

SLOVAKIA'S NEW GOVERNMENT & ITS IMPLICATIONS FOR BUSINESSES

Former PM Fico returns to power as leader of three-party coalition government

25 October 2023

EXECUTIVE SUMMARY

Slovak President Zuzana Čaputová has appointed the country's new coalition government, led by long-serving former Prime Minister Robert Fico. The vote comes one month after Fico's centre-left-turned-populist Smer-SSD party won the country's parliamentary elections and after they successfully concluded coalition talks with the centre-left Hlas-SD party of fellow ex-PM Peter Pellegrini and the nationalist Slovak National Party (SNS).





Within the coalition deal, Fico's Smer will control key ministries such as foreign affairs, defence, finance and justice, while Pellegrini's Hlas, which was instrumental in Fico's return to power, will hold a highly influential role within the new government, with Pellegrini rumoured to be considering a run for president in 2024. The nationalist SNS will control two ministries, with an additional ministry to be set up next January.

Fico's fourth government could have wide-reaching and immediate political and policy implications for Slovakia and the EU. The returning PM is widely expected to join Hungarian Prime Minister Viktor Orbán in opposing the EU's sanctions regime against Russia and financial aid to war-torn Ukraine, while critics say the government's planned personnel changes in Slovak law enforcement could also lead to domestic opposition and international criticism.

Below, Aretera takes a deeper look at the aftermath of this crucial election.



This memo will cover:

-  an overview of the post-election landscape,
-  the composition of the fourth Fico Cabinet,
-  key takeaways from the Smer-Hlas-SNS coalition deal,
-  short-term political and policy implications.

SNAP ELECTIONS WITH A SWIFT TRANSITION

On 25th October, Slovak President Zuzana Čaputová appointed the country's new coalition government. Led by long-time former Prime Minister Robert Fico, the newly formed cabinet is supported by his centre-left-turned-populist Smer-SSD party, the centre-left and pro-European Hlas-SD party of ex-Prime Minister Peter Pellegrini, as well as the nationalist Slovak National Party (SNS).

The vote confirming the new cabinet comes after Smer secured a much-anticipated return to power after winning the country's recently held parliamentary elections¹. While Smer finished first at the polls, it fell short of an outright majority, leading to coalition talks; [in line with Aretera's forecast](#), these were concluded swiftly with Pellegrini's Hlas and the SNS. Hlas initially showed openness towards a rainbow coalition with centre-right and liberal parties aiming to prevent Fico from returning to power, however the party eventually ruled out this scenario, leading to a Smer-Hlas-SNS coalition deal, signed on 11th October.

THE FOURTH FICO GOVERNMENT

The Composition of the Fourth Fico Cabinet			
Member	Position	Portfolio	Affiliation
Robert Fico	Prime Minister	-	Smer
Peter Kmec	Deputy PM	EU Funding & Recovery Funds	Hlas
Juraj Blanár	Minister	Foreign & EU Affairs	Smer
Robert Kaliňák	Minister	Defence	Smer
Ladislav Kamenický	Minister	Finance	Smer
Jozef Ráž Jr.	Minister	Transport	Smer
Boris Susko	Minister	Justice	Smer
Richard Takáč	Minister	Agriculture	Smer
Zuzana Dolinkova	Minister	Health	Hlas
Tomáš Drucker	Minister	Education	Hlas
Matúš Šutaj-Eštok	Minister	Interior Affairs	Hlas
Richard Raši	Minister	Regional Development & ICT	Hlas
Denisa Saková	Minister	Economy	Hlas
Erik Tomáš	Minister	Social Affairs	Hlas
Martina Šimkovičová	Minister	Culture	SNS
Tomáš Taraba	Minister	Environment	SNS
To Be Announced*	Minister	Tourism & Sports	SNS

*In line with the coalition deal, the Ministry of Tourism and Sports will be formed by 1st January, 2024.

¹ See [here](#) for Aretera's analysis of the recently held snap parliamentary elections from October 2023

KEY TAKEAWAYS FROM THE COALITION DEAL

In line with the coalition deal between the three governing parties, Smer-backed candidates lead six key ministries in the new government. These cover foreign and EU affairs, finance, justice, defence, transport and agriculture. Another seven ministries are led by Hlas-affiliated appointments, who are now responsible for the economy, EU funds, regional development and digitalization, interior affairs, healthcare, education and social affairs. The nationalist SNS controls two ministries; culture and the environment.

The SNS initially suggested Rudolf Huliak as minister of environment, however President Čaputová – citing his previous climate change-denying remarks – [refused to nominate him](#). Instead of Huliak, the Ministry of Environment will be led by fellow SNS MP Tomáš Taraba. Other candidates for minister, including former Interior Minister Robert Kaliňák, also faced strong objection from opposition parties, particularly from centre-right parties that toppled Smer's rule in 2020 and vowed to crack down on institutional corruption. Sworn in as the country's new Defence Minister, Kaliňák served as Interior Minister in Fico's previous governments and [has been a central figure](#) in anti-corruption investigations against Smer-linked figures.

A key winner from the coalition deal is Hlas, which now controls the largest number of ministries. While Hlas finished “only” third in the snap election with 15%, Pellegrini's party was the only formation open to a coalition with Smer and Fico's longtime centre-right and liberal opponents. This positioned Hlas as the snap election's kingmaker, elevating the party's political position. Pellegrini, who served as PM between 2018 and 2020, will continue as Speaker of the National Council.

THE NEW COMPOSITION OF THE NATIONAL COUNCIL

Parliamentary Election Results Breakdown			
Party/Alliance	Popular Vote – September 2023 (%)	Number of MPs	Affiliation
Smer-SSD (centre-left-turned-populist, soft Eurosceptic)	23	42	Government
Progressive Slovakia (pro-EU, centrist-liberal)	18	32	Opposition
Hlas-SD (centre-left, pro-EU, broke away from Smer in 2020)	14.7	27	Government
OL'aNO & Za L'udi (pro-EU, multi-party alliance)	8.9	16	Opposition
KDH (centre-right, pro-EU)	6.8	12	Opposition
SaS (centrist-liberal, pro-EU)	6.3	11	Opposition
SNS (nationalist, Eurosceptic)	5.6	10	Government
(...)			
Total		150	

(Source: [SEC of Slovakia](#). Turnout: 68.5%)

POLITICAL & POLICY IMPLICATIONS

Over the years spent in opposition, Fico's Smer has turned increasingly populist, building on the use of pro-Kremlin disinformation, historically strong pro-Russian, pan-Slavic sentiments among the electorate, as well as growing Ukraine fatigue. Fico will likely join Hungarian PM Viktor Orbán in calls to abandon or scale down the EU's sanctions regime against Moscow and its financial support for Kyiv. The expected political alliance of the Slovak and Hungarian PMs at the EU level will likely lead to clashes with other EU leaders, particularly as the European bloc gets closer to discussions about renewing financial aid to Ukraine for 2024. However, the three-party coalition deal has cited preservation of Slovakia's Euro-Atlantic orientation one of its highest priorities. Speaking after winning the elections, Fico also confirmed the country's foreign policy orientation would be unchanged.

With Fico having returned as PM, Smer's critics argue that the rule of law may also be undermined and that the new government might intervene in ongoing anti-corruption investigations against Smer-linked figures. Fico, whose critics believe the ex-PM was a central figure in [institutional corruption](#) under his previous governments, narrowly escaped lifting his immunity in parliament in May. Responding to the charges, the new-old PM said these actions equal to political persecution, with Smer likely to implement personnel changes in the leadership of Slovak law enforcement.

On a policy level, the new government may choose to increase corporate taxes or introduce additional social benefits. However, the new cabinet is highly unlikely to impose measures that will drastically change or disrupt the business climate. Instead, given the country's dependency on FDI, the focus will be on attracting new investors, while increasing the efficient use of EU cohesion and recovery funds.

LOOKING AHEAD

Following a series of coalition crises and multiple consecutive governments in the last three years, Robert Fico's new coalition government may offer a degree of political stability for Slovakia. The country's returning PM has a (controversial) history of governing in coalition with right-wing nationalists, while virtually all recent centre-right governments have either collapsed or proven to be highly unstable. At the same time, political stability will remain a key issue to monitor, with the unity of the new governing coalition likely to be tested along both ideological and policy issues.

The formation of Slovakia's new government and Robert Fico's return as PM came as the country is gearing up for presidential elections, expected to be held in March/April 2024. President Čaputová has already announced that she will not stand for re-election, while Hlas leader Pellegrini is among the most likely and obvious candidates. This is also supported by Pellegrini's decision not to join the new government and continue as speaker of parliament instead.

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