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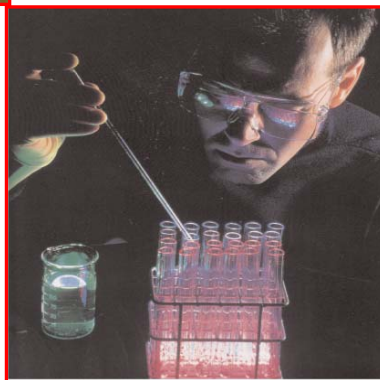
Business environment & FDI opportunities in Slovenia



4Qs4U
Four Qs For You



Igor Plestenjak
Director



INVEST SLOVENIA



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SLOVENIA: dynamic EU member



■ EU countries ■ Slovenia

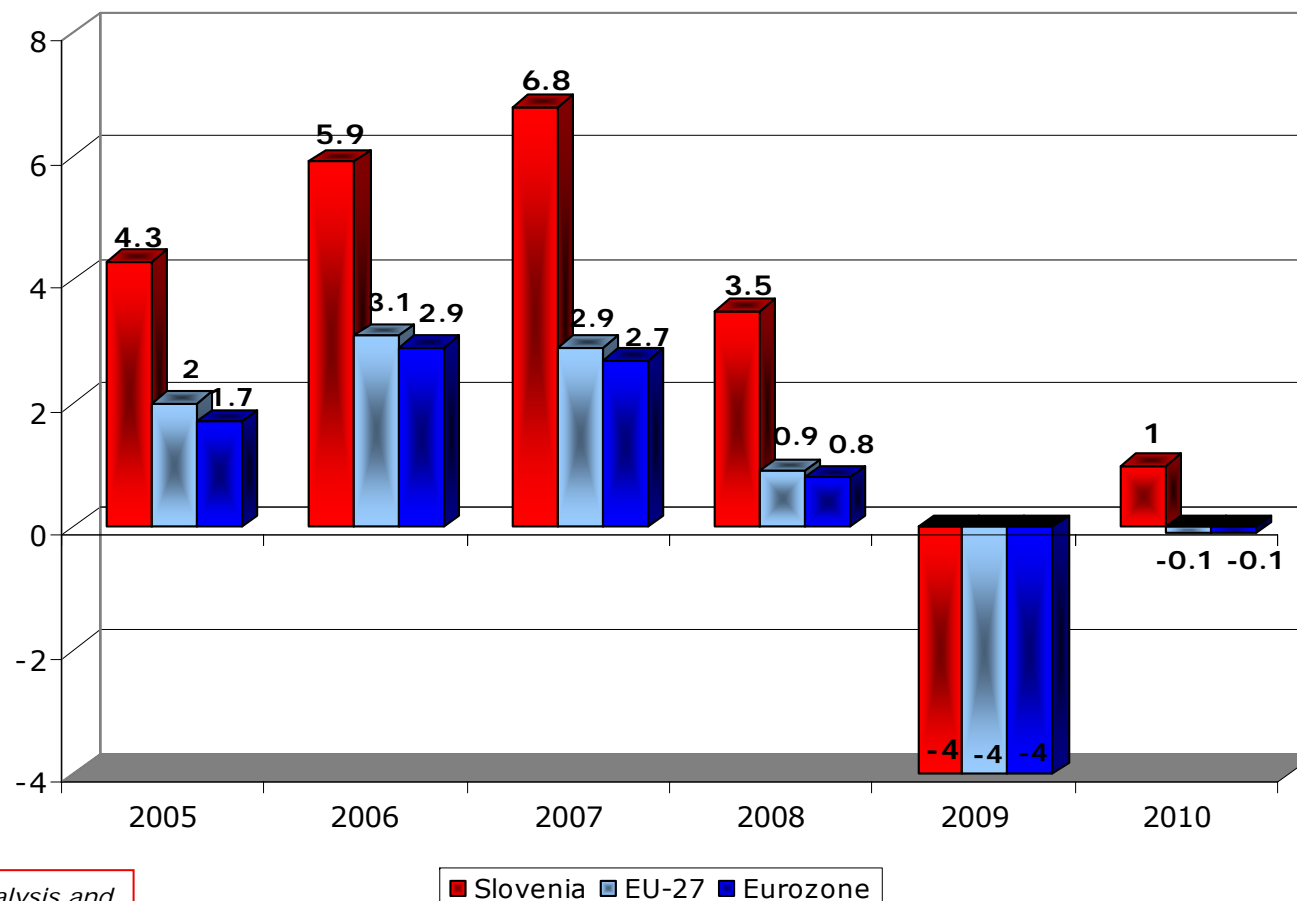
- Area: **20,273 sq. km**
- Capital: **Ljubljana**
- Population of 2 million
- **EU member state** - May 2004
- **Euro area** - January 2007
- **Schengen Space** - December 2007
- **EU presidency** - first half of 2008
- Invited to Join the **OECD**
- **GDP – 36.6 billion EUR**
- **Average GDP annual growth** of 4%
in past 10 years; 3.5% in 2008



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SLOVENIA – economic indicators

GDP growth in %



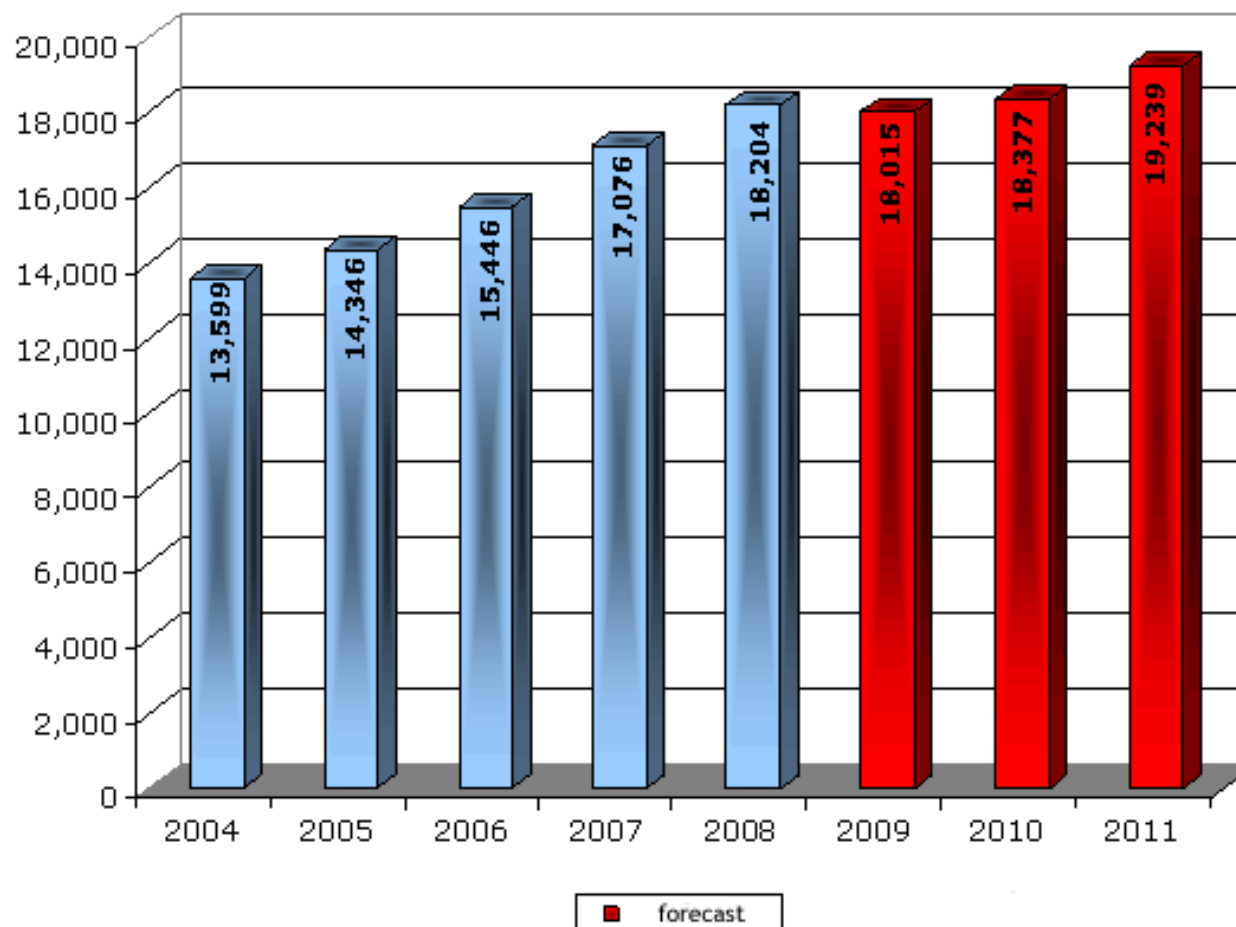
Source: Institute of macroeconomic analysis and
development & European Commission, 2009



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SLOVENIA – economic indicators

**GDP per
capita**
(current prices
in EUR)



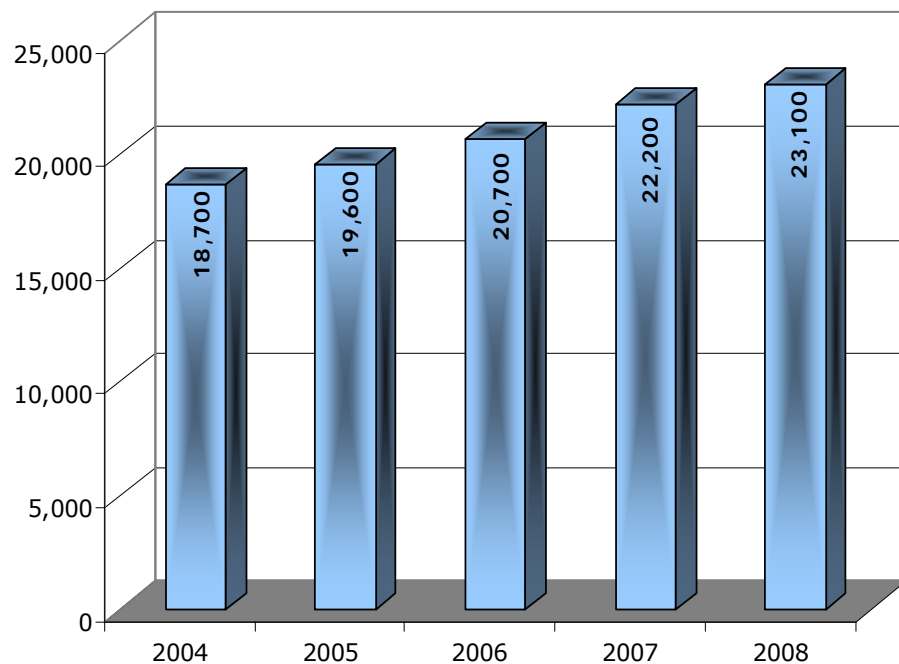
Source: Institute of macroeconomic
analysis and development, 2009



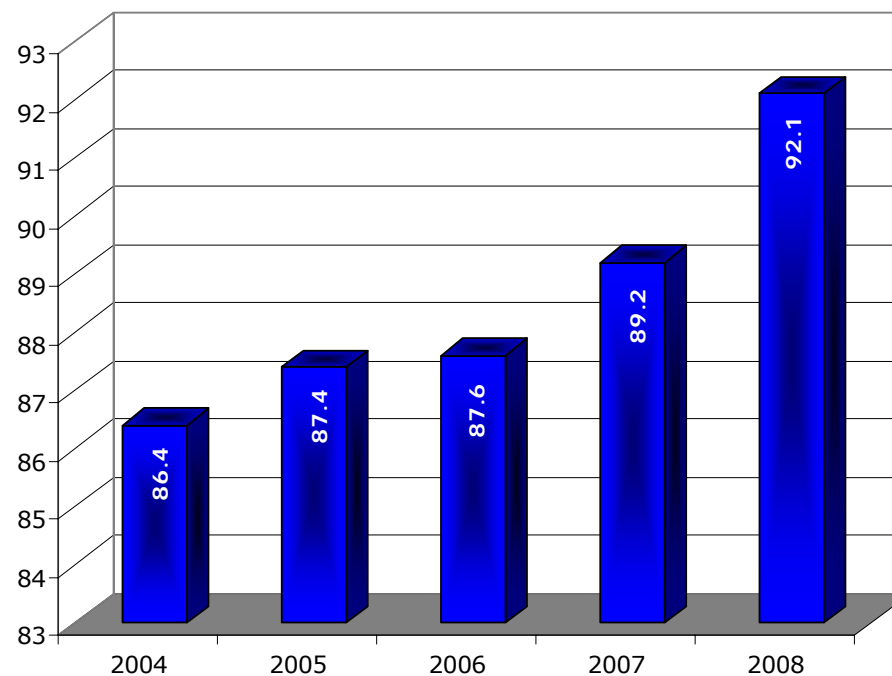
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SLOVENIA – economic indicators

GDP per capita (in PPS)



GDP per capita in PPS (EU-27 = 100)



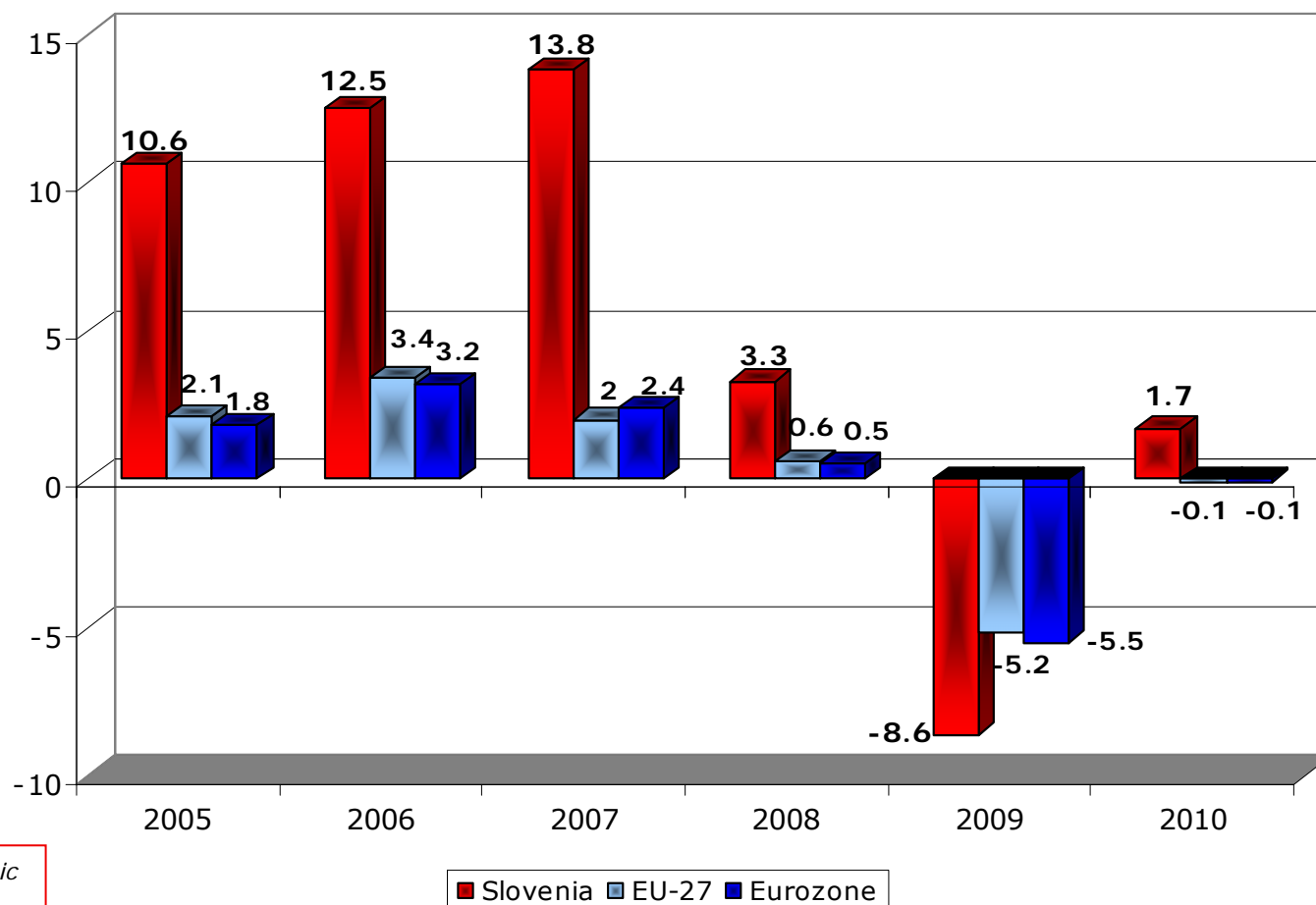
Source: Institute of macroeconomic analysis and development, 2009



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SLOVENIA – economic indicators

Export growth rate (in %)



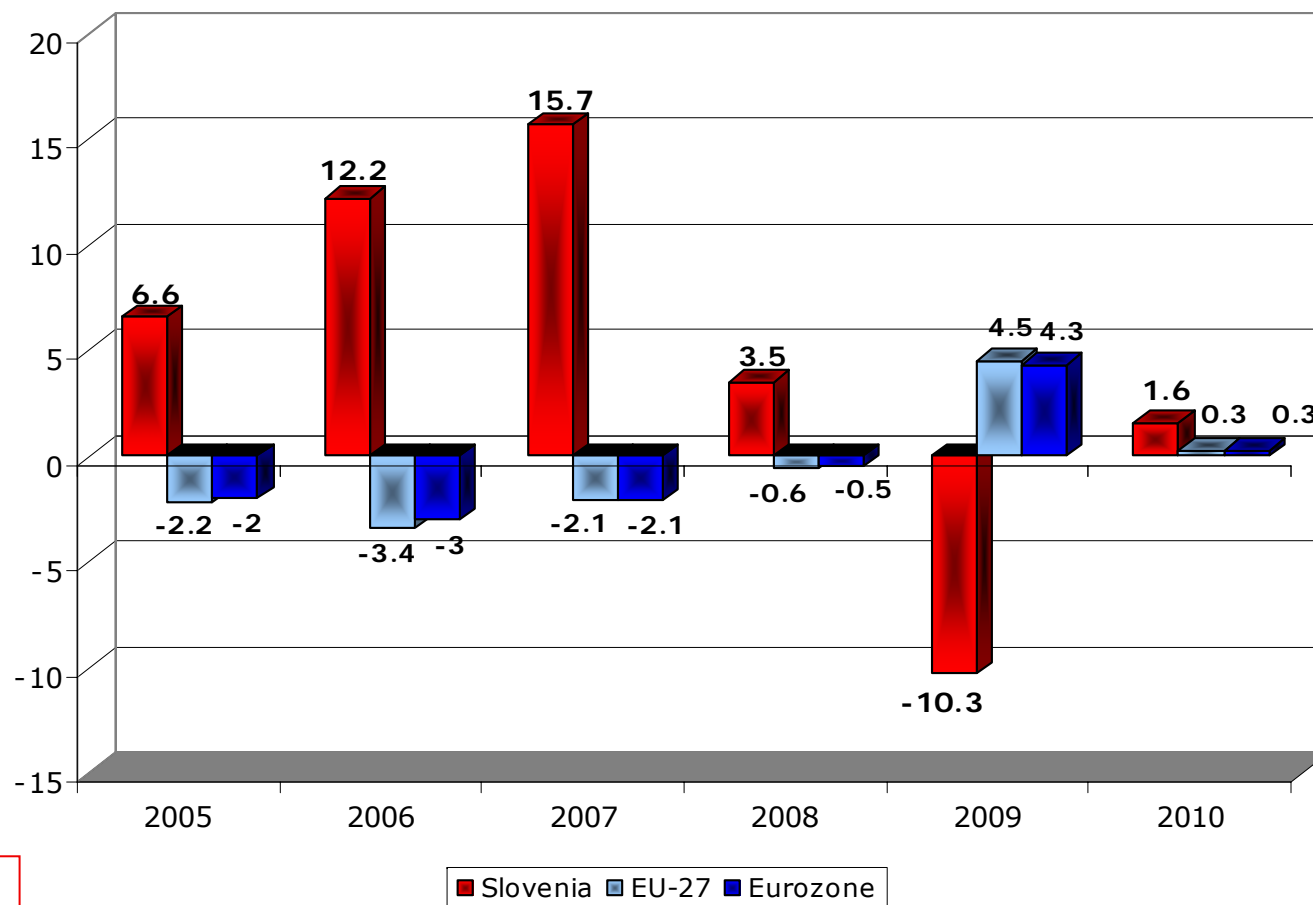
Source: Institute of macroeconomic
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SLOVENIA – economic indicators

**Import
growth
rate
(in %)**



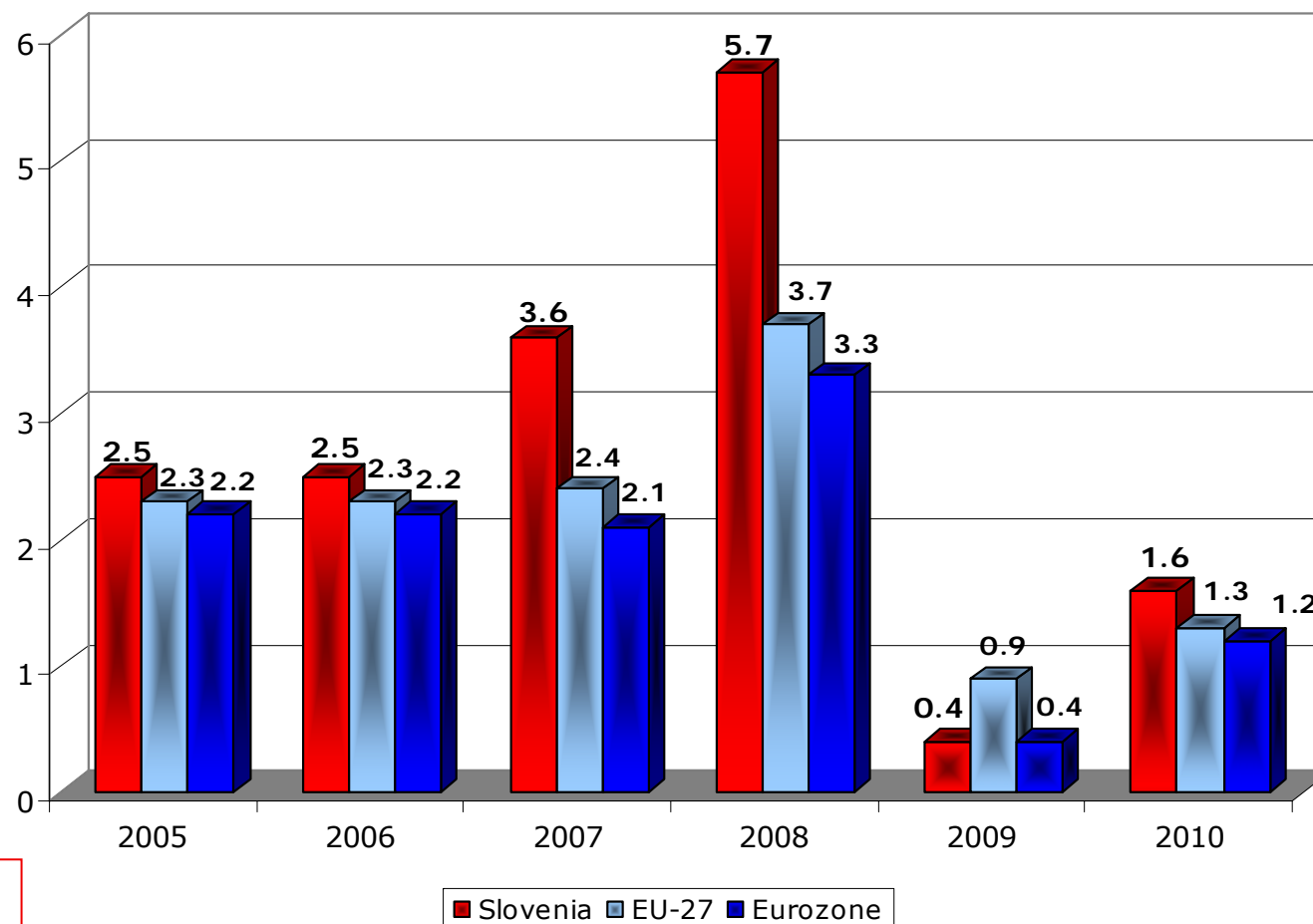
Source: Institute of macroeconomic
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SLOVENIA – economic indicators

**Inflation
rate,
year
average
(in %)**



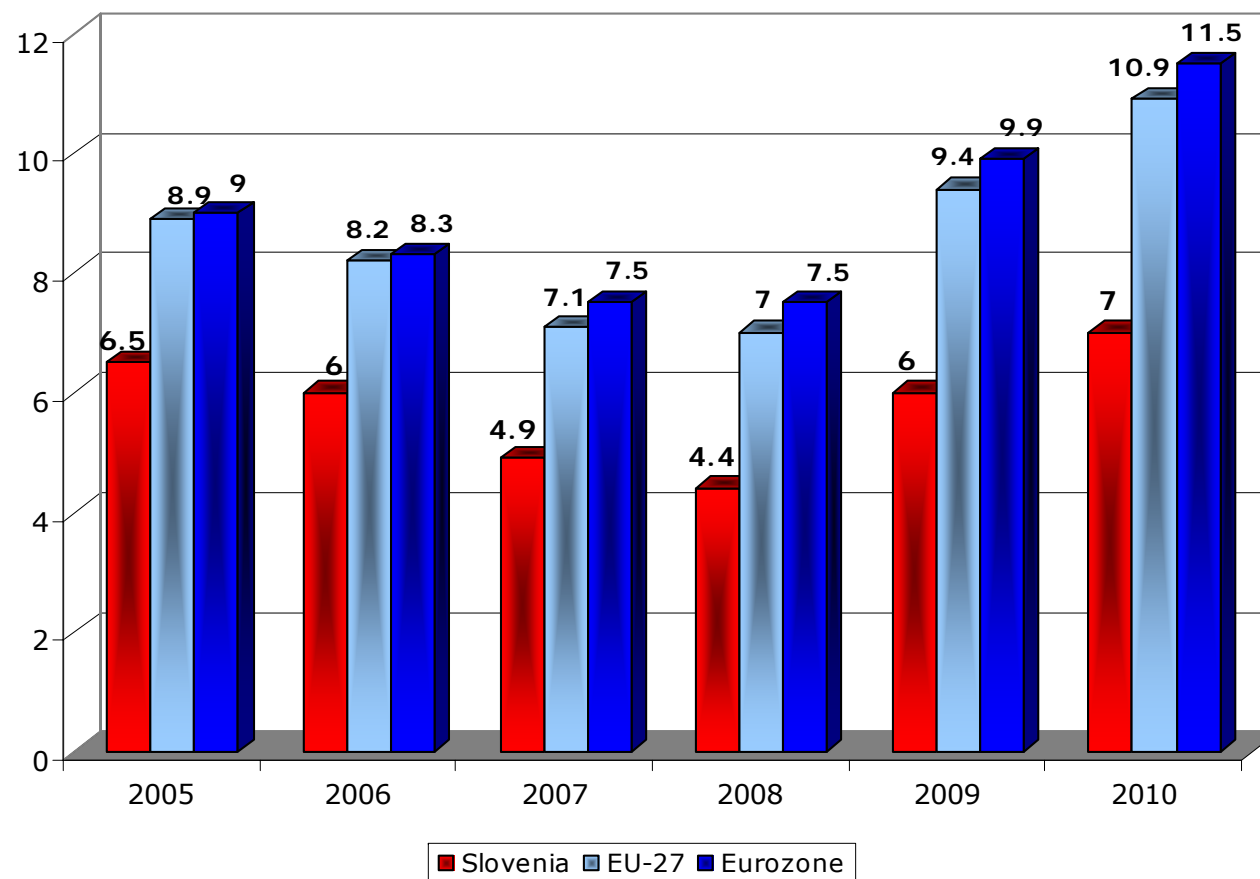
Source: Institute of macroeconomic
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European Commission, 2009



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SLOVENIA – economic indicators

Unemployment rate (ILO) (in %)



Source: Institute of macroeconomic
analysis and development &
European Commission, 2009

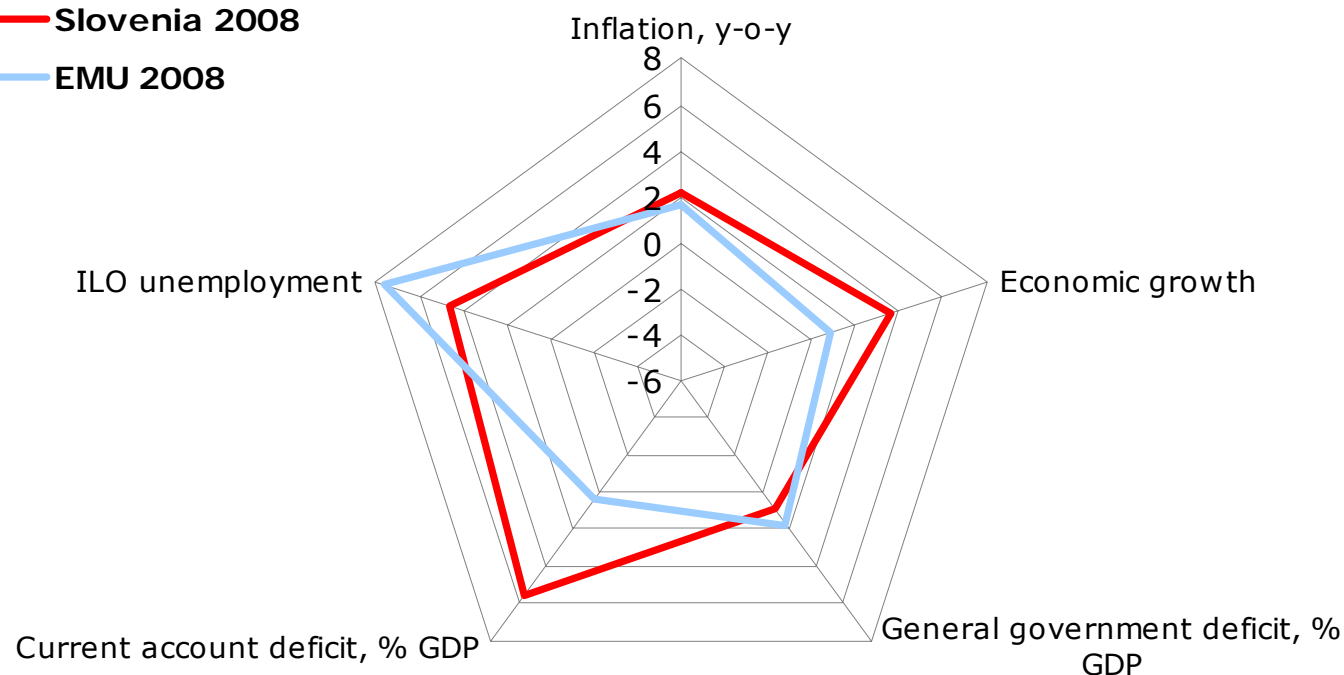


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Macro-Stability of Slovene Economy

— Slovenia 2008

— EMU 2008



Source: Institute of macroeconomic analysis and development, 2009

According to the statistics, Slovenia's main advantages in comparison to other European Monetary Union are **ILO unemployment rate** and **economic growth**, meanwhile the main disadvantage is account deficit as a per cent of GDP.



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SLOVENIA – The right mix of Qualities



4 Qs4U
(Four Qs For
You)



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Quality of life



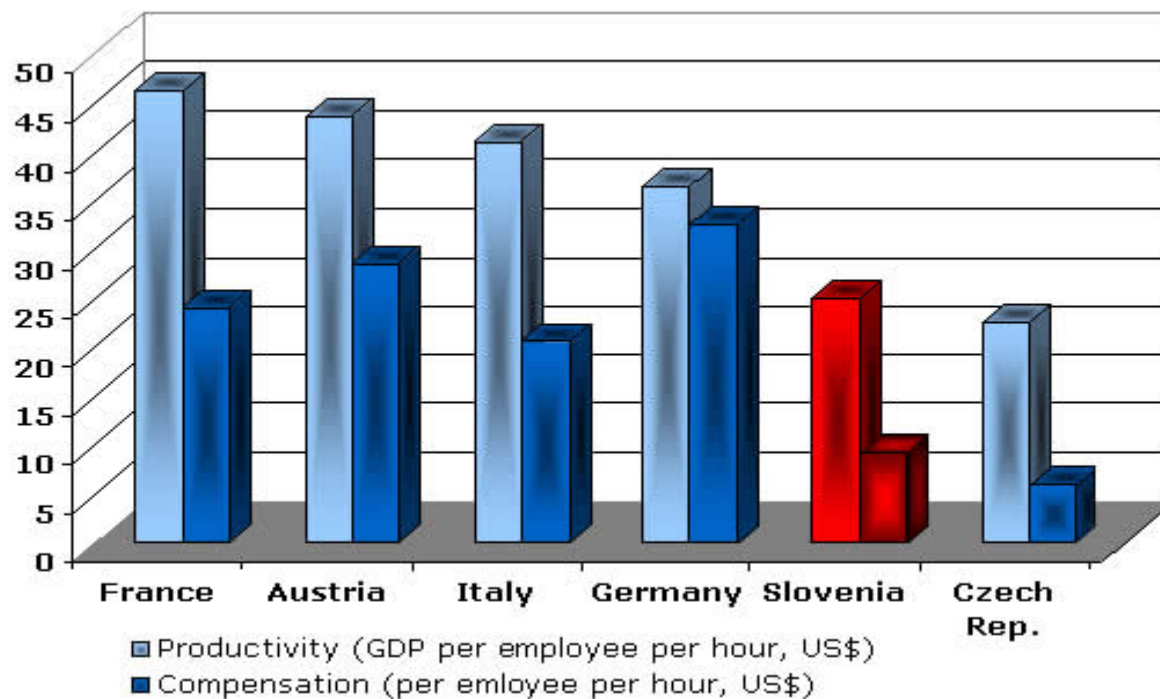
- High standard of living
- Low crime rate
- Cultural and geographical diversity
- At the intersection of Roman, German and Slavic culture
- Nestled between Alps and Adriatic Sea
 - Mixture of Alpine, continental and Mediterranean climates
- Huge continuous forest ecosystem – 3rd in Europe after Finland and Sweden



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Quality of workforce

- **Technologically-minded** (long industrial tradition), **innovative spirit**
- **Highly educated: 16% university degree, 62% secondary school**
- **Excellent IT & foreign language skills** (English, German, Italian, Serbo-Croatian ...)



Source: IMD World Competitiveness Yearbook 2008

Not cheap but cost-effective

Minimum gross wage

- € 589.19

Est. monthly gross labour costs:

- low skilled € 700
- skilled € 1,000
- engineer € 1,700
- computer engineer:
€ 2,200

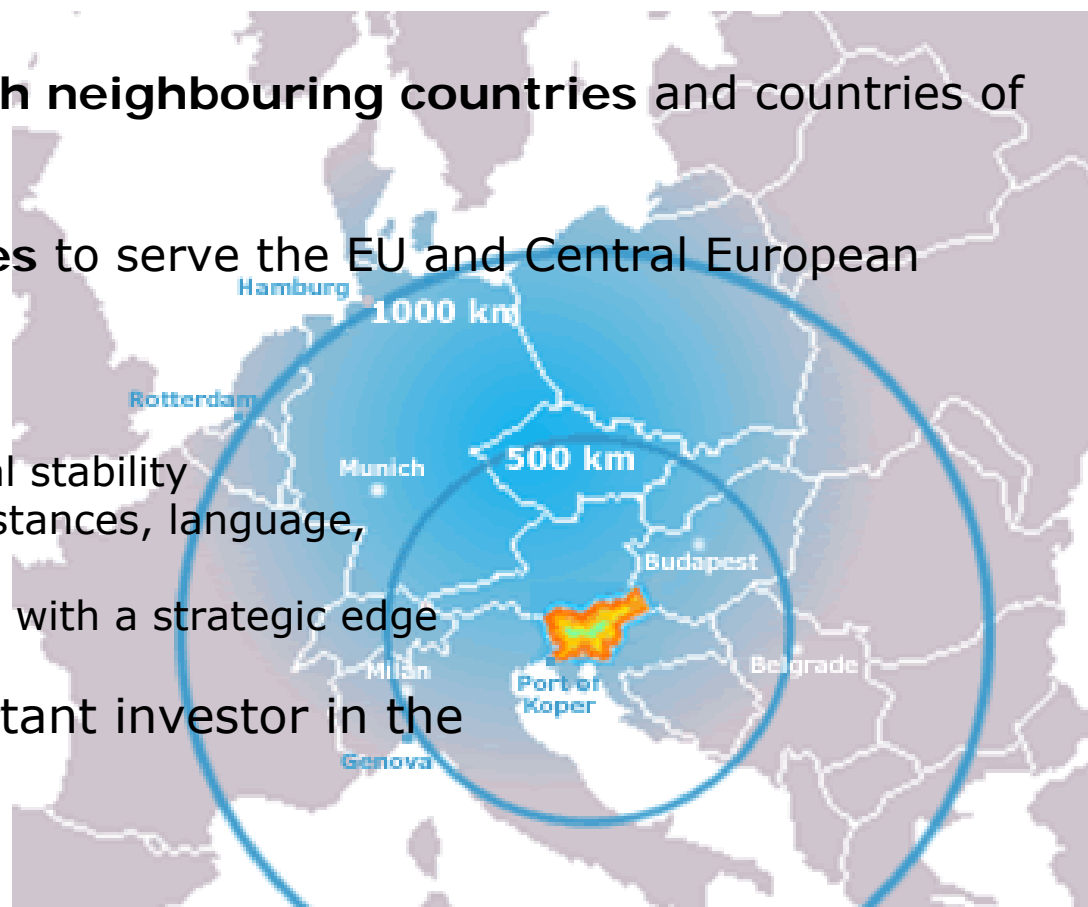
Full-time working hours
may not exceed 40 hours a
week



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Quality link to regional markets

- Strong **export orientation**
- Well **established links with neighbouring countries** and countries of former Yugoslavia
- **Hub for foreign companies** to serve the EU and Central European markets
- Advantages:
 - ✓ Economic and political stability
 - ✓ Knowledge of circumstances, language, culture, people
 - ✓ Geographical location with a strategic edge
- Slovenia is an important investor in the SE Europe





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Quality infrastructure



- Well-developed **general infrastructure** at the intersection of 5th and 10th European transportation corridor



**Well-
developed
ICT
infrastructure**

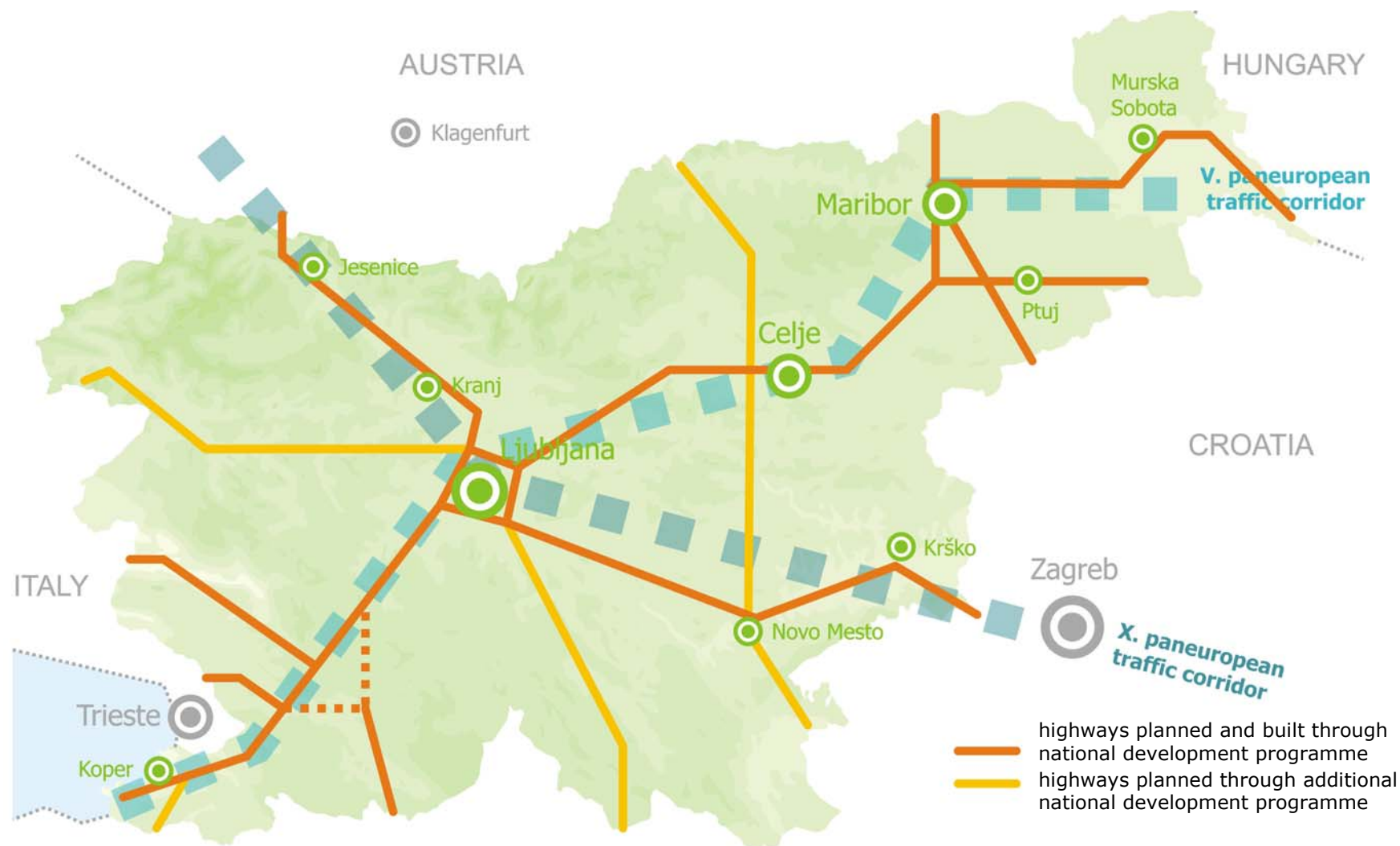


- **Port of Koper**
 - ideal as a logistics and distribution centre
 - the fastest developing port in the Adriatic basin
 - the shortest sea connection between Central Europe and Asia



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Road infrastructure





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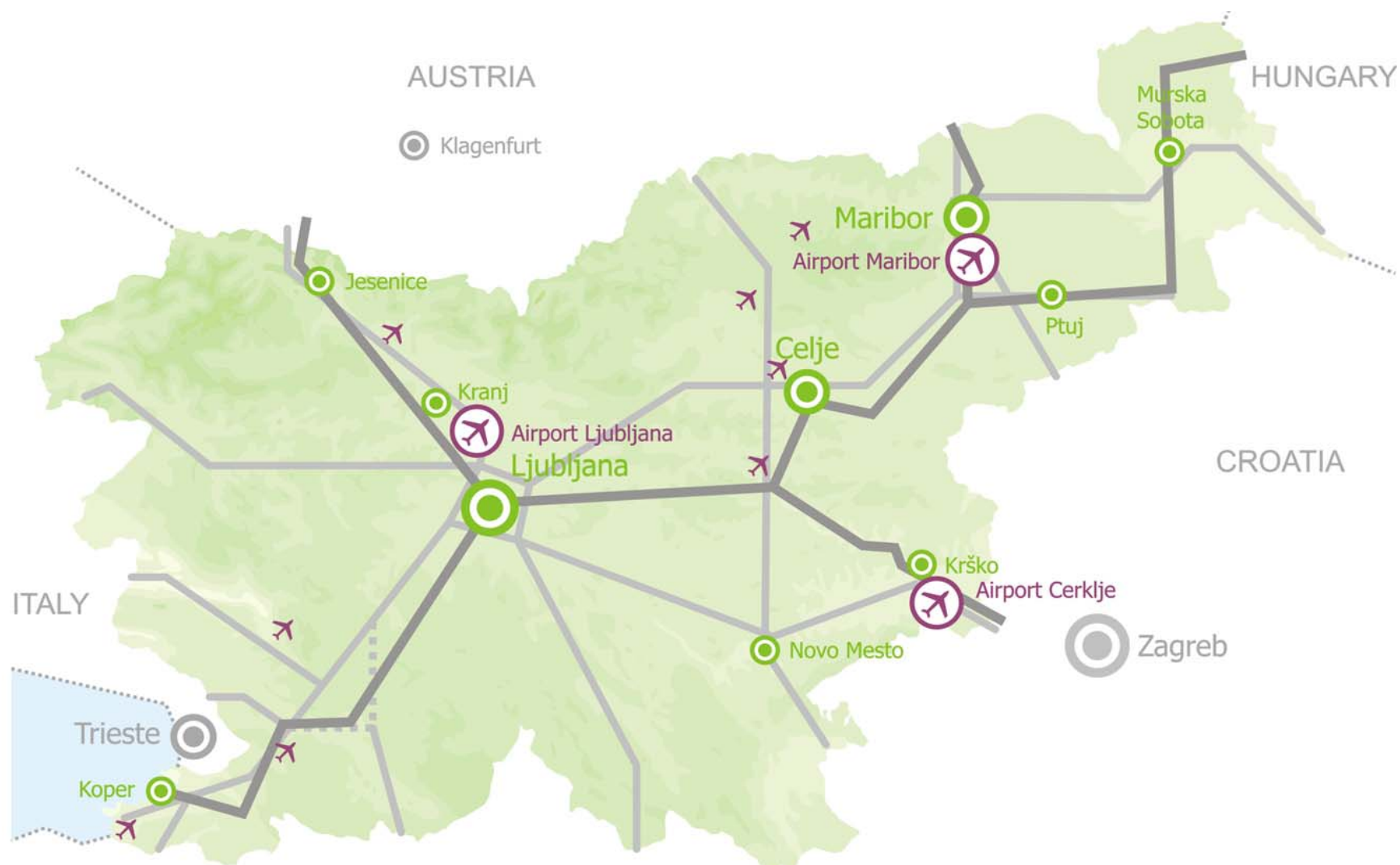
Railway infrastructure





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Airports





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Anti-Crisis Packages by Slovenian government

(1)

First package

- **subsidy for full time employment** (assuring short time employment up to 1 year)
- **tax reliefs on investments**; up to 30% of the amount invested in equipment and intangible long-term assets
- **co-financing new technological equipment**
- up to 80% **guarantee for bank loan assurance**
- co-financing **R&D projects**
- Established **risk capital company** (financial funds aimed at investments in new companies and in those having fast growth potential)



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Anti-Crisis Packages by Slovenian government (2)

Second package

- **bank security scheme** for company crediting (improving credit offer for companies by credit risks' reduction of banks)
- individual **state securities** for company debts
- "**de minimis**" scheme (credits for operational costs)
- **Long-term credits for strategic projects** (clean-tech and high-tech industries)
- shortening the **refund conditions for overpaid VAT**



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Anti-Crisis Packages by Slovenian government ⁽³⁾

Third package (draft)

- **Subsidy for employees** 'on hold' (employees are entitled to subsidy up to 85% of wage base; 50 per cent financed by the government)
- Programmes of **active employment policy** (up to 500 EUR per employee when being 'on hold')
- Updated help of small value – '**de minimis**' (credits for operational costs)
- Increasing **subsidies for entrepreneurial sector** (when exposing loss by crisis)

In preparatory phase.



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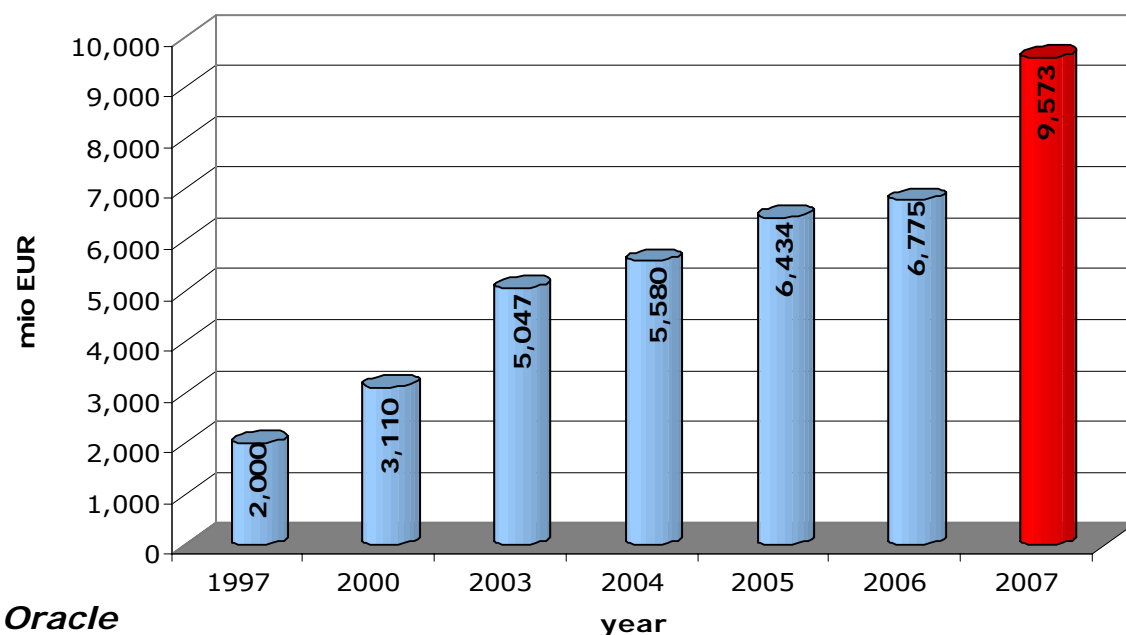
Taxes

Corporate income tax	21% (down to 20% by 2010)
Tax relief	<ul style="list-style-type: none">- 20-40% of the amount invested in R&D- tax relief on employment of certain workers- up to 30% of the amount invested in equipment and intangible long-term assets
Profit repatriation tax	0% on dividends paid abroad
Capital gains tax	0 – 20% (depending on a holding period)
VAT (Value added tax)	20% - standard rate; 8.5% - reduced rate
Property tax	0%
Immovable Property Transfer Tax	2%
Social security contributions	16.1% paid by employer; 22.1% paid by employee
Payroll tax	abolished in 2009
Personal income taxes	progressive tax rates: 16%, 27% and 41%



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FDI in Slovenia



Brigl & Bergmeister
Danfoss
DHL
Deloitte & Touche
Ernst&Young
GKN Driveline
Gfk
Lafarge Perlmooser
Microsoft
Mobilkom

Source: Bank of Slovenia, 2009

Oracle
PriceWaterhouseCoopers
Palfinger Pfeiderer
Safilo Group
Sandoz (Novartis Pharma)
Sun Roller
Schenker
S&T
Titus International

Renault (F)
Novartis (CH)
San Paolo IMI (I)
Reiffeisen Bank (A)
Lafarge Perlmooser (A)
IBM (USA)

Goodyear (USA)
Johnson Controls (D)
Bosch-Siemens (D)
Gruppo Bonazzi (I)
Société Générale (F)
KBC (B)

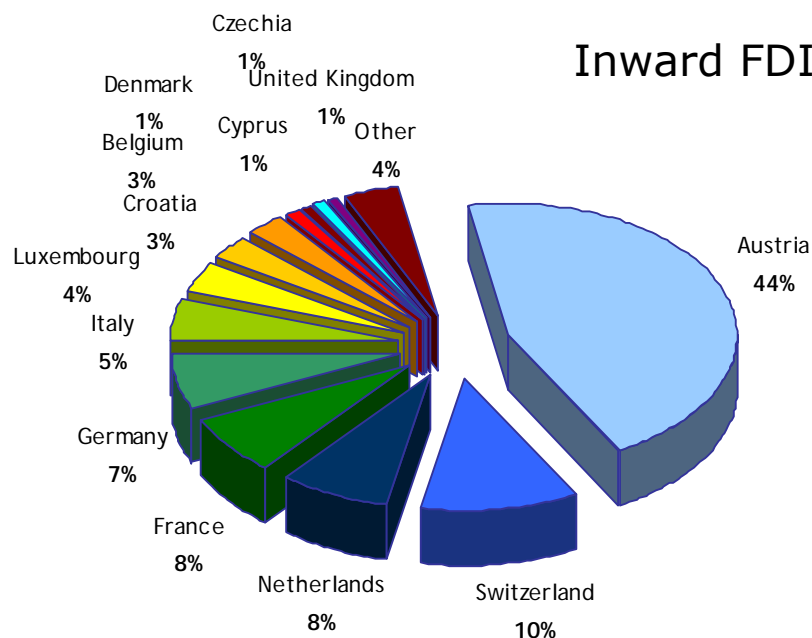


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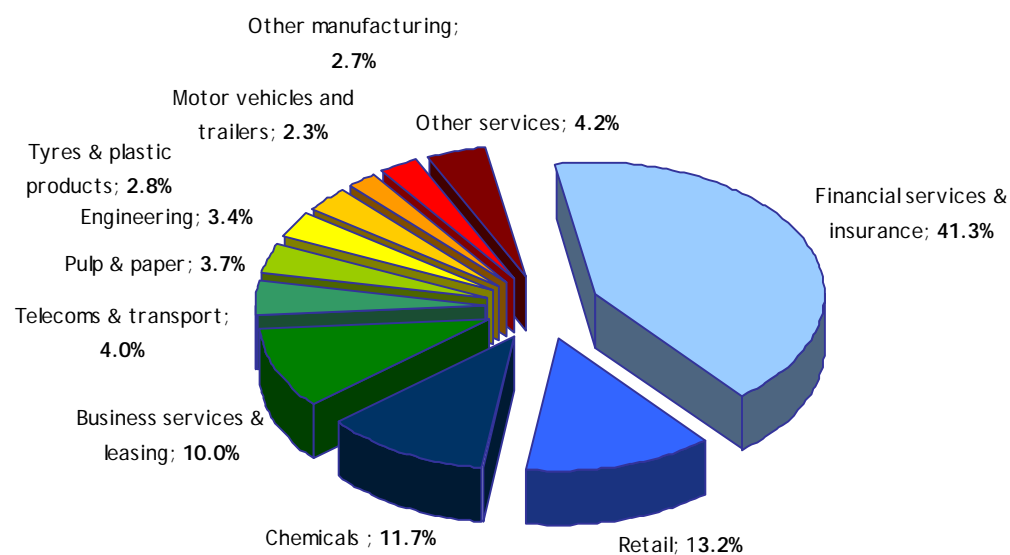
FDI in Slovenia

End-year 2007 stock € 9.573 million

Inward FDI by country



Inward FDI by sectors



Source: Bank of Slovenia, 2009



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Interesting areas for FDI

HIGH TECHNOLOGIES AND R&D

SERVICES & MANUFACTURING

- Logistics & Distribution
- ICT
- Tourism
- Shared service centers
- Finance
- Chemical & Pharmaceutical
- Environmental technologies
- Renewable energy
- New materials and Nanotechnology
- Automotive & Components
- Machining & Metalworking Industry
- Electronics & Electrical

BUSINESS ZONES

TECHNOLOGY PARKS





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Business and industrial parks in Slovenia



approx. 30 business and industrial zones across Slovenia

(Komenda business zone, Brnik business and logistics zone, Vrbina business zone, Drnovo, Komenda, šenčur etc.)



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Financial incentives

Foreign direct investment (FDI) grant scheme in 2009:

ACTIVITY	VALUE OF INVESTMENT	NUMBER OF NEW JOBS
Manufacturing projects	€ 1 million	25
Strategic services	€ 0.5 million	10
R & D	€ 0.5 million	5

Amount of incentives

- up to **30% of the total eligible investment costs**
- amount of the incentive may be **increased by 10 percentage points for medium-sized companies**, and **20 percentage points for small companies**

Results in 2008 :

» 11 signed contracts

» value 5.643.125 €

» 721 new jobs created



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Decree on Financial incentives for FDI

ARTICLE 22 - Special procedure for grant incentives without public tender

Terms of project:

- investment value higher than € 12 million
- 50% more new jobs created than provided for specific activity
- significant impact on Slovene economy development (considered after evaluation of the commission).

For any further information, please contact FDI support team:

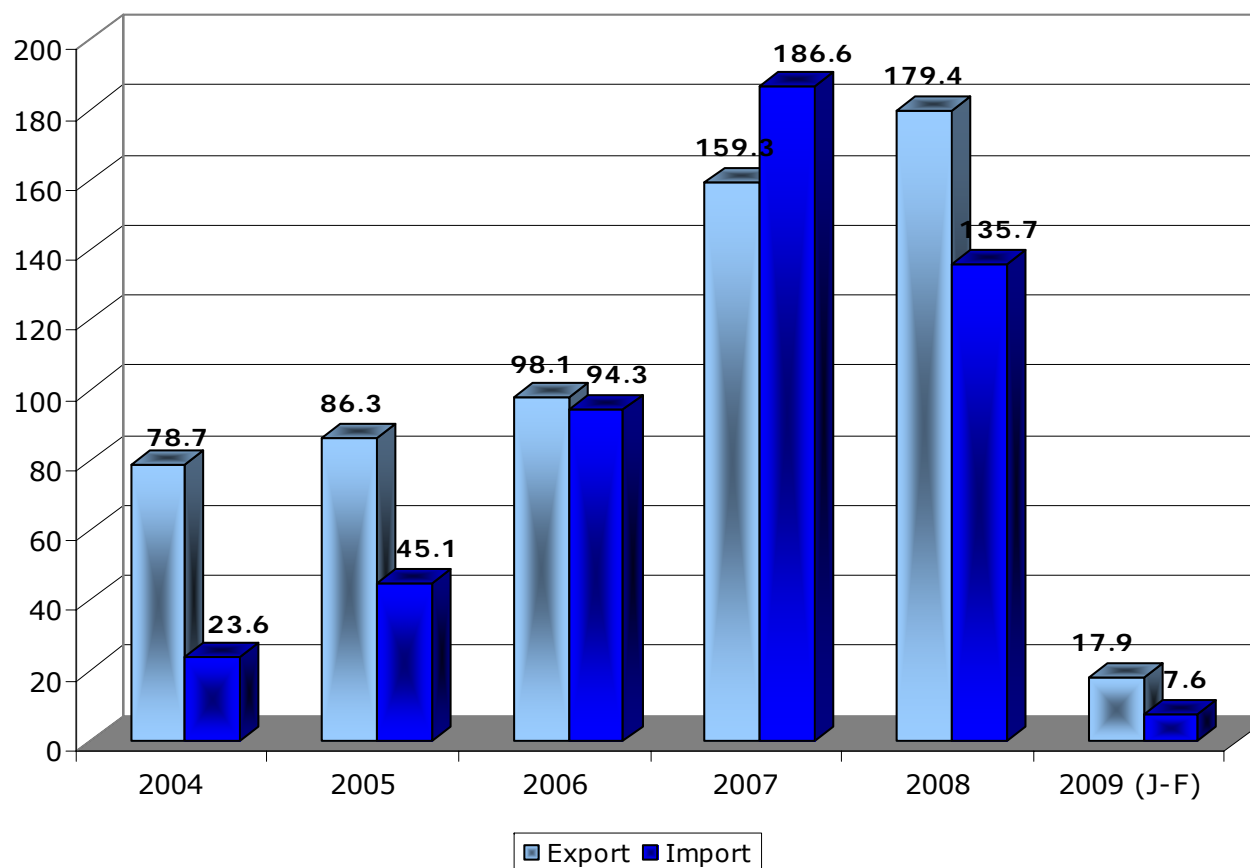
fdi@japti.si



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Bilateral relations Slovenia - Bulgaria

Slovenian export and import from Bulgaria (in EUR million)



Source: Statistical Office of the
Republic of Slovenia, 2009



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Bilateral relations Slovenia - Bulgaria

Export

- Vehicles
- Pharmaceuticals
- Home appliances
- Hygiene products

Import

- Crude oil, petroleum
- Steel products
- Motor parts
- Home appliances

324 Slovene companies were **exporting** to Bulgaria in 2008
216 Slovene companies were **importing** from Bulgaria in 2008



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Bilateral relations Slovenia – Bulgaria

Export



Import





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JAPTI – Public Agency for Entrepreneurship & Foreign Investments - Divisions

DIVISION FOR FOREIGN DIRECT INVESTMENTS AND INTERNATIONALIZATION

Foreign direct investment

- Investor services (information, site selection, fact-finding visits etc.)
- Investor's growth and development
- Image building
- Policy advocacy
- Financial incentives support

www.InvestSlovenia.org
www.business-zones.si

Internationalization promotion

- Internet portal for Slovenian companies
- Services for foreign buyers of Slovenian goods
- Business Delegations
- Co-financing Business Clubs

www.Sloveniapartner.com
www.Izvoznookno.si

Network of foreign offices

- Milan
- Düsseldorf
- Istanbul
- Bucharest
- Shanghai
- Kazan
- Sao Paulo

SME development activities

- Business support services for micro and SME's
- Entrepreneurial support environment and culture development

www.japti.si



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Thank you for your attention!

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