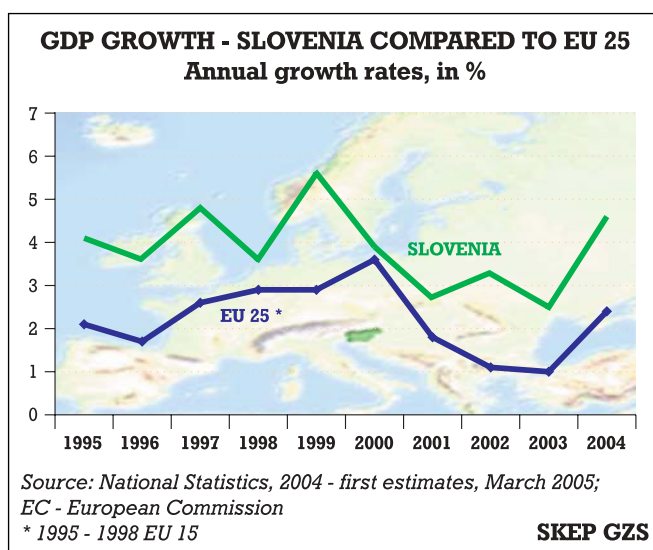


SLOVENIA - CURRENT ECONOMIC TRENDS 2005 - 2006

Economic Outlook & Developments

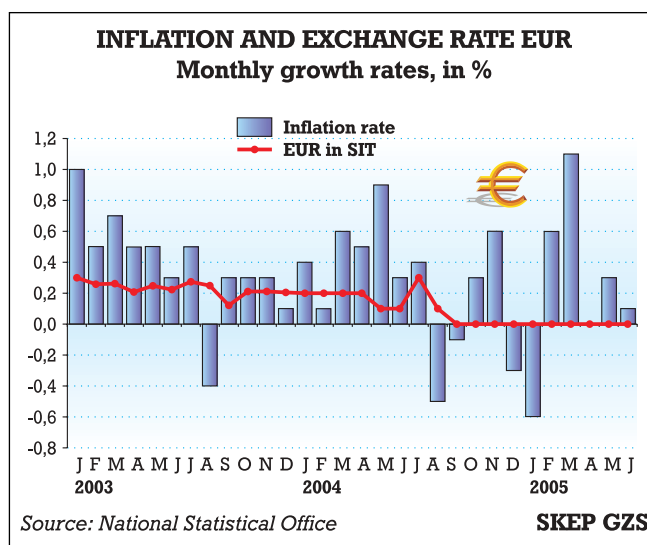
After a generally successful first year of membership of the EU, Slovenia has been facing a new "transition", along with all other EU countries. New challenges related to the quality of work and living, knowledge-based society, e-commerce, research and innovation processes are to gradually help overcome the structural changes arising from global trade and world economic developments. Besides, Europe and also Slovenia will have to deal with a serious demographic issue of ageing population. The European Union membership has brought about new trade patterns, easier business communications, better access to new markets, but also keener competition and consequently harsher employment conditions in some branches.



In 2004, **GDP growth** in Slovenia, boosted by dynamic foreign trade, reached 4.6 percent - the highest rate in the last five years. Slovenian exports of goods and services rose by 12.6 percent.

However, the contribution of domestic demand to the growth was also evident in 2004. Investments continued to play a crucial role in domestic business activity, reaching a 6.8 percent growth. Household consumption was up by 3.4 percent, stimulated by 2 percent real wage growth and furthermore by increased household borrowing. Public consumption recorded a 1.7 percent growth. The government deficit, accounting for 1.9 percent of GDP, remained in the frames of the convergence criteria.

In mid-2004 Slovenia entered the ERM2 exchange rate regime, setting the central parity at 239.64 Slovenian tolar per euro. From then on the deviations from the parity have been only marginal. As according to the government programme the adoption of the **euro** in Slovenia is scheduled for January 2007, Slovenia is expected to meet the convergence criteria in time. At present only **inflation** criterion has not yet been met. In mid-2005, the 12-month average inflation still run at 3.0 percent, being, however, on a downward trend. We predict further lowering of inflation



MAIN BUSINESS CYCLE INDICATORS FOR SLOVENIA 2004 - 2006

	2004	2005 Forecast	2006 Forecast
GDP, real growth rate in % (*)	4.6	4.0	4.0
• Private consumption, real growth rate in %	3.4	3.2	3.0
• Public consumption, real growth rate in %	1.7	3.0	3.0
• Gross fixed investment, real growth rate in %	6.8	7.5	7.0
• Exports of goods and services, real growth rate in %	12.6	7.5	6.5
• Imports of goods and services, real growth rate in %	12.4	7.8	6.5
Employment, growth rate in %	0.6	0.8	0.8
Unemployment rate (standardised by ILO definition), in %	6.3	6.2	6.1
Consumer prices - annual average, growth rate in %	3.6	2.9	2.3
Compensation per employee - average, real growth rate in %	2.0	2.1	2.3
Public sector deficit (% of GDP)	-1.9	-2.0	-2.0
Current account balance (% of GDP)	-0.9	-1.0	-1.0
Short-term interest rates, 3 m, nominal (estimate)	8.7	7.4	6.4
Long-term interest rates, nominal (estimate)	9.0	7.7	6.7
Exchange rate, SIT per Euro, annual average (estimate)	238.9	240	240
Exchange rate, Dollar per Euro, assumption	1.24	1.30	1.30

Sources: Konjunkturna gibanja, No.2, May 2005, SKEP GZS, based on various domestic and international sources (SURS, BS, etc.)

Estimates and forecasts: SKEP - Economic Outlook and Policy Services, Chamber of Commerce and Industry of Slovenia, April/May 2005.

throughout 2005 and 2006, resulting in 2.9 and 2.3 percent annual inflation rates, respectively. The main risks arise from the international environment because of volatile oil and raw material prices. Nevertheless, inflation impulses might also come from developing domestic services sector. **Interest rates** have continued to come down to the comparable rates of the ECB and EU commercial banks. In the first quarter of 2005, the average nominal short-term interest rate for bank loans for companies stood at 8 per cent, 0.7 of a percentage point below the 2004 average level. Further lowering can be expected in 2006.

Labour market trends improved in 2004, with modest increase of employment in companies and evident easing of the negative trend in the small business sector. In 2005 and 2006, further modestly positive developments on the labour market are expected in general. According to our forecasts, a 0.8 percent average rise in total employment is possible in 2005 and 6.2 percent ILO unemployment rate.

GROSS DOMESTIC PRODUCT IN SLOVENIA, 2004	
GDP, in EUR million (current prices)	25,919
GDP, in USD million (current prices)	32,182
GDP per capita, in EUR (current prices)	12,977
GDP per capita, in USD (current prices)	16,112
GDP per capita compared to EU 25, in PPS, 2004	78%

Source: National Statistical Office, March 2005 - first estimates; Eurostat, June 2005

In terms of the level of development, Slovenia is currently reaching 78 percent of the EU-25 average, by purchasing power parity. Looking ahead, the country has a potential to reach or even surpass the EU development level in the next ten years. In 2005 and 2006, **GDP growth could rise by 4 percent**, with exports remaining the growth engine although at some lower rates as recorded in 2004. Both, exports and imports growths are forecast to rise by 6.5 percent in 2006 and the current account balance is seen to generate a slight deficit of 1 percent of GDP. Domestic demand - private, public and investment - could reach around 4 percent growth, depending on the productivity, wages, and interest rates policy. Nevertheless, the speeding up of structural reforms in some vital national systems, such as health, pension, labour market and taxes are seen as inevitable in forthcoming period.

Foreign Trade, Balance of Payment, FDI

In the course of 2004, Slovenia saw outstandingly positive **foreign trade** developments, surpassing all the expectations. A revival in international business cycle and Slovenia's accession to the European Union contributed to the seen foreign trade trends in 2004 the most. By entering the ERM2 exchange rate mechanism at the end of June 2004, Slovenia set the central parity per Euro. Fears that exports might suffer from the stable exchange rate have not materialized. **Exports of goods** were up by more than 9 percent and **imports** by 11 percent in real terms. Foreign trade flows, particularly with countries of the former Yugoslavia and the Russian federation were stimulated at the beginning of 2004, just before the adoption of the European *acquis* in the area of foreign economic relations. After the EU accession in May 2004 (higher customs duties on the main industrial products), a drop in exports to the countries in South-Eastern area was perceived, while exports to the EU-25 recorded even above 10 percent growth. Also imports of goods were on the rise in the second half of 2004, in line with growing industrial production as well as soaring oil prices.

SLOVENIAN EXPORTS AND IMPORTS				
	2004 I-III 2005		2004 I-III 2005	
	EUR million		Growth rates in %	
Exports total - goods	12,587	3,279	11.5	10.5
EU-25 countries	8,320	2,308	10.2	11.8
Non-member countries	4,267	971	14.3	7.5
Imports total - goods	13,878	3,456	13.4	9.0
EU-25 countries	11,402	2,765	12.2	5.0
Non-member countries	2,476	691	19.3	29.0

Source: National Statistical Office

In the first quarter of **2005**, positive foreign trade trends have been maintained, with exports growing faster than imports. Exports grew by 10.5 percent in nominal terms, and exports to EU by 11.8 percent. Imports of goods rose by 9 percent compared to the same period 2004. The trade deficit stood at EUR 176 million, and with the EU countries at EUR 457 million.



Slovenia generated 66 percent of the total value of exports and 82 percent of the total value of imports with the **EU-25 countries** in 2004. In exports, a considerable rise was recorded with France, Austria, Italy, Belgium and United Kingdom. The exports to Germany slightly increased, i.e. by 2.5 percent in nominal terms. The trade with new EU members continued to prosper, with the exports to Czech Republic growing above the average and exports to Poland, Hungary and Slovakia at some slower pace.

MAJOR PRODUCT GROUPS	
EXPORTS	IMPORTS
Motor cars	Steel and steel products
Pharmaceuticals	Motor cars
Seats	Petroleum oils
Steel and steel products	Parts and accessories of motor vehicles
Parts and accessories of motor vehicles	Pharmaceuticals
Refrigerators, freezers, etc.	Motor vehicles for the transport of goods
New pneumatic tyres	Automatic data processing machines
Electrothermal appliances, other domestic gear	Petroleum gases

In the first quarter of 2005, exports of goods to the EU continued to rise, with the share of exports to these markets increasing to

even 70 percent. Exports of goods increased the most to France, followed by Belgium, Austria, United Kingdom and Italy. Exports to Germany stagnated in line with its weak economic performance. The trade with new EU member states continued to flourish. Total trade deficit with the EU countries widened by 45 percent compared to the same period 2004.

The trade with **non-EU countries** has been very intensive, with imports of goods exceeding the exports in 2004. Exports were up by 14.3 percent in EUR terms with exports to CIS-countries accelerating the most. Exports to Serbia and Montenegro boosted by as much as 31.3 percent and to Croatia by 15.6 percent. With membership of the EU, Slovenia also acquired better access to third markets, such as the Latin America, Africa, South Mediterranean countries. Positive trade trends with non-EU countries continued in the first quarter of 2005, with exports up by 7.5 percent and imports up even by 29 percent.

MAIN SLOVENIAN EXPORTING COMPANIES

REVOZ - Novo mesto, GORENJE GROUP - Velenje, LEK - Ljubljana, KRKA - Novo mesto, PREVENT GLOBAL - Slovenj Gradec, SIJ GROUP - Ljubljana, SAVA TIRES - Kranj, TALUM - Kidričevo, ADRIA MOBIL - Novo mesto, IMPOL - Slovenska Bistrica, CIMOS - Koper, HIT - Nova Gorica, KOLEKTOR GROUP - Idrija

In 2004, Slovenia's **balance of payment** deficit amounted to EUR 238 million, expanding from 0.4 percent in 2003 to 0.9 percent of the GDP in 2004. The increase mainly stemmed from higher trade deficit, along with some lower surplus in services. The trade deficit stood at EUR 840 million, while the services surplus totalled EUR 672 million. In the first quarter of 2005, there was a surplus in the balance of payments amounting to EUR 13 million. Exports of services recorded a growth of around 10 percent in nominal terms, whilst imports were up by 7 percent.

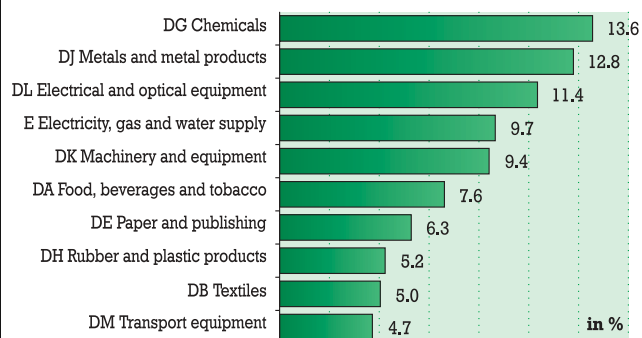
As regards **foreign direct investments**, net inward investment - contrary to the previous year - again surpassed domestic investments abroad in 2004. Renewed strengthening of FDI was seen towards the end-year, with net inflows to Slovenia reaching EUR 420 million over the whole year. Compared to 2003, they were up by 40 percent. The majority of investments from abroad were in the form of equity. On the other hand, net outflow of domestic investments abroad totalled EUR 368 million, almost entirely in equity, while in the previous years a major share was accounted for by debt claims on associated companies. In the first quarter of 2005, Slovenian investment abroad rose to EUR 126 million. Investments in the countries of the former Yugoslavia have again been on the rise, accounting for 70 percent of the investments abroad, with investment in the retail sector and the financial sector particularly prominent. The proportion of Slovenian investment in the Czech Republic also rose notably, to almost 9 percent in the first quarter of 2005.

Production & Services

After a vigorous **industrial production** in 2004, reaching 4.8 percent annual growth, the trend has reversed as from the beginning of 2005. According to statistical data, the first four months of this year saw total industrial production lowering by 1.1 percent on average compared to the same period of the previous year. The production of intermediate goods has been down by 2.7 percent. However, consumer goods production was up by 0.1

percent, and that of capital goods by 1.3 percent. Statistical data show a 0.7 percent fall of production in manufacturing, above all in the manufacture of coke and petroleum products, leather and leather products, electrical and optical equipments. On the other hand, some activities recorded dynamic growth, i.e. the manufacture of transport equipment, chemicals, rubber and plastic products. Nevertheless, the real turnover and new orders reveal positive trends, especially from foreign markets.

MAIN INDUSTRIAL ACTIVITIES BY VALUE ADDED Structure in % (C+D+E=100), 2004



Source: *AJPES*, calculation *SKEP*, June 2005

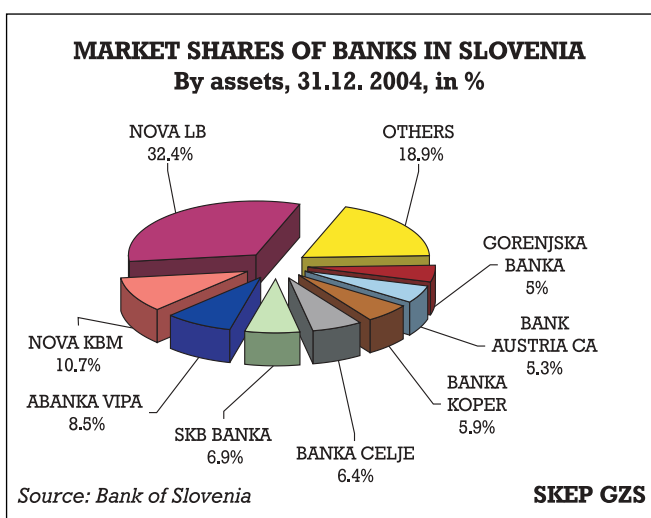
SKEP GZS

In 2004, the real **domestic trade** turnover increased by 5.3 percent. High dynamics of domestic trade has continued. In first four months of 2005, the real turnover from sales was 5.7 percent higher than in the same period last year. On average, turnover from sales increased the most in trade with non-food products, i.e. by 7.3 percent. The increase can be contributed to the retail sale via mail order houses, as well as to clothing & leather stores, book & newspapers stores, and the sale of pharmaceutical & cosmetic products. Real income growth of 6.0 percent has been seen in sales of food, beverages and tobacco. This year the sale of motor vehicles and spare parts has been slightly restrained, with 1.1 percent turnover growth. Fuels trade increased by 8.2 percent in the reference period.

The value of **construction** put in place in 2004 was nominally 11.2 percent higher compared to the previous year. The first data for 2005 point to a successful start of the main building season. In first four months of 2005, the value of construction put in place was nominally 8.8 percent higher compared with the same period of the previous year. The value of residential buildings has been up by 18.1 percent, while the value of civil engineering works dropped by 2.5 percent.

In 2004, Slovenia recorded 7.6 million total **tourist** overnights, with 57 percent share of foreign tourist overnights. The foreign tourism receipts were up by 10 percent according to the previous year, amounting to EUR 1.3 billion. The promising trends in tourism from 2004 have continued also in the first quarter of 2005. The EU enlargement has changed the traditional European tourist flows, also to the benefit of Slovenian tourism. Some new flight connections between Ljubljana and some European capitals were established in early 2004, already bringing new groups of tourists to Slovenia, e.g. from Great Britain, France and Ireland. In the first quarter of 2005, **foreign tourism** receipts were up by 12 percent compared to the same period last year. Foreign arrivals were up by

12 percent, and are expected to further expand over the year, while **domestic tourism** has been down by 3 percent.



Developments in the **banking sector** indicate a relatively good yield performance of banks. At the end of the first quarter 2005, the total assets were around 6 percent higher than at the beginning of the year. Year-on-year growth in domestic lending continues to gradually strengthen. Foreign currency loans accounted for approximately three-quarters of all lending in the first quarter of this year. Companies continue to account for the majority of borrowing in foreign currency. The proportion of corporate lending in foreign currency is still rising (85% in the first quarter of the year), while the proportion of household lending in foreign currency has remained at the level of approximately 40 percent seen at the end of last year.

Labour Market, Wages, Labour Costs

A gradual but persistent recovery on Slovenia's labour market in 2004 has continued also in the first quarter of 2005. The upturn has been evident in the small private business sector, with the rising number in individual private entrepreneurs and levelling off of the downward trend in the number of employed by the self-employed. Also, employment in companies has been picking up gradually.

LABOUR FORCE			
	Number 2004	Growth in %	
		2004	2005 I-III
LABOUR FORCE	875,033	0.0	0.0
1. Total employment	782,206	0.6	0.7
• in enterprises, companies	637,004	0.6	1.2
• by self-employed persons	65,642	-0.8	-0.6
• self-employment	79,560	1.9	-2.6
- individual private entrepreneurs	43,029	-0.6	0.9
2. Registered unemployment	92,826	-5.0	-5.1

Source: National Statistical Office

Note: As from 1.1.2005 the data on labour force have been attained by the new methodology (Statistical register of employment) - the indexes for 2005 are calculated according to comparable data for 2004

In 2004, total **employment** rose by 0.6 percent. Registered as well as standardised ILO **unemployment** rate dropped in comparison with the previous year, i.e. to 10.6 and 6.3 percent, respectively. According to the National Employment Service, the formal supply of **job vacancies** has been improving. Nevertheless, the EU accession has affected Slovenian labour market to some extent. Fiercer competition from the low-labour-cost countries and slow

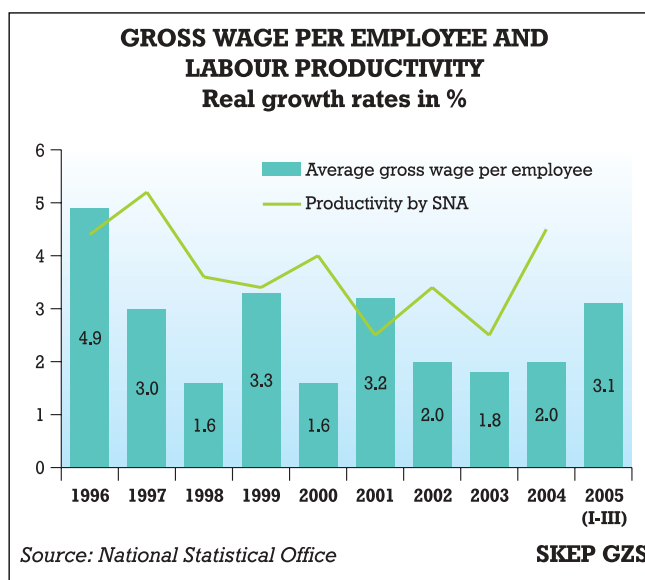
restructuring of Slovenian firms in some sectors (especially food industry and textile) have forced firms to cut back on their workforce substantially. On the other hand, entering the EU has had a positive employment effect in services sector.

In 2005, further improvement is expected on the labour market, although a moderate one. Employers are still cautious in their decisions regarding new hiring. According to our forecast, a 0.8 percent average rise in total employment is possible in 2005 and around 6.2 percent ILO unemployment rate.

SLOVENIA'S LARGEST EMPLOYERS	
1. Holding Slovenian Railways, d.o.o.	Transport
2. Poslovni sistem Mercator, d.d.	Trade
3. Pošta Slovenije, d.o.o.	Post services
4. Gorenje gospodinjiski aparati, d.d.	Households appliances
5. Mura, European Fashion Design, , d.d.	Textiles
6. Krka, Tovarna zdravil, d.d.	Pharmaceuticals
7. Lek farmacevtska dru ba, d.d.	Pharmaceuticals
8. SGP Slovenija ceste tehnika obnova, d.d.	Construction
9. Unior kovaška industrija d.d.	Metal processing
10. Merkur - trgovina in storitve, d.d.	Trade

Source: AJPES, calculations SKEP

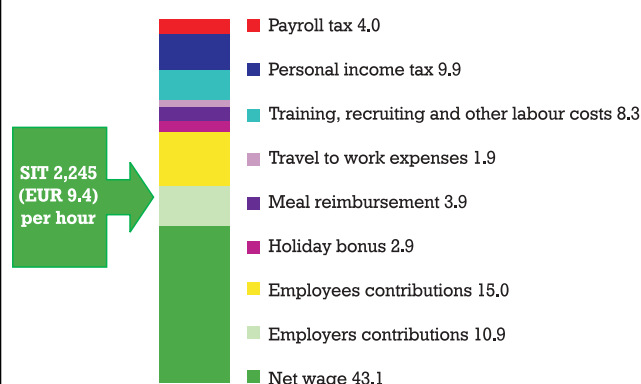
After a 2 percent real growth in 2004, wages rose faster in the first quarter of 2005 (3.1 percent in real terms). In 2004, the average monthly **gross wage** stood at SIT 267,571 (EUR 1,120) and in manufacturing it was SIT 226,029 (EUR 946). Average monthly take-home wage in Slovenia was SIT 168,203 (EUR 704).



Taking into account the Private Sector Wage Agreement 2004-2005 and counting on further moderate wage growth in the public sector, the average **real gross wage growth** in Slovenia could reach slightly above 2 percent in 2005. For 2006, however, the wage policy is not yet settled - neither for private nor public sector. If the solutions set out at the national level and in the sectoral collective agreements are to ensure the real wage growth lagging behind productivity by at least one percentage point, real wages could rise by about 2.3 percent in 2006.

The average **hourly labour cost** for employer, including additional labour costs, totalled SIT 2,245 (EUR 9.4) in 2004

HOURLY LABOUR COST PER EMPLOYEE IN SLOVENIA, 2004, in %



Source: SORS, calculation SKEP GZS

SKEP GZS

according to our estimates, while in manufacturing it was SIT 1,943 (EUR 8.1). The estimate is based on an effective 37.5-hour working week (the statutory 40-hour working week).

Economic Policies & Reforms

In spring 2005, Slovenia has been striving for some structural changes in the pension, health and tax systems, unemployment benefits and other social transfers. The aim of the proposed changes is to combat the demographic challenges and preserve social sustainability as well as to create a "friendly" business environment, especially for SME's, with lowering of the labour cost and overall tax burden of the companies. However, all of the raised issues have been still a matter of public debate and need to be agreed on also with the social partners.

Several changes of the **health system and health insurance** have been put forward by the Ministry of Health, proposing lowering of sickness benefits, introducing levelling schemes for differences among insurance companies concerning voluntary insurance premiums, etc. However, the demographic picture in Slovenia and the fact that sickness benefits already represent 1.4 percent of GDP indicate the necessity of an integral and thorough health reform.

TAXES IN SLOVENIA in 2005	
Value added tax	Higher rate 20 % Lower rate 8.5%
Corporate income tax	25 % for exceptions also 0%
Personal income tax	from 16% to 50% 5 levels
Payroll tax	from 0% to 14.8%, 4 levels
Special tax on certain incomes	25%

In the pursuance of the EU Directives, a new set of **tax regulation** has been in force as from January 2005. The main changes took place in the personal income tax, corporate income tax as well as the tax procedure act. But, the actual implementation revealed a certain degree of non-transparency, bureaucracy and inconsistency. Business sector thus proposed additional modifications of the tax system. Some experts propose a thorough tax system reform with the introduction of a flat tax rate and abolishment of the payroll tax. However, the Government is more inclined to reform of the present personal

corporate income taxes. This reform should ease the burden on the economy and establish the conditions for attaining greater competitiveness on the world market.

TAX WEDGE IN SOME EU COUNTRIES AND SLOVENIA In manufacturing, in %				
	2001	2002	2003	2004
Germany	50.8	51.1	52.0	50.7
France	48.3	48.2	48.3	47.4
Slovenia*	...	46.9	47.1	47.3
Hungary	49.0	49.0	45.7	45.8
Italy	46.1	46.0	45.3	45.7
Austria	44.5	44.7	45.0	44.9
Czech Republic	43.1	43.5	43.8	43.6
Poland	42.7	42.8	42.9	43.1
Slovakia	42.1	41.1	41.4	42.0
Portugal	32.5	32.6	32.6	32.6
Ireland	25.8	24.5	24.5	23.8

Source: OECD, Taxing wages, 2004; * for Slovenia estimate SKEP GZS

Note: data refer to a single employed person without children in manufacturing with a 100% of an average gross wage

As regards **wage policy**, the Wage Policy Agreement for Private Sector 2004-2005 is still in force by the end of 2005. This Agreement determines the statutory minimum wage at 122,600 SIT (EUR 510) gross as from August 2005 and also sets the minimum adjustment amount (lump sum for adjustment of gross wages) at 5,100 SIT (EUR 21) as from August 2005. However, at the beginning of the summer the social partners already launched activities to negotiate a **new social agreement**, since the current Social Agreement expires at the end of 2005.

Financial performance of companies

The annual financial and accounting statements of Slovenian companies and entrepreneurs for the business year 2004 confirmed their outstanding performance over the year. Companies recorded EUR 1.6 billion of **profits** after deduction of taxes. Their total **sales revenues** amounted to EUR 52.6 billion, up by 12.5 percent in euro nominal terms, and the average profit margin rising to 5.3 percent. According to specialized accounting standards for sole proprietors - **entrepreneurs**, they achieved EUR 4.1 billion sales revenues, up by 8.9 percent in euro nominal terms.

OPERATING COMPANIES AND ENTREPRENEURS, 2004	
Number of companies:	42,068
- SME's*	40,540
- Large companies:	772
Number of entrepreneurs:	55,181

*Defined by criteria according to employees, turnover and equities

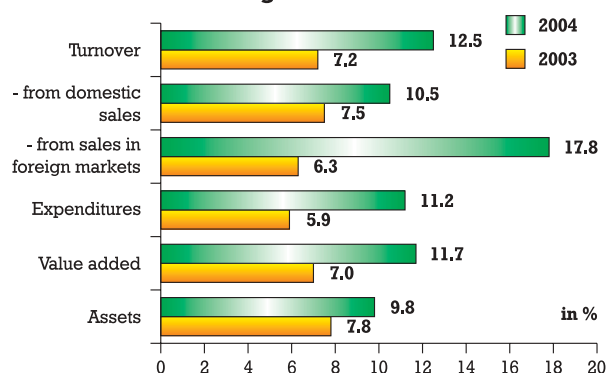
Source: AJPES, June 2005

In terms of turnover and employment, **large** companies have the most important role, with 47 percent of employees and 56 percent of turnover. **Small** companies, on the other hand, represent 96 percent of all companies, but generate 28 percent of turnover and employ 37 percent of all employees. Sales revenues generated in foreign markets represented 27 percent of total revenues. **Exporters** continued to be an important driving force of the Slovenian economy, in particular large exporters whose export revenues accounted for as much as 82 percent of total.

Value added per employee by our calculations stood at EUR 27,944 on average, up by 9.2 percent over the previous year in euro

FINANCIAL PERFORMANCE OF COMPANIES, IN EUR TERMS

Annual growth rates in %



Source: AJPES, calculation SKEP, July 2005

SKEP GZS

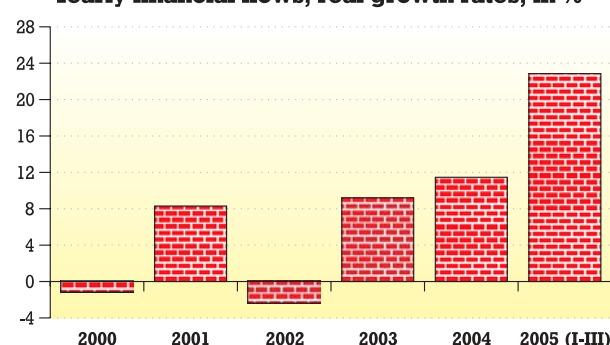
terms. The **return on equity** stood on average at 5.4 percent and **return on assets** at 2.4 percent, whilst in manufacturing these figures were 6.5 and 3.4, respectively. Total equity of companies in 2004 in euro nominal terms was 7.7 percent higher than a year before, thus increasing its real value.

Investments

Investments play a crucial role in domestic business activity. The first months of 2005 point to further intensifying of investment flows. Also the growth in the production of capital goods continues to be strong. According to the CCIS Survey of March 2005, the most important aims of investing in companies are the rise in value added, improvements in quality and the introduction of the **new products and services**. Investing in equipment represents some 45 percent of gross capital formation, according to the latest figures.

INVESTMENTS

Yearly financial flows, real growth rates, in %



Source: AJPES

SKEP GZS

In general, some 7,400 investors were active in Slovenia in 2004 and around 3,700 in the first quarter of 2005. Krka, Revco, Novartis-Lek, Acrioni Jesenice, Salonit Anhovo, Pivovarna Laško are among the biggest Slovenian investors in manufacturing, while in trade sector these were Mercator, Spar, Lidl, Petrol, Engrotaš. Moreover, investments in infrastructure & communications are also quite strong.

If broken down by regions, the most dynamic investment activity is still recorded in the Central Slovenia, while in the less-developed Eastern border regions Pomurje and Koroška and in

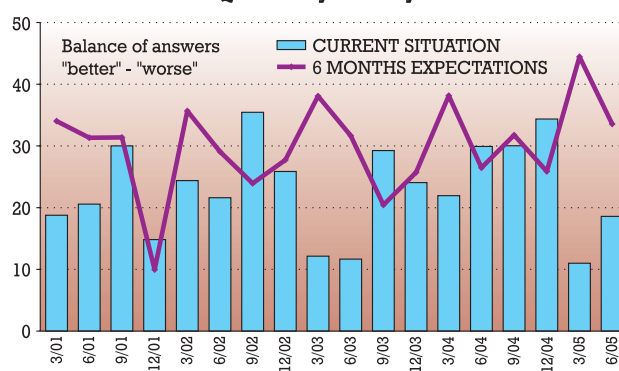
a traditional industrial region Zasavje, the investment activity remains less intensive.

Business Expectations

Reflecting the overall prospects and developments in the European business cycle, the short-term expectations of the business community in Slovenia in mid-2005 have been calming down. Already the autonomous CCIS Survey "Poslovna pričakovanja" at the end of the 1st quarter 2005 pointed to some weakening of the **business confidence**. The survey in June 2005 brought about a slight bettering, but the majority of companies were on average less confident than last year. The current position has been evaluated as relatively "good" by 32 percent of surveyed companies, but in industry only by 23 percent. The six-months expectations for the second half of the year 2005 were assessed a bit better than current business position thus, in comparison to March Survey, the optimism decreased somewhat. Still, some 40 percent of business leaders believe, that their performance can be better in the second half of 2005. Taking into account the short-term expectations about sales, exports, production, investments and employment, one can count on positive, but not very dynamic business trends in the coming period.

PERCEPTION OF CURRENT BUSINESS SITUATION AND SIX MONTHS EXPECTATIONS

Quarterly surveys



Source: SKEP CCIS Surveys 2001 - 2005

SKEP GZS

Slovenian companies do not expect any special improvement in the business cycle in their most important markets - the euro area by the end of 2005. Only 9 percent of the surveyed companies count on a better market performance in EU in the second half of 2005. Besides, 21 percent of companies expect even a deteriorated demand in the euro area markets. Obviously, they will need to further search for market niches and also for new markets in 2005 as well as at the beginning of 2006.

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