2 Macroeconomic developments and policy challenges

Jan Stráský

Federico Giovannelli

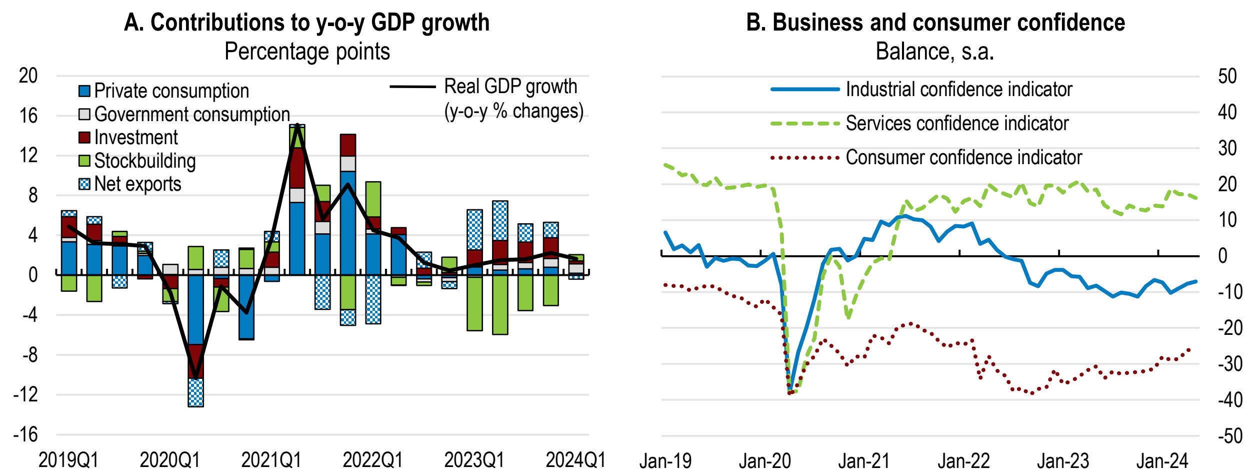
The economy has been resilient in the face of external shocks, amid elevated risks. The labour market remains tight, with labour shortages supporting strong wage growth. Inflation has started to fall, but services price growth remains elevated. Borrowing costs for households and firms increased, but recent macroprudential measures limit financial stability risks. Fiscal policy needs to restore fiscal buffers and continue addressing long-term challenges, notably related to population ageing. To ensure fiscal sustainability, pension reform should continue to increase the effective retirement age and link it to life expectancy. Lifting barriers in retail trade and restrictions on professional services would help boost productivity growth. Efforts to fight corruption need to continue to address remaining risks in public procurement and improve public spending efficiency.

Economic prospects weaken amid elevated risks

Economic activity has moderated reflecting weakening demand

Following a strong post-pandemic recovery, growth slowed in 2023 amid high core inflation, deteriorating export competitiveness and elevated geopolitical risks. The growth slowdown was driven by weaker private consumption, including declining demand for imports, destocking of inventories and cooling foreign demand in main trading partners, notably Germany (Figure 2.1, Panel A). On the other hand, strong government investment, supported by EU funds, and robust housing investment contributed positively to growth. Indicators of economic sentiment, such as business and consumer confidence, point to a continuation of weak activity (Figure 2.1, Panel B).

Figure 2.1. Growth has slowed and confidence remains weak

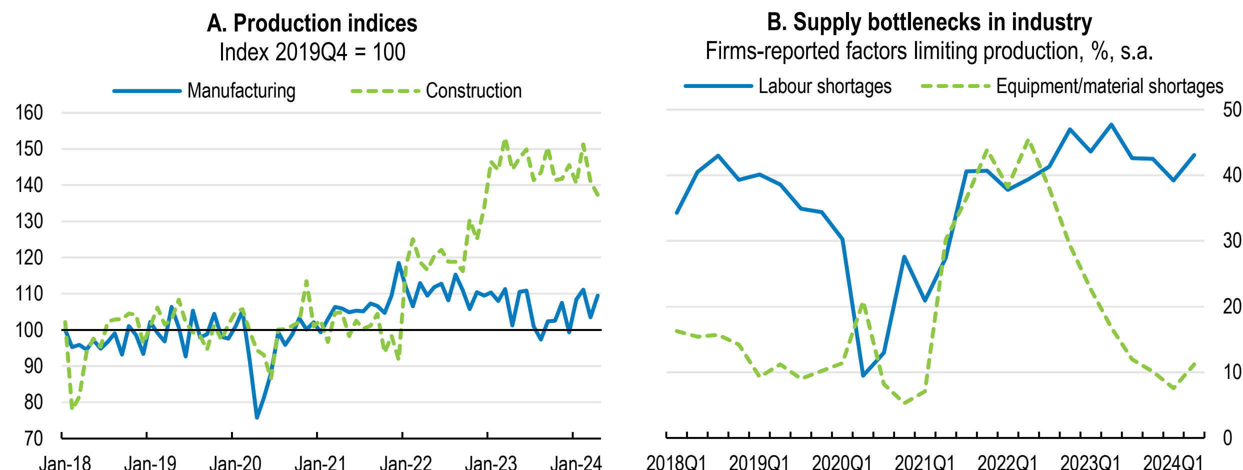


Source: OECD Economic Outlook: Statistics and Projections database; OECD Business Tendency Surveys database; and OECD Consumer Opinion Surveys database.

StatLink https://stat.link/unq7pd

High-frequency indicators point to a recovery in household consumption at the end of 2023, while gross fixed investment and net export growth may remain anaemic, reflecting weak foreign demand and ongoing uncertainty. Investment in equipment and machinery in particular has been weak and remains about 2 percentage point of GDP below the level reached before the Great Financial Crisis, despite the recent acceleration. On the production side, construction activity continued to strengthen, while manufacturing output remained weak, notably in the energy-intensive low-technology segment (Figure 2.2, Panel A). While supply bottlenecks normalised and the effect of high energy prices on energy-intensive industries started to ease, labour shortages have become acute (Figure 2.2, Panel B). More than 40% of firms continue to report labour shortages as a factor limiting production. Slovenia ranked in the group of EU countries with the highest number of labour shortages in 2022, in 107 occupations from a total of 436 in the ISCO nomenclature, including many that required specific skills and knowledge for the green transition (European Labour Authority, 2023[1]). The job vacancy rate in 2023Q3 also was slightly above the euro area average, both in industry and construction, at 2.9% compared to 2.6% in the euro area, and in services, at 3.3% compared to 3.1%. Although the job vacancy rates in Slovenia are in line with regional peers, they remain high compared to their longer-term values (Figure 2.3).

Figure 2.2. Supply bottlenecks have eased, but labour shortages weigh on production

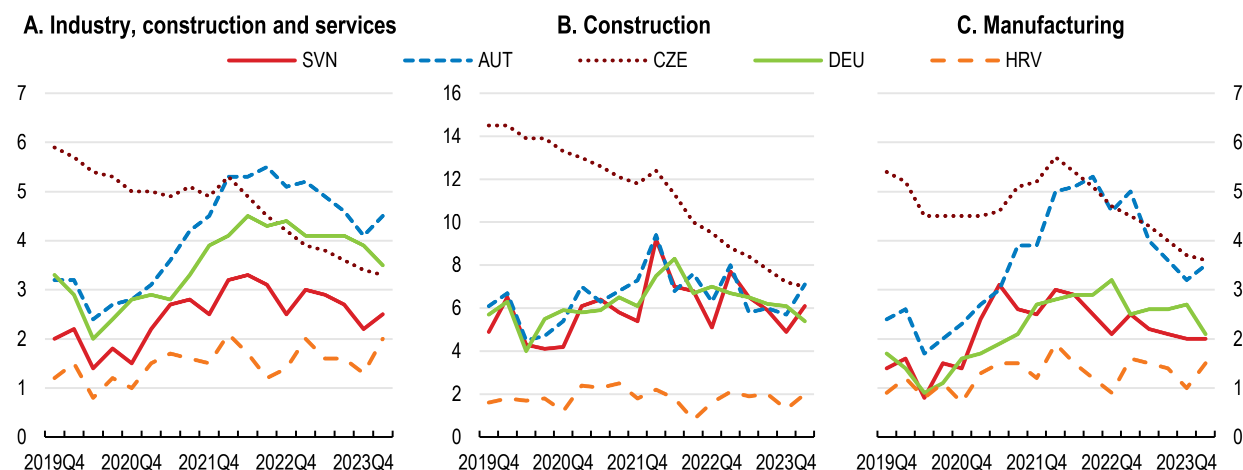


Note: In Panel A, manufacturing and construction refer to seasonally adjusted production indices.
Source: Eurostat; and OECD calculations.

StatLink https://stat.link/6gzcay

Figure 2.3. Job vacancy rates remain high

Job vacancy rate, %



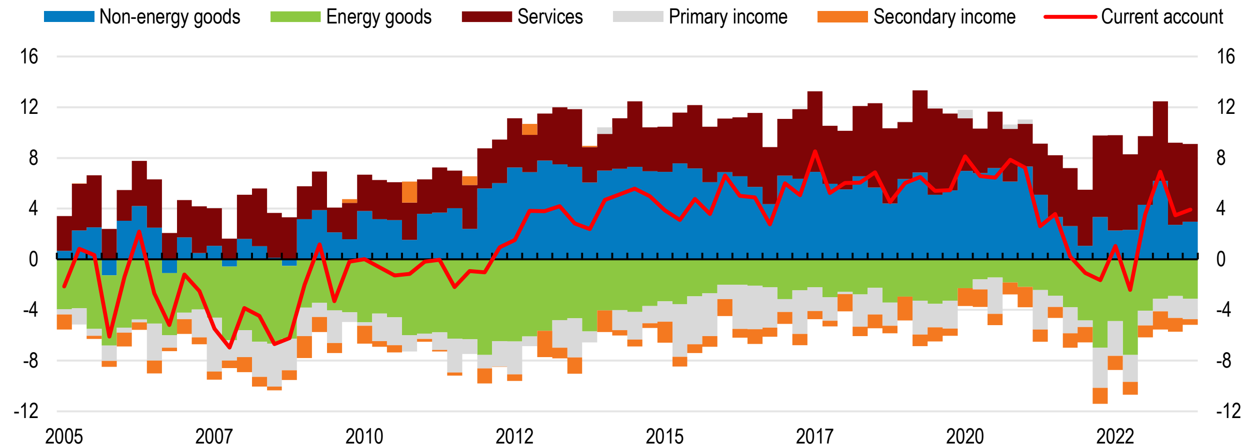
Note: Panel A, industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies).
Source: Eurostat.

StatLink https://stat.link/wnhf3o

Despite the loss of competitiveness on export markets, the current account balance improved in 2023 (Figure 2.4). The current account surplus of 4.4% of GDP mainly reflected more favourable terms of trade and the surplus in goods trade driven by declining demand for imports. The surplus in services trade also increased, primarily driven by transportation and construction services. The economy has withstood the effects of Russia's war of aggression against Ukraine so far, successfully reducing dependence on Russian natural gas through diversification of supply. However, higher gas prices continue to weigh significantly on gas-intensive manufacturing, which accounts for a larger share of employment, at 4.5%, than in most EU countries (OECD, 2022[2]). The improvement in current account balance was also supported by lower deficits of primary and secondary income.

Figure 2.4. The current account balance improved as energy prices normalised

Current account balance, % of GDP



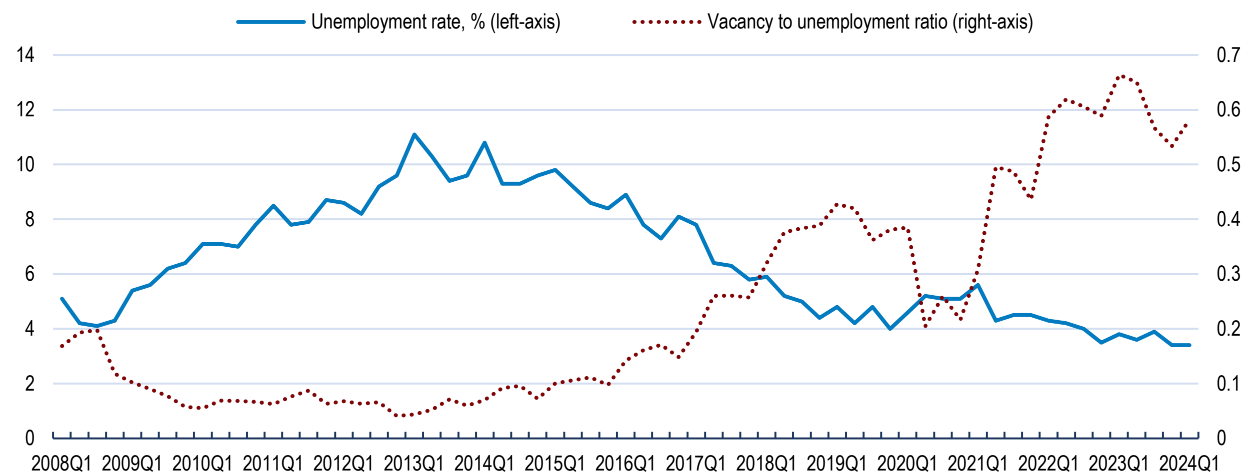
Source: Eurostat Balance of Payments database; Eurostat National Accounts database; Statistics Slovenia; and OECD calculations.

https://stat.link/2cqeis

The labour market has been tight

The domestic labour market has experienced a high number of job vacancies and a historically low unemployment rate (Figure 2.5). Employment is high, even though employment growth has slowed in 2023Q3, most notably in manufacturing. Companies have mainly addressed labour shortages by paying overtime, retraining existing employees and outsourcing work as well as employing foreign labour, particularly in construction and transportation where 48% and 33% of workers, respectively, are foreigners (IMAD, 2024[3]). Hours worked per employed person rebounded strongly above the pre-pandemic level, increasing by almost 4% between the end of 2019 and 2023Q1 (OECD, 2023[4]). Unemployment has also continued to decline in 2023, including among the long-term unemployed, bringing the unemployment rate close to historic lows and reducing the number of unemployment benefits recipients.

Figure 2.5. The labour market remains tight



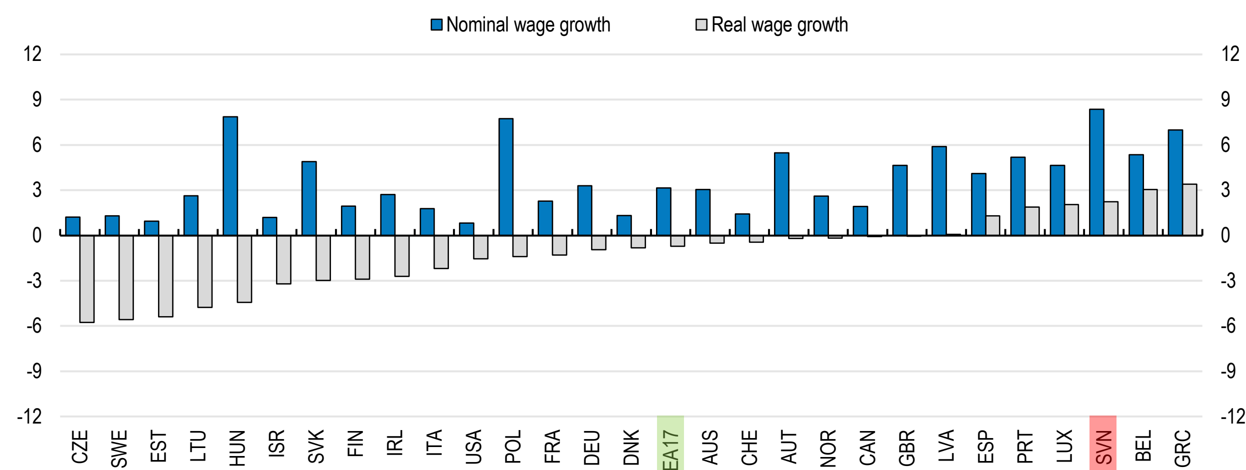
Source: Statistics Slovenia: and OECD calculations.

https://stat.link/27gfp3

The tightness of the labour market translated into high annual wage growth, despite a slowdown in the second half of 2023 (Figure 2.6). With inflation falling consistently in 2023, average wage growth has been positive in real terms, reaching 4.9% in December 2023. Strong wage growth in the public sector has mainly been driven by the implementation of the 2022 agreement with public sector unions, while in the private sector the main drivers have been ongoing labour shortages and the minimum wage increases (IMAD, 2023[5]). The gross minimum wage increased by 12% in January 2023, reflecting both the October 2022 adjustment of the minimum cost of living, which resulted in an increase of the index by 9.2%, and the increase in the consumer price index. In January 2024, the gross minimum wage was raised again, by 4.2%, in line with the increase in the consumer price index.

Figure 2.6. Strong nominal wage growth has protected real wages

% ppt change between average annual pre-pandemic wage growth (2015Q1 – 2019Q4) and average annual wage growth over 2023Q1-latest available quarter



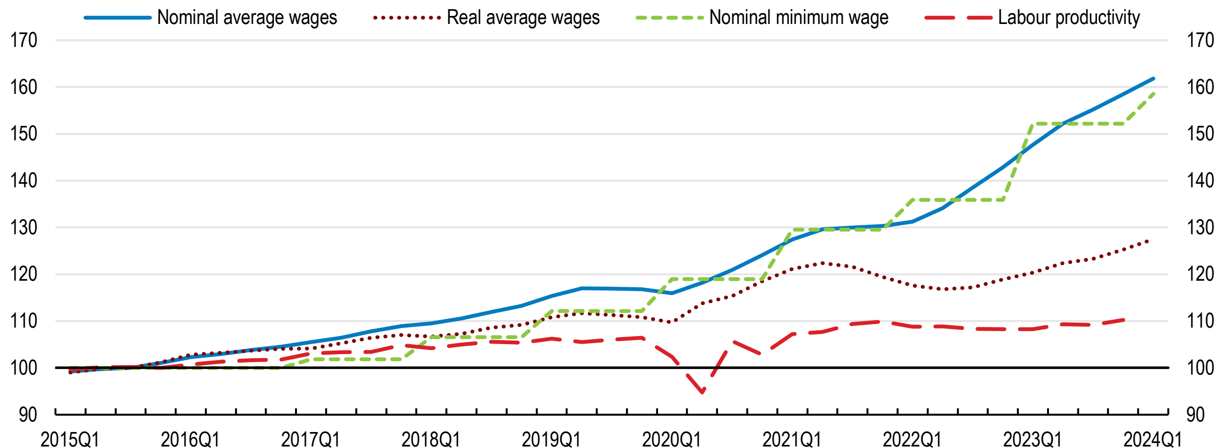
Source: OECD Economic Outlook: Statistics and Projections database; and OECD calculations.

https://stat.link/o9f0xg

The semi-automatic increases in the minimum wage have pushed up nominal wages considerably in recent years and the minimum wage relative to the average wage is the highest in the EU. After increasing by 8% between 2011 and 2017, the minimum wage grew by almost 43% between 2018 and 2023, partly reflecting the amended minimum wage calculation linked to minimum costs of living applied since 2021 (Box 2.1). The cumulative growth of the minimum wage since 2013 exceeded the cumulative growth of the average wage by more than 7 percentage points. Automatic indexation helps to safeguard the purchasing power of minimum wage earners. However, it could also lead to an excessive compression of the wage distribution if other wages are not raised, reducing the job prospects of mainly low-skilled young unemployed (Laporšek, Vodopivec and Vodopivec, 2019[6]). Strong growth in real compensation per employee continued in 2023, at 5.2% in the fourth quarter, and considerably exceeded the slightly negative labour productivity growth over the same period, limiting the sustainability of continued wage increases and eroding external competitiveness (Bank of Slovenia, 2024[7]) (Figure 2.7). However, over the medium term, the real minimum wage should reflect productivity developments. Moreover, in case of a severe negative shock to the economy, flexibility of real wages along the whole wage structure may be needed for adjustment.

Figure 2.7. Average real wages have increased well beyond productivity growth

Index 2015 = 100



Source: OECD Economic Outlook: Statistics and Projections database; OECD Productivity database; Eurostat; and OECD calculations.

Box 2.1. Minimum wage rules and trends

The rules for minimum wage adjustments

The Minimum Wage Act, which entered into force in 2010, has raised the minimum wage by 20% in the first two years. The 2018 amendment of the Act introduced changes to the definition of the minimum wage, phased in gradually over the next three years. From January 2020, seniority allowances, allowances for work in unfavourable conditions as well as work and business performance bonuses are no longer part of the minimum wage. From January 2021, the Minimum Wage Act requires the annual minimum wage to be set in a range of 120–140% of minimum living costs, which are primarily applied in the calculation of social benefits. The minimum cost of living increased by 9.2% in October 2022, its first revision since 2017, and the minimum wage has been harmonised with the new minimum living costs within three months, in January 2023. At the same time, the gross minimum wage increases once a year, every January, by the annual inflation rate of the previous December (in January 2023 this was 10.3%). The exact adjustment within the 120-140% range is decided by the Minister of Labour, based on an obligatory consultation with the social partners and other factors such as recent wage and employment trends and the economic outlook.

Minimum wage increases spill over strongly to other wages

The share of persons in employment earning close to the minimum wage is gradually declining. Still, many workers in Slovenia remain employed at low wages, mostly around the minimum wage, while a relatively small proportion of workers receive higher wages (2.8% earn more than 5.000 euro per month). Looking at the range of +/- 10% around the minimum wage, about 11% of all workers (some 85.000 people) received a wage in that range in 2021. The share of minimum wage earners is the highest in accommodation and food services, construction, and administrative and support service activities.

A sharp increase in the minimum wage naturally increases the share of minimum wage earners, while other wages gradually follow. At the same time, an increase in the minimum wage affects also other wages, via upward spillover effects, from wage policies in firms and pressure to maintain an appropriate wage structure among employees. For example, the substantial increase in the minimum wage in 2010 had an upward effect on wages of up to 50% above the minimum wage, with the effect gradually dissipating for higher wages (Laporšek, Vodopivec and Vodopivec, 2019[6]).

Source: Laporšek, Vodopivec and Vodopivec (2019[6]); IMAD (2023[8]).

Inflation is declining but underlying price pressures remain

Headline inflation has gradually weakened, to 3.4% in February 2024, but remains slightly higher than in the euro area (Figure 2.8., Panel A). Similarly, core inflation has slowed, albeit less than in the euro area. The slowdown was broadly based but mainly driven by falling food and energy prices and a gradual moderation in service price growth (Figure 2.8., Panels B-D). The slowdown in energy prices mainly reflected a sharp decline in electricity prices, due to an exemption from environmental levies on renewable energy sources and combined heat and power granted from November 2023 until the end of 2024 (Government of Slovenia, 2023[9]). The growth in non-energy industrial goods prices is also moderating, reflecting easing of supply bottlenecks and weaker demand, and confirming the improving dynamics of HICP inflation. At the same time, still elevated services inflation has peaked at a very high level, mainly driven by strong wage growth.

Figure 2.8. Inflation is decreasing but still high

A. Inflation
Y-o-y % changes

Headline inflation
Core inflation

B. Food price inflation
Y-o-y % changes

Slovenia
Euro area
OECD

C. Energy price inflation
Y-o-y % changes

Slovenia
Euro area
OECD

D. Producer and service price inflation
Y-o-y % changes

Industrial producer price inflation
Service price inflation

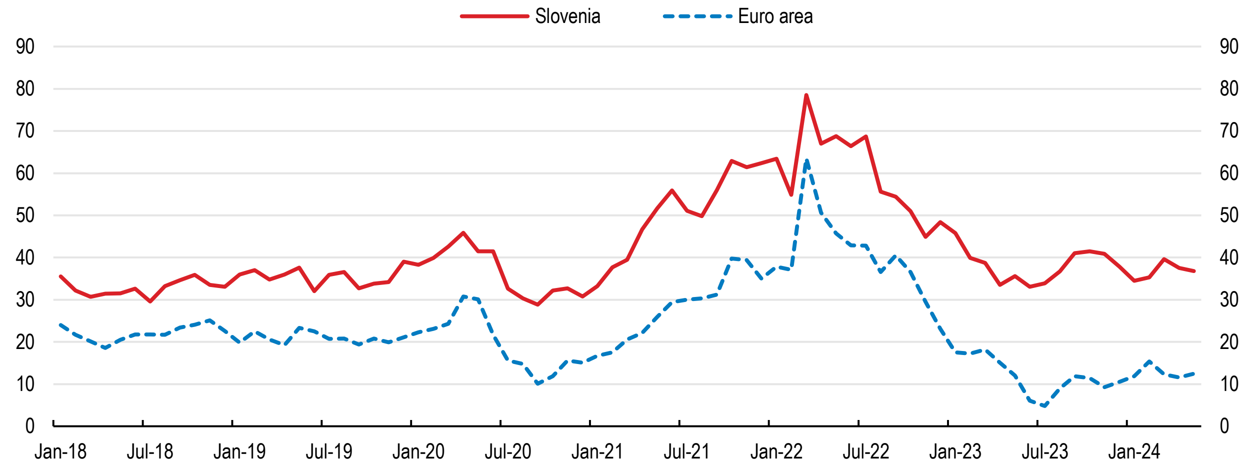
Note: Panel D, industrial producer price inflation refers to industry except construction, sewerage, waste management and remediation activities.
Source: OECD Price Statistics database; and Eurostat.

Inflation expectations of consumers seem more elevated in Slovenia than in the euro area. However, the reported balances are not far from longer-term averages, suggesting the possibility of more persistent biases in expectation formation (Figure 2.9). This is consistent with earlier research findings that in 2001-2012 consumers in Slovenia formed inflation expectations that were fully backward-looking and significantly higher (relative to actual inflation outturns) than in other European countries (Lyziak and

Mackiewicz-Lyziak, 2014[10]). The combination of persistently biased consumer expectations with a tight labour market characterised by acute labour shortages in many occupations could exacerbate the risk of triggering a wage-price spiral.

Figure 2.9. Inflation expectations remain elevated

Consumer price inflation expectations, balance s.a.



Note: Data refer to the responses to the question "By comparison with the past 12 months, how do you expect that consumer prices will develop in the next 12 months? Increase more rapidly / increase at the same rate / increase at a slower rate / stay about the same / fall / don't know." contained in the European Commission Consumer opinion survey. Answers obtained from the surveys are aggregated in the form of "balances". Balances are constructed as the difference between the percentages of respondents giving positive and negative replies. The Commission calculates EU and euro-area aggregates on the basis of the national results and seasonally adjusts the balance series.
Source: European Commission, Business and consumer surveys, https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys_en.

https://stat.link/jol1dr

Growth is projected to pick up gradually, but uncertainty is high

GDP is projected to pick up to 2.3% in 2024 and 2.7% in 2025, as disinflation continues, and global economic conditions gradually improve (Table 2.1). The labour market will remain tight. Real wages are projected to increase over the projection horizon, supporting household incomes and a rebound in private consumption. The negative impact of higher borrowing costs on investment will be partly offset by continuing inflows of EU Recovery and Resilience funds in 2024 and 2025. Headline inflation is projected to decrease swiftly to 3.3% in 2024, reflecting reductions in global energy and commodity prices, but to rise slightly in 2025, to 3.5%. Core inflation will stay above headline inflation in 2024, reflecting the lagged pass-through of energy prices to other goods prices and the effects of ongoing nominal wage increases.

Going forward, high wage growth is the main factor that could keep service inflation from falling, keeping open the gap between domestic and euro area core inflation. So far, the differential between domestic and the euro area core inflation seems largely attributable to negative shocks to labour supply, and to stronger domestic demand, including from the post-flood reconstruction. Bank of Slovenia estimates from a structural vector autoregression model suggest that the supply shocks on the labour market driven by rising labour costs were negative in 2023 and considerably more pronounced in Slovenia than in the euro area (Bank of Slovenia, 2023[11]; Gabrovšek, 2023[12]). Even so, the scope for further income adjustments consistent with limited second-round effects on inflation seems to be contracting, as evidenced by the drop in gross profit share from 36.4% in 2020 to 31.8% in 2022. Policy-makers and social partners will need to find a balance in the future between protecting the purchasing power for workers, limiting second-round effects of wages on inflation, and avoiding sustained competitiveness losses (European Commission, 2023[13]).

The uncertainty surrounding the outlook is considerable and the risks are tilted to the downside (Table 2.2). A key downside risk is the renewed disruption in energy markets and a dip in global activity due to a prolonged war in Ukraine or an escalation of the conflict in Israel. Moreover, persistent wage growth and higher energy prices could rekindle domestic inflationary pressures. High debt-servicing costs and the risk of a decline in housing prices could weigh on consumption and residential investment. On the upside, stronger dissaving could support private consumption, recent measures to facilitate the recruitment of foreign labour could help alleviate labour market shortages and wage pressures, while stronger growth among trading partners may revive demand for exports.

Table 2.1. Macroeconomic indicators and projections

	2021	2022	2023	2024[1]	2025[1]
	Current prices (EUR Billions)				
Gross domestic product (GDP)	52.3	2.5	1.6	2.3	2.7
Private consumption	27.0	3.6	1.3	1.6	2.3
Government consumption	10.8	-0.5	2.4	3.9	1.7
Gross fixed capital formation	10.6	3.5	9.5	4.0	3.9
Housing	1.3	8.1	18.1	8.1	2.7
Final domestic demand	48.4	2.7	3.4	2.6	2.5
Stockbuilding[2]	. .	1.0	-4.4	0.0	0.0
Total domestic demand	49.2	3.7	-1.2	8.1	9.1
Exports of goods and services	43.7	7.2	-2.0	1.7	4.9
Imports of goods and services	40.6	9.0	-5.1	2.2	4.9
Net exports[2]	3.1	-1.0	2.8	-0.3	0.4
Memorandum items					
Potential GDP		2.8	2.7	2.6	2.5
Output gap (% of potential GDP)		1.1	0.0	-0.3	-0.1
Employment		1.5	0.3	0.7	0.0
Unemployment rate (% of labour force)		4.0	3.7	3.7	3.5
GDP deflator		6.5	8.9	5.7	3.4
Harmonised index of consumer prices		9.3	7.2	3.3	3.5
Harmonised index of core inflation[3]		5.9	6.7	3.6	3.5
Household saving ratio, net (% of household disposable income)		6.4	8.4	9.4	8.9
Current account balance (% of GDP)		-1.0	4.4	5.2	5.5
General government fiscal balance (% of GDP)		-3.0	-2.5	-3.1	-2.6
Underlying general government fiscal balance (% of potential GDP)[4]		-3.5	-3.0[1]	-3.6	-3.2
Underlying government primary fiscal balance (% of potential GDP)[4]		-2.6	-2.3[1]	-2.6	-2.2
General government debt, Maastricht definition (% of GDP)		72.5	69.2	69.7	69.2
General government net debt (% of GDP)		21.8	21.7	23.1	24.4
Three-month money market rate, average		0.3	3.4	3.7	2.8
Ten-year government bond yield, average		1.9	3.4	3.1	3.0

1. OECD estimates.
2. Contribution to changes in real GDP.
3. Index of consumer prices excluding food, energy, alcohol and tobacco.
4. EU recovery and resilience funds are treated as positive one-offs.
Source: OECD Economic Outlook 115 database.

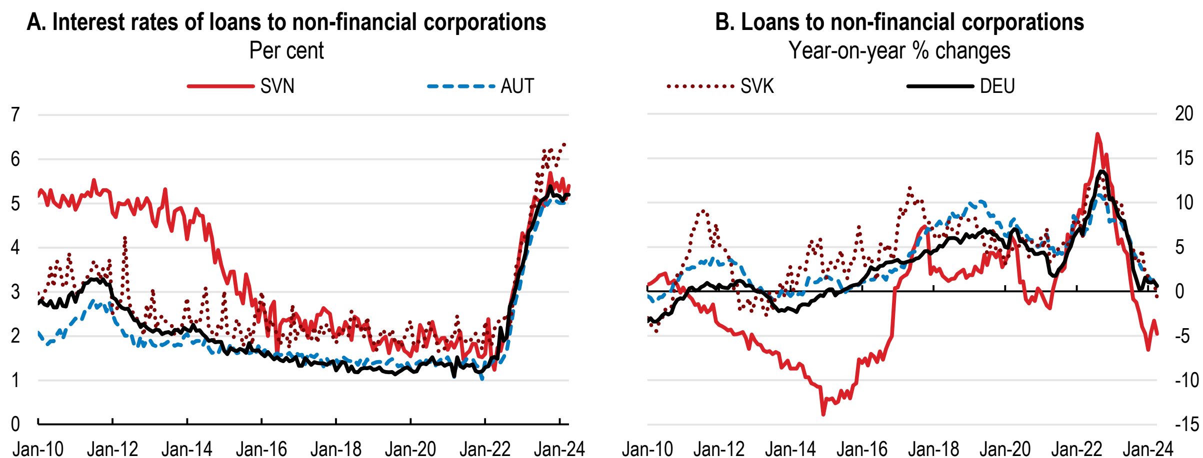
Table 2.2. Events that could lead to major changes in the outlook

Vulnerability	Possible outcomes
Further disruption in energy markets from Russia's war of aggression against Ukraine and the conflict in Israel.	Higher energy prices would limit the recovery and increase pressure on government to increase fiscal spending.
Activity and trade disruption from global trade tensions and protectionist measures or attacks on the Red Sea shipping lanes.	Supply side shocks would add to inflationary pressures and reduce foreign demand.
Persistent labour shortages, stoked by reconstruction following the August 2023 floods and continuing Next Generation EU investment.	Rapid wage growth would rekindle inflationary pressures and erode real incomes, lowering private consumption.

Tightened financing conditions have raised risks

Monetary conditions tightened sharply in the wake of the euro area policy rate increase by 450 bps between July 2022 and September 2023. The corresponding increase in borrowing costs and tighter credit standards have dampened the growth of credit to both firms and households, weighing on growth and pushing up the opportunity cost of business investment (Figure 2.10). The contraction in credit to non-financial corporations affected all sectors, mainly driven by declining demand for loans for investment and refinancing purposes. Higher borrowing costs and the weaker outlook for the real estate market also reduced demand for housing loans. New housing loans have been steadily declining since October 2022, but demand stabilised in the second half of 2023 and the growth rate of new housing loans is now close to the euro area average (Bank of Slovenia, 2023[14]). However, this still corresponds to a much lower stock of housing loans, about 14% as a fraction of GDP, compared to 40% in the euro area.

Figure 2.10. Higher borrowing costs have triggered a credit contraction

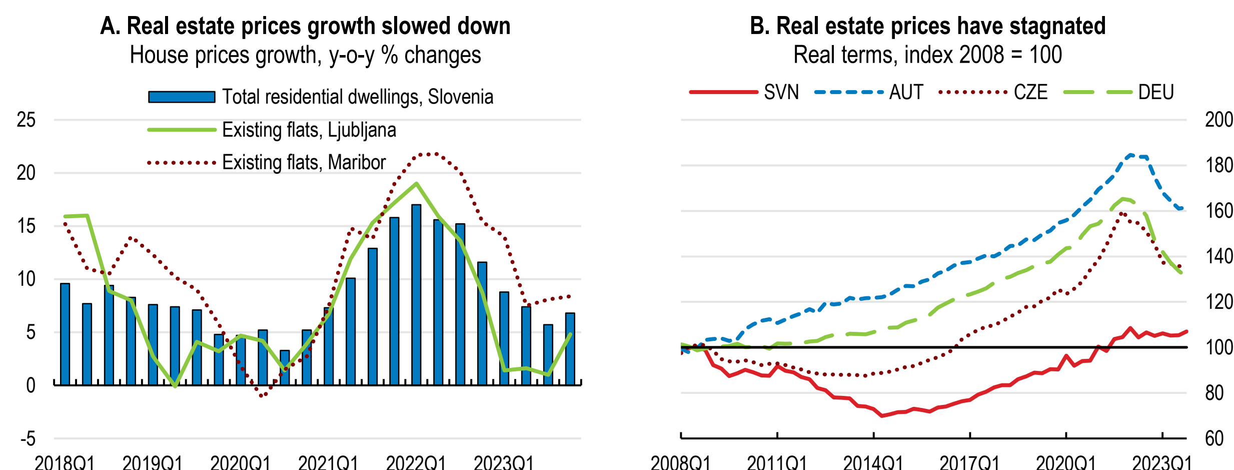


Note: New business loans with an initial rate fixation period of less than one year. Loans other than revolving loans and overdrafts, convenience and extended credit card debt. In Panel B, loans adjusted for credit and securitisation.
Source: ECB MFI Interest Rate Statistics database.

The real estate market is cooling. Nominal house price growth peaked in 2022Q1, followed by a period of slowing price growth and a fall in the number of transactions. Nominal growth in residential housing prices slowed to 5.7% year-on-year in 2023Q3 and was particularly low, at 1%, for used flats in Ljubljana (Figure 2.11, Panel A). The increase in real estate prices since 2021 has been aligned with inflation, leading to stagnating housing prices in real terms (Figure 2.11, Panel B). The cooling of the real estate market is happening in most European countries and in Slovenia, prices of residential real estate in 2023Q3 decreased in real terms by 2.2% year-on-year. The supply of housing is not keeping up with demand, despite the rise in housing prices in recent years, and the ratio of gross investment in housing to GDP

remains low, about one half of the euro area average. The shortage of skilled workers and steadily increasing material and labour costs in construction, among other factors, are weakening the supply of housing as discussed in Chapter 5.

Figure 2.11. Real estate prices adjusted for inflation have stagnated



Source: Statistics Slovenia; and OECD Prices Statistics database.

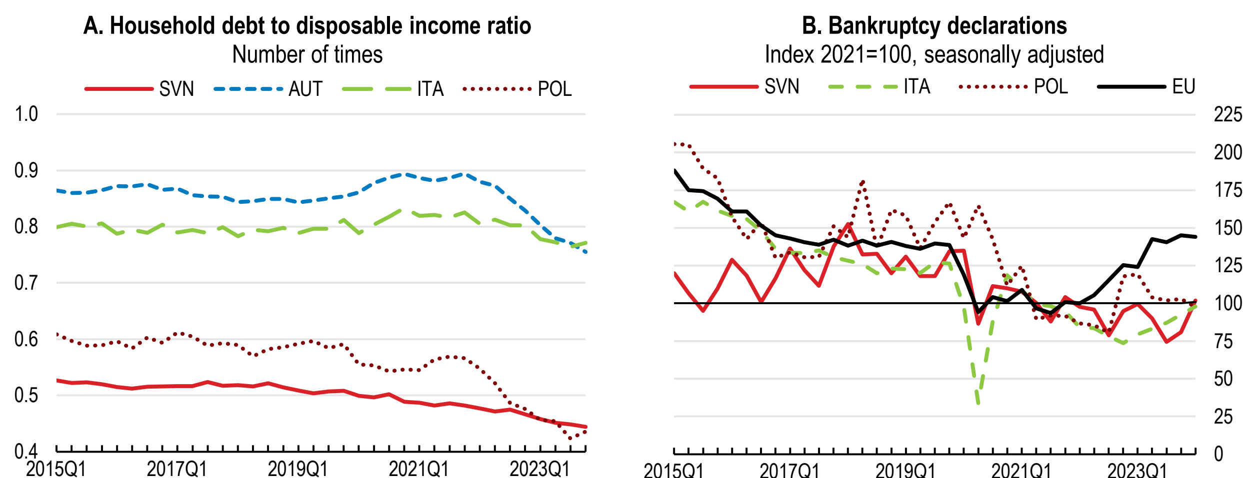
Financial vulnerabilities related to high interest rates appear limited so far (Figure 2.12). Household indebtedness is low compared to regional peers and has further decreased in the post-pandemic period, partly reflecting a wide range of measures to help households and firms cope with high energy prices. The number of bankruptcies is similarly decreasing again, following an uptick in education, health and social services in September 2023.

The banking sector appears broadly stable, with capital and liquidity ratios exceeding regulatory minima and still low levels of non-performing loans (Figure 2.13). However, the level of financial intermediation provided by Slovenian banks is relatively low. Total assets of the banking system in 2021 amounted to some 100% of GDP, compared to the euro area average of 325% and median value of more than 250%. The concentration of banking assets, as measured by the Herfindahl index, has increased considerably with the merger of Nova Kreditna Banka Maribor (NKBM) with Abanka in 2020 (Dolenc et al., 2021[15]). Although Slovenia has had a concentrated banking system in terms of a high share of five largest banks for a long time, this was mainly due to the substantial market share of the largest bank, Nova Ljubljanska Banka (NLB). After the merger of NKMB with SKB Banka (which is expected to be completed in September 2024), the new structure will be characterised by two similarly sized banks, each controlling about 30% of the market. In December 2022, the government closed the Bank Asset Management Company, as planned, and transferred its remaining assets to the Slovenian Sovereign Holding. In addition, the state retains a 25% stake in NLB. Although negative effects of continuing public ownership are difficult to ascertain, the banking sector's efficiency remains weak, as evidenced, for example, by the high number of bank branches relative to the population (OECD, 2022[16]) and elevated operating costs as a share of total assets, exceeding those in the similarly-sized banking systems of Lithuania and Estonia (Dolenc et al., 2021[15]). The implications of ongoing consolidation for the stability of the banking sector and competitive provision of financial services deserve further monitoring (see also Chapter 5).

Bank profitability has improved but risks remain. High policy interest rates have buoyed interest income, while the high share of sight deposits and the very slow rise in interest rates on bank deposits is limiting the increase in interest expenses paid by banks. The banking system is one of the most profitable in the EU. In 2022, return on equity stood at 13.3% – and between 2017 and 2022 it averaged 11% in Slovenia – compared with 5.4% in the EU (Bank of Slovenia, 2023[17]). Pre-tax profits are also expected above

average in 2023, driven by the marked improvement in net interest income and low net creation of impairments and provisions. However, low interest rates currently offered on bank deposits mean that households and non-financial corporations keep most of their funds, more than 80% of total, on sight deposits. Going forward, individual banks would do well to increase interest rates paid on bank deposits and such increases could trigger substantial flows of deposits among banks.

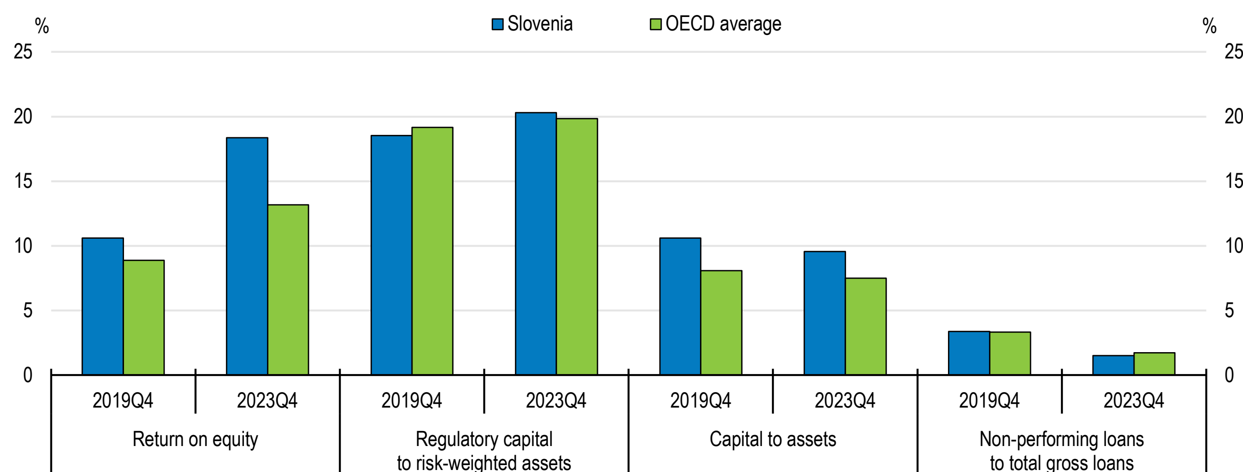
Figure 2.12. Households are moderately indebted, and bankruptcies remain limited



Note: In Panel A, debt is computed as the sum of the following liability categories in the financial balance sheet of the institutional sector: currency and deposits (AF2), debt securities (AF3), loans (AF4), insurance, pension, and standardised guarantees (AF6), and other accounts payable (AF8).
Source: Eurostat Financial Balance Sheets database; Eurostat Non-financial Transactions database; Eurostat Business Registration and Bankruptcy Index database; and OECD calculations.

StatLink https://stat.link/nsegob

Figure 2.13. The banking sector seems stable on aggregate



Note: 2023Q4 data for the OECD average is calculated on the basis of latest available quarter for the OECD countries, ranging from 2022Q4 to 2023Q4.
Source: IMF Financial Soundness Indicators database.

StatLink https://stat.link/7fbzlc

Some banks are also exposed to a high share of residential loans carrying a fixed interest rate, funded on the liability side by fixed-term deposits, on which they must pay increasing interest. The share of housing loans carrying a fixed interest rate almost doubled in the last three years, from 34% in 2020 to 67% in mid-2023. In addition, about 95% of newly granted housing loans had a fixed interest rate in 2023Q2. This shift

has reduced credit risk associated with such loans, while increasing interest rate risk. Most borrowers have paid negative real interest rates on their loans in the last two years, due to persistently high inflation. However, growth of new loans with fixed interest rate has recently slowed, helping to keep the interest rate risk in check.

At the same time, the banking system has a high level of liquidity. Primary liquidity, comprising cash in hand, balances at the central bank and sight deposits at banks, amounted to 22.7% of the balance sheet total in 2023Q1, well above the euro area average of 14.5% (Bank of Slovenia, 2023[17]). However, considerable differences remain between individual banks in terms of their liquidity situation, despite increases in the liquidity coverage and net stable funding ratios.

Macroprudential measures currently in place may need to be tightened further to help mitigate these risks and maintain the resilience of the banking system. The probability of a systemic crisis, as assessed by the Bank of Slovenia's early warning signal model, has increased significantly following the severe weather events in August 2023 (Bank of Slovenia, 2023[17]). More generally, greater variability in financial and economic indicators in the period of high interest rates will require close monitoring of risks and swift introduction of further counter-cyclical macroprudential measures, as needed. Two sectoral systemic risk buffers entered into force in January 2023 and a countercyclical capital buffer amounting to 0.5% of the total risk exposure amount has been put in place by the end of 2023 to help counter risks from high growth in residential real estate prices. In December 2023, an additional 0.5% requirement has been added, raising the countercyclical buffer to 1% as of 2025, while reducing one of the sectoral buffers by 0.5% (Bank of Slovenia, 2023[18]). This amounts to introducing a positive neutral countercyclical capital buffer rate throughout the cycle. In addition, the revised methodology for setting the minimum buffer rate for other systemically important institutions has started to apply in 2024.

Moreover, Bank of Slovenia adjusted its macroprudential restrictions on consumer lending in July 2023. A cap of 50% on debt-servicing-costs-to-income (DSTI) ratio was put in place and the allowed deviations from the DSTI cap tightened to mitigate and prevent excessive credit growth and leverage. In addition, to preserve the usefulness of the indicator, the minimum creditworthiness threshold was linked to the minimum cost of living rather than the rapidly growing gross minimum wage. These policies, in particular the introduction in December 2023 of a positive neutral countercyclical capital buffer rate as in several other European countries, are welcome and should be supported by other policy tools, as needed.

Table 2.3. Past recommendations on financial stability

Recommendations in previous Surveys	Action taken since the 2022 Survey
Promote digitalisation in the financial sector through evaluating the regulatory burden, and a closer alignment of FinTech regulations with other European countries.	A capital market strategy for 2023-2030 of March 2023 focuses on promoting digitalisation and access of small and medium-sized enterprises (SMEs) to capital markets, including by expanding the scope of financial products. The Ministry of Finance and EBRD work on a FinTech Roadmap to support FinTech start-ups and incumbent financial institutions.

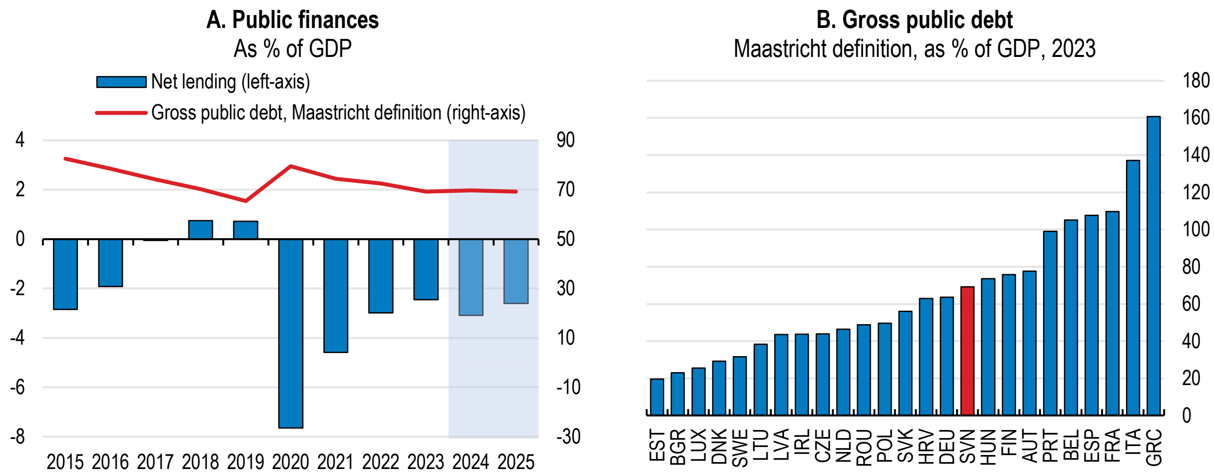
Challenges to fiscal policy need to be addressed

Supportive fiscal policy adds to demand and inflationary pressures

The general government deficit has tightened in 2023, despite slower real GDP growth, reflecting withdrawal of the measures to mitigate the effects of high energy prices as well as delays in spending to address the impact of the severe weather events of the summer. Taken together, these developments resulted in a budget deficit of 2.5% of GDP in 2023. Reflecting mainly the unwinding of energy-related measures and front-loading of post-flood spending, the fiscal stance is projected to loosen in 2024 before

tightening in 2025 (Figure 2.14). Measured by a change in cyclically adjusted primary balance, fiscal tightening provided in 2023 amounts to 0.7 percentage point of GDP and the cumulative tightening by 2025 to less than 0.2 percentage points of GDP.

Figure 2.14. Budget deficits and high public debt reflect extensive fiscal support

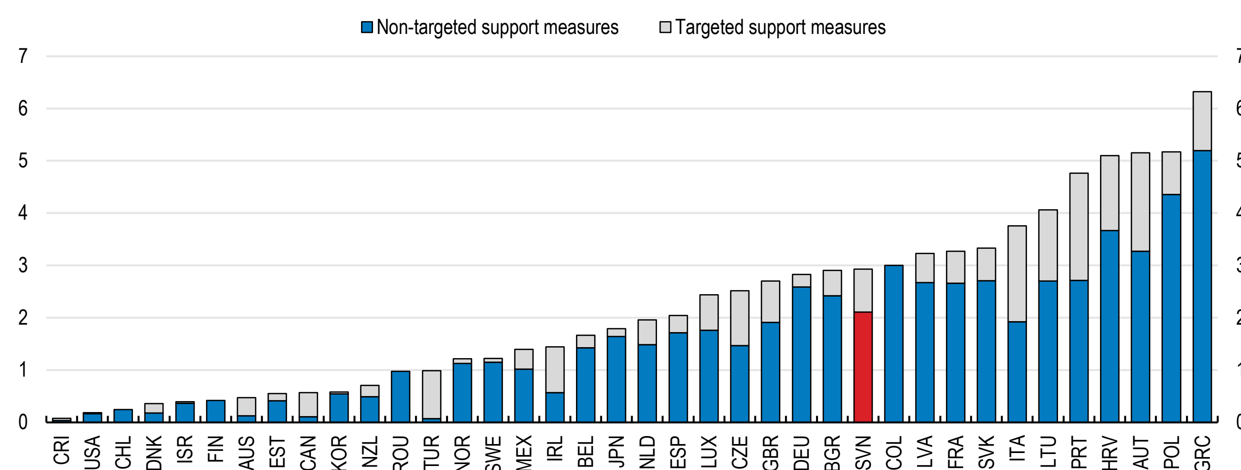


Note: Panel A, 2024-2025 data refer to projections.
Source: OECD Economic Outlook: Statistics and Projections database.

The measures mitigating high energy prices partly depend on market prices, but their fiscal costs are estimated at 1.1% of GDP in 2022 and 1.6% of GDP in 2023. The measures included tax reductions, transfers to households and aid to companies, including energy-intensive companies, compensation payments to suppliers for price caps on electricity and gas, and one-off payments to pensioners. Moreover, guarantees for electricity companies and liquidity measures, such as loans, were made available to companies (Box 2.2). While many energy support measures preserve, at least partly, the price signal, they are not sufficiently targeted to the most vulnerable households and companies (Figure 2.15). The fiscal stimulus to mitigate the consequences of COVID-19 and the energy crisis is being gradually withdrawn and all energy support measures, including the cap on electricity prices, are set to expire by the end of 2024 (IMAD, 2023[5]).

Figure 2.15. Fiscal support during the energy crisis was mostly untargeted

Gross fiscal costs of energy support measures, % of GDP, 2022-23



Note: Support measures are considered targeted if their main beneficiaries are not "all households" or "all firms" or "all energy users". The figure includes both price and income measures.
Source: OECD Energy Support Measures Tracker.

https://stat.link/1tzl6b

Box 2.2. Energy support measures weighed on public finances

Slovenia adopted several support measures to help households and firms cushion the impact of high energy prices. The government temporarily regulated prices for electricity, gas and other energy products, notably for households and small and medium-sized enterprises. Electricity and gas distributors selling to consumers at regulated prices are eligible for compensation and business consumers who are not benefiting from regulated prices are eligible for subsidies linked to differentials in energy prices from 2021 to 2023. Furthermore, the government has reduced the VAT and some excise duties, and temporarily reduced the CO_2 emission levy on energy products at different times between February 2022 and May 2023. Following two rounds of energy vouchers in 2022, eligible households benefited from a temporary doubling of the child allowance from November 2022 to January 2023 and a temporary increase in pensions in late 2022. Social benefit amounts, which were indexed to inflation, were revised in March 2023.

In October 2023, the government extended the cap on electricity and gas prices for households and small businesses until the end of 2023 and will maintain it for all households in 2024, albeit at a lower level, reflecting lower market prices. The cap for electricity prices will cover up to 90% of current consumption in 2024, but the gas price cap will end in April 2024 with the heating season.

To boost its energy security, the government adopted measures to achieve energy savings and accelerate energy efficiency improvements, particularly in the public building sector. Traders, suppliers, aggregators, and large consumers were offered payments for reducing electricity consumption, administered by the system operator, and financed from the state budget.

Energy companies were given access to the short-term liquidity capital to ensure uninterrupted supply of electricity and gas. Energy suppliers and state-owned companies operating on international energy markets were also compensated for some of their losses, including through subsidies and guarantees.

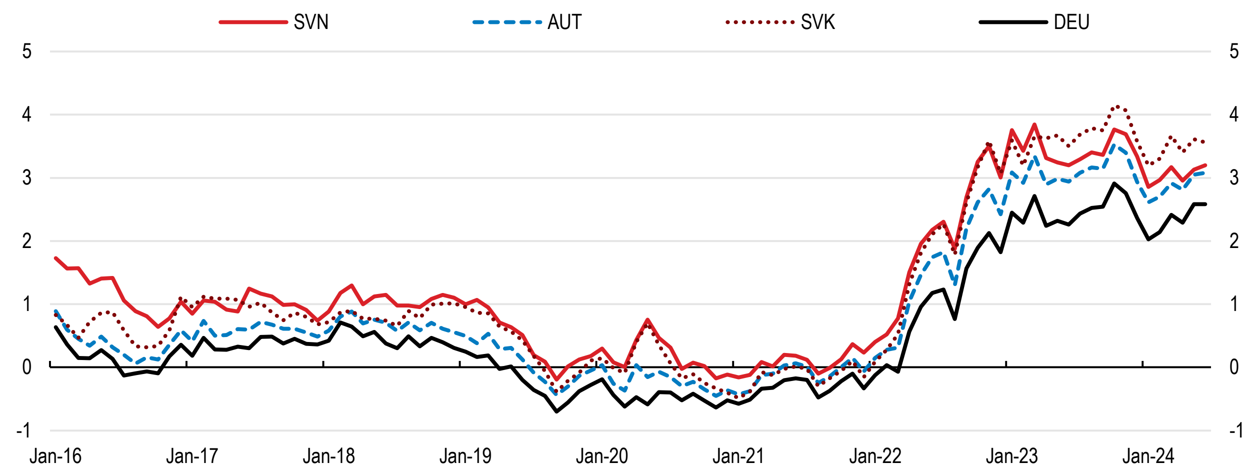
Source: European Commission (2023[19]); OECD (2023[20]) and Ministry of Finance (2024[21]).

Post-flood reconstruction spending provided in 2023 is estimated to have reached 0.7% of GDP, mainly on investment transfers to municipalities. The government also announced flood recovery support amounting to 2% of GDP in 2024 and 0.8% in 2025 and the post-flood relief measures will unfold until at least 2028 (OECD, 2023[22]). The bill on post-flood reconstruction adopted in December 2023 introduced several temporary tax measures, including a new flood relief tax on banks operating in Slovenia at a rate of 0.2% of total assets and an increase of the corporate tax rate by 3 percentage points to 22%, both from 2024 to 2028. Tax collected with these measures, accompanied by part of the profit from the Slovenian Sovereign Holding, will be transferred to a newly created Slovenian Reconstruction Fund and used to finance, among others, a EUR 200 million guarantee scheme for individuals who need to repair or rebuild their homes as well as loan guarantees and interest subsidies for businesses covering around 30% of their damages. This measure introduces new budget revenues to finance the additional spending, which is prudent, although it may lead to higher regulatory uncertainty and reduce corporate investment. Given the limited capacity of the construction sector, timely execution of reconstruction spending may be challenging. Additional structural fiscal measures include an increase in spending on long-term care of 0.2% of GDP in 2025 and 1% of GDP in 2026, due to reforms introducing payments for institutional long-term care for the elderly. This will be funded by a 2 percentage points increase in the social security contribution rate.

The yields on government bonds increased in line with higher policy interest rates in the euro area, but spreads vis-à-vis Germany remained limited (Figure 2.16). Borrowing costs, which averaged 3.8% in October, have risen more gradually than a year ago, as euro area policy interest rates remained unchanged. Slovenia maintained existing credit rating scores and a stable outlook in 2023. Although borrowing costs decreased marginally, to 3.2% in February 2024, tight financing conditions are resulting in higher interest payments that will add to government expenditure going forward.

Figure 2.16. Sovereign borrowing costs increased but the spreads remained tight

10-year bond yields, %



Source: LSEG.

https://stat.link/et8vx1

The multitude of discretionary measures adopted in recent years worsened the structural fiscal position. Fiscal support has added to demand and inflationary pressures since the intervention measures have often been poorly targeted. The current favourable liquidity position of the government budget, which reflects strong nominal GDP growth, increased bond issuance, as well as the inflows of EU funds under the Next Generation EU (NGEU) programme created some room for manoeuvre, but more efficient public spending and expenditure reductions are needed to reduce debt (Fiscal Council, 2023[23]).

Slovenia will receive NGEU funds, in grants and loans, equivalent to more than 5.5% of 2019 GDP over 2022-2026. More than 50% of resources will support the green transition, but the National Recovery and

Resilience Plan will also help address technological change and ageing and improve energy security. Slovenia has received payments of about 1.7% of GDP so far. Disbursements are concentrated in 2024 with 42% of the total amount, or 2.3% of 2019 GDP. After that, about 1% of GDP is scheduled to be paid in 2025 and another 0.9% of GDP in 2026 (Car and Sapala, 2024[24]).

Fiscal policy needs to tighten further and restore fiscal buffers to prepare for adverse shocks. The expansionary fiscal stance foreseen for 2024 poses challenges to disinflation in the presence of supply-side constraints (Fiscal Council, 2023[23]). Severe floods in August 2023 added to the uncertainty about potential output. Direct damage is estimated by the authorities at around 5 per cent of GDP and the cost of rebuilding infrastructure in a climate resilient way is even higher. Given continuing labour shortages and limited capacity in the construction sector, tightening fiscal policy is appropriate. In addition, the government should continue pursuing several fiscal reforms that have been delayed.

Medium-term fiscal planning is central to the new EU economic governance framework and can lead to more predictable and sustainable fiscal policy. While medium-term fiscal planning is formally well established in Slovenia, as measured by the medium-term budgetary framework index, some important shortcomings remain. For example, the framework for the preparation of the general government budgets, which is established by the Fiscal Rule Act (ZFisP) and determines the nominal ceiling on government expenditure, has not been integrated into the annual budgeting process. Instead of serving to steer the annual budgetary process, the medium-term framework is often adjusted, even within a single year, to fit the annual budgeting outcomes. In addition, the medium-term projections often involve systematic underestimation of expenditure, notably on social benefits (Brložnik, 2023[25]).

Spending reviews based on clear objectives and scope and conducted under clear governance rules could help improve the medium-term expenditure framework (Tryggvadottir, 2022[26]). To do so, spending reviews need to be aligned with the budget process. For example, in New Zealand the baseline review of the Ministry of Social Development has been used to reprioritise its spending and feed directly into the budget. Similarly, in Norway, spending reviews are a routine part of budget planning. At the same time, capacity to perform spending reviews needs to be built, possibly by establishing a dedicated unit, such as in Norway.

Renewed demands for public sector wage increases pose a short-term risk to fiscal sustainability (Fiscal Council, 2024[27]). The recent agreement to increase wages in the public sector by 80% of the increase in consumer prices between December 2022 and December 2023 will come into force in June 2024, but some professions have continued to demand adjustments of disparities between more and less senior employees and between officials from various parts of the public sector (e.g., doctors, dentists, judges, and prosecutors). The National Recovery and Resilience Plan includes a reform of the public wage system aimed at addressing difficulties in attracting and retaining young workforce by linking remuneration to work performance and increasing differentiation in remuneration across sectors (European Commission, 2023[19]). However, the reform has been postponed until the second quarter of 2024 as negotiations between the government and unions continue.

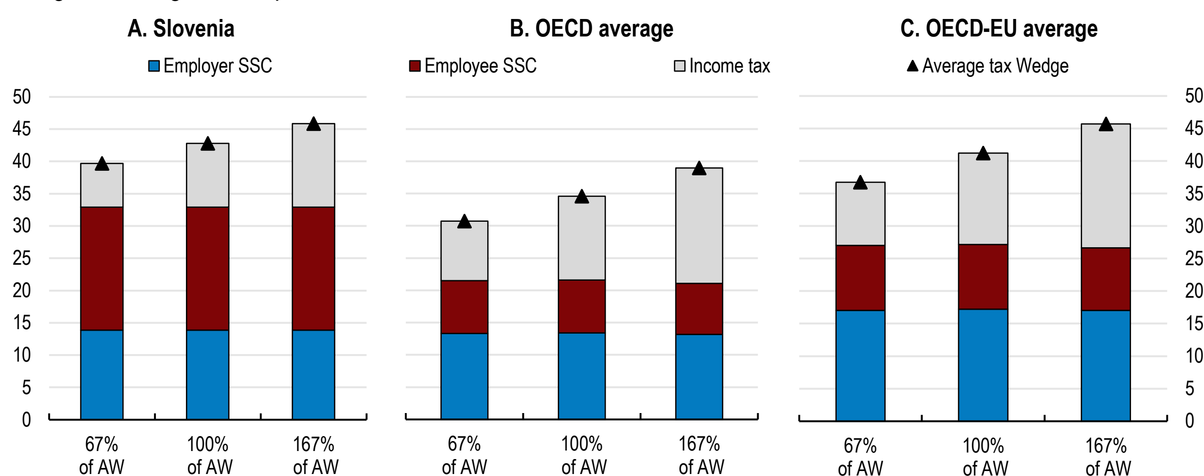
The tax burden on labour is high across different wage levels, but particularly for lower earners (Figure 2.17). Employee and employer social security contributions (SSCs) are high, and the personal income tax schedule is progressive. High labour taxation increases labour costs for firms and discourages transitions into employment, exacerbating labour shortages. Personal income tax cuts in the spring of 2022 have reduced the labour tax burden but were mostly reversed by changes to the Personal Income Tax Act in 2023, which increased the tax rate in the highest tax bracket from 45% to 50%. The 2023 adjustment will be beneficial for low-income earners, subjecting high incomes to higher taxation than in 2022 (European Commission, 2023[19]). This change is welcome from the distributional perspective, but the high labour tax burden should be reduced further as part of a reform that lowers participation tax rates for workers with a weaker attachment to the labour market, such as younger and older workers and second earners (OECD, 2018[28]). Another concern is that the personal income tax base is relatively narrow

because of exemptions and special tax provisions. Reducing personal income tax exemptions, such as the exemption of commuting expenses, the meal allowance, as well as the performance and annual bonuses, could raise fiscal revenues. For example, reducing tax exemptions by 25% would raise revenues by about 0.8% of GDP (OECD, 2018[29]).

Recurrent taxes on immovable property should play a more significant role in the tax mix. At the current level of 0.5% of GDP in 2021, recurrent taxes on immovable property are less than a half of the EU aggregate value of 1.1% of GDP. To ensure a growth-friendly fiscal consolidation, an increase in less distortive recurrent taxes on immovable property owned by households together with lower distortive taxes on labour should be considered in a revenue-neutral reform package. For example, a 5 percentage points reduction in employees SSCs and a reduction of the top personal income tax bracket from 50% to 45% could be broadly financed by VAT base broadening and increasing revenues from the recurrent tax on immovable property to the OECD average (OECD, 2018[28]). As discussed in Chapter 5, revenues from recurrent taxes are low, at 0.5% of GDP, and strengthening their role will require regular updating of property values. In addition to rebalancing the tax mix, such a reform package could be used to introduce changes in the financing of municipalities.

Figure 2.17. Tax wedges are particularly high for low-income workers

Average tax wedge decomposition, % of labour cost, 2022



Note: Single person, without child, at an income level of the average worker (AW). Data for OECD-EU refers to EU member countries that are also members of the OECD (22 countries).
Source: OECD Taxing Wages database.

Pension funding is a key long-term fiscal challenge

According to the 2024 Ageing Report by the European Commission (2024[30]), ageing-related costs including pensions, health care, long-term care and education will rise from 22.1% of GDP in 2022 to 27.5% in 2070, mainly driven by higher pension costs. Slovenia is projected to face the fourth largest increase in pension-related expenditures in the EU (+3.8pp, from 9.8% to 13.7% of GDP). Most of this increase (+2.7pp of GDP) is projected to take place between 2030 and 2050, in line with the rise in the ratio of people aged 65 or above to people aged 20-64. Moreover, pensioners after 2030 will also enjoy an increase in the ratio of average pensions to average wages (benefit ratio) due to higher accrual rates following the pension amendments in 2020 and the growing popularity of combining work and claiming part of pensions.

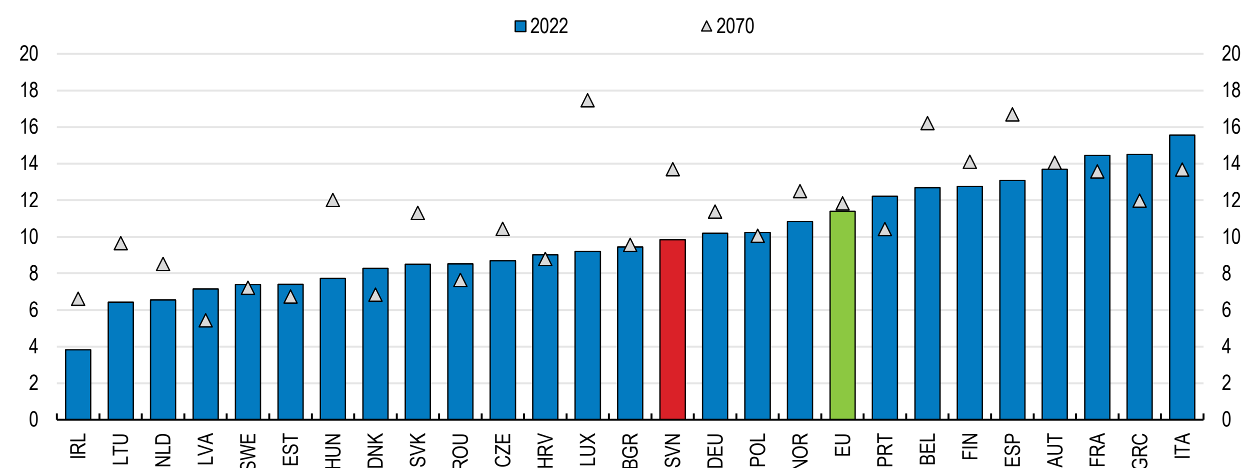
In most EU countries, the increasing dependency ratio effect will be countered by a decline in the ratio of average pensions to average wages (benefit ratio), driven by reforms lowering replacement rates and

limiting the increase in calculated pensions over time (Figure 2.18). By contrast, Slovenia is one of only four EU countries where the benefit ratio is planned to increase between 2022 and 2070, albeit from still a relatively low level (Figure 2.19). However, high replacement rates are only one factor, alongside a low effective retirement age, high life expectancy, and high pension indexation, which are together reflected in high levels of total pension entitlements paid during retirement in Slovenia. For example, after a career at the average wage, the total discounted net pensions received at the retirement age equal 14.4 years of net wages in Slovenia, on average, much higher than the OECD average of 11.2 years and on par with France, which has much higher contribution rates (OECD, 2022[31]).

Fiscal sustainability simulations suggest that in the absence of reforms durably reducing total ageing-related costs, public debt would exceed 200% of GDP by 2060. The situation is broadly unchanged since the last *Survey*, reflecting more adverse projections, mainly due to the higher implicit interest rate paid on debt, from the OECD long-term model (Guillemette and Chateau, 2023[32]), together with an updated, lower estimate of total ageing-related costs as a share of GDP (European Commission, 2024[30]). However, these simulations and estimates of the fiscal impact that underpin them are only indicative and subject to limitations, such as the lack of endogenous behavioural responses. Reforming the pension system and implementing a structural fiscal deficit of 0.5% of GDP, as required by the EU Fiscal Compact, would lead public debt to reach 80% of GDP by 2060. In addition, complementing the EU Fiscal Compact requirement on structural primary balance with further growth-friendly structural reforms recommended in this *Survey* (Table 2.4) would bring public debt close to 60% of GDP by 2060 (Figure 2.20). The recommended reforms would expand the tax base, creating fiscal space over the medium term, and pivot the tax system towards more growth-friendly consumption and property taxation. For example, aligning property taxation with the OECD average and phasing out all reduced VAT rates would raise revenues by 0.6% of GDP and 1.7% of GDP respectively (OECD, 2018[28]). The resulting fiscal space could be used to lower labour taxes or to address the ageing-related fiscal challenges. Phasing out the existing energy subsidies, which have amounted on average to 1% of GDP per year since the start of Russia's war of aggression against Ukraine, would also help improve the fiscal balance in 2024.

Figure 2.18. Without further reforms, pension expenditures will increase sharply

Pension expenditure, as % of GDP

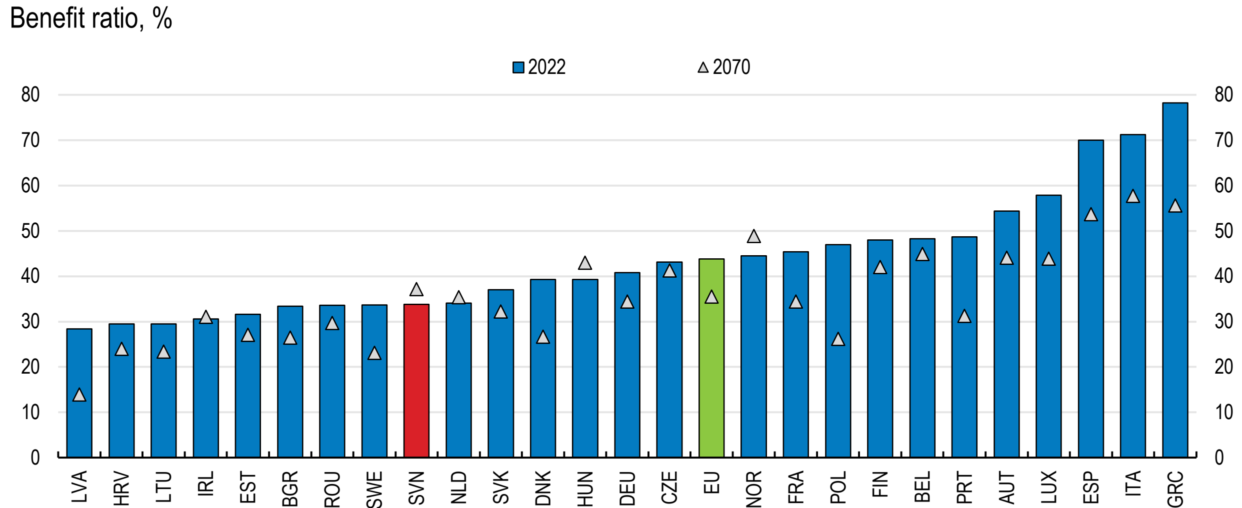


Source: European Commission Ageing Report (2024).

StatLink https://stat.link/kqjei2

Figure 2.19. The benefit ratio of pensions is planned to increase

Benefit ratio, %



Note: The benefit ratio is the ratio between the average pension and the average wage, both measured in gross terms. Public pensions are earnings-related and refer to old-age earnings-related pensions, including flat-rate pension components.
Source: European Commission Ageing Report (2024).

StatLink https://stat.link/d2j6a1

Table 2.4. Illustrative fiscal impact of recommended reform package

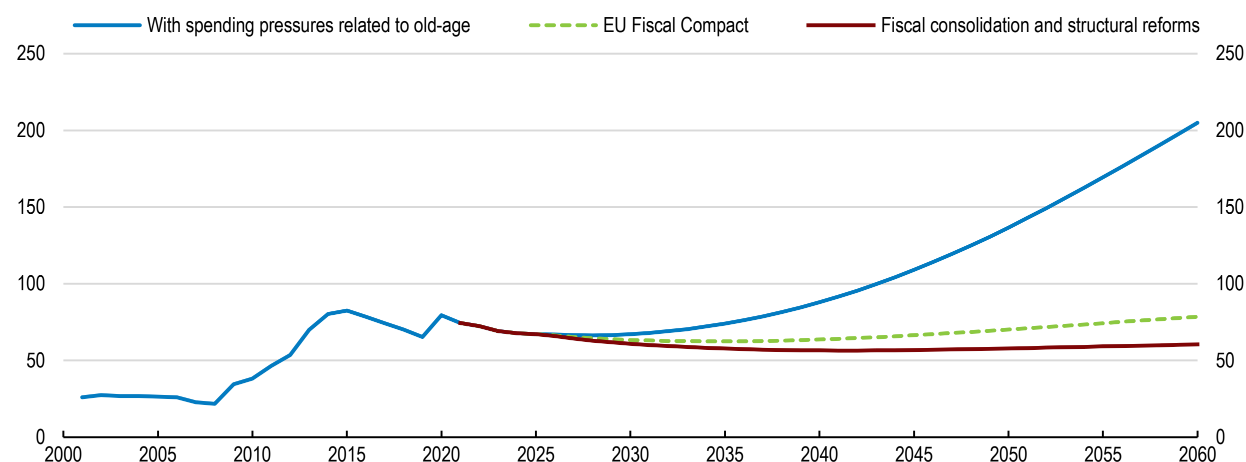
Fiscal savings (+) and costs (-) after 10 years

	% of GDP
Reduce labour taxes	-2.2
Broadening the personal income tax base by reducing tax allowances	+0.5
Increase property taxation	+0.6
Reduce VAT exemptions	+1.7
Total revenues	**+0.6**
Increase the statutory retirement age to 67 and change the pension indexation from today's mix of 60% of wages and 40% of prices to full price indexation.	+2.5
Total expenditures	**+2.5**
Total fiscal impact	**+3.1**

Note: Estimated effects of changes in labour taxes, property taxation, and the employment rate of older workers assume a move toward the OECD average. Broadening the personal income tax base assumes removing the exemption of home-work travel expenses, meal allowance, as well as the performance and annual bonuses, which are currently exempt from taxable personal income up to the level of average wage. Estimated effect of broadening the personal income tax assumes reducing tax allowances by 25%. Reducing VAT exemptions assumes removing all reduced VAT rates, including on food, non-alcoholic beverages, medicines, hotel accommodation and restaurants.
Source: OECD (2018[28]) and OECD (2022[16]).

Figure 2.20. Spending pressures related to population ageing must be addressed to safeguard fiscal sustainability

General government debt, Maastricht definition, as % of GDP



Note: The unabated old-age spending pressures scenario assumes that increased spending on health care, long-term care and pensions will add an additional 5.4 percentage point of GDP to annual government spending by 2070, from 22.1% in 2022 to 27.5% in 2070, in line with projections by the European Commission (2024). The EU Fiscal Compact scenario assumes a structural primary deficit of 0.5% of GDP from 2026 onwards (requirement for countries with debt-to-GDP ratio above 60%). The consolidation scenario assumes a structural primary balance of 0% of GDP from 2026 onwards, adding roughly the positive impact on GDP of the reform package simulated in the Long-term model.
Source: Adapted from OECD (2023), OECD Economic Outlook: Statistics and Projections (database), November; Guillemette, Y. and D. Turner (2018), "The Long View: Scenarios for the World Economy to 2060", OECD Economic Policy Paper No. 22., OECD Publishing, Paris; and European Commission (2024),2024 Ageing Report. Economic and Budgetary Projections for the EU Member States (2022-2070)" Directorate-General for Economic and Financial Affairs.

https://stat.link/ehqaj5

Box 2.3. Reducing the cost of ageing

Slovenia faces some of the highest ageing-related spending pressures in the OECD. Low effective retirement ages allow pensioners to spend more time in retirement and new spending pressures arise from the recent increase in accrual rates. Moreover, the pension system lacks actuarial fairness, meaning that most workers contribute much less to the pension system than they receive as pensioners (OECD, 2020[33]). Special retirement systems provide exit routes into early retirement, also for workers still capable to work. This leads to large intergenerational transfers and erodes work and saving incentives. Finally, low-income workers are not incentivised to participate in occupational pension plans and the savings accumulated in this second pillar are low.

To address population ageing and to ensure fiscal sustainability of the pension system, the 2020 *OECD Economic Survey of Slovenia* recommended measures to increase actuarial fairness, further develop the second-pillar pension schemes and encourage people to remain active beyond the statutory retirement age (see Table 2.3). To improve actuarial fairness, the 2020 *OECD Economic Survey of Slovenia* recommended better aligning contributions and benefits for all contributors, making bonuses for later retirement and maluses for earlier retirement symmetric and applicable at the statutory retirement age. Furthermore, the *Survey* recommended enrolment in the second pillar to be made an opt-out choice and reducing tax advantages applied to higher contributions as well as introducing matching contributions for low-wage workers. Finally, the *Survey* emphasised the need to ensure that contributions are paid on all labour income and closing the unjustified exits into early retirement. To ensure higher labour market activity of older workers, the statutory retirement age should increase to 67 for both men and women and, if needed, be linked to gains in life expectancy. Action taken since the

2020 *Survey* has been limited to introducing the possibility to substitute part of early retirement entitlement for child-caring periods with higher annual accruals.

Population ageing will also increase demand for healthcare. The Slovenian healthcare system was characterised by an ineffective system of co-payments, abolished in June 2023, as well as low density of general practitioners in some parts of the country and a high number of small general hospitals that are inefficient in cost, quality and safety (Quentin et al., 2015[34]). As a result, planning and budgeting is not performance-oriented and many doctors lack performance incentives, leading to long waiting lists for the patients. The recommendations of the 2020 *OECD Economic Survey of Slovenia* focused on strengthening the gatekeeper role of primary care and addressing inefficiencies in the health care sector. For example, per-patient payment (capitation) and fees-for-services could be made cost reflective and used to attract general practitioners to underserved areas. A nation-wide system for monitoring quality, safety and efficiency, and rules for more efficient operation of hospitals, including minimum interventions thresholds for maintaining services and greater responsibility in service supply decision would help optimise the network of healthcare providers. The National Strategy for the Quality and Safety in Healthcare adopted in April 2023 will support these changes. Since the 2020 *Survey*, some action has been taken on competitive salaries for doctors in 2022, but the implementation has been halted by a Constitutional Court decision. Additional steps, such as financial rewards for primary care providers with a large number of patients, faster recruitment of doctors from abroad and higher salaries for young specialists in family medicine, were taken to improve the accessibility of primary care. To improve access to secondary care, financial incentives for increased workloads of doctors and extended payments for additional specialist outpatient treatments were provided in 2023. The Long-Term-Care Act, also adopted in 2023, provided common financing and established eligibility criteria and social contributions for long-term care, while the Act on Provision of Funds for Investments in Slovenian Healthcare 2021-2031 has improved the incentives for hospitals to save and adopt multi-year investment plans.

Source: OECD (2020[33]).

The planned pension reform will be key to addressing the long-term sustainability of public finances. Detailed recommendations for addressing the challenges of ageing were given in the 2020 *OECD Economic Survey of Slovenia* and include measures to increase the fairness and sustainability of the pension system and meet the increasing demand for healthcare (Box 2.3). To address the adverse demographic trends, notably the large fall in the working age population until 2060, and to ensure financial sustainability, the minimum eligibility conditions to pensions will have to be tightened. The effective retirement age in Slovenia is low by OECD standards and contributes to the low labour market participation rates of older workers. One can retire without a penalty at age 60, before the statutory retirement age of 65, following a 40-years career, or even after a 35-years career, provided that the missing insurance years are purchased and subject to a reduction in benefits. To reduce future spending and lift effective retirement ages, increasing the minimum retirement age as well as the contribution period required to get a full pension, should be considered (OECD, 2022[31]). Moreover, the minimum retirement age should be linked at least in part to life expectancy to minimise the need for future ad hoc adjustments. In addition, childcare period should not result in lowering the minimum retirement age. Currently, mothers and fathers can retire four and two years below the statutory retirement age, respectively. While there are valid reasons to grant pension entitlements for periods of childcare (see Chapter 3), it is not clear that parents should be able to retire earlier compared to childless people. Only four other OECD countries, Czechia, Hungary, Italy and Slovakia, relax pension eligibility conditions based on having children. Czechia is phasing it out gradually, while in Slovakia, it is planned to end in 2024.

As the needed adjustment cannot be provided through tighter eligibility conditions alone, other measures, such as reducing the indexation of pensions in payment and basing pensions on the average lifetime earnings will have to be considered. Currently, the calculation is based on the best consecutive 24 years

of adjusted earnings, which is regressive, as it particularly benefits people with higher lifetime earnings (OECD, 2022[31])

Table 2.5. Past recommendations on fiscal and ageing policies

Recommendations in previous Surveys	Action taken since the 2022 Survey
Implement fiscal consolidation to manage demand pressures.	The Government plans to phase out all COVID-19 and energy support measures in 2024. Underlying primary balance has been tightened by more than 2 ppt of GDP cumulatively in 2022-23.
Develop a medium-term fiscal consolidation plan to address the long-run challenges of ageing.	No action taken.
Raise the minimum years of contributions required to retire, and use lifetime incomes to determine pension benefits.	No action taken.
Increase the statutory retirement age to 67 years and link it thereafter to gains in life expectancy.	No action taken.
Secure sustainable long-term funding by strengthening health insurance for long-term care, while guaranteeing equal access for all.	The Long-Term Care Act adopted in 2023 regulates the financing of the system from various sources, including the state budget as well as mandatory contributions from workers and pensioners.
Introduce common financing mechanisms and eligibility criteria for long-term care.	The Long-Term Care Act, which will gradually come into effect over 2024-2026, unifies the long-term care system. In terms of eligibility, the system will ensure equal access regardless of socio-economic status.
Establish a rules-based system for public wage increases subject to sound budget constraints, while allowing flexibility in public wage setting to address recruitment problems.	No action taken.

A more dynamic business environment would lift productivity growth

Productivity growth has been weak since the Great Financial Crisis. Productivity, measured as GDP per person employed, has been fluctuating around 82% of the EU average. Real productivity growth averaged just 1% over the last five years, holding back Slovenia’s convergence towards the more advanced EU economies (IMAD, 2023[35]). Productivity growth is hampered by low business dynamics, which reflects weak competitive pressures, notably among firms that are focused on domestic markets (OECD, 2022[16]).

Productivity growth is hampered by low levels of investment into both tangible and intangible capital in the last decade (IMAD, 2023[35]). This is partly due to shallow capital market and a lack of venture capital and other forms of seed and early-stage finance. Slovenia has a relatively high number of innovating small and medium-sized enterprises (SMEs), but they have limited access to venture capital, affecting their ability to scale up innovations (Figure 2.21). While firms continue to rely for financing on retained earnings and bank credit, the banking sector is not well suited to finance risky and innovative firms with know-how and intangible assets but limited collateral. At the same time, the Ljubljana Stock Exchange continues to face low and decreasing liquidity, with annual trading volume of 330 million euros in 2023.

Hence, reforms that could improve access of firms, particularly innovative small and medium-sized ones, to equity finance and help develop liquidity in Slovenia’s capital markets, need to accelerate. The capital market development strategy adopted in 2023 rightly focuses on improving access of SMEs to equity finance, increasing the supply of financial products and improving financial literacy. The strategy also sets out welcome quantitative benchmarks for turnover volumes, the number of new share listings and total market capitalisation to be met by 2029 (Ministry of Finance, 2023[36]). Although some measures, such as the adoption of a new act on alternative investment funds were implemented, as part of the National Recovery and Resilience Plan, further measures are needed. For instance, a new single digital platform for investing in SMEs based on distributed ledger technology and a single-entry point for market participants could help improve access to finance by reducing costs and improving transparency (Bianchini, Kwon and Cusmano, 2021[37]). In addition, allowing municipalities to issue bonds under well-

defined conditions could lower their financing costs and improve market liquidity by raising bond issuance volumes.

The government's decision to issue 250 million euros in government bonds aimed at retail investors in 2024, to be followed by other issuances in 2025 and 2026, may help to stimulate interest in capital markets and provide an alternative with a higher yield to low-yielding bank deposits. To bolster capital market investment further, the government should continue privatisation efforts, as discussed in the 2022 *Economic Survey of Slovenia,* divesting shares of state-owned enterprises (OECD, 2022[16]).

Figure 2.21. Venture capital is scarce, making it difficult for small firms to innovate

A. Venture capital investments
As % of GDP, 2022

Seed/start-up/early stage   Later stage venture

0.8 0.7 0.6 0.5 0.4 0.3 0.2 0.1 0

SVN SVK NOR PRT GRC POL ITA CZE AUT LVA HUN BEL IRL DNK DEU ESP LTU CHE NLD GBR FIN FRA SWE LUX CAN EST USA

B. Innovating SMEs
As % of total SMEs, 2020

90 80 70 60 50 40 30 20 10 0

ROU KOR CHL TUR HUN JPN LVA POL ESP USA BGR SVK GBR PRT CHE NZL LUX FRA HRV DNK LTU CZE SVN AUS IRL ITA NLD AUT SWE EST GRC DEU FIN BEL CAN

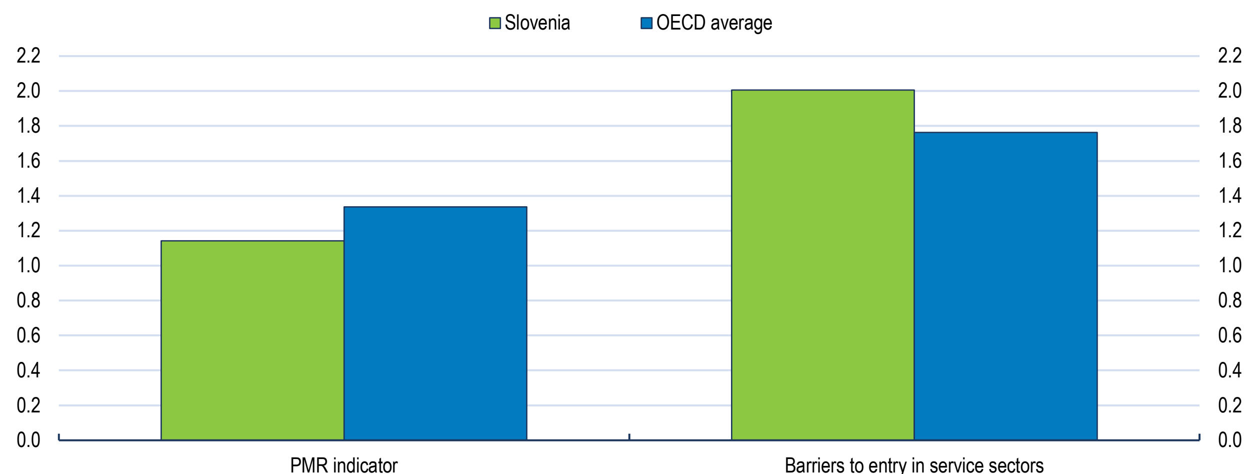
Source: OECD Enterprise Statistics database; and OECD, based on the 2021 OECD survey of national Innovation Statistics; and Eurostat, based on the Community Innovation Survey (CIS-2020).

Barriers remain in other areas impacting the business environment, such as the access to professional services. Overall, regulatory barriers are in line with the OECD average, except in retail and other service sectors (Figure 2.22). Moreover, in no area is Slovenia close to best OECD practice (OECD, 2022[16]). Regulatory restrictiveness is higher than the EU average for professions such as real estate agents, lawyers, civil engineers, and tourist guides (European Commission, 2023[19]). For example, lawyers are still banned from advertising their services, in breach of Article 24 of Directive 2006/123/EC on services in the internal market (European Commission, 2021[38]). Moreover, for tourist guides, municipalities may still determine conditions for access to the profession in a given tourist area, resulting in diverging regional regulations, which may affect both national and cross-border service providers. These regulatory and

administrative barriers should be reviewed and reduced, if possible, to improve the regulatory environment and foster stronger business dynamics. A lower regulatory burden will support faster income convergence and lower the cost incentive for participating in the shadow economy, which at around 24% of GDP remains larger than in many OECD countries (Kelmanson et al., 2019[39]; Elgin et al., 2021[40]).

Figure 2.22. Competition could be strengthened, particularly in retail and other services

Product Market Regulation indicator and selected components scores, from 0 to 6 (most restrictive), 2023



Note: The Product Market Regulation (PMR) indicator is a composite index that encompasses a set of indicators that measure the degree to which policies promote or inhibit competition in areas of the product market where competition is viable. Scores range from 0 to 6 and increase with restrictiveness (data refer to 2023).
Source: OECD Product Market Regulation database.

https://stat.link/o43wh7

Table 2.6. Past recommendations on productivity

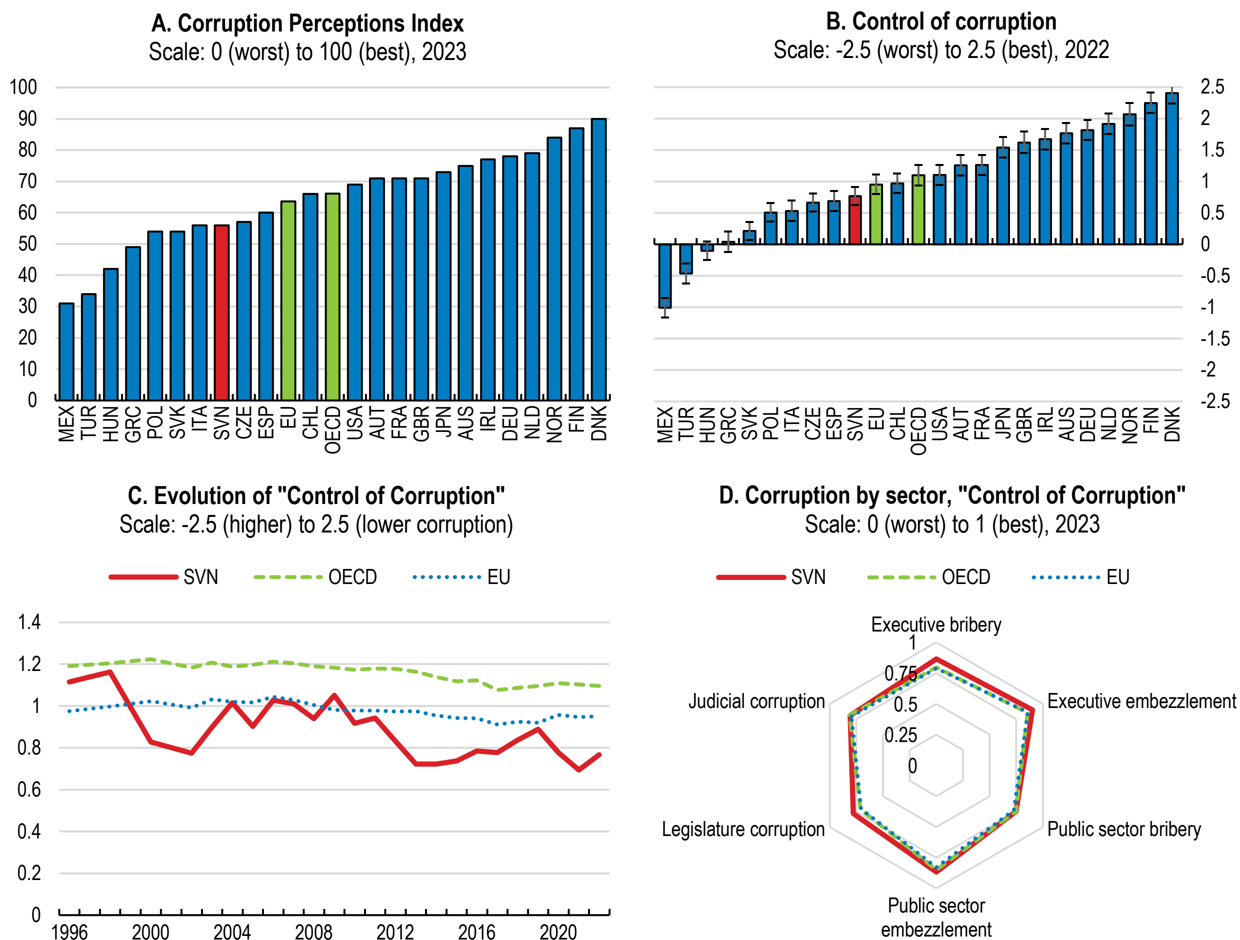
Recommendations in previous Surveys	Action taken since the 2022 Survey
Continue privatisation efforts particularly in inherently competitive sectors such as tourism and strengthen the corporate governance of State-Owned Enterprises.	A new Asset Management Strategy will in the course of 2024 introduce a new approach to the tourism sector.
Expand the possibilities for out-of-court settlements for debt restructuring.	No action taken.
Remove burdens on foreign companies to participate in tenders by publishing in English.	No action taken.
Transfer the management of all State-Owned Enterprises to the Slovenian Sovereign Holding.	The amended Slovenian Sovereign Holding (SSH) Act of November 2022 transferred management of almost all state-owned enterprises to the SSH and involved it in corporate governance management.
Encourage wage-setting at the firm level and determine framework conditions, such as seniority bonuses and minimum wages at the sectoral level.	No action taken.
Ensure that minimum wage growth does not outpace median wage growth.	No action taken.
Ease the regulatory burden, including zoning rules and rules for converting state-owned agricultural land into urban land.	No action taken.

The new anti-corruption strategy is crucial to boost the fight against corruption

Although the anti-corruption framework has improved in recent years, perception of corruption continues to be relatively high (Figure 2.23). After the conclusion of the third national anti-corruption strategy (2017-2019), a new strategy is being prepared. In 2023, the Commission for the Prevention of Corruption (CPC), the Ministry of Public Administration and the Ministry of Justice have been preparing the Resolution on the

Prevention of Corruption and the associated Action Plan, outlining the new national strategy (European Commission, 2023[41]). As part of this process, at the beginning of 2023 the government adopted a new multiannual (2023-2026) Programme to Strengthen Integrity and Transparency in the Public Sector to complement the measures already existing in this area, for example, by enhancing training and awareness of integrity issues of public servants and by determining gifts and benefits reporting obligations for healthcare institutions (Government of Slovenia, 2023[42]). Furthermore, the Commission in partnership with the National Education Institute has set up a comprehensive initiative, "Integrity: Generations' Common Goal", aiming at mainstreaming integrity and introducing integrity-enhancing programmes at all levels of education (UNDOC, 2023[43]). Overall, Slovenia has established a strong internal control system and risk management framework, performing better than other OECD countries, with regulations and central control functions in place to promote best practices across the public administration, which is essential to preserve and sustain public integrity (OECD, 2024[44]).

Figure 2.23. Corruption is perceived to be relatively high



Note: Panel B shows the point estimate and the margin of error. Panel D shows sector-based subcomponents of the "Control of Corruption" indicator by the Varieties of Democracy Project.
Source: Panel A: Transparency International; Panels B & C: World Bank, Worldwide Governance Indicators; Panel D: Varieties of Democracy Project, V-Dem Dataset v12.

StatLink https://stat.link/n4q67f

The process defining the new anti-corruption strategy has been comprehensive and based on public consultation and participation, involving stakeholders representing the public and private sectors as well as the civil society (European Commission, 2023[41]). As discussed in the last *Economic Survey of Slovenia*, initiatives to enhance the participation of both citizens and the business sector in policymaking

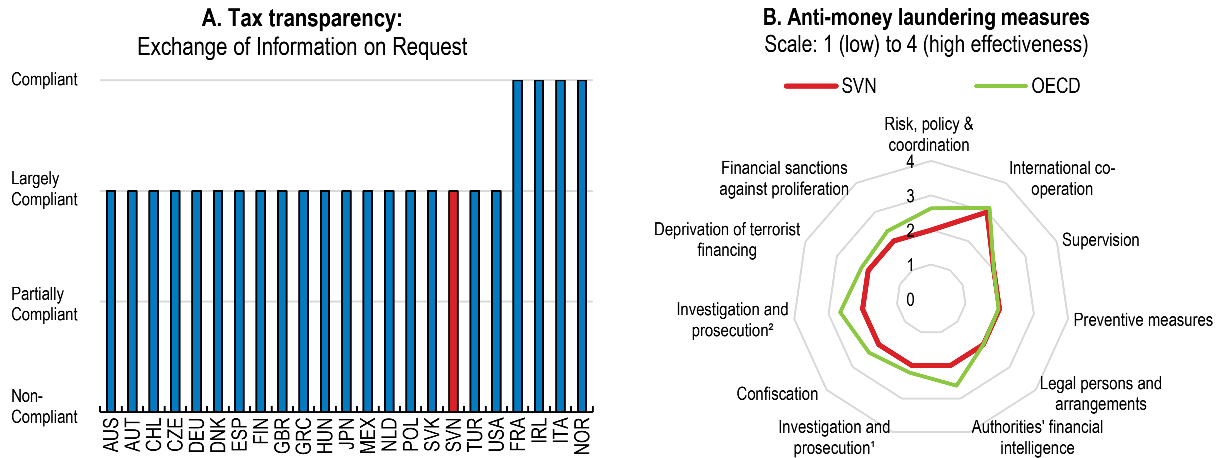
could help to reverse persistent low public trust in institutions and relatively high perception of corruption (OECD, 2022[45]). A survey conducted by the European Commission in 2023 revealed that 83% of respondents still consider corruption to be widespread in Slovenia, compared to the EU average of 70%, and that its level has either increased (54%) or stayed the same (37%) in the past three years. Furthermore, 81% of respondents think that there is corruption in the national public institutions and that bribes and abuse of power exist in different fields, such as political parties (64%) and in public tenders and building permits procedures (50%) (European Commission, 2023[46]).

Despite delays in the formal adoption of the new strategy, some weaknesses identified in the previous *Survey* have been addressed over the past couple of years, in addition to integrity. Increased resources of the Commission for the Prevention of Corruption, the independent anticorruption authority, have allowed to recruit additional staff and adopt digital tools for monitoring the assets declarations of public officials and the lobbying registry (European Commission, 2023[41]). Also, the success rate of corruption cases taken to court on the basis of the Commission's findings has improved as a result of amendments made to the Integrity and Prevention of Corruption Act in 2020 and to the Rules of Procedure in 2021, which brought more safeguards and clarity on the rights of individuals charged (European Commission, 2022[47]).

Slovenia has transposed the EU Whistleblowing Directive and implemented it through the new Protection of Whistleblowers Act, which entered into force at the beginning of 2023. In addition to granting the Commission for the Prevention of Corruption monitoring power and additional resources, the Act aims to protect whistleblowers from retaliation and establish internal and external procedures for reporting the breach of legislation (European Commission, 2023[41]). An assessment of the new legislation will be carried out in 2024 by the OECD Working Group on Anti-Bribery Convention to appraise if it ensures continued protection from disciplinary or discriminatory action for public and private sector employees who report suspected acts of foreign bribery, as previously recommended (OECD, 2021[48]) (OECD, 2023[49]).

The independence of the judiciary system is an important element of a strong and well-functioning anti-corruption and public integrity system. Improvements have been observed, for example, in digitalisation of communication tools beneficial to the activity of the State Prosecution Office, mainly in administrative cases. In criminal cases, the lack of use of digital tools is still a concern. The Supreme Court has been planning measures to introduce the electronic transmission of documents in criminal proceedings. Furthermore, amendments to the Organisation and Work of the Police Act in 2022 have restored the autonomy of the National Bureau of Investigation and the state prosecutors in pre-trial and criminal proceedings, previously subject to the Ministry of Interior's instructive power (European Commission, 2023[50]). This aims to limit political influence on the police work. Similarly, legislative reforms have been proposed to transfer the power of appointing Supreme Court judges and first-time judges from the Parliament to the Judicial Council and the President of the Republic, respectively, to reduce political interference and ensure judges independence. However, the European Commission has recommended that such reforms also include sufficient safeguards for judicial independence as well as an adequate remuneration of judges and state prosecutors, which currently are not entirely in line with European standards. Moreover, the excessive length of trials in complicated cases, such as corruption and money laundering, remains a concern (Figure 2.24) (European Commission, 2023[51]). In addition to limited specialised trainings available for judges and prosecutors, for example on foreign bribery, the length of trials is also related to inefficiencies in the investigation phase (OECD, 2022[45]). The Ministry of Justice is currently working on modifications to the Criminal Procedural Code which could include measures to address these issues (European Commission, 2023[41]).

Figure 2.24. Investigation and prosecution of money laundering cases could be improved



Note: Panel A summarises the overall assessment on the exchange of information in practice from peer reviews by the Global Forum on Transparency and Exchange of Information for Tax Purposes. Peer reviews assess member jurisdictions' ability to ensure the transparency of their legal entities and arrangements and to co-operate with other tax administrations in accordance with the internationally agreed standard. The figure shows results from the ongoing second round when available, otherwise first round results are displayed. Panel B shows ratings from the FATF peer reviews of each member to assess levels of implementation of the FATF Recommendations. The ratings reflect the extent to which a country's measures are effective against 11 immediate outcomes. "Investigation and prosecution¹" refers to money laundering. "Investigation and prosecution²" refers to terrorist financing.
Source: OECD Secretariat's own calculation based on the materials from the Global Forum on Transparency and Exchange of Information for Tax Purposes; and OECD, Financial Action Task Force (FATF).

Overall, despite these developments, challenges remain in various areas, such as conflict of interest and risk of corruption in public procurement. For example, in 2022 the Commission for the Prevention of Corruption analysed and identified potential risks of corruption after the conclusion of the mandates of public officials, following a change of government, due to difficulties in the application of post-employment restriction rules (GRECO, 2023[52]). Moreover, in 2023 the Specialised Public Prosecutor's Office reported that high risks of corruption exist in public procurement and use of EU funds, specifically in the health and energy sectors (European Commission, 2023[50]). Despite strong regulations in place, for example in the field of transparency in lobbying, conflict of interest and political finance, information on their implementation is sometimes missing and their application is incorrect in some cases, due to issues regarding their interpretation (OECD, 2024[44]) (European Commission, 2023[41]). Accelerating the adoption of the new anti-corruption strategy and definition of clear measures for its implementation should be a priority for the government (European Commission, 2023[41]).

Table 2.7. Past recommendations on the fight against corruption and the judiciary

Recommendations in previous Surveys	Action taken since the 2022 Survey
Continue efforts to fight corruption by strengthening the independence and bolstering the resources of the anti-corruption authority.	New anticorruption strategy is being prepared.
Strengthen the resources of the Public Prosecutor's Office, including for hiring of experts. Accelerate the process for appointment of prosecutors.	In 2022, financial and human resources of the State Prosecution were increased: thirty-two new prosecutor posts and sixty posts for officials were approved for the period 2023-2024.

Table 2.8. Recommendations

MAIN FINDINGS	RECOMMENDATIONS (key in bold)
Completing disinflation and ensuring financial stability	
Expansionary fiscal policy adds to continuing inflationary pressures. Medium- and long-term spending pressures, particularly related to ageing, are high.	**Tighten the fiscal policy stance and start restoring fiscal buffers.** Swiftly phase out energy support measures and replace them with targeted transfers if needed. Prepare a credible medium-term fiscal plan to ensure fiscal sustainability and use spending reviews to improve the efficiency of expenditures.
Minimum wage increases in a tight labour market have sustained real wage growth, especially at the lower end of the wage distribution, well above labour productivity growth, contributing to inflation and eroding external competitiveness.	**Link real minimum wage increases to productivity developments.**
Monetary policy has tightened sharply and the borrowing costs for households and firms increased. The real estate market is cooling, limiting demand for mortgage loans.	Stand ready to tighten existing macroprudential policy measures and capital requirements as needed.
Accelerating structural reforms to ensure long-term fiscal sustainability	
High labour tax wedges deter labour market participation and transition to full-time work.	**Implement growth-friendly fiscal consolidation by further reducing labour taxes, and increasing consumption and recurrent immovable property taxes.** Broaden the personal income tax base by reducing tax allowances.
Public wage bill is high, and the public compensation system fails to attract and retain younger workers.	Reform the public wage system to ensure fiscal sustainability and sufficient flexibility to address recruitment problems.
Ageing-related costs, notably on pensions, will increase sharply, with most of the increase between 2030 and 2050. Pension benefits are indexed 60 per cent on wages and 40 per cent on prices.	**Increase the minimum retirement age and the contribution period required for a full pension.** **Link the minimum retirement age to life expectancy.** Remove the lowering of the minimum retirement age based on childcare periods. Consider reducing the weight of wages in the indexation of pensions and base pensions on the average lifetime earnings.
Boosting business dynamics to lift productivity growth	
Productivity growth is hampered by low levels of investment, limited access to equity financing, particularly for SMEs, and remaining barriers in professional services.	**Lift barriers in retail trade and restrictions on professional services.** Consider partial listings of state-owned enterprises to boost capital markets and continue privatisation efforts particularly in inherently competitive sectors such as tourism.
Innovating SMEs have limited access to venture capital and other forms of early-stage finance.	Improve access of small and medium-sized firms to equity finance and increase the supply of financial products.
The anti-corruption framework needs further strengthening. High risk of corruption exists in public procurement.	**Continue efforts to fight corruption by accelerating the adoption of the new anti-corruption strategy and defining measures for its application, such as post-employment restrictions for former public officials.**

References

Bank of Slovenia (2024), "Review of Macroeconomic Developments, April 2024". [7]

Bank of Slovenia (2023), *Banka Slovenije is changing over to more active macroprudential policy*. [18]

Bank of Slovenia (2023), *Financial Stability review*, Bank of Slovenia, Ljubljana. [17]

Bank of Slovenia (2023), *Monthly report on bank performance, December 2023*, Bank of Slovenia, Ljubljana. [14]

Bank of Slovenia (2023), *Review of Macroeconomic Developments and Projections, December 2023*, Bank of Slovenia, Ljubljana. [11]

Bianchini, M., I. Kwon and L. Cusmano (2021), "Blockchain ecosystems for SMEs", in OECD (ed.), *The Digital Transformation of SMEs*, OECD Publishing, Paris. [37]

Brložnik, J. (2023), *The medium-term fiscal framework in light of the proposed changes to the EU economic governance framework*, Fiscal Council, Ljubljana. [25]

Car, P. and M. Sapala (2024), *Slovenia's National Recovery and Resilience Plan: Latest state of play*, Euorpean Parliamentary Research Service, Brussels. [24]

Dolenc, P. et al. (2021), "Current challenges and the future development of the Slovenian banking system", *Bančni vestnik*, Vol. 11/2021, pp. 41-49. [15]

Elgin, C. et al. (2021), "Understanding Informality", *CEPR Discussion Paper*, No. 16497, Centre for Economic Policy and Reform, London. [40]

European Commission (2024), *The 2024 Ageing Report: Economic and Budgetary Projections for the EU Member States (2022-2070)*, European Commission, Brussels. [30]

European Commission (2023), *2023 Country Report - Slovenia, SWD(2023) 624 final*, European Commission, Brussels. [19]

European Commission (2023), *2023 Rule of Law Report - Country Chapter on the rule of law situation in Slovenia*, https://commission.europa.eu/system/files/2023-07/54_1_52632_coun_chap_slovenia_en.pdf. [41]

European Commission (2023), "2024 Euro Area Report", *Institutional Papers*, No. 259, European Commission, Brussels. [13]

European Commission (2023), *Eurobarometer - Citizens' attitudes towards corruption in the EU in 2023*, https://europa.eu/eurobarometer/surveys/detail/2968. [46]

European Commission (2023), *European Rule of Law Mechanism: input from Slovenia - 2023 Rule of Law Report*, https://commission.europa.eu/system/files/2023-07/101_1_52818_input_mem_slovenia_en.pdf. [50]

European Commission (2023), *The 2023 EU Justice Scoreboard*, https://commission.europa.eu/system/files/2023-06/Justice%20Scoreboard%202023_0.pdf. [51]

European Commission (2022), *2022 Rule of Law Report - Country Chapter on the rule of law situation in Slovenia*, https://commission.europa.eu/system/files/2022-07/54_1_194035_coun_chap_slovenia_en.pdf. [47]

European Commission (2021), *Communication on taking stock of and updating the reform recommendations for regulation in professional services of 2017, COM(2021) 385 final*, European Commission, Brussels. [38]

European Labour Authority (2023), *EURES Report on labour shortages and surpluses 2022*, European Labour Authority, Brussels. [1]

Fiscal Council (2024), *Assessment of budgetary documents for the 2024-2027 period*. [53]

Fiscal Council (2024), *Monthly Information, February 2024*, Fiscal Council, Ljubljana. [27]

Fiscal Council (2023), *Assessment of budgetary documents for 2024 and 2025*, Fiscal Council of the Republic of Slovenia, Ljubljana. [23]

Gabrovšek, N. (2023), *Wage and price dynamics in Slovenia*, Bank of Slovenia, Ljubljana. [12]

Government of Slovenia (2023), *80th Regular Meeting of the Government of the Republic of Slovenia*, https://www.gov.si/en/news/2023-11-16-80th-regular-meeting-of-the-government-of-the-republic-of-slovenia/. [9]

Government of Slovenia (2023), *Programme of the Government of the Republic of Slovenia for Strengthening Integrity and Transparency in the Public Sector 2023–2026*, https://www.gov.si/assets/ministrstva/MJU/STIPS/Integriteta/Program-2023-2026/Programme-2023-2026.docx. [42]

GRECO (2023), *Fifth evaluation round - Preventing corruption and promoting integrity in central governments and law enforcement agencies - Second compliance report - Slovenia*, https://rm.coe.int/fifth-evaluation-round-preventing-corruption-and-promoting-integrity-i/1680aa9f5d. [52]

Guillemette, Y. and J. Chateau (2023), “Long-term scenarios: incorporating the energy transition”*, OECD Economic Policy Papers*, No. 33, OECD Publishing, Paris. [32]

IMAD (2024), *Slovenian Economic Monitor, January 2024*, Institute for Macroeconomic Analysis and Development, Ljubljana. [3]

IMAD (2023), *Autumn forecast of economic trends 2023*, Institute of Macroeconomic Analysis and Development, Ljubljana. [5]

IMAD (2023), *Productivity Report 2023: Key Messages*, Institute of Macroeconomic Analysis and Development, Ljubljana. [35]

IMAD (2023), *Spring forecast of economic trends 2023*, Institute of Macroeconomic Analysis and Development, Ljubljana. [8]

Kelmanson, M. et al. (2019), “Explaining the Shadow Economy in Europe: Size, Causes and Policy Options”*, IMF Working Paper*, No. 19/278, International Monetary Fund, Washington, D.C. [39]

Laporšek, S., M. Vodopivec and M. Vodopivec (2019), “Spillover effects of a minimum wage increase – evidence from Slovenia”, *Post-Communist Economies*, Vol. 31/5, pp. 603-622, https://doi.org/10.1080/14631377.2019.1578582. [6]

Lyziak, T. and J. Mackiewicz-Lyziak (2014), “Do Consumers in Europe Anticipate Future Inflation?”, *Eastern European Economics*, Vol. 52/3, pp. 5-32. [10]

Ministry of Finance (2024), *Republic of Slovenia Investor Presentation, January 2024*, Ministry of Finance, Ljubljana. [21]

Ministry of Finance (2023), *Strategy for the development of the capital market in Slovenia for the period 2023-2030*, Ministry of Finance, Ljubljana. [36]

OECD (2024), *Anti-Corruption and Integrity Outlook 2024*, OECD Publishing, https://doi.org/10.1787/968587cd-en. [44]

OECD (2023), *Implementing the OECD Anti-Bribery Convention - Phase 4 Two-Year Follow-Up Report: Slovenia*, https://web-archive.oecd.org/2023-03-13/653088-slovenia-phase-4-follow-up-report.pdf. [49]

OECD (2023), *OECD Economic Outlook, November 2023*, OECD, Paris. [22]

OECD (2023), *OECD Employment Outlook 2023: Artificial Intelligence and the Labour Market*, OECD Publishing, Paris. [4]

OECD (2023), *OECD Energy Support Measures Tracker*, https://www.oecd.org/economy/oecd-energy-support-measures-tracker/. [20]

OECD (2022), *OECD Economic Outlook, November 2022*, OECD, Paris. [2]

OECD (2022), *OECD Economic Surveys: Slovenia 2022*, OECD Publishing, Paris. [16]

OECD (2022), *OECD Economic Surveys: Slovenia 2022*, OECD Publishing, https://doi.org/10.1787/d63f5a2f-en. [45]

OECD (2022), *OECD Reviews of Pension Systems: Slovenia*, OECD Reviews of Pension Systems, OECD Publishing, Paris, https://doi.org/10.1787/f629a09a-en. [31]

OECD (2021), *Implementing the OECD Anti-Bribery Convention - Phase 4, Report: Slovenia*, https://www.oecd.org/daf/anti-bribery/slovenia-phase-4-report-en.pdf. [48]

OECD (2020), *OECD Economic Surveys: Slovenia 2020*, OECD Publishing, Paris, https://doi.org/10.1787/a4209041-en. [33]

OECD (2018), *OECD Tax Policy Reviews: Slovenia 2018*, OECD Tax Policy Reviews, OECD Publishing, Paris, https://doi.org/10.1787/9789264303898-en. [29]

OECD (2018), *Reshaping the Personal Income Tax in Slovenia*, OECD Publishing, Paris. [28]

Quentin, W. et al. (2015), *Analysis of the Health System in Slovenia: Purchasing and Payment Review*, European Observatory on Health Systems and Policies, Brussels. [34]

Tryggvadottir, Á. (2022), “OECD Best Practices for Spending Reviews”, *OECD Journal on Budgeting*, https://doi.org/10.1787/90f9002c-en. [26]

UNDOC (2023), *10th session of the conference of the States parties to the UN Convention Against Corruption - Statement by Republic of Slovenia*, https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/statements/Slovenia.pdf. [43]

From:

OECD Economic Surveys: Slovenia 2024

Access the complete publication at:

https://doi.org/10.1787/bc4a107b-en

Please cite this chapter as:

OECD (2024), "Macroeconomic developments and policy challenges", in *OECD Economic Surveys: Slovenia 2024*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/7669e52c-en

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at http://www.oecd.org/termsandconditions.

OECD