

## SECTORAL AND CORPORATE ASPECTS OF SLOVAK EXPORTS

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The development of Slovak foreign trade does not call for optimism. The share of exports in GDP oscillates around 55 %. The per capita export produced is low, in 1997 it was 1 702 ECU (for comparison in Germany the level of exports was 5 500 ECU, in Austria 6 481 ECU, Belgium and Luxembourg up to 14 412 ECU, and in the Czech Republic 3 642 ECU).<sup>1</sup> The absolute level of our exports directly determines also the resource possibilities for our imports and also our overall efficiency in industrial production. In case of our neighbours' accession to the EU, our share of exports to the EU countries could move to approximately 80%. In the long term, however, it is rather the goods structure of our exports, for which a high share of raw materials, materials and components having a low added value share is typical, that is the more adverse.

Issues of in particular the foreign trade deficit as well as questions of the territorial and goods structure of foreign trade have been the subject of expert deliberation. This article offers a new view on the Slovak export in the field of the sectoral and corporate structure of the Slovak export from different perspectives. The subject of the analysis were businesses from various sectors of Slovak industry, the annual exports of which are over 285 mil. SKK. Thus were included in the analysis exports representing (in SKK) more than 89% of the volume of Slovak exports in the years monitored, which may be considered as having very good descriptive ability.

The sectoral structure of Slovak exports has not significantly changed (table 1). In it three sectors dominate: mechanical engineering, chemicals, pharmaceuticals, rubber

**Table 1. Sectoral structure of exports of the Slovak Republic (%)**

Sector	1998	1999	2000
Mechanical engineering	32.4	34.0	31.4
Chemical, Pharmaceutical and rubber industry	22.5	22.7	26.3
Metal Industry	18.4	16.8	16.2
Energy Industry	9.4	9.9	8.6
Wood processing industry	5.9	5.5	5.1
Electro-technical industry	4.3	2.9	5.2
Consumer goods industry	1.9	2.2	2.1
Foodstuffs industry	1.3	1.5	1.4
Glass & glasswares industry	1.5	1.5	1.1
Production of construction materials	1.2	1.7	1.6
Polygraphics industry	0.7	0.7	0.6
Extractive industries	0.5	0.6	0.4
Total	100.0	100.0	100.0

Trend magazine top 2001. Trend top industrial businesses 1999. Own calculations.

<sup>1</sup> Baláž, P., Trenčianska, E: Growth of Competitive Capacity Important Condition of Successful Entrance of the Slovak Economy into the European Union. International Business Cooperation, 2/2001, pg. 14 – 15.

and metal engineering, which in the year 2000 together produced 73.9% of Slovak exports, confirming the high sectoral concentration in exports.

In the sectoral structure of Slovak exports a dominant role is held by the energy industry and other materially demanding industries (chemicals, pharmaceuticals, rubber, consumer goods, metals). Expected price changes, particularly in the various energies could significantly lower the competitiveness of these sectors in foreign markets. The growth of the share of the electro-technical industry in the sectoral structure of exports may be seen in a favourable light and this is connected with the entry of foreign investors into this sector (in particular Sony Slovakia s.r.o., Volkswagen Elektrické Systémy, s.r.o., Kablo, s.r.o., Leoni Slovakia s.r.o. etc.). However, the share of the electro-technical industry in the exports of the SR remains small.

The sectoral structure of the SR is extraordinarily and significantly influenced by large exporters. Without them the ranking of the industry sectors in the sectoral structure of exports would change in so that chemicals, pharmaceuticals, rubber and mechanical engineering would fall to third place (table 2), documenting the tight interconnection of the sectoral and corporate concentration in Slovak exports.

**Table 2. Percentage shares of main sectors in Slovak exports in 2000 (excluding large exporters)**

Sector	2000
Chemical, Pharmaceutical and rubber industry excl. Slovnaft, a.s.	12.9
Metal Industry excl. VSŽ, a.s.	8.9
Mechanical engineering excl. Volkswagen, a.s.	8.1

Own calculations.

Analysis of the connection of individual enterprises to the Slovak export bears witness to the continuing concentration of the Slovak export into a small number of enterprises. The four most important exporters continue to represent more than half the Slovak export, where two of them – Volkswagen Slovakia, a.s. and Slovnaft realised 36.7% (in 1999 35.4%, in 1998 32.6%) of the volume of the total Slovak export and thus are permanently strengthening their position (table 3).

**Table 3. Percentage shares of the largest exporters in Slovak exports in the years 1998, 1999, 2000**

Business	2000	1999	1998
Volkswagen Slovakia, a. s.	29.3	26.1	24.7
VSŽ, a. s.	7.3	11.2	12.5
SPP, a. s.	7.5	9.3	9.1
Slovnaft, a. s.	13.4	9.3	7.9
Total	51.5	55.9	54.2

Trend magazine top 2001. Trend top industrial businesses 1999. Own calculations.



If in respect of the above four exporters we assign others whose share in the export is not less than 2%, there may be seen a further strengthening of the corporate concentration of the Slovak export, since eight enterprises in 2000 represented almost two thirds i.e. 62.5% of the volume of the total Slovak export (table 4).

**Table 4. Exporters with an export share greater than 2% (other than the large 4). Percentage shares in the total volume of the export.**

Business	2000	1999	1998
Závody SNP, a. s.	3.5		
Slovalco, a. s.	2.9	3.2	1.4
Duslo, a. s.	2.5		
SCP, a. s.	2.1	2.3	2.5
Matador, a. s.		2.0	2.5
Total	11.0	7.5	6.4

Trend magazine top 2001. Trend top industrial businesses 1999. Own calculations.

The object of the analysis was also to ascertain the share of businesses exhibiting a growth in exports relative to the total volume of exports. Contrary to 1999, the experience from the year 2000 may be seen in a positive light, where in the case of most enterprises the volume of exports increased. The total value of exports in enterprises exhibiting a growth in exports represented in the year 2000 an 87.2% share in the total volume of exports. The sectoral structure of exports in enterprises with a growth in exports in the years 1999 – 2000 however shows marked disparities (table 5).

**Table 5. Percentage share of businesses exhibiting a growth in exports in the years 1999 to 2000 relative to the total volume of exports for the sector in 2000**

Sector	%
Mechanical engineering	96.4
Chemical, Pharmaceutical and rubber industry	97.2
Metal Industry	55.4
Energy Industry	98.0
Wood processing industry	79.2
Electro-technical industry	81.2
Consumer goods industry	73.4
Foodstuffs industry	54.1
Glass & glasswares industry	100.0
Production of construction materials	77.8
Polygraphics industry	100.0
Extractive industries	100.0

Trend magazine top 2001. Trend top industrial businesses 1999. Own calculations.

From the aspect of export growth the year 2000 was a very good year for enterprises in glass and glasswares, polygraphics and mining industries, and especially (in view of their share in the sectoral structure of exports of the Slovak Republic) for enterprises in the energy industry, the chemical, pharmaceutical and rubber industry, mechanical engineering and possibly also the electro-technical industry. This concerned primarily these enterprises: Slovenské elektrárne, a.s. Bratislava, Slovnaft, a.s. Duslo, a.s. Novácke chemické závody, a.s., Chemko, a.s., Volkswagen,

a.s. INA, a.s., Slovenské energetické závody a.s., Tlmače, Kinex, a.s., Sauer ZŤS, s.r.o, Tower Automobile, a.s. etc.

If, however, we shift the criterion of export growth to 1995, the situation changes to one less favourable, but nonetheless sufficiently satisfactory, and which shows the share of the export of those enterprises exhibiting lasting growth in exports from the year 1995 relative to the total volume of the Slovak export (table 6).

**Table 6. Percentage share of businesses exhibiting lasting growth in exports from the year 1995 relative to the total volume of exports in the years 1998, 1999, 2000**

2000	1999	1998
68.7	71.3	68.5

The “regulars” providing lasting growth in exports in the Slovak Republic are primarily Volkswagen, a.s., Slovnaft, a.s., Slovalco, a.s., SPP, a.s., but also SCP, a.s., Whirlpool, a.s., INA, a.s., Skloplast, a.s., Sony, a.s., Slovakopharma, a.s. These ten enterprises comprised a 54.5% share in the total volume of the Slovak Republic’s exports in the year 2000.

The consequences of the high sectoral and corporate concentration of exports for the economy of the Slovak Republic are confirmed also by data on the share of exports to total earnings of enterprises by sector (table 7).

**Table 7. Percentage share of exports of businesses with a share of exports to earnings greater than 75 % in 2000**

Sector	Share of exports in earnings greater than 75 %
Mechanical engineering	86.9
Chemical, Pharmaceutical and rubber industry	26.1
Metal Industry	40.2
Energy Industry	–
Wood processing industry	27.2
Electro-technical industry	80.0
Consumer goods industry	62.6
Foodstuffs industry	–
Glass & glasswares industry	85.7
Production of construction materials	35.9
Polygraphics industry	–
Extractive industries	100.0

Trend magazine top 2001. Own calculations.

The level of dependency of Slovak enterprises on exports is highly varied. Enterprises particularly in mechanical and electro-technical engineering, but also the extractive and consumer goods industries are dependent for their existence on exports. The share of exports in enterprises, where the share of exports to earnings is greater than 75% represented in the year 2000 54.5%.

#### Positive aspects of exports in 2000:

- a strengthening of the electro-technical industry within the sectoral structure of exports (from 2.9% in 1999 to 5.2% in 2000),
- extraordinary growth of exports in 2000 (at the corpo-

rate level), with 87.2% of the total volume of exports in 2000 being produced in enterprises exhibiting growth in exports in the years 1999 – 2000,

- a continued high share of exports produced in enterprises with lasting growth in exports from 1995,
- lasting growth of exports of the largest exporters,
- entry of strategic investors into export firms creating possibilities for expanding markets.

**Negative aspects of exports in 2000:**

- continued high sectoral and corporate concentration of the export,
- continued high share in sectoral structure of the export of sectors demanding in terms of materials, energy, and

imports. This concerns in particular the chemicals, pharmaceuticals and rubber industry, metal industry and energy industry. In the year 2000 these represented more than 51.1% of the total volume of the Slovak Republic's export.

- the level of dependency of whole sectors on import booms in selected markets (primarily the EU) especially in mechanical engineering the electro-technical industry, but also in glass and glasswares the consumer goods industry,
- concurrently a dependency of the whole economy on several main exporters,
- the entry of foreign investors is connected with “fixing in stone” the existing sectoral structure of the export demanding as it is on material, energy and imports.