



Weekly Briefing

Slovakia political briefing:
The most important political events awaiting Slovakia in 2024
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Summary

The upcoming presidential elections in Slovakia, scheduled to late April, have utmost importance. The head of state, Zuzana Čaputová, will not participate in the upcoming elections, which makes them crucial. She does not hide the fact that she will not run due to intense pressure on her and her family. It is no secret who organized this pressure. It's the leader of the party Smer-SD and the new prime minister of Slovakia, Robert Fico. His party member, who attacked the president, Luboš Blaha, has now become the deputy speaker. It is possible that such pressure on the head of state facilitated Fico's rise to power. Slovak political circles assume that Čaputová agreed to most ministers from Fico's government, even those facing criminal investigations, due to threats from the then opposition politician. In Slovakia, a presidential veto can be easily overcome – it only requires another vote with a simple majority. Nevertheless, the president of Slovakia has certain powers critical for Fico. First of all, it is the president who proposes the candidacy of the prosecutor general, making it difficult to gain full control over the country. Besides, PM Fico's party supports the candidacy of the current speaker, Peter Pellegrini, for the president. Officially, the Hlas leader will confirm his decision on participating in the presidential elections in mid-January. His most likely opponent will be a diplomat Ivan Korčok, who announced his candidacy for president last year. There are more presidential candidates, but the expectation is that Pellegrini and Korčok are the most serious candidates for the presidential function in the country. The fact that the de facto presidential election campaign in Slovakia has already unofficially started (legally supposed to begin in mid-January) indicates the importance of these elections for the future of Slovakia.

Regarding the economic challenges in 2024 the general government deficit is expected to increase to 5.7 percent of GDP in 2023, due to several expenditure measures like the extra increase in pensions or the re-introduction of free lunches for pupils. New measures to mitigate the impact of high energy prices are also contributing to the increase in the deficit ratio in 2023. The net budgetary cost of these energy measures is now projected at 2.1 percent of GDP in 2023. In 2024 these energy-related measures are expected to be completely phased out. In 2024, the general government deficit is forecast to increase further to 6.5 percent of GDP, despite easing inflationary pressures and the withdrawal of energy-related measures. Newly approved

social expenditure measures, such as the abolition of the pensioner's care allowance reduction, changes in the assessment of disability pensions and an allowance for people working in social services, are set to significantly increase the budget deficit in 2024. The delayed delivery of military equipment and an increase in defense spending will also contribute to deepening the deficit. Since most of the newly adopted measures are expected to be permanent, the budget deficit is set to remain high, at 6.8 percent of GDP in 2025. The government debt-to-GDP ratio is projected to decrease slightly to 56.7 percent in 2023 before increasing to 59.9 percent in 2024 and to 62.9 percent in 2025. The increases are due to high deficits that are only partially offset by strong nominal GDP growth.

Between 6–9 June 2024, millions of Europeans will participate in shaping the future of European democracy on the occasion of the European elections. It is a unique moment when we can all collectively decide on the future of the European Union. Voting is always important, be it at local, national or European level. It is an excellent opportunity to have your say on topics you care about. This will be a decisive year. Elections will take place in over 50 nations around the world — but what, specifically, lies ahead for Europe, and the EU? The upcoming European Parliament elections will be a make-or-break moment, as the composition of the next parliament and its MEPs will determine the future of key policy initiatives. In 2024, decisions (or the lack thereof) will significantly shape the trajectory of the EU — both domestically and internationally. Questions about social and economic stability, rule of law and unity within the 27-nation bloc loom large.

Presidential Election

The presidential election in Slovakia will feature a crowded field, but the biggest winner could be the prime minister if he can get his candidate elected. While this might help Robert Fico push through his agenda, the economy will remain a thorn in his side.

Slovakia will get a new president in 2024, after the incumbent, Zuzana Čaputová, announced in June that she wouldn't seek re-election in the presidential vote due to take place on March 23, 2024, citing a lack of strength for another five-year term. Among the country's most popular leaders, Slovakia's first female president hasn't been spared the bricks and bats that are part and parcel of the vicious, polarized political debate in the country. Indeed, this divorced mother of two, lawyer and standard bearer for progressive causes is currently suing

the new prime minister, Robert Fico, for lies she claims he and his Smer-SD party spread about her during the rancorous September election campaign.

Fico, a pugilistic pro-Russian populist, long ago abandoned civility, proportionality and accuracy in his pursuit to regain power after being dumped out of office in 2018 following mass street protests in the wake of the contract killing of investigative journalist Jan Kuciak and his fiancée, Martina Kušnírová. Fico is driven more by power than money, which explains his no-holds-barred approach to completing a remarkable political comeback in 2023. That power will be enhanced in 2024 if the three-party coalition, led by Smer-SD, that governs Slovakia can get its candidate elected as president. Although he won't announce his decision on whether to run or not until mid-January, Peter Pellegrini, the current speaker of parliament and chairman of the coalition Hlas party is expected to be that person. Pellegrini, himself a former prime minister, is the most trustworthy political leader in Slovakia, according to a December poll, and favorite to win should he run. He will feature in a crowded field of six already-declared runners, which include two former foreign ministers and a former justice of the Supreme Court.

The latest poll by the Focus agency revealed who could have won if the elections had been held at the end of last year. Respondents were asked to imagine a scenario where Speaker of Parliament and Hlas party leader Peter Pellegrini and ex-foreign minister Ivan Korčok reached the final round of the presidential elections. Korčok is an experienced diplomat and former foreign minister, who is likely to gain the support of at least some of the opposition parties. He has already spoken of his wish to bridge societal divides.

According to the survey, Pellegrini would win with the support of 60 percent of the decided respondents, while Korčok would enjoy 40 percent support. In another hypothetical scenario with Korčok and pro-Russian politician and former Supreme Court Justice Štefan Harabin in the final round, Korčok would secure victory with 67 percent support, while Harabin would receive 33 percent support. Korčok has already gone on the campaign trail. In addition to events, he presents his own podcast about patriotism. Harabin ran for president in 2019. He failed.

The survey also explored a matchup between Korčok and Ján Kubiš, where Korčok would garner 62 percent support, leaving Kubiš with 38 percent. Kubiš served as foreign minister in the first Smer government (2006-2009). It suggested that Kubiš could become president if he faced Harabin in the second round, with 67 percent of decided voters supporting Kubiš and 33 percent supporting Harabin. Further hypothetical matchups included Pellegrini against Kubiš,

where Pellegrini would secure 74 percent support against Kubiš's 26 percent. In a faceoff between Pellegrini and Harabin, Pellegrini would dominate with 84 percent support, leaving Harabin with 16 percent.

The election will show how the public feels about Fico's comeback, after being forced to resign after mass protests in 2018. Besides, how Slovakia votes will determine whether Prime Minister Robert Fico can continue his anti-democratic direction unhindered.

Challenges of Slovak Economy

Slovak GDP is expected to grow by 1.3 percent in 2023, supported by strong exports and investment and by 1.7 percent in 2024 as consumption starts to recover from the energy price shock. Investment is set to be driven by EU structural funds, the RRF and government investments. Convergence of household energy prices to market prices is projected to push inflation to 10.8 percent in 2023 and 5.2 percent in 2024. New measures, including those aimed at mitigating the impact of high energy prices and new social measures, are set to increase the public deficits in 2023, 2024 and 2025.

In 2023, inflation is expected to remain in double digits at 10.8 percent, as the impact of high energy prices continues to work through other components, such as food. Being held back by the government intervention, Slovak gas prices for households are still below international market prices and are set to remain broadly stable in 2023. As government measures are expected to be phased out in 2024, energy inflation is projected to rise, especially in the first quarter. At 25 percent, the annual food prices inflation was very high in the first quarter of 2023, but decreased markedly in the course of the following two quarters, registering 12 percent in 2023-Q3. Nonetheless, food inflation is expected to remain the main contributor to overall inflation for the year. Furthermore, the tight labor market provides favorable conditions to a more dynamic price growth in the services sector. In 2024 and 2025, headline inflation is forecast at 5.2 percent and 3.0 percent, respectively.

With the budget deficit projected to stand at 5.7 percent of GDP in 2023 and on course to rise further during the next two years, and the country's debt increasing from today's 57 percent to over 60 percent of GDP by 2026, addressing imbalances in the public finances will have to be one of the top priorities for the coalition. Yet as the 1.5-billion-euro consolidation package, passed by the coalition-controlled parliament in December 2023, suggests, the nominally social

democratic Smer-SD party is looking for new sources of revenue rather than spending cuts to bridge the widening budget gap. Any major spending cuts are unlikely ahead of the presidential and European Parliament elections in the first half of 2024.

Among the consolidation measures approved are extra taxation on banks, an extended solidarity tax on excess oil profits, higher alcohol and tobacco taxes, reduced contributions to the second pension pillar, higher health contributions, as well as making Constitution Day (September 1) a workday again.

Yet few, including the country's own central bank and the rating agencies, are convinced of the government's ability to rein in the twin deficits. In early December, Fitch downgraded Slovakia to an A- rating, citing the deteriorating public finances. The consolidation package is mainly based on revenue-enhancing measures, including the re-introduction of a bank levy. The government has also approved additional social spending. In our view, medium-term fiscal consolidation will require difficult policy trade-offs, given higher medium-term expenditure rigidities and a weakened structural position.

The rating agency also maintained its economic growth forecast of 1.3% GDP in 2023, but it expects growth to gradually pick up, 2.3% in 2024 and 2.8% in 2025, as private consumption recovers, supported by positive real wage growth and the continued absorption of EU funds, in particular the 6.4 billion euros in pandemic recovery grants. It is obvious that Robert Fico and his government will really need European Union funds, so it is expected that he is definitely going to toe the line and adhere to EU policies and support EU policies.

Heading towards the 2024 European Parliament (EP) Elections

Slovakia will have 15 MEPs after the European Parliament elections due to be held in June 2024, which is one more than it has now, as the European Parliament's Committee on Constitutional Affairs (AFCO) proposed adding 11 new seats in the EP for MEPs from nine EU member states. The EP has currently 705 MEPs and their number will increase to 720 MEPs in line with AFCO's proposal. The committee proposed mandates from the "reserve" following the departure of British MEPs after Brexit based on demographic changes. The committee suggested that 11 additional seats should be created in 2024 as follows: two for the Netherlands, France and Spain (each) and one for Slovakia, Poland, Belgium, Denmark, Finland, Ireland, Latvia, Austria and Slovenia. The proposed changes also include an additional reserve for 28

MEPs elected on a joint European slate within the EU-wide electoral precinct and the EP will thus have 744 members.

With the June 2024 European Parliament (EP) elections approaching, several political figures and manipulative actors in Slovakia are trying to exploit current political, economic, and social upheavals. One of the main goals is to turn the European Union into a scapegoat, a convenient villain to be blamed for the struggles within member states while presenting themselves as the solution to these issues, promising to restore stability and prosperity. This strategy is not new. It taps into deep-seated dissatisfaction with the EU and its integration process, blending long-standing grievances with current issues to give them a more immediate and relevant appeal. Yet, there are also new trends emerging. Instead of advocating for exits from the EU (like ‘Slovexit’), some now call for reforming the Union from within, suggesting a looser ‘union of European nations’ with greater national sovereignty. Narratives surrounding Ukraine are shifting as well and new perspectives are arising.

In 2004 Slovakia joined the European Union with a record of ‘yes’ votes in an accession referendum, influenced by the desire for a better life and Western alignment in the post-Soviet era. Support for membership has remained relatively stable for years, though it recently dropped from 77 percent to 63 percent, partly fueled by anti-EU sentiment linked to the energy crisis negatively. Still, Euroscepticism was not widespread until the migration crisis in 2015, which marked the first major conflict between Slovakia and the European Union, centered on national interests and sovereignty. Not only fringe actors, but also Slovak politicians began portraying the EU as interfering in domestic matters and dictating terms, leading to increased anti-EU disinformation and manipulative narratives. These narratives often depicted the EU as an accomplice in the migration situation, infringing sovereignty and disregarding national interests. While most Slovak political parties do not officially advocate leaving the EU, they call for EU reform that better accounts for national interests, reflecting the view of up to 66 percent of Slovaks who believe member states should have more power.

The image of the European Union in Slovakia during 2023 was influenced by key topics, including the war in Ukraine, military aid to Ukraine, and by efforts to identify perceived enemies, with attacks on sexual minorities and immigrants. Notably, Slovakia was in a period of campaigning for early parliamentary elections until the end of September, intensifying the toxic rhetoric among political and disinformation actors. In discussion concerning Ukraine, narratives circulated claiming that toxic grain from Ukraine was entering Europe. Additionally,

there were claims of plans to involve the Slovak Armed Forces in the EU Assistance Mission to Ukraine. Throughout the year, narratives aimed at discrediting the EU's green policies and the Green Deal gained prominence. Other narratives also distorted the Nature Restoration Law, portraying it as EU pressure on farmers to plant wild weeds in fertile fields. Sporadic messages criticized the push for electric vehicles (EVs) in the EU's plan to ban internal combustion engine cars by 2035. Migration also became a prominent topic for negative narratives against the EU and critics accused the EU of inviting migrants into member states. Misleading narratives circulated also about the European Certificate of Parenthood, which aims to protect parents' and children's rights in different types of families across EU states.

As the June 2024 European Parliament elections approach, we are witnessing an exploitation of the current political, economic and social upheavals by certain political figures and manipulative actors with converging agendas. These actors also tap into frustration over the perceived neglect of local problems, with the war in Ukraine often cited as a distraction. By casting the European Union as, the adversary, they provide a target for people's grievances, whether real or perceived. Simultaneously, they present themselves as a solution, the champions of national interests over the detached EU elites, promising to restore stability and prosperity. This approach is not new, it builds on longstanding dissatisfactions with the European Union and its integration process, repackaging old grievances with contemporary issues to make them more relevant and urgent.

It is obvious that skepticism toward the EU is also on the rise in Slovakia, with a significant portion of the population expressing negative perceptions and some believing the country would be better off outside the EU. One more reason why the upcoming EP elections will be important for Slovakia as well as for the European Union.

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