

Summary

In the 1990s, Slovenia launched the process of institutional transformation of its economic system, leading to changes in the Slovenian economy's structure, especially that of manufacturing, its most important industry. The intensity of structural changes in Slovenian manufacturing was lower than in Finland and Denmark, the EU's most advancing members, as well as other countries in transition, however, it was more intensive than in Germany, Austria, Italy and the Netherlands. The impact of structural changes on manufacturing's productivity was positive, albeit very weak. It mainly resulted from productivity growth within individual manufacturing industries (intra-sectoral effects). The transfer of production factors from low- to high-productivity industries had a positive long-term effect (inter-sectoral effects), but it did not contribute markedly to overall productivity growth. Relocation of resources to industries with above-average productivity growth (interactive effects) had a slightly negative impact on productivity growth in most periods under examination. As a result, the gap between Slovenia and EU members narrowed slightly in terms of technological complexity of manufacturing industries, however, more profound structural adjustments will be necessary to make a breakthrough in competitiveness.