

# Legislative and policy update

OCTOBER



## SLOVAKIA

### Research and Innovation

The Slovak Research and Innovation Support Ecosystem (SK RISE) - should be set up as an umbrella organisation for supporting science, research and innovations in Slovakia, with efficient spending to be ensured by a revised system of funding and new flexible tools, states the Modern and Successful Slovakia reform plan.

5/10/2020 <https://www.tasr.sk/tasr-clanok/TASR:20201005TBA00985>

### Recovery plan

The Finance Ministry has published the long-awaited plan of reforms, for which it is expected to receive €7.5 million from the Next Generation EU recovery fund. The goal is to help the country escape the middle-income trap and achieve 92 percent of the EU 27 average in the GDP per capita by 2030.

5/10/2020 <https://spectator.sme.sk/c/22502978/the-finance-ministry-introduced-a-reform-plan-for-slovakia.html>

### Prosecutor General

Justice Minister Maria Kolikova (For the People) is pleased that there are several high-quality candidates among the persons running for the post of prosecutor-general. Parliament is set to hold a vote to select the chief prosecutor at the session due to be held on November 24.

9/10/2020 <https://www.tasr.sk/tasr-clanok/TASR:20201009TBA02974>

## **IROP**

The Integrated Regional Operational Programme (IROP) should be simpler and faster as €109 million must be used up by the end of this year, otherwise Slovakia will lose these funds, Investments Minister Veronika Remisova (For the People) stated at a press conference on October 12.

12/19/2020 <https://www.tasr.sk/tasr-clanok/TASR:20201012TBB00170>

## **Emergency stocks**

The State Material Reserves Administration (SSHR) may procure approved items of emergency stocks when a state of emergency is declared in addition to the target states specified in the government resolution regulating the creation of emergency stocks, according to material approved by the Government

12/10/2020 <https://www.tasr.sk/tasr-clanok/TASR:20201012TBB00175>

## **Unemployment**

Information and communications services the only sector to report year-on-year growth (of 2.2 percent), as was the case in the previous three months, reported the Slovak Statistics Office. On the other hand, other sectors reported high unemployment rates.

12/10/2020 <https://www.tasr.sk/tasr-clanok/TASR:20201012TBB00091>

## **Inflation**

After the historic growth of consumer prices reported last year and at the beginning of this year, inflation has risen the least in the past three years. The annual inflation rate accounted for 1.4 percent in total. Compared with the previous month, it did not change at all.

14/10/2020 <https://spectator.sme.sk/c/22510031/inflation-hits-three-year-low.html>

## **Work hours amendment**

The National Labor Inspectorate is preparing legislative changes that will introduce stricter records of working time when working from home. According head of the labor inspection department of the National Labor Inspectorate Michal Horňák, employers tend to make more use of employees who work from home than when they were at work.

19/10/2020 <https://ekonomika.sme.sk/c/22514075/homeoffice-koronavirus-koronakriza-inspektriat-prace.html>

## **Financial Administration**

Jiri Zezulka, Renata Blahova and Peter Pavlovic became the final three candidates for the post of head of Financial Administration. The three candidates were recommended to Finance Minister Eduard Heger by a selection committee following a public hearing.

20/10/2020 <https://www.tasr.sk/tasr-clanok/TASR:20201020TBB00224>

## **Kurzarbeit**

An independent insurance fund for short-time work should be established in 2022. It should introduce the permanent Kurzarbeit scheme in Slovakia, which should help companies and their staff when hit by a crisis. The new fund should be created, with contributions by employers residing in Slovakia and the self-employed. The proposal contains several possibilities for paying taxes and payroll levies.

21/10/2020 <https://spectator.sme.sk/c/22515339/the-cabinet-approves-permanent-kurzarbeit.html>

## **Government budget**

Slovakia will continue to have deficit budgets in the next three years. The main reason is the impacts of the coronavirus pandemic on Slovakia's economy as well as its main trade partners. Analysts see the plan as realistic and praise the government for creating a €1 billion reserve for tackling the impacts of the coronavirus crisis.

22/10/2020 <https://spectator.sme.sk/c/22516535/no-balanced-budget-for-next-three-years-this-time-due-to-covid-19.html>

## **Electricity debt**

The accumulated debt from the tariff for the operation of the electricity generation system (TPS) has increased to approximately EUR 400 million this year. Its payment is possible by increasing the price of electricity, repayment from the state budget, but also, for example, from the money saved by reducing the total amount of support for renewable sources.

27/10/2020 <https://ekonomika.sme.sk/c/22520213/stat-dlhujje-400-milionov-za-prevadzku-systemu-vyroby-elektrickej-energie.html>

## **Banking sector**

The whole financial sector, and not just banks, must be innovative, because the future will come regardless of whether or not companies can prepare for it. As Daniel Ďuriač, an expert

on fintechs at the National Bank of Slovakia, said, many fintechs can grow very fast and can threaten the market position of established entities for several years.

27/10/2020 <https://ekonomika.sme.sk/c/22520056/inovacie-su-pre-bankovy-sektor-nevyhnutne-tvrdi-expert-nbs.html>

### **Corporate Taxpayers**

Income taxes and levies, either those paid by enterprises or their employees, make up a significant portion of state budget's revenues. A closer look at data from 2019 show that companies with German capital keep contributing to the state budget the most, followed by those with Slovak capital.

28/10/2020 <https://spectator.sme.sk/c/22520579/who-are-the-biggest-corporate-taxpayers.html>

### **Covid crisis**

Demand for products and services has replaced wage cost as the biggest risk for their economic development for the next 12 months, based on the latest survey of four chambers of commerce. Out of 67 surveyed companies, one-third assesses their economic situation as good, 50 percent consider it mediocre and 16 percent of respondents consider it bad.

28/10/2020 <https://spectator.sme.sk/c/22520863/companies-fear-drop-in-demand-for-their-products-and-services-the-most.html>

## **WORLD**

### **New Tax subcommittee chair**

Paul Tang has been elected chair of the new permanent tax subcommittee the European Parliament has created. One of his key goals is to "crack down on tax avoidance" and he therefore wants to strengthen ties with national parliaments and get them involved in the fight against fiscal dumping in the EU.

1/10/2020 <https://www.euractiv.com/section/economy-jobs/interview/tax-subcommittee-chair-donohoe-is-not-ideal-candidate-to-lead-eurogroup/>

## **US unemployment**

The US economy created fewer new jobs than expected. Data released in October by the Federal Ministry of Labor signal that the economic recovery after the crisis caused by the Corona virus pandemic is beginning to slow down. Employers increased the number of employees by 661 thousand, according to forecasts, they should have added about 800 thousand.

2/10/2020 <https://ekonomika.sme.sk/c/22501837/v-usa-pribudlo-660-tisic-pracovnych-miest-klesla-aj-nezamestnanost.html>

## **EU Competition Rules**

The EU Commission will launch a 'comprehensive review' of EU competition rules in early 2021, said Ursula von der Leyen. She added that the EU executive was planning to launch a comprehensive review of EU competition rules and on legislative proposals on foreign subsidies from third countries in the first half of 2021.

2/10/2020 <https://www.euractiv.com/section/competition/news/eu-to-launch-review-of-state-aid-rules-in-early-2021/>

## **Digital Euro**

The European Central Bank (ECB) is working to introduce a digital version of the euro. The plan will be the subject of a public consultation with citizens, academics and bankers, the ECB said. The digital version of the common currency is also not intended to replace cash payments, but only to supplement them. Consultations have begun on October 12.

2/10/2020 <https://ekonomika.sme.sk/c/22501792/europska-centralna-banka-chce-zaviest-digitalne-euro.html>

## **Crowdfunding**

The European Parliament approved new rules that will enable crowdfunding platforms to easily provide services across the EU single market. This will widen the pool of potential investors for start-ups, innovators and small companies, as well as ensuring investors have a larger choice of projects and better protection.

7/10/2020  
<https://www.europarl.europa.eu/news/en/headlines/economy/20201001STO88312/new-rules-to-facilitate-eu-crowdfunding>

## Youth employment

The EU has launched a number of initiatives complementing national policies as part of its measures to create a more social Europe . This support focuses on funding youth employment programmes, improving the quality of apprenticeships and traineeships, offering international education and job opportunities.

12/10/2020

<https://www.europarl.europa.eu/news/en/headlines/society/20171201STO89305/youth-employment-the-eu-measures-to-make-it-work>

## Banks

Banks in the eurozone are strong enough to handle the losses caused by the corona crisis, said the head of the European Central Bank, Christine Lagard. Risks to the financial stability of the euro area are increasing. However, the banking sector has sufficient reserves to absorb losses and continue lending, Lagard said.

15/10/2020 <https://ekonomika.sme.sk/c/22511605/banky-v-eurozone-su-podla-ecb-dostatocne-silne-aby-zvladli-koronakrizu.html>

## European stock market

Major European stock markets fell on October 15 after trading began on the old continent. They deepened the losses they recorded in Asia. The reason is concerns about economic damage in connection with the resumption of some blockades for the second wave of the pandemic. The London reference index FTSE 100 fell 1.5% to 5,847.59 points after trading in Europe.

15/10/2020 <https://ekonomika.sme.sk/c/22511083/hlavne-europske-akciove-trhy-vo-stvrtok-po-zaciatku-obchodovania-klesli.html>

## US Dollar

The dollar strengthened against the Japanese yen at the trading, although hopes that US leaders will agree on new aid to the economy after the US Elections. The euro weakened against the dollar as European countries imposed new restrictions on companies in an effort to halt the coronavirus pandemic.

15/10/2020 <https://ekonomika.sme.sk/c/22511370/dolar-si-prilepsil-oproti-jenu-aj-voci-euru.html>

## **Economic uncertainty**

New coronavirus-related measures currently being introduced across Europe increase uncertainty for businesses and households alike underlining the need to continue loose fiscal and monetary policies. Chief Christine Lagarde said that it is clear that fiscal and monetary policy support will remain in place for as long as necessary to avoid the edge of the gap  
18/10/2020 <https://ekonomika.sme.sk/c/22513214/najnovsie-opatrenia-v-europe-zvysuju-ekonomicku-neistotu.html>

## **Sustainable Development**

The Sustainable Development Goals Trade Monitor was launched on October 20 by the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC). The online portal collates the latest progress in achieving the trade-related Sustainable Development Goals (SDGs) of the United Nations.

20/10/2020 [https://www.wto.org/english/news\\_e/news20\\_e/sdgs\\_20oct20\\_e.htm](https://www.wto.org/english/news_e/news20_e/sdgs_20oct20_e.htm)

## **Artificial Intelligence**

The EU is currently preparing its first set of rules to manage the opportunities and threats of AI, focusing on building trust in AI, including managing its potential impact on individuals, society and the economy. The new rules also aim to provide an environment in which European researchers, developers and businesses can thrive. The European Commission wants to boost private and public investment in AI technologies to €20 billion per year.

21/10/2020 <https://www.europarl.europa.eu/news/en/headlines/priorities/artificial-intelligence-in-the-eu/20201015STO89417/ai-rules-what-the-european-parliament-wants>

## **Bond sales**

The European Union attracted the highest demand ever for a bond sale at over €233 billion, bankers involved in the deal said, as it kicked off fund raising for its SURE unemployment scheme. Demand was nearly 14 times the €17 billion the EU raised from the issue, comprising 10 and 20-year social bonds, bankers said.

21/10/2020 <https://www.euractiv.com/section/economy-jobs/news/eu-makes-bond-market-history-with-record-e233-bln-demand-for-sure-issue/>

## **Wages**

The Commission proposed an EU Directive to ensure that the workers in the Union are protected by adequate minimum wages allowing for a decent living wherever they work. When set at adequate levels, minimum wages do not only have a positive social impact but also bring wider economic benefits as they reduce wage inequality.

28/10/2020 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1968](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1968)

## **Recovery fund**

The European Parliament and the Council were close to reaching an agreement on the rule of law conditionality attached to EU funds. but they continued to disagree on how to trigger the mechanism. The disagreement has delayed the approval of the €750 billion recovery fund and the €1.074 trillion long-term budget, against the backdrop of the worsening COVID-19 pandemic and the risk of a double-dip recession.

29/10/2020 <https://www.euractiv.com/section/economy-jobs/news/parliament-and-council-near-agreement-on-rule-of-law-conditionality/>