

COUNTRY PROFILE



Slovakia

GLOBAL RANK: 31st= of 104



Slovakia ties with Argentina for 31st place, with its Comparative Liveability (48th) reduced by the perception of little freedom of choice. It scores much better on Economic Competitiveness, achieving 22nd place due to impressive education and openness ratings.

● BACKGROUND

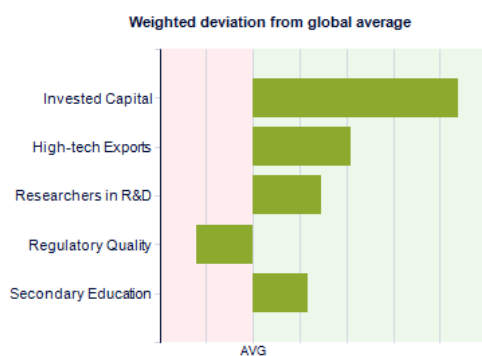
Slovakia is a star performer among the transitional Eastern European economies. Since gaining independence from Czechoslovakia in 1993, it has successfully pursued reforms that led, in May 2004, to membership in both NATO and the EU. Entry into the euro is also scheduled for early 2009. Flexible labour laws and a flat tax of 19% on income helped Slovakia to a 10.5% rate of GDP growth in 2007, although unemployment remains high and there has been little government action to reduce corruption. Slovakia's large Roma population, concentrated in the east and south, frequently live in poverty in settlements lacking basic infrastructure.

FAST FACTS

Population:	5.5 million (2008 est.)	FDI (net inflow):	3.60% (2003 est.)
Life Today	5.3 (2006 est.)	Exports	76.11% (2006 est.)
GDP (PPP)	\$109.6 billion (2007 est.)	Imports	85.41% (2006 est.)
GDP (Growth)	10.4% (2007 est.)	Unemployment:	8.4% (2007 est.)
GDP (per Capita)	\$20,300 (2007 est.)	Life Expectancy	75.17 years (2008 est.)
Political System:	Parliamentary Democracy		
Foreign Aid:	0.56% (2004 est.)		

● KEY SCORE DRIVERS

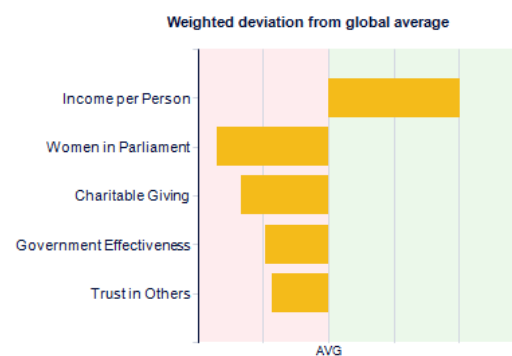
ECONOMIC COMPETITIVENESS



Although Slovakia missed out on the first big wave of foreign direct investment inflow to Central Europe in the 1990s due to a semi-autocratic regime, the coalition that came into power in 1998 has made up for the delay by boosting the country's Economic Competitiveness through effective governance and a high quality of market-oriented regulation.

Examples of these economic policies include a low flat tax (19%), flexible labour regulations and the low cost of starting a business. Social security, welfare, healthcare and pension schemes have also been substantially reformed. These measures have significantly reduced labour costs, making Slovakia one of Europe's most

COMPARATIVE LIVEABILITY



In line with Slovakia's rising income levels and economic dynamism, social challenges are moderate, at least by Eastern European standards. The problems caused by the cold climate will become less important as incomes continue to rise and more people have access to good housing and affordable heating. Community and family life concerns are less acute in Slovakia than in other countries in the region.

Still, the problems of pessimism that exist in many Eastern European countries are prevalent here. Perhaps this reflects 'transition shock', particularly among the elderly. Less than half⁹ of the population believes that they can get ahead by working hard,

attractive economies. Foreign investment now exceeds \$30 billion a year, contributing to a high openness score. Foreign investment is especially robust in the automobile sector: Volkswagen, PSA (Peugeot/Citroen) and Kia produce around 600,000 cars per year combined.

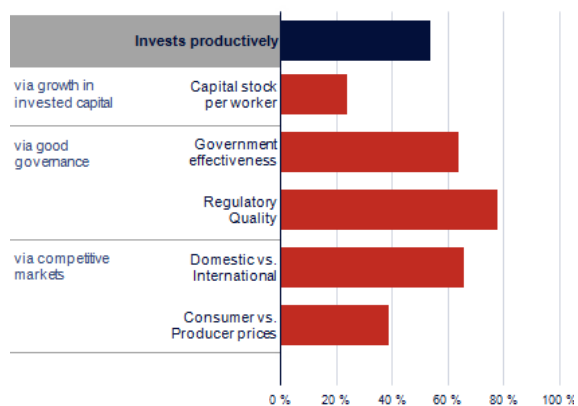
Exports show a similar trend and are almost four times higher in 2008 than they were a decade earlier. The sum of foreign trade and foreign investment currently amounts to almost 170% of the country's GDP. This is partly a result of the regional trade agreements into which Slovakia has entered, particularly EU membership.

Outstanding mass education levels support the country's economic dynamism. The average secondary education per worker is over five years. The large number of researchers in the workforce suggests that highly-skilled human capital is abundant as well.

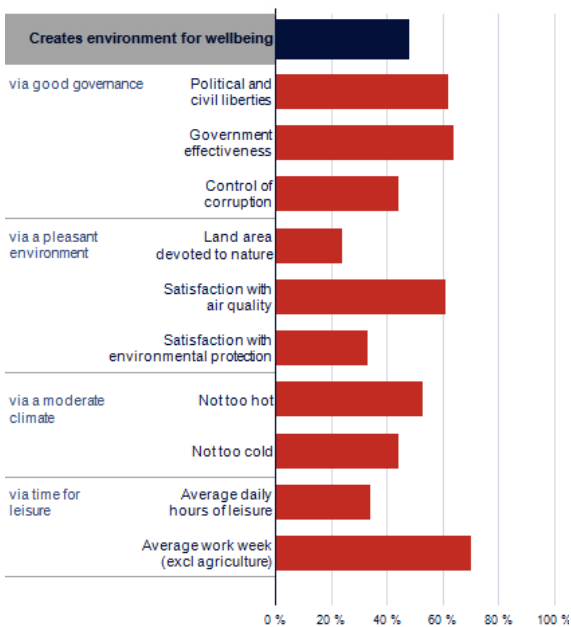
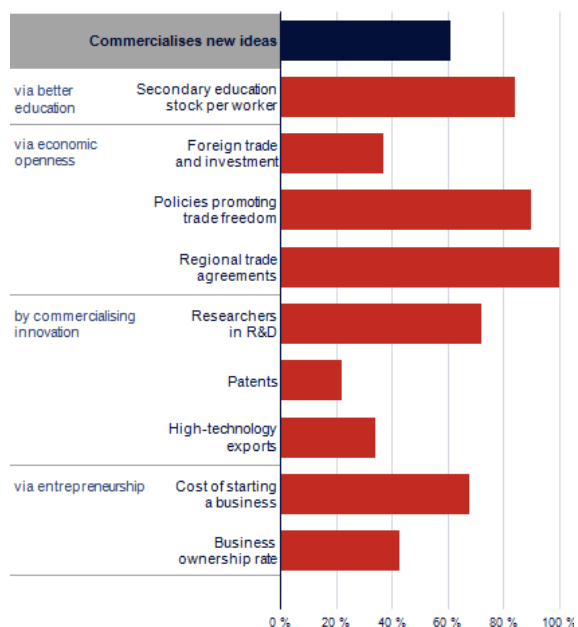
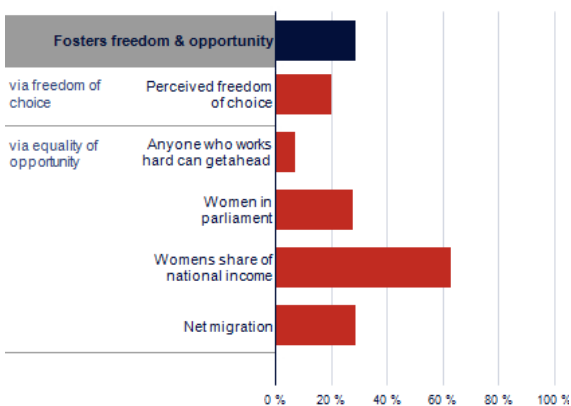
and a mere 54%⁹ are satisfied with the freedom to choose what to do in life, according to the Gallup World Poll. Dissatisfaction with personal health is similarly high -- an indicator which is at odds with Slovaks' relatively favourable average health-adjusted life expectancy.

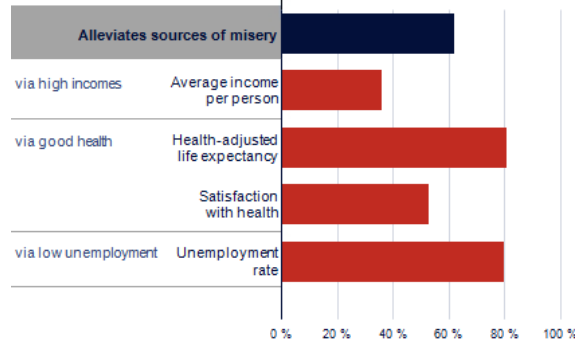
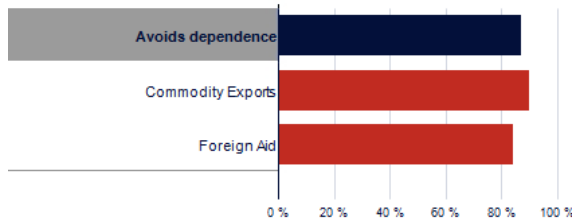
Environmental indicators are also weak. A low score on abundance of nature is amplified by dissatisfaction with environmental protection efforts and the air quality.

ECONOMIC COMPETITIVENESS: SCORECARD

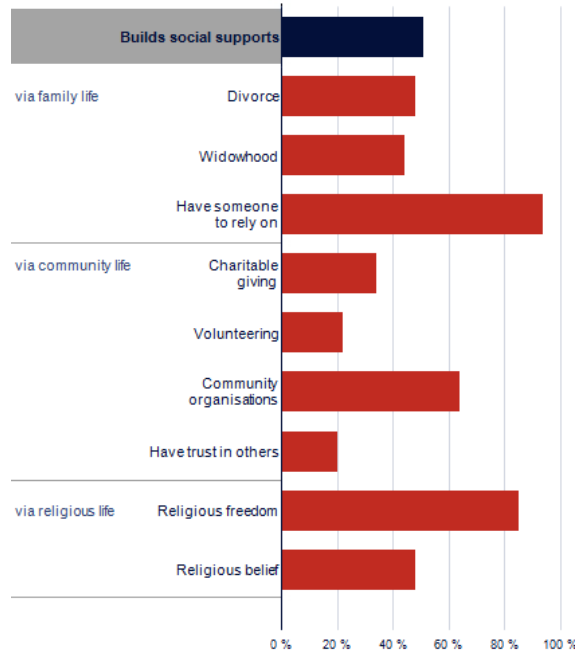


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.