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Range and Possible Elements of Active Stimulation of Foreign Direct Investment (FDI) Policy in Slovenia

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Summary

Investment incentives per se cannot increase FDI inflows, neither can they increase the development component of FDI. Promotion of inward FDI is and should be a part of Slovenian industrial or competitiveness policy. Therefore, the objectives and instruments of the FDI promotion policy cannot differ from the general objectives and instruments of industrial or competitiveness policy. To market Slovenia as an investment location, a “product” to be marketed needs to be created. Such a “product” cannot be created without a component involving available business locations or premises. The problem of the availability of adequate business premises should be resolved by ensuring a more favourable supply of business or production premises in industrial parks. Domestic and foreign investors or enterprises should have equal treatment as regards incentives; implicitly some incentives (e.g., for regional headquarters, large projects, etc.) may be primarily targeted at foreign investors. The main objective of investment incentives should not be higher FDI inflows, but a higher quality of inward FDI (the creation of new quality jobs, the transfer of technology, export-oriented projects, etc.) and the cooperation of foreign subsidiaries with domestic enterprises (resulting in spill-over effects). In this context, the list of incentives should be shortened and focused on a few crucial goals which relate to small enterprises, technology / R&D activities, the quality of jobs, exports, regional headquarters, spill-over effects, and regional aspects. A substantial amount of funding should be allocated to promoting greenfield FDI; foreign and domestic investors should have equal access to these funds, and it should be allowed that funds be granted for completely new investments, as well as for the expansion of existing ones. The way and methods in which incentives are granted should be changed. Incentives should be available not only to existing enterprises but to new investors as well, and, above all, calls for tenders should not be restricted with regard to time. Foreign experience evidence that Slovenia should introduce a special contract regime for large, developmentally promising investment projects, and be open to the possibility of creating special, individually tailored incentive packages for such projects. The Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments should manage an active inward FDI policy, which entails constant monitoring of developments in (larger) foreign investment enterprises and adequate reactions to their problems and plans, and in addition the Agency should have access to all the incentives offered by the government and its agencies in Slovenia.

The whole text is available in Slovenian language on <http://www.gov.si/umar/public/dz.php>

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