

Business Call to the New Slovak

Two days after the outcome of the Slovak Parliamentary Elections, on March 12, 2012, representatives of twelve foreign chambers of commerce in Slovakia called upon the new government to lead an open and constructive dialogue with the business community and respect general business interests in its manifest.

Chambers emphasized seven key points: education as a priority; preservation of the most important changes in the revised Labor Code; predictable, transparent and stable energy policy; effective tax system; transparent and efficient public procurement process; attracting foreign direct investment and making Slovakia a better business place. Igor Kottman, the President of the American Chamber of Commerce (AmCham) in Slovakia said at the press conference: "It doesn't matter which parties form the new government. The important thing is for the government to show interest in dialogue with the business sector. Decisions of the new government should contribute the improvement of the business environment in Slovakia."

We offer our readers the full version of the Call. In the name of foreign as well as local businesses in Slovakia represented through the American Chamber of Commerce in the Slovak Republic, the British Chamber of Commerce in the Slovak Republic, the French-Slovak Chamber of Commerce, the German-Slovak Chamber of Industry and Commerce, the Italian-Slovak Chamber of Commerce, the Irish Chamber of Commerce in Slovakia, the Netherlands Chamber of Commerce in the Slovak Republic, the Slovak-Austrian Chamber of Commerce, the Slovak-Taiwanese Chamber of Commerce, the Spanish-Slovak Chamber of Commerce, the Swedish Chamber of Commerce

in Slovakia, and the Swiss-Slovak Chamber of Commerce, we would like to take the opportunity at the beginning of a new election period to call on the newly elected political representatives, and the next Slovak government to establish an open and productive dialogue with the businesses community in Slovakia, and to reflect general business interests when formulating the 2012 – 2016 Government Agenda. We hope to see an open and constructive dialogue between the decision-makers and business representatives during the whole upcoming election period, as the future of the country relies markedly on a strong and competitive economy.

Education as a priority

Even though reform of the educational system in Slovakia has been an official priority of many governments, not much has improved with regards to the higher quality of education, knowledge-based economy, increased number of graduates from vocational schools, direct support of business-academic cooperation and research and development. Therefore, we call the new government to:

- Make quality of education an apolitical priority
- Create a standardized system for monitoring of the labor market needs and a platform for regular communication with the schools to enhance the direct linkage and effective use of finance
- Introduce a transparent system

of incentives with minimal level of administrative burden for employers to engage in the system of education and training (e.g. support for vocational schools, practical training for students of secondary schools, under-graduate internships, curriculum update)

- Provide training and development of teachers and reevaluate the criteria based on which the quality of education is measured at all school levels, increasing the dependence of financing on quality

Enhanced employment and growth

In the current climate of economic slowdown, attracting investment and creating new employment opportunities is more important than ever before. In order to enhance employment and growth, we call the new government to:

- Maintain the most important changes introduced by Act No. 257/2011 Coll., amending the Slovak Labor Code
- Adopt changes in the immigration rules, supporting intra-corporate mobility and focusing on active migration policy for highly qualified workers (including a fast track procedure)
- Harmonize various labor law legal acts (e.g. Labor Code, Act on Employment Services, Act on Labor Inspectorates) with other areas of law and maintain long-term stability in labor law legislation
- Enact complex reform of social

security system, so that it is more sustainable, more transparent and more flexible, and set up inclusive intermediate labor market in which public resources would create an appropriate number of fixed-term jobs

- Adopt steps necessary to address the issue of shadow labor market, in order to achieve measurable change.

Predictable, transparent and stable energy policy

Realizing the significance of energy sector for Slovak economy, we call the new government to:

- Provide for a transparent, non-discriminatory, stable, pro-investment oriented and predictable legal and regulatory framework, and reflect these principles in the Energy Policy of the Slovak Republic, Strategy of Energy Security of the Slovak Republic and other conceptual and strategic documents and laws
- Reform the design of activities performed by regulatory authority, based on principles of its independence, transparency, impartiality and proportionality
- Further liberalize energy market based on the principle of fair competition, bringing wider offer and higher quality of services to the consumers, ensuring appropriate protection of customers, where necessary, via transparent, clearly defined, verifiable and non-discriminatory measures
- Promote ecologically friendly and low carbon technologies and innovative (renewable and secondary) energy sources based on a thorough analysis of market, ensuring harmonized and well balanced energy mix
- Adopt measures aimed to motivate industrial business

Government 2012

in Slovakia to utilize available secondary energy sources and thus increase energy efficiency, starting with fair fees imposed on electricity consumed by its producers

Effective tax system

In order to continue in improving the business environment in Slovakia, we believe that the main priorities of the new government, apart from the key ones as stabilized public finances, effective system of tax collection for all, and e-Government (UNITAS) should be to:

- Support FDI and high-added value labor market through better tax conditions for location of holding companies of multinational corporations in Slovakia;
- Improve the legal certainty via introduction of Binding Tax Rulings which should allow businesses to verify the tax impact of particular transactions upfront, in cases where Slovak tax law does not give a clear guidance;
- Support our economy and employment through tax incentives and more favorable corporate income tax deduction rules for R&D, Higher Education and Non-monetary Employee Benefits;
- Contribute to an open legislative process eliminating rapid and non-systematic changes of legislation, intensifying cooperation with the private sector for ex-ante impact assessment and timing of legislation as such.
- Combat VAT fraud and tax fraud, as it costs Slovakia hundreds of millions Euros per year.

Transparent and efficient public procurement process

Building on our commitment to enhance the quality and transparency of the legal framework for

doing business in Slovakia, we call the new government to:

- Simplify the public procurement rules applicable to the private sector and reduce the administrative burden of the public procurement process by streamlining as much as possible the system of references and documents used to prove technical capability.
- Place greater emphasis on the overall economic costs, efficiency and quality of bids, rather than exclusively the criterion of the lowest price, as the level of performance, quality of the used materials, durability and sustainability of works and the quality and scope of included services are often equally important
- Enhance the system of enforcement and guidance in the field of public procurement. As the decision practice of the Public Procurement Authority is all but predictable with little reflection of market needs and very formalistic approach, the reform of Public Procurement Authority is crucial.
- Strive for greater stability and consistency of public procurement legislation by preparing a longterm plan of reform of the public procurement legislation and by avoiding the confusing practice of amending the public procurement act by means of indirect amendments

Attracting foreign direct investment

Foreign direct investment is and will continue to be one of the core drivers of economic development in Slovakia. It is imperative that the new government is pro-active in its strategy to attract foreign investors to all regions of Slovakia. We therefore call the new government to:

- Create FDI Team Slovakia, bringing together key stake-

holders from both state and commercial circles who can lead the effort to implement a long term vision for FDI in Slovakia

- Invest and build 'best in class' business hubs which, in addition to the basic components, include innovation, an indigenous supply chain and university engagement.
- Establish a clear, quick and transparent process for investment incentives, as they remain a critical factor in companies' choice of FDI locations.

Making Slovakia a better business place

Despite being considered as a country attractive for doing business, Slovakia's competitiveness has recently been on the decline. During the period of economic downturn, Slovakia can no longer draw on its reputation as a central European tiger. We therefore call the new government to:

- Ensure better law enforcement and predictability of the legal system, supporting straightforward and equitable resolution of business disputes and bringing suits to the Slovak courts results in timely resolutions.
- Decrease administrative burdens faced by businesses in Slovakia, including the small and medium enterprises, making costs spent on regulations and reporting requirements reasonable and relevant.
- Defend the interests of the Slovak economy at the EU level, but, at the same time, continuously enhance conditions for doing business at the national level to ensure that businesses in Slovakia are not disadvantaged compared to their competitors from third countries or rivals from other EU member states.



AMERICAN CHAMBER OF COMMERCE
IN THE SLOVAK REPUBLIC

