The Country Report is a single analytical economic assessment of a Member State published by the European Commission in early spring as part of the European Semester annual process. It analyses the country's economic situation, reform agenda and possible macroeconomic imbalances. As a response to the Country Report's findings, the euro area country prepares in April the National Reform Programme and Stability Programme. These two documents are followed in May by the publication of draft country-specific recommendations prepared by the European Commission as tailor-made policy advice to the country in areas deemed as priorities for the next 12-18 months. The country-specific recommendations are adopted by the June EU Council (Member States).

**MACROECONOMIC SITUATION**

- Strong economic growth in 2017, set to remain robust in 2018-2019
- External environment improved and cost-competitiveness remains strong
- Private consumption supported by wage and employment growth
- Private investment continues to recover
- Labour market trends are steadily improving; employment rate of older workers is low; few participate in Active Labour Market Policies

**No imbalances (no in-depth review)**

**PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS**

**Substantial progress**

- in improving financial conditions and facilitating the durable resolution of non-performing loans
- in implementing the Bank Asset Management Company strategy

**Some progress**

- in increasing the employability of low-skilled and older workers
- in improving access to alternative sources of financing
- in reducing the administrative burden on business
- in ensuring the good governance of state-owned enterprises

**Limited progress**

- in reforming the healthcare, long-term care and pension systems

**FISCAL SITUATION**

- In 2017, the government deficit is expected to decline further to 0.8% of GDP
- Public debt, at 76.4% in 2017, stands above the 60% of GDP reference value, but is decreasing
- Draft Budgetary Plan 2018 at risk of non-compliance with the rules of the Stability and Growth Pact

**SOCIAL SITUATION**

- Adult learning is falling and there are signs of labour shortages for vocational positions
- Inequality is low and social trends are improving, but old-age poverty is high
- Tertiary educational attainment is among the highest in the EU

**POLICY HIGHLIGHTS**

- Policy measures to improve access to finance for enterprises include investment into a cross-border equity fund-of-funds, an SME investment programme backed by the Juncker Plan's European Fund for Strategic Investments and significant commitments from EU structural funds, made available through financial intermediaries.
Robust growth in 2017 returned Slovenia's GDP back to the pre-crisis level. Compared to 2008, by 2019 Slovenia's GDP is expected to have grown as much as the euro area after its sharper fall during the crisis.

The rate of people at risk of poverty and social inclusion has decreased but remains high for elderly. Compared to the EU, Slovenia's rate of people at a persistent risk of poverty is among the highest.

Private sector debt has declined significantly since its peak in 2010. Banks are profitable and well capitalised and have a favourable funding structure. The share of non-performing loans in total loans is on a downward trend.

With the economic recovery, the employment rate has risen for the third year in a row and unemployment is falling, however challenges remain, in particular for older workers.

The decline in investment was steeper and continued longer than in the rest of the euro area. Investment is now growing, but it has not reached the pre-crisis level yet.

Slovenia faces budgetary pressures due to ageing, more so than the other EU countries. Policies to stimulate longer working lives and increase the efficiency of spending on health and long-term care are urgently needed to safeguard the sustainability of public finances and ensure adequate levels of benefits and services.