

Responding to the Coronavirus Crisis

Update on Slovenia (15/05/20)



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)
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Economic channels of disruption

Goods exports, private consumption, tourism

- Goods exports (82% of GDP) will significantly fall amid global slowdown, high integration in global value chains (55% of GDP), and exposure to Italy (10% of goods exports).
- Containment measures (imposed in mid-March) will hit private consumption, especially social categories and durables (44% of total consumption or about 30% of GDP), and industrial production to some extent.
- Tourism accounts for about 7% of GDP, estimated to contract by 60%-70% this year, it will be another major channel of disruption.
- Slovenia started easing restrictions from late April, allowing a number of stores to reopen, with further loosening from early May.

Selected crisis impact indicators

EBRD GDP growth outlook	2020: -5.5%; 2021: 5%
Economic sentiment (April 2020)	ESI 66.2 (down 27.2 points m/m)
Industrial output (March 2020)	-7.7% y/y
Retail sales (March 2020)	-15.1% y/y
CPI inflation (April 2020)	-1.2% y/y
SBITOP (May 15 2020)	811.5 (down 12.8% since January 03)
Registered unemployed (April 2020)	19.9% y/y (13.9% m/m)

Crisis response measures to date

Support for healthcare, firms, and (vulnerable) individuals

- Guarantees worth EUR 2bn (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 suspended workers, temporary basic income for the self-employed and allowances for pensioners, large families and students.
- Financing of all social contributions for firms continuing operation and co-financing 20% of employees' wages.
- Electricity prices decreased by about 20% for the next three months.
- Additional funding available from state-owned bank (2¾% of GDP).
- As a Eurozone member, Slovenia will benefit from ECB measures to combat the crisis, including the needed liquidity and financial stability to the economy.

Selected crisis response indicators

Crisis response package (% of GDP)	ca. 11% of GDP (first and second package)
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 586 million (EU CRII)

Key short-term priorities

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