



IOM International Organization for Migration



# **Labor market – migration nexus in Slovakia: time to act in a comprehensive way**

**Boris Divinský**

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2007**



**immensity**

This book is a substantially enlarged version of the Slovak Republic Country Report within the research project *European Co-operation in Labor Migration: Search for Best Practices*, implemented by the International Organization for Migration, Budapest ([www.iom.int](http://www.iom.int)) and funded from the ARGO program of the European Commission in 2007.

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Opinions expressed in this book are those of the author and do not necessarily reflect the views of the International Organization for Migration or the Agency for the Support of Regional Development Košice.

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## Foreword

The present book by Boris Divinský is an enlarged version of his study carried out within the EC-funded and IOM-managed research and policy project “European Co-operation in Labor Migration: Search for Best Practices” in 2006-2007. The goal of the project, which was funded from the ARGO program of the European Commission, was to produce recommendations for labor migration policies of the nine participating European countries, while taking into account projected demographic developments in these countries.

In each country, the researchers were expected to combine and analyze a large amount of data. They were asked to review demographic projections, past and anticipated structural developments of the economies and the labor force, and recent labor migration trends and policies.

Combining such wide-ranging background material was thought to provide new information and a new solid knowledge basis for policy makers, encouraging them for more determined migration policies, cutting through often simplistic policy debates for and against migration.

One policy conclusion of the project was that while immigration can only be one answer, among many, in meeting the problem of population ageing – well managed recruitment schemes are recommended for all European countries to serve both short- and medium-term labor force needs, and at the same time to respond to medium- and long-term demographic challenges. Such a proactive labor immigration policy needs to be in place alongside active efforts to mobilize domestic labor force reserves.

Many of the country researchers did remarkable, pioneering work in their countries in collecting comprehensive background material for this research, and indeed produced impressive results. Among the national researchers, Boris Divinský deserves special thanks for his outstanding work: as the practical conclusion of his study (and this book) he produced such a comprehensive and multidisciplinary set of recommendations that it will undoubtedly serve as a valuable roadmap for Slovak policy makers in addressing the complex and interlinked challenges of migration, economy, labor market and population.

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In this place it is my pleasure to thank a wide range of representatives and experts from the Ministry of Interior of the Slovak Republic, the Ministry of Labor, Social Affairs and Family of the Slovak Republic, the Statistical Office of the Slovak Republic, the INFOSTAT, the Slovak Academy of Sciences and other institutions for the generous provision of valuable documents, statistical data and information pertaining to research issues.

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Boris Divinský

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# Chapter 1 – Introduction

## 1.1 Global context

The phenomenon of migration in general, with its variegated impacts, belongs increasingly among the major civilization challenges the world faces at the beginning of the 21<sup>st</sup> century. By UN, the number of migrants in 2005 was approximately 191 million persons thus making 2.95% of the world's population and an upward trend is here evident. Between 1990 and 2005, the world's migrant stock rose by 36 million, from 155 million to 191 million (UN, 2006; cf. OSCE – IOM – ILO, 2006).

However, the quantitative growth represents just one dimension of the issue. Besides the volume of migrants, the complexity of migration flows increases, the substance of migration processes changes, migration channels and patterns are significantly modified, migration approaches, policies and management are re-defined, the number of institutions dealing with migration grows, and the like (cf. OECD, 2006a; UNFPA, 2006; IOM, 2005a; GCIM, 2005; ILO, 2004; IOM, 2003).

If we accept a classic division of migration into labor migration, family one and asylum one – abstracting now from other possible forms and also from the legal character of the stay of migrants – contemporary developments suggest some changes, particularly within the European Union. Labor migration seems to have acquired a new quality full of challenges to be tackled with a new instrumentarium. In this context, it is necessary to mention at least a special meeting of the European Council held in October 1999 in Tampere, the need for developing new approaches accentuated in the *Communication from the Commission on immigration, integration and employment* (COM 336/2003) or later in the *Green Paper on an EU approach to managing economic migration* (COM 811/2004).

At the same time, the Hague Program (approved by the European Council on November 4-5, 2004) stressed the relevance of open debate on economic immigration at the EU level. The questions of labor migration were recently dealt with, e.g., in the *Communication from the Commission Policy Plan on Legal Migration* (COM 669/2005) and in many others various documents and practical political steps. Close relations of (labor) migration with the demographic evolution in the EU and/or Europe were outlined within the Communications such as *Green Paper Confronting demographic change: a new solidarity between the generations* (COM

94/2005) or *The demographic future of Europe – from challenge to opportunity* (COM 571/2006) and in many scholarly outputs.

Labor migration naturally pertains to both aspects – immigration as well as emigration since some countries have to cope with the former, some with the latter, some other Member States with both phenomena simultaneously (cf. Council of Europe Report Doc. 10842/2006 *Working migration from the countries of Eastern and Central Europe: present state and perspectives*). The situation has further been complicated by two waves of EU enlargement during 2004-2007, efforts to achieve a stronger position for the European Union in the world (the Lisbon Strategy) and certain universal challenges (war on terrorism, globalization, new geopolitical interests, necessity of decent and non-discriminatory work<sup>1</sup>, etc.).

The significance of labor migration issues in a wider framework was clearly emphasized also in a recent statement: “Today, demand for migrant workers is high and supply even higher. The current demographic realities indicate that this trend will continue. Even as unemployment rates in many EU countries remain relatively high, Europe is entering an era of labor shortage. The population growth in many European countries is already due entirely to immigration, while Europe’s workforce is expected to decline further – by another 20 million by 2030. There is a growing supply-demand gap on the labor market... We need to focus our collective efforts on creating means to better match labor supply with labor demand today and in the future... Migration can be a positive force for development in both countries of origin and destination... If carefully managed, a three per cent increase over the next 20 years in the share of migrants in the labor force of industrial countries would increase global real income by USD 356 billion.”<sup>2</sup>

## 1.2 Country context

The Slovak Republic acceded to the European Union on May 1<sup>st</sup>, 2004, as one of the so-called New Member States. Since the collapse of communism in 1989 the country has undergone many fundamental

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<sup>1</sup> See, e.g., ILO’s *Plan of Action for Migrant Workers*, or UN’s *International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families*.

<sup>2</sup> Statement by Mr. Brunson McKinley, Director General, International Organization for Migration (IOM), during the conference *Migration and Development* held in Bratislava on April 3<sup>rd</sup>, 2007.

transformations, notably in economic, social, political, cultural, demographic and other areas. The accession process obviously stimulated several of them, including the sphere of international migration. This brings about a multitude of consequences for the country and attracts (before neglected) attention to the entry, departure, presence, activities and integration of migrants to/from/in the territory of Slovakia.

However, the issues of labor migration in the country are practically still – despite their growing importance – at the periphery of societal dialogue and very seldom analyzed. Institutions and actors in the region of labor migration have not reacted adequately, effectively and in time to the *outflow of migrants from the country* over the last decade and to problems ensuing from this fact. Nor has there been any larger activity to address *labor immigration to the country* apparent. Indeed, no strategic documents, evaluations or prognoses of impacts of labor migration on Slovak society in a complex way have been worked out in the country. The lack of reliable data, surveys or estimates of Slovak labor emigrants is evident; no clear standpoint on labor immigration has been articulated by respective institutions. No vision of labor migration for the future has yet been discussed. By this inertia, Slovakia definitely differs from most of the other EU Member States with longer migration traditions and/or better understanding the relevance of the phenomenon.

At the beginning of 2005 the Slovak Government adopted the *Conception of Migration Policy of the Slovak Republic* (Government Resolution No. 11/2005) as a principal strategic tool in the field of migration management. Though the Conception is the first document of such kind after many years of expectations, it mentions labor immigration rather insufficiently overemphasizing the areas of irregular and asylum migrations. Labor migration should be paid greater attention not only in the Conception and follow-up activities, but primarily through the elaboration of until now missing migration doctrine in Slovakia and the development of labor policies, programs and schemes to attract the country for the required groups of labor immigrants (cf. Divinský, 2006b).

Progress is well visible in the formation and harmonization with the EU of legal norms referring to the free movement of persons, employing and enterprising of foreigners in the territory of Slovakia. It is true this was an essential condition for integration during the accession process; despite that it may be deemed the most positive result. However, still many shortcomings in other regions are noticeable.

Especially, one cannot be very proud of comprehensive research on labor migration in the Slovak Republic; in contrast to few studies on undocumented migration, asylum matters and migration management. Therefore, it is high time to begin to study the whole heterogeneity of labor migration in the country – its various forms, manifestations, trends, prospects, causes, consequences, policies, etc. In this context, the presented book on labor immigration to and emigration from Slovakia is not only of a pioneering character trying to fill a gap in the given field. Through a multitude of information, calculations, evaluations, views, recommendations and policy proposals, the publication also attempts to lay the foundations for later research activities and the country's strategies on labor migration.

### **1.3 Objectives set, results expected and methodology applied, the structure of the book**

The book – in line with the orientation of the entire project, the substance of the topic examined and the overall objectives, as well as with above described limitations and needs – *sets itself the following goals:*

- to analyze the structure, prevailing trends and forecasts of Slovak population with special regard to the labor force;
- to depict the labor market of the country and the performance and structure of its economy with outlining its short-term prognosis; to identify economic sectors benefiting or suffering from labor migration;
- to characterize the general migration situation in the Slovak Republic and to assess the flows, attributes and effects of labor migration both from and to the country;
- to present institutional, legal and other arrangements of labor migration in the country and to discuss its role for society;
- to review existing labor migration schemes, policies and management in the Slovak Republic and to highlight good practices;
- to propose a set of recommendations to improve the contemporary state in cardinal domains of labor migration.

*This publication is thus supposed to bring an in-depth analysis of labor migration flows to and from Slovakia and their both current and potential future impacts on the (not only) labor market of the country. Provided data along with recommendations should enrich our hitherto knowledge in this sphere as well as help formulate qualitatively new standpoints, approaches and policies.*

The *methodology used in the book comprises* standard methods of obtaining, processing, interpreting and presenting data from various sources and literature, mainly of an economic, demographic and migration nature. The character of the project does allow to study the above outlined themes in a comprehensive manner without carrying out original empirical research. However, in case of the absence of important data (not seldom), submitting requests for specific information or conducting short interviews with responsible persons from relevant Slovak institutions were necessary and much fruitful.

Basically, information and data used in the publication originate from statistical and statistics-providing organizations (for instance, the Statistical Office of the Slovak Republic, respective Slovak ministries, other central organizations in the country; Eurostat, UN, OECD, and others). Documents, articles, studies, analyses, evaluations and reports mentioning labor migration in Slovakia from various institutions or individuals appeared to be of considerable contribution too. No less significant were legal norms, conceptions and strategic materials pertaining to the given topic.

The comparative dimension has been vital, hence unifying data, terminologies, and methods applied was *conditio sine qua non*. This is essential especially in statistical overviews – data rendered by national sources can be sensibly different from those obtained from Eurostat, EC, OECD, UN, WB, etc. This aspect, therefore, required extraordinary attention.

*In terms of the structure of the book, it consists of seven chapters* divided into several subchapters and texts of a lower hierarchical level by their thematic orientation and logical premises of the work. The publication begins (after Introduction) by evaluating the development of Slovak population and specifically the labor force in relation to the country's labor market. It continues by discussing recent and assumed trends in the Slovak economy. Subsequently, the book provides a comprehensive picture of both immigration and emigration movements with an emphasis on labor migration. Further, the publication analyzes diverse aspects of labor migration schemes and practices applied in the country as well as its (labor) migration policy. Finally, the book ends by summarizing the main findings and outlining a series of recommendations for key stakeholders within labor migration in the Slovak Republic.



## Chapter 2 – Demographic and labor force developments in Slovakia

By the size of its population, the Slovak Republic belongs to the lesser Member States in the European Union (Eurostat, 2005) and it is univocally the least within the Visegrád Group (hereinafter V4) countries. As regards its development, Slovak population has undergone substantial changes since 1990. It is evident that many – perhaps most – of its demographic indicators converge to average values seen in old EU Member States (hereinafter the EU-15). However, the population of Slovakia still retains some specificities in certain indicators similarly to the development of populations in the new EU Member States (hereinafter the EU-10). These statements can be demonstrated in the following text.

### 2.1 Principal characteristics of population movement

As of the end of 2006, the number of inhabitants in the country reached 5,393,637. The development of population between 1996 and 2006 is shown in Table 1. Although not long ago the population of the country was quite dynamic, the *fundamental trend in the given period was (and still is) its stagnation*.

Table 1 Development in the population of Slovakia between 1996-2006 (absolute data are in thousands)

Year / indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Mid-year population	5,373.8	5,383.2	5,390.9	5,395.3	5,400.7	5,379.8	5,378.8	5,378.9	5,382.6	5,387.3	5,391.2
Share of women (%)	51.31	51.32	51.34	51.36	51.38	51.43	51.45	51.46	51.47	51.46	51.46
End-year population	5,378.9	5,387.6	5,393.4	5,398.7	5,402.5	5,378.9	5,379.2	5,380.0	5,384.8	5,389.2	5,393.6

Source: Statistical Office of the Slovak Republic on-line data; Infostat, 2005; Eurostat on-line data

In the second half of the 1990's, relatively progressive population trends in the country from the first half died away. At the beginning of the new millennium, the number of live births in the Slovak Republic dramatically fell, therefore natural increase became negative (Table 2). Thus

in 2001-2003, for the first time in the post-war period (Infostat, 2005), Slovakia recorded the natural decrease of population, namely due to the excess mortality of men – with negative values permanently from 2001 in contrast to women (still positive ones). *This caused almost zero total increase*; the situation was counterbalanced by the stable death rate and official net migration that remained positive though rather low during the whole period.

Owing to growing numbers of live births from 2004 on, the natural decrease of Slovak population has turned back into natural increase (Table 2). A favorable effect of the country's accession to the Union has been manifested in higher net migration. As a result, overall population increase has moved country slightly away from the zero level at present, however, in the context of the long-term quantitative development of population this state may be considered to be only stagnation near the zero threshold (*ibidem*).

Moreover, a *striking decrease of natality and fertility has been apparent in Slovakia* since the beginning of the 1990's, with historically the lowest values of the crude birth rate and total fertility rate in 2002 (cf. Robert-Bobée et al., 2005; Infostat, 2005) (Table 2 and 3).<sup>3</sup> Currently, these indicators have been stabilized and negative development halted (a 3-year period is not statistically significant, however). A great role is here played by postponed births from the 1990's (Vokoun et al., 2006; Mládek et al., 2006); the mean age of women at first childbirth for the 2001-2005 period has amounted to 27.0 (cf. Eurostat, 2007b). Despite this moderate increase, the contemporary level of fertility still does not achieve the 2000 level. At present (2006), Slovakia has the lowest total fertility rate in all the EU (Eurostat on-line data) and one of the lowest in Europe as a whole (UN, 2007; Council of Europe, 2005).

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<sup>3</sup> The sharp decrease of both as well as many other related indicators in Central and Eastern European (hereinafter CEE) countries over the last 15 years has been caused – besides demographic reasons – by a set of social and economic reforms; Slovakia has been not an exception.



Table 2 Development in elementary population indicators in Slovakia between 1996-2006

<b>Year / indicator</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Live births	60,123	59,111	57,582	56,223	55,151	51,136	50,841	51,713	53,747	54,430	53,904
in ‰	11.19	10.98	10.68	10.42	10.21	9.51	9.45	9.61	9.99	10.10	10.00
Deaths	51,236	52,124	53,156	52,402	52,724	51,980	51,532	52,230	51,852	53,475	53,301
in ‰	9.53	9.68	9.86	9.71	9.76	9.66	9.58	9.71	9.63	9.93	9.89
Natural increase	8,887	6,987	4,426	3,821	2,427	-844	-691	-517	1,895	955	603
in ‰	1.65	1.30	0.82	0.71	0.45	-0.16	-0.13	-0.10	0.35	0.18	0.11
Net migration	2,255	1,731	1,306	1,454	1,463 -22,400 <sup>a</sup>	1,012	901	1,409	2,874	3,403	3,854
in ‰	0.42	0.32	0.24	0.27	0.27 -4.1 <sup>a</sup>	0.19	0.17	0.26	0.53	0.63	0.71
Total increase	11,142	8,718	5,732	5,275	3,890 -19,900 <sup>a</sup>	168	210	892	4,769	4,358	4,457
in ‰	2.07	1.62	1.06	0.98	0.72 -3.7 <sup>a</sup>	0.03	0.04	0.17	0.89	0.81	0.83

<sup>a</sup> = different figures by Eurostat on-line data

Source: Statistical Office of the Slovak Republic on-line data, practically congruent with Eurostat data

As shown in Table 3, the infant (and neonatal too) *mortality* rate has sensibly dropped in the country since 1996, though it was still the 3<sup>rd</sup> highest within the EU in 2006 (Eurostat on-line data). Though the crude death rate is stable, the standardized mortality rate has slowly decreased. Life expectancy at birth, both for men and women, increased in 1996-2006 by 1.5 year (Table 5), though the excess mortality of men is still sizeable. Due to all foregoing facts, the population of Slovakia is ageing as will be demonstrated later. In 2005, the most frequent causes of death in the male population were diseases of the circulatory system (47.8%), neoplasms (24.7%) and external causes (i.e. injuries and poisoning (8.7%). The share of circulatory system diseases was the highest also in the female population (61.9%); the next causes of death were here neoplasms (19.5%) and respiratory diseases (5.2%) (Eurostat, 2007a). Slovakia thus remains in the third epidemiological transition period (Robert-Bobée et al., 2005).

In view of *nuptiality* in Slovakia, development in the past decade may be characterized by the lowering intensity of marriages, progressive increase of the mean age at marriage and rise in cohabitations (Infostat, 2006a; cf. Council of Europe, 2005). A sharp decline in the crude marriage rate has since 1996 been slowed down (Table 3), though the number of contracted marriages in 2001 was the lowest from 1938. As a consequence, the number of singles steadily grows. The reason for that is a change in the nuptiality behavior of young people, which is manifested in the form of postponing marriages or even in their rejection. The mean age at marriage has considerably increased since 1996 – by almost 3 years both for men and women (but it is still rather low within the EU). Analogically, the intercensal growth of cohabitations represented 46% and the share of live births out of wedlock nearly doubled within 1996-2006.

*Divorce* is the only basic demographic process in Slovakia that records an unchanged increasing trend from a long-term viewpoint (Infostat, 2005; Council of Europe, 2005). In 2006, historically the highest number of divorces (i.e. 12,716) was registered in the country. The proportion of divorces in marriages lasting 10 years and more has gradually increased, with the most remarkable relative growth in the category of marriages lasting over 25 years. In 2005, the mean age of men at divorce was 39.6, that of women 37.0 (Eurostat, 2007a) – the highest values ever recorded.<sup>4</sup>

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<sup>4</sup> The new Act on Family, effective since 2005, further liberalizes the divorce procedure.

On the contrary, development in *abortion* in Slovakia has been marked with a significant decrease, mainly in induced abortions (Table 3), which is a positive sign. This has been caused particularly by more efficient and affordable contraception, sexual education at schools, enhancing the awareness of inhabitants as well as by a more reliable behavior of women who now rely little on induced abortions as additional contraception – a phenomenon wide-spread prior to 1989 (Mládek et al., 2006; Infostat, 2005). The mean age of women at abortion has increased – to almost 30.

Table 3 Some indicators referring to the reproduction of population in Slovakia between 1996-2006

<b>Year / indicator</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Total fertility rate	1.47	1.43	1.37	1.33	1.29	1.20	1.19	1.20	1.24	1.25	1.24
Gross reproduction rate	0.711	0.694	0.669	0.651	0.631	0.578	0.578	0.583	0.603	0.609	0.603
Extramarital live births (in %)	14.0	15.0	15.3	16.8	18.3	19.8	21.6	23.4	24.8	25.8	27.2
Infant mortality rate (in ‰)	10.23	8.70	8.79	8.31	8.58	6.24	7.63	7.85	6.79	7.20	6.58
Neonatal mortality rate (in ‰)	6.90	5.43	5.38	5.14	5.39	4.13	4.68	4.52	3.93	4.13	3.52
Total abortion rate	0.766	0.684	0.652	0.622	0.571	0.552	0.534	0.509	0.481	0.462	0.453
Induced abortion ratio (in %)	41.70	37.60	36.48	35.32	33.36	35.11	34.06	31.24	28.37	26.41	26.32
Crude marriage rate (in ‰)	5.11	5.19	5.10	5.07	4.80	4.42	4.66	4.83	5.18	4.85	4.81
Total divorce rate (in ‰)	34.2	32.7	33.9	35.3	35.8	41.3	43.7	41.2	39.1	44.2	49.0

Source: Statistical Office of the Slovak Republic on-line data; Eurostat, 2006a; Eurostat on-line data

As far as the *regional differences of population indicators* in Slovakia are concerned, the creation of a regional synthetic demographic typology has not been an uncomplicated process and this typology is less illustrative (see Infostat, 2006a). However, seven clusters have been delimited in the territory of the country with different demographic attributes.

Simplifying this division (cf. also ŠÚ SR, 2007a; Comenius University, 2006), one can say that about half the area of Slovakia is formed by districts with a new demographic behavior. It is manifested by low fertility and natality, the higher age of women at first childbirth, low to average mortality, and mostly natural decrease. Indicators of nuptiality and abortion are here at the average level. Geographically, this macro-region covers western, southern and a part of central Slovakia. This population is qualitatively much closer to the EU-15 population as a whole.

The remaining part of the country consists of districts characterized by the reproductive behavior of population, which to a great degree bears features typical of the old model. This is marked with (relatively) high fertility, higher nuptiality, the lower age of women at first childbirth and first marriage, average to higher mortality, and mostly natural increase. Geographically, this macro-region covers eastern and northern Slovakia and also a part of central Slovakia. However, in its population indicators, it is slowly approaching the preceding model.

## **2.2 Age structure and population ageing in the country**

The age structure of Slovak population reacts to recent and contemporary changes in demographic processes in the country. The age pyramid of Slovak population (see, e.g., Infostat, 2006a; Comenius University, 2006; EC, 2005d) has now a regressive shape reflecting the above described developments in demographic indicators, in particular the lowering number of live births (slight turnabout during 2003-2005 might be a fluctuation). The still narrower basis of the age pyramid reached its historical minimum in 2006.

In 1996-2000, the *proportion of young population* (persons aged 0-14) in the overall population *has dramatically decreased – from 21.7% in 1996 to 16.1% in 2006* (Table 4) – which is regarded as a very negative trend. The share of children at present (2006) has come to historically a minimum level in Slovakia. Here, the falling total fertility rate and smaller

young population cohorts have left unambiguous traces in intensifying the process.

The country's *population at productive age (15-64) is comparatively numerous constituting 72% of the total, with a rising trend*. Within 2003-2006, it had the highest share in the entire European Union (EC, 2006b; EC, 2005b; Eurostat on-line data). The maximum increase after 1995 (expressed absolutely as well as relatively) was recorded in the age group of 45-64. This may be quite important information especially in the context of labor force development.

In comparison with the 1996-2000 period, the recent period is characterized by more numerous older age groups in the population of the country. As is evident in Table 4, population aged 65+ accounts for almost 12% of the total, with obvious sexual differentiation – women noticeably quantitatively dominate in this age group (in the ratio of 62.7% to 37.3%) – due to the already mentioned excess mortality of older men. The *share of the elderly in Slovakia constantly modestly increases*, it currently achieves a maximum from the historical perspective (cf. Mládek et al., 2006).

Development in the ageing index – calculated as a percentage of population aged 65+ to population aged 0-14 – is a logical consequence of above facts (Table 5). This index for both sexes grew alarmingly in the past decade (and is historically the highest). As much as 42% of the ageing index growth since 1950 falls upon the period after 1995 (Infostat, 2005). Decline in natality and the stabilization of mortality can be illustrated also by the indicator of life expectancy at birth. Furthermore, the ageing of population in the Slovak Republic in 1996-2006 may be documented by the increasing mean age, namely in both sexes, as demonstrated in Table 5.

Table 4 Age structure of Slovak population by main age components and sex between 1996-2006 (in %)

Age group / year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Age group 0-14 – total	21.66	21.05	20.43	19.81	19.18	18.72	18.13	17.55	17.06	16.59	16.14
Age group 0-14 – males	22.76	22.12	21.48	20.84	20.19	19.72	19.11	18.52	18.01	17.51	17.04
Age group 0-14 – females	20.61	20.03	19.43	18.83	18.23	17.77	17.19	16.64	16.17	15.73	15.30
Age group 15-64 – total	67.25	67.72	68.26	68.80	69.35	69.89	70.42	70.91	71.31	71.67	72.00
Age group 15-64 – males	68.43	68.97	69.60	70.21	70.84	71.42	72.01	72.57	73.03	73.46	73.85
Age group 15-64 – females	66.13	66.54	66.97	67.45	67.95	68.44	68.91	69.35	69.69	69.98	70.25
Age group 65+ – total	11.09	11.24	11.32	11.39	11.47	11.39	11.46	11.53	11.62	11.74	11.86
Age group 65+ – males	8.81	8.92	8.92	8.95	8.98	8.86	8.88	8.90	8.95	9.03	9.11
Age group 65+ – females	13.26	13.43	13.59	13.71	13.82	13.78	13.89	14.01	14.14	14.29	14.45

Source: Statistical Office of the Slovak Republic on-line data; ŠÚ SR, 2006a

Table 5 Selected indicators of population ageing in Slovakia in 1996-2006

Year / indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Life expectancy at birth – males	68.9	68.9	68.6	68.9	69.1	69.5	69.8	69.8	70.3	70.1	70.4
Life expectancy at birth – females	76.8	76.7	76.7	77.0	77.2	77.5	77.6	77.6	77.8	77.9	78.2
Mean age – males	33.3	33.6	33.8	34.1	34.4	34.6	34.9	35.2	35.5	35.8	36.1
Mean age – females	36.3	36.6	36.9	37.2	37.5	37.7	38.0	38.3	38.7	39.0	39.3
Ageing index <sup>a</sup> – total	51.2	53.4	55.4	57.5	59.8	60.8	63.2	65.7	68.1	70.7	73.5
Ageing index <sup>a</sup> – males	38.7	40.2	41.5	43.0	44.5	44.9	46.5	48.1	49.7	51.6	53.5
Ageing index <sup>a</sup> – females	64.3	67.2	69.9	72.8	75.8	77.5	80.8	84.1	87.5	90.8	94.5

<sup>a</sup> = calculated as a percentage of population aged 65+ to that aged 0-14

Source: Statistical Office of the Slovak Republic on-line data; ŠÚ SR, 2006a; Eurostat on-line data

Table 6 provides a more detailed picture of the age structure of Slovak population in the three reference years, *according to sex*. Shifts among individual *5-year age groups* – mostly in direction from younger to older ones – are nicely distinguishable. In other words, the number of younger inhabitants (until 25) was diminishing in 1996-2006; the turnabout is noticeable in the 25-29 age group only. This pertains to both sexes. Development in older age groups is more heterogeneous; however, ageing is here indisputable too. Larger differences between males and females, to the detriment of the former due to their excess mortality, begin from the 55-59 age group on; they are huge in the oldest age groups. Women thus prevail in the (older) population and its female part is older than male one.

Table 6 Age structure of Slovak population by sex and 5-year age groups in 1996, 2000 and 2006, end of year

Year / age group	1996			2000			2006		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
0-4	332,131	170,181	161,950	285,562	146,414	139,148	262,945	134,912	128,033
5-9	394,369	201,501	192,868	349,775	178,916	170,859	274,714	140,842	133,872
10-14	438,397	224,155	214,242	401,088	204,879	196,209	332,963	170,321	162,642
15-19	468,888	238,939	229,949	443,815	226,573	217,242	399,473	203,912	195,561
20-24	453,484	230,528	222,956	473,084	241,053	232,031	443,032	226,153	216,879
25-29	372,042	189,154	182,888	436,177	221,131	215,046	468,001	238,531	229,470
30-34	386,978	195,609	191,369	367,385	186,117	181,268	446,901	227,164	219,737
35-39	404,691	204,918	199,773	389,618	196,534	193,084	364,816	184,503	180,313
40-44	426,215	213,259	212,956	408,964	205,794	203,170	379,633	190,148	189,485
45-49	371,566	183,318	188,248	415,559	206,026	209,533	391,076	194,998	196,078
50-54	272,045	128,573	143,472	338,423	163,854	174,569	404,481	197,319	207,162
55-59	240,541	110,170	130,371	254,568	116,804	137,764	343,287	162,850	180,437
60-64	220,899	97,516	123,383	218,945	96,209	122,736	242,676	108,070	134,606
65-69	210,018	88,125	121,893	201,871	84,529	117,342	200,597	83,919	116,678
70-74	179,638	70,285	109,353	176,254	68,432	107,822	167,211	64,910	102,301
75-79	99,971	37,188	62,783	137,264	48,864	88,400	136,136	48,125	88,011
80-84	61,734	21,363	40,371	54,464	18,595	35,869	89,149	28,053	61,096
85-89	33,817	10,451	23,366	34,143	10,771	23,372	33,595	9,982	23,613
90-94	9,560	2,661	6,899	11,735	3,412	8,323	9,847	2,700	7,147
95-99	1,756	487	1,269	3,103	912	2,191	2,495	649	1,846
100+	192	53	139	750	242	508	609	223	386
<b>Total</b>	<b>5,378,932</b>	<b>2,618,434</b>	<b>2,760,498</b>	<b>5,402,547</b>	<b>2,626,061</b>	<b>2,776,486</b>	<b>5,393,637</b>	<b>2,618,284</b>	<b>2,775,353</b>

Source: Statistical Office of the Slovak Republic on-line data; ŠÚ SR, 2006a



Summarizing, *recent changes occurring in the age structure of Slovak population can be interpreted as the acceleration of population ageing*. This is a result of developments both at the bottom and at the top of the age pyramid. Low fertility weakens the child component of population and stabilized mortality prolongs human life; the share of elderly persons enhances (cf. Infostat, 2005). These two factors speed up the process of population ageing. Therefore, the population of the country is getting older, irreversible in the coming decades (Robert-Bobée et al., 2005) thus presenting a great challenge for society.

In terms of *regional differences in the age structure and ageing in Slovakia*, there may be identified two macro-regions, geographically very resembling those depicted in the previous text part (cf. also ŠÚ SR, 2007a; Mládek et al., 2006). The first macro-region (some  $\frac{2}{3}$  of the country's territory) covers districts of western Slovakia, south-western Slovakia, the majority of central Slovakia and a few eastern border districts. It is marked with the low share of children, higher proportion of population at productive age, high percentage of the elderly, high ageing index and high mean age. These all are attributes much more similar to those immanent to the EU-15 population than in the case of the second macro-region (around  $\frac{1}{3}$  of the country's territory). It is represented by districts in northern and eastern Slovakia and distinguished by the high share of the child component, lower proportion of population at productive age, low percentage of elderly persons, lower ageing index and (comparatively) low mean age (see Comenius University, 2006; Infostat, 2006a).

The population of Slovakia (like populations in many other CEE countries, cf. EC, 2006a; Eurostat, 2006b; Council of Europe, 2005; Eurostat, 2004a; Tirpák – Vaňo, 1999) *modifies its behavior towards patterns typical of West-European populations*. By experts (e.g., Infostat, 2005), Slovakia – according to its reproductive characteristics – belongs to the East-European demographic region, which is the least homogenous area out of 4 demographic regions on the continent. With regard to population indicators, some countries in this region have already approached the West-European patterns, some countries are still away from them. With ongoing changes, differences between particular countries are reducing, although the transformation in several post-communist countries has brought also some

extreme values (probably temporarily), especially in the development of nuptiality and fertility.

When looking at demographic features of countries in Central Europe, one may say that the three pairs of countries have arisen here. Slovenia has approached the West-European reproductive model for the most part and forms, along with Austria, the first pair. The next pair consists of Poland and Slovakia; they have maintained many elements from the old reproductive model. The Czech Republic and Hungary can be placed somewhere in the middle (*ibidem*).

### **2.3 Prognoses of population development until 2050**

Demographic forecasting has not long traditions in the Slovak Republic. Since the birth of an independent State, several predictions of population development have been published in the country, with various time horizon. Among the most relevant are those elaborated by the Statistical Office of the Slovak Republic (for example, ŠÚ SR, 1996 – with forecasts until 2015; ŠÚ SR, 2002 – until 2025), by Infostat-Demographic Research Center (Infostat, 2002 – until 2050; Infostat, 2004 – until 2025) or those of a more descriptive character (Mládek et al., 2006; Vokoun et al., 2006; Vaňo – Jurčová, 2002; IVO, 2002; Zajac et al., 2002a, 2002b – the major part of them until 2020). These will be referred to in the further text as representative national sources to complete foreign sources.

As we are interested primarily in the development of Slovak population from a longer-term perspective, prognoses until as late as 2050 will be presented below. The population projection by Infostat (2002) was prepared with the help of the cohort-component method – taking into account also the situation in demographically advanced EU countries – in 8 scenarios with the baseline one as the most likely. As accentuated in this forecast (but also in other predictions mentioned), *decline in the population number and the acceleration of population ageing will be the principal features in the demography of Slovakia during the first half of the 21<sup>st</sup> century*. The intensity of the given processes will directly depend on the evolution of fertility, mortality and migration, however, indirectly it will be influenced by other demographic as well as economic, social, political, cultural and other factors.

It is expected that total population increase will firstly more or less stagnate in Slovakia, with a slight positive natural increase approximately until 2010 (Infostat, 2002; ŠÚ SR, 2002). During 15 (20 years at latest), the period of a constant decrease of population (particularly due to considerably growing natural decrease) will come, which will cease most likely at the end of the century.<sup>5</sup> *A decrease in the number of Slovak population from current 5.4 million down to the level of 4.6 to 4.9 million by 2050 (and 4 million in 2100 – UN, 2004) is anticipated.* During the forthcoming decades, the ageing of population will accelerate. It will be caused by declining births and rising life expectancy. This process is regarded as irrevocable and can be only alleviated. The single variants of the possible reproductive behavior of Slovak population until 2050 can only influence the rates of decrease and ageing of population, however, they cannot change the substance of the trend (Infostat, 2002). By UN (2007), the Slovak Republic with a *projected 13.5% fall in its total population during 2007-2050 will be ranked 17<sup>th</sup> worst in all the world.*

It is interesting that there are relatively great differences between Slovak forecasts and foreign ones with respect to the quantitative evolution of population (Table 7). Predictions made by Eurostat (2006a), UN (2007) or that by Bijak, Kicinger at al. (2004) counts upon a quicker decrease in the overall population – a difference reaching 0.2 to 0.3 million of inhabitants for such a small country is not negligible. However, variances in figures concerning some other indicators (e.g., net migration, live births, natural and total increases in 2010; net migration, natural and total increases in 2025; or net migration and the total fertility rate in 2050) are more significant.

Table 8 illustrates the evolution of some demographic indicators until 2050 by 5-year time intervals. This table confirms that notably ageing will be speeded up in the second half of the projection period.

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<sup>5</sup> Only the increase of fertility to the replacement level and positive net migration at the level of at least 10 thousand persons a year would allow the maintaining of moderate population increase until the end of the projection period. Such development is, however, very unlikely (see Vaňo – Jurčová, 2002).

Table 7 Comparison of the key forecasts of Slovak population until 2050

Year / indicator	2010			2025			2050		
	national sources	Eurostat	UN or others	national sources	Eurostat	UN or others	national sources	Eurostat	UN or others
Total population (in thousands)	5,401	5,347	5,396	5,396	5,237	5,308	4,880	4,738	4,664 4,600 <sup>b</sup>
Live births	54,141	50,722	52,000	46,019	44,883	45,000	41,453	38,947	39,000
Deaths	52,756	54,998	55,000	56,882	57,586	59,000	73,981	72,617	72,000
Natural increase	1,385	-4,276	-3,000	-10,863	-12,703	-14,000	-32,528	-33,670	-33,000
Net migration	2,439	-2,430	2,000	4,999	4,617	2,000	4,999	4,700	2,000 2,500 <sup>c</sup>
Total increase	3,824	-6,706	-1,000	-5,864	-8,086	-12,000	-27,529	-28,970	-31,000
Total fertility rate	1.28	1.18	1.28	1.55	1.43	1.38	1.70	1.60	1.63 1.50 <sup>a</sup>
Life expectancy at birth – males	71.3	70.9	71.8	74.4	74.3	73.6	77.1	77.7	77.1 80.4 <sup>a</sup>
Life expectancy at birth – females	79.0	78.7	79.3	81.8	81.1	80.7	84.0	83.4	83.5 85.2 <sup>a</sup>
OAD ratio <sup>d</sup>		29.0	17.0		45.1	28.0		81.9	51.0
Ageing index			81.7			135.6			234.9
Mean age	39.1		37.4 <sup>e</sup>	43.3		43.8 <sup>e</sup>	47.8		51.0 <sup>e</sup>

<sup>a</sup> = estimates by Bijak, 2004; <sup>b</sup> = base scenario for 2052 by Bijak, Kicinger et al., 2004; <sup>c</sup> = base scenario by Bijak, Kupiszewski et al., 2004; <sup>d</sup> = old age dependency ratio: population aged 60+ as a percentage to population aged 20-59 by Eurostat, 2006a / population aged 65+ as a percentage to population aged 15-64 by UN, 2007; <sup>e</sup> = median age  
Source: Infostat, 2002; Eurostat on-line data; Eurostat, 2007b; Eurostat, 2006a; medium variant by UN, 2007

Table 8 Projection of some indicators pertaining to Slovak population until 2050 by Eurostat

<b>Indicator / year</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>2045</b>	<b>2050</b>
Total fertility rate	1.18	1.18	1.23	1.33	1.43	1.52	1.57	1.59	1.60	1.60
Life expectancy at birth – males	69.9	70.9	72.0	73.1	74.3	75.3	76.1	76.7	77.2	77.7
Life expectancy at birth – females	77.9	78.7	79.5	80.3	81.1	81.8	82.3	82.7	83.1	83.4
Total age dependency ratio*	69.0	65.1	67.2	73.0	78.9	83.0	89.2	99.5	109.8	120.0
Young age dependency ratio	41.9	36.1	33.1	33.1	33.8	33.8	33.9	34.8	36.1	38.1
Old age dependency ratio	27.1	29.0	34.1	39.9	45.1	49.2	55.3	64.7	73.7	81.9
Net migration (in thousands)	-2.3	-2.4	-2.3	1.2	4.6	5.1	5.1	5.0	4.9	4.7

\* = populations aged 0-19 plus 60+ as a percentage to population aged 20-59; analogically to young (0-19) and old age (60+) dependency ratios

Source: Eurostat on line; Eurostat, 2006a

The basic assumption in all variants of the Infostat 2002 projection is a turnabout in fertility decrease and its gradual increase in Slovakia until 2050 (Infostat, 2002; cf. ŠÚ SR, 2002). Fertility could approach the replacement level and the total fertility rate could go up by 40% to 1.70. At the same time, nuptiality should exceed the average European level. Besides the continuing realization of postponed marriages and births, the increasing intensity of both processes based on the tradition of more-children families, social stability and the growing prestige of family and children in Slovak society, could increasingly contribute to this trend (Infostat, 2005).

Development in the age structure will lead to two demographic paradoxes in the country in the next decades. Despite decreasing mortality the number of deaths will grow and despite increasing fertility the number of births will be still lower. The reason for this resides in the character of the age structure of Slovak population. Still more inhabitants will reach the age of the highest mortality because the large age groups (born from the end of WWII to the mid-1960's) will shift into the post-productive age. On the contrary, the highest fertility will be typical of less numerous age groups due to low fertility at the turn of the 20<sup>th</sup> and 21<sup>st</sup> centuries.

Table 9 shows the ageing process of Slovak population in the reference years 2010, 2025, 2050 by three main age categories and sex in figures. *The intensity of ageing is obvious especially between 2025 and 2050.* Development within the individual age groups will be as follows: By Eurostat, the share of children 0-14 in the population should diminish from 15% in 2010 to 12.8% in 2050 (i.e. by almost 200 thousand, or 24%). The proportion of persons at working age 15-64 is expected to drop by as much as 1.15 million (i.e. by 29%), from 72.7% in 2010 to a mere 57.8% in 2050. This is an alarming fact primarily from the economic perspective. The growth of elderly persons in 2010-2050 by Eurostat will be unprecedented – by 730 thousand (i.e. by 111%!) – from 12.3% to 29.3% in the overall population.<sup>6</sup> *The population of Slovakia in 2050 will thus become the 11<sup>th</sup> oldest from a world viewpoint* (with increasing the mean age from 37 to 51 years and the ageing index from 82 to 235 within merely 40 years – UN, 2007; see also EC, 2005d).

Table 10 demonstrates shifts of population in the same period more in detail; by 5-year age groups.

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<sup>6</sup> The deceleration of the excess mortality of older men is excellently visible here; their share in the total male population will increase almost three times.

Table 9 Forecast of population development in Slovakia by main age components and sex in 2010-2050

Age group / year	2010		2025		2050	
	number	in %	number	in %	number	in %
Children – total	997,456 (801,367) [814,000]	18.47 (14.99) [15.1]	926,320 (734,066) [732,000]	17.16 (14.02) [13.8]	770,490 (608,776) [588,000]	15.79 (12.85) [12.6]
Children – males	510,762	19.51	473,898	18.13	394,478	16.73
Children – females	486,694	17.49	452,422	16.26	376,012	14.91
Adults – total	3,712,876 (3,887,428) [3,917,000]	68.75 (72.71) [72.6]	3,407,681 (3,515,556) [3,583,000]	63.15 (67.13) [67.5]	2,642,776 (2,740,733) [2,695,000]	54.15 (57.85) [57.8]
Adults – males	1,848,446	70.61	1,712,165	65.50	1,345,824	57.06
Adults – females	1,864,430	67.00	1,695,516	60.93	1,296,952	51.43
The elderly – total	690,448 (658,033) [665,000]	12.78 (12.30) [12.3]	1,062,428 (986,928) [993,000]	19.69 (18.85) [18.7]	1,466,923 (1,388,049) [1,381,000]	30.06 (29.30) [29.6]
The elderly – males	258,700	9.88	427,864	16.37	618,152	26.21
The elderly – females	431,748	15.51	634,564	22.81	848,771	33.66

Source and notes: Infostat, 2002 = figures outside the brackets, with the following age groups: 0-17, 18-64, 65+; Eurostat on-line data = figures in the round brackets, with the following age groups: 0-14, 15-64, 65+; UN, 2007 = figures in the square brackets, with the following age groups: 0-14, 15-64, 65+

Table 10 Prognosis of the development of Slovak population for 2010, 2025 and 2050 by 5-year age groups  
(in thousands)

Year / age group	2010				2025				2050			
	Total*	Total	Males	Females	Total*	Total	Males	Females	Total*	Total	Males	Females
0-4	253	265	136	130	234	237	121	116	199	210	108	103
5-9	257	252	129	123	248	257	132	126	204	216	111	105
10-14	291	283	145	138	252	270	138	132	206	216	110	105
15-19	367	347	177	170	254	268	137	131	212	214	110	105
20-24	415	403	206	198	258	254	130	124	226	222	114	109
25-29	446	444	226	218	290	285	146	139	246	243	124	119
30-34	466	470	239	231	363	350	179	172	260	265	136	129
35-39	407	427	216	211	408	406	207	199	263	279	143	136
40-44	358	359	180	179	437	444	225	218	262	276	141	134
45-49	377	378	188	190	452	463	234	230	262	261	134	127
50-54	393	390	192	198	387	415	207	208	287	288	147	141
55-59	376	387	185	201	331	340	167	174	348	342	173	169
60-64	281	305	140	165	334	344	164	180	375	380	189	191
65-69	213	219	93	126	328	335	154	181	379	393	191	202
70-74	165	173	67	105	287	304	130	174	361	377	175	202
75-79	135	139	50	90	186	211	81	130	271	296	127	169
80+	146	160	49	111	185	212	63	149	378	401	124	276
<b>Total</b>	<b>5,347</b>	<b>5,401</b>	<b>2,618</b>	<b>2,783</b>	<b>5,237</b>	<b>5,396</b>	<b>2,614</b>	<b>2,782</b>	<b>4,738</b>	<b>4,880</b>	<b>2,358</b>	<b>2,522</b>

\* = figures by the baseline variant of Eurostat 2004 projection; other figures by the baseline variant of Infostat 2002 projection

Source: Eurostat, 2006a; Infostat, 2002



Until 2050, increase in the living standard in the country and a stronger feeling of responsibility for own health are supposed to be cardinal reasons for the continuation of contemporary positive development in mortality and rising life expectancy at birth in both sexes, relatively more for men (by 8%), though the difference between them and women will still be noticeable. Life expectancy should thus then reach the current level in the most advanced countries of the EU (77 and 84, respectively). As regards the structure of mortality, the highest decrease is anticipated in those age categories, in which the situation is least favorable and backwardness (compared to the advanced EU countries) is the greatest – men at middle and older age and women at older age (Infostat, 2002).

In terms of divorce and abortion in Slovakia, it is probable that they have already more or less approached the values of stagnation at present and will not be changing much.

Migration is the least predictable phenomenon conditioned also by other than demographic factors and depending – inter alia – on the situation in the world. Net migration in the Slovak Republic in the future will be influenced mainly by native inhabitants who might seek labor opportunities in advanced countries as well as by immigrants from developing countries. With improving the economic situation in Slovakia, the numbers of immigrants will grow (Divinský, 2004). A more detailed assessment of expected trends in immigration to the country until 2050 with figures is provided in Chapter 4.

*Population development in Slovakia will still be regionally quite differentiated.* Currently existing demographic differences logically condition the future state. The highest fertility in a shorter projection period (until 2025 – Infostat, 2004) should be in the north of central Slovakia, in 4 districts in north-eastern of Slovakia and in 4 districts in the east. On the contrary, the lowest fertility is supposed to be in Bratislava and its hinterland, in 2 districts in the south of Slovakia, in 3 north-western districts, and in the area of 4 districts in central Slovakia. The zone of high mortality will be spread in the south of Slovakia: east of Bratislava continuously up to the Ukrainian border. Another, much lesser, zone with high mortality will consist of some northern districts. The most favorable situation in mortality until 2025 is expected in a large area between both zones. The highest increase due to net migration is assumed in the wider hinterland of the two biggest Slovak cities – Bratislava and Košice – and in a few districts in

central Slovakia. But, the majority of Slovak districts will be marked with negative net migration.

Another analysis corroborates continuing spreading out a new model of the reproductive behavior, described more in detail in the previous text part. This model should slowly move to the north-east to the detriment of the old reproductive model. By its indicators, the new model will be increasingly closer to population characteristics in the EU-15; moreover it will cover still a larger area of the Slovak Republic though the macro-regional division of the country into the “progressive” west-south and “conservative” north-east will remain evident (cf. Infostat, 2006a).

The outlined demographic evolution in Slovakia until the year 2050 will bring about several grave consequences. The most expected are: *an increase in the share of older and the oldest persons, fewer births and younger persons, lowering total population, a higher number of labor and other immigrants* (often from very different cultures), increased tensions in intergeneration relations, etc. (cf. Infostat, 2002; IVO, 2002). The situation and development in the labor force therefore deserve in this context special attention and will be the subject of the next subchapter.

## **2.4 Labor force in Slovakia: the current state and fundamental trends**

The labor force in general is the essential presupposition of any economic output in a territory. Similarly to entire Slovak society, its labor force has also been undergoing big transformations over the past decade. Not only does demographic evolution condition both quantitative and qualitative changes in labor supply in the country, but the present overall situation and trends in the labor force are also significantly influenced by development in the economy itself, labor policy measures, regional disparities or other factors.

The following text will refer to data once again from national and foreign sources. While the latter come above all from Eurostat, data from national sources primarily originate from the Labor Force Survey (hereinafter the LFS) in the country. It has been carried out in Slovakia since

1993 as a standard method recommended by ILO (more in detail Eurostat, 2004b).<sup>7</sup>

Among the most relevant indicators characterizing labor markets belong such as the economic activity of population, employment and unemployment – in absolute figures as well as their rates (Gertler, 2005). *In 2006, the number of economically active (hereinafter EA) population in Slovakia accounted for 2,654.8 thousand persons.* As shown in Table 11, the volume of active population grew in 1996-2006 by some 150 thousand persons (i.e. 5.8%). However, the participation rate 15-64 did not increase and still remains at the level below 70%. The main reason for that has been an increase in the working age population in the given period to the detriment of population aged 0-14 as depicted in detail in the subchapter on demography. In 2006, over 31% of Slovaks at working age were outside the labor market (ŠÚ SR, 2006c; Statistical Office of the Slovak Republic on-line data). The country thus has a substantial pool of the unused labor force, notably among the women and younger people.

In 2006, the *participation rate 15-64 in Slovakia* is higher than the average in the EU-10 (within the V4 countries, its value is close to that in the Czech Republic and much higher than those in Poland and Hungary) but lower – both for men (76.4%) and women (60.9%) – than the EU-15 or 25 averages (cf. Eurostat on-line data; EC, 2006c). Male underparticipation is also obvious when examining participation rates by the level of education; the economic activity of Slovak men with low educational levels is strikingly poor (WB, 2005). Within 1996-2005 evident changes occurred in the participation rate of younger persons (15-24) – it decreased by  $\frac{1}{5}$ , while the participation rate of population aged 50-64 increased by  $\frac{1}{4}$  and is now higher than the former.

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<sup>7</sup> Methodologically, the basis for the LFS represents a continual proportional random sample of dwellings and their residents. In total, *10,250 units (about 30 thousand persons) in Slovakia are included in the sample* (some 0.6% out of all permanently resided dwellings). They are monitored with a quarterly periodicity. From the territorial viewpoint, the LFS proportionately covers the whole area of the country. The subject of the LFS are all persons at age 15+ living in the households of selected dwellings irrespective of the type of their residence (ŠÚ SR, 2004a).

Table 11 Labor force development in Slovakia in 1996-2006 by the LFS (absolute data are in thousands)

Indicator / year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total population	5,373.8	5,383.2	5,390.9	5,395.3	5,400.7	5,379.8	5,378.8	5,378.9	5,382.6	5,387.3	5,391.2
Population 15-64	3,600.8	3,631.6	3,664.2	3,696.4	3,729.7	3,724.8	3,771.6	3,799.8	3,825.9	3,849.5	3,870.8
EA population	2,509.1	2,521.9	2,544.8	2,573.0	2,608.2	2,652.5	2,628.2	2,634.3	2,658.6	2,645.7	2,654.8
I. Employed	2,224.9	2,205.9	2,198.6	2,132.1	2,101.7	2,123.7	2,127.0	2,164.6	2,170.4	2,216.2	2,301.4
of it % of women	44.5	44.8	44.9	45.4	45.9	46.0	45.6	45.6	45.0	44.4	43.9
A. Employees	2,082.5	2,065.8	2,046.2	1,965.0	1,931.0	1,943.4	1,940.9	1,947.6	1,904.2	1,929.1	2,002.6
in public sector	1,271.6	1,168.3	1,096.7	1,052.3	1,026.5	979.6	893.7	850.2	797.5	754.4	698.3
in private sector	810.9	897.6	949.6	912.7	904.5	963.8	1,047.3	1,097.5	1,106.7	1,174.7	1,304.4
B. Self-employed <sup>a</sup>	142.3	139.3	149.6	164.5	167.4	177.9	183.1	210.9	259.9	279.3	289.2
II. Unemployed	284.2	297.5	317.1	416.8	485.2	508.0	486.9	459.2	480.7	427.5	353.4
Participation rate 15-64 (in %)	69.7	69.4	69.3	69.5	69.9	70.4	69.9	70.0	69.7	68.9	68.6
YOY change* (in %)	0.5	-0.3	-0.1	0.2	0.4	0.5	-0.5	0.1	-0.3	-0.8	-0.3
Employment rate 15-64 (in %)	61.8	60.8	60.1	57.8	56.5	56.5	56.7	57.6	56.9	57.7	59.4
YOY change* (in %)	1.6	-1.0	-0.7	-2.3	-1.3	0.0	0.2	0.9	-0.7	0.8	1.7
Annual increment of the employed (in %)	3.6	-0.8	-0.3	-3.0	-1.4	1.0	0.2	1.8	0.3	2.1	3.8
Unemployment rate (in %)	11.3	11.8	12.5	16.2	18.6	19.2	18.5	17.4	18.1	16.2	13.3
YOY change* (in %)	-1.8	0.5	0.7	3.7	2.4	0.6	-0.7	-1.1	0.7	-1.9	-2.9

Note: In 1997-2005, EA population covered (besides the employed and unemployed persons) also those performing compulsory military service. Then, the category of employed persons as a whole is slightly more numerous than the sum of employees and self-employed persons – this minor difference is made by the so-called non-specifiable employed persons; <sup>a</sup> = entrepreneurs and contributing (unpaid) family workers; YOY change\* = year-on-year change

Source: Statistical Office of the Slovak Republic on-line data; ŠÚ SR, 2007b; ŠÚ SR, 2006f; ŠÚ SR, 2004a

The number of employed persons in the Slovak Republic oscillated around 2.2 million persons in all the period. Although the number of economically active inhabitants has since 1996 been increasing, this had no effect on the employed in absolute figures because unemployment rose too – and quite sharp, with a maximum in 2001 surpassing the limit of 0.5 million persons. In 2000-2001 analogically, employment and employment rates recorded minima during the entire observed period. A decreasing trend in the unemployment rate and, therefore, growing one in the employment rate have been noticeable since 2002 only. Due to that, the absolute number of the employed in Slovakia is the highest in history at present (2,301 thousand in 2006, i.e. a remarkable 3.8% annual absolute increment – Table 11).

The recent rise of employment has been influenced by these factors: the general robust economic growth, greater foreign direct investment, a better environment for entrepreneurs, increasing labor emigration. Paradoxically, the current employment rate is still lower than that within 1996-1998 – because of a rise in the population at productive age in the meantime (cf. Senaj – Beblavý, 2006).

In 2006, the number of the employed amounted to 2.3 million, with 1.3 million (56%) men and 1 million (44%) women. It represented a 59.4% employment rate 15-64 in total; 67.0% for men and 51.9% for women (Statistical Office of the Slovak Republic on-line data). Employment rate figures both for men and women were thus higher than the average of the EU-10, but lower than in the EU-15 or 25 (Eurostat on-line data). In 2006, only Poland, Malta, Hungary and Italy had lower total employment rates 15-64 than Slovakia; whereas the male employment rate in the country was the 4<sup>th</sup> lowest in the EU, female one was the 6<sup>th</sup> lowest. This is, moreover, a long-term trend. Rather low employment rates in Slovakia from the international viewpoint particularly affect females aged 55-64 (earlier retirement) and younger males aged 15-24. In addition, the employment rate of the young generation has been on a strong downward trend reflecting two processes: very high youth unemployment and the inclination to stay longer in education (WB, 2005).

“Shifts” of employed persons and changes in employment rates between 1996 and 2006 by individual 5-year age groups are demonstrated in Table 12. As is apparent, the Slovak labor force is getting older. The employment rate compared to a minimum around 2000-2001 is rising but – from a long-term perspective – stagnant (it is still below the 1996 values for both sexes). The difference between the sexes has even slightly grown.

The *continuous rise in the number of entrepreneurs* (self-employed persons) – by as much as 103% in the period 1996-2006 – as a result of economic transformations is considered a positive sign. Likewise, the gradual transfer of employees from the public sector to the private one (making 39% of the total in 1996 but 65% in 2006 – Table 11), thus raising the overall performance of the Slovak economy.

In the studied period, *substantial modifications in the labor force structure took place in Slovakia* as well. Above all, the share of those employed in agriculture and forestry significantly fell (more than twice – Table 13). The secondary sector undergoes several changes too; after a decline in figures until 2000 due to structural reforms, foreign investment since then has brought about the repeated partial growth of employment in this sector up to the total of 39% (especially in the building and automobile industries, engineering and electronics). Employment in the tertiary sector as a whole has increased most intensively (from 51.7% to 56.7%); chiefly in trade, hotels and catering, real estate, and financial intermediation.

The structure of the Slovak labor force follows universal trends in EU countries (cf. Marcinčin – Lubyová, 2002), though with a delay. The proportion of employed persons in the secondary sector is still high and that of those employed in the tertiary sector is low in the country. Described employment patterns suggest that a large restructuring is still to take place and the tertiary sector should thus be a promising segment for the absorption of increasing labor supply in Slovakia in the future bringing then the extent of employment in services closer to the EU average (cf. Senaj – Beblavý, 2006).

Table 12 Employed persons in the Slovak economy in 1996 and 2006 by 5-year age groups and sex (on the basis of the LFS)

Sex / age group	Men				Women				Total			
	1996		2006		1996		2006		1996		2006	
	thous.	ER	thous.	ER	thous.	ER	thous.	ER	thous.	ER	thous.	ER
15-19	28.4	11.7	10.1	4.8	33.2	14.3	6.5	3.2	61.6	13.0	16.6	4.0
20-24	159.3	71.7	117.7	51.4	114.9	53.4	88.0	40.2	274.1	62.7	205.8	45.9
25-29	158.2	84.7	202.0	84.0	110.2	60.8	138.4	59.8	268.4	72.9	340.4	72.2
30-34	173.5	87.7	191.5	88.2	134.4	69.5	135.1	64.1	307.8	78.7	326.6	76.3
35-39	183.4	87.8	156.1	85.3	159.2	78.0	131.5	72.9	342.6	82.9	287.7	79.1
40-44	191.4	90.4	161.8	84.6	175.0	82.8	152.5	80.2	366.4	86.6	314.2	82.4
45-49	151.3	88.1	166.4	83.5	145.1	81.9	153.8	76.2	296.4	84.9	320.2	79.8
50-54	103.8	82.5	153.9	78.9	91.0	64.5	144.7	70.9	194.8	73.0	298.6	74.8
55-59	67.8	63.0	104.2	68.5	20.8	16.3	48.7	28.6	88.6	37.6	152.9	47.4
60-64	11.8	11.8	23.8	22.6	4.8	3.9	8.4	6.4	16.7	7.4	32.2	13.6
65+	5.9	2.6	4.5	1.9	1.8	0.5	2.6	0.7	7.7	1.3	7.1	1.1
<b>Total</b>	<b>1,234.6</b>	<b>69.2</b>	<b>1,291.1</b>	<b>67.0</b>	<b>990.3</b>	<b>54.6</b>	<b>1,010.3</b>	<b>51.9</b>	<b>2,224.9</b>	<b>61.8</b>	<b>2,301.4</b>	<b>59.4</b>

Note: thous. = absolute data in thousands; ER = (age-specific) employment rates in %

Source: Eurostat on-line data; ŠÚ SR, 2004b

Table 13 Employment in the economic branches in Slovakia between 1996-2006 (in %)

Sector (branch) / year	1996	2006	Difference
Agriculture and forestry	8.9	4.4	-4.5
Quarrying	1.5	0.7	-0.8
Industry and energy distribution	29.5	28.3	-1.2
Building industry	8.5	9.8	1.3
Trade	10.2	12.6	2.4
Hotels and restaurants	2.8	4.4	1.6
Transport and communications	7.6	6.8	-0.8
Financial intermediation	1.4	2.3	0.9
Real estate, R&D	4.0	5.7	1.7
Public administration, defense	7.1	7.0	-0.1
Education	8.0	7.2	-0.8
Health and social services	6.4	6.7	0.3
Other services	4.1	3.7	-0.4
Others	0.1	0.3	0.2

Source: Statistical Office of the Slovak Republic on-line data

In general, the *educational level of employed persons in Slovakia is unbalanced*. This is well corroborated by data on the educational composition of employed population in 2006 (Eurostat on-line data). The share of those with tertiary education in the total stock of employed persons accounted for 16.8% in the country (the EU-25 average was then 26.3%). Most of the employed have completed secondary education. The proportion of those with the lowest level of education in 2006 did not surpass 4.7% in the country (compared to 24.8% in the EU). From a long-term perspective, the number of employed persons with tertiary education rose by 45% in 1996-2006, but the number of those with primary education in the same period was reduced by 55% (Statistical Office of the Slovak Republic on-line data). Therefore, it is not surprising that the employment rate of persons with primary education in Slovakia achieved a mere 13.1% in 2006 – a minimum in the whole EU (EC, 2006c). Such values are an unambiguous consequence of extremely high unemployment among the low-skilled in the country, particularly men.

Under the reformed three-pillar pension system effective from 2004, the standard retirement age in Slovakia increases from 60 to 62 for men (by



9 month per year) until 2007 and from former 57 (reduced by 1 year per child to reach age 53) to 62 for women until 2014. An employed person can still retire earlier if the combined benefit from the first pillar and the newly introduced second one equals at least 60% of the minimum living standard determined by the Government. In this case, the pension is reduced by 6% per year, while a bonus of 6% is introduced for those postponing their retirement. It is also possible to receive pension benefit while working. The retirement age of 65 is also under consideration (cf. Novysedlak, 2006; EC, 2005b).

*Full-time employment* is an absolutely dominant form of employment in Slovakia. In contradistinction to the majority of EU-15 countries, in most of the New Member States the overall share of part-timers remains relatively low, especially in Slovakia where it is another minimum in the EU-25 – 2.5% (EC, 2006c; cf. Eurostat, 2007b; OECD, 2006b). With this, *rigidity in using various flexible forms* of employment in the country is highly associated. On the contrary, the use of shift work arrangements seems to be more common in the central European New Member States, with Slovakia having more than 25% of employees usually working under such a scheme (the 4<sup>th</sup> maximum in the EU).

Further, fewer than 5% of all employees in Slovakia were employed on a *fixed-term basis* in 2005 (the EU average equaled 14.5%); here men prevail, which is not so common within the Union. Then, 22% of the employed do night work, with as many as 15.5% of workers doing so on a regular basis (a maximum in the entire EU). Similarly, Slovakia has the highest share of those working on Sundays (19.1%) in the Union. In addition, both parameters apparently record a growing trend (Eurostat, 2007b; EC, 2006c).

The *level of employment in Slovakia is markedly region-specific* as indicated in Table 14. A gradient West-East is perfectly discernible through elementary relative characteristics – progressing eastwards, participation and employment rates are gradually lowering, but the proportion of inactive inhabitants as well as shares of the unemployed are rising (cf. ŠŮ SR, 2007a). This situation is one of the gravest challenges for Slovak society.

The structure of employment across the regions largely parallels differences in the production structure. Thus, the Bratislava region has a very high proportion of public administration officials and high employment in trade (20%), real estate, hotels and restaurants, and the banking sector; analogically a comparatively low share of industrial occupations (16%) (ŠŮ

SR, 2006b). In all other regions it is the industry that dominates in employment, with the Trenčín region being the leader (40%). The Nitra region also represents the traditional food supplier for Slovakia having the highest proportion of persons engaged in agriculture (8%). Over a longer time, the structure of employment in the country's regions has not been changed too much (cf. WB, 2002).

*The extent and structure of unemployment belong to the most critical problems in the Slovak labor force.* Historically, since the beginning of the 1990's, unemployment in Slovakia has risen sharply as economic transformations (structural changes, conversion of the arms industry, depression in mining and engineering, restructuring of the financial sector, etc.) were put into practice thus revealing the weak sides and vulnerability of the country's economy (cf. ŠÚ SR, 2004a; Marcinčin – Lubyová, 2002). The growth in the absolute numbers of the unemployed is well seen in Table 11; in 1996-2001 unemployed persons rose by almost 80% in number and the unemployment rate nearly achieved 20% (cf. Eurostat on-line data; OECD, 2005b). In this way, unemployment in Slovakia became an alarming economic and social phenomenon. Since 2002 a certain stagnation or a very small decline in unemployment occurred but a more intensive decrease of the unemployed has been evident from 2005 only, after the implementation of reforms by the previous Government. The contemporary trend in this sphere suggests an unexpected degree and rapidity of unemployment drop (cf. Illés – Ódor, 2005; Gertler, 2005).

Despite recent developments, unemployment in the Slovak Republic is still a serious problem. For a long period, the unemployment rate has been in fact twice as high as the EU-15 average, much contributing to the higher EU-10 average and the 2<sup>nd</sup> highest in the whole Union (Eurostat on-line data). The current Slovak unemployment rate – 13.3% in 2006 (12.2% for men, 14.7% for women by Statistical Office of the Slovak Republic on-line data) – is also the 2<sup>nd</sup> highest within the OECD countries (OECD, 2006c). The fundamental mechanism generating high unemployment in the country has been different prior to and after 2001-2002. Until this time point, unemployment reacted mainly to structural changes and following numerous dismissals, afterwards it was chiefly due to a demographic factor – increments in the working age population, i.e. in labor supply, though both factors have always been manifested (ŠÚ SR, 2004a).

Some attributes of unemployment in Slovakia are even worse than its total volume. Above all, *long-term unemployment is really enormous in the country*. About 73% of unemployed persons in the country in 2006 are those who have been without a job *for over 1 year* (Table 15); 30% of the unemployed have been jobless for longer than 4 years. Owing to that the long-term unemployment rate in Slovakia accounts for 10.2% (compared to a 13.3% total unemployment rate) – this is the highest value in the EU or almost three times the EU average in 2006 and also the highest one within OECD (Eurostat, 2007b; OECD, 2007; WB, 2006a; EC, 2006a). Besides, the number/share of long-term unemployed persons in the country has been steadily rising since 1996 (then making “only” 52% of all unemployed persons). Many Slovak graduates seem to go directly into unemployment or to leave the labor market discouraged. This raises questions about the relevance of education for the labor market (WB, 2007).

One of the cardinal reasons for the above depicted state is the *low level of education of (mostly long-term) unemployed persons* in the country, which substantially reduces the chances to find a job. In 2006, the unemployment rate of persons with tertiary education was relatively negligible – 3.2%, while that of persons having completed only primary education reached as much as 48% (52.9% for men, 43.7% for women) (Statistical Office of the Slovak Republic on-line data; cf. EC, 2006c). Right this fact is regarded as the essential cause of persisting high unemployment in Slovakia (Senaj – Beblavý, 2006; OECD, 2004a). Moreover, during the 1996-2006 period, the “scissors” between the both groups were opening still more – the unemployment rate of persons with tertiary education rose slightly, but that of persons with primary education more than doubled in the period.

Then logically, high unemployment in Slovakia reflected the *absence of jobs suitable for lower-skilled employees*.<sup>8</sup> Another negative factor is the lack of any work experience by a huge amount of unemployed persons – over 20%. In 2005, roughly 100 thousand people without practice could be found on the Slovak labor market (Senaj – Beblavý, 2006). In addition, the offer and quality of (re)training courses, personal counseling, life-long learning (the 2<sup>nd</sup> lowest percentage within the EU-25 in 2004 – EC, 2006a) and other forms useful in searching for a job is in Slovakia absolutely

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<sup>8</sup> A very recent trend – the expansion of the car industry in the country – might significantly reverse this situation.

insufficient, as is the support for promising economic branches where the low-skilled unemployed might be successful all over the country (e.g., tourism).

Furthermore, *young persons aged 15-24 have been particularly affected by unemployment in the country* (Table 15). Although since 2001 the trend in this field has been – due to the lowering participation rate – positive and the unemployment rate 15-24 decreased from 37.3% to 26.6% in 2006, this is still a very high value: the 2<sup>nd</sup> highest in the EU-25 (cf. WB, 2007; Heinz – Ward-Warmedinger, 2006). There are no bigger sex differences in this age group. The youth are generally more sensitive to conditions on the labor market and this largely aggravates their prospects for full labor integration, therefore this state considerably demoralizes them. A rather complicated situation arises when a young unemployed has completed just primary education, has been without a job for over than one year, has no previous work experience and does not command foreign languages to migrate for work abroad...

*Unemployment is not evenly distributed across the Slovak regions.* The most dramatic decreases in employment and growths of unemployment – associated predominantly with structural changes in the economy during the 1990's – were recorded in the Košice, Banská Bystrica, Žilina, and Prešov regions (cf. ŠÚ SR, 2007a; WB, 2002). Especially after 2002, the decreasing unemployment rate has been noticeable not only in Bratislava, but also in western Slovakia. However, a steady growth of the unemployment rate in (south-)eastern Slovakia much contrasts with development in the former macro-region. An increase in unemployment disparities between the Bratislava region with its wider hinterland and other regions is thus very well apparent and considered negative (Okáli, 2006; ŠÚ SR, 2006f). As illustrated in Table 14, current (mid-2006) *unemployment rates in the Banská Bystrica and Košice regions are almost five times that in Bratislava*. Besides, the unemployment rate of 23.1% in the NUTS 2 region – eastern Slovakia – was the highest value within all corresponding regions of the EU in 2005 (Eurostat, 2006c). Here, it has to be frankly said that not only a more intensive recovery of the economy in the west(-north) contributes to this situation, but also the high share of less-skilled population in the south-east hardly competing on the country's labor market.

Table 14 Employment and unemployment in the Slovak regions as of mid-2006, in thousands (by the LFS)

Indicator / region	Bratislava	Trnava	Trenčín	Nitra	Žilina	B. Bystrica	Prešov	Košice	Slovakia
Employed	316.7	265.1	280.5	296.3	293.4	256.4	307.8	278.3	2,294.6
Unemployed	14.3	25.9	22.5	44.6	39.6	69.7	67.9	72.7	357.1
Employment rate 15-64 (in %)	69.6	65.3	64.5	58.0	59.4	54.1	55.6	51.0	59.2
Unemployment rate (in %)	4.3	8.9	7.4	13.1	11.9	21.4	18.1	20.7	13.5

Source: ŠÚ SR, 2006c

Table 15 Unemployed persons in Slovakia by duration of unemployment (in thousands) and the unemployment rate in the country by main age groups (in %), in 1996-2006

Year / unemployment length; age	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Below 1 month	14.5	15.3	15.7	18.5	17.4	24.7	31.5	31.3	29.1	23.5	14.7
1-6 months	70.5	77.8	83.3	107.1	104.7	96.1	77.0	76.8	81.4	55.8	40.7
6-12 months	46.4	46.4	52.2	88.1	94.9	99.5	86.6	70.0	79.1	57.0	39.5
Over 1 year	146.6	149.5	160.7	195.4	261.6	282.8	291.4	280.9	291.2	291.2	258.2
In total	284.2	297.5	317.1	416.8	485.2	508.0	486.9	459.2	480.7	427.5	353.4
Age group 15-24	21.0	21.7	23.6	32.1	35.2	37.3	36.1	32.2	32.0	29.7	26.6
Age group 25-49	9.9	10.2	10.6	13.5	15.9	16.3	15.5	15.1	15.9	14.6	11.8
Age group 50-64	6.1	7.0	7.6	9.6	12.1	12.7	14.4	14.2	16.1	13.4	11.1
Age group 65+	11.8	5.2	10.8	12.4	15.3	10.2	13.1	5.4	7.7	9.2	1.4

Note: totals of unemployed persons include also negligible numbers of those with the unidentified duration of unemployment

Source: Statistical Office of the Slovak Republic on-line data; ŠÚ SR, 2007b

## 2.5 Long-term forecasts of the country's labor force

The expert prognosticating of labor force developments is in its very beginnings in the Slovak Republic. Hitherto only one specialized projection of the Slovak labor force was elaborated quite recently by Infostat-Demographic Research Center (Infostat, 2006b). The relatively short work outlines development in the labor force including unemployment in the country and its regions until 2025. This forecast was calculated in two variants – static and dynamic. The former counts upon the constancy of the participation rate from the initial year (2004) during the whole studied period, the latter allows changes of the participation rate in this period. Some results of the prediction may be found in Table 16.

As demonstrated, both variants suppose the *decrease of EA population in Slovakia until 2025 – by either 3 or 4.6%, and its progressive ageing*. By the more probable dynamic variant, the labor force should at first grow in number culminating at the level of 2,730 thousand persons (+2.5% against 2004) after 2010 – regionally sooner in western Slovakia than in eastern Slovakia – then it will drop to the end of the given period to approximately 2,583 thousand persons (ibidem).

The process of labor force ageing is expected to be unceasing during all the time frame, with higher intensity in the west than in the east of the country. As a consequence of low natality in the past decade, the younger labor force will be marked with continuous decrease; its greater emphasis on education will contribute significantly to this trend. On the contrary, participation and employment rates of older employed persons are assumed to increase due to a shortage of the younger labor force as well as owing to the more intensive prolongation of human life after 1990; older employed will thus be more numerous. The Slovak labor force will be getting older in an accelerating manner, though slower than the entire population of the country (here decline in the child component will be much more considerable). The share of women as a whole in the labor force will not be changed but the participation rate should slightly increase notably in the age category 25-54 as a result of improving the conditions for harmonizing work and family obligations (Infostat, 2006b).

Development in the individual Slovak regions will be rather variegated. In comparison with the contemporary situation, the stock of the labor force in 2025 will be reduced in the five country's regions (see Table 16), practically stagnate in the Žilina and Košice regions, and grow to a certain extent in the Prešov region merely (however, after 2020 decline is

anticipated here too). Related data on the rising mean age, economic dependency ratio, economic inactivity rates, etc. complete a complex picture of labor force ageing in the country. However, the labor force in the east and north of Slovakia will be still younger than the country's average. The oldest labor force and highest share of women in employment are supposed to remain unchanged in the Bratislava region (ibidem).

In terms of development in unemployment in the Slovak Republic until 2025, decline in the unemployment rate as well as the ageing of the labor force will lead to *substantial decrease in the number of young unemployed persons*. This diminution is expected to be more than 100% in the group aged below 30, then 40% and 27% in the age groups of 30-34 and 35-39, respectively. Basically, all 5-year age groups should record lower unemployment rates, though the absolute number of unemployed aged 65+ will very subtly grow. In total, the Infostat forecast counts upon some 300 thousand unemployed persons in the country in 2025, which seems to be a little overestimated if taking into account the current trend of falling unemployment.

Similar development into the future as presented above is also assumed in estimates of labor employment and/or unemployment in a few works of domestic provenience (cf. IFP MF, 2006; Illés – Ódor, 2005; Gertler, 2005). They confirm decline in the Slovak labor force (particularly in its younger component) and its gradual, relatively intensive, ageing in the decades to come. However, it is interesting that though they admit a certain modest growth of employment, all figures pertaining to development in unemployment are largely overrated (with its rate mostly at 14-16% in 2010), not supposing such a trend of its diminishing that has already begun recently.

Table 16 Labor force forecast in Slovakia until 2025 by Slovak regions

Region	Economically active population	Year / variant			Change in % (from 2004 to 2025)	
		2004	2025 static	2025 dynamic	static	dynamic
Bratislava	Number (in thousands)	331.4	300.7	306.4	-9.3	-7.5
	Mean age	40.6	43.6	44.0	7.4	8.4
Trnava	Number (in thousands)	287.8	272.6	278.1	-5.3	-3.4
	Mean age	39.1	42.0	42.4	7.4	8.4
Trenčín	Number (in thousands)	295.4	266.5	270.9	-9.8	-8.3
	Mean age	38.8	41.3	41.6	6.4	7.2
Nitra	Number (in thousands)	351.0	315.6	319.7	-10.1	-8.9
	Mean age	38.6	41.1	41.4	6.5	7.3
Žilina	Number (in thousands)	333.0	327.2	333.3	-1.7	0.1
	Mean age	38.3	40.6	41.0	6.0	7.0
Banská Bystrica	Number (in thousands)	326.9	303.4	309.8	-7.2	-5.2
	Mean age	38.8	41.1	41.5	5.9	7.0
Prešov	Number (in thousands)	373.4	394.3	399.3	5.6	6.9
	Mean age	37.9	39.8	40.2	5.0	6.1
Košice	Number (in thousands)	363.1	359.0	364.9	-1.1	0.5
	Mean age	38.1	40.1	40.5	5.2	6.3
<b>Country in total</b>	<b>Number (in thousands)</b>	<b>2,662.0</b>	<b>2,539.0</b>	<b>2,582.6</b>	<b>-4.6</b>	<b>-3.0</b>
	<b>Mean age</b>	<b>38.7</b>	<b>41.1</b>	<b>41.5</b>	<b>6.2</b>	<b>7.2</b>

Source: Infostat, 2006b



Some predictions by foreign sources evaluate the probable development of employment in Slovakia in a longer time span. For example, the representative AWG<sup>9</sup> baseline scenario deals with it by 5-year intervals until 2050 (Table 17). It too assumes an increase in the absolute numbers of both economically active persons and employed ones in the country to 2015 or 2020; then their sharp decline – chiefly after 2035. Likewise, *both participation and employment rates in Slovakia should peak in 2025; later they will go down. The Slovak labor force 15-64 is thus supposed to decrease by over 600 thousand individuals, i.e. by 23.7% until 2050.* However, its fall in 2025-2050 should be more pronounced: by over 700 thousand persons – i.e. more than ¼ (-26.3%), which will be the highest relative decline in the EU-25 during the given period (EC, 2006b; EC, 2005a).

The total participation rate 15-64 in Slovakia is at first expected to increase by 8.1% to 2025, then to decrease by 4.3% to 2050; its growth during the entire forecasted period should be 3.8%. However, not all age groups in the country can benefit from this figure evenly, ageing is here more than evident – the participation rate of young persons (15-24) will increase by 0.7% only, but that of the elderly (55-64) by as much as 22.9%. This development is obviously conditioned by changes in the age structure of Slovak population. For instance, the share of persons aged 15-64 should fall by 28.2% between 2004-2050 (over 1 million), which is the 3<sup>rd</sup> place in the EU-25. On the contrary, a rise in the elderly population 65+ is projected at 123.8% (EC, 2005c). Indeed, the Slovak labor force will extremely get older as reflected in, e.g., the share of older workers in the total labor force (its 3.4-fold growth in 2003-2050 – EC, 2005b).

Employment in the country will most likely undergo similar development until 2050. As one may see in Table 17, anticipated changes in the number of employed persons aged 15-64 are as follows: +369 thousand in 2003-2025, but -672 thousand in 2025-50 (as the fastest annual rate of decrease in the EU-25 – 1.2%) *thus making the overall decline in 2003-2050 higher than 300 thousand persons* (EC, 2005a). This will imply a 13.9% total fall of those employed in the country from 2003 to 2050. However, despite this fact the employment rate 15-64 in Slovakia should be significantly higher (+11%) in 2050 than its 2003 value. This is influenced by

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<sup>9</sup> AWG is the abbreviation for the *Ageing Working Group* (Working Group on Ageing Populations) set up within the EU Economic Policy Committee.

the supposed rise in employment, considerable decline in unemployment and demographic factors such as the above depicted remarkable decrease of working age population in the country.

*Unemployment in Slovakia is expected to plummet by 70% until 2050.* Not only should the absolute number of unemployed persons in the target year be 3.3 times lower than the 2003 value, but also the unemployment rate will be reduced by 2.5 times. The unemployment/employment ratio should thus drop from 0.20 in 2005 to 0.08 in 2050 (EC, 2006b). A detailed view of development in participation, employment and unemployment rates in the country until 2050 by sex and 5-year age groups as well as other parameters are provided in work by EC (2005b); figures corroborate the intensive ageing of the Slovak labor force in general and particularly in the category of 55-64. The higher activation of women on the labor market of the country is discernible through higher increments in their participation and employment rates until 2050.

Saczuk (2004) in her work, however, forecasts a sizeable decline in the participation rate in Slovakia until 2052, more conspicuous for women than men. This may be caused, among others, also by the fact that she takes into account total population and population 15+ instead population 15-64. In this case, the rise of inactive population – notably pensioners – largely modifies the presented findings.

Table 17 Projection of selected labor force indicators in Slovakia until 2050 by the AWG baseline scenario

<b>Indicator / year</b>	<b>2003</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>2045</b>	<b>2050</b>
EA population 15-64 (in thousands)	2,654	2,849	2,908	2,845	2,748	2,657	2,535	2,363	2,186	2,026
Employed 15-64 (in thousands)	2,187	2,415	2,545	2,568	2,556	2,471	2,358	2,198	2,033	1,884
Unemployed 15-64 (in thousands)	466	434	363	277	192	186	177	165	153	142
Share of older workers <sup>a</sup>	5.5	9.5	12.7	13.3	12.8	14.6	17.7	18.8	19.1	18.6
Effective economic old-age dependency ratio <sup>b</sup>	28.3	27.0	28.4	33.1	38.2	43.2	47.6	54.3	63.8	73.0
Total dependency ratio <sup>c</sup>	102.7	87.7	82.5	85.3	90.5	95.2	101.4	111.7	123.1	133.9
Participation rate 15-64 (in %)	70.1	73.3	76.2	77.8	78.2	78.0	76.6	74.7	74.2	73.9
Employment rate 15-64 (in %)	57.8	62.1	66.7	70.2	72.7	72.6	71.2	69.5	69.0	68.7
Unemployment rate 15-64 (in %)	17.6	15.2	12.5	9.7	7.0	7.0	7.0	7.0	7.0	7.0

<sup>a</sup> = labor force aged 55-64 as a percentage of labor force aged 15-64; <sup>b</sup> = inactive population aged 65+ as a share of employed population 15-64; <sup>c</sup> = total inactive population as a proportion of the total labor force

Source: EC, 2006b; EC, 2005b



## **Chapter 3 – Concise characterization of the Slovak economy with regard to conditions on the labor market**

### **3.1 Basic parameters, structure, trends, strengths and shortcomings of the national economy**

Since the birth of the independent Slovak Republic, its economy has been undergoing several stages – heterogeneous, often mutually incompatible and with inconsistent results. They all left traces in its development trends and current state. The first principal stage up to 1998 was influenced by the Mečiar Government's voluntarism, with many non-transparent interventions and postponed economic transformations. This was replaced by a stage of the right-wing Government under Dzurinda with a multitude of radical economic reforms carried out, lasting 8 years until mid-2006. At present, the new leftist Fico Government's concepts have become in operation, although much benefiting from previous changes and achievements, particularly in the economic field.

Older developments in the Slovak economy have been the subject of many domestic or foreign expert evaluations and works. Out of them, for example, these elaborated by Okáli (2006), IMF (2005), Morvay (2005), Zachar et al. (2005), OECD (2004a), Šikula et al. (2003), WB (2002) and OECD (2002) may be referred to, but there is no space, or reason to deal with them here more in detail. Notwithstanding, it has to be said that preceding years were marked by certain fundamental processes, acts and policies that are outlined below. It has also to be stated impartially that most of the positive economic transformations were accomplished during Dzurinda's Government<sup>10</sup>, while the majority of negative attributes originated in the previous period and persisted long; some of them continue to be manifested up to now.

*From among the positive economic changes made in Slovakia until 2006, these are worth mentioning:*

- maintaining the macro-economic stability of the country;
- ongoing restructuring and privatization of firms;
- privatization of State monopolies;

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<sup>10</sup> With two phases: at first the recovery and stabilization of the national economy, then its improvement and growth.

- enhanced support to the private sector;
- stabilization and privatization of the bank system;
- liberalization of foreign currency and money markets;
- rational monetary policy of the National Bank;
- relatively stable exchange rate of the Slovak crown;
- its earlier joining the ERM-2 system;
- successful preparations for the euro adoption;
- liberalization and deregulation of prices;
- managing inflation;
- active policies to promote foreign direct investment;
- harmonization of Slovak legal norms with the respective EU acquis;
- new administrative division of the country with the decentralization reform;
- institutional development in the economic area;
- deepening of economic relations with the EU Member States;
- accession to OECD;
- amendment of the Labor Code to make the labor market more flexible;
- tax reform adopting a 19% flat tax on both individual and corporate incomes (since 2004);
- implementation of the pension reform.

*Contemporary challenges and shortcomings in the Slovak economy are as follows:*

- orientation to an economy with low added value;
- poorly developed capital market;
- high energy demands of the economy;
- partial structural deformations;
- considerable trade and current account imbalances;
- low share of hi-tech export;
- insufficient economic infrastructure (primarily the motorway network, but also some services);
- weak publicizing the country for potential investors;
- high acceptance of corruption and non-transparent operations in the economic environment;
- underestimation of a fair legal framework and the weak enforcement of law in the economy;
- low spending on science and research;
- still high unemployment (as described above in detail);

- insufficient creation of new working positions;
- low internal labor market mobility;
- quite low share of flexible forms of employment;
- accelerating emigration for work;
- large regional economic disparities in the country;
- unfinished reforms in the public health system;
- unrealized reform of the school system;
- unsatisfactory utilization of EU funds.

This enumeration cannot logically comprise all basic positive and negative economic trends and phenomena in the Slovak Republic; however, it provides an elementary picture of past problems and developments with implications to the present. What has the economic situation of the country been in the most recent period of 2005, 2006 and the beginning of 2007?

*Progress in the Slovak economy in 2005* was influenced by the successful implementation of structural reforms intensified at the beginning of the second Dzurinda's Government, i.e. since 2002 (reforms of the tax system, labor market and public finances, inter alia). The year 2005 was already the third consecutive year in which the high rate of economic growth was combined with favorable macro-economic stability thus proving the proper direction of economic policies in the country (cf. Okáli, 2006). The year-to-year increment of gross domestic product amounted to 6% (the 5<sup>th</sup> highest value in the whole EU – Eurostat on-line data; cf. EC, 2006d) and was mainly caused by a rise in labor productivity – with 4.6%; only secondarily by increased used resources (Table 19).

Similarly to 2004, the growth of domestic demand was for the greatest part behind the high performance of the Slovak economy a year later (ŠÚ SR, 2006f). Within it, a high growth of final consumption was accompanied by large investment and gross capital formation. In this context, the inflow of foreign direct investment (FDI) was still rather important for the country (the 4<sup>th</sup> highest in history). It was realized predominantly in the export-oriented manufacturing sector – becoming the prime engine of capacity and output growth (OECD, 2005a). However, the FDI inflow is further insufficient in contradistinction to, for instance, the other V4 countries.

Fiscal and monetary policy also contributed to overall macro-economic stability in Slovakia in 2005 maintaining confidence with investors, population and international institutions. The inflation rate

unexpectedly drop to 2.8% (Table 19), which was the best result during the entire transformation period in the country (ŠÚ SR, 2006f). At the same time, the public finance deficit fell for the first time below 3% of GDP (from 12.3% in 2000) – thus matching one of the key criteria to enter the Eurozone. This was especially due to an increase of tax incomes (resulting from the tax reform introduced two years ago) together with a striking decline in gross public debt (National Bank of Slovakia on-line data). The accession of Slovakia to the ERM-2 system on November 28, 2005 just reflected this fiscal consolidation and stability of the exchange rate of the Slovak crown.

The relation between the growth of labor productivity and the expansion in real wages (6.3% in 2005) was perceived basically negatively. One of the reasons for the latter was a certain pressure owing to a decelerated rise in real wages from the end of the 1990's as well as expectations of higher inflation. However, among the cardinal negative factors influencing macro-economic stability in Slovakia in 2005 was indisputably the foreign trade balance – equaling minus 4.5% to GDP (Table 19). Approximately  $\frac{1}{3}$  of this value was produced by the rise in prices of imported raw materials, in particular oil and natural gas.

A high growth rate of GDP in 2005 was associated with good trends as regards social development. This concerned not only the mentioned increase of real wages and household consumption. In absolute terms, a positive trend in employment – higher labor demand objectified in the growing number of employed persons (by 2.1% in 2005) – continued step by step and consecutively since 2000 (Table 11) exceeding 2.2 million individuals after a long time (since 1997). The amended Labor Code made working conditions more flexible and eased the conditions under which workers can be laid off, thus providing a favorable background for job creation and job reallocation (OECD, 2005a).

But more importantly, during 2005 both the number of the unemployed along with the unemployment rate (16.2%) sensibly dropped coming finally back to values of 1999 (cf. ŠÚ SR, 2006f), though still remaining rather high from the international viewpoint. However, intensive labor emigration – another 22 thousand migrants left the country in 2005 as demonstrated in Table 24 – substantially participated in this process. Long-term unemployment as the most problematic segment rose unfortunately again.



As here depicted, the year 2005 significantly contributed to the strong performance of the Slovak economy. From the aspect of economic policies, consequences of radical changes from preceding years, the launch of the pension reform in this year and proceeding with the health system transformation were clearly manifested. Besides, major strategic documents such as the National Lisbon Strategy, National Program of Reforms until 2008 or Convergence Program for the Slovak Republic updated to 2010 were approved in 2005 too. Likewise, ongoing privatization notably in the energy and transport sectors, the adoption of anti-monopoly measures for communication services as well as the specification of rules for providing State aid to foreign investors had positive impacts on the economy (cf. Okáli, 2006). Behind more than satisfactory aggregate values are, however, hidden large regional differences in the gradient from the west (quite optimistic development in most indicators) to the east (their stagnation or relative deteriorating). These will be more characterized in the next text part.

The *Slovak economy continued in 2006 in promising trends* from previous years, and even many of its constituents were ameliorated; progress was almost of a universal character. The robust economic growth was associated with maintaining suitable macro-economic stability and principal improvement of the labor market situation (Okáli, 2007). Such a combination had apparently favorable impacts on the living standard of Slovak population.

In 2006, the country witnessed a record-breaking growth rate of *gross domestic product* in its history – 8.8% (with even 9.6% in the 4<sup>th</sup> quarter 2006 – ŠÚ SR, 2007b); much more than was expected. This figure represented the highest rate of this indicator within the OECD countries (OECD, 2006c) and the 3<sup>rd</sup> highest in the entire European Union (after Latvia and Estonia). Slovak GDP per capita (in power parity standard) had an evidently upward trend, with over 60% of the EU-25 average in 2006 (Eurostat on-line data).

The GDP growth was equally conditioned by a *rise in labor productivity*, new industrial capacities installed by foreign investors, and a relatively considerable increase in the labor force. Much appreciated is the fact that labor productivity has achieved the highest accrual rate during the last 9 years, since 1997 (5.9% – Table 19). From another perspective, the growth of GDP in 2006 – similarly to the preceding two years – was driven

especially by augmented household final consumption; public expenditures influenced it only slightly.

As regards foreign trade, the Slovak economy was in 2006 the most open ever (Morvay – Jakoby, 2007). The *foreign trade balance* of the Slovak Republic was as usually negative (-4.4% to GDP), which was now predominantly a result of more extensive investment activities of firms along with the import of expensive fuels (mainly until mid-2006). On the other side, the country's export was largely formed by production from the partly completed car factories of PSA Peugeot-Citroën in Trnava and Kia in Žilina, surprisingly together with the export of other machines and electronics.<sup>11</sup> In this context, Slovakia's industrial production rose by 9.9% (a historical maximum) in 2006 and showed too the significant role of foreign investors in the economy of the country.

The *foreign direct investment inflow* was the 2<sup>nd</sup> highest in history amounting to over 2,300 million USD (though due to the low exchange rate, this sum constituted only 4.2% of GDP – Table 19) and its trend is upward again. The most important transaction became the purchase of a 66% share in the Slovak electric company by Italian ENEL for some 1 billion USD. The Government also changed a cumbersome system of individual State aid to foreign investors and approved the Scheme of regional aid for large enterprises (ibidem).

*Gross public debt* in the country continued in an extraordinary decrease approaching 30% of GDP only, which is by 20 percentage points less than the 2000 value (Table 19). Analogically, the *public finance deficit* recorded a positive development, though in 2006 it was higher than in 2005 (3.4% compared to 2.8% of GDP, respectively). However, those 3.4% also comprise additional expenses for introducing the 2<sup>nd</sup> pillar of the pension system into practice. Without it, the public finance deficit in Slovakia would have reached 2.5% of GDP only.<sup>12</sup> Hence, fiscal policy is unambiguously set to fulfill the Maastricht deficit reference value in this field.

Nevertheless, development in another component was negative somewhat worsening macro-economic stability in the country in 2006 – the *inflation rate* grew to 4.5% (ŠÚ SR, 2007b; cf. Okáli, 2007). This was

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<sup>11</sup> Territorially, trade with EU countries and the U.S.A. is marked with growing surpluses, while the trade deficit with some Asian countries rose by 70%, with Russia by 40% on a year-on-year basis.

<sup>12</sup> SME, 27.3.2007, Deficit verejných financií SR bol 3,6 percenta HDP; SME, 23.4.2007, Deficit verejných financií podľa ŠÚ vlni na 3,39 % HDP.

chiefly caused by a rise in prices of fuels on the world's market, the adjustment of regulated prices and some consumption taxes, partly by high domestic demand. Owing to this all, *real wages* increased by 3.3% only (but, for the first time, exceeded the pre-revolution level of 1989). The National Bank of Slovakia, in order to decelerate inflation, intervened raising the basic interest rate four times during the year (from 3% to final 4.75%).

*Within employment in 2006, favorable trends from the previous year were further substantially strengthened.* The number of employed Slovaks rose by 85.2 thousand (i.e. by 3.8%) to 2.3 million, which was the highest absolute increment and the highest annual growth rate during the entire period Slovakia has been independent (Statistical Office of the Slovak Republic on-line data). The employment rate 15-54 swelled strikingly by 1.7% towards 60% (see Table 11). No progress, however, was seen in the participation rate.

The unemployment rate in the country dropped historically most intensively in 2006 as well – from 16.2% in 2005 to 13.3% (i.e. by almost 3 percentage points in one year!); with a mere 12% level in the 4<sup>th</sup> quarter 2006 (ibidem; ŠÚ SR, 2007b). The overall number of the unemployed decreased by 17.3% thus approaching the 1998 figure. Despite these positive facts, the number of Slovaks working abroad simultaneously accelerated during 2006 by almost another 33 thousand (over ¼) against 2005 and on the whole it made almost 7% of the total country's stock of employed persons (according to Table 24; up to 10% by Table 26).

In 2006, long-term unemployment rose again thus increasingly representing a grave challenge for the Slovak labor market. In fact, the rate of long-term unemployment is uncomfortably close to total unemployment in the country (achieving 73% of it in the given year, whereas in 2003 it was 61%, in 2000 about 54%, and in 1996 only 52% – cf. Table 15; see also WB, 2007). It seems to be very difficult to solve long-term unemployment since it covers the segment of unemployed persons with chronic problems on the labor market; any solution should imply the application of special instruments and policies (cf. Morvay – Jakoby, 2007).

Generally speaking, the year 2006 was *practically the best in the economy of independent Slovakia*. Favorable outcomes mirrored a wide range of economic reforms launched in the preceding period, the well-elaborated contemporary strategy of the Government and the cautious policy of the National Bank of Slovakia. The Slovak economy behaved more and more like standard market economies (e.g., those in the EU-15), the degree

of its openness was very high, macro-economic stability was reinforced, the country's economic growth could even be denoted as strong and sustainable, the sensible improvement of parameters pertaining to the labor market was visible. Among the weaker attributes of the Slovak economy belonged notably its extremely low innovation potential, lower wages for comparatively skilled work, still high labor emigration and negligible labor immigration, relatively huge regional disparities (cf. Okáli, 2007).

After mid-2006, new leftist Fico's Government announced large adaptations of some reforms (such as pension, health, school and so on), more interventions and the strengthening of the State's position in the economy, a higher accent on solidarity and a social State (the minimum wage limit was already raised), the greater promotion of employees and trade unions by modifications of the Labor Code in their favor, the reassessment of certain privatization projects, etc.<sup>13</sup> However, the Convergence Program, the crucial economic commitments in relation to the EU and the firm will to introduce the euro on January 1, 2009, were confirmed by Fico's cabinet (cf. OECD, 2007).

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<sup>13</sup> As expressed in the *Program Declaration of the Government of the Slovak Republic*: <http://www-8.vlada.gov.sk/index.php?ID=1671>, access February 2007.

### 3.2 Regional aspects of economic development in Slovakia

In view of the regional dimension of economic development in Slovakia, *enormous regional disparities still persist; they are even deepening in certain indicators*. This situation is well illustrated by Table 18. As demonstrated in the table, there are large discrepancies in basic economic characteristics, namely in GDP per capita, labor productivity, the level of wages and unemployment rate among the Slovak macro-regions (NUTS 2). However, almost all economic indicators are territorially significantly differentiated. Particularly noticeable are contrasts between Bratislava and the remaining three NUTS 2 regions in the country (for example, the ratio of GDP per capita in the Slovak capital to that in the least developed region of eastern Slovakia is roughly 3 : 1). The secondary differentiation may be discernible between prospering western and northern Slovakia on the one hand and stagnating southern and eastern Slovakia on the other (see more in OECD, 2007; ŠÚ SR, 2007a; Eurostat, 2007b; EC, 2006c; Kvetan et al., 2006; Vokoun et al., 2006; OECD, 2005a; Morvay, 2005).

Due to these disparities, eastern Slovakia was one of the most backward regions in the EU-25 before Romania's and Bulgaria's accession; and de facto still is. On the contrary, the region of Bratislava surpassed the EU average level of GDP already long ago (in 1996). In terms of GDP in PPS in 2004, the Bratislava region reached 129.3% of the EU-25 average, whereas the poorest region of the country – eastern Slovakia – did not exceed 42.3% (in 1995 it was merely 35.3%, all by Eurostat on-line data; cf. Eurostat, 2006e).

Some of the outlined as well as undiscussed disproportions were generated already in the past, but some of them have been a result of developments in the recent transformation stage. In principle, they are a consequence of heterogeneous factors – a more advanced economic infrastructure, a higher concentration of big companies, the earlier realization of economic reforms, earlier structural changes, a higher share of more skilled/educated persons, a higher performance of industry and services, a higher inflow of FDI, a greater proximity to western Europe as the key economic partner, a better road network, more intensive cross-border labor mobility, and many others – in more developed regions to the detriment of poorer ones. Optimistic results of the entire Slovak economy are thus partly overshadowed by its *substantial regional imbalances and unequal effectiveness, which are considered one of the fundamental economic and social challenges at present*.

Table 18 Regional disparities reflected in elementary economic characteristics in Slovakia in 2004/2005

<b>Parameter / NUTS 2 regions</b>	<b>GDP as PPS per capita</b>	<b>GDP/capita as % of EU average</b>	<b>GDP growth rate</b>	<b>Labor productivity level</b>	<b>Index of real wages, 1996=100</b>	<b>Level of average wages</b>	<b>Employment rate 15-64</b>	<b>Unemploy- ment rate</b>
Bratislava	27,802	129.3	5.4	142,4	127	134,4	69.6	5.3
Western Slovakia	11,336	52.7	5.8	94,6	111	87,5	60.6	12.5
Central Slovakia	10,035	46.7	4.8	89,1	112	86,1	55.2	19.6
Eastern Slovakia	9,102	42.3	5.5	86,4	112	87,2	51.5	23.1
<b>Slovakia in total</b>	<b>12,196</b>	<b>56.7</b>	<b>5.5</b>	<b>100,0</b>	<b>121</b>	<b>100,0</b>	<b>57.7</b>	<b>16.2</b>

Source: Eurostat on-line data; ŠÚ SR, 2007a; Eurostat, 2006c; Kvetan et al., 2006

### 3.3 Current situation and short-term forecasts of the country's economy

What is the topical situation and prospects in the future as regards the Slovak economy? It seems that its engine is running still faster and faster – even belongs to the very quickest ones at this moment in the EU Member States<sup>14</sup> – the country is/will be economically booming and favorable trends from 2004-2006 will continue (cf. Morvay – Jakoby, 2007; IFP MF, 2006).

*At the beginning of 2007, one may see the below presented performances.* The Slovak economy is driven by a rapid growth of productivity and domestic demand but the considerable influence of net export is manifested too. The foreign trade balance is improving (primarily due to the increased export of cars and engines) and may finish 2007 for the first in positive figures.<sup>15</sup> The growth of GDP in 2007 is by conservative estimates forecasted at 8-9% (cf. ŠÚ SR, 2007b); its growth in the 1<sup>st</sup> quarter 2007 matched seasonally adjusted 9.4%.<sup>16</sup> For 2008, a weaker growth is predicted (Table 19) but freshly approved big investment by Samsung with 7 other companies has not been involved in these calculations.<sup>17</sup>

Similarly, the prognosis of inflation development is favorable since it has constantly been slowing down in the first months of 2007 and no pro-growth risks have been identified.<sup>18</sup> The most probable value of the inflation rate in this year should be about 2-2.5%, then lower (cf. EC, 2006d). In the 1<sup>st</sup> quarter 2007, the harmonized index of consumer prices (HICP) in Slovakia achieved the level of 2.1% (SME, 14.5.2007). Both the public finance deficit (Table 19) and current account deficit are supposed to gradually decline in line with fiscal plans of the country and its preparations to enter the Eurozone. Simultaneously, the basic interest rate decreased to 4.50% in March and 4.25% in April 2007. By the end of the year, its 4% value is expected.

The expansion of industrial production has in 2007 fluctuated between 17.7% (e.g., in January), 12.8% (in March) and 16.7% (in May, all

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<sup>14</sup> TA3, 6.2.2007, Ekonomický vývoj: Slovensko vs. okolité štáty.

<sup>15</sup> The aggregate foreign trade balance of Slovakia for the 1<sup>st</sup> quarter 2007 was in surplus at the level of 1.5% of GDP; the volume of exports for the same period increased by 26% against 1<sup>st</sup> quarter 2006, while that of imports grew just by 15% (cf. Statistical Office of the Slovak Republic on-line data; National Bank of Slovakia on-line data).

<sup>16</sup> SME, 15.5.2007, Rast ekonomiky SR nad 10 % sa nepotvrдил.

<sup>17</sup> SME, 27.3.2007, Slovenská ekonomika by mala aj ďalej rýchlo rásť.

<sup>18</sup> *Vybrané makroekonomické ukazovatele*, <http://www.nbs.sk>, access May 2007.

on a year-on-year basis).<sup>19</sup> The cardinal factor behind that is the massive, but not full yet, production of three large car factories in the country – Volkswagen, PSA and Kia.<sup>20</sup> However, besides the automobile industry, production in other essential Slovak industrial branches – engineering, electronics, chemical industry or wood processing – rises too (just energy production is in a slight depression). Building production expanded by 24.1% (in January), 16.1% (in February) and 6.0% (in May, all on a year-on-year basis – Statistical Office of the Slovak Republic on-line data). By experts, a robust – though perhaps slower – industrial and building production growth is also expected in the years to come.

During the first months of 2007, there occurred high pressure on the relation Euro–Slovak crown. Owing to the progressive acceleration of economic growth in the country and appreciation of the estimated equilibrium real exchange rate, it was agreed by the respective European Union and Slovak authorities on March 19, 2007 *to revalue the ERM-2 central parity of the Slovak crown against the euro by as much as 8.5%* (OECD, 2007). The Slovak crown thus became the strongest in history. Such a sizeable currency revaluation after 14 months only from joining the ERM-2 system was not totally surprising (cf. WB, 2007), but awaited much later.

According to prominent economists and economic statisticians, the Slovak economy still not reached its limits and has a potential to additional upswing. Economic overheating is therefore not imminent (also resolutely ruled out by the Slovak Minister of Finance<sup>21</sup>) and impressive economic progress should be apparent in the next several years.<sup>22</sup>

By ex-minister of finance Ivan Mikloš, the principal reformer in the previous Government, under condition of keeping this high economic growth, the performance of the Slovak economy may double every 8-9 years. At later fixing it on the level of 7%, the country can catch up with the EU average within approximately 10 years; the level of Spain might be achieved in 7 years.<sup>23</sup>

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<sup>19</sup> SME, 10.4.2007, Rozbehnuté automobilky ťahajú produkciu v SR; Statistical Office of the Slovak Republic on-line data.

<sup>20</sup> In 2010, all car plants should produce 850,000 passenger cars a year – the most per capita in the world (Financial Times, 20.2.2007, Welcome to the Detroit of the east.).

<sup>21</sup> SME, 23.2.2007, MF SR: Ekonomický rast SR môže tento rok dosiahnuť 9 %.

<sup>22</sup> SME, 6.3.2007, Ekonomika SR má podľa ŠÚ potenciál ďalšieho rastu.

<sup>23</sup> SME, 6.3.2007, Hospodárstvo SR čaká ďalší dobrý rok.



Among the possible risk factors usually mentioned with respect to development in the Slovak economy in future two years is an excessive rise in wages (though they are not supposed to increase too much – Table 19), if uncompensated by the labor productivity growth. This could result in large inflation. Analogically, the country's economy should undergo further structural changes and change from an economy based on/competing with low wages to that benefiting from unique know-how, high education and advanced skills of the labor force orienting itself more to services or production with higher added value (for instance, information technologies, finance consultancy, R&D, etc.). The greatest handicap in quick equalizing the Slovak economy with advanced EU ones resides in postponing the reform of the educational system (cf. OECD, 2007; SME, 8.3.2007; OECD, 2006d; Eurostat, 2005).

Table 19 also provides a *forecast of some elementary economic parameters in the country for 2007-2008*; however, the current reality is much turbulent on these months and most likely given estimates for both years may be too conservative.

It is also interesting how the contemporary consolidation and improvement of the Slovak economy has been projected to its *subjective evaluation by inhabitants*. Although in the past Slovak citizens were known as rather skeptical about their economic prospects, the situation now is completely reverse. At the beginning of 2007, Slovaks considered their economy to be best working among the respondents from the V4 countries. Simultaneously, residents of Slovakia have been the biggest optimists in view of future economic development; its further amelioration in 2007 is anticipated by 36.3% of respondents, just 13.4% assume its deterioration.<sup>24</sup>

For the first time in history too, when assessing the present-day living standard of households in Slovakia, the share of positive expressions has exceeded that of negative ones. At the same time, a fundamental shift in expectations referring to the favorable future development of living standard has set in – more optimists than pessimists live in the country now.<sup>25</sup>

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<sup>24</sup> SME, 3.4.2007, Ekonomickú situáciu zo štátov V4 najlepšie hodnotia Slováci.

<sup>25</sup> SME, 3.4.2007, Slováci sa na ekonomiku pozerajú optimistickéjšie.

### **3.4 Development on the Slovak labor market in the immediate future**

For a short period to come, the dynamic growth of employment as well as decline in unemployment are anticipated in the Slovak Republic.

*In 2007 and 2008, development in employment* should be influenced particularly by an overall favorable economic environment in the country manifested – among others – in the robust GDP growth stimulated by FDI inflows, increasing performance in production (as outlined above) and expanding market services. This all will most likely act as pro-growth factors with regard to labor force demand. A certain deceleration of employment is expected in following years (NBS, 2007).

By the latest OECD analysis, one of the main reasons for slower catching up with EU-15 living standards is a widening gap between labor utilization (the low employment rate) in Slovakia and those in the EU-15 countries (OECD, 2007).<sup>26</sup> Hence, there will be a necessity to support convergence in this indicator in the coming period articulating and applying policies addressing the issue. The Slovak Ministry of Finance has recently forecasted a rise in the number of employed persons for the years 2007, 2008 and 2009 at 1.0%, 0.8% and 0.8%, respectively (IFP MF, 2006; cf. Illés – Ódor, 2005), which seems to be much unrealistic figures in comparison with a 3.8% growth in 2006. The course per se should correspond to increasing macro-economic stability in the country, the creation of new working positions, the success of economic and social reforms, and contributions from the EU budget through Eurofunds.

Experts from the International Monetary Fund provided a potential employment growth projection in the Slovak Republic as a result of anticipated job creation associated with structural reforms and with both announced and expected investment projects. IMF predicts a steady annual employment growth in the country at the level of 0.9% until 2009 (IMF, 2005) apparently not foreseeing the dynamics of 2005-2006. Also Kvetan et al. (2006) assume a progressive growth of employment in the Slovak economy, quantitatively with some 2.45 million employed persons in 2013.<sup>27</sup> According to the authors, regionally, demand for labor will gradually decrease especially in the Bratislava region as a consequence of increasing

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<sup>26</sup> Out of the old EU Member States, in 2006 only Italy had the lower employment rate 15-64 than Slovakia, as mentioned in the subchapter on the labor force characteristics (Eurostat on-line data).

<sup>27</sup> However, it is obvious already now that this figure has been extremely underestimated.

labor productivity. In the other Slovak regions, a constant rise in labor demand should be recorded in the coming period (ibidem).

Most realistically, the employment growth has been estimated by Infostat<sup>28</sup> (and also by ŠÚ SR, 2007b) very recently: they envisage a rise in the number of the employed by 1.5% (35 thousand persons) during the first half of 2007. One may thus roughly calculate with up to a *3% increment for the entire year* (cf. estimated 2.4% for 2007, later about 1.5% by Senaj – Beblavý, 2006; or below 2.5% for 2007 and 2008 by EC, 2006d).

In terms of changes in *unemployment in Slovakia in the following few years*, contemporary trends are definitely supposed to continue, i.e. the unemployment rate will generally show a downward trend (cf. NBS, 2007). Long-term unemployment – seen as the biggest problem in this field in the country – may fall due to economic growth and realized reforms of welfare and employment. However, low regional workers' mobility will contribute to keeping the duration of unemployment still quite high in Slovakia compared to other EU countries (OECD, 2007). The falling unemployment rate – as a synergy of processes such as increasing employment, changes in the age structure and participation rate, and the rising limit for the retirement age – is predicted by the Ministry of Finance too (IFP MF, 2006).

According to an estimated development of labor demand by Kvetan et al. (2006), the unemployment rate should be reduced to 10.0% within 2007-2010 (see much higher values given by Gertler, 2005). Again by information from Infostat (Footnote 28), the decrease of unemployment during the first half of 2007 is assumed at 25 thousand individuals at minimum and the unemployment rate should equal 12.4% by the LFS. But already *in the 1<sup>st</sup> quarter 2007, Slovakia's unemployment rate dropped to 11.5%* (from 14.9% in the 1<sup>st</sup> quarter 2006!) thus representing one of the largest year-on-year declines among the EU-25 countries (Statistical Office of the Slovak Republic on-line data; cf. Eurostat<sup>29</sup>).

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<sup>28</sup> *Krátkodobá predikcia vývoja slovenskej ekonomiky v 1. polroku 2007*, <http://www.infostat.sk/ELIS/ekon/prognozy.html>, access March 2007.

<sup>29</sup> *Euro-indicators 75/2007, Euro area and EU-27 unemployment down to 7.1%*, April 2007.

Table 19 Performance of the Slovak economy within 1996-2006 and its forecast for 2007-2008

Indicator / year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*	2007 <sup>f</sup>	2008 <sup>f</sup>
GDP, curr. prices (in billion SKK)	655.2	724.9	790.0	852.2	941.3	1,020.6	1,111.5	1,212.7	1,355.3	1,471.0	1,636.3	1,815.6	1,958.5
(in billion EUR)	16.8	19.0	20.0	19.3	22.1	23.6	26.0	29.2	33.9	38.1	43.9	47.2	50.9
Annual growth of GDP (in %), constant prices	6.1	4.6	4.2	1.5	2.0	3.8	4.6	4.5	5.5	6.0	8.8	7.2-9.3	5.5-7.5
GDP per capita, PPS, const. prices (EU-25 = 100)	47.0	47.4	47.6	46.9	47.4	48.7	51.0	52.8	54.4	57.1	60.3	63.1	65.2
GDP per capita (in EUR – PPS) current prices	7,516	7,989	8,444	8,716	9,419	10,031	10,866	11,362	12,196	13,400	14,800	16,100	17,400
Annual growth (in %) of labor productivity	5.6	7.1	4.1	3.1	2.6	2.6	4.7	2.3	5.8	4.6	5.9	5.0-6.7	4.5-5.7
Foreign trade balance (as % of GDP)	-10.5	-9.3	-10.5	-5.1	-2.4	-7.8	-6.8	-1.2	-3.0	-4.5	-4.4	-1.3-2.0	-0.7
Inflation rate – HICP (in %)	5.8	6.0	6.7	10.4	12.2	7.2	3.5	8.4	7.5	2.8	4.5	1.5-3.4	1.9-2.5
Public finance deficit (as % of GDP)	7.4	6.2	3.7	7.0	12.3	6.0	5.7	3.7	3.3	2.8	3.4 <sup>a</sup>	2.6-2.9	2.4-2.6

Gross public debt (as % of GDP)	30.6	33.1	34.0	47.2	49.9	49.2	43.3	42.7	41.6	34.5	30.7	<31	<30
Gross external debt (in billion USD)	7.8	9.9	11.9	10.5	10.8	11.3	13.2	18.1	23.7	26.9	32.2		
FDI inflow (in million USD)	357.5	204.3	504.6	365.3	2,031.9	1,224.3	4,045.4	1,021.6	979.7	1,760.0	2,328.4		
FDI (as % of GDP) current prices	1.7	0.9	2.3	1.8	10.0	5.8	16.5	3.1	2.3	3.7	4.2		
Average nominal monthly wages (in SKK)	8,154	9,226	10,003	10,728	11,430	12,365	13,511	14,365	15,825	17,274	18,761		
Index of real wages (previous year = 100)	107.1	106.6	102.7	96.9	95.1	101.0	105.8	98.0	102.5	106.3	103.3	104.2	104.0

Note: see data on employment in Table 11; \* = some values for 2006 may still be subject to future revision; <sup>f</sup> = forecast (here included also several latest expert estimates, published in the media); <sup>a</sup> = but only 2.5% without costs for the pension reform

Source: Eurostat on-line data; Statistical Office of the Slovak Republic on-line data; National Bank of Slovakia on-line data; Eurostat, 2007b; Okáli, 2007; ŠÚ SR, 2007b; WB, 2007; OECD, 2006c; ŠÚ SR, 2006f; EC, 2006d; ECB, 2006; ECB, 2004

### **3.5 Shadow economy – its volume and importance for the country, influences of migration**

There has been little systematic research conducted on this issue in the Slovak Republic in the past, nor have been implemented any strategies to tackle it. Most of the relevant information was published in the form of *rather free estimates and assumptions*. Such a situation has basically persisted up to now. However, it is possible to present some figures and evaluations, also from foreign sources.

According to Lubyová – Ochranková – Vantuch (1999), the share of the hidden economy in Slovak GDP before the year 1990 was estimated at around 3% (3-5% by Hajnovičová, 2003). This proportion increased during the initial period of transition to approximate 15-20%. Hajnovičová (in Lubyová – Ochranková – Vantuch, 1999) assessed the size of unregistered production and activities in 1993 at about 12.8% of GDP. Among the single economic branches, the largest share in the undocumented economy was attributed to retail, hotels and restaurants (38%), followed by trade services (26%), and construction (15%). The rest was allocated chiefly to the processing industry, transportation, and agriculture. The statistics did not cover the illegal employment of foreign workers.

For the same period (1990-1993), the extent of the gray economy in Slovakia was assumed at 14.2% thus being the second lowest within the CEE countries after the Czech Republic (Belev et al., 2003; cf. Djankov et al., 2002). By the former source, the magnitude of the shadow economy in Slovakia a decade later expressed as the proportion of official GDP grew to 18.3% (the lowest figure out of the 23 countries in transition in the mentioned region), with a 16.3% share of the labor force involved in this sector of the economy in the country during 1998-1999 (the second lowest relative value in the region). In a study by Lubyová (2000) the author guessed that about 12% of total value added was produced by undocumented workers in Slovakia including aliens. EC estimated the size of the gray economy in Slovakia in 2000 at 8-13% (EC, 2004), Slovak statisticians at only 9.7% of the country's GDP in 2001 (MPSVR, 2004).

*By World Bank, the extent of the informal economy in the country is 18.9% of GNP.<sup>30</sup>*

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<sup>30</sup> <http://www.doingbusiness.org/CustomQuery/ViewCustomReport.aspx>, access April 2007.

On the basis of surveys done in 2000, Hanousek and Palda (in Belev et al., 2003; cf. EC, 2004) looked more in detail at reasons why people in Slovakia (as well as the Czech Republic) evade taxes searching for links between tax evasion and variations in demographics, and between beliefs about the morality of evasion and the chances of apprehension. By the authors, tax evasion seems to be predominantly the business of men; households whose head is married are strong evaders; after going into retirement tax evasion drops radically; no clear relationship exists between tax evasion and education; unemployed persons or persons with their own business tend to be the most active evaders in the country. In view of the ethics of tax evasion, the authors find a very strong correlation between whether an individual evades taxes and what percentage of people in his/her neighborhood he/she believes to be evading; they also find that “the most frequent evaders are those who are convinced that there is little difference between how many people in their neighborhood evade and how much countrywide evasion there is”. They note that Slovakia’s average tax morality is higher than that in the Czech Republic, although Slovaks think that a greater number of their countrymen are engaged in the shadow economy than do Czechs. Czechs seem to evade more taxes than Slovaks, but more Slovaks work in the underground economy. Hanousek and Palda provide also an extensive set of data in support of their hypotheses.

According to expert calculations from the Research Institute of Labor, Social Affairs and Family, the extent of hidden employment among the registered unemployed on the Slovak labor market in 2000 amounted to 66 to 71 thousand persons, i.e. 12.4 to 13.2% out of the total number of the registered unemployed (Hajnovičová, 2003; Hanzelová – Kostolná, 2002). With the help of questionnaires to relevant officials from local and regional administration, Bednárík – Danihel – Sihelský (2003) estimated the volume of the gray economy in Slovakia in mid-2003 at roughly 18.3% of GDP. The illegal employment of foreign nationals was considered the least significant factor (being more pronounced in the Bratislava region than in the other Slovak regions, which corresponds to empirical evidence) – far behind tax evasion by autochthonous both employers and employees, parallel receiving of benefits, or profits from illegal business activities. The phenomenon most occurred in the building industry, catering, tourism, retail, transportation, IT services and agriculture, namely in the casual and seasonal form. A low-skilled unemployed man aged 25-35 was/is a typical potential illegal worker. Large companies did practically not take part in the shadow economy. With

employers, the primary motive for illicit employing resulted from their high payments to social security funds for their official employees (ibidem; EC, 2004).

In principle, the regular detection of illegal work in Slovakia began only in 2000 when a number of State agencies (i.e. the Ministry of Labor, Social Affairs and Family, Ministry of Interior, Ministry of Finance, Social Insurance Agency, National Labor Office, and National Labor Inspectorate) concluded an agreement on the co-ordination of their activities in combating hidden employment. Nationwide inspections aimed at detecting undocumented workers in Slovakia started soon. In the course of 2000–2002, labor inspection agencies checked 77,295 persons employed by 11,443 employers registered in Slovakia. 712 (0.92%) employed Slovak citizens were found working illicitly with additional 357 foreign nationals (Duleba, 2004). No doubt these figures reflected just a fragment of the reality.

As regards the possible number of irregular workers in Slovakia, estimates largely varied and ranged from 76,000 to 200,000 persons in the mentioned years. For instance, the Research Institute of Labor reckoned with 76,000–82,000 illegal employees in Slovakia; the Ministry of Labor, Social Affairs and Family of Slovakia envisaged some 82,000; the National Labor Office guessed 140,000; the Moody's Rating Agency calculated with 160,000 undocumented workers and tax offices computed the number of such persons at 200,000, with a rough average of 130 thousand.<sup>31</sup> This figure so comprised around 6% of the total stock of the employed in the country.

According to later estimates by the Slovak Government, based on an ILO methodology, hidden employment in the country referred approximately to 150,000 persons. This means that a significant share of the unemployed – social welfare receivers – worked in an unauthorized manner (OECD, 2004a). Hajnovičová (2003, 2006) gave a wider range of undeclared work expressed in persons – from 90 thousand *to 140 thousand thus not exceeding 7% of employed persons in the country* (cf. 100-150 thousand by Balko<sup>32</sup> or 140 thousand given by EIROnline<sup>33</sup>).

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<sup>31</sup> *Informačný týždenník 26/2001*, Tlačový a informačný odbor Úradu vlády Slovenskej republiky.

<sup>32</sup> [http://www.fsev.tnuni.sk/fileadmin/kvs\\_files/Danovnictvo/17.ppt](http://www.fsev.tnuni.sk/fileadmin/kvs_files/Danovnictvo/17.ppt), access March 2007.

<sup>33</sup> <http://www.eurofound.europa.eu/eiro/2005/05/feature/sk0505103f.html>, access April 2007.



It was generally accepted that irregular work had grave macro-economic consequences for the State and public budgets. During 2004, labor inspectorates, trade licensing offices, the police and tax authorities revealed some 1,000 cases of illegal work in Slovakia. This particularly concerned employment without a contract, or an otherwise substantiated employment relationship (cf. Zachar et al., 2005). Combating illicit work in the country was unusually effective in spring 2005, when from April 4<sup>th</sup> to April 15<sup>th</sup> employment authority and labor inspectorate representatives performed 7,077 inspections under the operation “Wind”. Inspectors discovered more than 990 cases of employment without a labor contract or agreement (including several dozens of cases pertaining to foreigners). According to data by the Social Insurance Agency, employers subsequently filed 38,600 new job positions with an assumed income increment in favor of the Agency making at least 40 million SKK per month (ibidem).

The scale of estimated undocumented work and accompanying negative phenomena – such as *tax and other compulsory payments evasion, parallel receiving of benefits, allowances or aids from the State, or exploitation by employers* – recently led to making the respective Slovak legal norms stricter than before. The new Act on illegal work and employment<sup>34</sup> exactly defines both terms, straitens the scope for unauthorized employment and work, widens the obligations of evidence and registration towards the Social Insurance Agency and other authorities, specifies stricter sanctions for irregular work and employment.

Another new law<sup>35</sup> defines the scope of State administration bodies in the field of labor inspection, establishes the rights and obligations of labor inspectors and the obligations of natural as well as legal persons in this context. On the basis of these legal norms, a person working illicitly in Slovakia may get a fine to 10,000 SKK; an employer employing people illegally may receive a fine even up to 1 million SKK (irrespective of nationality).

However, according to experts, the Act on illegal work and employment resolves only effects, not causes. Payments to social security funds – still quite high – are the main reason to employ and/or to be employed in an unauthorized form (Zachar et al., 2005).

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<sup>34</sup> Act No. 82/2005 on Illegal Work and Illegal Employment.

<sup>35</sup> Act No. 125/2006 on Labor Inspection.

*With regard to the employment of foreign nationals in Slovakia*, the new Penal Code<sup>36</sup> states that those persons who – with the intention to gain directly or indirectly financial profit – help or enable to stay illegally or to obtain illegal employment in the territory of the country to a person not being a national of the Slovak Republic or not having a permanent residence permit in the country will be sentenced to 2 up to 8 years of imprisonment.

Finally, the police too are entitled to control the irregular work and employment of foreign citizens in the country, namely on the grounds of the Alien Act<sup>37</sup>, as explained more in detail in the text on labor immigration below. This Act specifies the conditions within which the foreign nationals in Slovakia may or may not work/run business/do other economic activities. In the case of detecting illicit work or provision of employment with a foreigner, the Office of Border and Alien Police acts as prescribed by law. This implies the termination of the foreigner's stay and his/her administrative expulsion from the territory of the country, with usual imposing an entry ban on him/her for the period of 5 years.

During the latest years (2003-2006) *almost 1,200 illegally employed foreigners in Slovakia were discovered* by the police – i.e. 36, 112, 627 and 379 persons, respectively (statistics of Office of Border and Alien Police). The majority of them came from third countries (Vietnam, Ukraine, Afghanistan, India, China), Romania, but significantly also from a current big industrial investor in the country – South Korea. A reversal in the trend towards decline in 2006 was obviously a consequence of the higher number of actions and inspections aimed at revealing the phenomenon as well as a result of heavy financial sanctions imposed against those Slovaks illegally employing foreign nationals. Irregularly employed foreigners may be found mostly in the private sector – namely in retail, services and hospitality, the building industry, agriculture and forestry, i.e. in branches with a high share of physical, seasonal and spasmodic work.

In terms of entrepreneurship, by the statistics of Office of Border and Alien Police *no immigrants doing business unlawfully have been registered in Slovakia in 2005-2006*.

Findings of a recent research pointed out that the undocumented employment of immigrants is largely supported by interests of, above all, Slovak employers thus benefiting from exploiting the cheap labor force (cf.

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<sup>36</sup> Act No. 300/2005, Article 356.

<sup>37</sup> Act No. 48/2002 on the Stay of Foreigners.

Divinský, 2004). Although such employers face relatively huge financial sanctions for that and unauthorized workers are subject to a fine, entry and residence ban or even expulsion from Slovakia, the degree of risk is still negligible. At the same time, illegally employed migrants are a rather vulnerable group of persons being in a situation when they must accept quite unfavorable labor conditions, low wages and improper treatment.

Certain assumed (and partly verified) facts on migrants illicitly employed in Slovakia – especially by most important countries of origin, dominant occupations and some other characteristics – are provided in Chapter 4.

Summarizing this topic it can be accentuated that:

- the contemporary extent of the informal economy in the Slovak Republic is freely estimated to move between 15 and 20% of GDP. This is perhaps not so much than in the overwhelming majority of other transition countries, nevertheless it forms not an inconsiderable figure;

- the size and structure of the shadow economy as such in the country has been influenced by development on the labor market – lower work accessibility, the high unemployment rate and a low flexibility of the labor force; then by carried out economic and administrative reforms, overall macro-economic stability, lowered tax burden, and a more positive economic environment; by the degree of social exclusion (the young; low-skilled; Roma); and also by the intensity of migration for work abroad;

- the undocumented economy is concentrated in Slovakia either in the largest cities with a multitude of various jobs and anonymity or in the least developed regions with the highest unemployment;

- it seems that the gray economy does not expand further at present thanks to recently passed laws and taken measures in the above stated areas as well as general economic advancement in Slovakia;

- combating illegal work and employment came to the foreground of limited societal dialogue in the country merely in the past years, therefore no sufficient instrumentarium for it has been developed and applied;

- the greatest progress has been evident in the institutional and legal spheres; however, still the enforcement of laws and the effectiveness of controls constitute a serious problem;

- the tolerance of corruption and “pro-undocumented economy” behavior (for example, simultaneous receiving benefits in unemployment

and doing illicit work, numerous tax evasion and so on) are sensible in Slovak society and have adverse effects;

– *the current scale of the shadow economy in Slovakia due to immigrants is supposed to be substantially low if not trifling, absolutely as well as compared to other countries of the Union* (one should realize that both the number and proportion of immigrants on the Slovak labor market is one of the lowest within the EU and OECD countries, as will be specified later);

– however, it has to be qualitatively distinguished between the state before vs. after the country's accession to the EU, prior to a booming economy vs. under it, at the time of prevailing labor supply vs. during increasing labor demand;

– though once completely disregarded, one may legitimately anticipate that the extent of irregular labor immigration will grow in coming years and it will have more visible impacts on the Slovak economy as a whole. Particularly the category of low-skilled immigrants from less developed regions of the world is expected to be more involved in the sector of the hidden economy in the future.

## Chapter 4 – Migration movements to Slovakia with an emphasis on labor immigration

From the viewpoint of modern history (the past three centuries), Slovakia was an emigration rather than an immigration country. Intensive emigration flows from its territory were particularly evident in the 2<sup>nd</sup> half of the 19<sup>th</sup> century when Slovakia witnessed the largest wave of emigration ever.<sup>38</sup> Emigration was thus one of the typical demographic and social phenomena in the country having primarily economic and social roots (Divinský, 2004). “Illegal” emigrants after WW2 constituted another wave of mass migration from Slovakia in its modern times; many of them were motivated to depart also by political reasons (cf. Bijak, Kupiszewski et al., 2004). Immigration until 1989 was almost inappreciable with no societal consequences. Slovak society then only little or nothing knew about the comprehensive character of the issue.

The collapse of communism brought about the radical change of migration patterns and existing migration trends were broken. A set of absolutely new migration phenomena such as mass undocumented immigration, human smuggling and trafficking, quantities of asylum seekers, increasing labor emigration and immigration, larger naturalization, integration challenges, need for a new migration policy and the like has emerged in the country since 1990. Slovakia officially became a transit country, recently slowly beginning to transform into an immigration one.

Since the end of the 20<sup>th</sup> century, impacts from the presence of immigrants – mostly in the economic, social, cultural, legal and institutional spheres – have been more pronounced in Slovak society; however, they markedly increased after the country’s accession to the EU in 2004 (cf. Divinský, 2006a). Nevertheless, the *Slovak Republic still remains a country with comparatively modest immigration flows* (OECD, 2006a; Kaczmarczyk – Okólski, 2005).

As regards labor migration per se, its two basic constituents – labor immigration and labor emigration – are currently qualitatively and quantitatively different from each other. While labor immigration to Slovakia is still quite weak (it belongs to the weakest in the EU-25),

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<sup>38</sup> Between 1871 and 1914, around 500,000 inhabitants of the country left for the U.S.A. and another 350,000 persons to other regions, which was then the second highest rate of emigration in Europe after Ireland (Divinský, forthcoming).

*emigration for work has considerably accelerated during the last years* and already influences the overall situation on the labor market of the country. This all will be depicted in detail in this and the following chapters.

#### **4.1 In-migration within net migration**

Since the birth of the Slovak Republic, *the number of immigrated persons* (i.e. persons changing their *permanent place of residence*<sup>39</sup>) has always exceeded that of emigrated ones, therefore net migration has recorded positive figures (data provided by national sources are highly congruent with Eurostat data, except for net migration for 2000 that is given by this institution as an inexplicably high negative value: minus 22,400 persons – cf. Eurostat on line; Eurostat, 2006a). The immigration trend until 2004 was relatively stable, the number of the immigrated was keeping the level of 2-2.5 thousand annually (Table 21). This number has been practically doubled since 2004 (ŠÚ SR, 2006d), which is connected with the accession of Slovakia to the Union and more liberal conditions for the entry and stay of persons from the European Economic Area (hereinafter EEA) and Switzerland in the country, but net migration as a whole still stands at low levels (OECD, 2006a).

The highest share of the immigrated (over 80% in 2005) is represented by persons *from Europe* but this proportion is lately slightly decreasing in favor of migrants from Asia and America (15%). Slovakia has been a destination country notably for persons from CEE countries for a longer time (statistics of Statistical Office of the Slovak Republic; cf. Eurostat, 2007a; Salt, 2006 and his older editions). Within the top 10 nationalities, one may find mainly the Czechs, Poles, Ukrainians, Hungarians, and Serbs. However, migration from the Czech Republic constantly shows a falling trend; while in 2000 the share of immigrants from it accounted for 56%, in 2005 it was 22% only. From the beginning, the cardinal reason for immigration from the Czech Republic was return migration and re-migration because of demand on the restitution of property for which the permanent residence of an applicant was an indispensable condition. Currently, the reunification of family and labor migration (covered by “other reasons”) dominate. Despite this drop in numbers and

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<sup>39</sup> Used instead of, presumably, a better concept of the *usual place of residence* as recommended by international statistical institutions including Eurostat (cf. Bijak, Kupiszewski et al., 2004).

shares, migration relations between the both States are naturally above standard and the Czech Republic still remains the most important immigration country for Slovakia (cf. WB, 2006a).

Since the country's accession to the EU, the number of persons from "old" EU Member States moving to Slovakia has apparently multiplied (33% in 2005 against 9% in 2003 or 7.5% in 2000 – ŠÚ SR, 2006d; Divinský, 2006a). Among them, the most numerous are the Germans, Austrians, French, Britons and Italians with labor activities as the major reason to immigrate. For the identical incentives, the immigrated from South Korea more than successfully join those from Vietnam and China at present. Numerically not negligible are also immigrants from the U.S.A. and Canada, within which one may find also numbers of erstwhile Slovaks returning from emigration.

In general, until 2004, the greater part of the immigrated to Slovakia were constituted by (former) citizens of Czecho-Slovakia coming back home after a longer or shorter stay abroad. Only from 2004 citizens of the Union having no origin in the country have prevailed. Among the immigrated, the age category of 25-39 clearly dominates (nearly 40% out of the total) as do men over women (3,251 to 2,025 persons in 2005 – ibidem; cf. Eurostat, 2006a; statistics of Statistical Office of the Slovak Republic).

From a regional perspective, higher numbers of the immigrated (over 200 persons in 2005) are related to the districts of Bratislava, Nitra, Trenčín, Žilina and Košice, i.e. those to which significant foreign investment was directed and larger activities of foreign companies took place. In 2001-2005, almost a third of the immigrated moved to these districts. Bratislava as the capital has a special position in the country with the average number of the immigrated reaching 500 to 1,000 persons annually, followed by Košice. Both cities thus gained ¼ out of all immigrated persons in the mentioned period though this share is slowly diminishing as the attractiveness of other localities in the country for investors rises as well (Infostat, 2006a).

## **4.2 Immigrant community in Slovakia: division, attributes and development**

### **4.2.1 Foreigners with a residence permit**

The principal and most numerous group of immigrants in the country is constituted by *foreigners* (foreign residents, foreign citizens, foreign nationals) *holding a residence permit*. They are defined legally as foreign persons granted the right to reside in Slovakia with a (permanent,

temporary or tolerated) permit to stay; they are registered by the police in the Register of Foreigners.

*As of the end of 2006, the stock of these immigrants living, working or studying in the territory of Slovakia accounted for 32,153 persons (statistics of Office of Border and Alien Police – see Table 21). This makes up 0.6% of overall population in the country.* In an international comparison, it is quite a low figure – the lowest proportion of foreign residents in the entire EU-25 (Eurostat, 2007a; Eurostat, 2006d) and one of the lowest in all Europe (Salt, 2006). From a long-term viewpoint, there is obvious a progressive growth in the absolute number of foreign nationals and their share in the total population of Slovakia; however, the years 1998-2003 witnessed their stagnation. Their sharp fall in 2004 was artificial – caused by the elimination of numerous, before doubly-registered, cases.<sup>40</sup> Following 2004, the number of immigrants has increased considerably thus reacting to Slovakia's accession to the EU and much simpler conditions for the movement of persons from the Union and their family members in the country (cf. Infostat, 2005; Divinský, 2005a).

As regards the most important countries of origin of foreigners holding a residence permit in Slovakia, these may be found among them at the end of 2006 (Table 20).

Table 20 Numbers of foreigners with a residence permit in Slovakia by country of origin (top 20), end of 2006

Country	Number	Country	Number
Czech Republic	5,113	France	865
Ukraine	3,927	South Korea	837
Poland	3,646	United Kingdom	744
Germany	2,289	U.S.A.	701
Hungary	2,106	Romania	700
Russia	1,311	Italy	695
Austria	1,202	Bulgaria	547
Serbia/Yugoslavia	1,073	Croatia	333
Vietnam	1,063	Macedonia	251
China	898	Netherlands	245

Source: statistics of Office of Border and Alien Police

<sup>40</sup> Due to that, values for the individual years prior to 2004 are not fully comparable with those used since 2004.



*The leading nationality – the Czechs* – dominate in number reaching almost 16% out of all foreign residents in the country and followed by the Ukrainians and Poles. On the whole, nationals of the neighboring countries are logically most numerous as their citizens have had natural close kin and working relations in Slovakia for a long time already. These immigrants are primarily employed or doing business in various sectors of the economy but for a good part of them family reunification means also an significant reason to reside in the country. Another subgroup is represented by countries with *historically developed communities in Slovakia* and/or with their own, not scanty, Slovak minority (Russia, Serbia/Yugoslavia, Romania, Bulgaria, Croatia). Their citizens work, study and create families in Slovakia and gradually join their national minorities in the country (cf. Divinský, 2005c).

Rising inflows of *foreigners from Asian countries* form practically a new trend in Slovakia. Though the Vietnamese have existed in the country for some decades already, the Chinese community is relatively recent and very dynamic. Economically, both these nationalities act mostly as small entrepreneurs, retailers, vendors, wholesale importers of cheap goods from their mother countries and operators of typical restaurants (cf. Williams – Baláž, 2005a). On the contrary, the quickly expanding South Koreans (merely 36 persons in 2003, 837 in 2006) work as top managers and highly-skilled employees in one of the huge new car factories in the country reflecting its aspirations to play a crucial role in Europe's car industry (Divinský, forthcoming).

Finally, since 2004, *foreign nationals from "old" EU countries* have been the fastest-growing immigrant group in Slovakia (in 2006 they accounted for 21.5% in the total stock of foreigners compared to 9.8% in 2003). They carry out economic activities mainly in the tertiary and quaternary sectors as experts, representatives, advisers, lecturers, researchers and so on, though their participation in managements of industrial companies in the country is not negligible either (ibidem; Kellenbergerová, 2006). Especially the French have been accelerated in number for this reason in the very last years; they have helped build another large car factory in Slovakia. The reunification of family is in the category of foreigners from the Union rarer – their work is usually of a temporary nature. Altogether, the number of EU citizens as a whole in the country's immigrant stock rose from 10,803 in 2004 to 17,971 in 2006.

Increase in newly issued residence permits for foreigners in Slovakia since 1996 (depicted in Table 21) confirms the fact that the EU accession

year meant a historic milestone in immigration trends and a higher interest in the country from the side of foreign nationals; their inflows grow almost exponentially.

As regards the *geographical distribution of residence permit holders* in the Slovak Republic, the majority of them are concentrated in the regions of Bratislava and Košice (out of the 8 administrative Slovak regions). In 2006, some 29% of foreign nationals lived in the former, nearly 15% in the latter (statistics of Office of Border and Alien Police). The spatial concentration of foreign residents in the country apparently reflects the distribution of labor and business opportunities, advanced infrastructure, existing educational facilities as well as housing possibilities (Divinský, forthcoming; Divinský, 2005a).

Not too many *demographic and social characteristics of immigrant populations* are observed in Slovakia though a certain progress in this sphere has very recently been achieved.<sup>41</sup> According to data from 2006, children (age 0-14) form less than 6%, persons aged 15-64 make up 88%, and the elderly (over 65) represent more than 6% of the end-year total. The most numerous age category is that of 30-39; it comprises almost a quarter of overall foreign population in Slovakia. Then, 60% of foreign nationals with a permit to stay are men (statistics of Office of Border and Alien Police). Foreigners in the country are more educated than natives – 19% of them have completed a tertiary level of education against 11.2% of autochthonous population (OECD, 2005c). Regrettably, other data on foreign nationals (besides types of stay, purposes of stay, countries of birth – all by countries of origin or Slovak regions) are not registered. We much lack statistics on the professional background, occupation, family status, mother tongue, religion, etc. of foreigners. Such a situation is no more sustainable.

#### 4.2.2 Asylum seekers in brief

The unexpected tremendous growth of asylum seekers over recent years has been a typical feature of immigration in Slovakia (Table 21). In 2004, their inflow for the first time exceeded 11,000 individuals a year rising unbelievably to 130 times their 1992 level (Divinský, 2005a). This extreme upsurge began in 2001 thus shocking authorities and the public. In 2003 and

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<sup>41</sup> Poor migration data coverage in Slovakia was underlined also by Bijak – Kupiszewski – Kicinger (2004).

2004, the ratio of asylum seekers to the number of inhabitants belonged in Slovakia *to the highest in Europe* (UNHCR, 2005) and *was the 4<sup>th</sup> highest within all OECD countries* (OECD, 2006a). But only a minimum number of asylum applicants have been granted asylum in the country. This circumstance is often the subject of criticism by non-governmental organizations, international institutions and migrants proper. On the other side, State authorities argue for the strict observance of respective conventions and prove obvious economic reasons behind asylum applications. In most cases, after a certain breathing time, asylum seekers leave from the refugee camps in Slovakia for more westward European countries thus not fulfilling conditions for the asylum procedure that has to be suspended then (Divinský, 2005c). Developments in 2005 and 2006, however, suggested a heavy decline in the number of asylum applicants in Slovakia in line with trends in Europe.

Within a longer period, among the countries most represented by asylum seekers in Slovakia belong Afghanistan, India, China, Iraq, Bangladesh, Pakistan, Vietnam, and Somalia. Recently, however, the absolute numbers of asylum seekers from Afghanistan and Iraq have considerably decreased while the number of applicants from Russia (mostly from Chechnya), Moldova, Georgia and Armenia intensely grows. A grave problem lies in the unattractiveness of the Slovak asylum system for refugees. Out of almost 600 persons who were granted the status of refugee in Slovakia until the end of 2006, *fewer than 100 have remained in the country* (statistics of Migration Office; statistics of Office of Border and Alien Police).

#### 4.2.3 Irregular (transit) migrants

Trends in the field of undocumented migration in the Slovak Republic have been similarly dramatic since 1996. Over the past 10 years, Slovakia has undergone several stages in this phenomenon. A radical turning point – sudden huge growth in the number of irregular migrants started in 1998 *reaching the top values in 2001 and 2002*; contemporary inflows are half-size (statistics of Office of Border and Alien Police – Table 21). As a consequence, during 2001-2004 the ratio of apprehended transit irregular migrants to the number of all inhabitants in the country was the highest from among the V4 countries (Futo – Jandl, 2006). The given dynamics mirrored sensible migration pressure to this part of Europe from a multitude of

countries (particularly Asian ones), a well-functioning network of smugglers in Slovakia and the difficult protection of its mountainous eastern border. The country was then considered by certain experts to be a *crossroad for transiting undocumented migrants*, especially for those from Ukraine and the Balkans heading westwards (Divinský, 2005a). At present (2006-2007), the Government lays increasing emphasis on tackling the issue of smuggling of and trafficking in people through the Slovak territory.

The structure of countries of origin as regards transit irregular migrants in Slovakia has moderately been modifying over recent years. In general, undocumented migration to the country is mainly of an economic character, i.e. it is made up by voluntary economic migrants – mostly from South and East Asia (India, China, Georgia, Pakistan, Bangladesh, Vietnam), then some poor European regions (Russia-Chechnya, Moldova, Ukraine) as well as a few African countries (ibidem).

#### 4.2.4 Illegally staying immigrants

All data demonstrated above pertain purely to immigrants residing legally in the country. Hitherto no significant expert or institutional studies on those persons staying in the country unlawfully have been elaborated or correct estimates provided, though these migrants occur also in Slovakia as elsewhere.

The only known official figure refers to the second component of undocumented migration that has gradually come to the foreground in the country during recent years – the *overstaying foreigners*. They are persons apprehended by the police after having violated legal conditions for stay; most often after the expiration of their residence permits when remaining in the territory of Slovakia without renewed permits or with counterfeit ones. This phenomenon has an evident growth trend; the number of apprehended irregular migrants of this kind increased *from 2,612 persons in 2004 (no earlier data available) to 3,491 persons in 2006*. It means that Slovakia is slowly becoming attractive for irregular migrants as a destination country too (Divinský, 2006b). This is an important finding particularly with expected larger migration inflows of low-skilled labor forces from countries east of Slovakia.

When trying to assess *real undocumented immigration in Slovakia* (the number and structure of immigrants residing and working in the country

illegally) at present, any attempts to do that are much constrained by the limited extent and nature of data available. In fact, one has to be satisfied with very free estimates with a high potential risk of error. Moreover, these estimates vary to a great degree. By them, the number of illicitly employed foreigners ranges from several thousands to several dozens of thousands. Some authors give *several thousand foreign nationals illegally staying and working* in Slovakia (WB, 2006b – 8 thousand; cf. Divinský, 2004). Some other experts speak of much higher numbers of illegally employed immigrants than are numbers of those working legally in the country (cf. Vrábľová, 2001); Balko<sup>42</sup> gives 15-35 thousand such persons. Even according to Duleba (2004), it is possible to assume that the number of illegal Ukrainian workers only as the most numerous group in Slovakia is about 40 thousand persons. The same value of 40 thousand, but for all irregular labor immigrants in the country, is estimated by IOM (2006a). The group of experts (AUREX, 2002) freely estimates the number of non-registered foreign nationals at 20 to 40 thousand. Williams – Baláž (2005b) speculate about almost 6 thousand non-registered Vietnamese immigrants only in the country.

Some empirical information obtained from interviews with responsible officials corroborates a commonly known fact that notably a good part of Ukrainians, Balkan nationals, Vietnamese or Chinese work without a permit in Slovakia (for more details, see Divinský, 2004, cf. Hajnovičová, 2003). They are, above all, involved in the building industry, then in areas such as manufacturing, forestry and agriculture, various auxiliary works, retail, services and hospitality – i.e. in economic branches with a need for low-skilled workers. As regards the size of firms, in which immigrants are employed illegally, small firms with a total of up to 20 employees prevail.

Generally, it is quite difficult to discover those working illicitly since the majority of them come to Slovakia for a trip, on holiday, family visit, university studies or so (cf. Williams – Baláž, 2005a) – or even cross the borders illegally – and either work in more hidden places or act as assistants, family members, friends, etc. aiding casually/seasonally.

Geographically, most of the undocumented foreign nationals are naturally prone to concentrate in Bratislava and other big cities of the

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<sup>42</sup> [http://www.fsev.tnuni.sk/fileadmin/kvs\\_files/Danovnictvo/17.ppt](http://www.fsev.tnuni.sk/fileadmin/kvs_files/Danovnictvo/17.ppt), access March 2007.

country. Not only are labor and business opportunities or satisfactory housing in them much more available, but also greater anonymity facilitating their movement is here ensured (Divinský, 2004; cf. Williams – Baláž, 2005b).

Notwithstanding, *the stock of illegal migrant workers (irregular migrants as such) in Slovakia does not reach a significant volume – yet.* However, it will certainly be more momentous in the years to come when Slovakia should continue in economic advancement within the EU and be thus increasingly attractive for foreign nationals of this kind as well.

#### 4.2.5 Naturalized persons

Another interesting development may be that in the field of naturalization in Slovakia since 1996. *Within 1996-2006, the country granted its citizenship to 25,106 persons* (Table 21). Over the years, several trends in naturalization have been apparent (cf. Divinský, 2005a). In the beginning, after the split of Czecho-Slovakia, citizenships of the Slovak Republic were above all granted to citizens of the Czech Republic. In Slovakia they were allowed to have dual citizenship, which was not the case in the Czech Republic. Slovak citizenship was then much advantageous for Czechs, mainly for the reasons of property restitutions and acquiring the estates – this was otherwise not permitted for the non-Slovak citizens at that time. Nevertheless, only a minimal part of the Czechs with newly gained Slovak citizenship actually moved to Slovakia or lived there for a longer time. Until 2004, though gradually diminishing in number they still represented the most numerous group among the new citizens of Slovakia; however, in 2005 and 2006 they were surpassed for the first time in history by Ukrainians and Romanians (statistics of Administrative Section of the Ministry of Interior).

Over the past years, the numbers and shares of persons granted Slovak citizenship from some neighboring States (Ukraine, Poland), from countries marked with a larger Slovak minority (Romania, Serbia) or from countries with immigration traditions in Slovakia (Croatia, Bulgaria, Russia) have evidently increased. Here, economic reasons (such as better access to the labor market) for their interest in becoming Slovak citizens are indisputable. In 1999-2004, the most intensive growth of citizenships (roughly hundredfold) was distinguishable with persons coming from Asia (Vietnam, China) doing business in Slovakia. But, they substantially declined

in 2005-2006 as a result of radical tightening conditions for granting Slovak citizenship<sup>43</sup>, which has affected notably this group. Re-emigrants (chiefly from the U.S.A., Canada, Germany) as well as refugees<sup>44</sup> (mostly from Afghanistan, Armenia, Bosnia and Herzegovina) form the least numerous groups of persons granted Slovak citizenship. To both latter groups, economic reasons are less relevant than to the preceding ones (Divinský, 2005a).

Unfortunately, *few other parameters are observed* as regards naturalized persons in Slovakia – only the sex and age structures. According to them, that males dominate over females not too excessively and the age categories 25-44 are those to which Slovak citizenship is granted most frequently (statistics of Administrative Section of the Ministry of Interior). The Slovak Republic is much lacking a clear attitude and strategy towards naturalization. A national naturalization policy has not been articulated so far although naturalization as such is for the country an important tool of how incessantly and in quite large numbers to administratively increase the number of its own population (cf. Divinský, 2005b).

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<sup>43</sup> Legally, Slovak citizenship may be granted to those who have a permanent stay permit and live in the country for 5 years uninterruptedly, can speak the basics of Slovak and were not convicted of an intentional crime. This is much more liberalized in the case of the matrimony of an applicant with a Slovak citizen.

<sup>44</sup> They may, as a rule, apply for Slovak citizenship after 5 year of permanent stay in the country.

Table 21 Development in the major groups of immigrants in Slovakia since 1996

<b>Year / category</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Migration balance (flows)</b>											
The immigrated	2,477	2,303	2,052	2,072	2,274	2,023	2,312	2,603	4,460	5,276	5,589
The emigrated	222	572	746	618	811	1,011	1,411	1,194	1,586	1,873	1,735
Net migration	2,255	1,731	1,306	1,454	1,463	1,012	901	1,409	2,874	3,403	3,854
<b>Foreigners with permits to stay (stocks)</b>											
Permanent stay permits	15,584	17,099	17,564	17,848	17,410	17,287	17,108	17,008	17,003	20,925	26,028
Temporary stay permits <sup>a</sup>	– 5,898	– 9,325	– 10,855	– 11,640	– 11,391	– 12,131	6,716 (+4,617)	7,577 (+2,928)	4,517	4,282	5,894
Registered stay permits	–	–	–	–	–	–	1,050	1,683	477	191	–
Tolerated stay permits	–	–	–	–	–	–	14	23	111	237	231
Persons in total	21,482	26,424	28,419	29,488	28,801	29,418	29,505	29,219	22,108	25,635	32,153



<b>Newly issued permits to stay to foreigners (inflows)</b>											
Total	5,442	6,174	6,346	5,861	4,622	4,723	4,799	4,574	8,081	11,299	12,631
<b>Persons in the asylum procedure (inflows)</b>											
Asylum seekers	415	645	506	1,320	1,556	8,151	9,743	10,358	11,395	3,549	2,849
Procedure suspended	193	539	224	1,034	1,366	6,154	8,053	10,656	11,782	2,930	1,940
Asylums rejected	62	84	36	176	123	130	309	531	1,592	827	861
Asylums granted	72	69	53	26	11	18	20	11	15	25	8
<b>Newly naturalized citizens (inflows)</b>											
Total	1,342	936	975	1,356	4,241	2,122	3,484	4,047	4,016	1,537	1,050
<b>Apprehended irregular migrants (inflows)</b>											
Total	3,329	2,821	8,236	8,050	6,062	15,548	15,235	12,493	10,946	8,049	7,620
<b>Total number of inhabitants in Slovakia (stocks)</b>											
In thousands	5,374	5,383	5,391	5,395	5,401	5,380	5,379	5,379	5,383	5,387	5,391

<sup>a</sup> = various kinds of stay permits over time stem from the respective legal norms. At the end of 2001, a new Act on the Stay of Foreigners was adopted in Slovakia introducing some new types and canceling some previous types of stay (see more in Divinský, 2005c)

Source: Statistical Office of the Slovak Republic on-line data; statistics of Office of Border and Alien Police; Migration Office; Administrative Section of the Ministry of Interior

### **4.3 Labor immigrants in the country – a problem of accurate statistics**

As regards *economic activities of immigrants in Slovakia, it is quite difficult to provide any reliable data*. As accentuated in Introduction, comprehensive surveys (statistical, academic or any others) pertaining to labor immigration have long been underestimated by respective institutions in the country and no vision of its future position and tasks in the country was ever discussed. In principle, no relevant strategy, conception, plan or any other document dealing with the impacts of labor immigration on society exist. The domain of labor immigration is thus in fact least addressed, analyzed and evaluated out of all immigration phenomena in Slovakia (Divinský, 2005a; Divinský, 2004; cf. Kellenbergerová, 2006). This has been, unluckily for all migration actors and migrants themselves, a long-term situation though development proves that labor immigration is in the country as fundamental immigration component as in other countries.

One of the cardinal problems resides in *complicated, insufficient, imprecise and often illogical statistics of (labor) immigration*. Also, the systems for issuing permits for/registering labor immigrants – kept separately by two different essential State authorities – *are mutually little consistent and comparable*.

Firstly, the *Ministry of the Interior of the Slovak Republic* issues a permit to stay on the basis of an activity to be carried out by a foreigner. Each category of the stay permits (i.e. permanent, temporary, tolerated) legally applies to certain purposes for which it may be granted. One can thus well quantify the numbers of foreigners who came to Slovakia either because of employment, business, research, lecturing, and other economic activities, to study, or for family reunification. But in the given classification, there are also other confusing and intermingled purposes of stay such as “citizen of the European Economic Area”, “first permit”, “second permit” (all very numerous), “expatriate Slovak” or “refugee” – i.e. referring to persons, the majority of whom are economically active. Moreover, the statistics also imply numbers of persons without specifying their economic activity/inactivity at all (statistics of Office of Border and Alien Police). As a result, from the statistics of Ministry of the Interior it is possible to exactly determine only the lower bound of the interval relating to the potential number of labor immigrants in Slovakia and the upper bound may be just estimated.

Then, no better and clearer situation is within the special statistics on work permits (where needed) or work registrations (for those who do not need a work permit) administered by the *Ministry of Labor, Social Affairs and Family of the Slovak Republic*. The number of work permits issued – mainly for non-EEA citizens – by country of origin is known each month. In terms of work registrations, primarily for citizens of the EEA and Switzerland (and their family members), responsible authorities are of the opinion that the *number of unregistered employed immigrants from this area in the country is probably higher than that of duly registered ones*. Though the employer is obliged by law to register a freshly employed EEA citizen, it seems that only a lesser part does it – either for the absence of knowledge about this duty (mostly in smaller companies), or because of its intentional ignorance and/or slackness. Under such conditions it is impossible to determine the correct number of migrants registered as employed in the Slovak Republic. This state is further unacceptable (Divinský, 2005a).

Thirdly, doing business by foreigners in the country is administratively not so complicated as their employment. No special permits are required in this area; foreign nationals (except for some particular categories as asylum seekers, persons with tolerated stay, those being employed, etc.) may by law conduct business under identical conditions as native inhabitants. As the national *Commercial Register (Register of Entrepreneurs)* does not differ between foreign and domestic entrepreneurs, data on the former are not available separately and therefore estimates or special re-calculations have to be done here... (cf. *ibidem*; Divinský, 2004).

Taking into consideration all above mentioned facts, what is the approximate number of legal labor immigrants in the Slovak Republic at present?

I. As of the end of 2006, the Ministry of the Interior gave the following figures on the single groups of labor immigrants: persons employed explicitly = 1,453; those that can be included among the employed (lecturers, researchers, scientists, those active within the government programs or international agreements, other modalities of this kind) = 249 persons; then persons doing business = 1,661. *This makes in total 3,363 persons* (statistics of Office of Border and Alien Police). These individuals are labor immigrants *sensu stricto* and constitute an excessively low figure: 0.13% of overall EA population or 0.15% of the stock of employed persons in the country.

However, as explained above, there are large groups of foreigners with a permanent stay permit who are allowed to work without a permit and no precise data on their economic activities are registered by the Ministry of the Interior – persons with “first permission” (2,081), persons with “next permission” (4,753), “citizens of the EEA” (7,708), refugees (88). On the basis of a deeper knowledge of the situation, it can be estimated that a greater part of them (over 50% in all modesty) is employed and/or doing business. There is also another numerous group of foreigners in the country in which the purpose of their stay is not specified in statistics at all (8,729 persons); analogically here we can count upon their 50% economic participation at minimum. The aggregate number of immigrant workers and entrepreneurs out of all latter categories of immigrants may thus form at least additional 11,6 thousand – *altogether with those registered about 15 thousand, i.e. 0.65% of all employed persons in the country.*<sup>45</sup>

II. The Ministry of Labor, Social Affairs and Family in Slovakia regularly offers data on officially employed foreigners registered by it. By these statistics, together *6,546 foreign residents were employed* (not doing business) in the territory of the country in 2006. This was either with work permits (1,156 persons, i.e. almost 18% of the total), or on the basis of work registrations-information cards (5,390 individuals, i.e. over 82%) – see Table 22. An upward trend in 2004-2006 is evident and, inter alia, confirms the acceleration of labor immigration to Slovakia since it has joined the European Union (statistics of Ministry of Labor, Social Affairs and Family). The overwhelming majority of employed foreigners in the country consisted of citizens of the EEA (almost 73%), of which the Czechs (17.6%), Poles (15.6%), French (11.4%), Germans (6.8%), Hungarians (5.2%), Austrians

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<sup>45</sup> Another figure comes from OECD statistics (OECD, 2006a) by which the stock of the foreign labor force in Slovakia achieved merely *2.8 thousand persons* (0.1% of the total labor force in the country) in 2004, though it oscillated between 4.4 to 5.9 thousand persons (0.2%) in 1996-2003. Again in 2004, the participation rate 15-64 of foreigners amounted to 83.6% (by 14% higher than that of natives), while the unemployment rate of foreign men accounted for 5.2% and that of foreign women was 15.5% (comparatively less than that of autochthonous population in this year). The number of foreign-born inhabitants employed in the country made the value of 21 thousand persons (1% of the total) in 2004 with the participation rate 15-64 equaling 70% (ibidem). However, the number of foreigners and that of foreign-born persons are methodologically practically incomparable.

(3.7%) and Britons (3.2%) led in 2006. Among the non-EEA citizens (over 27% of the total) dominated notably the Ukrainians (6.2%), South Koreans (5.7%), Romanians (2.9%) and U.S. citizens (2.1%).

Nevertheless, presented aggregate figures in Table 22 – i.e. 2,679; 5,497; and 6,546 employed persons in 2004, 2005 and 2006, respectively – seem to be extremely low. The employed foreigners thus form 0,10%, 0,21% and 0,25%, (respectively) of overall EA population or 0,12%, 0,25% and 0,28% (respectively) of all employed persons in the country in those years. There is no doubt that these values have to be rather underestimated with regard to the number of citizens as such residing in Slovakia (cf. already aforementioned 32,153 persons at the end of 2006 by statistics of Office of Border and Alien Police) and whose economic activity in the country is unquestionably higher.

Under statistics of Ministry of Labor, Social Affairs and Family, *some parameters more are observed* for the individual groups of labor immigrants (registered citizens of the EEA, registered non-EEA citizens, and non-EEA citizens with a work permit required) in the Slovak Republic. It is their sex structure, age structure, education structure, occupational structure, the expected duration of their employment and the branch structure of employers. According to corresponding data for 2006, persons aged 25-39 were the most numerous among the labor immigrants in Slovakia constituting over half the total; the ratio of men to women was 80% : 20%.

As a whole, higher levels of education dominated among the employed foreign nationals in the country – those with secondary one comprised 48% and those having tertiary one formed 46% of the total number. University education prevailed among the nationals of the EEA conditioning their higher-skilled occupations and labor posts in Slovakia, while the secondary educational level was more typical of less skilled non-EEA citizens (as pointed out in other places of this chapter).

By the anticipated length of employment as well as the duration of work permits it is obvious that most of the employed foreigners have planned to work in Slovakia from 7 to 12 months (43.5%), then over 12 months (42.6%). Shorter periods expected/planned have been relatively rare and there have not been differences between EEA and non-EEA citizens.

The above demonstrated data apply to 2006 but the two preceding years do not show major dissimilarities in values of parameters, with the exception of the very last parameter – the duration of employment (either

realized or intended). This was then most often longer than 12 months in all groups of labor immigrants.

Table 22 Number of officially registered foreigners employed in Slovakia in 2004-2006, as of the end of year

Country	Persons employed on the basis of						Altogether		
	work permits			information cards					
	2004	2005	2006	2004	2005	2006	2004	2005	2006
<b>EEA countries</b>									
Belgium	–	–	–	28	57	68	28	57	68
Cyprus	–	–	–	1	1	1	1	1	1
Czech Republic	–	–	–	512	943	1,150	512	943	1,150
Denmark	–	–	–	40	39	36	40	39	36
Estonia	–	–	–	1	1	1	1	1	1
Finland	–	–	–	1	2	7	1	2	7
France	–	–	–	166	936	745	166	936	745
Greece	–	–	–	4	13	20	4	13	20
Netherlands	–	–	–	17	45	47	17	45	47
Ireland	–	–	–	16	23	38	16	23	38
Latvia	–	–	–	0	3	3	0	3	3
Lithuania	–	–	–	1	2	8	1	2	8
Luxembourg	–	–	–	0	0	0	0	0	0
Malta	–	–	–	0	1	1	0	1	1
Hungary	–	–	–	87	218	343	87	218	343
Germany	–	–	–	232	413	449	232	413	449
Poland	–	–	–	224	560	1,025	224	560	1,025
Portugal	–	–	–	1	9	10	1	9	10
Austria	–	–	–	110	169	241	110	169	241
Slovenia	–	–	–	16	21	20	16	21	20
Spain	–	–	–	26	161	126	26	161	126
Sweden	–	–	–	21	31	26	21	31	26
Italy	–	–	–	60	99	173	60	99	173
United Kingdom	–	–	–	127	178	225	127	178	225
Island	–	–	–	0	0	0	0	0	0
Liechtenstein	–	–	–	0	0	0	0	0	0
Norway	–	–	–	6	6	5	6	6	5
Switzerland	–	–	–	0	5	4	0	5	4
<b>In total</b>	–	–	–	<b>1,697</b>	<b>3,936</b>	<b>4,772</b>	<b>1,697</b>	<b>3,936</b>	<b>4,772</b>

non-EEA countries									
Australia	7	65	33	0	1	2	7	66	35
Belarus	8	8	11	0	3	3	8	11	14
Bosnia & Herzeg.	4	14	13	0	0	2	4	14	15
Brazil	5	8	18	1	1	3	6	9	21
Bulgaria	18	58	63	8	10	14	26	68	77
Canada	21	21	10	2	4	8	23	25	18
China	22	109	32	0	2	8	22	111	40
Croatia	24	27	17	3	12	17	27	39	34
India	33	21	11	1	2	5	34	23	16
Indonesia	0	17	21	0	0	1	0	17	22
Japan	28	30	17	6	6	7	34	36	24
Malaysia	9	6	9	6	8	4	15	14	13
Moldova	5	1	14	0	4	4	5	5	18
Romania	29	102	99	17	58	89	46	160	188
Russia	43	32	37	7	20	39	50	52	76
South Korea	49	79	237	37	71	137	86	150	374
Serbia/Yugoslavia	12	16	12	0	8	28	12	24	40
Turkey	14	8	11	1	6	13	15	14	24
Ukraine	295	374	290	30	74	119	325	448	409
U.S.A.	152	148	77	5	17	59	157	165	136
Vietnam	0	1	46	0	4	5	0	5	51
Other countries	69	80	78	11	25	51	80	105	129
<b>In total</b>	<b>847</b>	<b>1,225</b>	<b>1,156</b>	<b>135</b>	<b>336</b>	<b>618</b>	<b>982</b>	<b>1,561</b>	<b>1,774</b>
<b>Grand total</b>	<b>847</b>	<b>1,225</b>	<b>1,156</b>	<b>1,832</b>	<b>4,272</b>	<b>5,390</b>	<b>2,679</b>	<b>5,497</b>	<b>6,546</b>

Source: statistics of Ministry of Labor, Social Affairs and Family

III. In terms of foreign nationals doing business in the country, the Statistical Office of the Slovak Republic (ŠÚ SR, 2006e; cf. Košta, 2006a) provided its own calculation of their number. According to it, *as of January 1<sup>st</sup>, 2005, the stock of foreign entrepreneurs in Slovakia reached 2,960 persons*. Out of this number, 1,111 persons (37.5%) came from the EU-25. By single countries of origin, the most numerous were quite expectedly entrepreneurs from the Czech Republic (20.0%), Vietnam (18.4%), Ukraine (18.3%), Poland (6.0%), Serbia (5.4%) and Hungary (3.8%). Men outnumber women (72.4% to 27.6%); the age category 40-54 dominates (43.5%). Most of the foreign businessmen develop their activities in retail, wholesale, other trade services and the building industry; they live chiefly in Bratislava and the region of western Slovakia (ŠÚ SR, 2006e).

Summarizing, the estimated total number of labor immigrants in the Slovak Republic *in 2006 ranged approximately between 3 and 15-20 thousand persons; the higher figure is much more realistic and we recommend to use it* for the next analyses and comparisons (cf. figures in Divinský, 2005a; Drbohlav, 2005<sup>46</sup>; Divinský, 2004; SME, 28.4.2006<sup>47</sup>). Despite that, in general, the number/share of foreign residents on the Slovak labor market is very low, even also in comparison with other countries in transition – Slovakia still belongs to the three weakest countries in the EU in this parameter (Salt, 2006) and is the 2<sup>nd</sup> weakest within OECD after Japan (OECD, 2006a). With those supposed 20 thousand persons, this segment of labor supply constituted some *0.75% of total EA population or 0.87% of all employed persons in the country at the end of 2006.*

Thus so far, labor immigrants have only a *marginal impact* on the extent, quality and structure of Slovakia's labor force as a whole. The economic activity of foreigners in the country has been substantially influenced by the macro-economic, legal and political factors such as still the high rate of unemployment, structural changes in the economy, recent shortcomings in the legal sphere, negative public opinion towards the employment of non-natives, more complicated access on the labor market until 2004, but also by positive effects from the accession of the Slovak Republic to the EU materialized in creating simpler conditions for entering into the labor market and for residing in the country, notably for EU citizens.

However, foreign nationals are more active on the Slovak labor market which is not always the case in the European Union. The relative indicators of employment and unemployment referring to them are more favorable than those for autochthonous population (OECD, 2006a; Salt – Clarke – Wanner, 2004).

As seen from the foregoing information and statistics – considering all incompleteness of data – the structure of foreign nationals by their countries of origin in Slovakia reflects the contemporary trends on the labor market of the country as well as the latest developments mainly in the European Union. The numbers and shares of citizens from advanced countries of Europe, North America and Asia markedly grow. They are

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<sup>46</sup> His estimate, for instance, was based on similar reasoning as ours given above and therefore he enlarged the official underrated figure to *9.1 thousand labor immigrants* in Slovakia.

<sup>47</sup> SME, 28.4.2006, Radičová: Masový odchod Slovákov za prácou do EÚ je mýtus.



increasingly employed as *highly-skilled experts, consultants, representatives of firms, researchers and scientists, teachers and lecturers and the like*; a certain number is formed also by *top managers and highly-skilled workers* of large foreign companies, especially industrial ones (Divinský, 2005a; cf. Kellenbergerová, 2006). A sharp rise in employees from the EU-15 Member States in very recent years suggests an increasing demand and improved conditions for them on the Slovak labor market; and simultaneously a growing interest of persons from the EU-15 to share their skills on this labor market. In relation to ongoing and prepared foreign investment – especially in the regions of Bratislava, Trnava, Nitra, Košice and Žilina – it is probable that the number of highly-skilled labor immigrants from the mentioned regions will rise further in the short future.

Citizens of Poland, Ukraine and countries of South-eastern Europe are employed in Slovakia mostly in *low-skilled positions, namely as building, agricultural, forest workers and auxiliary workers in the textile, clothes and shoe industries*. Migrant workers from less developed non-European countries prefer doing business than to be employed. They traditionally act as *petty traders, vendors, wholesale importers, and restaurateurs* (cf. Williams – Baláž, 2005a; Williams – Baláž, 2005b; Divinský, 2004). The share of low-skilled immigrants on the Slovak labor market has temporarily comparatively decreased (in favor of the previous group and because of the current trend of efforts to reduce granting the residence permits to them); but their more sizeable rise in the future is assumed. However, it is possible to legitimately suppose that the next decade will witness their larger absolute as well as relative increments (cf. Divinský, 2005a; Infostat, 2002).

#### **4.4 Unknown regularization**

*No regularization programs for undocumented labor immigrants or immigrants illegally staying in the territory of the country* have ever been implemented in the Slovak Republic. This logically mirrors fairly low numbers of foreign citizens working and/or residing in that manner in the country, but also the extremely high unemployment rate, labor supply rather than labor demand and therefore weak job opportunities even for nationals. This all has simply ruled out any deliberations on and preparing plans for the regularization of immigrants until now.

However, we are convinced that the improving situation in the Slovak economy, development on the labor market with growing labor demand, the ageing of the Slovak labor force (and later also its prognosticated dramatic decrease) as well as – primarily – rising immigration flows will eventually lead to the gradual acceptance (and perhaps inevitable application too) of this tool to address the question of irregular migration in Slovakia in the next decades.

#### **4.5 Forecasts of immigration to Slovakia**

In general, long-term development in the intensity and character of migration flows to the Slovak Republic will depend on such consequential external and internal factors as: the overall migration movements in the world; the course of integration processes in Europe; the nature, quality and harmonization of immigration (asylum, integration, visa) policies implemented in developed countries and their coalitions (e.g., the EU); the prosperity of the Slovak economy; the character of national migration policy and attitudes of Slovak society towards the immigrants (Divinský, 2006a; Infostat, 2002).

*As for the quantitative development of immigration to the country, it is possible to forecast almost exclusively net migration.* Developments in specific phenomena as undocumented migration, asylum migration, naturalization and the like are influenced by such a quantity of unpredictable parameters that it is hardly possible to make any rational prognoses for them (cf. Divinský, 2005a).

Table 23 presents an overview of the most important net migration projections for Slovakia of both foreign and domestic provenience. Obviously, there are two groups of prognoses. The first group comprises more “pessimistic” projections: they initially forecast negative values of net migration (roughly by 2015-2020), only later positive ones (the baseline variant by Eurostat that is in the case of Slovakia practically identical with the AWG baseline scenario and the base scenario by Bijak, Kupiszewski et al., 2004). The second group is formed by “optimistic” net migration projections envisaging positive values all period long (the UN variants along with the Slovak Infostat baseline variant). These differences may be caused by various assumptions or computation methods applied.

Table 23 Projection of net migration in Slovakia until 2050 by various sources (data in thousands)

Source / year	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
Baseline variant of Eurostat projection	-2.3	-2.4	-2.3	1.2	4.6	5.1	5.1	5.0	4.9	4.7
Baseline variant of Infostat projection	1.5	2.4	3.3	4.2	5.0	5.0	5.0	5.0	5.0	5.0
Low variant of Infostat projection	0.3	0.8	1.2	1.6	2.0	2.0	2.0	2.0	2.0	2.0
UN all variants	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Base scenario by Bijak, Kupiszewski et al.	-2.3*	-2.4	-2.7**	-0.2	2.1	2.5	2.5	2.5	2.5	2.5
AWG baseline scenario	-2.3	-2.4	-2.3	1.2	4.6	5.1	5.1	5.0	4.9	4.7

\* = 2004; \*\* = 2014

Source: Eurostat on-line data; UN, 2007; Eurostat, 2006a; EC, 2005a; Bijak, Kupiszewski et al., 2004; Infostat, 2002

According to almost all projections, net immigration in the country should gradually increase up to 2025.<sup>48</sup> Later on – to the end of the forecast period (2050) – maintaining the level of 2 to 5 thousand net immigrants a year is supposed (compare with a much higher value: 8 thousand individuals assumed for 2052 in Kaczmarczyk – Okólski, 2005). Within the EU-10 plus Romania and Bulgaria, net migration in Slovakia in 2050 should thus be the 3<sup>rd</sup> lowest (Bijak, Kupiszewski et al., 2004). A better standing is predicted by UN (2007).

Owing to outlined trends, the *country is expected to gain from some 110 thousand* (Eurostat, 2006b; EC, 2006b) *to 200 thousand persons net* (the most probable variant by Infostat, 2002) in a cumulative way until 2050.

*As far as the qualitative development of immigration to the Slovak Republic is concerned*, a certain heterogeneity of trends is here anticipated. In principle, three successive stages – differing from each other by their character and prevailing involved countries of origin – may be distinguished.

In the short future, i.e. in the period of coming few years (up to 5?), immigration from developed countries to Slovakia will most likely continue with the same intensity or may even increase. This is conditioned by the further expansion of mutual relations with the EU/EEA/some other highly developed countries primarily in the economic area, but not insignificantly too by promoting non-labor relations – study, creating family, traveling, or simple getting to know the country. However, not only this stage will last a short time but most of these immigrants will remain residing in Slovakia just temporarily going back home after accomplishing their mission.

Then, it is assumed that the future migration balance of the country will be influenced to a great extent by *migrants from developing countries* (IOM, 2006a; Divinský, 2005a; Robert-Bobée et al., 2005; Infostat, 2002). Hence, the following stage of immigration to Slovakia will be dominated by rising flows of persons mainly from countries of South-eastern and Eastern Europe (the Balkans, Moldova, Ukraine, Belarus) and perhaps from CIS countries in Central Asia (cf. Divinský, 2005a; Bijak, Kupiszewski et al., 2004). Labor incentives will be here probably much more pronounced. The stay of foreign nationals in Slovakia may be more or less temporary but in

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<sup>48</sup> This trend corresponds to data published in shorter-term forecasts of net migration in Slovakia by ŠŮ SR (2002) and Vaňo – Jurčová (2002).

the case of professional success, they may settle down in the country permanently.

And finally, the increasing attractiveness of Slovakia for migrants from certain Asian (African) regions is supposed as well. In this context, the existence of communities from respective countries will play a crucial role. Of course, the more favorable the overall situation in Slovakia and the higher its living standard will be, the more foreigners will be interested in migrating to Slovakia (Divinský, 2004; Infostat, 2002). *Immigrants may often be accompanied or followed by members of their families* – a fact that might partly mitigate consequences of population ageing for autochthonous population. On the other side, Slovak society will be confronted with persons not well commanding the native language, with substantially different traditions, habits, cultures and will have to be prepared to more respect and accept otherness (cf. Zajac et al., 2002b).

In general, conditions for a larger arrival of immigrants to Slovakia will probably be better after 2010-2015 when the expected political, economic and social situation in the country should be more stable and demographic development more challenging. The immigration climate thus will become much more friendly than the current one (Divinský, 2005a; IVO, 2002). On the other hand, the effects of migration will then be more apparent and having positive impacts on the total development of the Slovak Republic.

It is quite sure that *migration for work will dominate future immigration to the country*. Regardless of the country of origin, all labor immigrants will be able to benefit from several factors. Among them are: better access to the Slovak labor market than hitherto, the interconnectedness of EU Member States labor markets, the rapid ageing of the country's population and – above all – the dramatic ageing and decline of its labor force, the falling unemployment rate, the almost negligible numbers of labor migrants in Slovakia and therefore the “unsaturated” labor market for them, the anticipated expanding economy and growing demand for employees from the side of domestic economic subjects, etc.

We are of the opinion that *development in labor immigration in Slovakia in the future decades will be marked with the following fundamental trends:*

- the rising absolute numbers of labor migrants and their increasing shares in the total labor force of the country;<sup>49</sup>
- the growing internationalization, transnationalization and globalization of the Slovak labor market;
- continuing demand for the educated and highly-skilled labor force from the Union or third countries;
- the qualitative transformation and restructuring of the Slovak labor market: at first towards absorbing greater numbers of highly-skilled immigrants from developed countries, but later towards an increasing inflow of low-skilled migrants originating from less developed European countries as well as developing countries of the third world;
- the deepening of disparities in the regional distribution of labor immigrants in Slovakia;
- the rise of illegal work performed (mostly) by low-skilled immigrants in the country.

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<sup>49</sup> For instance, Kaczmarczyk – Okólski (2005) estimate the proportion of the foreign labor force in Slovakia at 3.1% in 2022 and 14.6% in 2052. This is a remarkable growth in comparison with the current extremely low value (much below 1%).

## Chapter 5 – A comprehensive picture of emigration for work from Slovakia

### 5.1 Out-migration within net migration

As regards *the number of emigrated persons from the Slovak Republic*, it has almost constantly shown a rising trend (in particular since 2004 due to the free movement of persons in the Union) and very small figures in general (Table 21). But the situation and developments in the second component of net migration (and through that in all net migration) is rather influenced by the following circumstance. Those citizens of Slovakia and foreigners with a permanent stay permit, changing their place of residence from Slovakia towards another country, are obliged by law to inform about this fact and de-register (cancel) their permanent stay in the country. However, only a very little part of these persons really does so with respective institutions – the police and local self-government authorities. By our estimates based on comparisons of the numbers of Slovaks registered as immigrants in some receiving countries and those of officially emigrated Slovaks from the country, the proportion of the latter makes hardly 5-10% of the former each year (Divinský, 2005c). *In other words, around 15-20 thousand persons that should have been included in domestic statistics on emigration leave Slovakia annually without being registered.*<sup>50</sup>

Therefore, the officially declared figures pertaining to emigration from the country are tremendously underestimated, little reliable, misrepresented and de facto incomparable. Presented positive net migration in Slovakia is thus just a myth. Moreover, losses (especially of the young labor force) generated by emigration from the Slovak Republic annually are not only sensible but also implicate serious demographic and economic consequences for the future (Divinský, 2005a).

Most of the registered emigrated from the country (85% in 2005 – though it is a long-term trend, cf. Eurostat, 2007a; Salt, 2006 and his older editions) choose for their new residence a limited number of countries in Europe, some 11% the U.S.A. and Canada, 3% Australia. Within Europe, still the absolute and relative maximum of emigrated persons head to the

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<sup>50</sup> Compare with data on the outflow of emigrants from Slovakia by Bijak – Kupiszewski – Kicinger (2004): 31.4 thousand who left only for the EU-25 countries in 2002; compare also with data on emigrated persons from the country given in Tables 24 and 26 below in the text.

Czech Republic. The trend here suggests a certain stagnation; since 1996 the proportion of emigrated persons to the Czech Republic has permanently moved within the interval of 33-40% (cf. Divinský, 2006a). A new trend is mirrored in the increasing relevance of “old” EU countries for emigration from Slovakia. Although the shares remain roughly the same (36-40%), the absolute numbers have risen noticeably, in 2000-2005 more than twice. From a long-term perspective, the favorite countries of the EU-15 for Slovak emigrants have been mainly Germany and Austria, then followed by United Kingdom, Italy, and France (ŠÚ SR, 2006d; cf. Bijak, Kupiszewski et al., 2004). It is interesting that emigration to all other unmentioned European countries together is much lesser than that to Switzerland. On the whole, the overall number of officially emigration countries is lesser than the number of immigration ones.

Among the major reasons to emigrate from Slovakia may be found the reunification of family and/or contracting a marriage (chiefly with women – 25% of females who emigrated in 2005) and labor opportunities (mostly hidden under “other reasons”), though the latter is undoubtedly the dominating motive among those emigrated without de-registration. The greatest part of the emigrated (over 90% in 2005) is formed by State citizens of Slovakia. Contrary to immigration, here women obviously prevail over men in number (1,176 to 697 persons), which is a long-term trend. As for the age structure of emigrated persons, the age category of 25-29 is the most numerous for both sexes; persons aged 20-39 comprise about 50% of the total not only in 2005 (ŠÚ SR, 2006d; Divinský, 2005a).

At the regional level, out-migration does not manifest particularly higher figures. Bratislava is the only, and logical, exception with over 400 emigrated persons (nearly ¼ of the total) in 2005. Comparatively higher numbers of the emigrated (over 50 persons) are related also to the districts of Nitra, Banská Bystrica, Košice, Martin, Čadca, Trenčín, Bardejov scattered all over the Slovak territory with no special regularity, though the macro-region of western Slovakia is leading in number (statistics of Statistical Office of the Slovak Republic).

## **5.2 Emigrants from Slovakia: reasons, figures, structures**

Unfortunately, this is an area where the sum of information is incomparably lesser than that pertaining to immigrants. Indeed, the lack of high-quality, complex and topical data on emigrants from Slovakia is felt as



a grave problem by officials, scientists, experts, journalists, and the public. Reliable statistics on the extent and structure of emigration as well as comprehensive analyses on impacts of current emigration outflows on Slovak society, the labor market and the social sphere are absent. Therefore, with respect to scanty data in domestic sources we are more reliant on information from foreign literature and statistics.

### 5.2.1 Migration potential from the country and the profile of emigrants

At first, one can try to outline a picture of Slovak emigrants with their principal characteristics based on accessible data in the following text passage. Several more or less recent studies examined the *migration potential of Slovak inhabitants*. Though some of the works are today rather of historic value, their findings as well those relating to the situation in contemporary migration help better evaluate the potential future development of (labor) emigration from the country.

According to an older relevant publication comparing the migration potentials of 11 countries in the region of Central and Eastern Europe (IOM, 1998), the migration potential of Slovakia was quite high. The majority of respondents wished to migrate for few weeks or months, just 28% were interested in going abroad for a few years and merely 10% in permanent emigration. Thus, the number of potential long-term migrants from Slovakia was relatively low. The main target countries especially for work became Germany (17%) and Austria (8%), however, for permanent emigration it were the U.S.A., Canada and the Czech Republic. As many as 64% of respondents mentioned economic conditions as the cardinal reason to migrate. In view of pull factors, the living standard and higher wages prevailed. This study defined the profile of a Slovak migrant as follows: a man more often than a women, a young person mostly aged 20-29 and a person well educated.

Similar findings were presented in a study by Wallace and Haerpfner (2001). The migration potential of Slovak residents is here evaluated on the basis of preceding results, but the authors also take into account various backgrounds – such as global migration developments, relations between the Slovak and Czech Republics, the protection of borders, opportunities for potential migrants at home and the like. The authors argue that labor migration is plainly age-, gender- and education-specific and conclude that a

mass outflow of migrants from Slovakia is not probable once the country joins the EU.

Valuable views and estimates of (labor) emigration could also be found in a publication by IOM et ICMPD (2002). Here, the share of potential migrants (expressed as general willingness to emigrate) from Slovakia was assessed at 17.7% in the population aged over 14, but the actual migration potential (as the actual intention and preparations already undertaken) at 2.1% of this population thus making 85,000 Slovak residents. Both relative values are the highest within the V4 countries.<sup>51</sup>

There is a number of reputable studies assessing the volume of potential migration from the V4 countries or ten Central European countries to the EU-15 countries after the EU enlargement. The most relevant of them are quoted in WB (2006a), Heinz – Ward-Warmedinger (2006), Bijak, Kicinger et al. (2004), or EC (2001). However, figures for Slovakia as a sending country are not given separately here.

Perhaps the most representative outcomes before Slovakia's accession to the European Union were achieved in a series of research reports elaborated by the Slovak Research Institute of Labor, Social Affairs and Family in Bratislava (Gergelová – Líška – Prušová, 2002; Líška – Prušová – Srnánková, 2001; and others). The essential objective of the research was to examine the attitudes of Slovak citizens to work abroad and to discuss on the possible social and political consequences of labor emigration from the country. An interviewed sample consisted of 1,400 persons at the age of 18–64.

According to the reports, the main aim of Slovak citizens migrating abroad was labor (88% of respondents). Among the reasons were reported the low living standard, high level of unemployment, great differences between wages in Slovakia and target migration countries but also non-economic motives. An analysis showed that men think of departure from the country significantly more often than women (38% to 27%). Nationality or educational level were not specially manifested. Some differences are

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<sup>51</sup> As given by Fassmann and Hintermann (1997) in an extensive study, the crucial motivation of more than 90% of Czechs, Slovaks, Poles and Hungarians intending to work abroad was “to earn more money”. Besides a rather detailed characterization of potential migrants from Central Europe by various parameters, they came up with the concepts of *general*, *probable* and *real migration potentials*. For Slovakia, they estimated these potentials at 30.3%, 17.7% and 2.2% of population over 14, respectively. The last figure thus represents approximately 90 thousand persons.

evident from the regional aspect: those most inclined to departure are inhabitants from the east of Slovakia, the least those from the west of the country. Predictably, the age was a decisive factor – the age category of 18-24 dominated. On the basis of results, it could be assumed that *each third citizen of Slovakia considered a possibility to migrate abroad* for longer than 1 month; over 57% did not have this intention.

Not surprising was the fact that among the target countries of labor migration for Slovak citizens Germany was the most preferred one (cf. Heinz – Ward-Warmedinger, 2006; Divinský 2004), followed by Austria, New World countries (U.S.A., Canada, Australia) and the Czech Republic. Except for the New World, with traditions of immigration from Slovakia, other selected countries constituted a near destination with potential frequent traveling to and from the motherland.

By findings, Slovak students formed a group of respondents that was most prepared to migrate for work for a period longer than one month. This was expected; they were the most flexible, well commanding foreign languages, being at the beginning of their professional career, markedly wishing to obtain experience. The strong position of unemployed persons was also understandable.

With regard to attitudes of respondents towards the acceptance of illegal work abroad, 68% of them wished to be employed legally, but over 30% would have accepted illegal work. This could be associated with a high level of acceptance of illegal work by Slovak citizens at home too.

Out of the recent findings on the topic, those brought by the 2005 Eurobarometer survey on geographical and labor mobility of the EU Member States (EFILWC, 2006) may be of particular contribution. It results from the survey that Slovakia belongs to the countries with the highest residential, geographical and labor stability to even rigidity as well as the lowest international mobility. As many as 78% of the country's inhabitants do not intend to move over the coming five years, either within Slovakia or abroad (a worse position is characteristic of Portugal, Austria and the Czech Republic only). As for those who expect to move to another EU country in the same period, the proportion of Slovaks reached exactly the EU average – *i.e.* 3.1%. Among the various kinds of problems that respondents anticipated to face abroad (language, cultural, work, family, pension, housing, poorer access to public facilities, etc.), Slovaks most often referred to employment-related ones.

The foregoing information thus corroborates older findings presented by EFILWC (2004) in which Slovak respondents (together with those from Hungary and the Czech Republic) expressed the second lowest intention to go to live and work in the EU within five years (11% of total population), the second lowest intention to move to the EU in the next five years (1.1%) and likewise the second lowest firm intention to emigrate. As a consequence, willingness to live in another European country is in the above countries the lowest in the EU. The survey further pointed up a remarkably low proportion of migrants with poor education coming from Slovakia. By other findings, potential emigrants from the country (especially women) are instigated to migration by a combination of mainly economic and financial reasons, but insufficient housing and family reasons are not negligible too.

From among the less disseminated, but not less relevant works notably for Slovakia, an Austrian study is worth of mentioning here (BMWA, 2005). The study on the migration and commuter potential in the border regions Austria-Hungary-Slovakia-Czech Republic found that a sizeable number of employees of neighboring countries envisage working in Austria. However, only a few of them have already taken concrete steps in order to realize their plans. In terms of Slovak respondents, 36% of them consider working abroad; some 12% would like to take a job in Austria.<sup>52</sup> Then, 22% of Slovaks ready to migrate are students. Most of the potential migrants are men (60%) and more than one third are aged below 25.

As reported by Katuščák (2006a; 2006b), out of 134 thousand Slovak labor emigrants who work or worked in the Czech Republic and United Kingdom recently,  $\frac{2}{3}$  are constituted by men. The overwhelming majority are in the 18-34 age group and have completed secondary education (74%), those with the university level amount to 22% only. The most favorite destination countries are the Czech Republic (for 46% of emigrants), the UK (23%), Hungary (10%), Ireland (9%) and Austria (5%). As many as 42% of labor emigrants speak better or worse English followed by those speaking German (32%). Persons leaving Slovakia wish to work mostly in catering and accommodation services (20%), industry (12%), transport and warehousing (11%), various home services (9%), and agriculture (9%). The identical target countries for Slovak labor migrants have been confirmed in a

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<sup>52</sup> On the contrary, the neighboring new EU Member States are not very attractive for Austrians. Only 1% of respondents consider taking a job in Slovakia, Hungary or the Czech Republic.

study by Murová (2006), with the same order of countries but with their slightly different percentages.

Reichová et al. (2006) created a profile of potential labor emigrants from Slovakia using the findings of a survey conducted on a sample of 938 respondents-applicants for a job abroad within the EURES network, residing in the entire country. By the authors, the most typical potential labor emigrant is a man, aged 18-34, single and childless (only 11% would be accompanied by family), having completed secondary education, with a primary intention to earn (over 50%). An interest in a labor contract not exceeding 1 year dominates in the sample; a mere 6% of respondents wish to emigrate permanently from Slovakia. Highly-skilled employees as well as unqualified or auxiliary workers have a lesser interest in leaving the country. The most attractive emigration countries are the United Kingdom, Germany and Ireland.

An overview of motivations to emigrate has been presented in empirical research pursued on a group of job applicants abroad by Kostolná (2006). Among the most cited reasons are: to obtain more money (50.9%), impossibility to have an adequate working position in Slovakia (19.3%), to improve a foreign language (15.3%), and to gain work experience abroad (13.6%). The most crucial factors inhibiting emigration are poor communication in a foreign language and separation from family.

Summarizing the findings pertaining to *persons wishing/preparing to emigrate from Slovakia or already emigrated* on the basis of aforementioned information as well as other facts currently known, it is possible to arrive at the following conclusions:

- the most common type of emigration from Slovakia is *labor emigration*;

- the general propensity of Slovak citizens to move abroad is relatively high: almost every third resident of the Slovak Republic already considered future emigration for a period over one month. However, the real migration potential and/or realized migration of Slovaks are quite low in comparison with nationals of non-V4 countries or other CEE countries;

- there is an obvious inclination to temporary stays abroad with preferred duration between 1 month and 1 year. Large permanent emigration from the country is thus not imminent;

– the accession of the Slovak Republic to the European Union and the free movement of the labor force within its limits has entailed an increased interest of Slovak citizens to be employed in an EU Member State;

– the highest interest in labor emigration is typical of the younger generation (mostly those aged 18-30) and decreases with higher age categories, females or those having very low education. However, this statement still requires verification by a large-scale study based on richer statistics, not performed in Slovakia yet;

– among the most favorite countries for labor migration before Slovakia's accession to the EU were the Czech Republic, Germany and Austria. Since 2004 the emigration patterns have been modified and at present the United Kingdom, Ireland and Hungary (besides the Czech Republic) visibly dominate as target countries for Slovak labor migrants. The U.S.A. and Canada remain in the foreground as countries for permanent emigration;

– economic aspects predominate within the incentives to emigration (i.e. higher earnings abroad, great differences between foreign and domestic wages, lack of adequate labor opportunities in Slovakia, etc.). Surprisingly, unemployed persons are not the most numerous group among the country's emigrants. Besides, an important role in deciding on emigration is played by possibilities of skills improvement, language advancement, cultural experience;

– Slovak citizens use a set of various migration channels to look for a job abroad. Among them belong: paid job mediation agencies, temporary employment agencies, unlicensed agencies, the EURES system, individual searches, the Internet, social networks<sup>53</sup>, etc. The most relevant source of information on the conditions of stay and employment abroad comprises relatives, friends and acquaintances living in Slovakia or abroad. Labor offices (other institutions) have to strongly compete with them in this context.

### 5.2.2 Emigration for work – overall numbers and consequences

Labor emigration from the Slovak Republic has risen dramatically over the last years. Merely from 2000 – since data have been available in a

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<sup>53</sup> See, for example, a study by A. Zajacová (2000): New Slovak immigrants in New York: Social networks and adjustment, *Sociológia*, 32, # 3, pp. 257-272.

more detailed structure – the *number of Slovak nationals employed abroad (both employees and employers) has increased from 49.3 to 158.1 thousand individuals in 2006*. This makes a 3.2-fold growth or an increment of 221% in the course of six years and the trend has been accelerating (Table 24). In addition, some experts believe that the above figures are sensibly underestimated as a good number of Slovaks work abroad more or less illegally and/or may simultaneously receive unemployment benefits in Slovakia unlawfully. For that reason, their family members do not always inform on their work abroad within the Labor Force Survey. *As a result, at least ¼ of the Slovak labor force employed outside the country may not be involved in the presented statistics* (Divinský – Popjaková, 2007; Košta, 2006b; Hajnovičová, 2003). Figures depicted in Table 26 (almost 230 thousand Slovaks who work or worked in the European Union between May 2004 and December 2006) partly prove this hypothesis though it needs to be verified more thoroughly.

Table 24 Numbers of Slovak nationals employed abroad in 2000-2006 by the LFS (in thousands; annual averages)

<b>Year / indicator</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Men	35.6	43.7	55.4	48.5	71.1	85.5	104.7
Women	13.7	20.4	23.0	20.8	32.5	39.9	53.4
Total	49.3	64.1	78.4	69.3	103.6	125.4	158.1
Share in the total stock of employed persons (in %)	2.3	3.0	3.7	3.2	4.8	5.7	6.9
Growth index	100	130	159	141	210	254	321

Source: Statistical Office of the Slovak Republic, Labor Force Survey data

According to the latest data from the Labor Force Survey, the number of Slovak nationals employed abroad reaches *168.8 thousand as of the end of 2006*. There are not many parameters observed in this group of persons; however, out of those existing one may find some interesting information on structures of labor emigrants covered by the LFS. For instance, men prevail over women in the ratio of 65% : 35% (in 2006). Data on the age composition (Table 25) show that the majority of Slovak labor emigrants are younger – over half are aged 25-44, but the share of the

youngest (aged 15-24) is not negligible either. The predominant educational level of emigrants is secondary (more than 85%) with quite a high proportion of apprentices; the share of those having completed university education is just slightly larger than 10%. The countries where Slovaks worked most often are demonstrated in the table; the Czech Republic has unambiguously been the most preferred one among them.

Table 25 Composition of Slovaks employed abroad by age, level of education and country of destination by the LFS, end of 2006

Age group	15-24		25-44		45-59		60+		Total	
		43.6	25.8	94.4	55.9	30.2	17.9	0.7	0.4	168.8
Education	basic		apprentice		secondary		tertiary		Total	
	7.5	4.4	63.3	37.5	80.8	47.9	17.2	10.2	168.8	100.0
Destination country	Czech Rep.		UK		Hungary		Austria			
	70.7	41.9	25.5	15.1	19.6	11.6	12.3	7.3		
	Germany		Ireland		Italy		others*		Total	
	9.1	5.4	8.8	5.2	6.9	4.1	15.9	9.4	168.8	100.0

Note: the first figures in larger columns denote numbers of persons (in thousands), the second figures are percentages of the total; \* = mostly the U.S.A., Netherlands, Slovenia, Greece, France

Source: Statistical Office of the Slovak Republic, Labor Force Survey data

Data from the Labor Force Survey also indicate that *labor emigrants from Slovakia work notably in low-skilled positions*. Out of those employed abroad in 2006, the major part was involved in the manufacturing industry (30.7%), building industry (28.8%), catering and accommodation services (10.9%), wholesale and retail trade (6.1%), transport and warehousing (5.9%), health and social services (3.7%); seasonally in agriculture too.<sup>54</sup> Broken down by Slovak administrative units, migrants from the Prešov, Nitra, Žilina and Banská Bystrica regions dominated (28.3, 16.6, 16.4 and 10.7%, respectively), those from the Košice, Trenčín, Trnava and Bratislava regions (10.0, 8.1, 6.5 and 3.3%, respectively) were less numerous.

Those almost 170 thousand persons employed abroad comprised 7.3% of the total country's stock of employed persons at the end of 2006. Moreover, by comparing data from Table 11 and Table 24 it is possible to derive that *about 55% of the increment* in the total number of employed

<sup>54</sup> See also SME, 13.6.2006, Slováci v zahraničí zatiaľ robia najmä nekvalifikovanú prácu.



Slovaks during the period of 2000-2006 was constituted by persons who left for work abroad. This is a very significant finding so far unpublished in the country (Divinský – Popjaková, 2007). The increasing number of labor emigrants also proves the fact that informal networks – based on valuable information (obtained from emigrants) on job opportunities – are largely created among Slovaks (cf. Košta, 2006b).

The departure of the labor force from Slovakia has naturally consequences for the national economy. Above all, they are manifested in the alleviation of disproportions between the demand and supply of the labor force. Persons migrating abroad positively influence the participation rate in the country (though it is still lower than the average in the EU-15 – cf. EC, 2006c; Eurostat on-line data) as well as its unemployment rate (though it is still the 2<sup>nd</sup> highest in the EU-25 – Table 11). It may be assumed that the influence of those emigrating from Slovakia for work on unemployment in the country is exerted to a great extent in a vicarious way. Most of the future migrants are normally employed before emigration; only a lesser part of them (about ¼ by Katuščák, 2006b) are directly “recruited” from among the registered unemployed. After the departure of the former, vacated working positions are filled by unemployed persons and the unemployment rate decreases in this manner.<sup>55</sup>

On the other side, partial shortages of the labor force due to rising emigration for work are already evident in some Slovak regions, especially in the west of the country.<sup>56</sup> Among other things, this fact co-decided on opening the Slovak labor market to labor immigrants from Romania and Bulgaria.<sup>57</sup> It is also interesting how possibility to migrate for work changes the behavior patterns and strategy of the Slovak labor forces, chiefly their willingness to accept work at home, in regions with the high unemployment rate and low salaries. With lowering wages and rising the unemployment rate in a region, there is also the stronger intention to emigrate for work and

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<sup>55</sup> This model of probable labor emigration mechanism still requires strong corroboration but the extremely high number/share of long-term unemployed persons in the country (see Table 15 and the respective text passage) speaks in the favor of the model.

<sup>56</sup> Pravda, 23.10.2006, Slovenský pracovný trh sa zužuje; SME, 7.2.2007, Kia sa borí s nedostatkom vhodných pracovných síl.

<sup>57</sup> SME, 11.10.2006, SR otvorí svoj trh práce Bulharsku a Rumunsko ku dňu ich vstupu do EÚ.

therefore often the higher reluctance to take up an offered low-paid job (cf. Košta, 2006b).

The emigration of Slovak citizens forms an important economic and social phenomenon from several aspects. Firstly, it helps resolve *tensions on the labor market* of Slovakia where the rate of unemployment is still quite high and labor opportunities, mainly in marginal regions of the country, rather limited. Uneven economic development and economic difficulties have thus encouraged people to search for a job abroad. Labor emigration also participates *in improving the social situation* in the country. Benefits from employment abroad, notably remittances brought to the country (more discussed in another text part), make the living standard of Slovak workers and their families higher. Not negligible are further, non-economic, contributions from emigration: for example, *cultural experience, language advancement, knowledge or career opportunities* enriching the personal potential of migrants. Those who return from abroad bring with them capital, knowledge, experience and social contacts.

On the other hand, larger emigration of Slovak citizens abroad may cause *deformations in the demographic structure* of population and have negative impacts on the *economy and social system* in the country in the future (cf. Divinský, 2004).

### 5.2.3 Slovak labor emigrants in selected countries

According to OECD (2005a), the number of Slovak expatriates residing in the EU-15 Member States achieved at least 40 thousand at the beginning of the 3<sup>rd</sup> millennium.<sup>58</sup> The European Commission (EC, 2001) estimated the number of emigrants from Slovakia in the EU-15 up to 20 thousand around the same time (i.e. about 2% of the total stock of emigrants from eight New Member States + Bulgaria and Romania). More concrete data provided by Bijak, Kupiszewski et al. (2004) specify the volume of Slovak emigrants in the EU-15 countries in 2001 at 27,555 persons (i.e. 2.7% of all immigrants to these countries from the acceding countries + Bulgaria and Romania). The great majority of them resided in Germany (53.2%) and Austria (28.1%).

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<sup>58</sup> Compare with *521 thousand Slovak expatriates* in all the world in 2006 by <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21154867~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>, Bilateral migration matrix, access April 2007.

Until the accession of Slovakia to the EU, the United Kingdom or Ireland did not form special emigration countries for Slovaks.<sup>59</sup> Development since 2004 has considerably intensified migration flows to these destinations (particularly for work). Thus, the Czech Republic, United Kingdom, Ireland, Hungary, Germany, Austria and Italy are the key emigration countries for Slovaks at present (Table 26, also Divinský – Popjaková, 2007).

The *Czech Republic* still remains the most significant country for Slovak temporary or permanent emigrants.<sup>60</sup> Historically, linguistically, socially, culturally – both countries are very close to one another; moreover, geographical proximity is a substantial migration factor too. Officially, at the end of 2006, Czech authorities registered in the country 321 thousand foreign residents, of which the Slovaks constituted 58,384 persons – i.e. 18.2%.<sup>61</sup> The Slovaks were thus the second numerous nationality after the Ukrainians, but absolutely the first one of all EU nationalities. From a long-term perspective, the number of Slovaks holding a permit to stay in the Czech Republic rather fluctuates (e.g., 50,255 in 1996; 44,265 in 2000; 64,879 in 2003 – OECD, 2006a). Men and women from Slovakia are represented in the ratio of 60% : 40%; the age categories 25-29, 30-34, 20-24 plainly dominate. Among the reasons to stay, it is primarily employment (in roughly half the cases), then the reunification of family (over ¼), the remainder is formed by settlement, doing business, studying, and other purposes. Most of the Slovaks reside in the regions of Prague and Central Bohemia, Northern Moravia, and Southern Moravia.

It has to be accentuated that the overall number of residing Slovaks in the Czech Republic does not correspond to that of working ones. The employment to residence ratio is 1.70 and is thus in the country the highest after Lithuania as regards the EU-25 Member States (statistics of Czech Ministry of Labor and Social Affairs). It reflects the fact that – as of December 31, 2006 – the *number of economically active persons from Slovakia accounted for as many as 91,355* (with a 33% share of females) out

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<sup>59</sup> For instance, merely 267 work permits were granted to labor immigrants from Slovakia in the United Kingdom in 2002 (IPPR, 2004).

<sup>60</sup> However, one may expect that the position of the Czech Republic in Slovak emigration patterns will diminish over time (cf. Bijak, Kupiszewski et al., 2004).

<sup>61</sup> By the *Czech Police Yearbook*, <http://www.mvcr.cz/dokument/2007/rocenka06/policie.pdf>, access May 2007.

of all 185,075 such foreign nationals in the Czech Republic.<sup>62</sup> The citizens of Slovakia are traditionally the most represented in the Czech foreign labor force making usually 50-60% of it (cf. OECD, 2006a). Slovaks work in all economic branches; some 90% of them are employed and 10% are doing business. From the beginning, Slovaks more worked in less attractive low-paid positions; in the latest period also highly-skilled persons (physicians, teachers, IT specialists, economists, managers, etc.) are increasingly present on the Czech labor market (Halás, 2007). In this way, the Slovak labor force constitutes its not insignificant component.<sup>63</sup>

Just for illustration: in the course of 2001-2005, the Czech Republic naturalized nearly 10 thousand Slovaks. This figure thus meant 61% out of all naturalizations in the country during this period (statistics of Czech Ministry of the Interior).

In very recent years, the *United Kingdom* has become the primary target for Slovaks wishing to leave the country for work. Between May 2004 and September 2006, there were altogether 487,000 applicants to the *Worker Registration Scheme* in the UK (Blanchflower – Saleheen – Shadforth, 2007). A large proportion of processed applications came from those already living in the UK prior to the accession (30% – legally as visitors, non-working students, persons working with a work permit or being self-employed, as well as persons working illegally). Around 70% of processed applications were from those who arrived in the United Kingdom after the accession. Both categories pertain to Slovaks in the country. Though the greater part of applicants to the WRS were the Poles (63%) followed by the Lithuanians (11%), the Slovaks formed the third most frequent nationality amounting to 10% of the total. As found, most of the applicants have been quite young and single (Gilpin et al., 2006).

According to the latest data, at the end of 2006, as many as 56,425 *individuals* from Slovakia (i.e. 10.2% out of job applicants from the new EU countries) work on the British labor market under the WRS (Home Office, 2007). The majority of them are employed in low-skilled positions within administration, business and management services (39.0%), hospitality and catering (23.2%), manufacturing (6.5%), agriculture (6.3%), health and

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<sup>62</sup> [http://portal.mpsv.cz/sz/stat/zam\\_ciz\\_stat\\_prisl/archiv/pro\\_2006/cizinci\\_dle\\_statu](http://portal.mpsv.cz/sz/stat/zam_ciz_stat_prisl/archiv/pro_2006/cizinci_dle_statu), access April 2007.

<sup>63</sup> Of course, the Czech Republic is also a country where a multitude of Slovak citizens work unofficially, though no precise data on them are available.

medical services (5.6%), as au-pairs (ibidem; cf. Tamas – Münz, 2006). This is a cumulative number (WB, 2006a), the real figure is lower. By expressions of the British ambassador to Slovakia, as of November 2006, over *40 thousand Slovaks worked* on the country's labor market.<sup>64</sup> The United Kingdom has thus become for Slovaks the second most favorite emigration country.

*Hungary* is quite a specific country for migration from Slovakia. The number of Slovaks residing permanently in Hungary is comparatively low – it has been fluctuating since 1996 between 3.5 and 4.5 thousand persons a year (OECD, 2006a). Migration flows have apparently been realized in the form of commuting, which is enabled by the territorial proximity of respective Slovak and Hungarian regions. The number of Slovak residents in Hungary is thus exceeded by the stock of Slovak workers in Hungary several times. Since 1996 to 2004 the latter grew from 0.4 to 18.7 thousand workers (ibidem) and currently reaches the level of *20 thousand persons* (cf. Katuščák, 2006b; Traser, 2005; TREND, 18.5.2005).<sup>65</sup> As estimated by experts (Murová, 2006; Katuščák, 2006a), more than 13,000 individuals<sup>66</sup> commute daily to Hungary mainly from neighboring Slovak districts – Komárno, Dunajská Streda, Nové Zámky and Levice.

Slovak migrant workers in Hungary are predominantly employed in the industry; for example, at Nokia in Komárom, Suzuki in Esztergom, Philips in Győr, SCI in Tatabánya, Samsung in Göd and in other big factories in the Hungarian borderland (cf. Okólski, 2006). The knowledge of the Hungarian language by a considerable part of labor emigrants from Slovakia, better working conditions, more attractive remuneration, workplace accessibility within a reasonable time are the major advantages facilitating the commuting of Slovaks on the Hungarian labor market (cf. Veszelei, 2006).

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<sup>64</sup> SME, 16.11.2006, Briti núkajú východu prácu.

<sup>65</sup> Estimates by Hungarian officials go even *up to 30 thousand*; a problem is that many Hungarian employers do not fulfill the reporting obligation and the non-compliance with these rules does not have any consequences for them (cf. Traser, 2005).

<sup>66</sup> Out of at least *27,000 Slovak daily and weekly commuters altogether*. Slovakia has by far the highest between-the-countries commuting rate in the entire EU (EC, 2006c).

Until recently almost unknown<sup>67</sup>, since opening its labor market to the citizens of the new EU Member States *Ireland* has been deemed a very popular destination for Slovak labor emigrants. Similarly to the UK, access to the labor market for the EU-10 nationals has not been restricted in Ireland either, though it is linked to registration under the *Personal Public Service Number* scheme. From Slovakia's accession to the EU until the end of 2006, 24.3 thousand Slovak citizens were registered within this scheme in the country (Table 26) thus making Slovakia the 3<sup>rd</sup> in order (i.e. 8% of the total) after Poland and Lithuania (Irish Department of Social and Family Affairs<sup>68</sup>; cf. Blanchflower – Saleheen – Shadforth, 2007; WB, 2006a; Murová, 2006). Likewise, this number is of a cumulative character and the real number of Slovaks currently working and residing in Ireland is lower (*up to 15 thousand?*) as confirmed by the media.<sup>69</sup>

The composition of labor immigrants to Ireland resembles that to the UK. In general, 25.8% of all immigrants from the New Member States including Slovaks work in construction (compared to 12.4% of Irish employees), 21.8% (15.2% of the Irish) in other production industries, 16.5% (5% of the Irish) in hotels and restaurants, and 11.8% in wholesale and retail trade (14% of the Irish). This means that 75.9% of nationals from the New Member States are employed in low-skilled or seasonal positions in Ireland (IOM, 2006b).

*Austria* has represented one of the crucial emigration countries for Slovaks for a long time, once more for political reasons, nowadays for purely economic ones. Emigration from Slovakia to Austria has increased especially from the early 2000's, likewise employment among Slovaks has risen at a higher rate than total employment in the country and recorded the largest relative increment with regard to immigrants from the EU-10 (in 2003 – 3,133 persons, in 2005 – 5,173 persons by Tamas – Münz, 2006). A similar dynamics is evident in the stock of self-employed Slovaks (from 181 to 660 persons), in the number of seasonal work permits for Slovaks (from 8,396 to 9,867 permits) as well as in the number of short-term work permits

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<sup>67</sup> Merely 459 permits to work in the country were issued to Slovak citizens in 2002.

<sup>68</sup> <http://www.welfare.ie/topics/ppsn/ppsstat.html>, access May 2007.

<sup>69</sup> By Irish authorities CSO and FAS, a good part of Slovak citizens returned home or migrated for work to another country after a short stay in Ireland. See also SME, 18.1.2007, *Záujem vzdelaných ľudí o prácu v zahraničí začína u nás údajne klesať. Vysokoškooláci ostávajú doma.* (cf. an opinion of Katuščák, 2006b).

for Slovaks (from 1,416 to 2,478 permits) in 2003-2005 (ibidem). The existence of various categories of labor migrants and registration systems in Austria complicates the exact determination of those actually working from Slovakia in the country. For instance, Herzog (2006) offers a figure of *15,355 permits* of all forms granted to Slovaks in the country in 2005. Data provided by other sources may be rather different: 4.4 thousand Slovaks plus a part of 4.9 thousand persons of Slovak origin (as “former Czechoslovaks”) – i.e. estimated around 6 thousand labor emigrants altogether – are given by OECD (2006a) for 2004; *8 thousand Slovak labor migrants* are reported by the Austrian *Arbeitsmarktservice* at the end of 2006.<sup>70</sup> However, the extent of work in the gray economy can be much larger than the presented figures – at least *another 20 thousand persons* (own estimates<sup>71</sup>, see also Table 26).

The geographical proximity and good communications make movement between the both countries easier. Another significant factor is Bratislava with its substantial pool of the labor force. This all results in highly specific cross-border economic conditions that are seldom replicated elsewhere at a meeting point between the once colliding European economic systems (Divinský, 2004). The majority of Slovaks employed in Austria come from the Bratislava region and western Slovakia (though those from the farthest regions are not an exception) and work in Austria’s neighboring regions (Vienna, Burgenland, Lower Austria). Commuting is most often done on a weakly basis (cf. AUREX, 2002). Labor migrants from Slovakia find jobs in Austria in these fundamental fields: hospitality services and catering, company-related services, the construction sector (cf. Traser (2005), and women above all as respected in-home caregivers/nurses for seniors in families.<sup>72</sup>

Germany, Italy, Slovenia and Cyprus may also be shortly mentioned here as important destinations for Slovak labor emigrants. As for *Germany*, the country was inhabited by 23,835 Slovaks as of the end of 2006.<sup>73</sup> In 2005, totally *17,584 work permits* were issued to Slovak labor migrants

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<sup>70</sup> [http://www.ams.or.at/neu/1400\\_3920.htm](http://www.ams.or.at/neu/1400_3920.htm), access April 2007.

<sup>71</sup> Compare also information by the *Austria Presse Agentur*: the great majority of 40 thousand in-home carers for seniors, employed in Austria illegally, are formed by women coming from Slovakia and the Czech Republic (TASR, 8.12.2006, Pre Rakúsko zostávajú cudzinci zdrojom lacnej pracovnej sily).

<sup>72</sup> See more in detail in SME, 24.8.2006, Rakúski politici majú naše au-pair.

<sup>73</sup> [http://www.destatis.de/themen/d/thm\\_bevoelk.php](http://www.destatis.de/themen/d/thm_bevoelk.php), access March 2007.

(Tamas – Münz, 2006) with seasonal permits (93%) largely prevailing over permanent ones (7%). Employment under the seasonal workers scheme is limited to three months, during which nationals of the new EU Member States do not need residence permits (Traser, 2005). Both kinds of employment are represented mostly by low-skilled positions in hospitality, health services, construction, the food industry, and agriculture (cf. Divinský, 2004). *Italy* became popular in Slovakia over past years because of an ample supply of seasonal jobs in agriculture in summer. Some Slovak labor emigrants used to take holidays or unpaid leave of absence for several weeks from their regular occupations at home to work in Italy. In such a way, some 6,5 to 7 thousand Slovaks worked yearly in this country (cf. Reichová et al., 2006).<sup>74</sup> Access to the Italian labor market has recently been completely freed. *Slovenia* has gradually coming to the foreground at considering a target of labor emigration from Slovakia for a shorter time. Slovaks work there chiefly in the building industry; their number exceeded 1.1 thousand in August 2006 (Table 26). Finally, *Cyprus* has becoming an interesting destination for labor emigrants from Slovakia over past years because of a supply of jobs in catering and accommodation services. As of 2005, 877 Slovaks worked there thus constituting the 4<sup>th</sup> most numerous foreign nationality within the island's labor force.

In general, estimates of Slovaks working abroad – especially in Member States of the European Union – vary to a great degree. As already emphasized, Slovak official institutions have practically no detailed information on or comprehensive evaluations of the extent and structure of labor emigration flows as well as their impacts on the labor market of the country (Divinský – Popjaková, 2007; IOM, 2006a). They have to, therefore, rely more on information from abroad.

However, the heterogeneity of migration channels used, the lack of trustworthy data and the frequent incompatibility of methodologies for registering migrating workers in the territories of countries concerned makes it difficult to *exactly quantify the contemporary total number of Slovak citizens working abroad*. As demonstrated in Table 26 (cf. Katuščák, 2006b) based on the EURES system statistics, reference periods in single EEA countries often differ from each other: not all countries are capable to

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<sup>74</sup> As found by Salt – Clarke – Wanner (2004), over two thirds of all seasonal workers in Italy in 2001 originated from Europe with 22% of Polish nationals and 12% of Slovaks.



provide topical data, some present apparently obsolete information, others do not produce any. Simultaneously, the character of data is not homogeneous – some are cumulative, other indicate the state to a concrete date (month, trimester, year). Moreover, data come from sources of various nature, importance and reliability. Estimates of illegal work are very seldom and, seemingly, underestimated too.

*At the end of 2006, the most accepted figure of labor emigrants from Slovakia ranged from 180 to 230 thousand persons (Table 26; cf. Divinský – Popjaková, 2007; ZDS, 2006; Reichová et al., 2006; Katuščák, 2006b; TREND, 4.12.2006; ČTK, 22.11.2006; SRo, 28.7.2006; EurActiv, 11.7.2006; SME, 13.6.2006). Thus in 2006, the share of Slovak nationals working in the European Union achieved approximately 8 to 10% of the total country's stock of employed persons, 7 to 9% of total country's EA population and 5 to 6% of total country's working age population (the reference basis by the LFS, see Table 11; cf. Hajnovičová, 2006). The share of those employed illegally in the EU has more than probably decreased after the country's accession to it (except for persons working in Austria and Germany) and a consequent larger free movement of persons. It has been compensated by illegally working Slovaks in certain non-EU countries, primarily the U.S.A. (up to 20,000 illegals? – our free estimates).*

By estimations, most of the Slovak labor emigrants are younger than 35 years of age, with secondary education, men. No other detailed information exists on their biological, social and other characteristics, regrettably. The overwhelming majority of labor emigrants stay abroad temporarily only and intend to come back home.

Table 26 Numbers of Slovak labor emigrants in selected EEA countries, the latest accessible data

Country	Number	Reference period	Note
Czech Rep.	91,355	31/12/2006	
United Kingdom	56,425	December 2006	10% of the foreign labor force under WRS; cumulative number
Hungary	ca 20,000	June 2005	over 10,000 registered, 30,000 estimated by Hungarian employers; 13,000 are daily commuters
Ireland	24,307	December 2006	8% of the foreign labor force under PPS; cumulative number
Germany	17,584	2005	93% are seasonal work permit holders
Austria	8,011	December 2006	some 2,200 are daily commuters and 5,000 weekly ones; at least another 20,000 non-registered
Italy	6,479	May 2004	only data available
Slovenia	1,100	31/8/2006	
Sweden	88	March 2005	
Finland	22	December 2004	only data available
Malta	50	October 2006	
Greece	146	2006	
Cyprus	877	15/4/2005	
Poland	120	31/7/2005	great numbers of cross-border workers are not included, as they are not registered
Netherlands	999	2005	
Switzerland	50	August 2005	the real number of Slovak workers in the country is much higher – most of them do not go through labor offices
Norway	821	2005	
Iceland	178	2005	
France	69		only data available
<b>Total number</b>	<b>some 229 thousand</b>		

Source: basic data provided by Mr. B. Katuščák, the EURES Slovakia manager; completed and re-calculated by the author of this publication

### 5.3 Forecasts of labor emigration from the country

It is predicted that the *number of Slovaks residing and working abroad will slowly increase further* in coming years though there are no studies dealing with the intensity, anticipated duration and other aspects of emigration. As depicted above and documented by information from serious sources, mobility intentions of potential Slovak emigrants in the form of real preparations are comparatively low and Slovak population has rapidly been ageing with a strong decline in the proportion of young persons. On the contrary, as was illustrated in the preceding chapter, the economy of the country is remarkably recovering. It is therefore very unlikely that future (labor) migration flows from Slovakia could cause significant pressure on labor markets in EU Member States.

From the general viewpoint, *development in emigration from Slovakia should be marked with the following essential trends in the years to come:*

- labor emigration will remain the absolutely predominant type of emigration from the Slovak Republic;
- to a substantial degree, emigration will be of a temporary character; permanent emigration will stay marginal reaching several per cent out of the total;
- an acute shortage of the labor force as a whole in Slovakia owing to labor emigration is not – in general – imminent;
- no radical changes are expected in the socio-demographic structure of Slovak emigrants: younger cohorts, mostly single men, and those having secondary education will prevail among the labor migrants;
- wage differences between Slovakia and more advanced countries will stay the basic incentive to migrate for work;
- emigration flows should remain relatively constant as regards their numbers, structure and target countries in the very next years;
- no major modifications are supposed to take place in the group of principal (i.e. the most favorite) destination countries in the immediate future: the European Union will still represent an extraordinarily relevant area for Slovak labor migrants;
- the most significant shift in this context may be anticipated after Germany and Austria completely open their labor markets (by 2011?); this can sensibly alter the extent and directions of labor emigration flows from Slovakia;

– negative impacts may be felt in Slovak regions hit by the cumulation of labor emigration and out-migration as well as in professions with higher work intensity and low wages;

– emigration dynamics will undoubtedly be largely influenced by development in the Slovak economy, namely by a rise in wages, decline of unemployment and overall situation on the labor market;

– development on the European labor market, notably a growing supply of jobs, will have effects on the rate of emigration from Slovakia too. At present, over 1 million labor positions are offered within the EURES network merely. The opening of labor markets in all EU Member States, better foreknowledge and changing attitudes of European employers towards the recruitment of the labor force from abroad will certainly create a framework for the easier mobility of Slovak labor migrants.

## **5.4 Some special phenomena having impacts on the Slovak labor market**

### **5.4.1 How serious is brain drain (brain waste) owing to emigration?**

Currently, very contradictory opinions on this topic exist in Slovakia. Some experts claim that brain drain in the country is quite momentous documenting it by partial researches or figures. For instance, the Slovak Sociological Institute published findings supporting this statement and suggesting that brain drain causes one of the considerable regional disparities affecting especially the east of Slovakia.<sup>75</sup>

A study conducted by Baláž – Williams – Kollár (2004) attempted to outline the volume of particularly young skilled migration from Slovakia. Though trying to be conservative in their estimates to avoid the possible overestimation of brain drain from the country, the authors came to the conclusion that *1/5 to 1/3 out of the total number of Slovak emigrants have been highly-skilled individuals*. The respective figure thus can make about 32 to 70 thousand persons; with an estimated annual average loss of 7,1 thousand highly-skilled persons leaving the country. The authors also expressed a disputable opinion that temporary emigration from Slovakia is at best only a partial substitute for permanent emigration among the young skilled workers.

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<sup>75</sup> SME, 7.5.2006, Odliv mozgov spôsobuje regionálne rozdiely v SR.

In another work, Baláž – Kollár (2003)<sup>76</sup> compared the dynamics of people completing university education in 1994-2002 with shares of such persons in the entire population by the Labor Force Survey. They detected only a very slight increase of highly-skilled persons in the Slovak population during this period thus proving their intensive outflow from the country, taking into account all other kinds of their movements. The authors estimated the annual emigration of the highly-skilled from Slovakia to *at least 7.5 thousand, which is a quarter of graduates in a common year*. As a consequence, the annual reduction of GDP in Slovakia due to the emigration of highly-skilled persons within 1994-2002 may be almost 13%. In other words, without such emigration, the average GDP growth in this period would be 4.8% instead the real GDP growth of 4.2% (cf. Baláž – Williams – Kollár, 2004).

According to other estimates by experts from the Sociological Institute of the Slovak Academy of Sciences, *around 10 thousand graduated Slovaks leave the country for work annually (1/3 of the total)*. This is more than such proportions in the neighboring countries. A cardinal problem resides in low wages as well as insufficient social assistance to young skilled individuals.<sup>77</sup>

Brain drain from Slovakia has been a long-term trend, which can be confirmed by an older study by COST (1997). It then published the study called *Brain Drain from Central and Eastern Europe* examining the situation from the mentioned aspect in 10 countries of the region, including Slovakia. The country's results are based on a sample consisting of 939 persons. Slovak brain drain was notably directed to the Czech Republic, U.S.A. and Germany (23.8%, 20.8% and 7.5%, respectively). Emigration afflicted mainly natural sciences (71%), social ones (18%) and technical ones (11%).

Interesting data on Slovakia are provided by a study conducted by World Bank (Özden – Schiff, 2006). According to special methodology applied, net brain loss in the country was calculated to 37,462 persons in 2000. This was 1% of working age population in the country. No progress was achieved in comparison with the older figures. According to OECD (2006a), 16% out of all Slovak residents with tertiary attainment emigrated in 2000 and by Docquier – Rapoport (2004) 15.3% of skilled workers did so

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<sup>76</sup> Hospodárske noviny, 17.9.2003, Únik mozgov sa stáva vážnym problémom.

<sup>77</sup> Pravda, 22.9.2006, Každý druhý vzdelaný človek chce odísť.

in the same year getting Slovakia into the group of 30 countries with the highest emigration rate of these persons in the whole world. However, these numbers seem to be rather exaggerated.

Gonda et al. (2002) associated a higher risk of brain drain with Slovakia's accession to the European Union. Though the authors pointed out that the outflow of the younger, well educated and highly-skilled labor force from the country was happening already before, they further expect that this process will fluently be accelerated following the accession, especially after the expiration of transition periods. They, at the same time, argue that the emigration of skilled persons will be more visible in advanced Slovak regions, whilst that of low-skilled workers will dominate in economically less developed regions. The contemporary or future emigration of top experts from Slovakia as a negative phenomenon, though not on a massive scale, is admitted also in studies by Košta (2006a), IVO (2002) or Zajac et al. (2002b).

*Some professions* have already been in short supply in the country. This is the case – above all – of dentists, some professions of physicians and nurses in Slovakia. According to Košta (2006b), right the emigration of physicians will be hardly replaceable (and therefore serious) in a short time by doctors from immigrant countries (due to the language barrier and, perhaps, their lower education).

But, among the areas most affected by brain drain in Slovakia indisputably belongs *the research and development sector*. As, for example, national contributors emphasized in their report for Slovakia on innovation policy trends (EC, 2005e), Slovak R&D institutes (Slovak Academy of Sciences, universities, State research institutes and other research bodies) have to cope with intensive brain drain and the lack of young professionals resulting from low wages in this sector, multiplied by limited resources to enhance the research infrastructure. Moreover, territorially, there are also special development problems in the Bratislava and Trnava regions (cross-border brain drain in particular).<sup>78</sup> Hence, it seems inevitable to reduce the numbers of educated, well qualified workers moving abroad, primarily to neighboring countries.

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<sup>78</sup> As stressed by OECD (2003), Bratislava with surroundings suffers heavily from brain drain and the number of jobs in R&D facilities has dropped by ⅓ since 1989.

A certain indirect form of brain drain can be also manifested in *temporary or permanent emigration for study abroad*. As far the number of Slovak students studying in the Czech Republic is concerned, it is not negligible at present. As Halás (2007) informs this possibility was until 1998 largely restricted but from then – after signing the mutual agreement – Slovak university students have hugely increased in the Czech Republic. Since the school year 1999/2000 they have grown at an average annual rate of over 2 thousand to reach the overall number of 16,503 in the school year 2006/2007<sup>79</sup>. This is as many as 67% out of all enrolled foreign university students in the Czech Republic. It is very likely that the majority of Slovak students will be able to find an appropriate working position on the Czech labor market and remain to live there thus expanding brain drain from Slovakia (cf. Halás, 2007).<sup>80</sup>

Slightly older data by Eurostat (Eurostat on-line data) specify the share of students studying in EU countries out of all Slovak students in 2004 to be 8.2% (i.e. 14.5 thousand), which is the 4<sup>th</sup> highest proportion in the entire Union after Cyprus, Ireland and Malta. Besides, the trend shows a sharp increase – the respective share was only 2.6% in 1998 and 5.5% in 2001. Of course, Slovakia may lose a significant part of future highly-skilled persons in this way. The most preferred foreign countries to study are the Czech Republic (almost half the Slovak students studying abroad, Hungary – 17%, Germany and Austria – 10% each) (OECD, 2006d). From another perspective, in 2004 Slovak students comprised over 50% of enrolled foreign students in the Czech Republic, 19% in Hungary and 4.5% in Austria (Eurostat on-line data).

As illustrated in the preceding pages, *Slovak labor emigrants are often subject to brain waste (deskilling)*. When comparing data on the probable extent of migrating university educated persons from the country each year with data on the dominant occupations of Slovaks abroad such as the industry, construction and services with low added value (see above figures from the Statistical Office of the Slovak Republic or Labor Force Survey data), the negative development is more than evident. It seems that

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<sup>79</sup> [http://www.czso.cz/csu/cizinci.nsf/datove\\_udaje/ciz\\_vzdelavani](http://www.czso.cz/csu/cizinci.nsf/datove_udaje/ciz_vzdelavani), access May 2007.

<sup>80</sup> By experts, the emigration of Slovak students for study abroad may be even accelerated after the introduction of compulsory school fees for external (part-time) students at universities in Slovakia, which has been under preparation for a longer period (TA3, 21.4.2007, Analytici nevyučujú odchod študentov do cudziny).

the overwhelming majority of highly-skilled persons from Slovakia do not and/or cannot use their education in corresponding positions on the foreign labor markets. Unluckily, there is too little information available on this topic. By COST (1997), a mere 11.3% of those quitting the science sector and leaving the country for work were successful in this sector also abroad. A better situation applies to (highly-skilled) Slovak labor migrants in Austria; they do not need to necessarily accept low-skilled jobs and can search for those more fitting their education – the ability to commute reduces costs and risks associated with migration. Only a small share is manually working, most migrants can continue to utilize their human capital (Williams – Baláž – Kollár, 2001; cf. TREND, 4.12.2006). However, the situation in other than neighboring countries is much different, to the detriment of Slovak highly-skilled emigrants. For example, the proportion of Slovak migrants with tertiary education who are active in work requiring low skills amounted to almost 25% in Switzerland (WB, 2006b).

Some political elites regard the phenomenon of brain drain as very serious for Slovakia. The contemporary leftist Government has declared in its Program Declaration that the education of the young highly-skilled generation and its societal acknowledgement through a system of proposed special grants should serve to halt brain drain.

Some other experts, academicians, officials or politicians in the Slovak Republic are more reserved about the volume of brain drain from the country and its impacts on society. For instance, Ms. Radičová – the ex-Minister of Labor, Social Affairs and Family within the reform right-wing Government until mid-2006 – repeatedly declared that she considered the statement “top experts emigrate largely from Slovakia abroad and do not come back [thus generating brain drain]” to be a myth. In addition, in most cases they do not want to settle in another EU Member State forever and return after a time to the country (SME, 29.4.2006; SME, 28.4.2006; cf. Košta, 2006a).

Quantitatively, a low number of university educated Slovaks employed abroad – obtained from the Labor Forces Survey – is documented in Table 25. The share of such persons thus amounts to 10% in 2006, which is not much. Naturally, it is necessary to interpret this statistics carefully.

As Katuščák (2006a; 2006b) argues there is no substantial brain drain from Slovakia. However, he admits that the share of university educated emigrants makes  $\frac{1}{4}$  to  $\frac{1}{3}$  out of the total, which is not a small



proportion. In terms of highly-skilled scientists in particular, some experts do not perceive their departure dramatically since it is essential for this category of workers to migrate and many of them – including IT specialists, pharmacists, car industry experts, managers and the like – already begin to return. Slovakia achieves significant progress even in the information and communication sector; brain drain is here being replaced by brain exchange (TREND, 15.6.2006).

Surprisingly, nor Mr. A. Altafaj, a European Commission spokesman on development and humanitarian aid issues, regards numbers of highly-skilled Slovaks at productive age employed abroad as a negative phenomenon (SRo, 28.7.2006). By him, there does not exist the risk of brain drain, since the country is known by the strong education system (in this point, however, we do not agree).

Murová (2006) expects that brain drain will be reduced as a result of successful establishing high-tech firms in the Slovak economy and growing demand for the qualified labor force in the country. As found by Reichová et al. (2006) through a research carried out on a sample of 802 students completing their study at 16 universities in Slovakia, only 5% of respondents are unequivocally convinced that they will not find a suitable job in the country, 81% believe in the opposite. However, 56% intend to search in an unbinding way for a working position abroad, primarily in the United Kingdom, Ireland and the Czech Republic. The highest propensity to emigrate is recorded among the students of medicine. The main motive to work abroad was the possibility to travel and gain experience as well as to improve language skills, only then earning more money. More than half the respondents wish to stay abroad longer than 1 year, but a mere 6% think about the possibility to live there permanently.<sup>81</sup>

It is extremely difficult to objectively measure the impacts of brain drain from Slovakia on autochthonous society, if the necessary statistics are absent and opinions/estimates of experts widely vary. No large-scale and serious research has been performed in this field in the country up to now; the matter is overlooked.

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<sup>81</sup> However, these results are strikingly different from those presented by Mr. Bahna from the *Sociological Institute of the Slovak Academy of Sciences* – 47% of students deliberate permanent departure from the country (Hospodárske noviny, 27.7.2006, Slovákovi, najmä študentov, láka práca v zahraničí.).

On the basis of limited and fragmentary data, one may assume that the extent of brain drain from Slovakia is sensible. University educated emigrants represent a major, though hardly quantifiable, part of the overall number of Slovak emigrants. *The number of graduates leaving the country annually is supposed to range between 7-10 thousand, thus constituting 1/4 to 1/3 of all graduates in the country.* One of the further drawbacks in this context is apparent *brain waste*: most of the highly-skilled migrants from Slovakia just poorly use their knowledge potential on foreign labor markets and rather accept lower-skilled positions.

However, most likely only a lesser part of the highly-skilled remain abroad for a very long period or forever; on the contrary – the majority of them come back to the country after a time. Although effects of brain drain are indubitably negative for Slovak society, positive features – such as the return of highly-skilled emigrants with valuable experience and know-how – begin to appear increasingly.

In any case, the phenomenon of brain drain requires special and urgent attention from the side of experts and the State in order to articulate a corresponding comprehensive strategy to minimize its consequences in the future.

#### 5.4.2 What brain gain through immigration or return migration?

Data on the immigration of foreign highly-skilled persons to the Slovak Republic are even more sporadic than those on the opposite movement. As said above, Slovak statistical organizations *do not register the educational level of foreigners* in the country, therefore it is inevitable to rely on a few data from foreign sources.

OECD (2005c), for example, briefly mentions elementary shares of immigrants with tertiary education in the country. In 2002-2003, 19.0% of foreign residents aged 25-64 in Slovakia had such education (against 11.2% of nationals), which was comparatively the 7<sup>th</sup> least educated foreign community within the OECD Member States. The trend here is, however, slowly growing: in 2000-2001, both figures accounted for 16.9% and 10.4%, respectively. Another parameter indicates that the proportion of foreign-born persons aged 15+ with completed tertiary education is 14.6% in Slovakia. Özden – Schiff (2006) confirm too quite low shares of highly-skilled foreign nationals in the country at the beginning of the millennium. The highly-

skilled immigrants in Slovakia are thus only little able to fill the gap caused by educated Slovaks leaving the country.

Not positively is also regarded *stagnation in the number/proportion of enrolled foreign students in Slovakia*, part of which could remain to live and work in the country. From the absolute aspect, the number of foreign students is the lowest (after Iceland) among the OECD countries, and the share of them in the entire stock of students in the country is the 4<sup>th</sup> lowest (after South Korea, Poland and Turkey) (OECD, 2006d). The number of enrolled students from abroad in the country has stagnated from mid-1990's ranging between 1,400 and 1,700 individuals (Divinský, 2005a; cf. Eurostat on-line data). Foreign students form *only 1% of all students* in the country annually, which is an extremely low figure from the international viewpoint (OECD, 2006d; OECD, 2006a; TREND, 15.6.2006). From a long-term perspective, Slovakia is favorite especially among the students from the Czech Republic (over ¼ of the total foreign students in Slovakia), then Serbia, Israel, Ukraine, Romania; in the recent years those from Norway and Greece have also remarkably increased in number.<sup>82</sup>

The data by Eurostat are similar. As of 2004 (the latest date), the number of enrolled foreign students in Slovakia reached the 6<sup>th</sup> lowest absolute value within the European Union, but proportionally – to the number of inhabitants – it was the 3<sup>rd</sup> lowest share in the EU after Lithuania and Poland (Eurostat on-line data). Hence, it is understandable that the number of students who may possibly remain in Slovakia after completing their study cannot be – in contrast to some other EU States – a significant factor contributing to brain gain in the country.

However, overall immigration trends have not been so pessimistic during the very last years, mainly from Slovakia's accession to the Union. As proven by several sources and as was already mentioned in this text, foreign nationals from "old" EU countries in Slovakia has represented the most dynamic immigration group since then. Within the total stock of foreigners in the country, they grew from 9.8% in 2003 to 21.5% in 2006 and are expected to increase further in the following period. Indeed, a large amount of them are with tertiary education, qualified, working in highly-skilled positions of employees or businessmen (Divinský, forthcoming; Divinský, 2005a; cf. SME, 4.10.2006). More generally, out of current approximate 10 thousand EU citizens on the Slovak labor market (figure by

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<sup>82</sup> <http://www.uips.sk>, access February 2007.

ex-Minister Ms. Radičová – SME, 28.4.2006) about 1/3 is constituted by managers and representatives of industrial companies, some 27% work in science, research and consultancy, another 20% are employed in technical positions, health services and education.

Only a very few references to the *brain waste of immigrant populations in Slovakia* may be found, hence there is really a pressing need for systematic research and surveys dealing with this phenomenon. In a study elaborated by Williams – Baláž – Kollár (2001), the authors analyzed circumstances under which 150 Ukrainians worked also in the Slovak Republic. The respondents were interviewed about their economic backgrounds, among other things. It was ascertained that only 21% of Ukrainian labor emigrants were employed in adjacent eastern Slovakia (most of them work in Bratislava followed by larger centers in western and central Slovakia thus reflecting mainly the accessibility of labor in the country). Less than 1/4 of Ukrainians were daily or weekly commuters.

Ukrainian labor migrants were employed as low-skilled workers at construction sites to a great degree. Although 40% of them had completed university education and many enjoyed a high social status at home, the share of those employed as highly-skilled in Slovakia was dramatically low. Some 44% were manual workers, other 23% petty traders. Deskilling was also apparent in the sectoral distribution of employment, so they represented underused human capital. However, given the high unemployment rate in Ukraine, this skilled labor was probably significantly underutilized anyway already at home and formed brain overflow (ibidem).

According to fragmentary information, Ukrainians employed in the Slovak capital (in 2003) reported earning 1.50 USD an hour in greenhouses and remitted home about 100 USD a month.<sup>83</sup>

As far as the *return migration of highly skilled migrants* is concerned, a Slovak expert on labor matters believes that brain drain from Slovakia is not a grave problem since the majority of labor emigrants do not plan to settle abroad, but to return home. The country thus will not lose educated people but will gain those with experience and capital.<sup>84</sup>

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<sup>83</sup> [http://migration.ucdavis.edu/mn/more.php?id=90\\_0\\_4\\_0](http://migration.ucdavis.edu/mn/more.php?id=90_0_4_0), access February 2007.

<sup>84</sup> Pravda, 22.11.2006, Slováci chodia von zarobiť, nie tam zostať; see also Košta (2006b).

Likewise, an older research conducted by Kúska – Gyárfášová (1997) demonstrated that the preferred duration of stay abroad in the category of potential highly-skilled emigrants (i.e. scientific and research workers) from Slovakia did not exceed 3 years. The essential objective of such temporary labor migration was to gain knowledge, language skills, experience and professional contacts and then to come back to the country with this “capital”.

Though, there has been little research on return migration to Slovakia unlike other CEE countries (Okólski, 2006). The experience of returned skilled labor migrants of Slovak origin from the United Kingdom is, e.g., examined in papers by Williams – Baláž (2005c) and Baláž – Williams – Kollár (2004). They interviewed a sample of 64 professional and managerial workers, 55 students (potential skilled workers) and 67 au-pairs (as skilled workers occupying unskilled jobs) after their return to Slovakia. Among the key findings is that these emigrants acquired considerable human capital during their relatively short stays abroad. They (mostly, but not only, professionals) largely improved their English, gained self-confidence, higher social recognition, more qualifications, education, know-how, new views on life (plus financial means, of course); the major part of respondents regards it as much positive. The authors conclude that in the described case it would be better to speak about *brain training* (circulation) than brain drain (waste). Analogical findings on effects resulting from the return migration of Slovak university and language students were presented in a study by Baláž – Williams (2004).

The immigration of skilled foreign nationals is considered a clear contribution to the Slovak economy (society), real *brain gain*. Unfortunately, the crucial problem lies in the fact that the number of immigrants from economically advanced countries or the highly-skilled labor force specifically from such countries is low. One should not dismiss from the mind that the Slovak Republic is marked with the lowest proportion of foreign residents in the entire EU-25 and one of the lowest in Europe (Eurostat, 2007b; Eurostat, 2006d; Salt, 2006). In principle, the same statement is true of the number/share of foreign nationals on the domestic labor market (see above).

Secondly, we also have to take into account the supposed temporary character of highly-skilled immigration, i.e. the current relative boom of experts from the EU countries immigrating to the country usually for a

while, not forever. As anticipated, the subsequent stage of immigration to Slovakia should be dominated by increasing inflows of low-skilled migrants originating from outside the most economically developed world's regions. Under such conditions, brain gain might be rather limited.

Last, but not least, the expected structural changes in the Slovak economy in the next years and demand for the labor force in the respective branches will surely substantially influence brain drain, brain gain and their mutual balance in the country as well.

Therefore, in the context of extensive brain drain from Slovakia as well as low brain gain to it, the *following strategies, measures and policies should be adopted by the Government to tackle the problem:*

- to draw wider attention of experts to the phenomenon of brain drain from Slovakia; to elaborate a comprehensive policy to reduce the number of university educated and highly-skilled persons leaving the country for work annually;

- to introduce hitherto missing special programs and schemes to attract highly-skilled immigrants, comprising important motivation factors, bonuses, allowances and the like to support this group of migrant workers;

- to simplify the procedure of granting a permit to reside and to work in favor of highly-skilled immigrants, i.e. to take necessary legal steps;

- to facilitate entry into the labor market for foreign students completing their study in Slovakia; to create a more generous framework for work, remuneration, professional growth, housing, etc. for both foreign and native graduates;

- to develop a strategy for the partial voluntary repatriation of highly-skilled Slovak emigrants and to provide them with inevitable conditions for re-integration;

- to motivate Slovak graduates at universities abroad to return to work at home;

- to promote contacts with (highly-skilled) Slovak emigrants and their associations abroad, to help build their networks, to keep them well informed about the situation in the home country.

#### 5.4.3 Remittances and their significance for the Slovak economy

A very few references to remittances to or from Slovakia may be found in domestic or foreign literature. This topic has obviously been examined minimally and is thus *one of the unmapped areas within Slovak*

*migration studies*. Most of the references are associated with authors such as Baláž, Williams or Kollár and their contributions.

For example, Baláž – Williams – Kollár (2004) inform that – by National Bank of Slovakia’s Balance of Payments statistics – gross official remittances to Slovakia represented 24.16 million USD in 2002, which amounted to 0.1% of its GDP. Therefore, the estimated average annual gross loss to GDP in 1994-2002 as a result of emigration calculated at the level of 0.6% (see the text part on brain drain above) could be ameliorated to the net loss of 0.5%. However, this calculation ignores multiplier effects. If each dollar of remittances produces roughly 3 dollars of GDP (*ibidem*), a similar multiplier applied to Slovakia would reduce the given estimated net loss to GDP by more than ½. Moreover, the National Bank reporting system only includes official payments, whereas many Slovaks probably transfer their savings through informal means, especially if they were/are employed abroad illegally.

Williams – Baláž (2005c) dealt with the character and use of savings related to a sample of 186 professional and managerial workers, students and au-pairs after their return from shorter stays in the United Kingdom to Slovakia. As many as 34% of skilled workers and 46% of au-pairs managed to save at least ½ of their earnings, though they were low in the groups of au-pairs and students, and comparatively modest in the group of professionals (no more specific data regrettably). The most preferred end utilization of remittances/savings for all three groups was creating a financial reserve for future needs, followed by buying or improving a flat, house or land with professionals (as those having the highest earnings), repairing or extending a flat or house with students and covering basic needs with au-pairs.

In an older survey, Williams – Baláž – Kollár (2001) interviewed 100 Slovak labor migrants to Austria. They found that respondents reported relatively low wages in their previous jobs in Slovakia: 51% earned less than 180 USD per month, only very few (13%) earned over 270 USD. At the time of conducting the research (end 1999), the difference was striking – earnings of respondents reached in 13% less than 570 USD per month, but in 42% it was 570-1,140 USD, and the rest of the total earned more than this value. The wages of Slovak immigrants in Austria were only slightly below the national average; in case of highly-skilled positions, they were broadly equivalent to those paid to Austrians. The identified wage differentials were

thus of sufficient magnitude, which was enhanced by the fact that many of the migrants daily or weekly commuted.

Further by the authors, Slovak labor migrants in Austria were able to save a remarkable share of their incomes. It was ascertained that 44% of them saved 30 to 50% of net earnings, 17% saved even more than ½ of money received. As is common, the majority of savings was primarily devoted to the purchase of a flat, house or land (24% of respondents), then to current expenditures and supporting the family (20%), and to the reconstruction/extension/improvement of a dwelling (19%). It is interesting that few migrants (only 6%) intended to open own business with savings available. Hence, the structure of savings illustratively indicates the emphasis laid rather on housing and private consumption than on investing in productive activities.

Williams – Baláž – Kollár (2001) also analyzed an inverse situation in the group of Ukrainians migrating for work to Slovakia. Although a mere quarter of them earned more than the then Slovak average (over 300 USD), the wage ratio between the both countries was still of the order of a sixfold to tenfold differential – much enough to accept any negative effects from frequent brain waste. Ukrainians, though mostly employed in low-skilled positions and living in Spartan conditions in Slovakia, even managed to save a larger proportion of their incomes than Slovaks in Austria. 52% of them saved 30 to 50% of net earnings, 20% saved over ½ of incomes. Because of the more difficult social and economic situation at home, Ukrainian migrants allocated the major part (as many as 55%) of their earnings to current expenditures thus meeting their own or their families' needs, just 15% decided to buy a dwelling or land.

Baláž recently freely estimated for the media the extent of remittances from Slovak emigrants from the global viewpoint.<sup>85</sup> He assumes that savings can achieve ⅓ of total incomes and the number of Slovaks working abroad makes some 220 thousand. Given a careful estimate that each of approximate 100 thousand migrants employed in the Czech Republic and Hungary is able to save 100,000 Slovak crowns a year as well as each of approximate 120 thousand migrants employed elsewhere is able to save up to 200,000 Slovak crowns a year, the amount of savings approaches 34 billion Slovak crowns. As Baláž accentuates, the outlined figures might be “conservative” and the real volume of savings will likely be much higher.

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<sup>85</sup> TREND, 4.12.2006, Kofko prinesú migranti domov peňazí a do čoho investujú?



This can be computed with the help of the National Bank's Balance of Payments, through the indicator conventionally denoted as "Compensation of employees".<sup>86</sup> In 2006, it accounted for 32.2 billion Slovak crowns (i.e. over one billion USD – Table 27), which was 2% of the country's GDP. The respective statistics have corroborated a huge increase in values of this indicator from 2003, partly due to a rise in the number of labor migrants from Slovakia, in part owing to significant methodological changes.<sup>87</sup> However, it is believed that those 32.2 billion Slovak crowns do definitely not cover all savings and the real size of remittances might be larger than values calculated by the National Bank.

Table 27 Volume of remittances transferred to Slovakia by the National Bank of Slovakia in 2000-2006 (in millions of respective currency units)

<b>Year / compensation of employees</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
in USD	17.9	22.5	24.2	425.7	526.7	942.9	1,083.3
in Slovak crowns	825	1,089	1,095	15,655	16,987	29,250	32,200

Source: National Bank of Slovakia's Balance of Payments statistics<sup>88</sup>; cf. WB, 2006b

An older work by Buch – Kuckulenz – Le Manchec (2002) provided few, but perhaps more precise, data on remittances to Slovakia. For 1999, these were estimated at 35 million USD, i.e. 0.21% of GDP, or 0.38% of the export of goods and services, and 0.82% of gross domestic savings. Out of the EU-10 countries, both absolute and relative values for Slovakia then represented the average.

<sup>86</sup> For an exact definition of all components of remittances see, e.g., IOM (2006c).

<sup>87</sup> Until 2002, basically only *official bank transfers from abroad* were applied to calculate the figures. Since by far not all migrants send remittances home in this way, statistical estimates based on the number of migrant workers abroad and their probable earnings are used at present. Second, only remittances from labor emigrants in the Czech Republic, Germany and Austria were surprisingly taken into consideration previously. Now, *all EU Member States and other countries with accessible data* are included in the calculation.

<sup>88</sup> <http://www.nbs.sk>, access May 2007.

Schrooten (2005) informs that from among the 24 reviewed transition countries in 2003, top 10 remittance-receiving countries in absolute terms were Poland, the Russian Federation, Serbia and Montenegro, Bosnia and Herzegovina, Croatia, Albania, the Czech Republic, Moldova, Slovakia (with 425 million USD) and Ukraine. As regards remittances per capita, Slovakia ranked 3<sup>rd</sup> from the bottom with 79 USD (in descending order: Bosnia and Herzegovina, Albania, Croatia, Serbia and Montenegro, Slovenia, Moldova, FYROM, Slovakia, Latvia, Poland). In the same year, remittances to Slovakia formed 79% of FDI and 266% of ODA in the country, so dependency on remittances was not particularly pronounced. However, most of the EU-10 countries have registered an increase in migrant remittances following the EU accession (WB, 2006a).

A view of remittances to Slovakia may be completed taking some specific data from Harrison et al. (2004). For 2000, the volume of remittances reaching at least 18 million USD was confirmed thus making 294 USD per national abroad.<sup>89</sup> This implies just 0.1% of GDP. However, also these authors were well aware that the real scale of aggregate remittances to Slovakia had to be much higher – namely estimated 157 million USD for 2000, i.e. 2,597 USD per national working abroad. In this case, remittances to the country already created 0.8% of its GDP. Where were they sent from? Naturally, the Czech Republic absolutely dominated with 147.6 million USD remitted, followed by Hungary (2 million) and Poland (0.6 million); the most significant country outside Europe was not unexpectedly the U.S.A. with 6.8 million USD transferred to Slovakia in the given year.

In the opposite direction, labor immigrants in the Slovak Republic were able to remit 7 million USD in total from the country in 2000, which meant 213 USD per migrant. As for the single regions, 6 million USD went to economically less advanced countries of Europe (out of it, 1.6 mil. to Ukraine, 0.4 mil. USD to Russia), and Germany – as the only country mentioned from the EU – received 0.2 million USD. The Vietnamese community was capable of generating 0.5 million USD as remittances in Slovakia (*ibidem*).

A study by World Bank (2006b) offers few updated values pertaining to remittances to Slovakia. In 2003, they represented nearly 1.5%

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<sup>89</sup> The overall number of Slovak citizens working abroad was then supposed to be more than 60 thousand – compare with Table 24.

of the country's GDP (of the EU-10 countries, it was more than in Poland, Slovenia or the Czech Republic), with an apparent growth trend accelerated at the beginning of the 2000's. Simultaneously, remittances to the country accounted for almost 2% of its exports (more than in Lithuania, Estonia and the Czech Republic).

According to quite recent data provided by World Bank (WB, 2006c<sup>90</sup>), the extent of remittances "exported" from Slovakia doubled in a short period from 8 million USD in 2000 to 15-16 million in 2003-2004. The value of remittances to the country (in 2003) was 425 million USD thus comprising 1% of GDP. However, if we accept the growth of remittances up to *1,083 million USD in 2006* (as demonstrated in Table 27), their current share is *2% of Slovak GDP*.

And, finally, by the latest data from World Bank<sup>91</sup> published on these days on (bilateral) remittances estimated as a function of migrant stocks, host country incomes and origin country incomes, the total sum *remitted to Slovakia in 2006 equals 424 million USD*, out of which the top 10 most relevant countries are constituted by: the Czech Republic (222 million USD), U.S.A. (36), Germany (32), Hungary (31), Austria (18), Canada (11), Israel (7), United Kingdom (6), Italy (5) and France (5 million USD). Nevertheless, taking into consideration remittances per capita within the EU-10 countries plus Romania and Bulgaria, Slovakia achieves the 2<sup>nd</sup> place from the bottom, with only 79 USD per inhabitant; the other countries concerned – except for Hungary – have higher per capita remittances (our calculations).

Almost incredibly – by the same data set from World Bank – *remittances from Slovakia in 2006 expanded to as much as 223 million USD*, with the major countries as follows: the Czech Republic (170 million), Hungary (10), France (10), Romania (9), Poland (5), Austria (4), Belgium (3), Serbia (2), Bulgaria (2 million USD). However, since no accompanying more detailed information has been presented, the reliability of the latter data has to be checked thoroughly.

The bank system in the country is at the standard EU level allowing the transfer of money abroad under normal conditions. However, no particular schemes facilitating the transfer of remittances to countries of

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<sup>90</sup> <http://siteresources.worldbank.org/INTGEP2006/Resources/RemittancesDataEP2006.xls>, access March 2007.

<sup>91</sup> <http://go.worldbank.org/U4RXL56V20>, access April 2007.

origin exist in Slovakia at present. Remittances are thus believed to be sent to home countries in both ways – through official channels and unofficially. No more specific information on this issue is available at the moment.

It may be shortly concluded that the *importance of remittances to Slovakia has markedly changed over time*. Just a decade ago, their transfers were more or less negligible (at most 0.2-0.5% of GDP), mainly in comparison with some traditional remittance-receiving CEE countries. However, development in labor emigration (chiefly the rising numbers of Slovak migrants employed abroad during past 5-6 years) has resulted in the increasing role of remittances for the economy of the country. Not only has the amount of finances remitted to Slovakia from abroad sizably grown (reaching the supposed minimum of 1.1 billion USD in 2006 by the National Bank of Slovakia). Also, the proportion of remittances in the country's GDP rose – to an *estimated contemporary level of 2%*. This is a significant economic contribution. At the same time, the outlined volume means some 200 USD per Slovak inhabitant and roughly 5,000 USD per Slovak migrant abroad (in 2006). Further, the Czech Republic is the principal country for Slovakia as regards remittances inflow (and vice versa, Slovakia is the 2<sup>nd</sup> most important country for the Czech Republic in terms of remittances outflow, after Ukraine).

It is evident that *remittances from Slovakia have been increasing too* (let us not forget the multiplying number of immigrants from “old” EU countries since the country's accession to the Union, as described above), though their extent in this direction should still form a small part of the former. In this context, Slovakia is obviously a labor exporter with a highly positive balance of remittances and therefore their unambiguous benefit for the country. However, in general, there is a lack of fundamental data necessary for broader analyses.

## **Chapter 6 – Evaluation of labor migration policies, schemes and practices applied in the country**

### **6.1 Migration management in Slovakia – its developmental trajectory and links to common EU migration policy**

Under communism, *no State migration policy existed in the country* and rather ideological approaches were applied in the field of international migration. At the beginning of the 1990's, after the collapse of the Iron Curtain, migration patterns were considerably transformed and the CEE countries – including Slovakia – were fully incorporated into European migration movements. As a consequence, migration trends in Slovakia started to radically alter and existing migration patterns were broken. Slovakia began to undergo important changes within international migration and a number of questions related to the process came to the foreground. A set of absolutely new phenomena (such as large-scale irregular immigration, human smuggling, rise in asylum seekers, increasing labor migration, difficulties with foreigners' integration, naturalization issues and so forth) appeared in Slovakia. New categories of aliens, not well known until then, passing through or living in the territory of the country emerged. From a migration perspective, Slovakia began to modify into a transit country and even an immigration country by official figures of net migration (cf. Divinský, forthcoming; Divinský, 2005c).

But actually just little attention was paid to this challenge. Initially, State institutions, NGO's, self-government, the academic community and other stakeholders dealing with migration underestimated its developmental trajectory and did not react in a prompt, effective and adequate manner. Matters of international migration remained at the periphery of public interest despite their growing relevance and influence on Slovak society. The absence of consistent, effective and balanced migration management seemed to be the biggest problem in Slovakia during the 1990's. The general opinion prevailed that there was not the necessity for taking a new migration approach and formulating a specific migration policy.

Nevertheless, the Slovak Government founded the *Migration Office of the Ministry of the Interior of the Slovak Republic* with the 1993 Resolution No. 501. In order to meet requirements of international obligations, the Government also passed the *Principles of the Migration Policy of the Slovak Republic* (by its Resolution No. 846/1993). However, the document consisted of a mere 10 short and sketchy paragraphs.

Likewise, the then laws concerning the asylum issues (Act No. 283/1995) and the entry, stay or expulsion of foreigners (Act No. 73/1995) were quite formal and unelaborated.

The Principles were the only guideline for migration management in Slovakia until early 2005. They perhaps reflected objective reality in the time of their origin. However, after 2000, it was still more evident that the provisions of the Principles were becoming obsolete and no longer corresponding to the contemporary situation in the country, the region of Central Europe or Europe as a whole – thus being an obstacle to further development. In addition, according to many experts and NGO's, State migration policy based on the Principles was not carried out in a pro-immigration way, but it was restrictive, incomplete and the public was little informed about it (cf. Divinský, 2005a; Divinský 2005d). Contrary to its neighbors, Slovakia was more inclined to limit than to support legal migration.

At the beginning of the new millennium, the situation in the area of migration got more complicated. The country was affected by rapidly and unexpectedly growing numbers of undocumented migrants and asylum seekers; the delay in building the asylum system with polarized views on its (restrictive) character; desperately missing analyses of labor immigration and emigration; the complete absence of integration and naturalization policies; increasing xenophobia, manifestations of intolerance against or discrimination of migrants; the insufficient evaluation of impacts resulting from the presence of immigrants in Slovakia on autochthonous society and so on (Divinský, forthcoming; Divinský, 2007b). The country needed to find appropriate answers to these challenges.

Then one external factor appeared that substantially changed the whole situation. Within the *pre-accession process*, the Slovak Republic was obliged to pass, amend or harmonize a multitude of legal standards including those referring to migration. For instance, entirely new and much better legal norms altering conditions for the entry and stay of immigrants in the country (Act No. 48/2002 on the Stay of Foreigners from 2001) or improving the asylum procedure (Act No. 480/2002 on Asylum from 2002) were adopted. Analogically, new Act No. 477/2003 on State Border Protection, Act No. 500/2004 on Reporting the Stay of Residents, Act No. 365/2004 – Anti-discrimination Act, a series of laws on social and health care, employment, entrepreneurship, ownership, naturalization, etc. of immigrants in Slovakia were approved too. However, though comprehensive and modern migration

policy was discussed, responsible institutions did not manage to prepare it before the country's accession to the European Union.

Finally in January 2005, the Slovak Government passed a more universal framework to address immigration – the *Conception of the Migration Policy of the Slovak Republic* (Government Resolution No. 11/2005). As a key strategic document in the field, it mirrors ongoing processes of unifying immigration, asylum and integration policies within the Union (cf. Divinský, 2005c; Divinský, 2005d). Slovakia – as an EU Member State – follows the objectives set out in the Hague Program and its Action Plan. All relevant EU legal norms and positions are gradually accepted and transposed by the country. As well, activities of Slovakia in single committees and other organizational units of the European Union, Council of Europe, United Nations and further extraordinarily important institutions are performed in this respect thus increasingly bringing Slovakia closer to other EU Member States' stances.<sup>92</sup>

The Slovak Republic also tries to fulfill its commitments in the area of *official development assistance* (ODA) and other kinds of development aid within (not only) the EU. In 2006, Slovakia provided ODA in the extent of 1,638 billion SKK, i.e. about 0.10% of GDP (MZV SR, 2007).<sup>93</sup> But this relative figure is several times lower than contributions of the old Member States. Although the trend should be upward – 0.17 and 0.33% of Slovak GDP are planned for 2010 and 2015, respectively – by experts from the Ministry of Foreign Affairs these targets are unrealistic.

## **6.2 Migration management in Slovakia – its main positives and negatives (what role for migration?)**

The Conception of the Migration Policy of the Slovak Republic firstly defines its elementary starting points: the sovereignty of the Slovak Republic; legality; regulating legal migration; active co-operation with the EU; the prohibition of discriminating the foreigners; and flexibility. The Conception then identifies the cardinal spheres for developing activities and

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<sup>92</sup> This was also emphasized during the recent conference *Migration and Development* held in Bratislava on April 3, 2007, and organized by IOM and the Ministry of Foreign Affairs of the Slovak Republic.

<sup>93</sup> ODA from Slovakia is primarily determined to selected Balkan countries and least developed countries; in both cases immigration from these regions to Slovakia is not negligible.

particular policies – international collaboration; legal migration and social integration of immigrants; combating undocumented migration; asylum and stay of foreigners; collaboration among the respective migration actors; as well as human rights protection and preventing xenophobia and intolerance. The Conception also determines the proper tools for migration policy and outlines tasks in various domains of migration management.

The document has been drawn up in a *very general form*. The individual tasks are further scheduled for the years to come (basically until 2010) and already being fulfilled by the institutions concerned, mostly State organizations – the Ministries of Interior, Labor and Social Affairs, Foreign Affairs, Justice, Health, and Education, the Statistical Office, but also the Association of Towns and Communities in Slovakia, IOM, UNHCR and others. In this way, there is an obvious significant qualitative shift in the philosophy, wording and especially contents of the Conception in comparison with the former Principles.

Unfortunately, there remained space in the Conception of the Migration Policy of the Slovak Republic, which could have been utilized better. Not only is its extent relatively short (the document has just 16 pages). Primarily, many of the aforementioned themes could have been addressed more profoundly and at a higher level, some other issues were dealt with only partly, or were not covered at all.<sup>94</sup> For example, the Conception did not tackle such essential aspects as the articulation of the Slovak migration doctrine, the definition of the country's immigration priorities or finding ways for allocating more financial means for them.

As regards specific problems, the following of them should definitely have been discussed deeper: the integration of immigrants into society (i.e. their education, schemes for learning Slovak language, labor integration, housing provision, etc.); their participation in domestic political, social and economic life at both the national and local levels; a *complex of challenges pertaining to labor immigration*; the activation of immigrant associations; the completion of the institutional framework. It was also necessary to more accentuate the equality of chances for migrants and the inadmissibility of their discrimination; the working of the media; the education of Slovak children at schools about foreigners. Likewise, the improvement of statistical databases on migrants; greater support for

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<sup>94</sup> The Conception was elaborated by the *Migration Office of the Ministry of Interior* responsible notably for the asylum procedure in the country, therefore questions related to asylum and irregular migration have been overemphasized in it.



scholars studying migration phenomena and some other topics should have had more coverage in the document.

Also, it has to be stressed that Conception of the Migration Policy of the Slovak Republic is devoted to immigration issues only, emigration is not its subject at all (for more about the Conception, see Divinský, forthcoming; Divinský 2005a; Divinský, 2005c; Divinský, 2005d).

Furthermore, the document is of a very universal character. The country much lacks separate national *integration, naturalization or regularization conceptions and policies*. Thus, at the dawn of the 21<sup>st</sup> century, the Slovak Republic is just at the beginning of its metamorphosis into a pro-immigration society. The country's modern migration and integration policies are currently only being created, so their concrete shapes will be better known in the years to come. Despite this fact, we believe that with the assistance of more migration-experienced members of the European Union, on the basis of EU running strategic initiatives and within commonly shared visions, Slovakia will be able to fulfill its tasks and expectations in the field of international migration for the benefit of the country as well as of immigrants themselves.

As one may see, comprehensive (im)migration policy in Slovakia is still in its very infancy. In this context, it is entirely legitimate *to pose these "strategic" questions requiring wide expert and public debate* in the process of finding the proper answers:

- What is/will be the official attitude and vision of the State and its citizens to international migration and migrants?
- What should the country's priorities be within immigration (emigration) in favor of both autochthonous society and migrants?
- What are the major shortcomings of migration management in the Slovak Republic, how can they be reduced? How many financial means does the country intend to invest in the management of migration?
- What are lessons to be inspired by other countries? What are the scopes where Slovakia may collaborate more intensively with other EU Member States and countries of origin and/or destination?
- What is the ratio between costs and benefits due to international migration, what are the current and anticipated economic and non-economic consequences of migration for the country?

– What are/will be the positions to be shared with immigrants? To what extent and by which mechanisms will Slovakia integrate foreign nationals living and working in its territory?

### **6.3 Labor migration policy: is there any in the country?**

The Principles of the Migration Policy of the Slovak Republic did practically not refer to labor migration per se (only the need to create the tools against illegal work and doing business by immigrants). The authors of the Conception of the Migration Policy of the Slovak Republic did not advance much more. As already suggested, the matters of labor migration are overshadowed in the document by some other themes such as irregular or asylum migration. The Conception just contains a few peripheral mentions of labor migration, with quite vague recommendations or measures to be taken (cf. Divinský, 2005a).

Specifically, by the document, „migration should be regulated in accordance with interests of the country notably with regard to the economic [...] stability of society as well as the situation on the labor market and the structure of unemployment.” The Conception also emphasizes that it will be necessary to work out an action plan to tackle the issues of legal migration taking into consideration the results of discussions in the Green Paper on migration<sup>95</sup> respecting the premise that setting the quotas of labor migrants is fully within the jurisdiction of the Member States. In this context, it will be inevitable to aim at creating conditions associated with the employment of migrants in Slovakia. Furthermore, in connection with Council Directive 2003/9/EC<sup>96</sup>, it will be needed to make the labor market of the country accessible also to asylum seekers and refugees as disadvantaged groups on this market. The protection of labor migrants-women should be of particular significance too. And eventually, in the process of the labor integration of immigrants into Slovak society, the Conception attributes an increasingly active role to self-government authorities, NGO's and intergovernmental organizations (IGO's). Thus, though being the first and only document on migration policy in the Slovak Republic, the Conception deals with the domain of labor immigration absolutely marginally and superficially.

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<sup>95</sup> *Green Paper on an EU approach to managing economic migration*, COM 811/2004.

<sup>96</sup> *Council Directive 2003/9/EC of 27 January 2003 laying down minimum standards for the reception of asylum seekers*, effective in Slovakia since February 1, 2005 (Act No. 1/2005).

De facto, *no strategy, conception, plan, prognosis or any other type of documents* analyzing the heterogeneity of labor migration (its various forms, causes, consequences, manifestations, trends, effects on society, predictions, etc.) in a complex way are available in Slovakia. There is evident the lack of reliable data, more exact surveys and qualified estimates about Slovak labor emigrants, though their numbers in certain countries are not negligible. Analogically, no unequivocal standpoints on labor immigration have ever been expressed by respective State institutions or other principal stakeholders. Until recently, the current or future position of labor migration in the country has not been subject to larger public or expert discussion.

According to the Conception of the Migration Policy – the specification of tasks for the Ministry of Labor, Social Affairs and Family of the Slovak Republic – a pilot project aimed at the recruitment of highly-skilled workers from abroad should have been launched by the end of 2005. However, because of high personnel and financial requirements for this interesting and pioneering project, it had to be finally abandoned.

Simply said, *no rudiments of labor migration policy exist in Slovakia at present.*

The elaboration of a special labor migration policy – at least in the form of a study or conception – is *conditio sine qua non* for any progress in the entire sphere of labor immigration (as well as emigration) in Slovakia. This policy would mirror not only the latest developments in labor migration within the European Union and outside it, but above all peculiarities of the situation in the country (cf. OSCE – IOM – ILO, 2006).

According to us, it is the *Ministry of Labor, Social Affairs and Family of the Slovak Republic* that should take prime responsibility for drawing up national labor migration policy. However, since the issue is of an interdepartmental and interdisciplinary character, all significant actors in the field should participate – other ministries concerned, further State authorities, trade unions, employers' associations, self-government, scholars, competent non-governmental and intergovernmental organizations.

From the viewpoint of long-term objectives, *new Slovak labor migration policy and subsequent documents or measures resulting from it should:*

- define the role of labor migration in the overall economic, social (and demographic) advancement of the country; determine the extent of its regulation;
- set the place of labor migration among the other components of international migration in Slovakia; specify the priorities within labor migration itself;
- identify those areas of the country’s labor market, economic sectors, professions, educational levels and territorial units to which labor immigration could be of the greatest benefit;
- evaluate the current situation and trends; forecast future changes (needs?) in the domain of labor immigration;
- analyze probable developmental trajectories and social impacts of emigration for work from Slovakia;
- help build in the country an institutional framework relating to labor migration;
- adopt concrete programs to make Slovakia more attractive to the intended groups of labor immigrants;
- re-evaluate and complete a set of bilateral agreements on employment, notably with third countries;
- intensify co-operation with the most important countries of origin of labor immigrants to Slovakia and with the crucial destination countries for labor emigrants from the country;
- proceed actively and jointly with other EU Member States in solving the questions of labor mobility in the Union;
- try to lobby for shortening the transition periods in the relevant countries, especially in Germany and Austria;
- reappraise and amend national laws regulating labor immigration flows, if necessary;
- take a more active and helpful approach to labor immigrants by labor offices, the police and other involved institutions thus facilitating access to the Slovak labor market for these persons; increase the qualification and language skills of the staff at labor offices;
- check more frequently and combat more effectively illicit work and employment in the country, chiefly in connection with an expected increase of undocumented immigrants in future decades;
- set up (e.g., in the capitals of Slovak macro-regions) advising and information centers for immigrants providing them with information on the labor market, lists of jobs available, ways of doing business, possibilities to

improve education, qualifications and practical skills, legal and other conditions to be met by foreign workers, the labor and social offices network, housing possibilities and other related issues;

- establish and reinforce collaboration in the field of labor migration among the respective stakeholders of the State sector, private sector, trade unions, NGO's, local self-government, academic community, migrant associations, etc.;

- encourage the Slovak media to work more positively and professionally in favor of labor migrants;

- fundamentally improve the quality, complexity and compatibility of all statistical systems producing and presenting characteristics on labor migration in Slovakia;

- ensure greater support for research on the phenomenon of labor migration in the country.

The only components that can be used as tools of labor migration management (cf. IOM, 2005b) in the Slovak Republic at present are thus laws addressing – inter alia – the entry of foreign nationals into the labor market of the country (i.e. conditions for their employment and doing business), a set of bilateral agreements on employment of foreigners and institutions for handling immigrants. This all will be outlined in the following text.

#### **6.4 Access to the Slovak labor market for immigrants**

By law, some categories of labor immigrants (foreigners) in Slovakia need permits to work, some not (but they are obliged to be registered), some others may not work at all. The conditions of employing and doing business for foreigners are specified in legal norms such as Act 5/2004 on Employment Services, Act No. 455/1991 on Trade Law, Act No. 513/1991 – Commercial Code, Act No. 311/2001 – Labor Code, Act No. 82/2005 on Illegal Work and Illegal Employment (all with later amendments), Act No. 125/2006 on Labor Inspection, Act No. 365/2004 – Anti-discrimination Act, and several others. They as well as Act No. 48/2002 on the Stay of Foreigners define a framework within which foreigners may or may not work (be employed, run businesses, do other

economic activities) in Slovakia (cf. Divinský, forthcoming; Divinský, 2005a; Divinský, 2004).

In this context, Slovakia operates within the frames of the free movement of workers *acquis* (Veszelei, 2006). Respective legal norms imply primary and secondary EU legislation as adopted prior to Slovakia's accession to the Union and as continuously amended and completed with new ones afterwards. National legislation is thus in full conformity with the EU laws and reflects transitional measures taken by certain EU Member States to protect their labor markets.

The Slovak Republic was more generous: it opened its labor market to *all workers from the EU/EEA/Switzerland without imposing any reciprocal restrictions*. These workers can enjoy all benefits the Slovak workers have. Among the most significant belong:

- the right to reside in the Slovak territory;
- the right to work without a work permit;
- the equality of treatment in employment;
- entitlement to the same social benefits as Slovak nationals have;
- the right of the family to join the worker and to receive family allowances;
- the coordination of social security – pensions, social security and health contributions;
- the recognition of professional and vocational qualifications.

*As regards employment in Slovakia*, a written employment contract is needed to be concluded between the employer and the employee (Veszelei, 2006). This comprises the cardinal characteristics and content of the job, the location where work is to be performed, the date of its commencement, the wage conditions, the paydays, the working hours, the duration of paid vacation and the period of notice. Any change in the employment contract must mutually be agreed by both parties and made in writing. All migrants wishing to work in Slovakia have to participate in the Slovak insurance system by paying pension contributions, sickness insurance contributions, health insurance contributions, and unemployment insurance contributions.

There are three main categories of employed immigrants in the country differing legally and administratively, with various rights and restrictions (cf. Divinský, 2005a). As already described above, *employees from the EEA and Switzerland* (and their family members) do not need a work permit, just have to be registered. Their employers are obliged by law

to fill in an information card on the establishment or termination of a working relationship and to send it to the locally competent labor office within seven working days.<sup>97</sup> The employer has to keep the form confirmed by the labor office for potential labor inspections. Simultaneously, according to Act No. 48/2002 on the Stay of Foreigners, every EEA citizen intending to stay in the territory of the Slovak Republic for a period exceeding 3 months has to be registered with the police as a (permanent) resident in the country. From the legal aspect, this category of foreign workers is treated identically to autochthonous population on the Slovak labor market.

The second category of labor immigrants covers those persons *who are not EEA citizens but do not need a work permit either*. Foreign nationals falling under this category are as follows (see more in detail Act 5/2004 on Employment Services): holders of a permanent residence permit in Slovakia; holders of a temporary residence permit for the purpose of family reunification or study after fulfilling some specific conditions; expatriate Slovaks; persons granted asylum and asylum seekers after one year of uninterrupted stay in the country; persons granted temporary shelter; persons employed on the basis of an international agreement; persons employed in Slovakia less than 7 days consecutively or 30 days totally in a calendar year (like teachers, scientists, researchers, performing artists, service and goods providers, installation workers, etc.); family members of a diplomatic mission officer or of an international organization employee; members of a rescue unit; members of armed forces if delegated; persons posted by another EU Member State-based employer; partners, managing directors or authorized representatives of a business entity or a co-operative performing work on its behalf; employees of an international public transport carrier; holders of press accreditation.

Finally, the last category of labor immigrants is constituted by persons who are allowed to be employed in the Slovak Republic *only with a work permit*.<sup>98</sup> They are predominantly formed by individuals granted (by the police) a temporary residence permit for the purpose of employment, or by persons granted a temporary residence permit for study or family reunification under special conditions as well as by certain groups of persons granted a tolerated residence permit. However, there is no legal entitlement to a work permit; territorially competent labor offices decide according to

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<sup>97</sup> <http://www.employment.gov.sk/new/index.php?SMC=1&id=907>, access May 2007.

<sup>98</sup> They come exclusively from non-EEA countries.

the current situation on the labor market. After granting a valid work permit, a labor migrant has practically the same legal status as a Slovak citizen. Nevertheless, a person who has been granted a permit for temporary stay for the purpose of employment may not perform business activities (but may study). A permit to work is issued for a given period, at most for the period of 1 year (in the case of seasonal work, up to 6 months). A work permit may be prolonged – even repeatedly – after a written request if the contemporary labor market situation allows it.<sup>99</sup>

Undocumented migrants; most of the asylum seekers; and some categories of persons with a temporary or tolerated residence permit *have no right to work at all* in the Slovak Republic (for all this text passage, see more in cf. Divinský, forthcoming; Divinský, 2005c; Divinský, 2004).

*As regards conducting business by foreigners* in the territory of Slovakia, the situation is not so administratively and legally complicated as in the field of employment. Most immigrants are allowed to do business under equal conditions and to the same extent (unless otherwise defined by law) as natives, namely as persons recorded in the Commercial Register or those with trade licenses (petty tradesmen) or individuals involved in farming. This is considered quite a good practice in the wider context of labor immigration. Persons from the EU/OECD countries have some administrative advantages compared to the others.<sup>100</sup>

Thus – besides holders of a permanent residence permit in Slovakia – holders of a temporary residence permit for the purpose of conducting business; expatriate Slovaks; those granted asylum and persons granted temporary shelter may all freely run business in the country, but also holders of a temporary residence permit for the purpose of family reunification or study after fulfilling specific conditions. Only a few categories of migrants – holders of a temporary residence permit for the purpose of employment; holders of a tolerated stay permit; asylum seekers; undocumented migrants – are deprived of this right in the Slovak Republic (cf. Divinský, 2005a; Divinský, 2005c).

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<sup>99</sup> <http://www.employment.gov.sk/new/index.php?SMC=1&id=1823>, access May 2007.

<sup>100</sup> <http://www.domavsr.sk/mic/index.asp?ArticleCategoryID=15&ArticleID=178>, access May 2007.



## 6.5 Character and effectiveness of the bilateral agreements on employment

In general, one of the fundamental tools to regulate labor migration in countries are bilateral agreements on employment, especially in the case of restricted access to labor markets. Bilateral agreements stipulate the conditions of employment for foreigners (or their particular categories) and usually determine their maximum annual quantitative numbers. In this way, according to such quota systems, just a limited number of the foreign labor force may obtain work permits. This practice thus reflects attempts at reducing uncontrolled inflows of labor immigrants to the domestic labor market, at the same time bilateral agreements contribute to the growth of the economy and rise in employment in receiving countries, and help combat illegal employment. Sending countries too profit from bilateral agreements as such; however, these may also work as a breaking factor for the free movement of workers among countries or have other negative consequences (cf. WB, 2006c; OSCE – IOM – ILO, 2006; GCIM, 2005; IOM, 2005b; OECD, 2004b).

The Slovak Republic is not an exception, it uses a series of bilateral agreements on employment as legal institutes as well. All bilateral agreements are published in the Legal Code and (not only) the labor offices have them available. If the respective country's quota in a given calendar year is filled, it is impossible to issue more work permits to other applicants from that country for that year.<sup>101</sup>

*Slovakia has so far concluded bilateral agreements on employment with 11 countries* (cf. *Informácia o stave plnenia medzinárodných zmlúv za rok 2006*<sup>102</sup>; Divinský, 2004; MPSVR, 2003): Belgium, the Czech Republic, Finland, France, Germany, Hungary, Luxembourg, Poland, the Russian Federation, Switzerland and Ukraine. The agreements are heterogeneous – either effective and enforced, or effective but currently not applied, or old and though not revoked, not applied. Then, some of the agreements refer to labor migrants as a whole, others to very specific and/or limited groups of foreign workers merely; most of them set exact quotas of labor migrants, a few do not.

The single Slovak bilateral agreements on employment are shortly described in the following text (see also OECD, 2004b; MPSVR, 2003):

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<sup>101</sup> <http://www.domavsr.sk/mic/index.asp?ArticleCategoryID=10&ArticleID=134>, access May 2007.

<sup>102</sup> <http://www.rokovanie.sk/appl/material.nsf/0/E5401885F9DBB59EC12572A3004DA70F?OpenDocument>, access May 2007.

*Belgium.* The agreement with this country was signed in 1937. It covers trainees at the age up to 30 years, 25 persons at most per year, reciprocally. However, it is not administered by the Belgian side, which is considered a drawback in Slovakia.

*Czech Republic.* A special, non-standard, regime of employment between Slovakia and the Czech Republic was agreed immediately after the split of Czecho-Slovakia. The first agreement between both countries – the *Convention No. 317/1994 between the Slovak Republic and the Czech Republic on the mutual employment of citizens* – was signed in 1992, preliminarily applied since 1993, in force since 1994. This was later completed by the *Administrative Convention No. 109/2001 between the Ministry of Labor, Social Affairs and Family in Slovakia and the Ministry of Labor and Social Affairs in the Czech Republic on the mutual employment of citizens*. In conformity with these legal norms, the inhabitants of either Republic wishing to work in the second country were only obliged to register themselves at a territorially competent labor office (i.e. did not need to apply for permits to work). Thus, the number of Slovak labor migrants on the Czech labor market and vice versa was not restricted by law, which was an unprecedented liberal status compared to all other foreigners. This fact was extraordinarily advantageous notably for Slovaks (cf. OECD, 2004b; Divinský, 2004; see Table 26 and the corresponding text).

*Finland.* The bilateral agreement between Slovakia and Finland has been effective since 1999 and relates just to the exchange of trainees at the age 18-30. The number of trainees to be exchanged is specified each year but the interest is remarkably low (1 + 1 trainees in 2005; 2 + 2 trainees in 2006); the duration of stay can vary from 1 to 18 months.<sup>103</sup>

*France.* Similarly to Belgium, the agreement on the employment of trainees with France was signed in the 1930's (1930) and the eligible persons were formed merely by trainees not exceeding 100 per year, reciprocally. This bilateral agreement is – despite several appeals from the Slovak side – not administered but it was recently completed by another one, being in force since February 2007. On its basis, each contracting party is allowed to send out annually as many as 300 trainees (with possible modification for another year) at the age 18-35 to the partner for a period of 3 to 12 (18) months. Nonetheless, potential job applicants in Slovakia would much

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<sup>103</sup> Although Finland opened its labor market on May 1, 2006, this bilateral agreement facilitates the access of potential applicants utilizing this scheme to the Finnish labor market making it administratively and financially simpler.

welcome concluding an official mutual agreement including larger numbers of employees generally, not only trainees.

*Germany.* Relations with this extremely important country for Slovak labor migrants are regulated by a series of bilateral agreements. The historically first (from 1991) is the agreement determining conditions for the seasonal employment of Slovaks in Germany, mostly in low-skilled positions (agriculture). Employment under this scheme is limited to three months, during which the workers do not need a residence permit. The quota here is not set but the trend is downward – the number of Slovak workers amounted to 10,132 in 2003, but only 7,502 persons in 2005 – though the interest of the Slovak party is substantial.

The mutual agreement on employment from 1996 refers to all migrant workers between 18 and 40 in the total number of 700 a year reciprocally and for a period to 12 (18) months. This agreement with Germany was partly modified by its amendment in 2001 raising the given quota to 1,000 persons. However, in the last years, also here the German side reduces the number of positions (e.g., 914 provided jobs in 2000, 419 in 2005, 259 in 2006).

Another agreement from 1996 enables to employ in Germany over 1,500 Slovaks per year – for at most 3 (4) years – on the basis of a fixed job contract, chiefly in construction and antiquity restoring, with possible quota modifications.

*Hungary.* The bilateral agreement with Hungary dates back to 1999. It addresses two forms of employment – short-term for 1 year at maximum (with potential 1-year prolongation) and seasonal for 6 months at most in a calendar year. As regards the annual quotas, 400 persons for each modality were established reciprocally. The agreement was modified changing the quotas to 800 and 200 persons, respectively (in 2001); to 1,600 and 200 persons, respectively (in 2002); and finally to 2,000 and 2,000 persons, respectively (in 2003). As explained below, this agreement is not carried out at present.

*Luxembourg.* The bilateral agreement with this country was signed in 1998 and concerns the reciprocal exchange of trainees only. They should be at the age of 18-30, 20 in number a year, for a period of 12 (18) months at maximum. Practically, there is no interest in stays in Luxembourg from the Slovak party (1 application in 2006).

*Poland.* The agreement between Slovakia and Poland on the mutual employment of foreigners has been effective since 1992 already. It covers

three groups of labor migrants – those employed for an unspecified longer-term period, those working not more than 3 months, pupils and students within a 1-month vocational training. No quotas were set for these categories; the volume of employees on both sides used to be stipulated in line with labor market needs. Currently, this agreement is not applied.

*Russian Federation.* The agreement with Russia came into force in 1995. It regulates the medium-term employment of persons based on a business contract (for 2 to 4 years), the employment of persons under an employment contract (for a period of 12/18 months), and seasonal employment (up to 6 months in a given year). In this case, the quotas have been established – 1200, 150, and 150 individuals, respectively – with possible, mutually agreed, modification by the situation on the labor market. Technically, it is inevitable to conclude a new executive protocol to the agreement.

*Switzerland.* The bilateral agreement with the country was concluded in 1996 and refers once again merely to the reciprocal exchange of trainees, at the age 18-35. The number of trainees may not exceed 100 per year (requests for a higher quota were refused by the Swiss side); the duration of stay is 12 months and may be prolonged to 18 months.

*Ukraine.* One of the most significant bilateral agreements on employment for Slovakia because of huge emigration flows from Ukraine to the labor markets of EU Member States at present, potentially also to Slovakia. The agreement has been effective from 1998. It relates to these categories of labor migrants – those employed for a 12-month period (with possible 6-month prolongation), those working seasonally (at most 6 months in a year), and those employed on the ground of a business contract (for 2 to 4 years). For these alternatives, the following limits have been set: 200<sup>104</sup>, 300, and 1,800 persons, respectively (with their possible modifications). However, both Ukrainian applicants and some Slovak employers would welcome higher quotas, but Slovak authorities have refused to increase them several times.

Bilateral agreements on employment concluded with the Czech Republic, Hungary and Poland have not been applied any more since the accession of the New Member States to the European Union as these countries entirely opened their labor market to one another. However, these

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<sup>104</sup> This quota for 2007 was filled already on January 19, 2007.

agreements have not been denounced because of the potential application of their “safeguard clause” in case of need in either direction.<sup>105</sup>

On the other hand, the bilateral agreements between Slovakia and Germany or Luxembourg remain valid. Their provisions are used for the employment of Slovak citizens in the territories of the mentioned States and facilitate the access of Slovak workers to their labor markets (cf. OECD, 2006a).

In terms of the *quantity, nature and relevance of (existing) bilateral agreements of the Slovak Republic*, it can be summarized that:

- Slovak bilateral agreements on employment do not cover many labor migrants from the country. The agreements with Belgium and France have unfortunately not been carried out; those with the Czech Republic, Hungary and Poland are currently not applied (employment in these countries is now unrestricted); those with Luxembourg and Finland seem to be rather unattractive and that with Switzerland provides scope for not more than 100 persons annually;

- the only really beneficial agreements in this context are those with Germany: thanks to them, almost 10 thousand migrant workers from Slovakia had the opportunity to work in Germany in 2005, for instance. However, this figure made less than 5% of the total Slovak labor force employed abroad;

- labor markets of all EU countries should be open to the free movement of workers across the Union (then the bilateral agreements within the EU would lose their *raison d’être*) or, at least, transition periods introduced by certain Member States should be considerably shortened;

- if the implementation of the previous point is not possible, increasing quotas for labor migrants from the Slovak Republic would be much appreciated. This pertains particularly to such an important country for Slovakia as Germany; to a lesser extent also to France. A general bilateral agreement on employment with Austria is regrettably missing because of a lack of interest on the other side;

- outside the European Union, the Slovak Republic has an interest in raising quotas for its migrant workers too (e.g., in Switzerland) and, above all, in concluding mutual agreements on employment with such significant countries for Slovakia as the U.S.A., Australia or Canada. This could be of

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<sup>105</sup> <http://www.employment.gov.sk/new/index.php?SMC=1&id=907>, access May 2007.

great help for the legalization of current, relatively not negligible, illicit employment of Slovaks in these countries thus enlarging numbers of migrants working there legally;

– as regards labor immigration under the bilateral agreements, quotas for migrant workers from Ukraine or Russia seem to be basically sufficient for the needs of Slovakia's economy at the moment. However, it is quite sure that with domestic labor force ageing and shrinking over the next years, a strong demand to increase these quotas will arise (though structural labor shortages begin to be partially acute already now);

– for the same reason, it will most likely be necessary to carefully consider concluding new bilateral agreements with less developed countries – probable main future exporters of the labor force to the region (Balkan countries, Turkey, Moldova, CIS countries in Central Asia, India, Vietnam, China, etc.) – to meet requirements of the Slovak labor market;

– concerning the newest Member States of the EU, it was decided in Slovakia after initial hesitation that both countries – Romania and Bulgaria – do not pose any risk for the Slovak labor market.<sup>106</sup> At the same time, its opening should be an unambiguous political signal towards those EU countries that have not done so yet for all the EU-10 nationals, and how the Slovak Republic perceives the non-discriminatory implementation of principles of the free movement of workers within the Union.

## **6.6 Institutional sphere – its components and essential shortcomings**

In general, developments in the institutional sphere in Slovakia obviously lag behind developments in legislation. The system of institutions dealing with migrants in the country is incomplete, fragmented and unconsolidated. Some of these institutions are weak in number or unstable (e.g., the NGO sector) or subject to frequent organizational modifications (e.g., State organizations) and their mutual collaboration is awkward and little effective (cf. Divinský, forthcoming). In reality, the basic components-clusters of institutions relevant to the next advancement in the institutional support of migration are formed by: the State sector, the private sector, non-governmental organizations, intergovernmental organizations, self-government authorities, migrant associations, the academic community, the

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<sup>106</sup> SME, 11.10.2007, SR otvorí svoj trh práce Bulharsku a Rumunsko ku dňu ich vstupu do EÚ.

media. We will not concentrate here on individual stakeholders in the Slovak Republic; their structure, functions, competencies, position, key activities carried out, etc. have been well depicted in detail in a publication by Divinský (2005a). Just a schematic description:

The *State sector addressing migration matters* is chiefly represented by ministries and other central authorities concerned (the Ministry of Interior with its subordinate institutions as the Office of Border and Alien Police – responsible for undocumented migration and granting the residence permits<sup>107</sup>, the Migration Office – asylum procedure, the Administrative Section of the Ministry – naturalization; then the Ministry of Labor, Social Affairs and Family – labor immigration<sup>108</sup>, care of unaccompanied minors, welfare benefits to migrants, preparation of strategic documents; the Ministry of Education; the Ministry of Foreign Affairs; the Statistical Office of the Slovak Republic; the Slovak Information Service and so on).

The *private sector* in the field comprises various employers' associations, chambers of commerce, professional associations, trade unions. The *sector of Slovak NGO's* is sparse – it is created by about five major NGO's and several minor NGO's involved partially/sporadically, the Catholic and Protestant Charities, Red Cross. *Intergovernmental organizations* advocating immigrants in the country are formed solely by IOM and UNHCR. *Self-government* is represented by local and regional authorities; *immigrant associations* are characterized in another place of this book. As regards *scholars focusing on migration issues* in Slovakia, their number is extremely limited (with only one full-time researcher in the whole country).

Besides the urgent need to reinforce the NGO sector in the Slovak Republic in view of its quantity and quality (human resources, level of projects, financial assistance, etc.), the cardinal aim should be to transform and re-build the State sector as the principal actor and guarantor of further development in this sphere. In order to improve the operation of hitherto independent State institutions, it has been planned already in the Conception of the Migration Policy to merge all respective institutions and to establish one central authority with clear competencies in the country in 2010. A new *Immigration and Naturalization Office* should then cover the domains of

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<sup>107</sup> Including those issued for the purposes of employment and doing business.

<sup>108</sup> With issuing the permits to work and registering the information cards on employment for foreign nationals.

immigration, integration, asylum, naturalization, and repatriation of migrants. According to us, that year seems to be too late and many acute challenges should be tackled in the country immediately (cf. Divinský, 2007a).

Again institutionally, the absence of an official parliamentary or governmental *Committee for the Matters of Foreigners (Migrants)* to support the issue legally and politically at a high level, representatively, professionally, systematically and effectively has been discussed in Slovakia for a longer period and is increasingly regarded as a shortcoming in the system (Divinský, 2005b). At present, some questions referring to foreign citizens in the country should theoretically be in the jurisdiction of the *Deputy Prime Minister for knowledge society, European matters, human rights and minorities* or the parliamentary *Committee for human rights, nationalities and women's position*. However – since the theme is considered entirely marginal – problems of immigrants are not addressed sufficiently, regularly, effectively and seriously enough, rather just registered. Slovakia therefore needs a specialized autonomous body like, for example, the *Czech Committee for the rights of foreigners* or similar authorities in some EU Member States, which would provide a wide basis for dealing with life and labor difficulties of migrants in the country (cf. Divinský, 2005d). The proposed Committee for the Matters of Foreigners (Migrants) could be an appropriate cornerstone for this goal.

It is also evident that the country does not keep up with the times in integrating (labor) immigrants into autochthonous society. Especially it is a holistic and comprehensive view of integration that is absent in Slovakia. According to opinions of migration experts, a *national conception of integration and naturalization policy is much missing in the country* (cf. Divinský, forthcoming). Here, Slovakia is in the very beginning. Setting up a new, separate, *Department of migration and integration of foreign nationals* at the Ministry of Labor, Social Affairs and Family, which should cover a variety of aspects of legal migration – including labor immigration and integration – was long overdue too. The Department should act in this context as an irreplaceable authority with substantial contributions. However, it is still largely incomplete and therefore little operational.

At the same time, originally *planned State-funded information centers for (new) immigrants* across the country were eventually not founded owing to an alleged lack of interest by migrants. However, if the annual inflows of newcomers to Slovakia over the past years have reached values



indicated in Table 21, rather a shortage of finances, a weak potential range of services as well as poor publicity may be the real reason. After all, successful activities of the *Migration Information Centers operated by IOM* in the cities of Bratislava and Košice as information-assistance platforms for hundreds of immigrants in the country have proven the substantiation of this idea.<sup>109</sup>

### **6.7 Major immigrant associations in the country and their activities**

The number of immigrant associations in Slovakia has modestly been on increase. Some of them are more active than others. However, it has to be stressed that they are – as a matter of fact – still not too known to the public, thus being well-known only within their narrower surroundings. Though legally there are not obstacles to their operation, much greater support from the State, self-government and other stakeholders in the field of immigration would be needed (Divinský, 2005c; Divinský, 2005a). As a consequence, the participation of immigrants in public life is not much manifested in the Slovak Republic. The synergy of several essential factors<sup>110</sup> discourages immigrants to get involved more. The most active out of the immigrant associations in the country are the Association of Afghans, Vietnamese Community in Slovakia, Islamic Foundation and Association PLOP Slovakia.

*Association of Afghans in Slovakia.* The Association was officially registered in 1997 but they unofficially started with activities already 5 years earlier. It is an organization on the ethnic basis. It consists of some 40-50 active members; some 100-150 supporting members are engaged in other forms, all over the country. The eligible members are immigrants with

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<sup>109</sup> See <http://www.domavsr.sk/mic/>.

<sup>110</sup> Such as no long history of immigration to the country; low numbers and concentrations of immigrants; their impossibility to vote for the Slovak Parliament; their extremely low or practically zero chances to succeed as a candidate in the elections to the organs of local and regional self-government; no lobbies or parties acting for immigrants; the considerable level of xenophobia and mostly the negative perception of foreign nationals; the disinterest of crucial Slovak actors, the media and the public in immigration issues; the insufficient amount of financial means to support the associations of immigrants; only the recent adoption of most laws on immigration/harmonization with respective European Union legal norms or Council of Europe conventions.

permanent and temporary residence permits in Slovakia, refugees, naturalized Afghans in the country.

The Association of Afghans in Slovakia is financed from own sources and occasionally receives support from the State – namely from the Slovak Ministry of Foreign Affairs. This, for instance, pays for the rental of spaces during the annual meeting. Main activities of the Association: helping own natives; organizing social, cultural, sport, informational and other events for Afghans as well as Slovaks. Particularly valuable and organized with great success is the annual celebration of New Year – Nawroz, with the participation of a large Afghan and Slovak auditorium, the media, UNHCR, IOM, experts, and guests. The Afghan community is well integrated into Slovak society.

*Vietnamese Community in Slovakia.* The civic association formed similarly on the ethnic basis, has been in operation since 1998. It associates persons coming from Vietnam and currently residing throughout Slovakia; of various statute – those with Slovak citizenship already granted and those with a residence permit. The Community has some 500 members and is financed merely by membership fees and sponsors.

The Community organizes mutual aid and fund-raising campaigns to natives in case of need, then diverse cultural, social and sport activities (notably a famous sport-cultural day during the national (Vietnamese) holiday at the end of the summer – predominantly for natives. Therefore, contacts with majority society are quite rare. By expressions of Vietnamese Community in Slovakia' representatives, the engagement of persons from Vietnam in social life in the country should be more intensive; a certain problem resides in their partial isolation and the weak command of the Slovak language.

*Islamic Foundation in Slovakia.* The Foundation was registered in 1999. It is a Muslim religious organization, not established on the ethnic basis, though associating primarily persons of Arab origin in Slovakia. The Foundation is constituted by some 15 active members and a multitude of supporting members, all over the country. The members may be holders of permanent and temporary stay permits in Slovakia as well as naturalized persons. The Foundation is financed exclusively from own sources, with no support from the State or self-government.

The main activities of the Islamic Foundation in Slovakia are of a religious character: supporting the Islamic community in the country by information, worships, religious and cultural events. In addition, they operate

an Internet site, organize cultural activities to develop friendly relations with Slovak natives – such as “Islamic cultural days”, “Discover Islam”; then they give lectures, etc. The Foundation occasionally assists Muslims in refugee camps throughout the country and co-operates with Slovak anti-racist organizations. The Foundation has very tight relations with the General Association of Muslim Students in Slovakia.

In connection with the contemporary international situation, members of the Muslim community in Slovakia too are increasingly confronted with a certain pressure or xenophobia. The unsuccessful attempts of the Islamic Foundation to build the first mosque in the territory of the country are notorious over the past several years. Since attitudes of the public and self-government authorities are still negative towards this idea, the Foundation has not managed to implement this plan so far.

*Association PLOP Slovakia-Association of Portuguese speaking third-world countries.* This association was registered in 2000. It is an organization on the wider ethnic and cultural basis, for persons originating from Portuguese speaking third-world countries such as Angola, Brazil, Guinea Bissau, Mozambique and others, as well as for their Slovak friends, students of Portuguese and persons having contacts with lusophone countries.<sup>111</sup> Most of the members are natives from these countries and their relatives in Slovakia. The organization has currently around 25 active members, some 100 passive members and up to 300 sympathizers. The Association is financed from several sides: own sources, EU projects, entrepreneurial subjects, the Slovak Ministry of Foreign Affairs, UNDP, various NGO's, and the respective embassies.

The Association performs a large amount of activities: spreading information on lusophone countries; propagating their cultural heritage; ensuring foreign development aid; creating an multicultural and anti-discrimination environment; supporting the co-operation of Slovakia with corresponding countries, promoting its expert and technical know-how; organizing conferences, workshops, lectures, cultural and other events; ensuring the exchange of students; publishing a journal and operating an Internet site.

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<sup>111</sup> However, recently they intensively collaborate in a wider framework with the *Civic Association of Africans Living in Slovakia*, which associates potentially all Slovak citizens of African origin and their family members.

Besides the mentioned ones, of course, several other immigrant organizations officially work in the country at present. But they are either not functional for various reasons (the passivity of members and boards, the current absence of members in the territory of Slovakia, no money available, etc.), or they are largely exclusive, rather enclosed with few relations to the public, hardly accessible to individuals not coming from a given community.

## **6.8 Perception of immigration in political discussions, the media and the public**

*Politicians in the Slovak Republic deal with immigration issues to a minimum degree only.* As already said, there is practically no special authority for the matters of foreigners on the ground of the Slovak Parliament or Government and no other institution has relevant competencies to solve the things politically (cf. Divinský, 2005c). Since the subject is not considered significant, there is no political will and therefore agenda to treat it systematically, seriously and unbiasedly within single political parties and movements in Slovakia.

Out of the parties in the former governmental coalition, the *KDH* (Christian Democrats) designated four major challenges in whole Slovak society of that time (in 2004). Among others, it was a decrease of autochthonous population and the inflow of immigrants to the country. “The *KDH* does not see a solution for decreasing native population in receiving a higher number of immigrants. It is inadmissible for the *KDH* to increase the numbers of accepted immigrants, if they are not able to integrate themselves in the life of society [though such a problem did not appear actually].”<sup>112</sup> In this context, interesting was the fact that the Christian Democrats had then two important posts in the Slovak Government – Minister of Interior and Minister of Justice of the Slovak Republic.

Less explicitly, but clearly to all, a high representative of the *SDKÚ* (Slovak Democratic and Christian Union-Democratic Party) – the party of the then Prime Minister – expressed their opinion that “though Slovakia has often been criticized for its restrictive migration policy, this policy should not be much changed. It seems us that such an approach is substantiated and development in Europe confirms our caution.”<sup>113</sup>

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<sup>112</sup> SME, 22.11.2004, *KDH* vidí štyri vážne problémy.

<sup>113</sup> SME, 19.11.2004, Slovenská uzavretosť je vraj správna.

Leaders of the SNS (Slovak National Party), which has been a member of the new governmental coalition since 2006, already in 2005 anxiously warned against irregular and Muslim immigration not only in Slovakia but in the entire European Union. The SNS asked why European countries supported the inflows of migrants and, on the other side, praised the strict Slovak asylum policy.<sup>114</sup> An appeal to re-evaluate “liberal migration policy” in order to protect Christian European culture<sup>115</sup>, or the fear of immigrants coming from Asia<sup>116</sup> sounded also in later statements provided by this party.

Most recently, an influential politician from the KDH outlined its projection of “the dying out of the nation and the danger of mixing Slovak blood with various Asian nations as well as the peril of their establishment in our country.”<sup>117</sup>

In general, immigration is rarely a subject of political debate in Slovakia and if it is, rather from the negative viewpoint. With the exception of the KHD and SNS parties, other former or current governmental (in fact non-governmental too) parties do not engage in issues related to immigration and foreigners in the country at all. In principle, Slovak political elites do not deal with migration questions, fail to articulate their opinions about immigration, do not condemn the discrimination of foreigners and racism, and disregard arising challenges. It may be thus stated that the disinterest of politicians in the phenomenon persists (or, at most, their interest is very slowly awakening in the recent period) and the extent of public debate still remains extremely limited (cf. Divinský, forthcoming; Divinský, 2005a; Divinský, 2004).

Likewise, the *operation of the Slovak media* to modify below outlined stereotypes and attitudes of the public *cannot be deemed particularly positive* either. Intolerance, xenophobia, negative perception or discrimination of immigrants in the country are then to a great extent a natural reflection of approaches presented by the mass media including the lack of balanced information.

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<sup>114</sup> Pravda, 27.1.2005, Slota: pozor na prliv migrantov.

<sup>115</sup> Hospodárske noviny, 8.7.2005, SNS vyzýva na prehodnotenie rizikovej liberálnej migračnej politiky.

<sup>116</sup> SME, 29.5.2006, Miting SNS: Jano je lepší.

<sup>117</sup> SME, 4.1.2007, Gabura: Hrozí naše premiešanie krvi s Ázijcami.

In general, the main weaknesses in terms of the media's reporting of issues related to immigration are as follows (Divinský, forthcoming; see more in detail Divinský 2005c):

A. Information on immigration is given *only occasionally* in the Slovak media. Questions on the life, activities and problems of foreign nationals in the country, their integration and interrelations with the majority population are not considered important and attractive for both journalists and readers/viewers; the subject is seen as peripheral. Therefore, a few Slovak journalists occupy themselves with it, and if they do so, it is only in a part-time, marginal and sporadic manner.

B. When relevant migration issues are covered, they are seldom handled with the necessary experience and competence. Rather, they are presented *superficially and insufficiently*. Since journalists and reporters are not well-educated and erudite in the topic, their outputs are of inferior quality with various methodological and other mistakes. Deeper analyses of causes and consequences, studies of significant background documents, more extensive comments, etc. are commonly absent. On the contrary, citing authorities out of the context, providing imprecise data and other unprofessional work methods are not infrequently used. In this way, readers/viewers get a distorted picture of reality.

C. At the same time, quite often *negative dimensions and impacts* of (or even misleading information on) immigration in the country are offered by the Slovak media since they are believed to be more attractive for people. A true image of immigrants and positive messages are seldom shown or even completely missing.

More specifically, the following migration issues are the most presented in the Slovak media, usually in a negative connotation:

- apprehensions of undocumented migrants on the borders or in the interior of the country;
- the smuggling of migrants, activities of traffickers, the difficult protection of the eastern Slovak border as a Schengen border;
- excessive numbers of asylum applicants flooding the country, problems connected with the Slovak asylum system and asylum procedure;
- campaigns and petitions by natives against building new refugee camps in their cities and communes;
- recent developments in European immigration and asylum policies;
- the crisis of the multicultural model, further co-existence of immigrants and native populations;

- the employment and enterprising of foreigners in Slovakia, their alleged negative contribution to the unemployment rate and fiscal burden on the State budget;
- the supposed considerable impact of foreign nationals on the crime level in the country;
- the potential danger of spreading infectious diseases through immigrants;
- some legal aspects, particularly amendments to laws on immigration and asylum;
- dirty appearance of, street beggary, small thefts and bothering by some migrants in the country.

On the other hand, the themes below are either neglected, very rare, or totally absent in the Slovak media:

- pictures from the everyday life of migrants (including asylum seekers in refugee camps) in the country;
- examples of the successful integration of immigrants into Slovak society;
- contribution of foreign workers to the national economy;
- their importance for culture, education, building civil society, political life, etc.;
- personal statements of immigrants living in the country and their life stories;
- perception of foreign nationals by the majority population, the necessity to combat xenophobia, intolerance, discrimination and racism;
- making personal contacts and friendships between natives and immigrants, stories of mixed couples and families;
- relevance and nature of Slovak migration policy, its vital role for the successful integration process and other aspects of migration management;
- activities of non-governmental, international and other organizations dealing with migration matters;
- operation and difficulties of immigrant associations;
- promotion of the active civic participation of immigrants;
- the position and development of migration in the contemporary world, the categories of migrants, general causes and implications of migration.

*Public opinion in Slovakia is basically more negatively inclined towards immigrants* though it has been gradually improving over the recent period. There are obvious forms of *xenophobia* against foreigners (particularly against persons from less developed countries and labor immigrants believed to take away jobs from natives), sometimes multiplied

by their social exclusion or manifestations of intolerance. Especially the level of xenophobia is high in Slovakia but to a different degree: In certain cases, people are open to immigrants and regard them positively (at least until the situation does not require their higher engagement) or in a neutral manner, whilst others express a general distrust. Other persons look at foreign nationals explicitly negatively seeing a danger in them (Divinský, forthcoming).

For instance, 68% of respondents in a representative public opinion survey conducted lately in the country identify themselves with the statement that refugees<sup>118</sup> are costly to the Slovak Republic, 51% believe these migrants contribute to the growth of criminality, and 66% are convinced that they bring various diseases into the country. On the other side, the share of those agreeing with the statement that refugees should be accepted, given assistance and shelter in Slovakia if they were forced to flee their own country accounts for 73%. Besides, 53% of Slovaks say they would not mind if their neighbors were refugees (UNHCR et FOCUS, 2005). Thus, the results reflect heterogeneous attitudes of autochthonous population towards immigrants.

Nonetheless, the prevailing negative public opinion of Slovaks towards immigrants was well demonstrated in a recent Eurobarometer survey.<sup>119</sup> Only 12% of Slovak respondents fully or partly agree with the statement that *immigrants contribute to the country*. This is 28% below the EU average and the worst result among all EU Member States. Moreover, as many as 84% of Slovak respondents do not agree with this statement – a maximum in the Union. These attitudes are worrying; however, it is important how they will develop in the future.

In regions with the high unemployment rate and simultaneous employment of (ir)regular migrants, citizens of Slovak origin may deem migrants responsible for this state. These natives do not realize that it is primarily a local (Slovak) employer who benefits most from the illegal employment of foreigners. People are also afraid of undocumented migrants, transit migrants or asylum seekers because of the alleged risk of spreading contagious illnesses and criminality despite proof that this is unsubstantiated.

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<sup>118</sup> Since most of the native inhabitants do practically not distinguish between various groups of foreign nationals in Slovakia, results of the survey are of a general character.

<sup>119</sup> *Eurobarometer 66, Public opinion in the European Union*, autumn 2006.



Xenophobia against migrants in Slovakia is sometimes multiplied by their *discrimination*. One of the most frequent forms of discrimination is the provision of sizably underestimated wages for migrants from eastern countries. In addition, migrants illegally employed are a rather vulnerable group of persons being in a position when they have to accept quite unfavorable labor conditions and low wages. But there could be difficulties with finding jobs for certain migrants with a residence permit too; notably for those coming from Asia or Africa. Migrants also experience more administrative complications with managing their own things at various offices, which could be denoted as a form of discrimination. Moreover, immigrants are sometimes faced with social isolation within a housing environment they live in, unfriendly behavior towards them in various public facilities, etc. They also meet with racist comments, invectives or attacks on streets and the police react negligently or too late though the situation is apparently becoming more positive in the last years (Divinský, 2004).

Several factors synergistically operate in generating and maintaining xenophobia in Slovakia with the *relative isolation of the country* during 1939-1989 probably playing a crucial role. Slovak society was then not widely confronted with immigrants, and absolutely not with refugees or undocumented migrants. This fact resulted in a lower level of acceptance of immigrant cultures in the country. Especially older generations or those less educated, unemployed, living in the countryside, with no prior personal contact with immigrants, less experienced, less informed, etc. did not manage to break their stereotypes (cf. Divinský, forthcoming; Divinský, 2005a).

## **6.9 Labor market-migration relations in practice – deformations of the Slovak labor market by most important economic branches (in the light of a questionnaire survey)**

In order to get a better picture of the situation and problems on the Slovak labor market in association with the emigration/immigration of the labor force from/to the country, *we prepared a questionnaire addressing some of these questions*. The questionnaire was sent out (via email or fax) to a basic set comprising nearly 50 senior representatives-employers from principal branches of the Slovak economy. Structurally, the sample consisted of respondents from miscellaneous and major employers' associations and unions, professional industrial and non-industrial associations, small

businessmen's associations, chambers of commerce, and mixed private-State agencies to promote entrepreneurship in the Slovak Republic.

As regards the questions in the questionnaire, they were formulated in a way to receive opinions on labor market developments in the country in general, but above all to gain an overview of the state in particular branches being relevant to Slovakia's economy from the subjective but professional viewpoint of respondents. This all predominantly in connection with labor emigration and immigration processes – both current and assumed – in the country.

*The questionnaire included 4 fundamental circles of questions (presented in a shortened form):*

“1. How do you evaluate the overall contemporary situation in the labor force, employment/unemployment in Slovakia and mainly from the aspect of needs in your branch? What shortcomings, restraints and disparities of whatever kind do you encounter on the labor market within your activities?”

“2. What steps, measures, reforms, conceptions and strategies would you appreciate in the Slovak economy as a whole, in the legislative and institutional spheres, and elsewhere to improve the present state?”

“3. Do the current trends of larger emigration for work from Slovakia have any effects on economic activities and employment in your branch; has it been affected by the outflow of the labor force abroad? Analogically, what about labor immigration in this context? Would you welcome higher numbers of labor immigrants to the country – in which specializations, intensity, from what countries of origin preferably, with which education, of what age, sex, etc.?”

“4. What is your idea concerning the potential contents of labor migration strategies and policies of Slovakia to be elaborated for the next decades? Some other comments and remarks?”

By conducting the characterized questionnaire survey we were able to come to interesting findings – often invaluable information, data, opinions, comments, standpoints, incentives as well as recommendations directly from prominent subjects within the Slovak entrepreneurial sector. In this way, views on the contemporary situation and challenges on the labor market, impacts of labor emigration, demands for labor immigrants by individual branches as well as qualified estimates of future needs and

developments with appeals for articulating a new labor (migration) policy in Slovakia may thus be presented.

We received back 12 completed questionnaires, i.e. their *rate of return has been almost 25%*, which is a much better result than expected with respect to a relatively short time for their realization and, not least, the unsurprising busyness of addressed subjects in the target group.

Findings obtained through the questionnaire have been supplemented by information from the Slovak media, internal documents of mentioned or State institutions<sup>120</sup>, and personal meetings or interviews with competent officials.

*Automobile industry.* It is currently the most important industry in the country, spectacularly flourishing over the recent period and considerably generating the growth of GDP (see Footnote 20). This branch faces an acute shortage of the labor force due to its emigration abroad and owing to the intensive expansion of production. Structural-education problems are another side of the coin. All major producers (Volkswagen, Peugeot-Citroën and Kia) feel a lack of appropriate workers, Ford locates its factory in eastern Slovakia with a higher number of unemployed workers available there. In 2007-2010, 45 thousand new working positions are supposed to arise in the automobile industry in Slovakia. Demand for the labor force is thus topical and will just increase. Experts in this industry already long call for – besides the transformation of the education system and other steps – the development of a migration policy of the State; as expressed, the “import” of labor immigrants is inevitable.

*Mechanical engineering.* It undergoes similar challenges – the outflow of technically educated persons abroad, insufficient support, a falling interest in engineering professions, the inappropriate structure of respective schools, etc. – though the industry is expanding at present. Rising demands may result in the prospective need for the labor force from abroad.

*Electrical industry.* The respondent from this area stressed the poor quality of specialized secondary schools bringing about a shortage of professionals (electricians, electro-assemblers, specialists in electronics and the like) in this industry. Therefore, it is necessary to create adequate

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<sup>120</sup> See, for instance, *Potreba ľudských zdrojov vo vybraných sektoroch národného hospodárstva v súčasnosti a na nadchádzajúce roky – indikácia pre migračnú politiku štátu*, elaborated in 2007 by B. Katuščák, Ústredie práce, sociálnych vecí a rodiny, Bratislava.

conditions to improve the level of education at vocational schools by legal amendments – through the preferential system, for instance. Migration is already a fact and the labor market, notably the low-skilled jobs segment, must remain open as Slovaks are not much interested in these positions (demand for the next 5 years is 30-35 thousand workers). An interest in the recruitment of labor immigrants is growing.

*Power industry.* It is afflicted with a lack of university educated workers (e.g., planners), medium-skilled workers (technologists) as well as many skilled manual laborers as a consequence of the vocational schools system that is in partial decline and not corresponding to the contemporary needs of the labor market. Brain drain from the branch is also obvious. However, the respondent does not see a way out in larger immigration, at least not in the immediate future.

*Building industry.* Again a booming economic sector in Slovakia currently. Its production is growing, labor demand too (for 2007-2008 over 10 thousand workers more) and the missing labor force becomes the essential limiting factor for further development in this industry. The deficit of professionals in all building professions in 2007-2013 is estimated at 30 thousand persons. Failing professional education combined with the unsatisfactory tradition of labor immigration are considered the cardinal problems in the sector; an interest in the foreign labor force is great. Representatives of the building industry require to quickly define State migration policy (or even to adopt a law on this policy) with outlining the practical steps to enhance the inflow of migrant workers to the country in coming years. Especially welcome would be immigrants from countries eastward from Slovakia and the Balkans.

*Chemical and pharmaceutical industry.* The respondent pointed out the emigration of mostly young graduates from all levels and types of chemical schools, which directly affects this industry. This results in age, educational and regional disparities of the labor force in Slovakia. Besides restructuring the school system and promoting research and development in the country, and despite the anticipated reduction of labor emigration, experts from the branch would appreciate the articulation of migration policy principles. Simultaneously, though they would prefer younger technically educated immigrants from Eastern and South-eastern Europe, they do not close the door against job applicants from territories outside Europe either.

*Wood processing industry.* Labor migration processes in this industry have just begun and are not a crucial problem at the moment.

Nevertheless, by the respondent, targeted labor immigration in all professions in the extent of 10-20% of the total labor force in the branch would increase its quality. At the same time, as emphasized, the Ministry of Labor, Social Affairs and Family – in co-operation with other relevant ministries and employers' associations in the country and based on an analysis of individual demands – should work out a conception to support such immigration to improve the structure of employees on the Slovak labor market already in 2007.

*Trade and tourism.* In contrast to the preceding branch, this acutely suffers from a lack of professionals, across the entire spectrum of trade activities. Schools allegedly educate poorly. Also, the outflow of the Slovak labor force is sensible in some professions. Therefore, experts here would much welcome labor immigrants-professionals, though rather for a definite period of time.

*Medical sphere.* The enormous demand for dentists is particularly evident. According to the president of their Chamber, approximately half the young dentists having just completed education at two Slovak medical faculties migrate for work abroad every year. They are successful mainly in the Czech Republic and the United Kingdom. Owing to this fact, above all smaller communes and cities in the country face their lack.<sup>121</sup> Likewise, a shortage of physicians – notably general practitioners – and nurses has been sizeable in Slovakia. Several thousands of them emigrated so far because of low wages, unfinished reforms and other factors to the Czech Republic, Austria, Germany, the UK and Ireland. By the Association of Slovak hospitals, they would need some 2 thousand physicians more at present. The outflow of health workers is estimated at around 100 per month.<sup>122</sup> Their substitution by doctors from immigrant countries is hardly feasible in a short time, at least due to language barriers.

*Information and communication sector.* The absence of the skilled labor force here is increasingly apparent over the past years. It is due to rapid advancement in this sector (about 8 thousand new working positions are supposed to arise in the next 3-4 years in the country) as well as the improper school preparation of future employees. A part of specialists also migrate for work abroad but still a greater number of them already return

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<sup>121</sup> SME, 12.2.2007, V obciach a malých mestečkách už zubára takmer nenájdete.

<sup>122</sup> SME, 19.2.2007, Hrozí nám nedostatok lekárov; cf. TN Markíza, 27.2.2007, Nedostatok lekárov; SME, 10.11.2006, Zdravotníci odchádzajú tempom sto ľudí mesačne; TREND, 15.6.2006, Optimisti, vedci a zdravotníci; and many others.

home after a certain time. By ICT experts, the transformation of the education system should be the first step to make the situation better, then followed by the larger selective opening of the Slovak labor market to ICT specialists from non-EU countries too (for example, CIS countries).

*Agriculture.* Though, by a respondent, Slovak agriculture is not basically a sector affected by the emigration of workers, it is quite specific in terms of seasonal employment problems. An interest to work in this form is minimal in the country. The quantity of seasonal jobs has accounted for 14 thousand a year recently, but only 7.6 thousand are covered by students (who are, paradoxically, very costly) and the annual deficit thus reaches 6.4 thousand workers. Another problem in agriculture is the unfavorable age structure of employees – their ageing. That is why, the immigration of the labor force is/will be inevitable. The sector cannot count upon migration from Romania and Bulgaria for several reasons, so immigration from non-EU countries (e.g., Ukraine) should be enhanced. However, seasonal labor immigration is marked with many challenges. As regards seasonal job applicants from abroad, experts propose to simplify and/or shorten the complicated approval procedure to grant residence and work permits, to create the statute of “seasonal worker” and to permit his/her movement among more agricultural employers within a season (currently a work permit is valid merely for one employer and one working position), to make the entry medical examination cheaper (it is rather expensive for applicants from less developed countries), and either to cancel the restricting bilateral agreement on employment with Ukraine or to raise its quota for seasonal workers from this country – chiefly for Slovak agriculture – to 3-5 thousand persons annually.

*Views of employers’ associations, chambers of commerce, and mixed private-State agencies for entrepreneurship.* These respondents as senior representatives of the entrepreneurial sector in Slovakia criticize above all the quality of the national education system and ask for its principal improvement. At the same time, respondents feel the need to support investment in infrastructure, the R&D basis, high technology and final production. According to their opinion on the labor force, Slovakia already faces labor shortages in certain economic branches or professions; in some of them it has been growing over the last period or is even acute – despite still the 2<sup>nd</sup> highest unemployment rate in the country within the EU. On the other side, the willingness of long-term unemployed persons (as the

largest stock of the potential labor force) to take up a job should be more stimulated by various means.

In view of labor emigration, Slovak employers warn of the risk of brain drain from the country and hence useless investment in education. Then, they mostly welcome the opening of the domestic labor market and are not afraid of the influx of low-skilled workers. On the contrary, the partly predicted mass migration of migrant workers from Romania and Bulgaria did not happen and an increased interest in labor by other foreign nationals has practically not been recorded. With the continuing advancement of the Slovak economy and other internal factors, the need for labor immigrants will grow. Therefore – by experts from among the leading employers – the Slovak Government along with representatives of employers' associations and self-government should analyze the assumed developmental trajectory of the labor force from abroad and the mechanisms of its selection and stabilization in the country. In this context, it is essential *to prepare a long-term development strategy of regulated immigration of foreign workers* at the Government level. Immigration from geographically and culturally related countries should primarily be promoted; outside the EU labor immigrants from CIS countries and the Balkans (mainly Ukraine and former Yugoslavia) should be preferred.

The conducted questionnaire survey brought a very interesting picture of contributing views, remarks and recommendations of the entrepreneurial sector, expressed by high representatives of institutions associating or supporting employers in the Slovak Republic. Besides a multitude of various other information, with special respect to the labor market-migration nexus, it can be summarized that:

- it is unconditionally required to effect ASAP the radical transformation of the education system in Slovakia, mostly vocational/secondary schools, with the aim of adjusting the structure of school graduates to real labor market demands;

- despite still the relatively high unemployment rate in the country, some economic branches and professions have recently been becoming short of the domestic labor force;

- this shortage is supposed to rise, notably with skilled employees, and the incapacity of the Slovak labor market to meet needs of employers may result in slowing down the pace of overall economic growth;

– labor emigration is seen by entrepreneurs as a serious problem. It contributes to a significant lack of workers in certain sectors and also to brain drain from Slovakia;

– some addressed employers propose to make the access of foreign nationals to the Slovak labor market simpler. This particularly refers to graduates of Slovak universities, seasonal workers and highly-skilled ones from abroad;

– territorially and from the long-term aspect, respondents would most welcome labor immigrants from Eastern and South-eastern Europe;

– some of the entrepreneurs also suggest to re-evaluate bilateral agreements on employment, above all that with Ukraine – as the largest and closest pool of the labor force for Slovakia (outside the EU Member States) – either revoking it, or setting higher quotas for job applicants from this country, or specifying professions on the Slovak labor market with free access (i.e. without quotas);

– and the most important point: to achieve this all, *employers urge the Government to elaborate as soon as possible a (new) comprehensive labor migration policy of the Slovak Republic* reflecting the contemporary situation and expected trends on the Slovak labor market; defining the quantitative and qualitative criteria concerning migrant workers (their quantities, occupational structure, education, age, etc.); creating effective tools to attract, select, support and treat the foreign labor force; outlining the future development in the legal and institutional spheres; comprising Slovakia's commitments within the EU, Council of Europe, UN, etc.



## Chapter 7 – Summarization and policy recommendations

The last chapter of this book consists of two parts. At first, the summarization of main findings in a shortened and synoptic manner is provided for the reader according to the individual areas of our study. The final point comprises the proposal of recommendations to be applied in particular domains to improve the current situation.

### 7.1 Summarization of the essential findings

#### 7.1.1 Demographic determinants

Slovak population has undergone substantial changes over the past 15 years. Many of its demographic indicators converge to average values seen in old EU Member States. However, it still retains some specificities.

As of the end of 2006, Slovak population reached 5,393,637 persons. *The fundamental trend within 1996-2006 was the stagnation of population.* The crude birth rate was gradually falling (from 11.2‰ to 9.5-10.0‰), therefore Slovakia in 2001-2003 – for the first time in the post-war period – recorded the natural decrease of population (0.1 to 0.2‰). This caused *almost zero total increase*; the situation was counterbalanced by the stable death rate (still below 10‰) and official net migration that remained positive though rather low during the whole period (0.2 to 0.7‰).

Since the beginning of the 1990's, a *striking decrease of fertility* has been apparent in Slovakia, with historically the lowest total fertility rate in 2002 (1.19). Slovakia has the lowest value of this indicator in the EU (1.19 to 1.25 in 2002-2006) and one of the lowest in Europe as a whole.

Development in the last decade may also be characterized by the lowering intensity of marriages (in 2001, it was the lowest from 1938), progressive growth of the mean age at marriage (by 3 years) and rise in cohabitations. The share of extramarital live births in the country surpassed 27%; divorce records an unchanged increasing trend (with the contemporary total divorce rate making 49%). On the contrary, evolution in abortion has been marked with a significant decrease – especially in induced abortions (from 41.7% in 1996 to 26.3% in 2006) – and the infant mortality rate has sensibly dropped too (from 10.2‰ in 1996 to 6.6‰ in 2006) in the Slovak Republic, though it is still the 3<sup>rd</sup> highest within the EU (in 2006).

Recent development in the age structure of Slovak population can be interpreted as *the acceleration of population ageing*. Low fertility weakens the child component of population, stabilized mortality prolongs human life and enhances the proportion of elderly persons. These two factors speed up the process of population ageing. The age pyramid of Slovak population has now a regressive shape.

In 1996-2006, the share of children (persons aged 0-14) in the overall population has dramatically decreased – from 21.7% in 1996 to 16.1% in 2006 – and has come to historically a minimum level in Slovakia. The falling total fertility rate and smaller young population cohorts have left unambiguous traces in intensifying the process.

The country's population at productive age (15-64) is comparatively numerous constituting 72% of the total, with a rising trend (67.2% in 1996, 72.0% in 2006). Within 2003-2006, it had the highest share in the entire European Union. The maximum growth (expressed absolutely as well as relatively) was recorded in the age group of 45-64, which is important information especially in the context of labor force development.

Population aged 65+ accounts for 11.9% of the total in 2006 (11.1% in 1996) – here women largely quantitatively dominate over men (in the ratio of 62.7% to 37.3%) due to the excess mortality of the latter. The proportion of elderly persons in Slovakia constantly increases, currently achieving a historical maximum.

Development in the ageing index is a logical consequence of above facts. This index for both sexes grew alarmingly in the past decade (and historically is the highest – 73.5).

Geographically, there may be identified *two individual macro-regions in Slovakia: the progressive west-south* (manifested by low fertility and natality, higher age of women at first childbirth, low to average mortality, mostly natural decrease, the low share of children, the higher proportion of population at productive age, the high percentage of the elderly, the high ageing index, and the high mean age – i.e. attributes more similar to those immanent to the EU-15 population as a whole) and *the conservative north-east* (distinguished by higher fertility, higher nuptiality, the lower age of women at first childbirth and first marriage, average to higher mortality, mostly natural increase, the high share of children, the lower proportion of population at productive age, the low percentage of elderly persons, the lower ageing index, and the lower mean age – i.e. the

reproduction behavior with features typical of the old model, though it is slowly approaching the preceding model.).

In general, Slovakia – according to its reproductive characteristics – belongs to the East-European demographic region on the continent. However, the population of the country modifies its behavior towards patterns typical of West-European populations. With ongoing changes, differences between single countries (and the Slovak macro-regions too) will be reduced.

As regards the development of Slovak population from a longer-term perspective, decline in the population number and the acceleration of population ageing will be the principal features in the demography of Slovakia during the first half of the 21<sup>st</sup> century. Slightly positive natural increase is anticipated until 2010-2015. Then, the period of constant population decrease (predominantly due to considerably growing natural decline) will arrive. *Decrease in the number of Slovak inhabitants from current 5.4 million down to the level of 4,6 to 4.9 million in 2050 is expected.* By UN, the Slovak Republic with a projected 13.5% fall in its total population during 2007-2050 will be ranked 17<sup>th</sup> worst in all the world.

In the next decades, the *ageing of population will accelerate*; its intensity will be evident especially between 2025 and 2050. It will be caused by declining births and rising life expectancy (from 69.9 for men and 77.9 for women in 2005 to 77.7 for men and 83.4 for women in 2050). Development within the basic age groups will be as follows: By Eurostat, the share of children in the population should diminish from 15% in 2010 to 12.8% in 2050 (i.e. by almost 200 thousand, or 24%). *The proportion of persons at working age 15-64 is supposed to drop by as much as 1.15 million (i.e. by 29%), from 72.7% in 2010 to a mere 57.8% in 2050.* This is an alarming fact primarily from the economic aspect. The growth of the elderly in 2010-2050 by Eurostat will be unprecedented – by 730 thousand (i.e. by 111%!) – from 12.3% to 29.3% in the overall population. The population of Slovakia in 2050 thus will become the 11<sup>th</sup> oldest from a world viewpoint (with the mean age increased from 37 to 51 years).

### 7.1.2 Labor force determinants

The Slovak labor force has been undergoing intensive transformations too over the past decade. The volume of economically active

population grew in 1996-2006 by 150 thousand persons (i.e. 5.8%) owing to a rise in the working age population and the number of EA inhabitants in the country amounted to 2,655 thousand in 2006. However, the *participation rate 15-64 only fluctuated between 68 and 70% within 1996-2006*, which is lower – both for men (76.4%) and women (60.9%) – than the EU-15 or 25 averages. In 2006, about 31% of Slovaks at working age were outside the labor market. The country thus has a substantial reserve of the unused labor force, notably among the women or younger people.

As for the number of employed persons in Slovakia, *it oscillated around 2.2 million in all the period*. A growing trend in employment has been noticeable since 2002 only. At present, the absolute number of the employed in Slovakia is the highest in history (2,301 thousand in 2006 – i.e. a remarkable 3.8% annual increment). *In 2006, it represents a 59.4% employment rate 15-64 in total; 67.0% for men and 51.9% for women – higher figures than the average of the EU-10, but lower than in the EU-15 or EU-25*. 56% of all employed persons are comprised by men and 44% by women. Rather low employment rates in Slovakia from the international viewpoint particularly affect females aged 55-64 (their earlier retirement) and younger males aged 15-24 (due to their very high youth unemployment and inclination to stay longer in education).

The continuous rise in the number of self-employed Slovaks – by 103% in the period 1996-2006 – as a result of carried out economic reforms is deemed a positive sign. Analogically, there is an apparent transfer of employees from the public sector to the private one (making 39% of the total in 1996 but already 65% in 2006). Other considerable changes took place in the labor force structure of the country. The share of persons employed in agriculture and forestry significantly fell (more than twice: from 8.9% to 4.4%). After a decline in the secondary sector until 2000 owing to structural reforms, foreign investment since then brought about the repeated growth of employment in the industry (to 39%). Employment in the tertiary sector increased most intensively; however, it is still relatively low (57% in 2006).

*The educational level of employed persons in Slovakia is unbalanced*. In 2006, the percentage of those with tertiary education reached 16.8% in the country (the EU-25 average was 26.3%). Most of the employed have completed secondary education. The proportion of those with primary education in 2006 did not surpass 4.7% (compared to 24.8% in the EU) and the employment rate of persons with primary education in Slovakia achieves

a mere 13.1% – a minimum in the whole EU as a consequence of extremely high unemployment among the low-skilled in the country.

*Full-time employment* is an absolutely dominant form of employment in Slovakia. The share of part-timers accounts for another minimum within the EU-25 – 2.5% and fewer than 5% of all employees in the country are employed on a fixed-term basis (the EU average equals 14.5%). Then, 22% of the employed do night work, with as many as 15.5% of workers doing so on a regular basis (a maximum in the entire EU). Likewise, Slovakia has the highest percentage of those working on Sundays (19.1%) in the Union.

*The size and structure of unemployment belong to the most critical problems in the Slovak labor force.* In 1996-2001, unemployed persons rose by almost 80% in number and the unemployment rate nearly achieved the level of 20%. Unemployment in Slovakia thus became an alarming economic and social phenomenon. Currently (2006), the unemployment rate in the country is the 2<sup>nd</sup> highest within both the EU and the OECD countries (13.3% in 2006; 12.2% men and 14.7% women).

Some attributes of unemployment in Slovakia are even worse than its total volume. Above all, *long-term unemployment is really immense* in the country. *About 73% of unemployed persons in the country are those who are without a job for over 1 year (2006); 30% of the unemployed are jobless for longer than 4 years (another maximum within the EU and OECD).* This fact substantially reduces the chances to find a job. Besides, the proportion of long-term unemployed persons in the country has been steadily rising since 1996. Many Slovak graduates appear to go directly into unemployment or to leave the labor market discouraged. Young persons aged 15-24 have been particularly affected by unemployment in the country; their unemployment rate constituted 26.6% in 2006 (the 2<sup>nd</sup> highest in the EU-25).

The reason regarded as the essential cause of persisting high (long-term) unemployment in Slovakia is the *low level of education of unemployed persons.* In 2006, the unemployment rate of persons with tertiary education was relatively negligible – 3.2%, while that of persons with primary education reached as much as 48% (52.9% for men, 43.7% for women). Another negative factor is the absence of work experience by a huge amount of unemployed persons – over 20%. In addition, the offer and quality of (re)training courses, personal counseling, life-long or distance learning is in Slovakia absolutely insufficient (the 2<sup>nd</sup> lowest share within the EU-25).

*The level of employment and unemployment in Slovakia is markedly region-specific.* The negative gradient West-East is perfectly discernible through elementary characteristics – progressing eastwards, participation and employment rates are gradually lowering, but the proportion of inactive inhabitants as well as numbers/shares of the unemployed are rising. This situation has been one of the gravest challenges for Slovak society for a longer time.

The forecasting of labor force developments is in its very beginnings in Slovakia. Hitherto, the only one specialized domestic study was dedicated to this topic. The AWG baseline scenario assumes an increase in the absolute numbers of both EA persons and employed ones in the country to 2015 or 2020; then their sharp decline – chiefly after 2035. Likewise, participation and employment rates in Slovakia should both culminate in 2025; later should go down. The Slovak labor force 15-64 is thus assumed to decrease by over 600 thousand persons, i.e. by 23.7% until 2050. However, its fall in 2025-2050 should be more pronounced: by over 700 thousand persons – i.e. more than  $\frac{1}{4}$  – which is the highest anticipated relative decline within the EU-25 in this period.

Expected changes in the number of employed aged 15-64 are as follows: +369 thousand in 2003-2025, but -672 thousand in 2025-50 (as the fastest annual rate of decrease in the EU-25 – 1.2%), with the total decline 303 thousand in 2003-2050. This will imply as much as a 13.9% overall fall of those employed from 2003 to 2050. Unemployment in Slovakia until 2050 is supposed to plummet by 70%. Not only should the absolute number of unemployed persons in the target year be 3.3 times lower than the 2003 value, but also the unemployment rate will be reduced by 2.5 times.

EA population in Slovakia until 2050 will be subject to *intensive ageing during all the time*. Figures corroborate that the Slovak labor force will extremely get older in general and notably in the category of 55-64 as reflected in, e.g., the share of older workers in the total labor force (its 3.4-fold growth in 2003-2050).

### 7.1.3 Economic determinants

The economy of Slovakia has been undergoing several mutually *incompatible and heterogeneous stages* until now. The first principal stage until 1998 was influenced by the Mečiar Government's voluntarism with

many non-transparent interventions. This was replaced by a stage of the right-wing Government under Dzurinda with a multitude of radical economic reforms carried out. Since mid-2006, the new leftist Fico Government's concepts have become in operation, much benefiting from previous achievements.

Among the most *positive economic transformations made in Slovakia until 2006* belonged: restructuring of and enhanced support for the private sector; privatization of State monopolies; stabilization and privatization of the bank system; liberalization of foreign currency and money markets; earlier joining the ERM-2 system and preparations for the euro adoption; liberalization and deregulation of prices; active policies to promote foreign direct investment; deepening economic relations with the EU Member States and OECD; amendment of the Labor Code to make the labor market more flexible; implementation of tax reform adopting a 19% flat tax on both individual and corporate incomes; pension reform.

Among the *main shortcomings*, just slowly solved, belong: orientation to an economy with low added value; partial structural deformations; high energy demands of the economy; poorly developed capital market; low share of hi-tech export; insufficient economic infrastructure (like the incomplete motorway network); high acceptance of corruption; weak enforcement of law; low spending on science and research; high unemployment; low internal labor mobility; low share of flexible forms of employment; accelerating emigration for work; large regional economic disparities in the country; unfinished reforms in education and the public health system.

Progress in the *Slovak economy in 2005, 2006 and the beginning of 2007* has been well visible in the advancement of cardinal economic indicators. The growth of *GDP* – from values around 2 to 4.6% during 2000-2003 – *achieved 6% in 2005, 8.8% in 2006 and is predicted at about 9% for 2007*, i.e. record-breaking figures in Slovak history. In 2006, the country had the 3<sup>rd</sup> highest rate of GDP growth in the EU (after Latvia and Estonia) and highest within the OECD countries. Slovak GDP per capita (in PPS) is constantly moving up, with over 60% of the EU-25 average in 2006. Advancement in GDP was conditioned especially by a rise in labor productivity, installing new industrial capacities by foreign investors, and a relatively considerable increase in the labor force. Labor productivity has

reached the highest accruals since 1997 (4.6%, 5.9% and prognosticated 5-6.7% for the given years).

The high performance of the Slovak economy is also associated with *rising inflows of foreign direct investment* since 2000. They have been realized chiefly in the export-oriented manufacturing sector, primarily in the automobile industry (three large car factories – Volkswagen, PSA Peugeot-Citroën and Kia). Foreign trade is the most open ever but its balance is negative (-4.4% to GDP in 2006). This is predominantly owing to more extensive investment activities of companies along with the import of expensive fuels. Export from the country is dominated by production from the car factories, completed with production from other essential Slovak industrial branches – engineering, electronics, chemical industry or wood processing. In 2006, Slovakia's industrial production rose by 9.9% (a historical maximum).

*Fiscal, monetary and budgetary policies* also contributed to overall macro-economic stability in Slovakia during the past period maintaining confidence with investors, population and international institutions. The inflation rate accounted for an unexpected value of 2.8% in 2005, which was the best result during the entire transformation period. At the same time, the public finance deficit fell, for the first time too, below 3% of GDP – thus matching one of the key criteria to enter the Eurozone. Similarly, gross public debt in Slovakia in 2006 plunged to 30.7% of GDP (i.e. by 20 percentage points less than the 2000 value).

At present, the Slovak economy *continues to show promising trends*, its advancement belongs to the strongest within the EU. The growth of GDP in the 1<sup>st</sup> quarter 2007 matched an annualized 9.4%. HICP for 2007-2008 is most likely to be 2-3%. On March 19, 2007, the Slovak crown reached its strongest value in history by *revaluating against the euro* by 8.5%. The foreign trade balance is improving and may finish the year 2007 for the first in positive figures.

Within employment in 2006, favorable trends from the previous year further substantially strengthened. *The number of employed Slovaks rose by 85.2 thousand (i.e. by 3.8%) to 2.3 million*, which was the highest absolute increment and annual growth rate during the entire period of an independent State. The employment rate 15-64 also strikingly swelled by 1.7% to almost 60%. No progress, however, was seen in the participation rate.

*The unemployment rate in the country dropped* historically most intensively in 2006 too – *from 16.2 to 13.3%* (i.e. by almost 3 percentage



points in one year). The overall number of unemployed persons decreased by 17.3% thus approaching the 1998 figure. However, long-term unemployment rose in 2006 again and is still closer to total unemployment in the country (73% out of it in this year). It covers the group of unemployed persons with chronic problems on the labor market and any solution here requires the application of special instruments and policies.

As far as development on the labor market in Slovakia in the immediate future is concerned, *a dynamic growth of employment as well as decline in unemployment are anticipated for 2007 and 2008 with a certain slowing down in the next years*. According to the most realistic estimates, a rise in the number of employed persons should achieve 2.4 to 3% in 2007. Further developments in employment should be influenced particularly by creating new working positions mirroring the robust GDP growth stimulated by FDI inflows, the increasing performance of fundamental production branches, both announced and expected investment projects, and expanding market services – all acting as pro-growth factors with respect to labor force demand.

As regards developments in unemployment in the following several years, contemporary positive trends are supposed to continue. The falling unemployment rate is assumed due to increasing employment, changes in the age structure and participation rate, and the rising limit for the retirement age. Long-term unemployment may fall as a consequence of economic growth and realized reforms of welfare and employment. However, low regional workers' mobility will contribute to keeping the duration of unemployment still quite high in Slovakia compared to other EU countries. According to estimates, the unemployment rate should be reduced to 10.0% within 2007-2010. But already in the 1<sup>st</sup> quarter 2007, Slovakia's unemployment rate fell to 11.5% (from 14.9% in the 1<sup>st</sup> quarter 2006) thus representing one of the largest year-on-year declines among the EU-25 countries.

In view of the regional dimension of economic development in Slovakia, *enormous regional disparities still persist and are even deepening in certain indicators*. There are large discrepancies mainly in GDP per capita, labor productivity, wages and the unemployment rate among the Slovak regions. Especially noticeable are contrasts between Bratislava and the remaining three NUTS 2 regions in the country (the ratio of GDP per

capita in the Slovak capital to that in the least developed region of eastern Slovakia is roughly 3 : 1). The secondary differentiation may be discernible between prospering western and northern Slovakia on the one hand and stagnating southern and eastern Slovakia on the other.

Due to these disparities, *eastern Slovakia* was one of the most backward regions in the EU-25 before Romania's and Bulgaria's accession. On the contrary, the region of Bratislava surpassed the EU average level of GDP already long ago (in 1996). In terms of GDP in PPS in 2004, the Bratislava region accounted for 129.3% of the EU-25 average, whereas the poorest region of the country – eastern Slovakia – did not exceed 42.3% of it.

There has been little systematic research conducted on the issue of the *shadow economy* in Slovakia. The regular detection of illegal work and employment in the country began only in 2000. The current extent of the informal economy in Slovakia is freely estimated to move between 15 and 20% of GDP. By World Bank, *it is 18.9% of GNP, which is the lowest figure out of the 23 countries in transition in the CEE region*. According to estimates, hidden employment in the country refers *approximately to 150,000 individuals thus not exceeding 7% of employed persons*.

The largest share in the undocumented economy in Slovakia was attributed to retail, hotels and restaurants (38%), followed by trade services (26%), and construction (15%), then the processing industry, transportation, and agriculture. This economy is concentrated either in the biggest cities with a multitude of various jobs or in the least developed regions with high unemployment. The size and structure of the shadow economy in the country has been influenced by several factors – lower work accessibility, high unemployment rates, high payments to social security funds, the degree of social exclusion (the young, low-skilled, Roma), the tolerance of the hidden economy, etc.

*The scale of the shadow economy in Slovakia due to immigrants is supposed to be negligible*, absolutely as well as compared to the other countries of the Union. However, it can be legitimately anticipated that the intensity of irregular labor immigration to the country will grow and notably the category of low-skilled immigrants from less developed regions is expected to be more involved in the hidden economy in the future.

#### 7.1.4 Immigration and labor market nexus

From the viewpoint of modern history (the past three centuries), Slovakia was an emigration rather than an immigration country. The collapse of communism brought about the radical change of migration patterns and existing migration trends were broken. A set of absolutely new migration phenomena such as mass undocumented immigration, human smuggling and trafficking, quantities of asylum seekers, increasing labor emigration and immigration, larger naturalization, need for a new migration policy and the like has emerged in the country since 1990. Slovakia officially became a transit country for migrants.

Since the end of the 20<sup>th</sup> century, impacts from the presence of immigrants have been more conspicuous in Slovak society; they markedly increased after the country's accession to the EU in 2004. However, *Slovakia still remains a country with comparatively modest immigration flows, but more pronounced emigration mobility.*

The most significant and numerous group of immigrants in the country is constituted by *foreign nationals-holders of a residence permit*. They are defined legally as foreign persons granted the right to reside in Slovakia with a (permanent, temporary or tolerated) permit to stay; they are registered by the police in the Register of Foreigners.

At the end of 2006, the stock of these immigrants living, working or studying in the territory of Slovakia accounted for *32,153 persons. This makes up 0.6% of overall population in the country.* In an international comparison, it is quite a low figure – the *lowest in the entire EU-25* and one of the lowest in all Europe. From a long-term perspective, there is obvious a gradual growth in the absolute number of foreign nationals and their share in the total population of Slovakia. After 2004, their number has increased considerably as a reaction to the country's accession to the EU and much simpler conditions for the movement of persons from the Union and their family members.

The *Czechs historically dominate in number* with 16% (5,113) out of all foreign residents in the country in 2006. On the whole, nationals of the neighboring countries are logically most numerous since their citizens naturally have had intensive kin (family reunification) and working (as those being employed or doing business) relations in Slovakia for a long time already (the Ukrainians rank 2<sup>nd</sup> with 3,927 persons and the Poles 3<sup>rd</sup> with 3,646 in 2006).

Another subgroup is represented by countries with historically developed migrant communities in Slovakia and/or with their own, not scanty, Slovak minority (Russia, Serbia/Yugoslavia, Romania, Bulgaria, Croatia). Their citizens work, study and create families in Slovakia.

*Rising inflows of immigrants from Asian countries* form practically a new trend in Slovakia. Though the Vietnamese have existed in the country for some decades already, the Chinese community is relatively recent and very dynamic. Economically, both nationalities act mostly as small entrepreneurs, retailers, vendors, wholesale importers of cheap goods from their mother countries and operators of typical restaurants. On the contrary, the remarkably growing number of South Koreans (a mere 36 persons in 2003, 837 in 2006) work as top managers and highly-skilled employees in one of the large modern car factories in the country.

Since 2004, *foreign nationals from "old" EU countries* in Slovakia have been the fastest-growing immigrant group in Slovakia (in 2006 they accounted for 21.5% in the total stock of foreigners compared to 9.8% in 2003). They carry out economic activities mainly in the tertiary and quaternary sectors as highly-skilled experts, representatives, advisers, lecturers, researchers and so on, though their participation in managements of industrial companies in the country is not negligible as well. The reunification of family is rarer in this category. Altogether, the number of EU citizens as a whole in the country's immigrant stock rose from 10,803 in 2004 to 17,971 in 2006.

The majority of residence permit holders from abroad are concentrated *in the regions of Bratislava and Košice*. In 2006, about 29% of foreign nationals lived in the former, nearly 15% in the latter (out of the eight administrative Slovak regions). The spatial distribution of foreign residents in the country apparently reflects the distribution of labor and business opportunities, advanced infrastructure, existing educational facilities as well as housing possibilities.

Not too many demographic and social characteristics of immigrant populations are observed in Slovakia. According to data from 2006, children (age 0-14) form less than 6%, persons aged 15-64 make up 88%, and the elderly (over 65) represent more than 6% of the end-year total. The most numerous age category is that of 30-39; it comprises almost a quarter of overall foreign population in Slovakia. Then, 60% of foreign nationals with a permit to stay are men. Foreigners in the country are more educated than natives – 19% against 11.2%. Unfortunately, other statistics on foreign

nationals (besides types of stay, purposes of stay, countries of birth) are not registered. We much lack data on their religion, professional background, occupation, family status, mother language, etc. Such a situation is no more sustainable.

As for the *economic activities of immigrants in Slovakia*, it is quite difficult to provide any reliable data. The domain of labor immigration is in fact least addressed, analyzed and evaluated out of all immigration phenomena in the country. Another cardinal problem resides in the poor, imprecise and often illogical data coverage of labor immigrants. Likewise, the systems for issuing permits for/registering labor immigrants are kept separately by two different essential State authorities (the Ministry of the Interior and the Ministry of Labor, Social Affairs and Family) and are mutually little consistent and comparable. This state is further unacceptable.

Doing business by foreigners is administratively not so complicated in the country. No special permits are required for them; they may in principle conduct business under identical conditions as native inhabitants. The national Commercial Register (Register of Entrepreneurs) does not differ between foreign and domestic entrepreneurs.

As of the end of 2006, the *Ministry of the Interior gave 3,363 labor immigrants* (employed persons and those doing business). This is an excessively low figure – 0.13% of overall EA population or 0.15% of the stock of employed persons in the country. If adding other categories of employed immigrants without quantitative specifications registered by this Ministry, the aggregate estimated number of immigrant workers and entrepreneurs may be *about 15 thousand, i.e. 0.65% out of all employed persons in Slovakia*.

By statistics of *Ministry of Labor, Social Affairs and Family, in 2006 together 6,546 foreign residents were employed* (i.e. not doing business) in Slovakia, either with work permits or on the basis of work registrations (information cards) – *0.28% of all the employed in the country*. An upward trend in 2004-2006 is evident and confirms the acceleration of immigration to Slovakia since it has joined the European Union. Nevertheless, the presented aggregate figure has to be rather underestimated. Within these statistics for 2006, persons aged 25-39 were the most numerous among the labor immigrants to Slovakia (over half the total), the ratio of men to women was 80 : 20, higher levels of education dominated (labor immigrants with secondary education formed 48% and those having university one comprised

46%), and most of the employed foreigners planned to work in Slovakia for 7 to 12 months (43.5%).

In terms of *immigrants doing business in the country*, their stock as of January 1<sup>st</sup>, 2005, was calculated at 2,960 *persons*. Out of this number, 37.5% came from the EU-25. By single countries of origin, the most numerous were quite expectedly entrepreneurs from the Czech Republic (20.0%), Vietnam (18.4%), Ukraine (18.3%), Poland (6.0%), Serbia (5.4%) and Hungary (3.8%). Men outnumber women (72.4% to 27.6%); the age category 40-54 dominates (43.5%). Most of the foreign businessmen develop their activities in retail, wholesale, other trade services and the building industry; they live chiefly in Bratislava and the region of western Slovakia.

Summarizing, the *estimated total number of labor immigrants in Slovakia in 2006 ranged approximately between 3 and 20 thousand persons*; the higher figure is much more realistic and we recommend to use it. This segment of labor supply thus represented some 0.75% of total EA population or 0.87% of all employed persons of the country at the end of 2006. The number/share of foreign residents on the Slovak labor market is extremely low, even also in comparison with other countries in transition – Slovakia still belongs to the three weakest countries in the EU in this parameter and is the 2<sup>nd</sup> weakest within OECD. In this way, the labor immigrants have only a marginal impact on the extent, quality and structure of the country's labor force as a whole.

The surprising *tremendous growth of asylum seekers* over recent years has been a typical feature of immigration in Slovakia. In 2004, their inflow for the first time exceeded 11,000 individuals a year rising unbelievably to 130 times their 1992 level. But only a minimum number of asylum applicants (now mostly persons from India, China, Iraq, Bangladesh, Pakistan, Russia, Moldova, Georgia) have been granted asylum in the country. This circumstance is often the subject of criticism by non-governmental organizations, international institutions and migrants proper. Developments in 2005 and 2006, however, suggested a heavy decline in the number of asylum applicants in Slovakia in line with trends in Europe. Also, a grave problem lies in the unattractiveness of the Slovak asylum system for refugees. Out of almost 600 persons who were granted the status of refugee in Slovakia until the end of 2006, fewer than 100 have remained in the country.

Trends in the *undocumented migration of transiting persons* in Slovakia have been similarly dramatic since 1996. A sudden huge growth in the number of apprehended irregular migrants started in 1998 reaching the top values in 2001 and 2002 (over 15 thousand a year); contemporary inflows are half-size. The given dynamics mirrored sensible migration pressure to this part of Europe from a multitude of countries (particularly Asian ones), a well-functioning network of smugglers in Slovakia and the difficult protection of its mountainous eastern border. Undocumented migration to the country is mainly of an economic character, i.e. it is made up by voluntary economic migrants – mostly from South and East Asia, certain poor European regions as well as a few African countries.

As regards *apprehended migrants illegally staying in Slovakia*, there is a clear growth trend in this phenomenon. The number of overstaying immigrants increased from 2,612 in 2004 (no earlier data available) to 3,491 in 2006. This means an important finding: Slovakia is slowly becoming attractive for irregular migrants as a destination country too.

When assessing real undocumented immigration in Slovakia at present, one has to be satisfied with very free estimates. Some authors give several thousand foreign illegals, other experts speak of much higher numbers of illegally employed migrants than are numbers of those working legally in the country. Notably a good part of *Ukrainians, Balkan nationals, Vietnamese or Chinese work without a permit* in Slovakia. They are, above all, involved in the building industry, then in areas such as manufacturing, forestry and agriculture, various auxiliary works, retail, services and hospitality, i.e. in economic branches with a need for low-skilled workers.

*No regularization programs* for undocumented labor immigrants or immigrants illegally staying in the country *have ever been implemented* in the Slovak Republic. However, we are convinced that the improving situation in the Slovak economy, development on the labor market, changes in the labor force as well as rising immigration flows will eventually lead to the acceptance of this tool in future decades.

In view of the *probable development of immigration to Slovakia in the next period*, it is possible to forecast almost exclusively net migration (development in undocumented migration, asylum migration, naturalization, etc. are hardly predictable). According to projections, net immigration should gradually increase up to 2025. Later on – to the end of the projection period (2050) – maintaining the level of 2 to 5 (8) thousand net immigrants a

year is supposed. Within the EU-10 plus Romania and Bulgaria, net migration in Slovakia in 2050 should thus be the 3<sup>rd</sup> lowest. In this way, *the country is expected to gain from some 110 thousand to 200 thousand persons net in a cumulative way until 2050.*

From the qualitative aspect, in the period of coming few years (up to 5?), immigration from developed countries (the EU/EEA) to Slovakia will most likely continue with the same intensity or may even increase. This will be conditioned by the further expansion of mutual relations primarily in both the economic and non-economic areas. However, it is assumed that migration to the country after 2010-2015 will *largely be influenced by immigrants from developing countries*, especially from South-eastern and Eastern Europe (the Balkans, Moldova, Ukraine, Belarus), from CIS countries in Central Asia as well as certain Asian (African) regions. Immigrants may settle down in the country permanently, often accompanied or followed by members of their families.

It is quite sure that *migration for work will dominate future immigration to Slovakia*. The following fundamental trends will be evident – the increasing share of immigrants in the total labor force of the country (almost 15% after 2050?); the growing internationalization and globalization of the Slovak labor market; continuing demand for the educated and highly-skilled labor force; later the qualitative transformation and restructuring of the Slovak labor market reflecting an increasing inflow of low-skilled migrants; the deepening of disparities in the regional distribution of labor immigrants; and the rise of illegal work performed by (mostly) low-skilled migrants in the country.

#### 7.1.5 Emigration and labor market nexus

Despite all problems with statistics on (labor) immigrants, data on labor emigration from Slovakia are much more restricted. Only a few persons leaving the country de-register (cancel) their permanent residence in it though they are obliged by law to do so. By our estimates based on comparisons of the numbers of Slovaks registered as immigrants in some receiving countries and those of officially emigrated Slovaks from the country, the proportion of the latter makes merely about 5-10% of the former each year. (In other words, *around 15-20 thousand persons leave Slovakia annually without being registered.*) Losses – particularly of the young labor force – generated by emigration from the country are thus not only sensible



but also implicate serious demographic and economic consequences for the future.

The *migration profile of Slovaks* who wish or already realized their intention to emigrate was also studied. We arrived at the following findings: The most common type of emigration from Slovakia is *labor emigration*; general propensity of Slovak citizens to move abroad is relatively high (every third resident of the country); the real migration potential and/or realized emigration is quite low; there is an obvious *inclination to temporary stays abroad* (the most preferred duration is between 1 month and 1 year); the highest interest in labor abroad is characteristic of younger people (mostly those aged 18-30) and men; the most favorite countries for labor migration (besides the Czech Republic) – Germany and Austria – were replaced by the UK and Ireland after Slovakia's accession to the EU; economic aspects predominate within the incentives to emigration – i.e. higher earnings abroad, large wage differentials, lack of adequate labor opportunities in Slovakia; unemployed persons are surprisingly not the most numerous group among the emigrants; various migration channels to look for a job abroad are used – paid job mediation agencies, unlicensed agencies, the EURES system, individual searches, social networks.

Estimates of Slovaks working abroad, notably in EU Member States, vary to a great degree. Slovak official institutions have practically no detailed information on or comprehensive evaluations of the exact extent and structure of labor emigration flows as well as their impacts on the labor market in the country. Therefore, it is necessary to rely on data from the domestic Labor Force Survey or information from abroad.

The first source provides a relatively good, though not perfect, picture on the issue. According to the *Labor Force Survey*, (labor) emigration from Slovakia has risen dramatically over the last years. Merely from 2000, the number of Slovak nationals employed abroad (both employees and employers) *has increased from 49.3 to 158.1 thousand (and to almost 170 thousand at the very end of 2006)*. This makes a 3.2-fold growth or an increment of 221% in the course of six years and the trend has been accelerating. In addition, some experts believe the given figures are underestimated by  $\frac{1}{4}$  – right such a proportion could be left out of the LFS.

Those 170 thousand persons employed abroad comprised 7.3% of *the total country's stock of employed persons at the end of 2006*. Moreover, by comparing the data on employment development in Slovakia and the

above ones, it is possible to derive that about *55% of the increment* in the total number of employed Slovaks during 2000-2006 was constituted by persons who left for work abroad. This is a new, very significant finding.

There are not many parameters on emigrant workers covered by the Labor Force Survey, only few basic ones. For instance, men prevail over women in the ratio of 65 : 35 in 2006. Age composition data show that the majority of Slovak labor emigrants are younger – over half are aged 25-44, but the share of the youngest (15-24) is not negligible either. The predominant educational level of migrants is secondary (more than 85%); the share of those with university education is slightly larger than 10%. The most preferred countries to work for Slovaks are the Czech Republic (41.9%), the UK (15.1%), Hungary (11.6%) and Austria (7.3%).

Labor emigrants from Slovakia work especially in low-skilled positions. The major part of them is involved in the manufacturing industry (30.7%), building industry (28.8%), catering and accommodation services (10.9%), wholesale and retail trade (6.1%), transport and warehousing (5.9%), health and social services (3.7%); seasonally in agriculture. Broken down by Slovak administrative units, migrants from the Prešov, Nitra, Žilina and Banská Bystrica regions dominate (28.3, 16.6, 16.4 and 10.7%, respectively), those from the Košice, Trenčín, Trnava and Bratislava regions are less numerous (again in 2006).

The other useful source of information is the *EURES system* providing data on Slovak labor emigrants from another aspect. This brings their relatively detailed overview according to information from partner EURES offices operating in individual EU Member States. Of course, this system is partly limited too. The heterogeneity of data and the frequent incompatibility of methodologies to register migrant workers (different reference periods, topical vs. obsolete data, cumulative vs. real data, no data available in certain cases, underestimated numbers of illegal work, etc.) in single EU countries make it difficult to exactly quantify the contemporary total number of Slovak citizens working abroad. Despite these facts, the EURES system still represents a valuable source of information on the issue.

On the basis of EURES data – at the end of 2006 – the *most accepted figure of labor emigrants from Slovakia ranged from 180 to 230 thousand persons* (which roughly corresponds to the number given by the LFS plus a mentioned ¼ to be added). Thus in 2006, the share of Slovak nationals working in the European Union achieved approximately *8 to 10%*

of the total country's stock of employed persons. The share of those employed illegally in the EU has more than probably decreased after the country's accession to it (except for persons working in Austria and Germany). It has been compensated by illegally working Slovaks in some non-EU countries, primarily the U.S.A. (up to 20,000 illegals? – our free estimates).

As regards individual destination countries of labor emigrants from Slovakia by EURES, the Czech Republic, United Kingdom, Ireland, Hungary, Germany, Austria and Italy are the key emigration countries at present.

The *Czech Republic* still remains the most significant country for temporary or permanent Slovak emigrants. At the end of 2006, the Czech authorities registered in the country 321 thousand foreign residents, of which the Slovaks constituted 58,384 persons – i.e. 18.2%. The Slovaks were thus the second numerous nationality after the Ukrainians, but absolutely the first one of all EU nationalities. The overall number of Slovaks residing in the Czech Republic does not correspond to that of working ones. As of December 31, 2006 – the number of economically active persons there from Slovakia accounted for as many as 91,355 persons (with a 33% share of females). The citizens of Slovakia are traditionally most represented in the Czech foreign labor force comprising usually 50-60% of it. Slovaks work in all economic branches; in the latest period increasingly as highly-skilled persons (doctors, teachers, IT specialists, managers, etc.). Some 90% of them are employed and 10% are doing business.

In very recent years, the *United Kingdom* has become the primary target for Slovaks wishing to work abroad. Between May 2004 and December 2006, totally 56,425 individuals from Slovakia (i.e. 10.2% of job applicants from the new EU countries – the third most frequent nationality) received a job on the British labor market under the *Worker Registration Scheme*. The majority of them are employed in low-skilled positions within administration, business and management services (39.0%), hospitality and catering (23.2%), manufacturing (6.5%), agriculture (6.3%), health and medical services (5.6%). This is a cumulative number, the real figure is substantially lower – *about 40 thousand*.

Until recently almost unknown, now a very popular destination for Slovak labor emigrants is *Ireland*. From Slovakia's accession to the EU until the end of 2006, 24.3 thousand Slovak citizens were registered in this country under the *Personal Public Service Number* scheme, thus making

Slovakia the 3<sup>rd</sup> in order (i.e. 8% of the total) after Poland and Lithuania. Analogically, this number is of a cumulative character and the real number of Slovaks working and residing in Ireland at present is lower (*up to 15 thousand?*). As many as 25.8% of immigrants from the New Member States including Slovaks work in construction, 21.8% in other production industries, 16.5% in hotels and restaurants, and 11.8% in wholesale and retail trade.

*Hungary* is quite a specific country for migration from Slovakia. Migration flows are mainly realized in the form of commuting, which is enabled by the territorial proximity of respective Slovak and Hungarian regions. Since 1996 to 2004, the stock of Slovak workers in Hungary grew from 0.4 to 18.7 thousand and the contemporary number reaches 20 thousand (free estimates by Hungarian officials go even up to 30 thousand). As estimated by experts, more than 13,000 individuals commute daily to Hungary particularly from neighboring Slovak districts. Slovak laborers are predominantly employed in big industrial factories in the Hungarian borderland.

*Austria* has been one of the crucial emigration countries for Slovaks for a long time already. The number of employed Slovaks has there considerably increased from the early 2000's and recorded the largest relative increment within the new EU countries. However, the existence of various categories of labor migrants and systems complicates the exact determination of those actually working from Slovakia in Austria. 8 thousand Slovak labor migrants are reported by the Austrian *Arbeitsmarktservice* at the end of 2006; some other sources give higher numbers. Migrant workers in Austria from Slovakia find jobs in hospitality services and catering, company-related services, construction and women above all as respected in-home caregivers/nurses for seniors in families.

As for *Germany*, the country was inhabited by 23,835 Slovaks as of the end of 2006. In 2005, totally 17,584 *work permits* were issued to Slovak labor migrants with seasonal permits (93%) largely prevailing over permanent ones (7%). Employment under the seasonal workers scheme is limited to three months, during which nationals of the new EU Member States do not need residence permits. Both kinds of employment are represented mostly by low-skilled positions in catering, health services, the building industry, the food industry, and agriculture.

*Italy* became popular in Slovakia over past years because of an ample supply of summer jobs in agriculture. Some Slovak labor emigrants

used to take holidays or unpaid leave of absence for several weeks from their regular occupations in Slovakia to work in Italy. In such a way, *some 6,5 to 7 thousand Slovaks* worked yearly in this country. Access to the Italian labor market has recently been completely freed.

The emigration of Slovak citizens forms an important economic and social phenomenon from several viewpoints. Firstly, it helps resolve *tensions on the labor market* of Slovakia where the rate of unemployment is still quite high. Labor emigration also participates in improving the *social situation* in the country, namely through benefits from employment abroad, notably remittances sent to the country. Not negligible are further, *non-economic*, contributions of emigration.

On the other hand, larger emigration of Slovak natives abroad might cause *deformations in the demographic structure* of Slovak population and have negative impacts on the *economy and social system* in the country in the future. Currently, for example, a shortage of the labor force due to rising labor emigration is already evident in some Slovak regions, especially in the west.

It is extremely difficult to objectively measure the *impacts of brain drain from Slovakia* on autochthonous society, if the necessary statistics are absent and opinions/estimates of experts widely vary. No large-scale and serious research has been performed in this field in the country until now.

On the basis of limited and fragmentary data, one may assume that the extent of brain drain from Slovakia is sensible. University educated emigrants represent a major, though hardly quantifiable, part of the overall number of Slovak emigrants. *The number of graduates leaving the country annually is supposed to range between 7-10 thousand thus constituting 1/4 to 1/3 of all graduates in the country.* One of the further drawbacks in this context is apparent brain waste: most highly-skilled migrants from Slovakia just poorly utilize their knowledge potential on the foreign labor markets and rather accept lower-skilled positions.

However, most likely only a lesser part of the highly-skilled remain abroad for a very long period or even permanently; the majority of them come back to Slovakia after a time spent abroad. The return of highly-skilled emigrants, with valuable experience and know-how, begins to appear increasingly.

*The importance of remittances to Slovakia has markedly been changed over time.* Just a decade ago, their transfers were more or less negligible (at most 0.2-0.5% of GDP). However, rising numbers of Slovak migrants employed abroad during past 5-6 years have resulted in the increasing role of remittances for the economy of the country. The amount of finances remitted to Slovakia from abroad has sizably grown reaching at least the sum of *1.1 billion USD* (by National Bank) or *424 million USD* (by World Bank) in 2006 and also the proportion of remittances in the country's GDP rose to its *estimated contemporary level of 2%*. This means 200 USD per Slovak inhabitant and roughly 5,000 USD per Slovak migrant abroad (in 2006). Then, the Czech Republic is the key country for Slovakia as regards remittances inflow, followed by the U.S.A., Germany, Hungary, Austria, Canada, Israel, United Kingdom, Italy.

Also *remittances from Slovakia have expanded (223 million USD* by World Bank), with these major receiving countries: the Czech Republic, Hungary, France, Romania, Poland, Austria, Belgium, Serbia, and Bulgaria. In this context, Slovakia is an obvious labor exporter. However, in general, fundamental data necessary for broader analyses are missing. The bank system in Slovakia is at the standard EU level allowing the transfer of money abroad under normal conditions, but no particular schemes facilitating the transfer of remittances to countries of origin exist in the country at present.

*Forecasts of (labor) emigration.* It is predicted that the number of Slovaks residing and working abroad *will slowly increase further in coming years* though there are no studies dealing with the intensity, anticipated duration and other aspects of emigration. However, it is very unlikely that future labor migration flows from Slovakia could cause significant pressure on labor markets in EU Member States.

Development in emigration from Slovakia should be marked with the following essential trends: *Labor emigration will stay the absolutely predominant type of emigration;* this emigration will mostly be of a temporary character, permanent emigration will stay marginal reaching several per cent out of the total; no radical changes are expected in the socio-demographic structure of Slovak emigrants (younger cohorts, mostly single men, and those with secondary education will prevail); wage differences between Slovakia and more advanced countries will remain the basic incentive to migrate for work; no major modifications are supposed to take place in the group of principal destination countries in the immediate future

(however, after Germany and Austria make their labor markets fully accessible – by 2011?, a significant shift in this context may occur); negative impacts may be felt in Slovak regions hit by labor emigration and out-migration as well as in certain professions; emigration dynamics will largely be influenced by development in the Slovak and European economies.

#### 7.1.6 Labor migration policies, schemes and practices in the country

Components that can be used as tools of labor migration management in Slovakia are represented by laws defining the entry of foreign nationals into the labor market of the country, a set of bilateral agreements on employment of foreigners, institutions dealing with immigrants as well as, partly, national migration policy. Unfortunately, special labor migration policy is still completely absent in Slovakia.

Slovakia has *so far concluded bilateral agreements on employment with 11 countries* – Belgium, the Czech Republic, Finland, France, Germany, Hungary, Luxembourg, Poland, the Russian Federation, Switzerland, and Ukraine. The agreements are miscellaneous – either effective and enforced, or effective but currently not applied, or old and though not revoked, not applied. Then, some of the agreements refer to labor migrants as a whole, others to very specific and/or limited groups of foreign workers merely; most of them fix exact quotas of labor migrants, but a few do not.

Slovak bilateral agreements on employment do not cover *many labor emigrants from the country*. The agreements with Belgium and France have not been carried out (despite several appeals from Slovakia); those with the Czech Republic, Hungary and Poland are not applied at present (employment in these countries is now unrestricted); those with Luxembourg and Finland seem to be rather unattractive bilaterally (with only a few persons exchanged a year) and that with Switzerland provides scope for not more than 100 persons annually.

The only really beneficial agreements in this context are those three with Germany – thanks to them, almost 10 thousand migrant workers from Slovakia have had the opportunity to work in Germany annually. However, this figure makes less than 5% of the total Slovak labor force employed abroad; the quotas are comparatively low and Germany is reluctant to raise them – it even gradually reduces the number of jobs provided within these

agreements. A general bilateral agreement on employment with Austria (to a lesser extent also with France) is regrettably missing because of a lack of interest on the other side.

Outside the European Union, the Slovak Republic has a serious interest in concluding bilateral agreements on employment with such significant countries as the U.S.A., Australia or Canada. This could be of great help for the legalization of current, relatively not negligible, illicit employment of Slovaks in these countries thus enlarging the numbers of migrants working there legally.

As far as *labor immigration under the bilateral agreements* is concerned, quotas for migrant workers from Ukraine or Russia seem to be sufficient for the needs of Slovakia's economy at the moment. However, both Ukrainian applicants and some Slovak employers would welcome higher quotas, but Slovak authorities have refused to increase them several times. It is quite sure that with domestic labor force ageing and shrinking over the next years, there will arise a demand to raise these quotas.

For the same reason, it will most likely be necessary to carefully consider concluding new bilateral agreements with less developed countries – probable major future exporters of the labor force to the region (Balkan countries, Turkey, Moldova, CIS countries in Central Asia, India, Vietnam, China, etc.) – to meet requirements of the Slovak labor market.

*Access to the Slovak labor market for immigrants* is regulated by a set of essential legal norms such as Act 5/2004 on Employment Services, Act No. 455/1991 on Trade Law, Act No. 513/1991 – Commercial Code, Act No. 311/2001 – Labor Code, Act No. 82/2005 on Illegal Work and Illegal Employment, Act No. 125/2006 on Labor Inspection, Act No. 365/2004 – Anti-discrimination Act, and others. They as well as Act No. 48/2002 on the Stay of Foreigners define a framework within which foreigners may or may not work (be employed, run businesses, do other economic activities) in Slovakia.

National legislation is in full conformity with the EU laws and respects transitional measures applied by certain EU Member States to protect their labor markets. Moreover, Slovakia opened its labor market to all workers from the Union/EEA/Switzerland without imposing any reciprocal restrictions.

As for employment, there are *three main categories of employed immigrants in the country* differing legally and administratively, with



various rights and restrictions. *Employees from the EEA and Switzerland* (and their family members) do not need a work permit, just have to be registered. Their employers are obliged by law to fill in an information card on the establishment or termination of a working relationship and to send it to the locally competent labor office within seven working days. Simultaneously, every EEA citizen intending to stay in Slovakia for a period exceeding 3 months has to be registered with the police as a (permanent) resident in the country. From the legal aspect, this category of foreign workers is treated identically to autochthonous population on the Slovak labor market.

The second category of labor immigrants includes *persons who are not citizens of the EEA but do not need a work permit either*. Foreign nationals falling under this category are, for instance: holders of a permanent residence permit in Slovakia; holders of a temporary residence permit for the purpose of family reunification or study after fulfilling some specific conditions; expatriate Slovaks; persons granted asylum and asylum seekers after one year of uninterrupted stay in the country; persons granted temporary shelter; persons employed on the basis of an international agreement; family members of a diplomatic mission officer or of an international organization employee; members of delegated armed forces; persons posted by another EU country-based employer; partners, managing directors or authorized representatives of a business entity or a co-operative performing work on its behalf; and a few other – not very numerous – categories.

The last category of labor immigrants is constituted by persons who are allowed to be employed in Slovakia *only with a work permit*. They are predominantly formed by individuals granted (by the police) a temporary residence permit for the purpose of employment, or by persons granted a temporary residence permit for study or family reunification under special conditions as well as by certain groups of persons granted a tolerated residence permit. However, there is no legal entitlement to a work permit; decisions depend on the current situation on the Slovak labor market. A person granted a work permit may not perform business activities. A permit to work is issued for a given period, at most for the period of 1 year (in the case of seasonal work, up to 6 months).

Undocumented migrants, most of the asylum seekers, and some persons with a temporary or tolerated residence permit *have no right to work in Slovakia*.

In view of *conducting business by foreigners in the territory of Slovakia*, the situation is not so administratively and legally complicated. Most immigrants are allowed to do business under equal conditions and to the same extent as natives, namely as persons recorded in the Commercial Register or those with trade licenses (petty tradesmen) or individuals engaged in farming. Persons from the EU/OECD countries have some administrative advantages compared to the others. Thus – besides holders of a permanent residence permit in Slovakia – holders of a temporary residence permit for the purpose of conducting business; expatriate Slovaks; those granted asylum and persons granted temporary shelter may all freely run business in the country, but also holders of a temporary residence permit for the purpose of family reunification or study after fulfilling specific conditions. Only holders of a temporary residence permit for the purpose of employment; holders of a tolerated stay permit; asylum seekers and undocumented migrants are deprived of this right in the country.

*Developments in the institutional sphere* in Slovakia obviously lag behind developments in legislation. The system of institutions dealing with migrants in the country is incomplete, fragmented and unconsolidated. Some of these institutions are weak in number or unstable (e.g., the NGO sector) or subject to frequent organizational modifications (e.g., State organizations) and their mutual collaboration is awkward and little effective.

The *State sector* addressing migration matters is chiefly represented by ministries and other central authorities concerned (the Ministry of Interior with the Office of Border and Alien Police, Migration Office, Administrative Section; then the Ministry of Labor, Social Affairs and Family; the Ministry of Foreign Affairs; the Ministry of Education; the Statistical Office of Slovakia, the Slovak Information Service and so on).

The *private sector* in the field comprises various employers' associations, chambers of commerce, professional associations. The *NGO sector* is sparse – it is composed of about 5 major NGO's and several minor NGO's, involved sporadically. *Intergovernmental organizations* advocating immigrants in the country are formed solely by IOM and UNHCR. Self-government is represented by local and regional authorities. *Immigrant associations* are still little known to the public and only few of them are sufficiently active. As regards *scholars* focusing on migration in Slovakia, their number is extremely limited (with only one full-time researcher in the whole country).

Besides the urgent need to *reinforce the NGO sector* in the Slovak Republic in terms of its quantity and quality (human resources, level of projects, financial assistance, etc.), the cardinal aim should be to transform and re-build the State sector as the principal actor and guarantor of further development in this sphere. In order to improve the operation of hitherto independent State institutions, *one central authority with clear competencies* – covering the domains of immigration, integration, asylum, naturalization, and repatriation of migrants – is to be established in the country in 2010. According to us, this year seems to be too late and many acute challenges should be tackled immediately.

The absence of an official parliamentary or governmental *Committee for the Matters of Foreigners (Migrants)* to support the issue legally and politically is increasingly considered a shortcoming in the institutional system of the country. At present – since the theme is deemed entirely marginal – problems of immigrants are not addressed emphatically, regularly and seriously enough, rather just registered. Therefore, Slovakia needs a specialized autonomous body, which would provide a wide basis for resolving life and labor difficulties of migrants in the country representatively, professionally, systematically and effectively.

Further, it is also evident that the country does not keep up with the times in the area of the integration of (labor) immigrants into society. According to opinions of migration experts again, a national conception of integration and naturalization policy is much missing in Slovakia. Setting up a new, separate, *Department of migration and integration of foreign nationals* at the Ministry of Labor, Social Affairs and Family, which should deal with a variety of aspects of legal migration – including labor immigration and integration – was long overdue too. The Department is still largely incomplete and little operational.

At the same time, originally planned State-funded information centers for new immigrants across the country were not founded eventually owing to an alleged lack of interest by migrants. But it seems that a shortage of finances, weak potential range of services as well as poor publicity may be the real reason. After all, successful activities of the *Migration Information Centers operated by IOM* in the cities of Bratislava and Košice as information-assistance platforms for hundreds of immigrants in the country prove the substantiation of this idea.

*Perception of immigrants in political discussions, the media and the public in Slovakia.* It was demonstrated that *politicians in the country* occupy themselves with immigration issues to a minimum degree only. Since the subject is not considered significant, there is no political will and therefore agenda to treat it systematically and unbiasedly within individual political parties. Slovak political elites fail to articulate their opinions about immigration, do not condemn the discrimination of foreigners and racism, and disregard arising challenges. Immigration is rarely a topic of political debate in Slovakia and if it is, rather from the negative viewpoint.

Likewise, the *operation of the Slovak media* to modify stereotypes and attitudes of the public cannot be deemed particularly positive either. Xenophobia, negative perception or discrimination of immigrants in the country are then to a great extent a natural reflection of approaches presented by the mass media. The fundamental weaknesses in the media's reporting of migration are as follows: Information on immigration is given only occasionally since the subject is seen as peripheral. Then, if relevant migration issues are mentioned, they are seldom handled with the necessary experience and competence, mostly are presented superficially and insufficiently. And finally, quite often negative dimensions and impacts of immigration in the country are offered by the Slovak media as they are assumed to be more attractive for people.

In substance, *public opinion in Slovakia is not positively inclined towards immigrants* though this is slowly improving. There are obvious forms of xenophobia against foreigners (especially against persons from less developed countries and labor immigrants believed to take away jobs from natives), sometimes multiplied by their social exclusion or manifestations of intolerance. The prevailing negative public opinion towards immigrants was well demonstrated in a recent Eurobarometer survey. By it, only 12% of *Slovak respondents fully or partly agree* with the statement that immigrants contribute to the country. This is 28% below the EU average and the worst result among all EU Member States. As was suggested, several factors synergistically operate in generating and maintaining xenophobia in Slovakia with the relative isolation of the country during 1939-1989 probably playing a crucial role.

Under communism, no *State migration policy* existed in the country. After the collapse of the Iron Curtain, migration patterns were considerably transformed and the CEE countries – including Slovakia – were fully

incorporated into European migration movements. As a consequence, migration trends in the country started to radically alter and existing migration patterns were broken. Slovakia began to modify into a transit country and even an immigration country by official figures of net migration. Owing to it, the Slovak Government founded some elementary institutions and also adopted the principles of migration policy of the country. However, after 2000, it was increasingly apparent that they were becoming obsolete and no longer corresponding to the situation in the country or Europe as a whole. State migration policy was much formal, restrictive and incomplete.

Within the *pre-accession process*, Slovakia was obliged to pass, amend or harmonize a multitude of legal standards including those referring to migration. Entirely new and much better legal norms changing conditions for the entry and stay of immigrants in the country or improving the asylum procedure as well as a series of laws on social and health care, employment, entrepreneurship, ownership, naturalization, etc. of immigrants were adopted. However, responsible institutions did not manage to prepare comprehensive and modern migration policy before the country's accession to the EU.

Finally in *January 2005*, the Slovak Government passed the first more universal framework to address immigration in the country – the *Conception of the Migration Policy of the Slovak Republic*. As a key strategic document in the field, it mirrors ongoing processes of unifying immigration, asylum and integration policies within the Union. Slovakia – as an EU Member State – follows the objectives set out in the Hague Program and its Action Plan. All relevant EU legal norms and positions are gradually accepted and transposed by the country. Also, activities of Slovakia in single committees and other organizational units of the European Union, Council of Europe, United Nations and further extraordinarily important institutions are performed in this respect thus increasingly bringing Slovakia closer to other EU Member States' stances.

The Conception has been drawn up in a very general form. Individual tasks are further scheduled for the years to come until 2010 and already fulfilled by the institutions concerned (the Ministries of Interior, Labor and Social Affairs, Foreign Affairs, Justice, Health, and Education, the Statistical Office, the Association of Towns and Communities in Slovakia, IOM, UNHCR and others). The document identifies the cardinal

spheres for developing particular policies and determines the proper tools for migration management.

Unfortunately, there remained space in the Conception, which could have been utilized better. Not only is its extent relatively short (the document has just 16 pages). Primarily many themes could have been tackled more profoundly and at a higher level, some other issues were dealt with only partly, or were not covered at all. For example, aspects of the integration of immigrants into society; their participation in domestic political, social and economic life at both the national and local levels; a *complex of questions pertaining to labor immigration*; the activation of immigrant associations; the working of the media; the education of Slovak children at schools about foreigners; the improvement of statistical databases on migrants; greater support for scholars studying migration phenomena; finding ways for allocating more financial means for migration challenges; etc. should have resounded more in the document.

It has to be also stressed that Conception of the Migration Policy of the Slovak Republic is devoted to immigration issues only, emigration is not its subject at all.

Thus, Slovakia is just at the beginning of its metamorphosis into a pro-immigration society. *The country's modern and comprehensive migration policy is still in its very infancy.* At first, Slovakia should address such essential problems as: the articulation of the Slovak migration doctrine, the definition of the country's immigration/emigration priorities, the identification of major shortcomings in migration management, the assessment of contemporary and expected economic and non-economic impacts of migration on society, the definition of areas of intensive co-operation with other EU Member States and with countries of origin and/or destination, etc.

The Conception of the Migration Policy of the Slovak Republic practically does not mention labor migration per se (it just contains a few references to it, with quite vague recommendations or measures to be taken).

De facto, no strategy, conception, plan, prognosis or any other type of documents analyzing the heterogeneity of labor migration (its various forms, causes, consequences, manifestations, trends, effects on society, predictions, etc.) in a complex way are available in Slovakia. There is evident the lack of reliable data, more exact surveys and qualified estimates about Slovak labor emigrants abroad, though their numbers in certain

countries are not negligible. Analogically, no unequivocal standpoints on labor immigration have ever been expressed by respective State institutions or other important stakeholders. Until recently, the current or future position of labor migration in the country has not been subject to larger public or expert discussion. Therefore, *no rudiments of labor migration policy exist in Slovakia at present.*

The elaboration of a special labor migration policy is *conditio sine qua non* for any progress in the entire sphere of labor immigration and emigration in Slovakia. *From the viewpoint of long-term objectives, new Slovak labor migration policy should:* define the role of labor migration in the overall economic, social (and demographic) advancement of the country; set the place of labor migration among the other components of migration in Slovakia; specify the priorities within labor migration itself; identify those areas of the country's labor market, economic branches, professions, educational levels and territorial units to which labor immigration could be of the greatest benefit; evaluate the current situation and trends; forecast future changes in the domain of labor immigration; analyze probable developments and social impacts of emigration for work from Slovakia; help build in the country an institutional framework relating to labor migration.

Competent institutions leaning on the principles of Slovak labor migration policy can then much easier: adopt concrete programs to make Slovakia more attractive to the intended groups of labor immigrants; re-evaluate and complete a set of bilateral agreements on employment; intensify co-operation with the most important countries of origin of labor immigrants to Slovakia and the crucial destination countries for labor emigrants from the country; proceed actively and jointly with other EU Member States in solving the questions of labor mobility in the Union; reappraise and amend national laws concerning labor immigration; take a more active approach to labor immigrants by labor offices, the police and other involved institutions thus facilitating access to the Slovak labor market for these persons; check more frequently and combat more effectively illicit work and employment in the country, chiefly in connection with an anticipated increase of undocumented immigrants in the future; establish and reinforce collaboration among the respective actors in the field of labor migration; encourage the media to work more positively in favor of labor migrants; fundamentally improve the quality, complexity and compatibility of all statistical systems presenting characteristics on labor migration in

Slovakia; ensure greater support for research on the phenomenon of labor migration in the country and the like.

According to us, it is the *Ministry of Labor, Social Affairs and Family of the Slovak Republic* that should take prime responsibility for drawing up national labor migration policy – of course, in co-operation with all other relevant institutions of the State sector, private sector, trade unions, NGO's, IGO's, self-government, academic community, migrant associations, etc.

To get a better picture of the situation and problems on the Slovak labor market in association with the emigration/immigration of the labor force from/to the country, *we prepared a questionnaire*. It was sent out to a sample of nearly 50 senior representatives of employers' associations, professional industrial and non-industrial associations, small businessmen's associations, chambers of commerce, and mixed private-State agencies to promote entrepreneurship. 12 completed questionnaires were received back, i.e. their rate of return has been almost 25%, which is a better result than expected.

The main objective of the questionnaire was to obtain information, data, opinions, comments, standpoints, incentives as well as recommendations directly from prominent entrepreneurial subjects from branches being very relevant to the country's economy. In this way, we gained not only reflections on the contemporary situation and challenges on the labor market, impacts of labor emigration, views on labor immigration and so on, but also qualified estimates of future demands and appeals for articulating a new labor policy in Slovakia.

Respondents criticize above all the *poor quality of the national education system* (mostly vocational and secondary schools) and ask for its radical improvement with the aim of adjusting the structure of school graduates to real labor market needs. At the same time, they feel the necessity to support investment in infrastructure, R&D, high technology and final production. The willingness of long-term unemployed persons (as the largest stock of the potential labor force) to take up a job should be more strengthened by various means.

In terms of *labor emigration*, it is perceived by entrepreneurs as a *serious problem*. It contributes to a significant lack of workers in certain sectors and professions; in some of them it has been growing over the last period or is already acute. This shortage is supposed to rise further, notably



with skilled employees, and the incapacity of the Slovak labor market to meet needs of employers may result in slowing down the pace of overall economic growth. Then, Slovak employers warn of the risk of brain drain from the country.

With respect to *labor immigration*, respondents mostly welcome the opening of the domestic labor market for immigrants. With the continuing advancement of the Slovak economy and other internal factors, their presence will grow. Immigration from geographically and culturally related countries should be primarily promoted. Outside the EU, labor immigrants from CIS countries and the Balkans should be preferred. In this context, some addressed employers propose to make the access of foreign nationals to the Slovak labor market simpler through re-evaluating bilateral agreements on employment, above all that with Ukraine as the largest and closest pool of the labor force for Slovakia – setting higher quotas for job applicants from this country, or specifying professions on the Slovak labor market with free access (i.e. without quotas).

For above reasons, *employers urge the Slovak Government to elaborate as soon as possible a (new) comprehensive labor migration policy of the country* reflecting the present state and expected trends on the Slovak labor market; defining the quantitative and qualitative criteria concerning migrant workers (their quantities, occupational structure, education, age, etc.); and creating effective tools to attract, select, support and treat the foreign labor force.

## **7.2 Proposals, recommendations and policy options for major stakeholders**

After the complex evaluation of current as well as forecasted economic, labor market, demographic and migration developments in the Slovak Republic carried out above, it is evident that the situation is not favorable in many areas of labor migration. Therefore, several considerable amendments in labor migration management are urgently needed in the country. The presented book has set itself the goal to not only render a multitude of relevant data, to analyze the state and developmental trajectories, to assess miscellaneous relations and impacts on Slovak society, and to identify basic problems. One of the principal objectives has also been to propose a *set of various recommendations improving the contemporary situation and preparing for potential challenges* in the examined field in the future. The last textual part of this publication serves as a space for that.

The formulation of recommendations stimulating the adoption and implementation of political, social, institutional, legal and other measures suitable for/applicable in various spheres of practice is not easy. On the one hand, such proposals have to be all-embracing and representative enough to cover as many areas and subjects as possible; on the other hand, they cannot be too generalized, superficial or vague because their utility value would then be minimal. At the same time, recommendations have to be sufficiently feasible, effective, topical, comprehensive and interlinked. Best practices and experience from abroad should also be taken into account.

In this place, *we offer for discussion a series of ideas, suggestions and recommendations referring to labor migration in Slovakia*, believing that they may become a solid platform for new policies and approaches. Within the below specified domains, we propose to realize or consider realizing the following steps:

### **Universal framework of migration (whole society, supreme public authorities – Government, Parliament)**

– to clearly articulate the migration doctrine of the Slovak Republic, i.e. the official attitude of the State and all Slovak society to migration (logically more towards immigration than emigration) in line with forming common immigration, asylum and integration policies of the EU; to define the position of migration in the overall economic, social, demographic, cultural, political and security development of the country on the basis of expert and public discussion in society;

– parallelly, to set priorities, expectations and tasks in the region of international migration with regard to its multidimensional and structured nature, i.e. to determine which components of migration should preferentially be promoted in the country – labor emigration and immigration, reunification of families, asylum migration, study migration, naturalization, immigration of expatriates of Slovak origin;

– to provoke wider debate on labor migration, its causes and consequences for Slovak society with the intention to raise interest in its phenomena and processes; to arouse discussion on the topic especially on the Slovak political scene in order to better incorporate labor migration issues into agendas of political parties in the country; to strengthen the fight against social exclusion and manifestations of intolerance towards labor immigrants;

– to allocate from the State budget and budgets of self-government authorities radically greater means than so far to solve problems – in certain

cases acute already now, but definitely increasing – connected with migration management in Slovakia; to encourage respective NGO's, IGO's, immigrant associations and other stakeholders to be more active in searching additional resources outside the mentioned budgets (e.g., EU funds);

– to substantially complete the existing Conception of the Migration Policy of the Slovak Republic, but – above all – to elaborate a separate national integration (naturalization) policy much lacking in practice at present, adequately covering labor integration issues.

### **Labor migration policy domain**

– to develop a network consisting of the entire spectrum of significant Slovak stakeholders involved in the management of labor migration (State institutions, employers' associations, chambers of commerce, professional associations, trade unions, competent NGO's and IGO's, self-government authorities, the academic community, immigrant associations, etc.) collaborating together in the process of preparing a (still absent) comprehensive labor migration policy for the Slovak Republic, under the supervision of the Ministry of Labor, Social Affairs and Family;

– to immediately start work on this labor migration policy as a fundamental instrumentarium to regulate development in labor immigration (emigration too?) in Slovakia. As already stated, this policy should at least define the role of labor migration for the economic and non-economic advancement of the country; set the place of labor migration among the other migration components; specify the priorities within labor migration itself; assess the current situation and trends; identify those areas of the country's labor market, economic branches, professions, educational levels and geographical regions to which labor immigration could be of the biggest benefit; evaluate future needs and changes in the realm of labor immigration; outline policies to attract, select, support and treat the foreign labor force; analyze probable developmental trajectories of labor emigration from Slovakia; help build in the country the institutional framework relating to labor migration.

### **Labor migration schemes and practices**

– to adopt hitherto missing concrete schemes to make Slovakia more attractive to the intended groups of labor immigrants (to thoroughly consider a point system, variants of the Highly Skilled Migrant Program realized in the UK, structural demands by single economic branches, and other

alternatives); to determine/select these groups of immigrants according to the contemporary and anticipated situation on the Slovak labor market – with particular preference for highly-skilled workers as well as those low-skilled for positions unattractive for the domestic labor force;

- to take a more active and helpful approach to labor immigrants by Slovak labor offices, the police and other institutions concerned thus facilitating access to the labor market of the country for these persons; to increase qualifications and language skills of the staff at labor offices;

- to develop better mechanisms to check more frequently and to combat more effectively illicit work and employment in the country, chiefly in association with an expected rise in undocumented low-skilled immigrants in the decades to come;

- to establish (e.g., in the capitals of four Slovak NUTS 2 regions or eight administrative macro-regions, best at labor offices) consultative and information centers for migrant workers providing them with information on the Slovak labor market, lists of jobs available, ways of doing business, possibilities to improve education and practical skills, legal and other conditions to be met, labor and social offices networks, housing possibilities and other related issues;

- to create and operate an information-communication system in Slovakia specialized in providing various updated information on both labor emigration and immigration (through Internet sites, dedicated phone services, statistics, etc.) and serving for migrants, experts, the media and the public;

- to reappraise and amend – if necessary – national legal norms regulating labor immigration flows;

- to enable the transfer of money from the 2<sup>nd</sup> pillar of the pension system to all labor immigrants returning to their country of origin, not only to those who have been employed in Slovakia more than 10 years.

### **Domain of bilateral agreements**

- to re-evaluate and complete a set of bilateral agreements on employment. As far as labor emigration from Slovakia to other EU countries is concerned, to attempt to raise quotas for migrant workers – both seasonal and long-term – to Germany (to a lesser extent also to France) and to try to conclude a general bilateral agreement on employment with Austria, which is regrettably missing;

- to negotiate with major destination countries for Slovak labor emigrants outside the EU – e.g., the U.S.A., Canada, Australia or Switzerland – with the aim of concluding agreements on employment (with the latter country, to replace the current low-quota agreement on the exchange of trainees by a general one). In this way, to enlarge the numbers of legal labor migrants and to help reduce the illicit employment of Slovaks in these countries;

- in terms of labor immigration to Slovakia, to consider revoking the bilateral agreement on employment with Ukraine as the largest and closest pool of the labor force for Slovakia (outside the EU), or to fix higher quotas – at least for seasonal workers from Ukraine (notably for Slovak agriculture) – to 3-5 thousand persons annually;

- to carefully consider concluding new bilateral agreements with less developed countries – probable main future exporters of the labor force to Slovakia (Balkan countries, Moldova, CIS countries in Central Asia, Turkey, India, Vietnam, China, etc.) – to meet requirements of the country's labor market.

### **Changes in employment as migration alternatives**

- to increase low participation and employment rates of the Slovak labor force; particularly to halt the declining employment rate of young persons by incorporating them back into the labor market and thus to prevent them from becoming unemployed;

- with regard to long-term developments on the Slovak labor market – especially a forecasted marked drop in the labor force of the country during the next period, to set the standard retirement age for both sexes at 65; to prospectively consider stretching this limit (to 67? – this will require responsible negotiations within the tripartite);

- to enhance the inter-regional mobility of employees in Slovakia, currently one of the lowest in the EU, by a set of economic stimuli, but also by reviving the critically underdeveloped housing market in the country;

- to substantially augment the offer and quality of (re)training courses, personal counseling, life-long learning and so on as well as the proportion of part-time, fixed-term or distance employment in the country and thus to increase the flexibility of employees on the Slovak labor market;

- in order to reduce gender differences in employment, to raise the share of employed women in Slovakia by system measures (for instance, a more intensive creating working positions for females, harmonizing work

and family obligations, more affordable child care services, higher allowances for single mothers who work, etc.);

- to start to deal more with rising labor shortages in certain economic sectors and professions, which could gravely affect the overall economic growth of the country.

### **Extent and attributes of unemployment**

- to develop policies to drastically lower the extent of long-term unemployment as the most problematic segment within unemployment in Slovakia (e.g., through increasing the educational level of unemployed persons, using active labor policy tools like retraining courses more effectively, generating more jobs for low-skilled employees, etc.);

- to reduce high payments to social security funds (48.6% out of gross wages in 2006) in the country and thus to encourage employers to create new jobs, including those with low labor productivity, i.e. appropriate for low-skilled and/or long-unemployed persons;

- as already outlined, to enhance the inter-regional mobility of employees in Slovakia to a maximum degree as this may also sizably diminish the stock of the unemployed;

- to prepare a legal framework to significantly increase the share of various flexible forms of employment in the Slovak labor market – part-time employment, fixed-term employment and the like – well suitable for many of the currently unemployed persons;

- to gradually reduce negative regional disparities in unemployment in the Slovak Republic by special regionally-based policies and measures.

### **Education system**

- to unconditionally raise the quality of education in Slovakia, i.e. to carry out a radical reform of the entire school system now in partial decline and not meeting – in the preparation of employees – contemporary or anticipated demands of the domestic labor market;

- in this context, to create as soon as possible appropriate conditions (structural, financial, personnel, curricula, etc.) for improving the poor level and inadequate structure of specialized secondary/vocational schools in the country as well as to direct education more practically, less encyclopedically;

- to amend the language education of students at elementary and secondary schools in the country, because labor emigrants from Slovakia

with these educational levels have often difficulties with mastering foreign languages while working abroad, which largely contributes to their brain waste;

- to substantially increase the use of distance and life-long learning in the country (at present the 2<sup>nd</sup> lowest share within the EU-25) and thus the flexibility of employees on the labor market;

- to broaden and improve Slovak language teaching for labor immigrants in Slovakia as an essential prerequisite for their successful integration into autochthonous society.

### **Brain drain, return migration and brain gain**

- to draw wider attention of experts to the phenomenon of brain drain from Slovakia: its volume, attributes, reasons, consequences and main destination countries;

- to work out a comprehensive policy with the aim of reducing the number of university educated and highly-skilled persons leaving the country for work annually;

- to more intensively combat brain drain and the lack of young professionals in Slovakia through raising their wages, enhancing the R&D infrastructure, providing them with better economic and non-economic conditions to remain in the country;

- to promote contacts with highly-skilled Slovak emigrants and their associations abroad; to help build their networks; to keep them well informed about the situation in the home country;

- to consider developing a strategy for the partial voluntary repatriation of highly-skilled emigrants from Slovakia now working abroad and to provide them with inevitable conditions for re-integration;

- to motivate Slovak graduates at universities abroad to return home by a more generous framework for work, remuneration, professional growth, housing, etc.;

- to elaborate hitherto absent special schemes to attract highly-skilled immigrants from abroad to Slovakia, which would comprise important motivational tools, bonuses, allowances and other mechanisms to retain this group of migrant workers in the country;

- to legally simplify the procedure of granting a permit to reside and work in Slovakia in favor of highly-skilled immigrants;

– to facilitate entry into the labor market for foreign graduates completing their study in Slovakia and to offer them legal, economic and social advantages to settle in the country.

### **Labor immigration sensu stricto**

– to expect a larger influx of immigrants to Slovakia approximately after 2015; to prepare for the rising number/share of labor immigrants in the total labor force of the country;

– to manage to switch from preferring skilled immigrants from the EU or other developed countries at present to absorbing greater numbers of low-skilled immigrants from less developed European and third world countries in the next decades; to support more immigration from geographically and culturally related regions;

– to realize that anticipated labor shortages in some economic branches and professions in the country may have grave consequences for the pace of economic growth including the labor market without the replacement of missing domestic workers by labor immigrants;

– to be prepared for deepening disparities in the regional distribution of labor immigrants in Slovakia and their increasing concentration in several areas or bigger cities with the best economic conditions in the country;

– to tackle all (also negative) accompanying phenomena resulting from the preceding process – e.g., a rise in illegal employment, social conflicts, etc.

### **Labor emigration sensu stricto**

– to take into account that labor emigration – though being to a considerable degree of a temporary character – will remain the dominant type of emigration from the Slovak Republic;

– to realize that an acute lack of the labor force in Slovakia owing to labor emigration is generally not imminent, but problems in certain economic sectors alongside the rate of brain drain may be serious; to work out policies reflecting this fact;

– to expect no dramatic changes in the socio-demographic structure of Slovak labor emigrants, their basic motivations or preferred destination countries in the years to come;

– to be prepared, however, for a potentially significant shift in migration patterns – in the extent and directions of labor emigration flows from the country – after Germany and Austria open their labor markets.



### **Institutional domain**

– to consider the establishment of a special governmental or parliamentary Committee for the Matters of Migrants (Foreigners) with real competencies to promote migration management in Slovakia legally and politically at a high level, professionally, systematically, effectively and representatively;

– in order to institutionally transform and re-build the State sector, to improve the operation of little interconnected institutions under the Ministry of Interior and to set up one central State authority covering the areas of immigration, integration, asylum, naturalization and repatriation of migrants earlier than planned (i.e. before 2010);

– to immediately complete and make operational the Department of migration and integration of foreign nationals at the Ministry of Labor, Social Affairs and Family – focusing on legal migration issues (including labor immigration and integration of labor migrants) – as an irreplaceable authority from the viewpoint of labor migration policies and practices in Slovakia.

### **International domain**

– to intensively lobby at the international level – concurrently with other CEE countries concerned – for shortening the transition periods, notably in such relevant countries for labor migrants from Slovakia as Germany and Austria;

– to proceed actively and responsibly along with other EU Member States in addressing the questions of labor migration within the European Union;

– to strengthen co-operation with the most important countries of origin of labor immigrants to Slovakia and the crucial destination countries for labor emigrants from the country.

### **Local and regional self-government authorities**

– to participate to a larger degree in solving labor migration challenges (those within the competence of self-government) applying the principle of subsidiarity in concrete matters;

– to establish in the country – where necessary – self-government consultative bodies with the aim of assisting in the better integration of migrant workers into local communities;

– to improve the mutual co-operation of self-government authorities with other actors in the field and mainly relations – yet rather formal or non-existing – with immigrants themselves.

### **Operation of the media**

– to encourage the media in the country to work more actively, objectively and professionally in informing the public about the whole range of labor migration aspects, especially about benefits of labor immigration and emigration to the national economy, and about the labor integration of foreigners;

– to appeal to the Slovak media to play a greater role in combating xenophobia and various forms of intolerance against (labor) immigrants in the country; to help build a more friendly societal climate for migrants.

### **Domain of statistics**

– to fundamentally improve the level of gathering, processing, storing and presenting the data on labor migration to and from Slovakia; to increase their complexity (the number of observed parameters), practicality, clarity, homogeneity, quality and topicality for the final users, at least to the average level in EU countries;

– to radically enhance the interoperability and compatibility of all independent statistical systems and databases – either operated by the Statistical Office of the Slovak Republic, the Ministry of Labor, Social Affairs and Family, the Ministry of Interior, or other institutions – providing information on labor migration in the country; to make co-operation among the mentioned institutions more effective;

– to accept the fact that the real annual numbers of emigrated persons (mostly workers) from Slovakia within net migration are several times higher than the officially given and used statistical figures of those deregistered; to consider legal/administrative measures to tackle this disproportion.

### **Population domain**

– to elaborate a comprehensive and detailed expert analysis of population development in the Slovak Republic until 2050;

– to articulate a population policy of Slovakia closely related to its labor migration policy and to predicted developments on the labor market of the country in the coming decades;

– to apply a wider set of social, economic and other tools and policies in order to more stimulate domestic population resources (e.g., support for parenthood and young families to enhance fertility and thus to partly decelerate ageing).

### **Macro-economic domain**

– to considerably increase currently very low spending on science and research in the State budget;

– to promote more investment in the infrastructure, high technology, industries with a larger share of value added and final production; to reduce high energy demands of the Slovak economy; to finally develop the capital market; to quickly complete the motorway network in the country; and to finish reforms in the public health system;

– to estimate developments and particularly future labor demands in key Slovak economic sectors (booming at present) to prevent a possible shock from suddenly rising structural unemployment after their falling into the next recession; to prepare a corresponding strategy against it and to gradually apply rational structural transformations during all the time.

### **Further research**

– to ensure greater financial, institutional and expert support for research on labor migration issues, which is at a very early stage in Slovakia;

– to engage the academic community in the country deeper in systematic, comprehensive and thorough research aimed primarily at practical aspects of labor migration to and from Slovakia; to enhance collaboration with foreign counterparts in this field;

– to consider the establishment of a new scientific discipline – migration studies – within respective institutions in the country; the discipline would officially examine the phenomenon of (labor) migration generally as well as in the concrete geographical and historical framework of the Slovak Republic.



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