

Economic Development of Slovakia in 1999¹ (Study Prepared on Behalf of the United Nations Economic Commission for Europe)

Ivan OKÁLI – Herta GABRIELOVÁ – Egon HLA VATÝ – Karol MORVAY –
– Richard O UTRATA*

1. An Overview of the Development in the Slovak Economy in 1999

The Slovak economy performance reached in 1999 for the first time its pre-transition level and even slightly exceeded that level (GDP in 1999 equalled 101.5 % of the GDP volume in 1989). Despite this fact, the development of Slovak economy in 1999 was worse, in some aspects, than in the former period (chiefly as to the GDP development, unemployment and inflation).

On the other hand, from the point of view of some other indicators (such as state finances, current account and balance of payments in general) it was more successful than the previous period. These differences in the results of economic development are shown in the Table 1 and warn not to simplify their evaluation.

Table 1

An Overview of the Macroeconomic Development in the Slovak Republic

	1993	1994	1995	1996	1997	1998	1999
Real GDP growth in % ¹	-3.7	4.9	6.9	6.6	6.5	4.4	1.9
Unemployment rate in % ²	12.2	13.7	13.1	11.3	11.8	12.5	16.2
Inflation rate ³	23.1	13.5	9.8	5.8	6.1	6.7	10.6
State budget fiscal balance / GDP ⁴ in %	-3.0	-3.6	1.9	-1.3	-1.8	-2.7	-1.9
Current account balance / GDP ⁴ in %	-4.7	4.8	3.8	-11.2	-6.9	-10.1	-5.6 ⁵

¹ In confrontation to previous year, according to data in constant prices.

² According to Statistical Offices labour force survey.

³ According to consumer prices index.

⁴ According to data in current prices.

⁵ Data for 1.–3. quarter.

¹ The analysis used information provided by the Statistical Office of the SR, by the National Bank of Slovakia, The Ministry of Finance of the SR and Law Code of the SR.

* Ing. Ivan OKÁLI, DrSc. – Ing. Herta GABRIELOVÁ, CSc. – Ing. Egon HLA VATÝ, DrSc. – Ing. Karol MORVAY – Ing. Richard O UTRATA, PhD., Ústav slovenskej a svetovej ekonomiky SAV, Šancová 56, 811 05 Bratislava 1, Slovenská republika

An unfavourable break in the economic development was manifested in 1999 by substantial decrease in the GDP growth rate, connected with considerable increase in the unemployment rate and a parallel significant increase of inflation. The change in the trends of main macroeconomic indicators stated above is closely related to the ruptured macroeconomic equilibrium which was during in 1996–1998 reflected by the values aggravated in the state budget fiscal balance, and also in the extremely high negative balance of the current account.²

However, the year 1999 was not only the year in which the influence of factors causing the internal and external imbalance „spilled over“ bringing up an inevitable slowdown in the growth rate. It was also a period in which the disrupted macroeconomic equilibrium started to recover. In line with that from the end of 1998 the exchange rate policy changed and the Slovak crown exchange rate was liberalised (the transition from a fixed to a floating exchange rate). Since the fall of 1999 this change has been amended by the National Bank of Slovakia interventions against the rate appreciation. The economic-political measures leading to a consolidation of the state budget and restricting the government (primarily investment) demand as well as the households demand has been operating on behalf of the same aim.

The restriction of consumption demand in 1999 had complicated consequences. It was manifested, firstly, by the improvement of macroeconomic equilibrium development which is proved by the values of state budget balance and current account balance as shown in Table 1. On the other hand, it caused (along with the price deregulation, increase of the VAT rate at its base level and introduction of the import surcharge) the increase in the inflation rate. Thirdly, it strengthened the tendency to slowdown the GDP growth rate and to increase the unemployment rate.

We can thus observe a significant complexity of the macroeconomic development in 1999. This was on the account of the fact that the deterioration of economic performance (GDP formation), and of the employment or unemployment development and the price development was caused by the fading influence of unfavourable trends from previous years as well as by immediate negative effects and corrective actions that prevailed over the long term positive effects of stabilisation.

The above mentioned complexity of the economic development in the Slovak Republic (regarding its results as well as significant factors) is apparent when considering the quarterly values of already mentioned indicators or the other macroeconomic indicators (Table 2).

² The direct cause of the GDP growth rate decrease were not the symptoms of the macroeconomic imbalance themselves, but the operation of the factors that caused them mainly by weakening the competitiveness of economy. It was chiefly the impact of a deformation in various segments of the market, freeze of restructuring in the banking and enterprise sector, and the unconsolidated status of government finances, etc.

Table 2

Quarterly Values of Macroeconomic Indicators

	1998				1999			
	1. Q	2. Q	3. Q	4. Q	1. Q	2. Q	3. Q	4. Q
Foreign exchange rate UDS/SKK	35.1	34.8	35.0	35.8	38.8	42.9	42.2	41.9
Net exports of goods and services / GDP ¹ in %	-11.3	-13.0	-8.3	-12.2	-5.8	-7.5	-1.5	-5.5
Consumer prices growth rate (year-on-year in %)	7.3	7.4	6.2	5.9	6.9	6.9	14.2	14.0
Of which: as a result of stabilising measures in points ²	2.1	2.1	1.6	2.1	4.0	4.1	9.8	9.0
Net government credit / GDP in %	18.8	15.1	16.4	19.5	22.8	22.4	20.1	15.1
Consumption demand growth rate (year-on-year in %) ^{3,4}	2.1	2.1	6.0	3.7	1.1	3.9	-2.6	-0.5
GDP ³ growth rate (year-on-year in %)	6.2	6.1	5.1	0.5	1.8	2.9	0.6	2.4
Unemployment rate ⁵	12.6	12.1	12.7	12.5	15.1	15.7	16.7	17.1

¹ In current prices.

² The assessment of the influence of the deregulation of prices, changes of indirect taxes rates and import surcharge.

³ In constant prices.

⁴ Consumption demand consisting of final consumption of households and government.

⁵ According to data of Statistical Office labour force survey.

In the quarterly overview of the Slovak economy development, we can see the influence of different factors that formed it during 1999. The turn in the external balance development (measured by the ratio of net exports of goods and services to GDP) is clearly seen after the fixed SKK exchange rate was released and the crown subsequent depreciation.

Even more important is the fact that the figures in Table 2 confirm a strong inertia of internal imbalance in the first part of 1999, hence calling an inevitable stabilising measures. Likewise, the Table 2 also clearly reveals the impact of adopted measures through a price increase and a cut off in the consumer demand to slow down the economic growth. An increase in the unemployment rate is a phenomenon that cannot be separated from the overall macroeconomic development. It is though questionable, whether its significant acceleration in 1999 could be explained only from the macroeconomic point of view.

The above outlined perplexity and ruptures in the economic development in Slovakia in 1999 are found in more details in other part of this analysis.

2. Output Development

The real growth of value added was 2.1 % while the gross output of goods and services declined by 1 % and the intermediate consumption by 2.9 %. Improved relations between the formation of the value added and the used elements of intermediate consumption had its positive result in the value added rate

development, which expressed in current prices increased by 1.5 percentage points (up to 40.2 %) to compare the previous years. Its growth is obvious in almost all the industries.

Unlike in previous years, the year 1999 brought a significant change as for contribution of different industries to the value added increase. High dependency of the GDP growth on the value added in services sector weakened and the influence of industry and agriculture raised.

The value added grew much faster in industry than in recent years. Its growth was influenced especially by the considerable growth of the value added in electricity, gas and water supply (by 64.2 % in current prices, by 55.1 % in constant prices).³ In agriculture, the value added increased by 5.1%. The growth rate of the value added in national economy declined (by 1.3 percentage points) when the value-added in construction, and partially in non-market services went down. The lower GDP growth rate over the value added growth rate was accounted to the drop in other components of GDP.⁴ More detailed overview on the value added development in different sectors and on their contribution to the overall growth of value added is provided in Table 3.

Industry output considered by the industry production index⁵ dropped by 3.4 % in 1999. A production growth was reported in mining and quarrying and in electricity, gas and water supply. Almost in all manufacturing industries, except for the manufacture of food products, beverages and tobacco, manufacture of the pulp, paper and paper products, publishing and printing and the manufacture of transport equipment the production decreased – in manufacturing industry in total by 5.3 %. It is encouraging that the industry output in different months of 1999 if compared to the average 1998 month shows a gradual recovery.

More favourable picture is provided by the data on the receipts from industrial activity development (in constant prices) that was systematically growing during 1999. On the basis of another data contained in Table 4, there is no possibility to observe the symptoms of recession practically in any industry, except for construction.

³ By the growth of gross output and the drop of intermediate consumption, the value added rate in given sector rose from 16.6 % in 1998 to 25.8 % in 1999. Favourable development in given sector (as high as 11.5 % year-to-year growth in constant prices) is confirmed also by the data on the development of the receipts from industrial activities.

⁴ The value added taxes, import taxes, taxes connected with previous period, imputed production of banking services.

⁵ Industry production index has been published since 1999 in accordance with international standards by a new method. It globalised the trends of industrial production by gradual aggregation of production indices of 463 selected products-representatives and has the character of physical volume index. It is calculated from the results of statistical surveys in enterprises with prevailing industrial activity.

Table 3

GDP and Value Added Development by Industries in 1996–1999¹

	1996	1997	1998	1999	1996	1997	1998	1999
	Year-on-year changes in %				Impact of industries on value added growth in percentage points			
GDP	6.6	6.5	4.4	1.9
Value added	7.4	7.4	4.7	2.1
Of which:								
Agriculture	-0.6	0.7	-0.9	6.6	0.0	0.0	0.0	0.3
Industry total	0.4	2.4	0.9	7.9	0.1	0.8	0.3	2.4
Mining	19.7	0.6	3.9	16.7	0.2	0.0	0.0	0.2
Manufacturing	-1.1	3.6	4.8	2.4	-0.3	1.0	1.2	0.6
Electricity, gas and water supply	5.2	-4.6	-25.5	55.1	0.2	-0.2	-1.0	1.5
Construction	-0.2	15.5	-7.4	-30.4	0.0	0.7	-0.4	-1.3
Market services	16.1	9.5	9.2	1.9	6.7	4.2	4.2	0.9
Trade	30.2	4.8	5.4	-0.4	5.8	1.1	1.2	-0.1
Non-market services	4.5	12.6	4.8	-1.5	0.6	1.6	0.6	-0.2

¹ In constant prices.

Table 4

Receipts Development in Selected Industries in 1999

(Indices – corresponding period of 1998 = 100, on the basis of constant prices)

	1. Q	2. Q	3. Q	4. Q	Year
Receipts from the sale of agricultural products	102.7	100.9	96.4	106.7	102.0
Receipts from industrial activity	103.5	104.5	101.1	107.5	104.2
Construction output	72.9	72.8	70.6	81.1	74.2
Wholesale receipts ¹	110.9	107.6	100.4	100.9	104.6
Receipts from retail, hotels and restaurants	106.6	112.5	102.2	100.8	105.4
Receipts from other market services	105.7	100.9	97.8	98.0	100.4
Total transport receipts ¹	105.8	107.8	109.5	110.0	108.4

¹ Current prices indices.

Table 5

Labour Productivity (LP)¹ and Wages in 1999

	Year-on-year changes in %							LP growth minus NW growth on the basis of		
	Value added	Employment	Labour productivity (LP)	Nominal wages (NW)	NW deflated ³ by			PPI	PI VA	CPI
					PPI	PI VA	CPI			
Economy total	1.9 ²	-2.2	4.2	7.2	.	0.6	-3.1	.	3.6	7.3
Industry	7.9	-2.9	11.1	7.9	3.9	3.3	-2.4	7.2	7.8	13.6
Manufacturing	2.4	-2.9	5.5	7.8	4.3	3.4	-2.5	1.2	2.1	8.0
Construction	-30.4	-9.5	-23.1	-0.8	-10.6	-21.8	-10.3	-12.5	-1.3	-12.8
Trade ⁴	-0.4	4.3	-4.5	7.5	.	0.3	-2.7	.	-4.9	-1.8
Transport	-2.0	-0.4	-1.6	8.7	.	-6.1	-1.7	.	4.5	0.1

¹ On the basis of value added in constant prices.² GDP.³ Nominal wages deflated in the first column of this group by the producer price index (PPI); in the second column by the price indices used for recalculation of the value added growth by industries from current to constant prices (PI VA), for the economy overall by the GDP deflator; in the third column by the consumer price index (CPI).⁴ Including hotels and restaurants.

The growth of labour productivity slowed down on year-on-year basis in 1999 as well as did the growth of nominal wages. Real wages (nominal wages deflated by the consumer prices index) even declined by 3.1 %. Undoubtedly, the development as stated above, did contribute positively to the consolidation of macroeconomic equilibrium, although with an unavoidable impact on real incomes. However, in the industries with real decline in the value added, the desired relation between the labour productivity development and the real wages development could not be preserved. As resulting from the Table 5 last column, out of the industries in the survey, the construction and the trade reported a decrease in labour productivity that was more than the decrease in real wages.

More important, from the producers' point of view, of course, is the ratio of labour productivity growth and the wage cost development. To quantify this ratio, it is more suitable to modify the nominal wages growth by the producer price index; or by the index used to recalculate the value added growth from current to constant prices. This modification gives more adequate consideration of divergent price development in different industries when evaluating the wages development.

On the grounds of the information obtained (see last but one column of Table 5), we can conclude that the labour productivity grew faster than the real „production“ wages, but in total not that fast to compare the real „consumption“ wages. An appropriate application of a restraint wages policy is apparent in the manufacturing industry, and also in the construction industry, in the trade the introduction of such policy was not successful.

In complicated economic situation in 1999, the enterprises achieved substantially better financial results to compare the previous year, this namely due to a significant improvement of economic results in financial institutions and in non-financial institutions that ended up with a loss. Table 6 and 7 provides for an overview.

It is very positive that the bad economic results in the manufacturing industry during the previous years, when the industry in total suffered a loss, belong to the past. The improvement of the economic outcome is evident almost all its segments (a dramatic cut in the loss suffering manufacture of machinery and equipment), on the other hand an aggravation in the economic results to compare 1998 was reported chiefly in manufacture of coke, petroleum products and nuclear fuel.

As seen in Table 7, overall economic outcome of non-financial institutions with 20 and more employees was strongly impacted by the results of loosing enterprises. Their share on the number of non-financial institutions with 20 and more employees did not drop even in 1999.

Table 6

Financial Indicators of Enterprises in 1997-1999

	1997	1998	1999	1997	1998	1999
	Profit/loss in bill. SKK			Profit to revenues ratio in %		
Non-financial and financial org. in total	60.6	30.1	73.8	3.0	1.3	3.0
Non-financial organisations	52.2	21.6	47.1	3.0	1.1	2.3
agriculture	-1.0	-1.6	-2.0	-1.6	-2.7	-3.7
manufacturing	0.8	-5.2	6.4	0.1	-0.8	0.9
construction	4.0	3.2	1.5	4.1	2.9	1.7
services in total	32.3	13.5	23.1	3.9	1.5	2.1
Financial organisations	8.5	8.4	26.7	2.9	2.3	6.8

Table 7

Financial Outcome of Loosing and Profiting Non-financial Organisations¹

	1997	1998	1999	1997	1998	1999	1997	1998	1999
	Profiting organisations			Loosing organisations			Loosing organisations		
	Profit in bill. SKK			Loss in bill. SKK			% of number of org.		
Non-financial organisations	90.5	86.8	75.6	-58.2	-81.4	-54.1	52.1	43.3	45.0
agriculture	5.6	4.7	1.6	-6.6	-6.3	-3.7	61.5	59.0	59.8
manufacturing	29.2	29.3	26.2	-29.7	-37.8	-21.2	51.6	42.5	42.5
construction	6.1	5.7	3.1	-2.9	-4.5	-2.4	42.7	37.4	44.4
services in total	31.0	31.3	25.7	-16.5	-28.2	-26.0	51.5	39.9	42.8

¹ With 20 and more employees.

3. Demand and GDP's Use Structure in Economic Development

In the part one it was found out that the economic growth in the Slovak Republic was influenced by two endogenous factors in 1999. First one was the fading influence of the factors responsible for the distorted economic development in the previous period, and the second one was represented by the stabilising measures employed to tackle the signs of imbalance. The functioning of above the stated factors that may be described on one side as stubborn previous trends, and on the other as the attempt to do away with them, was manifested by changes in the demand scope and structure. These changes are seen from the information on the GDP use in Table 8.

In 1999, the pre-transition GDP scope was exceeded, with considerable differences in its use component development. The household consumption and gross capital formation indices have still expressed a significant lag behind considering the volume of these indicators in 1999 to compare their start level in 1989. Considering the total results of the whole period we can see that the external demand or, by it called out, the exports of goods and services should be understood being the engine of the economic growth. Also in 1999, the growth in the

external demand compensated the decline in the internal demand caused by more than 13 points slip in the capital demand.

Table 8

a) Indices of GDP Development, Total Final Demand and their Components¹

	1993	1994	1995	1996	1997	1998	1999		
	Previous year = 100							1989 = 100	
Households consumption	98.4	100.0	103.4	106.9	106.3	104.9	100.5	85.3	
Government consumption	97.8	88.8	103.0	120.3	100.1	100.2	100.3	99.1	
Gross capital formation	92.7	88.6	137.4	140.8	103.7	105.2	86.6	81.0	
Domestic demand	96.7	94.5	111.2	119.6	104.1	104.1	95.7	90.1	
Export of goods and services (external demand)	99.8	114.2	103.1	99.7	114.2	110.8	107.0	268.9	
Import of goods and services	99.2	96.4	109.6	120.3	109.1	109.6	97.5	189.6	
Gross domestic product	96.3	104.9	106.9	106.6	106.5	104.4	101.9	101.4	
Total final demand	97.8	101.7	107.9	111.8	107.6	106.5	100.0	118.5	

¹ In constant prices.

b) The Share of Consumption, Gross Savings and their Components on used GDP in %¹

	Average for years		1993	1994	1995	1996	1997	1998	1999
	1985-1989	1990-1992							
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Of which:									
<i>Final consumption</i>	70.5	73.5	78.1	71.5	68.5	72.9	71.5	71.8	71.3
households consumption	49.7	51.0	53.1	49.9	48.5	49.1	49.5	50.6 ²	51.1 ²
government consumption	20.8	22.5	25.0	21.6	20.0	23.8	22.0	21.2	20.2
<i>Gross savings</i>	29.5	26.5	21.9	28.5	31.5	27.1	28.5	28.2	28.7
gross fixed capital formation	28.0	30.5	32.7	29.2	28.9	36.5	38.8	40.8	33.0
change in stocks	3.8	1.3	-5.3	-6.1	-0.7	1.6	0.0	-1.4	0.8
net exports	-2.3	-5.3	-5.5	5.4	3.3	-11.0	-10.3	-11.2	-5.1

¹ Out of GDP without statistical discrepancy, according to data in constant prices.

² Including non-profit institutions serving households.

Regarding the development of the GDP use structure, it is necessary to draw the attention to the share of the gross fixed capital formation on the GDP. Its values were close to extremes recorded in other countries throughout the world where the capital expenditures efficiency declined rapidly thus aggravating the economic growth results (this happened also in Slovakia in 1999). To evaluate the GDP use structure in 1999, we use data from Table 9 on the situation abroad.

Implying from the international comparison, the first typical feature of the GDP use structure in Slovakia at the end of 90's is a very small share of household consumption. This, even combined with a relatively high share of government consumption represents (similar to the Czech Republic) the smallest share of the final consumption in total (Table 9). Another important sign of the GDP use structure in Slovakia in 1999 is connected with the share of the gross fixed

capital formation. Even if it considerably decreased, to compare the previous years, it still reaches above standard levels. Only a further analysis would allow an evaluation on the extent or in what way can these phenomena be considered being advantages or disadvantages for the Slovak economy.

Table 9

International Comparison of the Share of Consumption and Gross Savings on GDP (in %)¹

	USA	EU 15	Czech Republic	Hungary	Poland	Slovenia	Slovakia
	1998	1998	1999 ²	1999 ²	1998	1998	1999 ²
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Final consumption</i>	83.0	78.4	70.6	74.6	78.7	76.3	71.0
households consumption (private consumption)	67.9	61.8	51.1	50.9	62.3	54.8	50.9
government consumption (public consumption)	15.1	16.6	19.5	23.7	16.4	21.5	20.1
<i>Gross savings</i>	17.0	21.6	29.4	25.4	21.3	23.7	29.0
gross fixed capital formation	17.9	18.3	22.6	20.7	25.3	24.2	30.8

¹ Out of data in current prices according to: European Economy 1999, No. 65, European Commission 1999, printed in Belgium; CESTAT, Statistical Bulletin, 1999, No. 3. Statistical Office of the SR, January 2000.

² 1.-3. quarter.

4. Price Development

Imbalance tendencies in the Slovak economy were before 1999, also on the account of the fixed exchange rate, and a delay in regulated price adjustment, reflected mainly in the trade balance deficit, less in the price level changes.

The expected acceleration of the price growth, which occurred during 1999 (Chart 1), was closely connected with necessary stabilising measures. This obvious from the Chart 2 revealing a dramatic jump up in inflation during the months when the substantial part of the stabilising measures was implemented (January and July). In both cases, the highest month-on-month price growth rates were recorded since a new tax system has been introduced in January 1993.

The acceleration in the price growth was unevenly reflected in different price indices. The industry producers' price index was inflicted by implementing of the stabilising measures much less than the consumer prices. In the price sphere determined by the producers prices, the administrative measures were not of such an inflation impact as it was regarding the consumer market.

Among further inflation factors responsible for the 1999 inflation development (even if not so evident) rank the chronic problems of the economy, depreciation of the Slovak currency, foreign exchange risks, inflation assumptions, increased uncertainty regarding the economic situation related with speculative

elements in behaviour of economic subjects, the deficit public finances, and also the price increase in some commodities on the world markets.

Chart 1

Price Indices Development (percentage change over previous year)

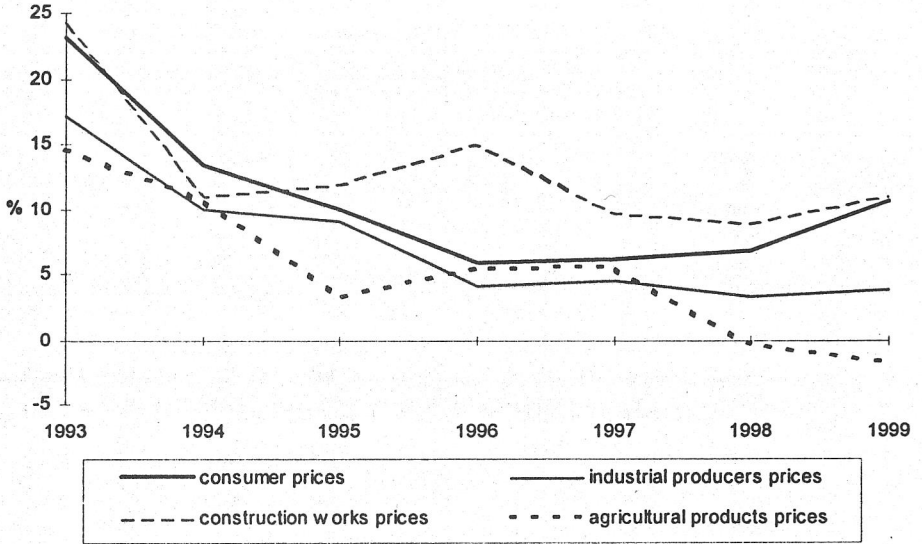


Chart 2

Month-on-month Changes of Selected Price Indices (previous month = 100)

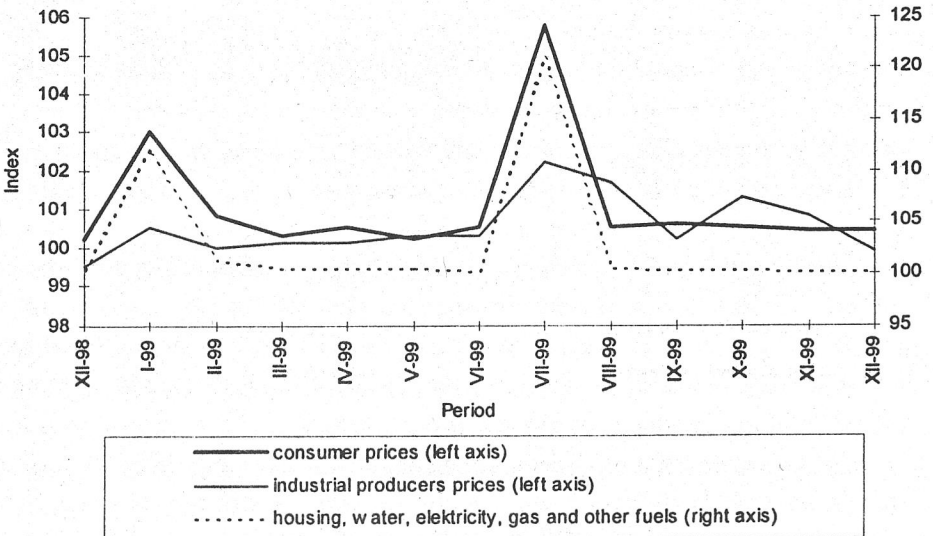
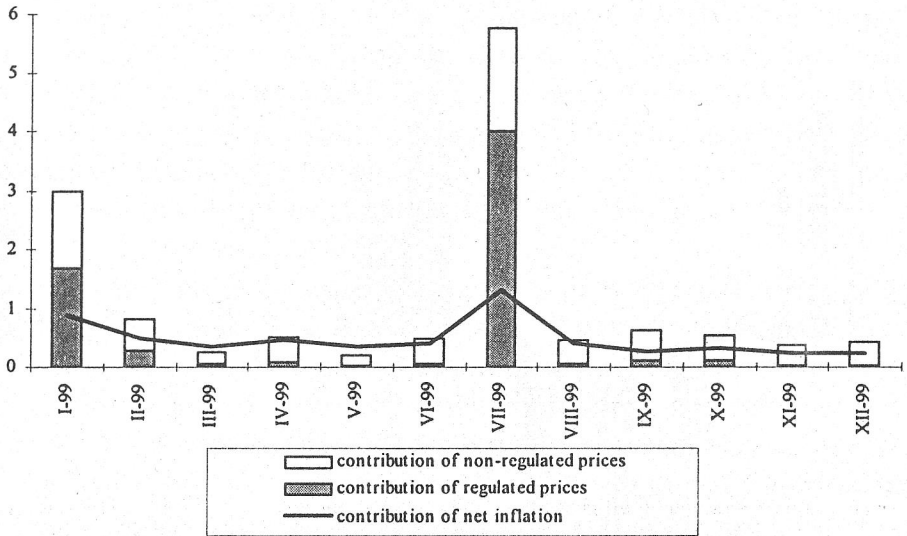


Chart 3

Contributions of the Growth of Regulated Prices, Non-regulated Prices and Net Inflation⁶ to the Month-on-month Growth of Consumer Prices (in percentage points)



Within the scope of stabilising measures of the government adjustments of regulated prices which had been postponed for a long period, were introduced.⁷ These adjustments had to assist in the price deformation removal (contributing to deformation of the co-ordination mechanism of economy with subsequent impact on its structure). To display the meaning of the change of regulated prices for the inflation development, Chart 2 contains the development of consumer prices in category of housing, water, electricity, gas and other fuels. This was also the category where the consumer prices moved at most. As shown by Chart 3, the growth of regulated prices formed substantial part of the growth of price level in both of the inflation upswings in 1999.

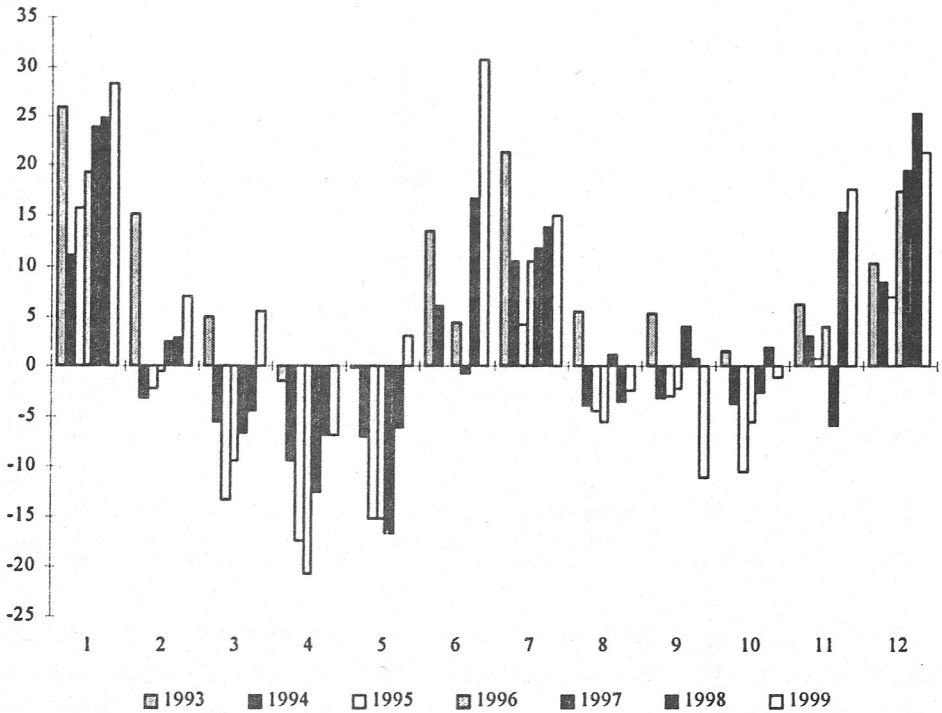
5. Labour Market Development

Information contained in Tables 1 and 2 show that significant slow down in the economic growth, which occurred in last quarter of 1998, was in 1999 connected with a rapid increase in unemployment. More detailed overview on unemployment growth development is presented on Chart 4.

⁶ Net inflation expresses the growth of the price of consumer basket after excluding regulated prices and foodstuff prices.

⁷ The postponement of the regulated prices happened to be one of the factors that enable to uphold low inflation rate (e.g. the electricity price for households did not change from 1993 to 1998).

Chart 4
Change of the Registered Unemployed Number¹



¹ According to National Labour Office data.

The monthly changes in the number of unemployed in Chart 4 explain the time course of extreme increase in unemployment during 1999. In the months with the seasonal increase, the number of unemployed exceeded the values recorded in the previous years. In the contrary, in the months of its seasonal decline, there was only a slight, if any, decline in the number of unemployed in 1999.

The attempt to explain the meaningful growth in unemployment purely by ties to the macroeconomic level was questioned in the introductory part of this analysis. A total increase of unemployment rate in the 3. Q 1999 to compare its 1998 average level equalled 4.2 points where 1.1 point represented the demographic feature manifested by the increase of the number of economically active population. The major part of the unemployment increase (3.1 points) was induced by the decline in employment. The above mentioned employment decline was accounted for: by agriculture 0.8 points, industry 1.4 points, construction 0.6 points and commercial services 0.6 points. Unlike these industries where the

employment was still in a decline, the growth of employment in public services influenced the decline of the unemployment rate by 0.3 points.

A total reaction of the employment growth on the GDP growth slow down (not a decline!) can only partially be considered as a result of the internal demand restriction due to the stabilising measures. To large extent it reflects the acceleration of an adaptation process on the enterprise level leading to the decline in employment not merely in failing enterprises (loosing and indebted), but also in well functioning ones (profitable).

The unemployment increase is depicted in many details in Table 10.

Table 10 leads to the following conclusions:

Firstly, we can observe a great importance of brain capital for maintaining the economic activity. Both length and form of obtained education are significant from this point of view as well as its use in work assignment. The groups of inhabitants with higher education levels using them in higher work positions can benefit from the significant decline in the rates of unemployment.

Secondly, we have found considerable differences in partial rates of unemployment depending on different age groups. The youngest age group of 15 to 24 is confronted not only with the highest unemployment rate, but also with its most dramatic increase in 1999. (The unemployment rate was approximately two times higher than in the age group of 25 to 39, and even more than three times higher than in the age group of 40 to 54.)

Table 10

Structural Overview on Unemployment Development¹

a) Unemployment Development by Education in %

Education	1994	1995	1996	1997	1998	3. Q 1999
Primary	26.9	28.4	25.0	26.5	28.5	34.7
Trained and trained with school-leaving exam	14.7	13.9	12.0	11.5	13.0	17.3
Secondary comprehensive ²	13.6	13.4	12.1	12.2	12.5	18.1
Full secondary vocational	9.3	8.2	7.4	8.5	8.5	13.7
Higher vocational	.	.	3.6	5.4	6.4	3.5
University ³	4.1	2.9	2.7	3.3	3.7	5.3

b) Unemployment Rate Development by Qualification Use

	1994	1995	1996	1997	1998	3. Q 1999
Qualified brain workers	4.1	3.4	2.7	2.6	2.6	3.7
Specialists and administrative workers	6.4	5.4	4.4	5.4	4.9	6.7
Operational workers in services and trade	14.7	13.2	11.7	10.3	11.0	12.3
Industrial workmen with higher qualification	11.8	10.9	8.8	7.4	8.7	13.5
Other qualified workmen ⁴	11.2	10.9	8.1	8.3	8.7	12.7
Supporting and non-qualified stuff	19.7	20.4	16.5	15.8	17.9	22.4

c) Unemployment Rate Development by Age

	1994	1995	1996	1997	1998	3. Q 1999
from 15 to 24	27.3	28.4	21.0	21.7	23.6	34.1
from 25 to 39	13.1	13.3	12.0	11.8	11.8	15.4
from 40 to 54	8.4	8.2	6.6	7.7	8.6	10.7
55 and more	9.0	7.4	6.9	6.7	7.6	9.9

d) Unemployment Rate Development and Studying Population Rate Development from the Economically Active and Studying Population in Total

	1994	1995	1996	1997	1998	1.-3. Q 1999
Unemployment rate						
National economy	11.8	11.2	9.7	10.2	10.7	14.4
from 15 to 24 ⁵	14.2	12.4	10.6	11.3	12.3	17.9
Studying population rate						
National economy	13.6	14.2	14.3	13.9	14.0	13.8
from 15 to 24 ⁵	48.1	49.7	49.6	47.9	47.9	47.7

¹ Own calculations according to labour force survey of Statistical Office of the SR.

² With and without school-leaving exam.

³ Including workers with scientific qualification.

⁴ Qualified workers in agriculture, forestry, mining and quarrying and in construction, plant and machine operators in industry and other sectors.

⁵ Provided all those who are studying (apprentices and students) belong to 15-24 aged.

Thirdly, a catastrophic impression brought by the information on the unemployment rate in the age group of 15 to 19 is to a certain extent corrected by the data on the unemployment rate of the economically active or studying population in total. Nevertheless, the increase of the unemployment rate values in the age group of 15 to 24 is still far above the average.

Fourthly, with regard to the verified coherence between the unemployment and the degree of formally obtained and practically used qualification, the data on the studying population rate have special significance. From the point of view of the future development in the Slovak economy, the decline of the studying population rate recorded during the second half of 90s (Table 10, part d) is almost as alarming as generally understood information on unemployment rate.

6. Foreign Trade

In 1999 the foreign trade with goods contributed significantly to the fact that even under the restrictive economic policy a certain economic growth was maintained. In 1999, the real growth in exports represented 8.2 % and exceeded the real GDP growth by 6 points, the imports recorded the real decline by 1.0 % (Table 11).

At the same time, the foreign trade development contributed in a substantial way to the improvement of the external position of Slovak economy by moving the external imbalance from the extremely dramatic situation in 1996–1998 to almost the tolerable trade balance deficit (5.9 % confronted to 11.6 % in 1998).

Table 11 refers to a remarkable decrease in the foreign trade deficit accomplished in 1999 by a significantly higher increase in the exports growth rate over the growth of imports.

This development certainly positively influenced the stop in the nominal (and even in the real one) currency depreciation and also its stabilisation since the second half of 1999.

The foreign trade development in 1999 brought also an improvement in the export performance as well as the imports demanding GDP.

Table 11

Basic Indicators of the Foreign Trade Development in the Slovak Republic

Indicator	1998	1999
Exports, FOB, billion SKK, current prices	377.8	422.3
Year-on-year growth, current prices, %	+16.6	+11.8
Year-on-year real growth, %	+12.2	+8.2
Imports, FOB, billion SKK, current prices	460.7	468.0
Year-on-year growth, current prices, %	+16.9	+1.6
Year-on-year real growth, %	+10.8	-1.0
Balance, billion SKK	-82.9	-45.7
Balance/GDP, %	-11.6	-5.9
Exports performance, % GDP	52.7	54.2
Imports intensity, % GDP	64.2	60.1

Source: Foreign Trade Statistics in 1998 and 1999, Statistical Office of the Slovak Republic; Statistical Report on the Development Tendencies in the Economy of the Slovak Republic in 1.–3. quarter of 1999; own calculations.

The overall positive development of the foreign trade in the Slovak Republic was conditioned by several factors. The economic development in the main countries of business partnership was not too much disposed for the exports activities of Slovak producers. Although the Czech Republic recorded a certain economic recovery (on a year basis, it is assumed not to fall down, at least), it could not substitute the decline in the dynamism especially in the EU (from 2.7 % in 1998 to 2.1 % in 1999).

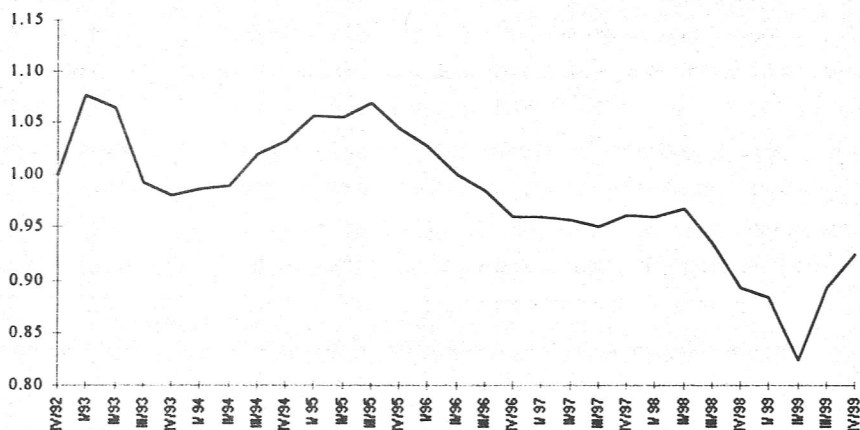
The currency depreciation can be considered to be the major impulse for the exports growth. It is necessary to emphasise that it was a consequence of the previous period development when the fixed exchange rate, removed as late as in autumn 1999, actually sheltered the real currency depreciation as the matter of fact from the third quarter of 1996 (see Chart 5).

The depreciation of the currency operated also as a factor damping the imports dynamics, mainly with regards to substitutable goods items. Relatively small nominal increase in the imports value, e. i. its real decrease was influenced chiefly by the decline in the internal demand and in the whole economy dynamics as well as by the introduction of the imports surcharge.

In the *commodity structure* of the exports, the positive trend of supporting the goods with a higher degree of manufacturing, mainly machinery and transport equipment and various final industrial goods continued in 1999. An above the average nominal growth in exports was recorded in mineral fuels and crude materials. On the other hand, there was a minimum growth recorded in exports of metallurgical products and other intermediate products as well as of chemical products.

Chart 5

The Development of the Real Effective Exchange Rate (REER) of the SKK¹



¹REER is calculated on the basis of quarterly values. Nominal effective exchange rate was used as weighed average according to the foreign currency basket of 60 % DEM and 40 % USD. Foreign inflation was calculated as weighed average of the EU and Czech Republic inflation (decisive business partners) according to their respective share on the total exports of the Slovak Republic.

Source: Homepage of the National Bank of Slovakia; Bulletin of the Statistical Office of the Slovak Republic; Statistical Yearbook of the Czech Republic; Economic Survey of Europe, 3, 1999, United Nations.

The change in the commodity structure of imports was seen mainly in the decrease of the share of the machinery and transport equipment, and on the other hand in the increase of the share of mineral fuels. Regarding the former, it was accounted to the internal demand decrease especially for investment goods. Regarding to the latter, this was influenced by the crude oil price increase on the world markets (from 10 USD per barrel in February up to 23 USD in October).

The above specified tendencies brought up a significant decrease in the deficit in machinery and transport equipment, approximately by 30 billion SKK, and increase in the surplus in different industrial final goods. In contrary, the deficit increased in chemicals and mineral fuels, which manifested the negative impact of the crude oil price growth already mentioned above. A rather high deficit is still found in the food products (Table 12).

The above stated tendencies in the foreign trade by the commodity structure were projected also in the trends on the competitiveness. The RCA indicator shows that Slovakia's competitiveness in 1999 declined regarding less manufactured goods, although certain comparative advantages have still existed on this field. On the other hand, the competitiveness was supported regarding final and sophisticated commodities.

Table 12

The Development of the Foreign Trade Commodities Structure of the Slovak Republic

Commodity groups	Exports, %		Imports, %		Balance, billion SKK		RCA	
	1998	1999	1998	1999	1998	1999	1998	1999
Foodstuff	3.7	3.5	6.1	6.2	-14.2	-14.3	0.61	0.56
Mineral fuels	3.5	4.8	10.9	12.9	-36.8	-40.4	0.32	0.37
Less manufactured products	42.7	39.1	33.0	33.7	+8.4	+8.7	1.29	1.16
Sophisticated and final products	50.1	52.4	50.0	47.2	-40.3	+0.3	1.00	1.11
Total	100.0	100.0	100.0	100.0	-82.9	-45.7	-	-

Source: Foreign Trade Statistics of the Slovak Republic; Statistical Office of the Slovak Republic; own calculations.

The *territorial orientation* of the Slovak Republic in 1999 continued and followed the previous years. The EU share on exports further increased (from 55.8 % in 1998 to 59.5 % in 1999) the imports grew as well (from 50.4 % in 1998 to 51.7 % in 1999). The trade balance with this territory moved from deficit in 1998 to surplus due to the decrease in imports of machinery and transport equipment where this territory traditionally largely participates.

On the other hand, the share of the CEFTA market decreased from 31.8 % to 29.7 % in exports and from 25 % to 23.4 % in imports. However, it was influenced mainly by the ongoing decrease in the Czech market share (18.1 % exports, 16.7 % imports). The share of the other CEFTA countries remained more or less unchanged. The trade balance surplus with CEFTA countries slightly raised.

Again, the problems with the Russian territory has aggravated, not only due to the decrease in the export volumes, but also due to the increase in the import volumes (influence of the crude oil price growth). The Russian market shared merely 1 % of the Slovak Republic exports in 1999 and its share on imports

increased from 9.9 % in 1998 to 12 %. The trade balance deficit grew up from 38.3 billion SKK to 51.7 billion SKK.

Although the markets of the developing countries increased their share especially in exports (approx. 3 %), the Slovak trade balance with those markets has recorded a relatively high deficit (10 billion SKK), which implies certain reserves in raising the share of the Slovak exporters on this market.

7. Balance of Payments and Foreign Capital

7.1 Balance of Payments

Preliminary figures on the balance of payments development in 1999 show positive tendencies, especially in confrontation with previous three years of aggravation in the external economic relations. More favourable development is shown mostly by:

- the improvement in the trade balance and in the balance of services;
- the active overall balance due to the compensation on the current account deficit by the assets of the capital and financial account.

Table 13

Balance of payments development in 1995–1999 (in million USD)

	1995	1996	1997 ¹	1998 ²	1999 ³
Trade balance	24	-2 106	-1 471	-2 293	-1 103
Services balance	546	7	75	20	149
Income balance	-14	-45	-121	-154	-301
Current account	649	-1 941	-1 343	-2 059	-1 083
Capital and financial account	994	2 144	1 684	1 782	-1 795
Errors and omissions	-64	34	-295	-273	8
Overall balance	1 579	237	46	-550	721

¹ Used exchange rate 33.616 SKK/USD.

² Used exchange rate 35.242 SKK/USD, December 1998.

³ Used exchange rate 41.417 SKK/USD.

The figures on the balance of payments development in 1999 (Table 13) reflected mainly the significant decrease in the current account deficit, which compared with the same period in 1998, diminished by 30 billion SKK (40 %). The lower deficit in the trade balance (decreased by 45 %) with a parallel growth in exports (by 11.8 %) as well as the restriction of imports had its part on the above-mentioned positive trend. The balance of services improved as well. This applies especially to the balance of tourism, the surplus of which increased from 0.5 billion SKK in 1998 to 5.0 billion SKK in 1999. Confronted with the overall balance of payments deficit (550 million USD) in 1998, the surplus as of December 1999 accounted for 721 million USD.

7.2 Foreign Capital

Unlike in the previous years, the overall surplus on the capital and financial account allowed refinancing of the current accounts deficit and was higher by SKK 30.9 billion (by 69 %!).

It happened despite the fact that the inflow of foreign direct investments (FDI) to the Slovak Republic (liabilities) to compare 1998 declined from SKK 19.9 billion to SKK 13.7 billion. The decline in FDI inflow to the Slovak Republic appeared despite the sale of the NBS share in the CSOB (Czechoslovak Commercial Bank) in December 1999.

The inflow of FDI only in form of equity capital and reinvestments of profits lowered in the confrontation stated above from 13.6 billion SKK to 12,0 billion SKK. Major increases were concentrated on the entrepreneur sphere (Table 14).

The spheres of highest priority regarding the allocation of the FDI inflow were trade (48 %) and manufacturing (37 %), mainly manufacture of machinery, electrical and transport equipment what may be described as positive structural trend.

Major foreign investors were Germany (29.3 %), United Kingdom (17.4 %), United States of America (14 %) and Austria (13 %).

From the regional aspect, new FDI were oriented towards the Bratislava region (67.4 %), Trnava, Trenčín and Nitra region (32.3 %).

The total volume of the foreign capital in Slovakia (FDI in the form of financial and material input or foreign liabilities over 1 million SKK) as of September 30, 1999¹ amounted 79.4 billion SKK; to compare the end of 1998 (including exchange rate differences) it means an increase by 7.9 billion SKK (by 11 %).

Until now, the largest part of the FDI was allocated in the manufacturing industry (48 %), in banking and insurance sector (21 %) and in trade (19.5 %). As to present day, Germany (20.8 %), Austria (18 %), USA (14 %) and the Netherlands (12 %) have brought the most investments to Slovakia.

The outflow of Slovak capital abroad slowed down even more than the inflow of FDI to Slovak Republic.

From the aspect of the compensation of the current account deficit by foreign resources in 1999, the inflow of foreign resources in form of long term loans significantly lowered when compared with previous year (year-on-year comparison, down by 41 billion SKK – 78 %).

As seen from Table 15, portfolio investments show a substantial change in the structure of the current account deficit compensation by foreign resources. Unlike in the previous years, portfolio investments in 1999 represented the most important capital-and-financial resource for the current account deficit compensation.

¹ Official figures for 1999 were not disposed at the time of publishing the study.

Table 14

Foreign Capital in the Slovak Republic and Abroad (in billion SKK)

Indicator	1.-3. Q 1998	1998	1.-3. Q 1999
Total foreign capital at the end of the period	64.4	71.5	79.4
Of which: entrepreneur sector	52.1	58.6	66.5
banking sector	12.3	12.9	12.9
Status of the foreign capital abroad	9.8	12.2	13.1
FDI inflow	9.9	14.7	7.0
Of which: entrepreneur sector	9.3	13.4	7.1
banking sector	0.6	1.3	-0.1
Outflow of FDI	2.6	4.8	0.9

Source: Bulletin, 1998, No. 10; 1999, No. 11. Bratislava, Statistical Office of the Slovak Republic.

Table 15

The Structure of Foreign Capital and Financial Resources Inflow in the Economy

Item of the CFA	1998		1999	
	bill. SKK	%	bill. SKK	%
Capital Account	2.5	3.6	6.5	13.7
FDI in SR incl. other capital	19.9	28.5	13.7	28.8
Portfolio investments-liability	-4.2	-6.0	17.4	36.6
Long term credits-liability	51.6	73.9	10.0	21.0
Long term foreign resources in total	69.8	100.0	47.6	100.0

Source: Monetary Overview, December 1998, NBS; PB SR 1998 from August 28, 1999, NBS; PB SR 1999, <http://www.nbs.sk/SDDS/PB9912.HTM>; own calculations.

This remarkable increase was brought about mainly by the government loan in the amount of 25 billion SKK; 22.6 billion SKK were realised in the form of the eurobonds emission. Other long term foreign resources would not be able, without this transaction, to compensate the recorded current account deficit.

8. Financial and Monetary Policy

The goals and conditions of the financial and monetary policy were in 1999 considerably determined by the unfavourable situation, which originated from 1998 and led to the provisional state budget at the beginning of 1999.

8.1 Financial and Budgetary Policy

The starting point of the budgetary policy in 1998 was typical for a high state budget deficit mainly due to the low state budget revenues, for exceeding of assumed expenditures and for increasing the state debt. Although the preliminary results (according to situation as to December 31, 1999) still cannot be described as a substantial break towards the improved state financial situation, they have pointed to some positive trends. The total expenditures increase to

compare the approved state budget figures by 17.5 % and at the same time the real revenues increased by 21.9 % and thus the deficit was cut down by 4.4 billion SKK (by 23.1 %). The collection of the tax budget revenues has still remained to be a weak point. This applies especially to direct taxes where 92 % of assumed revenues were collected. The absence of the imports surcharge revenues will therefore considerably decrease the state budget revenues next year.

Although, the results of the state budget are generally favourable when compared to previous years, it is not allowed to disregard the fact that they were reached by strengthening of the restrictive budgetary policy. It creates a considerable risks for 2000 due to the reduction of the possibilities to create resources necessary for the growth of the state budget revenues. The harmony between the state budget expenditures and revenues kept only due to the restrictive policy brought about growing problems in education, health care, science and research and in the social sphere, where the solution has been postponed again to the period after 2000.

Table 16

The Development of Revenues and Expenditures of the State Budget in 1997–1999

	Reality	Reality	Budget	Reality	Fulfilment (%) of		Index	Index
	billion SKK				the approved budget		%	%
	1997	1998	1999	19991	1998	1999 ¹	1998–1997	1999–1998 ²
<i>Total revenues</i>	175.8	177.8	179.9	216.7	98.9	120.5	101.2	121.9
A. Tax revenues	145.5	153.0	156.6	160.4	91.9	102.4	105.1	104.9
profit and capital tax	54.9	61.7	67.7	62.3	98.6	92.0	112.4	100.9
indirect taxes	76.8	78.3	82.3	78.3	88.4	102.3	102.0	107.4
tax on international trade and transactions	12.8	11.7	5.3	12.5	82.4	.	91.0	107.5
customs duty	5.2	5.2	5.1	3.9	83.9	77.1	99.8	75.1
import surcharge	7.4	6.3	.	8.4	78.8	.	84.4	.
B. Non-tax revenues	14.1	12.9	17.8	41.7	121.7	233.6	91.4	323.2
C. Grants and transfers	14.9	11.8	.	13.5	.	.	78.9	114.6
D. Other revenues	1.2	.	5.4	1.1	.	20.4	.	.
<i>Total expenditures</i>	192.8	197.0	194.9	231.5	106.6	118.8	102.2	117.5
A. Current expenditures	154.1	170.6	178.5	182.6	101.7	102.3	110.7	107.0
B. Capital expenditures	34.3	24.1	12.2	21.0	175.9	172.8	70.4	87.2
C. Property shares and loans	4.5	2.3	4.2	27.8	75.9	.	51.3	.
<i>Surplus (+) Deficit (-)</i>	-17.0	-19.2	-15.0	-14.8	3.8 x	98.4	112.6	76.9

¹ Preliminary figures as to December 30, 1999.

8.2 Monetary Policy

Monetary policy of 1999 was based primarily on the government goals for the first two years of its operation and was therefore focused mainly on the macro-economic stability recovery and the gradual shaping of appropriate conditions for

a sustainable growth. The difficulty of the monetary goals was determined by the bad results in 1998. They were characterised by the slow down in the economic growth, high deficit of the current account, non-sufficient inflow of foreign capital, fall of the foreign currency reserves down to the hardly acceptable limits and imminent danger of the downfall of the Slovak currency. These results were reflected in the unfavourable rating and related terms for foreign resources inflow.

According to the approved monetary program, the consolidating measures should have been manifested (by a slow down in the GDP growth) by decreasing the share of the current account deficit to 5.5 % of GDP, by targeted net inflation on the level of 5–7 % with 6 % growth of money supply. The credit activity of the commercial banks should have raised by 8.7 % on annual bases (in 1998 it raised only by 5.5 %) with assumed stabilisation in the interest rates on the achieved level, perhaps with their prospective downwards change during 1999. When adjusting the program during the year, the net inflation prognosis was corrected to 6.0–7.5 %.

According to preliminary figures, a remarkable part of the adjusted program monetary goals was achieved. The net inflation reached 6.1 percentage points representing a move on the inferior border of the interval.

In 1999 along with a decrease in the foreign trade balance deficit (when compared to 1998 by 37.2 billion SKK), the current account deficit was also cut down (44.8 billion SKK in 1999 to compare 72.7 billion SKK in 1998). The total amount of the NBS reserves increased by 721 million USD in 1999 (a drop by 550 million USD in 1998). The gradual appreciation was typical for the Slovak crown exchange rate development during 1999. The stabilisation of the external relations allowed for a certain, although not sufficient release considering the monetary policy.

In comparison with 1998 when the volume of SKK deposits declined, the SKK deposits significantly increased in 1999. Along with the slow down in the growth of foreign currency deposits, it testifies that transfers of a portion of the SKK deposits to foreign currency deposits stopped which also proved a gradual confidence improvement in the Slovak crown.

Table 17 confirmed the fact that in 1999 nominal SKK loans have recovered in their dynamism when compared to the previous years. However, after deflating the SKK loans (by the industrial producer price indices) we will find out that the annual change of their status equalled at the end of 1997 –11 %, at the end of 1998 –12 % and at the end of 1999 –11 % as well. The SKK loans granted to non-financial organisations and to households of tradesmen in total did not develop favourably even in nominal values in the considered period (as seen from Table 17). After their deflation using the above mentioned method, we have to

conclude that total loans drawn by non-financial organisations and tradesmen decreased during 1997 by 16 %, during 1998 by 8 % and during 1999 by 13 %.

In 1999 there was an interesting development in the area of investment loans. After using the investment prices index we found out that the volume of investment loans as to end of 1998 level lowered in real value at the end of 1999 regarding total of non-financial organisations and tradesmen households together to 98.8 % and in manufacturing to 75.6 % (enterprises of all sizes and property). On the other hand, the investment loans for citizens (as a matter of fact for the dwelling construction) raised in the same period from 15.6 to 26.6 billion SKK (nominally by 70.5 % and really by 58.6 %). Primarily due to that, the total volume of investment loans increased in this field nominally by 27.7 % and really by 18.8 %.

Table 17

Development in Credits and Deposits (in billion SKK)

	Status as of Dec. 31			Changes (%) in		
	1997	1998	1999	1997	1998	1999
Credits in SKK	341.8	340.6	351.2	100.8	99.6	103.1
Of which: non-financial org. and tradesmen	291.4	292.8	289.1 ¹	98.9	100.5	98.7
Credits in foreign currency (calculated on SKK)	46.7	57.4	61.7	131.1	122.9	107.5
Credits overall	388.5	398.0	412.9	103.6	102.4	103.7
Deposits in SKK	396.4	386.9	424.7	106.6	97.6	109.8
Of which: population	226.7	253.1	286.7	118.3	111.6	109.3
Deposits in foreign currency (calculated on SKK)	49.3	72.9	80.2	112.0	147.9	110.0
Deposits overall	445.7	459.8	504.8	107.4	103.2	109.8

¹ As to November 30, 1999.

The stabilisation (decline) in interest rates was placed among the goals of the monetary policy. Although the figures in reality are not striking, they represent a certain stabilisation, a slow down in the growth as a starting point for 2000.

Table 18

Development of Average Interest Rate in 1997-1999 (in %)

	1997 (12)	1998 (12)	1999 ¹ (12)	Change in 1997	Change in 1998	Change in 1999 ¹
A. Total volume of credits	16.22	16.17	14.82	+3.00	-0.05	-1.35
B. New credits in total	20.92	18.62	15.67	+6.47	-2.30	-2.95
enterprise sector	21.25	22.14	17.1	+7.40	+0.89	-4.33
- public sector	21.30	22.06	15.77	+7.84	+0.76	-6.29
- private sector	21.19	22.22	19.84	+7.44	+1.03	-2.36
households	10.18	9.39	7.86	-3.47	-0.79	-1.53
Of B. New credits in total						
short-term	21.60	18.91	15.98	+8.08	-2.69	-2.93
medium-term	16.30	14.20	11.71	+7.25	-2.10	-2.49
long-term	15.40	14.81	14.63	+2.32	-0.54	-0.18

¹ As to November 30.

Persisting problems of banking sector are seen also in the structure of the loan portfolio of commercial banks. Year 1999 in comparison with the certain signs of improvement in 1997–1998, further increased classified loan volumes and underlined the necessity to accelerate the process of the restructuring of Slovak banks.

Table 19

Credit Portfolio Structure of Commercial Banks as of the State at the End of Year¹
(in %, credits in total = 100)

	1997	1998	1999	Change in 1997	Change in 1998	Change in 1999
Standard credits in total	49.3	49.9	46.3	+7.8	+0.6	-3.6
Classified credits in total	50.7	50.1	53.7	-7.8	-0.6	+3.6

¹ As to November 30 of the year.

9. Outlook for the Year 2000

A considerable decrease in the internal demand that in 1999 occurred in consequence of the stabilising measures was not transferred to a decline of the economy performance since it was, even with a certain surplus, compensated by bigger exports in response to the growing external demand. Regarding the assumed trends of the Slovak economy development, the analytical experience described above has raised two questions. The first one, and currently set aside issue, is regarding the influence of stabilising measures they could reflect in the internal demand in 2000. The second one has focused to a possible development in the external demand in the nearest future asking whether the positive influencing of the economic results due to increasing exports will be extended from 1999 and will also continue during 2000.

External Demand will Develop Favourably

The world economic recovery which began during 1999, according to current forecasts of the institutions analysing world economy,⁸ should go on also during 2000.

The economic growth in industrial countries should preserve the same level as in 1999 (approx. 2.6–2.7 % GDP increase), however, it would expand more rapidly in the countries representing for the Slovak Republic the most important trade partners within the EMU. If we take into account that imports to the developed countries of commodities which are typical for Slovak exports are strongly

⁸ Assertions and figures of this part are based on the studies of HWWA, WIFO, IfW and OECD.

depending on demand cycles closely tied with a conjuncture development,⁹ we can assume Slovak exporters will find a relatively favourable external environment also in the next years. After including relevant transition countries, we can assume that the economic growth in the target region for the larger portion of our exports¹⁰ will reach the level of 2.6 % in 2000 (to compare with 1.4 % in 1999).

A further unfavourable price development in raw materials could be another factor complicating the recovery development. However, the growth of raw materials prices is not expected to develop so quickly like in 1999.

We should again emphasise that in 1999, when the countries representing our trade business partners were not found in a good or hardly average status of their recovery, the exports saved the Slovak economy from recession. Positive trends in the world economy prognosticate for the year 2000 allow the assumption that the external economic environment, or in it originated demand, would further facilitate solutions for internal economy problems and would prepare better conditions for the more rapid economic growth.

Internal Demand in Investment and Final Consumption

When estimating the possibilities of the internal demand development a focal point is whether the development trends with their components found in 1999 will continue in 2000, or whether they will change.

In 1999 an influential decline in the investment demand manifested by a real year-to-year decrease in the gross fixed capital formation by 18 % was the major change in the sphere of internal demand. The substantial part of the reduction in the investment volume (more than 80 %) was represented by their decline which was in different ways related to stabilising measures targeted to a foreign investment loans restriction and a consolidation of public finances.¹¹ Indirectly, through the stagnant consumption demand, the stabilising measures in 1999 were accountable at least for a certain part of the real reduction of the manufacturing investment volume.

The major factor of the decrease in the investment demand in 1999 (restriction of foreign investment loans) was unique. A decrease in the investment demand will be also in 2000 strongly impacted by the ongoing cuts in the state investment (capital) expenditures (from the real expenditures of SKK 16 billion

⁹ See for detail e.g. OECD Economic Surveys: Slovak Republic, 1996, 1999.

¹⁰ It is weighed arithmetic average of the economic growth figures in Germany, Austria, Italy, France, Czech Republic, Hungary and Poland to which (in total) more that 77 % of the Slovak exports is destined. The shares of these countries on the Slovak exports were used as scales.

¹¹ The operation of above mentioned factors is connected with the decrease of investments in electricity, gas and water supply, construction of traffic infrastructure, public services, mining, construction and agriculture.

in 1999 to the SKK 7 billion budgeted for 2000) and by the fading investment decline in the energy segment of the economy. In 2000, the smaller increase in real wages to the bigger increase in labour productivity should also work on behalf of investment activities. An increase of the resources for the housing construction (from the privatisation revenues) and public transport infrastructure could be also contributory. An increase in the volume of foreign direct investment is also counted on.

A realistic consideration of the influence of the above stated factors allows for the assumption that the volume of investments in 2000 will decline and the gross fixed capital formation in constant prices will be less by 3 % to compare the previous year.

In 2000, the state budget will still focus on the ongoing consolidation of the public finances supported by a restrictive fiscal policy. Based on the planned state budget expenditures and the inflation rate we can expect that the state demand (final consumption of the government) will reach 99 % of 1999 level in constant prices.

The estimate on the future household consumption development (demand), being the most important component of the GDP structure and of the internal demand, has considered the prognosis in wages and price development as well as the relation between wages development and households consumption in 1998 and 1999.

In 2000 wage incomes that influence the households consumption the most will increase due to lowering the income tax and raising nominal wages. The first of the factors stated above will increase nominal net wage incomes approximately by 5 % (if we take into account a tax cut from the average wages). The second one (assuming that in 2000 the same labour productivity growth will be recorded to compare the previous year and social partners would in account of that agree on the same nominal wages increase like in 1999) would increase nominal wages by 7 %. This would be accumulated in 12.4 % increase in nominal net wages and in 14 % nominal increase in the household consumption. If presumably, the end of year inflation would reach 9.5 % (approximate average from the increase in consumer prices expected in 2000 by the NBS and the Ministry of Finance of SR), the households consumption would in real increase by 4.1 %.

The 9.5 % inflation rate estimate for the end of the year was made upon the prognosis of only 1 % increase in the household consumption in constant prices, or (at the above mentioned inflation rate) 10.6 % increase in current prices. The prognosis did not take into account the consequences of lower income taxes and resulting higher increase in the household consumption for a higher than originally expected growth of the money supply and the subsequent inflation rate.

With regards to above stated connections, we have to count on 10.9 % and not on 9.5 % consumer price increase at the end of the year 2000. This increased inflation rate would push down the real household consumption growth to 2.8 %.

Current Account Development

The significantly positive influence of external economic relations to the results of the Slovak economy in 1999, along with the expected increase in the external demand could draw to the conclusion that the current account balance will highly support the GDP formation also in 2000. However, we need to say that in shaping the current account balance (its contribution to the GDP formation), besides the possibilities created by external demand, were employed also other factors. Above all there was the capability of the economy, or its supply, to respond to the opportunities offered, but also the influence of the internal demand and by it inspired changes in other macroeconomic parameters (in prices, exchange rate), especially to imports aspect of external economic relations.

The expansion of the external demand would be a real contribution to economy if it provokes an increase in the supply in a desired structure. From this point of view, the situation in the Slovak economy in 2000 will not be as favourable as it was e.g. in 1994 when with a considerable expansion of the external demand we could support the exports by employing the capacities that were idle. At present, such capacities are rather small in the majority of sectors producing trading goods.

Table 20 informs about the widening of the capacities capable influence the development in the foreign trade also in 2000.

When evaluating the figures in Table 20, the following should be considered: firstly, more than 90 % of the exports is represented by the manufacturing production and secondly, a large portion of the investments made in 1999 will influence the production and exports not earlier than in 2000. As it is evident from Table 20, the decreased volume of total investments that we found in 1999 would not have to decrease the exports in 2000. It is very important that in the sectors with higher export engagement, the investment growth rate was also in 1999 relatively high. In the first segment of the sectors (see figures in the first line of Table 20), the purchased investments grew on annual basis by 32.7 % and also in total of the first and the second segment of the sectors which in 1999 shared 64.6 % of the manufacturing exports, the assumed growth rate in investments (in constant prices) equalled 19.3 %. This allows for a conclusion that industrial capacities will not be a restraint to further growth in exports in 2000.

We estimate that the exports (in current prices) will increase from SKK 422 billion in 1999 up to SKK 464 billion in 2000. Real (on the basis of constant

prices) estimated growth in the exports would equal 6.5 % (it was 8.2 % in 1999). The imports, also with regards to the acceleration of the household consumption growth (due to a lower income tax), should increase from SKK 468 billion in 1999 to SKK 501 billion in constant prices. A real growth in the imports should increase by 3 %.¹²

Table 20

Development and Distribution of Production, Investment and Exports Activities in Manufacturing in 1999¹

Segment of sectors with investment development index (1998 = 100) ²	Growth rate in %		Share on (in %)			Relation between the participation on production, investment and exports		
	investment (const. p.)	production ³ (const. p.)	production ³ (current p.)	investment (current p.)	exports (current p.)	4 : 3	5 : 3	5 : 4
	1	2	3	4	5			
110 % and more	32.7	6.4	25.5	37.0	35.6	1.45	1.40	0.96
90–109.9 %	4.8	3.8	30.5	27.2	29.0	0.95	0.89	1.07
less than 89 %	-36.0	2.5	44.0	35.8	35.4	0.80	0.81	0.99
Total	-8.9	3.9	100.0	100.0	100.0	.	.	.

¹ According to own calculations partially based on assumptions. Manufacturing excluding the production not classified elsewhere, which shared 3.2 % on the total revenues of manufacturing in constant prices in 1999.

² First segment of sectors is composed of: manufacture of leather and leather products, manufacture of pulp, paper and paper products, publishing and printing, manufacture of rubber and plastic products, manufacture of transport equipment. Second segment includes: manufacture of other non-metallic mineral products, manufacture of basic metals and metal products, manufacture of machinery and equipment n. e. c. Third segment consists of: manufacture of textiles and textile products, manufacture of wood and wood products, manufacture of coke and refined petroleum products, chemical industry, manufacture of electrical and optical equipment.

³ Revenues in real prices.

We assume that the balance of services will achieve the same positive result as in 1999. The combination of this assumption with the expected trade balance development allows to believe that negative value of the net exports of goods and services in 2000 would decrease in price basis of 1999 by SKK 15 billion.

Development of the Economy in General

A review of the conclusions from the previous consideration leads us to the prediction detailed in Table 21.

A major prognostic conclusion from Table 21 indicates that in 2000 only a slightly higher economic growth can be expected to compare 1999. The differences in the indices of the development of different GDP components as well as the changes in its use structure in 2000 will be much smaller than in 1999.

¹² This prediction for 2000 is counting on the same export and import prices growth rate as in 1999.

Thanks to the ongoing favourable development in the foreign trade total gross savings will grow at a slightly above the average rate. Also the household consumption growth rate will be higher than the GDP growth.

Table 21

Prognosis on the Performance of Slovak Economy in 2000 (price basis of 1999)

	Billion SKK		Index 2000 1999 = 100	Share on GDP in %	
	1999	2000		1999	2000
Households consumption ¹	399	410	102.8	51.2	51.6
State consumption	157	155	99.0	20.2	19.5
Gross capital formation ²	263	255	97.0	33.7	32.1
Internal demand	819	820	100.1	105.1	103.2
Net exports of goods and services	-40	-25	.	-5.1	-3.2
Gross domestic product	779	795	102.1	100.0	100.0
Of which: consumption	556	565	101.8	71.4	71.1
gross savings	223	230	103.1	28.6	28.9

¹ Including consumption of non-profit institutions serving households.

² Considering the change in stocks as in 1999.

In the year 2000 also the expected positive development in net exports of goods and services will be connected with a further relative (in relation to GDP) decrease in current account deficit. In total a surplus balance of payments with its positive influence on the stabilisation of the currency is expected.

In 2000 the price development will be influenced by ongoing administrative interventions to regulated prices, but to a smaller extent than it was in 1999. Other factors should be also taken into account regarding the prognosis on the price development in 2000 like: the acceleration of the increase in the household incomes, smaller inflation impact as for public finances, anti-inflation oriented monetary policy, cut in the imports surcharge rate and the deceleration of raw materials price growth on the world markets in comparison to the previous year. Based on the evaluation of the influence of the above mentioned factors we can assume that the total inflation rate at the end of the year (in consumer prices) will reach 10.9 %, out of which the core inflation will be up to 6.4 %.

Presumed favourable development in the exports, more stable price development of raw materials as well as a moderate growth of the households final consumption allow to assume that manufacturing industry will make the largest contribution to the GDP growth in 2000. We assume the increase of the real value added in manufacturing from 2.4 % to 4.4 % especially due to the ongoing strong increase in the manufacture of machinery, electrical and transport equipment and the expected recovery in the chemical industry, and also in the manufacture of metals and metal products. However, value added growth in industry in total, last year significantly influenced by unusual growth in electricity, gas

and water supply will be smaller in 2000 (roughly on the level of manufacturing). Its smaller growth (2 %) is also expected in the agriculture. Decline in the construction should be stopped and the increase in its value added should be restored (around 2 %), all this thanks to the policy of the government supporting the housing construction and the highway projects. In the sector of market services we presume approximately the same growth as in 1999 (2 %), on the contrary, in the sector of non-market services, after taking into account the general restriction in the public sector, we can expect a more important decrease than in 1999 (-3 %). At assumed rates of the value added growth in different sectors, after considering its sector structure, the value added could grow approximately by the same rate (2.1 %) as in 1999.

In 1999 the enterprise restructuring focused on removal of the redundant labour forces in combination with increase of business bankruptcies was the meaningful factor of the accelerated unemployment rate. It is necessary to assume that the influence of this factor on employment, or the unemployment development will continue also in 2000. The removal of the significant decline of the construction output towards its slight increase as well as the rise of the performance growth in manufacturing, trade and other commercial services will operate in a conflicting way, to the benefit of the employment growth. The growth of the value added ratio in manufacturing would impact favourably as well signalling certain acceleration of the labour intensive production growth. Stricter spending on unemployment benefits and social allowances will act to the detriment of unemployment rate growth either. Although the above stated factors will not stop the unemployment growth in 2000, they at least slow it down. Average annual rate of unemployment increased by 3.7 % in 1999, in 2000 we presume its growth by 0.5 % up to 16.7 %.¹³ In 2000, the development of unemployment is a proof how delayed are the results based upon the stabilising macroeconomic policy as for figures representing the real economy results.

Is the Macroeconomic Stability Sustained?

A part of the professional community may view the above described prediction of the macroeconomic development being too optimistic. Especially the assumption of the repeated GDP growth approximately on 1999 level may seem as ignorance of the serious structural problems of the Slovak economy. The other part of readers of this study, in context of the economic results in 1999 and our prediction, could conclude that Slovakia had managed to get out of the deep transition imbalance much faster and easier than Hungary in 1995–1996 or the Czech Republic in 1997–1999.

¹³ According to labour force survey of Statistical Office of the Slovak Republic.

Facing the above mentioned opinions we sustain those who are viewing the future economic development with anxiety. However, we envisage more of it not earlier than in 2001.

Regarding the development possibilities of the Slovak economy in 2000, our prediction see them as given by the stabilising measures which in 1999 were targeted especially to the internal demand decrease. A certain delay in institutional-and-system changes over the macroeconomic stabilisation would not necessarily be reflected in economy results in the year 2000, while in 2001, this would definitely weaken the efficiency of the stabilising measures introduced in 1999.

Also in the view of an international comparison¹⁴ the stabilising measures adopted in the Slovak Republic in 1999 can be considered as moderate and therefor having a limited time horizon. If, in addition, we take into consideration that in 2000 the reform process in state banks and loss suffering enterprises will only culminate, and that many other factors will unfavourably influence public finances and the monetary development, a conclusion on the relapse in the macroeconomic equilibrium deterioration in 2001, with due consequences in the economic performance, are not avoidable. Therefore, we should not cherish the illusion that Slovakia could make its transition to the course of a sustainable balanced economic growth with less costs or losses than did the neighbouring transition countries. It would be therefore appropriate to be prepared for the fact that the stabilising period in the Slovak economy will not be finished in 2000.

10. An Overview on Selected Legislative and Economic-Political Measures

Legislative and economic-and-political activities of the Slovak government and of the parliament in 1999 focused on preparing conditions for the recovery of the balanced and sustained Slovak economy growth. In January 1999 compliant to that the government approved *The intentions for solving macroeconomic imbalance and competitiveness of the Slovak economy*, and in May 1999 *The programme of the recovery in the Slovak economy* that has called up a whole complex of economic-political measures and legislative acts.

The mobilisation of public budget incomes was supported mainly by:

- adoption of 7 % imports surcharge as of 1 June 1999 (from 1 January 2000 the surcharge will decrease to 5 %, from 1 July 2000 to 3 % and from 1 January 2001 to represent 0 %);

¹⁴ Stabilising measures adopted for example in Hungary in 1995 were more radical and effective than those employed in the Slovak Republic. It is proved by e. g. the development of final consumption (in constant prices) which in Hungary in 1995 annually reduced by 6.6 % and even in 1999 by 2.9 %. Final consumption in Slovakia increased by 0.4 % even in the year of stabilising measures (1999) and we await its increase by 1.6 % in 2000.

- increase of the bottom level of the VAT from 6 % up to 10 % from 1 July 1999;
- multiple increase in consumption taxes;
- increase in the road tax and highway stickers prices.

A gradual increase in regulated prices is also a component of stabilising measures. This applies to electricity, gas, heat and housing prices and to telecommunication and transport fees and charges.

In order to reduce state expenditure in the social sphere provisions on social aid were amended by a more precise legislation, the terms of unemployment benefits and the base for the unemployment benefits calculation were cut down, as well as the maximum of the unemployment benefits paid.

The impact of restrictive measures on the low income groups of population (along with ongoing valorisation of old age pensions, family allowances and other social allowances) should be soften by

- the increase of minimum wages up to SKK 3 600 as of 1 April 1999 and up to SKK 4 000 monthly from 1 January 2000;
- enacting of a new social allowance – housing bonus, from 1 January 2000;
- establishment of the guarantee fund to settle employee claims in case of employer's insolvency.

The amendment of the State Dwelling Development Fund Act and Building Savings Act were approved in support of housing construction and introduction of the state contribution to cover a part of mortgage interest rates under strictly specified conditions.

The corporate entity income tax will be cut from 40 % to 29 % to support business activities. Changes in the Income Tax Act also reduced the tax burden for individuals (valorisation of tax tears and tax-deductible items will increase the net income of individuals – even without an increase in nominal income – by 5 % in 2000). The new Income Tax Act cancelled the so called million aire tax and for selective entrepreneurial groups made their flat rate income tax optional.

Medium-term concept of the economic and social development in Slovakia supported by the government, which for the first time in the Slovak history, includes a programme solution for present economic problems in a broader scope at the end of the transition period. Subsequently, concepts and legislative fundamentals to reform the social insurance scheme and public administration, to recover banks and to restructure enterprises as well as granting a state support (State Aid Act) or privatising the state-owned enterprises have gradually been adopted (the Act ensuring the state interest in the privatisation of strategic enterprises or joint stock companies was cancelled).

HOSPODÁRSKY VÝVOJ SLOVENSKA V ROKU 1999 (Štúdiá vypracované na požiadanie Európskej hospodárskej komisie OSN)

Ivan OKÁLI – Herta GABRIELOVÁ – Egon HLAVATÝ – Karol MORVAY –
– Richard OUSRATA

Rok 1999 bol v slovenskom hospodárstve rokom, v ktorom sa vplyv faktorov vedúcich v rokoch 1996–1998 k zhoršovaniu vnútornej a vonkajšej nerovnováhy „prelial“ do nevyhnutného spomalenia hospodárskeho rastu, ale aj obdobím, v ktorom sa narušená makroekonomická rovnováha už začala reparovať. Na tento účel sa od konca roka 1998 angažovala zmena kurzovej politiky, ako aj hospodárskopolitické opatrenia v prospech konsolidácie štátneho rozpočtu a na obmedzenie vládneho (najmä investičného) dopytu i dopytu obyvateľstva.

Komplikovanosť hospodárskeho vývoja v roku 1999 bola spôsobená najmä tým, že na zhoršovaní výkonnosti hospodárstva, vývoja nezamestnanosti a vývoja cien sa podieľalo tak doznievanie vplyvu nepriaznivých trendov z predchádzajúcich rokov, ako aj preváženie bezprostredných negatívnych účinkov ich prekonávaní nad dlhodobjšie rozloženými pozitívnymi efektmi stabilizačných opatrení. Celkove bol vývoj ekonomiky SR v roku 1999 z niektorých hľadísk (vývoj HDP, nezamestnanosti a inflácie) horší, no z iných hľadísk (výsledky štátnych financií a bežného účtu aj celkovej platobnej bilancie) zase lepší než v predchádzajúcom období. O týchto rozdieloch vo výsledkoch hospodárskeho vývoja v roku 1999 vypovedajú informácie tabuľky 1.

Tabuľka 1

Charakteristiky makroekonomického vývoja SR

	1993	1994	1995	1996	1997	1998	1999
Tempo rastu HDP v % ¹	-3.7	4.9	6.9	6.6	6.5	4.4	1.9
Miera nezamestnanosti v % ²	12.2	13.7	13.1	11.3	11.8	12.5	16.2
Miera inflácie ³	23.1	13.5	9.8	5.8	6.1	6.7	10.6
Saldo štátneho rozpočtu k HDP ⁴ v %	-3.0	-3.6	1.9	-1.3	-1.8	-2.7	-1.9
Bežný účet plat. bilancie k HDP ⁴ v %	-4.7	4.8	3.8	-11.2	-6.9	-10.1	-5.6 ⁵

¹ Oproti predchádzajúcemu roku, podľa údajov v stálych cenách.

² Podľa výberového zisťovania pracovných síl ŠÚ SR.

³ Podľa indexu spotrebiteľských cien.

⁴ Podľa údajov v bežných cenách.

⁵ Údaje za 1. – 3. štvrťrok.

Celková výroba tovarov a služieb poklesla v roku 1999 o 1 %, pridaná hodnota však vzrástla o 2,1 %. Pokles pridanej hodnoty bol zaznamenaný v stavebníctve (-30,4 %) a v netrhových službách (-1,5 %). Celkove sa na rozdiel od predchádzajúcich rokov oslabil vysoká závislosť rastu HDP od rastu pridanej hodnoty v sektore služieb a posilnil sa vplyv priemyslu a pôdohospodárstva.

Produkcia priemyslu posudzovaná podľa indexu priemyselnej produkcie poklesla v roku 1999 o 3,4 %, tržby z priemyselnej činnosti (v stálych cenách) však vzrástli o 4,2 %. Podľa vývoja tržieb nemožno v roku 1999, s výnimkou stavebníctva, v podstate ani v jednom odvetví zistiť znaky hospodárskej recesie.

V roku 1999 sa v podnikovej sfére dosiahli podstatne lepšie finančné výsledky ako v predchádzajúcom roku, a to najmä na základe výrazného zlepšenia hospodárskeho výsledku vo finančných organizáciách a v stratových nefinančných organizáciách. Pozitívne treba hodnotiť najmä prekonanie minuloročného veľkého prepadu hospodárskeho výsledku v spracovateľskom priemysle, keď odvetvie ako celok bolo stratové. Zlepšenie hospodárskeho výsledku je evidentné v takmer všetkých jeho odvetviach, výrazne horší hospodársky výsledok ako v roku 1999 sa dosiahol vo výrobe koksu, ropných produktov a jadrových palív.

Doznievanie vplyvu príčin nerovnovážneho vývoja ekonomiky v predchádzajúcom období, ako aj stabilizačné opatrenia zamerané proti prejavom tejto nerovnováhy sa v roku 1999 odrazili na zmenách rozsahu a štruktúry dopytu. Pokles domáceho dopytu spôsobený vyše 13-bodovým prepadom kapitálového dopytu kompenzoval v roku 1999 najmä rast vonkajšieho dopytu. Podiel tvorby hrubého fixného kapitálu na použití HDP sa v roku 1999 oproti predchádzajúcim rokom síce znížil, v medzinárodnom porovnaní však stále zostáva na nadštandardne vysokej úrovni.

Zrýchlenie rastu cien v roku 1999 bolo vyvolané najmä úpravou regulovaných cien. Svojimi dôsledkami na obmedzenie domáceho dopytu bolo aj sprostredkujúcim článkom obnovovania makroekonomickej rovnováhy.

Výrazné spomalenie tempa hospodárskeho rastu bolo v roku 1999 spojené s prudkým zvyšovaním miery nezamestnanosti. Celkovú reakciu vývoja zamestnanosti na spomalenie (nie pokles!) tempa rastu HDP možno len sčasti považovať za dôsledok obmedzenia domáceho dopytu stabilizačnými opatreniami. V značnej miere sa v nej prejavuje zrýchlenie adaptačného procesu v podnikovej sfére, ktoré vedie k znižovaniu zamestnanosti nielen v zle hospodáriacich, ale aj v dobre fungujúcich podnikoch. Na celkovom prírastku miery nezamestnanosti, ktorý sa v 3. štvrtroku 1999 oproti jeho priemernej hodnote roka 1998 rovnal 4,2 bodu, sa 1,1 bodu podieľal vplyv demografického vývoja prejavujúceho sa vo zvýšení počtu ekonomicky aktívneho obyvateľstva. Väčšia časť z prírastku miery nezamestnanosti (3,1 bodu) bola vyvolaná znížením počtu pracujúcich. Analýza vývoja štruktúry nezamestnanosti preukazuje veľký význam duševného kapitálu (dĺžka a forma získaného vzdelania, ako aj jeho uplatnenie v zamestnaní) pre udržanie ekonomickej aktivity.

Zahraničný obchod s tovarmi v roku 1999 v rozhodujúcej miere prispel k tomu, že sa pri reštrikčnej hospodárskej politike predsa len udržal hospodársky rast. Reálny rast vývozu (8,2 %) predstihol reálny rast HDP asi o 6 bodov, dovoz reálne poklesol o 1,0 %. Vonkajšia nerovnováha sa z extrémnej polohy zaznamenatej v rokoch 1996–1998 posunula k už takmer únosnej miere deficitu obchodnej bilancie (5,9 % v roku 1999 oproti

11,6 % v roku 1998), a to na základe tak rastu exportnej výkonnosti, ako aj poklesu dovoznej náročnosti HDP. Priaznivejší vývoj dokumentuje aj zlepšovanie bilancie služieb. Na rozdiel od predchádzajúcich rokov prebytok kapitálového a finančného účtu v roku 1999 prevýšil deficit bežného účtu o 30,9 mld Sk.

V komoditnej skladbe vývozu pokračoval v roku 1999 pozitívny trend posilňovania výrobkov s vyšším stupňom spracovania. V teritoriálnom smerovaní zahraničného obchodu SR pokračovali v roku 1999 tendencie z predchádzajúcich rokov. Podiel EÚ na vývoze sa zvýšil z 55,8 % v roku 1998 na 59,5 % v roku 1999 a na dovoze z 50,4 % na 51,7 %. Obchodná bilancia s EÚ bola v roku 1999 aktívna.

Ciele a podmienky finančnej a menovej politiky v roku 1999 boli výrazne determinované nepriaznivou situáciou, ktorá sa vyvinula v roku 1998. Výsledky dosiahnuté v roku 1999 vo finančnom hospodárení štátu nemožno ešte označiť za zásadný obrat, zreteľné sú však viaceré pozitívne trendy.

Menová politika sa v roku 1999 zamerala na obnovenie makroekonomickej stability a postupné vytváranie podmienok na udržateľný rast. Značná časť upravených programových menových cieľov sa splnila: čistá inflácia dosiahla 6,1 %, schodok bežného účtu sa znížil na 44,8 mld Sk (oproti 72,7 mld Sk v roku 1998), celkový stav rezerv NBS sa v roku 1999 zvýšil o 721 mil. USD (v roku 1998 pokles o 550 mil. USD), výmenný kurz Sk postupne posilňoval. Stabilizácia vonkajších vzťahov umožnila určité, i keď nie dostatočné uvoľnenie menovej politiky.

Oproti poklesu stavu vkladov (v Sk) v roku 1998 sa tieto v roku 1999 výraznejšie zvýšili. To pri poklese tempa rastu vkladov v cudzej mene hovorí aj o zastavení transformácie časti vkladov v Sk na valutové a aj o postupnom zvyšovaní dôvery v slovenskú korunu.

V porovnaní s predchádzajúcimi rokmi sa v roku 1999 obnovila aj dynamika korunových úverov, reálne (po ich deflovaní indexmi cien priemyselných výrobcov) sa ich stav znížil (rovnako ako v predchádzajúcich rokoch) o 11 %. Korunové úvery poskytnuté nefinančným organizáciám a domácnostiam živnostníkov sa nepriaznivo vyvíjali v nominálnom i reálnom vyjadrení.

V roku 2000 sa očakáva len o málo vyššie tempo hospodárskeho rastu, ako sa dosiahlo v roku 1999. Rozdiely vo vývoji jednotlivých súčastí HDP aj zmeny v štruktúre jeho použitia budú v roku 2000 oveľa menšie než v roku 1999. Vďaka pokračujúcemu priaznivému vývoju v zahraničnom obchode budú trochu nadpriemerným tempom rásť hrubé úspory. Vyššie než tempo rastu HDP bude aj tempo rastu spotreby domácností (pozri tab. 2).

Očakávaný priaznivý vývoj čistého vývozu výrobkov a služieb bude spojený s ďalším relatívnym (v pomere k HDP) znižovaním celkového deficitu bežného účtu. Celkove sa aj na rok 2000 predpokladá prebytková platobná bilancia s pozitívnym vplyvom na stabilizáciu meny.

T a b u ľ k a 2

Prognóza vývoja výkonnosti hospodárstva SR v roku 2000 (v cenovej báze r. 1999)

	V mld Sk		Index 2000 1999 = 100	Podiel z HDP v %	
	1999	2000		1999	2000
Spotreba domácností ¹	399	410	102.8	51.2	51.6
Spotreba štátu	157	155	99.0	20.2	19.5
Tvorba hrubého kapitálu ²	263	255	97.0	33.7	32.1
Domáci dopyt	819	820	100.1	105.1	103.2
Čistý vývoz výrobkov a služieb	-40	-25	.	-5.1	-3.2
Hrubý domáci produkt	779	795	102.1	100.0	100.0
Z toho: spotreba	556	565	101.8	71.4	71.1
hrubé úspory	223	230	103.1	28.6	28.9

¹ Vrátaťe spotreby neziskových inštitúcií slúžiacich domácnostiam.

² Uvažuje sa s rovnakou zmenou stavu zásob, aká bola v roku 1999.

Na základe zhodnotenia vplyvu relevantných faktorov predpokladáme, že v roku 2000 dosiahne celková koncoročná miera inflácie (v spotrebiteľských cenách) 10,9 %, z toho jadrová inflácia 6,4 %.

Vývoj zamestnanosti, resp. nezamestnanosti bude aj v roku 2000 negatívne ovplyvňovaný reštrukturalizáciou podnikov. V prospech rastu zamestnanosti bude v roku 2000 pôsobiť prechod od výrazného poklesu produkcie v stavebníctve k jej miernemu zvýšeniu, ako aj vzostup tempa rastu výkonov v spracovateľskom priemysle, v obchode a v ďalších komerčných službách. Proti rastu miery nezamestnanosti bude pôsobiť aj prísnejšie poskytovanie podpôr v nezamestnanosti a sociálnych dávok. Uvedené faktory rast nezamestnanosti v roku 2000 síce nezastavia, ale ho aspoň spomalia. Priemerná ročná miera nezamestnanosti vzrástla v roku 1999 o 3,7 %, v roku 2000 odhadujeme jej vzostup o 0,5 % na 16,7 %.

Pokiaľ ide o možnosti vývoja hospodárstva SR v roku 2000, tak ich aj v našej predikcii považujeme za dané stabilizačnými opatreniami, ktoré sa v roku 1999 zamerali najmä na redukcii domáceho dopytu. Oneskorenie inštitucionálno-systémových zmien za makroekonomickou stabilizáciou sa síce vo výsledkoch ekonomiky v roku 2000 ešte nemusí prejaviť, no v roku 2001 už pôsobenie stabilizačných opatrení z roku 1999 prinajmenej veľmi oslabí. Už vopred by teda bolo vhodné pripraviť sa na to, že v roku 2000 sa stabilizačná etapa vo vývoji slovenskej ekonomiky neskončí.