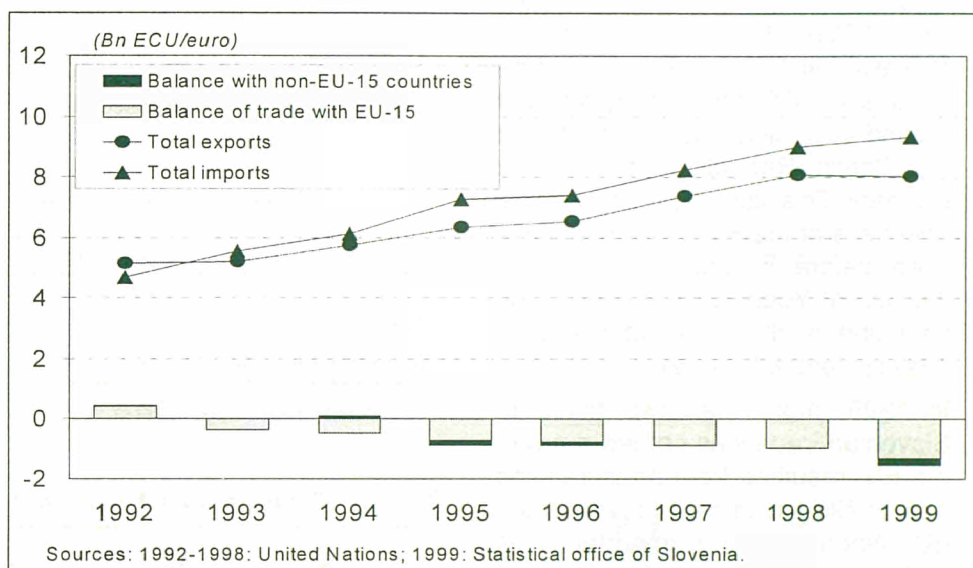


Slovenia and the European Union

Tim Allen

Over the past decade, Slovenia imported more than it exported and its trade deficit constantly increased. In 1999, exports decreased but latest data for 2000 and forecasts seem to confirm that this slow down in trade was temporary. Slovenia is an open economy where trade with the European Union accounted for more than two thirds of its total trade in 1999. Germany and Italy are Slovenia's main and long standing trading partners. In terms of products, intermediary goods constituted the bulk of Slovenia's trade in 1999.

Figure 1 Slovenia's foreign trade



Slowdown in 1999

With less than 2 million inhabitants, Slovenia is one of the smallest economies amongst transition countries. Since the beginning of the 90's, Slovenia has registered steady and balanced economic growth and is considered as one of the more market oriented economies in Central Europe. Among the Central European Countries (CECs), Slovenian GDP per capita in PPS ranks top ahead of the Czech Republic (at around 70% of the EU average) and is comparable to Portugal or Greece. In contrast to other CECs, the impact of external disturbances (Russian crisis and Kosovo conflict) was relatively weak. GDP continued to grow steadily (+4.9% in 1999), unemployment decreased slightly and inflation fell from 8 to 6%, following a trend observed since 1993.

Since 1992, Slovenia's trade has roughly doubled. A small trade surplus in 1992 turned into a deficit that has steadily increased over the period. This trade deficit was mainly the result of exchanges with the EU. Over the period, the years 1997-1998 saw a particularly strong growth in both exports and imports, which were encouraged by favourable conditions in trading partners. However, exports decreased in 1999, mainly due to weak demand from the EU and from NIS. At same time, the anticipated introduction of VAT in summer 1999 encouraged imports. Furthermore, in 1999 export prices fell more rapidly than import prices (see Table 2). The resulting trade deficit reached a level unseen during the last ten years. Latest data for the first seven months of 2000 show an increase in value terms of both exports and imports compared to the same

Statistics in focus

EXTERNAL TRADE

THEME 6 – 19/2000

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period last year. Furthermore, the increasing economic activity in the main European partner countries forecasted for 2001 should further boost Slovenian exports¹.

Germany and Italy: main partners

Overall, Slovenia imported goods worth 9 bn euro while it exported around 8 bn euro in 1999. Exports have been an important engine of growth - as was the case in other Central European countries. They reached 42.9% of GDP in 1999 which ranked Slovenia the 5th most important exporter amongst the transition economies of the region - behind Estonia (45.9%), Czech Republic (50.6%) Hungary (51.7%) and Slovakia (54.1%). In 1993, Slovenia's exports to GDP ratio already stood at around 48%, whereas it was 42% for the Czech Republic and 23% for Hungary. This illustrates the historical openness of the Slovenian economy: even before independence, it was the hub of Yugoslavian trade (at the time one of the most open economies in Central Europe).

In 1999, more than two thirds of Slovenian trade was carried out with the EU, resulting from an increasing shift in Slovenian trade towards the EU. When ranked in importance as trading partners, four EU Member states (see Table 1) were among Slovenia's top five partners in 1999. Germany and Italy, with whom Slovenia shares long standing links (in 1990, those two countries already absorbed 40% of Slovenian exports), are by far the top two partner countries.

Croatia ranked fifth in importance as a trading partner and first among Central European countries. However, the share of Croatia (as well as NIS) constantly decreased over the period. In 1999, compared to 1998, exports of Slovenia to Croatia decreased by around 13%.

¹ See *Slovenian Economic Mirror*, Institute of Macroeconomic Analysis and Development (IMAD), Ljubljana, June and July 2000.

Table 1 Slovenia's trade by main partners, 1999

Partner	1998	1999	1993	1998	1999	98/99
	Value (Mio ECU/euro)		Share (%)			Var. (%)
Main import partners						
Total	9 018	9 340	100.0	100.0	100.0	3.6
EU-15	6 258	6 407	65.6	69.4	68.6	2.4
Germany	1 863	1 877	25.0	20.7	20.1	0.7
Italy	1 513	1 569	16.2	16.8	16.8	3.7
France	1 122	1 027	8.0	12.4	11.0	-8.4
Austria	715	747	8.5	7.9	8.0	4.5
Croatia	385	420	9.2	4.3	4.5	9.2
Main export partners						
Total	8 073	8 018	100.0	100.0	100.0	-0.7
EU-15	5 288	5 292	63.2	65.5	66.0	0.1
Germany	2 294	2 462	29.6	28.4	30.7	7.3
Italy	1 119	1 107	12.0	14.0	13.8	-1.1
Austria	554	585	5.0	6.9	7.3	5.6
France	667	457	8.7	8.3	5.7	-31.5
Croatia	727	633	12.1	9.0	7.9	-12.9

Sources: 1993-1998: United Nations; 1999: Statistical office of Slovenia.

Table 2 Terms of trade

	Previous year=100							
	1997	1998	1999	1999/I	1999/II	1999/III	1999/IV	2000/I
Imports prices	90	97	91	94	91	91	90	97
Exports prices	90	100	91	96	91	90	86	91
Terms of trade	100	102	100	103	100	99	96	95

Source: Statistical office of Slovenia.

Table 3 Slovenia trade by sections, 1999

SITC rev. 3 sections	Imports	Exports	Balance	Imports	Exports
	Value (Mio euro)			(share in %)	
Food, live animal, bever., tobac. (0+1)	560	297	-264	6.0	3.7
Crude materials (2+4)	476	160	-316	5.1	2.0
Mineral fuels and lubricants (3)	579	48	-531	6.2	0.6
Chemicals products (5)	1 111	874	-237	11.9	10.9
Manufact. goods class. by material (6)	2 036	2 101	65	21.8	26.2
Machinery and transport equipment (7)	3 409	2 847	-563	36.5	35.5
Miscellaneous manufact. articles (8)	1 149	1 684	535	12.3	21.0

Source: Statistical office of Slovenia.

Similar to Luxembourg

How would Slovenia's external trade statistics feature amongst those of EU Member states? Considering intra + extra trade of each EU Member, Slovenia exported more than Luxembourg and almost as much as Greece in 1999, but less than all other EU countries (Figure 3). Its

import figures were slightly below those of Luxembourg and inferior to all other EU countries.

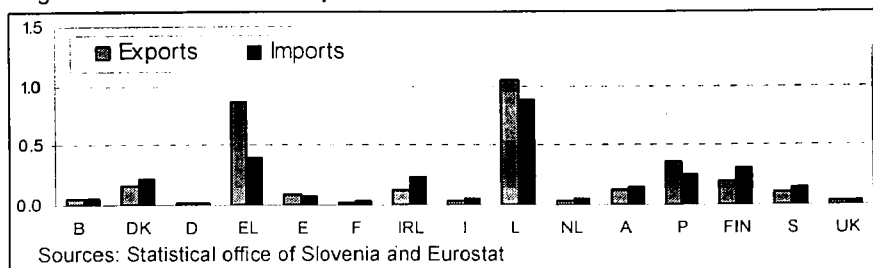
Intermediary goods on the rise

As data declared by the EU show, EU-Slovenian trade by product was characterised by relatively equal shares in EU imports and exports of automobile and intermediary goods (see Table 4) in 1999. This latest product group constituted the bulk of both imports and exports in 1999 (40%), reflecting the importance of the manufacturing industry in Slovenia. Among others, consumer goods accounted for one-quarter of all Slovenian imports into the EU. This product category was also the only one for which Slovenia was a net exporter to the EU in 1999. As for other CECs (mainly Czech Rep., Hungary, Poland and Slovakia) trade in automobile and parts played an important role (for both exports and imports). One can notice a slight decrease in automobile trade in 1999 whereas in recent years it had shown the sharpest increase. For energy and food products, the EU is a net exporter to Slovenia.

Trade in services

Slovenia's current account balance turned to deficit in 1999, whereas it was balanced or positive for the past few years (see Figure 4). A fall in trade in services was partly the reason for this development - since the service trade surplus decreased by 25 % in 1999 in comparison to 1998. This was in part the result of a bad tourism season, while the overall current account balance also suffered from the increasing trade deficit mentioned above.

Figure 3 Slovenia in comparison to EU Member States



The import ratios above are calculated by dividing the value of Slovenia's total imports by the value of total imports of each member state - hence, a ratio close to one implies that total import values are very similar. Exports ratios are calculated accordingly.

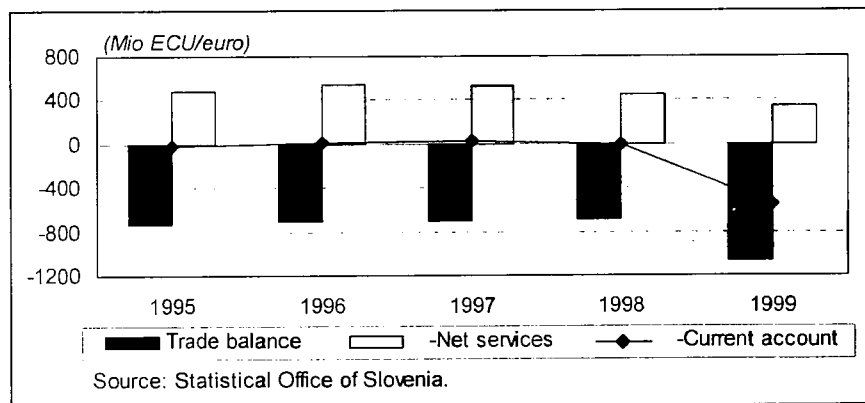
Table 4 EU-Slovenia trade by products classified by type of use, 1999

Reporter: EU-15, partner: Slovenia

Product group	Value 99		Share 99		Var. 99/98		Annual var. 99/96	
	import	export	import	export	import	export	import	export
	(Mio euro)		(%)		(%)		(%)	
Total	5 296	6 917	100.0	100.0	1.3	2.1	7.4	8.7
Agricultural products	27	110	0.5	1.6	-11.5	-3.9	-3.1	2.0
Food products	78	320	1.5	4.6	6.7	2.9	6.4	3.5
Consumer goods	1 331	839	25.1	12.1	3.2	-1.9	4.7	6.0
Automobile	945	1 116	17.8	16.1	-7.2	-0.5	12.6	7.3
Equipment goods	841	1 456	15.9	21.0	4.3	16.2	9.5	13.4
Intermediary goods	2 033	2 775	38.4	40.1	4.2	-2.0	6.7	8.4
Energy	4	163	0.1	2.4	-41.8	2.8	-25.5	13.3
Miscel. products	21	32	0.4	0.5	-33.0	-18.3	-0.7	-7.1

Source: Eurostat.

Figure 4 Slovenia's balance of payments



Source: Statistical Office of Slovenia.

ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The country aggregates: EU: EU-15.

Newly Independent States (NIS): countries of the former USSR.

Central European countries (CECs): Albania, Bulgaria, Hungary, Poland, Romania, Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia and Slovenia; Czech Republic, Slovakia, Serbia Montenegro and the FYROM.

Data sources: Customs sources. Divergences between the sources on figures concerning bilateral trade can be partly explained by the use of different methodologies and concepts.

System: Special trade

Classification: Table 3: SITC Rev.3. Table 4: the nomenclature used (CEA or Classification for Economic Analysis) facilitates the analysis of macroeconomic issues (production, investment, consumption, employment, etc.) by offering indicators that are less geared to production analysis.

Statistical values: EU: values CIF for imports and FOB for exports; Slovenia: CIF/FOB.

In this report, 1 Bn euro = 1000 million euro

Basic figures for 1999

	Slovenia	EU-15
Population (Mio)	2.0	375.3
GDP/capita (in PPS)	14 964	21 190
Unemployment rate	7.6%	9.2%
Inflation rate	6.1%*	1.2%

* PROXY HICP.

See also "Eurostat Statistics in focus, External trade, no 10/98, Slovenia's foreign trade" which you can order.

For further information, please consult www.europa.eu.int/comm/eurostat/

Further information:

Reference publications

Title External and intra-EU trade - monthly statistics
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Eurostat thanks A. Petermann, S. Quefelec and C. Pochet for their collaboration on this report.

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