SLOVENIA

Slovenia’s economic freedom score is 68.5, making its economy the 37th freest in the 2023 Index. Its score has decreased by 2.0 points since last year. Slovenia is ranked 22nd out of 44 countries in the Europe region, and its overall score is above the world and regional averages.

Structural reform has been uneven, and institutional weaknesses continue to undermine prospects for long-term economic development. The judicial system remains inefficient and vulnerable to political interference. The overall regulatory framework has been evolving to facilitate the emergence of a more vibrant private sector and encourage broad-based employment growth.

BACKGROUND: Slovenia joined the European Union and NATO in 2004 and adopted the euro in 2007. Robert Golob became prime minister in May 2022 heading a center-left coalition of his Freedom Movement, the center-left Social Democrats, and the democratic socialist Left party. The government’s priorities include economic recovery, improvements in health care, welfare expansion, green energy investments, and closer relations with the EU. Slovenia’s strong economic recovery will be hampered by its dependence on Russian energy. With its excellent infrastructure, well-educated workforce, and strategic location between the Balkans and Western Europe, Slovenia has one of Central Europe’s higher per capita GDPs.

QUICK FACTS

- **POPULATION:** 2.1 million
- **GDP (PPP):** $92.9 billion
  - 8.1% growth in 2021
  - 5-year compound annual growth 3.3%
  - $44,067 per capita
- **UNEMPLOYMENT:** 5.0%
- **INFLATION (CPI):** 1.9%
- **FDI INFLOW:** $1.5 billion
- **PUBLIC DEBT:** 74.4% of GDP

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996):** +18.1
The overall rule of law is well respected in Slovenia. The country’s property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.

Despite a more streamlined process for launching a business, other time-consuming requirements reduce the efficiency of the regulatory system. The labor market remains saddled with rigid labor regulations that discourage dynamic employment growth. The most recent available inflation rate is 1.9 percent.

The top individual and corporate tax rates are, respectively, 45 percent and 19 percent. The tax burden equals 36.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 47.8 percent and –4.2 percent of GDP. Public debt equals 74.4 percent of GDP.

The trade-weighted average tariff rate (common among EU members) is 3.2 percent, and more than 600 EU-mandated nontariff measures are in force. Most sectors of the economy are open to foreign investment, but the investment regime lacks efficiency. The financial sector is relatively stable.