

2.17. SLOVENIA

Slovenia's economy began its recovery this year when GDP expanded by 1.4% in the first quarter. The recovery is supported by strong growth in private consumption, investment and exports, particularly goods exports with volumes already exceeding pre-crisis level. Overall, the impact of the crisis continues to be cushioned by extensive government measures to support employment and limit insolvencies.

With the removal of restrictions and confidence indicators improving, both in Slovenia and in the trading partner economies, growth is forecast to remain positive in the second quarter and to accelerate in the third quarter. Growth is set to be driven by the same factors as in the first quarter – consumption, investment and foreign demand. Service exports are also projected to improve in the second half of the year with the gradual opening of the tourism sector. On an annual basis, real GDP growth is forecast at 5.7% in 2021 and 5.0% in 2022. This is higher than projected in spring and mainly reflects the better-than-expected first quarter results. Going forward, the implementation of the Recovery and Resilience Plan is also expected to strengthen private and public investment.

The negative inflation observed in 2020 continued over the first two months of 2021. Since then, however, inflation has picked up, rising to 2.2% on a yearly basis in April-May. Inflation is projected to remain high also in the second half of the year and reach 1.4% on average in 2021 and 1.7% in 2022.

Graph 2.17: Slovenia- Real GDP growth and contributions

