

WORLD TRADE ORGANIZATION

RESTRICTED

WT/BOP/G/9

2 September 1999

(99-3634)

Committee on Balance-of-Payments Restrictions

Original: English

1999 CONSULTATIONS WITH THE SLOVAK REPUBLIC UNDER ARTICLE XII:4(A) OF GATT 1994 AND THE RELATED UNDERSTANDING

Basic Document Supplied by the Slovak Republic

I. INTRODUCTION

1. The Government of the Slovak Republic at its session of 31 May 1999 adopted "Strategy for Accelerating Reforms – Program for Recovery". The Program for Recovery contains measures aimed at macroeconomic stabilization of short-term and medium-term character, measures in the area of direct taxes, measures governing regulated prices and measures in the area of recovery, restructuring and privatization of the corporate sector and banks. A part of this programme is also the introduction of import surcharge.

2. The Decision to introduce the import surcharge was adopted by the Government of the Slovak Republic in compliance with Article XII, paragraph 4(a) of GATT 1994 and the Understanding on Balance-of-Payments Provisions of GATT 1994. An import surcharge of 7% was introduced as from 1 June 1999 for a temporary period of time due to the deficit of the balance-of-payments and in order to stabilize the decreasing level of foreign exchange reserves.

3. The import surcharge was introduced by the Decree of the Ministry of Finance of the Slovak Republic No. 118/1999 Coll. of 28 May 1999, which came into effect as from 1 June 1999. This Decree was amended by Decree of the Ministry of Finance of the Slovak Republic No. 126/1999 Coll. of 10 June 1999, which changes and supplements the Decree No. 118/1999 Coll.

4. The import surcharge is applied in a non-discriminatory and transparent manner on all imports from all countries and its product coverage represents approximately 70% of the total imports of the Slovak Republic. Only imports of some agricultural commodities, basic raw materials and supplies for the health sector are exceptions to this measure. Goods that are not subject to the import surcharge are listed in the Annex to the Decrees mentioned in paragraph 3 above.

5. The import surcharge is calculated on the basis of the customs value of goods in accordance to provisions of the Act No. 180/1996 Coll. – Customs Act.

6. The Slovak Republic notified the introduction of the import surcharge to the WTO Members through WTO document WT/BOP/N/46 of 17 June 1999. In this document the Slovak Republic notified that the import surcharge was introduced as a short-term measure of a corrective nature within adopted macroeconomic measures, with the emphasis on measures of restrictive fiscal policy and a commitment to gradually decrease import surcharge according to the schedule, which is included in the conclusion of this document.

II. MACROECONOMIC DEVELOPMENT AND THE DEVELOPMENT OF BALANCE-OF-PAYMENTS

7. Economic development of the Slovak Republic in 1998 was influenced by several negative tendencies which have led to the deepening of both internal and external imbalance. Year-on-year pace of the economic growth has slowed down to 4.4% as compared to 6% growth in 1995-1997. This slowdown particularly affected the GDP, which recorded in the fourth quarter growth of only 0.5%.

8. In the first quarter of 1999, slower economic growth continued. According to preliminary estimates, the year-on-year growth of GDP in fixed prices was 1.8% (in current prices 7.2%). The rate of growth was slower by 4.4 points as compared to the same period of the previous year.

9. Average year-on-year inflation rate measured by the increase in consumer prices reached 6.7%. Average monthly increase of consumer prices dropped from 0.53% in 1997 to 0.45%. The year-on-year inflation rate reached its highest point in May (7.6%) and its lowest one in December, when it dropped to 5.6%. In January 1999, the month-to-month growth of inflation was 3%. This was the highest increase during the last six years. In the following months, the month-to-month growth of inflation rate has slowed down. The year-on-year inflation rate in March 1999 has reached 7% and, compared with March 1998, it was lower by 0.2%.

10. The decreasing trend in the area of employment continued also in the year 1998 when the average number of employees in the Slovak economy decreased by 0.4%. Decline was mainly caused by the decrease in the number of employees in agriculture and industry. The unemployment rate increased to 15.6% by the end of the year, i.e. by 3.1 percentage points compared with the same period of the previous year. In 1998 the average unemployment rate was 13.7%.

11. In the first quarter of 1999, the unemployment rate reached 15.3% and, compared with the same period of the previous year, it increased by 2.7 points. The number of unemployed increased year-on-year by 70 thousand persons to 389,6 thousand persons.

12. Since 1993, the fiscal deficit, both in absolute figures as well as in its growth of dynamics, has achieved the highest values. In 1995, the Slovak Republic recorded a fiscal surplus amounting to 0.5% of GDP. Since 1996, the situation has been deteriorating as a result of expansive fiscal policy of the Government of the Slovak Republic, which has also caused a deficit on the current account of the balance-of-payments, which has been influenced by aggregate demand.

13. Despite the increase of the external debt of the Slovak economy, as expressed in the doubling of the net external debt by its growth by US\$2.3 billion, for the first time capital and financial accounts could not fully cover the current account deficit and it was accompanied by a decrease in foreign exchange reserves of the National Bank of Slovakia (hereinafter NBS). At the end of the year 1998, foreign exchange reserves covered only 2.3 months of imports of goods and services into the Slovak Republic. Inflow of foreign capital was not sufficient with regard to the high current account deficit. Besides the impact of internal factors, the inflow of foreign capital was significantly influenced also by external factors, mainly by the Russian financial crisis. The NBS, in its effort to stabilize the exchange rate of the Slovak crown, suspended crown liquidity supply that consequently caused increasing interest rates. Due to high domestic interest rates, evoked by the development in the fiscal and exchange rate areas, enterprises focused on foreign markets.

14. High deficit of the foreign trade balance in 1998 was influenced by continuing unsuitable export structure where the increase of its year-on-year dynamics was eliminated by the growth of imports. Among other influences, slow down or decline of economic growth respectively in the

largest trading partner countries of the Slovak Republic, which limited opportunities for the Slovak production on foreign markets, should also be recognized.

15. As a result of these facts there have been even stronger devaluation expectations of domestic entities, that culminated before the parliamentary elections in September 1998. These expectations led to conversion of assets in SKK into foreign exchange assets, purchase of goods of long-term consumption, early payments for imports and deferring realization of incomes from exports. Devaluation expectations continued also after the elections, despite efforts of the NBS to support the existing regime of a fixed exchange rate by using its official reserves through its interventions of nearly US\$1 billion on the monetary and foreign exchange market. On 1 October 1998, the Board of the NBS decided to abolish the fixed nominal exchange rate regime based on a two-component currency basket with the application of a fluctuation band and to replace it with a floating exchange rate regime. The NBS also announced that the exchange rate of the Slovak koruna would be determined by supply and demand on the inter-bank foreign exchange market with the focus of its interventions being only on mitigation of exchange rate volatility.

16. The Slovak Republic has a substantially open economy. Tariffs are low and the average customs rate in 1998 represented 1.03%. Slovakia maintains the General System of Preferences (GSP) within which it provides duty-free market access for all imports from the least-developed countries. Under the GSP scheme Slovakia provides preferential access for selected developing countries.

A. CURRENT ACCOUNT OF THE BALANCE-OF-PAYMENTS

17. One of the key and reoccurring problems of the Slovak economy in the year 1998 was the deficit of the current account of balance-of-payments, the amount of which continued to be around 10% of GDP for the third consequent year. Current account deficit reached SKK72.7 billion (US\$2 063,1 million), i.e. 10.1% of GDP with a year-on-year increase of SKK8.6 billion.

18. The negative balance of foreign trade, which has been a permanent phenomenon negatively affecting the balance-of-payments since 1996, had an increasing tendency during recent years and it caused a year-by-year increase of external imbalance expressed by the current account deficit. This situation was a result of several factors, *inter alia*, persistent unsatisfactory structure of the economy, high energy intensity of production, slower restructuring of the industry, etc., having influence on effective involvement into external economic relations.

19. In 1998, according to the preliminary data of the Statistical Office of the Slovak Republic the foreign trade turnover of the Slovak Republic represented SKK832.6 billion (US\$23.5 billion). Total imports of the Slovak Republic represented SKK456.7 billion (US\$12.9 billion). The year-on-year growth of imports was 16.4%. The growth and the dynamics of imports were motivated by the dynamic of demand for investments, for material inputs into production, as well as for consumer goods. Increase of imports was significantly influenced also by the growing number of entities with foreign participation, because their investment, distribution and trading activity was connected with increased imports of capital investment goods, components as well as final consumer products. However, prospectively the foreign capital participation will enhance the export performance of the Slovak economy.

20. In 1998, according to the commodity structure, the main items of Slovak imports continued to be machinery and its parts, motor vehicles, fuels and electronic equipment. With the exception of fuels, these groups participated to a large extent also in the year-on-year growth of imports (64.3%). Increased import of consumer goods, which was shown in imports of electronics, furniture, clothing, books, toys, sport equipment, etc., was influenced also by the gradual decrease of the import surcharge which has been abolished as from 1 October 1998. The growth of imports of consumer

goods was affected also by increased purchases realized in September in connection with devaluation expectations which were shown also in complementing of stocks in the following months.

21. The total exports of the Slovak Republic was SKK375.9 billion (US\$10.6 billion) in 1998, with a year-on-year increase of 16.0%. Exports continued to be oriented towards markets of the European Union. The Slovak exports into the EU countries increased by 37.6% compared to 1997, and reached SKK209.9 billion (i.e. approximately 56%).

22. The most significant change in the structure of Slovak export was a growth in the group of motor vehicles. In 1998, the Slovak Republic exported motor vehicles to a value of SKK70.9 billion, which represented a 100% increase compared to 1997. An even more significant change was in the sub-group of motor vehicles for transportation of passengers, where export increased from SKK16.3 billion in 1997 to SKK53.1 billion in 1998.

23. Despite the lack of inflow of FDI into Slovakia, the effect of foreign investments is recognizable with regard to their export promotion potential, because during the recent period there has been a dynamic increase in exports mainly of those productions, which are connected with foreign investments. Besides passenger cars, these were mainly electric equipment, instruments and appliances, office equipment and equipment for data processing, telecommunication equipment, sound recording and reproduction equipment. The key problem of the Slovak economy in 1998 was the gradual weakening in dynamics of export of steel and other iron and non-iron metals caused mainly by the recession on the world market.

24. In the period from January to May 1999, imports into the Slovak Republic represented SKK186.5 billion (US\$4 635.6 billion) and exports from the Slovak Republic represented SKK159.6 billion (US\$3 965.0 billion). Compared to the same period of the previous year, there was an increase in imports of 4.1% and also in exports of 9.2%. Negative balance of the trade balance for this period represented SKK26.9 billion (US\$670.6 million). This development has been influenced mainly by the decrease of imports of raw materials. The structure of Slovak exports trends for the year 1998 has been confirmed, since positive impact of FDI continued. The main commodity contributing to the growth of exports continued to be motor vehicles. On the other hand, exports of iron, steel and chemical products have decreased.

25. In recent years, trade in services also contributed to an increasing imbalance on the current account of the balance-of-payments, mainly due to another decrease of SKK1.8 billion (from SKK2.5 billion in 1997 to SKK0.7 billion in 1998) in the total balance in 1998. Transportation and tourism had a positive effect on the balance of services, but their joint contribution into the foreign exchange income of the Slovak Republic decreased, on a year-on-year basis, by more than SKK5.0 billion. It should also be recognized that, among the continuing problems in the development of the current account for the past years, has been the decreasing balance in the tourism services caused by the decline of its foreign exchange income.

26. Expansive external borrowings has generated gradual growth in the debt service, which is shown by the gradual yearly increase of deficit of the revenue balance (SKK5.5 billion). As a result of increasing indebtedness in 1998, there has been a further increase in interest payments for foreign loans of entities and banks, which were partially compensated by received interest payments from the NBS reserves and deposits of commercial banks from abroad.

B. CAPITAL AND FINANCIAL ACCOUNT

27. In addition to the issue of the amount of current account deficit in 1998, there is also the critical question of its financing. As opposed to previous years, during which the capital and financial account exceeded the current account deficit, inflow of foreign investment in 1998 was not sufficient

to fully cover the current account deficit and needed to be combined with the decrease in foreign exchange reserves of the Central Bank.

28. Capital and financial accounts closed with a surplus of SKK63.8 billion (US\$1.8 billion). Net inflow of long-term capital increased year-on-year by SKK30.4 billion and its amount was sufficient to cover 98% of the current account deficit. An increasing coverage of the current account deficit by the balance of FDI (from 4.4% in 1997 to 21% in 1998) can be considered as a positive trend.

29. The other long-term capital remained to be the most important source of external financing also in 1998. However, there were changes in its structure. While, during previous years, there was a visible trend of transition from official loans to corporate loans, in 1998 the drawing of official loans represented SKK37.5 billion and has exceeded the level of drawing of financial loans of the corporate sector amounting to SKK35.8 billion. Lowering of the rating of the Slovak Republic, as well as economic and political problems made the access of Slovak companies to foreign exchange sources abroad more difficult. Difficulties in getting new corporate loans were shown mainly in the last quarter of 1998 when increase of financial loans represented only SKK6.9 billion which was a decline by 44% in year-on-year comparison.

30. High yearly drawings of long-term financial loans in the last period affect now the exchange risk resulting not only from the changes in US\$ and DEM, but also from changes of SKK towards foreign currencies. This causes a significant increase in the cost of loans servicing. The Slovak economy is capital demanding. Moreover, there is a time inconsistency between the maturity of loans and the capitalization of projects. This creates problems with repayment of received loans, which had started to be seen already in 1998.

31. In 1998, there was an increased inflow of capital into the Slovak economy in the form of FDI, amounting to SKK19.9 billion. The inflow was a result of increased FDI in the form of ownership participation in the corporate sector, in banks and branches of foreign banks operating on the territory of the Slovak Republic by SKK13.6 billion, and of other capital (balance of commercial and financial loans related to companies with foreign participation) by SKK6.3 billion.

32. A more complicated situation occurred in September 1998 when the development of macroeconomic indicators, influenced also by the upcoming parliamentary elections and the growing current account deficit, led to the shortage of short-term capital. Increasing signals on problems to keep the exchange rate in the set fluctuation band have strengthened the turbulence on the foreign exchange market.

33. Inflow of resources on the capital and financial accounts did not cover the current account deficit. This has led to a decrease of foreign exchange reserves of the NBS. The total balance-of-payments closed in 1998 with a deficit (for the first time in the history of the Slovak Republic), when the foreign exchange reserves of the Central Bank, after excluding foreign exchange differences, dropped by SKK19.5 billion (US\$549.9 million).

C. DEVELOPMENT OF FOREIGN EXCHANGE RESERVES

34. Foreign exchange reserves of the NBS at the end of the year reached US\$2,923.3 million. Compared to the end of December 1997 there was a decrease of US\$361.6 million. During 1998, the total foreign exchange reserves of the NBS were influenced by several factors. The main decisive factors, positively influencing the area of revenues, were government loans from foreign financial institutions. In the expenditure part it was the negative balance of the foreign exchange fixing of the NBS and repayments of the debt service of the Slovak Government and the NBS. Development in foreign exchange reserves of the NBS was partially influenced also by the development of exchange rates of convertible currencies on the world financial markets. Negative balance of revenues and

expenditures (US\$547.6 million) was partially compensated by positive exchange rate differences (US\$186.0 million) which reflected the development of DEM against the US\$ on the world financial markets.

35. Foreign exchange reserves of the NBS at the end of 1998 provided coverage only for 2.3 months of imports of goods and services of the Slovak Republic, which represented a decrease of nearly one month compared to the previous year. This significant decrease was caused by the decrease in the level of foreign exchange reserves during 1998 as well as by the increase in average monthly imports of goods and services (in US\$ equivalent to 23.2%) compared to the previous year.

36. From the beginning of 1999, the level of foreign exchange reserves of the NBS had a decreasing trend. The status of foreign exchange reserves of the NBS as at the end of April 1999 represented US\$2,731.7 million and corresponded to a coverage of 2.7 months of imports of goods and services.

D. EXTERNAL DEBT AND EXTERNAL DEBT SERVICE

37. As of 31 December 1998, the Slovak Republic reported a total gross external debt amounting to US\$11.9 billion. The official debt of the Slovak Government and the NBS amounted to US\$2.4 billion as of the end of December 1998. Debt of the commercial sector, i.e. commercial banks and business entities as of the same date amounted to US\$9.4 billion. The debt of municipalities represented US\$56.0 million and external debt of governmental agencies (drawing of a loan for the State Road Fund) as of the last day of the year 1998 achieved US\$47.0 million.

38. In the structure of total gross external debt of the Slovak Republic the total gross medium- and long-term foreign liabilities amounted to US\$7.3 billion. Total short-term debt amounted to US\$4.6 billion as of the end of December 1998. The share of total gross external debt per capita reached US\$2,209. The share of external debt per capita increased in 1998 by US\$342 and since 1 January 1993 by US\$1,647, which represented an increase of 393%. The share of total short-term debt on the total gross external debt represented 38.69%.

39. In 1998, within the external debt service of the State, an amount of US\$489 million was paid to the foreign creditors through the NBS. From this amount, the principal payments represented US\$383.5 million and interest payments (coupons) represented US\$105.5 million.

40. Total external debt increased by US\$2 billion as of the end of 1998 compared to the end of 1997. When reporting the overall gross external debt during 1998 the most significant increase was in October, when the total gross external debt of the Slovak Republic achieved a level of US\$12.2 billion. The total increase of external debt in the last year was influenced also by drawing a government loan (issuing of bonds) to the amount of US\$1.0 billion during the year.

41. At the end of 1998, there had been reported a significant increase of the commercial sector debt compared to 1997, i.e. external debt of business entities and commercial banks which represented in absolute figures US\$1.4 billion.

42. Net external debt as of 31 December 1998 achieved US\$4.2 billion. At the beginning of 1998, the value of net external debt was US\$1.9 billion. This means that during the year, there was an increase of US\$2.3 billion, while the highest increase in net external debt was recorded in the corporate sector (US\$1.4 billion). Total short-term gross external debt of the Slovak Republic as of the end of 1997 was reported in an amount of US\$4.294 billion. As of the end of 1998, it was US\$4.6 billion, which represents an absolute year-on-year increase of US\$311 million.

43. As of the end of March 1999 the total gross external debt of the Slovak Republic achieved US\$9.653 billion. The share of external debt per capita of the Slovak Republic was US\$1.821. Medium-and long-term gross external debt reached US\$7.175 billion. Short-term gross external debt amounted to US\$2.478 billion.

E. STATE BUDGET

44. During the last three years fiscal policy has been expansive. In 1998, the consolidated deficit achieved 5.5% of GDP. The Government of the Slovak Republic adopted a very ambitious programme aimed at keeping the fiscal deficit on a level of 2% of GDP. This, however, will not be possible without further additional measures to keep the deficit on the level adopted by the Government of the Slovak Republic for 1999.

45. Act No. 375/1997 Coll. on State Budget for the year 1998 assumed a deficit of the state budget amounting to SKK5.0 billion with budgetary revenues being SKK179.8 billion and budgetary expenditures SKK184.8 billion, and it was permitted to exceed this level by the amount from sales of issued state bonds to cover expenditures related to housing construction and with compensation for buying up land for construction of highways in a total volume of SKK3.0 billion.

46. As a result of not fulfilling budgetary revenues in December 1998, Act No. 376/1998 Coll. was adopted with the aim of decreasing planned revenues to the level of SKK168.6 billion and of increasing the deficit to SKK16.2 billion, while maintaining the possibility to exceed it by the above-mentioned amount of SKK3.0 billion.

47. As of the end of the year 1998, real revenues achieved SKK177.8 billion, real expenditures achieved SKK197.0 billion, and the state budget deficit amounted to SKK19.2 billion. However, both revenue and expenditure parts have to be corrected by grants and transfers used as supplementary sources for budgeted objectives, especially through the chapter of the Ministry of Transportation, Post and Telecom for construction and repairs of highways. The total amount of grants and transfers reached SKK11.8 billion. This is a neutral budget operation, which does not affect the level of the state budget deficit.

48. After excluding grants and transfers, the real revenues achieved SKK166.0 billion (98.5% of adjusted budget) representing a shortage of SKK2.6 billion. Lower collection of taxes compared to the budgeted one was reported mainly in taxes of legal entities (SKK24.6 billion compared to the budget of SKK27.7 billion) and in VAT (SKK55.3 billion compared to SKK56.5 billion).

49. The total volume of realized expenditures (without grants and transfers) achieved SKK185.2 billion representing 100.2% compared to the budgeted ones.

50. With regard to the adverse situation in the revenue part of the state budget, the volume of which was not sufficient to cover expenditures, during the whole year there was a so-called harmonization process of expenditures with generation of revenues by their regulation. However, this regulation did not apply to almost 50% of expenditures. These were allowances resulting from law, liabilities of the state towards health insurance companies, social insurance and some other items.

51. As at the end of June 1999, the state budget closed with a surplus of SKK7.1 billion, which was higher by SKK3.2 billion compared to the previous year. Revenues reached SKK85.1 billion and expenditures reached SKK92.2 billion. The volume of revenues was lower by SKK1.3 billion (0.1%) while volume of expenditures was higher by SKK1.9 billion (0.2%) compared to the same period in 1998.

F. MONETARY DEVELOPMENT

52. Monetary development in 1998 took place in an environment which can be characterized as a continuation of negative trends from the previous two years, mainly in the area of high deficit of the current account of the balance-of-payments, fiscal expansion and slower growth of real GDP. Inflation rate development can be considered as a favorable one, where the slower year-on-year dynamic was affected by halted increases in regulated prices, favorable development in the food prices and deepening of the foreign trade imbalance, which eliminated impact of the domestic demand growth to the price level.

53. Monetary policy of the NBS was affected by external factors in the form of inflow of foreign resources from government loans, crisis on financial markets, devaluation expectations of the public population, high deficit in the fiscal area and a significant volume of installments of Government debt service which caused a high volatility of interest rates. After a significant decrease of foreign exchange reserves the Board of the NBS decided to cancel the fixed exchange rate regime. Performance of the monetary policy of the NBS and its direction remained unchanged after introduction of the floating exchange rate of the Slovak koruna with partial modification of monetary instruments.

54. Development of the exchange rate of the Slovak koruna varied during 1998. While, until the end of July, it fluctuated in a relatively narrow interval within the depreciation part of the fluctuation band, in August its development started to show negative tendencies. As a result of continuous deepening of internal and external macroeconomic imbalance the assessment of the Slovak Republic by international rating agencies started to deteriorate. The Russian financial crisis which occurred during August caused loss of confidence of foreign investors in developing markets and consequently caused a lowering of their activity in those regions. Outflow of large volume of capital resulted in a decrease of stock indices of local capital markets and exchange rates of national currencies.

55. In September 1998 (preparation for parliamentary elections), devaluation expectations of the public increased. Excessive demand for foreign currency resulted in devaluation of the exchange rate of the Slovak koruna up to the limit of the set fluctuation band. During August and September the NBS intervened in order to stabilize the currency and for this purpose it spent US\$1.0 billion. For the purpose of maintaining the level of achieved convertibility of the Slovak currency, the Board of the NBS decided on 1 October 1998 to cancel the regime of a fixed nominal exchange rate within the fluctuation band and to replace it by a floating exchange rate. During the following days the exchange rate depreciated to the level of 17% compared to the previous parity. However, this was followed by the correction and at the end of the year it achieved a level of SKK22.081 for one DEM, which corresponded to its year-on-year devaluation by 13.83%. As a reference currency against which the development of exchange rate is monitored and set DEM has been chosen and as from the 1 January 1999 it is EUR.

56. Until July 1998 inter-bank interest rates had been developing according to efforts of the NBS to lower actual rates and they had also been influenced by inflow of resources from external borrowings of the Government. In August, their level started to show outflow of the Slovak koruna liquidity caused by realization of devaluation expectations of domestic entities. Levels of interest rates peaked in October, when the shortage of resources due to buy transactions on the foreign exchange fixing of the NBS resulted in the failure to meet the established minimum obligatory reserves and the average monthly interest rates on deposits for all lengths of maturity ranged from 23.4% to 29.4%. The active refinancing policy of the Central Bank, conducted in the last quarter, had a positive effect on the development of interest rates. Average interest rates in December stabilized within the range of 14.5% to 18.9%.

57. Development of currency aggregates was in compliance with the monetary programme of the NBS which needed to be modified after the introduction of floating. Influenced by development on the foreign exchange market as of the end of September 1998, there was a change in trend of monetary aggregates. This was shown mainly by the decline of net foreign assets. In absolute figures, the year-on-year decrease of net foreign assets in fixed exchange rate was SKK29.1 billion as at the end of December, which represented a decline of 41.7% in relative terms. This decline was evoked mainly by the decrease in foreign exchange reserves of the NBS as a result of buying up of foreign exchange by commercial banks based on the foreign exchange fixing of the NBS.

III. CONCLUSION

58. A basic precondition for addressing and stabilizing the pre-crisis state of the Slovak economy and accumulated neglected problems from recent years is a substantial decrease of the public finance deficit. Therefore, the Government of the Slovak Republic, on 27 January 1999, adopted a "Project of realization of intentions for resolving the macroeconomic imbalance and competitiveness of the Slovak economy".

59. A "package of economic measures" from January 1999 assumes a fiscal deficit of the general government at a level of 2% of GDP representing SKK16 billion for an expected 3% growth of GDP this year.

60. However, in view of the development in the first months of this year, it can be estimated that the real public finance deficit could reach as much as SKK40 billion. This was pointed out by both domestic and foreign institutions (e.g. International Monetary Fund and the NBS). The basic reason for this adverse development has been mainly an inherited situation of the economy and the following decline in GDP growth, in industrial and construction production, which resulted in lower collection of taxes. Furthermore, other problems could be enumerated as costly public administration, non-reformed system of financing health and education sectors, unexpectedly high government guarantees, which are due this year, etc.

61. If this development is confirmed this would mean an uncoverable deficit and a real threat of a spontaneous and uncontrolled establishment of balance in the economy, which, in other words, would mean a substantial fall in the Slovak koruna's value and subsequent devaluation of savings.

62. At its extraordinary session of 31 May 1999, the Government of the Slovak Republic adopted the "Program for Recovery", which contains measures aimed both at decreasing the public finance deficit, as well as measures for revitalization of the economy.

Proposal of savings in the public budget expenditures include mainly reduction of public administration, savings in social sphere (lowering and shortening of unemployment benefits and lowering of the basis for social allowances), savings in the area of public administration, and others.

Measures to mobilize public budget revenues include:

1. Modification in the level of the inferior rate of VAT from 6% to 10% as from 1 July 1999
 - net revenues should reach approx. 2.9 billion Slovak koruna this year
2. Modification in the level of hydrocarbon fuels tax (SKK 2000/ ton) as from 1 July 1999
 - additional revenue should reach 0.4 billion Slovak koruna this year
3. Introduction of tax on vehicles as from 1 September 1999
4. Modification in administrative fees as from 1 August 1999, expected additional revenue for 1999 amounting to approx. 0.5 billion Slovak koruna

5. Introduction of road tax for owners of motor vehicles – natural persons, with effect as from 1 January 2000
6. Modification in the level of excise duties for tobacco and tobacco products as from 1 July 1999
 - additional revenue this year should amount to SKK0.4 billion

Measures in the area of direct taxes:

- major decrease of the income tax for legal entities as from 1 January 2000, further gradual reduction to a final rate of approximately 25% in 2005
- partial valorization of income tax limits of natural persons as from 1 January 2000, decrease in the tax burden on citizens and partial compensation of increased costs of living for the socially weakest groups of population
- introduction of a lump sum tax (a license) for craftsmen as from 1 January 2000, simplifying an obligation to maintain book-keeping
- introduction of tax on natural monopolies
- more comprehensive changes in the taxation system as from 1 January 2001

Adjustment of regulated prices from 1 July 1999:

The principal reason for these adjustments is mainly correction of distorted prices.

- Electricity for households by 35%
- Electricity for businesses by 5%
- Natural gas for households by 50% (as from 1 January 2000 further increase by 30%)
- Heating by 40%
- Rent by 70% (as from 1 October 1999)
- Telecom charges by 21%
- Railway charges (only for entrepreneurs) by 15%

Measures for revitalization, restructuring and privatization of the business sector and banking sector include:

- A set of measures to decrease the risk of corruption and clientelism, including the Declaration of the Program for Fight Against Corruption
- Principal measures to decrease costs in the so-called strategic companies
- Creation of a regulatory framework for natural monopolies
- Immediate launching of restructuring and privatization of Všeobecná úverová banka, a.s. (VUB), Slovenská sporiteľňa, a.s. (SLSP), Investičná a rozvojová banka, a.s., (IRB) and Banka Slovakia, a.s.
- Completing the process of inspection of privatization
- Giving priority to the preparation of a set of legislative and institutional changes in the legal framework for the bankruptcy system, mortgage law and banking.

63. As a part of the "Economic package from May", an import surcharge also has been introduced as a temporary instrument which should have a positive effect on the status of foreign exchange reserves and deficit on the current account of the balance-of-payments. The Government of the Slovak Republic was seeking such an instrument which will be most acceptable by trading partners of the Slovak Republic.

64. The Government of the Slovak Republic adopted the following timetable for phasing out the import surcharge:

from 1 June 1999 to 31 December 1999	7%
from 1 January 2000 to 30 June 2000	5%
from 1 July 2000 to 31 December 2000	3%
by 1 January 2001	abolishment of import surcharge

Taking into account the situation in the balance-of-payments, the Government of the Slovak Republic shall review application of this measure after one year.

65. The Government of the Slovak Republic believes that this measure, together with the other measures which were already adopted and those which are being progressively adopted with the aim of recovering the economy, will represent a sufficiently effective instrument for a more positive development of trade balance, followed by balance-of-payments and an increase of foreign exchange reserves of the NBS.

65. The Government of the Slovak Republic is convinced that the import surcharge was adopted in accordance with Article XII GATT 1994 and with the Understanding on Balance-of-Payments Provisions of GATT 1994 due to continuing balance-of-payments difficulties and to the situation in the area of foreign exchange reserve, and that the import surcharge is a necessary temporary instrument to resolve, together with a number of other measures adopted, the current situation.

The basic macroeconomic indicators of the SR in the years 1993 - 1998 and actual figures of the year 1999

		1993		1994	1995		1996	1997	1998	1999 actual figures
1	GDP ^{1/}	-3,7 %		4,9 %	6,8 %		6,6 %	6,5 %	4,4 %	1,8 % Q1
2	Share of private sector on GDP	37,3 %		53,3 %	62,6 %		76,8 %	82,6 %	82,4 %	84,8 % Q1
3	Unemployment	14,4 %		14,8 %	13,1 %		12,8 %	12,5 %	15,6 %	16,5 % May
4	Balance of foreign trade	- 874,3 mil. US\$		80 mil. US\$	- 191,5 mil. US\$		- 2 292,5 mil. US\$	- 1 471,8 mil. US\$	- 2 292,5 mil. US\$	- 670,6 mil. US\$ May
5	Current account	-601 mil. US\$		665 mil. US\$	391,4 mil. US\$		- 1 940,8 mil. US\$	- 1 346,5 mil. US\$	- 2 059,2 mil. US\$	- 390,7 mil. US\$ April
6	Overall balance	54,9 mil. US\$		1 290 mil. US\$	1 579 mil. US\$		237,1 mil. US\$	53,7 mil. US\$	- 549,9 mil. US\$	- 21,5 mil. US\$ April
7	Total foreign exchange reserves	449,6 mil. US\$		1 745,0 mil. US\$	3 418,4 mil. US\$		3 473,3 mil. US\$	3 284,9 mil. US\$	2 923,3 mil. US\$	2 514,7 mil. US\$ May
8	Covering of imports by reserves (in months)	0,7		2,6	4,0		3,2	3,2	2,3	2,4
9	Gross foreign debt	3,7 mld. US\$		4,3 mld. US\$	5,8 mld. US\$		7,8 mld. US\$	9,9 mld. US\$	11,8 mld. US\$	9,6 mld. US\$ April
10	Exchange rate SKK/USD	33,2		31,3	29,6		31,8	34,8	36,9	43,6 May
11	Annual inflation rate ^{2/}	25,1 %		11,7 %	7,2 %		5,3 %	6,4 %	5,6 %	6,7 % May
12	Money supply M2 (fixed exchange rate)	16,7 %		18,4 %	21,1 %		16,5 %	10,9 %	2,7 %	1,9 % 1.1.99-31.5.99
13	Discount rate	9,5 %	12 % since 20.12.93	12 %	11 % since 17.3.95	9,75 % since 6.10.95	8,8 % since 13.1.96	8,8 %	8,8 %	8,8 %
14	State budget balance	-23,0 mld. Sk		-22,9 mld. Sk	- 8,3 mld. Sk		-25,6 mld. Sk	- 36,9 mld. Sk	- 19,2 mld. Sk	- 8,7 mld. Sk May
15	Rating Standard and Poors	x		BB- since February 1994	BB+ since April 1995		BBB- since April 1996	BBB-	BB+ since September 1998	BB+ since June 1999
16	Rating Moody's Investors Service	x		x	Baa 3 since May 1995		Baa 3	Baa 3	Ba1 since April 1998	Ba1
17	IBCA	x		x	x		BBB- since August 1996	BBB-	BB+ since December 1998	BB+

^{1/} Same period of previous year = 100 (change)

^{2/} Index of the same period of previous year = 100 (change)

Foreign Relations Department, the NBS

	Official reserves of the NBS in mil. US\$	Reserves of commercial banks 1) in mil. US\$	Total
01-Jan-93	409.2Sk	490.7Sk	899.9Sk
Jan-93	197.2Sk	480.5Sk	677.7Sk
Feb-93	176.2Sk	550.0Sk	726.2Sk
Mar-93	184.1Sk	660.2Sk	844.3Sk
Apr-93	175.0Sk	615.6Sk	790.6Sk
May-93	256.0Sk	656.1Sk	912.1Sk
Jun-93	242.9Sk	619.4Sk	862.3Sk
Jul-93	336.0Sk	719.4Sk	1,055.4Sk
Aug-93	385.8Sk	672.6Sk	1,058.4Sk
Sep-93	566.6Sk	750.0Sk	1,316.6Sk
Oct-93	537.7Sk	791.9Sk	1,329.6Sk
Nov-93	507.6Sk	818.7Sk	1,326.3Sk
Dec-93	449.5Sk	952.7Sk	1,402.2Sk
Jan-94	400.9Sk	933.3Sk	1,334.2Sk
Feb-94	382.0Sk	1,010.0Sk	1,392.0Sk
Mar-94	474.5Sk	1,015.7Sk	1,490.2Sk
Apr-94	534.1Sk	1,061.3Sk	1,595.4Sk
May-94	611.2Sk	1,085.1Sk	1,696.3Sk
Jun-94	689.2Sk	1,162.1Sk	1,851.3Sk
Jul-94	1,125.0Sk	1,159.4Sk	2,284.4Sk
Aug-94	1,295.7Sk	1,111.2Sk	2,406.9Sk
Sep-94	1,464.1Sk	1,242.4Sk	2,706.5Sk
Oct-94	1,565.1Sk	1,368.3Sk	2,933.4Sk
Nov-94	1,598.3Sk	1,329.9Sk	2,928.2Sk
Dec-94	1,745.0Sk	1,348.0Sk	3,093.0Sk
Jan-95	1,740.5Sk	1,418.9Sk	3,159.4Sk
Feb-95	1,813.2Sk	1,511.1Sk	3,324.3Sk
Mar-95	1,968.9Sk	1,600.8Sk	3,569.7Sk
Apr-95	2,021.6Sk	1,593.1Sk	3,614.7Sk
May-95	2,185.9Sk	1,568.0Sk	3,753.9Sk
Jun-95	2,621.7Sk	1,580.9Sk	4,202.6Sk
Jul-95	2,630.3Sk	1,594.4Sk	4,224.7Sk
Aug-95	2,708.1Sk	1,587.8Sk	4,295.9Sk
Sep-95	2,813.3Sk	1,581.2Sk	4,394.5Sk
Oct-95	2,873.2Sk	1,555.9Sk	4,429.1Sk
Nov-95	3,046.1Sk	1,590.2Sk	4,636.3Sk
Dec-95	3,418.4Sk	1,618.3Sk	5,036.7Sk
01-Jan-96	3,418.4Sk	1,729.1Sk	5,147.5Sk
Jan-96	3,307.4Sk	1,608.7Sk	4,916.1Sk
Feb-96	3,397.6Sk	1,599.9Sk	4,997.5Sk
Mar-96	3,458.4Sk	1,489.3Sk	4,947.7Sk
Apr-96	3,406.5Sk	1,420.7Sk	4,827.2Sk

	Official reserves of the NBS in mil. US\$	Reserves of commercial banks 1) in mil. US\$	Total
May-96	3,354.6Sk	1,398.6Sk	4,753.2Sk
Jun-96	3,376.6Sk	1,262.5Sk	4,639.1Sk
Jul-96	3,503.6Sk	1,237.7Sk	4,741.3Sk
Aug-96	3,677.4Sk	1,231.7Sk	4,909.1Sk
Sep-96	3,654.8Sk	1,142.5Sk	4,797.3Sk
Oct-96	3,602.3Sk	1,046.8Sk	4,649.1Sk
Nov-96	3,594.6Sk	1,130.5Sk	4,725.1Sk
Dec-96	3,473.3Sk	2,209.2Sk	5,682.5Sk
Jan-97	3,434.4Sk	2,253.8Sk	5,688.2Sk
Feb-97	3,471.7Sk	2,418.6Sk	5,890.3Sk
Mar-97	3,453.1Sk	2,447.3Sk	5,900.4Sk
Apr-97	3,346.9Sk	2,610.6Sk	5,957.5Sk
May-97	2,974.0Sk	2,797.2Sk	5,771.2Sk
Jun-97	3,018.7Sk	3,109.3Sk	6,128.0Sk
Jul-97	3,009.4Sk	3,372.3Sk	6,381.7Sk
Aug-97	3,181.0Sk	3,550.5Sk	6,731.5Sk
Sep-97	3,150.9Sk	3,625.7Sk	6,776.6Sk
Oct-97	3,410.9Sk	3,859.1Sk	7,270.0Sk
Nov-97	3,446.0Sk	3,955.7Sk	7,401.7Sk
Dec-97	3,284.9Sk	3,203.6Sk	6,488.5Sk
Jan-98	3,161.1Sk	3,862.7Sk	7,023.8Sk
Feb-98	3,202.0Sk	3,881.4Sk	7,083.4Sk
Mar-98	3,142.8Sk	3,838.9Sk	6,981.7Sk
Apr-98	3,348.9Sk	3,937.5Sk	7,286.4Sk
May-98	3,722.7Sk	3,746.3Sk	7,469.0Sk
Jun-98	3,789.9Sk	3,737.0Sk	7,526.9Sk
Jul-98	3,770.0Sk	4,056.1Sk	7,826.1Sk
Aug-98	3,621.4Sk	4,269.0Sk	7,890.4Sk
Sep-98	3,110.2Sk	3,505.7Sk	6,615.9Sk
Oct-98	2,986.7Sk	3,839.4Sk	6,826.1Sk
Nov-98	2,938.7Sk	3,823.1Sk	6,761.8Sk
Dec-98	2,923.3Sk	3,034.5Sk	5,957.8Sk
Jan-99	2,860.3Sk	3,319.6Sk	6,179.9Sk
Feb-99	2,910.0Sk	1,459.4Sk	4,369.4Sk
Mar-99	2,814.4Sk	1,394.3Sk	4,208.7Sk
Apr-99	2,731.7Sk	1,170.0Sk	3,901.7Sk
May-99	2,514.6Sk	1,147.0Sk	3,661.6Sk
Jun-99	2,952.9Sk	985.6Sk	3,938.5Sk

**Slovak Republic – Balance-of-payments
January to March 1999**

	Consolid. balance	
	in mil. SKK	in mil. US\$
Trade balance	-12,647.0	-326.3
Exports, f.o.b.	91,080.0	2,350.1
Imports, f.o.b.	103,727.0	2,676.4
Services balance	2,252.0	58.1
Receipts NFS	18,710.0	482.8
Shipment and other	6,798.0	175.4
Travel	4,462.0	115.1
Other	7,450.0	192.2
Expenditures NFS	16,458.0	424.7
Shipment and other	3,446.0	88.9
Travel	2,991.0	77.2
Other	10,021.0	258.6
Income balance	-2,487.0	-64.2
Interest	-2,317.0	-59.8
Income	2,824.0	72.9
Payments	5,141.0	132.7
Investment	-370.0	-9.5
Income	26.0	0.7
Payments	396.0	10.2
Compensations of employee's	200.0	5.2
Income	262.0	6.8
Payments	62.0	1.6
Current transfers	2,938.0	75.8
Official	-24.0	-0.6
Private	2,962.0	76.4
Current account	-9,944.0	-256.6
Capital transfers	555.0	14.3
Net MLT financial account	18,301.6	478.6
Direct foreign investment	1,345.3	34.7
Portfolio investment	9,508.9	245.4
MLT Credits received	6,659.4	164.7
MLT Credits extended	788.0	33.8
Net short-term financial account	-9,543.1	-240.9
Total capital and financial account	9,313.5	252.0
Errors and omissions	2,381.0	52.4
Overall Balance	1,750.5	47.8
Change in reserves (-,inc)	-1,750.5	-47.8
Gold	0.0	0.0
Holding of SDR	68.1	1.4
Foreign exchange assets	-1,818.6	-49.2

Note: used exchange rate of USD= 38.756 SKK

**Slovak Republic – Balance-of-payments
January to December 1998**

STANDARD PRESENTATION

	Consolid. balance	
	in mil. SKK	in mil. US\$
Trade balance	-80,793.0	-2,292.5
Exports, f.o.b.	375,920.0	10,666.8
Imports, f.o.b.	456,713.0	12,959.3
Services balance	691.0	19.6
<i>Receipts NFS</i>	80,866.0	2,294.6
Shipment and other	27,022.0	766.8
Travel	17,231.0	488.9
Other	36,613.0	1,038.9
<i>Expenditures NFS</i>	80,175.0	2,275.0
Shipment and other	15,624.0	443.3
Travel	16,727.0	474.6
Other	47,824.0	1,357.0
Income balance	-5,549.0	-157.5
<i>Interest</i>	-4,661.0	-132.3
Income	14,055.0	398.8
Payments	18,716.0	531.1
<i>Investment</i>	-1,430.0	-40.6
Income	532.0	15.1
Payments	1,962.0	55.7
<i>Compensations of employee's</i>	542.0	15.4
Income	817.0	23.2
Payments	275.0	7.8
Current transfers	12,943.0	367.3
Official	-19.0	-0.5
Private	12,962.0	367.8
Current account	-72,708.0	-2,063.1
Capital transfers	2,483.0	70.5
Net MLT financial account	60,756.5	1,745.9
Direct foreign investment	9,154.0	259.7
Portfolio investment	-6,264.4	-177.8
MLT Credits received	55,736.5	1,603.1
Disbursements	98,471.3	2,817.0
Repayments	-42,734.8	-1,213.8
MLT Credits extended	2,130.4	60.8
Disbursements	-276.0	-7.8
Repayments	2,406.4	68.6
Net short-term financial account	555.8	27.2
Total capital and financial account	63,795.3	1,843.6
Errors and omissions	-10,630.5	-330.3
Overall Balance	-19,543.2	-549.8
Change in reserves (-,inc)	19,543.2	549.8
Gold	44.2	1.2
Holding of SDR	862.1	24.8
Foreign exchange assets	18,636.9	523.8

Note: used exchange rate of US\$ = 35.242 SKK

**Slovak Republic – Detailed Capital Account
January to March 1999**

	Consolid. balance	
	in mil. SKK	in mil. US\$
Capital transfers	555.0	14.3
Direct investment	1,345.3	34.7
SR abroad	-554.0	-14.3
in SR 1)	1,899.3	49.0
Portfolio investment	9,508.9	245.4
SR abroad 2)	9,663.9	249.4
in SR	-155.0	-4.0
Other long-term financial account	7,447.4	198.5
<i>Assets</i>	788.0	33.8
<i>Government</i>	26.7	0.7
disbursements	0.0	0.0
repayments	26.7	0.7
<i>Commercial Banks</i>	771.3	33.3
disbursements	-1,611.7	-34.9
repayments	2,383.0	68.2
<i>Enterprises</i>	-10.0	-0.2
disbursements	-40.0	-1.0
repayments	30.0	0.8
<i>Liabilities</i>	6,659.4	164.7
<i>Government</i>	-1,385.6	-35.7
disbursements	0.0	0.0
IMF	0.0	0.0
WB	0.0	0.0
EXIMBANK	0.0	0.0
G24	0.0	0.0
EC	0.0	0.0
EIB	0.0	0.0
Other	0.0	0.0
repayments	-1,385.6	-35.7
<i>Commercial Banks</i>	924.0	16.7
disbursements	3,345.0	82.7
repayments	-2,421.0	-66.0
<i>Enterprises</i>	7,121.0	183.7
disbursements	9,987.0	257.7
repayments	-2,866.0	-73.9
Short-term financial account	-9,543.1	-240.9
banking assets	54,019.0	1,423.6
banking liabilities	-61,081.8	-1,600.5
enterprises assets	-5,483.0	-141.5
enterprises liabilities	3,108.0	80.2
other assets	0.0	0.0
other liabilities	-105.3	-2.7
Total capital and financial account	9,313.5	252.0

Note: used exchange rate of US\$ = 38.756 SKK
 1) including direct investment to banking sector (-38.7 mil. Sk)
 2) including portfolio investment of banking sector (9618.9 mil. Sk)

**Slovak Republic – Detailed Capital Account
January to December 1998**

STANDARD PRESENTATION

	Consolid. balance	
	in mil. SKK	in mil. US\$
Capital transfers	2,483.0	70.5
Direct investment	9,154.0	259.7
SR abroad	-4,467.0	-126.8
in SR 1)	13,621.0	386.5
Portfolio investment	-6,264.4	-177.8
SR abroad 2)	-2,019.1	-57.3
in SR 3)	-4,245.3	-120.5
Other long-term financial account	57,866.9	1,663.9
<i>Assets</i>	2,130.4	60.8
<i>Government</i>	363.4	10.3
disbursements	0.0	0.0
repayments	363.4	10.3
<i>Commercial Banks</i>	1,060.0	30.4
disbursements	0.0	0.0
repayments	1,060.0	30.4
<i>Enterprises</i>	707.0	20.1
disbursements	-276.0	-7.8
repayments	983.0	27.9
<i>Liabilities</i>	55,736.5	1,603.1
<i>Government</i>	27,971.4	815.7
disbursements	37,541.9	1,088.1
IMF	0.0	0.0
WB	0.0	0.0
EXIMBANK	1,396.8	39.4
G24	0.0	0.0
EC	0.0	0.0
EIB	766.1	21.8
Other	35,379.0	1,026.9
repayments	-9,570.5	-272.4
<i>Commercial Banks</i>	-3,199.9	-91.2
disbursements	10,656.4	302.4
repayments	-13,856.3	-393.5
<i>Enterprises</i>	30,965.0	878.6
disbursements	50,273.0	1,426.5
repayments	-19,308.0	-547.9
Short-term financial account	555.8	27.2
banking assets	3,083.5	83.5
banking liabilities	-2,051.0	-34.2
enterprises assets	-2,272.0	-64.5
enterprises liabilities	7,918.0	224.7
other assets	0.0	0.0
other liabilities	-6,122.7	-182.3
Total capital and financial account	63,795.3	1,843.6

Note: used exchange rate of US\$ = 35.242 SKK

1) including direct investment to banking sector (1334 mil. Sk)

2) including portfolio investment of banking sector (-3305.1 mil. Sk)

3) including repayments of bonds the NBS (-3866,3 Sk)

Foreign Trade of the Slovak Republic
by SITC rev.3
January – May 1999
(preliminary data)

Indicator	Imports, Exports (f.o.b.)						
	1998			1999			Index
	Mill. SKK	Mill. US\$	Struc. in %	Mill. SKK	Mill. US\$	Struc. in %	99/98
I M P O R T	179 305.6	5 130.2	100.00	186 570.3	4 635.6	100.00	104.05
from which:							
0 Food and live animals	9 828.0	281.2	5.48	10 358.4	257.4	5.55	105.40
1 Beverages and tobacco	1 521.8	43.5	0.85	2 016.2	50.1	1.08	132.48
2 Crude materials	8 133.2	232.7	4.54	7 302.1	181.4	3.91	89.78
3. Fuels and related products	23 063.3	659.9	12.86	20 089.4	499.2	10.77	87.11
4 Animal and plant oils, fats and waxes	316.9	9.1	0.18	298.9	7.4	0.16	94.31
5. Chemicals and related products	20 656.7	591.0	11.52	20 532.0	510.2	11.00	99.40
6 Intermediate manufactured products	31 747.1	908.3	17.71	33 347.6	828.6	17.87	105.04
7 Machinery and transport equipment	66 098.0	1 891.2	36.86	74 860.5	1 860.0	40.12	113.26
8 Miscellaneous manufactured articles	17 843.3	510.5	9.95	17 714.8	440.2	9.49	99.28
9 Other commodities	97.4	2.8	0.05	50.6	1.3	0.03	51.99
E X P O R T	146 359.7	4 187.6	100.00	159 581.3	3 965.0	100.00	109.03
0 Food and live animals	4 861.1	139.1	3.32	4 602.2	114.4	2.88	94.67
1 Beverages and tobacco	725.5	20.8	0.50	687.5	17.1	0.43	94.76
2 Crude materials	5 557.3	159.0	3.80	5 981.2	148.6	3.75	107.63
3 Fuels and related products	5 532.9	158.3	3.78	6 346.7	157.7	3.98	114.71
4 Animal and plant oils, fat and waxes	314.1	9.0	0.21	234.0	5.8	0.15	74.50
5 Chemicals and related products	15 174.4	434.2	10.37	12 965.8	322.2	8.12	85.45
6 Intermediate manufactured products	48 258.7	1 380.8	32.97	43 483.6	1 080.4	27.25	90.11
7 Machinery and transport equipment	47 269.1	1 352.4	32.30	64 377.4	1 599.6	40.34	136.19
8 Miscellaneous manufactured articles	18 629.9	533.0	12.73	20 647.2	513.0	12.94	110.83
9 Other commodities	36.6	1.0	0.02	255.6	6.4	0.16	698.92
T U R N O V E R	325 665.3	9 317.8		346 151.5	8 600.7		
B A L A N C E	-32 945.9	-942.6		-26 989.0	-670.6		

Note: Data in US\$ are calculated on the basis of an average exchange rate within certain period in accordance with the Exchange List issued by the National Bank of Slovakia
Source: Statistical Office of the Slovak Republic

Foreign Trade of the Slovak Republic, the Global Survey by Country of Origin / Destination
January – May 1998, 1999 (preliminary data)

	1998					1999					Index 99/98	
	Import Mill. SKK	share in %	Export Mill. SKK	share in %	Balance Mill. SKK	Import Mill. SKK	share in %	Export Mill. SKK	share in %	Balance Mill. SKK	Import	Export
Total	179 305.6	100.00	146 359.7	100.00	-32 945.9	186 570.3	100.00	159 581.3	100.00	-26 989.0	104.05	109.03
CEFTA	44 643.9	24.90	48 630.1	33.23	3 986.1	45 010.0	24.12	46 642.6	29.23	1 632.6	100.82	95.91
Czech Republic	33 556.2	18.71	31 182.1	21.31	-2 374.2	32 559.6	17.45	28 270.0	17.72	-4 289.6	97.03	90.66
Hungary	4 000.5	2.23	6 449.2	4.41	2 448.7	4 436.8	2.38	7 139.5	4.47	2 702.7	110.91	110.70
Poland	4 596.2	2.56	8 172.5	5.58	3 576.2	5 219.7	2.80	8 292.6	5.20	3 073.0	113.56	101.47
Slovenia	944.4	0.53	1 228.0	0.84	283.6	1 259.5	0.68	1 444.3	0.91	184.8	133.37	117.62
Romania	194.1	0.11	1 262.9	0.86	1 068.8	143.1	0.08	1 091.5	0.68	948.5	73.68	86.43
Bulgaria	182.2	0.10	276.4	0.19	94.2	157.3	0.08	404.6	0.25	247.3	86.31	146.38
Slovak Republic	1 170.2	0.65	59.0	0.04	-1 111.2	1 234.1	0.66	0.0	0.00	-1 234.1	105.46	0.00
OECD */	141 078.3	78.68	130 144.5	88.92	-10 933.9	153 032.7	82.02	146 266.2	91.66	-6 766.5	108.47	112.39
EU	85 951.5	47.94	78 707.2	53.76	-7 244.3	97 552.4	52.29	96 680.9	60.58	-871.5	113.50	122.84
Belgium	2 601.8	1.45	2 925.9	2.00	324.1	2 867.9	1.54	3 825.7	2.40	957.8	110.23	130.76
Germany	41 728.8	23.27	39 838.3	27.22	-1 890.5	49 749.8	26.67	45 267.9	28.37	-4 481.9	119.22	113.63
Denmark	876.0	0.49	406.7	0.28	-469.3	1 005.0	0.54	799.6	0.50	-205.4	114.73	196.61
Spain	2 049.4	1.14	1 227.0	0.84	-822.4	2 086.1	1.12	1 356.4	0.85	-729.7	101.79	110.54
France	7 034.0	3.92	4 379.3	2.99	-2 654.7	7 588.9	4.07	7 556.1	4.73	-32.8	107.89	172.54
United Kingdom	3 812.6	2.13	2 505.9	1.71	-1 306.7	3 959.2	2.12	2 625.5	1.65	-1 333.6	103.84	104.77
Greece	220.3	0.12	452.1	0.31	231.8	423.3	0.23	286.5	0.18	-136.9	192.21	63.37
Ireland	452.2	0.25	225.6	0.15	-226.5	512.1	0.27	270.7	0.17	-241.5	113.25	119.95
Italy	11 107.7	6.19	10 688.6	7.30	-419.1	13 364.8	7.16	13 839.1	8.67	474.2	120.32	129.47
Luxembourg	151.7	0.08	70.5	0.05	-81.2	52.9	0.03	151.2	0.09	98.2	34.89	214.38
Netherlands	3 993.8	2.23	3 419.3	2.34	-574.5	3 315.0	1.78	5 074.1	3.18	1 759.1	83.00	148.39
Portugal	324.8	0.18	169.2	0.12	-155.5	200.6	0.11	203.2	0.13	2.7	61.76	120.10

	Import Mill. SKK	share in %	1998	share in %	Balance Mill. SKK	Import Mill. SKK	share in %	1999	share in %	Balance Mill. SKK	Index 99/98	
			Export Mill. SKK					Export Mill. SKK			Import	Export
Austria	8 452.1	4.71	10 911.3	7.46	2 459.2	8 944.9	4.79	13 043.7	8.17	4 098.8	105.83	119.54
Finland	1 265.7	0.71	620.1	0.42	-645.5	1 909.2	1.02	770.8	0.48	-1 138.4	150.85	124.30
Sweden	1 880.8	1.05	867.2	0.59	-1 013.5	1 572.6	0.84	1 610.5	1.01	38.0	83.61	185.71
EFTA	3 129.6	1.75	2 234.9	1.53	-894.7	2 765.1	1.48	2 729.8	1.71	-35.3	88.35	122.15
Switzerland	2 796.4	1.56	2 001.9	1.37	-794.5	2 386.5	1.28	2 185.2	1.37	-201.4	85.34	109.16
Iceland	1.2	0.00	7.9	0.01	6.7	7.9	0.00	11.9	0.01	4.0	646.57	150.04
Liechtenstein	19.8	0.01	38.9	0.03	19.1	27.9	0.01	57.0	0.04	29.1	141.03	146.57
Norway	312.2	0.17	186.2	0.13	-126.0	342.8	0.18	475.8	0.30	133.0	109.79	255.51
Other OECD												
Australia	194.7	0.11	63.6	0.04	-131.1	194.4	0.10	175.8	0.11	-18.6	99.86	276.52
Canada	501.2	0.28	499.3	0.34	-2.0	603.6	0.32	394.1	0.25	-209.5	120.42	78.93
Japan	2 601.0	1.45	185.2	0.13	-2 415.8	3 222.1	1.73	258.9	0.16	-2 963.1	123.88	139.80
Mexico	69.4	0.04	118.2	0.08	48.8	88.5	0.05	103.7	0.06	15.1	127.54	87.66
New Zealand	30.2	0.02	1.3	0.00	-28.9	28.5	0.02	3.7	0.00	-24.7	94.30	282.12
USA	5 338.6	2.98	2 067.7	1.41	-3 270.9	5 160.6	2.77	1 748.2	1.10	-3 412.4	96.67	84.55
Turkey	339.6	0.19	381.8	0.26	42.1	370.7	0.20	409.3	0.26	38.5	109.16	107.20
Other European Countries												
Russian Federation	21 224.0	11.84	3 722.0	2.54	-17 502.0	18 897.5	10.13	2 013.0	1.26	-16 884.6	89.04	54.08
Ukraine	4 033.3	2.25	3 003.6	2.05	-1 029.7	2 195.7	1.18	2 133.0	1.34	-62.8	54.44	71.01
Croatia	389.3	0.22	978.5	0.67	589.2	361.8	0.19	840.8	0.53	479.1	92.94	85.93

*/ EU, EFA, Australia, Canada, Japan, Mexico, New Zealand, USA, Turkey, Czech Republic, Hungary, Poland, Republic of Korea

Source: Statistical Office of the Slovak Republic, Preliminary data