealth and employment. Unemployment is still high (about 11% in 2006). GDP per capita ranges from 120% of EU average in Bratislava region to only 43% in Eastern Slovakia (minimum wage is set EUR 220,- average salary is about EUR 680,-).

Slovak economy in 2004 – 2007 was affected by a number of institutional changes, major:

- Slovak accession to EU on 1 May 2004
- becoming member of NATO on 29 March 2004
- introduction of tax (19% flax tax rate) and pension reform
- started reforms of the health care sector, public finances (tax, social services, pensions and education system).
- change of governments and its orientation (until June 2006 – rightists for two recent terms, nowadays – coalition of central leftists and nationalists)
- preparation to launched and to qualify economy for new currency Euro in 2009.

The last parliamentary elections were held on 17 June 2006 and resulted in a political change. Robert Fico became Prime Minister, leading a coalition of SMER ("Direction", 11 ministers), the Slovak National Party ("SNS", 3 ministers), and the Movement for a Democratic Slovakia ("HZDS", 2 ministers).

It is expected that also this leftist – national coalition will pursue a pragmatic economic program.

A second VAT-rate was introduced for selected goods in 2007 but the flat tax (19%) is kept for company and individual incomes.

Links:

Authorities web-sides:

http://government.gov.sk/english/	Slovak Government
http://www.strana-smer.sk/	SMER party

http://www.sns-slota-malikova.sk/ SNS party
http://www.hzds.sk HZDS party
http://www.sario.sk/ investments and trade
http://www.nbs.sk/ national bank
http://www.sacr.sk/ tourism
http://www.telecom.gov.sk/ telecommunication, post and transports
http://www.foreign.gov.sk/ foreign affairs
http://www.economy.gov.sk/ economy
http://www.prezident.sk/ president's office
http://www.statistics.sk statistics office

Media and Information agencies:
TV - www.ta3.sk, www.markiza.sk, www.stv.sk, www.joj.sk
Radio - http://www.slovakradio.sk/, http://www.radiotv.cz/radio/radio.phtml/tws
Press agencies - http://www.tasr.sk, http://www.sita.sk/
Newspapers - www.hnonline.sk, http://www.pravda.sk/, http://www.sme.sk/
Internet portals: www.post.sk, www.atlas.sk, www.zoznam.sk

1. 1. Industry

Slovakia was traditionally an agricultural country. In 20th century, Slovakia as a part of the Czechoslovakia became industrialized. The heavy industry was mainly emphasized also politically, including coal mining and the production of machinery and steel. Although heavy industry has declined in importance, manufacturing is still one of the most important sectors of the Slovak economy. Nowadays, building on a long-standing tradition and a available skilled labor force, main industries with potential of growth are following sectors:

- Automotive
- Electronics
- Mechanical engineering
- Energy sector
- Chemical engineering
- Information technology
- Wood processing, pulp and paper industry
- Agro-food sector
- Biotechnologies
- Nanotechnologies
- Tourism
- Services

Gross Domestic Products composition by economic sectors (in %):			
sector	2005	**2006**	**trend**
services	66.5	**64.8**	slight decline
industry	24.8	**25.4**	slight increase
construction	5.0	**6.2**	increase
agriculture and forestry	3.7	**3.6**	decline tendency

Slovakia's service sector grew rapidly during last 10 years and now employs about 44% of the labor force and contributes with over 66% to GDP.

Agriculture accounts for less than 4% of GDP and occupies about 6.2% of the labor force.

The automotive sector is one of the fastest growing in Slovakia in recent years. Domestic automotive production significantly increased. There are opportunities for investors and co-operation with car components suppliers. A number of companies are also seeking foreign partners for manufacturing; (www.zap.sk - Association of Automotive Industry in SR).

Thanks to the opening to the foreign investments Slovakia has rapidly developed the automotive industry beginning 90ties (Volkswagen, Germany) and this trend continued: PSA Peugeot-Citroen (France), followed by KIA (South Korea) started production in the second half of 2006. Slovak automotive industry is export-oriented and spins-off many subcontractors in the fields of: machinery, electronics and plastics industry. The Automotive Industry Association of Slovak Republic organized a seminar in Israel at Export Institute on 12 September 2005.

Israeli delegation of 9 components producers exhibited at the "AUTOMOTIVE 2006" – The 2nd International Fair of Plastics, Rubber and composites for Automotives in Slovakia, Bratislava on 16 – 18 May 2006, in Incheba Exhibition Center, http://www.incheba.sk).
And also this year, 8 Israeli companies took part in "The 3rd International Exhibition of Producers and Sub-suppliers for the Car Industry and Logistics" in Bratislava, 17 - 19 April 2007. Economic Department prepared individual pre-organized meetings in an Israeli Export Institute booth.
Contact: Mr. Uri Pachter – Executive, Automotive & Subcontracting Dept.
The Israel Export & International Cooperation Institute
Tel: +972-3-5142811, E-mail: urip@export.gov.il
more for overview of the positioning of the Slovak automotive components sector:
http://www.bic.sk/docs/ATG_newsletter_April%2006.pdf

Links:

www.azzz.sk Federation of Employers Associations

http://www.alianciapas.sk/pas/english/index.htm The Business Alliance of Slovakia / business environment surveys

www.orsr.sk Companies Register (no fees): (good criteria search also in English)

http://en.wikipedia.org/wiki/Economy_of_Slovakia

https://www.cia.gov/library/publications/the-world-factbook/index.htmlwww.euractive.com EU related news service

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/c_055/c_05520060307en00170020.pdf EU Opinion on the convergence criteria (to introduce EUR)
http://www.etrend.sk/english-zone Economic overviews
http://www.greenpages.sk/catg_chamb.html Chambers of Commerce
http://www.ilcham.sk Israeli Chamber of Commerce in Slovakia.

1. 2. Agriculture

With respect to the nature of the territory (8 administrative regions) and population density (in average 110 inhabitants per km^2), Slovakia is a rural country.

Over 40% of the land in Slovakia is cultivated. The southern part of Slovakia (bordering with Hungary) is known for its rich farmland. Growing wheat, rye, corn, potatoes, sugar beets, grains, fruits and sunflowers. There are also vineyards in southwestern Slovakia. The breeding of livestock, including pigs, cattle, sheep and poultry, is also important.
Foreign `natural persons` are not allowed to buy agricultural land in Slovakia 7 years after its accession into EU; but there are no restrictions for `legal entities` / companies.

With EU accession in May 2004, Slovakia became a member of the Common Agricultural Policy (CAP). CAP supporting programs in areas of direct payment and support **modernisation of agriculture.**

Direct payments from EU:									
year	2005	2006	2007	2008	2009	2010	2011	2012	2013
in mil. €	97.70	115.4	146.6	183.2	219.7	256.2	292.8	329.3	365.9

Source: Regulation (EC) No. 1782/2003A: Annex VIIIa of Regulation 1782/2003

Demand for high quality food products is expected to grow as a result of increasing numbers of hypermarkets and food-chain stores (Tesco, Billa, Lidl, Kaufland, others). Most high value food products are imported through European intermediaries rather than directly.

In the area of agriculture and **biotechnologies** would be better prospect co-operation in **R&D** with assistance of EU funds.

Potential partner for co-operation: Slovak University of Agriculture in Nitra
Office for Science and Research, Marian BRESTIC - Vice-Rector for Science and Research, e-mail: Marian.Brestic@uniag.sk, Tel.: +421-37-65 11 519

Slovakia is considering the possibility of building bio-gas facilities that would use energy crops as a renewable energy source.

Links:

www.mpsr.sk	Ministry of Agriculture
www.eurozem.sk	EU funding for agriculture
www.agroportal.sk	Integrated portal
www.uniag.sk	Slovak University of Agriculture in Nitra
www.fem.uniag.sk/acta/?lng=en	Scientific Journal
www.agrokomplex.sk	Agrokomplex Exhibition Center, Nitra
europe.eu.int/comm/agriculture/publi/caprep/prospects2001/ch2.pdf	Prospects for agricultural markets 2001-2008 in CEE

1. 3. Selected Economic Indicators

Slovakia counts to the smaller countries in the EU27 average.

Area(km2): 4	9,034
Population (in mn):	5.4
GDP (2006 in EUR bn):	43.9
GDP per capita (2006 in EUR):	8,150
Export in % od GDP:	85.6

Year Indicator	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007 F**	**2008 F**	**2009 F**
GDP per capita (in EUR)	4,060	4,335	4,789	5,386	6,161	7,070	8,150	10,010	11,320	12,310

GDP real, growth (in %) **	2.0	3.2	4.1	4.2	5.4	6.0	8.3	9.0	7.1	5.9
Inflation / consumer price index (%)	12.0	7.3	3.3	8.5	7.6	2.7	4.5	2.7	2.3	2.7
Unemployment (in %) ***	18.2	18.3	17.8	15.2	14.3	11.6	10.4	8.3	7.8	7.3
State budget balance (in % of GDP)	-3.1	–4.6	–4.8	–4.7	–5.3	-2.8	-3.4	-2.9	-2.3	-1.8

Source: National Bank of Slovakia, Statistical Office of the SR, UniCreditBank Analyses.

**economic growth was driven by domestic demand. The future GDP growth would mainly be driven by export rather than domestic consumption.

*** still remains EU's 2nd highest (after Poland).

**** In 2003, the deficit of the trade balance significantly decreased; caused mainly by the increased exports of vehicles (VW cars, followed in 2007 by PSA Citroen-Peugeot and KIA).

Economy grew by ever highest 9.8% in 3Q 2006. Higher growth was sustained in the transport equipment manufacture, manufacture of machinery, basic metals and textile.

End-2006 inflation is forecasted close to 4%.
The y/y inflation rate in Slovakia as measured by the EU Harmonized Index of Consumer Prices (HICP) stood at 3.1% at the end of October 2006 but still above-target inflation for EU Maastricht criteria to comply (for the end 2007 on 2.3%).
The central bank expects the 2008 reference level of inflation, which Slovakia must not exceed if it wishes to enter the euro-zone in 2009, to be 2.8%.
Therefore inclination to tighten fiscal policy.

The koruna has steadily marched toward new all time highs in Nov. 2006 (the appreciating koruna only 35.50 SKK / 1 EUR and 27.10 SKK/USD) what is on the other hand causing concerns to exporters.

Total employment in Slovakia was 2.1486 mil. people in the 3Q 2006. Compared to the previous year employment increased by 2.5%.

Total foreign debt - 31.5 bill. USD (June 2006, early increase 470.7 mil. USD). From that is resulting – 5,856 USD total foreign debt per capita.

For 2007 – draft of the state budget projects the public-finance-deficit 2.9 % of GDP (to keep one of the Maastricht criteria for Euro adoption, according to which the public-finance deficit cannot exceed 3 % of GDP).

EURO in Slovakia:
Slovakia joined the ERM II in late November 2005, and the country expects to adopt the euro in January 2009.

Joining European Union Exchange Rate Mechanism - ERM II after 7 years of floating, it means that the exchange rate will fluctuate in the scale from 32.69 to 44.22 SKK / EUR until the adoption of Euro (expected in January 2009).

Until that time, Slovak economy has to fulfill Maastricht criteria (EU Stability Pack) for two years. Keeping limits of those criteria (inflation, government deficit to 3% of GDP and government debt not more than 60% of GDP) will also further encourage economic prosperity in Slovakia.

Link:
www.statistics.sk/webdata/english/index2_a.htm Statistical Office
http://epp.eurostat.ec.europa.eu Eurostat
www.nbs.sk National Bank of Slovakia

2. FOREIGN TRADE

2.1. Export, Import and FDI

Year Indicator	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007 F**	**2008 F**	**2009 F**
Export (in mil. EUR):	12,782	14,102	15,184	19,285	22,277	25,743	33,273	47,513	58,227	66,872
Import (in mil. EUR):	13,740	16,486	17,437	19,848	23,434	27,713	35,733	48,417	58,689	66,558
FDI inflow, net (in mill. EUR)	2,077	1,674	4,069	485	890	1,780 4.4 % of GDP)	2,400 7.6 % of GDP)	3.1 % of GDP)	3.2 % of GDP)	3.1 % of GDP)

Export represent about 77% of GDP (increasing trend tendency).
Export commodities: machinery and transport equipment 39.4%, intermediate manufactured goods 27.5%, miscellaneous manufactured goods 13%, chemicals 8%
Export partners: Germany 30.1%, Czech Republic 16.4%, Austria 10.7%, Italy 7.2%, Poland 5.7%, Hungary 4.6%

Import commodities: machinery and transport equipment 37.7%, intermediate manufactured goods 18%, fuels 13%, chemicals 11%, miscellaneous manufactured goods 9.5%
Import partners: Germany 24.8%, Czech Republic 16%, Russia 13.5%, Austria 7%, Italy 6.4%, France 4%

in 2006 – 13 new foreign direct investors (created over 4 th. jobs) mostly in sectors:
1. IT

2. automotive
3. electro-technical (largest in 2006: SONY (JP) – LCD tv-screens production line in Nitra – 2.7 bill. SKK)

Actual **rating** for country's debts in foreign currencies:

- Moody's Investment Services: A1 / Stable (last up-date: Oct. 2006)
- Fitch Ratings: A+ / Stable (last up-date: Oct. 2005)
- Standard&Poor`s: A / Stable (last up-date: Dect. 2005)

Competitiveness of Slovakia's economy is improving, as clear from remarkable number of foreign direct investments (FDI) mainly in the car-making industry.

In 2005, decline of the inflow of the FDI to Slovakia; new investment stimuli introduced in October 2005 – more favorable conditions to **IT and research centers**, especially to be located in the east part of the country (where is more unemployment), to bring more added value and not to be logistically demanding (lack of highways). Example: Ness Technologies in Kosice.

New Law on Investment stimuli / incentives in preparation for 2007:
- direct: e.g. for education of employees
- indirect: tax holidays up to 10 years.

www.sario.sk; www.economy.gov.sk

Origin of direct foreign investment – the Netherlands 24.3%; Germany 19.4%, Austria 14.1%; Italy 7.5%, United States (8th largest investor) 4.0%.
Sectors of direct foreign investment - industry 38.4%; banking and insurance 22.2%; wholesale and retail trade 13.1%; production of electricity, gas and water 10.5%; transportation and telecommunications 9.2%.

Top investors from countries, by companies: Deutsche Telecom (Germany), Neusiedler (Austria), Gaz de France (France), Gazprom (Russia), U.S.Steel (U.S.), MOL (Hungary), ENEL (Italy), E.ON (Germany) and Vienna Airport (TwoOne consortium owns 66% of Bratislava and Kosice airports **-** Austria).

Big Car-makers investments:

In March 2004, the South Korean automaker Hyundai Motor Company announced at the Autosalon in Geneva the decision that it has chosen Slovakia ahead of Poland as the site of its €700 million factory investment in Central Europe. With annual revenues of $12 billion (€9.65 billion), Kia Motors Corporation is among the world's fastest growing carmakers and it aims to be one of the top five by 2010.
The contract between the Slovak Republic and Hyundai Motor Company was signed in April 2004. The plant at Zilina, northern Slovakia, is expected to produce 200,000 cars per year from later 2006.
Germany's Volkswagen has had a major factory outside Bratislava since the early 1990's, and France's PSA Peugeot-Citroen is currently building a 300,000-car-a-year production line at Trnava city (started in 2Q/2006), 55 km east of the capital Bratislava.
More than 60% of VW car-components are subcontracted in Slovakia.

Main incentives for investment in Slovakia:

a) 19% flat-tax-rate for corporations and individuals incomes, and VAT
b) tax break for profit from investments and worker retraining grants,
c) the good ratio between productivity and cost of labor force.

Links:
http://www.finance.gov.sk/EN/ Ministry of Finance

http://www.cef-see.org/Krajcir.pps presentation about flat tax.

2.2. Bilateral Trade Figures

Year Indicator in mill. USD	2000	2001	2002	2003	2004	2005	2006	1Q/2007
Export from Slovakia	6.7	4.9	8.6	14.0	11.5	23.5	21.4	3.6
Export from Israel	9.2	11.9	7.9	10.2	10.7	11.9	12.1	2.8

Source: Central Bureau of Statistics, Israel, http://www.cbs.gov.il/fr_trade/td1.htm

Commodity structure of bilateral trade

The most exported commodities from Israel to Slovakia were: electronics, machinery, chemicals, metal products, plastics and agricultural products.

Main exported commodities from Slovakia to Israel were: machines, transport devices, chemicals and industrial goods.

The trade figures do not reflect the real potential of both countries and there is a lot of opportunities for further improvement. Israeli imports represent over 33 bill. USD yearly and the Slovak Republic imports make almost 20 bill. USD yearly. Israel represents in the Slovak foreign trade the share of less than 0.1%. More than 2/3 of Slovak foreign trade is realized with the OECD countries, mostly EU.

More facts and figures:
http://www.statistics.sk/
http://www.europeaninternet.com/slovakia/
http://www.oecd.org/country/0,3021,en_33873108_33873781_1_1_1_1_1,00.html
http://www.imf.org/external/country/SVK/index.htm
http://www.cia.gov/cia/publications/factbook/geos/lo.html

3. AREAS / FIELDS FOR ECONOMIC CO-OPERATION

The accession of the Slovak Republic into the European Union in May 2004 was also a challenge the business partners from Israel.

The focus should be on these areas:

- investments in the export-oriented sectors
- business co-operation in the areas supporting increase in employment
- co-operation in areas that will create higher added value products.

Especially in sectors:

- spare parts for automotive industry
- electronics, communication and information technologies
- up-grade of health sector facilities (also World Bank projects)

- pension funds
- infrastructure (airports)
- pharmaceuticals
- industrial building and housing
- alternative energy
- recycling, waste management
- water management
- industrial safeguards products
- application of EU norms and standards
- increase of competitiveness of agriculture, tourism and services for industry.

There is significant potential for business co-operation in tenders in both countries, and from that resulting possibilities in off-set trade.

Links:
Tenders - www.tender.sk, http://ted.europa.eu, http://www.eubusiness.com/tenders
Public Procurement Office: www.uvo.gov.sk
Contact for consultancy / advisor: vlado.melus@gmail.sk, T: +421-907 944 647

On the Israeli side, e.g. in the field of infrastructure, referring to the recent projects in the Israeli Railway System that amounts to 4bill. EUR (till 2008).

And on the Slovak side are the following areas of interest:

a) Building sections of motorways (North – 70 km, South – 200 km, started in March 2004), at least one Israeli company named “Housing&Construction“ was interested

b) Facilitation of the “Schengen borders“ of Slovakia with Ukraine (in total 99 km, about 42 mill EUR to be invested), four Israeli companies are bidding (“Israel Aircraft Industry“, “Reffael“, “Elbit“ and “Magal Industry“), cruatial for Slovakia in 2006/2006 together with Schengen information system

c) Up-grading military equipment of the Slovak army as the newly accepted member of the NATO; e.g. with MIG 29, helicopters MIG 24, airline carriers L-410 and others.

d) Israeli telecommunication companies might be interesting partners for Slovak companies biding for tenders to modernize and introduce new telecomm technique and technologies for the Slovak army.
Serious complain of “Tadiran Communications, Ltd.” that their contract to supply telecommunication equipment (worth over EUR 50 mill.) was cancelled unilaterally without any reason or explanation from Slovak side.

e) Co-operation in the field of commercial satellites. This idea was proposed by the Slovak ex-president Rudolf Schuster on the occasion of his last visit in Israel (in September 2003).

f) More emphasis on regional development multiply the modernization of regional avionic centers / internationalization of local airports (Zilina, Presov, Poprad, Piestany).

- specific plans are already under preparation for the “Zilina Airport”, lot of suppliers will be needed, Israeli companies have very fair chances in the telecom and security fields.

In this respect, we have been advised of an interest to set up a maintenance center for small – medium civilian aircraft at the airport of Bratislava; expressed by the I.A.I. (Israel Aircraft Industry).

g) Tourism, Spa resorts

Spa Piestany has the potential for profitable tourist services and spin-off businesses; also town-twinning with Eilat (agreement signed in June 2006) is considerable to support economic co-operation

Links:

www.kupeleslovenska.sk	Spas:
www.sacr.sk	National Tourist Board
www.sario.sk	Investment Agency
http://www.narks-real.sk/default_en.htm	Real estate / investments

3.2. Industrial R&D

a) Being aware of the need for industry in Slovakia to have a modern and competitive R&D, Israel may be helpful in this field. It was proposed to pay a visit of the Israel’s Chief Scientist of the Ministry of Trade and Industry to Slovakia that was conducted on 20 April 2005.

b) Israel has an experience in establishing the first venture capital named „Yozma“. Israel is prepared to share know – how that this venture capital has initiated the further creation of tens of private ventures capitals that undertake industrial research.

c) the EU FP 6th and newly launched 7th EUFramework Programme could also support co-operation between Slovak and Israeli partners in R&D and transfer of technologies, there is already established co-operation with good track record by the European Commission, via Innovation Relay Center (IRC) Slovakia; project of exchange of technologies,

www.artemis-office.org - Joint Technology Initiatives / European research funding (2007 - 2013)
www.savba.sk - Slovak Academy of Science
www.stuba.sk, Slovak Technical University, vice-dean: robert.redhammer@stuba.sk
www.bicba.sk

The Bratislava region will receive more support from structural funds as the European Commission (EC) approved the transfer of 290 mil. EUR assigned to Slovakia to support science and research in the Bratislava region.
- new government intends heavily support knowledge economy with backing of EU funds (EUR 10.4 billion), possibilities to joint efforts with Israeli Chief Scientist Office and to share know-how and experience of R&D infrastructure

The International Researcher's Guide to Slovakia - http://www.eracareers.sk/version_eng/index_en.php

3.3. Other businesses possibilities and investment opportunities in Slovakia

The sectors that hold the most potential are:

- information and communication systems (shared service centers, customers centers, IT and software development),
- environmental products and services, especially biotechnologies
- capital goods, financial services, management services and
- production processes.

Many Slovak enterprises are restructuring and looking for modernization of their equipment and methods.
Israeli companies and products enjoy a positive image in Slovakia and Israeli technology has very good reputation.

Financial Services
Since 2005, the Slovak people are saving half of their pensions on their own accounts. This step of the 2003-pension-reform opens a new market for private pension management fund.

Informatics / e-Government
focused on the development of the knowledge-based economy.
Project "Minerva" - government strategy for the computerization of society / technologies to make on-line e-accessible many of the public registers and services
www.minerva.sk

IT business grew by 9.4% y/y in Slovakia in 2005. The total turnover of the Slovak IT business was 947.2 mil. USD in 2005.

Slovakia scored above average in a PC literacy survey within the EU.
the most visited Internet portals in Slovakia: www.zoznam.sk, www.azet.sk, www.post.sk,
Central Public Administration Portal: www.government.gov.sk

3 mobile communication providers:
On the market are already: **T-Com** (Slovak Telecom) / T-Mobile and **Orange**. (Association of Telecommunication Operators, www.ato.sk).
The daughter company of Telecom Austria Mobilkom, Spanish Telefonica O2 and the consortium of Czech Rádiokomunikace, represented by the company B Four, submitted their bids in July 2006 and became the country's third mobile operator. **Telefonica O2** Slovakia Ltd. started from March 2007 building its own network, providing its services under agreement on T-Com infrastructure.

- mobile phones penetration is 87% (Nov. 2006)
- only 27% of Slovak households had internet access, of which 11% had broadband internet (3Q/2006, Eurostat)

Biometric data documents:
The Slovak Ministry of Interior (Police and identification documents) intends to issue new EU-format of identification documents for Slovak citizens already with 2 biometric elements (face digital photo and fingers prints) for new passports and driving license
- in accordance with new EU regulations on US demand,
http://www.minv.sk/pk/2005/ARCHIV/KM-42/nariadenie_SJ.rtf
- a procurement notice expected to be published in mid 2007, no Slovak company complying with all demands fro specifications.

Tenders / Public procurement online portal in Slovakia: www.tender.sk

Intelligence Security

- for banks, new constructed luxurious residential apartments (many new skyscraper buildings), shopping malls, local airports (Zilina, Tatry, Piestany), tourist resorts (spas)
- in industry / primer sector (coal mines)
- homeland security - Police surveillance (under the Ministry of Interior).

Digitalization of broadcasting signal:
- new management in the Slovak TV (public-law body, 2 national channels)
www.stv.sk

Additional services for transport infrastructure (ITC):
"Internet in trains"
- for 50 min. line Bratislava – Vienna, and satellite towns of Bratislava with distance of 1 hour of traveling,
- there are also: about 3 - 4 hours connections to Kosice, Prague and Budapest.
It could be a project for the City of Vienna and City of Bratislava, in co-operation with Siemens (Siemens Austria AG) – possibility of cross-border co-operation project under the EU projects schemes.

Chemicals
Consumption of chemicals is increasing steadily. Slovakia has traditionally been a producer of chemicals, but mostly of large volume commodity chemicals. Israeli companies could also successfully compete by offering chemical technologies or equipment. There are also opportunities for investors and JV in Slovakia.

Construction
Real estate – residence (private houses and block of flats) and business premises (industrial parks and shopping centers)
Possibilities for Israeli developers and sub-suppliers of various construction solution for: air-condition, solar energy, others (advisable visit of CONECO Exhibition, in Bratislava, April 2008)
- enlargement of airports capacities – 2 big airports (Bratislava and Kosice, already privatise) and more opportunities for the smaller regional airports (Zilina, Poporad, Sliac, Piestany,…) with state support by 2010.

Motorways and highways
- the 50 mil. EUR loan from European Investment Bank (EIB) to be used on the D1 motorway section Sverepec – Vrtizer that is a part of the Bratislava - Zilina motorway.

- construction of 6 roads with a total value of 3.079 bil. Sk (81.02 mil. EUR) to be started in second half of 2006.

- for the next EU programming period 2007 - 2013, Slovakia budgeted 1.6 bil. EUR from EU funds to be used on the development of road infrastructure, i.e. motorways, highways, A-roads. In total, Slovakia is to receive around 3.2 bil. EUR to be used for road infrastructure.

Tendering opportunities in 2007:
Tolling System:

New law to charge vehicles over 3.5 t. To apply a tolling system - budget 2 – 5 bill. SKK. To be announced in spring 2007. the tolling system should be operational at the end 2008. Procurement specification at he Ministry of Transport, Post and Telecommunication of the Slovak Republic (www.telecom.gov.sk)

Links:
Ministry of Transport, Post and Telecommunication - www.telecom.gov.sk,
National Highway Authority - www.ndsas.sk
IT Association of Slovakia – www.itas.sk

4. KEY EVENTS

The last official visit conducted:

- Mr. Ehud Olmert as the Vice-prime Minister and Minister of Trade and Industry of the State of Israel, together with a delegation of Israeli businessmen that took place on 9 March 2004.

- Mr. Dani Naveh, Minister of Health of the State of Israel, and the Israeli delegation, 3 – 4 April 2005.

- a delegation of the Israeli car components producers to the 2nd and 3rd Exhibition in Bratislava, 15 – 18 May 2006 and 16 - 19 April 2007. Matchmaking with Slovak partners (JVs, R&D, ex/im TIR 1), organized in co-operation with IEI.

The ambition of previous and present heads of the Economic Department of the Israeli Embassy in Vienna was to encourage the respective partners from the Office of the Deputy Prime Minister responsible for knowledge economy, Ministry of Economy, Ministry of Construction and regional Development of the Slovak Republic, SARIO (Investment and Trade Promotion Agency) and other relevant offices and entities (as universities, academy of science) with real possibilities for economic co-operation especially in applied R&D and supporting the idea of developing the knowledge-based economy.

There was organized on March 18 – 21, 2007 an official visit of the Slovak PM Robert Fico and Minister of Defense Frantisek Kasicky in Israel, as the second official visit of the present government following the earlier visit of the Deputy PM Dusan Caplovic on the occasion of the PM Conference in Israel 7 - 10 Nov. 2006
Main area of interest - building the knowledge society infrastructure and projects - informatisation infrastructure, E-Gov, applied R&D projects, programmes of co-operation (EU FP 7, Eureka, and Galileo).

Creating contacts and presentations for IMA – Israeli Mobile Association by Slovak mobile operators (T-Mobile, Orange and O2), meetings on July 4th, 2007 (actually follow-up after initial meetings at 3GSM Barcelona in February 2007)
Possibilities for Israeli innovative start-ups in the fields of: increasing service adoption, user generated content, social networking goes mobile and mobile advertising.

There is under preparation the official visit of the Slovak minister of Agriculture Miroslav Jurena and delegation (experts and businessmen), 30 Oct. – 1 Nov. 2007.
Promotion of Israeli water and environmental technologies and the WATEC exhibition

Exhibitions in Slovakia in 2008:
- advisable to organise a delegation of Israeli companies to Bratislava:
  - CONECO - 29th International Building Fair, 1 – 5 April 2008
  - C.S.I.L. – Car Subsuppliers Industry Logistic – 4th International Fair of Producers and Subsuppliers for the Car Industry and Logistics, 15 – 20 April 2008
  - International Defence Exhibition – IDEB 2008, 28 – 30 April 2008

Links to exhibitions:

http://www.incheba.sk/	Incheba, JSC Bratislava
http://www.agrokomplex.sk	Agrokomplex – Fairground in Nitra
http://www.tmm.sk	Fairground TMM, JSC in Trencin
http://www.bbexpo.sk/index.htm	BB EXPO Ltd. In Banska Bystrica
http://www.dtb.skhttp://www.dtb.sk	House of Technics - ZSVTS Bratislava, Ltd.
http://www.domtechza.sk	House of Technics - ZSVTS Zilina, Ltd.
http://www.locoexpo.sk	LOCO Expo, Ltd. in Trencin.

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