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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Slovenia has been an open market since its successful economic transition in the 2000s. As a member of the European Union since May 2004 and of the Eurozone since 2007, Slovenia is an advanced, independent, and stable country. After contracting due to the COVID-19 pandemic, Slovenia’s GDP rebounded in 2021 and continued its positive trend in 2022 (+2.5%). In 2023, Slovenia's real GDP is estimated to have grown by 1.3% (EU Commission). Private consumption exhibited modest growth during the initial three quarters, while construction investment experienced significant expansion. Conversely, investments in machinery and equipment declined. For 2024, GDP is projected to expand by 1.9%, followed by a further increase of 2.7% in 2025. The beginning of 2024 is anticipated to witness restrained growth due to weak sentiment and subdued demand for exports. However, sustained robust investment, bolstered by the Recovery and Resilience Plan (RRP), coupled with the resurgence of demand in export markets, is expected to enhance growth prospects over the forecast period. Moreover, both private and public consumption are anticipated to accelerate, propelled by a resilient labor market and rising wages.

Fitch Ratings anticipated the general government deficit to reach approximately 3.8% of GDP between 2023 and 2024, a rise from the 3% recorded in 2022. The government has earmarked EUR 700 million (1.1% of GDP) for post-flood reconstructions in 2023 and EUR 1.1 billion in 2024. The fiscal deficit should narrow to around 2% of GDP in 2025. The public debt-to-GDP ratio is expected to decrease gradually to 62.6% by 2025, down from 74.7% in 2022 (IMF). Significant cash reserves, amounting to 13% of GDP in 2Q23, offer flexibility in financing. While higher financing costs may lead to a gradual rise in debt service expenses, the favorable maturity profile, with a weighted average maturity of around 10 years, will mitigate the immediate impact. Inflation saw a significant decline throughout 2023, particularly in energy, with food prices also beginning to slow down in the last quarter. The average inflation rate for the year stood at 7.2%. In 2024, headline inflation is expected to decrease to 2.9%, driven by moderating energy costs and subdued demand. Despite ongoing wage pressures, HICP inflation is forecast to drop further to 2.0% in 2025 (EU Commission).

Unemployment has been on a declining trend in recent years: it was estimated at 3.6% in 2023 and should remain relatively stable in the upcoming future (IMF). According to the latest data from Eurostat, around 13% of the population is at risk of poverty or social exclusion, the second-lowest ratio in the EU. Nevertheless, poverty amongst the senior population, consisting of mostly women and marginalized minorities, is an area of severe concern; to address this, the government deployed a specific strategy for elder people. Overall, the World Bank estimated the country’s GDP per capita (PPP) at USD 50,032 in 2022, just below the EU average.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	60.11	68.39	73.87	78.81	83.11
GDP <i>(Constant Prices, Annual % Change)</i>	2.5	2.0	2.2	2.6	2.8
GDP per Capita <i>(USD)</i>	28,527	32,350	34,914	37,269	39,326
General Government Balance <i>(in % of GDP)</i>	-3.9	-3.9	-2.7	-2.2	-1.8

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
General Government Gross Debt <i>(in % of GDP)</i>	72.6	68.5	66.5	64.7	63.4
Inflation Rate <i>(%)</i>	n/a	7.4	4.2	3.1	2.4
Unemployment Rate <i>(% of the Labour Force)</i>	4.0	3.6	3.8	3.9	4.0
Current Account <i>(billions USD)</i>	-0.61	3.04	2.83	2.49	2.39
Current Account <i>(in % of GDP)</i>	-1.0	4.4	3.8	3.2	2.9

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

Slovenia has a skilled and productive labor force of around 1.05 million people out of its 2.1 million population. The agricultural sector is declining and accounts for only 1.8% of the GDP, employing around 4% of the population (World Bank, latest data available). The country counts 68,331 agricultural holdings, with the total utilized agricultural area equating to 30.6% of the total area, and 5.5% of agricultural holdings dedicated to organic production. Forestry is a key economic factor, with 66% of the land area forested and an annual production value of EUR 250 million contributing to the economy. According to the latest figures by the Slovenian Statistical Office, the nominal value of agricultural production was expected to amount to EUR 1,575 million. The value of crop production was projected to decrease by 12%, due to a volume increase of 5% and a price decrease of 16%.

The industrial sector represents 28.1% of GDP and almost one-third of employment (30%). Historically, the dominant industries in Slovenia have been forestry, textiles, and metallurgy. Since the 1980s, mechanical industries (automobiles, tool machines) and high-value-added industries (electronics, pharmacy, and chemicals) have experienced significant development. The World Bank estimates the manufacturing sector to contribute 20% of GDP. Slovenia's industrial production saw a 5.3% decrease in 2023. Comparatively, the mining and quarrying sector saw growth of 7.4% year over year. However, the crucial manufacturing sector declined by 8.1%, and the electricity, gas, steam, and air conditioning supply sector experienced a significant downturn of 36.3% (Slovenian Statistical Office).

The tertiary sector remains the most significant in the Slovenian economy. It represents 58% of the GDP and employs 65% of the total workforce, showing a strong growth pattern over the last ten years, especially in information and communications technology (ITC), financial, commercial services, and retail business. The tourism sector is dynamic and has experienced strong development in recent years. After suffering due to the COVID-19 pandemic, Slovenia welcomed over 6 million visitors in 2023 who spent more than 16 million nights, representing the highest tourism figures on record according to data from the country's Statistical Office. Retail sales turnover in Slovenia went down 11.5% in 2023, following a 20.3% increase in the previous year, according to the same source. According to the latest figures from the European Banking Federation, the Slovenian banking sector comprises 11 commercial banks, three savings banks, and two branches of foreign banks.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	4.1	30.0	65.9
Value Added <i>(in % of GDP)</i>	1.7	29.0	57.8
Value Added <i>(Annual % Change)</i>	2.2	2.1	8.1

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Euro (EUR) - Average Annual Exchange Rate For 1 USD	0.94	0.89	0.85	0.89	0.88

Source: World Bank - Latest available data.

FOREIGN TRADE

Slovenia is highly open to foreign trade, which represents about 186% of the country's GDP (World Bank, latest data available). This high level of openness makes Slovenia very dependent on the economic health of its main commercial partners: the country is integrated within German and Austrian production chains for automobiles and electrical and electronic equipment, and in Swiss chains for the pharmaceuticals industry, and generates more than half of its goods exports from these four sectors. The largest share of total trade in 2023 was medicinal and pharmaceutical products, constituting approximately one-third (34%) of the total export value. Following closely were products in the categories of road vehicles (8.4%), electrical machinery, apparatus, and appliances (6.7%), general industrial machinery and equipment (4.1%), and petroleum, petroleum products, and related materials (3.7%). Regarding imports, organic chemicals took precedence, accounting for 19.0% of the total imports and displaying a twofold increase compared to the previous year. They were succeeded by medicinal and pharmaceutical products (14.3%), road vehicles (8.0%), petroleum, petroleum products, and related materials (6.1%), and electrical machinery, apparatus, and appliances (5.2% - data Statistics Slovenia).

Data from Statistics Slovenia show that in 2023 the main export destinations were Switzerland (27.3% of the total), Germany (13.5%), Italy (8.6%), Croatia (7.8%), and Austria (5.7%); while the country imported the most in terms of value from Switzerland (16.4%), China (13.0%), Germany (12.2%), Italy (10.3%), and Austria (7.2%). The EU accounted for 55.5% of total exports and 55.9% of imports.

Slovenia's overall trade balance is structurally positive; however, the country is a net importer of goods: in 2022, both exports and imports of goods stood at USD 69.7 billion, while services' exports reached USD 11.6 billion against USD 7.8 billion in imports. The latest data from Statistics Slovenia show that, in 2023, the country exported EUR 54.9 billion worth of goods (+4.4% y-o-y) while importing EUR 56.9 billion (+0.6%).

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods (million USD)	42,267	44,007	42,225	57,560	69,738
Exports of Goods (million USD)	44,200	44,943	44,832	57,352	69,701
Imports of Services (million USD)	6,496	6,438	5,596	7,087	7,860
Exports of Services (million USD)	9,594	9,693	7,946	9,991	11,628

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade (in % of GDP)	161.1	158.8	146.2	160.9	179.1
Trade Balance (million USD)	1,511	1,456	2,665	1,072	-2,288
Trade Balance (Including Service) (million USD)	4,599	4,707	4,855	3,666	1,352
Imports of Goods and Services (Annual % Change)	7.1	4.7	-9.6	17.6	9.8
Exports of Goods and Services (Annual % Change)	6.2	4.5	-8.6	14.5	6.5

Foreign Trade Indicators	2018	2019	2020	2021	2022
Imports of Goods and Services <i>(in % of GDP)</i>	76.3	75.1	68.5	77.3	88.8
Exports of Goods and Services <i>(in % of GDP)</i>	84.8	83.7	77.7	83.6	90.4

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	0.9	2.4	2.8	3.5	3.6
Volume of imports of goods and services (Annual % change)	-3.2	3.9	4.0	4.1	4.1

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Slovenia is a member of the EU since 1st May, 2004 and as such is a member of the EU Customs Union.

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
Switzerland	21.0%
Germany	14.5%
Italy	10.6%
Croatia	8.4%
Austria	6.6%
See More Countries	38.8%

Main Suppliers <i>(% of Imports)</i>	2022
Switzerland	15.4%
China	11.9%
Germany	10.7%
Italy	10.3%
Austria	6.7%
See More Countries	45.1%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE



Current Political Leaders

President: Natasa PIRC MUSAR (since 23 December 2022)

Prime Minister: Robert GOLOB (since 1 June 2022)

Next Election Dates

Presidential: 2027

National Council: 2027

National Assembly: 2026

Main Political Parties

Slovenia is a parliamentary republic with a multi-party system. The major parties in Slovenia are:

- **Freedom Movement** (GS): centre to centre-left, party to the ruling coalition government
- **Slovenian Democratic Party** (SDS): centre-right
- **Social Democrats** (SD): centre-left
- **The Left** (Levica): eco-socialist
- **New Slovenia** (NSi): centre-right, pro-European

Other parties include:

- **List of Marjan Sarec** (LMS): social-liberal, populist, primary opposition party
- **Party of Alenka Bratušek** (SAB): centre, social liberalism
- **Democratic Party of Slovenian Pensioners** (DeSUS): centrist, party to the ruling coalition government
- **Slovanian National Party** (SNS): slovenian nationalism
- **Alliance of Social Liberal Democrats** (ZSD).

Executive Power

The **President** is the head of the state and is elected by a popular vote for a five-year term (renewable once). The role of the President is largely ceremonial. Following parliamentary elections, the leader of the majority party or the leader of a majority coalition is usually nominated to become **Prime Minister** by the President and elected by the National Assembly to serve a four-year term. The Prime Minister is the head of the government and enjoys the executive powers which include implementation of the law in the country and running the day-to-day affairs. The **Council of Ministers** (cabinet) is nominated by the Prime Minister and elected by the National Assembly.

Legislative Power

The legislature is bicameral in Slovenia. The parliament consists of:

- **National Assembly** (the lower house) having 90 seats; out of which 88 are elected through proportional voting and 2 members are elected by ethnic minorities, members serve four-year terms,
- **National Council** (the upper house, more like an advisory body) having 40 seats; with its members elected indirectly (members representing social, economic, professional, and local interests) to serve five-year terms.

The National Assembly is the most important power centre in the country. The executive branch of government is directly or indirectly dependent on the support of the National Assembly. The Prime Minister cannot dissolve the parliament, only the president can do it in certain circumstances.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

The summary of the EU's economic response to the COVID-19 pandemic is available on the website of the [European Council](#).

For the general overview of the key economic policy responses to the COVID-19 outbreak (fiscal, monetary and macroeconomic) in Slovenia, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).