



# Legislative and Policy Updates

DECEMBER 2022



## SLOVAKIA

### Government fall

Slovak minority government fell on 15 December after narrowly losing a no-confidence vote in parliament. It ends the short term of the prime minister Eduard Heger who has been praised for his performance on the international stage but criticized at home for being a weak head of cabinet. After an evening parliamentary session that was subject to repeated interruptions, 78 lawmakers out of the 102 present in the chamber supported the no-confidence vote. MPs are yet to vote on a constitutional act to shorten the current election cycle and most importantly, the act on state budget for the year to come.

15/12/2022 <https://spectator.sme.sk/c/23095674/news-digest-hegers-government-falls-in-a-tense-no-confidence-vote.html>

### Inflation

In November 2022, consumer prices of goods and services were higher by 1% month-on-month, and the average level of price increases from month to month this year is 1.3%. Year-on-year inflation has been growing continuously since last January and is currently at 15.4%, reaching the highest value since the beginning of the millennium. Inflation was mainly pushed up by the constant increase in food prices, which are already by 29% more expensive year-on-year. The growth of housing prices has stabilized at around 16%, and since June of this year fuel prices have continued to decrease.

14/12/2022

[https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf\\_sprava\\_detail!/ut/p/z1/tVFNU8lwEP01HDPZtAlJj4HBtoiMgBWai5O0RSqQFuhU-femjhd1wPHgHvZj5u3Oe\\_uwwiusrG7LZ92UldU7N6eq\\_zTjsRgMiAQYTHylx7eLaTS88cKE4eVXgJjORxA\\_yPtWPqY EKMPq-v4jVlhtqmbDU4rc9IbVFhU2jXS26YHrqmOe8emtQU61UfdnnvQnopm6yrLdUYMFlivXaLU6yMjDCDB-izjhoPgpjtfZ2WOU88UQvucl6BaIOPLOQo0ISggJCcegyAT8F3OT76dHLgQsttXH5BhKCPKJwBiEjKIZZTMg5nvg\\_Q\\_A Vdupl4Dv8iBcLxsy-IVJ7b7zA4v\\_igxAjz-zRVne\\_lyOCjpvKlsU7w1ePUf5tT7ZC\\_8M9qu70Y-Vek7hSd0gQ!!/dz/d5/L2dBISvZ0FBIS9nQSEh/](https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVFNU8lwEP01HDPZtAlJj4HBtoiMgBWai5O0RSqQFuhU-femjhd1wPHgHvZj5u3Oe_uwwiusrG7LZ92UldU7N6eq_zTjsRgMiAQYTHylx7eLaTS88cKE4eVXgJjORxA_yPtWPqY EKMPq-v4jVlhtqmbDU4rc9IbVFhU2jXS26YHrqmOe8emtQU61UfdnnvQnopm6yrLdUYMFlivXaLU6yMjDCDB-izjhoPgpjtfZ2WOU88UQvucl6BaIOPLOQo0ISggJCcegyAT8F3OT76dHLgQsttXH5BhKCPKJwBiEjKIZZTMg5nvg_Q_A Vdupl4Dv8iBcLxsy-IVJ7b7zA4v_igxAjz-zRVne_lyOCjpvKlsU7w1ePUf5tT7ZC_8M9qu70Y-Vek7hSd0gQ!!/dz/d5/L2dBISvZ0FBIS9nQSEh/)

### **Winter package for Ukraine**

Slovakia will provide Ukraine what it calls a "winter package". The package itself is material aid worth €800,000. Aside from that, Slovakia will provide military material as well. In total, this is the tenth package the Slovak government has passed. "Not only is Ukraine facing an unprecedented war, but due to Russians targeting strategic infrastructure it is also facing cold and darkness," said Slovak Defense Minister Jaroslav Nad' in Kyiv. Together with Foreign Affairs Minister Rastislav Káčer, they visited Ukraine. "Unfortunately, I have personally seen fear and tears, but they are covered by a firm determination to fight for the country, families, friends - for freedom. Ukrainians have every right to do so and Slovakia supports them," added Nad'.

12/12/2022 <https://spectator.sme.sk/c/23092666/slovaka-will-provide-winter-package-for-ukraine.html>

### **Largest in Business in Slovakia**

The project by SME daily and the Finstat company reveal ratings in 50 different categories and show which sectors or companies have grown the most. The key parameter for these rankings was revenue, but in some categories it was a combination of several criteria, like turnover or the number of employees. Within the financial sector, the ranking was typically based on the value of assets. Business centers, the third largest sector of the economy, are among the most important clients that occupy the most office space in Slovakia. They employ tens of thousands of highly qualified people. Read more here.

10/12/2022 <https://spectator.sme.sk/c/22801288/largest-in-business-largest-companies-in-slovakia.html>

### **Foreign Trade**

In October, the higher export of motor vehicles had a favorable effect on Slovakia's trade balance. The balance of foreign trade was in positive numbers after four months and only for the second time this year. The surplus amounted to almost EUR 200 million. The change from a deficit to a surplus was due to a significant month-on-month increase in the difference between the export and import of motor vehicles. According to preliminary results, the total export of goods from Slovakia reached a value of EUR 9.4 billion in October 2022, with year-on-year growth by 18.3%. Double-digit export growth continues for the sixth consecutive month. The total import of goods also increased at a slightly higher rate, by 21.6% to EUR 9.2 billion.

9/12/2022

[https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf\\_sprava\\_detail!/ut/p/z1/tVHBUslwEP0ajplsm7RJj4XBtoiMgBWai5MmrVQgLdCp8vemjhd1wPHgXnbfzNud9\\_ZhgddYGNIVz7KtaiN3FmfCf5qzhA-HTggwnBJIJrfLWTy6caPUw6uvBD5bjCF5CO-jxYQ6QD0sru8\\_YoGFMm3TbnBW5ye5QYVBlSmR3LYDsEN93Fs1nSnQqTnK7jyA7IS0W9td5mhJaIE8TRSijA9QkJe6hxoYc52Ckv58oyqNM9fLKVGIqUCH1FfOyh3qY-klwTroEy\\_t3OT729HbhQldh98UEZRWFm2RSATyMPkjBOF8GcEAjJJ-HKjcxqYBc1OAvvuqp4xanpP7PDyz9ajAFPfkvFxl69HA4itNnUpi3eWrz-i3Cafbrn5ly25d2YUJG9A1Zxlgo!/dz/d5/L2dBISevZ0FBIS9nQSEh/](https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVHBUslwEP0ajplsm7RJj4XBtoiMgBWai5MmrVQgLdCp8vemjhd1wPHgXnbfzNud9_ZhgddYGNIVz7KtaiN3FmfCf5qzhA-HTggwnBJIJrfLWTy6caPUw6uvBD5bjCF5CO-jxYQ6QD0sru8_YoGFMm3TbnBW5ye5QYVBlSmR3LYDsEN93Fs1nSnQqTnK7jyA7IS0W9td5mhJaIE8TRSijA9QkJe6hxoYc52Ckv58oyqNM9fLKVGIqUCH1FfOyh3qY-klwTroEy_t3OT729HbhQldh98UEZRWFm2RSATyMPkjBOF8GcEAjJJ-HKjcxqYBc1OAvvuqp4xanpP7PDyz9ajAFPfkvFxl69HA4itNnUpi3eWrz-i3Cafbrn5ly25d2YUJG9A1Zxlgo!/dz/d5/L2dBISevZ0FBIS9nQSEh/)

## Education Reform

Slovakia is continuously lagging behind the EU and OECD partners in the quality of education at primary level. One of the key reforms the Recovery and Resilience Facility is bringing to the table is the so called curricular reform aimed to provide teachers with tools and competencies to redefine the goal, content and format of the primary education in Slovakia. The Ministry of Education has opened a public call to create and launch 16 new regional support centers for teachers across the country.

7/12/2022 <https://www.planobnovy.sk/aktuality/ministerstvo-skolstva-vyhlasuje-vyzvu-na-vznik-novych-regionalnych-centier-na-podporu-ucitelov/>

## EU oil embargo

Nothing changes for Slovakia despite the EU's Russian oil embargo kicking in on 5 December as Slovakia is exempt, confirmed Economy Minister Karel Hirman. The EU oil embargo bans seaborne Russian oil imports, though Slovakia, alongside Hungary and the Czech Republic, remains exempt and can continue to buy Russian crude oil until the end of 2023 via the Družba pipeline. The only current danger is the damage to the infrastructure, said Hirman, adding that "if anything threatens us, it is Russia's attacks on Ukrainian territory."

6/12/2022 <https://www.euractiv.com/section/politics/news/business-as-usual-for-slovakia-after-eu-oil-embargo-comes-into-effect/>

## D1/D4 Highway

After a year of negotiations, the Transport Ministry has now, finally, announced that a solution has been found to connect the two highways. Polish construction company Budimex will build the D1/D4 junction in the direction of Bratislava's Prístavný Most bridge. The contract, signed by the National Highway Company (NDS) with Budimex, is worth €110 million. Without the interconnection, the multi-billion-euro project, which included construction of a new bridge over the Danube, has been rendered partially redundant.

5/12/2022 <https://spectator.sme.sk/c/23086967/d4-and-d1-intersection-planned-but-will-take-years.html>

## Electricity prices

As electricity prices continue to increase sharply, the profit margins of Slovakia's photovoltaic power plants are also rising, while the less successful biogas power plants will likely have to shut down if the situation does not change. These are the findings of the economic performance of companies in the electricity generation sector conducted by Finstat. Profit margins for the solar industry currently lie at more than 20%. The industry, which has long benefitted from high government subsidies and a relatively low input price, is currently subsidised at €250 per megawatt-hour (MWh). Biogas, as well as hydro, has surcharges between 60 to 150 (MWh). Biogas power plants suffer because of the high price of their input material, which is mostly maize silage as their profit margins are minus 11%.

28/11/2022 <https://www.euractiv.com/section/politics/news/slovakias-solar-industry-profits-surge-amid-biogas-shutdown-fears/>

## Budgetary spending limits

The EU Commission confirmed that not including spending limits in the new Slovak budget would reverse the already completed first milestone of the national recovery plan and would have reputational and financial consequences. In the budget proposal, there is only a vague mention of the spending limits, which are required according to the National Recovery and Resilience plan. This mention says there is an "agreement missing of how spending limits would be calculated". Spending limits were part of the first milestone of the recovery plan and were checked as done after parliament approved the base ground law needed for their inclusion in the budget. However, the Commission informed the Finance Ministry, that this is not enough and if they are not part of the budget, it can't approve any further money.

22/11/2022 <https://www.euractiv.com/section/politics/news/commission-slams-slovakia-for-not-including-spending-limits-in-budget/>

# EUROPE & WORLD

## Digital transformation

On 15 December, EP President Metsola, EC President von der Leyen and Czech Minister Fiala signed a joint declaration to promote a digital transition based on EU values. In the joint declaration, the three institutions want to place people and EU values at the core of the digital transformation. More specifically, the declaration aims to provide guidance to policy makers when reflecting on their vision for the digital transformation and to serve as a reference point for businesses when deploying new technologies. The European digital rights and principles, endorsed with this declaration, will complement existing rights, such as data protection, ePrivacy, and the Charter of Fundamental Rights.

15/12/2022 <https://www.europarl.europa.eu/news/en/press-room/20221212IPR64520/eu-institutions-endorse-declaration-on-digital-rights-and-principles>

## **Global energy crisis**

For the energy industry, 2022 will be remembered as the year Russia's invasion of Ukraine accelerated a global energy crisis. The invasion, and subsequent Western sanctions, heaped new pressures on oil and gas supplies already strained from the rapid economic rebound from the pandemic. The world's top energy companies beat a hasty retreat from Russia and wrote off tens of billions of dollars in assets. European nations scrambled to make sure they could keep the lights on and their residents from freezing to death. Natural gas prices hit multi-year highs and oil nearly \$140 a barrel, not far from an all-time record, turbocharging a post-pandemic inflationary spiral that caused a cost-of-living crisis in many countries. The invasion and subsequent Western sanctions led to a breakdown in supply relationships that had existed for decades.

14/12/2022 <https://www.euractiv.com/section/energy/news/2002-the-year-russia-turbocharged-a-global-energy-crisis/>

## **Energy renewables**

Members of the EP back plans to boost the deployment of renewables. The proposed law will accelerate the procedure to grant permits for new renewable energy power plants, such as solar panels or windmills, or to adapt existing ones. In their amendments to the Commission proposal, MEPs shortened the maximum period to approve new installations from twelve to nine months, if located in so-called "renewables acceleration areas". These will be marked out by each member state depending on whether they are able to install renewables at a faster pace. If the competent authority does not respond by the deadline, the permit or request is deemed to be approved - following the so-called "positive silence" principle.

14/12/2022 <https://www.europarl.europa.eu/news/en/press-room/20221209IPR64422/energy-crisis-meps-back-plans-to-boost-the-deployment-of-renewables>

## **EU Sovereignty Fund**

EU Commission President Ursula von der Leyen announced that a proposal for a European Sovereignty Fund to support European industry's green and digital transition would be presented next summer. "We need to galvanize our strong European industrial power in the global fight against climate change. And that calls for common European industrial policy with common European funding," von der Leyen said. No details were given on where the "European funding" should come from. While her Commission colleague Thierry Breton has publicly argued for a large fund financed by common European debt, some member states, such as Germany and the Netherlands, argue that there is still a lot of unused money in the EU's pandemic recovery fund.

14/12/2022 <https://www.euractiv.com/section/economy-jobs/news/commission-president-eu-sovereignty-fund-will-be-proposed-in-summer/>

## **Ukrainian refugees' perception**

Most Slovak citizens have negative views about taking in refugees fleeing war-torn Ukraine, a sharp contrast compared to citizens in other Visegrad Four countries, according to a new report recently published by the Globsec think tank. Participants in the survey for the report were asked about how they view Ukrainian refugees in their countries. In Slovakia, 52% of the respondents said they see them negatively, while only 42% said they feel positive emotions towards them. This contrasts sharply with the survey's results for the other Visegrad countries, Czechia, Hungary and Poland. Refugees are most favourably viewed in Poland, where 85% of people see them positively and only 11% negatively. In Hungary, 82% had a favourable opinion, while 15% expressed a negative opinion. In Czechia, positive opinion was a bit lower, with 73% in favour and 25% saying they had negative views.

14/12/2022 <https://www.euractiv.com/section/politics/news/slovaks-view-ukrainian-refugees-most-negatively-among-v4/>

### **EU gas price cap**

EU energy ministers failed to reach agreement on 13 December on a new cap to limit excessive gas prices, further delaying other emergency measures to tackle the energy crisis, like speeding up the rollout of renewables and strengthening solidarity between EU countries. EU member states are divided on the price cap proposal, with Germany concerned it will jeopardize its energy security and others pushing for a low, broad cap to protect against high prices. The failure to agree on the gas price cap also means that other emergency measures on renewables and solidarity around gas supplies remain in limbo, as some countries consider those to be part of the same package.

14/12/2022 <https://www.euractiv.com/section/energy/news/energy-ministers-fail-to-agree-on-eu-gas-price-cap-aim-for-deal-on-19-december/>

### **EU rules for batteries**

As batteries become a strategic market, the European Parliament is working on new rules to tackle related environmental, ethical and social issues. At least 30 million zero-emission electric vehicles are forecast to be on EU roads by 2030. While electric cars are expected to significantly decrease greenhouse gas emissions, they have an environmentally damaging downside: their batteries. The European Parliament has been working on an update of the EU's battery directive to ensure that batteries can be repurposed, remanufactured or recycled at the end of their life.

12/12/2022 <https://www.europarl.europa.eu/news/en/headlines/economy/20220228STO24218/new-eu-rules-for-more-sustainable-and-ethical-batteries>

### **International debts**

The poorest countries eligible to borrow from the World Bank's International Development Association (IDA) now spend over a tenth of their export revenues to service their long-term public and publicly guaranteed external debt—the highest proportion since 2000, shortly after the Heavily Indebted Poor Countries (HIPC)

initiative was established, the World Bank's new International Debt Report shows. IDA Countries' Debt-Service Payments are projected to Top \$62 Billion in 2022.

6/12/2022 <https://www.worldbank.org/en/news/press-release/2022/12/06/debt-service-payments-put-biggest-squeeze-on-poor-countries-since-2000>

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