



# Legislative and Policy Updates

AUGUST 2022



## SLOVAKIA

### Purchasing Power Parity

Based on data from Eurostat, Slovakia is the most expensive country in which to live in central and eastern Europe. Its price level for consumer goods and services is even higher than in Slovenia, Portugal, Malta or Greece. Other Eurostat statistics indicate that Slovakia is the third poorest country in the EU in terms of gross domestic product per capita. However, analysts warn that these statistics may not reflect the real position of Slovakia, pointing to one indicator: purchasing power parity.

12/8/2022 <https://spectator.sme.sk/c/22982197/life-in-slovakia-might-be-not-as-expensive-as-statistics-show.html>

### Oil supplies and transit

A European bank has agreed to process a payment for the transit of Russian oil through Ukraine, removing the cause of a stoppage of oil supplies to central Europe last week. The payment, already confirmed by all parties, is a step toward restoring oil flows to the Czech Republic after a week-long outage and also create conditions for future payments for transit to the region. On 9 August, Russian pipeline monopoly Transneft said supplies via the Druzhba pipeline had been suspended to the Czech Republic, Hungary and Slovakia since 4 August because Western sanctions prevented it from paying transit fees to Ukrainian transit company Ukrtransnafta. Flows to Hungary and Slovakia were restarted on 10 August after Hungary's refiner MOL and its Slovak unit Slovnaft found a workaround by paying the fee to Ukraine's transit company Ukrtransnafta themselves.

12/8/2022 <https://www.euractiv.com/section/global-europe/news/european-bank-agrees-to-process-russian-oil-transit-payment-to-central-europe/>

## Employment and average monthly wage

Nominal monthly earnings in June 2022 rose year-on-year in all the 10 monitored sectors, but as a result of inflation, real income only increased for employees in accommodation and construction. Employment increased in most sectors, but in the largest of them in terms of the number of employees – industry, the decline in employment accelerated, while the decrease continued for the fourth consecutive month. The Statistical Office of the Slovak Republic also reports that in June 2022, preliminary data on employment, obtained mainly from large enterprises, confirmed the year-on-year growth in the number of persons employed in 8 out of the 10 monitored industries.

11/8/2022

[https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf\\_sprava\\_detail!/ut/p/z1/tVHBUslwEP0ajplsmjRNjoXBtoiMgBWai9PWRCqQFuhU-XsD40UdcDy4I92deW\\_nvX1Y4SVWNU-ql7ytaptv3J4p\\_jQNEtHvKxCgP6aQjG7nk3hw40WpjxdfAWlyG0LyEN5HsxEjwHysrvMfscKqtG3TrnBWF4d8hbRFITUoX7c9cEO93zo1ndXo0Ozz7tiD7qDbteuEckKk5EiW2iBWcEcyHBDnXAd-QXMIxOI8U1bPOJOmEFJqgjwgBWKsLB2aEWQ8asDzpDCL-G7np96THbhQITi-OkMGURizYAwgxpEPSRinMzmlFEL6CbhyI3MagosaSIAXXaXfcGpPn9ng-R8txoBHv6XiYq9edzsVumxq2-r3Fi\\_I5xmm24FPaK1uRtSprIPMrxAhg!/dz/d5/L2dBISevZ0FBIS9nQSEh/](https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVHBUslwEP0ajplsmjRNjoXBtoiMgBWai9PWRCqQFuhU-XsD40UdcDy4I92deW_nvX1Y4SVWNU-ql7ytaptv3J4p_jQNEtHvKxCgP6aQjG7nk3hw40WpjxdfAWlyG0LyEN5HsxEjwHysrvMfscKqtG3TrnBWF4d8hbRFITUoX7c9cEO93zo1ndXo0Ozz7tiD7qDbteuEckKk5EiW2iBWcEcyHBDnXAd-QXMIxOI8U1bPOJOmEFJqgjwgBWKsLB2aEWQ8asDzpDCL-G7np96THbhQITi-OkMGURizYAwgxpEPSRinMzmlFEL6CbhyI3MagosaSIAXXaXfcGpPn9ng-R8txoBHv6XiYq9edzsVumxq2-r3Fi_I5xmm24FPaK1uRtSprIPMrxAhg!/dz/d5/L2dBISevZ0FBIS9nQSEh/)

## Economy rating and outlook

Moody's, a rating agency, has recently changed the outlook on Slovakia to negative from stable, while affirming the country's ratings at A2. The affirmation of the ratings demonstrates that the rating agency considers Slovakia's economic growth to be solid. When it comes to the negative outlook, Moody's decided to make the change due to Slovakia's energy dependence on Russia, explaining that if Russia permanently reduced gas supplies to Slovakia, it would impact the country's economy. The agency has, however, noticed the Slovak government's efforts to diversify its gas sources by booking capacity in several European liquefied natural gas terminals and by importing Norwegian gas.

8/8/2022 <https://spectator.sme.sk/c/22979719/slovakias-energy-dependence-on-russia-changes-its-moodys-outlook.html>

## New US Ambassador to Slovakia

The US Senate confirmed the nomination of Gautam Rana as ambassador to Slovakia on 4 August. Rana, a career diplomat of Indian-American descent, will come to Slovakia from Algeria, where he has served at the US embassy there since 2020, most recently as its deputy chief of mission. He previously served at the embassies in Slovenia and India, and has worked in Iraq, Pakistan, Afghanistan and the United Arab Emirates. Gautam Rana will take up a post that has been vacant since May, when his predecessor Bridget Brink moved on to serve as the US Ambassador in Kyiv.

4/8/2022 <https://www.congress.gov/nomination/117th-congress/2205>

## Electricity Prices Breaking Records

The price of electricity for Slovakia with delivery next year already exceeded the psychological threshold of €400 per megawatt hour (MWh) on 2 August according to the data published by the Prague Stock Exchange PXE. At the beginning of May, the electricity price was at half that level. The price reached record levels also in other EU countries - as it surged over €400 per MWh in the Czech Republic, Germany and France.

2/8/2022 <https://newsnow.tasr.sk/economy/electricity-price-in-slovakia-breaks-records-exceeding-e400-per-megawatthour/>

### **Economic sentiment in the Slovak Economy**

According to the Statistical Office of the Slovak Republic, entrepreneurs' confidence in the development of the economy in Slovakia again experienced a slight month-on-month deterioration in July 2022. The most significant decrease in confidence occurred for the second consecutive month in services, but it also decreased in trade and slightly in industry. On the contrary, a relatively significant increase in optimism was manifested in construction due to more favorable assessments of the expected employment. However, consumers also showed an increase in pessimism, especially household concerns about expected savings increased, the level of confidence dropped to the lowest level in the last 16 months.

28/7/2022

[https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf\\_sprava\\_detail!/ut/p/z1/tVHBUslwEP0ajpl\\_smpSkx8JgWORGwArNxUmbIBVIC3Sq\\_L2p40UdcDy4I92deW\\_nvX1Y4hWWVrXIs2rKyqqd2zPZf5rxRAwGJAQYTCgk49vFNB\\_7eeFHq4-VXgJjOR5A8hPfrfMwIMB\\_L6\\_xHLLesbFM3G5xV-UltkLGotGuktk0P3FAd905Naw061UfVnnvQnkyzdTOIAiG4yZEimiHGIEZB7hUgCkUAwLC0935uig1zoTX9xhQHxEAihjkPgo0z\\_9G66PtGA9e5L77b-am3swMXKgTHlx-QYRTGjE8AxCTyIQnjdB7MKIwQfgKu3MicBn5RA-F42ZbmFae2-8wOL\\_5oMQY8\\_i0VF3v5cjjIOGVT2ca8NXj1H-HU-3Qv6BlT13cjymT2Di-IRpQ!/dz/d5/L2dBISEvZ0FBIS9nQSEh/](https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVHBUslwEP0ajpl_smpSkx8JgWORGwArNxUmbIBVIC3Sq_L2p40UdcDy4I92deW_nvX1Y4hWWVrXIs2rKyqqd2zPZf5rxRAwGJAQYTCgk49vFNB_7eeFHq4-VXgJjOR5A8hPfrfMwIMB_L6_xHLLesbFM3G5xV-UltkLGotGuktk0P3FAd905Naw061UfVnnvQnkyzdTOIAiG4yZEimiHGIEZB7hUgCkUAwLC0935uig1zoTX9xhQHxEAihjkPgo0z_9G66PtGA9e5L77b-am3swMXKgTHlx-QYRTGjE8AxCTyIQnjdB7MKIwQfgKu3MicBn5RA-F42ZbmFae2-8wOL_5oMQY8_i0VF3v5cjjIOGVT2ca8NXj1H-HU-3Qv6BlT13cjymT2Di-IRpQ!/dz/d5/L2dBISEvZ0FBIS9nQSEh/)

### **EU gas cut deal**

Slovak government officials welcomed an agreement for EU member states to voluntarily cut gas consumption amid growing fears of disruption to supplies this winter. On July 26, at an extraordinary session of the Energy Council, ministers from EU states passed a regulation on a voluntary reduction of natural gas demand by 15 percent this winter, with an option to make the cut mandatory if there is a substantial risk of a severe shortage across the bloc. EU member states say they are preparing for possible disruptions of gas supplies from Russia this winter, arguing that Russia is using energy supplies as a weapon. Economy Minister Richard Sulík, who represented Slovakia at the Council talks, was happy with the final deal, including exemption agreements. He also said that Slovakia had made sure it filled its underground gas storage units.

27/7/2022 <https://spectator.sme.sk/c/22970544/minister-praises-exemptions-as-eu-gas-cut-deal-agreed.html>

### **Partnership Agreement**

The signing of the 2021-2027 Partnership Agreement between the European Commission and Slovakia poses an enormous step towards the improvement of the Slovak people's lives, Prime Minister Eduard Heger (OLaNO) declared on 18 July. Heger spoke in response to the fact that the agreement had been signed in Brussels earlier in the day, adding that Slovakia must not squander away the resources. The Prime Minister underlined that 18 July 2022 was a great day for Slovakia, as it acquired access to almost €13 billion in the EU Funds until 2027.

18/7/2022 <https://newsnow.tasr.sk/policy/heger-2021-2027-partnership-agreement-a-great-boost-for-slovakia/>

# EUROPE & WORLD

## Number of migrants reaching EU sharply rises

The number of migrants arriving in the European Union rose by 86% between January and July compared to the same period last year, the European border agency Frontex reported on 12 August. In July alone, the number increased by 63% year on year to 34,570, according to a news release publishing the preliminary data. Overall, 155,090 migrants arrived in the EU from January to July, it said. 7.7 million of Ukrainian refugees entering the EU through border crossings since the start of the Russian invasion were not included in the figures.

13/8/2022 <https://www.euractiv.com/section/global-europe/news/number-of-migrants-reaching-eu-sharply-rises/>

## Ukrainian wheat export

Two more ships left Ukraine's Black Sea ports on 12 August, including one laden with the first Ukrainian wheat to be exported under an UN-brokered deal, Turkey's defense ministry said. A total of 14 ships have now departed from Ukraine over the past two weeks, following the deal with Russia to allow a resumption of grain exports from Ukraine's Black Sea ports after they were stalled for five months due to the war. The agreement, brokered by the United Nations along with Turkey, was reached last month amid fears that the loss of Ukrainian grain supplies would lead to severe food shortages and even outbreaks of famine in parts of the world.

12/8/2022

## Consumer credits

MEPs support updating EU rules on consumer credit to protect consumers faced by new digital options and the difficult economic situation. Consumer credits are loans for the purchase of consumer goods and services. They are often used to pay for cars, travel as well as for household goods and appliances. The existing EU rules - the Consumer Credits Directive - aim to protect Europeans while fostering the EU's consumer loan market. The rules cover consumer credits ranging from €200 to €75,000 and require creditors to provide information to allow borrowers to compare offers and make informed decisions. Consumers have 14 days to withdraw from a credit agreement and they can repay the loan early, thereby lowering the cost.

11/8/2022 <https://www.europarl.europa.eu/news/en/headlines/economy/20220713STO35303/consumer-credits-why-updated-eu-rules-are-needed>

## Greece to exit EU's 'enhanced surveillance' framework

Greece will exit the European Union's so-called enhanced surveillance framework on 20 August, its finance minister said on 10 August, a move that will allow the country greater freedom in making economic policy. Greek economic developments and policy have been monitored under the framework since 2018, after Athens exited three international bailouts, totaling more than €260 billion, from the European Union and the IMF between 2010 and 2015. Athens has

delivered on the bulk of policy commitments and reforms it promised, and its exit from the framework was confirmed by a letter from EU Commission Vice President Valdis Dombrovskis and Economy Commissioner Paolo Gentiloni.

10/8/2022 <https://www.euractiv.com/section/economy-jobs/news/greece-to-exit-eus-enhanced-surveillance-framework-after-12-years/>

### **Covid-19 Vaccines**

The European Commission and Moderna have reached an agreement to better address EU Member States needs for COVID-19 vaccines for the late summer and winter period. This will ensure national authorities have access to the vaccines, including variant-adapted vaccines if authorized, at the time they need them for their own vaccination campaigns and to support their global partners. This agreement will adapt the originally agreed contractual delivery schedules. Doses originally scheduled for delivery in the summer will now be delivered in September and during the autumn and winter period 2022, when Member States will more likely need additional stocks of vaccines for national campaigns and meeting their international solidarity commitments.

9/8/2022 [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_4843](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_4843)

### **Asylum and migration in the EU**

Migration in the EU has been affected by crises such as the Covid-19 pandemic and Russian hostilities. Restrictions put in place because of the coronavirus pandemic led to a reduction in migration, but numbers started rising again in 2021. Recent increases are due in part to Russia's war in Ukraine. Climate change could also have an impact in the future. The flaws in the EU's asylum system exposed by the arrival of more than one million asylum seekers and migrants in 2015 remain. In September 2020, the European Commission presented the Asylum and Migration Pact while Parliament has been working on proposals to create a fairer, more effective European asylum policy. Please find all the relevant data about migration in Europe, who migrants are, what the EU is doing to get to grips with the situation, and what financial implications there have been.

5/8/2022 <https://www.europarl.europa.eu/news/en/headlines/priorities/migration/20170629STO78630/asylum-and-migration-in-the-eu-facts-and-figures>

### **EU rights to improve work-life balance**

As of today, all EU Member States must apply EU-wide rules to improve work-life balance for parents and carers adopted in 2019. These rules set out minimum standards for paternity, parental and carers' leave and establish additional rights, such as the right to request flexible working arrangements, which will help people develop their careers and family life without having to sacrifice either. These rights, which come in addition to existing maternity leave rights, were achieved under the European Pillar of Social Rights and is a key milestone towards building a Union of Equality. The Directive on work-life balance aims to both increase (i) the participation of women in the labour market and (ii) the take-up of family-related leave and flexible working arrangements.

2/8/2022 [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_4785](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_4785)

## World Food Security

Record high food prices have triggered a global crisis that will drive millions more into extreme poverty, magnifying hunger and malnutrition, while threatening to erase hard-won gains in development. The war in Ukraine, supply chain disruptions, and the continued economic fallout of the COVID-19 pandemic are reversing years of development gains and pushing food prices to all-time highs. Rising food prices have a greater impact on people in low- and middle-income countries, since they spend a larger share of their income on food than people in high-income countries. Please check out the updated World Bank predictions on food security.

29/7/2022 <https://www.worldbank.org/en/topic/agriculture/brief/food-security-update>

## EU Monetary Policy Decisions

On 21 July, in line with the Governing Council's strong commitment to its price stability mandate, the EU Central Bank Governing Council took further key steps to make sure inflation returns to its 2% target over the medium term. The Governing Council decided to raise the three key ECB interest rates by 50 basis points and approved the Transmission Protection Instrument (TPI). The Governing Council judged that it is appropriate to take a larger first step on its policy rate normalization path than signaled at its previous meeting. This decision is based on the Governing Council's updated assessment of inflation risks and the reinforced support provided by the TPI for the effective transmission of monetary policy.

21/7/2022 <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220721~53e5bdd317.en.html>

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