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The latest from Slovenia

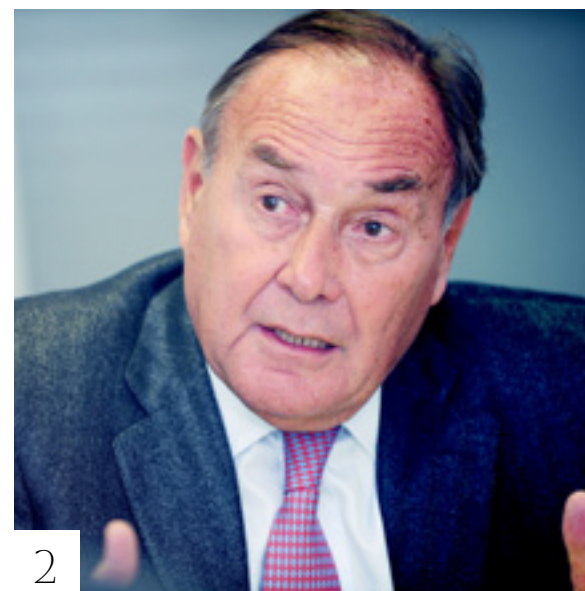
Time for Action

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Vesna Žarkovič, Editor

To succeed or to be defeated

According to Ivo Boscarol, owner of Pipistrel, a person has only got one key dilemma in life, both in private life or professionally – to succeed or to be defeated. There is no alternative for him – he simply subjected his life to success and nothing but success. He is convinced that success should be our life goal. It should be reached through innovation and unwavering self-confidence. We should set ourselves goals so high that they exceed even global limits – and then be completely sure of ourselves, allowing us to reach them. There are no limits, he says, there are only obstacles in our minds. We should be better aware of our many and often exceptional abilities, our positive characteristics that can be well used in a small and medium businesses, encourages Dr Peter Kraljič, international advisor and long-standing director of McKinsey advisory firm in this issue's interview. A government's task is to create conditions allowing companies to work as undisturbed as possible, he emphasizes, since companies drive the economy, and adds that we must be proud and realistic and as soon as possible start resolving the weaknesses dragging us down.

At the end of the mandate of Borut Pahor's government we examine and write of its achievements. All the time it reaped more criticism than praise in public and with that in mind it is worth stressing that most troubles of this government were caused by external factors, namely the largest economic and financial crisis of the last 80 years and the blockage of institutional reforms through referendums.

We also write about encouraging foreign investments, which shall be an important factor of economic policy in future. During this dire economic situation, stability is looked for in business environment and business relations, while foreign direct investments are among the most stable international economic factors.

A high level of self-discipline, a great deal of work, persistence and self belief were certainly mastered by Boštjan Šifrar, who at the age of thirty became the youngest award-winner of the Slovenian Chamber of Commerce for his outstanding economic and entrepreneurial achievements. The Podjetnik magazine and the Chamber of craft and small business of Slovenia awarded him the title of Entrepreneur of 2011 for his successful realization of a well-considered strategy through which he turned a small business workshop into a global company. Šifrar had, according to the awarding committee's opinion, the courage and vision to develop, from a seemingly unglamorous business of injection moulding of plastic caps, tubes and containers, a company exporting its products into 41 countries of the world.

It is almost traditional that between mid-October and mid-November Ljubljana becomes a capital of design. This is namely the time of the Month of Design. And this year it put together unusual forms of co-operation, unexpected relations and boldness. The Month of Design is the largest and most varied design-related event in the region. In 30 days it has more than 70,000 visitors and it offers more than 100 attractive events, which present the best achievements in design and create new unusual co-operations. Hidden in the soil of the Slovenian Istria, special, aromatic, mysterious mushrooms grow, namely white truffles. They are appreciated for their extraordinary quality and their prices reach almost incomprehensible heights, from 1,500 to several thousand euros per kilogram. And what is a truffle? It is the noblest mushroom in the world, Ivan Ratoša is convinced.

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Darijan Košir

A Term in Office Marked by Many Achievements

Slovenia's present government, led by Prime Minister Borut Pahor, which was recently, in September, ousted in a parliament confidence vote, and is now in the final month of its term of office before the early parliamentary elections to be held on 4 December 2011, has constantly received more criticism than praise from the public. In a way, such criticism is unfair, firstly, because most of the government's problems were caused by an external factor, i.e. the deepest economic and financial crisis to occur over the last 80 years, rather than by its alleged impotence or incompetence; secondly, because the government faced an institutional blockage, inherited from its predecessors, as its proposed reforms were repeatedly defeated in public referendums; and, thirdly, because further evidence of the good work done by this government continues to come to light during the current pre-election campaign, in which few candidates are proposing different orientations and solutions to those advocated by the outgoing government. The passage of time will permit a more realistic assessment of how successful Pahor's government has been, but we believe that its term of office was marked by many achievements. We will attempt to outline the most important of them.

As already mentioned, Borut Pahor's government took office in autumn 2008, with the outbreak of the worst global economic crisis since World War II. The situation called for swift action, forcing the new government to amend its coalition priorities and to focus all its efforts on cushioning Slovenia's citizens from the socially unfavourable effects of the crisis, while at the same time trying to preserve the vital parts of the country's economy. This work was even more difficult because the country had entered a period of economic slowdown with a high foreign debt (amounting to EUR 39 billion) and a weak fiscal position (marked by a structural budget deficit, a decrease in budget revenues of almost EUR 1 billion as a result of the previous government's tax "reform", and additional liabilities of EUR 0.5 billion arising from the "reform" of the public sector salary system). Also, the crisis highlighted the fact that Slovenia's economy was quite unprepared, both structurally and in terms of development, for such a shock.

In the second part of its term, Prime Minister Pahor's government, being the first in the modern Slovenian history to face such a challenge, had to lay down the essential groundwork for the much needed structural reforms in key areas. The government managed to implement a considerable part of these demanding tasks but was, unfortunately, unable to complete its proposed reforms due to the reluctance of society to embrace them, and because its term of office ended prematurely.

The key achievements of Prime Minister Boris Pahor's government during its three years in office:

First and immediately, the government introduced guarantee schemes to put a lid on the financial crisis in Slovenia. The state guarantee was expanded to cover bank deposits, loans from international bank loan markets (amounting to EUR 12 billion), loans to enterprises (totalling EUR 1.2 billion), and loans to

individuals (EUR 300 million). In addition, the government agreed to a EUR 250 million capital increase of Nova Ljubljanska banka (NLB), Slovenia's largest bank, to strengthen the bank's finances.

It safeguarded and upheld the sustainability of public finances. Despite the rise in borrowing, driven by the need for funds to cushion the effects of the economic crisis, Slovenia, unlike most EU member states, managed to keep its public debt below 45 % of GDP, the third lowest in the EU and far below the EU average (87 % of GDP). Slovenia's budget deficit, kept below 5 % of GDP in 2011, ranks in the middle of the EU family, and shows a clear tendency to narrow down to about 3 % in 2013. Committed to ensure the long-term sustainability of public finances, the government also proposed several structural reforms, for example the pension reform which, unfortunately, was rejected in one of the referendums.

It secured moderate economic growth and low inflation. After plunging by 9 % on a yearly basis in the crisis year of 2009, GDP growth was up to 1 % again in 2010, is expected to touch at least 1.5 % in 2011, and should then push towards 2 % in 2012. The annual inflation rate is currently below 2 %. In the years 2009 to 2011 exports rose at an annual rate of 12 % to 14.5 %, dampening the slowdown in domestic economic activity, in particular in the construction and finance industries. Between 2008 and 2010 Slovenia's current account deficit narrowed by EUR 2 billion.

It adopted a series of anti-crisis measures in order to strengthen the economy and its competitiveness. During the period from 2008 to 2010 the Ministry of the Economy alone supported 6 107 private and public projects with a total sum of EUR 876 million, of which EUR 650 million was allocated to support the investments of enterprises and to enhance the competitiveness of the economy. Another EUR 200 million was granted to small industry and trade in support of 2 500 investment projects, creating a total of more than 3 000 new jobs. The government also took other measures (e.g. by supplying fresh capital) to help large state-owned companies that were facing bankruptcy; the last such project was the 50 million capital boost for the country's national air carrier, Adria Airways.

It implemented sustainable social measures in order to mitigate the effects of the economic crisis, preserve social cohesion, and minimize inequality and social gaps. Funding allocated to the social security of individuals was 43 % above the 2008 figure; the adoption of the Minimum Wages Act pushed the statutory minimum wage up by 22 % (from EUR 562 to EUR 734); and the legal measures taken helped to preserve more than 25 thousand jobs, placing Slovenia, despite its 107 thousand unemployed, in the first third of EU member states with the lowest unemployment rate.

It capped salaries in the public sector. Through certain legal acts and agreements which prevented further implementation of the previously agreed public sector salary system reform, the government cut public spending on salaries (i.e. labour costs) by as much as EUR 940 million over a four-year period, while also reducing the number of employees in the civil part of the public administration by 1 % every year, pushing the total public administration headcount below 34 thousand.

It increased public investment in research and development, for the first time since Slovenia's independence. In 2009 public investment in R&D projects shot up by 47 % on the year before, and by another 20 % in 2010 (from EUR 487 million to EUR 661 million in just three years). Public funding for tertiary education

also rose by 22 % during the government's term of office.

It initiated the economic recovery and reorganization of Slovenian Railways by providing the legal groundwork required for the smooth operation of the railway system, as well as by supplying the company with EUR 134 million of fresh capital, and investing EUR 84.3 million in the modernisation of the railway infrastructure.

It completed the construction of the Slovenian cross-shaped motorway network and enhanced traffic safety (70 kilometres of new roads were constructed through investments totalling EUR 124 million). It also proposed several changes to consolidate the position of DARS, the Motorway Company in Slovenia (e.g. with a capital boost of EUR 2.13 billion).

It introduced a new system for the recruitment and appointment of managers in state-owned companies, agencies, and public institutes. The system, which is implemented by recruitment and accreditation committees, marks the first step in abandoning the practice of politically motivated appointments. These committees were later replaced in their role by the Capital Assets Management Agency, which is nominated by the National Assembly in order to ensure that its operations remain politically independent.

It resolved the issue of persons who had been erased from the register of permanent residents, which constituted a mass violation of human rights in the newly independent Slovenia and was, undoubtedly, one of the country's most regrettable failings. The government adopted an act regulating the status of these erased persons, and has already issued 6 400 decisions to the persons concerned.

It strengthened the institutions of the judiciary, police, and state prosecution, and provided the legal structures which are needed to increase the efficiency of combat against organized crime and late payments. The government achieved this by adopting or amending the relevant acts, and by establishing a National Investigation Bureau, which ensures more effective investigation of the most serious forms of white-collar crime.

It laid the necessary groundwork and launched a broad public debate about the reform of Slovenia's health system, summarized in the Health Care System Upgrade by 2020, which proposes several changes to the financing of the health care system, introduces organisational changes, and creates an appropriate division between public and private providers.

It made a positive breakthrough in relations with neighbouring countries and strengthened its position in international politics. The conclusion of the Slovenia-Croatia Arbitration Agreement has put an end to the 20 years of tension in the bilateral relations between the two countries, and opened the door for Slovenia's neighbours to join the EU. Of equal significance and historical value is the agreement on bilingual town and village limit signs in the Austrian province of Koroška (Carinthia). Under Pahor's government, Slovenia also signed strategic treaties with France, Germany, Russia, and Turkey, as well as concluding negotiations and signing the OECD Accession Treaty.

It has reduced the number of Slovenian Army soldiers (from 14 000 to 9 200) and cut Slovenia's defence spending (from EUR 566 million to EUR 489 million, i.e. from 1.69 % to 1.36 % of GDP in 2011). The Slovenian Army posted almost 500 soldiers to international operations and missions, the most important of which are to Afghanistan and Kosovo.

Foreign investment

a vital source of capital for future development

'It is now the right time to consider how to encourage foreign investment as this will be a key factor in any future economic policy. At this time of crisis, the stability of the business environment and commercial relations is crucial, and foreign direct investment is one of the most stable international economic factors,' explained President Danilo Türk, the patron of honour at the FDI Summit 2011 – the international conference on foreign investment and development strategies in Slovenia.



Marjan Hribar, Head of the Economy Ministry's tourism directorate: The amount of capital available in Slovenia is limited; in order to acquire the capital necessary for the further development of the economy, it is necessary to look for new sources. He suggested foreign direct investment as being one potential source. 'Everyone now agrees that additional capital is needed; our Ministry has drafted a proposal for measures to increase Slovenia's attractiveness to foreign investors; however, these measures will probably be discussed by the new government after the elections in December. We have adopted a comprehensive approach, as the weaknesses that drive away foreign investors are present in several areas – from excessive taxation to lengthy procedures concerning, for example, the issuing of building permits. There are, of course, advantages for foreign investors, such as Slovenia's well educated and skilled work force and geostrategic location. Other possible sources of capital for our businesses are international financial institutions and venture capital funds, and, in this respect, our government has already adopted certain measures.'



Damir Kuštrak, the Agrokor Group's Executive Vice President for Export Markets: 'The support of the EBRD increases the confidence of private banks. In these times of crisis, it has become clear that especially small- and medium-size businesses, and particularly those that are experiencing difficulties, have a hard time obtaining bank funding. It is for this reason that the government must address this issue. International investors are interested only in particular sectors in each country; in Croatia, for example, these sectors are tourism, energy and logistics, and particularly transport. In the past, Slovenia has been very cautious, perhaps overly so, in allowing foreign investors in, and this has proved, in the present crisis situation, to be problematic. It is also necessary to distinguish between investors from neighbouring regions, who are well acquainted with local markets, and investors from further afield.'

According to President Türk, this is the perfect time to address obstacles impeding direct foreign investment, and to examine the success stories and opportunities in this regard. Thus far, Slovenia has been quite conservative in terms of welcoming direct foreign investment; however, measures for promoting direct investment – both in terms of foreign investment in Slovenia and Slovenian investment abroad – must become an important part of the future government's economic policy in the search for new options for the Slovenian economy. In his words, Slovenian in-

vestment in the countries of the former Yugoslavia – as well as investment by these countries in Slovenia – should be promoted. A good example, in his opinion, is the acquisition of Fructal by the Serbian company, Nectar. He is confident that a two-way investment is the right development decision. However, it is also necessary to search for investment opportunities in other, more distant parts of the world. He pointed out the small level of US investment in Slovenia, and underlined the need to promote Slovenia more aggressively as an investment opportunity.

Lastly, President Türk stressed that it is necessary to seriously consider how to make Slovenia a commercial hub in South East, Central and Eastern Europe.

The main topic of the conference, which brought together businessmen, political leaders and current and potential investors in Slovenia, was how to make use of Slovenia's potential as a regional centre or hub for doing business in South East and Central Europe. In this regard, the best practices of foreign investors in Slovenia, which have been steadily developing their platform for expanding their

business in the region, were presented. Over 20 CEOs and economists from Slovenia and abroad participated in seven roundtable discussions.

FOREIGN INVESTORS APPRECIATE SLOVENIA'S SKILLED LABOUR FORCE, BUT DEMAND CONDITIONS CONDUCTIVE FOR DOING BUSINESS

In the discussion focusing on the right concept for attracting strategic foreign direct



Thierry Villard, Managing Director of Goodyear Dunlop Central & South East Europe: 'The government should ease the conditions for doing business and change the mindset concerning foreign direct investment. These are still, too often, considered as some sort of threat to the national interest. Our company will continue, despite the difficult situation, to invest in Sava Tires' Kranj facility in the coming year; investments made during the crisis have proved to be the right decision in terms of increasing our market share.'



Žiga Debeljak, Chairman of the Board of Mercator Group: 'It is impossible for Slovenia to be the regional hub for foreign investment for the whole of Central and Eastern Europe, as its ties with Bulgaria, for example, are not strong enough to be of assistance to potential investors in this country, but Slovenia may become such a hub for the Western Balkans, and in both directions: as a starting point for EU countries expanding to the Western Balkans and vice-versa. Slovenia is well equipped to play such a role because of its knowledge of the region, its way of doing business, excellent infrastructure, geostrategic position and highly skilled labour force. These countries are on the verge of acceding to the EU, and Slovenia will lose its relative advantage once that occurs, so it is of the utmost importance that Slovenian businesses make the most of this situation over the next few years.'

investments with high added value, some representatives of foreign investors indicated that the quality of Slovenia's workforce is a comparative advantage; most, however, stressed the need for an improvement in the conditions necessary for doing business. 'Slovenia must create an environment in which investors will be allowed to make profits,' explained Giulio Bonazzi, President & CEO of Aquafil Gruppo Bonazzi. He admitted, however, that such

an environment is not in itself a guarantee that foreign investors would remain in Slovenia for a longer period of time. Aquafil owns Julon, a Slovenian company in which its Italian owners have invested almost EUR 150 million over the past fifteen years, of which EUR 17 million has been invested this year in the new Econyl production line, where materials will be recycled to obtain the basic substance for the production of polyamide 6.'

Mr Bonazzi made assurances that, despite the harsh economic conditions, his company would continue to invest in Slovenia – between EUR 5 and 6 million next year, for example. Their objective is to preserve a long-term presence in Slovenia.

Sašo Bavec, Chairman of the Board of Knauf Insulation Slovenia (former Termo) commented that its German owners have difficulty understanding the decision-

making process in Slovenia. As a series of cases indicate, it would appear that rules are not clearly defined and it is not clear how they should be implemented. In his words, a case in point which is a source of bemusement for foreign investors is the story of Lafarge Cement.

Nevertheless, the three speakers regarded Slovenia's well educated and highly skilled workforce as being a great comparative advan-

tage. Mr Villard said that Slovenia offers the right mix of labour cost and skills, and continues to be competitive in this respect. This is the reason why, he continued, that his company has invested EUR 170 million in Sava Tires, transforming it into one of the most modern facilities in Europe. As far as doing business in Slovenia is concerned, there are advantages and difficulties. Among the difficulties, he pointed out that rigid work legislation hinders the production flexibility required. Mr Bavec pointed out that when Knauf Insulation took over Termo in 2006 it acquired a high-tech facility and highly skilled workers. The Škofja Loka plant is therefore a production basis, not only for Europe, but for the whole world. In Škofja

Loka, the company established a rock wool global research centre, employing experts with university degrees. All three speakers drew attention to the fact that the workforce in Slovenia is of a high quality, but that the number of engineering professionals produced by the Slovenian higher education system is insufficient. At the same time, Slovenia is not, irrespective of its high standard of living, an attractive proposition for foreign experts. They also addressed the current situation in the financial markets. They have no major problems obtaining funds, as their businesses are financially sound, and Knauf Insulation is actually able to self-finance its development. They are, however, aware that the credit crunch

is still present in Slovenia, which prevents many good projects from being implemented.

SLOVENIA AS A REGIONAL HUB FOR FOREIGN INVESTMENT

Another point highlighted during the roundtable dis-

cussions held at the FDI Summit 2011 was that Slovenia has the potential to be a regional hub for investments from the EU in the Balkans and vice-versa. It has not yet succeeded in fully exploiting its geostrategic potential, but its deep understanding of the region's characteristics gives it a certain competitive advantage.



Christof Droste, CEO of Hella Saturnus Slovenia: 'Many people were under the impression that Slovenia could have become the Switzerland of the Balkans. All the prerequisites were there, but were not adequately exploited. Not only was there no long-term plan for what should have been done over the next 10 or 15 years, but also the activities needed to attain such a goal were not stipulated. Slovenia must focus on its strengths – it must invest in knowledge and competence centres, and encourage foreign business to invest in its wood products and tourist industries. The future is also in alternative sources. Germany, for instance, after having decided not to further develop its nuclear energy programme, has now been forced to invest in these areas and will have a huge advantage within 10 or 15 years. Slovenia has the potential – through the Port of Koper and with the prompt modernisation of its railway system (a pivot for several countries and not just those in the Western Balkans) – to do business with the Middle East and the Far East.'



Biljana Weber, Director General of Microsoft Slovenia: 'I see the advantage of the Slovenian market in comparison to other markets in the region as being its high level of knowledge, culture of innovation and readiness to embrace new ideas. It is, however, necessary to stimulate investment in knowledge and the educational system. My 'model' for success would be Switzerland, which exhibits a high level of innovation, technological readiness, an effective labour market, leading scientific institutions, solid ties between the research and economic sectors, strong investment in research and development, and a high patent share, all of which are backed up by an efficient public sector.'



Igor Plestenjak, JAPTI, Director: 'Slovenia is increasing its potential to attract foreign investments and understands its options, and is able to have direct contact with investors in relevant areas. The structure of foreign investments in Slovenia has changed: in the past, investments were mostly made in production, but now production comprises one-third of the total, whilst the other two-thirds are in services and research and development.'



Matjaž Rakovec, Chairman of the Board of Zavarovalnica Triglav: 'Financial institutions in the region are being consolidated, and participation in this process will offer openings for new 'greenfield' investments. Slovenian business is looking to build a financial hub in this region and a centre for further expansion have a relative advantage, among other things because of the reputation of Slovenian brands, its geographical and cultural vicinity to other countries in this area and its committed and industrious workforce. What is more, it is easier for Slovenian business to enter these markets because of the small size of Slovenian economy, so these countries do not see us as a threat.'

Time for action! Peter Kraljič



The international consultant, Peter Kraljič, PhD, a long-time director at the global consulting service, McKinsey – a company which has provided consulting services to governments across Europe and large companies around the world – is calling on Slovenians to realise their capabilities, their many positives, and make use of them at the entrepreneurial level in small and medium-sized companies. He emphasises that conditions are needed for the smooth operation of these companies, since this will take our economy forward, and adds that we need to be self-confident and realistic, and that we should commence with the elimination of the weaknesses that hold us back as soon as possible.

In your opinion, what is the largest obstacle to our development?

Among other things, the disputes between the political parties which I find to be extremely provincial. Slovenia needs a holistic concept and a national consensus about what needs to be done and what the priorities are. If the next government fails, the problems will continue. We have enough capabilities but we are unable to use them for which I blame politicians who are too party-oriented and who fail to understand what is happening today in the globalised world. Before elections they promise a lot but later nothing is done as it should be. I like Slovenia very much but I am a bit appalled about how it is governed.

By this, do you mean the last government still in power?

No, no, this government took over the governing in the worst times and is also the first that tried to carry out structural reforms. I am appalled about how it was incapacitated. To me, the connection between syndicates and the right political option seems destructible. To destroy an act that has already been adopted with a referendum! Now everybody in Europe is reproaching us with that but the fact is we are not mature enough for democracy. We don't take seriously our freedom; we act irresponsibly in the economy as well as in the politics. We are destroying our freedom and our own state. It is true that we achieved a lot in the new state but we did only 30 % of what should have been done and are

therefore in a bad position. I don't like how politicians and the media behave and I think that both are not mature enough for democracy.

The fact is that Slovenia has lately been losing position on the global competitive list; it is somehow stuck in the average which seems to be a multi-year erosion of the quality of Slovenian economy. Why is that so, how would you comment it and what needs to be changed?

We have become a third league instead of becoming the first one. And there is no reason why we shouldn't be the first league! As a nation we are unable to reach a consensus, we are divided by political parties and we are constantly bringing up the conflicts from the past instead of grabbing the opportunity together. In the past we have been closer to the top but unfortunately we don't understand that, after joining the EU, our functioning should have improved because of a very competitive environment. We do have a whole array of positive factors that are required for good competitiveness but we don't talk about them enough. Among these are our school system, education level, development, low indebtedness, low inflation rate, good workforce. I see weaknesses at several levels, however: at the governmental level there is the lack of structural reforms because our governments fail to understand what is happening in the global economy; so far, no business person has been in charge of the government who would understand opportuni-

ties and risks of the globalised market. Further, at the economic level, a weakness can be seen in unattractiveness for greenfield investments and depressed entrepreneurial environment which is a consequence of chasing the tycoons. You know, 99 % of business people are honest and starting a war against entrepreneurs because of two or three poisonous mushrooms is not a wise move. At the level of companies, the problems are weak banks and the lack of engineers and experts in the area of natural sciences. Slovenia has good industry but unfortunately management and supervisory boards in state companies are being replaced too often. I also see a large problem in the lack of national values and the non-functional legal system which makes people frustrated, hence the lack of trust in the government and in the politics.

What would sober us up? Perhaps even worse conditions?

The conditions will be worse anyway if we don't undertake measures. We can be sobered up only by an open dialogue and a consensus between principal factors. Currently there is no constructive dialogue such as for example in the Netherlands. There, they are able to step together where national interest is in question, social partners are able to reach an agreement in a single week, while here this is entirely impossible.

For Slovenia to become more penetrant it would be urgent to take advantage of our strengths and eliminate the weaknesses

that have accumulated in recent years.

But for that a consensus of syndicates, employers and government and other institutions is required. If someone knows how to link all this, it will be for everybody's benefit. In the EU you have two categories of countries – those who are doing well and those who are not doing so well and the factor of competitiveness is decisive here. I understand a wide spectrum of factors under this term. The most successful in the EU are small countries and Germany, among the new countries Poland and Estonia are doing quite well, while there are larger problems in southern countries that are also not so competitive. Italy also failed to carry out reforms and a question is how long successful countries will be willing to support the EU if other countries fail to seriously start introducing reforms. For now, situation in Slovenia is not critical but if we fail to carry out all reforms needed for the acceleration of growth and structural reforms, we will start sinking as well. I hope the new government will take it seriously.

What would you recommend to the new government?

To develop a holistic concept of economy which should be taken into consideration at four different levels: the government has little influence on the first, mega level since this is the EU; here we can adapt and use given opportunities. We can better influence the macro, i.e. the state level, where the government can introduce reforms, the meso level where our sectors, regions and clusters are, the micro level where the companies are and the nano level where we can invest in individuals by educating and guiding them.

Should Slovenia look more for European, Chinese, Brazilian investors?

Yes, of course, but we have to understand that for them we are a small market, smaller than i.e. Hamburg. Unfortunately, we are unable to make use of our advantages, e.g. we have an excellent position for the logistics and we could be a jumping

board for these countries investing in Central Europe. Brazilian embassy tried to open us gates to Brazil but we were unable to take the opportunity. We also don't understand the opportunities Europe offers and we are not using them; things are improving now with the economic diplomacy but we would have needed it a long time ago.

In all these tasks, the importance of "human capital" is enormous. In Slovenia we have good workforce and foreigners are extremely satisfied with us. The question is, we are too small or too narrow-minded?

The Revoz CEO even told me that what he did with our workers in two years couldn't be achieved with French workers in five years which proves that under a good leadership our people can work very well. The problem is not our smallness, the problem is our narrow-mindedness! I have lived in Luxemburg which had a population of 300,000 at that time. 40 years ago they started to prepare for a new wave by restructuring their economy. They knew they would have to abandon steel industry so they started to attract foreign investors, they reoriented to financial services. Today, Luxembourg is one of the richest countries in the world which proves that smallness is not a problem, but narrow-mindedness is. Successful countries are opening to foreign consultants and are inviting them to their governments, while Slovenia is much too closed here. 30 years ago, Singapore was in a worse position than Slovenia is today but it became one of the most penetrant countries because they developed a competitive system.

Do you think Europe should return to "values that made it big 500 years ago" in order not to run into difficulties we are facing nowadays?

Eternal values are the Ten Commandments, but do we respect them? Nobody even knows them any more. We need to focus on our nation's social welfare in order to prevent too large social differences, while welfare will be achieved through competitiveness, by educating people, by

stimulating innovativeness, productivity and entrepreneurship, by respecting values in ethical terms. If we only remember how unethical and extremely humiliating behaviour of some companies towards workers from the south is while the state does nothing about it! This means that we have entirely neglected human dignity and also that our legal system is not functioning.

In this transitional period of capitalism, an excessive share of social property remains in state's hands while the state also retained too much influence in the banking sector. Criticism can frequently be heard that until the situation remains unchanged there is no hope for any considerable progress. What is your opinion?

The state being the owner is not a problem in itself, especially if it is a good and responsible owner. There are many examples proving it, especially in cases where the state acts responsibly. Our problem is that our authorities are not responsible, that they do not understand the difference between the ownership and the management. The state has to provide good management and must not interfere with it. Unfortunately, the majority of our politicians have no clue about the economy with which political parties interfere; they neglect the continuity and the quality of management in companies while we don't have so many good managers to replace them just like that. In my opinion, the best human resources should be employed in large state companies. The French also have many state companies. Until the politicians were interfering with staffing it was a disaster, but after they allowed professionals do their work some of the best companies in the world developed.

How would you shortly answer the question, why are we in a crisis?

In short: due to our failure to understand the economy under the conditions of globalisation and our indecisiveness in the implementation of changes, which has cost us a lot; in 2008 we were presiding the EU, promising 3 %

growth, and a year after when the crisis was fully on its way, we ended up with a 6 % drop in GDP. If the Prime Minister speaks like this, it means he does not understand the economy and trends in the globalised world. We are in a crisis because we failed to carry out structural reforms earlier and because we failed to develop competitiveness. That is why our growth is slower while our dependence on export is our weakness – namely, if you want to have good export, you have to be competitive.

What are the branches where Slovenia can achieve competitive advantage?

Their number is decreasing – in 20 years we missed the opportunity to concentrate them and to create strong internationally competitive companies. We crashed the rocks (large successful companies that no longer exist (authors note: Tam, Iskra, etc.) and now we are building on sand. We failed to understand at the right time that successful companies have to be merged, e.g. such as in Switzerland. Successful sectors have to be rejuvenated, e.g. the automotive cluster. There still are opportunities but one has to know how to use them; with a greater number of good clusters, we would be more successful. Selling the remaining companies owned by the state would be a big mistake. It is wrong that national interest became a curse word in Slovenia. Safety and welfare of a nation that develops through successful economy is exactly what national interest is about. The state is pushed forward by its national champions, such as Nokia in Finland; every country has several such champions. But it seems to me that our leading politicians do not understand the opportunities and risks of the globalised world.

What are the expectations of Slovenian managers regarding the future government? According to some, they don't expect much, being aware that a way to the competitiveness of companies and thus the competitiveness of the state has to be found by themselves. Besides, they also say that the state

is not a good property manager and should withdraw from the management and ownership of Slovenian companies.

The demands posted at Brdo are entirely legitimate. If politicians pay regard and fulfil them, a lot will already be achieved. I think we need accelerated growth as well as new jobs, investments, innovation, processes and markets – that is what needs to be done. In Slovenia, we invest 1.5 % of our BDP in research and development while the EU goal is 3 %. I am convinced we should invest at least 4 % – in services for the market which would increase added value. This is urgently required to initiate the burst of creativity. A series of structural reforms is needed related to state companies and the politics has to behave like a responsible manager. Instead of becoming booty of individual political parties, state companies must become the carriers of economy.

If you were Prime Minister, how would you run the country?

Slovenia needs a lean government led by no more than six ministries which should not be duplicated. Today, the economic affairs are unfortunately divided between eight ministries. The government should be led by someone who is familiar with economy. Otherwise, political confusions will start again. Our small coalition parties are harmful, that is why we need to reform our electoral system; we need the majority electoral system which would limit the number of political parties. We also need to limit the excessive number of referendums. In Slovenia referendums are being abused for destructive blocking of laws which are of essential importance for the society, such as in the case of the pension reform. I find this irresponsible. We also need a series of structural reforms, the developed entrepreneurial climate, and we urgently need the national consensus. Without it we will not succeed. The Dutch who are currently preparing a programme titled "How to Get To the Top" are defining sectors and priorities on which to work. We could use something like that also in Slovenia.



What is essential for good management of companies?

Two things: high-quality and efficient management and efficient »corporate governance«. Management is crucial – it must be capable of managing, it must know how to motivate employees, it must think strategically, it needs a long-term vision and it needs to understand what short-term priorities are. Corporate governance is a chain beginning with the owners, followed by the supervisory board, the management and the company's employees. This has to be developed. In Russia I am a member of the supervisory board of the largest steel company Severstal where they welcome foreign experts who help managing and accelerating the growth of the company. We should act like this to a larger degree also in Slovenia.

The crisis pushed many Slovenian businesses into bankruptcy. Have we already reached the bottom or can it still get deeper?

If we continue to act as in the past, the crisis will further unfold. There are more and more bankruptcies, our companies are in a financial spasm because banks have cut their financing of

companies dramatically which affects many small and medium-sized companies that should provide new jobs. Here we will have to intervene and help the export-oriented companies. We have to prevent our best companies from leaving the country.

You are advocating the position that good companies should remain to be owned by the state. Why?

Some good companies can also be owned by foreigners, it is important to keep the key companies in order to have a few pulling horses that will pull the economy forward, along with the smaller and medium-sized companies. In a successful economy, you need a mix of large companies that are internationally competitive, that export, that are leading, while medium-sized and small companies should grow beside them. Such companies are among the main exporters in Germany, they were of crucial importance in reaching the global peak. This does not exist in Slovenia because we never defined the entire national economic concept in order to study and define our needs, what this means for the economy sectors, which compa-

nies could be our development holders, and how to achieve that they reach the top. We sold our companies which did not need to be sold exactly because we had no concept defining what to sell and what not to sell. We should not sell the companies of the key national importance. The French, for example, do not sell their key companies. The Swiss merged Ciba-Geigy and Sandoz into Novartis, while we failed to merge Krka and Lek. These are the differences.

And how to strike a balance between keeping good companies and at the same time opening the door to foreign capital?

Balance is a part of this concept. If we have it, we will know which sectors to attract capital to. Regarding the issue of foreign capital, we lost some credibility as a state due to false promises, such as with the NLB. For example, we failed to attract a single large greenfield investment because we didn't understand how large investments are attracted. We missed everything. Foreign investments are certainly required but they come only under certain conditions. That is why in Slovenia the inflow of investments and consequently

of knowledge is lower, while at the same time, we were unable to develop our own companies that would be enough penetrant on foreign markets. That is why we have no balance and that is why we were affected so severely by the crisis. Our economic growth is much lower than in other countries. Germany also suffered a severe economic decline but it picked its pace fast because it is competitive.

You have been retired for nine years but you still work in the McKinsey consultant company which consults European governments and large companies. What are you currently involved with?

I am still in the supervisory boards of Gorenje, the SID Bank and the IECD Management School in Bled and I am also a member of the supervisory board of the largest Russian steel company Severstal. At McKinsey, I still lead training programmes for employees, the most precious asset of every firm. I have just returned from a two-week seminar in Kitzbühl. In short, I am constantly active, mainly commuting between London, where I live, and Paris.



THE LARGEST COMPANIES IN THE ADRIATIC REGION

As many as 36 of the 100 largest companies come from Slovenia

While Slovenian companies cannot be found on global and even on European lists, some of the largest rank among 500 largest companies in Central Europe. What's more, as many as 36 Slovenian business groups can be found among the 100 largest companies in the Adriatic region, i.e. among the countries of the former Yugoslavia. The first and second companies on the list prepared by the auditors, Deloitte, are the two largest Croatian groups: Agrokor which is bidding to purchase the Slovenian retail chain Mercator, and the

Ina petroleum group. Immediately following them, on the third and fourth place, are Slovenian companies Petrol and Mercator, while the Serbian giant Delta Holding is holding the fifth place. Eight pharmaceutical companies were placed on the list, among them four from Slovenia. Thus, Slovenian Krka and Lek took 14th and 20th position, respectively.

Last year, the highest net profit was generated by the Croatian group T - HT, while the Slovenian company Krka is also among the most successful in a long run.

PEAK OF THE ECONOMY

EUR 1 billion for good projects



Samo Hribar Milič, president of the Chamber of Commerce and Industry

At the sixth gathering of Slovenian business people organised by the Chamber of Commerce and Industry of Slovenia which was attended by almost 500 directors of Slovenian companies, they characterised economic conditions in the country as bad. Numerous companies have recently been receiving fewer orders and are afraid of new decline in economic growth. However, since economy needs a new momentum, new investments and new bank loans, some suggested that the state should increase its debt by an additional EUR 1 billion which would be used exclusively for good development projects. They also suggested that new minister of economy should be someone who has run a large company over the last ten years. They also pointed out that added value per employee should in-



Dušan Semolič, president of Free Syndicates

crease by two percent over the next five years. Every year, business people are drawing attention to the same obstacles. As the president of the Chamber of Commerce and Industry of Slovenia Samo Hribar Milič pointed out, it is possible to talk positively primarily about Slovenian export, but 650 companies generate as much as 85 percent of annual export. As Dušan Semolič, president of Free Syndicates of Slovenia, pointed out, syndicates would like to see greater focus on reforms of the financial sector which caused the current crisis. Nobody also said anything about the social agreement which is coming to the forefront of the current activities of employers and syndicates and where there is a possibility to find a mutual agreement on goals and development policies.

THE LARGEST BUSINESS GROUPS OF THE ADRIA REGION BY 2010 REVENUES

Business group	Country	Revenues in million EUR
Agrokor	Croatia	3 638
INA	Croatia	3 550
Petrol	Slovenia	2 803
Mercator	Slovenia	2 782
HEP group	Croatia	1 678
Delta holding	Serbia	1 671
NIS	Serbia	1 566
JP EPS	Serbia	1 539
Gorenje Group	Slovenia	1 382
EFT Investments	Serbia	1 348
Revoz	Slovenia	1 320
T - HT Group	Croatia	1 149

ENVIRONMENTAL PROTECTION

Subsidies for electric and hybrid vehicles

Slovenian government will subsidise the sales of various kinds of electric and hybrid vehicles that are environmentally friendlier than vehicles with classical gasoline and diesel motors. For this year it is anticipated that EUR 200,000

will be used to stimulate purchasing of these vehicles and 40 such vehicles are expected to be sold. More ambitious is the plan for 2012 when 200 electric vehicles with zero carbon dioxide emission are expected to be sold. In 2013,

the sales of these vehicles are planned to increase to 220. In this period, EUR 3.5 million is planned to be used for subsidies. It is already possible to calculate more precisely how much cheaper electric vehicles would be. As planned by the

Environmental Fund, the sales of these vehicles to individuals or natural persons are planned to be supported within the first tender, while the second tender will be intended for sales to legal entities and sole proprietors.

SAVING

Increased interest in purchasing gold

According to Bank of Slovenia data, Slovenians had almost EUR 42 billion of financial investments last year. One third of their assets were kept in bank deposits, one fifth in shares and other securities, approximately 16 percent of savings, were in cash, while six percent were in investment funds and life insurances. According to surveys, however, Slovenians decide more and more frequently to purchase gold while they also consider real estate as safe investment. With a 15 percent saving rate, Slovenia closely follows Germany, Belgium and France among the EU member states. Slovenian saving rate is above the EU average and also above the Euro area average.

According to a research conducted by the Marketing moni-

tor, purchases by the population are increasingly deliberate and planned, in search of more favourable product prices. Approximately 13 percent of households save when buying food, while over 20 percent save when buying clothing and footwear.

Marketing monitor also inquired Slovenians about the impact of the recession on everyday life and found out that more than 70 percent of interviewed people feel the crisis. As much as one fifth of the population now affords less. The last research which is carried out twice a year also showed that over 10 percent of the interviewed population expects their wages to decrease, while one fifth expects financial situation to deteriorate further.

STATE PROPERTY

Sales plan in preparation

According to the Capital Assets Management Agency, the bookkeeping value of the property in direct state ownership is slightly over EUR 8 billion. Approximately 36 percent of state property belongs to investments in energy sector, slightly below one third amounts to investments in traffic, transport and infrastructure, followed by enterprises of special importance, such as financial institutions, post and telecommunications. The state owns a direct-ownership share in 91 companies. As the Minister of Development and European Affairs Mitja Gaspari pointed

out, profitability of state property in the past was very modest while in 2010 it was even negative. In the first half of this year, revenues and net profit of the first 20 companies predominantly or completely owned by the state doubled or even tripled. According to Peter Groznik from the Faculty of Economics in Ljubljana, more damage than benefit was made in last 20 years in managing state property, regardless of who ran the government. Therefore, the state should prepare a plan as soon as possible defining which property to sell.

PHARMACEUTICAL INDUSTRY

New attainments in Krka from Novo mesto

Krka, the producer of pharmaceuticals from Novo mesto, opened a new facility for the production of medicines in hard form and a new development-control center. Thus, annual production of medicines in hard form will increase to EUR 10 bil-

lion. Krka exports 90 percent of its production. The new attainments are also important for employment - 80 new workers joined the existing staff of 8,926. Half of the employees in the Krka business group work in companies abroad.

ROADS

Motorway Cross completed



Between 2004 and 2010, 528 kilometres of motorways and expressways were built in Slovenia and EUR 5.6 billion were spent for this purpose. With the completion of the 2.5 kilometres long section of the motorway between Ljubljana and Peraciča the construction of the four-lane motorway cross between Šentilj and Srmin near Koper and between the Kar-

awanken Tunnel and Obrežje is virtually completed. The length of motorway network managed by the Motorway Company in the Republic of Slovenia is 600 kilometres, while the length of the motorway cross is 420 kilometres. Some construction sites are still open; The largest among them is the Markovec tunnel on the Koper-Izola expressway.

INFLATION

Record impact of clothing and footwear prices

With 0.8 % inflation in October, Slovenia saw one of the highest inflation rates of the year. In 2011, deflation was recorded in Slovenia in January, June and July, zero inflation in February, and the highest rate of inflation this year (1.6 %) in March.

Consumer prices increased year-on-year by 2.9 % in October. According to the Statistical Office, the rising prices of clothing and footwear contributed most (0.8 %) to this increase in inflation. Furthermore, data from the Institute of Macroeconomic Analysis and

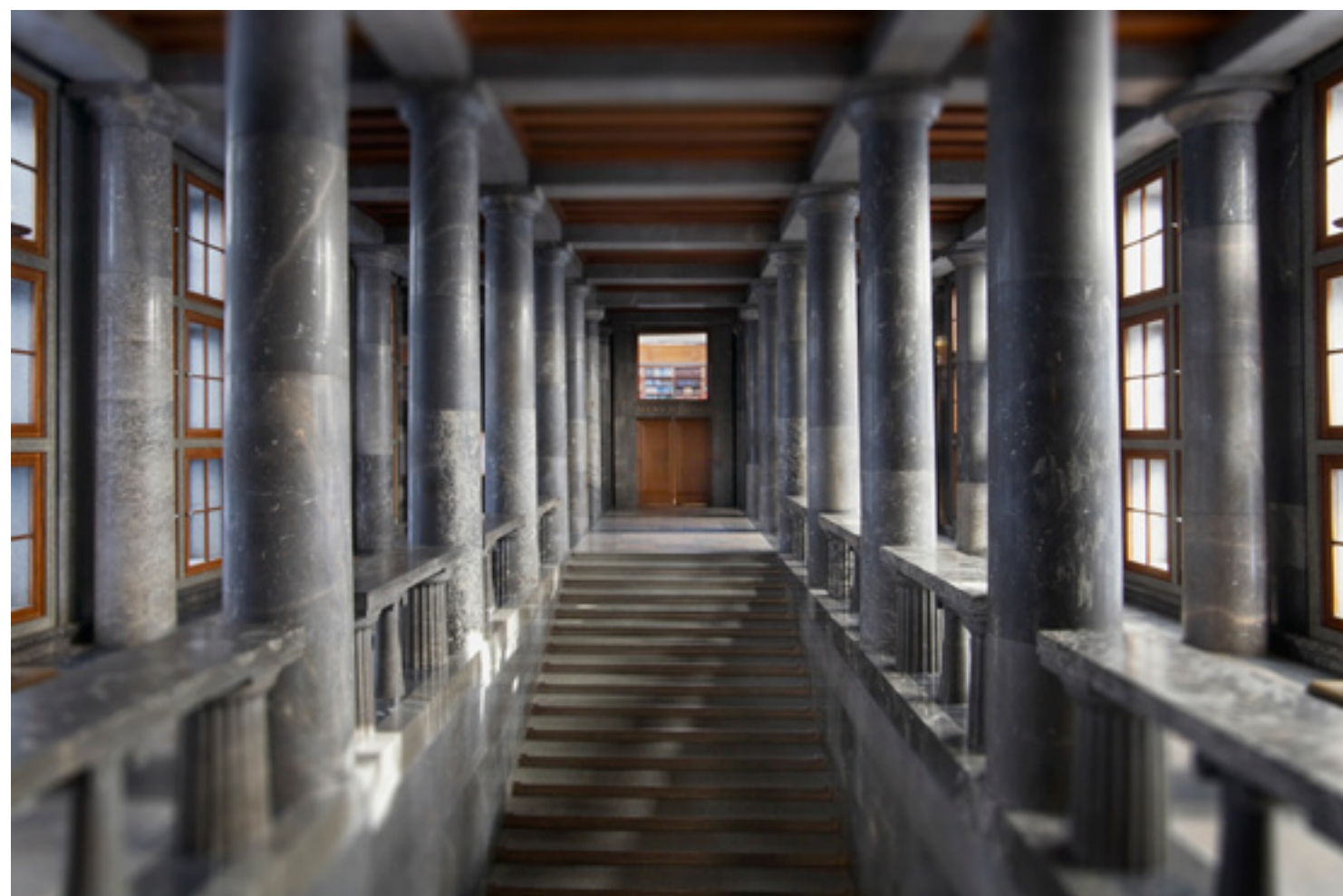
Development show that this October's increase represents a record-high share in the past ten years.

Prices have been rising fast and it seems that, despite very modest economic growth, manufacturers and traders are attempting to accumulate financial reserves for a potential second dip or simply to diminish their current losses. The Governor of the Bank of Slovenia, Marko Kranjec, has also predicted that October's increase in prices would continue until the end of the year.

Culture:

20 YEARS LATER

The reason why culture features prominently in the national identity of Slovenes (after all, Slovenia declared its National Culture Day a public holiday and selected a poem of its greatest poet, Dr. France Prešeren, as its national anthem) is mainly due to the fact that Slovenes may quite possibly perceive culture in a broader sense than other nations: culture helped pave the way toward Slovenia's independence and resistance within foreign economic and political systems, and at the same time served as a firm basis for the spiritual and material progress of the country's inhabitants.



The position of Slovenian culture is specific, to say the least. In larger European nations, culture developed together with the nation's political and economic power, and partially fed off this power. However, with Slovenes it has been the focus from the very beginning – the nation originated from its culture. More importantly, the Slovenian national identity has also manifested itself through culture after their independence, when the country built real political power – which it had been unable to develop previously due to historical limitations.

Twenty years ago, when Slovenia left the federation of multinational republics, it seemed that the loss of the broad Yugoslav frame of reference would drive the nation into isolation, or force it to adapt to the globalisation trends and matrices of the European Community to which it had just been admitted. However, the “cut” never

came, for a variety of reasons: the idea and process of independence grew and developed, ripened and matured with strong backing from intellectuals, creative minds, writers, and alternative movements, all of whom promoted a different social reality before the formal separation began. Besides this, culture found a sound basis in being a dynamic, provocative, and unrelenting spiritual force, as well as in its close connections to the language and words. This basis saved Slovenia from becoming an inert, introvert, and lethargic society.

Accession to the EU did not only change Slovenia's horizons, but also the foundations for principal discussion on the development of institutionalised and non-institutionalised forms of cultural activities. It is true that these foundations were not new to us, since Slovenia has been – thanks also to its geographic location – a constituent part of the Central Europe-

an and Mediterranean cultural space. Still, after accession Slovenia started paying more attention to its language, partly because it has become a public language equal to other EU languages, and partly because we saw that it was potentially endangered due to the low number of its native speakers. We have become even more determined to protect it. As Minister of Culture, I launched an EU initiative to introduce a zero VAT rate on books for small countries. I pointed out that the current practice was discriminatory since certain larger countries with monopolistic languages implement this possibility, even though the EU Directive does not allow it. Small nations are always more vulnerable than their larger counterparts, or nations with a long tradition of democracy. On the other hand, Slovenia boasts an enviable tradition of social cohesion and liberal values. After all, the Yugoslav Constitution was among the

first to recognize the right to free choice with regard to the birth of children and the right to equal treatment of marriage and common-law marriage, and has placed culture high among its priorities.

Slovenia's small size – seen from the point of limited critical mass and economic potential – is definitely an important factor in determining the cultural beat of the country, but it is also an opportunity. On the one hand, it is harder to market cultural goods in a small country, but on the other, it forces us to look to foreign markets with more determination and strive to maintain a stable culture budget. Although Slovenia's culture funding is below the European recommendation of 3 per cent of the state's budget, artistic practices are engaged in, or accepted, by a huge percentage of Slovenia's population, which is not limited to the elite but rather includes amateur art lovers and alternative

(non-institutionalised) groups. Interestingly, during the recession years Slovenia's culture budget has been at its highest; the country did not close any of its cultural institutions – on the contrary, it has expanded them – and, most importantly, the ties between the country's creative resources and other sectors (e.g. economy, science, foreign affairs) have intensified and strengthened.

Anyone who has visited Slovenia will tell you, without doubt, that the country has everything the big ones do. Even more, a closer look at Slovenia's libraries, which are not only abundant in the capital but have spread across the entire country in a network of daring architectural solutions, shows that Slovenes are indeed an outstanding, book-loving nation. Further proof of this was provided last year when Ljubljana was proclaimed the World Book Capital of 2010. Slovenia's capital was the 10th city to hold the title. More importantly, it was awarded the title by the UNESCO General Conference in the year when Slovenia celebrated the 500th anniversary of the birth of Primož Trubar, the author of the first book published in Slovene and the founder of Slovenian literary language. Slovenia prides itself on the fact that it publishes more than 4,000 book titles every year and ranks near the top in the number of published books per number of inhabitants, second only to Finland and Iceland. With over 1,800 publishers and 18 book festivals, two of them – Vilenica and Medana – international, there is no need to fear the future.

These days, a new Museum of Contemporary Art is opening its door in Ljubljana. The Museum will expand the range of possibilities to present contemporary visual arts practices in the so-called "museum quarter," in particular through the Artest 2000+ exhibition.

Practically every region in Slovenia has its own museums, archives, and galleries. Naturally, the concentration of these is highest in Ljubljana, which boasts the world-known Museum of Modern Art, Museum of Architecture and Design, National Gallery, and a strong graphics tradition (International Biennial of Graphic Arts). However, the new Museum of Contemporary Art is of particular interest because it completes a multi-year, post-independence project of building cultural institutions in the place of former Yugoslav Army barracks. The project sends a symbolic message that after the retreat of the Yugoslav Army, the army complexes have passed into the hands of culture.

In November, Slovenia's capital is again hosting the Ljubljana International Film Festival (LIFFE), which has earned immense popularity, selling out practically all screenings. We wish the festival could feature more Slovenian films, since the scope of Slovenia's film production is lagging way behind the foreign film industry. Nevertheless, in 2010 Slovenian films received more than 300 awards abroad, and the Slovenian public has grown quite fond of the country's domestic film production (Miha Hočevar's teen film *Going Our Way* ("Gremo mi po svoje") was seen by 200,000 people, which is a considerable number for a nation whose population totals only two million). The domination of commercial films in movie theatres is shifting the taste of the public towards "colossal spectacles", making it immensely important for Slovenia to maintain its art cinema network and carry out the digitalization of its film history. After independence, Slovenia was left with one of the smallest, and youngest, cinema archives, since practically all film material created in the former common state was left in Belgrade. We had



to start from scratch, but today Slovenia has a beautiful Museum of Film Actors in Divača, named after Slovenia's first internationally acclaimed film star, Ita Rina, who achieved

fame with her ethereal and erotic role in Gustav Machaty's *Erotikon*. The Kinoteka Cinema has established itself in the European and Slovenian area as a treasure trove of films, with

particular emphasis placed to raising awareness of the young and creative people.

Slovenia, this safe, green, and vigorous country attracts more visitors by the day. Not only people who are fascinated by the diversity of Slovenia's nature and the fact that within a couple of hours one can come from snow to warmth, from the mountains to the sea, from fresh air to open horizons. Visitors to Slovenia now include people who wish to come to this highly-diverse area, rich in cultural heritage to see the outstanding creations of architect Jože Plečnik. He does not stand alone – the contemporary Slovenian architecture walks hand in hand with European trends. Although not backed by vast capital – the shortage of it is most evident in the (slow) renovation of many castles – Slovenian architecture features a delicate, environmentally-friendly, and daring creativity.

One of my efforts as Minister of Culture was to include architecture and landscape architecture as essential elements of the National Cultural Policy.

I admit that I find it hard to contain myself when talking about culture because I love it, live with it, co-create it, and because I know that without culture I would be less rich and less open. Before the space available forces me to stop, let me point out all the artistic practices which I have failed to mention – the theatre, music, new intermedia practices, and creative industries. You will soon have an opportunity to learn more about them: the Slovenian city of Maribor and its partner municipalities are preparing to open the European Culture Capital, which will definitely show all the good and exciting art practices in Slovenia. And you can take it from me: they are plentiful!





Joseph A. Mussomeli, US Ambassador to Slovenia

In multiple indices, Slovenia scores poorly in terms of openness to foreign investment

When asked about the business climate here in Slovenia, the only fair response is to say we are in the midst of a lengthy period of inclement weather. Forecasts of sunnier skies and a more open approach to business have turned out to be inaccurate. A drought of reforms and the stormy divisions dividing the political elite on how to improve the business climate have caused Slovenia to risk losing its economic standing in this region.

Why do I care? Why is it any of my concern to worry about business in Slovenia? Shouldn't diplomats just sip cocktails and keep their mouths shut? That is certainly tempting, but the United States has a keen interest in supporting stability and prosperity among its allies. The stronger, freer, and more prosperous they are, the better it is for us too.

During my time here I have seen U.S. firms investigate Slovenia as a potential home for investment, only to become discouraged and go elsewhere. What is clear to me is that, despite plenty of nice-sounding public statements, there has been no genuine commitment to opening up the economy to foreign investment. Some people claim to be shocked at that pronouncement, but this is not just my opinion. In multiple indices, Slovenia scores poorly in terms of openness to foreign investment. But you don't need the analysts to figure that out, just talk to frustrated Slovenian businesspeople or read the newspaper.

Rather than repeat the expert recommendations, I will focus on the central blockages to U.S. investment: a lack of transparency in public procurement, red tape and bureaucracy, a lack of openness to outsiders, market labor rigidity, high government involvement in the private sector, a lack of an empowered foreign direct investment "one-stop shop," high income tax and social contributions.

If I had to focus on just one of these problems, I would highlight my least favorite Slovenian phrase: "National Interest." If it was a well-defined, focused policy preserving a handful of strategic Slovenian industries, it would be understandable but, instead, the concept here of national interest is cynically used to block foreigners from investing in state-owned enterprises. Too many scoundrels have used the term "National Interest" to lull the people into believing that what was in the personal interest of a few was in the interest of the many.

I argue that Slovenia should open up because it is in the U.S. interest, but also because it is in Slovenia's interest. This is not simply an issue of U.S. companies hesitating to invest in state-owned enterprises; it's also that the state suffocates the private sector. Slovenia needs a vibrant private sector and strategic foreign partners to recover from the crisis. Slovenia cannot compete on the world market or retain the highest level of prosperity of any former socialist state without opening up the economy to investment and embracing, rather than avoiding, competition.

Slovenians can compete on the international stage. There is no need to hide behind the excuse of being "small." Slovenia is home to some very innovative, competitive private-sector firms. One example is Pipistrel, the light aircraft producer, which just won the prestigious NASA Green Flight Challenge award for the third time. Imagine what these firms, which have thrived despite a restrictive business climate, could do with a better one. Slovenia, like Singapore, should embrace its "smallness."

Unfortunately, since arriving here last year, there has been zero progress on enacting reforms. Slovenia has slipped on the World Economic Forum's Global Competitiveness Index for the second year in a row. In Slovenia, as in America, too many leaders are fiddling like some latter-day Nero, while our economic houses are burning down around us. I am not talking about any one political party. Slovenia's outgoing government tried to enact some difficult but needed reforms, but was not able to garner sufficient support. Consensus and cooperation across political lines is crucial for Slovenia's future.

We all should take a fresh look at what we can do to strengthen U.S.-Slovenian commercial and economic ties. Given our common interest in Slovenia remaining a strong partner and ally, the potential benefits are substantial for both sides. Lest we forget, this is not simply about creating new opportunities for trade between our countries. Closer ties, in turn, will enhance the stability and security of a region that is counting on a strong, economically-solid Slovenia to continue to lead the way.



Photo: STA



Ivo Boscarol, The owner of Pipistrel

Administrative barriers are a very large impediment to development

I am convinced that, at this moment in time, our economy needs improved conditions for the development of competitiveness. By no means do these conditions include taxes. The tax rates in Slovenia are comparable to those in the rest of Europe – or even lower; therefore, in my opinion, the eventual reduction of tax rates would not contribute to the growth of the Slovenian economy. Wage charges and contributions, administrative barriers and the unreasonable behaviour of the banks represent a greater problem.

I am talking about the discrepancy between the cost of labour and the amount of money workers actually receive in their pockets – this ratio is unreasonably high. Especially for the research and engineering workforce which is urgently required by the Slovenian economy in order to increase its competitiveness, contributions and tax burdens related to personal income are considerably higher than in our competitor countries.

The so-called "mafia supplement" – i.e. the penalty paid by companies that do not employ disabled persons – would urgently need to be abolished since in this case the companies have to pay one additional gross wage to the Pension and Disability Insurance Institute for every 20 people they employ. Worldwide, such a system is only known by the Mafia which forces companies to add its people to their payroll lists without them being actually employed there. The gravest tragedy of all is, however, that this money never reaches the disabled for whom it is intended but ends up who knows where.

Administrative barriers are a very large impediment to development, preventing entrepreneurship from flourishing and hindering the improvement of its competitiveness. Ministries and agencies do not cooperate between each other. Entrepreneurs are forced to knock on the doors of state bureaucracy for months, even years, before they can obtain building, operating, land acquisition and other permits. While our competitors abroad already operate in built facilities, building procedures at home are not even initiated.

Permits, concessions, etc. have to be obtained to carry out any activity. All these administrative barriers need to be eliminated immediately. I cannot understand that banks have learnt nothing from this crisis. They still steadfastly insist on mortgage insurance of loans and leases although the crisis has been a good lesson that these guarantees are not as ideal as they think they are. They are unable to sell the enormous quantity of seized real estate and movable property – which is why this



Photo: Personal archive

kind of insurance makes no sense any more. On the market we have a paradoxical situation where economy urgently needs loans for its re-start, while the banks refuse to lend their money since in their opinion the economy provides insufficient guarantees.

I hope I will live to see the times when banks in Slovenia will realise that other types of guarantees also exist.

As regards foreign investment in Slovenia, let me say this much: first we have to create conditions at home under which domestic companies will be stimulated to invest at home, not abroad, and only then can we expect foreigners to invest in our country. Until the first three conditions mentioned above are not improved and until the conditions for the improved competitiveness of entrepreneurship in our country do not change for the better, there will of course be no foreign investors – while we will witness a large outflow of our companies to more competitive areas abroad.

Despite all the above mentioned and despite wild rumours, the Pipistrel company is not moving to Italy. It is EXPANDING to Italy where it is opening a subsidiary. Taxes in Italy are higher than in Slovenia. Despite the fact that Italy is a far less favourable tax environment, all other above mentioned conditions and procedures are considerably easier, faster, and more efficient than in Slovenia. Administrative procedures are shorter, offices are harmonising their activities and are doing their best to help a business person, all procedures are conducted in one place, legislation is clear, etc. However, the most important thing is that companies like Pipistrel which have a potential and have proven themselves on the global market are being attracted to Italy by being provided individual treatment, unlike in Slovenia where companies have to apply at various public tenders. There, perfectly prepared tender documentation is far less important than potentials and achievements of a company.

Jože Osterman, Polona Prešeren, photo: Slovenian Film Festival archive

TIME FOR A GOOD FILM A LANDMARK FESTIVAL FOR SLOVENIAN FILM

Let there be no doubt on the matter – this year's Slovenian Film Festival, which took place in the Avditorij in Portorož in early October, was the first in many years to rouse Slovenian culture. There are many reasons for this: the unprecedented number of Slovenian films made this year; the fact that the number of films submitted resulted in never-seen-before levels of diversity and innovative approaches adopted; and the optimistic conclusion that the relative youth of the award-winning artists serves (almost) to ensure that the future of the Slovenian film industry is bright. This promise is the most difficult to believe as the Slovenian film industry has – in the past – often showed promising new faces and even new generations, but they were unable to deliver on the hopes entrusted in them. In this respect, the film industry does not differ from other areas of Slovenian society, such as sports, other artistic areas, and even science, where talent is all too often submerged and drowned in the maelstrom of mediocrity. This proves, for the umpteenth time, that something is terribly rotten in the system of promoting creativity.

Vesna awards: Best Short Film: *Obisk (The Visit)*, directed by Miha Mazzini; Best Documentary Short Film: *Aleksandrinke, (the Alexandrians)* directed by Metod Pevec; Best Picture: *Arheo*, directed by Jan Cvitkovič; Best Director: Jan Cvitkovič for *Arheo*; Best Screenplay: Nejc Gazvoda for *Izlet (The Trip)*; – Best Leading Actress: Nina Rakovec in *Izlet (The Trip)*; Best Leading Actor: Jure Henigman in *Izlet (The Trip)*; – Best Supporting Actress: Saša Pavček in *Kruha in iger (Circus)*; – Best Supporting Actor: Jonas Žnidaršič in *Kruha in iger (Circus)*; Best Production Design: Duško Milavec for *Oči, a lahko jaz šofiram (Dad, may I drive the car?)*; Best Costume Design: Katja Hrobat for *Kruha in iger (Circus)*.

In recent years, however, even positive signs such as these were missing. Suffice to say, there was a record number of films on show this October in Portorož: a total of 67 films over just three days, of which 17 were full-length, 8 mid-length, 17 feature and animated shorts, and 25 student films. But that's not all: in response to its invitation for submissions, the festival jury received 130 films, which resulted in only half of this year's production being shown! One should not, of course, be fooled into thinking that this is a consequence of the revamped organisation of the film industry, where the care for the public interest has been moved from the former Film Fund to the Slovenian Film Centre. One must admit, however, that the Slovenian Film Centre has finally succeeded in finishing some of the productions from previous years which, at first, appeared to have been lost forever, together with the money earmarked for them. This increase in the levels of production is certainly the result of the fact that the use of digital techniques has considerably reduced film production costs – there is indeed some truth in the saying that it is now possible to shoot a film with a mobile phone. This is one of the reasons why at least half of the films shown in Portorož were made with no public funding whatsoever: some money was made available, but only for expansion into the formats suitable to be shown at festivals.

But, we are more interested in the quality rather than the quantity of the films presented. Slovenian film only becomes interesting when the story is told in a special way – a way that is different from that told their colleagues, and when the story told is such as no one else is able to tell it. Film is an art form which must, literally, radiate the



Jan Cvitkovič

identity of the environment from which it derives. This year a number of films fulfilled this criterion by reflecting the present state of Slovenian society; we are confident that this will arouse the interest of filmgoers in Europe and further afield. In this respect, we wish to draw attention to *Izlet*, a film by debutant director Nejc Gazvoda, which is a subtle depiction of the distress felt by three friends who, before finally taking their separate paths in life, revive the ties that brought them together. This film has already been shown at the Sarajevo festival and was enthusiastically received by the audience. According to the jury, the most 'clean' film – that is, the film with the most subtle film language – was *Arheo*, directed by the ever-intriguing Jan Cvitkovič who, after having sported an almost activist attitude in his previous films, here engages in an interesting aesthetic depiction of the human condition. The film, *Kruha in iger*, which was directed by Klemen Dvornik, who has spent most of his career working in television, was also well received. The film is a witty parody of 'instant life', once promoted by TV quizzes and now by reality shows. Another film worthy of careful scrutiny is *Zmaga ali kako je Maks Bigec zasukal kolo zgodovine (Victory – or the way Maks Bigec reversed the course of history)* by Miran Zupanič, a black comedy relating the travails of an ill-treated worker who takes history into his own hands and kidnaps his manager. The diversity of these films, all of which have already been bestowed various awards, indicates that a consistent part of Slovenian film production is interested in the analysis of contemporary social developments, which have now become the recipe for a good film and is the basis for any serious national film production.

The student film also exhibited the same sharp and unforgiving critical approach intended to arouse social criticism in committed audiences. This is a positive development, since in our video culture of recent decades, film is certainly the art form that has had the biggest impact on the largest number of people. And since Slovenian film in Portorož has demonstrated a willingness to raise rather than inhibit awareness, we welcome such progress!

LIFFE – SOMETHING BY EVERYONE – SOMETHING FOR EVERYONE

Slovenian film-lovers are already looking forward to the Ljubljana International Film Festival which takes its visitors on a cinematic voyage around the world for eleven days every year. On 9 November, the curtain was lifted at Cankarjev dom for the debut showing of the film *The Guard* by John Michael McDonagh.

The locations of the festival are the same as usual, and the showings scheduled for the cult Kino Vič, which has since closed, have been transferred to the recently reopened central Kino Komuna. Despite being an old cinema it is kitted out with state-of-the-art equipment, and has a particular charm; it evokes memories of days when there were no multiplexes and popcorn – when going to the cinema was a special cultural event.

As becomes a festival which shows films from around the world, focusing not just on famous names but on variety, it caters to the tastes of every film buff.

In the words of the festival director, Mr Simon Popek, the festival offers 'something for everyone', adding that it is important that 'this does not necessarily mean conforming to the popular majority or arbitrary indecisiveness, but rather a tendency to select the finest works from as diverse parts of the world as possible'.



Polona Prešeren, photo: BIG Institute

THE MONTH OF DESIGN IS BACK IN TOWN

It has become a tradition that between mid-October and mid-November our capital, Ljubljana, also becomes the capital of design. Namely, during this period the Month of Design takes place, this year bringing together unusual modes of cooperation, unexpected relations and boldness under its auspices.

The Month of Design is the largest and most diverse design event of its kind in the region. Over 30 days it is attended by more than 70,000 visitors, and hosts over 100 enticing events representing the best achievements in design and the creation of new, unusual methods of cooperation. A range of events, exhibitions, lectures and round tables in the areas of architecture, interior design, fashion, furniture and home decorating products, electronics and telecommunication take place in various locations around Ljubljana.

'The Month of Design is a month of cultural and economic potential, heralding integration, new beginnings and commercial breakthroughs. With this year's theme 'New Rules, Roles and Rulers' creativity and its class were defined as a valuable category of local and global positioning of our capital and of our country in our region as well as globally, and as a key element of economic and cultural survival. Creativity is not a privilege; it is a positive tradition and a sign of a healthy society. Our mission is to become aware of it, evaluate it and harness it. The rediscovery of this tradition of knowledge and work will open the door to the future where we have to find ways not only to co-exist but above all to cooperate,' explained Zmag Novak, director of the BIG Institute.

The Month of Design awards those Slovenian creators and companies that contribute substantially to the improvement of design quality. With the Design of the Year, Interior of the Year, and Timeless and Perspective Design awards, they wish to evaluate the achievements of the profession by a jury of experts, draw attention to the effectiveness of Slovenian design, and point out the importance of creativity.

The awards were presented at the opening event. The Timeless Slovenian Design award was received by Janez Smerdelj for his Gorenje washing machine Simple & Logical. This washing machine represents a turning point in the design of household appliances. It is a decisive move from a technically (over)complicated to a user-friendly machine.

The jury presented the design award for 2011 to Tanja Pak for her Lake Series products. In support of their decision, they said that this is a series of high-quality glass products with an emphasis on creativity connected with natural forms. In terms of glass technology it is a top-quality thin blown glass, which has its origins in the ancient tradition of glass métier.

Design in the city will be on display until 13 November at various locations and unusual exhibition grounds in the centre of Ljubljana. Definitely worth a visit!

More information is available at www.monthofdesign.com



Jože Osterman, photo: EPK archive

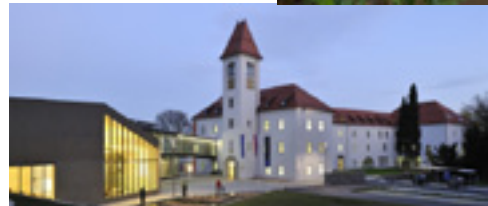
ADOPTION OF MARIBOR 2012 PROGRAMME

In the last week of October 2011, the team responsible for preparing the European Capital of Culture Maribor 2012 project reached the first summit of its intensive endeavours. It prepared a detailed programme which was, upon its adoption by the project council, also adopted by the council of the Public Institute Maribor 2012, the main project holder. In this way, a formal basis has been established to enable the Maribor organisers to commence with operational activities, e.g. detailed planning preparations and the entering into agreements with contractors or project holders.

Considering constant problems that accompanied the past preparations, this is a big success. The time of financial and economic crisis in which the preparations take place and which will obviously continue when the project itself is carried out, considerably reduced the possibilities and ambitions of the local community and also of the state to fund the project as initially planned. The programme director Mitja Čander who has been engaged in the project only since the beginning of this year had no easy task: from an unclear and above all a very sizeable bundle of individual ideas, ambitious as well as trivial programme plans, he had to pull out what would give Maribor its unique character, an air of innovativeness, but also sustainability of at least some programmes which will remain after the end of the Capital. This is how he defined the essence of his work: A team had to be formed virtually from scratch and it had to be prepared to cope with relatively uncertain conditions. The first difficulty was the fact that this is a completely new institution which, by logic, would need its time to get tuned-up. Initially, the attitude of the environment towards the programme plans was distrustful and sometimes also negative. For most, the ECC is an empty label under which very different ideas can be jammed. In line with the vision that we should somehow be able to entangle the whole city or its

very diverse citizens in the European Capital of Culture, interaction between designers of the programme and institutions, initiatives and individuals was gradually established. Throughout the process, we connected the width of the programme with its compactness in its basic outlines, otherwise it could never be fully expressed. « 412 projects were included in the programme scheme Maribor 2012. Of these, 238 projects come from the City of Maribor and 102 from partner towns, mostly Velenje and Ptuj (24 each), 19 from Murska Sobota, 18 from Novo mesto and 17 from Slovenj Gradec. The programmes are divided into four basic programme clusters: Terminal 12 brings top-class art with a special emphasis on new approaches, as well as on domestic creativity. Keys of the City establish dialogue between the city and art, searching for new forms of creative existence. Urban Furrows point to the importance of co-existence through activist research of social and environmental issues, while it tries to show concrete paths towards creative and tolerant society by using examples of good practice. Lifetouch establishes multimedia space of reflection, from ECC events through the city and the region to the wider European area.

Unfortunately, infrastructure that would enable the implementation of especially larger, more spectacular project has not been agreed upon so far. There is no doubt that in the second half of the year, Maribor will receive the new Art Gallery which has been part of the cultural plans of the Slovenian state for decades. Everything else is somehow uncertain while for now it is agreed that large halls of the former railway car factory would be used for a central performance stage which means that for the time being, plans for the central performance stage named Max will remain in the drawers. A new Maribor library for which it has been known for decades that it can no longer serve its purpose is also finally planned to be built.



Jože Osterman, photo: Miran Kambič, OHC archive

PRESENTATION OF GOOD ARCHITECTURE

Over the past two decades, Slovenian architecture has increasingly turned to the issue of the high-quality design and construction of smaller buildings which require a special, distinct identity due to the very nature of the activities that take place within their walls. Among these buildings are individual houses, special purpose facilities (e.g. mountain huts) – in other words, everything that is placed into certain environment or affects it as a creation of human hands. In the past, this area has been somehow overlooked since under the socialist system the attention was given mostly to the construction of residential neighbourhoods with apartment blocks; namely, the principle of that time according to which every citizen was entitled to an apartment demanded construction of many new apartments or huge infrastructure facilities which occupied the majority of civil engineers. Therefore, especially the construction of individual houses was left to self-initiative of individuals while the permissive attitude towards self-construction stimulated a lot of do-it-yourself design and construction which in many places in Slovenia caused a true disaster in land use and especially in the aesthetic appearance of built structures. Unfortunately, things are not considerably better even today, but cultural consciousness lately somehow contributed to the fact that the people largely leave building of their houses to architects and construction contractors. Therefore, individual construction has become an interesting market niche, where quite a few interesting, especially young, architects are appearing. Especially over the past couple of years there have been a considerable number of good practice examples that largely follow suit from abroad but also bring original Slovenian additions to our landscape. Apart from the emphasised environmental element we wrote about in one of our previous issues, a considerable number of aesthetically interesting and at the same time distinctly functional houses were built which are integrated into their environments in a completely new way. Fortunately, respect for the environment or space in general became one of the main principles of younger Slovenian architecture

that also readily popularises its works and submits them for evaluation to the public. Following the example of many foreign countries, the House of Architecture Institute which operates within the Chamber of Architecture and Spatial Planning of Slovenia – ZAPS organised for the second time the Open Houses of Slovenia initiative in the beginning of October at the occasion of Architects' Day, thus enabling the widest public to see some of the best architectural creations in our country. During these days, the public has free access to buildings or parts of buildings which are otherwise closed to the public, while at the same time the initiative presents the owners or users of the buildings as those who can express themselves with their high-quality buildings which, without a doubt, is a compliment to them. In this way, the House of Architecture shows good buildings, presents their characteristics and enables visitors a personal experience. In the first year in 2010, a total of 45 buildings were open that received Plečnik's medal or award (awarded by the Plečnik Fund) or the Golden Pencil award (awarded by ZAPS) over the last five years, as well as older Plečnik's and Ravnikar's buildings. In the first year, 400 visitors took guided tours of the buildings. This year, approximately 100 new buildings were open around Slovenia and the interest proportionately soared. After the first year, the architects offered visitors also a more active approach by offering a special award for the best photograph of visited houses or details within them. The organisers estimate that more than 2000 people visited the houses. An important fact is that this year's initiative really included all Slovenian regions which is pleasing since it proves that good architecture can be seen everywhere, not only in the central region or in the capital. Sites with the largest number of visitors: Crystal Palace, Cubo Hotel, Stožice Sports Park, National Assembly, Celica Hotel, Ljubljana Castle, Biotechnical Faculty, Museum of Contemporary Art, Hospice House – all in Ljubljana; and Pule Estate in Trebelno.



Ivan Martelanc

GRAZ IN AUSTRIA, CRADLE OF SLOVENIAN STUDIES

On the occasion of the 200th anniversary of the establishment of the first chair of Slovenian language studies in Europe (July 1811), celebrations were held in the Baroque Hall of the old university building in Graz in mid-October. Janez Nepomuk Primic, a 25-year old writer, poet, translator and lawyer, launched the initiative to establish this chair, which played a pivotal role in the history of Slovenian culture. He was also appointed its first professor, by a decree from Vienna. The decision to open this chair also stemmed from the need of the authorities to teach civil servants and clergy in Štajerska the Slovenian language, since 40% of the population in that region spoke Slovenian. Furthermore, in the Illyrian Provinces the French had already allowed the use of the Slovenian language in schools and public life. The authorities realised that it was in their interest to introduce a university course of the Slovenian language. In the first year, about 60 students enrolled for the course. Primic even wrote two textbooks for them and compiled a German-Slovenian dictionary. In order to enhance the culture of the Slovenian population and to promote their interest in Slovenian, he established a society named Societas Slovenica in 1810. Unfortunately, illness forced Primic to give up teaching after a brief period of time. The concept of his linguistic course in the Enlightenment and Pre-Romantic tradition encouraged future generations of students at the Graz Slovenian chair to continue with it. The Slovenian course developed into Slavonic studies, taught until the end of the Austro-Hungarian monarchy by excellent professors, such as Gregor Krek, Karel Štrekelj, Vatroslav Oblak, Matija Murko, and others. Moreover, professors of law, theology and

medicine at Graz university lectured in Slovenian in the mid 19th century. With its 500 students, the contemporary department of Slavonic studies in Graz ranks among the top courses in Europe. However, the only lectureship of Slovenian in Austria has now about the same number of students (50) as in the times of Primic. At the event in the Baroque Hall, speakers from Graz, Vienna, Ljubljana, Maribor and Brussels spoke about the historic role of this department and its numerous benefits. The scientific, educational and research activities of the department were also noted since they constitute an essential link between the two languages and cultures present in this territory for a long time. Throughout its history, Graz played an important role in the cultural and political development of Slovenians. The credit for this also goes to the representatives of the Slovenian nation who were actively engaged in the fields of culture, science, politics, medicine and engineering. Their work is described and documented in the bilingual publication 'Gradec in Slovenci' (Graz and Slovenians) presented on the occasion of this anniversary. Last but not least, the highlights of this publication were provided by the event's facilitator and one of the editors of the publication, Prof. Ludvik Karničar from the Institute of Slavonic Studies at the University of Graz. The cultural programme ended with a performance by the Smrtnik Brothers, an internationally recognised quintet (one of its members, Franc Jožef, is the only Slovenian mayor in Carinthia), who were joined by Karničar's sonorous baritone as their 'sixth brother'.



Marko Šiška, photo: Pipistrel archive

RAISING GLOBAL STANDARDS WITH PIPISTREL

Succeed or face defeat!

Pipistrel, a company owned by Mr Ivo Boscarol, has won the NASA award for the most efficient electric aircraft with its Taurus G4. The Taurus G4, the first four-seat aircraft with electric propulsion, was victorious over its only serious competitor – the German team's e-Genius aircraft. At this year's competition, Pipistrel cooperated with the Penn State University team headed by Dr Jack Langelaan, since only teams from the US are permitted to compete; Pipistrel has already received NASA's invitation for it to put its winning Taurus G4 on permanent display in its aviation museum.



IVO BOSCAROL, PIPISTREL'S DRIVING FORCE

Mr Boscarol was keen on amateur photography, aircraft model building and politics whilst at secondary school. During his studies, he worked as an art photographer and was the official photographer at Šentjakobsko Theatre for several years; he has also worked as a music journalist and band manager. He was involved in the printing business and was responsible for introducing badges to Yugoslavia. His involvement in aviation began when he first flew a glider and afterwards, in 1987, when he flew a powered hang glider. He obtained a powered hang gliding instructor's licence in the following year and, in 1991, organised the first ultra-light aircraft meeting in Ajdovščina. In 1987, he founded the first private aircraft factory in Yugoslavia, now known as Pipistrel d.o.o.

Back then, under the totalitarian Yugoslavian regime, it was almost inconceivable for a private person to make an aircraft at home. Alternative aviation

really was alternative at that time. Being a private aircraft producer doesn't seem like such a big deal nowadays, but 22 years ago, offering an alternative to military aviation and army-regulated sports airfields was what really opened flying up to the wider public. Therefore, Pipistrel can rightfully claim to be the pioneer of alternative flying in Slovenia.

Under the former Yugoslavia, alternative and ultra-light flying was all but illegal. It was because of these prohibitions that we named our company Pipistrel. The airfield where we began our first flying attempts belonged to the army; therefore, the ultra-light pilots, if they wanted to fly, had to do so in secret. They had to wait until the regular sports and army pilots finished flying for the day, locked up the hangars and left; it was only then that they could attempt to sneak in an hour or two of flying before darkness fell.

At first, the company produced only powered hang-gliders; as they were flying late in the evening with triangular shaped hang-glider wings, and using lights on the

front of their aircraft, the locals jokingly started to refer to them as bats. The Latin word for bat is pipistrellus – the rest, as they say, is history.

A SYMBOL OF VICTORY

Despite the fact that this is not the first time Pipistrel has received an award from NASA – Pipistrel has in fact already won three prizes – this latest accolade has met with a broad public response throughout Slovenia. The company was awarded USD 1.65 million, the biggest prize in the history of aviation competition. The Wall Street Journal estimates that the recognition brought about by this award is worth ten times that amount. It attracts the attention of potential investors who see a technically accomplished product worth investing in. NASA has teamed up with Google and thus prompted a level of media attention that money just cannot buy. Without doubt, no Slovenian product to date has gained such popularity. Only the Nobel Prize would be more widely publicised.

By focusing their attention on the NASA award, many media, as well as the political and economic spheres, somewhat neglected another important award. Last November, Mr Boscarol was awarded the prestigious European Business Award for the most innovative European company, a contest which attracted entries from over 15 000 companies from various industries and all 27 EU Member States. Boscarol's company became Europe's innovation giant because of its innovative product and business model; Pipistrel received the prize as the leading global company in the design and production of ultra-light motor glider aircraft.

GOLDEN ORDER FOR SERVICES

On 20 October 2011, President of the Republic of Slovenia Dr Danilo Türk conferred the Golden Order on Boscarol's company, Pipistrel, for the success it has





achieved through the work of its experts, all of whom keep abreast of the latest scientific advances and successfully transfer the latest knowledge into practice, enhancing it with their innovation, and who are responsible for creating new knowledge in order to advance the company in the world. Pipistrel's achievement is a reflection of its business philosophy, which is based on a clear vision, social and environmental responsibility, social sensitivity, professional focus and business ethics, all of which are a prerequisite for long-lasting success. This ranks Pipistrel among the Slovenian companies dedicated to excellence, a fact which is recognised by business partners and society at large.

CHALLENGING NASA AND GOOGLE

At the award ceremony, Pipistrel challenged NASA and Google, the contest's organisers, and other giants to set even higher goals for the next competition. Pipistrel announced its readiness to contribute USD 100 000 towards the prize money awarded to the company that succeeds in building the first electric powered supersonic aircraft. The audience was stunned into silence and then burst into applause. Later on, during informal conversation, the company was described as bold and the challenge itself likened to science fiction. In response, Mr Boscarol pointed out that, only three year's ago, today's achievement was perceived in much the same way. Pipistrel believes that barriers only exist in the mind. So, if one does not fear them, boundaries do not exist. The above mentioned landmark is now occupying the thoughts of institutes, flight academies, laboratories and universities worldwide, and there are already teams pondering how this could be done.

NOT A STORY: A SERIES OF SUCCESSES

Mr Boscarol gives the impression of being a visionary driven by a desire to constantly innovate, rather than by an interest in the growth itself or generating profit. This is a formula for outstanding practice, and something which the company is willing to apply. The company could be considered a success story but, because of its constant growth, innovation and persistence, Pipistrel is better described as a series of successes. The constant flow of awards it has received throughout the world is testament to this. We can only hope such personalities and business practices become more prevalent in Slovenia.

SUCCEED OR FACE DEFEAT!

Mr Boscarol says that 'marketing' happens naturally, that sponsorships are not his cup of tea because they are expensive, and that he is more inclined to invest in

development. He is a man who raises the benchmark and, at the same time, acts as a great motivator in the personal and business spheres of life. He offers a useful piece of advice to Sinfo's readers. In his view, there is only one key dilemma in one's personal or business life: Succeed or face defeat! Hence, there is no alternative – life must

be dedicated to success. Success should be our life goal. We can achieve success by being innovative and self-assured. We have to set ambitious goals that go beyond borders in the global context and then we must possess complete self-confidence in order to achieve them. Because there are no borders – they only exist in the mind!



Tanja Gomišček, Milena Janežič, Barbara Šubic, Boštjan Gomišček

Every action counts and everyone needs to take part

European Week for Waste Reduction and Discarded Food



WASTE MANAGEMENT

Waste management represents one of the largest challenges of modern society, especially in densely populated urban areas. Waste generation is directly linked to trends in the areas of consumption, population growth and household composition, the rate of industrial and agricultural activity and, last but not least, with the economic power of the population.

European and Slovenian waste management regulations demand a radical reduction in the quantity of disposed waste, and especially the reduction of organic matter in waste allowed for disposal.

More specifically, the Framework Directive 2008/98/EC introduces a new approach to waste management. The Directive's objective is for the EU to approach the 'recycling society' which tries to avoid waste generation while it uses generated waste as a source (in this way, waste represents a material source and not only something that has to be disposed of with as little costs as possible). Therefore, member states have to adopt measures to separate waste at source and to collect and recycle priority waste flows (e.g. paper, metals, glass, plastic, organic waste). The Directive defines the following 5-level hierarchy of waste management which is taken into consideration as the order of priority in

policy planning and preparation of legislation in the area of waste: prevention of waste generation, preparation for reuse, recycling, processing, other types of reuse (e.g. energy reuse) and removal (here, disposal is the last option).

The Directive is mainly directed in prevention of waste generation. Prevention of waste generation means implementation of any measures before a certain substance, material or product becomes waste.

In the times of consumer society, the whole society needs to be stimulated to pursue sustainable consumption as well as to use recycled materials and products from such materials through the awareness raising actions. Only with appropriate public awareness raising it is possible to reach a shift in understanding the issue of waste and the inevitability of certain ways of dealing with it in the present time.

EUROPEAN WEEK FOR WASTE REDUCTION

In accordance with the Waste Directive and supported by the Life + financial mechanism, the European Commission initiated the awareness raising action European Week for Waste Reduction (EWWR) in 2009 which will take place between 19 and 27 November this year.

The purpose of EWWR, which was organised in Slovenia also this year, is to raise awareness about waste reduction. EWWR is important especially for familiarising the citizens of the European Union with simple measures we can carry out in our everyday lives as our contribution to waste reduction. The EWWR message is: every measure counts and everyone has to cooperate! This year's week, however, also devotes special attention to the issue of discarded food. The largest share of food waste is generated by households, which could be reduced by implementing certain measures.

Namely, every household can take care, by means of simple measures, that food doesn't turn to waste (e.g. by making smart choices when purchasing food, by correctly storing food, by checking expiry dates, by cooking appropriate food quantities, etc.). For public awareness raising and reflection on food not becoming waste, we will organise a round table at the Ministry of Environment where such practice from Austria will be presented among other things.

ESTIMATED QUANTITIES AND COSTS OF DISCARDED FOOD

Within biologically degradable waste, discarded food represents a relatively important share; therefore, it has been given much attention globally in recent times.

The comparison between the four main sources/generators of waste food (retail and wholesale trade, catering, processing and households) shows that approximately 42 % of all discarded food comes from households, averaging 76 kilograms per capita (Preparatory study on food waste across EU 27, 2010). The estimated figure of 5.3 million tons annually for the United Kingdom represents about 14 % of the total weight of food and drinks purchased and brought to a household (Household Food and Drink Waste in UK, 2009). According to the WRAP (Waste&Resources Action Programme) report on food and drink waste from households for 2009, as much as 25 % of annually purchased food is discarded (in terms of weight). A similar study in the USA shows that, on average, 14 % of food purchased by households ends up as discarded food.

Most of generated discarded food and drink could be avoided, which amounts to approximately 5.3 million tons per year or about 65 % of all food and drink waste. In the large majority of cases, this waste could be avoided by more appropriate planning, purchasing, storage and preparation.

The lack of awareness and knowledge about preventive measures increases the quantities of waste food generated by households. For instance, old bread used to be an ingredient of an array of traditional dishes: panzanella in Italy, pain perdu in France, bread pudding in the United Kingdom; in this way, every bit of food was used.

Information on nutrition techniques to prevent generation of waste can help households understand how to be a smarter buyer and how to use what is more efficient (Preparatory study on food waste across EU 27, 2010).

According to WRAP estimates, part of discarded food that could be avoided by households represents annual costs of at least EUR 14.1 billion; on average, this means EUR 565 per household annually (Preparatory study on food waste across EU 27, 2010).

CAUSES FOR DISCARDED FOOD GENERATION

Causes for generation of such quantities of discarded food are predominantly:

- Purchasing of excessive quantities of food in general, especially as a consequence of special offers.
- Purchasing of larger quantities of perishable food (e.g. fruit or vegetables) as part of a healthy nutrition pattern and experimenting.
- Food that would have to be consumed first remains on the shelves because the consumer decides what will be eaten on a certain day.
- "Spring cleaning" of cabinets, refrigerators and freezers by removing older, forgotten or unwanted food products.
- High sensitivity to foodstuffs' hygiene and dates marked on foodstuffs.
- Excessive preparation of food in general.
- Dissatisfaction with the taste of food – mostly the food tasted by children (Food Behaviour Consumer Research: Quantitative Phase, 2006).

IMPACTS ON GREENHOUSE GAS EMISSIONS

When comparing causes of greenhouse gas emissions, household sector is the largest contributor per ton of waste food (2.07 t of CO₂ equivalent per ton) and also at the European level (78 million tons of CO₂ equivalent annually which represents 46 % of estimated annual greenhouse gas emissions due to waste food) (Preparatory study on food waste across EU 27, 2010).

In cooperation with the University of Maribor, Faculty of Organizational Sciences, the Ministry of Environment and Spatial Planning prepared a survey on discarded food in order to estimate the situation in Slovenia and to raise awareness among the wider public regarding the issue of discarded food in households. The survey is available on the following web site:

<http://swqlab.fov.uni-mb.si/limesurvey/index.php?sid=31488&lang=sl>

You are kindly invited to participate!



Hana Souček Morača, photo: Sibio Group archives

BOŠTJAN ŠIFRAR

“Entrepreneurship requires a high degree of self-discipline and a lot of work and perseverance.”



Have you ever asked yourself what parts go into making an autotransfusion device, how thermoplastic products are made or where in Slovenia are components for a device that cleans blood during surgery produced? The answers are all to be found in the Sibio Group company.

The foundations of the company were laid in 1967, when Franc Šifrar started a small business processing thermoplastics. In 1976 he expanded the business to include tool manufacturing, and in 1993 his son, Boštjan Šifrar, took over the management of the company. At that time 10 employees manufactured plastic products on 5 machines; today the company has a working area covering some 20 000 m² and 200 employees, and exports its products to 41 countries all over the world.

THE FOUNDING AND DEVELOPMENT OF THE COMPANY

As Boštjan Šifrar tells us, his father Franc first opened a workshop where he manufactured plastic closures for the cosmetics industry. Almost 10 years later he expanded his activities to tool making. ‘After completing my studies at the Faculty of Mechanical Engineering in 1988, I started working in his company. Four years later I suggested that I take over the company management.’ His father

agreed. He gave him free reign and didn’t interfere with his decisions or management, but said to him: ‘Now you are responsible for everything, both the good and the bad.’

In 2004 the company moved to new premises and in 2008 a new production plant for pharmaceutical products was added. Today the company has its own development team and tool shop. ‘We manufacture products for the pharmaceutical industry, such as closures for aluminium, laminate and plastic tubes and packaging for pharmaceuticals.’ The company prides itself on manufacturing high-quality plastic products for globally oriented companies in the field of medicine and technical products for the electrotechnical, household appliances, telecommunications, sanitary, cosmetics, chemical and aircraft industries. Several factors have contributed to the expansion of the company’s business, says Šifrar, above all hard work and perseverance, appropriate education, the right strategy and a focus on the right

products with the right markets outside Slovenia, and innovations.

The company does business mostly with Great Britain, followed by Poland and the domestic market, then Slovakia, France, Turkey, Italy, Switzerland and the Czech Republic. It sells its products to 100 buyers, the largest being GlaxoSmithKlein. Among its customers are also Procter&Gamble, Sandoz and Henkel.

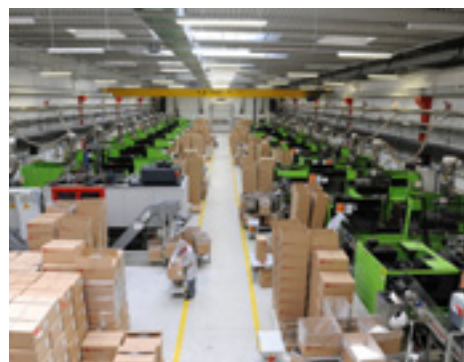
PERSEVERANCE AND BUSINESS ACUMEN

‘After I took over the company from my father and had struggled in the domestic market for two years, I realised that we should expand and search for buyers outside Slovenia.’ The firm promised potential buyers to deliver products of the same quality under the same or even more favourable conditions than their current suppliers offered, thus acquiring 76 new buyers from 29 countries. The company’s market has been expanding in line with its development and rise in revenue. The need for its products has grown, and the company has been steadily pulling away



from its German competitor. It has also widened its product range, which has in turn contributed to gaining an ever larger market.

Owing to his perseverance, business acumen and general knowledge, at the age of 33 Boštjan Šifrar became the youngest recipient of the Award of the Chamber of Commerce and Industry of Slovenia for exemplary business and entrepreneurial achievements. The Podjetnik magazine and the Chamber of Craft and Small Business of Slovenia conferred on him the Entrepreneur of the Year 2011 award for the successful realisation of a well-thought-out strategy, with which he turned a small business into a global company. In the opinion of the commission conferring the award, Šifrar had courage and vision to develop an apparently unglamorous business of



manufacturing plastic closures, tubes and containers into a company exporting its products to 41 countries all over the world. Among others, it supplies plastic products to the pharmaceutical industry, which is one of the most demanding customers. Šifrar has been proving for a number of years that a manufacturing company can compete successfully on the global stage. He was also 'entrepreneur face of Slovenia', representing his country at the SME Week in Brussels in October 2011, where the European Commission promotes small and medium-sized enterprises.

ALWAYS SOMETHING NEW

For Boštjan Šifrar, a challenge of being an entrepreneur is to increase productivity and to develop demanding products with higher added value which can be offered to both old and new customers, and that, according to the Entrepreneur of the Year, automatically generates growth in all respects. 'A higher added value can be achieved in niches that are demanding from the technical and technological point of view in the medicine, pharmacy and cosmetics industries, and this can be realised only with highly developed equipment and highly educated people.' The company makes substantial investments in the optimisation of ma-

chine work, but Šifrar emphasises that his employees must compete with people educated at top universities. That is why Sibogroup devotes a lot of attention to recruitment and scholarships.

In the company, there is no lack of innovativeness or desire to surpass oneself and achieve ever higher goals. 'We always have a new product – or rather more than just one – in development.' According to Boštjan Šifrar, the firm is primarily working at the moment on:

QTAC: for one of the 5 largest generic drugs in the world they have developed a special cap and shoulder that are lighter and therefore cheaper. They are different, unique and easy to use. The result is the production of more than billion caps and shoulders a year.

AUTOTRANSFUSION KIT: they have accepted the challenge of producing components for a device that cleans blood during surgery. They transferred the complete set of tools from the US, set up production in a clean room and proved that they are up to the challenge. The best proof of this is the satisfied customer, which sells the product to hospitals in more than hundred countries and has a 45% market share.

BREAST BIOPSY DEVICE: a high level of knowledge, reliability and manufacturing conditions has brought the company



a new job, the manufacture of components for a breast biopsy device, which is yet another proof of the recognition of the company's efforts and success in the last years and an important additional reference.

FROM GENERATION TO GENERATION

Sibogroup remains a family company, with Šifrar's wife Špela responsible for procurement and his sister Martina in charge of marketing. 'My children are 12, 16 and 19 years old but we are not yet thinking of handing the company over to the next generation. I think we will have to wait for another 5 to 10 years,' says Šifrar playfully. In raising his children he always puts the emphasis on knowledge, work and perseverance. 'I want to teach

them to follow the right order: first to finish school, then university, and simultaneously to learn at least three languages and travel to broaden their horizons.' The combination of such knowledge and experience, together with the maturity people generally reach sometime by the age of 30, will maybe raise in them a desire to become entrepreneurs. 'This may seem a nice way of life, but it requires from a person a high degree of self-discipline and a lot of hard work and perseverance.'

PLANS FOR THE FUTURE

The company for Šifrar is both a job and a challenge, a place he is always happy to return to after holidays or on Mondays. 'I spend the weekends with my family

and that is time that means a lot to me. It means that I recharge my batteries for a new working week.' He is convinced that an entrepreneur has a great responsibility to offer to his working environment vision, safety and quality employment. The quality of the company is also reflected in its social responsibility and environmental protection.

In the future, he plans to maintain the established position while improving the company's processes through innovations and thus realising even higher added value, part of which, he stresses, can be reinvested in modern technological equipment in order to meet the high standards of the medical and pharmaceuticals sector.

Andrej Stare, photo: STA

BOJAN TOKIĆ – EXPRESSING HIS GRATITUDE WITH MEDALS

The bronze medal won by Tokić is the first medal Slovenia has won in singles table tennis. By winning bronze medal in Gdansk, Bojan Tokić, one of the best table tennis players in the world, also met the qualification criteria to compete in the Olympic Games, which will be held next year in London. At 31 years of age he will then doubtlessly be at the peak of his powers.

This year's European Championship in Gdansk represented a new big step in the career of Bojan Tokić. First he won bronze medal in men's doubles for the second time in a row together with Karakašević, and then in the singles competition he unexpectedly made his way to the semifinals by defeating the great favourite Orlovski from Germany. In the semifinals, currently the best European player Timo Boll waited for him. He was too strong for Tokić, in the end winning his title of the European Champion for the third time in a row. Only two Slovenian players have won medals at the largest competitions before Tokić: Janez Teran at the European Championship in Berlin in 1962 in a double with the Serb Marković (at that time he was playing for the former Yugoslavia) and Edvard Vecko who was European Champion in men's doubles together with the Croat Stipančić in 1968 (also playing for the former Yugoslavia).

Almost twenty years ago, war raged in the area of the Balkans. Many inhabitants of Bosnia and Herzegovina saved their lives by fleeing from their homes to the unknown. Jajce is a town where now disintegrated Yugoslavia was founded in 1943 and it is also a town from which Bojan Topić, today 30 years of age, spectacularly escaped with his family. His father Miroslav was his role model, being an excellent expert and even a selector of women's national team of the former Yugoslavia. After arriving to Slovenia, Bojan settled in Nova Gorica. With his talent and the exceptional hard-working attitude, he made great impression on table tennis experts and he soon became one of the leading Slovenian players of the "celluloid" ball game. After playing for Slovenian clubs his game soon found the way abroad. His first international appearance came in 2000 when he played in Montpellier, France, still as a junior.



Bojan Tokić advanced from season to season and soon began his ascent on the list of the world and European top players. He soon defeated the first Chinese player and became the cause of "fear and trembling" for all players in the Old Continent.

Bojan found his club in Saarbrücken, Germany, with which he also plays this year in the European Champion League, very successfully. Recently he has defeated some of the world's best players, among them the three-times European Champion Timo Boll from Germany. The Olympic Games in Beijing were his great challenge. After an exceptional duel he defeated the Romanian Mihai Bobocica who played for the Italian team and made

his way to the 3rd round of the Olympics. There Chinese Lin Ma, the best player in the world, who has already won 8 gold medals at world championships in his career, was waiting for him. Before 20,000 spectators the Chinese was too strong, while for Bojan Tokić this was an indelible experience at the world's largest sports event.

After the Olympic Games in Beijing, Tokić continued playing for his club and of course for the Slovenian national team. At the European Championship in Stuttgart in 2009 he won his first great medal in a double together with the Serbian Aleksandar Karakašević. For him, the bronze medal had a golden shine.

Andrej Stare, photo: STA

FAREWELL OF A LEGEND AND A RECORD-HOLDER

When a person dies prematurely, his/her relatives and loved ones are heartbroken, but when a top sportsman is involved, hundreds of thousands are in grief.



Iztok Puc, the legend of Slovenian and world handball, departed quietly in Florida, USA, where he had lived for the last couple of years. A treacherous disease that destroyed his internal organs was too strong even for such a sportsman who, during his sports career, endured all manner of physical pressures. He departed silently and left behind a magnificent collection of handball creations, such as no one in the world possesses.

Iztok Puc was born on 14 September, 1966 in Slovenj Gradec. He soon realized that handball was his sport. In the Šaleška valley he found his first two clubs in Šoštanj and Velenje. As a junior he became one of the top young handball players in the world. In 1987 he was the best player of a junior team of the former Yugoslavia at the World Junior Championship and was among the most credited for winning the gold medal. A year before he was drawn to the club Borac from Banja Luka as an 18-year old young man. At that time they were national champions and their team was trained by Hrvoje Horvat, one of the legends of the world handball and once the best player in the world. Later, his daughter also became the life companion of Iztok Puc.

Puc soon found his way into the senior na-

tional team. At the Olympic Games in Seul in 1988 he won bronze medal for Yugoslavia after defeating Sweden by 25:21. Puc played for the former Yugoslavia national team until 1990 when he moved to the Zagreb handball club. The best Croatian club reigned the European club handball and won the title of Club European Champion twice in a row with Puc. Due to his appearance, excellent and thoughtful playing and spectacular goals, Puc was public's favourite. Puc was drawn to the Croatian national team for which he played in 1998. He played in 74 matches for Croatia, scoring 325 goals. His greatest achievements with the Croatian national team:

Gold medal at the Olympic Games in Atlanta, 1996, after defeating Russia by 25:24

2nd place at the World Championship in Iceland, 1995

3rd place at the European Championship in Portugal, 1994

1st place at the Mediterranean Games in France, 1993

At the end of his career as a national team player, Iztok Puc joined the Slovenian national team and took care of a great sensation at the European Championship in Zagreb. In the decisive game for the 5th place, Slovenia defeated Croatia by 25:24 and

qualified for the Olympic Games in Sydney. The Olympic Games in Australia in 2000 were the third Puc's Olympics where he participated as a player of his third national team. In this respect, Iztok Puc is probably an all-time Olympic Games record holder. Slovenia won 8th place. In total, Puc played in 16 matches at three Olympics and scored 39 goals.

He concluded his playing career at the Prule court in Ljubljana after five years of playing for Celje and was later also a sports director.

Performances of Iztok Puc for national teams:

National team	Matches played	Goals scored
Yugoslavia	97	372
Croatia	74	325
Slovenia	34	120
Total:	205	817

Unfortunately, life of one of the greatest handball players of all times has come to an end but behind Iztok Puc remains his handball legacy, thousands of exceptional matches and great popularity. After him also remains his son who is one of the most perspective young tennis players in the world. Let's hope that the young man will achieve at least a fraction of sport success and fame commenced by his father Iztok Puc.

Istria's Gold

“TRUFFLES OF THE SLOVENIAN
ISTRIA ARE THE BEST
IN THE WORLD”

Hidden in the soil of the Slovenian Istria grow special, aromatic, mysterious mushrooms – white truffles. They are appreciated for their extraordinary quality and their prices reach almost incomprehensible heights. I spoke with Ivan Ratoša, one of the people who know most about them in our area. He is a man who loves truffles with all his heart and speaks of them with special a glow. He is a person from the coastal region who you enjoy talking to, regardless of whether it is the middle of the truffle season or not and regardless of the topic of the discussion. About truffles or casually.



“What is this year’s truffle season like?” I ask Ivan Ratoša, a keen “prospector” and harvester of truffles as well as founder of the Beli tartuf (white truffle) society. “Due to the draught and slightly changed climate, this year’s season was worse than usual.” High buying prices also testify to the lower number of tubers. At the moment, the prices in the market span from 1,500 euros to several thousand euros for a kilogram of these mushrooms, he explains. If we consider the current market price of gold...

There is always a truffle season, the only question is which truffle is in season at what specific time. Namely, there are nine edible species and their harvesting seasons differ from one species to another. Truffle harvesting is thus spread out over the whole year. At the moment, it is the high season for harvesting truffles in the Slovenian Istria. Between September and January is the time when white truffles, which are a sort of crème-de-la-crème among truffles, grow. Actually, it is white truffles that gave truffles their glory and mystery. And this species is the most widespread in the Slovenian Istria. Although it is best used raw, it is also suitable for various truffle sauces and for preserves.

AND WHAT IS A TRUFFLE?

It is the noblest mushroom in the world, Ivan Ratoša is convinced. A truffle is an underground mushroom, which has to be used with moderation, as a spice, on account of its extremely strong aroma. It grows under the surface and in its underground world it links itself with a tree or a bush, fastens to its roots and in this way obtains nutrients. This allows it access to chlorophyll which would otherwise be completely unobtainable underground. In Europe there are nine edible species, while there are also non-edible ones.

Their fame is supported by various substitutes which are quite numerous in the market, since similar mushrooms grow also in other parts of the world, for example in Asia, but their qualities are far from comparable to the European and Slovenian ones and also considerably different.

It is primarily in truffle sauces that we have to read ingredients carefully, as they may contain many other mushrooms, warns Ratoša. “In our country we still lack proper consumer protection in this respect. In the Beli tartuf society we support aims for consumer protection and we would like to safeguard the above-standard quality of the white truffle.” Therefore he joined forces with Andrej Piltaver from the Institute for wild growing fungi and together they fight to adjust conditions of harvesting truffles in Slovenia. “We tend to forget that truffles from the Slovenian Istria are the best in the world. The structure of the soil is extremely important for the quality of the mushroom. But the Slovenian Istria’s soil is so rich that even truffles have an outstanding flavour and

aroma. This can be compared with the influence of the soil structure on the quality and flavour of wine. In surrounding regions we cannot find truffles of such quality, says Ratoša.

He has been harvesting them since his childhood, when he obtained his basic knowledge. A sort of institutionalization of his expertise is proved by diplomas from Zagreb and Italy, where he passed an examination in harvesting truffles. He hopes that such a procedure will also be required in Slovenia.

HOW DOES TRUFFLE HARVESTING TAKE PLACE?

I wonder, considering that they grow underground and so the classical collecting method probably doesn’t prove effective. Truffles are harvested with a specially trained dog. Using a dog for harvesting is the most practical, as they can be guided and are easy to train, he explains. Then you go to the area where truffles grow. The dog smells them under the earth and you simply dig them out. But dogs have to be a special breed, a more gluttonous one, such as Labradors and retrievers. Of course it is important that they are rewarded after they have found a truffle, he says. Finding something so hidden to sight is a very special joy. With me it is more of a personal satisfaction which gives me a lot of determination and energy.

Anybody may now harvest truffles in Slovenia, as they are no longer protected. Until this changes, the same rules apply as for other mushrooms – anybody may harvest two kilograms at most for personal use. As a professional harvester of truffles he is of the opinion that the state ought to regulate this as soon as possible. This is a small sector in which, however, a lot of money circulates.





Just look at Slovenian inns, they are all offering some truffle dishes. This must be regulated. And most of all, people have to become aware of what the real thing is. Many sellers cheat consumers and thus reap huge profits selling inferior goods as high quality and in this way take advantage of the veil of mystery which truffles are shrouded in.

Yes, truffles have from old stirred spirits and imagination, instigated through that cover of excitement connected to their harvesting. Each ground is also not proper, although it is the most important part. It seemed to me that Ratoša preferred to avoid my question when I asked him where his grounds were. After all, in Slovenia, where people like all sorts of mushrooms, even a random picker will not confide in you where they were picked. As Ratoša says, some features at the grounds can be noticed by the naked eye, and a lot depends on the feeling, but experience is most important. That is why all this seems a little bit mysterious.

Truffle's almost mythical dimensions. Truffles are rich in protein. A pronounced smell and aroma are their trademark. Moreover, truffles have strong pheromone aromas, which means that something attracts you, but you don't know exactly what it is. And maybe this is the reason of "those" features which were attributed to truffles in the past (well, today is no different). Anyway, you like them or you don't. Truffles seem to leave nobody indifferent, one way or the other.

TRUFFLES AS FOOD

Truffles are used as spices, since they are highly valued and also very aromatic. There are several hundreds of recipes and each chef has something of his own. Personally, I prefer noodles with truffles, eggs with truffles or polenta with poached eggs and white truffles on top, says the truffle harvester. They are best freshly grated on a dish. They are grated in a similar way as carrots. They have a distinctive and typical flavour and aroma. This is something where we cannot be cheated.



Otherwise, there are many cheaters who try, in their lust for profit, selling inferior specimens as top quality. Especially problematic are oils, which mostly have truffle aroma and not much more. That's why consumers have to be educated. Namely, only few people know where truffles come from and what they are. Our domestic ones are certainly among the best in the world. Yet tastes differ, you know, everybody prides himself on his own goods. But those who know the ropes, know what is of value in the world. This year, when the harvest is poor, everybody is happy if there is something of such a quality as offered by the Slovenian Istria, explains Ratoša. When there are plenty of truffles, the buying prices are clearly lower and sometimes it is even difficult to sell them.

The person I speak with is a true expert on truffles. He spent most of his life as an inn keeper and they always had dishes with truffles on the menu. You certainly get to know sooner or later, which are

better and which worse, the value of individual specimens. Since his retirement, he has harvested them sometimes with more zeal and sometimes with less. I consider picking truffles as a form of recreation and exercising in nature. I prefer to go picking truffles than to go to the gym or tennis grounds. And the underground conditions allow their harvesting practically all year round. Truffles as underground mushrooms have a different life than those growing on the surface.

He says that he is completely in love with the Istrian truffle and devoted to it wholeheartedly. That's why he works hard for its protection and primarily for the protection of its good name.

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International civil protection exercise

Between 19 and 22 October, Slovenia staged the largest international civil protection exercise ever, referred to as the “IPA SI- QUAKE 2011” exercise. Eight urban search and rescue (USAR) teams arrived in specialized vehicles and with associated equipment. The participating teams were coming from Albania, Croatia, FYR of Macedonia, Montenegro, Kosovo, Serbia and Turkey. The exercise also involved observers from Bosnia and Herzegovina. The teams and other exercise participants were accommodated at the Base of Operations in Logatec, to be more specific at the Training Centre for Civil Protection and Disaster Relief. Approximately 170 rescuers were accommodated in heated tents of the Emergency Temporary Shelter Module. This module has been set up by the German-Swedish team and has been tested for the first time during this exercise. The exercise included around 450 persons, such as members of USAR teams, trainers, evaluators, observers and members of the Civil Protection.

EXERCISE SCENARIO

A magnitude 8 earthquake had hit Slovenia on 18 October 2011. The epicentre was 30 km SE of Ljubljana. According to first estimates, approximately 50,000 persons were at risk, 10,000 buildings were destroyed and 25,000 buildings were heavily damaged. A large number of persons were trapped under debris. Furthermore, roads and railway lines were damaged; communication and electrical infrastructure and water supply were obstructed. Most affected areas were located in one of the most seismically vulnerable area, namely central Slovenia. These lo-

cations included Ljubljana and the towns Logatec, Ig and Kranj. Due to the scope of the earthquake, Slovenia had to launch a request for international assistance in the form of USAR teams and technical assistance teams.

SEVEN EXERCISE LOCATIONS

Seven exercise locations with debris and abandoned facilities had been prepared for the rescuers to practice search, rescue and support operations. The locations included a destroyed fictional village and a wood-processing factory in Logatec, a heavily damaged psychiatric hospital

in Postojna, various industrial facilities in Kranj, and a destroyed railway infrastructure and farm building in Ljubljana and its surrounding area. Each exercise location was based on a detailed rescue scenario. USAR teams exercised rescue from rubble and high altitudes. They employed various techniques, such as search operations with rescue dogs and search techniques involving audio and video devices. The exercise situation was as realistic as possible, including around 90 dummies buried under debris and 100 simulated victims posing as injured and panicking persons.



EMERGENCY TEMPORARY SHELTER (ETS) MODULE

The German Federal Agency for Technical Relief (THW) and the Swedish Civil Contingencies Agency (MSB) launched the development of the ETS module in January 2010. The module is intended to accommodate displaced persons in the event of natural disasters and was tested for the first time during this exercise. The sheltering includes 200 tents and offers temporary accommodation to approximately 1000 persons, with one tent accommodating five persons. The tented camp is fully self-contained for emergency situations: it is equipped with generators, provides heating, water supply, adequate hygiene conditions and medical care. The manager of the module, Martin Sjöholm from the Swedish MSB described his first experience: “Overall, we are satisfied with the results, but we will change a few details. It took us

24 hours to set up 25 percent of the total capacity.” The sheltered camp was used for accommodating rescuers during this exercise. However, during real operations, they need to provide their own tents and equipment.

PURPOSE OF EXERCISE

The exercise participants, coming from the Western Balkans and Turkey, exercised under the guidance of Slovenian instructors procedures and tools for supporting and coordinating international rescue operations which are envisaged by the EU Civil Protection Mechanism. Generally, real rescue response operations are launched upon receiving the first information on the disaster, and continue with informing the units, logistical preparations, arrival of the units, their accommodation and, finally, the rescue operations. Hence, this was practiced during the exer-



cise. The international exercise was based on the activation of the EU Civil Protection Mechanism, the cooperation between the institutions of the beneficiary countries and the EU Monitoring and Information Centre (MIC), the cooperation of the USAR teams management as well as the cooperation between Slovenian state and regional Civil Protection Headquarters.

INTERNATIONAL ASSISTANCE AND SOLIDARITY

“IPA SI - QUAKE 2011” is part of the EU Instrument for Pre-Accession Assistance, which has been designed for the development for Civil Protection capabilities in countries that endeavour the accession to the EU, their familiarisation with the operation of the EU Civil Protection Mechanism and the strengthening of international assistance during large-scale natural and other disasters in South-Eastern Europe. “This programme intends to improve preventive operations and disaster response and to reduce the vulnerabilities of the Western Balkans”, was emphasised by Branko Dervodel, the exercise director from the Slovenian Administration for Civil Protection and Disaster Relief.

EARTHQUAKE IN SLOVENIA, FLOODS IN CROATIA

The IPA is financed by the European Union. It is carried out by a consortium of states, which is headed by the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief and including the Croatian National Protection and Rescue Directorate, the German Federal Agency for Technical Relief (THW) and the Swedish Civil Contingencies Agency (MSB). IPA comprises the preparation, performance, and evaluation of two regional exercises. The first exercise “IPA SI-Quake” was successfully accomplished. The second exercise, “IPA CRO-Floods” will be conducted next spring by the Croatian National Protection and Rescue Directorate.

Slovenian humanitarian aid in 2011

The Republic of Slovenia continued to give humanitarian aid to numerous countries around the world in 2011. Despite the financial and economic crisis, the values of all humanitarian projects and donations will exceed one million euros. We are aware of the responsibility we bear as a donor country when it comes to environmental disasters, armed conflicts and other disastrous events so large in scale that they cannot be handled by the affected countries themselves. The coordination of Slovenia's humanitarian aid projects is led by the Ministry of Foreign Affairs. This year, several humanitarian projects were carried out, of which the following are the most prominent:

HAITI: In cooperation with non-governmental organisations and Slovenian business sector, the Republic of Slovenia built a primary school in the city of Carrefour in Haiti which started operating on 5 October this year. For almost 300 children who lost their homes in a disastrous earthquake more than a year and a half ago and had to forget children's play for some time, a new period is thus beginning

where they will acquire knowledge and discover new horizons in a new school together with their peers. For the construction of the school which was named after Slovenia »Ecole Communale de la Republique de Slovenie«, Slovenia donated EUR 240,000. With this contribution, the total humanitarian aid of the Republic of Slovenia for the reconstruction of Haiti amounted to EUR 600,000.

LIBYA: In this year, Slovenia donated humanitarian aid in the amount of almost EUR 100,000 to Libya and the neighbouring countries where a larger number of Libya's population sought shelter. In the first weeks, humanitarian aid for accommodation and supply of displaced persons and refugees from Libya was donated through the UN High Commissioner for Refugees (UNHCR) while later in July medicines and sanitary material were donated



to a hospital in Benghazi. Psychosocial rehabilitation was provided to children from the areas of armed conflicts that spent two weeks in Slovenia in July. Slovenian companies also joined by contributing humanitarian aid for the affected Libyan population in a form of medicines and sanitary material and rehabilitation of children.

TUNISIA: We contributed donation of medicines and sanitary material to the Regional hospital in Tataouine region in southern Tunisia where a considerable number of refugees from Libya was given shelter. Beside the medicines, the Ministry of Foreign Affairs prepared a donation of drawing sketch books, paint brushes, and tempera

colours in cooperation with Slovenian companies Aero, Papirnica Radeče, and Mercator. In June, the Government also decided to grant up to three post-graduate scholarships to Tunisian students for studying in Slovenia next year.

PALESTINE: At the initiative of the President of the Republic of Slovenia Danilo Türk, Ph. D., Slovenian Government supports humanitarian action of rehabilitation and health care provided to Palestinian children injured in armed conflicts. In the project carried out by the International Trust Fund for Demining and Mine Victims Assistance (ITF) and the Soča University Rehabilitation Institute of the Republic of Slovenia, more than 90 children have participated so far.

Again, the aid was donated for the Abu Ray rehabilitation centre on the West Bank and the UNRWA education programs.

HORN OF AFRICA: Slovenia responded to the current famine crisis in the countries of the Horn of Africa with the contribution of food rations, while Slovenian non-governmental organisations are also taking part in the collection of aid for the affected population of these countries. Among other they collect funds in the action »Against Hunger. For the Children of Somalia!« for the project of purchasing milk powder for 1,500 families or at least 9,000 people in the area of three villages in Somalia.

CHILDREN: Slovenia devotes special attention to children and adolescents. Aid to children in post-conflict situations is one of the most important goals of Slovenian humanitarian and post-conflict aid since children in grave humanitarian and conflict conditions are especially vulnerable. Also this year, the Ministry of Foreign Affairs co-financed projects of rehabilitation of children from Ukraine who suffered from the consequences of Chernobyl nuclear disaster and rehabilitation of children from Montenegro and Bosnia and Herzegovina as well as projects of psychosocial aid to children living in post-conflict conditions in the Western Balkans, Iraq and the Transcaucasus region.

We dedicated support to several humanitarian-development projects carried out by non-governmental organizations, mostly in Africa, which include especially children and women. Through the UN World Food Programme, the support was also aimed at ensuring daily meals to children attending a school in Herat, Afghanistan.

Slovenia also donated humanitarian aid to the affected population of Japan and Turkey in the aftermath of natural disasters as well as other countries in need of humanitarian aid. **The aim of humanitarian aid remains to save lives, to prevent or alleviate human suffering and to preserve human dignity.**



MEDNARODNO RAZVOJNO
SODELOVANJE SLOVENIJE
SLOVENIA'S DEVELOPMENT
COOPERATION



Jože Osterman, photo: STA and Park of Military History archive

Pivka really has a lot to offer!

Our country is certainly located in an interesting geographical position. It is situated at the junction of one of Europe's largest crossroads: where the paths that link South West and East Europe are at their most concentrated, and on the edge of the natural Alpine barrier which blocks or at least seriously hinders access from the European north to the warm south, which is where many important ports are located. Owing to the forces of nature, this barrier is relatively low in our territory (the Karawanken and the westernmost section of Alps – the Julian Alps – are a much lower barrier than the peaks of the High Tauern in Austria, let alone the Swiss mountain ranges); a substantial part of the most convenient thoroughfares have led through our country since ancient times. Many traffic flows have congested to the south of Ljubljana in Postojna Gate, a part of the country named after its largest town, which also serves as a sort of regional centre. The Postojna Gate represents the largest part of the Slovenian region named Notranjska (Inner Carniola).

Although this area seems a bit inhospitable due to its harsh climate and frequent weather changes typical of the transition between the warm Mediterranean and the cold continent, which is also the reason why it is sparsely populated and rich in forests, we can notice that the first great Slovenian monograph, The Glory of the Duchy of Carniola (Slava vojvodine Kranjske) by Valvasor, already devoted exceptional attention to it. Its geographical position brought it an interesting history in which military aspect is also strongly represented. Already in Roman times, Roman legions rolled towards the north through the region; they were later replaced by Napoleon's troops, the thundering of the Isonzo Front echoed here during World

War I, while during World War II the region was the scene of fierce battles between the Partisan resistance on one side and Italian occupation troops (later followed by German troops) and domestic collaborationists on the other. During Slovenia's independence war in 1991, the tanks of the Yugoslav People's Army from the barracks in this area were the first to begin the aggression against the independent Slovenia – in short, as regards the history of military events, this is by far the most "intensive" area of Slovenia. Also today, the tradition is kept by the only, but rather extensive, training grounds of the Slovenian army located near the town of Pivka, approximately 10 kilometres to the southeast of Postojna.

THE TOWN AND ITS SURROUNDINGS

A traveller will doubtlessly not regret visiting this area. His/her attention will first be drawn by the fact that in Postojna and Škocjan, there are two famous tourist attractions, karst caves. While the Postojna cave has been for centuries the most visited tourist attraction in Slovenia, the Škocjan caves have been listed as UNESCO world heritage due to their extraordinary beauty and geological value. However, the fame of both caves shouldn't be the only motive of visiting the landscape which is truly something special, primordial, a mixture of a typical karst landscape with forests, steep karst escarpments and clearly visible rock falls, rocky slopes and beautiful tranquil dolines where no "ad-





heritage



justments” can be seen that are usually enforced upon nature by human activities.

The town of Pivka, once one of those sleepy places where everything was revolving around the important railway junction which used to be its main characteristic (the railway lines from Rijeka, the largest port of former Yugoslavia, and the city of Trieste in Italy intersected here), is today a town with well developed industry and tourism and a relatively bustling local centre. Although today it has almost no importance in terms of railway traffic after the main traffic flows were redirected to the port of Koper, its position on the main Slovenian corridor leading to the Gulf of Kvarner brings it a lot of traffic and tourists. The fact that it became a town with the newest Slovenian museum, the Military History Park, is becoming increasingly important to Pivka. The museum unites a local and a regional collection and is a kind of a coordinator of the activities related to the offer of cultural and natural heritage and tourism in the area.

PARK OF MILITARY HISTORY

In 2006, three huge buildings of former Italian barracks, built around 1930, which later hosted armoured units of the Yugoslav Army because this was one of the most important strategic points along the western borders of the former state (which has always seen larger threat in the West than in the East), became home of the museum-tourist centre named the Park of Military History. The project is a result of a felicitous synergy between the Ministry of Defence and the Pivka municipality. Years ago, the Ministry praiseworthy noticed that activities in the field of military history need to be systematically carried out. While planning the establishment of the central military museum in Maribor, it needed a place for larger items which was

in the interest of the municipality, at that time searching for a new cohesive point for its image recognition. This resulted in the renovation of barracks, which is still under way, and their transformation into the facilities where the tank artillery collection is located today, as well as into many other things. Cleverly, the largest tourism company in the region Turizem Kras from Postojna also saw its interest there.

The result is formidable, even astonishing for Slovenian conditions. When approaching Pivka, one is surprised by the monumentality of the buildings themselves, a nice layout of the surroundings and a pleasant arrangement of the collection which is tuned to individual visitors' tastes. Unlike in most museums, the bustling of visitors here is quite surprising. Young families prevail, with children curiously inspecting the collection. There is no doubt that arms are a challenge for little children, but instead of glorifying the arms and their interesting technological aspects, the Pivka collection directly links them to related historical stories which are predominantly a chronology of freedom fighting. In this perspective, robust appearance of cannons and silhouettes of famous tanks such as the American Sherman or the Russian T-34 are not paying tribute to the history of technology that was able to manufacture such sophisticated killing weapons 60 years ago, but rather to the victors who used them to free Europe from the Nazi menace. The famous Yugoslav tank T 55 which used to be regarded as one of the most modern weapons of its kind, is a hero of the collection because a few days after it left the barracks to prevent Slovenia from gaining independence, it was seized by Slovenian soldiers and used by the forces that successfully defended Slovenia. Beautiful and interesting stories are also linked to other



items: thanks to them, the Park is a place that warns how important it is for the arms – if there is no other option but to use them – to be in the right hands.

COMPLIMENTS TO OUR SCIENCE

However, the weapons in the collection are in many respects also a tribute to Slovenian experts and scientists. My kind guide Boštjan Kurent showed special affection and pride when presenting me the pocket submarine P-913, the museum's newest and currently the most attractive item, donated to the Slovenian Ministry of Defence by Montenegro. One is surprised by the fact how the term pocket can invoke wrong assumptions since the



submarine is an approximately 20 metres long and at least 5 metres high steel vessel which could take some 20 people, including their submarine “scooters,” to carry out their commando missions. It is especially surprising that so much propelling, navigational and optical technology can be congested in a relatively small place. The majority of components come from Slovenian companies. Besides, submarine crews which are a kind of elite within the navy, were composed mostly of Slovenians. That much for those who have been dismissing Slovenian military capabilities! It is also similar with the tank T 55 which is based on the Russian model but was considerably improved, parts from

Slovenian factories representing as much as 70 % of all installed elements. The armour came from the Jesenice ironworks, the gun barrel from the Ravne ironworks, optical elements from the Iskra company – all this testifies about the quality of Slovenian industry at that time.

Of course, all this writing can by no means adequately present everything offered to a visitor by the Pivka collection. One has to go there and see things in person! The museum team, however, is also involved in other activities: every year they organise their festival with various reconstructions of historic events that took place in the area. They started with a reconstruction of

a typical World War II battle, in 2008 they focused on a World War I battle, in 2009 Napoleon's and Austrian soldiers fought there at the occasion of the anniversary of the Illyrian Provinces, while last year bad weather prevented them from fully presenting the theme of Turkish raids. The park also set up a circular walking trail of military history where on a several-hour hike visitors can see numerous fortifications and other structures abounding in this area. They also cooperate with a local tourist farm, maintain several cultural attractions and do many other things which can be checked in detail on the excellent web site <http://www.parkvojaskezgodovine.si/Default.aspx>.

**I FEEL
SLOVENIA**