

Legislative and Policy Updates

MARCH 2022



SLOVAKIA

Inflation

In February 2022, consumer prices increased in total by 9 % year-on-year, compared to January there was a rise by 0.9 %. Both month-on-month and year-on-year, prices rose mainly in the divisions of food; housing- energy, maintenance and repair; transport- fuel and also in the division of health care. Inflation affected year-on-year the higher prices of food by 9,6 %, since January there was an upward trend. They were most affected by higher prices of oils and fats, vegetables, bread and cereals.

15/3/2022

https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVFLc4lwEP41HmMWkpBwRMcC1jpVS5VcOiFApcpDZbD--4ZOL21HZ3roXnZ35tud74El3mBZqa54VW1RV2pv9lg6LwseitHI8gBGMwLh9H41D8Z3th8xvP4OEPPIBMin79FfTqkFIGF5-_4ZSyx11TbtFsd1clJbIFWoqHKkdu0AzFAfS8OmqzJ0ao6quwygO2XtznShHNSWJEfCFRpRTVLkCg6lMZpm2rJSzp-faOLFMc20ZRQbiOXiwSZMUduyhgCDoSqzLK06_yU85tvLweulAfmXn5Cxr4XUD4DEDOFQegF0dJdEAle-QLc-BEbDvwqB4vidVdkZxxVvTN7vPqjxADwFMsiKYdnXQ5hy11hHNBbeo6jJA-8-LtcJCeCaau2uy9xZv_SKYpo1KQC9rIDxNCZfwBd_X7Tg!!/dz/d5/L2dBISEvZ0FBIS9nQSEh/

NATO Enhanced Forward Presence

On 15 March, the Parliament approved NATO enhanced Forward Presence (eFP) in Slovakia, allowing the presence of up to 2,100 NATO soldiers, as one of the deterrence measures against potential Russian aggression. The NATO eFP unit is expected to consist of up to 600 Czech, 200 Dutch, 100 Polish and Slovenian, 400 American and 700 German soldiers. These numbers are related to the equipment that the soldiers will operate while taking care of the defense of Slovakia. The technology is meant to supplement selected deficiencies in the capabilities of the Slovak Armed Forces.

15/3/2022 <https://newsnow.tasr.sk/policy/parliament-approves-nato-efp-in-slovakia/>

Chemical and pharmaceutical industry

The chemical and pharmaceutical industry in Slovakia recovered from the consequences of the coronavirus crisis during 2021 and recorded a year-on-year increase in revenues, which increased from €8.349 billion in 2020 to €10.767 billion in 2021. Compared to 2019, last year's total revenues increased by 9 percent, which in nominal terms exceeded the performance of the industry two years ago; but their growth was mainly due to higher output prices, which reflected the increased input costs of the industry.

15/3/2022 <https://spectator.sme.sk/c/22862049/slovakias-chemical-and-pharmaceutical-industry-saw-revenues-grow-during-the-second-year-of-pandemic.html>

Defense spending

According to the Ministry of Finance, Slovakia has fulfilled its commitment towards NATO to spend 2 % of its GDP regarding defense spending ahead of schedule, in 2020 and in 2021. NATO member states made a commitment at the 2014 summit in Wales to spend at least 2 % of their respective GDPs on defense by 2024. In the years that followed, however, Slovakia has had problems fulfilling this commitment, and lagged behind with the modernization of its armed forces. In 2021, the expenditure on defense reached €1,95 billion, which represented 2.1 percent of GDP for that year.

15/3/2022 <https://spectator.sme.sk/c/22861494/slovakia-meets-nato-defence-spending-commitment-for-first-time.html>

Gross Domestic Product

The economy of the SR grew by 1.4 % in the 4th quarter and by 3% for the whole year 2021, but the losses from the first year of the pandemic have not yet been erased. In the last three months of 2021, half of the 10 monitored sectors in the economy were already above the level of pre-covid performance, trade was the most successful. In total, for the whole year 2021, GDP lagged

behind the pre-pandemic values by 1.5 %, and performance of manufacturing industry was even lower, by up to 7.4 %.

8/3/2022

https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail/!ut/p/z1/tVHLbSlwEPwajsYbbMfOMSCahFJUoCnEI8pOnJJCHB5RKH fpOqIrlUDqoXvZXWImNbODJV5jaVVTvKq6gKzatXsi3Zc5j8Rw6PgAwymBaHK nlWjuOEqM7z6DhCzxRiiJ 8xWEyoA5RheZv jCW Wqa339QYnIT6pDTIWFTZHalv3oB2qY9mqaaxBp 1RNZceNCdTb9vuEUY5zRkyqR4g6qQKCa41Au Fq6mXa5RI05 dpkeGE5a4xWnnlilwjyihFnmNaisMyBYS44MJPO7 1dnbgSvkdX35CRoEfuJ4FENO AQeSH8cKbEwl--QLcuJG0GvhVDQ7Hq6YwZxb7jM7vPyjxRDwBMtCl 1zWvahzwUHwrmgA-q5jAu8-LtCJB-G0xla Ne4 V JLMv41KQC9rmD2NCZfIBPE66ng!!/dz/d5/L2dBISEvZ0FBIS9nQSEh/

Construction sector

The Slovak construction sector is anticipating a significant hit as many of the Ukrainian workers it employs return to their home country. In addition, further increases in the prices of some building materials, especially steel and petroleum products, can be expected as a result of the war in Ukraine, industry watchers say. The Slovak Association of Construction Entrepreneurs assumes that this may concern as many as 5,000 – or half – of the Ukrainian citizens currently working in the construction sector in Slovakia.

4/3/2022 <https://spectator.sme.sk/c/22853920/construction-industry-expects-to-lose-5000-ukrainian-workers-due-to-war.html>

Business Service Centers industry

The third largest industry sector in Slovakia no longer relies on the economic model of cheap labor. The Covid-19 pandemic has not hindered the growth of the sector, which went up 5.5 percent in terms of headcount in 2021. People from within the sector as well as market watchers see that as proof of the industry's adaptability and resilience. The BSC sector in Slovakia is composed of 65 companies employing almost 40,000 people or 1.5 % of the economically active population of Slovakia, generating about 4 % of the state budget's income.

1/3/2022 <https://spectator.sme.sk/c/22833307/bcs-harness-slovakias-engineering-skills-innovation-and-creativity.html>

Higher Education reform

Slovak universities are now emptier than they were 10 years ago. The coronavirus is not to blame in this case. Universities are losing students and the data shows that today, tens of thousands fewer students are studying at Slovak universities than a decade ago. Draft legislation aimed at overhauling the university system in Slovakia will do little to solve long-standing problems with higher education failing to produce graduates fit for the needs of the country's labor market,

employers have warned. For years, businesses have complained that many students graduate from universities without the skills to meet the needs of the labor market.

28/2/2022 <https://spectator.sme.sk/c/22850500/business-focus-slovak-universities-are-losing-students.html>

Unemployment

According to the Central Labor Office, the unemployment rate in Slovakia went up slightly in January to reach 6.96 %, however, it was still under 7 % for a fourth consecutive month. The total number of jobseekers reached 187,951 in January, going up by 5,191 individuals m-o-m, and down by 25,930 y-o-y. A total of 75,798 job vacancies were available to jobseekers in January with the highest number of jobs available in Bratislava region (29.12 % of all jobs), and the lowest in Košice region (4.65 %).

18/2/2022 <https://newsnow.tasr.sk/economy/unemployment-rate-slightly-grew-in-january-but-is-still-under-7-percent/>

EUROPE & WORLD

European Values defended by Ukraine

Polish Prime Minister Mateusz Morawiecki, Czech counterpart Petr Fiala and Slovenia's Janez Jansa, who travelled by train to war-torn Kyiv, were the first foreign leaders to visit Ukraine's capital since Russia's invasion last month. The three EU leaders want to discretely convey details of the visit to their counterparts at next week's summit in Brussels. But the visit has also raised questions about the commitment of Europe and some particular leaders. Three EU leaders' trip to Kyiv was coordinated with European Commission President Ursula von der Leyen and European Council President Charles Michel, but an EU official said they did not have an official mandate from the EU.

16/3/2022 https://www.euractiv.com/section/politics/short_news/real-european-values-defended-by-ukrainians-eu-leaders-say-in-kyiv/

EU Restrictive Measures

The European Commission welcomes agreement by the Council to adopt a fourth package of restrictive measures against Russia in response to its brutal aggression against Ukraine and its people. These sanctions will further contribute to ramping up economic pressure on the Kremlin

and cripple its ability to finance its invasion of Ukraine. They have been coordinated with international partners, notably the United States.

15/3/2022 https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1761

Eurozone Fiscal Policy

Euro zone finance ministers agreed on 14 March to tighten fiscal policy a little next year after three years of pumping billions into the economy due to the coronavirus pandemic, but also to be ready with more cash should the war in Ukraine make it necessary. “The fundamentals of the euro area economy are strong, however, the uncertainty has increased significantly. The economic impact of Russia’s war against Ukraine is yet to be determined and adds to risks stemming from ongoing supply chain problems, higher energy prices and inflation remaining elevated for longer than previously expected,” the ministers said.

15/3/2022 <https://www.euractiv.com/section/economy-jobs/news/euro-zone-ready-to-reverse-planned-fiscal-policy-tightening-amid-ukraine-war/>

Telework and the Right to Disconnect

The combined effects of digitalization and technological change, including Artificial Intelligence, are transforming the world of work. Largely due to the pandemic, teleworking has become common practice for many workers across many sectors. Follow EU Commissioner Schmit’s remarks on ways how the EU is going to reflect the trend of remote work in its legislation, as there are also potential drawbacks, including inadequate working conditions, excessive working hours and unpredictable work schedules.

15/3/2022 https://ec.europa.eu/commission/presscorner/detail/en/speech_22_1773

Global Biodiversity as part of ESG

From 14 to 29 March, the EU is participating in resumed global biodiversity meetings to advance on the development of the post-2020 Global Biodiversity Framework – a new global accord to halt and reverse the loss of the planet's plants, animals and ecosystems. The talks in Geneva are the last official session for governments to negotiate on the once-in-a-decade global agreement before it arrives in Kunming, China, to be adopted at the UN Biodiversity Conference COP15 later in the year. The Framework will guide global action for nature and people, which is vital for tackling climate change and building a fairer, safer, healthier world for everyone, everywhere.

14/3/2022 https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1747

EU sovereignty and resilience

On March 11 European leaders emphasized at the informal European Council meeting in Paris the need to make the European economy more resilient and less reliant on Russian imports, with French President Emmanuel Macron proposing Recovery Fund-style joint borrowing at the EU level. New common debt at the EU level could accelerate future European sovereignty and absorb the economic consequences of the break-up with Russia, Macron stressed. Emmanuel Macron said that the 27 countries were “unanimous” on the need for massive investments to achieve European sovereignty in all areas.

11/3/2022 <https://www.euractiv.com/section/economy-jobs/news/france-plants-seed-for-joint-eu-borrowing-scheme-to-absorb-sanctions-effects/>

Council of Europe

Russia announced it would no longer participate in the Council of Europe (CoE), days after the pan-European human rights body suspended Moscow’s rights of representation following the invasion of Ukraine. The Ministry of Foreign Affairs statement was published by the state-owned TASS news agency on 10 March and accused NATO and EU countries of “undermining” the European body.

10/3/2022 <https://www.euractiv.com/section/global-europe/news/russia-leaves-council-of-europe-avoiding-being-kicked-out/>

EU Environmental Objectives Until 2030

The EU will develop a binding framework to monitor and report on member states’ progress towards phasing out fossil fuel subsidies and will set a deadline for ending fossil fuel subsidies in line with the ambition of limiting global warming to 1.5 degrees Celsius. On 10 March members of European Parliament endorsed the EU environment program until 2030, which aims to accelerate the EU’s transition to a climate-neutral, clean, circular and wellbeing economy. The Parliament confirmed an agreement reached with the Council in December 2021 on the eighth General Union Environment Action Program to guide the EU’s environmental policy to 2030 and align it with the European Green Deal.

10/3/2022 <https://www.europarl.europa.eu/news/en/press-room/20220304IPR24804/parliament-adopts-eu-environmental-objectives-until-2030>

EU care atlas

On the occasion of International Women’s Day, the Foundation for European Progressive Studies and the Friedrich-Ebert-Stiftung launched the EU Care Atlas, a new interactive data map to help uncover what the statistics are often hiding: how care deficits directly feed into the gender

earnings gap and contribute to gender inequalities. While the attention is often focused on the gender pay gap (which averages 13% in the EU), the EU Care Atlas brings to light the more worrisome and complex picture of women's economic inequalities. The pay gap is just one of the three main elements that explain the overall earnings gap, which is estimated at 36.7%. In other words, women in the EU earn on average only two-thirds of what men earn in a year.

8/3/2022 <https://www.euractiv.com/section/economy-jobs/infographic/eu-care-atlas-a-new-interactive-data-map-showing-how-care-deficits-impact-the-gender-earnings-gap-in-the-eu/>

WE FOCUS OUR ADVOCACY EFFORTS ON THE FOLLOWING FOUR PILLARS:



www.amcham.sk