

# TRADE IN VALUE ADDED: SLOVENIA

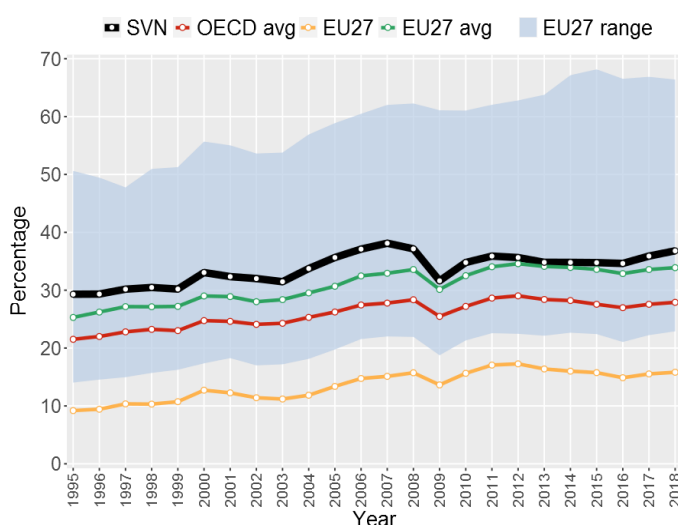
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Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for Slovenia, with a view to informing policy making for a range of areas including trade, innovation, and investment.

## Key findings

- ▶ After peaking in 2007 at 38.1%, the foreign value-added content of Slovenia's gross exports remained largely stable after the Financial Crisis in 2008-2009, declining slightly from 37.1% to 36.8% between 2008 and 2018 (Figure 1).
- ▶ The export orientation of Slovenia's manufacturing industries remained high over the last decade. In 2018, 77.4% of value added generated by manufacturing industries was driven by foreign final demand. *Basic metals* (89.3%), *Electrical equipment* (88.5%) and *Machinery and equipment, nec* (85.7%) were the industries with the highest shares of value added driven by foreign final demand (Figure 2). GVC activity also increased over the last decade with shares of imported intermediate inputs used in exports increasing in all but one Slovenian industry (Figure 4).
- ▶ Germany, Italy and Austria were Slovenia's major trading partners in both value-added and gross terms in 2018. Slovenia is closely integrated with its European neighbours and enjoys especially close GVC ties to Croatia. Croatia accounts for 29.7% of re-imported Slovenian value added embodied in manufactured imports (Figures 5 and 6).
- ▶ Services value-added content accounted for 33.3% of gross manufactures exports in 2018 and remained stable over the last decade, with the highest shares in *Coke and refined petroleum products* (44.4%), *Mining and quarrying* (38.6%) and *Food and beverages* (37.4%) (Figure 7). *Transport and storage* (9.8%), *Wholesale and retail* (8.7%), and *Other business services* (4.9%) were the largest service industry contributors to value-added content in gross export in 2018 (Figure 3b).

**Figure 1. Foreign value-added content of gross exports**  
As a percent of total gross exports, 1995 to 2018



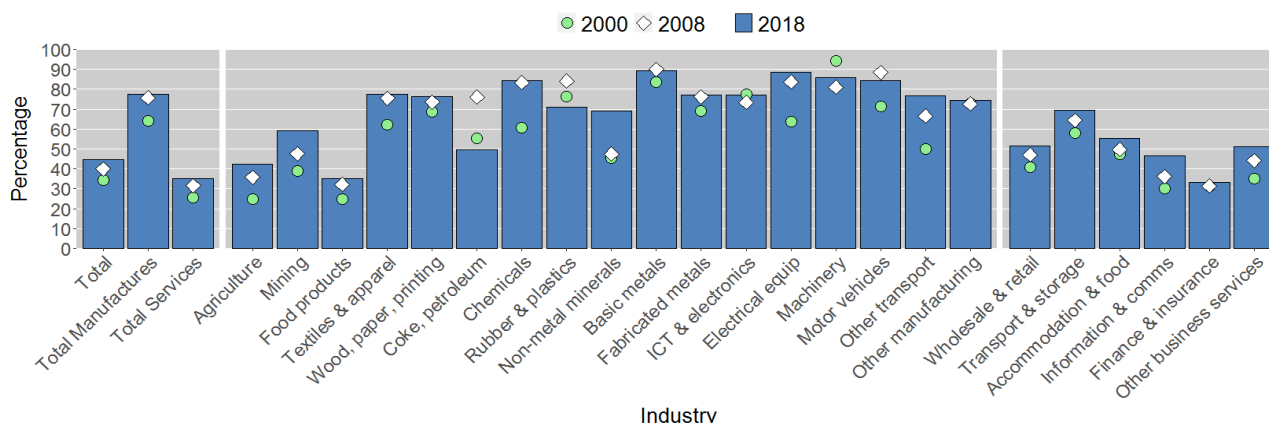
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of Slovenia's exports is estimated to have decreased from 37.1% to 36.8% - above the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 0.3 percentage points lower.

## The role of foreign final demand in domestic production

Overall, in 2018, 44.8% of Slovenia's domestic value added was driven by foreign final demand, up from 40.1% in 2008. By industry, the shares ranged from *Basic metals* (89.3%) and *Electrical equipment* (88.5%) at the higher end to *Financial and insurance* (33.3%) at the lower end.

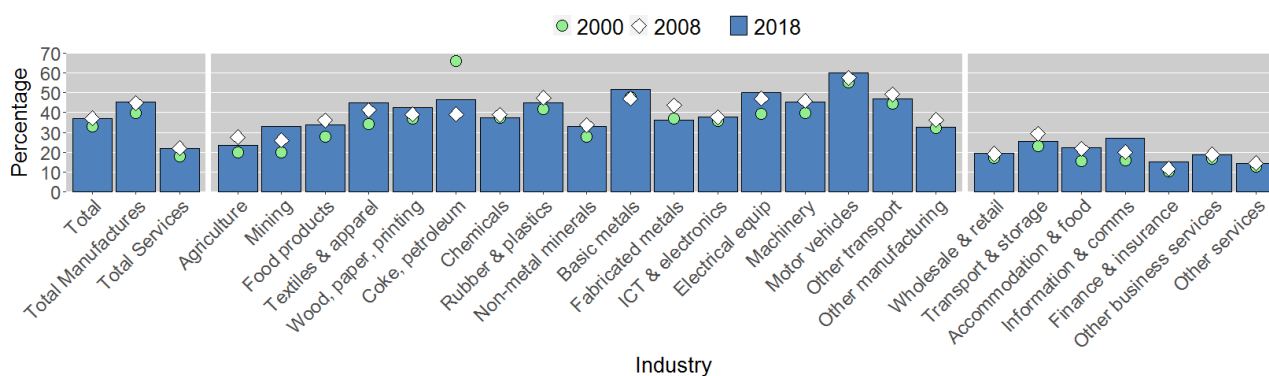
**Figure 2. Slovenia - domestic value added in foreign final demand**  
As a percent of value added, by industry, 2000, 2008 and 2018



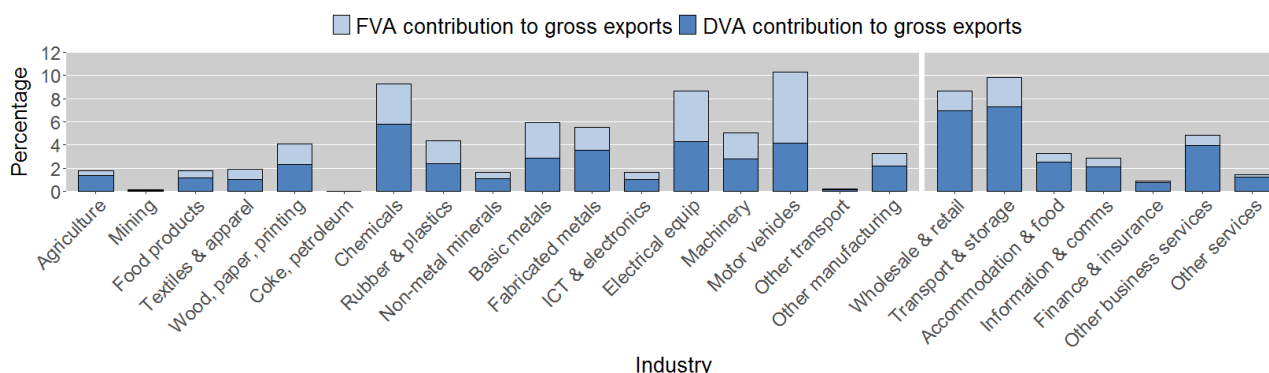
## The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *Motor vehicles* (60%), *Basic metals* (51.7%) and *Electrical equipment* (50.3%). *Transport and storage* generated the greatest source of domestic value-added content of exports in 2018, accounting for 7.3% of gross exports (Figure 3b), followed by *Wholesale and retail trade* (7%) and *Chemicals and pharmaceuticals* (5.8%). The most foreign content in total exports came from *Motor vehicles* (6.2%).

**Figure 3a. Slovenia - foreign value-added content of gross exports**  
As a percent of gross exports, by industry, 2000, 2008 and 2018

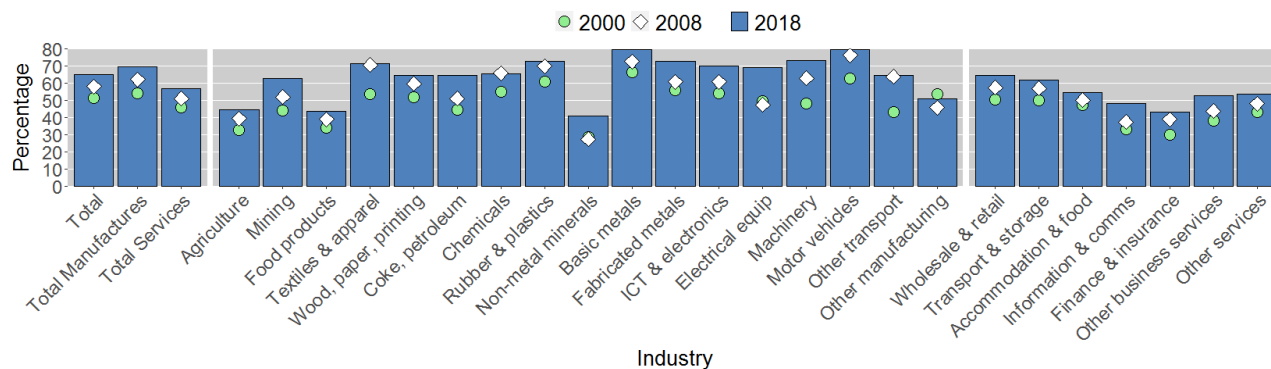


**Figure 3b. Slovenia - industry share of domestic and foreign value-added content of gross exports**  
As a percent of total gross exports, 2018



Of the total value of Slovenia's imports of intermediate goods and services in 2018, 64.9% was subsequently embodied in exports, significantly higher than the OECD average of 47.9%, and above the share in 2008 (58.2%). The originating industries with the highest shares of intermediate imports used in Slovenia's exports were Motor vehicles (79.6%), Basic metals (79.6%), and Machinery and equipment, nec (73%).

**Figure 4. Slovenia - imported intermediate inputs used for exports, by industry-origin of imports**  
As a percent of intermediate imports, 2000, 2008 and 2018

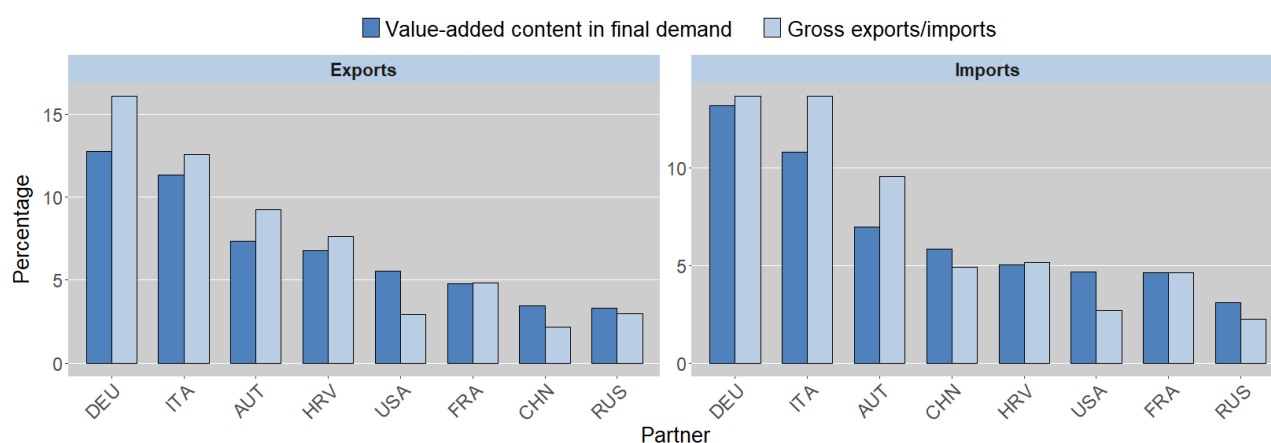


### Slovenia: international flows of goods and services, main players

In gross terms, Germany (16.1%), Italy (12.6%) and Austria (9.2%) were the three most important Slovenian export market destinations in 2018. The top three final destinations for Slovenia's value added were Germany (12.8%), Italy (11.3%) and Austria (7.3%).

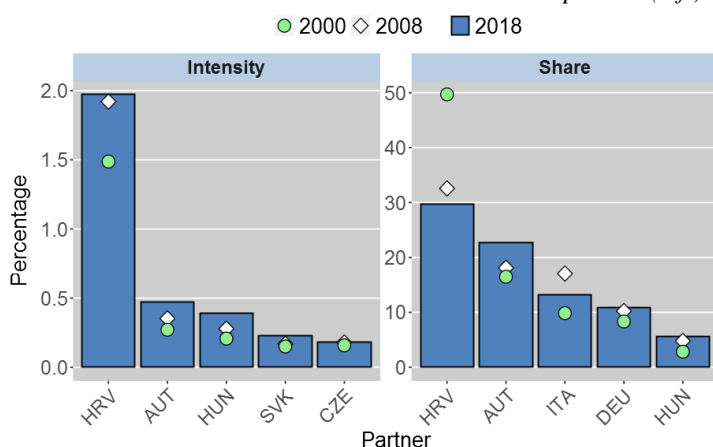
For imports in gross terms, Slovenia's top three partners in 2018 were Germany (13.7%), Italy (13.7%) and Austria (9.6%), while in value-added terms, the top three were Germany (13.2%), Italy (10.8%) and Austria (7%).

**Figure 5 Slovenia - exports and imports: main partners**  
As a percent of total gross and value-added exports and imports, 2018



**Figure 6. Slovenia's domestic value-added content of manufactured imports, top 5 partners**

As a share of total Slovenia's value added embodied in Slovenia's imports (right) and as a percent of total imports by partner (left)



In 2018, the highest shares of Slovenia's domestic value added embodied in Slovenia's manufactured imports (Figure 6, right) came from Croatia (29.7%), Austria (22.7%) and Italy (13.2%).

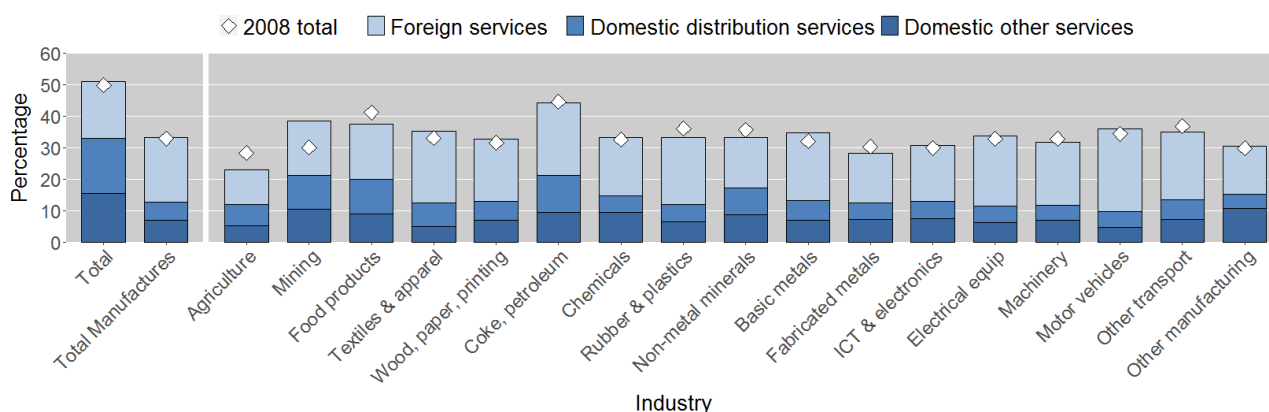
The trading partners with the highest shares of Slovenia's value added in their exports of manufactures to Slovenia (Figure 6, left) in 2018 were Croatia (2%), Austria (0.5%) and Hungary (0.4%).

### The importance of services in international trade

Services are a major contributor to Slovenia's economy, accounting for 50.9% of Slovenia's gross exports in 2018 (Figure 7) - below the OECD average of 55.7%. Foreign services contributed 17.9% to the value of total gross exports. For manufactures, services value-added content was 33.3% of gross exports, with the highest shares in Coke and refined petroleum products (44.4%), Mining and quarrying (38.6%) and Food and beverages (37.4%).

**Figure 7. Slovenia - services content of gross exports**

As a percent of gross exports by industry, 2018



### Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: [www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf](http://www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf)
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

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