

# Košice Region – A Place for Your Investment





# **Košice Region –** A Place for Your Investment



TITLE

**Košice Region – A Place for Your Investment**

PUBLISHED BY

Agency for the Support of Regional Development Košice, n. o.

AUTHOR

Ing. Peter Ťapák

Ing. Mária Molnárová

Ing. Lucia Byšická

RNDr. Gejza Legen (ASRD)

Ing. Jaroslav Tešliar (ASRD)

TRANSLATED BY

Zuzana Zvirinská

GRAPHIC DESIGN

Svetozár Šomšák

PICTURES

Gejza Legen, Svetozár Šomšák, Robert Klik

# Content

↘ Introduction .....	4
↘ Košice Region – A Place for Your Investment .....	5
↘ General Information about Košice Region .....	6
↘ Technical Infrastructure .....	8
↘ Human Resources, Education Structure and Labor Market. ....	11
↘ Economic Environment .....	17
↘ Industrial Sites Available for Investors. ....	21
↘ Research and Development Potential in Košice Region. ....	25
↘ Inflow of Foreign Investments – Current Situation .....	29
↘ Incentives for Research and Development .....	35
↘ Lifestyle. ....	38
↘ Contacts. ....	42

# Introduction



Historically, the region of Eastern Slovakia has always been a crossroads of trade routes and the place to be for brave people willing to start something new. In this region, we have always valued knowledge and hard work. We have learnt to listen attentively, as well as to get to know and honor opinions of others. We knew it could lead us to development and progress.

We maintain the heritage the history has left us. Košice Self-governing Region has a great potential for the development of various types of industry. It offers great possibilities for investing into the already traditional flagship sector of civil engineering, metallurgy, as well as the dynamic IT and biomedicine sectors. We wish to capitalize on the high added value of our well-educated young people. We have high-quality universities, specialized high schools and colleges and training centers. We can offer educational programs tailored to investors' needs. But, mainly, we have the people who care for this piece of land and who want to develop and uplift it.

Besides all this, Košice Self-governing Region offers one more important added value – its multicultural environment, which is essential for the quality of life and work in the region, as well as for the development of cross-border and international cooperation. I trust that the region of Košice will engage your attention and that you would want to make your future successful here.

JUDr. Zdenko Trebuľa  
President of Košice Self-governing Region

# Košice Region – A Place for Your Investment



## Reasons for starting business in our region

- The region has a strategically advantageous position as well as great access to some of the major transport routes within the Western and Eastern Europe; and it is located close to Ukraine, Poland and Hungary.
- Strategic industrial zone in Kechnec (300 hectares) and a network of regional entrepreneurial parks are ready for investors.
- A network of Technology Centers and Centers of Excellence at universities is being developed.
- A network of business administration centers is ready, up and running.
- The region enjoys a broad-gauge rail line network and transship terminal located near Košice as well as another transship station located not far from the Ukrainian and Hungarian borders in Čierna nad Tisou, with both broad-gauge and standard-gauge rails, which creates favorable conditions for cross-border cooperation and trade.
- The region is completely covered by digital telecommunication network with the area-wide access to the Internet.
- In the innovation and cohesion growth poles, the region boasts highly-qualified workforce, with a high ratio of the population having completed upper secondary education, technical college education or university education.
- The structure of industry is changing rapidly from traditional to modern industries, based on innovation and knowledge.
- Diverse ethnic and multicultural composition of the population creates favorable conditions for “building bridges” and for good cooperation with relevant countries.





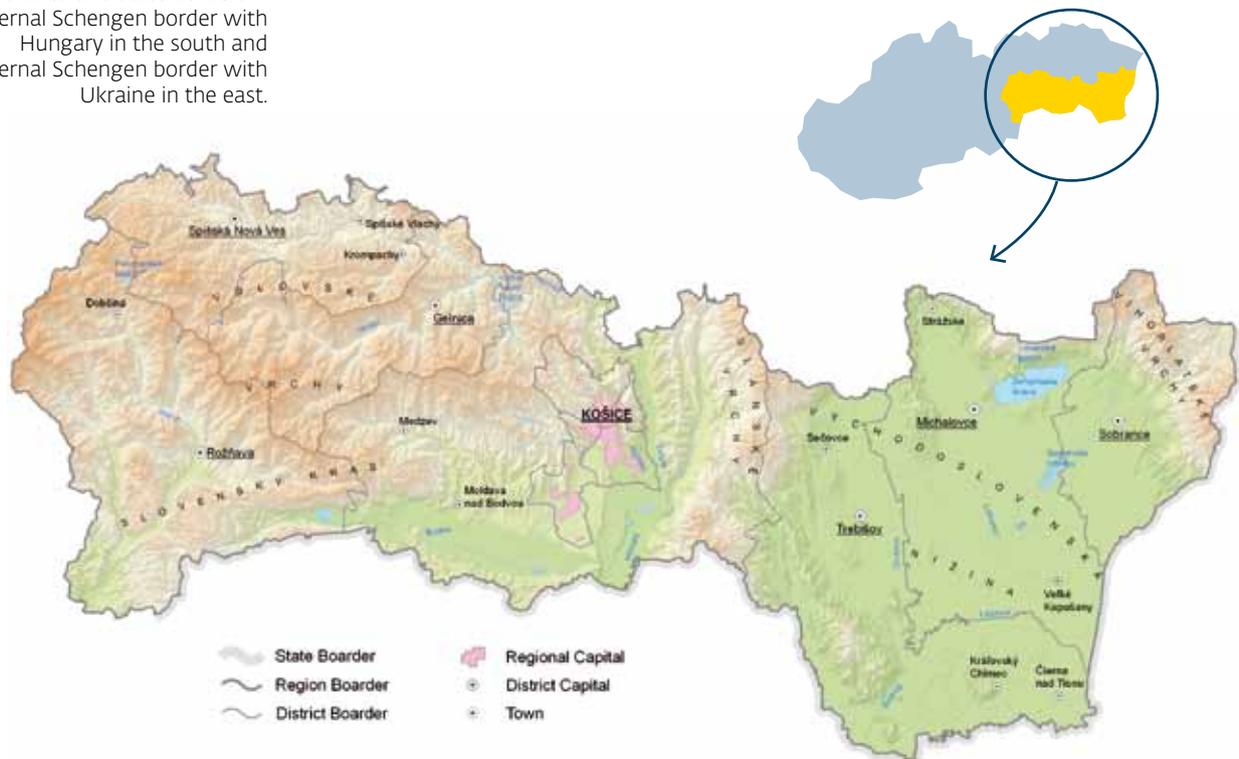
# General Information about Košice Region

Košice Region is located in the southeastern part of the Slovak Republic. Its area of 6,755 km<sup>2</sup> represents 14% of the total area of Slovakia. Agricultural land covers the area of 3,375 km<sup>2</sup>, i.e. half the area of the region. Košice Region is considered to be the second largest region in the Slovak Republic. As of 31 December 2009, the population of the region was 778,120. The average density of the population is 115 people per km<sup>2</sup>, the number exceeding slightly the average density in Slovakia. The most densely populated districts are Košice I–IV, located directly in the city of Košice, which is the second largest city in Slovakia. 55.7% of overall population of Košice Region lives in the region's capital.

The region borders with Prešov Region in the north and with Banská Bystrica Region in the west. The region also shares two state borders – internal Schengen border with Hungary in the south and external Schengen border with Ukraine in the east.

Settlement structure of the region consists of 440 municipalities, 17 of which have the status of a town – Čierna nad Tisou, Dobšiná, Gelnica, Košice, Kráľovský Chlmec, Krompachy, Medzev, Michalovce, Moldava nad Bodvou, Rožňava, Sečovce, Sobrance, Spišská Nová Ves, Spišské Vlachy, Strážske, Trebišov and Veľké Kapušany. The city of Košice, the region's capital, is an administrative, industrial, business, economic as well as educational and cultural-historical centre of Eastern Slovakia.

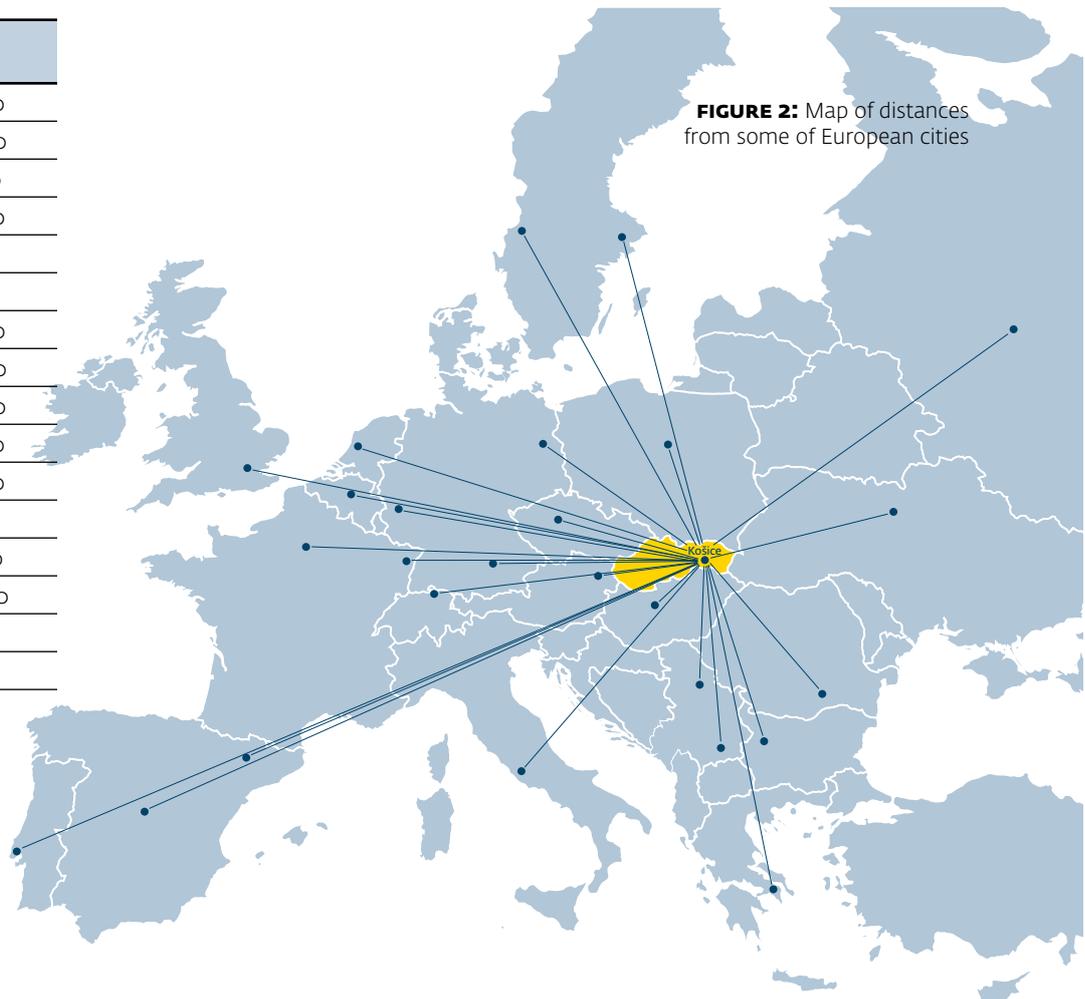
**FIGURE 1:** Košice Region shares two state borders – internal Schengen border with Hungary in the south and external Schengen border with Ukraine in the east.



District	Area in km <sup>2</sup>	Number of municipalities	Number of inhabitants	Population density per km <sup>2</sup>
Gelnica	584	20	31,365	54
Košice mesto	237	1	233,880	987
Košice I	85	-	67,336	792
Košice II	74	-	80,763	1,091
Košice III	17	-	29,682	1,746
Košice IV	61	-	56,099	920
Košice-okolie	1,541	114	115,192	75
Michalovce	1,020	78	110,080	108
Rožňava	1,173	62	61,827	53
Sobrance	538	47	23,222	43
Spišská Nová Ves	587	36	97,329	166
Trebišov	1,074	82	105,225	98
Košice Region	6,755	440	778,120	115

**Distance from some of European cities in km**

Athens	1,920
Berlin	1,060
Bratislava	400
Brussels	1,590
Budapest	260
Kyiv	880
London	1,980
Madrid	2,850
Moscow	1,700
Oslo	1,970
Paris	1,670
Prague	720
Rome	1,610
Stockholm	2,090
Warsaw	310
Vienna	470



**FIGURE 2:** Map of distances from some of European cities



# Technical Infrastructure

## Road transportation

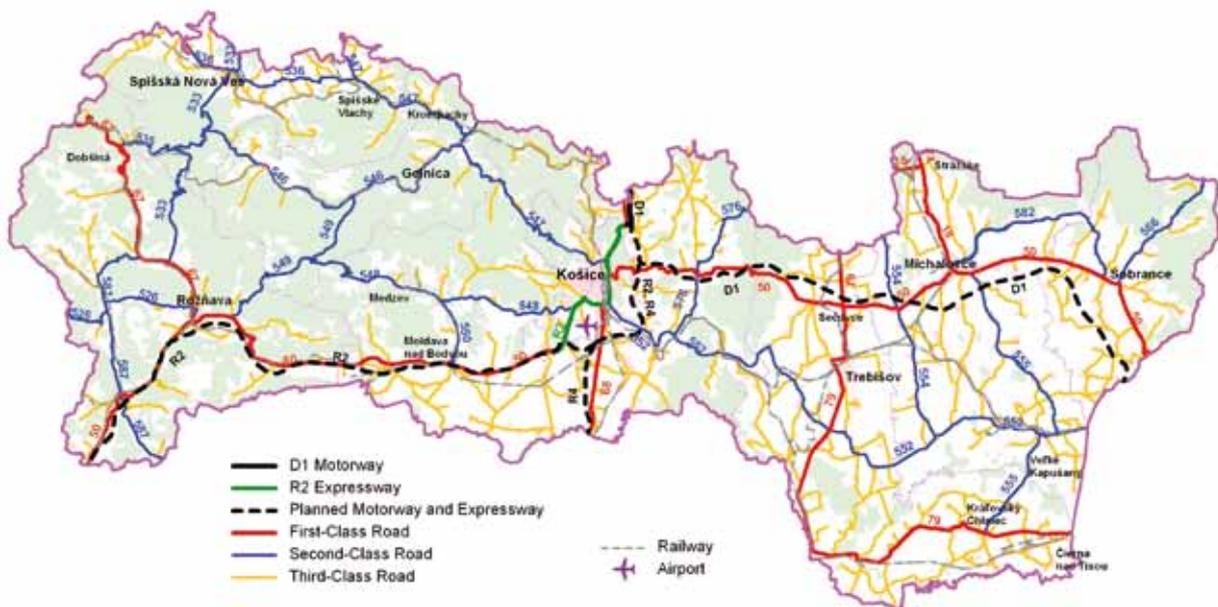
Košice Region is an important crossroads for two major international roads of European importance: one, connecting the Czech Republic, Austria, Slovakia, Ukraine and the Russian Federation in the west-east direction, the other running from Poland and Baltic states towards Hungary and further to the Balkans in the north-south direction.

International routes crossing Košice Region:

- Major European road E50 (D1, I/50, I/68): starting at the border between the regions of Prešov and Košice – Košice – Michalovce – state border between the Slovak Republic and Ukraine;
- European road E71 (I/68): Košice – Milhošť – state border between the Slovak Republic and Hungary;
- Additional European route E571 (I/50): starting at the border between Banská Bystrica Region/Košice Region – Rožňava – Košice.

Košice Region has the total of 2,379 km of roads, of which the D1 highway is 5.3 km long and the R2 expressway is 24.2 km long.

**FIGURE 3:** Košice Region is an important crossroads for two major international roads of European importance.



## Railway transportation

International corridor no. Va, which is a part of the international corridor no. V, crosses the region of Košice, connecting Italy, Slovenia, Croatia, Hungary, Slovakia and Ukraine.

Important national railway lines in the region include: west – east transit corridor Prague – Košice – Čierna nad Tisou and the north – south transit corridor in the direction Poland – Košice – Hungary. These lines are of standard gauge, with the exception of two broad-gauge lines in the following parts: state border Slovak Republic/Ukraine - Čierna nad Tisou - TKD<sup>1</sup> Dobrá and Uzhgorod – Maťovce – Haniska pri Košiciach.

There are two intermodal transport terminals in Košice Region – in the city of Košice and in Dobrá (near Čierna nad Tisou). Both are of strategic importance, as they are located within the Pan – European transport corridors and intermodal transport corridors included in AGTC and their significant intersections.

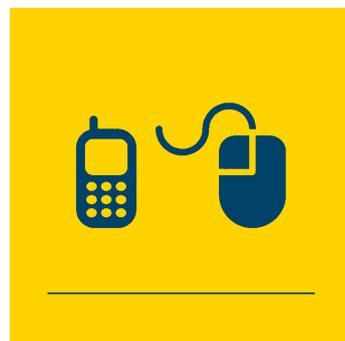
## Air transportation

Košice International Airport provides air transportation and other services for passengers travelling by scheduled flights (Prague, Vienna, Bratislava) and charter flights.

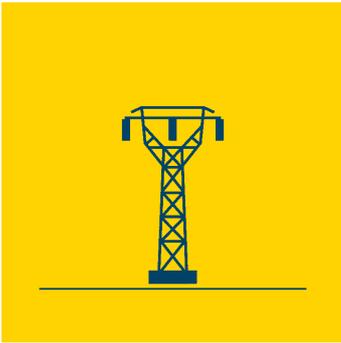
The airport catchment area geographically covers the entire eastern part of Slovakia, the northern part of Hungary, a part of Ukraine including the city of Uzhgorod and a part of Poland including the city of Rzeszow. It is the area within 150 to 200 km radius. The distance between the airport and the centre of Košice is approx. 11 km. Travelers and visitors can use their own cars, as well as taxis, rented cars and regular public transport line as means of traveling to and from the airport.

## Telecommunication network and Internet

- Of the total of 440 towns and villages in Košice Region, 404 (91.82%) have access to broadband internet;
- According to the latest global internet connection quality survey, Košice rank 13<sup>th</sup> in the world. Such excellent ranking is mainly due to the contribution of ANTIK Telecom – the local internet and telco provider offering hi-speed internet connection over fiber optics network with last mile speeds up to 64Mbps;
- Other telco providers are Orange Slovakia, a. s., T-Mobile, a. s. and Telefonica O2 Slovakia. The estimated number of active telco customers, as of the end of 2009, was approximately 5.85 million.

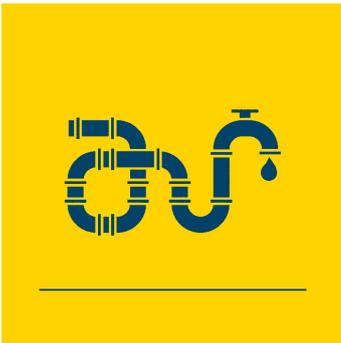


<sup>1</sup> TKD – Combined Transport Terminal



## Electricity network

The main electricity supplier in the region of Košice is Východoslovenská energetika, a. s. Košice, which also takes care of all related services. The company distributed 3,755 GWh of electricity in 2009. German RWE Energy AG corporation owns 49% of the company.



## Water mains and sewage networks

Východoslovenská vodárenská spoločnosť, a. s. operates water mains and sewage networks in the following districts: Košice I–IV, Košice – surroundings, Michalovce, Rožňava, Sobrance and Trebišov. Podtatranská vodárenská spoločnosť, a. s., operates the same in the districts of Gelnica and Spišská Nová Ves.

Share of population of the region connected to the abovementioned services in 2009:

- 80.8% of citizens connected to public water supply system;
- 60.1% of the population connected to public sewage system;
- 57.3% of the population connected to public sewage with wastewater treatment plants (WWTP).

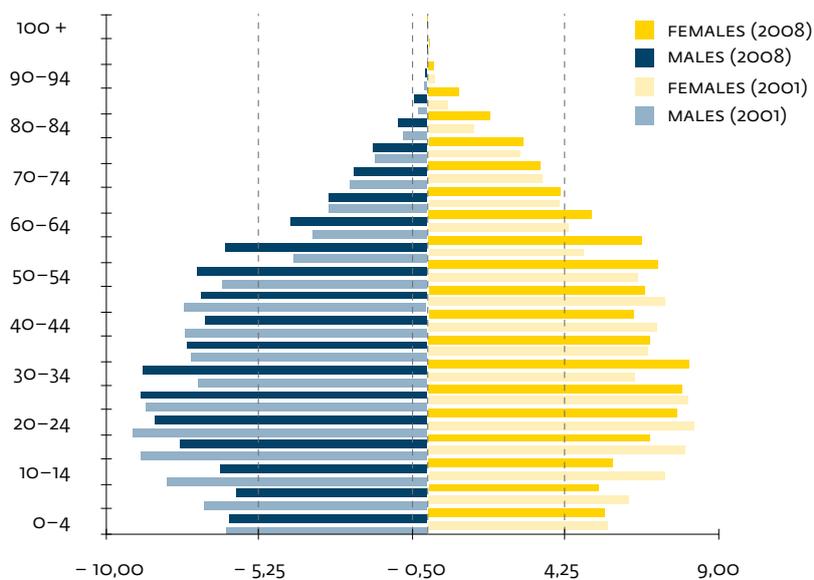


# Human Resources, Education Structure and Labor Market



In comparison to other Slovak regions, Košice Region boasts a very convenient age structure of the population. The number of people in pre-productive age – 135,909 (17.5% of the total population of the region) exceeds the national average (15.4%) in a long-term aspect. At the same time, the proportion of post-productive population is 11.2% (87,042 people), which is below the national average of 12.1%. The aging index in the region has reached 64.4% (compared to 78.26% for SR as a whole), which proves that the region has a favorable age structure and a higher ratio of pre-productive population than that in the post-productive age.

**FIGURE:** Gender and age structure of population in Košice Region in 2001 and 2008 (%)



Source: Statistical Office of the Slovak Republic

Košice Region has a good level of education of the population. The highest proportion of economically active population is formed by people with full secondary education, yet there is a very positive trend represented by the increasing percentage of population with university degrees. Educational structure is closely related to the residential structure. In cities, there is a greater percentage of population with university degree or full secondary education. The regional city of Košice has the highest proportion of population with higher education. The number of people with university education or full secondary education can be seen also in smaller towns in the region; however, due to the lack of jobs requiring higher qualification, as well as low salaries, the region is facing a brain-drain.

## Secondary schools

Secondary schools provide secondary vocational education and general secondary education. They prepare students for activities and professions in economy, administration, culture, arts and other areas of life, as well as for further education. In the school year 2009/2010, there was a total of 109 secondary schools in Košice Region:

- Secondary comprehensive schools;
- Secondary vocational schools (industrial, pedagogical, artistic, medical, applied arts, Academies – transport, hotel, business, pedagogical and cultural/social, police, fire protection); special vocational schools;
- Conservatories (performing arts: music, drama, dance).

## Vocational Training Centers at secondary schools

There are 6 centers of vocational education in Košice Region:

- Centre of Mechanical engineering at Secondary School of Mechanical Engineering in Spišská Nová Ves,
- Centre of Civil engineering at Secondary Technical Vocational School in Košice,
- Centre of Metallurgy and Engineering at Secondary Vocational School in Košice – Šaca,
- Centre of Hospitality Services and Trade at Secondary Vocational School of Trade and Services in Michalovce,
- Centre of Informatics, Automation and Electrical Engineering at Secondary Technical Vocational School in Michalovce,
- Centre of Information and Network Technologies at Ostrovskeho Vocational School in Košice.

Training centers were established as a part of the schools whose material, technical and personnel resources were suitable for relevant study fields. These centers are serving not only students and staff of the respective facilities, but they are also available for students of other schools who would like to extend their knowledge and skills, as well as for other employers who wish to increase their own qualifications or qualification of their staff.

## Universities and Colleges

- **Technical University in Košice** offers education in all three degree levels (Bc., MA, PhD.). The University has 9 faculties (Metallurgy; Mechanical Engineering; Electrical Engineering and Informatics; Civil Engineering; Economics; Manufacturing Technologies (with seat in Prešov); Arts; Aeronautics; and Faculty of Mining, Ecology, Process Control and Geotechnology).
- **Pavol Jozef Šafárik University in Košice** provides three levels of education at 5 faculties (Medicine; Science; Law; Public Administration; Arts).
- **University of Veterinary Medicine in Košice** is the only institution of such kind in Slovakia, providing education in the field of veterinary medicine. It currently provides education in the following accredited programs: General Veterinary Medicine, Food Hygiene, Cynology, Feed and Food Safety, Pharmacy, Market and Quality Food Production, Animal Health and Environmental Protection.
- **University of Security Management in Košice** is a private college providing undergraduate programs (Bc.) aimed at education in the field of personal and property protection.

Moreover, there are also other institutions and branches of universities operating in the region: the Faculty of Business Economics of the University of Economics in Bratislava with seat in Košice and separate branches of other universities in the towns of Michalovce, Spišská Nová Ves, Trebišov and Rožňava.

## Educational structure of workforce – Graduates

The most important part of the preparation for the labor market is the secondary school and university education. The 21<sup>st</sup> century brings along new requirements for education, as the society has to cope with globalization and students need to get ready for working in the knowledge-based economy, with new skills and competences. This is especially the case in IT industry. Therefore, schools have to prepare students not only for the requirements of labor market in Slovakia, but also for the European market and state-of-the-art workplaces in all fields of industry, crafts, trade and services.

**TABLE:** Number of students and graduates of secondary schools – full-time study, as of 15 September 2009 – Košice Region

School – full-time study	Number of students		Students enrolled in the 1 <sup>st</sup> year		Graduates in the previous school year		Students in Vocational	
	Total	Females	Total	Females	Total	Females	Training	Practice
Secondary Comprehensive Schools	14,013	8,076	2,263	1,387	2,812	1,686	-	-
Secondary Vocational Schools	25,490	11,427	7,160	3,184	6,412	2,919	8,957	9,827
Conservatories	471	281	92	52	119	73		
Special Schools	761	314	354	148	142	52	636	-

Source: www.uips.sk

**TABLE:** Number of university students by faculties – Košice Region, as of 31 October 2009

School	Faculty	Number of students	Females
Technical University of Košice	Manufacturing Technologies	1,659	399
	Mining, Ecology, Process Control and Geotechnology	3,029	1,563
	Metallurgy	1,073	420
	Mechanical Engineering	3,333	1,081
	Civil Engineering	1,469	430
	Electrical Engineering and Informatics	3,225	208
	Economics	1,138	743
	Arts	272	129
	Aeronautics	1,739	821
	TU – Rector's office	526	171
	Total	17,463	5,965
P. J. Šafárik University in Košice	Science	1,403	932
	Public Administration	972	727
	Medicine	2,241	1,622
	Law	1,520	811
	Arts	1,822	1,512
	UPJŠ – Rector's office	194	95
	Total	8,152	5,699
	All study programs	1,594	1,223
University of Security Management in Košice	Faculty of Security Management	2,937	1,018
University of Economics – Faculty of Business Economics	Faculty of Business Economics	1,711	1,182

Source: www.uips.sk

## Labor market

There are 351,070 economically active inhabitants out of the total of 778,120. The economic activity rate is at the level of 45.1%, which is almost 4% less than the national average. The proportion of females in the total number of economically active population is 44.1%, which is just below the national average.

**TABLE:** Economically active population (EAP) per districts of Košice Region in 2001 and 2009

District	2001			2009		
	Number of EAP	Proportion of EAP (%)	Proportion of females in EAP	Number of EAP	Proportion of EAP (%)	Proportion of females in EAP
Gelnica	14,158	45.89	45.33	13,503	43.05	43.06
Košice I	32,240	47.23	49.90	30,774	45.70	46.28
Košice II	39,706	49.71	50.13	37,981	47.03	44.73
Košice III	16,722	54.35	49.84	17,191	57.92	47.19
Košice IV	29,546	51.66	50.08	29,123	51.91	45.26
Košice-okolie	49,963	46.65	43.84	49,257	42.76	42.40
Michalovce	51,768	47.44	46.79	47,989	43.59	43.94
Rožňava	30,796	49.76	47.94	29,490	47.70	44.82
Sobrance	11,371	47.86	46.89	10,178	43.83	43.30
Spišská Nová Ves	42,576	45.50	45.43	40,667	41.78	43.41
Trebišov	48,399	46.62	44.22	44,917	42.69	42.89
Košice Region	367,245	47.93	46.97	351,070	45.12	44.11

Source: Central Office of Labour, Social Affairs and Family of SR

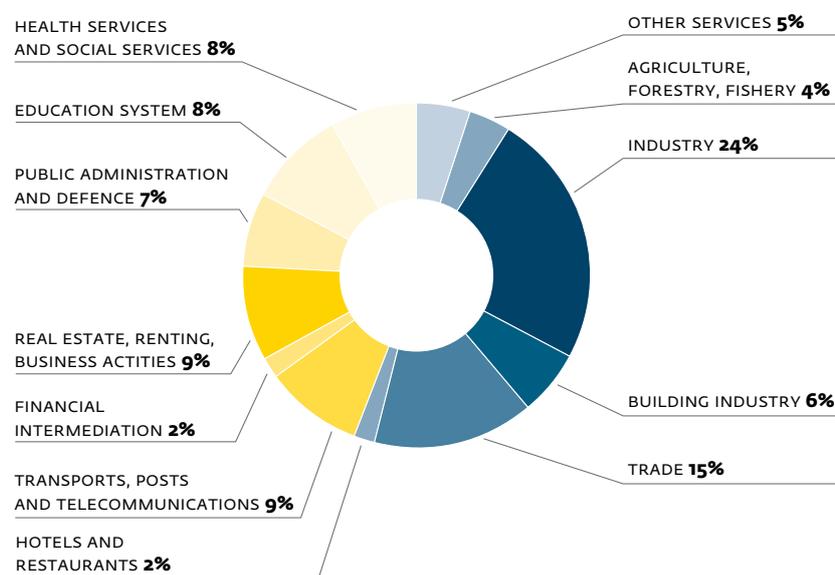
## Employment by type of economic activity

In the category of businesses with 20 or more employees, the average number of employees in 2009 in Košice Region was 136,536. In comparison with the year 2008, the level of employment decreased by 5.4%.

In 2009, according to the statistical classification of economic activities, the highest average number of employees was recorded in the manufacturing sector (28.6%), followed by education sector (17%) and health care and social services (12%). Relatively, the employment increased most in the ICT sector – by 44.5%, in accommodation and catering services – by 39.6%, and in real estate sector – by 38.8%. The largest decline was recorded in the fields of raw materials mining and quarrying (declined by 48.9%) and agriculture (by 31.2%).

Private sector employed more than 79,500 employees, foreign – owned companies employed about 28,100 people (20.6%) and public sector provided employment for more than 57,000 people.

**FIGURE:** People employed in the region of Košice, divided by economic activity, as of 31. December 2008 (%)



Source: Statistical Office of the Slovak Republic

## Unemployment

In the period of years 2003–2007, the number of job seekers, as well as the unemployment rate in Košice Region was on the decrease. However, since the end of 2008, the unemployed rate has been increasing gradually, probably as a result of the worldwide economic depression. The crisis has had a significant impact on the region of Košice as well as on the entire country; hence the unemployment rate has increased in the region, its individual district, as well as in Slovakia as a whole. In terms of age, the most vulnerable age group is the group of 20–35 and 40–54 years old. In terms of education structure, people with elementary education form the largest group of unemployed in the region.

**TABLE:** Unemployment rate as recorded in individual districts of Košice Region in years 2003–2009 in %, as of 31. December

District	2003	2004	2005	2006	2007	2008	2009
Gelnica	25.23	21.49	20.25	17.08	15.63	16.51	21.94
Košice I	13.68	11.01	9.23	7.80	5.85	6.01	8.09
Košice II	14.03	11.70	10.65	9.07	7.43	7.56	9.87
Košice III	13.76	11.11	9.90	8.38	6.66	6.00	9.22
Košice IV	13.15	10.33	8.83	7.05	5.54	5.89	7.82
Košice-okolie	25.02	22.34	21.51	19.39	16.52	17.37	21.71
Michalovce	24.50	20.46	18.46	16.48	15.01	14.95	18.32
Rožňava	29.27	25.58	23.77	21.01	20.14	21.74	27.75
Sobrance	29.19	24.76	22.49	19.19	16.59	16.09	20.66
Spišská Nová Ves	21.98	18.72	16.94	12.95	10.77	11.43	16.14
Trebišov	27.64	24.60	24.23	21.84	18.60	19.80	25.24
Košice Region	<b>22.16</b>	<b>18.89</b>	<b>17.50</b>	<b>15.18</b>	<b>13.02</b>	<b>13.50</b>	<b>17.30</b>

Source: Central Office of Labour, social Affairs and Family of SR

The lowest number of job vacancies, as of 30 June 2010, was registered in the categories of laborers and unskilled workers, as well as in the category of operational staff in services and trade.

People under 25 years of age, who, after completing their continuous full-time education, have not obtained their first regularly paid job, form the group of graduates, as deemed by the Central Office of Labor, Social Affairs and Family of SR. Economic crisis has caused serious troubles for a number of companies in our region. It has resulted in decreased production and growing unemployment rate especially in the second half of 2009 and the first half of 2010. As a result, it was much harder for graduates to find a suitable job. At the end of 2009, the number of unemployed graduates increased by 80% compared to the same period of 2008. The highest rates of qualified unemployed people are reported from the districts of Trebišov (17.7%), Košice-okolie (16.5%), Michalovce (13%) and Spišská Nová Ves (12%).



# Economic Environment



## Gross domestic product

In 2007, Košice Region produced gross domestic product (in purchasing power parity) in the total amount of EUR 10,666 million. It ranked third in the Slovak Republic (Bratislava and Trnava were the top two). Compared with the year 2003, the GDP increased by 36%, yet it was still lagging behind the Slovak average in terms of growth intensity. The region ranked sixth in the intensity of GDP growth in Slovak regions.

**TABLE:** GDP in current prices (in mil. EUR) expressed in purchasing power parity (PPS)

Region	2003	2004	2005	2006	2007	Index 2007/2003
<b>SR total</b>	<b>61,817</b>	<b>66,417</b>	<b>72,932</b>	<b>80,774</b>	<b>90,942</b>	<b>147.1</b>
Bratislava Region	15,501	16,736	19,846	21,142	24,298	156.8
Trnava Region	6,609	7,194	8,846	9,888	12,438	188.2
Trenčín Region	6,373	6,877	7,182	8,412	9,358	146.8
Nitra Region	7,078	7,738	8,518	9,097	9,973	140.9
Žilina Region	6,369	6,928	7,740	8,431	9,815	154.1
Banská Bystrica Region	6,509	6,695	6,386	7,266	8,117	124.7
Prešov Region	5,531	5,876	6,350	6,552	7,369	133.2
Košice Region	7,846	8,373	8,807	9,753	10,666	135.9

Source: Statistical Office of the Slovak Republic

## Largest enterprises

**TABLE:** Largest enterprises in Košice Region by revenues

Company	Municipality	Description of business
U. S. Steel Košice, s. r. o.	Košice	Metallurgy
Východoslovenská energetika a. s.	Košice	Electricity sale and distribution
Inžinierske stavby, a. s. Košice	Košice	Complex construction works and material supply in the field of engineering (land, industrial, hydrological)
BSH Drives and Pumps, s. r. o.	Michalovce	Electrotechnics
Panasonic AVC Networks Slovakia, s.r.o.	Krompachy	Manufacturing and assembly of electronic devices
SCA Hygiene Products, spol. s r. o.	Gemerská Hôrka	Paper industry
Embraco Slovakia, s. r. o.	Spišská Nová Ves	Production of compressors for refrigerators and other household appliances
Labaš, s. r. o.	Košice	Wholesale (food)
Kovohuty, a. s.	Krompachy	Manufacturing and sale of copper and manganese, production of metals, metal products, raw powders, metal alloys and semi-finished products
Eurovia SK, a. s.	Košice	Construction, reconstruction and maintenance of roads and bridges

Tepláreň Košice, a. s.	Košice	Heat production
Východoslovenská vodárenská spoločnosť, a. s.	Košice	Water production and supply, management of water and sewage networks
Východoslovenské stavebné hmoty, a. s.	Turňa nad Bodvou	Manufacturing and sale of cement, aggregates and transport of concrete materials
Yazaki Wiring Technologies Slovakia, s. r. o.	Michalovce	Electrotechnics
Tepelné hospodárstvo, s. r. o.	Košice	Heat supply
RWE Gas Slovensko, s. r. o.	Košice	Gas supply
Chemkostav, a. s.	Michalovce	Construction works
T-Systems Slovakia, s. r. o.	Košice	Support of SAP, Windows and Unix/Linux applications
Steelinvest, s. r. o.	Košice	Wholesale (metallurgy)
Metalex, a. s.	Košice	Metallurgy

Source: Trend Top 2010

## Minimum wage in 2010

Minimum wage for the year 2010 is set by the SR Government Regulation No. 441/2009 of 21 October 2009. The amount of minimum wage, effective from 1 January 2010, is EUR 307.70 per month for an employee paid on a monthly basis. This regulation is issued in accordance with § 2(1) of Act no. 663/2007 Coll. on Minimum Wage. Minimum wage is expressed as the sum valid for employees paid on a monthly basis and as an hourly sum applicable to employees receiving hourly wage. The minimum wage is used, for example, for calculating the lower limit of taxable income for the purpose of calculating health and social insurance levies. Since the last adjustment of the minimum wage, effective from 1 January 2009, the minimum wage was increased by EUR 12.2.

## Average wage

In 2009, the average nominal monthly wage in Košice Region in enterprises with 20 and more employees (in government organizations, government-subsidized agencies and social organizations) reached EUR 747.90, which represents year-on-year increase by 1.5%. However, when compared to Bratislava, the average wage in Košice Region was EUR 303 lower.

**TABLE:** Development of average monthly wage in Košice Region in the period 2006–2009 (enterprises with 20 and more employees, government and government-subsidized organizations) (in EUR)

SR, Region	2006	2007	2008	2009	Difference +, - Region/SR 2009	Index 2009/2006
SR	668.33	724.49	788.12	808.09	-	120.9
Bratislava Region	889.33	948.95	1,027.12	1,051.13	243.04	118.2
Trnava Region	663.31	693.52	740.36	751.21	-56.88	113.3
Trenčín Region	582.62	631.22	686.68	688.08	-120.01	118.1
Nitra Region	552.15	602.64	665.80	683.07	-125.02	123.7
Žilina Region	586.64	640.81	707.26	715.50	-92.59	122.0
Banská Bystrica Region	561.21	611.73	657.80	661.03	-147.06	117.8
Prešov Region	501.56	540.30	594.84	621.36	-186.73	123.9
<b>Košice Region</b>	<b>642.47</b>	<b>684.09</b>	<b>736.81</b>	<b>747.90</b>	<b>-60.19</b>	<b>116.4</b>

Source: Bulletin 2006–2009, Stat, Office of SR Regional Office in Košice, KSR – own calculation

In terms of education, the highest average gross monthly wage both in Košice Region and in SR as a whole was in the group of people with third degree university education (PhD.), and it reached EUR 1,112 (EUR 1,277 in SR). The most significant increase of average wage in Košice Region was in the group of people with secondary vocational education (by 48.6%); within SR as a whole, the largest increase was in the group of people with third degree university education (by 61.2%).

**TABLE:** Development of average gross nominal wage per month by level of education (in EUR)

Education	Košice Region					Index 2008/ 2004	SR					Index 2008/ 2004
	2004	2005	2006	2007	2008		2004	2005	2006	2007	2008	
Elementary	402	425	447	461	483	120.1	386	412	420	452	493	136.9
Apprenticeship	509	526	561	580	614	120.6	453	486	515	558	603	133.1
Secondary vocational without school-leaving exams	420	496	565	589	624	148.6	434	467	498	546	590	135.9
Apprenticeship with school-leaving exams	549	577	629	663	712	129.7	538	566	611	664	716	133.1
Full secondary – general	531	565	611	646	684	128.8	548	600	633	668	735	134.1
Full secondary	582	630	700	732	783	134.5	565	606	635	692	759	134.3
Higher	511	559	560	666	743	145.4	611	581	662	731	807	132.1
University – undergraduate	757	584	817	749	887	117.2	736	739	857	827	900	122.3
University – graduate degree	864	929	1,012	1,123	1,106	128	909	981	1,065	1,171	1,205	132.6
University – post-graduate degree	837	877	1,007	1,115	1,112	132.8	792	951	1,159	1,233	1,277	161.2
Total	569	596	662	713	756	132.9	566	614	656	719	773	136.6

Source: Statistical Office of the Slovak Republic, Regions of Slovakia 2009 Statistical Yearbook

## Land prices

**TABLE:** Average price of land in Košice Region in 2010

Location	Average price of land in EUR/ha	
	Arable land	Permanent grasslands
Gelnica	321.14	212.31
Košice I	897.17	406.82
Košice II	1,172.17	771.62
Košice III	809.77	314.84
Košice IV	1,388.04	686.12
Košice-okolie	934.99	554.57
Michalovce	1,335.48	734.46
Rožňava	850.41	373.14
Sobrance	1,017.97	587.26
Spišská Nová Ves	582.94	306.27
Trebišov	1,326.17	689.52
Košice Region	966.93	512.45

Source: www.pozemky.sk

The price of construction land in the region of Košice has declined by two percentage points according to a survey held by the Slovak branch of estate consultancy company Colliers International. Property market has undergone less dramatic fluctuations than the residential market, where prices have been falling rapidly since the middle of 2008. According to data from Národná banka Slovenska (Central Bank of the Slovak Republic), the property value in the first quarter of 2010 decreased by an average of 16%, compared with the second quarter of 2008, when the property prices were at their highest. Prices have declined in other 4 regions of Slovakia too, with the exception of Nitra Region. Prices per square meter ranked from EUR 20 to EUR 1,300.

Unlike construction land, the price of industrial land has not changed significantly. Their value usually reached EUR 30 to EUR 80.

**TABLE:** Required prices of construction land designated for residential construction or for commercial purposes with valid permissions issued by responsible authorities (EUR/m<sup>2</sup>) in the first half of 2010

Region	Lower limit	Upper limit	Year-to-year change (%)
Bratislava Region	20	1,300	-3.80%
Bratislava Region (outside BA)	20	200	-13.60%
Trnava Region	20	200	-4.50%
Nitra Region	20	130	-20.00%
Trenčín Region	20	200	-13.60%
Žilina Region	20	220	-16.70%
Banská Bystrica Region	20	210	-13.00%
Prešov Region	20	250	-3.70%
Košice Region	25	220	-2.00%

Source: Colliers International, Slovakia Real Estate Review 2010

## Property prices

Prices of flats (apartments) and houses vary considerably in towns and villages across Košice Region. The price of a studio in the city of Košice could vary from EUR 23,000 to EUR 40,000. Three-room apartments in Košice are in the price range of EUR 1,000 to EUR 2,300 per m<sup>2</sup>, or up to EUR 1,200 per m<sup>2</sup> in other cities of the region. House prices depend on the location, age of the property and equipment/facilities, ranging from EUR 50,000 to EUR 500,000.

## Rental prices

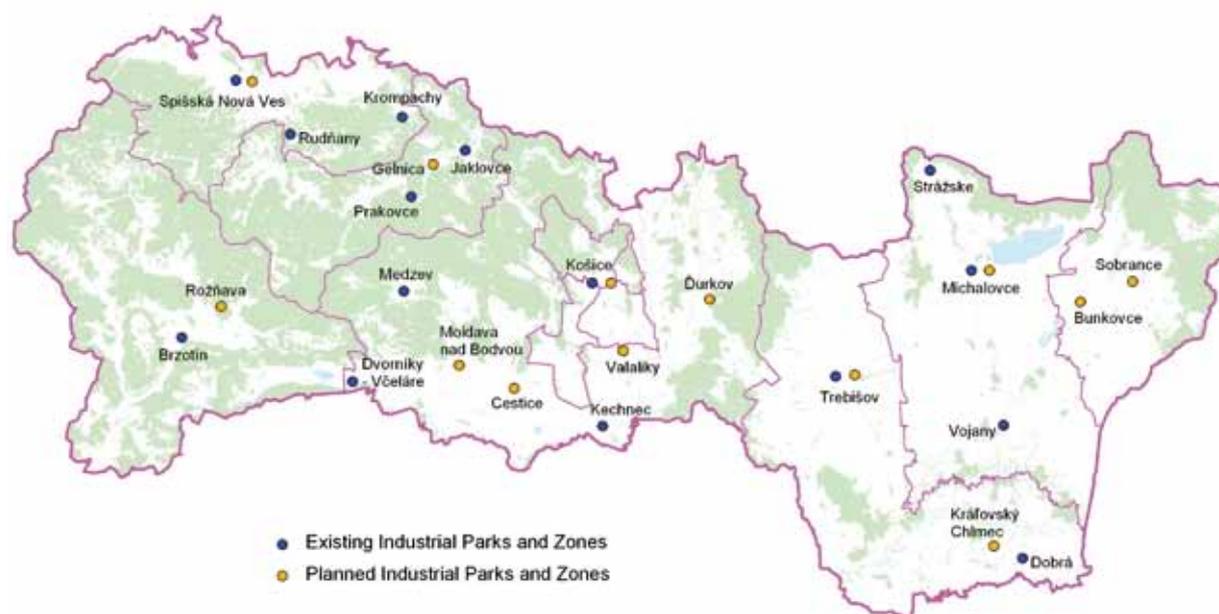
Office space rental prices in Košice Region depend on the demand, on the location of a particular building, accessibility of transport and technical infrastructure and on the general condition of the premises and the amenities thereof. The lowest rental prices apply to industrial and warehouse facilities, newly built or renovated (class A) office premises and areas are being rented for higher prices. For instance, storage area in Sobrance can be rented for prices starting at 2.66 EUR/m<sup>2</sup>/year, while the price for rental of office space in the center of Košice is approx. 116 EUR/ m<sup>2</sup>/year).

# Industrial Sites Available for Investors



Areas available for investors are defined in the Local Development (Zoning) Plan of Košice Self-governing Region, as well as in the zoning plans of all particular municipalities. Amendments and changes to the plans from year 2004 were approved by local authorities on 30 August 2004. The Development Plan was subsequently updated on 24 August 2009, when two new industrial parks were proposed (global logistic industrial park in Košice and industrial park in Bunkovce).

**FIGURE:** Locations of industrial parks and zones in Košice Region (year 2010)



Source: Košice Self-governing Region

**TABLE:** Already existing industrial parks in Košice Region (2010)

Name of the location	Cadastral area	District	Total area (ha)	Possibility of extension (ha)
Kechnec	Kechnec	Košice-okolie	332	-
Košice – Pereš	Košice – Západ, Košice – Barca	Košice II, Košice IV	190	20.6
Spišská Nová Ves	Spišská Nová Ves	Spišská Nová Ves	9.5	-
Priemyselný park Trebišov Most Východ – Západ	Trebišov	Trebišov	20	-
Chemko Strážske, a.s. v likvidácii (in liquidation)	Strážske	Michalovce	297 ha in liquidation	-
Michalovce – juh* (* Industrial park is full)	Michalovce	Michalovce	17.65	-

Source: Košice Self-governing Region

**TABLE:** Prepared industrial parks in Košice Region (2010)

Name of the location	Cadastral area	District	Total area (ha)	Possibility of extension (ha)
EKO – TERM – TURIST Ďurkov, Olšovany, Svinica	Ďurkov, Olšovany, Svinica, Bidovce	Košice-okolie	136	-
Gelnica	Gelnica	Gelnica	42.5	-
Rožňava	Rožňava, Nadabula	Rožňava	8.3	-
Kráľovský Chlmec – Cerovo	Kráľovský Chlmec	Trebišov	42.2 (+ further 15 ha settled)	10
Sobrance – Západ	Sobrance	Sobrance	20	-
Valalíky	Valalíky	Košice-okolie	96.1	up to 280
Moldava nad Bodvou	Moldava	Košice-okolie	59.62 – possible phasing: 1st phase: 30.26 ha 2nd phase: 29.36 ha	
Cestice	Cestice	Košice-okolie	77.86	In total potentially 105 ha
Globálny logistický industriálny park Košice	Železiarne	Košice II	560	-
Dobrá	Dobrá	Trebišov	31	-
Bunkovce	Bunkovce	Sobrance	73.3673	reserve 29.6414

Source: Košice Self-governing Region

**TABLE:** Potential production areas for investors (2010)

District	Cadastral area	Total area (ha)	District	Cadastral area	Area (ha)
Košice	Barca	23	Gelnica	Margecany	15
	Juh	45		Prakovce	23.5
	Šaca	25	Michalovce	Michalovce	54.5
Košice-okolie	Budimír	13.1		Veľké Kapušany	22
	Čečejevce	10.3	Vojany	50	
	Dvorníky-Včeláre	70	Rožňava	Brzotín	92
	Haniska pri Košiciach	14.2		Rožňava	18.3
	Medzev	24	Spišská Nová Ves	Krompachy	5
	Mokrance	80		Smižany	33
	Nová Polhora	30		Spišská Nová Ves, Harichovce	223
	Veľká Ida	29.4	Trebišov	Trebišov	11.2

Source: Košice Self-governing Region

## Business centers in Košice

### Košice Aupark Tower

- 11,560 m<sup>2</sup> of office space (class A) located in the very centre of Košice;
- 1,200 parking spaces;
- Currently under construction, completion planned in 2012;

### Business Centre Košice

- 10,000 m<sup>2</sup> of office space (class A) in the city centre, currently being completed;
- Underground parking slots available;

### Cassovar Business Center

- 31,000 m<sup>2</sup> of office premises (class A) in the centre of the city;
- Space for 2,500 employees and 500 parking slots;
- First phase of the project already completed, the completion of second phase is planned in 2011;

### Bastion

- 8,972 m<sup>2</sup> of office space (class A) and 154 parking slots located in the centre of the city;
- In 2010, general contractor was selected, completion within 24 months after signing of the contract;



### **Administrative and creative centre of Košice Self-governing Region**

- 5-storey building with a total floor area of 7,171 m<sup>2</sup>, of which 5,304 m<sup>2</sup> will be available for rental. Space is divided into 15 separate business premises with areas ranging from 167 to 785 m<sup>2</sup>.
- Variability of this area allows for the creation of modern open space offices and individual facilities tailored to client's needs.

## **Investments into tourism**

Investment potential of Košice Region in the field of tourism is wide-ranging and covers almost all kinds and forms of tourism. Well-preserved natural environment and rich cultural heritage that can be found here make the region an attractive tourist destination all-year-round. Moreover, the geographical position of Košice Region enables the region to be actively involved in international tourism.

Košice Region offers good conditions for establishing:

- Complex tourism centers – winter and summer hiking, rural tourism and cultural tourism in the vicinity of national parks, e.g. Slovak Paradise (Slovenský raj) or Slovak Karst (Slovenský kras); as well as by the Zemplínska Šírava lake (the largest water reservoir in SR, nicknamed ‚Slovak See‘) and in the Tokaj region, in which unique Tokaj wine is produced.
- Aqua parks utilizing geothermal waters
- Rehabilitation centers using thermal and mineral springs
- Servicing centers for tourists and drivers by major tourist routes and roads
- Centers for short-term recreation

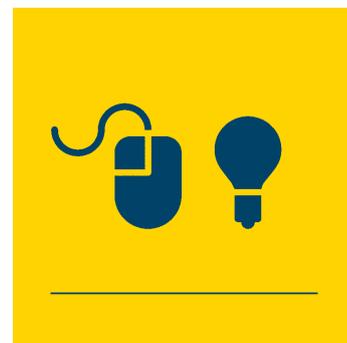
## **Banks**

### **As a member of the EU and of the Eurozone, Slovakia offers a fully-developed and healthy financial sector.**

Following banks operate in Košice:

- Citibank Europe plc, pobočka zahraničnej banky
- COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky
- Československá obchodná banka, a. s.
- Dexia banka Slovensko, a. s.
- ING Bank N.V., pobočka zahraničnej banky
- Komerční banka Bratislava, a.s. Business center Košice
- Národná banka Slovenska (Central Bank of the Slovak Republic)
- OTP Banka Slovensko, a. s.
- Poštová banka, a. s.
- Slovenská sporiteľňa, a. s.
- Slovenská záručná a rozvojová banka, a. s.
- Tatra banka, a. s.
- UniCredit Bank Slovakia, a. s.
- VOLKSBANK Slovensko, a. s.

# Research and Development Potential in Košice Region



Research, development and innovation environment in the region are supported by the network of Centers of Excellence and Technology Centers.

## Technology Centers

Technology Centers and Centers of Excellence is an initiative focused on supporting the development of excellent research in the field of innovative technological solutions and their commercial utilization in business.

Centers of Excellence and Technology Centers established or prepared in Košice Region:

1. **TECHNICOM Košice – Technology Centre for Advanced Innovative Technologies** – focuses on promoting technology and innovation transfer from academic environment and applied research to industry and services within Košice Region. The Center operates on the premises of the Technical University in Košice.
2. **University Centre for Innovation, Technology Transfer and Intellectual Property Protection (UCITT)** UCITT will create the environment providing



continued support for the development of active and mutually beneficial cooperation between R&D and practice, as well as the efficient system of commercial utilization of research outcomes, products and technologies. Through the network of the Centre' contacts, UCITT will ensure effective delivery of the said services and products to regional, national and international research, social and business environment. UCITT will mainly influence:

- Increased cooperation of all stakeholders in the said area;
- System solutions in the field of commercialization of research results and in intellectual property protection;
- Availability of services and activities for all stakeholders, national and international partners and interested parties;
- Institutions supporting joint research and innovation activities and those responsible for commercial impact of these activities.

## Centers of Excellence in research

At the end of 2010, there were 17 Centers of Excellence operating at three universities and various institutes of SAS (Slovak Academy of Sciences) in Košice Region with the main aim to support R&D.:

**TABLE:** Centers of Excellence in Košice Region

Centers of Excellence	Founder
Research Excellence Centre On Earth Sources, Extraction and Treatment	Technical University in Košice
Centre of Excellence On Advanced Materials with Nano- and Submicron-Sized Structure	Institute of Material Research of SAS in Košice
Centre of Information and Communication Technologies for Knowledge Systems	Technical University in Košice
CaKS – Centre of Excellence for Information Science and Knowledge Systems	Pavol Jozef Šafárik University in Košice
INFJEKTZOON – Centre of Excellence for Animal Health and Zoonoses	University of Veterinary Medicine and Pharmacy in Košice
Network of Excellence in Oncology (SEPO)	Pavol Jozef Šafárik University in Košice
Promoting Centre of Excellence for Integrated Research of Progressive Building Structures, Materials and Technologies	Technical University in Košice
Centre of Excellence for Research of Atherosclerosis And Its Complications of Cardiac And Cerebral Infarction (CEVA)	Pavol Jozef Šafárik University in Košice
Extrem – Center of Advanced Physical Studies for Materials in Extreme Conditions	Pavol Jozef Šafárik University in Košice
Centre of Excellence for Parasitology	Parasitological Institute of SAS in Košice
Centre of Excellence for Research on Physiology of the Digestive Tract-CEFT	Institute of Animal Physiology of SAS in Košice
Cooperative Phenomena and Phase Transitions in Nano-systems with Perspective Applications in Nano- and Biotechnology	Institute of Experimental Physics of SAS in Košice
NANOFLUID	Institute of Experimental Physics of SAS in Košice
Centre of Excellence: Nanostructure Materials, NANOSMART	Institute of Experimental Physics of SAS in Košice
Centre of Excellence for Individualization of Anti-cancer Therapy-CEX INDICA	Department of Pharmacology, Faculty of Medicine of Pavol Jozef Šafárik University in Košice
Centre for Research of Social Aspects of Health – Košice Institute for Society and Health - KISH	Faculty of Science, of Pavol Jozef Šafárik University in Košice
Centre of Low Temperature Physics – CFvNT	Institute of Experimental Physics of SAS in Košice, Pavol Jozef Šafárik University in Košice

Source: Košice Self-governing Region

## IT Valley Košice Cluster

The IT Valley cluster was established three years ago and brings together companies focusing on information and communication technologies. IT Valley (hereinafter 'ITV') consists of over 24 different companies operating in this region.

Some of fundamental roles of ITV are:

- To create favorable conditions for flexible education process of IT graduates;
- To contribute to the establishment of the so called "Learning Region" based on the philosophy of highly professional performance and image of the region with people able to create high added value, who are attractive for investors;
- To help create favorable business environment with high potential for innovation, where EU funds and other financial resources can be used well for further development of the region.

The aim of ITV is to help Košice Region to evolve into a region where IT plays a significant role in employment, research and practical application of IT technologies; the region with high-quality universities and advanced level of education; the region with people able to bring higher added value to companies. All this should contribute to a better quality of life in Košice Region.

Contact details:	
<b>Mailing address:</b> Košice IT Valley Technical University in Košice Letná 9 040 01 Košice	<b>Office address:</b> Košice IT Valley Technical University in Košice Boženy Němcovej 32 040 01 Košice Tel. +421 (0)948 818 150

## Automation and Robotics Cluster in Košice

The cluster has been established with the aim to concentrate development capacities in the Košice and Prešov regions in order to strengthen professional focus on automation and robotics and to create opportunities for its members to join international suppliers' groups. The strategic aim of cluster members is to operate more dynamically and efficiently, which, together with cooperation with other members of the cluster, will enable them to promote their services and products to automotive industry and big investors both on the domestic and international market more efficiently.

Areas of operation of the association:

- Research and development of automation and robotic technologies and production systems
- Engineering, design support in the process of transfer of new technologies and new techniques delivery for manufacturing systems and robotic workstations
- Professional trainings and expert preparation in the fields of automation and robotics
- Participation in professional and international business associations and clusters
- Support of professional innovation centers and clusters for better cooperation among members from industry and academia; transfer of new technologies between different regions
- Support of the development of sophisticated production technologies and processes, which create jobs requiring higher qualifications

Reasons for the cluster establishment:

- To create conditions for the establishment of research and development centers within Košice Region, transfer of new technologies and innovations for the development of new products, technological processes and testing equipment;
- To strengthen supply, design, testing and servicing capacities in the field of automation and robotic technology and their parts in Košice Region;
- To support the process of improving the quality of education and training programs provided by local universities, including the development of industrial Centers of Excellence;

- To coordinate marketing and preparation activities in the field of joint research and development projects for national and international grant programs, as well as for national and European funds;
- To coordinate joint activities within European technology platforms EUROP and MANUFUTURE / EFFRA in order to promote research and business environment in cooperation with foreign partners;
- To create a platform for an effective cooperation among regional institutions and programs and businesses and universities in order to develop innovative environment and employment.

Contact details:

---

**Office address:**

Cluster AT+R z. p. o., Južná trieda 95, 041 24 Košice



# Inflow of Foreign Investments – Current Situation



## Foreign direct investments (FDI)

The volume of FDI in Slovakia has been increasing and, as of 31 December 2008, reached EUR 26,803 mil. In absolute numbers, FDI in Košice Region has been on the rise, yet, in terms of percentage within Slovakia, there has been a decline of 0.4 percentage points.

**TABLE:** FDI (equity capital + reinvested earnings + reinvested profit) in total

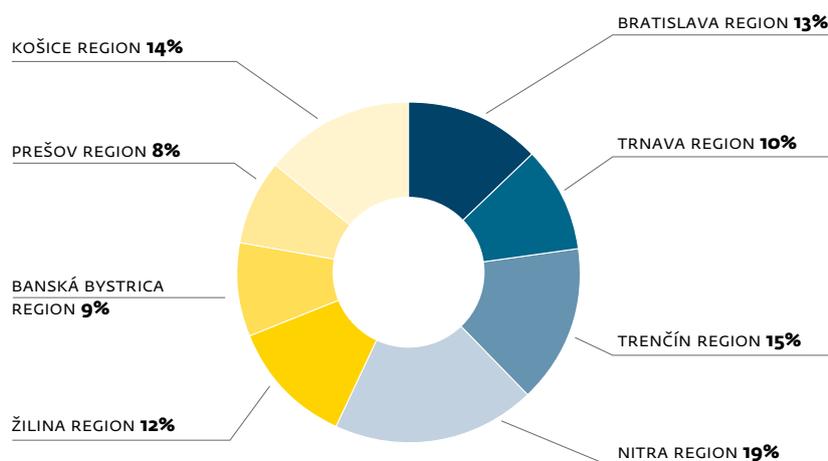
Year/FDI	2001	2002	2003	2004	2005	2006	2007	2008 <sup>1</sup>	2009 <sup>1</sup>
Slovakia in total (mil. EUR)	7,781	10,597	11,568	13,228	13,843	13,601	25,961	30,023	30,989
Košice Region (mil. EUR)	1,248	1,101	1,137	1,143	1,198	1,254	2,279	2,672	2,696
%	16.04	10.39	9.83	8.63	8.51	9.2	8.8	8.9	8.7

<sup>1</sup> preliminary data

Source: Národná banka Slovenska (Central Bank of the Slovak Republic),

**SARIO cumulative analysis for the years 2002–2009** shows that the total number of completed investment projects in different regions is relatively balanced. Trends in recent years indicate increasing interest of investors in Central and Eastern Slovakia, as well as the investment structure changing towards investments with higher added value especially into the area of Western Slovakia and in Košice agglomeration.

**FIGURE:** Proportion of completed investment projects by regions



Source: SARIO

## Rules of individual state aid for investors

State aid may be granted in accordance with Act no. 231/1999 Coll. on State Aid and in accordance with special laws and European Community legislation related to state aid provision. State aid means any assistance in any form, provided by the provider directly or indirectly from the state budget, provider's own budget or provider's own resources to a particular entrepreneur. State aid may be granted under aid schemes or individual schemes in a direct or indirect form.

Direct form of state aid includes:

- Grant, contribution
- Payment of interest or part of interest as a part of the provided loan
- Partial reimbursement of the loan
- Returnable financial aid

Indirect form of state aid includes:

- Provision of state or bank guarantee
- Provision of tax relief or relief concerning penalties, fines, interests or other sanctions
- Sale of immovable state property or property of municipality (at lower price than market price)
- Provision of consultancy services free of charge or for a partial payment
- Deferral of tax payments or permission for tax paid in installments.

This could include assistance for staff trainings, promotion of employment, research and development. Regional aid is provided in the form of investment incentives.

### Investment assistance

Beneficiaries of investment aid may be natural or legal persons authorized to conduct business in the Slovak Republic, whose investment activities and projects meet the conditions defined by Act no. 561/2007 Coll. on State Aid as amended (State Aid Act). No legal claim exists in relation to state aid provision.

The project implementation (construction work, ordering of machinery and equipment) cannot be started before the Ministry of Economy issues a formal approval that the applicant is eligible for state aid and is able to draw the financial resources necessary. Objective of this rule is to achieve the stimulating effect of regional aid, which should guarantee implementation of investment projects in such regions where they would never be implemented otherwise. In case the applicant commences construction or any kind of works within the scope of the project before the approval from the Ministry is issued, the project is no longer eligible for regional aid.

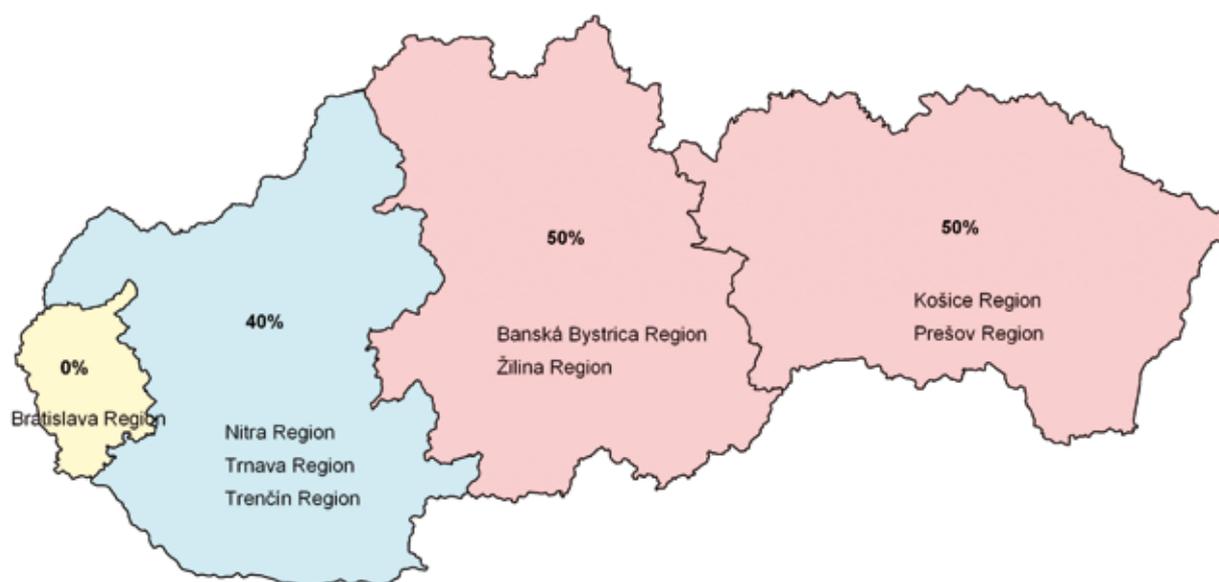
The investment project must be implemented within three years (36 months) from the approval of regional aid. This assistance may be provided in order to establish new, as well as to extend already existing businesses.

Acquisition costs are deemed as eligible costs for the purpose of providing aid. Acquisition costs include acquisition of:

- Land;
- Buildings;
- Technology and machinery;
- Intangible capital assets – licenses, know-how, etc.;
- Labor costs.

The total amount of approved aid must consider the intensity and character of specific regional problems and features. The maximum amount of aid that can be approved for investors in a specific region was set by the European Commission. For this purpose, the Slovak Republic was divided into four regions as follows:

**FIGURE:** State aid granted in the Slovak Republic, division by regions



Source: SARIO and Košice Self-governing Region

Percentages in the map reflect the so-called aid intensity, i.e. the maximum proportion of eligible costs that may be approved for an investor in the form of investment incentives. The maximum aid intensity may be increased for medium-sized businesses by 10% and, in case of small businesses, by 20%.

**TABLE:** Maximum amount of state aid (%) in Košice Region by size of businesses

Košice Region	Large businesses	Medium-sized businesses	Small businesses
Maximum share of eligible costs of a project (%)	50%	60%	70%

Source: SARIO

Investment aid is aimed to support initial investments in disadvantaged regions and to create new job opportunities in the form of:

- a. Subsidies for the acquisition of long-term tangible and long-term intangible assets;
- b. Income tax relief;
- c. Contributions for newly-created jobs;
- d. Transfer of non-movable assets or the exchange of a non-movable asset at a price lower than the general asset value.

**a) Subsidies for the acquisition of long-term tangible and long-term intangible assets**

These are financial contributions for the purpose of acquisition of tangible and intangible investment assets. It depends on financial possibilities granted by the state budget. Subsidized assets have to be maintained by the investor for at least 5 years after the completion of the investment.

**b) Income tax relief**

This incentive is applicable for a maximum of 5 consecutive tax periods. The first tax period to which the relief can be applied is the period in which the investor receives administrative decision approving the state aid – the taxpayer has met all the required conditions. However, the latest period is that, which expires 3 years after the investment was approved. The taxpayer may apply for the income tax relief up to the amount of the tax accrued from the proportionate part of the

tax base. The proportionate part shall be calculated so that the tax base shall be multiplied by a coefficient which shall be set as the quotient of the eligible costs for which the investment aid was provided and the sum of the equity value showed in the final accounts in the period of taxation in which the confirmation that the investor met the requirements for the aid provision was issued and the eligible costs, i.e.:

coefficient = eligible costs / eligible costs + equity in the appropriate year

**c) Contributions for newly created jobs – partial reimbursement of salaries, including mandatory charges**

This is provided in the form of partial reimbursement of salaries, including mandatory charges for a maximum period of two years. Each funded job has to be maintained for at least 5 years since the job was assigned. Jobs created directly by the initial investments must be filled in within 3 years after the completion of the investment plan. The total amount of financial contribution for which the investor may apply depends on the particular region in which the investment takes place. The value of this incentive shall be expressed as a percentage of total labor costs per employee for the period of two years. For example, if an investor decides to invest in Eastern Slovakia, where the maximum state aid is set as 50% of the total eligible costs, the amount of contribution is determined as 50% of total labor costs for the newly-created job for the period of 2 years. The percentage equals to the maximum intensity of financial aid in the relevant region.

**d) Transfer of non-movable assets or the exchange of a non-movable asset at a price lower than the general asset value**

The investment incentive in this case is the difference between the market price and the price at which the transfer was made. Investment aid may be provided by the municipality, self-governing region, or any organization established by those authorities, Slovak Land Fund, or owner or governor of real estate in the general sphere of authority. Contract on transfer or exchange of a non-movable asset must contain regulations on right of lien for a minimum of 5 years since the transfer was made.

Within the meaning of State Aid Act, following types of investments may be supported:

**1. Industrial production**

Investment projects in the field of industrial production may be supported by investment aid if the following conditions are met:

- a. Establishment of a new business, extension of an existing business, diversification of production, significant changes in the production program, purchase of a business;
- b. The acquisition of new production and technological equipment for production purposes, worth at least 60% of the total value of the acquired long-term tangible and long-term intangible assets;
- c. Production, operations, processes, construction or production and technological equipment meeting requirements for the environmental protection;
- d. Achievement of at least 80% share of revenues from business activities mentioned in the investment plan of the total revenues of the said beneficiary;
- e. Procurement of long-term tangible and long-term intangible assets in minimum amounts as defined in the table below. These depend on the average unemployment rate in the region, in which the investment project is to take place, for the year preceding the year in which the investment aid application is submitted:

**TABLE:** The minimum amount of eligible investment costs–Industrial production

Unemployment rate in the region	The minimum amount of eligible investment costs (in millions of EUR)	
	before 31 March 2009 and after 1 January 2011	since 1 April 2009 until 31 December 2010
Equal or below average in Slovakia	26.56	13.28
Higher than average in Slovakia (by less than 50%)	13.27	6.635
At least 50% higher than average in Slovakia	6.64	3.32

Source: PricewaterhouseCoopers, Act no. 561/2007 Coll. on Investment Aid

## **2. Technology Centers**

Technology Centre is a place where the recipient carries out activities, which improve or change products, production processes and technologies used in the production process, i.e. improvement of products, research and development, innovative activities, and creative centers. The production process is not considered to be a Technology Centre activity.

Conditions for granting and supporting of Technology Centers include:

- a. Setting-up of a new, or extension of an existing centre;
- b. Procurement of long-term tangible and long-term intangible assets (at least EUR 1.33 million in total); with at least 50% covered by the equity of a legal entity or by own means of a natural person – entrepreneur;
- c. At least 60% of all employees of the business must have a university education.

## **3. Shared Service Centers**

Service Centers are places where the recipient provides services with high added value, promoting employment of qualified experts in centers for software development, technical solution centers, centers for the repair of sophisticated technologies, customer support centers and headquarters of multinational enterprises.

Conditions for granting and supporting of Services Centers include:

- a. Setting-up of a new, or extension of an existing Service Centre;
- b. Procurement of long-term tangible and long-term intangible assets (at least EUR 1.16 million in total); with at least 50% covered by the equity of a legal entity or by own means of a natural person – entrepreneur;
- c. At least 30% of all employees of the business must have university education.

## **4. Tourism**

Within the meaning of the Investment Aid Act, it is possible to support complex tourist centers providing at least three tourism services, such as accommodation, catering services, other supplementary services – skiing, swimming, sports and wellness services, cultural and cognitive services, which together form a complex unit in one place.

Conditions for granting Investment Aid in the field of tourism include:

- a. Establishing of a new, or extension of an existing complex tourism centre with new services;
- b. Procurement of new technological equipment intended for the provision of services, worth at least 40% of the total value of the acquired long term tangible and long term intangible assets;
- c. Services, activities, processes, structures or facilities meeting the requirements for environmental protection according to special regulations;
- d. Achievement of at least 80% share of revenues from business activities specified in the investment plan of the beneficiary;
- e. Procurement of long-term tangible and long-term intangible assets (at least EUR 16.6 million in total), with at least 50% covered by the equity of the legal entity or by own means of a natural person - entrepreneur. The amount may be reduced to EUR 8.3 million in case the investment plan is being implemented in a district or districts where the unemployment rate is higher than the average unemployment rate in Slovakia for the previous year (the year in which the Ministry receives the request for the investment aid). If the investment plan is to be implemented in a district where the unemployment rate is at least 50% higher than the average rate in Slovakia, as published by the Statistical Office of the Slovak Republic in the calendar year preceding the year, in which the request was received by the Ministry, the amount is reduced to EUR 3.32 million.

**TABLE:** The minimum amount of eligible investment costs – Tourism

Unemployment rate	The minimum amount of eligible investment costs (in mil. EUR)	
	before 31 March 2009 and after 1 January 2011	since 1 April 2009 until 31 December 2010
Equal or below average in Slovakia	16.6	9.96
Higher than average in Slovakia (by less than 50%)	8.3	4.98
At least 50% higher than average in Slovakia	3.32	3.32

Source: PricewaterhouseCoopers, Act no. 561/2007 Coll. on Investment Aid

## Cancellation and discontinuation of investment aid granting

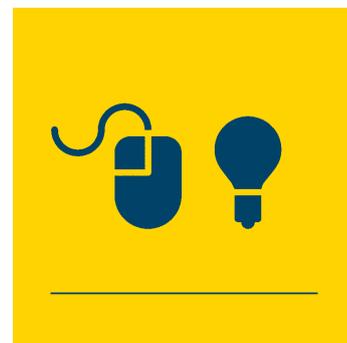
Cancellation and discontinuation of investment aid granting is possible upon a recipient's request, provided the investment aid has not started to be drawn yet. If the recipient:

- fails to start procuring long-term tangible and intangible assets within 24 months after the receipt of the investment aid approval;
- fails to commence the activity referred to the investment plan within 3 years after the receipt of the investment aid approval;
- fails to meet any of the investment aid granting conditions;

decision on approval of investment aid shall expire and investment aid shall be recovered.

Investment aid for further investment activities of the same beneficiary is possible only if they already completed the implementation of the investment objectives, for which the aid was approved by state authorities, and provided they have already used the previously allocated aid. Recipient, for whom state aid was approved in accordance with valid legislation, cannot repeatedly apply for investment aid.

# Incentives for Research and Development



Conditions for obtaining and using incentives for research and development are established by Act on Incentives no. 185/2009 Coll. This Act represents a state aid scheme designed for legal entities – entrepreneurs in order to improve the level of research and development. Incentives may be in the following forms:

## 1. Subsidy from the state budget for:

- support of basic research, applied research or experimental development projects;
- preparation of project feasibility studies;
- protection of industrial property;
- temporary assigning of a highly qualified employee in the field of research and development.

The subsidy is conditioned by the creation of a new facility or an expansion of business premises from own funds of the entrepreneur, focused on R&D activities. The newly created or extended workplace must remain active at least five years after the cessation of incentives provision.

## 2. Income tax relief

The incentive based on the proportion of the tax base dependent on the cost of research and development, financed by the applicant's own funds, and the total costs of research and development. The Income tax relief amount is limited by the absolute amount of aid granted for the particular form. Maximum period of drawing is 3 years.

## Character of individual projects and the maximum amount of support

### 1. Basic research project

- is focused on experimental or theoretical work undertaken primarily to obtain new knowledge intended to be used in practice;
- maximum duration of the project is 3 years.

**TABLE:** Amount of state aid according to the size of the company – Basic research projects

Size of the company	Max. amount of state aid / Min. amount of eligible costs	
	% of eligible costs / Max. amount of State Aid in mil. EUR for 1 project/1 company	Min. amount of eligible costs (in mil. EUR)
Micro and small company	100% / 20	0.25
Middle-size company	100% / 20	0.5
Large company	100% / 20	1.0

Source: PricewaterhouseCoopers

## 2. Applied research project

- is aimed at obtaining new knowledge and skills for developing new products, processes or services;
- maximum duration of the project is 3 years.

Amount of state aid according to the size of the company – Applied research projects

Size of the company	Max. amount of state aid / Min. amount of eligible costs	
	% of eligible costs / Max. amount of state aid in mil. EUR for 1 project/1 company	Min. amount of eligible costs (in mil. EUR)
Micro and small company	70% <sup>*</sup> / 10	1,5
Middle-size company	60% <sup>*</sup> / 10	2,5
Large company	50% <sup>*</sup> / 10	3,5

<sup>\*</sup>The above-mentioned intensity can be increased by 15 percentage points (up to 80% of eligible costs), if the project involves effective cooperation of at least two independent companies.

Source: PricewaterhouseCoopers

## 3. Experimental development project

- is focused on acquiring, combining, forming and using of already existing scientific, technical and technological knowledge and skills, in order to create plans and reports, or proposals of new (improved) products, processes and services;
- maximum duration of the project is 3 years.

**TABLE:** Amount of state aid according to the size of the company – Experimental development project

Size of the company	Max. amount of state aid / Min. amount of eligible costs	
	% of eligible costs / Max. amount of state aid in mil. EUR for 1 project/1 company	Min. amount of eligible costs (in mil. EUR)
Micro and small company	45% <sup>*</sup> / 7,5	1,5
Middle-size company	35% <sup>*</sup> / 7,5	2,5
Large company	25% <sup>*</sup> / 7,5	3,5

<sup>\*</sup> The above-mentioned intensity can be increased by 15 percentage points (up to 80% of eligible costs), if the project involves effective cooperation of at least two independent companies.

Source: PricewaterhouseCoopers

## 4. Preparation of a project feasibility study

- is designed to verify the practicability and feasibility of the Applied research project and Experimental development project.

**TABLE:** Amount of state aid according to the size of the company – preparation of a project feasibility study

Size of the company	Max. amount of state aid - % of eligible costs Max. amount of state aid in mil. EUR for 1 company / 1 project	
	Preparatory studies for industrial research activities	Preparatory studies for experimental development activities
Micro and small company	75% / 7,5 <sup>*</sup>	50% / 7,5 <sup>*</sup>
Middle-size company	75% / 7,5 <sup>*</sup>	50% / 7,5 <sup>*</sup>
Large company	65% / 7,5 <sup>*</sup>	40% / 7,5 <sup>*</sup>

<sup>\*</sup>The maximum amount of aid may be higher if the technical feasibility study focuses mainly on industrial or basic research.

Source: PricewaterhouseCoopers

### 5. Protection of industrial property

- aims to ensure the protection of results obtained within applied research projects or experimental development projects at home or abroad, in the form of patent protection or other forms of industrial property rights protection;
- maximum intensity of aid (as % of eligible costs) shall not exceed the intensity for relevant research and development activities, which led to initial establishment of industrial property rights.

### 6. Temporary assigning of a highly qualified employee in the field of research and development

- temporary assigning of highly-qualified personnel from other R&D sectors (universities, Slovak Academy of Sciences or large enterprises) to a micro, small or a medium-sized company;
- in case of micro, small and medium – sized companies, the maximum intensity of aid (as % of eligible costs) shall not exceed 50% for a maximum period of 3 years for 1 company and 1 assigned worker.





# Lifestyle



## Shopping opportunities

Shopping centers and supermarket chains as Tesco, Cassovia, Optima, Lidl, Kaufland, BauMax, Hornbach, KIKA, Asko and others are available in all major towns in the region. They offer opportunities for shopping, relaxation, as well as food courts and child care facilities while parents are shopping.

## Accommodation possibilities

There are many possibilities for young families when considering temporary family housing (mediated by real estate agents or private individuals). Visitors can enjoy housing of a high standard, comparable to that of other EU countries.

## Health care

Health care is provided by a system of state and private health care facilities. There is also a network of home care agencies, emergency medical services and facilities, common diagnostic and treatment units and first aid facilities available for citizens.

## Košice–European Capital of Culture 2013

The city of Košice has been awarded the title of the European Capital of Culture (ECOC) for the year 2013. This title brings an opportunity for the city to open up to public of Europe, visitors and business people. Moreover, it offers a chance to address many problems within the city, stimulate its economic development based on sustainable and creative management of the cultural potential of Košice and of the entire Košice Region. The ECOC project is based on the following themes: conversion of industrial and military areas into creative cultural environment, improvement of unsatisfactory cultural infrastructure, bringing culture to peripheral areas, promotion of a dialogue between Eastern and Western Europe, as well as the harmonization of human needs and environment.

Program TERRA INCOGNITA – “UNDISCOVERED COUNTRY” has been prepared by Košice Self-governing Region in accordance with objectives of ECOC 2013 in order to boost regional development, improve the quality of life in the region with historic routes (Iron, Wine and Gothic routes).

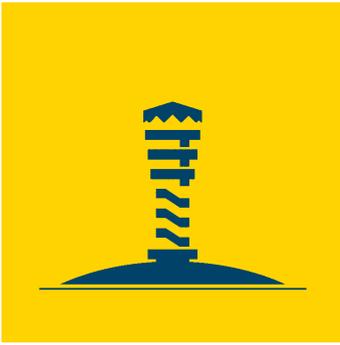
*Košice Region offers numerous opportunities to learn more about the diverse and unique environment and rich cultural heritage of the region, as well as its special cuisine and good services, including accommodation, available for visitors as well as natives.*



## Architectural and cultural heritage

- Košice historical centre – historical reservation area with the largest gothic cathedral in Slovakia;
- One of the three largest and most valuable treasures in the world: Košice Golden Treasure (3000 gold coins), on display in the East Slovakian Museum in Košice;
- Castles, manor houses and mansions – the best maintained and best preserved in Slovakia (Betliar Castle – awarded the Europa Nostra 1994 prize; Krásna Hôrka castle and mausoleum; castle and summer palace Dardanely in Markušovce), the most impressive ruins in Europe – Spiš Castle and surroundings (listed in the UNESCO World Heritage List);





- Wooden church in Ruská Bystrá listed in the UNESCO World Heritage List;
- Murals in churches, castles and mansions – so far not used for the purposes of tourism (with some exceptions – Žehra, Svidník);
- Monasteries and monastic complexes (Jasov, Brehov, Leles);
- Solitaries – isolated architectural monuments (castles, mansions) scattered throughout the countryside – some of them linked to important historical figures (Borša – František Rákoczi II.);
- A number of traditional and contemporary art museums, Slovak Technical Museum in Košice;
- Romathan Theatre (the only Roma theatre in Slovakia) and Thalia Theatre (Hungarian theatre).

### Natural heritage

- Caves located in the Slovenský Kras National Park (Slovak Karst National Park) and Aggtelek National Park (Hungary), including Dobšinská Ice Cave, caves including Stratená Cave (Lost Cave) and Psie diery (Dog Holes) caves, which create a unique cave system in the Duca hill, listed in the UNESCO Natural Heritage List;
- Slovenský Kras National Park (Slovak Karst National Park), the largest karst area in Central Europe with more than 1,110 caves and abysses;
- Carpathian beech forests (UNESCO Natural Heritage List) – the Vihorlat site, which can be found in the territory of Košice Region – is a rare case of forest vegetation zone with broad representation of different types of primeval forests on a relatively small area;
- Slovenský Raj National Park (Slovak Paradise) with lots of narrow and deep gorges with waterfalls,

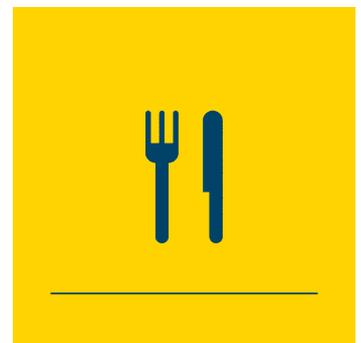


- Geyser in Herľany, which is a unique natural curiosity, can be found in the region;
- Hills and mountain ranges: Volovské vrchy, Čierna hora, Slanské vrchy, Milič and Zemplínske vrchy;
- Dams and lakes: Palcmanská Maša, Zemplínska šírava, Vinianske jazero, Ružín, Bukovec and Morské oko glacier lake;
- Wine production areas: Eastern Slovakia wine region (Kráľovský Chlmec, Moldava, Sobrance and Michalovce wine regions) and Tokaj wine region.

### Hotels

List of selected hotels in the region:

- Košice – Doubletree by Hilton, Hotel Yasmin, Hotel Centrum, Hotel Zlatý Dukát, Hotel Gloria Palac, Hotel Dália, Hotel Bristol, Hotel Maraton
- Gelnica – Hotel Runa
- Michalovce – Hotel Jalta, Interhotel Družba
- Rožňava – Hotel Kras, Hotel Čierny orol
- Sobrance – Penzión Maňa
- Spišská Nová Ves – Parkhotel Centrum, Hotel Metropol
- Trebišov – Hotel Zemplín



# Contacts

## **Košice Self-governing Region**

Námestie Maratónu mieru 1  
042 66 Košice

Tel: +421 55 7268 111  
www.vucke.sk

## **Office of the President**

Tel: +421 55 7268 113  
Fax: +421 55 7268 119  
E-mail: vuc@vucke.sk

## **Office of Košice Self-governing Region**

### **Office of the director**

Tel: +421 55 7268 141  
Fax: +421 55 7268 149  
E-mail: riaditel@vucke.sk

## **Department of Regional Development and Planning**

Tel: +421 55 7268 220  
e-mail: orr@vucke.sk

## **Department of Tourism**

Tel: +421 55 7268 340  
E-mail: tourism@vucke.sk

## **Agency for the Support of Regional Development Košice, n.o.**

Tel: +421 55 68 22 811  
Fax: +421 55 68 22 813  
E-mail: arr@arr.sk  
www.arr.sk







# Contacts

## **Košice Self-governing Region**

Námestie Maratónu mieru 1  
042 66 Košice

Tel: +421 55 7268 111  
[www.vucke.sk](http://www.vucke.sk)

## **Office of the President**

Tel: +421 55 7268 113  
Fax: +421 55 7268 119  
E-mail: [vuc@vucke.sk](mailto:vuc@vucke.sk)

## **Office of Košice Self-governing Region**

### **Office of the director**

Tel: +421 55 7268 141  
Fax: +421 55 7268 149  
E-mail: [riaditel@vucke.sk](mailto:riaditel@vucke.sk)

### **Department of Regional Development and Planning**

Tel: +421 55 7268 220  
E-mail: [orr@vucke.sk](mailto:orr@vucke.sk)

### **Department of Tourism**

Tel: +421 55 7268 340  
E-mail: [tourism@vucke.sk](mailto:tourism@vucke.sk)

## **Agency for the Support of Regional Development Košice, n.o. (ASRD)**

Tel: +421 55 68 22 811  
Fax: +421 55 68 22 813  
E-mail: [arr@arr.sk](mailto:arr@arr.sk)  
[www.arr.sk](http://www.arr.sk)