Business environment & FDI opportunities in Slovenia

4Qs4U
Four Qs For You

Ph.D. Zoran Stamatovski, MBA,
Head of Division for Foreign Direct Investments and Internationalization
SLOVENIA:
Dynamic EU member

- 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
- New OECD country member
- Average GDP annual growth of **4%** in past 10 years
Quality workforce

Quality infrastructure

Quality link to regional markets

Quality of life

SLOVENIA – The right mix of Qualities

4Qs4U
(Four Qs For You)
Quality of workforce

Not cheap but cost-effective

- 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, 2010
Quality of life

- High standard of living
  (International Living 2010 Index – 27th place out of 194 countries)
- Cultural and geographical diversity
- At the intersection of Roman, German and Slavic culture
- Mixture of Alpine, continental and Mediterranean climates
- Huge forest ecosystem – 3rd in Europe

Source: Slovenian Tourist Board & International Living, 2010
• Strong **export orientation**

• Well **established links with neighbouring countries** and countries of former **Yugoslavia**

**Advantages:**

✓ Economic and political **stability**

✓ Geographical **location**

✓ Slovenia is an **important investor** in the SE Europe (117 investment projects since 2003; 2nd place)

*Source: Financial Times, 2011*
• Port of Koper
  - ideal as a logistics and distribution centre, serving Balkan countries
  - the fastest developing port in the Adriatic basin
  - the shortest sea connection between Central Europe and Asia
- EUR 18.24 bn exports of goods and services in 2010 approx. 60% of GDP
- Nearly 70% of exports destined for EU
- High value-added products and services exported

Source: Statistical Office of the Republic of Slovenia, 2010
**FDI in Slovenia**

**FDI stock end-2009**

- **Financial services & insurance**: 46%
- **Retail**: 15%
- **Chemicals**: 10%
- **Engineering**: 4%
- **Business services & leasing**: 3%
- **Telecoms & transport**: 3%
- **Motor vehicles and trailers**: 3%

**Main investing countries in Slovenia, 2009**

- **FDI stock in Slovenia** (from UK)
  - **131.2 mio EUR** (IPS, TA-Regulator, Astrazeneca, Efunds International, Shell Adria, Xerox Slovenia, Cybrotech, World courier ...)

- **FDI in UK** (from Slovenia)
  - **5.4 mio EUR** (ETOL, Gorenje, I(akra Avtoelektrika, Kompas, LPKF Laser & Electronics, Savatech, Trimo, Uniour, Iskraemeco, Hidria, Adria Airways ...)

Source: Bank of Slovenia, 2011
Interesting areas for FDI – Logistics & transport

- Slovenia has all the attributes of a **distribution and logistics hub for EU and South-Eastern Europe**
- Shipping to Slovenia’s only cargo port - **Port of Koper** - means **gaining 7 to 10 days** for ships arriving from Asia compared with sailing Europe’s northern ports.
- The motorway density in Slovenia is **higher than EU-27 average**.
- Freight traffic is well developed, and the **rail links between the Adriatic Sea and the landlocked CEE countries** offer plenty of opportunities.
- **Three international airports** provide easy access by air to Slovenia.
- **Investment opportunities:** modernization of Slovene railways (2nd rail track Divaca-Koper), Ljubljana international airport expansion in business and logistics center, modernization of national road network, construction of Pier III. - new container terminal in Port of Koper...
- Database of business & industrial zones available on [www.Business-Zones.si](http://www.Business-Zones.si); more than 200 listings of business/economic/enterprise zones across Slovenia
• **Energetics;**
  - well developed production technology (solar power plants and silicon photovoltaic modules) - great **investment and partnership potential** for solar energy
  - the full potential of solar radiation in Slovenia is about 23,000 TWh, which is over 300 times more than the consumption of energy
  - the Slovenian Environmental Public Fund is **facilitating investments** in the use of renewable energy sources
  - geothermal energy; Slovenia has the **potential to build 12 geothermal power plants** (15 MW power each) according to experts
  - investment opportunities for construction of 6th block of Thermal Power Plant Šoštanj, 2th block of Nuclear Power Plant Krško ...

• **Environmental technologies;**
  - **user and environment friendly** architectural planning and realization engineering
  - planning and projecting of **low energy objects/buildings**
  - Such buildings have developed and integrated **Intelligent Control Center**, which ensure control over all systems in the object in order to function in an energetically most effective way
• **ICT;**
  - high degree of specialization, **focus on satisfying specific** (and unique) **customer requirements**
  - development of **integrated business solutions**
  - **skilled workforce**
  - relatively **high share of R & D personnel**

• **Electrical & Electronics;**
  - Slovenia’s electrical engineering boasts an enviable industrial tradition
  - electrical and electronics industry is a vital element of the country's export mix with over **70% of sales earned in foreign markets**
  - Resilience and ability to cope with challenges demonstrated by the companies such as **Gorenje** and **BSH Hišni aparati** (electric household appliances) and **Iskratel** (telecommunications equipment)

• **Other investment opportunities;**
  - joint-venture with Slovenian companies on 3rd markets
  - Finance
  - Shared Service Centers
  - Regional Headquarter (HQ)
  - Automotive industry
### Corporate income tax

- **20%**

### Tax relief

- 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 for EU members

### 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%**
## Financial incentives

### Foreign direct investment (FDI) grant scheme for 2011:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>VALUE OF INVESTMENT</th>
<th>NUMBER OF NEW JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing projects</td>
<td>€ 1 million</td>
<td>25</td>
</tr>
<tr>
<td>Strategic services</td>
<td>€ 0.5 million</td>
<td>10</td>
</tr>
<tr>
<td>R &amp; D</td>
<td>€ 0.5 million</td>
<td>5</td>
</tr>
</tbody>
</table>

### 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**
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
Thank you for your attention!

Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments
Verovškova 60, 1000 Ljubljana, Slovenia

www.InvestSlovenia.si
www.SloveniaPartner.com
fdi@japti.si