

Legislative and Policy Updates

JUNE 2023



SLOVAKIA

Government

Ľudovít Ódor and his ministers are now officially governing the country in an interim capacity after MPs' refusal to express confidence in the cabinet, which was chosen by the president. Some MPs did not miss the opportunity provided by the confidence debate to air a range of bilious and often unjustified criticisms of the president. These seemed principally designed to support their own political campaigns. Granting confidence, and with it full power to act as a government of experts for the next four or so months, would have been a welcome sign of maturity by MPs.

19/6/2023 <https://spectator.sme.sk/c/23183950/odor-will-govern-as-interim-pm-and-caputova-will-announce-her-big-decision.html>

Labor Market

The last few years have been challenging ones for Slovakia's labor market. Just as it looked as if there might be some respite from the Covid pandemic, Russia launched its full-scale invasion of Ukraine, precipitating an energy crisis and turbocharging inflation. Apparently, there have been more new trends on the labor market in the last two to three years than there have been in the last 30. Employee priorities, both work and life, have changed, experts say, and a number of surveys have shown that workers' job satisfaction, motivation, commitment, loyalty and productivity have all declined. Meanwhile, long-standing problems in the Slovak market, including long-term unemployment, the inflexibility of labor legislation, a shortage of part-time positions, and a lack of both skilled and general labor, have been compounded by the pandemic.

19/6/2023 <https://spectator.sme.sk/c/23183096/slovakias-labour-market-is-changing-rapidly.html>

Cash in Constitution

Everyone has the right to pay for the purchase of goods and services in cash, says a new amendment to the Slovak constitution that was passed earlier in June with the support of 111 MPs and is meant to protect physical payments from a future in which the digital euro becomes mandatory. The EU Commission's digital euro proposal is expected to arrive on 28 June. Similar to cryptocurrencies, the digital euro could be used for digital payments, but would be controlled by the European Central Bank. However, both institutions insist it is only a supplement, not a cash replacement.

19/6/2023 <https://www.euractiv.com/section/politics/news/slovakia-adds-right-to-cash-payments-in-constitution-over-digital-euro-fears/>

AI in Slovak

Digital question-and-answer systems in English work just fine: you type in the former and out comes the latter, in more-or-less perfectly grammatical form. However, the same cannot be truly said about systems based on less widely spoken languages, such as Slovak. Slovak language is among a group known as low-resource languages, meaning there is a relative absence of data available to train conversational systems when compared to, say, English. This is where the efforts of Slovak researchers from the Technical University of Košice (TUKE) come in. They have created the first manually annotated Q&A dataset in Slovak, consisting of more than 91,000 factual questions and answers from various fields, and published it free of charge.

19/6/2023 <https://spectator.sme.sk/c/23183021/teaching-ai-bots-to-speak-better-slovak.html>

Home office legislation

When the Covid-19 pandemic hit, Slovakia's shared service and business service sector adapted quickly, rolling out work-from-home programs to keep operations running. But like so many other businesses around the world, companies in this sector are now acting to get their employees back into the office. While the productivity and efficiency of shared service and business service centers did not decrease during the lockdowns, creativity, speed of problem resolution, idea sharing and relationships did suffer, bosses in the sector say.

16/6/2023 <https://spectator.sme.sk/c/23183104/home-office-legislation-undergoes-improvement.html>

Inflation

Following the European harmonized methodology, consumer prices in May 2023 rose by 12.3% annually, in April 2023 this value was 14.0%. The month-on-month HICP inflation reached a negative value of -0.1% in May, the last month-on-month decrease in the price level was recorded in December 2020. In May 2023, the harmonized consumer price indices decreased by 0.1% month-on-month in total. The month-on-month decrease in the price level was most affected by the decrease in prices in the Restaurants and hotels division as well as Transportation.

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https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVHBUslwEP0ajplsm6ZJj4XBtoiMgBWai5NAIhVIC3Sq_L2p40UdcDy4l92deW_nvX1Y4CUWVrbls2zKysqd2wsRPk1Zxvt9Lwbojwlko9v5JB3c-EIO8elrgE9mQ8ge4vtkNgo8CCgW1_mPWGCxsk3dbHBRqZPcIG1RaQ2S26YHbqiOe6emtRqd6gNszz1oT7rZur72TcQk8ZFHIEGBT0LEI62QZmxlPC5pFJrufL0q17jw6ForrRjSgXbogEVlCWMQ1ZRxxKHSkflu56fezg5cqBgcX3xABkmcBmwMwMcJhSxO81k0JQRi8gm4cqNwGthFDR7Di7bUrzi33Wd2eP5Hiyng0W-puNjL8NBxC6byjb6rcHL_win3ud7Ts5oa-6GJBDF0-GWeCo!/dz/d5/L2dBISevZ0FBIS9nQSEh/

Employment and Average Monthly Wage

Although nominal wages significantly increased, their real growth was maintained only in accommodation. Nominal wages continued to grow at a significant rate, above 8% in all sectors in April. However, they were still unable to resist a high inflation, only employees in accommodation received more in real terms. Employment grew in most of the monitored sectors, a decrease in the number of employees was recorded mainly in the two largest sectors, industry and selected market services. The number of employed persons¹⁾ increased in 6 of the 10 monthly monitored sectors of the economy in April 2023. The number of employees increased the most in the accommodation, the rapid growing rate from the last year slowed down, employment rose by 3.3%.

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https://slovak.statistics.sk/wps/portal/ext/products/informationmessages/inf_sprava_detail!/ut/p/z1/tVHBUslwEP0ajplsTJqEY2CwLSijYIXm4iTQSGXSApkqf29wvKiDjgf3srsz7-28tw9rvMDambZ6Mr6qndmGPdf8cSJS2esRBdAbUUihN7Nx0r--irMlzz8D5Hg6gPRe3cXTISPAlqx_5j9gjfXS-cavcV7bo1mjwqHKlchsfAfCUB92QU3rCnRsDqY9daA9Fn4TOoeCE8sJ4kxyxKiISEaclSEtF8IQJpb2fL5ZViucsxWxVIJBpRUrxHhAWwJR4JkluqYrS2m_2vmu92wHLpSCwNfvkH6sEiZGAHIUR5CqJt2J5SCoh-AH27kQYO4qIEIPG-r4gVn7vyZLZ790WICePhbKiH26nm_1ypkUztfvHq8-I9wml22k_SENuXtgDKdvwESeJBM/dz/d5/L2dBISevZ0FBIS9nQSEh/

EU Funds Loss

Slovakia still has to spend over 30% of its cohesion funds – a total of €4.3 billion – but with less than seven months before the deadline, €800 million, or 5% of the overall sum, is set to be lost. While the previous government kept quiet on the emerging crisis, new technocratic ministers presented calculations within a month of taking office. Their plan includes moving funds and widening the buffer for failed projects. Still, €800 million, or 5% of the overall sum, is set to be lost. “We will not lose billions. But spending the entire allocation is unrealistic,” remarked Deputy Prime Minister for EU funds, Livia Vašáková.

9/6/2023 <https://www.euractiv.com/section/politics/news/slovakia-prepares-for-e800-million-eu-funds-loss/>

Night and weekend wages

Workers are to be paid more for working night and weekend shifts. As of June, workers will receive a supplement for working during non-standard hours that is linked to the minimum wage. Previously, the supplement comprised a fixed amount. The measure came into effect on June 1. The final sum varies slightly for workers that regularly need to do their jobs during nights and weekends. The sums are also adjusted for people working in particularly arduous conditions.

2/6/2023: <https://spectator.sme.sk/c/23177041/workers-to-get-more-for-weekends-and-night-shifts.html>

EUROPE

Electricity Market Reform

The EU's 27 energy ministers failed to reach a common position on reforming the bloc's electricity market, following disagreements over subsidies for backup coal power generation and the lifetime extension of existing nuclear power plants. The reform, tabled by the European Commission in March, seeks to avoid a repeat of last year's energy crisis when record-high gas prices left consumers with soaring energy bills. It aims to lower consumer bills by relying less on short-term markets and promoting instead long-term contracts with renewable energy producers providing electricity at a lower cost.

20/6/2023 <https://www.euractiv.com/section/electricity/news/eu-countries-fail-to-agree-position-on-electricity-market-reform/>

Climate-friendly education

An education system geared towards sustainability may look wholly different – including teaching climate science at a younger age and involving students in projects so that they can enact change and co-construct solutions. “Education is crucial to promote climate action,” argues UNESCO, adding that “understanding” and being able to “address” climate change empowers individuals to become “agents of change”. Ten years down the line, education may very well feature an increased emphasis on sustainability, more inclusive ways of teaching and learning that put students “doing stuff” at the centre, a more dialogue-oriented approach and more smiling in schools. The transformation has already begun. Countries like Germany have founded a special department to boost sustainability education as early as 2015.

20/6/2023 <https://www.euractiv.com/section/climate-environment/news/what-would-a-climate-friendly-education-look-like/>

Withholding taxation

The EU Commission proposed new rules to make withholding tax procedures in the EU more efficient and secure for investors, financial intermediaries (e.g. banks) and Member State tax administrations. This initiative

– a key element of the Communication on Business Taxation for the 21st Century, and the Commission's 2020 Action Plan on the Capital Markets Union – will promote fairer taxation, fight tax fraud, and support cross-border investment throughout the EU. The term “withholding tax” refers, for example, to the situation where an investor resident in one EU Member State is liable to pay tax on the interest or dividends earned in another Member State. This is often the case for cross-border investors. In such a scenario, in order to avoid double taxation, many EU Member States have signed double taxation treaties, which avoid the same individual or company being taxed twice. These treaties allow a cross-border investor to submit a refund claim for any excess tax paid in another Member State.

19/9/2023 https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3301

European Semester 2023

The European Council agreed its country-specific recommendations on the member states' national reform programs of 2023 and its opinions on their updated stability or convergence programs. This step is part of the 2023 European Semester process, which enables the coordination of member states' economic, employment and fiscal policies. The European Council is expected to endorse the country-specific recommendations at its meeting on 29-30 June. After that, the Council can proceed with the formal adoptions, which conclude the final stage of the 2023 European Semester process.

16/6/2023 <https://www.consilium.europa.eu/en/press/press-releases/2023/06/16/european-semester-2023-country-specific-recommendations-agreed/>

European Elections 2024

EU Parliament adopted the proposal on its composition seeking to increase the number of seats by 11, to a total of 716, ahead of the European elections in June 2024. Reflecting demographic changes in the EU since the 2019 elections, the report asks for additional seats to be allocated for nine EU members states, including Slovakia. It is now up to the European Council to adopt a decision by unanimity, which would then require Parliament's consent. MEPs underline the need to proceed swiftly, in order to give member states the time to make the necessary changes ahead of next year's ballots, so it asks to be immediately informed if the European Council intends to deviate from the submitted proposal.

15/6/2023 <https://www.europarl.europa.eu/news/en/press-room/20230609IPR96213/european-elections-2024-parliament-proposes-more-seats-for-nine-eu-countries>

Ukraine and NATO

MEPs call on NATO allies to honor their commitment to Ukraine and pave the way for Kyiv to be invited to join the defense alliance. In the EU Parliament resolution, adopted with 425 votes in favor, 38 against with 42 abstentions, MEPs stress that they expect that the “accession process will start after the war is over and be finalised as soon as possible”. Until full membership is achieved, the EU and its member states, together with

NATO allies and like-minded partners, must work closely with Ukraine to develop a temporary framework for security guarantees, MEP proclaim.

15/6/2023 <https://www.europarl.europa.eu/news/en/press-room/20230609IPR96214/parliament-calls-on-nato-to-invite-ukraine-to-join-the-alliance>

EU AI Act

The use of artificial intelligence in the EU will be regulated by the AI Act, the world's first comprehensive AI law. As part of its digital strategy, the EU wants to regulate artificial intelligence (AI) to ensure better conditions for the development and use of this innovative technology. EU Parliament's priority is to make sure that AI systems used in the EU are safe, transparent, traceable, non-discriminatory and environmentally friendly. Parliament also wants to establish a technology-neutral, uniform definition for AI that could be applied to future AI systems. AI systems should be overseen by people, rather than by automation, to prevent harmful outcomes. The new rules establish obligations for providers and users depending on the level of risk from artificial intelligence. While many AI systems pose minimal risk, they need to be assessed.

14/6/2023 <https://www.europarl.europa.eu/news/en/headlines/society/20230601STO93804/eu-ai-act-first-regulation-on-artificial-intelligence>

Sustainable Finance

The Commission put forward a new package of measures to build on and strengthen the foundations of the EU sustainable finance framework. The aim of this package is to ensure that the EU sustainable finance framework continues to support companies and the financial sector, while encouraging the private funding of transition projects and technologies. Specifically, the Commission is adding additional activities to the EU Taxonomy and proposing new rules for ESG rating providers, which will increase transparency on the market for sustainable investments. The package aims to ensure that the sustainable finance framework works for companies that want to invest in their transition to sustainability. It aims also to make the sustainable finance framework easier to use, thereby continuing to contribute effectively to the European Green Deal objectives.

13/6/2023 https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3192

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