

Ljubljana, May 20, 2022

On behalf of the business community, on behalf of the members of the American Chamber of Commerce in Slovenia – AmCham Slovenia – which has set itself the guiding principle of a culture of dialog, allow us to **congratulate** you on your election to the National Assembly of the Republic of Slovenia, for taking up important role for the development of Slovenia and for the **trust awarded to you by the voters.**

Your work and the country's development will without a doubt be marked by the orientation of the new coalition agreement. It is our wish that Slovenia continues to be an ambitious, developmentally oriented country that will take its place among the safest countries with a high quality of life, together with free education and public healthcare access for all. But without a strong economy, this will not be possible. We welcome the orientation toward a green and digital transition, the emphasis on environmental, social and governance (ESG) principles and zero tolerance for corruption. Moreover we call for a predictable business environment, so that Slovenia can maintain its reputation as a credible and stable country both at home and in the international economic community.

Positive changes require **open and constructive dialogue** among all actors involved – political circles (the coalition and opposition), the business sector, the scientific community, and civil society. In light of the new coalition agreement, we welcome the initiative for the cooperation of the authorities and the public or civil society, but we do miss the mention of the business sector as an important partner and stakeholder for development.

Our business community, which generally includes Slovenian and international companies that facilitate jobs with high added value and ESG principles, recognizes as key issues for quality of life and business operations: **health, knowledge, international competitiveness, sustainability, meritocracy and transparency.** In addition to addressing supply chain challenges and the lack of resources, especially for energy, we would draw attention to the urgent need to adopt the latest reforms, including health and pension reform, which are long-term changes and therefore require broad consensus and trust.

We welcome the numerous expressions of intent set out in the coalition agreement, especially those related to sustainability and the green transition, and to a knowledge-based society, but we would like to shed light on **areas that are highly important for a development-oriented economy** and which we see as lacking or unclear. These areas have been pointed out to us by our members, business owners and companies.

**Fiscal policy, preserving the Income Tax Act, introduction of the social-development cap, and a predictable tax environment**

Business leaders and tax professionals have for a number of years been calling for the **introduction of a social-development cap** on contributions for pension and health insurance. We believe this to be a necessary investment for Slovenia, if we wish to become and remain a country in which our companies can develop high value-added products and services, enable young people to stay and be productive in their homeland and in which international corporations will create development centers and jobs with high added value. The recently adopted Income Tax Act was an important signal that we want companies that have the long-term intent to invest and create jobs in Slovenia. In any case we trust that this act will remain, and moreover that it will be enhanced by the social and development cap.

Ultimately with regard to the limits on the amounts, where contributions are no longer paid (social and development capping), this is a case of fairness, since Slovenia has the maximum pension amount, but there is no maximum amount of contributions set on payments for pension insurance.

Unclear statements regarding progressive taxation also generate much more doubt than benefit, and at all events we trust that they will not signal the withdrawal of private capital from Slovenia. A predictable tax environment is one of the foundations for the proper functioning of the state and society.

### **Reform of the healthcare system**

We are all aware that **reform of the Slovenian healthcare system is urgently needed**. We support the public health system that includes a network of state and private (concession-holders) providers, since only in this way can we ensure better access for all. The ageing of the population requires increasing funds in the healthcare treasury, so funding merely from social contributions for mandatory health insurance is insufficient, and covers only a selection of the basic health insurance, while the difference is covered by supplementary insurance. Abandoning this insurance and merely increasing the funding from social contributions will not, in our opinion, offer a solution and will simply add another burden to the economy and reduce competitiveness. At AmCham Slovenia we see effective healthcare as an entirety, composed of five parts: new technologies and the digitalization of healthcare, healthcare based on value, stable financing of healthcare, modern infrastructure and equipment, and corporate management and competent HR in healthcare. The pandemic has sadly laid bare the outmoded healthcare infrastructure, the unreliable list of long waiting times and staffing problems, and has highlighted the even greater need for new, modern approaches to treatment that enable optimal patient outcomes. We can add to this an understanding of data and their logical application, and dialogue between health workers, the profession and the industry.

### **Pension reform**

The expenditure related to pensions in Slovenia today already accounts for 12% of GDP, and according to EU projections, by the year 2070 this will increase by another 6 percentage points of GDP. This increase will seriously threaten the stability of public finances.

Slovenia has by design a modern **three-pillar pension system**: alongside the first public pillar are the second and third pillars, which have already been in place for 20 years, i.e. voluntary supplementary pension insurance. Today only half of the active working population is enrolled in supplementary pension savings schemes, so we propose additional incentives and a dialogue with all stakeholders concerning the inclusion of all employed people, since only in this way can they avoid a bad economic situation in old age. On the other hand such a form of saving represents an investment in Slovenia, since these **funds are being invested back in the economy and contribute significantly to the development of Slovenia's capital market**.

### **Reducing bureaucracy and maintaining the competitiveness of the Slovenian economy**

**In the coalition agreement we see a lack of provisions and specific measures that would lead to a reduction in bureaucracy and thereby a more competitive environment.** Only in this way can Slovenia's export-oriented economy be competitive in the global market. We would reiterate how vital for high-quality investments it is to have a predictable and stable business environment, one that ensures legal safety and transparency and that eliminates unnecessary administrative obstacles. In the coalition agreement we see a lack of any ambitious plan to empower regulators and administrative authorities not just to oversee the economy, but also to offer the necessary support and guidance in

pursuing projects and business operations. We should all be committed to eliminating all those obstacles which contribute nothing to maintaining the high standards of protection of assets and the gains of civilization, and which simply hobble the position of our companies in global markets.

### **Slovenia, society of knowledge – education programs, introduction of IT as a required subject in elementary through high school and increasing the number of ICT experts**

We welcome the efforts and provisions aimed at Slovenia being a knowledge-based society and at the greater cohesion between science and the economy. At the same time we would point out the well-known fact that in recent years Slovenia and Europe have been faced with a major lack of professional HR, and an acute problem is the lack of ICT experts. By the year 2030 Slovenia will need 5,000 new ICT professionals each year, something it will not be able to achieve just with its number of graduates in this field (1,100 graduates annually). With this in mind, together with experts in various fields AmCham Slovenia has drawn up **18 measures to boost the number of ICT experts for the Slovenian economy**, including the introduction of computer science and IT as a mandatory subject in elementary through high school. At the same time, digital skills should be a part of the program in all subjects. We would underline that school programs that do not cover new knowledge and competences will put our children and young people at a disadvantage, not just among their peers from the most advanced countries, but also among countries in the surrounding region.

### **Stimulating environment for young people**

One key challenge for the economy will be the scope for attracting talent and a workforce in general. In the struggle for talented individuals, which the draft coalition agreement addresses and which we see as an incentive and vision for Slovenia to become a country for talented people, we should not forget that among the conditions for the circulation of brain power, attracting Slovenians back and encouraging people to be digital nomads, is a favorable tax environment, so in the Snowball (Snežna kepa), a think-tank of young people that operates within AmCham Slovenia, we are encouraging consideration of easing the tax burden on young people through a temporary transition to a lower tax bracket between the ages of 25 and 35, or through tax relief for moving to Slovenia. As a form of reward and motivation we are also promoting employee co-ownership of companies, and here we would point out especially that this should involve on the part of the state in particular tax incentives for options and rewards in shares, and not any limitations on independent entrepreneurial initiatives. **Key factors for young people to return to Slovenia include a healthy climate and attitudes, and the possibility of advancement, so the principle of a meritocracy is also vital in the struggle to attract talent.**

### **Measures to promote cooperation between science and business**

**AmCham Slovenia is promoting the commercialization of knowledge from the university environment to the economy. Until recently the possibility of research institutions becoming co-owners of spin-out companies, as is the practice at the best universities in the world** (we would note the universities of Stanford, Harvard and Cambridge as examples), has been limited. The recently passed Scientific Research and Innovation Act has served to give impetus and hope to efforts toward building a knowledge-based economy. Nevertheless the Slovenian system is at a disadvantage compared to advanced Western entrepreneurial ecosystems. The obstacles it faces include highly taxed salaries for highly educated HR, a lack of risk capital (which also covers groups of individual investors such as successful entrepreneurs) and a lack of science park infrastructure.

In any event, in the area of academic entrepreneurialism it needs new, less rigid legislation, which will keep pace with the most successful universities in the world or in the right conditions will outstrip them. We are happy to see that the coalition agreement references many of these conditions, in the

form of laws and relief. It should be noted that Slovenians are a nation of innovators, and the environment must be adapted to this, so that the most gifted individuals, entrepreneurs and researchers are properly supported.

### **Digital economy and digitalization of public administration**

We have already mentioned digitalization and digital technologies, and we are pleased that the coalition agreement recognizes this as an important area that can significantly accelerate the green transition and enable a higher quality of life for all citizens. **A digital economy offers extraordinary opportunities for a country like Slovenia. For the first time in history, through an agile approach and knowledge it can compete with the biggest and become a reference country.** In the business sphere we would like to see the best practices of whichever governments of the past 30 years being continued. As an example we would point out the Strategic Council for Digitalization, which was entirely apolitical and involved more than 60 experts from various fields, including several prominent members of AmCham Slovenia. In less than a year they prepared and presented two packages of measures, comprising 65 practical solutions in the following areas: public administration and digital society; the economy and entrepreneurial environment; new technologies; education; healthcare; digital diplomacy; and green technologies. We believe it makes sense for good initiatives that benefit society to be continued, and not for them to be abandoned simply because of the “not invented here” notion. We are convinced that a wise manager from the ranks of the business sphere will recognize the importance of cooperation and the inclusion of professionals.

**We will not hide the fact that some provisions of the coalition agreement have raised concerns in the business sphere about whether Slovenia is an environment where development will be possible, and doubts have also been raised in some international corporations about their expansion or about maintaining their presence. We believe that some provisions have been written more as a wish than a plan. In any event we would like all measures and laws to be adopted in a carefully considered way, and that all the consequences, both in terms of finances and social benefits, will be studied closely. At the same time we seek cooperation, and we will be very glad if you see us as partners for development and for shaping an environment with greater prosperity for the citizens of Slovenia.**

We have posted the summaries of proposals from AmCham committees at the link [ADVOCACY POINTS OF AMCHAM SLOVENIJA](#). Each of the eight working committees has also produced an in-depth document and specific proposals that we will be happy to submit to you for your assessment and use.

With very best wishes, we remain as ever available for cooperation,

AmCham Slovenia Business Community





### More about AmCham Slovenia:

[AmCham Slovenia](#) is a business community that brings together more than 400 companies that employ a total of 70,000 people and generate over 16 billion euros in revenues a year. We are one of the most active and diverse international business communities in Slovenia, bringing together American businesses that operate in Slovenia, international companies with owners in more than 15 countries worldwide, and Slovenian companies working both at home and in international commerce. AmCham Slovenia serves as the headquarters of AmChams in Europe, which links up 46 AmChams in 44 Europe and Eurasia.

AmCham Slovenia strives to help create a better business and living environment in Slovenia. There are eight working committees operating in AmCham Slovenia's advocacy framework, and these include over 320 representatives of our member companies, who are experts in their fields. Through our extensive network of members from various business sectors, we connect know-how and serve as a voice for Slovenian and international companies, and together we wish to work for the good of Slovenia.