

Slovakia

Little country Big opportunities



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In the driving seat

The red carpet is out for investors to the central European car capital as it turns its attention to a potentially high-performing tourism industry.

For a country of only 5.4 million people, Slovakia has made giant strides since it joined the European Union three years ago. In 2006, it was one of the fastest growing E.U. economies, recording 9.8% growth in the third quarter, thanks to an easy business climate that has already attracted billions of investment dollars.

Kia, Peugeot-Citroen, Volkswagen and Samsung are just a few foreign entities that have been enticed by Slovakia's excellent business incentives and flat tax rate of 19%. Inflation is low and slated to fall below 3% this year. The landlocked



Lubomír Jahnátek
Minister of Economy

country is also in a strategic position at the center of Europe, and has a cheap, skilled and educated workforce.

President Ivan Gašparovič, elected in 2004, says: "To a large degree, the car manufacturers were driving last year's impressive growth figures, and I do believe Slovakia will become one of the biggest car producers per inhabitant in the world within two to three years. This is very positive as

the automobile industry is increasing the GDP (it is expected to increase another 8-9% this year), as well as growing our exports and lowering unemployment."

Minister of Economy, Lubomír Jahnátek agrees. He says: "The car manufacturers brought an avalanche of subcontractors and suppliers, all of which generated a need for infrastructure and services that caused activity in other sectors. Now, with the arrival of Whirlpool, Sony, Panasonic etc., the electronics industry is doing the same thing."

Concerns about sustainability and high inflation are unfounded, according to Ivan Šramko, governor of the National Bank of Slovakia, who says: "What's important is that it is not domestic demand but productivity from export."

Now, with a buoyant economy, the focus is shifting to services and more specifically to Slovakia's substantial tourism potential. Two billion euros has been set aside for the sector's development over the next six years and a tourism agency was recently established to centralize what is set to become a thriving industry in its own right.

Zuzana Rekenová, acting general director of the Slovak Tourist Board (SACR), says:

"Our goal is to make Slovakia not only a significant destination with the European travel industry, but also with strategic markets around the world. Slovakia is a unique and charming country, offering a competitive package of services. We are currently building up the Slovakia brand to emphasize the uniqueness and originality of our product."

Skiing is already popular and Slovakia's Tatras Mountains have a number of excellent ski resorts. The country can also boast more than 12,000 km of tourist trails, over 100 castles

"We are poised for above-standard and unique services."

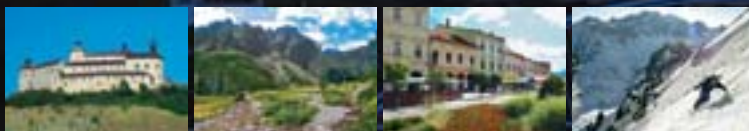
and chateaux, cultural and historical UNESCO World Heritage sites and a host of spas and thermal pools. However, most of the 29.3 million visitors who came in 2005 stayed in the Slovakian capital of Bratislava.

Rekenová says: "Foreign visitors do not stay long here. The average length of stay for non-transitive visitors in 2005 was only three days, so we must offer forms of tourism that require longer stays: spa and wellness tourism, winter tourism and winter sports, summer tourism and children's camps, for example. We also need to improve the quality of our services



Zuzana Rekenová
Acting General Director
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Slovakia is a little country that is big on attractions. Steeped in history, it has castles, chateaux, folklore festivals and UNESCO world heritage sites. Bursting with nature, it boasts 9 national parks, 12,000 kms of tourist trails and 360 lakes. It also offers excellent opportunities in congress and conference facilities, city breaks, investment possibilities, shopping and international cuisine, plus well-being retreats, soft and adventurous outdoor pursuits ...and more.

history & culture
nature
opportunities
relax



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and products, strengthen our destination management and increase investments in spa facilities, thermal swimming pools, ski centers and golf resorts. We can invest in the infrastructure for congress tourism and eco-friendly tourism and cycle paths, as well as improve the quality of our camping sites and opening up open-air museums."

It's a tall order, but not an impossible one. As Rekenová explains: "Our goal is to have happy clients, from Slovakia and from abroad. This is the only way we will get a good reputation and have visitors come back. Every region must take part in this process. That's why SACR is poised, through structural funds, to financially support projects that can provide "above-standard, unique and complex services". By that, we mean better accommodation, complex product packages, software activity support, cycle paths, wine routes, golf, horse-riding and so on."

Promotion is currently done in collaboration with three of Slovakia's neighbors—Poland, Czech Republic and Hungary. Together, the countries make up the Visegrád 4 (V4). Connected by historical, cultural and political bonds, the V4 countries are at similar socio-economic levels and have a collective voice within the E.U. Rekenová says: "Once a year, we organize an info-trip for the press and tour-operators, where they get to spend 2.5 days in each V4 country. We also participate collectively

at international fairs and exhibitions. We publish brochures in English, Japanese and Chinese and we issue brochures about the capital cities, Jewish monuments, castles and spas etc."

Meanwhile, the "little big city" of Bratislava is being promoted as a conference destination. As well as having an infrastructure to match any other major European city, Bratislava is modern and attractive and has the added bonus of everything being within walking distance. It is also very safe. New meetings facilities are currently being built to maximize what could prove a very lucrative market. The city is only 60 km from the Austrian capital of Vienna and has good air connections with the rest of Europe, thanks to Slovak low-cost airline SkyEurope.

"Business travelers already represent around 75% of our clients," says Jana Petříková, general manager of Hotel Marrol's, a boutique hotel which exemplifies the old and new faces of Bratislava. Set in an historic building, it has been completely renovated and offers Internet, spa and a free mini-bar.

Meanwhile, the four-star Hotel Dukla is conveniently situated at the heart of the capital's new business area. General manager Michaela Grančičová says: "We have "business" and "business luxury" rooms with free Internet and a complimentary mini-bar in each, and are located just five minutes from the Apollo Business Center."

Peter Hajaš, newly appointed CEO of the Slovak Investment and Trade Development Agency (SARIO) is upbeat about the country's developing business climate. He says: "The government is putting the finishing touches to a law that will enable them to approve investment projects "in-house" rather than through the E.U., which will speed up the process considerably. Asia is already interested, because they can produce here and export directly to the European market. Now, we want to attract small investors and more activity in the east."

SARIO handles foreign investment, foreign trade and structural funds, so it can support a broad range of projects from every angle. "I want SARIO to be the new entrance ticket for investors," Hajaš says. "I feel we are on the right track."

Indeed, as awareness of this unexploited potential grows, Slovakia's already excellent growth figures could prove to be just the tip of the iceberg.

