THE WILLIAM DAVIDSON INSTITUTE
AT THE UNIVERSITY OF MICHIGAN BUSINESS SCHOOL

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Working Paper Number 201
February 1998

Comments Welcome

Presented in the Davidson Institute Research Workshop *Organizational Change in Transition Economies*
Ann Arbor, Michigan
September 26-28, 1997

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This paper is a result of the examination of a number of foreign direct investment cases in Slovakia since 1993. The research is based on interviews with expatriate and local enterprise managers, the official statistical data and other government information, and review of information available in international and Slovak economic press. The author gratefully acknowledges the support of the William Davidson Institute and also thanks Dan Danison, Brad Farnsworth, Nandani Lynton, Vlado Pucik and Irina Zinovieva for their valuable comments on an earlier draft.

1. Introduction: FDI as a factor of change

In order for the transitional economies of Central and Eastern Europe (CEE) to be successful, it is essential that large, previously state-owned socialist companies learn to operate under newly-created market conditions. This ability to change depends on various internal and external factors. One key factor is also foreign direct investment in indigenous companies and their gradual transformation through the transfer of capital, technology, and know-how in various areas, as well as from better access to foreign markets. These elements, together with importation of new managerial ideas and practices, are critical to the process of enterprise change and restructuring in transition economies. Local firms have to drive growth and change in these economies, but foreign investment can also make a highly valuable contribution.

Conventional wisdom holds that foreign direct investment (FDI) will be an important force for change, reconstruction, and growth in the exhausted Central and Eastern European economies (UNCTAD, 1995: 104). The authors of the next report also argue that economic growth and FDI inflows are closely related in CEE economies. They argue that their research results show that FDI accelerates economic growth and that economic growth leads to more FDI, in a virtuous circle (UNCTAD,1996: p. 66 - 67). They point out that the Visegrad or CEFTA (Central European Free Trade Association) group (Poland, Hungary, the Czech Republic, the Slovak Republic, and Slovenia) had the highest growth rates and accounted for over 65% of inflows to the CEE region in 1995.

FDI inflows to CEE have soared to record levels. Having remained stagnant in 1994, FDI inflows to CEE nearly doubled in 1995, when they reached an estimated US$ 12 billion. In 1995, the region of CEE accounted for 5% of world inflows, compared with only 1% in 1991. (The expectation for the year 2000 is 10%). This growth was driven not only by waves of privatization, but also by economic recovery in some countries, especially in CEFTA countries. FDI inflows to the region have grown rapidly: FDI stock reached over US$ 63 billion in the first half of 1997 (Business Central Europe, 1997) compared with US$ 33 billion in 1995. The strongest proponents of the role of FDI in CEE (see Dunning 1993: 20) argue that multinational enterprises supply many of the necessary ingredients for economic growth, the reshaping of attitudes toward work and wealth creation, the redesigning of the business and legal framework, etc. Paliwoda (1997: 27) also underlines that the Central and Eastern European nations are seeking to regenerate their economies quickly, which is a task in which FDI plays a pivotal role.

There are many articles about the role of FDI in transitional economies. While it may be accurate to assert that the highest levels of restructuring are to be found in enterprises with FDI, the precise nature of restructuring and change in these companies at the firm level, as well as their impact on other local companies and their functional environment, has not yet been described and analyzed in a systematic fashion. Case studies of enterprises with FDI are common: these usually describe the changes, conflicts and results after the entry of a foreign investor into the previously state-owned company (see for example Fogel, 1995, Nilsson, 1996).

Some authors point out that foreign investors should be more aware of the unique conditions in CEE, particularly of the obstacles to organizational change, which include such internal factors as unfavorable employee or managerial attitudes and incompetence, and external barriers, such as the legal environment and structures for corporate governance (Petrice, 1995:14). On the other hand, several authors, especially from CEE, have a different perspective: they try to evaluate the positive and negative impacts of FDI on indigenous companies, and they do not pay attention to local obstacles (Balazova, Valent, 1995, Outrata et al., 1996).

While many specialists emphasize the important and dynamic role of FDI in CEE economic transition, several empirical studies point to the fact that the experience of FDI in the relatively short period of transition is still uneven. Some studies focus on the implications of FDI for the former East Germany (for example, see Grabher,1997), Hungary (see Sadler, Swain, 1994) or Slovakia (see Ferencikova, Smith, 1997). A study of the Vienna-based WIIW research institute done by G.Hunya (see Hunya, 1996), shows a dramatic dichotomy between multinationals and local companies in Hungary, which is the biggest recipient of FDI among CEE countries. Hunya concludes that companies with foreign involvement may well be the only dynamic part of the Hungarian economy: they have clear strategies, invest more, restructure more rapidly, and have modern technology, management, and Western market access. The issue is whether these advantages benefit local companies and the Hungarian economy as a whole, as well as the question of how to spread these positive features throughout the whole economy. Many companies with FDI are modern islands of export-oriented processing and assembly, often with high unemployment and abandoned capacities in traditional industries. Hungary's economic growth is slow, with a rising current-account deficit, unemployment, and inflation. Foreign investors also contributed to these problems via large initial lay-offs and a tendency to import more than they export. The question is whether and when the major benefits of rapid restructuring and high investment inflow should come.

2. Situation framework, aim and methodology: FDI in the Slovak manufacturing sector

The aim of this paper is to examine the impact of foreign investors on local companies and their environment through a discussion of company case studies in the Slovak manufacturing sector. The basic questions addressed by this research are as follows: How important is FDI as driver of change in local companies and their environment i.e. how strong is the influence of foreign investors on various areas of activity of these companies and on their operational environment such as the national economy? In which areas is the impact of FDI strongest and where is weaker than expected? The chosen cases were all originally joint ventures, although some of them were subsequently bought out by foreign investors. In my opinion the joint venture form is particularly useful for examining internal change in local companies.

Each case study includes the impact of FDI on:

(1) change in the local company (joint venture): technology transfer, market access, the transfer of management and marketing know-how, implementation of human resource management, changes in the production profile as well as in the volume and quality of production, and changes in overall productivity,
(2) change in the local parent company (impact of foreign investor on local partner): learning process, the increase of cooperation or competition, impact on labor force,
(3) change in the local environment (economy) in which the joint venture operates: impact on employment and labor force, diffusion of managerial ideas, impact on the local suppliers, the increase of competition, marketing issues (better supply and services on the domestic market), and export performance.

Manufacturing has been chosen because most FDI in Slovakia has been located in the manufacturing sector (47,5% of FDI stock in 1996). The possibility of change resulting from FDI is therefore likely to be significant in this sector (at the same time this sector will be the most difficult to change and the most expected to change with regard to restructuring projects of Slovak economy) . Finance and insurance have also received a large proportion of FDI (26%). The third significant sector is wholesale and retail (18%). Although Slovakia has much potential for tourism, hotels and restaurants have attracted only just over 1% of FDI. The share of the other sectors (e.g. transport, construction) is also very low (about 1 - 2%).

The joint venture structure as a form of entry into the Slovak market is the most typical for manufacturing: in 1995 in Slovakia 90% of FDI in manufacturing was placed in joint ventures, with only 10% in wholly-owned subsidiaries. (Ferencikova, 1997a:9). Manufacturing has only a small amount of greenfield investment or investment in wholly-owned companies because foreign companies seek out production facilities with existing equipment, skill levels, market knowledge, etc. At the same time, manufacturing requires a much higher volume of investment than, for example, distribution or tourism and in this sense it is riskier. Therefore foreign companies prefer to share capital costs and entrepreneurial risk in manufacturing by establishing joint ventures and using existing capacities, at least at the first stages of their activity, when they are still testing the environment and market. Many investors saw CEE as a prime site for access to new markets after 1989. Therefore they tried to ensure this access by building upon the local knowledge of existing domestic firms. Furthermore, in many cases, they were required by the host government to enter into joint ventures with state-owned firms.

Recently we have noticed a new trend in investor strategy, especially among large multinationals. This trend we call the incremental take-over of ownership of joint ventures. In several instances in Slovakia during the last two or three years, multinationals have steadily increased their equity share in joint ventures (including the biggest investor in manufacturing, Volkswagen). There are a number of reasons for this: (1) the global strategy of the MNC, (2) conflicts between the Slovak parent and foreign investors over joint venture strategy and over the control of key services such as energy (joint ventures are usually situated in the former plants of Slovak parent companies), (3) the inability or unwillingness of the Slovak parent to match investment funds required to maintain existing shares of ownership, and (4) financial problems in the Slovak parent company requiring the sale of its shares in the joint venture (see Ferencikova, Smith, 1997: 8).

By the middle of 1996, altogether 9,419 entities with foreign involvement had been established in Slovakia -- 3,793 (40%) of them were wholly-owned foreign companies with the volume of FDI of SKK 11,862 mil. (US$ 395 mil.). 5,626 (60%) were joint ventures with the foreign capital totaling SKK 12,343 mil. (US$ 411 mil.) and the domestic capital of SKK 8,803 mil. (US$ 293 mil.). It means the average wholly-owned foreign company was very small -- it placed only US$ 104,000 in its business in Slovakia. The average foreign participation in the joint venture was also low--US$ 73,000. About 80% of all companies with FDI in Slovakia are even smaller: they have fewer than 20 employees (many of them have 1 - 2 employees) and the volume of FDI in such companies is less than US$ 3,000. Typically, they import and sell foreign goods on the Slovak market, and it would unrealistic to expect a big contribution to the change of local companies from companies of this type. On the other hand, there were only 208 companies with more than SKK 10 million FDI (about US$ 330,000) by the end of 1996, but their share of total FDI placed in Slovakia reached 92%. Therefore we expect this group to contribute to changes in local companies and the local economy to a much greater extent than smaller investors and therefore the chosen cases are all bigger investors (over SKK 10 million).[i]

All selected joint ventures in the sample manufacture sophisticated products belonging to either engineering, electrotechnics, or the light chemical sector. These sectors are considered to be very important for restructuring Slovak industry, in which heavy industries (metallurgy, heavy engineering, chemical raw materials) traditionally play an important role. The choice of joint ventures includes some small- and medium-sized companies as well as the biggest firm in this category. The chosen companies were all originally joint ventures with the majority of parent companies from developed economies, a half of them were subsequently bought out by the foreign MNC. The sample includes six companies with volume of FDI: one of them is a company with the largest volume of FDI placed in Slovak manufacturing (the category of investor with an investment over SKK 1 billion), four companies attracted FDI ranging from SKK 100 million to SKK 1 billion, and the smallest company belongs to the group between SKK 10 million and SKK 100 million. The group also represents a variety of national sources of FDI (American, Austrian, French, and German capital) and geographic diversity within Slovakia (the Slovak capital, Western, Central and Eastern Slovakia).

As mentioned above, the sample consists of six companies. The first one -- a car producer Volkswagen Bratislava, originally a Slovak-German joint venture - is the biggest foreign investor in the industrial sector in Slovakia. This company is located in the Slovak capital Bratislava. As for the volume of FDI, the next four companies belong to the category with the foreign contribution between SKK 100 million and SKK 1 billion. Whirlpool Poprad, originally a Slovak-American joint venture, produces washing machines in a small East Slovakian town called Poprad. The next company - Alcatel SEL THL - is located in the even smaller town Liptovsky Hradok in Central Slovakia. This German-French-Slovak joint venture produces telecommunication systems. Detergents and other chemicals are being manufactured in Henkel, an Austrian company (originally a Slovak-Austrian joint venture) with the plant in West Slovakian town Nove Mesto nad Vahom. Hoechst-Biotika - a Slovak-German joint venture is a pharmaceuticals producer with the headquarters in a Central Slovakian town Martin. BC Torsion - a French-Slovak joint venture - is the smallest examined joint venture established in a very small West Slovakian town Brezova pod Bradlom. Its production program involves various types of fences and wires.

Table 1 Selected economic indicators of examined Slovak joint ventures in 1996

Company	Share of investor original (%)	Share of investor current (%)	Turnover (SKK mil)	Profit before tax (SKK mil)	Export (SKK mil)	Share of export on turnover (%)	Numbers of employees	Turnover per employee (SKK mil)
Volkswagen	80	100	18 187	501	17 479	96	1 955	9,3
Whirlpool	44	100	2 684	210	1 517	57	348	7,7
AlcatelSELTHL	60	60	2 331	227	1 261	54	400	5,8
Henkel	51	100	1 480	n	482	33	220	6,7
Hoechst-Biotika	52	52	635	39	311	49	300	2,1
BC Torsion	51	51	140	n	101	72	114	1,2

Source: Trend 1997c and internal materials of companies

Our attempt is to create a small, but as far as possible representative sample of manufacturing companies of various sizes, locations, origins and contributions of parent companies in order to determine common FDI-effects on them and their environments. To lesser extent, the choice was also driven by the willingness of managers of these companies to cooperate in this project i.e. the data were mostly collected through interviews with managers and from the internal materials of companies. A lot of useful information was also obtained by monitoring the economic press and the statistical surveys. Each study deals with five key points: (1) short history of the joint venture, (2) internal processes of change and their results (3) management and employees, (4) suppliers and distribution, (5) summary - the major areas of change.

3. Case studies of selected joint ventures in manufacturing sector in Slovakia

a) Volkswagen - BAZ case study

A joint venture as the fulfillment of an old dream to localize automotive production

History of the company
Built in 1975, BAZ (Bratislavske automobilove zavody - Bratislava's car factory) had never been fully in use. Therefore, after the so-called velvet revolution in 1990, the government decided to allow the entry of foreign capital into this factory to fulfill its original aim -- car production. After winning a contest with General Motors for an 80% stake in BAZ, the German company started its operations in Bratislava. Volkswagen became the biggest foreign investor in the industrial sector in Slovakia and the second largest investor after the US retailer K-Mart.[ii] Volkswagen's motives for entry were: (1) excellent location, with Bratislava situated at the old intersection of trade routes in Europe on the Danube, only a few miles from the Austrian, Hungarian and now Czech markets, and near the capitals of Vienna and Budapest; (2) an existing plant already tooled for car production; (3) a skilled labor force; (4) the chance to open new markets in Central and Eastern Europe; (5) the opportunity to obtain a key position in this area before its main competitors. The Slovak objectives for the joint venture were as follows: (1) to begin car production in the plant, as it was originally intended; (2) transfer of capital and technology; (3) to involve the Slovak parent company in the network of suppliers for the joint venture and the Volkswagen group.

Established initially as the joint venture Volkswagen-BAZ in the 1991, the plant is now owned fully by Volkswagen after a buy-out in 1994 of BAZ's 20% share. [iii] As in other cases, the establishment of full foreign ownership occurred after the Slovak parent company welcomed a short term injection of cash to stay afloat in difficult circumstances. Also, as the German parent increased its investment, the Slovak side was not able to follow.

Internal process of change
The biggest change in the company was the implementation of a production profile finally aimed at car production. The Volkswagen corporate planners originally envisaged Bratislava solely as a gearbox supplier for plants in Germany. This plan changed for several reasons: the skill level of the workers, domestic market demand, and the need for Volkswagen to reduce the production costs of special editions of the VW Golf (such as all-wheel-drive Golf Syncro), all led to the introduction of final assembly operations in Bratislava in December 1991, starting with the Volkswagen Passat Variant and later the Limousine. It has continued with the models Golf Syncro, Limousine, and the Variant, including the top model Golf VR6 Syncro. The decision to focus VW Bratislava's production on the specific, very labor intensive Syncro was based on the need to the reduce the cost of short production run models and to increase price competitiveness on world markets. [iv] In May 1997, the assembly of a new model of Volkswagen--the Passat B5--started in Bratislava. Volkswagen Bratislava has also begun gearbox assembly in order to lower the costs of its main German gearbox plant in Kassel. As estimated, for example, costs per gearbox have been cut by up to DM 5, especially as a result of low labor costs. Volkswagen Bratislava also produces components and transmissions for the whole VW group, which are shipped to Germany, Spain, Mexico, South Africa for assembly. The figures shown in table 2 could serve as a proof of a successful internal change.

Table 2 Assembly of cars, assembly and production of gearboxes and components in Volkswagen Bratislava

Year	Cars	Gearboxes	Components
1992	2,230		
1993	3,000		
1994	6,043	44,000	
1995	19,688	186,400	1,767,000
1996	30,147	259,600	5,770,000
1997*	16,129	124,006	2,612,733

* January - June 1997
Source: Volkswagen (1996), Trend (1997a), Trend (1997d)

After the successful year of 1996 with the turnover of SKK 18 billion (US$ 600 mil.) and the investment of US$ 33 mil., the management proposed to produce about 29,000 cars, more than 260,000 gearboxes, and 6.8 million components in 1997. The production reached approximately SKK 20 mil. in 1997. The plan for 1997 also was to increase employment by 800 employees. In the year 1997, a further large amount of DM 124 mil. was invested in the Bratislava plant (Trend 1997d). In 1996, Volkswagen was the 7th largest Slovak company in terms of turnover, the 4th largest Slovak exporter, and the 12th most profitable company in Slovakia (Trend 1997c). The expansion of Bratislava's Volkswagen should go on: according to projections the number of cars should reach 70,000 and the number of gearboxes 310,000 in 1998. The increase of employment will be necessary for this increase in production volume: it could reach 3,500 to 3,700 in Bratislava. Together with a daughter company established in Nitra, the number of Volkswagen's employees in Slovakia could reach 5,000 (Praca, 1997).

Volkswagen spent around DM 216 million (about US$144 million) on machines and equipment over the years 1992 - 1996. This has transformed the organization of production, labor relations, management structure, and the forms of network integration, which have shifted to a reliance on external (German) sourced inputs. In Bratislava, flexible production processes are used widely, as the main product--the Golf Syncro--is very sensitive to niche markets. The car assembly plant does not use robots for assembly because the costs of labor are low enough to achieve efficiency. Assembly is highly labor intensive. There is limited use of fixed machinery on the shop floor. To improve productivity, team-working has been implemented. The investment into technology is big, however, in the words of J. Uhrik, the commercial managing director, the investment into training of workers and managers is more important.

Management and employees

Employment has increased steadily from 100 in 1991 to 2,000 in 1996. The average worker's wage has also increased from about SKK 5,000 (US$167) to SKK 10,500 (US$ 350) per month, which is about 25% more than the average salary in Slovakia. Volkswagen has invested in the training of the workers, which is reflected in high-quality production. In March 1995, VW Bratislava achieved quality standard ISO 9002 and, in terms of quality, Bratislava's plant belongs to the best twenty plants of the Volkswagen group worldwide. On the other hand, labor turnover is high, partly as a result of labor intensity of production, partly because of the long distance commuting that many workers undertake, and partly because of the location of the plant in Bratislava, which is the region with the lowest unemployment rate, the highest average wage, and therefore the highest possibility of finding a well-paid job at other employers. As a result, an apprenticeship system has been implemented to train their own workers. The average age for workers is 27, for a manager 37 years. Training has been mostly off-site in Germany. This reduced the need for expatriates in management, who numbered only ten in 1996 (six of the seven top managers are German, and four out of nineteen middle-level-managers). The number of employees in VW has gradually increased: it reached 2,654 in June, 1997, and as mentioned, it is supposed to grow.

Suppliers and distribution

The local sub-contracting effects of Volkswagen are limited. Eighty-five percent of components are supplied directly from VW Germany. This supply system involves a daily delivery by a special train. In the first years of the existence of the joint venture, moving components between the plant and five VW sites in northern Germany was difficult. The solution was a daily train link direct to Braunschweig, Germany, introduced in 1995 as a result of border problems and the delay of parts delivery. This 800-km trip via the Czech Republic takes 24 hours and saves DM 4 - 5 million a year. Components are delivered free of import duty as long as the product is exported for sale. (In addition to this concession, the joint venture initially received a two-year tax break.)

In order to decrease production costs Volkswagen has declared its intention of sourcing more components locally. A parity joint venture making electrical systems, in partnership with Siemens (Germany), has been established near Bratislava in Nitra. It should employ 1,200 people and supply parts to VW Bratislava, as well as to other plants in the VW group. VW Bratislava has initiated quality testing in several Slovak companies - 15 of them have met Volkswagen's quality requirements as the first step toward becoming suppliers of VW, but the cooperation goes on slowly. [v]In general, unsophisticated production materials are sourced locally: 80% of them for SK 750 million (US$ 25 million), according to Mr. Uhrik. Some smaller companies employing about 500 people also provide support services for VW Bratislava.

Volkswagen is the third leading brand in Slovakia, with a low market share on the local market (8% in the first half of 1997 in comparison to 46% by Skoda-Volkswagen, which is produced in the Czech Republic, and 11% by Daewoo). The main reason is the lower purchasing power of Slovak consumers. It means that most of the production at Volkswagen Bratislava (about 90%) is sold abroad in Germany, Switzerland, Spain, France, Sweden, etc. Volkswagen Bratislava does not market its own products locally, selling to the Slovak market through a distributor.

Summary - the major areas of change

Volkswagen Bratislava is a typical example of an export-oriented assembly operations, placed in Slovakia because of an ideal location in the center of Europe and because of low labor costs (the average worker's wage in Bratislava is estimated to be one-tenth of that in Germany). These cost advantages, together with the high-quality labor force and good entrepreneurial conditions,[vi] seem to be the prime reasons for Volkswagen's entry into the joint venture and for its success in this region. Volkswagen's plant in Bratislava is an example of successful foreign investment and also proof of important internal changes in a previously inefficient socialist factory. Before the entry of the foreign investor, the parent company, BAZ, was making significant losses every year. Volkswagen succeeded in completely transforming the portion of the parent that became the joint venture. Fixed production program, new technology and new work practices reflecting an increase in labor productivity, advanced management know-how resulting in high-quality products, and their easy distribution on foreign markets through corporate network are features and results of this change.

The impact of this foreign investment on its environment is contradictory, however, because the impact on the Slovak parent company is very limited. The company BAZ never really achieved its objectives because the partnership with Volkswagen only transformed the portion of the parent's operations that became part of the joint venture. Moreover, the original expectation of the Slovak parent company to become a supplier for the joint venture was never met and it was eventually pushed out of the joint venture completely. On the other hand, the impact of Volkswagen's presence on the local environment in some areas is impressive: the growth of investment, production, exports and employment have all made Volkswagen the biggest and most successful FDI company in Slovakia. At the same time the local sub-contracting effects are still limited and the marketing effect (i.e., better and competitive supply on the domestic market) is low because of low local purchasing power. Local companies as well as local consumers are still not fully able to profit from the activity of this MNC in Slovakia.

b) Whirlpool - Tatramat case study

Joint venture as a way to modernize (and achieve monopoly position)

History of the company

The largest direct investor and at the same time the largest American investor in Slovakia used to be K-Mart, a company specializing in retail distribution with an investment of US$ 65 million. In March 1996, the K-Mart Corporation sold its distribution outlets to Tesco, a British company. The largest US investor in Slovakia has become Whirlpool. Its investments reached the sum of SKK 321.6 million (approximately US$ 10.6 million) at that time.

The Whirlpool-Tatramat joint venture was established in a small Slovak town Poprad in May 1992. Tatramat was Czechoslovakia's first producer of home appliances and had a monopoly in certain products (for example, washing machines) in the domestic market at that time. The motives for the creation of this joint venture were as follows: for Tatramat, it was a way of modernizing production and securing additional capital investment. For Whirlpool, the joint venture was a part of a larger strategy to exploit cheap labor and gain market access in Eastern and Central Europe. Whirlpool gained a 43.8% share in the joint venture after a capital transfer of US$ 6 million in 1992. Whirlpool increased its share in the company in 1993 to 49.9% and in 1996 to 72%, totaling a further US$ 5 million in investment capital. At the end of 1996, Whirlpool-Tatramat became a company wholly owned by Whirlpool. This situation arose for two reasons. On one hand, Whirlpool followed a strategy similar to other big investors, gradually increasing its equity share until it took total control of the company. On the other hand, the other parent company needed capital because of falling production and market loss from its existing production of water boilers.

Internal process of change

The joint venture and later the wholly-owned company by Whirlpool produces the top loading washing machines and at the same time it sells the whole product line of Whirlpool in Slovakia.
The results of the joint stock company, Whirlpool-Tatramat, have been very successful. For example, in the year 1995 the company double it sales, with total turnover greater than SKK 2 billion (approximately US$ 67 million). In the year 1996, turnover reached SKK 2.7 billion (about US$ 90 mil.). In four years, the company became the 37th largest enterprise in Slovakia in terms of turnover, the 23rd most profitable enterprise, and the 25th biggest Slovak exporter. Production has expanded dramatically and in 1995 the company produced more than 217,000 washing machines. In 1996, the company produced 270,000 washing machines. The projection for 1997 was the production of 340,000 and for the year 1998 as many as 500,000 washing machines. By the words of M. Ciran, general director of Whirlpool Slovakia, the total sum of investments reached

over SKK 1.1 billion in the years 1992-1997 (approximately US$ 37 million) including capital investments of SKK 450 million (US$ 15 million). (International Business Cooperation, 1997)

In the years 1996-1998 the company has planned investments of nearly US$ 25 million for the new production of the front loading machines (called project Delta). This project will eventually introduce a completely new front-loading machine for the European market, combining washing and drying. To prepare for this product launch, changes must be made to production areas and new technology installed. Until this project, the transfer of technology has been limited. Much of the original tooling has been retained (for example, pressing equipment, cutters) and integrated into the re-worked assembly system. The existing technology was working well and capable of being re-positioned and adapted to the new system. The organization of production has been transformed by the introduction of conveyor assembly, which replaced static production units. Also a new paint unit has been introduced to increase efficiency. Because of low labor costs, full-scale technological modernization was not necessary. On the other hand, further new production lines are being introduced.

Whirlpool-Tatramat is engaged solely in assembly, which means that product development was phased out of the activity of the company. In Slovakia, local Tatramat products have been phased out of production and replaced by Whirlpool products developed and produced in Western Europe and USA.[vii] Whirlpool-Tatramat has become the testing place for all Whirlpool's factories producing washing machines in Europe.

Management and employees

Transfer of the Whirlpool company culture, management, and incentive structure has been more problematic than technology transfer. Refusal to agree with Whirlpool management systems, culture and conditions, together with other factors, caused dramatic employment decline. [viii] In the year 1992, 750 employees were transferred from the parent company Tatramat to the joint venture, but by late 1996 only 348 remained. Productivity has increased dramatically: from 130 units of output per employee in 1992 to 660 units in 1996. In the year 1992, Tatramat had approximately 2,800 employees. In four years, about 2,200 employees lost their jobs. This problematic situation on the labor market is reflected in the wage levels. They as a whole are not high in comparison to the other joint ventures. Production workers earn approximately the average wage of industrial workers in Slovakia (about SK 8000 or US$ 267 per month). Great emphasis, however, is placed on the system of gainsharing, in which wages depend on company profit and a system of worker recognition based on individual productivity, flexibility etc. One reason for the productivity increase results from just these factors. According to the general director of Whirlpool-Tatramat, (International Business Cooperation 1996b), the enterprise produces more than 250,000 units in a year, but in certain conditions volume can be increased to 750,000 and as much as 1,000,000. Therefore in the future he plans the growth of employment of workers (in 1998 about 100 more people will be employed on production lines), but not the administrative staff.

There are seven top managers in the company, all Slovaks with the exception of the plant director. All other managing positions are also taken by local managers - especially young and flexible. They all work under a new organizational structure introduced after the establishment of the joint venture. Under state ownership, Tatramat, as well as other companies, was essentially run under a strictly top-down management system. Since the joint venture, the company has been reorganized under a simplified matrix structure with four functional operating groups and three support areas (see Whirlpool Tatramat, a.s., 1994).

Suppliers and distribution
According to managers, 9 of 10 top loading washing machines sold on domestic market were produced in Poprad, and 6 of 10 front loading machines were imported from Whirlpool's other plants in Europe. The company also imports other products from Whirlpool's regular product line. It has introduced a new brand, Ignis, destined for the lower income segment. While access to the former Czechoslovak market was a primary motive for Whirlpool's entry into the joint venture, now over 85% of production is exported through corporate distribution network. In the year 1994, the company started to export to other Eastern and Central European countries, as well as Argentina and Western Europe. It is obvious that Whirlpool-Tatramat will play an important role in Western European markets -- the production costs in Slovakia in comparison to the producers in France, Germany and Italy are lower. The local distribution network is created by wholesale and retail companies. The company largely invests in their education in order to improve costumer service.

In order to reduce inventory, storage, transaction and transportation costs, Whirlpool-Tatramat has steadily increased local inputs. While the local share of total inputs was 3% in the first year, it reached almost 40% by the end of 1995 and 60% by the middle of 1997. With the creation of a local supplier network, the company intends to increase production flexibility, reduce costs, and avoid import problems and import duty. Whirlpool-Tatramat has four important suppliers from the former Czechoslovakia: three from Slovakia (Plastika, Nitra; Zavody SNP, Ziar nad Hronom; VSZ, Kosice) and one from the Czech Republic (Plastimat; Liberec). Two new plants established by Czech and Slovak suppliers will be built close to Whirlpool-Tatramat. [ix] Consequently, some of the jobs lost during Tatramat restructuring may be replaced by new jobs in these local supply firms. The rate of unemployment is very high in Poprad (nearly 18% in comparison to the average unemployment rate of about 12% in Slovakia).

Summary -- the major areas of change
Access to the former Czechoslovak market and the securing of a strong--even monopoly--market position were primary motives for Whirlpool's entry into the joint venture.[x] Whirlpool has clearly solidified its competitive position in the newly opened markets of Eastern and Central Europe. The use of existing capital equipment, tradition in the production of washing machines, a well-trained labor force, protection of domestic markets secured in the agreement, and low costs are all advantages of its entry.

Similar to the Volkswagen case, the impact of Whirlpool on the part of the Slovak parent, Tatramat, in which it entered, has been significant : Whirlpool brought a new technology, an increase in labor productivity, and management and marketing know-how. These changes might help the part of the Slovak company survive under the new market conditions. The Slovak parent company Tatramat has faced much more serious problems under these conditions, but recently it announced the establishment of a joint venture with an Italian company. This joint venture will produce components for the whole Whirlpool network in Europe. After a rather complicated relationship between Tatramat and Whirlpool, it seems that their relations are now more stable. The Tatramat company is also supposed to supply the newly-launched production of front loading washing machines. This is the main difference in comparison to Volkswagen case, because it seems that Tatramat, after a hard period of struggle for survival, will now be successfully integrated into the Whirlpool supplier network in Europe.

The effect of this company on its environment is significant and contradictory at the same time. Whirlpool is an expanding producer, exporter and employer. The Slovak side may also profit from the multiplicative effect of foreign direct investments (new supply plants). On the other hand, local production was replaced by imported products and local research and development has been very limited. Whirlpool does not have any direct competitor among Slovak producers, i.e. its investment has strengthened its monopoly position and has not contributed to the growth of competition. Whirlpool Slovakia is a typical export-oriented assembly company. At the same time it imports the whole production line of Whirlpool to the Slovak market. As shown, the question of employment is also interesting: the creation of the joint venture led to both a decline in employment and a rise in productivity..

c) Henkel - Palma case study

A joint venture as a step to better supply the local market

History of the company
The concern Henkel has its headquarters in Dusseldorf, Germany. Its subsidiary Henkel Austria, located in Vienna, has invested largely in the former countries of the Eastern bloc. It established joint ventures in Slovenia, Bulgaria, Croatia, Romania, Poland, and the Czech and Slovak Republics.

The local partner for Henkel in Slovakia has been the Palma company, which produces plant oils, margarines, soaps, and detergents. Palma started cooperation with Henkel Austria in 1989 through the licensing of the detergent Dato, and in 1991 for the other detergent, Persil. After these first steps, the companies decided to move to a closer form of cooperation: in the fall of the year 1991 they established the joint venture Henkel-Palma. The contribution of Palma consisted mostly of machinery and buildings in the Palma plant in Western Slovakia in the town of Nove Mesto nad Vahom (the estimated value of SKK 330 mil.-US$ 11 mil.), while Henkel contributed capital of SKK 350 mil. (US$ 11,6 mil.). In this way, Henkel obtained a majority of 51% in the joint venture, with Palma holding the other 49%. The Slovak parent company Palma-Tumys continues to produce oils and margarines and released the chemical production of detergents to the joint venture.

For Palma, the motives for establishing the joint venture were: (1) access to capital, (2) modern technology and know-how in the production of high-quality detergents, (3) gaining management and marketing expertise, (4) the image of the partner, and (5) an increase in competitiveness. Henkel found in Palma a partner with relatively good and reliable machinery and equipment, a skilled labor force, a monopoly position on the Slovak market (at that time with possible access to the relatively big Czechoslovak market), and well-known local brands.

Internal process of change
The first investment in the joint venture of SKK 200 mil. (about US$ 7 mil.) in 1992 was placed into new filling and packaging lines and into environmental equipment. The production of the joint venture was cut - it stopped producing cleaning products, and it enlarged production of detergents for washing machines. The local research function was abolished: the joint venture has started the production of a typical assortment of Henkel products, together with the production of the best-known local brand. Henkel bought out the Slovak parent after six years; the company has now become the 72nd largest Slovak company by turnover, which reached SKK 1.5 billion (about US$ 50 mil.) in the year 1996. The name of the original joint venture--Henkel-Palma-- was changed to Henkel Slovakia. Its activity includes the import and marketing of Henkel's whole production line, including products made in Austria, Slovenia, Germany, Poland, France, Hungary, Italy, and Denmark (cosmetics, desinfection and cleaning products, glues, etc.).

The original Slovak parent company--Palma-Tumys--was largely unaffected by the selling of its equity share to Henkel: Palma-Tumys is the 32nd largest Slovak company and the 20th most profitable company, now concentrating on the food industry. This situation contrasts with some cases (e.g., Whirlpool-Tatramat or Samsung-Calex), in which the Slovak parent companies faces serious problems, partially as a result of the appropriation of part of the most productive sections of these companies by the joint venture. On the other hand, it is similar to Biotika, who survived its Hoechst-Biotika joint venture to become a relatively successful and profitable Slovak company on its own.

Management and employees

The establishment of the joint venture caused the decline of employment of about 10%. Currently, the company has about 213 employees in the producing plant in Nove Mesto, and 40 in the administration and commercial headquarters in Bratislava. The whole company used to be led by two managers - an Austrian and a Slovak. The company had a very simple organizational chart with the production director responsible for the production and technical department, and the commercial director responsible for the sales, marketing and financial department. The sales department consisted of three area managers: one for western, one for middle, and one for eastern Slovakia, who had supervised the activity of commercial agents. The simplicity and effectiveness of the organization were brought to the company by its Austrian partner. Currently, three Austrian managers work in Henkel Slovakia: in the positions of director, financial director, and production director.

Suppliers and distribution

In 1996, 67% of the production of the joint venture was exported, mostly to the Czech market, followed by Hungary, Poland, Romania, Slovenia, Croatia, Ukraine, Austria. The other part of the production is sold locally: Henkel's share of the domestic Slovak market is about 50%. The company is supplied mostly through Henkel-Austria, which purchases a large quantity of materials for the whole group, enabling it to achieve volume discounts and partially through the local Slovak companies (chemicals - for example NCHZ Novaky, Duslo Sala, packaging materials - Grafobal Skalica, Papierne Sturovo). The Austrian parent company implemented various types of marketing activities in the joint venture because the company faced increasing competition, mostly from Procter & Gamble, which is based in the Czech Republic. The Slovak parent company did not have any experience in this field. Until 1991, it was not necessary to develop this kind of activity because of the monopoly position of Palma on the Slovak market and its very limited exports. The current distribution network of Henkel in Slovakia is based on commercial agents securing the contacts with private wholesale companies as well as through retailers.

Summary -- the major areas of change

Through an early entry, Henkel ensured a monopoly position on the Slovak market. It took advantage of existing equipment, a well-trained and low-cost labor force, and an existing market for the local production as well as for the Henkel's entire product line. The entry of a foreign investor has changed the local company in various ways: it led to technology transfer, increases in productivity, and better and higher quality products.

On the other hand, these changes are mostly limited to a single firm: the company is the only producer of detergents in Slovakia, and the direct link to the previous parent company not longer exists. The changes brought about by the foreign company were therefore mostly realized in the local environment through local suppliers and through employees and managers who took jobs in other firms. Other external impacts include an increase in export performance and an increase in products on the domestic market that meet international environmental standards. Similarly, as in

Whirlpool case, these positive impacts have been followed by the abolishment of local R&D capability and the creation of a monopoly on the local market. A distinction between the two previous cases and Henkel-Palma lies in the transfer of change to the Slovak parent. In comparison to other Slovak parents, Tatramat and BAZ, both struggling for survival, Palma ranks among successful companies. In this case, much change occurred through the indirect linkage with Palma, which learned from the joint venture and the Western partner. For example, this Slovak parent company copied the marketing and management methods of its partner, which has also contributed to its successful results.

d) Alcatel SEL TLH case study

Joint venture in a dying and perspective industry

History of the company

Foreign investment in the former defense sector has been limited in Slovakia. The first significant project has been the French-German investment of DM 12 mil. (US$ 8 mil.) by Alcatel SEL in the telecommunications company of Tesla, Liptovsky Hradok in 1992. The Slovak parent company faced serious problems at the beginning of the 1990's: with the economic crisis and increasing competition from more advanced, technologically dynamic, western telecommunications firms, Tesla experienced a rapid drop in production and employment by one third in 1991 - 1993 to a level of 1,600 workers. [xi]

The investment of Alcatel SEL is an example of the competitive rush of Western companies for lucrative investment opportunities in telecommunications upgrading in central and eastern Europe. Alcatel understood that for Slovakia, as well as for the other countries of this region, it had became necessary to utilize advanced, western designed and locally produced digital telephone systems to upgrade an obsolete infrastructure. In this way, the joint venture represents a market access strategy in which Alcatel SEL hopes to secure future central and eastern European markets by using its production capacity in Slovakia. Alcatel SEL succeeded in its bid for the majority of the Slovak telecommunications market and for part of the Czech market partially as a result of the establishment of the joint venture with the local partner. In early 1996 the joint venture was awarded a contract of ECU 10.35 mil. financed by EBRD to further upgrade Slovakia's telephone system. In the future, after the saturation of the Slovak and Czech markets and the completion of upgrading contracts by the year 2005, the focus of the joint venture could be shift from production to maintenance and service.

Internal process of change

Alcatel SEL owns 60% of the company, which reflects its leading role in the direction of the joint venture. It used its initial investment to purchase a single factory building from the Slovak parent, which formerly housed the military telecommunications production division. It also purchased new German technology and invested largely in the training of local managers and workers. The establishment of this joint venture has transformed part of Tesla through the introduction of new technology, new production and new work practices. Its results are very successful: in 1996 it became the biggest Slovak company in electrotechnics in terms of turnover (it reached SKK 2.3 billion - about US$ 70 mil.). It ranks as the 43rd biggest Slovak company in all industry sectors by turnover and 21st by profit (SKK 227 mil.--US$ 7 mil.--which increased more than three times in comparison with the year of 1995). It was also the 27th biggest Slovak exporter, with exports totaling SKK 1.3 billion. (US$ 40 mil.). (Trend 1997c). In the meantime, the Slovak parent company Tesla has been facing serious problems in trying to enter the local telecommunications market and has recently entered into a separate joint venture with an Israeli firm in an attempt to consolidate their market position. The 40% of the joint venture previously owned by Tesla has lately been divided between Tesla (30%) and the Devin bank (10%). The change of the ownership structure in the joint venture as well as in the Slovak parent company together with the changes in management like in the other cases influence the level of cooperation between partners.

Management and employees
At the beginning the joint venture management consisted of three foreign managers and two local managers. In five years the company has been led by two Slovak managers (general director also responsible for commercial operations and technical director) and one German manager in the position of financial director. He is the only expatriate in the whole company.

The initial joint venture agreement envisaged that wage differences between Alcatel SEL THL and Tesla would not be more than 15% in order to ensure that Tesla did not lose the majority of its best workers. In spite of that, wages tend to be much higher than the industrial average, with various quality bonus packages contributing to local wage differentiation. In 1996 the average basic monthly pay for factory workers in Alcatel SEL TLH was SKK 9,590 (US$ 320) and average pay for all employees in the joint venture was SKK 13,739 (US$ 460) - 83% more than the average wages in Tesla (SKK 7,500 per month) and 100% more than the regional wage (SKK 6,853 per month). In addition, the employees of the joint venture receive a bonus of one month's salary as long as company results are good and an additional half month bonus and performance related pay, which provides up to an additional 40% of basic salary. One half of the employees have graduate degree, mostly from a technical university. There are no trade unions in the company, and due to wage levels, the company has no problems attracting skilled workers. Worker motivation programs have been introduced to increase productivity and to strengthen the high quality of work and career advancement. In order to ensure a skilled labor force, the joint venture initially employed all its production workers from the closed military production division. Currently, 70% of the total 400 employees are former Tesla workers. Interestingly, some of workers who have left the joint venture returned to the Slovak parent company which supports the "spreading" of ideas and attitudes obtained in the joint venture.

Suppliers and distribution
New technology, as well as all inputs and components (with the exception of local energy and labor), have been imported from its existing supplier networks of Alcatel SEL from Germany. Nowadays, the Tesla's share on the inputs of the joint venture is only about 3%. The local production system in Liptovsky Hradok is dominated by Tesla and Alcatel SEL TLH, which have only a few subcontracting links between them. There are also three local software companies and two telecommunications companies in the region established by former employees of Tesla, but their level of cooperation with both Tesla and the joint venture is still limited. They provide some services for the joint venture and signed the agreement with it about the future coordination of their activity on the third markets. Currently, the joint venture Alcatel SEL TLH remains an isolated plant surrounded by struggling companies that have been pushed out from the lucrative Slovak market. In 1996, about 54% of the production of the joint venture was exported to the Czech market, the remaining part was placed on the domestic market. The character of the joint venture's products does not ask for a special distribution channels: ALCATEL SEL THL sells its products directly to the Slovak and Czech telecommunication companies. The only difference is that the financial flows by the export to the Czech republic go through the German central which could mean that a part of profit remains in Germany. The company exports not only digital telephone systems and transfer equipment, but also services - it sells connected software on German market.

Summary -- the major areas of change
Alcatel SEL THL is seen as one of the success stories of defense conversion through foreign direct investment. Through its alliance with Tesla, ALCATEL SEL took advantage of a prospective market for telecommunication systems, existing production facilities, and a well-educated, flexible and low-cost labor force. The literal rescuing of a part of a Slovak mother company came about through the introduction of new technology and a new product line, resulting in improved performance, a stronger position on the domestic and foreign market, and a new culture of work. These are the pros of this story and the major areas of change. As proof, the company has recently received the quality certification ISO 9002. The dualistic labor market, "islanding" of the joint venture and marginalization of Slovak companies are more negative features. Although it originally seemed that the Slovak parent company, Tesla, would be almost totally cut off the activity of its joint venture, it has recently become a subcontractor to ALCATEL, the MNC parent. Its contacts with its own joint venture are still limited: to a very small extent it supplies the joint venture and employs its former workers.

Aside from significant changes in the açquired subsidiary, we have noticed some important external effects, including newly-launched high-quality products, profitability, and export and employment growth. The first investment of ALCATEL SEL was followed by the establishment of the software company ALCATEL Slovakia in Bratislava (the company could not be established in Liptovsky Hradok because of the scarcity of the specialists), which employs 90 software engineers and provides services for the local joint venture as well as for export.

e) Hoechst-Biotika case study

Joint venture as a way towards world standards

History of the company
Until 1991 Biotika Martin was a small branch of the pharmaceutical firm Biotika Slovenska Lupca producing a series of injections for medical and veterinary use. The headquarters of the company, together with research and development capacities, were located in the main plant in Slovenska Lupca, with another 1,500 employees 100 km away. Biotika Martin, as the name says, was situated in Central Slovakia in the city Martin, known for its large, heavy engineering and armament production. Since 1992, the plant has been transformed by foreign investment from the German pharmaceutical company Hoechst.

The motives for the establishment of the joint venture for the German company were as follows: access to Central and Eastern European markets (production of Hoechst brands which could be marketed using Biotika's local knowledge of the market of the former Czechoslovakia), low cost production (relatively cheap and skilled labor force, including the existence of a medical school for training pharmaceutical engineers and pharmacists in Martin), and the possibility of exporting to other Central and Eastern European countries and Western Europe. The main reason for the decision to establish the joint venture from Biotika's point of view consisted of access to new products and technologies, which meant the possibility of upgrading the quality of products by WHO (World Health Organization) standards as well as the opportunity to compete more effectively on world markets. Part of the reason was also the need to implement new work practices to raise the firm's domestic and international competitiveness.

Internal process of change
An initial investment of DM 11.7 mil. (about US$ 8 mil.) was made in 1992 by Biotika while Hoechst invested DM 10.7 mil. (US$ 7.4 mil.) in new machinery for the production of Biotika's

existing product line of pharmaceuticals, along with a further transfer of DM 2.3 mil. (US$ 1.5 mil.) to Biotika. A further DM 12.5 mil. was invested in 1994. This investment was to a large extent possible as a result of a tax break granted to the plant for its first two years of operation by the Slovak government. The investment guaranteed Hoechst the majority share of 52% in the joint venture. This resulted in the implementation of new management practices, new production lines for Hoechst products in 1994, and the transformation of its human resource and supply systems. Biotika Martin has gone through double change: through market access-led foreign direct investment and through the marginalisation of existing production facilities in the remaining Biotika Martin plant that were not included in the joint venture. After the first years of the existence of the joint venture a further DM 5 mil. was invested in 1996. A part of the 1996 investment was used for the purchase of the new modern filling line, the second of its kind in the Hoechst concern. It is very interesting that Martin plant is ranked as the fourth after a German, an American and a French ones among more than hundred Hoechst's affiliates as for the technology equipment level.

Hoechst-Biotika Martin is considered to be a successful company: technological transformation has changed the output and the efficiency of production. For example, by 1995 Hoechst-Biotika's turnover per employee matched that of Slovakia's largest and most successful pharmaceutical company, Slovakofarma, and profits have increased to SKK 47 mil. in 1995 and SKK 38 mil. in 1996 from the level of SKK 19 mil. in 1992. In spite of the decrease of profit in 1996, Hoechst-Biotika remained the second most profitable Slovak pharmaceutical company, after the market leader and largest company, Slovakofarma, and in front of Biotika Slovenska Lupca and the other joint venture Fermas Slovenska Lupca (Trend 1997c). The current turnover per employee of SKK 2,1 mil. is the highest among Slovak pharmaceuticals companies.

Distribution and suppliers

In the first years of its existence, the joint venture sold all production on the domestic market. More recently, exports have been expanded as the growth of the domestic market has been limited by the slow-down of the restructuring of the Slovak health service. In 1996, approximately 65% of the production was exported, but virtually all of it to the Czech market. The partners of the joint venture on the Slovak and the Czech market are mostly private wholesale companies, and in some rare cases the company sells its products directly to hospitals. In the next two years an expansion to the other Central and Eastern European countries, and possibly Western Europe, is expected. The company also exported its products to Russia (in 1992, 1993), Hungary (1996) and its intention is to enter Romanian, Bulgarian, and again Russian market. However, the limitation of this penetration is the insolvency of the possible partners and consumers. (Trend 1997b). Western market integration should be arranged through Hoechst headquarters in Germany. The use of Hoechst supply chain is also visible: more recently 80% of inputs are imported from Hoechst plants situated elsewhere, primarily in Germany. High quality inputs are purchased abroad, and about 20% of the inputs are supplied from Slovak producers.

In 1996, the joint venture obtained the WHO certificate, what facilitates its entry on Western markets. Since January 1997 Slovakia has also become a member of PIC (Pharmaceutical Inspection Convention) what means that the country is considered as a country with "good manufacturing practice" in pharmaceuticals industry. In this way, the certificates of quality granted by national control institute are internationally recognized and the products of Hoechst-Biotika can be exported to western countries. Hoechst-Biotika is a part of the division Hoechst-Central Europe in Vienna, which includes Austria, Switzerland, Czech and Slovak Republic, Hungary, Slovenia and Croatia. The joint venture is the only production facility of this division, but it also distributes the products of the German parent company Hoechst in Slovakia.[xii]

Management and employees
By the establishing of the joint venture, 189 employees were transferred from Biotika out of a total of 250. Employment has expanded by nearly 100 workers to a total of 286. The joint venture has transformed wage levels for employees in the firm. The average monthly wage was SKK 11,000 (about US$370) in 1996 in comparison to SKK 7,154 as the average monthly industrial wage in Martin. That means that the wage of workers in the joint venture was 60% higher then the local average, which is a significant difference. (The average pay was even a little higher and reached SKK 13,400 last year which is almost twice as much as the average wage in the region). The competition for employment is intense: by last estimates there were 5 applicants in the local labor market for each new job created in Hoechst-Biotika, which remains the only significant pharmaceutical employer in the region.

At the beginning of its operation, the top management of the joint venture consisted of three German managers - executive director, production director and financial director. Later the position of financial director has been taken by a Slovak manager, and the German parent company has declared the necessity of a gradual exchange of expatriates for local managers. Currently, the company has four top managers - two of them are Germans, two of them are Slovaks. All middle-level managers are Slovaks.

Summary - the major areas of change
The pharmaceutical sector in Martin has been clearly transformed in the last few years. The establishment of the joint venture using advanced technology has resulted in high profit levels and in the growth of efficiency and product quality. New productive relations have been established and new forms of integration have been developed. The Slovak parent company, because of its minority share and own internal problems, has remained relatively passive in management, preferring instead to take a back seat as long as profits provide high dividends. It is interesting to note that the Slovak parent company and the joint venture signed a "non-competition" agreement over the division of production profile. In this way the joint venture secured a monopoly in the production of medicines in injectable form. Lately, the joint venture also started producing solid medicines (tablets, creams, and unguents). The cooperation between the Slovak parent company and the joint venture was well-developed in the beginning: the Slovak parent company even implemented some elements of the Hoechst-Biotika organizational model in its new organizational structure. Later, with the changes in ownership structure resulting from privatization, the Slovak parent company become more passive. Currently, Hoechst-Biotika is one of the examples of "little islands" in Slovakia because most of the changes resulting from foreign investment are limited to the joint venture. As in many other cases, the establishment of the joint venture has contributed to the creation of a dualistic labor market in which high wages contrast with the growing number of long-term unemployed in the region. On the other hand, its presence in Slovakia and its activity in the Slovak association of pharmaceuticals producers influence other Slovak companies, although it is difficult to measure and evaluate this impact.

f) BC Torsion case study

Joint venture as a contribution to the restructuring of a parent company?

History of the company
BC Torsion was the first Slovak-French manufacturing joint venture, established in 1991 while Czechoslovakia was still a single state. The participants in BC Torsion were the Slovak state-owned company PSB Brezova located in Western Slovakia (the region Senica at that time) and the

French private family company DIRICKX. [xiii] In 1991, the Slovak parent company was looking for a partner with modern technology, know-how, distribution network, and contacts on Western markets and access to capital resources. It realized that just these assets were needed for survival under market conditions after the decline of domestic industrial production and construction and the collapse of the Soviet market. The French company was looking for a new market, lower costs, an experienced partner with a skilled labor force in a country with a good location for supplying the newly-opened Eastern markets, and to increase its competitiveness by finding new products to complete its product line for the French market. After negotiations, PSB contributed land, buildings and machines for making six-angle-fence wire to the joint venture, and DIRICKX offered plastification production technology, technical assistance necessary for production launching, marketing education and training programs, and other assistance in management decision-making. Their shares in the joint ventures were: DIRICKX - 51%, PSB - 40%, and Slovak Insurance Company - 9% (cash contribution). In 1992 the capital of the joint venture increased by SKK 20 million (US$ 670,000) and the ownership's structure was changed to: DIRICKX -51%, PSB - 28%, Slovak Insurance Company - 21%.[xiv]

In the meantime, PSB was being divided into independent business units: nowadays PSB with its 50 employees is an administrator and a service provider to six daughter companies located in the space of the former "big" PSB. One of the daughter companies produces fence wire. Although it is a different type from the fence wire produced by BC Torsion, they still compete on domestic market as producers of substitute products. All these changes have led to a passive attitude in the Slovak parent company toward the joint venture. In the past, it even stopped attending meetings of the Board of Directors. Also, the participation of the Slovak Insurance Company was always passive, its investment a kind of portfolio investment. As a result, BC Torsion has changed into a daughter company with strong ties to its French parent company and weak ties to its Slovak one.

Internal process of change

For the time being, the joint venture BC Torsion has proved to be a successful one. It is even mentioned as a positive example of foreign investment in Slovakia in the last OECD country report (see OECD, 1996: p. 137). According to this report, 1992 sales reached SKK 93 million (US$ 3 million) and 60% of the output was exported. In 1995, sales reached SKK 124.5 million (about US$ 4 million), out of which 75% was exported to France (14% of the French market) and the Czech Republic. Profit before tax was SKK 7 million (US$ 234,000) in 1995. BC Torsion is expanding its activities by self financing (more than SKK 14 million in 1995) and with a relative small number of employees (100). 1996 sales reached SKK 140 million (about US$4,6 million) and the company continues to expand its activities.

The main changes brought by foreign partner into joint venture have been new work practices, management and marketing know-how and new technology. Leading technology (plastification production technology and technology for welded fence wire) used in the joint venture has been the basis for this company's monopoly in plastificated and welded fence wire on the domestic market. In this way the partnership with a foreign company (and the possibility for obtaining loans from foreign sources under its guarantee) has created competitive advantage on the domestic market. BC Torsion is also the only Slovak producer of six-angle-fence wire. The company has more domestic competitors in the segment of four-angle-fence wire.

Distribution and suppliers

The domestic sales of the company were only approximately one fifth of its total sales 1996. The joint venture has gradually strengthened its export orientation. In the first year of its existence, for example, 55% of its production was sold in Slovakia, 45% to France. In 1996 the main export markets of BC Torsion were France (31% share of total sales) and the Czech republic (23%), followed in smaller extent by the Netherlands, Hungary, Poland, Island, Germany and others (together 25%). These figures are results of the creation of BC Torsion's own distribution network.

Six years ago, Slovakia had a very simple distribution network for fences, which was created by two big state-owned wholesale companies. After their break-up, BC Torsion faced the task of creating its own distribution network. It started with agreements with distribution agents and selected stores, later switching to distribution through three contract warehouses, based in Western, Central and Eastern Slovakia, which distribute products to retailers and consumers. In addition, consumers could also buy the products directly at BC Torsion. More than three quarters of the company's production is aimed at foreign markets and therefore the creation of distribution networks there has been of great importance. BC Torsion takes advantage of the distribution network of its French parent company DIRICKX by selling its products in France. It also uses other DIRICKX subsidiaries based in Poland and Slovenia. BC Torsion has established its first subsidiary for marketing its products in the Czech Republic. In other markets, BC Torsion sells its goods to local trade companies.

BC Torsion also benefits from DIRICKX's supplier network. It needs two basic materials for its products: wire and PVC. It buys 50% of its wire from local domestic producers and 50% from DIRICKX Trading, which buys wire in Ukraine for all companies of the DIRICKX group. The second material is bought from Italy in coordination with the French parent company, which results in a more favorable price. Therefore, in both supplier and distribution networks, cooperation with the French parent company is of big significance for the joint venture.

Management and employees

At the beginning of the existence of the joint venture, the French parent company organized and covered the costs of training programs for Slovak managers (especially in management, marketing, accounting, statistics, and finance) and workers in France. Now the know-how transfer is finished. The company is run by Slovak management and only new employees take part in training in DIRICKX for a short period. When problems arise, French managers come for short periods - usually one week - to participate in solving them. The transfer of know-how was the most important in the following areas: accounting and finance systems (the French parent company insisted on compatibility with its own system, because the usual Slovak system was completely different) and the creation of an effective organizational structure.

The joint venture is a medium-sized company. Employment has only increased from 81 employees in 1991 to 101 in 1996. The joint venture is situated in a location with a high unemployment rate where the main employer, PSB, had decreased the number of employees radically. The average wage in BC Torsion is higher than the national and the local average. The wages in BC Torsion doubled in five years and reached SKK 10,650 (US$ 355) monthly in 1996. It was about SKK 3000 (US$ 100) higher than the local average and than the wage of workers in the other daughter companies of PSB in the same positions. In comparison to the system before the establishment of the joint venture, the workers are paid an hourly wage instead of the piece rate. The lowest hourly wage in the company is SKK 27 (less than US$ 1), which can be increased by 50%, depending on the quality of work. In addition, BC Torsion increases annually the wages according to the inflation rate. There is no trade union in the company, but BC Torsion has no trouble hiring workers, partially because of wages, partially because of a well-developed social policy following the French model of "family" company. BC Torsion is also located by the small town of Brezova pod Bradlom, which does not offer many job opportunities, and there are trained workers there who used to work for the Slovak parent company.[xv]

Summary -- the major areas of change
The joint venture has achieved very good results in both domestic and foreign markets. Significant changes in the acquired subsidiary are the result of technology transfer and the transfer of know-how. It is reflected in the creation of jobs and a higher-quality labor force; the Slovak managers and workers had no problems meeting the expectations of a market economy, and in a relatively short time they reached the quality level typical in developed economies, including France. The marketing effect, consisting of bringing new products into Slovakia, is also significant.

BC Torsion is considered a positive example of French-Slovak business. Its activity is important for the Slovak side, although more from the macroeconomic point of view than from the point of view of the Slovak parent company, for the reasons mentioned above, and also for the French parent company.[xvi]The Slovak parent company has gone through a difficult process of privatization and transition resulting in a "breaking" with the original ideas and projects with which it had entered the joint venture. It has participated in the establishment of the first truly market-oriented company within its own plant. Although in some respects this is a textbook model, the joint venture also took away skilled labor from the parent and did not fulfill its expectations for profitability (profits are mostly reinvested). On the other hand, it has shown how to operate in new market conditions: interestingly, BC Torsion has become a competitor to one of the daughter companies of PSB. In this way, this investment makes a contribution to the increase of competition, but in an unusual way. Similarly, some managers left the joint venture and established a business in the same field, thus a relatively small investment in comparison to the others in the pool has also had a certain impact on its environment. It is quantitatively not so large (e.g. employment, export), but it has a qualitative dimension.

4. Foreign investors as agents of change: paradoxes and perspectives

The companies studied range from the largest of its type -- Volkswagen -- to small and medium-sized firms (see table1). They also vary according to production programs, national origin and contributions of investors, investor strategies, etc. Nevertheless, some indicators of change are consistently present -- or absent -- in all these companies. As suggested in the introduction to this paper, these indicators can be followed in the internal as well as in the external environment of these companies.

(1) Change in acquired subsidiaries

As seen from their financial results, all the companies studied are successful. Some foreign investments transformed and saved parts of domestic, Slovak companies from future bankruptcy (Volkswagen-BAZ, ALCATEL SEL-Tesla, partially DIRICKX-PSB). Some foreign companies invested in local monopoly producers (Whirlpool-Tatramat, Henkel-Palma, Hoechst-Biotika), modernized them, and secured an excellent position on the domestic market. The cases of companies we studied show that FDI has **a significant change** on the host companies.

Generally, the FDI impact is concentrated in following areas:

* *Change in product line towards high-quality products.* Foreign investors launch new products, either totally (in the case of cars at Volkswagen and new telecommunication systems at ALCATEL SEL), or partially (at Whirlpool, Henkel, Hoechst, and Dirickx, beginning with modifications to local products and later introducing new products and models). All of the above companies now produce high-quality products, most of them with international quality certificates.

* *Technology improvement.* In every case study, the foreign joint venture partner either transferred technology or provided another means for acquiring technology. The technology in two cases is the most advanced in its field. In the cases we studied, no foreign investor contributed obsolete technology, which is often predicted when firms from advanced economies invest in transitional economies.
* *Higher quality of labor force.* Although there was already a skilled labor force in every domestic company before the joint venture was created, all foreign investors invested in additional training on work practices, foreign language, or new technology. Local workers mastered new working processes rapidly and well. The contribution of foreign investors to the increase in the quality of local management is also considerable: the need of expatriates is extremely low (ranging from zero to three) in all the companies studied, with the exception of Volkswagen. There are ten German managers working in Volkswagen Bratislava, a company with more then 2,600 employees.
* *Implementation of management know-how* (e.g., new accounting and finance system, simplified and more effective organizational structure).Every foreign investor brought changes to the organizational structures, which were previously designed for the needs of a command economy. Implementation of modern human resource management (new forms of evaluation, motivation and practices) is also typical for all these companies.
* *Implementation of modern marketing practices.* The transfer of marketing know-how has led to an increase of competitiveness for companies with FDI. The application of market research, and advanced methods in marketing high-quality products resulted in improved customer satisfaction. FDI improved the market position of the firms domestically and internationalized their value chain through two means: they bought supplies under better conditions by joining the foreign investor supply network, and they were able to increase their exports.
* *Foreign market know-how.* Although some international transactions were arranged by the foreign partner, most joint ventures learned how to operate in foreign markets and successfully sell their goods abroad (all studied companies are export-oriented).
* *Increase of productivity.* Productivity is the most comprehensive indicator of change in every FDI-invested company in Slovakia. It reflects a better organization of labor and management, a higher-quality of labor force, its motivation, new technology, but also a more intensive production.

(2) Change in the local parent company

All of the domestic parent companies in the sample were state-owned at the time of the establishment of the joint venture. Managers in the domestic parent expected the above-mentioned positive effects to spread eventually from the joint venture to the parent, but these expectation were rarely met.

All the joint ventures in the sample were established at the beginning of the 1990's. Since that time, all the parent companies have gone through privatization. Currently, some face serious financial problems (Tatramat, BAZ, Tesla) and even bankruptcy (PSB). On the other hand, the Slovak parent companies Palma-Tumys and Biotika have gone successfully through the process of transformation and restructuring. These two companies are mostly oriented towards the domestic market, are in businesses with steady demand (food products, medicines) and are consumer products companies. As a result of their domestic orientation, they did not need to look for new markets after the collapse of COMECON, and their strong consumer orientation allowed them to avoid the ill effects of relying on a collapsing industrial sector. Part of their success is also the result of investment placed before 1989: under the socialist-planned system, while some companies were under-invested, others obtained a huge portion of investment if their production program corresponded to "socialist development programs". These firms also enjoyed natural low costs protection against foreign competition, good management and intelligent restructuring, and also higher impact of foreign investor in their joint venture.

Generally, the cases of companies we studied show that FDI has only **a limited impact on the local parent companies.** The extent of the change in the Slovak parent can be the result of several factors:

* *"Unintentional learning"* -- spreading of managerial attitudes, ethics, new corporate cultures, and work practices. This effect is undeniable, but indirect and hard to measure. Three companies in the sample are located on the same site as their Slovak parent companies (for example, the Slovak parent might contribute buildings from the former large production facility to the joint venture) which should theoretically make this kind of change very easy. This type of transfer is facilitated by labor force movements. Because of the higher or high salaries and wages in the FDI-invested companies, however, the movement of labor force from the joint venture to the original parent company is low. Moreover, some of the practices in the joint venture are simply not applicable to other local companies (e.g., KAIZEN system at Volkswagen).
* *Intentional learning from the activity of its own joint venture.* Palma-Tumys literally copied the marketing methods of Henkel-Palma, which helped it to keep its share of the domestic market under the increasing pressure of foreign competitors. The influence of the foreign partner in this company is visible also in other areas, including decision making process, investment policy, human resource management. Biotika is another example of learning, but this impact is not seen in the other four Slovak parent companies.
* *Becoming supplier of its own joint venture.* When the parent company becomes a supplier to its joint venture, their linkage is direct, through the quality requirements of the joint venture, but also indirect, through adapting to the "modus vivendi" of the FDI company (e.g., timing of supplies, entrepreneurial ethics, correct attitude towards business relations). We have noticed two such cases in the pool: the first one is TESLA, which is not significant with regard to the volume of supplies. The other case is PSB, which manufactured a technology equipment for BC Torsion and provided some subcontractor operation for it.
* *Becoming supplier of the corporate network of foreign parent company.* Again, we have noticed two such cases: the first one is TESLA, which is subcontractor to the German concern Alcatel, the other case is Tatramat - the parent company of the previous Whirlpool-Tatramat joint venture. It has established a joint venture with an Italian company to supply Whirlpool-Europe network with components.
* *Becoming direct competitor of its own joint venture.* No company enters any joint venture with this immediate target, but we found such an example in the pool (BC Torsion). Although competitive pressure can lead to dynamic efficiency gains in the future, currently it demages any cooperation between companies involved.
* *Receiving dividends or cash for shares after the buy-out by foreign partner.* It may help in solving immediate problems in cash-starved Slovak companies, but there is no evidence to show that it can cause significant long-term change.

None of these impacts is common among all the companies in the sample, with the exception of "unintentional learning". The impact of FDI on the local parent company is different in each case. However, this study still suggest certain conclusions. The cases of companies we studied show that FDI has, paradoxically, a limited impact on the local parent, even though all of them entered joint ventures with the explicit intention of improving the performance of the parent firm. In my opinion, there are three main reasons for this. The first one is objective and lies mostly in an inheritance from the previous system: most factories have obsolete technologies and limited means for their renewal, i.e. they are not able to cooperate and keep pace with foreign companies, especially with the MNC (e.g., to enter their supplier networks with quality products or simply to learn from them). The next two are: (1) a very complicated process of privatization and transformation of local companies resulting in changes in ownership structures and management, and (2) high and unfulfilled expectations from the partnership and the ensuing jealousy and rivalry of local managers. If the combination of all these factors is present in the Slovak parent company, the FDI has no impact on it. If at least one is missing, the change is possible. Paradoxically, we find that the potential for change in the local parent depends to a much greater extent more on the attitudes of its management than on the presence of foreign partner.

Nevertheless, with the end of a privatization process and clearer ownership structures, we expect a more rational approach among local managers towards the creation of strategic alliances with foreign investors. Their decision will not depend on state bureaucracy and approvals as in the studied cases. We suppose that they will create resource- and learning-oriented alliances, and that they will prefer to cooperate with more comparable, medium-sized companies. In such cases, from the point of view of Slovak companies, the danger of take-over is not as high as with a large MNC, and at the same time, the chances that the foreign partnership will result in changes in the parent are much higher.

(3) Change in the local environment and economy

In comparison to the transfer of change to the parent companies, **the transfer of change into local environment is more significant**. Some indicators of change are not measurable, but some critical ones are: for example, companies with FDI exported in 39% of the national total in 1996. The changes brought by FDI in the Slovak economy are as follows:

* *Influence on local suppliers (model of behavior).* In some cases the companies with FDI are mainly supplied from the global network of their foreign parent companies (Volkswagen, Alcatel SEL THL). In other cases (Whirlpool, Henkel) the volume of local suppliers has grown, meaning that local companies have successfully adapted to the quality requirements and entrepreneurial and cooperative principles of their partners. This learning process is significant, but it is limited by the number of companies involved in the suppliers network.
* *Influence on labor force and employment.* In spite of the decline in employment in some joint ventures at the beginning of their operations, the companies with FDI are important employers (Volkswagen after six years, ranks among the biggest Slovak employers) who make significant investments in human capital. In all the companies we studied, the wages are higher (sometimes as much as two times) than the local or national average, which has created a dual labor market. Skill and knowledge transfer is low because of the slow movement of managers and workers from companies with FDI. The highest labor turnover is reported in Volkswagen, but only in the workers category.
* *Increase of competition.* This change is limited because the socialist idea of the division of production was based on monopolies: each factory had a different production program. This system remains intact in many ways: foreign investors often enter monopoly productions (Henkel, Whirlpool, Biotika) and have not directly increased domestic competition. However, since these companies import the goods from their global supplier network (e.g., Henkels cosmetics and various chemicals, Whirlpool with home appliances), there is increased competition for their domestic suppliers. The only company having a positive influence on competition is BC Torsion - and they compete with the joint venture's Slovak parent.
* *Development of entrepreneurial sector.* This effect is only possible if the local managers employed in FDI companies create their own companies on the basis of their experience. Only one

such case was reported in the companies in the pool -- some managers left BC Torsion and established their own company that import (but does not produce) the same products.
* *Influence on the domestic market.* All the companies with FDI in the sample manufacture and place high-quality products on the Slovak market.
* *Export growth.* The quality of products, together with the use of distribution networks of foreign parent companies, has also led to higher exports on foreign markets. Export growth is often considered to be the proof of increased competitiveness and successful transition to market-oriented companies.

As seen from the ranking of the biggest Slovak companies, FDI-invested companies play relatively important role in Slovakia (see Trend 1997c) in quantitative terms. In contradiction to the situation in developed countries, most of them, including the companies in our pool , do not contribute to the development of the entrepreneurial sector and to the growth of competition in Slovakia. The reason of this paradox can be found in the former monopolistic and artificially created industry structure and the ensuing high capital barriers to entry. The next paradox is the big influence of foreign investors on the quality of the labor force and its limited movement from FDI-invested companies to the domestic sector. The reason could be found in the existence of a dual labor market (high salaries in FDI-invested companies) and the limited possibility for relocating (shortage of flats, slow development of home mortgages). The influence on local suppliers is also still limited, mostly because of the fact that the local companies are not yet able to meet quality and quantity requirements among large MNCs. In order to adjust (and sometimes to survive), local companies will be pressed to cooperate with foreign partners in the future to a larger extent (such as Tatramat with an Italian company, or Tesla with an Israeli company). This fact, together with the general necessity to seek resources, means and tools of transformation, will lead to the increase of FDI inflow to Slovakia.

(4) Future research

This pilot study should be followed by an examination of a larger sample of joint ventures in Slovakia. According to current Slovak statistics, the contribution of more than SKK 10 mil. (US$ 300,000) is found in 90 joint ventures and 118 companies wholly owned by foreign investor. We suggest that the future research could be based on questionnaires. The questions should focus on the specification of internal and external changes following the structure used for this study. Special stress should be laid upon companies with FDI established by Slovak private and foreign firms, since all the cases we examined were established by Slovak state-owned companies at the time when the process of the privatization had only began. We believe that he type of the ownership will have an important role in determining the rate of change in Slovak parent companies.

Future research could also involve the examination of change in companies with FDI among several of the more developed transitional countries of Central and Eastern Europe (Hungary, Poland, Czech and Slovak Republic, Slovenia) and compare their experience with the less developed transitional countries of the former Soviet Union and Asia.

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[i] According to the Slovak statistics methodology there are six types of FDI-invested companies: with FDI over SKK 1 billion, with FDI between SKK 100 million and SKK 1 billion, with FDI between SKK 10 million and SKK 100 million, with FDI between SKK 1 million and SKK 10 million, with FDI between SKK 100,000 and SKK 1 million and with FDI under SKK 100,000. The volume of FDI in individual companies is not published officially.

[ii] The original capital and ownership structure of the joint venture in 1991 was as follows: Volkswagen - 80% - DM 48 million (about US$ 32 million), BAZ 20% - DM 12 million (about US$ 8 million). The new structure in 1994 was: Volkswagen - 100% - DM 108.2 million (about US$ 72 million).

[iii] The original capital and ownership structure of the joint venture in 1991 was as follows: Volkswagen - 80% - DM 48 million (about US$ 32 million), BAZ 20% - DM 12 million (about US$ 8 million). The new structure in 1994 was: Volkswagen - 100% - DM 108.2 million (about US$ 72 million).

[iv] The wisdom of this decision was reflected in the market: in the words of J. Uhrik, the commercial managing director, the number of cars sold daily in this category (formerly 20 -25) has jumped to 100 cars (International Business Cooperation , 1996a).

[v] Slovak companies want to become suppliers not only to the Bratislava plant, but also to the whole Volkswagen group (for example, aluminum producer ZSNP Ziar, bearing producer ZVL K.N.Mesto, die company Metal Martin, tire producer Matador, producer of rubber parts Vegum Vestenice etc.).

[vi] In order to improve its current account, the Slovak government introduced an import surcharge of 7% on all imports into Slovakia, including the import of components, as of spring 1997, but the first exception from this obligation was granted by the Ministry of Finances to Volkswagen Bratislava (Trend, 1997e: 1A).

[vii] Whirlpool-Tatramat is of course only one of several Whirlpool factories in Europe. Whirlpool's European expansion started in 1986 with the acquisition of three European producers. Today, Whirlpool's products are produced in Italy, Germany, France, Sweden, and Slovakia. In Whirlpool there is centralized management for product development, purchasing, and marketing. Corporate strategy is developed from Whirlpool Europe headquarters in Italy.

[viii] Refusal to sign-up to Whirlpool management systems and conditions (e.g. flexibility) was used as a way of levering out non-compliant workers. Flexible work conditions have meant that just under one-third of employees are on short-term (3 months) contracts, dependent upon orders. These workers are paid a wage that is 20 % lower than employees on more secure contracts. Yet, wage levels as a whole are not high in the joint venture.

[ix] The Czech company Plastimat is relocating part of its production to a site adjacent to the joint venture. The Slovak company Plastika Nitra has started to build a new production plant for package material in Poprad. The plant should supply not only Whirlpool-Tatramat, but also the other Whirlpool plants in Europe. Plastika has been investing SK 60 million, plus a SK 40 million loan (together US$ 3.3 million) in this project (Trend,1996a).

[x] As a part of the joint venture agreement, Whirlpool secured a guarantee from the former federal government that it would have a complete monopoly on the import of domestic appliances into the Czech and Slovak Republics for two years and that no tax would be charged on sales of these products over the same period. As a result Whirlpool has a market share about 90% in some products in Slovakia.

[xi] During the 1980's Tesla employed about 2,400 workers with military production accounting for more than half of its total production. Generally, the beginning of transformation and the collapse of previously stable markets hit the Slovak defense sector most seriously, followed by the Slovak electronics sector (Smith, 1994). Tesla's production was concentrated just in these two areas.

[xii] The future role of the joint venture depends largely on the strategy of the German HQ, which has included the reduction of Hoechst production plants in Western Europe and corporate restructuring after its 1995 take-over of American pharmaceuticals company Marion Merrell Dow and the purchase of the majority in the firm Roussell.

[xiii] At that time, PSB Brezova mostly produced fence wire and springs. Its sales reached SKK 450 million (US$ 15 million), annual investments SKK 30 million (US$ 1 million) and it employed 1,650 workers. It exported 20% of its production to almost all European markets (especially to Germany, France, the Netherlands) and to Asia. Its partner, the French-based company DIRICKX produced fence wire and shingles. It reached sales of US$ 35 million with 250 employees, and its annual investments were US$ 5 million. Ninety-five percent of its production was sold on the domestic French market.

[xiv] To some extent, the change in the ownership structure was caused by fundamental changes in the Slovak parent company PSB. The description of these changes can illustrate some of the problems of privatization, restructuring and, more generally, transition from a centrally-planned to a market economy. In 1992, PSB was transformed into a joint stock company with 100% state participation. In this form PSB went into voucher privatization. The management of PSB obtained 40% of PSB through GB Trading, a company with the participation by British Metalforce, which marketed PSB's products on foreign markets. GB Trading used funds borrowed from the Slovak Insurance Company,

but it was not able to repay it. In this way Slovak Insurance Company received this share of 40% in 1995 and nowadays it has a 49%-share in PSB, the Slovak parent company of BC Torsion.

[xv] The situation at BC Torsion contrasts, for example, with the situation in Volkswagen, which has problems hiring and keeping workers, even though their wages are as high as in BC Torsion. One reason is the location of Volkswagen in the capital, Bratislava, which has a heavy concentration of industries and the lowest unemployment rate in Slovakia. Two other possible reasons could be the attitude of managers in BC Torsion, who are all domestic and therefore culturally closer to their employees, and the size of Volkswagen, which is 20 times bigger in the number of employees than BC Torsion. Managers of BC Torsion benefit by operating in a small city -- they hire workers known for the quality of their work, and even when looking for new ones, they prefer the members of families of their current workers. The situation for hiring managers is worse-- it is very hard to find good French speaking managers near the location of BC Torsion (even the managing director lives in Bratislava). This problem is connected with the shortage of apartments and non-developed financial support (home mortgages) for relocating within Slovakia.

[xvi] DIRICKX has obtained new and cheaper products to improve its position on the French market and on the basis of Slovak experience (BC Torsion was its first presence abroad) it has expanded also into Polish and Slovenia's markets, where it has founded commercial joint ventures. It is preparing entry into the Hungarian market, and the Czech market has been entered by a daughter company of BC Torsion. Its strategic aim by establishing BC Torsion was to become number one in the production of fence wire in Central and Eastern Europe, and it seems to be moving attaining its goal.

MLADÁ FRONTA

Uvnitř listu
regionální příloha

PRAHA

- Trasa metra A bude mít nové zabezpečovací zařízení *(strana jedna)*
- Na Lennonovu zeď už nikdo nebude smět psát *(strana jedna)*

PRAZSKE VYDANI | PONDELI 29. CERVNA 1998 | 6 Kc, predplatne 5,50 Kc, IX/150

Cizí firmy budou žádat jiný zákon o loteriích

Poslanci mohou očekávat tvrdý tlak z Bruselu i USA

P r a h a (naj) - Zahraniční firmy, jimž poslanci minulý týden sebrali právo lákat zákazníky pomocí reklamních soutěží se slosováním, zřejmě nedají svou kůži úplně zadarmo. Novému předpisu sice firmy od září vyhoví, za jejich zájmy se ovšem již brzy začne bojovat na diplomatické půdě.

"Koordinujeme náš postup s delegací Evropské komise, Americkou obchodní komorou a dalšími ambasádami tak, abychom jednali jednotně a společně prosadili změnu," uvedla mluvčí americké ambasády Jocelyn Greenová. "Obrátilo se na nás již kolem pětadvaceti firem. Necháme si od vlády a nového parlamentu vysvětlit jejich postoj, a pokud se nedohodneme, půjdeme k Ústavnímu soudu," dodává ředitel Americké obchodní komory Weston Stacey. Ústavní soud může vypustit libovolnou část zákona.

Spor se týká pasáže, podle níž lze reklamní hry s prvkem náhody pořádat jen s povolením ministerstva financí, zákon však zakazuje udělit licenci firmě se zahraniční majetkovou účastí.

"Je to jasná diskriminace, ale musíme se přizpůsobit. Od září upravíme svoji strategii a nebudeme dělat soutěže, ve kterých se losuje. Nepůjde o loterii, a zákon se tedy na nás vztahovat nebude," vysvětluje právník Balíren Douwe Egberts Vladimír Procházka.

S tím, že zákon bere cizím firmám účinnou zbraň v boji o zákazníka, a tím je znevýhodňuje vůči domácí konkurenci, souhlasí i reklamní experti. "Lidé si rádi hrají a soutěž s prvkem loterie nic nenahradí. Navíc, jakmile chcete dát do hry něco většího, musí se losovat. Auto nemůže vyhrát každý, kdo někam pošle deset obalů od čokolády," vysvětluje výkonný ředitel Asociace reklamních agentur Jiří Mikeš.

Poškozené firmy však zatím neházejí flintu do žita a spoléhají na pomoc zvenčí. "Chci věřit tomu, že nový parlament bude zákon novelizovat. Evropská unie se určitě ozve, slyší hlasy obchodních komor," soudí právní zástupce americké firmy Procter & Gamble Hynek Šerý. "Doufám, že nový parlament zákon srovná," říká i ředitel prodeje v Čokoládovnách Václav Hnilička.

Zástupci firem v profesních organizacích předpokládají, že v jejich prospěch zapůsobí hlavně mocenské páky z Bruselu.

Pokračování na str. 13

Muž, který pod troskami jednoho z domů v jihoturecké Adaně objevil zasypané tělo, bezmocně sleduje sutiny, které záchranáři budou muset odstranit
FOTO: ČTK - AP

Summit Clinton - Ťiang zásadní spory nevyřešil

P e k i n g (vib, Reuters, ČTK) - I když Čína a Spojené státy přestanou po sobotním summitu prezidentů Ťiang Ce-mina a Billa Clintona na sebe mířit strategickými jadernými zbraněmi, většinu sporů se politikům nepodařilo překonat.

"Obě země jsou partnery, nikoli protivníky," řekl po schůzce Ťiang. "Naše přátelství možná nikdy nebude dokonalé - takové není žádné přátelství. Ale doufám, že vydrží navždy," odpověděl Clinton.

Seznam sporných bodů však zůstal stejně dlouhý jako předtím: čínské porušování lidských práv, masakr na náměstí Tchien-an-men, Tibet, Tchaj-wan, rostoucí obchodní deficit.

Na čínské poměry však byl senzační přímý přenos sobotní sedmdesátiminutové tiskové konference, kterou vysílala místní televize i rozhlas.

Číňané tak vůbec poprvé od roku 1949 měli možnost slyšet veřejně a necenzurovaně ve státních médiích i jiné názory, než jim nabízejí jejich komunističtí vládci.

Podle informací agentur dokonce na mnoha místech nejlidnatější země světa ustával automobilový provoz. Například taxikáři v Pekingu zastavovali na krajnicích ulic, aby si v klidu poslechli tiskovou konferenci. Mnoho čínských diváků a posluchačů pak tlumočilo své nadšení a uvádělo, že si přejí více takových přenosů.

Do největšího sporu se Clinton a Ťiang Ce-min při konferenci dostali při rozebírání otázky lidských práv.

O potlačení demonstrací na pekingském náměstí Tchien-an-men v červnu 1989 Clinton řekl: "Myslím, a myslí si to i Američané, že použití síly bylo chybou." Připomněl, že byl oficiálně přivítán na náměstí Tchien-an-men (celý ceremoniál byl zkrácen na pouhých jedenáct minut). "Tam se před devíti lety studenti i další občané vyslovili pro demokracii," podotkl. Ťiang oponoval:

"Kdyby čínská vláda tehdy proti politickým nepokojům nezasáhla, nemohli bychom se těšit politické stabilitě, kterou známe dnes."

Na rozdíl od tiskové konference ovšem nedělní čínské noviny Clintonovo stanovisko cenzurovaly.

Pokračování na str. 8

Turečtí záchranáři hledají ty, co přežili zemětřesení

A d a n a (ČTK) - Zemětřesení o síle 6,3 stupně Richterovy škály, které v sobotu postihlo zejména jihoturecké město Adana, si dosud vyžádalo přinejmenším 112 obětí. Asi tisíc zraněných muselo být převezeno do nemocnice.

Záchranáři s pomocí speciálně cvičených psů včera hledali v troskách domů osoby, které katastrofu přežily.

"Ještě to neskončilo. Ještě je spousta lidí uvězněná pod troskami," řekl jeden ze záchranářů.

Zemětřesení bylo znát podél celého tureckého středomořského pobřeží, ve střední Anatolii a na Kypru. Po prvním hlavním otřesu zaznamenali seizmologové 65 následných otřesů, z nichž nejsilnější měl sílu 4,8 stupně Richterovy škály.

V milionové Adaně stále nebyly obnoveny dodávky elektrického proudu. Kvůli obavám ze silných následných otřesů mnozí obyvatelé strávili noc pod širým nebem nebo z města narychlo odcestovali.

"Zdi jsou zničené, mešity a minarety se zhroutily. Co se dá dělat? Někteří lidé jsou tu proto, že ztratili domov, jiní mají jen strach," řekl jeden muž v provizorním táboře, který vznikl nedaleko místního letiště.

Mluvčí českého ministerstva zahraničí Rudolf Hykl sdělil, že podle dostupných informací nejsou mezi oběťmi ani zraněnými občané České republiky.

(Viz Nezabíjelo..., str. 9)

DNES

Povolební zmýlená
Mýlil se ten, kdo čekal, že brzy po volbách skončí Tošovského kabinet. **str. 2**

Podezřelý bankéř
Policie soudí, že bývalý šéf Banky Haná má na svědomí několik nelegálních operací. **str. 3**

Slepota na postupu
Odborníci předpovídají: Nevidomých a velmi špatně vidících lidí bude přibývat. **str. 4**

Žádosti o detektor lži
Někteří obvinění sami požadují zkoušku na detektoru lži, policie však výsledky nepřeceňuje. **str. 4**

Francie postupuje
Fotbalisté Francie si na světovém šampionátu zlatým gólem vybojovali čtvrtfinále. **příloha SPORT**

Co chybí Haškovi
Dominik Hašek říká: Vybral jsem všechno, co jsem mohl, ale jedna pocta mi chybí - Stanley Cup. **příloha SPORT**

Poslední představení Ježíše skončilo, aktéři se definitivně loučí s publikem
FOTO: MAFA - DAN MATERNA

Muzikálový Ježíš se rozloučil s humorem

P r a h a (zat) - Sedmačtyřicet měsíců trvalo vítězné tažení české verze muzikálu Jesus Christ Superstar, které ukončila včerejší derniéra. Byla 1288. představením. Inscenace režiséra Petra Novotného tak sice nepřetrumfla produkci londýnskou, jež Ježíše uváděla nepřetržitě po devět let, vytvořila však

Dracula se totiž nedávno zastavil na čísle 916 repríz. Muzikál skladatele Andrew Lloyd-Webbera a libretisty Tima Rice navštívilo v Divadle Spirála od července 1994 přes osm set padesát tisíc diváků.

Dvě závěrečná nedělní představení již provázela uvolněná atmosféra. Účinkující si text k

vali narážkami na ostatní kolegy, představitel Piláta se na scéně objevil s elektrickou kytarou a Ježíš si zase chvíli hrál na honěnou s římskou stráží. Někteří z herců si nechali symbolicky ostříhat své "biblické" kštice a nechyběly ani slzy dojetí a nadšený aplaus publika, který proměnil Spirálu v burácející kotel.

Na spáleništi svého domova pohřbily i děti svou bolest

P a l m C o a s t, Florida (AP) - S hrabičkami, které drží v rukou, prohledávají děti Majewských popelem zasypané trosky svého domova na Floridě. V této části USA zuří už týdny ničivé požáry. Jejich dům vyhořel do základů.

Po dřevěném altánku za domem, kde si děti hrávaly, není ani památky. Stejně jako po jasmínu, který kvetl na verandě. Ani snubní prstýnky, které jejich maminka schovávala, protože je kvůli vyrážce nemohla nosit, nejsou k nalezení.

Vše pohltil žár. Roztavilo se i kolo šestileté Parin.

Zatímco někteří lidé ze sousedství v tichém Seminole Woods nechtějí, aby jejich děti viděly místo, kde lehlo popelem devatenáct domů, Lorie a Bill Majewští jsou jiného názoru.

"Dostat se skrz trosky také znamená dostat se z bolesti. Teď není čas říci sbohem," říká Lorie Majewská. "Naše děti neměly ani čas se rozloučit se všemi svými věcmi."

Požáry se sice na Floridě začaly hlásit na devadesát tisíc akrů, ale v kritický den nic nenasvědčovalo tomu, že by plameny měly ohrozit i poklidný život Majewských.

Nebyli tehdy ani všichni doma. Bill a Lorie Majewští spolu s nejstarším ze čtyř dětí, dvanáctiletou Paisley, odjeli na charitativní akci ve prospěch Křesťanského domova pro mládež.

Slavnost v domově však po polední přerušila zpráva, že jejich Seminole Woods musí být rychle evakuováno.

Bill se vydal jako o závod k domovu, kde zůstala se třemi mladšími dětmi jeho tchyně.

Devítiletá Patrice právě kreslila obrázek na Den otců, když babička začala volat, že musí rychle pryč. Babička pomáhala malé Parin obout boty. Bill Majewski běžel pro spícího tříletého Paxtona.

"Křičela jsem na tatínka: Honem, honem!" vzpomíná Parin. "Věděla jsem, že se to rychle blíží, viděla jsem chuchvalce kouře."

US vzkazuje: Chcete-li pravicovou koalici, přistupte na naše podmínky

P r a h a - Unie svobody vyložila o víkendu karty na stůl a vzkázala svým případným koaličním partnerům - ODS a KDU-ČSL, co musí udělat pro to, aby se všechny tři strany sešly spolu v jedné vládě.

V pěti bodech, do nichž zformulovala své podmínky, unie požaduje: v nové vládě nebude mít žádná ze stran většinu křesel, strany vyvodí osobní politickou odpovědnost z finančních afér, budoucí kabinet bude prosazovat proevropskou orientaci, jasně pojmenuje příčiny zpomalení hospodářského vývoje po roce 1996 a příčiny rozpadu minulé vládní koalice a naváže na politiku vlády Josefa Tošovského.

"Tošovského kabinet zde na základě pravicového programu zavedl nový typ korektních vztahů a otevřenosti. Za krátkou dobu svého fungování prokázal, že je akceschopnou vládou, která rozhoduje o věcech, k nimž minulá vláda neměla odvahu," vysvětlil jednu z klíčových podmínek Unie svobody její předseda Jan Ruml.

ODS ovšem pozitivní hodnocení Tošovského vlády zpochybňuje. "Unie a lidovci mají dohromady asi sedmnáct procent, což znamená, že politiku této vlády podpořilo ve volbách jen sedmnáct procent populace. Nemyslím si, že bychom měli odmítat výsledky voleb," kontroval místopředseda ODS Miroslav Beneš. Zároveň se pozastavil nad tím, že si unie klade podmínky ještě před začátkem vyjednávání o budoucí koalici.

Zveřejněné požadavky nepovažuje za šťastné ani lidovecký ministr vnitra Cyril Svoboda: "Příliš unii nerozumím. Nechápu to především z hlediska korektnosti. Myslím si, že teď je opravdu slušné dát šanci Miloši Zemanovi. Nelíbí se mi, že se formuje nová koalice v době, kdy Miloš Zeman ještě nepředložil žádný návrh." Uvedené požadavky přitom Svoboda nepovažuje za nesplnitelné.

Největší překážkou případné koaliční dohody tří pravicových stran budou zřejmě výzvy unie k rovnoměrnému zastoupení ve vládě a vyvození politické odpovědnosti z minulých stranických finančních afér. Přestože ODS tvrdí, že si žádné předběžné podmínky neklade, dala už minulý týden najevo, že chce mít ve vládě většinu ministerských křesel. Také požadavek, ve kterém unie naznačuje, že Václav Klaus jako předseda ODS nese politickou odpovědnost za finanční skandály své strany, bude pro ODS jen těžko stravitelný.

Tuto podmínku zveřejnila unie i s rizikem, že za minulé skandály ODS by mohli pykat i nynější členové Rumlovy strany - bývalí místopředsedové ODS Ivan Pilip, Jiří Vlach a Jiří Honajzer.

"Pokud se v dořešení problémů okolo financování ODS dojde k závěru, že odpovědnost má užší grémium a že všichni jeho členové by měli úplně odejít z politiky, tak jsem připraven," hodil Klausovi rukavici Pilip.

Na místopředsedu ODS Miroslava Beneše však Pilipovo gesto neudělalo žádný dojem: "To je jeho věc. My jsme se na posledním kongresu ODS dohodli, že se k těmto věcem již nebudeme vracet. Navíc míru politické odpovědnosti posoudili občané ve volbách."

TOMÁŠ CHUNDELA,
JAN PERGLER

Podmínky Unie svobody pro zahájení jednání o vytvoření středopravicové koalice

1. Tato koalice bude tvořena ODS, KDU-ČSL a Unií svobody a bude se opírat o většinu minimálně 102 mandátů. Žádná politická strana nebude mít ve vládě majoritu.
2. Budoucí koaliční vláda se přihlásí k politice vlády Josefa Tošovského.
3. Hospodářská politika vlády bude formulována na základě jasného pojmenování příčin zpomalení hospodářského vývoje po roce 1996. Obdobně budou jasně pojmenovány příčiny politické krize, která vyvrcholila rozpadem vládní koalice v listopadu 1997.
4. Vláda vytvoří podmínky pro účinný boj s politickou korupcí a pro dořešení afér týkajících se financování politických stran. Strany budou ctít princip osobní politické odpovědnosti.
5. Vláda bude jednoznačně prosazovat proevropskou orientaci, důslednou decentralizaci a vytváření podmínek pro rozvoj občanské společnosti.

Volební komise potvrdila shodné výsledky stran

P r a h a (ČTK, jkl) - Ústřední volební komise na svém sobotní mimořádném zasedání potvrdila, že shoda počtu hlasů, které republikáni a Důchodci za životní jistoty získali v okresech Domažlice, Karlovy Vary a Uherské Hradiště, není chybou, ale jen vzácnou náhodou.

Okresy	Hlasy pro DŽJ	Hlasy pro SPR-RSČ
Domažlice	1295	1295
Karlovy Vary	2664	2664
Uherské Hradiště	2105	2105

Členové komise, v níž mají zastoupení všechny kandidující strany, tak vlastně dali razítko na stanovisko Českého statistického úřadu, který za výpočet výsledků voleb zodpovídá a zkontroloval je už v pátek.

"Komise už nic nekontrolovala. Spokojila se s tím, že výsledky prověřili statistici a řekli, že je vše v pořádku," konstatoval místopředseda ÚVK Petr Šafránek.

"ÚVK nemá pochybnosti o tom, že sčítání výsledků voleb, jakož i činnost volebních komisí všech úrovní, bylo v souladu se zákonem," píše se v usnesení, které členové ÚVK v sobotu přijali. Kdyby nyní chtěl někdo výsledek voleb napadnout, může pouze podat stížnost k Nejvyššímu soudu.

Mimořádné zasedání svolal ve čtvrtek předseda komise Jiří Kratochvíl krátce poté, co se o výjimečné shodě dozvěděl od MF DNES. Od některých členů komise si však za to vysloužil kritiku, že mimořádné zasedání bylo zbytečné. Kratochvíl se hájil tím, že kdyby komisi nesvolal, vzbudilo by to zbytečné podezření, že ÚVK chce kontrole bránit. Komise mu nakonec dala za pravdu.

Místopředseda statistického úřadu Jan Fischer, který si po upozornění novinářů na shodné výsledky DŽJ a republikánů projel výsledky křížem krážem, upozornil na další číselné náhody. Například Demokratická unie získala v okresech Kolín, Strakonice a Žďár nad Sázavou vždy 7739 hlasů.

Kolín	7739
Strakonice	7739
Žďár nad Sázavou	7739

Pramen: Ústřední volební komise

Shodné volební výsledky dvou stran v některých okresech přidělaly práci Ústřední volební komisi
FOTO: MAFA- DAN MATERNA

Gross drží Zemana

P r a h a (ČTK) - Předseda poslaneckého klubu ČSSD Stanislav Gross je přesvědčen, že předseda sociálních demokratů Miloš Zeman by neměl ze své funkce odstoupit. Zeman před volbami prohlásil, že pokud se mu nepodaří sestavit vládu, je připraven rezignovat na svou funkci předsedy strany.

"Osobně si myslím, že by to nebyl příliš dobrý krok. Rozhodně jej k tomu nebudu vyzývat," řekl včera Gross. Volební zisk více než 32 procent hlasů pro ČSSD nelze podle Grosse vykládat jako stranický neúspěch."Aby úspěšný předseda odstupoval, to mi připadá trochu zvláštní," dodal Gross.

Pokud při sestavování vlády selže ČSSD, pověřím asi Klause, oznámil prezident

P r a h a (jik, ČTK) - Prezident Václav Havel v sobotním rozhlasovém pořadu Rozhovory v Lánech oznámil, že pokud selže pokus předsedy ČSSD Miloše Zemana o sestavení nové vlády, pověří dalším pokusem předsedu ODS Václava Klause.

"Nebudu-li mít vážné důvody požádat někoho jiného, nebude-li to vůle několika politických subjektů, společná vůle, abych požádal někoho jiného, budu-li na to rozhodování sám, tak požádám Václava Klause jako předsedu druhé největší parlamentní strany, to je pochopitelné," řekl prezident.

Václav Havel nezakrýval, že by měl ovšem z Klausovy vlády nepříliš dobrý pocit. Bojí se totiž toho, zda by to nebyl krok zpátky.

"Musela by to být vláda s jiným způsobem vládnutí, s nějakou koncepčností," prohlásil Havel a už poněkolikáté v poslední době zopakoval, že by se vlády měli ujmout mladí politici. "Taková vláda by potřebovala mladou krev, novou energii a musela by odblokovat všechno, co po léta ta předchozí koalice z těch či oněch důvodů zdržovala, odkládala."

Prezident v rozhlase navíc naznačil, že pokud některý z politiků selže při sestavování vlády, není vyloučeno, že on jej po čase pověří týmž úkolem znovu. "Snaha o sestavení vlády může být provázena více pokusy jak o politická jednání, tak možná dokonce o získání důvěry v parlamentu."

Havel nevyloučil budoucí kontakty s KSČM

P r a h a (ČTK) - To, že dříve či později vstoupí do pracovního kontaktu s KSČM, tedy třetí nejsilnější parlamentní stranou, nevyloučil v sobotních Rozhovorech v Lánech prezident Havel. "Nevylučuji, že dříve či později nějakou formou s nimi v pracovní kontakt vstoupím," řekl doslova prezident, který komunisty jako jedinou parlamentní stranu nepřizval k povolebním jednáním na Hrad. Prezident uvedl, že respektuje mandát komunistů, které volilo 11 procent voličů. Předseda KSČM Miroslav Grebeníček na Havlovy úvahy reagoval prohlášením, že je připraven přijmout případné pozvání na Hrad.

Grebeníček hovoří o pouličních střetech

P r a h a (ČTK) - Předseda KSČM Miroslav Grebeníček v sobotu důrazně odmítl mítinky, které připravuje ODS na podporu pravicové vlády. Šéf komunistů, kteří jsou třetí nejsilnější politickou stranou, nevyloučil v souvislosti s chystanými mítinky ani pouliční střety. "Bude-li chtít ODS mimoparlamentními akcemi vytlačit levici, jsme připraveni také vyjít do ulic," řekl na zasedání ústředního výboru KSČM v Nymburce Grebeníček. Místopředseda ODS Macek včera konstatoval, že ODS preferuje přímý styk s voliči a mítinků se nevzdá.

Zeman při sestavování vlády vyčkává. Ale má na co?

P r a h a - Kdo očekával, že předčasné volby záhy ukončí život provizorní vlády Josefa Tošovského a vystřídá ji kabinet odrážející výsledky voleb, může se se svými představami pomalu, ale jistě loučit.

Prezident Václav Havel sice hned dva dny po volbách pověřil předsedu vítězné sociální demokracie Miloše Zemana, aby začal jednat o sestavování své vlády, ale už po týdnu se ukázalo, že jeho úsilí je vzhledem k výsledkům voleb téměř jistě odsouzeno k neúspěchu. Zeman navíc nijak nepospíchá a předem hrozí, že stejně může vládu lepit i několik měsíců.

"Ten, kdo si myslel, že jednání o vládě budou velice rychlá, tak jen prokázal svou neznalost toho, jak to chodí v některých jiných zemích," prohlásil.

Pokud však jeho potenciální partneři, tedy lidovci a Unie svobody, dodrží své slovo a nezmění svá současná stanoviska, není k odkazům na zahraničí a k nějakému vyčkávání žádný důvod: pravicové strany totiž už teď čekají, až Zeman pohoří, a ony se samy pokusí sestavit vládu, dokonce většinovou. A o té se může Miloši Zemanovi jen zdát.

Lídr sociální demokracie však zřejmě věří, že prodlužováním jeho mise mohou někomu z lidové strany nebo z Unie svobody povolit nervy a pak se ozve: Proč to s tím Zemanem nezkusit?

Zeman tomu může napomáhat postupným přihazováním lákadel. Už při první schůzce s vedením unie vytáhl dost silný kalibr - toleranci své vlády s lidovci si chtěl od unie koupit účastí Josefa Zieleniece a Josefa Tošovského ve vládě, přenecháním premiérského postu Josefu Luxovi a vyřazením kontroverzních sociálních demokratů typu Vladimíra Špidly ze sestavy.

analýza

"To, že s tím přijde, jsem věděl ještě dřív, než jsme se sešli," prozradil o víkendu šéf Unie svobody Jan Ruml a také dodal, že mu o Zemanových lákadlech říkal předem i prezident. "S žádným takovým návrhem stejně souhlasit nebudeme, nehledě na to, že Tošovský i Zieleniec nabídku odmítli."

Vzhledem k tomu, že lidovci bez unie do vlády s ČSSD nepůjdou, lze už téměř s jistotou tvrdit, co Zeman dříve či později přinese Václavu Havlovi na Hrad - bude to návrh na menšinovou jednobarevnou vládu sociální demokracie. Je jisté, že to Zeman nevzdá, dokud se alespoň o tuto zoufalou variantu nepokusí.

Od chvíle, kdy Zeman svůj návrh na novou vládu předloží (a to ví zatím jen on sám), bude víc záležet na prezidentovi. Václav Havel bude mít na vybranou:

1. Zemanovi jeho sestavu odmítne, neboť šéf ČSSD pro ni nebude mít s největší pravděpodobností předem přislíbenou podporu většiny poslanců, a pověří jednáním o sestavení vlády zřejmě Václava Klause jako předsedu druhé nejsilnější strany. Dál tedy bude vládnout Tošovského kabinet.

2. Zemana i při všech rizicích jmenuje premiérem, zároveň jmenuje i jeho vládu a nechá ho, aby se šel ucházet o důvěru do sněmovny. Ta může o důvěře hlasovat kdykoli, čímž se opět oddaluje případný další pokus jiného politika o sestavení vlády. Navíc by v případě, že Zemanova vláda ve sněmovně neprojde, tento kabinet už vládl (protože ho Havel jmenoval), a to do doby, než by poslanci někdy v budoucnu vyslovili důvěru vládě jiné.

Prezident Václav Havel se zatím jasně nevyjádřil, kterou z těchto variant by si vybral. Někteří sociální demokraté však sami říkají, že poslat Zemanovu vládu do sněmovny pro důvěru, a přitom ji nemít předem jištěnou, by byl hazard. "Podle mého názoru by to byla nejméně dobrá varianta," prohlásil včera předseda poslanců ČSSD Stanislav Gross.

JIŘÍ KUBÍK,

V roce 1996 bylo už týden po volbách jasné, jaká bude vláda

P r a h a (ina, jik) - Jakkoli se výsledky předčasných voleb podobají názorům voličů ve volbách v roce 1996, už první týden politických rozhovorů ukázal, že tentokrát to bude se sestavováním nové vlády na delší lokte.

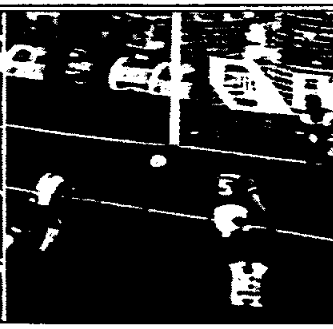
V roce 1996 sice prezident Václav Havel pověřil šéfa vítězné ODS Václava Klause jednáním o novém kabinetu až týden po volbách - během této doby se však stačila hrubá podoba staronového pravicového kabinetu narýsovat. Skoro od počátku bylo jasné, že menšinovou vládu sestaví ODS, ODA a KDU-ČSL a zajistí si toleranci ČSSD přenecháním křesla předsedy sněmovny Miloši Zemanovi. Naopak letošní první povolební týden nepřiblížil podobu příští vlády ani v těchto nejhrubších obrysech.

Prvních sedm dní po volbách lice strávily hádkami, při nichž dokonce politici vstávali od jednacího stolu se slovy: S vámi už nikdy jednat nebudeme.

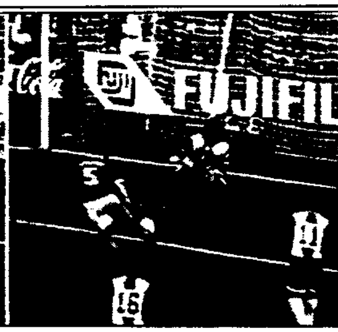
Největší spory tehdy vyvolaly představy jednotlivých stran o tom, jaký budou mít ve vládě vliv, jak moc detailní bude koaliční dohoda a jestli uzavřít se sociální demokracií písemnou či ústní dohodu o toleranci a jak moc ji konkretizovat. ODS se bránila, aby tyto dohody byly psané, naopak dvě menší strany na tom striktně trvaly. "Pokud menšinová vláda bez jasných a písemných dohod, to už je lepší velká koalice ODS a ČSSD," prohlásil Josef Lux a jeho výrok nejvěrněji odrážel podstatu sporů.

Klaus, Lux a Kalvoda tehdy své rozhovory úspěšně zakončili čtyři týdny po volbách, kdy podepsali koaliční dohodu. Za další měsíc vláda získala důvěru sně-

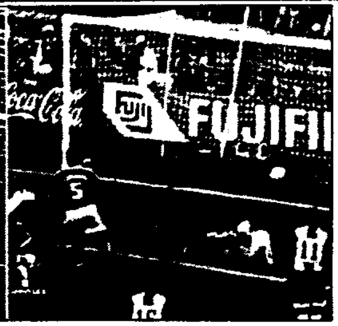
ZLATÝ GÓL FRANCIE *Francouz Trezeguet hlavou prodlužuje centr spoluhráče Pirese mezi třemi paraguayskými obránci*



Míč se ve 24. minutě prodloužení dostává ke zcela volnému Blancovi



Francouzský stoper napřahuje a brankář Chilavert může jen doufat, že ho míč trefí



Blanc svou šanci proměňuje a střílí "zlatý gól", kterým posílá Francii do čtvrtfinále

REPRO: ARD

tabulky skupin

SKUPINA A

Hrálo se: Brazílie - Skotsko 2:1, Maroko - Norsko 2:2, Skotsko - Norsko 1:1, Brazílie - Maroko 3:0, Norsko - Brazílie 2:1, Maroko - Skotsko 3:0.

1. Brazílie	3	2	0	1	6:3	6
2. Norsko	3	1	2	0	5:4	5
3. Maroko	3	1	1	1	5:5	4
4. Skotsko	3	0	1	2	2:6	1

SKUPINA B

Hrálo se: Itálie - Chile 2:2, Kamerun - Rakousko 1:1, Chile - Rakousko 1:1, Itálie - Kamerun 3:0, Itálie - Rakousko 2:1, Chile - Kamerun 1:1.

1. Itálie	3	2	1	0	7:3	7
2. Chile	3	0	3	0	4:4	3
3. Rakousko	3	0	2	1	3:4	2
4. Kamerun	3	0	2	1	2:5	2

SKUPINA C

Hrálo se: Dánsko - Saúdská Arábie 1:0, Francie - JAR 3:0, JAR - Dánsko 1:1, Francie - Saúdská Arábie 4:0, Francie - Dánsko 2:1, JAR - Saúdská Arábie 2:2.

1. Francie	3	3	0	0	9:1	9
2. Dánsko	3	1	1	1	3:3	4
3. JAR	3	0	2	1	3:6	2
4. S. Arábie	3	0	1	2	2:7	1

SKUPINA D

Hrálo se: Paraguay - Bulharsko 0:0, Nigérie - Španělsko 3:2, Nigérie - Bulharsko 1:0, Španělsko - Paraguay 0:0, Španělsko - Bulharsko 6:1, Paraguay - Nigérie 3:1.

1. Nigérie	3	2	0	1	5:5	6
2. Paraguay	3	1	2	0	3:1	5
3. Španělsko	3	1	1	1	8:4	4
4. Bulharsko	3	0	1	2	1:7	1

SKUPINA E

Hrálo se: Mexiko - Korea 3:1, Nizozemsko - Belgie 0:0, Belgie - Mexiko 2:2, Nizozemsko - Korea 5:0, Nizozemsko - Mexiko 2:2, Belgie - Korea 1:1.

1. Nizozemsko	3	1	2	0	7:2	5
2. Mexiko	3	1	2	0	7:5	5
3. Belgie	3	0	3	0	3:3	3
4. Korea	3	0	1	2	2:9	1

SKUPINA F

Hrálo se: Jugoslávie - Írán 1:0, Německo - USA 2:0, Německo - Jugoslávie 2:2, Írán - USA 2:1, Německo - Írán 2:0, Jugoslávie - USA 1:0.

1. Německo	3	2	1	0	6:2	7
2. Jugoslávie	3	2	1	0	4:2	7
3. Írán	3	1	0	2	2:4	3
4. USA	3	0	0	3	1:5	0

SKUPINA G

Hrálo se: Anglie - Tunisko 2:0, Rumunsko - Kolumbie 1:0, Kolumbie - Tunisko 1:0, Rumunsko - Anglie 2:1, Anglie - Kolumbie 2:0, Tunisko - Rumunsko 1:1.

1. Rumunsko	3	2	1	0	4:2	7
2. Anglie	3	2	0	1	5:2	6
3. Kolumbie	3	1	0	2	1:3	3
4. Tunisko	3	0	1	2	1:4	1

SKUPINA H

Hrálo se: Argentina - Japonsko 1:0, Chorvatsko - Jamajka 3:1, Chorvatsko - Japonsko 1:0, Argentina - Jamajka 5:0, Argentina - Chorvatsko 1:0, Jamajka - Japonsko 2:1.

1. Argentina	3	3	0	0	7:0	9
2. Chorvatsko	3	2	0	1	4:2	6
3. Jamajka	3	1	0	2	3:9	3
4. Japonsko	3	0	0	3	1:4	0

Tučně vytištěné týmy postoupily do osmifinále

nejlepší střelci

5 - Vieri (It.)

4 - Batistuta (Arg.), Salas (Chile)

3 - Henry (Fr.), Hernandez (Mex.), Cesar Sampaio, Ronaldo (oba Braz.)

2 - Šuker (Chorv.), Wilmots (Belg.), Ortega (Arg.), R. Baggio (It.), Bastr, Haddá (oba Mar.), Bebeto (Braz.), Bartlett (JAR), Morientes, Hierro (oba Šp.), Cocu, R. de Boer (oba Niz.), Peláez (Mex.), Klinsmann, Bierhoff (oba Něm.), Whit-

První zlatý gól zachránil Francii

Francie - Paraguay 1 : 0 po prodloužení

L e n s (spo) - Zrod hrdinů a zatím největší drama šampionátu poskytlo osmifinále v Lensu. Prvním je Laurent Blanc, který ve 112. minutě prodloužení zlatým gólem rozhodl o postupu Francie do čtvrtfinále, druhým celý statečný tým Paraguaye, nedávného vítěze nad Nigérií.

Je konec, tribuny zpívají Marseillaisu, paraguayský brankář Chilavert sbírá ze země plačící spoluhráče, na hřišti je i Michel Platini, jehož sny se mohly zhroutit.

Tyč prázdné paraguayské brány, nastřelená Henrym v 39. minutě za stavu 0:0, dala zřejmě zrod všemu. Francouzi bez dirigenta Zidaneho jako by nevěděli, čím Paraguay překvapit. A když byl odnesen v 63. minutě střelec Henry, bylo to ještě těžší. Ale nejen skvělá obrana Jihoameričanů sehrála roli. Využili každého momentu k zaútočení, zejména Benítez a Cardoso brnkali na nervy celé Francie. Hodinu hry nebylo možné předpovědět, kdo vyhraje. Hektický děj vyvrcholil poslední čtvrthodinu, kdy se hrálo téměř výhradně před brankou Paraguaye, nebo spíše ještě v jejím čtverci. Tam skákalo do střel minimálně devět Jihoameričanů. Stejný obraz mělo prodloužení, jen s tím rozdílem, že tým Paraguaye občas vyrazil ze své barikády a vzal to zteči přes celé hřiště. "Věřím, že na penalty bychom vyhráli," tvrdil trenér poražených Paulo Carpeggiani.

Až přišla pro ně osudná minuta: Pires rozehrál Trezeguetovi, ten hlavou Blancovi - a Chilavert už nezachránil. "Soupeř čekal v defenzivě, ale co chvíli vyrážel vpřed a nám sebralo hodně sil nejen útočení, ale i bránění. Myslím, že vyústění bylo logické," řekl trenér Aimé Jacquet. Jeho tým se bude chystat na Itálii.

Branka: 114. Blanc. **Rozhodčí:** Bujsaim (SAE). **ŽK:** Cardozo, Benítez, Enciso, Arce, A. Rojas (všichni P). **Diváků:** 45 000. **Poločas:** 0:0.

Francie: Barthez - Thuram, Blanc, Desailly, Lizarazu - Deschamps, Petit (70. Boghossian), Djorkaeff, Diomède (77. Guivarc'h) - Henry (65. Pires), Trezeguet.

Paraguay: Chilavert - Arce, Gamarra, Ayala, Sarabia - Paredes (75. Caniza), Acuña, Enciso, Benítez - Campos (56. Yegros), Cardoso (91. A. Rojas).

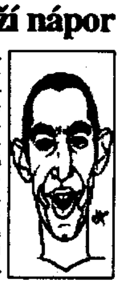
Brian Laudrup, vůdčí postava dánského týmu, padá přes Babayarovu nohu. Zaskočení Nigerijci nevěděli, co si se soupeřem počít, a na čtvrtfinále s Brazílií mohou zapomenout. FOTO: REUTERS

NIGÉRIE – DÁNSKO → DÁNSKO 4:1
BRAZÍLIE – CHILE → BRAZÍLIE 4:1
pátek 21.00
NIZOZEMSKO – JUGOSLÁVIE (pondělí 21.00)
ARGENTINA – ANGLIE (úterý 21.00)
sobota 16.30
7. 7. 21.00
ITÁLIE – NORSKO → ITÁLIE 1:0
FRANCIE – PARAGUAY → FRANCIE 1:0
pátek 16.30
NĚMECKO – MEXIKO (pondělí 16.30)
RUMUNSKO – CHORVATSKO (úterý 16.30)
sobota 21.00
8. 7. 21.00
12. 7. 21.00

zajímalo nás

Zda Paraguay vydrží nápor

P r a h a (jap) - Po sto devadesáti minutách, tedy po více než dvou zápasech, povolila neprostupná paraguayská defenziva v čele s brankářem Chilavertem. Poprvé a naposledy. Co je to za obranu, která ve "skupině smrti" s Bulharskem, Španělskem a Nigérií inkasovala jedinou branku? Troufne si i na Francii, která dala v základní skupině devět gólů? "Absolutně mě nepřekvapilo, že se domácí tak trápili, protože paraguayská obrana je opravdu vynikající. Všichni beci jsou skvělí hlavičkáři a prodloužení ukázalo, že nemají problémy ani po kondiční stránce," všiml si František Straka, bývalý reprezentační obránce.



Youri Djorkaeff KRESBA: RUDI STIPKOVIČ

Ze čtyřčlenné obrany Jihoameričanů šel strach: přestála nálety bulharského útoku Stoičkov - Penev i neohrožené španělské mladíky Raúla s Morientesem. Překonat ji dokázal jen nigerijský náhradník Oruma. S Francií se držela až do 114. minuty. "Chtěl bych se sklonit před trenérem Carpegianim, který přesně vystihl, kde je síla týmu. Je to naprostá defenziva. Takové pravé paraguayské catenaccio se vším všudy," přirovnává k vyhlášené, ale nepříliš pohledné italské obraně.

V paraguayském mužstvu podle Straky jasně vyčnívali gólman Chilavert a stopeři Ayala s Gamarrou. "Dokázali spoluhráče dokonale zblázznit. Ti pak zhustili střed pole a Francie nevěděla, co hrát. Domácím chyběly myšlenky Zidaneho. Djorkaeff, který ho měl nahradit, je sice pořád u míče, ale každou akci chce sobecky zakončit. Nemá prostě schopnosti dostat útočníky do šance," říká bývalý reprezentant.

co si myslí expert

RADEK DRULÁK, reprezentant

"Líbilo se mi, jakým způsobem Dánové překvapili Nigerijce. Na co sáhli, to se jim povedlo. Měli bezvadný přechod do útoku, hráli jednoduše a krátkými přihrávkami se snadno dostávali do gólových šancí. V takovém stadiu turnaje, kdy už jde o všechno, padá ohromná síla na první gól. A ten vstřelilo Dánsko už ve třetí minutě. Za chvíli přidalo druhý, což Nigerijce srazilo. Afričanům velmi ublížilo, že se už předem viděli ve čtvrtfinále s Brazílií. I odborníci tvrdili, že je nějaké Dánsko, které postoupilo s odřenýma ušima, nemůže ohrozit. Neříkám, že Nigerijci nebyli favority, ve skupině hráli opravdu fantasticky. Dánové však na ně vytáhli tvrdost v osobních soubojích, vyrovnali se jim v technice i rychlosti, proto uspěli. A zaslouženě. Nigerijci sice předvedli pár hezkých kudrlinek, ale výsledný efekt byl nulový. Dánové sehráli mimořádný zápas, na hřišti všichni vyloženě ladili. Ohromnou radost mi udělal čtyřiatřicetiletý Michael Laudrup, který je o dva roky mladší než já. Dokázal, že pořád ještě rozhoduje fotbalové umění. Celkově si myslím, že to byl jeden z nejhezčích zápasů na šampionátu. Strhl i moji ženu, která jinak v těchto nočních hodinách už dávno chrupe." (jap)

Senzace: s Brazílií se utkají Dánové

Dánsko - Nigérie 4 : 1

S t. D e n i s (spo) - Na co čekal odpoledne v boji Itálie s Paraguayí svět málem dvě hodiny, tedy na gól, stalo se večer už za tři minuty. Nedali jej však podle očekávání Nigerijci, ale Dánové. Známe rčení "umět chytit šanci za pačesy" zrealizoval debutant v dánském dresu Peter Möller: naběhl na ideální přihrávku Michaela Laudrupa a bombou k tyči zahájil skóre. Nebylo toho dost. Ve 12. minutě mu byla svěřena rána z přímého kopu, brankář Rufai ji neudržel a Brian Laudrup zvýšil na 2:0.

A pokud svět čekal i na první překvapení v osmifinálový bojích, je na světě. Nigérie byla vysokým favoritem, ale zdálo se, že jí dochází dech. Poslední zástupce Afriky na šampionátu se sice vzpamatoval, až do přestávky předváděl před dánskou tance s míčem, velel jim kouzelník Okocha, sekundoval hlavně Kanu, ale vše bez efektu. Pozorně bránící Dánové se nikam nespěchali, čas hrál pro ně.

Napětí, co bude s druhou půlí, vyprchalo rychle, zase díky Dánům. Sice se nehrnuli nijak do útoku, ale Nigerijci je k tomu svými nepřesnostmi i nervozitou vybízeli. A přišel koncert, na nějž se odborníci i fanoušci těšili, ovšem v opačném provedení - místo Nigerijců jej předváděli Dánové. Stříleli navíc krásné góly. V 56. minutě ještě promarnil Michael Laudrup čistou šanci, ale za minutu složil reparát. To už přišel na hřiště místo hrdiny Möllera staronový útočník Sand, a z Michaelova obloučku za obranu dal snad za třicet vteřin gól. A následoval čtvrtý, po ťukesu v režii Jörgensena, pro nigerijskou obranu ponižující, střílel Helveg. "Předvedli jsme tuto noc fotbal vysoké dánské kvality. Je to trenér vítězů Bo Johansson. K příštímu soupeři Brazílii dodal: "My se nebojíme, ať se bojí mistr světa."

Čestný gól Babangidy z protiútoku už na senzaci nic nezměnil. Střídající Laudrupy provázely ovace a někde u televizorů žasli Brazilci, jakého soupeře se dočkali. "Dánové měli skvělý útok a proměňovali šance. Právě to nám dnes chybělo. Vůbec jsme nepočítali s tím, že bychom nepostoupili, je to pro nás kruté, ale takový je fotbal," řekl nigerijský hráč Finidi.

Branky: 3. Möller, 12. B. Laudrup, 60. Sand, 76. Helveg - 77. Babangida. **Rozhodčí:** Meier (Švýcarsko). **ŽK:** Rieper - Okocha. **Diváků:** 80 000. **Poločas:** 2:0.

Dánsko: Schmeichel - Colding, Rieper, Högh - Jörgensen, Helveg, Nielsen, M. Laudrup (84. Frandsen), Heintze - B. Laudrup (78. Wieghorst), Möller (59. Sand).

Nigérie: Rufai - Adepoju, Okechukwu, West, Babayaro - Finidi, Oliseh, Okocha, Lawal (63. Babangi-