



Agri-Food Past, Present & Future Report

Slovenia

January 2006



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Overview

Since gaining independence, Slovenia has enjoyed political stability and economic growth leading to its recent accession into the EU and NATO. This economic growth is spurred by a shift toward trading with Western Europe. In May 2004, Slovenia was acceded into the European Union, with 90% of its approximately 2 million residents voting in favour of EU membership.

Slovenia is the one of the wealthiest of the formally centrally planned economies of Central and Eastern Europe. Continuing to perform very well, Slovenia is shifting reliance from former Yugoslavian markets to the west. In addition to having some of the most advanced road networks in the region, Slovenia has one of the largest ports in the region located at Koper, making Slovenia a portal to other key Central and Eastern European markets for Canadian exporters.

Canada - Slovenia Relations

Canada and Slovenia have experienced excellent bilateral relations strengthened by the presence of a large Slovenian community in Canada, which is one of the largest overseas Slovenian communities. Slovenian independence was recognized by Canada in January 1992, and diplomatic relations were launched the following year.

The two countries share a commitment to multilateralism, rule of law, and human security. Together, they are linked through various international treaties and agreements on issues such as social security and peaceful use of nuclear energy. Although Canada and Slovenia are not linked by any specific trade agreements, Canadian exporters now enjoy the same access to Slovenian markets as they do the rest of the European Union.

Canada-Slovenia Bilateral Trade (2005)	
Slovenia Total Trade	US\$38.1 billion
Exports	US\$18.5 billion
Imports	US\$19.6 billion
Trade balance	(US\$0.9 billion)
Canada- Slovenia Trade	\$128.6 million
Exports	\$67.5 million
Imports	\$61.1 million
Trade balance	\$6.4 million
Canada- Slovenia Ag Trade	\$4.4 million
Exports	\$2.0 million
Imports	\$2.4 million
Trade balance	(\$0.4 million)

- Resulting from large shipments of aerospace equipment, Canadian trade with Slovenia went from an \$8 million trade deficit in 2004 to a \$6 million trade surplus in 2005.
- Two thirds of Canada value-added exports to Slovenia are in civil and military aerospace.
- Canadian investment in Slovenia is minimal, but opportunities are expanding as privatization continues.
- Top Canadian exports to Slovenia include whisky and other agri-food products including beans, and food preparations in addition to products

such as electrical components, and telecommunications equipment.

- Top Canadian imports from Slovenia include plastics raw materials, hydraulic turbines, structural steel, clothing, and furniture.
- Value added agri-food products and health related goods are listed as top opportunities for Canadian exporters along with environmental technology and services, and building products.

Agricultural Trade

Due to a relatively small land area and concentration in the service and manufacturing sectors, Slovenia is highly dependent on foreign trade and is a net food importer. Although Canada and Slovenia do not have any direct trade agreements that affect the trade of agri-food products, it is expected that many imported goods such as beans, cocoa, dried fruits, fruit juices and alcoholic beverages will benefit from Slovenia's accession into the EU.

Canada's Top 5 Agricultural Exports to Slovenia (2005)	
Beans, dried, shelled	\$660,000
Rye, bottled	\$596,000
Whiskies, bottled	\$206,000
Kidney beans, dried, shelled	\$120,000
Chum salmon, frozen	\$112,000

Complete statistical summary available:
www.ats.agr.gc.ca/stats/slovenia_e.pdf

- Total Canadian, Slovenian agri-food trade was valued at approximately \$4.4 million in 2005. This accounts for more than 3% of the total trade between the two countries.
- Canadian agricultural exports to Slovenia are dominated by value added products. Intermediate and consumer goods account for over 99.6% of total agri-food exports.
- Bulk exports to Slovenia are recovering from zero shipments in 2004, reaching almost \$7,000 in 2005, only 10% of 2003 levels. Intermediate shipments in 2005 totalled just over \$898,000, a decrease of 33% from 2004 which was a 4 year high. Vegetables accounted for 89% of intermediate exports to Slovenia. Consumer oriented products declined 7.3% in 2005 from 2004, totalling just under \$979,000. This decline is due to zero exports of fruits, nuts, and grain preparations. Beverages, spirits and vinegar are taking the lead share, making up almost 82% of consumer exports.
- 2005's top agri-food exports to Slovenia were dried and shelled beans and bottled rye, accounting for 33% and 30% respectively of Canadian agri-food exports to Slovenia.
- In the past, value added products such as, mixes and dough, and dog and cat food have made up significant agri-food exports to Slovenia from Canada.

- 2005's top Canadian agri-food imports from Slovenia include Swiss/emmental cheeses and malt beer, accounting for 29% and 12.5% respectively of agri-food imports from Slovenia.

Economy

Economically ranking 17th overall in the expanded European Union, Slovenia is one of the closest countries to meet Maastricht criteria for euro adoption. Euro adoption is expected occur sometime in 2007. Slovenia currently meets all criteria for adopting the Euro except for controlling its inflation rate. Lowering inflation is currently the top priority for government.

Although 50% of the economy is still in state hands, Slovenia is an attractive business destination, with an extensive transportation network including one of the major container ports in the region. Foreign direct investment in Slovenia is the lowest of all the EU member states, but should improve as the Slovenian government continues the privatization process.

With a highly educated population and sound infrastructure, Slovenia is the most advanced constituent republic of the former Yugoslavia in the areas of research and development. Although the situation is improving, the high cost of labour and difficulties in removing nonproductive workers have been concerns for labour intensive operations in the past, resulting in higher production costs.

Gross Domestic Product (2005)	
GDP	US\$33.9 billion
GDP growth	(2005) 3.6% (2006e) 3.5%
GDP/ capita	US\$17,119
GDP/ capita (PPP)	US\$20,900

Current

- Overall GDP growth was approximately 3.6% in 2005, almost an entire percentage point lower than 2004.
- Inflation stood at 3.3% in 2005.
- Unemployment dropped to 6.4% in 2005.

Forecast:

- GDP is estimated to continue growing at a constant pace, although it is performing above original estimates.
- Domestic demand growth, increased housing construction and an anticipated increase in investment are all factors expected to support continued growth.
- Inflation is expected to increase due to rising oil prices, creating a potential problem for euro adoption in 2007.
- Unemployment is expected to continue to drop slowly for the foreseeable future.

Consumer Market

Not unlike the rest of the world, Slovenia's retail markets and the products and services available are changing rapidly to meet the evolving needs of consumers. The Slovenian population is working longer hours and are changing their shopping habits. Daily shopping in smaller store formats is quickly being replaced by weekly family shopping trips to hypermarkets (Euromonitor, 2004).

- Purchasing power parity GDP/capita for the average Slovenian consumer is almost \$21,000 per year, only \$10,000 less than the EU-15 average and is the second highest GDP/capita of the ten new EU member states.
- In 2003, almost 20% of a Slovene's expenditure was spent on food products (Euromonitor, 2004).
- Pricing is generally quite high in Slovenia due to the high cost of labour and the lack of competition in certain sectors. As a result many Slovenes take short trips to neighbouring countries to shop.
- Two main trends are prevailing in Slovenia, an increasingly older population and the continuing need for more time.
- More reliance on healthy living, including the healthy eating is being observed in older Slovenian households, as they are less inclined to spend money on clothing, transport and education (Euromonitor, 2004).
- Younger generations spend much of their money on food consumed outside the home (Euromonitor, 2004).

Competitors

Since the dissolution of Yugoslavia, Slovenia has seen a significant shift in its major trading partners. The loss of a larger domestic market in Yugoslavia has caused Slovenia to look to the west. Now, as a member of the European Union, Slovenia has focused on its trade relations with Western Europe. Ranking as Slovenia's first and second largest trading partners, Germany and Italy contribute nearly 40% of Slovenia's imports.

- Slovenia's principal import sources and Canada's top competition are Germany (19.9%), Italy (18.6%), Austria (12.3%), France (8.1%) and Hungary (3.8%).
- Although two thirds of trade is now with the EU, Slovenia continues to develop and diversify its trade with South Eastern Europe and Russia.

Access Issues

In an attempt to ease the challenges of Slovenian market access issues, Canadian exporters are encouraged to use a carefully selected local agent or distributor. Such an arrangement can be more cost effective, and more efficient than direct sales. Using a motivated and trained intermediary can help a Canadian exporter keep close and frequent contact with buyers, and utilize aggressive market promotion. It is important to note that foreign companies have the same rights, obligations and responsibilities when dealing in Slovenia as domestic companies.

Canadian exporters are encouraged to register with the Virtual Trade Commissioner Service, to gain easy access to Canada's embassy's and posts abroad. In addition, the services of Export Development Canada (EDC) and the Department of Foreign Affairs are available. The services of the Canadian Embassy in Hungary are also available for use www.canadaeuropa.gc.ca/hungary. Although there is no resident representation in Slovenia, the embassy in Hungary is equipped to handle Slovenian based issues. The Slovenian Standards Institute is also available to answer all questions pertaining to product quality standards info@sist.si.

- Food products do not require registration for import to Slovenia; although, all shipments will be tested for quality and health standards and must comply with Slovenian laws and regulations.

- The Ministry of Agriculture and Ministry of Health are responsible for the control of food products entering Slovenia.
- A quality certificate is required for the import of animals, meat, vegetables and other food products. The Ministry of Agriculture and the Ministry of Health are responsible for the control of food products, and the issuing of quality certificates.
- Slovenia does enforce a number of agri-food labelling standards that include the print being in the Slovenian language, and having name and address of the importer marked on the product.
- Having the proper import/export documentation is the responsibility of the importer and the exporter of the products being shipped.
- Import levies are payable upon importation of the agri-food product, unless the product is exempt from duties under Slovenian Customs Law.

Business Travel Tips

- Business travelers can visit Slovenia for up to three months without a visa, but must apply for one outside the country if staying for a longer period of time.

Agriculture Sector & Policies

Despite their small numbers, Slovenian farmers have significant political sway. There are approximately 86,000 family farms and agricultural enterprises in Slovenia, controlling over 848,000 hectares of land. The average family farm is about 10 hectares, which is less than a quarter of the European Union average. The average size of an agricultural enterprise (non-family farm) is approximately 50 hectares. In recent years, Slovenian farm consolidation has increased, as many family farms have been purchased by larger farm enterprises.

- Agriculture accounts for 1% of Slovenia's GDP and employs approximately 2% of the population.
- Primary agricultural commodities include barley, maize, potatoes, soybeans, sugar beets, wheat, beef, chicken, duck, goose, lamb pork and turkey.
- Polluted rivers and coastal waters, forest damage from air pollution and acid rain are current environmental concerns.
- Land base is divided into arable land (8.6%), permanent crops (1.49%) and other (89.91%).

Contact Information:

The Canadian Embassy in Hungary

Canada does not have resident representation in Slovenia; however, the Canadian Embassy in Hungary also serves as the Canadian representation to Slovenia.

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