SLOVENIA

Slovenia is experiencing the worst crisis since independence, as GDP is expected to contract by about 6% in 2009. A weak rebound should occur in 2010 as exports pick up. Inflation will continue to moderate on the back of a rising output gap and higher unemployment.

A relatively favourable fiscal position prior to the crisis gave room for discretionary fiscal stimulus. However, any new fiscal package should avoid measures that may jeopardise long-term fiscal sustainability. The credibility of fiscal policy needs to be bolstered by a new pension reform that deals with rising prospective ageing costs.

Slovenia: **Demand, output and prices**

	2005	2006	2007	2008	2009	2010
	Current prices € billion	Percentage changes, volume (2000 prices)				
Private consumption	15.6	3.1	5.1	1.9	-1.0	0.7
Government consumption	5.5	4.2	2.5	3.6	3.3	2.4
Gross fixed capital formation	7.2	10.8	12.8	5.6	-13.5	-0.8
Final domestic demand	28.3	5.3	6.6	3.3	-3.8	0.6
Stockbuilding[1]	0.5	0.7	1.7	0.3	-1.6	0.0
Total domestic demand	28.8	5.7	8.0	3.7	-6.3	0.6
Exports of goods and services	17.8	13.5	14.1	2.7	-18.8	1.8
Imports of goods and services	18.0	13.0	15.9	3.1	-17.9	1.6
Net exports[1]	- 0.2	0.3	-1.2	-0.3	-0.1	0.0
GDP at market prices	28.6	6.1	6.8	3.4	-5.8	0.7
GDP deflator	_	2.4	4.3	3.6	2.8	1.5
Memorandum items						
Harmonised index of consumer prices	_	2.5	3.8	5.5	0.8	1.6
Private consumption deflator	_	2.2	4.1	6.7	0.8	1.8
General government financial balance[2]	_	-1.3	0.5	-0.9	-5.7	-5.3

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 85 database.