

Summary

The Institute of Macroeconomic Analysis and Development (IMAD) has been publishing working papers with regional topics since 1994. The issue in your hands is the twelfth subsequent working paper of its kind. These papers provide a comprehensive analysis of the Slovenian statistical regions using a number of different socio-economic data and indicators.

For several years, regions were analysed using a standard concept that was changed in 2004. Since that time, the papers have presented various areas (e.g. population, unemployment, employment, etc.) from a regional perspective, while previously the focus was reversed – regions were analysed by means of diverse socio-economic indicators.

Below we present the main findings of the current paper for each individual area, obtained by analysing the latest data available.

The number of people is increasing in particular in the western Slovenian regions while population continues to concentrate in the Osrednjeslovenska region, home to a quarter of all Slovenians. Since 1997, population growth in Slovenia has been entirely due to immigration from abroad. In 2005, only the Osrednjeslovenska, Goriška and Savinjska regions recorded both positive net migration (difference between the number of immigrants and the number of emigrants) and a positive natural increase (difference between the number of births and the number of deaths). The regional structure of the population is changing due to the declining natural increase and lower mortality rates. The share of old people is rising while the share of young people is shrinking. The population ageing index has consequently been rising as well. In all regions except Jugovzhodna Slovenija, its value in 2006 exceeded 100, indicating that old people outnumbered the youth in these regions. Regional differences for this indicator have been narrowing due to the rapid ageing of population observed in all regions and the consequent narrowing in the relative gaps with the Slovenian average and with other regions.

Compared with the neighbouring NUTS 3 level regions in Italy, Austria and Hungary, most but not all statistical regions in Slovenia are relatively small in terms of population size. The Osrednjeslovenska region, however, is the second largest region in the area, following the Italian province of Udine. The province of Trieste has by far the highest population density (1,131 people/km²), but there are also quite a few Slovenian regions with a relatively high population density: Osrednjeslovenska (ranked third), Zasavska and Podravska. In the period from 1991 to 2002, the population in most neighbouring regions shrank. The sharpest drop in population was recorded in the Trieste province. On the other hand, the population increased in three Austrian districts.

Slovenian statistical regions differ in terms of both the level and structure of value added they produce. The Osrednjeslovenska region is well in the lead. On average, the Osrednjeslovenska region generates over one-third (35.5% in 2004) of Slovenia's gross value added (GVA) and has been increasing its share every year. This is partly because Ljubljana, the capital, is located in this region. The regional GVA structure changed somewhat from 1996 to 2004: the share of the agriculture sector contracted in all regions while the service and industrial sectors strengthened in most regions. The Osrednjeslovenska region also scores highest in terms of GDP per capita and has been the only Slovenian statistical region to exceed the EU-25

average in this indicator consistently since 1999. In the period from 1995 to 2004 all regions except Zasavska narrowed their gap with the EU-25 average. The Pomurska region, having achieved 55% of the EU-25 average in 2004, still lags farthest behind. Regional variation in GDP per capita increased slightly particularly after 1998 but in 2004 it decreased to the 2003 level. Regional disparities are also observed in other EU member states, both old and new. While we cannot make an entirely accurate comparison with the Slovenian statistical regions due to differences in territorial units, we estimate regional variation in Slovenia to be moderate and smaller than in many other EU countries.

From the indicators analysed in this Working Paper, those measuring regional unemployment show the highest variation across regions, although this variation has decreased over the last few years. Half of the statistical regions still record above-average registered unemployment rates; however, both the number of unemployed people and unemployment rates have been declining for several years in both absolute (the rate) and relative (level indexes) terms. The coefficient of variation, which measures cross-regional disparities, has also been falling since 2002. In comparison with other EU countries, Slovenia's value for this indicator is fairly moderate, ranking the country in the middle of the EU scale. Over the last two years structural problems in some regions have escalated to some extent, affecting regions with both high and low registered unemployment alike. In particular, increases have been recorded in the proportions of long-term unemployed people (in Pomurska, Savinjska, Jugovzhodna Slovenija and Spodnjeposavska regions), job-seekers with at least upper-secondary education (e.g. in the Notranjsko-kraška region) and unemployed people aged over 50 (Notranjsko-kraška, Gorenjska, Goriška).

Half of the Slovenian statistical regions have an unemployment rate higher than 75% of the EU average and hence higher than the rates in most bordering regions in neighbouring countries. The Pomurska region even exceeds the European average. The situation is even worse in youth unemployment: as many as four Slovenian regions (Zasavska, Pomurska, Podravska, and Savinjska) show rates above the EU-25 average in this indicator.

The rates of formal employment exhibit less regional variation than those of registered unemployment. Formal employment rates rose in most regions after 2000, notably in Podravska and Notranjsko-kraška. The formal activity rate is always slightly higher than the formal employment rate but regional differences in this indicator are smaller than the variation in the formal employment rates. Jobs are concentrated in the Osrednjeslovenska region, predominantly in the service sector. The shortage of jobs in certain regions underlies the increased daily migration of employees and higher unemployment rates. The Zasavska region has the highest job shortage relative to the number of local working-age population, which creates higher commuter flows. This is also reflected in the region's daily migrating index (lower index values indicate fewer jobs available for the local labour force).

The population's education level measured by years of schooling has been rising steadily. On average, this level rises by close to one year every ten (or eleven) years and shows low regional variation. According to the 2002 census, people living in the Osrednjeslovenska region have completed the highest number of years of schooling. The gender disparities for this indicator are bigger, but all regions are narrowing this gap, too, particularly the Osrednjeslovenska region. According to the Labour Force Survey for 2004, the Obalno-kraška region had the best education structure, followed by Gorenjska and Osrednjeslovenska. The poorest education

structure was found in the Notranjsko-kraška region but on a more optimistic note, this region also recorded the highest increase in the number of students per 1000 population, which even exceeded the Slovenian average.

The gross participation rate in post-primary education, which measures access to various types of education, has been rising in all regions. The highest value was recorded in the Osrednjeslovenska region, where almost 80% of the potential population (from 6 to 26 years) participates in diverse educational programmes. The number of people who actually finish studies at the tertiary level is also rising. However, the number of graduates is not necessarily high in regions with high enrolment levels in tertiary education. In addition to the various factors that prevent students from finishing their studies, some regions (e.g., Goriška, Koroška, Zasavska) are also unable to exploit their labour potential because their graduates move to other regions. The regional supply of labour force can also be improved by involving people in programmes of continuing education, which do not lead to a higher degree of formal education but ensure job qualifications or a broader general education. However, only a few regions have so far offered these programmes in significant numbers (Jugovzhodna Slovenija, Osrednjeslovenska, Podravska).

The performance of regional commercial companies generally improved in 2005 over 2004. All regions except Pomurska recorded a positive difference between net profit and net loss, but even the Pomurska region reduced its negative difference. The Osrednjeslovenska region, which generated 47% of Slovenia's positive difference between net profit and net loss, was the best performing region. It is also in the lead in several other indicators: as many as 46% of the total commercial companies operate in the Osrednjeslovenska region and employ 35% of workers employed in companies. Despite the positive overall performance, five regions (Obalno-kraška, Goriška, Gorenjska, Osrednjeslovenska and Zasavska) recorded a lower positive difference between net profit and net loss than a year ago, while the Podravska region and Jugovzhodna Slovenija boasted the highest increase in the positive difference between net profit and net loss.

The personal income tax base per capita is an indicator of the population's economic power in a given territorial unit. Regional disparities in this indicator are relatively small in Slovenia and do not change significantly over the years. The ratio between the best performing – Osrednjeslovenska – and the worst performing region – Pomurska – according to this indicator totals 1.6 and shows almost no changes from year to year. The coefficient of variation is also low, totalling just 15%. However, it is not surprising that regional differences are so small. The personal income tax base is mainly based on personal income, which consists predominantly of wages. Regional disparities in wages are even lower than those in personal income tax base in Slovenia (the ratio between the best – Osrednjeslovenska – and the worst region – Pomurska – is just 1.4). The reason lies in Slovenia's wage policy, which aims to prevent any expansion of wage disparities and defines the minimum wage to control the distribution of wages in both the public and the private sector.

Key words: regions, statistical regions, regional development, indicators, standard classification of territorial units, population, regional gross domestic product, unemployment, employment, financial results of enterprises, commercial companies, education, personal income, wages.