THE CHANGING ROLE OF THE DEFENCE SECTOR IN THE SLOVENIAN ECONOMY

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ABSTRACT

The relative economic importance of the defence sector in the Slovenian economy has declined, which is confirmed by the evidence on military expenditures as a share of government expenditures, on military expenditures as a share of gross domestic product, and on military personnel as a share of the total labour force. The unique in-depth survey evidence for the Slovenian defence sector enterprises show that the production capacities and employees in enterprises in the defence sector have above average productivity, but are less profitable due to higher costs. Most defence industry enterprises do not develop double-use products, i.e. for military and civil purposes, as well as they have not been engaged as subcontractors in public procurements. Most defence industry enterprises claim that the size of the enterprise and even more the size of the country do matter in the defence-supply chain, as well as that cooperation and networking with foreign enterprises in the defence sector provide opportunities for survival and future development. These enterprises would welcome an institution that would monitor, provide information to the defence industry, coordinate, and provide guidelines for further defence industry development.

Keywords: defence sector, importance in the economy, enterprise, Slovenia, European Union