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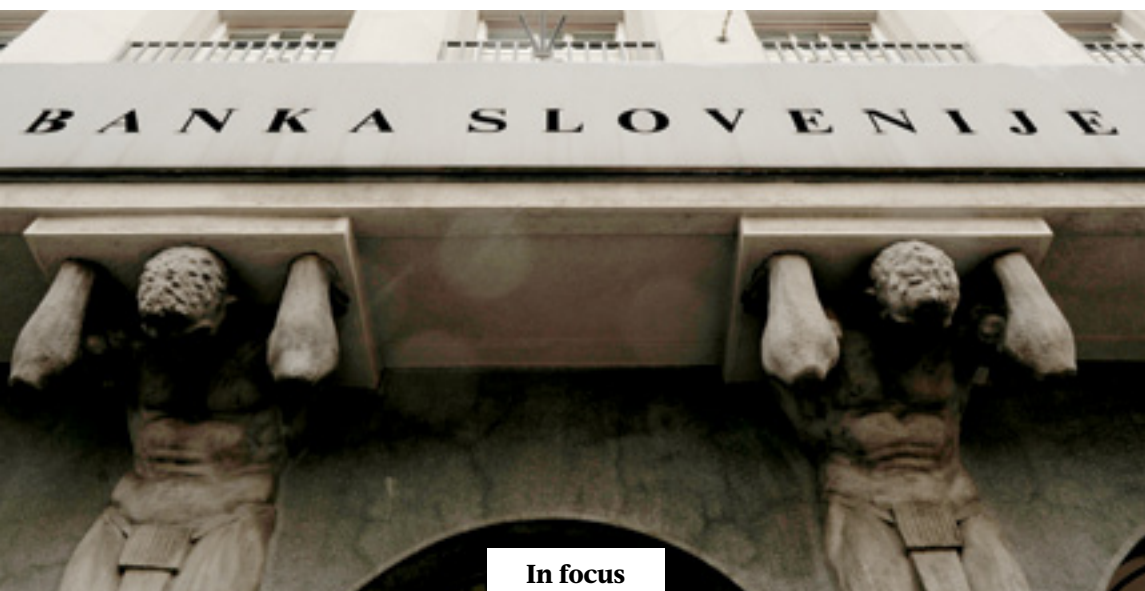
ISSN 1854-0805

December 2012

The latest from Slovenia

## Slovenia Elects New President as Borut Pahor Unseats Türk in Landslide

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- OUR EXCELLENCE: **DEWESOFT** • PEOPLE: **Kamila Volčanšek**
- SPORTS: **EuroBasket 2013 in Slovenia less than a year away**



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#### SINFO – SLOVENIAN INFORMATION

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Production: Nuit d.o.o., Translation: Amidas, DZITPS,  
Government Translation and Interpretation Division  
Printed by: Collegium Graphicum d.o.o., Slovenia, Number of copies: 4600  
Available also at: [www.ukom.gov.si/eng/slovenia/publication/sinfo](http://www.ukom.gov.si/eng/slovenia/publication/sinfo)  
Cover photo: Darinka Mladenovič

Government Communication Office: [www.slovenia.si](http://www.slovenia.si)  
Government Communication Office: [www.ukom.gov.si](http://www.ukom.gov.si)  
Government of the Republic of Slovenia: [www.vlada.si](http://www.vlada.si)  
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## editorial



Vesna Žarkovič, Editor

### Best Wishes for the New Year

Slovenia elected its fourth President of the Republic on 2 December. In the second round of the fifth presidential elections, marked by the lowest ever voter turnout, Borut Pahor won a convincing victory over the incumbent President of the Republic, Danilo Türk. Pahor, the youngest president in the history of the independent state, understands his election victory as a responsibility and trusts he will be able to cope with it successfully. He described his victory as the beginning of a new period, one which he hoped would be agreed upon by a broad sweep of Slovenian politicians: "If and in as much as the party leaders think that I can participate in this arrangement and even foster it, I will do so with the greatest pleasure and bring all my experience to bear."

We write about the events that marked the Government's work in the previous year. When starting its term of office in February 2012, the Janez Janša Government set itself two major goals – ensuring financial sustainability and promoting economic growth. The new Ministers, confronted with lack of funds in their ministries' budgets and the unrealistic budget for 2012, were well aware that immediate action was in order; consequently, the Government adopted a series of austerity measures as well as a revision of the 2012 budget during the very first semester of its term of office. In parallel it drafted measures to promote economic growth and enhance the competitiveness of Slovenia's economy. The Government is aware that problems that had been accumulating over a number of years cannot be eliminated overnight. Also for this reason, the adoption of the Balancing of Public Finance Act and revision of the 2012 national budget, based on austerity measures, was one of the key actions during the Government's first six months; however, this is only the first step towards recovery.

The Ministry of Economic Development and Technology approved an increase in the amount allocated to the public tender for the promotion of foreign direct investments, implemented by the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI). The public tender amount has been increased to EUR 6,230,000 to provide co-funding for all investment project assessed as positive at the tender. The total amount of approved incentives amounts to EUR 5.8 million, while the total value of investment projects stands at EUR 34 million; it is planned that projects will generate 482 new jobs within three years of the completion of the investment.

The European Basketball Championships will take place from 4 to 22 September 2013 in Slovenia, and the draw ceremony was held in Postojna Cave; Slovenia will now pay half a million less than previously envisaged to the European Basketball Federation, FIBA Europe. This reduction has been achieved by Anže Logar, Director of the Government Communication Office, after lengthy negotiations on behalf of the Slovenian Government. The Communication Office of the Government of the Republic of Slovenia decreased its share from the envisaged EUR 3.5 million to EUR 3 million and also negotiated a more favourable payment schedule. Fine wine offers a unique harmony of taste, awakens the senses and connects people, to name only a few of its qualities. Slovenia has a long wine-making history and is a country of exceptional natural resources that enable the cultivation of different grape varieties, including several indigenous ones. Making use of rich experience and keeping abreast of new technology and marketing trends, Slovenian winemakers are producing wine of competitive quality and entering the global market. The year is drawing to an end – so let's pour a glass of fine wine and raise it in a toast to a stable and prosperous new year. All the best!



Anže Logar, Director of the Government Communication Office

## WHO WOULD HAVE BELIEVED IT?

We were all euphoric when Slovenia joined the EU in 2004. At the time, the phrase most commonly voiced by Slovenian politicians was: “Who in 1996, when Slovenia applied for the EU membership, believed that we would enjoy its full membership just eight years later?”

In 2008, we repeated the question: “Who would have believed that just four years after entering the EU we were to hold the EU presidency?”

And in 2010? “Who would have believed that Slovenia, as a hard-working EU follower and an everlasting success story, was to come dangerously close to ranking among the countries with difficulties?” A record drop in GDP exceeding 8% in 2009 and poor economic indicators in all subsequent years led to early elections, which were held precisely one year ago. The new Government’s first year in office is about to end, and the time has come to review its achievements.

The Government has set out an ambitious package of reforms to amend pension and labour legislation, establish a modern system for the management of state investments, set up a system for the stabilisation of the banking sector, and create a sustainable two-year budget. All the aforementioned reform proposals bar the new labour legislation have already passed the parliamentary procedure. However, difficulties arise in the implementation of laws, because Slovenia has one of the most referendum-friendly

constitutional arrangements. The referendum procedure can be initiated in respect of practically any law, even the budget implementation act. In Slovenia, when it comes to a referendum, practically all reforms face procedural difficulties, one way or another. Consequently, there is an increasing conviction among Slovenian politicians that referendum legislation should be brought closer to reality.

At the moment, only the pension legislation among the new reforms has been put in place. Slovenia is adjusting its pension policy to demographic trends, proving that the current Government is able to reach an agreement with its social partners. Moreover, after more than half a year of continuing negotiations, the Parliament managed to adopt the reform without a single opposing vote. Who would have believed it?

Who would have believed that the 2013 and 2014 budgets, which are explicitly savings-oriented, would win the support of the opposition Social Democrats Deputy Group? Was it a mistake, a coincidence or an announcement of a better future? As the year draws to an end, our optimism seems well placed.

## Slovenia Elects New President as Borut Pahor Unseats Türk in Landslide

The Social Democratic former Prime Minister Borut Pahor will be the new president of Slovenia, after he won presidential run-off in a landslide against the incumbent, Danilo Türk. Pahor will be sworn in on 22 December.



Results from the National Electoral Commission show Pahor won 67.4% of the vote. The turnout was 42%, the lowest on record for a presidential election and six points below that in the first round. The result is no surprise considering the polls before the run-off, but Türk entered the race in the summer as the clear front-runner, with Pahor staging an upset in the first round on 11 November by upending the incumbent on a platform of cross-partisanship. In his first statement following the release of exit polls Pahor reiterated his central message of unity and cross-partisanship, one which he has used as a contrast to Türk’s perceived divisiveness. “We need trust, mutual respect, tolerance, readiness to listen. Irrespective of how big the differences among us may be, the things that connect us are even stronger,” he said. While saying that he was also grappling with many questions, Pahor said that he knew one important answer: “That all the worries, fears and lack of trust among us is accompanied by enough hope, strength and courage.”

Türk conceded defeat and congratulated Pahor, but he refrained from analysing the reasons for the outcome. There are “plenty of qualified people to make political assessments, analysis and polls...I have to be modest, I can’t immodestly assess this election”. Türk said he would remain an “active citizen” after his term officially ends in three weeks. “I entered politics five years ago as an active citizen, one of those who care. My commitment remains unchanged,” he said.

The low turnout highlights the apparent loss of trust in politicians that has been raised in a wave of anti-establishment protests currently sweeping across Slovenia. Pahor said that trust in state institutions needed to be restored, arguing that the institutions needed to “earn this trust with hard work for the common good.” Türk, meanwhile, said the turnout was a “cause of concern”. The campaigning for the second round was framed by pundits as a battle between the “new left” of Pahor and the “old left” represented by Türk, but it also pitted Türk as a critic of government measures and guardian against government excess against Pahor’s perceived excessive willingness to accommodate Prime Minister Janez Janša. Türk sharpened his rhetoric while Pahor kept to his message of unity, though he was forced to backtrack somewhat on support for the government. The final stages of the campaign also coincided with massive protests against the political establishment in general, but they appear to have had little

effect on the outcome. The first reactions from politicians underline the hope promulgated by Pahor that the “politics of divisions” will end and a new era of unity ushered in. Janša congratulated Pahor on the “excellent and convincing result”. “I thank him in particular because he talked about things that are not popular but are necessary – winning support in spite of that.” He hinted that with election out of the way, reforms would be back at the top of the political agenda, not just economic reforms but reforms of the political system designed to eliminate blockades. He said that the “entire political establishment and the active citizenry” face the challenge in the “crucial weeks ahead” to implement “corrections to the political system” that will enable the elimination of blockades, in particular in the judiciary. Parliament Speaker Gregor Virant, the head of the Citizens’ List (DL) and a supporter of Pahor’s, described the outcome as a win for centre-oriented, moderate and constructive politics. He feels Pahor’s election will have a calming effect on the situation in the country. New Slovenia (NSi) deputy group leader Matej Tonin hopes Pahor will be a president of all, while People’s Party (SLS) president Radovan Žerjav said people “consciously stepped beyond partisan and ideological divisions”. The head of the Pensioners’ Party (DeSUS) Karl Erjavec, who had supported Türk, said Pahor had the right qualities to be a good president and to bridge the left-right political divide in the country. Igor Lukšič, the head of Pahor’s Social Democrats (SD), said the message of the election was that people recognise Pahor as a person who will unite Slovenia and help it go forward. Analysing the outcome, Matevž Tomšič of the Nova Gorica Faculty of Advanced Social Studies said Pahor’s victory will bring a normalisation of relations between the presidential office and the government. Tomšič trusts Pahor’s honesty and says that as PM he advocated conciliatory policies, but was blocked by his political partners, while he will be more independent in his decisions as president. Samo Uhan, a lecturer at the Ljubljana Faculty of Social Sciences, meanwhile thinks that Pahor will be in a tough spot, as he is assuming office at a time when the political elite has serious legitimacy issues. Pahor wanted to show that he can connect politicians, but “the street has shown that what we need most at this point is connection between the political elite and the common people. Pahor’s task will be much more demanding than it seems,” he said.

# Management of state-owned assets in one place will enable easier access for foreign investments on the Slovenian market

## The priorities of the establishment of the Slovenian Sovereign Holding



On 23 October 2012, the National Assembly reaffirmed the Slovenian Sovereign Holding Act, on which the veto was used by the National Council on 4 October.

The Government of the Republic of Slovenia prepared the Act because of the lack of transparency of the current system of managing state capital investment, to address the loss of Slovenia's credibility abroad, and to allow the provision of management of state-owned assets in one place. The Government is aware that it must urgently take decisive structural measures and improve the management of state-owned assets and in this manner contribute to maximising their value.

The Act represents a solution for eliminating anomalies that occurred when implementing the Management of Assets Owned by the Republic of Slovenia Act. In changing the system, the efficient management of all state-owned assets in one place will be achieved; this, as part of the structural reforms, will stabilise public finances and improve the economic environment.

One of the main objectives of the Act is to increase the value of

state-owned assets through active management and consistent setting up of a corporate governance system based on management initiatives as laid down in the Act. This may only be achieved by concentrating all state-owned assets under a single manager – the Slovenian Sovereign Holding (SSH). Currently, the state property is owned by several legal persons who pursue different business objectives. The assets are, therefore, sometimes managed in a less-than-optimal way, so that the owner's profit is not maximal and depends on the business objectives pursued by these companies. The aim of the proposed Act is to simplify the management structure, to clearly define the purpose and criteria for management of state investments, and to create common state reserve assets.

The holding is, at the same time, an institutional and systemic solution that will enable the transparent withdrawal of the state from the economy. A straightforward and clearly outlined list of state investments by defining target shares will present the medium-term vision of the state to the international public and will thus facilitate access of foreign investment to Slovenia's market. As a result, the

withdrawal of the state from the economy will be made easier, with due consideration to market conditions.

The change in management of state-owned assets based on the above Act is a fundamental step to improving the credit rating of the Republic of Slovenia. In this way, the proposed legal solutions are a prerequisite for easier government borrowing on international markets, which will have a favourable effect on the stabilisation of public finances.

The Act contains provisions according to which cash flows into the pension fund will increase after the entry into force of the Act, since the Pension Fund Management (KAD) will have to remit to the pension fund 50 million euros for the purposes of pension indexation no later than 30 September every year; additionally, the SSH, in order to provide additional assets to the Pension and Disability Insurance Institute, will remit to the KAD 10% of the purchase price that will be received by the holding from the sale of its assets.

The provisions of the Act facilitate a more transparent, non-political and responsible conduct of capital investment management. The ineffective functioning of the Capital Assets Management Agency in the past presented sufficient evidence that the existing system of management of state-owned assets leads to damage to the value of state property. Such non-economic management of state property, conducted in an inefficient manner, does not yield optimal results, which, moreover, has an impact on the poor economic situation, well-being and employment opportunities.

It is dependent on the wisdom of policies whether they enable a better tomorrow for citizens or make a resolute step towards exit from the current crisis. By adopting the Act, all the conditions for such progress are met. Now is the time to use them.

### ACT AIMING TO STRENGTHEN THE STABILITY OF BANKS IS URGENT IN ORDER TO ELIMINATE THE CREDIT CRUNCH

*The benefits of the enforcement of the Act Regulating Measures to Strengthen the Stability of Banks*

The banking sector entered the current crisis unprepared, since it proved to have severe structural difficulties. Therefore the Ministry of Finance, as a guardian of the stability of the Slovenian banking system and responsible for the preparation of systemic solutions, immediately started to design measures which would give an impetus to a long-term strengthening of the banking sector. On the basis of negotiations of all parliamentary parties and the Bank of Slovenia, it prepared the Act Regulating Measures to Strengthen the Stability of Banks, which was reaffirmed on 23 October 2012 in the National Assembly as one of these measures.

*The Act provides a new legal basis for the use of measures for strengthening the stability of the financial system, which is lacking in existing legislation.*

It further provides measures to strengthen the stability of banks and, as a consequence, of the entire financial system, which will help to increase the credit ratings both of Slovenia and of its banks, enable quicker access to financing resources and ease the credit crunch. The objective of the Act is not only to rescue the banks, since, through the aid to the banks, the economy will improve as it is currently deeply in debt and is a key problem of the credit crunch and capital crunch and consequently, of low economic growth. The credit crunch will be eased since the banks, after transferring non-performing loans, will release capital related to non-performing assets in their balance sheets, and these assets will be used to provide new loans. It is expected that the banks, after transferring non-performing loans, will raise their capital adequacy ratio.

In Slovenia, non-performing loans are mostly related to loans granted to non-financial companies for takeovers and the construc-

tion industry. Therefore in the Slovenian context, the most favourable idea is to resolve non-performing loans outside the banks, as this is the most suitable, the simplest and the quickest option. The legal solutions will be supplementary to the system of control measures already applied by the Bank of Slovenia as the national control authority.

In pursuance of the law, the Company for Managing Bank Debts and the Fund for the Stability of Banks will be set up. The Act provides for the purchase or acquisition against payment of bank assets and management of such assets within the Company for Managing Bank Debts. The state will issue guarantees for strengthening the stability of banks, i.e. for the commitments of a company and for the liabilities of single-purpose companies that may be established by banks in order to assume the risks. Furthermore, the Act regulates the measure of capital increase from the assets of the Fund for the Stability of Banks to be managed by the Company for Managing Bank Debts. The measure of loans granted by the Bank of Slovenia to ensure the necessary liquidity of banks in cases of extreme urgency is also planned; the state will issue guarantees for liabilities of banks arising from such loans.

A bank eligible for such measures will adopt certain limitations and will be committed to follow a solid and rational business policy. In addition, it will have to prepare a new business strategy. The Act also regulates the establishment of responsibilities of bank administrations and supervisors and establishes longer limitation periods for criminal offences and damage liabilities.

The proposal for the Act was harmonised with the Bank of Slovenia and the Securities Market Agency and provisions in line with the proposals of the Commission for the Prevention of Corruption were added. The process of rescuing the Slovenian banking system as envisaged in the adopted Act has been assessed positively by international institutions (the International Monetary Fund, European Commission and European Central Bank); consequently, we have every reason to believe that the proposed solution is optimal with respect to the nature of the problem faced by the banking sector.



## Slovenia's Development Strategy until 2020

**At a time when the economic and financial crisis greatly determine the formation of policies, the Government focused its efforts in the first few months of its mandate particularly on the consolidation of public finances and revising the budget for this year. We adopted three packages of measures to stimulate the Slovenian economy, and a fourth package is being prepared. However, we did not forget development and are thus actively working on an umbrella strategic and development document, Slovenia's Development Strategy, which will establish the guidelines for our development until 2020.**



The umbrella group which is harmonising the preparation of the Strategy is led by Boštjan Vasle, MSc, Director of the Institute of Macroeconomic Analysis and Development and I. We have also established development working groups responsible for the harmonisation of development planning and the preparation of strategic and supporting documents which will serve as the basis for drawing funds from the European cohesion policy in the next programming period. The selection and emphasis on correct and feasible goals in the Strategy and in all other programme documents which will serve as the basis for drawing European funds in the following several years' period will be of the utmost importance. When dealing with strategies, we repeatedly discover that implementation proves to be the most challenging aspect. On the basis of selected goals, it will be easier to determine key priorities according to individual fields and to direct the funds in 'the right direction'. We are also preparing a supporting document of the Strategy, i.e. the Programme of Development Priorities and Investments, and the programming process for the preparation

of a partnership agreement and operational programmes for drawing European funds has also been initiated.

Thus the European cohesion policy remains the key EU development policy and the Member States will be entitled to a total of 336 billion euros. Details on the conditions for accessing the resources of EU structural funds have yet not been finalised, so it is thus impossible to calculate precisely the reduction in the amount of funds allocated to Slovenia considering the current programming period. In the nomenclature of territorial units for statistics in the European Union (i.e. NUTS), Slovenia will be divided into two cohesion regions, Eastern and Western. According to the currently published data, Western Slovenia will be classified as a so-called developed European region due to its level of development and Eastern Slovenia will be classified among the less developed regions.

It is estimated that, due to the proposed transitional regime for regions which in the current programming period are entitled to the most favourable forms of EU aid, Western Slovenia may also be

entitled in the next programming period to about two-thirds of the present level of development aid from the European Regional Development Fund and the European Social Fund. It is also known that the resources from the Cohesion Fund will be distributed equally between Eastern and Western Slovenia.

To return to the Slovenian Development Strategy, I have mentioned several times that the Strategy must be a modern umbrella document, which contains the formula for our success, taking into consideration global factors and specific national features, advantages and limitations. We want clear directions on where and what kind of Slovenia we want to have in five to ten years' time. In addition, the current umbrella strategic document (Slovenia's Development Strategy 2006–2013) will soon be out of date. When preparing the new Strategy, we want to apply and consider opinions from all stakeholders who wish to participate in the discussion, because only the experience and findings of individual experts and publics can present a realistic picture of what should be changed in order to create a brighter future.

We have so far prepared the starting points for discussion and defined the key thesis of the strategy: for development, we require better competitiveness and a boost in economic growth. The starting points were prepared on the basis of internal material from the Ministry of Economic Development and Technology, the Institute of Macroeconomic Analysis and Development, interim results of the development working groups and contributions from external experts who were invited to participate in the preparation of the Strategy. The establishment of umbrella and measurable goals of the Strategy will take place through further discussion. However, we are aware that we must nevertheless also consider our commitments to the Europe 2020 Strategy, the requirements of European governance, the National Reform Programme and the Stability and Growth Pact.

I believe that, when implementing the Strategy, we must first satisfy certain prerequisites or it will be impossible to attain the goals. The establishment of prerequisites is the result of analyses of the state of, and reasons for, the present public financial and economic situation. It is thus necessary to ensure the more efficient operation of individual systems, particularly in exposed fields, which are considered a hindrance to the functioning of the state or an exit from the crisis. At this point, I wish to particularly emphasise ensuring efficiency in the public sector, where I see basic impediments to the efficiency of the operation of institutions, complicated rules and unclear legislation. The second prerequisite is a normally functioning banking system; the third is public financial consolidation and the restitution of a suitable rating for the country; the fourth prerequisite is the restoration of trust in the country in the sense of shared values and ethical standards. These prerequisites cannot be achieved in a day; we are aware of that, but we must nevertheless join forces and make a change for a better tomorrow.

By identifying the prerequisites for establishing the situation, we will clearly determine the potential of our country that we will then put in the forefront. Within the framework of analysis and present deliberations, we have so far identified potential for change particularly in the structure of products, natural resources (water, renewable sources, wood, biotic diversity), human resources, the search for opportunities in new markets, direct foreign investments and the geo-strategic position of Slovenia. We must be aware of our potential and take full advantage of them. It is for this reason that we paid special attention to four key priorities – knowledge, entrepreneurship, green growth and quality of life.

The starting points for the preparation of the Strategy have thus been formed, and in the coming months we will focus mainly on discussing the preparation of this important document. I will do everything in my power to ensure that the Strategy does not become a wish list or a dead letter. It has to be brief and to the point, with clearly defined goals which should be ambitious, but also

feasible. We must hereby take advantage of the knowledge and experience of various stakeholders and prepare the documents with a broad social consensus. For this purpose, the Ministry of Economic Development and Technology has prepared a web questionnaire, formed expert working groups and also engages in active dialogue with regional representatives. The regional aspect is undoubtedly a useful element in the preparation of the document, and we conducted the first round of visits to regions, with which we wish to encourage discussion on the development possibilities, opportunities and needs of individual regions. The second round of discussions in the regions will take place at the beginning of 2013, as the preparation of development documents at the national level coincides with the preparation of regional development programmes coordinated by regional development agencies. These are substantive documents that will define the investment areas in which investments will be made in the next programming period on the basis of the evaluation of the situation in the region and identified development potential.

An exceptionally demanding task lies ahead, as all the aforementioned documents, which have to be prepared and adopted, will establish the guidelines for Slovenia's development until 2020. We thus have to be certain on where we want to go and how to get there.

On 26 October 2012, the Ministry of Economic Development and Technology approved the increase in the value of the Public tender for the promotion of foreign direct investment in Slovenia, which is implemented by the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments. The value of the tender has been raised to 6,230,000 euros, thus enabling the co-financing of all investment projects, which received positive evaluations in the public tender.

The promotion of direct foreign investment is one of key priority tasks of the Ministry. We are pleased that the response from foreign investors to the tender exceeded the initially expected response and funds provided. Our response was quick and flexible, and we did our best to ensure additional funds to support all investments which acquired at least a minimum number of points within the tender. If there were more such investments, we would support even more of them. The value of the tender was increased to 6,230,000 euros, thus enabling the co-financing of all fifteen investment projects which received positive evaluations in the public tender. The agreements on co-financing were concluded with fourteen recipients of incentives; one investor withdrew from the agreement. The total sum of approved incentives amounts to 5.8 million euros, and the total value of investment projects amounts to 34 million euros. The projects will have generated 482 new jobs no later than within three years after the conclusion of the investments. When publishing the tender, we set two goals, and we are pleased to see that both – it is anticipated – will be exceeded. The first goal was to create 200 new jobs no later than within three years after the conclusion of the investments – 482 new jobs will have been created. The second goal was to achieve a threefold return from the investments in projects with regard to the value of allocated incentives no later than within three years from the date of concluding the agreements – the anticipated return is six times higher.

## Events that marked the Government's work in the previous year



### DETERMINATION AND A STEP IN THE RIGHT DIRECTION

When starting its term of office in February 2012, the Janez Janša Government set itself two major goals – ensuring financial sustainability and promoting economic growth. The Ministers, confronted with lack of funds in their ministries' budgets and the unrealistic budget for 2012 were well aware that immediate action was in order; consequently, the Government adopted a series of austerity measures as well as a revision of the 2012 budget during the very first semester of its term of office. In parallel it drafted measures to promote economic growth and enhance the competitiveness of Slovenia's economy.

The Government is aware that problems that had been accumulating over a number of years may not be eliminated overnight. Also for this reason, the adoption of the Balancing of Public Finance Act and revision of the 2012 national budget, based on austerity measures, was one of the key actions during the government's first six months; however, this is only the first step towards recovery.

The long-term and key objective of the entire term of office of the Government remains the fiscal consolidation by way of reducing public expenditure and gradually balancing the budget.

The Government considers that the adoption of the 2013 and 2014 budgets, the budget memorandum and associated documents is only one of the five key steps Slovenia has to make in order to exit the crisis. In order to commence recovery it will be necessary to rehabilitate Slovenia's banking system, put order in the chaotic management of state assets and adopt pension and labour market reforms by the end of the year.

The Government not only acknowledges but openly professes that it values social dialogue and is committed to it, but only to the point when any further procrastination with necessary decisions would result in harming the country.

### INSTITUTIONAL REORGANISATION OF THE PUBLIC ADMINISTRATION

The government embarked, immediately after taking the office, in the process of institutional reorganisation of the public administration: it reduced the number of ministries by four, the number of government offices by six, affiliated bodies by three and directorates within ministries also by three.

It drafted proposals for organisational changes and the rationalisation of the operation of public administration, and a reduction in the number of employees. Based on the drafted uniform



approach adopted by the Government, line ministries are preparing a legislative package that will allow for a third stage of mergers and the rationalisation of certain bodies affiliated to ministries, public institutes and agencies. Comprehensive reorganisation will enable these institutions to operate in a new way that will be less fragmented. Numerous administrative barriers will be eliminated and, most importantly, staff, material and information sources will be brought together to ensure an optimal and more rational provision of public services.

### ADOPTION OF THE PUBLIC FINANCE BALANCE ACT

One of the priorities of the Government is to achieve fiscal balance; the Government understands that without drastic short and long-term structural action Slovenia will not be able to restore its fiscal balance; which would mean that the government debt will continue to rise at a rapid pace.

Fiscal balancing is urgent, says the Government, in order to provide a stable and sustainable national macroeconomic environment, and also to honour the commitments made at the EU level. By adopting emergency amendments to the legislation the Government achieved, for the first time, a drastic reduction of the scope and structure of public expenditure; all this with the aim to promote economic growth which is the key condition for long-term development.

The goals of the Act, as set by the Government, are: fiscal sustainability, creation of a legal framework for effective management of public finances, ensuring macroeconomic stability and sustainable and sound economic development, and formulation of rules providing for a greater fiscal discipline.

The principal goal of the act is to reduce the expenditure of the budgets under public financing (i.e. central government budget, local government budgets as well as public health and pension funds).

### PACKAGES FOR PROMOTING ECONOMIC GROWTH

This year the Government adopted three packages of measures for promoting economic growth.

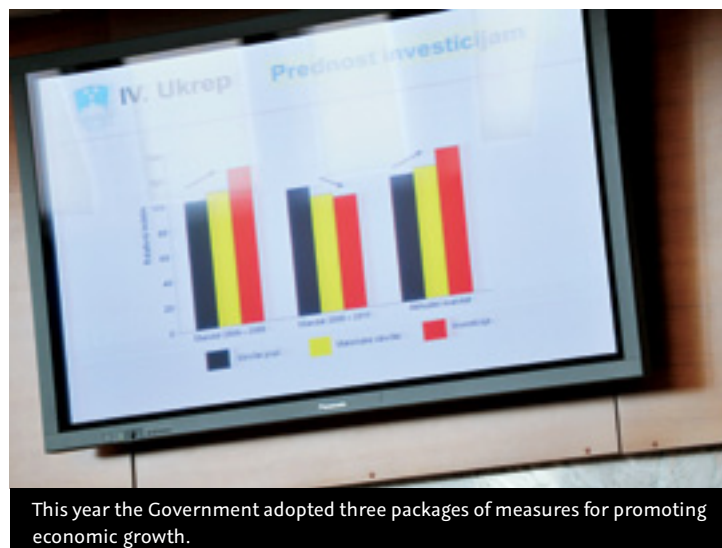
The first package, adopted in March, resulted in major reducing the tax burden for economic operators; it introduced unlimited relief on investments of 40% aimed at stimulating enterprises and company owners to invest and achieve higher added value and greater competitiveness. Tax reliefs for R&D were increased as well, clearly demonstrating to investors that the Government supports a society of development and knowledge. When these measures were adopted, the President of the Management Board of Krka d.d., which is one of the most successful Slovenian enterprises, said that the investment environment 'has probably not been as favourable in years'.

The Government gave a clear signal to investors that it supports a society based on knowledge and development.

At the end of June, the second economic stimulus package consisting of 16 laws was adopted with the aim of creating a more business-friendly environment and reducing administrative barriers. The package contains 75 different measures for the promotion of economic growth, including elimination of administrative barriers and reduction of financial burdens. To this end, the Government will allocate EUR 377.5 million through calls for tenders: EUR 148.5 million for subsidies, EUR 50 million for guarantees and EUR 179 million for public investment projects.

The third package, adopted in autumn, introduces certain systemic changes aimed at increasing the competitiveness of Slovenia's economy. The proposed amendments of acts and regulations in the area of labour legislation, rehabilitation of the banking system, the overall business context, and agriculture and the environment, propose 155 concrete changes.

With this third package within the Programme of measures for the promotion of the economy, the Government honours its com-



This year the Government adopted three packages of measures for promoting economic growth.

Currently, the assets of the Republic of Slovenia are managed by several legal persons with diverging business objectives. The assets are, therefore, sometimes managed in a less-than-optimal way, so that the owner's profit depends on the business objectives of such persons and is, often, quite below the maximum possible. The new act envisages transforming the current Slovenska odškodninska družba (Slovenian Compensation Company (SOD)) into a new company, the Slovenski državni holding (Slovenian Sovereign Holding (SDH)) that will unite all companies with state investments under one roof, and manage them centrally.

The holding is, at the same time, an institutional and systemic solution that will enable a transparent withdrawal of the state from the economy. A straightforward and clearly outlined list of state investments will not only show what the short-term intentions of the Government are, but will also facilitate access of foreign investment to Slovenia's market. As a result, the withdrawal of the state from the economy will be facilitated, in due consideration, of course, of market conditions.

#### ACT AIMING TO STRENGTHEN THE STABILITY OF BANKS

This act, which, in spite of having been approved both by the Government and the Parliament, may also end up as a referendum, is crucial for Slovenia's exiting from the crisis, as it defines the legal basis for the implementation of measures for strengthening of the stability of the financial system, so far absent from the national legislation.

The act provides measures for strengthening the stability of banks which will help to increase the ratings both of Slovenia and of its banks, enable smoother access to financing resources and ease the credit crunch. The aim of the act is to introduce measures which will have an immediate impact on the banking system, consolidate banks' stability so as to stabilise the overall finance system, minimise the cost of measures implemented in compliance with this act, to expand loan portfolios to the non-financial sector, to privatise banks, and to establish responsibility for banks' bad debts.

The banks eligible to benefit from such measures will have to sign contracts providing for repayments, and will also be asked to implement a solid and rational business policy and prepare sound business strategies.

mitments written in the Agreement for Slovenia 2012-2015 and in the National Reform Programme and responds to the challenges of the economic and financial crisis.

The crisis unveiled the key weak points of Slovenia's development model, such as lack of labour market flexibility, financial system issues and insufficiently competitive business environment. The Government understands that comprehensive and prompt action is paramount to exit the crisis and to build sound foundations for sustainable economic growth and welfare in Slovenia.

#### ADOPTION OF THE SLOVENIAN SOVEREIGN HOLDING ACT

The implementation of the Slovenian Sovereign Holding Act is a matter of utmost urgency, yet it seems that, in spite of having been approved both by the Government and the Parliament, it may end up as a referendum.

The aim of the act is to concentrate management of state investments so as to establish a stable ownership and attain a sustainable maximisation of return on investment and of the value of companies in order to attain economic and development objectives, and to establish a transparent system of assets management with the lowest possible operating costs.



Labour, Family and Social Affairs Minister Andrej Vizjak: The draft pension legislation is based on the assumption that 40 years of service and 60 years of age is a sufficient criterion for a full pension.

#### PENSION REFORM

In early December, the Slovenian Parliament passed the reformed Pension and Disability Act without a single opposing vote. The new law will be applicable from 1 January 2013. Minister Andrej Vizjak said in a statement after the vote that the unanimous adoption of the reform represented good foundations for its implementation. He expressed the hope that the reform would yield the anticipated results 'in particular in terms of decent pensions, a stabilised pension fund and getting the message across to people that it pays to remain active for longer'. The positive effects of the reform should start to show as early as in the first year of the law's implementation, with the expected savings of EUR 150 million coming not at the expense of pensions themselves but rather as a consequence of slightly stricter retirement conditions.

The proposed modifications of the current pension and invalidity insurance system aim to provide adequate pension benefits in line with the country's fiscal capacity, through three key novelties: elimination from the pension budget of all expenses that are not based on paid contributions; provision of greater transparency for the ensured person; the length of the contribution period is the decisive element for calculation of benefits. The central goal of the reform is to return to the pension its primary role which is equitable remuneration for past work.

Another important novelty is also the establishment of "informative personal pension accounts". Each insured person will have a personal account where to monitor the amount of contributions paid by the employer.

The draft pension legislation is based on the assumption that 40 years of service and 60 years of age is a sufficient criterion for a full pension, in sharp contrast to the proposal which had been refused in the referendum last year. The current reform also equalizes the status of men and women; with, however, different transition periods. The goal and, hopefully, the result of the adopted reform are to prevent any further reduction of pension benefits.

#### LABOUR MARKET REFORM

The government has also been conducting lengthy negotiations on labour legislation with social partners.

According to findings of national (UMAR) and foreign institutions (European Commission, OECD) the labour market in Slovenia urgently needs regulation of the status of permanently employed workers in relation to those with temporary contracts, in order to reduce the segmentation of the labour market and high labour costs.

Negotiations on modifications of labour legislation focus on the concept of flexicurity in connection with a more adequate protection of workers' rights, a reduction of burdens for businesses in terms of administration, time and costs, more efficient control of breaches of legislation, more efficient judicial protection, harmonisation with national and international regulations. These modifications are expected to contribute, within the overall framework of the labour market reform, to reduce the segmentation of this market.

#### BUDGETS FOR 2013 AND 2014

Harmonisation of 2013 and 2014 budget proposals within the lines set up by the plan for balancing public finances is a rather demanding task, but the Government is confident to be up to it. The main goals of the economic and fiscal policy are: reduction of deficit below 3% of GNP in 2012, achieving structural balance of public finances by the end of 2015, strengthening the stability of the financial system, implementation of labour market and pen-

sion benefits structural reforms, promotion of economic growth and creation of jobs.

Unyielding action for the balancing of public finances and reducing government expenditure is important for maintaining the country's credibility in the international environment. Ratings made by international credit rating agencies confirm the Government's firm belief that prompt action is necessary. Political consensus concerning the need to take action and the direction of such action is one of the preconditions for economic recovery and restoring the confidence of international markets. In this regard, the inclusion of the golden fiscal rule in the Constitution within the shortest possible time and the adoption of the Slovenian Sovereign Holding Act, together with measures for the rehabilitation of the banking system, are crucial measures.



#### Slovenia's Prime Minister Janez Janša at the presentation of 2012 and 2013 budgets in the National Assembly:

Adoption and implementation of measures by the end of this year will enable autonomous and regular repayment of the debt, and normal functioning of the public finance system. This adoption goes hand in hand with revived optimism in economic and business circles, sorely damaged by the crisis; these measures will, both directly and indirectly, enable the expansion of investments and create new jobs.

Our future is at stake. What will this future be depends on us alone, on the decisions we will be taking. For the second time in 20 years we have the opportunity to reaffirm our determination to be sovereign in our decisions.

# VOJMIR URLEP

President of the Management Board of Lek d.d., Manager of the Year:

**“We prove time and time again that we can and want to compete with the best in the world.”**



Since he became the President of the Management Board of Lek d.d., production in key areas has increased by 150 to more than 300 per cent. The number of development projects also grew, especially the share of technologically most demanding projects. The Managers' Association of Slovenia, which awards the title, assessed that under the leadership of Mr Urlep, Lek has achieved

above average business results, high added value and has a leading position in the Sandoz affiliated group. The transformation of Lek, with an explicit focus on development and production, coincides with the appointment of Mr Urlep as head of the company, stated the Commission for the selection at the Managers' Association.

**Mister President of the Management Board, congratulations on such results. How do you explain them?**

The credits go first and foremost to the exceptional knowledge of our colleagues, rich experience in many areas of operation and a complete willingness to use these assets on projects that are entrusted to us. Before the takeover of Novartis in 2002, Lek was focused on development and was not afraid of the challenges of entering the most demanding world markets. At this point, I would like to stress particularly the USA, which we entered with generics as the first company from Central and Eastern Europe in the middle of the 1990s. Our first generics were followed by more and more new products in the following years. Our courage and enterprise paid off when we became part of Novartis or its generics division, Sandoz. We have proved time and again that we can and want to compete with the best in the world.

**Other Slovenian companies also have knowledge and the will to succeed.**

I dare say that there are no problems in companies with knowledge, ability and willingness. As a rule, these are successful companies. The problems are experienced by those that either lack the necessary knowledge in their branch or that cannot establish their knowledge through innovative products or approaches to their markets.

Our results show that we are good at managing these conditions. But we are also

aware that without the constant development of new knowledge in new technological fields, these results will not continue for much longer. We look to the future and assess which knowledge will determine the fate of our branch in the future, and we train teams of our colleagues to master the knowledge and the use of applications in everyday practice. I can also mention that in the first half of the year half of the new products launched by Sandoz entered world markets from our company. This is an exceptional achievement, which confirms the high level of innovativeness in development projects.

**Could your example of success also indicate a way out of the crisis for other managers?**

Certainly. The basic factors for success are undoubtedly knowledge, enterprise, courage and capital. At the moment, one of the major problems in our country is access to capital, with which those who have knowledge and courage could finance new development projects. Our example shows that the connection between knowledge and foreign capital is one of the possible ways out of the crisis, but not the only one.

**It is said that there is enough knowledge, but few foreign investments. What are the reasons for this situation; is it fear of foreign capital?**

We all agree that there is fear of foreign investments, which probably springs from the fact that we are a small country, and we are afraid that

foreigners with pockets full of money will easily buy everything that is worth anything. This may be true, but this supposes that foreigners will exploit what is valuable, and then withdraw from the market, and we will be left with no jobs. But this is not so, although there are exceptions. Lek is not the only example of investment in Slovenia. There are many others, and most analyses confirm that companies with foreign capital are on average more successful than those that operate with domestic capital. It has to be stressed that it is not only fear of foreign capital which somehow hinders the larger inflow of foreign capital in Slovenia; there is the interconnection of numerous individual social interest groups which want to protect their interests. Most cases involved ownership transformation in the period of transition, which is taking too long, or some other private interests being hidden behind the notorious trademark of national interest, and which also encourages the negative attitude of Slovenian public to foreign capital. I advocate the inflow of foreign capital, because I think that this is one of the routes that Slovenia has to explore in globalisation, especially because it has all the advantages needed to attract foreign capital. Our greatest attribute is certainly local knowledge. But we must be clever, and not necessarily connect everything with foreign capital. A correct assessment must be made as to when a strategic partner and foreign capital are necessary and when we can ensure enough funds to start up a company on our own.

**We still hear claims that the sale of Lek was not the best solution.**

I always reply to that in the same manner: each person must make the judgement for themselves. The fact is, and the results confirm this, that we are among the most successful companies in our branch. A certain move that was made can be viewed from various aspects. However, the situation also has to be viewed from the aspect of the development possibilities of a branch or a certain economic system. The pharmaceutical industry, including the generics industry, is exceptionally oriented to development, which requires large injections of capital and a global operation. A large, globally active company such as Novartis can give us access to capital sources and to all global markets, and we make good use of that.

**Labour market reform, an unregulated labour market – as a good manager, what is your view of these? This is a hard nut to crack between social partners and employers, who are on different sides.**

The position of the employer, which was formalised by the Chamber of Commerce and Industry of Slovenia and the Association of Employers of Slovenia, is clear and uniform. We strive for the Slovenian labour market to be regulated in a similar manner as other market economies, which means flexibility in employment and dismissal, and comparable labour costs, particularly from the viewpoint of payroll tax. Unfortunately, we are witness-





ing a different situation. We are especially aware of this, because we work in a branch that is exceptionally geared to development. More than 41 per cent of our employees have higher education and are in the highest class according to the Slovenian personal income tax legislation. This applies also to those with lower education, which is a heavy burden for the company. If we compare ourselves to the systems within Novartis, we are at the very top, which means that Slovenia is not competitive in the field of labour taxation. We have pointed this out to representatives of public institutions, and we thus strive for reform to bring changes. On the other hand, it is clear that trade unions are protecting the rights they have acquired. As an employer, we also concluded an agreement with the trade union which defines the extent of rights and obligations of both contracting parties. We have never experienced problems in negotiating, because we enter the negotiations with reason and open communication. We have achieved broader rights than those defined by the current legislation in Slovenia, which means that there is more room to manoeuvre in negotiations. However, when all the room has been used up, and particularly in a period of crisis, action needs to be taken, even if social agreement is not achieved. The positions relating to labour market reform have not advanced to the point where we could say that a step forward has been taken. The employers have forwarded our proposals; now let us wait and see what will come of it. I am not certain that a compromise proposal that would determine the reform as we wish it will be achieved.

**The reputation of managers has been severely reduced in recent years. Among other things, greed and dishonesty have contributed greatly to this. How do you think the reputation of the job could be restored?**

There is only one way: with our own positive example, with a feeling for others, and with an appropriate balance between the interests of the stakeholders who co-design the business environment. There is no other way.

**New-age tycoons prove the opposite.**

This is where responsible bodies were supposed to do their job. If it is established that legislative amendments are necessary, then this must be done by the legislative authority. We are facing exceptional distrust in everything and everyone, from public institutions to social groups, which also include managers, the judicial system and many others. Until we implement conditions in which we can successfully face these issues, it is difficult to expect things to change for the better. In this case, efficient action in the administration of justice is one of the key factors in rebuilding trust in the Slovenian institutional system.

**What is it like to manage a company in foreign ownership, and how do you experience and perceive differences in business operations and thinking if you compare Slovenia with abroad?**

Internal relations in a multinational company are based on knowledge, experience and results. There is no mercy in terms of excuses, on why a certain goal was not achieved. In the external environment, there are no differences. The rules of the market approach are the same in our country as abroad, and the risk is also similar. Another problem in both environments is in the lack of payment discipline.

**It seems that the global crisis bypassed the pharmaceutical industry.**

Unfortunately, this is another incorrect stereotype. In fact, the crisis has severely affected the pharmaceutical industry. If we review the results of industrial societies in the recent period, we discover

that the branch has been severely affected. Most prescription drugs are still being financed from public funds, and since the global crisis affected the rich and the poorest countries, both are implementing numerous austerity measures with which they want to harmonise possibilities and needs, which thus affects the business operation. On the other hand, there are branch-specific reasons for the pharmaceutical industry being less successful than it was only a while ago. It is not recording double-digit growth any longer in sales or in profits. One of the reasons is that several therapeutic areas are already covered by efficient and safe drugs, and it is becoming more and more difficult to produce a drug that is better than those already in the market. It is also becoming increasingly difficult to negotiate high prices for new drugs, which are necessary in order to cover the high investment costs of developing new drugs. There is a wide range of reasons; one is the financial crisis, which affects business operations of pharmaceutical companies. Our industry reacts to all of the above. It takes new measures, saves up and changes operational strategies; in short, it adapts constantly to new circumstances.

**Do you remain an optimist?**

If I sum up the statements of several top managers, the period of high growth in the pharmaceutical industry is gone. It will still grow, but more slowly than in the last decade. The profitability of the pharmaceutical industry has also decreased, but it is still higher than in the majority of other branches, and it is realistic to expect that it will remain so. We belong among the most risky branches with regard to development and marketing. The basics of economics say that the higher the risk, the higher must be the expected return in order to stimulate investments. In the future, the pharmaceutical industry will

have to achieve higher returns than branches with lower risks if it wants to attract investors. However, the golden era of the pharmaceutical industry is undoubtedly over.

**In your opinion, how is possible to create a better business environment, and boost development and export growth?**

With a shared awareness of the seriousness of the present situation and by achieving a minimum common denominator in all the key factors in the functioning of the country, which will lead us to the desired situation. The Chamber of Commerce and Industry of Slovenia has proposed measures constituting the minimum which should be attained with joint forces if we wish our curve to turn upwards. An individual cannot do much. If we do not reach at least a basic common understanding and action, it will be difficult to avoid the scenario which is constantly present i.e. that the conditions of our actions will have to be dictated by someone else. There is not much time left, and if we do not succeed in harmonising our opinions on urgent measures, we will be faced with a similar approach to those of some other EU Member States.

**Does Slovenia display enough inclination towards healthy enterprise?**

The fact is that we are not very inclined towards enterprise, not only to individuals, but also to large business systems such as ours. First, the reason lies in great labour taxation, which I have mentioned previously, and the second reason are rigid and long procedures for acquiring consents and permits which we face on a daily basis with regard to the large extent of investments. I believe that the company in which I work is enterprising. Our results are proof of that. We focus on the development of new technologies and the expansion of production capacities in the most

demanding technological areas, while we leave marketing to the branched Sandoz network, which is present on all continents. We develop new drugs, which we produce and sell all over the world. There is practically no country where our drugs can not be found. Twenty per cent of Lek employees work on development,

and Slovenia is not a low-cost country. The goal is high technological products, which require a high level of knowledge. And there is plenty of that in Slovenia. Our students, who equally and confidently compete in the most demanding scientific fields and environments, where the number of experts is much larger

than in Slovenia, confirm our knowledge.

Our orientation towards enterprise is nevertheless also confirmed by Lek products, which last year made up one fourth of all development projects and the most important Sandoz products launched on the market, which is by far the most in this generic affiliated

group. Each year, Lek submits an average of twenty patent applications, and has more than 1,200 patent rights worldwide. It thus also significantly contributed to the ten per cent in Sandoz global sales growth last year.

#### KEY DATA ON LEK BUSINESS OPERATIONS

Since 2008, Lek has primarily been transformed into a global development and production centre for demanding technologies. Lek had excellent business results in 2011:

- EUR 641.8 million income, which resulted in 9 per cent growth in comparison with that in 2010,
- EUR 117 million EBITDA,
- EUR 73.8 million of net profit, which resulted in 54 per cent growth in comparison with that in 2010,
- Added value per employee is EUR 95,226 (5 per cent growth in comparison with that in 2010),

- 8 to 10 per cent of income is invested in research and development,
- Average gross monthly salary is EUR 2,987, which is twice higher than the Slovenian average,
- Return on capital exceeds 12 per cent, which places Lek on top of the Sandoz network according to efficiency.

Payment of dividends in EUR between 2003 and 2012  
TOTAL: EUR 651,709  
Investments in million EUR between 2003 and 2012  
TOTAL: EUR 1,252 million





Intensive negotiations concerning the agreement on the financial framework for the period 2014–2020 are being conducted between EU institutions and Member States.

## EU'S MULTI-ANNUAL FINANCIAL FRAMEWORK

### Priority is to boost economic growth of the entire EU

Intensive negotiations concerning the agreement on the financial framework for the period 2014–2020 are being conducted between EU institutions and Member States. The proposed starting point was prepared by the European Commission, which envisaged EUR 1,033 billion or 1.08 per cent of the EU gross national income (GNI) for liabilities and for actual payments EUR 988 billion or 1.03 per cent of the EU's GNI. It envisaged over 379 billion euros for the cohesion fund, which is crucial for Slovenia. At the end of October, the Cyprus Presidency proposed equal cuts across all sections of the budget amounting to at least EUR 50 billion. The negotiations between the Member States are currently being conducted by the President of the European Council, Van Rompuy, who in his proposed starting point reduced the proposal of the European Commission by 75 billion euros.

This logically means sharp cuts

in two of the biggest and most important European policies, which represent two-thirds of the European budget: the common agricultural policy and cohesion policy. The latter of these, in addition to rural development funds, is of key importance to Slovenia. Since according to the proposal of the President of the European Council, Slovenia would lose a little more than 40 percent of cohesion funds compared to the present multi-annual financial framework (2007–2012), this proposal is not acceptable for Slovenia. Slovenia's two major objectives, which will be advocated by Janez Janša at the EU summit in further negotiations, are to maintain its position of net recipient and to achieve an appropriate treatment in allocating funds for cohesion and rural development which will be comparable with the treatment of more developed new Member States and less developed older Member States.

“Slovenia, with regard to the position in which it finds itself, may count on some larger investments only by means of European funds and public-private partnership, while in public funds in the budget of this manoeuvre space, there is practically no room for investments,” the Prime Minister stated. He added that the cohesion funds are “a deadly serious thing” for a half of the

EU states, including for Slovenia, so that they will not easily give in just so that an agreement could be reached as soon as possible. The European cohesion policy is in particular a main tool for improving EU competitiveness as a whole, since it is intended for reducing the differences between its most developed and least developed regions.

## FOREIGN INVESTMENTS AND TOURISM

### Interest for investments in Slovenia

In January 2013, the Slovenian Agency for Entrepreneurship, Innovation, Development, Investment and Tourism, or SPIRIT Slovenia, merging the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI), the Slovenian Tourist Board (STO) and the Slovenian Technology Agency (TIA), will start to operate. According to plans, the agency will aim to invite foreign investments, offer services to foreign direct investors helping them from the beginning of their investment to the issue of building permits, promote Slovenia as a tourist destination, develop entrepreneurship, and promote innovation, technological development and internationalisation of enterprises, while tenders will be dealt with at the umbrella ministry responsible for the economy.

In November, the Ministry of the Economy increased the funds within this year's tender for promoting foreign direct investments – with around 4.5 to 6.2 million euros. According to Minister Radovan Žerjav's explanations, 15 investment projects will be co-financed with a

total investment value of 36.5 million euros, thus creating more than 500 jobs.

Despite the fact that all three agencies have already been cooperating, the activities of Spirit may be more effective and at the same time more rational, and this consequently should reduce operational costs and thus cut less deeply into the funds for tasks and activities. There are many of these, and the agencies are aware of deficiencies and weaknesses in the Slovenian business environment and are taking an active approach to eliminate them. The competitive advantages of Slovenia should not only be its geostrategic position, quality of life and the reliability, knowledge and innovation of its labour force, as emphasised by this year's best foreign investors in Slovenia, but also the labour code and simpler administrative procedures. This year's chosen enterprises for best foreign investors, Boxmark, Belimed, Yaskawa and IBM, are achieving visible and enviable results despite deficiencies and weaknesses in the Slovenian business environment.



## ENERGY

### South Stream Slovenia

During the visit of Slovenian Prime Minister Janez Janša to his colleague Dmitry Medvedev in Moscow on 15 November, the President of the Russian gas giant Gazprom, Alexander Miller, the Director of Plinovodi, Marjan Eberlinc, and the Deputy Director of Plinovodi, Sara Izernik, signed the final investment decision of shareholders of the company South Stream Slovenia, representing the final approval of construction of the Slovenian section of the South Stream gas pipeline.

This is a very important strategic project for Slovenia, which, in the field of energy, means the diversification of sources and routes, increased gas supply security and greater competitiveness. Furthermore, the project will have indirect effects including investment activities that may follow. The Russian investors entrusted the majority of technical and operational work to Geoplin for the purpose of carrying out the joint enterprise. Additionally, Gazprom signed a shareholders' agreement on setting up the joint enterprise South Stream Telekom with the company Comita. Slovenia will also benefit from the transit. “This will be the money obtained for its geostrategic

location, which will be invested in other infrastructural and similar useful investments,” said Prime Minister Janša.

The route of the South Stream gas pipeline will be 1455 km long in Southern and Central Europe. Around 8500 people are to be employed in its construction, with 770 people at the operational level. In the main transit countries, eight compression stations are to be set up, of which two will be in Slovenia. The construction of the European section will commence on 9 November in Bulgaria and the first pipe should be completed in 2015, when the first gas deliveries are planned. The value of the pipeline is estimated at 15.5 billion euros, and it should carry 63 billion cubic metres of gas per year. The value of investment in the Slovenian section of the South Stream gas pipeline will exceed one billion euros. Around 24 billion cubic metres of gas will flow to Slovenia at the point of entry at the Slovenian–Hungarian border at Pince and at the point of departure at the Slovenian–Italian border at Rateče, 22 billion cubic metres of gas will leave the country. The activities for the construction of the South Stream gas pipeline across Slovenia are

already underway, while construction itself will commence after obtaining appropriate permits, probably not before 2014 or 2015.

The route of the South Stream gas pipeline in Slovenia was examined and determined in certain alternatives in the feasibility study, which was elaborated in compliance with the interstate agreement by partners participating in the project, the companies Plinovodi and Gazprom, at the end

of 2010.

The gas pipeline will actually be located in the area in the procedure of developing national spatial plans by using, as a rule, the existing energy infrastructure corridors everywhere where this is possible. In implementing the project, the investor's priority will be given to environmentally friendly construction and operation of the gas pipeline, maintenance of habitats and economic efficiency.



## THE GREY ECONOMY

### Tax and customs administrations will merge on 1 July 2013.

Within the Government's endeavours to restructure and rationalise certain public services whose aim is, inter alia, to increase the efficient functioning of the public sector, it is proposed that the Tax Administration of the Republic of Slovenia (TARS) and the Financial Administration of the Republic of Slovenia should merge as the Financial Administration of the Republic of Slovenia. The time-limit for the merger is 1 July 2013 and is connected with Croatia's accession to the EU, which will reduce the scope of certain tasks.

The new body will also help reduce the grey economy. Among the measures being taken in this area, two novelties are introduced, namely

announcement of tax debtors and improvement of the efficiency of labour inspection. The announcement of tax debtors should encourage regular payment of tax liabilities, while the efficiency of labour inspection should be provided by an established joint mobile unit aimed at strengthening the prosecution of the most serious tax evasions or undeclared works in the field.

Other planned measures in combating the grey economy are the institute for securing tax debt and flat-rate taxation of small business owners and sole proprietors. The changes should result in simplification of administration and thus easier compliance with tax liabilities.



## Brasilian Embassy

### New Year's celebrations in Brazil

New Year's celebrations in Brazil are similar to those in Slovenia, due to the country's strong European traditions, since it was colonised by Portugal and populated by waves of immigrants from the Old World, including Germans, Italians, Poles, among others. There are, however, distinct features, particularly with regard to the religious content of those feasts: Christmas keeps its traditional Christian traits; New Year's Eve, being eminently festive, keeps some elements of African religious cultures.

What also differentiates Christmas and New Year's Eve in Brazil, compared to Europe, is the season of the year. In Brazil, these parties occur in midsummer, giving a distinct atmosphere to the celebrations.

Regarding Christmas, Christmas Eve is more celebrated than the day itself. It is certainly an essentially family celebration, but one assuming broader features, since people close but not within the family are more often invited by the hosts of the house where supper is served. This is due to the strong and increasing urbanisation of the country, what broadens personal contacts among residents of large cities.

Regarding year-end Brazilian cuisine, cod served with plums and farofa (Brazilian dish with manioc flour fried in lard or butter) and turkey breast with pineapple are undoubtedly, landmarks. Roasted chestnuts, walnuts and hazelnuts adorn the tables, as well as fios de ovos ('eggs's thread' with sugar) accompanying rabanadas (French toast (or 'beaver tails') with cinnamon and syrup) are all served. Wine is increasingly common on these occasions.

Offering gifts is still very common, especially for children. Adults tend nowadays to join a so-called hidden friend arrangement, where the name of the person you should give the gift is drawn from among participants. The midnight mass, Christmas/New Year's concerts, and ballets such as 'The Nutcracker' are part of the cultural program of Christmas. There are special programs on television, often featuring popular singers.

New Year's Eve in Brazil (Reveillon, as they call the celebration of New Year's), in turn, has its own characteristics, especially in the cities along the coast, whose



Photo: personal archive

#### H.E. Mr. Gilberto de Moura, Brazilian Ambassador to Slovenia wishes all Slovenians a Merry Christmas and a Peaceful 2013!

beaches are thronged with people, all dressed in white, offering flowers to Yemanjá, 'the Queen of the Sea' (Our Lady of the Conception in Catholicism). Due to the powerful religious syncretism in Brazil, these celebrations mix traditional African and Christian services. A lavish display of fireworks illuminate the beaches at midnight, preceded by projections of colours and music played in various parts of the coastline. In Rio de Janeiro, large yachts and cruise ships full of foreign tourists illuminate the sea, to the delight of over two million spectators on Copacabana beach. People dance until the very dawn, adapting, with generous doses of champagne, the resolutions and promises that were not fulfilled during the previous year.

On New Year's Eve, Brazilians avoid eating birds that scratch around while moving backwards, because it means that their lives could also go backwards next year. Lentils, cod, tender ham, roast pig and sweets galore adorn the table. Brazilians also skip seven waves after midnight and make a wish for each of them, thus attracting the good waters of the ocean.



New Year's Eve celebration on Copacabana beach, in Rio de Janeiro, Brazil. Credits: Guto Costa/RIOTUR

## Japanese Embassy

### Christmas in Japan

Christmas is not a religious holiday in Japan, but rather a secular celebration encouraged by the commercial sector. Therefore, Christmas is not a national holiday in Japan.

It can be said that because of the tolerance of the Shinto religion, which is the native religion of Japan and has millions of gods, the so-called Yao-yorozu no kami, we Japanese have accepted other religions, not only Buddhism but also Confucianism and Christianity for many centuries. Christmas has become popular without any religious reason. A few decades ago, commercialism prompted Japanese people to celebrate Christmas. Finally, Christmas is just one of festivals in Japan, a jolly time for Christmas lights and wreaths, Santa Claus, parties, gift exchanges, eating fancy cuisine at restaurants, and Christmas cakes. Towns start displaying Christmas decorations at the beginning of December, some even at the end of November.

Rather than a religious occasion, Christmas is a time to spend with family members, partners or friends. Christmas Eve is especially celebrated as a couple's holiday on which romantic gifts are exchanged over fancy dinners. Just like in Slovenia, Santa Claus brings presents to children, although there is no Dedek Mraz in Japan.

Japanese families typically celebrate Christmas with a Christmas cake, which is often a white cake with white frosting topped with strawberries and some Christmas decorations. Cake shops do good business at this time of the year.

#### NEW YEAR'S DAY (OSHOGATSU)

New Year (Shogatsu or Oshogatsu) is the most significant holiday in Japan.

Unlike Christmas time, most businesses shut down from January 1 to January 3, and families typically gather to spend the

days together. There are two occasions in a year for typical family gatherings in Japan: one is Oshogatsu, the other is Obon, an annual Buddhist event in August for commemorating one's ancestors.

Years are traditionally viewed as entirely separate, with each New Year's Day providing a fresh start. Preparations of Oshogatsu start in mid-December. To greet the New Year and the Toshigami, deities of the incoming year, all duties are supposed to be completed by the end of the year, and one's office and house are supposed to be cleaned and decorated in the traditional fashion; a sacred rope of straw (Shimenawa) with dangling white paper strips (Shide) is hung over the front door to demarcate the temporary abode of the Toshigami and to prevent malevolent spirits from entering. Also customary is Kado-matsu, a decoration made of pine, bamboo and plum tree springs, placed in pairs in front of homes. There are many more ornaments for Oshogatsu inside the home.

Traditionally, families make Osechi, special New Year foods, which can be preserved and eaten for several days, at the year-end and on New Year's Day, because cooking on the first three days of the New Year is considered to bring bad luck. Nowadays, however, most families buy Osechi or cook ordinary dishes because cooking Osechi takes a long time due to the variety of dishes composing it.

On New Year's Eve, toshikoshi soba (buckwheat noodles), symbolising longevity, are served. A more recent custom is watching the music show 'Kohaku Uta Gassen', a highly popular television program featuring many of Japan's most famous J-pop and Enka singers in spectacular performances.

January 1 is a particularly auspicious day, best started by viewing the New Year's first sunrise (Hatsu-hinode), traditionally believed to be representative for the whole



Photo: personal archive

year that has just commenced. Therefore, the day is supposed to be full of joy and free of stress and anger, while everything should be clean, and no work should be done.

There is a tradition called 'Hatsumode' of visiting a shrine or temple during Oshogatsu. The most popular temples and shrines, such as Tokyo's Meiji Shrine, attract several million people during the three days. The visits are most impressive at the actual turn of the year, when large temple bells are rung at midnight, once for each of the 108 earthly desires believed to cause human suffering.

Various kinds of festive dishes are served during Oshogatsu. They include osechi ryori, otoso (sweetened rice wine) and ozoni (a soup with mochi, rice cakes).

On New Year's Day, Japanese people have a custom of giving money to children, which is known as Otoshidama. Relatives hand out money in small decorated envelopes called Pochibukuro.

There are also a few games traditionally played on New Year. However, their popularity has decreased in recent times. These include Hanetsuki (Japanese badminton), Takoage (kite flying), and Karuta (a card game).

A tremendously popular custom is the sending of New Year's cards, which are specially marked to be delivered on January 1. It is common for one person to send out several dozens of cards to friends, relatives and co-workers.

This typical way to spend time in Oshogatsu period has been drastically changed over the years because economic conditions have improved. You can buy anything during this time as many supermarkets and shops are open even on January 1. Many people go abroad for travel during Oshogatsu, because they are able to secure long vacations.



Igor Samobor

Polona Prešeren, photo: STA

## The Borštnikovo srečanje Festival

The Borštnikovo srečanje festival is a manifestation of Slovenian theatre and all the creators who give it its essence. It is the central, oldest and most distinguished theatre festival in Slovenia. Every year, Borštnikovo srečanje features stage performances by all Slovenian theatre companies.

The festival is based in the Slovenian National Theatre in Maribor. It was named after Slovenian actor and director Ignacij Borštnik (1858–1919), who is considered the founder of modern Slovenian theatre. The programme framework of the festival strives to overcome national borders. Besides the competition of national shows, there are expert events (international symposia, conferences and exhibitions), and foreign guests take part in the jury. All this goes to show that Borštnikovo srečanje is a thoroughly important Slovenian event in the field of theatre art. Its most important award is the Borštnik Ring, the prize for lifetime achievement of actresses and actors awarded annually by a special festival jury.

The professional jury decided that this year's Borštnik Ring for lifetime achievements should be conferred on Igor Samobor, a long-term member of the Slovenian National Theatre Drama Ljubljana ensemble. "The art of acting, whose high priest for many a year has been Igor Samobor, is in that an actor accomplished

in his calling and in possession of a gift can change, transpose, translate himself into a drama character made solely from words. If this includes a more or less evident psychology, this is only an (additional) aid, but not a precondition without which an actor could not make a character come alive. Igor Samobor has proven this many times," wrote poet, playwright, essayist, translator and member of the professional jury Ivo Svetina in the justification of the award.

Igor Samobor is well known to lovers of stage art, film and television. He has thus built up a reputation as a convincing actor. At the end of his studies at the Academy of Theatre, Film, Radio and Television in Ljubljana, he was awarded the student Prešeren Award for his role in his graduation show. After graduation he joined the Drama theatre ensemble, where he has performed in over 60 major, mostly demanding roles. Samobor has also taken on several film and television projects.

"As I seem to be finally wed to the theatre, let me just conclude with the famous 'I do' and what goes with it: 'till death do us part'," were the words uttered upon the reception of the Borštnik Ring by Igor Samobor, who continues to enthuse the audience with his interpretations in Drama.



Polona Prešeren, photo: STA

## Liffe, or a Time when Everybody is Talking about Films

As I was sitting in cinemas this year, as in so many years before, I was pleasantly surprised. This year, too, Liffe filled the cinemas and dominated conversations among friends: 'Seen any films today?'

This is no surprise as some screenings had been sold out before the festival even began. This year's Liffe brought some highly anticipated films, including *Argo* by Ben Affleck, *Beyond the Hills* by Christian Mungiu, *Hannah Arendt* by Margarethe von Trotta, *Love* by Michael Haneke, *On the Road* by Walter Salles, *Rust and Bone* by Jacques Audiard, *Sleeping Beauty* by Marco Bellocchio and *Holy Motors* by Leos Carax, and (of course) screenings from different festival sections. This year's Liffe offered 97 feature length films and 13 short films. The honour of the opening film went to *The Angel's Share* by Ken Loach.

Liffe is not intended to reflect the commercial trends of cinema. This specialised competitive festival endeavours to present to its demanding audiences films that would have otherwise been missed.

The festival brings an overview of the selected contemporary global production and informs the audience about films and winners of important awards, presents generational films, opens dialogue with low-budget productions and products intended for mass culture, and educates through film workshops, multimedia interactive projects and accompanying projects. In addition, it opens the door to distinctively unusual film research. It always offers a variety of side events, such as exhibitions and discussions with invariably interesting authors. The guests do not include big and famous names, but talented and creative people who may presently only stand at the threshold of the art of film.

This year's programme featured 97 feature films and 13 short films. They were shown at 282 screenings – 258 in Ljubljana and 24 in Maribor, which sold 44 800 tickets. Liffe is thus a strong regional festival without any tendencies to become commercial. It found its

mission such as it is. And its many visitors confirm this. The ardour with which they vote for films after screenings in the Perspectives section never fails to delight me.

### FESTIVAL SECTIONS

**Perspectives:** official competitive section of young directors for the Kingfisher Award, sponsored by Mobitel.

**Avant-premières:** major films intended for later screenings across Slovenia.

**Kings and Queens:** works of prominent and award-winning masters of contemporary film.

**World Film Panorama:** festival favourites from all five continents.

**Extravaganza:** the so-called 'midnight cinema' for fans of daring, bizarre and titillating films of diverse genres.

**Retrospective:** this year, it is devoted to the history of the 'road movie' – films that take the endless road or travelling as a metaphor of spiritual cleansing or a rite of passage.

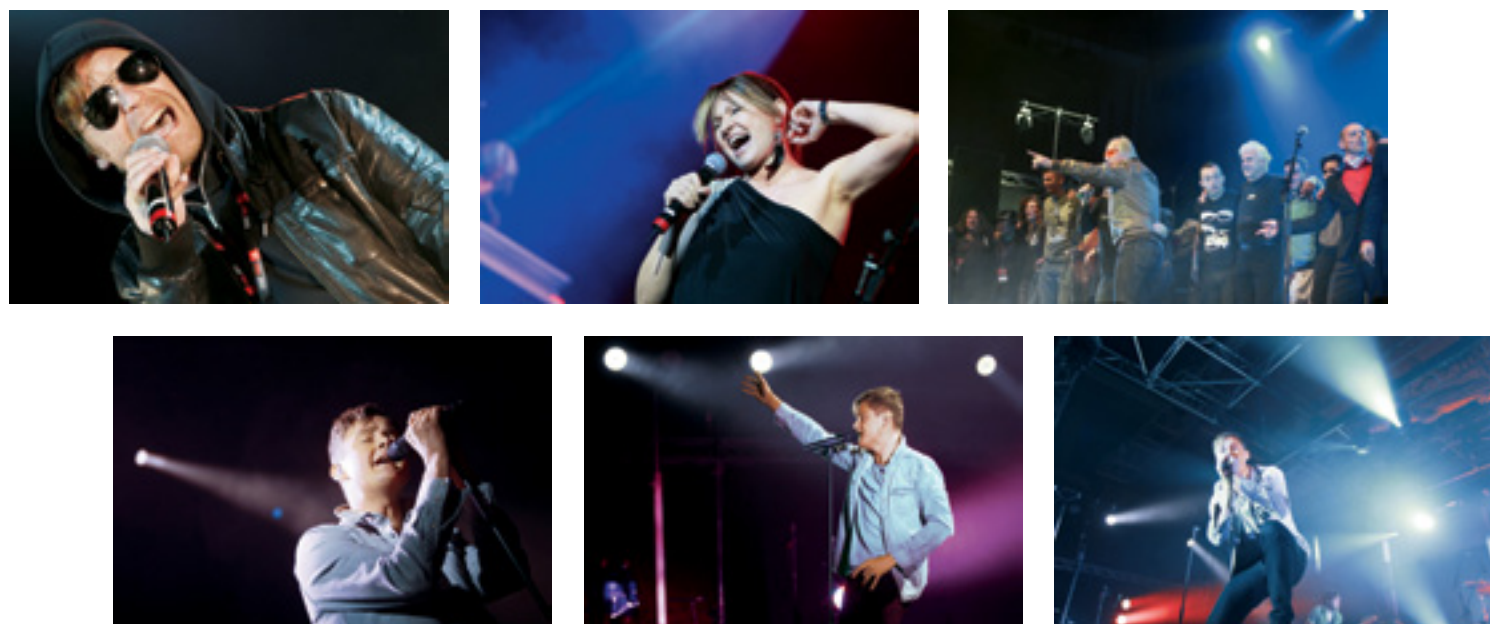
**Author's Retrospective:** this year it focuses on French director Leos Carax.

**Tribute:** this year's short, condensed presentation of an author who has received a fair share of festival and media attention is devoted to Matteo Garrone who gained acclaim with *Gomorra* and won this year's grand jury prize in Cannes for his film *Reality*.

**Kinobalon:** a selection of films for children aged 7 to 14, organised for the fourth time; in co-operation with the Kinodvor cinema.

**Kino-integral:** section devoted to experimental film production.

**The World in Short:** competitive programme of contemporary short films.



Polona Prešeren

## Four Decades of the most Popular Radio Station – Val 202

Be it the morning awakening with your favourite speaker, the choice of music, the trustworthy information or numerous different programmes, programme two of the national Radio Slovenia – better known as Val 202 – has pleased its listeners for as long as four decades. It is the most listened-to radio station in Slovenia which broadcasts exclusively for 24 hours a day and which has earned, for the fifth time in a row, the Trusted Brand by Reader's Digest awarded to companies whose trademarks are the most popular among Slovenian consumers.

"The trust of the listeners reflects the fact that the Val 202 team trusts them and their ears, believes their judgment, expectations and level of demand. Trust cannot be bought and listeners cannot be fooled, at least not in the long run," said managing editor Mirko Štular upon the reception of the Trusted Brand award.

Val 202 first went on the air four decades ago, precisely on 16 June 1972. It enthused its listeners back in the old times and this has not changed to the present day. Val 202 is also the most listened-to radio station in Slovenia; besides the mentioned award, it also won viktoria award for the most popular radio station.

In a way, the success of Val 202 is surprising as it is a non-commercial radio station broadcasting in the framework of Radio and Television of Slovenia public institution. This is an institution of a special cultural and national importance which provides public services in the field of broadcasting with the aim of fulfilling the democratic, social and cultural needs of citizens of the Republic of Slovenia and Slovenians living abroad, members of Slovenian national minorities in Italy, Austria and Hungary, of Italian and Hungarian national minorities in Slovenia, as well as performs other activities in accordance with the Radiotelevizija Slovenija Act.

"Val 202 is a public radio station and therefore we want to do what delights us and, of course, our listeners," is the reflection of Jure Longyka, author of Izštekani and Telstar programmes. These are two of the many programmes continuously followed by listeners. The station brings more or less provocative and educational pro-

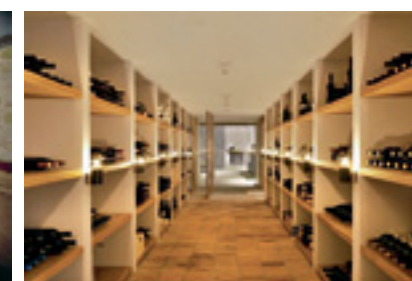
grammes, programmes presenting the latest scientific discoveries in a comprehensible manner, as well as entertaining contents and talk shows. And of course selected music.

According to Andrej Karoli, music editor and speaker, the principal qualities of the radio are its contents and credibility. "We do not force any popularisation or sensationalism, as the national radio cannot afford this. Or to sum it up in one word – contents; this is what makes Val 202 the most listened-to radio station."

Although the station had its anniversary already in June, the Val 202 team prepared a special surprise for its listeners and celebrated the beginning of its fifth decade at the end of October. The grand party consisted of the exclusive concert Dan 202 (Day 202) which, as becomes the national radio, paid a tribute to four decades of Slovenian popular music, while the event acquired an international note with the concert of trendy British pop-rock band Keane.

40th birthday of Val 202 brought something yet unseen and unheard in Slovenia – 40 Slovenian songs and 40 artists who captured 40 years of Slovenian music. The accompaniment of Slovenian band Elevators in their typical funky style unravelled a unique musical revue on the stage. A musical stroll through different genres – from the legendary evergreens to rock, hip-hop and rap – enchanted the audience gathered in the Tivoli Hall. Val 202 radio station thus celebrated its four decades in a grand style and in the way which won the trust of its listeners – with an exclusive event which will most probably remain unsurpassed.

RTV Slovenia is an institution of a special cultural and national importance which provides public services in the field of broadcasting with the aim of fulfilling the democratic, social and cultural needs of citizens of the Republic of Slovenia and Slovenians living abroad, members of Slovenian national minorities in Italy, Austria and Hungary, of Italian and Hungarian national minorities in Slovenia, as well as performs other activities in accordance with the Radiotelevizija Slovenija Act.



Polona Prešeren, photo: Month of Design archives

## Autumn in the Spirit of Design

This autumn, the capital lived in the spirit of design. Numerous different design solutions of Slovenian and international design projects were on display at different venues in Ljubljana. Side events were organised too: some integrated design and cuisine; others presented young designers or the latest ideas of established designers.

### BIO

A grand exhibition opened at the end of September marked the beginning of 23rd Biennial of Industrial Design (BIO), an international design exhibition. Through its selection of well-designed works and emphasis on quality, originality and innovation, the biennial organised by the Museum of Architecture and Design has presented current trends in contemporary design for 48 years.

"Design Relations", the theme for this year's biennial, was conceived by acknowledged curators Margriet Vollenberg and Margo Konings from the Organisation in Design studio. The selection of works from 27 countries showed how modern technologies, digitalisation and globalisation as well as nature and its features influence designers and their creativity. Thus the exhibition offered a daring and critical overview of current design. This year's exhibition addressed the issues of how designers and their works are influenced by modern technologies, digitalisation and globalisation, how design evolves and how it is influenced by nature and its processes.

The works on exhibition were selected from entries to an international contest; the exhibitions in the framework of BIO are marked exactly by a thorough selection of works. The selection is made by prominent international experts, while an international jury decides on prizes for the best design of the last two years and awards them at the opening ceremony of the biennial.

### THE MONTH OF DESIGN

While Bio is an international event, the annual Month of Design has been devoted to the achievements of Slovenian design since 2003. It explores, evaluates and resolves the issues of living as it integrates creative subjects in new social and business environments. When it opposes the consumer society and the society based on knowledge and innovation, it attempts to find the answers to the dilemmas of late capitalism. Therefore it continuously promotes an interdisciplinary, intergenerational and intercultural dialogue.

The Month of Design awards the creators and companies from Slovenia who importantly contribute to the raised level of design. By way of awards for the design of the year, the interior of the year and the timeless and perspective design, the professional jury attempts to evaluate the achievements in this field, to question the effectiveness of Slovenian design and to stress the creative potential of design.

The Design in the City project united different events, exhibitions, lectures and round-table discussions from the fields of architecture, interior, fashion, furniture and home decoration products, electronic and telecommunications, which took place at different locations in Ljubljana. This year they integrated cuisine and design, charmed the audience with a fashion greenhouse and made sure that all interested persons could find something for themselves and their souls. And something to brighten up everyday life until next October!

Laureates of the Month of Design 2012  
 DESIGN OF 2012: Janez Mesarič, Eyen/Carbon Light lamp  
 INTERIOR OF 2012: Katjuša Kranjc, Rok Kuhar; Interior design of renovated Gredič Castle  
 TIMELESS SLOVENIAN DESIGN 2012: Ferdo Pak, series of bowls Konus



OUR EXCELLENCE

Valerija Obu, photo: Dewesoft archives

## DEWESOFT – artists in their field of expertise



Polona Prešeren, photo: STA

## Neue Slowenische Kunst in Tate Modern in London

In the middle of November, the Tate Modern gallery opened 'A Bigger Splash', an interesting group exhibition featuring the Slovenian group Irwin, among others. The group is represented by the series of paintings entitled 'NSK Embassy Moscow/Interiors'.

The paintings from this series were made during Irwin's 'NSK Embassy Moscow' month-long art action, carried out in 1992 in Moscow, in a private apartment at Leninski Prospekt 12. The concept and implementation of the action was the work of Irwin, while the organisation was carried out by Apt-Art International and Ridžina Gallery. Documents and publications accompanying the event will also be put on display.

The embassy was conceived as a living installation showing the documents and artworks of NSK, Irwin, Cosmo-kinetic Cabinet Noordung, New Collectivism and Retrovision as well as those of invited guests: Goran Đorđević, Mladen Stilinović and Milivoj Bijelić; the central event was the seven-day programme of lectures and discussions. The programme was organised in cooperation by Irwin and Eda Čufer. The lecturers were Rastko Močnik, Marina Gržinić and Matjaž Berger from Slovenia, Vesna Kesić from Croatia, as well as prominent representatives of Moscow's conceptual, media and philosophical scene Viktor Misiano, Valeri Podoroga,

Aleksandr Yakimovich, Tatiana Didenko and Artiom Troitsky.

The aim of the event was to confront the similar social and artistic contexts of the ex-Soviet Union and ex-Yugoslavia.

The presentation at Tate Modern will include documents and publications that accompanied the event, and documents from the exhibition 'Back to the USA' for 1984, said Galerija Gregor Podnar. The Tate Modern will also be the first venue of the exhibition of the group's new work, '29 Years', which consists of 11 photographs of the group appearing in identical black suits and ties at the openings of individual and group exhibitions from the beginnings of their activities to the present day.

The exhibition 'A Bigger Splash' at Tate Modern attempts to take a new look at the dynamic relationship between performance and painting since 1950. The title is taken from the iconic work by David Hockney from 1967, which depicts a typical Californian swimming pool, and from the eponymous film by Jack Hazan about Hockney's life. Besides Irwin's works, the exhibition will feature works by over 40 artists such as Yves Klein, Jackson Pollock, Cindy Sherman, Bruce Nauman, Ei Arakawa, Niki de Saint Phalle, Pinot Gallizio, Gutai, Viennese actionists, Lucy McKenzie and others. The exhibition will be open until 1 April 2013.



Zasavje is a region in central Slovenia located on hilly terrain along the river Sava between the Ljubljana basin and Pannonian plain. Since the 19th century, the area has been known for its heavy industry (three coal mines and a cement factory), which has left an indelible mark on the region. One of the regional centres is the town of Trbovlje. Despite the industrial environment, interesting individuals and groups have come forth from this area

through sheer hard work and persistence: the Laibach group, for example, which is among the most distinguished Slovenian music groups on the international scene, expressing itself not only through music but also through design, painting, theatre and other artistic endeavours. In addition to its music, the group is also known for its avant-garde character in all respects. However, Trbovlje is also known for another avant-garde group: this is the young

and innovative enterprise Dewesoft, where 30 individuals have been creating their success story for some twelve years now.

### The Golden Gazelle

This year, Dewesoft was presented with the Golden Gazelle (Zlata gazela) award, which the Slovenian news publisher Dnevnik awards to the best Slove-



“Good work requires time and money. At Dewesoft we can handle our position in the market and we obtain relatively good results, so we do not find it difficult to invest all our assets into our development and our sales network. We have never been in debt, because we operate well, but we are able to make greater development steps faster if assisted by state grants earmarked for research and development and tax reliefs on profits which allow us to maintain our assets. This also makes us more attractive to our customers.” Andrej Orožen

nian company every year. The award has been given out since 2001 and is won by the best among the fastest growing companies, distinguished by their successful capture of foreign markets and constituting an important player in the global market. All this is true of Dewesoft: their winning the Slovenian Entrepreneur of the Year 2008 award and the Silver Gazelle award in 2009 was clear evidence that they were on the right track. And so this

year, the time was ripe for the company finally to be awarded the coveted Golden Gazelle. The company was established in 2000 and is distinguished by a high value added per employee (€95,000 in 2011) and by a 3.5-fold increase in sales during the last five years; moreover, they are explicitly focused on foreign markets.

So how did they do it? The success was boosted by a positively oriented environment, high-quality personnel consisting

of enthusiastic and innovative experts – engineers – team work and leaders with ideas and vision such as the executive director Andrej Orožen and the managing director Dr Jure Knez. Dewesoft entered the market first with innovations introduced to measuring the instrument software of other manufacturers. According to Andrej Orožen, they managed to develop probably the best measuring software in the world. They offered a revo-



lutionary product to the market, because their software was a final product which did not require additional programming on the part of users in order to perform a particular measuring task, in contrast with the products offered on the market by other manufacturers; a customer buying Dewesoft’s software could just take the instrument, turn it on and get faultless measurement readout.

In 2008, the company also entered the market with the production of their own measuring instruments and systems, thus offering their customers a complete product. This was the period when the global financial and economic crisis started, but Dewesoft recognised an opportunity in the crisis and offered the market an affordable, relatively simple and useful measuring instrument, the Dewe 43. Even NASA declared this “product of the year 2009”! In this manner, the company started to attract many new users and receive orders for more complex measurements and for larger systems.

Andrej Orožen emphasised that R&D departments do not stop working in a crisis, so Dewesoft is not facing any difficulties as their customers mostly come from institutes and the R&D departments of large industries (aerospace and defence, automotive, civil engineering, power and energy, transportation, and other industrial areas).

### They are also saving lives

What kinds of measurements does Dewesoft offer? Their measuring instruments perform measurements in several areas, from measurements performed with sensors on bridges and windmill tests to car crash tests and rocket flight tests, and much more. Ordinary users cannot even imagine how many tests are performed by manufacturers before safe and user-friendly products reach their buyers. Dewesoft participates in the development and measuring of some of the most demanding products. Their measuring instruments can fully prevent the risk of car crashes in traffic, but unfortunately such instruments are too expensive to be installed in serial car production. However, their measuring instruments do help car manufacturers to perform appropriate tests and measurements which may then be entered into a car’s computer so that the system may assist the driver in driving, for example through automated braking when detecting physical obstacles or automated parking.

In its decade-plus of existence, Dewesoft has become a trusted partner of many of the best-known manufacturers

in different industries (including IABG, Nasa, Lockheed Martin, Boeing, Alstom, Siemens, General Motors, BMW, Harley Davidson and Bosch). Dewesoft is distinguished from its competitors by its own integrated development and manufacture of mechanical parts (housing), electronics (hardware), software, know-how instruments and solutions adapted to users. They sell their products through their own sales network under their own trademark and are present on the European, American, Russian and Asian markets. Dewesoft opened their own sales and marketing centre in Austria and also have around 100 agents in more than 25 countries. Executive Director Andrej Orožen says that they have no competitors for a number of the products they offer; otherwise there are a few large companies dealing in measuring technology, but these are not necessarily their immediate competitors. As regards role models, he says that there are a few companies with long tradition in this area which they respect, but Dewesoft would like to be different.

### Future vision

In the words of the company’s visionary Dr Jure Knez: “The company’s vision is to offer users comprehensive solutions in the area of measuring technology and measuring instruments which are very simple to use even in the most complex applications and which prevent faults in measurements through their concept. Sirius is simply the best that can be made at this moment using today’s technology and, together with Dewesoft software, it represents the peak of measuring instruments’ offer based on the personal computer.”

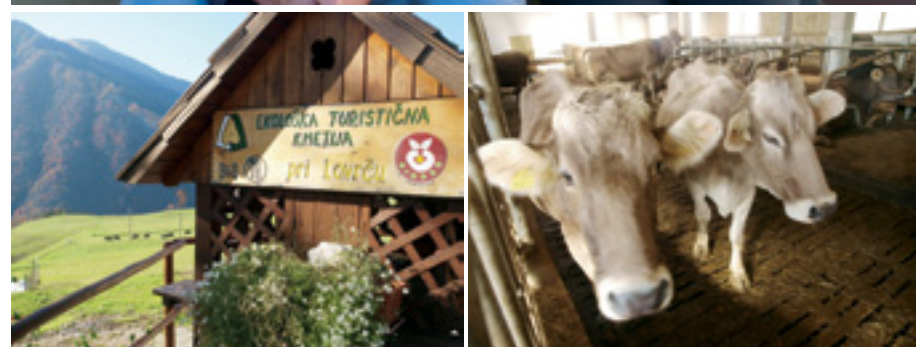
Knez added: “In the next two years, we want to supplement our range of instruments in order to cover a wide range of applications in a very different manner from that of our competitors. How exactly this will be done will remain a secret for now. In any case we are looking forward to the future and can hardly wait to show our new solutions to the world...”



Vesna Žarkovič; photo: Dušan Arzenšek

## The Čadrg Ecovillage

The ecovillage Čadrg nad Tolminom is situated 700 m above sea level. The village has 22 homes and 42 people living in ten families. Of these ten families, two returned from a living in a larger town. There are six small children in the village, with half of the population aged below 30. All the houses have been renovated and are owned by residents, whose average age is 40.



Marija and Danilo Bončina, who run the Pri Lovrču ecotourism farm, came back from Tolmin to their home village 17 years ago. At that time, there were 25 people living in five families in the village. The number of inhabitants started to grow with the introduction of organic farming. They sought new challenges, so they started ecotourism, in addition to their farming. They developed their activity to such a level that in 2004 the Swedish royal couple visited them and was impressed by the village and its people. The first year following their inclusion in the organic farming control system, three farms out of five started with this type of farming; later, another farm joined, making Čadrg an almost entirely organic village. They reduced the emissions through a transition to organic cattle breeding based on cattle grazing and feeding with fodder grown on home meadows, not feeding the cattle with foreign or even imported feedstuffs, which has a high carbon footprint. They farm according to organic production guidelines, which means they use no artificial fertilisers, pesticides or poisons. They have been included in an organic control system since 1991; since 2001, they have held an organic farm certificate, and all the fodder has been organic, with the required eco certificate.

To Čadrg, the transition from conventional to organic farming was only a matter of course. Even before the decision to change over to ecological farming, cattle breeding was based on traditional experience as well as the pasture treatment and fodder growing. They produced cheese and curd according to traditional methods. Organic farming and the related tourism activity bring increased income to the villagers, a higher quality of life and, in this way, the mountain rural area is preserved. Farming is based on traditional knowledge, including cattle grazing on mountain pastures and growing home fodder – hay and grass silage.

In the village, four out of six farms are organic. Because of its outlying location, Čadrg has always relied on its self-sufficient supply. Farmers breed cows, sheep and goats. In the village, they produce organic milk and dairy products – cow's milk cheese, whey cheese, – and they have their own brand of indigenous, hard, full-fat cheese, called 'Tolminc', which is produced in the village's cheese dairy. They produce 15 tons of cheese a year. The municipality of Tolmin co-financed the renovation of the cheese dairy and the Agricultural Advisory Service provided support. Work in the cheese dairy is shared among the villagers, depending on the quantity of milk produced. The cheese dairy has been in the village for 700 years. The first records of cheese production date back to 13th century and the term 'Tolminc Cheese' was first mentioned in 1756.

To farm organically, they had to adjust the stables for which they received a grant from the European Union in the amount of € 100 000 to provide more room and light to the animals. Animal grazing and growing fodder was continued with no significant changes. To feed the animals, they use additives permitted under the guidelines for organic farming and the village pastures provide high quality forage. This is especially reflected in 'late spring' cheese made from the milk produced by cows after the best spring grazing. During the winter, cattle are fed with hay and grass silage, which forms more than a half of the fodder mixture.

Most of the guests visiting the farm are foreigners. The guests are extremely happy when staying here, according to the Bončinas, since they arrive to another world up here, totally different from that of the low land. The world here is more elemental and pure. Most of the guests are regulars. They seek contact with villagers, and are interested in their way of life and the basics of the organic farming. Guests go home satisfied and keep returning. Some are intimidated by the difficult approach to the village via a narrow asphalted road, since two cars can hardly pass each other. Until 1966, the village was accessible only by horses. The current form of the road was constructed three years ago, and now the access is much easier despite the fact that two cars can pass each other merely on certain sections of the road and the Devil's Bridge (Hudičev most) above the Tolminka river has to be crossed.

Villagers of Čadrg take no holidays: land, cattle and cheese require continuous work. The villagers rise at five in the morning to milk the cows, of which there are 23 in the Bončina's stable, and repeat the milking in the afternoon. When it is their turn, villagers go to the cheese dairy and make cheese which the central production activity of the four farms. In addition to dairy cows, the farmers breed goats, pigs and chickens. All land surfaces are farmed, leaving no space for additional cows. The cheese dairy, which is a common possession of all villagers, was renovated in 2002 with post-earthquake funds, municipal budget funds and funds from tenders.

Some years ago, farmers welcomed to their village the 'Encounter' Community of Pelikan Institute ('Skupnost srečanje Zavoda Pelikan'), a therapeutic community for drug addicts, operating according to Don Pierino method. There are five young men in the community at present whose lives were miserable due to drug addiction. Now, through their mutual support, they are setting out on a new journey of living a worthwhile and decent life.

Within the 'Slovenia Reduces CO<sub>2</sub> – good practices' project carried out by Umanotera, 15 Slovenian and five foreign good practices that considerably reduce the CO<sub>2</sub> emissions while simultaneously implementing sustainable development principles were selected in 2011. The selected good practices prove that achieving ambitious European and national objectives for reducing greenhouse gas emissions is not only possible and feasible, but also brings many other benefits, among other cost reduction, development opportunities and a higher quality of life. The project is carried out within the framework of management partnership in EU affairs communication between the European Commission, the Government of the Republic of Slovenia and the European Parliament. One of the selected good practices is the ecovillage of Čadrg. In December 2012, a new selection of good practices will start, and will be presented to the interested public in 2013. The activities can be followed on the website [www.slovenija-co2.si](http://www.slovenija-co2.si), through Facebook or Twitter.





Polona Prešeren, photo: Personal archives

# KAMILA VOLČANŠEK



**In mid-November, Cankarjev dom hosted the 10th Slovenian Biennial of Illustration, an event which gives special pleasure to visitors. Illustrations are an important part of Slovenian artistic creativity and have a long tradition of the highest quality. And a good illustration delights everyone, from children to adults.**

An exhibition at the biennial of illustrations is a precious contribution to the popularity of illustration. If we consider that all generations grow up with picture books and various illustrated stories, then the importance of this artistic genre is evident. The biennial of illustrations, first organised in 1993 by Association of the Slovene Fine Artists Societies and Cankarjev dom's exhibition programme, was originally intended to introduce creative achievements in fine arts and ensure illustration a regular gallery presentation. Today, the biennial of illustrations enables the presentation of established illustrators, as well as those who have just begun to establish themselves. The Hinko Smrekar awards are presented at the biennial, and this year's Lifetime Achievement Award was given unanimously by the expert jury to the academic painter, Kamila Volčanšek.

'We are presented with the result of persistent efforts by the artist to add new paradigms to the genre she has so skilfully mastered, by means of which the most simple and sometimes very short literary creation can be turned into a complex and consistent artistic organism in a humorous and playful manner full of attractive inventions,' wrote Brane Kovič, the president of the expert jury, in the explanation of why it was decided to award the highest prize to Volčanšek. According to the expert jury, the lines, colours, narratives, and decorative and design elements coexist harmoniously in her illustrations.

## An illustrator and painter

Rather than an illustrator, Kamila Volčanšek is a painter, although she began illustrating during her studies at the Academy of Fine Arts in Ljubljana. 'It was actually the late Professor Brumen who lectured on composition and encouraged me to illustrate.' As a child, she liked reading fairytales and admired illustrations and soon took up illustrating. 'I liked the personification of various objects and animals, particularly insects. I created my own fantasy world, which later also helped me with illustration. I often used memories from my childhood, which was spent in a huge house with a big dusty attic and dark cellars full of spider webs. Behind the house, there was an end-

less garden (at least it seemed endless then), which contained everything – vegetable patches, fruit trees, a deep fountain and even a plot of actual woodland with various trees. Even more fairytale-like and scarier, of course, were the holidays spent with my great uncle in Boka Kotorska. There, we lived in a mansion, where he had a museum filled with memories of the times when he was a captain', explains Volčanšek.

She used to illustrate more, but now she hardly works in this genre at all. When she did it so more frequently, she was able to select texts independently. 'After selecting the text, I have already created an artistic image, and I do not need to cooperate with the authors,' she replies, when I ask her how illustrations are created. She has illustrated many folk tales and classic fairytales. She begins by first reading the text several times. Doing so, she creates a visual and emotional world on which she then builds. 'If the text requires, I also study as much pictorial material as possible. I first think thoroughly, then I draw, and then I think again and correct time and time again until I achieve a satisfactory result.'

And while it used to be possible to make a normal living from illustrating, it is no longer so. The crisis has also made deep cuts in the cultural and artistic fields, and artists 'have to do all sorts to make a living'. Volčanšek also adds that 'Slovenian illustration has always been and still is very good, which you can see at this year's biennial. It is especially to be commended for being very original and not falling under the influence of various trends.'

Critics describe her art as comprehensive and harmonious. And what does Kamila Volčanšek strive for when creating, I wondered? 'Enjoyment at work', she replies. Her work includes not only illustrations; she is not involved in illustrations so much anymore and now mostly dedicates herself to painting. Her artistic creations have been exhibited at numerous independent and group exhibitions and she has received several awards for her work. She does not speak about her art.

And what are her favourite motifs? 'Since I have started dedicating my time primarily to painting, the main motif in my work is the female figure,' she says. Her 'fine ladies' simply enchanted me, because

they were so non-stereotypical, special and likable. One can easily identify with them and be released from all the shackles which modern Western society puts on women.

And what does Ms Volčanšek say about these ladies? 'I do not speak about my paintings. I can only say that the ladies are ample and round, like ballet dancers or synchronised swimmers floating in the air. They came about spontaneously, from fun, and then they just stayed.' Nadja Gnamuš, an art critic, wrote of them that 'the modern ideal of beauty is overturned by these lush frivolous and confident women, and metaphorically, nudity is also being liberated. Reminiscences are completed innovatively into a painting as a field of pure artistic pleasure, which is also the place of minute humorous and ironic statements, where impressions of personal experience and snapshots of fantasy notions form an extravagant atmosphere of Kamila's images in unusual liaisons'.

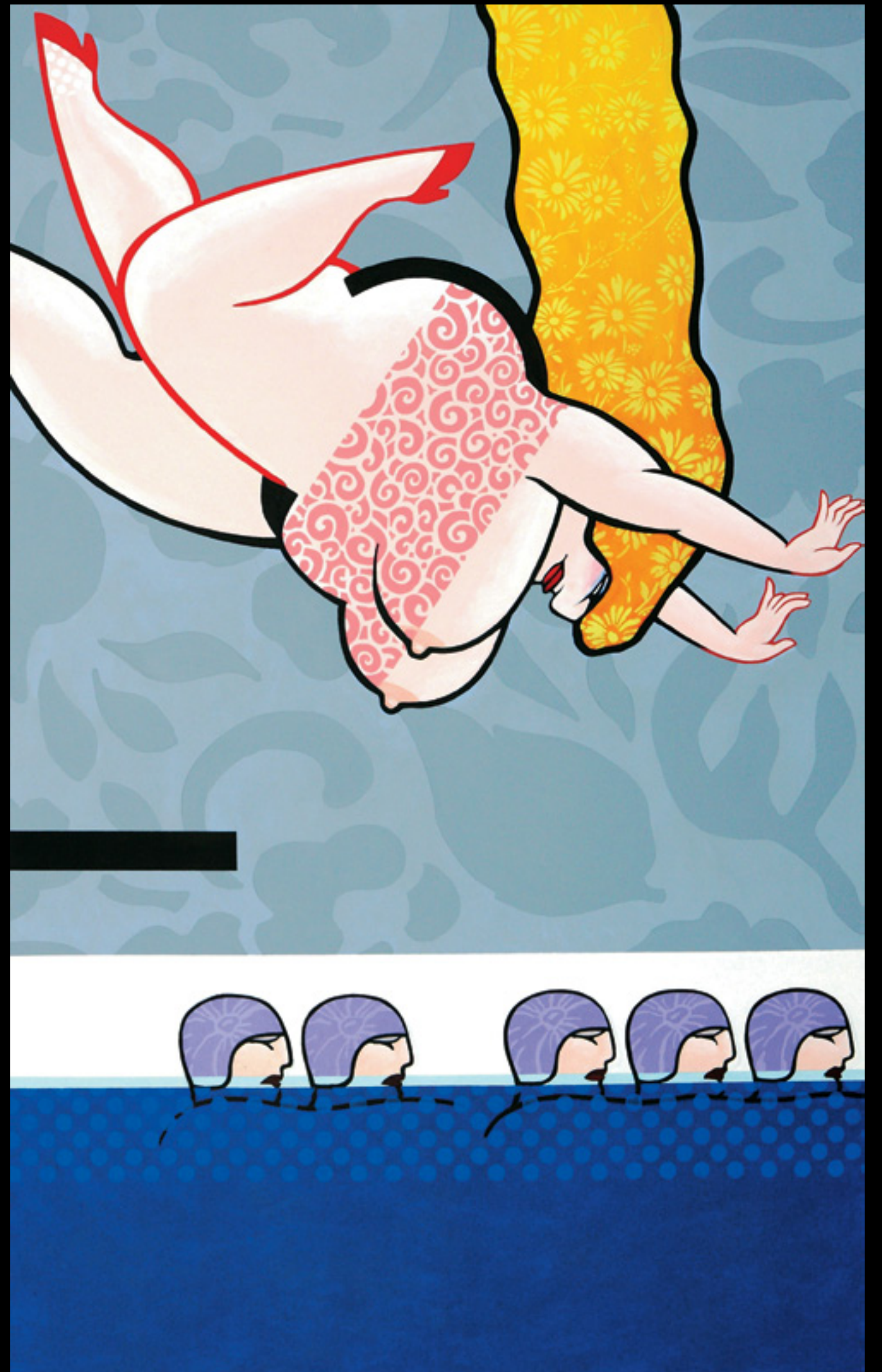
## Who is Kamila Volčanšek?

She was born in Brežice. She studied painting at the Academy of Fine Arts in Ljubljana with Professor Marko Šuštaršič and Professor Andrej Jemec and graduated in 1978 under the mentorship of Professor Janez Bernik and Professor Špelca Čopič with a diploma thesis on Gustav Klimt and Viennese Secession. After graduating from the Academy of Fine Arts, she settled in Ljubljana, where she works as a freelance artist. Her work is exhibited at many independent and group exhibitions in Slovenia and abroad.

Awards and recognitions  
1982 – the Levstik Award for illustrations for King Ithurstbeard  
1995 – the Hinko Smrekar Distinction for illustrations for Money Can Do Everything  
2002 – the Hinko Smrekar Accolade for illustrations for The Extinguished Dragon  
2012 – Lifetime Achievement Award at the 10th Slovenian Biennial of Illustration



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Matjaž Nemeč, Polona Prešeren, photo: STA

# EUROBASKET 2013 IN SLOVENIA LESS THAN A YEAR AWAY

Less than a year before the start of the Championships, Slovenia is making the final preparations for the largest European basketball event, which will take place between 4th and 22nd September 2013. This is not merely the largest sports event in the history of Slovenia, but also an opportunity for Slovenia, Ljubljana and other host towns to show their best to the European basketball elite and their fans. Slovenia is ready; basketball fans should also prepare!



The largest sports event in independent Slovenia will be the first large international basketball championship in Slovenia after the 1970 World Basketball Championships (which, in fact, took place in former Yugoslavia), when the Yugoslav basketball team headed by Slovenian Ivo Daneu as team captain became the best team in the world for the first time at Hala Tivoli in

Ljubljana. Slovenia is the smallest country in the history of the event to host the European Basketball Championships and the first country selected unanimously to be the organiser of the event - FIBA Europe awarded Slovenia with the organisation of EuroBasket 2013 on 5 December 2010 at the meeting of the Executive Committee of FIBA Europe in Munich.

The championships will be hosted by four Slovenian towns, all less than an hour's drive from the capital of Ljubljana. The first round of the Championships will take place in Ljubljana, Celje, Jesenice and Koper, while the second round and finals will be hosted by Ljubljana alone. The Palma tourist agency is the official EuroBasket 2013 agency is already preparing special

packages that will include tickets and will help you when planning your visit to Slovenia during this period. The packages will be published on the official website of EuroBasket2013 in mid-December. You can follow the news and preparations on the official website EuroBasket2013. You can also see the video footage that was prepared for all basketball fans by the numerous famous Slovenians who support this big event.

## SPECTACULAR 2013 EUROBASKET DRAW CEREMONY IN POSTOJNA CAVE

In one of the most beautiful underground caves in the world, the Postojna Cave, a spectacular 2013 EuroBasket draw ceremony took place almost 40 metres beneath the ground, in one hundred percent humidity, which, through the continuous process of transformation into water droplets which were falling off stalactites hanging from the ceiling of the great Concert Hall, created a unique atmosphere for the first basketball game to be played in an underground court. The attractive 2013 EuroBasket draw ceremony was organised Slovenian Basketball Federation, by David Nikolič, a former basketball team selector deputy, and Marjan Batagelj, the Chairman of the

Board of Postojnska jama d.d., a basketball fan, who also financially supported the idea. With the draw ceremony carried out in the most unique and interesting location in Slovenia so far, the organisers showed Slovenia and Europe that they are full of ideas and that the organisation of events can be performed at a high level.

Twenty-four basketball teams, including the Slovenian basketball team, participated in the draw, which, for the first time, took place completely beneath the ground, in the great Concert Hall of the Postojna Cave, covering 3,000 square metres and a volume of 50,000 cubic metres, which can hold up to 10,000 people; 650 visitors were expected for the event, which was also broadcast on television. The Postojna Cave, a natural feature which over a period of 200 years has been visited by more than 34 million visitors, including presidents of states and governments, czars, kings, scientists and artists from all over the world, was on the occasion of the event visited by FIBA Europe's representatives, national associations' representatives and other distinguished guests.

According to Aleš Križnar, Director of EuroBasket 2013, the Postojna Cave was chosen to host the draw ceremony since "It is our wish, a year before the EuroBasket Championships 2013, to show Slovenia

and Europe that we will organise the most interesting EuroBasket event so far. We have many good ideas and the first one to be realised is that for the first time in the history of sports events, the draw of groups for the first round will be organised completely beneath the ground, at an extremely attractive location and with an interesting programme." According to responses, the organisers were lucky in choosing a programme producer who planned train travel along the intertwining tunnels, leaving many visitors guessing how the tall basketball players would get through, the first basketball game played beneath the ground and the music part of the ceremony, when the EuroBasket anthem was sung. A pleasing programme, performed before the official part of draw started, was produced by Goran Vojnović, a renowned producer, former basketball player and keen basketball fan, who, together with Slobodan Maksimović, produced the event on the occasion of the 60th anniversary of the Basketball Federation of Slovenia (BFS) in June 2010 and the presentation of its candidacy for organisation of EuroBasket 2013 in Munich in December 2010.

Spectators were undoubtedly impressed by a basketball game played by Roman Horvat, Jaka Daneu and Slavko Duščak against Goran Jagodnik, Sašo Ožbolt



Matjaž Nemeč, photo: STA

# TINA MAZE IS THE NEW WOMAN TO BEAT

Slovenian Tina Maze secures her third consecutive World Cup giant slalom and showed off her vastly improved all-round skills to win in St. Moritz on Sunday 9th December and her fourth World Cup event this season to extend her overall lead. Tina now has 677 points in the overall World Cup standings, 234 points ahead of Maria Hoefl-Riesch of Germany and 263 points ahead of Lindsey Vonn of the US.



Tina Maze has stayed focused and committed to achieving her goals, racing with incredible energy and determination. Even as a member of a small team, meaning that she has had to tackle problems largely on her own, she has succeeded in winning ten giant slaloms and one downhill, one super-combined and one slalom race. She is only one win away from becoming the sixth ever skier to come first in all five alpine skiing disciplines and is becoming a skiing legend, a role model for generations and an inspiration for young skiers following her path. In contrast to last year's season, when she failed to mount the winners' podium, this year's season has started like a dream and Maze, the second best skier of the previous season, has scored two victories in three races. Despite her successes Maze has remained modest and down to earth,

yet showing great commitment, fighting spirit and determination to continue her good performance: "I did not end last season to my liking, even though I finished second in the overall standings. I encountered a lot of problems and made many mistakes. I was not very satisfied at the end, because I had not won one single race. This winter started in the opposite way. I am skiing well and fast," said Maze after the race.

Together with ice-hockey player Anže Kopitar and Maribor Football Club, the general public selected Tina Maze as the Sports Brand of 2012. We wish our excellent skier every success in furthering her career and achieving, through passion and perseverance, her goal of topping the winner's podium, thus securing her place in the skiing annals and furthering Slovenia's reputation throughout the world.

reflects the work and efforts of the local organisational committee and predicts the best EuroBasket so far."

Slovenia will now pay half a million less than previously envisaged to the European Basketball Federation, FIBA Europe. This reduction has been achieved by Anže Logar, Director of the Government Communication Office, after lengthy negotiations on behalf of the Slovenian Government. The Communication Office of the Government of the Republic of Slovenia decreased its share from the envisaged EUR 3.5 million to EUR 3 million and also negotiated a more favourable payment schedule. This year, the Slovenian Government will add EUR 1.5 million – instead of the envisaged one million – to the amount of EUR 750,000 already paid in 2011, while in 2013 the Government will have no financial obligations to FIBA Europe. The outstanding balance to the total due amount of EUR 3 million for partnership with FIBA Europe will be paid in 2014.

**The Communication Office of the Government of the Republic of Slovenia decreased its share from the envisaged EUR 3.5 million to EUR 3 million and also negotiated a more favourable payment schedule**

*At the end of negotiations between FIBA Europe and the Slovenian Government, we talked with Mr Olafur Rafnsson, President of FIBA Europe, about the conclusions reached.*

**Just recently you reached an agreement with the Slovenian Government with regard to the latter's contractual obligations relating to EuroBasket 2013. Negotiations were long and tough, said Anže Logar of the Government Communication Office. How would you summarise the negotiations and the agreement that was reached?**

We at FIBA Europe and I personally are pleased that we could amend the existing agreement for the benefit of EuroBasket 2013. Our primary task was the perfect delivery of EuroBasket 2013, and I believe we have come one step closer to this with the new agreement.

**What are your expectations for EuroBasket 2013?**

EuroBasket is not only our biggest event, but also among the most important sporting events on the continent. Our aim has always been to improve with every new EuroBasket, and that is why we expect nothing less than a more successful event

than in Lithuania in 2011. EuroBasket 2011 was great in many respects, but we believe that there has to be improvement every time.

**Did you make any recommendations and suggestions to the Slovenian organizers?**

FIBA Europe is in constant dialogue with the Local Organising Committee. Of course we are trying to pass on the experience from our previous EuroBasket tournaments.

**What is the actual role of FIBA Europe in the organisational process? In what way will FIBA cooperate with the Slovenian organizers?**

FIBA Europe not only will but has already cooperated with the Local Organising Committee from the very start of the organising process. Our staff have been working closely with their Slovenian colleagues ever since the successful bid by Slovenia to host EuroBasket 2013 back in December 2010. We have a large number of staff involved in the process. There are regular meetings taking place in all areas, from the sporting part of the tournament to marketing, event organisation and media communication.

**The draw for Eurobasket 2013 was for the first time literally held underground – in Postojna Cave. Is this the right message from Slovenia?**

It certainly is the right message in terms of creating a stand-out event that draws international attention. The draw was very well organised, so if this is an indication for EuroBasket 2013 itself, it definitely was the right message.

**In sporting terms, can you make any comments on the draw and groups? What kind of championships can we expect?**

As the president of FIBA Europe, I cannot make any predictions or statements about the results of upcoming games. But what I can say is that the draw has brought us exciting groups with a good number of important games and big rivalries. I am sure that we will again see surprises like in 2011.



and Samo Udrih; the first underground shot was achieved by Roman Horvat and the game ended 3:3. The audience was also thrilled by the EuroBasket anthem entitled In the Beat of Basketball, performed by Zoran Predin in rock style. The imagination judge dance by the Fičo Baleta Group, in which Lipko, the EuroBasket 2013 official mascot, performed in the role of coach, further warmed up spirits that were eagerly awaiting the draw of the Groups, in particular Group C, in which Ibrahim Kutluay drew Slovenia. Ivo Daneu drew European champions Spain, Peter Vilfan drew Croatia, from the drum Jorge Garbajosa drew Poland, Aleksander Volkov drew Georgia and Rašo Nesterović drew the Czech Republic. Spontaneous applause in the hall showed that we Slovenians were satisfied with the draw. Slovenia will play against the Czech Republic, then against Spain, Georgia, Croatia and Poland and, according to the comment by Rašo Nesterović, the group is "very reasonable. Sometimes what you want is not always the best. We have to prepare for the championship and go for a medal."

The draw decided that in Ljubljana, in Group A will play France, Great Britain, Germany, Ukraine, Belgium and Israel; in Jesenice, in Group B will play Former Yugoslav Republic of Macedonia, Lithuania, Montenegro, Bosnia and Herzegovina, Latvia and Serbia; in Celje, in Group C will play Spain, Slovenia, Croatia, Poland, Georgia and the Czech Republic; while in Koper, in Group D are Russia, Greece, Italy, Finland, Turkey and Sweden.

Slovenia's Minister for Education, Culture and Sport, Žiga Turk, in his speech at the ceremony in Postojna Cave, emphasised, among other things, that "Basketball finally reached its position among the most popular sports in the 1970 World Basketball Championship held in Ljubljana, where we won. In our country, basketball is a successful, live and popular sport. Despite the crisis, we have made efforts to organise the European Basketball Championships and invest in infrastructure." Roman Volčič, the President of the Basketball Federation of Slovenia added that "It is our honour to host the event in the most famous Slovenian tourist attraction. When we stood as a candidate to host the European Basketball Championships, we promised the event would be excellent. We are now on our way to realising this: we are innovative and daring and with this draw we have proved we are successful." Olafur Rafnsson, FIBA Europe President, expressed his praise when he concluded his speech saying "Please accept my thanks for the special feeling; the organisation of the draw



Vesna Žarkovič, photo: Dušan Arzenšek and Pri Danilu archives

## Culinary Adventures without Limits

At 'Pri Danilu', a restaurant in a village of Reteče near Škofja Loka, one becomes aware that cuisine has no limits and can always offer new adventures. The restaurateurs would like the visitors to get shed their prejudices and become gastronomes appreciating slow food... those that can enjoy and indulge food.



Vesna and Dušan Čarman, the restaurant's owners, took over the restaurant from Vesna's parents in 1991; they have developed their slow food concept as natural, and in particular, native cooking. It is a way to become better acquainted with the history and tradition of a certain country and its people and, according to them, to realise that cuisine is indeed a science without limits. One never reaches the end, and there are always new opportunities to explore. In this, slow food rituals also present a special, if not the toughest challenge for the restaurant owners. Such rituals are reflected in the mode of food preparation, the variety of compounds used and the imagination applied when preparing the food. This type of food service cannot be offered by just anybody.

In fact, there are only a few restaurants able to provide such a service. Vesna explains that Pri Danilu fosters this concept since they love old recipes upgraded with their modern ideas. A rich source of recipes is the cook book 'The Good Old Cuisine' by Pavle Hafner. The author collected old recipes from Škofja Loka region. His mother, who was a housekeeper and an excellent chef at the Visoko Manor, provided great help in collecting the material for his cook book.

To provide high quality food, restaurant owners in their area purchase raw ingredients that are perfectly fresh and in season. In regards to the question of whether one must have plenty of time to consume food according to this slow food concept, the owners of the restaurant say that this is not necessary. Slow food does not mean a six-hour meal and eating at a slow tempo. Slow food can also be a single plate of 'loška mešta' (corn meal with potatoes and cream) with truffles and a glass of great white wine. It is, primarily, a revival of old, domestic and forgotten foods that are adjusted to present dietary demands. The harmony of food and wine is very important in slow food cuisine and therefore the sommelier's knowledge is vital for a waiter.

The owners' son, Gašper, has become a wine sommelier and opened a successful wine bar in Ljubljana. The family tradition has

also been continued by the daughter Nina, who, in addition to her studies of psychotherapy, works in her brother's wine bar. They not only sell superior wines but also provide culinary delicacies – simple spoon dishes – prepared according to the mother Vesna's mastery and advice. Many guests coming to the wine bar also decide to eat a spoon dish.

In this way, the family continues the family restaurant tradition dating back to 1861. At that time, the restaurant was named 'Pr Tilh'. It was frequently visited by the novelist Fran S. Finžgar, a friend of the Reteče parish priest, describing his visit to the restaurant in his book *Years of My Voyage*. At that time the restaurant was a carriage drivers' inn where they stopped on their travel towards the seaside. The restaurant was already well known at that time. Vesna's parents, Danilo and Mimica Kosmačin, bought the restaurant in 1961 and changed its name to 'Pri Danilu'. Mimica was an excellent cook and the first in the area to bake trout raised in a home aquarium. Danilo was the innkeeper, taking care of administrative tasks and the wine supply.

At present, at their arrival, the guests can see books with international assessments and listing prestigious prizes that rank Pri Danilu among the top restaurants in Europe. The books praise skills of the restaurateurs who succeeded in upgrading the traditional food and reflecting the tradition of the country and old dishes. Vesna's rich culinary imagination is seen in dishes' various forms and components, such as the cheese cut like lace. Through the dishes, a story of the place and its people is told and the culinary spirit of the country is expressed with the dishes such as 'loška mešta' (maize meal with potatoes and cream), potatoes and maize meal, which was in the past a dish sprinkled with pieces of crackling and is nowadays served with the Istrian truffles.

However, there would be no success without continuous training at home and abroad, where they compete against the best. Should a table in their restaurant be booked in advance? The majority of their guests book in advance; they are welcomed with a



glass of champagne and then most guests let their hosts to select the dishes. The hosts prepare five dishes, which are changed according to the season. They don't keep certain dishes permanently on the menu but adjust it to the season.

At present, a cold starter is a roast beef with rabbit liver and marinated pear is served with a glass of red wine. After this, they serve pumpkin soup with pumpkin oil, almond dumpling and parmesan.

They are happy to answer the questions of the guests on the method of food preparation, since real cooks do not conceal their recipes. The soup is followed by home-made tortellini with duck stuffing, a sugar pea sauce and fried egg yolk with almond crumbs. This is followed by a sorbet made of Slovenian grapes served with peppermint syrup. The main dish is composed of wild boar piglet fillet with cheese rolled dumpling and apple boiled in port followed by chestnut and kaki dessert.

Vesna, one of three daughters, grew up in the atmosphere of her parents' restaurant and her father Danilo expected her to take

over the restaurant. He was quite disappointed when she decided to take another job rather than continue his work in the restaurant; his heartfelt wish was for the restaurant to remain in the family. A turning point was the moment when the father, disappointed by decisions of all his three daughters, decided to sell the restaurant. Vesna says that this was the time when her husband convinced her to take over the restaurant which was supported with her own wish not to disappoint the parents.

Vesna says: 'My two children have also decided to work in catering. Naturally, their work in Ljubljana is different from the work here; however, it is an upgrade to what their grandparents set out to do.

'I do believe that it will grow into a larger restaurant complex. To a person who did not grow up in catering business, it is difficult to understand the passion one has in one's genes and with which one grows up in the catering environment. Through growing up, one realises that the essence of good catering is in good food, wine and satisfied guests.'



Vesna Žarkovič, photo: STA

# ADRIA AIRWAYS, The Airline of Slovenia

Adria Airways has a wealth of experience spanning over 51 years in charter and scheduled air transport. The Adria Airways story dates back to 1961, when it was founded as a charter company. In the 1980s, the airline started serving scheduled routes, and became a member of the IATA, the International Air Transport Association.



Today, the majority of Adria Airways' business is in scheduled flights; its network links Ljubljana with 17 cities throughout Europe and offers excellent connections to south east Europe. Adria Airways offers more than 170 scheduled flights each week to Amsterdam, Barcelona, Belgrade, Brussels, Copenhagen, Frankfurt, Istanbul, Manchester, Moscow, Munich, Podgorica, Priština, Sarajevo, Skopje, Tirana, Vienna and Zurich. Scheduled flights between Priština and cities in Germany (Frankfurt, Munich) have been running since December 2010.

The company's head office is at Ljubljana Jože Pučnik Airport and has representative offices at the airport, in Ljubljana, Brussels, Moscow, Frankfurt, Zurich, and sales agents in almost all European countries.

In August 2004, Adria Airways was one of the first airlines to receive IOSA (IATA Operational Safety Audit) Registration ([www.iata.org/registry](http://www.iata.org/registry)), which determines the level of organization of the company, its operating procedures, as well as the flight safety and security of the company.

In January 2010, Adria Airways became a full member of Star Alliance. In connection with its partners, they offer access to a global network of flights on 27 airlines, which offer more than 21,500 daily flights to 1,356 airports in 193 countries.

In its 50-year history, Adria Airways has accumulated a great deal of sophisticated knowledge that they continually maintain and build on. Adria has been contracting the expertise of their highly

trained ground operations staff, maintenance staff, cabin crew staff and flight crew staff to foreign carriers throughout the world for many years. On behalf of Airbus Industry, Adria's pilots have instructed A320 pilots all over the world. They pride themselves on their rich experience of working in a multi-ethnic and multi-cultural environment.

Adria Airways embodies many features characteristic of Slovenia: hospitality, friendliness, and high-quality services. Their goal is to become the leading airline in the territory of ex-Yugoslavia. Together with a professional, caring staff and a modern fleet, Adria Airways is committed to providing a high level of service and satisfaction, and to winning the loyalty of its passengers.





\* **HERITAGE** \*

IN THE  
KINGDOM  
OF WINE

Polona Prešeren  
photo: Darinka Mladenovič

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Noble wine of superior quality is something unique. It is a harmony of aromas, it arouses the senses, it connects... Winemaking has a long tradition in Slovenia. We are a wine country with exceptional natural features, which enable the cultivation of various indigenous wine varieties. Numerous wine producers are proof of this, as on the basis of rich experience from the past and with the application of modern technological and marketing trends, they make wines which are competitive in world markets.

Size is relative when it comes to wine. A small geographical area does not say much about the quality of wine. Slovenian vineyards thus comprise only one-fifth of German vineyards and produce one-tenth of the German output. According to wine standards, Slovenian viticulture is part of the old European tradition. Thus French, German and Italian influences can be detected in Slovenian winemaking, which can be seen in the vineyards and in the production of wine itself. The system of protection is well-structured, and more

and more wine producers are becoming aware of, and follow the principles of, organic winemaking.

Wine producers agree that the geographical position of Slovenia – with the Adriatic Sea in the south-west and the Alps in the north-west – is ideal for growing vine. The production of wine is directed towards the production of exquisite high-quality wine. Vineyards are usually situated on very steep slopes, which enable the optimum exposure to sunlight; however, this makes work in the vineyards much more demanding and requires more manual labour. Most vineyards are old – only 5.6 per cent are new, which means that they are younger than four years.

Slovenia is divided into three wine-growing regions: Podravje, Posavje and Primorje. Each has its special features and microclimate. They have their own traditions, indigenous wines and local specialities. The offer of wine thus extends from red wines in the style of the Bordeaux, aromatic wines typical of the Rhine Valley, dry Italian wines, sweet Hungarian wines

and, of course, sparkling wines, diverse varieties of local wines to modern and trendy orange or natural wines, which are vigorously stirring up the 'wine' spirits.

#### THE PODRAVJE REGION

The region is located in north-east Slovenia and is characterised by typical sediments created by active geological movements, the remains of the Pannonian Sea and thermal and mineral springs. The soil is the main factor that gives wines in this region their special character. The climate is typical continental, with plenty of sunny days, which sometimes cause drought, while winters are quite cold. The region is now known for its prestigious wines and late grape harvest. A temperate climate and special soil are ideal for the production of strong and aromatic white wines. And the wines certainly worth tasting are White Riesling, Italian Riesling, Sauvignon, Furmint, Pinot Gris, Pinot Blanc, Traminer, Yellow Muscat and Radgona sparkling wine.

#### THE POSAVJE REGION

Is a region in the east-central part of Slovenia, most well-known for its blend wines and, of course, for its great 'little' wine, Cviček which, with its eight and a half per cent of ethanol, is hardly considered a wine according to the European criteria. Cviček, first documented in books two hundred year ago, is a blend of three varieties, which provide it with lightness, characteristic gentle colour, aroma, acidity and freshness. Cviček is truly a very drinkable wine, which can be found in almost every vineyard cottage in the region. Vineyard cottages are small private wineries, and wine producers who have stubbornly defied natural and social conditions in their small vineyards over the years are typical of this region.

#### THE PRIMORSKA REGION

While the name of the region connects it with the sea (Primorska meaning 'by the sea') only a small section of it actually lies by the sea. Summers are quite hot here, winters temperate. This region

also prides itself on producing the entire range of European varieties, but the temperatures and sun mean that red wines prevail. In general, it can be said that Primorska wines are dry and rich in minerals and also have more pigment than the wines from the other two regions. The wines in this region have their own particularities. Thus, the Karst is the home of Terrano, Refosco and Terra Rossa, which is a blend of Terrano, Cabernet Sauvignon and Merlot. Rich white wines and exquisite Cabernet Sauvignon are produced in the Vipava Valley, and Malvasia in the area of Koper. This region also includes the unique Goriška Brda Hills. The wines from Goriška Brda can be tasted in the best restaurants in New York, London, Milano, Berlin, Tokyo and Moscow.

#### THE WINE WALK

November is the month of wine. St Martin's Day is on 11 November when, according to tradition, must turns into wine. In a country of wine, such as Slovenia, with a fitting national anthem Zdravljica ('A Toast'), numerous celebrations of St

Martin's Day and other events related to this day take place. A good feast must be laid out on the table – a goose, mlinci (pasta tatters) and red cabbage. And in addition, young wine.

One of the biggest celebrations takes place in the streets of Ljubljana. The Ljubljana Wine Route has become a traditional if not almost legendary event. A week before St Martin's Day, the many visitors to the wine route could walk around the city with glasses in their hands instead of traditional market baskets. In addition to tasting young wines and already matured wines with character, other gourmet delicacies were on offer. During a pleasant walk, spoiling one's taste buds, one might think that life is really beautiful and that Ljubljana really is a pleasant city, in spite of November being such a grey and gloomy month.

But the Ljubljana Wine Route is only the introduction to the wine and culinary events in Ljubljana. The largest and most popular is the Slovenian Wine Festival. This year's 15th festival remained true





to its tradition – the promotion of wine (drinking) culture. The organisers of the event wanted to introduce domestic and foreign wine producers and their wines to those for whom wine represents business, passion and love, or those who only wish to satisfy their curiosity.

This year's festival included wine and culinary workshops and three wine as-

sessments. The traditional and increasingly more popular wine assessment was accompanied this year by the assessments of young wines of 2012 and orange wines. Orange wines indicate a new trend in the field of winemaking. They are becoming more popular, but they are also the subject of various discussions. The organisers thought it important that the world's

leading authority on this subject, Isabelle Legeron, MW, be present at the first assessment of orange wines in Slovenia, and she also led the assessment.

And if such festivals introduce trends in wine production, the assessments are relative. It is always best to follow one's own taste and enjoy the variety of aromas and the sensations that wines arouse.



**I FEEL  
SLOVENIA**



Photo: Darinka Mladenović