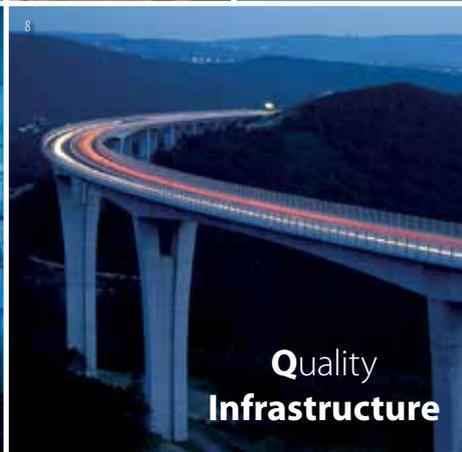
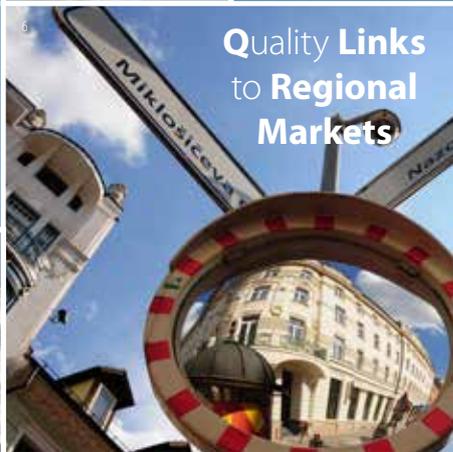


# SLOVENIA

## The Right Mix of Qualities



INVEST SLOVENIA



# The key word for 2014 and beyond: stability

The international business challenges range from political, economic and cultural diversity to changes in the international marketplace. Slovenia's response to these challenges with knowledge derived from its long industrial tradition and the business disciplines is fine-tuned to the dissemination of products and services in world markets. To achieve this goal, numerous steps have been taken to make the business environment more attractive to international corporate investors.

In line with the commitment to making the country more attractive to foreign investors, the measures serving to overcome the economic crisis, stabilise public finance, restructure the banking system and privatise state-owned companies are showing results. The 1.1% decline in GDP in 2013 is attributable to vigorous growth in exports and a smaller fall in domestic consumption. With reduced uncertainty in the international environment and at home, GDP is expected to increase 0.8% in 2014 driven once again by rising exports and more spending by households. Investment in knowledge-based capital will increase productivity and help Slovenian companies move up the value chain.

The recovery of economic activity in Slovenia's main trading partners is essential for exports. After four years of stagnation, business investment grew modestly in 2013 as a result of investment in a large energy facility and increased government investment at the end of the year, while

private investment to expand capacity and tap new markets remained weak. Foreign direct investment and effective go-to-market strategy help to increase competitiveness and economic growth. Slovenia's business environment is conducive to entrepreneurial activity, but its potential as a gateway into the region of 45 million consumers and further on into the EU market with 500 million people is still waiting to be fully developed. Its supportive environment with pro-business infrastructure and technically-savvy workforce should compensate for the fact that further fiscal stimulus is not likely given the current state of public finances and the need to decrease the deficit and reduce the items with lowest multipliers on GDP. What serious foreign investors appreciate in Slovenia are its many qualities: a talented workforce capable of delivering smart and sustainable solutions, a powerful and adaptable technological and industrial base, ability to cope with the volatile global market and keep pace in a rapidly changing and increasingly complex industry. Just add the country's well-developed infrastructure for inland transport of goods, modern port infrastructure, reliable electricity and gas supply and dependable internet connections and Slovenia has all the attributes of an FDI destination of choice.

According to the OECD 2014 Report, Slovenia is ahead of other central and eastern Europe by innovation-related indicators.

## SELECTED INDICATORS

(annual % changes unless otherwise stated)	2010	2011	2012	2013	2014 est.	2015 forecast
Real GDP growth	1.3	0.7	-2.5	-1.1	0.8	1.4
Exports (goods & services)	10.1	7.0	0.6	2.9	3.9	5.4
Imports (goods & services)	7.4	5.6	-4.7	1.3	3.9	5.3
Unemployment rate (Eurostat definition)	7.3	8.2	8.9	10.1	10.1	9.8
Harmonised index of consumer prices	2.1	2.1	2.8	1.9	0.7	1.2

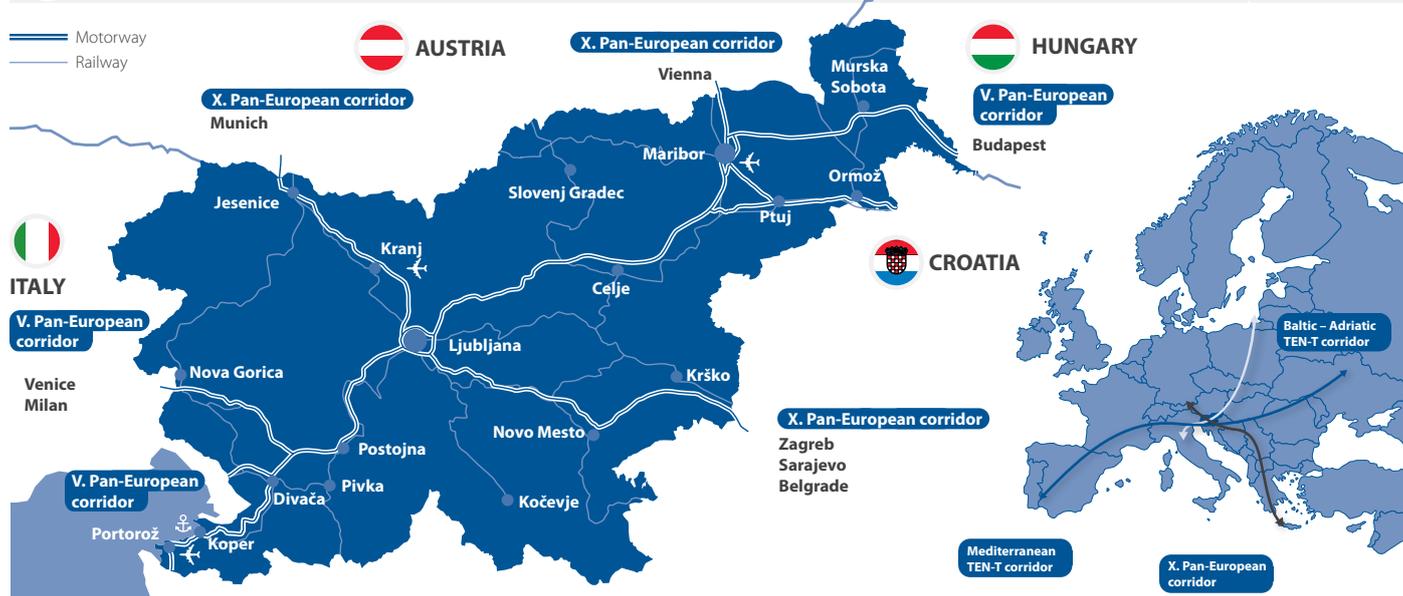
(as a % of GDP)	2010	2011	2012	2013	2014 est.	2015 forecast
Current account balance	-0.2	0.2	3.1	5.3	6.0	6.2
General government balance	-5.9	-6.4	-4.0	-14.7	-4.3	-3.1
General government gross debt	38.7	47.1	54.4	71.7	80.4	81.3

Source: Eurostat, European Economic Forecast Spring 2014

## FACT SHEET

Area: 20,273 sq. km
Population: 2 million
Language: Slovenian, Italian and Hungarian (in areas with ethnic minorities)
Capital city: Ljubljana (population: 330,000)
Currency: euro (€)
Internet suffix domain: .si
Dial code: +386
Time zone: Central European time - CET
Member of: UN, EU, NATO, OECD
Double taxation conventions: signed with 55 countries

## MAP OF SLOVENIA



# Quality workforce

Slovenia's focus is on education, training and industry driven research to support its offering to the high technology and other high value added sectors such as information and communication technology, pharmaceuticals and life sciences. Its workforce has a high reputation for flair for technology and innovation thanks to a successful combination of a long industrial tradition and quality formal schooling as an important contributor to the skills of an individual and to human capital. According to Eurostat, Slovenia meets two Europe 2020 goals regarding education: 40.1% of people aged between 30 and 34 have completed tertiary education (2002: 20.7%) and less than 4% of those aged between 18 and 24 have left schools early. Not only the young but also those who are young at heart have IT skills and digital literacy and over 70% of population can have a conversation in at least two foreign languages and command of two or more foreign languages. English, German and Italian are widely used and French language courses are very popular.

Enrolment in higher vocational colleges has been at the same level for a couple of years: 13,202 students enrolled in higher vocational colleges in the 2013/14 academic year or a few students less than in the previous year. The share of full-time students, however, has increased over the past few years.

The provisional data show that 90,000 students enrolled in higher undergraduate and postgraduate studies at universities and single higher education institutions in the academic year 2014/15.

Significant progress has been made in improving labour market efficiency by strengthening flexibility and other flexicurity components, and by adapting Slovenia's education system to the labour market needs. The number of researchers and population with a tertiary education is a reflection of substantial R&D investment over the past few years, but the transfer knowledge from the research sector to the business sector to enable faster growth in the innovation capacity and competitiveness of the economy has to improve.

We estimate that at the beginning of the economic recovery companies will first increase the number of hours worked per employee rather than the number of workers, while a faster improvement of labour market conditions will also be hampered by the necessary restructuring of indebted companies. The average number of registered unemployed in 2014 (124.6 thousand) will be somewhat larger than in 2013 mainly due to the increase at the end of last year and the beginning of this year. The registered and the survey unemployment rates will therefore also be higher than last year (13.6% and 10.2%, respectively). No major deterioration is otherwise expected for the rest of the year, also because of the even more intense implementation of active employment-policy schemes. In the next two years employment is expected to stabilise and then increase slowly, while registered unemployment will be gradually falling.

As regards redundancy costs and procedures, the labour market reform has shortened notice periods, decreased severance payments in cases of redundancy dismissal and eliminated priority rules for reemployment in 2012/2013 (Source: *Doing Business 2014*).

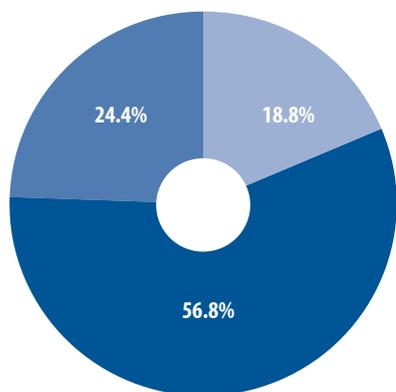
These changes should reduce employers' apprehension about hiring people on indefinite-term contracts but incentives for the hiring of young and older workers and changes to the taxation of labour should follow.



© Krka - R & D center in pharmaceutical companies



POPULATION AGED 25-64 YEARS BY EDUCATION, 2013



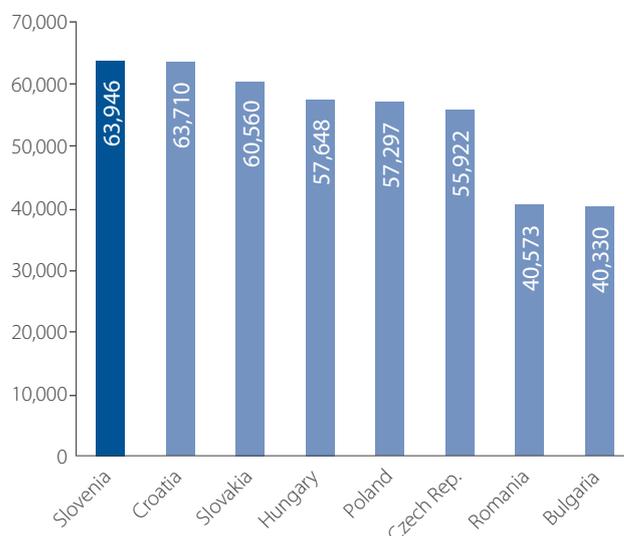
- Vocational / general secondary school (56.8%)
- University degree or higher (24.4%)
- Primary school or less (18.8%)

Source: Statistical Office of the Republic of Slovenia, 2014



OVERALL PRODUCTIVITY, 2013

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



Source: IMD - World Competitiveness Yearbook, 2014

# Quality link to regional markets

For over 20 years, Slovenia's economy has been exposed to advantages and disadvantages of free trade and foreign investment. Its location at the heart of Europe makes it one of the most attractive locations for investment and a springboard for European companies wanting to do business in the Western Balkans as well as for the Balkan countries wanting to penetrate the EU markets. The benefits from technology transfers such as giving impetus to modernisation processes and creating new jobs are easier to gain when the diffusion of new ideas and technologies is not hindered by geographic or political factors. Slovenia has all attributes needed to do business across the region: knowledge of language, customs and culture, as well as personal connections.

Slovenia's cooperation with the Western Balkans includes political cooperation, support for EU and NATO integration, boosting regional economic ties, and strengthening of scientific, technological and research cooperation. There is significant untapped potential in high-tech and knowledge-based sectors in the region and many Slovenian companies are time-honoured partners in all former Yugoslav republics. Slovenia will continue to contribute to political and economic stability across the region and foreign investors can benefit by converting the strategic partnerships into the expansion of their economic presence in the South-east Europe. Infrastructure and energy projects are priorities of all governments in that part of Europe: modernisation of railways, gas storage facilities and pipelines, prevention of natural disasters and rectification of their consequences ...

Together with foreign investors, Slovenia could have an important role in the provision of assistance for strategic investments into new modern infrastructure. The first 10 years as EU Member State have equipped Slovenia's institutions and businesses with expertise in all sectors the Western Balkan countries have to improve: energy and energy efficiency, transport, environment and private sector development.

Strategic partnerships between foreign investors and Slovenian companies with a strong foothold in central and east Europe would serve to boost productivity in target countries by implementing policies to spur innovation in order to move up the value chain. Process and organisational innovation, including non-technological innovation, enhancing knowledge-intensive skills (in engineering, design, marketing, information technology and R&D) and increasing associated investments (including advanced machinery, software and databases, branding, firm-specific human capital and organisational capital) would benefit all stakeholders.

## EXPORT BY COUNTRY IN € MILLION, 2013

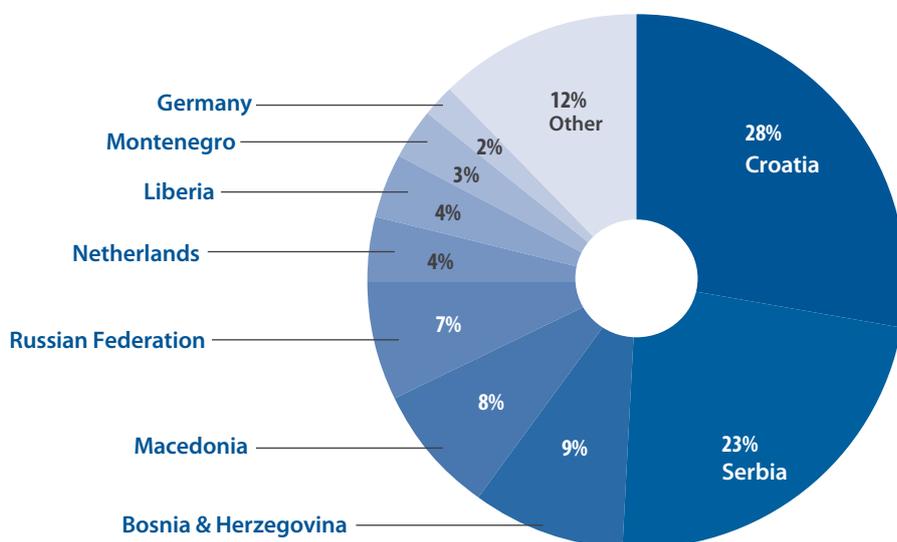
Market	€ million
<b>EU-28</b>	<b>14,144</b>
Germany	4,395
Italy	2,495
Austria	1,897
Croatia	1,484
France	1,140
Poland	643
Hungary	628
Czech Rep.	560
<b>SEE</b>	<b>1,551</b>
Serbia	665
Bosnia & Herzegovina	557
Macedonia	168
<b>Other countries</b>	<b>5,854</b>
Russian Federation	1,018
USA	364
Switzerland	290
Turkey	214
<b>Total</b>	<b>21,549</b>

Source: Statistical Office of the Republic of Slovenia, 2014



## SLOVENIA'S FDI OUTFLOWS

Outward FDI stock as of end-2013: € 5.1 billion



Source: Bank of Slovenia, 2014

# Quality infrastructure

Ideally situated to serve Europe's west and east, north and south, Slovenia does not only have excellent communication and transport infrastructure, high-quality services and the functioning public administration and the financial system, but has people with long business and personal links in the Western Balkans. Goods are moved quickly and reliable, clearance procedures are efficient and once goods enter Slovenia via road, rail, air or sea, they are at the doorstep of the EU market.

Slovenia's transport system consists of over 39,000 km of the road network of which the motorways add up to nearly 700 km. The total length of railway tracks is 1,209 km. The development of the transport infrastructure and multimodal transportation calls for the modernisation of the existing infrastructure and the construction of new sections.

Both passenger and cargo traffic handled by three international airports is on the rise year-on-year. Adria Airways, the national flag air carrier, has been carrying passengers and cargo for nearly half a century. Its network links Ljubljana with all important destinations in Europe and its connections with all the capitals in the region are excellent.

Maritime transport and harbour traffic keep rising as the figures for goods carried and passenger and goods traffic show clearly. The cargo and passenger port at Koper is strategically placed to handle equally well all kinds of cargo and passengers from cruiser ships and provides a great opportunity of supplying logistics and goods shipping services towards central and southern Europe. The Mediterranean transport networks meet the TransEuropean network in the Port of Koper increasingly present in feeder routings and port rotation as

companies provide customers with improved operational efficiency, greater capacity, wider port coverage and quality services to and from the Mediterranean.

Physical infrastructure needs a technically savvy workforce to operate it. The skills and the attitude is what not only attracts foreign investors to Slovenia but keeps them here.

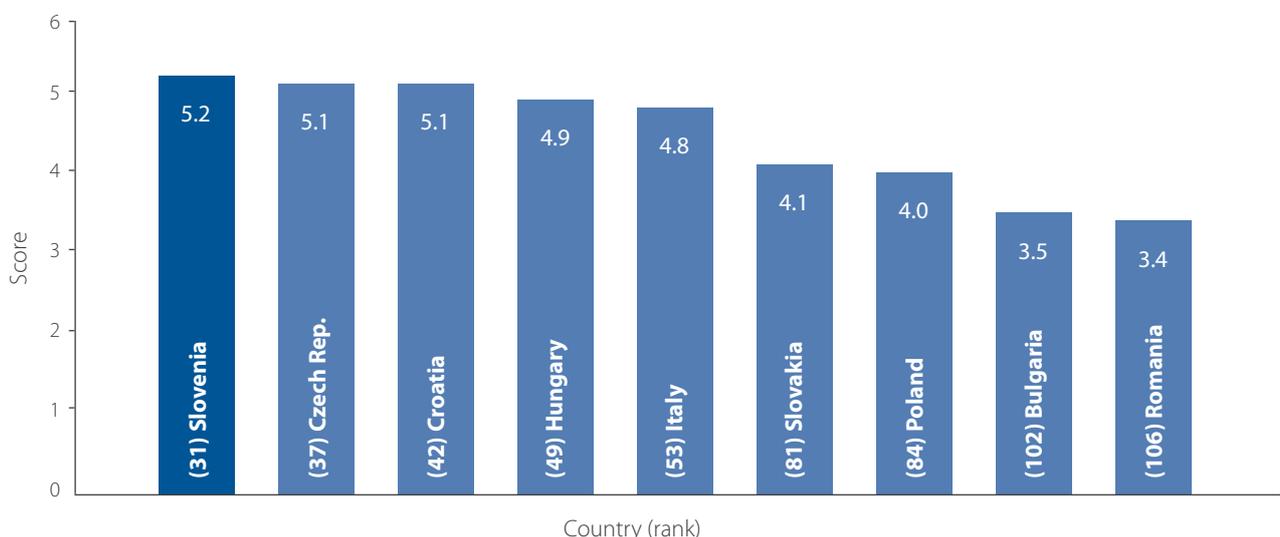
In addition to well-developed physical infrastructure, a well-developed ICT industry is a key enabler for building a country's competitiveness, attracting foreign investment, and developing information society. The steps taken over the years range from identifying the ICT areas with growth potential and eliminating barriers to market growth to supporting the development of the domestic ICT industry to increase the country's competitive advantage and attract ICT-related foreign investment.

Effort to attract inward direct investment includes also measures designed to encourage entrepreneurship, start-ups and technology transfer. By improving the framework conditions for innovation and entrepreneurship including better governance of public research and by providing better access to finance, Slovenia will integrate further into global markets in order to spur productivity growth and maximise its natural and man-made advantages.

Slovenia's overall success in the international market has been confirmed by the "Doing Business 2014" rankings: the 33<sup>rd</sup> place on the ease of doing business out of 189 economies making it a business-friendly country particularly in terms of trading across borders.



**QUALITY OF OVERALL INFRASTRUCTURE**  
*Considering transport, telephony and energy infrastructure (1 = extremely underdeveloped, 7 = extensive and efficient by international standards)*



Source: World Economic Forum, The Global Competitiveness Report 2013-2014

# Quality of life

Slovenia's full potential as an attractive and competitive FDI location complemented by the diversity of the region is often overlooked by foreign investors. Although the country attracts many visitors, its ability to attract business and capital fall short of its advantages. There the right blend of a strategic location competitive business costs and world class talent for investors looking to explore opportunities in technology, products and innovative trends in one of the safest, cleanest and greenest countries in the world.

Business friendliness and life satisfaction go hand-in-hand in Slovenia as best seen in its capital. Ljubljana keeps economic momentum but still feels small and friendly. According to its inhabitants, it is one of the most liveable cities in the world. Its sights and neighbourhoods and easily accessed on foot, by bike or by public transport. It is this quality of life and the provision of all kinds of amenities that contribute to the quality of life of foreign investors that attract a mobile workforce in search of economic opportunity and a good standard of living. According to the OECD Better Life Index, safety, work-life balance, community and health are the qualities most cherished by those living in Slovenia. Most Slovenians claim to be satisfied with their lives, despite falling incomes and a mistrust of government. Sentiment is boosted by a perceived personal security, low crime and improved sense of wellbeing.

Slovenia's climate is perfect for outdoor enjoyment and recreation year round and there are many amateur and professional sports venues and events. As the nation's cultural heartland, Ljubljana hosts a wide variety of arts and sporting events in world class facilities to international audiences. Easy to reach ski slopes, sea-side beaches, health spas, peaks of the Julian Alps and many other attractions are much cherished by both expats and foreign visitors. Investors in tourist infrastructure find Slovenia's vicinity to Venice, Vienna and Prague to be a cutting edge for overseas travellers.

The financial crisis, which erupted into a full-blown economic crisis at the end of 2008, was not felt in Slovenia at first but its delayed effects on the country's real economy were equally devastating. Bankruptcies and restructuring have led to rising unemployment and the years of economic growth have been erased with Slovenia's gross domestic product plunging deep into the red zone.

With the eurozone debt crisis, living conditions have deteriorated for many Slovenians with little room for happiness and optimism. Surveys show that country-level optimism decreased when the government's prospects and current economic developments started to look bleak. On the other hand, people in Slovenia continue to feel happy, they are satisfied with standard of living and family life and many expats share this happiness.



☆☆☆ QUALITY OF LIFE INDEX, 2014	
Country	Index
France	127.02
<b>Slovenia</b>	<b>121.30</b>
Czech Republic	119.90
Croatia	105.50
Slovakia	103.92
Poland	97.91
Italy	88.38
Hungary	85.23
Romania	66.71
Bulgaria	65.62



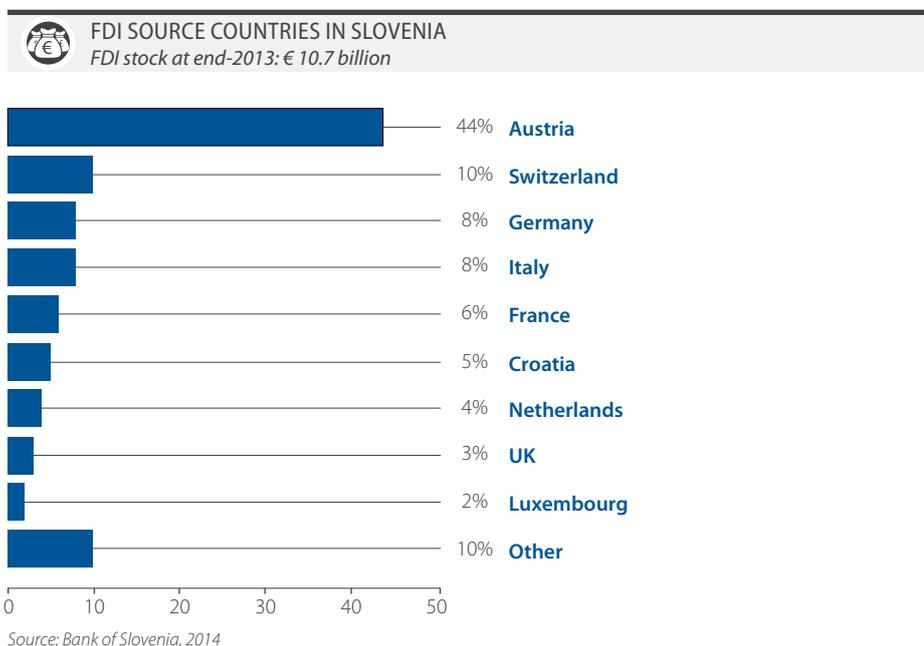
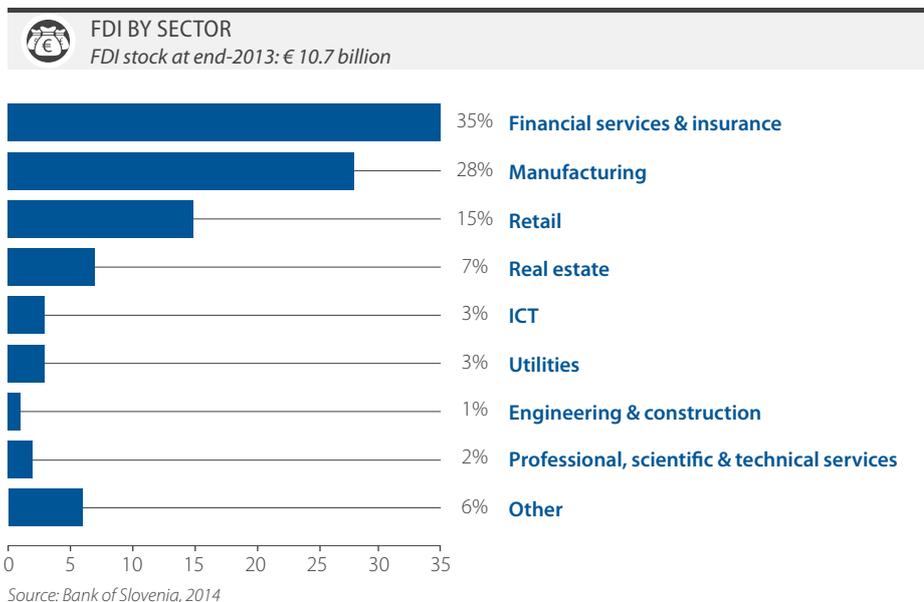
# Reinforcing Slovenia's FDI value proposition

The first foreign investors came to Slovenia in the late 1970s and they are still here. Slovenia's strong record as a supplier of innovations is attributable to its pool of highly skilled labour available to a range of industries. Foreign investors recognise the advantages of Slovenia's strategic position at the heart of Europe, its excellent transport and ITC infrastructure, its industry clusters and centres of excellence. Manufacturing companies generate high gross value added despite the global economic crisis and its effects on Slovenia's economy. The perception of Slovenia as a location for inward investment is improving as gross value added per employee continues to increase while the number of employees continues to decrease. Foreign investors seeking a country for their brownfield or greenfield projects can count on government-sponsored schemes for the development of skills for their operations not only among the young. Adult participation in lifelong learning is also an important factor in improving employability but also giving employers skills and hands-on experience for high tech projects. On the whole, wages in Slovenia are very reasonable for the level of education and skills of the local workforce.

standards, personal integrity and company loyalty make the job of running a company established in Slovenia easy. Regulatory and policy framework instil investor confidence, registering a company is easy, carrying out other administrative procedures is a mouse-click away on the dedicated government website.

The recovery in the euro area continues: domestic demand is rising supported by the ECB's monetary policy, financing conditions are improving and will benefit the real economy, and the euro area countries are committed to fiscal consolidation and structural reforms. Moderate commodity price developments, particularly lower energy prices, and a gradual strengthening of demand for euro area exports bring benefits to the economic activity. The facts that unemployment in the euro area remains high and sizeable unutilised capacity should attract more overseas investors to Slovenia where they enjoy a high level of protecting. According to Doing Business ranking for 2014, Slovenia is on 14<sup>th</sup> place (*World Bank and IFC: Doing Business 2014*).

Investors looking to set up operations at the heart of the market with 500 million consumers will find Slovenia's international commercial contacts and the land-sea-air transport system ideal. A corporate culture of transparency and accountability, the use of international technical



They are already here:

- Aviat Networks**
  - Belimed**
  - Bosch Siemens**
  - Danfoss**
  - Deloitte**
  - Geberit**
  - Goodyear**
  - GKN Industries**
  - Grammer**
  - Grieshaber Logistik**
  - Gruppo Bonazzi**
  - Henkel**
  - IBM**
  - Intesa Sanpaolo**
  - Johnson Controls**
  - Microsoft**
  - Mobilkom**
  - Novartis Pharma**
  - Odelo**
  - Palfinger**
  - Renault**
  - S&T**
  - Société Générale**
  - Sumida**
  - UniCredit Bank**
  - Wolford**
  - Yaskawa**
- and many more.

# InvestSlovenia – your connection to business opportunities in Slovenia

InvestSlovenia team operates under the umbrella of the Slovenian Public Agency for Entrepreneurship, Innovation, Development, Investment and Tourism – SPIRIT Slovenija. As seen from the name of the agency, it is responsible for carrying out regulatory, expert and development tasks serving to increase competitiveness of Slovenia's economy in the area of entrepreneurship, technological development, foreign investment, internationalisation and tourism. Its portfolio encompasses services and business tools that allow companies to make informed decisions regarding foreign direct investment.

The members of the InvestSlovenia team provide foreign direct investment intelligence and offer one-on-one consultations to businesses and site selectors making global business investment decisions.

Operating as "one-stop-shop" for potential investors, InvestSlovenia Team maintains data bases with public and private investment projects and land for commercial and industrial purposes in all sectors of the economy.

For Slovenia to continue to punch above its weight in the competitive international marketplace, InvestSlovenia provides the following services free-of-charge:

- Complimentary service for businesses
- Answering enquiries about local investment opportunities
- Providing guidance on site location and selection
- Facilitating business-to-business linkages
- Connecting investors to specific professional services
- Facilitating introductions with sector experts and all government levels

Choosing Slovenia as an FDI location is a natural choice for serious investors. They can count on the InvestSlovenia people to facilitate and accelerate business investment in Slovenia by foreign firms. Its 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 retention.

**For more information about SPIRIT Slovenija and how it can assist inward business investment, please contact InvestSlovenia Team**

## The time is right for investing in the country on the sunny side of the Alps



**SPIRIT Slovenija**  
(Slovenian Public Agency for Entrepreneurship, Innovation, Development, Investment and Tourism)

**InvestSlovenia Team**  
Verovškova cesta 60, SI-1000 Ljubljana, Slovenia  
Phone: **+386 (0) 1 5891 870**  
Fax: **+386 (0) 1 5891 877**  
E-mail: **invest@spiritslovenia.si**  
**www.InvestSlovenia.org**



[www.investslovenia.org](http://www.investslovenia.org)

