

# THE ADRIATIC JOURNAL

CORPORATE BRIEF ON GEOPOLITICS & LIVING

ISSUE 8, JANUARY 2020

## STRATEGIC FORESIGHT 2020



**GEOPOLITICS:**  
THREE KEY RISKS IN  
2020 |  
ONCE UPON A TIME  
IN...SERBIA |

**BUSINESS: COMPELLING  
WOMEN FROM THE BALKANS |  
INTERVIEW WITH JADRAN LENARČIČ |  
POWER OF THE NATIONAL BRAND**

**LIVING: FIČO – A YUGOSLAV STORY |  
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76%

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78%

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energy-efficient manner (Eurobarometer 2017)



3<sup>rd</sup>

Slovenia has doubled investment in sustainable development, becoming the  
3rd EU country in the field of eco-innovations (Eurostat & Eco-Innovation Scoreboard 2016)



34/180

Slovenia's socially responsible economy is among the best in the world in  
terms of environmental health & ecosystem vitality (Environmental performance index 2018)

Find out how you can benefit from Slovenia's green  
qualities, creative talent and smart solutions.







## MASTHEAD

# THE ADRIATIC JOURNAL: STRATEGIC FORESIGHT 2020

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## ABOUT THE PUBLICATION



This is the Strategic Foresight edition of The Adriatic Journal, a corporate brief on geopolitics and living in Europe's southeast region. The brief is the extended arm of the Institute for Strategic Solutions (ISR). For readers familiar with ISR's prior publications, our subjects will come as no surprise: we endeavour to bring the latest news, analysis and facts from the region to expat and local community in Slovenia and the Western Balkans as well as to those with particular interest in this part of the world.

The Adriatic Journal is based in Ljubljana, Slovenia's capital, but our focus includes the politics and living in other regional centres of power: Zagreb, Belgrade, Sarajevo, Pristina, Skopje and Podgorica. Our expert analysis of political and financial developments helps our readers understand how various aspects impact investments as well as every day living in southeast Europe.

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# Developing smart cities with sustainable management

Sustainable development, clean renewable energy and a lower carbon footprint are key issues in most cities, especially in those investing in its future development.

When planning their activities, cities search for comprehensive solutions that offer added value: in addition to providing the necessary services, the solutions applied should also follow the sustainable development goals while at the same time meeting the needs of city's inhabitants. Integrated measures help cities tackle economic, environmental and social challenges as well as connect urban and rural areas, with municipalities expressing interest in business models to help them transmit the associated risks to private partners. Petrol is dedicated to long-term partnerships with cities, one of them being the Municipality of Kranj, where it helped improve the buildings' energy ef-

iciency, water management and use of renewables. Petrol is investing in projects covering energy efficiency and renewable energy sources, thus guaranteeing energy savings results.

Petrol's own information platform Tango helps cities be even more efficient and user-friendly. A modern information solution, Tango ensures cost-effective planning as well as the efficient control and management of smart city systems. Tango is solving the challenges of modern business, monitoring the situation and changes in the physical system and enabling users to respond with quick and smart decisions.

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A WORD FROM THE EDITOR-IN-CHIEF

# TO STRIVE FOR THE FUTURE, WE MUST APPRECIATE THE PAST

Dear reader of The Adriatic Journal!

# T

The fact that you are reading this magazine means you have an active interest in the Adriatic region. In the times of global uncertainty, this region presents itself as an interesting niche for doing business. The recent years of economic growth and certain signs of political stabilisation, such as the Prespa agreement between North Macedonia and Greece, make the economies of Western Balkans even more worth looking at now and in the coming years.

But to understand the future, one must appreciate the past. Thus, inside The Adriatic Journal 2020 you will find out that Serbia defied economic laws in the past and traded successfully. Successful trading is a source of optimism we have been seeing in communication activities of companies operating in the region. There is reason for optimism as new technologies, such as e-mobility, begin to impact people's lives. And also connect the past with the future. The story of the Fičo is an attention-grabbing regional tale of the legendary Yugoslav car that some innovative minds attempt to revive its popularity by making it electric.

Slovenia's role in the region remains active as companies strive for more investments and the government tries to push the topic of EU enlargement back to the top of the EU agenda. The European perspective is the only

perspective for the region and there should be no alternatives.

Hence, building the future by understanding the parallels of the past while working towards increased cross-border connectivity on present topics, is the only recipe for the region's rewarding tomorrow.

Enjoy our magazine and make the most of the year 2020.



Photo: DELO

TINE KRAČUN

# TANGIBLE PAST

**Quantitative history, also known as cliometrics (no relation with the small French car), can make the past come alive. A very tangible look into the Slovenes of 140 years ago.**

---

# T

The use of cliometry enables the removal of unknown facts from the past. Better insight and understanding how our ancestors lived, thus filling the past with a new face.

At the Institute for Strategic Solutions, we not only bring a new perspective on the past, but also use the advanced data and analytical methods to provide valuable business information for the

current times. Our specialization is the use of advanced data analytics, which enables real-time decision makers to now have a direct insight into what is happening in their target markets and monitor business sentiment in their desired industries. Advanced data analytics enables us to analyze the hidden and less exposed messages by business players in their communication with the general and professional public and to identify trends and expectations about what is happening in the markets in real time - today, tomorrow, and in the coming months. It is a fully customized business analytics tool that gives you, in real time, all the key information about what is happening in the markets and understand it better than your competitors, which result in better business decisions.





THE NUMBER OF BABY GIRLS  
BORN IN CARNIOLA IN 1880

8,641



Among them, **116** twin girls.

And **9,186** baby boys.

Among them, **111** twin boys.

**158** twins of mixed sexes.

SOURCE: STATISTISCHES JAHRBUCH

THE NUMBER OF TELEGRAMMES SENT  
FROM THE LAŠKO STATION IN 1880

726

While **1,275** telegrammes were received.



SOURCE: STATISTISCHES JAHRBUCH



## THE NUMBER OF HORSES IN THE CITY OF MARIBOR (WITHOUT THE SUBURBS) IN 1880

**833**

**45,094**

PRIVATE CARS  
REGISTERED IN MARIBOR  
MUNICIPALITY

**105,730**

PERSONS

**2**

PERSONS PER CAR

SOURCE: SURS 2019

21 persons if we include the suburbs

20 persons per horse



2.4% in the suburbs.

Owned by **180** bourgeois.  
The proverbial "Top **1%**".

## THE PRICE FOR 1KG OF BEEF IN LJUBLJANA IN 1880

EUR **11.80**  
IN 2019

**0.48** Gulden

SOURCE: STATISTISCHES JAHRBUCH



Elsewhere in Carniola, 0.44 Gulden.





## THE NUMBER OF DEATHS BY POISON IN CARNIOLA IN 1880

# 2

No murderer used poison that year. Among the **8** female victims, **6** were beaten to death while **2** died by other means. Among the **38** male victims, **28** were beaten to death and **5** were shot.

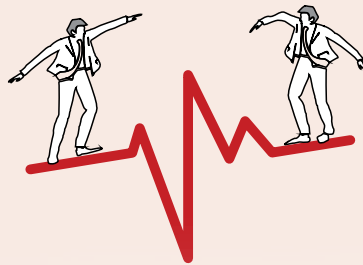


**2** females committed suicide by poison. That year, **9** women and **29** men took their own life

SOURCE: STATISTISCHES JAHRBUCH

# STRATEGIC FORESIGHT

## 2020: WESTERN BALKANS



### KEY RISKS FOR 2020

#### 1 New World Order

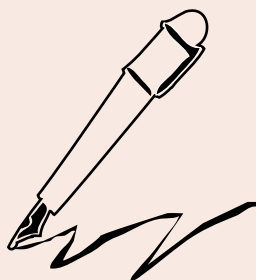
The changing geopolitical relations on the global scale are affecting the Western Balkan countries, which are confronted with old ambiguities. The competitive authoritarianism deriving from the contested pluralism, far-right populism and nationalism, slowing economic growth weak institutions and foreign influence by Turkey, China and Russia are having a negative effect on the Investment Environment in the region.

#### 2 No Enlargement in Sight

The diminished prospect of European integration, uncertainties in relation to the “mini-Schengen” initiative and bilateral disputes will determine the outcomes of the much-needed structural reforms that are prolonging the stagnation of both the socio-economic prosperity and EU accession process of the Western Balkan countries.

#### 3 Corruption and State Capture

Captured political systems, the suppression of independent institutions, political influence over the judiciary, and weak law enforcement are all features that accompany corruption and reflect on underperforming state institutions, which is jeopardizing democratic consolidation that is crucial for the countries that aspire to join the EU.

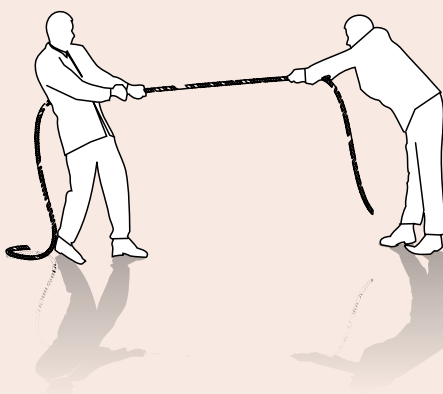


## INTRODUCTION

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Western Balkans in the grips of competitive authoritarianism, weak institutions and foreign influence .

**I**n the last three years, the illiberal tendencies that emerged through populism, the rise of the far-right, Brexit and Donald Trump's election victory, are changing the structure of the international system. This new world order is also affecting the Western Balkan countries, which are confronted with old ambiguities. The competitive authoritarianism deriving from the contested pluralism, far-right populism and nationalism, slowing economic growth (from 3.9% to 3.2%), weak institutions and foreign influence by Tur-



key, China and Russia is having a negative effect on the General Investment Environment in the region. In addition, the diminished prospect of the European integration, uncertainties in relation to the "mini-Schengen" initiative and bilateral disputes will determine the outcomes of the much-needed structural reforms that are prolonging the stagnation of both the socio-economic prosperity and EU accession process of the Western Balkan countries.





Even Serbia, who was perceived as a frontrunner for democratic consolidation, is slowly but steadily overtaken by illiberal tendencies.

On 18 October 2019, French President Emmanuel Macron vetoed the opening of the EU accession talks with North Macedonia and Albania, diminishing the prospect of European integration for the entire region. The Western Balkans, often termed as a 'fragile region', is yet again faced with old uncertainties such as competitive authoritarianism, powerless civil society, underperforming state institutions, and limited capacities to act and react in unexpected circumstances. The assessment of the General Investment Environment of the region in 2020 is dependent on five current trends or processes that have been taking place and that will, according to the analysts at the Institute for Strategic Solutions, determine the following year. These are: 1) competitive authoritarianism; 2) slowing economic growth and increasing public debt; 3) underperforming institutions; 4) Belgrade-Prishtina dialogue; 5) foreign influence.

The global decline of democracy has been making headlines, with challenges to liberalism in long-established democracies through populist candidates and parties, such as Donald Trump's election victory in the United States, Brexit, and the rise of the far-right in Western and Central Europe. In this context, the democratic decline in the Western Balkans

is not an exception but part of a broader drift that takes on a variety of practices, depending on the regional context. However, most institutions and analysts would concur that the notion of democratic decline that leads to competitive authoritarianism has not occurred in the region since those countries are not considered to be consolidated democracies. Moreover, the countries of the Western Balkans have remained hybrid regimes or unconsolidated democracies since the mid-2000s, according to the Freedom House, Betlesmann Transformation Index, and the Economist Democracy Index. When looking at the country-based trends, we could observe that even Serbia, who was perceived as a frontrunner for democratic consolidation, is slowly but steadily overtaken by illiberal tendencies of Aleksandar Vučić's Serbian Progressive Party. While on one hand Bosnia and Herzegovina and Kosovo can be characterized with multifaceted decision-making, ethno-political exclusivism and contested pluralism, Serbia and Montenegro are lacking such democratic structural limits. On the other hand, North Macedonia and Croatia are surrounded by the populism and illiberalism in their neighbourhood. This, together with the stagnation in the EU accession process, has negative influence on the political climate in the region that is slowly but steadily moving from



the soft power postulates established by the EU to the sharp power strategies by the non-western actors such as China, Turkey, and Russia.

Competitive authoritarianism is not the only challenge the region has to tackle. The economic growth is projected to slow from 3.9% to 3.2%, except for North Macedonia where growth has continued

also in Serbia, Bosnia and Herzegovina, Montenegro and Albania. The cooling of the economic growth is coupled by rising fiscal deficits that will be increased by 0.8% on average (from 1.2% of GDP to 2% of GDP). The largest increase is, according to the World Bank, expected in Bosnia and Herzegovina as a result of a new law on demobilized veterans in the BiH Federation and higher public wages in

The economic growth is projected to slow from

**3.9% to 3.2%**,  
except for North Macedonia.

Rising fiscal deficits will be increased by

**0.8%** on average.

Regional labour markets have reached the lowest unemployment rate in history

(**15.8%** on average).

to pick up after a major slowdown in 2017, and Kosovo, where it is expected to remain strong at 4%. While investments are still adding to growth, the countries like Montenegro, Kosovo and Bosnia and Herzegovina will see a drop in the investments' contribution to the government purse because of delays in large public infrastructure project. The Western Balkans countries, which have a large productivity gap, have to primarily rely on services as the main economic driver. Those services are mostly reliant on tourism which is not a driving factor only in Croatia but

Republika Srpska. Fiscal deficits are also expected to increase in North Macedonia (from 1.1% to 2.4% of GDP) and Albania (to 2.2% of GDP). But fiscal rules are immensely important for the countries in the region as their attempts to join the EU will fail if they do not adopt and comply with EU's fiscal rules.

Regional labour markets, which have improved in terms of labour force participation and reached the lowest unemployment rate in history (15.8% on average), remain strongly influenced by wide-



## Belgrade-Prishtina dialogue is the most important bilateral challenge for the region.

spread corruption (Vienna Institute for International Economic Studies, 2019). Captured political systems, the suppression of independent institutions, political influence over the judiciary, and weak law enforcement are all features that accompany corruption and reflect on underperforming state institutions which is jeopardizing democratic consolidation that is crucial for the countries that aspire to join the EU. This worrisome trend is addressed in the latest 2019 report by the Freedom House, *Nation in Transit*, where Bosnia and Herzegovina, Kosovo, and Macedonia are understood as 'hybrid regimes', whereas Montenegro and Serbia are considered to be 'semi-consolidated democracies'. The root causes can be inspected through the prism of powerless civil society and anti-corruption bodies, inadequate administrative capacities, and lack of transparency. An additional problem in the region stems from the Belgrade-Prishtina dialogue which is the most important bilateral challenge for the region with potential to give an impetus to the Western Balkans countries in their EU accession process. However, opting against the European Commission's Stabilization and Association Agreement, Kosovo's government decided to impose a 100% tariff on imports from Serbia and Bosnia and Herzegovina in 2018 which are still in place. Further-

more, the bilateral dispute that turned into a multilateral dispute is harming the ongoing debates on establishing the so-called "mini-Schengen", which can be understood as a consequence of blurred EU perspective. The "mini-Schengen", that has initially included Serbia, Albania and North Macedonia, has the potential to function as a sub-regional block and excludes countries like Kosovo and Bosnia and Herzegovina, which are urgently need to become a part of something visible and tangible.

The last trend the analyst at the Institute for Strategic Solutions evaluated is the foreign influence, which was more visible in previous years due to the EU's non-existent strategy and the fact that the enlargement into the Western Balkans has been postponed. Even though the EU remains the most visible foreign actor and supports the democratic and economic transformation of Western Balkan societies, the presence and actions of other actors such as Russia, China, and Turkey cannot be undermined. One can argue that the Western Balkans have become an arena where the EU is confronting other geopolitical actors that harbour different intentions and agendas. Russia in particular, although lacking a coherent strategy towards the region, contributes to its overall instability.



Furthermore, one should not neglect China's influence that is spreading throughout the region with the 17+1 and Belt and Road initiative, which evolved into complex diplomatic and economic platforms. China is present in practically all regional countries, namely: a) in Serbia with the USD 1.5bn worth of investment for constructing the railway that would connect Belgrade and Budapest; b) in Croatia by building a 2.4 km-long bridge connecting the Pelješac peninsula and the village of Komarna; c) in Montenegro and North Macedonia in road construction projects; d) in Tuzla with the project of building a thermal plant worth EUR 777m. Finally, Turkish influence in the region via development aid, infrastructural projects, opening of universities and restoring mosques is something that should be monitored closely in the following years. Such instruments of soft power, which were originally perceived as an "EU way of doing business", are sometimes hard to measure but are of strategic importance for Turkey's position in the region.

For all the above-mentioned challenges, the countries of the Western Balkans will need to focus on the rule of law, democratic transformation, implementation of the EU acquis, underperforming institutions and bilateral disputes that have the potential to prolong the stagnation of the EU accession process. In the following chapter, we look closely at the developments in each country and provide the assessment of the General Investment Environment that will serve as a road map for where those countries are heading and what the next year will bring to their political landscape, socio-economic conditions, rule of law, security situation and investment barriers.

Even though the EU remains the most visible foreign actor, the presence and actions of other actors such as Russia, China, and Turkey cannot be undermined.





## CROATIA

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# SCHENGEN ZONE, IVO ŠANADER TRIAL AND COALITION (IN)STABILITY

2019 didn't bring the snap elections that many had expected, but at the end of the year Croatia will elect a President for the 2020-2025 mandate period. The centre-right Croatian Democratic Union-led government, headed by Andrej Plenković, commands a very slim majority, relying on a varied coalition partners and on the external support of individual parliamentarians. This instability could change after the general elections in 2020 which would have a positive impact on the overall political climate.





# E

Even though the general elections are scheduled for December 2020, the possibility of early parliamentary elections cannot be completely discounted since the government commands a very slim majority, relying on a varied coalition and on the external support of individual parliamentarians. This instability, which was previously driven by the 'Hotmail' affair and *lex Agrokor*, is now caused by the draft budget for 2020 that is not including extra allocations for educational sector employees. The education workers have gone on strike demanding a 6% wage increase. The junior coalition partner, the Croatian People's Party (HNS), insists on pushing the education wages issue on the political agenda. The insolvency problems with large shipyard group Uljanik and the inability of the Croatian government to find the appropriate

solution also needs to be emphasised as the shipyard carries a lot of sentimental value for Croats and is being used for strategic (political) purpose. However, the improvement of socio-economic conditions is visible and can be monitored via new Minimum Wage Act, that has been in effect since 1 January 2019 (EUR 505), and the Commission for Monitoring and Analysis of the Minimum Wage. Furthermore, among noticeable changes are also proposed tax initiatives intended for employing the youth population; a reduction of the tax obligation by 100% and 50% for those up to 25 years of age and those between 26 and 30 years. This should not have a negative impact on the Croatian public finances as the Minister of Finance Zdravko Marić has emphasized the Government adopted a 2019–2021 public debt management strategy under which the public debt will fall from 71.6% to 65.4% of GDP.

The improvement of socio-economic conditions is mostly due to the new Minimum Wage Act that has been in effect since 1 January 2019 –

EUR **505**.



The most worrisome indicators with potential impact on the general investment environment are at least threefold: Firstly, the long-term economic growth is becoming a key challenge for Croatia, as well as necessary investments in transport, energy and environmental infrastructure. The latter corresponds with low level of capital investment and can best be illustrated with a much-delayed EUR 420m invest-

Government adopted  
a 2019-2021 public debt  
management strategy  
under which it will fall  
from **71.6%** to  
**65.4%** of GDP.

ment in Pelješac bridge. Secondly, the political climate is subjected to the biggest trial of the decade to determine the guilt of former Croatian Prime Minister Ivo Sanader and Hungarian industrialist Zsolt Hernadi, the Chairman and CEO of MOL Hungarian Oil, one of the largest foreign investors in Croatia. Finally, the EU Commission's greenlight for Croatia

to join the Schengen zone is something that could negatively affect the already strained bilateral relations with Slovenia. Slovenian government argues the decision was political and should be discussed after the new European Commission is formed.

This year's assessment of the investment environment shows that Croatia is going to stay moderately stable and will improve in terms of investment barriers. The latter corresponds with the proposed tax change to encourage employment of Croatian youth. Socio-economic indicator is the most unstable, as the government hasn't done much to ensure durable economic growth. Analysts at the Institute for Strategic Solutions will closely follow the political situation in the country as 2020 will be determined by the outcome of both presidential and general elections.



### POLITICS:

According to the assessment of the analysts at the Institute for Strategic Solutions, the political risks indicator will improve in 2020. The biggest risk that could potentially have political implications are diplomatic relations with Slovenia in regards to Croatia's aspirations to become a member of the Schengen area.



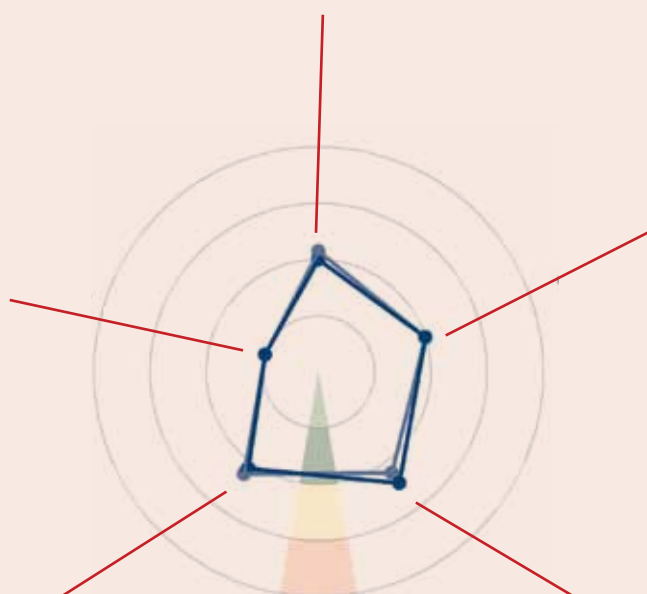
### SECURITY SITUATION:

Security situation in Croatia will remain the same in 2020. The analysts at the Institute for Strategic Solution estimate that the migrant pressure on borders and their ill-treatment by Croatian police forces is something that could be the most visible.



### THE RULE OF LAW:

The indicator rule of law won't change in 2020. Here, we should mention that Croatia didn't adopt the reforms that would tackle the corruption on systemic level. Furthermore, the trial of Ivo Sanader will serve as a litmus test of Croatian judicial system.



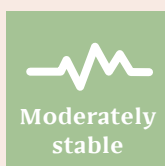
### INVESTMENT IMPEDIMENTS:

Investment Impediments will be less visible in 2020 due to tax changes that will encourage companies and employers to hire Croatian youth.



### SOCIO-ECONOMIC CONDITIONS:

In 2020, socio-economic conditions will be more visible due to worse economic performance and higher inflation, which will determine the scope of the much needed fiscal consolidation.



## INVESTMENT ENVIROMENT ASSESSMENT







## BOŠNIA AND HERZEGOVINA

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# POLITICAL STALEMATE AS THE NEW NORMAL

In 2019, three years after Bosnia and Herzegovina's (BiH) formal application for EU membership, BiH finally delivered its answers to the additional questions in the EU's questionnaire. During the time in the 'waiting room' for the opening of the accession negotiations, BiH will have to break the deadlock and form a new government after the Bosnian general elections on 7 October 2018. As a result, the assessment of general investment environment for 2019 has worsened. The outcome of this stalemate will affect the political and socio-economic climate in BiH in the following year.





I

In October 2018, BiH held its eight general election since the Dayton Peace Agreement, which was marred by irregularities and mostly confirmed the positions of the entrenched nationalist blocks. Even though Željko Komšić, a centre-left candidate for the Bosnian Croat seat of the presidency, won, the ruling coalitions at the state level and at the entity-level (Federation of BiH and Republika Srpska) remained uncertain.

The deadlock, mostly due to different views on Euro-Atlantic integrations by BiH political elites, demonstrates the continuation of divisions and tensions among three constitutive nations that was also acknowledged in the European Commission Report on BiH in May 2019.

One of many examples of intensified tensions happened on 18 April 2019, when the Republika Srpska parliament approved amendments to the law on public security to establish a 1,100-person reserve police force in order to fight against security threats such as Islamist extremists and migrants passing through BiH.

Despite electoral distractions, where over 7% of more than 450,000 ballots were disqualified due to the possible voter fraud, BiH did little to ensure the functionality of its institutions and electoral framework.

The latter is a consequence of the failure to adopt the amendments issued by the Central Election Commission in relation to the election of delegates to the Federation's House of Peoples, which was declared as unconstitutional.

Despite electoral distractions,

where over **7%** of almost half a million ballots were disqualified due to the possible voter fraud, BiH did little to ensure the functionality of its electoral framework.



Furthermore, BiH made little substantive progress in terms of public administration reforms. Balkan Investigative Reporting Network (BIRN) revealed that BiH paid almost EUR 30m in provisions due to the delays of crucial infrastructural project, financed by different international institutions.

The inability to form the Government on both state and entity levels resulted in weaker economic growth forecast for

2020 (from **3.6%** to **3.1%**).

The inability to form a Government on both state and entity levels resulted in weaker economic growth forecast for 2020 (from 3.6% to 3.1%). The World Bank also expects the fiscal deficit to dip further due to higher spending on veteran benefits in Federation of BiH and higher wages in Republika Srpska.

However, in March 2019, Standard & Poor confirmed its long-term B sovereign credit rating for BiH and raised its outlook from stable to positive for the first time since 2012.

Meanwhile, there were no noteworthy reforms regarding the rule of law, efforts to tackle corruption and organised crime, and fundamental rights. This was also confirmed in the Organization for Security and Co-operation in Europe (OSCE) report issued in April 2019, that concluded the response of the justice system to corruption was insufficient on all levels (productivity, capacity, and efficiency).

Finally, the unexplained death of David Dragičević, a 21-year-old man from Banja Luka, unravelled the broader institutional problems about policing, fundamental freedoms and the limited capacities of civil society to impact the socio-political landscape.

Analysts at the Institute for Strategic Solutions expect the general investment environment to remain moderately uncertain but should improve in 2020 as soon as BiH political parties form the new government. In addition, the security situation in BiH will be closely followed as there are potential unrest risks due to the increasing migrant crisis in certain parts of BiH Federation, namely in Bihac and Vučjak.



### POLITICS:

According to the assessment by the analysts at the Institute for Strategic Solutions, the political risks will decrease in 2020. Those estimates are based on the fact that political parties in BiH will form new government in the coming months. This will then also impact the political system, which could also be subjected to the new law provisions regarding the indirect election of the delegates to the House of Federation's House of People.



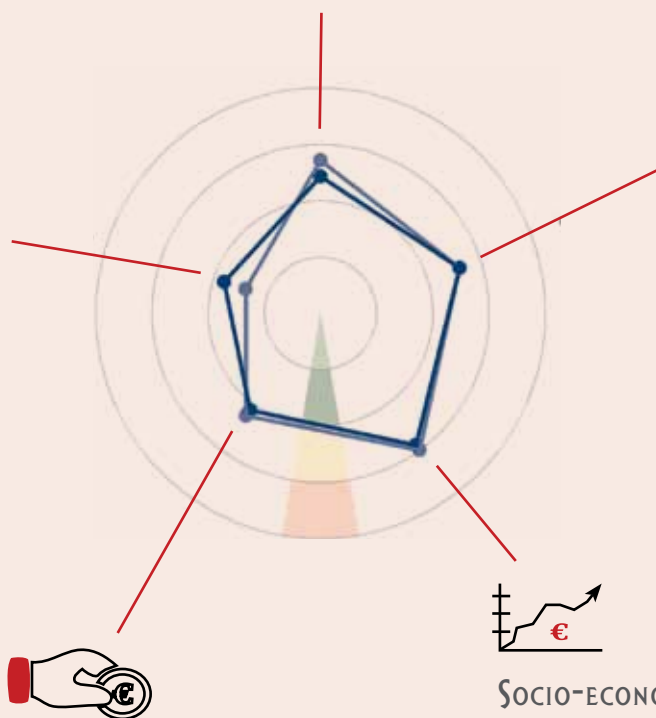
### SECURITY SITUATION:

Security situation in BiH could potentially worsen in 2020 due to an increasing number of migrants, both on borders and in certain cities in Federation of BiH. Furthermore, the decision by the Parliament of Republika Srpska to establish a reserve police force in order to protect its citizens against security threats such as Islamist extremists and migrants is something that could potentially lead into new inter-entity tensions.



### THE RULE OF LAW:

The indicator rule of law won't change in 2020. Here, we should mention that no reforms were made in order to tackle the corruption, and that the OSCE, who delivered 24 recommendations to the BiH executive and legislative authorities on all levels in 2015, released a report in April 2019 stressing that no recommendation was fully implemented since then.



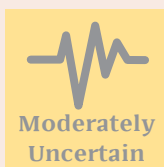
### INVESTMENT IMPEDIMENTS:

Investment Impediments won't change in comparison with 2019. The biggest issue in this regard is connected with the diplomatic pressure that could derive from the political stalemate. This was already seen in October, when Recep Tayyip Erdogan (Turkey) urged BiH's politicians to form the government as "they cannot efficiently continue with work" on the construction of Belgrade-Sarajevo motorway.



### SOCIO-ECONOMIC CONDITIONS:

In 2020, socio-economic conditions will improve due to the fact that the GDP growth is going to be higher (3.1%) than it was in 2019 (2.6%). Furthermore, the unemployment rate is decreasing, and is at its lowest in over a decade (15.7%). However, gains in employment are modest (1.2%), and remain lowest in the region.



### INVESTMENT ENVIROMENT ASSESSMENT







## SERBIA

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# SOCIO-POLITICAL DIVISIONS BETWEEN THE “ONE OF FIVE MILLION” AND “THE FUTURE OF SERBIA”

In the past few years, Serbia has invested a lot of effort in the external dimension (EU integration) while neglecting the domestic-driven problems, which are now haunting Serbian political elites. The proposed cross-party dialogue between Serbian parliamentary coalition and opposition that is facilitated by the Foreign Affairs Committee of the European Parliament indicates that Serbian socio-political environment is at critical juncture. As a result, the assessment of the investment environment for both 2019 and 2020 has worsened.





# W

When Serbian president Aleksandar Vučić declared victory in March 2018 at the municipal elections in Belgrade, the majority of political analysts started warning the executive aggrandizement of the Serbian Progressive Party could potentially negatively impact the socio-political environment. Not long after, the ongoing antagonistic rhetoric aimed at opposition parties culminated in an attack on Serbian left party leader Borko Stefanović and two other opposition activists at a political meeting in the city of Kruševac. The incident sparked mass protests in Belgrade on a scale not seen since Slobodan Milošević's 2000 downfall. Every Saturday since 8 December 2018, thousands have taken to the streets in Belgrade and other Serbian cities. Serbas are protesting alleged autocratic rule, intimidation of the opposition, attacks on the media

freedom, election rigging and corruption of the Serbian government, which has also been noticed by the US-based NGO Freedom House. The latter issued a report on February 2019 and downgraded Serbia from the category of 'free' countries to 'partly free', where it joins five other Western Balkan countries.

Furthermore, Reporters without Borders have argued the official Belgrade 'utterly fails to meet EU press freedom standards', while the country's ranking in the Press Freedom Index recorded a steep decline, from 66th to 78th place amongst of 180 countries.

In response, Aleksandar Vučić launched a campaign "Future of Serbia" on 6 February 2019, visiting towns throughout Serbia and championing his policies. This, however, did not stop civil unrests as they were gaining momentum, leading to the biggest protest to date only two months after Vučić's campaign. In August

The country's ranking in the Press Freedom Index recorded a steep decline, from

**66**<sup>th</sup> to **78**<sup>th</sup> place  
amongst **180** countries.



2019, three months after the non-partisan expert team concluded there are no conditions for free and fair elections in the country, Sergej Trifunović, leader of the Movement of Free Citizens, wrote an open letter to David McAllister, the Chairman of the Foreign Affairs Committee of the European Parliament, asking him to consider facilitating a cross-party dialogue. On 9 October 2019, the first round of inter-party European Parliament-mediated dialogue in Serbia took place, while the Alliance for Serbia refused to participate, stating there isn't enough time for their demands to be met before the next elections in April 2020.

The World Bank reported that Serbia will not reach originally projected annual growth of **3.5%**.

The political developments affected Serbian economy. The World Bank reported that Serbia will not reach originally projected annual growth of 3.5% (2.8% in the first half of 2019) and that the performance of industry decreased in 17 out of 29 sectors by 2%. Furthermore, the inflation has been declining in recent months after peaking in April 2019 at 3.1%, and the trade deficit (-16%) has influenced the increase of account deficit. Finally, the medium-term growth projections issued by the European Investment Bank, the European Bank for Reconstruction and Development, and the World Bank have concluded that Serbia's economic performance is heavily dependent on the public sector to implement key structural reforms.

Analysts at the Institute for Strategic Solutions find that the general investment environment will remain moderately uncertain as the political climate in the country is at its lowest point since 2016. The ongoing civil unrests, accompanied by the opposition boycott of the parliamentary sessions, will affect the highly polarized and politicized socio-economic landscape in 2020, when the general elections will take place.



### POLITICS:

Based on the assessment of the analysts at the Institute for Strategic Solutions, political risks will increase in 2020. This is mostly due to the upcoming general elections that will take place in the shadow of ongoing civil unrests and parliamentary boycott by opposition parties.



### SECURITY SITUATION:

Security situation in Serbia did not improve in 2019 due to ongoing civil unrests, which will also determine the security situation in 2020, when the general elections will take place.



### THE RULE OF LAW:

The indicator rule of law won't change in 2020. There no reforms introduced to tackle the corruption, while the European Commission reported limited progress when talking about strengthening the independence of the judiciary.



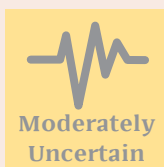
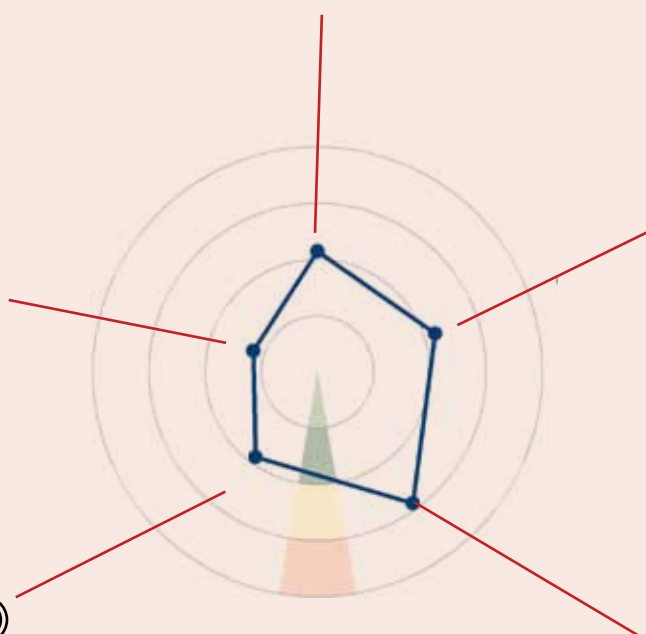
### INVESTMENT IMPEDIMENTS:

Investment Impediments won't change in comparison with 2019 even though the inflow of FDI is strong (EUR 1.8bn). Furthermore, close bilateral relations with secondary and big powers such as Turkey, China and Russia is something the analysts at the Institute for Strategic Solutions will closely monitor, as this could be an important element for strengthening Serbia's FDI inflow.



### SOCIO-ECONOMIC CONDITIONS:

In 2020, socio-economic conditions will not improve as the Serbian economy will not reach originally projected annual growth of 3.5%. However, in 2019 the average wage went up by 9.9% (in nominal terms), which is encouraging since it is one of the lowest in the region.



### INVESTMENT ENVIROMENT ASSESSMENT





## MONTENEGRO

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# IN THE MIDST OF CIVIL UNRESTS

In February 2019 protests began in Montenegro against the incumbent President Milo Đukanović and the Prime Minister Duško Marković-led government of the ruling Democratic Party of Socialists (DPS). Social resistance gathered under the slogan “Resist!”, drawing its inspiration from the Montenegrin protests in 1988-89, demanding Đukanović’s and Marković’s resignation, establishment of technical government, freedom of speech, and free and fair elections. This reflected in worsening of the general investment environment when assessing the Politics and Security situation indicators for 2020.







# N

Not long after April 2018, when Milo Đukanović won presidential elections with 54% of the votes and became a president for the third time, Montenegro installed a temporary parliamentary committee on reform of electoral and other legislation in order to tackle the low level of trust in the electoral framework. The accusations of electoral fraud, which have been present since December 2016, resurfaced in the autumn of 2018 during the local elections in 11 municipalities, and contributed to the establishment of the “Resist!” movement protests. The civic group that is organized as an informal group of intellectuals, academics, NGO activists, journalists and supported by Montenegrin parliamentary opposition parties, marked socio-political environment for the entire 2019, demanding the resignation of Milo Đukanović and

Duško Marković and establishment of technical government that would prepare the conditions for free and transparent elections. The protests, which have been taking place since February 2019, support the observation made by the European Commission in their 2019 report that the political scene in Montenegro remains fragmented, polarised and marked by lack of genuine political dialogue. Apart from the rising tensions and social unrests, the EU negotiations are advancing as expected. Montenegro has already opened 32 negotiating chapters and provisionally closed three of them. In terms of governance, Montenegro has implemented a new law on the financing of local self-government that falls within the two umbrella strategies, namely the 2016–2020 public administration reform strategy and the 2016–2020 public financial management reform programme.

Montenegro has already  
opened **32** negotiating  
chapters and provisionally  
closed **3** of them.



Supported by buoyant economic activity, Montenegro's GDP growth is estimated at 3% in 2019, which positively impacted both the youth (20.7%) and overall unemployment rate (14.9%). Furthermore, inflation eased in the first half of 2019 (0.5%) and the government is actively managing public debt. It issued a Eurobond of EUR 500m with an interest rate of 2.55% and a ten-year maturity, which was perceived by the World Bank as a positive step towards fiscal consolidation. However, the construction of the remaining phases of the Bar-Boljare highway and the unsustainability of Montenegro Airlines are something that the economic analysts are closely monitoring due to the risks carried by both projects.

It is important to note that Bar-Boljare highway is perceived as a risk due to its public-private dimension, while the accumulated loss of the Montenegro Airlines (EUR 90m) threatens government's fiscal consolidation efforts due to the significant state aid the airliner received.

This year's assessment of the investment environment shows that Montenegro is going to stay moderately uncertain and will worsen in terms of the political indicators. In addition, there will also be risks in relation to the security situation. This relates to the ongoing civil unrests that have the potential to last until the next general election in October 2020.

Montenegro's GDP growth is  
estimated at **3%** in 2019,  
which positively impacted both  
the youth (**20.7%**) and  
overall unemployment rate  
(**14.9%**).



### POLITICS:

The assessment of the analysts at the Institute for Strategic Solutions is that the political risks will worsen in 2020. Those estimates are based on the fact that the ongoing “Resist!” civil unrest have the potential to cause snap elections.



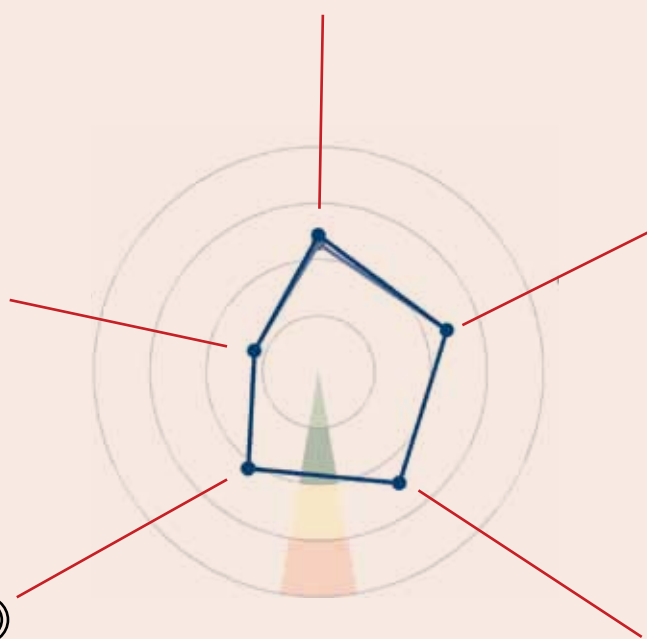
### SECURITY SITUATION:

Security situation in Montenegro could potentially worsen in 2020 due to ongoing civil unrests. These could last for the majority of 2020 or until the demands are met and technical government is installed.



### THE RULE OF LAW:

The rule of law indicator will remain the same in 2020. There were no reforms in order to tackle the corruption. Also, the lack of ability to pursue organized criminal, which was confirmed in the European Commission report in 2019, is something the analysts at the Institute for Strategic Solution will monitor closely in the following year.



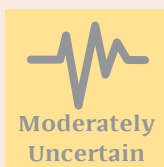
### INVESTMENT IMPEDIMENTS:

Investment Impediments will not be less visible in 2020. The economic growth in the first quarter of 2019 slowed because of fewer investments and a decline in industrial production, but the negative aspects were balanced by favourable labour market developments, such as increased lending and booming tourism.



### SOCIO-ECONOMIC CONDITIONS:

In 2020, socio-economic conditions will stay the same since Montenegro hasn't introduced any reforms that would ensure the prosperity of its citizens. Furthermore, relatively robust economic growth in Montenegro is a big opportunity for further fiscal consolidation of a highly indebted country (78.6% of GDP in 2019).



### INVESTMENT ENVIROMENT ASSESSMENT





## KOSOVO

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# NEW ELECTIONS, OLD PROBLEMS: IN BETWEEN THE INTERNAL AND EXTERNAL DIMENSIONS

(Un)expected snap parliamentary elections in October 2019, when Vetëvendosje (Self-determination) party won most votes with over 25%, have brought the political change that has been hoped for since 2014. The creation of the new government with Democratic League of Kosovo (LDK) will mark the first full transfer of power after elections between previous governing and opposition parties since the establishment of the Assembly of Kosovo in 2001. The supposed consolidation of democracy in Kosovo and decoupling of public institutions will not function as an impetus towards the improvement of the general investment environment as the new Prime Minister could, with its populist rhetoric, further harm the bilateral relations with Serbia.





# K

Kosovo had a convulsive year in 2019, as reflected in the European Commission's report . It has been noted that Kosovo, which is one of the economies with the highest growth in the region, has made some improvements in electoral processes and civil society, while the fight against corruption stalled due to the lack of political will. The latter was not the priority on Ramush Haradinaj's political agenda, who explicitly focused on the unresolved status in the region and bilateral relations with Serbia. This resulted in the ongoing 100% tariffs for Serbian and Bosnian products (EUR 3,7m and EUR 1,8m of total imports in 2019). The ever present semi-authoritarian appeals and the co-

option of the administration with external interests were punished, for the first time since 2001, at the snap elections in October 2019. This marked a new beginning for the whole political landscape, with far-right Albin Kurti (Vetëvendosje) and Vjosa Osmani (LDK) achieving important electoral results. Furthermore, as researchers from the University of Sussex argued, the former governing coalition was punished for their corrupt and inept governance that forced approximately 170,000 people to leave the country in the last four years. In regards to the obligations the new government will inherit from the previous one, the international community will mostly monitor the uncertainty over the establishment of the Association of Serb Municipalities,

The former governing coalition was punished for their corrupt and inept governance that forced approximately

**170,000** people to leave the country in the last four years.



especially since Albin Kurti publicly rejected the proposal, saying that he will not permit the formation of the Republika Srpska in Kosovo. Tensions between Kosovars and Kosovo Serbs in this regard will intensify in the coming years. Srpska List, which is supported and financed by official Belgrade, cemented its domination in Kosovo Serb majority municipalities, managing to increase its share of the vote by 30% compared to the previous parliamentary elections. Apart from the socio-political environment, the economic developments in Kosovo are also encouraging. Growth is expected to edge up to 4% in 2019 and 4.1% in 2020. Due to higher capital spending and consumption, credit growth continues to be robust and several large public investment project (railway and regional road projects) are expected to advance. The most worrisome trend in this regard is the labour force participation that continues to be low (29.8%) and the consumer price

inflation that accelerated to 2.7% due to the tariffs imposed on goods imports from Serbia and Bosnia and Herzegovina. Finally, it has to be mentioned the new government will face an overall fiscal deficit (2,9%) due to higher social protection spending as payments for war veterans are likely to be higher than planned.

This year's assessment of the investment environment shows that Kosovo is going to stay moderately uncertain but will improve due to lower socio-economic risks. The latter are connected with robust economic growth and lower inflation rate. Analysts at the Institute for Strategic Solutions will closely monitor the dialogue between Prishtina and Belgrade as the new Prime Minister will follow a different (populist) path from his predecessor, which could potentially harm the endeavours that were made in the last six years.

Growth is expected to edge

up to **4%** in 2019 and  
**4.1%** in 2020.



## POLITICS:

Based on the assessment of the analysts at the Institute for Strategic Solutions, the political risks will worsen in 2020. Those estimates rest on the fact that populist Vetëvendosje will form a coalition for the next four years.



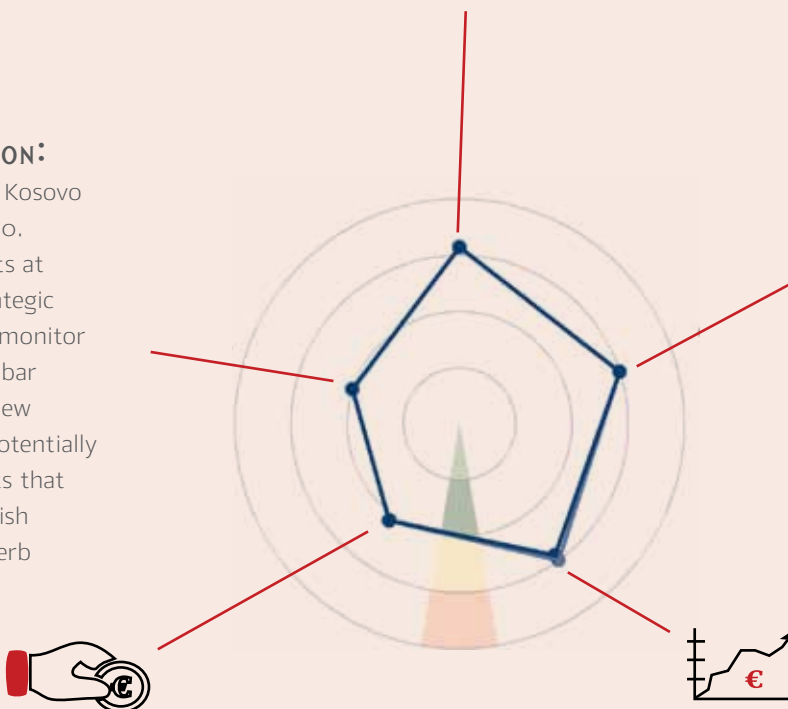
## SECURITY SITUATION:

Security situation in Kosovo won't change in 2020. However, the analysts at the Institute for Strategic Solution will closely monitor the situation in the Ibar Kolašin area as the new government could potentially jeopardize the efforts that were made to establish the Association of Serb Municipalities.



## THE RULE OF LAW:

The rule of law indicator won't change in 2020. Though some reforms were made in order to tackle the corruption and organized crime, as noted also by the European Commission in its latest report, but nothing has changed on systemic level.

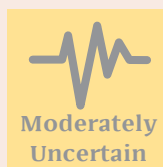


## INVESTMENT IMPEDIMENTS:

Investment Impediments will stay visible in 2020 due to non-reform pattern in Kosovo. The other factor that could potentially affect the investment climate in the country are the diplomatic pressures in relation to the Belgrade-Pristina dialogue and the imposed tariffs on goods from Serbia and Bosnia and Herzegovina.

## SOCIO-ECONOMIC CONDITIONS:

In 2020, socio-economic conditions will improve due to the encouraging economic growth and lower inflation rate. However, the fiscal deficit (2.9%) is something that the new government will have to tackle.



## INVESTMENT ENVIROMENT ASSESSMENT





## NORTH MACEDONIA

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# A LITMUS TEST FOR EU'S CREDIBILITY

On 12 February 2019, Macedonia officially changed its name to the Republic of North Macedonia in order to receive Greek support for its European Union and NATO membership bids. However, the French veto on EU accession talks diminished, for the time being, the North Macedonia's EU prospect and negatively impacted the political climate in both the country and the region. France's decision could harm North Macedonia's already uncertain general investment environment in 2020.





The changed political landscape, culminating in the decision to adopt a new name for the country in February 2019, opened up possibilities for North Macedonia's new government to pursue its long-term desire to become a member of the EU and NATO. The European Commission report in 2019 observed that North Macedonia maintained a steady pace of implementing EU reforms. The SDSM-led government - which in the past initiated several moves directed at undoing VMRO-DPMNE's capture of state institutions with the help of the "3-6-9" initiative - shifted its focus on the external issues in 2018 and 2019. This did not affect the robust economic growth

(3.6%) nor historically low unemployment (19.4%). The fiscal deficit, however, increased due to the 8.4% rise in spending on pensions, wages, subsidies, and healthcare. The improved socio-economic conditions in 2019 for North Macedonia were due to the increase of minimum wage from April 2019, while the real net wages were up by more than 2% y-o-y, as announced by the Ministry for Economic Affairs in June 2019. One of the main factors leading to economic growth is the government's focus on the automotive industry, which is thriving due to the low corporate tax rates (10%) and added value tax (18%). The success of the automotive industry functions as a foundation for crucial structural reforms to create favourable investment conditions

The robust economic growth is **3.6%**, and the unemployment rate is historically low (**19.4%**).



for businesses. These include technological and industrial development zones that are offering pre-built industrial sites, factories and support services as well as tax and customs incentives. The government has also reduced the number of steps for business registration from twelve to four. In 2019, uncertainties in North Macedonia were due to the ever-changing political landscape, culminating in France's veto on EU accession talks, harming the North Macedonian efforts in Euro-Atlantic integrations. This in turn was an impetus for the countries in the region to advance cooperation by initiating the formation of the so-called "mini-Schengen" in order to foster eco-

nomical ties and improve socio-economic conditions. "Mini-Schengen", due to commence in 2021, is crucial for North Macedonia as it could function as an instrument to lower the possibility of civil unrests, especially since 'Zaev's failure' to ensure the EU perspective in exchange of changing the name of the country has given rise in popularity of illiberal movement "For a Common Macedonia".

This year assessment of the investment environment shows that Macedonia is going to stay moderately uncertain and will worsen due to political and security situation. This is due to the increased potential for social unrests because of uncertain EU perspective and corresponding nationalists' claim to reverse policy decisions by having snap elections. Analysts at the Institute for Strategic Solutions will closely follow the EU-dimension as this externally driven dilemma has the potential spill-over effect for determining the socio-political environment in 2020.

One of the main factors leading to economic growth is the government's focus on the automotive industry, which is thriving due to the low corporate tax rates (**10%**) and added value tax (**18%**).



### POLITICS:

According to the assessment of the analysts at the Institute for Strategic Solutions, the political risks will be more visible in 2020. The elections are on table due to the failure to current government's failure to start the EU accession talks. This could strengthen nationalist parties which would reverse all the advances made in foreign policy in 2018 and 2019.



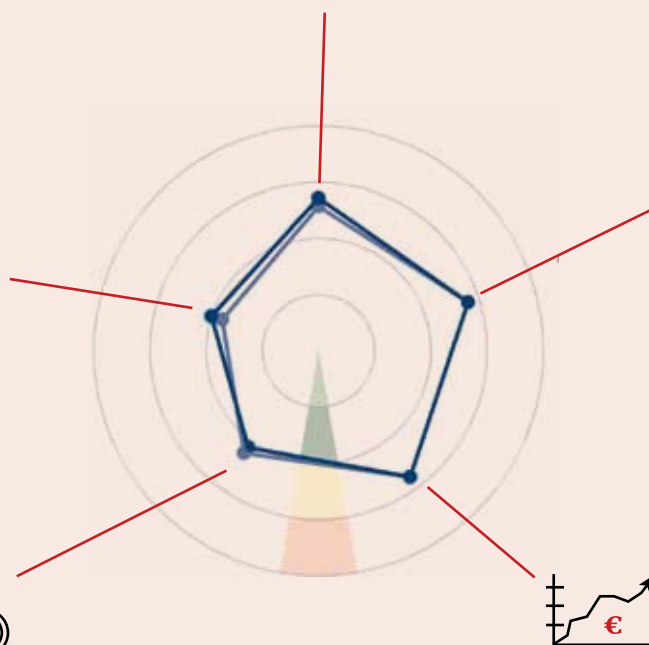
### SECURITY SITUATION:

Security situation in Macedonia will worsen in 2020 due to the uncertain EU perspective that could be used to push nationalist rhetoric that could, in turn, increase inter-ethnic tensions (Albanians in North Macedonia generally supported the change of the name), and cause other types of social unrests.



### THE RULE OF LAW:

The indicator rule of law won't change in 2020. North Macedonia reached some level of preparation in addressing the 'Urgent Reform Priorities' issued by the Venice Commission, but has not yet implemented the new law on the Public Prosecutor Office in order to prevent the possibility of having another "Wiretapping affair".



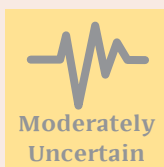
### INVESTMENT IMPEDIMENTS:

Investment Impediments will be less visible in 2020 due to the name change agreement with Greece. The level of diplomatic pressures will decrease further, and the countries of the EU will be even more eager to establish and maintain the economic presence in North Macedonia.



### SOCIO-ECONOMIC CONDITIONS:

In 2020, socio-economic conditions won't improve even though the economic climate in the country is favourable. However, fiscal deficit and wage pressures are something that could potentially influence the socio-economic conditions and should be monitored closely in the following year.



### INVESTMENT ENVIROMENT ASSESSMENT







## SLOVENIA

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# A TEMPESTUOUS YEAR FOR MINORITY COALITION

In 2019, the socio-economic landscape in Slovenia was subjected to numerous events that reflected negatively on the cohesion of the minority coalition led by Marjan Šarec. Collapse of Slovenian flight operator Adria Airways, trade labour demands that resulted in a EUR 300m deal, and the new amendment on the law regulation of the minimum wage negatively impacted the stability of the first ever minority-led government and the economic climate in the country.

The government, led by the List of Marjan Šarec (LMŠ), will face new challenges in 2020. The inefficient public healthcare sector, mismanagement of state assets and weaker GDP growth projections could impact the preservation of the government stability.





The decision to raise the minimum wage on January 2019 reflected in public support boost for the coalition, with 60% of people supporting the government.

A deal worth EUR 300m, signed between the Government and the Civil Servants' Unions, was viewed with caution by the Fiscal Council. The latter signalled that Slovenia is heading, after two years of structural balance, towards the zone of structural deficit as the fiscal council warned the public expenditures are too high (by EUR 270m).

The minority government, whose decisions relied on the prospect of strong and robust economic growth, has ignored the warnings and further stretched the budget by introducing new tax reform that led to EUR 138m loss of budget income. The decision, adopted by the parliament on

23 October 2019, ignored the projections made by the Office of the Government of the Republic of Slovenia for Macroeconomic Analysis and Development (UMAR) in September 2019, when it signalled the economic growth for 2019 is going to be weaker than expected and will stand at 2.8%. This was, however, taken into consideration by the Bank of Slovenia that has tightened consumer lending and caused some unrests both within the coalition and among the citizens. The decision, which came into force in November 2019 and affected around 300.000 people, could negatively impact the consumption rate in 2020.

The government stretched the budget by introducing the new tax reform that led to

EUR **138**m loss of budget income.

Prime Minister Marjan Šarec responded fiercely to the Bank's decision and signalled that the Government will prepare a new law that would enable the country to function as a guarantee to those who would not be able to get the loan. In ad-



dition, the minority coalition was faced with another problem – the support of the Socialist party (Left) that functions as the external coalition partner.

The economic growth for 2019 is going to be weaker than expected and will stand at **2.8%**.

The future of budgets for 2020 and 2021 is dependent on the support of the Socialist Left who want to abolish payments for supplementary health insurance. The proposal to do so, however, failed and, hence, the minority government no longer has the support of its external coalition partner. This, alongside the accusations of interference by the coalition parties in the Board of Managers in the largest energy and infrastructural companies, affected the public support for the minority government that was lower than 50% for the first time since June 2018. In October 2019, the already strained relations between the coalition partners were subjected to the collapse of the only Slovenian flight operator Adria Airways, which employed 558 people.

As in 2018, the Arbitration Agreement was again the most important topic in Slovenia's foreign relations, but in 2019 it was coupled with Croatian aspirations to enter the Schengen Area. Slovenia's focus on the Arbitration Agreement earned it a label of being a "one issue" country in terms of foreign policy. However, as the future of the EU enlargement remains uncertain, the endeavours made by Slovenia's Ministry of Foreign Affairs and other relevant stakeholders, advocating for Albania's and North Macedonia's EU membership, could help Slovenia move away from being perceived as having only one focus beyond its borders.

Analysts at the Institute for Strategic Solutions estimate the general Investment Environment Assessment will remain moderately stable as in previous years. The biggest risks that could potentially impact negatively on the general Investment Environment Assessment in the following year include the possibility of snap elections due to the instability of the minority government; potential negative effects on the companies due to the new tax reform, and the lack of political will and power to address the problems in pensions, healthcare, taxation system and housing policy.



### POLITICS:

Analysts at the Institute for Strategic Solutions expect the political risks to remain the same in 2020. Those estimates are based on the fact that snap elections are possible due to the minority government being made up of 5+1 political parties. In addition, the future of the coalition will further be tested when the budgets for 2020 and 2021 will have to be approved.

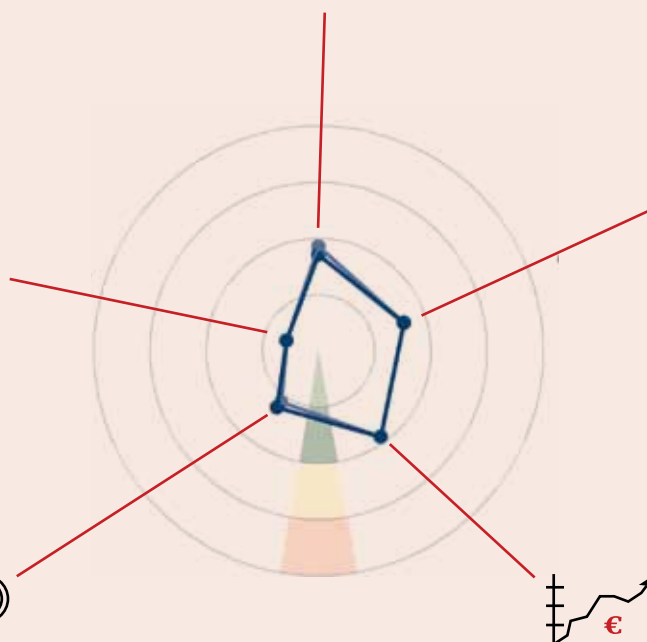


### SECURITY SITUATION:

Security situation in Slovenia will most likely remain the same in 2020. However, the issues surrounding illegal migrant crossings are worrisome and will be closely observed by the analysts at the Institute for Strategic Solutions.

### RULE OF LAW:

The indicator rule of law won't change in 2020. There were no reforms introduced to tackle the corruption. Analysts at the Institute for Strategic Solutions will closely monitor the developments regarding the accusations of staffing interference by the coalition parties in various public-owned companies.



### INVESTMENT IMPEDIMENTS:

Investment Impediments will be more visible in 2020. The biggest issue in this regard is connected with new tax reform as the taxation of rental income and capital gains will be raised for 2.5%. Furthermore, new minimum wage (700 euros) from January 2020 could potentially function as a potential barrier for improving investment climate.



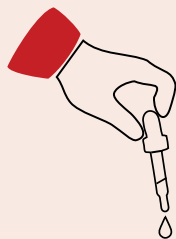
### ECONOMIC-SOCIAL CONDITIONS:

In 2020, Economic-Social Conditions won't improve. The biggest concern is that the economic growth is slowing down and the potential uncertainties in relation with new tax reform could lead to new structural imbalances.



### INVESTMENT ENVIROMENT ASSESSMENT





# STRATEGIC FORESIGHT METHODOLOGY

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The Assessment of the Investment Environment – a model for the foresight of political, economic and social trends – has been developed by the Institute for Strategic Solutions. The methodology is based on the proposition that the environments in which the companies invest are primarily influenced by social and political factors. As such, the assessment is primarily performed on political as well as social variables and, secondarily, on the economic and financial variables of a specific country. The methodology is informed by the main

insight of the ISR analysis, namely, that it is politics that primarily move markets. The ambition behind the Assessment of Investment Environment is to support the investors who operate multi-nationally, or wish to expand their operations to foreign markets. This product identifies and analyses five principle Indicators (Politics, Rule of Law, Socio-Economic Conditions, Investment Impediments and Security Situation) of a country's Investment Environment. On this basis, the model calculates the expected level of Political, Economic and Social Uncertainties in a specific country. The development of the Assessment of Investment Environment considers a wide range of variables that impact a country's overall investment environment. These include Poverty, Unemployment, Public Opinion and Trust in politics and institutions, Tax Burdens, respect of Rule of Law, Rigidity of the Bureaucratic Apparatus, Transparency of all Branches of Power and various Social Tensions within the society. These groups of indicators, alongside figures on

the general economy, both formulate and determine the attractiveness of the Investment Environment of a specific country or region.

The Assessment of the Investment Environment methodology is based on the hypothesis that it is the socio-political factors which have the greatest impact on the (in)stability of the Investment Environment. The methodology can also be applied to the specific operations of particular companies. Based on their business model, the results show the company's weaknesses towards specific investment environment indicators and their exposure to specific uncertainties.

Our two-part analysis combines qualitative and quantitative methods and enables easy, quick and reliable comparison of different investment environments. The first part of the methodology is based on 34 variables that are joined in five main Investment Environment Indicators, while the second part integrates those variables into 3 individual groups of uncertainties.

## THE FOLLOWING INDICATORS ARE INCLUDED IN THE ASSESSMENT OF INVESTMENT ENVIRONMENT:

1. Politics
2. Rule of Law
3. Economic-Social Conditions
4. Investment Impediments
5. Security Situation

ISR analysts regularly collect political, economic and social data on the countries of interest and convert them into variables. Each variable is scored. The higher the score, the higher is the probability that a specific variable could present a problem to investments, while lower scores highlight a lower possibility of problems.

ISR follows the indicator variables daily. All the variables are sourced from various international organisations, statistical offices and other relevant institutions.

The results are represented graphically in the form of a net, which is divided into four sections – light green, dark green, yellow and red. If an indicator is in the light green circle, this means there is a relatively small chance of obstacles in the investment environment of a country. The more the Indicator graduates towards the outside lines of the net, the probability of a country's instability increases.

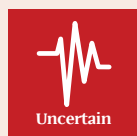
The second phase of the Assessment of Investment Environment consists of determining the presence of three groups of Uncertainties. The graph shows the level of uncertainties in a specific category, its possibility and impact. The more the bubble moves towards top right, the higher the uncertainty. In a general assessment, the impact and the probability are modelled as linear. Non-linear specifications are possible and may be required for specific company case studies, since the assessment is adjusted to incorporate data on the company's specific business model.

## ANALYSED GROUPS OF UNCERTAINTIES ARE:

1. Political Uncertainties
2. Economic Uncertainties
3. Social Uncertainties

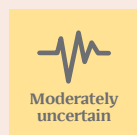
Each group suggests which of the analysed uncertainties of the Investment Environment are likely to exist in a specific country and its potential impact. By identifying these uncertainties we can determine which one of the three can have the largest impact on the overall health of the investment environment and on specific operations.

The methodology enables us to divide the analysed investment environments according to their stability in four groups presented in the table below.



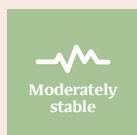
### Uncertain Investment Environment

Countries with an Uncertain Investment Environment have an unstable political system, they lack judiciary independence and are exposed to public riots and ethnic tensions. In these countries, corruption is widespread and national legislation is unfavourable to foreign investors. Government actions are often unilateral and arbitrary, which causes discriminatory decisions towards foreign investors. Foreign investors in these countries face political, economic, or social risks that are considerable.



### Moderately Uncertain Investment Environment

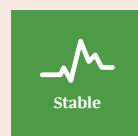
Countries with a Moderately Uncertain Investment Environment have a political system where snap elections and reconstructions of governments occur often even though there is a lower incidence of public riots and ethnic tensions. The Rule of law in these countries is in a better condition than in those with an Uncertain Investment Environment, since some measures already being taken in the fight against corruption and for the effective contract enforcement. In some areas, national legislation favours the domestic companies since they are less competitive than foreign ones. Investors in face considerable political, economic or social risk.



### Moderately Stable Investment Environment

Countries with a Moderately Stable Investment Envi-

ronment have a relatively stable political system, where a change of government following elections does not provoke severe public riots or ethnic tensions. The Rule of law in these countries is considerable, with the exception of some areas in need of reform. National legislation in these countries is not discriminatory to foreign investors. Investors in countries face moderate levels of political, economic, or social risk.



### Stable Investment Environment

Countries with a Stable Investment Environment are mature democracies with a long tradition of the rule of law and the free economy. Government actions are under severe supervision of the media and of the judicial system, which prevents official stakeholders from taking unilateral and arbitrary decisions. Public riots and ethnic tensions in these countries are prevented through a tolerant dialogue between NGOs, the government, and other civil groups. Investors face moderate levels of political, economic or social risk.

This Methodology also makes it possible to compare investment environments between countries and to determine their annual movements. The methodology enables us to predict if the stability of the overall investment environment will improve, deteriorate or remain the same, as well as to analyse how the three groups of Uncertainties (Political, Social and Economic ones) will act within a predetermined time frame.





THE VIEWS FROM THE PAST:  
MISUNDERSTANDING SERBIA

# ONCE UPON A TIME IN... SERBIA

Sometimes, the past is indeed a different country. During the years 1843 and 1844, a stubborn Englishman named Andrew Archibald Paton, Esq., became one of the first Western tourists to stroll around newly independent Serbia (still spelled Servia at the time). One day, he set himself a goal hitherto unheard-of - of visiting Kopaonik.

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AUTHOR: JURE STOJAN, DPHIL





KOPAONIK, mountain  
lodge in 1939

Photo: ISR Collection



Photo: Antun Mikasović

# A

Serbian history of the early twentieth century offers some of the most interesting parallels to twenty-first-century geopolitics.

As Paton proudly recounted in his travelogue *Servia*, the youngest member of the European family, it took a lot of will-power on his part. to get to Kopaonik. ‘The plethoric one-eyed clerk, with more regard to his own comfort than my pleasure, was secretly persuading the captain that the expedition would end in a ducking to the skin, and, turning to me, said, “You, surely, do not intend to go up to day, Sir? Take the advice of those who know the country?” – “Nonsense,” said I, “this is mere fog, which will clear away in an hour. If I do not ascend the Kopaonik now, I can never do so again.”

Today, of course, Kopaonik is a well-established tourist resort, a famous winter wonderland. Also, every March, proud host to Kopaonik Business Forum, where the region’s business, policy and academic leaders meet to discuss the pressing issues of the present. This event vividly demonstrates how today’s Serbia is a modern, successful economy. But it is also a country with deep historical roots – which continue to inspire today’s people. Serbian rich history is ignored at own peril.

It is also a history of how for a very long time now, the West has misunderstood Serbia. After all, in 1733, the Prussian University of Duisburg granted one of the earliest PhDs in what today would be called “Serbian studies”. The scholar was the now infamous Christian Frideric Van Delan, who submitted a *Dissertatio De Vampyris Serviensibus*. The Latin title really says what it appears to be saying – this was a dissertation on Serbian vampires. It should be noted, however, that this seat of higher learning was hardly among the most reputable and





Photo: ISR Collection

**KOPAONIK:**  
industrial  
zone in 1912

shut down already in 1818. In other words, before some of the most interesting chapters of Serbian history even took place.

### THE POOR MAN'S PARADISE

By the end of the nineteenth century, Serbia's developing economy had already found international admirers. The title of a 1897 tome, by a certain Herbert Vivian, tells it all – Serbia. The Poor Man's Paradise. 'The Servian peasant nearly always has more land than he can cultivate; he can boast of savings, either banked in an old stocking, exhibited in the headgear of his women-folk, or capi-

talised in the form of gold embroideries; and nothing will ever induce him to go into dependence,' glowed the English author. 'There are no Servian servants. Belgrade must import from Hungary, Austria, Germany, and even Italy. If you find servants of Servian race, you may be sure that they are either foreign subjects or have been recently naturalised.'

With the obvious drawbacks, one might add. 'There is little luxury in Servian home-life, and the lack of servants makes comfort out of the question. As Servians are too independent to enter domestic service, servants have to be imported beyond the Sava, and they



Photo: ISR Collection



Photo: ISR Collection

**BELGRADE**, old and new  
Royal Palace in 1912

possess or quickly acquire impossible notions or equality. I imagine it cannot be very much worse in America. And the ladies of a Servian household spoil their servants by doing much of work themselves.'

### DEFYING GRAVITY

Incidentally, it is the Serbian history of the early twentieth century that offers some of the most interesting parallels to twenty-first-century geopolitics. The Commercial Treaty between Germany and Serbia of 1904 shows that diplomacy can indeed transform economic reality – or, that the so-called economic laws are less binding than their name

Serbia accomplished  
what economic  
theory predicts to be  
impossible – it defied  
economic gravity.

suggests. In a nutshell, Serbia accomplished what economic theory predicts to be impossible – it defied economic gravity. Based on ideas borrowed from Sir Isaac Newton, this empirical regularity suggests that international trade is usually governed by the countries' economic heft and the distance between them (mostly geographical but could also be cultural).

So, a country should carry out most of its international trade with the biggest economy in the neighbourhood. Indeed, Serbia conducted most of its trade with the regional hegemon Austria-Hungary, despite the growing political tension between the two. In 1904, lands under



Photo: ISR Collection

**BELGRADE**, Knez  
Mihajlova street in 1916

Habsburg rule were responsible for 60% of Serbia's total imports and absorbed 89% of Serbia's total exports (16% by 1907). To put the contemporary Brexit debates into perspective, in 2018, the EU was the source of 53% of all UK imports as well as the destination of 45% of the entire UK exports)

The historian Horst M. Lorscheider puts it succinctly: 'As far as Austria-Hungary was concerned, the treaty was partially responsible for the loss of the Serbian market. Though this loss was painful for the Monarchy's industry, it was by no means devastating, since even in 1905, the last full year of Austrian dominance in Serbia, the trade

Between 1905 and 1910, German exports to Serbia increased by some **559%** and German industry had succeeded in securing a substantial share of the Serbian import market.

with that country amounted to no more than 2.25% of the Monarchy's total foreign trade. For Germany, on the other hand, the treaty was a success. Between 1905 and 1910, German exports to Serbia increased by some 559% and German industry had succeeded in securing a substantial share of the Serbian import market. But in assessing the economic importance of the Serbo-German commercial treaty, it must be remembered that even in 1910, Germany's trade with Serbia amounted to less than one percent of her total foreign trade. Economically speaking, therefore, the treaty carried vital and manifest significance only in Serbia.'



B

THE NEW PLAYER IN THE WESTERN BALKANS

WESTERN BALKANS is becoming a key strategic region for investment from China's perspective.

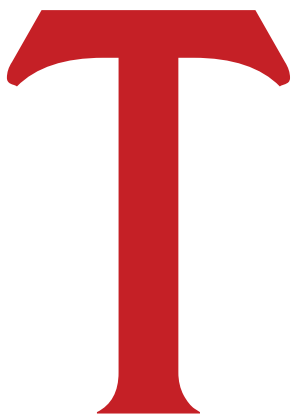
# CHINA ENTERING THE WESTERN BALKANS: THE LONG-TERM PERSPECTIVE

As a result of the Belt and Road Initiative, China is emerging as a significant actor in the Western Balkans. The increasing number of strategic Chinese investments in the region are beginning to put the EU on alert.

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NINA PEJIĆ, CENTRE OF  
INTERNATIONAL RELATIONS,  
FACULTY OF SOCIAL SCIENCES,  
UNIVERSITY OF LJUBLJANA





The Chinese presence in the Western Balkans region has become increasingly visible especially since the global announcement of the Belt and Road Initiative by Xi Jinping in 2013. The initiative seeks to (re)connect international trade routes, as once did the ancient Silk Road. One of the first steps to this goal that gained international attention was the acquisition of (later majority) shares of Port Piraeus, which China transformed into one of the leading container traffic ports in the Mediterranean.

The increased regularity of diplomatic visits (through frameworks like 17+1 Summit), business delegations and business forums led to increased economic exchange between China and the countries of Western Balkans - investments in several important sectors, such as transport industry, building materials and energy. As China continues to stack strategic in-

vestment projects in the region, it is becoming evident that Western Balkans are emerging as part of China's global 'going-out' strategy, welcomed by the Western Balkan countries.

The most recent Chinese projects that put the EU on guard were the acquisition of the Smederevo steel mill in Serbia (the biggest equity investment in the region), construction of Belgrade-Budapest railway and Pelješac Bridge in Croatia, as well as the recent investment into Trieste port's infrastructure. In energy sector, China's investments have been concentrated on hydro and thermal power plants, notably in North Macedonia, BiH, and Serbia. It is, however, evident that China established a particularly close relationship with Serbia. The country appears to take a special place in China's strategy towards the Western Balkans, due to its central location and its position as region's largest market. As such, Serbia stands out as the main recipient of Chinese-funded projects. Since China-CEEC summit in Suzhou in 2015, Serbia is a leader among CEECs in implementing joint infrastructure and energy projects with China. The two countries also abolished mutual visa requirements in 2017. More recently, countries' Ministers of Interior signed the Memorandum of Understanding, establishing joint exercises of special police units patrolling the streets of Belgrade.

It is, however, evident that China established a particularly close relationship with Serbia. The country appears to take a special place in China's strategy towards the Western Balkans, due to its central location and its position as region's largest market.



**CHINA'S INVESTORS** plan to invest Usd 300m in Železara Smederevo by the end of 2021

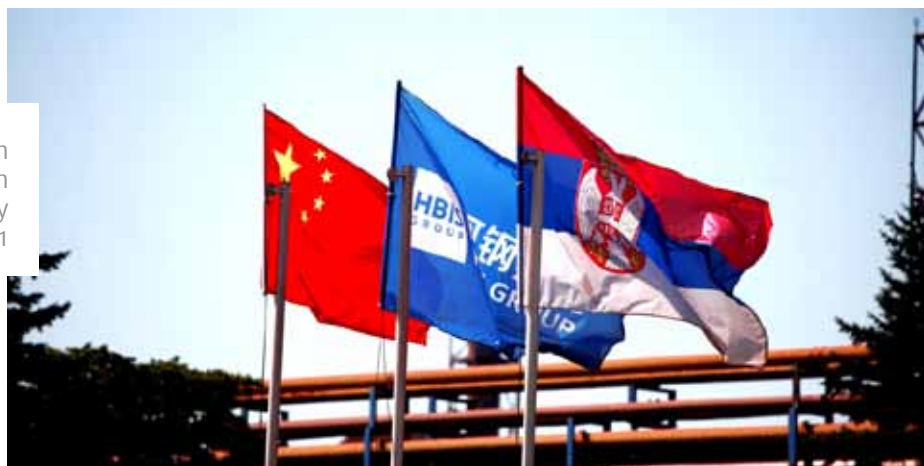


Photo: <https://www.hbissrbia.rs>

Investments in the region are focused on transport and logistics infrastructure that can ensure a more rapid flow of Chinese exports through the Piraeus to the Western European markets.

### **LARGE CHINESE SOES THAT BRING 'THE WHOLE PACKAGE'**

Some of the heavy players investing not only in Serbia but also in other parts of Western Balkans are PowerChina; China Road and Bridge Corporation (CRBC); Shandong Hi-Speed Group Corporation (SDHS); Sinohydro Corporation Limited; China National Building Material Ltd (CNBM); and China Communications Construction Company (CCCC). Some of those companies have common characteristics: they are state-owned, but largely publicly traded companies that specialise in several areas, as opposed to just one, taking control of the large part of their value chain. For example, CNBM

is primarily a cement producer, but at the same time a construction company that is also building cement plants and then operating them, which is different from the European model. Hence, the leading Chinese companies entering the Western Balkans market tend to integrate the 'whole package'. This is largely a consequence of Chinese policies aiming to lower domestic overcapacities in the sectors connected to Belt and Road infrastructure goals. China has set two targets with its eleventh and twelfth Five Year Plan in this regard: to eliminate waste and high competition between the Chinese firms with similar business structures and to reduce the number of local enterprises

China is looking to transform GREECE'S PIRAEUS PORT into the biggest harbor in Europe — making it the most crucial transit hub for trade between Asia and Europe

that are inefficient or too damaging to the environment. The Government's national industry target for 2020 aims to concentrate at least 60% of Chinese domestic capacities for construction amongst the top 10 manufacturers.

These moves are questioned internally, especially in the China's Rust Belt where there's fear of social unrest associated with the risk of job losses. However, Chinese companies that are also investing in Western Balkans with the 'whole package' are guaranteeing themselves enough projects around the world to use their capacity and avoid making redundancies at home.

"Putting its eggs in one basket' by merging the biggest players that have a possibility to engage in large infrastructure projects, China has found a way to overcome its problems with overcapacity, reduction in infrastructure needs and a possible economic downturn. In the long term, improved efficiency means the Chinese producers are likely to ben-



Photo: Shutterstock



The current data shows that Chinese are in the Western Balkans for the long haul.

efit from a massive increase in cash generation, giving them greater resources to embark on further expansion around the world, including the Western Balkans.

### **NEW LAND ROUTE TO WESTERN EUROPE AND REDUCED MARITIME COSTS**

While economic potential of Western Balkans is limited due to small markets and low domestic consumption, the region has other attractive features for China's long-term 'going-out' strategy. Investments in the region are focused on transport and logistics infrastructure that can ensure a more rapid flow of Chinese exports through the Piraeus to the Western European markets. At the same time, the Adriatic ports gathered in the NAPA association provide a shorter route to the same markets that are reached via Piraeus. The route is almost 2000 miles shorter, taking 6 days less to reach Western European markets.

NAPA ports can therefore be viewed as representing a Plan B to port Piraeus. However, this is only possible if there is a good land connection to the European markets. Koper is already in the process of improving its transport infrastructure through Divača-Koper second railway track. Port of Rijeka is still searching for an alternative in building a lowland rail-

way from Rijeka to Zagreb which would eliminate the steepness issue for otherwise very appropriate port, that is among the deepest in this part of Europe. The land connections will improve also in Italy, through the reconstruction of parts of the single-track main line between Udine and Tarvisio, which will offer improved direct access to Austrian markets. With the newest investments and terminal leases in the Adriatic ports, combined with the new construction of modern railway connections, increased Chinese cargo can be expected in the Western Balkans region.

### **PERSPECTIVES AHEAD**

The current data shows that Chinese are in the Western Balkans for the long haul. While the EU bodies have already proposed screening measures to enforce the protection of critical infrastructure and retain control over key assets, the Western Balkans still represent a less 'burdensome' and more flexible regulatory framework for Chinese companies. Although the region's leaders have increasingly attempted to use China as a bargaining power versus the EU, the EU still represents the biggest investor and trading partner of the region, while the Chinese investments represent a potential risk of trade imbalance and dependency.

# New capacities on the horizon

Over the past year, as Slovenia's only maritime cargo port, the Port of Koper has been rapidly building new cargo-handling and storage facilities in order to preserve its leading position as the northern Adriatic port with the highest annual throughput of containers and one of the largest automotive terminals in the Mediterranean.

In this way, the port has been preparing for the increased throughput volumes that will follow after the construction of an additional rail line between the port and its hinterland. According to the state, which is acting as investor in the additional rail line construction via the company 2TDK, trains will travel on the new line already in 2026. There are four major infrastructural projects currently going on, focused at container and automotive segment:

- ☞ Luka Koper is at the edge of Basin 3 building a new RO-RO berth for car-carrier vessels. The new berth will significantly shorten the internal transportation routes and improve productivity.
- ☞ The new group of railway tracks currently under construction will make it easier and

faster to load and unload cars from the wagons and the new rail access will shorten the car transport routes to loading points.

- ☞ The new garage for cars will have a capacity of 6,000 parking lots, completion is expected at the end of 2020. The construction of the garage will meet the increasing demand of customers for covered storage areas, while increasing the total storage capacity.

- ☞ Container terminal extension is the port's most important infrastructure project: until 2021 Luka Koper aims at increasing capacity at the container terminal by extending it for 100 meters and installing two additional super-post-panamax cranes.







VIEW ON THE REGION

# A WORD FROM THE SLOVENIAN GOVERNMENT

The Slovenian Minister for Foreign Affairs, Miro Cerar PhD, and the Minister for Economic Development and Technology, Zdravko Počivalšek, lay forward their views on the countries in the Western Balkans and asses the region's strategic importance for Slovenia's economy.

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Photo: Leon Vidic/DELO

**ZDRAVKO POČIVALŠEK** discussing risks and opportunities for the Slovenian economy at ISR's annual event. From left: Aleksander Mervar – CEO ELES, Zdravko Počivalšek – Minister for Economic Development and Technology, Tine Kračun – ISR, Jure Stojan – ISR, Andrej Kren – CEO DELO



MIRO CERAR, PhD The Minister of Foreign Affairs

## Slovenia Strongly Supports Western Balkans' EU Perspective

**MIRO CERAR** delivering his keynote address at the export conference organised by Delo and ISR



Photo: Uroš Hočevar/DELO

terms of trade in goods, services as well as investments in all perspective areas of economic cooperation. Economic forecasts in the region's individual countries are also promising, with an average 3.7% expected economic growth in the year 2020. In 2018 the economic growth was 3.8% and was mainly based on the increase in public consumption and net exports. In addition to increasing the Slovenian economy activities and deepening economic cooperation, we would like to see more connections between individual business entities and joint appearances on foreign markets.

Practically all of Slovenia's largest companies are successful in doing business in the region. Recently, micro, small and medium-sized companies that focus on niche products and are looking for new opportunities to expand their business abroad, are more actively entering the Western Balkan markets. The focus is on energy and renewable energy, environmental protection, infrastructure, agriculture and the food industry, tourism and digitization. It is precisely because of these opportunities that I as a minister engage in economic diplomacy. Slovenia strongly supports the European perspective of the Western Balkans and is among the most active member states in terms of the enlargement of the European Union to this region.

**E**conomic relations between Slovenia and the countries of the Western Balkans are very good, many Slovenian business contacts are established in the region, Slovenian goods are synonymous for quality, and the Slovenian brand has a good reputation. Although the Slovenian economy remains strongly focused on the EU market, the countries of the region are Slovenia's second most important economic partner in terms of trade.

It is expected that Slovenia's economic cooperation with the Western Balkan countries will continue to strengthen in





Zdravko Počivalšek, The Minister for Economic Development and Technology

## Slovenia is Fully Engaged in the Business Environment in Region

**ZDRAVKO  
POČIVALŠEK,**  
The Minister  
for Economic  
Development and  
Technology



Photo: Leon Vrdic/DELO

the coming years, the Western Balkans will become even more attractive. The opportunities for Slovenian companies in the Western Balkan markets are mainly in the areas of energy and renewable energy resources; ecological projects; infrastructure and construction; automotive; agriculture and food industry; tourism; trade and digitalization of public administration. Opportunities also arise in projects that are EU-funded. Some investments are undertaken with the help of international development funds of the Republic of Slovenia, obtained through the Centre for International Cooperation and Development.

**T**he Western Balkans present an important economic region for Slovenian companies. This is not only due to geographical proximity but primarily due to our competitive advantage in language skills and knowledge of the region. The region is attractive due to relatively affordable and skilled labour, free trade agreements with third countries, affordable land and real estate prices, cheaper energy and available subsidies.

Opportunities for more cooperation with Western Balkan countries exist in many segments. Due to expected economic growth and increasing purchasing power in

Regardless, it is necessary to mention the caution that needs to be exercised by Slovenian companies due to complicated bilateral relations between the region's countries. One example is relations between Kosovo and Serbia and the Kosovo's introduction of 100% customs duties on Serbian imports in November 2018.

Human and economic ties with the Western Balkan countries remain a good basis for deep and versatile relations. The Western Balkans is of strategic importance for Slovenia and we are particularly attentive to the region's business environment. Slovenia takes an active part in strengthening institutions, promoting good governance and in the fight against corruption and organized crime, which are all important areas for a stable business environment.

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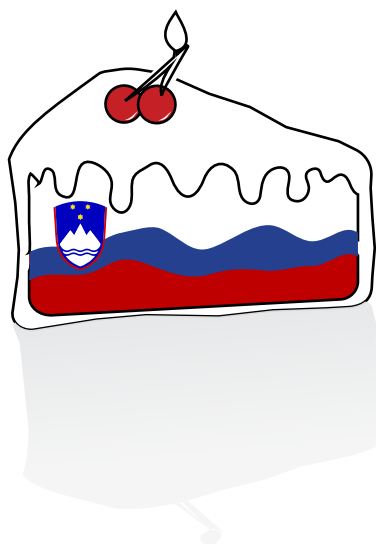
ECONOMIC DIPLOMACY  
SERVING THE BUSINESS  
COMMUNITY

# WHERE TO LOOK FOR THE “ICING ON THE CAKE”

It has long been considered that, for a diplomat, dealing with the economy is something less prestigious and even ethically controversial. Today, however, economic diplomacy for most countries, including Slovenia, is one of the key levers for asserting political interests, not the other way around.

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AUTHOR: MILAN PREDAN, MINISTRY  
OF FOREIGN AFFAIRS OF THE  
REPUBLIC OF SLOVENIA





I

In the early 1970s, as an eighteen-year-old exchange student in California, I was able to closely observe the shock that Americans were experiencing during the great oil crisis. Not only did the fuel prices go up – even worse, you had to wait in long queues at petrol stations to buy it. This was something unthinkable for the American way of life. “How is it back home, probably even worse than here?”, my American hosts asked me and – with great disbelief – they took note of my answer that in Yugoslavia (so my parents told me) there was no fuel shortage.

Today I would probably answer that we have had good economic diplomacy. Unlike most of the Western world, the former Yugoslavia really did not have a problem with oil supplies because, during the greatest uncertainty in the oil markets due to the 1973 Arab–Israeli

War, good political and economic links with the Arab world established within the Non-Aligned Movement helped the country avoid the crisis. Although Yugoslavia experienced its oil shock a decade later, due to a lack of foreign currency, the experience of the 1970s is worth mentioning as an example of how foreign policy can produce tangible benefits for a country, and it gives lie to the well-known cynical saying that “diplomacy solves the problems that would not exist without diplomacy.”

The Italian city-states already knew this in the 15th century, when they began to establish permanent diplomatic missions, mainly for the sake of trade, and they understood political relations as support for economic interests. It was only later in history that diplomacy turned to strengthening statehood as its primary objective, putting economic aims behind political ones. Even in the minds of many diplomats, the notion prevailed that dealing with economic issues was something less prestigious, even ethically controversial, because diplomats should not engage in commercial business. Although some of them are not yet immune to such understandings of economic diplomacy, for most countries, including Slovenia, it again became one of the key levers for asserting political

It was only later in history that diplomacy turned to strengthening statehood as its primary objective, putting economic aims behind political ones.



Some important foreign investments that recently entered Slovenia would certainly not have come about without the efforts of a wide range of people supported by the overall profile of Slovenia.

interests, not the other way around, and above all a tool to maximise the prosperity of their country. If economic diplomacy fails to achieve this goal, it becomes redundant.

Many positive responses from the business world confirm that Slovenian companies have acknowledged the efforts that the foreign ministry and the entire diplomatic and consular network have been making in recent years to provide a dynamic and proactive service to the economy. Of course, the main credit for almost 85% of Slovenia's GDP generated by export goes to all those bold entrepreneurs and companies that do not fear foreign competition and tackle it with great self-confidence and the quality of their products. Moreover, some important foreign investments that recently entered Slovenia – Yaskawa, Magna, Knauf Insulation, Goodyear, and Kuehne + Nagel – would certainly not have come about without the efforts of a wide range of people, from the state to the local level, supported by the overall profile of Slovenia as a safe country with a high quality of life and with an excellent strategic location at the crossroads from the Balkans to central Europe.

However, these positive developments also include the work of Slovenian economic diplomacy, which is often less noticeable or even unnoticed, but is often a great help to a company that finds itself in difficulty in a foreign market, and in many cases it can be credited for the decisive first contact with a potential foreign investor. This is not about dealing with “commercial business”, but about opening doors to companies that may (or may not) lead to a business deal, gathering information about investment opportunities in both directions that can help potential investors take further steps, and supporting Slovenian entrepreneurs when they feel powerless in the face of local bureaucracy and need the support of their home country. All these tasks require economic diplomacy – above all from our 56 permanent diplomatic representations throughout the world and the 23 economic advisers currently working at Slovenian embassies – to engage a wide network of personal acquaintances and to be well placed in the governing circles of the host country.





Photo: Ministry of Foreign Affairs of the Republic of Slovenia

Economic diplomacy cannot do without political diplomacy, and vice versa.

SESSION OF THE MIXED-COMMITTEE FOR ECONOMIC COOPERATION between Slovenia and United Arab Emirates in Abu Dhabi in October 2019



Slovenia has to look for the “icing on the cake” in booming Asia and on the African continent, with its enormous needs and immense growth potential.

The latter applies not only to more distant markets, but also to some nearby ones where the impact of politics on the economy is still strong. If political relations are good, Slovenian companies will have easier access to these markets and may count on a friendlier business environment. Economic diplomacy cannot do without political diplomacy, and vice versa. Therefore, especially in the case of non-European markets, the practice of high-ranking political visits with accompanying business delegations appears to be the right approach, which is also important for reducing Slovenia’s export dependence on the markets of the European Union. The export numbers of Slovenian companies continue to be encouraging even in the current precarious situation, created primarily by Brexit and the US–China trade war. However, the cooling of the German economy as our most important foreign market reminds us that Slovenian exports need to be more diversified because as much as 80% of our foreign trade is with EU markets.

Thus, in the last two years, within the framework of economic diplomacy and in cooperation with others engaged in internationalising the Slovenian economy – the ministry of the economy, the Chamber of Commerce and Industry, and business clubs – many business delega-

tions have travelled not only to European markets, but also to the Middle East (Israel, Jordan and the United Arab Emirates), Asia (India and China) and Africa (Ethiopia and Ghana). Mixed committees for economic cooperation with Ukraine, Egypt, Russia and the UAE have met, and joint committees with Vietnam, Turkey, Turkmenistan, Belarus – and possibly China – are in the pipeline. Some effects of joint engagement in markets outside Europe are already evident because statistics from mid-2019 show that, for the first time, the growth rate of Slovenia’s trade with EU member states was lower than with non-EU countries. Slovenia will certainly continue to achieve its best export results on the markets in its immediate or wider neighbourhood; however, it has to look for the “icing on the cake” on the African continent, with its enormous needs and immense growth potential, and in booming Asia.

This is why the Slovenian foreign ministry is seriously considering plans to open some new embassies, taking into account the economic benefits that they could yield, and to expand the current network of economic advisors. The most recent step in this direction was the opening of the Slovenian embassy in Abu Dhabi.



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# HOW IS THE ECONOMY DOING NOW IN REAL TIME?

For decades, economists have simply passed on the above question to corporate executives.

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AUTHORS: JURE STOJAN, DPHIL,  
GREGOR VAVDI

# E

Each month, they would conduct a simple poll and average those results. These numbers were then widely used and referred to as a “sentiment index” of sorts

(the exact name, of course, varies among data providers).

In recent years, however, people have grown increasingly wary of surveys. No need for despair, though. Modern data science, the subfield of text mining, has solutions. Namely, an alternative approach is to skip questions altogether and simply observe what the biggest corporations are saying publicly from a mix of media: from press releases to financial reports). In partnership with Press Clipping, ISR has developed a range of indices that track both the sentiment of world’s leading corporations and the obsessions of economic journalists in regional media.



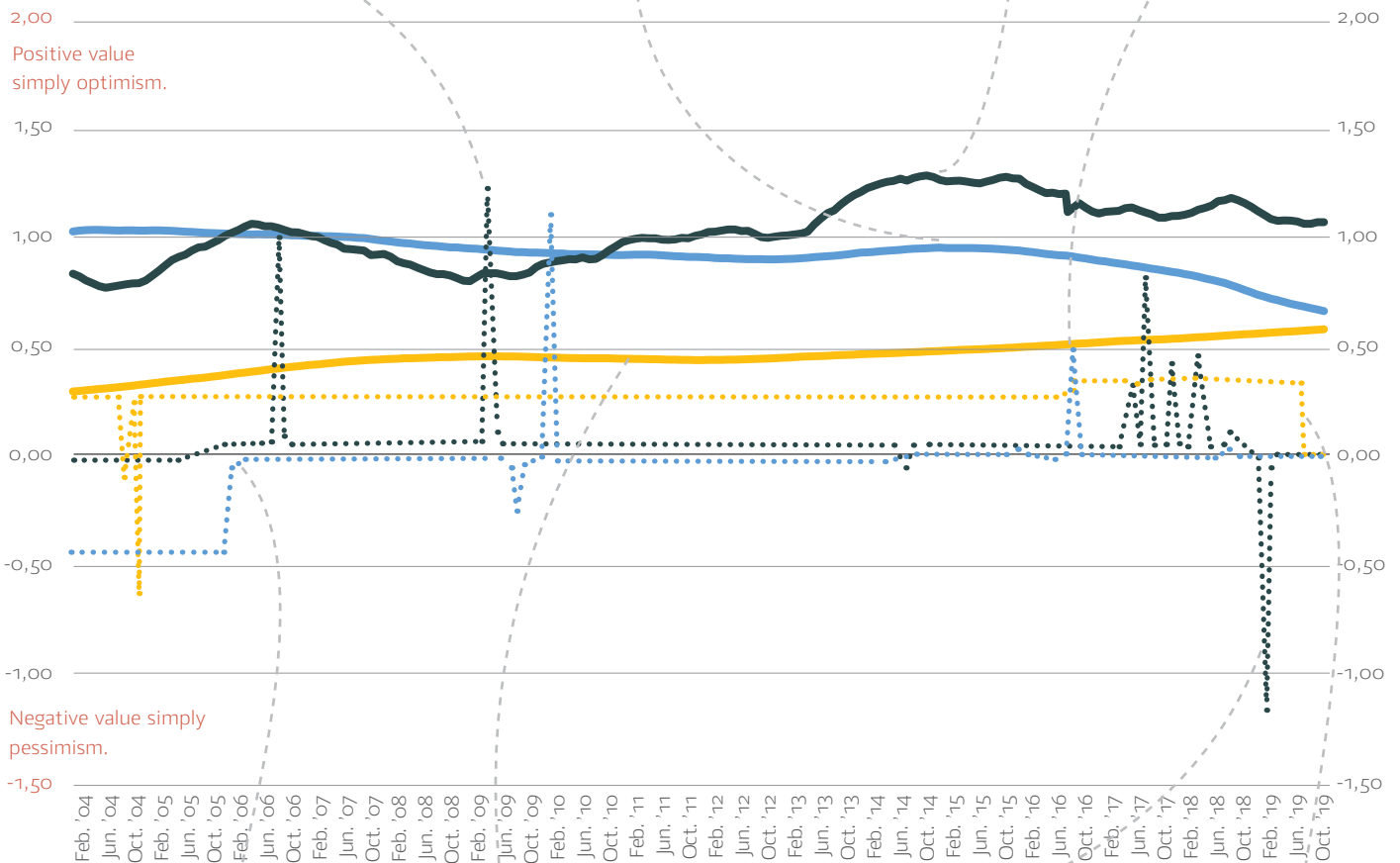
## CORPORATE COMMUNICATIONS INDICES 1

In May 2009, British politics was shaken by the MPs' expenses scandal but the corporate sector had a surge in optimism.

Balkan corporations have been toning down for years and are approaching German levels of objectivity.

British corporations are quick to adjust communication strategies. This results in a rougher long term trend line.

September 2016 brought a surge in Balkan optimism.



Since February 2006, communication strategies have been noticeably more up-beat in the Western Balkans.

German corporations are avoiding expressive language but have loosened up in recent years.

There was a Brexit related pessimism shock in February 2019.

German confidence collapsed in August 2019.

WESTERN BALKANS Trend ———  
WESTERN BALKANS Signal ·····

GREAT BRITAIN Trend ———  
GREAT BRITAIN Signal ·····

GERMANY Trend ———  
GERMANY Signal ·····

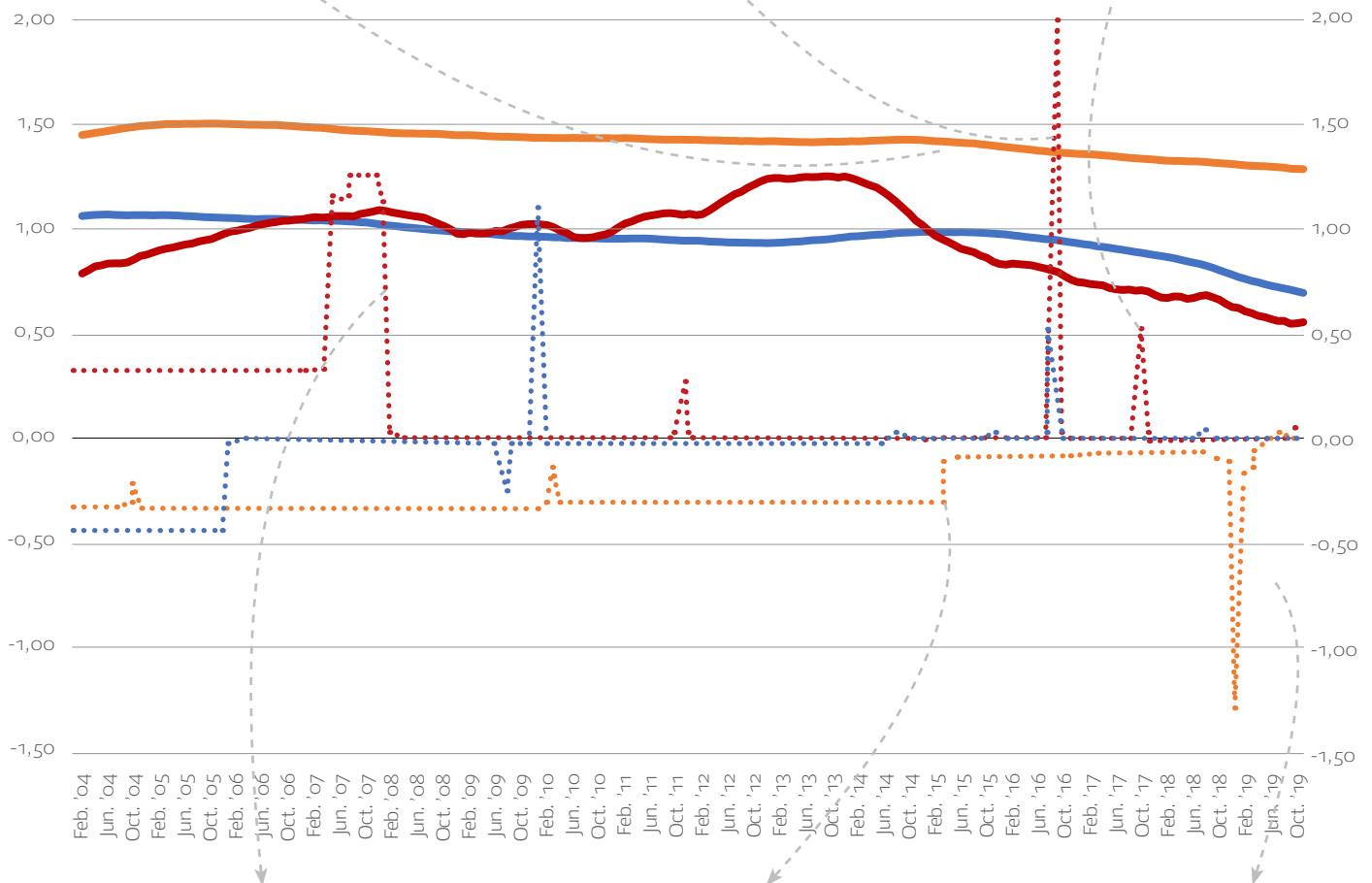


## CORPORATE COMMUNICATIONS INDICES 2

The gradual decline in optimism in US and China begun even before the trade war, but American corporations have found it easier to sustain an up-beat tone.

There was an optimism shock in China in October 2016.

One month after the Communist Party Congress, there is a spike in corporate optimism in November 2017.



In March 2008, Chinese corporations adopted a new policy regime of emotionless language following 10 months of experiments in conspicuous optimism.

From May 2015, American corporations have chosen markedly more optimistic words even though the long-term tone was already dimmer.

In February 2019, pessimism hit US corporations really hard.

WESTERN BALKANS Trend ———

CHINA Trend ———

USA Trend ———

WESTERN BALKANS Signal ·····

CHINA Signal ·····

USA Signal ·····

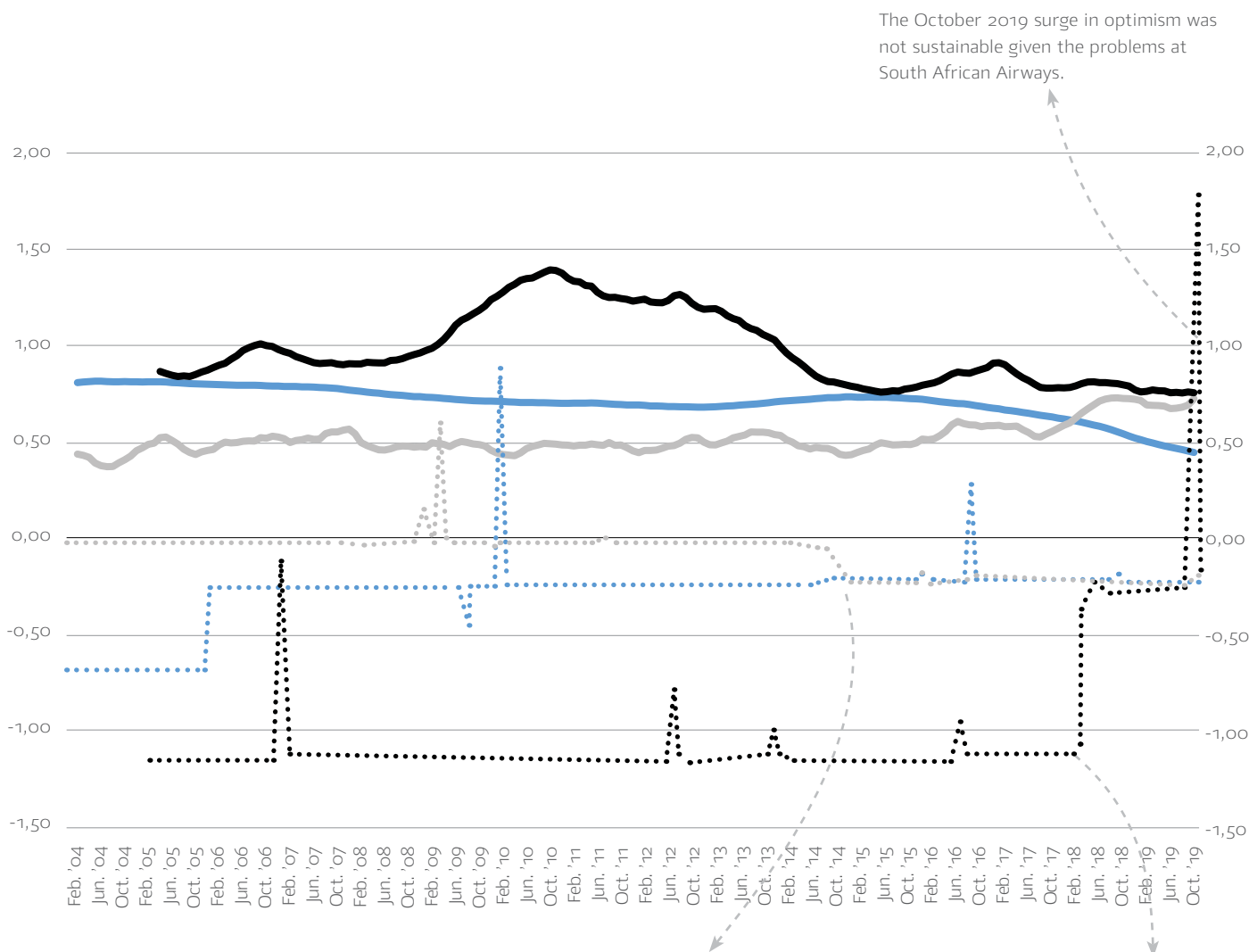


Press Clipping was established on April 14, 1994 in Maribor, Slovenia, starting with media monitoring and assessment of media reports.

Today, Press Clipping is mostly known for media monitoring and media analysis. We have our own regional network spread across the South East Europe, so we can cover media by ourselves in the whole Adriatic region. 25 years of experience and over 4000 customers have enabled us to expand our



### CORPORATE COMMUNICATIONS INDICES 3



In November 2014, Russian mood grew cold. It became objective, as far from optimism as it is from pessimism.

President Jacob Zuma resigned in February 2018. Succeeded by Cyril Ramaphosa, sentiment starts improving in March and hits a new level of high spirits (objectivity, really) in May 2019.

WESTERN BALKANS Trend ———

SOUTH AFRICA Trend ———

RUSIA Trend ———

WESTERN BALKANS Signal ·····

SOUTH AFRICA Signal ·····

RUSIA Signal ·····

mission and offer several other services, including social media monitoring, forensic analyses of existing or potential business partners, digitalization of documents, development of applications and PR services. We monitor every aspect

of communication and information and aim to understand global and specific needs of companies and individuals.



THE MANY QUALITIES  
OF SLOVENIA'S BUSINESS  
ENVIRONMENT

# PRIME LOCATION TO INVEST



Photo: Shutterstock

In today's world, when competition is fierce amongst countries to attract foreign direct investment, what are the factors that make one country stand out? Its brand? Its location? The quality of its workforce? Tax incentives? Of course, it isn't as simple as finding just one sole factor. It's a question of having the right mix of qualities, some that can be created and nurtured and others that are nature given. So, where does Slovenia stand?

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AUTHOR: FARIŠ KOČAN



# U

Undoubtedly the first thing that draws investors to Slovenia is its geostrategic position. Located at the heart of Europe, it has access to the market of 500 million consumers in the EU. Then, the historical connections and understanding of the Balkan market add another dimension to its advantage. As well as access to area of 20 million customers. In terms of the latter, the maths reveals all. In 2018 Slovenian export to the SEE countries stood at EUR 2.2 billion. Slovenian outward foreign direct investments (app. EUR 6 billion) were mostly in the Western Balkan countries: Croatia (32%), Serbia (16%), Bosnia and Herzegovina (9%), North Macedonia (6%), Kosovo (3%) and Montenegro (3%).

But Slovenia's location is not the sole reason that makes the country the right choice for doing business. Slovenia, indeed, has a lot to offer. Its long industrial

tradition, friendly business environment and talented people add to the country's comparative advantage in many industries and explain its good trade relations with many countries. In addition, the combination of government incentives as well as skills and expertise of its labour force give a perfect foundation for Slovenian-based businesses to thrive.

Stable environment

Its political and macroeconomic stability provides an additionally secure environment for investors. With the GDP growth of 4.1% in 2018 and just below 3% in 2019, economic sentiment in Slovenia remains buoyant as private and public investments continue to increase and consumers continue to spend.

Its focus on being open, export-oriented economy (exports represent 85% of its GDP), Slovenia has managed to double its FDI stock in the less than a decade. Today, between and 4% and 5% of Slovenian companies have foreign or mixed capital and FDIs now represent around 40% of its exports. One of the reasons is Slovenia's openness towards FDI - it is perceived as the 3rd least restrictive country among OECD members based on Regulatory Restrictiveness Index Database. In addition, setting up a business is easy - it takes only two procedures to

In 2018 Slovenian export to the SEE countries stood at EUR **2.2** billion.



Photo: Shutterstock

**IN SLOVENIA** there are more than 300 lakes and 30,000 kilometres of watercourses – the highest in Europe compared to surface area

Slovenia is **30<sup>th</sup>** amongst the most innovative countries in the world.

register a company and maximum five days and EUR 7.500 to register a limited liability company.

#### **POSITIVE EXPERIENCE**

Slovenia's experience with investors from many countries has so far been positive. The investors seem to feel the same – those with presence in Slovenia continue to expand their operations and, simultaneously, show the way to those who are not very familiar with its business environment. Some of the most recent investment projects include global giants like Yaskawa, Magna, Hasslacher group (Lip Bohinj), Sumitomo Rubber Industries and Cargo Partner.

Slovenia is proud of the many success stories created by well-known international companies and each year it recognises the importance of its FDIs by giving awards to the best ones. In 2019, the worthy winners who have produced exceptional results in the past year and contributed to the development of the

Slovenian economy were Systemair (the long-term presence category), Iscaemeco (the large enterprise category) and Swarco Lea (the smart product and service development category).

#### **CIRCULAR ECONOMY**

In 2016, Slovenia committed to adopt principles of circular economy and support innovative minds, determined to become a leader in niche technologies that provide smart solutions and look after the future. It has to. Slovenia has an enormous natural heritage and it has the responsibility to protect it. More than half of its land is covered by forests. There are more than 300 lakes and 30,000 kilometres of watercourses – the highest in Europe compared to surface area – that flow in the country.

The figures already highlight its commitment. Slovenia allocates 2% of its GDP to R&D; gives companies up to 100% tax deduction on R&D expense; has 4,200 researchers per 1 million people; and,

impressively, Slovenian Office for Intellectual Property receives on average one patent application per day. All this and more has earned the country 30th place amongst the most innovative countries in the world. The trend is also set to continue with 41.2% of its students graduating with a degree in science and engineering in 2018, and 47% of its young people opting to go to university, while 84% of its working population speaks at least one foreign language.

### A NEW BRAND FOR EXISTING QUALITIES

What about the Slovenian brand? How powerful is it? A strong trademark is undoubtedly the best marketing tool for countries to stand out in an ever-increasing competition. While countries like the U.K., Germany or France have established brands in luxury, manufacturing, pharmaceutical, automotive and financial sectors, small and young countries like Slovenia have to adopt a holistic strategy when promoting themselves. Undoubtedly, in the past Slovenia had poor recognisability beyond the neighbouring countries. To change this, Slovenia launched a public call in 2006 for a slogan and logotype that would best represent both the country and its citizens. So, I Feel Slovenia was born. The brand represents everything Slovenia stands for: sustainable development, niche economic orientation of Slovenia and circular economy. In 2019, I Feel Slovenia got a backing with a launch of the country's a new international communications campaign - Green. Creative. Smart. The campaign's main goal is to help companies get that global recognition, help them enter global value chains and find foreign business partners.



### WHY GREEN?

Because it's not just its landscape that's green, but because its economy is, too. Economy that is committed to sustainability, green technologies, corporate social responsibility, committed to reducing the carbon footprint and caring for the natural and social environment.



### WHY CREATIVE?

Because its economy is also creative. It recognizes and promotes human talent and the creativity of professionals who create added value in companies.

### WHAT ABOUT SMART?

Well, the numerous efficient, high-tech globally recognised Slovenian solutions, services and products that help companies gain a competitive edge in the world market make for a smart economy, too. And the campaign.



Slovenia launched a public call in 2006 for a slogan that would best represent both the country and its citizens. So, **I Feel Slovenia** was born.



COUNTRY BRAND IS MORE  
THAN JUST A BRAND

# FRENCH WINE, ITALIAN FASHION, SERBIAN RAKIJA ...

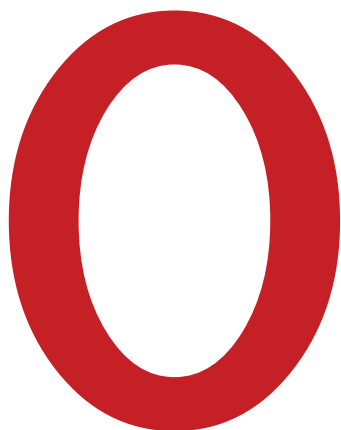
The world is becoming a gigantic supermarket and having a brand that stands out attracts the consumer's attention. In recent years it has become clear that not only products, but places, regions and countries need a strong brand if they are to succeed in attracting attention.

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AUTHOR: KLEMEN KOŠIR



Photo: Shutterstock



Over the past two decades, there has been a growing awareness around the world that country's image and recognition have a huge impact not only on tourism, but also on economy and quality of living; it is felt in every pore of life, be it in business or in personal.

There have been a few imaginative and memorable branding campaigns that stood out and delivered a lot of positive attention. But for a great country brand individual campaigns are not enough; systematic work is needed in all areas. We can influence the perception of a country even though we cannot totally control it; but the more we leave it to the outside elements, the less likely it is that the perception of the country will be the way we want it to be.

### **GREAT BRANDING IS ETERNAL**

Do you recognize the I ♥ NY slogan? Who doesn't. T-shirts with its logo and countless variations of it are probably the most common motif on T-shirts around the world (although the city of New York has filed thousands of lawsuits against imitators). It is one of the best if not the best branding and advertising campaign of a city in the history of marketing. And when was this phenomenal logo conceived? In the seventies! It was in 1977 when New York State Department of Commerce hired an advertising agency to come up with an idea that will attract more tourists. And despite the fact that Milton Glaser, the designer of the logo and slogan, thought it will be just a short-lived promotion campaign and did the work pro bono, his art is still sold on every corner of the world where tourist roam.

### **GREAT BRANDING IS GREAT**

One of the most ambitious global marketing campaigns of a country is the one that UK started in 2012; the GREAT Britain campaign aimed to showcase the very best of what Britain has to offer in order to encourage the world to visit, study and do business with the UK. Its final

The power of a country brand is closely linked to the commitment of different state structures, economy, tourism, cultural and scientific institutions.

## Building a strong nation's brand can help its economy tremendously.

goal is not only to attract the tourists, but to accelerate economic activity and job growth. The cost was tremendous – over GBP 100m went into the campaign, but their estimate is that it has paid off more than tenfold; especially the part of marketing the country as a place to visit: according to their data, for every pound sterling they spend overseas, overseas visitors spend GBP 23 in Britain.

Sometimes just a simple slogan or a catchy phrase can do a lot to attract attention and history has its share of examples. It could be said that when Erik the Red named Greenland 'a block of ice', it was a marketing attempt to attract more settlers. But managing a country brand is much more than that – it has to capture its true identity, emphasize its strengths and most of all be consistent not only over different communication channels, but also over different sectors and over time.

An aerial photograph of a large, clear blue lake in a mountainous region. The lake is surrounded by dense green forests and rolling hills. In the distance, a large, flat-topped mountain peak is visible under a blue sky with some clouds. A few small boats are scattered across the water's surface.

**BLED** – A vision of paradise and a staple of Slovenian brand



Photo: Shutterstock





#### WHEN BUILDING A NATIONAL BRAND,

the British put a lot of emphasis on their rich history, that is why the Queen is a strong national brand



Photo: Shutterstock

### **I FEEL SLOVENIA**

Slovenia tried a few different approaches to country branding. In the last decade it has been building a brand around the campaign I Feel Slovenia. “At the Government Communications Office, where we are the custodians of the I feel Slovenia brand, we invest a lot of energy in managing the brand,” says Mateja Malnar Štembal, Head of Division for the Promotion of Slovenia. “We are aware of the utmost importance of involving different stakeholders in the process of additional brand strengthening. The power of a country brand is closely linked to the

commitment of different state structures, economy, tourism, cultural and scientific institutions and the population to use it. That is why we invest a lot in motivating all relevant stakeholders to join our large I feel Slovenia family in creating and telling positive stories.”

Štembal explained that the brand tries to convey the message of a country that has got everything: “The visitor does not have to travel many kilometers to see the sea, mountains, hills and lowlands. In terms of safety and ecology, the quality of life in Slovenia is above the average of other countries. It seems only normal to locals that we feel safe and can drink tap water instead of bottled water. But this is not taken for granted in many other countries. Slovenians also have a respectful attitude towards nature and are ecologically minded.”

### **GREAT BRANDING HELPS THE ECONOMY**

Building a strong nation’s brand can help its economy tremendously. It has long been observed that the most successful brands come from countries that are successful brands in their own right. Made in Germany conveys a different message than Made in China for example.

Countries of the whole region of Western Balkans had tried in the last few years to brand and rebrand themselves.



Photo: www.slovenia.info, foto: Nino Verdnik

I FEEL SLOVENIA brand is green. The 'Slovenian green' expresses a balance between the calmness of nature and the diligence of the Slovenian people

Serbia is on a similar path to Slovenia, although it is still searching for the true foundation of the brand. But as Drago Cvijanović, Nataša Simić and Svetlana Vukotić pointed out last year in their article *Creating a State Brand: a Brand and Branding of Serbia* published in Serbia's publication *Ekonomika*, the brand needs to be connected to reality. Or as they wrote: "Branding of a country shouldn't be underestimated but should be treated as a final moment. The efforts invested in branding a country alone cannot solve the problems. Positive change of a country and society will make the positive

changes in its brand, and thereby also more favourable positions in global ranking. Thus, the national branding is not the sole goal. The strategy of branding Serbia in fact should be understood as the strategy of its socioeconomic development, whose results should reflect on its populations' general well-being."

And that is the final goal for every branding of a country – to help enrich the lives of its citizens. Branding cannot do it on its own but can definitely help. But as Štembal pointed out, we should not forget that "nation's branding is a process that never ends."

Positive change of a country and society will make the positive changes in its brand, and thereby also more favourable position in global ranking.

B

HIGH TECH TRENDS IN THE  
REGION

# ROCKETS, ROBOTS AND REVOLUTIONARY SPORTS CARS

The region is becoming a prime location for high-tech developments and there are quite a few examples of cutting edge technologies making their mark on the global business environment to prove this. We highlighted a few bright examples.

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AUTHOR: JAN TOMŠE

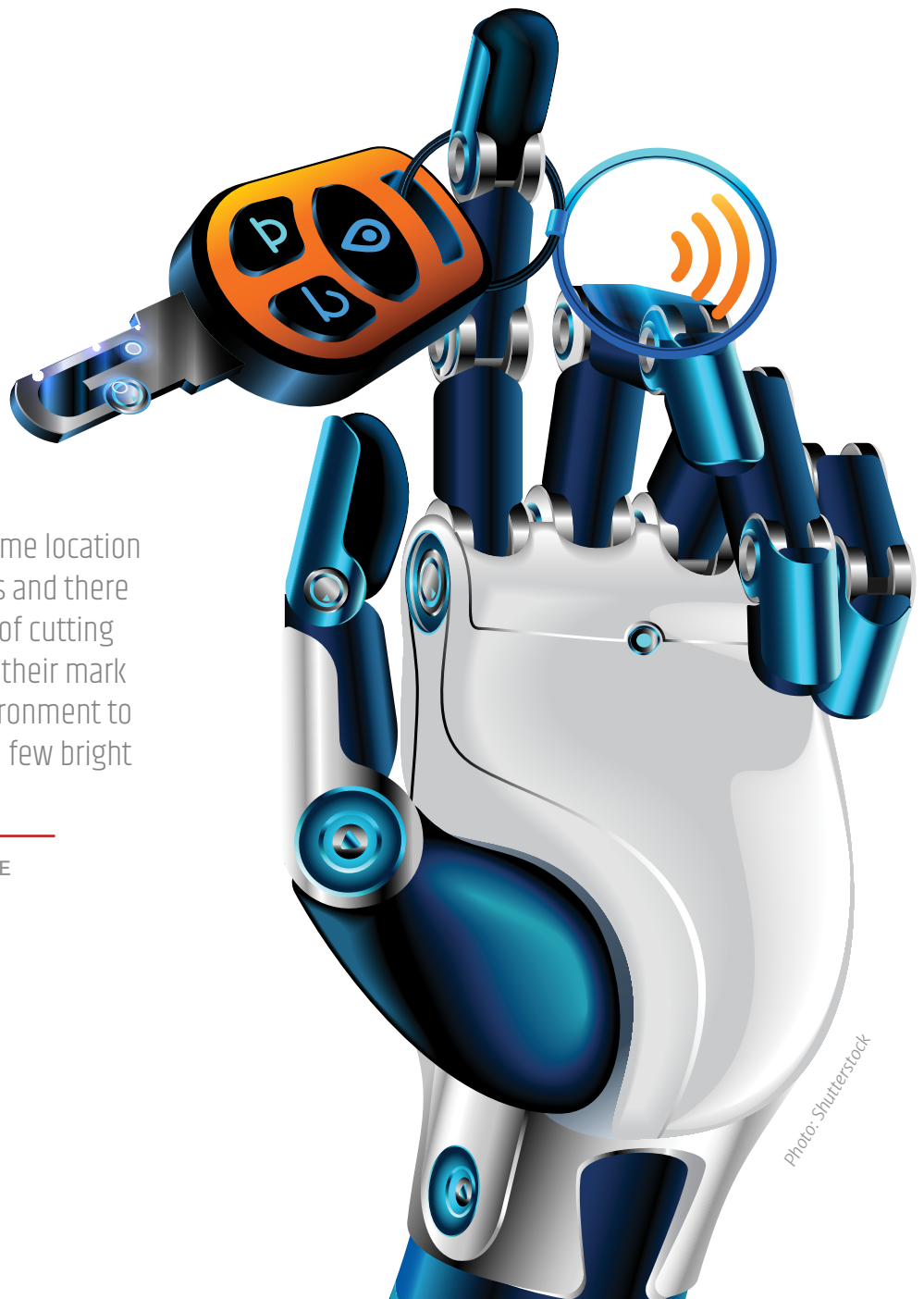


Photo: Shutterstock



# D

## DEWESOFT

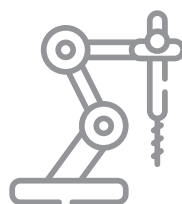
Dewesoft is Slovenia-based company specialising in software and measuring instruments for the most demanding technical measurements in automotive, aviation, transport, electrical and other industries, as well as for civil engineering and energy sectors. Dewesoft cooperates with giants like NASA and Honeywell in turret testing, missile and rocket engine tests, aviation power tests, satellite attitude controller tests and other applications. Dewesoft's technology went to space recently as they developed a modern real-time telemetry system capable of monitoring several hundred thousand parameters in real-time for NASA. In the aerospace engineering the company also cooperates with Honeywell and European Space Agency, and its products are used and incorporated in the technologies of Caterpillar, General Motors, Harley Davidson, Airbus, Yamaha ... Dewesoft is present in over 50 countries and achieves EUR 20m annual revenue.



# Y

## YASKAWA

Yaskawa is the world's leading manufacturer of robotic and propulsion technologies, best known for Motoman line of industrial robots. These eliminate the time lost due to machine failure, enable a high return on investments, reduce labor costs and can work 24 hours a day throughout a year, while the system may be adapted to rapidly changing production requirements. Yaskawa boasts more than 330,000 robots installed at world-renowned companies such as Audi, BMW, Grammer, Fuji, Volkswagen. In Slovenia, Yaskawa is operating from two locations, one of them being the first European robot plant and the robotics development center recently built in Kočevje. An investment worth EUR 25m has become the main pillar of Yaskawa robots production for the European market. Its capacity is 10,000 robots per year, using Slovenian hands to construct the robots and Slovenian innovativeness to make them smart, increasing the added value of Yaskawa's production in Japan and China.



# R

## RIMAC

A Croatian company Rimac Automobili is specialised in electric sports car development and production. Founded a decade ago by Mate Rimac, a passionate innovator who conceived his first electric supercar at the age of 20. Rimac Automobili gained recognition due to successful completion of several electric car models. In 2011 Rimac's Concept One, an all-electric battery-powered sports car with 960 kW power output was presented. The vehicle could reach 100 kilometers per hour in 2.6 seconds. The production version of the Concept One was introduced in 2016. Later on, the Concept S, a more powerful and aerodynamic model with better speed performance was introduced. In March 2018, the Rimac C Two, a semi-autonomous all-electric sports car with a power output of 1,408 kW was unveiled, with the ability to reach 97 kilometers per hour (60 mph) in just 1.85 seconds, its top speed being 415 kilometers per hour. Despite the price set at almost EUR 1.8m for a car, the limited number of 150 vehicles in total was sold out in three weeks after the launch. The first deliveries are expected to take place in 2020. In 2017, Mate Rimac was named one of the Top 30 Under 30 entrepreneurs by Forbes Magazine.





B

WOMEN MAY NOT RULE THE  
BALKANS, BUT THEY HOLD  
SOME POWERFUL POSITIONS

# POWER COMES IN MANY WAYS

Women in power is not what would first cross one's mind in association with the Balkans - a traditional society where most important functions are still held by men. But change, albeit slow, is taking place and there are some ambitious females in the region that command quite a bit of power. Two of them were included on Forbes' 100 most powerful women list. At the Adriatic Journal we looked at who are the Balkan women that stand out in this male-dominated region.

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AUTHOR: ANA POTOČNIK



Photo: Shutterstock

## MARINA ABRAMOVIĆ

Marina Abramović is a performance artist known for her use of pain and physical limits as a form of expression. Even after four decades in the “business”, she still continues to create new work, exploring the relationship between herself and her audience, and transforming both through her performances. Born in Belgrade in 1946, Abramović went on to study art both in her hometown and in Zagreb, developing an early interest in performance art, including experiments with sound installations. Her arguably most provocative work, however, is 1974's *Rhythm 0*, a performance in the Italian city of Naples in which Abramović directed the audience: “There are 72 objects on the table that one can use on me as desired.” The objects included razor blades, knives and a loaded gun, while the artist sat motionless as people cut open her clothes or

slashed her skin. “If you leave it up to the audience, they can kill,” Abramović said after the performance of an inherent human cruelty that she sought to expose. In 2010, her popular retrospective *The Artist is Present* was exhibited at The Museum of Modern Art. The work was inspired by her belief that stretching the length of a performance beyond expectations serves to alter our perception of time and foster a deeper engagement in the experience. Seated silently at a wooden table across from an empty chair, she waited as people took turns sitting in the chair and locking eyes with her. Over the course of nearly three months, for eight hours a day, she met the gaze of 1,000 strangers, many of whom were moved to tears.



If you leave it up to the audience, they can kill.





Photo: Shutterstock

Photo: Shutterstock

Rita Ora has 2 studio albums and 20 singles, while Dua Lipa has 1 studio album and 15 singles.

### DUA LIPA

The London native Dua Lipa started her musical career by posting covers of her favourite songs on Youtube before hitting the big time. Dua Lipa, whose first name means love in Albanian, was born in London to Kosovo Albanian parents. She signed with Warner Music Group in 2015 and soon released her first single New Love. Ever since then she's been a prominent chart topper. Her success was further confirmed by winning three Brit Awards and two Grammy Awards. But, like her fellow chart topper Rita Ora, Lipa hasn't forgotten her roots. In 2016, she and her father set up the Sunny Hill Foundation in Prishtina to donate to the causes that will benefit the citizens of Kosovo. When the earthquake struck Albania in late 2019, Lipa appealed to her fans for support and donations to help the relief effort.

### RITA ORA

From humble roots as a Kosovo refugee in London to being one of the biggest pop stars in the world, Rita Ora has come a long way. Rita Sahatçiu Ora rose to fame in 2012 when she featured in a single Hot Right Now by DJ Fresh – the single reached number one in the United Kingdom. Her debut album Ora was released in August 2012 and debuted at the top of the UK Albums Chart. The accolades followed. Ora was nominated for Best New Artist, Push Artist and Best UK/Ireland Act at the 2012 MTV Europe Music Awards. After a string of UK hits in 2014 and early 2015, Ora wanted to be released from her contract with the Roc Nation and ended up filing a lawsuit against the label. Roc Nation filed a counter-lawsuit against Ora for breaking her recording contract, but the two sides reached a settlement in May 2016. Later that year she performed in a concert at the vigil for Mother Teresa's canonisation at the Basilica of St. Paul Outside the Walls in Rome, alongside other Albanian artists, accompanied by the Kosovo Philharmonic Orchestra.

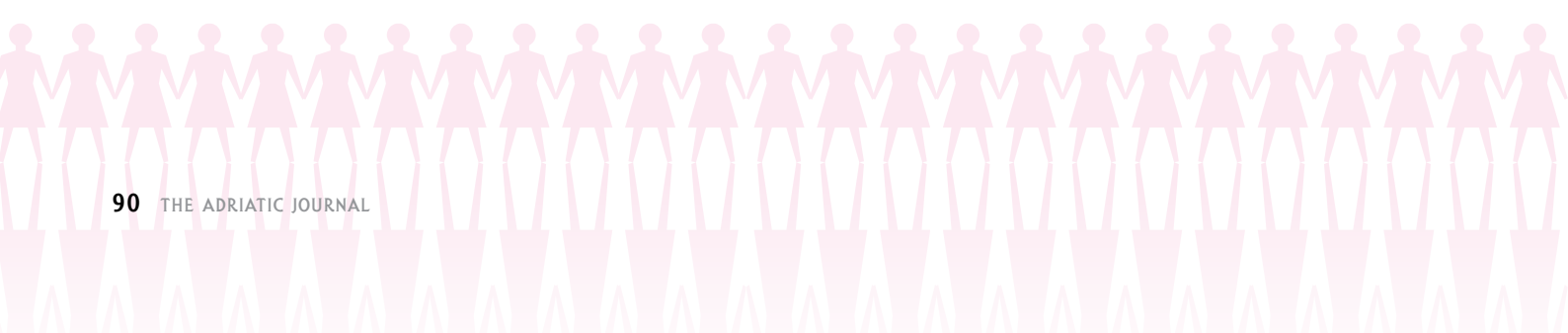




Photo: DELO

## NATAŠA ČAGALJ

Nataša Čagalj is one of the most prominent Slovenian fashion designers, who has been pushing the boundaries of prestigious fashion houses such as Cerutti, Lanvin, Stella McCartney and Ports 1961. The fashion designer Peter Movrin said Čagalj is not only a big name in the world of fashion, it is also the heart that everyone wants to have in their studios. Čagalj enjoyed creating from a young age: she sent her first sketches of fashion dresses to the Croatian magazine Svijet at the end of primary school. Her big ambition was to attend postgraduate studies at Central St Martin's College in London and she credits her husband for helping her fulfil that wish. "I really wanted to study there. And I have to say, if it wasn't for my boyfriend (and now husband) Mitja, who sold his car so we could go to London, I wouldn't have done it myself." She was considered one

of the best female students at the school that taught the likes of Alexander McQueen, John Galliano and others. All her qualities - precision workmanship, sophistication and careful design of details as well as perseverance, focus and, above all, teamwork ability - have been recognized by the world-renowned fashion houses such as Cerutti, Lanvin, and Stella McCartney, as well as Ports 1961, the Canadian luxury fashion brand, where she was a creative director for five years. She has recently left the company and is working on setting up her own brand.

Čagalj's precision workmanship, sophistication and careful design of details have been recognized by the world-renowned fashion houses.





Photo: Shutterstock



<http://www.teacobreht.com/author.html>

Each in their own right, both Ilinčić and Obreht succeeded in penetrating the market of the United State of America.

### ROKŠANDA ILINČIĆ

Roksanda Ilinčić is a Serbian designer whose creations have been worn by some of the most beautiful women in the world, including the Duchess of Cambridge Kate Middleton, Michelle Obama, Cate Blanchett, Emily Blunt, Kristen Stewart, Amy Adams, Kiera Knightley and even Melania Trump. Ilinčić set up her own label in 2003 and debuted at London Fashion Week in 2005 with a small collection of dresses. She has since become a staple on the fashion show and has added swimwear, childrenswear, handbags, jewellery and sunglasses to her eclectic collection. For her designs she has also won numerous awards including the British Designer of the Year at Elle Style Awards in 2016; Business Woman of the Year at the Harper's Bazaar UK Women of the Year Awards in 2014; the Red Carpet Designer award at the British Elle Style Awards in 2013 and in 2012 the Red Carpet Award at the British Fashion Awards.

### TEA OBREHT

Tea Obreht, a successful American author, has true Yugoslav roots, having been born in Serbia to a single mother whose parents are of Slovene and Bosniak origin. Her father, who did not take part in her upbringing, was a Bosniak, too. After graduating from the University of Southern California, Obreht received a MFA in fiction from the creative writing program at Cornell University in 2009. *The Tiger's Wife*, her debut novel, won the 2011 Orange Prize for Fiction and was a 2011 National Book Award finalist. Obreht was named as one of the twenty best American fiction writers under 40 by *The New Yorker*. *Inland*, her second novel, was released in 2019.





Photo: Tomi Lombar/Delo



Photo: Uroš Hočevar/DELO

## IZA LOGIN

Iza Login came to prominence after co-creating the Talking Tom mobile app. She founded the company Outfit7 with her husband Samo. Since selling the company in 2017 to a Chinese group, the couple have continuously topped the Slovenian rich list. After selling the talking cat, Login did not rest on her laurels, but together with her husband and children founded a new company, the Liechtenstein-based Login5 Foundation, which focuses on developing solutions for humanity's problems across the globe (using the slogan Clean Air. Clean Water. Clean Consciousness.). Login is also the director of Matea Benedetti Limited, an ethical and sustainable fashion brand associated with the concept of beauty, luxury and innovation. The Login couple are major philanthropists and regularly pay back to society. They support the initiative the Giving Pledge, where they invest the majority of their time and resources in non-profit environmental projects.

## TANJA SKAZA

Tanja Skaza is the co-owner of the family-owned company Plastika Skaza, which manufactures innovative and sustainable products made from recycled and bio plastics that are kind to the environment. In 2018 Velenje-based company surpassed EUR 40m in total revenue for the first time in its more than 40-year history. Today, Skaza boasts the flattering title of Best European Manager, which she received for an almost impossible achievement – in 2008 she pulled Plastika Skaza out of the crisis and placed it among the five fastest growing tech companies in Central Europe. The company is now well known for quality and innovative products, which are also found in internationally renowned multinationals such as Ikea, Gorenje, Landis & Gyr, and ABB. She has recently left the director position at the company and will continue her business journey within the framework of her own Skaza Institute where she wants to devote herself to inspiring people.

»Have fun. Work as a team,« is a motto that Iza Login sticks to when doing business, whereas Tanja Skaza stresses dedication and hard work as a formula for success.





In history there was no place for women in politics, especially in the Balkans. These two are changing that pattern.



Photo: Shutterstock

### KOLINDA GRABAR-KITAROVIĆ

Kolinda Grabar-Kitarović is Croatia's first female president. She previously served her country in many other high-ranking positions, including as a diplomat and an assistant secretary general for public diplomacy at NATO. At the age of 46, she was elected Croatia's president on January 11, 2015, becoming the country's not only the first female president but also its youngest. She was also the first woman in Europe to defeat an incumbent president running for re-election, while she is the second woman in the world to do so, after Violetta Chamorro of Nicaragua in 1990. In 2017, Grabar-Kitarović was named as one of the 39th most powerful woman in the world by Forbes. She won the hearts of many after the 2018 FIFA World Cup held in Russia, where she attended the quarter-final and final matches, reportedly travelling to Russia at her own expense in economy class and watched the games from the non-VIP stands. According to the analytics company Mediatoolkit, she was the "country's star of the tournament" with "25% more focus on her in news stories about the final than any of the players on the pitch."



Photo: Jože Suhadolnik

### ANA BRNABIĆ

Ana Brnabić is the Serbian Prime Minister, the first woman and LGBTQ person in Serbia to hold such position. Brnabić attracted attention of the Serbian public in August 2016 when the then Prime Minister Aleksandar Vučić revealed he knew of her sexual orientation when he nominated her for the minister of public administration and local self-government. After Vučić resigned as Prime Minister in 2017 to become president, he made Brnabić the new Prime Minister, the post she still holds today. In 2019 Brnabić became a parent after her partner Milica Djurdjić gave birth to a boy. She is believed to be the first prime minister in a same-sex couple whose partner gave birth while the prime minister was in office. Brnabić is the fifth openly LGBT head of government in the world, and the second female LGBT head of government overall. In 2019, Forbes 100 most powerful women list ranked Brnabić at 88th place.

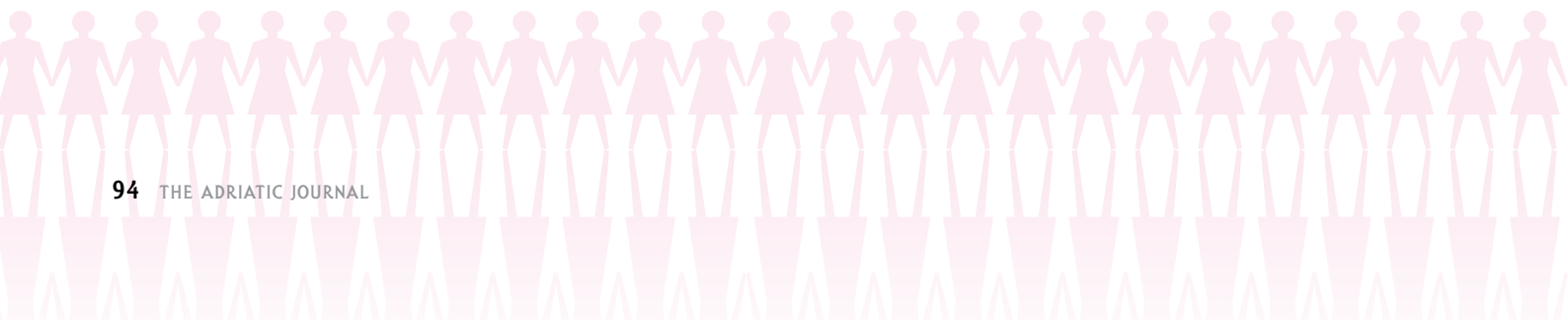


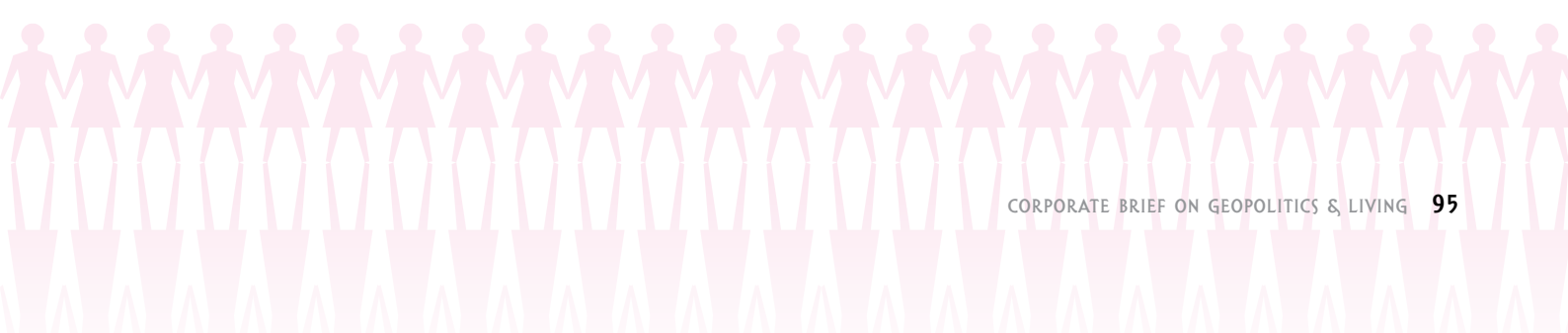


Photo: Shutterstock

## MELANIA TRUMP

Melania Trump is the current first lady of the United States, as wife of 45th president of the United States, Donald Trump. She is only the second US First Lady to be born outside the US. Born in Slovenia's Novo Mesto, Melania Knavs started modelling at the age of 5. She moved to America in 1996, where she continued to work as a model. She forged a successful career and is known for her appearances in Sports Illustrated, Vanity Fair, Vogue, Harper's Bazaar and GQ. She also posed nude for magazines, including a British GQ photo spread in 2000. In September 1998, Knauss met Donald Trump at a party and the couple married in 2005. In 2006 she gave birth to her only child Barron. In addition to her modelling ca-

reer, Trump was also a businesswoman who launched a jewellery line in 2010 and a caviar-based skincare line in 2013. In 2017, she became the First Lady of the United States. Since moving to the White House, she has devoted her time to promoting the public awareness campaign Be Best that focuses on well-being for youth and advocates against cyberbullying and drug use.





B

EXCLUSIVE INTERVIEW WITH JADRAN LENARČIČ, PHD,  
DIRECTOR OF JOŽEF ŠTEFAN INSTITUTE

# FEAR OF ROBOTS IS UNFOUNDED







A scientist competes with his colleagues around the world and wants to discover something unknown, while the economy wants to create capital. Although these are two different worlds, they must exist in a positive conflict. It is therefore necessary for a country to put in place instruments that make it easier to connect the two worlds, says Professor Jadran Lenarčič, director of Slovenia's Jožef Stefan Institute.



AUTHOR: ŠPELA BIZJAK  
PHOTO: UROŠ HOČEVAR/ DELO



Jožef Stefan Institute, ranked among the most prominent scientific and research institutions in Europe and the world, celebrated its 70th anniversary last year. With over 1,000 employees, the Institute is research-oriented in the field of robotics, automatics, biorobotics and modern production technologies. In an exclusive interview with The Adriatic Journal, the Institute's director, Professor Jadran Lenarčič, PhD, shares his views on the world of robotics – through the lens of an engineer.

**In your opinion, what are Jožef Stefan Institute's most important achievements in recent years? What would you highlight as being the most significant?**

The Institute publishes close to 900 research articles in international scientific journals, which means 900 achievements per year. It would be unfair to mention just one, though there are some that resonate more in the general public and partially in the professional circles. An example are micro lasers and their incorporation into a living cell; the discovery of a ferromagnetic



has already been discovered somewhere else. You can turn a discovery to benefit the society. This can be done in cooperation with the economy, but not solely. There are other social activities that require scientific discoveries and the assistance of researchers in putting them into practice. The economy is extremely important because it creates added value and invests in social development. The added value is based on knowledge.

**How can we achieve closer integration of science and economy?**

The investment in R&D is too small. From the beginning of my professional career, for more than 40 years, I have been living and working on the border between pure science, one that is only based in research and discovery, and the one that works for users. This has changed over the years. Science and the economy are two different worlds. A scientist competes with his colleagues around the world and wants to discover something unknown, while the economy wants to create capital. Although these are two different worlds, they must exist in a positive conflict. It is therefore necessary for the country to put in place instruments that make it easier to connect the two worlds.

**What potential does Slovenia have in implementing smart technologies in the region?**

As an engineer, I hate the label "smart technology" because it has been trivialised. If you have a washing machine and you have to switch it on with a switch, it is not smart, but if you switch it on with



The fact is that today companies are more aware than ever of the importance of collaborating with science.

fluid that may be the basis for a development of a new type of liquid crystal. It is also important to point out the research in the field of quantum physics where everything is about making a computer with the fastest memory. There are a number of other equally important discoveries. It is difficult to determine which criteria is more, or less, important. It takes 20 years for this to become evident, just as the current Nobel Prizes are awarded for achievements from decades ago.

**You have repeatedly pointed out that fundamental scientific research and the integration of science with the economy are crucial for Slovenia's future development.**

This connection is extremely important. Science has two different sides. One is exploring to discover something new, which is important for further exploration. The other side is whether what you discovered







your phone, it becomes smart. It's still the same washing machine. That is why I am a little sceptical of the expression and all the euphoria that is being created about smart technologies. It is primarily about introducing sensors into production processes and also into everyday life, which means that you get information on what is happening to certain appliances in the house, in the city, in factories, etc. This is an area where Slovenia has a traditionally good position - our Institute in particular. In the field of artificial intelligence alone, we have three research departments, while in the field of robotics and automation we have two more research departments, and at least three more in the field of communication technology and computer science.

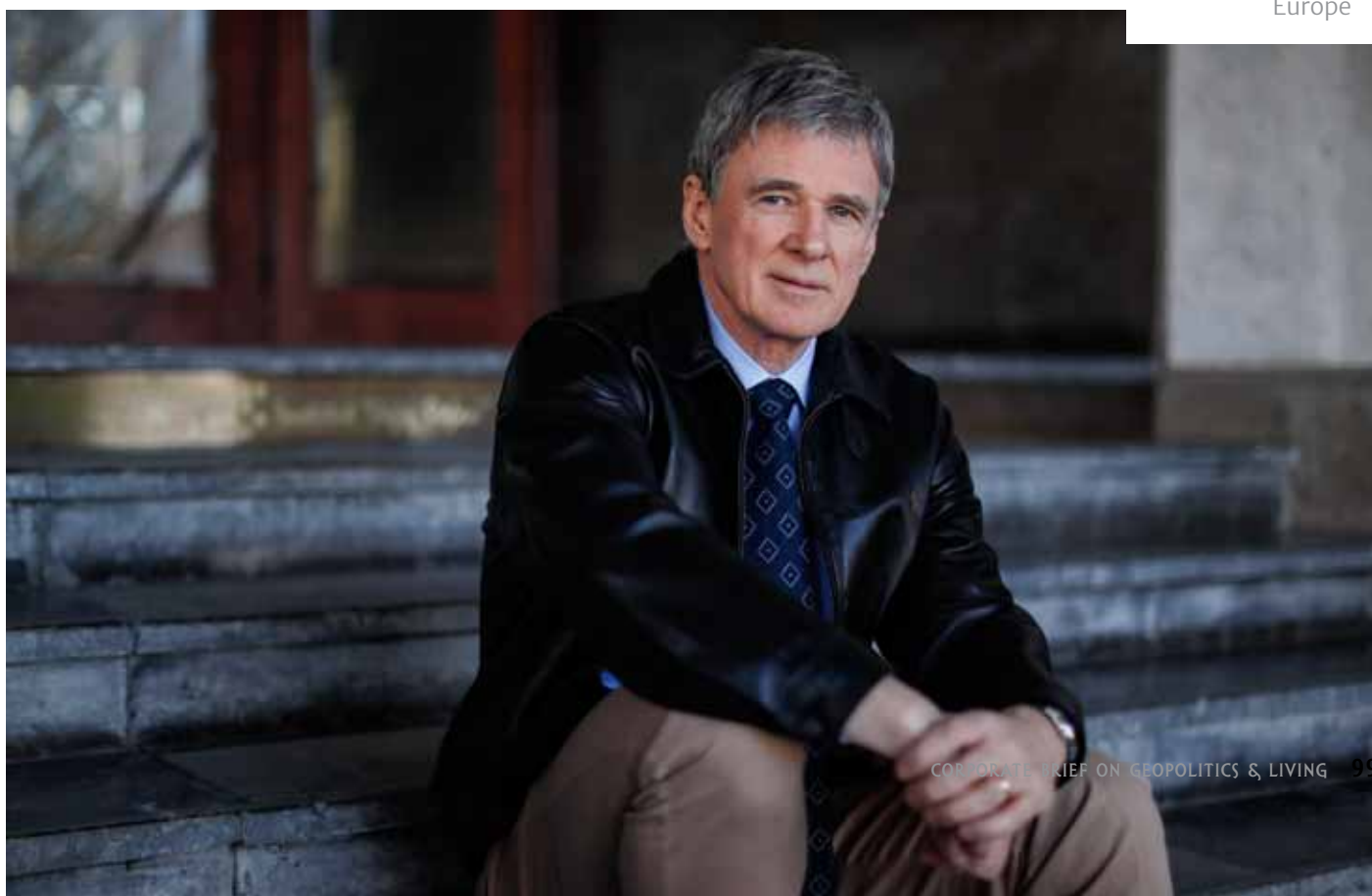
**What advantages do smart factories and smart processes bring to the business environment?**

Certainly this is more about digitalization than anything else. This means that you obtain data from individual devices, be it in factories or everyday life, and then use

it accordingly. Today you have an abundance of information that we can use in our daily lives. Twenty years ago, when you didn't have GPS, you came to a city and were lost. Today navigation takes you to your destination, and you know exactly what the hotel you are staying in will look like before you get there. This is certainly an achievement.

It's similar to a factory where machines make things and you don't know why some products are faulty. These digitalization processes help you identify where is the source of error. It's about the quality of the products, the quality of the customer research, the market, the integration with the markets and customers. It's computerization. Every second billions of data are accumulating on our devices worldwide. All of it is written down somewhere and we don't exactly know what to do with that information. Even businesses do not know what to do with most of the data they have. On the other hand, data collection also has ethical and other concerns.

**SLOVENIA IS FORTUNATE** to have started to explore artificial intelligence at its very beginning, in the pioneering times. It is one of the most automated countries in Europe



**THE JOŽEF ŠTEFAN INSTITUTE** is the leading Slovenian scientific research institute, covering a broad spectrum of basic and applied research. The staff of about 1050 specializes in natural sciences, life sciences and engineering



Companies that have more robots in the factory are more automated, more flexible and therefore earn more money in the market and create more jobs.



**The use of robotics is on the rise, especially in the automotive industry. In what direction will the future development of robots go?**

Robotics basically started in the automotive industry - the first 20 years of robotics were all about welding. Other procedures followed. These were the robots that, until recently, had to operate behind a guard rail. The new direction for robotics is collaborative robots that can interact with humans. However, these robots are still slow. But robots will gradually transition into everyday life. We had robotic vacuum cleaners for a long time and they work, but are not perfect yet. If they run into a chair, they can't move. If it gets stuck on a rug, it can't keep going; if it gets to the stairs, the vacuuming ends. This is the current level of robots and the situation is not better in the industry either. Robots can do something, but they are not as nearly comparable with humans.

**We often hear that in the future, robots will replace humans and do our jobs. What are your thoughts on that?**

That fear is unnecessary. If you are looking at whether a robot will replace a spot welder or someone who lacquers floors eight hours a day, I hope it will. I hope jobs like that cease to exist.

What is interesting is that nowadays robots in factories enter workflows, they enable the production of certain products which wasn't available before. Robots contribute to the workplace, they don't take it away. There are, of course, some exceptions. But in such cases, it is actually better for humans. For example, computer vision can count the number of products within a tenth of a second, which has not been possible until now.

Robots in industrial environments will only contribute to additional jobs, better quality of work, greater humanization,



higher standard, less discharge, which is important for the economy, so that the added value is raised and the value of the product on the market is higher than the cost of the product. Robots contribute to all of this.

### **How do you see the society in the future in terms of automation and robotics?**

Ten years ago, I predicted that factories of the future will be like a park where humans and robots work together. It will also be a pleasant environment where robots and humans will share information and learn from each other. However, this should not be understood in such a way that the humans will be subordinates to robots. They won't. Man, as a living creature, has its biological characteristics, the adaptation of genetic changes. Robots are a pile of iron. The robot is nothing more than a sewing machine. A sewing machine changes your life but you do not depend on it. You can throw it out of the window and it's gone. Robots are the same.

The other issue is the area of digitalization of the society, especially the collection of huge amounts of data. As I move from one room to another with my phone, my device registers my movement. There is an ethical component of collecting information about people. They present potential dangers to our free society. But again, this is not about the technology taking over the world. Technology is exploited by man to take over the world. My Japanese colleague says old technologies hurt the world, thus

we create new ones. He wanted to say that new technologies are constantly evolving, and if there is fear that artificial intelligence could take over our minds, we will develop technologies that will combat this.

### **So, do you give humanity advantage over robots in the future?**

I often give this example: if I make a decision, everyone questions it. Everyone asks why I decided the way I did and what if I made a mistake. If the computer makes a decision, we all agree. But in reality, the computer made that decision based on algorithm and information that was input by humans. It is like a black box that has no idea what it is. We believe the box and think it will control us. But it cannot control us because if we change the algorithm or input different information, the result will be different.

Robots are just tools that help us. The computer can handle a huge amount of data and is basically autistic because it can't forget, because it doesn't use emotions in its decisions, it doesn't take into account some other elements that people consider. Even the mathematicians say, "This equation is beautiful." Man uses many more functions than a computer. In some segments, however, the computer overtakes us. A computer can easily remember ten phone numbers, while for me it is harder. But this is not my weakness, it is my advantage. Based on emotions and experience, nature has made us forget trivial data and give weight to what is more important.



Slovenians live in the part of Europe that has strong cultural and technological traditions and we are not far behind. We have nothing to fear.



# FUTURE ELECTRIC CAR WILL MOST PROBABLY BE DESIGNED IN CHINA

Technological advances and societal changes have triggered a drastic evolution in mobility. Electric mobility is gaining momentum and could help the EU to achieve its goals of reducing greenhouse gas emissions, air pollution, noise and dependence on oil. But in Slovenia, due to highly dispersed settlement, electric vehicles as individual means of transport could further increase the number of cars on the roads.

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AUTHOR: ŠIMONA DREVENŠEK



Photo: Shutterstock



# W

## WE HAVE INFRASTRUCTURE BUT NO ELECTRIC CARS

Global sales of new electric cars have been growing significantly in recent years, largely driven by the mass expansion of this mode of transport in China. Despite its rapid growth, the EU market for such vehicles is still small, and largely dependent on support policies. According to data on newly registered vehicles, at the end of February 2019, there were 1,233 M1 electric cars (passenger cars) in Slovenia. Also, about 450 plug-in hybrids and more than 120 N1 (light-duty) vehicles are in use according to the Ministry of Infrastructure. However, Slovenia is still below the European average of e-cars. In the first three quarters of this year 2.9% of newly registered cars were electric in the EU and EFTA countries; in Slovenia it was below 1%, slightly lower than in 2018. However, the Electromobility Development Strategy foresees 6,100

electric vehicles by 2020 and 200,000 by 2030. Is this just wishful thinking? Miha Valentinčič, Director of Innovative Business Models at Petrol, would argue it is going to happen. We are already witnessing a fundamental transformation of mobility. The main disruptive forces driving it are alternative powertrains, connected and autonomous vehicles, and on-demand mobility services. Brand new markets are now appearing, whilst others are converging or even disappearing entirely. The ones that will stay in the game are those able to implement the right innovation at the right time and secure the correct partnerships. And Petrol has been on this path for nine years already. "Slovenia is certainly among the most advanced countries in the Adriatic region in terms of e-mobility. Petrol was among the first to establish a very good and wide network of charging stations for electric vehicles. At present, Petrol provides 46 high-speed chargers and over 120 classic AC chargers. In the coming years, more than 300 charging stations will be available in Ljubljana alone," says Valentinčič.

## PETROL OFFERS E-CARS AS SERVICE

The number of charging points in relation to the number of electric cars ranks Slovenia high above the European average. A good charging infrastructure is a prerequisite for developing e-mobility. As a

# ”



Photo: Petrol

Miha Valentinčič, Director of Innovative Business Models at Petrol

Slovenia is certainly among the most advanced countries in the Adriatic region in terms of e-mobility.



”



Photo: Roman Šipić

Dr. Karin Kneissl former Austrian Minister of Foreign Affairs

If we could substitute coal with other energy, we would reduce not only CO2 emissions but also the emission of sulphur dioxide.

result, Petrol has included an electric car as a service in its offer. “This enables companies, public sector entities and domestic costumers to easily enter into e-mobility,” says Valentinčič. Among the subscribers to this service are also Knauf Insulation and Pivovarna Laško Union, which recently updated their fleet with electric cars. The cost of such service varies according to the e-car; from EUR 350 per month to EUR 550 per month. “This is a new model that will allow many companies to simultaneously optimise and electrify their existing fleet,” says Valentinčič, adding they are developing a multimodal platform, e-taxi, e-shuttle ... With this and other projects which are underway (in Slovenia, northern Italy and Croatia) Petrol aims to be a primary provider of e-mobility in the Slovenian market and in selected markets in the region.

Valentinčič expects that in 2020 e-mobility will reach a new threshold: “A number of new e-car models of different brands are coming to the market and trends indicate it will be difficult for automakers to provide e-car production to the extent that current demand forecasts.” According to the forecasts of the largest European car-makers, the future is definitely in electric cars. Daimler has announced the termination of the development of internal combustion engines, Volkswagen has already introduced a new platform on which it will

build its future electric cars. Other manufacturers are following by electrifying their existing car models.

### WE NEED TO SEE A BIGGER PICTURE

All this is a step into the right direction, as the transport is the biggest polluter and contributes to the majority of greenhouse gases. Thus many are advocating making the sector “greener”. And electricity supposedly runs better than fossil fuels. But climate change we are witnessing is more complex and cannot be combated with cars only. Dr. Karin Kneissl, Austrian Minister of Foreign Affairs between 2017 and 2019, has been following e-mobility and decarbonisation for decades. Kneissl argues the geopolitical implications of such transformation are omitted in the current debate. “Unfortunately, the debate is reduced to preventing global temperatures to rise more than 1.5C or 2C. And everything else is linked to this, including minimizing carbon emissions from transport,” says Kneissl. But Kneissl points out that there are other changes that are contributing even more to climate change than thought. One such change is relocation from the cities to the outskirts due to raising real estate prices. In the village 50 km off Vienna where Kneissl lives, to reach Vienna with public transport is difficult, therefore people use own cars. “Con-





sequently, the carbon emissions rise.” Therefore, she argues there needs to be a much more realistic, holistic, comprehensive and linked approach to this issue. Without addressing public transport, we will not curb carbon emissions from the transport, agree Kneissl and Valentinčič.

Kneissl also says that e-mobility debate is often out of touch with reality. In the European Union and EFTA countries (Norway, Switzerland, Iceland), 383,000 new electric cars were sold and registered this year (Q1 - Q3 2019), which is 38.2% more than in the same period last year. In certain markets (Ireland, Netherlands, Romania), sales of electric cars increased by more than 100% compared to last year. However, e-mobility needs technologies and commodities which are currently disrupting markets. “It needs lithium as well as iridium which can be found in a handful of countries, among them in Bolivia and Chile. We have overlooked that in many aspects Chinese owe the majority of these commodities,” says Kneissl, adding that the car of the future will most probably be „designed in China and assembled in Africa“, paraphrasing the Apple products: designed in the US, assembled in China.

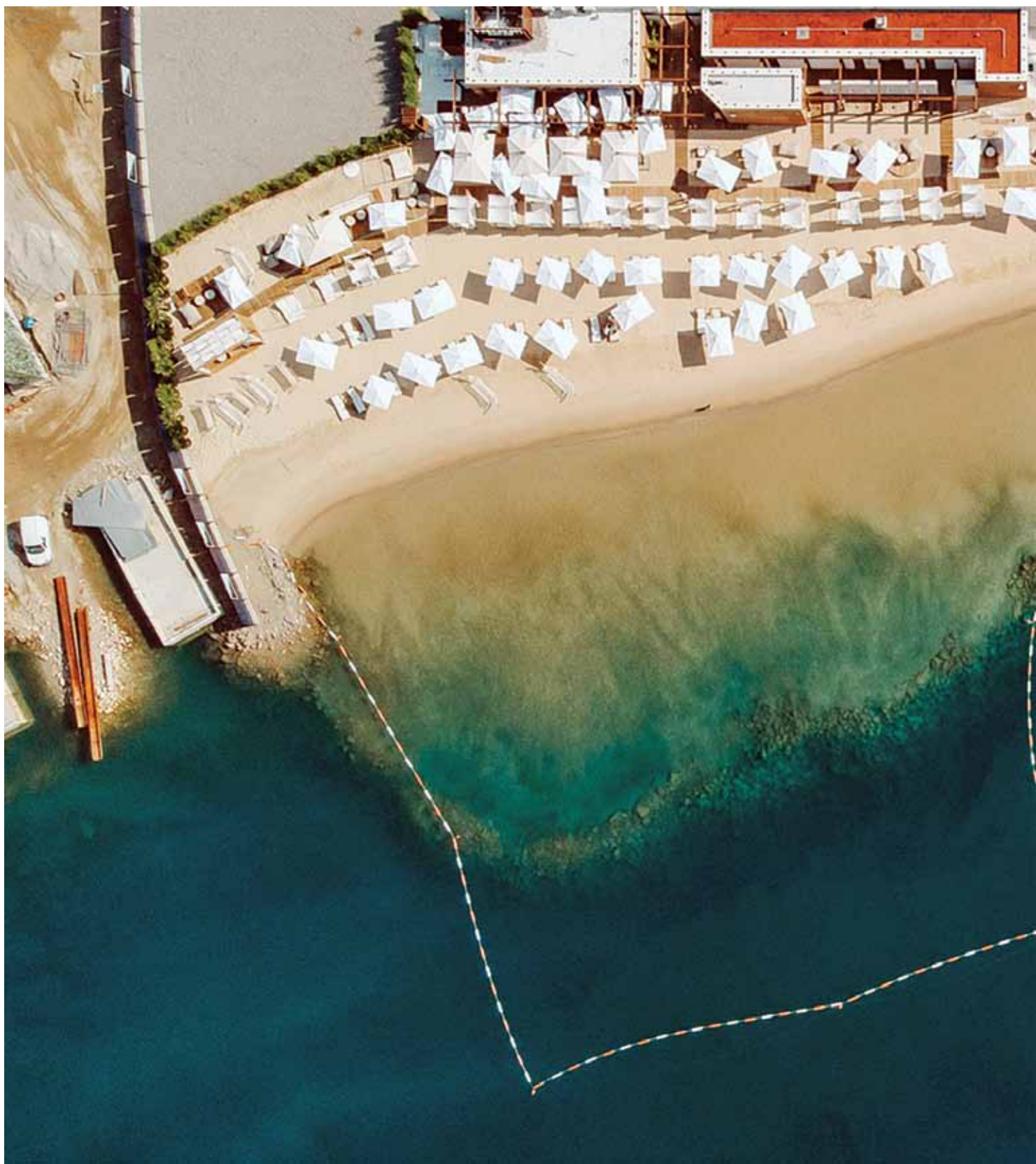
### WHAT ENERGY SOURCES WILL POWER CARS?

Then there’s the question of what kind of electricity will power the cars. In India and

China most electricity is produced by coal. Same goes for Poland. Slovenia has a mix of hydro, thermal and nuclear energy, but would it be enough to charge all the cars? “The biggest polluter is still coal but many countries rely on thermal power. If we could substitute coal with other energy, we would reduce not only CO2 emissions but also the emission of sulphur dioxide,” says Kneissl. And in the time when Germany is phasing out coal power plants and nuclear, more EU countries are willing to import LNG from the USA. “We are forgetting that shale oil and shale gas are polluting the environment more than conventional oil and gas. Shale gas and oil are produced with fracking, which consumes much more water than conventional oil and gas production,” says Kneissl.

Nevertheless, we ought to think about how e-cars will change the automotive industry, which is the last key industry in Europe and whose disappearance could trigger numerous upheavals, since it affects approximately 5 million employees. “The automotive industry is a big employer in Europe, especially in Germany, France, and Italy. Slovenia as a subcontractor plays a role in this chain as does Slovakia. It is an important factor in terms of keeping jobs. Europe can lead and compete with Asian partners, but betting everything on the electric car is not a right way,” says Kneissl.

In certain markets (Ireland, Netherlands, Romania), sales of electric cars increased by more than **100%** compared to last year.





B

MORE THAN JUST A SUMMER RESORT

# ANOTHER LUXURY GEM TO GLITTER ON MONTENEGRO'S COAST

Montenegro continues to realize its vision as Europe's luxury tourist destination. On 1 August 2019, the country's prestigious new marina – Portonovi – opened its doors to the public.

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AUTHOR: ANA POTOČNIK  
PHOTOS: PORTONOVI

Photo: Roman Šipić





**PORTONOVI**  
officially opened  
its doors to the  
public in August  
2019

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“The slogan under which Portonovi presented itself to the world – Portonovi Montenegro Essence – symbolizes the most wonderful moments and opportunities that Montenegro as a country has to offer, both those already known and

those that are yet to be discovered,” says Adrijana Husić, the resort’s marketing and communications manager.

Located at the entrance of the Bay of Kotor, near Herceg Novi, Portonovi resort spans 26 acres and 1.8km of exclusive coastal area, with 214 residences that are available to prospective customers as part of the first opening phase.

Portonovi is synonymous with the highest level of service and unobtrusive luxury of world-renowned brands such as the first One & Only hotel in Europe, with the Espace Chenot Health Wellness Spa, and the D-Marina with a capacity of 238 berths and the ability to accommodate ships up to 120m in length. It is planned that the marina be in use throughout the year, both for yachts and super yachts



**THE MARINA**  
has 238 berths  
and will be able  
to accomodate  
ships up to  
120m long

owned by users of villas and apartments in the resort itself, as well as those who would like to make a short stop on long cruises. A border crossing is also planned within the marina.

The first guests already enjoyed lounging on the sandy beach at the Beach Club, where the sand was brought in all the way from Turkey and Egypt. Maison du Monde, the first cigar and cognac bar to open in Montenegro, as well as the Perla Square restaurant and the Italian Godo Gelateria, are already serving the first patrons. Throughout 2019 and 2020, new brands, new venues, and services will continue to enrich the Portonovi experience, for both the residents and other visitors. The resort will soon offer the first Belgium pub in the country, a Winery, and an Eastern Cuisine

restaurant. The Portonovi training studio is also opening soon, and there are plans for a Montessori kindergarten.

### **KEEPING THE LOCAL ARCHITECTURE**

Portonovi's architecture has been inspired by the authentic charm and character of traditional Boka Bay villages, and is strongly connected with the sea and the bay, explains Husić.

"In this magical place, no two experiences are alike, neither do any two stories repeat themselves. At any time of the year, in every part of the day, visitors will be able to discover something special: from culinary specialties, special, and unexplored places, to different people and cultures from all over the world."

In this magical place,  
no two experiences  
are alike, neither do  
any two stories  
repeat themselves.





GUESTS CAN ENJOY lounging on the sandy beach at the Beach Club, where the sand was brought in all the way from Turkey and Egypt. To cool down, visitors can taste local home made ice-cream flavours at the Italian Godo Gelateria







**THE RESORT** plans to host art exhibitions, festivals and sports events to attract visitors throughout the year

So, Portonovi is not just a summer resort, adds Husić. “We are going to host festivals, art exhibitions, sports events and many other happenings that will keep the resort alive throughout the year.”

Husić adds that the resort is also conveniently located close to other attractive centres in Montenegro. The skiing centre in Žabljak is only an hour’s drive away, as are the resorts offering rafting on Tara river.

When Azmont Investments, the resort’s investor, entered the Montenegrin market in 2012, its contractual obligation was to invest €52m in the resort in the first four years, or € 258m over eight years. As of June of 2019, Portonovi’s investor has already put €469m into the development, while the total investment will be close to €1bn when all work is completed, Husić said. On an average day, as many as 1,560 workers are engaged in all segments of the project.

“As a major investor, Azmont Investments firmly believes that what makes Montenegro truly magical are its people, its untouched nature, long tradition and vibrant culture that makes all visitors, world travelers, nature lovers, artists and cosmopolites feel welcome,” concludes Husić.



# ADRIATIC JOURNAL TOP BUSINESS EVENTS IN THE REGION IN 2020

## CONVENTA

📍 *Ljubljana, Slovenia*

More than a simple trade show, Conventa provides a business platform for the sales & marketing sector, positioning itself as the most important business-to-business event in the meetings industry in South East Europe.

📅 22 Jan – 23 Jan 2020



## CENTRAL AND EASTERN EUROPE CARRIERS AND ENTERPRISES CONFERENCE

📍 *Opatica, Croatia*

Central and Eastern Europe Carriers and Enterprises Conference is one of the leading conferences in South-Eastern Europe related to telecommunications, information security and digital transformation, already in its ninth edition and aiming at a much wider audience this year.

📅 22 Jan – 24 Jan 2020

## INTERNATIONAL CONFERENCE ON FUTURE CITIES

📍 *Split, Croatia*

The conference addresses the next frontier of research focused on the evolution of cities. It assesses the state of academic and practice-based knowledge related to future cities and attempts to establish a global research agenda based on joint identification of key gaps by the academic, practitioner and urban policymaking communities.

📅 26 Jan 2020



## WOMEN ECONOMIC FORUM

📍 *Ljubljana, Slovenia*

A three-day event on the Power of the Pack: Women trustfully supporting Women. More than 200 women, supportive men and young leaders are expected to take part in the two-day conference, with over 150 speakers from more than 30 countries.

📅 6 Feb – 8 Feb 2020



## INTERNATIONAL TOURISM FAIR

📍 *Belgrade, Serbia*

The International Tourism fair aims to provide a considerable scientific contribution in the domain of marketing and management regarding tourism destination competitiveness, with an emphasis on the Serbian market, and further broadening of knowledge necessary for better understanding of the key concepts related to the area of destination competitiveness.

📅 20 Feb – 23 Feb 2020

## INTERNATIONAL CONFERENCE ON INFORMATION SOCIETY AND TECHNOLOGY

📍 *Kopaonik, Serbia*

The 10th edition of International Conference on Information Society and Technology is open to all scientific contributions to the different areas of ICT. It also welcomes technical papers with case studies and demonstrations of novel ICT technologies and approaches in industry and society. It hosts research communities dealing with the areas of information systems, model-based software engineering, e-government, big data, biomedical engineering, semantic web research and since recently, IoT.

📅 8 Mar – 11 Mar 2020



## RISK 2020

📍 *Laško, Slovenia*

RISK 2020 will bring together CIOs, CTOs, bank CSOs, retailers, telcos, government, system integrators, IT consultants and the world's top Internet security people. It will host internationally renowned and acclaimed speakers, offering first class training.

📅 18 Mar – 19 Mar 2020



## INTERNATIONAL ARCHITECTURAL DESIGN CONFERENCE

📍 *Dubrovnik, Croatia*

Architectural Design Conference is coordinated by DAKAM (Eastern Mediterranean Academic Research Center) and will be organized by BILSAS (Science, Art, Sport Productions).

📅 3 Apr 2020

## SARAJEVO BUSINESS FORUM 2020

📍 *Sarajevo, Bosnia and Herzegovina*

The annual investment conference is organized by Bosna Bank International (BBI) in cooperation with international partners. The 11th Sarajevo Business Forum will cover business and investment opportunities across seven countries in South-Eastern Europe: Bosnia and Herzegovina, Albania, Croatia, FYR Macedonia, Montenegro, Serbia and Slovenia.

📅 8 Apr – 11 Apr 2020

## GLOBAL CANICA INTERNATIONAL SCIENTIFIC CONFERENCE

📍 *Ohrid, North Macedonia*

Sixth International Scientific Conference will be held in the halls of the Metropol Lake Resort, Ohrid. Congress Center features an excellent interior space and technical prerequisites for organizing this type of meetings.

📅 22 May – 24 May 2020

## PODIM CONFERENCE 2020

📍 *Maribor, Slovenia*

The Regional Startup Ecosystem Epicenter. Podim connects 800+ brilliant startups, investors, corporations and other stakeholders with global minds and leaders, serving as an effective platform for investing in the most promising startups from the region.

📅 19 May 2020



## MEDITERRANEAN CONFERENCE ON EMBEDDED COMPUTING – MECO 2020

📍 *Budva, Montenegro*

The focus of this international scientific forum is on the leading achievements in the modelling, analysis, design, validation, and application of embedded computing systems and related fields. MECO 2020 will provide an opportunity to discuss new ideas and work-in-progress in these exciting technological areas.

📅 8 Jun – 11 Jun 2020



## ENERGA

📍 *Sarajevo, Bosnia and Herzegovina*

A must-go event for the region, ENERGA is the place to learn about new technologies, corporate achievements, new energy policies and strategies, renewables, energy markets, and the inevitable technological transition of the energy sector.

📅 9 Jun – 11 Jun 2020

## BLD STRATEGIC FORUM

📍 *Bled, Slovenia*

A platform for high-level strategic dialogue among leaders from private and public sectors on key strategic issues facing the region and the world.

📅 Sep 2020

## KOPAONIK BUSINESS FORUM 2020

📍 *Kopaonik, Serbia*

The Kopaonik Business Forum, organized by the Serbian Association of Economists, is held in the first week of March at the Kopaonik Convention Center. Over the last years, the patron of the concept of the Forum has been the Prime Minister of the Republic of Serbia.

📅 Dec 2020



# THE MANAGERS' ASSOCIATION OF SLOVENIA

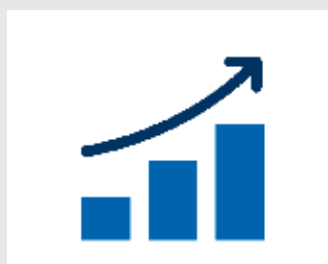
The largest association of executives in Slovenia since 1989



## Creating **32%** of the entire revenue of the Slovenian economy

Companies led by members of the Managers' Association of Slovenia\*:

- have a **26% higher added value** compared to the Slovenian average;
- create a **42% higher revenue per employee** than the Slovenian average;
- create a **48% higher profit per employee** than the Slovenian average;
- have a **23% higher average salary per employee** compared to the average Slovenian salary;
- the companies that are members of the Managers' Association of Slovenia collectively create **32% of the entire revenue of the Slovenian economy**.



### Mission

Responsible leadership and professional management for common progress.

### Vision

Using cooperation to turn opportunities into successes and situate Slovenia amongst the top 15 most developed countries in Europe.



**MANAGERS'  
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[www.zdruzenje-manager.si/en](http://www.zdruzenje-manager.si/en)



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## FIČO – A YUGOSLAV STORY

In late 1970s Igor Mandić, a Yugoslav writer and literary critic, wrote in an essay featured in his *Mythology of Everyday Life* that each nation gets the car it can have. And that Yugoslavs deserve the Fičo. He was, of course, referring to Zastava 750.



# AN AFFORDABLE NECESSITY THAT BECAME A SYMBOL OF THE YUGOSLAV TRAGEDY

AUTHOR: MARTIN POGAČAR, PHD

# F

Fičo was produced by Crvena Zastava (Red Star) factory in Kragujevac, Serbia from 1955 to 1985. It was tiny, but big enough to fit a family of four going camping on the Adriatic shore; it was unreliable, but easily repairable; not least, it was the official policeman vehicle and loved



Photo: Mare Mutić

by postmen and vets alike. For many Yugoslavs it was the first car they ever had and, for a lucky few, it was the very place of origin: where they emerged from the womb. In all, it was a car of the people and for the people.

## A PROMISING START

After the end of the Second World War, Yugoslav leadership decided to motorise the war-torn country and signed a contract with the Italian FIAT to produce licenced FIAT 600 in 1953. As the cars started rolling of the factory two years later, the country – in the interwar period predominantly agrarian with scarce industry, which was reduced to smithereens during the war – was finally on the wheels, ready to embark on a path of industrialisation and modernisation. Along





Photo: Mare Mutić

## A SYMBOL OF HOPE...AND COLLAPSE

The car and its cultural lives went through various phases. In the beginning it was considered, Mandić again, as “the first expensive object of modern psychology of consumption, the first magic lantern that served as a road sign showing the way out from years-long backwardness, it was an Ariadne’s thread showing us the way out of the domain of cottages, mud, sandals and village fetes towards the wide asphalt roads, motels, self-service shops, striptease and beat music.” Over time, however, the sentiment transitioned from adoration, hopes and promises of a better future, to a marker of political and economic decline and, finally, collapse. It became a historical burden hidden in sheds and garages with no apparent value other than demolition: my mechanic told me they would cut off the roof and use it as a raft on a nearby river.

In any case, Yugoslavia sported a rather well-developed automobile industry and a number of car factories, including IMV in Novo mesto (Slovenia) that later became Revoz (producing Renaults) to IDA in Kikinda (Serbia) that produced Opels, while TAS from Sarajevo was making the famous Volkswagen’s Golf. Perhaps most well-known among them was Zastava from Kragujevac bought by Fiat-

Fičo can be seen as a constant reminder not to look at Yugoslav history as a uniform blob of failure and torture.

the way, Fičo was becoming the stuff of memory for the generations that grew up in Yugoslavia and witnessed the life of the car unfold in front of their eyes; and who have witnessed the transformation of the country reflected in the rear-view mirror. The Fičo, a car once barely affordable yet somehow cute, grew over time so obsolete and outdated that it became a laughing stock at best or ended up dumped in a ditch at worst. As Mandić points out, “some believe that Fičo has long since played its role and they turn their backs on it. Just like one might turn their back on poor relatives who made significant sacrifices for our progress, but get in return from us indifference and shame”. In this sense, Fičo can be seen as an allegory of the collapse of the state, but also a constant reminder not to look at Yugoslav history as a uniform blob of failure and torture.



Photo: Lisa Rodd

**FIČO** at the French Riviera

Chrysler just a few years ago. And how could it not have been?

### BECOMING A MYTH

In the period 1955–1985 a total of 923,487 cars was produced of which some 20,000 are allegedly still on the roads of former Yugoslavia - clearly, Fičo was no Mercedes, but for some just as desirable. For nearly 20 years, before the just as famous but less mythic Zastava 101 hit the roads, Fičo was an important product of the Zastava factory that procured parts through a network of over 200 subcontractors around the country. During the 1960s, the time of liberalisation and opening of the country to the West, the production grew significantly and the factory invested in new facilities. By the end of the decade, Fičo became a cult vehicle, a regular appearance on TV shows and in popular films. The entrance of the

car into the moving picture was the critical moment when the car was no longer just a means of transportation. It was also becoming a myth. Cinema provided a crucial opportunity for the car to become, again in Mandić's words, "a new medium that 'shook' the obsolescence and tininess of city shopping centres, expanded streets and avenues, changed the appearance of travel and traffic arteries, and traffic regulations".

The ascendance to myth, however, hardly exerted a positive influence on the Fičo. Perhaps it was because of it riding the wave of fame that the car, neglecting the developments in the industry, somehow got stuck in time. Having failed to modernise and adjust to the changing driving conditions and the shifting social meaning of a car as status symbol, Fičo was no match for modern cars.

In the period  
1955–1985 a total of  
**923,487** cars  
were produced.



Fičo became one of the objects of unwanted heritage, along the obvious Tito's busts and the red star, that somehow retained the appeal across the former Yugoslavia.

### FROM CULT TO OBSOLETE

By the late 1980s and early 1990s, it was a nearly forgotten object of the past and a symbol of a country everybody was hastily trying to forget. It was mostly driven by the poor and youth, but it found an intriguing role as a working vehicle on many Adriatic islands doubling as a car, a tractor and a horse. Regardless, it became a symbol of the Yugoslav wars. It was at the beginning of the war in 1991 in Osijek, Croatia, when the Yugoslav Army tanks rolled into the city and a brave citizen parked his red Fičo in the middle of the street hoping to stop the tanks. The car was crushed and the war raged on.

Before long the red Fičo and many others across the country rose out of the debris of their own meagre existence in their former motherland's nightmarish afterlife. They slowly and humbly drew out of sheds and garages fuelling the just discovered fascination with everything Yugoslav. This phenomenon soon became known as Yugo-nostalgia, a specific type of nostalgia that came to life after the collapse of the state in response to the nationalisation of once multinational pasts and the realisation that the promised West looked much more brilliant as an unreachable destination. Fičo became one of the objects of unwanted heritage, along the obvious Tito's busts and the red star, that somehow retained the appeal

across the former Yugoslavia. A material remnant of the past, Fičo was one of nostalgia's prime vehicles with enough room to fit some rogue memories in the trunk. Or on the roof. Or under passenger's behinds.

### MENDING BROKEN FRIENDSHIPS

Once Yugoslav past was safely neutralised, both in its emancipatory and totalitarian aspects, and when even musical taste was deemed a political statement, Fičo offered one of the channels of mending broken friendships. Although Zastava and Fičo fan clubs existed already during Yugoslavia, the post-Yugoslav fascination is unprecedented. In the context of denying cultural value to all things Yugoslav, the car provided an object one can work on. Many specimens were in dire need of repair. This forced Fičo-fans to indiscriminately source spare parts. With many cars in the ditches or at the bottom of the sea, spare parts have always been a scarce commodity that necessitated, and legitimated cooperation across the new borders. Soon enough fans would start to organise gatherings attracting Fičo-fans from all over former Yugoslavia.

Interestingly, the participants were not just people who had first-hand emotional ties to the "real" thing. Instead, for many younger post-Yugoslavs, taking care of a Fičo was an opportunity not only to gain or improve mending skills but also to engage





Photo: Lisa Rodd

### 1 AFTER THE EXHAUST WAS LOST ...

### 2 AT THE WELDER'S IN LONDON

### 3 NATURE AND TECHNOLOGY –

Who wins?

with the car's history. This invariably entails at least passing mention of Yugoslavia. Thus perhaps purely technical fascination became a cultural one; and in some cases political. Several Fičo-fans I spoke with talked about their experience of the car also as an opportunity to discuss present-day politics, the precarity of the post-socialist everyday and the flaws of the regime change. In addition to Fičo-fans welding and fiddling with carburettor and tuning ignition, one man I met deems the car a relevant enough artefact to maniacally collect over 300 of them, while another one decided to make and sell half a million new ones. If only 1:43 diecast models.

The car is thus an object that stirs the imagination of a number of post-Yugoslavs, but also allegedly untouched foreigners. One brave girl took a little orange Fičo from Ljubljana all the way to London. The journey involved a lost exhaust pipe, getting lost in Milan, and a train ride from Nice to the final destination – a West End welder. After an exhilarating farewell rally in Sicily, the car found a new owner somewhere in France. It was sold for one euro.



Photo: Hannah Marshall

### **PRESEVING HERITAGE**

The countries that emerged in the wake of the socialist Yugoslavia do not appear to share the passion for the car. Although an odd specimen can be found in respective technical museums, private and public, a



Photo: Mare Mutic

AT THE BOTTOM  
OF THE SEA

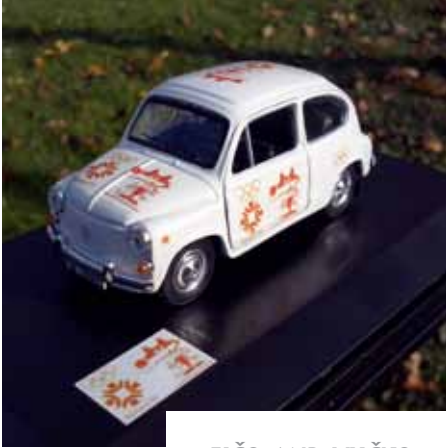


Photo: Tomaz Alauf

FIČO AND VUČKO,  
1984 Sarajevo  
Winter Olympic  
mascot

Today, behind one of  
the factory buildings  
a fine selection of  
Zastava cars are rusting  
and rotting.

wider societal appreciation of socialist industrial and technical heritage is barely existent. So, it is down to enthusiasts to preserve heritage. The reasons vary, but it is likely the difficulties in nationalisation of a once relatively common history. Although it was made in the then Republic of Serbia, Fičo was a Yugoslav car. Another reason may be the general neglect or disregard of the historical value of socialist industrial heritage, which is often seen as inherently flawed and irrelevant.

By historical chance Fičo's birthplace Kragujevac also became its end. Where once there was a Yugoslav factory is now an multinational company, where once there was a factory with its own automobile institute employing engineers who developed and designed new products, there is today an automobile cemetery. Behind one of the factory buildings a fine selection of Zastava cars are rusting and rotting,

among them the Zastava's millionth car, the Zastava 101 from the Tour d'Europe 1973–74 rally, and the last Fičo from 1985. After the collapse of Yugoslavia in 1991, these cars were kept by the Institute. But during the 1999 NATO bombings, the cars were moved outside the building, to prevent the potential damage from bombing. Alas, the 20-year sojourn outdoors let the elements do their job. The rain, the snow, the heat, the cold. The time.

Martin Pogačar, PhD, is a research fellow at the Research Centre of the Slovenian Academy of Sciences and Arts. His research interests include media memory studies, technology and memory in post-socialism. He is also interested in the future of Yugoslav popular music, archiving in the digital age and Yugoslav automobile heritage. His recent publications include *Fičko po Jugoslaviji: Zvezda domačega avtomobilizma med cestami in spomini* (Založba ZRC, 2019).



Photo: unknown

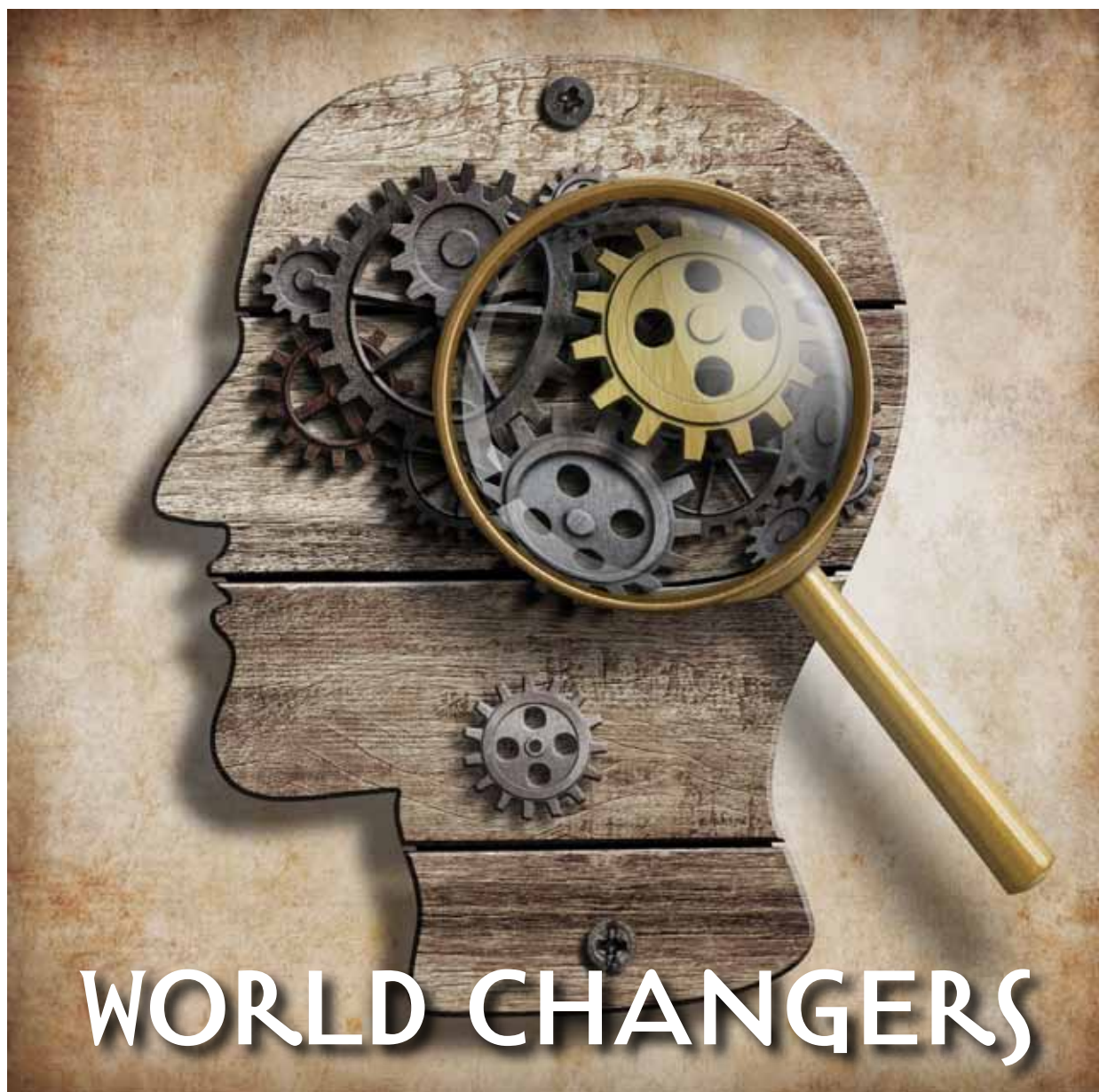


TWO REGIMES of  
old against entropy





GREAT MINDS OF THE WESTERN BALKANS



# WORLD CHANGERS

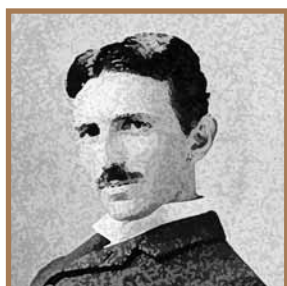
Photo: Shutterstock

Scientists, inventors, passionate researchers in their selected fields and tireless seekers of new, previously unthought of solutions. With pioneering discoveries, they paved new paths and pushed the boundaries of the possible, changing the world and lives of people. We present important personalities from the Western Balkans who have made an imprint in their period and beyond.

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AUTHOR: JAN TOMŠE





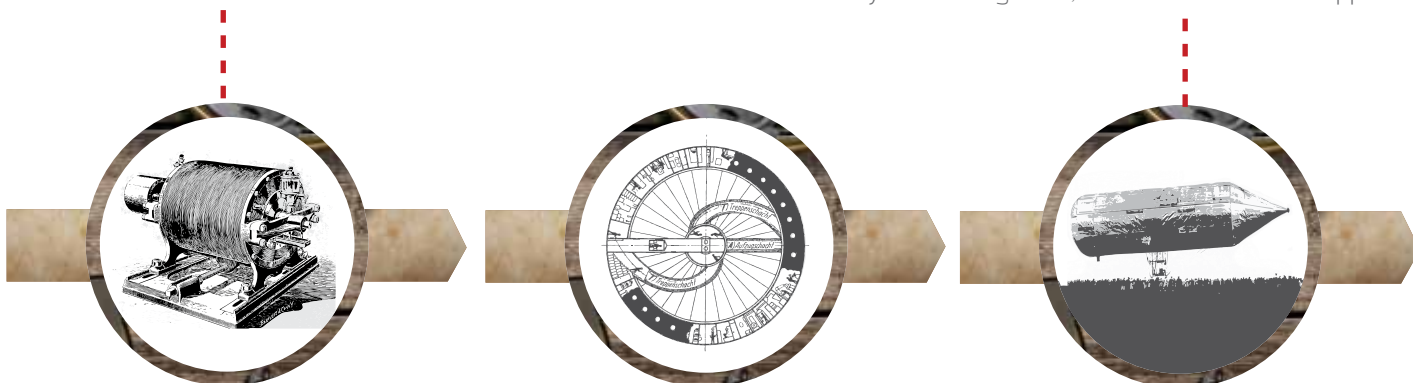
### NIKOLA TEŠLA (1856 - 1943)

One of the most important inventions by Nikola Tesla, a New York-based scientist, is a multi-phase induction electric motor operating on the principle of alternating current. Its AC system has made it possible to remotely transmit electricity in more efficient manner. The first hydroelectric power plant on Niagara Falls was built based on his design. Tesla was active in many fields: rotating magnetic fields, remote control, solar energy, radio... Life magazine ranked Nikola Tesla among the 100 most important people in the last thousand years.



### DAVID SCHWARZ (1852 - 1897)

Schwarz, who has been interested in the mechanics and construction of aircraft since a young age, is considered to be the discoverer of duralumin, which is still used today in aircraft manufacturing. In 1896, with the help of the then German government, David Schwarz assembled an airship in order to make it safer than the hot-air balloons of that time. The 48-meter-long and 13.5-meter-wide airship could steer itself well on its first take-off, although the structure was only one meter off the ground. Though he did not receive credits for inventing the first aircraft, the fact remains that Schwarz is the world's pioneering aircraft designer. Schwarz did not live to see his invention flying 464 meters above ground in its second take-off. The plans for his airship were later purchased from his widow by a German general, Count Ferdinand von Zeppelin.



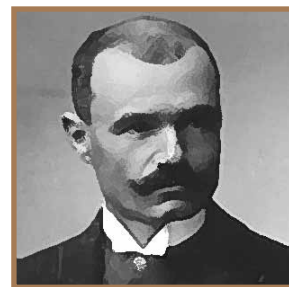
### HERMAN POTOČNIK NOORDUNG (1892 - 1929)

Herman Potočnik Noordung initially worked as an expert in bridge and rail construction, but in his final years he devoted himself to man's penetration into space. An educated expert in rocketry, in his book *The Problem of Space Traveling - a Rocket Engine*, that is considered one of the foundational parts of the first generation of space explorers, he described a plan for space exploration, the building of a permanent space station for Earth observation, and highlighted the potential for research that could be performed from space. Pundits characterize the book as the fundamental work of man's existence in space, and Potočnik's ideas have underlined the American, Russian and German space exploration.



### IVAN VUČETIĆ (1858 - 1925)

Regarded as the father of dactyloscopy, Vučetić was a seeker of solutions for more effective crime detection. He introduced a procedure of person identification through a method based on the knowledge that fingerprints are unique. Vučetić devoted himself to the study of papillary lines and significantly upgraded the identification methods used up to that point, which were, in the second half of 19th century, all incomplete to a certain degree. In practice, he proved the value of his invention by solving the case of a mother who blamed her lover for the murder of her children, but it turned out that the bloody fingerprints found at the crime scene were hers. Vučetić has published several books about his findings, he was also a member of the French Academy.



### MIHAILO PETROVIĆ ALAS (1868 - 1943)

One of the greatest Serbian mathematicians and inventors, a world-renowned expert in differential equations and phenomenology, he is globally known as the author of the prototype of one of the first analogue computers to operate on the basis of hydraulics. At the World Science fair in 1900, he received a special award for the hydro generator, his most important invention. He was also active in many other fields, including as a writer of laws and interstate agreements, and a musician. As a passionate traveler, Petrovic visited over 50 countries, including the North and South Poles. He summed up travel impressions in several books.



### MIHAJLO PUPIN (1854 - 1935)

He is recognized as the father of modern telephony, who contributed to the invention of remote telephony. The collection of inventions by Mihajlo Pupin is rich and extends from discoveries such as transmission of radio signals through the transmission of transmitters, development of radio and radio technology, and modern wired and mobile communications. His discoveries on transmission of radio waves were identified by UNESCO as extremely important inventions that contributed to the functioning of modern telecommunications. His findings paved the way for the Internet, without which we can no longer imagine life today.



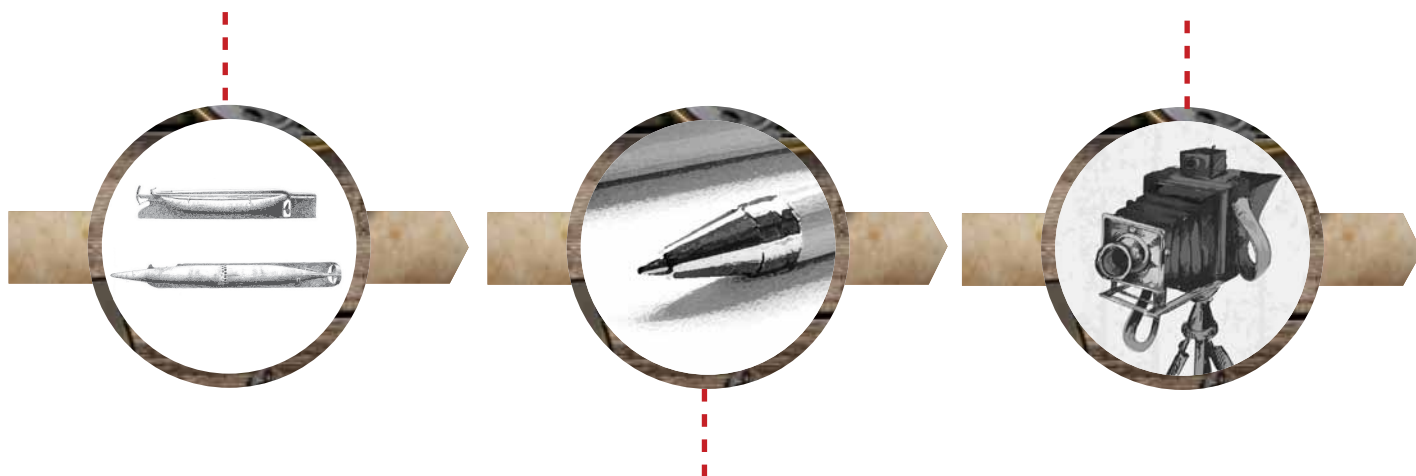
### IVAN VUKIĆ (IVAN BLAŽ LUPIS) (1813 - 1875)

After retiring and returning to Rijeka, Lupis, a longtime officer in the Austro-Hungarian navy, designed an unmanned vessel that could attack an enemy vessel from a greater distance. His meter-long model was filled with explosive and could be steered offshore, being able to crash and sink an enemy vessel after the collision. His invention is considered the forerunner of the modern torpedo. He upgraded the invention in collaboration with British engineer Robert Whitehead, who later developed a new naval weapon based on Lupis's invention. In the aftermath, the Rijeka plant became the world's first torpedo maker, and Lupis received the noble title for his merits.



### JANEZ PUHAR (1814 - 1864)

Puhar, as an inventor, has put Slovenia on the world map for the development of photography. He based his invention on a previously known daguerreotype, except that he used glass plates instead of expensive copper plates. His photography method reduced the camera's exposure time to only 15 seconds, a record low for that period. He later refined the process, and to this day his original approach is still baffling his mimics, as no-one has been able to replicate it. Puhar's invention is oftentimes considered being in many aspects better than the official worldwide invention of photography attributed to Frenchman Louis Jacques M. N. P. M. Daguerre. Unlike Daguerre's, Puhar's photography was also reproductive.



### EDUARD ŠLAVOLJUB PENKALA (1871 - 1922)

Penkala is best known for inventing an automatic mechanical pen and a fountain pen. As a prolific inventor, author of more than 80 inventions useful in everyday life, industry, transportation and other fields, his name is linked to the invention of thermal bottle, rotating toothbrushes, anode batteries, anti-rheumatics, and he also patented a turntable needle with extended shelf life.





BETWEEN THE VINEYARDS AND A SKI RESORT

# WELCOME TO MARIBOR, THE CITY OF CHANGE!







PHOTOS: SHUTTERSTOCK





Maribor is Slovenia's second-biggest city, and the economic and cultural centre of north-eastern Slovenia. The city's rich roots stretch as far back as the Middle Ages when the city first began to flourish. Also known as "the city of wine," Maribor is famed for its long winemaking tradition. Its current goals of becoming a booming city and robust regional centre, however, are thoroughly modern – thanks to new development plans, promising projects, and dynamic ambition.

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AUTHOR: BARBARA MATIJAČIČ

If there was a single sentence that could encapsulate Maribor, it would probably read something like this: the central city of the Styrian region of Slovenia, nestled among the green Pohorje Mountains and sunny wine-growing hills. As a city with rich historical and cultural roots, it naturally offers top-notch cultural events and a wealth of festivals. Its winemaking tradition is epitomised by the world's oldest vine growing in the heart of a city surrounded by vineyards and wine roads. The riverbed of the Drava River, which dissects the city, plays an exceptional role in Maribor's identity, economy, and tourism. Historically, the river was an important shipping route. Even the roots of the Old Vine stretch into the river basin. The city's wine industry, therefore, has grown on water carried by Drava.

Over the years, Maribor has experienced highs and lows, but each time, am-

bition, vision, and strength brought the city back to life and continued to open up new avenues for development. Today, the modern face of Maribor promotes co-living of generations, a city in harmony with itself and its people. Saša Arsenovič, the new mayor of Maribor, says: "We want to make life in our city better for everyone. Our wish is to make the quality of living in Maribor attractive to all generations and, at the same time, meet modern trends in the field of sustainable development."

#### **FRESH ENERGY IN THE TOWN CENTRE**

The regulation of traffic is critical because of its impact on the quality of life – particularly since it seeks to promote mobility at the same time as a cleaner environment. The key objectives for the city are to improve traffic flow while also increasing safety for drivers, pedestrians and cyclists. A newly-constructed road-rail underpass on Ljubljanska cesta (open since November 2019) will meet both objectives. Furthermore, the Main Square (Glavni trg) and Koroška Street (Koroška ulica) are to be redeveloped as a common traffic area in which pedestrians and cyclists are treated on equal footing as motorised traffic. As explained by city hall: "By regulating traffic flow, we wish to moderate motor traffic in the medieval city centre and preserve our cultural heritage."

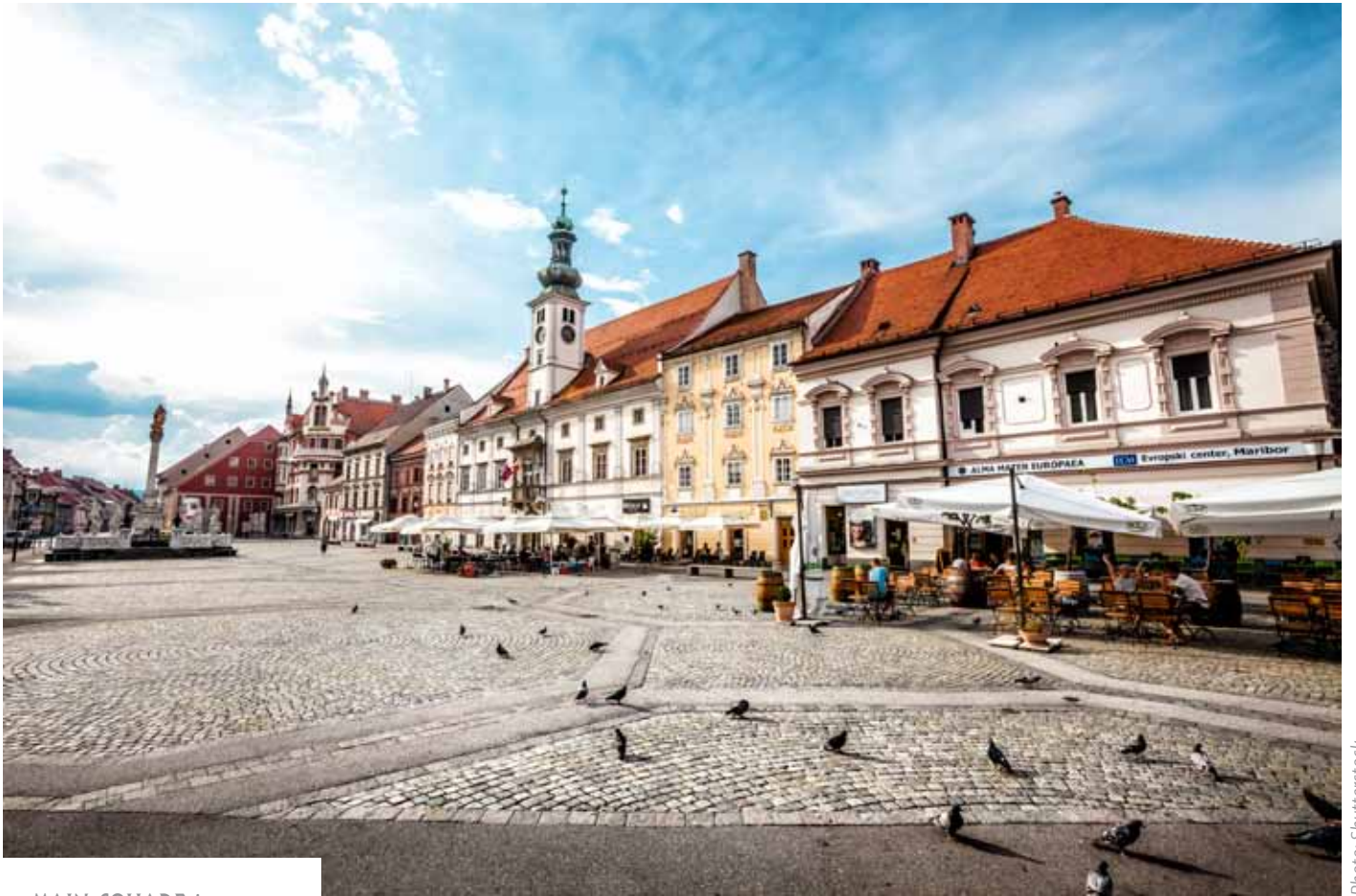


Photo: Shutterstock

MAIN SQUARE in Maribor used to be home to merchants

POSTCARD from 1918 by F. Knollmüller, Graz, which depicts the future look of Maribor



Photo: ISR Collection





**1** LENT. A beautiful walk along the banks of the Drava river that reflects dreamlike shapes, while local delicacies are available from strands scattered along the walkway during the festival in June

**2** STADIUM LJUDSKI VRT (People's garden): Maribor's natural, cultural, architectural and sports landmark. Ljudski Vrt was built 1961

**3** THE OLDEST VINE in the world still grows in front of the Old Vine House. "Žametovka" or "Modra Kavčina" vine is over 400 years old







**4 THE NATIONAL LIBERATION MONUMENT**, also known as “Kodžak” among locals, is the perfect place for a cup of coffee

**5 THE OLD BRIDGE**, also called the State Bridge, the Main Bridge and the Drava Bridge, was completed in 1913. During WWII, it was damaged and later rebuilt

The revitalisation of the medieval core – the Court Tower (Sodni stolp) and Military Square (Vojašniški trg) – will complement already-exciting tourism activities and help Maribor maintain its role as a cultural and tourist centre. The project includes the renovation of the former guesthouse “Tri babe” (“Three wenches”) with the addition of a new pavilion, which will benefit the cultural institutions in this neighbourhood - the Puppet Theater (Lutkovno gledališče) and the Minorite Church (Minoritska cerkev). The re-establishment of the Vineyard Museum (Vinogradniški muzej) will offer a shining new frame to the city’s old masterpiece of nature, the Old Vine, further emphasising Maribor’s history as a wine-growing area.

According to Slovene Statistics, Maribor received almost 202,300 tourists in 2018, up 13% from 2017, and the number of nights tourists spent in the city reached a record 451,610, an increase of 36%. This trend highlights the opportunities for further investment in the leading tourist attractions, as well as the need to strengthen cooperation with partners both within Slovenia and abroad.

Another vital revitalisation project is the refurbishment of the riverfront area. The banks of the Drava River present a remarkable opportunity for building on Maribor’s identity, economy, and tourism. The rejuvenation of Lent (one of the oldest and largest open-air festivals in central Europe), and the establishment of a new river recreation zone will also







Photo: Shutterstock

**ONE OF THE MOST ROMANTIC** spots in Slovenia is the “heart-shaped road” (Srčkasta cesta) in Špičnik

Drava promenade will be a **13**-kilometre long walking and cycling path between Maribor Island and the Malečniški bridge.

provide spaces for socialising in the wider city centre, to further improve Maribor’s potential.

Saša Arsenovič adds: “This will help to improve the quality of stay in our city. We will arrange both the left and right banks of the Drava River, the so-called Drava Promenade, a 13-kilometre long walking path and a cycle path between Maribor Island and the Malečniški bridge (Malečniški most). The promenade will connect both sides of the Drava, where children play,

and there will be skate parks, outdoor fitness, pitchers, benches, new avenues, etc.”

Another milestone is due by the end of 2020, when updates to railway infrastructure are completed. The train journey from the capital Ljubljana to Maribor, city-centre-to-city-centre, will be reduced to an hour and a half! This will be a major attraction in the age of hellish congestion and frequent road accidents.



## GREEN DEVELOPMENT ACTION PLAN

The new mayor's team sees it as its duty to preserve both the city's cultural heritage and natural environment. Maribor can boast with extremely rich cultural life, fascinating medieval history, and the glorious Pohorje Mountains so close they can be reached by a regular city bus line. The city is following the development trends of modern capitals, and the municipality has a strong desire to protect the environment from traffic fumes and energy-wasteful buildings. When asked about the green future, the Mayor said: "The only right course of development is green and sustainable, by keeping the conservation of nature and environment in mind."

"This will be achieved by actively promoting sustainable forms of mobility – In addition to the use of city buses, the development and renovation of the cycling network is a priority for the development of municipal transport infrastructure in this area. In October 2019, the city began to redesign cycling routes, with the goal of establishing a long continuous cycling link between the city's neighbourhoods and local communities. We are convinced that a good cycling connection between the city and its surroundings will help foster the conditions for modifying travel habits

of the city, and will also attract tourists who will be able to explore the city and its surroundings," added Saša Arsenovič.

As part of its sustainable development strategy, the city of Maribor has (in co-operation with public partners) set itself the goal of becoming the Green Capital of Europe in 2022. Thus, the efforts of the city have moved towards reducing harmful emissions and promoting more green spaces, which will simultaneously raise the quality of life in the city. Trees are being planted in the city's parks, and green belts are expanding. The drinking water from the city's supply system is of such a high quality that several public fountains are being planned.

## THE FUTURE IS BRIGHT

Maribor might be the centre of north-eastern Slovenia but it is far from being the only one. Drava River and Pohorje Mountains offer potential to the whole region, which could become a leading European destination that connects cultural, culinary, wine and sports offerings.

The relaxed and pleasant atmosphere of Maribor is the fruit of its diverse history. In this amazing city, everyone can find their own story.



Photo: Simon Kolečnik

**SAŠA ARSENOVIČ**, the mayor of Maribor



Our wish is to make the quality of living in Maribor attractive to all generations and, at the same time, meet modern trends in the field of sustainable development.





A CITY OF UNOBTRUSIVE DIVERSITY  
AND PROGRESSIVE IDEAS

# RIJEKA FLOWS IN ITS OWN WAY











RIJEKA 2020  
making of  
promo video

A city that flows, port of diversity, Balthazar city, rainy city. Those are just a few of the nicknames Rijeka received during its many transformations.

For some it might be just another port city, but it is much more than that. It is a city of unobtrusive diversity, a symbol of inclusivity and openness, situated between Mediterranean, Central European and Eastern European influence.

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AUTHOR: ŠPELA BIZJAK  
PHOTO: BORKO VUKOŠAV

# R

Rijeka, the center of the Primorsko-goranska municipality and the largest Croatian port, is a vibrant blend of the cold industry and the magnificent splendor of fine architecture with the influence of Austria, Hungary, Italy and Yugoslav modernism.

It has developed its power of acceptance throughout its turbulent history. In the last 100 years, this city and the people have lived in seven different countries. The city kept its artistic spirit with an alternative touch. If other seaside towns in Croatia are represented as pearls of Adriatic and luxury tourism destinations, then Rijeka is a working-class port city which happens to be a birth city of the current Croatian president Kolinda Grabar-Kitarović.

## RICH ARCHITECTURE REFLECTS RICH HISTORY

Rijeka, or Fiume in Italian, has a rich history due to its strategic location. To this day, it remains one of the most important and biggest ports in Croatia. With the population of around 150,000, Rijeka is the third



### RIJEKA FISH MARKET

is beautiful from the outside, but the interior hides a real gem – a gallery through which light reaches

largest city in Croatia, handling millions of tons of cargo and 250,000 passengers per year. Rijeka's harbor is a popular meeting point for friends going for a drink in one of many bars along the promenade.

Rijeka is a city of incredible history, having been a part of seven different countries. This is noticeable in the architecture and in the way of life of Rijeka inhabitants. Due to the industrial look and the port city atmosphere, it was the inspiration for Professor Balthazar's animated film series, the most psychedelic cartoon for children created by animator Zlatko Grgić.

### **BEST VIEWS ARE FREE**

Trsat is a place to go and enjoy the best panoramic views of Rijeka. Located above the city, it is accessible by walk-

ing up the 561 stone stairs. Petar Kružić built the staircase for pilgrims as they walked to the Church of Our Lady of Trsat. The church is one of the oldest in Croatia and was visited by Pope John Paul II in 2003. In his memory there is his statue in front of the church entrance. An indispensable part of the Shrine of Our Lady of Trsat is the Chapel of Vows. Trsat sanctuary has received thousands of gifts by pilgrims as a symbol of gratitude for all their answered prayers or miraculous healings. Many seafarers also left a gift there as a thank-you note or a good-luck before they headed on a long sea journey. These gifts are collected in a special chapel and are decorating all the walls and every corner of the chapel.





1



2

1 2 **RIJEKA CARNIVAL** is one of the oldest and largest cultural manifestations in the surrounding area and is one of the largest carnivals in the world

3 **SUNSET** in the largest Croatian port



3





**4 RIJEKA'S MAIN STREET**

**KORZO** is the main promenade and meeting point for Rijeka citizens

**5 CTIY** is a vibrant blend of the cold industry and the magnificent splendour of fine architecture influenced by Austria, Hungary, Italy and Yugoslav modernism

**6 MOLO LONGO** – Rijeka's longest pier

**ONCE A YEAR RIJEKA CARNIVAL TAKES THE LEAD**

The Rijeka Carnival is one of the oldest and largest cultural manifestations in the surrounding area and is one of the largest carnivals in the world. This year it will take place from January 17 until February 26 and will present an introduction to the Rijeka 2020 – the European Capital of Culture. Every year thousands of people dress up in creative masks, march the city streets. And compete for the most original, witty, and colorful masks title. The big parade is like a reunion of traditional and urban carnival and always strives to reflect the current social and political events. During carnival period the city is basking in colorful decorations. The organisers say it is difficult to describe the carnival in words or fully capture it in photos or television broadcasts. It must be lived and experienced!

**WELCOME TO RIJEKA, THE EUROPEAN CAPITAL OF CULTURE**

The European Capital of Culture project was launched in 1985 at the initiative of Greek Minister of Culture Melina Mercouri and has since been carried by many European cities including Graz, Liverpool, Genoa, Amsterdam, Porto, and many others. Rijeka is the first Croatian city to take this title.





**FORMER INDUSTRIAL COMPLEXES** are being transformed into art spaces where colourful and dynamic cultural programs are put together

On 1 February 2020 Rijeka will officially become the European Capital of Culture.

On 1 February, 2020 Rijeka will officially become the European Capital of Culture (ECOC) with a grand opening that will take place in the port of Rijeka, the city's identity point. Preparations are in the final stages that included transforming former industrial complexes into art spaces and putting together a colorful and dynamic cultural arts program with over 600 individual events, with about 300 partner and associate organizations involved.

The program of Rijeka's ECOC project is based on the city's four core values: courage, difference, progressiveness and ambition, and the topics are intertwined, creating a "port of diversity". It has been developed within a framework that sets out three main themes: water, labor and

migration that relate to the identity of Rijeka, but also current situation in the wider European environment. The city will use part of the finances it received from the EU funds to reconstruct the Galeb military vessel, which served as the floating residence of Yugoslav president Josip Broz Tito during his official trips abroad. The vessel will become the first Croatian museum ship, with plans to set up a permanent exhibition devoted to the role of Tito in the Non-Aligned Movement, that made Yugoslavia a significant political player on the global stage at that time.

In 2020, two million tourists are expected to flock to the area of Primorje-Gorski Kotar. Things are starting to look a bit different in Rijeka indeed!





**STAIRS** with a portrait of Josip Pičman, innovative Croatian architect





L

A TOWN WITH MANY FACES

# MOSTAR – WHERE PAST AND PRESENT VISIBLY INTERTWINE

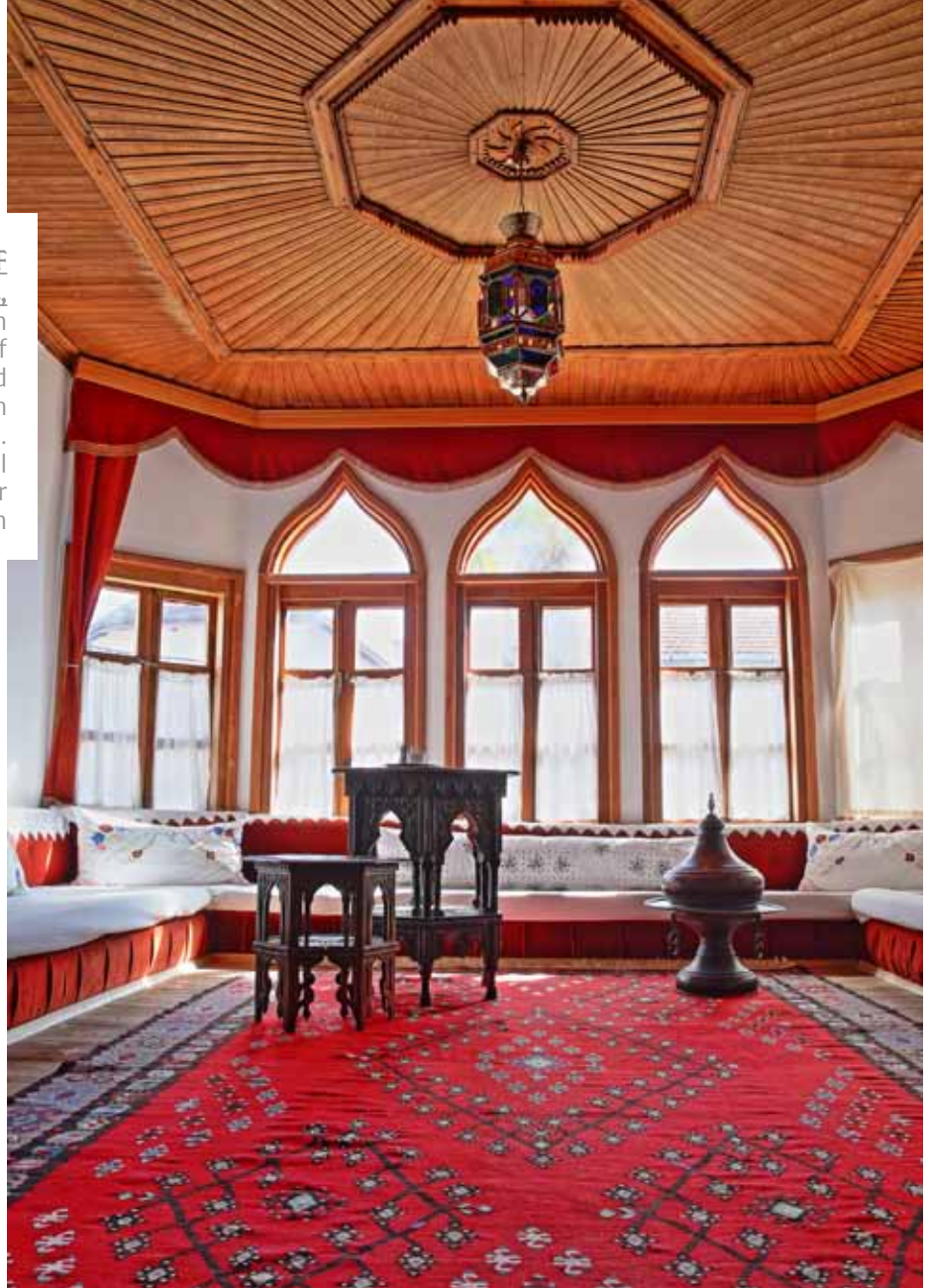


PHOTOS: SHUTTERSTOCK





THE INTERIOR OF MUŠLIBEGOVIĆ HOUSE, which was once a harem (women's) section of the largest homestead built for a Turkish judge in 16th century. It is hidden behind tall walls and is now under UNESCO protection



Divided city, City of Hatreds, City with no Reconciliation. Those are just a few nicknames and expressions that determined Mostar since 1995. For years, the capital of Herzegovina has been riddled by reductive and gloomy vocabulary where the focus on division has been an omnipresent fixation for journalists and researchers. However, Mostar is so much more than just a city with two phone networks, two electricity companies, two school systems and two universities – it is a city of balance between east and west, a city of multiethnic cultural heritage, and a city of vibrant cultural events and festivals.

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AUTHOR: FARIŠ KOČAN

M

Mostar is named after the bridge keepers (mostari) who in the medieval times guarded the Old Bridge over the Neretva river, which is one of Bosnia and Herzegovina's most visited landmarks due to its architectural variety of styles. The latter echoes cosmopolitan awareness and exposure to foreign aesthetic trends, which were carefully amalgamated with indigenous styles. Illustrations of these integrate the Italianate Francis-



**A STREET  
IN MOSTAR**  
leading to  
the bridge

can church, the Ottoman Muslibegovića house, the Dalmatian Ćorović House and an Orthodox church that was built as a gift from the sultan. Since the end of the Bosnian War in 1995, great progress has been made in the reconstruction of the city as over USD 15m has been disbursed on restoration. The most monumental venture in that regard was the refurbishment of the Old Bridge, which was in July 2005 inscribed into the World Heritage List by UNESCO.

### **THE OLD BRIDGE AREA**

The 17th Century Ottoman explorer Evliya Celebi wrote: “The Old Bridge is like a rainbow arch soaring up to the skies, extending from one cliff to the other”. Indeed, the construction of the Old Bridge

began in 1557 and took nine years. Little is known of the construction of the bridge, and all that has been preserved in writing are memories, legends and the name of the builder, Mimar Hayruddin, an apprentice of Mimar Sinan who built many of the Suleiman the Magnificent’s buildings in Istanbul and around the empire. This architectural masterpiece was deliberately destroyed on 9 November 1993 during the Bosnian war due to its “strategic importance”. But the bridge held little strategic value, and Andras Riedlmayer termed the destruction as an act of “killing memory”, in which evidence of a shared cultural heritage and peaceful co-existence were deliberately destroyed. The importance of its reconstruction lies precisely in this – the Old





1

**1** OLD TOWN of Mostar is always full of people, shops and cafes

**2** DESTROYED BUILDINGS from the 1992-1995 war are still telling stories from the past

**3** COLORFUL SOUVENIRS are giving the streets of Mostar vibrant vibes



2

Bridge area, with its pre-Ottoman, eastern Ottoman, Mediterranean and western European architectural features, is an outstanding example of a multicultural urban complex. The reconstruction, which took place in 2004, is a symbol of reconciliation, international cooperation and of the coexistence of diverse cultural, ethnic and religious communities.



3

### FROM MILITARY SITE TO INNOVATIVE GREEN DESIGN CENTRE

At a deserted former military site, a hoary and impaired building anticipates new life. The new building, branded as the Green Design Centre, will become an educative civic information centre in Southeast Europe, showcasing new concept and technical solutions for the realization of lively and green building concept, supporting circular use of materials and energy within the built environment. The project, supported by the Horizon2020 Framework Programme of the European Union, will be developed as a demountable/replaceable configuration demonstrating waste reduction





**4 5 6 TYPICAL HOUSES** from the Ottoman era can be seen in the old part of the city. Their character and identity are visible through a combination of stone and wood

of 60% and the reduction of the use of virgin materials by 50%. The Green Design Centre will be a resourceful centre bringing together sectors who aspire to affiliate themselves with construction innovation and Reversible Building Design.

### MOŠTAR IS BECOMING BOSNIA'S VERITABLE ŠILICON VALLEY

In 2011, Mostar has established its first Technology Park called INTERA (INovacijski i TEhnološki RAZvitak), which quickly became one of the generators of development and business success in Herzegovina. In 2018, INTERA helped 30 entrepreneurs to start their own business, generated 115 jobs and educated more than 1,300 people. Four years after the launch of INTERA, Mostar has profited from another platform called SPARK, which specializes as an advanced technology platform dedicated to IT, business, and digital professionals. This initiative, which now functions as an umbrella platform for IT start-ups under the name of SPARK Group and employs 250 workers, boasts the IT company NSoft that was recognized by Deloitte as one of the top 10 fastest growing tech companies in Central Europe. SPARK Group, which unites more than 10 IT start-ups under one roof, is not just a business platform, but is also becoming a recognized player in education sector. Their educational programs, which are known as SPARKreators, have taken care of 352 schools and associations for teachers in BiH and do-







### "DON'T FORGET"

message in Open Street tourist market in the old town

nated 700 mBot robots, an educational tool for learning about robotics, automation and programming. Currently, INTERA and SPARK, which have been cooperating closely since 2017, are organizing their fourth Hackathon labelled Together, we are achieving more.

### **LESS KNOWN SPOTS**

Mostar' Old Bridge usually outshines other hidden city gems, but they really should not be overlooked. First, the Mostar Sniper Tower, a former bank seized as a sniper vantage point during the Bosnian war, which is now a secret graffiti

art gallery. Mostar has no deficiency of uninhibited, bullet-riddled constructions, but the old bank, one of the tallest in the area, is haunted by its especially incendiary function during the Bosnian War. The main entrance has been bricked up, but that hasn't stopped graffiti artists from sneaking in and making it a popular site for urban consideration and art. Each of the 10 floors has been ornamented by the many artists who've made their way inside. The drawings are various levels of disturbing, inspirational and pointblank bizarre.

Second, Partisan Memorial Cemetery,



a surreal memorial/cemetery looking like puzzle-shaped headstone, was built to honor the Yugoslav partisans who died during World War II. The strange necropolis, which was planned by Bogdan Bogdanović, looks like an abandoned fantasy kingdom that has fallen into severe shabbiness by the 1990s, with debris and graffiti all over the cemetery. Third, Mostar Aircraft Hangar, which was once a top-secret facility hidden next to the Mostar airport, today lies abandoned in complete blackness with debris and broken glass everywhere. This high cement ceiling is molded into a charming curve, creating a massive solid hollow filled with nothing but garbage and ricochets with exits on either end and oversize blast doors lying within the hangar. Finally, in happier times, during the 1970s and 1980s, the Yugoslav youth had a peculiar obsession: they devoured “kung fu” movies from Honk Kong, and Bruce Lee as a symbol of “kung fu” quickly became a hero for the young Yugoslavs. This obsession never ended, In November 2005, Croatian sculptor Ivan Fijolić followed the idea of designing Bruce Lee statue that was disseminated by Mostar Urban Movement youth group and unveiled it in Zrinjski City Park on the western side of Mostar. The sculpture was, due to the ill-treatment by the locals, removed and moved to Zagreb. It was brought back to Mostar at the end of

May 2013 and it is still a target of various complaints as both Bosniaks and Bosnian Croats believe that the statue is a provocation as it is pointing towards their area in a fighting stance.

### A PLACE OF CULTURAL EVENTS

Undoubtedly, Mostar is the place for culture and cultural events, spanning from vibrant music to film events. Probably the most famous one is the festival called Melodies of Mostar (Melodije Mostara) that became one of the leading music festivals in the region. It was first held in 1995. The festival is followed by Mostar Summer Fest, one of the most vibrant music festivals that lasts three days and gathers the biggest regional names from different music genres. Here, we should also note their mission: “To unite all people of positive vibrations with music as a universal language to encourage them for greater social engagement and the need for their own activation for the benefit of society as a whole”. Finally, if one believed that Sarajevo Film Festival is the only film festival in Bosnia and Herzegovina, he was wrong. In 2007, Octavia Theater and Film Association organized a film show called Mostar Film Days that grew into the Mostar Film Festival in 2016.

INTERA helped **30** entrepreneurs to start their own business, generated **115** jobs and educated more than **1,300** people.





2021 EUROPEAN CAPITAL  
OF CULTURE

# NOVI SAD - THE PANNONIAN MELTING POT



PHOTOS: SHUTTERSTOCK







**MAIN SQUARE** with the monument of Svetozar Miletić in the middle, casted in bronze. Together with the marble stand the statue is seven meters tall

Settled between Belgrade and Budapest on the banks of the river Danube, Novi Sad is one of Serbia's most beautiful cities. Also nicknamed the Serbian Athens, is the first city of an EU candidate country to be ever named the European Capital of Culture, the prestigious title it will hold in 2021.

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AUTHOR: ANA POTOČNIK

# N

Novi Sad is the second largest city in Serbia and capital of the autonomous province of Vojvodina, with a population of just over 250,000. It has been characterised as “a chipper town with all the spoils and none of the stress of

the big smoke”, as well as “having a vibe that is overall more liberal than in other Serbian cities”. Lonely Planet says that “Novi Sad isn’t nicknamed the Athens of Serbia for nothing: its history as a vibrant, creative city continues today in its established galleries and alternative music scene”.

## DOWN THE HISTORY LANE

Like many towns in Serbia, Novi Sad has had to endure more than its share of destruction, strife, and foreign rule, all of which visible throughout the town’s buildings and squares. It was founded in 1694, transforming over the centuries into an important trading and manufacturing hub as well as a centre of Serbian culture. The city suffered devastation



during the 1848 revolution but was subsequently rebuilt and restored. Ruled by Austria-Hungary until the end of WWI, Vojvodina joined the Kingdom of Yugoslavia in 1919. During the 1999 NATO bombing of Yugoslavia, the city suffered significant damage when all three of its bridges across the Danube were destroyed, but they have been rebuilt since. Today, along with the Serbian capital city of Belgrade, Novi Sad is an industrial and financial centre of the Serbian economy. Nowadays, it is home to people of various ethnicities, whose cultural, ethnic, and religious made Novi Sad's open-mindedness one of key features of the city. Always willing to give a fair hearing to new things and ideas. Indeed, the city is so diverse it has six official languages!

### CALLING CARD ATTRACTION

Novi Sad's major landmark is the famous Petrovaradin fortress, built by the Habsburg dynasty between 1692 and 1790. Located on the right bank of the river Danube, the fortress stood as a the last defence of the Austro-Hungarian empire against Turkish invasions. The imposing structure still dominates the landscape from 40 meters above the river stream. In fact, it is also one of the largest fortresses in Europe, with 16 kilometres of catacombs winding beneath it. Today, the fort is home to the city museum but is still remembered as the prison that had briefly housed the Yugoslav president Tito (at the time still a humble locksmith and a communist activist). A special feature of the defensive wall is

**ŽEŽELJ BRIDGE**  
connects Novi Sad's city area and Petrovaradin. It was originally designed by engineer Branko Žeželj in late 1960. After being destroyed by NATO bombing in 1999, the bridge was rebuilt in 2018





1 **TRG SLOBODE** (Liberty Square) is the largest city square, built in the 18th century



2 **NOVI ŠAD'S** charming promenade with its famous souvenir shop

the clock tower, which, unusually, has its hands reversed so that fishermen and guards can better tell time from a long distance. Today, the fortress also gives shelter to artists' studios, restaurants, clubs, as well as a hotel. Not to mention the beautiful view of the city.

Below the fortress, on the banks of the Danube, is the Strand (the German word for beach) which stretches 700 metres and is packed with sunbathers in the summertime.





**3** OLD TOWN WITH NEW BUILDINGS

**4** DUNAVSKA STREET is the oldest street in the city, lined with houses in neo-baroque style

**5** CATHOLIC CATHEDRAL located in the city centre is its largest church



Novi Sad was named  
2021 European Capital  
of Culture, making it  
the first city in a EU  
candidate country  
to ever hold the  
prestigious title.

### THE TREASURES IN THE CITY CENTRE

Novi Sad's historic city centre is a treasure trove for architecture lovers - it abounds in buildings of different stylistic periods, including the gothic, baroque, secession and neoclassicism. The inspiringly named Freedom square is encircled by the neo-gothic Catholic cathedral and the neo-renaissance town hall, with a statue of Novi Sad's greatest politician, Svetozar Miletić, erected in the middle.

At the end of the Zmaj Jovina street, a short walk from the square, lies the Bishop's Palace. One of the city's most impressive architectures, the art-nouveau Synagogue building is also nearby. And there is no shortage of museums and galleries either.

The city's oldest orthodox church, the baroque style St Nicholas's church, was built in 1730 and is the oldest Orthodox church in Novi Sad. The original decorations were destroyed in the 1849 shelling of Novi Sad. In this church, Albert and Mileva Einstein baptized their two sons - Albert Junior and Eduard - in 1913.

Museum of Vojvodina is one of the oldest museum complexes in all of Serbia, while Matica Srpska is the oldest Serbian literary, scientific and cultural in-

stitution (originally founded in Budapest in 1864 but later moved to Novi Sad). Matica Srpska also has the second largest library in the country with over 3.5 million volumes, while the gallery keeps around 500 art pieces from the 16th to 20th centuries that provide deep insight into Serbian heritage and traditions.

### FIRST AMONG EQUALS

Among 200 cultural events taking place in Novi Sad each year, EXIT festival ranks the first among equals, being the laureate of the 2018 Best European Festival Award. The famous music festival has been taking place during the summer months inside the Petrovaradin walls since 2001, attracting thousands of music lovers from across the globe. Since inception, it has grown from being the biggest festival in south-east Europe to being one of the biggest in the whole of Europe. The list of famous names that have performed at EXIT over the years includes Guns N' Roses, Snoop Dogg, Pet Shop Boys, and The Prodigy.

Other major cultural events include the International Book Fair and Art Expo, the International Street Music Festival, and the Novi Sad Jazz Festival, which due in November.





EXIT FESTIVAL is an award-winning summer music festival which is held at the Petrovaradin fortress

## EUROPEAN CAPITAL OF CULTURE

Novi Sad was named 2021 European Capital of Culture, making it the first city in a EU candidate country to ever hold the prestigious title. Following the decision to award the honour to Novi Sad, the European Commissioner for Education, Culture, Youth, and Sport Tibor Navracsecs said that “the opening of this prestigious European programme to those (candidate) countries seeking full membership is a way to bring them closer to and reinforce their cultural links with

the Union.” The preparations are in full swing. In August 2019, Novi Sad mayor Miloš Vučević announced that the city would benefit from a new € 127m grant to construct three bridges, as well as redevelop the Karadjordje stadium and the Spens centre. Also planned, amongst others, a new music and ballet school, a City Centre Hall, a pedestrian bridge connecting Štrand with the little Ribarac lake, as well as a network cultural stations across the city. Novi Sad was also the European Capital of Youth in 2019.

L

THE SUNNY CITY OF ETERNAL STAIRS

# HERCEG NOVI - BELOVED BY ARTISTS



PHOTOS: SHUTTERSTOCK







Herceg Novi, a stunning coastal town by the Boka Bay at the foot of Mount Orjen, was the most popular holiday destination in Montenegro prior to the break-up of Yugoslavia in 1991. Spanning centuries, its history witnessed the split of the Roman Empire, the domination of both Western and Byzantine Empires, as well as of the Serbian Kingdom, Ottoman Empire, Venice, and France. In 1918, it became part of the Kingdom of Serbs, Croats and Slovenes. Though it has been overshadowed by Kotor and Budva since the 1990s, ongoing projects promise to put Herceg Novi back on par with its southern neighbours.

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AUTHOR: ANA POTOČNIK



**GETTING LOST** in  
the narrow streets  
of Herceg Novi



Settled on a steep hill that leads all the way down to the sea, Herceg Novi is the biggest coastal town in Montenegro with just over 30,000 inhabitants. Despite being one of the youngest towns on the Adriatic, Herceg Novi has a very turbulent history, and each of its numerous conquerors had left a mark on the city, making it one of the most picturesque towns on the Montenegrin coast.

### LONG AND VARIED HISTORY

Founded 600 years ago by the Bosnian King Stjepan Tvrtko I, Herceg Novi has repeatedly changed masters over its long history. The Turks conquered the city in 1482 and ruled it for two centuries until 1687 (with the exception of a short period of Spanish occupation between 1538 and 1539). After the Turks, Venice held control of the city until 1798, when Herceg Novi was first annexed by Austria but soon ceded to Russia, which officially occupied Herceg Novi between 1806 and 1807. Passed on to France the same year, it formed part of Dalmatia until 1809, when it was annexed to the newly-formed Illyrian Provinces. Herceg Novi, alongside the rest of the Boka Kotorska, was taken by Montenegrin forces in 1813, only to be expelled a year later by the Habsburgs who ruled until 1918. The

bay later became part of the Kingdom of Slovenes, Croats and Serbs (the state was officially renamed Yugoslavia in 1929).

### A PLACE WHERE DIFFERENT CIVILIZATIONS MET

Exposed to many conquerors and cultural influences, Herceg Novi took something from everybody. Its landmarks bear visible witness of its abundant history. To name just a few must-sees: Forte Mare castle, whose construction started in the 15th century and continued under Venetian rule; Clock tower, built by Austrians in the 19th century; Kanli Kula fortress, built by the Turks around 1539; and the Serbian church Sveti Mihailo, located in Belavista square.

Herceg Novi's many nicknames – Green city, Sun city, and City of artists – exist for a very good reason. Due to its southern location, encased by both the sea and the mountains, Herceg Novi has been

STAIRS leading to Sahat Kula clocktower







**1** OLD GATES leading to the scenic lush garden

**2** HERCEG NOVI is also colorful during the sunny winter days

blessed with an unusual micro-climate. The annual average temperature is 16.2° C, the same as the Mediterranean cities of Naples and Lisbon. The coastline at Herceg Novi might be only 6 kilometres long but is bustling with numerous beaches, known for the small pebble that delights children and parents alike (who do not need to worry about sand stains). The city's location is ideal for day trips by boat, either around the bay or into the open sea. With 200 sunny days per year, it should be easy to avoid July and August crowds, and still make the most of summer.

Throughout the region, Herceg Novi is also revered as a spa and health destination. The nearby village of Igalo is rich in healing sea mud and mineral water springs (the late Yugoslav president Tito owned his own personal spa there, today a popular tourist



attraction). Loved by artists for its unique atmosphere and peacefulness during the winter, Herceg Novi is host to many cultural events throughout the year, such as Mimosa Festival, Montenegrin Opera Festival, Days of Music, Guitar Art Summer Fest, Film Festival, and many more.

In recent years, some major construction projects have been approved and commenced, promising to put this Boka-Bay jewel back on the luxury-destinations map.

### **TURNING OLD ARMY BARRACKS INTO A LUXURY MARINA**

The flagship development project of recent years – not just in Herceg Novi but in Montenegro overall – is the Portonovi luxury yacht marina. Once completed, it will employ a total of 1,500 mostly local workforce. In a city with just over 30,000 inhabitants, this will show.

The project's lofty ambition is to redefine maritime luxury itself, encompassing an estate of 26 hectares and 3.5 km of coastline, unprecedented in a geography stingy with space. The marina will be able to shelter 250 yachts but also includes a boutique hotel of 120 rooms, the Chenot Health Wellness Spa. The hotel will be member of the One&Only family, the first European network of five-star hotels. Moreover, the estate will also host the Espace brand, a collection of 275 diversified properties that includes stylish apart-



**CLOCKTOWER**  
is one of the  
symbols of Herceg  
Novi

ments, charming villas, impressive town houses, and sleek penthouses. Read our article on Portonovi on page 106.

### **TURNING CONCENTRATION CAMP INTO LUXURY RESORT**

Already in 2016, plans were approved to convert a former concentration-camp island fortress into a luxury high-end resort. The Mamula Island Resort is lo-



**FORTE MARE** is now used for film screenings on warm summer nights

With **200** sunny days per year, it should be easy to avoid July and August crowds, and still make the most of summer.

cated on the uninhabited Lastavica island, known for the fortress guarding the very entrance to the Boka Bay, widely considered to be among the most beautiful bays in the world. The historic fortress was built by the Austrian Admiral Lazar Mamula at the end of the 19th century. The main function of the fortress was to stop enemy ships from entering the Boka Bay. However, during both World Wars it was used as a concentration camp – over 2,300 were imprisoned between the spring of 1942 and the autumn of 1943, while 130 were killed or starved to death.

Most of the fortress has been preserved, including the old prison cells that held concentration camp prison-

ers. The plans to redevelop one of Herceg Novi's most popular tourist attractions has angered the locals but the Swiss-Egyptian investor, Orascom, has pledged to preserve the island's unique heritage, and to comply with conservation conditions set by the Institute for the Protection of Cultural Monuments. "We will create a museum with the best restaurant and the best hotel on the Mediterranean," Orascom president Samih Saviris said after his plans were approved by parliament in 2016. The company was given a 49-year lease of the island and has pledged an initial investment of €15m for the development of a museum, 23 to 28 hotel rooms with a reception, four hospitality facilities, a



**3** LASTAVICA ISLAND is known for its Mamula fortress which takes up 90 % the island's surface area. During WWII it was a concentration camp infamous for torture and cruelty to prisoners

**4** HERCEG NOVI'S FAMOUS MIMOSA FESTIVAL takes place every year in February

**5** WALKING along the panoramic road by the sea offers fantastic views of the bay



spa and wellness area, and the supporting infrastructure. The resort is due to be completed in 2020.

## **SORTING OUT THE REST OF THE CITY**

Apart from the two headline projects, there are several smaller schemes under way that address other biting issues in and around the city, including the poor state of public roads and water access on Luštica peninsula and Žvinje. The municipality has outlined 15 priority investment projects, of which as many as 11 relate directly or indirectly to tourism development. The list includes the Resort Njivice Lookout, a "Sport inn" hotel with its own football pitch in Igalo, the Porto Bono Tourist Complex in Luštica, a cable car line between Njivički put-Ilinica, a City bypass, the Zelenika-Rose ferry line, as well as the revitalization of a narrow-gauge railway line through Herceg Novi.

With such ambitions, it seems the years Herceg Novi spent in Kotor's and Budva's shadow are finally coming to an end.





An aerial photograph of Lake Ohrid, North Macedonia. The lake is a vibrant blue, surrounded by lush green mountains. In the foreground, a stone terrace with benches and a white umbrella is visible, with people walking around. A small boat is on the water, and a larger boat is further out. The sky is clear and blue.

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NORTH MACEDONIA'S MOST  
SEDUCTIVE DESTINATION

# OHRID - THE SPIRITUAL CAPITAL



PHOTOS: SHUTTERSTOCK





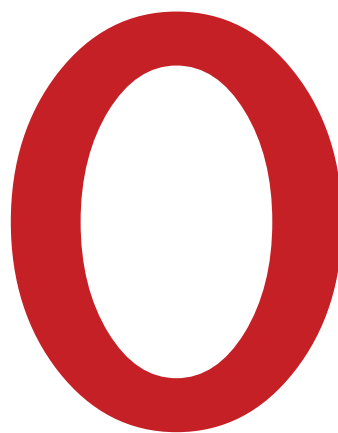


**HISTORICAL PART** of town is located by the Ohrid lake

Ohrid, a charming town by one of the oldest and deepest Europe's lake, is the eight largest city in North Macedonia. Located not far from the Greek and Albanian borders, it is considered to be the most romantic place in North Macedonia, nicknamed the Balkan pearl. Ohrid is also one of 28 sites with a mixed World Heritage protection – for its nature conservation values and for its cultural heritage values.

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AUTHOR: ŠPELA BIZJAK



Ohrid is not only a popular tourist destination but a place with huge historical importance. The town was first mentioned in Greek documents from 353 BC where it was called Lychindos – the city of light. It was later renamed Ohrid prob-

ably from the world voh ridi meaning in the cliff or on the hill. The town was established around Lake Ohrid, the oldest lake in Europe (three million years old). During the Byzantine period Ohrid became a cultural and economic center and in the 9th century it became the site of the first Slavic universities.

### A MUSEUM IN THE OPEN

Lake Ohrid is a natural phenomenon, a rare example of an ancient lake with a rich biodiversity. As a result of its geographic isolation and uninterrupted biological activity, it provides a niche habitat to 1,200 species, with new species still being discovered today. As many as 200 of them, including algae, turbellarian flatworms, snails, crustaceans and 17





**THE ANCIENT  
GREEK**  
amphitheater with  
a view of the old  
town and the lake

endemic species of fish, do not live anywhere else in the world. That's why the lake is also branded as the Museum of Living Fossils, a Theater of Evolution and the Balkan Galapagos. The natural beauty of the lake is, however, vulnerable, particularly due to changes in water quality, and there is evidence of growth in nutrients that threaten the oligotrophic ecology of the lake.

### **JERUSALEM OF THE BALKANS**

Settled on the lake's shores is town Ohrid, one of the oldest human settlements in Europe. Ohrid's architecture represents the best preserved and most complete ensemble of ancient urban architecture of this part of Europe. The town was nicknamed Jerusalem of the Balkans be-

cause of the 365 churches and monasteries, including the oldest Slav monastery, that are scattered in and around Ohrid. The churches were built during the Byzantine era and in the Middle Ages and are home to more than 800 Byzantine-style icons of worldwide fame, dating from the 11th century to the end of the 14th century.

Monastery Saint Naum of Ohrid, named after its founder who is buried in the church, is located just above the cliff above the lake, close to Albanian border. In the 16th century it was also a Greek school. Church of St. John at Kaneo is overlooking the lake, providing visitors with magnificent views. Built at the end of 13th century, the church is a mixture of Armenian and Byzantine architectural





1



2

**1** LAKE OHRID is one of Europe's deepest and oldest lakes

**2** SAINT NAUM OF OHRID, fresco in the Church of Saint Paraskeva of the Balkans

styles. It is considered to be one of the most beautiful churches in North Macedonia as well as in the whole region.

The whole town is like a museum in the open, surrounded with ancient walls and gates. Narrow streets and squeezed houses in Ottoman architecture with small yards feel like travelling back in time. Ohrid was always a cultural and religious center but never an important trade center. It is evident in the size of its bazaar - small and simple, along a single street. It starts at a small square where a thousand-year-old tree has made home, ending at the main square. Up on the hill above the town lies King Samuil fortress with great views over the lake. The fortress was heavily restored in 2003 with the addition of entirely new battlements where none had survived.





OHRID DETAIL  
captured through  
city fortress. Ohrid  
is both a Cultural  
and Natural  
UNESCO World  
Heritage site





**VIEW FROM THE  
RUINS** of the old  
fortress watchtower  
with Lake Ohrid in  
the background

The pearls, protected  
with a Designation of  
Origin, were gifted to  
the late Yugoslav  
president Tito  
whenever he visited  
Ohrid.

### THE PEARL OF THE BALKANS

Amongst Ohrid's many nicknames, Pearl of the Balkans is the least obvious one. The name is not due to its cultural and historical importance. And there are no oysters in the lake, either. But there are pearls in Ohrid. And they happen to be Ohrid's trademark. The pearls come from an endemic fish species that only live in lake Ohrid waters...kind of. The pearl is made using the scales from the fish to create an emulsion, covering the surface of the pearl which is made from ground shells. The emulsion gives the pearl a beautiful colour and shine, but how the coating is exactly made remains a secret. Indeed, only two families in Ohrid know

the "recipe" - Talevi and Filevi families. The pearls, protected with a Designation of Origin, were gifted to the late Yugoslav president Tito whenever he visited Ohrid.

### FESTIVE SUMMERTIME

Since 1961, North Macedonia's most important music and drama festival has been held in Ohrid during the months of July and August. The international festival attracts artists and performers from over 40 countries. Though no longer the practice, concerts used to take place inside the old churches. Indeed, the festival's first concert was held in the church of St. Sophia.





**3** CHURCH of the Holy Mother of God Perivleptos (Sv. Kliment)

**4** GIRLS in traditional clothes posing by apple orchard during the Prespa apple picking festival

**5** PICTURESQUE STREET shop with Macedonian national clothes on a sunny summer day

**6** SOUVENIR SHOP with local crafts – jewelry made from Ohrid pearls



Ohrid also attracts visitors during the Swimming Marathon where the best swimmers from all around the world participate to swim a 30km route from the St Naum monastery to the lake's shore. One of the most exciting and colorful events is the Balkan Folklore Festival featuring folk dances and music from different countries. A festival offers the possibility for participants to present their culture, tradition and cultural diversity through dance and traditional clothing.





# ADRIATIC JOURNAL TOP EVENTS IN THE REGION IN 2020

JANUARY



Photo: Shutterstock

## THE EUROPEAN AND MEDITERRANEAN FILM FESTIVAL

### 📍 Piran, Slovenia

The European and Mediterranean Film Festival was established in 2010. From the very beginning, the main purpose of the festival was to bring quality European film to Slovenian audience, especially in Primorska region. Every year, the festival offers the viewers latest hits from the world's biggest film festivals, such as Berlin, Cannes, Venice, Toronto, Karlovy Vary, Sarajevo.

📅 29 Jan–1 Feb 2020

## SNOW QUEEN TROPHY

### 📍 Zagreb, Croatia

Snow Queen World Cup alpine ski race in Croatia. The men's and women's slalom races take place on the Medvednica mountaintop Sljeme.

📅 4 Jan–2 Jan 2020

## KUSTENDORF FILM FESTIVAL

### 📍 Drvengrad, Serbia

Held in the fantastical, purpose-built village of Drvengrad, this festival is hosted by award-winning director Emir Kusturica and showcases films from across the world.

📅 10 Jan–18 Jan 2020

FEBRUARY



Photo: Boriko Vukosav

## MIMOSA FESTIVAL

### 📍 Herceg Novi, Montenegro

While many parts of Europe are still under the snow, people in Herceg Novi celebrate the blossoming of the mimosa flower. This year marks the festival's 51th anniversary which it will celebrate in traditional style with dance, carnivals, masquerades and lots of fish!

📅 19 Feb  
– 26 Feb 2020

## KURETOVANJE INTERNATIONAL CARNIVAL

### 📍 Ptuj, Slovenia

The festival is held in the oldest Slovenian town, Ptuj, which celebrates 1,950 years since its first written historical mention. Kurentovanje is Slovenia's main cultural and ethnographic festival in springtime, the richest international Pustovanje (Shrovetide celebration) in the land. Ptuj has a unique carnival legacy, deeply rooted in the mystical pagan character of Kurent.

📅 15 Feb–25 Feb 2020

## RIJEKA 2020 – GRAND OPENING OF THE EUROPEAN CAPITAL OF CULTURE

### 📍 Rijeka, Croatia

On 1 February Rijeka will officially become the European Capital of Culture (ECOC) with a grand opening that will take place in the port of Rijeka, the location that is this city identity point.

📅 01 Feb 2020

MARCH



Photo: Sanjin Katerlan

## PLANICA – SKI JUMPING WORLD CUP

### 📍 Planica, Slovenia

Slovenia's biggest sports event, hosting the best ski jumpers in the world every year. For decades, the valley under the Ponce mountains has attracted the greatest heroes of ski jumping.

📅 19 Mar  
– 21 Mar 2020

## FESTIVAL OF LIGHTS ZAGREB

### 📍 Zagreb, Croatia

The intention is that the Festival of Lights in Zagreb becomes a perennial tourist product with the aim of generating greater tourist traffic at this time of year. The theme of the festival is the spring that symbolizes the awakening, growth and renaissance, therefore each of the locations will try to evoke the springtime through light performances that will be held from 6 to 11 pm.

📅 18 Mar – 22 Mar 2020

## FABULA FESTIVAL

### 📍 Ljubljana, Slovenia

Fabula – Literature of the World is the biggest and most visited literary festival in Slovenia and the wider region. Founded in 2003, it has hosted many modern classics. 18th World Literature Festival - the festival's focus is placed on the power struggles among literary and political circles in both personal and public relationships.

📅 26 Feb – 22 Mar 2020



APRIL



Photo: www.zadarnight.run

## SERBIA WORLD MUSIC FESTIVAL

### 📍 *Gornji Milanovac, Serbia*

Gornji Milanovac town knows how to throw a party - it has been hosting the World Music Festival since 2008. Musicians and artists from across the globe take part in the festival. The audience can enjoy a variety of music styles, including gipsy, Balkan, ethno, jazz and folk music.

📅 *NA*

## BELGRADE MARATHON

### 📍 *Belgrade, Serbia*

The Belgrade Marathon is one of the biggest sporting events in Serbia. A group of enthusiasts came up with a plan to restore the race from Obrenovac to Belgrade that existed in 1910 and was 23km long.

📅 *26 Apr 2020*

## ZADAR NIGHT RUN

### 📍 *Zadar, Croatia*

Zadar Night Run is an annual event where over 1,500 athletes compete in the race. This is the biggest and most demanding race of this type in this region. Runners can choose to run for 2.5 km, 5 km or 10 km.

📅 *16 Apr 2020*

MAY



Photo: www.oceanlava.me

## DRUGA GODBA

### 📍 *Ljubljana, Slovenia*

Druga Godba is one of the most prominent world music festivals in Central Europe, with a concept and approach that sets it apart from other festivals in this part of the world.

📅 *13 May – 14 May 2020*

## OCEAN LAVA MONTENEGRO

### 📍 *Kotor, Montenegro*

Ocean Lava Montenegro is more than a race – it is a movement! The triathlon is held in Bay of Kotor and consist of three consecutive stages: swimming, cycling, and running. You can register at [www.oceanlava.me/register/](http://www.oceanlava.me/register/) if you'd like to participate.

📅 *17 May 2020*

## SERGEJ ČETKOVIĆ

### 📍 *Ljubljana, Slovenia*

Sergej Četković is one of the most popular singers in this part of Europe, and his music is particularly appealing to female audiences. After the sold-out concerts, Sergej will make his first appearance in Ljubljana in spring.

📅 *19 May 2020*

JUNE



Photo: Shutterstock

## FESTIVAL LENT

### 📍 *Maribor, Slovenia*

The story of Festival Lent is that of evenings filled with the scent of summer, the starry skies, under colourful lights, sounds, rhythms. The banks of the Drava river are transformed into a magical place.

📅 *26 Jun – 04 Jul 2020*

## BASKERFEST

### 📍 *Skopje, North Macedonia*

Baskerfest, an international street festival, is characterized by spectacular open-air events. This audio-visual festival transforms Skopje with the creative energy of young artists. Street artists, acrobat dances, live music, various performances, pantomimes, dancers, art exhibitions, a craft bazaar and workshops provide excellent entertainment and promote new artists.

📅 *15 Jul 2020*

## CELINE DION

### 📍 *Zagreb, Croatia*

French Canadian pop singer, known for her vocal prowess and her passionate showmanship. One of her most famous song "My Heart Will Go On" from the movie Titanic won multiple awards and people's hearts.

📅 *5 Jun 2020*

JULY



Photo: Shutterstock

### EXIT FESTIVAL

📍 *Novi Sad, Serbia*

Now world famous EXIT is a Serbian rock, indie and electronic music festival held each summer in Novi Sad's iconic 18th-century Petrovaradin fortress.

📅 9 Jul – 12 Jul 2020

### SEASPLASH FESTIVAL 2020

📍 *Šibenik, Croatia*

Seasplash Festival is one of the most long-lasting Croatian festivals, ideal for everyone with a good will and a desire for a great and relaxed summer vacation right by the sea.

📅 16 Jul – 19 Jul 2020

### METAL DAYS

📍 *Tolmin, Slovenia*

Every year in July, 12,000 metal fans from over 70 different countries come to one place - Metal-Days Festival. Located in Tolmin, the festival hosts the best artists and bands the metal genre has to offer.

📅 26 Jul – 01 Aug 2020

AUGUST



Photo: Bakir Ganic

### SARAJEVO FILM FESTIVAL

📍 *Sarajevo, Bosnia and Herzegovina*

This international film festival has a special focus on South East Europe.

Following the official award ceremony held at the National Theatre in Sarajevo, the audiences' votes are announced at midnight.

📅 14 Aug – 21 Aug 2020

### DEFECTED CROATIA 2020

📍 *Tisno, Croatia*

Defected Croatia takes over Tisno's beautiful Garden Resort each summer, bringing with it a sunshine line-up of house and disco to the idyllic Croatian shores. Regarded as one of Croatia's hidden dance gems, Defected brings together just a few thousand each August to party along clear blue waters, secluded woodland and stunning beaches, all in the company of some of our favourite artists.

📅 06 Aug – 11 Aug 2020

### NIŠVILLE

📍 *Niš, Serbia*

The jazz festival in Niš presents traditional jazz forms together with fusion with ethnic traditions from different parts of the world, especially from the Balkans.

📅 13 Aug – 16 Aug 2020

SEPTEMBER



Photo: DELO

### PIXIES

📍 *Belgrade, Serbia*

The world-famous American band Pixies, who recently released the acclaimed new album *Beneath The Eyrie*, will perform on September 1 in 2020 at the Tashmajdan stadium in Belgrade.

📅 1 Sep 2020

### COWS BALL IN BOHINJ

📍 *Bohinj, Slovenia*

Cows rule the mountains and pastures in Bohinj. Unique traditional event, celebrating the end of grazing and tourist summer season.

📅 13 Sep 2020

### BUDVA FEST 2020

📍 *Budva, Montenegro*

The festival brings together different cultures through songs, dances, music and interesting national costumes.

📅 17 Sep – 21 Sep 2020



OCTOBER



Photo: <http://www-ljubljanskimaraton.si/en>

## INTERNATIONAL ANIMATED FILM FESTIVAL

### **Ljubljana, Slovenia** **Banja Luka, Bosnia and Herzegovina**

Banja Luka's love affair with film animation goes back to the 1960s. In 1971, the city hosted its first festival of animated film, BANJA LUKA 71, the first of its kind in then Yugoslavia.

**24 Oct – 28 Oct 2020**

## LJUBLJANA MARATHON

### **Ljubljana, Slovenia**

Slovenia's largest running event. Its great international recognition is mostly due to its highly attractive course, running through the streets of Ljubljana. The two main races held as part of the event, a marathon (42km) and a half marathon (21km), are accompanied by recreational runs of varying lengths and degrees of difficulty.

**25 Oct 2020**

## OCTOBER SALON

### **Belgrade, Serbia**

Founded by the City of Belgrade in 1960, the October Salon is the biennial event which better represents the emerging or most influential art tendencies in Serbia. Over the last editions, the festival also widened its scope to international influences, inviting art professionals from different countries. The chosen title for the 2020 October Salon is *The Dreamers*, expressing the curators' will to explore the blurred line between imagination and reality but also to cast a spotlight on the agents of imagination and creativity.

**19 Sep – 01 Nov 2020**

NOVEMBER



Photo: Shutterstock

## LJUBLJANA INTERNATIONAL FILM FESTIVAL (LIFFE)

### **Ljubljana, Slovenia**

Every year, the Ljubljana International Film Festival, better known as LIFFE, adds vibrancy to the city's autumnal cultural life by presenting the best and the latest in European and international film production.

**Nov 2020**

## LGBT FILM FESTIVAL

### **Slovenia**

The festival was first organized in 1984 as part of the Magnus Festival. It is the oldest LGBT film festival in Europe and at the same time the oldest international film festival in Slovenia. Film screenings take place at the Slovenian Cinematheque, traditionally around 1 December – World AIDS Day. In its 30th edition, the Gay and Lesbian Film Festival as it was known at that time was renamed to LGBT Film Festival.

**NA**

## GREGORY PORTER

### **Ljubljana, Slovenia**

Known for his warm baritone vocals, Gregory Porter rose to acclaim in the 2010s with his earthy, cross-pollinated brand of jazz, soul, and gospel. A gifted singer of standards as well as more contemporary soul material, Porter has earned favourable comparisons to his idols Nat King Cole, Donny Hathaway, and Stevie Wonder.

**9 Nov 2020**

DECEMBER



Photo: Shutterstock

## ADVENT IN RIJEKA

### **Rijeka, Croatia**

Christmas and New Year holidays are especially cheerful on Rijeka's Korzo, where various cultural and entertainment programmes are held during November, December and the first two weeks of January, with colourful stalls. Rijeka's caterers enrich the atmosphere with their Christmas gastronomic offer.

**Dec 2020 – Jan 2021**

## FESTIVE DECEMBER IN LJUBLJANA

### **Ljubljana, Slovenia**

During the advent season, Ljubljana always has a vibrant atmosphere, with a Christmas market and countless free events held in the festively decorated historical city centre. Do not miss one of the most imaginative Christmas lights displays in this part of Europe.

**Nov 2020 – Jan 2021**

## NOVI SAD NEW YEAR FAIR

### **Novi Sad, Serbia**

Winterfest in Novi Sad, the second largest city in Serbia and the capital of the Province of Vojvodina, is the first and oldest Christmas Market in the country. Around 50 wooden chalets are set up in the historic Liberty Square.

**Dec 2020**



THE DAYS OF  
POETRY AND  
WINE FESTIVAL  
brings  
together wine  
and poetry  
lovers



Photo: Matej Pušnik



THE ADRIATIC JOURNAL IN COOPERATION WITH BELETRINA

## LITERATURE AMONG PEOPLE

In 2020 many interesting events in the region will take place that are worth visiting. Beletrina has been one of the most ambitious publishers in Slovenia since its beginnings. It offers a superb literary and humanistic literary program and boasts publishing both classics and the most influential contemporary literary voices. Publishing, however, is not Beletrina sole focus. It is also intensely interfering with life and seeks to keep literature alive among people. The case in point are the two festivals Beletrina organises – Fabula, World Literature Festival and Poetry and Wine Days. Both events bring together eminent guests from across the world to Slovenia. Beletrina strives to bring as much world literature to Slovenian readers and find it important to bring Slovenian literature into the world. Many of Beletrina's authors have been translated into several foreign languages, regularly appearing on international tours and in foreign media.

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The World Literature Festival - Fabula is the largest literary festival in Ljubljana, attracting some of the most prominent names in contemporary world literature since 2004. Through the festival, Beletrina succeeded in bringing star-studded authors to Slovenia - from the most famous contemporary American novelist Jonathan Franzen, whose novels were read by US President Barack Obama even before released, through the Nobel Prize winner for literature Herta and Paul Amirian, to the infamous Michel Houellebecq, renowned for his modern classics. The festival attracts almost 5,000 visitors each year, and with its accompanying program caters to everyone - from the youngest non-readers to the most demanding readers. In 2020, the festival will take place in Ljubljana from February 28 to March 8.

## THE DAYS OF POETRY AND WINE FESTIVAL

The Days of Poetry and Wine Festival is held in Ptuj and many other cities in Slovenia - in 2020 it will take place from 25 to 28 August. For the past 20 years, the largest and most recognizable international poetry festival in this part of Europe has been successfully combining the poetic word with the promotion of the highest quality Slovenian wines. In the last week of August every year Poetry and Wine Days hosts many poets from around the world and selected local winemakers. The Korean phenomenon Ko Un, the American poet C. D. Wright and the Swedish Nobel Prize nominee Lars Gustafsson are just some of the distinguished names that took part in past festivals. The main focus - poetry and wine - is joined by a thoughtful program in the field of music, visual, photography, film and other arts for all age groups and interests. Since 2014, the Days of Poetry and Wine have been a member of the European poetry platform Versopolis, supported by the Creative Europe program. All festival events are free of charge, held in Slovene and English and attract more than 8000 visitors each year.



Photo: Matej Pušnik

THE FESTIVAL is attracting more than 8000 visitors





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THE ADRIATIC JOURNAL IN  
COOPERATION WITH THE MINISTRY OF  
AGRICULTURE, FORESTRY AND FOOD OF  
THE REPUBLIC OF SLOVENIA

# THERE IS A STORY BEHIND EVERY SLOVENIAN DISH

Slovenia has excellent cuisine and gastronomy, which has been confirmed by numerous awards and accolades, with European Region of Gastronomy 2021 being the latest and most important to date. However, as the future European gastronomy hotspot Slovenia has to put more effort in emphasizing that top Slovenian culinary creators use local ingredients for their culinary masterpieces.

Photo: Shutterstock





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The Slovenian territory is largely shaped by rural areas and forests. Its countryside represents 80% of the country's total surface. A large part of these areas represents a tremendous potential for sustainable use for agriculture and tourism, as well as a great potential for the development of products that link the two industries. In 2017 and 2018, key strategic foundations for the further development of tourism were outlined with the adoption of the Strategy for the Sustainable Growth of Slovenian Tourism 2017-2021, which includes rural tourism as the primary tourism product. The Strategy also implemented the recently presented Action Plan for the Development and Marketing of Gastronomic Tourism in 2019-2023 and successfully completed Slovenia's bid for the European Region of Gastronomy in 2021.



Photo: Matevž Kostanjšek



Photo: Matevž Kostarjšek

## FOOD PRODUCTION AFTER 2021

The Slovenian Ministry of Agriculture, Forestry and Food has prepared a strategic document resolution, Our Food, Rural and Natural Resources after 2021. Central to the resolution is food. The society perceives agriculture primarily through the concept of safe and quality food. Having a highly preserved natural environment, Slovenia has a key advantage to enable high quality and safe food production as well as an opportunity to increase its added value.

## LACK OF PROMOTION

Though Slovenian agriculture and tourism offer tremendous potential for the development of unique tourist stories through creative, traditional or contemporary cuisine and gastronomy, thus far the two sectors haven't been sufficiently interconnected. The basic ingredients for food and prepared dishes are yet to find enough convergence points with Slovenian gastronomy. There is a lack of promotion for ingredients in Slovenian gastronomic stories. This also applies to beverages like wine and beer. Slovenian quality is reaching the European and perhaps the world peak, yet this is not reflected in the promotion of Slovenia's achievements. This is why the 2021 strategy focuses on linking agriculture, gastronomy and tourism.

Photo: Dean Dubokovič





Photo: Tomo Jeseničnik



Photo: Terme Snovik



Photo: Terme Snovik

## EXCELLENT CONDITIONS

With the adopted strategic focus, Slovenia presents itself as a country which, in a small but specific area of green, unspoiled and surface specific land, offers excellent conditions for the production and preparation of authentic food flavours. As such, Slovenia has what it needs to present itself as a green destination. Through its developed gastronomic products it can offer guests a combination of flavors from untouched nature, whose added value is based on sustainable production and processing, included in creative culinary and gastronomic art and traditions.

Through the various systematic measures created and promoted by the Ministry of Agriculture, Forestry and Food, farms have the opportunity to develop various complementary activities, either by producing higher value-added products or by

## ABOUT IGCAT

IGCAT is a non-profit institute working with regional stakeholder consortiums in the fields of gastronomy, culture, arts and tourism. It counts on the expertise of a worldwide network of experts and works in partnership with specialised intergovernmental organisations. IGCAT aims to empower local communities by raising awareness of the importance to safeguard and promote distinct food, culture, arts and sustainable tourism assets. This is essential to balance against globalised food trends that are impacting on our planet, health and local economies.





Photo: Jošt Gantar



Photo: <https://www.vilapodvin.si/>

**UROŠ ŠTEFELIN** (Vila Podvin), one of Slovenia's best chefs, who, with modern techniques and creativity, transforms traditional dishes into culinary delights of Slovene Nouvelle Cuisine

developing tourism services. Via activities and measures aiming to incentivize this, over 450 tourist farms now offer accommodation and excursions are possible to almost 500 farms, with around 5,800 beds and 36,000 seats.

### **BENEFICIAL OUTCOMES**

Gastronomic tourism activities with sustainable management have many positive outcomes, including the creation of new jobs in rural areas. In the long term, these activities also affect the generational re-

newal, adequate settlement and entrepreneurial opportunities for Slovenian rural areas, where the agricultural landscape is intertwined with forests and well-preserved ecosystems. Based on the safe and quality ingredients from Slovenian farms and the specific and cultivated landscape of Slovenian countryside, gastronomic tourism also offers immense potential for creating unique tourist stories and products characterized by rich flavors in traditional and modern culinary creations.

“For Slovenia, European Region of Gastronomy 2021 award is a challenge for the focused and cohesive action of all players in the field of gastronomy. At the same time, it is a challenge for setting up a development-oriented system that will connect at the destination level (connecting caterers, producers, artists, craftsmen, schools) and the state.

Tourists are looking for authentic, local experience, and are interested in tradition. Involving growers and local ingredients in the restaurant's menus strengthens the community, deepens understanding of our roots, and shows that we care about the future. Only by connecting we will preserve our identities and have something to share with our visitors. Through connection we learn new stories and keep them for the future.”



Photo: Tomo Jeseničnik

Slovenia's excellent cuisine and gastronomy has been confirmed by numerous awards and accolades. However, as the future European gastronomy hotspot, Slovenia needs to put more effort in emphasizing that top Slovenian culinary creators use local ingredients for their culinary masterpieces.

With that in mind, the Ministry of Agriculture, Forestry and Food started to actively connect producers and processors of Slovenian food with gastronomy (hotels,

restaurants, inns, catering), as only intensive cooperation can enable progress and promote the use of locally produced and processed foods. To this end, a ministerial advisory body was established (a cross-sectoral working group – European Region of Gastronomy 2021), whose members include Chamber of Agriculture and Forestry of Slovenia; Chamber of Agricultural and Food Enterprises; Tourism and Hospitality Chamber of Slovenia; Chamber of Craft and Small Business of Slovenia (tourist-hospi-

The European Region of Gastronomy award has various effects that encourage sustainable gastronomic tourism, support local self-sufficiency, and connect rural areas with the urban environment.



Photo: Dean Dubokovič



Photo: Dean Dubokovič



Photo: Terme Snovik

**PREDRAG CANJKO**,  
general manager at  
Terme Snovik, the  
highest-lying spa in  
the heart of Slovenia

Photo: Tormo Jeseničnik

“Locally sourced food is one of our key stories as it represents one of the pillars of the offering and is also linked to Kneipp’s philosophy. Honey, marmalade, milk, cheese, bread, everything, and more, we offer our guests, prepared according to traditional recipes, produced in the immediate surroundings, fresh and delicious. In the spa in our own garden, we also cultivate herbs that guests taste on their plates and feel at massages, picking fruits in our orchard and enjoying their juiciness.

We are self-sufficient, and locally grown and processed food is a special experience for our guests. It is an important part of the high quality of our services, it brings additional income to the local community, and emphasizes the Slovenian identity.

Local food is a global trend, not only in tourism. At Terme Snovik, we are proud to have been a cocreator of this trend since 2001, and we are also proud to be a part of the European Region of Gastronomy 2021.”

## ABOUT THE EUROPEAN REGION OF GASTRONOMY AWARD

European Region of Gastronomy award is part of the European Region of Gastronomy platform that connects awarded gastronomy regions, guided by IGCAT, with the aim to contribute to improving the quality of life. It includes educational opportunities on healthy and nature-friendly living, and sustainable development of gastronomy. The European Region of Gastronomy award is more than a mere tool of promoting national cuisine and gastronomy. The award has various effects that contribute to sustainable development of the world, encourage sustainable gastronomic tourism, support local self-sufficiency, and connect rural areas with the urban environment. The award also highlights the importance of nutrition for one’s health and supports small and medium-sized enterprises.







Photo: Tomo Jeseničnik

tality section); Tourist Farms Association of Slovenia; Cooperative Union of Slovenia; Faculty of Agriculture and Life Sciences (University of Maribor); Faculty of Tourism Studies – Turistica (University of Primorska); Ministry of Economic Development and Technology; and National Education Institute Slovenia.

The task of the working group is to provide opinions for major decisions regarding the integration of Slovenian foods in the offer by Slovenian caterers, hoteliers and other catering establishments, especially in regards to:

- ≈ increasing the share of the use of quality Slovenian food to raise the profile and quality of local cuisine to the gastronomic level,
- ≈ identifying current obstacles and problems with local foods of Slovenian origin in the hotels, restaurants and cafés supply chain (HORECA) and catering establishments segments, and adopting measures to address and improve them,
- ≈ coordination of the promotional activities between the members and the Ministry of Economic Development and Technology in the Slovenia - European Region of Gastronomy and 2021 project for the period 2019-2021.

Gastronomic tourism activities with sustainable management have many positive outcomes, including the creation of new jobs in rural areas.



Photo: Tomo Jeseničnik



The Ministry of Agriculture, Forestry and Food of the Republic of Slovenia

**ALEKSANDRA  
PIVEC**, Minister of  
Agriculture, Forestry  
and Food of the  
Republic of Slovenia

Slovenian quality is reaching the European and perhaps the world peak, yet this is not reflected in the promotion of Slovenia's achievements.



Photo: Tomo Jeseničnik

“Slovenia has established a few food-related regional and local brands, which have achieved a certain level of success, but further work is necessary in terms of promotion (both within Slovenia and internationally), drawing special attention to organic farming. In addition to food-stuffs and dishes, this applies especially to alcoholic and non-alcoholic drinks. These involve mainly (boutique) wines, which are already garnering deserved international success, although the promotional investments are rather modest. The European Region of Gastronomy award will undoubtedly enhance the national promotion of cuisine and gastronomy, and create synergy with local environments and cultures.”

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THE ADRIATIC JOURNAL IN  
COOPERATION WITH KLET BRDA

# KLET BRDA – THE CRADLE OF REBULA WINE

**Rebula – wine of many faces. Modern  
for its directness, simplicity, and purity.  
Popular for carrying a cultural tradition  
established through centuries of taste history.  
Internationally appreciated because the best  
Rebula comes from Brda region.**

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Photo: Marijan Močivnik





Photo: Marijan Močivnik

**BARRIQUE**  
barrels in  
the cellar



Several historical sources state that Rebula or Ribolla Gialla has been present in the Brda region for many centuries. It was brought here by the Romans, who called it Helvola. The first mention of Ribolla Gi-

alla dates back to the Middle Ages, when the name was used in a purchase and sale agreement concluded in 1336 in the village of Višnjevnik. Back then, the term referred to the method used to produce the best white wines.

#### LOCATION

The Brda region always straddled the country borders. Despite the changes that this land underwent with the pass of centuries, despite the clashes and alliances of different nations and the rises and falls of different rulers, Ribolla Gialla was always a constant and reliable companion of Brda people. Since it thrives in hilly and marly areas, it remains the main variety of vineyards in Brda. It is grown in 22%



**BOTTLES  
OF REBULA  
WINE** from  
1957 in Brda  
wine cellar

Photo: Marijan Močivnik





of all Brda's vineyards, which amounts to approximately 400 hectares. Klet (Cellar) Brda is the world's largest producer of Ribolla Gialla, which represents 28% of the winery's white wines. Every year, 1 to 1.5 million litres of Ribolla Gialla are produced at the cellar.

### WINE OF MANY FACES

Ribolla Gialla is a mineral and distinctly varietal wine. It is characterised by its fresh and fruity aromatic profile, which includes citrus fruits, apple, linden flowers, and cedar. As the wine matures in the bar-

rels, it develops more complex and fuller notes. Ribolla Gialla is the perfect base for sparkling wines but is also excellent as a still wine according to several oenological interpretations.

Klet Brda vinifies Ribolla Gialla in various ways – as a sparkling wine, a fresh distinctly varietal Ribolla Gialla, but also as more mature and complex wine, and even as wine produced from dried grapes and with the use of ancient methods.

Ribolla Gialla can therefore become a refreshing sparkling wine – Peneča Rebula; a fresh and fruity still wine – Rebula

KLET  BRDA

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since 1957

[www.klet-brda.si](http://www.klet-brda.si)  



Quercus; or a rich and complex barrel-matured wine – Rebula Bagueri. In addition, due to its sociable nature, this variety is perfect in various blends (Krasno White, A plus - White).

And then there is Motnik, a very particular Rebula, produced based on a medieval method, which involves smoking barrels with local herbs. Klet Brda's winemaker Darinko Ribolica and cellarman Igor Skubin have perfected this procedure especially for Rebula.

### FOODPAIRING

Sommeliers agree that Ribolla Gialla pairs well with various dishes. It is great in combination with white meat, mild cheeses, and summer salads. Furthermore, it is a good aperitif with cold snacks and it goes well with asparagus, herbal omelets, and several fish and seafood dishes.

### THE BEST REBULA COMES FROM BRDA

The marly terrain, the sunny steep slopes, almost exclusive manual labour, although contributing to less produce, provides the best results for this variety. These conditions make for the world's best Ribolla Gialla. Bearing witness to that are several international recognitions and awards presented to Ribolla Gialla wines by wine producers from Brda (on both sides of the border). Indeed, Klet Brda annually receives several recognitions for its Ribolla Gialla wines. In 2018, Rebula Bagueri 2013 received the highest platinum trophy at the international competition Decanter World Wine Awards, scoring 97 points out of 100.

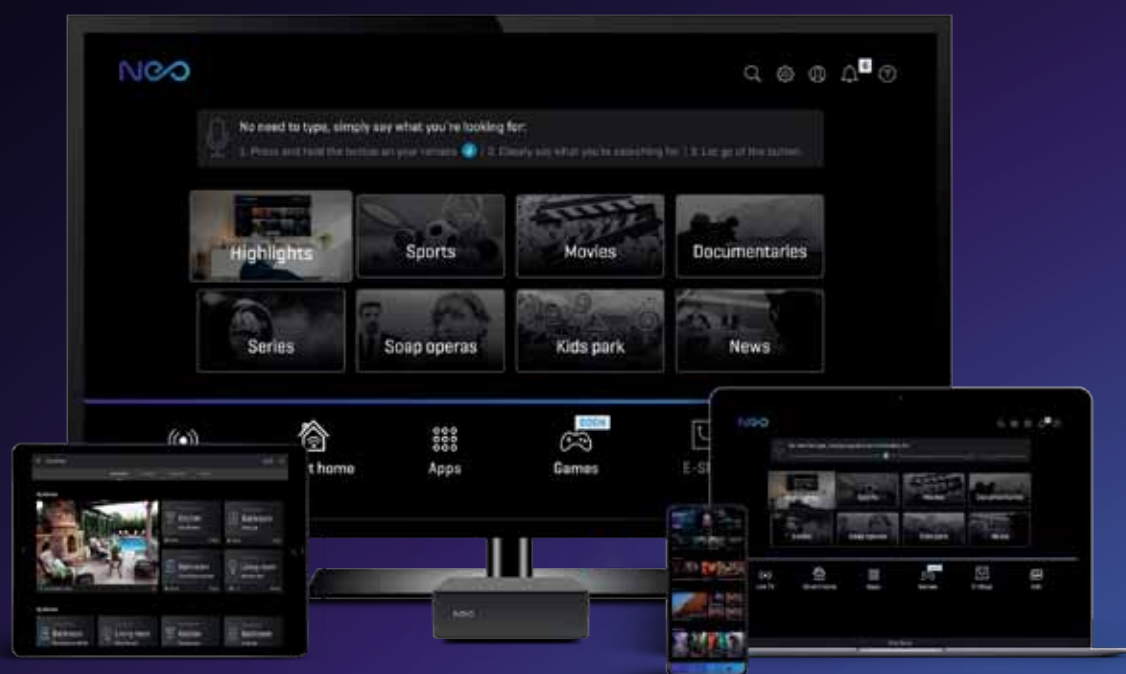
REBULA  
CLUSTER



Photo: Marijan Močivnik



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