

EDITORIAL



The EU is not only comparing its innovation performance with the US and Japan, but now also with China, Korea, India and Brazil. One of the input indicators is GERD – Gross Expenditure on

Research and Development. In the world total, the EU is now contributing about a quarter, the US 30%, China 10%, and Japan, Korea, Taiwan and Singapore about 20%. But if current trends continue, in 2014 China alone will invest in GERD more than the entire EU.

EU business contributes about 1.2% of GDP to research and development, in the US this share is 1.8%, in Japan 2.6%, and in China 1.1%. The share of researchers employed in the private sector, mostly in companies, is also interesting – it is 46% in the EU, though only 25.7% in EU12, but 80% in the US, 73% in Japan, and 69% in China.

One of the most alarming indicators, however, is the structural composition of companies by their age. Young companies, which grow very quickly by investing in high technology, represent only 17.8% in EU, but as much as 54.4% in the US.

Where is Slovenia in these comparisons? With the two national strategies adopted by the Parliament in 2011 on higher learning and RTD, the country is now set for the right course. In spite of financial pressures, the government has increased public GERD over the last three years by over 50%, with the business sector also contributing over 1.2% of GDP – the 9th place among the EU27. In total the Slovenian GERD in 2010 has reached already 2.1 % of GDP which puts Slovenia among the top countries in EU-27.

One of the main challenges that remain is in the domain of business-academia collaboration. By co-funding Competence and Centres of Excellence with over 200 top companies, Slovenia can expect to intensify quality growth, focus more on its strengths and gradually overcome its fragmentation in business and academia.

Dr Boris Cizelj
Chairman, Management Board

LEAD ARTICLE

● Bled Strategic Forum deemed a success

The 2011 Bled Strategic Forum was held on the 9 and 10 September. The two-day event was organised by the Slovenian Ministry of Foreign Affairs and the Centre for European Perspective. Held for the sixth time, the forum gathered influential politicians, sector representatives and experts from the international community to discuss a combination of regional and global economic topics. This year's theme – the Power of the Future – was reflected in all of the individual panels and even in the newly green approach of the forum initiated by Sava Hotels Bled, who hosted most events.

Launched with addresses by Prime Minister Borut Pahor and President Danilo Türk, this year's Bled Strategic Forum placed a special emphasis on fast-growing economies. Panels were centred on related discussions, including the challenges the Western Balkans face in the future and the role smaller states play in business innovation and food security. Slovenia's specific role in light of the current worldwide crisis was also brought forth, as was its place in the economic landscape. Though the Prime Minister and President showed different opinions as to whether change should be predominantly internal or external, they did seem to agree that steps toward improvement are missing from the current discussions.

"The question is not whether we are optimistic or pessimistic today, but whether we are ready to face the real scope of the problem in Europe," Pahor said.

Türk added that citizens must accept that changes are necessary, while decision makers should not be fearful of debate as without an open discourse the economy faces a dead end.

"Solutions are not offered, they are not even articulated," he said.

When considering that this year's forum brought together over 400 participants from around the world, it may prove to be a good place for opening such a discussion in Europe. The attendees were ready to tackle various arguments and listen to an array of points of view, leading to many debates that continued beyond the pre-scheduled panels. As Foreign Minister Samuel Zbogar said, the Bled forum shows Slovenia as a country "where topical issues are discussed, where problems are reflected on to find solutions." He further called for a continuation of this sort of assembly by means of smaller-scale topical meetings organised during the year; an idea that was met with a favourable response from the participants.

Considered to be an overall fruitful event, an innovation at this year's forum was the accompanying youth centred meetings. Covering topics overlapping with the original forum's panels, the young participants highlighted the need for regional co-operation and respect as essential for stability in the Western Balkans and Europe. The general aim of the Young Bled Strategic Forum is to integrate young people in an active dialogue on the topics that will have an impact in the coming years. The inaugural edition was well received and Foreign Minister Zbogar praised the undertaking, expressing the hope that it will be continued annually.

BRIEFS

Business Briefs

◆ **New co-operation between Slovenian and Macedonian business**

On 8 September at the Celje International Trade Fair (MOS) the Slovenian Chamber of Trade Crafts and Small Business (OZS) and the Chamber of Crafts of the Republic of Macedonia signed a memorandum of co-operation. The two entities have been working in collaboration for several years, mostly through the regional representation in Skopje. With the more comprehensive agreement in place, the hope is that closer economic ties will be encouraged, as will the exchange of best practice in business know-how. Slovenia may also be able to provide Macedonia with strategic advice regarding adherence to EU legislation. The OZS chair, Stefan Pavlinjek, said that when going abroad Slovenian business should consider moving their operations to Macedonia where the tax policy is favourable and they are well received.

◆ **Tourism forecast sees an improvement**



The Slovenian Tourism Board (STO) has seen promising visitor figures after the summer season among key cities. Piran, Novo Mesto and Kranjska Gora all reported a substantial increase from 2010. Each of the three enjoyed a hike in overnight stays and Kranjska Gora's revenues have been additionally boosted thanks to cyclists who day drip in the Alpine valley. The STO was especially pleased with the success of its promotional activities, which highlighted the tourism industries and attractions that Slovenia has come to be known for such as outdoor activities, vineyards and the coast.

◆ **Housing prices on the rise**

A report issued by the Slovenian Surveying and Mapping Authority announced that the overall price of apartments in the country rose by 4.2% and 5% for houses during the

second quarter of 2011. The highest recorded prices per square metre were found on the coast at EUR 2,561 and Ljubljana at EUR 2,524 – EUR 761 and EUR 724 over the average, respectively. Slovenia's second largest city of Maribor has prices that are less than half of those found in the capital, but these too represent a slight increase of 0.3%. The general upward trend likely contributed to the drop in sales of habitable real estate.

◆ **Survey shows banking and insuring powers in Adria region**

The consulting and auditing firm Deloitte evaluated the most influential banking groups and insurers in the Adria region. Examining the industries in Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Slovenia and Serbia, Deloitte showed NLB to be the second largest bank in the region with total assets of EUR 16.8m. Zavarovalnica Triglav was evaluated as the best performing insurer with EUR 944m in gross premiums. The Slovenian insurance market was also deemed the most developed in the region overall.

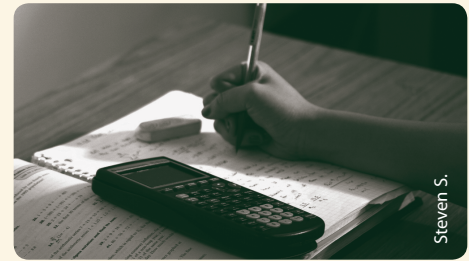
◆ **Celje International Trade Fair**

The 44th annual Celje International Trade Fair (MOS), which ran for a week and concluded on 14 September, was attended by 137,158 visitors. Though bringing in lower numbers than last year's fair, MOS was nevertheless considered to be a success and organisers were praised by the exhibitors for attracting the right types of audiences. Based on an initial survey undertaken by the organisers, just over three-quarters of the attendees have either developed new business or anticipate doing so as a direct result of the fair. Both vendors and visitors gave positive feedback of the fair, with only 2% saying they would not participate in the future.

R&D Briefs

◆ **Cutting red tape in higher education**

The summer brought progress in the removal of administrative barriers in the procedure required to officiate education certificates that were acquired abroad. The government adopted a bill that will help to recognise foreign-based higher education. The change of approach will bring about more equalised treatment, but not actually equate foreign and national diplomas. The Ministry of Higher Education, Science and Technology is responsible for assessing



degrees or other documentation that will make them easier to compare in the context of the Slovenian system.

◆ **New eco-gardens project in schools**

At the start of the academic year, an environmental non-governmental organisation – the Institute for Sustainable Development (ISD) – expounded the details of a project introducing environmental responsibility into primary schools. While the first steps of the project were taken at the beginning of 2011, an exhibition displaying various visual aids as well as eco-food was held on 3 September in Ljubljana as part of the Ekopraznik event. The ISD is hoping that adding such a public face to the initiative will help to attain the support of the Education and Sports Ministry and thus the state. The project's focus, says the ISD, is to introduce the basic links between food production and the environment to children from a young age to help them in achieving an understanding of the related issues they may face in the future.

◆ **Launch of anti-corruption portal**

The Slovenian Commission for the Prevention of Corruption (KPK) launched Supervisor on 23 August. The web portal is open to the media, government authorities, and the general public and gives users access to the expenditure of public institutions. The intention of the site is to eliminate the risk for corruption and improve transparency by allowing citizens to form their own opinions on the behaviour of public authorities. The KPK does not, however, take responsibility for the accuracy of data and encourages users to contact the individual institution for comprehensive information.

<http://supervisor.kpk-rs.si>

◆ **Ljubljana hosts Nature-Health Fair**

From 6 to 9 October, the Ljubljana Exhibition and Convention Centre opened its doors to host the 42nd Nature-Health Fair. Attendees to this year's fair were exposed to topics

related to raising environmental awareness and sustainable development as well as the interaction between daily activities and nature. The Slovenian Consumer Association supplemented the provided information by preparing a guide of detailing the green certification of participating companies. The publication is intended to help consumers make informed purchasing choices. The fair consisted of four main sections – nutrition, wellness and exercise, health for tomorrow, and eco-home and environment.

Agriculture Briefs

Conclusion of the 2011 AGRA trade fair

The International Fair of Food and Agriculture (AGRA) closed its 49th edition on 25 August in Gornja Radgona. The 1,710 exhibitors who took part represented 28 countries and enjoyed a total of approximately 117,000 visitors. Poland was the guest country at this year's fair and considerable presentations were also made by Brazil, the Czech Republic, Vojvodina, Moldavia and Kosovo. The various conferences, meetings and roundtables organised as part of the trade fair highlighted the economic importance of agriculture, as was further evidenced by the positive reactions of various ministers in attendance.

Code of best practice

At the 49th annual AGRA trade fair, some of the participants signed a code of agri-food chain best practices. Founded on a voluntary basis with no directly-linked legal repercussions, the code is in strong support of dialogue to resolve encountered problems and freely exchanging business practice as well as preventing abuses within the food industry. Among the represented signatories were the Cooperatives' Association, Chamber of Trade Crafts and Small Business, Chamber of Commerce, Chamber of Agricultural and Food Enterprises and the Chamber of Agriculture and Forestry. Notably, the Agriculture, Forestry and Food Ministry did not sign the code. It will, however, offer support in overseeing the operations of the document and the implementation of specific points within it.

SBRA Partners

European Mobility Week

Events for the 2011 European Mobility Week, which ran from 16 to 22 September, were



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held across 32 cities in Slovenia. The country's capital took part for the tenth year in a row, building on activities that were already undertaken and expanding them to further promote the message of sustainable mobility. This year's initiatives included closing off most of the city centre to traffic, with the exception of public transport and emergency vehicles. The move was strategically chosen to coincide with this year's theme of 'travelling differently' and to give a preview of the city's plan to permanently close off the area to unauthorised vehicles. Other related activities included the creation of green spaces in the city centre and the refurbishing of Congress Square. Bus stops will also be remodelled for safety as part of the follow-up during the coming year.

Sava Group beats predictions



The first half of 2011 showed promising

results for Sava Group, beating expectations and improving on the final figures for 2010 by approximately 14%. The group's rubber manufacturing and tourism divisions generated the majority of sales – up to 94% – and both performed above the projected figures. The operational profit for the Sava Group companies is already EUR 2.5m and investments amounted to EUR 2.7m. Sava d.d. has, however, suffered from somewhat negative movements in the capital markets leading to the lowest share levels on the Ljubljana Stock Exchange since the financial crisis began. The Management Board of Sava d.d. has already prepared short-term measures to ensure improvement to its operations where necessary and maintenance of successful sectors where applicable.

Maribor as a European Capital of Culture

Along with the Portuguese city of Guimaraes, Slovenia's Maribor was chosen as a European Capital of Culture. The central theme of the city's proposal – Reanimation of the City – is intended to not only highlight traditional



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cultural events, but also to incorporate undertakings that may have a long-lasting impact on Maribor's identity. Among the activities proposed by the programme director Mitja Čander and his team there are educational and sporting events, fruit picking and grape harvesting, and environmental clean-up actions. The project also has several co-operating members in the region that will organise complementary activities. The five partners include Murska Sobota, Ptuj, Slovenj Gradec, Novo Mesto and Velenje.

<http://www.maribor2012.info>

BioEnerGIS project comes to a close



The BioEnerGIS project, with SBRA as a

partner and co-financed by Intelligent Energy Europe, ended in October of this year. It mapped four regions – Lombardy, Northern Ireland, Slovenia, and Wallonia – based on the biomass that is potentially exploitable for energy purposes and the heat demand that can be fulfilled by using it in direct heating systems. The data combines the supply and demand aspects, regional legislation, and technological options to assess the optimal location for new biomass plants using DSS BIOPOLE. The data system is web accessible and has been designed to help regional and local public decision makers determine biomass sustainability.

BioEnerGIS also explored the public and private interests through the creation of regional networks that aimed to create local agreements to implement socioeconomic and environmental management plants. In Slovenia, Keter Organica and Biomasa d.o.o. signed two local agreements with the participation of the Slovenian Chamber of Agriculture and Forestry.

<http://www.bioenergis.eu>

Most

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www.sbra.be

● **Soft loans for technological development projects from SID Bank**

On 15 November 2011 SID Bank's Management Board President, Mr Sibil Svilan MSc, signed a contract with the Minister of Higher Education, Science and Technology, Mr Igor Lukšič PhD, on the financing and implementation of financial engineering instruments for promoting technological development projects that will contribute to a development boost of Slovene firms.

As part of the initiative, SID Bank launched the Promotional Development Platform that enables the implementation of financial engineering instruments in Slovenia in a manner that has already been practiced for a number of years by numerous European development banks. In order to enable its implementation, SID Bank will deploy EUR 100m of financial assets acquired from a European Investment Bank loan and combine that with EUR 50m of state budget funds contributed by the Slovenian Ministry of Higher Education, Science and Technology. Thanks to the investments made into the establishment of the platform, SID Bank will be able to ensure a different type of lending arrangement. This will be considerably more favourable for debtors during times of financial crises.

The credit line Financing Technological Development Projects 2011-2013 is an important new product in the palate of financial services SID Bank has on offer. Loans from this credit line will have elements of state aid due to the low on-lending interest rate, which will be lower than the reference interest rate that is used as a criterion for determining state aid by the European Commission. The financing itself will be done directly by SID Bank.

SID Bank's decision to provide financial support for research, development and innovation (RDI) projects is based on the possibilities this brings to the economy as such investments can help to improve the competitiveness and accelerate the development. Obtaining funding for such purposes, however, is often challenging. With the help of a suitable loan – in terms of long-term maturity and other benefits – supporting projects in the field of RDI, SID Bank will be able to encourage investments in the areas that play a major role in boosting the competitiveness of the Slovene economy.

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