

1. INTRODUCTION

Slovakia as a Central European country with 5, 379 000 inhabitants and total area of 49,034 km² one of the accession countries has per 1000 of population **has** natural growth rate -0.1, Net migration rate (including corrections) 0.2. **Per 1000 live-births** infant mortality rate is 7.6 Life expectancy **at birth in** males is 69.9 and females: 77.6

1.1. A brief overview of the national labour market

The following figures are from the National Statistics Office and are valid for the year 2002. ECU/EUR exchange rates (**1ECU/euro=41.55 Slovak Koruna**)
- Average of period 42.69

National accounts 1000 Mio Slovak

Gross domestic product at current prices 1,074

1000 Mio ECU/euro Gross domestic product at current prices 25.1

in ECU/Euro

Gross domestic product per capita at current

Prices 4,700

Employment growth 0.1

Labour productivity growth 4.9 Unit labour cost growth : -3.3

in % of EU-15 average

Structure of production % of Gross Value Added

- Agriculture 4.5

- Industry (excluding construction) 26.4

- Construction 5.4

- Services 63.6

Structure of expenditure as % of Gross Domestic Product

- Final consumption expenditure 76.2

- household and NPISH 56.2

- general government 19.9

- Gross fixed capital formation 29.8

- Stock variation 1.4

- Exports of goods and 72.8

- Imports of goods and services 79.9

Public finance in % of Gross Domestic Product

General government deficit/surplus -7.2p

General government debt 42.6p

Financial indicators in % of Gross Domestic Product

Gross foreign debt of the whole economy 33.1 **as % of exports**

Gross foreign debt of the whole economy 44.7

Labour market (Labour Force Survey) % of population

Economic activity rate (15-64) 69.5

Employment rate (15-64), total 56.8

Employment rate (15-64), males 62.4

Employment rate (15-64), females 51.4
as % of the total population of the same age group
 Employment rate of older workers (55-64) 22.8
 Average employment by NACE branches **in % of total**
 - Agriculture and forestry 6.6
 - Industry (excluding construction) 30.1
 - Services 55.3

% of labour force

Unemployment rate, total : 18.6
 Unemployment rate, males : 18.4
 Unemployment rate, females : 18.8
 Unemployment rate of persons < 25 years 37.7
 Long-term unemployment rate : 12.1

Standard of living per 1000 inhabitants

Number of cars 247
 Main telephone lines 260.8
 Number of subscriptions to cellular mobile
 Services 2 543.5

Infrastructure in km per 1000 km²

Railway network 75
 Length of motorways 302 **Km**

Innovation and research as % of GDP

Spending on Human Resources (public
 expenditure on education)4.03E

as % of GDP

Gross domestic expenditure on Research &
 Development
 0.67

For details please refer to the following link to the Eurostat website:

http://europa.eu.int/newcronos/suite/info/notmeth/en/theme1/strind/ecobac_ir.htm

<http://europa.eu.int/newcronos/suite/info/notmeth/en/theme1/strind/emploi.htm>

<http://europa.eu.int/newcronos/suite/info/notmeth/en/theme1/strind/innore.htm>

<http://europa.eu.int/newcronos/suite/info/notmeth/en/theme1/strind/enviro.htm>

A brief review of economic and monetary parametres

	1997	1998	1999	2000	2001	2002	2003e
Nominal GDP (SKK bn, ESA 95)	712,7	781,4	844,1	934,1	1 009,9	1 096,4	1 200,0
Real Growth (% , y-to-y)	4,6	4,2	1,5	2,0	3,8	4,4	3,5
Annual Inflation (% , CPI)	6,4	5,6	14,2	8,4	6,5	3,4	9,2
Average Inflation (% , CPI)	6,1	6,7	10,6	12,0	7,3	3,3	na
Core Inflation (% , y-to-y)	na	5,2	7,0	4,6	3,2	1,9	3,0
Prices in Manufacturing (% , PPI)	4,4	1,6	7,7	9,1	2,2	2,3	5,0
Employment (thousands persons)	2 205,9	2 198,6	2 132,1	2 101,7	2 123,7	2 127,0	2 021,0
Unemployment (survey method)	11,8	12,5	16,2	18,6	19,2	18,5	17,5
Average Monthly Wage (SKK)	9 226	10 003	10 728	11 430	12 365	13 511	na
real growth of wages (%)	6,6	2,7	-3,1	-4,9	0,8	5,8	1,5
Trade Deficit (SKK bn)	70,0	82,9	45,2	42,4	103,2	96,6	87,0
State Budget Deficit (SKK bn)	17,0	19,2	14,8	27,6	44,4	51,7	56,0
Mid-year population (ths of	5 383,2	5 390,9	5 395,3	5 400,7	5 379,8	na	na

persons)

GDP per Capita (USD, in PPP)	10 630	9 332	10 215	11 930	12 300	na	na
Net FDI (% GDP)	0,5	1,5	3,8	9,7	7,1	16,9	na

e – estimate of TREND Intelligence Unit TREND Analyses

na - not available

Sources: Bureau of Statistics, National Bank of Slovakia, OECD in Figures, TREND Analyses, www.etrend.sk

Basic Macroparameters (Slovakia)

	2003 reality	2004 budget	2. 2004 reality	1. - 2. 2004
Tax Revenues of State Budget (SKK bn)	29,3	195,2	11,6	32,6
State Budget Balance (SKK bn)	-11,2	-78,5	-1,8	-4,4
share of GDP (%)	-10,4	-6,1	-1,7	-2,1
	12. 2002	1. 2003	12. 2003	1. 2004
Rate of Unemployment (%)	17,5	17,7	15,6	16,6
	1. 2004 (SKK bn)	(%)	1. - 1. 2004 (SKK bn)	(%)
Sales industry	108,6	8,7	108,6	8,7
retail	26,4	0,5	26,4	0,5
hotels & restaurants	2,2	-17,3	2,2	-17,3
wholesale	38,8	-2,1	38,8	-2,1
construction	7,4	7,8	7,4	7,8
	1. 2004 (SKK bn)	(%)	1. - 1. 2004 (SKK bn)	(%)
Exports	60,6	11,0	60,6	11,0
Imports	58,9	6,6	58,9	6,6
Balance of Trade	1,7	-	1,7	-
share of GDP (%)	1,6	-	1,6	-

Note: GDP predicted by Bureau of Statistics in 2002 at 1 287 bn SKK, prognosis for 2004 by TREND Analyses at 1 287 bn SKK

SOURCE: Bureau of Statistics, Ministry of Finance

Selected Monetary Parameters

SKK bn, at the end of period

	11. 2002	12. 2002	11. 2003	12. 2003
Aggregate M0	83,1	84,2	91,7	92,1
Total Currency Issued	91,6	95,2	101,4	104,6
Reserves of Commercial Banks	27,9	27,8	22,0	22,0
Monetary Base	119,5	123,1	123,4	126,6
Aggregate M2	702,8	713,7	740,5	750,9
change of M2 (% , y-to-y)	8,1	4,9	5,3	5,2
Foreign Exchange Reserves of NBS (USD bn)	8,79	9,20	11,31	12,15
Net Credit to General Government	260,6	272,2	297,9	311,7
Net Credit to Central Government	346,1	358,1	396,0	408,2

Note: from Monetary Review in fixed rates

SOURCE: National Bank of Slovakia

Price Indexes

(100 = previous period)

	m-to-m		y-to-y	
	1. 2004	2. 2004	1. 2004	2. 2004
Consumer Prices	104,4	100,8	108,3	108,5
regulated prices	110,5	101,5	114,4	115,8
core inflation	101,0	100,5	103,1	102,8
	12 2003	1. 2004	12. 2003	1. 2003
Agriculture goods	n	n	98,8	99,1
Industrial producers	100,0	101,3	108,7	104,4
Construction works	100,4	100,4	105,1	105,0

Note: state regulates prices of electricity, gas, housing, transport, water, etc.

SOURCE: Bureau of Statistics

Quarterly Indicators

(selection)

	3Q2002	4Q2002	3Q2003	4Q2003
GDP (SKK bn, ESA 95)	283,8	284,3	308,3	313,9
real change (% , y-to-y)	4,1	5,4	4,2	4,7
Average Monthly Wage (SKK)	13 146	15 266	14 066	16 180
real change (% , y-to-y)	6,1	5,8	-1,9	-3,3
Rate of Unemployment (% , survey method)	18,2	17,9	17,0	17,4
Labour Force (thousands)	2 138,4	2 150,6	2 168,7	2 170,6

Note: in Employment used Survey Method by Bureau of Statistics

SOURCE: Bureau of Statistics

USEFUL LINKS

State Authorities

[Central Government](#) [National Council \(parliament\)](#) [National Bank of Slovakia](#)
[Statistical Office](#) [Bratislava Stock Exchange](#) [The Financial Market Authority](#)
[National Property Fund](#) [National Labour Bureau](#) [Social Insurance Company](#)
[Slovenská konsolidačná, Ltd.](#)
[Ministry of Finance](#) [Ministry of Economy](#) [Ministry of Social Affairs](#) [Ministry of](#)
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From the aspect of the spatial distribution of GDP generation, the delay of the economic performance of Slovakia behind the EU-15 average is due to weak economic performance of a majority of the regions. The region of Bratislava is the only one performing at the EU average level (101% of EU average in 2001). The economic performance of the other regions ranges between 40 to 46 per cent of EU average (Eastern Slovakia 40 %, Central Slovakia 42 %, Western Slovakia 46 %).

The micro-regions with a high concentration of industrial production mainly include Bratislava, Trnava, Nitra, Trenčín, Prievidza, Žiar nad Hronom, Levice, Žilina, Poprad, Košice, Michalovce.

The least developed industrial areas are located in the south-west of Slovakia (Záhorie, the Danube Lowlands), in southern and northern districts of the region Central Slovakia, and – except of three districts - within the whole region of Eastern Slovakia.

There are significant differences between the individual regions in the performance of their industry. Productivity of labour from revenues reached 246% of Slovakia's average for industrial production in the region of Bratislava in 2001, compared to 73% for Western Slovakian region. Productivity of labour from added value is at the level of 174% of Slovakia's average for the region of Bratislava, while being at 84% for Western Slovakian region. The highest added value is generated by industry of the region Central Slovakia (119 % of Slovakia's average) followed by Western Slovakia (115 % of Slovakia's average), the smallest being that for the Bratislava region (71 % of Slovakia's average). These results are predetermined by above all sectoral allocation of industries in the individual regions. The performance parameters of the Bratislava regions are influenced by the predominant position in its structure of transport vehicles industry and raw oil processing, of which a high turnover and relatively smaller numbers of employees, with a smaller added value are typical. The results for the region of Eastern Slovakia are determined by the position of production of metals within the region (high turnover, smaller added value), whereas in the region of Western Slovakia, it is the strong position of light industry productions (higher added value for a majority of the productions, with relatively higher numbers of employees).

Also, the implementation of industrial policy measures made a contribution towards the growth of the economic standard of Slovakia during the pre-accession period. Within 1999 –

2001, the economic standard of the SR (measured in terms of per capita GDP) increased compared to EU-15 average by 2 percentage points. From the regional perspective however, these developments were grossly unbalanced. Economic performance of the Bratislava region grew 6 percentage points compared to EU average, whereas that of the other regions of Slovakia grew as little as 1 percentage point.

Productivity of labour from production in Slovakia's industrial production reached (in terms of EUR PPS, Purchasing Power Parity) 45 %, and that from added value 42 % of the corresponding EU levels in EU –15 in 1999. Number of people who do not have full time employment contract is very low only 2% of people work less than 8 hours on a shift compared to 17% EU average.

Within 1999 – 2002, productivity of labour from production grew 3.5% (year on year) in the EU – 15, and that from added value 3.4 %, in the same period of time the growth dynamics of the productivity of labour was however substantially higher in Slovakia's industrial production: productivity of labour from production and from added value were growing 18.1% and 16.1% respectively per year in average. As a result of this development, the deficit of the productivity level of Slovakia's industrial production compared to that of the EU markedly changed, so that productivity of labour from industrial production in the SR reached 63% of the corresponding EU-15 level in 2002.

Compared with the EU, the best positions in 2002 was taken by productivity in manufacturing of transport vehicles (subcategory DM) and rubber industry products and plastic materials (DH). In manufacturing of transport vehicles, productivity of labour in Slovakia exceeded the EU level by 28% (as little as 65% of the EU level in 1997) and in rubber industry products and plastic materials by 5% (76 % of the EU level in 1997). Productivity of labour in paper and printing industry (97% of the EU level) and in production of metals and products of metals (90% of the EU level) came closer to the EU average. The position of the manufacturing of machines and equipment in Slovakia (DK) reached 49% of the EU average, that of chemical and pharmaceutical industry (DG) 65 %, coke production and raw oil processing (DF) 43 %. The worst standing in this respect show manufacturing of electrical and optical products (40 % of the EU level), processing of leather and production of leather products (DC), and textile and clothing industry (33 % and 27 % of the EU average, respectively), thus all productions with high proportions of re-processing regimes and high proportions of „standard production“.

Productivity of labour from added value in industrial production of the SR reached 51% of the corresponding EU-15 level in 2002. By the value of this parameter (as compared to matching productions in the EU), the best position took coke production and raw oil processing. In this production sector, the productivity of labour from added value in Slovakia in 2002 was 4% higher than in the EU. Rubber industry and pharmaceutical industry were at the 88% of the EU average level, paper and printing industry at 81%, manufacturing of transport vehicles at 78%, and glass, China and construction materials industry at 77% of the EU average. The worst positions were taken by machines (38 % of the EU average), textile and clothing industry (32 %), manufacturing of electrical machines and optical products (31 %), and mainly leather processing and production of leather products (26 % of the EU average).

The government has been reversing the expansionary **fiscal policy stance**. The government has committed itself to a further deficit reduction to 3.9% of GDP in 2004 and to slightly

below 3% of GDP by 2006. The authorities have already reacted to budget execution risks in 2003, which stem predominantly from lower than planned tax revenues, by advancing planned excise tax increases. They seem to be prepared to take further measures, if necessary.

For 2004, they have decided to implement fundamental and potential growth enhancing tax reforms, consisting in particular of the introduction of a flat personal and corporate income tax rate and of a unified value added tax rate, all at 19%. By their very nature, these changes make any revenue forecast highly uncertain and pose a high risk for budget execution, thus necessitating a very conservative budgeting approach and underscoring the need for a swift continuation of structural expenditure reforms.

The preparation of additional **public expenditure reforms**, which are necessary to underpin the envisaged fiscal consolidation, has gained very strong momentum. However, most of the necessary measures still need to be further specified, appropriately sequenced and implemented.

1.1.2 Types of companies in operation

Slovakia is generally meeting the commitments and requirements arising from the accession negotiations in the chapter **small and medium-sized enterprises**. Alignment with the new Commission recommendation on the SME definition should be carried out. Slovakia should adopt its draft mid-term SME strategy and enhance the co-ordination of its SME support schemes. The implementation of the European Charter for Small Enterprises should be maintained. SME numbers are 55.074 according to the latest census out of which in agriculture there are 904, in mining industry 25, in manufacturing 7.186, in utilities 36, in building industry 5.713, in catering 2.474, in telecommunications 2.146, in automotive 266. 375, in real estate 7.7745, in education 279, in health care 515 and other sectors 1.676. SME employees represent 22.4% of all employment. As for regional discrepancies, the highest number of SME is in Bratislava region around 1/3 and 2/3 are spread more or less equally all across other regions.

Out of 63,643 companies based in Slovakia 6,169 are owned by a foreign owner, they are in the statistic surveys usually referred to as international companies and 5,348 are referred to as multinational ones. However, most of international or multinational companies around 70 % has a number of staff up to 9 employees, from 50 to 300 employees the number of international companies rose to 4.7% as of May,2003 and the number of multinational companies in the same rank represented 4.5% out of the total. The number of staff higher than 1,000 people creates 0.3% out of the total.

1.2 Recent changes in the labour market as a result of increasing European integration and globalisation

The government decided on further parametric changes to the pay-as-you-go pension system for the beginning of 2004. However, these reforms remain incomplete, in particular with respect to the targeted increase in the retirement age. Furthermore, the government is preparing the introduction of a funded pension pillar. Additional steps have been taken to improve the financial situation of the health care system, *inter alia* by introducing co-payments for health care services.

Nevertheless, a long reform road still lies ahead in this area. The extension of guarantees has been limited. However, both guarantees and subsidies should be thoroughly screened to implement additional reductions, also in connection with Slovak Railways and agriculture. The development of a detailed medium-term fiscal framework, which consistently embeds and sequences necessary expenditure reductions, is still lagging behind.

The Slovak government has been moving more decisively to tackle the deep-seated structural **unemployment problem**. The continuation of reforms in the health and social, protection systems are of the utmost importance and should reduce disincentives for employment creation and acceptance, partly by reviewing social assistance benefits and lowering social contribution rates. Similar effects are likely to result from the tax reforms scheduled for next year.

Furthermore, specific measures and programmes exist or are being considered to foster employment creation by SMEs, to strengthen regional mobility (partly by ameliorating the housing situation) and to reduce skill mismatches (partly by active labour market measures), although the effectiveness and efficiency of these programmes need to be continuously reviewed.

Transparent procedures for the recruitment of civil servants are in place. Recruitment on the basis of the Civil Service Law has started with some delays due to procedural problems. A recent amendment to the law empowering the head of the Civil Service Office to delegate the competencies for recruitment to the service offices (e.g. ministries), however, has made it possible to speed up the recruitment process. A new salary scheme has been introduced into implementing regulations aiming to ensure adequate criteria and transparent procedures. Slovak citizens have free access to information on the activity of the public administration, and this right is being widely used.

Administrative control procedures are in place. The citizen's right of recourse against public service actions is guaranteed, including the right to put cases to the Office of the Ombudsman and the Parliamentary Committee responsible for individual complaints and petitions. Codes of ethics for civil servants and employees in the public administration have been published. The control department of the Civil Service Office performs both internal and external control functions.

The level of public trust in the efficiency and fairness of the judicial system remains low. The current system of disciplinary proceedings needs upgrading in terms of transparency and adequacy of sanctions. Given that the disciplinary system is principally based on judicial self-regulation, its efficiency to a large extent depends on the willingness of the judiciary. Also, more efficient implementation by the respective judicial organisations of the professional codes of ethics, including a system of sanctions with a deterrence effect, would be most desirable.

There is a continuously high public and professional perception of widespread corruption in Slovakia, and tackling it should be a priority. The most affected areas appear to be the health care sector, education, the police and the judiciary. Corporate crime is a specific problem in Slovakia and the business climate is still characterised to a certain degree by legal uncertainty. There is a need for strict enforcement of the existing rules. The public

awareness of the need to fight corruption, including in the media is increasing.

The Government elaborated a National Programme for the Fight against Corruption in 1999, on the basis of which Action Plans were drawn up the following year. Its implementation is ongoing. According to the Government, three quarters of the 1 500 concrete actions have been carried out or addressed to a large extent. Many of the proposed actions, however, appear to be vague. The Laws on Conflict of Interests, on the Special Prosecution Office and on the Specialised Court for Corruption are currently being discussed in Parliament and should, once adopted, represent an important instrument in improving the fight against corruption. As regards transparency in the financing of political parties, further reforms are needed, including an appropriate regulation of membership fees, of tax breaks for donors and of efficient supervision of party financing. Specific measures should also be considered in order to regulate lobbying.

The Law on Free Access to Information has contributed to increasing transparency within the administration and to reinforcing the fight against corruption. Although measures such as the introduction of the random allocation of cases and the change in the Commercial Registry procedure should assist in reducing the risk of corruption and bias in the judiciary, there is a need for focused ethical training at all levels of legal education.

In the area of **citizens' rights** legislative alignment has been largely completed, except as regards the right to participate in the European Parliament elections and as regards equal treatment in access to education. The main administrative structures for implementation are in place.

Slovakia is essentially meeting the requirements for membership and is expected to be in a position to implement the *acquis* in the area of **banking services** as well as **investment services and security markets** by the time of accession. It should complete preparations in these sectors.

Slovakia is meeting the majority of the requirements for accession in the areas of **insurance** and **information-society services** and the **protection of personal data**. In order to complete preparations for membership, a number of important directives remain to be fully transposed in these areas. This work must now be accelerated. Enhanced efforts are also needed to remove all administrative and legal restrictions on the freedom to provide the **right of establishment and the freedom to provide non-financial services**.

With regard to **accounting**, Slovakia's commitments have been met and it is expected to be in a position to implement the *acquis* in this field from the date of accession. Administrative capacity appears to be adequate.

In the field of **protection of intellectual and industrial property rights (IPR)**, Slovakia is largely meeting its commitments on copyright and related rights. Legislation remains to be adopted as regards the recent information society directive. Further legislative adjustments are required in respect of copyright and related rights, and information society rules.

In the **anti-trust** sector, Slovak legislation covers the main principles of Community anti-trust rules as regards restrictive agreements, abuse of dominant position and merger

control. However, Slovakia still needs to ensure that its legislation is not in contradiction with the more recent Community block exemptions. Preparations should continue for the application of the EC's new procedural regulation. Slovakia has the necessary implementing structures in place, and its Antimonopoly Office (AMO) is functioning well. Further efforts are needed to raise awareness of antitrust rules among all market participants and to build up a credible and transparent environment.

As regards **labour law**, most of the EC legislation has been correctly transposed into Slovak law, especially after the adoption, in May 2003, of new amendments to the Labour Code. Slovakia has transposed all the necessary legislation in the field of **equal treatment of women and men**. However, some legal adjustments are necessary to achieve full alignment. The pensionable age for male and female civil servants will have to be equalised upon accession, when the pension scheme constitutes pay within the meaning of the Treaty and EC case law. Furthermore, some adjustments to the Labour Code will be necessary as regards access to employment as well as provisions concerning the protection of women in employment, yet leading to their discrimination. Implementing structures are in place, but further strengthening is needed in order to ensure enforcement of the legislation.

Concerning **employment policy**, efforts are still needed to effectively implement the priorities identified in the Joint Assessment of the Employment Priorities (JAP) in a much more coherent and effective way. It is important to enhance employment rates, in particular for women and older workers, and to address regional imbalances. The reform of the education and training systems, including the lifelong learning system, needs to be accelerated. There is also a need to promote active and preventive labour market policies and to increase incentives for people to work. Important efforts are needed to improve policy co-ordination and ensure appropriate allocation of resources.

In the field of **social protection**, sustained efforts are required to implement the reforms that have been introduced, including the health care reform and pension reform, which will help to further improve the level and efficiency of social protection.

Concerning **anti-discrimination**, the EC legislation is only very partially transposed, especially as regards sexual orientation, disability and race or ethnic origin. Legislation remains to be fully aligned with the *acquis* and the equality body required by the *acquis* needs to be established. Despite continuous efforts across all sectors, the situation of the Roma minority remains very difficult. The majority of the persons belonging to the Roma community are still exposed to social inequalities, social exclusion and widespread discrimination in education, employment, the criminal justice system and access to public services. Living conditions, including housing and infrastructure, as well as health status, are essentially far below the average. The gap between good policy formulation and its implementation on the spot has not significantly diminished. Considerable efforts need to be continued and reinforced to remedy this situation.

Slovakia's macroeconomic performance has been improving considerably, although some imbalances remain significant. Slovakia's progress on the reform path, also in the public finance area, has received strong new impetus. Various measures have been decided on and some have already become effective. As regards the areas, where last year's report suggested improvements, some progress has been made, but challenges remain. The government has been reversing the expansionary fiscal policy stance. The restrictive fiscal

policy stance supports a narrowing of Slovakia's high current account deficit. The preparation of additional public expenditure reforms, which are necessary to underpin the envisaged fiscal consolidation, has gained very strong momentum. However, most of the necessary measures still need to be further specified, appropriately sequenced and implemented.

The Slovak government has been moving more decisively to tackle the deep-seated structural unemployment problem. Progress has been made as regards financial sector supervision, but the authorities need to continue to safeguard the expanding financial sector against stability risks.

In the field of public administration, the number of staff in sectors dealing with issues related to European integration should be increased, accompanied by a long term strategy for training. With respect to the ongoing decentralisation of the public administration, it is important that the transfer of functions and fiscal decentralisation go hand in hand.

In education a new system of financing derived from number of students at all levels will be accompanied with a tuition fee for tertiary education. Student loans should be introduced to compensate socially less favorable students to cover the necessary costs. However, as of January 2004 students aged 16 to 25 will not be paid retirement regular fees by the state.

In the field of **mutual recognition of professional qualifications**, Slovakia's legislation is not yet fully in line with the *acquis*. Legislation aimed at transposing the relevant sectoral rules concerning doctors, dentists, general care nurses, midwives, pharmacists, commercial agents, has been adopted and needs now to be implemented. Legislation concerning veterinary surgeons, architects and lawyers urgently needs to be adopted and implemented. As regards the general system of recognition, alignment is largely complete, with only some minor outstanding issues. In particular, the remit of the administrative bodies concerned will need to be adapted following the adoption of the relevant legislation, and sufficient training provided to ensure the correct application of recognition procedures.

1.3 International takeovers

The country has not been immediately targeted by many foreign investors after the fall of communism, yet there were many state companies transformed into joint stock companies and especially in the mid-nineties several foreign companies started buying stakes. The only sector which resisted take over bids were utilities. First the gas production and distribution companies were privatised, now some parts of Slovenske elektrarne, a.s electric power, nuclear power, heat production and transfer facilities might be taken over by a multinational company. However, at the beginning of 21 st century Slovakia has production priorities in automotive industries.

Out of foreign investors, the most important are Deutsche Telecom, The Siemens corporation, Volkswagen, US Steel, The Allianz Group, Schering, OMV, Orange, EuroTel, Whirpool, Neusiedler SCP, IBM, KIA, etc.

2. New linguistic demands in the private and public sectors resulting from European integration and globalisation: languages and skills/ competences

2.1 Communications from international organisations

Many multinational companies such as IBM, US Steel, Siemens, all pharmaceutical subsidiaries, Slovak Telecom with a German stake to list a few, have officially declared English as their office language. The reason is obvious, having all materials and documents in one language makes overseas communication easier. Some German companies such as Volkswagen or OMV filling stations network have switched from English to German but later returned to English. Many pharmaceutical subsidiaries are bilingual French/English, German/English but English seems to be a dominant language in cross country cooperation and communication within projects.

Sometimes two Slovak companies with international capital offer and invoice services in English between each other. The reason is, that for auditing purposes and reporting activities official documents must be available in English.

2.2. Communication with employers, employer`s organisations and other organisations

Good command of English is essential for all middle to top management positions dealing with regular reporting to the head office or to the H.Q. All Annual reports are bilingual Slovak/English and the English mutations are prepared by responsible staff and then edited and proofread by an English speaking person. Many of original documents were transposed to Slovak conditions some of them have been harmonised with Slovak legislation especially in accounting, not many localised. In fact, the national language has adopted many English words either fully or giving them Slovak inflections. Within the last ten year some terminological units have domesticated.

2.3 Results of language audits

When you read ads for job vacancies, command of two languages is obligatory irrespective of a position sought, however, it is tested by recruitment agencies for lower positions as a shortlisting procedure. Interviews for higher positions are usually conducted by top management representatives and here the language is directly used and command assessed by them.

Our language centre has been asked to carry out language audits in some companies, mainly among civil servants and we used Framework of Reference definitions as assessment criteria. The discussion with Human Resource managers has shown that there is a big gap between acquired and expected skills. Needless to say, expectations on the side of the employer are often not realistic. The most significant discrepancies occur when it comes to the number of hours to catch up with shortcomings. IT skills or any other knowledge or motor skills serve as a calculation pattern which does not lead to desired results in language skills. The latter requires a substantially longer time, different class organisation, mainly shorter time periods but frequent repetition. The time span for obtaining the skills and competences extends to

weeks and months, not rarely with higher total expenses in comparison with other skills.

2.4 Results of local, regional, national surveys

Analyses of entrance exam results in the last five years have shown decreasing level of accuracy and fluency in language skills. Many HEI teachers at professional meetings complain that they have to redesign the course plan and return to basics as there are many fossilised mistakes or lack of vocabulary or grammar patterns to build on language for specific purposes.

A big survey carried out by the State Pedagogical Institute with 300,000 primary and secondary pupils shows that there is a waste of time and resources when it comes to language instruction in particular foreign language. Pupils in some schools do not continue to enhance the level received in the taught language but rather they either start at a lower level in the same language or change the foreign language when they enter higher type of education. Ministry of Education has been given recommendations how to solve this problem.

2.5 Outcomes of academic studies and research

Departments of foreign languages at universities do language audits either specially if the deans want to survey the attained language skills of students or they need to create homogenous groups for the placement purposes.

Some faculties have a vision about language requirements e.g. 1 western 1 Slavonic and 1 of the neighbouring country or specifically linked to the realm of studies.

2.6. Outcomes of TNP3 survey.

3. In regard to non-language graduates, what formal or informal linguistic and intercultural qualifications-languages skills and competences- are sought on the national labour market.

3.1. Communications from heads of personnel departments

In view of the fact that majority of companies surveyed, run their business on a global or European scale, languages are vitally important for the staff in everyday communication. Up to now most of the companies had in-house language training based on regular timetable and standardized teaching materials. Among languages taught were English, German, French and Slovak. Currently the V4 languages were added to these especially basics of Hungarian and Polish.

Very few companies have a specialized language department rather they hire language teachers from universities or language schools. Language corporate policy is very seldom in a form of officially written document, usually it is a part of HR department member's job description to transpose these expectations into recruitment process.

Real foreign language communication is in both written and spoken forms in those fields that operate internationally, such as controlling, sales, finance departments, marketing etc. There is a lot of self study in this area people usually fill in templates or have back copies from H.Q. and they learn new collocations and terminology in this way. It is also not very rare that foreign specialists or executive members come to Slovakia to live and work here creating lots

of opportunities to communicate in FL. International working teams are mushrooming in bigger companies where language skills and competences are indisputable part of qualification profile.

Broken down to languages, naturally, English is given first priority, then comes German. The linguistic demands beyond these two languages clearly depend on entertained trade relations of respective company. Demands for French are on a reduced scale in cooperation with EU institutions and current or former French territories. Since communication in FL is more mentally demanding than communication in mother tongues, it is very often, that nationals switch to mother tongue any minute the expats are not present. Companies very seldom employ native speakers to cultivate the language communication level. Rather they use H.Q. nationals to proofread documents or they hire expats working on the domestic labour market.

In technical jobs language competences seem to be a new domain, especially presentation skills, intercultural competences and professional socializing. While university graduates can cope with these tasks relatively well, secondary vocational school leavers really struggle. All interviewed executives replied they would welcome an increase in the staff qualified in languages and they emphasised good speaking and writing skills.

Talking about mobility of experts, it must be highlighted that transfer to a foreign branch or foreign premises is usually on part of foreign nationals coming to Slovakia rather than Slovak nationals going abroad.

4. In regard to language graduates (bachelor and master) outside language related industries and professions what formal or informal linguistic and intercultural qualifications- languages/skills and competences are known to enhance career prospects?

Language graduates in the SR very seldom look for different jobs than language related ones. Depending on the programme they had completed they either translate or teach and they are never unemployed. Sometimes they attend a requalification course to obtain a better paid job, especially those who specialized in LWUTL.

5. Validation of learning, assessment, certification – what does the labour market recognise and value?

5.1. Degree exams

Degree exams have high prestige among Slovak employers on condition it is a state final exam embeded in Slovak legislation. General Language state exam has under the law stipulated authorised institution, number of lessons attended, all skills harmonised with C1 of ECFR requirements. Foreign diplomas and certificates have higher prestige in foreign branches or subsidiaries. Knowledge without any certificate is as a rule tested by personal agencies involved in recruitment process for some companies.

5.2 ECTS and diploma supplements

The SR has only recently become the member state of the EU and it has signed the Lisbon and Bologna Agreements which expect diploma supplements to be issued as of 2007. ECTS has been adopted by all HEIs in the SR.

5.3. Special university or inter-university language certificates

UNICERT from Germany will be introduced in the following academic year in several HEIs in Slovakia along with Hungary, the Czech Republic and Poland after approval by the Academic Senates. The project, coordinated by multinational association of CERCLES/CASAJC, has prepared basic pedagogical documents and further steps are linked to an accreditation procedure at the Accreditation Centre for Central and Eastern European Countries based in Bratislava, University of Economics. So far only some faculties, members of CERCLES/CASAJC have prepared detailed course design and applied for accreditation in compliance with UNICERT rules.

5.4. and 5.5 Study and internships abroad

Students participate in both mobility and exchange programs based on rules within SOCRATES and approved by faculties and Senates of the Faculties. The same procedure is applied when there are teachers involved in the mobilities.

Many Slovak students enjoy geographical proximity of Czech and Austrian HEIs and study there. As for Hungarian HEIs, these are chosen by minority family background.

5.6 Recognized international certificates

All known certificates are valued by employers, usually language credits are obligatory in the first four semesters and it depends on faculty whether they recognize certificate as equal to exam requirements or not.

5.7. European Language Portfolio

Within the framework of CERCLES/CASAJC 6 HEIs across Slovakia tested ELP for university students. This version will be validated in Strassburg. Students received test version under the conditions given by CERCLES and each teacher wrote a diary about experiences with the introduction into regular lessons. The easiest parts were Language Biography and Assessment of skills, but due to cultural differences and less dominant independent learning among HEIs students Setting goals and Dossier were more difficult.

5.8. Individual portfolios compiled by graduates

So far the tradition of portfolio was dominant for some technical and artistic faculties and these were related to the main realm, languages do not have any tradition except for translators.

5.9. Results of in-house language tests

Our language centre has been asked by several deans of faculties to prepare an independent audit of the attained level of language skills mainly for bachelors and prospective graduates in close relationship with the EU enlargement process and in close connection to creating Language Policy at faculties and new programme design. Students of 10 th semester usually attend courses to brush up languages and to start new ones depending on their own choice and budget.

6. Communication and co-operation between higher education institution/public authorities and the world of work (private and public employers, the social partners, professional etc.) – aims and structures

6.1. Consultation about current and future needs and qualifications

As some HR managers put it in my interviews, it is believed that university graduates have some competences and mental capability to make themselves understood in professional background. The employers in the field of services, marketing, sales, accounting and production are usually happy with strong intermediate level of language skills and they think competences such as ability to process information in foreign language, selection of most important information from the text etc. may have a quality of a transfer from the mother tongue together with gained experience from some related activities during the studies, ensure success of the graduate. The main expectation is that people communicate with one another if they do not know certain terminological or lexical units they can substitute them with some descriptions and in due time their exposure to the language practice, IQ level and ambitions account for refining the language meeting the demands of the corporate culture.

Other employers in the field of law, research, medical or social services tend to think that this not enough and they miss in graduates` learning outcomes sophisticated use of language subtleties, grammatical accuracy, reading comprehension, writing and stylistic skills, translation and specific skills / mainly presentation and negotiation skills, intercultural skills leading to indepth selection of information, localization of information provided and its professional interpretation. All this can be acquired when graduates spend longer time abroad in some work placement programme rather than students mobility or they have an opportunity to work for a foreign branch of a multinational company based in Slovakia or they can participate in projects with foreign partners.

6.2. Consultation and co-operation regarding HE provision of continuing education

Slovak HEIs do their best to offer programmes in accordance with LLL Memorandum. Unfortunately, there is not always demand on the market. Companies use some members of HEIs pedagogical staff for outsourcing some of their training programmes. Many of them have their own training departments and do not cooperate with HEIs. Nevertheless, there is no systematic framework of continuing education in each specialisation, let alone in FLT.

6.3. Consultation about division of labour

Currently this issue seems not to concern any particular authority.

7. Institutional, regional and national career services

7.1. Types of surveys conducted among HE graduates

All surveys are carried out by faculties or HEIs themselves and the results serve as a feedback and justification or accreditation of new programmes or the adjustments` of old ones.

7.2. Survey responses

As for FL, a significant number of graduates complain that HE programme did not prepare them for market demand, however, they do not put the blame only on the institution but in themselves for not taking extra language courses outside or inside university.

7.3. Career advice

Since there is no institution whose statute would deal with career advice to people who have already acquired the status of labour force acting nationwide, such services do exist for young adolescents in the framework of school psychology centres only, the whole area is in the hands of local, regional and central labour office handling with unemployment issues. This is a typical example of retroactive principle to solving potential and current problems. Pro-active approach, however, is not being sought.

We can expect that employers will adopt e.g. European language portfolio for recruitment procedures quite soon similarly, as they got used to requiring Personal statement and Personal Vision, culturally brand new documents for the shortlisting of applicants for job vacancies.

8. Process recommendations: measures to be taken to bring about improved consultation and co-operation between higher education and the world of work

8.1. and 8.2 Measures to be taken at local/regional/national levels

Slovakia needs to create nationwide labour policy intertwined with educational links and options, embedded responsibilities of both individuals and institutions. Any job vacancy being advertised requires that secondary school leavers applying for a post, must have an excellent command of specified FL, especially English. Needless to say this formulation itself is unattainable and the method of testing is also quite unprofessional. However, certain positions would require language for specific purposes, specific terminology and communication skills that neither secondary grammar nor vocational curricula provide. So you can find many school leavers stuck in unemployment

It is necessary that government takes into account recommendations of Action Plan for FL issued by the European Commission and earmarks subsidies for creating language friendly environment and adopts legally binding FL policy.

One of already taken measures is a new concept of the School Leaving Exam, which requires that every school leaver as of September 2005 should pass an exam in FL. The problem for the work market is, that the compulsory level should be in line with B1 requirements of the European Common Framework of Reference. Optionally, students may take more language lessons to meet the requirements of B2 level.

It stands to reason that students of grammar school would go for optional language classes far more frequently than vocational school students. Needless to say, labour process requires higher level of language for specific purposes competences that students of vocational schools might acquire providing CLIL method of instruction would be implemented. Of course, it

would require longer period of time to get teachers prepared for this task.

8.3 Measures to be taken at European level

Transition period after the Enlargement of the EU should be cut to minimum as there is virtually no free movement of qualified staff. Countries such as the UK, Ireland and the Netherlands opened their labour markets to new member states, however, they offer mostly menial jobs and when they are ready to employ a specialist or a skilled worker they usually offer him much lower pay than to a national due to the competition law.

FL learning and using will improve only when changes from legal option to real offer.

9. Process recommendations: measures to be taken to survey higher education graduates and to provide careers advice in regard to linguistic and intercultural requirements.

9.1 Measures to be taken at institutional level

There is no doubt that HEIs should use foreign languages as a natural way of communication in their websites, promotion materials, etc. It is also very important if the institution has a formal declaration concerning foreign languages provision at institutional level it will be quite general, but at departmental level choice of FL should vary depending on market needs and prediction of new developments in the particular realm.

9.2. Measures to be taken at member state level

Slovak educational system is under reform but with each new government its philosophy is being altered and measures taken are often linked to administration tenure rather than long term vision. Paradoxically some of the reforms propose variety of new subjects unfortunately at the sake of FL provision.

In the past, some regions especially those which were close to the frontiers, citizens used to speak two or three foreign languages. During the communism, however, certain frontiers were those of an enemy and the command of that particular FL was considered as diversion against the state doctrine. Yet, FL were taught to young pupils, starting at the age of 10 with Russian and the second FL either at the age of 12 or 15. There was little emphasis put on intercultural skills, pupils were very seldom exposed to authentic texts or recordings.

Thanks to satellite and cable television, abolished censorship and activities of FL institutes the market is flooded with materials, courses and broadcast. Unfortunately, the vicious circle is obvious, low purchasing power of the inhabitants makes them set different priorities, low FL competences prevent them from fully exploit opportunities. At least state run television should have some programmes devoted to FL learning and broadcast more films either subtitled or at least in DUO regime.

9.3 Measures to be taken at European level

The EU might finance one round the clock channel broadcasting in the EU languages varieties of programmes to please interest of vast majority of TV viewers. Also teachers mobility at all levels of education should be promoted. Naturally not only language teachers should be

encouraged to live and work abroad but many subject teachers as well, giving more opportunities to CLIL.

10. Initial overarching recommendations regarding learning outcomes and academic profiles

10.1 non-language graduates

All non-language graduates, with BA degree should have obligatory courses on FL one of them at B2 level and it should be either English or French or German and focus is on both general and specific language and another language at least at B1 level the choice depending on field of studies and market prognosis either LWUT language or bordering country language. Bottom line is they acquire basics of terminology in their line at B1 and social communication competences at level A2. They should acquire basic intercultural information necessary for work in multinational working groups.

Master level non-language graduates should have language competences in two languages at C1 taking into account that many of them come to HEIs with B2 and B1 levels in these two languages and the third language at A1. They should acquire more precise intercultural information necessary for work in multinational working groups.

Learning languages should be concentrated in first four semesters so that students mobility is encouraged either at bachelor's or master's levels.

10.2. language graduates

Language graduates should have a command of C2 of the language they will have diploma certifying their skills and competences and command of a language from the relative group of languages at level C1 and any third language at level B1. Learning further two languages should be concentrated in first four semesters so that students mobility is encouraged. Apart from that mobility should be compulsory for them in the target language. They should acquire detailed intercultural information necessary for work in multinational working groups.

11. Initial recommendations regarding validation of learning, assessment and certification of linguistic and intercultural skills and competences

11.1 Measures to be taken at institutional level

Course design and assessment of the results should be harmonised with CEFR description of skills, competences at specific levels. HEIs should adopt rules of official certification, in the SR it seems to be UNICERT taken over from German HEIs.

11.2 Measures to be taken by employers

Graduates applying for a vacancy should demonstrate their language skills and competences by presenting ELP and personal statement in a foreign language. Using FL in everyday communication and communication with outside entities should belong to corporate culture.

11.3 Measures to be taken at Member state level

Centre for the validization of documents should cooperate very closely with employer's professional chambers and update them on changes in existing certificates.

11.4 Measures to be taken at European level

All publishers of learning and teaching materials should create and note visibly attained level before and after learning from each material.

12. Needs for future projects, studies and research

12.1 Projects to be undertaken

There is a need to ensure blended learning in order to intensify the learning process. It would be desirable to devote a lot of energy in projects committed to creating new material based on this principle. Learning style should be taken into account and the same materials should have several modalities.

12.2 Studies to be undertaken

Some implemented measures should have increased the status quo in FL. But did the estimates come true? Some studies at state and European levels should be carried out.

12.3 Research to be undertaken

Exposure to FL environment does not bring only positive results. Apart from interference with the mother tongue or equal levels in FLs it might have other negative aspects worth researching.

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