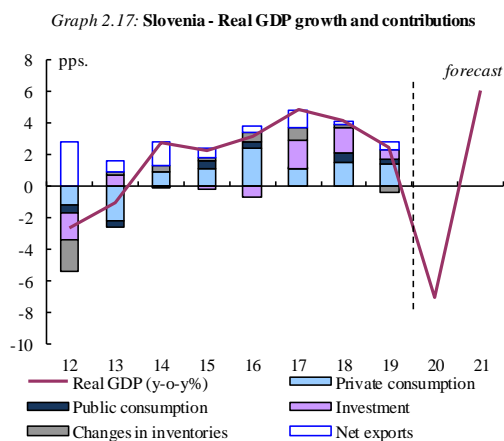


2.17. SLOVENIA

The COVID-19 pandemic put an end to several years of healthy growth in Slovenia. As in other countries, the economy has been strongly affected by containment measures and the collapse in international trade. At the same time, large-scale support measures have been put in place to limit the damage on companies and employment. These include short-term work schemes to support people who were temporarily laid off and payment of social contributions for those who continued to work. Also, a debt moratorium was put in place to give payment relief to private and corporate customers adversely affected by the pandemic, supported by public guarantees for existing and new loans. To dampen the decrease in international tourism, the government also made available vouchers for residents to buy Slovenian tourism services.

In the first quarter, the economy contracted by 4.5% q-o-q. As the second quarter was more affected by confinement measures, the decline in GDP is expected to be even steeper. The rise in unemployment has been rather modest so far, due to the support measures.

Slovenia has advanced significantly with its re-opening process, having removed most of the restrictions and established lists of countries from where it is safe to travel without quarantine. Registered unemployment had already stabilised in June and confidence has been improving since May. Household incomes have been maintained and thus the recovery in consumption is expected to be quite rapid in the second half of the year. A recovery in investment, however, is expected to be held back as uncertainty remains very high. Real GDP is forecast to fall by 7% in 2020 and to rebound by around 6% in 2021.



Inflation slowed in the beginning of the year, with HICP being 0.8% lower in June than it was in June 2019. Upward price pressure is expected to be low also during the second half of the year as energy and services prices moderate. Overall, consumer price inflation is forecast at 0.2% y-o-y in 2020 and 1.1% y-o-y in 2021.