SLOVENIA

INVEST

FOREIGN DIRECT INVESTMENT

Slovenia is completely open to foreign investment, in accordance with the principles of the European Union and the OECD, and does not discriminate between national and foreign investors. According to UNCTAD’s 2020 World Investment Report, FDI inflows in Slovenia decrease from USD 1,4 billion in 2018 to USD 910 million in 2019. The total stock of FDI was estimated at USD 18 billion in 2019. In regional terms, the highest concentration in FDI inflow is in the region of Central Slovenia. According to data by OECD, the majority of FDI stocks to Slovenia come from Austria, Luxembourg, Switzerland and Germany. However, Germany holds the majority of indirect investments in Slovenia via Austrian subsidiaries; while the US are also an important investor, with the majority of the investments being held indirectly via subsidiaries in Luxembourg, Sweden, Germany and Switzerland. The sectors that attract the most FDI are manufacturing, financial and insurance services, wholesale and retail, and real estate.

Foreign investment has strongly declined due to the international economic crisis of 2008-2009 and the difficulties in Europe since 2011. In the period 2014-2020, under the Investment Plan for Europe programme of the European Fund for Strategic Investments, projects have been started in the energy sector, rail infrastructure and for a regional centre of sewage treatment and waste. The country has a strategic location by the Adriatic Sea, along with developed infrastructures and a well-educated workforce. Slovenia ranks 37th out of 190 economies in terms of ease of doing business in the World Bank 2020 Doing Business report (gaining three positions compared to the previous year); and 35th out of 180 countries in Transparency International’s 2019 Corruption Perceptions Index.

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI Inward Flow (million USD)</td>
<td>898</td>
<td>1,369</td>
<td>910</td>
</tr>
<tr>
<td>FDI Stock (million USD)</td>
<td>16,738</td>
<td>17,349</td>
<td>18,135</td>
</tr>
<tr>
<td>Number of Greenfield Investments*</td>
<td>19</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td>Value of Greenfield Investments (million USD)</td>
<td>448</td>
<td>643</td>
<td>456</td>
</tr>
</tbody>
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Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

<table>
<thead>
<tr>
<th>Country Comparison For the Protection of Investors</th>
<th>Slovenia</th>
<th>Eastern Europe &amp; Central Asia</th>
<th>United States</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of Transaction Transparency*</td>
<td>5.0</td>
<td>7.0</td>
<td>7.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Index of Manager’s Responsibility**</td>
<td>9.0</td>
<td>5.0</td>
<td>8.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Index of Shareholders’ Power***</td>
<td>8.0</td>
<td>6.0</td>
<td>9.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>
WHAT TO CONSIDER IF YOU INVEST IN SLOVENIA

**Strong Points**

Slovenia has many assets including:

- Strong political stability and good international relations reinforced by the country’s accession to the European Union
- The adoption of the euro since 1 January 2009, which made it possible to eliminate the risks associated with the exchange rate
- A performing economy based in particular on a sustained growth rate of 4.1% in 2017 (OECD), low inflation, excess external accounts since 2012 and a very satisfactory recovery of tax revenues after the stock market crash of 2013
- The economy is more diversified and fits perfectly into the European production chain.
- Overall, the business environment is pro-business as evidenced by the country’s 40th place in the *Doing Business* ranking.
- The geographical location in the heart of Europe, which gives companies in the country easy access to regional markets
- Quality infrastructure

**Weak Points**

Slovenia still faces a number of challenges, slowing the attractiveness of FDI, including:

- Very high public debt of 96.8% of GDP (OECD, 2017)
- Banking sector still recovering and remains vulnerable
- Reforms that are struggling to emerge because of frequent government instability
- A small domestic market
- Several formal and informal barriers to FDI (including high taxation and high social security contributions)
- Significant exposure to global economic fluctuations

**Government Measures to Motivate or Restrict FDI**

Slovenia has an ambivalent attitude towards FDI, which swings between openness and caution towards foreign investors. As a result, the government is trying to establish measures that would have a positive effect on job creation, knowledge and technology transfer and improved regional development, and could stimulate alliances between Slovenian companies and foreign investors.
State-owned concessions are available for investments of more than €500 000 in industry sectors, strategic services (customer service centers, distribution logistics centers, regional headquarters), research and development. The most sought-after investments are in so-called "green" technologies.

The government is trying to attract foreign investment in some underdeveloped and economically fragile regions. In addition, since 2013 the corporate tax has decreased (17%). Finally, the government has initiated the privatisation of several state-owned enterprises.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement
Tenders Info, Tenders in Slovenia
Globaltenders, Tenders & Projects from Slovenia
Ted - Tenders Electronic daily, Business opportunities in EU 27
DgMarket, Tenders Worldwide

Finding Assistance For Further Information
Investment Aid Agency
Invest Slovenia

Other Useful Resources
Spirit Slovenia

Doing Business Guides
Country Commercial Guide for Slovenia - export.gov
Deloitte Tax Guide 2019 - Slovenia
Doing Business in Slovenia - UHY