

SLOVENIA - BULGARIA BUSINESS FORUM

SLOVENIAN BUSINESS AND INVESTMENT CLIMATE

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SLOVENIA in Brief

- Parliamentary democracy since 1991
- Area: **20,273 sq. km** (0.45 % of EU-28)
- 2 cohesion regions, 12 statistical regions, 212 municipalities
- Population: **2.07 mn** and **growing** (100 inhabit. per sq. m)
- Language: **Slovenian** (Slavic),
co-official: Italian, Hungarian
- Membership: EU-28 (2004),
euro-area (2007),
OECD (2010),
NATO (2004)
- **11th safest country** (Global Peace Index 2018)
- **25th most developed country** (Human Development Index 2018, UN)



One of the fastest growing CEE countries

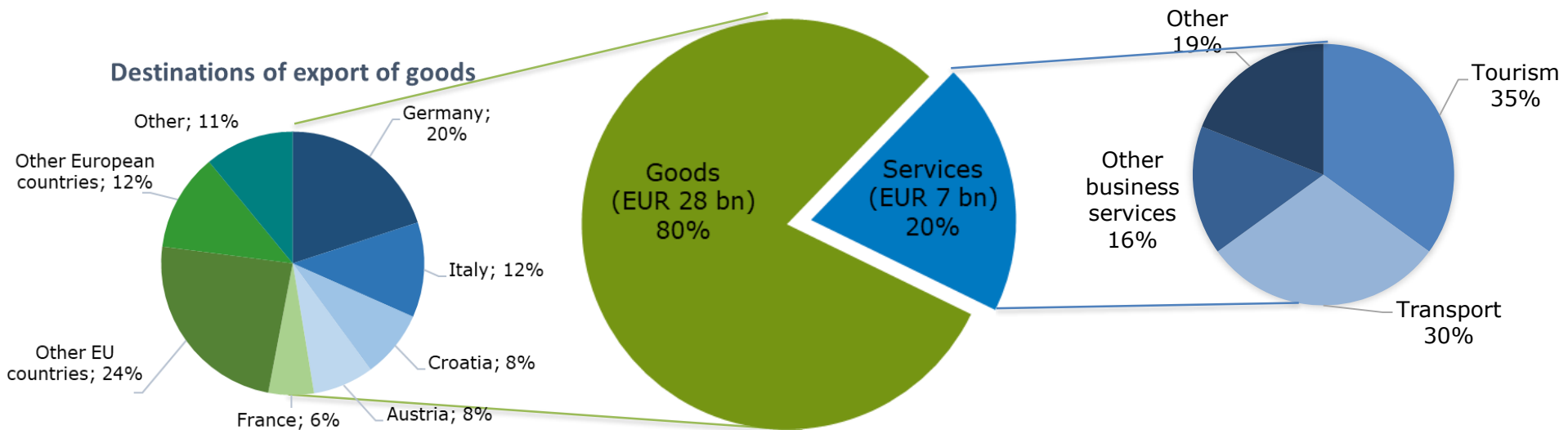
- GDP: € 46 billion (2018 est.);
0.28 % of EU-28 GDP
- GDP p.c.: € 22,150; 80 % of EU-28 by
PPS
- GDP growth in 2017: 5.0 % (4th highest
in EU-28, double that of euro-area)
- Estimated GDP growth for 2018: 4.4 %
- Long-term GDP growth: 2.2 %

Export Driven Economy

- **€ 35 billion** (81 % of GDP), of that € 28 billion goods and € 7 billion services 8-9 % annual growth in real terms in 2017 (8 % in industrial production)

Export structure, 2017

Structure of export of services



- **Top 10 export products:**

- Cars (9 %),
- Packed Medicaments (8.6 %),
- Refined Petroleum (3.8 %),
- Vehicle Parts (3.1 %),
- Electrical Lightning and Signalling Equipment (1.6 %),
- Electric Heaters, Seats, Rubber Tires, Flat Rolled Stainless Steel, Air Pumps

Stimulating Investment Environment

STARTING A BUSINESS – FAST & SIMPLE

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

CORPORATE INCOME TAX

19 %

Tax reliefs:

- Up to 100 % of the amount invested in R&D
- Up to 40 % of the amount invested in equipment and intangible long-term assets

VAT (Value Added Tax)

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

CAPITAL GAIN TAX

0 – 25%

(depending on holding period)

PERSONAL INCOME TAX

Progressive tax rates:
16, 27, 34, 39 and 50 %

Financial incentives and aid schemes are available also for foreign-owned companies.

Excellent Infrastructure

PORT INFRASTRUCTURE

Port of Koper

- One of the northernmost ports of the **Mediterranean**
- Shortest way to **CE Europe**: well connected with its hinterland, serving the larger central and eastern European markets.
- **High quality port infrastructure** (31st place according to WEF global ranking)

ICT INFRASTRUCTURE

- Well-developed general ICT infrastructure and reliable internet connections (high number of **secure internet servers**)
- Strong density and highest quality of **land line telephone network**

LOCAL INFRASTRUCTURE

- **Excellent transport system**
- **3 international airports** handle passenger & cargo
- **Overall infrastructure quality** among the highest in region

UTILITIES

- **Quality electric supply** (6.4 points out of 7 –WEF global ranking)
- **Fully serviced industrial sites** constructed close to highways



Access to Regional Markets

WELL-ESTABLISHED LINKS TO REGIONAL MARKETS

- **Shared history** (70 years) in the former Yugoslavia and (over 500 years) in the Habsburg Monarchy
- Excellent **knowledge and understanding** of our neighbours (customs, culture & language)

- Good **position of Slovenian companies and their brands** in the Western Balkans region
- Slovenian companies are among the **largest investors** in individual countries of the Western Balkans

GEOSTRATEGIC POSITION

Easy **access** to:

- *EU markets (500 million inhabitants)*
- *Europe's east (200 million) and southeast markets (20 million)*



Why do foreign investors choose Slovenia?

31th Place on the Forbes *Best Countries for Business* 2018

2. Increase of market share in Slovenia and access to EU markets

3. Knowledge (R&D, institutions, automatisisation)

1. Quality labour force

4. Excellent geographic location and infrastructure

6. Stable business environment and safety

5. Low labour costs

Quality of Workforce

Basic data

- 6.6 % ILO rate of unemployment
- 5.1 % unemployment among youth (19-24)
- 840,000 persons in paid employment

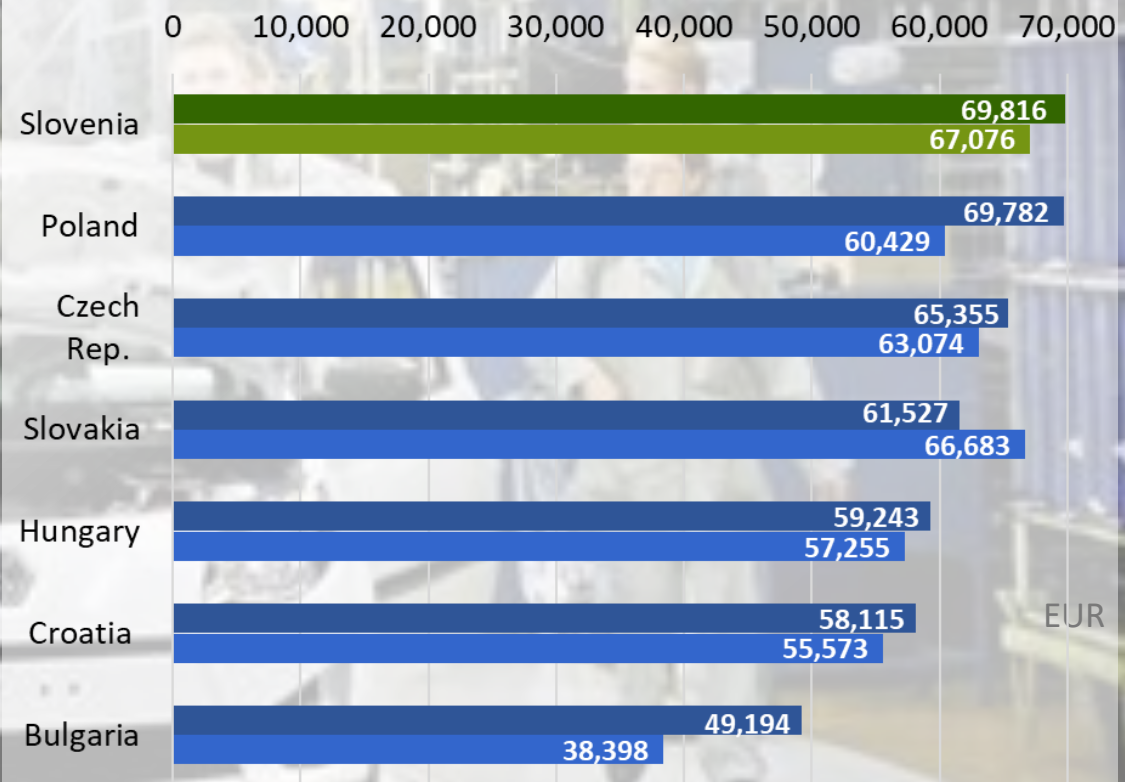
Labour costs

- € 25.000 annual average total labour costs per employee
- € 17.0 hourly labour cost, 63 % of EU-28 (2017)

Not cheap, but cost effective!

Productivity in Industry and Services, 2017

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

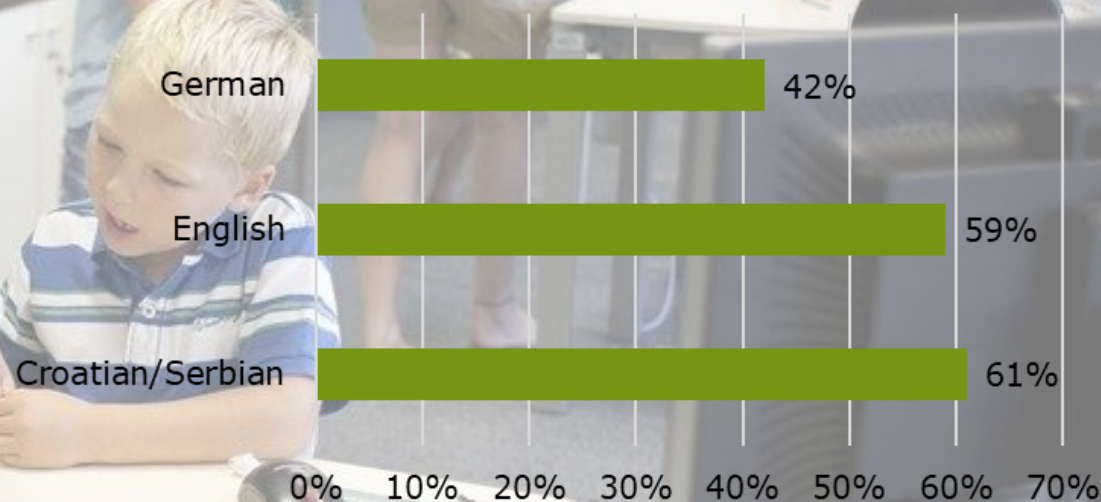


Source: IMD, 2018

Competitive skills of Slovenia's labour pool

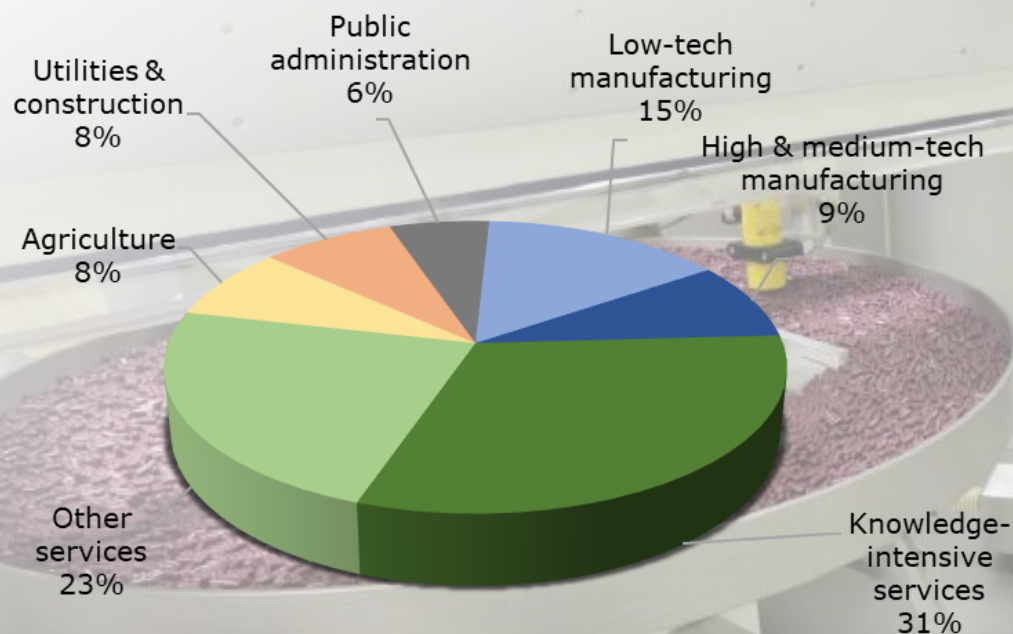
- Universal adult literacy rate
- Share of graduates in field of engineering, manufacturing and construction: 33.3 % (EU-28: 20 %)
- Excellent IT & foreign language skills (38 % speak 3 or more languages)
- PISA score 2015 (above average):
 - 14th place in math
 - 13th place in reading
 - 11th place in science
- **16th place on Global Creativity Index**

Knowledge of foreign languages to have a conversation



Source: Eurostat, 2012

Manufacturing still important



*Manufacturing in Slovenia is 3rd largest in the EU-28, behind Czech Republic and Germany.

Important R&D player in the region

- 2 % GDP allocated to R&D, $\frac{3}{4}$ by business sector
- Tax incentive: 100 % tax deduction on R&D expense
- Number of researches per 1 million people: 4,200



KEY FIGURES 2017

Number of companies: 3,220
Number of employees: 27,100
Revenues (in €): 8.6 billion

Key services:

- ✓ freight forwarding and freight shipping,
- ✓ handling of goods,
- ✓ goods warehousing and storage,
- ✓ maritime and inland logistics terminal operations
- ✓ additional services

Slovenia has all the characteristics of the distribution and logistics center for Central and South-Eastern Europe

Bilateral Cooperation Bulgaria - Slovenia

Trade between Bulgaria - Slovenia 2011 – 2018* (in € 1,000)

| Year | Export of Goods | Import of Goods | TOTAL |
|-------|-----------------|-----------------|---------|
| 2012 | 167,880 | 133,680 | 301,560 |
| 2013 | 150,212 | 92,118 | 242,330 |
| 2014 | 177.695 | 75.555 | 253.250 |
| 2015 | 172.807 | 93.870 | 266.677 |
| 2016 | 206.031 | 105.548 | 311.579 |
| 2017 | 254.513 | 130.604 | 385.117 |
| 2018* | 224.954 | 134.589 | 359.543 |

*January to October 2018

Source: Statistical Office of the Republic of Slovenia, 2019

EXPORT

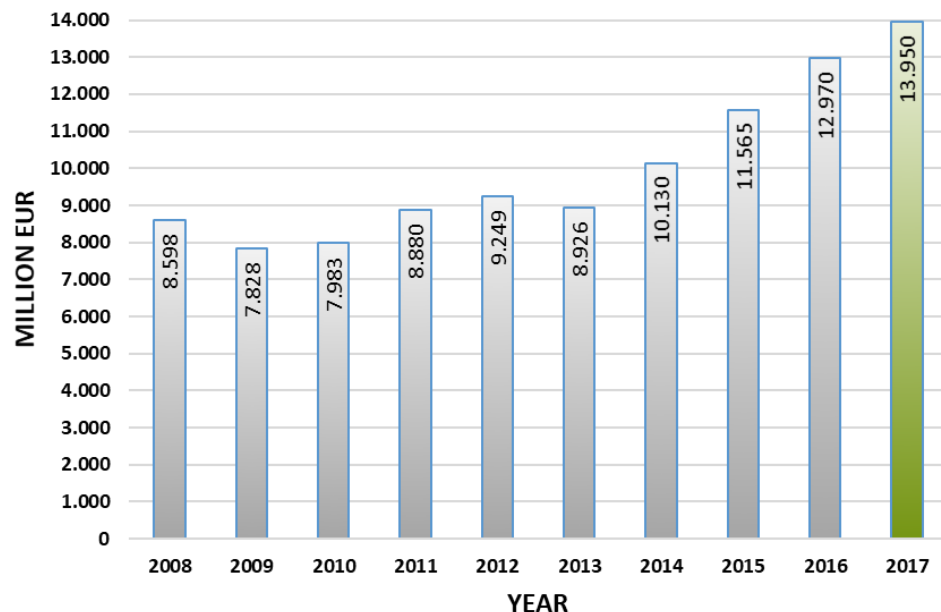
- Slovenia to Bulgaria by groups of goods:
 - 23% Pharmaceuticals
 - 14% Mineral fuels and oils, products of their distillation
 - 12% Vehicles other than railway
- Bulgaria to Slovenia by groups of goods:
 - 26% Electrical machinery and equipment and parts thereof ()
 - 17% Boilers, machinery and mechanical appliances, parts thereof
 - 11% Mineral fuels and oils, products of their distillation

FDI

- Slovenian investment in Bulgaria, year–end 2017: € 12 million
- Bulgarian investment in Slovenia, end–year 2017: € 4 million

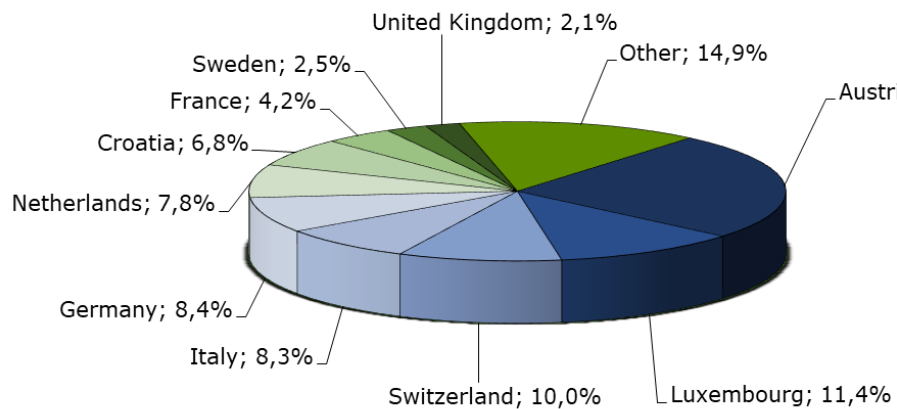
FDI stock in Slovenia

FDI stock in Slovenia, in EUR million , 2008-2017



Main investing countries into Slovenia

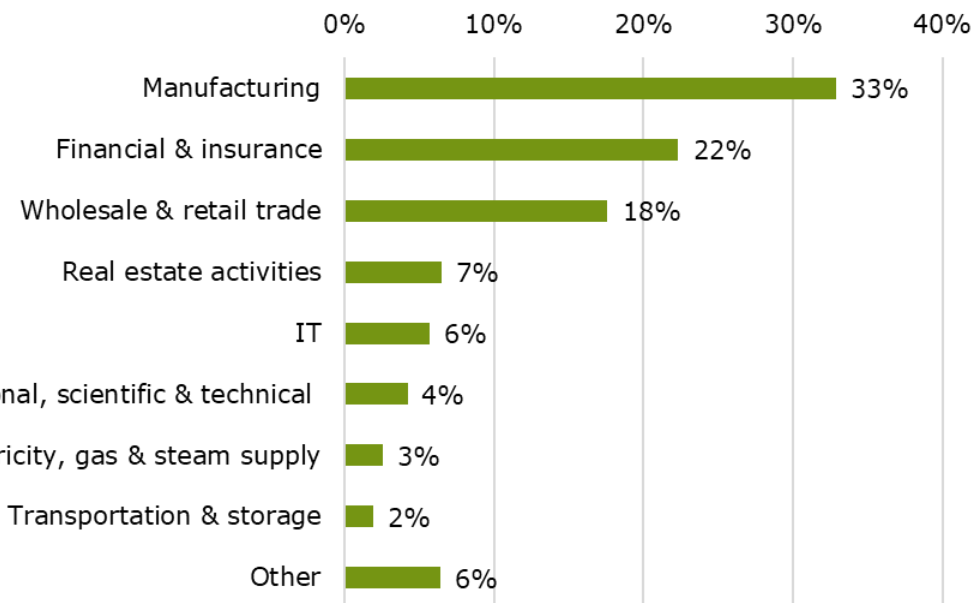
FDI stock as of year-end 2017 EUR 13,950 million



FDI stock as a % of GDP

Slovenia: 30%

Inward FDI by Sector, year-end 2017



Source: Bank of Slovenia, 2018

Country's main competitive advantages

- Two steps to register a firm at NO cost
- Corporate tax rate at 19 %
- Competitive electricity prices (3/4 of EU avg.) 5th lowest
- Strong Innovator (European Innovation Scoreboard 2017)
- 35th place on Logistics Performance Index (out of 160, 2018, WB)
- Workforce productivity (highest in the region)



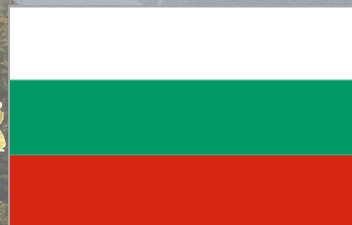
Services for foreign investors:

- www.investslovenia.org
- Information on:
 - industries, legislation, taxes and incentives
 - investment opportunities, industrial sites, and local suppliers
- Links with industry and local authorities
- Organization of fact-finding missions, business and investment conferences
- Supporting existing foreign investors in Slovenia

Services for buyers of Slovenian goods / services:

- ✓ www.sloveniapartner.si
- ✓ Business specific information and company counselling
- ✓ Information on Slovenian suppliers
- ✓ Organization of fact-finding missions
- ✓ Links with industry and local authorities and
- ✓ Advice and a hand in practical matters

I FEEL
SLOVENIA



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Благодаря ви за вниманието !

INVEST SLOVENIA



SLOVENIA – Green. Creative. Smart.