



Andrej Šircelj

Minister of Finance, Slovenia

Keynote speech

Distinguished guests, ladies and gentlemen, thank you for these nice introductory words. First of all, I would like to thank you for inviting me to this event. It is a really nice event and the first time for me to be here in person. The last time, we talked via video, and I am really delighted to be here.

Secondly, I would like to welcome all of you warmly here in Slovenia, and I hope you get to enjoy some of its beauty. I know that you have very heavy schedules, but I hope that you also find time to explore Ljubljana and Slovenia. The weather will be good – we ordered it so – and I think that everything will be fine.

It is great to see a live event with such participation happening at home, especially in the time of the Slovenian Presidency, which I would like to say something about. Tomorrow, we will start with a meeting of the Eurogroup and then of the Economic and Financial Affairs Council (ECOFIN) under the Presidency of Slovenia.

In my opinion, we are now standing at a crossroads where it would be hard to look forward without looking back. The pandemic was a great shock to all of us, and people and companies have endured a lot. But we are already witnessing improvements, also in Slovenia. I believe and I would like to emphasise that it is necessary to note the importance of vaccination. We are in the same boat and we need this. We know also that the vaccination is stabilising conditions and minimising downside risks first to our health and second to our economies. It is good for business, for health, for international markets, and for all of us.

I also believe that this crisis taught us a lot. After the initial shock, we reacted swiftly. The measures were robust, efficient and, most importantly, decisive. In my opinion, these are the most important lessons learned: that we have to be quick and decisive in making strong decisions. It is also a task for the future that we have to have answers before the questions even arise.

We also have to be aware of the opportunities that the future brings. One of the biggest is the wholesome implementation of our common Recovery

and Resilience Facility (RRF). The main goal of the Slovenian Presidency is to finish with the adoption process of the Council implementing decisions that we began in July. We all need resources to further support the recovery, and this will help not only individual member states but the EU as a whole.

Efficient implementation and achievement of the goals of our recovery plans will set the EU on the track of higher competitiveness on the global stage with more investments in green and digital transition, research and development, inventions and innovations. Most importantly, I am convinced that this mechanism that was agreed upon in the spirit of solidarity will also improve the living conditions of our citizens. I also strongly believe that we are members of competitive economies and, of course, we have to also look at our competitors' inventions, innovations, research and development. We have to improve this ratio in comparison with the US and China.

However, it does not end with the RRF, so let me touch upon some other important areas that we, as a Presidency, will focus on. We will discuss some of them at the informal meeting over the next two days. In my opinion, one of the most urgent issues is the impact of climate change. This is also important for financial stability and the performance of financial services. We have to promote the transition to sustainable finance while ensuring financial stability.

In addition to that, huge resources are needed to shift the economy towards green and sustainable investments and industries. Many subjects will undergo structural changes when migrating towards zero emissions. The migration will be assisted by the financial system through investments in technology, infrastructure and networks. Now is the time for a bigger role of the EU capital markets, which can fully come to life only within the capital markets union. Besides the improvement of the capital market, let me highlight some other reforms: EU green bond standards, harmonised tax treatment, and the convergence of national insolvency frameworks.

We have to pave the way for a resilient and sustainable economy. We must also contribute to structural

changes by encouraging sustainable investments. Fiscal policy plays a critical role in the green transition by creating initiatives in both consumption and investment decisions as well. One of the key tasks ahead will also be to define sufficient adjustment time to stimulate the recovery process. In addition to this, we will need enough fiscal space for new investments. I believe that many discussions on this topic will follow in the coming months. I look forward to them and hope they will result in a joint solution.

Of course, I have to touch upon the field of taxation, where a lot is happening in the EU and globally. Modernising the global corporate-tax system to fit in with the challenges of the digital aid is crucial to promoting economic strength in the EU. Revised global corporate-tax rules that are appropriate for the 21st century would have an important impact on the EU internal market's competitiveness and uniformity. I also believe that a global deal would ensure fairer and more equal treatment of countries around the world.

To conclude, I believe that better times are ahead of us, but we must watch for opportunities and successfully tackle the challenges. As the Slovenian Presidency, we do not want to be actively engaged in shaping the future only while we are at the steering wheel. It is in our best interests to pave the way for further discussions and decisions, and to contribute to inclusiveness in joint actions in the future as well.

In unity, there is strength. I believe that the EU, and especially our cooperation and coordination in recent months, is an exemplary case of this. I also believe that, in the future, our strength and unity will only improve. Thank you for your attention, ladies, and gentlemen. I enjoy being here and wish you all the best, today and in your lives. Thank you very much.

Q&A

David Wright

The Minister is kind enough to take one or two questions. Perhaps I can start with two specific questions related to the economy in Slovenia.

How do you estimate the current economic and financial situation here in Slovenia? What do you think will be the most important RRF contribution for your country? What are you expecting from the RRF for Slovenia?

Andrej Šircelj

Thank you very much for this question. I would like to say that, when I started as a Minister, it was at the beginning of last year, a lot of people said to me that I am too optimistic. I was also an optimist during the pandemic. Our policy at that time was to secure jobs.

We secured jobs, and we paid quite a lot of money for that. If we are looking at our public finance and budget deficit, we will improve these in the coming years. On the other hand, we did not lose any jobs and, today, more workers have jobs than in 2019, before the crisis. Our unemployment rate is around 4.2-4.3%, which is quite good. We need 20,000 more technically oriented workers, so this is good.

If I look at our exports, they are very good. We export a lot of our products to western Europe – to Germany, France and Italy. These include pharmaceutical products and car components, and we are competitive. We could be more competitive, especially because our taxes on the labour force are quite high, but this government is trying to make some improvements in the tax sector.

Let me say that if you look at the estimations of international organisations like the International Monetary Fund (IMF), European Bank for Reconstruction and Development (EBRD) and the European Commission, as well as domestic institutes, we could say that we are number six in terms of our gross domestic product (GDP). That is also very good. We know that maybe it happens now, but we would like to continue with this in order to secure jobs and to invest more in recovery and resilience, to modernise infrastructure and to invest in digital systems.

Our government has one very important programme, which is around de-bureaucratising. In Slovenia, there are approximately 20,000 different regulatory acts, and nobody can follow all of them. I know that it is like that in other countries too, but we have started with this de-bureaucratisation to minimise bureaucracy and to simplify procedures. It is possible to do so through digitalisation, for example. It is also a parallel project, and we are on a good path towards doing this. It is very important.

If I look at our cities, I see quite happy people. People enjoy working a lot. The standard is quite high. Not only in Ljubljana but in other areas, the way of life is quite good and of quite high quality. This is also our aim and our objective in terms of people's quality of life. If you are happy here, I invite you to come again. Thank you very much.