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On January 2008, the new classification of activities of business entities NACE Rev.2, which replaced NACE Rev. 1.1, came into force in all EU Member States. In the Republic of Slovenia, the national version of the standard classification, SKD 2008, which includes the entire European classification of activities but also adds some national subclasses, came into force on the mentioned date. In the Slovenian Economic Mirror, all analyses are based on the SKD 2008, except when the previous SKD 2002 classification is explicitly referred to. More general information about the introduction of the new classification is available on the SORS website [http://www.stat.si/eng/skd\\_nace\\_2008.asp](http://www.stat.si/eng/skd_nace_2008.asp).

All seasonally adjusted data in the Economic Mirror are calculations by IMAD.

## In the spotlight

**Even though the recovery was faster than expected, economic conditions in Slovenia's main trading partners remain fairly uncertain, which is also reflected in differences in the latest forecasts by international institutions.** Due to higher-than-expected growth in the second quarter, the most recent forecasts for this year's economic growth in the euro area are higher than the spring forecasts, despite the expected slowdown in the second half of the year indicated by the movements of short-term indicators of economic activity and sentiment indicators. That uncertainty in the international environment remains high is also shown by differences between the autumn interim forecasts by the EC and OECD in the assessment of both the current situation and the expected speed of recovery in the second half of the year.

**After growing in the second quarter, the values of short-term indicators of economic activity in Slovenia declined in July, or increased more slowly, while construction activity recorded the lowest value since the beginning of the crisis.** After the May and June increases, which also contributed to the relatively high average growth in the second quarter, nominal growth in merchandise exports eased in July, while production volume in manufacturing and nominal turnover in wholesale trade declined. After posting slower growth in the second quarter, real turnover in retail trade and in the sale of motor vehicles also declined in July, while growth in nominal turnover in accommodation and food service activities remained moderate. The situation is still deteriorating most notably in the construction sector, where after the 4% decline in the second quarter, the value of construction put in place was also down in July, falling to the lowest level since the beginning of the crisis. The moderation of economic activity is also indicated by the movement of the sentiment indicator.

**The decline in the number of employed persons in July was largely seasonal. Due to seasonal factors, the number of registered unemployed persons fell to 97,908.** July's decline in the number of employed persons (-0.4%) was mainly attributable to the termination of fixed-term employment contracts. This year the decline of temporary employment was again largest in education, but was also considerable in manufacturing and trade. The August increase in the number of registered unemployed persons was relatively large (1.5%, seasonally adjusted). The inflow into unemployment due to job loss and the flow of unemployed persons who found jobs deteriorated as well. In September, the number of the registered unemployed declined to 97,908.

**The average gross wage per employee dropped by a nominal 0.7% in July, while at the y-o-y level, its growth slowed to 4.0%.** As expected, the average gross wage declined in both sectors in July; in the private sector, after the relatively high growth in June, by 0.5% (most notably in activities that had strengthened the most in June), in the public sector by 1.3%, largely due to a seasonally usual lower workload in education and health care.

**Consumer prices declined by 0.5 % in September and y-o-y inflation was 2.0%.** September's decline is largely attributable to changes in the calculation of prices of school meals (the introduction of the subsidy for all primary school pupils) because of which inflation was 0.7 p.p. lower than expected. Other price changes were consistent with the seasonal impacts typical for this time of the year (higher prices of clothing, lower prices of package holidays). In the euro area as a whole, y-o-y inflation was at 1.8% in September.

**The cost competitiveness of the economy improved in the second quarter after a longer period of decline, but less than in most euro area and EU countries due to relatively high wage growth in the private sector.** Despite stronger wage growth in the private sector, cost competitiveness improved due to even higher productivity growth. While Slovenia had been in the group of euro area countries with the greatest losses in cost competitiveness since mid-2008, its improvement in 2010 was one of the smallest in the euro area. Slovenia's relatively worse position in the first half of this year largely reflects the accelerated deterioration in the construction sector, while manufacturing industries, which recorded an outstanding deterioration last year, are this year characterised by a significant improvement. The price competitiveness of the economy improved further in July, but the improvement in the first seven months was less noticeable than in most other euro area members.

**The WEF Global Competitiveness Report 2010–2011 shows that Slovenia's position deteriorated.** In contrast to last year, when Slovenia's improvement on the WEF scale had largely resulted from lower scores given to other countries, Slovenia this year fell in terms of both indicator values and ranking. Among the main factors of the deterioration, the WEF points to limited access to financing, inefficient government bureaucracy, restrictive labour

regulations, high tax rates and complicated tax regulations. Besides the IMD competitiveness report, this is yet another report showing that Slovenia's competitive position has deteriorated.

**According to data on paid taxes and social security contributions, payments increased in August after July's decline, but revenue from these payments nevertheless dropped by 2.5% y-o-y in the first eight months of 2010.** In the first eight months, only revenues from value added tax (VAT) and social security contributions increased y-o-y, while revenues from all other taxes and contributions declined.

**According to the latest SORS data, the general government deficit in 2009 is estimated at 5.8% of GDP. It increased by 4.0 p.p. of GDP relative to 2008, when it accounted for 1.8% of GDP.** General government revenue (EUR 15.3 bn) declined by 3.2% in nominal terms relative to the previous year, while expenditure (EUR 17.3 bn) increased by 5.4%. General government debt rose significantly in 2009, due to the widening general government deficit and further government borrowing to finance the deficit in 2010 (from 22.5% of GDP to 35.4%). In relative terms, it was still among the lowest in the EU, but its increase in 2009 was among the largest in the euro area. Another increasingly pressing argument for the consolidation of public finances is the situation on government bond markets.

**current economic trends**



## International environment

International institutions (EC, OECD, ECB) revised upwards their forecasts for economic growth in 2010, but uncertainty regarding the economic trends until the end of the year and in 2011 remains high. According to the revised forecasts, economic growth in the euro area will this year be much higher than expected in the spring, which is largely a result of the significantly stronger-than-expected recovery in the second quarter of this year. However, uncertainties in the international environment remain and could pose a risk to GDP growth in the second half of this year and in 2011 (see Box 1). As expected, short-term indicators of economic activity and sentiment indicators indicate a slowdown in economic activity in the euro area in the third quarter. The volume of industrial production in manufacturing dropped in the euro area in July, for the second month in a row. A modest decline was also recorded in Germany. The volume of new orders in manufacturing also dropped in the euro area in July, by 2.2% (in Germany, -2.6%). The most recent data are also attributable to the slowdown in global trade flows over the last few months. The volume of construction put in place also dropped substantially in July (-3.1%; 7.1% lower y-o-y), while growth in turnover in retail trade remained moderate, similar to previous months. A slowdown in GDP growth in the second half of the year is also suggested by sentiment indicators, even more so by the movements of short-term indicators. Expectations of enterprises regarding business operations in the coming months are lower, while the current situation is largely assessed as good. The values of main sentiment indicators for the euro area have already deteriorated more visibly over the past months (Ifo, Zew). The latest euro area PMI for manufacturing and services fell significantly in September.

The yield spread of ten-year government bonds of certain euro area members vis-a-vis Germany hit new record levels in September. After the slump in May 2010 at the beginning

of the sovereign debt crisis in Europe, the yield spread of Greek, Irish, Portuguese as well as Spanish government bonds against the German bond recorded new highs due to the uncertainty related to the recovery of the economy and consolidation of public finances in these countries.

Interbank interest rates declined slightly in September. The value of the three-month EURIBOR averaged 0.88% and the value of the three-month USD LIBOR 0.29%. Changes in interbank interest rates have otherwise been relatively small over the past months (up to 25 basis points per month). Key interest rates of the main central banks remained unchanged also in September, as expected.

The euro gained value relative to the US dollar in September. The average exchange rate of the dollar against the euro appreciated by 1.3% to USD 1,3067 to EUR 1, but was 10.3% lower y-o-y. The British pound sterling depreciated relative to the euro in September (by 2.0%, to GDP 0.8399 to EUR 1), while the Japanese yen continues to appreciate (by 0.2%, to JPY 110.26 to EUR 1) and so does the Swiss franc (by 2.5%, to CHF 1.3089 to EUR 1). The Swiss franc has been gaining value against the euro for 12 months in succession and was 13.6% higher y-o-y in September.

The price of Brent crude oil remained approximately at the same level as in previous months, but in August, a significant increase was recorded for prices of non-energy commodities. The average monthly price of Brent crude oil rose by 1.4% to USD 77.8 a barrel in September; in euros, it remained unchanged (EUR 59.9 a barrel). In the first nine months of the year, oil prices in USD were 35.2% higher and oil prices in EUR 40.0% higher y-o-y. Dollar prices of non-energy raw materials rose by another 7.3% in August. Their growth still mainly resulted from higher prices of industrial products (10.1%), particularly metals. Prices of food increased as well (5.5%); the bulk of the increase is attributable to prices of wheat (25%), which have increased by as much as 83% since June, when they were lowest in five years.

Figure 1: Short-term indicators of economic activity in the euro area

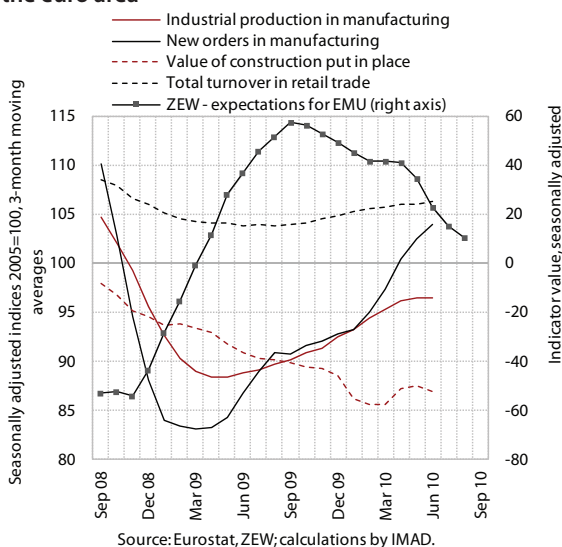
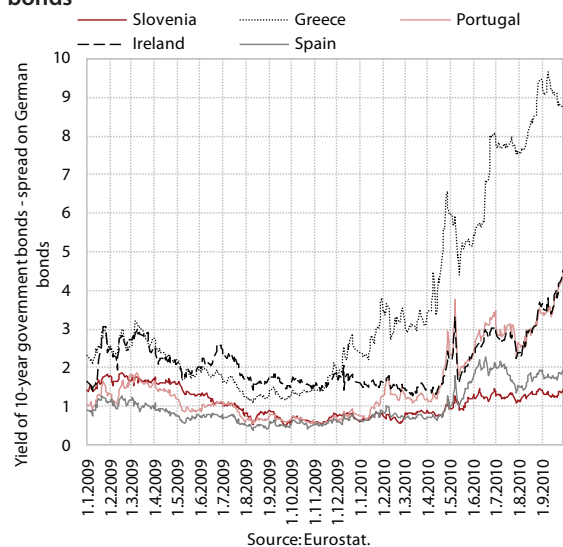


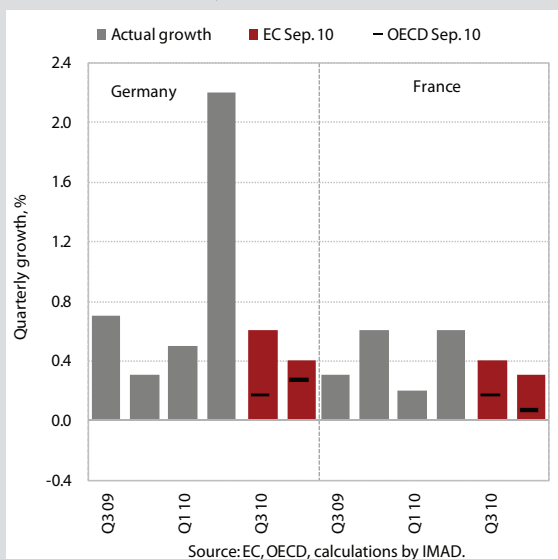
Figure 2: Yield to maturity of ten-year government bonds



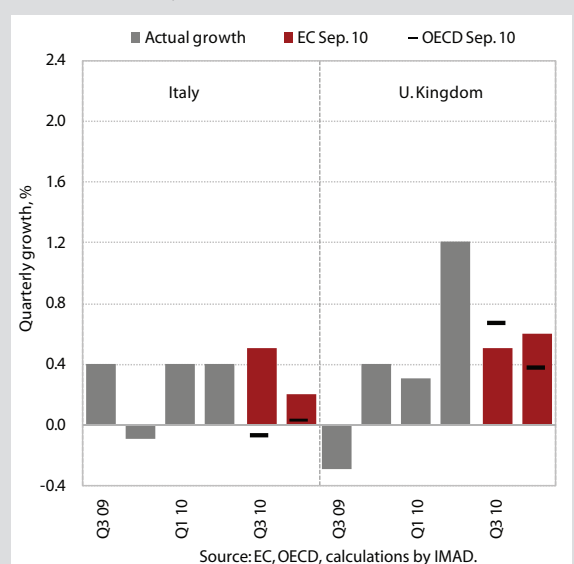
**Box 1: Interim forecasts of the EC and OECD**

The high level of uncertainty is also reflected in the significant differences in the interim autumn forecasts by the EC and OECD. While both institutions revised upwards their GDP forecasts for the last two quarters in the key economies, which are also Slovenia's main trading partners, the EC forecast is higher than the forecast by the OECD. The significant differences between the forecasts by these institutions (in the assessment of both the current situation and the expected speed of recovery in the second half of this year) are a sign of uncertainty, which still has a significant impact on the international economic developments. Despite the differences, neither of the institutions expects the economy to slide back into the recession (a double-dip scenario). Both institutions assume that economic growth in the key economies will continue to slow until the end of the year, relative to the second quarter, but while the OECD expects a stronger slowdown in the last two quarters than it did in the spring, the EC predicts higher growth, regardless of the easing. According to the EC, GDP is set to increase by 1.7% in the euro area (1.8% in the EU), up 0.8 p.p. from what the EC predicted in the spring, while the OECD has not released any new annual forecasts. Sentiment indicators used in the assumptions of these two institutions also point in different directions. The EC justifies the revision with the increase in the values of sentiment indicators (ESI, BCI, prepared by the EC), which indicate a further improvement of economic activity in the coming months, while the OECD revised its forecasts based on the value of the PMI, which has declined notably in recent months. The EC's optimism also reflects data on the structure of growth in the second quarter, which show a pick-up in domestic demand, with the contribution of growth in private investment and private consumption to total GDP growth exceeding the total contribution of changes in inventories and the international trade balance. This is, according to the EC, also encouraging for growth in the second half of this year, as European exports are expected to slow due to the expected easing of international trade. The OECD, in contrast, sees private consumption as one of the key factors that will limit economic growth in the second half of the year, given high unemployment, household indebtedness and the still tight situation on the real estate market, particularly in certain Member States. The OECD also regards the predicted fiscal consolidation as one of the negative risks, in addition to the distorted financial markets, which have yet to return to normal after the shocks in May 2010. Among the upside risks, both institutions cite a low share of investment in GDP. Amid growing profits in the last few quarters, it is private sector investment that is expected to play a crucial role in the economic recovery in the next quarters. The ECB also revised upwards its forecasts for economic growth in the euro area, expecting GDP to increase in the interval between 1.4% and 1.8% this year (in June, between 0.7% and 1.3%) and between 0.5% and 2.3% next year (in June, between 0.2% and 2.2%).

**Figure 3: Actual growth and interim forecasts of the EC and OECD – Germany and France**



**Figure 4: Actual growth and interim forecasts of the EC and OECD – Italy and the United Kingdom**

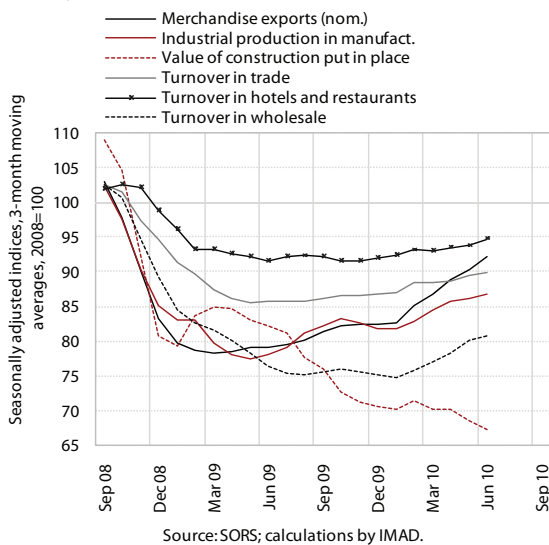




## Economic activity in Slovenia

After growing in the second quarter, the values of short-term indicators of economic activity in Slovenia declined or increased more slowly in July, while construction activity dropped to the lowest value since the beginning of the crisis. After the May and June increases, which also contributed to the relatively high average growth in the second quarter, merchandise exports increased more slowly in July, while production in manufacturing and nominal turnover in wholesale trade declined. After posting slower growth in the second quarter, real turnover in retail trade and in the sale of motor vehicles also declined in July, while nominal turnover growth in accommodation and food service activities remained moderate. The situation is still deteriorating the most in the construction sector, where after the 4% second-quarter decline, the value of construction put in place also declined in July, falling to the lowest level since the beginning of the crisis.

Figure 5: Values of short-term indicators of economic activity in Slovenia



In July, the value of **merchandise trade** remained at approximately the same level as in June. According to seasonally adjusted data, merchandise exports increased slightly (0.3%), while imports slightly declined (-0.3%). In the first seven months of 2010, exports were 12.4% and imports 12.2% higher y-o-y. In the first half of this year,<sup>1</sup> Slovenian merchandise exports were stimulated by demand from the EU (y-o-y nominal growth 15.6%), with growth of exports to other markets being marginal (3.3%). In addition to the favourable international environment, high y-o-y growth in total exports was otherwise also a result of deep falls in the same period last year. The greatest contributions to growth of exports to the EU came from road vehicles, electrical equipment, and iron and steel. In

<sup>1</sup> Data on merchandise trade by country and according to the SITC are available only for six months.

the second quarter, exports to Austria, Italy and Germany were still higher y-o-y than in the first (29.5%, 23.1% and 8.8% y-o-y, respectively), while exports to France remained the same as in the first quarter (23.2%). Y-o-y growth in exports to non-EU member states in the first half of this year mainly came from exports of electrical appliances and machinery and non-ferrous metals. Exports of medicinal product, which otherwise account for the greatest share of Slovenian exports to these markets (15%), and which had been dropping since the beginning of the crisis in late 2008, were already higher y-o-y in the second quarter this year. Among Slovenia's main trading partners outside the EU, the y-o-y decline of exports to Croatia slowed in the second quarter of this year (-4.5%), while exports to the Russian Federation and the US continued to grow (9.3% and 40.7%, respectively).

Figure 6: Exports of goods by country

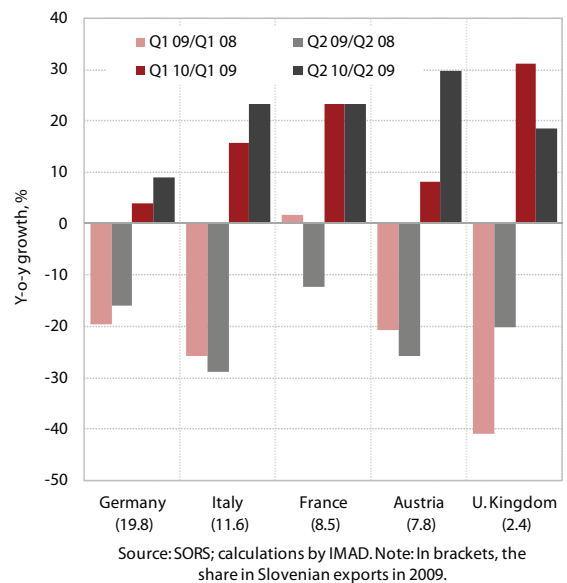
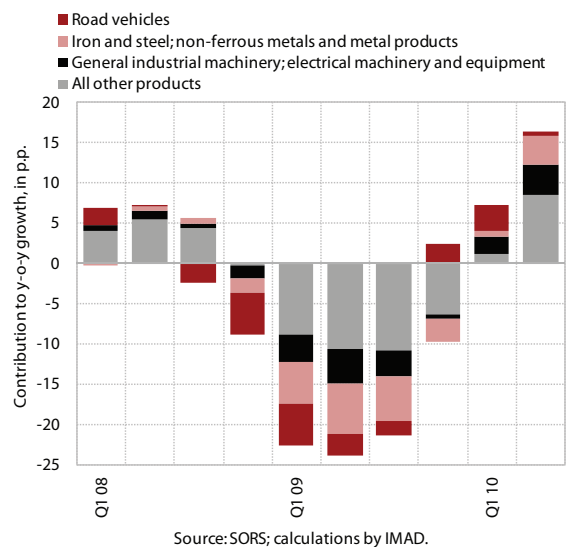


Figure 7: Exports of goods according to the SITC



Growth in nominal *merchandise imports* in the first half of this year mainly resulted from production volume growth in manufacturing and higher import prices of energy and other primary commodities. The import component of exports has been strengthening steadily y-o-y since the third quarter of last year so that imports of intermediate goods accounted for 64.5% of the value of merchandise exports in the second quarter this year. Imports of investment goods were still lower y-o-y in the first half of this year, largely due to the decline in imports of machinery and equipment. Imports of consumer goods were gradually recovering, while imports of gasoline, non-durable and durable goods increased significantly y-o-y.

The value of *trade in services* continues to grow more slowly y-o-y than the value of merchandise trade. In July, exports of services increased by 1.3% (seasonally adjusted) and were 4.9% higher y-o-y. Exports of transport services have been higher y-o-y in all months of this year, except in January, which is attributable to the movement of merchandise exports. Exports of travel services, which had remained unchanged in the first half of this year relative to the same period last year, recorded modest y-o-y growth in July (2.4%). Exports of the group of other services were higher y-o-y, after they declined in the first half of the year. While exports of construction services were still falling y-o-y, exports of financial services, merchanting and miscellaneous business, professional and technical services increased. Imports of services declined by 2.3% in July, after growing in the preceding five months (seasonally adjusted), and were still lower than in the previous July (-0.3%). Imports of transport services recorded similar movements as exports. After growing y-o-y in the first half of the year, imports of travel services declined in July. Imports of the group of other services fluctuated the most in the first seven months of this year. Imports of construction services were higher in June and July, after several months of y-o-y declines. Imports of licences, patents and copyrights, i.e. services

Figure 8: Trade in services

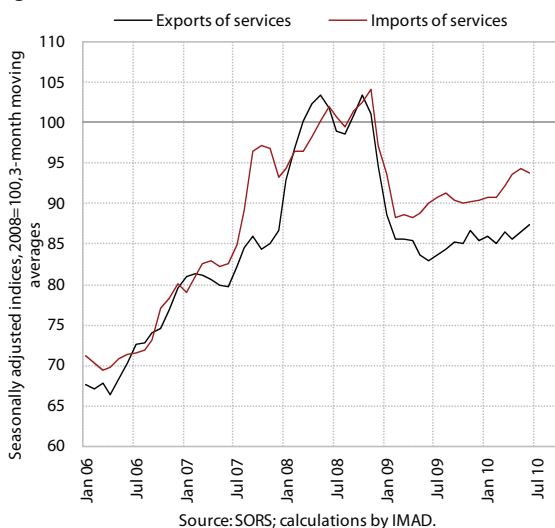


Table 1: Selected monthly indicators of economic activity in Slovenia

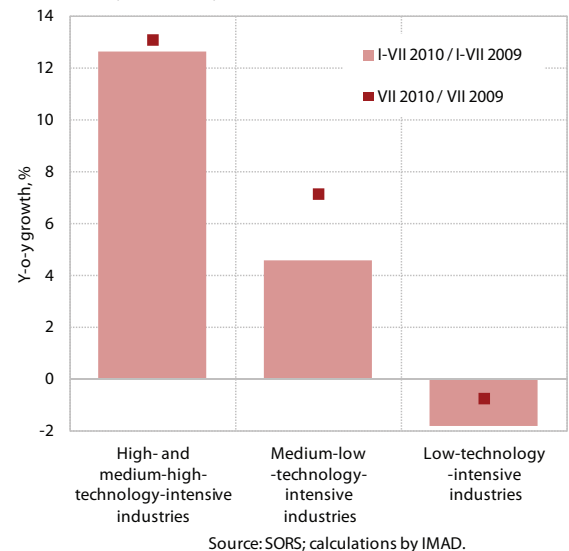
in %	2009	VII 10/ VI 10	VII 10/ VII 09	I-VII 10/ I-VII 09
<b>Exports<sup>1</sup></b>	<b>-18.4</b>	<b>-0.1</b>	<b>12.3</b>	<b>10.2</b>
-goods	-19.4	-4.3	14.7	12.1
-services	-14.7	17.9	4.9	2.5
<b>Imports<sup>1</sup></b>	<b>-23.6</b>	<b>2.9</b>	<b>8.3</b>	<b>11.0</b>
-goods	-25.7	-2.7	10.6	12.4
-services	-10.2	36.2	-0.3	3.6
Industrial production	-16.9	-1.8 <sup>2</sup>	9.5 <sup>3</sup>	5.6 <sup>3</sup>
-manufacturing	-18.1	-2.4 <sup>2</sup>	10.3 <sup>3</sup>	6.3 <sup>3</sup>
Construction -value of construction put in place	-21.0	-3.2 <sup>2</sup>	-17.7 <sup>3</sup>	-17.7 <sup>3</sup>
Distributive trade - total turnover in retail trade	-12.8	-2.2 <sup>2</sup>	4.4 <sup>3</sup>	1.9 <sup>3</sup>
Hotels and restaurants - turnover in hotels and restaurants	-11.8	1.1 <sup>2</sup>	5.0 <sup>3</sup>	1.4 <sup>3</sup>

Sources: BS, SORS; calculations by IMAD. Notes: <sup>1</sup>balance of payments statistics, <sup>2</sup>seasonally adjusted, <sup>3</sup>working-day adjusted data.

raising the level of the technological development of the economy, are increasing substantially.

Production volume in **manufacturing** declined in July (2.3%, seasonally adjusted) after the pick-up in previous months, while it was one tenth higher y-o-y (working-day adjusted). In July, production remained lower y-o-y in some less technology-intensive industries, i.e. the furniture and textile industries and in the repair and installation of machinery and equipment. In all high-technology industries it increased again y-o-y, most notably in the manufacture of ICT and electrical appliances,<sup>2</sup> and in the manufacture of other machinery and equipment,

Figure 9: Production in manufacturing according to technology intensity

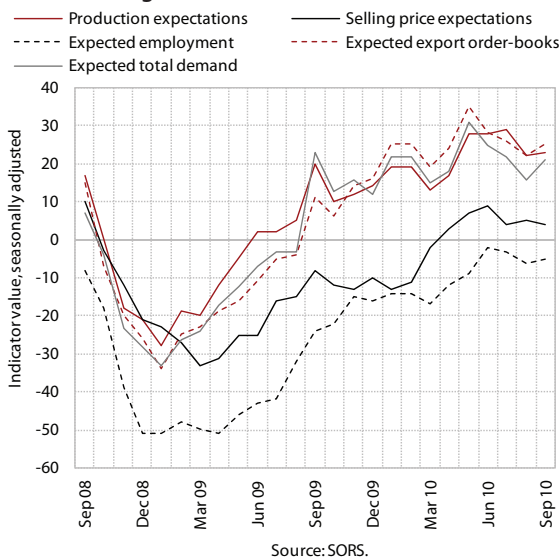


<sup>2</sup> Besides the food-processing industry, this is the only industry, in which inventories increased y-o-y in the first seven months of the year.

which recorded one of the largest drops in activity last year. Production growth in the manufacture of transport equipment was relatively modest (8.4%, averaging 22.0% in the first six months), which is in line with expectations, in view of the slowdown in new orders from the euro area due to the expiry or reduction of incentives for the purchase of new passenger cars and light commercial vehicles.

The current indicators still show a slower recovery on the domestic market than abroad, but enterprises have higher expectations for the next three months. The indicators of expected total demand and expected exports improved. The current indicators otherwise still show a stronger recovery on the foreign markets than on the domestic market. After the first seven months, turnover on the domestic market was still lower than in the same period last year, while turnover on the domestic market increased by around 13%. Data on new orders show a similar situation. In the first seven months of this year, new orders on foreign markets increased by around one quarter y-o-y. New orders on the domestic market, in contrast, rose only by 6.0% y-o-y. Other indicators of expectations (production, employment and prices) remained at a similar level as in the preceding month.

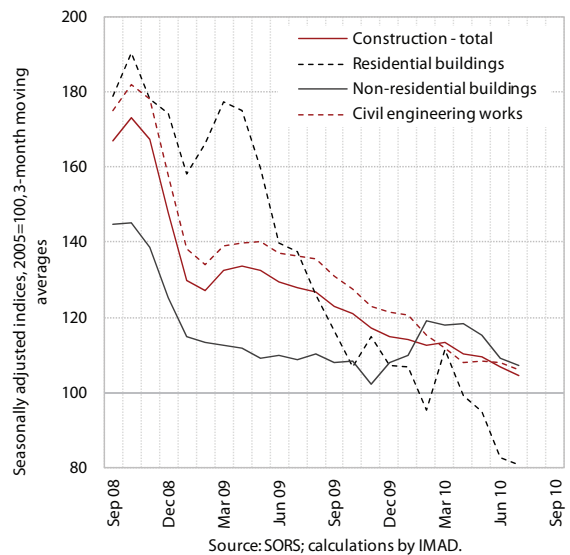
Figure 10: Selected indicators of business trends in manufacturing



**Construction** activity declined further in July, falling to a new low after the beginning of the crisis. According to seasonally adjusted data by SORS, the value of construction put in place declined by 3.2% and was 17.7% lower than in the same month last year. After a significant decline at the end of 2008 and a modest strengthening at the beginning of 2009, construction activity was slowly but steadily declining last year and in 2010, and was 44% lower in July than the highest value recorded in October 2008 before the crisis. Residential construction has dropped the most in recent months (being 51.2% lower y-o-y in July), which

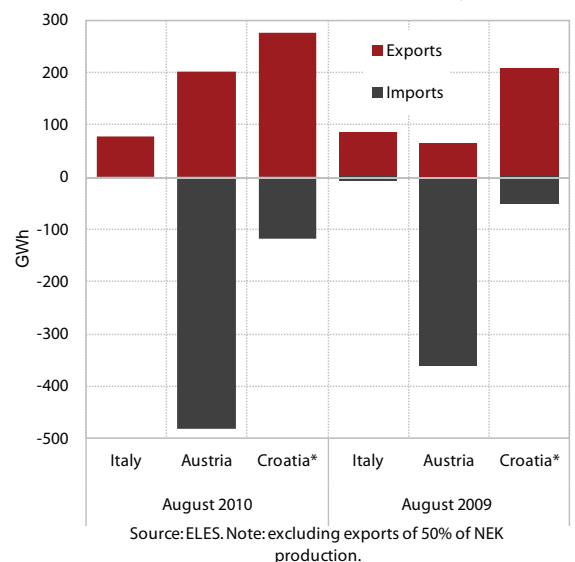
is related to the intensive construction before the crisis and accumulation of inventories. Civil engineering is also declining and was 20.1% lower y-o-y in July, which is mainly attributable to the completion of the motorway network. Residential construction has, amid considerable monthly fluctuations, hovered at a similar level since the beginning of 2009 (being 1.6% higher y-o-y in July).

Figure 11: Value of construction put in place



In August, **electricity** production and consumption were around 7% higher y-o-y; international electricity trade increased much more. Electricity production was 7.3% higher y-o-y, of which one quarter in thermal power plants, while production in other power plants remained nearly unchanged. Electricity consumption was 6.9% higher y-o-y. Altogether 55% of the increase came from consumption by direct consumers and more than 40%

Figure 12: Contractual cross-border electricity exchange

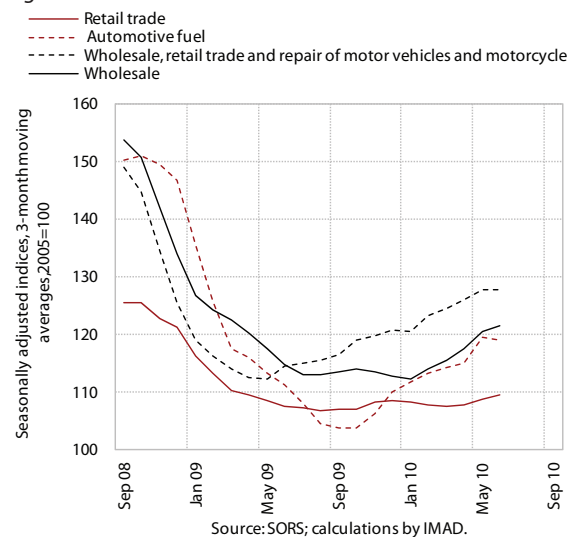


Source: ELES. Note: excluding exports of 50% of NEK production.

from the pumped-storage power plant Avče (the rest was transmission loss). Consumption from the distribution network, which accounts for a solid four fifths of total electricity consumption, was lower in August after eight months of y-o-y growth (by 0.2%), which is, according to our estimation, largely due to unstable weather conditions and a lower use of air-conditioning. Excluding the Croatian half of the nuclear power plant's production, Slovenia's net electricity imports accounted for 4.6% of consumption in August. Contractual electricity exports and imports represented 58% and 62% of consumption, respectively, and were 55.4% and 42.6% higher y-o-y, respectively. Overall 80% of total electricity imports came through Austria and 50% of total electricity exports were made through Croatia.

Turnover in all three **trade sectors** declined (seasonally adjusted) in July after it increased substantially in June. Turnover in wholesale trade and in the sale of motor vehicles<sup>3</sup> declined more notably in July (by 4.5% and 3.3%, respectively), for the first time since December last year, but was still higher in both sectors than in the months of the greatest crisis, largely due to high growth in March and June. The movement of turnover in retail trade, which remained approximately at the same level in July as in June, is largely dependent on the movement of turnover in the sale of automotive fuels. This started to decline in 2009, as a result of a decline in freight forwarding, as well as due to Slovenia's excise duty policy and relatively higher fuel prices than in the neighbouring countries. With renewed growth in freight forwarding, the sale of automotive fuels also started to increase at the end of last year. For several months, turnover in the sale of non-food product has persisted at the level recorded in the second half of 2009, while turnover in the sale of food, beverages and tobacco product remained roughly at the 2005 average. Against the background of less favourable movements in

Figure 13: Turnover in trade sectors



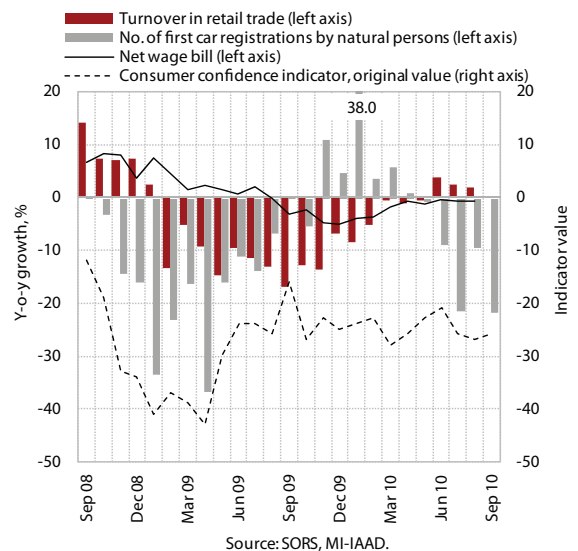
<sup>3</sup> Nominal turnover in wholesale trade and real turnover in the sale of and repair of motor vehicles.

July, turnover growth rates slowed y-o-y in all three trade sectors, particularly in the sale and repair of motor vehicles (by 12 p.p. to 3.5%), which was attributable to a decline in the sale of new passenger cars<sup>4</sup> and lower turnover from the maintenance and repair of passenger cars.

Nominal turnover in **accommodation and food service activities** was up again in July, which was, in addition to last year's low base, reflected in its higher y-o-y growth. Growth in July's turnover in accommodation and food service activities (1.1%, seasonally adjusted) was probably a consequence of a higher number of foreign tourists in Slovenia, as the number of their overnight stays increased by 4.3% y-o-y. Turnover in accommodation in food service activities in July was thus 5.6% higher y-o-y in nominal terms.

Household consumption remains limited, given a further decline in the net wage bill. Modest y-o-y growth in real turnover in retail trade over the last three months (June–August) was not so much a consequence of the actual recovery of consumption as last year's low base. In the third quarter, the consumer confidence indicator declined slightly and the number of first passenger car registration by natural persons was 18.1% lower y-o-y, after the 7% drop in the same period last year. Household spending is thus not expected to improve in the second half of this year.

Figure 14: Household consumption indicators

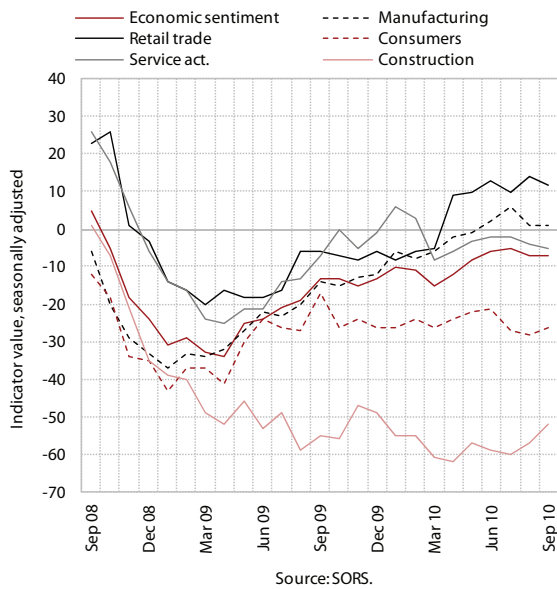


After deteriorating slightly in August, the seasonally adjusted value of the **sentiment indicator** remained unchanged in September. The seasonally adjusted confidence indicator in manufacturing did not change

<sup>4</sup> The number of total first passenger car registrations declined by 0.7% in July; within that, the registrations by natural persons dropped by 9.5%. In August, the number of first passenger car registrations was again higher y-o-y (6.6%; within that, the registrations by natural persons declined by 9.5%).

in September, but the confidence indicator in services deteriorated slightly, while the consumer confidence indicator and the confidence indicators in retail trade and construction improved somewhat. The value of the latter increased for the second month in a row and was highest since December 2009, though it remained very low.

Figure 15: Business trends



## Labour market

The decline in the **number of employed persons** in July was largely seasonal in nature. The total number of employed persons declined by 0.4%, and according to seasonally adjusted data, by 0.2%, due to a strong seasonal component. The total number fell particularly as a result of the drop in the number of employees (3,216 persons),

Figure 16: Persons in employment including and excluding self-employed farmers

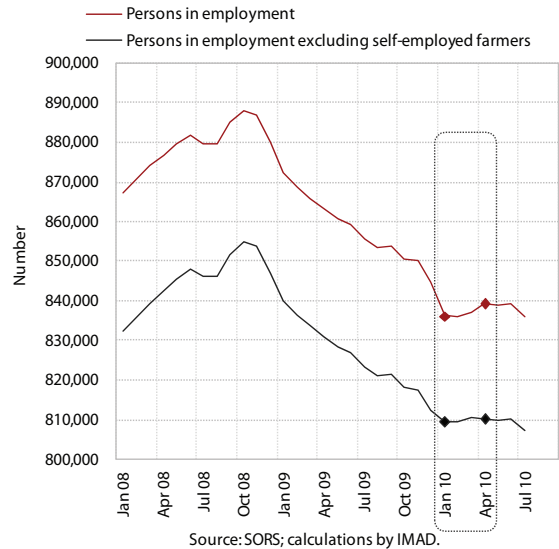


Table 2: Persons in formal employment by activity

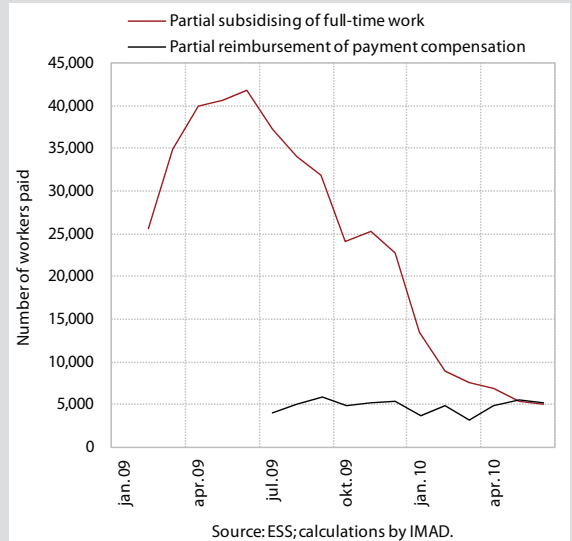
	Number in 1,000				Y-o-y growth rates, %		
	2009	VII 09	VI 10	VII 10	2009/2008	VII 10/VI 10	VI 10/VI 09
A Agriculture, forestry and fishing	37.9	37.9	34.7	34.1	-4.5	-1.8	-10.1
B Mining and quarrying	3.3	3.3	3.0	3.0	-7.5	-0.6	-9.3
C Manufacturing	199.8	197.8	189.0	188.5	-10.1	-0.3	-4.7
D Electricity, gas, steam and air conditioning supply	7.9	7.9	8.0	8.0	2.9	-0.2	0.8
E Water supply sewerage, waste management and remediation activities	9.0	9.1	9.2	9.3	2.3	0.5	1.7
F Construction	86.8	87.2	79.3	79.1	-1.3	-0.2	-9.3
G Wholesale and retail trade, repair of motor vehicles and motorcycles	114.6	114.1	112.2	111.6	-1.0	-0.5	-2.2
H Transportation and storage	49.8	49.6	48.0	47.9	-2.8	-0.3	-3.6
I Accommodation and food service activities	34.0	34.3	33.5	33.3	0.6	-0.6	-3.0
J Information and communication	22.5	22.5	22.5	22.5	2.8	0.2	-0.1
K Financial and insurance activities	24.5	24.6	24.5	24.5	1.0	-0.1	-0.5
L Real estate activities	4.4	4.4	4.3	4.3	4.7	-0.3	-2.0
M Professional, scientific and technical activities	44.8	44.6	46.9	47.1	4.6	0.5	5.7
N Administrative and support service activities	25.6	25.4	26.6	26.6	-1.7	-0.1	4.4
O Public administration and defence, compulsory social security	51.5	51.7	52.4	52.2	1.1	-0.4	0.9
P Education	61.7	60.7	63.4	62.4	2.8	-1.6	2.8
Q Human health and social work activities	52.1	52.2	53.4	53.4	2.1	-0.1	2.2
R Arts, entertainment and recreation	14.1	14.1	14.2	14.1	1.8	-0.6	0.4
S Other service activities	13.3	13.4	13.5	13.5	3.7	0.0	0.9
T Activities of households as employers, undifferentiated goods - and services - producing activities of households for own use	0.5	0.6	0.6	0.6	7.0	-1.4	1.1

Source: SORS; calculations by IMAD.

**Box 2: Participation of employed persons in programmes aimed at preserving jobs in Slovenia**

In the first half of this year, the number of employed persons that participated in programmes adopted in 2009 to preserve jobs was lower than last year.<sup>1</sup> The Partial Subsidising of Full-Time Work Act entered into force in 2009. In the first half of 2009, when economic activity dropped most notably, a relatively high number of persons participated in these programmes. Since the beginning of payments in February and up to June 2009, subsidies under the short-time working scheme were paid for 36.5 thousand employed persons per month, on average, which is 4.2% of all employed persons in that period. In the second half of 2009, the number of subsidies paid started to decline gradually, dropping to an average of 29.2 thousand per month (3.4% of all employed persons in that period). The deadline for enterprises to apply for subsidies expired at the end of March this year, but subsidies continue to be paid based on the already concluded contracts, which expired at the end of September 2010, according to ESS data. In the first half of 2010, only 7,931 subsidies for employed persons were paid on average per month (0.9% of employed persons in that period), which is 78% below the monthly average in the first half of last year. The number of those included in the scheme under the Partial Reimbursement of Payment Compensation Act, which took effect in July last year, was lower than the number of persons participating under the Partial Subsidising of Full-Time Work Act, as the eligibility conditions tightened, but also as the crisis stopped deepening in the second half of last year. In the period between July 2009 and June 2010, the partial reimbursement of the compensation was paid for an average of 4,783 employed persons waiting for work per month, which accounted for 0.6% of all employed persons in that period. Similar to the Partial Subsidising of Full-Time Work Act, the interest in this scheme also declined this year, given that in the first half of this year, 9.9% fewer subsidies were paid per month, on average, than in the second half of last year. Employers were able to file for the partial reimbursement of payment compensation by the end of March 2010 and with the foreseen extension of contracts, subsidies are expected to be paid up to the end of March 2011.

**Figure 17: Subsidies paid for employed persons participating in the short-time working scheme and in the partial reimbursement of payment compensation scheme**

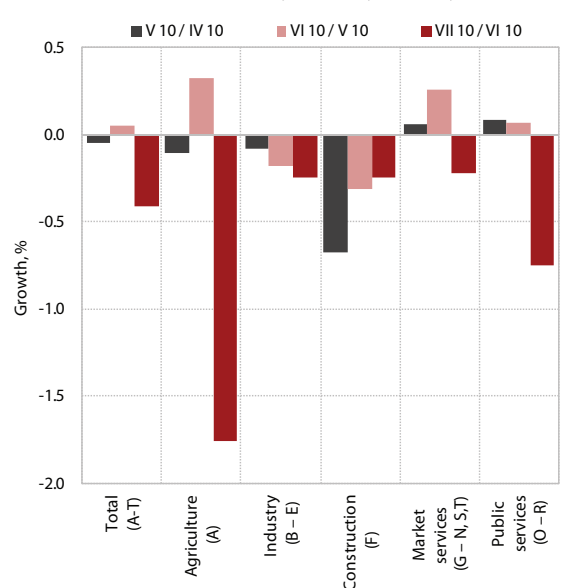


<sup>1</sup> Within the anti-crisis stimulus package, Slovenia adopted two acts to preserve jobs last year, similar to some other European countries. The Partial Subsidising of Full-Time Work Act was adopted in January 2009 and the Partial Reimbursement of Payment Compensation Act at the end of May 2009. For more on this topic see IMAD, Economic Issues 2010, p.p. 87–90.

mainly attributable to the termination of fixed-term employment contracts, which is typical before the summer holidays. This year, the decline of temporary employment was again greatest in education (by 991), but also in manufacturing and trade. In July, the number of employed persons declined relatively more than in previous months also in transport and hotels and restaurants, and after a few months, again in public administration; it increased more significantly only in professional, scientific and technical activities. The number of people in employment including self-employed farmers dropped by 2.3% y-o-y in July; excluding self-employment farmers by 1.9%.<sup>5</sup> The number of vacancies (14,293) remained higher y-o-y in August, but the number of new hires (6,613) was still lower than a year previously.

<sup>5</sup> SORS estimates the number of self-employed farmers based on data from the Labour Force Survey for the previous quarter. The number of farmers among formally employed persons thus tends to fluctuate every three months. It is thus estimated to have declined by 5,781 (17.9%) between December 2009 and January 2010 and increased again by 2,718 or 10.3% between March and April 2010. As such strong fluctuations are difficult to explain, it is sensible to exclude them from the analysis of the dynamics of persons in formal employment.

**Figure 18: Persons in employment by activity**



The number of **registered unemployed persons** declined in September, after the significant increase in August. The relatively great increase in August is shown by the seasonally adjusted monthly growth rate (1.5%). The inflow into unemployment due to job loss and the flow of unemployed persons who found jobs deteriorated as well. The former (5,671) was higher y-o-y for the first time this year, while the latter (3,963) was smaller y-o-y for the first time since March 2010. At the end of August, 99,032 persons were registered as unemployed, at the end of September, 97,908 (according to seasonally adjusted data, 1.1% more than in August and 10.8% more than in September last year). The registered unemployment rate remained the same in July as in previous two months (10.5%).

Figure 19: Registered unemployment

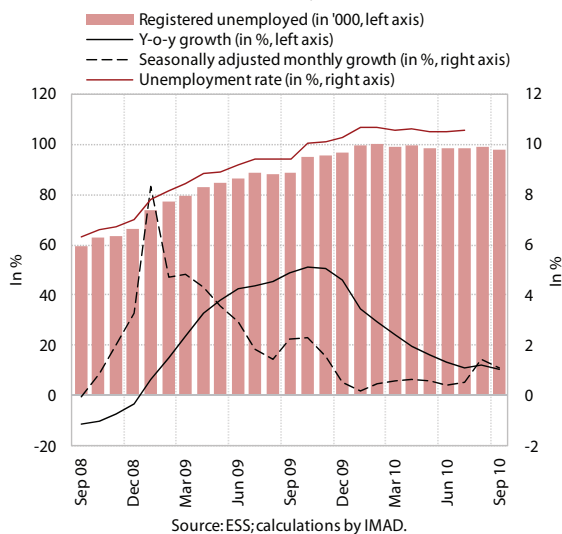


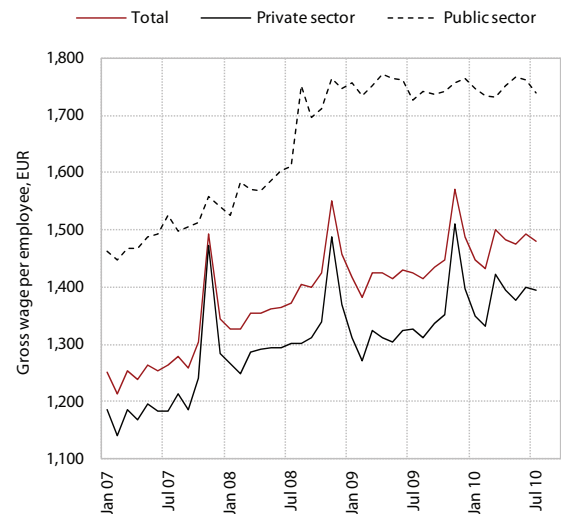
Table 3: Labour market indicators

v %	2009	VII 10/ VI 10	VII 10/ VII 09	I-VII 10/ I-VII 09
Labour force	0.2	-0.3	-1.0	-1.0
Persons in formal employment	-2.4	-0.4	-2.3	-3.0
- Employed in enterprises and organisations and by those self-employed	-2.5	-0.4	-2.2	-3.0
Registered unemployed	36.6	0.2	11.2	20.9
Average nominal gross wage	3.4	-0.7	4.0	4.0
- private sector	1.8	-0.5	5.0	5.4
- public sector	6.5	-1.3	0.8	-0.3
	2009	VII 09	VI 10	VII 10
Rate of registered unemployment, in %	9.1	9.4	10.5	10.5
Average nominal gross wage (in EUR)	1,438.96	1,424.23	1,491.57	1,480.69
Private sector (in EUR)	1,338.77	1,326.60	1,399.56	1,392.58
Public sector (in EUR)	1,749.82	1,726.24	1,761.92	1,739.58

Sources: ESS, SORS; calculations by IMAD.

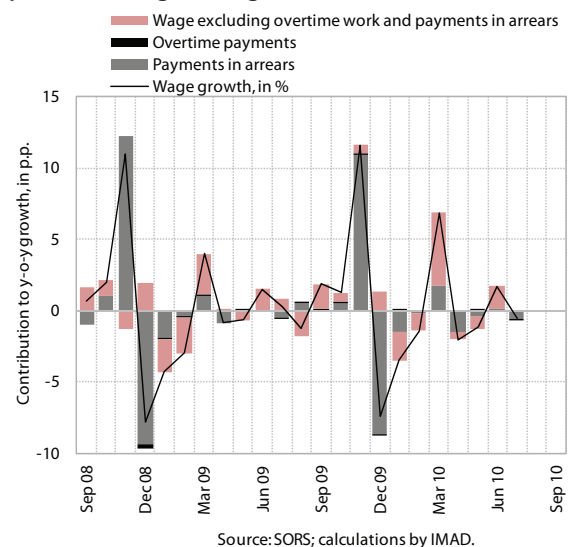
The average gross **wage per employee** dropped by a nominal 0.7% in July, while its y-o-y growth slowed to 4.0%. In the first seven months, the average growth was also 4.0% higher than in the same period last year (4.8% last year), which reflects wage growth in the private sector.

Figure 20: Nominal gross wage per employee



In the private sector, the average gross wage per employee was 0.5% lower in July than in June. This year's relatively high y-o-y growth slowed somewhat (5.0%). The decline in private sector wages in July was expected, after relatively high growth in June, even if July was one working day longer.<sup>6</sup> Growth in this sector's gross wage was somewhat slower y-o-y. The bulk of wage growth came from the

Figure 21: Breakdown of the monthly increase in the private sector gross wage

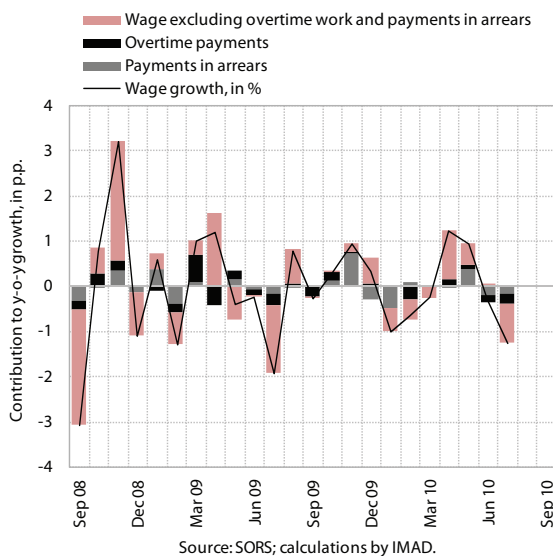


<sup>6</sup> Wages fell most notably in activities where they had increased the most in June (in electricity, gas and steam supply, and in financial and insurance activities).

gross basic wage (without payments for overtime work and payments in arrears; 4.6 p.p.), which grew significantly in March upon the minimum wage increase. With a greater volume of paid overtime work compared with the same period last year, the contribution of payments for overtime work to wage growth was slightly positive, but remained much lower than before the crisis. Growth remains highest in the industry group (B–E; 7.3%) and lowest in business services (J–N, S, 3.1%).

The average gross wage per employee in the public sector declined in July largely due to a seasonally usual lower workload in education and health care (-1.3%). Despite the adjustment (by 0.65%),<sup>7</sup> the average gross wage in the public sector declined. The decline was expected in education (-2.7%), as in education activities, wages typically decline by 2% in July due to a lower volume of additional school activities at the beginning of school holidays. The workload in health care also tends to be somewhat smaller during the summer months, which was reflected in the July reduction in wages (-0.8%), while in other activities, the decline of wages was less pronounced (0.2% in public administration and 0.6% in arts, entertainment and recreation). In the first seven months, the gross wage in this sector was slightly lower than in the same period last year (-0.3%), as a result of the decline in health care (-0.5%) and public administration (-1.1%), while it was slightly higher in education and arts, entertainment and recreation (0.5% and 1.0%, respectively).

Figure 22: Breakdown of the monthly increase of the gross wage in the public sector

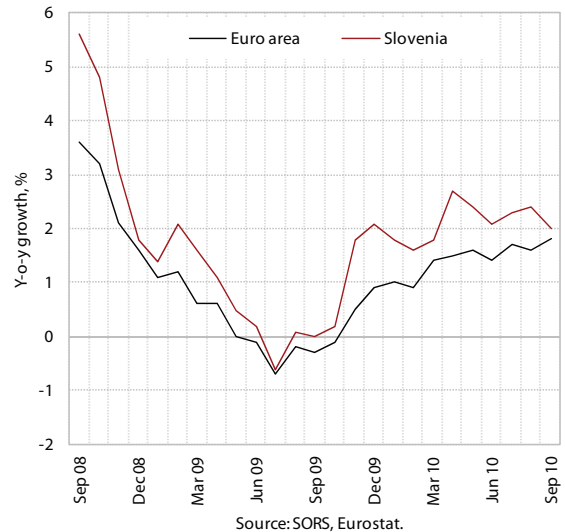


<sup>7</sup>In line with the Agreement on Measures Regarding Public Sector Salaries in December 2009–November 2011 and Annex No. 2 to the Collective Agreement for the Public Sector by half of the y-o-y inflation predicted in the spring (1.3%).

## Prices

In September, consumer prices declined by 0.5% (-0.2% last year) and year-on-year inflation was 2.0% (2.3% in August). In the first nine months of this year, prices increased by 1.5% (1.3% last year), in the euro area by 1.2%, according to Eurostat's preliminary data, and in September, by 1.8% y-o-y.

Figure 23: Inflation in Slovenia and in the euro area



### Box 3: September's deflation due to changes in the calculation of prices of school meals for primary school pupils

September's decline in the general price level is largely attributable to a substantial impact of subsidised school meals for all primary school pupils, introduced according to the Act on School Diet. The introduction of the subsidy on 1 September 2010 reduced the price of school meals paid by consumers (e.g. parents of primary school pupils) by 68.8%, which in turn, lowered monthly inflation by 0.7 p.p. Monthly inflation would have otherwise amounted to 0.2%, approximately, which would be consistent with our expectations for that month.

Consumer price growth is this year significantly characterised by higher energy prices and excise duty rises. Energy price growth, which contributed 1.2 p.p. to 2% inflation in the first eight months of 2010 (excise duty rises, approx. 0.6 p.p.) is directly (liquid fuels for transport and heating) and indirectly (district heating, natural gas, and to a lesser extent solid fuels and electricity) related to oil price dynamics in the international environment and the USD/EUR exchange rate, which dropped 11% in that period. Oil price growth in euros was therefore much higher than in dollars this year, particularly in the second quarter. The total impact of higher taxes amounted to 0.8 p.p. this year, according to our estimation. As a result of growing



Table 4: Breakdown of HICP into sub-groups – the first eight months of 2010

	Euro area			Slovenia		
	Cum. %	Weight %	Contribution in p.p.	Cum %	Weight %	Contribution in p.p.
Total HICP	0.9	100.0	0.9	2.1	100.0	2.1
Goods	0.5	58.0	0.3	1.4	66.2	0.9
Processed food, alcohol and tobacco	0.8	11.9	0.1	3.5	14.8	0.5
Non-processed food	1.7	7.3	0.1	5.9	6.9	0.4
Non-energy industrial goods	-1.9	29.3	-0.6	-4.4	30.7	-1.3
Durables	0.1	9.5	0.0	-2.9	11.5	-0.3
Non-durables	0.4	8.3	0.0	0.4	8.8	0.0
Semi-durables	-4.8	11.5	-0.5	-9.7	10.3	-1.0
Energy	6.7	9.6	0.6	9.7	13.9	1.3
Electricity for households	1.7	2.4	0.0	5.9	2.6	0.2
Natural gas	6.7	1.5	0.1	15.7	0.8	0.1
Liquid fuels for heating	14.8	0.8	0.1	21.2	1.5	0.3
Solid fuels	0.1	0.1	0.0	-1.6	1.0	0.0
District heating	-3.3	0.5	0.0	15.0	0.8	0.1
Fuels and lubricants	9.1	4.2	0.4	9.1	7.2	0.7
Services	1.6	42.0	0.7	3.4	33.8	1.1
Services – dwellings	1.3	10.2	0.1	4.8	2.7	0.1
Services – transport	2.6	6.6	0.2	1.3	5.2	0.1
Services – communications	-0.2	3.3	0.0	0.9	3.4	0.0
Services – recreation, repairs, personal care	1.7	14.9	0.3	5.2	14.3	0.7
Services – other services	1.0	7.1	0.1	1.8	8.1	0.1
HICP excluding energy and non-processed food	0.1	83.1	0.1	0.2	79.3	0.2

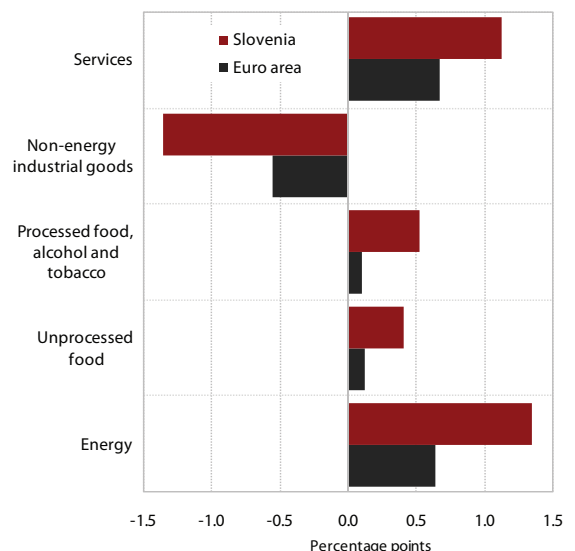
Source: Eurostat; calculations by IMAD.  
Note: ECB classification

energy prices and higher excise duties and to a lesser extent also due to prices of non-processed food, inflation in Slovenia exceeds inflation in the euro area, which was 1.6% y-o-y in August (HICP);<sup>8</sup> in Slovenia, 2.4%.

The relatively weak demand is reflected in moderate indicators of core inflation. As last year, the movement of core inflation is also very moderate this year, due to weak demand. Among the prices groups, which make up the consumer price index excluding non-processed food and energy (core inflation), this is most visible in prices of non-energy industrial goods, which continue to drop in Slovenia (4.4% in the first eight months of this year). In the euro area, these prices increased slightly in the same period, which is a key reason for somewhat higher core inflation in the euro area than in Slovenia. Prices of processed food<sup>9</sup> were up 3.3% in Slovenia in the first eight months of this year (2.4% last year); domestic growth of services prices (4.4%) was somewhat lower than in the same period last year, but nevertheless somewhat higher than in the euro area as a whole. Among services prices, which increased relatively slowly in the first months of the year, public utility prices recorded outstanding growth for the second consecutive year and

were hence frozen for six months by the government at the end of August. During this time, the government will adopt a decree tying the formulation of these prices to the quality of services and improve supervision.

Figure 24: Breakdown of y-o-y inflation into contributions of individual sub-groups



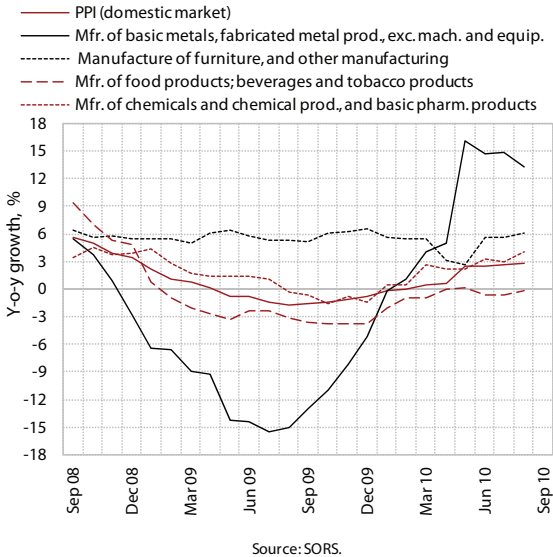
Source: SORS; calculations by IMAD.

<sup>8</sup> Comparisons between price movements in the euro area and in Slovenia are based on the harmonised index of consumer prices (Eurostat).

<sup>9</sup> The group of processed food also includes alcohol, non-alcoholic beverages and tobacco.

**Domestic producer prices** on the domestic market are also changing under the impact of external factors. In the last four months, y-o-y growth in producer prices of manufactured goods on the domestic market hovered between 2.6% and 2.9% (August). Y-o-y growth is still mainly affected by price movements in the manufacture of metals and metal products, which is a result of impacts from the international environment, largely the movement of prices of metals, the USD/EUR exchange rate and, indirectly, prices of oil. Price movements in other industries are highly heterogeneous: in certain manufacturing industries, prices were down y-o-y in August, in others (the manufacture of food-products), they remained approximately the same, while relatively high y-o-y growth rates were recorded in the manufacture of textiles and clothing, paper and chemical products; y-o-y growth in furniture prices remained at the average level of the last few years, just above 5%. According to SORS data, price growth in business services is moderate, as prices rose only 0.1% in the second quarter, which is, according to our estimation, a result of weak demand.

Figure 25: Growth in industrial producer prices



The **price competitiveness of the economy** continued to improve in July, but the improvement in the first seven months was less noticeable than in most other euro area members. The real effective exchange rate measured by relative consumer price growth, which declined in the first quarter largely under the impact of the depreciation of the euro, dropped in July (-0.4%) due to the fall in relative prices.<sup>10</sup> In July, it was 1.8% lower than in December last year and in the first seven months of 2010, 0.9% lower than in the comparable period last year. After falling for eight months, the nominal effective exchange rate of the euro appreciated in July largely due to the strengthening of the euro against the USD, and to a lesser extent, against the GBP, HUF and JPY. In the first seven months of this

<sup>10</sup> In Slovenia, compared with its trading partners.

year, Slovenia was at the last-but-one place among the euro area members regarding the improvement of price competitiveness. This relatively worse Slovenia's position is partly attributable to the structure of Slovenia's external trade,<sup>11</sup> and partly to growth in relative consumer prices, which are increasing slowly in Slovenia in 2010 for the second year in a row, while in the majority of other euro area countries they are falling.

Figure 26: Real effective exchange rates of euro area members deflated by HICP, in the first seven months of 2010

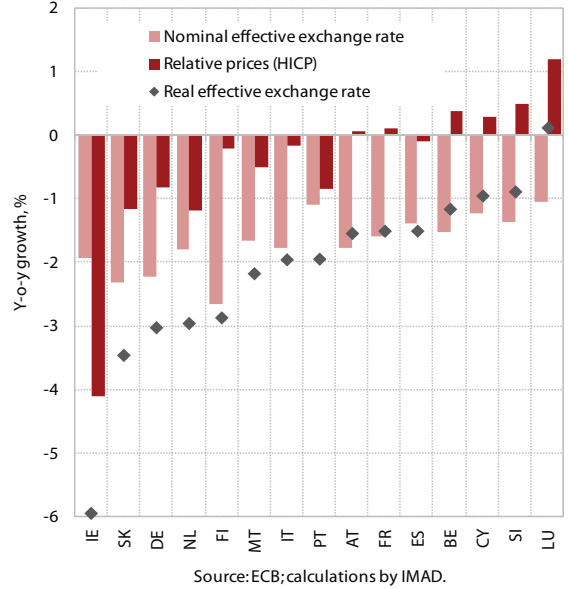
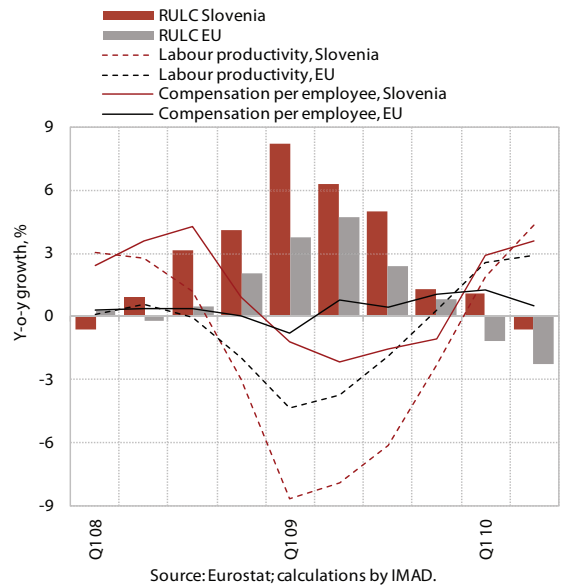


Figure 27: Real unit labour costs (RULC) in Slovenia and EU average



<sup>11</sup> The share of trade with euro area countries in the structure of Slovenia's external trade is above average, meaning that the depreciation of the euro has a smaller impact on Slovenia's price competitiveness.

Table 5: Indicators of price and cost competitiveness

y-o-y growth rates, %	2008	2009	q3 09	q4 09	q1 10	q2 10
<b>Effective exchange rate*</b>						
Nominal	0.5	0.4	0.3	1.8	-0.3	-1.9
Real, deflator CPI	2.8	0.7	0.2	2.3	-0.3	-1.3
Real, deflator PPI	0.8	2.8	3.7	1.4	-2.4	-3.3
Real, deflator ULC	3.1	5.0	4.4	4.6	2.1	-0.6
<b>Unit labour costs, economy and components</b>						
Nominal unit labour costs	5.9	8.5	7.3	3.3	1.5	0.6
Compensation per employee, nominal	6.9	1.6	0.7	0.9	3.4	5.0
Labour productivity, real	1.0	-6.4	-6.2	-2.3	1.9	4.4
Real unit labour costs	1.8	5.1	4.9	1.3	1.0	-0.7
Labour productivity, nominal	5.0	-3.3	-4.0	-0.5	2.4	5.8

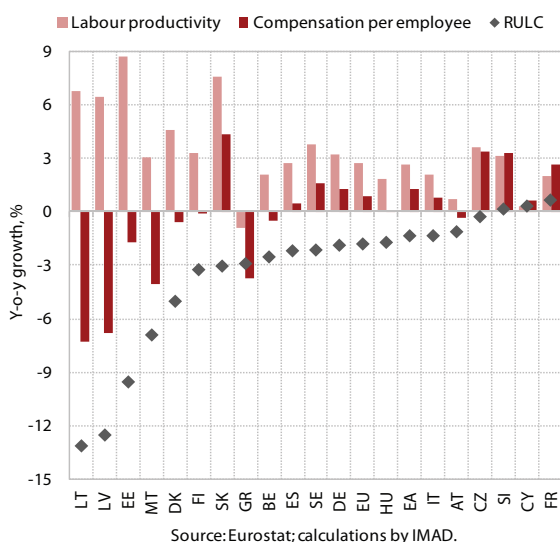
Source: SORS, ECB, EUROSTAT, OECD; calculations by IMAD.  
Note: \*relative to the 17 trading partners

The **cost competitiveness of the economy** improved in the second quarter after a longer period of decline, but less than in most euro area and EU countries due to relatively high wage growth in the private sector. After a year of a gradual easing of growth, real unit labour costs and the real effective exchange rate deflated by relative unit labour costs declined y-o-y in the second quarter (the former by 0.7%, the latter by 0.6%, according to the estimation) to be only slightly higher in the first six months than a year previously (0.1% and 0.8%, respectively). The improvement is related to renewed labour productivity growth due to the rebound in economic growth, amid an only slightly slower y-o-y decline in employment. Growth in the compensation of employees per employee accelerated under the impact of stronger growth in private sector wages, but was lower than labour productivity growth in the second quarter. While Slovenia had been in the group

of euro area and EU countries with the greatest losses in cost competitiveness since mid-2008, its improvement was one of the smallest in the euro area and EU this year. Slovenia's relatively worse position was this year attributable to faster wage growth in Slovenia than in most other countries, while last year it reflected a greater drop in productivity.

Broken down by activities, the relatively worse position of Slovenia's economy in the first six months was mainly a result of a pronounced loss in cost competitiveness in the construction sector. The latter reflects the decline in productivity due to shrinking construction activity amid a simultaneous acceleration of growth in the compensation of employees per employee. Manufacturing industries, which recorded an outstanding deterioration last year, are this year characterised by a significant improvement. Even though this year's increase in the minimum wage

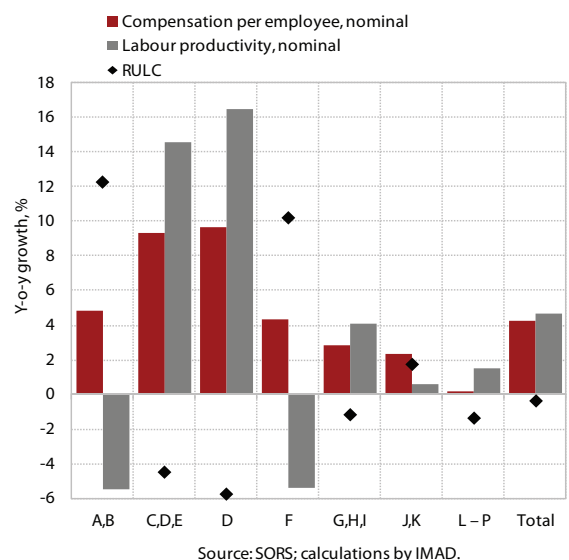
Figure 28: Real unit labour costs in selected EU countries<sup>12</sup> in the first half of 2010



Source: Eurostat; calculations by IMAD.

<sup>12</sup> Mid-year data were available only for 19 EU countries.

Figure 29: Cost competitiveness by sector in the first six months of 2010



Source: SORS; calculations by IMAD.

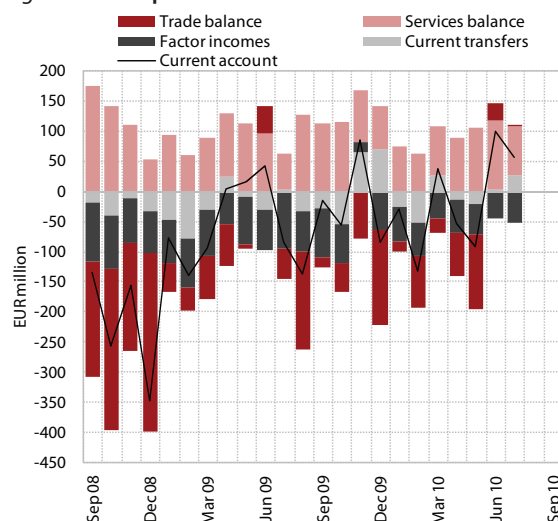
had the greatest impact on growth in the compensation of employees in manufacturing, real unit labour costs declined significantly due to a simultaneous (and even greater) increase in labour productivity. In the first quarter, labour productivity growth was largely a result of shrinking employment, while in the second, it also reflected resumed value added growth.

## Balance of payments

In July, the **current account of the balance of payments** recorded a surplus again (EUR 57.2 m), and in the first seven months of this year, a deficit of EUR 106.0 m (-EUR 323.9 m in the same period last year). July's y-o-y change in the balance of current transactions (a deficit of EUR 83.8 m in July 2009) was mainly impacted by a change in the balance of goods and services trade. Besides a modest surplus in trade in goods (in July 2009, a deficit), there was also an increase in the surplus in services trade. The deficit in factor incomes also continues to narrow, while the surplus in current transfers widened once again in July.

External trade again recorded a surplus in July. Trade in goods and services improved y-o-y. The deficit in merchandise trade (-EUR 48 m), which is otherwise typical for July, turned into a modest surplus this year. It was mainly influenced by the contraction of the deficit in trade with EU countries, as exports to Slovenia's main markets again increased faster in nominal terms than imports, while the surplus in trade with non-EU countries

Figure 30: Components of the current account balance



Source: BS; calculations by IMAD.

declined for the fourth month in a row. The merchandise deficit totalled EUR 289.3 m in the first seven months of the year, compared with EUR 235.0 m in the same period last year. The surplus in the services balance narrowed in July, but increased y-o-y. The y-o-y increase was mainly due to a higher surplus in trade in travel services. The surplus in trade in road and rail transport services was also somewhat higher, while the deficit in the group of other services was smaller, largely as a result of the surplus in trade in miscellaneous business, professional

Table 6: Balance of payments

I-VII 10, EUR m	Inflows	Outflows	Balance <sup>1</sup>	Balance, I-VII 09
Current account	14,081.5	14,187.5	-106.0	-323.9
- Trade balance (FOB)	10,538.5	10,827.8	-289.3	-235.0
- Services	2,462.2	1,858.5	603.7	609.4
- Income	496.8	855.5	-358.7	-525.5
Current transfers	583.9	645.6	-61.7	-172.9
Capital and financial account	3,735.2	-3,250.5	484.7	21.9
- Capital account	179.9	-140.5	39.4	33.9
- Capital transfers	178.8	-138.7	40.2	39.1
- Non-produced, non-financial assets	1.0	-1.8	-0.8	-5.2
- Financial account	3,555.3	-3,110.0	445.3	-12.0
- Direct investment	170.1	-82.7	87.5	-451.6
- Portfolio investment	2,272.7	-560.3	1,712.4	2,889.0
- Financial derivatives	-57.0	-0.7	-57.6	-13.9
- Other investment	1,161.4	-2,466.4	-1,305.0	-2,542.4
- Assets	833.0	-456.1	376.8	-70.4
- Liabilities	328.5	-2,010.3	-1,681.8	-2,472.0
- Reserve assets	8.0	0.0	8.0	106.8
Net errors and omissions	0.0	-378.7	-378.7	302.0

Sources: BS.

Note: <sup>1</sup>a minus sign (-) in the balance indicates a surplus of imports over exports in the current account and a rise in assets in the capital and financial account and the central bank's international reserves.

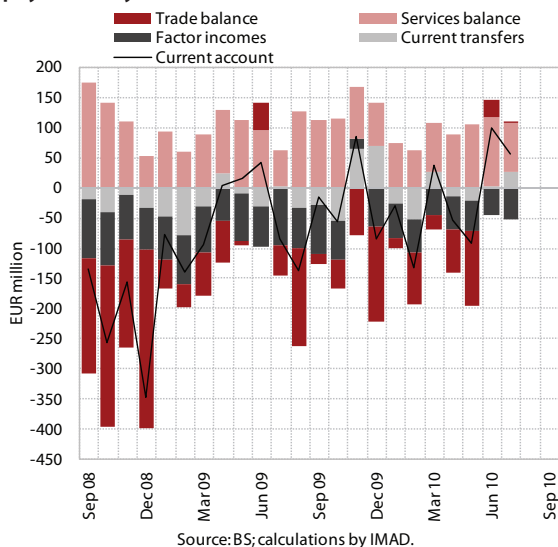
and technical services (in July 2009, a deficit). The surplus in the services balance rose to EUR 603.7 m in the first seven months of this year, which is EUR 5.7 m less than in the same period last year.

*The deficit in the balance of factor incomes is still declining as a result of lower net outflows of investment income, while the surplus in current transfers increased again in July. With low interest rates and due to the restructuring of external liabilities, net interest payments to the rest of the world remained lower y-o-y in July. The net inflow of income from labour increased, mainly as a consequence of lower expenditure on the compensation of foreign workers employed in Slovenian companies. The surplus in the balance of current transfers was again largely a consequence of the net budgetary surplus of the state budget against the EU budget.*

**Financial transactions** recorded a net inflow of EUR 93.1 m in July (EUR 159.2 m in July 2009). The net capital inflow of the private sector exceeded the net capital outflows of the BS and the general government. The net capital inflow of the *private sector* was largely impacted by other investments. The rest of the world repaid to domestic commercial banks EUR 294.3 m of short-term loans. Domestic commercial banks withdrew short-term deposits from their accounts abroad (EUR 459.3 m), partly in order to repay foreign loans, but also to finance modest domestic lending activity. After the issue of two long-term bonds in the first quarter of this year, net capital flows of the *government sector* were weak again in July (-EUR 1.5 m). The BS lowered its liabilities to the TARGET2 position, mainly as a consequence of the settlement of Eurosystem's monetary policy operations.

**Net external debt** totalled EUR 11.4 bn at the end of July (31.8% of estimated GDP), up EUR 715 m from the end of 2009. At the end of July, Slovenia's gross external debt

Figure 31: Financial transactions of the balance of payments by sector

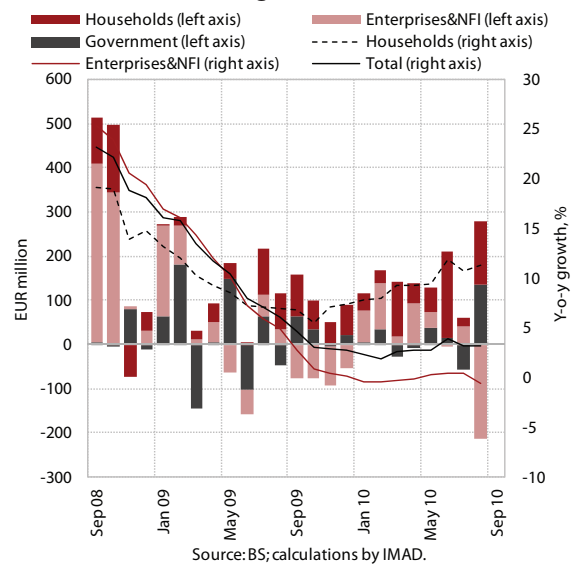


totalled EUR 41.4 bn, EUR 1,083 m more than in December 2009. Gross external claims in debt instruments also increased, totalling EUR 30.0 bn at the end of July, which is EUR 368 m more than in December 2009.

## Financial markets

*After easing significantly in July, lending activity was also relatively low in August. This was a result of significant corporate and NFI net repayments of loans, amid the persisting tight liquidity conditions, while household and government borrowing was higher than in the first eight months as a whole. Domestic banks recorded net lending of EUR 934.0 m in the first eight months, 17.3% more than in the same period of last year. Regarding the sources of finance, banks continued to make net repayments of liabilities, while government and household deposits recorded net inflows in August.*

Figure 32: Net flows and growth of domestic bank loans to domestic non-banking sectors



*After July's decline, the volume of loans to non-banking sectors in the euro area remained almost unchanged in August. As in Slovenia, net flows were recorded only by households and the government, while enterprises and NFIs net repaid their loans. Lending activity is still much higher than last year, even though it was moderate in the summer months. Total net flows of loans in the euro area thus amounted to EUR 247.0 bn in the first eight months of the year, while in the same period of last year, non-banking sectors repaid their loans in a net amount of EUR 32.7 bn.*

**Household borrowing in Slovenia strengthened once again in August.** Unlike in previous months, positive net flows were also recorded by consumer loans and loans for other purposes. The latter recorded the highest value in the last

Table 7: Financial market indicators

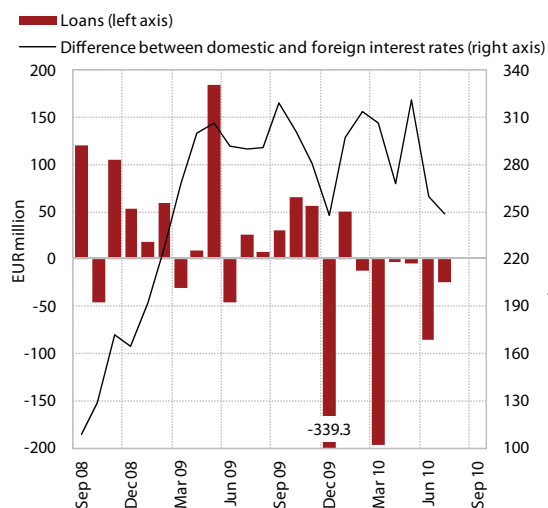
Domestic bank loans to non-banking sector and household savings	Nominal amounts, EUR bn		Nominal loan growth, %		
	31. XII 09	31. VIII 10	31. VIII 10/ 31. VII 10	31. VIII 10/ 31. XII 09	31. VIII 10/ 31. VIII 09
Loans total	32,444.95	33,378.93	0.2	2.9	3.2
Enterprises and NFI	23,161.09	23,312.39	-0.9	0.7	-0.6
Government	870.95	1,004.66	15.4	15.4	33.0
Households	8,412.91	9,061.88	1.6	7.7	11.4
Consumer credits	2,899.95	2,821.13	0.3	-2.7	-1.9
Lending for house purchase	3,927.13	4,633.89	2.1	18.0	25.5
Other lending	1,585.84	1,606.86	2.5	1.3	2.7
Bank deposits total	14,313.07	14,721.63	0.1	2.9	4.2
Overnight deposits	5,655.00	6,170.34	0.4	9.1	9.6
Short-term deposits	5,116.28	4,603.93	-1.2	-10.0	-15.0
Long-term deposits	2,874.95	3,934.24	1.1	36.8	54.7
Deposits redeemable at notice	666.84	13.11	-5.0	-98.0	-97.6
Mutual funds	1,856.30	1,928.27	-1.0	3.9	10.2

Sources: Monthly Bulletin of the BS, SMA (Securities Market Agency); calculations by IMAD.

twelve months (EUR 39.1 m), which is also attributable to seasonal impacts, given the usual increase in household overdrafts in August (holidays, the beginning of the school year). More than two thirds of August's net flows (EUR 144.0 m) nevertheless came from housing loans again. Net flows of household loans thus recorded as much as EUR 649.0 m in the first eight months of the year, which is by a factor of 2.1 more than in the comparable period of 2009.

*Bank loans to enterprises and NFIs (at home and abroad) remain fairly limited.* While enterprises and NFIs net repaid domestic loans only once in the first seven months of this year, net repayments in August were by far the highest to date (EUR 211.6 m) and reduced the net inflows of the first seven months by more than one half. In August, the

Figure 33: Net corporate and NFI borrowing abroad and differences in interest rates



Source: BS; calculations by IMAD.

bulk of these net outflows (95%) came from enterprises, after these recorded relatively solid net inflows of domestic bank loans in previous months. Enterprises and NFIs borrowed a net EUR 151.3 m from domestic banks in the first eight months of 2010, nearly one half less than in the comparable period last year. Financing abroad is lower this year. In July, enterprises and NFIs made net repayments of foreign loans for the sixth month in a row. July's net repayments (EUR 24.8 m) were much lower than in the previous month and their maturity structure was fairly balanced. In the first seven months of this year, enterprises and NFIs net repaid EUR 278.4 m of foreign loans, while they net borrowed EUR 224.1 m in the same period last year. Total net flows of domestic and foreign loans amounted to EUR 84.5 m in the first seven months of the year, only just above 15% of the value recorded in the same period last year. Even though it declined in August, the difference between domestic and foreign interest rates remains high. Interest rates for corporate loans over EUR 1 m with a variable interest rate, or up to one year with a fixed interest rate, were 244 basis points higher than, on average, in the euro area.

*In July, banks recorded a net inflow of foreign sources again, EUR 268.5 m.* This is largely a result of net repayment of foreign deposits in the amount of EUR 265.0 m, while net repayment of loans was much more modest amid net borrowing in the form of long term loans (EUR 57.7 m). In the first seven months of this year, banks net repaid EUR 1.1 bn of foreign deposits and loans, which is less than half of the value recorded in the same period last year.

*The quality of bank assets continued to deteriorate gradually in August.* Banks created additional impairments and provisions in August, in the amount of EUR 40.9 m, which is somewhat less than in the previous two months. In the first eight months of the year, banks created over 50% more impairments and provisions (EUR 373.4 m) than

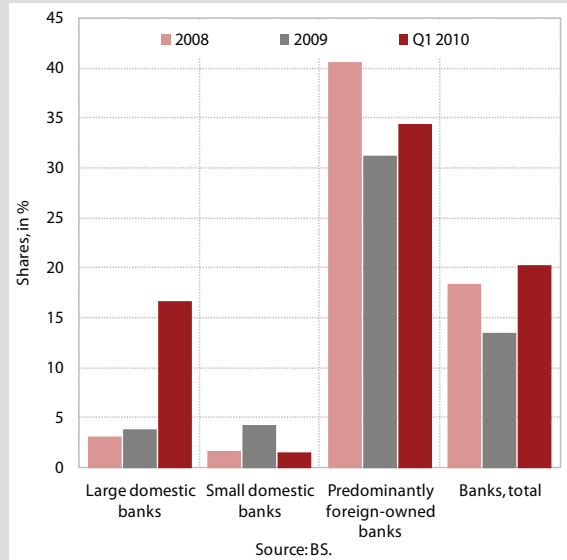
**Box 4: Results of the BS survey on demand for loans by non-financial institutions by activity**

The share of excess demand, which dropped last year, strengthened to 20.3% in the first quarter of this year.<sup>1</sup> The demand for loans also shrank this year, but the volume of lending decreased even more, which is not so much a result of the deteriorating quality of banks' total assets as limited sources of finance. Specifically, the share of non-performing loans strengthened by a solid fifth in the first half of this year, reaching 2.7%. Banks therefore strengthened the creation of impairments and provisions by approximately one half, which contributed to a significant deterioration of their business results and additionally limited funds available for loans.

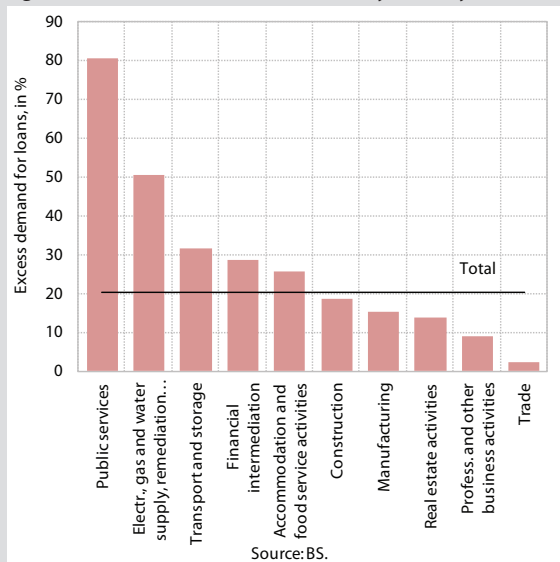
In the first quarter of this year, the greatest share of excess demand (which had already been high since 2008)<sup>2</sup> was recorded by predominantly foreign-owned banks. It was more than half higher than, on average, in the Slovenian banking sector. A significant strengthening was also recorded by large domestic banks. This great share of excess demand for loans in predominantly foreign-owned banks may be due to several reasons, such as that banks may have changed their business policies and reduced lending to enterprises and expanded lending to households. Another reason may be that foreign banks used to be an important source of financing for small and medium-sized enterprises, and it is precisely these enterprises that saw the greatest decrease in the availability of funding during the crises. The significant differences between domestic and foreign-owned banks may also derive from higher exposure of domestic banks to sectors that were most severely affected by the crisis, given that they continue to provide funds for these sectors to soften their liquidity problems.

There are also significant differences in excess demand in the structure by purpose and between individual activities. In the first quarter of 2010, more than 70% of total excess demand was on the side of investment loans (in 2009, more than 60%), while the share of excess demand for working capital loans was 18.2%, just below last year's level. Given that more than 70% of new loans were extended for current operations, we estimate that bank loans were mainly used to mitigate liquidity problems of enterprises, while the volume of investment loans was extremely low. In the first quarter of this year, excess demand was greatest in public services, in electricity, gas and water supply and remediation activities, transport

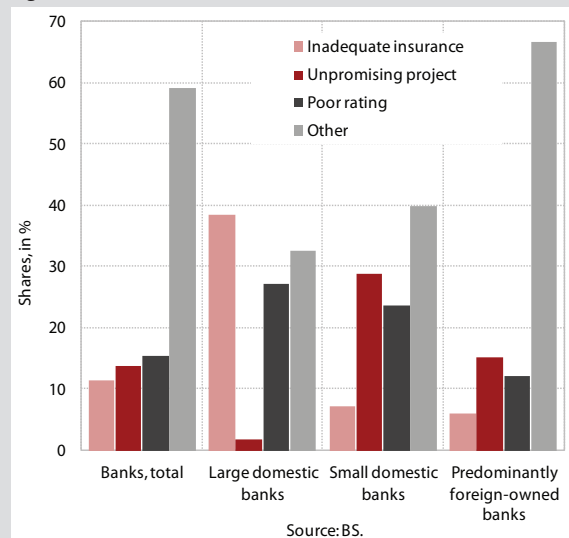
**Figure 34: Share of excess demand for loans by non-financial institutions in the Slovenian banking system**



**Figure 35: Excess demand for loans by activity**



**Figure 36: Reasons for loan denial**



<sup>1</sup> The Bank of Slovenia points out that no firm conclusions can be drawn from the survey, given that it covers a short time period and has only been conducted once.

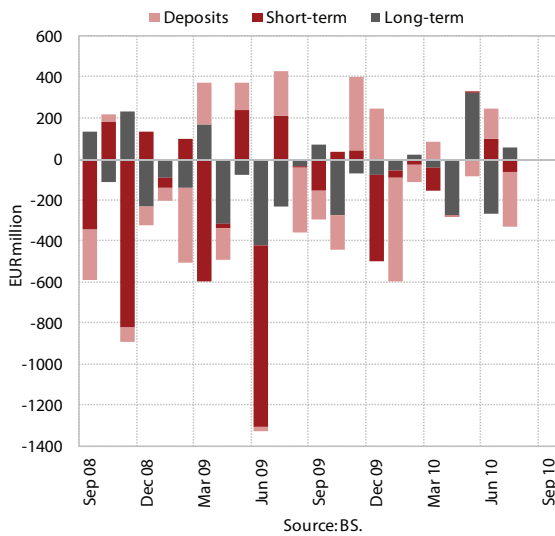
<sup>2</sup> The first year for which data are available.

and storage and financial intermediation. In the construction sector, excess demand was relatively low, 18.7%, which is below average and even 0.6 p.p. less than in 2009, while in most other activities, the share of excess demand increased.<sup>3</sup>

The reasons for loan denial remain unclear, as nearly 60% of banks cited "other reasons" in the survey. Among the possible answers banks were inadequate insurance (11.6%), unpromising project (13.8%) and poor rating of the client (15.4%). Foreign banks mainly cited "Other reasons" (nearly 70%), while large domestic banks gave more specific answers, with inadequate insurance being the main reason for the denial (close to 40%).

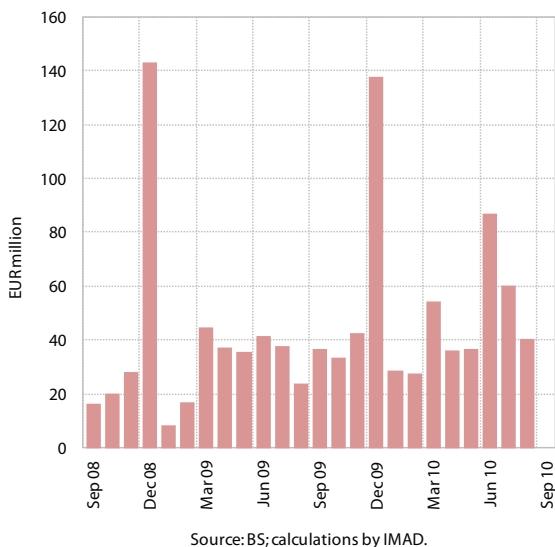
<sup>3</sup> Except for professional and other business activities, where the share of excess demand (8.9%) dropped by as much as 15.0 p.p. from last year.

Figure 37: Net bank borrowing abroad



in the comparable period last year. The deterioration in the Slovenian banking system is also indicated by lower ratings given to three Slovenian banks. The main reasons for the lowering is deteriorated lending capacity and worse financial results, given that some of the banks have

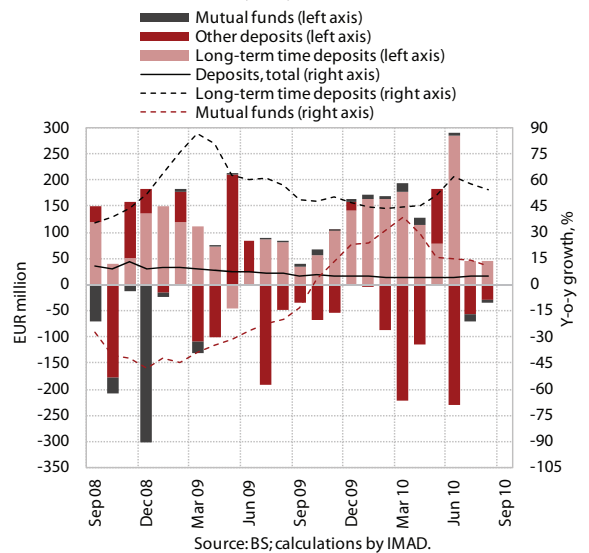
Figure 38: Creation of additional impairments and provisions in Slovenia's banking system



low capital adequacy ratios, which weakens their ratings and increases the costs of raising fresh capital. This is, however, also reflected in higher interest rates for loans to non-banking sectors.

After July's net outflows, household and government deposits recorded net inflows in August. The increase in household bank deposits was otherwise more modest, with net inflows amounting to EUR 13.0 m, which is a solid quarter of this year's monthly average. Household short-term deposits continued to decline, while net inflows of long-term deposits slowed for the second month in a row, recording the lowest value this year (EUR 42.9 m), which may suggest that banks will have to seek other long-term sources in the time to come. Net inflows of household bank deposits thus totalled EUR 408.6 m in the first eight months, down 6.5 % from the same period last year. Government deposits recorded net inflows of EUR 171.9 m in August. Short-term deposits strengthened, in particular, accounting for two thirds of total net inflows, as did, albeit to a lesser extent, long-term deposits. Despite these inflows, government deposits recorded a net outflow of EUR 404.6 m in the first eight months of this year.

Figure 39: Net inflows of household deposits in banks and mutual funds, and y-o-y change in stock





## Public finance

According to data on paid **taxes and social security contributions**,<sup>13</sup> payments increased by 4.1% in August after July's decline (-6.0%). The August increase is mainly due to significantly higher inflows from personal income tax, which were much lower in July due to tax refunds based on final personal income tax assessments for 2009, while in August, taxpayers repaid the difference between prepayments and the final value of personal income tax due (EUR 9 m). Prepayments of tax on income from employment declined for the second consecutive month

(-5.4%), as did other personal income tax revenues, particularly taxes on income from entrepreneurial profits and income from property. Revenue from social security contributions also declined slightly (-1.1%). After a significant increase in revenue from excise duties<sup>14</sup> in July (18.6%) due to higher excise duties on beer, intermediate beverages and alcohol, and at the end of the month, on tobacco and tobacco products, revenue from excise duties dropped again in August (-1.2%). Based on tax assessments in July, revenue from value added tax (VAT) also fell significantly in August (-18.9%). Prepayments of corporate income tax also declined (-4.7%) and were 26% below the comparable last year's figure.

### Box 5: Sovereign risk premium\*

The crisis has brought a shift in market perception as regards the risk embedded in sovereign debt instruments. Before the crisis in 2008, government debt spreads of euro area members with respect to that of Germany (the reference country) were tied together without significant differences among them. They reflected primarily liquidity risk and to a lesser extent credit risk. To some extent, the issue at that time was the degree to which markets enforced fiscal discipline on governments. In the post-crisis period this is different. While sovereign yield spreads still reflect global risks and a risk aversion attitude of the markets, empirical evidence tends to indicate that fiscal variables (government deficit and debt) have got more preeminence in explaining yield behaviour. In the post-crisis period, government bond yields do not only exhibit differentiation among countries but bid ask spreads are quite wide and volatile, reflecting market perception of risk. We have also observed a strong pass-through of government risk spreads into the debt spreads of domestic banks in those countries where the government spread has widened significantly. The differentiation of government debt spreads and their volatility and consequences for cost of funds in different euro area members imply a shift of market attitude towards fiscal discipline. This provides an additional incentive for governments to consolidate public finances and for designing respective consolidation strategies.

Figure 40: Correlation between yield spreads of 10-year bonds and general government balances in euro area members

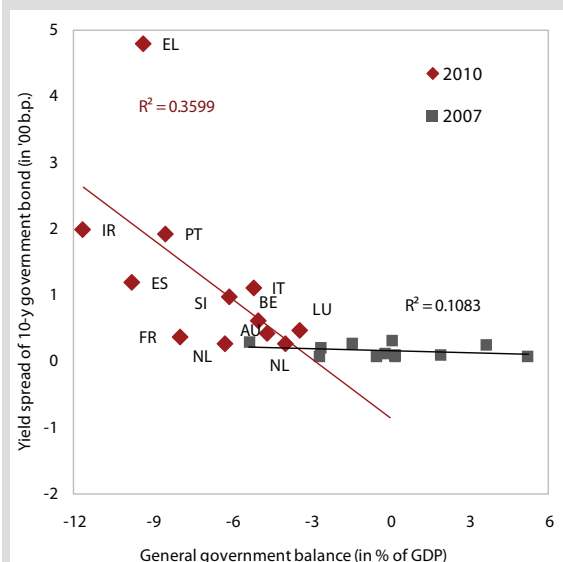
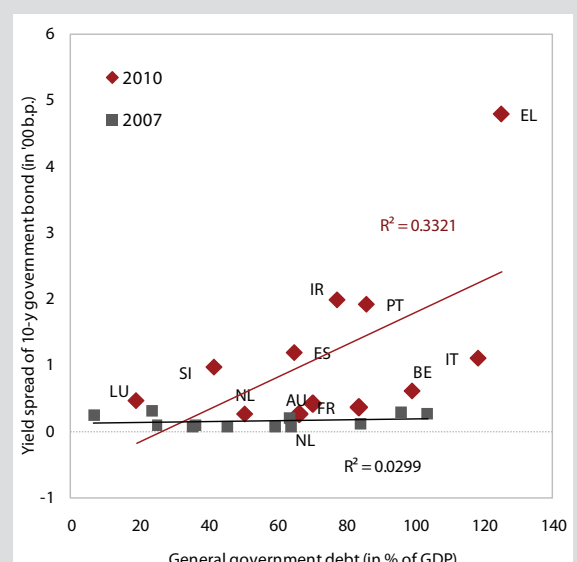


Figure 41: Correlation between yield spreads of 10-year government bonds and general government debts in euro area members



\* Source: Capriolo G. "Challenges of ensuring fiscal discipline: The role of fiscal regulators and financial markets", 6th meeting, [http://www.oecd.org/docum ent/16/0,3343,en\\_2649\\_34119\\_37587344\\_1\\_1\\_1,00.html](http://www.oecd.org/docum ent/16/0,3343,en_2649_34119_37587344_1_1_1,00.html).

Barrios S., Iversen P., Lewandowska M., and Setzer R., (2009) Determinants of intra-euro area government bond spreads during the financial crisis. Economic Papers 388.

<sup>13</sup> Based on the Report on Payments of All Public Revenues, January–August 2010, Public Payments Administration.

<sup>14</sup> The figure for excise duties is corrected for the timing of excise duty payments.

**Box 6: Main aggregates of the general government sector (ESA 95)**

According to SORS data, the **general government deficit** in 2009 is estimated at 5.8% of GDP. It increased by 4.0 p.p. of GDP relative to 2008, when it accounted for 1.8% of GDP. In 2009, the general government deficit was mainly generated by the central government (4.8% of GDP), which accounted for most of the deficit increase compared with a year earlier (by 3.6 p.p. of GDP). Local government contributed 0.6% of GDP to the general government deficit, which is the same figure as in the previous year, and social security funds 0.4% of GDP (they were balanced in 2009). Even though revenue declined, the share of total general government revenue increased by 0.9 p.p. of GDP,<sup>1</sup> amid an even faster decline of GDP, while the share of total government expenditure increased by 4.9 p.p. of GDP due to rapid expenditure growth. The fiscal imbalance, which had already started to increase in the last quarter of 2008, deepened significantly in the first half of 2009, when the general government deficit climbed to 6.6% of GDP. General government revenue declined amid the deteriorated macroeconomic environment and under the influence of previous years' changes in tax legislation. Current government spending, however, remained high, under the impact of automatic stabilisers, the implementation of wage reform and anti-crisis measures. The fiscal imbalance diminished somewhat in the second half of the year as a whole (-5.1% of GDP), when growth in general government expenditure eased.

**General government revenue** in 2009 is estimated at EUR 15.3 bn, down 3.2% in nominal terms from the previous year. General government revenue from assessed taxes and contributions declined more notably (-3.8%) than total general government revenue. To a certain extent, the decline in general government revenue was offset by non-tax revenues from capital and other current transfers, and revenues from market output and output for own final use, which were as much as 28% higher than a year earlier. Among the main tax revenues, only revenue from social security contributions increased (1.2%), while revenues from assessed taxes were 6.9% lower. Taxes on production and imports declined by 4.4%, while the assessed VAT was 5.4% lower due to the decline in economic activity; the payroll tax was abolished. Only revenue from excise duties was higher, as a result of excise duty rises. Current taxes on income and property dropped by 11.0%, particularly the assessed corporate income tax (-30.2%), but also revenues from personal income tax (-4.1%). Tax revenues declined significantly after the final assessment of corporate income tax for 2008, which was, in addition to poorer business results, also attributable to legislative changes that reduced the tax rate and expanded tax relief. In addition to a lower tax base, the assessed value of personal income tax also declined due to higher tax relief in low-income brackets.

**General government expenditure** in 2009 is estimated at EUR 17.3 bn, up 5.4% from the previous year. Growth in general government expenditure mainly came from expenditure on social benefits in kind and in cash (2.9 p.p.), largely under the impact of automatic stabilisers with increasing expenditure on unemployment benefits and a higher number of people eligible for other social transfers. As a result of wage reform and a higher number of public sector employees, as much as 1.7 p.p. of expenditure growth also came from the increase of the compensation of employees. Due to the implementation of anti-crisis measures, a sizeable contribution to growth also came from expenditure on subsidies (0.4 p.p.), in addition to interest payments (0.5 p.p.), which are rising amid growing general government borrowing, and expenditure on intermediate consumption (0.4 p.p.). Growth in general government expenditure was reduced by capital transfers and gross capital formation and acquisitions, by 0.3 p.p.

**General government borrowing** increased significantly in 2009 due to the widening general government deficit and further government borrowing in an effort to mitigate the consequences of the financial and economic crisis. General government debt as a share of GDP declined between 2002 and 2008, while in 2009, it increased from 22.5% of GDP to 35.4% of GDP, i.e. by EUR 4.1 bn. Even though it was still among the lowest in the EU in 2009, its increase relative to GDP was much greater than on average in the euro area.

Table 8: General government revenue, expenditure and deficit, in% of GDP

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total general government revenue	43.0	43.6	43.9	43.7	43.6	43.8	43.2	42.4	42.3	43.2
Total general government expenditure	46.7	47.6	46.3	46.4	45.8	45.2	44.5	42.4	44.1	49.0
Deficit (-) surplus (+)	-3.7	-4.0	-2.5	-2.7	-2.2	-1.4	-1.3	0.0	-1.8	-5.8
Of which:										
Central government	-3.2	-3.7	-2.1	-2.5	-2.1	-2.2	-1.3	-0.1	-1.2	-4.8
Local government	0.0	0.0	-0.2	-0.1	-0.1	0.0	-0.1	-0.1	-0.6	-0.6
Social security funds	-0.5	-0.2	-0.1	-0.1	-0.1	0.8	0.1	0.2	0.0	-0.4
Consolidated government debt	26.8	27.4	28.1	27.5	27.2	27.0	26.7	23.4	22.5	35.4

Source: SORS, Main aggregates of the general government, 30. 9. 2010.

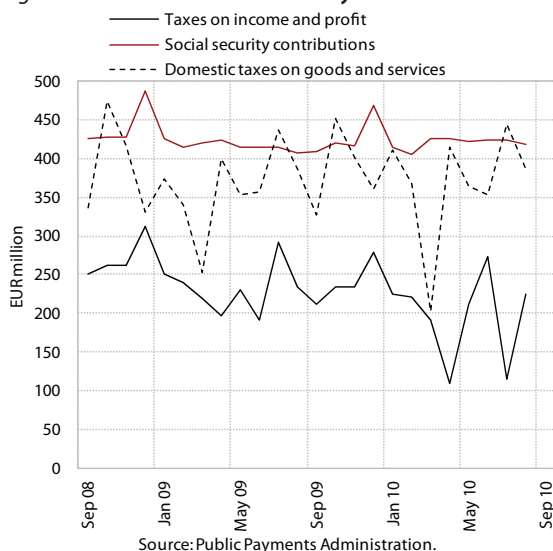
<sup>1</sup> In addition to the levels of aggregates, the shares of aggregates in GDP were also affected by the shrinkage of GDP in 2009.

In the first eight months of 2010, revenue from **taxes and social security contributions** dropped by 2.5% relative to the same period last year, with payments amounting to EUR 8.4 bn. Only revenues from VAT and social security contributions increased y-o-y in the first eight months, while revenues from all other taxes and contributions declined. Inflows of VAT rose by 3.1% in this period. At the beginning of the year, VAT inflows shrank due to shortened deadlines for tax refunds, but the recorded growth is due to the effect of a very low base, as VAT inflows dropped most notably due to lower economic activity in the comparable period of last year. Cumulative y-o-y growth in revenue from social security contributions had been slowing from month to month at the end of last year, turning into a decline in January, which lasted until May 2010. Since June, revenue from contributions has been growing again, albeit very slowly, and was 0.6% higher y-o-y in the first eight months as a whole. After a long period of growth, revenue from excise duties was lower y-o-y in August for the sixth consecutive month (1.5% y-o-y in the first eight months as a whole). Excise duties are otherwise generated at higher rates than in the same period last year, but the quantity of excise goods sold is significantly lower. In the first eight months of this year, the largest y-o-y decline was recorded for revenue from corporate income tax (-44.7%). Revenue declined as a result of refunds based on tax assessments taking into account business results for 2009, tax relief and a lower tax rate. The new monthly prepayments are therefore also much lower than last year: they were determined according to business results for 2009, but tax payers are also able to request a reduction on the basis of deteriorated business performance in the current year; in addition, the statutory tax rate is also 1 percentage point lower (20.0%). Revenue from personal income tax declined 5.4% y-o-y in the first eight months: revenue from tax on income from employment was slightly higher (0.2%), but there was a significant drop in revenues from other personal income tax sub-categories (18.2%), particularly from taxes on

income from entrepreneurial profits and income from capital gains. Revenue from personal income tax based on final personal income tax assessments also increased y-o-y in the first eight months.

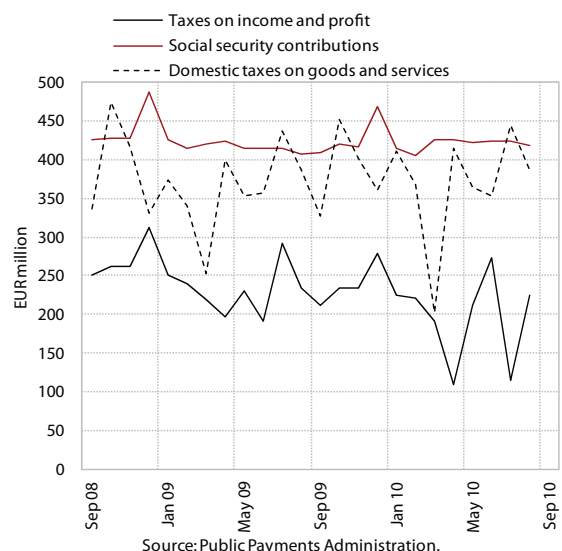
Slovenia received EUR 37.9 m from the **EU budget** in August, almost 40% less than in July, but its net budgetary position was nevertheless positive. Slovenia paid EUR 31.6 m into the EU budget, which is approximately the same amount as in July. Its positive net budgetary position declined from July's EUR 30 m to EUR 6 m in August. In August, the bulk of receipts came from Structural Funds (EUR 25.6 m), of which the majority from the European Fund for Regional Development (EUR 19.7 m). The absorption under the implementation of the Common Agricultural and Fisheries Policies was much lower, declining from EUR 41 m in July to EUR 10 m in August. In the first eight months, Slovenia received EUR 324.9 m from the EU budget, 31.3% of what is planned in the supplementary budget for 2010. The bulk of refunds were intended for the implementation of the Common Agricultural and Fisheries Policies (61.2%); somewhat fewer funds were received for the Structural Policy (25.2%) and the fewest for the Cohesion Policy (7.1%). In the same period, Slovenia paid EUR 281.0 m into the EU budget, which is 68.0% of all funds it is expected to pay this year. Slovenia's net budgetary position against the EU budget was thus positive in the first eight months (EUR 44 m).

Figure 42: Taxes and social security contributions



Source: Public Payments Administration.

Figure 43: Planned and absorbed EU funds



Source: Public Payments Administration.



**selected topics**



## WEF Global Competitiveness Report 2010–2011

The global competitiveness report of the World Economic Forum (WEF) for this year shows that Slovenia's position deteriorated. This year's report covers 139 countries, comparing them in terms of 111 indicators divided in three main competitiveness categories.<sup>15</sup> Switzerland remains at the top of the scale, followed by Sweden and Singapore. Among the top ten countries, five are from the EU. Slovenia slipped by 8 places, from 37<sup>th</sup> to 45<sup>th</sup> out of all countries analysed. In addition to the IMD competitiveness report,<sup>16</sup> this is yet another report according to which Slovenia's competitive position deteriorated this year. In contrast to last year, when Slovenia's improvement on the WEF scale had largely resulted from lower scores given to other countries, Slovenia this year also fell in terms of indicator values. Slovenian managers seem particularly dissatisfied with the current situation and the possibilities of doing business in Slovenia, as well as with the performance of the government over the past year. The main barriers to business operations are limited access to financing (cited by 17.4% of respondents participating in the survey), inefficient government bureaucracy (14.5%) and restrictive labour regulations (14.4%). More than 13% of respondents also said that business in Slovenia was impeded by complicated tax regulations and high tax rates.

Slovenia slipped in all three categories of competitiveness factors, most notably in the category of efficiency enhancers (by 9 places). Its ranking also fell significantly as regards the extent and effect of taxation, meaning that the tax policy is even more limiting to business operations than last year, which can be partly attributed to the excise duty policy. In the past year, the crisis also deteriorated the stability of Slovenia's banking sector, which managers don't find supportive to business operations. This is reflected in a significant decline in terms of bank soundness (33 places, to 110<sup>th</sup>) and access to financing (ease of access to loans, financing through local equity market and venture capital availability). Higher education and training have been Slovenia's comparative advantage for a number of years, but the surveys nevertheless reflect considerable dissatisfaction with the quality of the educational system. Also this year, the labour market is not conducive to business operations, according to the survey, which is why Slovenia is ranked lowest with regard to certain

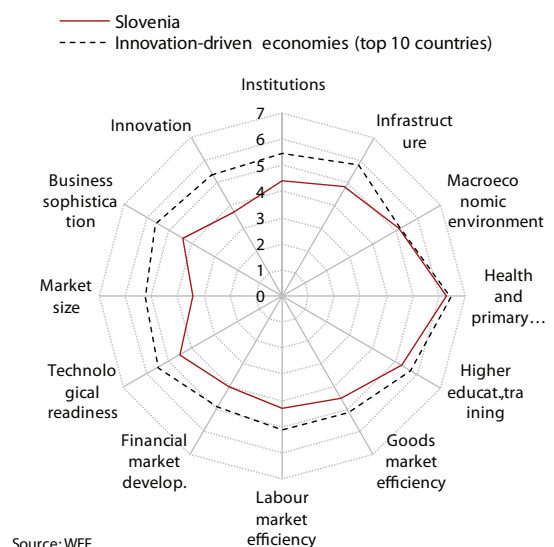
<sup>15</sup> Altogether 111 indicators were used in the survey this year, 93 of which were soft indicators (surveys among managers), while the others were statistical data for 2009 (or the most recent available), which means that the number of scores and rankings largely depend on surveys. The survey of managers was conducted between January and May this year. The indicators are grouped in 12 key pillars of competitiveness divided in three categories. The first category, *basic requirements*, includes institutions, infrastructure, macroeconomic environment, and health and primary education. *Efficiency enhancers* are indicators including higher education and training, goods and labour market efficiency, financial market development, technological readiness and market size, while the third category consists of *innovation and business sophistication factors*.

<sup>16</sup> See SEM, May 2010, pp. 31–32.

labour market indicators. Among the most problematic factors, managers cited hiring and firing practices (132<sup>nd</sup> place), rigidity of employment, particularly employment for an indefinite period of time (125<sup>th</sup> place), and a lack in the flexibility of wage determination (117<sup>th</sup> place). They also think that the government failed to take sufficient labour market measures in the last year and would like to see more cooperation between social partners. Last year's above-average deterioration in productivity compared with EU countries was due to a higher drop in economic activity, but was, according to the WEF, also partly a consequence of a greater rigidity in the labour market, which was reflected in a strong deterioration of Slovenia's position in terms of the productivity/wage ratio.

The drop in the ranking in the basic requirements category was largely impacted by dissatisfaction in institutions, with public trust in politicians and in the efficiency of the judicial system dropping the most. The answers were also impacted by an increase in bankruptcies and in compulsory settlement procedures in Slovenia, as managers cited inefficiency of corporate boards and poor protection of minority shareholders' interests among the main limiting factors for competitiveness. Slovenia's position deteriorated significantly in terms of both indicators over the last year. Slovenia was thus ranked in the bottom third of all countries included in the analysis, which was also related to the unfavourable ownership structure of Slovenia's economy and unethical behaviour of firms. Slovenia also slipped according to the indicators of public

Figure 44: Comparison between rankings in Slovenia and innovation-driven economies<sup>17</sup>



<sup>17</sup> The innovation-driven economies according to the WEF are those, which have GDP per capita higher than USD 17,000 and at the same time a low share of exports of mineral products in overall exports. According to the WEF, 32 countries meet these criteria (also Slovenia). Figure 44 presents the ten most propulsive and successful countries in terms of innovation (with regard to the WEF rankings in innovation and business sophistication factors, these are Japan, Switzerland, Sweden, the US, Germany, Finland, Denmark, the Netherlands, Singapore and Israel).

spending (wastefulness of government spending) and the public finance situation.

Slovenia's ranking also dropped in innovation and business sophistication factors in the last year. Slovenia made insufficient progress in this area over the last year, particularly regarding the structure and efficiency of R&D investment. According to the WEF, Slovenia's main shortfalls are insufficient cluster development, a lack of scientists and qualified engineers and insufficient support of technological innovations by public orders. In the area of innovation and research, positive shifts were made in R&D investment, innovation activities, the quality of research institutions and the number of patents.

### State aid and "de minimis" measures in 2009

State aid, as defined by the EU legislation, which also serves as the basis for data collection, does not include measures under the Common Agricultural policy of the EU and "de minimis" measures. From the economic perspective, this is difficult to understand and state aid is therefore often misinterpreted in practice. According to the EU definition, state aid constitutes expenditures and reduced revenues of the state or a municipality which favour the recipients, giving them an economic advantage over the competition; this part of the definition is consistent with the definition of industrial and competition policies and therefore also understandable from the theoretical viewpoint. However, what makes no economic sense is that these expenditures and reduced revenues of the state or a municipality, which otherwise provide the recipient with an economic advantage, are considered as state aid in so far as they affect trade between Member States. This prioritizes the single internal market of the EU over industrial and competition policy goals, removing from the state aid definition<sup>18</sup> all measures under the Common Agricultural policy of the EU and "de minimis" measures,<sup>19</sup> on the grounds that the Common Agricultural Policy is unified and does not damage the free competition between the Member States and that the level of "de minimis" aid measures is too small to impact the single internal market. However, the measures granted under the rules of the Common Agricultural Policy and "de minimis" can also affect competitiveness within a country and in border areas, and should, particularly in small markets, not be excluded from economic analyses.

State aids had already increased significantly in 2008, in some of the EU countries due to anti-crisis measures. In Slovenia, anti-crisis measures were not yet implemented that year. The value of state aid in the form of anti-crisis measures allocated primarily to the financial sector exceeded

Table 9: State aid and "de minimis" measures in 2000–2009

Category	2007	2008	2009
<b>State aids</b>			
in EUR m	267.87	324.10	424,01
in % of GDP	0.77	0.87	1,22
<b>"De minimis" measures</b>			
in EUR m	24.80	28.65	84.87
in % of GDP	0.07	0.08	0.24

Source: MF, Twelfth Annual Survey on State Aid in Slovenia for 2007, 2008 and 2009 (2010).

1.7% of GDP in EU countries in 2008, with total state aid climbing to 2.2% of GDP. The EC approved the anti-crisis aid measures to Slovenia towards the end of 2008, but they were not yet implemented that year. The significantly smaller scope of state aid (0.87% of GDP) and its increase relative to 2007 was therefore mainly attributable to the doubled volume of state aid allocated for regional objectives, i.e. mainly assets from the European Structural Funds. State aid in Slovenia increased significantly more in 2009,<sup>20</sup> reaching 1.22% of GDP, which is a result of their nominal growth and a concurrent decline in GDP.

Growth in state aid in Slovenia in 2009 was also only partly marked by anti-crisis measures. State aid dedicated to development increased much more. To mitigate the consequences of the financial crisis and economic recession, Slovenia applied horizontal anti-crisis measures, such as aid allocated to remedy a serious disturbance in the economy, as well as the already implemented horizontal aid for employment, which was to a much greater extent than so far directed to preservation of jobs. There was not special sectoral aid for the financial sector,<sup>21</sup> but financial intermediation services<sup>22</sup> did receive 9.2% of all state aid (2008: 7.6%). State aid designed to remedy a serious disturbance in the economy and state aid for employment accounted for only 11.1% of total aid in 2009. Rather than with specific measures to address the crisis and the economic recession, Slovenia tried to solve the problems of the economy by the usual categories of horizontal aid. However, the state aid policy was much more development-oriented in 2009 than in previous years. In 2009, 16.3% of total state aid (2007: 11.0%, 2008: only 7.6%) was dedicated to research and development, small and medium-sized enterprises and training, i.e. state aid categories that were seen to have the greatest effect on the competitiveness of the economy. State aid for research and development increased the most among these three categories and what is also favourable is that as much as 82.7% of this aid was allocated for technological development. State aids for small and medium-sized enterprises and training were smaller than in previous years, because they were transferred to "de minimis"

<sup>18</sup> State aid is defined in Article 107 of the Treaty on the Functioning of the European Union.

<sup>19</sup> Measures not exceeding a ceiling of EUR 200,000 over a period of three years.

<sup>20</sup> Data on state aids in the entire EU are not yet available.

<sup>21</sup> Most Member States allocated state aid to the financial sector according to the relevant sectoral rules.

<sup>22</sup> Calculated according to SCA 2002.



Table 10: State aids and “de minimis” measures, by categories, 2000–2009, in EUR m

Category	State aids			“De minimis” measures		
	2007	2008	2009	2007	2008	2009
<i>Agriculture and fisheries</i>	101.06	108.84	103.79	1.85	5.53	13.30
Agriculture	100.68	108.73	103.79	1.85	5.53	13.30
Fisheries	0.38	0.12	0.00	0.00	0.00	0.00
<i>Horizontal objectives</i>	104.39	154.19	251.37	22.95	23.13	71.58
Research and development	22.88	21.61	67.00	0.68	0.94	23.97
Environmental protection	18.90	26.14	28.02	0.02	0.49	0.71
SMEs	3.49	2.21	1.71	15.47	6.28	18.78
Employment	7.07	2.03	12.47	6.72	15.17	25.63
Training	3.37	0.75	0.28	0.00	0.01	2.39
Regional objectives	38.47	79.62	92.79	0.06	0.23	0.10
To remedy a serious disturbance in the economy	0.00	0.00	34.74	0.00	0.00	0.00
Culture	10.20	13.72	14.38	0.00	0.01	0.00
Natural disasters	0.00	8.11	0.00	0.00	0.00	0.00
<i>Special sectors</i>	62.43	61.07	68.85	0.00	0.00	0.00
Transport (road freight transport)	44.12	42.30	38.99	0.00	0.00	0.00
Transport (maritime transport)	0.00	0.00	10.39	0.00	0.00	0.00
Coal mining	17.20	17.46	16.44	0.00	0.00	0.00
Restructuring	0.56	1.30	1.57	0.00	0.00	0.00
Rescue	0.55	0.00	1.45	0.00	0.00	0.00
<b>Total</b>	<b>267.87</b>	<b>324.10</b>	<b>424.01</b>	<b>24.80</b>	<b>28.65</b>	<b>84.87</b>

Source: MF.

measures. State aids for agriculture and special sectors in transport and coal mining continued their upward trends from previous years. State aid for agriculture is still the highest among all state aid categories and among the highest in the EU. As the agricultural sector also receives state aid under the Common Agricultural Policy and the “de minimis” measure, it is among the most subsidised sectors of the economy. However, appropriate analysis of

the use of state aid and other measures in agriculture and their efficiency in terms of the objectives they pursue has yet to be made. The high state aid for railway transport in the category of state aid for the transport sector declined in 2009, while considerable state aid was for the first time allocated to maritime transport according to the tonnage tax scheme.

Figure 45: State aid, 2007–2009, by selected categories, in EUR m

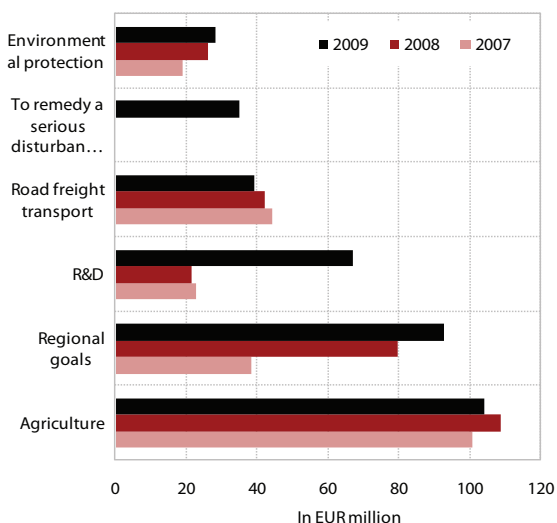
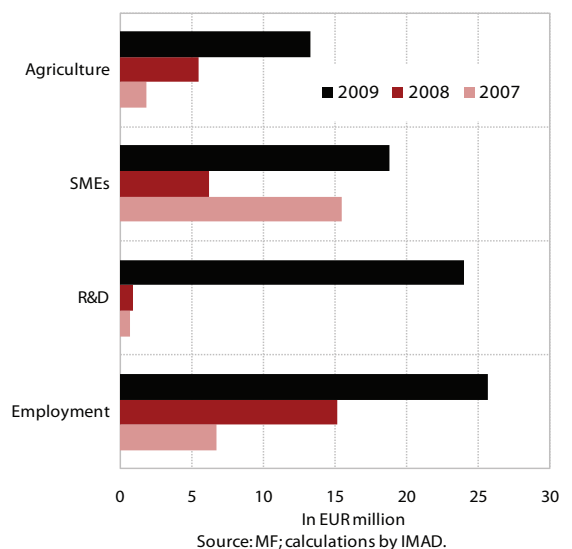


Figure 46: “De minimis” measures, 2007–2009, by selected categories, in EUR m



"De minimis" measures also increased significantly in 2009, accounting for as much as 20% of all state aids. Some of them also represented anti-crisis measures; looking at total "de minimis" measures, there was an increase in measures for research and development, small and medium-sized enterprises and training. These three categories accounted for more than half of all "de minimis" measures in 2009, which is much more than in 2008 (25.3%), but less than in 2007 (65.1%). Because of a relatively large fragmentation of state aids and as "de minimis" measures involve a smaller administrative burden, state aid is increasingly granted in the form of "de minimis" measures.

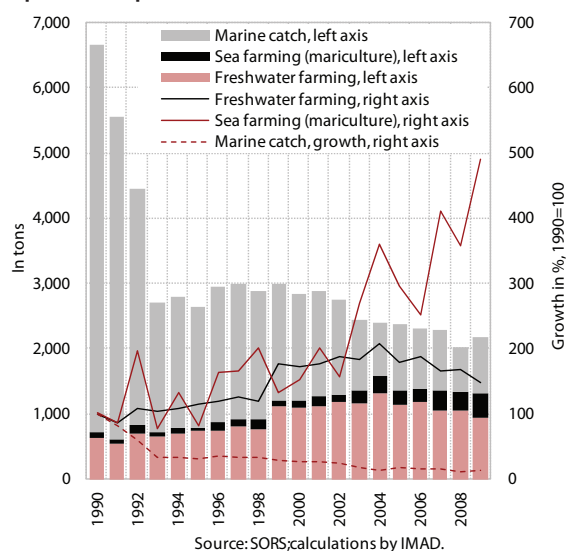
## Fisheries

The fisheries sector, which is otherwise small in Slovenia, recorded high value added growth in 2009. While value added plummeted in most activities last year, it rose to 20.7% in the fisheries sector after several years of a declining trend. Its share in total economic activity is otherwise fairly low and accounts for one hundredth of total value added of Slovenia's economy. This is easy to understand in marine catch, where the possibilities of development are fairly modest, but not so in aquaculture, given that Slovenia has relatively many high-quality freshwater sources and therefore ample possibilities for further aquaculture expansion. We would expect a better use of Slovenia's waters, particularly in view of increasing demand in line with the principles of good nutrition and with relatively high prices of fish and fish products, and partly also due to the economic crisis and lower employment in other sectors of the economy. However, the movements in the fisheries sector have

improved somewhat again, which is indicated by data on significantly higher employment in this sector this year.<sup>23</sup>

The total volume of wild catch and aquaculture production increased last year for the first time after several years of decline. It amounted to 2,174.0 tonnes, up 8.4% from the year before when it was lowest in the whole analysed period, but down 9.0% from five years before and 27.7% from ten years before. As except for a short period in the second half of the last decade it has been plummeting since Slovenia gained independence, given a number of maritime delimitation issues left unresolved, it is already gratifying that the negative trend did not continue last

Figure 47: Volume, structure and growth in catch and aquaculture production, 1990–2009



Source: SORS; calculations by IMAD.

Table 11: Catch and aquaculture production, 2005–2009

	2005	2006	2007	2008	2009	Change, in %	
						2009/2008	2009/2004
Catch and aquaculture production, total, in tonnes	2,368.8	2,300.5	2,267.4	2,005.2	2,174.0	8.4	-9.0
Marine catch, in tonnes	1,021.6	933.4	913.7	686.5	866.6	26.2	6.2
Of which: fish	930.6	870.5	817.8	636.7	808.0	26.9	7.9
cephalopods	80.9	60.0	86.5	37.3	49.1	31.6	-14.5
crustaceans	5.5	2.7	8.0	6.4	4.3	-33.1	-35.4
shells and snails	4.7	0.2	1.5	6.1	5.3	-13.6	96.3
Aquaculture in tonnes	1,347.2	1,367.1	1,353.6	1,318.7	1,307.4	-0.9	-17.0
Of which: freshwater farming	1,120.2	1,174.3	1,037.6	1,044.3	930.7	-10.9	-28.2
coldwater fish	852.0	901.0	822.3	863.3	731.2	-15.3	-28.8
warmwater fish	268.3	273.3	215.3	181.0	199.5	10.2	-26.1
sea farming (mariculture)	227.0	192.9	316.1	274.5	376.7	37.2	35.9
marine fish	26.3	30.0	15.2	50.0	64.6	29.3	-42.8
molluscs	200.7	162.9	300.8	224.5	311.5	38.8	89.8

Source: SORS; calculations by IMAD.

<sup>23</sup> According to the Statistical Register of Employment, employment in the fisheries sector increased by 16.0% in the first half of 2010 compared with the same period last year.

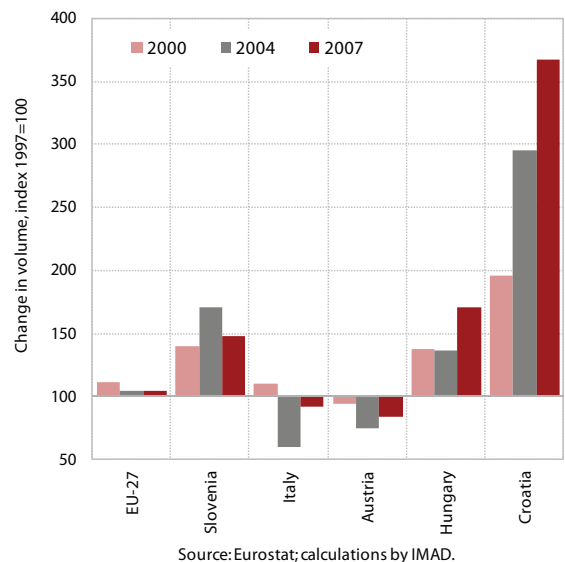
year. The increase in production volume is attributable to higher economic activity in sea waters, both in wild catch and fish farming. Freshwater farming, which has been on a declining trend ever since 2005, dropped below the level recorded ten years before. Farming thus accounted for 60.1% and wild catch for 39.9% in the structure of the total production.

*Marine catch increased after being extremely low in 2008, but was only slightly higher than five years before.* A total of 867 tonnes of sea animals were caught, up 26.2% from the year before and 6.2% from 2004. Looking at the structure, sea fish account for by far the greatest share, while cephalopods, crustaceans and shells usually make up less than one tenth of the total quantity. Nearly 808 tonnes of fish were caught last year (with pilchards and anchovies representing the greatest share), close to 50 tonnes of cephalopods (mainly octopus), and crustaceans and shells (5 tonnes of each). Catch levels otherwise increasingly decline due to a gradual depletion of the sea, as the renewal of fish populations cannot keep pace with the level of fishing. The total catch of the EU countries has dropped by close to one third over the last decade. As Slovenian marine fishing is relatively modest, Slovenia is understandably ranked the last but one among the EU countries in this category, before Austria.

*Aquaculture also declined and was much lower than in 2004, a year with a fairly high level of aquaculture production.* Some 1,307 tonnes of aquatic animals were farmed, in total, down 0.9% from the year before and 17.0% from five years before. Most of these animals were bred in fresh waters, where production volume declined by 10.9% and was already more than one quarter lower than five years before. Coldwater fish (rainbow trout) prevailed, while warmwater fish (carp) accounted only for one fifth in the total structure. Sea farming, which is relatively modest, though growing in the long-term, increased by as much as 37.2% compared with the year before and 35.9% compared with five years before. The share of sea farming in total aquaculture thus increased again, to a high of 28.8% (17.6% five years before, 8.5% ten years before). Some of this increase comes from marine fish (seabass) and the most from molluscs (mussel). The quantity of the latter is growing most notably: 38.8% in the year 2009 alone and nearly 90% over the last five years. In the decade preceding 2007 (the latest international data), Slovenia recorded higher growth in the total aquaculture production than the EU-27 average (4.2% in the EU, 47.7% in Slovenia). This was also a higher figure than in the neighbouring Italy and Austria, but lower than in Hungary and Croatia.

*This year, Slovenia will start absorbing funds from the European Fisheries Fund for the period until 2013 in line with the National Operational Programme for Fisheries Development.* A total of EUR 28.9 m is foreseen for fisheries development in Slovenia in the period covered by the current financial perspective, with Slovenia contributing one quarter and the rest coming from the EU Fund. The

Figure 48: Changes in the volume of total aquaculture production in the EU, Slovenia and the neighbouring countries



objectives of the programme are to ensure sustainable fisheries that will be in balance with the available fisheries resources, improve working conditions and safety of fishermen and to achieve a high level of competitiveness in the fishing and fish-processing industry. For the latter, it will first be necessary to modernise the existing and build new aquaculture facilities to increase the relatively low local supply of fish and fish products. If investment in aquaculture facilities proves successful, we can expect significantly higher economic activity in this sector in the coming years.



# statistical appendix



MAIN INDICATORS	2005	2006	2007	2008	2009	2010	2011	2012
						Autumn forecast 2010		
						forecast	forecast	forecast
GDP (real growth rates, in %)	4.5	5.9	6.9	3.7	-8.1	0.9	2.5	3.1
GDP in EUR million (current prices and current exchange rate)	28,750	31,055	34,568	37,305	35,384	35,792	37,227	39,033
GDP per capita, in EUR (current prices and current exchange rate)	14,369	15,467	17,123	18,450	17,331	17,575	18,240	19,087
GDP per capita (PPS) <sup>1</sup>	19,700	20,700	22,100	22,800	20,300			
GDP per capita (PPS EU27=100) <sup>1</sup>	87	88	89	91	86			
Gross national income (current prices and current fiksni exchange rate)	28,506	30,682	33,834	36,289	34,704	35,256	36,552	38,223
Gross national disposable income (current prices and current fiksni exchange rate)	28,362	30,467	33,607	35,914	34,448	35,220	36,525	38,183
Rate of registered unemployment	10.2	9.4	7.7	6.7	9.1	10.7	11.0	10.6
Standardised rate of unemployment (ILO)	6.5	6.0	4.9	4.4	5.9	7.2	7.1	6.9
Labour productivity (GDP per employee)	4.7	4.3	3.8	0.9	-6.4	3.2	2.9	3.0
Inflation, <sup>2</sup> year average	2.5	2.5	3.6	5.7	0.9	2.1	2.7	2.2
Inflation, <sup>2</sup> end of the year	2.3	2.8	5.6	2.1	1.8	2.8	2.2	2.3
<b>INTERNATIONAL TRADE – BALANCE OF PAYMENTS STATISTICS</b>								
Exports of goods and services <sup>3</sup> (real growth rates, in %)	10.6	12.5	13.7	3.3	-17.7	7.0	5.9	7.0
Exports of goods	10.3	13.4	13.9	0.6	-18.1	8.7	5.9	7.2
Exports of services	12.0	8.6	13.2	16.2	-16.1	0.6	5.5	6.0
Imports of goods and services <sup>3</sup> (real growth rates, in %)	6.6	12.2	16.7	3.8	-19.7	5.6	4.5	5.9
Imports of goods	6.8	12.7	16.2	3.1	-20.9	6.2	4.4	5.8
Imports of services	5.5	8.8	19.7	8.7	-12.3	2.8	5.6	6.6
Current account balance, in EUR million	-498	-771	-1646	-2489	-526	-330	-386	-427
As a per cent share relative to GDP	-1.7	-2.5	-4.8	-6.7	-1.5	-0.9	-1.0	-1.1
Gross external debt, in EUR million	20,496	24,067	34,752	38,997	40,008	41,359 <sup>5</sup>	-	-
As a per cent share relative to GDP	71.3	77.5	100.5	104.5	113.1	-	-	-
Ratio of USD to EUR	1.244	1.254	1.371	1.471	1.393	1.310	1.294	1.294
<b>DOMESTIC DEMAND – NATIONAL ACCOUNTS STATISTICS</b>								
Private consumption (real growth rates, in %)	2.6	2.9	6.7	2.9	-0.8	-0.5	1.0	2.0
As a % of GDP <sup>4</sup>	54.2	52.8	52.7	53.0	55.4	55.6	55.5	55.1
Government consumption (real growth rates, in %)	3.4	4.0	0.7	6.2	3.0	0.7	-0.8	1.4
As a % of GDP <sup>4</sup>	19.0	18.8	17.3	18.1	20.3	20.4	19.7	19.5
Gross fixed capital formation (real growth rates, in %)	3.7	10.1	12.8	8.5	-21.6	-3.5	4.0	4.3
As a % of GDP <sup>4</sup>	25.5	26.5	27.7	28.8	23.9	23.0	23.3	23.7
Sources of data: SORS, BS, Eurostat-New Cronos (revised data, September 2010), estimate, calculations and forecasts by IMAD (Autumn Report, September 2010).								
Notes: <sup>1</sup> Measured in purchasing power standard; <sup>2</sup> Consumer price index; <sup>3</sup> Balance of payments statistics (exports F.O.B., imports F.O.B.); real growth rates are adjusted for inter currency changes and changes in prices on foreign markets; <sup>4</sup> Shares GDP are calculated for GDP in current prices at fixed exchange rate (EUR=239.64); <sup>5</sup> end June 2010;								

PRODUCTION	2007	2008	2009	2008			2009				2010		2008				
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	7	8	9	10	11
<b>INDUSTRIAL PRODUCTION, y-o-y growth rates, %</b>																	
Industry B+C+D	7.2	2.5	-17.4	8.4	3.3	-7.7	-18.2	-24.6	-18.4	-7.1	-0.2	11.3	2.0	-2.0	9.3	0.5	-11.7
B Mining and quarrying	5.5	5.5	-2.9	3.5	7.1	-1.2	-6.7	-13.7	6.1	4.8	-8.2	14.1	34.4	-19.2	14.4	-1.0	-14.7
C Manufacturing	8.5	2.6	-18.7	8.7	3.7	-8.4	-20.0	-25.9	-19.5	-7.9	0.3	12.2	1.7	-1.2	9.8	0.8	-12.5
D Electricity, gas & steam supply <sup>1</sup>	-11.1	2.1	-6.6	8.2	-1.1	4.5	-3.1	-8.6	-9.7	-5.5	-2.8	-0.4	0.2	-5.5	1.9	1.0	4.7
<b>CONSTRUCTION,<sup>2</sup> real indices of construction put in place, y-o-y growth rates, %</b>																	
Construction, total	18.5	15.7	-21.0	17.0	15.7	4.2	-19.2	-19.0	-24.5	-20.5	-18.9	-16.8	15.9	8.6	22.4	15.1	-2.3
Buildings	14.3	11.5	-22.6	7.3	11.5	-2.0	-20.8	-21.8	-27.4	-19.6	-7.4	-12.4	0.2	10.7	24.2	12.0	-11.5
Civil engineering	21.9	18.9	-19.9	24.3	18.6	8.9	-17.6	-17.2	-22.6	-21.1	-29.3	-19.6	28.0	7.0	21.3	17.0	5.4
<b>TRANSPORT, tonne-km in m, y-o-y growth rates, %</b>																	
Tonne-km in road transport	13.4	18.4	-9.2	23.5	7.7	17.2	-12.7	-7.6	-12.3	-4.7	19.8	-	-	-	-	-	-
Tonne-km in rail transport	6.8	-2.3	-24.2	-2.9	2.9	-3.6	-24.1	-26.0	-30.7	-15.9	18.8	33.9	-	-	-	-	-
<b>Distributive trades, y-o-y growth rates, %</b>																	
Total real turnover*	9.7	10.1	-13.0	13.1	10.5	2.3	-10.1	-15.5	-16.0	-10.0	-1.4	5.1	12.6	5.8	12.8	2.8	1.0
Real turnover in retail trade	6.1	12.2	-10.6	15.5	12.7	7.2	-5.5	-11.3	-13.8	-11.1	-4.7	0.6	13.4	10.8	13.8	7.3	7.0
Real turnover in the sale and maintenance of motor vehicles	19.2	6.2	-21.7	9.6	5.6	-9.9	-24.0	-28.0	-23.6	-8.1	6.3	15.2	12.3	-7.4	10.6	-7.4	-12.5
Nominal turnover in wholesale trade & commission trade	16.1	17.1	-21.4	23.9	20.9	4.8	-16.4	-23.9	-26.7	-18.1	-7.8	3.7	22.9	11.2	28.0	11.6	2.1
<b>TOURISM, y-o-y growth rates, %, new methodology from 2009 onwards</b>																	
Total, overnight stays	7.0	7.8	-3.4	7.0	7.8	0.6	-3.5	-4.6	-1.8	-5.3	-0.4	-2.4	3.6	3.2	-3.2	-2.1	-4.4
Domestic tourists, overnight stays	4.9	5.2	2.8	4.6	4.7	7.2	4.3	1.2	6.7	-4.0	1.3	-3.0	7.1	8.9	3.9	6.0	4.4
Foreign tourists, overnight stays	8.4	-0.5	-8.0	-1.3	0.1	-4.8	-10.6	-8.6	-7.1	-6.4	-2.1	-2.0	5.3	-0.2	-6.8	-7.4	-11.9
Nominal turnover in hotels and restaurants	9.7	6.7	-7.8	8.3	7.0	3.9	-3.9	-8.2	-8.0	-11.0	0.0	1.5	7.0	6.2	7.6	8.5	4.1
<b>AGRICULTURE, y-o-y growth rates, %</b>																	
Purchase of agricultural products, SIT bn, since 2007 in EUR m	492.2	529.9	449.3	125.6	134.1	152.3	105.4	105.9	109.0	129.0	94.6	106.7	44.5	42.2	47.4	49.0	45.3
<b>BUSSINES TENDENCY (indicator values**)</b>																	
Sentiment indicator	13	3	-23	10	7	-16	-31	-28	-18	-14	-12	-9	8	7	5	-5	-18
Confidence indicator																	
- in manufacturing	11	-6	-24	2	-3	-27	-35	-27	-19	-13	-7	0	0	-3	-6	-20	-29
- in construction	19	2	-50	9	3	-21	-43	-50	-54	-51	-57	-59	5	2	1	-7	-21
- in services	29	26	-13	35	29	6	-18	-22	-11	-2	0	-4	29	33	26	18	6
- in retail trade	27	22	-13	28	25	8	-17	-17	-9	-7	-6	11	27	26	23	26	1
Consumer confidence indicator	-11	-20	-30	-17	-16	-29	-39	-32	-23	-25	-25	-22	-18	-19	-12	-18	-34
Source of data: SORS. Notes: <sup>1</sup> Only companies with activity of electricity supply are included. <sup>2</sup> The survey covers all larger construction enterprises and some other enterprises that perform construction work. *Total real turnover in retail trade, the sale and repair of motor vehicles, and retail sale of automotive fuels; **Seasonally adjusted data.																	



2008	2009												2010								
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
-13.2	-17.1	-21.5	-15.9	-29.8	-22.2	-21.6	-20.8	-17.5	-16.8	-19.6	-1.7	4.7	-8.7	-1.2	8.4	9.2	14.4	10.2	7.1	-	-
18.8	-6.9	-3.8	-9.2	-21.7	-10.2	-7.9	4.5	13.3	1.8	-4.3	32.4	-14.8	-7.2	-18.0	0.2	10.7	20.9	10.6	16.5	-	-
-15.4	-18.9	-23.8	-17.3	-31.6	-23.6	-22.5	-22.1	-19.4	-17.2	-20.8	-2.6	5.2	-8.7	-0.5	9.2	10.4	15.2	11.1	7.7	-	-
7.5	-5.1	-1.3	-2.7	-9.5	-4.7	-11.3	-9.6	-7.3	-11.9	-5.6	-4.6	-6.3	-7.7	-2.0	1.9	-2.1	3.1	-2.2	-3.6	-	-
-3.6	-26.9	-22.7	-9.7	-20.4	-20.8	-15.9	-20.8	-19.5	-32.0	-28.3	-18.3	-9.5	-11.3	-24.2	-19.8	-17.9	-15.5	-17.2	-17.7	-	-
-6.9	-32.7	-17.3	-12.7	-18.0	-23.5	-23.4	-23.2	-26.8	-31.4	-28.2	-20.0	-7.4	-6.6	-10.2	-5.5	-13.7	-7.5	-15.8	-13.5	-	-
-0.6	-20.3	-27.5	-7.3	-22.0	-19.1	-10.7	-19.4	-14.1	-32.3	-28.4	-17.2	-11.3	-15.9	-38.5	-30.8	-20.6	-20.3	-18.0	-20.1	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	-6.2	-15.5	-8.6	-16.7	-17.1	-12.6	-14.8	-15.1	-18.2	-13.0	-11.1	-5.9	-4.8	-3.7	4.2	3.3	4.4	7.5	2.7	-	-
7.1	2.3	-13.3	-5.2	-9.3	-14.9	-9.5	-11.5	-13.3	-16.7	-12.9	-13.5	-7.0	-8.4	-5.2	-0.5	-1.3	-0.7	3.8	2.4	1.9	-
-10.1	-27.6	-24.5	-20.4	-34.7	-25.7	-23.1	-25.6	-20.6	-24.6	-16.0	-7.2	-1.2	5.2	-0.4	14.1	14.4	15.9	15.5	3.5	21.1	-
0.5	-16.9	-19.2	-13.2	-24.9	-25.3	-21.2	-27.5	-24.8	-27.6	-23.4	-19.0	-11.1	-10.8	-13.0	-0.8	-3.3	4.7	10.7	2.8	-	-
8.7	2.7	-5.7	-7.0	2.4	-11.9	-2.7	-3.4	0.8	-3.9	-2.9	-7.2	-6.5	1.0	-2.1	0.1	-1.7	-3.0	-2.5	-1.7	-3.0	-
11.0	7.7	-1.0	8.9	3.3	-2.8	2.9	8.9	6.8	2.1	1.9	-5.1	-9.2	3.5	-0.1	1.1	2.1	-7.2	-3.3	-9.0	-11.0	-
6.5	-0.7	-12.2	-19.3	1.7	-17.4	-6.7	-11.7	-3.0	-7.3	-6.5	-9.3	-3.7	-0.9	-5.2	-1.0	-4.6	-0.1	-1.8	4.3	2.0	-
-0.6	-1.4	-6.7	-3.7	-6.1	-9.3	-9.2	-7.8	-5.9	-10.3	-11.2	-11.6	-10.3	0.6	-1.5	1.1	-1.4	2.4	3.6	5.6	-	-
58.1	32.9	32.6	39.9	36.3	35.5	34.1	35.9	33.8	39.2	43.4	38.4	47.2	29.7	28.6	36.4	35.5	36.0	35.1	37.4	-	-
-24	-31	-29	-33	-34	-25	-24	-21	-19	-13	-13	-15	-13	-10	-11	-15	-12	-8	-6	-5	-7	-7
-33	-37	-33	-34	-32	-27	-22	-23	-20	-14	-15	-13	-12	-6	-8	-6	-2	-1	2	6	1	1
-35	-39	-40	-49	-52	-46	-53	-49	-59	-55	-56	-47	-49	-55	-55	-61	-62	-57	-59	-60	-57	-52
-6	-14	-16	-24	-25	-21	-21	-14	-13	-7	0	-5	-1	6	3	-8	-6	-3	-2	-2	-4	-5
-3	-14	-16	-20	-16	-18	-18	-16	-6	-6	-7	-8	-6	-8	-6	-5	9	10	13	10	14	12
-35	-43	-37	-37	-41	-30	-24	-26	-27	-17	-26	-24	-26	-26	-24	-26	-24	-22	-21	-27	-28	-26

LABOUR MARKET	2007	2008	2009	2008			2009				2010		2008			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	7	8	9	10
<b>FORMAL LABOUR FORCE (A=B+E)</b>	925.3	942.5	944.5	940.9	942.2	949.2	945.9	945.6	942.6	943.9	935.8	937.8	941.4	940.5	944.6	950.7
<b>PERSONS IN FORMAL EMPLOYMENT (B=C+D)<sup>1</sup></b>	854.0	879.3	858.2	879.4	881.7	885.1	869.0	861.0	854.3	848.4	836.3	839.2	879.9	879.8	885.3	888.1
In agriculture, forestry, fishing	40.4	39.7	37.9	39.9	39.2	38.9	37.8	38.0	37.9	37.8	31.9	34.6	39.3	39.2	39.2	38.9
In industry, construction	321.9	330.4	306.9	331.2	333.0	330.4	317.4	309.3	304.0	296.8	290.9	289.2	332.5	332.5	333.9	333.7
Of which: in manufacturing	223.6	222.4	199.8	224.0	222.3	219.1	209.5	201.4	196.7	191.7	190.0	189.4	222.7	222.2	222.2	221.3
in construction	78.4	87.9	86.8	87.1	90.5	91.1	87.8	87.6	86.9	84.8	80.9	79.6	89.7	90.2	91.6	92.2
In services	491.6	509.1	513.4	508.3	509.4	515.9	513.8	513.7	512.4	513.7	513.5	515.3	508.1	508.1	512.2	515.5
Of which: in public administration	50.3	51.0	51.5	51.0	51.1	51.0	51.1	51.5	51.7	51.6	51.8	52.3	50.9	51.0	51.2	51.1
in education, health-services, social work	108.8	111.1	113.8	111.0	110.1	112.4	113.2	114.1	113.3	114.7	115.9	116.8	109.7	109.4	111.4	112.0
<b>FORMALLY EMPLOYED (C)<sup>1</sup></b>	766.0	789.9	767.4	790.3	792.7	795.3	779.7	770.8	762.9	756.1	750.1	751.0	791.1	790.9	796.1	798.5
In enterprises and organisations	696.1	717.6	699.4	718.0	719.8	722.0	709.9	701.9	695.5	690.5	687.2	688.7	718.5	718.2	722.6	724.6
By those self-employed	69.9	72.3	67.9	72.2	73.0	73.2	69.8	68.8	67.4	65.7	62.9	62.3	72.7	72.7	73.5	74.0
<b>SELF-EMPLOYED AND FARMERS (D)</b>	87.9	89.4	90.8	89.2	88.9	89.8	89.3	90.3	91.4	92.2	86.2	88.2	88.8	88.9	89.2	89.6
<b>REGISTERED UNEMPLOYMENT (E)</b>	71.3	63.2	86.4	61.4	60.5	64.1	76.9	84.6	88.3	95.6	99.4	98.6	61.6	60.7	59.3	62.6
Female	39.1	33.4	42.4	32.8	32.1	33.0	38.4	41.6	43.2	46.4	47.0	46.8	33.0	32.3	31.1	32.7
By age: under 26	11.9	9.1	13.3	8.4	7.7	10.0	12.2	13.1	12.8	15.2	14.7	13.5	8.1	7.8	7.3	9.8
aged over 50	22.2	21.9	26.2	21.9	21.7	21.6	24.1	25.6	26.9	28.3	29.6	30.3	21.9	21.7	21.4	21.4
Unskilled	28.0	25.4	34.1	24.6	24.3	25.8	31.2	33.6	34.8	36.6	38.2	37.1	24.3	24.3	24.3	24.9
For more than 1 year	36.5	32.3	31.5	32.5	31.9	31.0	31.0	30.4	31.1	33.4	38.1	41.8	32.1	31.8	31.6	31.4
Those receiving benefits	16.6	14.4	27.4	13.6	13.9	15.1	22.8	27.4	28.6	30.8	31.6	29.3	13.9	13.9	13.7	14.1
<b>RATE OF REGISTERED UNEMPLOYMENT, E/A, in %</b>	7.7	6.7	9.1	6.5	6.4	6.8	8.1	8.9	9.4	10.1	10.6	10.5	6.5	6.5	6.3	6.6
Male	6.2	5.6	8.3	5.4	5.4	5.8	7.3	8.1	8.5	9.3	10.1	9.9	5.4	5.4	5.3	5.6
Female	9.6	8.1	10.2	7.9	7.8	7.9	9.2	10.0	10.4	11.1	11.3	11.3	8.0	7.8	7.5	7.9
<b>FLOWS OF FORMAL LABOUR FORCE</b>	21.5	13.7	-5.2	4.2	1.9	1.9	-0.8	-0.1	-3.5	-0.8	-5.5	1.7	-1.3	-0.9	4.1	6.1
New unemployed first-job seekers	14.7	12.5	17.0	1.8	1.9	6.5	3.2	2.6	3.0	8.1	2.9	2.4	0.5	0.5	0.9	4.6
Redundancies	52.5	53.0	90.5	10.7	12.5	17.4	24.8	22.5	19.9	23.2	19.9	16.6	4.6	3.4	4.5	5.2
Registered unemployed who found employment	49.1	41.7	48.6	9.7	9.9	9.6	9.5	11.8	14.2	13.1	14.2	12.8	2.3	3.1	4.5	4.0
Other outflows from unemployment (net)	28.0	26.1	28.5	6.3	5.9	7.4	5.2	6.5	6.9	9.9	6.3	6.9	2.0	1.6	2.3	2.5
Increase in number of work permits for foreigners	10.0	13.2	-9.6	5.9	4.9	-1.2	-1.5	-1.8	-2.7	-3.6	-1.6	-1.0	1.6	2.2	1.1	1.2
Retirements <sup>2</sup>	20.7	22.6	24.7	4.8	6.3	6.1	5.4	5.3	6.7	7.3	6.8	6.0	1.6	2.2	2.6	2.3
Others who found employment <sup>2</sup>	40.9	31.5	34.7	6.2	5.9	8.8	6.9	9.5	8.2	10.1	4.8	11.6	-0.4	-0.2	6.6	4.6
<b>REGISTERED VACANCIES<sup>3</sup></b>	20.2	20.0	13.4	21.1	21.5	15.9	13.4	13.4	14.0	13.0	12.6	14.8	19.8	20.1	24.7	19.7
For a fixed term, in %	76.5	74.5	78.1	74.0	76.5	74.7	74.9	77.9	80.8	78.6	78.9	81.2	76.9	76.8	76.0	74.9
<b>WORK PERMITS FOR FOREIGNERS</b>	60.2	81.1	86.6	79.0	86.3	90.5	91.5	90.2	84.9	79.7	77.1	75.7	83.8	86.7	88.6	90.3
As % of labour force	6.5	8.6	9.2	8.4	9.2	9.5	9.7	9.5	9.0	8.4	8.2	8.1	8.9	9.2	9.4	9.5
<b>NEW JOBS</b>	160.0	162.7	111.4	41.0	42.7	38.1	27.5	27.3	28.2	28.3	23.6	25.1	12.7	10.4	19.6	17.8

Sources of data: SORS, PDII, ESS. Notes: <sup>1</sup>In January 2005, the SORS adopted new methodology of obtaining data on persons in paid employment. The new source of data for employed and self-employed persons excluding farmers is the Statistical Register of Employment (SRE), while data on farmers are forecast using the ARIMA model based on quarterly figures for farmers from the Labour Force Survey. Data for previous years dating back to January 2000 have also been calculated according to the new methodology. <sup>2</sup>Estimated by IMAD, based on data by PDII and ESS; <sup>3</sup>according to ESS.

2008		2009												2010						
11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7
950.3	946.5	946.2	945.9	945.7	946.1	945.3	945.6	944.1	941.6	942.1	945.0	945.5	941.3	935.7	935.8	935.8	938.6	937.3	937.5	934.3
886.9	880.3	872.2	868.7	866.0	863.2	860.8	859.1	855.6	853.5	853.8	850.4	850.0	844.7	836.1	836.0	836.9	839.3	838.9	839.3	835.9
38.9	38.8	37.8	37.8	37.8	38.0	38.0	38.0	37.9	37.9	37.9	37.9	37.8	37.7	31.9	31.9	31.9	34.6	34.6	34.7	34.1
331.5	325.9	320.1	317.4	314.7	311.8	309.1	307.1	305.3	303.9	302.8	298.8	297.6	294.0	291.5	290.6	290.7	289.9	289.2	288.6	287.9
219.8	216.3	211.8	209.6	207.0	203.6	201.2	199.2	197.8	196.5	195.9	192.5	192.1	190.6	190.0	189.9	190.0	189.7	189.4	189.0	188.5
91.5	89.5	88.3	87.7	87.5	87.8	87.5	87.5	87.2	86.9	86.5	86.0	85.2	83.3	81.5	80.7	80.5	80.1	79.5	79.3	79.1
516.5	515.6	514.4	513.6	513.5	513.5	513.7	514.0	512.4	511.7	513.1	513.7	514.6	512.9	512.6	513.5	514.4	514.7	515.1	516.1	514.0
51.1	50.8	51.2	51.0	51.3	51.4	51.5	51.6	51.7	51.7	51.8	51.6	51.7	51.6	51.6	51.8	52.0	52.3	52.3	52.4	52.2
112.5	112.6	112.8	113.2	113.7	114.0	114.2	114.1	113.0	112.6	114.2	114.6	114.9	114.7	115.4	115.9	116.4	116.7	116.8	116.9	115.8
797.0	790.2	783.0	779.5	776.6	773.3	770.5	768.5	764.5	762.1	762.1	758.3	757.7	752.4	749.7	749.8	750.9	750.9	750.8	751.3	748.1
723.4	718.1	712.6	709.7	707.3	704.3	701.7	699.8	696.5	694.6	695.2	691.8	691.8	687.8	686.4	686.9	688.3	688.5	688.6	689.1	686.3
73.5	72.2	70.4	69.7	69.3	69.0	68.8	68.7	68.0	67.5	66.8	66.5	65.9	64.6	63.3	62.8	62.7	62.4	62.2	62.1	61.8
89.9	90.0	89.2	89.3	89.5	90.0	90.3	90.6	91.1	91.4	91.7	92.1	92.3	92.2	86.4	86.3	86.0	88.4	88.0	88.1	87.8
63.4	66.2	73.9	77.2	79.7	82.8	84.5	86.5	88.5	88.1	88.4	94.6	95.4	96.7	99.6	99.8	98.9	99.3	98.4	98.2	98.4
32.6	33.7	37.2	38.5	39.5	40.8	41.5	42.5	43.5	43.2	43.0	46.3	46.5	46.5	47.2	47.0	46.6	47.0	46.7	46.8	47.5
9.9	10.2	11.7	12.3	12.7	13.2	13.1	13.0	13.0	13.0	12.2	15.5	15.1	14.8	15.0	14.7	14.3	14.1	13.4	13.0	12.6
21.5	21.9	23.6	24.1	24.5	25.1	25.7	26.1	26.6	26.8	27.1	27.8	28.3	28.7	29.5	29.7	29.7	30.1	30.3	30.5	30.9
25.5	27.0	30.1	31.4	32.2	33.0	33.5	34.2	34.7	34.7	35.0	36.1	36.4	37.2	38.3	38.4	37.9	37.6	37.1	36.7	36.4
30.9	30.8	31.2	31.0	30.7	30.4	30.3	30.5	30.7	31.0	31.7	32.5	33.3	34.4	36.9	37.9	39.4	40.6	41.8	42.9	43.2
14.4	16.8	20.9	22.8	24.5	25.9	27.6	28.7	28.9	28.5	28.3	30.8	30.3	31.2	32.2	31.7	30.9	29.9	29.2	28.9	29.0
6.7	7.0	7.8	8.2	8.4	8.8	8.9	9.1	9.4	9.4	9.4	10.0	10.1	10.3	10.6	10.7	10.6	10.6	10.5	10.5	10.5
5.7	6.1	6.9	7.3	7.6	7.9	8.1	8.3	8.5	8.5	8.6	9.1	9.3	9.6	10.0	10.1	10.0	10.0	9.9	9.8	9.8
7.9	8.1	9.0	9.3	9.5	9.8	10.0	10.2	10.5	10.4	10.4	11.1	11.2	11.2	11.4	11.3	11.2	11.3	11.2	11.3	11.5
-0.5	-3.8	-0.3	-0.2	-0.2	0.3	-0.7	0.3	-1.5	-2.5	0.6	2.9	0.4	-4.1	-5.7	0.2	0.0	2.8	-1.3	0.2	-3.2
1.2	0.8	1.2	1.0	1.1	1.1	0.8	0.8	0.8	0.7	1.5	5.9	1.3	0.9	1.0	0.8	1.0	0.9	0.7	0.8	0.7
5.5	6.6	10.4	6.9	7.5	8.2	7.4	7.0	7.3	5.5	7.2	8.5	7.9	6.8	8.6	5.4	5.8	5.7	5.5	5.4	6.1
3.2	2.4	3.2	2.7	3.6	3.7	4.3	3.9	4.0	4.6	5.5	4.4	4.8	3.9	5.0	4.0	5.1	3.9	4.7	4.2	4.8
2.7	2.2	0.7	1.9	2.5	2.4	2.2	1.9	2.1	1.9	2.8	3.8	3.6	2.5	1.7	2.0	2.6	2.4	2.4	2.1	1.8
-0.1	-2.4	-0.1	0.2	-1.7	-0.5	-1.2	-0.1	-1.0	-1.5	-0.2	-1.9	-1.3	-0.4	-0.7	-0.5	-0.4	-0.3	-0.7	-0.1	-0.6
2.0	1.8	2.3	1.6	1.5	1.9	1.7	1.7	1.4	2.4	2.9	2.9	2.3	2.1	2.5	2.2	2.0	2.2	2.1	1.7	1.7
2.7	1.4	1.2	1.7	4.0	3.7	3.1	2.7	1.7	2.1	4.4	5.1	5.7	-0.7	-2.2	3.6	3.4	6.2	2.6	2.8	-0.3
15.7	12.3	13.7	12.2	14.2	12.0	13.9	14.5	14.7	12.3	14.9	15.7	11.7	11.6	12.7	11.7	13.5	14.5	13.7	16.1	15.2
75.6	73.1	72.0	75.0	77.5	77.2	77.8	78.7	80.0	82.0	80.7	78.2	80.1	77.7	77.2	79.9	79.7	82.2	81.8	79.8	81.1
90.4	90.7	90.7	91.2	92.6	92.1	90.6	87.8	86.6	84.7	83.4	81.1	79.6	78.4	77.6	77.2	76.5	76.3	75.6	75.3	74.7
9.5	9.6	9.6	9.6	9.8	9.7	9.6	9.3	9.2	9.0	8.9	8.6	8.4	8.3	8.3	8.2	8.2	8.1	8.1	8.0	8.0
11.4	8.9	10.2	8.1	9.3	10.0	8.8	8.5	8.7	6.8	12.6	11.9	8.9	7.6	8.9	7.0	7.7	8.9	7.8	8.4	8.2

WAGES AND INDICATORS OF OVERALL COMPETITIVENESS	2007	2008	2009	2008			2009				2010		2008				
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	4	5	6	7	8
<b>GROSS WAGE PER EMPLOYEE, y-o-y growth rates, %</b>																	
Activity - Total	5.9	8.3	3.4	8.6	9.9	7.1	5.5	4.6	2.3	1.7	3.7	4.3	9.5	7.6	8.8	8.7	9.8
A Agriculture, forestry and fishing	8.3	9.1	-0.2	9.3	10.8	6.7	1.2	1.6	-0.5	-2.9	3.3	5.2	10.3	9.7	7.9	13.5	6.3
B Mining and quarrying	6.4	13.4	0.9	13.8	16.0	14.8	5.6	2.4	1.6	-4.9	3.4	4.7	11.8	17.0	12.5	17.3	10.0
C Manufacturing	7.0	7.5	0.8	9.7	9.3	3.4	0.0	-0.5	0.4	3.7	10.1	10.0	11.3	8.4	9.6	11.0	6.4
D Electricity, gas, steam and air conditioning supply	6.2	9.5	3.8	10.1	9.8	8.8	7.9	7.8	5.1	-3.2	4.7	2.4	13.2	9.6	7.8	15.3	8.3
E Water supply sewerage, waste management and remediation activities	7.1	7.8	2.0	9.1	9.0	5.2	4.2	3.2	1.2	0.1	2.7	3.0	10.7	6.8	9.8	10.5	5.5
F Construction	6.6	7.5	1.0	9.6	9.1	4.3	1.2	1.0	1.6	0.9	2.9	5.8	11.9	7.5	9.5	10.0	6.0
G Wholesale and retail trade, repair of motor vehicles and motorcycles	7.6	7.7	1.9	9.0	8.8	6.1	4.4	2.3	1.2	0.1	2.6	4.1	10.0	8.0	8.9	9.1	7.0
H Transportation and storage	6.0	8.4	0.7	8.5	10.4	6.6	2.3	2.1	0.5	-1.4	1.1	1.2	8.3	7.0	10.2	7.8	13.1
I Accommodation and food service activities	5.3	8.3	1.6	9.6	10.0	4.9	3.4	1.7	0.6	1.0	2.8	4.2	9.5	10.3	8.9	10.3	9.0
J Information and communication	5.7	7.3	1.4	7.8	8.7	6.2	3.7	3.1	0.8	-1.6	1.0	2.5	8.9	6.1	8.3	7.9	8.1
K Financial and insurance activities	7.4	6.0	-0.7	8.8	8.2	0.0	2.0	-3.8	0.3	-0.5	1.2	3.2	11.8	6.4	8.5	7.1	6.3
L Real estate activities	7.0	6.0	1.9	8.6	5.3	3.6	1.6	0.0	1.8	4.5	2.6	5.3	10.1	8.3	7.5	4.7	4.6
M Professional, scientific and technical activities	7.0	8.4	2.1	8.6	9.1	6.4	4.0	3.3	1.5	0.0	1.6	1.8	8.7	7.9	9.2	9.9	7.3
N Administrative and support service activities	7.5	9.6	1.8	11.4	10.2	8.0	6.6	2.1	-0.2	-0.6	2.5	4.3	10.8	11.2	12.2	11.1	8.3
O Public administration and defence, compulsory social security	5.1	12.2	5.9	10.8	13.2	13.7	11.5	9.8	2.5	0.5	-1.9	-1.1	12.0	10.0	10.4	7.6	18.8
P Education	3.9	7.0	3.6	5.8	7.7	9.0	6.9	6.1	1.2	0.6	0.2	0.7	5.7	5.7	6.1	5.0	10.9
Q Human health and social work activities	3.1	12.0	12.0	4.3	16.8	21.0	21.4	22.6	5.5	1.4	-0.4	-1.0	3.2	3.8	6.0	4.6	24.5
R Arts, entertainment and recreation	3.6	5.3	3.9	5.8	8.3	5.1	7.0	5.7	2.2	0.9	0.7	1.4	3.9	6.9	6.6	4.1	11.3
S Other service activities	3.3	8.2	1.3	8.6	8.5	8.8	4.1	1.0	0.7	0.0	3.2	4.9	10.3	8.8	6.7	9.0	8.0
<b>INDICATORS OF OVERALL COMPETITIVENESS, y-o-y growth rates, %</b>																	
Effective exchange rate, <sup>1</sup> nominal	0.8	0.5	0.4	1.1	0.4	-1.1	-0.3	-0.3	0.3	1.8	-0.3	-1.9	1.4	1.1	0.9	0.8	0.6
Real (relative consumer prices)	2.3	2.8	0.7	4.2	2.6	-0.1	0.4	0.0	0.2	2.3	-0.3	-1.3	4.7	3.9	3.9	3.5	2.6
Real (relative producer prices) <sup>2</sup>	2.2	0.8	2.8	1.0	-0.2	1.1	3.0	3.4	3.7	1.4	-2.4	-3.3	2.2	0.9	0.0	-0.2	0.3
USD/EUR	1.371	1.471	1.393	1.562	1.504	1.317	1.302	1.362	1.431	1.478	1.384	1.273	1.575	1.556	1.555	1.577	1.498
Sources of data: SORS, AP, BS, OECD Main Economic Indicators, calculations IMAD.																	
Notes: <sup>1</sup> Change of methodology: the calculation of domestic currency's effective exchange rate includes the currencies/prices of Slovenia's 17 trading partners (Austria, Belgium, Germany, Italy, France, Netherlands, Spain, Denmark, United Kingdom, Sweden, Czech Republic, Hungary, Poland, Slovakia, USA, Switzerland, Japan); weights are the shares of individual trading partners in Slovenian exports and imports of goods within manufacturing (5-8 SITC) in 2001-2003; exports are double weighted; a rise in the index value indicates an appreciation of domestic currency and vice versa. <sup>2</sup> Producer prices in manufacturing activities																	

2008				2009												2010						
9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7
11.2	9.2	3.9	8.6	6.8	4.2	5.3	5.1	4.1	4.7	3.8	0.7	2.4	1.7	1.3	2.1	2.2	3.6	5.2	4.2	4.2	4.4	4.0
12.9	11.3	-0.1	10.2	1.1	-3.3	6.1	2.0	-1.8	4.7	-0.4	-0.3	-0.7	-5.5	-0.9	-2.5	1.1	3.0	5.7	5.6	4.3	5.6	7.1
20.7	39.0	-4.7	16.0	10.1	5.3	1.7	4.3	-5.9	9.4	2.3	6.2	-3.5	-20.3	16.1	-8.7	2.0	3.5	4.7	1.4	14.0	-0.8	0.8
10.8	6.7	-1.4	5.7	0.1	-0.5	0.4	-0.4	-1.3	0.1	0.1	-0.6	1.6	1.9	4.6	4.3	6.7	8.3	15.2	10.7	10.1	9.4	8.1
6.2	25.2	2.2	3.2	9.4	6.1	8.1	7.6	5.5	10.3	5.6	2.9	6.7	-10.4	-8.6	12.1	3.5	6.6	4.3	3.3	0.8	3.0	1.6
11.3	14.0	-1.0	4.8	4.4	3.6	4.6	3.5	1.0	5.2	1.6	1.2	0.9	-3.3	2.1	1.1	0.0	3.0	5.1	3.5	3.6	2.0	1.6
11.3	7.3	-1.0	7.2	1.7	-0.6	2.5	0.5	-0.9	3.4	2.9	0.6	1.4	-1.4	1.1	2.9	1.0	2.9	4.6	7.2	5.8	4.5	2.1
10.2	8.0	3.9	6.6	6.1	3.5	3.6	1.5	2.9	2.4	1.6	1.5	0.6	0.4	-0.8	0.6	0.3	2.4	5.2	4.2	4.0	4.1	4.0
10.2	7.1	7.5	5.2	3.9	2.4	0.6	2.9	2.2	1.1	2.0	-4.8	4.4	-1.0	-3.3	0.5	-1.5	1.8	3.2	1.5	1.6	0.5	1.8
10.7	7.5	2.0	5.4	3.9	3.0	3.2	3.4	0.4	1.3	1.4	0.6	-0.2	-0.3	3.2	0.0	2.2	1.8	4.4	3.7	4.2	4.6	4.0
10.3	7.8	5.5	5.4	6.9	1.8	2.5	3.4	2.5	3.4	2.5	0.0	0.0	0.7	-3.6	-1.6	0.0	1.6	1.5	2.3	3.1	2.1	2.9
11.4	1.2	-6.3	8.1	3.8	0.6	1.7	-4.2	-5.4	-1.6	2.0	0.5	-1.7	6.3	-1.8	-5.1	1.0	1.6	1.1	2.5	-0.6	7.6	5.0
6.7	4.5	1.5	5.0	2.9	1.4	0.6	1.3	-0.6	-0.5	1.9	1.4	2.0	4.2	5.3	4.0	1.8	3.3	2.7	3.7	3.9	8.4	4.1
10.3	9.3	1.8	8.8	3.1	4.3	4.7	4.6	2.2	3.3	2.0	1.1	1.3	0.4	0.6	-0.9	1.0	1.7	2.0	1.8	1.5	2.1	1.7
11.2	8.4	8.6	7.1	9.1	5.1	5.5	3.2	1.6	1.4	0.0	-0.1	-0.4	-1.0	-1.8	1.1	-1.2	4.1	4.7	5.1	4.1	3.9	3.8
13.3	12.9	16.0	12.3	15.2	8.8	10.7	11.0	10.0	8.4	5.3	-0.3	2.6	1.1	-2.0	2.4	-1.1	-1.5	-3.0	-2.1	-0.6	-0.5	0.9
7.3	8.0	9.4	9.6	9.3	4.2	7.3	6.6	6.0	5.7	2.9	-1.7	2.6	1.8	0.0	-0.1	0.5	0.5	-0.4	0.2	1.0	1.0	0.7
21.5	21.3	20.5	21.4	25.5	18.9	20.0	26.5	22.2	19.3	16.0	0.4	1.7	2.4	0.8	1.0	-1.6	1.2	-0.6	-2.3	-0.2	-0.4	0.7
9.4	10.7	-3.2	9.1	8.2	6.4	6.3	7.2	6.0	4.0	5.8	0.1	1.1	3.2	-0.5	-0.1	0.5	0.6	1.0	2.1	1.3	0.7	0.9
8.3	9.0	6.3	11.3	2.6	5.3	4.3	0.8	1.0	1.2	0.9	0.8	0.3	-0.4	-0.4	0.6	3.4	2.2	4.1	6.1	3.9	4.7	6.0
-0.1	-1.3	-1.7	-0.4	-0.4	-0.3	-0.1	-0.6	-0.3	0.1	-0.1	0.2	0.9	2.2	2.3	0.9	0.4	-0.3	-1.1	-1.1	-1.9	-2.7	-2.1
1.6	0.3	-0.7	0.0	-0.1	0.5	0.8	-0.2	0.1	0.3	-0.4	0.2	0.9	2.1	3.3	1.5	0.5	-0.1	-1.1	-0.4	-1.4	-2.2	-1.6
-0.6	-0.6	0.8	3.2	2.8	2.8	3.5	2.9	3.2	4.0	4.2	3.1	3.8	3.8	1.6	-1.0	-1.9	-2.1	-3.2	-3.8	-2.9	-3.3	-2.9
1.437	1.332	1.273	1.345	1.324	1.279	1.305	1.319	1.365	1.402	1.409	1.427	1.456	1.482	1.491	1.461	1.427	1.369	1.357	1.341	1.257	1.221	1.277

PRICES	2007	2008	2009	2008			2009				2010		2008				
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	6	7	8	9	10
<b>CPI, y-o-y growth rates, %</b>	3.6	5.7	0.9	6.6	6.1	3.3	1.8	0.7	-0.2	1.1	1.4	2.1	7.0	6.9	6.0	5.5	4.9
Food, non-alcoholic beverages	7.8	10.1	0.6	12.0	9.8	4.9	3.2	0.9	-0.7	-1.0	-1.4	0.7	11.6	12.2	10.1	7.2	5.3
Alcoholic beverages, tobacco	6.5	3.2	6.7	5.0	0.7	2.1	3.0	7.2	8.5	7.9	7.1	6.5	5.1	-0.2	0.5	1.8	2.1
Clothing and footwear	2.1	4.4	-0.6	5.2	2.1	5.2	1.8	1.2	-2.2	-3.0	-5.0	-1.9	4.1	0.8	1.7	3.7	6.1
Housing, water, electricity, gas	2.6	9.7	-0.3	11.4	11.5	5.3	1.7	-2.1	-3.5	3.0	8.3	11.3	13.4	13.6	10.4	10.5	9.0
Furnishings, household equipment	4.5	5.8	4.0	5.5	6.5	6.7	6.1	4.5	3.5	1.9	1.3	0.8	5.2	5.9	6.4	7.3	7.0
Medical, pharmaceutical products	1.1	2.9	4.0	1.7	4.9	5.8	8.7	5.3	1.4	0.7	-0.6	0.6	1.9	4.5	5.0	5.1	5.2
Transport	0.3	1.9	-3.0	2.9	4.1	-2.2	-3.7	-4.5	-4.1	0.6	1.2	-0.1	4.4	4.9	3.7	3.7	2.6
Communications	0.3	0.6	-4.1	1.9	0.1	-1.7	-4.3	-4.7	-4.3	-3.2	0.0	1.4	1.5	0.7	0.5	-0.9	-0.9
Recreation and culture	3.6	4.4	3.0	5.0	4.8	3.2	3.0	3.6	2.8	2.5	1.2	0.4	5.3	5.6	4.9	4.0	2.8
Education	1.9	5.2	3.4	5.4	4.8	6.1	5.1	3.0	2.7	2.7	2.0	1.9	4.6	4.6	4.6	5.0	6.0
Catering services	7.3	9.6	4.4	10.0	10.4	8.7	6.3	4.9	4.0	2.7	1.9	1.9	10.1	10.7	10.4	10.0	9.7
Miscellaneous goods & services	3.6	3.9	3.8	4.5	3.8	3.4	3.8	3.3	4.4	3.9	2.3	2.0	4.5	4.0	3.7	3.6	3.4
HCPI	3.8	5.5	0.9	6.4	6.2	3.1	1.7	0.6	-0.2	1.4	1.7	2.4	6.8	6.9	6.0	5.6	4.8
Core inflation (excluding fresh food and energy)	2.6	4.6	1.9	4.9	4.7	4.0	3.1	2.6	1.2	0.7	0.0	0.4	4.7	5.1	4.7	4.5	4.1
<b>PRODUCER PRICE INDICES, y-o-y growth rates, %</b>																	
Total	4.2	3.8	-1.3	3.7	5.1	3.2	1.1	-1.5	-3.1	-1.8	-1.0	2.3	4.4	4.9	5.5	4.8	4.2
Domestic market	5.5	5.6	-0.4	6.1	6.2	4.2	1.5	-0.4	-1.5	-1.1	0.2	2.0	5.9	6.3	6.7	5.7	5.0
Non-domestic market	3.0	2.2	-2.2	1.5	3.9	2.3	0.8	-2.6	-4.5	-2.5	-2.1	2.6	2.8	3.6	4.3	4.0	3.3
euro area	5.1	2.2	-3.5	1.7	4.2	1.5	-0.6	-4.5	-6.0	-3.0	-2.4	2.5	3.7	4.1	4.8	3.8	3.1
non-euro area	-0.5	2.1	0.3	1.0	3.4	3.9	3.5	1.1	-1.7	-1.6	-1.6	2.7	1.1	2.5	3.3	4.3	3.9
Import price indices	4.0	1.3	-3.3	0.3	3.8	1.4	-2.1	-4.6	-4.7	-1.8	4.0	8.8	0.8	3.5	3.3	4.7	3.7
<b>PRICE CONTROL,<sup>1</sup> y-o-y growth rates, %</b>																	
Energy prices	0.6	12.4	-12.3	16.9	21.1	-1.2	-12.9	-17.7	-17.3	0.4	16.1	18.8	23.2	24.8	20.0	18.4	14.1
Oil products	-0.9	11.7	-12.0	17.4	21.1	-5.7	-16.3	-18.9	-15.9	6.2	21.9	20.3	24.1	25.5	20.0	17.7	12.2
Basic utilities	-2.3	0.6	3.6	1.3	-1.3	1.1	1.7	0.9	0.8	10.8	-	-	1.3	1.3	-5.7	0.7	0.7
Transport & communications	0.6	-0.4	0.6	0.6	-1.3	-1.3	-1.2	-1.1	2.5	2.5	2.5	2.7	0.6	-1.3	-1.3	-1.3	-1.3
Other controlled prices	2.9	1.8	4.9	1.7	1.7	2.4	2.4	6.8	5.6	4.9	4.9	0.4	1.9	1.1	1.6	2.4	2.4
Direct control – total	3.1	8.6	-6.9	11.7	13.7	-0.2	-7.8	-10.9	-10.9	2.9	14.1	16.1	15.7	16.3	12.2	12.4	9.7
Source of data: SORS, calculations and estimates IMAD. Note: <sup>1</sup> the structure of groups varies, data published are not directly comparable to those published previously. The electricity market was liberalized on 1 July 2007. Data from July 2007 onwards are not comparable. Since July 2009, formation of prices for utility services is no longer under government control.																	

2008		2009												2010							
11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8
3.1	2.1	1.6	2.1	1.8	1.1	0.7	0.3	-0.6	0.0	-0.1	0.0	1.6	1.8	1.5	1.3	1.4	2.3	2.1	1.9	2.1	2.3
5.6	3.8	3.5	3.1	3.0	2.0	0.6	0.0	-1.3	-0.4	-0.4	-1.2	-0.8	-1.1	-2.4	-1.2	-0.7	-0.1	0.4	1.7	2.8	2.9
2.1	2.0	2.2	2.7	4.0	4.3	8.4	9.0	9.1	8.6	7.7	7.7	8.1	8.0	7.9	7.6	5.9	9.9	5.1	4.5	5.2	8.2
4.6	4.8	2.3	0.6	2.3	0.5	1.9	1.1	-1.3	-1.7	-3.6	-2.7	-2.8	-3.4	-5.9	-5.7	-3.6	-0.9	-2.4	-2.3	-2.1	-1.7
4.8	2.4	0.8	3.0	1.2	0.1	-2.3	-4.0	-4.9	-3.5	-2.2	-1.7	4.5	6.3	7.6	8.4	8.9	10.7	11.6	11.7	12.4	12.3
6.7	6.5	6.5	6.7	5.1	4.7	4.2	4.5	4.0	4.0	2.5	2.1	2.2	1.5	1.8	1.6	0.6	1.0	0.7	0.8	0.5	1.3
5.4	6.7	9.5	9.8	6.9	5.4	5.5	5.1	1.9	1.6	0.7	0.6	1.3	0.3	-0.3	-0.7	-0.7	0.7	0.5	0.5	2.8	4.0
-3.6	-5.4	-5.1	-2.5	-3.6	-3.5	-4.7	-5.2	-5.6	-3.5	-3.1	-2.8	1.9	2.9	2.3	0.5	0.9	0.8	0.4	-1.5	-1.2	-2.0
0.0	-4.3	-3.7	-4.7	-4.6	-5.2	-4.4	-4.4	-4.1	-4.2	-4.6	-3.7	-4.0	-1.9	-0.6	0.2	0.4	1.0	1.5	1.6	-0.3	0.7
3.2	3.6	2.8	2.8	3.4	3.3	3.6	4.1	3.0	2.7	2.7	3.1	2.7	1.7	1.7	1.0	0.8	0.9	0.6	-0.2	-0.6	-0.3
6.1	6.1	6.0	6.3	3.2	3.2	3.0	3.0	3.0	3.0	2.2	2.7	2.6	2.6	2.4	1.8	1.8	1.8	1.9	1.9	1.9	1.9
8.8	7.7	6.5	6.3	6.0	5.1	4.8	4.7	4.4	4.2	3.3	3.1	2.3	2.6	2.0	1.8	2.0	1.9	2.1	1.7	1.3	1.2
3.2	3.4	3.4	3.7	4.2	3.3	3.1	3.5	4.5	4.4	4.3	4.2	4.1	3.6	3.3	2.3	1.3	1.8	2.1	2.0	0.7	0.4
2.9	1.8	1.4	2.1	1.6	1.1	0.5	0.2	-0.6	0.1	0.0	0.2	1.8	2.1	1.8	1.6	1.8	2.7	2.4	2.1	2.3	2.4
3.9	3.9	3.2	2.8	3.1	2.6	2.6	2.6	1.4	1.3	0.9	0.7	1.0	0.3	0.1	-0.1	0.0	0.6	0.4	0.2	0.2	0.5
3.3	2.2	1.9	1.1	0.3	-0.5	-1.6	-2.4	-3.0	-3.3	-2.8	-2.4	-1.9	-1.2	-1.4	-1.2	-0.2	1.0	2.9	3.0	3.4	3.5
4.0	3.5	2.3	1.2	0.8	0.2	-0.7	-0.7	-1.3	-1.7	-1.6	-1.4	-1.1	-0.7	-0.1	0.1	0.5	0.7	2.6	2.6	2.7	2.9
2.7	1.0	1.5	1.0	-0.1	-1.2	-2.5	-4.0	-4.7	-4.9	-4.0	-3.2	-2.6	-1.7	-2.8	-2.5	-0.9	1.3	3.2	3.3	4.2	4.1
1.4	0.1	0.2	-0.3	-1.7	-3.1	-4.1	-6.2	-6.7	-6.4	-4.8	-3.9	-2.8	-2.3	-3.0	-3.1	-1.0	1.3	3.2	3.1	4.5	4.1
5.1	2.7	4.2	3.5	2.9	2.5	0.5	0.2	-0.6	-2.0	-2.4	-1.9	-2.3	-0.6	-2.4	-1.5	-0.8	1.4	3.2	3.6	3.4	4.1
1.6	-1.0	-2.4	-1.3	-2.7	-3.8	-4.8	-5.2	-4.7	-5.0	-4.5	-3.7	-2.1	0.4	3.3	3.2	5.4	8.3	9.4	8.7	7.6	7.9
-4.3	-12.7	-15.0	-8.9	-14.6	-14.5	-18.0	-20.1	-21.5	-16.3	-13.9	-12.6	3.8	13.0	16.9	13.9	17.5	20.1	20.5	15.8	17.4	15.6
-9.4	-18.9	-19.5	-11.2	-17.9	-15.6	-19.4	-21.2	-20.9	-14.8	-11.5	-9.4	10.3	21.9	24.4	18.6	22.8	22.7	22.8	15.6	15.2	13.2
0.8	1.6	1.6	1.7	1.9	1.0	0.7	0.8	0.8	0.8	0.8	0.8	16.3	15.4	-	-	-	-	-	-	-	-
-1.3	-1.3	-1.3	-1.3	-1.1	-1.1	-1.1	-1.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.7	2.7	2.7	2.7	1.1	1.1
2.4	2.4	2.3	2.4	2.4	6.2	7.1	7.1	7.1	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	1.0	0.1	0.1	0.1	0.1
-2.2	-7.8	-9.4	-5.0	-9.0	-8.6	-11.2	-12.9	-13.7	-10.2	-8.6	-7.6	6.0	11.8	14.6	12.6	15.2	16.7	17.2	14.4	15.5	14.3

BALANCE OF PAYMENTS	2007	2008	2009	2008			2009				2010		2008			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	7	8	9	10
<b>BALANCE OF PAYMENTS, in EUR m</b>																
Current account	-1,646	-2,489	-526	-544	-698	-757	-304	64	-235	-51	-121	-42	-367	-198	-132	-255
Goods <sup>1</sup>	-1,666	-2,650	-699	-668	-751	-743	-156	-29	-228	-286	-127	-164	-263	-298	-190	-266
Exports	19,798	20,048	16,167	5,349	5,038	4,577	3,934	4,064	3,950	4,219	4,213	4,720	1,809	1,339	1,891	1,841
Imports	21,464	22,698	16,866	6,017	5,789	5,320	4,090	4,093	4,178	4,505	4,340	4,884	2,071	1,637	2,080	2,107
Services	1,047	1,493	1,114	460	413	304	239	311	296	269	217	305	97	142	174	141
Exports	4,145	5,043	4,301	1,299	1,475	1,219	918	1,049	1,272	1,061	911	1,094	513	486	476	447
Imports	3,098	3,549	3,187	839	1,062	915	679	738	977	793	695	789	417	344	302	306
Income	-789	-1,030	-782	-277	-357	-231	-230	-200	-241	-112	-157	-150	-205	-55	-97	-90
Receipts	1,169	1,261	665	315	335	342	131	176	138	220	207	219	108	116	110	109
Expenditure	1,957	2,292	1,447	592	691	573	361	376	378	332	364	369	314	171	207	199
Current transfers	-239	-302	-159	-59	-4	-87	-158	-18	-62	79	-53	-34	4	13	-20	-40
Receipts	941	870	957	215	254	238	141	266	176	374	258	213	73	115	66	61
Expenditure	1,180	1,172	1,116	274	257	325	299	283	238	296	312	246	69	102	86	101
Capital and financial account	1,920	2,545	220	763	631	703	-25	-57	129	173	103	299	416	210	6	-117
Capital account	-52	-25	-9	7	-4	-26	-4	41	-4	-42	45	2	-5	1	1	5
Financial account	1,972	2,571	230	756	635	729	-20	-98	133	214	58	297	420	209	5	-122
Direct investment	-210	381	-539	-123	82	299	3	-415	-46	-81	-39	76	115	56	-90	-29
Domestic abroad	-1,317	-949	-121	-439	-248	-132	104	-260	35	1	-120	31	-116	-35	-98	-82
Foreign in Slovenia	1,106	1,329	-419	317	330	431	-100	-155	-81	-82	81	45	231	91	8	53
Portfolio investment	-2,255	572	4,625	-1,155	166	1,258	874	1,151	2,293	307	1,102	500	134	-207	239	387
Financial derivatives	-15	46	-2	4	5	6	-23	12	12	-2	-22	-35	2	2	2	2
Other investment	4,313	1,551	-4,021	1,949	380	-855	-988	-891	-2,112	-29	-1,045	-193	242	254	-116	-515
Assets	-4,741	-427	-273	-185	434	300	746	-161	-1,053	194	278	-578	131	-63	366	-434
Commercial credits	-400	-142	417	-170	-9	554	62	166	-37	227	-228	-212	16	146	-171	-43
Loans	-1,895	-325	-29	-442	158	-91	40	-91	-23	45	-359	503	254	-377	280	-286
Currency and deposits	-2,454	35	-587	387	304	-155	638	-239	-1,004	18	867	-863	-144	170	279	-115
Other assets	7	4	-75	40	-19	-8	7	2	12	-96	-2	-6	5	-2	-22	9
Liabilities	9,054	1,978	-3,747	2,134	-54	-1,156	-1,735	-730	-1,059	-223	-1,323	385	111	317	-482	-80
Commercial credits	499	-73	-459	309	-25	-536	-301	-105	25	-78	98	270	32	-117	59	-66
Loans	3,841	1,869	-2,941	1,472	242	-489	-571	-1,331	-73	-966	-415	-197	112	228	-98	37
Deposits	4,727	190	-318	346	-272	-137	-858	700	-983	822	-1,079	371	-40	206	-438	-51
Other liabilities	-13	-7	-29	7	2	6	-5	6	-28	-2	73	-58	6	0	-5	0
International reserves <sup>2</sup>	140	21	167	80	1	21	114	46	-13	20	62	-50	-73	104	-30	33
Statistical error	-273	-56	305	-219	67	54	329	-7	106	-122	17	-257	-49	-11	127	372
<b>EXPORTS AND IMPORTS BY END-USE OF PRODUCTS, in EUR m</b>																
Export of investment goods	1,936	2,241	1,783	576	598	544	442	461	407	473	404	455	203	152	243	201
Intermediate goods	10,436	10,760	8,090	2,893	2,730	2,385	1,977	1,996	2,025	2,093	2,236	2,546	976	756	998	981
Consumer goods	7,035	6,808	6,144	1,817	1,648	1,590	1,474	1,568	1,482	1,620	1,540	1,685	607	411	629	638
Import of investment goods	3,031	3,441	2,288	928	862	878	583	551	521	633	449	605	294	226	342	289
Intermediate goods	12,875	13,735	9,823	3,668	3,543	3,107	2,381	2,335	2,458	2,649	2,682	3,022	1,291	1,029	1,222	1,309
Consumer goods	5,601	5,870	5,004	1,520	1,475	1,416	1,195	1,262	1,255	1,292	1,263	1,318	520	404	551	544

Sources of data: BS, SORS. Notes: <sup>1</sup> exports and imports (F.O.B.) include also the adjustment for exports and imports of goods by ITRS and duty-free shops reports; <sup>2</sup> reserve assets of the BS.



2008		2009												2010						
11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7
-156	-346	-75	-137	-92	4	18	42	-84	-136	-15	-55	87	-83	-27	-131	38	-52	-91	100	57
-180	-297	-48	-37	-71	-67	-7	45	-50	-161	-17	-50	-79	-158	-17	-87	-23	-71	-123	30	2
1,532	1,204	1,214	1,293	1,427	1,304	1,333	1,427	1,401	1,065	1,484	1,499	1,471	1,248	1,231	1,330	1,651	1,474	1,567	1,679	1,606
1,711	1,501	1,262	1,330	1,498	1,371	1,340	1,382	1,451	1,226	1,501	1,549	1,550	1,406	1,248	1,417	1,674	1,545	1,690	1,649	1,604
110	53	92	60	87	103	112	96	59	125	111	114	85	70	74	63	80	88	105	112	82
378	394	307	278	334	344	348	357	436	447	389	367	322	373	293	281	337	348	359	388	457
268	341	215	218	246	241	236	261	376	322	278	253	237	303	219	218	257	259	254	275	375
-74	-67	-71	-82	-76	-56	-77	-67	-96	-66	-79	-63	17	-65	-56	-55	-45	-54	-50	-45	-52
107	126	48	42	41	51	55	69	51	43	44	45	107	69	66	64	77	67	75	76	71
181	193	119	124	118	107	132	137	146	109	123	108	90	134	122	120	122	122	125	121	123
-12	-35	-48	-78	-32	24	-11	-31	2	-35	-30	-55	64	70	-28	-52	26	-15	-22	3	25
87	90	35	45	61	116	80	69	80	53	43	60	148	166	63	83	112	54	81	78	113
99	125	83	124	93	92	90	101	77	87	73	116	83	96	91	135	86	68	103	75	88
291	529	188	-96	-117	15	98	-170	104	-66	92	95	-7	85	62	82	-41	150	20	128	82
41	-72	-7	-2	5	-2	-1	45	-3	-2	1	1	25	-67	-7	-2	55	2	-3	3	-8
251	601	196	-95	-121	18	99	-215	106	-64	91	94	-32	153	69	85	-96	149	24	125	90
93	235	148	-14	-132	-100	-255	-61	-40	27	-34	-17	-89	25	28	-45	-22	0	29	46	50
-10	-40	129	-7	-18	-74	-189	3	26	24	-15	-25	36	-10	-7	-77	-37	-23	24	30	6
103	275	20	-6	-114	-26	-66	-64	-65	3	-18	8	-126	36	35	32	14	23	5	16	45
658	213	410	559	-95	1,005	263	-118	864	-216	1,644	-14	-71	392	1,357	-449	194	606	-203	97	111
2	2	-10	-13	0	4	8	-1	-2	6	8	3	3	-7	-2	-2	-19	-1	-11	-23	-1
-486	145	-349	-713	74	-888	20	-24	-663	90	-1,539	115	114	-258	-1,365	573	-252	-488	268	28	-67
18	717	73	603	70	-152	-730	721	-656	719	-1,116	219	-349	323	158	69	51	1	-637	57	677
131	466	149	-26	-62	70	141	-45	-6	85	-117	-68	-31	326	-4	-40	-184	-35	-91	-86	-5
73	122	-185	206	19	48	-62	-77	-58	72	-37	-8	48	5	-54	29	-333	430	17	56	285
-191	151	98	413	127	-269	-808	838	-592	556	-968	292	-367	93	222	76	569	-401	-550	88	400
5	-22	11	10	-15	-1	-2	5	0	6	6	3	2	-100	-6	5	-1	7	-13	0	-3
-504	-572	-422	-1,316	4	-736	751	-745	-7	-629	-423	-104	462	-581	-1,523	503	-303	-490	904	-30	-744
-182	-288	-299	-33	30	-48	-32	-25	20	-110	116	88	80	-246	-83	67	114	56	129	85	-39
-483	-43	-125	18	-464	-328	349	-1,353	12	-30	-55	-159	32	-839	-40	-18	-356	-276	328	-248	-29
159	-244	5	-1,303	441	-361	434	627	-10	-491	-482	-36	358	500	-1,394	448	-133	-206	455	121	-639
3	3	-3	2	-4	2	-1	5	-30	3	-2	2	-8	4	-6	7	71	-63	-8	12	-37
-17	5	-4	86	31	-5	62	-11	-53	29	12	8	11	1	51	7	4	32	-60	-23	-3
-135	-184	-113	234	209	-19	-115	128	-20	202	-77	-40	-79	-3	-35	49	3	-99	71	-229	-139
185	158	128	152	162	171	141	149	147	110	150	167	154	151	117	120	167	143	155	157	N/A
816	589	644	637	695	646	652	698	722	552	751	782	730	581	658	725	853	804	855	887	N/A
511	441	429	491	555	478	524	567	517	392	572	540	578	502	447	475	617	517	546	623	N/A
279	310	172	161	249	190	187	175	170	154	197	218	208	207	121	148	180	211	218	176	N/A
1,017	782	758	803	820	762	759	814	861	711	886	913	937	799	795	879	1,009	948	1,058	1,016	N/A
441	431	353	389	453	437	416	408	434	381	441	447	433	413	357	390	516	417	449	452	N/A

MONETARY INDICATORS AND INTEREST RATES	2007	2008	2009	2008										2009	
				4	5	6	7	8	9	10	11	12	1	2	
<b>SELECTED CLAIMS OF OTHER MFI ON DOMESTIC SECTORS, end of the month, in EUR m</b>															
Claims of the BS on central government	67	68	160	66	66	65	66	66	67	69	69	68	69	87	
Central government (S. 1311)	2,367	2,162	3497	2,123	2,162	2,052	2,030	2,069	2,046	2,058	2,176	2,162	2,704	2,867	
Other government (S. 1312, 1313, 1314)	118	212	376	128	129	133	136	143	178	184	181	212	223	229	
Households (S. 14, 15)	6,818	7,827	8413	7,235	7,318	7,409	7,521	7,603	7,705	7,857	7,785	7,827	7,831	7,852	
Non-financial corporations (S. 11)	18,105	21,149	21682	19,351	19,616	20,064	20,404	20,619	20,872	21,134	21,092	21,149	21,346	21,429	
Non-monetary financial institutions (S. 123, 124, 125)	2,305	2,815	2703	2,558	2,568	2,736	2,726	2,729	2,798	2,815	2,845	2,815	2,815	2,814	
Monetary financial institutions (S. 121, 122)	2,401	3,666	5301	2,624	2,375	2,386	2,403	2,400	2,737	2,965	2,963	3,666	3,887	3,826	
<b>Claims on domestic sectors, TOTAL</b>															
In domestic currency	26,555	32,113	34730	28,503	28,871	29,380	29,805	30,108	30,888	31,444	31,594	32,113	32,388	32,663	
In foreign currency	1,990	2,370	1895	2,276	2,259	2,263	2,228	2,271	2,344	2,512	2,371	2,370	2,372	2,315	
Securities, total	3,570	3,346	5348	3,239	3,038	3,137	3,188	3,184	3,104	3,059	3,077	3,346	4,046	4,040	
<b>SELECTED OBLIGATIONS OF OTHER MFI ON DOMESTIC SECTORS, end of the month, in EUR m</b>															
Deposits in domestic currency, total	20,029	23,129	27967	20,774	20,613	21,144	21,341	21,465	21,992	22,177	22,385	23,129	23,563	24,487	
Overnight	6,887	6,605	7200	6,711	6,841	7,071	6,744	6,703	6,918	6,666	6,577	6,605	6,415	6,421	
With agreed maturity – short-term	8,913	10,971	9766	9,734	9,292	9,439	9,936	9,929	10,038	10,530	10,659	10,971	11,246	12,053	
With agreed maturity – long-term	2,857	4,157	9703	2,926	3,046	3,170	3,241	3,378	3,519	3,555	3,727	4,157	4,542	4,729	
Short-term deposits redeemable at notice	1,372	1,396	1298	1,403	1,434	1,464	1,420	1,455	1,517	1,426	1,422	1,396	1,360	1,284	
Deposits in foreign currency, total	559	490	433	529	527	488	491	502	493	537	551	490	504	502	
Overnight	218	215	237	222	225	218	220	228	218	244	247	215	242	230	
With agreed maturity – short-term	248	198	123	224	224	196	192	190	196	213	227	198	181	195	
With agreed maturity – long-term	56	41	45	45	42	42	43	42	43	44	42	41	42	43	
Short-term deposits redeemable at notice	37	36	27	38	36	32	36	42	36	36	35	36	39	34	
<b>INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS, %</b>															
<b>New deposits in domestic currency</b>															
<b>Households</b>															
Overnight deposits	0.36	0.46	0.28	0.43	0.46	0.46	0.48	0.48	0.48	0.51	0.52	0.43	0.48	0.40	
Time deposits with maturity of up to one year	3.36	4.30	2.51	4.14	4.20	4.30	4.40	4.39	4.53	4.65	4.56	4.45	4.08	3.40	
<b>New loans to households in domestic currency</b>															
Housing loans, 5-10 year fixed interest rate	5.80	6.77	6.43	6.53	6.53	6.63	6.71	6.95	6.99	7.10	7.17	6.88	7.05	6.63	
<b>New loans to non-financial corporations in domestic currency</b>															
Loan over EUR 1 million, 1-5 year fixed interest rate	5.76	6.62	6.28	6.32	5.47	6.63	6.91	6.53	6.94	6.76	7.24	7.74	6.61	6.35	
<b>INTEREST RATES OF THE EUROPEAN CENTRAL BANK, %</b>															
Main refinancing operations	3.85	3.85	1.23	4.00	4.00	4.00	4.25	4.25	4.25	3.75	3.25	2.50	2.00	2.00	
<b>INTERBANK INTEREST RATES</b>															
<b>EURIBOR</b>															
3-month rates	4.28	4.63	1.23	4.78	4.86	4.94	4.96	4.97	5.02	5.11	4.24	3.29	2.46	1.94	
6-month rates	4.35	4.72	1.44	4.80	4.90	5.09	5.15	5.16	5.22	5.18	4.29	3.37	2.54	2.03	
<b>LIBOR CHF</b>															
3-month rates	2.55	2.58	0.38	2.85	2.78	2.84	2.79	2.75	2.78	3.00	1.97	0.91	0.57	0.51	
6-month rates	2.65	2.69	0.50	2.93	2.89	2.98	2.94	2.89	2.92	3.09	2.16	1.08	0.71	0.65	

Sources of data: BS, BBA - British Bankers' Association.

2009										2010							
3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8
103	121	140	142	151	167	166	161	161	160	176	177	140	140	142	141	140	142
3,134	3,288	3,542	3,472	3,456	3,427	3,610	3,625	3,581	3,497	3,334	3,382	2,884	2,897	3,001	3,125	3,130	3,326
233	243	254	251	257	262	281	305	336	376	390	395	390	392	395	401	415	421
7,868	7,910	7,946	7,951	8,055	8,135	8,231	8,295	8,345	8,413	8,452	8,480	8,601	8,647	8,701	8,897	8,917	9,062
21,469	21,509	21,516	21,517	21,557	21,671	21,704	21,688	21,645	21,704	21,792	21,896	21,950	22,062	21,997	22,015	22,020	21,816
2,851	2,869	2,838	2,835	2,838	2,868	2,846	2,846	2,772	2,680	2,684	2,669	2,620	2,606	2,558	2,537	2,516	2,502
3,786	3,829	4,008	4,365	4,382	4,334	4,723	4,563	4,589	5,302	6,141	5,093	5,057	5,555	5,638	6,115	5,459	5,315
32,648	32,790	33,140	33,353	33,601	33,628	34,045	33,922	33,962	34,731	35,678	34,817	34,893	35,430	35,620	36,524	35,990	35,899
2,190	2,172	2,122	2,059	2,017	2,003	1,969	1,939	1,919	1,895	1,904	1,894	1,887	1,859	1,852	1,392	1,355	1,367
4,504	4,686	4,843	4,979	4,925	5,067	5,380	5,460	5,386	5,345	5,211	5,204	4,723	4,871	4,819	5,174	5,112	5,175
24,334	25,649	26,020	26,576	26,206	25,956	26,950	26,860	26,930	27,965	28,953	28,198	27,716	27,949	28,085	27,948	27,077	27,357
6,609	6,610	6,876	7,163	6,862	7,011	7,079	6,940	7,028	7,200	7,949	7,139	7,396	7,351	7,732	7,834	7,868	8,027
11,705	12,951	13,053	12,015	10,560	10,067	10,720	10,487	10,283	9,779	9,722	9,479	8,582	8,347	8,029	8,400	8,593	8,634
4,827	4,876	4,868	6,182	7,600	7,712	7,952	8,190	8,315	9,688	9,928	10,260	10,431	10,894	11,005	11,539	10,460	10,529
1,193	1,212	1,223	1,216	1,184	1,166	1,199	1,243	1,304	1,298	1,354	1,320	1,307	1,357	1,319	175	156	167
491	489	495	492	480	462	462	457	454	433	426	439	436	450	495	708	465	495
233	231	251	249	239	240	244	242	261	238	240	241	250	270	299	512	283	310
177	180	166	170	166	150	144	141	122	123	117	120	110	103	104	130	122	121
42	42	41	39	39	38	43	42	43	45	48	52	54	54	57	64	58	61
39	36	37	34	36	34	31	32	28	27	21	26	22	23	35	2	2	3
0.34	0.28	0.25	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.22	0.22	0.22	0.22	0.21	0.19	0.19	-
2.82	2.44	2.28	2.40	2.35	2.27	2.14	2.04	1.97	2.00	1.91	1.75	1.69	1.66	1.72	1.74	1.87	-
5.75	6.75	6.37	6.59	6.74	6.57	6.64	6.74	5.00	6.28	6.11	6.08	5.33	5.80	5.38	5.42	5.12	-
6.34	6.05	6.10	6.19	6.36	6.20	6.66	6.47	5.94	6.06	6.15	6.31	5.64	5.98	6.03	6.19	5.40	-
1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.64	1.42	1.28	1.23	0.98	0.86	0.77	0.74	0.72	0.71	0.68	0.66	0.64	0.64	0.69	0.73	0.85	0.90
1.78	1.61	1.48	1.44	1.21	1.12	1.04	1.02	0.99	1.00	0.98	0.97	0.95	0.96	0.98	1.01	1.10	1.15
0.44	0.40	0.40	0.40	0.37	0.34	0.30	0.27	0.25	0.25	0.25	0.25	0.25	0.24	0.19	0.10	-	-
0.58	0.54	0.54	0.52	0.49	0.45	0.41	0.39	0.36	0.35	0.34	0.33	0.33	0.33	0.28	0.20	-	-

PUBLIC FINANCE	2007	2008	2009	2008			2009				2010		2008			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	7	8	9	10
<b>CONSOLIDATED BALANCE OF PUBLIC FINANCING (GFS-IMF methodology), current prices, EUR m</b>																
<b>GENERAL GOVERNMENT REVENUES</b>																
TOTAL REVENUES	14,006.1	15,339.2	14,408.0	4,005.7	3,857.5	4,106.6	3,283.0	3,542.8	3,558.8	4,023.5	3,310.2	3,476.9	1,342.2	1,226.0	1,289.3	1,310.0
Current revenues	13,467.2	14,792.3	13,639.5	3,881.0	3,733.8	3,903.4	3,204.0	3,322.8	3,470.3	3,642.3	3,157.8	3,367.7	1,306.1	1,164.7	1,263.0	1,295.2
Tax revenues	12,757.9	13,937.4	12,955.4	3,702.0	3,472.0	3,653.3	3,058.9	3,164.5	3,279.0	3,453.0	2,983.4	3,189.2	1,253.4	1,066.2	1,152.4	1,234.1
Taxes on income and profit	2,917.7	3,442.2	2,805.1	1,106.5	806.5	834.7	707.3	617.5	735.5	744.8	635.5	594.4	297.9	256.5	252.1	261.1
Social security contributions	4,598.0	5,095.0	5,161.3	1,254.2	1,272.9	1,364.8	1,285.3	1,280.9	1,260.6	1,334.5	1,274.4	1,303.8	425.8	414.8	432.3	435.0
Taxes on payroll and workforce	418.1	258.0	28.5	62.2	63.5	72.9	7.4	7.2	6.2	7.7	6.3	7.2	21.3	20.4	21.8	22.1
Taxes on property	206.4	214.9	207.0	62.6	69.6	55.2	20.6	51.5	74.6	60.2	24.1	58.9	23.0	26.5	20.0	16.3
Domestic taxes on goods and services	4,498.6	4,805.3	4,660.2	1,181.7	1,227.8	1,296.4	1,015.4	1,177.5	1,184.2	1,283.1	1,023.9	1,199.2	475.3	336.2	416.3	490.6
Taxes on international trade & transactions	117.1	120.1	90.5	33.7	31.0	29.8	22.5	29.2	17.2	21.7	18.7	24.7	9.8	11.5	9.7	10.2
Other taxes	2.1	1.8	2.9	1.0	0.7	-0.6	0.5	0.7	0.7	1.0	0.5	1.0	0.3	0.2	0.2	-1.2
Non-tax revenues	709.2	854.9	684.1	179.0	261.8	250.1	145.1	158.4	191.3	189.3	174.4	178.5	52.7	98.5	110.6	61.1
Capital revenues	136.6	117.3	106.5	26.9	28.8	33.6	14.1	29.7	19.3	43.5	9.8	17.8	12.9	6.8	9.0	6.1
Grants	11.9	10.4	11.1	2.1	3.1	3.1	2.9	1.7	1.9	4.7	2.9	2.2	1.6	0.3	1.2	0.6
Transferred revenues	42.5	53.9	54.3	0.9	0.6	51.3	0.2	1.5	1.1	51.5	0.5	2.3	0.1	0.5	0.0	0.4
Receipts from the EU budget	348.0	365.4	596.5	94.8	91.3	115.3	61.8	186.9	66.2	281.5	139.2	86.9	21.5	53.7	16.1	7.7
<b>GENERAL GOVERNMENT EXPENDITURES</b>																
TOTAL EXPENDITURES	13,915.5	15,441.7	16,368.2	3,792.9	3,628.8	4,631.4	3,877.1	4,064.6	3,767.1	4,659.5	4,035.2	4,121.8	1,139.6	1,179.6	1,309.7	1,259.5
Current expenditures	5,950.9	6,557.5	6,797.3	1,581.7	1,513.7	1,886.2	1,768.8	1,682.7	1,578.1	1,771.3	1,795.6	1,756.5	507.2	486.1	520.4	535.2
Wages, salaries and other personnel expenditures	3,276.9	3,578.9	3,912.3	906.8	892.5	959.8	965.0	1,005.6	955.4	985.9	956.6	1,012.9	292.5	292.5	307.6	292.9
Expenditures on goods and services	2,212.2	2,527.5	2,506.8	589.3	586.1	829.0	547.1	618.0	603.9	741.4	557.0	623.7	204.0	185.7	196.5	207.5
Interest payments	357.0	335.2	335.9	69.8	12.9	31.5	246.7	48.4	12.0	29.0	272.6	110.0	4.9	2.2	5.7	22.7
Reserves	104.8	116.0	42.3	15.8	22.2	65.9	10.0	10.9	6.8	14.9	9.4	9.9	5.9	5.7	10.6	12.0
Current transfers	6,143.9	6,742.2	7,340.3	1,856.8	1,567.3	1,828.2	1,748.2	1,936.1	1,736.9	1,918.2	1,849.0	1,995.1	513.9	535.3	518.1	528.4
Subsidies	423.4	476.5	597.9	243.0	57.7	115.3	165.0	126.9	86.5	219.4	160.7	122.8	16.6	19.4	21.7	27.7
Current transfers to individuals and households	5,093.3	5,619.2	6,024.1	1,448.9	1,344.8	1,522.0	1,436.2	1,614.8	1,475.9	1,497.6	1,529.0	1,671.1	442.0	464.4	438.4	448.8
Current transfers to non-profit institutions, other current domestic transfers	595.3	598.3	679.5	151.2	153.2	175.2	140.0	178.5	164.5	195.1	150.6	188.6	54.0	48.4	50.7	51.4
Current transfers abroad	32.0	48.2	38.9	13.6	11.6	15.7	7.0	15.9	9.9	6.1	8.7	12.6	1.3	3.0	7.3	0.5
Capital expenditures	1,130.5	1,255.5	1,293.3	215.9	350.0	540.6	175.3	237.2	297.5	584.1	192.8	212.4	77.7	98.2	174.1	94.5
Capital transfers	334.3	458.6	495.2	62.3	130.8	234.9	35.9	112.9	86.0	259.9	47.2	90.0	21.8	38.0	70.9	53.0
Payments to the EU budget	355.9	427.9	439.3	76.2	67.0	141.5	148.9	95.6	68.7	126.1	150.6	67.8	18.9	21.9	26.2	48.4
<b>SURPLUS / DEFICIT</b>	90.6	-102.5	-1,961.4	-	-	-	-	-	-	-	-	-	-	-	-	-

Source of data: MF Bulletin. Note: in line with the changed methodology of the International Monetary Fund of 2001, social security contributions paid by the state are not consolidated. Data prior to 2007 are recalculated on the basis of the irrevocable SIT/EUR exchange rate = 239.64.



## Acronyms

### Acronyms in the text

**AJPES** – Agency of the Republic of Slovenia for Public Legal Records and Related Services, **BCI** – Business Climate Indicator, **GDP** – Gross Domestic Product, **BS** – Bank of Slovenia, **IAADP** – Internal Administrative Affairs Directorate, **ECB** – European Central Bank, **EC** – European Commission, **ELES** – Electro Slovenia, **ESI** – Economic Sentiment Indicator, **HICP** – Harmonized Index of Consumer Prices, **MF** – Ministry of Finance, **MI** – Ministry of the Interior, **NFI** – Non-monetary Financial Institutions, **OECD** – Organization for Economic Cooperation and Development, **PMI** – Purchasing Managers Index, **RS** – Republic of Slovenia, **SCA** – Standard Classification of Activities, **SITC** – Standard International Trade Classification, **SORS** – Statistical Office of the Republic of Slovenia, **PPA** – Public Payments Administration of the Republic of Slovenia, **IMAD** – Institute of Macroeconomic Analysis and Development, **WEF** – World Economic Forum, **ZEW** – Centre for European Economic Research, **ESS** – Employment Service of Slovenia

### Acronyms of Standard Classification of Activities (SCA)

**A**-Agriculture, forestry and fishing, **B**-Mining and quarrying, **C**-Manufacturing, **10**-Manufacture of food products, **11**-Manufacture of beverages, **12**-Manufacture of tobacco products, **13**-Manufacture of textiles, **14**-Manufacture of wearing apparel, **15**-Manufacture of leather and related products, **16**- Manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials, **17**-Manufacture of paper and paper products, **18**-Printing and reproduction of recorded media, **19**- Manufacture of coke and refined petroleum products, **20**-Manufacture of chemicals and chemical products, **21**-Manufacture of basic pharmaceutical products and pharmaceutical preparations, **22**-Manufacture of rubber and plastic products, **23**- Manufacture of other non-metallic mineral products, **24**-Manufacture of basic metals, **25**-Manufacture of fabricated metal products, except machinery and equipment, **26**-Manufacture of computer, electronic and optical products, **27**-Manufacture of electrical equipment, **28**-Manufacture of machinery and equipment n.e.c., **29**- Manufacture of motor vehicles, trailers and semi-trailers, **30**-Manufacture of other transport equipment, **31**-Manufacture of furniture, **32**-Other manufacturing, **33**-Repair and installation of machinery and equipment, **D**-Electricity, gas, steam and air conditioning supply, **E**-Water supply, sewerage, waste management and remediation activities, **F**-Construction, **G**-Wholesale and retail trade, repair of motor vehicles and motorcycles, **H**-Transportation and storage, **I**-Accommodation and food service activities, **J**- Information and communication, **K**- Financial and insurance activities, **L**-Real estate activities, **M**-Professional, scientific and technical activities, **N**-Administrative and support service activities, **O**-Public administration and defence, compulsory social security, **P**-Education, **Q**-Human health and social work activities, **R**-Arts, entertainment and recreation, **S**-Other service activities, **T**-Activities of households as employers, undifferentiated goods - and services - producing activities of households for own use, **U**-Activities of extraterritorial organizations and bodies.

### Acronyms of Countries

**AT**-Austria, **BA**-Bosnia and Herzegovina, **BE**-Belgium, **BG**-Bulgaria, **BY**-Belarus, **CH**-Switzerland, **HR**-Croatia, **CZ**-Czech Republic, **CY**-Cyprus, **DE**-Germany, **DK**-Denmark, **ES**-Spain, **EE**-Estonia, **GR**-Greece, **FR**-France, **FI**-Finland, **HU**-Hungary, **IT**-Italy, **IL**-Israel, **IE**-Ireland, **JP**-Japan, **LU**-Luxembourg, **LT**-Lithuania, **LV**-Latvia, **MT**-Malta, **NL**-Netherlands, **NO**-Norway, **PL**-Poland, **PT**-Portugal, **RO**-Romania, **RS**-Republic of Serbia, **RU**-Russia, **SE**-Sweden, **SI**-Slovenia, **SK**-Slovakia, **TR**-Turkey, **UA**-Ukraine, **UK**-United Kingdom, **US**-United States of America.