

SPRING 2018 REFORM BAROMETER – SLOVAKIA

European Semester - Overall assessment of 2017 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2017) is appropriate.	To a large extent	The National Reform Program submitted by the Slovak government has been targeting the right areas where there is a need for a swift action by the government. The main areas are identified correctly and there is a sense of urgency to solve the pending key issues. There is a need to follow this with checking the progress to ensure that these specific plans will match the intended outcomes.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	The recommendations focus on the needed improvements in terms of the transparency of the public procurement processes, labour market policies and the aspects of the Growth and stability pact. These are all relevant and key to improving public policies in Slovakia. However, there is a need to focus on the underlying issues affecting these problems: lack of spending reform and cuts of unnecessary spending, lack of reform measures in the education. The recommendations should contain more specific measures in these areas to have a better impact on the identified weaknesses.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	It is true that the limitations of the reform implementation have been considerable and that there is a need for continued effort on the part of the government to push the reform measures and evaluate their efficiency. However, the government has seen improvements in terms of overall economic conditions, which were helpful in terms of alleviating the situation of the unemployed and offering them more opportunities to enter labour market. The low levels of unemployment are pushing for re-education of the unemployed and the wage increases.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	---	No document concerning Slovakia has been found in the enclosed link for the imbalances.

Assessment of Country Specific recommendations 2017 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Slovakia's public finances. Improve the cost-effectiveness of the healthcare system, including by implementing the value-for-money project.	Important	Mixed	Slovakia's public finances are getting in the right direction with the aims to get to balanced budget by the end of 2020 the latest. There are however weaknesses in the processes how this was achieved. It was mostly achieved through increasing of the government's income and not through the limitation of the government spending. Health care remains a weakness in terms of the efficiency of the use of resources available.
CSR 2	Improve activation measures for disadvantaged groups, including by implementing the action plan for the long-term unemployed and by providing individualised services and targeted training. Enhance employment opportunities for women, especially by extending affordable, quality childcare. Improve the quality of education and increase the participation of Roma in inclusive mainstream education.	Important	Satisfactory	The level of unemployment, which used to be a serious problem for Slovakia, are dropping thanks to the coming of the different companies in the automobile and technology sector. There are some weaknesses still, however. The first problem is the regional unevenness of the improvements that have been problematic and while some municipalities and counties have close to zero percent unemployment, other counties, especially in the East of Slovakia, have not seen the coming of the work opportunities. To add to that, Slovakia now faces the problem of mismatch between the skills possessed by the Slovak unemployed and the skills required by the companies that need to bring in employees from other countries.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Improve competition and transparency in public procurement operations and step up the fight against corruption by stronger enforcement of existing legislation. Adopt and implement a comprehensive plan to lower administrative and regulatory barriers for businesses. Improve the effectiveness of the justice system, including a reduction in the length of civil and commercial cases.	Important	Mixed	There are continued problems in terms of lacking setup of transparent processes to maximise the potential of technological measures like the e-marketplace to minimise the space for the abuse and corrupt behaviour.

Reform Progress in your Member State in 2017

How would you assess reform progress in 2017, for the following broad areas:

Taxation and Public Finances	Satisfactory
Business environment (regulation/access to markets)	Mixed
Labour market	Mixed
Innovation and skills	Mixed
Access to finance and Financial stability	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2018 Reform Barometer?

Flat-rate expenditure allowance for traders, other entrepreneurs and self-employed persons will increase. This will mean higher non-taxable sum for self-employed. Percentage rate will increase from 40% to 60%, the monthly limit (€ 420) is abolished and a single annual limit of € 20,000 is introduced. Self-employed will be able to add social security and health insurance contributions paid to the sum of the flat-rate allowance to the non-taxable part of the income. The new rules will apply for the first time in the 2017 tax return to be issued in 2018.

Reform priorities for 2018

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Labour market mismatch and labour mobility	Better connection between the regional labour market needs and the local secondary and higher education institutions.	yes
Priority 2	Long term investment instruments	Support for the SMEs capacities to invest in the Industry 4.0 technologies and innovate their production facilities.	yes
Priority 3	Consolidation of public expenditures	Review of the spending across the different government departments.	yes
Priority 4	Tax reforms	The reform of the health care and social security contributions.	no
Priority 5	R&D and Innovation	Support for the transfer of knowledge and skills between the universities and labour market.	no