

Slovakia: Market Profile

Major Economic Indicators

	2015	2016	2017**
Population (000)	5,421	5,426#	5,431
GDP (US\$ bn)	87.312	89.525#	89.134
Real growth (%)	3.8	3.3#	3.3
GDP per capita (US\$)	16,105	16,499#	16,412
Inflation - CPI index	-0.3%	-0.5%#	1.2%
Unemployment rate	11.5%	9.7%#	7.9%
Exports (US\$ bn)	75.274	77.634	N.A.
YoY growth (%)	-12.9	3.1	N.A.
Imports (US\$ bn)	73.412	75.471	N.A.
YoY growth (%)	-10.4	2.8	N.A.
Average exchange rate (Euro per US\$)	0.902	0.904	0.916##

Note: # estimate, ## Jan-Jul 2017, ** forecast
Source: IMF, WTO

- After its “velvet divorce” from the Czech Republic on 1 January 1993, Slovakia embarked on a number of ambitious structural reforms with a vision of becoming one of the best business locations in Europe. Joining the EU in 2004, becoming part of the Schengen area in 2007 and adopting the euro on 1 January 2009, together with fiscal reforms such as the abolition of dividend tax, profit transfer tax and real estate transfer tax, have helped the country develop into the darling of investors both from the former Soviet bloc and western Europe.
- With its strong industrial base, Slovakia’s economy has become one of the fastest-growing in the Eurozone. It has an average annual GDP growth of 1.9% since its adoption of the euro in 2009, and is the best-performing Eurozone member in the 16+1 format (co-operation between 16 CEE countries and China). And thanks to its concentration on export-led development, it has become a magnet for export-oriented manufacturing, especially in the automotive and electronics industries, and a hotspot for shared services centres (SSCs) and business process outsourcing centres (BPOs).
- The National Reform Programme of Slovakia 2015 (NRP) describes the structural measures the country plan to implement over the next two years. These measures include improving the efficiency of tax collecting, continuing with pension system reforms, the consolidation of public finance and public employment service reform, as well as the construction of additional sections of motorways and expressways.
- Slovakia is favourably situated in the heart of the Europe, between East and West, and between Poland, Hungary, Austria, the Czech Republic and Ukraine. The country’s strategic location as an inland hub connecting Europe with China over three transit corridors – the Trans-Siberian transit (Slovakia-Manchuria), the Kazakh transit (Slovakia-Alashankou) and the Trans-Caspian transit (Slovakia-Alashankou via Azerbaijan and Georgia) – has enabled Chinese manufacturers to ship parts and components directly by rail in about 12 days to factories in Slovakia for processing



near to their final European market.

- Following the *Memorandum of Understanding between Slovakia and China for Common Support of the Silk Road Economic Belt and 21st Century Maritime Silk Road Initiatives in the field of transport and logistics*, which was signed on 26 November 2015 in Beijing, Slovakia is also looking to expand its activities to Asia. One example of this includes the possibility to start negotiations on a double tax treaty with Hong Kong.
- In order to attract foreign investment, the Slovak government has put in place a number of investment incentives, including tax relief, cash grants and discounted property transfers for projects related to industry, technology centers, shared service centers and tourism. More information can be found at the [Slovak Investment and Trade Development Agency \(SARIO\)](#).
- As of the end of 2015, China's total stock of FDI in Slovakia topped US\$127 million, up from US\$0.1 million in 2006. Investment from Hong Kong, though, is far from significant.

Hong Kong's Trade with Slovakia

(US\$ million)	2015		2016		Jan-Jun 2017	
	Value	Growth	Value	Growth	Value	Growth
Total Exports	247.441	-11.2	302.158	+22.1	115.430	-9.0
Domestic exports	0.195	-41.5	0.111	-43.3	0.002	-91.4
Re-exports	247.246	-11.1	302.047	+22.2	115.428	-8.9
Imports	27.012	+20.8	29.156	+7.9	12.773	-14.7
Total Trade	274.454	-8.8	331.314	+20.7	128.203	-9.6

Source: Hong Kong Trade Statistics, Census & Statistics Department

More Information

More information on the Belt and Road countries' economic and investment environment, tax and other subjects that are important in considering investment and doing business are available in [The Belt and Road Initiative: Country Business Guides](#).

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