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# Defense and Security Market Report

**SLOVAKIA**

July 2020

Prepared by EasyLink Business Services, [www.easylink-cee.eu](http://www.easylink-cee.eu)

<b>1</b>	<b>COUNTRY PROFILE .....</b>	<b>2</b>
<b>2</b>	<b>DEFENSE &amp; MILITARY .....</b>	<b>3</b>
2.1	ROAD TO NATO MEMBERSHIP .....	3
2.2	MAIN BODIES.....	4
2.3	SLOVAK ARMED FORCES .....	6
2.3.1	<i>Air Force.....</i>	6
2.3.2	<i>Ground forces.....</i>	7
2.3.3	<i>Special Operations Forces .....</i>	9
2.3.4	<i>Other Units and Regiments .....</i>	9
2.4	INTERNATIONAL PEACEKEEPING OPERATIONS .....	12
2.5	DEFENSE AND MILITARY MARKET.....	13
2.5.1	<i>Defence budget and spending .....</i>	13
2.5.2	<i>Import &amp; Export.....</i>	14
2.5.3	<i>Slovak Defense Industry.....</i>	14
2.6	MODERNIZATION AND ARMAMENT .....	19
2.6.1	<i>Largest past modernization and acquisition projects.....</i>	19
2.6.2	<i>Planned Purchases and Upgrades.....</i>	20
<b>3</b>	<b>HOMELAND SECURITY .....</b>	<b>21</b>
3.1	INTERNAL SECURITY SYSTEM.....	21
3.1.1	<i>Ministry of Interior .....</i>	21
3.1.2	<i>Internal Security Agency.....</i>	22
3.1.3	<i>Police .....</i>	22
3.1.4	<i>Border Guards.....</i>	23
3.2	DOMESTIC AND INTERNATIONAL THREATS.....	24
3.3	CYBER DEFENSE AND SECURITY.....	26
3.3.1	<i>State organizations within the cyber security field.....</i>	26
3.4	CRITICAL INFRASTRUCTURE.....	28
3.5	PHYSICAL SECURITY MARKET .....	30
<b>4</b>	<b>ROUTE TO MARKET .....</b>	<b>31</b>
4.1	ENTERING THE SLOVAK MARKET.....	31
4.1.1	<i>Public procurement system .....</i>	32
4.2	ASSOCIATIONS AND TRADE FAIRS.....	34

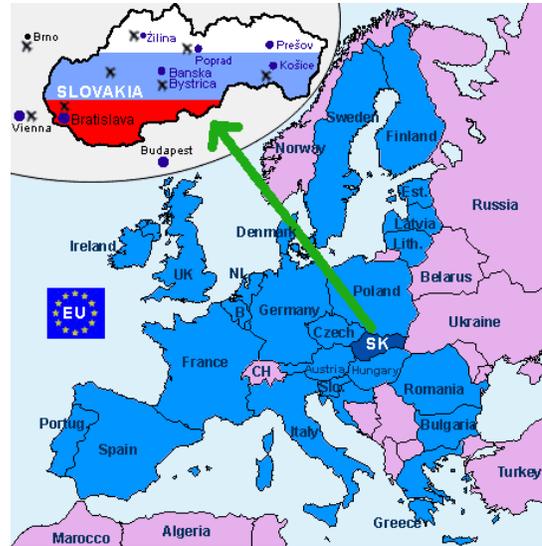
# 1 COUNTRY PROFILE

## BASIC INFORMATION



Total area: 49,035 sq km  
 Population: 5,457,926 (2020)  
 Capital: Bratislava 429,564 (2018)

Government type: Parliamentary democracy  
 Ethnicity: Slovak 80.7%, Hungarian 8.5%, Roma 2%, other and unspecified 8.8%  
 Religion: Roman Catholic 62%, Protestant 8%, Greek Catholic (Orthodox) 4%, other 3%, non-religious 13%  
 President: Zuzana Čaputová (since 2019)  
 Prime Minister: Igor Matovič (since 2020)  
 Date of EU accession: 1 May 2004  
 Date of NATO accession: 29 March 2004  
 Currency: Euro (since January 2009)



## MACROECONOMIC INDICATORS<sup>1</sup>

GDP total: USD 105,422 million (60<sup>th</sup> globally)  
 GDP per capita: USD 19,329 (45<sup>th</sup>)  
 GDP (PPP, per capita): USD 34,178 (42<sup>th</sup>)  
 Unemployment rate: 5.8% (2019)  
 USD/EUR exchange rate: 1.14 (July 2020)  
 CPI inflation rate: 2.7 (2019)  
 Balance of foreign trade: EUR -746.9 million  
 State budget 2020: EUR 39.3 billion

## INTERNATIONAL ORGANIZATIONS MEMBERSHIP

OSN, EU, NATO, WTO, IMF, WB, OECD, V4, OSCE and others.

<sup>1</sup> Sources: World Bank and Statistical Office of the Slovak Republic, 2019 data

## 2 DEFENSE & MILITARY

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### 2.1 ROAD TO NATO MEMBERSHIP

The Armed Forces of the Slovak Republic were split from the Czechoslovak army after the dissolution of Czechoslovakia on January 1, 1993.

In 1991, Czechoslovakia, Poland, and Hungary formed a cultural and political alliance of countries named The Visegrád Group<sup>2</sup> to collectively push for integration into NATO and the European Union. The NATO's initial reaction to these former Warsaw Pact countries' efforts was negative, however, in line with their then-ongoing reforms and commitment to the democratization process, NATO allowed accession talks to start.

While the Czech Republic, Poland, and Hungary were invited to join in 1997, and effectively did in 1999, Slovakia was left out mostly due to politics of then prime minister (PM) Vladimir Meciar, whose administration was considered corrupt and not supportive of democratic reforms.

In 1998, a new government under PM Mikulas Dzurinda was formed, and, bringing significant changes to the table, attempted to restart the NATO negotiations. This effort was recognized by NATO, leading to Slovakia officially joining the alliance in March 2004.

In 2006, the army transformed into a fully professional organization as basic compulsory military service was abolished. This marked a significant new stage for the Slovak armed forces.

Similarly to armies of other countries that were once part of the communist bloc, the Slovak army continued to rely heavily on Soviet technology and equipment for years after the bloc's collapse. This started to change after the NATO accession as Slovakia pursued transforming its armed forces into a modern, fully NATO integrated army.

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<sup>2</sup> Name based on historical town which used to be a meeting place for kings in the Middle Ages; nowadays often referred to as V4 – Visegrád four, as there are four member countries.

## 2.2 MAIN BODIES

The country's President, currently Ms. Zuzana Čaputová, acts as the Commander-in-Chief of the Armed Forces. The highest organizational unit of the armed forces is the General Staff, subordinated to the Ministry of Defense.

### Ministry of Defense

The main responsibilities of the MoD are:

- management and control of the defense of the Slovak Republic
- development, management and control of the Armed Forces
- coordination of defense planning
- ensuring the inviolability of airspace
- coordination of military air traffic with civil air traffic
- military intelligence
- civil service
- management of land owned by the army, such as military training grounds.



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e-mail: [minister@mod.gov.sk](mailto:minister@mod.gov.sk)   
[www.mosr.sk/en/](http://www.mosr.sk/en/)

### General Staff of the Armed forces of the Slovak Republic

The highest organizational unit of the Slovak Armed Forces, which provides professional, organizational and technical command to the armed forces. The Chief Officer of the General Staff is appointed by the President pursuing a proposal from the government. The Chief Officer is subordinated to the Minister of Defense and is appointed for 4 years (max. two terms in sequence).

Governing body: Ministry of Defense   
Chief Officer: gen. Daniel Zmeko   
Contact: Kutuzovova 8, 832 47 Bratislava   
tel.: +421 960 312 387   
e-mail: [gs.kags@mil.sk](mailto:gs.kags@mil.sk)   
[www.mod.gov.sk/generalny-stab](http://www.mod.gov.sk/generalny-stab)



## Military Police

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The Military Police is a professional unit of the Ministry of Defense, focused primarily on protection of weapons, ammunition, explosives, detection of criminal offenses, drug abuse within military ranks, etc. MP officers also participate in international missions, such as UNFICYP, RS-Afghanistan or EUFOR Althea in Bosnia and Hercegovina.

Governing body: MoD  
Director: Col. Valentín Cebo  
Contact: Železničná 3, 911 01 Trenčín  
tel.: +421 960 339 410  
e-mail: [sekretariat.vp@mil.sk](mailto:sekretariat.vp@mil.sk)  
<https://mp.mil.sk>



## Military Intelligence

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Military Intelligence collects, processes and evaluates information important for ensuring the defense and defensive capabilities of the Slovak Republic, such as:

- Activities threatening sovereignty
- Activities of foreign intelligence services
- Terrorism
- Political extremism
- Organized crime and more

Director: Gen. MAJ Jan Balciar  
Contact: Kutuzovova 8, 832 47 Bratislava  
e-mail: [vs@mosr.sk](mailto:vs@mosr.sk)  
<http://vs.mosr.sk/>

## 2.3 SLOVAK ARMED FORCES

The main task of the Slovak Armed Forces is to guarantee the defense and security of the Slovak Republic against external threats and to fulfill the obligations arising from international treaties. They also take part in maintaining public order, carrying out tasks related to humanitarian aid or a state of emergency.

As of December 2019, the MoD had 13,335 soldiers and 6,198 civil employees (including 500 civil servants and governmental officials).

The Slovak army consists of the following forces:

- **Air Force**
- **Ground Forces**
- **Special Operations Forces**
- **Support and medical units**

### 2.3.1 AIR FORCE

Up to now, the main fighter jets of the Slovak Air Force have been Mig-29. Currently only 8 are operational and actively serving. They are to be gradually replaced by a new fleet of 14 units of F-16 Block 70/72 fighter aircraft from Lockheed Martin. The first delivery is expected in 2022. A total value of EUR 1.6 billion makes this the largest procurement tender in the Armed Forces' history.

A similar situation occurred in 2015, when Slovakia decided to upgrade its fleet of helicopters – until then formed by Soviet-based Mi-17. The MoD purchased 9 UH-60 Black Hawks. The first two were delivered in 2017, with subsequent deliveries up to the last three units in in January 2020.

#### Combat aircraft

- 7x MiG-29 AS
- 1x MiG-29 UBS (training version)
- 2x L-39 39ZAM (light battle aircraft)
- 5x L-39 CM (training aircraft)

#### Transport aircraft

- 2x SPARTAN C-27J (Leonardo-Finmeccanica)
- 4x L-410 UVP E20



MiG-29 AS



SPARTAN C-27J

## Helicopters

- 9x Sikorsky UH-60M
- 4x Mil Mi-17 M
- 3x Mil Mi-17 LPZS (Search and Rescue version)



UH-60M

The Air Force operates from three air bases in Slovakia:

The Sliáč airport, situated between the cities Banská Bystrica and Zvolen, operates both as a public airport and military airbase. Due to unsatisfactory conditions for the new F-16 fighters, which will be operated from this base, a reconstruction of the airport valued at EUR 55 million started in 2019.

The Prešov military airport operates as the helicopter base, while the Malacky airport is home to the transport wing of the Slovak Air Force.

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## 2.3.2 GROUND FORCES

According to recent research by the Value for Money Department of the Ministry of Finance, the ground forces are the least developed of all Slovak forces in terms of quantitative and qualitative requirements towards NATO. For example, meeting standards for the heavy mechanized brigade, required for collective defense by NATO since 2018, is not expected until 2030 at the earliest, which NATO considers to be unreasonably long.



The below examples of the main combat equipment of the Ground Forces illustrate how the ground forces are heavily reliant on obsolete equipment from the communist era.

**Tanks and Infantry Fighting Vehicles** (IFV = BVP Bojové vozidlo pěchoty): Slovakia inherited a large number of various types of IFVs from the Czechoslovak era, over 600 units in total. Less than half of them are still active and operational.

### TANKS:

- 22x Tank T-72 M1 - manufactured between 1986 and 1990, they are at the end of their lifetime.



T-72 M1

**IFVs:**

- 72x BVP-1
- 91x BVP-2
- 56x OT-90 (modernized BVP-1 stripped of heavy caliber cannons based on 1990 Paris treaty on maximum level of conventional weapons)
- 53x BPsV (reconnaissance version of BVP-1, modified in former Czechoslovakia in late 1980s)



**BVP-2**

The only modern IFVs in the Slovak Army are 35 units modernized by a consortium of Slovak defense companies: EVPÚ, MSM Group KONŠTRUKTA – Defence member of DMD Group:

- 18x BPsVI (modernized BPsV with ISTAR technology)
- 17x BVP-M (modernized BVP-2 with unmanned tower Turra 30 COAPS, Harris RF-7800 comm, Kestrel-5500 navi, infrared camera Tilde A from Leonardo, radiation detection system from Israeli Elbit Systems, anti-mine seats meeting 2 STANAG 4569 protection level.



**BPsVI**

**Slovak artillery** - core equipment consists of:

- 16x 155mm self-propelled cannon howitzer 2000 Zuzana (on wheeled 8x8 chassis, Slovak production)
- 27x RM-70/85 MODULAR (multi-headed rocket launcher of 122mm or 227mm caliber on a Tatra 815 8x8 chassis, based on upgraded Czechoslovak RM-70 rocket launcher)



**Zuzana 2000**

**Transport vehicles** – the main transport vehicles of the Slovak army are Aligator 4x4 and Tatrapian, both developed and made in Slovakia:

- 42x ALIGATOR 4x4 (heavily armored light vehicle, made in Slovakia)
- Wheeled transporter TATRAPAN T1 ZASA (6x6 armored personnel carrier, unknown number operational)

### 2.3.3 SPECIAL OPERATIONS FORCES

**Command for Special Operations Forces** – this new management and command element of the armed forces was founded in 2019 and follows other Visegrad (V4) and NATO countries. Through its subordinate units (5<sup>th</sup> Special Operations Regiment, 23<sup>rd</sup> Motorized Battalion, and others), it secures military assistance, reconnaissance, psychological operations, cybersecurity as well as cooperation between the military and civilians.



**5<sup>th</sup> Special Operations Regiment**, based in Žilina with a total of approximately 450 personnel, is a military counter-terrorism and special operations unit specializing in in-depth research and tasks behind enemy lines. Since 2011, the regiment has been deployed in Afghanistan.

### 2.3.4 OTHER UNITS AND REGIMENTS

#### Military Medics

**Head Medic Office** – responsible for command and management of military healthcare during armed conflicts, state of emergency as well as daily treatments for professional soldiers. It also participates in peace, rescue and search operations.

Examples of medical technology of the Slovak army:



Tatrapan AMB 6x6



AMB-S



Ambulance vehicle MASH

## Airspace defense and surveillance

- 1x S-300 PMU (NATO code: SA-10 Grumble, producer: Almaz-Antej, 1 battery)



The army obtained this missile system after the dissolution of Czechoslovakia. The system is designed to defend strategic targets against guided missiles and aircraft in all weather conditions, as well as in the case of electronic interference and is able to destroy air targets moving at speed of up to 4,300 km/h (2,671.9 mph).

- 2K12 KUB 2M (NATO code: SA-6 Gainful)



- TTU and main parts of portable PLRK IGLA (NATO code: SA-18 GROUSE)



- Automated command system ASTRA PVO



For airspace surveillance, the Armed Forces use RL-4AM and Russian P 37 radars (from Almaz Antey), which have been upgraded to NATO standards at Letecké opravovne (Aircraft Repairs) in Banská Bystrica.



## Unmanned Aircraft Systems

The Slovak army does not present data on UAS / UAVs in possession. Nevertheless, media articles show that only Mini- and Micro- UAVs are used by the army, in particular 5 pieces of Skylark I-LE (by Israeli Elbit System) operated by the 5<sup>th</sup> special deployment regiment, and lately also 4 pieces of MicroFalcon produced also by a company from Israel – Innocon. Some versions of the modernized IFVs of the Slovak army can launch drones, which can stay in the air for 3 hours.



## 2.4 INTERNATIONAL PEACEKEEPING OPERATIONS

Slovak Armed Forces started participating in foreign missions in the first year of their existence as part of the United Nations peacekeeping mission UNPROFOR in Croatia. An overview of former and current deployments in international peacekeeping missions is provided below:

### UN

- Golan Heights – UNDOF mission
- Cyprus – UNFICYP mission (2001 – present)
- Syria, Israel, Lebanon – UNTSO mission

### NATO

- Afghanistan – Resolute Support Mission (2014 - 2019)
- Afghanistan – ISAF mission (2004 - 2014)
- Bosnia and Herzegovina – NATO Headquarters IFOR Sarajevo
- Kosovo – KFOR mission (1999 - 2011)
- IRAQ – NMI mission (2019 - present)
- Latvia – Enhanced Forward Presence / eFP (2019 - present)

### EU

- Bosnia and Herzegovina – ALTHEA mission (2004 - present)

## NATO PEACEKEEPING MISSIONS

Slovakia was involved in NATO peace support operations even before joining the Alliance. Its first participation was the SFOR operation in Bosnia and Herzegovina in 1998.

From 2002 to 2015, a total of 3,600 members of the Slovak Armed Forces worked in 22 rotations in the **ISAF** operation in Afghanistan

**Resolute Support** – Since 2015, 20 members of the 5<sup>th</sup> Special Purpose Regiment have operated in Afghanistan, together with another 20 soldiers in the new NATO support mission.

**NATO Mission Iraq (NMI)** – The NMI is a new format for NATO's training, advisory and capacity-building assistance activities in Iraq for the Iraqi Security Forces (ISF). In 2019, Slovakia's Armed Forces performed tasks at the NMI HQ with the Italian Military Police, and later in cooperation with the USA. There were two rotations of SLOVCON personnel in Iraq during 2019.

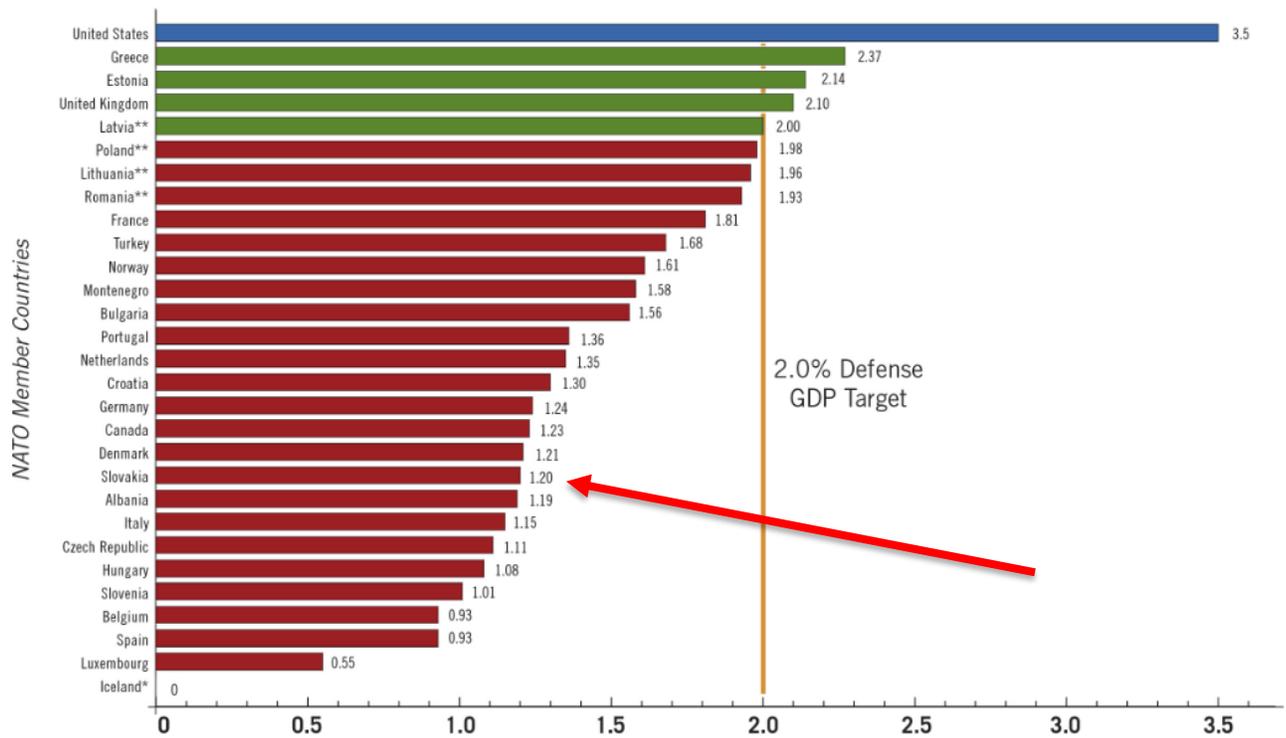
**Enhanced Forward Presence in Latvia** – In response to NATO Council's decision in 2019 to strengthen the Alliance's eastern border and demonstrate cohesion, 305 members of the Slovak Armed Forces joined the eFP mission in Latvia. The mission is a demonstration of the validity of NATO's Article 5 on collective defense in Latvia, Lithuania, Estonia and Poland.

## 2.5 DEFENSE AND MILITARY MARKET

### 2.5.1 DEFENCE BUDGET AND SPENDING

Defense spending of Slovakia reached EUR 1.63 billion in 2019, which represented 1.72% of its GDP, a major increase from previous year's 1.2 % (shown in the table below). After a meeting with NATO Secretary General Jens Stoltenberg, Slovak President Zuzana Čaputová said at NATO headquarters in Brussels in 2019 that defense spending would reach the 2% of the GDP commitment by 2022. At least 20% of defense spending will be allocated to armaments and technology procurement according to NATO criteria.

#### % of GDP spent on Defense in 2018:



source: U.S. Global Leadership Coalition

	2016	2017	2018	2019	e2020
<b>MoD expenditures (EUR million)</b>	<b>880</b>	<b>990</b>	<b>1,082</b>	<b>1,630</b>	<b>1,608</b>
Share on state budget	5%	6%	7%	9%	9%
<b>Share on GDP</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.7%</b>	

Between 2012 and 2019, the growth of Slovakia's defense expenditures was the fourth highest among all NATO members. The year 2019 also saw the historically most significant year-on-year increase in expenditures (from EUR 1.1 billion in 2018 to EUR 1.6 billion), mainly due to the purchase of F-16 fighters.

The MoD has been battling with large expenditures on salaries, which reach 50-60% of the total annual defense budget on average, higher than in most other NATO countries.

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### 2.5.2 IMPORT & EXPORT

Slovakia exports is a net exporter of military products but absolute volumes are quite low – in 2019, military exports were valued at EUR 26.1 million, and military imports at EUR 16.7 million. Biggest imports were from the US (EUR 6.1 million), followed by Belarus and Serbia.

The numbers below are commercially generated export / import values; i.e. direct governmental purchases, G2G, FMS and other contracts where local defense contractors are not part of the deal, are excluded.

#### IMPORTS (top countries and total value):

Country	USA	Belarus	Serbia	Ukraine	Russia	Canada	Total
EUR mil.	6.1	4.0	3.6	0.9	0.6	0.5	16.7

Serbia is the only European country featuring among the lead export markets. The most significant volumes of military products produced in Slovakia were sold to Mali and Brazil.

#### EXPORTS (top countries and total value):

Country	Mali	Brazil	Serbia	Mexico	Uzbekistan	Rwanda	Total
EUR mil.	7.1	6.2	4.0	2.2	1.9	1.8	26.1

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### 2.5.3 SLOVAK DEFENSE INDUSTRY

The two largest players in the Slovak defense industry are state-owned **DMD Group** and privately owned **MSM Group**. Each group includes multiple subsidiaries which belong to leaders in their respective sub-sectors.

#### DMD GROUP

[www.dmdgroup.sk](http://www.dmdgroup.sk)

Not performing business or production activity on its own, the main purpose of the DMD GROUP (under control of the Ministry of Defense) is strategic coordination of activities of its three daughter companies operating in the area of defense systems:

**KONŠTRUKTA – Defence, a.s.**[www.kotadef.sk](http://www.kotadef.sk)

Design, development and production of land and air defense weapon systems, ammunition, command and control systems, electronic systems and other modified bodies, wheeled and tracked chassis of army vehicles. Largest recent projects include modernization of Slovak IFVs and delivery of 25 pieces of 155 mm self-propelled cannon howitzers to the Slovak army by 2023.

**Revenues (2019): EUR 19.3 million, 92 employees**, (100% subsidiary of DMD Group)

**ZTS - Špeciál, a.s.**[www.ztsspecial.sk](http://www.ztsspecial.sk)

The company focuses on production, modernization and repair of military equipment, research and development, production of machines and more. Defense-related products include, for example, the DVK-30 turret set, barrels and cannons from 30mm to 155mm.

**Revenues (2019): EUR 7.3 million, 112 employees** (100% subsidiary of DMD Group)

**ZVS Holding, a.s.**[www.zvsholding.sk](http://www.zvsholding.sk)

This company is a special case as its ownership is split among the DMD Group and the MSM Group, each owning 50% of the shares. ZVS produces ammunition and rockets.

**Revenues (2019): EUR 22.4 million, 247 employees** (50% DMD Group, 50% MSM Group)

**MSM Group**[www.msm.sk](http://www.msm.sk)

MSM Group and its subsidiaries specialize in both defense and civilian products and is the largest defense industry group in Slovakia. Its majority shareholder (81%) CZECHOSLOVAK GROUP a.s. is the dominant defense market player in the Czech Republic, with revenues (including international subsidiaries) reaching EUR 1.1 billion in 2019. MSM Group manages, as majority owner, 14 companies, operating mostly in the defense sector. The following are the major ones:

**Vývoj Martin, a.s.**[www.vyvoj.sk](http://www.vyvoj.sk)

Produces civil and defense equipment: Tatravan 6x6 and 8x8, tower set, infantry and pyrotechnic products, military power plants, S-CAD detector or Fenix tactical equipment.

**Revenues (2019): EUR 7.9 million, 101 employees** (100% subsidiary of MSM Group)

**MSM Nováky, a.s.**[www.msm.sk](http://www.msm.sk)

Currently engaged in revision, modernization and extension of life cycle of ammunition, has recently expanded its portfolio to include production of certain types of missiles, large-caliber training ammunition, large-caliber dummy ammunition as well as hand grenades.

**Revenues (2019): EUR 7.3 million, 112 employees** (100% subsidiary of DMD Group)

**ZVS-Armory, a.s.**[www.msm.sk](http://www.msm.sk)

Two divisions – CNC machining and production of magazine casings for guns. Their biggest customer is Česká zbrojovka (largest Czech handgun manufacturer and exporter), which buys 96% of ZVS-Armory production (parts for short and long weapons). ZVS-Armory is currently launching a new-technology production and assembly of pistol magazines, in order to cater to more global customers.

**Revenues (2019): EUR 3.4 million, 70 employees** (100% subsidiary of MSM Group)

**MSM Martin, s.r.o.**[www.msm.sk](http://www.msm.sk)

Design, manufacture and repair of radio navigation systems used for civil and military air traffic control, design and manufacture of mobile air towers. Also engaged in repairs and modernization of radars and air defense systems for the Armed Forces. Further activities include development and production of launching equipment for aircraft and helicopters.

**Revenues (2019): EUR 68 million, 131 employees** (100% subsidiary of MSM Group)

Besides the two major groups described above, another key player is the state-owned aircraft repair specialist Letecké opravovne Trenčín:

**Letecké opravovne Trenčín, a.s.**[www.lotn.sk](http://www.lotn.sk)

Repair of military and civil aircraft, helicopters and other equipment. LoT is authorized by the Ministry of Defense to provide repair, technical and logistics services for UH-60M Black Hawk helicopters and F-16 BLOCK 70 fighters.

**Revenues (2019): EUR 17.3 million, 332 employees** (100% owned by MoD)

A selection of other defense-related Slovak companies is provided in the following table:

## Other selected defense industry companies

Company	Description	Turnover in EUR mil. (year)	Number of employees
<b>Spinea</b> <a href="http://www.spinea.com">www.spinea.com</a>	High-precision bearing reducers for a wide range of uses, including robotics, automation, medical and defense and security sectors (radar systems, remote-controlled weapon stations, positional reconnaissance cameras, simulation systems).	53.2 (2019)	537
<b>EVPÚ</b> <a href="http://www.evpu.sk">www.evpu.sk</a>	Czech-Slovak company supplying electronic components for transportation, mechatronic systems, power supplies and systems of the defense industry (remote-controlled weapon stations, modular components for the modernization of combat vehicles / anti-aircraft weapon systems).	29.1 (2019)	283
<b>Way Industries</b> <a href="http://www.way.sk">www.way.sk</a>	Produces and assembles civil and military vehicles (e.g. remotely controlled demining system). Exported 17 modernized systems in 2019, now repairing demining systems for Dutch forces.	13.2 (2019)	201
<b>Kerametal</b> <a href="http://www.kerametal.sk">www.kerametal.sk</a>	Armored vehicles, metals, ores, industrial minerals, refractory materials and machines such as Aligator, Tatrapan or Zuzana.	16.4 (2018)	18
<b>Grand Power</b> <a href="http://www.grandpower.eu">www.grandpower.eu</a>	Development and production of firearms and tactical components such as sound suppressors. Known for their patented rotating barrel locking system. 98% of production is exported - to over 50 countries (predominantly to Russia, then to the US and Canada).	4.68 (2019)	74
<b>ZTS VVÚ Košice</b> <a href="http://www.ztsvvu.eu">www.ztsvvu.eu</a>	Part of ZTS Martin, active in mechanical and electrical engineering with a portfolio of robots and manipulators, equipment for nuclear power plants and their decommissioning, special-purpose vehicles and containers, and military equipment and service (e.g. AM50B bridge truck, RV-20 and AV-15 rescue truck).	6.53 (2019)	95
<b>KolArms</b> <a href="http://www.waffen.sk">www.waffen.sk</a>	Develops, produces, repairs and upgrades weapons, ammunition and weapon systems that are used primarily by Central and Eastern European countries. They also have their own production of five types of weapons.	4.81 (2019)	73
<b>Tech-Mont Helicopter Company</b> <a href="http://www.techmont.sk">www.techmont.sk</a>	Servicing and complete maintenance for Mi-8 helicopters.	2.43 (2018)	15
<b>Tanax Trucks</b> <a href="http://www.tanaxtrucks.sk">www.tanaxtrucks.sk</a>	Production and services in automotive and engineering industries, production of AKTIS trucks (staff vehicle, flatbed vehicle, field mobile workplace). Also cooperates with MAN.	4.3 (2019)	98
<b>Polus Europe</b> <a href="http://www.radiobarrier.eu">www.radiobarrier.eu</a>	Distributor of autonomous wireless intrusion detection system RADIOBARRIER (border surveillance, pipeline security or perimeter protection) produced by Polus-St LLC.	3.9 (2019)	2

<b>Virtual Reality Media</b> <a href="http://www.vrm.sk">www.vrm.sk</a>	High-tech firm engaged in development and production of civil and military flight simulators and training systems.	9.18 (2019)	60
<b>ZTS-OTS</b> <a href="http://www.ztsots.sk">www.ztsots.sk</a>	Supplies spare parts for defense equipment and repairs construction and road equipment. Supplying spare parts for former communist-era military equipment incl. IFVs (BVP-1, BVP 2), tanks (T-72) and howitzers (152 mm ShKH DANA).	0.96 (2019)	12

## 2.6 MODERNIZATION AND ARMAMENT

### 2.6.1 LARGEST PAST MODERNIZATION AND ACQUISITION PROJECTS

- **14 pieces of F-16 Block 70/72 fighter aircraft from Lockheed Martin worth EUR 1.6 billion** (the DSCA website even estimates the total cost at USD 2.91 billion). The contract, signed in 2019, is the largest procurement in the Slovak Armed Forces' history. It includes training, ammunition and 2-year logistics support. The fighters will replace the currently operating MiG-29 fighters.
- **9 Sikorsky UH-60M Black Hawk helicopters worth EUR 235 million** (USD 261 million) from Lockheed Martin, purchased in 2015. Handled through the Foreign Military Sales (FMS) program, the contract includes logistics support, training and transport to Slovakia. The Black Hawks, deployed at the Slovak Helicopter Wing located at the Prešov Air Base, were purchased to replace obsolete Mi-17 helicopters. Further amendments to the contract added also machine guns.
- **Purchase of 2 Spartan C-27-J transport aircraft** (approx. EUR 120 million, in 2017) after the decommissioning of the last aircraft AN-26. The procurement began in 2008 by selecting a contractor in a public tender, but the contract was signed in 2014. The aircraft are deployed at the General M. R. Štefánik transport wing at the Kuchyňa Air Base.
- **Modernization of 18 IFVs with contract value of EUR 27 million**, signed in 2016. The upgrade was carried out over the following two years by a consortium of Slovak defense companies EVPÚ, MSM Group and KONŠTRUKTA from the DMD Group.
- **Purchase of 100 anti-tank guided missiles Spike LR2 through NSPA program (EUR 14 million)** – currently, this tender is undergoing revision by the Public Procurement Office, due to possible tender non-transparency and overpricing.
- In 2017, **17 Tatra 815 trucks and 12 Aktis cars (EUR 13.3 million)**, and another 9 Tatra trucks in several modifications were purchased as part of a 68 trucks deal that was finalized last year (total value of EUR 36.5 million).
- In 2019, the 5<sup>th</sup> Special Forces Regiment obtained **18 U.S. combat vehicles Polaris (quad bikes) worth EUR 2.1 million** (9 Can-Am BRP vehicles were also included).
- In 2014, MoD bought **688 Czech assault rifles CZ 805 BREN valued at EUR 1.5 million** for a newly created reconnaissance unit called ISTAR.

## 2.6.2 PLANNED PURCHASES AND UPGRADES

- The Slovak army needs to modernize its T-72 tanks, as they are unsatisfactory for domestic and collective NATO defense in their current condition. An upgrade will prolong their lifespan, but still the MoD plans to acquire new tanks by 2030, with a contract to be signed in 2025 or 2026. This supports Slovakia's commitment to NATO to operate a fully mechanized brigade consisting of seven battalions, including one tank battalion. **Slovakia is set to buy 49 new tanks for estimated EUR 260 million.**
- A significant and sought-after purchase **of 4x4 and 8x8 armored / infantry fighting vehicles** was canceled due to transparency issues. Originally, the Army planned to purchase 404 pieces of multipurpose 4x4 tactical vehicles and 81 Vydra 8x8 vehicles (Patria AMVXP – joint Slovak and Finnish MoDs cooperation) at an expected value of **EUR 783 million and EUR 417 million, respectively**. It is expected the MoD will develop a new plan for this purchase, with a lower number of 4x4 vehicles and completely new specification for the 8x8 IFVs.
- In 2018, the government approved the purchase of **25 autonomous artillery weapon systems** Zuzana 2 with automatic reloading from Slovakia's domestic defense suppliers. The expected value of the contract is **EUR 175 million** (VAT included). Nevertheless, the delivery has been delayed because of the COVID-19 pandemic. According to the new delivery plan, five pieces could be delivered by the end of 2020, another twelve in 2021 and the last eight pieces by the end of 2022. This second generation of Zuzana howitzers will complete the set of 16 pieces of the Zuzana year 2000 version.
- After controversial issues in the past, the MoD plans to discuss again the purchase of **3D radars** and ensure the purchasing process is more transparent. MoD has decided to reopen this contract because most current radars are at the end of their lifetime. The ministry's former leadership was going to purchase 17 3D radars of medium, small and close range over 2018-2025 at an expected value of **EUR 155 million** (VAT included).
- MoD submitted a proposal to the government regarding **modernization of the Malacky airbase**, the home base of General Milan Rastislav Stefanik's Transport Wing of the Air Force. The renovation and upgrade will include concrete surfaces, lighting and extension of operation areas to make the base is suitable for the 27J Spartan and L-410 Turbolet aircraft. Total costs will reach **EUR 5 million** (VAT included) and construction works should be finished by the end of 2021.

## 3 HOMELAND SECURITY

### 3.1 INTERNAL SECURITY SYSTEM

#### 3.1.1 MINISTRY OF INTERIOR

The Ministry of Interior (MoI) is the central body of state administration ensuring constitutional establishment, public order and security. Police forces, fire brigade and rescue corps all fall under the governance of the MoI. It is also the central administration for:

- protection and administration of country borders,
- safety and fluency of road traffic,
- for issues related to weapons and ammunition,
- managing the entry and stay of foreigners in its territory,
- identity cards, travel documents and driving licenses
- refugees and migrants
- territorial and administrative structuring
- state symbols, citizenship, archives and registries, birth, marriage and death registries
- organizational assurance of referendums and elections (national, presidential, regional)

**Minister (secretary):** Mr. Roman Mikulec  
**Contact:** Pribinova 2, 812 72 Bratislava  
tel.: +421 250 941 111  
e-mail: [public@minv.sk](mailto:public@minv.sk)  
[www.minv.sk](http://www.minv.sk)



**Budget:** EUR 2.92 billion (2020) – 7.4% of approved state budget for 2020 (EUR 39.3 billion)

Technically, the MoI controls a larger budget than the MoD. However, since a public reform in 2013 the MoI has been also responsible for funding most of Slovakia's education system – all types of schools other than universities and high schools which are funded via the Ministry of Education. The Youth Education department of the MoI consumes up to 48% of the total budget.

The remaining (52%) budget of the MoI, i.e. EUR 1,479 million, is for the most part invested into execution of public administration, police and rescue services. Further examination of the MoI's 2020 budget shows that only EUR 28 million is earmarked for purchase of new products (capital expenditures). Out of this, EUR 11 million is intended for new technology and equipment and EUR 4.4 million for vehicles of all kinds. Consequently, this shows MoI's limited buying power for procurement – a significant difference in comparison to the MoD which operates a capital expenditures budget of EUR 500 million in 2020.

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## Largest known planned procurements of MoI

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- MoI prepares procurement of twin-engine **multi-purpose helicopters for firefighters, emergency and mountain rescue service**. The previous government filed a framework agreement with Bell Helicopter Textron and Leonardo on the purchase of 8 helicopters worth EUR 80 million. The current government decided this no longer meets current needs and the MoI is compiling new requirements and specifications for a new tender.
- The Public Procurement Office has announced a tender for the purchase of **three new single-engine light aircraft**. Available information lists a contract worth almost EUR 528,000, but due to security reasons, additional technical specifications are classified.
- MoI plans to purchase **pyrotechnic equipment** of estimated value of **EUR 1.77 million**, including 12 heavy pyrotechnic protective suits.
- A planned EUR 99.5 million purchase of video surveillance systems for police forces and for protection of buildings, public spaces and important infrastructure was cancelled by the Public Procurement Office due to lack of transparent tender content.

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### 3.1.2 INTERNAL SECURITY AGENCY

#### **Slovenská informační služba (Slovak Information Service, SIS)**

The SIS is a civilian intelligence and security service that provides intelligence on threats to the constitutional order, internal order and security, as well as information aimed at protecting the state's foreign policy and economic interests. It also cooperates with partnered services and international organizations in averting security threats against the Slovak Republic, the EU, and NATO.

**Budget:** EUR 60 million (2020)

**Contact:** Vajnorská 39, 831 04 Bratislava 3  
tel.: +421 244 259 021  
e-mail: [info@sis.gov.sk](mailto:info@sis.gov.sk)  
[www.sis.gov.sk](http://www.sis.gov.sk)

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### 3.1.3 POLICE

The Police has responsibility for internal order and security. With Police Presidium as its highest national body, the Police has 8 regional directorates and 53 district directorates. Its departments include traffic police, riot police, railway police, criminal police, and border and foreign police.

According to Eurostat data from 2017, Slovakia ranked 9<sup>th</sup> in the number of police officers in the EU, specifically 405 per 1,000 inhabitants while the EU average was 326.

The number also includes officers of **Municipal Police**, a law enforcement arm responsible for securing general affairs and public order in towns/cities. Municipal Police units are established by municipalities by a generally binding regulation. In 2018, there were 166 municipalities and towns with established municipal police, and the number of municipal police officers amounted to 2,541. The biggest municipal police unit (263 members) operates in the capital city of Bratislava, followed by the second largest city, Košice, with 237 municipal policemen.

**Special Purpose Unit of the Police** (Útvar osobitného určenia Prezídia Policajného zboru), the so-called Lynx Commando, is an elite counter-terrorist and anti-hijacking unit of the Police force. In 2005, it cooperated with other forces on securing safety during the Slovakia Summit, where Presidents G. W. Bush and V. Putin were present.

**Police budget:** EUR 967.38 million (2020)

**Governing body:** Ministry of Interior  
**Police President:** gen. Mgr. Milan Lučanský.  
**Contact:** Ministerstvo vnútra SR  
 Prezídium Policajného zboru  
 Pribinova 2, 812 72 Bratislava  
 tel.: +421 961 011 111



### 3.1.4 BORDER GUARDS

While Slovakia's border with the Czech Republic, Poland, Austria and Hungary is fenceless and cross-free, as all are part of the EU and Schengen area, the 100km long eastern border with Ukraine is also the EU's external border. Therefore, appropriate measures must be implemented to maintain national and EU security. There are 500 special cameras with 15 km range detection covering 40 km of the 97.8 km long border. More than 50 km are covered with seismic-acoustic sensors with human step detection. Other installed equipment includes a geo-radar allowing anomaly detection of up to 200 m below surface, photo-traps, and a dedicated monitoring plane.

**Bureau of Border and Foreign Police of the Police Presidium** is the governing body with nationwide competence for ensuring protection of national borders. Its main tasks include fighting illegal migration and trafficking, cooperation with Frontex (European Border and Coast Guard Agency), and monitoring and managing foreigners' stay in the country.



**Budget:** unknown

**Governing body:** Police of the Slovak Republic

## 3.2 DOMESTIC AND INTERNATIONAL THREATS

Based on information published by the SIS, the main areas of focus by Slovak secret intelligence, MoD, MoI, and Police in terms of prevention of threats at national and international level include:

### **Terrorism**

While the level of threat is considered fairly low in comparison to other countries, Slovakia closely cooperates with international partners to provide intelligence and to identify and prevent acts of terrorism both locally and internationally. The main focus in this area is awareness and prevention of potential emergence of local Daesh and even Al-Queda cells.

### **Counter-espionage**

Foreign intelligence services are fairly active within the Slovak territory, as well as in relation to Slovak diplomats and expats abroad. Preventive measures include extensive pre-departure training of posted workers by SIS and the MoI. Activities of foreign intelligence services directed against interests of the Slovak Republic and its allies are monitored by SIS. The most significant incidents have been linked to members of the Russian intelligence services operating in Slovakia mainly under diplomatic cover and seeking to obtain informants in central state administration bodies, security forces and in the energy and defense sectors. China's intelligence services have been also fairly active, mainly in obtaining information from the IT and telco sectors.

### **Illegal migration**

The number of illegal migrants who arrived in the EU in 2018 and 2019 was the lowest in the last six years. The attention of Slovak intelligence services was focused mainly on the transit of illegal migrants heading to the EU via a route leading through Slovakia from Ukraine. The SIS recorded an increase in illegal migration of citizens from Bangladesh and Vietnam across the eastern part of the state border.

There has been a continuing upward trend in sophisticated forms of migration of people from high-risk countries. Their main goal is to obtain legal residence in the Schengen area. Organized groups participate in activities focused on arranging legal stay in the Slovak Republic, especially for citizens of Iran, Ukraine, Russia, countries of the former Soviet Union, Egypt, Syria and Turkey (incl. Kurds). Organized criminal structures offer services to illegal migrants under the cover of commercial companies.

### **Fighting organized crime**

Foreign language groups, which are trying to establish themselves more significantly in Slovakia after dissolution of domestic criminal groups, are currently focusing mainly on smuggling and drug trafficking.

The main sources of income from organized crime in Slovakia include economic crime, often associated with corruption - subsidy fraud, customs and tax fraud, smuggling and manipulated public procurement. Another important source of income is drug crime. Slovakia is not an important destination country for drug smugglers, but is used as a transit area and a temporary repository within drug routes to Western European countries.

Several criminal groups operate at the Slovak-Ukrainian state border, cooperating with Ukrainian criminal groups from the Transcarpathian region in smuggling goods, organizing illegal migration, trafficking counterfeit documents and banknotes, and trafficking arms and drugs.

### **Extremism**

In 2018, the main representatives and sympathizers of the Slovak right-wing extremist scene focused their activities mainly on strengthening their political and social influence. Some are linked to radical soccer fans, whose behavior at stadiums often transforms into extremist manifestations. The lack of adequate measures from soccer clubs including tolerating such a behavior is subject to criticism from governmental agencies.

### **Cyberspace protection**

In the field of cyberspace protection, Slovak information networks are the target of attacks mainly focused on information theft. More on cyber security in the next chapter.

### 3.3 CYBER DEFENSE AND SECURITY

The turning point for cybersecurity in Slovakia was the adoption of Cyber Security Act in 2018. Among other things, it imposes an obligation on service providers to implement and comply with security processes, while the state may impose a fine of up to EUR 300,000 for non-compliance.

This Act has mainly impact on large companies important to critical infrastructure of the country, e.g. power plants, water supply companies, transport or financial companies. The basic document for this area is the Concept of Cyber Security of the Slovak Republic for the years 2015 – 2020 ([full document here](#)), forming basis for subsequent development of legislation, standards, rules, security policies, etc.

Slovakia is currently ranked 10<sup>th</sup> in the global NCSI index (National Cyber Security Index, <https://ncsi.ega.ee/>), which measures readiness against potential cybernetic attacks. According to this index, Slovakia overtook countries including the US, UK, and Switzerland, for example. On the other hand, according to the GCI (Global Cybersecurity Index) created by the ITU organization (a UN agency), Slovakia was placed 45<sup>th</sup> in 2018.

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#### 3.3.1 STATE ORGANIZATIONS WITHIN THE CYBER SECURITY FIELD

##### **National Security Authority** ([www.nbu.gov.sk/en/](http://www.nbu.gov.sk/en/))

Central body of the state administration for protection of classified information, cyber security and trusted services. Within protection of classified information, the National Security Office performs tasks in five security areas: personnel security, industrial security, administrative security, physical security and information security. As the national security authority, it fulfills tasks arising from Slovakia's membership in NATO and the EU, and ensures protection of foreign classified information transferred to the Slovak Republic in accordance with international treaties.

##### **National Cyber Security Centre SK-CERT** ([www.sk-cert.sk/en](http://www.sk-cert.sk/en))

Subordinated to the National Security Authority, this unit secures national and strategic activities in the field of cyber security management, threat analysis and cybersecurity incident solution coordination at national level. It takes part in trainings, e.g. Locked Shields, Cyber Coalition (both organized by NATO), Cyber Europe, CyberSOPEX (both organized by ENISA) or CyberEx, where Slovakia took the 2<sup>nd</sup> place in 2017.

##### **Cyber Defence Center of the Slovak Republic** (<https://ckosr.sk>)

A department under the Military Intelligence. Its main tasks are to collect and analyze information important for cybersecurity.

**National Agency for Network and Electronic Services** [www.nases.gov.sk](http://www.nases.gov.sk)

Its main tasks are operation and management of electronic communication networks and informatization of society. Also involved in administration, operation and development of national cyber security systems.

**ZaSKIS** [www.zaskis.mil.sk](http://www.zaskis.mil.sk)

An organizational unit of the Armed Forces, directly subordinate to the General Staff. It operates and provides services of communication, information and security systems and also takes part in national “Cyber Attack” exercises or, for example, the NATO exercise called “Cyber Coalition”.

**Selected local cybersecurity companies**

Company	Description	Turnover in EUR mil. (year)	Number of employees
<b>ESET, spol. s r.o.</b> <a href="http://www.eset.com">www.eset.com</a>	ESET is an antivirus protection and threat detection software pioneer and one of the worlds most recognized cybersecurity companies with clients in over 200 countries. In 2019, sales exceeded EUR 500 million for the first time in history.	537 (2019)	898
<b>LYNX s.r.o.</b> <a href="http://www.lynx.sk">www.lynx.sk</a>	Provider of services in cyber security, design, development and operation of IT systems, networks, comprehensive security of organizations, development of special applications.	33.1 (2019)	96
<b>ALISON Slovakia s.r.o.</b> <a href="http://www.alison-group.sk">www.alison-group.sk</a>	Alison has experience with communication solutions for both private and public sectors: cybersecurity solutions, communication and collaboration and data protection.	9.4 (2018)	29
<b>Aliter Technologies,a.s.</b> <a href="http://www.aliter.com">www.aliter.com</a>	Operates in the field of ICT systems and infrastructure, including cloud storage, border protection, tactical ground microrobots and cybersecurity.	44.4 (2019)	120
<b>Decent</b> <a href="http://www.decent.ch">www.decent.ch</a>	Startup of the year 2017, registered in Switzerland, the team is in Bratislava. Uses blockchain technology in cybersecurity solutions, aerospace, defense and other sectors.	4.4 (2018)	8
<b>AIRO s.r.o.</b> <a href="http://www.airo.sk">www.airo.sk</a>	Dynamically growing company specializing in cybersecurity, IT infrastructure and managed services.	1.8 (2019)	5

**5G networks**

For 5G networks, EU countries have agreed on security measures called the *EU Toolbox on 5G Cybersecurity* (<https://ec.europa.eu/digital-single-market/en/news/eu-toolbox-5g-security>).

Unlike neighboring Czech Republic and Poland, the previous Slovak Prime Minister Pellegrini stated in 2019 that Slovakia had no evidence that Huawei and its technology posed a security risk, and added that the country could not be certain of other suppliers’ genuine intentions either. That said, the largest Slovak mobile operator Orange has been opposed to using Huawei technologies in developing their 5G network, and turned to Nokia technologies instead.

### 3.4 CRITICAL INFRASTRUCTURE

#### Airports

Slovakia has 9 international airports. Bratislava, Košice, and Poprad operate as Schengen area airports; the rest (Sliač, Piešťany, Žilina, Nitra, Prievidza, Jasná) are small international airports.

#### Airport Bratislava / Letisko M. R. Štefánika ([www.bts.aero](http://www.bts.aero))

The largest international airport in Slovakia is situated in Bratislava and dispatched 2.3 million passengers in 2018. This relatively low traffic for the main airport of a country of 5 million inhabitants is given by competition from the Vienna International Airport in Austria, some 45 minutes away, which dispatches over 30 million passengers annually.



**Letisko Košice** ([www.airportkosice.sk](http://www.airportkosice.sk)) in the second largest city of Slovakia, Košice, has a capacity of 700 thousand passengers per year and operates direct flights to 7 European cities.

**Letisko Poprad – Tatry** ([www.airport-poprad.sk](http://www.airport-poprad.sk)) is located near the Tatra Mountains, which makes it a good starting point for many incoming tourists. However, in 2019, it only dispatched 94 thousand passengers.

#### Crude oil pipelines

Slovakia has a strategic geographical position for distributing Russian crude oil to other countries in the region. The pipeline system, almost entirely made of two parallel pipelines, is 1,032 km long.

#### DRUZHBA crude oil pipeline

Slovakia's core oil pipeline, was built in the 1960s – 1970s. Its route starts in the Russian Federation, continues through Belarus, Ukraine and Slovakia to the Czech Republic. The transport capacity of its Slovak section is 20 million metric tons per year.



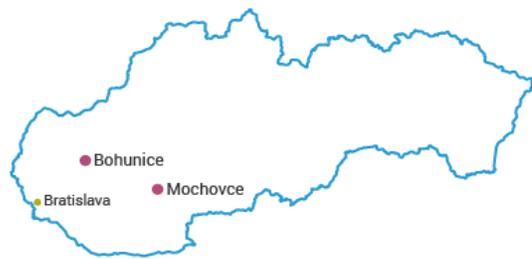
The length of the pipeline on Slovakia’s territory between the Ukrainian and Czech borders is approximately 444 km and includes five pumping stations (PS1 Budkovce, PS2 Moldava nad Bodvou, PS3 Rimavská Sobota, PS4 Šahy-Tupá, PS5 Bučany). The Druzhba pipeline as well as other minor crude oil pipelines in Slovakia are solely in possession of TRANSPETROL, a.s., a 100% state-owned company

## Nuclear plants

Slovakia has two nuclear power plants: (Jaslovské Bohunice and Mochovce), each with two reactor units. They cover over half of the country’s consumption of electricity.

The operating company of both plants is Slovenské Elektrárne, with controlling ownership stake (66%) held by Italian Enel since 2004.

Nuclear Power Plants in Slovakia



Source: World Nuclear Association

AE Bohunice	
<b>Reactor type</b>	pressurized water reactor VVER 440/V-213
<b>Reactor heat output</b>	1,471 MWt
<b>Gross electrical output</b>	506 MWe
<b>Launch year</b>	A1/V1 - 1972 (shutdown), V2 – 1984 (operating)

AE Mochovce	
<b>Reactor type</b>	pressurized water reactor VVER 440/V-213
<b>Reactor heat output</b>	1,471 MWt (block 1&2), 1,375 MWt (block 3&4)
<b>Gross electrical output</b>	470 MWe (block 1&2), 471 MWe (block 3&4)
<b>Launch year</b>	1998, blocks 3 and 4 will go online in 2020 and 2021

### 3.5 PHYSICAL SECURITY MARKET

#### Selected local companies in physical security market

Company	Description	Turnover in EUR mil. (year)	Number of employees
<b>HDS</b> <a href="http://www.hds.sk">www.hds.sk</a>	Specialized distributor as well as a producer of security technology such as CCTV cameras, smart home equipment, perimeter systems, etc.	1.8 (2018)	19
<b>EXPRESS ALARM Slovakia</b> <a href="http://www.expressalarm.cz">www.expressalarm.cz</a>	Authorized distributor of CCTV producer HikVision and other brands offering service and technical support.	2.7 (2019)	10
<b>SCANLOCK International</b> <a href="http://www.scanlock.sk">www.scanlock.sk</a>	Supplies intrusion alarm systems, fire alarms, CCTVs, license plate recognition systems and others.	1.5 (2019)	4
<b>SECURITON Servis</b> <a href="http://www.securiton.sk">www.securiton.sk</a>	Provides security services such as security guards, alarm monitoring center, remote video-monitoring and equipment installation and other services.	2.86 (2019)	123
<b>DELTECH</b> <a href="http://www.deltech.sk">www.deltech.sk</a>	Offers a wide range of products, construction and security services for telecommunication, critical and transport infrastructure.	17.5 (2019)	105
<b>MOREZ GROUP</b> <a href="http://www.morez.sk">www.morez.sk</a>	Consulting, installation and servicing of personal electronic equipment and property equipment, PC networks, telephone exchanges, low-voltage equipment.	1.01 (2019)	12
<b>SecuriLas</b> <a href="http://www.securilas.com">www.securilas.com</a>	Provides security solutions for high risk premises in many industries, e.g. finance, energy, IT, government, and others.	3.04 (2019)	23
<b>TSS Group</b> <a href="http://www.tssgroup.sk">www.tssgroup.sk</a>	Distributes, develops and produces security systems for premises and vehicles and GPS.	18.1 (2018)	115
<b>GRANTECH</b> <a href="http://www.grantech.sk">www.grantech.sk</a>	Official partner of BOSCH Security Systems and other companies for Slovakia and offers security and industrial technologies and services.	1.18 (2019)	7
<b>Innovatrics</b> <a href="http://www.fingera.com">www.fingera.com</a>	Biometrics technology company offering identity management systems - identification and verification of persons on the fingerprints, face and iris detection basis.	10.1 (2018)	62

## 4 ROUTE TO MARKET

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### 4.1 ENTERING THE SLOVAK MARKET

#### Political environment

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After long 14 years of governments led by the leader of the socialist SMER party, Mr. Fico, a new government was formed after parliamentary elections in early 2020. Many of the votes for the current new PM Igor Matovič and his party were believed to be protest votes against Fico and the corrupted political environment in Slovakia. Therefore, it is expected this new government will desire to showcase their unbiased attitude and open conditions for all companies pursuing governmental contracts.

This rather significant change of political environment in Slovakia is already reflected in this report, which mentions several cases where current or planned procurement contracts are halted or under revisions, mostly due to transparency issues.

Additional changes are expected and recent news articles confirm that many long-time officials from ministries and other key state institutions are being replaced by new personnel. This situation can be positive for foreign companies, as the long time conserved political environment within the state administration is expected to open up.

#### Business environment

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Slovakia launched large modernization projects not long ago and most are still in a planning stage. An increase in defense and security spending is to last until most commitments towards NATO are reached. This environment should present good opportunities for U.S. companies supplying high-end, advanced products, which can attract not only public administration buyers but the private market as well. The recent purchases of F-16 jet fighters and UH-60m helicopters may also present opportunities for related equipment and technology. Potential also exists in the sector of personal security and surveillance systems, where demand is created not only by uniformed forces, but also by municipal authorities, owners of critical infrastructure, and private companies.

Slovakia is a stable EU country, member of many international organizations with an open market economy. In 2009, it also became a member of the Eurozone, adopting euro (€) as the national currency. It is also a reliable NATO member. U.S. companies can apply the same business principles as when entering any other EU countries. They have equal rights to sell goods and technologies to Slovak state organizations and to take part in public tenders as local companies.

However, without knowledge of the local language, legislation, and experience with public tenders and its bureaucratic processes, it is difficult to build business presence and sales without assistance from a local partner. Companies involved in trade with defense / military material must have an active license, issued by the Ministry of Economy.

For cases when US and other foreign companies make a direct sale to the Slovak administration, a special import license is issued for that particular contract, hence it is not required to possess the “military trading license”.

As a member of the European Union, Slovakia applies the same legal rules on imports as other EU countries. Also, import tariffs are harmonized throughout the whole EU as a customs union.

U.S. firms can gain access to the Slovak defense and security market via the following channels:

- Direct exports (direct tender participation or through US government programs such as FMS)
- Establishing a branch in Slovakia
- Contracting/partnering with a local importer/distributor
- Acquisition of a local company

Partnering with / acquiring a local partner is typically the recommended route to market as they often have connections with local authorities already established, have existing B2B relations, market experience, knowledge of local regulations, political & business environment, technical standards, and last but not least have command of the local language.

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#### **4.1.1 PUBLIC PROCUREMENT SYSTEM**

A new amendment to the Public Procurement Act came into force in January 2019. This amendment makes procedures of public procurement more flexible, effective, and reduces administrative burden.

Within the Act, a new category of small-scale contracts of less than EUR 5,000 was introduced. This category is removed from the legal regulations of public procurement and thus public authorities can issue contracts within this limit freely, without the need of organizing tenders for such purchases.

All procurements larger than EUR 5,000 are subject to binding legal regulation issued by the Public Procurement Office and the Act. Public tenders consist of multiple phases, which should ensure transparency and equal conditions for the applicants. The phases include public notice, preparatory phase with Q&A for applicants, a tendering phase, winner announcement and contract fulfillment. Ex-post and ex-ante controls, especially in the case of large tenders, are often part of the process, too.

A significant change, introduced by the new law, is mandatory electronic communication between contracting authorities and tenderers. Most public tenders and all relevant information are posted at the website of the Office for Public Procurement, which is the national authority for all matters linked to public procurement: [www.uvo.gov.sk](http://www.uvo.gov.sk).

The new amendment also introduced the Public Electronic Marketplace (<https://eo.eks.sk>) as an information system of public administration on all national levels, which ensures tendering the supply of commonly available goods and services through the electronic auction process.

Trade in defense industry products is regulated by Act no. 392/2011. This Act implements Slovakia's obligations arising from membership in international weapon export control treaties.

The Act on Trade in Defense Industry Products regulates:

- sales or purchase of products
- foreign trade activity with defense industry products,
- brokerage with defense-related products and pre-contractual or contractual relationships related to trade in defense products,
- transfer of defense products within the European Union
- obligations of authorized persons in trade in defense industry products,
- competencies of statutory state bodies in granting trading licenses for any of the forms of foreign trade activities with defense products
- sanctions for breach of the obligations set out in this regulation.

## 4.2 ASSOCIATIONS AND TRADE FAIRS

### TRADE SHOWS

Name: **IDEB 2020**  
 Website: [www.incheba.sk/vystavy/ideb-2020/](http://www.incheba.sk/vystavy/ideb-2020/)  
 Date, venue: October 28 – 30, 2020 in Bratislava  
 Profile: Showcase of defense technology, conferences on security, including cybersecurity. The event is held every other year.



Name: **Slovak Space Tech Day 2 (+ Slovak Aviation Industry Day)**  
 Website: [www.sario.sk/sk/projekty-podujatia/slovak-space-tech-day-2](http://www.sario.sk/sk/projekty-podujatia/slovak-space-tech-day-2)  
 Date, venue: September 10 – 11, 2020 in Košice  
 Profile: The events will feature Slovakia's space sector potential and aerospace production, software solutions and innovation in air transport, with conferences and a B2B platform.



### ASSOCIATIONS AND ORGANIZATIONS

Name: **Defense and security industry association – ZBOP**  
 Website: [www.zbop.sk/](http://www.zbop.sk/)  
 Description: National non-profit association supporting business interests of its members and development of security and defense industry.



Name: **Military technical and testing institute - VTSÚ**  
 Website: [www.vtsu.sk/](http://www.vtsu.sk/)  
 Description: VTSU (Vojenský technický a skúšobný ústav), under the MoD, focuses on applied research, development, testing and other services related to military as well as dual-use materials.



Name: **Slovak Security Policy Institute – SSPI**  
 Website: <https://slovaksecurity.org/>  
 Description: NGO for security and defense policy experts from all sectors. SSPI founded the first Slovak portal dedicated to cybersecurity, CyberSec.sk, and operates the website Antipropaganda.sk.



Name: **Slovak Chamber of Private Security – SKSB**  
 Website: <http://www.sksb.sk/>  
 Description: SKSB serves individuals and companies dealing with personal and property protection, participates in crime prevention.



## Sources

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