Analysis on Current Investment Environment in Košice Self-governing Region

Košice Self-governing Region :: Košice 2006

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> Introduction

The Košice self-governing region (KSGR), like many other regions in Slovakia, is now at a compelling stage of its development: while combating high unemployment the region is also experiencing a remarkable increase in interest of investors to put their capital in this specific area.

In order to enhance the quality of the investment environment, raise the level of employment and stir up the economic development in the KSGR an idea was born as to devise and implement a project entitled **"Upgrading of Conditions to Streamline Inflow of Foreign Direct Investment in Košice Region"** pursuing an ambition to strengthen all professional, human and institutional capacities related to the regional investment policy. The project shall output in having professionals and institutions trained in rendering professional service, capable of practising the acquired skills when negotiating with the parties interested in investment, and/or with the investors already well established in the region. The project is co-financed through the EU within the EQUAL initiative.

The objective pursued on drawing up the document entitled **"Analysis on Current Investment Environment in Košice Self-governing Region"** is to identify and specify both assets and bottlenecks and analyse the current condition of the investment policy as exercised in the region. In doing so the document seeks to answer the following questions:

- Is this region eligible for attracting and developing foreign and domestic investment?
- Does this region dispose of sufficient engineering, technology and knowledge bases?
- Does this region have enough highly qualified human resources ready to meet ever-increasing requirements of investors?
- Are the local and regional self-governments ready to respond to the investor needs?
- What is the current investment situation in the region like?

This analysis represents the first phase of the project which is to come up with a thorough survey on the investment environment and shall assist in defining the investment policy, and consolidate the business environment in the region. We strongly believe this project will prepare high quality professional staff capable of working with foreign investors, and in the end, helping to step up foreign investment in the region.

The Košice self-governing region – the project leader – extends acknowledgement to the following partners:

- Regional Development Agency Košice
- Regional Consulting and Information Centre Košice
- Regional Consulting and Information Centre Trebišov
- BIC Spišská Nová Ves, s. r. o.

whose pro-active approach, responsibility and professional performance helped to develop the publication **"Analysis on Current Investment Environment in Košice Self-governing Region"**.

1. Košice Region – General Data

The Košice region is situated in the south-east of the Slovak Republic (SR). Having the area of 6,752 m², the region accounts for 14 % of the Slovakia area. (The agricultural land accounts for half the regions´ area.) Having the second highest population (mean population as of December 31, 2004 was 769,969), the region is among the largest in this country. The residential density of 114.1 people per 1 km², on average, goes slightly above the national average. The districts with the highest density are found within the boundaries of the city of Košice. The urban settlements have 56.3 % of the population. The region neighbours with the Prešov region to its north, with the Banská Bystrica region to its west, with the Republic of Hungary to its south, and with Ukraine to its east.

The administrative division of the Košice region includes 11 districts. The city of Košice is divided into four districts (Košice I, II, III, IV). The others include the districts of Gelnica, Košice-Vicinity, Michalovce, Rožňava, Sobrance, Spišská Nová Ves, and Trebišov. All districts, but the district of Košice-Vicinity, have their own district town (for the district of Košice-Vicinity the role of a district seat is, in part, played by the town of Moldava nad Bodvou).

The structure of urban settlements of the region comprises 440 municipalities, including low population communities and 17 towns: Čierna nad Tisou, Dobšiná, Gelnica, Košice, Kráľovský Chlmec, Krompachy, Medzev, Michalovce, Moldava nad Bodvou, Rožňava, Sečovce, Sobrance, Spišská Nová

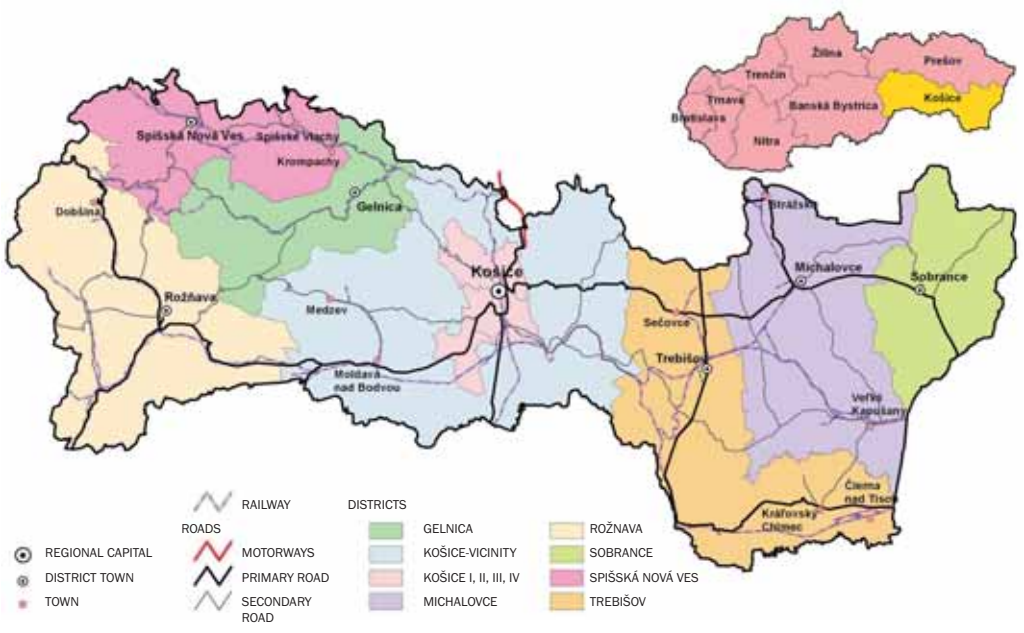

FIGURE 1: STRUCTURE OF URBAN SETTLEMENTS AND TRAFFIC NETWORK OF KOŠICE REGION, RESOURCE: KOŠICE SELF-GOVERNING REGION (2004)

Ves, Spišské Vlachy, Strážske, Trebišov, and Veľké Kapušany. The city of Košice is the regional capital working as a centre of administration, industry, economy, trade, education, and culture and history of the east of Slovakia.

Following some selected indicators (statistical indicators relevant for the development assessment of districts), the Košice region has undergone a process of regionalisation and the districts are now grouped together as to reflect a particular degree of the development they have achieved. The referred-to groups are classified as follows:

a. **developed region** enjoying a multi-sector economic base
b. **stabilised regions** having prospects of further development
c. **problem regions**
   - **stagnant regions** of single-sided orientation of their economic potential, noted for their low level of economic activity, insufficient utilisation of their own potential, and high rate of unemployment.
   - **depression districts** lagging behind owing to decline in high-profile industries, or low economic potential.

TABLE 1: REGIONALISATION OF DISTRICTS OF KOŠICE REGION IN 2004

Development Assessment of Districts of Košice Region	
Depression areas of problem economy	Districts of Sobrance and Gelnica
Stagnant areas	Districts of Košice-Vicinity, Rožňava, Trebišov
Stabilised and progressively transforming areas	Districts of Spišská Nová Ves and Michalovce
Developed areas	Districts of Košice I, II, III, IV
Resource: Košice Self-governing Region	

FIGURE 2: REGIONALISATION OF DISTRICTS OF KOŠICE REGION, RESOURCE: KOŠICE SELF-GOVERNING REGION (2004)

1.1 Districts of Košice Region

TABLE 2: CHARACTERISTICS OF DISTRICTS OF KOŠICE REGION IN 2004

District of Gelnica					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	584.4	male	49.3	organ. entities as of Dec. 31, 2004	1,521
proportion in area of region (%)	8.7	female	50.7	including	
structure of land resources (%)		city and town population	20.0	enterprises	116
agricultural land	19.8	in nationwide total	0.6	non-profit organisations	245
non-agricultural land	80.2	in regional total	4.0	natural persons–entrepreneurs	1,160
community count	20	residential density per km^2	53.0	including	
including the town of Gelnica				sole traders free-lance occupations self-employed farmers	1,034 42 60

District of Košice I					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	86.1	male	47.1	organ. entities as of Dec. 31, 2004	8,738
proportion in area of region (%)	1.3	female	52.9	including	
structure of land resources (%)		city and town population	100.0	enterprises	2,327
agricultural land	17.8	in nationwide total	1.3	non-profit organisations	848
non-agricultural land	82.2	in regional total	8.8	natural persons–entrepreneurs	5,563
community count	6	residential density per km^2	729.8	including	
				sole traders free-lance occupations self-employed farmers	4,977 473 13

District of Košice II					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	80.0	male	48.2	organ. entities as of Dec. 31, 2004	6,928
proportion in area of region (%)	1.2	female	51.8	including	
structure of land resources (%)		city and town population	100.0	enterprises	1,138
agricultural land	48.4	in nationwide total	1.5	non-profit organisations	462
non-agricultural land	51.6	in regional total	10.4	natural persons–entrepreneurs	5,328
community count	8	residential density per km^2	998.9	including	
				sole traders free-lance occupations self-employed farmers	5,010 218 23

District of Košice III					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	16.8	male	48.6	organ. entities as of Dec. 31, 2004	2,444
proportion in area of region (%)	0.2	female	51.4	including	
structure of land resources (%)		city and town population	100.0	enterprises	252
agricultural land	23.2	in nationwide total	0.6	non-profit organisations	125

non-agricultural land	76.8	in regional total	3.9	natural persons–entrepreneurs	2,067
community count	2	residential density per km^2	1 808.9	including	
				sole traders free-lance occupations self-employed farmers	1,969 66 3

District of Košice IV					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	60.0	male	47.4	organ. entities as of Dec. 31, 2004	5,988
proportion in area of region (%)	0.9	female	52.6	including	
structure of land resources (%)		city and town population	100.0	enterprises	1,613
agricultural land	57.6	in nationwide total	1.1	non-profit organisations	427
non-agricultural land	42.4	in regional total	7.4	natural persons–entrepreneurs	3,948
community count	6	residential density per km^2	945.5	including	
				sole traders free-lance occupations self-employed farmers	3,601 288 23

District of Košice-Vicinity					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	1 533.4	male	49.5	organ. entities as of Dec. 31, 2004	5,665
proportion in area of region (%)	22.7	female	50.5	including	
structure of land resources (%)		city and town population	12.3	enterprises	619
agricultural land	49.8	in nationwide total	2.0	non-profit organisations	650
non-agricultural land	50.2	in regional total	14.3	natural persons–entrepreneurs	4,396
community count	114	residential density per km^2	71.6	including	
including the towns of Medzev, Moldava nad Bodvou				sole traders free-lance occupations self-employed farmers	3,984 149 186

District of Michalovce					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	1 018.6	male	48.4	organ. entities as of Dec. 31, 2004	6,038
proportion in area of region (%)	15.1	female	51.6	including	
structure of land resources (%)		city and town population	49.2	enterprises	815
agricultural land	71.4	in nationwide total	2.0	non-profit organisations	666
non-agricultural land	28.6	in regional total	14.2	natural persons–entrepreneurs	4,557
community count	78	residential density per km^2	107.3	including	
including towns of Michalovce, Strážske, Veľké Kapušany				sole traders free-lance occupations self-employed farmers	3,851 294 269

District of Rožňava					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	1 173.3	male	48.3	organ. entities as of Dec. 31, 2004	3,698
proportion in area of region (%)	17.4	female	51.7	including	
structure of land resources (%)		city and town population	39.3	enterprises	446

agricultural land	31.8	in nationwide total	1.1	non-profit organisations	429
non-agricultural land	68.2	in regional total	8.0	natural persons–entrepreneurs	2,823
community count	62	residential density per km^2	52.7	including	
including towns of Dobšiná, Rožňava				sole traders free-lance occupations self-employed farmers	2,506 144 120

District of Sobrance					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	538.2	male	48.5	organ. entities as of Dec. 31, 2004	1,159
proportion in area of region (%)	8.0	female	51.5	including	
structure of land resources (%)		city and town population	26.9	enterprises	110
agricultural land	56.3	in nationwide total	0.4	non-profit organisations	201
non-agricultural land	43.7	in regional total	3.0	natural persons–entrepreneurs	848
community count	47	residential density per km^2	26.9	including	
including town of Sobrance				sole traders free-lance occupations self-employed farmers	687 56 82

District of Spišská Nová Ves					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	587.4	male	49.3	organ. entities as of Dec. 31, 2004	6,165
proportion in area of region (%)	8.7	female	50.7	including	
structure of land resources (%)		city and town population	53.8	enterprises	785
agricultural land	36.4	in nationwide total	1.8	non-profit organisations	640
non-agricultural land	63.6	in regional total	12.3	natural persons–entrepreneurs	4,740
community count	36	residential density per km^2	161.6	including	
including towns of Krompachy, Spišská Nová Ves, Spišské Vlachy				sole traders free-lance occupations self-employed farmers	4,103 235 280

District of Trebišov					
Basic Characteristics		**Proportions of Population (%)**		**Organisational Structure of Economy**	
area (km^2)	1 073.7	male	48.4	organ. entities as of Dec. 31, 2004	5,167
proportion in area of region (%)	15.9	female	51.6	including	
structure of land resources (%)		city and town population	41.3	enterprises	647
agricultural land	73.7	in nationwide total	1.9	non-profit organisations	619
non-agricultural land	26.3	in regional total	13.6	natural persons–entrepreneurs	3,901
community count	82	residential density per km^2	97.2	including	
including towns of Čierna nad Tisou, Kráľovský Chlmec, Sečovce, Trebišov				sole traders free-lance occupations self-employed farmers	3,143 200 398
Resource: Košice Self-governing Region and Statistical Office of the Slovak Republic					

2. Legislation (Legal Environment)

2.1 Legislation of Slovak Republic Related to Business and Investment

Business environment in the Slovak Republic has been affected by several changes related to the reforms undertaken in the economic system of the country. Among the factors having the greatest impact on the business environment in Slovakia was the introduction of a new taxation system in 2004, enhancing the efficacy of the administrative procedures on starting-up business, changing the actual social security system to a social insurance system, making the communication with revenue authorities more effective, and adopting some laws to streamline the bankruptcy proceedings.

Constitutional Law no. 460/1992 Coll., Constitution of the Slovak Republic
Article 35 governs, within the scope of economic, social and cultural rights, the right to conduct business. The law can stipulate conditions and impose constraints on practice of certain activities, and make provisions for alternative legal regulations on the right of foreign persons to conduct business.

Act no. 513/1991 Coll., Commercial Code as amended
Business environment is regulated by law which defines the obligations of the parties involved in business, the sanctions to impose on the failure to meet the referred-to obligations, and the requirements as to commercial agreements. Act no. 40/1964 Coll., Civil Code as amended provides subsidiary provisions for the regulations of the Commercial Code.

Act no. 455/1991 Coll. on commercial activity as amended
This law regulation defines a trade, types of trades, persons licensed to carry on a trade, and other conditions related to the commercial activity, and the compliance control.

Act no. 311/2001 Coll., Labour Code
Natural persons shall have the right to work and the free choice of employment. Rights and duties of employees and employers ensuing from the labour relations are set forth in the Labour Code.

Act no. 90/1996 Coll. on minimum wages as amended
Each employee enjoying a certain labour relation is entitled to reasonable remuneration. The minimum of the remuneration is assessed by the Statutory Order no. 428/2005 Coll. establishing minimum wages.

Act no. 563/1991 Coll. on accounting as amended
The act on accounting establishes the scope and methods of book-keeping prescribed for legal entities and natural persons-entrepreneurs, defines the requirements as to the accounting documents, and/or establishes the scope and content of the financial statements.

Act no. 595/2003 Coll. on income tax as amended with effect from January 1, 2004 imposes a single tax rate, i.e. taxation of all types of income received by legal entities and natural persons by a single linear rate amounting to 19 %.

Act no. 255/2003 amending Act no. 289/1995 Coll. on value added tax, with effect from August 1, 2003, while some provisions, such as a single 19 % tax rate, substituting both the reduced 14 % rate and the regular 20 % rate, came into effect in January 2004. As of January 2005, the real estate transfer tax has been lifted.

Act no. 582/2004 Coll. on local taxes and local fee on municipal waste and small building waste as amended, with effect from January 1, 2005. Local fees, except for the fee for

municipal waste, terminated in January 2005 or were changed to local taxes, now eight in number. The tax burden applicable to entrepreneurs is decided upon by self-governments. The upper rate limit of the tax burden is governed by law. The same holds for all three elements constituting the tax on real estate: land, buildings, housing.

Act no. 461/2003 Coll. on social insurance as amended, with effect from January 1, 2004, changes the actual social security system to a social insurance system, and alters the assessment base of payroll taxes. Over the first ten days of the employee's incapacity to work the employer shall grant wage compensation as enacted by special law (Act no. 462/2003 Coll. on wage compensation upon temporary incapacity to work). Starting the 11th day of the temporary incapacity, the employee receives sick insurance benefits paid by the social insurance company.

Act no. 7/2005 Coll. on bankruptcy and rescheduling and on amendment laws, with effect from July 1, 2005, assumes the EC and EU legal acts. The law regulates (1) the settlement of bankruptcy by realising the debtor's assets by either aggregate settlement of his creditors' claims or progressive settlement of his creditors' claims as agreed upon in the rescheduling scheme (2), the settlement of the pending bankruptcy of a debtor, and (3) recovering from insolvency of a natural person.

Act no. 530/2003 Coll. on the Company Register and on related amendment laws with effect from February 1, 2004. The Company Register is a public registry to file data on entrepreneurs and other persons as established by law or special legal enactment, respectively.

2.2 Legal Regulations Related to Industrial Parks

Fostering the establishment of industrial parks has its legislative framework ensued **from the adoption of the Act no. 193/2001 Coll. on encouragement of establishing industrial parks**. Adopting the Amendatory Act No. 542/2004 of October 16, 2004, with effect from November 1, 2004, communities are allowed to establish industrial parks even if for a single entrepreneur, while several communities are permitted, by the same law, to establish industrial parks upon contracts made for this very purpose. The law reduces the compulsory participation of a community in co-financing the establishment of the industrial park down to 15 %, and increases the participation of the state up to 85 %. In case the industrial park is founded within the district with the rate of registered unemployment exceeding 10 %, the state grant-in-aid can go up to 95 % of the costs.

This law also specifies what each contract made by and between the community and the entrepreneur conducting business in the industrial park should contain in regard to the implementation of the entrepreneur's business plan, and the way of proving the provision of the community participation in the cost co-financing related to establishing the industrial park.

The law streamlines the procedure on processing the applications, liberalises the requirements for proving the amount of eligible costs of founding the industrial park, enables the entrepreneur conducting business in the industrial park to buy the land and technical infrastructure of the industrial park at the market price covering the land and technical facilities and engineering structures. In case of part of the area of the industrial park, the price shall also cover an aliquot part of the cost of acquisition for the technical facilities and engineering structures pertinent to the industrial park.

The Ministry of Economy of the Slovak Republic Directive no. 13/2004 on providing state grants to establish industrial parks and eliminate risks related to the provision of resources for industrial parks, of December 16, 2004, lays down steps to take in processing the related applications, and determines criteria for the evaluation of such applications. The definitions laid down also classify 3 groups of industries according to the size of aid granted and derived from point-score evaluation.

Slovak Government Decree no. 855 of October 26, 2005 on draft rules related to provision of individual subsidies to investors stipulates the investment incentives based on the division of the Slovak Republic into regions depending on the average rate of the registered unemployment within the respective territory, and classifies investment according to the investment added value. The highest subsidy rate can be expected with the investment made in the regions of high registered unemployment and in case of high added-value investment.

3. Economic Environment

3.1 Gross Domestic Product and Labour Price

By the decision of the Government of the Slovak Republic the minimum wages have risen by SKK 400 since October 2005. At present, the minimum wages amount to SKK 6 900. The lowest hourly pay is SKK 39.70.

TABLE 3: GDP AT CURRENT PRICES (SKK bn)

Region	2000	2001	2002	2003
SR total	**934.1**	**1,009.8**	**1,098.7**	**1,202.6**
Bratislava	234.7	255.9	285.8	307.3
Trnava	101.2	103.7	110.9	128.0
Trenčín	97.5	105.1	111.9	121.7
Nitra	108.8	112.5	120.5	136.9
Žilina	97.4	105.8	113.4	123.4
Banská Bystrica	94.7	104.5	115.6	125.8
Prešov	82.0	89.4	99.0	107.0
Košice	117.8	132.9	141.6	152.1
Resource: Statistical Office of the Slovak Republic				

TABLE 4: AVERAGE RATE MONTHLY WAGES BY BRANCHES [1)]

NACE	2005									
	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year	
	SKK	Index	SKK	Index	SKK	Index	SKK	Index	SKK	Index
SR Economy Total	16,022	110.2	16,737	108.2	16,816	109.9	19,466	108.4	17,274	109.2
incl. the following branches:										
agriculture, hunting, and forestry	12,750	113.2	12,018	102.1	13,892	108.9	14,763	106.9	13,162	107.8
fishery and fish farming	15,865	170.1	16,772	137.0	17,564	112.6	17,441	90.2	15,733	113.1
industry total	17,411	112.2	17,697	105.8	17,705	104.9	19,980	106.9	18,206	107.2
– mining of mineral raw materials	17,958	108.0	18,675	108.9	18,923	104.0	20,191	107.0	18,923	106.9
– manufacturing	16,941	113.0	17,035	105.5	17,087	104.9	19,318	107.3	17,604	107.5
– generation and distribution of electricity, gas and water	23,262	109.5	26,191	111.1	25,740	108.2	28,907	106.5	26,009	108.8
building industry	12,507	105.7	13,588	107.5	13,964	105.0	15,284	105.5	13,867	106.0
wholesale and retailing, repair of motor vehicles, motorcycles and consumer goods	15,798	106.5	16,615	108.3	17,380	110.8	20,287	107.0	17,525	108.3
hotels and restaurants	11,905	103.1	12,323	105.7	13,412	113.7	14,868	103.5	13,280	107.6

transport, storage, posts and telecommunications	18,304	109.6	18,050	106.5	18,432	107.0	21,045	109.6	18,340	108.5
financial intermediation	34,132	104.6	40,143	105.6	31,437	111.5	33,716	100.9	34,950	105.7
real estate, renting and business activities	19,349	107.2	20,155	102.8	20,710	113.4	24,378	112.3	21,550	109.4
public administration and defence, compulsory social security	18,460	110.5	20,693	109.2	20,292	110.1	24,563	107.7	21,049	109.4
education	12,768	109.6	13,528	110.4	13,694	113.7	16,468	107.6	14,224	110.3
health service and social work	12,496	107.3	13,285	106.5	13,155	109.9	15,516	109.5	13,946	108.4
other community, social and personal service activities	11,671	106.7	12,833	103.8	13,668	110.1	14,876	110.6	13,344	108.4
[1)] as per the quarters of statistical reporting; indices for the equivalent period of the preceding year = 100 data adjusted by statistical estimation of non-registered wages										
Resource: Statistical Office of the Slovak Republic										

3.2 Inflation Rate and Consumer Price Index

3.2.1 Inflation Rate

The year-over-year rate of inflation measured in terms of the harmonised index of consumer price (HICP) of the European Union (EU) reached 4.2 % in Slovakia in February 2006. Compared to January 2006, the inflation level rose by 0.2 percentage.

TABLE 5: INFLATION RATE IN 2005

Indicator	Unit of Measure	2005											
		1	2	3	4	5	6	7	8	9	10	11	12
REAL ECONOMY													
year-over-year inflation rate (HICP) [1)]	%	3.1	2.6	2.3	2.5	2.3	2.5	2.0	2.1	2.3	3.5	3.6	3.9
year-over-year inflation rate – consumer price index	%	3.2	2.7	2.5	2.7	2.4	2.5	2.0	2.0	2.2	3.3	3.4	3.7
[1)] ECB method													
Resource: National Bank of Slovakia													

3.2.2 Consumer Price Index

Compared to 2004, in 2005 the consumer prices went up by 2.7 %. The year-over-year core inflation reached 1.1 % while the net inflation reached 1.8 %.

Compared to November 2005, in December 2005 there was a 0.6 % price rise in the branches of housing, water management, electricity, gas and other fuels, a 0.2 % price rise for food and non-alcoholic beverages, clothing and footwear, recreation and culture. Prices went up by 0.1 % in the branches of furniture, household equipment, and current house maintenance, health service, hotels, cafes, and restaurants, miscellaneous goods and services. No rise occurred to the prices of postal and telecommunication services, and education. There was a decrease by 1.1 % in the price of transport, and by 0.1 % in alcoholic beverages and tobacco.

The 0.3 % food price rise was affected by an increased vegetables price, including a 6 % price rise

for vegetables and potatoes, a 0.9 % fruit price rise, a 0.3 % rise in bread and cereals price, and a 0.1 % rise in the price of milk, cheese, and eggs. There was a 1.6 % cut in the price of edible oil and fat, a 0.5 % price decrease in meat, and a 0.1 % price cut in sugar, jam, honey, syrup, chocolate, and sweets. There was no change to the fish price. The price of non-alcoholic beverages decreased by 1.1 %, including a 2 % price cut in mineral water, non-alcoholic beverages and juice, and a 0.4 % price rise for coffee, tea, and cocoa. The meat price decrease was due to a 1.5 % poultry price decrease and a 0.6 % price decrease in smoked food products, a 0.2 % price decrease in beef, and a 0.1 % price decrease in pork.

The price cut in the branch of alcoholic beverages and tobacco related to the price of alcoholic beverages reduced by 0.2 %, including the price decrease in beer by 0.8 %, and price rise for wine by 0.2 %, and no change in the price of spirits. The price of tobacco remained at the November level.

The price rise for clothing and footwear was affected by the rise in the price of clothes by 0.2 %. The price of footwear remained unchanged.

The price rises in the branch of housing, water, electricity, gas and other fuels were due to the increase in the price of solid fuels by 1.4 %, thermal energy went up by 1.3 %, services for routine maintenance and repair of dwellings by 0.4 %. There was a 0.2 % decrease in the price of goods for routine maintenance and repair of dwellings. Unchanged remained the actual rentals for housing paid by tenants, the price of potable water, the refuse collection and disposal, sewage removal, other services relating to housing, the price of energy and gas.

The price rises in the branch of furniture, household equipment, current house maintenance were influenced by a 0.4 %. price rise for glassware, tableware, and household utensils, a 0.2 % price rise for tools and equipment for house and garden, and a 0.1 %. price rise for goods and services for current house maintenance. There was a 0.1 % cut in the price of domestic appliances. Levelled out with the previous month remained the prices of furniture, and equipment, carpets, floor coverings, soft furnishings.

In health service, the price index went up due to the increased prices of medical and pharmaceutical products, therapeutic appliances and equipment. (The price of pharmaceutical preparations and products went up by 0.2 %, the price of other medical products went down by 0.1 %, and the price of therapeutic appliances and equipment remained unchanged.) There were also higher prices for the health care service other than in-patient care services (a 0.1 % price rise). (The price of physician's services went up by 0.8 %, the price of other out-patient services went down by 0.7 %, and the dentist's services remained unchanged). Levelled out with the previous month remained the prices of in-patient services.

The reduction in the price of transport caused a fall in the operation costs of passenger transportation by 1.5 % (the prices for fuel and lubricant went down by 1.8 %, the price for maintenance and repair went up by 0.1 %, and the prices for spare parts and accessories remained unchanged). The cost of acquisition of means of transport went down by 1.2 % (including a 3.7 % drop in the cost of acquisition of used vehicle, and a 0.1 % rise in the cost of acquisition of brand-new vehicles). The price for transport services remained unchanged (while the price for other transport services went up by 1.3 %).

The branch of posts and telecommunications experienced no changes to the prices for postal and telecommunication services. The price for telephone devices went down by 2.2 %.

The price rise in the branch of recreation and culture was affected by a 0.7 % price rise in other recreation and garden equipment and livestock, by a 0.4 % price rise in recreation and cultural services, holiday packages, by a 0.1 % price rise in other large

recreation facilities of long-term usage, newspaper, books and office supplies. The prices for audio-visual and photo-equipment went down by 0.7 %.

The branch of education experienced no price changes to the university education, the education with no level specified. The price went down in the pre-school and basic education by 0.1 %; pre-school tuition fees fell by 0.2 %.

The 0.1 % price rise in the branch of hotels, cafés, restaurants was affected by a 0.1 % price rise for catering. The accommodation price remained unchanged.

The price rise in the branch of miscellaneous goods and services related to a 0.2 % price rise in the personal service activities and personal belongings else non-classified, and a 0.1 % price rise for social services. The insurance price went down by 0.1 %. The prices for financial services else non-classified and other services else non-classified remained unchanged. Compared to December 2004, in December 2005 the total consumer prices were higher by 3.7 %.

Faster than the total prices rose the price in the branch of education (16.6 %), housing, water, electricity, gas, and other fuels (10.8 %) and health service (5.9 %). Price of transport went up by 3.3 %, miscellaneous good and services rose by 3 %, hotels, cafés, and restaurants increased by 1.6 %, the alcoholic beverages and tobacco went up by 0.5 %, and recreation and culture rose by 0.2 %.

The price went down by 2.2 % in furniture, household equipment, and current house maintenance, by 0.6 % in food and non-alcoholic beverages, by 0.2 % in clothing and footwear, and by 0.1 % in postal and telecommunication services.

Comparing November and December, the consumer price index went up in December in the households of the employed persons and in the households of the retired persons by 0.1 % and 0.4 %, respectively.

Compared to December 2004, the consumer price index went in December up in the households of the employed and the household of the retired by 3.4 %, and 5.5 %, respectively.

TABLE 6: CONSUMER PRICE INDICES PER 2005 COMPARED TO EQUIVALENT PERIOD IN 2004

Indicator	2005												
	1	2	3	4	5	6	7	8	9	10	11	12	1-12
Consumer Prices Total	103.2	102.7	102.5	102.7	102.4	102.5	102.0	102.0	102.2	103.3	103.4	103.7	102.7
including:													
food and non-alcoholic beverages	98.9	98.4	98.5	99.2	99.3	99.8	97.9	97.5	97.7	98.1	98.9	99.4	98.6
alcoholic beverages and tobacco	100.1	99.5	99.4	99.3	98.4	98.7	98.6	98.8	99.1	99.5	100.7	100.5	99.4
clothing and footwear	99.2	99.0	99.2	98.9	99.1	98.9	98.5	98.7	98.9	99.2	99.6	99.8	99.1
housing, water, electricity, gas and other fuels	108.4	107.3	107.3	107.1	106.9	106.9	106.5	106.4	106.8	110.2	110.1	110.8	107.9
furniture, household equipment and current house maintenance	96.2	96.0	95.9	95.7	95.8	96.0	96.5	96.8	97.2	97.4	97.4	97.8	96.5
health service	112.2	111.2	111.2	112.4	112.4	112.1	108.4	107.4	106.9	105.7	106.0	105.9	109.2
transport	101.6	102.4	100.4	102.0	100.3	100.4	100.9	101.8	104.1	103.5	102.3	103.3	101.9

posts and telecommunications	99.8	99.7	99.8	99.8	99.9	99.8	97.7	97.7	97.7	99.9	99.8	99.9	99.3
recreation and culture	100.6	100.4	100.4	100.3	100.2	100.8	100.8	101.0	100.3	100.3	100.3	100.2	100.5
education	156.8	143.1	133.9	133.5	133.3	134.2	134.0	133.9	126.2	125.9	125.6	116.6	132.2
hotels, cafés, restaurants	108.0	106.8	106.2	105.8	105.2	104.7	104.5	104.4	102.7	101.8	101.7	101.6	104.4
miscellaneous goods and services	102.4	102.5	102.6	102.7	102.6	102.7	102.8	102.8	102.8	103.0	103.0	103.0	102.7
Resource: Statistical Office of the Slovak Republic													

3.3 Price for Land and Building Grounds

TABLE 7: PRICE FOR LAND IN KOŠICE REGION IN 2004

District, Region, SR	Average Price of Land in SR (SKK per ha)			
	AL	AS	PGS	AS – AL %
Gelnica	8,442	16,612	6,731	17.31
Košice I	27,908	31,684	15,256	77.01
Košice II	36,401	38,153	26,631	84.80
Košice III	–	–	–	–
Košice IV	–	–	–	–
Košice-Vicinity	27,978	32,259	15,271	74.80
Michalovce	31,075	36,271	17,442	72.40
Rožňava	16,600	31,084	9,440	33.08
Sobrance	24,542	30,170	15,409	61.87
Spišská Nová Ves	14,676	21,320	8,780	47.02
Trebišov	30,953	35,446	16,010	76.88
KOŠICE REGION	26,539	33,361	13,393	65.84
SLOVAK REPUBLIC	37,913	52,240	12,426	64.01
Resource: Statistical office of the Slovak Republic (AL – agricultural land, AS – arable soil, PGS – permanent grass stands)				

TABLE 8: PRICE OF BUILDING LAND IN KOŠICE REGION IN 2004

District	Value in SKK per m^2	
	Building Land	Other Potential Building Land
Gelnica	400–800	100–250
Košice I, II, III, IV	800–5 000	800–2 500
Košice-Vicinity	450–1 500	150–500
Michalovce	200–2 000	100–400
Rožňava	500–1 000	100–350
Sobrance	150–550	100–300
Spišská Nová Ves	500–2 000	100–400
Trebišov	200–1 500	100–400

3.4 Real Estate Prices

Housing prices in the towns and communities of the Košice self-governing region differ to a great extent. In the city of Košice, the price for a bachelor flat ranges from SKK 600,000 to SKK 700,000. In other towns of the region, the prices for 3-room flats range from SKK 300,000 to SKK 1,500,000. The villa prices depend on the distance from the central areas, and range from SKK 300,000 to SKK 10,000,000.

3.5 Rental Rates

Districts of Košice I–IV and Košice-Vicinity

To fix rental rates in the districts of Košice I–IV, the non-residential premises concerned are classified into 5 categories considering the convenience of their locations.

Category I: rates of rent for non-residential premises range from SKK 800 to SKK 4,200 per m^2/year (these are the most expensive premises of all categories). The highest rates go for the premises used as gambling clubs, bars, cafés, restaurants, while the lowest rates go for the cultural and sports facilities, and the premises rented by non-profit organisations. Categories II and III: rates are fixed likewise, and range from SKK 600 to SKK 3,600 SKK per m^2/year (category II), or SKK 500 to SKK 3,400 per m^2/year (category III). The lowest rates go for the last two categories. Category IV: average rental rates for non-residential premises range from SKK 200 to SKK 1,200 per m^2/year. Category V: the range is SKK 100 to SKK 800 per m^2/year.

In the district of Košice-Vicinity, rental rates are fixed in a different way. The location and the area of the non-residential premises in question prevail. The average rental rates for non-residential premises range from SKK 100 to SKK 2,100 per m^2/year.

District of Spišská Nová Ves

Rental rates in Spišská Nová Ves are, especially, derived from the technical condition of the real property concerned, from the location of the property and/or the purpose in renting the facility. Average rental rates for non-residential premises (situated in the town centre) owned by the town of Spišská Nová Ves range from SKK 700 to SKK 2,000 per m^2/year. Much lower rental rates for non-residential premises go for the facilities situated on the outskirts of the town. The average range is SKK 250–850 per m^2/year. Different rental rates go for the private-owned premises. Following the survey made, the average rental rates for storage facilities and manufacturing premises range from SKK 800 to SKK 1,200 per m^2/year. Rental rates for offices and commercial premises range, at average, from SKK 1,800 to SKK 2,500 per m^2/year.

District of Rožňava

As to fixing the rate of rent in the town of Rožňava, the basic criterion is the location of the property. In the zone I, the rate of rent for non-residential premises (restaurants, and offices, commercial premise, ad other utility premises) ranges from SKK 800 to SKK 900 per m^2/year. The rates are lower for the manufacturing premises, workshops, storage facilities, and range from SKK 400 to SKK 700 per m^2/year. At average, the rates for all premises in zone I range from SKK 250 to SKK 900 per m^2/year. In zone II, the average rates for non-residential premises range from SKK 250 to SKK 560 per m^2/year.

District of Gelnica

The town of Gelnica has no formal guidelines for assessing the rates of the rent of the town's property/premises leased and subleased. When fixing its rent, each property is assessed severally. The rate of rent is established by a board of assessors considering the location of the premises concerned, the line of business involved, the sanitary facilities, energy supply, a potential need for rebuilding the premises, etc. Such draft rate is then reviewed by the Municipality of Gelnica. Average rental rate for non-residential premises ranges from SKK 300 to SKK 700 per m^2/year.

District of Michalovce

In Michalovce, the rates of rent for commercial premises range from SKK 500 to SKK 2,000 per m^2/year. Storage rental rates range from SKK 200 to SKK 800 per m^2/year. Rental rates for manufacturing premises ranges from SKK 300 to SKK 1,000 per m^2/year.

District of Trebišov

The rental rate for non-residential premises in Trebišov is, especially, derived from the technical condition of the real property concerned and its location. The rates of rent for commercial and manufacturing premises range from SKK 250 to SKK 1,200 per m^2/year. Storage rental rates range from SKK 100 to SKK 700 per m^2/year.

District of Sobrance

Considering the low demand, the rates for non-residential premises are in Sobrance on the low side. Rates for commercial and manufacturing premises range from SKK 150 to SKK 900 per m^2/year. Storage rental rates range from SKK 80 to SKK 500 per m^2/year.

4. Technical Infrastructure

4.1 Traffic Network

4.1.1. Košice Region Entering the Existing Road Network of European Importance

In terms of the European-important road network, the territory of the Košice region is run through by two major road communications of transnational importance. The referred-to routes, primarily, include the west-east traffic, i.e. the traffic approaching the region from the Czech Republic and Austria, and running on towards and into Ukraine, and other former Soviet Union republics. Another important road is the north-south communication linking the Republic of Poland, and the Baltic countries with the Republic of Hungary and the Balkans.

The territory of the Košice region is run through by the following main international traffic arteries:

- major European road E50 (D1, I/50, I/68), section: *Prešov region-Košice region border–Košice–Michalovce–Slovakia-Ukraine state border*
- minor European road E71 (I/68), section: *Košice–Milhosť–Slovakia-Hungary state border*
- subsidiary European road E571 (I/50), section: *Banská Bystrica region-Košice region border –Rožňava–Košice*

Note: Road E 571 (I/50) is not integrated into the trans-European artery networks.

The Trans-European Motorway Network –"TEM" (Trans-European Motorway – Rome 1991) has seven "E" road sections crossing the territory of the Slovak Republic which are grouped to make the TEM 1 to TEM 7 routes.

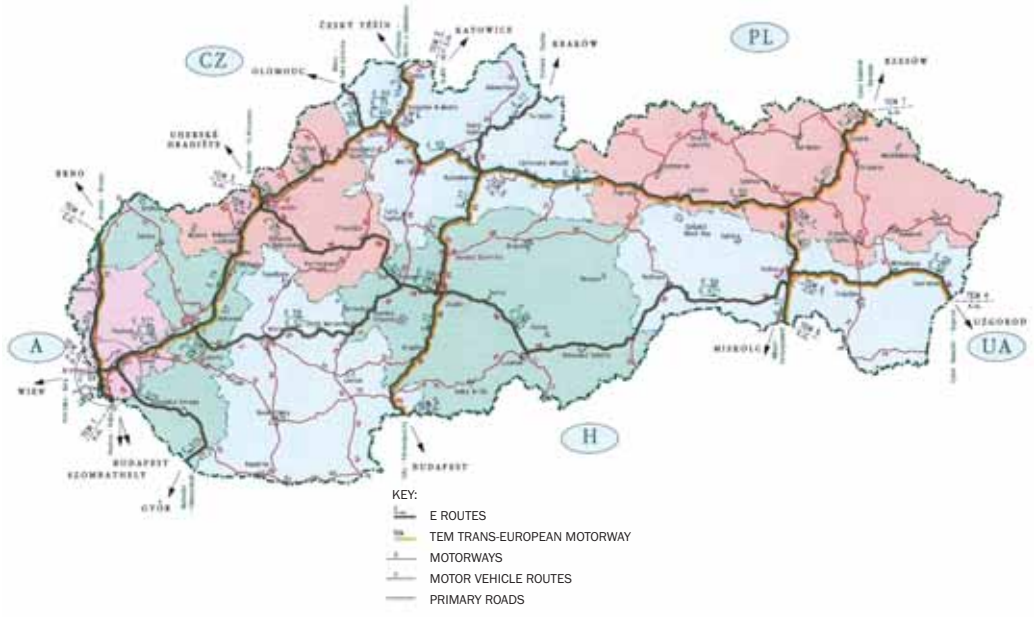

FIGURE 3: INTERNATIONAL ROAD TRAFFIC ROUTES (2005), RESOURCE: SLOVAK ROAD ADMINISTRATION

The Košice region is run through by the following TEM routes:

- TEM 4 (D1, I/50 road routes): *Prešov region-Košice region border–Košice–Michalovce–Slovakia-Ukraine state border*
- TEM 6 (I/50, I/68 road routes): *Košice–Slovakia-Hungary state border*

4.1.2 Road Network of Košice Region

The Košice region has, in total, 2,379.3 km of roads (motoraways, first/second/ third-class roads), accounting for 13.4 % of the Slovakia total road network. The first-class roads measure 366.651 km in length (15.5 %), the second-class roads measure 586.440 km in length (24.7 %) and the third-class roads measure 1,420.872 km in length (59.6 %). The 5.32 km long motorway stretch built in the district of Košice-Vicinity only accounts for 0.2 % of the total road network of the region. Having the total area of 6,752 km^2, the road density of the region is 0.352 km/km^2. Other data on the lengths of particular road types as well as the road density per districts is shown in the table below. The road network is graphed in the map of the road network of the Košice region.

TABLE 9: BASIC DATA ON ROAD COMMUNICATION NETWORK (AS OF JANUARY 1, 2005)

District	Motorway	First-class Road	Second-class Road	Third-class Road	Total	Roads – Part of			Area	Road Traffic	
						"E" Routes	"TEM" Routes	Multi-modal and Additional TEN-T Corridors			
	km	km	km	km	km	km	km	km	km^2	km/ km^2	km/10^3 inh.
Gelnica			89.94	41.537	131.477				584	0.225	4.263
Košice I		7.8	16.33	9.586	33.718	7.801	7.746	7.746	86	0.392	0.494
Košice II		10.6	3.153	22.55	36.322	10.82			80	0.454	0.455
Košice III		5.74		1.362	7.103	5.741	5.741	5.741	17	0.418	0.231
Košice IV		12.5	6.592	4.517	23.596	12.49	9.885	9.885	60	0.393	0.412
Košice-Vicinity	5.325	65	105.5	401.05	576.923	67.04	38.426	38.426	1533	0.376	5.392
Michalovce		48.9	114.9	222.82	386.631	27.81	27.806	27.806	1019	0.379	3.543
Rožňava		95.7	90.09	139.01	324.785	50.95			1173	0.277	5.248
Sobrance		21.4	29.49	128.97	179.861	21.4	21.402	21.402	538	0.334	7.565
Spišská Nová Ves			91.44	120.78	212.217				587	0.362	2.269
Trebišov		99	38.93	328.7	466.655	15.47	15.473	15.473	1074	0.435	4.497
Košice Region Total:		367	586.4	1420.9	2379.29	219.5	126.48	126.479	6751	0.352	3.106

Resource: Slovak Road Administration

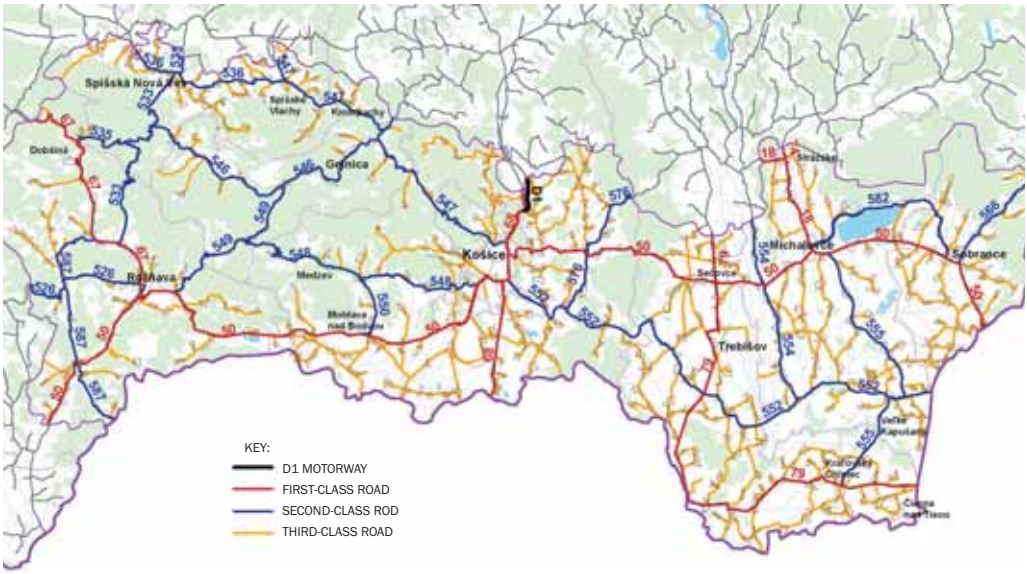

FIGURE 4: ROAD NETWORK OF KOŠICE REGION (AS OF JANUARY 1, 2005), RESOURCE: SLOVAK ROAD ADMINISTRATION

Basic Communication Network and Other Important Road Routes in Košice Region

Districts of Košice I–IV and Košice-Vicinity

The road network existing in all of the districts of Košice I–IV (City of Košice) comprises traffic channels connected, in hierarchy, to the superior international roads, and serves as a function base for the intra-regional (inter-circuit, and inter-district) road network. This is referred to as Basic Communication System (BACOS). In the region-wide terms, the basic communication network also includes primary roads and secondary roads providing for the inter-regional and inter-district transportation and the international (and border zone) channels. The metropolitan character of the transit through the city of Košice is determined by the following road communications: the north-bound I/68 motorway feeder: Prešovská Road–Južné nábrežie–Nižné Kapustníky – newly-built links to the "Červený rak" crossroads, further connected to I/50 (Moldavská Road). The referred to axis-like trunk of the city is found to be a mesophase in the building of the BACOS to be completed by finishing of the intersection of Prešovská Road–Sečovská Road–Južné nábrežie–Palackého Street.

The major trans-regional road network, so-called the Košice by-pass, is projected to consist of (southern and eastern) D1 motorway, and the following expressways:

- R2 (Tornaľa–Košické Oľšany), the construction project has already completed the phase of technical study and environmental study, and now the EIA process is under way,
- R4 (Košice–Milhosť) is now in the phase of annotating the project documentation preceding the issuing of a decision on the land use.

(The document entitled "Report on Updated Project Implementation Regarding Construction of Motorways and Expressways" endorsed by the Government of the SR by issuing Government Decree no. 1051 of November 10, 2004, specifies the construction of the expressway R4 Košice–Milhosť, half-profile, commencement in 2007). Basic road network in the district of Košice-Vi-

cinity is, in addition to the referred-to major road network, made up of the primary roads I/50 and I/68 running as to transverse the city of Košice, and the secondary roads linking the adjacent districts. The secondary roads are as follows:

- II/548, section: Košice–Pereš (I/50) Jasov–Medzev–Smolník, and II/550 connecting Jasov–Moldava nad Bodvou
- II/547, section: Košice–Jaklovce–Krompachy–Spišské Vlachy–Spišské Podhradie
- II/552, section: Košice (Krásna nad Hornádom)–Bohdanovce–Slanec–direction: Veľké Kapušany
- II/576, section: Ruskov–Bidovce–Banské–Vranov nad Topľou

District of Gelnica

The road communication network of the district of Gelnica comprises secondary and non-primary roads serving as service communication. The road routes running through the territory of rough terrain are classified as mountain routes. Due to both low economic activity and a difference in elevation, the roads have low traffic load.

Secondary roads used as connecting routes are as follows:

- II/547, section: Jaklovce–Margecany, direction: Košice (transit route)
- II/546, sections: Margecany–Gelnica–Mníšek nad Hnilcom–Nálepkovo–Sykavka (II/533, direction: Spišská Nová Ves
- II/548, sections: Medzev–Štós–Smolník
- II/549, sections: Mníšek nad Hnilcom–Smolník–Úhorná–Krásnohorské Podhradie, connection option for Štósky vrch by II/548

District of Michalovce

The district of Michalovce has a good basic transport network of well-projected routes regularly distributed throughout the district. The major road network is made up of I/50, and the envisaged east-west section of D1 motorway. North-south bound are the roads I/74 between Humenné and Strážske, and I/18 connecting Vranov nad Topľou, Strážske and Michalovce.

Secondary roads used as connecting routes are as follows:

- II/555 Michalovce–Veľké Kapušany, direction: Kráľovský Chlmec – important inter-district connection, fairly high traffic load as far as Kráľovský Chlmec
- II/552 connecting to the district of Trebišov, section: Zemplínske Jastrabie–Oborín–Veľké Kapušany
- II/582 Michalovce–Zemplínska Šírava–Jovsa–Sobrance (recreation-commercial route)
- II/554, north-south connection of Veľké Kapušany–Trhovište–Vranov nad Topľou

District of Rožňava

In the district of Rožňava, the main transport axes include the east-west I/50, the north-south I/67, direction: Slovakia-Poland border–Javorina–Poprad–Dobšiná–Rožňava–Tornaľa–Kráľ–Slovakia-Hungary border.

Inter-district and trans-regional channels are provided by the following roads:

- II/526, direction: Rožňava–Jelšava
- II/587, direction: I/67 Petrovo–Roštár–Štítnik–Kunova Teplica–Plešivec–Dlhá Ves–Domica–Slovakia-Hungary state border
- II/533, section: Gemerská Poloma–Hnilec–Spišská Nová Ves
- II/549, section: Krásnohorské Podhradie–Pačanský vrch–Úhorná – running through rough mountain terrain

District of Sobrance

The transport axis of the district of Sobrance is based on I/50 (international E50) running direct through the town centre. The road provides an important connection of the district in the west-east direction (Michalovce–Sobrance–the border community of Vyšné Nemecké–Uzhgorod).

Intra-district and inter-district channels are provided by the following second-class roads:

- II/566, section: Ubľa (I/74)–Ruský Hrabovec–Tibava (I/50) (commercial and service road)
- II/582, section: Jovsa–Sobrance (I/50)

District of Spišská Nová Ves

The main transport axis of the district of Spišská Nová Ves, east-west direction, is in broad terms made up of I/18 (international E50) and the envisaged D1 motorway route by-passing the district from the north. The transport framework of the district of Spišská Nová Ves comprises secondary and non-primary roads.

Intra-district and inter-district channels are provided by the following second-class roads:

- II/536, section: Spišský Štvrtok–Smižany–Spišská Nová Ves–Odorín–Spišské Vlachy
- II/533, section: Levoča–Harichovce–Spišská Nová Ves–Gemerská Poloma
- II/547, section: Spišské Podhradie–Spišské Vlachy–Krompachy–Jaklovce–Košice

District of Trebišov

The district of Trebišov runs the traffic along three major transport axes: east-west I/50 (Košice–Sečovce–Michalovce–Sobrance), D1 motorway corridor, longitudinal north-south transport axis I/79, section: Vranov nad Topľou–Hriadky–Trebišov–Slovenské Nové Mesto–Kráľovský Chlmec–Čierna nad Tisou–Slovakia-Ukraine border. In the south, the district is run through by II/552, section: Košice–Slanec–Zemplínsky Klečenov–Zemplínske Jastrabie–towards Veľké Kapušany.

Traffic

The basic assessment criterion of the road network development ensues from the growth of transportation requirements for the road haulage. The requirements result from the public demand for both passenger transport and goods transportation and are given by the growth of the transport performance, or profile traffic. The road traffic is monitored nationwide by a regular road traffic census which started in 1958. Since 1980 the surveys have been carried out at the national level at intervals of 5 years, in the years ending in "0" and "5". The last national road traffic census was taken in 2000, and covered all motorways, first-class and second-class roads, and selected third-class roads. The table below shows the average traffic on the roads of the Košice region per 2000.

TABLE 10: AVERAGE TRAFFIC IN 2000

Self-governing Region	First-class Roads	Second-class Roads	Third-class Roads	AADT
Košice	6,176	2,157	1,216	2,828
Resource: Slovak Road Administration; AADT – annual average daily traffic				

The trends in the road traffic in the Slovak Republic reflect the actual number of road vehicles occurring on an ordinary day on the roads and motorways under census.

TABLE 11: ROAD TRAFFIC

Year	Motorways	First-class Roads	Second-class Roads	Third-class Roads	Total
1980	5,066	3,428	1,622	1,051	1,983
1985	5,895	3,928	1,733	1,070	2,169
1990	7,606	4,485	1,827	1,185	2,440
1995	10,147	5,070	1,964	1,028	2,631
2000	12,501	6,227	2,393	1,255	3,345
Resource: Slovak Road Administration; AADT – annual average daily traffic					

Note: The total refers to the average road traffic of the censused road network, given in the actual number of road vehicles per 24 h (RPDI).

TABLE 12: GROWTH IN ROAD TRAFFIC IN SR

Year	Motorways	First-class Roads	Second-class Roads	Third-class Roads	Total
1980	1.00	1.00	1.00	1.00	1.00
1985	1.16	1.15	1.07	1.02	1.09
1990	1.52	1.31	1.13	1.13	1.23
1995	2.00	1.48	1.21	0.98	1.33
2000	2.47	1.82	1.48	1.19	1.69
Resource: Slovak Road Administration; AADT – annual average daily traffic					

Road Capacity at Rush Hours

E50 linking Košice and the frontier crossing located at the village of Vyšné Nemecké on the Slovakia-Ukraine border is the busiest road in the region. The E50 road runs throught the districts of Košice-Vicinity, Trebišov, Michalovce and Sobrance. Another quite a busy road is I/79, the primary road connecting the Republic of Hungary and the Republic of Poland, the section stretching from Slovenské Nové Mesto to Vranov nad Topľou to join the said E50. I/18 linking the towns of Michalovce and Strážske is also among the busy roads of the regions and contains the major traffic stream towards the town of Prešov, a regional principal, and the Republic of Poland. The average road capacity on E50 is 268 vehicles per hour.

Road Network Quality

The quality of the road networks in the Košice region falls much below the standard. The network lacks motorway linkage with other regions. The motorway linking the regional capitals of Košice and Prešov continues towards Žilina and Bratislava. The linkage of the regional capital of Košice with the capital city of Bratislava via the south-bound road is of poor quality at the section Košice–Zvolen as reflected in a high rate of road-traffic accidents. In terms of quality, the north-south linkage of the Republic of Poland and the Republic of Hungary is also insufficient. The construction of an expressway connecting Košice and the Hungarian border is among the priorities of the region and city of Košice itself.

Crossing Frontier by Road in Košice Region

TABLE 13: CROSSING FRONTIER BY ROAD IN 2005

Frontier Crossings along Slovakia-Ukraine Border	
Name of Frontier Crossing (FC)	**Type of FC**
Vyšné Nemecké–Uzhgorod	vehicular
Frontier Crossings along Slovakia-Hungary Border	
Name of Frontier Crossing (FC)	**Type of FC**
Veľký Kamenec–Pácin	vehicular
Slovenské Nové Mesto–Sátoraljaújhely	vehicular
Slovenské Nové Mesto–Sátoraljaújhely	vehicular
Milhosť –Tornyosnémeti	vehicular
Hosťovce–Tornanádaska	vehicular
Domica–Aggletek	vehicular
Resource: Slovak Road Administration	

4.1.3 Railway Transport

Modernisation of Railway Corridors
It is intended to modernise, in successive steps, the electric double-track section stretching from the Slovakia-Ukraine border at Čierna nad Tisou to Košice in order to increase the track speed from 100 to 120 km/h on the track section: Košice–Michaľany, and to 160 km/h on the track section: Michaľany–Čierna n/Tisou (as results from the terrain conditions in the referred-to track sections), which requires some adjustments of the track, esp. on the section Nižná Myšľa–Kuzmice. Another intention is to modernise the track section Košice–Michaľany to be convenient to the track speed of 160 km/h.

The railway line stretching from the Slovakia-Hungary border through Čaňa, Košice, Kysak, Prešov, Plaveč to Slovakia-Poland border is important in both the national and international terms being part of the IX transit north-south corridor (as C30, and so is part of the C30/1 agreement).

The track section Obišovce–Kysak–Košice–Barca–Čaňa–the Slovakia-Hungary border forms the north-south transport axis of the region. The track is electrified. The spot defects are to be removed as to comply with the AGTC agreement parametres, and the track is supposed to be homogenised to have the consistent track speed of 120 km/h. It is proposed to make a double-track rail line between Prešov and Kysak to speed up the transportation and to shorten the inter-city passenger transport on the section Košice–Prešov, and to step up the transit traffic. The construction of the second track rail along the whole of the line shall be adjusted according to the performance development.

Railway Lines of National and Trans-regional Importance
The rail line Košice–Zvolen (electrified only on the section Košice–Haniska pri Košiciach) is of national importance being part, along with the Košice–Žilina section, of the west-east transport axis. The track section is under way to be integrated into the AGTC agreement. There is also a plan to electrify the whole track line and to finish the construction of the second track rail.

Regional Railway Lines
The specification of the regional rail lines is given in the SR Government Decree 830/2000, §70, Act no. 164/1996 Coll. on railway lines. Regional rail lines are defined as tracks excluded from the consistent railway network, and making loss rather than profit. There are 3 full-scale regional lines running through the region: (1) Plešivec–Slavošovce and (2) Rožňava–Dobšiná, district of Rožňava, (3) Moldava n/Bodvou–Medzev, district of Košice-Vicinity. Other 3 lines go beyond the region boundaries: Plešivec–Muráň (Banská Bystrica region), Spišská Nová Ves–Levoča (Prešov region) and Spišské Vlachy–Spišské Podhradie (Prešov region).

Wide-gauge Line
The wide-gauge railway line stretching from the Slovakia-Ukraine border through Maťovce to Haniska pri Košiciach is an electric single-track line. The line only runs through this region. The track is only used for goods transportation, especialy for the import of raw material from the former Soviet Union countries (there is no need for transloading). In the long-range, the line is to be more used for the export to Ukraine as this might result from the free customs zone to build up at the sites of Bočiar and Interport Košice. The line needs modernisation at the interlocking plant.

Rail Junction of Košice
The passenger station at Košice has 13 running tracks. The tracks serve for passenger transport, and express parcel shipment and goods transportation. The 2-hour peak capacity is 20 trains. The Košice station daily dispatches 7 IC train sets (special trains) running between Košice and Bratislava, with further connection to Austria. The international passenger trains run to the folowing countries and destinations. Hungary – Miškolc, Budapest; Poland – Krakow, Warsaw; Bulgaria; Romania and the Czech Republic – Prague, Cheb,

with further connection to the Federal Republic of Germany. Košice is daily run through by 46 transit freight trains. The railway transport run from Košice makes an important transhipment link for combined goods transportation and international waterway transport (Gdynia, Gdansk, Szceecin, Rijeka, Koper). The Building Conceptual Framework for Finishing of Rail Junction Košice is already devised. The plan is to create right conditions to let the rail junction of Košice be classified as a high-speed line.

High-speed Lines (HSL)

The envisaged HSL for:

- passenger transport by high-speed units at the scheduled speed of 250 km/h, and by regular fast trains at 200 km/h,
- goods transportation by freight trains at the scheduled speed of 160 km/h (esp. combined transportation trains).

The plan is to integrate the rail junction Košice into the HSL, and make it a stop station for all HSL passenger trains, and a terminal station for the domestic service running between Bratislava and Košice, or both for some freight trains, if need for the goods handling arise. The combined transport trains shall be dispatched from the station at Krásna nad Hornádom which is planned to have both a freight service centre and a combined transport terminal. To furnish trains effectively to Interport Košice, and afford possibilities for speeding up the passenger transport, it is required to electrify the existing track section Haniska pri Košiciach–Veľká Ida. Connecting Interport to HSL shall be possible at the railway station Veľká Ida.

Present Situation

The combined transport (CT) terminals, except from the terminal Dobrá put into operation in 2002, only serve as container transhipment stations. They were completed before 1993. The present-day CT terminals located throughout the Slovak Republic are equipped with no operating gear to handle large intermodal transportation units, nor semi-trailers using boom poles on the attachment. This is what discourages many shippers from transporting their goods into the Slovak

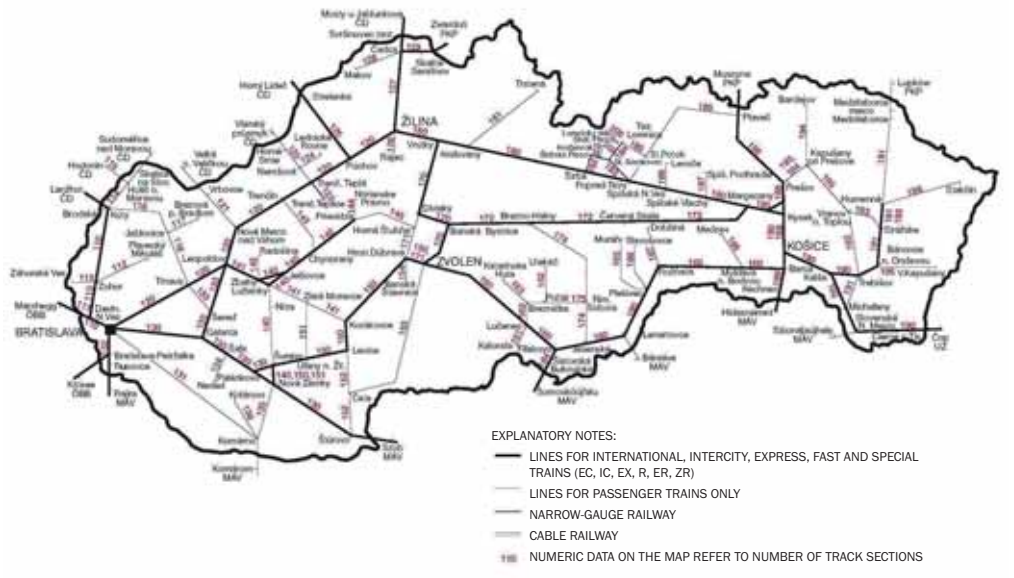

FIGURE 5: RAILWAY NETWORK IN SLOVAK REPUBLIC IN 2005, RESOURCE: RAILWAYS OF THE SLOVAK REPUBLIC

Republic by means of combined transport or out of the country using the Slovak terminals. The development of the combined transport in the region thus needs to be implemented through modernising the rail lines and building combined transport terminals (CTT). As per AGTC agreement and following the state combined transport development policy, the plan is to build combined transport terminals of international importance in Košice, at the location of Košice-Krásna, to make use of the connection to the railway station Krásna n/Hornádom, and at the location of Haniska pri Košiciach being a transhipment traffic zone.

4.1.4 Air Transport

The international airport Košice provides scheduled and unscheduled air transport and checking-in service for passengers (terminals T1 and T2) and dispatching of aircrafts for both scheduled service and charter service. In addition, the airport also provides general air service. The passenger check-in and the general air check-in are completed at the air service terminal. The passport control and customs control work 24 hours.

TABLE 14: TOTAL NUMBER OF PASSENGERS IN 2000 – 2005

Year	2000	2001	2002	2003	2004	2005
Total	125 844	138 083	161 827	187 716	231 410	269 885

Resource: Airport Košice

FIGURE 6: AIRPORT KOŠICE, RESOURCE: KOŠICE SELF-GOVERNING REGION

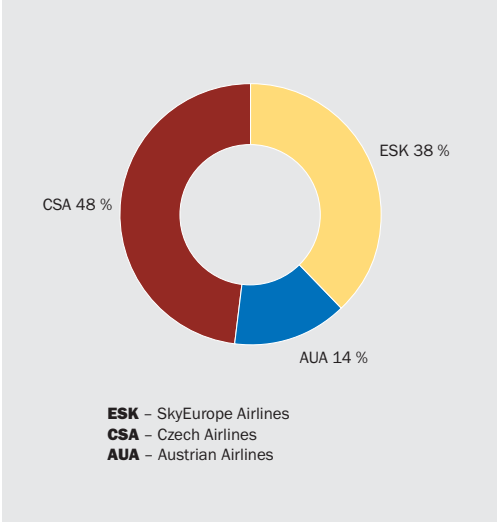

FIGURE 7: PROPORTION OF CARRIERS IN TOTAL VOLUME OF PASSENGERS – SCHEDULED TRANSPORT (2005), RESOURCE: AIRPORT KOŠICE

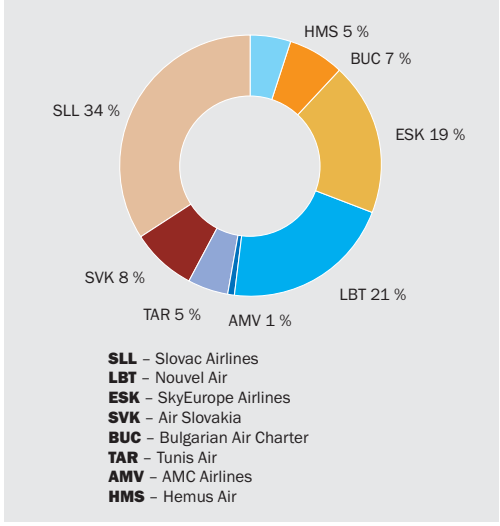

FIGURE 8: PROPORTION OF CARRIERS IN TOTAL VOLUME OF PASSENGERS – CHARTERED SERVICE (2005), RESOURCE: AIRPORT KOŠICE

4.2 Electric Network

Stability of Electric Supplies

Slovakia is short of its own primary energy raw material. The country has no black coal deposits; the few crude-oil fields and gas fields being mined can hardly meet a small percentage of the total consumption. The structure of the primary raw material consumption indicates that as little as 7% of energy demand is covered by the brown coal production, some 4% of the energy required is generated by water power plants, and almost 2% of the Slovak energy demand is covered by domestic gas and crude-oil production. All other primary sources of energy have to be imported. Resources with good prospects refer to some alternative ways of energy recovery. In terms of power generation, Slovakia is now among the developed European countries. The present situation results from the actual economic development of Slovakia. The structure of the resources of electric energy generated in the course of the referred-to development seems ideal for the complementarity of all water-driven, thermal-driven, and nuclear-driven mechanisms of power generation. The coexistence of all the three types of power plants allows flexibility and utilisation of the specific assets of different types of electric generating stations, enables flexible system management and reduces dependency on the external conditions, esp. the weather, and on the actual course of trade. The resource structure good for electric power generation seems quite promising. The power generation goes dynamically following all technical, economic, and ecological criteria involved. In terms of the installed generating capacity structure, nearly a third of the power generation falls on the water plants, another third falls on the thermal power stations, and the last third falls on the nuclear power plants. The electric energy generated in Slovakia in 2004 amounted to 30,543.4 GWh. The total installed generating capacity fluctuated around 8,160 MWh. Good condition of the technical equipment and good economic parametres enabled almost 12% of the generated energy to be exported abroad.

Slovenské elektrárne (SE), a. s. – Base of Energy Generation

The principal activity of the joint stock company of Slovenské elektrárne, a. s. is to generate and distribute both electric energy and thermal energy. This energy generation base is made up of nuclear, thermal and hydraulic power plants. This base now manages to generate energy to meet approximately 86% of the demand for electric power in the Slovak Republic. The electric energy generated by the company is then supplied to three energy distribution companies and to several other large enterprises. For the period of 2004, the company of SE, a. s. showed the following balance indicators for electricity purchased and supplied:

TABLE 15: BALANCE OF PURCHASED AND SUPPLIED ELECTRICITY (MWH) IN 2004

	Slovenské elektrárne, a. s. (SE)	January 1–December 31, 2004
Purchase	generation at the SE, a. s. power plants	25,575,457
	purchase from independent producers	1,082,350
	purchase from abroad	5,599,652
	total	32,257,459
Supply	SE, a. s. performance (inland)	18,419,860
	sales abroad	11,596,775
	self-consumption	2,244,365
	adjusted balance correction	96,459
	total	32,357,459

Resource: Slovenské elektrárne, a. s. (a power supply company)

In 2004, the nuclear power plants generated as much as 66.57% of the domestic electricity, the hydraulic plants accounted for 15.41%, and the thermal plants for 18.02% of the energy generated for the domestic market. The referred-to data on the electricity generation are given in the table below.

TABLE 16: GENERATION OF ELECTRIC POWER (2004)

Slovenské elektrárne, a. s. (SE)				
	Nuclear	**Thermal**	**Hydraulic**	**Total**
number of power plants	3	2	34	39
total installed generating capacity MW	2 640	1 842.4	2 399.24	6 881.64
quantity of energy generated in 2004 (GWh)	17 025.6	4 608.1	3 941.7	2 5575.4
proportion in the total generating capacity	38.38 %	26.76 %	34.86 %	100.00 %
proportion of electric energy generated in total quantity	66.57 %	18.02 %	15.41 %	100.00 %
Resource: Slovenské elektrárne, a. s. (a power supply company)				

Nuclear Power Plants

The total installed generating capacity of the nuclear power stations in Slovakia amounts to 2,640 MW, accounting for 38.38 % of the total generating capacity of Slovenské elektrárne. In 2004, the nuclear plants generated 17,025.6 GWh of the total amount of 25,575.4 GWh of electric power generated by Slovenské elektrárne. The power generation is in the nuclear plants in Slovakia normally regulated via energy control system in the basic load range, as this mode seems the most economical when run at full output.

Thermal Power Plants

The thermal power stations take an important place in the electricity supply system of the Slovak Republic in view of their operation and capacity. The plants constitute resources working in the basic load or semi-peak modes. In 2004, the thermal power plants generated 4,608.1 GWh of the total of 25,575.4 GWh of the electric energy generated at Slovenské elektrárne. The total installed generating capacity of the thermal power plants is 1,842.4 MW accounting for 26.76 % of the resource potential.

Hydraulic Power Plants

The total installed generating capacity of the hydraulic power plants is 2,399.24 MW, which accounts for 34.86 % of the total generating capacity of Slovenské elektrárne, including 1,482.025 MW installed in flow water power stations, and 914.92 MW in the pumping water power plants. The proportion of the hydraulic power plants in the annual electricity generation at Slovenské elektrárne, a. s. accounts for 13–20 %. In 2004, the hydraulic power stations generated 3 941.7 GWh of the total of 25,575.4 GWh of electric energy generated at Slovenské elektrárne, i.e. 15.4 %. The hydroenergetic potential, which the country actually utilises, remains at 57.5 %.

Transmission and Distribution

The most important role in providing for trouble-free transmission is taken by Slovenská elektrizačná prenosová sústava, a. s. (Slovak Electricity and Transmission System Company, SETSC). The company is in charge of reliable operation of the transmission system, providing for all the system dispatching control, system maintenance, restoration and development. As recommended by UCTE, the provision of electricity is reliable, upholds high-quality standard, and the operations run in parallel with the neighbouring systems. In doing so, the company observes the principles of non-discriminatory and transparent access to networks, and seeks to have minimum environmental impact. At the Slovak market, electric energy is distributed by three regional power distribution companies.

Energy Infrastructure in Košice Region

The Košice region has its own energy infrastructure. The combined coal-fired and gas-driven power plant of Elektrárne Vojany seems to be the most important energy resource of the region. The plant is situated in the district of Michalovce, and comprises two generating operations: Elektrárne Vojany I (EVO I – 6 x 110 MW) and Elektrárne Vojany II (EVO II – 6 x 110 MW). The convenient position close to the Slovakia-Ukraine border, the shortening of the wide-gauge track, and the opportunity to take cooling water from the River Laborec were all the factors determining the location of the thermal power plant.

Východoslovenská energetika a. s. Košice (VSE) is a regional power distribution company. The principal activity of the company focuses on the purchase, distribution, and sale of electricity in order to supply current to population and business establishments. The Košice region is part of the national energy network and is connected to the superior 400 kV energy network.

At present, VSE distributes electricity throughout the Košice region, the Prešov region, and, in part, the Banská Bystrica region. Its supply zone extends over almost 16,000 km^2. VSE supplies electricity to nearly 600,000 customers using the respective equipment (electric lines, electric and transformation stations). VSE operates no resources of electric energy. The power distributed is purchased from Slovenské elektrárne, a. s., from some branch power plants and from small producers.

In 2004, VSE sold more than 4.8 TWh of electricity. The average number of personnel was 1,845 last year. The National Property Fund of the Slovak Republic owns 51 % stake of VSE. Since 2003, the remaining 49 % of the stake has been owned by RWE Energy, an energy company based in Germany.

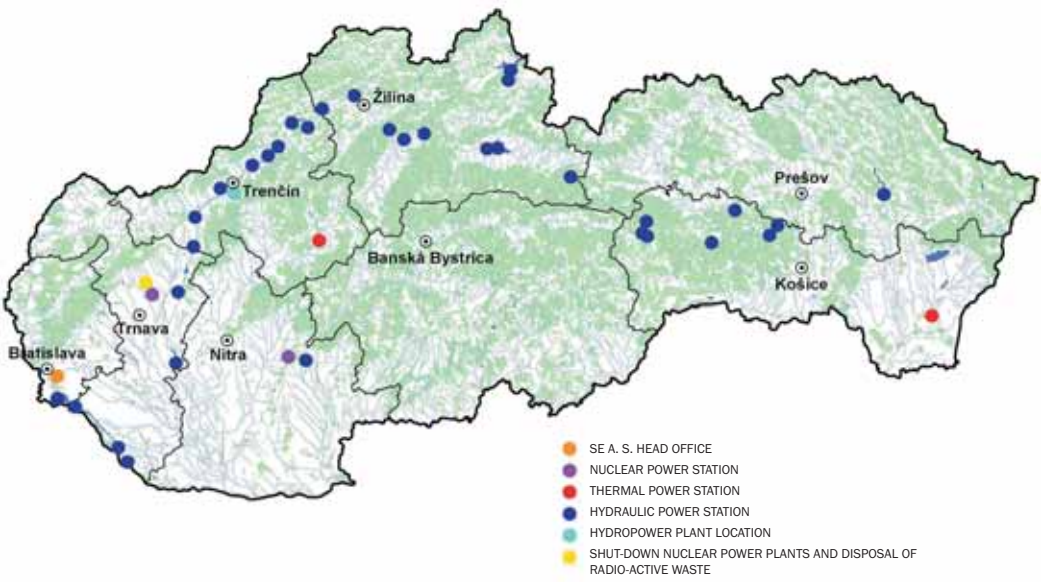

FIGURE 9: LOCATIONS OF POWER PLANTS THROUGHOUT SLOVAK REPUBLIC (2004), RESOURCE: SLOVENSKÉ ELEKTRÁRNE, A. S.

TABLE 17: PARAMETRES OF POWER PLANT IN VOJANY

	EVO I	EVO II
generating capacity	660.00 (6x110) MW	660.00 (6x110) MW
block count	6	6
fuel	black coal	natural gas, mazut
introduction into service	blocks 1–4 /1966	1973–1974
Resource: Slovenské elektrárne, a. s. (a power supply company)		

4.3 Public Water Mains and Available Water Resources

Situation in Slovakia

The total of 82.57 % of the population of Slovakia are supplied water from public water mains. The number of communities with their own public water mains is 1,955 of the total number of 2,883 communities in Slovakia. The capacity of water resources is 32,871 l/s, while the capacity of underground water resources is 27,905 l/s. The annual production of potable water at self-contained water plants amounts to 430,395 thousand m^3 of potable water of fair quality. The Slovak Republic now enjoys enough water resources, yet unevenly distributed.

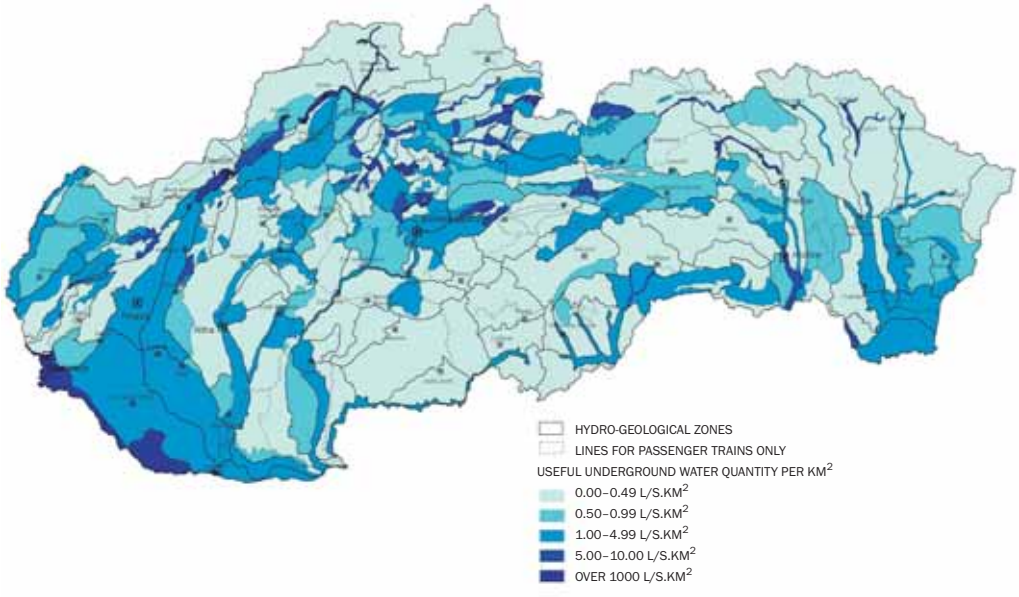

FIGURE 10: USEFUL QUANTITY OF UNDERGROUND WATER (2001) RESOURCE: SLOVAK HYDRO-METEOROLOGICAL INSTITUTE, PREPARED BY: SLOVAK ENVIRONMENTAL AGENCY

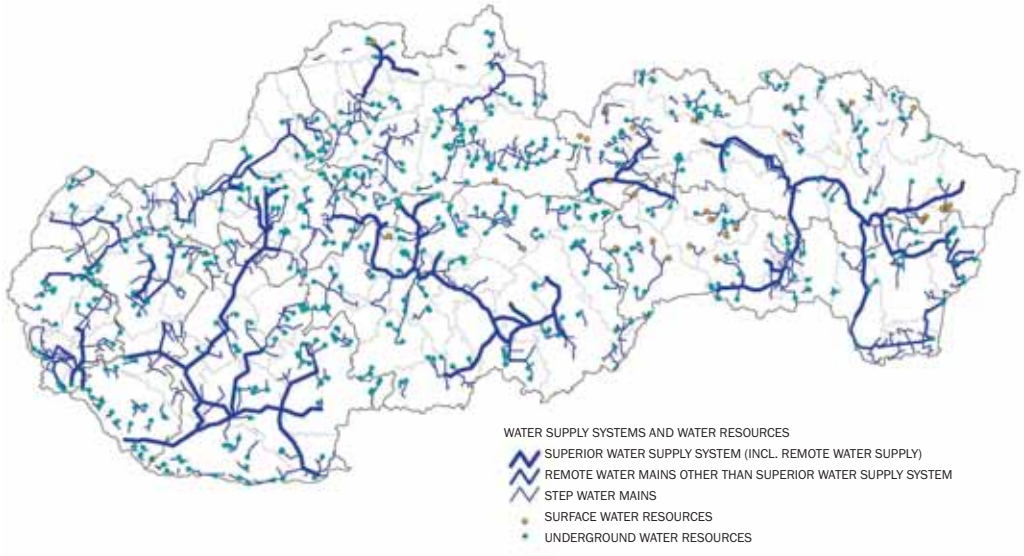

FIGURE 11: WATER SUPPLY SYSTEMS AND WATER RESOURCES (2001) RESOURCE: RESEARCH INSTITUTE OF WATER MANAGEMENT, PREPARED BY: SLOVAK ENVIRONMENTAL AGENCY

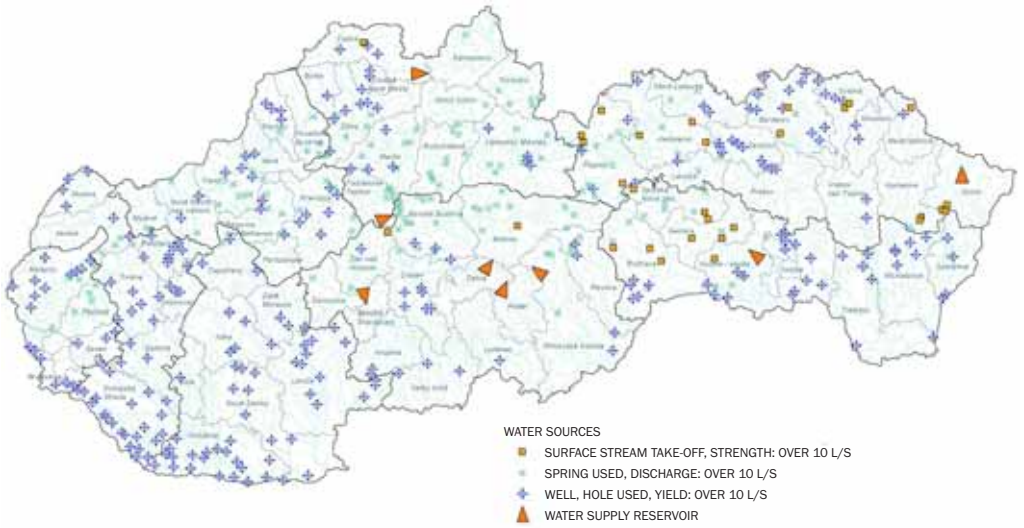

FIGURE 12: WATER RESOURCES (2001) RESOURCE: RESEARCH INSTITUTE OF WATER MANAGEMENT, PREPARED BY: SLOVAK ENVIRONMENTAL AGENCY

Hydrologic Change Forecast: 2010, 2030, 2075

The capacity of water reserves is now 12.56bn m^3 (398 m^3/s). The estimated decrease refers to 12.05bn m^3 in 2010, 11.05 in 2030 and 9.42 in 2075. As forecasted, Slovakia is going to lose one quarter of its water reserve capacity in the next 70 years. At the same time, the average annual water outflow is forecasted to fall over the referred-to years by 4 %, 12 % and 25 %, respectively.

Territory of East Slovakia

By April 30, 2003 all subregions pertaining to the east of Slovakia had been administered by the national enterprise of Východoslovenské vodárne a kanalizácie š. p. (VVaK - waterworks and sewerage systems). Upon the decision made by the Ministry of Land Management of the Slovak Republic in 2003, and in line with the respective privatisation project, the 2 following joint stock companies were founded to substitute the former VVaK:

A. *Východoslovenská vodárenská spoločnosť, a. s., a water service company based in Košice (hereinafter referred to as VVS)*
B. *Podtatranská vodárenská spoločnosť, a. s., a water service company based in Poprad (hereinafter referred to as PVS)*

Both of the referred-to companies administer the territory falling, in spatial terms, under the Košice region and the Prešov region. In terms of water supply, the water resources located in the Prešov region are used to meet the water demand in the Košice region (e.g. the water reservoir of Starina), and vice versa, as results from the operation of both joint stock companies concerned. This explains why it is impossible to assess the water supply and the water resources of this region on their own, regardless those in the Prešov region.

Areas Administered by Water-service Companies

A. Area Administered by VVS:

FIGURE 13: AREA ADMINISTERED BY VVS (2004) RESOURCE: VÝCHODOSLOVENSKÁ VODÁRENSKÁ SPOLOČNOSŤ

Východoslovenská vodárenská spoločnosť, a. s. based in Košice

Water Production and Supply

The total population supplied the potable water from the public water mains administed by VVS, a. s. went up in 2004, compared to 2003, by 5,076 inhabitants, and reached the level of 873,158 inhabitants. Out of 1,227,870 people residing in the zone of the company, the portion of 71.1% is connected to the public water mains administered by the company, while the remaining population is supplied from the water mains administered by the communities they live in. The company has 36 water treatment plants at its disposal, including 5 plants which are now out of operation. Among the most important surface water resources are the water reservoirs of Starina and Bukovec; the most important underground resource is the source located in the village of Drienovec. In 2004, VVS had 120,423 customers on record, including 109,393 households and 11 030 other customers.

TABLE 18: SELECTED OPERATING INDICATORS (2004)

Východoslovenská vodárenská spoločnosť	
population supplied potable water	873,158
proportion of population supplied potable water in total population of territory administered (%)	71.1 %
number of water-service pipes	114,919
length of water-service pipes (km)	790
length of water supply system (km)	4,879
Resource: Východoslovenská vodárenská spoločnosť, a. s.	

B. Area Administered by PVS

FIGURE 14: AREA ADMINISTERED BY PVS (2004) RESOURCE: PODTATRANSKÁ VODÁRENSKÁ SPOLOČNOSŤ

Podtatranská vodárenská spoločnosť, a. s. based in Poprad

The company comprises three former branches, Branch Poprad, and Branch Spišská Nová Ves (covering the districts of Gelnica and Levoča – pertaining to the Prešov self-governing region) and Branch Stará Ľubovňa. For information, the sites of the referred-to branches are found in 6 different districts: Poprad, Kežmarok, Stará Ľubovňa, Spišská Nová Ves, Gelnica and Levoča.

Water Production and Supply

In terms of hydrological conditions, in 2004 the yield of resources was very good. PVS now takes water from 192 water resources at the capacity of 1,119 l/s. The water was in 2004 supplied to 286,063 residents, which accounts for 77 % of the population for the territory within the company's sphere of action. During 2004, the company of PVS operated 1,509.51 km of water mains at the capacity of 79,710m^3 and 39 water-pumping stations at the capacity of 11,191 l/s.

Most Relevant and High-yield Water Sources

The underground sources found within the boundaries of the village of Liptovská Teplička, yield: 837 l/s (incl. 14 underground water sources – 5 springs and 9 holes), are part of the feed water mains in the towns of Poprad, Kežmarok, Spišská Nová Ves and Levoča. The towns of Spišská Nová Ves and Levoča also have some additional water resource, namely the water taken from the rivlet Veľká Biela at the capacity of 100 l/s.

TABLE 19: SELECTED OPERATING INDICATORS (2004)

Podtatranská vodárenská spoločnosť	
population supplied potable water	286,063
proportion of population supplied potable water in total population of territory administered (%)	77 %
mumber of water-service pipes	40,306
length of water-service pipes (km)	362
length of water supply system (km)	1,510
Resource: Podtatranská vodárenská spoločnosť, a. s.	

Present-day Capacity of Water Resources in Košice Region

Total capacity of water resources: 3,824 l/s,
including: • underground water 2,353 l/s
• surface water 1,471 l/s

Water resources shall suffice to meet the demand until 2012. Lately, the water consumption has fallen owing to water discipline and decreased water consumption due to (1) water price rise applied to the population and industry, (2) enterprise preference for their self-contained sources, (3) dissolution of lots of firms which used to need potable water for their manufacturing purposes. To ensure sufficient water resources for the Košice region af-

ter 2012, it will become necessary to increase the water treatment capacity at the existing water reservoir of Starina and build a brand-new water reservoir at Tichý Potok.

At present, the Košice region has 9 water reservoirs (WR) of the volume over 1m m^3. The total capacity of the water reservoirs built within the region boundaries is 466.5m m^3. The water reservoirs are located in the following districts:

- 4 reservoirs, district of Košice-Vicinity (Bukovec I, II, Ružín I, II)
- 2 reservoirs, district of Rožňava (Palcmanská Maša, Rybníky – Hrhov)
- 2 reservoirs, district of Michalovce (Zemplínska Šírava, Senné)
- 1 reservoir, district of Trebišov (Beša).

Potable Water Supply in Košice Region

The company of Východoslovenská vodárenská spoločnosť supplies water to most of the districts of Košice I–IV, Košice-Vicinity, Rožňava, Michalovce, Trebišov, Sobrance in the Košice region, and to the districts of Humenné, Snina, Vranov nad Topľou, Prešov and Sabinov in the Prešov region. The districts of Spišská Nová Ves and Gelnica are supplied water by the company of Podtatranská vodárenská spoločnosť.

The company of VVS takes care of the water feed pipeline of the WR Starina and the whole of the balance corridor of the group mains of Snina, Humenné, Vranov nad Topľou, Trebišov–Michalovce–Sečovce, Prešov and the group water mains of Košice. The proportion of VVS in the water supply of the Košice self-governing region is as large as 91.4%, the city of Košice being the key consumer. Out of the 1,000 l/s of the take-off from the WR Starina for the Košice self-governing region, the city of Košice itself takes 400 l/s.

4.4 Sewer System

Assessment of Available Waste-water Treatment Plants

The administration and management of the sewer system is in the Košice region provided by 2 water-service companies: Východoslovenská vodárenská spoločnosť, a. s. (VVS) – covering the districts of Košice I–IV, Košice-Vicinity, Michalovce, Rožňava, Sobrance, Trebišov, and Podtatranská vodárenská spoločnosť, a. s. (PVS) – covering the districts of Spišská Nová Ves and Gelnica.

TABLE 20: CONNECTION TO SEWER SYSTEM AND WWTP – SELECTED INDICATORS (2004)

Selected Indicators	as per Total Area Administered by VVS
number of WWTP (36 mechanical-biological and 5 mechanical)	41
WWTP design capacity m^3/day	317,520
number of sewer connections	44,531
length of sewer system (km)	1,359
length of sewage service connections (km)	344
total quantity of waste water treated (thousand m^3/year)	76,481
quantity of dry residue (sludge) (tonnes)	7,610.5
Resource: Východoslovenská vodárenská spoločnosť, a. s.	

TABLE 21: CONNECTION TO SEWER SYSTEM AND WWTP – SELECTED IUNDICATORS (2004)

Selected Indicators	as per Total Area Administered by VVS
number of WWTP (36 mechanical-biological and 5 mechanical)	28
WWTP design capacity m^3/day	80,863
number of sewer connections	16,711
length of sewer system (km)	388
length of sewage service connections (km)	362
total quantity of waste water treated (thousand m^3/year)	28,224
quantity of dry residue (sludge) (tonnes)	1,556
Resource: Podtatranská vodárenská spoločnosť, a. s.	

4.5 Telecommunication Network and Internet

4.5.1 IP Telephony and Internet Use

For the past five years, IP telephony has evolved from early prototypes into a technology which, in many aspects, outmanoeuvres the classical voice transmission, and operates such functionality the regular telephone exchange will never be able to have. The IP telephony seems very cost-effective for the companies involved. In case of a fixed internet connection, the service is almost free of charge. Voice converted into data is transmitted over the internet to be converted back into a voice at the other side of the connection. IP telephony integrates voice, e-mail, fax, video, data, and so gives great opportunities for using computer networks.

The internet use goes forward due to great technology development. Nevertheless, compared to other EU countries, neither internetisation nor informatisation of the society has brought about the desirable effects yet. Neither has the internet broadband penetration yet developed the size comparable with the former 15 EU countries. Among the reasons assumed to cause such situation is low purchasing power which, considering the actual price levels of telecommunication services, stops the population from making use of the internet service without having to cut down on other consumption items. Another bottleneck is the remoteness of some rural areas of the Košice region which, economically speaking, remain out of the interest of the broadband internet providers. As regards the Košice region, it is, mainly, the district of Gelnica, incl. the area of Dobšiná, and Veľké Kapušany, which is still not covered by the high-speed internet network.

4.5.2 Mobile Networks

At the present time, the Slovak Republic is the place of two companies operating in the area of mobile network communication: Orange Slovensko, a. s., and T-Mobile Slovensko, a. s. The two mobile communication operators have already been on this telecommunication market for 9 years. The mobile network signals broadcasted by both of the operators are of high quality. The percentage of probability of a call getting through is 99 %. The same figure is referred-to when it comes to probability of non-forced termination of a call.

Signal Coverage of Orange Slovensko, a. s.
At the 2004 year-end, the company of Orange Slovensko, a. s. had the total of 1,378 base stations built throughout Slovakia providing for almost 87 % of the territorial coverage of the Slovak Republic with the GSM signal.

Signal Coverage of T-Mobile Slovensko, a. s.
The company of T-Mobile Slovensko, a. s. operated in 2004 1,130 base stations. For 2004, the company declared 91 % territorial coverage of the Slovak Republic with the GSM signal.

4.6 Waste

Waste Production in Košice Region

On the grounds of the new computations worked out by the Waste Management Programme of the Slovak Republic which follows a new waste classification (division into dangerous waste and other waste), the quantity of waste generated in the Košice region in 2003 was 3,540,309.42 tons of other waste, and 651,650.0 tons of dangerous waste.

TABLE 22: WASTE PRODUCTION AS PER NEW WASTE CATALOGUE (2003)

Waste as per New Waste Catalogue	Quantity (t)
other waste	3,540,309.42
dangerous waste	651,650.0
total	4 ,191,959.42
Resource: Slovak Environmental Agency	

Waste Treatment and Waste Disposal

Landfilling

In 2003, the Košice region managed to dispose of the total of 862,603.38 tonnes of waste (category O, S, D) by landfilling, which accounted for 20.6 % of the total quantity of the waste generated.

TABLE 23: LANDFILLING BY CATEGORIES IN 2003 (TERRITORY OF KOŠICE REGION)

Year 2003		Other Waste (O)	Special Waste (S)	Dangerous Waste (D)
amount of waste landfilled	t	525,920.33	285,810.48	50,872.57
total amount of waste landfilled	t	862,603.38		
total amount of waste generated	t	4,191,959.42		
proporton of landfilled waste in total amount of waste generated	%	20.6		
Resource: Slovak Environmental Agency				

The essential part of the waste falling in the category of special waste is made up of municipal waste. Landfilling is among the most common disposal methods for this type of waste. Based on the data released by the Statistical Office of the Slovak Republic, 45.1 % of the municipal waste generated in the Košice region in 2003 was disposed by landfilling.

TABLE 24: LANDFILLS PER 2005

Class	Landfills per Košice Region	Landfills per SR
dangerous waste dumps	3	16
non-dangerous waste dumps	11	120
internal waste dumps	3	20
total	17	156
Resource: Slovak Environmental Agency In 2001, pursuant to NR SR Act no. 223/2001 Coll. on waste and amendment acts, the categories of refuse dumps changed.		

TABLE 25: LANDFILLS IN KSGR WITH REFERENCE TO FORM OF OWNERSHIP AND SIZE (2005)

Ownership	Count	Landfill Size		
		small	medium	large
joint stock company	4	2	0	2
limited liability companies	8	5	1	2
community	5	3	2	0
total	17	10	3	4
Resource: Slovak Environmental Agency				

Waste Produced by Thermal Operations

This waste is largely deposited at refuse dumps, or dangerous waste dumps.

Building Waste

Each building waste holder is obliged to separate waste and provide for its utilisation. Large part of this type of waste is non-recyclable. This group of waste includes soil, aggregate, and excavation earth imposing normally no eco-problems. The bulk of this waste is disposed at refuse dumps.

Dangerous Waste
Out of the total amount of the dangerous waste generated in the region, most waste falls in the category of "non-specified waste". The waste produced by thermal operations is largely utilised (up to 80 %). The waste produced by inorganic chemical processes is disposed in a different manner. The waste produced by organic chemical processes is utilised as energy.

Some types of dangerous waste are assigned a specific treatment method. Such treatment can be based on a physico-chemical reaction (galvanic sludge, metal concentates, and others), biological decontamination (soil contaminated with petroleum substances), thermal treatment (oils, sediments of paint and varnish media, dissolvents, plastic wrappers containing dangerous substances, and others). PCB substances make a special group. No equipment is available in Slovakia to dispose, decontaminate, and deposit safe the PBC substances, waste PCB, nor PCB-containing devices. To dispose of the PCB substances there are now 3 main methods available: incineration at high temperature, chemical disposal, and export to special disposal facilities abroad.

Medical and Veterinary Wastes (MVW)
This waste must be separated on spot and can never be kept along with dangerous waste. MVW is disposed by incineration in special medical waste incineration plants (plants in Trebišov, Krompachy).

Municipal Waste
The municipal waste treatment falls under competence of the respective community where the waste is generated. Municipal waste comprises separated waste collection elements (paper, glassware, plastics, and others), the waste produced in gardens, public parks, and other waste produced by the community. The municipal waste is either landfilled, or incinerated, while its utilisation still remains poor.

5. Endogenous Resources

5.1 Soil Types and Area

The Košice region has 337.9 thousand hectares of agricultural land within its boundaries. This total land area includes 210.2 thousand hectares (62.1 %) of arable land, 3.1 thousand hectares (0.9 %) of vineyards, 13.7 thousand hectares (4.3 %) of gardens, 1.8 thousand hectares (0.5 %) of orchards, and 109.1 thousand hectares (32.2 %) of permanent grassy stands. The most productive agricultural part of the region, the East Slovak Lowlands, is, at the same time, the second most important rural belt on a nationwide scale. The natural condition of the region makes this area fit to develop agricultural production, viz. vineyards (the Sobrance and Tokaj vineyard areas), greengrocer production and fruit production (in the south of the region). Future trends refer to the stabilisation of the agro-production in the traditional agricultural areas (such as the districts of Trebišov, Michalovce, Košice-Vicinity) and at the level of the micro-regions, plus, there is a tendency towards renewing and/or establishing food-processing industry in the respective areas.

5.2 Mineral Raw Materials

Mineral Raw Material Base

There are all the energy, metallic and non-metallic raw materials found in the Košice region. The **raw materials for energy use** found in the regions include some short reserves of natural gas, crude oil, and soft coal found in the districts of Michalovce, Sobrance and Trebišov. Hnojné (a site found within the district of Michalovce) has a deposit of lignite. An anthracite deposit is found in the district of Trebišov.

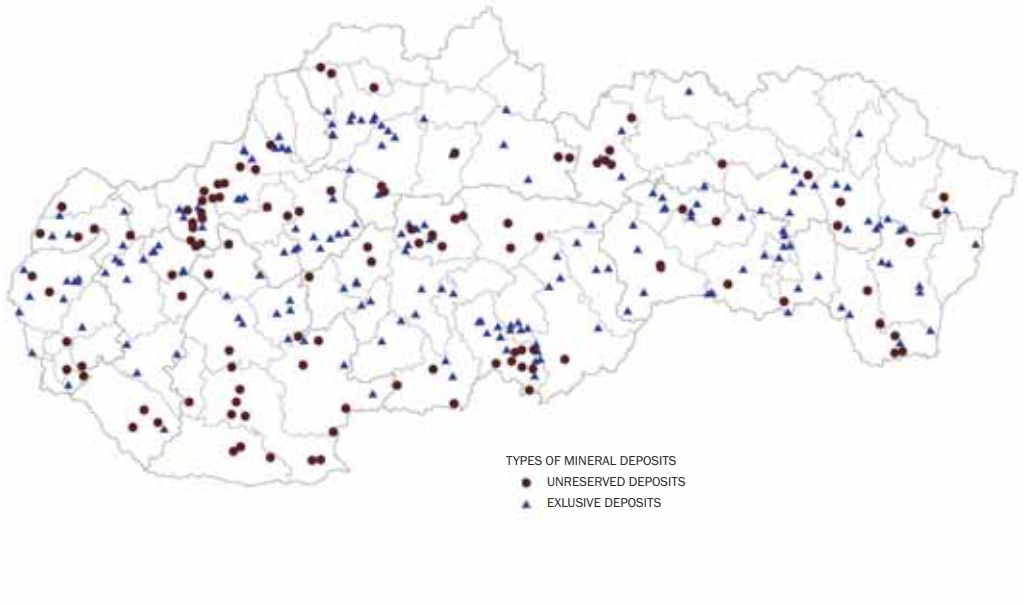

FIGURE 15: PRODUCTION OF MINERAL RAW MATERIALS (2001), RESOURCE: DIONYZ STUR INSTITUTE OF GEOLOGY, PREPARED BY: SLOVAK ENVIRONMENTAL AGENCY

Some reserves of **metallic raw materials** are found in the mountain range of Slovenské Rudohorie (the Slovak Ore Mountains) surrounding Spišská Nová Ves, Rožňava and Gelnica, then in the west of the district of Košice-Vicinity (the deposits of siderite, copper ore, silver ore, iron ore, and compound silver ores, the cobalt-nickel ore, pyrite, lead, zinc, mercury). In the past, the mentioned reserves of ore raw materials gave rise to mining industry, especially, in the districts of Spišská Nová Ves, Gelnica, Rožňava. At present, the exploitation is at the original sites no longer cost-effective, or has failed to be effected at the developed mining districts for lack of financial resources (e.g. the silver dike in the district of Rožňava) or has been moved (the soap-stone reserves in the district of Rožňava).

The **non-metallic raw materials** scattered all over the region, include dolomites, lime-stone, mineral salt, ceramic clay, flint clay, plaster-stone, andesite, glass sand and casting sand, magnesite, building stone, gravel-sand, and brick raw material. The reserves of ore raw materials gave rise to the production of building material in the Košice region. The production of some of the referred-to raw materials has continued. The present production includes granodiorite, ceramic clay in the districts of Košice I–IV, gravel-sand, sialitic clay, lime-stone, dolomite, amphibiolite, kaolin in the district of Košice-Vicinity, lime-stone in the district of Gelnica, energy raw materials, ceramic clay, zeolite tuff in the district of Michalovce, the iron ore in the district of Rožňava (the sites at Nižná Slaná, and Jelšava), the barite ore in the district of Spišská Nová Ves (the site at Poráč), lime-stone in the district of Sobrance, andesite, bentonite, lime-stone, casting sand, and other raw materials in the district of Trebišov. Some heavy reserves of mineral salt are found in Zbudza, kaolin is found in the district of Košice-Vicinity, magnesite in Košice, lime-stone and dolomite are in several districts of the region, feldspar and soap-stome are found in Rožňava, plaster stone and andesite are in Spišská Nová Ves. In view of their broad utilisation, the zeolite production needs to receive more attention in the future.

Raw Materials for Energy Industry

Compared to some other sites in Slovakia, the reserves of natural gas found in this region are of value. They are located in the districts of Michalovce, Sobrance and Trebišov (mining districts are found at the sites of Bánovce nad Ondavou, Kapušianske Kľačany, Pavlovce nad Uhom, Pozdišovce and Trebišov, some deposit reservations are found at the sites of Rakovec nad Ondavou, Bačkov). A deposit of lignite is found within the deposit reservation of Hnojné, and anthracite is located at the deposit reservation of Veľká Tŕňa.

Metallic Raw Materials

Metallic raw materials are found within the traditional mining districts falling under the Košice self-governing region, in particular, under the districts of Rožňava, Spišská Nová Ves, Gelnica and the district of Košice-Vicinity (in the east).

This is a deposit summary (incl. mining districts, or deposit reservations) of metallic raw materials:

- Mining districts
  - Nižná Slaná – siderite
  - Rožňava – copper ore and silver ore
  - Rudňany – iron ore and copper ore
  - Slovinky – copper ore
  - Poráč – iron ore and copper ore

- Deposit reservations
  - Hodkovce – cobalt ore and nickel ore
  - Nižný Medzev – iron ore
  - Smolník – pyrite
  - Gelnica – copper ore
  - Mníšek nad Hnilcom – copper ore, lead ore, zinc ore, and mercury ore
  - Helcmanovce – copper ore
  - Prakovce – complex ore

Non-metallic Raw Materials

The Košice region enjoys a multiplicity of non-metallic raw materials which are found throughout the region. The various present sources range from several different types of building material to brick clay, gravel sand, kaolin, limestone, soap-

stone, and others. From the nationwide point of view, the territory of this region contains an important reserve of mineral salt (Zbudza), a magnesite reserve (Košice), and some radioactive stuff (Košice and Spišská Nová Ves). The district of Košice-Vicinity includes a conservation area declared so in order to protect the utilisation of the thermal energy produced by the earth crust (Ďurkov and 31 other cadastral areas all contained in a compact zone)

Brief Analysis of Utilisation of Mineral Raw Materials by Districts

Districts of Košice I–IV

The heavy deposit of magnesite found in the north of the built-up area of the city of Košice is considered to be of nationwide importance. The municipal borough of Ťahanovce has a working district of ceramic clay within its boundary. The site shall remain worked out in the future. Within the city boundaries, there is a working district at Hradová (the district of Košice I) for granodiorite. The mining operations shall proceed untill the deposit is depleted. Both uranium and molybdenum ore are found at the definite deposit reservations in the west of the city

District Košice-Vicinity

- Metallic raw materials
  - Both cobalt ore and nickel ore are confirmed to be deposited at the site of Hodkovce (geological prospecting completed). The site is eligible for underground mining in the future. The mineral district has been declared a deposit reservation.
  - The occurrence of iron ores has been confirmed at the site of Nižný Medzev. Nevertheless, the mining is not planned to launch.

- Non-metallic raw materials occurring in this area range from such substantial stock as limestone, andesite, granodiorite, dolomite, amphibolite and gravel sand, which are good for building industry, to ceramic raw materials and refractory stud, such as asbestos and magnesite.
  - The stock of asbestos found within the boundaries of the community of Paňovce meets the quality requirements for the operations of underground mining.
  - Ceramic clay – a large kaolin reserve, site Rudník–Jasov, confirmed by geological prospecting.
  - Limestone and limestone sand, site Malá Vieska–Družstevná pri Hornáde, good for mining
  - Blast limestone, site Včeláre, a quality deposit with good prospects
  - Special limestone, site Hosťovce, mining operations expected to continue in the future
  - Sialitic stock good for cement production, mined out at the site of Dvorníky-Včeláre; good prospects of the deposit confirmed by the large stock found

- Building raw materials with good prospects of mining in the future include:
  - dolomite, site Trebejov, until depleted
  - amphbolite, site Vyšný Klátov, until depleted
  - gravel sand is assumed to occur at the site of Milhosť and Čaňa; no expectations for the renewal of mining operations at the site of Kráľovce considering the undesirable composition of the stock and the demanding technology to employ
  - no brick raw material is now mined out at the site of Jasov; however, the abundant stock fit for using is found at the site of Janík.

District of Gelnica

The only raw material now produced in the district of Gelnica is limestone, the working district of Jaklovce. Another working district is located at Švedlár, yet now runs no production of silica. There are 14 deposit reservations located within the district containing a stock of both metallic raw materials (copper, lead, zinc, silver, pyrite, chalcopyrite) – no expectations for future exploitation,

and non-metallic raw materials (silica, limestone) – good prospects of limestone production at the sites of Margecany, and Folkmárska Skala.

District of Michalovce

- Natural gas and gasoline:
  - Ptrukša – definite working district of Kapušianské Kľačany
  - Bánovce nad Ondavou – definite working district
  - Pavlovce nad Uhom–Stretava – definite working district (a part of the definite working district is found in the district of Trebišov)
  - Pozdišovce–Trhovište – definite working district called Pozdišovce I
  - Rakovec nad Ondavou – definite deposit reservation (small parts pertaining to this deposit reservation are found in the districts of Vranov nad Topľou and Trebišov)
  - Senné – definite working district called Pavlovce nad Uhom I

- Halloysite:
  - Michalovce, Biela Hora – definite working district

- Lignite:
  - Hnojné – definite deposit reservation

- Mineral salt:
  - Zbudza – definite working district being part of the deposit reservation

- Ceramic clay:
  - Michalovce–Biela Hora, definite working district, deposit reservation
  - Pozdišovce – definite working district

- Additive ceramic raw materials:
  - Trnava pri Laborci, Oreské – definite working district

- Building stone:
  - Oreské – definite working district
  - Vinné – definite working district

- Zeolite
  - Kučín–Pusté Čemerné – working district of Pusté Čemerné

District of Rožňava

Rožňava is a town of a long mining tradition. Natural reserves and historical traditions made the production and processing of mineral raw materials (esp. ores) become a fundamental economic branch in the area. The present-day situation drawing on the necessity to suppress the inefficient operations of the mining and treatment plants alters in stages. The plants are preparing to undergo some extensions and run environmentally-friendly productions. The district of Rožňava disposes of sufficient stock reserves to develop such environmentally-friendly exploitation and production based on traditional raw materials. The future plans to renew mining operations, take on new exploitation, and extend the working districts refer to the following projects:

- proposal on the working district extension at Nižná Slaná (iron ore) to raise the production
- proposal on renewing the exploitation at the working district of Rožňava III (Mine Mária)
- draft on large production of soap-stone at the new-made working district of Gemerská Poloma
- draft on large production of plaster stone–anhydrite at the new-made working district in Gemerská Hôrka

District of Sobrance

The territory of the district of Sobrance is poor in raw materials. In the district, they produce limestone (working district of Beňatina), and brick clay (working district of Krčava); there is also an andesite deposit reservation at the site of Kolibabovce.

District of Spišská Nová Ves

The district of Spišská Nová Ves is assessed as a district of a long mining tradition, and rich in raw material reserves. The reserves found in the district include several ores (iron, copper, silver, and barite), and stones, plaster stone and limestone. The

most extensive ore exploitation area refers now to the site located within the boundaries of the communities of Rudňany and Poráč where they produce compound ore (copper and barite). Among the non-metallic raw materials worked out in the district, there is plaster stone, the site of Novoveská Huta, building stone, several different sites in Olcnava and Spišské Tomášovce.

District of Trebišov
The raw materials found in the district are as follows:

- Gazoline, natural gas:
- Kapušianske Kľačany–Ptrukša – definite working district
- Rakovec nad Ondavou – definite deposit reservation
- Trebišov
- Bačkov – definite deposit reservation

- Anthracite:
- Veľká Tŕňa – definite deposit reservation

- Bentonite:
- Lastovce – working district of Michaľany
- Brezina – definite working district

- Building stone:
- Svätuše – definite working district
- Brehov – definite working district
- Ladmovce – definite working district

- Brick raw material:
- Lastovce – definite working district

5.3 Resources of Geothermal Energy

The geothermal energy affords vast opportunities for power generation, and house heating having thus a great impact on the development of power industry, local spa management, and land management. The territory of the Košice region is, compared to other regions in this country, rather rich in geothermal resources. Following its outcome, the geological prospecting has singled out 3 following areas in the region as those having good prospects for use in the future:

- Košice Valley (the estimated energy potential of 1,200 MW)
- mountain range of Humenský chrbát (800 MW)
- area of Beša-Čičarovce (200 MW)

Speaking of potential, the best prospects go to the Košice Valley which is noted for the occurrence of geothermal underground waters of the temperature ranging from 120°C to 160°C (over 3,000 meters in depth). The prospecting for crude oil carried out on a systematic basis in the East Slovak Basin has brought about some information on the occurrence of mineralised oil-field water of the increased level of iodide. These are tepid or hot waters of curative effects good for bathing, swimming and drinking. The wells of the highest iodine levels are found in the areas of Kecerovské Pekľany, Čičarovce, Senné, Ptrukše, Trhovište, and Stretava.

The total energy potential of the available resources, incl. low-temperature (around 30°C) waters, is estimated at 3,500 MW of the thermal output. The potential of the geothermal 75°–95°C water accounts for 500–600 MW. The efforts made so far with the view of the future geo-energy utilisation include development of several feasibility studies and specific project designs for the locations of Olšavská dolina (Olšava Valley) and Zemplínska Šírava. Some other in-process projects refer to the geothermal resources found in the south of the East Slovakia lowlands.

FIGURE 16: RESOURCES OF GEOTHERMAL ENERGY IN KOŠICE REGION (2004), RESOURCE: KOŠICE SELF-GOVERNING REGION

5.4 Natural Resources

The large natural resources preserved in the region, the beauties of nature and the attractive man-made water bodies of Zemplínska Šírava and Ružín, in addition to the wealth of historic landmarks create optimum conditions for the expansion of tourist trade. Among the most attractive, even international, tourist destinations is the reservoir of Zemplínska Šírava, the mountain ranges of Slovenský raj (Slovak Paradise), Plejsy pri Krompachoch, Slovenský kras (Slovak Karst). The region also enjoys having a variety of other local and suburban recreation resorts and regional vacation spots. In terms of cultural and historic landmarks, the greatest tourist attractions include the historical town reserve of Košice, and the Spiš Castle with the adjacent sights, such as the Church of the Holy Spirit in Žehra, the town of Spišské Podhradie, and Spišská Kapitula, the ecclesiastical town on its outskirts, all listed as the UNESCO World heritage sites. The sites ranking among the most significant pieces of national cultural heritage refer to the castle of Krásna Hôrka and the mansion in Betliar. The world heritage list also contains the caves of the Slovak Karst and the Aggtelek Karst (13 caves in total). The much-sought-for natural sites include the geyser is Herľany, the unique curiosity, and the karst canyon of Zádielska dolina (Zádiel Valley), both situated in the district of Košice-Vicinity.

5.5 Cultural Heritage

The main architectural monuments and historic landmarks situated in the Košice region include the following pieces of cultural heritage:

- historic centre of the city of Košice – historical town reserve with the greatest Gothic-style cathedral in the country,
- one of the three worthiest of treasure troves, biggest in size in the world: Golden Treasure of Košice (3,000 gold coins), on display at the East-Slovakia Museum in Košice
- castles, chateaus, mansions – ranking among the most preserved and best maintained in Slovakia (Betliar – Europe Nostra Award 1994, Krásna Hôrka), and the most impressive castle ruins in Europe (UNESCO – Spiš Castle),
- wall paintings inside churches, castles, and mansions – not used yet for the tourist purposes (except for Žehra, and Štítnik),
- monasteries and cloister complexes (Jasov, Brehov, Leles),
- solitaires – isolated architectural monuments (mansions, manor-houses) scattered around the countryside – often associated with some historic figures (Borša – Ferenc II Rákóczi, Staré – Zichy),
- various museums of either a long tradition or of contemporary provenance including the unique Museum of Guitars based in the town of Sobrance,
- public and private galleries,
- the Romathan Theatre (the only Roma theatre in the Slovak Republic), and the Thália Theatre (the Hungarian theatre).

6. Human Resources

6.1 Demography

Compared to other regions of the Slovak Republic, the Košice region enjoys such an age structure which is virtually beneficial to the region. In the long term, the proportion of the pre-working population exceeds the nationwide average while the proportion of the post-working population is under the nationwide average. The aging index below 1 indicates a prevailing portion of the working-age population to the pre-working age.

TABLE 26: MEDIAN POPULATION STRUCTURE PER 2003–2004

Region, SR	2003			2004		
	Total	Female	Proportion in Population of SR	Total	Female	Proportion in Population of SR
Bratislava	599,815	316,063	11.2	600,246	316,311	11.4
Trnava	551,335	282,886	10.3	552,641	283,591	10.2
Trenčín	602,638	308,157	11.2	601,687	307,849	11.1
Nitra	710,155	367,047	13.2	709,381	366,698	13.2
Žilina	693,224	353,082	12.9	693,757	353,397	12.8
Banská Bystrica	659,378	341,355	12.3	658,701	341,165	12.3
Prešov	793,898	403,673	14.8	795,796	404,601	14.6
Košice	768,378	395,731	14.3	769,969	396,470	14.3
SR total	5,378,821	2,767,994	100.0	5,382,178	2,770,082	100.0
Resource: Statistical Office of the Slovak Republic						

TABLE 27: DEVELOPMENT OF POPULATION (2004) PER SR REGIONS

Region, SR	2004	
	Live-born	Deceased
	per 1 000 inhabitants	
Bratislava	9.04	9.42
Trnava	8.95	10.01
Trenčín	8.40	9.50
Nitra	8.33	10.68
Žilina	10.37	9.22
Banská Bystrica	9.72	10.73
Prešov	12.18	8.13
Košice	11.81	9.62
SR total	9.98	9.63
Resource: Statistical Office of the Slovak Republic		

TABLE 28: INCREMENT AND DECREMENT OF POPULATION PER 2003–2004

Region, SR	2003		2004	
	Natural Increment (–decrement) (persons)	Increment (–decrement) Effected by Migration (persons)	Natural Increment (–decrement) (persons)	Increment (–decrement) Effected by Migration (persons)
Bratislava	-599	650	-227	1,572
Trnava	-766	1,869	-586	1,770
Trenčín	-1,113	-215	-663	-111
Nitra	-1,978	728	-1,671	1,269
Žilina	696	-238	798	-168
Banská Bystrica	-981	-176	-665	80
Prešov	2,755	-1 123	3,223	-1,292
Košice	1,469	-86	1,686	-246
SR total	-517	1,409	1,895	2,874
Resource: Statistical Office of the Slovak Republic				

TABLE 29: DEVELOPMENT OF POPULATION (2004) PER DISTRICTS OF KOŠICE REGION

	Median Population Structure	Live-borne	Deceased	Increment (–decrement)		
				Natural	Effected by Migration	Total
Gelnica	30,993	433	297	136	-52	84
Košice I	68,256	713	609	104	-406	-302
Košice II	79,811	832	551	281	29	310
Košice III	30,389	317	143	174	-250	-76
Košice IV	56,732	574	650	-76	-131	-207
Košice-Vicinity	109,861	1,488	1,071	417	370	787
Michalovce	109,320	1,315	1,145	170	-114	56
Rožňava	61,881	629	726	-97	205	108
Sobrance	23,488	215	318	-103	31	-72
Spišská Nová Ves	94,910	1,378	736	642	-82	560
Trebišov	104,328	1,207	1,169	38	154	192
Košický kraj	769,969	9,101	7,415	1,686	-,246	1,140
Resource: Statistical Office of the Slovak Republic						

6.2 Knowledge-based Structure of Population

The Košice region enjoys a favourable knowledge-based structure of population. The greatest proportion goes to the labour force of full secondary education acquired. The knowledge-based structure of population largely derives from the structure of urban settlements. The towns have higher distribution of university-educated population, and the secondary-educated population. Košice, the regional capital, enjoys the highest distribution of the post-secondary educated and university-educated population.

TABLE 30: EDUCATIONAL STRUCTURE OF POPULATION (AGE 15 AND OVER) IN SR (2001)

Region		population over 15	basic and uncompleted	secondary	Education Completed			no education	not found
					full secondary	post-secondary	university		
Bratislava	grad.	509,793	98,042	114,838	173,270	5,233	102,076	640	15,694
	%	100.0	19.2	22.5	34.0	1.0	20.0	0.1	3.1
Trnava	grad.	453,444	131,983	146,009	129,818	2,466	33,254	1,693	8,221
	%	100.0	29.1	32.2	28.6	0.5	7.3	0.4	1.8
Trenčín	grad.	496,720	121,000	162,927	157,842	2,688	42,060	1,074	9,129
	%	100.0	24.4	32.8	31.8	0.5	8.5	0.2	1.8
Nitra	grad.	589,987	184,053	177,455	168,175	3,026	46,188	2,215	8,875
	%	100.0	31.2	30.1	28.5	0.5	7.8	0.4	1.5
Žilina	grad.	551,405	147,374	174,765	170,998	3,523	47,785	1,624	5,336
	%	100.0	26.7	31.7	31.0	0.6	8.7	0.3	1.0
Banská Bystrica	grad.	542,031	161,751	147,333	167,599	3,011	46,426	2,496	13,415
	%	100.0	29.8	27.2	30.9	0.6	8.6	0.5	2.5
Prešov	grad.	609,918	183,688	175,814	187,600	3,156	47,992	1,737	9,931
	%	100.0	30.1	28.8	30.8	0.5	7.9	0.3	1.6
Košice	grad.	610,664	169,465	165,003	196,127	3,545	57,543	4,050	14,931
	%	100.00	27.75	27.02	32.12	0.58	9.42	0.66	2.45

Resource: Statistical Office of the Slovak Republic – Population and Housing Census 2001

Knowledge-based Structure of Labour Force – Graduates

Having acquired education at secondary schools and institutions of higher learning seems to be the most important background for entering the labour market.

TABLE 31: STUDENT SURVEY PER SCHOOL YEAR 2004/2005

School		Košice Region	SR
secondary grammar schools	state-run	12,530	81,984
	private	540	3,362
	church-related	1,609	14,392
		14,679	**99,738**

trade schools	state-run	14,390	80,895
	private	400	3,974
	church-related	162	2,664
		14,952	**87,533**
comprehensive schools	state-run	3,531	62,772
	private	0	1,310
	church-related	656	656
		4,187	**64,738**
secondary training colleges and vocational schools	state-run	10,650	63,886
	private	571	8,433
	church-related	421	1,206
		11,642	**73,525**
total		**45,460**	**325,534**
Resource: Statistical Office of the Slovak Republic			

TABLE 32: NUMBER OF UNIVERSITY STUDENTS PER SCHOOLS IN SCHOOL YEAR 2004/2005

		Full-time Studies	Part-time Studies	Total
SR	public universities	107,757	50,367	158,124
universities in Košice		16,523	4,020	20,543
SR	private universities	851	2,651	3,502
universities in Košice		0	0	0
SR total		**108,608**	**53,018**	**161,626**
Resource: Statistical Office of the Slovak Republic				

Not all graduates find jobs immediately after leaving schools. The term of graduates, as used in the registers of employment agencies, denotes such a group of young people under 25 who, after completing their instruction (carrier-oriented full-time study), fail to be given their first regular paid job.

TABLE 33: DISTRIBUTION OF UNEMPLOYED GRADUATES

Territory	2001	2002	2003	2004	Portion as per Region
Gelnica	154	223	187	153	3.9 %
Košice I	277	418	330	253	6.5 %
Košice II	427	665	563	476	12.2 %
Košice III	268	427	336	215	5.5 %
Košice IV	298	430	372	218	5.6 %
Košice-Vicinity	624	1,032	807	687	17.5 %
Michalovce	694	1,080	915	77	2.0 %
Rožňava	345	528	481	372	9.5 %
Sobrance	141	229	179	180	4.6 %
Spišská Nová Ves	464	751	594	452	11.5 %
Trebišov	641	1,095	910	832	21.3 %

Košice Region	4,334	6,878	5,673	3,915	15.1 %
Slovakia	26,375	41,340	31,991	25,908	100.0 %
Note: graduates – within 2 years after graduation					
Resource: Central Office of Labour, Social Affairs and Family Bratislava					

6.3 Employment by Branches of Economic Activity and Roles of Respective Branches

The total population of 769,969 (median population of the Košice region as of December 31, 2004) included 487,966 persons aged 18–64, and 258,267 employed people. The highest employment rate (70 %) referred to the age group 25–54. The highest employment (52 %) referred to the full-time workers. Being stagnant, or slightly declining the employment trend does not seem favourable. The activity rate of labour-force aged 18–64 was 53 %, i.e. below the SR 60.7 % average. That also led to a high number of the unemployed (25.2 %) out of the total labour force. The upward trend in the number of the unemployed has been lately slowing down. The change is being affected by creation of new jobs, and due to different ways of reporting unemployment. For the period under review, the rate of unemployment of the category: young people aged 15–24, was (43.6 %).

TABLE 34: WORKFORCE IN SR ECONOMY PER ECONOMIC ACTIVITIES AS OF DECEMBER 31, 2004

District/ Region	Workforce in SR Economy Total (persons)	Per Economic Activities					
		Agriculture, Fishery	Industry	Building Industry	Trade	Hotels and Restaurants	Transport, Posts and Telecommunications
Gelnica	4,914	1,000	997	224	350	45	640
Košice I	43,886	157	5,049	2,899	7,296	1,125	5,208
Košice II	46,840	384	20,138	1,919	7,065	918	2,410
Košice III	5,826	56	718	573	1,585	113	641
Košice IV	25,861	204	5,600	1,376	5,385	362	2,277
Košice-Vicinity	17,702	2,209	4,312	923	2,990	200	1,648
Michalovce	32,368	2,017	11,648,	1,372	4,069	924	2,058
Rožňava	15,769	1,251	4,154	1,221	1,970	285	1,219
Sobrance	3,721	769	274	251	473	65	217
Spišská Nová Ves	34,679	1,890	9,913	3,083	6,408	656	2,337
Trebišov	26,701	2,281	4,481	907	3,714	356	4,929
Košice Region	258,267	12,218	67,284	14,748	41,305	5,050	23,584
SR Total	2,003,577	104,806	554,859	151,261	314,306	44,944	138,818
Resource: Statistical Office of the Slovak Republic							

TABLE 35: WORK FORCE IN SR ECONOMY PER ECONOMIC ACTIVITIES AS OF DECEMBER 31, 2004

District/ Region	Branches of Economy included					
	Financial Intermediation	Real Estate, Renting, Business Activities	Public Administration, Defence	Educational System	Health Service, Social Work	Other Social Service
Gelnica	27,	142	226	754	289	220
Košice I	1,762	6,215	3,517	5,630	1,799	3,229
Košice II	174	4,085	844	3,126	4,418	1,359
Košice III	37	847	150	563	238	305
Košice IV	117	2,722	829	2,138	3,163	1,688
Košice – okolie	73	589	851	2,172	1,084	650
Michalovce	404	1,285	1,439	3,194	2,620	1,338
Rožňava	156	625	954	1,666	1,496	772
Sobrance	29	61	275	629	453	224
Spišská Nová Ves	374	2,493	1,333	2,733	1,705	1,754
Trebišov	283	1,613	1,404	2,972	2,334	1,427
Košice Region	3,436	20,677	11,822	25,578	19,599	12,966
SR Total	35,772	161,052	94,085	175,977	137,977	89,782
Resource: Statistical Office of the Slovak Republic						

As of December 31, 2005, the number of enterprises operating in the Košice region was 9,841. Limited liability companies accounted for the greatest proportion (86.4 %) of the enterprises. The number of enterprises operating in the districts of Košice I–IV (the city of Košice) was over 60 % of all enterprises. The smallest number of the enterprises operating in the Košice region is found in the district of Sobrance (no more than 1.26 %).

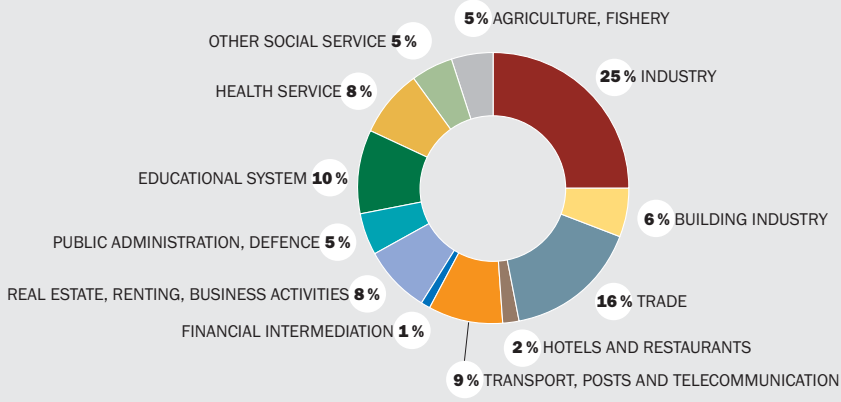

FIGURE 17: WORK FORCE OF ECONOMY OF KSGR BY ECONOMIC ACTIVITIES IN 2004, RESOURCE: STATISTICAL OFFICE OF THE SLOVAK REPUBLIC

TABLE 36: LEGAL FORMS OF ENTERPRISES AS OF DECEMBER 31, 2005

Region	Total	including					
		companies	including		state-owned enterprises	co-operatives	others
			limited liability companies	joint stock companies			
Region Total	9,841	9,030	8,477	468	1	169	641
incl. districts:							
Gelnica	128	101	98	1	–	6	21
Košice I	2,542	2,413	2,222	165	–	30	99
Košice II	1,247	1,173	1,100	65	–	6	68
Košice III	291	271	267	1	–	3	17
Košice IV	1,850	1,775	1,670	92	–	10	65
Košice-Vicinity	716	611	585	21	1	20	84
Michalovce	895	782	720	48	–	41	72
Rožňava	474	388	373	11	–	15	71
Sobrance	124	90	86	4	–	15	19
Spišská Nová Ves	851	777	734	39	–	12	62
Trebišov	723	649	622	21	–	11	63
Resource: Statistical Office of the Slovak Republic							

The total number of enterprises operating in the Košice region, i.e. 9,841, included small enterprises employing 0–9 people (85 %), enterprises of over 1,000 employees accounted for as little as 0.1 %.

TABLE 37: COMPANIES OPERATING IN REGION INCORPORATED IN COMPANY REGISTER/NUMBER OF EMPLOYEES AS OF DECEMBER 31, 2005

Branch of Economic Activity	Total	Number of Employees						
		0–9	10–19	20–49	50–249	250–499	500–999	1,000 and more
Košice Region	9,841	8,345	798	358	278	34	18	10
incl.								
land management	520	378	48	50	44	–	–	–
manufacturing	1,232	828	163	99	111	16	8	7
building industry	735	537	104	57	33	2	1	1
wholesale, retail trade, repairs	4,481	4,071	314	61	32	3	–	–
tourist trade	56	49	6	–	1	–	–	–
transport, posts, telecommunications	277	224	26	14	9	2	1	1
financial intermediation	63	55	1	3	2	2	–	–
real estates, renting, business services	2,477	2,203	136	74	46	9	8	1
Resource: Statistical Office of the Slovak Republic								

When identifying the situation in single branches of economic activity operating in the region, the method used was the LQ method, the method of localisation coefficient. The LQ method is capable of specifying which branches, in particular, hold strategic positions in the region. The LQ factor is to be taken into account in terms of potential volatility at both the national and local levels. Should this indicator be over 1, it implies a higher employment rate in the particular branch than the nationwide average. A branch is considered important if having LQ over 1.2, while concurrently taking a significant proportion of total employment in the region (0.2–0.5 %).

TABLE 38: EMPLOYMENT AND LOCALISATION COEFFICIENTS PER SINGLE BRANCHES IN KOŠICE REGION IN 2004

No.	Branch	Employment		
		Graduates	%	LQ
1	**AB** Agriculture, hunting, forestry, fishery and fish farming	5,095	3.21	0.70
2	**A** Agriculture, hunting, forestry	5,094	3.21	0.70
3	Agriculture, hunting and related services	4,089	2.58	0.66
4	Forestry, wood production and related services	1,005	0.63	0.94
5	**B** Fishery and fish farming	1	0.00	0.18
6	Industry total	49,796	31.39	0.93
7	**C** Production of mineral raw materials	1,166	0.74	0.98
8	**CA** Production of energy raw materials	251	0.16	0.29
9	Production of coal and peat-turf	7	0.00	0.01
10	Production of crude oil, gas, and related services (except exploration)	244	0.15	1.74
11	**CB** Production of non-energy raw materials	915	0.58	2.77
12	Mining and processing of ores	600	0.38	7.07
13	Mining and processing of other mineral raw materials	315	0.20	1.28
14	**D** Manufacturing	41,299	26.03	0.88
15	**DA** Production of food, beverages and tobacco products	3,405	2.15	0.73
16	Production of food products and beverages	3,399	2.14	0.73
17	Production of tobacco products	6	0.00	0.20
18	**DB** Manufacture of textiles and clothing	3,414	2.15	0.67
19	Manufacture of textiles	1,124	0.71	0.59
20	Manufacture of clothing, processing and colouring of fur products	2,290	1.44	0.72
21	**DC** Manufacture of leather, leather products	85	0.05	0.05
22	**DD** Manufacture of wood, wooden produce	399	0.25	0.35
23	**DE** Manufacture of pulp, paper, paper products, publishing, printing	1,202	0.76	0.63
24	Manufacture of pulp, paper, paper products	762	0.48	0.80
25	Publishing, printing, record media reproduction	440	0.28	0.46
26	**DF** Manufacture of coke, refined petroleum products, nuclear fuel	32	0.02	0.07
28	**DG** Manufacture of chemicals, chemical produce, manufacture of man-made fibres	552	0.35	0.35
29	**DH** Manufacture of rubber products, plastic products	733	0.46	0.36
30	**DI** Manufacture of other non-metallic mineral products	2,335	1.47	0.89
31	**DJ** Manufacture of basic metals and fabricated metal products	18,266	11.51	2.67

32	Manufacture of basic metals	15,853	9.99	4.40
33	Manufacture of metal constructions and metal products (except machinery)	2,413	1.52	0.74
34	**DK** Manufacture of machinery else non-classified	3,502	2.21	0.66
35	**DL** Manufacture of electrical and optical equipment	5,616	3.54	0.73
36	Manufacture of office equipment and computers	81	0.05	0.19
37	Manufacture of electric machinery, devices else non-classified	5,209	3.28	0.97
38	Manufacture of radio, tel., communication devices	49	0.03	0.04
39	Manufacture of medical, precise and optical devices and clocks	277	0.17	0.39
40	**DM** Manufacture of transportation equipment	1,310	0.83	0.34
41	Manufacture of motor vehicles, trailers, semi-trailers	1,026	0.65	0.36
42	Manufacture of other transportation equipment	284	0.18	0.28
43	**DN** Manufacture else non-classified	448	0.28	0.24
44	Manufacture of furniture, manufacture else non-classified	218	0.14	0.12
45	Recycling	230	0.14	3.02
46	**E** Electricity, gas, and water supply	7,331	4.62	1.38
47	Production and supply of electricity, gas, steam, hot water	5,235	3.30	1.46
48	Water treatment and supply	2,096	1.32	1.21
49	**F** Building industry	5,391	3.40	0.95
50	**G** Wholesale trade, retail trade, repair of motor vehicles, motorcycles, consumer goods	9,384	5.92	0.82
51	Sale, maintenance and repair of motor vehicles, motorcycles, retail trade, driving fuel	778	0.49	0.76
52	Whole sale trade, intermed., whole sale trade except motor vehicles and motorcycles	3,278	2.07	0.75
53	MO except motor vehicles and motorcycles, repair of personal belongings and household supplies	5,328	3.36	0.87
54	**H** Hotels and restaurants	1,411	0.89	0.96
55	**I** Transport, storage facilities, posts and telecommunication	19,664	12.40	1.49
56	Transport, storage facilities, travel agencies	16,011	10.09	1.69
57	Land transportation and piping transportation	14,555	9.18	1.84
58	Air transport and space shuttle transportation	6	0.00	0.06
59	Incidental and auxiliary transport activities, travel agencies	1,450	0.91	1.04
60	Travel agency services	59	0.04	0.66
61	Posts and telecommunication	3,653	2.30	0.99
62	**J** Financial intermediation	2,807	1.77	0.68
63	Financial intermediation (except insurance, social security)	1,954	1.23	0.64
64	Insurance, social security (except compulsory social security)	740	0.47	0.86
65	Auxiliary activities relating to financial intermediation	113	0.07	0.53
66	**K** Real estate, renting, business activities	7,297	4.60	0.92
67	Real estate business	1,354	0.85	1.51
68	Lease of machinery, personal belongings, and household supplies	44	0.03	0.35
69	Computer-related services	599	0.38	0.72

70	Research and development	1,058	0.67	0.81
71	Other business services	4,242	2.67	0.89
	Total	158,629		
Resource: Košice Self-governing Region and Statistical Office of the Slovak Republic				

The outcomes of the LQ analysis refer to the most important branches operating in the region. They are as follows:

- **Manufacture of metals and metallic products** – holds a dominating position in the employment of the Košice region as reflected in the total LQ value (the branch employs 18,266 people, LQ = 2.67).
- **Production and supply of electricity, gas and water** – has also a very strong position in the region as indicated by the high value of LQ (1.38) and the high percentage of the branch (4.62 %) in the total employment of the region.
- **Land transportation and piping transportation** – is a very important branch as shown by the high LQ (1.84) and by the high proportion of the branch (9.18 %) in the total employment in the region.
- **Manufacture of electrical and optical equipment** – ranks among important and interesting branches considering the percentage employment (3.54 %) of the branch, which is a significant evaluation criterion even if the LQ value (0.73) is not too high.
- **Production of food and beverages** – much like the previous branch, this branch is important in the view of its rather high portion of the percentage employment (2.14 %), yet LQ (0.73) being not too high for the branch.
- **Building industry** – much like the previous branch, this branch seems interesting in the light of rather high employment (3.40 %), while LQ (0.95) is only on the average side.
- **Manufacture of textiles and clothing** – much like the previous branch, this branch is important due to the rather high number of people employed in the branch (2.15 %), yet the LQ (0.67) being only mediocre.
- **Manufacture of other non-metallic and mineral products** – much like the previous branch, this branch is, in terms of the Košice region, important for its relatively high employment (1.47 %), having only mediocre LQ (0.89).
- **Production of non-energy raw materials (mining and processing of ores)** – is the branch showing a high LQ value (7.07), and mediocre even low percentage employment (0.38 %).

6.4 Unemployment

TABLE 39: INACTIVE LABOUR FORCE TOTAL (THOUSANDS OF PERSONS)

Region	1999	2000	2001	2002	2003	2004
Bratislava	175.9	178.9	183.2	188.5	188.7	184.3
Trnava	178.2	175.8	166.4	168.2	171.8	172.2
Trenčín	201.7	199.8	201.0	204.3	202.9	208.0
Nitra	254.3	250.8	246.2	253.5	243.0	244.9
Žilina	208.2	213.6	216.0	216.8	217.9	227.4
Banská Bystrica	219.3	219.3	212.3	214.0	216.9	219.8
Prešov	233.8	236.4	239.9	241.7	242.6	247.9
Košice	247.1	246.6	248.7	250.9	248.2	256.8
SR Total	1,718.5	1,721.2	1,713.7	1,737.9	1,732.0	1,761.3
Resource: Statistical Office of the Slovak Republic						

TABLE 40: RATIO OF UNEMPLOYED TO LABOUR FORCE (THOUSANDS OF PERSONS)

Region	1999	2000	2001	2002	2003	2004
Bratislava	24.6	24.4	28.2	28.7	22.8	27.0
Trnava	32.8	44.7	51.5	45.7	37.1	36.0
Trenčín	32.9	44.1	39.8	33.1	27.0	25.4
Nitra	58.3	69.8	79.4	79.9	81.1	71.0
Žilina	52.6	61.4	63.3	57.8	57.1	57.9
Banská Bystrica	66.3	69.6	73.4	82.2	76.9	86.8
Prešov	68.3	80.1	83.1	73.3	74.1	85.4
Košice	81.0	91.2	89.3	86.2	83.1	91.3
SR Total	416.8	485.3	508.0	486.9	459.2	480.8
Resource: Statistical Office of the Slovak Republic						

TABLE 41: UNEMPLOYMENT RATE (BY LABOUR FORCE SURVEY)

Region	1999	2000	2001	2002	2003	2004
Bratislava	7.4	7.2	8.3	8.6	6.9	8.2
Trnava	12.3	16.4	18.0	16.1	13.2	12.5
Trenčín	11.4	15.0	13.4	11.3	9.2	8.6
Nitra	17.8	20.8	23.1	23.8	23.4	20.3
Žilina	15.9	18.5	18.9	17.3	17.2	17.5
Banská Bystrica	21.1	21.9	22.4	25.2	23.8	26.6
Prešov	19.1	22.1	22.7	20.1	20.4	22.9
Košice	23.1	25.6	24.8	24.1	23	25.2
SR Total	16.2	18.6	19.2	18.5	17.4	18.1
Resource: Statistical Office of the Slovak Republic						

TABLE 42: RATE OF UNEMPLOYMENT IN DISTRICTS OF KOŠICE REGION AS OF DECEMBER 31, 2005

Territory	labour force	job applicants total	job applicants available	including			rate of unemployment worked out of total of job applicants (%)	rate of registered unemployment (%)
				retraining	temporary incapacity to work	apprenticeship		
Gelnica	13,882	3,165	2,811	0	299	55	22.8	20.25
Košice I	28,511	3,068	2,631	68	302	67	10.8	9.23
Košice II	35,828	4,247	3,814	53	301	79	11.9	10.65
Košice III	16,926	1,942	1,676	63	145	58	11.5	9.90
Košice IV	26,613	2,723	2,349	72	254	48	10.2	8.83
Košice-Vicinity	49,835	11,674	10,722	97	576	279	23.4	21.51
Michalovce	50,615	11,140	9,342	88	1,407	303	22.0	18.46
Rožňava	30,695	8,012	7,295	149	389	179	26.1	23.77
Sobrance	11,384	2,888	2,560	14	219	95	25.4	22.49
Spišská Nová Ves	40,904	8,389	6,930	0	1,263	196	20.5	16.94
Trebišov	48,760	12,989	11,813	215	675	286	26.6	24.23
Košice Region	353,953	70,237	61,943	819	5,830	1,645	19.8	17.50

Resource: Central Office of Labour, Social Affairs and Family

6.5 Education and Training

6.5.1 School Facilities in Numbers

Number and Structure of Educational Institutions
Education is in Slovakia rendered by a network of educational institutions. In addition to the institutions providing compulsory education (pre-schools, basic schools), there is a network of secondary schools and universities established. Seeing that the economic development of regions can be implemented if there is concurrent development of the knowledge-based society, a great many of institutions in Slovakia are involved in andragogics and life-long learning.

Secondary Schools
Secondary schools and schools of higher learning basically take care of career-oriented instruction. After completing basic school, 96 % of the pupils continue to study at secondary schools. The network of secondary schools in the Slovak Republic comprises the following types of schools:

- secondary grammar schools (SGS)
- trade schools (TS)
- comprehensive schools (CS)
- secondary training colleges and vocational schools (STC & VS)

Among the important capacities of secondary-educated manpower fit to meet the requirements of the labour market (including working for foreign investors) are language skills. This is the reason why the language instruction receives a great attention and is focused on at both schools and secondary schools. Bilingual secondary grammar schools afford the best opportunities to provide language instruction. Foreign language thus becomes integral part of other subjects instructed at school. Among the languages chosen as the second language of instruction the English language prevails (12 schools in Slovakia, 1 school in the Košice region). Other languages include Spanish (6 schools in Slovakia, 1 in the Košice region), French (4 schools in Slovakia, 1 in the Košice region), German (4 schools in Slovakia), Italian (1 in Slovakia). One state-run bilingual secondary grammar school and one private bilingual secondary grammar school run their instruction in even other foreign languages.

TABLE 43: NUMBER AND STRUCTURE OF SECONDARY SCHOOLS IN 2005

	Total		State-run		Private		Church-related	
	Košice Region	SR	Košice Region	SR	Košice Region	SR	Košice Region	SR
Secondary Grammar Schools	**34**	**234**	**25**	**161**	**4**	**22**	**5**	**51**
8-year-long	20	165	15	121	2	11	3	33
bilingual	3	29	2	19	0	4	1	6
Trade Schools	**48**	**262**	**41**	**213**	**6**	**35**	**1**	**14**
of industry	18	80	15	72	2	8	0	1
of economics	16	95	12	71	4	22	0	2
of agriculture	5	20	5	19	0	1	0	0
of music	2	10	2	6	0	3	0	1
for girls	3	12	3	12	0	0	0	0
of health care	4	30	4	22	0	0	1	8
of forestry	0	3	0	3	0	0	0	0
of library science	0	1	0	1	0	0	0	0
of education	0	7	0	7	0	1	0	2
CS	**7**	**109**	**6**	**105**	**0**	**3**	**1**	**1**
SVS & TC	**39**	**233**	**35**	**202**	**2**	**26**	**2**	**5**
Total	**128**	**838**	**107**	**681**	**12**	**86**	**9**	**71**

Resource: Statistical Office of the Slovak Republic

TABLE 44: NUMBER OF SECONDARY SCHOOLS FOUNDED UNDER KSGR IN TOWNS OF KOŠICE REGION (2005)

Town	Schools							
	secondary grammar schools	secondary schools of industry	comprehensive schools	secondary vocational schools	business and hotel academies	compound schools	secondary schools of health care	secondary schools of vet. med. and agriculture
Čierna nad Tisou	–	–	–	–	–	1	–	–
Dobšiná	1	–	–	1	–	–	–	–
Gelnica	1	–	–	–	–	–	–	–

Košice	8	6	3	8	4	–	2	1
Kráľovský Chlmec	1	–	–	–	–	1	–	–
Krompachy	1	–	–	–	–	–	–	–
Medzev	–	–	–	1	–	–	–	–
Michalovce	2	2	1	3	1	–	1	1
Moldava nad Bodvou	1	–	–	–	–	–	–	1
Rožňava	1	1	1	1	1	–	1	–
Sečovce	–	–	1	–	–	–	–	–
Sobrance	1	–	–	–	–	1	–	–
Spišská Nová Ves	2	3	1	1	–	2	–	–
Strážske	–	2	–	1	–	–	–	–
Trebišov	1	–	1	–	1	–	–	–
Veľké Kapušany	1	–	–	1	–	–	–	1
Resource: Košice Self-governing Region								

TABLE 45: NUMBER AND STRUCTURE OF LANGUAGE SCHOOLS PER 2005

	Total		State-run		Language Schools		Private	
	Košice Region	SR	Košice Region	SR	Košice Region	SR	Košice Region	SR
language schools	4	32	3	14	1	7	0	11
• autonomous	3	22	2	10	1	1	0	11
• associated	1	10	1	4	0	6	0	0
Resource: Statistical Office of the Slovak Republic								

Institutions of Higher Learning

The main objectives pursued in the sphere of higher education in the Slovak Republic include a rise in the standard of higher learning and its integration into the European education system. Due to the compulsion of the labour market, the trend is to make some structural changes to the content of the study, and open some new inter-discipline and multi-discipline studies. The forms of study available at universities are as follows:

- bachelor's degree studies
- master's degree studies, diploma engineer's studies, doctoral studies
- graduant's studies
- further education (post-graduate studies, retraining programmes, correspondence college, universities of the third-age)

TABLE 46: NUMBER AND STRUCTURE OF UNIVERSITIES IN 2005

	Total		Public		State		Private	
	Košice Region	SR	Košice Region	SR	Košice Region	SR	Košice Region	SR
universities	3	30	3	20	0	3	0	7
Resource: Statistical Office of the Slovak Republic								

Three universities are based in Košice. They are:

1. P. J. Šafárik University – comprises 4 schools: school of medicine, school of natural sciences, school of law, school of public administration.
2. Technical University Košice – comprises 9 schools (8 based in Košice and 1 in Prešov) of the following specialisations: (1) mechanical engineering, (2) metallurgy, (3) electrical engineering and informatics, (4) mining engineering and ecology, process control and geotechnologies; (5) economics, (6) applied arts, (7) civil engineering, (8) aviation, which was established in 2004 by transforming the M. R. Štefánik School of Aviation. The ninth school in the complex is the School of Manufacturing Technologies based in Prešov.
3. University of Veterinary Medicine – specialised in veterinary medicine and food hygiene.

In addition to the referred-to universities located in the Košice region, there are several other schools and departments of other universities (stationed in Košice, Michalovce, Spišská Nová Ves, Rožňava, and Trebišov). All the mentioned facilitators help to make higher learning more available to the population of the Košice region.

Further Education

Further adult education programmes are incorporated in the secondary school curriculum and university curriculum and provide various forms of additional instruction, e.g. courses (short-term, long-term). Schools also afford opportunities for extending or altering qualifications attained (post-secondary studies, part-time studies)

6.5.2 Facilities Providing Specific Education and Training

The reasons for the economic-social stagnation of regions, in particular, and the whole of the country, in general, includes the following aspects: uncertain information availability and absence of quality communication exchange. To create an information society it is necessary to make good use of information and communication technologies (ICT) enabling information acquisition, data processing, database formation, presentations, internet communication, and e-learning, yet ICT skills remaining the fundamental pre-requisite.

Besides schools, the institutions engaged in education also include some other establishments. These have their activities accredited by the Ministry of Education of the Slovak Republic (ME SR) to offer their services to all persons interested in gaining knowledge and learning skills, including but not limited to the employed persons, job seekers registered with employment agencies, or the people at retiring age. The accreditation can also be applied for by a business organisation conducting business in education after meeting the requirements of the Accreditation Committee for Further Education of ME SR. Such organisations are usually very flexible and quick to respond to the requirements of the labour market, and educate the labour force as to accommodate the needs of employers arising in the regions.

Adequate IT Training Programmes

Business organisations established in the Košice region are in a position to make use of various IT training programmes provided by either private companies engaged in IT technologies, or by universities. In addition to running courses, many companies also afford opportunities to rent IT classrooms.

Technical University Košice, Faculty of Electrical Engineering and Informatics, instructs experts at IT technologies, and disposes of several computer workstations. The university implements a variety of projects, and often co-operates with the private sector. The instruction of information technologies is also effected at secondary schools where the curriculum and the scope of instruction depend on the line of education.

IT training programmes are either implemented on a commercial basis or are based on the resources provided by employment agencies (if used for the benefit of the registered unemployed). Besides IT training programmes, there are opportunities to

acquire education attending several other specialised classes and training courses provided by some private educational institutions and schools. The courses specialise in various fields ranging from economics, accounting, marketing, and management to special blue-collar professions. If a certain company creates new jobs and employs a person registered with the employment agency, and also satisfies the conditions set by the respective employment agency, the costs of retraining of the hired staff may be fully covered, and the labour costs incurred after the creating of new jobs may be covered in part. Such supporting programmes are financed through the European Social Fund and from the state budget.

6.5.3 Organisations Offering Practical Instruction

Training of skilled labour force requires complex instruction of students including both theory and practice. Such education is normally effected on the provision of sufficient financial and technology support given to the instruction and practical preparation. This is the case of secondary training colleges. Vocational practice of students is to be provided at the centres of practical instruction, or at the centres of practical training established by small and medium-sized employer's organisations, or to take a form of individual training at the workstations of practical instruction established by sole traders.

The education provided at secondary training colleges comprises three types of instruction: lines of education only accompanied with the practical training provided at school premises (e.g. fields of mechanic, control equipment technician, applied arts, electrician, distribution equipment technician, control equipment mechanic, paintwork, cooling system mechanic, metal cutting, and others); combined form of practical training (bricklayer, dry construction builder, painter, plumber, tailor, mechanic-repairman of road vehicles, baker, and gardener); vocational instruction and training provided at the employer's workstations in the specialisations of shop assistant, cook, and waiter. Vocational practice of students is provided under contract made between the school and respective business firm. The vocational practice taken at business organisations raises the employability of the school leavers involved.

The integration of the vocational practice with the school curriculum is taken for granted at all types of vocational and trade schools. Depending on their specialisations, schools conclude agreements with enterprises operating in the region on practical instruction, e.g. the students at school of agriculture take their vocational practice with the farm co-operatives in the regions, the students of hotel academy take their practice at the catering establishments and tourism facilities in the region, etc. Secondary vocational schools and training colleges dispose of their own workshops where the students are trained before embarking on vocational practice. The schools engaged in conducting business also give their student opportunities to experience the mode of production and the corporate economy. Practical education is also provided in the customized training of labour force, so the vocational practice is then part of retraining courses.

6.5.4 Work Practices in Region

Besides all the positive effects which the structural changes to the economy of the region have brought along, the region also experiences some negative side-effects of the reforms, e.g. various enterprises which failed to be competitive became dissolved, or changed in size and structure. As a result, many people became jobless. Compared with the nationwide scale, the economic development of the region seems unbalanced, which, along with the unemployment rate, is among the most serious bottlenecks in the region.

The most vulnerable groups include young people with no work experience (schools leavers, and graduates), women with no employment in the long term (e.g. maternity leave, etc.), the age group over 50, and the population with low-level formal education attained. The lack of job opportunities

in the region makes the unemployed seek work out of their places of residence, in other regions of Slovakia or even abroad. On the other hand, such a situation triggers off labour abuse in terms of remuneration, working conditions, or work time.

Business often lacks professional ethics, defaults on payment discipline, and on other business obligations towards contractors, customers, and other institutions. Some companies suffer from high staff turnover due to low remuneration and poor working conditions. Regardless the negative incidents occurring in the business environment, a great many of companies have a mature corporate culture, can appreciate work, and give their personnel good professional prospects.

7. Institutional Encouragement, Availability of Infrastructure and Inflow of Investment

7.1 Institutional Encouragement of Business

The institutional encouragement of business includes such activities carried out by several different organisations which specialise in the promotion of entrepreneurial activites in specific regions. The initiation of the referred-to organisations is managed by an umbrella organisation of the National Agency for Development of SME based in Bratislava and gave rise to a network of consulting centres and business incubators. The network of business centres comprises 13 regional consulting and information centres (RCIC), 5 business innovation centres (BIC), 9 first contact centres (FCC), 8 business incubators (BI) and 2 offices of the Seed Capital Company (SCC). The deployment of the referred-to institutions is shown in the following pictures.

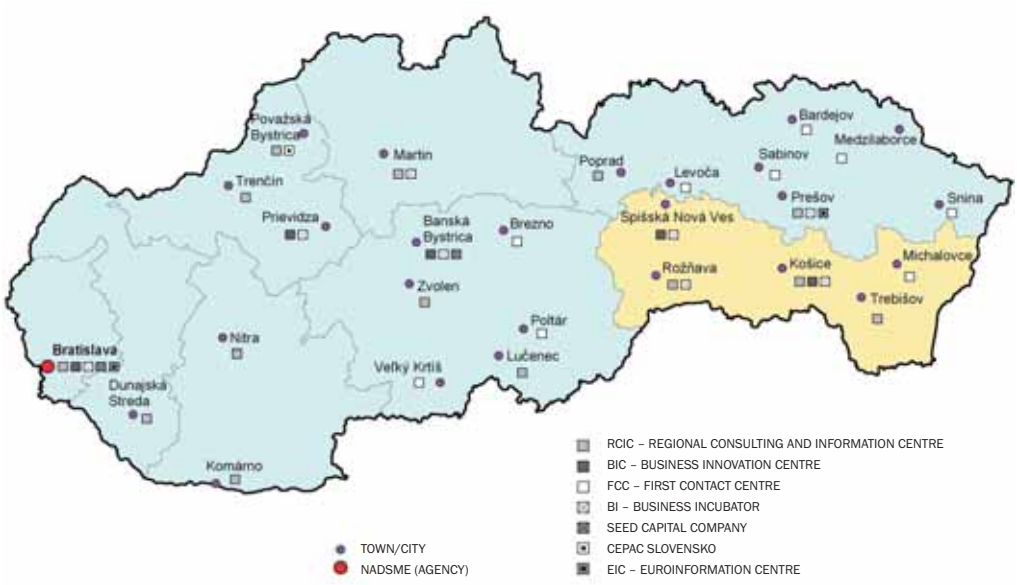

FIGURE 18: NETWORK OF BUSINESS CENTRES IN SLOVAK REPUBLIC IN 2005, RESOURCE: KOŠICE SELF-GOVERNING REGION AND NATIONAL AGENCY FOR DEVELOPMENT OF SME

The activities of the centres are focused on the SME promotion in the regions of the Slovak Republic by means of rendering a complex of consulting, information and educational services. The centres take active part in both the implementation of the programmes and projects targeting the encouragement of the regional development and the co-operation with regional institutions and foreign partners. Among the clients of all RCIC, BIC, CPK, PI, SCC there are small and medium-sized enterprises as well as the future entrepreneurs.

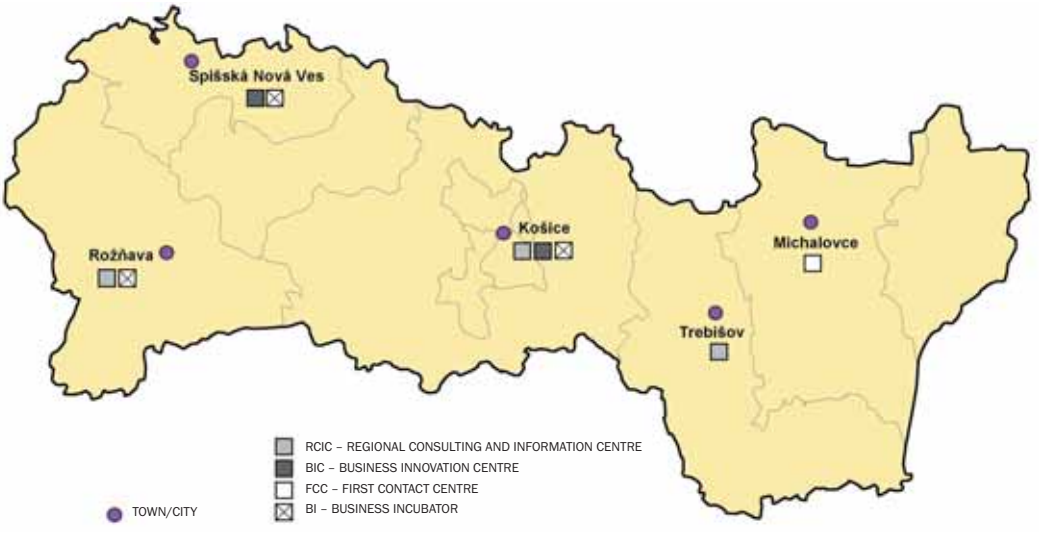

FIGURE 19: NETWORK OF BUSINESS CENTRES IN KSGR IN 2005, RESOURCE: KOŠICE SELF-GOVERNING REGION AND NATIONAL AGENCY FOR DEVELOPMENT OF SME

The assistance institutions found in the Košice region are as follows:

- RCICs based in Košice, Trebišov and Rožňava
- BICs based in Spišská Nová Ves and Košice
- FCC based in Michalovce
- Business Incubators in Košice, Spišská Nová Ves, Rožňava
- Regional Chamber, Košice, Slovak Chamber of Commerce and Industry, offices in Michalovce and Spišská Nová Ves
- Economic Development Center (EDC) U. S. Steel Košice, s. r. o.

Business Centres and Business Incubators

Regional Consulting and Information Centres (RCIC) are non-profit organisations established upon the public-private partnership to act as independent regional associations of legal entities. They are financed through both the Slovak and foreign funds to give assistance to small and medium-sized business enterprises. RCICs render a certain complex of consulting, information and educational services to the following beneficiaries:

- the entrepreneur-beginners willing to found new small and medium-sized enterprises, esp. the unemployed people interested in realising their entrepreneurial ideas,
- the existing small and medium-sized enterprises which need to shoot their business-related problems, or take interest in the expansion of their business activities.

When it comes to solving business problems, RCICs are reliable partners to entrepreneurs as performing the following major tasks:

- conducting risk assessment and estimating the chance for implementation of entrepreneurial ideas,
- developing business prospectuses so that they meet the eligibility criteria of financial institutions and foreign funds intended for the SME support,
- providing consulting service incl. information dissemination on the management, marketing, taxes, and accounting issues, and legal regulations useful to know when founding and carrying on business enterprise,

- searching for good partners (mainly foreign partners) available for co-operation,
- arranging for companies' participation in various exhibitions,
- organising a complex of educational and consulting programmes designed for the small business enterprisers with the past unemployment, in association with employment agencies and co-ordinated by the association of CEPAC Slovensko,
- running special seminars for entrepreneurs aimed at the key areas of business and other topical issues,
- supervising the regional development projects.

Business Innovation Centres (BIC) are independent legal entities, limited liability companies. Some centres are members of the European BIC Network (EBN) through which they exchange contacts between firms working within the network.

The principal activities carried out by BIC include:
- quality systems implementation (ISO 9000),
- technology and patent consulting,
- "due diligence" – project assessment for venture capital financing,
- "spin-off" consulting – separating non-effective operations from large companies,
- partner search in the region and abroad,
- search for foreign resources for the creation of joint ventures,
- development of business prospectuses and marketing plans,
- completing applications for loans,
- accounting and company business,
- legal advice, tax and customs consulting,
- accounting service.

In addition to the above-mentioned services provided to entrepreneurs, the centres also help build the right business environment for the firms launching their innovative business plans (brand-new products, service, or technology) giving such firms their long-term (2–3 years) attention. In doing so, the centres follow the specific regional preferences. The services provided to the innovative clients include the following:
- search for innovation projects (brokering),
- development of business plans and prospectuses,
- economic and accounting consulting,
- consultancy on project financing,
- contacts within the European BIC Network,
- training,
- joint participation in exhibitions,
- propagation and public relations,
- initiations of mutual co-operation.

First Contact Centres (FCC) arrange for an easy access of entrepreneurs to the consulting and information services as required. FCCs are mainly in charge of rendering services as to contribute for the enhancement of the entrepreneurial climate, the improvement of the structure of the business establishments operating in the region. Implementing their active policy, the centres encourage creation of new jobs and provision of consulting and information services. The centres seek to raise the competitiveness of the small and medium-sized enterprises operating in the region so that they are in line with the European standard.

FCC activities:
- encouragement and development of SMEs and entrepreneur-beginners,
- facilitating the access to the assistance programmes financed through the state funds and other public finance resources (financing programmes, consultancy, education, etc.),
- dissemination of information on potential financial resources,
- internet-based information services,
- establishing contacts and facilitating a dialogue between the private and public sectors.

FCC target groups:
- small and medium-sized enterprises,
- potential entrepreneurs,
- the long-term unemployed persons,
- school leavers and graduates,

- out-of-regional business entities – investors,
- self-government and state administration.

FCC services:
- information service, consultancy on business, taxation, legislation,
- consultation on the project development and partner search,
- project development (business plans),
- educational activities for selected target groups,
- activity coordination of the business establishments engaged in the tourist trade, crafts, and services,
- submitting and managing projects on the SME support,
- organising seminars, workshops and press conferences,
- publicity and promotion of the region,
- supporting the partnership co-operation of the EU countries.

Business incubators are an important part of the assistance infrastructure designed for SMEs. The incubators look after affording the right opportunities for the entrepreneur-beginners to start up and carry on their businesses for the period of approx. 3 years. Business incubators offer the entrepreneur-beginners business premises, including the necessary office infrastructure and services such as administrative services, professional consultancy, etc., or even the start-up capital.

General incubators provide start-ups with vacant business premises and on-site consulting services. The premises are equipped with infrastructure shared by the incubator firms. The point is to help the incubator firms increase their chances for growth and survival. The main idea behind the incubators focuses on the local development and job creation. The incubators as decribed above now operate in Spišská Nová Ves, Martin, Rožňava, Prievidza and Banská Bystrica.

Technology incubators give support to the technology-based start-ups focusing on the technology transfer. The incubators work closely with universities, research institutes and/or scientific and technology parks. They often deal with specific industrial clusters and technologies. The technology incubators now operate in Bratislava, Košice and Prešov.

Other institutions supporting business activities include: regional development agencies, local offices of the Slovak Chamber of Commerce and Industry, bodies of the Small Business Chamber, SARIO and other institutions devoted to promoting business activities.

Regional Development Agencies were established under the auspices of the Ministry of Construction and Regional Development of the Slovak Republic. Their job is to foster the economic development and the long-term economic growth of the regions, raise the attractiveness of regions, and uphold the social and cultural values.

The regional development agencies operating in the Košice region are located in Rožňava, Moldava n/B, Spišská Nová Ves, Trebišov, Kráľovský Chlmec. Operating at the level of the Košice self-governing region, there is Regional Development Agency, a non-profit organisation established by the KSGR in Košice.

The Košice office of SCCI operates in the following areas:
- co-operation with foreign chambers of commerce and industry (organising commercial missions, seminars, co-operation and economic meetings, publishing business offers, searching for business partners, exchanging business and political documents and other information, etc.),
- legal advice, financial and customs consulting on various business matters,
- customs and certification administration (issuing the ATA carnets, verification of certificates of origin of goods, commercial invoices, power of attorney, force majeure, contract agreements, letters of reference, etc.),

- educational activity (organising trainings, seminars, conferences on the hot topics of the international trade, commercial logistics, and business),
- publishing activity (releasing knowledge-based publications designed to promote trade, reduce the entrepreneurial risk, releasing international trade standards of binding force, and specialised technical, economic and legislative publications),
- publicity of the SCCI through the medium of the information network operated by the International Chamber of Commerce based in Paris, and via other information channels; the association with other foreign chambers of commerce and industry, and collaboration with the offices of the World Trade Centre,
- agency services and tenders advertising, other trade information dissemination to foreign and national business establishements.

Economic Development Center (EDC)
U. S. Steel Košice, s. r. o.
With a view to enhance regional employment and help develop the economy of the east of Slovakia, the company of U. S. Steel Košice, s. r. o. founded in 2001 the Economic Development Center (EDC). The centre is to increase foreign investment inflow in the east of Slovakia. All potential investors are given free all-round assistance in allocating their investment in the region. The information they are provided refers to the following: business enterprise conducted in the region, sites of vacant land and estates eligible for investment (green-fields and brown-fields), liasons with the respective state administrative bodies and self-government, and contacts with the well-established companies. The consulting service relates to company law, taxes, real estates, and others as required by the respective investors.

EDC does very well in winning foreign investors and encouraging job creation, in developing industrial parks and facilitating the economic growth in the east of Slovakia. The beneficiaries of the EDC service include the following companies which have managed to establish and operate well in the Košice self-governing region: Gilbos, Howe, VALEO, SWEP, CMF, ZENOPS, Mazak, Jonckheere and others.

7.2 Regional Encouragement of Business

The assistance given to the regional business activities is based on the use of all tools of assistance opened up by the respective central institutions (e.g. single income tax rate, structural fund resources, state budget resources). Some specific tools of assistance are preferred for the areas of high unemployment and low economic potential.

The extent to which the assistance is given at the local level depends on the powers of municipalities, and on their resources, and is realised through the assessment of the local taxes and fees, e.g. the estate duty. At the regional level, the assistance tools may include, e.g. the road tax assessment. The mayors of municipalities may contribute to the development of business in their towns and communities arranging for suitable premises for investors (ownership settlement, etc.) Entrepreneurs are in a position to make good use of the tools of active labour market policy. With respect to frequent changes made to the legislation, it is required to keep updated. The information in question is available at www.upsvar.sk, www.build.gov.sk, www.economy.gov.sk.

Local self-governments show positive interest in winning investors. In line with the Act no. 1938/2001 Coll. on encouragement of establishing industrial parks, mayors of towns and communities take their initiatives, consult the respective ministries, the Slovak Investment and Trade Development Agency (SARIO), and negotiate with potential investors.

Regional self-government is by law not allowed to establish industrial parks. Passing a respective resolution, the Council of KSGR has supported the participaton of the KSGR in co-financing of the projects aimed at establishing business incubators which are financed through the EU structural funds.

TABLE 47: PROJECTS ESTABLISHED UPON KSGR CO-FINANCING PARTICIAPTION

Poject name	Total Costs (SKK)	KSGR cofinancing participation (SKK)
Establishing of Business Incubator in Moldava n/B	22,737,680	568,442
Expansion of Business Incubator in Spišská N. Ves	28,365,060	709,127
Establishing of Business Incubator in Gelnica	38,770,890	969,272
Establishing of Business Incubator in Michalovce	49,707,000	1,242,675 – project not endorsed yet 250,000 – approved and transferred on the city to develop the project documentation
TECHNICOM – Scientific-Technology Park	250,000,000	SKK 125,000 – KSGR' s participation in the association with TECHNICOM, 12,500,000 – KSGR co-financing upon the poject success
Resource: Košice Self-governing Region		

7.3 Poles of Development

The territory of the East Slovakia contains three competitor industrial axes which have naturally turned into so-called poles of development. They are:

1. Košice–Prešov, extended to Miskolc (Hungary), and Rzesow (Poland), having prospects of ranking among the most distinguished centres for knowledge-based economy of Slovakia.
2. Michalovce–Humenné, potential extension to Trebišov.
3. Krompachy–Spišská Nová Ves–Poprad–Svit.

Along the three industrial axes constituting poles of development, KSGR seeks to improve the conditions for foreign direct investment, category: small and medium-sized enterprises making investment in the particular territory. The region's contribution is connected to the completion of the ownership settlement, accessibility of vacant and quality manufacturing premises in the particular territory, the availability of quality manpower. This also includes the value-added investment (IT), and research and development centres. The Košice–Prešov axis has good prospects to become a distinguished hub for the knowledge-based economy (due to the Technical University Košice and other universities based in the area) and go beyond the boundaries of Slovakia.

The Košice self-governing region endeavours to assist in creating effective networks of subcontractors in order to attract new investors to establish their businesses in the territory of the Košice self-governing region. Another priority pursued refers to the creation of clusters, i.e. groups of enterprises sharing the challenges faced in the market economy in order to solve problems effectively. The municipalities of the Košice self-governing region aim at attracting investors to place their money in the areas of the best comparative assets; in doing so they give attention to the added value of the investment concerned. The comparative asset, in addition to other factors involved, includes but is not limited to the tradition of a particular industry in the subregion concerned. In this respect, the optimal practice is to concentrate industry in such districts which enjoy good business infrastructure, skilled manpower and the required background.

7.4 Industrial Sites Eligible for Investment

The projects designed for establishing industrial parks have been compared and analysed for how well prepared they are when it comes to the actual provision of the financial aid requested. The analysis has identified some major critical issues related to different levels of the projects development and awareness:

- property ownership settlement,
- investors' interest in making investment in a particular industrial park,
- technical set up and basic project design,
- compliance with the land-use planning documentation,
- condition of the technical infrastructure.

a. Property Ownership Settlement: This denotes the most serious bottleneck, at both regional and national levels, in the establishment of industrial parks. Hardly ever can a self-government offer investors perfect premises in terms of the estate area, traffic approach, infrastructure, and ownership of the self-government or of the state, which would accelerate the whole process of founding of an industrial zone (a rare example refers to Industrial Park Spišský Hrhov–Klčov in the Prešov self-governing region). Most often, this is a combination of both public and private property. In case the ownership is distributed among plenty of owners, the process of the ownership settlement becomes difficult for the time-management, and time-consumption, and the financial claims made. What always has a neg-

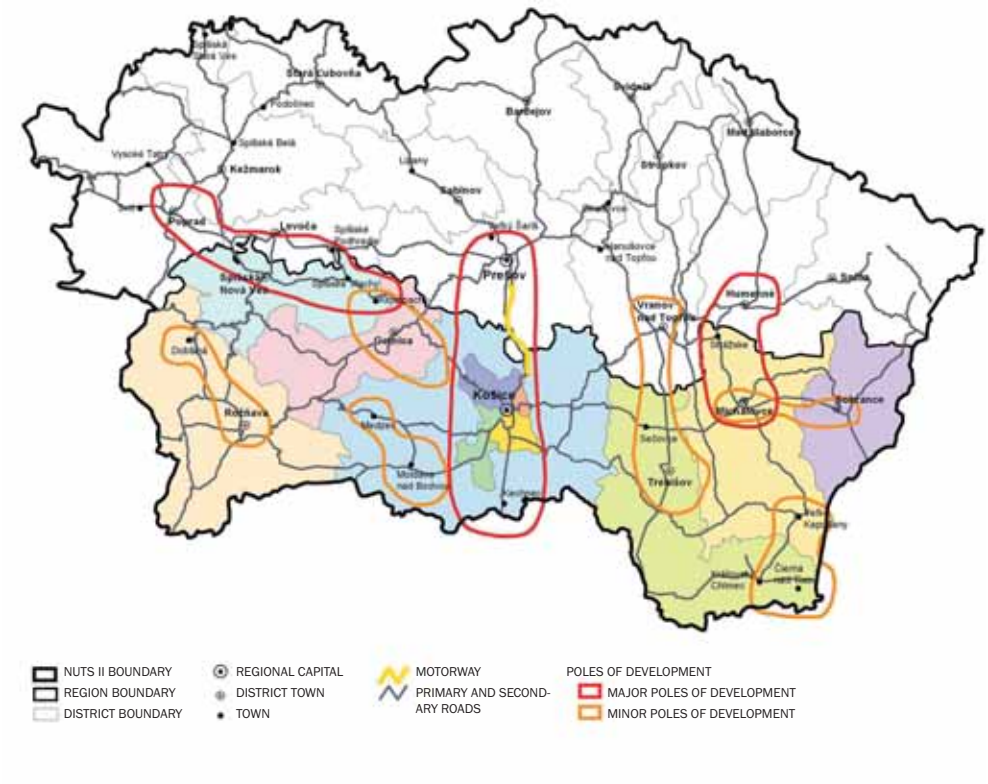

FIGURE 20: POLES OF DEVELOPMENT (2005), RESOURCE: KOŠICE SELF-GOVERNING REGION

ative impact on the referred-to processes on each occasion is the experience learned from other regions (Žilina) and made known by the media broadcasting. In terms of the property ownership, the so-called brown zones seem much more convenient to handle due to the relatively limited number of owners involved.

Otherwise, the property ownership settlement looks like a vicious circle: on the one hand, self-governments expect investors assume their obligations before the property ownership settlement is completed, on the other hand, investors expect an immediate "trouble-free" access to an industrial zone equipped with all necessary infrastructure before assuming any obligations. Furthermore, when negotiating with the interested parties the self-government often has to strictly rely on the specific programmes intervals (the 2000–2005 cycle failed to be explicit). In other words, the self-government is responsible for providing such scheduling of jobs which is consistent with their capacity to create the conditions required. Self-governments find the ownership settlement a crucial step towards fulfilling the investment plans. The settlement referring to the rights of property is, for the reasons mentioned, normally effected on a systematic well-scheduled basis.

b. Obligation of Interested Parties, Investor's Disposition: This is a pre-requisite for obtaining a state grant-in-aid. The Ministry of Economy Direction no. 13/2004 of December 16, 2004 divides industries into three groups according to the different amount of the investment aid required. Such classification intends to give primary support to the industries and services of high added values, which might, however, lead to penalising the less-developed regions. The experience shared by the districts of Spišská Nová Ves and Rožňava in the past years showed a relatively high interest of foreign companies to invest in the regions in the processing industry. The timing and the con-

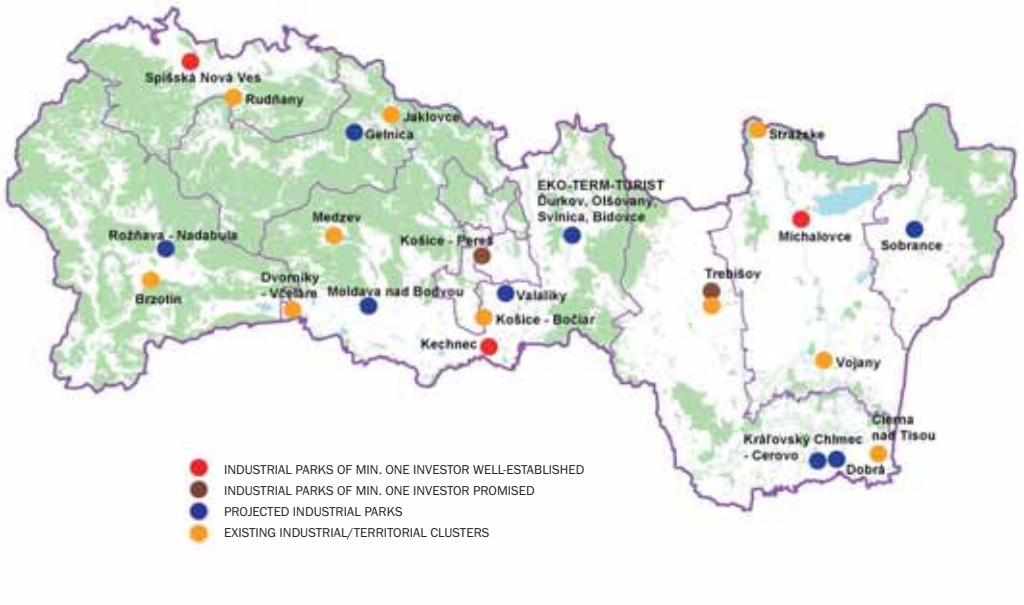

FIGURE 21: LOCATIONS OF INDUSTRIAL PARKS IN KOŠICE REGION (2005), RESOURCE: KOŠICE SELF-GOVERNING REGION

ditions to be guaranteed (see above) to their investment activites were, however, impossible to meet. The marketing of the regional investment opportunities is usually effected via the communication channel: self-government–(region)–state. In the past, the communication suffered from the lack of an adequate mechanism of information dissemination to be beneficial to the interested parties and the potential investors. The small-sized self-governments, in particular, are often short of resources, experience and opportunities to carry on active marketing and promotion of the sites available in the industrial zones.

c. Compliance with Land-use Planning Documents, Basic Project Design: The Economic and Social Development Programme and the Land-use Planning Scheme of KSGR are the two most significant strategic documents for the sustainable development. The two documents contain a review and some additional development of the conceptual frameworks making provisions for the public transport and technical infrastructure within the territory in question. In the connection, the most convenient position to be here held by local self-governments refers to the role of developers so that self-goverments may have clear influence on the quality, content and size of the projects concerned. Even if the self-governments are not in the position to finance the projects *in extenso* on their own, they can act as agents arranging for the project financing from several resources including their own capital, private funds, and some grant-in aid. The estates available to investors are specified in the Land-use Planning Scheme of KSGR, plus are contained in the land-use plans of the specific municipalities. The amendments to the Land-use Planning Scheme of KSGR related to the incorporation of the locations of the industrial parks were endorsed by the Council of KSGR on August 30, 2004.

TABLE 48: LOCATIONS OF INDUSTRIAL PARKS IN KOŠICE REGION (2005)

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Dobrá	Dobrá	Trebišov	31	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/79 – 2 km	built, sufficient resource	absence of sewerage and WWTP	DN 150 PN 40	ES Kráľovský Chlmec
Strengths				
• part of the estate using combined transport • eligible for co-operation with Ukraine and Russia				
Weaknesses				
• bottlenecks in the connection to the superior infrastructure • competitor establishment in Hungary (Záhony)				
Feasible Activities				
• transport and transport services • logistics centre				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
EKOTERM and Bidovce	Ďurkov, Olšovany, Svinica, Bidovce	Košice-Vicinity	136	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/50 – 0.65 km	accumulation to be increased	to be built	DN 150 PN 40 on the site	connection option to ES Košice–East 110/22 kV
Strengths				
• good coonection to a I class road • presence of manpower in Košice • multi-purpose use of geo-thermal energy				
Weaknesses				
• occupation of quality agricultural land • high cost of initial investment • insufficient technical infrastructure				
Feasible Activities				
• multi-purpose use of geo-thermal energy resources • recreation • power engineering • agriculture				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Gelnica	Gelnica	Gelnica	42.5	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
II/546 on the site	water resources deficit	WWTP to be built	MP gas distribution system on the site	ES Prakovce 110/22 kV
Strengths				
• vacant manpower • optional use of the present estates • immediate railway connection • minimum farm land occupation				
Weaknesses				
• necessary reclamation of the insufficient built-up area • bottlenecks in the road connection • absence of WWTP • water resources deficit				
Feasible Activities				
• machine-building • wood-processing industry • recreation activities				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Kechnec	Kechnec	Košice-Vicinity	332	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/68 – 0.5 km	water resource capable of the generation of 21l/sec ; mains – diameter 225 mm	sewerage - diameter of 1,000 mm; rain water sewer system of sufficient capacity throughout the park	gas mains – diameter 150 mm (high pressure, HP) and 225 mm (medium pressure, MP)	power line – 22 kV, 110 kV; 6 transformation stations (each capable of the 1 MW generation)
Strengths				
• tremendous involvement of the community and the mayor in creating quality conditions for domestic and foreign investment • close contact with Hungary • presence of investors already established • sufficiency of vacant and well-prepared estates				
Weaknesses				
• occupation of quality agricultural land • high cost of initial investment in infrastructure • traffic servicing passing through the built-up area of the community				

Feasible Activities
• light machine industry • electrical engineering • pharmaceutical industry • textile industry • food-processing industry • industry of building material • manufacture of plastic material
Well-established Investors
Molex Slovakia, a. s., Gilbos Slovensko, s. r. o., GETRAG FORD Transmissions Slovakia, s. r. o, SWEP Slovakia, s. r. o., Plastipak Slovakia, s. r. o., Kuenz - SK, s. r. o, Schelling Slovakia, s. r. o., JISIMEX, Imrich Čamaj, Dorsvet Plus, Evans, V.O.D.S., a. s. Košice

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Košice-Pereš	Košice-West, Košice-Barca	Košice II, Košice IV	190	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/50, II/548, city transit system – 1 km, international airport at the location	municipal mains	municipal system, and WWTP	HP gas connection mDN 150 Haniska	ES Košice-South, 110/22 kV
Strengths				
• compact territory – flat land • favourable traffic channels, approach to the superior network and city public transportation (1 km) • immediate connection to the international airport				
Weaknesses				
• bottlenecks in the property ownership settlement • occupation of quality agricultural land • high cost of initial investment • ecological restrictions • vertical building restrictions				
Feasible Activities				
• VAT branches				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Kráľovský Chlmec-Cerovo	Kráľovský Chlmec	Trebišov	42.2	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/79 – 2 km	built, sufficient resource	built, sufficient WWTP	DN 100, PN 4.0 MPa, at the locality	ES Kr. Chlmec – connection option
Strengths				
• trouble-free settlement of proprietary rights – Slovak Land Fund' s property • good links to engineering mains • close to Slovakia-Ukraine border and Slovakia-Hungary border				
Weaknesses				
• occupation of agricultural land • bottlenecks in the traffic connection to the superior communication network				
Feasible Activities				
• food-processing industry • feasible co-operation with Ukraine and Hungary				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Michalovce	Michalovce	Michalovce	17.65	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/50	connection to the municipal system	connection to the municipal system DN 1200	DN 200 PN 4.0 close to the location	VN no. 501, VN no. 502
Strengths				
• built technical infrastructure • sufficient traffic channels • part of the industrial zone in the town • presence of well-established investors				
Weaknesses				
• environmental burden • need for noise control measures				
Feasible Activities				
• machine engineering • electrical engineering • feasible co-operation with Ukraine				
Well-established Investors				
Michatek, k. s., Trancerie Emiliane Slovakia, s. r. o., Unomedical, s. r. o., EBSTER SK, s. r. o.				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Moldava nad Bodvou	Moldava	Košice-Vicinity	66.12	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/50 and local communications	built, sufficient resource	sufficient both sewerage and WWTP	*HP Moldava DN 80	ES Moldava 110/22 kV
Strengths				
• engagement of the town and the town mayor in creating quality conditions for domestic and foreign investment • compact flat territory • good connection to the road communications				
Weaknesses				
• occupation of agricultural land • high cost of initial investment				
Feasible Activities				
• machine engineering • metal-working industry • manufacture of building material • electrical engineering • feasible co-operation with Hungary				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Rožňava	Rožňava	Rožňava	27.24	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/50 (E571) – 2 km, I/67 – close to the location	built, sufficient	absence of WWTP	*HP at the junction, connection option	ES 110/22 Rožňava
Strengths				
• integrated part of the built-up town area • traffic channels to the road communication and railway • no occupation of agricultural land • good connection to the technical infrastructure network • part of the estates owned by the town • sufficiency of vacant and well-prepared estates				
Weaknesses				
• built-up area, insufficient premises • absence of WWTP				

Feasible Activities
• manufacture of machines • manufacture of metal products • manufacture of wood products • feasible cross-border manufacturing co-operation with Hungary
Well-established Investors
None

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Sobrance	Sobrance	Sobrance	20	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/50 at the junction with the locality	sufficient	absence of WWTP	*HP Michalovce – Choňkovce DN 100 PN, 4 MPa	ES 110/22 kV
Strengths				
• compact ground • contact to a I class road and the industrial zone • border crossing to Ukraine				
Weaknesses				
• occupation of agricultural land • surface water resources on the building site				
Feasible Activities				
• machine engineering • leather processing • wood-processing industry • feasible co-operation with Ukraine				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Spišská Nová Ves	Spišská Nová Ves	Spišská Nová Ves	6.5	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/18 – 13 km, II/533 – 1 km, II/536 – 1 km	on the site	sewerage, WWTPs	distribution within te locality	supply from the transformation station, 700 kVA
Strengths				
• part of industrial zone • good links to the superior traffic system • skilled manpower available • presence of a well-established foreign investor • sufficiency of vacant and well-prepared estates				
Weaknesses				
• need for a demolition of the insufficient built-up area • limited area measurement • required reconstruction of the engineering networks				
Feasible Activities				
• machine engineering • electrical engineering • manufacture of plastic material				
Well-established Investors				
CRW Slovakia, s. r. o.				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Trebišov	Trebišov	Trebišov	10	–
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/79 – 1 km	buil, sufficient resources	built (incl. WWTP)	DN 50, PN 4 MPa	ES 110/22 kV, Trebišov
Strengths				
• good links to the wide-gauge track • part of industrial zone of the town • support given to the project entitled Industrial Park Trebišov within the Sector Operation Plan: Industry and Services • sufficiency of vacant and well-prepared estates				
Weaknesses				
• bottlenecks in the traffic channels (local communications), connection to a I class road				
Feasible Activities				
• food-processing industry • fesible co-operation with Hungary				
Well-established Investors				
None				

Location	Cadastral Area	District	Total Land Area (ha)	Extension Options (ha)
Valaliky	Valaliky	Valaliky	119	up to 280 ha
Technical Infrastructure				
Traffic Channels	**Water Mains**	**Sewer System**	**Gas**	**Electric Energy**
I/68 close to the location	existing in the village	not built yet	HP DN 80 PN 40 Valaliky	ES Haniska
Strengths				
• favourable traffic channels – expressway, wide-gauge track, airport • feasible cross-border contacts • close to the business district of the city of Košice				
Weaknesses				
• occupation of quality agricultural land • high cost of initial investment • absence of sewerage and WWTP				
Feasible Activities				
• industrial, scientific, technical and research workstations • feasible co-operation with the company of US STEEL				
Well-established Investors				
None				
Resource: Košice Self-governing Region				

HP – high-pressure gas mains, MP – medium pressure gas mains

Present Industrial/Territorial Clusters

TABLE 49: INDUSTRIAL/TERRITORIAL CLUSTERS EXISTING IN KOŠICE REGION (2004)

No	District	Cadastral Area	Industrial Zone	Type of Manufacture	Land Area (ha)
1	Gelnica	Jaklovce	Jaklovce	construction	4.76
2	Gelnica	Prakovce	former ZŤS estate	machine engineering, wood processing	23.5
3	Košice I	Košice- North	Košice – manufacturing precint, no. 7	territory out of use (former magnesite factory estate)	63
4	Košice II	steelworks	Košice – manufacturing precint of Bočiar	90 % of vacant estates (storage facilities and tranship centre)	240, extension options up to 625

5	Košice-Vicinity	Dvorníky-Včeláre	Dvorníky-Včeláre	manufacture of building material	5
6	Košice-Vicinity	Medzev	Medzev	manufacture of machinery	24
7	Michalovce	Strážske	Chemko, a. s. Strážske	chemical industry (Note: suffi-ciency of vacant and well-prepared estates)	48
8	Michalovce	Vojany	Vojany	transportation and storage of oil substances	50
9	Rožňava	Brzotín	Brzotín	machine engineering farming, manufacture of metal products	57 (20 already existing, 37 being proposed)
10	Sp. Nová Ves	Rudňany	Rudňany	plaster-stone processing	30
Resource: Košice Self-governing Region					

Industrial Park Kechnec – Best Practices
Total area: 332 ha

Park zoning:
- 80 ha for SMEs,
- 200 ha for strategic investors,
- 52 ha for logistics centre;

Infrastructure:
- electric energy on the park boundary – 22 kV and 110 kV
- 6 transformation stations on the park boundary (each capable of generating 1 MW)
- new energic centre (80 MW)
- gas mains in the park, diameter: 150 mm (high pressure) and 225 mm (medium pressure)
- water resource capable of generating 21 l/sec; mains diameter: 225 mm
- sewerage diameter: 1,000 mm
- WWTP capacity: 12,000 equivalents; now only used up to 25–30 %
- industrial water – 60 l/sec; mains diameter: 225 mm
- rain water sewerage in the park, sufficient capacity
- digital telecommunication centre – sufficient number of telephone connections, and high-speed internet connections

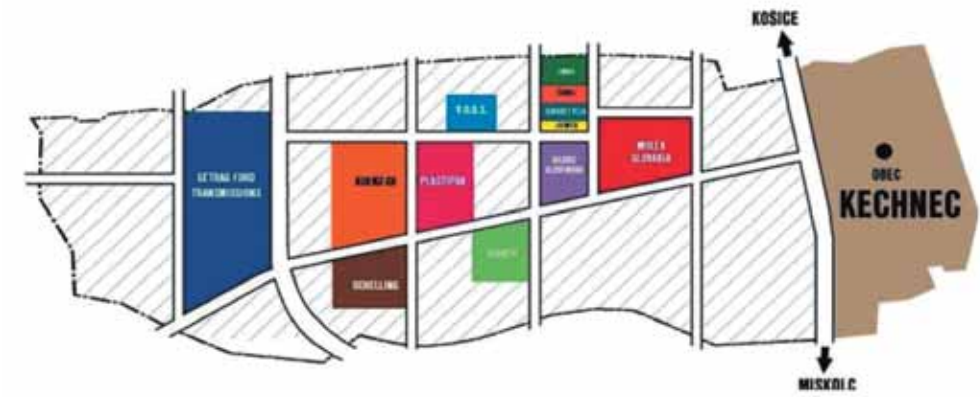

FIGURE 22: SECTION PLAN OF INDUSTRIAL PARK KECHNEC (2005), RESOURCE: http://www.kechnec.sk/obsah/subory/about_the_park.pdf

Traffic Channels:

- Industrial Park Kechnec is situated 18 km south of Košice, the second largest town in Slovakia.
- International Airportt Košice is situated 18 km from the park.
- The park is situated 0.5 km from the Slovakia-Hungary border crossing.
- Transport lines:
  - to Ukraine: I/68 (E71) Kechnec–Košice, I/50 (E50) Košice–Michalovce–Vyšné Nemecké–Slovakia-Ukraine border (line length: about 120 km)
  - to Poland: I/68 Kechnec–Košice beltway – feeder I/68 – D1 motorway Košice–Prešov–Slovakia-Poland border
- Traffic channels to the European motorway network via Hungary: about 60 km from the park boundary; envisaged (near future) construction of the section: Košice (Slovakia)–Miskolc (Hungary) to have continuous motorway traffic from Košice to all over Europe. The east-bound I/68 is part of the international north-south traffic corridor: Baltics–Poland–Slovakia-Hungary–Balkans.
- East of the community of Kechnec runs a railway line, integral part of the international European convention on the routes of the international combined transport. This railway connects Poland, Slovakia and Hungary.
- To transport goods to Ukraine it is necessary to cope with transfer from the standard European track to the eastern wide-gauge and have an access to a transhipment station.

Other Peculiarities:

- Industrial Park Kechnec now employs more than 1,500 people. The park development also has a positive effect on the increase in the population in the community of Kechnec. Within two years, the community will be in a position to launch a large-scale residential home construction to offer 200 new housing units. Primary and secondary health care is in Kechnec provided by a health centre equipped with state-of-the art medical facilities. The sports facilities include a sports centre with two terragreen surfaces for tennis and football, massage facility, sauna, and various rehabilitation facilities. The whole complex is equipped with high-level lighting and acoustic systems.
- The idea of founding an industrial park in Kechnec originated as early as in 1996. The community management set to arrange for such conditions which would attract investors to create new jobs in the region. Soon after the first investor, the company of Molex, occurred on the site, they intensified their systematic preparation of the area. Industrial Park Kechnec was opened in October 2003. The investors now find all conditions well prepared: the grounds and the infrastructure, and the necessary related services (health care, housing for employees, sports and cultural facilities).
- In April 2002, the government of the Slovak Republic encouraged the establishing of the industrial park in Kechnec giving a grant-in-aid amounting to SKK 184.3bn. The aid helped to finance the construction and extension of new infrastructure to reach the park boundary including gas, water, electricity mains, sewer system, WTP, an access road, and telephone connections.
- The state aid has covered and continues to cover the fees for the permanent occupation of the land incurred within the phase I (80 ha). In February 2004, the government of the Slovak Republic approved another state aid amounting to SKK 28.8bn intended to finish the financing of the technical infrastructure.

Industrial Sites Eligible for Investment – Košice

Former Magnesite Factory Estate

The site, area: about 15 ha, is situated in the northern industrial zone of the town. The estate used to belong to the magnesite works which was shut down in 1995. The site is connected to the north-bound feeder Košice–Prešov, and has links to the major north-bound railway Košice–Žilina–Bratislava by means of siding rails. The activities to

FIGURE 23: FORMER MAGNESITE FACTORY, RESOURCE: WWW.KOSICE.SK

carry on at this site will have all the mains of the technical infrastucture available to use. Out of the estate, there is the residential zone of Ťahanovce and the traditional recreation area Anička located at the Hornád riverside. After the revitalisation of the former factory estate is completed, the ground will become convenient for any environmentally-friendly operations to carry out.

Bočiar Estate

The site is situated south of the town, about 14 km away from the town centre. The site is part of the industrial zone located near the U. S. Steel, s. r. o. estate. The territory is flat, the disponsible area is about 500 ha, and it is built-up, in part, by some manufacturing facilities. The site is connected to the railway, and is in a position to use both the west-European (regular-gauge) and east-European (wide-gauge) railway systems, plus a terminal – the transhipment centre. The site is also in a position to enter directly the road traffic channels of the international importance, Košice–Bratislava and Košice–Hungary, and has good prospect for a highway approach. Nearby the locality is the international Airport Košice. The estate is planned for the establishing of an industrial park to serve, primarily, as a manufacturing estate, and, secondarily, as a scientific and technology centre and a business zone.

FIGURE 24: BOČIAR SITE, RESOURCE: WWW.KOSICE.SK

VŠA Estate

The site is situated in the south part of the town, near a feeder road, surrounded by some business and social centres and sports facilities. The estate is to be used for the establishing of an exhibition centre. The area of about 22 ha includes "green-field" unbuilt-up yet grounds of flat configuration, a sports facility with some adjacent grounds, and

FIGURE 25: VŠA SITE, RESOURCE: WWW.KOSICE.SK

a car park to be part of the the exhibition centre. The site has optimal links with the traffic channels Košice–Bratislava, Košice–Hungary and the international Airport Košice. In addition, there is a direct connection to the town centre via the city transit. The estate boundary is a junction of some superior routes of technical infrastructure.

VSS Estate

The estate used to belong to the former engineering company, area: 45 ha, and is situated in the south part of the town, near the communication E71 Košice–Hungary. The territory is built-up, connected to both

FIGURE 26: VSS SITE, RESOURCE: WWW.KOSICE.SK

the city and the superior transport systems; it is also linked with the south railway line Košice–Zvolen–Bratislava, and has all engineering mains available to use. The estate can be used, primarily, for any unobjectionable types of production, for storage facilities, and production services, secondarily, for offices.

Selected Industrial Sites Eligible for Investment

In the district of Spišská Nová Ves, there are several different plans for establishing industrial zones, or parks.

Town Spišská Nová Ves

Having established Industrial Park Spišská Nová Ves at the estate of the former furniture company of

FIGURE 27: INDUSTRIAL ZONE SPIŠSKÁ NOVÁ VES, RESOURCE: TOWN SPIŠSKÁ NOVÁ VES

Nový Domov, the town is now interested in facilitating the further development of the manufacturing sector to be located esp. in the eastern part of the town, area: almost 223 ha, incl. 30 ha falling under the cadastral competence of the neighbouring village of Harichovce. To develop the referred-to plan, the town has drawn up a regional transport generel to incorporate the zone connection to the feeder II/533 (elaborated project documentation), containing a proposal on the internal transport system entering the town superior communication system.

Plans of Town Spišská Nová Ves for the development of Industrial Zone East are as follows:

1. Finishing the reconstruction of the estate of Industrial Park Spišská Nová Ves (former Nový Domov) to cover the following:
   - reconstruction, modernisation of the original manufacturing halls, total area: 4,260 m^2
   - constructon of a brand-new manufacturing hall, total area: 5,000 m^2

   There is an intention to finish the building of the estate so that it provides adequate infrastructure, total area: about 20,000 m^2. The land in question is owned by the town.

2. Further development of the industrial zone in association with the company of Embraco: total area: 44 ha of "green field" grounds, and 7 ha of built-up grounds inside the estate of the unfinished meat processing large-scale plant. The estate is private-owned by a company wishing to sell, or let, the ground for rent. The agricultural land pertaining to the vacant area. Part E, is owned by some small private proprietors. Following the discussions held with some potential investors, the town considers applying for a grant-in-aid so that they could purchase the land and build up the technical infrastructure.
3. Industrial Zone A, north of the former agrochemical works, area: 60 ha, refers to another phase of the envisaged construction of Industrial Zone East. The tracks of land concerned are owned by several small private proprietors. The study has not been conducted yet.

Madaras Estate – integrated exhibition, shopping, leisure and entertainment centre

The in-process project related to the estate of the former Finiš works, and the present leisure zone located in the town park Madaras (incl. the smallest ZOO in Slovakia) focuses on the establishing of an integrated exhibition, shopping, leisure and entertainment centre of trans-regional importance. The projected centre, total area: 191,923 m^2, includes 30,000 m^2 of exhibition estate, and over 30,000 m^2 of leasable ground open for approx. 100 commercial units inside the shopping and entertainment centre.

FIGURE 27: INDUSTRIAL ZONE SPIŠSKÁ NOVÁ VES, RESOURCE: TOWN SPIŠSKÁ NOVÁ VES

Krompachy

The estates offered for manufacturing include the premises of two companies: Kovohuty Krompachy – land and buildings, total area: about 30,000 m^2, and SEZ Krompachy – total area: about 5,600 m^2. Both companies take interest in selling their real property not used any more. The town, at the same time, works on extending a selection of the industrial grounds to become available at the area of the former landfill affer its reconstruction is completed.

Some other selected sites with good prospects of industrial zones

Smižany

Considering some partial alterations to the land-use plan of 2002, the community implements a project on establishing an industrial park at the locality of Jama, adjacent to the main railway line (Žilina–Košice) and the road communication to Spišská Nová Ves. The total area of the territory concerned is 33 ha, incl. 11.14 ha intended for the industrial park for some light machine manufacturing. The respective land department of the regional authority approved the withdrawal of agricultural land.

Veľké Kapušany

This town also seeks to afford opportunities for establishing an industrial park. The new land-use plan specifies estates good for storage facilities, manufacturing, and technical equipment, total area: approx. 20–22 ha. The projected site is found near the transhipment station at Maťovce disposing of convenient transloading facilities working on the existing railway line.

Margecany

The community intends to build an industrial zone within its boundaries, area: about 15 ha, on the land owned by the Slovak Agricultural Land Resources. The site is situated near the road communication Krompachy–Košice as well as close to the railway station. The plan is now at the level of drawing up the land-use documentation so that the community is soon ready to approach potential investors.

7.5 Economic and Social Development Programmes (ESDP)

The Košice Self-governing Region, the City of Košice and the towns of Trebišov, Michalovce, Veľké Kapušany, Kráľovský Chlmec, Spišská Nová Ves and Rožňava all dispose of drawn up and approved programmes for their economic and social development (ESDP). The towns of Moldava nad Bodvou and Gelnica decided to share a common ESDP to include the micro-regions of Údolie Bodvy (Bodva Valley) and Hnilecká dolina (Hnilec Valley). Both the ESDP and the Land-use Planning Scheme of KSGR rank among the most important strategic documents in terms of sustainable development of the Košice self-governing region.

ESDP of Košice Self-governing Region

ESDP contains 6 global targets: Global Target No. 2 "Strong Enhancement of Sectoral and Spatial Diversification of Industry" and Global Target No. 3 "Substantial Enhancement of Economic Activity of SMEs Based on Domestic Resources with a View to Reduce Unemployment" foster the economic development; the Measures contained in the referred-to Targets focus on the improvement of the business environment, the encouragement of the competitiveness of the SMEs production, the exports increase, and the development of the tourist trade; Global Target No. 4 "Completion of the Building of Infrastructure" specialises in the improvement of the business environment; the Measures focus on the development of the transport infrastructure, information and communication technologies, technical infrastructure (water mains, sewer systems, WWTP) and draw up the conceptual frameworks for energy, and the scientific and technical knowledge transfer into the business sphere. ESDP of the KSGR was developed in line with the Priorities and Measures contained in the Strategic Operation Programme (SOP) Industry and Services, Operation Programme (OP) Basic Infrastructure, SOP Human Resources, SOP Agriculture and Rural Development in order to create good conditions for the EU structural funds to finance the projects.

ESDPs of the specific towns provide for the economic development and long-range co-operation to arise between self-governments and the business sector. Implementing the planned activities enables the economics of the towns and their sub-regions to start up so that the local policies may become consistent with the needs of the business establishments.

TABLE 50: ECONOMIC AND SOCIAL DEVELOPMENT PROGRAMMES OF TOWNS IN KOŠICE REFION (2005)

Košice
The issues related to the business sector are, in general, dealt with by ESDP, Chapter: Economic Development, and, in particular, by Global Targets (GT), Specific Objectives (SO) and Measures:
Global Target No. 2
Comprehensive sustainable growth in the living standard of the population, and the economic development of all establishments operating in the territory of Košice with a view to use the domestic growth potential
Specific Objective No. 1
Increase in the rate of the sectoral differentiation of the economic base
Measure no. 1: Increase in the in-flow of direct investment in the territory of the town and its vicinity
Specific Objective No. 2
Growth in the competitiveness of industry and service sectors using the development of the domestic growth potential
Measure no. 1: Encouragement of the brand-new and the existing enterprises and services
Measure no. 2: Encouragement of the construction and reconstruction of infrastructure (incubators, industrial parks)
Measure no. 3: Encouragement of business enterprise, innovations, and applied research
Measure no. 4: Development of the co-operation at the national and international levels and creating goodwill of Košice
Specific Objective No. 3
SME development
Measure no. 1: Assistance to SMEs in the provision of resources
Measure no. 2: Assistance in arranging for operating premises to develop the SME activities
Global Target No. 5
Improvement of the conditions for the economic development, provision of the quality and safe life of the town residents and tourists to the town, creation of attractive and comfortable environment
Global Target No. 6
Economic development and accomplishments in performing the town's duties for the benefit of the town residents and the establishments operating within the town boundaries

Spišská Nová Ves
The programme refers to the ESDP of KSGR. Support to the business sector is emphasized as follows:
Global Target No. 1
Strong enhancement of the spatial and sectoral differentiation of industry
Specific Objective No. 1.1
Enhancement of the sectoral diversification of industry
Measure no. 1: Encouragement of the finishing of building and reconstruction of infractrusture as required
Measure no. 2: Assistance to the development of new and the existing enterprises and services
Measure no. 3: Regional marketing in order to attract foreign capital
Global Target No. 2
Substantial enhancement of the economic activity of SME based on domestic resources, accentuating the reduction of unemployment
Specific Objective No. 2.1
Enhancement of the business environment
Measure: Encouragement of the development of all the brand-new and the existing enterprises and some other selected services
Specific Objective No. 2.2
Encouragement of rise in the competitiveness of the SME production, the increase in exports
Measure: Encouragement of business activity, innovations and applied research
Specific Objective No. 2.3
Development of the tourist trade
Measure: Encouragement of the entrepreneurial activities in the tourist trade

Rožňava
The needs of the business sector are dealt with in the document "Town Economic Development", section on development, Strategic Objective no. 3 – Dynamic Enhancement of Town Economic Development. The strategic objective is made up of 3 specific objectives:
Specific Objective No. 1
Winnig the strategic investments
Specific Objective No. 2
Increasing the quantity and enhance the quality of the services provided in the town
Specific Objective No. 3
Increasing the town income and create job opportunites in the tourist trade operating within the town boundaries

Moldava nad Bodvou
ESDP is drawn up with reference to the microregion of Údolie Bodvy (The Bodva Valley). The business sector is referred to by Priority C, "Local Economics"
Specific Objective
Creation of suitable conditions to strengthen the microregion economy, and creation of job opportunities
Measure no. 1: Enhancement of the efficiency of the local economy – creation of tools of the SME support, creation of conditions for setting up large enterprises in the microregion, national and interantional publicity of the region
Measure no. 2: Development of the tourist trade

Trebišov
Town development strategy is drawn up to cover the Programme Period until 2013 in line with the EU programme planning and relates to 11 spheres of development
Strategic Town Goal:
Increase in the living standard of the population, the economic growth and competitiveness, employment growth, and balanced development in all fields concerned, incl. the social sphere
Specific Objectives
A. Increase in the competitiveness of industry and services B. Human resource development and improvement of their flexibility, employment growth C. Rasing effectiveness and the production rate in the sphere of agriculture D. Balanced development and rise in competitiveness of the town territory through its basic infrastructure
Priority No. 1:
Preparation of conditions for growth of competitiveness of industry and services
Measure no. 1.1: Creation of conditions for potential investors to introduce quality production programmes
Measure no. 1.2: Creation of conditions for investors carrying out business in the interrelated manufacturing industries
Measure no. 1.3: Encouragement of the finishing of building and reconstruction of business infractrusture
Measure no. 1.4: Encouragement of energy-efficiency and use of renewable energy resources

Michalovce
Strategic Objective contained in the ESDP of Town Michalovce is referred to as "Dynamic Enhancement of Town Economic Development". The specific objectives arising thereof are as follows:
Specific Objective No. 1
Improvement in the use of the existing opportunities and creating new opportunities for the consolidation and development of the tourist trade
Specific Objective No. 2
Increasing the inflow of domestic and foreign capital
Measure no. 2.1: Arranging for the flexible retraining aid system for the available human resources as required by investors
Measure no. 2.2: Creation of spatial and technical conditions for realisation of new investment

Measure no. 2.3: Improvement of health, social, cultural and sports facilities to meet the standard required by the investors
Measure no. 2.4: Improving the publicity of the town and the region related to the investmet options available
Measure no. 2.5: Creating the professional background to facilitate the communication and discussions with investors
Measure no. 2.6: Establishing cross-border business contacts with other regions
Specific Objective No. 4
SMEs support at the town level
Measure no. 4.1: Encouragement of value-added entrepreneurial activities
Measure no. 4.2: Fostering the development of information technologies
Measure no. 4.3: Improving the quality and availibility of consulting and information services designed for SMEs

7.6 Selected Strategic Policies of Košice Region

The Košice self-governing region disposes of a developed and approved policy entitled **Waste Management Conceptual Framework**. The policy draws up an integrated draft method of waste treatment, analyses the actual condition of the waste treatment management, defines the positions of the self-government and the private sector in the waste management system, surveys the actual condition of the waste management in terms of different waste types and the waste management infrastructure. The document conveys some outputs for the improvement of the environmental situation in the region with reference to the waste treatment.

To strengthen the development of tourist trade in the Košice region they drew up, in 2005, a document entitled **Conceptual Framework for Tourist Trade Development in Košice Self-governing Region for 2005–2009**. The primary objectives set by the referred-to policy were as follows: defining the interrelated positions of all the Košice self-governing region, the local self-governments, the tourists associations, and the state administrative bodies; raising the proportion of the tourist trade in the economic growth of the region; reviving the domestic travel movement; and the implementing of the systematic approach to the organisation of the travel movement in the Košice self-governing region.

7.7 Human Resources Development

Engagement of Regional Self-government

The regional self-government is, especially, engaged in the education of the secondary schools students. The scope of its powers includes founding secondary schools and vocational schools located in the districts of the region, esp. in the respective district towns. The total number of secondary schools falling under the powers of the KSGR is 109, incl. 22 secondary grammar schools, 14 secondary schools of industry, 3 secondary schools of arts, 3 trade schools for girls, 7 secondary comprehensive schools, 4 secondary schools of agriculture, 10 business academies, 1 hotel academy, 26 secondary training colleges, 1 secondary school of veterinary medicine, 4 secondary health schools, 1 centre for practical instruction, 2 public language schools, 6 outdoor schools, 3 boarding houses, 1 leisure centre and 1 school estate.

The specialisation of the schools is in line with the structure of the economic potential, and/or the traditions, and is determined in light of both the prospects for future development and the potential investor participation. The referred-to schools educate their pupils to be fit for their further studies at university, and become skilled human resources fit to embark on the employment duties. The schools specialise in engineering, transport, ecomonics, health care, and arts. The system of education also includes special instruction of foreign languages: German, English, French, Spanish, which shall assumedly lead to the improvement of communication between the population and the potential foreign investors.

Secondary trade schools and vocational schools are, within the 3–4 years' time, capable of preparing skilled personnel to meet the specific requirements of the potential investors (in the matter of advanced courses, the time reference is 2 years). The broad engagement of the regional self-governments in the human resource development is now possible due to the opportunity to submit projects related to SOP Human Resources. The regional self-governments can act within this SOP as potential beneficiaries of the EU structural fund aid. This sets better conditions for a wide selection of educational activities to focus on the employment development and makes the labour market prospects of the job applicants more promising.

Engagement of Local Self-government

Towns and communities are entitled to found primary schools and pre-schools. Communities can also found elementary schools of arts, preschools, junior clubs, school leisure centres, public leisure centres, school catering facilities, language schools associated with primary schools. Being their founders, self-governments often run a variety of educational institutions to provide either elementary education and spare-time activities, or specialised education of gifted children in arts, languages, etc.

Towns are active in founding branches of universities. Michalovce is the place of the following university branches: Economic University Bratislava (Faculty of Business Economics), Trnava University (Faculty of Masmedia Communication, Faculty of Health). The branch based in Trebišov operates under Prešov University (Faculty of Arts). The following branches operate in Spišská Nová Ves: Trnava University (Faculty of Health and Social Service), Matej Bel University Banská Bystrica (Faculty of Economics), and Constatine Philosopher University Nitra (Faculty of Social Studies). Rožňava is the place of the field branch of Pavol Jozef Šafárik University based in Košice (Faculty of Natural Sciences).

Human resource development ranks among the major priorities defined in the documents of self-government strategic policies. The basic measures applicable to the human resource development refer to retraining schemes for the unemployed to be followed by their further integration into the labour market, and various life-long learning programmes.

7.8 Analysis of Entrepreneur Needs

Business Tax

The issue often discussed in relation to the strategic plans of municipalities and the assistance to give to implement such plans concerns the regulations of the local taxes and fees through which the encouragement of entrepreneurial activities may be realised. Under the circumstances of the devolution of powers and fiscal decentralisation typical of the 2002–2005 period, the municipalities had to cope with demanding requirements for their budget management often based on short-term balance rather than a stategic vision. The trends in both the development of the tax policy and the implemented reform receive the appreciation of the entrepreneurs (e.g. see the Business Environment Index (BEI) – developed by the Business Alliance of Slovakia).

The access to finance has changed for better. The conditions have improved due to the occurrence of the following: trends in the financial market (decline in interest rates, high liquidity), application of the lien rights, and cutting-edge competition in the banking sector. The major obstacle to a wide availability of loans to entrepreneurs still consists in the lack of suitable collaterals to secure loans. The requirements often exceed the resource potentials, and the banks become reluctant to undertake the entrepreneurial risk involved. Obtaining the start-up capital seems most difficult. As regards large investment, there are various investment incentives available.

The occurrence of changes to the administrative environment in 2004, including but not limited to less time needed for the incorportation in the small business register or the company register, and the registration of a company with the tax authority, was highly appreciated by the business community. The amendment act on the encouragement of establishing industrial parks launched a simplified procedure to apply to the establishing of industrial parks. The new practice has affected many different parts of Slovakia, and can only be appreciated in terms of the economic development and employment growth in the regions of a high unemployment rate. At the same time, it is advisable to pay great attention to building clusters of the local small and medium-sized enterprises to become suppliers to large foreign investors.

The frequent amendments to legal regulations meet with a repulse of entrepreneurs when assessing the business environment. The abundance of alterations leads to the growth of confusion as to the validity of legislation, increases the costs incurred on the new rules adjustment, and may even result in simple infringement of the rules.

The jurisdiction continues to suffer under the slow settlement of disputes causing difficulties to business establishments. Despite some adopted measures, such as introducing of judicial management and making provisions regulating the capacity of senior law officials, no significant improvements of the law enforcement have occurred.

The problems reported as long running related to the lack of awareness of how to draw on the EU fund resources available to SMEs. Some other negative comments reffered to the increase in the energy price and the other input costs, the decrease in the domestic demand, the fluctuation of the SKK exchange rate to other currencies, and both the unfair preferences and the corrupt practices reluctant to cease.

In addition to all the said minuses, the major obstacles to business in 2004 as viewed by some associations of entrepreneurs and some professional associations are as follows:

- absence of a government strategy to streamline and support the SME considering the regional disparity,
- far too low turnover limit of SKK 1.5bn determining the VAT liability,
- excessive local taxes and fees imposed by municipalities,

- excessive bank charges continuting their upward trend,
- persisting red tape at all clerical levels, time-consuming disposal of business matters, duty to submit evidence certifying the facts being already on file of the official registers, duty to notify the statistical office,
- long-lasting court proceedings lowering the chance to recover eligible debts even if winning the judgement,
- inconsistence between the requirements of the economic and manufacturing practice and the educational system, a low level of qualification and skills of the secondary school leavers and the graduates from training colleges,
- excessive overall tax burden (incl. sole traders).

The problems fought at the regional level are, basically, the same as the challenges faced nationwide. However, there are always some regional peculiarities drawing the line between the regions. The differentiation often refers to the availability of loans and other financial resources for the business activites to carry out in a specific region, which, as such, reflects the economic power of the region concerned, in general, and the business establishments operating in the region, including the small and medium-sized enterprises, in particular. This may even lead to the deepening of the existing regional disparity or lagging of certain regions behind the others. The expansion in the differences between the regions at the level of their economic development is also affected by slow-pacing development of the regional infrastructure, esp. the traffic network.

7.9 Mutual Benefits from Economic Co-operation

Compared to some developed countries, such as Italy, Slovakia has neither a long history nor any cultural background for clustering, whether formal or informal. Owing to some bad experience learned in the early 1990's, it is mistrust and suspicion that often prevail in this respect.

The solutions experienced in other developed countries confirm that achieving benefits in the business environment mainly results from the co-operation created between companies. Neither large, nor small or medium-sized enterprises are isolated. Being various segments of the same business environment they do depend on each other due to many different relations established in terms of so-called manufacturing networks.

The experience learned by the developed countries proves that favourable economic outcomes are usually reached where the manufacturing clusters thrive. The environment typical of the regional clustering is made up of business establishments acting as producers, suppliers, and customers, on the one hand, and universities, scientific and research institutions, financal houses, ITC companies, consulting centres, NGOs, and regional authorities, on the other hand. The referred-to subjects benefit from synergy, innovations, best practices, new technologies and knowledge, local competitive asset, creation of new opportunities, etc.

Neither the contractor relations nor the clusters existing in the Košice region have been surveyed yet. On that account, any evaluation of mutual benefits resulting from the economic co-operation seems hard to effect. Having such a survey clarifying the interrelated business ties would be beneficial to all the business establishments, institutions, and organisations taking or to take part in such clusters, and would help them specify the future focus of their business and/or trends in development. In the Košice region, manufacturing has a

long tradition to draw upon. The regional capital of Košice has always been a regional production hub. The 1980's deployment of manufacturing industries was driven by the centrally controlled economy. The economy of this region was dominated by heavy industry, incl. metallurgy, chemistry, heavy machinery, and specialised engineering. Tendency to achieve some mutual benefits from the economic co-operation commenced on the rise of the former so-called production management units, which were later dissolved as a result of the economy transformation.

The industry largest in terms of its output and the man effort is the manufacture of metal products (sheets, steel pipes, radiators, and others) carried on by the company of U. S. Steel Košice, s. r. o. located in the district of Košice II. The sheet manufacture does not continue in the final-product manufacture. The sheets are, following the contractual relations established with other sub-contractors and/or customers, supplied for further processing. The benefits result mainly from importing the raw material from the former Soviet Union countries, actually, from Ukraine (as the plant is situated close to the state border). To make the transportation of the raw material unexpensive the Ukrainian wide-gauge track continues in the Slovak territory to connect the metallurgic concern in Košice.

Machine engineering also ranks among successful industries operating in the region. This industry is represented in all districts of the Košice region. Machine building is the principal business conducted by several major companies: VSS Košice a. s. produces tank trucks, concrete agitators, special vehicles, chemical equipment, shaping machines, conversion devices, metallurgic products, also fuel transporters and water transporters made of rustless steel which ranks among the state-of-the-art productions in the Central Europe; Casspos, a. s. Michalovce and Kovostroj, s. r. o. Dobšiná manufacture steel coiled sheets; Embraco Slovakia, s. r. o. based in Spišská Nová Ves manufactures hermetic compressors for cooling and air-conditioning plants; BMZ, a. s. Spišská Nová Ves manufactures building and mining machinery; Vagónka, a. s. Trebišov manufactures containers, railway cars and other products. The business establishments collaborate at the level of sub-contrator and/or supplier relations. The benefits are, at the level of the industry, achieved as a result of sufficient technology-educated manpower (due to the Technical University Košice providing various technical specialisations) and the institutes of the Slovak Academy of Science affording favourable opportunities for the application of different technologies in practice.

Electronic industry is in the Košice region represented by the manufacture of electrical units at the liability limited company of BSH Drives and Pumps, s. r. o. Michalovce. They manufacture electric motors for automated washing machines, dishwashers, dryers; they also produce car cabling and car accessories. The joint stock company of SEZ Krompachy manufactures and develops high-voltage and low-voltage electrical units. The company of Panasonic AVC Networks Slovakia Krompachy manufactures and assembles consumer electronic products and equipment.

Extraction industry is normally based near mineral deposits. In this region, this mainly involves the mining of non-metallic raw material with reference to the industry of building materials, such as gravel sand, dolomite, limestone, kaolin, feldspar, brick clay and ceramic clays, siderite and other raw stuff. The processing plants are thus located near the mining districts in order to keep the costs of the material transportation low. The chemical industry, holding a significant position among the industries represented in the region, includes the joint stock company of Chemko Strážske a. s. manufacturing basic inorganic and organic chemical products, additives to polymers, formaledyhe, and cyclohexanone for the exports as well as the domestic customers.

Paper and pulp industry is represented in the district of Rožňava. The limited liability company of SCA Hygiene Products s. r. o. Gemerská Hôrka

specialises in the manufacture of feminine hygiene products for both the exports and the domestic market. The joint stock company of SHP Slavošovce a. s. manufactures wood-free paper, school notebooks and paper napkins.

Wood-processing industry has established good sub-contractor relations in order to achieve a reduction of their costs. The benefits ensue from the location of the companies processing wood near the wood resources. To give an example, the final-product manufacture is concentrated in Spišská Nová Ves where they manufacture a wide selection of furniture while the district of Spišská Nová Ves ranks among those having a high proportion of the forestland in the area of the territory.

Consumer industry, incl. textile industry, garment industry and shoe manufacturing industry, the manufacture of leather fancy goods, is mainly located in Michalovce, Spišská Nová Ves, Rožňava and Sobrance. The important representatives of the garment industry and ready-made-clothing industry are based in Michalovce: they are the joint stock company of ZEKON a. s. and the co-operative of ODETA, making working clothes, sports trousers and ready-made clothing. The company of Gemtex, a. s. Rožňava, 100 % foreign business share (Schiesser Eminence holding AG Switzerland), specialises in textile industry. The locations of the light industries in the districts of Rožňava, Spišská Nová Ves, Košice and others mainly result from the need to create jobs for women in the districts where the extractive industry and machine industry prevails. The industrial development in the Košice region capitalizes on the cheap labour available.

Food processing industry is well represented in Košice, Michalovce and Spišská Nová Ves. On a smaller scale, the industry also operates in other districts. The most important enterprises include FRUCONA, a. s. Košice, MEDEA, a. s. Košice, Ryba, s. r. o. Košice, Syráreň Bel Slovensko, a. s. Michalovce, Palma agro, a. s. Sečovce, and others. Having a strong primary agricultural production-oriented focus, the district of Trebišov holds an important position in the food-processing industry due to the Trebišov food-processing concern combining sugar refinery and cannery. The benefits show in the low costs of the agro-products transportation to the place of processing.

7.10 Communication between Public Administration and Citizens

Local self-governments hold meetings with citizens on a regular basis. The proposals presented by the citizens at the local level are further submitted through the action of deputies at the regional level, or to the attention of the respective institutions. The assistance provided by the European resources also seems to be very helpful when it comes to the partnership established between the self-governments, on the one hand, and the private and third sectors, on the other hand, which managed to develop and take even some official forms (e.g. advisory bodies, associations, and others).

7.11 Self-government and Employment Agency Working together on Raising Employment Rate

The self-government considers the high unemployment experienced in the Košice region as a key issue to be solved in the region. On that account, almost all development activites undertaken within the region seek to contribute to solving the problem of unemployment. The self-government using all the employment tools available (such as establishing industrial parks, business incubators, etc.) works to develop extensive strategic investment plans to help boost the employment in the region. The co-operation with the offices of labour, social affairs and family conducted on a regular basis results in the applications for the finance provided by the EU social fund, various aid schemes, and

by some out-of-European resources. The information dissemination has little by little managed to reach the standard level. In addition to other tools of active employment policy, the offices of labour, social affairs, and family make contributions for the employment solutions running the following programmes:

- granting aid to start self-employment (grants amounting to SKK 42,000 – SKK 80,000),
- employer's allowance (to cover labour cost) to create new jobs.

The clients of the office of labour, social affairs, and family are, in the long run, interested in improving their positions in the labour market, in extending their qualifications, knowledge and skills so they attend educational courses and training. The demand for educational activities continues to rise. Some applications even fail to be affirmatively settled normally due to one of the following reasons: it is either the limited financial resources allocated to education, or the inadequacy of the clients' requirements that causes the referred-to failure. The selection of the educational activities to be conducted in a particular year always follows the document entitled "Regional Scheme of Education and Labour Market Training" developed by the Head Office of Labour, Social Affairs, and Family to meet the specific conditions on the market. The scheme considers both the market requirements (proceeding from the comments of the employers as to specific criteria for the vacancies available), and the useful effect, i.e. chances for employment after completing the respective education. A job applicant can even attend several interrelated educational activities providing him/her with a complex of knowledge on a certain subject.

8. Analysis of Current Investment Inflow

8.1 Trend in Foreign Direct Investment Portfolio

Although the foreign direct investment portfolio in Slovakia has more than doubled since 2000, the foreign direct investment portfolio in the Košice region has been idle since 2000, and compared to 2000 and 2001, the last year portfolio was even smaller.

TABLE 51: TREND IN FOREIGN DIRECT INVESTMENT PORTFOLIO (FDI)

Year/FDI Portfolio	2000	2001	2002	2003	2004	2005
Slovakia total (SKK m)	177,141	234,396	319,246	348,500	398,504	417,020
Košice region (SKK m)	38,437	37,590	33,162	34,250	34,410	35,506
%	21.70	16.04	10.39	9.83	8.63	8.51
Resource: National Bank of Slovakia						

8.2 Foreign Direct Investment Inflow

Foreign direct investment (FDI) in the Slovak Republic rose in 2005 by SKK 20.1bn (USD 648.7m), in general, by SKK 20.1bn (USD 648.7m) in the business sector, while fell by SKK 0.002bn (USD 0.1m) in the banking sector. The largest investors include the Republic of Korea, Germany, the Czech Republic, Switzerland, Austria and the Netherlands. Geographically speaking, the most investment was made in the Bratislava and Žilina regions. In terms of branches of economic activities, the largest portion of FDI was put in manufacturing, wholesale and retail trade, repair of motor vehicles, motorcycles, and consumer goods, financial intermediation, and real estate business, renting, and business activities.

TABLE 52: FOREIGN DIRECT INVESTMENT INFLOW BY COUNTRY OF INVESTOR IN 2005

Country	Business Sector		Banking	Total	
	SKK m	%	SKK m	SKK m	%
Total	**20,125**	**100.0**	**–2**	**20,123**	**100.0**
incl:					
Republic of Korea	6,278	31.2	–	6,278	31.2
Germany	6,313	31.4	–250	6,063	30.1
Czech Republic	1,587	7.9	–2	1,585	7.9
Switzerland	1,524	7.6	–	1,524	7.6
Austria	1,549	7.7	–45	1,504	7.5
Netherlands	1,449	7.2	3	1,452	7.2
United Kingdom	451	2.2	125	576	2.9
Lithunia	417	2.1	–	417	2.1
USA	376	1.9	–	376	1.9
Belgium	285	1.4	–	285	1.4
Other countries	–104	–0.5	167	63	0.3
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia					

TABLE 53: FOREIGN DIRECT INVESTMENT BY TERRITORY IN 2005

Territory	Business Sector		Banking	Total	
	SKK m	%	SKK m	SKK m	%
Total	**20,125**	**100.0**	**–2**	**20 123**	**100.0**
incl.:					
Bratislava	7,803	38.8	–2	7,801	38.8
Trnava	276	1.4	–	276	1.4
Trenčín	2,858	14.2	–	2,858	14.2
Nitra	428	2.1	–	428	2.1
Žilina	6,974	34.7	–	6,974	34.7
Banská Bystrica	845	4.2	–	845	4.2
Prešov	123	0.6	–	123	0.6
Košice	818	4.1	–	818	4.1
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia					

TABLE 54: FOREIGN DIRECT INVESTMENT BY ECONOMIC SECTORS IN 2005

NACE	Business Sector		Banking	Total	
	SKK m	%	SKK m	SKK m	%
Total	**20,125**	**100.0**	**–2**	**20,123**	**100.0**
incl:					
agriculture, hunting, and forestry	–34	–0.2	–	–34	–0.2
mining of mineral raw materials	13	0.1	–	13	0.1
manufacturing	10,096	50.2	–	10,096	50.2
generation and distribution of electricity, gas, and water	13	0.1	–	13	0.1
building industry	–93	–0.5	–	–93	–0.5
wholesale, retail trade, repair of motor vehicles, motor-cycles, and consumer goods	3,948	19.6	–	3,948	19.6
hotels and restaurants	29	0.1	–	29	0.1
transport, storage, posts and telecommunication	–14	–0.1	–	–14	–0.1
financial intermediation	3,550	17.6	–2	3,548	17.6
real estate, renting and business activities	2,363	11.7	–	2,363	11.7
health service and social work	53	0.3	–	53	0.3
other community, and social services	201	1.0	–	201	1.0
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia					

8.3 Foreign Direct Investment Portfolio

The FDI capital invested in the Slovak Republic as of December 31, 2006 amounted to SKK 417bn (USD 13,053.1m), including SKK 350.4bn (USD 10,967.2m) invested in the business sector and SKK 66.6bn (USD 2,085.9m) invested in banking.

TABLE 55: FOREIGN DIRECT INVESTMENT PORTFOLIO BY COUNTRY OF INVESTOR AS OF DECEMBER 31, 2005

Country	Business Sector		Banking		Total	
	SKK m	%	SKK m	%	SKK m	%
Total	**350,379**	**100.0**	**66,641**	**100.0**	**417,020**	**100.0**
incl.:						
Netherlands	90,683	25.9	616	0.9	91,299	21.9
Germany	81,027	23.1	860	1.3	81,887	19.6
Austria	28,482	8.1	32,868	49.3	61,350	14.7
Hungary	27,327	7.8	2,007	3.0	29,334	7.0
Italy	4,903	1.4	24,144	36.2	29,047	7.0
United Kingdom	27,159	7.8	473	0.7	27,632	6.6
Czech Republic	17,595	5.0	3,485	5.2	21,080	5.1
USA	14,663	4.2	1,650	2.5	16,313	3.9
France	10,667	3.0	500	0.8	11,167	2.7
Cyprus	9,388	2.7	–	–	9,388	2.3
Other countries	38,485	11.0	38	0.1	38,523	9.2
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia						

TABLE 56: FOREIGN DIRECT INVESTMENT PORTFOLIO BY SR REGIONS AS OF DECEMBER 31, 2005

Region	Business Sector		Banking		Total	
	SKK m	%	SKK m	%	SKK m	%
Total	**350,379**	**100.0**	**66,641**	**100.0**	**417,020**	**100.0**
incl.:						
Bratislava	214,111	61.1	65,691	98.6	279,802	67.1
Trnava	24,461	7.0	–	–	24,461	5.9
Trenčín	20,294	5.8	–	–	20,294	4.9
Nitra	13,255	3.8	–	–	13,255	3.2
Žilina	24,912	7.1	950	1.4	25,862	6.2
Banská Bystrica	10,754	3.1	–	–	10,754	2.6
Prešov	7,086	2.0	–	–	7,086	1.7
Košice	35,506	10.1	–	–	35,506	8.5
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia						

TABLE 57: FOREIGN DIRECT INVESTMENT BY ECONOMIC SECTORS AS OF DECEMBER 31, 2005

NACE	Business Sector		Banking	Total	
	SKK m	%	SKK m	SKK m	%
Total	**350,379**	**100.0**	**66,641**	**417,020**	**100.0**
incl.:					
agriculture, hunting, and forestry	1,767	0.5	–	1,767	0.4
mining of mineral raw materials	2,648	0.8	–	2,648	0.6
manufacturing	167,248	47.7	–	167,248	40.1
generation and distribution of electricity, gas, and water	39,652	11.3	–	39,652	9.5
building Industry	2,832	0.8	–	2,832	0.7
wholesale, retail trade, repair of motor vehicles, motor-cycles, and consumer goods	54,298	15.5	–	54,298	13.0
hotels and restaurants	2,083	0.6	–	2,083	0.5
transport, storage, posts and telecommunication	36,374	10.4	–	36,374	8.7
financial intermediation	24,142	6.9	66,641	90,783	21.8
real estate, renting and business activities	15,944	4.6	–	15,944	3.8
health service and social work	1,623	0.5	–	1,623	0.4
other community, and social services	1,768	0.5	–	1,768	0.4
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia					

TABLE 58: FOREIGN DIRECT INVESTMENT STRUCTURE IN TERMS OF MANUFACTURING BRANCHES AS OF DECEMBER 31, 2005

Branch of Economic Activity		SKK m
Manufacturing Total		**167,248**
incl.:	manufacture of food and beverages	18,034
	manufacture of tobacco products	1,243
	manufacture of textiles	1,363
	manufacture of clothing, fur working and dyeing	285
	leather tanning and trimming, luggage making, and saddle making, shoe making	1,048
	manufacture of wood and wood products, cork products, except furniture, manufacture of straw products and wicker products	1,991
	manufacture of pulp, paper, and paper products	4,373
	publishing, printing, reproduction of recorded media	1,130
	manufacture of coke, refined petroleum products and nuclear fuel	24,028
	manufacture of chemicals and chemical products	11,682

incl.:	manufacture of rubber products and plastic products	6 691
	manufacture of other non-metallic mineral products	6 824
	manufacture of metals	33 215
	manufacture of metal constructions and metal products, except manufacture of machinery	9 901
	manufacture of machinery else unclassified	11 822
	manufacture of office equipment and computers	13
	manufacture of electrical and optical equipment else unclassified	7 640
	manufacture of radio, television, and communication equipment and devices	4 571
	manufacture of motor vehicles, trailers, and semi-trailers	19 301
	manufacture of other transportation equipment	190
	manufacture of furniture	1 252
	recycling	524
	manufacture of medical, precision and optical instruments, clocks, and watches	127
Resource: Statistical Office of the Slovak Republic and National Bank of Slovakia		

8.4 Allocation of Investment

TABLE 59: INVESTOR DIVISION BY TYPE OF INVESTMENT IN DISTRICT OF GELNICA

District of Gelnica			
No.	**Company Name**	**Town**	**Type of Investment**
1	**METALPRODUKT, s. r. o.**	Gelnica	joint venture
		Country of Origin	**Business Activity**
		USA and Slovensko	manufacture of metal construction and construction parts
Resource: Košice Self-governing Region			

Districts of Košice I–IV			
No.	**Company Name**	**Town**	**Type of Investment**
1	**Východoslovenská energetika, a. s.**	Košice	joint venture – National Property Fund of SR 51 % stake VSE German energy company RWE Energy 49 % stake
		Country of Origin	**Business Activity**
		Germany, Slovakia	generation of electricity and heat
No.	**Company Name**	**Town**	**Type of Investment**
2	**VALEO SLOVAKIA, s. r. o.**	Košice	now brown-field to change over for green-field after the expansion of the manufacture as projected
		Country of Origin	**Business Activity**
		France, Netherlande	manufacture of automotive parts and components
No.	**Company Name**	**Town**	**Type of Investment**
3	**Howe Slovensko, s. r. o.**	Košice	brown-field (former winery)
		Country of Origin	**Business Activity**
		Australia	manufacture of leather materials for automotive industry

No.	Company Name	Town	Type of Investment
4	**NESS Slovakia, s. r. o.**	Košice	brown-field, premises of former barracks
		Country of Origin	**Business Activity**
		USA, Izrael, Netherlands	provision of software – sale of finished programmes, made-to-order programmes and system integration related to software provision
No.	**Company Name**	**Town**	**Type of Investment**
5	**JOBELSA SLOVENSKO, s. r. o.**	Košice	brown-field (manufacture in leased premises)
		Country of Origin	**Business Activity**
		Spain	manufacture of textile products
No.	**Company Name**	**Town**	**Type of Investment**
6	**Kosit, a. s.**	Košice	joint venture – (51 %) 4 ITALY (Italian company), City of Košice (34 %) and HOOCH (Košice-based company) (15 %)
		Country of Origin	**Business Activity**
		Italy, Slovakia	cleaning services for public roads and other communications and public places, building cleaning
No.	**Company Name**	**Town**	**Type of Investment**
7	**U. S. Steel Košice, s. r. o.**	Košice	former metallurgic company VSŽ Košice, a. s. taken over by the present-day U. S. Steel Košice, s. r. o.
		Country of Origin	**Business Activity**
		USA	metallurgy
Resource: Košice Self-governing Region			

TABLE 61: DIVISION OF INVESTORS BY TYPE OF INVESTMENT MADE IN DISTRICT OF KOŠICE-VICINITY

District of Košice-Vicinity			
No.	**Company Name**	**Town**	**Type of Investment**
1	**Molex Slovakia, a. s.**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		USA	manufacture of electric and electronic connectors and cable systems
No.	**Company Name**	**Town**	**Type of Investment**
2	**Gilbos Slovensko, s. r. o.**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		Belgium	manufacture of machinery and devices for printing and graphic-arts industry
No.	**Company Name**	**Town**	**Type of Investment**
3	**GETRAG FORD Transmissions Slovakia, s. r. o.**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		Germany	manufacture of transmission systems for motor vehicles
No.	**Company Name**	**Town**	**Type of Investment**
4	**SWEP Slovakia, s. r. o.**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		Sweden	manufacture and sale of heat exchangers

No.	Company Name	Town	Type of Investment
5	**Plastipak Slovakia, s. r. o.**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		USA	manufacture of plastic products, semi-products and assembling components
No.	**Company Name**	**Town**	**Type of Investment**
6	**Kuenz – SK, s. r. o**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		Austria	machine-building and manufacture of purpose-built machinery
No.	**Company Name**	**Town**	**Type of Investment**
7	**Schelling Slovakia, s. r. o.**	Kechnec	green-field as part of Industrial Park Kechnec
		Country of Origin	**Business Activity**
		Austria	manufacture of sawing machines and precision cutting equipment
Resource: Košice Self-governing Region			

TABLE 62: DIVISION OF INVESTORS BY TYPE OF INVESTMENT MADE IN DISTRICT OF MICHALOVCE

District of Michalovce			
No.	**Company Name**	**Town**	**Type of Investment**
1	**Michatek, k. s.**	Michalovce	greenfield – construction of a manufacturing hall at Industrial Park Michalovce
		Country of Origin	**Business Activity**
		Germany	home appliances (white goods)
No.	**Company Name**	**Town**	**Type of Investment**
2	**Trancerie Emiliane Slovakia, s. r. o.**	Michalovce	green-field – preparation phase, construction of new manufacturing premises within the industrial estate
		Country of Origin	**Business Activity**
		Italy	machine engineering
No.	**Company Name**	**Town**	**Type of Investment**
3	**Unomedical, s. r. o.**	Michalovce	green-field – preparation phase, construction of new manufacturing premises within the industrial estate
		Country of Origin	**Business Activity**
		Denmark	production of medical material
No.	**Company Name**	**Town**	**Type of Investment**
4	**BSH Drives and Pumps, s. r. o.**	Michalovce	brown-field – purchase and rebuilding of an old manufacturing hall within the former MEZ estate, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Germany	electrical engineering
No.	**Company Name**	**Town**	**Type of Investment**
5	**EHLEBRACHT Slowakei, s. r. o.**	Michalovce	brown-field - purchase and rebuilding of an old manufacturing hall within the former MEZ estate, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Germany	manufacture of moulded plastic parts

No.	Company Name	Town	Type of Investment
6	**Plodoovoč Contex, s. r. o.**	Michalovce	Ukraine-Slovakia joint venture – production of vine, wine, semi-products for the cognac production in Ukraine, former winery of Vinárske závody Michalovce
		Country of Origin	**Business Activity**
		Ukraine, Slovakia	production of vine, wine, semi-products for the cognac production
No.	**Company Name**	**Town**	**Type of Investment**
7	**Yazaki Wiring Technologies Slovakia, s. r. o.**	Michalovce	joint venture Siemens (Germany) and Yazaki (Japan) – electrical engineering – production of cabling for automotive industry
		Country of Origin	**Business Activity**
		Japan, Germany	electrical engineering
No.	**Company Name**	**Town**	**Type of Investment**
8	**HANKE CRIMP-TECHNIK, s. r. o.**	Michalovce	leased premises, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Germany	mechanical engineering
No.	**Company Name**	**Town**	**Type of Investment**
9	**SYRÁREŇ BEL SLOVENSKO, a. s.**	Michalovce	Zempmilk privatization, investment made in technology, machinery
		Country of Origin	**Business Activity**
		France	food processing
Resource: Košice Self-governing Region			

TABLE 63: DIVISION OF INVESTORS BY TYPE OF INVESTMENT MADE IN DISTRICT OF ROŽŇAVA

District of Rožňava			
No.	**Company Name**	**Town**	**Type of Investment**
1	**GEMTEX, a. s.**	Rožňava	purchase of a state-run textile company
		Country of Origin	**Business Activity**
		Switzeralnd, Germany	manufacture of cotton outer clothing and ready-made textile goods
No.	**Company Name**	**Town**	**Type of Investment**
2	**SCA Hygiene Products, spol. s r. o.**	Gemerská Hôrka	purchase of a state-run pulp manufacturing establishment
		Country of Origin	**Business Activity**
		Sweden	paper industry
No.	**Company Name**	**Town**	**Type of Investment**
3	**Carmeuse Slovakia, s. r. o.**	Slavec	purchase of a manufacturing establishment
		Country of Origin	**Business Activity**
		Belgium	production and treatment of raw material
No.	**Company Name**	**Town**	**Type of Investment**
4	**SIDERIT, s. r. o. Nižná Slaná**	Nižná Slaná	purchase of a mine after the bankruptcy settlement
		Country of Origin	**Business Activity**
		Ukraine, Cyprus	ore mining and treatment

TABLE 64: DIVISION OF INVESTORS BY TYPE OF INVESTMENT MADE IN DISTRICT OF SOBRANCE

District of Sobrance			
No.	**Company Name**	**Town**	**Type of Investment**
1	**ONTE Slovakia, s. r. o.**	Orechová	brown-field – purchase of the cold stores, investment made in technology and machinery and equipment
		Country of Origin	**Business Activity**
		Spain	manufacture of single wood products, and manufacture of furniture
Resource: Košice Self-governing Region			

TABLE 65: DIVISION OF INVESTORS BY TYPE OF INVESTMENT MADE IN DISTRICT OF SPIŠSKÁ NOVÁ VES

District of Spišská Nová Ves			
No.	**Company Name**	**Town**	**Type of Investment**
1	**Brantner Nova, s. r. o.**	Spišská Nová Ves	joint venture
		Country of Origin	**Business Activity**
		Austria	waste removal, waste treatment, administration and maintenance of public green space, public lighting, cleaning of municipal communications, public places, conducting business in waste treatment
No.	**Company Name**	**Town**	**Type of Investment**
2	**Embraco Slovakia, s. r. o.**	Spišská Nová Ves	brown-field – rebuilding of old manufacturing halls, plus green-field - construction of new halls, investment made in halls, technology, machinery, and human resources
		Country of Origin	**Business Activity**
		Italy	manufacture of compressors for cooling household appliances and other refrigerating systems
No.	**Company Name**	**Town**	**Type of Investment**
3	**Kovohuty, a. s.**	Krompachy	brown-field, investment made in machinery and technology
		Country of Origin	**Business Activity**
		Austria	production and sale of refined copper and manganese, springs, jacketed wire, copper wire, manufacture of metals, metallic products, semi-products, powders, metal alloys
No.	**Company Name**	**Town**	**Type of Investment**
4	**Sitem Slovakia, s. r. o.**	Spišská Nová Ves	brown-field – purchase and rebuilding of an old manufacturing hall, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Italy	metal-working industry – manufacture and sale of magnetic plates for electric machines
No.	**Company Name**	**Town**	**Type of Investment**
5	**Tecar Slovakia, s. r. o.**	Spišská Nová Ves	leased premises, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Italy	manufacture of small rubber and plastic products
No.	**Company Name**	**Town**	**Type of Investment**
6	**Triplus SK, s. r. o.**	Spišská Nová Ves	brown-field - purchase and rebuilding of an old manufacturing hall, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Malaysia	manufacture of plastic moulded pieces for consumer electronics

No.	Company Name	Town	Type of Investment
7	**Micro Juntas SK, s. r. o.**	Spišská Nová Ves	premises of the business incubator, investor tenanted, investment made in machinery, technology, and human resources
		Country of Origin	**Business Activity**
		Brazil	manufacture of rubber sealing
No.	**Company Name**	**Town**	**Type of Investment**
8	**FSNV, s. r. o.**	Spišská Nová Ves	investment made in technology and machinery
		Country of Origin	**Business Activity**
		Czech Republic	manufacture of knitwear
No.	**Company Name**	**Town**	**Type of Investment**
9	**Overall Slovakia, s. r. o.**	Spišská Nová Ves	brown-field, rebuilding of a hall, investment made in machinery and technology
		Country of Origin	**Business Activity**
		Germany	ready-made-clothing industry: textile, leather and other material
No.	**Company Name**	**Town**	**Type of Investment**
10	**Kollárová, s. r. o.**	Spišská Nová Ves	brown-field – purchase and rebuilding of premises, investment made in technology and machinery
		Country of Origin	**Business Activity**
		Italy	manufacture of painting and coating supplies
No.	**Company Name**	**Town**	**Type of Investment**
11	**MäsoSpiš, s. r. o.**	Spišská Nová Ves	investment made in halls, technology and machinery
		Country of Origin	**Business Activity**
		USA	meat processing and manufacture of meat products
No.	**Company Name**	**Town**	**Type of Investment**
12	**TOMIFA, s. r. o.**	Iliašovce	joint venture
		Country of Origin	**Business Activity**
		Austria	wood processing, woodwork, manufacture of furniture, interior decorating
No.	**Company Name**	**Town**	**Type of Investment**
13	**STP A. P., s. r. o.**	Spišská Nová Ves	green-field - newly-built manufacturing hall, investment made in technology and human resources
		Country of Origin	**Business Activity**
		Germany	manufacture of plastic components for DVD players
No.	**Company Name**	**Town**	**Type of Investment**
14	**APS ALKON, a. s.**	Spišská Nová Ves	joint venture
		Country of Origin	**Business Activity**
		France	engineering activity, housing construction, civil and engineering structures
No.	**Company Name**	**Town**	**Type of Investment**
15	**CRW Slovakia, s. r. o.**	Spišská Nová Ves	green-field – new hall within the industrial park, investor tenanted, investment made in technology, machinery, and human resources
		Country of Origin	**Business Activity**
		Brazil	manufacture of plastic products

No.	Company Name	Town	Type of Investment
16	**Panasonic AVC Networks Slovakia, s. r. o.**	Krompachy	brown-field, rebuilding of an old hall, investment made in technology, machinery, and human resources
		Country of Origin	**Business Activity**
		Germany	manufacture and assembly of consumer electronics products
No.	**Company Name**	**Town**	**Type of Investment**
17	**CFM Slovakia, s. r. o.**	Spišská Nová Ves	brown-field, rebuilding of an old hall, investment made in technology, machinery, and human resources
		Country of Origin	**Business Activity**
		Singapour	assembly of mechanical parts of audio-video equipment
No.	**Company Name**	**Town**	**Type of Investment**
18	**ANDRITZ-JOCHMAN, s. r. o.**	Spišská Nová Ves	joint venture
		Country of Origin	**Business Activity**
		Germany	manufacture and sale of filtration electric-driven ore mechanical equipment, and respective technology
Resource: Košice Self-governing Region			

TABLE 66: DIVISION OF INVESTORS BY TYPE OF INVESTMENT MADE IN DISTRICT OF TREBIŠOV

District of Trebišov			
No.	**Company Name**	**Town**	**Type of Investment**
1	**GMP Slovakia, s. r. o.**	Kráľ. Chlmec	brown-field – Príbeník, former unit of ČKD Kladno, purchased by the Italian investor
		Country of Origin	**Business Activity**
		Luxembourg, Italy	manufacture of fitter' s products and machine products
No.	**Company Name**	**Town**	**Type of Investment**
2	**TEXWASH GONSER, kom. spol.**	Trebišov	brown-field – former Agrozet estate – building purchase and reconstruction, cleaning plant and laundry of new textile products
		Country of Origin	**Business Activity**
		Germany, Slovakia	washing (except dry-cleaning), smoothening process, and textile working (except dyeing)
No.	**Company Name**	**Town**	**Type of Investment**
3	**Chocolate and confectionary manufacturer Leonidas, s. r. o.**	Trebišov	brown-field – purchase of the buildings, investment made in manufacturing line
		Country of Origin	**Business Activity**
		Belgium	confectionary, cocoa, and chocolate manufacture
No.	**Company Name**	**Town**	**Type of Investment**
4	**Silometal, s. r.o.**	Sečovce	brown-field – former Strojstav Sečovce
		Country of Origin	**Business Activity**
		Germany, Slovakia	fitting operations, metal-working industry
No.	**Company Name**	**Town**	**Type of Investment**
5	**Silotech, s. r. o.**	Sečovce	brown-field – former Strojstav Sečovce
		Country of Origin	**Business Activity**
		Germany, Slovakia	fitting operations, metal-working industry
Resource: Košice Self-governing Region			

8.5 Investment Incentives Granted

Investment incentives were in 2004 granted at the national level to two companies based in Košice, and to one organisation based in the district of Rožňava. At the regional level, the support was given to the company of NESS, employing highly qualified informatics manpower. KSGR has drawn on SKK 25m from its own sources to invest in the reconstruction of its building in Bačíkova Street. In addition, they have drawn up "Draft Investment Contract" with the company of NESS Slovakia, s. r. o. amounting to SKK 54,898,800. At the local level, the incentives are effected by the towns of Michalovce, Trebišov, Gelnica, Moldava nad Bodvou, Spišská Nová Ves, Rožňava, Košice and the community of Kechnec having established or establishing industrial parks and business incubators.

TABLE 67: SUMMARY OF BUSINESS ORGANISATIONS WITH INVESTMENT INCENTIVES ENDORSED BY GOVERNMENT OF SR (2005)

Company Name	Head Office	Scope of Aid	Amount of Aid	Implementation of Investment	Approved by
Matador, a. s.	Terézie Vansovej 45, 020 01 Púchov	regional aid	SKK 100m	Púchov	SR Government Decree no. 313 of April 15, 2004
Gabor, s. r. o.	J. Gábora 1, 957 01 Bánovce nad Bebravou	regional aid	SKK 60m	Bánovce nad Bebravou	SR Government Decree no. 315 of April 15, 2004
Bloomsbury Pacific Slovakia, a. s.	Dr. Vodu 16, 984 01 Lučenec	regional aid	SKK 21m	Lučenec	SR Government Decree no. 312 of April 15, 2004
Holcim (Slovensko), a. s.	906 38 Rohožník	regional aid	SKK 350m	Rohožník	SR Government Decree no. 261 of April 02, 2003
Hella Slovakia Signa – Lighting, s. r. o	Svätopluková 1550, 957 04 Bánovce nad Bebravou	regional aid	SKK 150m	Bánovce nad Bebravou	SR Government Decree no. 317 of April 15, 2004
Hella Slovakia Front – Lighting, s. r. o.	Kočovce 280, 916 31 Kočovce	regional aid	SKK 150m	Kočovce	SR Government Decree no. 317 of April 15, 2004
Leoni Autokabel Slowakia, a. s.	Soblahovská 2050, 911 01 Trenčín	regional aid	SKK 250mk	Trenčín	SR Government Decree no. 316 of April 15, 2004
SCA Hygiene Products, s. r. o.	Gemerská Hôrka	regional aid	SKK 45m	Gemerská Hôrka	SR Government Decree no. 322 of April 15, 2004
Johns Manville Slovakia, a. s.	Strojárenská 1, 917 99 Trnava	regional aid	SKK 500m	Trnava	SR Government Decree no. 319 of April 15, 2004
Kappa Štúrovo, a. s.	Továrenská 1, 943 03 Štúrovo	regional aid	SKK 50m	Štúrovo	SR Government Decree no. 318 of April 15, 2004
Vetropack Nemšová, s. r. o.	Železničná 207/9, 914 41 Nemšová	regional aid	SKK 75m	Nemšová	SR Government Decree no. 320 of April 15, 2004
Fermas, s. r. o.	Slovenská Lupča 938, 976 13 Slovenská Lupča	regional aid	SKK 88m	Slovenská Lupča	SR Government Decree no. 321 of April 15, 2004

Dell, s. r. o.	Lazaretská 12, 811 08 Bratislava	regional aid	SKK 58.9m	Bratislava	SR Government Decree no. 321 of April 15, 2004
Peugeot Citroen Automobiles, Slovakia, s. r. o.	Hlavná 5, 917 01 Trnava	regional aid, education	SKK 4,521.47m SKK 480m	Trnava	SR Government Decree no. 18, 884 October 14, 2003
Universal Media Corporation (Slovakia), s. r. o.	Jelenia 4, 814 99 Bratislava	regional aid, education	SKK 722.12m, SKK 120.35m	Nové Mesto nad Váhom	SR Government Decree no. 401 of 28. 04. 2004
Van Geel Slovakia, s. r. o.	Košice, Moldavská 8/A, 040 11 Košice	regional aid	SKK 60m	Košice	SR Government Decree no. 721 of July 14, 2004
Kuenz – SK, s. r. o	Košice, Senný Trh 2, 040 01 Košice	regional aid	SKK 81.2m	Košice	SR Government Decree no. 827 of August 25, 2004
OSRAM Slovakia, a. s.	Nové Zámky, Komárňanska cesta 7, 940 93 Nové Zámky	regional aid	SKK 70m	Nové Zámky	SR Government Decree no. 826 of August 25, 2004
KIA Motors Slovakia, s. r. o.	Žilina, Mariánske nám. 30/5, 010 01 Žilina	regional aid, education	SKK 4,956.3m, SKK 458.7 m	Žilina	SR Government Decree no. 213 of March 4, 2004
Mobis Slovakia, s. r. o.	Žilina, Mariánske nám. 28/29, 010 01 Žilina	regional aid, education	SKK 1,278.6m, SKK 146.2m	Žilina	SR Government Decree no. 213 of March 4, 2004
Resource: Ministry of Economy of the Slovak Republic					

8.6 Rules for Granting Individual Investment Subsidies

The rules to follow arise from legal regulations in force in the Slovak Republic, and from the valid EU standards. The idea behind the rule-setting is to bridge over the period of time running before the adoption of new legal regulations on granting the state grant-in-aid to enterprises in the form of investment incentives.

The rules fail to apply to the rendering of the following aid:

- de minimis aid,
- subsidies to small and medium-sized enterprises,
- subsidies in the environment sector,
- subsidies following the approved state grant-in-aid schemes,
- subsidies in the non-market services.

1. Spatial Zoning of Slovak Republic

The basic parameter to follow when zoning the territory of the country is the average rate of registered unemployment as per district.

- green zone: districts of unemployment rate over 15 % (10/2004–9/2005, 29 districts)
- yellow zone: districts of unemployment rate from 10 % to 15 % (10/2004–9/2005, 24 districts)
- red zone: districts of unemployment rate under 10 % (10/2004–9/2005, 26 districts)

2. Types of Investment

Type A

- processing industry: investment projects introducing new manufacture and assembly of components and/or final products, or repairs

- distribution and logistics centres: centralised operations in the sphere of service activities.

Type B

- strategic investment in the high-tech sectors including the network externalities (information and communication technologies – ICT, biotechnologies, nanotechnologies, etc.); the projects strongly contributing to the development of the high-tech sectors including the network externalities (i.e. the situation that the productivity of an establishment rises due to the proximity of other establishments or companies, universities, research institutes, etc., or the presence of a particular establishment raises the productivity of other enterprises). This, basically, applies to the sectors including a high-profile technologic component, such as information technologies, nanotechnologies, and biotechnologies;
- centres for strategic services: centres for shared service (integration of supporting activities, such as financial administration, human resources, ICT, marketing, sale, accounting, etc.), customer centres and technical supporting centres, call centres (centres providing customer service by telephone, fax, e-mail, internet).

Type C

- research and development centres, technology centres, centres for technology development: research and development activity not directly related, or connected to industry or business activities, or development of new products, processes and services to provide for substantial improvement of the existing products, processes and services.

3. Related Conditions and Rules

The investors applying for a single state grant-in-aid following the referred-to rules are bound to implement projects of the following minimum capital costs to expend in the Slovak Republic.

FIGURE 29: MAPE OF ZONES OF SR WITH REFERENCE TO REGISTERED RATE OF UNEMPLOYMENT (10/2004–09/2005 AVERAGE), RESOURCE: MINISTRY OF ECONOMY OF THE SLOVAK REPUBLIC

3.1 Minimum Capital Costs

TABLE 68: MINIMUM CAPITAL COSTS

Project Type	Zone	Minimum Capital Investment (SKK m)
A	green + yellow	200
	red	no grant-in-aid allowed
B	green + yellow	40
	red	40
C	green + yellow	30
	red	30

Resource: Ministry of Economy of the Slovak Republic

The state grant-in-aid provided to the investors:

- to implement projects in green zones, and concurrently
- to invest SKK 12bn, at least, of capital costs, and concurrently, to create more than 1,000 project-related jobs, shall be evaluated as per a project, while the projects are not subject to the rules referring to the assessment of the amounts and forms of the state grant-in-aid.

3.2 Employee Structure

Type A Project: the employee roll is bound to include 60 %, at least, of the staff whose highest educational level attained ranges from 2 to 6, and a 10 % proportion of the staff of the highest educational level attained 7 or higher.

Type B Project: the employee roll is bound to include 50 %, at least, of the staff whose highest educational level attained ranges from 4 to 6, and a 35 % proportion of the staff of the highest educational level attained 7 or higher.

Type C Project: the employee roll is bound to include 40 %, at least, of the staff whose highest educational level attained ranges from 4 to 6, and a 50 % proportion of the staff of the highest educational level attained 7 or higher.

TABLE 69: EMPLOYEE STRUCTURE (2005)

Education Level	Education Acquired - Category
9	scholarly education
8	academic education
7	post-secondary education
6	full professional secondary education
5	full general secondary education
4	full secondary education
3	incomplete secondary vocational-technical education
2	training vocational programmes
1	basic general education
0	no education

Resource: Statistical Office of the Slovak Republic

3.3 Structure of Capital Expenditure

The investor is bound to invest a certain percentage of their project capital costs as fixed, or higher, in state-of-the-art technologies:

- green and yellow zones: 35 %, at least
- red zone: 45 %, at least

3.4 Additional Criteria for Allowing of Tax Relief

In case the investor requests the allowing of a tax relief, in addition to the basic conditions set by the referred-to rules, he is also bound to meet the following criteria:

- investment cost is bound to amount to SKK 400m, at least,
- investor is bound to expend SKK 200m, at least, of their investment costs out of their own assets.

4. Forms of Grant-in-Aid

The forms of the state grant-in-aid when provided to the projects:

A. Indirect Forms

- easement of income taxation of legal entities (hereinafter referred to as "tax relief"),
- transfer of title of the state or a community to certain real property at the price lower than the market price (hereinafter referred to as "Real Property Transfer (PNM)";

B. Direct Forms

- provision of financial subsidy to cover capital costs at type C projects (hereinafter referred to as FS),
- allowance for job creation (hereinafter referred to as PN),
- education allowance

5. Amounts of Grain-in-Aid

5.1 Percentage of Maximum Grant-in-Aid Limits per Zones

TABLE 70: PERCENTAGE OF MAXIMUM GRANT-IN-AID LIMITS

NUTS II – 87(3)(a) Other SR Regions	Type A Project	Type B Project	Type C Project
	max. percentage limit on total regional aid	max. percentage limit on total regional aid	max. percentage limit on total regional aid
green zone	40	45	50
yellow zone	35	40	50
red zone	0	30	45
Resource: Ministry of Economy of the Slovak Republic			

5.1.1 Transfer of Title to Real Property Owned by State or Community at Reduced Market Price

The maximum amount of the state grant-in-aid taking the form of a transfer of title of the state or a community, or transfer of the property owned by an entity established by the state, or by a community, at the price lower than the market price is set as a percentage of the eligible costs expended upon the project implementation.

TABLE 71: PERCENTAGE OF ELIGIBLE COSTS

Project Type	Zone	Real Property
A	green + yellow	3 %
	red	0 %
B	all zones	6 %
C	all zones	15 %
Resource: Ministry of Economy of the Slovak Republic		

5.1.2 Grant-in-Aid for Job Creation

The aid for job creation can be granted to the investor pursuant to § 54, Act no. 5/2004 Coll. on employment services and on amendment laws on reimbursement of labour costs incurred over max. 2 year-period, namely per each job created within the project implementation within 5 years after the implementation of the project commenced, and within 3 years after the date of the project investment completion. The aid for job creation can only be granted to amount to the max. value as specified below, while the investor is obliged to maintain the job created for 5 years, at least, after the job is created. The max. amount of the grant-in aid for job creation shall depend on the site of the project implementation and the type of the project concerned. In all cases, the aid will be granted to amount to max. 30 % of the labour costs incurred per each job created following the max. absolute aid amount per a single job.

The aid shall be granted as follows:

- **green and yellow zones:** the aid shall be granted to the project types A and B, while max. of 30 % of the personnel employed shall come from the registered job applicants. The max. absolute aid amount is per a single job SKK 125,000. Should such hired employees (former registered job applicants) include min. of 10 % of less-favoured applicants, the max. aid amount is per each such job SKK 150,000. Should the project types A and B be implemented in the district of the average registered unemployment rate over 20 %, and the conditions described in the preceding clause are satisfied, the max. absolute aid amount is per a single job SKK 200,000.

As to the project type C, the job creation aid shall be granted to amount max. of 30 % of the annual labour costs per each job created. The max. absolute aid amount is per a single job SKK 200,000.

5.1.3 Allowing of Tax Relief

Investors shall only be granted state aid in the form of tax relief, i.e. the investor shall not request the state aid through any other forms of regional aid specified under 5.1.1 and 5.1.2, nor shall the investor request any aid for education as per 5.2 of the present rules. The tax relief can, in such a case, be granted to the investor to amount to 1.1 multiple of the max. limits given below:

TABLE 72: PERCENTAGE OF MAXIMUM TAX RELIEF LIMITS

NUTS II – 87(3)(a) Other SR Regions	Type A Project	Type B Project	Type C Project
	max. percentage limit on total regional aid	max. percentage limit on total regional aid	max. percentage limit on total regional aid
green zone	44	50	50
yellow zone	38.5	44	50
red zone	0	33	44
Resource: Ministry of Economy of the Slovak Republic			

5.2 Grant-in Aid for Employee Education

General Education: the aid can amount up to 60 % of the employer's eligible costs (55 % applies to the Bratislava region), and 70 % in case of disadvantaged job seeker (60 % applies to the Bratislava region. The general education allowance per a single employee cannot exceed the limits given in Table 71.

TABLE 73: MAXIMUM GRANT-IN-AID LIMITS (SKK) FOR GENERAL EDUCATION OF EMPLOYEES

	Project Type A	Project Type B	Project Type C
green and yellow zones	30,000	40,000	40,000
red zone	0	30,000	30,000
Resource: Ministry of Economy of the Slovak Republic			

General Education: theoretical or practical instruction offering knowledge and professional skills applicable on a large scale with several different employers and enhancing the employability of the employee.

Specific Education: the aid can amount up to 35 % of the employer's eligible costs (30 % applies to the Bratislava region), and 40 % in case of a disadvantaged job seeker (35 % applies to the Bratislava region). Specific education allowance per a single employee cannot exceed the limits as given in Table 73.

Specific Education: theoretical or practical instruction offering knowledge and professional skills applicable with a specific employer and only applicable, in part, with other employers.

TABLE 74: MAXIMUM GRANT-IN-AID LIMITS (SKK) FOR SPECIFIC EDUCATION OF EMPLOYEES

	Project Type A	Project Type B	Project Type C
green and yellow zones	50 000	80 000	100 000
red zone	0	50 000	100 000
Resource: Ministry of Economy of the Slovak Republic			

5.3 Adjustments (Reduction and Increases) of Grant-in-aid and Rule of Aid Cumulation

5.3.1 Heavy Investment

In line with the multi-sector framework of the regional aid (European Commission Report set forth in document no. 70/2002, pp. 8–20) it is, in case of large investment projects including the investments of more than EUR 50m (hereinafter referred to as "heavy investment"), necessary to limit the amount of the state grant-in-aid as follows:

TABLE 75: GRANT-IN-AID FOR HEAVY INVESTMENT

Grant-in-aid Limit for Heavy Investment	
admissible aid amount equals:	R % z (EUR 50m + 0.5*B + 0.34*C)
Resource: Ministry of Economy of the Slovak Republic	

R = regional max. limit (20 % for the Bratislava region, 50 % for the rest of the SR regions)
B = amount of eligible costs exceeding EUR 50m, yet not exceeding EUR 100m
C = amount of eligible costs exceeding EUR 100m

In case of granting state aid for use of heavy investment projects, it is necessary to work out the maximum limit of the state grant-in-aid provision as given in the table above, and compare the maximum limit with the limits stipulated in 5.1 of these rules. The provision of the state aid is governed by the limit assessing the amount of the state grant-in-aid on the stricter terms (i.e. the smaller amount).

5.3.2 Over-fulfilment of Criteria Specified

Should the investor implementing a type A project increase the number of university-educated employees as to go beyond the line stipulated in 3.2 of these rules by 10 percentage points, at least, (in other words, by 25 %), the maximum scope of regional aid as assessed following the 5.1 clause of these rules can, in addition, be increased by 5 %.

5.3.3 Rule of Aid Cumulation

The limits set forth in 5.1.1–5.1.3 and 5.3.1 (applicable to heavy investment) are established as maximum upper limits to adhere to when it comes to aid cumulation: aid based on public assistance is granted from several alternative public resources (e.g. local, regional and state funds, and EU funds).

6. Entitlement

To receive the state grant-in-aid under the present rules, there is no legal background for such a claim to make. The applicant needs to meet the criteria approved by the Government of the Slovak Republic.

8.7 Analysis of Investor Requirements

A questionnaire survey was made among the foreign investors in order to obtain some information on the investment environment of the region, and on what makes them invest in Slovakia. This is what follows from their responses:

Location determinants:

- low labour costs,
- customers,
- position of Slovakia in the centre of Europe – proximity of business partners from Europe and Asia,
- Slovakia – EU member state (lifting trade barriers),
- low tax burden,
- educational culture,
- low transport cost.

The location determinants given in all cases include low labour cost, and then the presence of customers from Europe and Asia after transferring into the Central and East Europe, and thus binding other of their contractors to this territory. To give an example: EMBRACO Slovakia, s. r. o., and Panasonic AVC Networks Slovakia, s. r. o. based in the district of Spišská Nová Ves have attracted several other small firms to make their appearance in the region.

According to some of the investors, there is high unemployment in the Košice region, and the level of education acquired by the unemployed fails to comply with the investors' requirements for qualified manpower. Substantial part of the unemployed is made up of the Roma population and the long-unemployed people with their job skills lost. The region has several different secondary schools, which fail, however, to keep up with the requirements of practice. The investors are not quite content with the quality of transport infrastructure (roads, railways), the quality of some products, the standard of telecommunication services; they lack local customers, which is related to the low

purchasing power of the population. By contrast, the investors appreciate the co-operation with the local self-governments.

Arguments for Investment

Major competitive assets of Slovakia consists in the following indicators:

- *adequate availability of highly qualified manpower*
  72.25 % of Slovakia population have acquired university or secondary education; high education level (more than 22,000 university students in the Košice region).
- *low labour cost*
  Slovakia has the average cost of labour 40 % lower than they have in the Czech Republic, Hungary, Poland and 6.5 times lower than in the European Union
- *low tax burden*
  As of January 1, 2004 Slovakia imposed a single 19 % tax rate. When comparing the total taxation rate, Slovakia has the lowest tax burden against the EU and OECD member states.
- *strategic geographical position of Slovakia*
  Slovakia links the west and east of Europe, i.e. more than 350 million people; Slovakia is crossed by international transport corridors, oil ducts, and gas ducts.
- *links to the world economy*
  Slovakia is a member of both OECD and WTO. In 2004, the country became a full member of EU and NATO. 91 % of the Slovakia export goes to the OECD member states.
- *tradition of manufacturing*
  Slovakia enjoys a manufacturing tradition in several branches of industry, such as automobile manufacture, electrical engineering, metallurgy, mechanical engineering, and wood processing industry. The country also affords facilities for sectors of information technology and strategic services.

Critical Conditions for Regional Distribution of Investors

- skilled, trained, and well-educated human resources at all the levels of management, production, administration related to winning the investors (land purchase, preparation of infrastructure, etc.),
- land – capacity to provide building estates,
- infrastructure,
- services and facilities – transport, schools, hospitals (complex service-territory ratio),
- enforceability of law,
- red tape removal,
- removing corruption and other unwanted agents (political, private and others).

History

Investors interested in settling down in a certain region have, for the most part, information on the assets of the locating their investment in the particular countries. The most important determinants for the investment location include investment incentives provided by the country and the respective tax policy. Road transport links also play an important role, particularly the motorway connection, and the area preparation for the prospective investment. Another important factor having impact of the investment location is the attitude of the local self-government to the potential investors, honesty and reliability being pre-requisites.

According to JUDr. Konkoly, the mayor of Community Kechnec, a great many of investment plans failed because of the attitude of developer companies or for the state's breaching its promise to provide incentives. The subsidy amount to create a single job in Kechnec strongly differs from the same subsidy in, let's say, the KIA car factory, which does arouse doubts about transparency of investment projects. Large building operations involved possibly give rise to the appearance of corruption and personal preferences of the parties concerned. The increase in the cost of land acquisition in the Žilina self-governing region will certainly have a negative impact on the costs to incur in other regions (about SKK 100–120 per m^2 seems hard to retain).

Opinions

This is some of the "know how" to win investors for Industrial Park Kechnec shared by JUDr. Konkoly, the mayor of Kechnec:

- potential investors like not to get in a direct contact with the land owners,
- regions differ in the conditions they offer to attract foreign investors (this most reflects in the large differences in the land price),
- investors are interested in land ownership settlement,
- the provision of a complex set of area facilities – schools, health care, housing, services,
- management capacity of the town or community particularly matters on the founding of industrial park (when it comes to private developers, there is a risk of outflow of resources),
- investors need to make investment decisions at their own discretion,
- promotion campaign is very important, including the presentation of the park at exhibitions, trade fairs, distribution of publicity materials, etc.
- present infrastructure,
- existence of sub-contractor companies upholding a certain technical standard,
- lack of vision, anticipation, and capacity to take a risk,
- involvement of the local self-government in solving public matters,
- personal enthusiasm for the founding and starting up of the industrial park.

Present Investors' Recommendations

- improving the communication channels to the local self-government,
- introducing investment incentives at the local level (reduced local taxes, and fees),
- enhancing the qualification level of the manpower by improving the links between the education system and the practice, affording facilities for life-long learning,
- upgrading the technical infrastructure.

Index of Abbreviations

(1)	AADT	*annual average daily traffic*
(2)	BACOS	*Basic Communication System*
(3)	BI	*business incubator*
(4)	BIC	*Business Innovation Centre*
(5)	CFLSAF	*Central Office of Labour, Social Affairs and Family*
(6)	CPI	*consumer price index*
(7)	CS	*comprehensive schools*
(8)	CT	*combined transport*
(9)	CTT	*combined transport terminal*
(10)	DR	*deposit reservation*
(11)	ESDP	*economic and social development programme*
(12)	EU	*European Union*
(13)	FCC	*First Contact Centre*
(14)	FDI	*foreign direct investment*
(15)	GDP	*gross domestic product*
(16)	HICP	*harmonised index of consumer prices*
(17)	HSL	*high-speed lines*
(18)	ICT	*information and communication technologies*
(19)	KSGR	*Košice Self-governing Region*
(20)	LQ	*localisation coefficient*
(21)	LUPS SGR	*Land-use Planning Scheme of a Self-governing Region*
(22)	MVW	*medical and veterinary wastes*
(23)	NATO	*North Atlantic Treaty Organisation*
(24)	OECD	*Organisation for Economic Co-operation and Development*
(25)	PVS	*Podtatranská vodárenská spoločnosť, a. s. (a water supply company)*
(26)	RCIC	*Regional Consulting and Information Centre*
(27)	SARIO	*Slovak Investment and Trade Development Agency*
(28)	SCC	*Seed Capital Company – Start-up Capital Fund*
(29)	SCCI	*Slovak Chamber of Commerce and Industry*
(30)	SETSC	*Slovak Electricity and Transmission System Company*
(31)	SMEs	*small and medium-sized enterprises*
(32)	STC&VS	*secondary training colleges and vocational schools*
(33)	TEM	*Trans-European Motorway*
(34)	TS	*trade schools*
(35)	UCTE	*Union for the Co-ordination of Transmission of Electricity*
(36)	WR	*water reservoir*

(37)	VSE	*Východoslovenská energetika, a. s. Košice (a power distribution company)*
(38)	VVS	*Východoslovenská vodárenská spoločnosť, a. s. (a water supply company)*
(39)	WTO	*World Trade Organisation*
(40)	WWTP	*waste water treatment plant*

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