

How Slovaks realized they could...

by **Jake Slegers**, Executive Director of AmCham Slovakia



BIOGRAPHY

Prior to coming to Slovakia to teach English in 1994, Jake worked for General Mills, an American multinational manufacturer of branded consumer foods. An ensuing job as a business reporter, journalist and broadcaster at Radio Slovakia International provided many possibilities to acquaint himself with Slovakia's business and political climate. Jake was also employed by the OSCE and the US State Department as an International Election Observer. In 1999, he became Deputy Director of AmCham Slovakia and since 2000 Jake has been serving in his current position as Executive Director, overseeing all aspects of the Chamber's operations.

This year marks several important milestones and anniversaries for Slovakia. In addition to marking 25 years of the independence of Slovakia, the year 2018 also marks the 100th anniversary of the landmark Pittsburgh Agreement which led to the creation of an independent Czechoslovakia later that year. In addition to these important milestones, Slovakia will also mark the 50th anniversary of the Soviet invasion of 1968 as well as the 30th anniversary of the Candle Demonstrations in 1988 which was the first important step towards destroying the communist regime in Czechoslovakia. So, it is indeed a year of important milestones for Slovakia.

In this Letter to AmCham Members, I would like to highlight just a few of the developments, in no particular order, in the business environment in the past 25 years.

Introduction of the Euro – Probably one of the most important developments for business in general was the official adoption of the Euro as the official currency in 2009. In our regular FDI and SME surveys, we consistently see that the introduction of the euro is perceived by international and domestic businesses as one of the most significant developments for businesses across the board.

NATO and EU Membership – The inclusion of Slovakia, after it had fallen behind in relation to its neighbors, in NATO and EU membership in 2004 also had a stabilizing effect on its international reputation and heightened the confidence factor that many foreign investors were seeking in terms of the potential for stability and future growth.

The Flat Tax – probably more than any other business-related development, the introduction of the 19% flat tax grabbed the attention of the international

business community. Seen as truly cutting edge, it set the stage for an unprecedented influx of foreign investment and, at least for a time, was the envy of our neighbors (before they copied it!).

Slovak Companies Going International – just a few years ago, it was quite unusual to hear of Slovak companies expanding their businesses to the US or any other country for that matter. Today, we see an ever-growing number of Slovak companies establishing their footprint in the US or elsewhere internationally as they seek to access the huge potential of these markets.

Office Space – one physical manifestation of the development of the business environment is simply the location and the condition of office space in major Slovak cities. I remember well visiting companies in the mid- to late-90s which were frequently housed in old, unattractive, communist-inspired or extremely inefficient offices with awkward layouts, long corridors and many rather isolated rooms. Today, we see quite a dramatic difference with the influx of new, modern office complexes infused with natural light, an inviting open-space concept and copious amounts of state-of-the-art collaboration space, intimate coffee shops and unique green interiors.

The Automotive Industry – the advent, rapid development and subsequent continuing expansion of the automotive industry had a dramatic effect on the business environment in Slovakia. The success of the original strategic investment of VW in the mid-90s led to several more automotive producers choosing Slovakia for their production facilities, with more to come in the near future. Already a global leader in automotive production per capita, Slovakia is poised to establish itself as the leading automotive producer featuring

an enviable supply chain and infrastructure development unparalleled throughout the world.

The Hockey/Confidence Factor – To me, one of the most important events in the development of Slovak society, including the business sector, as well as Slovakia's dramatic triumph in the 2002 World Hockey Championships. In the years preceding this dramatic event, I remember well that, during my time as a journalist for Slovak Radio International, I would see this in print following a conference hosted in Slovakia: "The attendees of the conference were amazed that even the Slovaks could organize such a successful event." I disliked very much seeing that in print and I did, indeed, see it many times. It always made me disappointed that the Slovaks did not see themselves as more capable, as more competitive or as more deserving than those words. After winning the World Hockey Championship the entire Slovak nation united for one particular reason: they were number one in the world. No questions asked. It was indeed a dramatic moment in Slovak history. And it was an incredible confidence booster. Never again did I see the above quote in print. My belief is that this event brought about somewhat of a paradigm shift in the development of Slovakia as a country and, in the end, in the business environment as well.

Indeed, when we see the success of Slovak companies on the international stage, a world-class automotive industry, a well-developed and successful business services sector – all of which would have been unimaginable 25 years ago during the first unsteady steps of an independent Slovakia – and many other successes, it only makes one wonder what the next 25 years will bring!