Council of the European Union

Brussels, 22 June 2026
(OR. en)

10192/26

ECOFIN 777
UEM 255
SOC 365
EMPL 194
COMPET 725
ENV 668
EDUC 249
ENER 367
JAI 781
GENDER 105
JEUN 147
SAN 443

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	10141/26
Subject:	COUNCIL RECOMMENDATION on the economic, social, employment, structural and budgetary policies of Slovenia

Delegations will find attached the above-mentioned draft Council Recommendation, as revised and agreed by relevant Council committees, based on the Commission Proposal COM(2026) 224 final.

COUNCIL RECOMMENDATION

on the economic, social, employment, structural and budgetary policies of Slovenia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(2) and Article 148(4) thereof,

Having regard to Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97[1], and in particular Article 3(3) thereof,

Having regard to the recommendation of the European Commission,

Having regard to the resolutions of the European Parliament,

Having regard to the conclusions of the European Council,

Having regard to the opinion of the Employment Committee,

Having regard to the opinion of the Economic and Financial Committee,

Having regard to the opinion of the Social Protection Committee,

Having regard to the opinion of the Economic Policy Committee,

1 Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj)

Whereas:

(1) Regulation (EU) 2024/1263 specifies the objectives of the economic governance framework, which aims at promoting sound and sustainable public finances, sustainable and inclusive growth and resilience through reforms and investments, as well as preventing excessive government deficits. The Regulation stipulates that the Council and the Commission conduct multilateral surveillance in the context of the European Semester in accordance with the objectives and requirements set out in the Treaty on the Functioning of the European Union (TFEU). The European Semester includes, in particular, the formulation and the surveillance of the implementation of country-specific recommendations.

(2) On 16 July 2025, the Commission adopted its proposal for a regulation establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509[2]. The proposal aims to increase the effectiveness of Union funding by reducing the fragmentation of the financial architecture and to support Member States in the coordination of their economic policy in line with Article 175 (TFEU).

---

[2] Proposal for a Regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509 - COM(2025) 565 final. The proposed Regulation is currently the subject of negotiations with the co-legislators.

(3) On 25 November 2025, the Commission adopted an opinion on the 2026 draft budgetary plan of Slovenia. On the same date, on the basis of Regulation (EU) No 1176/2011, the Commission adopted the 2026 Alert Mechanism Report, in which it did not identify Slovenia as one of the Member States for which an in-depth review would be needed. The Commission also adopted a recommendation for a Council recommendation on the economic policy of the euro area, a recommendation for a Council recommendation on human capital in the European Union, and a proposal for the 2026 Joint Employment Report, which analyses the implementation of the Employment Guidelines and the principles of the European Pillar of Social Rights. The Council adopted the Recommendation on the economic policy of the euro area[3] on 21 April 2026 and the Joint Employment Report, and the Recommendation on human capital on 9 March 2026.

(4) On 29 January 2025, the Commission published the Competitiveness Compass, a strategic framework that aims to boost the Union's global competitiveness over the next five years. It identifies the three transformational imperatives of innovation, decarbonisation and competitiveness, and security as critical pillars for sustainable economic growth. The European Semester is aligned with the Competitiveness Compass, ensuring that Member States' economic policies are consistent with the Commission's strategic objectives, creating a unified approach to economic governance that fosters sustainable growth, innovation and resilience across the Union.

[3] OJ C, C/2026/2434, 28.4.2026, ELI: http://data.europa.eu/eli/C/2026/2434/oj

(5) In 2026, the European Semester for economic policy coordination continues to develop alongside the final stage of Recovery and Resilience Facility (RRF) implementation[4]. Recovery and resilience plans (RRPs), along with cohesion policy funding, have been essential for delivering on the policy priorities under the European Semester, as the plans were required to effectively address all or a significant subset of challenges identified in the relevant country-specific recommendations issued in recent cycles, and programmes funded by the European cohesion policy were required to take country-specific recommendations into account. As the RRF approaches the end of its lifetime, it remains essential to sustain the reforms and investments supported and implemented under the RRF in particular those that contribute to addressing challenges identified in the country specific recommendations.

(6) On 3 June 2026, the Commission published the 2026 country report for Slovenia. It assessed Slovenia's progress in addressing the relevant country-specific recommendations and took stock of Slovenia's implementation of RRP. On the basis of that analysis, the country report identified the most pressing challenges Slovenia is facing. It also assessed Slovenia's progress in implementing the European Pillar of Social Rights and in achieving the Union headline targets on employment, skills and poverty reduction, as well as progress in achieving the United Nations Sustainable Development Goals.

[4] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17, ELI: http://data.europa.eu/eli/reg/2021/241/oj).

(7) On 21 January 2025, the Council, upon the assessment and recommendation of the Commission, adopted a Recommendation endorsing the national medium-term fiscal-structural plan of Slovenia[5]. The plan covers the period from 2025 until 2028 and presents a fiscal adjustment spread over four years. The Council recommended the following maximum growth rates of net expenditure: 5.6% in 2025, 4.4% in 2026, 4.1% in 2027 and 4.0% in 2028, which correspond to the maximum cumulative growth rates calculated by reference to the base year of 2023 of 12.1% in 2025, 17.0% in 2026, 21.8% in 2027 and 26.6% in 2028.

(8) Russia's war of aggression against Ukraine and its repercussions constitute an existential challenge for the European Union. The Commission has invited Member States to request the activation of the national escape clause of the Stability and Growth Pact in a coordinated manner to support the EU efforts to achieve a rapid and significant increase in defence spending and this proposal was welcomed by the European Council of 6 March 2025. Following the request of Slovenia, on 8 July 2025 the Council, upon a recommendation from the Commission, adopted a Recommendation allowing Slovenia to deviate from the recommended maximum growth rates of net expenditure[6]. The period when the national escape clause is activated (2025-2028) allows Slovenia to reprioritise government expenditure or increase government revenue so that lastingly higher defence expenditure would not endanger fiscal sustainability in the medium term.

---

5 Council Recommendation of 21 January 2025 endorsing the national medium-term fiscal-structural plan of Slovenia (OJ C, C/2025/640, 10.02.2025, ELI: https://eur-lex.europa.eu/eli/C/2025/640/oj).

6 Council Recommendation allowing Slovenia to deviate from the maximum growth rates of net expenditure as set by the Council under Regulation (EU) 2024/1263 (Activation of the national escape clause) (OJ C, C/2025/3973, 20 08 2025, ELI: https://eur-lex.europa.eu/eli/C/2025/3973/oj).

(9) On 30 April 2026, Slovenia submitted its 2026 Annual Progress Report[7] on adherence to the recommended maximum growth rates of net expenditure and the implementation of reforms and investments responding to the main challenges identified in the European Semester country-specific recommendations. The Annual Progress Report also reflects Slovenia's biannual reporting on the progress made in implementing its recovery and resilience plan in accordance with Article 27 of Regulation (EU) 2021/241.

(10) Real GDP growth in 2025 was 1.1% and HICP inflation stood at 2.5%. The Commission Spring 2026 Forecast projects real GDP to grow by 1.9% in 2026 and 2.3% in 2027, and HICP inflation to stand at 3.5% in 2026 and 2.5% in 2027.

(11) Based on data provided by Eurostat[8], Slovenia's general government deficit increased from 0.9% of GDP in 2024 to 2.5% of GDP in 2025. The increase in the deficit in 2025 mainly reflects a permanent rise in current expenditures, a record-high level of public investment and a cyclical slowdown in revenues. Based on policy measures known by the cut-off date of the forecast, the Commission Spring 2026 Forecast projects a deficit of 3.3% of GDP in 2026 and 3.5% of GDP in 2027. The increase in 2026 mainly reflects an increase in current expenditure driven by government intermediate consumption, social benefits and public wages. The increase of the deficit in 2027 mainly reflects the expiry of EU transfers from RRF grants against a sustained high level of public investments.

[7] The 2026 Annual Progress Reports are available on: https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/preventive-arm/annual-progress-reports_en

[8] Eurostat-Euro Indicators, 22 04 2026.

(12) On 11 May 2026, after the cut-off date of the Commission Spring 2026 Forecast, additional deficit-increasing measures were adopted by the National Assembly, in the area of personal income tax, social contributions, taxes on products and social transfers, which are estimated by the Commission to have a total budgetary cost between 0.5% and 1.0% of GDP in 2026. Most of these measures are expected to be not temporary and they would increase the deficit in 2026 and beyond. In response, the outgoing government is preparing a number of savings measures. Given the uncertainty around their size and adoption, the impact of these more recent measures is not considered at this stage.

(13) Based on the Commission's estimates, the fiscal stance[9], which includes both nationally and EU financed expenditure, was expansionary, by 1.6% of GDP, in 2025. It is projected to be expansionary, by 1.3% of GDP, in 2026, and contractionary, by 0.7% of GDP, in 2027.

(14) Based on data provided by Eurostat[10], Slovenia's general government debt decreased from 66.4% of GDP at the end of 2024 to 65.7% of GDP at the end of 2025. The decrease in the debt ratio in 2025 mainly reflects a debt-reducing interest-growth-rate differential. Based on policy measures known at the cut-off date of the forecast, the Commission Spring 2026 Forecast projects the debt-to-GDP ratio to decrease to 64.9% by the end of 2026 and to further decrease to 65.1% by the end of 2027. The decrease in the debt ratio in 2026 mainly reflects a debt-reducing interest-growth-rate differential and a debt-reducing stock-flow adjustment.

---

9 The fiscal stance is defined as a measure of the annual change in the underlying budgetary position of the general government. It aims to assess the economic impulse stemming from fiscal policies, both those that are nationally financed and those that are financed by the EU budget. The fiscal stance is measured as the difference between (i) the medium-term potential growth and (ii) the change in primary expenditure net of discretionary revenue measures and including expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other Union funds.

10 Eurostat-Euro Indicators, 22 04 2026.

(15) Based on Eurostat data[11], total general government defence expenditure in Slovenia amounted to 1.3% of GDP in 2025, corresponding to an increase of 0.2 percentage points of GDP compared to the reference year 2021. According to the Commission Spring 2026 Forecast, it is projected at 1.6% of GDP in 2026, corresponding to an increase of 0.5 percentage points of GDP compared to 2021.

(16) The Union continues to face risks of energy supply disruptions and elevated price volatility, exacerbated by geopolitical tensions which affect global oil and gas markets. Experience from the 2022–2023 energy crisis has shown that broad and untargeted measures entail large fiscal costs and are socially and economically inefficient. Since the outbreak of the war in the Middle East in February 2026, Slovenia adopted fiscal policy measures to mitigate the impact of high energy prices on households and firms[12]. These include an untargeted reduction in excise duties on diesel, gasoline and heating oil assumed to last until the end of the year and an untargeted reduction of environmental tax on carbon dioxide on diesel, gasoline and heating oil set to expire in June 2026. According to the Commission Spring 2026 Forecast, the fiscal cost of these measures is projected to amount to 0.2% of GDP in 2026. According to Commission estimates, if these measures were to remain in force until end-2026, their fiscal cost would amount to 0.3% of GDP in 2026.

---

[11] Eurostat, government expenditure by classification of functions of government (COFOG).
[12] This reflects the situation at the cut-off date of the Commission Spring 2026 Forecast (4 May 2026).

(17) Based on the Commission's calculations, net expenditure in Slovenia grew by 8.8% in 2025 and 13.2% cumulatively over 2024 and 2025. The net expenditure growth in 2025 is above the recommended maximum growth rate, corresponding to a deviation of 1.4% of GDP in annual terms. When considering 2024 and 2025 together, the cumulative growth rate of net expenditure is also above the recommended maximum growth rate, corresponding to a deviation of 0.5% of GDP in cumulative terms. Taking into account the flexibility for higher defence spending provided for by the national escape clause, considering 2024 and 2025 together, the cumulative deviation of net expenditure amounts to marginally above 0.3% of GDP.

(18) Based on the Commission's calculations, net expenditure in Slovenia is projected to grow by 7.2% in 2026, and 21.3% cumulatively over 2024, 2025 and 2026. The projected net expenditure growth in 2026 is above the recommended maximum growth rate, corresponding to a deviation of 1.2% of GDP in annual terms. When considering 2024, 2025 and 2026 together, the projected cumulative growth rate of net expenditure is also above the recommended maximum growth rate, corresponding to a deviation of 1.7% of GDP in cumulative terms. Taking into account the flexibility for higher defence spending provided for by the national escape clause, considering 2024, 2025 and 2026 together, the projected cumulative deviation of net expenditure amounts to 1.2% of GDP.

(19) On 3 June 2026, the Commission adopted a report under Article 126(3) TFEU[13]. That report assessed the situation of Slovenia *vis-à-vis* the deficit criterion, as its planned general government deficit in 2026 exceeds the reference value of 3% of GDP. The report concluded that the deficit criterion is not fulfilled by Slovenia. At the same time, the Council has activated the national escape clause for Slovenia and the deficit in excess of the reference value is fully explained by the increase in defence expenditure since 2021, based on the Commission Spring 2026 Forecast. However, while the Commission is of the view that there is no case to open an excessive deficit procedure for Slovenia at this stage, significant uncertainty remains over the fiscal outlook for 2026 (*cf.* recital 12). In the absence of sufficient corrective measures being taken in a credible and timely manner, this may lead to the opening of the excessive deficit procedure for Slovenia in autumn. In light of this and after considering the opinion of the Economic and Financial Committee as established under Article 126(4) TFEU, the Commission has not at this stage proposed to open an excessive deficit procedure.

[13] Report from the Commission, prepared in accordance with Article 126(3) of the Treaty on the Functioning of the European Union, 3.06.2026, COM(2026)302 final.

(20) Slovenia's tax mix relies heavily on labour taxation, which accounted for 52% of total tax revenues in 2023. In the context of a rapidly ageing population and a shrinking working-age workforce, Slovenia's heavy reliance on labour taxes poses a structural risk as a high tax wedge can discourage job creation and have a negative effect on labour supply and competitiveness. Currently, Slovenia makes limited use of less-distortive revenue sources; recurrent property taxes generate revenues well below the EU average and reforms in this area have not been put forward. Slovenia lacks a framework to evaluate the economic efficiency or necessity of the extensive recurrence of tax expenditures amounting to 5.2% of GDP in 2023. A systematic review of these expenditures and adjustments of property taxation would broaden the tax base and generate additional fiscal space. Rebalancing the tax mix towards more growth friendly and sustainable sources mitigates structural risks and supports fiscal sustainability.

(21) Enhancing the efficiency of public spending is required to address rising ageing costs and improve quality of public finances. While Slovenia has experience in producing expenditure analyses, these are not yet systematically integrated into the annual budget process. Institutionalising regular spending reviews in the largest expenditure areas notably social protection (17.1% of GDP), healthcare (8%), economic affairs (5.7%), and education (5.5%) would facilitate a more effective reallocation of resources and increase accountability. Despite an increase in social transfers, the rate of people at risk of poverty or social exclusion has risen for the fourth consecutive year, notably reflecting an increase in at risk of poverty rate among the elderly population, indicating that the system is failing to reach the most vulnerable. Efficiency gains could be achieved by better targeting social benefits, harmonising fragmented family support and addressing sick leave benefits. Demographic decline, ageing population and uneven access to quality essential services (healthcare and education) heighten territorial disparities, impacting in particular rural areas. Additionally, while public investments remain high, improving their composition and planning via strengthened coordination between national and local authorities is necessary to ensure fiscal sustainability and support growth potential.

(22) The implementation of cohesion policy programmes, which encompass support from the European Regional Development Fund (ERDF), the Just Transition Fund (JTF), the European Social Fund Plus (ESF+) and the Cohesion Fund (CF) in Slovenia, is above the average pace at EU level, both in terms of project selection and payments. It is important to keep current momentum, while maximising the impact of investments on the ground. Slovenia is already taking action under its cohesion policy programmes to boost competitiveness and growth. Nevertheless, some areas may require further strengthening in implementation, including those relating to skills, research and innovation, climate change adaptation, water management, and provision of local services. It is essential to ensure that the new investments identified by Slovenia in its mid-term review of the cohesion policy funds, notably those linked to the five priorities identified in the Mid-Term Review Regulation[14], are deployed rapidly and effectively.

(23) Slovenia faces several challenges related to the energy sector, sustainable transport, climate resilience and environment, business environment, competitiveness and labour shortages.

[14] Regulation (EU) 2025/1914 of the European Parliament and of the Council of 18 September 2025 amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review.

(24) As set in the Competitiveness Compass, all the EU, national, and local institutions must make a major effort to produce simpler rules and to accelerate the speed of administrative procedures. The Commission has set ambitious goals for reducing administrative burden: by at least 25% for all companies and by at least 35% for SMEs. It has also created new tools to achieve these goals, including systematic stress test of the stock of EU legislation and enhanced stakeholders' dialogue. To match this ambition, Slovenia also needs to take action. While some progress has been achieved, the need for stronger cooperation and coordination among the national, regional, and local levels remains. The complexity of administrative procedures is reported to be a constraint by [67]% of companies when doing business in Slovenia[15]. Structural challenges continue to weigh on Slovenia's business environment, with labour and skills shortages, regulatory and tax burdens acting as major constraints on investment and growth. Permitting processes remain particularly burdensome, with lengthy timelines for construction and environmental permits, the need to manage the legal formalities physically, and limited interoperability of digital registries. Regulatory barriers to the Single Market, affecting especially cross-border service trade and certain regulated professions, persist and progress with addressing them has remained limited. In this regard, increasing the scope, ambition and pace of regulatory simplification and administrative modernisation may improve quality and lower prices as well as support growth in the longer term.

15 'Businesses' attitudes towards corruption in the EU' Flash Report, Eurobarometer Report 2025.

(25) Slovenia’s public-private links in research and innovation (R&I) in terms of co-publications remain slightly above the EU average, but the country struggles to turn excellent research into successful products, mainly because knowledge transfer lacks continuity and insufficient financial support for the R&D activity. While business spending in R&D in Slovenia stand at the EU average, it has fallen for three years to 1.5% of GDP, particularly among SMEs. Moreover, Slovenia’s public expenditure on R&D continues to lag behind the EU average (0.64% vs 0.72% of GDP) as well as the national target (1.25%). High-value-added activities and innovation remain concentrated in the capital region, while other regions face lower R&D investment and weaker productivity outcomes, constraining competitiveness and innovation-driven growth. While some positive initiatives are underway, including strategic funding projects and targeted support for high-potential proposals, the effective deployment of alternative investment instruments, especially for startups, in important to fully leverage Slovenia's innovation capacity and achieve its full realisation. Slovenia has made efforts to improve the governance of the R&I by consolidating most R&I policies into one ministry, updating the Act on Research, Development and Innovation Activities and creating horizontal coordination mechanisms to streamline policy initiatives, which were part of the Slovenian recovery and resilience plan (RRP). Although these reforms have been implemented, their impact is not yet tangible, and the mechanisms may require adding a monitoring component to track progress and possible reinforcement. Furthermore, a more systematic approach to knowledge transfer is not yet in place, which may hinder the conversion of high-quality academic research into commercially viable products.

(26) Slovenian businesses predominantly rely on bank financing due to the country's less developed capital market and limited participation of domestic institutional investors in financing innovative companies and start-ups. The private equity and venture capital sectors are significantly less mature than their EU counterparts, with assets amounting to only 0.04% and 0.01% of GDP in 2024, respectively, compared to EU averages of 0.46% and 0.06% of GDP. Furthermore, Slovenian households tend to hold a large proportion of their financial assets in cash and deposits, rather than investing in market-based financial instruments. The pension fund sector has a low level of assets, with only 7.1% of GDP in 2024, the third-lowest level in the EU. The non-bank financing market in Slovenia needs to expand and diversify to increase the availability of risk capital and boost innovative investment and long-term competitiveness. Development of equity funding and venture capital lacks support by equity investment from pension providers, which can contribute to an increase in supplementary pensions and is important for growth of innovative start-ups.

(27) Fossil fuels, a large proportion of which are imported, continue to constitute a significant share of Slovenia’s energy mix (58%), contributing to higher and more volatile prices, in turn affecting competitiveness. Furthermore, Slovenia had to rely on a statistical transfer in order to meet its national renewable energy target (25%). Despite some progress, further efforts are required to accelerate the roll-out of renewable energy sources across all sectors, including the uptake of energy storage, and the implementation of energy efficiency measures. While the energy efficiency measures, especially the renovation of buildings, have continued to be implemented through the national financing framework and different EU funds, including the RRF, increased efforts by Slovenia will help to reach long-term renovation strategy targets to reduce the energy consumption of buildings.

(28) Permitting and administrative procedures for grid-scale renewable energy installations, including wind installations, continue to constitute a major bottleneck for renewables in Slovenia. While there has been progress in reforming the regulatory framework, environmental and municipal-level procedures can still last up to several years. Slovenia has recorded no increase in wind power capacity in more than a decade, and deployment of new solar photovoltaic capacity has slowed down significantly in 2025 compared to the previous three years. Designating acceleration areas for renewable energy installations, where permitting and administrative procedures are effectively simplified and shortened, could help expedite deployment significantly. Furthermore, capacity building in the form of trainings and additional resources available to local authorities could further accelerate the processing of requests, as well as overcome local opposition. At the same time, regions undergoing coal phase-out face significant just transition challenges related to economic diversification, workforce reskilling and the development of clean energy infrastructure.

(29) Grid constraints, particularly at distribution level, have started to ease, in part due to the implementation of RRF investments. However, sustaining the continuous integration of decentralised renewables, while also meeting the rising electricity demand from electrification, will require a substantial increase in grid investments, including in digitalisation.

(30) The uptake of sustainable transport is still lagging behind the rest of the EU with dependence on private cars remaining very high. Road transport remains the dominant source of greenhouse gas emissions, air pollution and energy consumption in the sector. These values are all above the EU average. Many large railway and e-mobility investments under the Recovery and Resilience Plan, Connecting Europe Facility and the cohesion policy programme are in progress. However, there is still a pertinent need to address sustainable passenger transport supply and uptake and to proceed with investments into resilient railway infrastructure along the TEN-T corridors, including cross boarder sections and preparing high-speed railway lines.

(31) Slovenia is highly vulnerable and frequently exposed to climate-related risks, particularly to floods, heatwaves, droughts and forest fires, which are unevenly distributed across regions and have a negative impact on the country's economy and society. Despite the increasing risks, Slovenia still has one of the lowest insurance coverage rates against weather and climate related extreme events in the EU, leaving gaps in financial protection and pointing to needs in expanding the use and uptake of climate insurance mechanisms. In 2025, Slovenia adopted a new Climate Act, which significantly strengthened the climate adaptation governance framework. However, this is only the beginning of the process, and the effective implementation of the related policies is still lagging at national, regional and local level. The implementation of flood protection measures is delayed, and nature-based solutions have not been systematically deployed across all sectors yet. Despite efforts, challenges also remain in terms of modernising water infrastructure, restoring fragmented freshwater ecosystems, reducing water pollution and addressing the deteriorating status of Slovenia’s nature and ecosystems, which continues to weaken the country’s climate and water resilience.

(32) Persistent labour shortages and skills mismatches undermine investment and competitiveness in Slovenia. Around half of companies report staff shortages, with vacancy rates above the EU average. Demographic change, working conditions, skills gaps, and mismatches exacerbate these shortages, particularly in education, the care sector, ICT, construction, and scientific and technical professions, requiring skills in science, technology, engineering and mathematics (STEM) fields. Slovenia faces significant digital skills gaps, with 63.9% of firms reporting ICT skill shortages and adult digital proficiency lagging behind the EU average. This hinders business digitalization and poses a risk to human capital development. Furthermore, the latest OECD PISA survey on students' skills revealed a concerning declining trend in basic skills levels and the International Computer and Information Literacy Study (ICILS) study showed low digital literacy. Emerging green skills shortages will further strain the labour market, with green job projected to account for 40% of all vacancies. To fill labour gaps, Slovenia relies on foreign workers which represented 16% of the country's workforce and projected to reach 26% by 2030. But Slovenia faces challenges in attracting highly qualified workers compared to the other EU Member States, potentially due to factors such as income levels, low digitalisation and workplace inclusion[16]. Slow administrative procedures for labour migration, difficulties in qualification recognition and social inclusion remain a barrier to attracting, recruiting and retaining talent. Moreover, to adjust to structural changes in the society, it will be essential to further align the education system with labour market needs, make full use of skilled labour by providing policy tools to support job-to-job transitions, including older and low skilled workers and strengthening the integration of migrant workers into the labour market and society.

---

16 *See* IMAD, Quality of Life Report – Development Report 2025

(33) While more recent Labour force survey (LFS) data suggest some progress between 2022 and 2024, adult participation in training remains low, significantly below the EU average (Adult Education Survey 2022, SI: 26.5%, EU: 39.5%), and also well below Slovenia's 2030 national target of 60%. It is crucial to extend lifelong learning and training to the whole adult population, including among vulnerable groups. The percentage of Slovenian adults with at least basic digital skills further decreased in 2025 to 46.5% (EU 60.4%) and is slowing the digital transition. Slovenia has committed to developing a national wide Skill's Action Plan; however, the preparation remains at an early stage, making it is still premature to assess its potential impact.

(34) The systematic, meaningful and timely involvement of local and regional authorities, social partners, civil society and other relevant stakeholders remains essential in order to ensure broad ownership for the successful implementation of the Union's funding instruments, as well as in the context of the European Semester.

(35) As a part of the Recovery and Resilience Plans, Slovenia's public sector wage reform entered into force in January 2025, gradually rising public sector wages, including for healthcare, long-term care workers and teachers. Alongside the wage reform, a new winter allowance has been introduced in October 2025, and statutory minimum wage has been increased by 16% in January 2026. In 2024, Slovenia has also introduced measures to improve staffing and working conditions in healthcare, long-term and social care such as scholarships for health and social work professions, facilitating the recognition of professional qualifications for foreign healthcare professionals, and a pilot internship programme for nurses (2024-2026) but most of these measures are still to be fully implemented. In this regard, labour and skills shortages persist, with about 80% of employers in these sectors report difficulties finding workers, hindering access and the effective delivery of healthcare and long-term care services, including in depopulating regions. Slovenia has already a low share of health and social care workers in total employment compared to the OECD average (7% vs 9.3%, 2021 data) and fewer nurses and doctors per inhabitant than the EU average. Working conditions in the healthcare and long-term care sector are challenging due to high workload of current personnel, including longer working hours, shifts and night work, adding to higher physical and emotional strain and more frequent sick leaves[17]. Without urgent policy action the situation is expected to worsen due to an ageing population, staff retirements and the outflow of care workers to foreign countries or other professions. The teaching profession is also facing a shortage, largely due to the low prestige of the profession as well as administrative burden.

[17] According to the Slovenian health Insurance Institute, the average loss of working days per employee due to sick leave in 2022 is 31.20 days. Final report on Promotion of long-term care occupations by Ministry of health (2024) shows that in long-term care 40% of personnel works more than 41 hours per week, with 10% more than 46 hours per week.

(36) In view of the close interlinkages between the economies of euro-area Member States and their collective contribution to the functioning of the economic and monetary union, in 2026 the Council recommended that the euro-area Member States take action, including through their RRPs, to implement the 2026 Recommendation on the economic policy of the euro area. For Slovenia, the recommendation (1) helps implement the first the second and the third recommendations on the euro area, recommendation (2) helps implement the fourth recommendation on the euro area, recommendation (3) helps implement the seventh, eighth and ninth recommendations on the euro area, recommendation (4) helps implement the seventh recommendation on the euro area and the recommendation (5) helps implement the fifth recommendation on the euro area.

(37) In light of the crucial role of human capital in enhancing the Union's competitiveness and strategic autonomy, in 2026 the Council recommended that Member States take action to urgently address human capital related structural challenges in the areas of skills and education, which hamper competitiveness. The 2026 country-specific recommendations addressed to Slovenia can contribute to the implementation of the Council Recommendation on human capital in the Union.

HEREBY RECOMMENDS that Slovenia take action in 2026 and 2027 to:

1. In view of the deviation recorded by 2025 and the material deviation projected for 2026 by the Commission vis-à-vis the recommended net expenditure ceiling, take action to control net expenditure so that it respects the maximum growth rates recommended by the Council on 21 January 2025, while making use of the flexibility under the national escape clause for higher defence expenditure. Reinforce defence spending and readiness while ensuring spending efficiency and gradually adapting the budget to sustain structurally higher defence spending. Ensure that any measures taken to mitigate the impact of the hike in energy prices are temporary, targeted at protecting vulnerable households or at addressing the needs of energy-intensive firms, preserve incentives for energy savings while ensuring that their fiscal cost is compatible with the commitments under the EU fiscal framework. Rebalance tax revenues towards more growth-friendly and sustainable sources. Improve the efficiency of public spending, in particular by implementing spending reviews in the largest spending areas.

2. Ensure continuity of reforms and investments implemented under the Recovery and Resilience Facility. Sustain implementation momentum under cohesion policy programmes, building, where appropriate, on the reallocation to strategic priorities and flexibilities in the mid-term review of the cohesion policy framework.

3. Simplify regulation, improve regulatory tools and reduce administrative burden on businesses, including in certain services and regulated professions, as well as reducing barriers to services trade. Strengthen competitiveness by promoting business dynamism and the creation of high-growth companies by improving the conditions for equity investment, including venture capital investment, for institutional investors, as well as for investments in research, development and innovation, including outside the capital region.

4. Accelerate the roll-out of renewables and energy storage, including by streamlining and expediting administrative and permitting procedures. Strengthen the electricity grid infrastructure at distribution level and introduce smart grid components. In addition, accelerate the implementation of energy efficiency measures, particularly in the building sector. Promote the electrification and digitalisation of the transport sector and focus investments on sustainable transport, particularly on the TEN-T railway network and the development of urban mobility and passenger transport, taking into account regional disparities. Further strengthen climate and water resilience by implementing targeted climate adaptation and environmental measures.

5. Address labour shortages by enhancing the provision and acquisition of skills and competences, including basic skills among pupils, by further aligning the education system with labour market needs. Speed up work permit and qualification recognition procedures for foreign workers, including those highly skilled. Boost lifelong learning, upskilling, and reskilling for adults, including on basic digital skills. Further improve the non-wage working conditions, particularly in the healthcare, social and long-term care and teaching sectors.

Done at Brussels,

For the Council
The president