

Conference: Slovene - Turkish Business Meeting

Investment and Business Opportunities for Turkish
Companies in Slovenia

SLOVENIAN BUSINESS AND INVESTMENT
ENVIRONMENT - WHY CHOOSE SLOVENIA?

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SPIRIT Slovenia - Public Agency for Entrepreneurship,
Internationalization, Foreign Direct Investments and Technology

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About SPIRIT Slovenia



- SPIRIT Slovenia is executive **Business Development public agency** under the authority of the Ministry of Economic Development and Technology of Slovenia.

The Function of SPIRIT:

- -increase **competitiveness of Slovenian SME's**,
- -promote **Internationalization and FDI**,
- -act as **One-Stop Shop** for potential investors and international companies looking for new business opportunities in Slovenia.



About SPIRIT Slovenia



- Main Activities of SPIRIT Slovenia:
 - 1) Foreign Direct Investment,
 - 2) Entrepreneurship,
 - 3) Internationalization,
 - 4) Technological Development.
- 72 expert employees with different backgrounds of expertise.
- Active cooperation with governmental and local institutions in Slovenia, Slovenian embassies and Slovenian business clubs abroad.



About SPIRIT Slovenia – Invest Slovenia



Services for potential Foreign Investor-completely free of charge):

- Information on sectors, industries, legislation, taxes and incentives,
- Information on Investment Opportunities, Industrial Sites and Potential Local Suppliers,
- Site-selection (Industrial Zones and Locations)
- Connection with Industry, Governmental and Local Authorities,
- Assistance throughout the whole Investment Process,
- Organisation of fact-finding missions for investors,
- Permanent Support to the Existing Foreign Investors in Slovenia - Aftercare Business Development Programme to help accelerate Company's Growth.

Why choose Slovenia?

When you are searching for a New Investment, Reliable Business Partner or set up or relocate your Export business, - choose Slovenia: (Strategically Located, with High Skilled Eorkforce, strong R&D Capabilities and High Level of Stability).



Advantages:

Competitiveness:

- 35th of 141 countries on WEF's Global Competitiveness index 2019,

Stability:

- One of the few countries with 100% macroeconomic stability (WEF 2019),

Greenest:

- Moderate climate, well preserved countryside, active lifestyle, popular tourist destination,
- 13th in the quality of life and 11th least polluted country in the world (Numbeo Quality of Life Index 2020),

Well education:

- Highest quality of education system and several international schools,

Safeness:

- 8th safest country according to Global Peace Index 2019,

Strong Health System:

- Strong public healthcare system (Life expectancy at birth: 78 years).



Why choose Slovenia?



Export driven economy:

- EUR 39 billion (85% of GDP),
- 4.4% annual export growth in real terms in 2019,
- -12.4% annual export growth in 2020 (European Commission, May 2020)
- 13.5% annual export growth in 2021 (European Commission, May 2020)

Macroeconomic environment:

Year	2019	European Commission Economic forecast (May 2020)	
		2020	2021
GDP growth (%)	2.4	-7.0	6.7
Unemployment (%)	4.5	7.0	5.1
Gross public debt (% of GDP)	66.1	83.7	79.9

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Gateway to Europe and beyond:

Accessibility:

- Located at the Crossroads of TEN T Mediteranian, TEN T Baltic-Adriatic and X. Paneuropean Corridors - ideal entry point to EU market, CEE Europe market and SE European market more than 700 million customers.

Port of Koper:

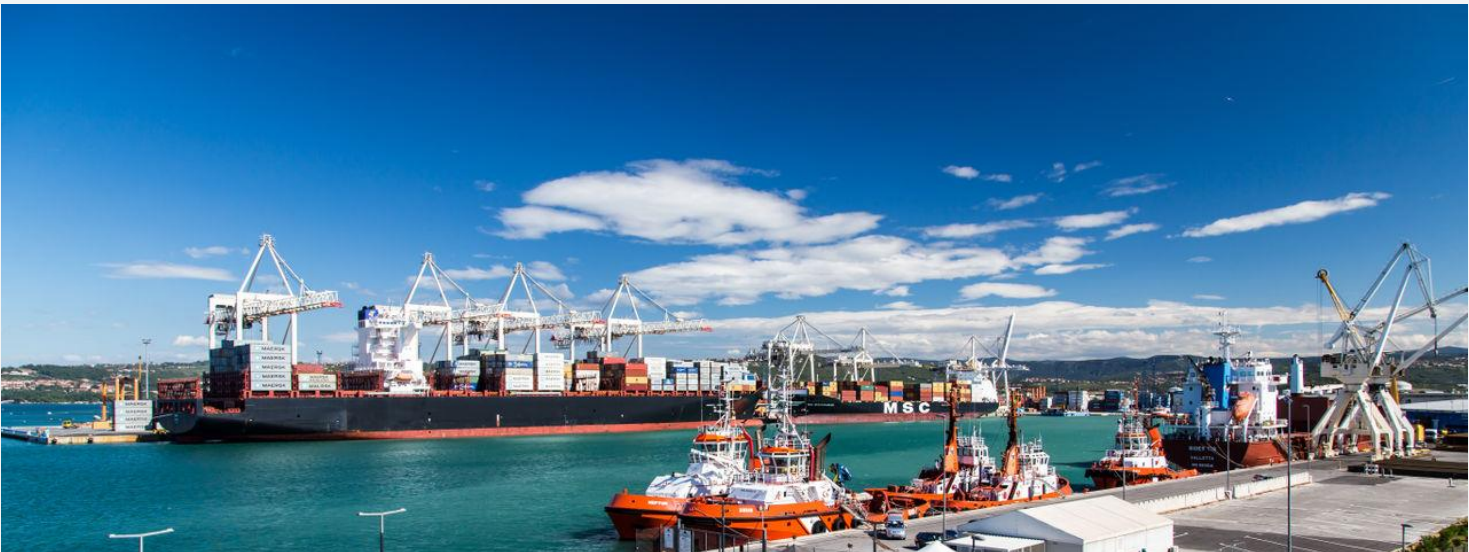
- One of the northern ports of the Mediterranean,
- Shortest way from Asia to CE Europe,
- Excellent and modern port infrastructure with good prospects for expansion.

Roads and railways:

- Excellent infrastructure for transport of goods:
- Over 700 km of well maintained motorways,
- Over 39,000 km of the road network,
- Over 2,000 km of railway tracks.



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Stimulating business and investment environment



FDI openness

3rd least restrictive country among OECD members (*OECD, FDI Regulatory Restrictiveness Index Database 2017*)

Starting a business – fast and simple

- Only 2 procedures required to register a firm at zero cost
- Maximum 5 days for registration of a Limit liability company (minimum funding capital of EUR 7,500)

Ranked as world's 2nd most reliable and secure energy supply system (World Energy Council 2018)

Corporate income tax: 19 %

Effective average tax rate: 13.12 %
(Ministry of Finance, 2019)

Value Added Tax

- 22 % - standard rate
- 9.5 % - reduced rate

Capital Gain Tax: 0 – 27.5 %

Average Gross
Monthly Salary
EUR 1,758.27

Average Net
Monthly salary
EUR 1,146.11

Average Gross
Monthly Minimum
Salary
EUR 940.58

Average Net Monthly
Salary
EUR 700.00

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Highly capable and productive workforce

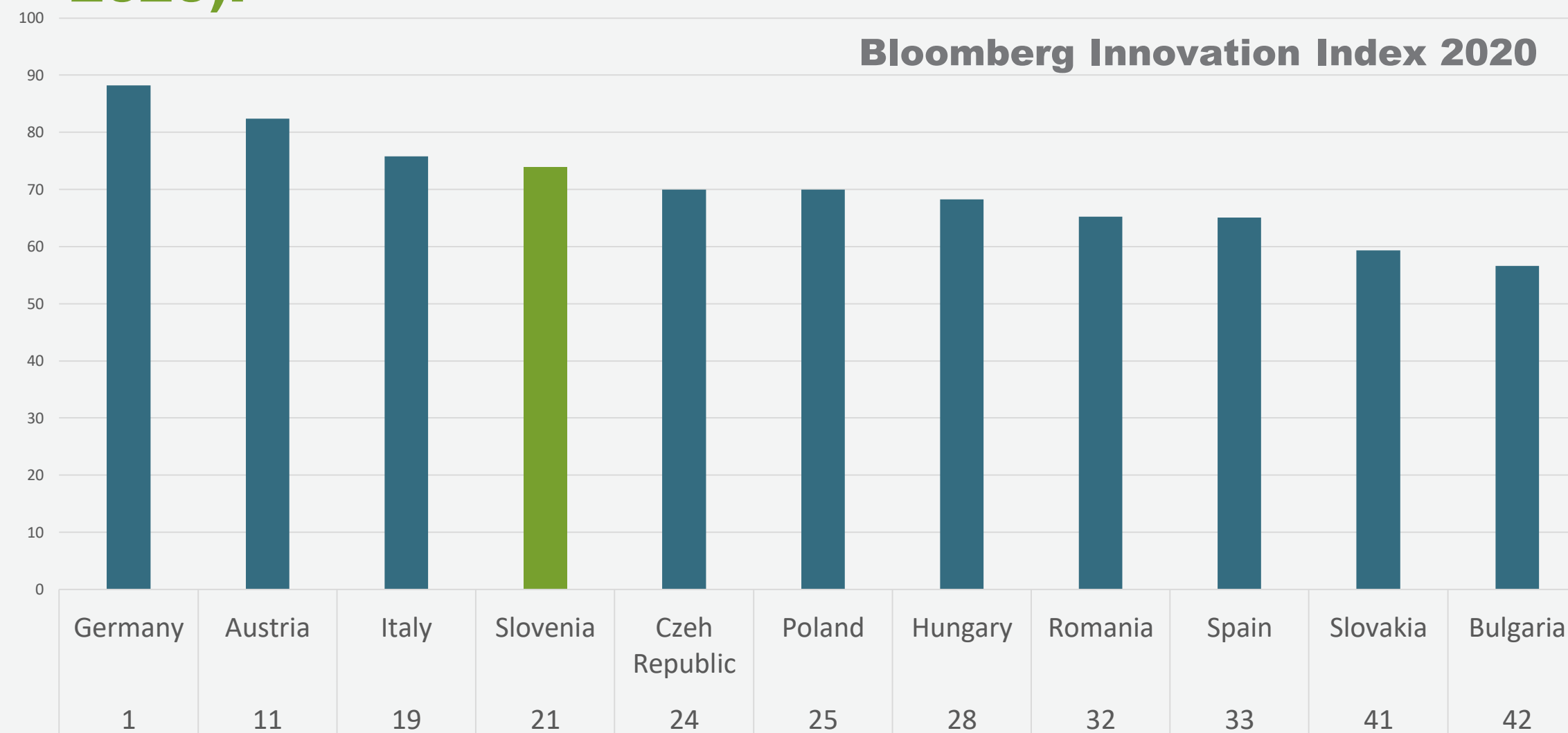


- **47.7%** of young people **studying and researching at Slovenia's Universities** (IMD world competitiveness yearbook 2019),
- **55%** of the working population has **Completed Secondary Education**, **36%** of them has an **University Degree** (Surs, 2019),
- **41.2%** of students graduated in **science and engineering** (IMD world competitiveness yearbook 2019),
- **Slovenia's productivity ranks above its near neighbours:** Slovakia, Czech Republic, Croatia, Hungary,
- **84%** of working population **speaks at least one foreign language**, while **63%** speaks at least **2 foreign languages** (Eurostat, 2017).

Innovative environment - Important R&D player in the region



- **1.9 % GDP allocated to R&D, ¾ by business sector,**
- **Slovenia spends more in R&D (as % of its GDP), as any any other country in the region - 12th in the EU (Eurostat, 2018),**
- **Slovenia has 4,500 researches per 1 million people (IMD, 2019),**
- **Strong/Modest Innovator (European Innovation Scoreboard).**
- **Slovenia is Innovative Economy (Bloomberg Innovation Index 2020):**

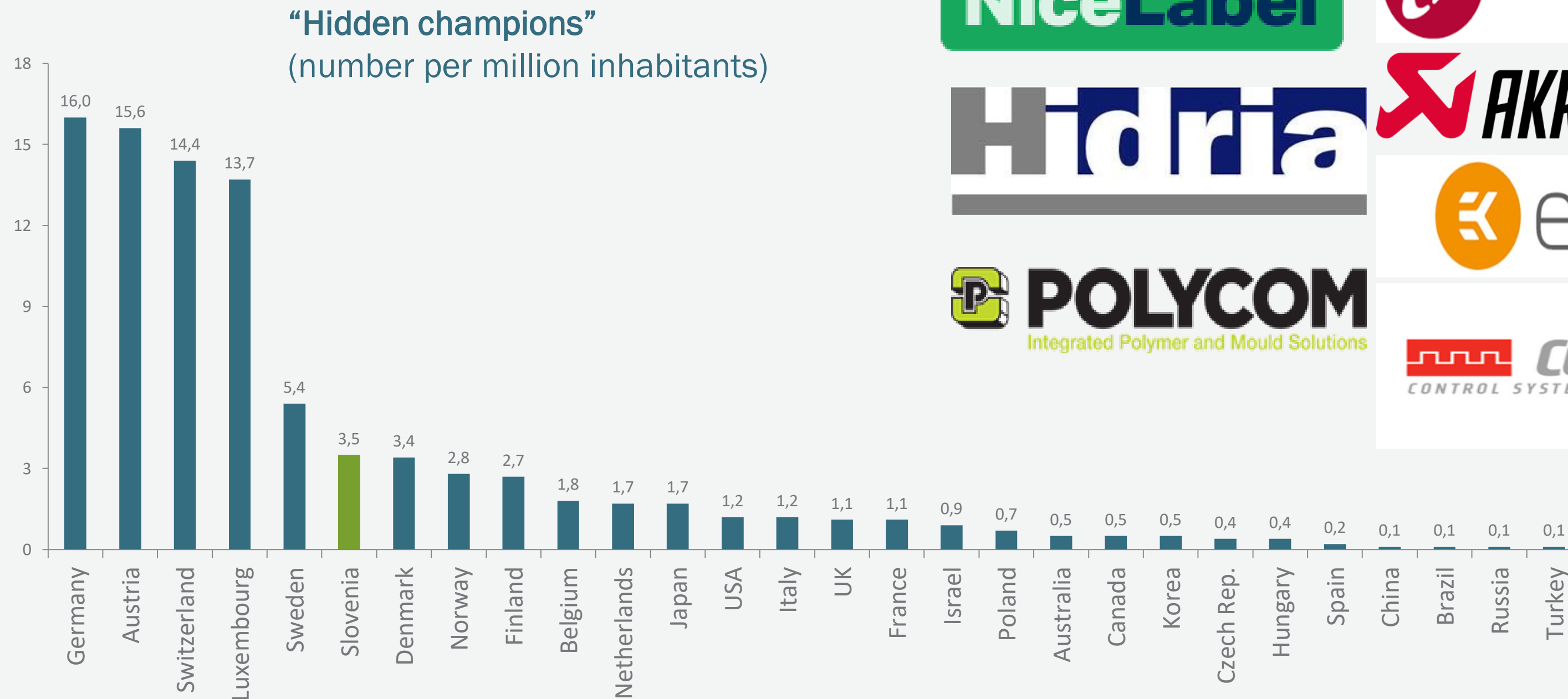


Innovative environment - Slovenia a country of Hidden Champions



“Hidden Champions”:

- Leaders in terms of market share in their respective fields (among top 3 in the world or No. 1 on the continent),
- Earning modest revenues (no more than €1 billion, with some exceptions),
- “Hidden” (i.e. not well known to general public).



Incentives for Investments



- The maximum amount of financial incentives:
 1. **In the area “a”** of regional map can be **up to**:
 - 25 % of the eligible costs for large enterprises
 - 35 % of the eligible costs for medium-sized enterprises
 - 45 % of the eligible costs for small-sized enterprises
 2. **In the area “c”** of regional can be **up to**:
 - 10 % of the eligible costs for large enterprises
 - 20 % of the eligible costs for medium-sized enterprises
 - 30 % of the eligible costs for small-sized enterprises



Incentives for investments



Tax relief for investment:

- **Amount of relief:** 100% of the amount invested in R&D.
- **Amount of relief:** 40% of the amount invested in machinery and equipment and intangible assets.
- **Amount of relief:** 45% of the gross salary paid to the employed person.

Incentives for Investments



- Investments that substantively contribute to the development of the Slovenian economy - by the Ministry for Economic Relations and Development of Slovenia.
- InvestSlovenia Team in frame of SPIRIT Slovenia can assist investors by preparing the application form for incentives and during the whole procedure.

Basic criteria:

- Minimum Investments **EUR 12 million** and creating at least **50 new jobs** in manufacturing,
- Minimum Investments **EUR 3 million** and creating at least **40 new jobs** in service activities,
- Minimum Investments **EUR 2 million** and creating at least **20 new jobs** in the **R&D activities**.

Incentives for Investments



Case study - Calculation for Investment Subsidies for Service Activities:

Project of minimum 3 mio EUR Investment and 40 new working places, large company :

- Project of 3 million investments, 40 employees, large company (more than 250 employees in the whole group):
- 1./ In the area a (max. 25% of eligible investment costs if the project were assessed with 100 points) is like this:
 - a. 80 points: $25\% * 0.80 * \text{EUR } 3 \text{ million} = \text{EUR } 0.60 \text{ million}$,
 - b. 60 points: $25\% * 0.60 * \text{EUR } 3 \text{ million} = \text{EUR } 0.45 \text{ million}$.
- 2./ In area c (max. 10% of eligible investment costs if the project were assessed with 100 points), is like this:
 - a. 80 points: $10\% * 0.80 * \text{EUR } 3 \text{ million} = \text{EUR } 0,24 \text{ million}$,
 - b. 60 points: $10\% * 0.60 * \text{EUR } 3 \text{ million} = \text{EUR } 0,18 \text{ million}$.
- **Employees** above the minimum number bring no extra points in the application.
- **Employment and trainings of the unemployed: can not exceed 300,000 EUR in a period of 3 years (system de minimis).** This quota also includes, for example, incentives to appear at the fairs.
- **SID Bank** also provides loans:
- Companies and other legal entities established outside the Republic of Slovenia, who are buyers of Slovene goods or services and who hold a majority ownership in a company in the Republic of Slovenia can get the loan from SID.

Incentives for Investments



- **Strategic investments** - investments that meet the following requirements:
- Minimum Investments **EUR 40 million** in manufacturing and service activities and creating at least **400 new jobs**.
 - Investments valued at least **EUR 20 million** in R&D activities and creating at least **200 new jobs**.
 - Investments that ensure maintenance of the investment for at least ten years from the date of the strategic investment agreement and ensure the preservation of the newly created jobs for at least five years from the date of employment.



Thank you for your attention!

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