Responding to the Coronavirus Crisis
Update on Slovenia (23/11/20)

European Bank
for Reconstruction and Development

EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
	*	*	*	*	*	*		*	*	*	*			*	*	*	*			*	*

Economic channels of disruption

Goods exports, private consumption, tourism

- Slovenia has been severely affected in the first half of 2020 in the EU in terms of GDP decline (-7.7% y/y in H1), reflecting a broad-based impact on the economy.
- Goods exports (82% of GDP) dropped by almost 12% amid Eurozone recession, high integration in global value chains (55% of GDP), and exposure to Italy (10% of goods exports).
- Containment measures have hit private consumption, especially social categories and durables (44% of total consumption or about 30% of GDP). A partial lockdown imposed in October amid a high second wave of infections will exacerbate the impact on already affected sectors.
- Tourism accounts for about 7% of GDP, estimated to contract by 70% this year, it will be another major channel of disruption.

Selected crisis impact indicators

EBRD GDP growth outlook (Sep 2020)	**2020: -7.5%; 2021: 3.5%**
GDP growth y/y, sa (Q1/Q2 2020)	-3.5% y/y, -13.1% y/y
Economic sentiment (ESI) (October 2020)	90.3 (92.7 in August and 66.2 in April)
Retail sales (Sep/Aug/Apr 2020)	-10.6% y/y, -11.5% y/y, -25.9% y/y
Industrial output (Sep/Aug/Apr 2020)	-3.5% y/y, -1.5% y/y, -24.4% y/y
Unemployment rate (Sep/Apr 2020)	4.7%, 5.4%
CPI inflation (May 2020)	-0.3% y/y

Crisis response measures to date

Support for healthcare, firms, and (vulnerable) individuals

- Credit guarantees worth EUR 2 bn (4% of GDP), with loans to SMEs to be guaranteed for up to 80%, and up to 70% for large companies.
- Public salary increases based on performance in key areas (healthcare, security).
- Corporate and income tax deferrals for up to 24 months and deferrals of bank loan repayments for up to 12 months.
- Wage subsidies for temporary workers and unemployed, temporary basic income (EUR 700 in April and May) for the self-employed and allowances for vulnerable categories.
- Co-financing 20% of wages and full compensation of social contributions for firms continuing operation. Scheme covering fixed costs (e.g. rent) has been introduced.
- Additional funding available from state-owned bank (2¾% of GDP).
- A package adopted in May focused on stimulating recovery through subsidised short work week, loans and vouchers for tourism of EUR 200 per adult (2.2% GDP); two packages in September and November (the 6th announced stimulus) worth EUR 1 bn each extended key stimulus measures until the end of 2020.

Selected crisis response indicators

Crisis response package (% of GDP)	ca. 14% of GDP
Amount of normal salary covered (% of salary)	70% of net min. wage for self-employed, 80% for technical unemployment, 50% for parents at home
Payment holidays for taxes	Up to 24 months
Payment holidays for loans	Up to 12 months
Committed external assistance	EUR 10.5 bn in the next EU budget

Key short-term priorities

Provide liquidity to the economy, particularly SMEs; revenue support to vulnerable individuals; secure critical supply chains