



Material for public debate

HOW TO ACHIEVE NEW JOBS WHERE CAN POTENTIAL NEW JOBS BE FOUND?

In the last six years, Slovenia has been constantly losing jobs. Recently, the number of unemployed persons reached almost 130,000. Soon, there will be even fewer jobs due to the expected and urgent restructuring in numerous companies. If we want these companies to maintain healthy jobs, we cannot avoid this. Otherwise, these jobs will be endangered, too.

The Government of the Republic of Slovenia is announcing 60,000 new jobs. Is this a political platitude or reality?

The CCIS believes that ten thousands of new jobs are a reality. However, to realize such an ambition, we all should roll up our sleeves.

It is time to make use of the positive movements in foreign markets and to remove bureaucratic and other obstacles preventing the setting-up of new jobs and often destroying current ones as well.

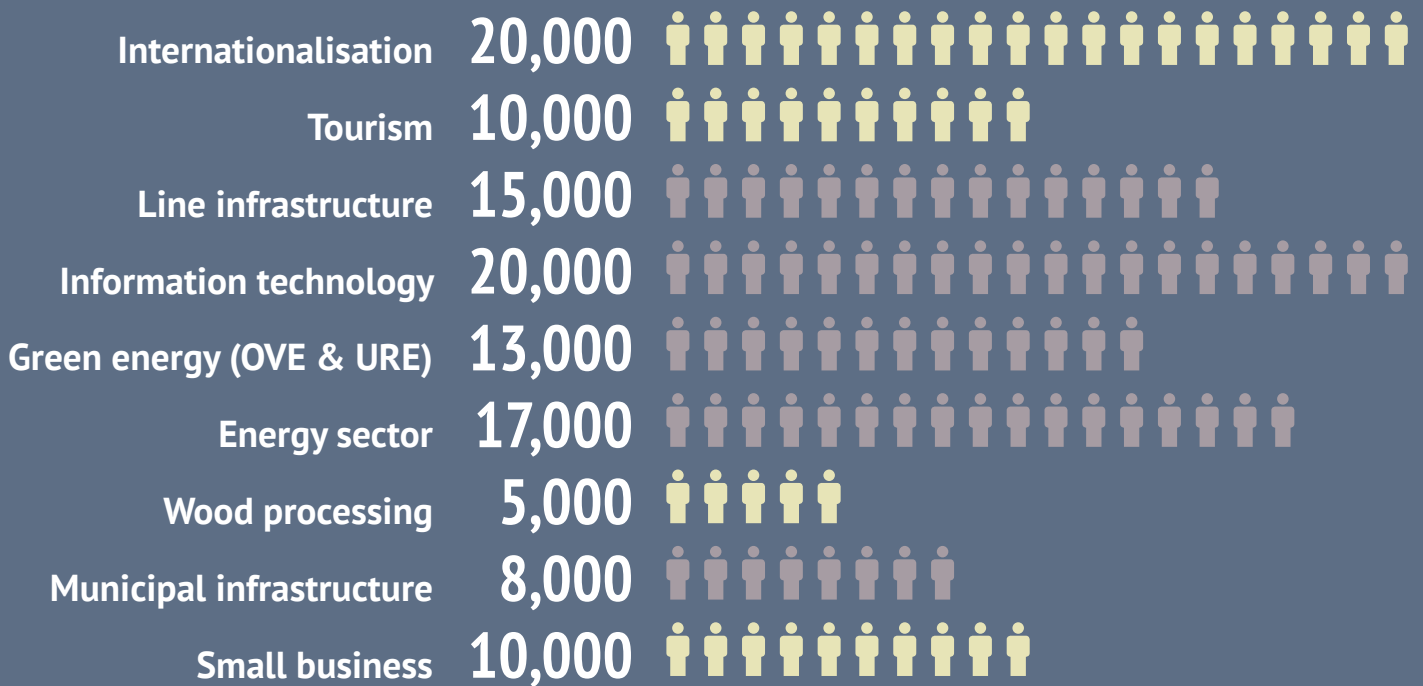
Only this way we can ensure a higher employment rate in Slovenia and the better welfare of the population in a responsible way.

- NOTES:
1. This is an estimation of potential new jobs on the basis of information gained from sectors, projects and some macroeconomic data.
 2. The potential is estimated on the basis of the need for full-time employment and does not take into account the fact that the capacities of all current jobs that would be needed are not yet fully covered. This means that a part of these capacities will be filled by persons already employed. However, it is hard to estimate to what extent this will reduce the total number of potential new jobs.
 3. We are speaking of the potential of new jobs. Therefore, this does not mean that the unemployment rate will be reduced by the same number. In this period, many current jobs will be lost as well.

118,000 new jobs by 2020:

45,000 permanent jobs

73,000 connected to investment projects



Internationalisation

Key areas

1. Stimulated promotion of Slovenian economy (thematic business delegations, roadshow presentations, effective presentations at fairs, confirmation of the Slovenia House concept as PPP in priority markets etc.).
2. Promotion points for craft and business services by micro-enterprises and small businesses in regions of neighbouring countries.
3. Plan of action for foreign direct investments.
4. Coordinated operation of the main supporting internationalisation institutions.
5. Execution of the programme for the stimulation of internationalisation of small and medium-sized companies.

Potential financial resources

- Spirit
- Special EU internationalisation projects (EEN etc.).
- EU cohesion funds for stimulating the internationalisation of small and medium-sized companies.
- Private funds of interested companies (public-private partnerships).
- Funds for economic diplomacy.

Obstacles

- Insufficient support and promotion of the internationalisation of small and medium-sized companies.
- Shrinking funds for activities aiming at stimulating the internationalisation of the Slovenian economy.
- Insufficient coordination of operation of the main supporting internationalisation institutions.

Key challenges

- How can the share of Slovenian exports within global exports be increased, again?
- How can the technological value and value added of Slovenian exports be increased?
- How can the support for Slovenian exporters in key (new) markets be strengthened?

Source: International challenges 2014 (under preparation), International challenges 2013, Go International Slovenia 2014, Activity programme of the Spirit Public Agency

Total investment value:

EUR 100 million

New jobs: 20,000 (permanent)

Tourism

Key areas

1. Stimulated promotion of tourism with the help of an independent national tourism organisation.
2. New airlines (non-scheduled or scheduled flights) from key target tourist markets.
3. Organisation of the visa regime in some key propulsive markets (Russia, Arabian countries etc.).
4. Improved organisation of passenger traffic to Slovenian tourist destinations (shuttle etc.).

Potential financial resources

- Proportional share of tourist taxes according to a specified key
- Proportional share from the budget of the Republic of Slovenia according to a specified key
- Proportional share of concessions from gambling according to a specified key
- A special tourist contribution for the most important tourist areas (Austrian model)

Obstacles

- A considerable decrease in funds for tourist promotion (only EUR 5.5 million per year instead of EUR 20 million).
- Inappropriate tourist visa regime and the organisation of granting visas for foreign tourists.
- Very bad accessibility of Slovenia by plane.

Key challenges

- How can we increase the amount of funds for the promotion of Slovenian tourism abroad?
- How can we fill accommodation facilities with quality foreign guests as fast as possible and effectively?
- How can we strengthen the promotion of Slovenia in accordance with its advantages?

Source: 2012-2016 Slovenian Tourism Development Strategy, Analysis by the Tourism and Hospitality Chamber of Slovenia

Total investment value:

EUR 100 million

New jobs: 10,000 (permanent)

Direct objective: EUR 1 billion additional income from foreign tourism per year (50% more than now)

Linear infrastructure

Key areas

1. Acute renovation and maintenance of the linear infrastructure (urgent renovation of road bridges, organisation of the least organised traffic roads to economically important companies, definition of priority and non-urgent traffic roads within the state according to financial capabilities).
2. Railway infrastructure (Koper-Divača, Zidani most-Pragersko etc.).
3. Development of the Port of Koper (dredging, the extension of both piers, the construction of the third pier).
4. DARS road programme (finishing the motorways: Draženci-Gruškovje, the Karavanke and Markovec tunnels, Jagodje-Lucija highway, the highway to Velenje etc.).
5. Organisation of the roads connecting motorways to the most important tourist centres, especially Nova Gorica-Bovec, the Bled bypass, Dramlje-Podčetrtek and Rogaška Slatina, Novo mesto-Dolenjske toplice, Izola-Portorož, Zreče-Rogla, Maribor-Mariborsko Pohorje.

Potential financial resources

- Development funds of companies
- EU funds, budget (Slovenian share in combination with EU funds)
- Strategic investors and other private resources
- Public-private partnerships
- EBRD, EIB

Obstacles

- No national consensus on priorities.
- Bureaucratic procedures for siting.
- Poorly prepared financing models.

Key challenges

- Which projects are most acute and strategically most important at the moment?
- How can we urgently eliminate bureaucratic obstacles for siting?
- How can we ensure public and private resources and prepare an optimum investment timeline?

Source: Development plan by 2020

Total investment value:

EUR 1.9 billion

New jobs: 15,000 (temporary and permanent)



Information Technology

Total investment value:
EUR 200 million
New jobs: 20,000 (temporary
and permanent)

Key areas

1. Construction of broadband connections in white spots.

Potential financial resources

- European Cohesion Fund (estimated EUR 57 million)
- Budget earmarked funds
- Private co-investment of communication operators
- Co-investment of local communities
- Co-financing from the establishment of other infrastructure (water distribution system, electricity, pipeline, roads)

Obstacles

- No strategy of electronic communication development.
- Insufficient amount of planned public funds (only EUR 71 million).
- Fragmented construction that does not ensure the economy of scale and a suitable yield.

Key challenges

- Will we really achieve the goals of the Digital agenda 30 Mbit/s for all?
- Will we be able to finish the construction within six years?
- How can the maximum yield and the right economy of scale be ensured?

Source: European Digital Agenda



Green energy (OVE & URE)

Total investment value:
EUR 4.6 million

New jobs: 13,000 (temporary and permanent)

Key areas

1. Construction of new renewable energy power stations and the development of new technologies.
2. Energy-oriented renovation of public sector buildings and implementation of the system for energy management in the public sector.
3. Energy-oriented renovation of private-owned residential buildings.
4. Increasing energy efficiency in industry and small business.
5. Stimulation of cost-efficient green public procurements.

Potential financial resources

- Budget (Slovenian share of interests in EU funds)
- EU funds
- Other sources (supplements for the efficient use of energy on fuel prices)
- Private funds of companies, public-private partnership

Obstacles

- Insufficient diversity of renewable energy sources.
- Investments in too-expensive forms of renewable energy sources.
- Complex execution and financing of the energy-oriented renovation of multi-storey buildings with more owners.

Key challenges

- How to achieve a 25% share of renewable energy sources within the gross final energy consumption by the end of 2020 in an optimal environmentally friendly and cost-effective manner?
- How to optimally improve energy efficiency by 20% by 2020 in the most cost-effective manner?
- How to eliminate obstacles to the energy-oriented renovation of buildings and at the same time ensure as many jobs as possible?

Source: Development planning by 2020 – Energy industry with the efficient use of energy

Energy Industry

Total investment value:
EUR 4 billion
New jobs: 17,000 (temporary and permanent)

Key areas

1. Use of the unused energy potential (construction of HEPP Brežice and Mokrice, the preparation of investment and project documentation for the HEPP on the middle part of the Sava River and adoption of the national site plan).
2. Development and renovation of the distribution network (partial wiring of the 20kV network, pilot smart network projects, the construction of the 400kV Cirkovce-Pince power line for connection with Hungary).
3. Development of the natural gas supply.
4. The South Stream pipeline.
5. Construction of new energy facilities (TE TOL – construction of the gas-steam block, TPP Brestanica – new gas blocks for systemic reserve, construction of the storage for radioactive waste from NPP Krško)

Potential financial resources

- EU funds
- Development funds from companies
- Network charges for the transmission and distribution network
- Other private sources and public-private partnerships.
- EBRD, EIB

Obstacles

- Bureaucratic and environmental obstacles in siting energy projects, especially within Nature 2000 areas.
- Lack of competitive financial resources, also private ones.
- Poorly prepared financing models.

Key challenges

- What are the priority energy investments and what should the investment timeline look like?
- How to effectively organise Slovenian energy industry companies for mutual cooperation and ensure an as high share of Slovenian knowledge and jobs as possible?
- How to effectively and comprehensively absorb EU funds for energy investments, especially for demonstration projects? Where can public-private partnerships and foreign investments be carried out?

Source: Development planning by 2020 – Energy industry with the efficient use of energy

Wood processing

Total investment value:
EUR 100 million
New jobs: 5,000 (permanent)

Key areas

1. The establishment of the market for a long-term predictable supply for the wood processing industry in Slovenia with forest wood from Slovenian woods.
2. Stimulation of selling wood products in foreign markets, including larger amounts of state and private promotion funds.
3. Stimulation of investments in technology and the development of existing companies with development potential: purpose-made stimulation of production capacities with higher value added.
4. Increase in the production of chipboard and other missing parts in the wood processing chains.
5. Stimulation of green public procurements and an increase in resources from the Eko fund for energy-efficient fixtures and residual facilities.

Potential financial resources

- EU funds
- National budget (Ministry of Economic Development and Technology, Ministry of Agriculture and the Environment)
- Contributions for burdening the environment (Eko fund)
- Private funds (capital of companies from the sectors, foreign investors)
- EIB, EBRD

Obstacles

- Too low and inappropriately allocated inputs in the stimulation of sale in foreign markets.
- There is no action plan with systematic measures for the stimulation of investments in technology and development or for the increase of value added through the quality development and design of products on the basis of market demand.
- Missing parts in the wood processing chains.

Key challenges

- How to successfully market wood products in foreign markets in such a fierce global competition?
- How to ensure the execution programme for the stimulation of development of existing companies and the opening of missing ones?
- How to establish successful added value chains in wood processing and in connection with other sectors in the most effective way?

Source: Platform for the restructuring of Slovenian wood processing industry, Ten priority branch tasks for the restructuring of the wood processing industry into a knowledge-based branch



Municipal infrastructure

Total investment value:
EUR 350 million
New jobs: 8,000 (temporary and permanent)

Key areas

1. Finishing prepared projects in the fields of water distribution and sewerage networks, wastewater treatment plants, depots.
2. Improving water distribution systems (12 local projects).
3. Disposal and cleaning of communal water (8 local projects).
4. Further development of regional waste treatment plants

Potential financial resources

- EU funds (Cohesion fund and Regional development fund)
- Development funds of investors
- Public-private partnerships
- Budget (Slovenian share in combination with EU funds)

Obstacles

- Unrealised projects in the fields of water distribution and sewerage networks, wastewater treatment plant depots from the 2007-2013 financial perspective.
- Poorly qualified contracting authorities - investors and long-term procedures for siting and gaining building permits.
- Within the 2014-2020 perspective, there will not be as many EU funds available for these projects as in the 2007-2013 perspective.

Key challenges

- How to finance and finish the projects from the 2007-2013 financial perspective in order not to lose the funds?
- How to use the knowledge gained in the construction of municipal infrastructure in foreign markets?
- Can new financing models be established for the new financial perspective?

Source: Implementation of environmental cohesion policy 2007-2014, 2014-2020 Perspective

Small business

Total investment value:
EUR 250 million
New jobs: 10,000 (permanent)

Key areas

1. Renovation of the lump-sum taxation system for small business: increasing the upper limit of contributions for access to the system and increasing the VAT limit value, exemption from contribution payment for start-ups in the first year of operation followed by a gradual increase of the payment until the 5th year of operation.
2. Stimulation of the loan granting activity of the Slovene Enterprise Fund and SID Bank to small and medium-sized companies (ownership capital fund, risk capital, current assets) in connection with the resources of the European structural funds.
3. In the case of introducing higher burdening of real estate, the taxation of labour will be proportionally decreased.
4. Financing the costs of certifying new technological products by young self-employed workers and start-up companies.
5. Subsidizing the employment of young researchers and introducing apprenticeship for young university graduates.

Potential financial resources

- Increase in allocated funds by the Ministry of Economic Development and Technology for financing small and medium-sized companies with the help of the Slovene Enterprise Fund and SID Bank.
- The acquisition of sources from cohesion funds for the stimulation of risk capital funds.
- Changing the less effective subsidy policy with capital input in national risk capital funds according to the public-private partnership principle and in connection with the EU cohesion funds.

Obstacles

- Bureaucratic procedures for the acquisition of the EU funds.
- Long deadline for issuing opinions and decisions by state officials.
- Poor access to finance, high interest rate, long procedures for the preparation of forms for the acquisition of financial means at the SID Bank. Lack of long-term equities.

Key challenges

- How to attract citizens, especially the young, to entrepreneurship?
- How to improve access to various forms of financing small and medium-sized companies with no credit history?
- How to simplify the bureaucratic procedures for the preparation of documentation for state institutions?

Source: Agenda^{SB}, Memorandum of the Small and Medium-sized Companies Conference

KEY QUESTIONS FOR THE PUBLIC DEBATE

- How can we make wise investments in innovations to increase the Slovenian share within global exports and its technological value and value added?
- How can we train the necessary personnel for new jobs in an effective and timely manner and thus reduce the structural unemployment?
- How can we fill tourist accommodation facilities with quality foreign guests as fast as possible and effectively?
- How can we urgently remove bureaucratic obstacles for siting facilities, which endanger and slow infrastructure investments?
- How can we reach the environmental and energetic goals by 2020 in an optimal environmentally friendly and cost-effective manner?
- What are the priority energy investments and what should the investment timeline look like?
- How can we ensure as high a turnout of Slovenian knowledge and working places in infrastructure investments as possible?
- How can we successfully absorb the EU funds for energetic and environmental investments and how can we successfully attract private resources?
- Will we be able to finish the construction of broadband connections in white spots within six years?
- How can we successfully market wood products in foreign markets with such fierce global competition?
- How can we simplify the bureaucratic procedures for entrepreneurs preparing documentation for state institutions?

