NÁRODNÁ BANKA SLOVENSKA

AN ANALYSIS OF SLOVAK EXPORTS

doc. Ing. Jana Sršňová, CSc.
University of Economics in Bratislava

The results of Slovakia's foreign trade continue to attract the attention not only of experts, but also of the wider public. Information as a rule focuses on the level of the balance of trade deficit and the reasons underlying it, or focuses on an inter-year evaluation of changes in the goods and territorial structure of the SR's foreign trade. Tables 1 and 2 highlight the extraordinary importance of foreign trade for the Slovak economy.

Table 1 Development of GDP, SR exports and imports over the years 1993 – 2002 in million SKK (at 1995 fixed prices)

Year	GDP		Export		Import	
	Absolute	Growth index	Absolute	Growth index	Absolute	Growth index
1993	508 040	100.0	277 577	100.0	300 123	100.0
1994	534 341	105.2	311 448	112.2	283 953	94.6
1995	568 923	112.0	326 406	117.6	316 679	105.5
1996	602 137	118.5	322 001	116.0	379 400	126.4
1997	636 089	125.2	383 165	138.0	431 673	143.8
1998	661 292	130.2	433 792	156.3	504 428	168.1
1999	670 011	131.9	456 323	164.4	472 530	157.4
2000	684 751	134.8	519 200	187.0	520 800	173.5
2001	707 348	139.2	552 800	199.2	581 500	193.8
2002*	738 434	145.3	585 592	211.0	612 374	204.0

Source: Statistical Office of the SR. For the calculation is based on GDP at fixed prices following the revision of indicators in June 2002. Own calculations.
* 2002 preliminary results.

Over the years 1993 – 2002 GDP grew by an index of 145.3, exports by an index of 211.0 and imports by an index of 204.0.

The data from table 1 also shows the:

• higher rate of export and import growth than GDP growth,

• permanent growth of exports

• in the years 1996 – 1999 a higher rate of import growth than export growth.

The share of imports and exports of goods and services in the country's GDP is proof of the strong functional openness of the Slovak economy, which is one of the most open in the EU and comparable with Belgium and Holland (Table 2). At the same time it is necessary to mention that the Slovak economy's functional openness has increased significantly, in particular since 1996.

The high functional openness of the Slovak economy has both positive and negative aspects. A positive aspect, to name but one, is pressure for competitiveness; a negative aspect however is the fact that the Slovak economy is strongly affected by business cycles, as well as the consequences of the ongoing structural changes in the economies, in particular of transforming countries.

Concentrating our attention almost exclusively on monitoring year-on-year developments in the balance of trade deficit and in the territorial and goods structure of foreign trade gives only a view simplified as regards expert analysis and which for much decision making in the Slovak economy is insufficient.

This article presents an analysis of the development of exports as a whole and their break-down by industry and businesses over the years 1998 – 2002, an analysis of the net export and added value in critical export sectors and businesses.

As regards the industrial structure of Slovak exports, it may be said that the structure has to a certain extent stabilised. No significant changes have occurred in it and three industries continue to dominate – mechanical engineering, the chemical, pharmaceutical and rubber-processing industry and the metallurgical industry (Table 3).

The calculation in Tables 3 and 4 was made on the basis of data from the 40 largest exporters in the individual years. Given the high business concentration of exports the data given have a good predicative ability (they include almost 82% of the total exports made in 2002).

Table 2 Share of exported and imported goods and services in GDP in %

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Share of exports and imports in GDP	113.7	111.4	113.2	116.5	128.1	131.9	138.6	151.9	160.4	162.2

Source: Statistical Office of the SR. The calculation is based on GDP at fixed prices following the revision of indicators in June 2002. Own calculations.

Table 3 Industrial structure of SR exports in 1998, 2000 and 2002 (in %)

Industrial sector	1998	2000	2002
Mechanical engineering	32.4	31.4	32.5
Chemical, pharmaceutical and rubber processing industry	22.5	26.3	25.1
Metallurgical industry	18.4	16.2	16.8
Energy industry	9.4	8.6	8.6
Wood processing industry	5.9	5.1	5.0
Electrical industry	4.3	5.2	5.3
Consumer products industry	1.9	2.1	2.0
Foods industry	1.3	1.4	1.4
Glass industry	1.5	1.1	1.0
Construction materials production	1.2	1.6	1.4
Polygraphics industry	0.7	0.6	0.6
Extractive industries	0.5	0.4	0.3
Total	**100.0**	**100.0**	**100.0**

Source: Trend TOP 200. Largest Producers, Employers and Exporters, 2002. Own calculations.
Trend TOP 200. Face of Industry in Slovakia Changed by Foreign Investors, 2001. Own calculations.
Trend TOP 100 Industrial Enterprises, 1999. Own calculations.

Table 4 Share of exports of individual groups (according to growth index) in the total export in %

Group	%
1. group - growth index 2002 -1998 below 100	4.2
2. group - growth index 2002 -1998 from 101 to 150	13.5
3. group - growth index 2002 -1998 from 151 to 250	68.5
4. group - growth index 2002 -1998 from 251 to 400	0.0
5. group - growth index 2002 -1998 above 401	13.8
Total	**100.0**

The growth in exports over the years 1998 – 2002 was greatly varied by group (Table 4).

It may be viewed positively the fact that the highest share of exports was recorded in the group with the growth from 151 – 250. The high share of this group was influenced by the presence of the large exporters: Volkswagen Slovakia, a.s., Slovnaft, a.s., Matador, s.r.o., Novácke chemické závody, a.s., Biotika, a.s. and others. An extraordinary growth in exports was recorded in the early years 1998 – 2002 by INA Skalica, s.r.o., Sony Slovakia, s.r.o. and Slovenské elektrárne, a.s. (Table 5).

Table 5 export growth index 2002/1998 for selected Slovak exporters

Enterprise	Industrial sector	Growth Index
BSH Drives and Pumps, s. r. o.	Electrical industry	1 720.0
Slovenské elektrárne, a. s.	Energy industry	656.0
INA Skalica, s. r. o.	Mechanical engineering	557.0
Whirpool Slovakia, s. r. o.	Mechanical engineering	474.0
ZSNP, a. s.	Metallurgical industry	425.2
Sony Slovakia, s. r. o.	Electrical industry	411.8
Slovnaft, a. s.	Chemical, pharmaceutical and rubber processing industry	235.2
IDC Holding, a. s.	Foods industry	225.4
Matador, a. s.	Chemical, pharmaceutical and rubber processing industry	203.1
Volkswagen Slovakia, a. s.	Mechanical engineering	191.5

Source: Trend TOP 200. Largest Producers, Employers and Exporters, 2002. Trend TOP 100 Industrial Enterprises, 1999. Own calculations.

Table 6 Share of net export in the export for selected Slovak exporters in 2002 in %

Enterprise *	Industrial sector	Share of net export in export in %
Volkswagen Slovakia, a. s.	Mechanical engineering	30.6
Slovenské celulózky a papierne, a. s.	Wood processing industry	64.3
Slovalco, a. s.	Metallurgical Industry	44.4
Sony Slovakia, s. r. o.	Electrical industry	29.7
Duslo, a. s.	Chemical, pharmaceutical and rubber processing industry	65.5
Matador, a. s.	Chemical, pharmaceutical and rubber processing industry	57.4
Železiarne Podbrezová, a. s.	Metallurgical industry	38.2
Novácke chemické závody, a. s.	Chemical, pharmaceutical and rubber processing industry	64.0
SCA Hygiene Products, s. r. o.	Wood processing industry	68.5
Nylstar Slovakia, a. s.	Chemical, pharmaceutical and rubber processing industry	45.4
Slovenské energetické strojárne, a. s.	Mechanical engineering	43.8

Source: Trend TOP in industry. The European Duel in Slovakia, 2003. Own calculations.
* The selection of enterprises was based on the availability of data.

Table 7 Added value per SKK 1 of earnings in 2000, 2001, 2002 for selected exporters in %

Enterprise	Industrial Sector	Added value per SKK 1 of earnings in %		
		2002	2001	2000
Volkswagen Slovakia, a. s.	Mechanical engineering	12.7	19.4	19.1
INA Skalica, s. r. o	Mechanical engineering	24.3	31.7	25.4
Whirpool Slovakia, s. r. o.	Mechanical engineering	8.4	10.0	n/a
Slovnaft, a. s.	Chemical, pharmaceutical and rubber processing industry	18.2	17.7	19.5
Duslo, a. s.	Chemical, pharmaceutical and rubber processing industry	25.1	29.4	33.6
Matador, a. s.	Chemical, pharmaceutical and rubber processing industry	23.6	20.9	18.7
Chemosvit, a. s.	Chemical, pharmaceutical and rubber processing industry	26.5	27.9	35.8
Rhodia Industrial Yams Slovakia, a. s.	Chemical, pharmaceutical and rubber processing industry	21.4	24.4	21.8
U. S. Steel Košice, s. r. o.	Metallurgical Industry	n/a	28.0	25.9
Železiarne Podbrezová, a. s.	Metallurgical Industry	35.2	14.3	24.6
Slovalco, a. s.	Metallurgical Industry	35.4	29.0	27.6
ZSNP, a. s.	Metallurgical Industry	22.9	25.5	31.6
SPP, a. s.	Energy industry	40.2	21.6	26.9
Slovenské elektrárne, a. s.	Energy industry	41.9	53.9	58.6
Severoslovenské celulózky a papierne, a. s.	Wood processing industry	35.4	40.2	37.5
Kappa Štúrovo, a. s.	Wood processing industry	28.1	31.9	31.7
Tento Slovakia, a. s.	Wood processing industry	18.8	24.5	20.4
Sony Slovakia, s. r. o	Electrical industry	15.1	12.6	10.0
Leoni Slovakia, s. r. o.	Electrical industry	16.9	n/a	n/a
IDC Holding, a. s.	Foods industry	25.9	29.7	32.3
Palma Tumys, a. s.	Foods industry	23.4	18.5	24.7
Holcim (Slovensko), a. s.	Construction materials production	38.7	57.0	23.6
Grafobal, a. s.	Polygraphics industry	35.3	28.3	29.3

Source: Trend TOP in industry. The European Duel in Slovakia, 2003. Trend TOP 200. Largest Producers, Employers and Exporters, 2002. Own calculations.
n/a – not available.

Table 8 Added value per SKK 1 of earnings by industrial sector in %

Industrial sector	Added value per SKK 1 of earnings in %
Mechanical engineering	14.7
Chemical, pharmaceutical and rubber processing industry	21.1
Metallurgical Industry	23.2 (excluding U.S.Steel)
Energy industry	40.7
Wood processing industry	33.7
Electrical industry	19.5
Consumer goods industry	32.7
Foods industry	16.4
Construction materials production	32.9
Polygraphics industry	32.3

Source: Trend TOP in industry. The European Duel in Slovakia, 2003. Own calculations.

The presence of these large, successful exporters' membership of an industry predetermined the metallurgical and electrical industries as being the most successful from the aspect of export growth in the years 1998 – 2002.

Whereas data on the growth in exports may to a certain extent be assessed positively, a “cooling down” is occurring in the analysis of the share of the net export in the export. Its average value for the monitored set of the 40 largest Slovak exporters is 44.4%. Mechanical engineering and electro-technical manufacturers in particular fall below this level (Table 6).

We consider one of the most important indicators of competitiveness to be added value. We can see the values of this indicator in the case of selected Slovak exporters in Table 7.

Industrial sector characterisations of average added value per SKK 1 of earnings were calculated from a set of the 157 largest Slovak exporters. The average added value per SKK 1 of earnings in the set represented 24.6%.

From the table it can be seen that the larger mechanical engineering and electro-technical industry exporters are reporting an added value share per SKK 1 of earnings below the average level of the industry to which they belong. Another negative feature is also the decline in this indicator in 2002 in the case of many large exporters.

The aim of this article has been to draw attention to the need for a comprehensive assessment of the Slovak export. Various conclusions could be of service also in a strategic decision making in the SR economy.