

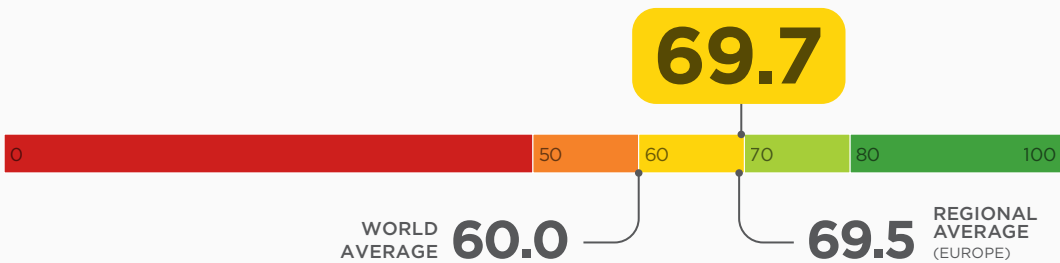
SLOVAK REPUBLIC

Slovakia's economic freedom score is 69.7, making its economy the 36th freest in the 2022 *Index*. Slovakia is ranked 23rd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

From 2017 through 2019, Slovakia's economic growth slowed. It contracted in 2020 but returned to growth in 2021. Economic freedom has improved slightly over the past half-decade. Boosted by higher scores for **business freedom** and rule of law, Slovakia has recorded a 4.0-point overall gain of economic freedom since 2017 and has risen near the top of the "Moderately Free" category. Trade freedom is a bright spot, but relatively weak **government integrity** is a concern.

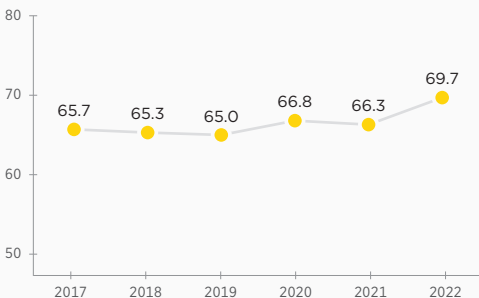
IMPACT OF COVID-19: As of December 1, 2021, 14,503 deaths had been attributed to the pandemic in Slovakia, and the government's response to the crisis ranked 128th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.5 million

GDP (PPP):
\$178.5 billion
-5.2% growth in 2020
5-year compound annual growth 1.2%
\$32,710 per capita

UNEMPLOYMENT:
6.8%

INFLATION (CPI):
2.0%

FDI INFLOW:
-\$1,930.0 million

PUBLIC DEBT:
60.7% of GDP

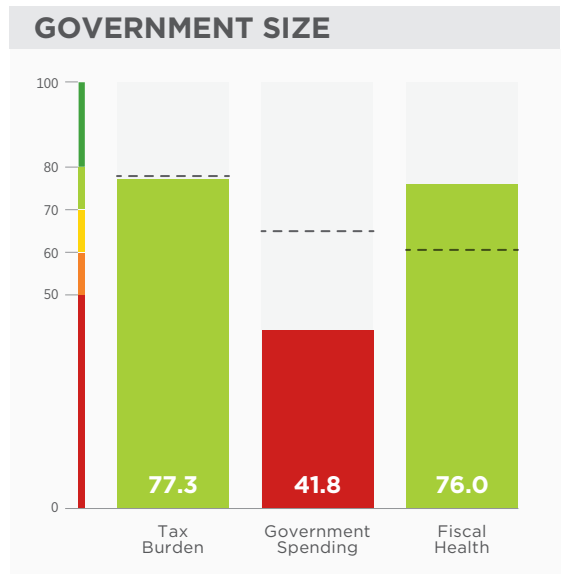
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After Slovakia gained independence from the former Czechoslovakia in 1993, market reforms made it one of Europe's rising economic stars. Slovakia entered the European Union and NATO in 2004 and the eurozone in 2009. In April 2021, Prime Minister Eduard Heger of the anticorruption Ordinary People and Independent Personalities–New Majority (OLaNO–NOVA) party took leadership of a four-party center-right coalition after the purchase of Russian vaccines led to the resignation of his predecessor. The 2018 murder of an investigative journalist sparked massive anticorruption protests and a backlash against the once-dominant center-left Smer party. Slovakia's first female president, independent Zuzana Caputová, was elected in 2019. The country's small, open economy is driven mainly by exports of automobiles and electronics.

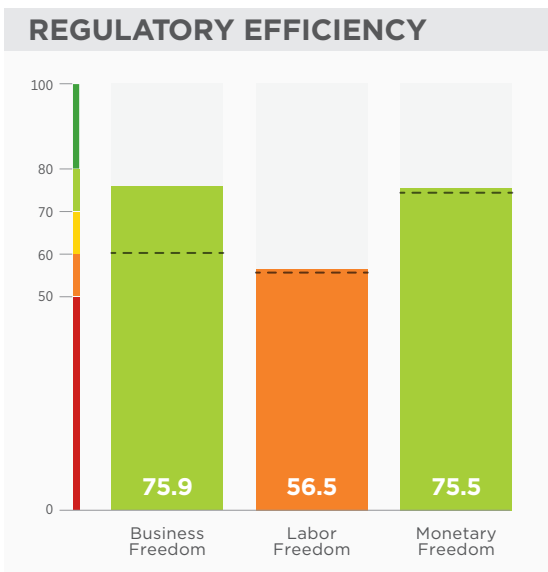
12 ECONOMIC FREEDOMS | SLOVAK REPUBLIC



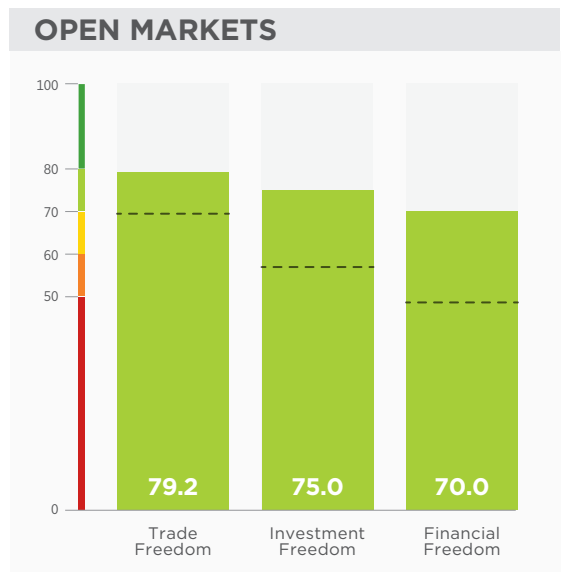
Although national cadaster data indicate that less than 10 percent of land has clear title, the legal framework recognizes and enforces property and contractual rights. The judiciary is constitutionally independent, but judges are vulnerable to political pressure, corruption, and intimidation. Legal decisions can take years. Corruption remains a problem throughout the private and public sectors. Bureaucracy lacks transparency, especially in public procurement.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 21 percent. Other taxes include value-added and property taxes. The overall tax burden equals 34.7 percent of total domestic income. Government spending has amounted to 44.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 60.7 percent of GDP.



The Ministry of Economy has promulgated more than 500 measures to decrease the administrative burden on businesses. In July 2020, the parliament approved more than 100 of these measures. Existing legislation will be reviewed regularly. Some changes, however, have made already burdensome labor laws even more burdensome. The government budget deficit in 2020 exceeded 6 percent of GDP, driven in large part by higher subsidies.



As a member of the EU, Slovakia has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Slovakia has an additional 44 country-specific nontariff barriers. Full foreign ownership is permitted in most sectors. The financial sector has undergone significant liberalization, and the banking sector remains relatively sound.