



Industrial and Technology Park

1. INDUSTRIAL AND TECHNOLOGY PARK EUROVALLEY

“Slovakia is the investors’ paradise of Europe”

Steve Forbes, Forbes Magazine, 11 August 2003





Industrial and Technology Park

1.1. EuroValley Park Profile

1.1.1. General Information

Based on a decision of the Slovak Government the new Industrial and Technology Park named Eurovalley has been recently established to accommodate the investors relocating their business to Slovakia.

The concept of this park is based on the geographic potential use (**The Golden Investment Triangle of Europe**) and large qualification potential (Bratislava, Vienna) for the development of high technologies and software industry.

The Eurovalley Park is open to every type of investment, however, special importance will be attached to high-tech productions, R&D-type activities, software, electronic and electrical engineering, micro-electro mechanic, automotive industry, logistics, medicine, food processing, wood processing, biotechnologies and other relatively “clean” productions and technologies.

The Eurovalley Park shall be prepared to accommodate the first investors as of January 2004. The concept of its development is based on the creation of a complex environment (“the world of 21st century”), in which research, production, leisure, and housing areas are harmonically provided and all of that in the exceptional local environment. The Eurovalley Park aims to develop the following activities within its area:

- Production
- Research & development, to be located mainly in a Technology Centre
- Business support services, hotel
- Leisure activities, such as an entertainment park and golf
- Housing area providing residences for employees of the Park’s companies.

Eurovalley, Inc.

In order to manage the development and day-to-day management of the Eurovalley Park was set up Eurovalley, Inc., a joint stock company that has been given an exclusive mandate to market Eurovalley Park. Eurovalley, Inc. seeks to provide full-scale services to the investors, such as investment development, engineering, marketing provision of R&D support, HR services, training, conference support, legal counselling, logistics, communication with local authorities, accommodation and many more.

In this effort Eurovalley, Inc. is co-operating with professional partners.

1.1.2. Geographical zones

The **Eurovalley Industrial and Technology Park** will cover a total area of 1,300 ha that is divided into several production zones. Given the size and the set-up, the Park is ready to



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accommodate the investments of all volumes, from small- to large-scale production facilities.

- *Zone A – Velké Leváre*

Locality features, available workforce and natural resources, technical infrastructure determined zone's orientation as ecologically and regionally acceptable large-scale production in branches as follows: electrical and electronic equipment production, informatics, glass production and automotive.

- *Zone B – Malacky – north*

Zone B is planned to be a technology area of the Park accommodating small and medium size manufacturers and also enterprises carrying out R&D activities. Zone is supposed to be a centre of the Park (services and administration centre).

- *Zone C – Malacky – south*

This zone welcomes medium size manufacturers requiring highly skilled workforce and sophisticated technologies from branches as follows: biotechnology, metal processing, wood processing, electrical and electronic equipment production and information technology.

- *Zone D – Malacky – Vaskova*

Zone D is planned to provide relax opportunities and be a residential, sport, entertainment and relax zone.

- *Zone E – Plavecký Štvrtok*

Zone's E orientation is determined mainly by geographical features and thus this zone is open for SME from branches as follows: logistics, transport services, warehousing.

1.1.3. Utility networks

The Eurovalley Park offers a possibility of connection to all necessary utility networks in sufficient capacities according to investors' requirements.

- Through the Eurovalley Park passes the optical fibre telecommunication line with high capacity (terra byte level) connecting Berlin-Prague-Bratislava-Vienna and Budapest.
- Water supply will be provided from two main water sources in adjacent area to the Park,
- Park will be networked with sewage treatment facilities in the town of Malacky and Plavecký Štvrtok,
- Electric energy supply will be provided from existing control room in Malacky town and one build in the Park,
- There are largest underground natural gas storage facilities in the whole western Europe are located on the adjacent areas to Eurovalley Park. In addition, transit gas pipelines are routed along the Park,
- Geothermal energy source is located close to the Eurovalley Park.



1.1.4. Reasons why to Invest in Eurovalley

- **Excellent business location** and the best communications on the main crossroads of the Central Europe (Direct highway connections to Austria, the Czech Republic and Hungary), easy access to main transport routes, hence to the EU market with 450 million people
- Eurovalley Park occupies exceptionally large area and the land will be provided for **symbolic price** - large plots available for sale and for rent
- **Settled property** and legal relations to the lands
- **Lands exempted from the fees** for the functional change of them (withdrawing from the forests and soil fund, lands are considered as an building plots)
- **All technical infrastructure** and utility networks routed into the Park in sufficient capacities according investors' requirements
- Eurovalley, Inc. aims to be an **One-stop shop** for all coming investors
- Excellent **development potential** of the region
- **Highly qualified** labour force available from universities and research institutes in Bratislava and West-Slovakia
- **Lowest labour cost** in the Central European region (the highest productivity of labor in accessing Visegrad Group countries)
- **Low tax** - 19% flat rate tax for all categories: corporate tax, VAT and the personal income tax
- **Investment incentives and state support:** for research intensive industries
- State funds for the re-qualification of the labour force, state subsidies for the creation of new jobs
- **Business friendly environment** – customs tax free technology import, entrepreneur friendly Labour Code, inward processing regime and more
- A **pleasant living environment** with excellent education, cultural and medical facilities in Bratislava and nearby cities such as Vienna
- The **positive development of macroeconomic features** of Slovakia (high GDP growth 4,4% in 2002, low inflation 3,3% in 2002. labour productivity growth 7,0%)
- An existing **industrial and research base** with a tradition in development and production of pharmaceuticals, chemicals, medical equipment and ICT
- For selected types, opportunity of providing the state **funds for the re-qualification** of the work force
- **R&D potential** – Bratislava has a high-class research in the fields of materials, cellulose and wood, chemistry, pharmaceuticals, polymere technology, electronics. Public research institutes also possess advanced knowledge in the areas of cybernetics, robotics, and informatics and hold the potential to move into medical industry.



1.2. Park Location

1.2.1. Strategic and cost effective location

Industrial and Technology Park EuroValley is situated in the south-western part of Slovakia, in **Bratislava region** and only 25 km in the north-west from the capital. This locality belongs to the so-called “**Golden Investment Triangle**” of **Bratislava – Vienna – Győr** - one of the most potential economic areas in Europe. The Park is located on the territories of several municipalities, concentrated around the town of **Malacky**. Malacky is the district town of the Bratislava region and is situated only several dozen kilometres from the border with Austria, Czech Republic and Hungary.

Located in the heart of Europe, Slovakia has an excellent links with the neighbouring Austria, Czech Republic, Hungary and Poland, in addition to corridors for East and South European trade. Key gas and oil pipelines run through Slovakia and the country has a modern, well-developed transport infrastructure to all major European cities and therefore Slovakia creates the opportunities for international cooperation. Additionally, new opportunities will arise when Slovakia joins European Union in May 2004.

1.2.2. Transport infrastructure

Air connection

Austria's main international airport, **Vienna-Schwechat**, is only 55 km from Malacky and as a result provides regular air connections for those travelling from Slovakia to European and global destinations. Regular buses and trains connect Bratislava with the airport. There is a military airport Kuchyna located near EuroValley, in a distance of approximately 10 km, which in the future can be used for small motor aircrafts and cargo.

Bratislava's airport of M.R. Štefánik keeping connection with Schwechat airport serves as backup and alternate option. Bratislava's airport operates 24 hours a day with all international standards and its qualified staff and modern technological resources allow the airport to serve the whole range of passenger and cargo traffic. It has 477 hectares and good climate conditions; the airport is ideally located to serve western Slovakia, the Vienna area and the Győr area of north-western Hungary.

Road connection

Eurovalley Park is crossed by **E 65 (D-2) highway**, and thus easily connected to important transport corridor (**Berlin-Prague-Bratislava-Vienna-Budapest**). The road infrastructure in the area of future EuroValley includes:

- highway D2 (E65)
- the road of the I. class I2,
- a class II road



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- internal roads in EuroValley

Moreover, future highway connection Vienna – Angern and new bridge in Marchegg and Angern is planned (Marchegg Bridge in 2004 and connection to E 65 (D2) highway in 2005-2006). This will make the transport distance from the Eurovalley Park to Vienna approx. 30 minutes to last.

Railway connection

The nearest railway stations of the **trans-European railway main line (Berlin-Prague-Bratislava-Vienna-Budapest)** are located in the town of Malacky (virtually in Eurovalley Park) and Zohor. Presently, this main line is modernized for the speed up to 200 km/h. The infrastructure of EuroValley assumes the construction of two factory railways, connecting the production zones of EuroValley with railway stations.

River connection

The Bratislava port provides access to the Black Sea in the east while the Danube – Mohan – Rhine canal connects the region with the Northern Sea.

All the mentioned transportation possibilities create an excellent market access from the Eurovalley Park to whole Europe.



1.3. Human Resources and Labour Force

1.3.1. Labour force availability

There are 393,755 people in productive age living in the Bratislava region and this region has large potential of low cost, skilled and flexible workforce. Although the unemployment level in Bratislava city and its surroundings reaches the lowest rate in Slovakia, it has a great potential in “producing” well-educated labour force. Over 40 per cent of all university students in Slovakia attend one of Bratislava’s three main universities. The Bratislava region has the biggest share of university graduates in Slovakia. Each year in Bratislava city approx. 8,000 university graduates receive diploma.

In addition, areas up north from Eurovalley Park (including Malacky, Senica and Skalica districts) record an unemployment rate close to 10 %. There are approximately 2050 unemployed people with university degree and 8461 with secondary education in the whole Bratislava region. Among all unemployed there are 4169 young job-seekers within 20-30 age group.

Restructuring and transformation have led to a high level of redundancy, as formerly state owned companies make themselves more competitive. Those companies were mostly oriented on electro technical production, engineering, electronics, and defence and chemical industry. Former employees of mentioned companies are creating great potential of highly skilled and readily available, well educated and experienced workforce for Eurovalley Park.

1.3.2. Labour cost

Low nominal wages of Slovak labour force is another important comparative advantage of the country. With wages approx. up to 30 percent lower than in Poland and Hungary or in the Czech Republic, Slovakia has the lowest labour cost in Central Europe. Additionally in relevant categories of workers groups are the differences much bigger, reaching 1:9 to 1:12 levels.

The average nominal monthly wage in Bratislava region as of June 2003 reached EUR 438 and in Malacky district EUR 393. This is above the national average, due to high concentration of financial and business entities in the capital Bratislava. The average monthly wages in manufacturing reached in this region EUR 511.

1.3.3. Labour productivity

The transformation process from command to market economy has forced restructuring in virtually every business sector in Slovakia. Nowadays, Slovak republic has the highest



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productivity of labour in accessing V4 countries (12.5\$ per hour, per worker average) and it is still seeing a solid growth level.

Bratislava region reaches the highest productivity among the other Slovak regions. Following factors contribute to its high productivity: the nature of its productive structure, a high density of small and medium size enterprises, high investment rates, greater foreign investors' presence and high concentration of university graduates. Labor productivity growth in 2002 and 2003 reached 3,9%, 7,0% respectively.



1.4. Investment incentives and advantages of doing business in Slovak Republic

1.4.1. Stable and pro-reform oriented government

The Slovak Government considers long-term foreign investment to be the key prerequisite of a rapid and successful implementation of several reforms, such as successful restructuring and privatization of the banking sector, restructuring and privatization of the electric energy sector or tax and pension system reform. To reflect the importance of this factor, the Slovak Government declared foreign direct investment as one of its priorities, fully aware of its potential and the benefits for the economy.

1.4.2. Business-friendly investment environment

Slovakia enjoys a high degree of political and macro economic stability. Its business environment has rapidly improved in the recent years. Slovakia has introduced these kinds of reforms:

- Realized reforms - restructuring and privatization of the banking sector and of the electric energy sector
- Ongoing reforms - tax system, social pensions system, health care system, legislation system (mainly law enforcement rule)

Moreover, Slovakia is planning to improve in administration field too. It plans to “cut the red tape”, simplify the rules and administration procedures. Basically said Slovakia is liberal, market oriented country that is supportive regarding the creation of new working positions.

1.4.3. Investment incentives

The Slovak Government provides a series of attractive incentives for both foreign and domestic investors. These include a stimulating tax credit system, together with cash grants for newly created working positions and for training:

- Tax credit system
- Employment grants
- Training grants

Legislation relevant to these investment incentives includes the Act on the State Aid No. 231/1999, the Act on Investment Incentives No. 565/2001, the Income Tax Act No. 366/1999 and the Employment Act No. 387/1996.



The tax credit system

The tax credit incentive has been fully accepted by the European Union and as a result Slovakia can currently offer certainty with respect to its tax based incentive package.

The Slovak tax credit system offers the benefit of up to 50 percent of the justified expenditures of investment outside the Bratislava region. In the Bratislava region the benefit can amount up to 20 percent of the justified investment expenditures. These tax credits can be applied for a period of up to 10 years.

To apply for tax credits is possible till the end of the year 2006, and it is officially processed through the Ministry of Economy or through the Regional Tax Offices. However, the withdrawal period of investment incentives (tax credits only) will probably end on 2016.

Employment Grants

Legislative Basis	Decision maker	Eligible recipients	Cash Grant amount
Act on Employment, No.387/1996	Local Labour Office	Registered unemployed persons	Up to 50% of the wage for one year
OR Act on Investment Incentives, No. 565/2001*	Government. Application to Ministry of the Economy	All employees of any company eligible for incentives under the Act*	Up to 160,000 SKK (4,000 € approx.) per job, depending on regional location

Source: SARIO Slovakia

Training Grants

Legislative Basis	Decision maker	Eligible recipients	Cash Grant amount
Act on Employment, No.387/1996	Local Labour Office	Registered unemployed persons	Up to 50% of the wage for one year
OR Act on Investment Incentives, No. 565/2001*	Government. Application to Ministry of the Economy	All employees of any company eligible for incentives under the Act*	Subject to a limit of 10,000 SKK (240 € approx.) per employee

Source: SARIO Slovakia



1.4.4. Other investment incentives

- The imports of technologies for the investment are free of Customs Tax
- New entrepreneur friendly Labour Code was passed recently by the Slovak Parliament
- Exemption of machinery and equipment from import duty specified in Customs Code Parts HS 84 and 85
- Zero import duty with EU countries since January 1, 2001
- Some investment incentives established by the Law on Support of the Establishment of the Industrial Parks (No. 193/2001)
- Inward processing regime - "Zušľacht'ovací styk". Inward processing regime (tool how to save a VAT) enables to pass through one or more processing operations within a customs territory for:
 - foreign goods intended for re-export from the customs territory in the form of compensating products without such goods being subject to import duties or commercial policy measures – suspension system,
 - goods released to free circulation regime with repayment or remission of the import duties chargeable on such goods, if they are exported from the customs territory in the form of compensating products – drawback system

1.4.5. The investment incentives in Bratislava region

As was mentioned above the investment incentives, according to the mentioned Law on investment incentives, is a form of individual state aid for development of Bratislava and other regions of Slovakia. Due to the fact, that GDP per capita in Bratislava region reaches over 75% of the average GDP per capita of EU countries, the state aid can amount up to 20% of the justified expenditures.

- **the tax credit** - in the Bratislava region the tax credit can amount up to 20 percent of the justified investment expenditures. Company is eligible for tax credit only if investing at least SKK 400 millions (EUR 9,5 millions).
- **employment grants** – as the unemployment rate in the region is lower then 10%, investors can apply for the grant at the volume of SKK 30,000 (EUR 732) per created job.
- **training grants** – these grants are at the same level (SKK 10,000 / EUR 240 per employee) for applicants from all regions in Slovakia.



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1.5. Useful information links

1.5.1. Governmental sites

The Slovak Republic Government Office:

<http://www.government.gov.sk/english/>

The Ministry of Economy of the Slovak Republic:

<http://www.economy.gov.sk/angl/angl.htm>

The Ministry of Finance of the Slovak Republic:

http://www.finance.gov.sk/mfsr/mfsr.nsf/vdb_News_E?OpenView&Count=6

The Ministry of Transport, Posts and Telecommunications of the Slovak Republic:

<http://www.telecom.gov.sk/english/index.php3>

The Ministry of Construction and Regional Development of the Slovak Republic

http://www.build.gov.sk/index_en.php

The Office of Land Surveyor, Cartography and Cadastre of the Slovak Republic:

<http://www.geodesy.gov.sk/> (Slovak version only)

The National Inspection Office of Labour of the Slovak Republic:

<http://www.safework.gov.sk/> (Slovak version only)

The Industrial Property Office of The Slovak Republic:

<http://www.indprop.gov.sk/english/ie.htm>

1.5.2. Other sites

Eurovalley Industrial and Technology Park

<http://www.eurovalley.sk>

SARIO – The Slovak Investment and Trade Development Agency:

<http://www.sario.sk/showdoc.do?docid=108>

Statistical Office of the Slovak republic:

<http://www.statistics.sk/>

National Labour Office:

<http://www.nup.sk/> (Slovak version only)

The Town of Malacky:

<http://www.malacky.sk/index1.htm> (Slovak version only)

Centre for Economic and Social Analysis – M.E.S.A. 10:

<http://www.mesa10.sk/en/>

FTSF - WEB Information Centre:

<http://www.fortrade.sk/WicWeb2/ic.asp>

Trade Point Slovakia:

<http://tps.amos.sk/index.php?lang=en&PHPSESSID=51e7bdc10deb295564c80fb370036b0c>

Bratislava – Self-governing Region site:

<http://www.region-bsk.sk/> (Slovak version only)



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Bratislava region site:

<http://www.vs.sk/kuba/index.htm> (Slovak version only)

National Bank of Slovakia:

<http://www.nbs.sk/INDEXA.HTM>

Squire, Sanders and Dempsey web site:

<http://www.ssd.com/>

Slovak Railway Company:

<http://www.zsr.sk/english/index.html>

Slovak shipping and ports, Joint Stock Company:

<http://www.spap.sk/english.htm>

The complete wording of the Acts

<http://www.zbierka.sk/?adc=no>

National Agency for the Development of Small and Medium Size Enterprises:

<http://www.nadsme.sk/>



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2. Eurovalley Profile





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2.1. Eurovalley – Industrial and Technology Park

2.1.1. General information

The Industrial and Technology Park Eurovalley represents an innovation incentive not only of regional but also countrywide importance. The concept of this park is based on the geographic potential use (**The Golden Investment Triangle of Europe**) and large qualification potential (Bratislava, Vienna) for the development of high technologies and software industry.

The concept of its development is based on the creation of a complex environment (“**the world of 21st century**”), in which research, production, leisure, and housing areas are harmonically provided and all of that in the exceptional local environment. The Eurovalley Park aims to develop the following activities within its area:

- Production
- Research & development, to be located mainly in a Technology Centre
- Business support services, hotel
- Leisure activities, such as an entertainment park and golf
- Housing area providing residences for employees of the Park’s companies.

In 3 five - year stages on an area of **1,500 hectares** the most modern complex of production and research capacities connected to a network of the social - cultural background will be constructed. Choosing this locality an investor will achieve unique benefits, created conditions for satisfaction of optimal investment goals.

The Eurovalley Industrial and Technology Park area is divided into several production zones. Given the size and the set-up, the Park is ready to accommodate the investments of different volumes, from small- to large-scale production facilities.

The Eurovalley Project is an excellent locality for the investors looking for their investment opportunities to establish an industrial production, business enterprise, or distribution channel in the Slovak Republic. Based on the market information Eurovalley locality is one of the most serious prepared projects in Slovakia. Eurovalley site is readily available for utilization depending on investors’ requirements.

The Park is located on the territory of several municipalities (Malacky, Plavecký Štvrtok, Veľké Leváre, Lozorno). The support from the state will be mediated by municipalities.

In order to manage the development and day-to-day management of the Eurovalley Park was set up **Eurovalley, Inc.**, a joint stock company that has been given an exclusive mandate to market Eurovalley Park. Eurovalley, Inc. seeks to provide full-scale services to the investors. The state support is also mediated via Eurovalley, Inc.



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Eurovalley Inc. was established by following founder-municipalities **Malacky, Plavecký Štvrtok, Veľké Leváre, Bratislava region** and a non-profit association, the **Eurovalley Council**. The Eurovalley Council operates as the initiator of the entire plan already from 1999 (individuals already from 1993) and represents the necessary professional and managerial potential. Individual Council members have experience in organizing the scientific – technology development, international relations, business and financial environments. The Eurovalley Council can act as a eligible organizer and beneficiary of international assistance from the EU pre-accession funds and EU structural funds in the later period.

The Eurovalley Inc. was established on June 5, 2002 and registered on August 8, 2002. The founders are:

- | | |
|---------------------------------|------|
| • Malacky municipality | 10 % |
| • Plavecký Štvrtok municipality | 10 % |
| • Veľké Leváre municipality | 5 % |
| • Bratislava region | 10 % |
| • EuroValley Council | 65 % |

Total shareholder's equity represents SKK 1 million.

The Eurovalley Park is open to every type of investment, however, special importance will be attached to high value-added productions, R&D-type activities, software, electronic and electrical engineering, micro-electro mechanic, automotive industry, logistics, medicine, food processing, wood processing, biotechnologies and other relatively "clean" productions and technologies.

Branches of industry

- | | |
|------------------------------|--|
| • Automotive industry | • Information and communication technology |
| • Construction materials | • Electronic engineering |
| • Pharmacy and biotechnology | • Energetic industry |
| • Engineering | • Food processing |
| • Logistics | |
| • Metal processing | |
| • Wood processing | |

Additional services

- | | |
|------------------------|-------------------------------|
| • Catering | • Auditing, proofing, testing |
| • Cleaning | • Human resources |
| • Engineering | • Additional services for IT |
| • Medical | • Public relations |
| • Constructing | • Others |
| • Industry maintaining | |

2.1.2. Location

Industrial and Technology Park EuroValley is situated in the south-west part of Slovakia, in Bratislava region and only 25 km in the north-west from the capital. This locality belongs to the so-called Golden Investment Triangle: Bratislava /Slovakia/ – Vienna /Austria/– Győr /Hungary/, one of the most potential economic areas in Europe. The Park is located on the territory of several municipalities (Malacky, Plavecký Štvrtok, Veľké Leváre, Lozorno, see figure No.1).

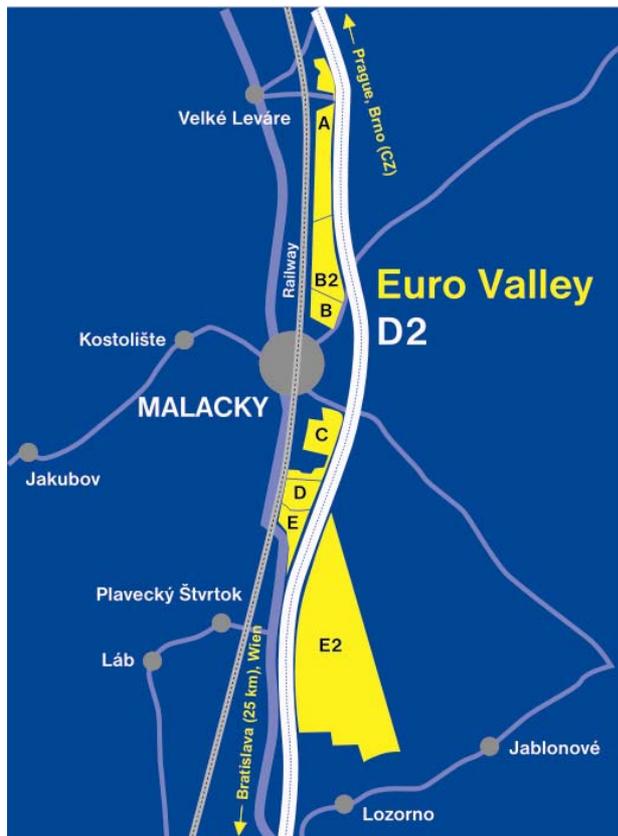


Figure No.1 – Euro valley location
Figure No.2 - Euro valley in Europe



The Eurovalley Park will cover a total area of 1,300 hectares that is divided into several production zones. It is located along the highway D2 (E65) Budapest – Bratislava – Brno – Praha between the crossings Malacky, Lozorno and Veľké Leváre.

2.1.3. Services and advantages

Eurovalley, Inc. as **one-stop shop** for all investors coming to the Park, aims to provide following **services**:

- Design of the concept and development of the Park EuroValley
- Marketing and negotiations with investors
- Park administration, relations with authorities at state, region and district levels
- Design and elaboration of studies and EU projects
- Development and cooperation with developers
- Construction and operation of the Technology Centre



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- Commercial activities
- Investment activities
- Marketing and financial consulting services
- Co-working with universities
- Requalification services

Additional services

- Research and development in high – tech centre
- Logistic and storage services
- Outsourcing
- Human resources
- Law and security services
- Conference support
- Medical centre
- Accommodation and food services

Why to invest in Eurovalley park:

- The most **cost-effective** business location at the cross-road of Austria, Czech Republic, Slovak Republic and Hungary
- The best communications on the main crossroads of the Central Europe (Direct highway connections to Austria, the Czech Republic and Hungary)
- **Symbolic prices** of land in the Eurovalley Park (lands are considered as an building plots)
- Lands exempted from the fees for the functional change of them (withdrawing from the forests and soil fund)
- All technical infrastructure and utility networks routed into the Park in sufficient capacities according investors requires
- Eurovalley Inc., designed to be a **one-stop shop** for investors coming to the Park
- Project documentation considering the future use of the land up to the level of the regulations on construction
- Settled property and legal relations to the lands
- **Highly qualified labour** available from universities and research institutes in Bratislava and West-Slovakia
- An existing industrial base with a tradition in development and production of pharmaceuticals, chemicals, medical equipment and ICT
- State subsidy for the creation of new jobs
- **Investment incentives** and state support for research-intensive industries
- For selected types, opportunity of providing the state funds for the re-qualification of the work force
- A pleasant living climate with excellent education, cultural and medical facilities in Bratislava and nearby cities such as Vienna
- Large plots available for rent and for sale



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2.1.4. Condition and support for doing business in EuroValley

Conditions for doing business in EuroValley

Investors - founders

Investors – founders play an important role at the start of the entire intention to build the Industrial - Technology Park EuroValley and at the actual introduction of the first investors and clients to the activities of the Park.

The founding investor has an important role also in the sense of the Act on the support for establishment of industrial parks as he creates conditions for allocation of the financial assistance from the state, municipality and for transfer and lease of land from the Land Fund of the Slovak Republic.

The corresponding obligations, rights and benefits also characterize this position. The founding investor in contracts with the municipality and the management company undertakes to provide:

- a) documentation of own identification,
- b) a binding declaration,
- c) a submission of business plan, which must include:
 - The subject matter of business of the company, in match with the orientation of the Park;
 - Number of employees;
 - Amount of investment and a confirmation of the arrangement of these financial resources;
 - Assumed volume of production, a 5 years outlook;
 - System of subcontractors relations (% of assumed domestic - Slovak subcontractors),
 - Export output (the assumed share of export in percent);
 - Calculation of the investor's impact on the region (mainly development of economics and infrastructure of the region, reduction of the unemployment, contribution to public finance).

Other investors

Having established the EuroValley, they will have a permanent interest in the development of the Park and in this case they will have an interest to attract investors without limitation of the amount of the investment, but on the condition that particular investor will comply with the orientation of the Park.

Lessees

Lessees are companies, interested in doing business in the Park, but not disposing of sufficient funds for investment, but having a business plan in accordance with the orientation of the Park. These can be in the majority small manufacturers, trade or service



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companies. These companies can rent offices, production or commercial space from the developers.

Support for the small and medium size businesses

Eurovalley Park aims to attract mainly small and medium size enterprises (SME), which can be provided with the state aid.

State support programs

State support programs are implemented by the Ministry of Economy of the Slovak Republic and mediated by the National Agency for the Development of Small and Medium Size Businesses (NADSME). NADSME provides small and medium size entrepreneurs with complex services using the network of The Regional Advisory and Information Centre (RAIC). Investors established in the Eurovalley Park will be provided with services by RAIC in the town of Malacky.

Regional Advisory and Information Centre (RPIC) Malacky

For the implementation of the support programs for SME, the association Council EuroValley together with the town Malacky established RAIC Malacky as a non-profit organization, based on the partnership of the public and private sectors. The main mission of RAIC Malacky is to provide with complex advisory, information and education services mainly two key groups of clients:

- Through the Incubator for the small and medium size enterprisers for starting their businesses,
- For the existing small and medium size businesses, which need to implement their business plans or have an interest to extend the scope of their business activity.

Incubator Malacky

Incubator Malacky will provide starting entrepreneurs with assistance and services for small innovative firms, and help to reduce this way the necessary costs of the business start up. The intention of the Incubator is to create suitable conditions for university graduates for their work in EuroValley.

Benefits for developers and large investors

A developer has benefits:

- The option to conclude a long term framework agreement with the management company EuroValley Inc. in the area of design and realization of priority facilities in the certain Park zone;
- Developers based or registered in the Slovak Republic in accordance with the Slovak law can become owner of land and constructed real estate.
- Within the development of the Park, Euro Valley offers to investors and developers a lease of construction land for a symbolic price. The concrete price will be negotiated.



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Lease of business space

Lease price of business space depends mainly on equipment and location of the building, purpose of its use, on access roads and other factors.

Office space, for instance in the centre of Bratislava, is offered for 3.500 - 6.000,- SKK/m² per year. Production and storage facilities in Senec (20 km from Bratislava) for 1.100,- SKK/m² per year.

For Eurovalley we calculate the price of lease of office space in TCP (equipped with modern computing and communication technology) representing approximately SKK 1.000 - 1.500/m² per year, which is a very attractive price for a Park located close to Bratislava. Production space will have the price of approximately SKK 500 - 750/m² per year.

The price of lease in the neighbouring Czech Republic in Brno for office space is CZK 1.600 - 2.700/m² per year (SKK 2.000 - 3,500/m² per year). The lease of production and storage space represents CZK 1.000 - 1.950/ m² per year (in SKK 1.400 - 2.800/m² per year).

Average price of construction and building works

Pricelists of building works represent a very voluminous document and detailed information is available at www.cenekon.sk.

Waste and recycling fund

In order to protect the environment the Act no. 233/2001 Coll. regulates the obligations of legal entities for manipulation with waste and establishes the Recycling Fund, into which producers and importers are obliged to contribute a certain contribution. The calculation is prepared on the basis of the Act.

Summary of Support Arguments

- settled property and legal relations to the lands
- providing of land for symbolic price
- lands exempted from the fees for the functional change of them (withdrawing from the forests and soil fund)
- technical infrastructure on the border of the interest locality in sufficient capacities
- project documentation considering the future use of the land up to the level of the regulations on construction
- state subsidy for the creation of new jobs
- for selected types, opportunity of providing the state funds for the re-qualification of the work force
- for certain types of investments, tax optimization guaranteed by the state
- offer of complex service of the administration company of the Park in the following areas – design, human resources, legal, economy, investment, operational.



2.2. Geographical Zones in Eurovalley

- A – Veľké Leváre
- B – Malacky – north
- C – Malacky – south
- D – Malacky – Vasková
- E – Plavecký Štvrtok

Intersection and connection of geographical and functional zones will be available in accordance to investor's requirements.

2.2.1. Zone A – Veľké Leváre

Zone utilization philosophy

According to the features of locality, natural resources and workforce available and from the technical infrastructure point of view, zone A orientation is as follows: ecologically and regionally acceptable production focusing on large-scale production facilities.

Infrastructure

- Transport infrastructure
 - Access to railway (siding)
 - Access to highways, roads and sidewalks
- Electric energy
- Telecommunication – connection to digital centre
- Water distribution available
- Sewage and drainage water canalizations
- Gas distribution

Industry branches

- Electrical and electronic equipment production
- Informatics
- Glass production
- Automotive equipment
- Other

2.2.2. Zone B – Malacky - north

Zone utilization philosophy

According to location and functional interactions, zone B is considered as a technology area of the Park. Furthermore zone B is mostly open for small and medium size producers, especially those oriented on research and development intensive activities. Zone is



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supposed to be the advanced centre of the Eurovalley Park (service and administration centre, etc.)

Infrastructure

- Transport infrastructure
 - Access to highways
 - Roads and sidewalks
- Electric energy
- Telecommunication – connection to digital centre
- Water distribution available
- Sewage and drainage water canalizations
- Gas distribution

Industry branches

- Electrical and electronic equipment production
- Micro-Electro technical engineering
- Information technology, Informatics
- Research and development
- Biotechnology
- High-tech
- Other relatively “clean” technologies

2.2.3. Zone C – Malacky - south

Zone utilization philosophy

According to the location and connection possibilities with production zones in Malacky and potential of the town closeness, small and medium size manufacturers requiring highly skilled workforce and sophisticated technologies are welcomed in zone C. Trade and services are considered to be located in this zone, too.

Infrastructure

- Transport infrastructure
 - Access to railway (siding)
 - Access to highways and sidewalks
- Electric energy
- Telecommunication – connection to digital centre
- Water distribution available
- Sewage and drainage water canalizations
- Gas distribution

Industry branches

- Wood processing
- Electrical and electronic equipment production



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- Information technology
- Rubber and plastic
- Biotechnology
- Metal processing

2.2.4. Zone D – Malacky - Vasková

Zone utilization philosophy

Zone D is planned to provide relax opportunities. Furthermore the concept is based as a residential, sport, entertainment and relax zone. Zone D is open to all investors' companies related to those branches. Zone D is also particularly considered for trade, services and administrative utilization.

Infrastructure

- Transport infrastructure
 - Access to railway
 - Access to highways, roads and sidewalks
- Electric energy
- Telecommunication – connection to digital centre
- Water distribution available
- Sewage and drainage water canalizations
- Gas distribution

2.2.5. Zone E – Plavecký Štvrtok

Zone utilization philosophy

Zone E orientation is determined mainly by geographic features. Thus, this zone is open for SME companies with business profile related to storage, warehousing, logistics, transport and interface services.

Infrastructure

- Transport infrastructure
 - Access to road I2
 - Access to highways
 - Roads and sidewalks
- Electric energy
- Telecommunication – connection to digital centre
- Water distribution available
- Sewage and drainage water canalizations
- Gas distribution



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Industry branches

- Logistics
- Transport services
- Warehousing
- Other

2.2.6. Technology centre of the Park

A modern building of a modular type, in which the following units will be located, will represent the technology centre of Eurovalley:

- Research-development labs
- Certification and testing labs
- Spin-off incubator
- Office space for lease
- Workshops for lease
- Conference rooms
- Conference hall
- Restaurant and a snack bar
- Library and service room
- Software house
- Operation of the outsourcing portal and e-commerce portal



2.3. Utility Networks

2.3.1. Telecommunication networks

Through the Eurovalley territory passes the optical fibre telecommunication line **Berlin-Prague-Bratislava-Vienna-Budapest** with a high capacity (Terra Byte level). A telecommunication node is under construction near Plavecký Štvrtok, which will provide firms in Eurovalley with a high-speed telecommunication connection. Besides fixed telecommunication lines also radio connection using free frequencies is assumed.

2.3.2. Water supply

General

There are two main water sources in close surroundings of the Eurovalley Park, in the town of Pernek (DN 400 conduit) supplying the town of Malacky and in Pavecký Štvrtok (DN 500 conduit). Both conduits are crossing the area of the Eurovalley Park.

Drinking water

The core professional activity of the state owned enterprise ZSVAK is the drinking water supply. The state owned enterprise manages and operates in the territory of the Western Slovakia region water pipelines in 63% of municipalities in the region and supplies 76 % of the population in this region, i. e. 1 130 181 inhabitants. For supply are available water sources with a total capacity of approximately 11 cubic meters per second, of which presently only approximately 30 % are used. Water production and consumption starting from 1990 is permanently reducing, in average by 2 - 3% per year. The present total per capita water consumption represents 190l/person/day. The average consumption only for population represents 115 l/person/day.

For individual households the calculated average consumption can be higher or lower, even close to the hygiene minimum. Individual consumptions of inhabitants are metered on water meters installed according to the type of real estate for individuals or legal entities. In residential areas the invoicing of water consumption will be performed according to water meter readings installed for individual houses or for a group of houses.

Utility water

In addition the area of Eurovalley Park has a **great potential of ground water**. Planned installation of manholes in the Park and its surroundings will meet all investors' requirements for utility water supply with minimum expenses.



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2.3.3. Sewage and drainage water network

Mentioned area of Eurovalley Park will be networked with sewage treatment facilities in Malacky and Plavecký Štvrtok, depending on zones distances to related facilities. Sewage and drainage water will be leaded away separately. Collected drainage water will be utilized for fire main services, greenery water supply etc.

2.3.4. Electric energy

Electric energy supply will be provided from existing control room in Malacky town (110/22kV, working capacity 1 x 40 MVA), that will be rebuilt and extended for future Eurovalley Park needs. Another control room in zone A (110/22kV, working capacity 2 x 40 MVA) and related 110/22 kV equipments upon investors' requirements will be built directly in the park area.

The Západoslovenská energetika company makes efforts to provide its customers with global services, from processing of a customer request through design, installation of the distribution device even to connecting and then a possible trouble-free distribution of electric energy into households, different smaller as well as larger companies. They are making efforts to increase the quality of their services and provide new products, which to a higher extent can satisfy customer's needs.

2.3.5. Gas pipeline

The **largest underground natural gas storage facilities (Láb)** in the entire Western Europe are located on the adjacent areas to EuroValley. Additionally Eurovalley Park area is bordered by couple of transit gas pipelines with various capacities. Those will be used for building of gas network supplying the park. Hence, supplying investors based in the Eurovalley Park with natural gas doesn't seem to be a difficulty.

2.3.6. Source of thermal energy and hot water for industrial purposes

There is an unused geothermal energy source which is located close to the Eurovalley Park. Future building-up and utilization of this source is planned. This potential will make a geothermal energy opportunity available.



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2.4. Eurovalley Project Team

The Eurovalley project is being prepared and implemented with participation of:

- Dipl. Ing. Ivan Kočíš, PhD., (Bratislava) the Board of Directors Chairman
- Juraj Lettrich, executive director
- Milan Vaškor, (Plavecký Štvrtok) has been elected the Supervisory Board Chairman
- Supervisory Board members are also Ľubomír Roman, (Bratislava) Chairman of Bratislava region,
- Mayor of Malacky and mayors of particular municipalities.
- Approx. 40 experts from different fields, e.g. marketing, PR, law etc.

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2.5. Transport Infrastructure

2.5.1. General features

Industrial and Technology Park Eurovalley is located in the south-western part of Slovakia, in **Bratislava region** and only 25 km to the north-west from the capital Bratislava. This locality belongs to the so-called **Golden Investment Triangle: Bratislava – Vienna – Győr**, one of the most potential economic areas in Europe. The Park is located on the territories of several municipalities, concentrated around the town of Malacky. Malacky is the district town of the Bratislava region and is situated only several dozen kilometres from the border with Austria, Czech Republic and Hungary. This strategic location is reinforced with well-developed transport infrastructure in the region.

Slovakia is situated on a crossroad of commercial trails and has an important transit position. Located in the geographic centre of Europe, Slovakia has excellent links with the neighbouring Austria, Czech Republic, Hungary and Poland, in addition to corridors for East and South European trade. Key gas and oil pipelines run through Slovakia and the country has a modern, well-developed transport infrastructure to all major European cities and therefore Slovakia creates the opportunities for international cooperation, and new possibilities will arise when Slovakia becomes a regular EU member in May 2004.

Infrastructure

Although each Slovak region has different geographical characteristics, the transport infrastructure extends to every part of the country. Railways connect virtually every significant Slovak city and town, while the existing highways and those under construction link the entire country with the European road network.

Table No.10 - Basic data on the transport network (in km)



Indicator	2002
Length of railway lines in total	3,655
Length of highways, 1 st , 2 nd , 3 rd class roads	17,735
Total length of inland waterways	172

Source: Statistical Office of Slovak Republic

Important distances

The distance of Eurovalley from large towns and international airports and ports:

- Bratislava 35 km
- Vienna (via Záhorská Ves/Angern) 60 km
- Győr 100 km
- Bratislava – Airport 40 km
- Vienna – Airport Schwechat 60 km
- Brno 100 km
- Budapest 230 km
- Miskolc 405 km
- Roma 1,210 km
- München 546 km
- Berlin 730 km

2.5.2. Airports

Figure No. 11 – International airports in Slovak republic



There are six international airports in Slovakia serving the entire country (figure No.11). While **Bratislava's Milan Rastislav Štefánik Airport** (approximate distance 40 km from Malacky) and the Košice International Airport offer the most regular service to international destinations with developed passenger traffic and freight services, Slovakia's other airports are available for charter service.



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There is a military airport Kuchyňa located near EuroValley, in a distance of approximately 10 km, which in the future can be used by EuroValley based investors, for small motor aircrafts and cargo.

Austria's main international airport, **Vienna-Schwechat**, is only 55 km from Malacky and as a result provides regular air connections for those travelling from Slovakia to European and global destinations. Regular buses and trains connect Bratislava to the airport.

The Budapest Airport, located 250 km from Bratislava, is another alternative. It is also possible to use the airport Ruzyně Prague in the Czech Republic, which has a regular connection with the Airport of M.R. Štefánik Bratislava.

Bratislava's airport of M.R. Štefánik keeping connection with Schwechat airport serves as backup and alternate option. Bratislava's airport operates 24 hours a day with all international standards and its qualified staff and modern technological resources allow the airport to serve the whole range of passenger and cargo traffic. It has 477 hectares and good climate conditions; the airport is ideally located to serve western Slovakia, the Vienna area and the Győr area of north-western Hungary.

In 2001, the airport served 293,236 passengers, a number which has increased significantly in 2002 thanks to the start of SkyEurope airlines, a low cost central European carrier with its base in Bratislava.

Companies: Slovak Airlines, SkyEurope Airlines, Czech Airlines, Air Slovakia, Hernus Air, LOT, and Tunisair.

Regular destinations: Košice, Poprad, Prague, Moscow, Venice, Kuwait City, Leipzig, Sofia, Split, Tel Aviv, Tunis, Warsaw and Larnaka.

2.5.3. Road network

Figure No. 12– Road system in Slovakia at the present



Slovakia's highway network has **297 kilometres** (figure No.12) and numerous highway projects are being currently implemented or are in development. There is an additional 658 kilometres of Class I roads connecting international corridors. The complete highway system across the whole territory of Slovakia will be completed in accordance with governmental policy, which is considered as one of its priorities.



Eurovalley Park is crossed by **E 65 (D-2) highway**, and thus easily connected to important transport corridor (**Berlin-Prague-Bratislava-Vienna-Budapest**).

The road infrastructure in Eurovalley includes:

- The section of the highway D2 (E65) with two lines in each direction. Connection of the internal roads of Eurovalley with the highway will be created by three highway crossings: Malacky (already existing), the north zone of Eurovalley; close to the municipality Plavecký Štvrtok,
- The road of the I. class I2,
- A class II road, connecting the town of Malacky with surrounding municipalities, Plavecký Štvrtok, Láb, Lozorno and further direction to Bratislava;
- Internal roads in Eurovalley together with adjacent pathways and cycling roads.

The Bratislava region is connected to the Czech Republic and Hungary by the E 65 (D-2) highway, to Austria by the E 75 (D-61) and to Poland and the Ukraine by the E 57. The I. class roads present a road net I/2 border with Hungary – Bratislava – border with CR, I/61 – border of Austria – Bratislava – Žilina and I/62 Senec – Sládkovičovo – Nitra.

2.5.4. Railway network

Figure No. 13 – Map of the main routes of the railway system and ports



Slovakia has an extensive, mostly electrified rail network covering the whole territory. Large rail yards ensure efficient handling of cargo. Slovakia's railway network is modern, well maintained and serves the entire country. With 3,665 kilometres of track, almost all of which fully meets international standards, virtually every Slovak city and town is accessible by rail

transport. Present level of railway network is shown in figure No. 13.

The nearest railway stations of the **trans-European railway main line (Berlin-Prague-Bratislava-Vienna-Budapest)** are located in the town of Malacky (virtually in Eurovalley Park) and Zohor. Nowadays, this main line is modernized for the speed up to 200 km/h. The infrastructure of EuroValley assumes the construction of two railways, connecting the production zones of EuroValley with railway stations.



Bratislava has a railway connection to Vienna through Devínska Nová Ves – Marchegg and Petržalka – Kittsee.

2.5.5. River transport

South-western regions of Slovakia enjoy boat transport on the Danube and there are also plans to expand the river transport to the northwest of the country.

The Bratislava port provides access to the Black Sea in the east while the Danube – Mohan – Rhine canal connects the region to the Northern Sea. The port provides facilities for pleasure craft as well as acting as a cargo transportation hub. The Danube ports provide also of a part of output of maritime and coastal transportations, which can represent a great benefit for investors, mainly to and from overseas.

All these easily available transportation possibilities create a very good market access from Malacky to whole European territory.

2.5.6. Transport options and costs

The most used transport options for companies to reach the market are transportation by train and trucks. Table No. 11 shows short overview of transportation costs from Eurovalley Park to some chosen destinations.

Slovak Railway Company offers discounted prices if private wagons are used for products transportation.

Table No.11 – Transportation costs from Eurovalley Park

Vehicle	Train *		Trucks **	
Target destinations	Distance (km)	Price (€/t)	Distance (km)	Price (€/t)
Roma	1,286	80.8	1,300	60.26
Trieste	692	59.7	650	36.33
Berlin	709	56.1	750	30.97
Hamburg	973	73.0	1,000	37.79
Amsterdam	1,420	107.8	1,350	45.47
Average price per km	0.076 €/t/km		0.043 €/t/km	

Source: R.B.M. Production, based on the data of transport services providers

* - based on the prices of state owned railway transport company Zeleznicna spolocnost, Inc. (price for two-axled wagon of max. 25 t loading capacity). Discount possibility if private wagons are used (15-18 %)





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** - based on prices of several transport services providers in the Slovak Republic (prices for LKW up to 24 t).





2.6.Economy

2.6.1. Economy structure and performance

Economic performance varies significantly among Slovakia's regions. While the Bratislava region has per capita GDP levels approaching some areas of the European Union, economic factors create a high degree of variation between the regions. Today, the GDP per capita of the Bratislava region is comparable to that of Spain, and the region has created a broad space for development activities, as well as business.

The Bratislava region is the smallest and most highly developed of all Slovakia's regions. It is outstanding in the Slovak context. With about 11% of Slovak population, it generates more than 23% of Slovak GDP. GDP per capita reaches twice the level of the national average and more than three times that of the poorest Slovak region. The economic performance of the Bratislava region is heavily based on constant inflow of FDI, about 16% of its workforce are employed in companies that are co-owned by foreign investors.

Industry in the region includes all major sectors. Compared with other regions in Slovakia, these sectors are densely concentrated in Bratislava. Leading sectors are banking and manufacturing. Seventy percent of industrial employees of the region work in Bratislava. The south of the region specializes in industries that are agriculturally related. A successful automotive cluster in the north of the city is regarded as a role model for restructuring the industry with the help of foreign investors. The main industrial sectors are chemical, automotive, machinery, electro-technical and food processing. Those sectors utilize advantages of the region – high qualification of employees, developed transport and technical infrastructure, strategic location, active foreign trade and a high demand for goods and services. Trade and services dominate industrial production in the Bratislava region.

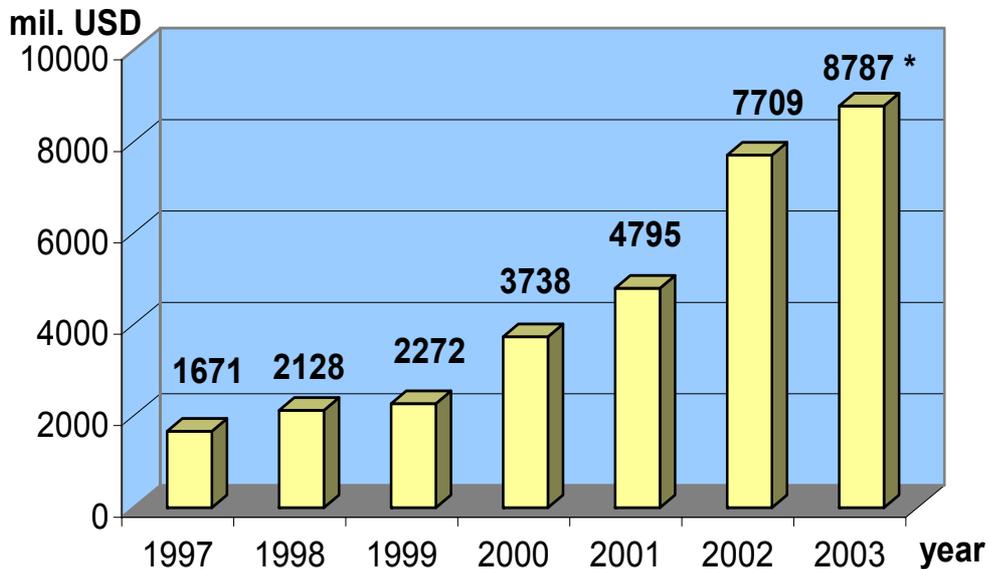
This results in wide range of development in economic and cultural cooperation, the labour market, circulation of goods and capital and tourism.

2.6.2. FDI performance and reference

FDI inflow into Slovak Republic reached a new high of USD 4,040 mil. in 2002. The major investors originate from Germany (24%), Netherlands (15,9%), Austria (14,2%), Italy (8,7%) and France (7,2%). According to industry breakdown, the major recipients are manufacturing (37,3%) and financial sector (23,4%). FDI inward stock data are given in the figure No.14.



Figure No.14 – FDI inward stock in Slovak Republic (1997-2003)



Source: based on National Bank of Slovakia's data
 * As of June 30

Many significant European and global companies have taken advantage of Slovakia's favourable conditions and used the opportunities offered by the country to establish their business for serving the CEE, as well as EU market.

Major foreign investors in Slovakia include:

US Steel, Molex, Volkswagen, PSA Peugeot Citroen, Delphi, Johnson Controls, Eissmann, Lear Corporation, Leoni, IBM, Dell Computer Corporation, Fujitsu, Samsung, Samsonite, Coca-Cola, Whirlpool, Johns Manville, Embraco, Osram, ON Semiconductor, Plastic Omnium, Swedwood, Henkel, Siemens, Deutsche Telecom, Sony, Schule, Heineken, South Africa Breweries, Alcatel, Rajo, Andor, Kappa, Yazaki, and many others.

Investment in Bratislava region

Bratislava region is the major FDI recipient in the country. It received over 70% of inward FDI into the country. Total volume of FDI allocated in Bratislava region by June 30th of 2003 reached USD 6,367 mil (see table No.12). Industry in the greater Bratislava area is diverse and highly concentrated, with almost 70% of all industrial workers employed here. There is a successful automotive cluster in the north of the region and the southern part of the region specializes in ancillary industries for the agricultural sector. Economically, socially and scientifically, the region has huge potential for development. It is the driving force behind Slovakia's economic expansion, its success having a positive knock-on effect on the rest of the country.





Table No.12 - FDI statistics in Bratislava region (mil. of USD)

	2001	2002	2003
FDI inward stock	3,011	5,519	6,367
Share of Slovak FDI %	62,8	71,6	72,5

Source: National bank of Slovakia

The accessibility of the area, a well developed infrastructure and a highly skilled and educated labour force make this region a favourite location for many investors. The majority of companies involved in manufacturing, trade and services are established in Bratislava. The list of major foreign investors in this region is shown below.

Table No. 13 – Established foreign direct investors in Bratislava region

Company	Location	Country of Origin	Sector
Asparagus	Veľké Leváre	Austria	Agriculture
Eurotel Bratislava	Bratislava	USA / Germany	Telecommunications
Baumit	Bratislava	Austria	Construction
Coca-Cola Beverages Slovakia	Bratislava	USA	Food processing
Volkswagen Bratislava	Bratislava	Germany	Automobile
IBM Slovensko	Bratislava	USA	IT
Bull Slovakia	Bratislava	France	IT
Fujitsu Services Slovakia	Bratislava	UK	IT
Swedwood Slovakia	Bratislava	Sweden	Wood processing
ABB Elektro	Bratislava	Switzerland	Electrical engineering
Otis Výťahy	Bratislava	Italy	Engineering
Schneider Electric Slovakia	Bratislava	France	Power processing
Word	Bratislava	Germany / France	Food processing
Delphi Automotive Systems Slovensko	Bratislava	USA	Automobile
Henkel	Bratislava	Austria	Chemicals
Holcim	Rohožník	Switzerland	Construction
Johnson Controls International	Bratislava	USA	Automobile
Rajo	Bratislava	Austria / Germany	Food processing
Slovnaft	Bratislava	Hungary	Chemicals

Source: SARIO Slovakia





Table No. 14 – Established foreign direct investors in Malacky district

Company	Location	Country of Origin	Sector
Johnson Controls International	Lozorno	USA	Automobile
Asparagus	Veľké Leváre	Austria	Agriculture
Holcim	Rohožník	Switzerland	Construction
Pepsi-Cola Beverages Slovakia	Malacky	USA	Food processing
Volkswagen Lozorno	Malacky	Germany	Automobile
Tower Automotive	Malacky	USA	Automobile
Plastic Omnium Auto Exteriors	Lozorno	France	Automobile
Inergy Automotive Systems	Lozorno	France	Automobile
Saint-Gobain Sekurit Slovakia	Lozorno	France	Automobile
Lear Corporation	Lozorno	USA	Automobile

Source: R.B.M. Production

2.6.3. Success stories in Slovakia

As mentioned above, many foreign investors have already recognized the business opportunities that Slovakia offers in the area of manufacturing, R&D or strategic services. Here we present some of foreign investors' success stories:

Volkswagen

Volkswagen Slovakia was established in 1991. Since December 1994 the company has been a wholly-owned subsidiary of Volkswagen AG. The two plants, in Bratislava and Martin, employ approximately 9,000 staff. The Slovak facility recorded a 23,5% increase in revenues in 2002. To date, Volkswagen has invested approximately 1,1 billion euros in the Slovak Republic. The production structure for 2003 includes VW Touareg, VW Polo, Seat Ibiza, VW Golf, VW Bora 4Motion, and their derivatives. The company ended last year with a foreign trade balance surplus of SKK 33,09 billion. It produced 225,442 cars, 301,435 gearboxes, and 18,22 million components. The output totalled EUR 2,569 billion and the company's export sales reached SKK 108 billion.

Delphi

Delphi, the largest global producer of auto components, has been operating in Slovakia since 2001. Company employs over 2100 people. Slovakian manufacturing facility produces for VW and Porsche automotive facilities located in Central Europe.

Whirlpool

In 2002, Whirlpool Slovakia became one of ten Whirlpool locations worldwide with an initial capacity of 97,000 washing machines. Whirlpool's production in Slovakia is projected to reach 1,5 mil. washing machines in 2003 and 2 mil. by 2005, making this production facility the Whirlpool's largest one worldwide. In 2002, Whirlpool announced it would move





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production of high-end washing machines from France to Slovakia. The company also moved production from a plant in Poland to Slovakia in order to expand its activities in Slovakia and take advantage of both its low-cost and very effective labour force. The company noted that the quality of its products made in Slovakia is better than that of any of its other facility in Europe including those in Germany and Italy.

Samsung Electronics

In July 2003, SAMSUNG Electronics announced completion of the production plant in Slovakia, which is emerging as the core base in Europe, and the company is now concentrating on market advancement in Central and Eastern Europe and the EU. With the advancement into Slovakia, SAMSUNG Electronics is now in a position to secure one of the most competitive production bases in Europe and an advantageous position over the competition in terms of expansion into the European market.

The Slovakia plant of SAMSUNG Electronics is located in Galanta City, about 70km away from its capital Bratislava, and has the production capacity of 500,000 CDT and TFT-LCD monitors per month on a site of approximately 140,000m².

Molex

In May 2000, Molex, the largest U.S. greenfield investment in Slovakia, started construction of its facility in eastern Slovakia, which was finished in December 2000. The American electro-technical producer has witnessed rapid growth in Slovakia, and its employment figures have increased from an initial 200 employs to 620 today.

Avent and Kimberly-Clark Health Care

Avent Slovakia is a subsidiary of Avent Inc. U.S.A. and Kimberly-Clark Health Care U.S.A. The Avent employees' focus on production of surgical gowns, which gave different protection levels. Additionally, they produce general surgery equipment, for example, universal packs, U-bar packs, vein stripping packs, ceolioscopy packs, laparotomy drapes, and breast-chest drapes etc. It started its operations in Slovakia in 1996, leased a new plant in 2000 and expanded again in 2003. It began with 137 employees; assumption for 2003 is 750 employees.

ON Semiconductor

ON Semiconductor, a global supplier of high-performance power and data Management Integrated Circuits as well as standard semiconductors. ON Semiconductor opened its new Wafer Fab in Slovakia in 1999 and the year after the opened a Design Centre in Slovakia's capital, Bratislava. Since that time, the company has expanded by opening the European Customer Service Centre in the country and constructing another Wafer Fab.

Heineken

Heineken entered Slovakia in 1995 by acquisition of Hurbanovo's brewery Zlaty Bazant. Another breweries acquired by Heineken in the following years were Corgon, Martiner and Gemer. Heineken Slovensko a.s. invested over 4 billions SKK since 1995 in Slovakia. They were invested to modernize, to new technologies and to the development in order to





produce articles of the highest quality. The market share of Heineken Slovensko a.s. was in 2002 42,6% on the Slovak market.

2.6.4. Cost of utilities

Utilities costs in Slovakia make the business environment more attractive and production less expensive than in the countries of western and central Europe. Table No. 15 shows short overview of average utilities costs in Slovakia as of January 2003.

Table No.15 - Cost of utilities as of January 2003

Electricity – average price in €/MWh			
Region	Very high voltage (over 52 kV)	High voltage (from 1 kV to 52kV)	Low voltage (up to 1 kV)
Western Slovakia	54.8	64.8	85.2
Middle Slovakia	53.1	70.2	87.3
Eastern Slovakia	54.4	68.1	83.9
Water and Sewage			
Region	Water - €/month	Sewage - €/month	
Bratislava – city	0.44/m3	30.44/m3	
Bratislava region, including Nitra+Trnava region	0.73/m3	18.50/m3	
Trencin	0.64m3	14.70/m3	
Kosice including Presov region	0.78/m3	23.00/m3	
Bratislava Over 2000m3 up to 1 mil. m3	0.42–0.38/m3	0.43–0.39/m3	
Gas off take - Monthly tariff			
Classification	Gas off take	Fixed monthly tariff €/month without VAT	
Middle consumers - Scale of price S	Gas off take over 60,000 m3 up to 400,000 m3	7.95	
Wholesale customer Scale of price V1	Gas off take over 400,000 m3 up to 2 mil.m3	200.09	
Scale of price V2	Gas off take over 2 mil. m3 up to 15 mil. m3	1541.34	

Source: SARIO Slovakia





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3. Annex: Slovakia Profile



3.1. Economy Performance

3.1.1. Basic macroeconomic data of the Slovak Republic

From an economic development point of view, Slovakia is an economy in transition undergoing necessary economic reforms. Despite the global economic slowdown, Slovakia is the country with the highest economic growth rate in the region and fastest decreasing deficit of current account balance of payments as well as a decreasing public finance deficit. These improvements are results of a realization of investments from previous periods, mainly the foreign direct investments, successful regulation of macroeconomic processes, but also important steps in the privatization and the reform of the financial sector. Gross domestic product per capita is currently about 50% of the EU average. Slovakia has a potential for faster economic growth than Western European countries. The Slovak economy growth recorded the highest figures among CEE countries, when it grew 4,4% in 2002 and in the first quarter of 2003 real GDP increased by 4,1% (for other economic indicators see table No.18).

Table No.18 – Selected economic indicators of the Slovak Republic

		2000	2001	2002	2003
Real GDP growth	%	2,2	3,3	4,4	3,9
Industrial production index	%	8,7	6,8	6,6	6
Inflation	%	12,0	7,1	3,3	8,5
Unemployment rate	%	18,6	19,2	18,5	17,5
Average monthly wage	USD	247	256	298	391
Labour productivity growth	%	2,8	1,8	4,3	3,4
Merchandise export	USD bill.	11,9	12,6	14,4	21,0
Merchandise import	USD bill.	12,8	14,8	16,5	22,2
Exchange rate SKK/USD		48,3	45,3	39,0	37,0
Exchange rate SKK/EUR		42,6	43,3	42,7	41,2
FDI inflow	USD mil.	2032	1190	3965	1300
Sovereign rating	Standard & Poor's - BBB/positive Moody's - A3/stable FITCH - BBB/positive R&I – BBB				
Merchandise trade (2002)					
Export [€]	15.3 billion				



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Import [€]	17.5 billion			
Major trade partners (2002)	1.	2.	3.	...11.
Export	Germany (26 %)	Czech Republic (15.2 %)	Italy (10.7 %)	USA (1.4 %)
Import	Germany (22.6 %)	Czech Republic (15.1 %)	Russia (12.5 %)	USA (2.1 %)

Source: M.E.S.A. 10, Slovak Monthly Report, October 2003

High growth was also recorded in Slovak industry, especially in manufacturing of machinery and equipment. In the table below, you can find some figures about revenues, value added and employment in Slovak industry.

Table No. 19 Slovak industries – revenues, value added and employees

	Revenues	% Change	% of Total	Value Added	% Change	% of Total	Employees	% of Total
	2002	2003/2002		2002	2003/2002			
Machine building	218 715	133	22	44 428	115	18,2	94 898	21,8
Power and gas	190 976	120	19,2	62 980	140	25,8	46 665	10,7
Chemistry	156 963	103	15,8	29 647	90	12,1	36 349	8,3
Foods and Tobacco	108 184	105	10,9	19 818	103	8,1	43 241	9,9
Metallurgy	90 896	115	9,1	21 184	130	8,7	31 570	7,2
Timber industry	68 014	105	6,8	14 507	95	5,9	29 820	6,8
Electrotechnics	64 191	106	6,4	14 466	100	5,9	46 131	10,6
Light industry	55 438	104	5,6	20 547	97	8,4	78 164	17,9
Building materials	26 771	102	2,7	8 844	90	3,6	14 575	3,3
Mining	12 256	96	1,2	6 586	87	2,7	11 838	2,7
Industry Total	995 720	114	100	244 408	113	100	436 273	100

Source: Trend Top v priemysle





3.1.2. FDI performance

The inflow of foreign direct investments into Slovak economy in 2002 recorded the highest volume of \$ 4,040 millions. The rising performance of FDI in Slovakia (see table No.20) suggests that it is viewed as a stable and promising region for FDI.

Table No.20 Foreign direct investments in Slovak Republic (in millions of USD)

	1997	1998	1999	2000	2001	2002	2003 *
FDI inflow	215	527	403	2,155	1,271	4,040	554
FDI inward stock	1,671	2,128	2,272	3,738	4,795	7,709	8,787

Source: National Bank of Slovakia

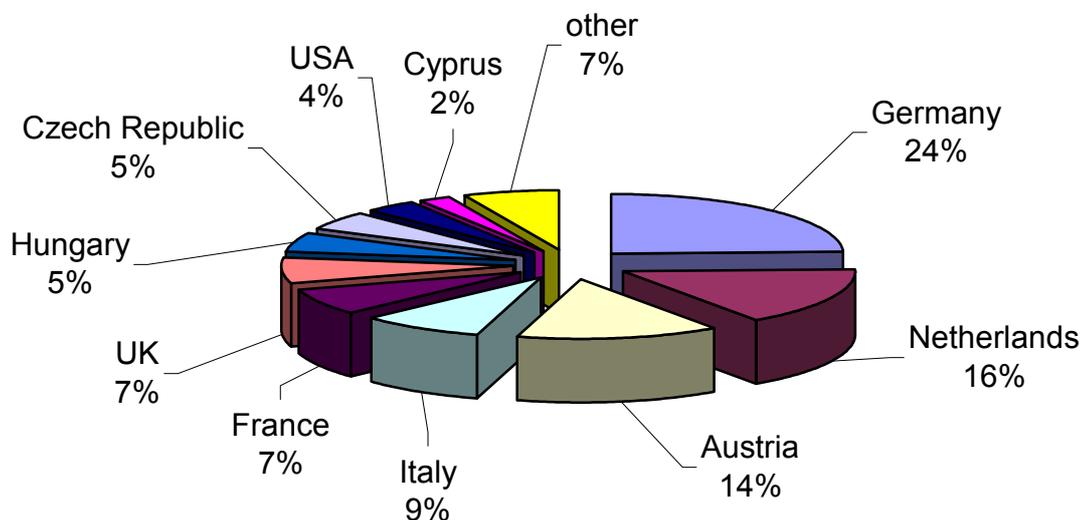
* - as of June 30

As a result of the changing government's attitude towards foreign investors after 1998, the FDI inflow started to grow significantly. Most of the FDI were privatization-related, but there was a positive change in greenfield projects and brownfield projects. In February 2002, the Belgian company Punch launched production of electrical parts in the town of Namestovo, in June 2002, another Belgian corporation, Bekaert, started production of steel tire cords in the town of Sladkovicovo. Other examples are – greenfield investment of American company Molex in Kechnec industrial park, as well as an increasing number of automotive suppliers in the industrial park of Zahorie. The automobile industry in CEE, including Slovak Republic – a major recipient of FDI, is still on a growth path. In early 2003 French PSA Peugeot-Citroen carmaker announced its greenfield investment in the town of Trnava, expected to produce 300,000 cars per year. In the following years Slovakia might become one of the countries with the largest share of the automotive industry in the national economy, measured by number of per capita produced vehicles.

Slovakia is becoming an increasingly attractive investment territory not only for car producers and automotive suppliers, but also for companies from technology related industries. World leading IT companies such as Oracle, HP, IBM and SAP are already well established and growing in Slovakia.

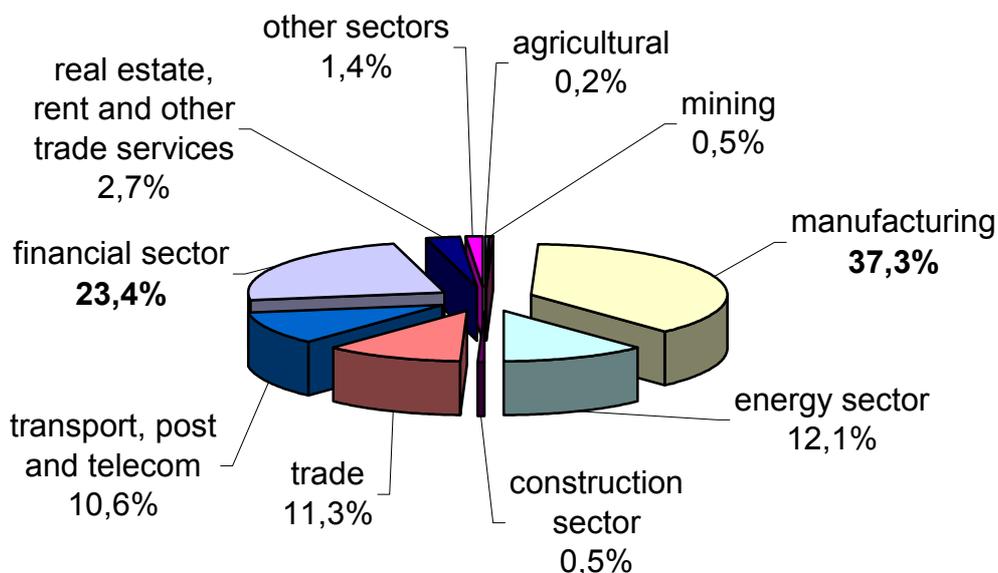


Figure No.15 FDI inward stock in Slovak Republic as of June 30, 2003 – a breakdown by country of origin



Source: National Bank of Slovakia

Figure No. 16 FDI inward stock in Slovak Republic as of June 30, 2003 – a breakdown by sector



Source: National Bank of Slovakia



3.1.3. International comparison

Since the start of the economic transformation, CEE countries underwent major changes. Slovakia lagging behind its neighbours at the beginning of the transformation period has become one of the most perspective countries in terms of economic growth. In contrast to its neighbours, Slovakia's economy continued to grow at a relatively fast pace, with GDP increasing by 3,9%, year-on-year, in the first half of 2003. The sources of growth also differ considerably in Slovakia: in the first half of the year aggregate economic activity was entirely driven by accelerating exports. The robust export growth reflects the new capacity installed in the industrial sector and strong cost competitiveness resulting from comparatively low wage levels and rapid productivity growth. In Slovakia solid growth is expected to continue next year building on dynamic external demand, the confidence-enhancing effects of EU membership, and structural reforms focused on improving the fiscal position and providing better work incentives.

Table No. 21 – Macroeconomic comparison of Slovakia with surrounding countries

Country	Population [M]	Unemployment rate [%]	Average monthly salary cost [€]	GDP per capita [€]
Poland	38.6	17.9	672	126.6
Czech Republic	10.3	9.9	590	175.6
Hungary	10.1	6.0	566	170.5
Slovakia	5.4	15.4	445	113.4

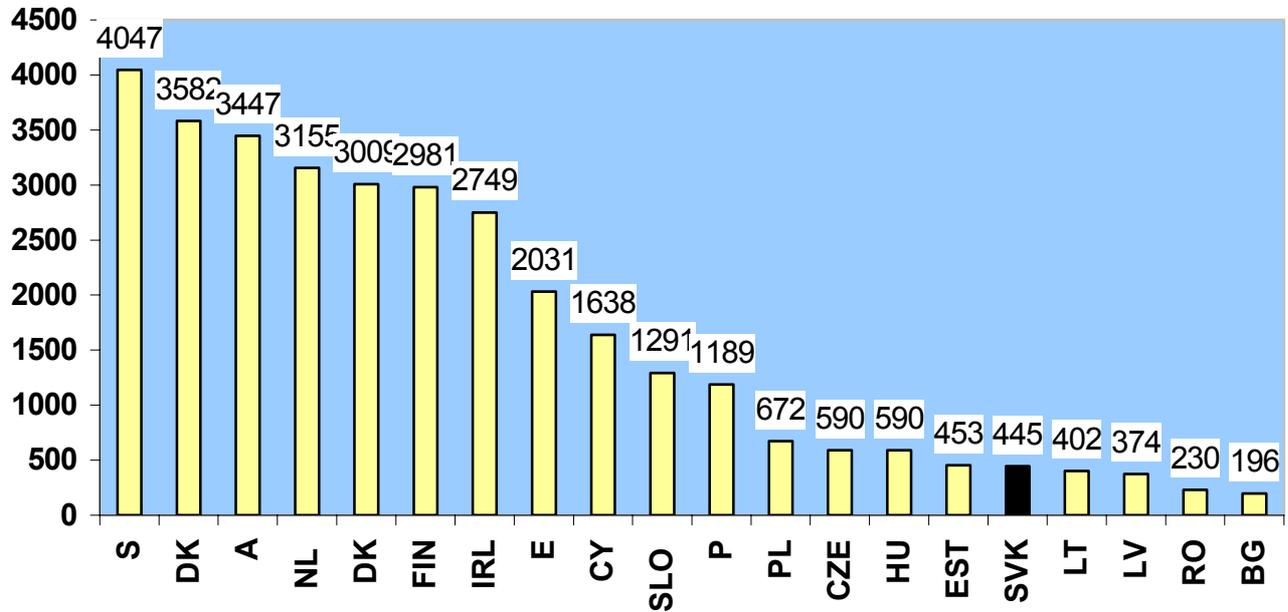
Source: SARIO Slovakia

An international comparison of the total labour costs is of much importance, because in regard of efficiency-seeking investments, labour costs play a significant role in the decision-making of an investor. There are substantial differences even among the member countries of the European Union. The monthly level of their labour costs ranges from EUR 1200 in Portugal to approximately EUR 4000 in Sweden. Most of the candidate countries are well below these levels. The only exceptions are Cyprus and Slovenia, which both exceed the level of Portugal. The Slovak labour cost is only 38% of Portugal's level. Slovakia also has the lowest labour cost in the Central European region¹. International comparison of labour costs shows the figure No. 17 below.

¹ Source: Investor's Navigator, M.E.S.A. 10



Figure No.17 – International comparison of monthly labour costs [€] in 2003



Source: Investors Navigator, MESA 10 Consulting Group



3.2. Doing Business in Slovak Republic

3.2.1. General advantages to the investors

- Tax credit
- Duty free import of machinery and equipment
- Possibility of financial support from local authorities in selected regions for an entrepreneur creating new jobs for registered unemployed and for retraining
- Up to 100% repatriation of all post tax profits in foreign currency
- Agreements concerning double taxation and protection of investment
- Up to 100% company ownership
- A new legislative regulation on the establishment of industrial parks
- Slovakia welcomes inward investment
- Skilled work force, with a high percentage of university graduates
- Tradition in precision engineering and manufacturing
- As an Associate Member of the European Union, Slovak industrial goods have free access to the European market
- Low labour cost
- A top location to promote traditional trading ties with the developing economies to the East, including the former Soviet Union offering a low cost base for supplying the EU
- A top network of roads and inland waterways to market areas
- A stable macro-economic environment within Eastern Europe based on a low per capita foreign debt and a stable currency
- Liberal regulations allowing imports of goods and components for further processing

3.2.2. Economic advantages

Slovakia is one of the fastest growing economies in the central Europe. It goes through:

- adjustments of the business environment
- public finance reform (low tax, lower inflation)
- labour market reform (labour cost is lower than in neighbouring transition countries)
- lifestyle changes that enable the expansion of services
- modernization of transport infrastructure (northern highway build up process)
- transformation of airports
- progressive changes in the telecom infrastructure

3.2.3. Political advantages

Stable and pro-reform oriented government





The Slovak Government considers long-term foreign investment to be the key prerequisite of a rapid and successful implementation of several reforms, such as successful restructuring and privatization of the banking sector, restructuring and privatization of the electric energy sector or tax and pension system reform. To reflect the importance of this factor, the Slovak Government declared foreign direct investment as one of its priorities, fully aware of its potential and the benefits for the economy.

Business-friendly investment environment

Slovakia enjoys a high degree of political and macro economic stability. Its business environment has rapidly improved in the recent years. Slovakia have introduced these kind of reforms:

Realized reforms

- restructuring and privatization of the banking sector
- restructuring and privatization of the electric energy sector
- new **entrepreneur friendly Labour Code**

Ongoing reforms

- tax system
- social pensions system
- health care system
- legislation system (mainly law enforcement rule)

Moreover, Slovakia is planning to improve in administration field too. It plans to “cut the red tape”, simplify the rules and administration procedures. Basically said Slovakia is liberal, market oriented country that is supportive regarding the creation of new working positions.

3.2.4. General conditions

General conditions for doing business in the Slovak Republic

Taxes

Since January 1, 2004 Slovakia has a flat tax rate at 19%.

Table No.22 – Changes in the tax policy

	Current situation	Changes from Jan 1, 2004
Personal income tax	Progressive tax,	Flat Tax rate, 19%
	Minimum 10%	
	Maximum 38%	
	Tax-free minimum SKK 38,760	Tax-free minimum of 19,2 times the living minimum (SKK 80,832 in 2004)
	Tax-deductible item for a child	Tax bonus SKK 4800





Lump-sum personal income tax		Abolished
		Flat-rate tax-deductible expenses:
		Craftmen 60% (of revenues) Others (25%)
Corporate income tax	25%	19%
Value added tax	Upper rate, 20%	Single rate, 19%
	Lower rate, 14%	
	VAT refund took 6 months	Excess VAT refund within one month, to all

Source: M.E.S.A.10, Slovak Monthly Report

Real estate tax

Real estate tax (including land) is regulated by the Act no. 317/1992 Coll., in the wording of later regulations.

In accordance with the General Binding Regulation of the town of Malacky (VZN) no. 7/2001 on real estate tax, the tax rates are following:

- **35,00 SKK/m² and year** for industrial buildings and construction used for the energy management, construction used for building industry with the exception of construction for storage and administration;
- **62,50 SKK/m² and year** for construction located in the II. Zone and used for other business activities, storage and administration.

Road tax

The road tax is regulated by the Act no. 87/1994 Coll., in the wording of later regulations. The annual tax rate is from SKK 1.600,- for passenger cars with an engine up to 900 cm³ up to SKK 71.800,- for utility vehicles and buses with 3 axles with the total weight above 40 MT.

Contributions and compulsory insurances

Table No. 23. Contributions and compulsory insurances

Contributions	Employer		Employee	
	Current level	From Jan 1, 2004	Current level	From Jan 1, 2004
Health insurance	10%	10%	4%	4%
Sickness insurance	3,4%	1,4%	1,4%	1,4%
Pension security	21,6%	21,75%*	6,4%	7%
Unemployment insurance	2,75%	1%	1%	1%
Total	37,75%	34,15%	12,8%	13,4%
Liability insurance for damages caused by an accident at work	From 2,2% to 12%	From 0,3 to 2,1%		-
Guarantee fund	0,25%	0,25%		-

Source: M.E.S.A., Slovak Monthly report





Slovakia – the tiger of Europe

5 reasons why Slovakia is and will be successful

During its existence since 1993 till 2004 Slovakia has with success managed five difficult economic problems each one of which, also separately, has got such dimensions that would menace a stable developed economy, too.

- 1) Transformation of the economy to its market form and privatization of most state-controlled enterprises: Slovakia has managed and completed a major part of the most important reforms and has introduced a modern tax system and social system reform as well.
- 2) The collapse of the Soviet block and cancellation of a significant part of the Slovak export: Slovakia has re-oriented 80% of its export from the eastern orientation to the EU countries under a very hard competition.
- 3) The defense industry conversion has been performed during units of years while the developed economies have been implementing it distributed to 10 – 15 years. The Slovak industry was bearing a significant part of the Czechoslovak defense potency.
- 4) The splitting of Czechoslovakia, while Slovakia was orientated mostly to the sub-supplies and semi-finished goods, and practically whole export was executed through export entities in Prague. Slovakia was practically missing in the world picture and what was Czechoslovak it was de facto a synonym for Czech though produced in Slovakia. Slovakia has managed to build its own image and today Slovakia is a brand name and a successful and direct exporter in the most demanding areas.
- 5) The global economic crisis has caused the economic stagnation of G8 (the crisis of technological companies in 2000 and after September 11, 2002). In those years Slovakia was recording the 3-4% GNP growth and inter-annually the 10-20% growth of its industry and export. At a reduced demand capability of the EU countries Slovakia has increased its export by 5-10% annually.

These five great performances document also the capability of Slovakia to manage sophisticated and difficult tasks and problems at a high qualitative level with a great capability of adapting itself to new problems at preserving its modesty and friendship against its partners.

This is the answer to the question why Slovakia is a country of the future.



Entry procedures

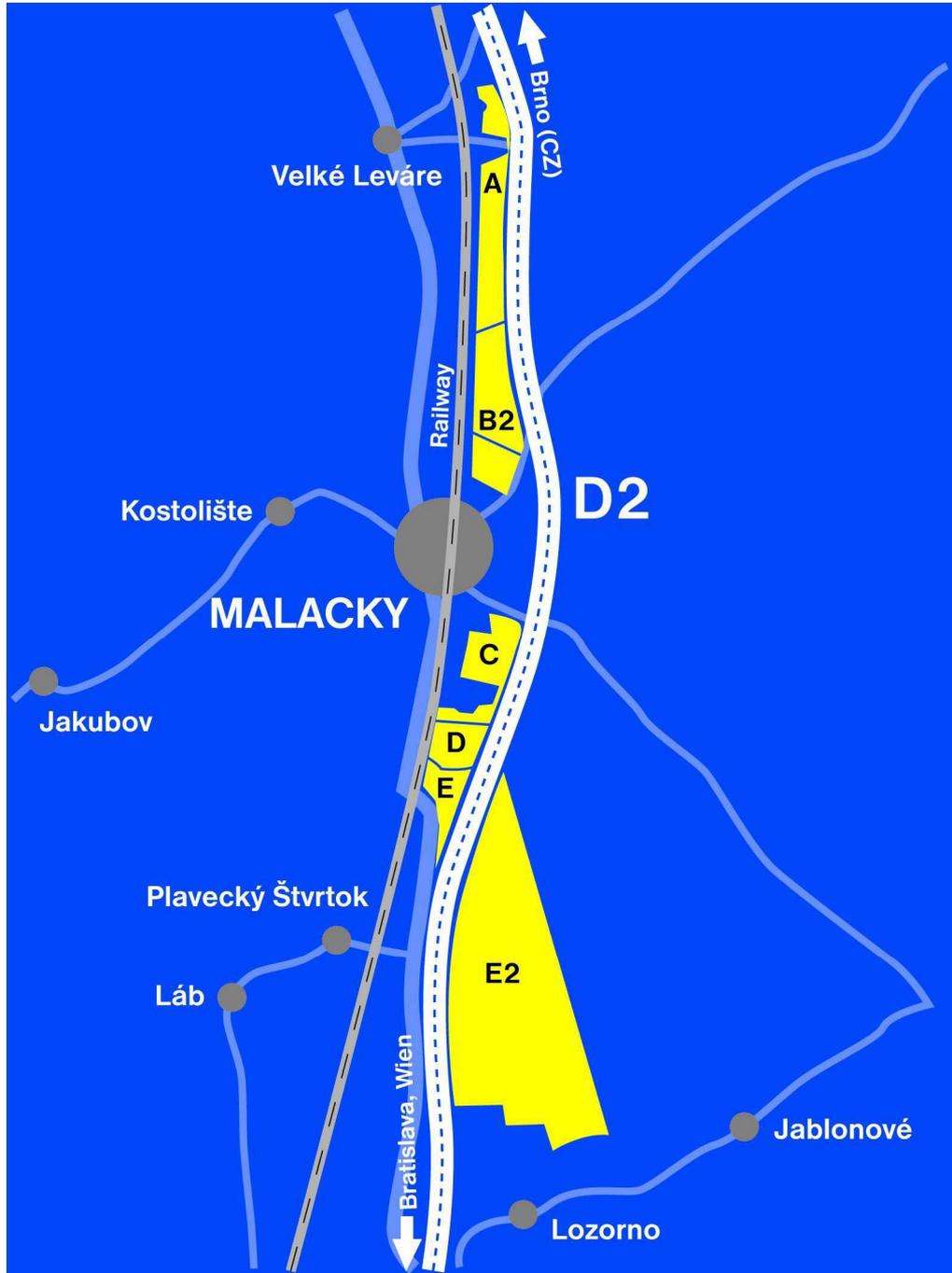
1. **Initial contact** - companies that wish to establish a facility in the Eurovalley Park should directly contact Park's managing body, Eurovalley Inc.
2. **Zone selection** - initial meeting in order to present the Park to the investor and select the most appropriate functional zone according to investor's requirements and subject to the Park design.
3. **Lot selection within the zone** – after an investor has chosen the zone he can opt from available lots for his facility accommodation within the zone.
4. **Supplementary materials for memorandum** – investors who decided to establish their business in the Park should provide the managing body with following information:
 - volume of the investment,
 - number of employees,
 - export share,
 - facility construction schedule,
 - required access to the transport infrastructure,
 - expected output volumes,
 - range of produced goods,
 - supply requirements,
 - assumed area for the facility,
 - utility requirements.
 - investment incentives,
5. **Memorandum of understanding** – investors wishing to start their business in the Park will sign Memorandum of understanding (future contract) with Eurovalley, Inc. In case that investment exceeds certain volume, they will sign Memorandum of understanding also with the Slovak Government.
6. **Contract of lease** – eligible investors will sign a contract of lease with an option to purchase the site for fixed price after fulfillment of the investment.
7. **Eurovalley, Inc.** – your powerful partner for services provision. In order to enhance the swift realization of investment project and further investor's ability to focus only on its core business the Park's managing body with its partners aims to provide investors with a wide range of professional services:
 - Support in achieving permits – building permit, EIA etc.
 - Engineering assistance
 - Facility management
 - Tender assistance
 - Catering
 - Cleaning services (daily garbage collection)
 - Health care
 - Security service
 - Human resources recruitment
 - Marketing and financial consulting services
 - Support with local authorities relations
 - Design and elaboration of studies and EU projects
 - Support in conference

You can benefit from these services, too. You can select specific items or opt for complete customized service packages offered by Eurovalley, Inc.



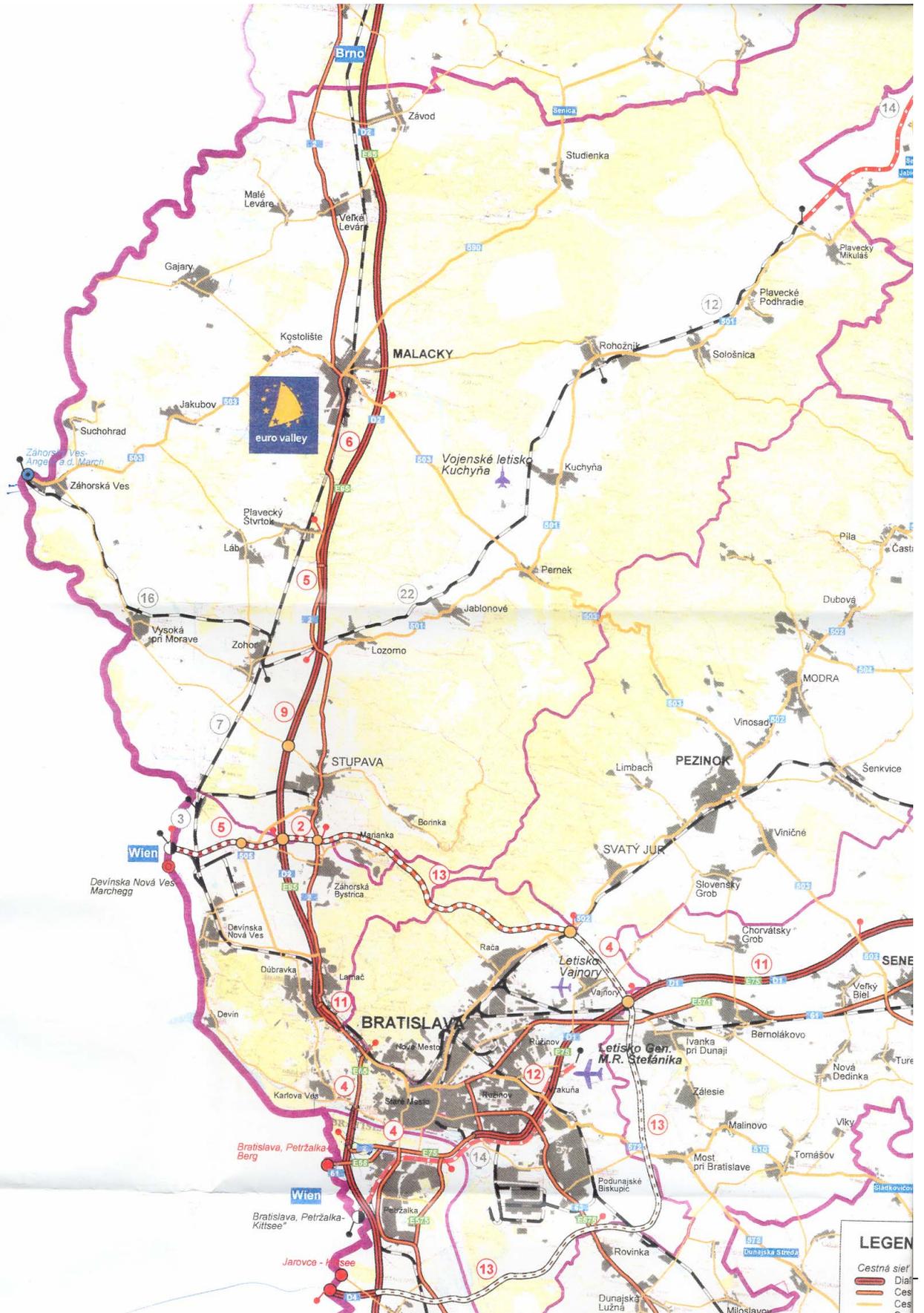


Industrial and Technology Park





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