February 4, 2026

12064
Republic of Slovenia

Long-term Rating	AA
Outlook*	Stable
Short-term Rating	—

*Long-term Rating refers to Long-term Issuer Rating in principle.

▼ Overview

Slovenia is a small economy in Central and Eastern Europe with a population of approximately 2.12 million (as of 2023) and a nominal GDP of approximately 67.4 billion euros in 2024. After gaining independence from Yugoslavia in the early 1990s, the country implemented reforms toward democratization and a market economy, joining NATO and the EU in 2004 and adopting the euro in 2007. Its GDP per capita in PPP terms is close to that of Spain, making it one of the most developed economies in Central and Eastern Europe. After the global financial crisis and the European debt crisis, the country experienced a banking crisis in 2013. This period saw progress made in improving the soundness of the banking sector, reducing the corporate-sector debt, improving the external position, and building the foundation for a more stable economic growth. During the banking crisis, the government debt ballooned as a result of the provision of support to banks with public funds, but the country's consistent efforts for fiscal consolidation since then led to a significant decline in the government debt-to-GDP ratio through 2019 prior to the COVID-19 pandemic. In 2020, the implementation of support measures to address the COVID-19 pandemic led to a renewed increase in the government debt-to-GDP ratio. However, this trend has since reversed, driven by the reduction in COVID-related expenditures and an increase in revenue brought by economic recovery. The Golob administration, which took office in June 2022, is undertaking various structural reforms anchored by the Recovery and Resilience Plan (RRP) while promoting sound fiscal policies with the aim of further reducing the government debt.

▼ Political and social situation and Economic policy

Slovenia has put in place institutional frameworks in conformity with the EU standards, which leads to social and political stability. Its political system is characterized by a balanced mix of parties from the center-right and center-left factions. As no party is strong enough to command a majority on its own, the country has successively been ruled by coalition governments. In the general election in April 2022, the new Freedom Movement Party led by Robert Golob won, and in June of the same year, a coalition government was formed by the Freedom Movement Party, the Social Democrats, and the Left Party. The previous government of Prime Minister Janez Jansa, led by the Slovenian Democratic Party, was a right-wing populist government and promoted controversial policies such as legislation of bills that could lead to a weakening of media freedom and the rule of law. In contrast, the Golob government is left-leaning and has made clear its moderate and pro-EU stance. The ruling coalition has 52 of the 90 seats in the lower house, giving it a strong foundation for stability. There has been no sign of unrest such as the rise of far-right parties, and it is highly likely that the Golob administration will serve its full term until the next election scheduled for 2026. Although the outlook for the upcoming election remains uncertain, JCR expects no significant rise of far-right parties and anticipates that a pro-EU stance will be maintained.

Policy stability is high as Slovenia's policy management is generally aligned with the EU's economic and fiscal governance frameworks. The Golob government's initial priority was to address the urgent issues of mitigating the impact of higher energy prices and curbing inflation. It introduced support measures worth 2.6% of GDP (according to the Draft Budgetary Plans for 2024 and 2025), such as setting caps on electricity and gas prices and reducing the value-added tax rate on energy prices. With inflation brought under control, these measures have been largely completed, and reconstruction and support measures following the floods in August 2023 are currently contributing to increased government expenditures. However, the government has secured some of the funds through temporary taxation on companies and banks, with financing also provided from the EU Solidarity Fund, thereby mitigating the fiscal impact. Related expenditures from September 2023 through the end of September 2025 amounted to €1.24 billion (equivalent to 1.8% of GDP). In 2024, annual reconstruction-related spending stood at 0.7% of GDP, while expenditures for 2025 are projected at 0.6% of GDP.

From a more structural, medium-term perspective, the government is seeking to boost productivity through digital and green transition while working on the reforms of the pension, health care and long-term care systems to address fiscal challenges arising from an ageing population. These reforms are linked to the milestones under the RRP (which sets out the reforms and investments that are conditions for receiving the EU's recovery fund) and thus are expected to advance toward the end of 2026, the deadline for the implementation of the RRP. The Long-term Care Act was passed by Parliament in 2023, and pension reforms and amendments to the Health Care Act were also approved in 2025. The government is also actively promoting labor market reforms, including measures addressing the country's labor shortages, and is working to establish a framework for accepting foreign workers, enhancing working conditions in the public sector, and implementing training programs for low‐skilled and older workers.

▼ Economic base

Slovenia was the most industrialized country in the former Yugoslavia and has a diversified industrial base centered on manufacturing. The country's key industries such as automobiles and pharmaceuticals are integrated into those of Germany, Italy and Switzerland, resulting in a strongly export-oriented economic structure. As of 2024, exports of goods and services accounted for about 83% of GDP (in real terms), and based on the BoP data approximately 75% of goods and services exports went to the EU member states. As a member state of the EU, the country's economic catch-up has been supported by deepened trade and financial ties with other countries in the region as well as the benefit of its access to subsidies from EU funds. Its GDP per capita in PPP terms exceeded USD50,000 in 2024, one of the highest among Central and Eastern European countries. Meanwhile, the country's labor market is tight, with the unemployment rate standing at 3.7% in 2024, significantly below the euro area average of 6.3%.

Before the global financial crisis, the country had achieved a high economic growth led by domestic demand. In the background was an increased lending by banks to domestic companies, which was accompanied by the banking sector's increased borrowing from abroad at lower rates. This growth model led to higher corporate-sector indebtedness and a widening current account deficit. Following the global financial crisis and the European debt crisis, a large proportion of corporate loans became nonperforming, and the economy was forced into a slump as the corporate and banking sectors underwent deleveraging and stock adjustments progressed in the construction sector. Since then, government-led restructuring initiatives have enhanced the soundness of the financial system and the balance sheet of the corporate sector has improved significantly. Looking at financial debt (consolidated) of non-financial corporations based on the flow of funds statistics, it peaked at over 85.7% of GDP in 2010 but fell to 37.6% in 2024. The shift in the growth model has improved the country's IS balance and external position. The economy has become more resilient to external shocks, laying the foundation for a more stable growth.

▼ Economic Trends

As a small, export-oriented economy, Slovenia's economic activity is sensitive to demand trends in European countries, its main trading partners. Slovenia's real GDP growth rate slowed to 1.7% in 2024 from 2.4% the previous year. Due to rising real wages—driven by declining inflation and a shortage of labor—private consumption remained robust. Government consumption also increased, reflecting the shift to mandatory medical contributions for supplementary health insurance (shifting private health expenditure to the government sector) and the accounting of flood‐related restoration costs from the floods that occurred in August 2023. However, these factors were offset by headwinds such as deteriorating external demand due to the economic slowdown in major EU trading partners and private housing investment declined because of supply constraints. JCR forecasts Slovenia's real GDP growth rate in 2025 at approximately 1%, supported by solid private consumption, despite sluggish exports resulting from a subdued demand from major trading partners. The growth rate is expected to return to the 2% range in 2026, supported by steady private consumption, a recovery of exports driven by the launch of new automobile models and the completion of a new pharmaceutical plant, and increased public investment associated with the expiration of the EU Recovery and Resilience Plan (RRP) and upcoming general elections. Although monetary easing is expected to provide some tailwind for housing investment, structural supply shortages are likely to persist going forward. Government allocations of funds to non-profit and public housing are anticipated to contribute to improving supply conditions.

With regard to EU funds, €2.14 billion, equivalent to approximately 5% of 2020 GDP, including resources from REPowerEU, has been allocated under the EU Recovery and Resilience Plan (RRP) in the form of grants and loans. Of this amount, around €0.94 billion (as end of November 2025) remains unused and is expected to be utilized by the end of fiscal year 2026. In addition, under the EU's Multiannual Financial Framework for the 2021–2027 period, the country is eligible to receive grants totaling €3.2 billion, corresponding to about 5% of 2024 GDP.

▼Financial System

Following the banking crisis in 2013, structural reforms progressed with the intervention by the government, which resulted in a significant improvement of the financial system. The surged nonperforming loans were transferred to the newly established asset management company, and the country's major banks, which had incurred large losses from the disposal of nonperforming loans, were recapitalized with public funds. Before then, banks' funding had relied on external markets, but as they reduced their external borrowings, funding with domestic deposits increased. The loan-to-deposit ratio, which peaked at 160% in 2008, has fallen to the 60% range in recent years. JCR believes that as credit and liquidity risks faced by banks have structurally declined, the country's financial system has become more resilient to deterioration of the economic environment or a turmoil in international financial markets.

The stability of the financial system has been retained even after the COVID-19 pandemic. The banking sector's nonperforming loan ratio (past-due >90 days) has not shown any significant increase, standing at 0.8% as of the end of May 2025. The sector's financial performance has been stable, with profits remaining solid even in 2020 despite increased credit costs. The total capital ratio also stayed high at 20.0% (as of the end of June 2025), providing a sufficient buffer against risks. Given that the major banks nationalized in 2013 have already been privatized in accordance with the EU's state aid rules (NLB bank 75% minus one share, NKBM and Abanka 100%), JCR considers that the risk of the government incurring a large financial burden from supporting banks is now limited.

▼Resilience to external shocks

Slovenia's current account balance has been constantly in surplus since 2012. The sole exception was in 2022, when it turned into a deficit equivalent to 0.9% of GDP as the trade balance slipped into a deficit due to a recovery of consumption and increased imports caused by rising energy prices. However, following the stabilization of energy prices, the current account returned to surplus in 2023 and remained positive in 2024, posting a surplus equivalent to 4.5% of GDP. Looking ahead, the current account surplus may remain at a lower level than before as imports are expected to increase due to expanding investment while exports may stay weak.

With a persistent current account surplus, the country's external position in IIP terms has been improving since 2013. Its net IIP turned from net external liabilities equivalent to 44.4% of GDP at the end of 2012 to small net external assets at the end of 2023, and by the end of 2024, net external assets had reached a level equivalent to 9.9% of GDP. Looking at the evolution of external liabilities by sector during this period, the decrease was most notable in the banking sector.

▼Fiscal position

Slovenia has a track record of prudent fiscal management and continues to maintain sound fiscal management in line with the new EU fiscal rules based on the growth of net expenditure benchmark. The country had primary surpluses in the five years prior to the COVID-19 pandemic, with the government debt-to-GDP ratio falling sharply from its peak of 83.4% at the end of FY2015 after the banking crisis to 66% at the end of FY2019. Slovenia achieved one of the largest declines in the government debt-to-GDP ratio during this period among the EU member states. JCR believes this indicates the country's strong commitment to containing the government debt.

The implementation of various support measures, including those responding to the COVID-19 pandemic and energy crisis, has been putting a burden on the country's public finance since FY2020, but the overall direction of fiscal consolidation has remained unchanged. The general government deficit-GDP ratio (ESA 2010) deteriorated to 7.7% in FY2020 due to the COVID-19 pandemic, but has since improved, supported by reduced pandemic-related expenditures and increased revenues brought by economic recovery. In FY2024, the deficit ratio improved to 0.9% and the temporary costs related to flood recovery were covered by corporate tax increases and a temporary tax on the balance sheet of banks and savings banks (for the period 2024 – 2028) and EU recovery funds. From FY2025 onward, spending pressures are expected to arise from public-sector wage increases, higher defense expenditures, and the general elections scheduled for 2026. However, JCR anticipates that the fiscal deficit will remain within the 2% range. Under the government's recently published Draft Budgetary Plan of the General Government 2026, the fiscal deficit is projected to reach 2.4% of GDP in FY2025 and 2.8% in FY2026. In the medium to long term, JCR expects that structural reforms, such as raising the statutory retirement age and change in indexation of pensions, will contribute to fiscal consolidation in line with the new EU fiscal rules.

The government debt/GDP ratio, which rose to 80.2% at the end of FY2020, has shown an improving trend again since FY2021, falling to 66.6% at the end of FY2024. The government debt still stays high compared to the average for the countries rated in the AA range by JCR. However, the debt burden is kept under control with the interest payment/revenue ratio falling from 7.2% in 2014 to 2.8% in 2024. In addition, the average maturity of government bonds has been prolonged to around nine years and most of the outstanding government bonds have been issued with fixed interest rates, which helps to limit the impact of rising interest rates on interest payment expenses. Moreover, there is ample liquid assets available to repay the government debt as cash and deposits in the general government sector amounted to 22.6% of GDP as of the end of June 2025, while the government budget liquidity position stands at about 13.5% of GDP as of September 2025. JCR believes that the government debt-to-GDP ratio will continue to decline in the medium term, supported by a reduction of the fiscal deficit and an increase of the nominal GDP.

▼Overall Assessment

The ratings for Slovenia are supported by the country's relatively developed economic base, improving resilience to external shocks, and solid support mechanisms in the EU and euro area it enjoys. The government debt-GDP ratio, which rose after the COVID-19 pandemic, has steadily improved through disciplined fiscal policy. In recent years, despite headwinds such as the energy crisis, flood damage, and the stagnation of the European economy, Slovenia has continued to make progress in fiscal consolidation. This has led to a growing expectation that the country will be able to maintain fiscal soundness even under challenging conditions. The government is anticipated to adhere to a prudent policy management from 2025 onward in keeping with the EU's framework for fiscal discipline. In addition, ample liquidity provides a fiscal buffer. JCR expects that fiscal consolidation will gradually proceed going forward.

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Key Economic and Fiscal Indicators

	2020	2021	2022	2023	2024
Nominal GDP（EUR billion）	46.7	52.0	56.9	64.1	67.4
Population (as of January) (million)	2.1	2.1	2.1	2.1	2.1
GDP per capita (purchasing power parity) (USD)	41,764	45,794	51,003	54,004	56,737
Real GDP growth rate (%)	- 4.1	8.4	2.7	2.4	1.7
Consumer price inflation (HICP) (%)	- 0.3	2.0	9.3	7.2	2.0
Unemployment rate (annual average) (%)	5.0	4.8	4.0	3.8	3.7
General government revenue/GDP (%)	44.1	45.3	44.7	44.0	45.5
General government expenditure/GDP (%)	51.8	49.9	47.7	46.5	46.5
General government balance/GDP (%)	- 7.7	- 4.6	- 3.0	- 2.6	- 0.9
General government primary balance/GDP (%)	- 6.1	- 3.4	- 1.9	- 1.3	0.3
Interest expenditure/revenue (%)	3.6	2.7	2.5	2.8	2.8
General government debt/GDP (%)	80.2	74.8	72.8	68.3	66.6
Current account balance/GDP (%)	7.3	3.5	- 0.9	4.8	4.5
Gross external debt/GDP (%)	102.8	97.9	91.1	90.5	87.9
Gross external debt/exports of goods and services (%)	131.8	116.8	96.5	108.3	108.5
Net international investment position/GDP (%)	- 15.3	- 6.8	- 0.3	3.6	9.9

* Figures for the most recent period could be indicators based on preliminary figures.

(Source) Statistical Office of the Republic of Slovenia, Ministry of Public Finance, Bank of Slovenia, Eurostat, EIU

Ratings

	Rating	Outlook*	Amount	Currency	Rate (%)	Issue Date	Maturity Date	Release
Foreign Currency Long-term Issuer Rating	AA	Stable	-	-	-	-	-	2025.12.11
Local Currency Long-term Issuer Rating	AA	Stable	-	-	-	-	-	2025.12.11
Japanese Yen Bonds-First Series (2024)	AA	-	45,100	JPY	0.75	2024.09.05	2027.09.03	2025.12.11
Japanese Yen Bonds-Third Series (2025)	AA	-	31,000	JPY	1.24	2025.11.14	2028.11.14	2025.12.11
Japanese Yen Bonds-Second Series (2024)	AA	-	4,900	JPY	0.89	2024.09.05	2029.09.05	2025.12.11

History of Long-term Issuer Rating

(Long-term Issuer Rating or its equivalent)

Date	Rating	Outlook*	Issuer
2005.04.11	AA-	Positive	Republic of Slovenia
2006.12.15	AA	Stable	Republic of Slovenia
2012.06.13	AA-	Negative	Republic of Slovenia
2013.05.24	A+	Negative	Republic of Slovenia
2015.10.29	A+	Stable	Republic of Slovenia

2017.11.10	A+	Positive	Republic of Slovenia
2019.01.18	AA-	Stable	Republic of Slovenia
2025.12.11	AA	Stable	Republic of Slovenia

*Outlook for long-term issuer rating, or direction in case of Credit Monitor

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