

Optimisms - the way to the light at the end of the crisis tunnel



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Michal Šourek from MSG holding a.s., the moderator of the event, stated at the introduction, that we wonder present development, when each new prognosis is worst than previous one. „Not only we go down from the hill, but we either do not see, where its bottom is,“ he remarked and attached, that the crisis has its psychological aspect and its continual mediation can sharp it up for nothing.

„The answer for the question, when it all finish, I do not give you. But the positive news is, that all crises finished one time and after that a boom came,“ Tomáš Osuský from the Ernst & Young Company told at the age of the joyless situation. High attractiveness of our labour force, expected growth of domestic demand, positive balance of foreign trade and Euro ought to be the guaranty in his view, in order to swim through this hard period without bigger losses. As he informed, all areas of economy will be touched by the crisis in the current turbulent times (shortage of loans, decreasing value of companies, increase of bankruptcy of strong institutions). He introduced its coming in the most right time among its positive features - in „time of unusual boom“. Financial crisis has (similarly like marital one (if not finished by divorce) also positives to the intent that it must bring change in managing companies as to Osuský. Unusual till unprecedented conditions create namely many clear challenges and opportunities for entrepreneurs. A company can also develop strategic activities during crisis - for example to purchase competitor, who will offer it new client bases, or to sell one activity and devote to another one.

Róbert Kičina, the executive director of Podnikateľská aliancia Slovenska (PAS) sees macro economy stability in year 2008 and transfer to Euro in year 2009 like the only positive. The negatives - worldwide crisis, derogation of conditions for making business, making investors uncertain and no structural reforms - remain however. Slovak companies estimate, that due to recession they will achieve by 8.6% less daily gains and by 11% lower profit according to PAS analysis from the end of October 2008. Among 213 respondents, 58% answered positively for the question, whether they feel impacts of the financial crisis currently and 30% estimate it this year and 12 % think, that the crisis did not have and will not have influence to business. The survey results also show, that in connection with feared redundancies it is not needed to yield to panic. Companies informed, that it could touch 3.5% of employees in an average at most „Reduced demand and shaken trust in market mechanism makes activities of companies at the market more difficult. Therefore, it is important to concentrate for two areas currently: revival of trust in the market mechanism and elimination of barriers in business environment, like bad functionality of judicial system, low ability to enforce rights, ineffective social system, no transparent public procurement,

lower flexibility of labour and tax legislative or flowering corruption and bureaucracy are," Kičina pointed out. In what the present situation can be the opportunity for Slovakia, as to him? In spite of investments drop by 16.5 %, creation of new jobs henceforward is also assumed, where the people who lost work can assert themselves. This is the signal simultaneously that firms did not resign from their investment projects; they only re-evaluated their height and volumes.

Another active speaker - Miroslav Barnáš from King Sturge Company pointed out the drop in GDP in biggest European economics (the Great Britain -2.0%, Germany -2.1%, France -1.6%, Italy -2.0%, Spanish -2.0%) and rapid increase of unemployment. The Europe leads up to substantially more longer and deeper recession, than estimated, as to him. Slovakian investment market is like „frozen“ - in 4th quarter we had no essential investment transactions. Demand will not be so strong like in years 2005 to 2007 and problems of the projects involving unsuitable strategic marketing will also arise.

Therefore an accent on their consistent preparation will become necessary - market survey, study of targeted group, financial modelling and risk determination. Barnáš introduced demographic development, purchasing power and shortage of new housing among the factors influencing domestic residential market. Momentary situation is positively good announcement for lessee and vendee. He can see the advantage of Slovakia in the time of the crisis that it never was the country from where luxuries are exported.

„We succeeded in nationwide manoeuvres around Euro. Not therefore to prove how we are able to divide or multiply by 30, but because of economy, foreign investments, higher resistance to crises,“ Martin Šuster from National bank of Slovakia told at introduction. And although he does not share the opinion of the pre-speaker all over, that Slovakia is a kind of „oasis of stability“, he rather prefer only 3-percentage growth than 3-percentage recession, to which all countries of the union enter excluding Slovenia and Slovakia. The basic question why we adopted Euro previous year has to be analysed seriously, without ideological factors, because euro sceptic will find reasons anytime. Thanks that Slovak crown has been covered by Euro, unlike Czech crown, it remained practically not touched. „We can see that the trend of fortifying did not stop and currencies of adjacent countries depreciated against Euro,“ Šuster remarked. Advantages, which overtop disadvantages highly, can be either direct - immediate (elimination of exchange-rate risk against Euro and its reduction against dollar, elimination of some transactional expenditures, lower capital expenditures, better resistance against exchange-rate deviations, higher transparency of prices) or indirect - long-term (growth of international market, increase of direct foreigner investments, faster industrial growth, increasing standards of living), at his view. Moreover, Slovakia was lucky that domestic banks were not charged by poisoned asserts from the USA. „But in order it l would not look rosy, financial crisis, which overgrowth to industrial crisis, touched us too,“ the representative on NBS balance the view. The opportunity draws the support for us from history: all crises initiated reforms consequently. For the question or rather critic from plenum that banks are sitting on money he reacted: „If we loan money cheaply and everybody, we will earn for another crisis!“

The event dedicated to managers and representatives of important developing, building-investment and protector companies, of banking, industry and state administration as well as professional public determined - and fulfilled to a large extent the goal to bring not only more light into myriad of contradictory information every so often, but also so much needed optimism, which is the necessary assumption so as to find the way to metaphoric „light at the end of the tunnel.“

Main partners of discussion meeting: ASP a.s. and bnt - Sovova Chudáčková & Partner, s.r.o.

Illustrative pictures - J&T

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