

## SLOVAK REPUBLIC

The Slovak Republic has undertaken significant economic reforms since 1993. Major privatisations are nearly complete, the banking sector is almost entirely in foreign hands, and the government has helped facilitate a foreign investment boom with attractive tax policies. Foreign investment has been strong in the automotive and electronic sectors.

The country's economic growth outperformed Europe in the early 2000s, with robust average annual GDP growth of 6.7% between 2001 and 2007. Growth slowed to 6.2% in 2008 and GDP contracted by 4.7% in 2009. The unemployment rate fell from double digits to 7.2% in 2008, but rose to 8.2% in 2009. Productivity growth was almost 6% during 2001-07, slowing to 3.6% in 2008. In 2008, GDP per capita was 47% relative to the United States.

Investment in R&D has been comparatively low. Gross expenditure on R&D (GERD) was 0.5% of GDP in 2008, the second lowest in the OECD. However, average annual real growth in GERD accelerated to nearly 6% between 2004 and 2008. Government funded around 52% of GERD in 2008, up from an average of 37% in the 1990s, while industry financed a comparatively low 35%, down from over 60% during much of the 1990s.

In 2008, industry-financed GERD was 0.2% of GDP, below the average of 1.5%. In that year, the business enterprise sector performed 43% of GERD, the higher education sector 24%, and government 33%. Business expenditure on R&D (BERD) was only 0.2% of GDP.

In 2008, both the 0.7 triadic patents per million population and the 457 scientific articles per million population were low. Other outcomes were also

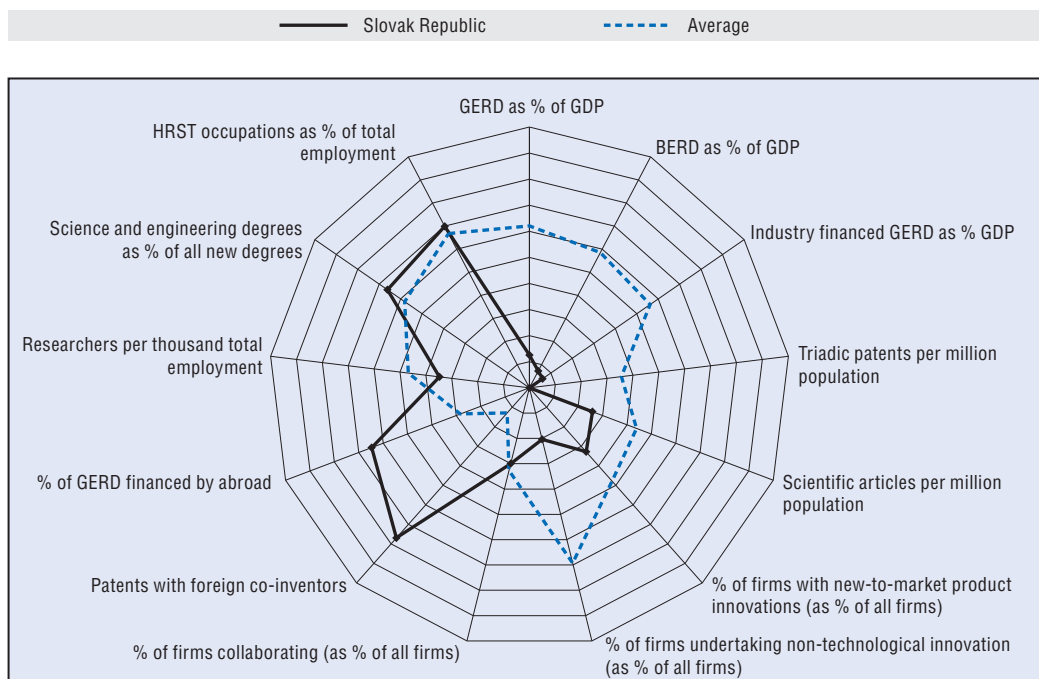
weak during 2004-06: 9.4% of firms introduced new-to-market product innovations and 14.1% of firms undertook non-technological innovation.

Technology is largely acquired from outside the country and a high 12% of GERD was financed from abroad. The share of manufacturing firms under foreign control exceeded 50% in 2006, and in 2007 the R&D expenditures of foreign affiliates accounted for 38% of total R&D spending, close to the average of 40%. An average 9% of firms collaborated on innovation activity during 2004-06. A very high 46% of Patent Cooperation Treaty (PCT) patent applications in 2005-07 were with foreign co-inventors.

The Slovak Republic performs above average on some indicators of human resources in science and technology (HRST). Science and engineering degrees accounted for 24% of all new degrees, exceeding the OECD average, and HRST occupations are well represented in total employment, with women holding 60% of these jobs. Researcher numbers have increased in recent years, albeit from a low base. Despite the robust growth, there were only six researchers per thousand employment in 2008.

Innovation policy is based on the 2007 Innovation Strategy, the 2008 Innovation Policy, and the Operational Programme Competitiveness and Economic Growth (OPCEG). The innovation strategy sets a number of explicit quantitative and qualitative targets. Financial assistance is currently directed to technology transfers, business and technology incubators, R&D co-operation and risk capital schemes that support small and medium-sized firms.

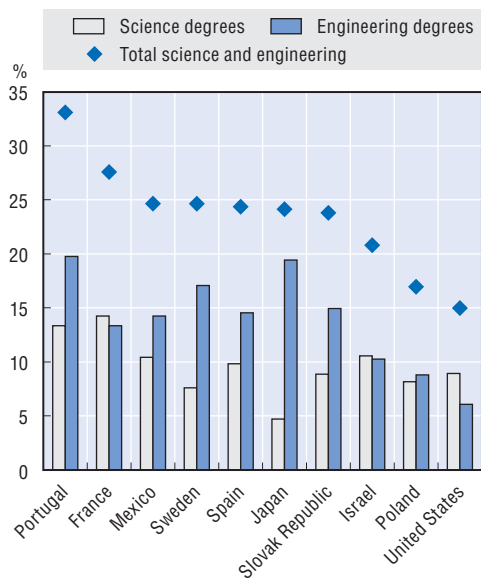
### Science and innovation profile of the Slovak Republic



StatLink <http://dx.doi.org/10.1787/888932334849>

#### Science and engineering degrees

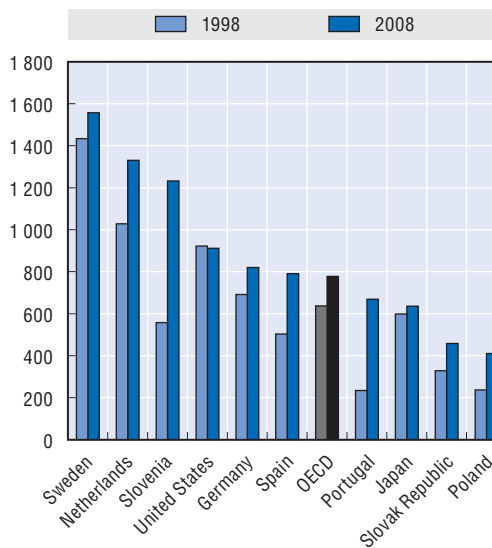
As a percentage of all new degrees, 2007



StatLink <http://dx.doi.org/10.1787/888932334868>

#### Scientific articles published

Per million population, 1998 and 2008



StatLink <http://dx.doi.org/10.1787/888932334887>



**From:**  
**OECD Science, Technology and Industry Outlook  
2010**

**Access the complete publication at:**  
[https://doi.org/10.1787/sti\\_outlook-2010-en](https://doi.org/10.1787/sti_outlook-2010-en)

**Please cite this chapter as:**

OECD (2010), "Slovak Republic", in *OECD Science, Technology and Industry Outlook 2010*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/sti\\_outlook-2010-38-en](https://doi.org/10.1787/sti_outlook-2010-38-en)

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