

THE ADRIATIC

CORPORATE BRIEF ON GEOPOLITICS & LIVING

ISSUE 10, JANUARY 2022

STRATEGIC FORESIGHT 2022



BUILDING A RESILIENT ECONOMY

GEOPOLITICS: KEY RISKS IN 2022 | INTERVIEW WITH THE SLOVENIAN FOREIGN MINISTER | THE WORLD IN MAPS
BUSINESS: OPEN BALKAN INITIATIVE - A PATH TOWARDS THE EU | BEYOND BORDERS | SLOVENIA AT THE
CROSSROADS | REGIONAL ENERGY TRENDS | MOBILITY: THE FUTURE, ONCE AGAIN
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of new buildings



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management of buildings



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District heating



Water cycle



Mobility



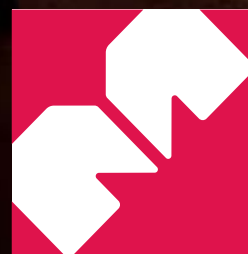
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MASTHEAD

THE ADRIATIC: STRATEGIC FORESIGHT 2022

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ABOUT THE ADRIATIC

This is the Strategic Foresight edition of The Adriatic, a corporate brief on geopolitics, business, and living in Europe's southeast region. This 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 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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ABOUT OUR FRONT PAGE

Dark clouds are gathering on the horizon. Waters are already rising. But unlike the biblical flood story, there is no Noah in sight (nor Noa, for that matter, since it would be foolish to search for solutions within one half of

humanity only). He or she might have been assassinated, or merely character-assassinated on Twitter, that is, cancelled. Alternatively, his or her project might have failed to take off on GoFundMe. Instead, there is plenty of disagreement among safe-styled saviours. It is a conflict of vision. Disagreements are raging

about style when they ought to have dealt with substance. Debates are being re-opened again and again while they should have been settled a long time ago. Will 2022 finally bring agreement on the blueprint?

THE FRONT PAGE ILLUSTRATION WAS CREATED BY CIRIL HORJAK



LUKA KOPER

Port of Koper

ON THE GREEN SIDE OF LOGISTICS



SHORTER MARITIME ROUTE = LOWER CO₂ FOOTPRINT

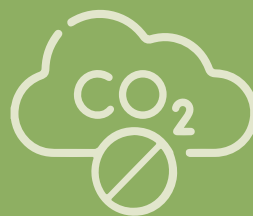
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A WORD FROM THE EDITOR-IN-CHIEF

LET'S WORK TOGETHER

D

Dear readers of The Adriatic,

2021 continued on the challenging path of its predecessor, with Covid 19 pandemic still dominating our lives. Many have suffered directly and indirectly. But what has been a “big reveal” last year is that only by a collective effort can we overcome the challenges and bring relief to those that have suffered most.

And working together goes beyond the pandemic. Integration is vital for economic progress. The founding fathers of the European Union understood that the only way to bring

peace and prosperity to the continent is by economic integration. They proved it is of vital importance for building resilient economies. It is no different in the Adriatic region where long term stability can only be guaranteed by resilient economies built by deeper integration. The European Union needs and must play a more active role.

As some corporations already do. In this edition of The Adriatic you can read how NLB and Petrol view and define opportunities in the region. Their CEOs discuss the impact of the recent acquisitions on their companies' business models and talk about the latest trends in finance and energy. The two sectors are going to play a key role in the region engulfed by the burdens of the past and challenges of the future but where life, despite everything, has always been vibrant.

You can read many articles that cover those topics in our publication, from the extraordinary Croatian islands to

looking at the influence the 80s music has on the societies up to this day. Yes, the view from the past gives us a clearer picture of the future – and if it is coloured, even better so. Then, our front page gives a critical perspective of the world we live in. To find out more, dive into this latest edition of The Adriatic.

It will give you insights into the challenges and risks that need to be tackled in 2022. Let's do all we can, jointly, to make it a good year.



Photo: DELO

TINE KRAČUN

STRATEGIC FORESIGHT 2022: WESTERN BALKANS



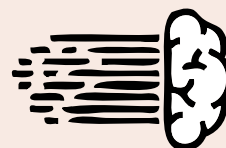
YOUTH EMIGRATION,
AIR POLLUTION, AND
DETERIORATING BILATERAL
RELATIONS: THE TOP THREE
RISKS OF 2022



TOP THREE RISKS IN 2022

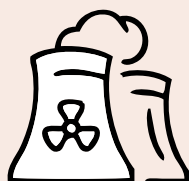
1 Brain drain will go on wrecking the growth prospects in the Western Balkans.

According to the Westminster Foundation for Democracy and the Institute for Development and Innovation, the Western Balkan countries are losing up to €2.46 billion each year due to youth emigration, or brain drain. The most exposed country in this regard is Serbia, which is losing around €897 million of economic activity annually, followed by Bosnia and Herzegovina (€710 million), Albania (€559 million), and Kosovo (€519 EUR).



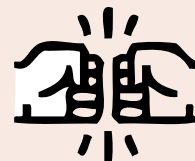
2 Power generation in Western Balkan countries is around 300 times more SO₂-intensive than in the EU.

In the last three years, almost 6500 deaths in the Western Balkans were caused by pollution from coal-fired power plants. This is a key finding of the latest report by CEE Bankwatch Network and the Centre for Research on Energy and Clean Air which looked at Serbia, Kosovo, Bosnia and Herzegovina, North Macedonia, and Montenegro. The offending power plants are operating outside legal hours or breaching legal limits on pollution. In 2018 and 2019, they emitted around six times the sulphur dioxide (SO₂) allowance, while in 2020, illegal emissions already reached a multiple of 6.4. This is placing Belgrade, Pristina, Skopje and Sarajevo among the most polluted cities in Europe.

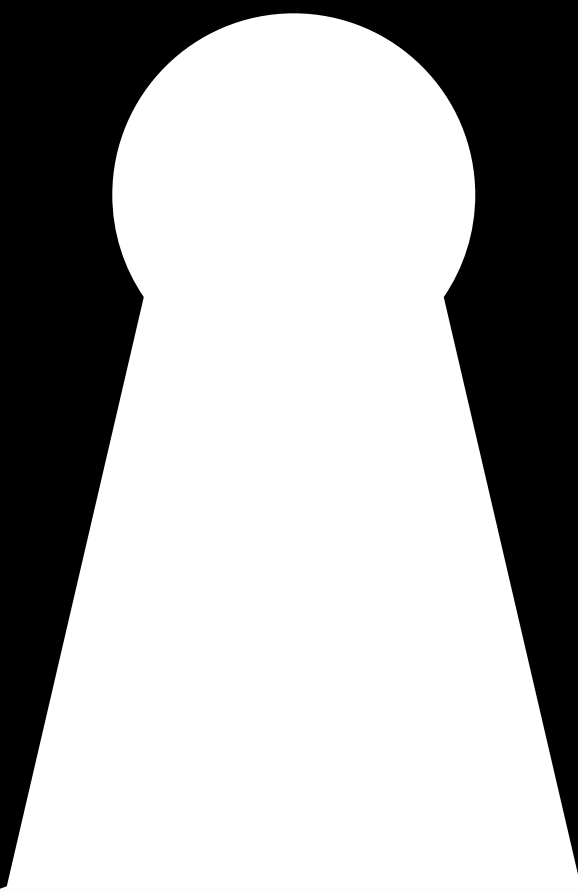


3 Uncertain EU enlargement and slow regional economic integration could stoke tensions between countries.

The enlargement fatigue visible since 2014 – Bulgaria's veto on North Macedonia's EU membership talks, the rise of socio-political uncertainties in Bosnia and Herzegovina and Montenegro as well as the deteriorating relations between official Pristina and Belgrade – there is a growing list of what is spoiling good neighbourly relations. The Open Balkan initiative which aims at regional economic integration is slowly giving tangible results but three notable hold-outs (Bosnia and Herzegovina, Montenegro and Kosovo) are reluctant to join.



AMIDST THE FOG OF EU
INTEGRATION, THE OPEN BALKAN
INITIATIVE AS LIGHT AT THE END
OF THE TUNNEL





I

In the last two years, the EU has adopted several documents¹ that signal the preparedness to meaningfully engage with the region. However, recent developments such as the Bulgaria's veto to North Macedonia's EU accession talks amidst North Macedonia's "rocky road" towards fulfilling the enlargement requirements, has again raised questions regarding the future of the EU enlargement process. One thing is sure – the economic part of the cooperation is alive and kicking. The Economic and Investment Plan for the WB, which will generate up to €9 billion in the next six years, is something that the WB countries could use to enhance their own regional (economic) integration.

In 2003, the idea of the European integration of the Western Balkans (WB) became the predominant political framework for managing the relations between the European Union (EU) and WB countries. 18 years later, this process is uncertain at least, while the region suffered "collateral damage" from a number of European internal crises (e.g. Ukrainian crisis, Refugee crisis, Brexit) which have prevented the EU to act more decisively and with a common voice.

AUTHOR: FARIŠ KOČAN, PHD

The most important domestic initiative is Open Balkan, a proposed economic and political zone consisting of Albania, North Macedonia and Serbia. Coming into force on 1 January 2023, the participating countries will open their national borders to each other's citizens and products. The zone, which is mirroring the founding principles of the EU, should provide a platform for the eventual integration of the WB into the EU common market. If successful, it could provide a growth impetus for the whole region. This, in turn, would push regional relations towards more institutionalisation, and offer an opportunity for consolidating bilateral relations. Good neighbourly relations are widely seen as a precondition for a genuine transformation of a region still haunted by the memories of the worn-torn 1990s.

¹Three documents merit extra attention: 1) "A Credible Enlargement Perspective for and Enhanced EU engagement with the Western Balkans" (2018); 2) New methodology for the accession negotiations (2020); 3) EU-Balkans: Zagreb Declaration (2020).



CROATIA:

The Investment Environment in Croatia is improving, reaching the moderately stable mark due to the recovery measures and the stimulative economic climate put in place after COVID-19 crisis. In 2022, Croatia's economy is forecast to further expand by 4.2%, continuing a strong economic recovery in 2021 (8%). At the Institute for Strategic Solutions, we will closely follow the announced tax reforms, which have the potential to stimulate domestic consumption and ease existing corporate tax burden.

SLOVENIA:

Just like in the year before, the general Investment Environment will remain moderately stable. The biggest risks to the general Investment Environment assessment are posed by public debt, tottering healthcare system, uncertain tax reform, accelerating inflation as well as property prices. The political environment is set to improve with general elections in spring 2022. It is widely hoped the contest yield the strong majority needed for passing socio-economic reforms.

BOŠNIA AND HERZEGOVINA:

At the Institute for Strategic Solutions, we estimate that the general Investment Environment is going to stay moderately uncertain. The political indicators will remain highly unstable due to the continuing non-cooperation on the state level. The situation could further deteriorate with the upcoming general elections scheduled for October 2022. This in turn could 'lock in' the current political crisis and intensify both the political and socio-economic risks until late 2022.



SERBIA:

Coupled with robust investment growth, better economic indicators are driving overall improvement in Serbia's Investment Environment, which can now be described as moderately stable. This is coupled by the country's deficit reducing and improving debt-to-gross domestic product ratio, alongside the demand-boosting rise in pensions and salaries in the public sector. But the bright outlook could be marred by uncertainties regarding the bilateral relations with Kosovo, which is something to watch closely.

KOSOVO:

Kosovo is remaining moderately uncertain, mostly due to bigger socio-economic and political risks. Such risks are associated with an anaemic economic recovery after COVID-19 crisis and the bilateral crisis with Serbia, which prevents meaningful dialogue between Pristina and Belgrade. Since this has a direct bearing on the 'Open Balkan' initiative, it should be watched closely.

MONTENEGRO:

While the Montenegrin Investment Environment is going to stay moderately uncertain, political indicators are deteriorating across the board. The political, religious and security situation remains tense after the 2021 violent protests in Cetinje. Concerningly, the political elites are fanning public discontent with hate-mongering statements. While such atmosphere is not expected to de-escalate completely in 2022, it is worth mentioning that the favourable Investment Environment is driving a general improvement in the country's socio-economic situation. With 8.4-% economic growth, Montenegro is becoming a frontrunner in the region.

NORTH MACEDONIA:

The Investment Environment is going to stay moderately uncertain amid the deteriorating political and security situation. Increasingly, social unrest has displayed both internal and external drivers; while internal dynamics have been triggered by the "fall" of Zoran Zaev, the external factors are inherently tied to ongoing bilateral tensions between North Macedonia and Bulgaria vis-à-vis EU integration. But it is the internal drivers which are the most worrisome for their spill-over potential. Indeed, they could determine the socio-political environment of North Macedonia in 2022.



What is important for the Western Balkans region now is the implementation of the Common Regional Market. If the Open Balkan initiative could give impetus to the implementation of the Common Regional Market, it would be good for the region, says Anže Logar, PhD, Minister of Foreign Affairs of the Republic of Slovenia.

AUTHOR: JAN TOMŠE

W

With Anže Logar, Minister of Foreign Affairs of the Republic of Slovenia, we talked about the achievements of Slovenia at the helm of the EU in the second half of 2021, today's global challenges, and the Western Balkans' opportunities and challenges in 2022 and beyond.

Slovenian presidency of the Council of the EU: which are the achievements the Slovenian diplomacy takes pride in, even though they might have occurred outside media limelight?

The Slovenian Presidency of the Council of the EU is marked by dynamic developments in Europe and beyond. The uncertain epidemiological situation continues, and the world is facing several unexpected

events – from the crises on the Belarus border and in Afghanistan, to new geostrategic alliances such as AUKUS – which called for a swift and determined reaction by the Presidency, all the while seeking





INTERVIEW: ANŽE LOGAR, PHD,
MINISTER OF FOREIGN AFFAIRS OF
THE REPUBLIC OF SLOVENIA

WE CAN ADAPT AND BE AN ACTIVE PARTNER

consensus and demonstrating European unity.

Holding the Council Presidency entails complex legislative work as well as striking a balance between member states

and the three European institutions – the Council of the EU, the European Commission and European Parliament.

At the outset of the Slovenian Presidency, we managed to seize the win-

dow of opportunity opened by the legislative procedure and a period of relatively limited spread of the pandemic, achieved progress in the long and tiring negotiations, which had not really been anticipated, and successfully completed the work on 20 legislative acts.

Furthermore, we stepped up the work on establishing the European Health Union that would facilitate member states' dealing with transboundary health emergencies. We successfully concluded the negotiations on extending the mandate of the European Medicines Agency (EMA) and the strengthening of the European Centre for Disease Prevention and Control. Another important achievement is the agreement among Member States on the European Health Emergency preparedness and Response Authority (HERA).

A major success of the Slovenian Presidency are the endorsements by the member states of the Digital Services Act and Digital Markets Act, which lay down new rules for a safer and more open digital space.

As the country holding the Council Presidency, Slovenia coordinated the EU's mandate for participating in the COP26 climate summit in Glasgow, where – together with the European Commission – it represented the EU in the negotiations with third countries. COP26 is an important step forward, keeping within reach the goal of the Paris Agreement to limit global warming to 1.5°C.

Photo: Tarnina Petelinšek



In foreign policy activities, I would like to point out the successful organisation of the EU-Western Balkans Summit on 6 October. It was attended by all the EU and Western Balkans leaders, who adopted the Brdo Declaration. It is particularly important that the EU reaffirmed its commitment to the enlargement process, and the Western Balkan partners reaffirmed their dedication to European values and principles and the need to implement the necessary reforms. The leaders also agreed to hold regular summits, with the next one to take place during the Czech Presidency.

We had invested a great deal of effort in the drafting of Council conclusions on enlargement and the stabilisation and association process, which were unanimously adopted by the General Affairs Council on 14 December and represent an important milestone in the process. Another notable achievement is the opening of Cluster 4 in Serbia's EU accession negotiations (chapters on environment and climate change, energy, transport and Trans-European Networks).

Which are the main global challenges of today? More concretely, which are the main international challenges the EU is facing?

The world is facing challenges which were inconceivable only a decade ago: the COVID-19 pandemic, climate change, hybrid threats, cyberattacks, and new geopolitical divisions dictating that the existing multilateral system be upgraded with effective mechanisms. Another major challenge are the devel-

opments in the South China Sea; part of the attempts at addressing this issue is the EU's Indo-Pacific Strategy. The occupation of Crimea continues, and the Russian Federation is massing military forces on the border with Ukraine, which is openly concerned for its safety. Other causes of concern include the rising energy prices and the question of strategic autonomy.

Slovenia is also striving to strengthen the EU's common foreign and security policy and transatlantic relations, which is vital for resilience on both sides of the Atlantic and the best guarantee for enhancing the EU's position.

In multilateral forums, we can perceive growing polarisation between the democratic and non-democratic parts of the world; the concepts agreed decades ago and the "language" of the key rules governing the multilateral system are being eroded; new concepts undermine international frameworks and the human rights system. The instrumentalisation of international forums with various tactics, manoeuvres and procedures by the increasingly numerous and powerful autocratic regimes is causing further divisions and, consequently, under-

mines the efficiency and credibility of international organisations. The good news in this context is the US's return to multilateral forums.

How much international visibility and soft power has Slovenia built up? Where do you see Slovenia's strong points, and which are the European strategic decisions that Slovenia, as a country, has a say in?

It is very simple: Slovenia has more clout now than a year and a half ago, and yet still not as much as it could have, given its international engagement, geostrategic position and state characteristics.

At the national level, we strive for reaching consensus when it comes to our fundamental foreign policy orientations. Therefore, during this mandate, we embarked on a review of our foreign policy strategy. After more than a year of intensive work within the Ministry and within the Strategic council of experts, we now have an updated document providing appropriate responses to contemporary challenges.

Slovenia is also striving to strengthen the EU's common foreign and security policy and transatlantic relations, which is vital for resilience on both sides of the Atlantic and the best guarantee for enhancing the EU's position. In this regard, Slovenia endorses the strengthening of EU-NATO relations and of the EU's resilience to hybrid threats, in the field of cybersecurity, military mobility, civil-military cooperation during crises and in-



Photo: Tamino Petelinšek

MINISTER OF FOREIGN AFFAIRS ANŽE LOGAR, PHD, met in Paris with French Minister for Europe and Foreign Affairs Jean-Yves Le Drian

teroperability, as well as the institutionalisation of contacts between the two organisations. Resilience as a priority of the Slovenian Presidency enjoys wide support. In keeping with the Global strategy for the foreign and security policy of the European Union and the EU's ambitions, Slovenia is actively involved in the process of drafting the Strategic Compass and is reaffirming its

reputation as a credible, active and visible member state. The numerous successful Slovenian candidatures in international organisations in the last year are yet more proof that we are on the right track.

During the COVID-19 pandemic, Slovenia has proved its solidarity with developing countries; since 2020, it has allocated a total of EUR 5.2 million to help them fight the coronavirus. With a total of over two million doses of COVID-19 vaccines donated, it is one of the largest donors per capita.

THE REGION

How stable a region is the Western Balkans at the moment? Regarding its European perspective, was there any meaningful progress achieved during Slovenia's EU Council presidency?

The situation in Bosnia and Herzegovina causes concern, particularly the deepening political and institutional crises. We support the internal political dialogue and the constructive initiatives and debates focused on

helping the country and encouraging progress on its path towards the EU, as this is in our common interest. We are resolute in our calls for ending the divisive rhetoric, establishing functional institutions and continuing the reform process. Slovenia supports the unity, sovereignty and territorial integrity of Bosnia and Herzegovina.

The normalisation of Serbia–Kosovo relations also remains a major regional issue. A comprehensive and legally binding agreement must be reached, and it must cover the entire spectrum of outstanding issues.

Stability and sustainable development of the Western Balkans are in our vital strategic interest as the region lies in our immediate neighbourhood.

In the final weeks of its EU Presidency, Slovenia has endeavoured to find a solution that would enable the launch of accession negotiations with North Macedonia and Albania. Along with the EU-Western Balkans Summit and the participation of Western Balkan partners in the debate on the future of Europe, the conclusions of the December GAC on enlargement raise hope for future enlargement steps.

When speaking of the Western Balkans, we cannot ignore the issue of succession. For Slovenia, the full implementation of the Agreement on Succession Issues is of vital importance as it implies respect for the rule of law in the context of fulfilling the assumed international obligations. Slovenia has repeatedly pointed this



MINISTER LOGAR AND US SECRETARY OF STATE BLINKEN

out, including at the European level, most recently at the EU-Western Balkans Summit.

Countries of the Western Balkans are actively pursuing tighter integration with the EU common market. How do you see the Open Balkans initiative, announced a few months ago, that currently includes three countries – Serbia, North Macedonia, and Albania?

To boost the economic development of these countries, it is imperative that we strengthen connectivity

between the EU and the region in transport, energy, digitalisation, sustainable development, environmental issues and green technologies.

In October 2020, the European Commission published the Economic and Investment Plan for the Western Balkans, which includes €9 billion from the pre-accession instrument. In addition, the Western Balkans countries will be given access to the Guarantee Facility and the European Fund for Sustainable Development Plus, which will enable them the opportunity to take out favourable loans. A nice detail I would like to mention – in my



Photo: Ministry of Foreign Affairs Slovenia

ate the region's inclusion in European business flows, among them regional trade, investment cooperation, digitalisation to include the Western Balkans in the European digital single market and regional cooperation in industry and innovation.

If the Open Balkans initiative could give impetus to the implementation of the CRM, it would be good for the region.

All this would bring tangible benefits for the business world and citizens of the Western Balkan countries as they advance on their European path.

What is the security situation in the region? How can Slovenia, which is both a EU member state and knows the region, contribute towards improving security in the region?

The Western Balkans are still faced with divisions and outstanding issues, the legacy of the traumatic experiences in the recent past, particularly during the dissolution of the SFRY. It is vital to achieve reconciliation, and improve neighbourly relations.

If this goal is to be met, the countries need economic development and discernible benefits for the people, brought about by the reforms that need to be implemented as part of their EU accession negotiations.

LOOKING INTO 2022

How successful has Slovenia been in taking advantage of its geopolitical potential as a centrally located EU country, and a bridge between the stable Western Europe and the less stable East?

The division into a stable West versus an unstable East sounds like a cliché. If you look at the political situation in the countries in the East of the EU, you can see that their governments are usually stable and their political agendas concrete. They also experience high economic growth. Nonetheless, the unification euphoria we witnessed after the fall of the Berlin Wall has faded, some unfulfilled promises and expectations have led to disappointments that have cooled relations, and the economic and health crises have further worsened the situation.

In my opinion, Slovenia's advantage lies in its agility; it can adapt to new situations and knows how to be an active partner. It was this realisation that encouraged us to update the strategic document of Slovenian foreign policy.

As Slovenia's Minister of Foreign Affairs, where do you see the main challenges facing the Western Balkans as a region? How can economic diplomacy help?

Stability is a key challenge, particularly when it comes Bosnia and Herzegovina and normalisation of relations between Serbia and Kosovo. The continuation of the enlargement process

capacity as Slovenia's high representative for relations between the Council and the European Parliament during the Slovenian Presidency of the Council of the EU, I joined President of the European Parliament David Sassoli in signing the agreement that enables the drawdown of these funds.

What is important for the region now is the implementation of the Common Regional Market (CRM). If the Open Balkans initiative could give impetus to the implementation of the CRM, it would be good for the region.

There are many areas where this kind of cooperation could acceler-



with Albania and North Macedonia – in the package – is also of utmost importance. This is a most quickly achievable goal, a positive message the EU could convey to the region. Progress on these three issues would have a positive practical impact on improving the economic situation. However, it is also true that entrepreneurship, which is inherent to the people of Western Balkan countries, puts pressure on the political leadership to find solutions. And we should use this leverage to greater advantage.

Another important topic is the promotion of economic cooperation with the region. We know from our own experience the major role that international trade and foreign investments play in the transformation of countries in transition. At the end of 2020, Slovenian companies held €2.5 billion of investments in the Western Balkans, which is more than one third of all Slovenian outward investments.

From the standpoint of economic diplomacy, where are the biggest challenges, and opportunities, for Slovenian exporters seeking new market niches? We know that corporations have already started to shorten their supply chains, or put differently, to relocate production into geographically nearer countries with more stable business partnerships.

The answer is very simple: increasing added value, and achieving better positioning in supply chains. For this to be achieved, we need further investment in research and development. I see one of the opportunities in the EU



Photo: Tamirina Petelinšek

**FOREIGN MINISTERS OF
SLOVENIA, CROATIA AND
ITALY** *sign the Joint Declaration
on continued cooperation in the
North Adriatic*

recovery and resilience fund, which – with additional funds for a green and digital transformation – will give the Slovenian economy comparative advantages in the relatively large Western Balkan market.

Economic diplomacy has long been striving to bring Slovenian and foreign scientific or research institutes together, and connect them with innovative Slovenian companies with high added value.

In your opinion, which is the single biggest opportunity that Slovenian exporters still haven't taken advantage of?

This depends on the market they want to export to. The European market is subject to market competition rules – the better they perform, the more

they invest in the international network of contacts, and the more products with high added value they develop, the greater the chance of success. At the same time, it is worth considering some of the more closed or remote markets. This is where economic diplomacy can significantly contribute to strengthening bilateral trade. And that is why, during this mandate, we have intensified our activities in opening diplomatic missions and consular posts in the regions and continents where we had not previously been present, because such presence can play a significant part in entering into economic agreements.

Would you like to point to any outstanding goals you intend to fulfil during this mandate?

When I became Minister of Foreign Affairs back in March 2020, I set myself a very clear goal: to strengthen Slovenia's activities in the European and international arenas. We at the



Ministry have been working in this spirit for the past two years. Despite the challenging circumstances related to the COVID-19 pandemic, I participated in all major international forums in person or virtually, we carried out 61 bilateral visits abroad, and welcomed 43 foreign ministers and high-level guests to Slovenia. As I have already mentioned, we set up an informal C5 group, were invited to join the EU Med Group (formerly MED7) following extensive diplomatic efforts, established a permanent dialogue with Italy and Croatia on the management of the Adriatic Sea, relaunched and significantly strength-

ened transatlantic relations, established a strategic dialogue with the US, and carried out the Presidency of the Council of the EU. We also opened 3 new embassies (Dublin, Seoul and Riga) and a consulate in Milan to improve the representation of Slovenia abroad. All in less than two years. This is what we call “active diplomacy”. Diplomacy that does not limit itself. I am proud of our diplomacy because it has put Slovenia back on the map of countries that can make a difference at the international level.

Are we going to stop here? Certainly not. In 2022, we will continue to expand our diplomatic network by

opening at least one more embassy. We have also decided to present a candidature for a non-permanent seat on the UN Security Council for the 2024–2025 term. We will continue to engage in active diplomacy and make effective use of the resources we set up for the Presidency of the Council project. We are not only strengthening our presence within the UN system, but also our dialogue with all of the key global players, including the countries that are particularly important for the Republic of Slovenia and its foreign policy and economic interests. I therefore see no reason to stop!



Photo: Tamara Petelinšek

C5 MEETING IN SLOVENIA

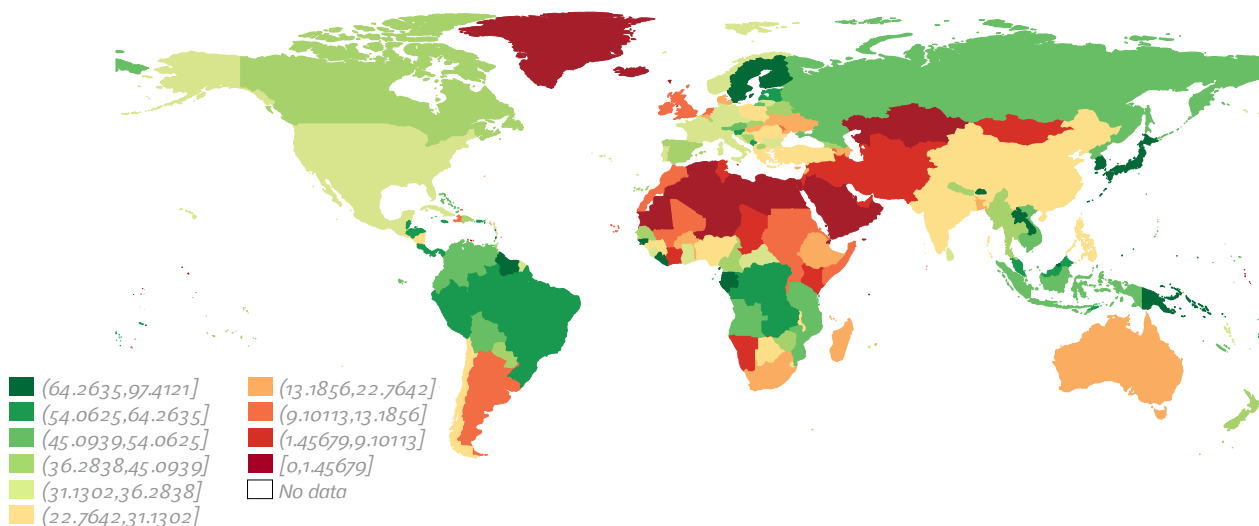
THE WORLD IN FOUR MAPS

“What we do see depends mainly on what we look for. ... In the same field the farmer will notice the crop, the geologists the fossils, botanists the flowers, artists the colouring, sportsmen the cover for the game. Though we may all look at the same things, it does not all follow that we should see them.”

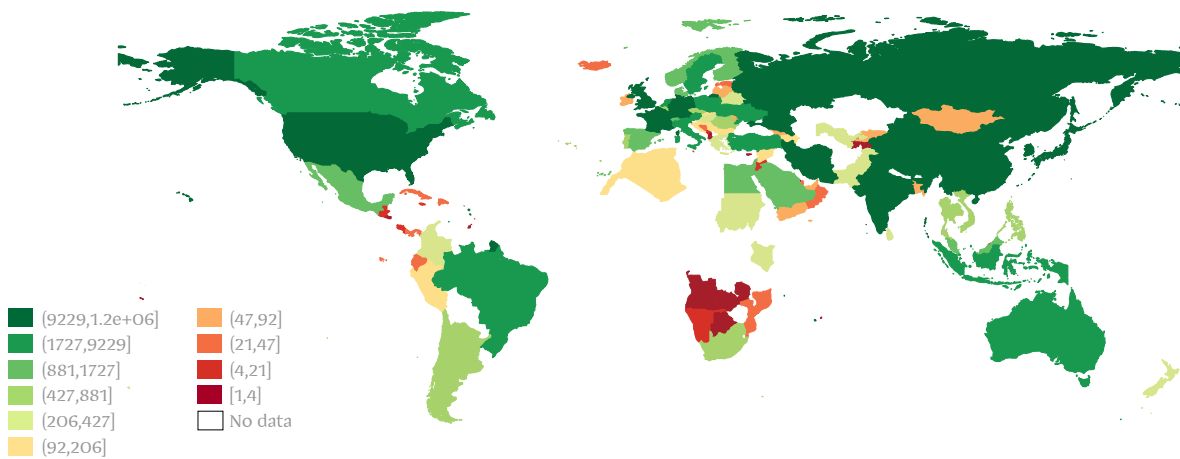
AUTHOR: JURE STOJAN, DPHIL

This insight is from *The Beauties of Nature* (1892) by the English polymath, scientist, banker, Liberal politician, and philanthropist Sir John Lubbock (later created Lord Avebury, 1834–1913). Using open-access data from the World Bank, we present four different perspectives on the human condition.

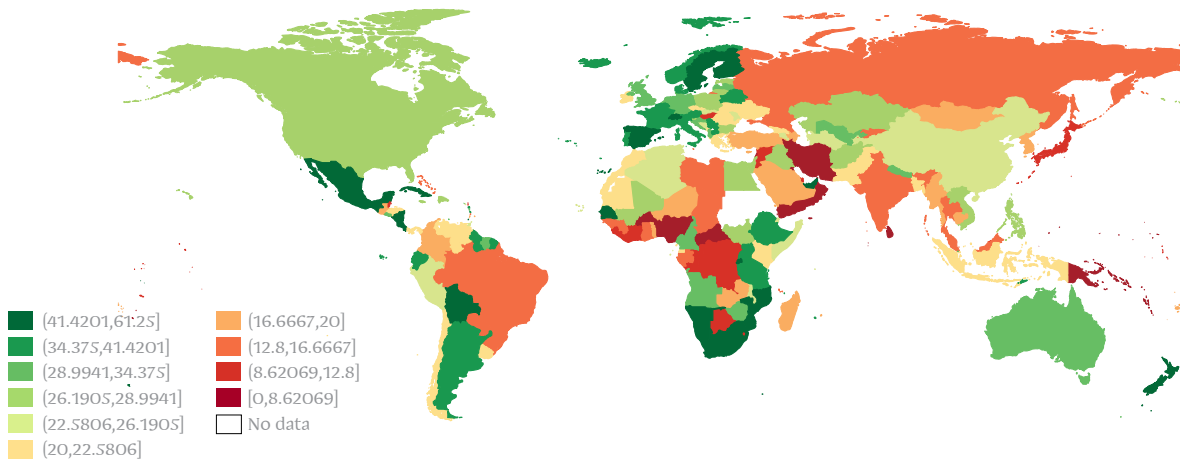
FOREST AREA (% OF LAND AREA) IN 2020



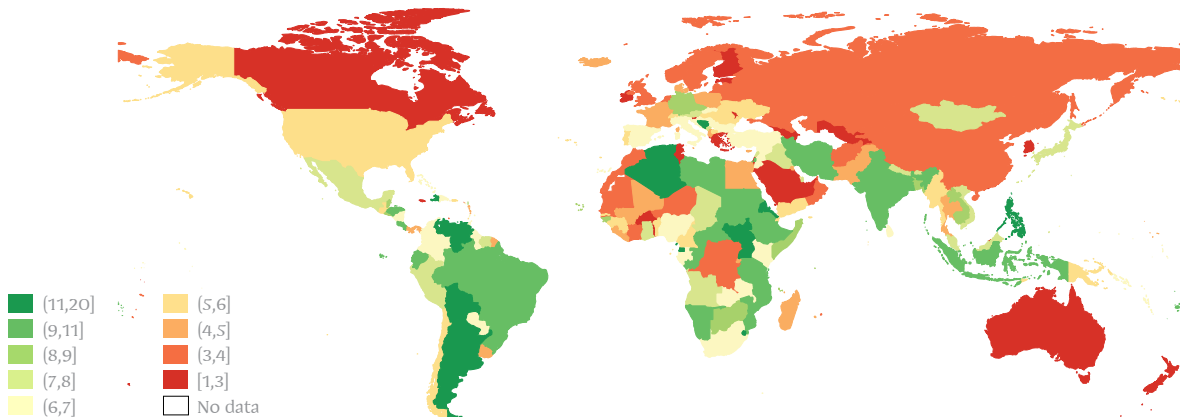
PATENT APPLICATIONS BY RESIDENTS IN 2019



PROPORTION OF SEATS HELD BY WOMEN IN NATIONAL PARLIAMENTS IN 2020 (%)



START-UP PROCEDURES TO REGISTER A BUSINESS IN 2019 (NO.)





THE WORLD'S FAIR IN DUBAI

EXPO 2020 IS ABOUT THE FUTURE



Never mind its unfortunate fate of bearing the name of the preceding year – EXPO 2020 is in fact all about the future. Just as its host Dubai – once a small town in the desert, where flights stopped on their way from Europe to Southeast Asia and Australia to fill up their tanks with cheap gasoline, of which there still is an abundance in the Emirates.

AUTHOR: TINE KRAČUN





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The locals (the population grew from 100,000 in 1971 to just below three million in 2021) figured they could sell more than just gasoline to the odd by-passers: large duty free shops opened and “Fly, Buy, Dubai” soon became much more than just a slogan. It became a vision for the future, just as the vision for the future is the theme of the EXPO 2020 pavilions – 193 countries have representation at the exhibition.

SLOVENIA STANDS SMART AND GREEN

As per the size of the country, the position of the Slovenian pavilion right at the entrance of the Sustainability section goes on par with its motto “Green and Smart Experience”. A mishmash of business and tourism holds value for the future, a common theme across

many other pavilions. Slovenia took the business side seriously. As one of only 17 pavilions that include a business aspect in their offering – Slovenia holds an event almost every day. “The plan is to really enhance the business cooperation – between Slovenia, the Middle East and everyone that comes here”, says Matic Volk, the young and energetic Commissioner who is acting as an exemplary host to all the delegations that attend the conferences, host events or just one-on-one meetings – all of which takes place on the second floor of the pavilion.

“The pavilion highlights three elements that set Slovenia apart: Water, the source of life and vitality, the interflow of materials and ideas; Nature, connecting the Earth with the Universe, knowledge and innovativeness, and Slovenia's green and clean heart; and Innovativeness, represented by a giant wooden sunshade, our shield and shelter, a technological masterpiece of construction and design illustrating Slovenia's strong identity. The pavilion construction innovatively includes prefabricated, sustainable and biodegradable elements of metal, glass, wood and stone.”





INTERVIEW WITH THE DIRECTOR OF SPIRIT SLOVENIA TOMAŽ KOŠTANJEVEC, PHD

SPIRIT Slovenia Business Development Agency is responsible for the presentation of Slovenia at the Expo 2020 world exhibition. As the director of SPIRIT SLOVENIA, how do you see cooperation opportunities for Slovenian companies?

Expo 2020 is a great catalyst for the Slovenian businesses to the of the Middle East and Asia. Until now, we did not have a comprehensive – and state supported - presentation on these markets. Thus, Expo is a great opportunity for these markets, which pose a great challenge for us, to get to know us as a country with a progressive, highly skilled and competitive business environment. These are the main messages of our economy, and as the first months of Expo 2020 show, this is already paying off for us.

Slovenian companies have accepted the opportunity to participate in the B2B program of the Slovenian pavilion well.

True, our companies have accepted the opportunity open handily. Thus, we now have more than 120 participating companies, and more than double as many will attend the Expo with business

delegations, which we host about twice a month. These are high numbers that show the decision to be part of Expo 2020 was justified.

Companies that have already participated at Expo 2020 report of first deals concluded and speak of a large number of promising business contacts. How would you evaluate the first weeks of participation in the world exhibition?

I agree with the positive assessment. Expo 2020 is the biggest global event that won't be surpassed by any other in a few years. There are many opportunities you can experience there and I am also positively surprised by how well presentations of Slovenian companies are received. What we learned about the Expo is that with the right knowledge and presentations companies can easily return from Dubai with a signed contract.

With more than 190 countries participating, how noticeable is Slovenia at the Expo?

Slovenia is – as we like to say – small, but central. This is also the case at Expo 2020. Our pavilion is not

TOMAŽ KOŠTANJEVEC,
PHD, *director of SPIRIT Slovenia, public agency for Entrepreneurship, Internationalization, Foreign Investments and Technology.*





amongst the largest, but it is amongst the most photographed and visited. We are known as one of the greenest and friendliest pavilions, which spreads the message of what Slovenes are justifiably proud of: that we have a beautiful nature, which, unlike many other countries, we also know how to respectfully protect.

The number of visitors to Slovenian pavilion are very encouraging and confirm the rule that at the Expo it is very important where the pavilion is positioned.

Our pavilion is located at an exceptional location, right next to one of the main entrances to the Expo. We were assigned to this

location because in 2016 we were amongst the first countries to decide to be present in Dubai. This is one of the reasons why we attract so many visitors - in October alone we were visited by more than 120,000 guests from all over the world. Their positive experience feedback to our pavilion excites and inspires us.



Photo: Nebojša Tejić/STA



THE ADRIATIC COUNTRIES AT THE EXPO



SERBIA INTERCONNECTS THE PAST WITH THE FUTURE

The story at the Serbian pavilion, which is smaller than Slovenia's but larger than all the other countries' from the Adriatic region is about the past and the future. Drawing parallels between the trade practices of the late Neolithic community Vinča and today's trends, modern Serbia presents itself with the slogan "Creating ideas", which shows Serbia as a progressive economy open to foreign visitors, both business and tourists. They will have the opportunity to learn and prosper on the vision that Serbs from the past – such as Nikola Tesla – had on the future.

BIH AND NORTH MACEDONIA BET ON NATURE

At the Sustainability section you will also find the pavilions of Bosnia and Herzegovina and North Macedonia. Both draw on their cultural heritages presenting a strong and rich history together with a beautiful environment. At the North Macedonian pavilion visitors can admire stuffed Eagles and Cats – largest in the world. Both countries emphasise their location attractiveness for businesses with Bosnia and Herzegovina displaying its connections as the hub between Europe and the Middle East, while North Macedonia focuses on its competitive taxation rates and subsidies it offers to foreign investors.



CROATIA GOES FAST

The Croatian pavilion may not be the largest but it is certainly the fastest. Rimac is the fastest car in the world, going up to 400 km/h and accelerating to 100km/h in just two seconds. There is no need to point out it is 100% electric. It is only natural that the Croatian pavilion will also feature stories on their Adriatic coast – one of their greatest attractions for people from all over the world. Not surprisingly and seen before, the video presentation is about the rich Croatian past as the cornerstone for the future.



MONTENEGRO IS ABOUT TOURISM

Another country focusing primarily on its natural beauties to attract tourists is Montenegro, found in the Sustainability sector. With glass sticks representing the willow forest aims to show it is more than just a sea side destination but also has mountains, rivers and a strong national heritage.

THE FUTURE IS YOUNG IN KOSOVO

You will find the pavilion of the youngest country from the region – Kosovo – in the Mobility section. And while other countries draw strongly on their historical heritage, Kosovo does just the opposite – with its focus being on their youth, they draw the comparison between innovation and the beauty of their land.



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BLAŽ BRODNJAK, CEO OF NLB

BEYOND BORDERS

“We need to accelerate the process of eliminating political borders and start building bridges,” says Blaž Brodnjak, NLB’s CEO, talking about the Balkan region that is still trying to leave the quarrels of the past behind. The finance veteran, who’s been at the helm of the regional banking giant NLB Group since 2016, believes the COVID-19 pandemic has created a once in a lifetime opportunity for the Balkan countries to put aside their differences and unite to work for the common good.

AUTHOR: MAJA DRAGOVIĆ



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“Geo-politically, geo-strategically, the cards have been reshuffled” notes Brodnjak. “Those who do not understand the challenge and exploit this opportunity, will simply be left behind. This is also true for our region. Global supply chains have been repositioning – a significant part of whatever has been produced in the Pacific-Atlantic basin has been moving back to Europe.”

Cost predictability and timely delivery are the main reasons behind the supply chain shift, and the countries in the region are extremely well-positioned to take advantage of this new paradigm, says Brodnjak.

“We are at the nexus of central Europe with the ports of Koper, of Rijeka, and so on,” he explains. “The entire region should build three vertical highway and railway connections to become a vital part of the new development axis of Europe. The Three Seas initiative is nothing else but connecting Adriatic and Black Sea ports with the North Sea, i.e. connecting the port of Gdansk with the ports of Koper, Rijeka, Split, Bar, Durrës, and others on the Adriatic coast and Greek and Black Sea ports to the Southeast. If approached consistently and decisively enough, this will connect Central Eastern Europe and Southeast European countries into one market and thus become the second vertical development axis of Europe with a population of more than a 100 million people.”

First and foremost, the NLB chief adds, “the governments need to understand this opportunity and work towards accelerating the construction of the productive

Photo: Iztok Lazar



infrastructure – roads, railways, energy efficiency projects, renewable energy production, and communication lines.” The business will then follow, he concludes.

Serbia, he notes, has recognised the challenge and the opportunity presented by the current developments and has shown enormous economic pragmatism, adding that the FDI influx in the country is really impressive and growing steadily.

“If you look at the foreign direct investment coming into Serbia in the past years, it’s really astonishing. Serbia has been the world champion in FDI per capita in 2018. And then in 2019, more has come in, and in 2021 even more than in 2019 – despite COVID-19.”

“This is now a high opportunity for us to be much more recognised as a target destination.”

Driving south of Niš to North Macedonia, he says, new factories are being built at an incredibly fast pace. “This means there is a direct influx of capital which means exactly what I’m saying: the insourcing of supply chains back to Europe, while utilising the still a bit lower cost of talents in the Southeast Europe. If they deliver quality, they will also be able to significantly grow the export of production and services’ solutions, since there has been an obvious lack of talent in Central and Western Europe.”



And in this respect, Brodnjak concludes, countries in the region offer a driving distance delivery that is pretty predictable in terms of “just in time” supplies.

DRIVING DISTANCE TOURISM

When it comes to distance, the pandemic has also provided a new opportunity for destinations that are within the tourists’ driving proximity. There have been fewer flights in the last couple of years and Brodnjak doesn’t expect air travel to pick

up dramatically even after the pandemic ends. “Flying will very likely not be so convenient, nor so cheap.”

He believes that in the future people will remain cautious and will seek destinations that are closer to home. This, in turn, he adds, represents a huge opportunity for the region that is already popular with tourists within a 1,000 km driving range. This year, for example, Croatia saw a significant increase of Polish tourists on its coast, record-



Photo: Iztok Lazar

fast, warns the NLB boss. The time is ripe to invest in high quality services in remote places to meet the expectations of tourists in the future, he adds.

“Slovenian type of tourism is exactly shaped for something like that,” he says. “Let’s forget the massive coastal hotel resorts, and so on. If you look at the family businesses, farm estates, that’s exactly the gist of the future of tourism: sustainability. And if any country in the world is well-placed for it, it’s Slovenia. Moreover, if you look at the other countries in the region, it’s the same. Just look at the breathtaking beauties of Plitvice (in Croatia), or other national parks in Serbia, Bosnia and Herzegovina, North Macedonia, Montenegro, Kosovo, and Albania. Simply fantastic places. If proper investment is coming in to actually secure a sufficient level of quality of services and accommodations, we can become the new elite destination of the world.”

KEEPING PEOPLE AT HOME

Working as one region and strengthening the economic ties in tourism, industry, or services will have a direct impact on people, improving their quality of life and, with that, says Brodnjak, address the issue that’s been plaguing the region since the break-up of Yugoslavia – the exodus of young and talented. “In 2018, a staggering number of people left the Slavonija region in Croatia,” Brodnjak points out. In Serbia, each year 51,000 people, most of them young, leave the

country. In Bosnia and Herzegovina, the numbers are similar.

The pandemic has offered an opportunity to partially address this issue in the way of online working, observes Brodnjak. The possibility to work remotely, especially for scarce IT talents, has given the Balkan people the opportunity to work for any company anywhere in the world.

“This is good, since they earn decent salaries and spend or invest this money at home. In turn, this is developing local societies, and is not actually making these people leave their countries.”

“If we want to do business in this region, us as the businesses, we need to retain the people to whom we will be selling our services. We want and need a vital part of the population in these countries to feel well and stay with us.”

SECURITY FIRST

Ensuring economic success for all with a common agenda will also give a boost to overcoming political differences between the countries and help stabilise the region, Brodnjak continues.

“Why should we not build the bridge of business and talent opportunities with the free movement of talent, goods, and capital? That’s the spirit of the European Union and that’s the mechanism that secures and ensures peace in Europe. And the same can only be true for our region.”

ing over 1 m arrivals and over 6.6 m overnight stays from the Polish market. If this has happened in Poland, there are tangible opportunities to also attract more tourists from Germany, France, and the entire Eastern Europe, notes Brodnjak.

“This is now a high opportunity for us to be much more recognised as a target destination.”

But others are not sleeping on their laurels, so the region needs to act



Slovenia especially should not underestimate the importance of security in the southeast Europe. “Slovenes should not be thinking only of Western Europe, because if there are any security threats, they are coming from the South East, not from the West. In this respect, we need to stabilize this region. And, also from a purely Slovenian interest point of view, it is crucial that these countries are developing continuously and predictably, and there are no hostilities that result in overwhelming migration waves.”

Brodnjak also notes that Slovenia has overlooked the region for too long and should do much more to make the most of its opportunities there. But this should start at home:

“Slovenians have heavily neglected the region so far, the sheer fact that our children have not been learning Slavic languages of the region in schools is to me an unbelievable tragedy. This is our neighbouring region, where we Slovenians have traditionally had significant connections personally and in business terms.

There is enormous value in broader regional cooperation, from stability, security, but above all business and demographic stability point of view. It is clearly much easier and more effective to build relationships if one can interact meaningfully in the local languages rather than having to communicate in English or German.

We sing the same songs, many of us still cheer for the same teams. There is so much more connecting than dividing us, so let’s embrace the attitude of glass is half full and not half empty.”

POLITICAL LEADERSHIP

For broader cooperation to take place, opening the borders among the SEE countries is a must, says Brodnjak, a veteran of the financial sector in the region, who has held managerial or supervisory roles in 17 banks in eight countries (among them all ex-Yugoslav ones).

But it will require consistent and decisive political leadership, he adds.

This is why I have been stating the Open Balkan initiative is one of the most important initiatives in decades, firstly for the stabilization and prosperity of the region, and secondly as a message to Europe, “look guys we were able to agree on critical matters.

“This is all leaders of the region going together to Brussels, requiring a free economic zone. Only a bit more than 20 million (people) is barely enough as a critical mass to succeed locally, and then be able to have the critical mass to expand internationally.”

What is more, he adds, “our traditional brands are still well recognised throughout the regional countries.”

Brodnjak believes that coming to an agreement on the open borders internally, within the region, will show the EU that SEE countries are able to come together on meaningful things. “And if they agree on that, then the political borders among the countries become irrelevant. This is why I have been stating the Open Balkan initiative is one of the most important initiatives in decades, firstly for the stabilization and prosperity of the region, and secondly as a message to Europe, “look guys we were able to agree on critical matters.”

SETTING AN EXAMPLE

He points to the ongoing disputes between Slovenia and Croatia – border, nuclear power plant, and foreign currency savings of Croatian depositors – as an opportunity to set the example for the rest of the countries in the region on settling differences.

“There is a task for the Slovenian and Croatian politicians to show the rest of the region that disputes can be resolved and differences can be overcome when working towards the common good. Let’s label (the border dispute) a bilateral agreement based on the arbitration process. And let’s have it done.”

The two countries are also partners in the only nuclear power plant in



Photo: NLB

the region and are working to settle disputes over the nuclear waste storage.

“We all know that without the second block of nuclear power plant, there is no sustainable energy production in Slovenia,” says NLB’s boss. “The same is true for Croatia, we both need the nuclear power plant in Krško, there is no debate. Slovenia is a heavily industrialised country, we need predictable supply of energy. There is no alternative to it, whoever speaks differently is just deceiving.”

Brodnjak also brings up the pressing issue of the foreign currency savings’ deposits of Croatian citizens in the former Ljubljanska banka that directly impacts the NLB Group.

“This is especially important for NLB, since without resolving this issue, we cannot enter the Croatian

market,” he explains. “And if we entered it, we would become the regional platform. We would be the only financial institution covering all of the markets from ex-Yugoslavia, with a meaningful top-three position in six of them. Once we add Croatia, we will actually be supporting the businesses throughout the entire region as trade finance provider, as a payment and a support hub.”

The importance of resolving all of the current issues cannot be underestimated, remarks Brodnjak, as Croatia is Slovenia’s third most important trading partner.

“We cannot have these 30-year old disputes open any longer. We have to close them and move on, together. Together in Brussels, together in Moscow, together in New York, in London, everywhere.”

“We need to defend the interests of the region together because we are so interconnected. Almost half of Slovenians are vacationing in Croatia, Croatians are building businesses in Slovenia. They own trade, we own finance. There is so much value in this cooperation.”

The two countries together, he points out, is a combined market of 6.5 million, not a fragmented market of 2 million Slovenes and 4.5 million Croats.

“Adding the others through the Open Balkan initiative, we (can) create real value. Slovenia and Croatia need to show the path because we are the European Union members, so we need to be the guiding post.”

Slovenia ended its presidency of the European Council on 31 December and, for Brodnjak, it will be viewed as successful only if the country manages to come to an agreement with Croatia on the three open matters.

“This will be a message to everyone else: it is possible to resolve very hard issues among ourselves,” he contends.

For 2022, Brodnjak’s wish list is very clear: “I expect that the Open Balkan initiative is joined by the missing three – Montenegro, Kosovo, and Bosnia Herzegovina. And I expect Slovenia and Croatia to finally agree on legacy issues.”



OPEN BALKAN INITIATIVE

THE REGION MORE CONNECTED

The recently established Open Balkan initiative aims to make better use of opportunities in the Western Balkans. It currently includes three countries: Serbia, North Macedonia and Albania. Mihailo Vesović, Director of Division for Strategic Analyses, Services and Internationalisation at the Serbian Chamber of Commerce, talks us through the initiative's main goals, benefits it may provide for its citizens and the ongoing obstacles for companies in the region.

AUTHOR: MAJA DRAGOVIĆ

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What are the initiative's main goals?

Albania's prime minister Edi Rama, North Macedonia's prime minister Zoran Zaev and Serbian President Aleksandar Vučić have launched the initiative to implement certain principles of free movement of goods, people, services and capital in the three countries and to show how regional initiatives can be implemented.

The goal is to reduce or completely eliminate the waiting times for trucks at border crossings through an ICT

system that defines all necessary documentation in advance, harmonizing and recognising certificates and control mechanisms that ensure compliance with quality standards, stronger risk analysis and introduction of practical controls mechanisms that exist in the EU.

Another goal is to provide access to the labor market for all citizens of these three countries under identical conditions as the citizens of home country.

Citizens and companies within the Open Balkan initiative will get concrete benefits in the form of certain discounts on goods and services.

The aim is also to ensure the free flow of services and, at a later stage, capital within the Open Balkan. Finally, the goal is to create a union based on

standards and principles of the EU before joining the EU, and thus enable companies from these three countries to have access to the EU single market in agreement with the EU.

The Open Balkan initiative creates a market of 12 million consumers where administrative barriers have been eliminated and common economic area is established.

What will the region gain from this economic space?

It will provide better business conditions, lower prices of goods and services due to fewer administrative barriers and thus making goods and services from the area more competitive in the global market.

The region will be more connected, it will provide companies better placement of goods and improving standards to be ready for the EU market.



DELAYS: trucks wait for days to cross the borders between BiH and Croatia, and Serbia and Croatia



Photo: Shutterstock

It will also enable full cooperation of institutions, bodies, agencies between these three countries, which will build greater trust both in the administration and at the political level.

What are currently the biggest obstacles to doing business in the Western Balkans?

At the moment, the biggest obstacles are the Western Balkans border crossings to the EU and long waiting times, especially at the border crossings between BiH and Croatia and the border crossings between Serbia and Croatia and Serbia and Hungary.

Waiting times for trucks at border crossings are a problem we have been trying to solve for years. At the intra-regional crossings, within the Western

At the moment, the biggest obstacles are the Western Balkans border crossings to the EU and long waiting times

Balkans, after last year's establishment of the so-called green corridors within CEFTA, waiting times were reduced to a tolerable level. We are trying to reduce them further, and several initiatives initiated by the Serbian Chamber of Commerce have been directed in that direction, both within Serbia and regionally.

Within the region, we would also like to see faster implementation of the Action Plan for the Common Regional Market. From an economic point of view, there are a number of additional

costs that we believe can be avoided through mutual recognition of certificates accompanying goods, certificates of conformity, as well as more rational risk control at crossings within the region. In terms of services, all six chambers of commerce in the region want to see full liberalization of service provision, mutual recognition of licenses and the creation of a common market in this segment as well.

For this very reason, the Republic of Serbia, together with Albania and North Macedonia, launched the Open Balkan initiative, in order to remove the remaining barriers in mutual business. It is important for us to point out here that this initiative is also open to the remaining six economies of the Western Balkans, and we hope that they will join soon.

KEEPING AN EYE ON DIGITAL FUTURE

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Economic relations between Serbia and Slovenia are at its peak, says Komercijalna Banka's President of the Executive Board and, to back up the claim, he points to the trade between the two countries 10 years ago which stood at less than EUR 600m. In 2020, this figure doubled to EUR 1.2bn. And it continued to increase even this year, despite the pandemic, Vuković states.

"Up until the end of October in 2021 the trade between the two countries stands at almost EUR 1bn, an increase on the previous year of 1.4%."

Slovenia's position in Serbia remains high as it is among the top 10 leading foreign investors in the country. The figures, indeed, are impressive: approximately 400 Slovenian companies have invested in Serbia, there are around 1,400

Vlastimir Vuković, who took over the management of Komercijalna Banka, member of the NLB Group, last February, rates relations between Slovenia and Serbia at an all-time high but wider regional cooperation is still lagging behind. He sees NLB Group as the pillar for regional growth, with the financing giant keeping an eye on the future with its latest venture of establishing its own IT Competence Centre in Belgrade.

AUTHOR: MAJA DRAGOVIĆ

Slovenian companies in the country that employ 15,000 people. On the other hand, Serbian investors in Slovenia are also increasing. There are currently around 2,000 companies with Serbian ownership, either through entities or private ownership.

Slovenia's strongest presence is in the financial sector: two insurance companies operating on the Serbian market – Triglav and Sava – are

Slovenian owned. And then there are NLB Banka Beograd and Komercijalna Banka. The two are in the process of integration which is due to be finalised by the end of April 2022. Once this is completed, the two will become one of the leading banks in Serbia under the new name NLB Komercijalna banka, Vuković remarks.

"This is very important for the co-operation in general between the two countries: from the trade perspective, traveling between the two countries, and the cooperation between the people, economy, finance and government."

ORGANIC THINKING

Apart from finance, cooperation is quite strong in the ICT sector, too, especially with both Serbia and Slovenia putting a lot of focus on this industry and Vuković believes this will only increase.

Food and food processing are also closely linked to both countries, especially the organic production. NLB itself is committed to helping the sector.

"I'm very proud that NLB Banka Beograd and Komercijalna Banka



Photo: Komercijalna Banka

had recently organised a competition for the organic food producers called NLB Organic,” says Vuković. “And this is a 10-year tradition now. We are promoting and rewarding people who are producing food organically. And we think this sends a very important message”.

Indeed, NLB Group’s commitment to sustainability goes much further: in Slovenia for example, NLB is the first bank to sign the global UN Principles for Responsible Banking.

“When approving funding requests, we tend to encourage the development of ESG projects and discour-

Up until the end of October in 2021 the trade between the two countries stands at almost EUR 1bn, an increase on the previous year of 1.4%.

age those who do not operate in accordance with the rules of sustainable development and circular economy”; says Vuković. “And this is as important a statement as it is to promote green energy and other aspects of sustainability.”

NLB Group is also recognising the importance of small and medium-sized enterprises (SMEs), helping them to grow their business by providing services, knowledge and advice, and with the #FrameOf-Help project also paying for them to promote their products in the media. Such companies are crucial for both Serbia and Slovenia, observes Vuković, as SMEs “are the motor of economies in both countries.”

JOINT REGIONAL COOPERATION

Though trade and personal relations between Serbia and Slovenia are at an all-time high, both countries



would benefit even more if broader regional cooperation improves, notes Komercijalna Banka's President of the Executive Board.

Vuković sees great opportunity in “a joint regional presentation of the products and services, mainly in Europe, but also in the rest of the world”, arguing that one regional brand - like the Scandinavian model - on the European and global market would be stronger than numerous fragmented regional brands.

If you want to buy a brand new car today in Serbia, you need to wait from six months to one year. This is the result of this crisis. So, in that respect, if we cooperate with the neighbouring countries, we could easily shorten the supply chain, rather than depend on distant countries.

“When you see the Scandinavian trademark, you know that this is something which has been made with quality. We need to do something in that respect to have a trademark for this part of Europe. I see the cooperation possibilities across different sectors, such as food or en-



Photo: Komercijalna Banka

ergy. For example, we are producing food in Serbia, but we also need to process this to the market and place it in other regions. And if you cooperate on this with the EU partner like Slovenia, then you could easily approach the global market. With this kind of cooperation, I think we will do better.”

There is also a huge potential for cooperation in ICT industry, Vuković adds.

“I think this is one of the most important industries today in the world because each and every company needs to have an IT application, and everything is digitalized. So, in this respect we need to invest more, and in human capacity, too.”

Digitalisation will also aid businesses by helping to reduce bureaucracy and lengthy administration procedures in relation to border crossings

in the region where there are a lot of borders.

“(The trucks) are waiting for days to enter or exit a country (in the region),” notes Vuković, which is also delaying the supply chain, he adds, citing chip shortages.

“If you want to buy a brand new car today in Serbia, you need to wait from six months to one year. This is the result of this crisis. So, in that respect, if we cooperate with the neighbouring countries, we could easily shorten the supply chain, rather than depend on distant countries. This is what has changed, I think, in reality in Serbia, the region and all over Europe.”

In that respect, he argues, Open Balkans initiative would help remove border crossing delays, but, he adds, “I think that with digitalisation we will not have the borders like we had in the past.”



NLB Group itself, he says, is “fully dedicated to easing the cooperation between companies in the region.”

The banking Group is a “very important pillar for cooperation because we are eight banks in the region and we are, in a way, a factor that connects economy and the people in the region. If, for example, you have a current account in one of the NLB banks in the region, everything is much easier: money transfers, favourable conditions, and you could also be connected with the people who are importing or exporting things.”

NLB GROUP COMPETENCE CENTRE

With the future very much dependent on investments in digitalisation, NLB is ensuring it remains competitive by setting up its own IT Group Competence Centre in Belgrade to develop digital applications for the Group.

Belgrade is establishing itself as a regional IT hub, creating a good environment to attract IT talent.

“In terms of legislation for IT industry, Serbia is one of the most developed countries in the region and even in Europe”, Vuković explains the choice for the Centre’s location.

“It means that it's very open for IT industry and IT experts, and we

have very good examples of successful companies in Serbia that developed software and applications for companies all over the world.”

The other reasoning is that Belgrade is establishing itself as a regional IT hub, creating a good environment to attract IT talent.

“Today it's very difficult to attract young IT experts to work in the bank or for the bank. So you need to find ways to attract and employ those people and in Serbia we have a lot of potential to get IT talents and to do this the right way.”

Attracting talent is one challenge. Keeping them is another, adds Vuković.

“This is something which you need to develop and have a bit of a different atmosphere than in the banks because young people, especially in IT industry, are not the people with ties and suits, they would rather work from home, they prefer flexible working times, things that give them space to create. And you will need to do everything possible to develop this kind of atmosphere within the bank or within the company which will be related to the bank.”

The 40 IT experts currently working in the Centre are developing digital banking applications which will be applied across the NLB Group, regardless of the country. Some customisation will need to be done

in terms of legislation, explains Vuković, but the applications will have the same look and feel across the Group.

“If you have a mobile wallet NLB Pay, it will be the same regardless of the country where you’re using it. If you are, for example, in North Macedonia, the ATM needs to be the same as it is in Belgrade. This is what the IT Competence Centre will bring to the Group and to the customers all over the region.”

If you have a mobile wallet NLB Pay, it will be the same regardless of the country where you’re using it. If you are, for example, in North Macedonia, the ATM needs to be the same as it is in Belgrade.

“This is also the sign that the NLB Group will invest more and more in Serbia and the region.”

“I think in years to come the IT hub in Belgrade will become bigger and producing applications which will improve customer experience. Today customers are more demanding, they want fast, efficient applications and we need to perform to meet their expectations. I'm sure Belgrade is the right place to produce this.”

PHARMA DISTRIBUTORS: THE VITAL LINK BETWEEN MANUFACTURERS AND PATIENTS

The pharmaceutical industry has a significant impact on how people obtain the prescription and over-the-counter medical products, dietary supplements and medical devices. If we simplify, the process of ensuring that medications are delivered to patients begins with R&D manufacturing, followed by distribution, consumption and waste management – these steps are intertwined and can't work without proper storage, distribution and value-added services such as focused marketing.

AUTHOR: BARBARA MATIJAČIČ

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In our region, pharma distributors provide about 200 million people with safe and rapid access to medicines and medical services. By itself, this places them at the heart of health systems. They act as the unseen but crucial link between pharmaceutical manufacturers, hospitals, pharmacies and last but not least – the patients. As popular in

other industries as well, also pharma strategists classify countries into clusters, with clusters serving as the focal point for searching for the best local solution provider. A broader economic situation namely influences some markets today in a way to be more favourable to pharmaceutical manufacturers than others. In recent years,

an increasing number of pharmaceutical companies have opted for the business model of external distributors – as opening of a representative office sometimes is not justified by commercial interests. This transition of business is becoming a popular model in our region as well. It, of course, comes with opportunities as well as challenges and we talked about these with Žiga Hieng, the Chairman of the Board of Salus Group, and Gregor Žgur, the General Manager CARSO Pharm as both companies enjoy a strong regional presence and extensive experience in the territory.

The Salus Group is present in Central and East Europe (CEE) and is at the moment operating in 13 different countries,



among them in Slovenia, Croatia, North Macedonia, Serbia and Montenegro, as well as in Romania, Bulgaria and in the Baltics. Salus Group services includes regulatory and pharmacovigilance, market access, distribution, marketing and sales, medical support, and distribution, while CARSO pharm specialized in Rx, OTC and MD representations is constantly expanding their business and services offered in the CEE region. From an organizational perspective, CARSO pharm is structured into three separate sectors each of them is supporting specific lines of business pharmaceuticals, medical devices, OTC and food supplements to foster best client support. "In Salus Group, we conduct business both in EU and non-EU countries. Regulations in EU countries are very similar in all the service areas we provide, and local differences from one EU country to another are very small," comments Žiga Hieng, the Chairman of the Board of Salus Group when asked how individual markets differ from each other. "On the other hand, we enjoy a strong presence in Serbia, North Macedonia, Montenegro, Bosnia and Herzegovina, Albania and Kosovo. These non-EU countries have different laws and regulations related to distribution and commercialization services. Our success in these markets is directly related to the deep local knowledge provided by our experienced domestic colleagues, and to our inclusive and connected culture, which can transfer local knowledge to regional colleagues and vice versa." "Our strong suit is that we operate by the principles of major international companies and provide comprehensive services in Central and Eastern Europe



through its internal policies. We act as outstretched hands where Partners can choose a complete representative or only a partial representation of the product depending on their needs," explains Gregor Žgur, the General Manager CARSO Pharm.

THE FUTURE EMPHASIZES THE RISE OF BREAKTHROUGH MEDICAL SOLUTIONS AND VALUE-ADDED SERVICES

The business environment in the region has always been unpredictable and challenging, but in the past two years, COVID has doubled the meanings of the acronym VUCA environment. Therefore, when doing business with partners, pharma distributors need to go beyond traditional methods. That means that they need to show great flexibility in any provided product or service to partners and demonstrate the benefits partners will gain. "COVID has had a significant impact on people's overall access to health care and well-being, so our responsibility is also to introduce solutions that help close the gap between current health care and ideal one," stresses Gregor Žgur.

The future position of pharma distributors will likely be influenced by several factors, including the continuous rise of breakthrough medical solutions and end-to-end services. Indeed, what is crucial in this perspective is proactivity. The added value lies in the possibility of the interconnectivity of local knowledge with the 360 approaches. "If a product requires regulatory or medical support, a team of knowledgeable and dedicated employees stands ready to help. When it comes to market access, we assist with market research, pricing formulations, price submissions, reimbursement dossiers, and payor negotiations. Marketing and sales operations are focused on ensuring that partner's products are accessible and visible, and that people are informed about all aspects," comments Žgur.

THE MAIN CHALLENGES FOR 2022

The pharmaceutical industry is considered to be one of the more crisis-resistant industries. Constant innovation, the overflow of new knowledge through external partnerships, as well as medical and technological discoveries, are only a few of the major trends. "The time required for new medicines to be introduced in our region has never been short, but due to globally disrupted supply chains, we can expect this challenge to be considerably greater in 2022. Pharma distributors must help our partners with perfect market insights, support, and value. I'm happy to say that if an activity or a venture can provide added value to patients and our partners, we are ready to join," believes Gregor Žgur.

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A true 5G experience in more than 50 major Slovenian cities

Telemach is accelerating the roll-out of its 5G mobile network of the future. This technology is delivering incredible data transfer rates of up to a gigabit, improved responsiveness with ultra-low latency and increased network reliability.

We currently offer a true 5G experience in more than 50 major Slovenian cities, and we are constantly adding new cities based on our strategy to digitise the economy and society as quickly as possible.



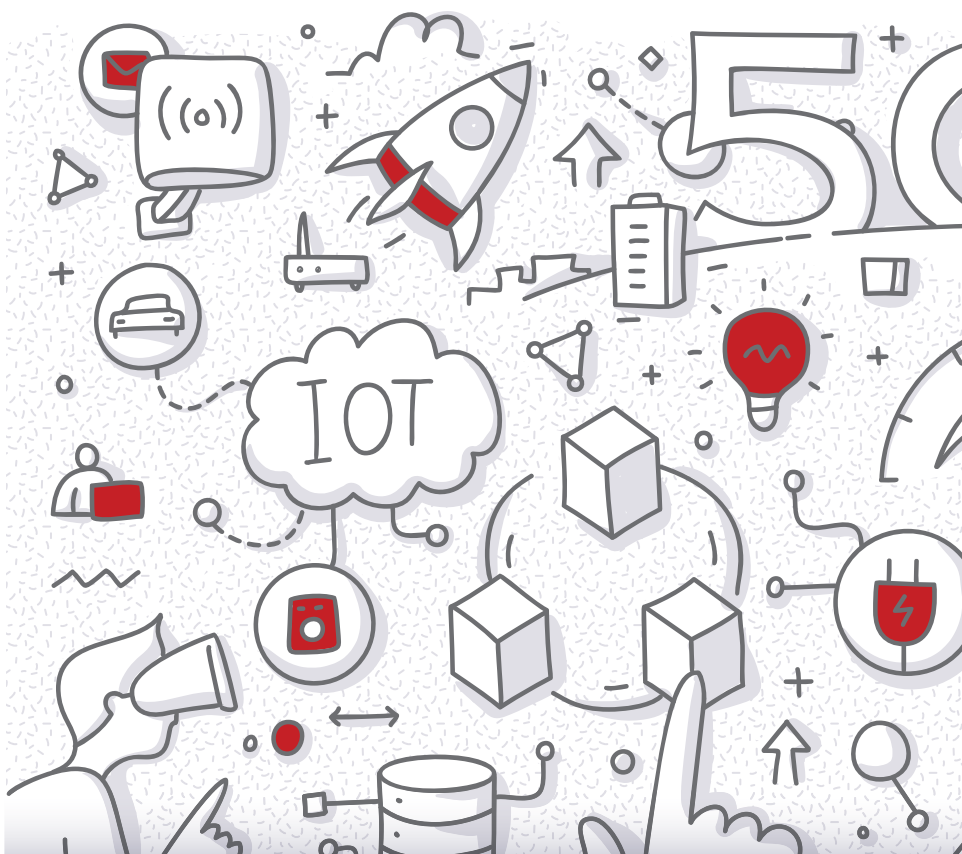
The next-generation of mobile networks brings unprecedented opportunities for development and progress.

AUTHOR: THE ADRIATIC IN PARTNERSHIP WITH TELEMACH

W

This will drive the development of smart industry, agriculture, and communities as a whole. Together with the Internet of Things, 5G technology can improve energy efficiency, reduce greenhouse gas emissions and drive more efficient use of renewable energy. It can help reduce air and water pollution, re-

For consumers, the new generation of mobile technologies represents an evolution. The things they can do on their smart device already, with the help of 5G, will be done faster, more efficiently, and with extended capabilities. But the endless possibilities offered by 5G will be much more felt by businesses. We will see a revolu-





duce food waste and protect wildlife and the environment.

As to public safety, 5G brings advantages to firemen and rescue teams, making it easier to fight fires, rescue people from mountains and even locate missing people or pets. It also enables the digitalisation of healthcare services, remote patient treatment and specific complex solutions such as remote diagnostics, remote consultations and remote surgeries. The benefits of 5G will be felt across all aspects of our lives.

The roll-out of 5G in the economy will be gradual. However, in a few years, we can expect an explosion of activity we haven't seen in a long time. "5G is, or will be, a powerful driver of digital transformation. It is the first mobile communications

system that is not primarily designed for people but is machine-centric. It will revolutionise machine-to-machine connectivity and put Internet of Things at the heart of the next-generation mobile network," says Zoran Vehovar, Chief Technology Officer at Telemach.

TELEMACH IS THE FIRST TO DELIVER A TRUE 5G EXPERIENCE

The benefits of 5G will be felt across every aspect of our lives and in Slovenia, Telemach was the first to introduce a gigabit network with a true 5G experience. At the end of 2021, its 5G network is already available in more than 50 major cities across Slovenia and the company is accelerating its roll-out. "We're building the 5G network aggressively. We want to make the most of the frequencies we have bought at

auction, as quickly as possible. We are deploying additional equipment everywhere and have far exceeded our original plans for this year. We've accomplished much more than we had planned at the start," Vehovar adds.

This is helping the company to rebuild its technological foundations, create a competitive advantage and respond to the increasing demand for faster network speeds and bandwidth. 5G speeds can be enjoyed by all Telemach users, as access to 5G networks is included in all best-selling VEČ mobile plans! Trusted by more than 620,000 satisfied customers, Telemach remains the fastest growing mobile provider in Slovenia focused on continuous upgrades and the provision of high-tech, high-quality and stable services.



1915 CENTURY ELECTRIC

from the Manning Bros. Collection

THE FUTURE,



B

ELECTRIC MOBILITY

AUTHORS: JURE STOJAN, DPHIL, JAN TOMŠE
PHOTO: ISR ARCHIVES. ALL PHOTOGRAPHS WERE FORMERLY PART
OF THE BRYAN GOODMAN COLLECTION.

ONCE AGAIN

A vintage black and white photograph of a 1915 Century Electric car, a four-wheeled motor vehicle with a folding top, parked on a snowy street. The car is dark-colored with spoked wheels and large headlights. In the background, there is a building with arched windows and a tree. The scene is set in a winter environment with snow on the ground and rooftops.

1915 CENTURY ELECTRIC

*1904 Krieger Electric
Landaulette Brongham, Model
"A", the property of Chloride
Batteries Ltd. (M.E. Powell). 2
electric motors – one driving
each front wheel. Eleven gear.*

*Original copyright holder:
R.W. Brown Photographers,
Birmingham.*



The original newswire copy from the 1920s reads:

"1899 COLUMBIA ELECTRIC

Interesting photograph taken twenty years ago of what was then the latest thing in stylish equipages. Virginia Harned the famous actress who was then at the height of her career when this photograph was taken."

Original copyright holder: Keystone View, London.

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One of today's cutting-edge technologies, electric cars were, in fact, introduced more than a century ago. A brief look back into the early days of electric mobility.

THE RISE

It's hard to ascribe the invention of the electric car to a single inventor or country. Instead, it was a series of breakthroughs in the 1800s, from the battery to the electric motor, that led to the first electric vehicle on the road. In the early part of the century, innovators in Hungary, the Netherlands and the United States – including a blacksmith from Vermont – began toying with the concept of a battery-powered vehicle, and created some of the first small-scale electric cars. While it was around the same time that Robert An-

derson, a British inventor, developed the first and crude electric carriages, it wasn't until the second half of the 19th century that French and English inventors built some of the first practical models.



In the United States, the first successful electric vehicle made its debut around 1890, at a time when the horse was still the predominant mode of transportation. One of the electric debutants on US roads, a six-passenger vehicle capable of top speeds of 14 miles per hour, was little more than an electrified wagon – but it helped spark interest in electric vehicles. Over the next few years, electric vehicles began popping up all across America. New York City was known for its fleet of more than 60 electric taxis.

THE FALL

At around the same time as the electric vehicles first emerged on the market, competition emerged: the gasoline-powered cars that held much promise of its own. Even though the electric cars didn't have any of the issues associated with steam or gasoline, they were quiet, easy to drive and didn't emit a smelly pollutant, it was Henry Ford's mass-produced Model T, a gasoline-powered car, that dealt a death blow to the electric car. But also its price. While by 1912, the gasoline car cost \$650, an electric roadster sold for \$1,750.

Other developments also contributed to the decline of the electric drive. By the 1920s, the U.S. had a better system of roads connecting cities, and Americans wanted to get out and explore.

With the discovery of Texas crude oil, gas became cheap and readily available for rural Americans, and filling stations began popping up across the country. In comparison, very few Americans outside of cities had electricity at that time. In the end, electric vehicles all but disappeared by 1935.

LIKE A PHOENIX

What followed was sort of a dark age for the electric automobile, with little technological advancement over the following thirty. Cheap and abundant gasoline, coupled with continued improvement in the internal combustion engine, curtailed demand for alternative fuel vehicles. Then, gas shortages spark interest in electric vehicles once again. Soaring oil prices and gasoline shortages - peaking with the 1973 Arab Oil Embargo – created a growing interest in cutting dependence on oil. Around the same time, many big and small automakers began exploring options for alternative fuel vehicles, including electric cars.

In the 20 years since the long gas lines of the 1970s, interest in electric vehicles had mostly died down. But the

environmental concern drove electric vehicles forward. Even though not much attention was paid to electric vehicles at the time, behind the scenes, scientists and engineers were improving electric vehicle technology, including batteries.

The first turning point was the introduction of the Toyota Prius. Released in Japan in 1997, the Prius became the world's first mass-produced hybrid electric car. In 2000, the Prius gained a worldwide fame as it was backed by celebrities. Then came another event that would reshape electric vehicles – the 2006 announcement by a small, Silicon-Valley-based start-up, Tesla Motors, that it would start producing luxury electric vehicles that could go more than 200 miles on a single charge.

Over the next years, automakers around the world began rolling out electric vehicles and developing new battery technologies.

The rest, as they say, is history.

1904 KRIEGER

Original copyright holder: the Manning Bros. Collection. Manning Bros. Commercial Photographers, Highland Park, Mich.





ENERGY PROJECTS

THE ENERGY TRANSITION MAY RESHAPE WESTERN BALKANS



In November 2021, the COP26 conference brought together different parties to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Conclusions?

AUTHOR: BARBARA MATIJAŠIČ

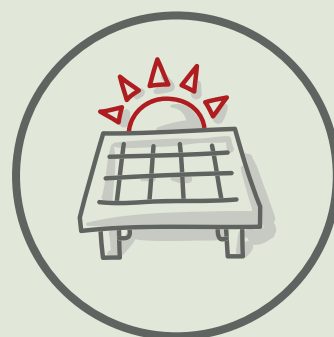
Some significant accomplishments, including new pledges on methane gas pollution, deforestation, coal financing, as well as noteworthy U.S. – China cooperation. Western

Balkans are no exception to international guidelines and obligations on climate change, all the more so because the region has been hit hard by the climate crisis. For ex-

ample, ensuring diversity of water resources is a major concern shared by all countries – because of shared exposure to flood risks as well as the risks of water scarcity in agriculture and energy.

NOT MUCH TIME LEFT FOR WORDS

To mitigate the catastrophic impacts of climate change, leaders must transcend their narrow political agendas, and come to accept energy transition not as a threat, but an opportunity – and commit to strong strategic-action plans. In



a report of 2019, The Western Balkans Investment Framework notes how the Balkans energy sector is characterized by insufficient and aging infrastructure, high reliance on fossil fuels, late adoption of renewables beyond hydropower and residential biomass, low energy efficiency and productivity, high rates of energy poverty despite typically high levels of direct and hidden energy subsidies (mostly targeted towards fossil fuels), limited market mechanisms, and private sector participation. As a result, the region is witnessing one-of-a-kind dual transition from centralised state-controlled systems to open and competitive markets as well as a move toward decarbonization. In this article, we showcase different good practices, projects and ambitions in adapting tougher climate goals for 2030, aiming for net-zero emissions by the mid-century.

MONTENEGRO EXAMPLE PROJECT - THE NATIONAL ADAPTATION PLAN (NAP)

The project is meant to create systems and capacities at all levels for planning and budgeting mid-to-long-term adaptation. More specifically, Montenegro is strengthening its institutional coordination framework, expanding technical capacities in adaptation planning, enhancing the evidence-base for effective decision making, and defining a resource mobilization strategy.

The main beneficiaries of the project are the ministries and institutions responsible for sustainable development and tourism, agriculture and rural development, health, economy and finance, and environmental issues such as hydrometeorology and seismology. The project is financed by the Green Climate Fund and connects the private sector with the national government as well as other stakeholders and partners. The budget is estimated at €240,000 and scheduled to end in January 2024.

NORTH MACEDONIA EXAMPLE PROJECT - SOLAR POWER PLANTS IN PEHČEVO AND KARBINCI

North Macedonia is the only country in the region to commit to phasing out coal during COP26 negotiations. In December 2021, the country announced two strategic investments in solar power plants, in Pehčevo and Karbinci in the Eastern of the country. The latter is a 85-megawatt facility planned by Renewable Power International, estimated at €63 million.



SERBIA EXAMPLE PROJECT - GREEN RURAL DEAL AND ENERGY TRANSITION IN PRIBOJ

Planning needs accurate data to be sustainable. This initiative aims to assist local stakeholders in Western Macedonia (Greece), Kamenica (Kosovo), and Priboj (Serbia) in collecting and analysing the socioeconomic data crucial for the transition to a zero-carbon economy. But the lessons learned in the process could apply to many other rural regions. For example, partners learned to create policy briefings that raise the awareness of rural issues at higher levels of government. The project has been live since October 2020 and will last until December 2022. Part of the European Climate Initiative (EUKI), the project has been budgeted at €570,000.

ALBANIA EXAMPLE PROJECT - MODERNISING SOLID WASTE MANAGEMENT SYSTEMS

Albania is embracing the concept of circular economy, and is building integrated waste management systems to close gaps with EU environmental and climate change regulations. The project is scheduled to conclude in 2023 with the implementation of climate-friendly, resource-efficient, and economically feasible waste management that will lower health hazards and pollution. Green waste has been diverted from landfills to become a secondary resource, with composting and recycling lowering the country's greenhouse gas emissions on the way. Mirroring the European Green Deal, the project has not only led to energy resource conservation but also created jobs in resource recovery. At an administration level, it has already improved governance across sectors, and moved the country closer to EU environmental standards.

BOŠNIA AND HERZEGOVINA EXAMPLE PROJECT - INTEGRATING CLIMATE CHANGE INTO FLOOD RISK REDUCTION IN THE VRBAS

The project was realised from 2015 to 2020 with the support by the United Nations Development Program (UNDP), the Global Fund, and the Federation of BiH Civil Protection. The project bequeathed the country with a significant hydrometeorological network for centralised data collection and processing, consisting of 7 hydrological, 2 meteorological, and 20 precipitation stations. Furthermore, the initiative helped strengthen the technological capabilities of civil defence with radio stations, transmitters, and digital sirens. Finally, by providing accessible flood hazard and risk maps, a flood sensitivity model, a cadastre of landslides and torrent flows, real-time hydrometric measurement data, and Participatory GIS, the Vrbas GeoPortal was constructed and operationalized for flood risk management in local communities.



KOSOVO EXAMPLE PROJECT - SUPPORT SCHEMES FOR LOW AND MIDDLE-INCOME FAMILIES FOR INSTALLING ROOFTOP SOLAR PANELS

Kosovo is set to unveil its energy strategy for 2022 to 2031 in January 2022, but Minister of Economy Artane Rizvanolli has already said it would set the share of renewables in electricity consumption to between 25% and 30%. Kosovo is thus in line with reforms adopted at the European level as well as with recent COP26 commitments. The government has also promised support schemes for low and middle-income families, helping them instal rooftop solar panels and implement energy efficiency measures.



CROATIA EXAMPLE PROJECT - POST-EARTHQUAKE RECONSTRUCTION

This green transformation plan promises €789 million of investment in energy efficiency and post-earthquake reconstruction. The flagship project will renovate 45,000 meters of private and 274,000 meters of public buildings in the the City of Zagreb, Krapina-Zagorje County, Zagreb County, Sisak-Moslavina Countym, and Karlovac County. In addition to increasing seismic resilience (based on the “build-back-better principle”), all buildings will achieve at least 30% energy savings compared to their pre-renovation state, and therefore contribute to a cleaner and safer environment.



SLOVENIA EXAMPLE PROJECT - PROMOTING THE UPTAKE OF PUBLIC TRANSPORT

According to the European Commission, Slovenia is faced with a challenging mix of a carbon-intensive economy, a low share of renewables in energy generation, inefficient energy use, high dependency on road transport, and high exposure to climate change transition risks. The green transition is supported via different investment vehicles. For example, railway infrastructure is undergoing a €292-million upgrade, including extension works on the most congested parts of TEN-T railway network, the refurbishment of stations in Ljubljana, Domžale and Grosuplje, as well as the installation of an ETCS system to cut travel time while increasing the capacity, speed and safety of rail transport and infrastructure. A refit of the passenger management system should establish single-ticketing and coordinate timetables of different transport operators. All this should result in higher usage of public transport and better services for citizens.

INTERVIEW: NADA DROBNE POPOVIĆ, PRESIDENT OF THE
MANAGEMENT BOARD OF THE PETROL GROUP

RENEWABLE ELECTRICITY PRODUCTION PLAYS A PARTICULAR ROLE IN THE ENERGY TRANSITION

“In the following years, we will become an integrated partner in the energy transition. As a partner to industry, the public sector, and households, our aim is to become a key link in a broader ecosystem by offering energy sources that are adapted to, and co-shape, the market,” says Nada Drobne Popović, president of the management board of the Petrol Group, one of the largest companies in the Western Balkans.

AUTHOR: JAN TOMŽE

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What is your assessment of the current situation on the world markets in raw materials, especially energy products which are of key importance to Petrol?

Following the economic downturn caused by the pandemic in 2020, eco-

nomic growth has resumed in 2021. However, we are currently witnessing an extreme situation on the global markets. We are faced with a crisis in international energy markets which has severely intensified business conditions for energy source suppliers and, at the same time, also affected social subsystems and energy users. There are several reasons for this: the global economic recovery after the pandemic, the increased demand for energy, the lack of gas supply in Europe due to last winter's exceptionally cold temperatures as well as supply disruptions, lower production of renewable electricity etc., all of which have led to considerable price in-



Photo: Boštjan Vrhelč / Petrol d.d

creases across all energy sources, especially in electricity and natural gas.

**What lies in store for commodity markets in the coming months?
Will energy prices slow down?**

According to the World Bank, we can expect global prices of energy sources increase further in the first half of 2022. This will pose considerable short-term global inflation risks. Prices are predicted to start declining in the second part of 2022. The forecast by the International Energy Agency says the prices of natural gas at European and global exchanges will continue to drive trends in other energy

sources. According to this prediction, we cannot expect any strong reduction in natural gas prices until the end of winter, whereas prices of oil energy sources are supposed to calm down, or even record a slight drop.

What prices can businesses and end consumers expect in 2022?

Current market dynamics suggest that natural gas and electricity prices will remain volatile, at least in the short term, in Europe and on global markets. Future prices of energy sources and other commodities will be highly contingent on further economic growth. If the global economic

recovery continues, it is more likely that prices and inflation keep increasing. On the other hand, some companies are already forced into curtailing production due to extreme hikes in electricity and natural gas prices. Therefore, when it comes to mitigating energy source volatility, the key role will be played by policy measures at both the EU and the national levels.

What is Petrol's current business condition? What is your guidance on the business results by the end of 2021?

Regardless of the challenging conditions in the second year of an



epidemic, as well as volatile energy markets in the first nine months of 2021, the Petrol Group was successful in achieving its targets set for 2021, and its strategic objectives for the 2021–2025 period. As a result of successful adaptation of sales to market conditions and effective cost management, the Group's EBITDA increased by 54% year-on-year and stood at €175.7 million. The net profit of €91.2 million increased by 125% year-on-year. In the first nine months of 2021, 76% of our investments were earmarked for energy transition projects. Despite business uncertainty, the Petrol Group's goals for 2021 are very high, with a planned EBITDA of €213.5 million being Petrol's all-time record. Based on the operating results achieved in the first nine months, we are on a good way to exceeding even this ambitious goal.

You recently took over the Croatian company Crodux. This deal counts as one of the largest in Petrol's history, and has strengthened your portfolio with more than 600 new points of sale ... What does it bring to your operations in the region?

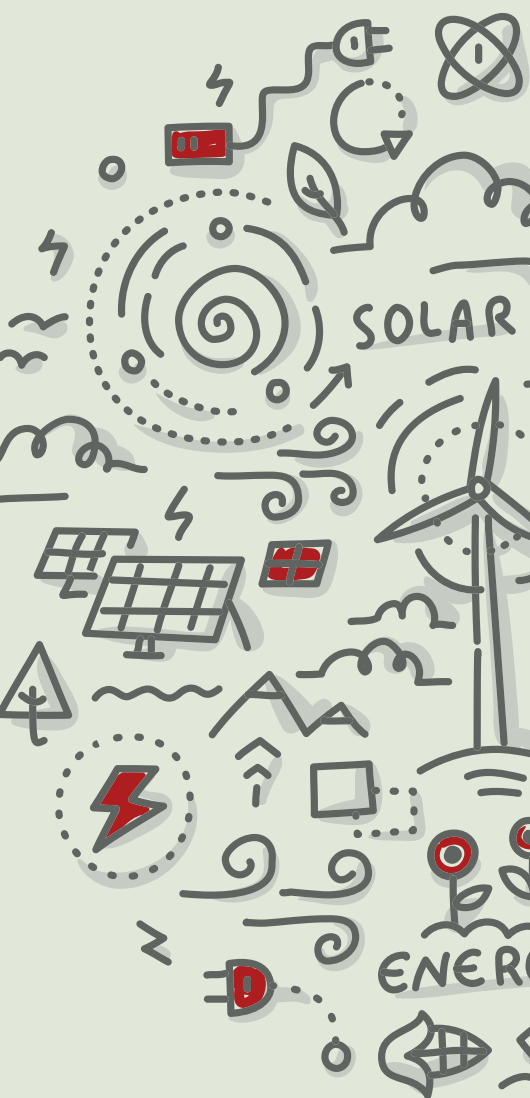
Yes, this is true. Crodux Derivati Dva is Petrol's largest acquisition in the last decade, and represents the greatest one-off increase in the number of points-of-sale in our entire history. With Crodex Derivati Dva, Petrol is consolidating its position as the second largest provider of petroleum products in Croatia. Also, with this acquisition, the Petrol Group is de-

cisively pursuing its orientation towards expanding beyond the Slovenian market.

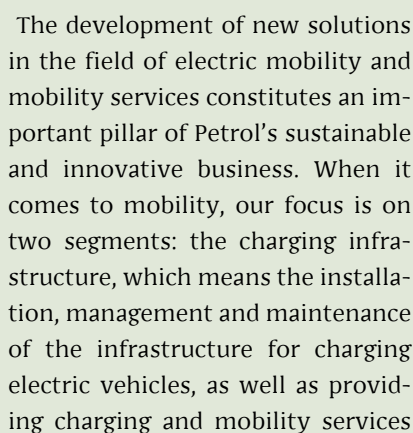
By connecting two strong brands, we will offer the best of both to our customers, employees, and shareholders. A strong sales network on the Croatian market will help us expand the portfolio of customers in the fields of energy products and energy transition services. As the leading partner in the energy transition, we will continue to build a forward-looking ecosystem of sustainable solutions. We plan to transfer best practices, thereby becoming the leading provider of fuels and sustainable energy solutions in Croatia by 2025. We like to say that Croatia has become our second home.

Petrol is visibly strengthening its market position as a company that invests in sustainability, and enables smart mobility solutions. Where do you see future solutions of in the field of energy, and how do you perceive change in social attitudes towards the environment?

The environment in which the Petrol Group operates is facing important changes. Energy transition towards a low-carbon society, and the development of new technologies, are transforming the established ways of how energy products are produced, sold and used. Petrol is committed to making the transition to green energy, and is making signifi-



cant investments to achieve it. For the 2021–2025 period, the Petrol Group's ambitious strategy defines our vision to become an integrated partner in the energy transition, offering excellent user experience. As a partner to industry, the public sector, and households, our aim is to become a key link in a broader ecosystem by offering energy sources that are adapted to, and co-shape, the market.



Petrol is investing heavily in advanced solutions in the region. Numerous companies in Slovenia are already ensuring that their entire supply chain be environmentally neutral. However, this is not necessarily the case in other parts of the Western Balkans. What are the main challenges in terms of environmental neutrality in those parts of the region where Petrol is present?

network in all markets to expand our portfolio of customers in the field of energy products and energy transition services.

“It is normal for each country to have its own pace of green transition, depending on the specifics of the national regulation, the available natural resources.”

Where do you expect most challenges will lie in Petrol's operations in 2022?

The Petrol Group operates in two highly competitive industries – energy and trade. Apart from trends in energy and commerce, the Group's operations are subject to several factors, in particular to movements in energy product prices and the US dollar exchange rate, to local economic conditions, and to measures taken by governments. The key challenges that we can expect in 2022 are related to government measures to regulate prices, the energy market, and, of course, measures to contain the pandemic.

INTERVIEW: BOGDAN GECIĆ, THE FOUNDING PARTNER AT GECIĆ LAW

WHEN IT COMES TO ESG, THE SOONER, THE BETTER

Environmental, social and governance (ESG) preparedness will have a pivotal impact on the future financing of businesses as well as on their cost of operations and legal compliance. Belgrade-based Gecić Law is the first independent law firm in the region to provide services in the field of ESG.

AUTHOR: BARBARA MATIJAŠIĆ

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Gecić Law is a prominent regional law firm that helps clients navigate through the complex legal landscape of the region across multiple practice areas. It is especially known for its expertise in EU law and international trade. As countries of the region open new chapters in their EU accession talks, Gecić Law relies on its creativity and in-depth knowledge of both legal and key business issues when providing innovative and practical solutions in the most complex of matters. Gecić Law is the only regional law firm that has continuously represented clients in crucial matters before international institutions, including the European Commission, the Energy Community, the ECAA, and CEFTA.

We spoke to Bogdan Gecić, the founding partner at Gecić Law about the firm's achievements and its strengths when advising diverse entities in the SEE region. He singled out innovation as the key ingredient to the firm's success and the decision to expand into new practice areas such as ESG, one of the most pressing issues of our time. Gecić also shared his thoughts on how compliance with ESG demands may affect businesses and market dynamics in the region and beyond.

What are the main achievements you are proud of, and which are the key ingredients to the success of Gecić Law?

We are immensely proud of being named Law firm of the year: South Eastern Europe at The Lawyer European Awards 2021, in a new category encompassing a dynamic market of 150 million people, including Turkey and several EU members. This is not the first time we have been recognized by the preeminent judging panel, which includes experts from leading multinationals, such as Starbucks, GSK and Hugo Boss. Last year we were named Law firm of the

year for Eastern Europe and the Balkans and we have repeatedly entered the European Competition or Antitrust Team of the Year – Top Five category, along with the most distinguished antitrust teams across Europe – for example together with Latham & Watkins, a team that represented Google. Our firm is also consistently recognized by elite global directories, including The Legal 500, Chambers and Partners and Benchmark Litigation.

The most important ingredient for our continued success is innovation, which is about continuous learning, discovery and adding value to our clients' businesses. This leads us to expand into



BOGDAN GECIĆ, *Founding Partner, Gecić Law*



new practice areas, including ESG. We were the first independent law firm in the region to introduce services in this vital field. Forward-thinking global law firms, including Cleary Gottlieb, Clifford Chance and Linklaters have all understood the importance of ESG and we are glad to be in their company.

ESG is one of the most pressing issues of our time. How are the companies in the SEE region prepared for these changes? Can you point to the winners of »the new era«?

Our clients usually know that they will have to face changes as part of the EU accession. However, they are not always abreast with how these changes may affect their businesses and what the dynamics may be. Another set of issues arise from trade with EU countries. The Green Deal will bring several potentially ground-breaking challenges, including the carbon border tax, which may have far-reaching consequences for the regional economies. ESG preparedness will have a pivotal impact on future financing (e.g., Green Bonds) as well as on the cost of operations and legal compliance. Companies may be forced to adjust their business models to remain competitive. We provide holistic assistance and help clients incorporate ESG into their overall business strategies. Those who understand this well and act quickly will be the winners of the new era.

So how can law firms assist their clients during their transitions to ESG practicum? Does this support differ from market to market? How?

Our experience shows that most mar-

KEY TAKEAWAYS:

- Gecić Law aims to provide solutions that are tailored to the specific needs of each business: first by assessing and analysing the risks a client may be exposed to, and then by advising on how to best adapt – from a regulatory, strategic, financial and operational standpoint.
- The sooner, the better. Some businesses still do not realize that failing to prepare may significantly affect their ability to compete in the market, sell their products and have access to financing.
- Those who understand this well and act quickly will be the winners of the new era.

kets in the region face similar challenges with ESG. As we saw in Denmark, acting on climate change could increasingly become mandatory. Regional markets moving through the EU accession process may also have to comply with the new rules soon. As the ESG movement gains momentum, we aim to provide solutions tailored to the specific goals and needs of each business. We first assess and analyse the risks a client may be exposed to and then advise on how to best adapt, from a regulatory, strategic, financial and operational standpoint. In the implementation, we prioritize between the “must-have” and the “nice-to-have” but we do provide a clear roadmap for each area.

What are the key market challenges in ESG in the SEE? Can you specify the most important for the year ahead and how will you address them?

Many businesses have a short-term approach, seeing change as an additional cost, avoiding and postponing action. Some still do not realize that failing to prepare may significantly affect their ability to compete in the market, sell their products and have access to financing. Regulators, investors, creditors, customers, and other key stakeholders

will insist more and more on responsible business conduct. We advise clients on EU rules on ESG that will define international trade in the years to come, impacting exporters and entire supply chains in the Western Balkans and beyond. Nevertheless, our region is also showing remarkable progress, as major cities, including Belgrade, expand their supporting infrastructure to accommodate the latest environmental trends in personal mobility, waste management and renewable energy supply.

Last but not least – how does your own firm approach ESG practices?

We are thrilled to be part of this process, as we also take on board ESG standards. Wouldn't it be completely inauthentic if we did not adhere to what we preach? We incorporate these principles into our core values and our everyday work. Our active and collaborative approach to making a positive contribution is reflected in our work with the Responsible Business Forum¹. We are also a founder and proud supporter of the annual Taboroši Scholarship². We stand for an inclusive and diverse working environment, as we strongly believe that different perspectives and experiences enrich our business in a meaningful way.

¹ <http://odgovornoposlovanje.rs>

² <https://geciclaw.com/taborosi-scholarship/>

HOW PETROL GROUP IS RESPONDING TO CHANGES IN THE GLOBAL ENERGY SYSTEM

Placing sustainable development right in the centre of its mission and business model is a top priority for Petrol Group. The company's main business activity is trading in oil derivatives, gas, and other energy products, with a strong orientation towards a low-carbon future.

AUTHOR: BARBARA MATIJAŽIČ



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Petrol generates more than 80% of all sales revenue in this area, which puts the company into a leading position regarding market share on the Slovenian market.

COP26 reaffirmed a commitment that we all must take real action.

“We believe we can ‘decisively’ contribute to energy efficiency and

more efficient energy use; as well as increasing the share of renewable energy sources. In addition to lower carbon footprint and savings, energy efficiency improvement projects bring even greater business success, whether we are talking about industry, business users or the public sector,” they comment in Petrol Group when asked which commitments, ideas, solutions or good practices presented at COP26 they identified as excellent and worthy of future consideration. “Our energy system optimizations focus on energy savings, better working conditions, higher productivity and reduced waste,” they add.

With its projects in energy efficiency, Petrol Group is already present in more than 80 cities in the region. By 2025, energy renovation projects will achieve as much as 73 GWh of energy savings for end customers.

vehicles will include 1,575 charging stations.

Furthermore, Petrol Group is investing in renewable energy sources: by 2025, they want to achieve 160 MW of total installed capacity for renewable elec-

Petrol is also a pioneer in the fields of energy contracting and the energy renovation of public buildings. With the first two sets of energy renovation projects in Ljubljana, they upgraded 59 buildings in the consortium, helping the Slovenian capital achieve up to €1.3 million in annual savings and reduce greenhouse emissions by more than 3,500 tons. The third phase of the project is already underway. Today, Petrol provides energy contracting services to more than 340 facilities with a total area exceeding 1 million m².

CORPORATE BRIEF ON GEOPOLITICS & LIVING 69

HOW WILL YOU PERSONALLY CONTRIBUTE TO A #GREENERFUTURE?

We, at the British-Slovenian Chamber of Commerce, asked managers of some large companies how they personally contributed to a greener planet. Their answers included using glass instead of plastic, driving electric cars, powering their offices with renewable energy, not littering, and avoiding air travel when possible. Managers lead by example, but we all need to start shifting our mindsets, and to think about our carbon footprint every day.

AUTHOR: BARBARA URANJEK, CEO,
BRITISH-SLOVENIAN CHAMBER OF
COMMERCE

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Limiting the increase of temperature should be pursued by every individual, but it needs to be led by governments. That's why climate negotiators sat together day and night for two weeks of intense talks in Glasgow at the COP26 Climate Change Summit, with consensus on urgently accelerating climate action. COP26 brought together tens of thousands of delegates from 196 countries, along with youth and indigenous leaders, civil society groups and businesses – the biggest international Summit the UK has ever hosted!

The outcome of the summit, the Glasgow Pact, will speed up the pace of climate action this decade, with all countries agreeing to submit improved emissions targets in 2022 as well as to doubling, by 2025, the financing available for climate change adaptation. For a historic first time, the COP decision included a position on scaling down the use of fossil fuels and coal, and on supporting climate vulnerable countries.

As the world digests the Glasgow Climate Pact and other outcomes of COP26, it is clear that the combined commitments of countries and sectoral coalitions, while a substantial step forward, fell short of expectations. That said, it had been clear from the onset that building consensus among 197 nations with as many different agendas was going to be a challenge, so the major involvement of business and finance in Glasgow represented a significant achievement. We will need greater ambition, and the current COP commitments must be translated into action. This will be led by business, with boards making bold investment decisions to direct capital where it will have the most impact. But most importantly, we need to work on our mindset, and to start thinking about our carbon footprint in our everyday habits.

So, think about how you can contribute to a #greenerfuture!

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EUROPEAN REGIONAL
DEVELOPMENT FUND

A PLOT OF YOUR OWN

Food self-sufficiency matters for the development of regions and countries.
Organically-grown food has become a privilege.

AUTHOR: ŠPELA BIZJAK



Self-sufficiency can be considered a part of our daily routine, and a step towards a better life – one in which we take full responsibility for what we do. Moreover, self-sufficiency can bring us joy in our own productivity. Our farming ancestors ate what they could produce. Looking back in history, people were self-sufficient in water, food, and energy. The species that were not, became extinct. So, it appears there still exists a very strong link between self-sufficiency and survival, despite all the opportunities created by global trade.

With an ever-faster pace of life, we demand to have everything at our fingertips, including – it goes without saying – fresh fruits and vegetables on supermarket shelves. At a time of COVID-19, everybody

is thinking about people they care about. These should also include all those farmers who actually grow the food that lands on our plate, and all those involved in food processing and supply chains.

FARMERS' AND BOURGEOIS CUISINE

While Slovenian towns were early hubs of trade and well-stocked with varied provisions, in the countryside,

people only ate what they produced themselves. They cooked and baked on open fireplaces or in bread ovens. Cereals (wheat, millet, oats, rye, buckwheat, and, later, corn) were served as staple foods. Cabbage and turnips were the most common crops while lentils and beans were the least.

Meat consumption in Slovenia decreased significantly in the 18th century. Potatoes began to be cultivated in the middle of the 19th century (af-





ter the great hunger of the 18th and 19th centuries). As for the rural population, their daily diet was a repetitive pattern weaved out of porridge, bread, milk, cabbage, and turnips. It was different during holidays, though, when they would eat stronger dishes seasoned with cured pork, and other delicacies enjoyed to this day. The oldest known recipes for a Slovenian dish are from 1589, from the court kitchen of Charles II. Apparently, the emperor was fond of the Carniolan cheese soup and of Carniolan štruklji with tarragon filling.

FOOD WITHOUT PACKAGING WASTE

Normally, there was no food-related waste in history. Townsfolk usually went shopping on the local marketplace with a wicker basket and carried canvas bags on them. But in the coun-

tryside, they had much less time for food preparation than in the city. On farms, housewives often had to join in working the fields, especially in summer, which is one of the main reasons why bourgeois and peasant menus were so different. Farmers served better meals only when they wanted to show off hospitality in front of guest.

THE RISING IMPORTANCE OF LOCAL FOOD

Even though many local traditions of self-sufficiency appear to be waning in today's food production, a few cases to the contrary deserve to be emphasised. Say, Mercator, one of the region's most important retailers of fast-moving consumer goods. Mercator's primary mission has always been to offer consumers what they wanted and needed. Most customers want local offerings, home-made

products that they know and trust. Locally made food has an important place in Mercator. This is why the retailer also encourages smaller producers and family farms to develop products with high added-value for customers.

The oldest known recipes for a Slovenian dish are from 1589, from the court kitchen of Charles II. Apparently, the emperor was fond of the Carniolan cheese soup and of Carniolan štruklji with tarragon filling.

Initial cooperation with smaller suppliers was so successful that Mercator has recently added another 70 products to an existing offering of 1,500 under the umbrella brand Radi imamo domače ("We love the local"). The product lines covers everything from milk and dairy products, meat, home-made juices and syrups, sweet snacks, mill products, jams, and honey, and is available on the shelves of more than 250 Mercator stores across Slovenia.

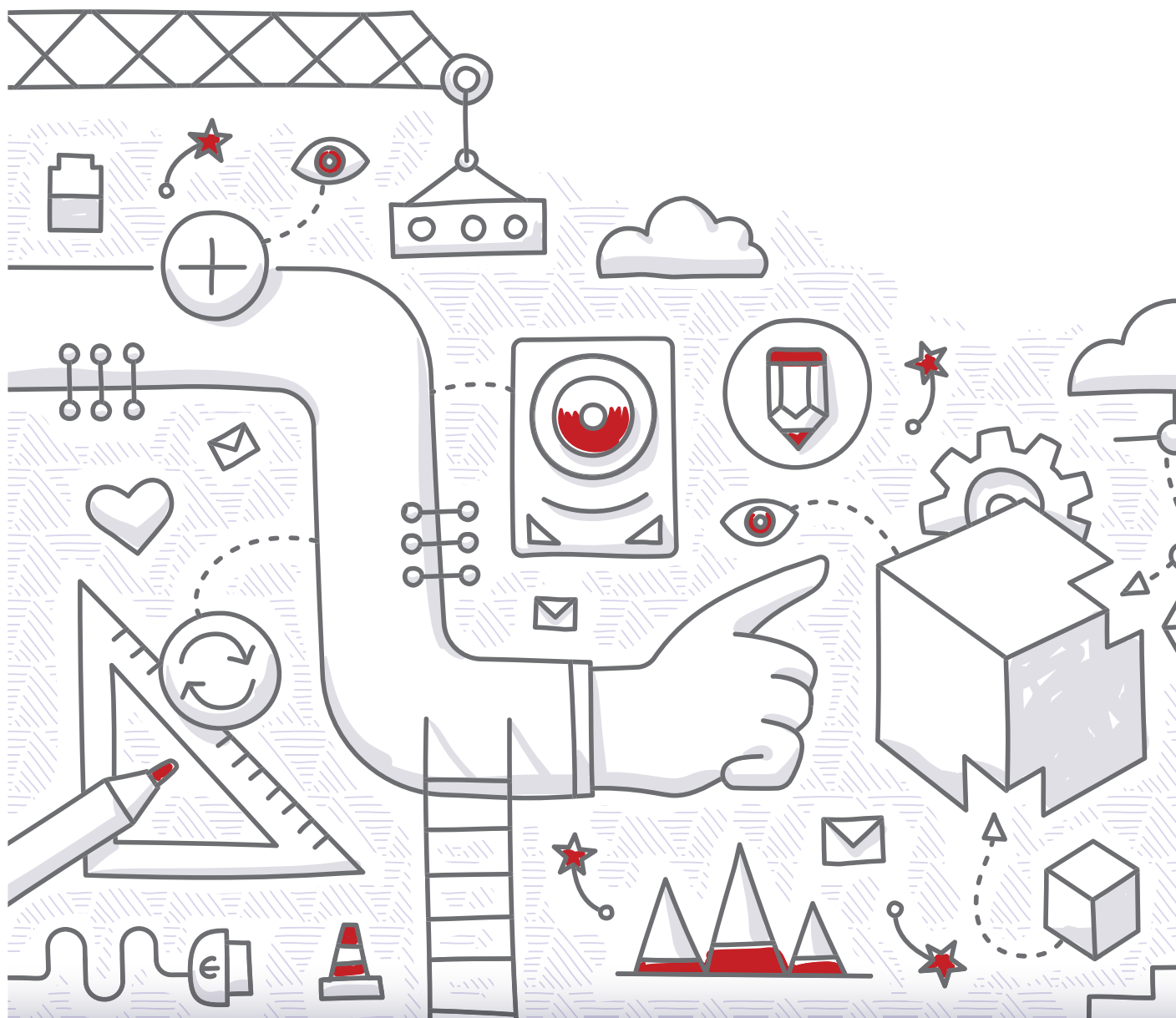
With a diverse and reliable offering of Radi imamo domače products, Mercator wants to increase both the standing of the joint brand and the position of smaller manufacturers. Above all, they want to reach even more customers who prefer to buy local.





FOR ENTREPRENEURS, IT'S HARD TO SUCCEED ON THEIR OWN

HOW THE SLOVENIAN SUPPORT ENVIRONMENT FOR START-UPS IS CONNECTING WITH THE WESTERN BALKANS





Slovenia boasts an extremely diverse support environment for start-ups and fast-growing companies. Although it is a small country, Slovenia generates an enviable number of innovative start-ups, a large proportion of which achieve globally successful breakthroughs. The state plays an important role in the development and the global competitiveness of the supportive environment, both through substantive backing and funding.

AUTHOR: JAN TOMŠE





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“Innovative ideas with high added value, which are essentially high-tech, green, sustainable, socially responsible, and digitally supported, lead to the creation of high-quality jobs, economic growth, global competitiveness and, last but not least, can provide answers to the most complex social and other challenges of humanity,” explains Tomaž Kostanjevec, PhD, director of SPIRIT Slovenia, the public agency that exercises programmes for promoting entrepreneurship.

In addition to talented individuals, access to capital is essential for the development of such ideas, throughout all stages of a company's development. Global rapid growth often requires investments of millions of euros. “Banks do not usually finance such projects due to the high risk involved, so venture capital is key. Without start-up investment and access to capital, even the most promising ideas have little chance of coming to life,” says Kostanjevec.

INFORMATION, WORKSHOPS, IDEA ASSESSMENT, MENTORSHIP

One of the important roles in increasing the chances for good ideas

to take off is played by SPIRIT Slovenia, a public agency under the auspices of the Ministry of Economic Development and Technology. The agency has been running several programmes to promote entrepreneurship since the very beginning of the creation of a supportive environment more than a decade ago.

SPIRIT Slovenia currently co-finances 21 innovative entities promoting entrepreneurship in all Slovenian regions. They provide information,

**SPIRIT Slovenia
is also active in
promoting women
in entrepreneurship,
and also provides
direct subsidies for
digitalisation and
international business.**

workshops, business idea assessment and diagnostics, mentoring, and advice to innovative entrepreneurs, including potential entrepreneurs, as well as accelerator programmes and competitions for best business ideas, activities to strengthen the entrepreneurial community and other related activities.

“The arrival of the corona has exposed many social structural weaknesses that were previously unconscious or more hidden. Overnight, it became even clearer how important are innovation, sustainability, green approaches, social responsibility, and

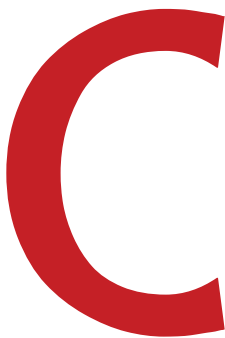
adaptability to new circumstances. Companies have been forced to innovate to a higher degree, to think outside the box, to adapt their business models, and to digitise,” remarks Kostanjevec. He adds that start-up investments are important not only in stimulating and bringing about the innovation born in start-ups, but also in helping existing companies innovate and adapt their business models. This is where start-up investments can play an important role, provided, of course, that it is not about solving unpromising situations, but about newly discovered opportunities,” says Kostanjevec.

FROM SLOVENIA TO THE WESTERN BALKANS

Entrepreneurial success requires a lot of support on different levels: at school, in acquiring knowledge, and in developing both creativity and an entrepreneurial mindset. Later on, when developing an innovative idea, mentors and advisors are essential. Companies need proper interlocutors, often with access to research equipment, capital, business premises, and other infrastructure. “Same as with top athletes, it is difficult for entrepreneurs to succeed on their own, which is why support is a must. Without the right support, there would be significantly less entrepreneurial success,” says Kostanjevec.

He gives the example of how entrepreneurship is supported in the early stages by SPIRIT Slovenia. “We have two strong platforms. The first is the national SPOT system, which brings together a range of support services

BALKANS SILICON VALLEY: DREAM OR REALITY?



What comes to mind when you think of the Western Balkans? Innovation? World-beating tech? Next-gen cars? Or is it fractured political systems, stagnation, brain drain and the like?

AUTHOR: STEVE TŠENTŠERENŠKY

Chances are it's a mixed bag depending on which country you consider. From the standard macroeconomic perspective, they're all at dramatically different stages in their development – for example, with Slovenia being ahead of Bosnia and Herzegovina by leaps and bounds. But curiously, there is a burgeoning start-up scene in each of the countries in the region. There's a genuine desire to improve and make things better at home, rather than build out those ideas elsewhere.

Where in the past, a lack of opportunities contributed to sizeable brain drain from the region, nurturing that entrepreneurial spirit among those who stayed, and the up-and-com-

ing young guns can represent an economic turning point in all countries in the area.

THE LANDSCAPE

For starters, growth is strong.

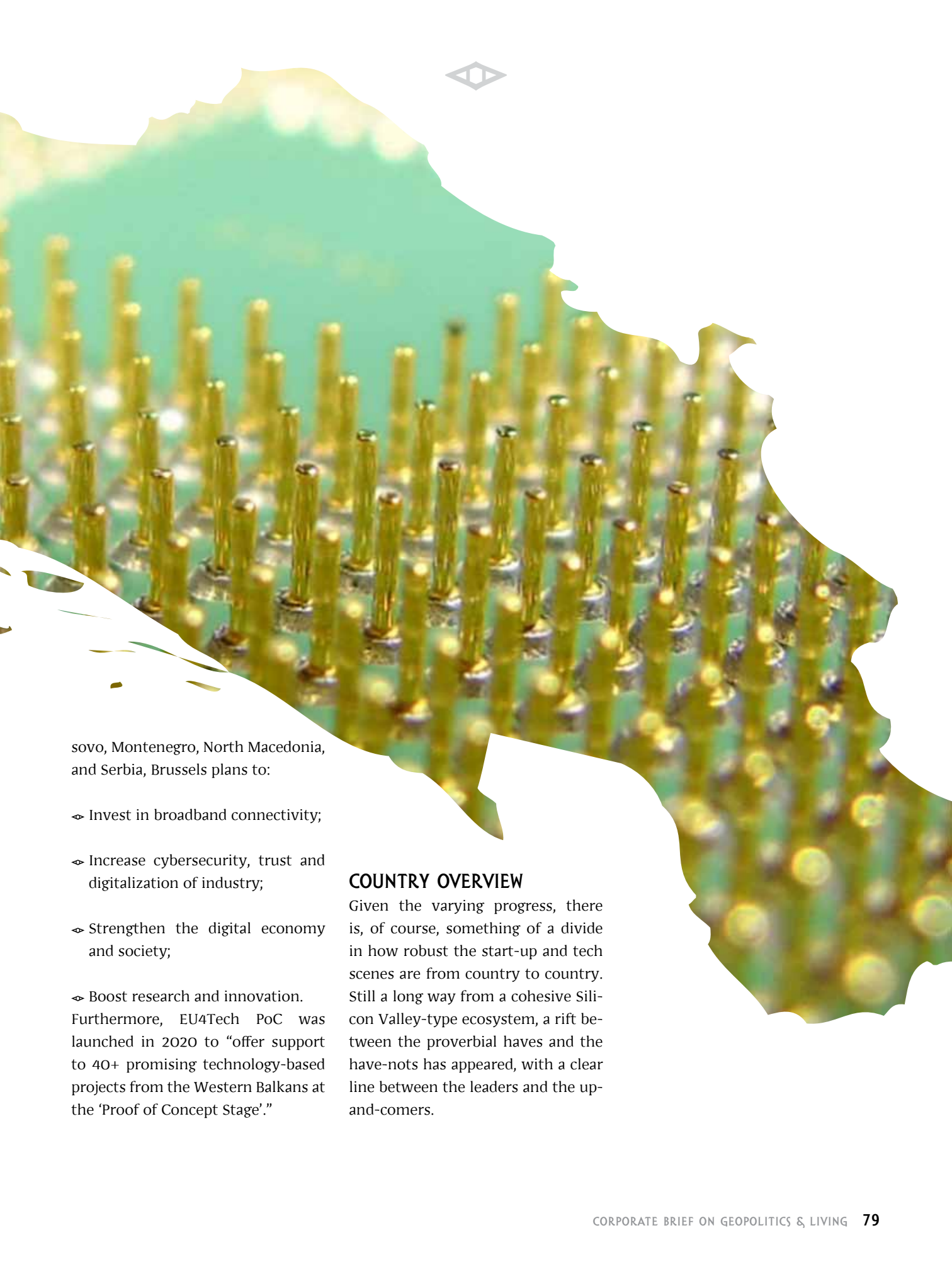
According to the World Bank, the pre-pandemic growth rate in GDP was 3.6% in the Western Balkans and 4% in CEE countries (in 2019). Compared with the meagrely 1.8% for the EU27, you see a region on the rise. Moreover, to quote the economists stationed in Washington, DC: "In 2021, the Western Balkans region is seeing a faster-than-expected recovery from the COVID-19-induced recession."

The CEE region (which includes Slovenia, Croatia and several others in

the Western Balkans) has seen meteoric rise in the enterprise value of its resident corporations. With a valuation boosted from virtually non-existent in 2010 to €186 billion in 2021, the Croatia-founded Infobip is the latest unicorn to arise from the Balkans specifically.

While the region remains a hotspot for outsourcing business processes due to its abundance of IT professionals, VC funding for start-ups as well as funding in general remain challenges throughout the Western Balkans.

To tackle the problem, the European Commission launched the Digital Agenda for the Western Balkans already back in 2018. Focusing on Albania, Bosnia and Herzegovina, Ko-



sovo, Montenegro, North Macedonia, and Serbia, Brussels plans to:

- ✧ Invest in broadband connectivity;
- ✧ Increase cybersecurity, trust and digitalization of industry;
- ✧ Strengthen the digital economy and society;
- ✧ Boost research and innovation.

Furthermore, EU4Tech PoC was launched in 2020 to “offer support to 40+ promising technology-based projects from the Western Balkans at the ‘Proof of Concept Stage’.”

COUNTRY OVERVIEW

Given the varying progress, there is, of course, something of a divide in how robust the start-up and tech scenes are from country to country. Still a long way from a cohesive Silicon Valley-type ecosystem, a rift between the proverbial haves and the have-nots has appeared, with a clear line between the leaders and the up-and-comers.



LEADERS OF THE PACK:

Slovenia, Croatia and Serbia are far and away the standard bearers in the region, and are paving the way for growth throughout the Western Balkans.

Slovenia

- ◀ 2019 GDP: €48.28 billion
- ◀ Population: 2.10 million
- ◀ Unicorns: Outfit7

Squarely in the EU, and arguably the most developed of the post-Yugoslav countries, Slovenia's startup space is robust, perhaps unsurprising given its close ties to Europe. ABC Accelerator is the most well-known incubator, accelerating over 250 start-ups from 30 countries, and named the best regional accelerator in 2017 and 2018.

Slovenia is no newcomer to innovation either. Podim – one of the most influential startup and tech events in the CEE – was started way back in 1980. Veritably, it's one of the best start-up events in the whole of Europe.

Video game developer Outfit7 is Slovenia's most notable global success story but not the end to it. Viberate is striving to create the world's best live music platform. Recently, the fintech Elly (formerly Eligma, with a valuation of €50 million), has raised another €4 million to build out their crypto payment network.

Croatia

- ◀ 2019 GDP: €54.15 billion
- ◀ Population: 4.04 million
- ◀ Unicorns: Infobip

With thousands of kilometres of coastline, tourism is what Croatia is known for these days, with the industry contributing 20% to its GDP. Seaside aside, though, Croatia has become quite the hub for innovation in recent years.

It's not all roses and sunshine, though. Western-Balkans countries are facing some difficult challenges on the way to transforming the region into a more robust tech hub.

Infobip, a recent entrant into the unicorn club, has become a global powerhouse as a communication platform for business, and expanded into the US with the purchase of Peerless Network. Oradian is a fintech bringing cloud-based banking to emerging markets. Osijek-based Orqa FPV is bringing greater control to first-person view (FPV) drones

with their remote controller, video goggles and other products.

You can't talk about Croatian innovation without mentioning the electric hypercar maker Rimac, who acquired Bugatti and is building a campus just outside of Zagreb in Sveta Nedelja.

Serbia

- ◀ 2019 GDP: €45.89 billion
- ◀ Population: 6.90 million

The most populous in the region, Serbia churns out highly talented engineers and developers every year, making it a top outsourcing location. Startup Genome places the country among the global top 15 for affordable talent, noting that Serbia creates most foreign direct investment jobs per million inhabitants. Adding that "the dynamism and knowledge brought into Belgrade by this influx of foreign investment has now begun to percolate through the local start-up ecosystem."

Agremo has taken advantage of the knowledge at their fingertips, and developed a system that combines aerial imagery and advanced analytics to help farmers maximize profits and performance in agriculture. Start-ups like them are navigating the market with the help of initiatives like the Startup Centar and accelerators like Katapult that offer guidance and funding opportunities.



UP-AND-COMERS

The reason why Slovenia, Croatia and Serbia are the vanguards of the growing start-up scene can be summed up in one word: stability. While not perfect, each country enjoys a basic level of stability that makes investment and new businesses inherently less risky.

BiH and Kosovo are still working on that front.

Despite these setbacks, things truly are happening.

Bosnia and Herzegovina

↔ 2019 GDP: €18.00 billion

↔ Population: 3.28 million

With promising hubs emerging in Mostar and Sarajevo, there's plenty potential but not nearly as much clarity. The impeccable location, and the ease of collaboration with cross-border counterparts, imply BiH should have no difficulties moving to the right direction - but only time will tell.

In the meantime, there's ZenDev, a software development firm founded by the Bosnia-and-Herzegovina-born Senad Santic and a partner, which is based in both Gothenburg, Sweden, and Mostar, BiH. Also, Sarajevo is the home of Ministry of Programming, named one of the 'Technology Fast 50 in Central Europe' by Deloitte in 2019. Add to that an incubator such as Intera Technology Park, and the building blocks for growth are surely there.

Kosovo

↔ 2019 GDP: €7.08 billion

↔ Population: 1.87 million

Kosovo has the longest way ahead but fortunately, success stories are popping up from every direction.

The best example of what's possible despite geopolitical difficulties is the

**The Western Balkans
have proven time and
time again, country
to country, that they
are rich in talent and
ambition.**

Innovation Centre Kosovo. They're at the forefront of developing an environment of genuine innovation in Kosovo, having worked with 390 startups to develop north of 450 products. Successes include Frakton, a software-development company of Pristina, and Gjirafa, an Albanian-language search engine that has already received \$6.7 million in funding.

CHALLENGES

It's not all roses and sunshine, though. Western-Balkans countries are facing some difficult challenges on the way to transforming the region into a more robust tech hub.

Brain Drain: It's no secret that these states have a hard time keeping their

best and the brightest, some more so than others. Stemming the flood of emigration is critical in building a Silicon Valley-like place.

Wages: The main reason why talented engineers, developers and their kin are the ones leaving. They can make multiples of their local salaries in other countries, and their services are highly sought-after these days.

Funding: While there are funding mechanisms and options available, it's not enough yet. Without access to finance, wages can't rise enough for dissuading people from leaving. Joanna Nagadowska of Google for Startups points to a brighter future, though: "Successful CEE tech startups are attracting the attention of international investors and activating the positive flywheel, providing a base for the next generation of successes."

SO, DREAM OR REALITY?

Why not both? After all, Rome was not built in a day, and neither was Silicon Valley, for that matter.

A dream becomes reality only when people begin transforming their imagination into tangible gains, real wins. The Western Balkans have proven time and time again, country to country, that they are rich in talent and ambition. Moreover, companies like Infobip and Rimac have chosen not to relocate to "greener pastures", finding the pastures are well-watered in Croatia. Stories like this only make the region more attractive for investment, and inspire the next generation of entrepreneurs to stay and build here.

POSITIONING FOR THE FUTURE



Two important milestones marked Slovenian logistics in 2021: the start of the construction of the second track between Divača and Koper, and the entry of a Czech partner into the ownership of the Slovenian Railways Freight Transport company.

AUTHOR: UROŠ URBAŠ

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Moving freight traffic from road to rail is a priority because of the congestion on the motorway (notably on A1 Primorska) but also due to the environmental impact of road freight transport. This is already forcing logistics operators to prepare for change, and the long-awaited second track between Divača and Koper, scheduled

for opening in May 2026, is expected to be a catalyst.

To put these trends in geopolitical context, let's briefly discuss Slovenia's geographical location. Crucially, the country is traversed by four corridors of the European core rail network. Freight flows run from North-Western and Central Europe to South-Eastern Europe and reaching as far as Turkey. Access to CEE markets is much shorter and faster from the Port of Koper than from the North Sea ports. Slovenia is an ideal base for access the markets of South-Eastern Europe. Hence, Slovenia is an important hub for serving the neighbouring landlocked countries. Slovenia has a huge potential to further strengthen

its visibility as a logistics hub, while mitigating the environment damage brought by increased freight transport. What might be the best way to achieve this? So far, the most important obstacle to increasing transshipment has been the single track between Koper and Divača – a bottleneck in all logistics flows coming into Slovenia and proceeding onto Central Europe. Also, the existing track offers very limited capacity for railway operators and the Port of Koper. However, the second track, once operational, will not simply generate new business on its own. In addition to new infrastructure, innovative solutions and competitive services will have to be applied as well.

WHY THE SECOND TRACK IS CRUCIAL

The idea of building a second track railway has been discussed in Slovenia for more than half a century. The current single-track line between Koper and Divača is outdated and insufficient to meet the speed and volume needs of the port. For instance, once the current line reaches maximum capacity, cargo routinely piles up in the port. This means that major customers accounting for large volumes of container throughput are forced to divert their cargo to other North Adriatic ports. This is more than a minor inconvenience – surveys shows that logistics operators, when choosing ports, focus on the quality of rail connections to the inland and the ability to get large volumes of cargo to the end user as quickly and affordably as possible. In 2021, the privately-held Czech EP Holding entered SŽ-Tovorni promet, a subsidiary of the state-owned Slovenian Railways, as a strategic partner with a stake of 49%. The rationale of the deal is to help Slovenian Railways become the leading railway operator in the Western Balkans (with planned further acquisitions in the region). But above all, the partnership is supposed to generate growth in revenues and profits, and better services for logistics users.

WHAT COMES AFTER THE SECOND TRACK?

Decision-makers at the state-owned company 2TDK (which is overseeing the construction of the second track, trying to keep the budget well below €1 billion) are promising a boom in

Photo: Adobe Stock





Photo: Adobe Stock

passenger transport and tourism after the project is set in motion. Hopes of a revival in passenger transport, or better connections between Ljubljana and Koper, are considerable.

The second railway line is only a necessary precondition if Slovenia is to take advantage of its strategic location, and to position itself as a logistical hub on the European map. The upgrade of the link between Koper and Divača must be followed by the modernisation and electrification of all the strategically important main railway axes. It may be stating the obvious, but all of them will need to have two tracks.

WHAT ABOUT THE PORT OF KOPER?

While the construction work on the second track is in full swing, the other logistics operators need to keep pace as well. The Port of Koper, for instance, has had an intensive investment period. In 2020, they invested almost €68

FROM A GLOBAL PERSPECTIVE, *the North-Adriatic ports are merely a point of entry to Europe. This could be a big enough incentive to finally start linking up more closely with each other and attracting business, which is now taking a significantly longer route via the northern European ports.*

million in the new infrastructure and equipment, followed by €75 million of investments planned in 2021 (you can read more about Luka Koper investments on page 86).

The second track will significantly increase the competition between logistic operators, and it is expected that their number will eventually reach several dozen, perhaps even 30 active freight providers. At the same time, it is an opportunity to reconsider the old question whether cooperation between the North Adriatic ports is possible. As the southern entry point for supplying European

landlocked countries, the Adriatic Sea is certainly a thorn in the side of the Northern European ports of Rotterdam, Antwerp, and Hamburg. What about an alternative? Can Koper, Trieste and Rijeka arise as serious competitors to these ports? Certainly, the North Adriatic ports offer an interesting proposition for cargo and containers, but their opportunities also lie in specialisation. For example, the Port of Koper already specialises in cars, while the focus of Trieste is on trucks. The Port of Koper specialises in petroleum products and Trieste in crude oil. So there is enough business for all of them if they specialise in a particular niche. Hence, the only question remains whether it is possible for business interests to prevail among the managers of the North Adriatic ports to ensure cooperation and integration between them. This may bring them more business, more revenues, and a greater role in supplying the hinterland countries.



RAILWAY TRAFFIC BY THE NUMBERS

NUMBER OF PASSENGERS (IN MILLIONS)



* Fall due to coronavirus epidemic, public passenger traffic was stopped

** Data are for January-September

Source: Slovenian Railways

FREIGHT CARGO (IN TONS)



Note: * The decline in the volume of transported goods is due to crises trends in some key areas of the industry due to the covid-19 virus.

Source: Slovenian Railways



Photo: Dmitry Vecharko on Unsplash

€140 MILLION FOR RESILIENT AND IMPROVED OPERATIONS

T

The Covid 19 pandemic has had a significant impact on the logistics sector around the globe. The Western Balkans is no exception in this regard. Within what is a relatively

While the Covid 19 pandemic exposed the vulnerabilities of many market players, some business operators were able to improve position despite uncertain times. In the logistics sector, the fortunes of the Port of Koper have risen.

AUTHOR: JAN TOMŠE

low-margin industry, logistics players rely on well-established networks to streamline operations. Since the sector is highly competitive, logistics operators need to constantly invest in upgrading their business processes, facilities, and infrastructure.

While many companies struggled to keep their head above water, others were lucky enough to be able to improve their business position in these harsh times. Investing in better infrastructure, for instance, has proved to be one of the most important drivers of post-pandemic recovery. For the Slo-





**THE EXTENSION OF
THE CONTAINER
TERMINAL** *will have
an annual capacity of
1.5 million TEUs*

venian enterprise Port of Koper (Luka Koper), building better infrastructure was too good an opportunity to be missed.

Despite the covid situation, the operator of the multi-purpose port of Koper completed two years of intensive investment. In 2020, they put almost €68 million in the new infrastructure and equipment, and in 2021, planned investment amounted to €75 million. A significant proportion of these up-

grades are focused at the container and automotive segments. The company has one main goal: to improve the effectiveness and the quality of business operations, so as to be more competitive and attract new partnerships.

AMONG THE TOP AUTOMOTIVE PORTS IN THE MEDITERRANEAN

In 2020, the company implemented two major improvements aimed at the automotive segment. A new dedicated RO-RO berth was opened, and a new railway access platform was built on the north-east side of the port. The year 2021 saw the conclusion of two additional projects. A new, third truck gate was opened,



Photo: Kristijan Stojaković

and a new garage with the capacity of 6,000 cars was completed in May. With an annual throughput of over 600.000 cars, the Koper car terminal ranks among the top automotive ports in the Mediterranean. In June 2021, the company inaugurated a 100-meters extension of the container terminal quay. The goals, however, are not fully achieved yet, with new stacking areas due for completion in 2022. This will raise the an-

nual capacity to 1.5 million TEU. “In late 2022, two additional super post-panamx STS cranes will be installed at the new container. With almost one million of TEUs handled, Koper is the first container terminal in Adriatic,” explains Sebastjan Šik, head of public relations at the Port of Koper.

THE NEW RAILWAY LINE, A NEW CHAPTER IN THE PORT DEVELOPMENT

A major contribution to Port of Koper’ competitiveness will be the new railway line. Finally, construction works on the new rail route be-

tween Port of Koper and the hinterland began in May 2021. According to the project timetable managed by the state-owned company 2TDK, the due date for the 27 km-long section is 2025, while the track is expected to be operational in 2026. Šik describes the project as “the new chapter in the port development”, adding: “With this modern and reliable railway connection, a new chapter of business opportunities and development is opening up for Slovenian logistics and for the countries who rely in their supply chain on the Port of Koper.”



Photo: Kristijan Stojaković

[illegible]



According to projections, 2022 will be a demanding and turbulent business year. In the shadow of the economic growth and inflation uncertainties, the managers will have to decide wisely about the supply chain challenges, lie in wait for the most suitable talents they want to attract, and try to reimagine their business models. Not to mention the challenges that may emerge from the tighter access to funds should the central banks decide to impose stricter monetary policy.

AUTHOR: JAN TOMŠE





W

We asked some of Slovenia's top managers what should managers focus on in 2022 in order to effectively lead their teams and tackle the challenges in the rapidly-changing business environment.

Closely monitor the key areas. Closely monitor the business, decision-making and the social environment to understand the changes and risks and develop various scenarios for the future of your business.

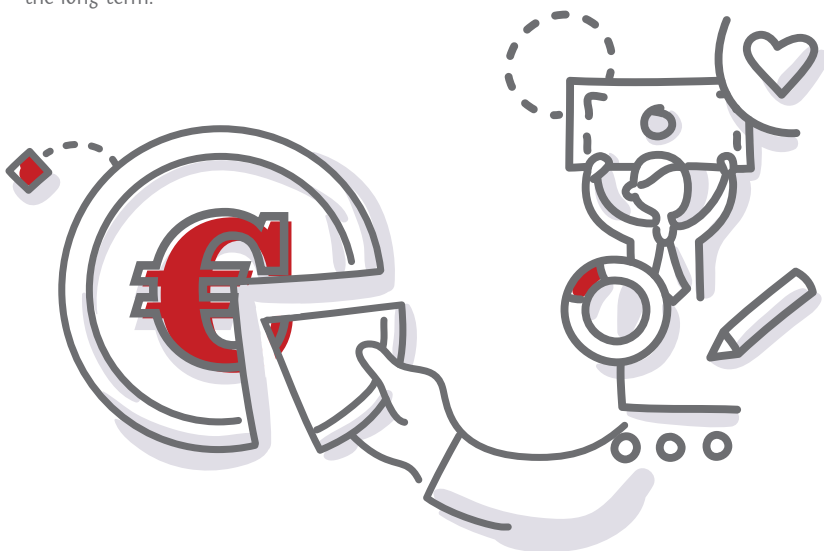
Manage your costs and take care of your supply chains. Control the prices of raw materials and energy sources. Establish secure and reliable supply routes.

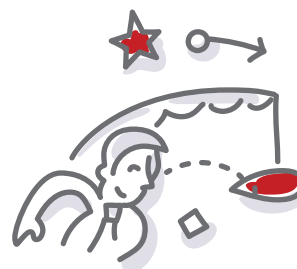
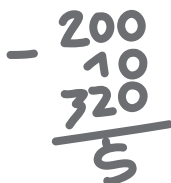
Invest even more in digitalization and automation. As these investments may seem inconsistent with the premise of cost control, you will capitalize on them in the long term.

Make your business a pleasant place to be. Build work environment that encourages creativity, good relationships, and flexibility.

Be open-minded, learn constantly. Develop preparedness for the jobs of the future.

Promote life-long learning. In the fast-changing times and digitisation, work processes constantly change. The never-ending investing in new knowledge, skills and experience is the prerequisite for preparedness for the jobs of the future.





Feedback. Try to get it regularly, so you know where to focus your efforts.

Practice agility. The pandemic era sparked a stream of uncertainties, that demand adaptation and quick decision-making and imposing changes.

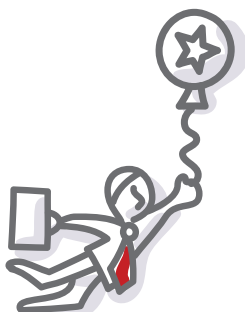
Delegate wisely. You can't do everything yourself – show your employees that you trust them by delegating accordingly.

Exercise transparency. Encourage transparency of and in all processes. Be generous to understand each other's situation and promote usage of kind words. Moreover, sharing positive quotes can help in a significant way.

Promote change.
At the organizational level. Empower your management and employees to be open to change which helps you adjust your business to the scenarios that will unfold.
At the personal level. Take care of your emotional well-being and joy of life.

Focus on motivating people. People are the most challenging part of the business. Work on retaining the existing talents and onboarding the new ones. Motivate them properly, develop separate motivation strategies for each one of them.

Encourage solidarity within the team. Solidarity should not be a stranger to business environment. Nurture relationships within the team. Give feedback, celebrate wins. If you criticize, focus on the work, not the person.



*We would like to thank the Slovenian managers who contributed to this advice:
Petra Juvančič, Executive Director, Združenje Manager - Managers' Association of Slovenia
Gorazd Čibej, Managing Director, Insurance Supervision Agency
Karmen Dietner, President of the Management Board, Poklojninska družba A, d. d.
Nada Drobne Popovič, President of the Management Board, Petrol d. d.
Andrej Lasič, Executive Director, NLB d. d.*



HISTORY AND CULTURE

MUSIC AND POLITICS: SLO, YU, 1980s

You know that feeling when a song floats on the radio, or through your headset, and you see and feel an event, or remember a scene, a scent from long ago? Music does that sometimes.

AUTHOR: MARTIN POGAČAR, PHD

T

To paraphrase a famous politician, the later part of 20th century produced more music than we can possibly consume. Now-ancient tracks we have surreptitiously discovered on YouTube, or on old vinyl record, evoke in our minds the Zeitgeist of an era: that defining 1960s flower power, the glam of the 1970s, the grit of the 1980s, the now-nostalgic 1990s pop and Brit rock ... The cacophony of sounds of the 2000s and 2010s, however, still await to be ascribed that musical something that we find period-defining and remember old times

by. Of course, this point in time is still somewhere in the future, and not for us to know now just yet.

But we can always look back. The question I'd like to entertain here is: what is it that music reveals about its time of origin and what should we make of it? The 1980s seem just the right period to reflect on: far enough in the past to be felt remote, but for this very reason, relentlessly seeping into our present. A look at the music of the 1980s yields further interesting details through the perspective of the former Yugoslavia, a country that existed between 1945 and 1991.

For the readers young enough not to remember the times, or for those who know little about the period: the Yugoslav 1980s were a time of political and economic crises, of excessive shopping in Italy and Austria, when people were hoarding overpriced coffee and their cars were, well, lacking in fuel. Still, Yugoslavia was not

tucked away behind the iron curtain in some type of boring self-isolation. Instead, the 1980s in these parts of the world were a period of musical experimentation, pushing the boundaries and crossing borders. It was also a period of political democratisation and, paradoxically, also of finding new limits. Politically, the decade represents a break in the histories of the post-Yugoslav region, the beginning of the end of one country and the pre-natal phase of a bunch of new ones. Culturally, however, the 1980s have survived in numerous second-hand records and YouTube videos, and they keep defining the Slovenian political discourse. The 1980s are ingrained into the very fabric of post-1991 post-Yugoslav presents.

As it is true for any historical time, the 1980s also have their history, or historiography. In Yugoslavia, the decade inherited the legacies of the late 1960s



Author: Božidar Dolenc

Author: Božidar Dolenc
ANGELIC UPSTARIS CONCERT,
 Ljubljana, 1985, scan of a black
 and white negative. Moderna
 galerija collection, Ljubljana. Prin-
 ted with permission of Moderna
 galerija, Ljubljana.

– of student protests, of economic prosperity and the gradual liberalisation of the country, when the borders became increasingly permeable for both goods and people. In a time of Yugoslav Gastarbeiters migrating to Germany, the proverbial “red passport” was gaining currency. In musical terms, the 1960s followed global trends with beat music, folk, rock, and pop; the Mamas and Papas were successfully localised as Pepel in kri. The idiosyncratic genre of popevka (close to canzona or Schlager) flourished at music festivals, defining sound and age with the voices of Marjana Deržaj, Majda Sepe, Lola Novaković, and the poetics of Arsen Dedić. In line with cultural politics of Yugoslavia, rock was “let live” throughout the 1970s in order to blunt its potential subversiveness, by making it mainstream. Đorđe Balašević, Bijelo dugme, and a number of bands would take-and-adapt the musical form of revolt, and


reflect it back to the famous days of Yugoslav heroic past. Some bands relished in such clear double perversion, say Buldožer, the alleged forefathers of punk. But after 1980, the year the Yugoslav President Tito died, we now know the country was heading for political crisis, exacerbated by the changes across the socialist world, and global economic strife.

This was three years after the first punk-rock gig – at a school dance in Ljubljana, by a band called Pankrti – spawned a loud and unmerciful sonic expression of second-generation post-war Yugoslav youth. Members of Paraf, Lublanski psi, Niet, Termiti and others from across Yugoslavia, followed the trail of the irreverent Buldožer. Having had no personal experience with the Second World War, they found it difficult to fully identify with relentless presence of the legacies of war and their ideological grip.

Much like their older peers from the 1960s, they glanced across borders and listened to “Western” popular music, watched films and read the literature, studied abroad, and bought records in London. They were faced with first-hand consequences of an idling regime failing to reinvent itself, and were fed up with it. And they showed it.

Listening to punk rock, it’s easy to imagine youth disappointment, the empty streets in the evenings, the dread of having nothing to do and nowhere to go, the fog and the cigarette smoke.

In its early years, punk was a roar of a generation that wanted more, and



PO CESTAH HODIJO LJUDJE [PEOPLE WALK DOWN THE STREETS].

Na vogalih bajt so zvočniki [Speakers
hang off houses' corners].

Koračnice se odbijajo od sten in jim
sekajo glave [Military marches
bounce off walls and cut off peo-
ple's heads]

Praznik. [Celebration.] (Otroci
socializma, "Pesem za Mandič
Dušana")

The rough sounds of prover-
bial three-chord riffs, rudimen-
tary basslines, and out-of-tune
shouting give a background to
the expression of disappoint-
ment, having detected an im-
passe:

Kje si zdaj, proletar, [Where are you
now, proletarian]

kje je zdaj tvoja puška, [where's your
gun]

kje so zdaj tvoje roke, proletar. [where
are your hands, proletarian]

Mi zdaj dvigamo zastave, [We're raising
the flags now]

v čast tvoje borbe, [to honour your
fight]

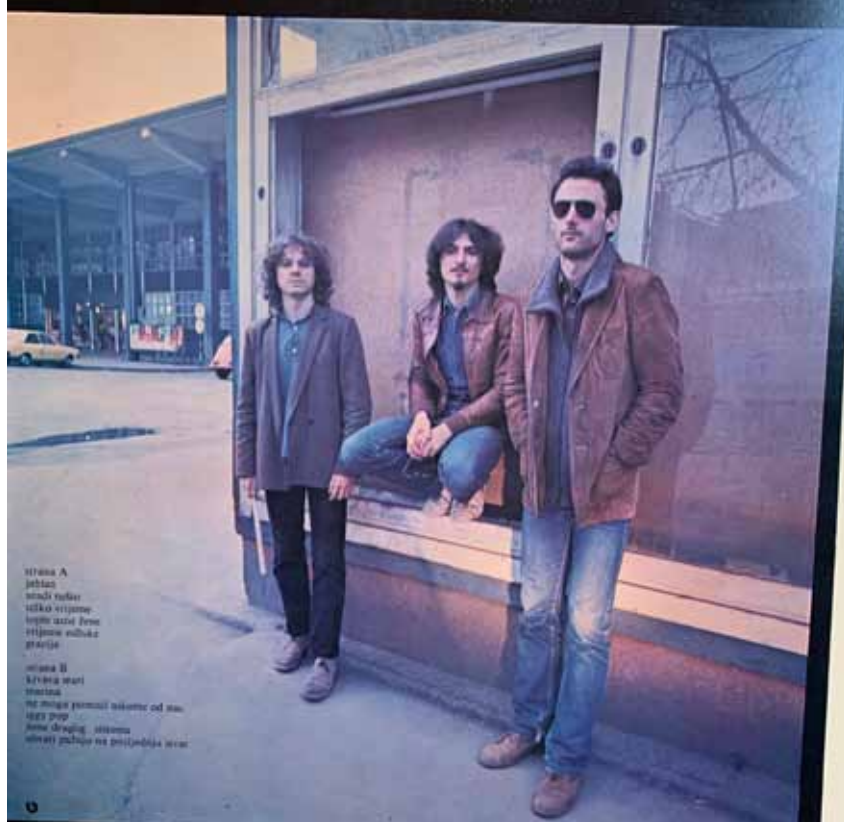
vodi nas zdaj ti, proletar. [guide us
now, proletarian]

Proleter, proleter, [Proletarian, pro-
letarian]

zdaj v kamen vklesan si, pro-
leter. [You're carved in stone,
now.] (Via ofenziva, "Pro-
leter")

wanted out of what it felt was a stifling grip of older generations even if it did not necessarily know how to do it and even if it did not necessarily seek a way out of socialism. It was the other side, of recalcitrant politics that cracked down on the youth for wearing crossed-out swastika badges, feverishly misinterpreted as endorsing Nazism. It was the critical element of the rising alternative movement, inherently fragmented and multidirectional, that housed a wide and varied assortment of civil society initiatives (gender rights activists, environmentalists, pacifists), artistic groups (NSK, Laibach), and engaged thinkers. The latter were quick to spot the political and cultural potency of the genre and of the social shift underway, and managed to make it a topic of wider discussion, followed by a series of talks and publications. It exposed a crack in the order of things.

Somewhat later, this crack turned into what was then called “new wave”, which diverted music from the raw sounds of punk into a more elaborate combination rock and sometimes electro-industrial elements. Bands such as Ekatarina Velika, Videosex, Azra, Haustor, Disiplina Kičme, Denis & Denis, and others adopted a more



sophisticated approach to music, elaborating on song composition and bringing in keyboards and electronic instruments.

At about the same time, however, popular music was rapidly evolving in other genres as well. Music production expanded, building on one of the strongest South-East European music industries, with festivals, bands, and labels such as ZKP RTV Ljubljana, Jugoton or PGP RTV Beograd producing domestic and issuing “Western” titles. The wide variety of bands and genres catered to increasingly profiled listeners, spanning narodnozabavna (newly-composed folk), rock, popevka, folk, disco, electro and industrial music, pop, punk, and new wave. The 1980s thus professed a differentiated music scene, including increasingly popular discs and clubs, both alternative and mainstream. Increasingly, all kinds of music

made their way onto television and, through increasingly available and affordable record and cassette players, also into youth bedrooms and back to the streets. But as much as this was the time of awakening civil society and of the alternative, of punk and engaged art, it was also a time of rampant countryside pop. And, with it, a time rising nationalism that found its foothold in wide segments of 1980s Slovenian society also through pop music. While alternative music and art arguably opened up the field for artistic and social experimentation, and actively thought politics, it was pop that managed to bank in on making fun out of the regime. The foremost group that built its popularity on fusing rock and rural countryside imagery, provocative and obscene lyrics, and playing with socialist iconography, was Agropop. The band’s frontman noted in 2012 doc-

Author: Božidar Dolenc

FROM THE LJUBLJANA SUBCULTURE SCENE CYCLE. *Disko FV, 1984, plasticised silver gelatine bromide print paper, 28,8 x 19,8 cm; paper 29,9 x 21 cm. Moderna galerija collection, Ljubljana. Printed with permission of Moderna galerija, Ljubljana.*



umentary *Nekoč je bila dežela pridnih* (dir. Urša Menart): “We were a bit of an underground team, and we said, Slovenia is actually made of 90% rural population [...] why the fuck should we sell some urban

stuff if just a generation ago Slovenes were peasants?”. This sums up their credo, and also reveals the social tendency of moving away from the emancipatory alternative ideas of democratisation towards

nationalism that started to prevail in politics, garnering support for the dawning independence project. A newspaper reported in 1988: “Their songs, as they say themselves, are a bit for fun, and a bit serious. Pre-

cisely due to their wide repertoire and merry atmosphere that they create with their songs, Agropop made it to the very top of the Slovenian music scene”.

The ambiguity enabled a profusion of ‘innocent’ nationalism that seems to have reached a milestone in 1987, when the band recorded an instant hit: “Samo milijon nas je” [There’s just a million of us]. The song repurposed the title of a Partisan poet Karel Destovnik Kajuh’s 1944 poem, “Samo milijon nas je” – written during Nazi occupation, it carried a charge of resistance and perseverance in face of imminent cultural and physical eradication by the occupying forces. Forty years later, Agropop put the first stanza to music and lyrically refurbished the song to a radically different historical context – and defined a different national enemy. But unlike Kajuh’s head-up-high poem that refutes the discourse of smallness, Agropop brought in a feel of self-victimisation:

Majhen narod vedno kriv je [A small nation is always guilty,]

Kdor je majhen, je vedno kriv [the small are always guilty,]

Če si majhen, bodi srečen, da si živ [If you’re small, be happy to be alive.] (Agropop, “Samo milijon nas je”)

These words implicitly evoke the feelings of subordination (internal imposition) and of political ineptitude, presaging the discourse that prevailed during post-socialist transformation and fuelled awkward ethno-exclusivism and cultural autarchy. This was quite different from the positive, band-aidish sound of “Svo-

bodno sonce”, a song that musically accompanied “the nation” through the 10-day war of independence. The refrain paints, well, a utopia:

Sanjam deželo, ki pravični mir pozna, [I’m dreaming of a land that knows a just peace]

dolga je cesta, po kateri prideš tja. [It’s a long road to get there]

Ta pot je brez konca, a vodi naprej, [It’s an endless road, but it leads onward]

premnoga življenja ugašajo ob njej. [too many lives perish along the way.]

[ref] *Svobodno sonce naj sije spet* [Let the free sun shine again]

na to deželo in na ves svet. [to this land and all the world]

Svobodna pesem za vse ljudi [Let the freedom song for everyone]

topov grmenje naj preglasi. [Drown the cannon thunder.]

A popular memory and nationalist interpretation of events goes, it was to this song that the 1980s and Yugoslavia historically ended. Yet, it is also where the post-Yugoslav appropriation of the period began and can be witnessed even 30 years later, preventing history to be put to rest by daily political fights. But this is another story that, much like the present, will have to be told sometime in the future.



CUKRARNA, A NEW SPACE FOR CONTEMPORARY ART

C

Constructed in just a few months in 1828, Cukrarna began life as a sugar refinery. It was here that the first steam engine within the borders of present-day Slovenia got up steam for the first time in 1835. The building has been remodelled several times over the course of its existence, with its various transformations dictated by the numerous different uses to which it was put over the decades. Following a serious fire in the refinery in 1858, Cukrarna was converted to a tobacco factory, and then to a textile factory. Later, it was used as a barracks for soldiers. Following the great earthquake of 1895, which it survived thanks to its durable construction, it was increasingly used as emergency housing for the most vulnerable classes of the Ljubljana's residents. The symbolic identity of Cukrarna was significantly influenced by Slovene modernist writers (Drago-



Since September 2021, Ljubljana is richer for a new space for creation and presentation of contemporary art. The newly renovated Cukrarna is one of the most monumental examples of industrial architecture in Ljubljana, a source of inspiration for a leading quartet of modernists, a modern exhibition space, and also an urban landmark that invites us to stroll along the Ljubljanica river to the eastern edge of the city centre.

AUTHOR: BARBARA
MATIJAŠIČ

tin Kette, Josip Murn, Ivan Cankar, Oton Župančič, Ivan Prijatelj, Cvetko Goljar, Radivoj Petruška, among others), whose works contain frequent references to the state of the building.

A NEW ERA FOR CUKRARNA

In 2008, the City of Ljubljana purchased the site and, from 2018 to 2021, restored and renovated the building in accordance with plans drawn up by the architecture studio Scapelab. Cukrarna is now managed by the Museum and Galleries of Ljubljana, a public institution.

Due to Cukrarna's status as a cultural monument, the building work took a conservative approach in which the appearance of the roof and the original outer walls with their 318





Photo: Miran Kambič

CUKRARNA IN NUMBERS

366 windows

5679 m² – total surface area

1828 – year of construction

1858 – sugar refinery ceases operation following a fire

2018 – start of renovation

23.2 million euros (including VAT) – value of the project

4 galleries and 1 multipurpose space

10,000 circles cut into the metal cladding of the galleries

More information: <https://cukrarna.art/en/>



Photo: Andrej Peunik



Photo: Miran Kambič



Photo: Andrej Peunik

windows have been retained. A steel structure was inserted into the shell to support four white-cube gallery spaces. This structure is suspended from the roof and does not come into contact with either the ground or the external walls. A basement floor was added to the building, below the level of the Ljubljana riverbed. Though officially protected as an important piece of industrial herit-

age, Cukrarna has not exactly been known for its architectural beauty in its recent history. Indeed, the main reason it was preserved at all for so long – nearly two centuries – was its status as Ljubljana's biggest building, at 5679 m². Now, though, thanks to this major renovation, Cukrarna has finally come into its own as an interesting architectural achievement in its own right.



NEW LENSES

RIVER BATHING IN
LJUBLJANA *between the
wars. Foto Helios (Veličan
Bešter), Ljubljana. Colorised
in Adobe Photoshop.*

THE PAST,





IN COLOUR?



Ever since the invention of photography, artisans have skilfully tinted black-and-white images. Initially striving for ever-greater likeness of life, colorised photos gradually became associated with kitsch and bad taste. But despite near-universal critical derision, the field did not stay still.

AUTHOR: JURE STOJAN, DPHIL

F

First, personal computer vastly quickened the otherwise slow process of adding colour. Now, artificial neural networks are cutting out the human factor altogether. All it takes is a couple of clicks and, voilà, a faded photograph becomes alive with vibrant – some would say gaudy – colour. But just because you can do something mean you should. Does the new colour add to our understanding of the past? Or does it detract from it, by fooling our senses with falsified information? We let you be the judge, by confronting colorised glimpses into Slovenian past with colourful critique of such practice.



"The colorizers will tell you that it's proven no one wants black and white, but this is not true, and if it were—if audiences who have grown up on mindless television were so desensitized that a movie like *It Happened One Night*, which has been delighting people in black and white for generations, now had to be viewed in color to be appreciated—then the task would be to cultivate the audience back to some level of maturity rather than to doctor the film artificially to keep up with lowered tastes."

—**Woody Allen**, *'Colorization: The Arguments Against'* (1987)

"Of course, everything can be altered. But the only persons who should have the right to alter or supervise such alterations are the creative authors of the work. Nobody else. Otherwise we are leaving the civilized world and entering the jungle."

—**Miloš Forman**, *'Colorization: The Arguments Against'* (1987)

"There is a difference between a film in black and white and a film in color. Black and white photography is not color photography with the color removed. It is not better or worse in general, but it is different. It



LJUBLJANA, today's Beethovnova street, before November 1934. Foto A. K. Colorised in Pixbim ColorSurprise AI.



TONI BUKOVIC, an entrepreneur aged 27, posing with his dad in Ljubljana. July 1909. Colorised in Adobe Photoshop.



MARIBOR, today's Partizanska road, before 1905. Published by Joh. Gaisser in Maribor. Colorised in Adobe Photoshop.

is a choice. A filmmaker has nothing other than the quality and integrity of his or her work, and that quality and integrity are made of absolutely nothing but this series of choices. We are here to protect those choices, even to say that a director who does not make those choices is not directing. What you see and hear is what the film is. Changing what you see is altering what the film is."

—**Sydney Pollack**, *'Colorization: The Arguments Against'* (1987)

"I would like to tell you how it feels, as an actor, to see yourself painted up like a birthday cake on the televi-

GORENJSKA
IN THE LATE
1930s. Foto

Kunc. Colorised in Adobe Photoshop.



SLOVENSKA
BISTRICA, view

towards Zgornji Bistrici. Pre-1914 photocard, publisher unknown. Colorised in Pixbim ColorSurprise AI.





MARIBOR, view from Kalvarija hill in 1933.
Published by Tiskarna sv. Cirila in Maribor.
Colorised in Adobe Photoshop.



ON THE FAIRGROUNDS at the Great fair of
Ljubljana. Foto Uršič, Ljubljana. Colorised in
Adobe Photoshop.



sion screen. It feels terrible. It hurts. It's embarrassing and insulting. It's a violation of all the care and trust that go into a work of cinematic art.
—**Ginger Rogers**, *'Colorization: The Arguments Against'* (1987)

"Ten years ago it was difficult to pick up a newspaper or an aesthetics journal or to attend a professional meeting in philosophy or aesthetics without encountering the raging debate over the colorization of films. But in about 1995 that



MARIBOR, today's
Gospodarska street in 1928.
Published by F. M. Nowak in
Maribor. Colorised in Pixbim
ColorSurprise AI.

debate disappeared almost entirely from the radar screen.”

—**Julie C. Van Camp**, *‘Colorization Revisited’* (2004)

“Next to the possibilities of digital manufacture, the black and white of the historical documents appears deficient and obsolete. The documents need to be “improved.” Their black/white no longer counts as a signature of history, but as a technical failure that denies immediate access to past reality but

that, thanks to today’s technology, can be successfully corrected. What is also erased with the coloring of history is the realization that photography and film are not a restoration of the past, but evidence of its historicity.”

—**Peter Geimer**, *‘The Colors of Evidence: Picturing the Past in Photography and Film’* (2016)

“I saw the colorized photographs first at the Great War Exhibition in Wellington in 2017, where aes-

thetic wonder jostled with forensic prurience. Strangely, I found the images less moving than the originals I had known, as if life slipped away in the very artifice of being bestowed. Color, for me, had stripped the images of their punctum, their haunted testimony to the moment they were born: immediacy is not affect, just as verisimilitude is not reality.”

—**Santanu Das**, *‘Colors of the Past: Archive, Art, and Amnesia in a Digital Age’* (2019)



CIRIL HORJAK: A PORTRAIT

THE ARTIST WHO DARED TO LENGTHEN A PRESIDENT'S NOSE

Ciril Horjak is one of Slovenia's best-known and renowned illustrators. He is also the author of the cover of The Adriatic magazine you are reading right now.

AUTHOR: JAN TOMŽE



Ciril Horjak has been drawn to visual arts since childhood. He grew up and attended primary school in Ravne na Koroškem, where he and his brother, Metod, published their own magazine. He graduated from the Faculty of Education, and later from the Academy of Fine Arts. He is the author of many well-known comics and animated films, a lecturer, and an active observer of the world. He is a regular contributor to the Večer newspaper,

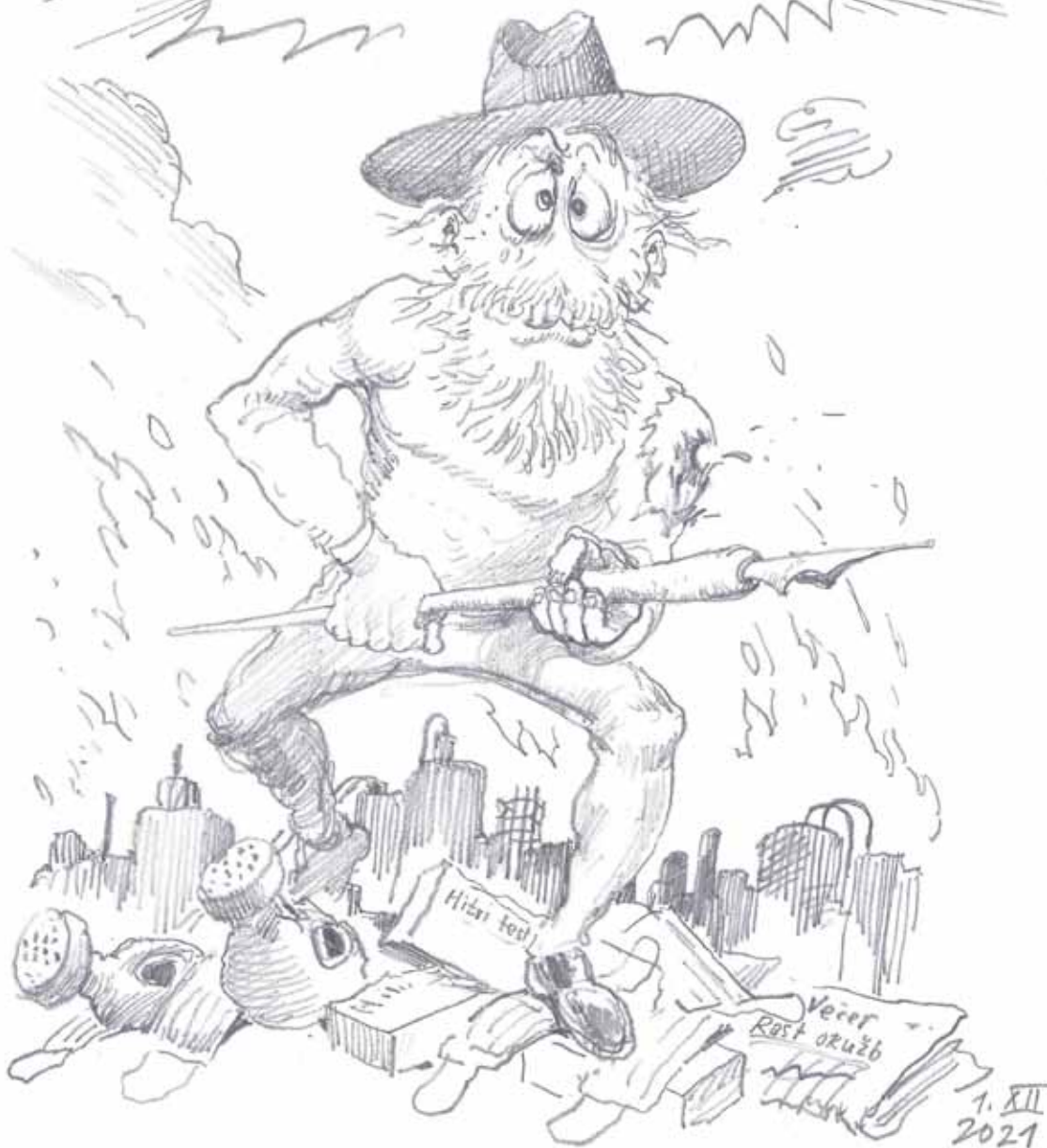
and the author of the first Slovenian textbook on comics. He has received numerous awards for his work.

"Illustrations, and especially caricatures, are a process of subtracting and over-emphasising. These are techniques that help you create a visual image of the person or phenomenon you want to portray. This is how you make the people see and feel your message," says Ciril, an eloquent interlocutor as much at ease with words as with the lines he is drawing. He dynamically connects different themes throughout his work. He takes the idea about his line of work further: "Our brains work in such a way that they detect certain visual characteristics in people. In this way, this evolutionary tool helps us remember and understand things. That's why illus-

dr. Horowitz

Kruh postavlja na mizo,
da nakrani otroke.

Z ranjeno roko hti uloviti roke,
čeprav zmagan bo zmagal
nad krizo!





trators and cartoonists emphasise certain features. You intentionally exaggerate and try to find the limit. For example, if we make President Pahor's nose long or his eyelashes three times longer, readers will immediately understand, and the message will come naturally to them."

What does a good illustrator need to have? "You have to be well-read, you have to follow what's going on, just like a journalist who writes stories. Facts and arguments are the tools you use," says Ciril, who also collaborated with the Institute for Strategic Solutions on exhibition displays in Bankarium, the Slo-



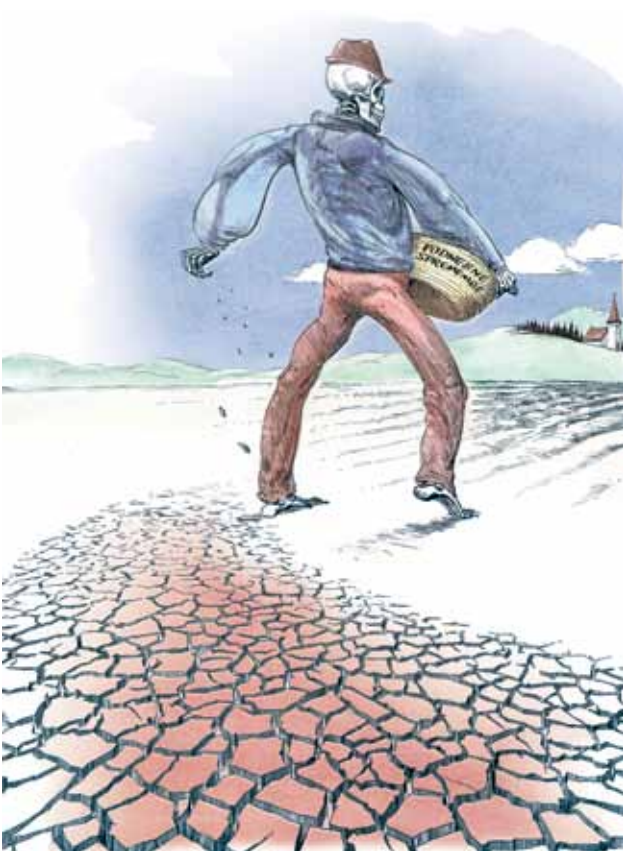




venian Banking Museum established a few months ago by NLB on Čopova Street in Ljubljana.

Ciril is also a great expert on the Slovenian illustrator Hinko Smrekar and in conversation he will seamlessly take you into detailed stories on the latter's life and work. As an artist, Ciril also goes by the nickname Dr. Horowitz. According to the legend, Horjak family's origin is from the town of Hořovice in the Czech Republic, which was founded in the 1300s. The place is particularly famous for the castle, once owned by one family who had nine children, says Ciril, who picked up his nickname after the Hebrew pronunciation of the Czech place, Horowitz.





THE FORGOTTEN VISUAL POPULAR CULTURE OF BELLE-EPOQUE EUROPE



A lonely figure hovers over
Zidani Most, Slovenia's railway
hub, flying with nothing but
a simple umbrella. This is
no Mary Poppins, though.
The person flying is clearly
male, fashionably attired
and sprouting an impressive
moustache. And then there
is the vexed matter of
chronology.

AUTHOR: JURE STOJAN, DPHIL

T

The beloved nanny, a creation of the British writer Pamela Lyndon Travers, made her debut in a 1926 short story and the eponymous book of 1934 (but truly entered popular imagination in the likings of Julie Andrews, in the 1964 Walt Disney movie). However, the gentleman in question flew over Maribor already in 1904, accompanied by a young wife carrying three babies in her handbag. It was quite a tour. Earlier the same year, the same couple had already flown over Paris and Rouen. In the months to come, they would also visit Liège and Dinant. Welcome to the strange world of belle-epoque photomontage.

"The medium is the message," once quipped the Canadian media theorist Marshall McLuhan. He might as well have been referring to the fly-



Ein Ausflug nach Steinbrück



ing people of mass-printed picture postcards, a medium that originated in the Austrian Empire in 1869 but soon spread all over the world. By 1895, the “golden age” of postcards had begun, driven by mass production, and being much cheaper to post than letters. It was a vibrant marketplace. Even in backwaters, there were several publishers vying for the paying publics’ attention. Such diversity of visual motives obscures, however, the shared underlying business infrastructure. A small number of specialised printers would supply the publisher in most of Europe. For example, Lederer & Popper of Prague printed the airborne gentleman of St. Gallen while the firm of F. Manger supplied, out of Cologne, the same man flying over Liège, Mainz, or Wiesbaden. Such postcard printers operated a sort of mail order business – local innkeepers or shopkeepers would send in photos of local landmarks, the expert lithographers would then add stock photo elements such as passer-byes (and occasionally even splashes of colour) and return parcels of finished postcards for clients to peddle locally.

To keep costs down, much was standardised, with unintended storylines emerging on the way. “So we can see a certain smiling mustached man in Lviv and in other Galician cities as well as in a couple of cities in Germany. Or we can see that the same woman who fell from her bicycle in Lviv on Batorego Street had the same fall in Wiener Neustadt and St. Pölten!,” writes Areta







Kovalsky, the Lviv-based Ukrainian-American who blogs at forgotten-galicia.com. The flying man was yet another standardised visual trope, an early example of clip art, a cut-and-paste character used to infuse even the most boring of photos with some gag value. For copyright reasons, not everybody was using the same people. In 29 postcards, we can find 10 different male models (even though the most popular among them was photographed in two different poses), sometimes flying alone, and sometimes together with one of the four different female companions (while the lone fifth one was flying on her own, that is to say, as the sole flying figure in the postcard).

In the early years of the twentieth century, such postcards spread all over Europe, including France and Italy, but appear to originate in German-speaking countries. This is because in German, the visual gag is accompanied with a verbal pun, typically with the by-line “ein Ausflug”. While it denotes an outing or an excursion, this compound word also conserves hints of its constituents’ original meanings, hence could be ironically misconstrued as “out-flying”. This pun is completely lost in translation into romance languages. For example, the flying Italians are accompanied with a simple “Un saluto”, greeting. By the end of the first world war, the world has moved on, with flying men migrating from postcards to children’s books and movies.





A

Adriatic islands have been populated at least since classical antiquity. The island of Hvar stands out since it was populated already between 3500 BC and 2500 BC. However, the islands reached peak population in the 1921 while the depopulation trend accelerated in the 1990s.

A PROBLEM OF ISLAND DEPOPULATION

There are around 50 islands which are inhabited in the statistical sense there is at least one resident on that island. Some islands only boast a single settlement but have no permanent inhabitants, a consequence of the population decline throughout the Croatian islands triggered by depressed economic activity. The main industries on the islands are fishing, tourism and agriculture, the latter focused on producing wine and olives. The local economy is relatively underdeveloped while the cost of living is 10 to 30% higher than on the mainland. Therefore, the Croatian government provides various kinds of support and protection, even passing special legislation to stimulate the economy of the islands (the "Islands Act"). Measures include charging no tolls on bridges, and providing discounted or free ferry tickets to islanders.

CROATIAN ISLANDS FULL OF DIVERSITY

How many islands does Croatia have? Many. Croatian archipelago is the largest in the Adriatic Sea, and the second largest in the Mediterranean after Greece.

Officially, there are more than 1200 islands in Croatia but some of them are just rocks, islets, or reefs, and are not inhabited. But most of the Croatian islands are true gems of the Adriatic, each with special characteristics but invariably with friendly locals.

AUTHOR: ŠPELA BIZJAK

WANTED: A SHOPKEEPER ON AN ISOLATED ISLAND

Some of the islands are small and have only a few dozen inhabitants off season, while on others, residents remain on the island also in winter-

time. An interesting but somewhat sad example is the island Sestrunj, part of the Zadar archipelago in Northern Dalmatia. The island measures a little more than 15 square kilometres and is just 15 kilometres

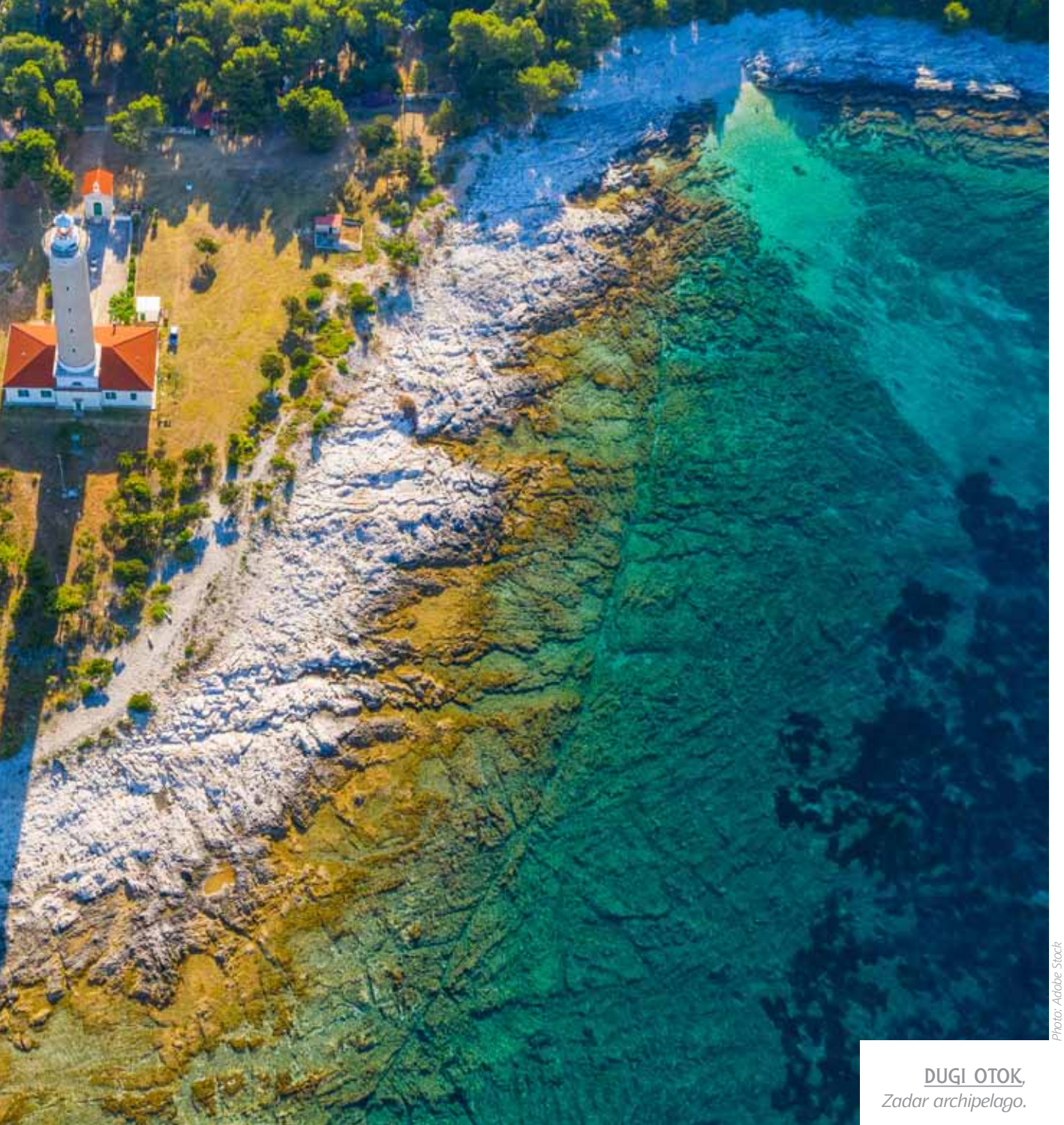


Photo: Adobe Stock

DUGI OTOK,
Zadar archipelago.

off Zadar centre. Already in 2019, the Local Board advertised a vacancy for the local shopkeeper. The ad went viral and received 40 applications from all over the world – America, Germany, Canada, from different age

groups, professions, and education. They all wanted to work in a small store on the islet in the Zadar archipelago. Or better, they all wanted to work in the Mediterranean environment, with many sunny days, with

untouched nature and the sea always at your fingertips. Eventually, they managed to secure a worker but sadly, the challenging bit remains to find an investor who would reopen the store on an isolated island.



***ISLAND ŠIP** is a small uninhabited island near Olib with beautiful bays.*

ISLAND BRANDING

It seems that beautiful nature and a clean sea are not enough to attract investors or tourists to the islands. This has spurred at least some of the local authorities to launch branding campaigns, each aiming to lure visitors to the unique island that is theirs. To cite but two examples, Lošinj is the “island of vitality” while Rab advertises itself as “the happy island”. These promotional strategies are tied to the umbrella brand of Croatian tourism – “Croatia full of life”.

When the car overshadows the island It is not only to foreign and local guests, that is to say people, that find the islands intriguing. It is also companies. In the summer of 2021, the ferry operator Jadrolinija carried its most valuable cargo to date to the island of Cres – several newly-built Nevera cars, belonging to Ante Rimac, one of Croatia’s foremost innovators and the owner of Bugatti Rimac. The latter company staged an official photoshoot on an island rumoured to be even more unique – Pag. This unquestionably furthers the popularity of the islands, and shows off their beauty.

OVERLOOKED ISLANDS WITH BAYS OF TURQUOISE AND LAID BACK LIFESTYLE

Sure, there are so many islands to choose from when planning your summer vacation. Two smaller islands in the Zadar archipelago have a few unusual things in common – the turquoise bays, a laidback lifestyle, and the incredible joy and curiosity with which they greet each arrival of the ferry on the island. These are Olib and Silba.



Photo: Adobe Stock



CRES is one of the largest and relatively untouched Croatian island.

Photo: Adobe Stock

NEVERA CARS

boasts on the unique Croatian island.



Photo: Rimac Automobili

Local people like to greet each other in the small port where the boats are docking. Ship arrivals are the time and place where everybody meets and comes together. At such moments, you can more or less see everybody who is currently on Silba or Olib. Nobody wants to miss this event, where you can keep track of who is arriving or leaving, in turns greeting and saying goodbyes. But people also come for more practical reasons, picking up food and other stuff they ordered from the mainland. Everything need to arrive by

Photo: Kat von Wood, Unsplash



PAG SHEEP is the original Croatian breed.

TOURISM is a main driver of Croatian economic development.



Photo: Spela Bizjak

boat – on this island, not everything is taken for granted.

OLIB, THE ISLAND OF SOLITUDE

Olib is a small island in northern Dalmatia, part of the Zadar archipelago, with a population of just 140 people. This island has very peaceful vibes – since no car traffic is allowed. While the island can be reached by ferry, all cars need to be left in the port parking area. This all but guarantees that you can find peace and quietness in your vacation, in a friendly and relaxing environment without noise, crowd, or any other distractions. Friendly islanders will welcome and greet you

OLIB is one of the islands where driving by motorized vehicles is not an option.

from the moment you step from the ferry boat.

Olib is known for its sheep breeding, olive growing, stone walls, oaks, and beautiful bays. The shallow beaches Slatinica and Slatina on the eastern side of the island are ideal for those who like privacy and want to avoid crowded beaches. Other secluded bays can be reached on foot or by bike.

Olib has suffered from emigration throughout its recent history. De-



Photo: Belkan campers, Unsplash



Photo: Adobe Stock

TORETA, MARINIĆ TOWER, THE TOWER OF LOVE is a landmark of Silba and rises to about 15 metres. Spiral stairs are leading to the top of the tower, and will repay the climber with an amazing view onto the neighboring islands of Premuda and Olib.

population had begun already before the First World War, continued after the Second World War and is arguably even more biting today. Many islanders made it to North or South America, which is also the reason you can find so many American tourists on Olib. Nowadays, exiles are moving much closer to home, mostly to Zadar to find a job, or a school for their children. Especially the young are much needed on the island, to work and preserve the traditions of Olib.



MLJET is Croatia's greenest island.

SILBA, THE ISLAND OF PEDESTRIANS AND ARTISTS

Silba is also located in Zadar archipelago, and its position brought it the moniker “the is door to Dalmatia”.

Silba has always been an island of artists seeking peace and inspiration for their work. It is one of the many islands in the Zadar archipelago where you can enjoy delightful beaches, Mediterranean nature, and the kindness of the locals. After Mljet, Silba is the Croatia island with the largest area covered with forest. Like Olib, Silba has also faced a history of depopulation. Today, the island only has around 300 inhabitants, and even fewer stay on during the winter.

Silba is also car-free, which means that no cars are allowed to be driven on the island. Only two motor vehicles are allowed, the scooters of the postman and the water deliverer. You may also drive with a little tractor an hour before and after the

arrival of the ferry. To carry the luggage or other things, people usually resort to trolleys on two wheels. During high season, even bicycles

are banned from the village. Unsurprisingly, Silba is also known as “Otok Pješaka”, the island of pedestrians.



KORNATI consists of 89 islands and islets and has been declared a national park.

Photo: Ivica Džarnić, Pexels



THE OLDEST WINE CELLAR IN SLOVENIA

GOOD AND TRUSTWORTHY PRODUCTS, NOT JUST SHINY STICKERS

It's in the name. Ptujška klet (Ptuj cellar) might be located in Ptuj, Slovenia, but keeps earning a place among the leading wineries in world's largest wine competitions. This year for the ninth time, they have again won the title of Best Slovenian producer at the Vienna wine challenge.

AUTHOR: THE ADRIATIC IN COOPERATION
WITH PTUJSKA KLET
PHOTOS: ARCHIVE PULLUS





W

Wines of Ptujška klet can be found almost everywhere in Slovenia and also across Europe (e.g. in the Netherlands, Switzerland, Austria, and Germany). Their biggest foreign market is the USA, where they make almost 15% of their annual revenue. The second biggest market is China, and, interestingly, more and more interest is coming from Far-Eastern countries such as Japan. To learn more about the wine business,

and the dos and don'ts of wine drinking, we talked with Maksimiljan Kadivec, the oenologist-in-chief of Ptujška klet. But to him, what counts more than his grand job title is trust of consumers. He believes that for a product to be successful, it must first have a good fit with modern tastes, otherwise, no medal or honorific will help.

Maksimiljan Kadivec, can you tell us a little bit about yourself and your career so far?

My fundamentals are grounded in the food industry. I'm passionate about good food and drinks, which was one of the key reasons I studied food technology and nutrition course at the Biotechnical Faculty in Ljubljana. Next to other technologies, winemaking was

”

“Pullus brand is still one of the most awarded brands in Slovenia and I believe also wider. We focus on treating our customers with good and trustful products, not just shiny stickers.” - Maksimiljan Kadivec



my secret love, passion and, in last years, also my devotion. I knew that it would be hard to get a job in Slovenia as a winemaker in a big winery, so it was sheer luck that steered me, back in 2015, to connect my interests for winemaking with Ptujška klet. I had my job interview and started my job just a few weeks before harvest that year. My career has been growing since then – it's the kind of the job I would like to do until my last breath. I love it.

Wine seems to be more popular as an alcoholic beverage every year.

Do you notice any trends yourself?

In our line of business, we somehow don't like to hear wine is an alcoholic beverage, because we treat it as food for the soul, and a good companion to a meal. In my opinion, wine is becoming more popular with better education about nutrition. As I remember from my youth, mixing hard spirits together with soft drinks was popular. Nowadays, more and more young people are including wine in their lifestyle. Also, the quality of wine is growing, while the chances of drinking bad wine are getting lower and lower.

Usually, beginners start with sweeter wines, then they convert to dry wines, mature wines, etc. Like everywhere, you need experience, and then you will be keen to experiment more and more.

Now about your personal preferences – which sort of wine is your favourite? And why?

My favourite is different each time. It depends on the moment, company, the season, the meal, the time of day,





”

“My advice about starting a wine journey would be – follow your taste and expectations. Be not afraid of new things, and just try – try as much as you can – of course, with much wisdom and responsibility.”

Maksimiljan Kadivec





on the temperature and so on... Why? Because I am spoiled and picky and never fall in love with just one wine.

Are there any special secrets to making great wine?

The most important ingredient are always the grapes, or rather the condition they are in. From perfect grapes, you can make great wines but also mediocre ones. From average grapes, however, no great wines can ever be made. There are some oenological tricks but you can never replace what is missing in grapes. On one hand, a winemaker's job is really simple, just have to take care that you preserve the potential of the grape. On the other hand, to quote my close co-

worker during my first three harvests, Craig Andreson: "Wine is no rocket science ... it is much more!" We still don't know the many interactions that is going on between the terrain, vine, grapes, juice, wine, and wine aging, but that doesn't mean that we can't affect them, just that sometimes we don't know the exact mechanism working in the background.

Finally – what is your advice for pairing wine with food? Is there some faux pas that we should never do?

Yes, there are some rules, but rules may occasionally limit our experience. As a general rule – the lighter the food the lighter wine. With

growing intensity of flavours, wine must counter with some intensity of its own. Fattier food needs to be counteracted with a wine with more acidity and power. If you're into following stricter traditional guidelines, you can always ask a house sommelier, I am just a humble winemaker who likes to enjoy good wine and good food. If I am unsure that the wine would go well with some dish, I rather order another bottle and hope it will match better! What we should look at in pairing are good experiences and good memories – these will bring back buyers. Not just an "ideal" combination written in a random book.

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This is our home. A region of opportunities.

Here are our families, friends, co-workers, neighbours, strangers we know, sportsmen we root for, innkeepers who know how we take our coffee ... Here are our thoughts and our hearts.

That's why we can see what this region is capable of and recognize the potential where nobody else does.

We want to take care of our home the best we can and thus improve the quality of life in this region. Because where others see just a spot on the map, we see a region of opportunities.

For whatever may come.

NLB Group