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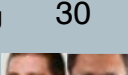
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Maintaining competitiveness through energy policy

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The energy policy of the Slovak Republic is one of the crucial factors to ensuring a long-lasting and sustainable growth of the Slovak economy. It should be aimed not only towards ensuring energy demands, reducing energy intensity and increasing energy efficiency of individual sectors, but also towards achieving the desired structure of Slovakia's economy. Since the energy policy applies to almost every business entity in the Slovak Republic, the American Chamber of Commerce intensively seeks to contribute to the creation of the energy policy in order to improve the business environment - not only for more than 30 manufacturers associated in the AmCham, but also for over 300 AmCham members operating in the services and other sectors.

Priorities to be pursued under our economic policy should definitely include the reinforcement of Slovakia's competitiveness both at the European and global levels. Sustaining the living standard of Slovak citizens, controlling the growth in unemployment, and a potential economic growth can only be achieved if the structure of Slovakia's industrial base corresponds to real possibilities of our country and is capable of creating and sustaining jobs over a long term. On that account, we consider defining a medium and long-term vision of the structure of the Slovak economy essential to its future heading.

Members of the Energy Committee of the American Chamber of Commerce have, therefore, long sought to keep a constructive dialogue with the Government of the Slovak Republic, the Ministry of Economy and the Ministry of the Environment. They actively participate in a commenting and review procedure on the current wording of the Basis of Slovak Energy Policy, a document defining the objectives and priorities for the energy sector until 2030, with an outlook until 2050. It is important for us that the regulation in the energy sector corresponds to the level of liberalization on the energy market in practice. We support the elimination of legal and regulatory barriers by increasing the quality and security of energy supply and facilitating mutual communication. In our opinion, the establishment of a truly liberalized energy market, including through price liberalization, is beneficial to energy end users. We are also monitoring the third emission trading period, and the transposition of directives that govern its implementation in practice.

The second important issue in this respect is electricity prices. Slovakia has long had one of the highest electricity prices for domestic industrial customers of all EU Member States. The Slovak Republic has the fourth highest electricity prices of the EU-27, only island countries such as Ireland, Malta and Cyprus have higher prices. Regulated fees and charges related to electricity transmission and system services have for years been one of the highest in the entire Europe; earlier this year, they increased again, by nearly 30% compared to 2012. The high electricity prices have an adverse impact on competitiveness. It is impossible to succeed in international competition against competitors from the EU or third countries that pay incomparably less for energy than Slovak companies. After all, energy prices in the US, Brazil, Chile or Ukraine are by more than a half lower compared to those in the EU. European producers, including Slovak companies, are required to comply with much more stringent limits and legislative restrictions than their competitors from third countries, which, however, enjoy an unlimited access to European, as well as global markets. Ambitious EU energy efficiency targets require considerable investments and costs which the competitors operating on the same market do not have to bear.

We discuss these and other problems and their possible solutions with the Slovak Government and other relevant institutions, and believe that the voice of the strongest chamber of commerce in Slovakia will be heard. Only a clear vision for the Slovak economy and a related predictable energy policy including specific instruments can help to retain and facilitate competitiveness of Slovak companies in an extremely challenging post-crisis period. After all, it is the functioning manufacturing sector coupled with an effective and efficient educational system only that can provide a basis for new investments in the future - including in research, development and knowledge economy which the Slovak Government holds as its priorities.

