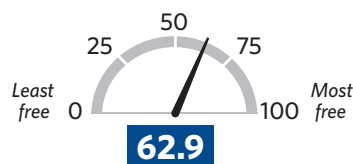


SLOVENIA

Economic Freedom Score



World Rank: **69** Regional Rank: **32**

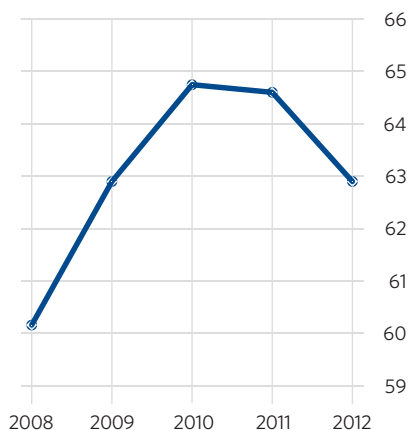
Slovenia's economic freedom score is 62.9, making its economy the 69th freest in the 2012 *Index*. Its score has decreased by 1.7 points since last year, with declines in half of the 10 economic freedoms, including a substantial drop in its score for government spending. Slovenia is ranked 32nd out of 43 countries in the Europe region, and its overall score is still above the world average.

The Slovenian government's record on structural reform has been uneven, and economic dynamism remains constrained by institutional weaknesses that undermine prospects for long-term economic development. In particular, the judicial system remains inefficient and vulnerable to political interference. Corruption, perceived as widespread, continues to be a problem.

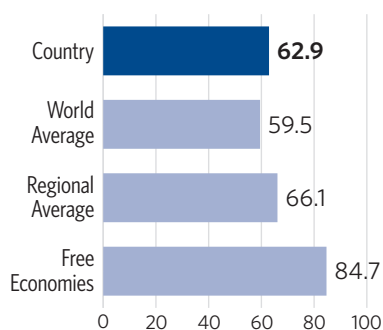
The overall regulatory framework has been gradually evolving to promote the emergence of a more vibrant private sector and encourage broad-based employment growth. Slovenia enjoys a comparatively high degree of trade freedom, as tariff rates are quite low, but dynamic economic gains from trade are undercut by the lack of reform progress in other areas that are critical to sustaining open markets in the financial and investment areas.

BACKGROUND: Prime Minister Borut Pahor heads a center-left coalition government. As the first entity to secede from the former Yugoslavia in 1991, Slovenia largely managed to avoid the bloody conflict that followed Croatia's secession. Its economic infrastructure remained intact, and its economy experienced solid growth in the years before the 2008 global recession. Slovenia is a member of all major financial institutions, including the International Monetary Fund, the World Bank Group, and the European Bank for Reconstruction and Development, as well as 40 other international organizations. It joined the European Union and NATO in 2004; adopted the euro as its currency on January 1, 2007; chaired the European Union for six-months in 2008 and the Council of Europe in 2009; and became a member of the Organisation for Economic Co-operation and Development in May 2010.

Freedom Trend



Country Comparisons



Quick Facts

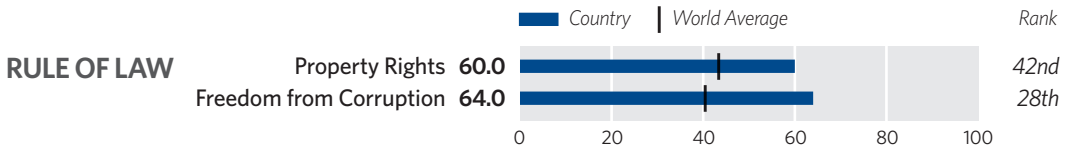
- Population:** 2.0 million
- GDP (PPP):** \$56.6 billion
- 1.2% growth in 2010
- 5-year compound annual growth 1.8%
- \$28,030 per capita
- Unemployment:** 7.2%
- Inflation (CPI):** 1.8%
- FDI Inflow:** \$834.1 million
- Public Debt:** 37.3% of GDP

How Do We Measure Economic Freedom?

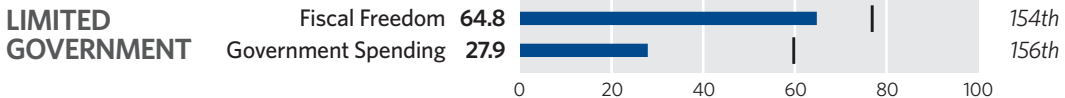
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

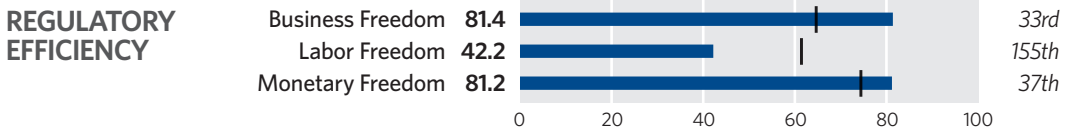
THE TEN ECONOMIC FREEDOMS



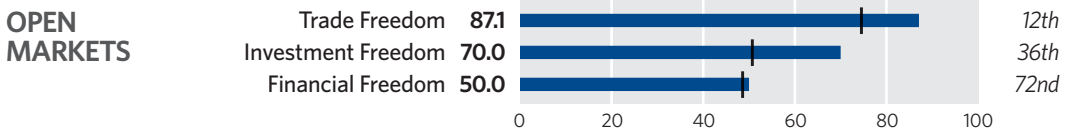
Private property rights are constitutionally guaranteed, but the courts are inadequately staffed and slow. The judicial framework, despite gradual progress, remains vulnerable to political interference. Enforcement of legal measures to safeguard intellectual property rights is ineffective. Corruption continues to linger in all levels of government, undermining the foundations of economic freedom.



The top income tax rate is 41 percent, and the corporate tax rate is a flat 20 percent. Other taxes include a value-added tax (VAT) and a property transfer tax. The overall tax burden amounts to 37.9 percent of total domestic income. Government spending has risen to a level equivalent to 49 percent of GDP, pushing up the deficit to over 3 percent of GDP. Public debt remains under control, standing at below 40 percent of total domestic output.



Despite progress in streamlining the process for launching a business, other time-consuming requirements reduce regulatory efficiency. With no minimum capital required, launching a business takes only six days, but it takes almost 200 days to complete all of the necessary licensing requirements. The labor market remains saddled with rigid labor regulations that hamper dynamic employment growth. Inflation has been low.



The trade weighted average tariff rate is low as in other members of the European Union, but layers of complex non-tariff barriers increase the cost of trade. Most sectors of the economy are open to foreign investment, but the overall investment regime lacks efficiency due to lingering bureaucracy. Privatization of state-owned financial institutions has been uneven, and the banking sector has been under strain.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.3	Business Freedom	-2.2	Trade Freedom	-0.5
Freedom from Corruption	-2.0	Government Spending	-13.2	Labor Freedom	+0.4	Investment Freedom	0
				Monetary Freedom	+0.7	Financial Freedom	0