

Slovenia

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Slovenia

| | |
|--|--|
| Sanctions: | None |
| FAFT list of AML Deficient Countries | No |
| Medium Risk Areas: | Corruption Index (Transparency International & W.G.I.) |
| Major Investment Areas: | |
| Agriculture - products: | |
| potatoes, hops, wheat, sugar beets, corn, grapes; cattle, sheep, poultry | |
| Industries: | |
| ferrous metallurgy and aluminum products, lead and zinc smelting; electronics (including military electronics), trucks, automobiles, electric power equipment, wood products, textiles, chemicals, machine tools | |
| Exports - commodities: | |
| manufactured goods, machinery and transport equipment, chemicals, food | |
| Exports - partners: | |
| Germany 20%, Italy 12%, Austria 7.9%, Croatia 6.2%, France 4.8%, Russia 4.6% (2012) | |
| Imports - commodities: | |
| machinery and transport equipment, manufactured goods, chemicals, fuels and lubricants, food | |
| Imports - partners: | |
| Italy 16.3%, Germany 16.2%, Austria 10.4%, Croatia 4.8%, Hungary 4% (2012) | |
| Investment Restrictions: | |
| Foreign investors may freely invest in Slovene companies in most industries except in banking and insurance industries, where a permit from the Bank of Slovenia or Insurance Supervision Agency is needed. Furthermore, current regulations limit the foreign ownership stake in gaming interests to 20%. Foreign investors are permitted to obtain concessions for the exploitation of renewable and non-renewable natural and public goods. | |

Some restrictions are also applied to foreign investment in the field of military supply. For example, direct investments made by non-residents in companies or other entities that are engaged in the production of, or trade in, weaponry and military equipment are allowed only if specifically authorized by the Government of the Republic of Slovenia.

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Section 1 - Background

The Slovene lands were part of the Austro-Hungarian Empire until the latter's dissolution at the end of World War I. In 1918, the Slovenes joined the Serbs and Croats in forming a new multinational state, which was named Yugoslavia in 1929. After World War II, Slovenia became a republic of the renewed Yugoslavia, which though communist, distanced itself from Moscow's rule. Dissatisfied with the exercise of power by the majority Serbs, the Slovenes succeeded in establishing their independence in 1991 after a short 10-day war. Historical ties to Western Europe, a strong economy, and a stable democracy have assisted in Slovenia's transformation to a modern state. Slovenia acceded to both NATO and the EU in the spring of 2004; it joined the eurozone in 2007.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Slovenia is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Slovenia was undertaken by the Financial Action Task Force (FATF) in 2017. According to that Evaluation, Slovenia was deemed Compliant for 10 and Largely Compliant for 19 of the FATF 40 Recommendations.

Key Findings

The authorities have partially succeeded in identifying, assessing, and understanding money laundering (ML) risks. This has been primarily done through the first national risk assessment (NRA) of 2015 and the updated NRA of 2016. There is, however, a mixed understanding of ML risks among competent authorities and the private sector. Terrorist financing (TF) risks were only assessed to a very limited extent in the two NRAs, and the overall understanding of TF risks varies significantly between different stakeholders.

Various platforms and mechanisms are in place to support coordination of AML/CFT and CPF policy-making and operational work. These have, however, not yet been effectively exploited to coordinate and implement policies on a risk-sensitive basis. The recently adopted Action Plan, based on the results of the updated NRA, forms a good starting point to improve the AML/CFT regime, although its potential may be undermined by rather general, and ambiguously set, objectives and activities.

Financial intelligence gathered by the Slovenian financial intelligence unit (OMLP) has been used to some extent by the law enforcement agencies (LEAs) to investigate and prosecute ML. Although LEAs develop evidence and trace criminal proceeds in ML cases based on this intelligence, the effectiveness of its use in ML and predicate offence related investigations is strongly influenced by legal, jurisprudential and contextual factors related to Slovenia and its overall AML/CFT system.

Although the number of ML investigations has risen, it is not commensurate with the number of investigations and convictions for proceeds generating predicate offences. Slovenia's risk profile would warrant a higher number of ML investigations related to serious crimes. Progress in securing ML convictions, including in relation to third-party ML and autonomous ML, has been achieved. Nevertheless, a number of obstacles hinder the prosecution and adjudication of ML cases, including: uncertainty as to the evidentiary requirements in proving ML and the underlying predicate offence; judges' and prosecutors' insufficient expertise on financial forensics/crimes, and; in relation to ML cases in which the underlying predicate crime has been committed in a neighbouring jurisdiction.

Confiscation of proceeds is mandatory as per respective criminal legislation. The absence of 'extended confiscation' in criminal proceedings was remedied by introduction of the civil

confiscation regime. However, it has, so far, produced only limited results given concerns raised before the Constitutional Court with regard to human rights considerations.

Several good examples of international cooperation demonstrate that Slovenia proactively seeks mutual legal assistance (MLA), including in areas of increased risk, and has achieved relevant results. There are also some successful cases of international cooperation in relation to incoming MLA requests, which have resulted in convictions and confiscation of property. The OMLP and LEA actively engage in international cooperation, request assistance from foreign counterparts and provide timely and good quality assistance to competent authorities from other countries (both European Union (EU) and non-EU). Difficulties experienced by the OMLP in receiving information from a counterpart in a neighbouring country on specific typology has hampered the effective elaboration/use of intelligence and the opening of ML investigations in relation to this typology.

Banks have a sound understanding of the major sector-specific ML risks, and mitigating measures applied are largely commensurate. The situation varies among non-bank FIs, while DNFBPs lack awareness of the extent to which they are exposed to ML risks. Implementation of CDD requirements by FIs has improved substantially over recent years; however, significant gaps exist in the DNFBP sectors (e.g. real estate and notaries). The OMLP is generally satisfied with the quality of STRs received from banks, but reports from non-bank FIs lack meaningful information. The level of reporting among DNFBPs is inadequately low considering their involvement with higher-risk customers and products. TF-related reports are rare and mostly submitted by larger banks.

Supervisors are effective in preventing convicted criminals having control of, or management positions in, obliged entities. However, there is concern regarding supervisors' ability to detect and prevent people with a criminal background and their associates gaining ownership or management positions in these institutions. With regard to DNFBPs and FIs other than banks, payment and e-money institutions, insurance and securities companies, there is no on-going mechanism to check the fit and proper status of those individuals that have already been authorised.

Whilst both NRAs have improved the understanding of financial services supervisors of the risks in their sectors, there is no on-going mechanism for cooperation amongst supervisors and with the OMLP to promote a better understanding of the risks on a national and sectorial level. The department of the Bank of Slovenia (BoS) responsible for banking supervision has a good understanding of the sector risk of ML and specific risks of the banks under its supervision. However, other supervisors have a lower level of understanding of ML risks. All supervisors have limited understanding and knowledge regarding specific TF issues in their area of responsibility.

The BoS has adopted a risk-based approach to ML/TF supervision that takes relevant parameters into account. Other supervisors have no-risk based approach to supervision for ML/TF issues and the OMLP has not yet developed a strategy for using its newly acquired supervisory powers.

The law enforcement and intelligence authorities have a good understanding of TF risks. They proactively exchange information on suspicions of TF in the pre-investigative phase. They are also vigilant to the potential for abuse of NPOs for TF. However, the limited TF offence appears to hinder their ability to properly investigate and prosecute all forms of TF. Furthermore, Slovenia has not undertaken a domestic review of the NPO sector to identify which parts might be at particular risk of being misused for TF, and no risk-based supervision of NPOs is in place.

Targeted financial sanctions (TFS) imposed by the United Nations against TF and PF are not implemented without delay due to reliance placed on the EU legal framework. There is basic awareness about TFS among most FIs but not among DNFBPs. The Sanctions Coordination Group (SCG) forms a suitable platform to coordinate and promote the implementation of TFS, but limited resources appear to have hampered its effective use.

Competent authorities rely on obliged entities to obtain information on the beneficial ownership of legal persons. Although DNFBPs involved in company formation do not adequately fulfil their gatekeeper role, the majority of Slovenian companies have a bank account in Slovenia, and banks demonstrated compliance with beneficial ownership obligations to a considerable extent. Slovenia has undertaken certain measures to increase transparency of legal persons and prevent their misuse, but these measures have not proven sufficient to effectively prevent criminals from setting up companies for illicit purposes making use of "front men".

Risks and General Situation

Slovenia is not a major international financial centre and does not have high domestic crime rates; nonetheless, its relatively stable and reliable financial sector may attract money launderers from around the region. The level of financial inclusion is very high: approximately 97% of the population holds a bank account.¹ The share of non-residents in the overall customer base is estimated at 2.2% among natural persons and 0.8% among legal entities with comparable turnover figures. The banking sector accounts for the largest part of the financial services industry in Slovenia and is deemed most vulnerable to ML. A significant proportion of transactions carried out by nonbank FIs and their customers go through the banking system as the use of cash transfers is relatively low in Slovenia and cash payments for goods and services exceeding EUR 5,000 are prohibited. Financial institutions other than banks are not deemed particularly vulnerable to ML, and the NRAs rate several DNFBP sectors as presenting a medium vulnerability for ML.

According to the NRAs, the domestic economic crime offences which are deemed to pose the highest ML threat are abuse of position or trust in the performance of economic activities, tax evasion, business fraud and abuse of official position or official duties. Outside the realm of economic crime, offences related to illicit drugs are deemed to pose the highest ML threat. Slovenia's geographical position between the EU and the Balkans exposes it to external threats, including, in particular, drug trafficking. ML investigations are mostly linked to the investigation of criminal offences in the field of economic crime, and, to a lesser extent, to the areas of organised crime, corruption and general criminality.

Slovenia's geographic situation is relevant when considering the risks of terrorism and financing of terrorism that the country faces. Neighbouring countries in the Balkan region have seen a strong rise in terrorism risks in the aftermath of past regional conflicts, originating from separatist groups. Recently, the wider region has experienced an increase in Islamist radicalisation and nationals joining the so-called Islamic State (ISIS) as foreign fighters in Syria and Iraq. Slovenia itself reportedly has "little to no experience" with terrorism or the financing of terrorism. According to the NRAs, information from the interministerial Working Group for Combating Terrorism, operating within the National Security Council, does not reveal any serious threats. Nevertheless, as indicated in the NRAs, there are suspicions that 10 people have left Slovenia to go to Syria or Iraq, and there is some recent information indicating activities in the field of training and recruitment for terrorist activities and promotion of radicalisation. Outside the context of radical Islamist terrorism, Slovenia has experienced one recent case of attempted terrorist acts.

Slovenia was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Slovenia is not a major drug producer, but it is a transit country for drugs moving via the Balkan route to Western Europe. The Government of Slovenia is aware that Slovenia's geographic position makes it an attractive potential transit country for drug smugglers, and it continues to pursue active counter-narcotics policies. Other predicate offenses of concern include business and tax fraud. In 2015, there were continuing efforts to continue with the privatization process.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: NO

KYC covered entities: Banks, savings banks, money remitters, and providers of payment services; post office; investment companies, brokerage companies, and managers of pension and investment funds; insurance companies and intermediaries; electronic money services and currency exchanges; auditing firms; gaming entities and games of chance via the internet or other telecommunications services; pawn shops; providers of credit, loans, mortgages, safekeeping, and factoring; financial leasing entities; accounting and tax services; companies trading in precious metals and stones and works of art; auctioneers; real estate intermediaries; trust and company service providers

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 423: January 1 – November 1, 2015 Number of CTRs received and time frame: 11,096: January 1 – November 1, 2015 STR covered entities: Banks, savings banks, money remitters, and providers of payment services; post office; investment companies, brokerage companies, and managers of pension and investment funds; insurance companies and intermediaries; electronic money services and currency exchanges; auditing firms; gaming entities and games of chance via the internet or other telecommunications services; pawn shops; providers of credit, loans, mortgages, safekeeping, and factoring; financial leasing entities; accounting and tax services; companies trading in precious metals and stones and works of art; auctioneers; real estate intermediaries; trust and company service providers

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 15: January 1 – November 1, 2015

Convictions: 5: January 1 – November 1, 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

Slovenia is a member of the Council of Europe Committee of Experts on the Evaluation of Anti- Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

There are no major deficiencies in Slovenia’s key AML/CFT preventative standards. Weak supervision and lack of guidance to certain non-banking sectors could have an impact on the effectiveness of the AML/CFT regime.

The Government of Slovenia has systems and procedures in place to facilitate both national and international cooperation. Banks have automatic name checks and the Office of Money Laundering Prevention, Slovenia’s financial intelligence unit, checks the names against global blacklists provided by the Central Bank.

In 2014, The National Assembly amended the Prevention of Money Laundering and Terrorism Financing Act to decrease the cap on cash transactions to EUR 5,000 (approximately \$5,500) from EUR 15,000 (approximately \$16,500). As a result, it is only possible to pay for goods and services above that amount through licensed credit and financial institutions.

Slovenia adheres to all Schengen border control requirements. In Slovenia, law enforcement can only confiscate funds or seize assets related to money laundering under criminal law.

Slovenia should ensure all pertinent non-financial entities are aware of their AML/CFT responsibilities and are adequately supervised. Slovenia should consider the adoption of a non- conviction-based asset forfeiture program.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Slovenia conforms with regard to all government legislation required to combat money laundering

EU White list of Equivalent Jurisdictions

Slovenia is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Slovenia is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report

No report available

US State Dept Trafficking in Persons Report 2016 (introduction):

Slovenia is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Slovenia is a destination, transit, and, to a lesser extent, a source country for women and children subjected to sex trafficking and for men, women, and children subjected to forced labor and forced begging. Men from Bosnia and Herzegovina, Romania, Serbia, Slovakia, Slovenia, and Ukraine are forced to beg and labor in the construction sector. Sometimes these persons transit through Slovenia to Italy, Austria, and Germany, where they are subsequently subjected to forced labor. Women and children from Slovenia, as well as other European countries and the Dominican Republic, are subjected to sex trafficking within the country. Migrant workers and ethnic Roma are particularly vulnerable to trafficking in Slovenia.

The Government of Slovenia fully meets the minimum standards for the elimination of trafficking. During the reporting period, authorities vigorously prosecuted and obtained convictions of five traffickers, an increase from none the previous year. The government provided training for law enforcement officials, who identified more victims in 2015. The government sustained funding for NGOs that provided assistance to victims and ran awareness campaigns. The inter-ministerial working group and national coordinator continued to lead the implementation of a new national action plan, which included training of law enforcement, consular officers, and other personnel during the year. Authorities, however, did not address bureaucratic obstacles that inhibited victims from obtaining restitution from their traffickers.

Latest US State Dept Terrorism Report - 2009

Slovenia is generally assessed as a low-threat country for terrorism and terrorist activity. The National Security Council, chaired by the president and including the defense, interior, justice, foreign affairs, and finance ministers, is the main body for counterterrorism policy. In the case of a terrorist incident, the NSC's secretariat, led by the prime minister's national security advisor, would lead the inter-ministerial working group tasked with a response, with subgroups focusing on specific threats. In 2005, the MOI and Slovene Police developed a response plan for a terrorist attack using weapons of mass destruction. Slovenia's national policy also has plans in place to assess threat levels and specific guidelines on measures police officers are to take based on the corresponding threat level. According to the MOI, Slovenia's counterterrorism plans follow EU security standards.

The Government of Slovenia actively participated in multilateral terrorism efforts, including the Global Initiative to Combat Nuclear Terrorism. The U.S. Office for Defense Cooperation

facilitated counterterrorism training for officials from various Slovene ministries, which included regional conferences and Marshall Centre seminars. In fall 2009, Slovenia's Ministry of Defense announced that it would host a regional counterterrorism conference in March 2010. Slovenia contributed 81 troops to the International Security Assistance Force in Afghanistan, including 15 sent specifically for security during the August 2009 presidential elections.

International Sanctions

None applicable

Bribery & Corruption

| Index | Rating (100-Good / 0-Bad) |
|--|---------------------------|
| Transparency International Corruption Index | 61 |
| World Governance Indicator – Control of Corruption | 77 |

Corruption is a risk for businesses operating in Slovenia. The overlap between business and politics has a particularly damaging effect on public procurement. Many public officials engage in corruption with impunity, and corruption scandals recently culminated in political instability and the eventual fall of the government. Slovenia's Criminal Code establishes a strong legal framework to mitigate corruption, criminalising extortion, passive and active bribery and money laundering, among other offences. However, enforcement is limited. Even though facilitation payments, gifts and hospitality (with the intent of gaining an advantage) are criminalised, businesses perceive bribery as an established way of doing business in Slovenia. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Department

Perceptions of corruption remain widespread, potentially raising the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law. The Slovenian Independent Commission for the Prevention of Corruption (CPC) operates with a broad mandate to prevent and investigate corruption, breaches of ethics and integrity of public office. The CPC reports to the Parliament.

Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Similar to many other European countries, Slovenia does not have a bribery statute equal in stature to the U.S. Foreign Corrupt Practices Act. However, Chapter 24 of the Slovenian Criminal Code (S.C.C.) provides statutory provisions for criminal offenses in the economic sector. Corruption in the economy can take the form of corruption among private firms or corruption among public officials.

The S.C.C. provides for criminal sanctions against officials of private firms for the following crimes: forgery or destruction of business documents; unauthorized use or disclosure of business secrets; insider trading; embezzlement; acceptance of gifts under certain circumstances; money laundering; and tax evasion.

Specifically, Articles 241 and 242 of the S.C.C. make it illegal for a person performing a commercial activity to demand or accept undue rewards, gifts, or other material benefits

that will ultimately result in the harm or neglect of his business organization. While Article 241 makes it illegal to accept gifts, Article 242 prohibits the tender of gifts in order to gain an undue advantage at the conclusion of any business dealings.

Public officials are held accountable under Article 261 of the S.C.C., which makes it illegal for a public official to request or accept a gift in order to perform or omit an official act within the scope of his official duties. The acceptance of a bribe by a public official may result in a fine or imprisonment of no less than one year, with a maximum sentence of five years. The accepted gift/bribe is also seized.

While Article 261 holds public officials accountable, Article 262 holds the gift's donor accountable. Article 262 makes it illegal for natural persons or legal entities to bribe public officials with gifts. Violation of this article carries a sentence of up to three years. However, if the presenter of the gift discloses such bribery before it is detected or discovered, punishment may be omitted. Generally, the gift is seized. However, if the presenter of the gift disclosed the violation, the gift may be returned to him/her.

The State Prosecutor's Office is responsible for the enforcement of the anti-bribery provisions. The number of cases of actual bribery is small and is generally limited to instances involving inspection and tax collection. Although the Prosecutor's Office may suspect bribery and related corruption practices in government procurement offices, obtaining evidence is difficult, thereby making it equally difficult to prosecute. In addition, in 2010 Slovenia established the Commission for the Prevention of Corruption (CPC), an independent state body, with a broad mandate to prevent and investigate corruption, breaches of ethics, and integrity of public officials. The CPC is not part of the law enforcement or prosecution system of Slovenia and its employees do not have typical police powers. The CPC does, however, have broad legal powers to access and subpoena financial and other documents, question public servants and officials, conduct administrative investigations and proceedings and instruct different law enforcement bodies to gather additional information and evidence within the limits of their authority. While the CPC cannot prosecute cases (only recommend to the State Prosecutor's Office), it can issue fines for different violations (sanctions can be appealed to the Court).

In 2011, to combat Slovenia's ongoing problems with corruption and nontransparent procedures in public procurement, the GoS established a new government-wide Public Procurement Agency to carry out all public procurements over established EU thresholds (which vary from sector to sector, i.e. goods and services above 40,000 Euro and works above 80,000 Euros). The agency reports to the Ministry of Justice. By law, the National Review Commission also provides non-judicial review of all public procurements. While corruption remains an important problem facing Slovenia, its prevalence remains relatively minor compared to other former-communist countries in Eastern and Central Europe. In 2001, Slovenia convicted its first senior public official for accepting a bribe. The second such case occurred in 2010, resulting in the imprisonment of a member of parliament. The small size of Slovenia's political and economic elite contributes to a lack of transparency in government procurement and widespread cronyism in the business sector. Currently, multiple prominent national and local political figures have been charged or are on trial for corruption in public procurements. The CPC has instituted a new system for tracking corruption in public procurement at the municipal level and in one week discovered 61 violations involving seven municipalities and hundreds of suspect deals in 86

municipalities. As noted above (see first section), a CPC report was at the center of a January 2013 political crisis which led to the collapse of a former government.

Section 3 - Economy

With excellent infrastructure, a well-educated work force, and a strategic location between the Balkans and Western Europe, Slovenia has one of the highest per capita GDPs in Central Europe, despite having suffered a protracted recession in 2008-2009 in the wake of the global financial crisis. Slovenia became the first 2004 EU entrant to adopt the euro (on 1 January 2007) and has experienced one of the most stable political transitions in Central and South-eastern Europe.

In March 2004, Slovenia became the first transition country to graduate from borrower status to donor partner at the World Bank. In 2007, Slovenia was invited to begin the process for joining the OECD; it became a member in 2012. However, long-delayed privatizations, particularly within Slovenia's largely state-owned and increasingly indebted banking sector, have fuelled investor concerns since 2012 that the country would need EU-IMF financial assistance. In 2013, the European Commission granted Slovenia permission to begin recapitalizing ailing lenders and transferring their nonperforming assets into a "bad bank" established to restore bank balance sheets. Export-led growth fuelled by demand in larger European markets pushed GDP growth to 3.0% in 2014, while stubbornly-high unemployment fell slightly to 12%.

Prime Minister CERAR's government took office in September 2014, pledging to press ahead with commitments to privatize a select group of state-run companies, rationalize public spending, and further stabilize the banking sector.

Agriculture - products:

hops, wheat, coffee, corn, apples, pears; cattle, sheep, poultry

Industries:

ferrous metallurgy and aluminium products, lead and zinc smelting; electronics (including military electronics), trucks, automobiles, electric power equipment, wood products, textiles, chemicals, machine tools

Exports - commodities:

manufactured goods, machinery and transport equipment, chemicals, food

Exports - partners:

Germany 19.1%, Italy 10.6%, Austria 8%, Croatia 6.8%, Slovakia 4.7%, Hungary 4.4%, France 4.2% (2015)

Imports - commodities:

machinery and transport equipment, manufactured goods, chemicals, fuels and lubricants, food

Imports - partners:

Germany 16.5%, Italy 13.6%, Austria 10.2%, China 5.5%, Croatia 5.1%, Turkey 4% (2015)

Banking

The banking sector in Slovenia remains fairly rudimentary. Unlike many of the transition economies' banking industries, Slovenian banks have rather strong capital bases and robust loan portfolios. In many cases, however, banks are limited to a narrow range of traditional activities and have yet to engage in new consumer services, investment banking, and management of more complex financial instruments. Nevertheless, the financial statements of Slovenian banks are in compliance with international standards and audited by internationally recognized auditors. Because of the relative immaturity of the banking sector, identifying financing for domestic projects can be problematic. Banks typically seek 100% collateral in most cases. Currently, there no American banks are registered in Slovenia.

Slovenia has taken some important steps to liberalize its financial markets. A combination of market forces and changes in the Bank of Slovenia's regulations and national legislation are moving this sector in a more globally oriented direction. In the future, it will likely become easier and more transparent to make both portfolio and direct investments in Slovenia and to conduct many financial operations, including banking, securities brokering, and undertaking various credit transactions. The banking sector continues its cautious operations during the economic crisis.

Stock Exchange

The Ljubljana Stock Exchange (LSE) was established in 1990 and is a member of the International Association of Stock Exchanges (FIBV). In 2008, the LSE was acquired by the Wiener Stock Exchange. However, the number of companies listed on the exchange is limited and their trading volume is very light. The LSE has been working to encourage the government to list shares of strong, state-owned companies such as Telekom Slovenije or NLB in order to boost market activity. As of January 2010, Telekom Slovenije, insurance company TRIGLAV, Port of Koper and NKBM bank are the only state-owned companies listed on the Ljubljana Stock Exchange. Although the initial Telekom Slovenije, TRIGLAV and NKBM trade volume was low, doors are open for an investor.

The LSE has two official listings - A and B - depending on the amount of a listing's capital, audited financial statements, size of the class of securities, and securities distribution. The over-the-counter (C) market has less stringent requirements. Securities markets remain relatively underdeveloped in Slovenia. Despite appreciation of the market capitalization of the LSE in recent years, it remains a very illiquid market, with annual turnover similar to a single day's trading on the NYSE.

In 1995, the Central Securities Clearing Corporation (KDD) was established. KDD runs the central registry securities and trade clearings concluded on the LSE electronic trading system.

Section 4 - Investment Climate

Executive Summary

Several key factors make Slovenia an attractive location for foreign direct investment (FDI): modern infrastructure with access to main EU transportation corridors, a major port on the Adriatic Sea, a highly-educated and professional work force, close proximity to Central/Southeastern European markets, and membership in the EU and Eurozone. However, potential investors in Slovenia have faced challenges including a lack of transparency in economic and commercial decision-making, unclear public tender processes, and at times an inconsistent taxation and regulatory structure.

EU member states are the biggest investors in Slovenia. Together they account for over 80 percent of all inward investment in Slovenia. The share of inward FDI stock in 2014 in Slovenia stood at 23 percent of GDP.

Nevertheless, foreign companies are an important component of Slovenia's economy. In 2014, they accounted for nearly 20 percent of capital, over 20 percent of assets, and almost 23 percent of employees in the corporate sector. Their capital and workforce generated nearly 30 percent of total net sales revenue and 28 percent of total operating profit. Foreign companies accounted for 39 percent of exports and 45 percent of imports by the Slovenian corporate sector.

Sectors of the economy that are most successful in attracting FDI to Slovenia include manufacturing (especially metal products, electrical and optical equipment, and components for the automotive industry), chemical products, products from plastic materials, paper, pharmaceuticals, rubber, wholesale, retail, and financial and business consultancy.

An annual survey of foreign companies in Slovenia, conducted by the Slovenian Public Agency for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism (SPIRIT Slovenia), indicates the most decisive factors for choosing Slovenia as an investment location are the high quality production of export goods, the skills and expertise of the labor force, prospects for long-term relationships with local customers and suppliers, market access (mostly for services), and geographic position.

Table 1

| Measure | Year | Index or Rank | Website Address |
|---|------|---------------|--|
| TI Corruption Perceptions index | 2015 | 35 of 168 | transparency.org/cpi2015/results |
| World Bank's Doing Business Report "Ease of Doing Business" | 2015 | 29 of 189 | doingbusiness.org/rankings |
| Global Innovation Index | 2015 | 28 of 143 | globalinnovationindex.org/content/page/data-analysis |
| U.S. FDI in partner country (\$M USD, stock positions) | 2014 | \$29 million | Statistical Office of the Republic of Slovenia |
| World Bank GNI per capita | 2014 | \$23,580 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

While generally welcoming greenfield investments, Slovenia presents a number of informal barriers that challenge foreign investors. According to a survey conducted by SPIRIT, which is Slovenia's government agency dedicated to the promotion of entrepreneurship, the most significant barriers adversely affecting FDI in Slovenia are high taxes, high labor costs, high taxes on profit, lack of payment discipline, an inefficient judicial system, difficulties in firing employees, and bureaucracy.

Foreign companies doing business in Slovenia and the local American Chamber of Commerce have also cited additional factors that affect the local investment climate, including the lack of a high-level FDI promotion strategy, a sizable judicial backlog, difficulties in obtaining building permits, labor market rigidity, and disproportionately high social contributions and personal income taxes coupled with excessive administrative tax burdens. Business have also reported a lack of transparency in public procurement, unnecessarily complex and time-consuming bureaucracy, frequent changes in regulation, relatively high prices of real estate, and confusion over lead responsibility or jurisdiction regarding foreign investment among government agencies.

Other Investment Policy Reviews

Slovenia underwent an OECD Investment Policy Review in 2002 and a WTO Trade Policy review in 2002. The Economist Intelligence Unit and World Bank's "Doing Business 2016" provide current economic profiles of Slovenia.

Laws/Regulations on Foreign Direct Investment

Foreign companies conducting business in Slovenia have the same rights, obligations, and responsibilities as domestic companies. The principles of commercial enterprise, which include free operation and national treatment, apply to the operations of foreign companies as well. The Law on Commercial Companies and the Law on Foreign Transactions guarantee their basic rights.

Business Registration

Slovenia's Promotion of Foreign Direct Investment and Internationalization of Enterprises Act covers the main goals and measures for promotion of FDI. The Slovenian Public Agency for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism (SPIRIT) promotes FDI and advocates for foreign investors in Slovenia. Its mission is to enhance Slovenia's economic competitiveness through technical and financial assistance to entrepreneurs, businesses, and investors.

An individual or business in a variety of different legal and organizational forms may perform economic activities. Individuals most often operate as sole traders; however, legal entities may establish different forms of businesses: the most common are the limited liability company (LLC or d.o.o.) and public limited company (PLC or d.d.).

Non-residents of the Republic of Slovenia have to obtain a Slovenian tax number before starting the process of establishing a business. Slovenia's Companies Act, which is fully harmonized with EU legislation, regulates the establishment, management, and organization of companies.

Companies act:

http://www.mgrt.gov.si/fileadmin/mgrt.gov.si/pageuploads/zakonodaja/ZGD-1_PREVOD_13-12-12.pdf

More information on how to invest and register business in Slovenia is available at - <http://www.spiritslovenia.si/> and <http://www.eugo.gov.si/en/starting/business-registration/>

Companies in Slovenia fall under four separate classification benchmarks, including micro, small, medium-sized, and large, in accordance with the following criteria:

- i. average number employees in the financial year;
- ii. net proceeds from sales; and
- iii. value of assets.

i. A company that satisfies any two of the following criteria shall be deemed a micro company:

- a. it has less than an average of 10 employees in a financial year;
- b. it has an annual turnover of less than EUR 2,000,000 (USD 2.3 million); and
- c. the value of its assets is less than EUR 2,000,000 (USD 2.3 million).

ii. A small company shall be a company other than a micro company, and shall meet any two of the following criteria:

- a. it has less than an average of 50 employees in a financial year;
- b. it has an annual turnover of less than EUR 8,800,000 (USD 10 million); and
- c. the value of its assets is less than EUR 4,400,000 (USD 5 million).

iii. A medium-sized company shall be a company other than a micro company, or a small company, and shall meet two of the following criteria:

- a. it has less than an average of 250 employees in a financial year;
- b. it has an annual turnover of less than EUR 35,000,000 (USD 39.9 million); and
- c. the value of its assets is less than EUR 17,500,000 (USD 19.9 million).

iv. A large company shall be a company which is neither a micro company, nor a small company, nor a medium-sized company

Industrial Promotion

Slovenia particularly welcomes high-tech sector investments that create jobs and are linked to research and development (R&D) activities. The government supports such activities with special tax incentives. In some economically depressed and underdeveloped regions (such as the Prekmurje region near the Hungarian border), Slovenia offers special facilities, services, and financial incentives to foreign investors. In 2011, when the share of FDI as a percentage of GDP amounted to 30.6 percent, the Government of Slovenia set a goal to increase the share to 37 percent by 2014. In the period from 2010 to 2012, Slovenia spent EUR 36.2 million (USD 41.2 million) to promote FDI and to increase integration into global value chains, mainly through financial incentives for investors.

Although Slovenia has some of the highest taxes in Europe, the government has implemented tax cuts targeted at reducing the cost of doing business. For example, in 2009, the government eliminated the payroll tax, and in January 2013, it lowered the corporate tax rate to 17 percent. In July 2013, facing pressure on its budget because of the ongoing impact of the global recession, the government increased the VAT rate from 20 percent to 22 percent, (and the “reduced rate” from 8.5 percent to 9.5 percent).

Limits on Foreign Control and Right to Private Ownership and Establishment

Both foreign and domestic private entities have the right to establish and own business enterprises and engage in different forms of remunerative activity.

Slovenia has relatively few limits on foreign ownership or control.

Professional services: There are limits on banking and investment services, private pensions, insurance services, asset management services, and settlement, clearing, custodial, and depository services provided in Slovenia but headquartered in non-EU countries.

Gaming: This is a 20 percent cap on foreign ownership.

Air transport: Registration of an aircraft is only possible for aircraft owned by Slovenian or EU nationals or companies controlled by them. Companies controlled by Slovenian nationals or carriers complying with EU regulations on ownership and control are the only entities eligible for Air Operator’s Certificates (AOC) for performing airline services.

Maritime transport: The law forbids majority ownership by non-EU residents of a Slovenian flag maritime vessel unless the operator is a Slovenian or other EU national.

Privatization Program

Unlike other countries in Central and Eastern Europe, Slovenia never undertook a comprehensive privatization process, thus it still has a relatively high percentage of enterprises either owned or controlled, directly or indirectly, by the state. State control is evident in several key sectors including energy, transport, public utilities, banking, telecommunication, and insurance. State participation in these sectors of the economy is among the highest in Europe. The state either owns or indirectly controls large portions of the manufacturing, construction, retail, and tourism sectors.

In 2013 the Parliament approved a list of 15 state owned companies which it plans to sell. To date the state has sold seven of these companies, and three are in the final phase of privatization. Foreign investors can participate in the public-bidding processes on an equal basis. However, interested parties often describe the bidding process as opaque, with unclear or unenforced deadlines.

In 2015, the government prepared an asset management strategy that classifies state-owned assets into *strategic*, *important*, and *portfolio* assets. In companies classified as *strategic*, the State will maintain or obtain at least a 50% share + 1 share. In companies classified as *important*, the State will maintain a controlling share (25% equity stake + 1 share). In companies classified as *portfolio*, it is not mandatory for the State to keep the controlling share.

Screening of FDI

Slovenia has an open economy and no screening or review process is necessary for the FDI Competition Law.

Competition Law

Slovenia's Competition Protection Agency (CPA) supervises the application of the Restriction of Competition Act and monitors and analyzes market dynamics, assessing alleged restrictive agreements and abuses of a dominant or monopoly position.

In Slovenia, highly concentrated market structures are not illegal; however, the abuse of market power is forbidden. The Law on the Protection of Competition prohibits acts that restrict competition in the market, conflict with good business practices relating to market access, or involve prohibited speculation. The law is applicable to corporate bodies and natural persons engaged in economic activities regardless of their legal form, organization, or ownership. The law also applies to the actions of public companies. The law complies with EU legislation.

The law prohibits restriction of competition through cartel agreements, unfair competition (i.e., false advertising, promises/gifts in exchange for business, trade secrets, etc.), illicit speculation during times of irregular market situations, and dumping and subsidized imports. However, the government may prescribe market restrictions in the following instances: in cases of natural disasters, epidemics, or in a state of emergency; in cases of appreciable market disturbances due to the shortage of goods; or when necessary to satisfy product requirements, raw materials, and semi-finished goods of special or strategic importance to the defense of the nation.

The CPA is responsible for ensuring fair competition in the marketplace. The CPA can initiate or conduct investigations at the request of private companies. The CPA can also issue a decree against any company found to be violating the Law on the Protection of Competition, although the power to levy fines rests solely in the hands of the courts. Any party trading in goods or services in the marketplace may initiate legal proceedings in cases of unfair competition. Injured parties are entitled to compensation and cessation of non-competitive activities.

The designated court may issue a penalty of EUR 125,000 (USD 142,493) to EUR 1,000,000 (USD 1,113,950) against companies found to have engaged in cartel agreements, abused a dominant market position, committed an act of unfair competition, or engaged in illicit speculation. The managers and directors of the sanctioned company may be liable for a minimum fine of EUR 4,000 (USD 4,600). Self-employed persons found to have committed any legally prohibited actions are liable to pay a fine of no less than EUR 40,000 (USD 45,600). There are also fines for noncompliance with the CPA in the range of EUR 2,000 to EUR 4,000 (USD 2,280 to USD 4,600) for every week that requested documentation is not submitted. The same range of fines also applies in the event the sanctioned entity does not comply.

2. Conversion and Transfer Policies

Foreign Exchange

Slovenia adheres to Article VIII of the IMF Article of Agreement and is committed to full current account convertibility and full repatriation of dividends. In order to repatriate profits, joint stock companies must provide the following: evidence of the settlement of tax liabilities; notarized evidence of distribution of profits to shareholders; and proof of joint stock company

membership (Article of Association). All other companies need to provide evidence of the settlement of tax liabilities and the company's act of establishment.

For the repatriation of shares in a domestic company, the party must submit its act of establishment, a contract on share withdrawal, and evidence of the settlement of tax liabilities to the authorized bank.

Slovenia replaced its previous currency, the Slovenian tolar, with the euro in January 2007. The Eurozone has a freely floating exchange rate.

Remittance Policies

Not applicable/information not available.

3. Expropriation and Compensation

According to Article 69 of Slovenia's Constitution, the right to possess real property can be taken away or limited by the government for public purpose in exchange for compensation in kind or financial compensation under conditions determined by law on the basis of public interest.

The current government is not involved in any expropriation-related investment disputes. National law gives adequate protection to all investments. However, there is an ongoing dispute over private property expropriated by the Socialist Yugoslav government for state purposes. After the fall of Yugoslavia, the 1991 Denationalization Act established a basis for the process of denationalization of these properties, returning them to the rightful owners or to their heirs, or paying some sort of compensation if it was not possible to return the property "in nature."

Some of those rightful owners and heirs are now U.S. citizens. Since the 1993 deadline for filing a claim, roughly 99.6 percent of all cases have been resolved. The percentage of resolved claims involving American owners is lower (approx. 88 percent). Cases regarding expropriation of property belonging to U.S. citizens take longer for several reasons, most of which are tied to the fact that the claimants usually do not live in Slovenia. First, the Ministry of Justice must determine the nationality of the former owner at the time of property seizure – a simple question for Slovenians who never acquired another citizenship that becomes more complicated in cases involving naturalized American citizens. Second, many nonresident claimants fail to engage local attorneys, or only did so at the start of the process and have since let those retainers lapse. Third, communication and postal delays mean nonresident claimants take longer to respond to paperwork and other needs relating to their cases. In addition, there are concerns that some claims involve property currently controlled or owned by prominent members of Slovenian society, thereby creating an additional and often unseen obstacle to restitution.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts
There have been no major investment disputes in Slovenia over the past five years. Authorities handle investment disputes in the same manner as all other business disputes.

Slovenia has a well-developed, structured legal system based on a five-tier (district, regional, appeals, supreme, and administrative) court system. These courts deal with a wide array of legal cases including criminal, probate, domestic relations, land disputes, contracts, and other business-related issues. A separate social and labor court system, comprised of regional, appeals, and supreme courts, deals strictly with labor disputes, pensions, and other social welfare claims. As with most other European countries, Slovenia has a Constitutional Court, which hears complaints alleging violations of human rights and personal freedoms. The court also issues opinions on the constitutionality of international agreements and state statutes, and deals with other high profile political issues. In 1997 Slovenia's Parliament established an administrative court to handle disputes among local authorities, between state and local authorities, and between local authorities and executors of public authority. In 1999, the Parliament passed a law on legal proceedings to speed up court administrative processes. The law stipulates a stricter and more efficient procedure for serving court documents and providing evidence. In commercial cases, defendants are required to file their defense within 15 days of receiving a notice of a claim. As a result, the efficiency of Slovenian courts has increased, reducing case backlogs. Between 2013 and 2014, the number of cases assessed as backlogged dropped from 175,040 to 168,713. However, as of September 2015, there were 199,435 open cases.

Unless parties have agreed to binding arbitration, the regional court specializing in economic issues has jurisdiction over business disputes. However, the parties may agree in writing to settle disputes in another court of jurisdiction.

The parties may also exclude the court as the adjudicator of the dispute if they agree in writing to arbitration, whether ad hoc or institutional. In the former case, the applicable procedure and law must be determined. In the case of institutional arbitration, the law requires a clear definition of the type of arbitration that is to be implemented. The Permanent Court of Arbitration within the Chamber of Commerce is an independent institution that solves domestic and international disputes arising out of business transactions among companies. Arbitration rulings are final, and decisions are binding.

Bankruptcy

Competition is lively in Slovenia, and bankruptcies are an established and reliable means of working out firms' financial difficulties. By law, there are three procedural methods for dealing with bankrupt debtors. The first procedure, compulsory settlement, allows the insolvent debtor to submit a plan for financial reorganization to the court. Creditors whose claims represent more than 60 percent of the total cast a vote on the proposed compulsory settlement plan. If the settlement is accepted, the debtor is not obligated to pay the creditor the amount that exceeds the percentage of payment set forth in the confirmed settlement. The procedure calls for new terms, extended in accordance with the conditions of forced settlement. Confirmed compulsory settlement affects creditors who have voted against compulsory settlement and creditors who have not reported their claims in the settlement procedure.

The creditor or debtor may also initiate bankruptcy procedures. The court names a bankruptcy administrator who sells the debtor's property according to the bankruptcy senate, the president's instructions, and court-sponsored supervision. As a rule, the debtor's property is sold at public auction. Otherwise, the creditors' committee may prescribe a different mode of sale such as collecting offers or placing conditions for potential buyers. The

legal effect of the completed bankruptcy is the termination of the debtor's legal status to conduct business, and funds from the sale of assets are distributed to creditors according to their share of total debt.

The third method, bankruptcy as a forced liquidation, is distinguished from voluntary liquidation (without court intervention) as set forth in the Law on Commercial Companies. Forced liquidation is imposed on a debtor for whom the law determines the liquidation procedure and the legal conditions for ending its existence as a business entity. This would occur, for example, in cases where the management has not operated for more than twelve months, if the court finds the registration void, or by court order.

In 2013, the Parliament adopted an amendment to the Financial Operations, Insolvency Procedures, and Compulsory Dissolution Act, with a view to simplify and speed up the bankruptcy procedures and deleveraging of companies. For example, Parliament established a new criteria for declaring companies insolvent in cases when their bank accounts were continuously blocked for 60 out of the past 90 days.

International Arbitration

Slovenia is a signatory to the 1961 European Convention on International Commercial Arbitration.

ICSID Convention and New York Convention

Slovenia is a contracting state to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and a signatory to the New York Convention on Recognition of Foreign Arbitral Awards, meaning local courts must enforce international arbitration awards that meet certain criteria.

Duration of Dispute Resolution – Local Courts

The average duration of dispute resolution is slowly decreasing; in 2015 it was generally 2.7 months for all cases and 7.2 months for more complex cases.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Slovenia is a signatory member of the WTO since its inception and to date there are no cases of WTO rules violation. Legally, all investors, domestic and foreign, are treated equally. The government does not impose performance requirements or any condition for establishing, maintaining, or expanding an investment.

Investment Incentives

There are some incentives offered to potential investors through the "FDI Incentive Scheme." The Inward Investment Cost-Sharing Grant Scheme co-funds investments in industry, strategic services, or research and development, which will result in the creation of at least 10 new jobs. More information and application forms can be found at <http://www.investslovenia.org>.

Research and Development

All companies registered in Slovenia are able to participate in government-financed or subsidized research and development programs, regardless of the origin of capital.

Performance Requirements

Rigid procedures necessary to acquire work permits can be an impediment for foreign investors. It can take two to three months to obtain a work permit, which is required for local employment. The Ministry of Labor has established a fast-track procedure for foreigners who are registered in the court registry as authorized persons or representatives of companies, managers of branch offices, and foreigners who are temporarily sent to work in organizational units for foreign legal persons (corporate entities) registered in Slovenia. More information on work permits and employment services can be found at <http://www.ess.gov.si>.

Data Storage

The government does not force foreign investors to use domestic content in goods and technology, or use local data storage.

6. Protection of Property Rights

Real Property

According to data collected by Doing Business, registering property in Slovenia requires an average of 5 procedures, takes 49.5 days and costs 2.0 percent of the property value. Globally, Slovenia stands at 36 in the ranking of 189 economies on the ease of registering property.

Administrative reforms implemented in 2011 and 2012 simplified property registration. Greater automation in Slovenia's land registry reduced delays in property registration by 75 percent. Slovenia has also made transferring property easier and less costly by introducing online procedures and reducing fees. Virtually all land has a clear title.

The land registry court (Local court) initiates the registration process for the entry of title in the land register. Amendments to the Land Registry Act adopted on 27 March 2009 and implemented on 1 May 2011 require the submission of proposals with appendices in electronic form to the courts. Submissions are tendered via a notary public or attorneys and real estate agencies acting on behalf of the applicant. In some cases, the applicant can submit registrations directly. Other amendments to the Land Registry Act have transferred responsibility from the courts to the notary for depositing original documents (e.g. contracts) attached to submissions, whereby the notary's confirmation of authenticity renders the evidence value of the electronic version equal to that of the original. The amendments also enable free access via a web-portal to the contents of the land register, including pending notations and land register extracts, neither of which was free of charge prior to the reform. Land registry proposals are automatically assigned to the least-burdened local court. Once the proposal is filed with the land registry court, the registration process is initiated ex officio and the priority of entry is ensured with a land registry seal. The priority order takes effect the day the proposal has been filed. The buyer can theoretically dispose of the property as soon as the purchase agreement is signed and the buyer obtains (direct or indirect) possession of the property. The buyer whose title is not yet entered into the land register but has already obtained the possession of the property enjoys the position of a proprietary possessor in good faith - the presumed owner. The presumed owner has the right to claim the return of a property in the event of its dispossession from a proprietary possessor in good faith who has the property with a weaker legal title. The buyer may claim the return of the purchase price

but has no claims under the law of property until the title is entered into the land register. Since May 2011 the law requires submission of proposals in electronic format.

Intellectual Property Rights

Slovenia has enacted advanced and comprehensive legislation for the protection of intellectual property that fully reflects the most recent developments in the TRIPS (Trade Related Aspects of Intellectual Property) Agreement and various EU directives. Slovenia negotiated its TRIPS commitments as a developing country and implemented the policy as of January 1, 1996. Slovenia is a full member of the TRIPS Council of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO). Slovenia has ratified the WIPO Copyright Treaty and the Cyber Crime Convention.

Slovenia's Intellectual Protection Office actively participates in the Intellectual Property Working Group of the Council of Europe, the Trademark Committee and other EU bodies engaged in the formulation of new EU intellectual property legislation. The Copyright and Related Rights Act amended in 2001 and 2004 deals with all aspects of modern copyright and other related laws, including traditional works and their authors, computer programs, audiovisual works, and rental and lending rights. The act also takes into account new technologies such as storage and electronic memory, original databases, satellite broadcasting, and cable re-transmission. The 2004 harmonization with EU legislation introduced a new system of collective management of intellectual property rights compliant with the latest directives.

The 1994 Law on Courts gives the District Court of Ljubljana exclusive subject matter jurisdiction over intellectual property disputes. The aim of the law is to ensure specialization of judges and the speed of relevant proceedings. For enforcement of TRIPS provisions, the law provides for a number of civil legal sanctions, including injunctive relief and the removal of the infringement, seizure and destruction of illegal copies and devices, the publication of the judgment in the media, compensatory and punitive damages, border (customs) measures, and the securing of evidence and other provisional measures without the prior notification and hearing of the other party. These infringements also constitute a misdemeanor charge with fines ranging from EUR 400 (USD 455) to EUR 45,000 (USD 51,300) for legal persons and a range of fines, from EUR 40 (USD 45) to EUR 2,000 (USD 2,280), for supervisors of individual offenders, provided that the reported offenses are not criminal in nature. In criminal cases, Slovenia's Criminal Code applies, which may result in fines or in extreme cases, imprisonment. While laws regarding intellectual property are clearly defined, foreign investors have complained about that the court system is too slow.

Since the enactment of the Law on Copyright and Related Rights Act, there have been relatively few reported prosecutions regarding copyright infringements and violations. The most notable cases usually involve computer software piracy. In 2004, a long-running software piracy court case ended with a prison sentence and monetary fine. With piracy prosecution still in the early stages of implementation, Slovenia has dedicated resources to training prosecutors and public authorities. Slovenia also continues to address the preservation of evidence in infringement procedures and border measures through amendments to existing legislation. The Ministry of Culture has established the Intellectual Property Fund, the Slovenian Copyright Agency, and the Anti-Piracy Association of Software Dealers to combat the problem of piracy in a collective manner.

The Law on Industrial Property grants and protects patents, model and design rights, trademark and service marks, and appellations of origin. The holder of a patent, model, or design right is entitled to: exclusively work the protected invention, shape, picture, or drawing; exclusively market any products manufactured in accordance with the protected invention, shape, picture, or drawing; dispose of the patent, model, or design right; and prohibit the use of a protected invention, model, or design, by any person without consent. The holder of a trademark has the exclusive right to use the trademark to designate products or services in the course of trade. The authorized user of a protected appellation of origin has the right to use the appellation in the course of trade for marking products to which the appellation refers.

The patent and trademark rights granted by the Law on Industrial Property take effect from the date of filing the appropriate applications. Patents are granted for twenty years from the date of filing and model, and design rights are granted for ten years. Trademarks are granted for ten years, but may be renewed an unlimited number of times. The term of an appellation of origin is unlimited. All patents and trademarks are registered through the Intellectual Property Office and all registers are open to the public. Patent and trademark applications filed in member countries of the International Union for the Protection of Industrial Property are afforded priority rights in Slovenia. The priority period is 12 months for patents and six months for model and design rights.

Any person who infringes upon a patent or trademark right may be held liable for damages and prohibited from carrying on the infringing acts.

The Law on Industrial Property also provides for the contractual licensing of patents, model and design rights, and marks. All license agreements must be in writing and specify the duration of the license, the scope of the license, whether the license is exclusive or non-exclusive, and the amount of remuneration for use when compensation is agreed upon. Compulsory licenses may be granted to another person when the invention is in the public interest or the patentee misuses his rights granted under the patent. A misuse of a patent occurs when the patentee does not use or insufficiently uses a patented invention and refuses to license other persons to work the protected invention or imposes unjustified conditions on the licensee. If a compulsory license is granted, the patentee is entitled to compensation. Slovenian industrial property legislation fully complies with EU standards. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>

Resources for Rights Holders

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http://slovenia.usembassy.gov/attorneys_list.html

7. Transparency of the Regulatory System

Generally, the bureaucratic procedures and practices are sufficiently streamlined and transparent for foreign investors wishing to start a business in Slovenia. In order to establish a business in Slovenia, a foreign investor must produce capital of at least EUR 7,500 (USD 8,550) for a limited liability company and EUR 25,000 (USD 28,500) for a stock company. The investor must also establish a business address, and file appropriate documentation with the court. The entire process usually takes three weeks to one month, but may take longer in Ljubljana due to backlogs in the court.

Slovenia has a reciprocal taxation treaty with the United States. The rate of taxation of profits in Slovenia is lower than in the United States. In 1999, Slovenia introduced the Value Added Tax (VAT) which has two tiers, 9.5 percent and 22 percent. The standard VAT is 22 percent, with 9.5 percent for some specialty items such as food products.

8. Efficient Capital Markets and Portfolio Investment

The financial sector remains relatively underdeveloped for a country with Slovenia's level of prosperity and remains significantly affected by the lingering turmoil of the global financial crisis. Enterprises rarely raise capital through the stock market and instead tend to rely solely on the traditional banking system to meet their needs.

The Ljubljana Stock Exchange (LSE), established in 1990, is a member of the International Association of Stock Exchanges (FIBV). In 2015, the Zagreb Stock Exchange acquired the LSE. However, the number of companies listed on the exchange is limited and their trading volume is very light, with annual turnover similar to a single day's trading on the NYSE. In 1995, the Central Securities Clearing Corporation (KDD) was established. KDD runs the central registry securities and trade clearings conducted on the LSE electronic trading system. The Securities Market Agency (SMA), established in 1994, has powers similar to the SEC in the United States. The SMA supervises investment firms, the LSE, the KDD, investment funds, and management companies, and shares responsibility with the Bank of Slovenia for supervision of banking and investment services.

The LSE uses different dissemination systems, including real time online trading information via Reuters and the BDS System. The LSE also publishes information on the Internet at <http://www.ljse.si/>

Foreign investors in Slovenia have equal rights as domestic investors, including the ability to obtain credit on the local market

Money and Banking System, Hostile Takeovers

The banking sector in Slovenia is marked by a relatively high degree of concentration. The country's two largest banks, NLB and NKBM, are state-owned, though NKBM is in the late stages of a privatization deal. NLB and NKBM account for almost 45 percent of market share,

while foreign-owned banks account for less than 30 percent. There are 19 banks and 3 savings banks in Slovenia, serving 2 million people. The total assets of the banking sector account for nearly EUR 50 billion (USD 56.9 billion), approximately 140 percent of GDP. In 2008, the combined effects of the financial crisis, the collapse of the construction sector and diminished demand for exports (nearly 70 percent of GDP is derived from exports) led to significant capital shortfalls. Bank assets declined steadily after December 2009, but rebounded in 2015.

Several foreign banks have announced takeovers or mergers with Slovenian banks. For example, in 2001, the French bank, Societe Generale took over Slovenia's largest private bank, SKB Banka. That same year, the Italian banking group San Paolo IMI purchased 82 percent of the Bank of Koper, the fifth largest bank in Slovenia. In 2002, the the government sold 34 percent of the largest commercial bank, NLB, to the Belgium's KBC Group, with another 5 percent sold to the European Bank for Reconstruction and Development (EBRD). In December 2012, KBC announced its withdrawal from NLB in December in 2012, and the government stepped in again to recapitalize the bank.

The Slovenian banking sector has been hit hard by the 2008 economic crisis. NLB and NKBM have have faced successive downgrades by credit rating agencies due to the large number of non-performing loans in their portfolios. At the end of 2015, approximately 19 percent of NLB's total assets were non-performing. An estimated 16 percent of Slovenian banking assets were non-performing as of December 2015.

In 2013, the government established a Bank Asset Management Company (BAMC) with a management board comprised of financial experts to promote stability of the financial system and restore trust in its functioning. BAMC agreed to manage the non-performing assets of three major state banks in exchange for bonds. Three such operations were conducted from December 2013 through March 2014. The government also injected EUR 3.5 billion (USD 3.9 billion) into three of the biggest banks (NLB, NKBM, and A Banka). These measures helped recapitalize and revitalize the country's biggest commercial banks. Banking legislation authorizes commercial banks, savings banks, and stock brokerage firms to purchase securities abroad. Investment funds may also purchase securities abroad, provided they meet specified diversification requirements.

Slovenia's takeover legislation has been fully harmonized with EU regulations. Slovenia implemented EU Directive 2004/25/ES on takeover legislation in July 2006 by adopting a new takeover law. The law was amended in July 2008 to reflect the country's adoption of the euro. The law defines a takeover as a party's acquisition of 25 percent of a company's voting rights and requires the public announcement of a potential takeover offer for all current shareholders. The acquiring party must publicly issue a takeover offer for each additional acquisition of 10 percent of voting rights until it has acquired 75 percent of voting rights. The law also stipulates that the acquiring party must inform the share-issuer whenever its stake in the target company reaches, surpasses, or drops below 5, 10, 20, 25, 33, 50 or 75 percent. The law applies to all potential takeovers.

Acquisitions are blocked or delayed regularly and easily, and drawn out negotiations and stalled takeovers have hurt Slovenia's reputation. In 2015 the privatization of Slovenia's state-owned telecommunications company, Telekom Slovenije, failed in large part due to political attempts to discourage the sale of a state-owned company. The government has struggled

to meet its commitment to open Slovenia's economy to the international capital market. Slovenia's biggest retailer, Mercator, faced similar challenges in 2014 when it was ultimately sold to a Croatian buyer after a lengthy and arduous sales process and strong domestic opposition.

Slovenia's insurance sector is characterized by its high level of concentration in a few companies, with the largest, state-owned Triglav d.d., holding 37 percent of the total market. The four largest insurance companies in Slovenia account for over 70 percent of the market, while foreign insurance companies hold less than 10 percent of the market. Insurance companies primarily invest their assets in non-financial companies, state bonds, and bank-issued bonds.

Since 2000, there have been significant changes in legislation regulating the insurance sector. The Ownership Transformation of Insurance Companies Act, which seeks to privatize insurance companies, has been delayed several times due to ambiguity in the act concerning the estimated share of state-controlled capital. Although plans for insurance sector privatization have been discussed since 2005, nothing has been implemented. Currently, Slovenia has three registered health insurance companies and a variety of companies offering other kinds of insurance. However, under EU regulations, any insurance company registered in the EU can market its services in Slovenia as well, so long as the insurance supervision agency of the company's country of origin has notified the Slovenian Supervision Agency of the company's intentions.

9. Competition from State-Owned Enterprises

Private enterprises compete on the same terms and conditions as public enterprises with respect to access to markets, credit, and other business operations.

State-Owned and partially State-Owned Enterprises (SOE) are present across most industries in Slovenia. The state has never undergone a wholesale privatization program, having retained significant ownership shares in many large companies since its independence. Sectors considered to be of strategic national interest are more likely to be dominated by state-owned companies, such as energy, transport, banking, and insurance. Other sectors of the economy, including retail, entertainment, construction, tourism, and manufacturing, include important firms that are either wholly state-owned or in which the state maintains a controlling interest by virtue of holding the largest single block of shares.

In general, SOEs do not receive a larger share of contracts/business than private sector competitors in sectors open to private and foreign competition. SOEs obtain goods and services from private and foreign firms. SOEs have to follow a strict government procurement agreement which requires transparent procedures available to all firms. Private firms can compete under the same terms and conditions with respect to market share, products, and incentives. All firms have the same access to financing.

SOEs are subject to the same laws as private companies. They must submit their books for independent audits and publish annual reports if required (for example, if the SOE is listed on the stock exchange or the size of the company meets the required threshold.) The reporting standards are comparable to international financial reporting standards. SOEs must fully comply with all legal obligations.

Slovenia is party to the Government Procurement Agreement (GPA) within the framework of the WTO. SOEs are covered under the agreement. Details are available at the WTO's GPA page: https://www.wto.org/english/tratop_e/gproc_e/gp_app_agree_e.htm.

OECD Guidelines on Corporate Governance of SOEs

Slovenia is an active participant in the OECD Working Party on State Ownership and Privatization Practices and adheres to the OECD Principles of Corporate Governance, as well as the guidelines for SOEs.

Following OECD recommendations, the government established the Capital Asset Management Agency (AUKN) in November 2010 to increase transparency and promote more efficient management of SOEs. In 2013, authorities transformed the AUKN into the Slovenian Sovereign Holding (SSH). The SSH is charged with simplifying and shortening the administrative process of privatizing state assets. SSH took over all AUKN portfolios as well as the portfolios of two other smaller state-owned funds. More than 95 percent of SSH funds are invested domestically. SSH is an independent state authority that reports to the National Assembly of the Republic of Slovenia. It provides the National Assembly with annual reports regarding the previous year's implementation of the Annual Plan of the Corporate Governance of Capital Investments. The government then adopts the Annual Plan of the Corporate Governance of Capital Investments based on SSH's proposal.

Sovereign Wealth Funds

Slovenia does not have a sovereign wealth fund.

10. Responsible Business Conduct

The concept of Responsible Business Conduct (RBC) has recently grown among the business community, but the due-diligence approach is not yet commonly recognized. However, to raise their public profile and improve their image with the public, larger international companies have increasingly undertaken activities such as sponsoring sports teams and community events in the name of corporate social responsibility. Larger companies in Slovenia have also focused on developing an environmentally friendly image by implementing green technologies and adhering to high environmental standards.

As a member of the OECD, Slovenia adheres to the OECD Guidelines for Multinational Enterprises and encourages foreign and local enterprises to follow generally accepted RBC principles, including the United Nations Guiding Principles on Business and Human Rights. Slovenia's National Contact Point for the OECD Guidelines is located in the Ministry of Economic Development and Technology:

<http://mneguidelines.oecd.org/ncps/slovenia.htm>

11. Political Violence

Except for a brief, ten-day conflict in 1991, there have been no incidents of political violence in Slovenia since independence.

12. Corruption

Slovenia does not have a bribery statute equal in stature to the U.S. Foreign Corrupt Practices Act. However, Chapter 24 of the Slovenian Criminal Code (SCC) provides statutory provisions

for criminal offenses in the economic sector. Corruption in the economy can take many forms, including collusion among private firms or public officials using influence to appoint patrons to the boards of SOEs.

The SCC stipulates criminal sanctions against officials of private firms for the following crimes: forgery or destruction of business documents, unauthorized use or disclosure of business secrets, insider trading, embezzlement, acceptance of gifts under certain circumstances, money laundering, and tax evasion.

Articles 241 and 242 of the SCC make it illegal for a person performing a commercial activity to demand or accept undue rewards, gifts, or other material benefits that will ultimately result in the harm or neglect of a business organization.

Under Article 261 of the SCC, public officials cannot request or accept a gift in order to perform or omit an official act within the scope of their official duties. The acceptance of a bribe by a public official may result in a fine or imprisonment of no less than one year, with a maximum sentence of five years. The law also stipulates seizure of the accepted gift or bribe. Article 262 holds the gift's donor accountable, making it illegal for natural persons or legal entities to bribe public officials with gifts. Violation of this article carries a sentence of up to three years. In cases where the gift giver discloses the attempted bribery before it is detected or discovered, punishment can be reduced.

The State Prosecutor's Office is responsible for the enforcement of anti-bribery provisions. The number of cases of actual bribery is small and generally limited to instances involving inspection and tax collection. The Prosecutor's Office has reported that obtaining evidence is difficult in bribery cases, making it equally difficult to prosecute. In 2010, the Government of Slovenia established the Commission for the Prevention of Corruption (CPC), an independent state body, with a broad mandate to prevent and investigate corruption, breaches of ethics, and integrity of public officials. The CPC is not part of the law enforcement or prosecution system of Slovenia, and its employees do not have traditional police powers. However, the CPC has broad legal powers to access and subpoena financial and other documents, question public servants and officials, conduct administrative investigations, and instruct different law enforcement bodies to gather additional information and evidence within the limits of their authority. The CPC can also issue fines for violations.

In 2011, to combat Slovenia's ongoing problems with corruption and non-transparent procedures in public procurement, authorities established a new government-wide Public Procurement Agency to carry out all public procurements over established EU thresholds [e.g. goods and services above EUR 40,000 (USD 45,580) and works above EUR 80,000 (USD 91,160)]. The agency reports to the Ministry of Justice. By law, the National Review Commission also provides non-judicial review of all public procurements.

While corruption remains an important problem in Slovenia, its prevalence remains relatively minor. In 2001, Slovenia convicted its first senior public official for accepting a bribe. The second case occurred in 2010, resulting in the imprisonment of a member of parliament. The small size of Slovenia's political and economic elite contributes to a lack of transparency in government procurement and widespread cronyism in the business sector. Currently, multiple prominent national and local political figures have been charged or are on trial for corruption in public procurements. The CPC has instituted a new system for tracking

corruption in public procurement at the municipal level and has discovered numerous violations since implementation.

The Slovenian Commission for the Prevention of Corruption (CPC) also operates with a broad mandate to prevent and investigate breaches of ethics and integrity involving holders of public office. The CPC reports to the Parliament; its leadership is appointed by the President. Contact information:

Commission for the Prevention of Corruption
56 Dunajska cesta
1000 Ljubljana
Slovenia
Tel: +386 1 400 5710
Fax: +386 1 400 8472
Email: info@kpk-rs.si
Web: www.kpk-rs.si/en

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, it can provide services that may assist U.S. companies in conducting due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign Commercial Service can be reached directly through its offices in major U.S. and foreign cities, or through its website at <http://www.trade.gov/cs>.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" website at http://tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at <http://www.justice.gov/criminal/fraud/fcpa>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, website, at <https://ogc.commerce.gov/>. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials and prohibit their officials from soliciting bribes under domestic laws. By virtue of being parties to various international conventions discussed above, most countries are required to criminalize such bribery and other acts of corruption.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The Republic of Slovenia ratified the UN Anticorruption Convention on April 01, 2008.

Slovenia is a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business transactions.

Resources to Report Corruption

Commission for the Prevention of Corruption

56 Dunajska cesta

1000 Ljubljana

Slovenia

Tel: +386 1 400 5710

Fax: +386 1 400 8472

Email: info@kpk-rs.si

Web: www.kpk-rs.si/en

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Slovenia does not have a Bilateral Investment Treaty (BIT) with the United States.

Slovenia has signed BITs with: Albania, Austria, Belgium - Luxembourg Economic Union, Bosnia & Herzegovina, Bulgaria, China, Croatia, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Israel, Kuwait, Lithuania, Macedonia, Malta, Moldova, Montenegro, Netherlands, Poland, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, the United Kingdom, Uzbekistan, and Serbia. Slovenia is currently negotiating BITs with Iran and with Kazakhstan.

Bilateral Taxation Treaties

Slovenia has a bilateral taxation treaty with the United States.

Slovenia has signed bilateral taxation treaties with: Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, India, Iran, Ireland, Isle of Man, Israel, Italy, Kosovo, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monte Negro, Netherlands, Norway, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Serbia, Singapore, Slovakia, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, and Uzbekistan.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

There are two types of Free Trade Zones in Slovenia: Free Economic Zones (FEZ) and Free Customs Zones (FCZ).

Free Economic Zones

Slovenia used to have two FEZs in Koper and Maribora, but these have been closed. The following activities were eligible to be performed within FEZs: production and services; wholesale trade; banking and other financial services; and insurance and reinsurance regarding the above-mentioned activities. After obtaining an appropriate tax authority decision, users of FEZs were entitled to the following benefits:

- i. VAT exemption for imports of equipment, production materials, and services necessary for export production or performance of other permitted activities;
- ii. a reduction in corporate tax rates from the normal 21 percent to 10 percent;
- iii. a tax allowance amounting to 50 percent of invested resources on investments in tangible assets in the FEZ; and
- iv. a reduction in the taxable base amounting to 50 percent of the salaries of apprentices and other workers formerly unemployed for at least 6 months.

While FEZ Koper was fully operational, there were only a few companies operating in FEZ Maribor. Despite the lack of success in Maribor, the government adopted an amendment to the Law on Free Economic Zones in January 2010, guaranteeing the FEZs' operations until December 31, 2013. In 2013, the government considered extending FEZs' operations, but eventually decided against prolonging them and they were phased out.

Free Customs Zones

As of December 2009, the only FCZ in Slovenia is the Port of Koper. Under the Customs Act, subjects operating in FCZs are not liable for payment of customs duties, nor are they subject to other trade policy measures until goods are released into free circulation.

Duties and rights of users include the following:

- i. Separate books must be kept for activities undertaken in FCZs;
- ii. Users may undertake business activities in a FCZ on the basis of contracts with the founders of FCZs;
- iii. Users are free to import goods (customs goods, domestic goods for export) into FCZs; iv. Goods imported into FCZs may remain for an indefinite period, except agricultural produce, for which a time limit is set by the government;
- iv. Entry to and exit from FCZs is to be controlled;
- v. Founders and users must allow customs, or other responsible authorities, to execute customs, or other, supervision; and
- vi. For the purposes of customs control, users must keep records of all goods imported into, exported from, consumed or altered in FCZs.

The Customs Act also allows the establishment of open FCZs that will allow for more flexible organization and customs' authorities' supervision.

In such FCZs, users may undertake the following activities:

- i. Production and service activities, including handicrafts, defined in the founding act or contract, and banking and other financial business transactions, property and personal insurance and reinsurance connected with the activities undertaken;

ii. Wholesale transactions;

iii. Retail sales, but only for other users of the zone or for use within the FCZ.

Slovenia has recently developed land sites designed for greenfield investments. Most of the newly developed industrial zones have direct access to well-developed infrastructure, including highways and rail service. Land prices can vary greatly. Municipalities and the State often subsidize infrastructure and land costs as incentives to increase employment opportunities, reducing the rate for fully-equipped land in industrial zones.

For example, in Lendava, a town located in the eastern part of the country, the price per square meter of land is roughly five Euros (USD 5.7), while prices in the vicinity of Ljubljana can run to 50 Euros (USD 57) or more. Potential investors may also count on a full range of free services and concessions provided by local development agencies for start-ups. The assistance may also include help in completing all the necessary paper work (permits) and, in some cases, organizing and financing construction in line with investor requirements. Interested investors can contact the U.S. Embassy in Ljubljana for further information.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

| Economic Data | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|--|----------------------------------|----------|---|----------|---|
| | Year | Amount | Year | Amount | |
| Host Country Gross Domestic Product (GDP) (\$M USD) | 2014 | \$49,576 | 2014 | \$49,490 | www.worldbank.org/en/country |
| Foreign Direct Investment | Host Country Statistical source* | | USG or international statistical source | | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other |
| U.S. FDI in partner country (\$M USD, stock positions) | 2014 | \$29 | 2014 | D | http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm |
| Host country's FDI in the United States (\$M USD, stock positions) | 2014 | \$67 | 2014 | \$18 | http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm |
| Total inbound stock of FDI as % host GDP | 2014 | 27% | 2013 | 23% | N/A |

*Statistical Office of the Republic of Slovenia

(D) indicates that investment levels are so small that U.S. BEA has suppressed the data to avoid disclosure of data of individual companies.

Table 3: Sources and Destination of FDI

N.B.: The Bank of Slovenia (BoS), in its official data, lists U.S. FDI at approximately USD 29 million or 0.2 percent of total inward FDI. However, this amount does not take into account

significant investments by U.S. firms not listed as U.S. in origin by the BoS, as U.S. funds are often routed through a third country. The share of U.S. FDI in Slovenia, as calculated by the U.S. Embassy, is approximately 5 percent of total inward FDI.

| Direct Investment from/in Counterpart Economy Data | | | | | |
|---|--------|------|---------------------------|-------|------|
| From Top Five Sources/To Top Five Destinations (US Dollars, Millions) | | | | | |
| Inward Direct Investment | | | Outward Direct Investment | | |
| Total Inward | 12,260 | 100% | Total Outward | 6,453 | 100% |
| Austria | 4,133 | 34% | Croatia | 1,829 | 28% |
| Switzerland | 1,388 | 11% | Serbia | 1,433 | 22% |
| Germany | 1,273 | 10% | Bosnia & Herzegovina | 556 | 9% |
| Italy | 976 | 8% | Macedonia | 484 | 7% |
| Croatia | 943 | 8% | Russian Federation | 374 | 6% |

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey, 2014

Table 4: Sources of Portfolio Investment

| Portfolio Investment Assets | | | | | | | | |
|--|--------|------|-------------------|-------|------|-----------------------|--------|------|
| Top Five Partners (Millions, US Dollars) | | | | | | | | |
| Total | | | Equity Securities | | | Total Debt Securities | | |
| All Countries | 15,024 | 100% | All Countries | 3,877 | 100% | All Countries | 11,148 | 100% |
| France | 2,064 | 14% | United States | 1,093 | 28% | France | 1,831 | 16% |
| Germany | 1,913 | 13% | Luxembourg | 545 | 14% | Germany | 1,609 | 14% |
| United States | 1,470 | 10% | Austria | 333 | 9% | Netherlands | 1,190 | 14% |
| Netherlands | 1,254 | 8% | Germany | 305 | 8% | Italy | 896 | 8% |
| Luxembourg | 996 | 7% | Ireland | 291 | 8% | Spain | 589 | 5% |

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Civil law system

International organization participation:

Australia Group, BIS, CD, CE, CEI, EAPC, EBRD, ECB, EIB, EMU, ESA (cooperating state), EU, FAO, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFC, IFRCs, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITU, MIGA, NATO, NEA, NSG, OAS (observer), OECD, OIF (observer), OPCW, OSCE, PCA, Schengen Convention, SELEC, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNTSO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

There are no exchange controls in Slovenia.

Treaty and non-treaty withholding tax rates

Slovenia has signed **59 agreements (57 DTC and 2 TIEA agreements)** providing for the exchange of information.

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 | |
|---------------------------------------|-------------------------|-------------|-------------------------|----------------|------------------------|---|
| Albania | DTC | 27 Feb 2008 | 4 May 2009 | Unreviewed | No |  |
| Armenia | DTC | 11 Oct 2010 | 23 Apr 2013 | Unreviewed | Yes |  |
| Austria | DTC | 1 Oct 1997 | 1 Feb 1999 | Yes | No |  |
| Austria | DTC Protocol | 28 Nov 2011 | not yet in force | Yes | Yes |  |
| Azerbaijan | DTC | 9 Jun 2011 | 10 Sep 2012 | Unreviewed | Yes |  |
| Belarus | DTC | 6 Oct 2010 | 31 May 2011 | Unreviewed | Yes |  |
| Belgium | DTC | 22 Jun 1998 | 2 Oct 2002 | Yes | No |  |
| Bosnia and Herzegovina | DTC | 16 May 2006 | 20 Nov 2006 | Unreviewed | No |  |
| Bulgaria | DTC | 20 Oct 2003 | 4 May 2004 | Unreviewed | No |  |
| Canada | DTC | 15 Sep 2000 | 12 Aug 2002 | Yes | No |  |
| China | DTC | 13 Feb 1995 | 27 Dec 1995 | Yes | No |  |
| Croatia | DTC | 10 Jun 2005 | 10 Nov 2005 | Unreviewed | No |  |
| Cyprus | DTC | 12 Oct 2010 | 14 Sep 2011 | Yes | Yes |  |
| Czech Republic | DTC | 13 Jun 1997 | 28 Apr 1998 | Yes | No |  |
| Denmark | DTC | 2 May 2001 | 3 Jun 2002 | Yes | No |  |
| Egypt | DTC | 15 Dec 2009 | not yet in force | Unreviewed | No |  |
| Estonia | DTC | 13 Sep 2005 | 26 Jun 2006 | Yes | No |  |
| Finland | DTC | 19 Sep 2003 | 16 Jun 2004 | Yes | No |  |
| Former Yugoslav Republic of Macedonia | DTC | 15 May 1998 | 20 Sep 1999 | Yes | No |  |
| France | DTC | 7 Apr 2004 | 1 Mar 2007 | Yes | No |  |
| Georgia | DTC | 7 Dec 2012 | not yet in force | Unreviewed | Yes |  |
| Germany | DTC | 3 May 2006 | 19 Dec 2006 | Yes | Yes |  |
| Greece | DTC | 5 Jun 2001 | 8 Dec 2003 | Yes | No |  |
| Guernsey | TIEA | 26 Sep 2011 | 9 Aug 2012 | Yes | Yes |  |
| Hungary | DTC | 26 Aug 2004 | 23 Dec 2005 | Yes | No |  |
| Iceland | DTC | 4 May 2011 | 11 Sep 2012 | Yes | Yes |  |
| India | DTC | 13 Jan 2003 | 17 Feb 2005 | Yes | No |  |

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 | |
|----------------------|-------------------------|-------------|-------------------------|----------------|------------------------|---|
| Iran | DTC | 20 Sep 2011 | not yet in force | Unreviewed | No |  |
| Ireland | DTC | 12 Mar 2002 | 11 Dec 2002 | Yes | No |  |
| Isle of Man | TIEA | 27 Jun 2011 | 31 Aug 2012 | Yes | Yes |  |
| Israel | DTC | 30 Jan 2007 | 1 Jan 2008 | Yes | No |  |
| Italy | DTC | 11 Sep 2001 | 12 Jan 2010 | Yes | No |  |
| Korea, Republic of | DTC | 25 Apr 2005 | 2 Mar 2006 | Yes | No |  |
| Kosovo | DTC | 26 Jun 2013 | not yet in force | Unreviewed | Yes |  |
| Kuwait | DTC | 11 Jan 2010 | 17 May 2013 | Unreviewed | No |  |
| Latvia | DTC | 17 Apr 2002 | 22 Nov 2002 | Unreviewed | No |  |
| Lithuania | DTC | 23 May 2000 | 1 Feb 2002 | Yes | No |  |
| Luxembourg | DTC | 2 Apr 2001 | 8 Dec 2002 | Yes | No |  |
| Malta | DTC | 8 Oct 2002 | 12 Jun 2003 | Yes | No |  |
| Moldova, Republic of | DTC | 31 May 2006 | 14 Nov 2006 | Unreviewed | No |  |
| Montenegro | DTC | 11 Jun 2003 | 31 Dec 2003 | Unreviewed | No |  |
| Netherlands | DTC | 30 Jun 2004 | 31 Dec 2005 | Yes | No |  |
| Norway | DTC | 18 Feb 2008 | 10 Dec 2009 | Yes | Yes |  |
| Poland | DTC | 28 Jun 1996 | 1 Jan 1999 | Yes | No |  |
| Portugal | DTC | 5 Mar 2003 | 13 Aug 2004 | Yes | No |  |
| Qatar | DTC | 10 Jan 2010 | 1 Dec 2010 | Yes | Yes |  |
| Romania | DTC | 8 Jul 2002 | 28 Mar 2003 | Unreviewed | No |  |
| Russian Federation | DTC | 29 Sep 1995 | 1 Jan 1998 | No | No |  |
| Serbia | DTC | 11 Jun 2003 | 31 Dec 2003 | Unreviewed | No |  |
| Singapore | DTC | 8 Jan 2010 | 25 Dec 2010 | Yes | Yes |  |
| Slovakia | DTC | 14 May 2003 | 11 Jul 2004 | Yes | No |  |
| Spain | DTC | 23 May 2001 | 19 Mar 2002 | Yes | No |  |
| Sweden | DTC | 18 Jun 1980 | 16 Dec 1981 | Yes | No |  |
| Switzerland | DTC | 12 Jun 1996 | 1 Dec 1997 | No | Yes |  |
| Switzerland | DTC Protocol | 7 Sep 2012 | not yet in force | Unreviewed | Yes |  |
| Thailand | DTC | 11 Jul 2003 | 4 May 2004 | Unreviewed | No |  |
| Turkey | DTC | 19 Apr 2001 | 23 Dec 2003 | Yes | No |  |
| Ukraine | DTC | 23 Apr 2003 | 25 Apr 2007 | Unreviewed | No |  |
| United Kingdom | DTC | 13 Nov 2007 | 12 Sep 2008 | Yes | Yes |  |
| United States | DTC | 21 Jun 1999 | 22 Jun 2001 | Yes | No |  |
| Uzbekistan | DTC | 11 Feb 2013 | not yet in force | Unreviewed | Yes |  |

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

| | Lower Risk | Medium Risk | Higher Risk |
|---|-----------------------------------|---------------------------------------|-----------------------------------|
| FATF List of Countries identified with strategic AML deficiencies | Not Listed | AML Deficient but Committed | High Risk |
| Compliance with FATF 40 + 9 recommendations | >69% Compliant or Fully Compliant | 35 – 69% Compliant or Fully Compliant | <35% Compliant or Fully Compliant |
| US Dept of State Money Laundering assessment (INCSR) | Monitored | Concern | Primary Concern |
| INCSR - Weakness in Government Legislation | <2 | 2-4 | 5-20 |
| US Sec of State supporter of / Safe Haven for International Terrorism | No | Safe Haven for Terrorism | State Supporter of Terrorism |
| EU White list equivalent jurisdictions | Yes | | No |
| International Sanctions UN Sanctions / US Sanctions / EU Sanctions | None | Arab League / Other | UN , EU or US |
| Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network | >69% | 35 – 69% | <35% |
| World government Indicators (Average) | >69% | 35 – 69% | <35% |
| Failed States Index (Average) | >69% | 35 – 69% | <35% |
| Offshore Finance Centre | No | | Yes |

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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