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Quarterly Bulletin of the Slovenian Business & Research Association

EDITORIAL



The new international network serviced by SBRA – the Knowledge Economy Network (KEN) - has been registered as a non-profit association. Headquartered in Brussels, with

origins in the European Regional Economic Forum (EREF) Network, KEN has experienced a very dynamic start. After only a month it already has 35 members, and the campaign has only begun.

Dr. Boris Cizelj and Thomas Friis Konst have been elected as Chairman and Vice Chairman. An International Advisory Board will be created under the Chairmanship of Canadian Professor Howard Alper.

The central annual event is the Forum, which will be conducted this year under the title of Human Capital Development for Knowledge Economy: Mobilising Innovation Potential – Including Gender Balance. The event will take place on the 6-7 of June in Maribor, Slovenia – the European Capital of Culture 2012.

The Forum is co-organised by the Slovenian Government Office for Local Government and Regional Policy, and the Municipality of Maribor. It is anticipated that it will be attended by some 120 participants, with plenty of opportunity for active involvement in deliberations including ten thematic tables and an electronic voting system. With partners from Austria, Turkey, Italy and Norway, four preparatory workshops will produce the draft recommendations focusing on CSR and business ethics, venture capital, university reforms, and regional innovation policy. As the Secretariat of the Network, SBRA will prepare comprehensive documentation for each workshop.

The KEN network publishes a monthly e-bulletin and you are invited to visit its website (www.knowledge-economy.net). Please register early to join us at the forthcoming Forum 2011 in Maribor.

*Dr Boris Cizelj
Chairman, Management Board*

R&D LEAD

Enterprise Fund continues to grow

In 2010, the Public Fund of the Republic of Slovenia for Entrepreneurship (SEF) allocated EUR 127m to a variety of small and medium-sized enterprises. Providing support for a total of 645 projects, it was able to offer 38% more funding than initially anticipated. The increase was possible thanks to a raise in the quota for guarantees on loans and the lowering of interest rates, together making an additional EUR 29.2m available. The change signified a 32% rise in financing over the previous year and 118% more than in 2008.

The application call for companies interested in receiving loan guarantees in 2011 began in September and closed at the end of January. It is expected that approximately EUR 217m will be appropriated among 900 projects. In February, SEF extended an additional invitation for aspiring start-ups that had a chance to receive a share of EUR 4.1m in subsidies.

The focus of many of this year's projects will be on technology due to the allocation of EUR 216m in loan guarantees by the Ministry of Higher Education, Science and Technology for such undertakings. To further encourage the development of companies, the financing of working capital, and new projects, SEF reassessed the guarantee quota and the interest rate. The resulting changes were published in March 2011.

Thanks to continued cooperation with financial institutions at home and abroad, including commercial banks, the SID bank, the European Investment Fund and the European Mutual Guarantee Association, the Fund is expected to continue expanding at a rapid pace.

Slovenia ranks below EU average GDP per capita

According to the Institute of Macroeconomic Analyses and Development (IMAD), Slovenia's GDP grew by 1.2% in 2010. While lower than the 1.7% average of the whole of the euro area, the data shows a gradual improvement nationally. Though still much lower than in 2008, the numbers for 2010 indicate the gap is slowly bridging

Examining the 27 EU Member States, three candidate countries, three members of the European Free Trade Association and four Western Balkan countries, a report published by Eurostat looked specifically at the GDP in relation to purchasing power standards. Slovenia's ranking placed it between Greece (93%) and the Czech Republic (82%), while Luxembourg fell into the top position at 271% and Albania the last with 27%.

The Slovenian National Statistics Office responded to the presented figures by suggesting that actual individual consumption (AIC) is a more accurate indicator for extracting information relevant to drawing a comparison between countries. While the actual ranking when using AIC is similar to that provided by the GDP per capita, by referring to the goods and services purchased for individual consumption the differences noted are smaller. This makes determining the divergences present in the standard of living among the participants easier.

According to the AIC assessment, Slovenia consistently represented 82% of the AIC EU average in 2009 and 2008. Luxembourg and Albania maintained their positions at the top and bottom with 152% and 31% respectively.

BRIEFS

Business Briefs

1.3% Growth for Slovenia in 2010

Ernst & Young, a business consultancy, predicts that GDP growth for 2010 in Slovenia will reach 1.3%. Representing a rise from initial forecasts of 0.9%, the number is still lower than those seen prior to the economic crisis. This is a reflection of both the income convergence coming to a close in the EU and the continued reliance on the export sector. Domestic demand in Slovenia has stagnated, but is expected to rise to its pre-crisis levels by 2015. Combined with the foreseen drop in the unemployment rate in 2012 and reduction of the budget deficit in 2011, economic growth is anticipated to peak at 3% by 2014.

Airlines suffer 3.31M in damages from volcanic ash



The Icelandic volcano, Eyjafjallajökull, caused complete havoc on Europe's air space in April 2010, leaving airlines to suffer losses on an immense scale. The Slovenian Ministry of the Economy estimated the damage to the country's aviation to be EUR 3.31m. The national carrier, Adria Airways, reported the largest loss at EUR 1.1m. Due to the extent of the damages and the lack of an explicit mention in the Natural Disaster Relief Act, the Ministry of the Economy will co-ordinate with the Ministry of Finance to prepare a compensation programme.

FDI drops in 2010

Slovenia's Central Bank, Banka Slovenije, announced that in the first ten months of 2010 the country received EUR 281.3m in new foreign direct investment. Net investment in ownership capital and reinvested profit amounted to EUR 103.8m, while EUR 177.5m of the total was in the form of debt. For the second consecutive year, this signified a drop in FDI in Slovenia and was likely caused by continued repayment of loans to foreign investors.

Predicted unemployment growth in 2011

In 2010 the unemployment rate remained stagnant for the majority of the year, only to reach a 104,000 high in November. The Slovenian Employment Service predicts that this number is likely to grow in the early part of 2011. With the registered unemployment rate expected to reach 11%, First-time job-seekers, expiration of temporary contracts and bankruptcy or redundancy are expected to remain the most often cited reasons for joblessness.

The gaming industry receives a makeover



The importance of the Italian market to Slovenia has grown since the start of the economic recession, currently making it the country's second most important trade partner. Italian gaming tourists provide a continual boost to the economy and the Slovenian Finance Minister Franc Križanič announced a new strategy that strengthens the link between tourism and casinos.

The regulation creates a new categorisation based on four groups – mega entertainment centres, gaming and entertainment centres, grand casinos and casinos. Among these, only the first will be eligible for foreign investment under a public call for bids. Gaming establishments in general will additionally qualify for a tax reduction based proportionally on the company's investment in tourism. The state is also willing to reduce its minimum ownership of casinos to 51%.

Expected growth for Gorenje

After an already successful year that included the acquisition of Sweden's Asko Appliance Group, Gorenje is predicting further growth in 2011. Anticipating a doubling of net profit, the household appliance manufacturer will focus on positive free cash flow, growth in market shares and some internal restructuring. Gorenje is also expected to

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further develop its expansion into the upper price segment in 2011 through its Monarque line and new series of appliances.

<http://www.gorenje.com>

ACER opens its doors in Ljubljana

Under the directorship of Alberto Pototschnig, the Agency for the Cooperation of Energy Regulators (ACER) will focus on the integration of national energy markets to encourage free flow of energy throughout the EU. Emphasising the importance of the agency's mission, Gunther Oettinger, European Commissioner for Energy, stated that, "The single European market must become a reality for all businesses and consumers by 2014." To achieve this, ACER will develop the Framework Guidelines for Network Codes to monitor the internal market and serve as a mediator in cross-border disagreements and stalemates. The undertaken initiatives will proactively work toward increasing competition, providing fair prices and removing technical obstacles to co-operation.

<http://acer.europa.eu>

R&D Briefs

Patent applications on the rise

A government bid to support innovation combined with the push by the Slovenian Intellectual Property Office (SIPO) to encourage intellectual property protection has produced fruitful results. The total number of patent applications filed in the country rose to 465 in 2010. From among the applications received, 452 were presented by Slovenian citizens, 13 were foreign and 76 international. The figures represented a 17% rise over 2009 and a staggering 42% spike from 2008. The majority of the increase reflected the number of patent requests for models.

Social inclusion projects receive EU funding

Through the European Social Funds, the Slovenian Ministry of Labour, Family and Social Affairs has allocated EUR 8m to 15 projects focused on the promotion of equal opportunities and social inclusion. Recipients were chosen from the 72 received applications, most of which were from NGOs. Each successful project suggested a plan for two to four years focusing on improving

the employment possibilities for the most vulnerable groups in society. With prospects for the disabled, the elderly, ex-convicts and recovering drug addicts the projects will create 160 new jobs.

► **Slovenian universities in the process of smart specialisation**

Dr. Rado Bohinc, Rector of the University of Primorska, was among five speakers who presented cases at the Smart Specialisation Seminar. The event took place in parallel to the University Business Forum on 22 and 23 March of this year in Brussels. Other speakers at the seminar included representatives of the OECD, the Conférence des Présidents d'Université (France), Medicon Valley (Denmark) and Essenscia Flanders (Belgium). Dr. Bohinc spoke about the engagement of Slovenian universities in national economic planning, as well as future research allocations.

► **VideoLectures.net – Exchange ideas and share knowledge**

Based in Slovenia's Josef Stefan Institute,



VideoLectures.net is a free, open access and non-profit educational video lecture repository. Currently providing a large collection of high quality videos enriched with slides, documents and other supplementary material, it presents a unique learning experience. Beyond the collection itself, VideoLectures also arranges structured training courses and tutorials prepared by well-known experts in the given field.

Offering an array of subjects like computer science, art, political science and emerging disciplines including complexity science and collaborative organisations, the platform gives access to students, scholars, academic researchers, businesses and the general public. The free entry to recorded lectures from famous universities and expensive conferences helps to overcome the economic divide, while the electronic storage helps to preserve the rich and dynamic European research landscape and provides material that enriches traditional libraries. Counting nearly 200,000 unique video visits per month, VideoLectures gives the opportunity of maximising the outreach of projects, including those co-founded by the EU.

<http://videolectures.net>

Agriculture Briefs

► **Agriculture Minister calls for green agriculture**



The Minister for Agriculture, Forestry and Food, Dejan Zidan spoke out on the importance of green agriculture within the scope of the EU's Common Agricultural Policy. Supported by his French counterpart, Brune Le Maire, he warned that excessively intensive food production could pose a safety threat for consumers. Zidan further emphasised the need for maintaining regional food security and weighing the potential impact on the food supply chain when engaging in talks with the World Trade Organisation or bilaterally with South America.

► **GMOs need to be reconsidered**

The negative opinions on GMOs are largely a reflection of public perceptions and not the results of scientific studies, admitted Environmental and Spatial Planning Minister Roko Zarnic in a statement at the EU Environmental Council. He went on to explain that this is reason enough to reconsider the EU's approach and assess the impact GMOs may have on existing European biodiversity. At present, the decision of which GMOs are permitted within Slovenia is determined according to the list of those authorised for the whole of the EU market. Their cultivation must be registered with the Ministry prior to the beginning of use within a laboratory.

SBRA Partners

► **New greenhouse for the University of Ljubljana**

The oldest of their kind in South-eastern Europe, the University of Ljubljana's Botanical Gardens celebrated their 200th anniversary in December 2010. To commemorate the event a new tropical greenhouse spanning 533m² was opened. Intended to house



plants normally found in the tropics, the carefully chosen selection favoured small and medium vegetation in order to allow lush growth. Among the plants are cocoa, vanilla, coffee and pineapple.

<http://www.botanicni-vrt.si>

► **University of Nova Gorica joins EM consortium**



Joining a network of seven other institutions from Europe and Africa on the Consortium Committee, the University of Nova

Gorica received a grant from the European Union for the Erasmus Mundus Master's Programme in Migration and Intercultural Relations (EMMIR). The only such programme in Slovenia, EMMIR encourages students to examine migration from new perspectives reflecting the impact of globalisation. The course director at the University of Nova Gorica is Dr. Marina Lukšič-Hacin.

<http://www.ung.si>

► **Honorary prize for Mercator**

As part of the 15th Annual Ljubljana Stock Exchange Portal Awards, the improvements Mercator made during 2010 to its investor relation strategy were recognised with a special prize. Proactive communication with investors and maintenance of a consistent flow of information regarding business development were significantly enhanced over the last year. The awards were distributed in mid-December by the Minister for Economy Darja Radić.

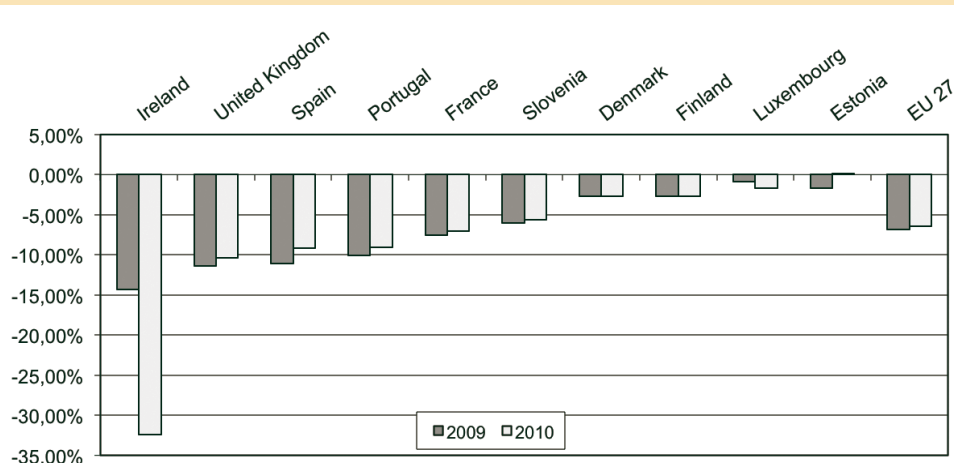
● Doctoral education at the University of Ljubljana

The University of Ljubljana (UL) is a 95 year old university composed of 26 relatively independent faculties and art academies. Until the restructuring of the doctoral studies, doctoral education at UL was mostly organised by individual faculties. The process of changing the framework of doctoral education began in 2004 when the university became actively involved in the European projects organised by the European University Association. The institution was determined to implement all of the criteria and recommendations in the new doctoral programmes arising from the Salzburg Principles (2005).

In 2007, UL established a doctoral school with the intention of assuming the institutional responsibility for programmes and research training of doctoral students. It introduced a new approach integrating all of the academic and scientific fields that are part of the university's doctoral education. The main principles taken into consideration while overhauling the structure of studies included using an interdisciplinary approach where possible, further development of links between research and study programmes, achieving critical mass, providing generic skills training, establishing common study requirements and respecting uniform quality criteria across all disciplines.

Since the initial implementation of the changes, UL prepared a new set of programmes spanning most of the disciplines and scientific areas. All of the programmes follow and are structured according to the common rules; they must last three years and consist of some organised classes, but the emphasis is on individual research. The new design of the programmes differs in the extent of their interdisciplinary approach and their organisational scheme. Some of the new interdisciplinary programmes involve several faculties and departments, coordinated by Programme Councils, and significantly enhance collaboration within the university. In addition to the three comprehensive interdisciplinary programmes coordinated at the university level that have been set up, two interdisciplinary programmes coordinated at faculty level, several programmes covering one or two broad scientific areas, and one joint programme prepared together with four other European universities have also been in place.

Government deficit (percentage of GDP)



Source: Eurostat, Provision of deficit and debt data for 2010 - first notification, April 2011