Reflecting the Past, Creating the Future

Results of the work of the Ministry of the Economy undertaken during the 2004 - 2008 period

www.mg.gov.si
Results of the work of the Ministry of the Economy undertaken during the 2004 - 2008 period

Ljubljana, September 2008
REFLECTING the past, creating the future: results of the work of the Ministry of the Economy undertaken during the 2004-2008 period / [prepared by Public Relations Office, Minister’s Office; photography Archive of the Public Relations Office; translation Secretariat-General of the Government of the Republic of Slovenia - Translation and Interpretation Division]. - Ljubljana: Ministry of Economy, 2008


240829696
Reflecting the Past, Creating the Future

The road ahead is well paved ................................................... 6
Our work helped to achieve favourable economic conditions in Slovenia ........................................ 9
Legislation governing a favourable business environment ....... 15
Internal Market ........................................................................ 15
Entrepreneurship and Competitiveness ................................. 17
Tourism .................................................................................. 18
Electronic Communications ..................................................... 18
Energy .................................................................................... 19
Foreign Economic Relations .................................................... 19
Development investment incentives for enterprises of all sizes .......................................................... 21
Ministry of the Economy and the Slovenian EU council presidency ..................................................... 33
Organization ................................................................. 38
Dear citizens!

The content of the brochure that you hold in your hand, is not just a retrospective, or a resume of the completed work in the mandate from December 2004 to July 2008, when I was in charge of the Ministry of the Economy, where we, together with my colleagues, took the political and expert responsibility for the economic future of our country. This brochure offers a look ahead. The measures we took and the laws we proposed, that have been later adopted by the Parliament, are effective and form the favorable business environment for further development and growth of the Slovenian economy, motivate the business and competitive strength of the economy and create new quality workplaces. The measures adopted are aimed towards the development of competition, especially on the energy market, the market for electronic communications and towards ensuring the consumer protection and protection of the intellectual property. Our performed work can be measured, and has without doubt contributed to favorable economical conditions. In the last years, the Slovenian economy has reached a record level, numerous new workplaces were made available, and companies exported more goods and invested significantly more into development. Also, the level of unemployment, calculated through surveys, and the level of registered unemployment were exceptionally low. However, we didn’t overlook some of the negative consequences of the existing conditions at home and on the international markets. To mitigate these consequences and to improve the position, we prepared new measures.

A very important part of the measures that our ministry had taken is the granting of development investment stimulations to the businesses, regardless of their size. To this end, we efficiently used the resources from the European Structural Fund and the national budget. We co-financed the numerous development projects
Reflecting the Past, Creating the Future

of the companies, due to their technological modernization, expansion and new equipment investments, new products and technologies development, investments in new tourist capacities, stimulation of knowledge transfer, from Research & Development centers directly to the economy, etc. We also encouraged the direct foreign investments and the internationalization of the Slovenian economy. Within all of the respective measures, we especially took into consideration the position of the micro-enterprises and small businesses. By simplifying the terms for their operation and especially adjusted measures, we were creating the conditions for their faster growth.

Our belief that we can, by reaching broader consent and with the cooperation of all economic subjects, exceed and even upgrade the former model of economic development, came true. The short summary of this process is described in this brochure, although it is very hard to transfer the extensive work of employees from six directorates, affiliated and implementing bodies, together with other Departments of the Ministry, to a few pages, without missing something important.

By holding the Presidency of the Council of the European Union (the Council), the year 2008 has been especially important for Slovenia. The Ministry of Economy guided the work of the EU’s two councils – the Competitiveness Council and the Transport Council, which were in session five times during the Presidency. We were responsible for the 23 task groups of the Council and we organized 200 formal meetings between them and subgroups in Brussels. More details on the achievements can be found at the end of this brochure. However, I’d like to put the emphasis on the three most important ones, namely: the adoption of the group of measures regarding products that essentially facilitates the companies’ activities within the common internal market of the EU; the adoption of the Consumer Credit Directive that protects the consumers at raising consumer loans; reaching the agreement on the key ingredients of the internal energy market, that will boost the development of competition and new investments.

By holding the Presidency, we had gained, and in my opinion used well, the opportunity for joint creation of the conditions for even broader economic development in the entire area of the EU, including Slovenia. And the same time, we consolidated the identity of our homeland and presented Slovenia as the young, trustworthy and development-oriented country. However, we are aware of the necessity to do a lot more work in order to ensure the well-being of the citizens of Slovenia, European Union and nonetheless, of the global citizens. Despite the success, we are not pretending that we achieved everything there was to achieve. A lot of bold goals in this young country are yet to be challenged with.

Andrej Vizjak, MSc
Minister for Economy
Our work helped to achieve favourable economic conditions in Slovenia

With a clear vision of how to create a favourable environment for development and growth of the Slovenian economy, the Ministry prepared measures, the realisation of which provided the undertakings with more economic freedom for greater business efficiency, more dynamic and higher economic growth, and higher employment with new quality jobs. An environment has been created that stimulates people to be active in all areas.

However, we do not close our eyes to a fact that we still have not reached all set objectives. It is important that we have them and that on the basis of experience, new skills and knowledge plan ways to achieve them. We will be able to reach them, like so far, in cooperation with key subjects and harmonised projects in different fields.

Economic indicators
After 2004, the economic growth in Slovenia has been above the average of many years, and the difference between the average economic growth of Slovenia and EMU states or EU increased as well. Between 2004 and 2007 the economic growth in Slovenia was 5.0 percent in average, and in the Eurozone it was 2.8 percentage points lower.

Slovenia keeps decreasing the gap in the gross domestic product per capita in purchasing power parity terms, which is below the EU average. According to the initial estimate of Eurostat, it attained 89 % of the average GDP per capita in purchasing power parity terms in EU-27 in 2007.
In 2007, the **highest economic growth after the Independence was attained**. In addition to conjunctural reasons, the favourable impacts on the economic growth were also the effects of adopted reforms, in particular in the tax field. The main factors of economic growth were the **exports of goods and services** and a high domestic investment activity.

**Trade balance**

Slovenia’s export in the four-year period, between 2004 and 2007, increased by the annual growth levels between 13 and 16 percent, while the import increased
annually between 12 and 17 percent. The import to export ratio remained mostly at the same level and was 90 % in 2007. The increase of the trade balance deficit was highly affected by strong euro, because due to relatively strong domestic currency the products in the markets with a weaker currency become more expensive through the exchange rate and also less competitive in the eyes of local buyers.

The state balance improved under the conditions of strengthened economic growth. The balance of the current account of balance of payments in this period was bearable; it deteriorated quite a bit in 2007, which was partly associated with high economic growth.

The movement of price stability was favourable until 2007, and last year it was threatened in particular by external shocks. In Slovenia, these movements, to which all world economies were exposed, were more pronounced, because the effects of external factors were also enhanced by certain internal structural factors.

Gross and net wage growth and inflation rate

To increase the economy’s competition the tax reform was adopted, which decreases the tax burden on labour and savings, and at the taxation of profit, by expanding the basis, it increases the tax relief for research and gradually decreases the rate of taxation. The competitiveness of the corporate sector, measured by success in export markets, increased in the 2004 - 2007 period, but in numerous areas the shifts were too slow for an intense increase of productivity because of a considerable setback compared to the developed countries. Among the factors that strengthen the research-development and innovation potential of the economy, especially in the last year, an important move was made in investments into research and development, and the usually weak innovation activity of undertakings somewhat strengthened as well.
Number of active corporates entities and sole traders

- Year -

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate entities</th>
<th>Sole traders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>38,051</td>
<td>53,199</td>
</tr>
<tr>
<td>2003</td>
<td>39,837</td>
<td>53,396</td>
</tr>
<tr>
<td>2004</td>
<td>42,068</td>
<td>55,197</td>
</tr>
<tr>
<td>2005</td>
<td>43,711</td>
<td>57,766</td>
</tr>
<tr>
<td>2006</td>
<td>45,649</td>
<td>59,692</td>
</tr>
</tbody>
</table>

Source: AJPES

Gross added value per employee in euros

- Year -

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross added value per employee in euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>23,160</td>
</tr>
<tr>
<td>2003</td>
<td>25,388</td>
</tr>
<tr>
<td>2004</td>
<td>27,716</td>
</tr>
<tr>
<td>2005</td>
<td>29,085</td>
</tr>
<tr>
<td>2006</td>
<td>30,408</td>
</tr>
<tr>
<td>2007</td>
<td>32,737</td>
</tr>
</tbody>
</table>

General government expenditure and taxation of labour have to be decreased for an efficient and less expensive country. Progress was made also in increasing the efficiency of public administration and partly also of judiciary, but the shifts in privatisation and greater development orientation of public expenditure were slow.
Along the rapid economic progress, the movements in the labour market were very favourable, particularly in the last year (increase of employment and decrease of unemployment).

In some segments, progress so far was too slow (health, long-term care), and the social conditions of certain population groups did not improve significantly as well (the elderly, youth). Positive shifts have been detected in the regional development, in particular in the least developed regions.

Data source: UMAR, SURS, AJPES, EUROSTAT
Legislation governing a favourable business environment

Between 2004 and 2008, 42 acts were prepared anew or redrafted at the Ministry of the Economy and adopted by the National Assembly of the Republic of Slovenia. These acts further boost the international competitiveness of the Slovenian economy, increase the security of operation of companies and the security of consumers, and reduce administrative burdens in the economy. They are aimed primarily at developing business culture and promoting innovation and investment in knowledge, new technologies and entrepreneurship.

The two of the most important acts are the Companies Act and the Financial Participation Act. Mention should also be made of the Act Amending the Chamber of Commerce Act, the Act Amending the Small Business Act and the Act Regulating a Supportive Environment for Entrepreneurship. The following is an overview of the acts that significantly contribute to creating a favourable business environment for the further development and growth of the Slovenian economy, promoting entrepreneurship and the competitiveness of the economy, and providing new and high-quality jobs.

Internal Market

Companies Act
The Companies Act constitutes a fundamental regulatory framework for the operation of companies. By redrafting the Companies Act, we achieved temporal and substantive harmonisation with the acquis communautaire and provided the possibility of performing new economic activities. Furthermore, a number of procedures were simplified, and administrative barriers were removed.

Takeovers Act
Takeover legislation provides an important systemic regulatory framework for activities on the securities market as well as in the ownership-corporation component of company law. The Takeovers Act aims to ensure greater protection of shareholders, especially minority shareholders, and at the same time increases the transparency of the procedure by informing all parties. This lowers the threshold and consequently increases the number of unlisted companies to which the Takeovers Act applies. Certain standards in the redrafted legislation on takeovers concerning the protection of small shareholders are even higher than in the comparable legislation in the countries of the European Community.
Financial Participation Act
The Financial Participation Act facilitates the participation of employees in enterprise profits. In Slovenia, there was no fundamental legal act regulating this area in the past. The Act, based on the principles of voluntary activities, non-transferability, prudence and equality, is the result of intense coordination with representatives of employees and employers. It encourages different forms of employee participation in profits with a view to increasing, to the greatest possible extent, company productivity and profitability.

Prevention of the Restriction of Competition Act
The amendment to the Act maintains the competence of the Competition Protection Office of the Republic of Slovenia in decision-making on administrative procedures and offence proceedings in matters pertaining to competition protection and defines in more detail the procedure itself and the instruments the Office has at its disposal to exercise its competence. The most important new feature of the Act is penalising infringements in the area of competition protection, which is now in accordance with established practice within the European Union and provides for the possibility of imposing a financial penalty equal to 10% of the annual turnover of the offender.

Chambers of Commerce and Industry Act
The Act aims to promote effective chambers of commerce and industry, and more effective cooperation in expressing interests, and to ease the burden on the economy. It abolishes compulsory membership and resolves, in an equitable way, issues of property and the use of infrastructure, all while maintaining the continuity of vital institutions.

Trade Act
The new Trade Act follows the development of trading activities and at the same time provides appropriate protection of consumers, employees and the environment. The main new features of the Act are: providing equal operational conditions for all economic operators offering goods to consumers, irrespective of whether they have produced goods themselves or bought them for the purpose of resale; abolishing the mandatory keeping of trading records; and providing the possibility of an additional offer, such as preparing food, making bread and pastry, offering coffee, juice and similar.

The Act eliminates administrative barriers related to restricting access to professions and activities by formally determining vocational and professional titles. The new Act provides for greater mobility and flexibility of labour.
Act Amending the Small Business Act
The Act Amending the Small Business Act facilitates access to craft, thus providing for the further development of this important part of the Slovenian economy. It eliminates administrative barriers to economic operators, improves the competitiveness of Slovenian craft, promotes the development of small businesses and reflects the needs of the members of the Chamber of Craft of Slovenia.

Consumer Protection Act
The Consumer Protection Act amends the existing system of legal protection of consumers, due to requirements of the existing legislation of the European Union, in several important areas, such as tourist services, unfair contract terms and the use of language in conducting business with consumers. The amendments refer, in particular, to the provision of administrative protection (market surveillance) in the area of tourist arrangements and unfair contract terms.

The Act enables the competent inspection service to penalise infringements. Until the aforementioned amendment was made, consumers were guaranteed only judicial protection.

Act on the Protection of Consumers against Unfair Commercial Practices
The Act prohibits all unfair commercial practices distorting the economic behaviour of consumers and extends consumer protection to areas that so far have not been regulated by law. It protects the consumer as a weaker party in the relationship between the consumer and company, encouraging cross-border economic activities by developing fair commercial practices.

Entrepreneurship and Competitiveness

Act Regulating a Supportive Environment for Entrepreneurship
The Act defines a business, innovative and financial environment which, through its mechanisms, creates a more effective and supportive environment and resolves practical problems facing, in particular, small and medium-sized enterprises. An innovative environment enables the establishment and development of innovation centres, business and university incubators and technology parks, encouraging the establishment of new enterprises, especially those important for higher competitiveness, higher added value and more uniform regional development of entrepreneurship. The Act provides for a modern division of tasks between the Ministry of the Economy and implementing institutions at the national level and the integration of business and innovative environment operators supporting potential entrepreneurs and operating companies at local and regional levels.
Venture Capital Companies Act
Venture capital is a very important source of funding for small and medium-sized enterprises and for promising business ideas, especially in the earliest stages of development. In Slovenia, a lack of adequate financing represented one of the major barriers to the faster development of companies. One of the major reasons for adopting the Venture Capital Companies Act was the determination of an appropriate legal and organisational form, its fundamental aim being the accumulation of funds by potential well-informed investors for the purpose of investing these funds in the form of venture capital in companies whose securities are not traded on the regulated market. With the adoption of the Venture Capital Companies Act, Slovenia has become one of the most competitive countries in terms of operation of venture capital companies.

Tourism

Catering Act
With amendments to the legislation on the catering industry, decisions previously required for performing catering activities were annulled, thus facilitating the start of operation and encouraging entrepreneurship. Conditions for performing room-renting activities were simplified and a legal basis was provided for including vineyard cottages, previously regarded as unused capacity, in the catering offer. Tourist farms were enabled to perform catering activities at events related to presenting rural areas or customary traditions.

Electronic Communications

Act Regulating Refunds Due from Investments in the Public Telecommunications Network
Amendments to the Act were adopted with a view to simplifying and speeding up procedures for proving eligibility for a refund.

Digital Broadcasting Act
The Act lays down the conditions and methods relating to the introduction of digital broadcasting in Slovenia. The main aim of the Act is to effectively change the technical means of converting a broadcast signal from analogue to digital form and introduce benefits brought by this transition. The transition from analogue to digital broadcasting will free up part of the radio frequency spectrum. The available space will make it possible to develop new content and services.
Energy

Energy Act
The essential part of amendments is related to harmonisation of Slovenian energy legislation with the position of the European Commission on Slovenian support for qualified electricity producers. Given that the European Commission regards the aforementioned support as a form of state aid, the amendment to the Energy Act introduces and regulates this support as a state aid scheme for environmental protection. The transparent and long-term regulation of this area provides a basis for increased use of renewable energy in the production of electricity and for high-efficiency cogeneration of energy and heat.

Foreign Economic Relations

Act Amending the Act on Promoting Foreign Direct Investment and Internationalisation of Companies
By adopting this Act, we enabled the establishment of Slovenian economic representative offices abroad (PSG JAPTI – economic representative offices of the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments). The main objective of JAPTI’s foreign representative office network is to help small and medium-sized enterprises enter new markets, expand exports and invest by providing high-quality and effective services.
Development investment incentives
Development investment incentives for enterprises of all sizes

Creating a favourable business environment to promote entrepreneurship and competitiveness of the Slovenian economy has always been a priority of the Ministry of the Economy. For this purpose we made effective use of the European structural funds and the state budget. The overall project implementation can be assessed as successful, since 80 – 90 per cent of enterprises managed to attain the set objectives regarding job creation and increase in the growth of enterprises. This success is certainly attributable to the changed concept of direct incentives, since the ratio between the fixed and flexible parts of the budget was changed in favour of the latter.

Incentives for small, micro and medium-sized enterprises (SME)
Public tenders for supporting micro, small and medium-sized enterprises were carried out by the Slovene Enterprise Fund, the main public financial institution in the Republic of Slovenia set up to improve access to financial resources for SMEs.

In the period from 1 January 2005 to 15 May 2008, SPS published altogether 31 public tenders for the acquisition of favourable financial assets for SME in Slovenia in the total amount of 197.1 million euros. Till 15 May 2008, grants under these tenders were allocated to total 1,211 projects. The investment value of approved projects amounts to 315 million euros, granted loans to 29.3 million euros, bonds to 16.5 million euros, and the value of subsidies amounts to 94.1 million euros.

Year 2005 represented a special milestone in the implementation of SME supporting instruments. As a result of positive orientation of the Slovenian Government towards development-oriented investments in SME, in last four years the financial funds for incentives to SME have increased as much as 5.77 times, i.e. by 477%. Thus, in 2004, SPS approved 104 projects in the value of 9.6 million euros, while in 2007, the value of 607 approved projects amounted to 65.3 million euros. The amount of resources available to SME was increased by the availability of EU structural funds, which were dedicated exclusively to new investments in the technological equipment of SME as well as to investments in new tourist capacities for SME. In the period 2005-2007, SME received 75.75 million euros from the EU structural funds, which makes 55 % of all resources granted by SPS.
The growth of applied and supported projects in the period 2000 - 2008

The growth of appropriations from the Fund in the period 2000 - 2008
Reflecting the Past, Creating the Future

The amount of grants under tender (in EUR) in years 2004 to 2008 by individual tender group

<table>
<thead>
<tr>
<th>Guaran tees and loans (with premiums)</th>
<th>Supplementary guarantees for regional guarantee schemes</th>
<th>Do-financing of the launch of innovative and incubated enterprises in innovative environment entities</th>
<th>Do-financing of the purchase of new technological equipment</th>
<th>Do-financing of the tourism infrastructure (2007-2008)</th>
<th>Public tender for aid to enterprises suffering damage due to the natural disaster on 18 September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>17600051</td>
<td>19281923</td>
<td>21281923</td>
<td>20500000</td>
<td>16000000</td>
<td>0</td>
</tr>
<tr>
<td>834585</td>
<td>3000000</td>
<td>5000000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>16250000</td>
<td>18000000</td>
<td>20000000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>985000</td>
<td>1250000</td>
<td>1250000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2155000</td>
<td>1250000</td>
<td>1250000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The number of projects applied in years 2004 to 2008 by individual tender groups

<table>
<thead>
<tr>
<th>Guaran tees and loans (with premiums)</th>
<th>Supplementary guarantees for regional guarantee schemes</th>
<th>Do-financing of the launch of innovative and incubated enterprises in innovative environment entities</th>
<th>Do-financing of the purchase of new technological equipment</th>
<th>Do-financing of the tourism infrastructure (2007-2008)</th>
<th>Public tender for aid to enterprises suffering damage due to the natural disaster on 18 September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>197</td>
<td>197</td>
<td>197</td>
<td>197</td>
<td>197</td>
<td>0</td>
</tr>
<tr>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>0</td>
</tr>
<tr>
<td>47</td>
<td>47</td>
<td>47</td>
<td>47</td>
<td>47</td>
<td>0</td>
</tr>
<tr>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>0</td>
</tr>
<tr>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>0</td>
</tr>
<tr>
<td>158</td>
<td>158</td>
<td>158</td>
<td>158</td>
<td>158</td>
<td>0</td>
</tr>
<tr>
<td>506</td>
<td>506</td>
<td>506</td>
<td>506</td>
<td>506</td>
<td>0</td>
</tr>
<tr>
<td>495</td>
<td>495</td>
<td>495</td>
<td>495</td>
<td>495</td>
<td>0</td>
</tr>
<tr>
<td>369</td>
<td>369</td>
<td>369</td>
<td>369</td>
<td>369</td>
<td>0</td>
</tr>
<tr>
<td>326</td>
<td>326</td>
<td>326</td>
<td>326</td>
<td>326</td>
<td>0</td>
</tr>
<tr>
<td>269</td>
<td>269</td>
<td>269</td>
<td>269</td>
<td>269</td>
<td>0</td>
</tr>
</tbody>
</table>

The number of projects indorsed in years 2004 to 2008 by individual tender groups

The investment value (in EUR) of projects approved in years 2004 to 2008 by individual tender groups
Reflecting the Past, Creating the Future

The amount of subsidies (in EUR) granted in years 2004 to 2008 by individual tender groups

<table>
<thead>
<tr>
<th>Year</th>
<th>Subsidies Granted (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>16,494,006</td>
</tr>
<tr>
<td>2005</td>
<td>32,502,755</td>
</tr>
<tr>
<td>2006</td>
<td>21,174,131</td>
</tr>
<tr>
<td>2007</td>
<td>10,766,149</td>
</tr>
<tr>
<td>2008</td>
<td>1,976,997</td>
</tr>
</tbody>
</table>

Guarantees and loans (with premiums)
Supplementary guarantees for regional guarantee schemes
Do-financing of the launch of innovative and incubated enterprises in innovative environment entities
Do-financing of the purchase of new technological equipment
Do-financing of the tourism infrastructure (2007-2008)
Public tender for aid to enterprises suffering damage due to the natural disaster on 18 September 2007

In 2008, SPS has already published four public tenders in the amount of 29.98 million EUR. The public invitation to tenders, “P5 – public tender for co-financing tourism infrastructure 2007-2008”, which was published in 2007, is still open. By 15 May 2008 SPS received 570 applications, and 62 of these have already been approved.

SPS’s recognisability has increased significantly in recent years. Presently the SPS’s database comprises over 6,000 enterprises that are kept currently informed about the possibilities of funds acquisition on favourable terms.

Incentives for Foreign Direct Investments
In the period 2000-2007, 23,780,782 euros of grants were earmarked for stimulating FDI. The greatest trends in incentives were noted in the 2004 – 2007 period. Incentives were granted to 59 recipients, who committed themselves to creating over 5,000 new jobs in the region within a 3-year period.
Tourism Development

In the recent overall assessment of competitiveness for the development of tourism sector, carried out for the needs of the World Economic Forum, Slovenia ranked 36th among the 130 countries assessed (in the previous year: 44th among 124 countries). In recent years, the visibility of Slovenia has increased considerably, which is also attributable to the promotional activities by the Slovenian Tourist Board (STO), however, the activities carried out during Slovenia’s Presidency of the EU Council should not be ignored either.

Undoubtedly, the development of tourism was facilitated by the successfully completed projects, which were largely financed from the EU funds. The results of the effective utilisation of resources reflected in more than 2,000 new jobs being created in the period 2004-2008.
Reflecting the Past, Creating the Future

No. of co-financed projects of tourism infrastructure by fiscal periods year 2000 to 1 July 2008*

Value of co-financed projects of tourism infrastructure (in EUR m) by fiscal periods from year 2000 to July 2008*
No. of co-financed projects of tourism infrastructure by enterprise size in the period 2000-2008*

Value of co-financed projects of tourism infrastructure by enterprise size in the period 2000-2008* in EUR

No. of new jobs within the co-financed investments into tourism infrastructure
Aid to Companies in Difficulties

Companies applying for state aid must fulfil the criteria set out in the Act Governing Rescue and Restructuring Aid for Companies in Difficulty, and present a restructuring programme laying down the possibilities of maintaining the company’s functioning, preservation of jobs, reduction of losses from the routine operations and the expected value-added growth rate within a certain period of time. Further, we present the amounts of the state aid grants in the period 2000-2007 and the evaluation of the effectiveness of appropriations:
State aid for rescue and restructuring after year 2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in €</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount of state aid granted</td>
<td>5,761,876</td>
<td>22,935</td>
<td>12,781,834</td>
<td>20,019,670</td>
<td>1,375,556</td>
<td>721,013</td>
</tr>
<tr>
<td>the number of enterprises - aid-recipients</td>
<td>76</td>
<td>5</td>
<td>10</td>
<td>12</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>No. of employees in aid-recipient enterprises</td>
<td>15,175</td>
<td>5,570</td>
<td>5,967</td>
<td>5,645</td>
<td>476</td>
<td>225</td>
</tr>
<tr>
<td>State aid per employee</td>
<td>380</td>
<td>4</td>
<td>2,142</td>
<td>3,546</td>
<td>2,890</td>
<td>3,205</td>
</tr>
<tr>
<td>Value added per employee</td>
<td>10,875</td>
<td>8,582</td>
<td>8,665</td>
<td>15,574</td>
<td>13,694</td>
<td>19,236</td>
</tr>
</tbody>
</table>

Note: In 2005, state aid for rescue and restructuring was not granted, since ZPRPGDT was not verified as a state aid by the EU Commission (only aids according to the »de minimis« principle were given).
Reflecting the Past, Creating the Future

Efficiency analysis

The data are incomparable since the rescued enterprises after the 6th year started to yield positive aggregate amounts.

Source of information: Ministry of the Economy, Slovenian Enterprise Fund
Ministry of the Economy and the Slovenian EU council presidency

The main priority task of the Ministry of the Economy in the first half of 2008 was to successfully perform its role during the Slovenian EU Council Presidency. The preparations for the Presidency already began in 2005, when the Ministry established a special task group for preparing and carrying it out. The Ministry also named several subgroups to exercise the Presidency program, logistic support of events, public relations, reporting and budget. It has also appointed the officials responsible to organize single events and to substantively and procedurally cooperate with the EU Presidency Secretariat.

The Minister of Economy, Andrej Vizjak, MSc, chaired the five meetings of the Council of the EU. During the six months, 23 working groups of the Council of the EU, 190 working group meetings, 20 multilateral meetings (four of which were prepared with the help of the Ministry) were held. The Ministry independently organized 15 informal events at a sub-ministerial level and co-organized three of them. 17 of the accompanying events also took place during that period. Within the scope of the Ministry of the Economy, 110 employees and external partners took care of the substantive and procedural implementation of events, including other tasks regarding the Presidency.

Achievements in individual areas

During the Presidency of the Council of the EU, the Ministry of the Economy has, with respect to its substantive competences, actively participated in implementing the six-month program of the Slovenian Presidency of the Council of the EU and the sectoral program of the Presidency with priority tasks. It covered the work of the EU’s two Councils – The Competitiveness Council and the Transport Council that held five meetings during the Presidency. Within the Ministry of the Economy, 23 working groups of the Council operated and carried out around 200 formal meetings of the working groups and subgroups in Brussels.

Energy

During the Slovenian Presidency, the ministerial decisions on the Strategic energy technological plan, which was the topic of discussions at the spring meeting of the European Council, were unanimously adopted. The mentioned plan is very important for further development of the European energy policy and the national technological policies regarding energy industry.

There has been intensive work on the formation of legislative proposals for further liberalization of the internal energy market. The proposals comprise the renewed Directive on gas and electricity, the Regulation on gas and electricity, and the new regulation proposal on the agency for national regulatory authority cooperation. The commitment for political consent of the Member States or the ministers responsible for energy was confirmed at the February meeting of the Transport Council (TTE Council), and later at the European Council’s spring session. On the basis of the compromise proposal by the Slovenian Presidency at the June TTE Council, consent was reached on the key elements of the third energy package, which is by all means the greatest success in the field of energy.
during the Slovenian Presidency. An agreement on the key elements of this legislative package, is applicable for the gas and electricity market, however it represents the base for further discussions and the implementation of the very demanding environmental-energy legislation. The compromise proposal (the ITO option) ensures better, more efficient and more competitive market operation to the consumers’ benefit. It also represents important progress to maintain competition and independence of the transmission network managers from other market functions in the energy industry, which will positively influence the energy supply and boost the development of other energy-related operations.

The energy-climate package that the Commission presented on 23 January, which follows the objectives set at the spring session of the European Council in 2007 (20-20-20 by 2020). It comprises the proposals for an increased consumption of renewable energy sources, reduction of the greenhouse gas emissions, renewal of the EU emissions trading system, and extraction and storage of carbon. The Slovenian Presidency paid a lot of attention to the legislative package; therefore, major and constructive progress was made in this field. The spring session of the Council additionally acknowledged the ambitiousness of the package and appealed towards reaching an early agreement between the Member States and the EU institutions. Ministers of energy especially considered the directive on renewable energy sources, where two most disputable topics remain trade with guarantees of origin and sustainable criteria for biofuel. At the TTE Council June meeting, the Slovenian Presidency presented the report on the progress and directed the discussion on key issues of the directive proposal.

Industry and entrepreneurship
The Competitiveness Council made a significant contribution to the boost of the new three-year cycle of the renewed Lisbon Strategy, which comprises all significant measures for global competitiveness of the EU. In the key reports of the Competitiveness Council, most of which were confirmed at the European Council’s spring session, small and medium-size companies as the backbone of the European economy received one of the major roles.

Namely, encouraging the growth of small and medium-size companies was one of the priority objectives of the Presidency, and as a result major progress was made in this field. All of the past work was directed towards cheaper and faster establishment of companies. However, the Slovenian Presidency favors the stimulation of company growth, because in addition to the number of companies, the quality thereof is very important too. The Ministry paid special attention to the growing innovative companies, which are known as the triggers of structural changes and are the source of dynamics for several sectors. By initiating the debate at the Informal Meeting of Ministers for Competitiveness, the Ministry significantly contributed to the forming of The Small Business Act for Europe.

Improved access to financing is a very important factor for the companies’ growth stimulation and to this end the Slovenian Presidency contributed to the elimination of trans-border obstacles for the venture capital funds, because the unification of the European venture capital market will help improve the ownership financing of the companies. The Council’s decisions on the venture capital were adopted at the May session of the Competitiveness Council as a part of the integrated conclusions on innovations and
industry policy. Within these integrated decisions, the initiative to establish six leading markets in the EU was confirmed. The markets concerned are to be established for the areas of e-health, sustainable construction, protective textile, bioproducts, recycling and renewable energy sources, whereby Europe has a good opportunity to take a leading position in the world by promoting innovation.

Within the frame of the innovation policy, a big step ahead was made in the field of company clustering, as the European Cluster Memorandum was presented at the January conference in Stockholm, which indicates the orientation of the future policy for the alliance of the three key development partners: economy, science, and state.

Besides the initiatives in the innovation policy area, the integrated decisions of the May Competitiveness Council also include three sectoral initiatives within modern industry policy that refer to the metal industry, industry on the basis of forestry, and the defense industry. The emphasis was mainly put on the energy-intensive industries, which face an enormous challenge due to globalization and climate changes. The Slovenian Presidency has, by exchanging opinions on sustainable industrial policy at the Informal Meeting of Ministers for Competitiveness, also contributed to the development of the Action plan for sustainable production, consumption and industrial policy.

Internal market
In February, the Competitiveness Council adopted the decisions on the Single Market policy overview. On the basis of these decisions, the spring European Council presented the main political emphases for pursuing the future internal market policy in order to fulfill the objectives of the Lisbon Strategy.

Three important legislative acts on the free flow of goods that form the product package, were adopted at the first reading of the February plenary session of the EU Parliament, namely the Regulation on Accreditation and Market Surveillance, the Regulation on Mutual Recognition and the Decision on a Common Framework for Marketing of Products. The adoption of these acts represents huge success for the Slovenian Presidency. Their implementation will ensure better legal environment for all economic subjects, especially small and medium-size companies, and a high level of the products’ safety in the EU market including better safety of the consumers. The legislative package will act as a very important instrument to strengthen the EU internal market in the years to come, which is very important due to the challenges of the globalization. At the beginning of its Presidency, Slovenia managed to reach an agreement on the Consumer Credit Directive, which was inherited at the second reading of the final phase of the negotiations with the European Parliament. We managed to obtain a clear mandate of the Council for the compromise proposal of the text, which includes balanced solutions of the following key questions: pre-contract and contract information, the right to withdraw from the contract, early repayment of credits and setting up the effective interest rate. The directive will contribute to a higher level of consumer protection, higher clarity of the regulations, an increase of competitiveness in this area, and an increase of the trans-border competitiveness for consumer crediting.

We also made progress at establishing the Community Patent and at simplifying and eliminating the administrative obstacles in the fields of company law, accounting and auditing.
Tourism
In the tourism area, which does not fall under the authority of the EU directly and more or less remains within national competencies, the Trio Presidency program included the Agenda for a sustainable and competitive European tourism, which was adopted before the Slovenian Presidency of the Council of the EU. Therefore, Slovenia paid special attention to the support of the implementation acts of Agenda 21 for tourism. As a special contribution during its EU Presidency, Slovenia expressed support for the idea to prepare a special EU action plan on stimulation of non-technological innovations in tourism and presented it to the European Commission and the European Parliament.

During the Slovenian Presidency, the first Euro-Mediterranean Ministerial Conference of Ministers responsible for the Euro-Mediterranean Partnership tourism took place in April in Morocco.

Telecommunications and postal services
During the Slovenian Presidency, there were detailed debates on the proposal to amend the regulatory framework for the field of electronic communications, which comprises the Directive on Better Regulation, the Directive on citizen’s rights, and the Regulation Establishing the European Electronic Communications Market Authority. Considering the Directive on Better Regulation, the Member States managed, on the basis of the compromise proposals by the Slovenian Presidency, to reach agreements on numerous proposals of the European Commission. Despite progress in this area, some of the questions still remain open, e.g. the implementation of a functional division, problems regarding the national regulatory bodies and the comitology procedure. The Member States were more uniform within the Directive on Citizen Rights and they managed to reach agreements on the majority of the key elements of the European Commission proposal. However, the minority of small issues still remains and will have to be agreed upon in the following months. Regarding the proposal on establishing a European electronic communications market authority, the Presidency conducted a general debate on this topic and therefore prepared the basis and the guidelines for further discussions on the establishment of the mentioned authority.

The Slovenian Presidency fully achieved harmonization of the Decision on Mobile Satellite Services and the compromise proposal was accepted by the European Parliament as well. This Decision is very important for the EU, because it represents the first instance of regulating the frequency range in this manner, which provides for the choice of the operator at the level of the Community and consequently a harmonized approval or granting the range to the chosen operators of the Member States. The adoption of the Decision and thus the choice and approval of the mobile satellite services in the EU shall positively affect the competition development and reinforce the internal market of the Community by bringing the benefits to users and consumers.

During the Presidency, the Council’s conclusions on digital dividends were adopted as well. On the basis thereof, further steps towards a more harmonized and efficient use of UHF frequency range will be possible.

Another achievement of the Presidency is the adoption of the Postal Services Directive in January 2008. The implementation of this Directive will ensure a complete liberalization of
the postal services market and the elimination of exclusive rights. Its adoption expresses a broader political consent on the way to the complete liberalization of the EU postal services market, which will be beneficial for the users of the services.

Commercial policy
The successful conclusion of the negotiations on the Doha Development Agenda (WTO-DDA) in the year 2008 was the Slovenian Presidency’s main priority task in the field of the EU common commercial policy. In this perspective, the Presidency constantly encouraged the aspirations of the European Commission and Member States for the integrated, ambitious and balanced negotiation results, not only in the field of agriculture and NAMA, but also regarding services, rules, environment and facilitation of trade.

During the Slovenian Presidency, a compromise agreement was reached for the proposal of the Regulation on the Generalized System of Preferences (GSP) for the 2009 to 2011 period. The Presidency managed, with the help of the Commission, to form an agreement despite very different views of the Member States. The regulation proposal that will enable further better conditions regarding the access of the developing countries on the EU market will be offered for the adoption to the Council of Ministers.

The Slovenian Presidency was aware of how important was a good access of the European industry on the third markets. Therefore, during the entire Presidency, Slovenia aimed towards maintaining the initial boost at implementing the strategy of market access after its renewal at the Committee 133 reading and active operations at other levels. At the June conference that the Slovenian Presidency together with the EU organized in Brussels, further guidelines for an efficient reduction of trade obstacles on third markets were outlined.

The adoption of the mandate to launch negotiations on the multilateral trade agreement regarding the fight against counterfeiting that was reached on the basis of the compromise proposal by the Slovenian Presidency can be pointed out as another of its achievements. This agreement will help to make the fight against intellectual rights violation more efficient.

The period of the Slovenian Presidency brought the continuation of discussions to conclude the agreements on free trade with numerous third countries. After a successful completion of the February negotiations regarding the admission of the Ukraine to the WTO, another set of negotiations started concerning the conclusion of a free-trade agreement between the EU and Ukraine. During the Slovenian Presidency, final negotiations on the conclusion of the developmental economic partnership agreements (EPAs) with the remaining five regions of Africa, the Caribbean and Pacific (ACP) were in progress.

In the field of export credits, the principles and guidelines to promote bearable practices in export crediting of the low income countries were confirmed and adopted at the OECD level.

The Presidency made important progress at harmonizing the proposal of the Regulation setting up a Community regime for the control of exports of dual-use items and technology.
<table>
<thead>
<tr>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BODIES AFFILIATED TO THE MINISTRY</strong></td>
</tr>
<tr>
<td>CONSUMER PROTECTION OFFICE OF THE REPUBLIC OF SLOVENIA</td>
</tr>
<tr>
<td>COMPETITION PROTECTION OFFICE OF THE REPUBLIC OF SLOVENIA</td>
</tr>
<tr>
<td>MARKET INSPECTORATE OF THE REPUBLIC OF SLOVENIA</td>
</tr>
<tr>
<td>SLOVENIAN INTELLECTUAL PROPERTY OFFICE - SIPO</td>
</tr>
<tr>
<td>INSPECTORATE OF THE REPUBLIC OF SLOVENIA FOR ELECTRONIC COMMUNICATIONS, ELECTRONIC SIGNATURE AND POST</td>
</tr>
<tr>
<td>ENERGY AND MINING INSPECTORATE OF THE REPUBLIC OF SLOVENIA</td>
</tr>
</tbody>
</table>

| **INSTITUTIONS OPERATING WITHIN THE MINISTRY OF THE ECONOMY** |
| PUBLIC AGENCY OF THE REPUBLIC OF SLOVENIA FOR ENTREPRENEURSHIP AND FOREIGN INVESTMENTS |
| SLOVENIAN ENTERPRISE FUND |
| SLOVENIAN TOURIST BOARD |
| INSTITUTE OF THE REPUBLIC OF SLOVENIA FOR COMMODITY RESERVES |
| AGENCY OF THE REPUBLIC OF SLOVENIA FOR COMPULSORY OIL STOCKS |
| SLOVENIAN INSTITUTE FOR STANDARDIZATION |
| SLOVENIAN ACCREDITATION INSTITUTE |
| AGENCY FOR RADWASTE MANAGEMENT (ARAO) |
Organisation

Minister
Andrej Vizjak, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 36 21
Fax: +386 1 400 35 22
E-mail: gp.mg@gov.si

Secretary of State
Tomaž Jeršič, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 32 60
Fax: +386 1 400 32 62
E-mail: gp.mg@gov.si

Minister’s Office
Head: Martin Bratanič
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 35 11
Fax: +386 1 400 35 22
E-mail: gp.mg@gov.si

Public Relations Office
Stanka Ritonja
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 35 05
Fax: +386 1 400 37 09
E-mail: soj.mg@gov.si

Secretariat - General
General Secretary:
Vida Boroviček
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 35 84
Fax: +386 1 400 35 44
E-mail: gp.mg@gov.si

Directorates

Enterprise and Competitiveness Directorate
Director General:
Miran Pletereski, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 32 00
Fax: +386 1 400 32 62
E-mail: gp.mg@gov.si

Foreign Economic Relations Directorate
Director General:
Sabina Koleša, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 35 21
Fax: +386 1 400 36 11
E-mail: gp.mg@gov.si

Internal Market Directorate
Director General:
Bojan Škoda, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 35 64
Fax: +386 1 400 36 22
E-mail: gp.mg@gov.si

Tourism Directorate
Director General:
Marjan Hribar, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 32 00
Fax: +386 1 400 32 62
E-mail: gp.mg@gov.si
Energy Directorate
Director General:
Dr Igor Šalamun
Savska 3, 1000 Ljubljana
Phone: +386 1 400 33 41
Fax: +386 1 400 33 48
E-mail: gp.mg@gov.si

Electronic Communications Directorate
Director General:
Matjaž Janša, MSc
Kotnikova 5, 1000 Ljubljana
Phone: +386 1 400 32 88
Fax: +386 1 400 32 90
E-mail: gp.mg@gov.si

Bodies Affiliated to the Ministry

Competition Protection Office of the Republic of Slovenia
Director: Jani Soršak
Kotnikova 28/VII, 1000 Ljubljana
Phone: +386 1 478 35 97
Fax: +386 1 478 36 08
Internet: www.uvk.gov.si
E-mail: uvk.mg@gov.si

Consumer Protection Office of the Republic of Slovenia
Director: Mojca Burgar
Kotnikova 28, 1000 Ljubljana
Phone: +386 1 478 36 18
Fax: +386 1 478 34 40
Internet: www.uvp.gov.si
E-mail: uvp.mg@gov.si

Market Inspectorate of the Republic of Slovenia
Chief Market Inspector: Andrejka Grlič
Parmova 33, 1000 Ljubljana
Phone: +386 1 280 87 02
Fax: +386 1 280 87 40
Internet: http://www.ti.gov.si/
E-mail: tirs.info@gov.si,
predstojnik.tirs@gov.si

Slovenian Intellectual Property Office - SIPO
Director: Dr Biserka Strel
Kotnikova 6, 1000 Ljubljana
Phone: +386 1 478 31 00
Fax: +386 1 478 31 11
Internet: www.uil-sipo.si
E-mail: sipo@uil-sipo.si

Inspectorate of the Republic of Slovenia for Electronic Communications, Electronic Signature and Post
Chief Inspector: Peter Mraz
Kotnikova 28, 1000 Ljubljana
Phone: +386 1 308 32 92
Fax: +386 1 308 32 98
E-mail: gp.iekepp@gov.si
Internet: http://www.iekepp.gov.si/

Energy and Mining Inspectorate of the Republic of Slovenia
By the Minister’s Authority:
Jože Dimnik, MSc
Grajska ulica 2, 1410 Zagorje ob Savi
tel.: +386 1 420 44 02
E-mail: gp-irser.mg@gov.si
Institutions Operating within the Ministry of the Economy

Institute of the Republic of Slovenia for Commodity Reserves
Director: Anton Zakrajšek
Dunajska 106, 1000 Ljubljana
Phone: +386 1 589 73 00
Fax: +386 1 589 73 47
Internet: www.zrsbr.si
E-mail: info@zrsbr.si

Agency of the Republic of Slovenia for Compulsory Oil Stocks (ZORD Slovenija)
Director: Anton Grabeljšek
Gospodinjska ulica 8, 1000 Ljubljana
Phone: +386 1 518 89 10
Fax: +386 1 518 89 11
Internet: www.zord.org
E-mail: zord@zord.org

Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI)
Director: Peter Ješovnik, MSc
Dunajska 156, 1000 Ljubljana
Phone: +386 1 589 18 70
Fax: +386 1 589 18 77
Internet: www.japti.si
E-mail: japti@japti.si

Slovene Enterprise Fund
Director: Maja Tomanič-Vidovič, MSc
Trubarjeva 11, 2000 Maribor
Phone: +386 2 234 12 60
Fax: +386 2 234 12 82
Internet: www.podjetniskisklad.si
E-mail: maja.tomanic-vidovic@podjetniskisklad.si

Slovenian Tourist Board (STO)
Director: Dimitrij Piciga, MSc
Dunajska 156, 1000 Ljubljana
Phone: +386 1 589 18 40
Fax: +386 1 589 18 41
Internet: www.slovenia.info
E-mail: info@slovenia.info

Slovenian Institute for Standardization (SIST)
Director: Marjetka Strle Vidal, MSc
Šmartinska 152, 1000 Ljubljana
Phone: +386 1 478 30 13
Fax: +386 1 478 30 94
Internet: www.sist.si
E-mail: sist@sist.si

Slovenian Accreditation (SA)
Director: Dr Boštjan Godec
Šmartinska 152, 1000 Ljubljana
Phone: +386 1 547 32 50
Fax: +386 1 547 32 72
Internet: www.gov.si/sa
E-mail: akreditacija@gov.si

Agency for Radwaste Management - ARAO
Director: Vladislav Krošelj
Parmova 53, 1000 Ljubljana
Phone: +386 1 236 32 00
Fax: +386 1 236 32 30
Internet: www.arao.si/
E-mail: public.arao@gov.si