

CBI MARKET SURVEY

THE CHEMICALS MARKET IN SLOVENIA

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the chemicals market in Slovenia. The information is complementary to the information provided in the CBI market survey covering the EU chemicals market. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1. Market description: consumption and production**Industrial demand**

- Slovenia is a small consumer of chemicals, accounting for 0.6% of total EU consumption.
- In 2005, total Slovenian industrial demand for chemicals amounted to € 3.4 billion, representing an average annual growth rate of 6% during the review period (European Chemical Industry Council (CEFIC), 2006).

Table 1.1 Industrial demand for chemicals in the EU and Slovenia, 2001-2005, in € million

| | 2001 | 2003 | 2005 | Average annual growth |
|----------|---------|---------|---------|-----------------------|
| EU25 | 496,581 | 507,835 | 564,598 | 3.3% |
| Slovenia | 2,690 | 3,142 | 3,425 | 6.2% |

Source: CEFIC (2006)

Production

- Slovenia has a small domestic chemical industry, accounting for 0.6% of total European production.
- In 2005, the turnover of the Slovenian chemical industry amounted to € 3.8 billion, representing an average annual increase of 9% during the review period (CEFIC, 2006).
- Early products of the Slovenian chemical industry were tannin, alumina, nitrogen, calcium carbide, fertilizers and rubber products. The production of these chemicals was based on domestic raw materials (amongst which was coal) and energy. After World War II, production moved to pharmaceuticals, cosmetics, pesticides and rubber and plastics products. The current trend is still the development of higher value addition.
- In 2005, the Slovenian chemical industry represented 18.2% of the total income of all manufacturing industries (CCIS, Chamber of Commerce and Industry Slovenia, 2006).
- Slovenia is experiencing a growing economy. However, the chemical industry is still small and imports are high. Slovenia lacks hydrocarbon feed stocks, apart from gas, and is therefore unlikely to develop a commodity petrochemical industry. Nevertheless, there is considerable foreign investment in other sub-sectors of the industry.
- Although Slovenia does not produce much raw materials for basic chemicals, there is some production of methanol and intermediates, or derivatives such as resins. Pharmaceuticals (both actives and finished preparations) are the largest sub-sector of the chemical industry.
- Manufacturing pharmaceutical preparations and raw materials is the most important subgroup of the Slovenian chemical industry. This subgroup generates 32.1% of the chemical industries' total income.
- Other important subgroups include: plastics processing, which accounts for 19.9% of total income, followed by the manufacturing of rubber products with a 14.1% share of total income, manufacturing of basic chemicals with a 10.6% share, paints, lacquers and putties accounting for 7.0% of the sector's income and manufacturing of other chemical products (explosives, glues etc.) representing a 6.5% share of total income.

Trends

- According to the Chamber of Commerce and Industry of Slovenia, there is a shift towards the production of higher added-value products. This should enable a higher income to be generated. There was no information available on other trends. The trends that have been described in the CBI market survey covering the EU chemicals market, are also applicable to Slovenia.

Opportunities and threats

- As a result of the accession to the EU, it is expected that demand for chemicals in Slovenia will increase in the future. The growing demand for chemicals also offers increasing opportunities for producers of chemicals in developing countries. However, Slovenia itself can also be seen as a competitor to developing countries on the EU market, since its production costs are relatively low.

Useful sources

- For more information on the chemical industry in Slovenia, Slovenian trade associations mentioned in section 6 of this survey can be a valuable source. The European Federation CEFIC (<http://www.cefic.org>) is also of interest.
- The Statistical Office of the Republic of Slovenia can also be a source of information (<http://www.stat.si/eng/index.asp>).
- ChemIndustry.com, (<http://chemindustry.com/index.html>) is also of interest, both for chemical information and finding companies in Slovenia.

2. Trade channels for market entry

- In general, the trade channels in Slovenia do not differ from the trade channels which have been mentioned in the CBI market survey covering the EU chemicals market. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the chemical) remains the most effective method.
- For a list of companies active in the chemical sector in Slovenia, please refer to the website of the Chamber of Commerce and Industry of Slovenia - <http://www.gzs.si/eng/Article.asp?ID=354&IDpm=53>.
- The website of chemindustry provides details of additional chemical companies in Slovenia - <http://chemindustry.com/index.html>.

3. Trade: imports and exports

Imports

- Slovenia is a small importer of chemicals, accounting for 0.8% of EU imports.
- In 2006, Slovenia imported € 425 million / 654 thousand tonnes of chemicals, representing an average annual increase of 13% during the review period.
- In 2006, developing countries supplied 11% of all Slovenian imports, which is below the EU average. Imports from developing countries increased dramatically by an annual average rate of 29% in the period reviewed, amounting to € 45 million / 13 thousand tonnes in 2006. The main developing country suppliers to Slovenia are India (6%) and China (2%).
- Slovenia has several leading suppliers of chemicals which are Italy (22%), Germany (12%), Greece (12%) and Poland (10%).
- Slovenian imports of chemicals consisted of organic chemicals (36%), inorganic chemicals (35%), oleo chemicals (21%) and dyes and pigments (8%).

Exports

- Slovenia is a small EU exporter of chemicals. Between 2001 and 2005, its exports increased annually by 31% amounting to € 176 million / 298 thousand tonnes in 2006.

- All selected product groups showed an increase in exports. Slovenia is a relatively large exporter of inorganic chemicals. During the review period, exports of inorganic chemicals increased dramatically by an annual rate of 103%.

Opportunities and threats

- Although Slovenia is a rather small EU trader in chemicals, its exports and imports showed considerable growth between 2001 and 2005.
- Based on the data, opportunities exist for developing countries, as they account for a considerable part of Slovenia's imports. However, this only concerns organic chemicals.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int>
- Eurostat, the official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

4. Price developments

- The CBI market survey, covering the EU chemicals market, presents general information on prices. These price indications do not differ from those in Slovenia.
- The prices of most commodity chemicals can be found relatively easily. Useful sources are <http://www.cnionline.com> (subscription site with information on companies, markets, products, strategies, mergers, acquisitions, capacity expansions, forecasts and trends in the chemical industry) and <http://www.icislol.com> (subscription site for prices on the petrochemical and oil markets).
- However, the prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>.

6. Business practices

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Slovenia, visit the following websites:

Trade Associations

- CCIS, Chamber of Commerce and Industry of Slovenia - <http://www.gzs.si/eng/Article.asp?ID=123&IDpm=53>
- Slovenian Chemical Society - <http://www.chem-soc.si>

Trade Fairs

No trade fairs of interest were encountered

Trade Press

- Acta Chimica Slovenica provides a forum for the publication of original and significant work in the chemical and closely-related areas of research. It presents reviews, scientific and technical articles, and short communications. Look at - <http://acta.chem-soc.si>.

This survey was compiled for CBI by ProFound – Advisers in Development
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