



SLOVAKIA

Inflation at the peak

Year-on-year inflation in Slovakia has been rising already for the 16th consecutive month and is the highest since June 2000. Particularly, food, fuel and housing-related energy prices continue to rise. We also had to pay significantly more in restaurants, canteens and school food facilities. The month-on-month price rise in May 2022 reached 1.6%. Year-on-year inflation reached 12.6%, in April it was 11.8%, in March 10.4%.

14/6/2022

https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVHBUslwEPOajplsmzRNj4HBtoiMgBWaixPaRiqQFshU-XuD40UdcDy4I92deW_nvX1Y4iWWRnX1s7J1Y9TW7blkT9Mw5f2-JwD6YwLp6HY-SQY3fpwFePEVwCezlaQP4j6ejagHNMDyOv8RSyWLY1u7xnmzOgo1ggvqjUZqY3vghuawc2o6U6Fje1DdqQfdsblb17IX-BWoAvlaA6LEoyhirERASl6WRBfao-fzbVGXOFcaAPxAoYAqhWhZMRQRnyFfBSsGUcR4wL7b-an3bAcuADHlx-QQSwSGo4B-DgOIBVJNoumhIAgn4ArN3KnIbyowQvxQurV5yZ82e2eP5Hiwng0W-puNjrl_1eCpdNY2z1ZvHyP8Jpd9mOkxPa6LshoTJ_B6Ptumk!/dz/d5/L2dBISEvZ0FBIS9nQSEh/

Labor market shocks

The Slovak economy and labor market had not yet completely recovered from the shock of the pandemic when other impactful events transpired: the computer-chip shortage, soaring prices of energy resources and raw materials, and most recently, the war in Ukraine and its repercussion. Despite the unfavorable development, the Slovak economy grew by 3 % year-on-year in 2021 after a 4.4 % drop the year before. The rise in economic activity translated to the national labor market, whose condition improved during the year with a positive effect on unemployment. The annual unemployment rate plummeted by more than 1 percentage point, to 6.76 %.

14/6/2022 <https://spectator.sme.sk/c/22937337/one-shock-after-another-labour-market-copes-with-pandemic-impacts-and-the-arrival-of-refugees.html>

Slovakia and Ukraine

Slovak Prime Minister Eduard Heger said he supports Ukraine's ambitions to become an EU member, but there should be "no shortcuts", he said after meeting German Chancellor Olaf Scholz in Berlin. Heger met with Scholz in Berlin on 13 June for the first bilateral visit of a Slovak prime minister to Berlin in four years. Besides Ukraine's EU accession, the prime minister discussed energy and security cooperation. On energy, Heger asked Scholz for solidarity in case gas imports are abruptly halted, pointing to Slovakia having to "be sure its partners will help in case of sudden stoppage of the gas imports." Slovakia is interested in the capacities of an LNG terminal, which Germany plans to build.

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Employment and average monthly wages

Although wages rose year-on-year, they failed to keep up with the pace of inflation and recorded a real decline even in seven monitored sectors. In April 2022, nominal monthly wages rose year-on-year in all the sectors monitored, but significantly slower than inflation. They rose the most dynamically in accommodation (almost by a third). Employment rose in the majority of the sectors monitored, most notably in accommodation and food service activities. It dropped only in selected market services and in industry.

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https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVFRT8lwEP4_1PDa92nYtj4XgNkQi4IT1xRTWYQS6Ac2Uf28xvqhB44OXS-4u-e7yffdhjRdYO9NWT8ZXtTPbMOc6epylVPZ6RAH0RhTS4c1snPSvr-KM4_InGbxPB5Deq7t4OmQEGMf65_0HrLFeOd_4Nc7r5dGskXWociUyG9-B0NSHXWDT0ouOzcG0pw60R-s3obluRjYZgmwEBLEIWCTF0iBaCuBQkpDifL5ZVQXOabeQUBiKODUCsTISSBa8QIxFxBBZCk6Lr3K-8z3LgQuhIOzrd0g_VgkTlwA5ijmkKsmm3QmloOgH4IcbeeAgLnlIkuZtZV9w5s6f2eLZHyUmgIe_uRjsr573e62CN7Xz9tXjxX-Y0-yynaQntClvB5Tp_A2Hdvin/dz/d5/L2dBISEvZ0FBIS9nQSEh/

Gross Domestic Product

The Slovak economy grew by 3.1% in the first quarter, its performance returned to pre-pandemic levels. Despite the decline in foreign demand, due to the lingering fourth wave of the pandemic, economic growth kept domestic demand above three percent in the first quarter, mainly due to higher household consumption and investment activity. As for the 10 sectors of the economy, up to 7 grew year-on-year. Gross domestic product increased by 3.1%, year-on-year, in the first quarter of 2022 (at constant prices, not seasonally adjusted). The performance of the Slovak economy maintained positive values in the first quarter, which were higher than in the previous two quarters.

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https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVFBbslwEHwNR8vr2lmdY0A0CaWoQFOIL5UTnJICTgArLb-vqXqpEFQ9dC-7K82sZnawxEssjerqV2Xrxqit23MZvEx5Kvp9EgH0xxTS0f18kgzuvDjz8eInQExmQ0ifosd4NmIEml_lbf4zlliWxrZ2jfOmOKo10gbVpkJqY3vghuawc2o6o9GxPaju1IPuqO3GdY8RrkKfIggYR4xUHHLBSiMWUj8sCZTgqfP5tqxXONecgi-EhyAMCsQEL5BgnKJKExYQXcFubBzqfdsB65UBI4vvyCDOEoYHwOlcexDGIXZLjxSchH9Bty4kTsN_KoGwvGiq_U7zsz5M1s8_6PFBPdot1Rc7PXbfi8jI01jrP6wePkf4b57bCfoCW2qhyFIMv8Es8ko0w!/dz/d5/L2dBISEvZ0FBIS9nQSEh/

Anti-inflation package

President Zuzana Čaputová vetoed the Government coalition's €1.2 billion pro-family package supposed to help families at a time of rising prices and bills. She announced her decision on Tuesday, June 7, during a press briefing at the Presidential Palace. The parliament approved the measures on May 24 without prior discussion with experts and

partners, including municipalities and social partners. The head of state pointed to the fact that she is not questioning those parts that should allow for immediate aid. She minds that the provisions to take effect as of the new year have been approved in a fast-track legislative procedure, however, although conditions for that haven't been met.

7/6/2022 <https://spectator.sme.sk/c/22931683/news-digest-president-caputova-does-not-sign-off-on-family-package.html>

Municipal and regional elections

Speaker of Parliament Boris Kollár had officially announced that municipal and regional elections will be held on October 29, which is a Saturday. For the first time in history, these elections will take place on the same day. The two elections will be held ahead of All Souls' Day, November 2, which falls on Wednesday in 2022. Many people will be heading to cemeteries the weekend before the holiday. The coalition is hoping to see more people take part in the elections because of the date the four coalition parties have agreed on.

6/6/2022 <https://spectator.sme.sk/c/22930480/in-towns-and-regions-foreigners-can-have-their-say-again-in-autumn.html>

Monkeypox vaccines

The Health Ministry proposed the purchase of 2,000 monkeypox vaccines. "Based on recommendations of the European Commission's expert group, Slovakia will be a part of the shared purchase provided by the commission," wrote the Health Ministry. Monkeypox cases have been reported in some EU countries, including Slovakia's neighboring Czech Republic. Slovakia has detected one potential case so far. The Public Health Authority does not anticipate a large-scale epidemic in Slovakia but expects sporadic outbreaks.

2/6/2022: <https://spectator.sme.sk/c/22927197/slovakia-to-purchase-monkeypox-vaccines.html>

EU oil embargo

Slovakia is one of the countries that will have an exemption from the embargo on Russian crude oil that the European Union leaders have agreed on during their May 30 summit. PM Eduard Heger declared that Slovakia aims to cut off oil supplies from Russia as soon as possible, but "we will be able to use Russian oil until the moment we obtain a full-fledged alternative," he said. The cutting off of oil supplies from Russia will be gradual, with seaborne shipments to be blocked completely before the end of 2022. "This will effectively cut around 90 percent of oil imports from Russia to the EU by the end of the year," European Commission President Ursula von der Leyen tweeted.

1/6/2022 <https://spectator.sme.sk/c/22926171/how-an-eu-oil-embargo-will-affect-slovakia.html>

Gas imports

Norway and various unnamed countries will supply liquefied natural gas (LNG) to help ensure Slovakia's dependence on Russian gas imports decreases drastically, the country's largest gas supplier, SPP, announced on 27 May. From 1 June, Slovakia should reduce its dependence on Russia by 65%, said Economy Minister Richard Sulík, despite analysts pointing out that SPP does not supply gas to every household or company in the country, and the real decrease will only be around 35%. To become independent, Slovakia has reserved the capacity in several European LNG terminals and will import gas from Norway via a pipeline, said Sulík.

30/5/2022 <https://www.euractiv.com/section/energy-environment/news/slovakia-to-import-gas-from-norway-and-other-countries/>

Brain drain

Two-thirds of young Slovaks aged 18-25 want or are already studying abroad due to the quality of education, with most of those who already left having picked neighboring Czechia, a new survey has found. In the past 15 years, more than 300,000 people have left the country, and among those who want to leave, only a third say they want to come back, the survey conducted by Slovenská sporiteľňa also found. Those leaving are mostly the more-qualified students, the study adds. The issue of brain drain has already been discussed in the country, though no specific actions have been taken so far.

25/5/2022 https://www.euractiv.com/section/politics/short_news/slovakia-faces-brain-drain-as-many-leave-for-czechia/

EUROPE & WORLD

US-UK Trade Cooperation

Building on the discussions held in Baltimore and Aberdeen earlier this year, the recently published paper *“Taking the Next Step: A plan of action for US-UK trade cooperation following the US-UK Trade Dialogues”* by BritishAmericanBusiness offers pragmatic recommendations to advance US-UK collaboration on Small and Medium-Sized Enterprises (SMEs), digital trade, green trade, and supply chains. While both governments’ commitment to dialogue and cooperation is highly appreciated, as outlined in the joint statement issued shortly after the second Dialogue on April 26, it is important that the US and UK keep momentum behind the transatlantic trade agenda high and work at pace to deliver tangible progress on each of the identified workstreams

15/6/2022 <https://www.babinc.org/psirteex/US-UK-trade-cooperation-following-the-UK-US-Trade-Dialogues.pdf>

International crime tribunal

The Netherlands, together with EU Justice Commissioner Didier Reynders and the International Criminal Court’s Prosecutor Karim Khan, will organize a ministerial conference on the accountability for war crimes committed during the Russian invasion of Ukraine on 14 July. The government’s website writes that the conference aims to help further strengthen and coordinate global efforts in gathering evidence, and carrying out investigations and prosecutions. “The international community has quickly taken important first steps to bring those responsible for possible international crimes to justice. It is now important to bring these existing efforts together so that all actions effectively contribute to justice for bereaved families and survivors,” said Dutch Foreign Minister Wopke Hoekstra.

14/6/2022 https://www.euractiv.com/section/politics/short_news/eu-international-criminal-court-dutch-band-together-for-justice-in-ukraine/

EU Covid Certificate

EU Parliament together with EU member states’ negotiators have agreed to keep the EU Digital COVID Certificate framework in place for another year, until June 2023. On 13 June, negotiating teams from the European Parliament and the Council of the EU reached a deal to prolong the EU Digital COVID Certificate scheme -set to expire on 30 June- for another 12 months. By extending the legal framework by a year, EU lawmakers want to ensure that EU citizens have the right to free movement in case there is a new variant of concern.

14/6/2022 <https://www.europarl.europa.eu/news/en/press-room/20220613IPR32838/eu-covid-certificate-meps-and-council-agree-to-extend-rules-for-another-year>

Digital economy

On 14 June AmCham EU issued a joint statement alongside key EU digital business organizations to express concerns over several procedural and substantial elements in the Cybersecurity Certification Scheme for Cloud Services (EUCS) currently undertaken within the European Union Agency for Cybersecurity (ENISA). While the EU's ambition to tackle global cyber threats and protect citizens, institutions and businesses through cybersecurity certifications is appreciated, the inclusion of 'digital sovereignty' requirements risks negatively impacting international and European providers of cloud computing solutions as well as organizations that use cloud and require high levels of cybersecurity assurances.

14/6/2022 <https://amchameu.eu/news/key-organisations-express-concerns-over-cybersecurity-certification-scheme-cloud-services>

EU Treaties

On 9 June, the EU Parliament adopted a resolution calling on the European Council to agree to start the process to revise the EU Treaties. In light of the array of ongoing and recent crises, MEPs used their prerogative to call for the Treaties to be changed. It will be up to the 27 member states' heads of state or government at the European Council to decide to set up a Convention, by simple majority. Many MEPs have called for this to happen at the earliest opportunity, which would be the EU summit on 23-24 June, to ensure that citizens' expectations are met and that the outcome of the Conference on the Future of Europe is put to good use as soon as possible.

9/6/2022 <https://www.europarl.europa.eu/news/en/press-room/20220603IPR32122/parliament-activates-process-to-change-eu-treaties>

International public procurement instrument

EU Parliament gave its final greenlight on 9 June to the new international procurement instrument intended to encourage the opening up of global procurement markets. The instrument introduces measures limiting non-EU companies' access to the open EU public procurement market if their governments do not offer similar access to public tenders to EU companies seeking business. By fostering reciprocity, the tool aims to open up these protected markets and to end the discrimination against EU companies in third countries.

9/6/2022 <https://www.europarl.europa.eu/news/en/press-room/20220603IPR32143/international-public-procurement-instrument-securing-fairness-for-eu-firms>

UK Economic Outlook 2022

The British Chambers of Commerce has downgraded its expectations for UK GDP growth for 2022 to 3.5% (from 3.6%) against a deteriorating economic outlook. It now expects the UK inflation rate to reach 10% in Q4 2022, comfortably outpacing average earnings growth. The heightened economic uncertainty and rising costs are also expected to significantly weaken business investment, with 1.8% growth predicted in 2022, down sharply from 3.5% in the previous forecast.

9/6/2022 <https://britcham.sk/quarterly-economic-growth-is-expected-to-grind-to-a-halt-this-year-before-dipping-briefly-into-negative-territory-as-global-events-continue-to-weigh-heavily-on-the-uk-economy/>

Single Charger for Europeans

The EU is going to reduce electronic waste by making it possible for its citizens to use one single charger for their portable electronic devices. Consumers will no longer need a different charging device and cable every time they purchase a new device. However, people will still be able to choose whether they want to purchase a new electronic

device with or without a charger. Following a June 6 agreement on an amendment to the Radio Equipment Directive between the European Parliament and the Council, the USB Type-C will become the common charging port for several small electronic devices across the EU. The new rules will enter into force in two years.

8/6/2022 <https://spectator.sme.sk/c/22932547/europeans-to-use-a-single-charger-for-their-small-devices.html>

Digital Economy

With its emphasis on research, development and innovation, the European Commission's Chips Act proposal could go a long way toward addressing the semiconductor supply chain disruption and preventing future shortages. However, to achieve its objectives, the Commission must provide clearer guidance on a range of issues. As the legislation moves forward, it must consider the needs of businesses in Europe that rely on chips, as well as cooperate and coordinate with the EU's most important trade partner, the US, as it works toward the same goal. Read AmCham EU's perspectives on how to improve the Chips Act and learn more about these microchips, the 'brains' inside electronics.

8/6/2022 <https://amchameu.eu/news/improving-chips-act>

Gender balance in companies

After being blocked in the Council for a decade, EP and EU countries' negotiators finally agreed on a bill to increase the presence of women on corporate boards. The provisional agreement reached on 7 June on the draft legislation aims to ensure gender parity on boards of publicly listed companies in the EU. The so-called "Women on Boards" Directive aims to introduce transparent recruitment procedures in companies, so that at least 40% of non-executive director posts or 33% of all director posts are occupied by the under-represented sex.

7/6/2022 <https://www.europarl.europa.eu/news/en/press-room/20220603IPR32195/women-on-boards-deal-to-boost-gender-balance-in-companies>