

Slovakia needs a proper scheme of regional support

Businesses have welcomed reduced bureaucracy, but there is still room for improvement. More systematic support in the regions is one example, says Igor Vranka, who leads a branch of the Soukeník – Štrpka law firm in eastern Slovakia.

The Slovak Spectator (TSS): Has your work changed since the pandemic hit?

Igor Vranka (IV): During the restrictions, we managed to make home office work well for our firm, but we also needed to organise our contact with clients. In-person meetings are an absolute standard, since the relationship between us and clients must be based on confidence. The challenge was to secure confidential communication even at a distance. We have launched videoconferences from our own servers, adjusted for easy and user-friendly use but providing a maximum level of security. For necessary personal contacts, we were able to provide personal protection equipment for our employees and our clients. We now have pre-paid weekly slots for COVID-19 testing in Bratislava, so our employees can take advantage of that, and we regularly test those who meet clients most often.

TSS: Do your clients ask different questions or require different services?

IV: We knew clients would ask many questions, so we started a dedicated website, covid-19.akss.sk, where we publish laws and measures that have been passed and answers to questions that our clients ask. We are also proud of another project we launched during the pandemic, advokatipomahaju.sk. We invited our colleagues from other law firms and together we

have secured and distributed protection tools for lawyers, doctors, health-care staff and municipalities.

TSS: Which of the measures affected your clients the most? Have they complained about any in particular?

IV: Coping with the pandemic brings along extraordinary measures that interfere with the daily life of people. And there is nothing else to do but to respect them. If the rule of law applies, then the state may impose restrictions, but on the other hand, the state must be ready to compensate them. We can talk about how much and how soon, but I cannot imagine that the state could prevent subjects from claiming damages and compensation of lost profits. In this case, the state should be able to impose restrictions, but only courts can say if someone has the right to be compensated or not.

TSS: You mean the recent amendment to the law on public health, which also included the proposal to cancel the right of people to claim compensation for damages and lost profit due to the pandemic?

IV: Exactly.

TSS: Do you think there will be many claims for damages and lawsuits against the state after the pandemic?

IV: That depends on the quality of legislation that will be passed. If entrepreneurs are not happy, they will obviously try to make a claim. This is what happened with the “G-tariff”, a fee electricity producers connected to the grid and the distribution network pay for reserved capacity. The Constitutional



Who is Igor Vranka

A partner at the Soukeník – Štrpka law firm, Igor Vranka leads the firm's eastern branch in the High Tatras and Košice. He is a member of the Slovak Bar Association since 2010 and specialises in corporate and business law.

Court ruled part of the law was unconstitutional. The producers then started to claim their rights in court, and that resulted in hundreds of suits claiming back their G-tariff fees. The same thing could happen with the anti-pandemic restrictions.

TSS: Entrepreneurs have complained in the past that the

legislative process is unpredictable, many laws are passed in fast-tracked procedures. The current government is also passing legislation at a high speed due to the pandemic.

IV: I fully agree with the complaints of the entrepreneurs. Legislation has some standard process, passing through professional debates until it comes to

parliament. Today, the process is too accelerated, the expert discussion is cut to almost nothing, and the laws are passed the way they are submitted. This decreases the quality of the legislative process and the laws. The most important thing in the future is that the parliament does not pass indirect amendments and, on the contrary, makes the legal order more transparent, for instance by lowering the number of laws and thus simplifying the coordination between several texts.

TSS: Which of the measures that were passed in the spring influenced your clients the most?

IV: The compensation measures, for employers who were not able to give work to their employees. The institute of temporary protection also turned out to be very controversial. It legitimately protects entrepreneurs who were hit by the crisis, from distraintment, bankruptcy, etc. But it also applies to subjects who were not well off even before the crisis. For instance, you may have had an unpaid debt claim from 2017. The court process is concluded in 2020. But as the creditor, you cannot do anything against your debtor because they are now in temporary protection. Such a case has nothing to do with the pandemic, but it can be an existential problem for the creditor. So, should the creditor ask for temporary protection too, and will we continue this chain?

TSS: The Economy Ministry is set to improve the business environment in the country, through small, logistically and financially not-too-demanding changes. How do you view these changes?

IV: Businesses have welcomed that bureaucracy has been reduced and their life has been made easier. I see this as a good direction. The ministry has also supported businesses in other areas, for instance producers of green electricity, that

prevented those who had even small debts on social or health insurance from being eligible to obtain any grant support as an energy producer. This meant that even if you owed just €1 on social insurance and even without your knowledge, you lost state supported grants. This essentially means death for this type of business.

TSS: What else apart from cutting down on bureaucracy would help businesses and make Slovakia attractive for foreign investors?

IV: Slovakia needs a proper scheme of state support for the regions or for drawing on EU funds. The Next Generation EU plan offers room to do that now. To be quite plain, some out-of-office government sessions in towns of the far east, where they would approve assistance of one or two million euros, helped very little. That is far from conceptual support and policy.

We also need the fastest and the most transparent approval process for investment stimuli and lowering bureaucratic burdens in reporting fulfilled conditions. In these cases, we should also have different procurement processes again to remove unnecessary bureaucracy.

TSS: You are the head of your law firm's branch in the east. Are there any specifics that make your work very different from the work of your colleagues in Bratislava?

IV: Definitely. Our philosophy is to provide legal services differently than is usual in Slovakia. That is the reason why we have branches in Nitra, Žiar nad Hronom, Vysoké Tatry and Košice – to be better suited to work in different regional setups and to have personal contact with clients. We can be very efficient in providing high-standard law services to supranational companies in the regions, but also to local players who require a good quality law advisory in the region

for acceptable prices. I guess that Soukeník – Štrpka is the only law office that has covered the whole territory of Slovakia with its branches. That makes us different.

There are many smart people in eastern Slovakia who want to stay in their regions, which makes sense. The cost of living is lower here than in Bratislava, so we save on personnel costs, while people are still earning a decent pay. Costs of office space and administrative work are also significantly lower. It is also reflected in the lower prices of our services.

TSS: Corruption and perception of corruption are among the main complaints investors have voiced about Slovakia. Our country is now going through a process of coming to terms with corruption scandals in high places in the judiciary and prosecution. Does this impact the reputation of Slovakia in the eyes of foreign investors?

IV: I will answer with an analogy. We have clients in Slovakia who wanted to invest in Croatia, Ukraine, Serbia, Bosnia, etc. But they were put off when they learned about corruption. Some tried anyway, but after a few months they sold their projects unfinished because they were unwilling to “fight” the local authorities. Foreign investors considering an investment in Slovakia feel just like our investors investing in these countries. The fact that our society is starting to come to terms with corruption suspicions in the highest places is, naturally, a very positive message that things are changing.

TSS: The justice minister has recently had laws passed that define new corruption-related crimes – gradual feeding and bending of laws. Do you think they will bring more progress?

IV: I'm pleased that the new government chose changes in the judiciary and fighting corrup-

tion as one of its priorities. But I would be cautious with the laws you mentioned, to make sure they cannot be abused. I consider them redundant. We should rather focus on prosecuting corruption globally and in the highest places, not always small fish. Disciplinary proceedings against judges and prosecutors are an example – we see very few of those.

TSS: The minister is also redrawing the court map, to have more specialised courts, and to tear ties with corruption and cronyism potential.

IV: It is a good step to specialise courts and judges for individual agendas. We now have a two-level judiciary in Slovakia, with district and regional courts. Extraordinary legal remedies are provided by the Supreme Court and Constitutional Court. Clients tend to see them as the third and fourth grade and want to automatically pursue them if they are not successful at lower-instance courts. But there is no legal and often even rational reason why these extraordinary remedies should be applied. This trend needs to be stopped, because it prolongs court proceedings. The decisions of first-instance courts should be of such quality that the regional court would return only a minimum of them.

TSS: You often deal with the courts in your job. Do you see changes triggered by the process of purification of the judiciary from corruption and other undesirable elements that we mentioned earlier?

IV: For now, it is just something people are aware of and talk about. Things have started moving, if anyone behaved inappropriately in the past and now starts to realise things, we need to give them room. We need to round off the process legislatively, to make society change the principles of its behaviour.

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