

Nagovor predsednice vlade mag. Alenke Bratušek na OECD Forumu

Pariz, 5. maj 2014

Dear Secretary General,
Dear Chairman of the White House Council of Economic Advisers of the United States,
Dear Ambassadors,

Ladies and Gentlemen:

It's a great pleasure for me to participate in the opening of the OECD Forum 2014, here in Paris at the OECD. It is an honor for my country to be the vice chair of this year's Ministerial Council Meeting bringing ministers together to discuss Resilient Economies and Inclusive societies - empowering people for jobs and growth.

The topic of this year's OECD Forum is a strong message and every word is a pillar for our current and future work. Resilience of economies is the ability to recover quickly and to be flexible enough to properly adapt to the rapidly changing environment. Resilience can also be understood in the context of building a more solid path towards sustainable economic growth that will make our societies better in the long term.

But growth should not come at an expense of certain parts of the population, be it the youth, the elderly or the less fortunate. Growth needs to be inclusive: when designing measures intended to spur economic growth we should not forget to tackle inequalities, provide assistance to the ones in need and build trust in both, public and private sectors, political and economic life. These are the challenges we must tackle now.

Being here with you represents a great opportunity for me to share with you the perspective of Slovenia on the current economic situation and the key challenges my country has to confront to achieve a stronger, inclusive and greener growth as a member of EU as well as a member of the OECD. First, I would like to say some words regarding my country. Slovenia experienced rapid economic growth following its independence in 1991 and membership of the EU in 2004. GDP per capita has been converging with the OECD average. In 2009 however GDP declined by nearly 8% which was one of the sharpest falls among OECD countries. Since then, Slovenia has been affected by the crisis. But after years of recession, I am glad to be able to say that: Slovenia is back on track.

There are now encouraging signs of stabilization of economic activity as Slovene economy expanded by 2.1 per cent year-on-year in the fourth quarter of 2013. These are the first three months of growth after eight consecutive quarterly declines. And according to the latest forecasts, this year Slovenia will record economic growth again, even though previous forecasts were far from optimistic. Likewise, for 2015 and 2016 it is expected that GDP growth will be further enhanced. But as it will be discussed during this Forum, the level of economic growth should not be the only goal we strive for. Other measures of population's well-being are equally important. In this regard, Slovenia performs very well in several segments of OECD analysis, and ranks close to the average or higher in several topics in the Better Life Index. Relative poverty in Slovenia is below EU and OECD average. Slovenia has one of the most equal societies among the OECD members. The unemployment rate is below EU average.

Income inequality is relatively low and Slovenia has smaller employment gender gap than EU average. Overall, the education system fares well by international comparison. Slovenia has one of the highest shares of the population aged 25 to 64 to have completed at least upper secondary education, and ranks high in international educational achievement tests. But regardless of these positive aspects, there are great challenges that need to be addressed. The central economic challenge facing Slovenia is to boost the productivity and competitiveness of our economy and to retain the level of welfare state while consolidating its fiscal position. The measures taken after the 2009 crisis are positive steps in this direction.

But our work is far from over and we still need to become more resilient. And at the same time we should not forget to be inclusive.

Within the overall focus on inclusive growth this Forum and the Ministerial Meeting 2014 is putting the finger on two main challenges the OECD economies, including Slovenia, face: Young people and the ageing population.

Population ageing is a demographic revolution affecting the entire world. For the first time in history, our global population will no longer be young, due to lower fertility, increased child survival and better health.

Ageing of population is putting pressure on public finance - health-care and pension costs have risen rapidly as a share of GDP in many countries. My country is no exception.

But ageing should not only be seen as burden as it can create opportunities for innovation, new markets, services and industries.

We now need to adapt our economy and our societies to this fact. One example of such changes is adjusting pension age in line with the rise of life expectancy.

But from Slovenia's own experience, let me tell you, those kind of changes are far from easy to implement. They require wide social agreement and this is what Slovenia is embarking on – this year we will start a wide public consultation on the next pension reform beyond 2020.

As many OECD countries Slovenia has also experienced rising Youth unemployment in recent years. My Government designed a program named "The First Challenge 2014", which is part of the EU Youth Guarantee. The program seeks to promote employment among the young unemployed under 30, which will enable them to be integrated into the work environment and improve their job prospects. An additional aim of the program is to contribute to achieving fast and stable employment among the target group and reduce the disparity between supply and demand in the labor market. But only with successful implementation the Youth Guarantee we will achieve a reversal in 2015: reducing the number of unemployed among the young. This is my government's top priority. What we still need to tackle is the challenge of building Trust. Confidence in national government and in financial institutions are below the OECD average, because of unpopular structural reforms we had to adopt in last few years and with needed austerity measures. In order to tackle all those challenges, we follow your advice, Secretary General, we go structural, we go institutional and we go green taking into account the need to go resilient: Slovenia goes structural: Bank recapitalization that took place in December last year has reduced uncertainty. Slovenia is aware of the road to undertake in the future.

Only further ambitious structural reforms can pave the way for the return of stronger growth. The restructuring of the corporate and banking sectors, privatization and reduction of the role of the state in the economy can create the conditions needed for sustainable economic growth. Those are the kind of measures that will boost productivity and competitiveness of our economies and induce job creation.

Slovenia goes institutional: On May 2013 Slovenia adopted two main changes in the Constitution - the fiscal rule and new referendum legislation that allow us to have a smoother legislative procedure and swifter adoption of reforms. Thereby Slovenia shored up its credibility sending a positive signal to markets. But the work here is far from over – we still need to make the fiscal rule operational in practice and enhance our budgetary framework accordingly. And these are only the short term tasks ahead of us. We go green: Slovenia is the second smallest OECD country by size and the fourth smallest by population. We enjoy rich biodiversity and landscapes due to our location at the junction of several ecological regions.

The measures taken in past few years include promoting the use and exploration of renewable energy; adapting to climate change; and increasing the competitiveness of the agriculture and food processing industries. But our energy dependency is still great, our food self-sufficiency insufficient and our work in this field is again far from over.

With all these reform activity ahead, we are glad to be part of the OECD family.

The OECD brings a unique set of skills, based on more than 50 years of sharing experiences and benchmarking best practices by its 34 member states. This success, Secretary General, has attracted interest from many countries, including mine.

The result is that the OECD today is a global organization, in which all the important actors in the international economy are working together to devise common standards. A global organization helps small countries, as mine, to keep the reform momentum and to reach a global impact. With the emergence of important new players, the so-called BRICS, it is necessary to engage them all, to address current challenges the world today faces.

Ladies and Gentlemen:

The crisis showed the importance of policy frameworks to be flexible and adaptable to shocks. More broadly, it put an end to the belief that advanced economies had achieved sufficient resilience to avoid systemic crises, and highlighted how the exposure of governments to the problems of financial sector was seriously underestimated. Being resilient involves understanding the sources of risks and opportunities and being better prepared to cope with uncertainty, but also reducing the exposure of our economies, societies and institutions to shocks, withstanding them better when they occur, and learning from the experience to be able to “bounce back” stronger than before. I hope we learned our lessons and moved on:

to a stronger, a more resilient and an inclusive society building on trust.

Ladies and Gentlemen: We are back on track.