A. Economic Development

in 1994

1. THE WORLD ECONOMY

The world economy in 1994 continued to show clear signs of recovery. However, the pace of economic revival differed in the three basic groups of countries. An evident but relatively slow recovery seemed to be under way in OECD member countries. On the other hand, developing countries experienced a rapid economic growth. Transition economies remained deep in recession; however, several countries in this group saw significant increases in gross domestic product.

Within the OECD group, the G7 countries have strengthened their positions. The high rate of economic growth was maintained in the US and other Anglo-Saxon countries, where the recovery started as early as 1993. Compared with the previous year's results, the most robust increases in GDP were recorded in the member states of the European Union, which, as an economic grouping within OECD, achieved the best economic results. Nevertheless, the rate of recovery in Japan was much slower in 1994.

A significant feature of the ongoing recovery of the world economy is its non-inflationary development. The average rate of inflation in industrial countries reached 2.4% (3.1% within the European Union). The moderate rate of economic growth and the reorientation of economic activity from countries that started the recovery to the states of continental Europe, and gradually to Japan, has made a significant contribution to the reduction of inflationary pressures. The economic revival caused a moderate increase in raw material prices. In the majority of countries, the general macro-economic environment was not under the influence of inflationary pressures, due to a sufficiently wide gap between the level of real GDP and potential output. However, the US economy (which, according to some opinions, has already emerged from the recession), and the economies of Great Britain, Australia, and New Zealand are in danger of becoming overheated.

Another side effect of the non-inflationary course of economic revival was the persistent, and relatively high level of unemployment in most market-economy countries. Unemployment had predominantly a structural character, the rate of unemployment in OECD countries averaged 8.2%, which is equivalent to the previous year's level. Considerable differences were recorded between the rates of unemployment in various economic regions. While Japan's unemployment rate was only 3% and that of the US stood at about 6%, the average jobless rate in EU member countries remained above 10%.

Development of Real GDP in Selected OECD Countries (previous period = 100, change in %)

	1992	1993	1994
USA	2.3	3.1	3.9
Japan	1.1	0.1	1.0
Germany	2.2	-1.1	2.8
France	1.2	-1.0	2.2
Italy	0.7	-0.7	2.2
Great Britain	-0.5	2.0	3.5
Canada	0.6	2.2	4.1
G7 countries - Total	1.6	1.4	3.0
Australia	2.1	3.8	4.3
New Zealand	0.4	4.4	5.0
OECD countries - Total	1.6	1.3	2.8
OECD countries excluding USA	1.2	0.2	2.2
European Union	1.1	-0.3	2.5

World trade was growing at a faster rate (6%) than world production (2.5%). The year 1994 saw a further improvement in world economic activity in favour of the development of international trade and European economic integration. By signing the Final Document of GATT at the end of the 8th round of multilateral talks held in Uruguay at the end of 1993, a successor international organization was created for world trade (World Trade Organization). In 1994, Austria, Finland, and Sweden were admitted to the European Union.

The economic boom in major industrial economies, and the institutional and organizational changes in the world economy, particularly in the Western European economic region, created favourable conditions for the development of Slovakia's foreign trade and the country's global economic revival.

2. ECONOMIC DEVELOPMENT IN CENTRAL EUROPEAN TRANSITION ECONOMIES

Among the transforming economies of Central and Eastern Europe, the Czech Republic, Hungary, Poland, the Slovak Republic, and Slovenia represented a group of five countries where the economic reform began to produce the first positive results and the development of macroeconomic indicators showed clear signs of stabilization.

Gross Domestic Product

A positive trend in the development of this indicator was first recorded in Poland, where the growth in real GDP began, after a long period of decline, already in 1992 (by 2.6%). Since that time, the annual rate of GDP growth has been increasing; in 1994 the growth in GDP reached 5%.

Slovenia's economy showed the first signs of revival in 1993, when the growth in real GDP reached 1.3%, which was followed by an increase of 5% in 1994.

Gross Domestic Product **(Change compared with previous year in %)**

	Slovakia	CR	Hungary	Poland	Slovenia
1990	-2.5	-1.2	-3.5	-11.6	-4.7
1991	-14.5	-14.2	-11.9	-7.6	-8.1
1992	-7.0 */	-6.6	-4.5	2.6	-5.4
1993	-4.1	-0.9	-2.3	3.8	1.3
1994	4.8	2.5	2.8	5.0	5.0

Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia
*/ Change in methodology

In Hungary, the Czech Republic, and Slovakia, the first rise in real GDP since 1990 was recorded in 1994. The most rapid growth in GDP was recorded in Slovakia, where it increased by 4.8% in 1994, after a drop of 4.1% in 1993. The GDP growth in Hungary and the Czech Republic in 1994 was slower: 2.8% and 2.5% respectively, however, it was preceded by smaller decreases in 1993: 2.3% and 0.9% respectively in 1993.

Price Developments

In contrast with EU countries, consumer-price inflation in Central European transition economies remained high. However, development since the beginning of the 90's clearly indicates that the rate of increase in price inflation has slowed down in those countries.

The restrictive monetary policy in Slovenia halted that country's hyperinflation at the beginning of the 90's, and kept inflation at an acceptable level. Hyperinflation was also stopped in Poland, though the annual rate of inflation projected for 1994 (23%) was exceeded.

Inflation in the Czech Republic, which achieved the most favourable results in this field, almost reached a one-digit figure.

The development of price inflation in Slovakia was more favourable than was generally expected. As a result, Slovakia ranked second in the group of countries under consideration.

In Hungary, the rate of increase in price inflation also dropped compared with the previous year's figure.

Inflation Rate **(Change compared with the corresponding period of previous year in %)**

	Slovakia	CR	Hungary	Poland	Slovenia
1990	10.4	9.7	28.9	585.8	104.6
1991	61.2	56.6	35.0	70.3	247.1
1992	10.0	11.1	23.0	43.0	92.9
1993	232	208	22.5	35.3	22.9
1994	11.7	10.0	18.8	29.4	18.3

Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia

State Budget

The reform-economy countries are making every effort to reduce the state budget deficit below 4% of GDP, which is one of the conditions of entry to the European Union.

With regard to the latter condition, state budget deficits reached the required level only in the Czech Republic, Slovenia, and Poland. In Slovakia, the budget deficit would have reached a level of 3.7% of GDP if the clearing balance with the Czech Republic had not been taken into account.

State Budget Balance **(as % of GDP)**

	Slovakia	CR	Hungary	Poland	Slovenia
1991	-3.9	-2.1	-4.9	-3.8	2.6
1992	-3.1	-0.2	-7.0	-6.0	0.2
1993	-6.8	0.1	-6.1	-2.8	0.5
1994	-5.7	1.0	-6.8	-1.8	-1.0

Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia

The Labour Market

The labour market conditions in these countries were less favourable. As a result of recession and structural changes in the economy, the rate of unemployment increased in all five countries in recent years.

Unemployment Rate **(as % of the labour force, end-of-period figures)**

	Slovakia	CR	Hungary	Poland	Slovenia
1990	1.6	0.8	1.9	6.3	4.7
1991	11.8	4.1	8.5	11.8	10.1
1992	10.4	2.6	12.3	13.6	13.4
1993	14.4	3.5	12.1	15.7	15.5
1994	148	3.2	11.5	16.0	14.3

Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia

With the exception of the Czech Republic, where the unemployment rate is around 3%, none of the countries under consideration recorded a significant decrease in the number of unemployed in 1994. On the contrary, in Poland and Slovakia, the rate of unemployment slightly increased.

Foreign Debt

There are considerable differences between the individual countries. One group is formed by Poland and Hungary, whose foreign debts exceed 50% of GDP (though Poland's debt was already twice reduced), the other includes the Czech Republic, Slovakia, and Slovenia, i.e. countries with a relatively low level of foreign debt.

Gross Foreign Debt by Country

1994	Slovakia	CR	Hungary	Poland	Slovenia
% of GDP	37.0	32.7	72.7	51.9	17.3
USD per capita	788	997	2,779	1,076	1,156

Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia

Foreign Investment

Among the emerging market economies in Central Europe, the largest volume of foreign investment was attracted by Hungary, thanks to its strong private sector and openness to the foreign capital inflow. Last year, however, the attention of foreign investors focused on Poland, Slovenia, and the Czech Republic, as a consequence of the favourable economic results achieved in those countries.

Direct Foreign Investments

1994	Slovakia	CR	Hungary	Poland	Slovenia
in USD billion	0.6	2.7	7.0	5.0	1.1
USD per capita	112	261	682	130	553

Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia

Foreign Trade

After 1989, the territorial orientation of foreign trade has changed in all countries under consideration. The share of trade with countries of the former Soviet Union and COMECON decreased in favour of market-economy countries. Apart from this, the situation in Slovenia was further complicated by the break-up of the former Yugoslavia in 1992, as a consequence of which Slovenia lost its largest market.

Proportion of Exports to Imports **(in %)**

	Slovakia1/	CR2/	Hungary	Poland	Slovenia3/
1991	95.6	111.9	89.3	96.0	93.7
1992	96.8	84.6	96.0	81.7	113.4
1993	86.0	102.7	70.5	75.7	97.5
1994	101.6	97.1	68.4	95.3	97.9

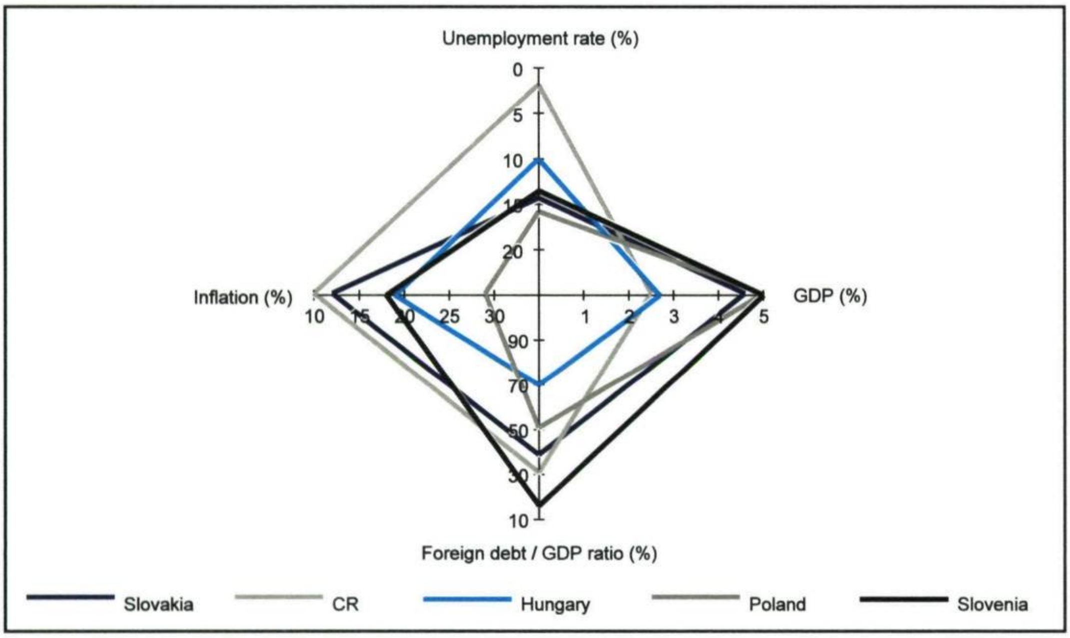
Source: Statistical Office of the SR, Czech Statistical Office, National Bank of Hungary, National Bank of Poland, Bank of Slovenia

Notes: 1/ Since 1993, including trade with the CR
2/ Since 1993, including trade with the SR
3/ Since 1992, excluding former Yugoslavia

The volume of exports and imports in the countries under consideration increased each year since the beginning of the 90's. However, the trade balance in these countries was unfavourable as a result of their great demand for commodity imports. In 1994, the volume of exports exceeded that of imports only in Slovakia, while the biggest trade deficit was recorded in Hungary.

A complex comparison of basic macroeconomic indicators (i.e. the annual growth rate of GDP, unemployment rate, inflation, and foreign debt as percentage of GDP) achieved by transition economies in 1994, is illustrated by the chart below, the so-called magic square, in which the largest square represents the best economic performance.

Basic Macroeconomic Indicators in 1994



The above comparison shows that the economic results achieved in Slovakia did not deviate from the general trend within the group of leading reform economies. Slovakia achieved favourable results especially in price development and the percentage growth of GDP. In the group of countries analysed, Slovakia ranks third according to the amount of foreign debt. The position of Slovakia when judged by the rate of unemployment is less favourable.

3. ECONOMIC DEVELOPMENT IN THE SLOVAK REPUBLIC

The General Economic Environment

After several years of recession, Slovakia's economy achieved favourable macroeconomic results in 1994. Relatively robust growth was recorded in GDP, while inflation was significantly reduced, the balance of payments generated a surplus, and the country's foreign exchange reserves considerably increased.

A favourable turn was recorded in the development of GDP, which, after a 4.1% drop in 1993, increased by 4.8% in 1994, reaching Sk 182.2 billion (at constant prices). The GDP growth was due primarily to the performance of foreign trade, while domestic consumer demand was still in a decline. The monetary policy of the NBS continued to focus on its chief priorities: to ensure the internal and external stability of the national currency. As a result of this policy, the rate of consumer-price inflation was pushed down to 11.7%, and the general macroeconomic environment has stabilized. In 1994, Slovakia's unemployment rate remained permanently high, reaching 14.8% in December.

The overall stability of the macroeconomic environment and the continuity of macroeconomic control was preserved even after the change in government.

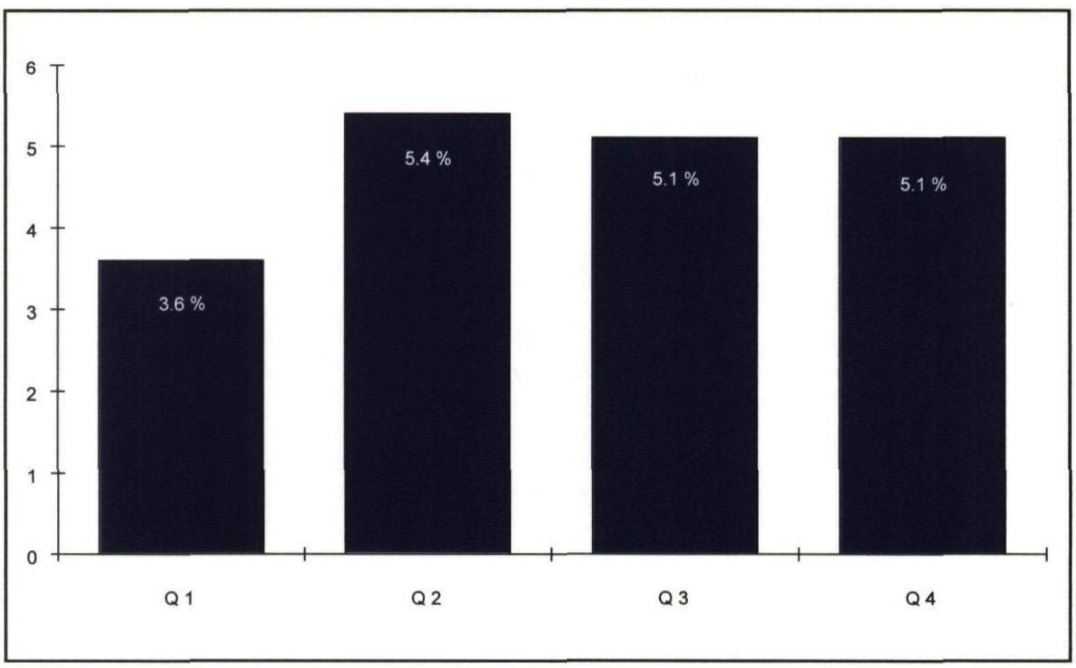
To preserve the equilibrium of the balance of international payments, a 10% import surcharge was introduced on some commodities at the beginning of March. Over the course of the year, several amendments were made to the state budget (changes in VAT and excise tax rates, reduction of budget expenditure, etc.). At the end of the first half of 1994, an agreement was reached on wage regulation as well.

The privatization process slowed down as a result of disputes over methods of implementation. Consequently, the beginning of the second wave of large-scale (voucher) privatization, expected to start in second half of 1994, was postponed until 1995.

GDP and Development in the Key Sectors of the Economy

Slovakia's gross domestic product (at constant prices) increased by 4.8% in 1994. GDP started to grow in the first quarter (3.6%), continued at a faster rate in the second quarter (5.4%), and maintained a slightly lower rate of growth (5.1%) over the second half of the year[1/]. This development was due mainly to the revival of industry and the service sector, together with an increase in the market value of agricultural produce. A special role in the development of GDP was played by the service sector. While GDP at current prices increased by 17.1%, the nominal value of market services rose by 34.2% and that of non-market services by 22.8%. The share of the service sector of GDP increased to 55% in 1994.

Development of GDP in 1994
(at constant prices; change compared with the corresponding period of previous year)



The development of the Slovak economy in 1994 profited greatly from the economic recovery abroad, which created conditions for the expansion of export trade. While the total domestic demand (in current prices) in 1994 declined by 2.6%

1/ Comparison with the corresponding periods of the previous year.

and the volume of imports dropped by 5.9%, the export of goods and services increased by 7.1%. The effect of marketing conditions on foreign markets was reflected in the uneven course of economic revival in individual sectors.

First of all, the development of industrial production showed clear signs of revival in 1994. The output of the sector in terms of commodity production increased by 6.4% (with respect to price development). However, the growth rate of production in large and medium-sized enterprises was less than that of small businesses. The volume of industrial production in companies with at least 25 employees grew by only 2.9%, while small businesses recorded a 39% increase in production.

Within the structure of industrial production, increases were recorded in the manufacturing industry (1.4%), electricity, gas, and water supply (15.3%), while output of the mining industry dropped by 0.3%. Within the structure of mining industry, output of metal mining dropped by 7.3%, while the fuel extraction for needs of power industry increased by 5.1%.

Within the structure of manufacturing industry, the most rapid increases in production were recorded in the paper industry (14.8%), petrochemical industry (21.7%), and rubber industry (9.2%). The output of chemical industry and the production of vehicles increased by 6.3%, and moderate increases were recorded in the output of metallurgical and metal-working industries, and the production of electrical and optical instruments. The output of food, clothing, textile, and leather goods industries continued to decline, amounting to 92 to 97% of last year's production. The most serious decline was recorded in the machine tool industry (13.4%).

The share of industrial sales for export reached 40.4% (compared with 37.2% in 1993) of the total volume of industrial production. The positive effect of exports on the growth of industrial production is evident from the fact that the growth in exports represented 63% of the total growth in industrial production.

As a result of the continuing stagnation of demand for capital investments, the construction sector could not overcome the period of recession, though it showed some tendency towards recovery under the influence of the general economic revival. In the first half of 1994, the output of the construction sector reached 89.2% of the figure for the first half of 1993; in the second half, the output of the construction industry increased to 101.3% compared with the figure recorded in the corresponding period of the previous year. The annual decline in construction amounted to 3.6% (in contrast to the 26.1% fall in 1993). The backbone of the construction sector consisted of relatively small private companies (including cooperatives), which accounted for almost one-third of the total volume of construction. A significant improvement in the field of building and construction is expected from the implementation of large infrastructural projects that are under way, and from the revival of capital investment, which should provide new opportunities to the larger construction companies.

Agricultural production was still in a decline; the output of the sector dropped by 3.2% compared with the 1993 level. At the same time, the favourable (though macroeconomically inflationary) development of agricultural prices continued, positively influencing the receipts of agricultural companies, which increased by 7.3% compared with the previous year's figure.

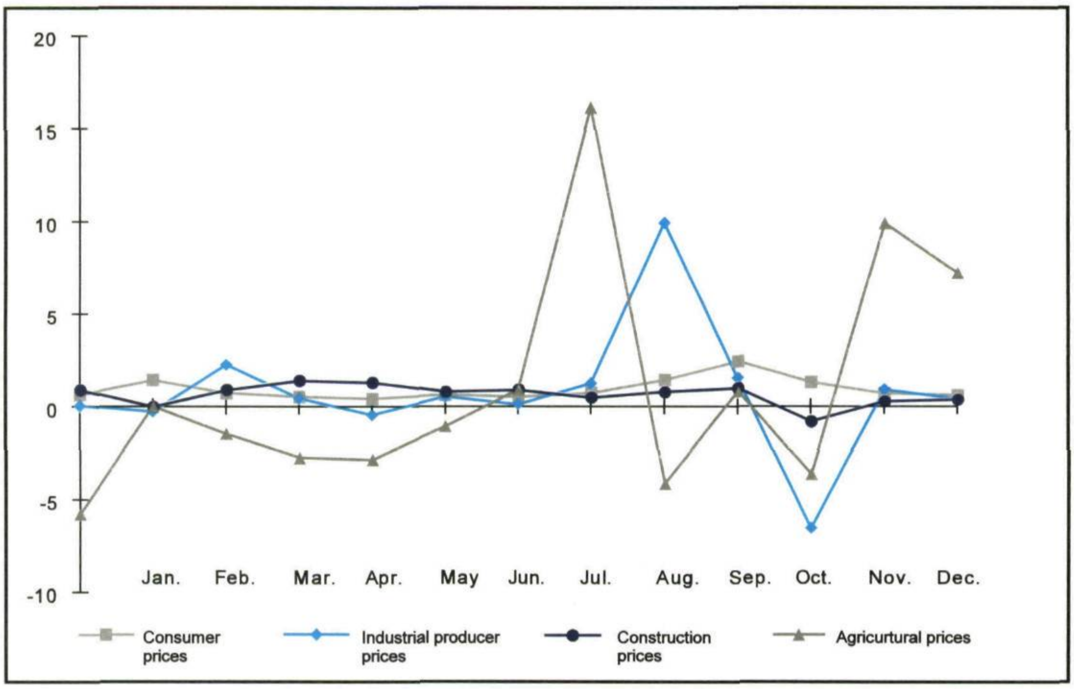
Inflation and Price Developments

The rate of inflation in 1994 reached 11.7% (the annual average 13.4%). This is a notable achievement with regard to the fact that the economic policy of the government in 1994 was forced to adopt some measures that involved the risk of inflation. These measures were: the introduction of a surcharge on imports, modification of VAT and excise tax rates (some commodities were moved from the 6% rate category into the 25% VAT rate category). The price development was affected by some administrative adjustments and measures (increase in the maximum prices of heating and hot water, changes in charges and tariffs, categorization of the price of Pharmaceuticals, adjustments in the price of fuel and telecommunication tariffs).

The relatively low rate of consumer-price inflation was due to cumulative effects of several favourable trends in both demand and supply. The 1994 state budget deficit of the SR (excluding the surplus in the clearing balance with the Czech Republic) reached Sk 14.6 billion. The share of the budget deficit of GDP reached 5.7% compared with the 6.8% in 1993 (or 3.7% after taking into account financing of the surplus in the trade balance between the SR and the CR). Another factor that acted in support of a non-inflationary development was wage restriction, which limited the possibilities for excessive wage increases in loss-making enterprises and some highly profitable sectors of the economy (banking, insurance, power industry), and ensured that wages should not increase at a faster rate than labour productivity. In supply, the relatively low inflation was a result of the favourable development of labour productivity, especially in industry.

With regard to the satisfactory trend in price development, considerable differences were recorded in consumer prices within the basic groups of commodities.

Trends in Individual Prices (previous month = 100, change) **(%)**



Wage Development

The average monthly nominal wage in industry reached Sk 7,293 in December, representing an annual increase of 14.7%. In building and construction, the average nominal wage amounted to Sk 8,422, representing an increase of 11.3%. In trade, the average nominal wages increased by 25%, reaching a level of Sk 6,403.

On average, the development of consumer prices caused a 11.8% increase in living costs. The increased cost of living most seriously affected the budgets of old-age pensioners, while the price increases had a relatively small impact on the cost of living of agricultural (cooperative) workers and farmers.

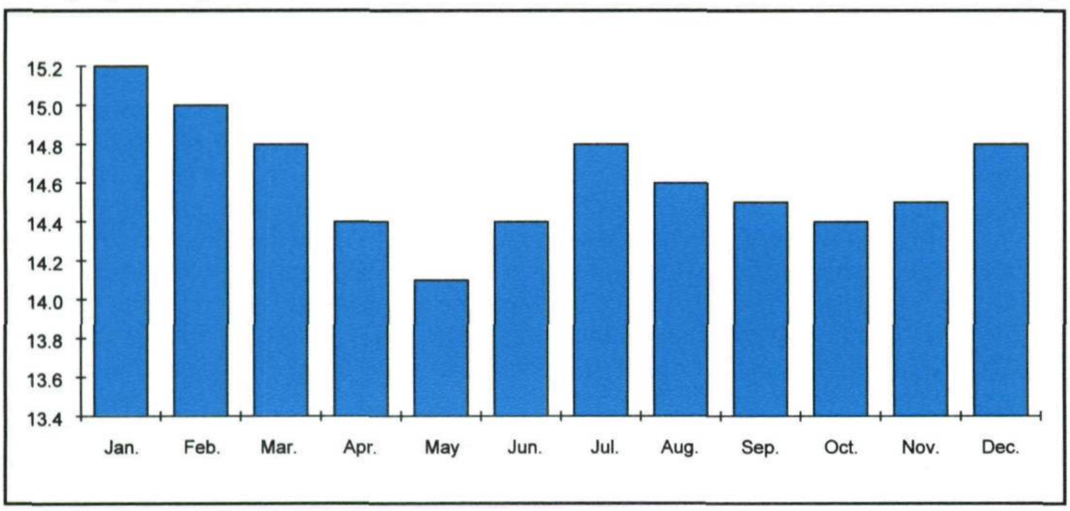
With regard to the increased cost of living, the average real monthly wage in 1994 exceeded the previous year's level by 3.3%; in construction by 2.1%, in trade by 1.1%, and in transport by 6%. According to preliminary data, the rate of household saving reached 7.2% (compared with the 3.3% in 1993).

A favourable development that indicated the beginning of economic revival, the stabilization of the macroeconomic environment, and the restructuring of the corporate sector was the growth in labour productivity: in industry it reached 106.1% of the December 1993 level. When comparing the developments in average wages and labour productivity, the growth in average productivity per employee per hour (in comparable prices) exceeded the increase in the average hourly real wage in industry by 4.6 percentage points, in construction by 3.1 points, and in trade by 1.3 points.

The Labour Market

After a significant upturn in economic activity, which was reflected in the growth in GDP, labour market conditions stabilized over the course of the year. At the end of December 1994, the rate of registered unemployed reached 14.8%, representing an increase of 0.3 percentage points compared with corresponding period of the previous year. However, a positive development was that the number of unemployed per vacancy significantly decreased: from 48 in December 1993 to 28 in December 1994. Apart from registered unemployed, there is still an extensive latent unemployment (or overemployment) in the Slovak economy, which is reflected in the inefficient use of labour in various economic sectors.

Unemployment by Month (%)



The development of the labour market recorded further intersectoral structural changes in the course of 1994. The year-end data for 1994, in comparison with the end-1993 figures, clearly indicate that employment continued to decrease in industry, construction, and transport; though the rate of decrease in manufacturing and construction gradually slowed down in the course of the year. In the past 12 months, the number of employed saw a decrease of 1.0% in industry, 4.4% in transport, and 7.4% in building and construction. The number of employees in trade recorded a significant increase (8.3%).

A characteristic feature of unemployment in Slovakia is its evident regional differentiation, which did not undergo any significant changes during the year. The lowest rate of unemployment was recorded in Bratislava and some other big cities; whereas in some districts of southern and eastern Slovakia, the jobless rate was as high as 20%.

The most unfavourable aspect of unemployment in 1994 was the increasing share of young people out of work, which reached 14.5% of the total number of unemployed, compared with the 13.4% recorded in the previous year.

The Private Sector

With regard to the ownership of economic entities, more than 50% of Slovakia's GDP in 1994 was generated in the private sector. The private sector accounted for 53.7% of the total volume of industrial production, 73.6% of the total output of the construction sector, 88.5% of retail trade turnover, and 56.3% of the volume of road haulage.

At the end of the year, the number of legal (corporate) entities doing business in the Slovak Republic totalled 36,187, representing an increase of 7,209 compared with the figure recorded at the beginning of the year. Of the total number of registered legal entities, 95.5% belonged to the private sector.

At 31 December 1994, the number of private entrepreneurs registered in the Slovak Republic totalled 287,002, representing an increase of 4,108 compared with the figure for the beginning of the year. The composition of entrepreneurs changed over the course of the year. On the one hand, the number of small businessmen dropped by 357; and on the other, the number of private farmers increased by 3,157, and that of self-employed grew by 1,308.

Foreign Capital

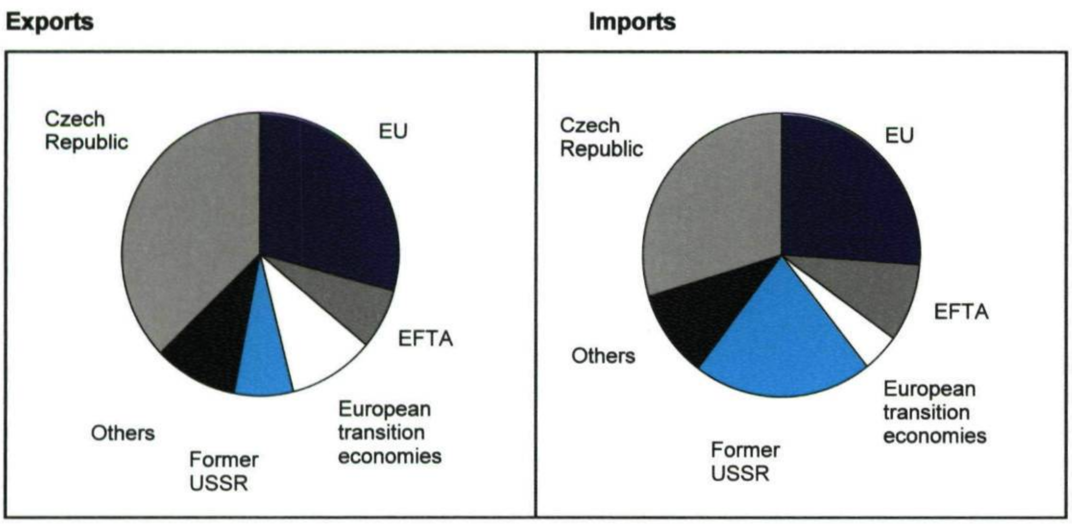
At the end of December 1994, the volume of foreign capital employed in the Slovak Republic reached Sk 16.5 billion (US$ 551.7 million), representing an increase of 53.8% compared with the figure recorded at the beginning of the year. The decisive share (77.0%) of the annual growth in foreign funds was invested in the second half of 1994, while the largest increase in foreign investment was recorded in the last quarter, when 48.4% of the annual growth in foreign capital was employed in the Slovak Republic. According to the amount of invested capital, the largest investors were: Germany (which maintained its leading position), Austria, the Czech Republic, USA, and France. These countries accounted for 80% of the total volume of foreign capital investment. With regard to the allocation of foreign investment, 70% of the capital was invested in Bratislava. In a sectoral breakdown, foreign investors gave preference to the financial sector; however, significant capital investments were made in aluminium production and food processing as well.

Foreign Trade

In 1994, foreign trade played a dominant role in the revival of the Slovak economy. An important stimulus to the growth of Slovakia's exports was the continuing economic recovery of major industrial countries.

The significant increase in exports, despite the numerous restrictions on imports (import surcharge, compulsory certificates for foodstuffs imported from the CR, the effects of devaluation on the prices of imported commodities), was reflected in the favourable balance of foreign trade (and in the significantly higher balance surplus), which contributed to the strengthening of the balance of payments and the growth in foreign exchange reserves).

Territorial Structure of Slovakia's Foreign Trade



In 1994, the total turnover of foreign trade increased by 19.2% compared with the 1993 figure. The balance of foreign trade, resulting from the volume of exports (Sk 215.5 billion) and imports (Sk 212.1 billion), reached a surplus of Sk 3.4 billion (in contrast to the Sk 28.7 billion deficit in 1993). The balance of services, which became a stabilizing element in the balance of payments on current account, generated a surplus of Sk 21 billion.

The favourable trend in foreign trade was due primarily to the growth in exports, representing more than 28.5% compared with the 1993 figure; while imports recorded a more moderate growth, reaching 8.4%. The export performance of the economy (measured as a ratio of exports to GDP) reached a level of 55% (representing a 5.5% increase compared with the 1993 figure), and corresponds to the level in major industrial economies.

In the territorial structure of Slovakia's foreign trade, the change in orientation towards major industrial countries continued, especially towards the European Union and EFTA member countries. The share of foreign trade with CEFTA transition economies also increased. The volume of imports into the European Union grew by more than 52%, while imports into CEFTA member countries increased by 17%. The volume of exports to the Russian Federation recorded a significant increase (12.8%), while the volume of imports dropped by 1.1%. However, trade with countries of the former Soviet Union, especially with Russia, remained a chronic problem in Slovakia's foreign trade, because the large volume of raw material imports into the Slovak Republic cannot be compensated for by exports with regard to the insolvency of the foreign partner.

The change in the territorial composition of Slovakia's foreign trade was due primarily to the weakening of foreign trade relations with the Czech Republic. In 1994, the reduction of foreign trade with the CR continued; which is evident from the 10.6% decrease (at current prices f.o.b.) in imports from the CR. Trade with the CR reflected the effects of protectionism (surcharge on imports, trade certificates) and monetary-policy measures. Devaluation of the clearing ECU by 5% resulted in an increase in the price level of goods imported from the CR and the partial reorientation of Czech exports towards other countries. Despite the drop in the Czech Republic's share of the total foreign trade turnover of the Slovak Republic (to 33.6% from 40% in 1993), the Czech Republic remained the most important trade partner of Slovakia in 1994. It had a 37.1% share in the total volume of Slovak exports, and a 29.6% share of Slovakia's imports.

A less favourable aspect of Slovakia's foreign trade is its inadequate adaptability to changes in the demand for export commodities. Slovakia's exports continued to be dominated by unfinished products: industrial products (classified according to material), e.g. iron, timber, steel, glass, paper, etc., represented 39.2% of the volume of exports; while machines and transport equipment accounted for 19.4%. The imports were dominated by machines and mechanical engineering products (27.7%), fuels and lubricants (19.3%) To maintain and further increase the export performance of Slovak manufacturers, it is necessary to make structural changes in the Slovak economy and to restructure the export trade.