



## **Weekly Briefing**

**Slovakia economy briefing:  
Industries overview of Slovakia  
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# Industries overview of Slovakia

## Overview

*This article uses the statistical classification of economic activities in the EU – NACE (Nomenclature statistique des activités économiques dans la Communauté européenne) Revision 2. Broad structure of NACE Rev. 2 is available in NACE (2008, p. 57), detailed structure in NACE (2008, pp. 61-90). All the data in this article were taken from the Eurostat database (EUROSTAT, 2019d).*

**Table 1 Overview of NACE activities**

<b>A</b>	Agriculture, forestry and fishing
<b>B-E</b>	Industry (except construction)
<b>C</b>	Manufacturing
<b>F</b>	Construction
<b>G-I</b>	Wholesale and retail trade, transport, accommodation and food service activities
<b>J</b>	Information and communication
<b>K</b>	Financial and insurance activities
<b>L</b>	Real estate activities
<b>M-N</b>	Professional, scientific and technical activities; administrative and support service activities
<b>O-Q</b>	Public administration, defense, education, human health and social work activities
<b>R-U</b>	Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organizations and bodies

*Source: EUROSTAT, 2019d; NACE, 2008.*

## Industries and their contribution to GDP and gross value added

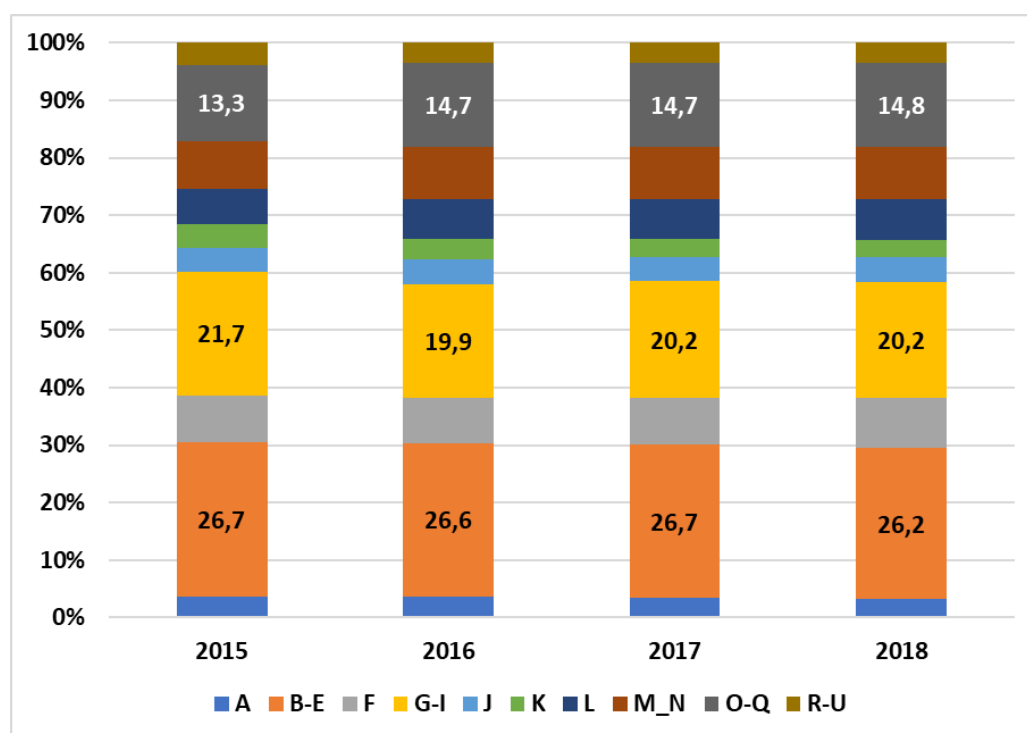
Table 2 presents the development of Slovak GDP at market prices and gross value added for all NACE activities. In 2018, GDP reached 90.2 billion EUR with gross value added of 89.8% of total GDP. During the past four years, the share of gross value added from all NACE activities reached approximately 90% of the total GDP.

**Table 2 GDP and gross value added**

	2015	2016	2017	2018
<b>GDP at market prices (billion EUR)</b>	79.1	81.2	84.9	90.2
<b>Gross value added - all NACE activities (billion EUR)</b>	71.4	73.4	76.4	81.0
<b>Gross value added - share on GDP (%)</b>	90.3	90.4	90.1	89.8

Source: EUROSTAT, 2019a; EUROSTAT, 2019b.

Figure 1 shows the share of NACE activities on the gross value added in 2015-2018. We note that the greatest share of all activities is in sections B-E (industry except construction) with more than 26% in all observed years. Further decomposition shows, that section C, as part of secondary sector, compose more than 22% of total gross value added itself. It is because of the structure of industrial sectors in Slovakia with a significant share of automotive industry. Second section that compose around 20% of total gross value added is sections G-I followed by sections O-Q with almost 15%. Concerning the growth in all NACE activities, the highest growth rate between 2018 and 2017 was recorded in section F – construction with 12.6% followed by L – real estate activities with 10.3% and J – information and communication with 7.7%. on the other hand, not all the activities were growing during the last year. Section K – financial and insurance activities recorded a decline by -1.8%.

**Figure 1 Share of NACE activities on total gross value added, %**

Source: EUROSTAT, 2019b.

To conclude this part, all NACE activities represent around 90% of total GDP with rest going to subventions and taxes. The highest share on GDP is for secondary sector sections B-E with approximately 24% (more than 26% on total gross value added) with section C alone having a share of 20% (more than 22% on total gross value added). Also, the highest growth rate in the previous year goes for secondary sector of the economy for section F – construction with growth of 12.6%.

### **Industries and their contribution to exports**

Final data for this part were available only for years 2012-2016 as presented in Table 3. As shown, the exports of products and services for all NACE activities was continually increasing in the observed period from 62.74 billion EUR in 2012 to 70.07 billion EUR in 2016. Since the Slovak economy experienced continuous growth also in 2017 and 2018, it is reasonable to assume that similar development will be seen also in these two years once the data become available. Table 3 shows rather high economic interdependence of the Slovak economy on the EU market. Since joining the EU in 2004 and even before joining, the Slovak economy was strongly dependent on the Member States of the EU. In the second decade of the 21<sup>st</sup> century, the share of intra-EU trade reached over 80% with a highest share in 2016 of 85.45%.

**Table 3 Exports from Slovakia, all NACE activities**

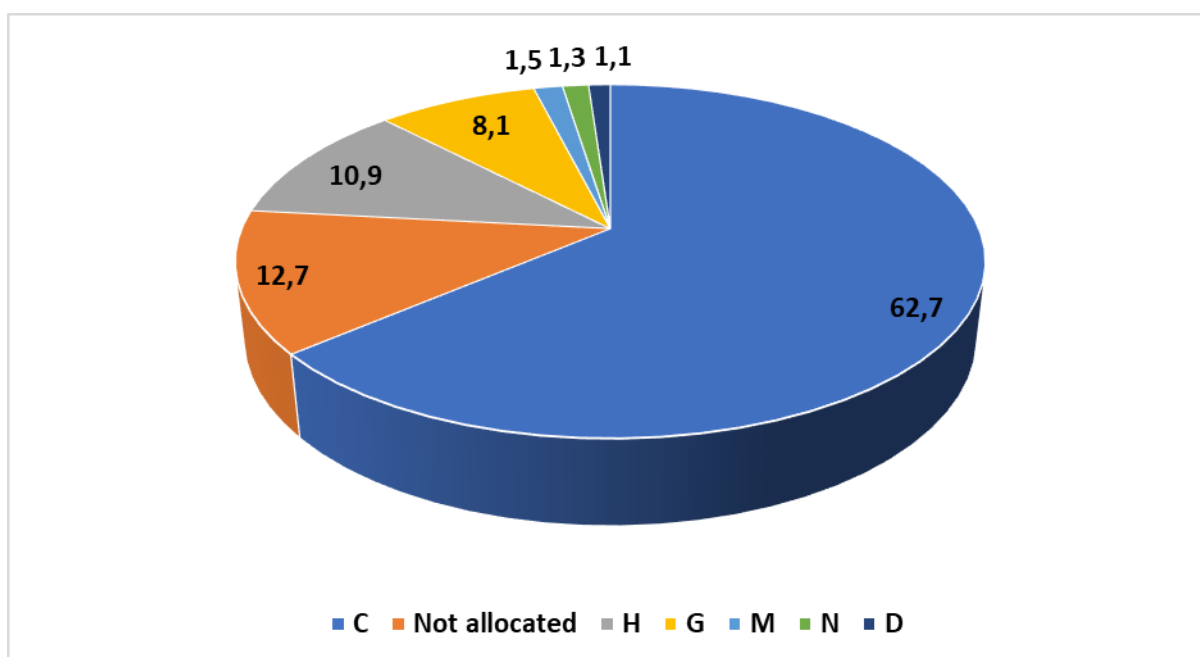
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Total - all NACE activities, EUR billion</b>	62.74	64.57	65.08	67.85	70.07
<b>Share Intra-EU, % of total</b>	83.76	82.95	84.37	85.47	85.45
<b>Share RoW, % of total</b>	16.24	17.05	15.63	14.53	14.55

*Source: . EUROSTAT, 2019e.*

Decomposition of Slovak exports in 2016 into individual NACE activities is shown in Figure 2. It is clear that the greatest share of Slovak exports is composed by section C – manufacturing with a share of almost 63%. The second most important section is H – transportation and storage with a share of almost 11% followed by section G - wholesale and retail trade; repair of motor vehicles and motorcycles with 8.1%. Other sections with a share of more than 1% include M – wholesale and retail trade; repair of motor vehicles and motorcycles, N – administrative and support service activities and D – electricity, gas, steam and air conditioning supply.

Further decomposition to NACE Rev. 2 divisions show that the highest share on Slovak exports is composed of division C29 – manufacture of motor vehicles, trailers and semi-trailers with a share of 27.4% (or 19.2 billion EUR) on total exports. The second largest division was G46 - wholesale trade, except of motor vehicles and motorcycles with a share of 5.6% (3.99 billion EUR) followed by division C28 – manufacture of machinery and equipment n.e.c. (for example engines and turbines, pumps, taps and valves, ovens, furnaces, and others) with a share of 4.7% (3.31 billion EUR).

**Figure 2 Exports by NACE activities, 2016, %**



Source: . EUROSTAT, 2019e.

It is obvious, from the shares of individual sections in 2016, that Slovak exports are oriented towards the goods with lower value added and much less towards the services where value added is higher. Another conclusion that may be made is the relative concentration of Slovak exports when products in one division (C29) composed almost one third of all exports in 2016 while six divisions (C29, G46, C28, C24, C22 and C27) composed 50%.

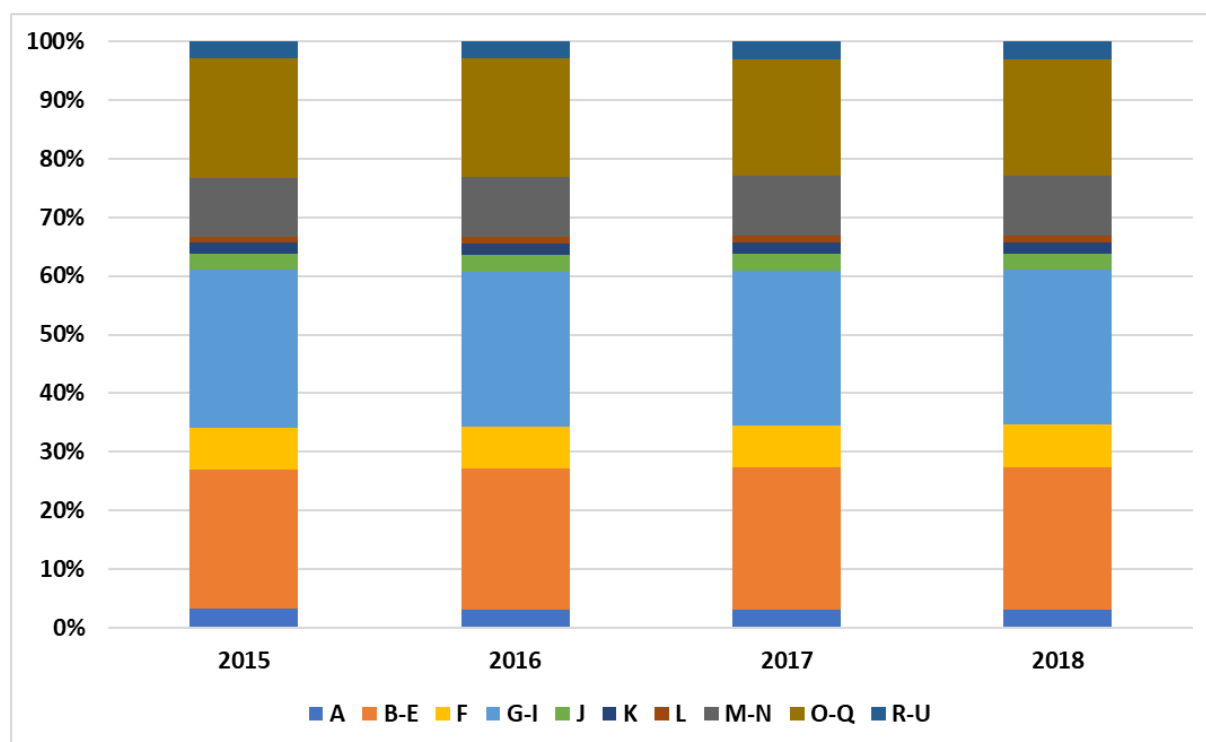
### **Industries and their contribution to employment**

Total employment in all NACE activities is presented in the table 4. In 2015, 2.27 million economically active persons were employed in all NACE activities. Together with falling unemployment rate in the past years, the employment in all NACE activities increased gradually up to 2.42 million persons employed in 2018.

**Table 4 Total employment – all NACE activities, thousands persons**

2015	2016	2017	2018
2 267.10	2 321.05	2 372.26	2 419.90

Source: EUROSTAT, 2019c.

**Figure 3 Share of NACE activities in employment**

Source: EUROSTAT, 2019c.

Regarding the share of individual NACE activities in total employment, figure 3 presents this breakdown and its development since 2015. As shown, the greatest share is for sections G-I which accounted for more than 26% since 2015 and employed 639.45 thousand persons in 2018 with a share of 26.4%. The second greatest share is for sections B-E which in 2018 employed 24.4% (or 589.55 thousands) of all economically active persons. From this, the manufacturing (section C) employed 540.04 thousands persons. The third type of activities include sections O-Q with a share of 19.9% (480.74 thousand persons) in 2018. Agriculture, forestry and fishing employed only 3% (71.85 thousand persons) of total employed persons in 2018. In general, synthesizing all the NACE activities, primary sector (section A) in Slovakia employed 3%, secondary sector (sections B-F) employed 31.7% and tertiary sector (sections G-U) employed 65.4% of all economically active persons.

In 2018, the greatest year-on-year positive (growth) change was seen in sections F, M-N and J with a growth over previous period of 3.9%, 3% and 2.9% respectively. On the other hand, there was also a decline in the employment in sections L (-2.6%) and A (-0.6%).

## **Conclusion**

All NACE activities represent around 90% of total GDP with rest going to subventions and taxes. The highest share on GDP is for secondary sector sections B-E with approximately 24% (more than 26% on total gross value added) with section C alone having a share of 20% (more than 22% on total gross value added). Also, the highest growth rate in the previous year goes for secondary sector of the economy for section F – construction with growth of 12.6%.

Regarding exports, the highest share on Slovak exports in 2016 was composed of division C29 – manufacture of motor vehicles, trailers and semi-trailers with a share of 27.4% (or 19.2 billion EUR) on total exports. We note the relative concentration of Slovak exports when products in six divisions (C29, G46, C28, C24, C22 and C27) composed 50% of total exports in 2016.

As for the share of fundamental sectors of the Slovak economy, primary sector (section A) in Slovakia employed 3%, secondary sector (sections B-F) employed 31.7% and tertiary sector (sections G-U) employed 65.4% of all economically active persons in 2018 of a total of 2.42 million persons.

## **References:**

1. EUROSTAT. (2019a). GDP and main components (output, expenditure and income).
  2. EUROSTAT. (2019b). Gross value added and income by A\*10 industry breakdowns.
  3. EUROSTAT. (2019c). Employment by A\*10 industry breakdowns.
  4. EUROSTAT. (2019d). Eurostat database. Available on-line: <https://ec.europa.eu/eurostat/data/database>.
  5. EUROSTAT. (2019e). Trade by NACE Rev. 2 activity and enterprise size class.
- NACE. (2008). NACE Rev. 2. Statistical classification of economic activities in the European Community. Available on-line: <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>