



Chemicals &  
Pharmaceuticals  
Industry

# SLOVENIA

The Right Mix of Qualities



# Quality Workforce

Global competitive pressure and new technologies force companies to search for new business opportunities in new markets, but it calls for financing often by creating partnerships with global stakeholders.

Slovenia's manufacturers of pharmaceuticals and chemical products are the country's most successful companies thanks to a long tradition of the chemical industry in this part of Europe. The first industrial chemical plants were established in the middle of the 19th century: KIK Kamnik, Cinkarna Celje and TKI Hrastnik. The railway connection with Vienna and the port of Trieste, the coal mines to produce energy, chemical commodities and a pool of skilled workforce gave impetus to the Slovenian chemical industry. It is the human capital that led eventually to the successful evolution of the industry from the manufacturing of basic chemicals to the manufacturing of finished consumer goods: pharmaceutical and cosmetic products, pesticides, and rubber and plastics.

Currently, knowledge and skills of over 26,000 employees in some 800 companies make the Slovenia's manufacturers of pharmaceuticals and chemical products highly successful in key export markets while nearly 3,500 students are enrolled in undergraduate and 2,700 students in postgraduate courses in chemical technology, biology, pharmacy and veterinary medicine.

The story does not end with a diploma and a good grasp of foreign languages. Upskilling the existing workforce in manufacturing businesses to the world-class standards and attracting new entrants willing to acquire new work-based qualification for the chemicals sector has constructed a link between universities and industry and helped to develop the new work-based qualification for chemicals sector. The success of the industry leaders is built on a combination of education, training and development for those already working in the sector as new investment projects show: a new competence centre of Henkel Maribor (German detergents-to-glue group) that cooperates with Maribor University, and a special 2013 InvestSlovenia FDI award to Lek d.d. (Sandoz Group) for its long-term presence in Slovenia. As a leading R&D centre of Sandoz, Lek is a pillar of the Group's global development and the credit for its success has to be given to the company's highly qualified and dedicated people.

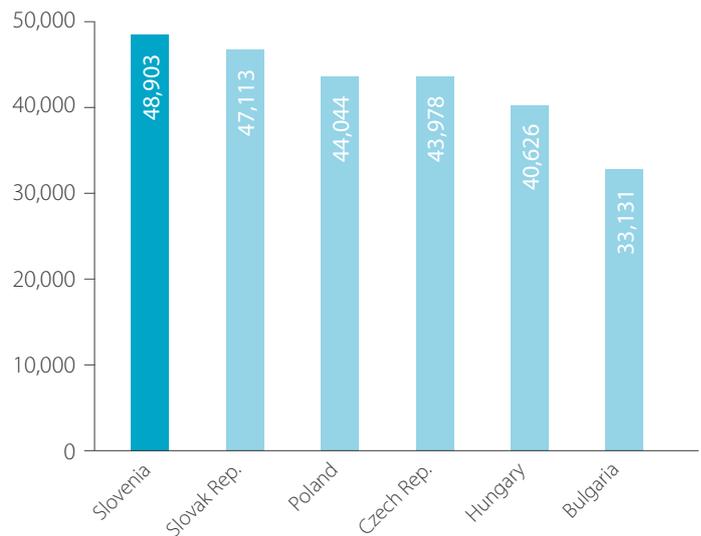
The fact that Slovenian National Institute of Chemistry is so often a lead partner of EU-sponsored strategic projects owes much to the fact that at the end of 2013, young researchers accounted for 25% of staff in an environment that recognises the importance of encouraging technological entrepreneurship.

Production in Krka



## PRODUCTIVITY IN INDUSTRY, 2013

Related GDP (PPP) per person employed in industry (in €)



Source: IMD - World Competitiveness Yearbook, 2014



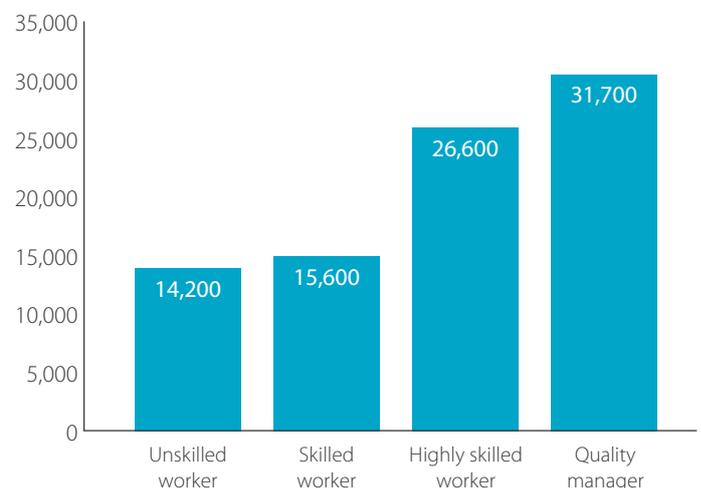
## PRODUCTIVITY/VALUE ADDED PER EMPLOYEE, 2013

Company	Value-added per employee (in €)
Frutarom Etol	234,608
Lek	100,114
Krka	98,815
Istrabenz plini	83,566
Geberit	61,650
Ecolab	58,979
Belinka-Belles	58,525
Messer Slovenija	57,804
Mitol	56,095
Melamin	55,025
Cinkarna Celje	54,163

Source: Bisnode, 2014



## ESTIMATED GROSS ANNUAL LABOUR COST IN CHEMICALS & PHARMACEUTICALS INDUSTRY IN 2015 (in €)



Source: Adecco & own calculations, 2014

# Quality Link to Regional Markets

Slovenia's export dependent economy is closely linked to the economic performance of its major trade partners – the countries intersected by the transport and trade routes. The local chemical and pharmaceutical industry generates a big portion of the country's export mix with nearly 78% of sales earned in foreign markets. Pharmaceutical companies are the backbone of the export mix of the chemicals industry followed by tyres, and inner tubes for vehicles and plastics. Pharmaceuticals and chemicals consumer products as well as tyres from Slovenia are very popular on the markets of the new EU Member States, countries of Central and South-Eastern Europe (CSEE) and Commonwealth of Independent States (CIS). Goodyear came to Slovenia in 1998 and since then it has doubled the capacity of the Sava factory. Today Kranj is a hub for marketing Goodyear products in 15 countries of CSEE.

In terms of international activity, performance and image-building, Krka and Lek are the leading manufacturers of generic drugs in Central and Eastern Europe (CEE) and the engine of the sector's growth. Krka became Slovenia's largest exporter in 2013 (€1.11 bn) and Lek, an important member of the Sandoz family, remains a leading world generics company. It is a global development centre for products and technologies; a global manufacturing centre for active pharmaceutical ingredients and medicines; a competence centre for the development of vertically integrated products; a Sandoz competence centre in the field of development and manufacturing of bio similar

products; and, a supply centre for the markets of CEE, South East Europe (SEE) and CIS. Both companies have a foothold in many key markets and have plants in many foreign countries. Chemical companies are expanding successfully into the emerging markets of CEE and SEE countries. Chemicals manufacturers have been working on expanding into the emerging CEE markets of, as well as acquiring enterprises in the territory of former Yugoslavia.

Thanks to its strategic position and strong economic and personal links with the companies in the region, Slovenia is a springboard for international companies seeking a foothold in the emerging markets in the region. The number of companies setting up their regional hubs in Slovenia is rising attracted by the expertise of local managers, sales force and field engineers and their in-depth knowledge of the regional markets. They speak the language, they are familiar with legislation, they know their way around, and what's most important there are no cross-cultural barriers for them.

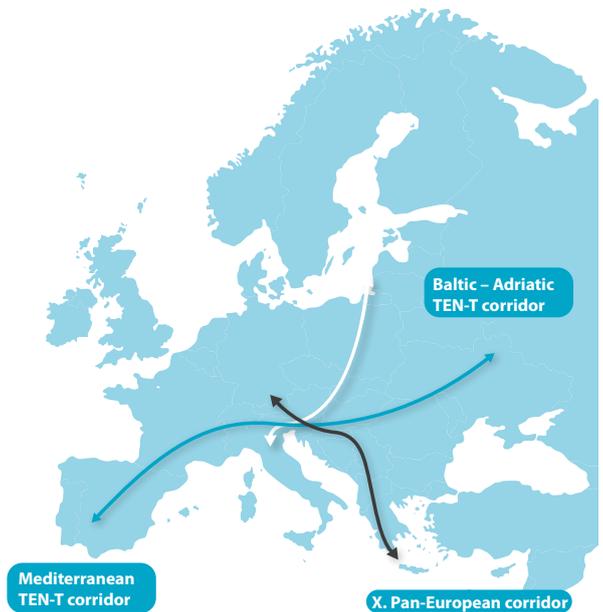
Now it is the right moment for Western Balkan countries to engage actively in regional cooperation and for regional initiatives with a special focus on infrastructure and economy to deliver tangible results. Slovenian institutions and companies are ready and waiting.



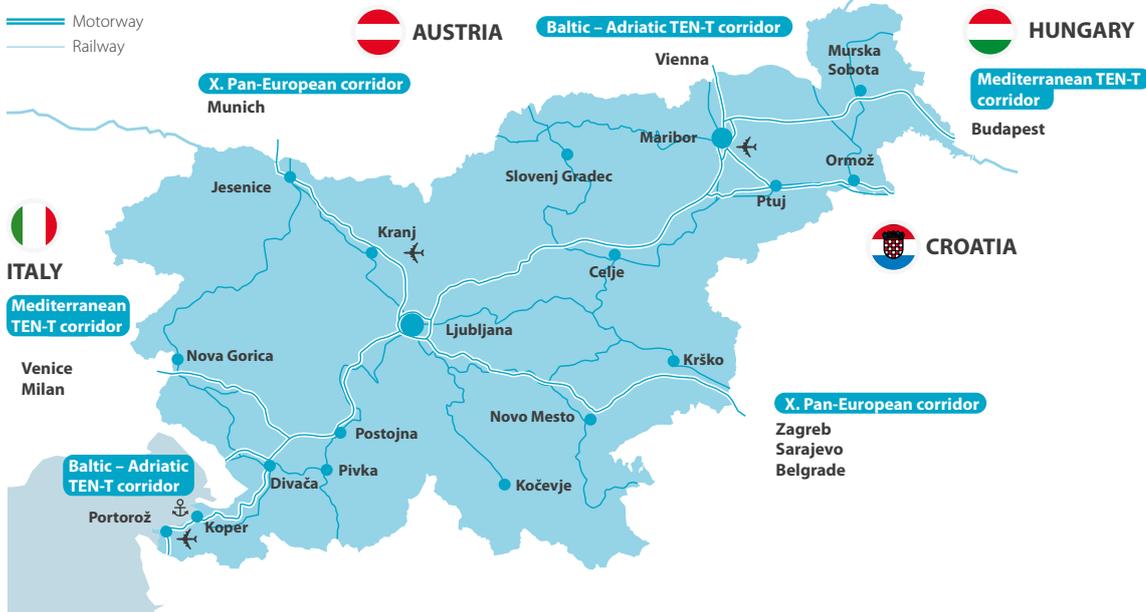
## HOW FAR IS LJUBLJANA FROM OTHER MAJOR EUROPEAN CITIES?

Destination	Km*	Time*
Zagreb	145	1.5
Venice	240	2.5
Vienna	380	4
Munich	405	4.5
Budapest	460	4.5
Sarajevo	520	6
Belgrade	540	5

\*Distances and approximate journey time by road from the capital of Slovenia



## MAP OF SLOVENIA



# Quality Infrastructure

Foreign investors will compete in the global market more efficiently if they locate in Slovenia and benefit from its excellent physical and soft infrastructure. Its road network and rail services, three international airports and a sea port shorten travel distances and make Slovenia one of the most attractive investment locations in the region. Chemical producing is Slovenia's high-performance industry and it adds value for foreign investors. Those foreign companies that spotted opportunities many decades ago continue to enjoy outstanding levels of growth and productivity performance, and build on Slovenia's strengths in science and innovation.

Slovenia has a long industrial tradition in processing basic chemicals in a variety of products. This line of business demands complex processing technologies and substantial investment to keep abreast of competitors. Flexibility and ability to provide customers with the right product on short notice are the qualities that make the difference. Renowned domestic and foreign companies in the chemicals sector specialise in the production of paints, varnishes, coatings, synthetic fibres and other chemical products. Household names are Helios, Color, Jub, Cinkarna, Julon (Gruppo Bonazzi) and Henkel, Sava Tires, wholly owned by the Goodyear Dunlop Tires Europe, is the only tyre manufacturer in Slovenia and it makes tyres for Sava and for other Goodyear mid and premium brands highly appreciated by motorists in Central and South-Eastern Europe, as well as further east.

Considerable spending on medicines, high standard of healthcare and general health awareness will continue to drive demand for innovative treatments making Slovenia attractive as a destination for pharmaceuticals. In 2013, the government budget appropriation on R&D mostly went to engineering and technology with industrial production and technology and health as an important socio-economic objective for Slovenia. Pharmaceutical cost-containment measures will hardly affect Slovenian pharmaceutical spending expected to rise even though there will be less funding available for public sector expenditure on healthcare. Lek (Sandoz Group) and Krka remain the top performers of the pharmaceuticals industry. With the combined over 7,000-strong staff in Slovenia they are the leading producers of generic drugs in the region and ready to cope with further cost-containment measures in the healthcare sector if the economic recovery proves more difficult and protracted than originally anticipated.

A valuable asset for the industry is the Slovenian National Institute of Chemistry that enjoys a high reputation for its 360° view of chemistry and its many applications. A new research centre with 4000 sq. m of modern laboratories with state-of-the-art equipment will further sharpen its cutting edge.



## LEADING COMPANIES IN CHEMICALS & PHARMACEUTICALS INDUSTRY

Company	Foreign Investor	Products
Belimed	Belimed (Ch)	Washing-disinfecting machines, sterilization equipment for medical, pharmaceutical and laboratory field
Belinka - Belles		Wood protection and decoration coatings
Belinka Perkemija	Solvay (Be)	Peroxide compounds, wood protection and decoration products
Bia separations	Bia separations (At)	New generation of materials for cleaning and separation of proteins and viruses for the pharmaceutical and biotechnology companies
Cinkarna Celje		Titanium dioxide, coatings PTFE
Ecolab	Ecolab (At)	Cleaning and polishing preparations, soap and detergents
Frutarom Etol	Frutarom (Isr, Ch)	Flavourings and essential oils
Geberit sanitarna tehnika	Geberit International (Ch)	Sanitary and piping systems
Goodyear Dunlop Sava Tires	Goodyear Dunlop Tires Europe (USA)	Tires and inner tubes
Helios	Ring International (At)	Covering paints, lacquers and similar coatings and putties
Henkel Slovenija	Henkel (At)	Cosmetics, detergents, disinfectants
Istrabenz plini	Societa' Italiana acetylene e derivati (It)	Industrial gases
Jub		Paints, adhesives (acrylic)
Julon	Aquafil (It)	Synthetic fibres & polymers, carpet yarn
Kolpa		High-end bathroom equipment
Krka		Pharmaceuticals, cosmetics
Lek	Novartis Pharma (Ch)	Pharmaceutical preparations, cosmetics
Melamin		Synthetic rubber and chemical products
Messer Slovenija	Messer Belgium	Manufacture of industrial gases
Mitol		Adhesive producer with own production of emulsions
Nafta Petrochem		Methanol, formaldehyde and other petrochemical products
TKI Hrastnik		Sodium hydroxide, hypochlorite for cleaning agents, phosphates
TKK Srpencica	Soudal holding (Be)	Paste, additives for cements, mortars and concrete etc.
Unichem		Products for gardening and protection of the living environment from insects, mice and rats
Veyance technologies Europe	Veyance technologies Luxemburg	Rubber products



## FACULTIES, RESEARCH INSTITUTIONS AND TRADE ASSOCIATIONS

University of Ljubljana, Faculty of Pharmacy	<a href="http://www.ffa.uni-lj.si">www.ffa.uni-lj.si</a>
University of Ljubljana, Faculty of Chemistry and Chemical Technology	<a href="http://www.fkkt.uni-lj.si">www.fkkt.uni-lj.si</a>
University of Maribor, Faculty of Chemistry and Chemical Engineering	<a href="http://www.fkkt.uni-mb.si">www.fkkt.uni-mb.si</a>
National Institute of Chemistry	<a href="http://www.ki.si">www.ki.si</a>
Chemical Office of the Republic of Slovenia	<a href="http://www.uk.gov.si">www.uk.gov.si</a>
I-TECHMED - Innovatine and Supportive Technologies for Medicine	<a href="http://www.itechmed.com">www.itechmed.com</a>
Technology Platform "Advanced Materials and Technologies" NaMat	<a href="http://www.namat.si">www.namat.si</a>
Slovenian Plasttechnics Cluster	<a href="http://www.giz-grozd-plasttehnika.si">www.giz-grozd-plasttehnika.si</a>
SusChem – Slovenian Platform for Sustainable Chemistry	<a href="http://www.atom.uni-mb.si/si-kem">www.atom.uni-mb.si/si-kem</a>

# Quality of Life Testimonials

According to Lonely Planet's Best of Europe list of tourist destinations on 2014, Slovenia's capital Ljubljana and one of Europe's most liveable cities is placed second after Greece and recommended as the perfect base to explore the rest of the country, "which is as picture-perfect as Switzerland but much easier on the wallet" and it has an important 47 kilometres of the Adriatic coast with the medieval towns nested at the tip of the Slovenian Istria also known for olive oil and fine wines.

Generally perceived as a prosperous and welcoming country with architecturally grand, cultured cities, and lush pine-forested countryside, perfect for hiking and biking in summer and skiing in winter (roughguides.com), Slovenia has much to offer both to visitors and expats. Criss-crossed by a well-developed road network, fascinating sceneries, historical sites and sports facilities are a short drive away. Slovenia's climate is equally enjoyable in summer and winter to the delight of fans of adrenaline-fuelled activities to suit every age and taste in every corner of the country. Helpful and sociable local people with a "can do" attitude make visitors feel at home, the country's crime rate is very low, the atmosphere is relaxed even though the Habsburg heritage is alive, and food is great.

*Giulio Bonazzi, the chief executive of Italian firm Aquafil which owns Julon, sees the award as proof of his employees' good work: "Companies are successful only if they have a good team and this award says just that which is very important. However it is not common to receive such recognition and I am happy to have come to work in Slovenia."*

Giulio Bonazzi, CEO  
**Aquafil**



*Goodyear Dunlop Sava Tyres's chief executive Thierry Villard accepted the award and was clearly very proud of the achievement: "It means a lot to me and to all of us," he said. "I'm very proud of our workers. Regarding that being recognised is a long term commitment, I see this award as an encouragement for the future."*

Thierry Villard, CEO  
**Goodyear Dunlop Sava Tyres**

*»Few people have heard of Slovenia on the other side of the Atlantic, and American business partners see image-building activities as an absolute priority in efforts to put Slovenia on investors' map. General impression is that quality of life is high, people are nice and well educated. The country offers a variety of natural beauties, places worth visiting, and opportunities for sports and recreation. On top of that, cuisine is superb and wines are excellent.«*

Richard A. Johnson, Ex-Managing Director and President of the Board  
Sava Tyres  
**Goodyear**



## QUALITY OF LIFE, 2014

Country	Index
Czech Rep.	7.56
<b>Slovenia</b>	<b>5.64</b>
Slovak Rep.	5.40
Croatia	5.10
Hungary	4.00
Poland	3.69
Romania	3.37
Bulgaria	2.57

Source: IMD - World Competitiveness Yearbook, 2014





## CHEMICALS & PHARMACEUTICALS INDUSTRY IN SLOVENIA



### FACTS AND FIGURES IN 2013

Number of companies: 809  
 Number of employees: 26,603  
 Revenue: € 5.2 billion  
 Exports: € 4.0 billion



### KEY PRODUCTS

Basic chemicals • Pesticides and other agrochemical products • Coatings, paints, varnishes and similar coating, printing ink and mastics • Basic pharmaceutical products and pharmaceutical preparations • Soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations • Other chemical products • Man-made fibres • Engineered rubber and plastic products • Tyres and air-tubes for vehicles



### KEY EXPORT MARKETS

Albanian, Austria, Bosnia & Herzegovina, Croatia, Germany, Ireland, Italy, Macedonia, Montenegro, Poland, Romania, Russian Federation, Serbia, Slovakia, USA ...

Source: AJPES 2014

**INVEST SLOVENIA**



#### SPIRIT Slovenija

Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism

#### InvestSlovenia Team

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REPUBLIC OF SLOVENIA  
 MINISTRY OF ECONOMIC DEVELOPMENT  
 AND TECHNOLOGY

### InvestSlovenia – your connection to business opportunities

**InvestSlovenia's team**, part of SPIRIT Slovenija, a public agency whose mission is to promote entrepreneurship, innovation, development, investment and tourism, provides services and business tools that allow companies to make informed decisions regarding foreign direct investment in Slovenia.

For an overview of one-stop-shop best practices related to services to investors, facilitating land acquisition for investment projects and coordination with potential business partners, suppliers and authorities, foreign investors just have to turn to InvestSlovenia Team to arrange a direct access to the business community and help reduce time associated with administrative and approval processes.

Global investors can count on the InvestSlovenia staff to expedite their business investment in Slovenia. Its committed experts provide coordination within the competent institutions with FDI-relevant operations and work in partnership with state, regional and local organisations to promote Slovenia's business attraction and investment retention.