



# THE ADRIATIC

CORPORATE BRIEF ON GEOPOLITICS & LIVING

ISSUE 11, JANUARY 2023

## STRATEGIC FORESIGHT 2023

### CROSSING OVER: NAVIGATING THROUGH INNOVATIONS

GEOPOLITICS: KEY RISKS IN 2023 | CHALLENGES OF A CHANGING BUSINESS ENVIRONMENT | COMMITTED SUPPORT FOR THE WESTERN BALKANS | A DIRE DECADE AHEAD? | UTILIZING THE POWER OF DATA | IS A 4 DAY WORK WEEK JUST A FAD OR A MATTER OF TIME? | FROM WOODEN FRAMES TO ECO-FRIENDLY TRANSPORTATION | TUSHEK HYPERCARS: THE FUTURE IS NOW | MONTENEGRO – THE HARD PEARL SHELL | A GUIDE TO BECOMING AN ART COLLECTOR | YESTERYEAR, THE TIMES WE KNEW AND LOVED



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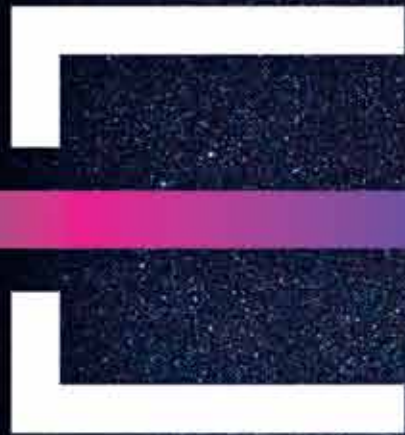


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## MASTHEAD

# THE ADRIATIC: STRATEGIC FORESIGHT 2023

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## ABOUT OUR FRONT PAGE

**T**he reality is becoming ever more colourful. What used to be thought of as medium and long-term challenges are now firmly among us. From geopolitical upheaval to dramatically changing climate, global supply chains are undergoing their greatest transformation in decades. It is the twilight of business-as-usual, the end of kicking-the-can-down-the-road approaches to strategy. It is only through the strength of innovation that the economies can overcome their challenges. It is the force of ideas pitched against forces of catastrophe.

The front page illustration was created by Ciril Horjak.

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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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# WHERE ARE WE HEADING?

T

The past year has been marked by uncertainty and unexpected events, from the ongoing pandemic to the Russian invasion of Ukraine and the energy crisis in Europe. While we had hoped for a time of prosperity and growth in the aftermath of the corona crisis, it seems that history is not always so predictable. The winners of the current crisis will, according to the board of The Adriatic, be those that will navigate through the crisis with innovation, applying new models to tackle higher prices and achieving more added value. Hence,

the theme of the 11th Adriatic edition where you can read about risks, sustainability, success stories of the future and of the past.

One key factor contributing to the current instability is the over presale of electricity. While the government intervention in the energy sector may offer temporary relief, there is a risk of repeating the bank bailout scenarios of a decade ago. Energy companies may become vulnerable due to lack of capital resulting from higher energy prices and this an easy target for cheap takeovers. To navigate these uncertain times, innovation is the most effective tool for small and medium-sized enterprises to adjust their resources, stay competitive, and emerge as winners in their markets.

On a more positive note, the region has made progress towards EU integration, with Bosnia and Herzegovina becoming an EU candidate and Croatia joining the common monetary

and Schengen zones. This is a significant development that will contribute to stability and prosperity for the people of Europe. However, in order for the EU to grow better, each candidate must contribute to it. Is Croatia up for it?

As we move ahead in 2023, we must embrace innovation and adaptability in order to weather the challenges ahead.



Photo: DELO

TINE KRAČUN



# STRATEGIC FORESIGHT 2023: WESTERN BALKANS



THE TOP THREE  
RISKS OF 2023



# 1

## **GROWTH RATES IN THE WESTERN BALKANS HAVE BEEN REVISED DOWNWARD SINCE THE SPRING OF 2022.**

According to economic forecasts, the Western Balkans is being confronted by a series of adverse shocks, stemming from the global energy crisis and the war in Ukraine. Higher energy and food prices have pushed inflation to levels unseen for decades. In 2022 there was double-digit inflation in all countries except for Albania. Purchasing power and business confidence were eroded, as well as an estimated 13% increase in the number of poor in 2023. The region's export boom has also begun to slow down, widening current account deficits sharply. For example, a decrease from 54.9% of GDP in 2021 to 8.7 % of GDP in 2022 and this in turn is putting pressure on currencies and foreign exchange reserves. The data provided by the World Bank suggests that the labour market is beginning to cool down and there is increasing uncertainty about employment growth. Within such a constellation, the strong start made in the first six months of 2022 by the Western Balkans could potentially "be annulled" by mid-2023.

# 2

## **STRUCTURAL REFORMS ARE URGENTLY NEEDED, BUT SEVERAL UNCERTAINTIES EXIST REGARDING THE PERSISTENT POLITICAL CAPABILITIES ISSUE.**

Data from the Penn World Table shows that the Western Balkans need structural reforms to boost potential growth. Stemming from this, organizations such as the European Bank for Reconstruction and Development, the World Bank and the International Monetary Fund have indicated that governments should prioritize reforms that would serve to accelerate potential growth with a low fiscal cost. Such reforms should facilitate the rise of standards of governance, including digitalization, level of market competition, removal of entry barriers to business, as well as retention and reinvestment among foreign investors to boost productivity. While such reforms are needed, the biggest risk comes from the field of political capabilities, meaning that the political elite is either unable or unwilling to introduce the needed structural reforms. Cases of BiH, Montenegro and to a certain extent, North Macedonia, show how a gridlocked political situation can diminish the prospect of introducing the needed reforms.

# 3

## **STAGNATION ON THE PATH TOWARDS THE EU COULD EXACERBATE BILATERAL TENSIONS IN THE REGION.**

The war in Ukraine, coupled with accession fatigue, the rise of socio-political uncertainties in Bosnia and Herzegovina, Montenegro and North Macedonia, and deteriorating relations between official Pristina and Belgrade, are becoming an everlasting challenge for the notion of good neighbourly relations. An unclear European integration perspective, accompanied by the unwillingness of the said countries to join the Open Balkan initiative, could, in turn, exacerbate the already burdened bilateral relations between the countries in the region in 2023.



## CROATIA:

This year's assessment of the investment environment shows that Croatia is going to stay moderately stable due to the recovery measures and stimulative economic incentives during the energy crisis. In 2023, Croatia's economic growth is forecast to be rather low (1%), while inflation should decelerate to 6.5%. Analysts at the Institute for Strategic Solutions will follow the situation closely alongside domestic consumption.

## SLOVENIA:

Analysts at the Institute for Strategic Solutions estimate that the general Investment Environment Assessment will remain moderately stable as it was in 2022. The biggest risks that could potentially influence the general Investment Environment Assessment are related to public debt, the healthcare system, the taxation system, and inflation. The political environment has improved, as the election in 2022 enabled a strong majority between three political parties that can implement the needed reforms in the year to come.

## BOŠNIA AND HERZEGOVINA:

Analysts at the Institute for Strategic Solutions estimate that the general investment environment is going to remain moderately uncertain. Such trajectories could be further accelerated as the general elections in BiH did not bring any significant changes, meaning that the political crisis will stay 'locked'. In 2023, the biggest risks – besides the political ones, touch upon the socio-economic dimension, as inflation rises and there is slower economic growth, in tandem with weaker employment, all these factors could worsen the general investment environment of the country in 2023.





## SERBIA:

Analysts at the Institute for Strategic Solutions estimate that the general investment environment will remain moderately uncertain and could stay so, due to improved economic indicators that are coupled with (relatively) robust growth for 2023. This will be coupled with reducing the deficit and debt-to-gross domestic product ratio, alongside a rise in pensions and minimum wage in 2023. The most troublesome risks that Serbia potentially faces in 2023 are tied to the uncertainties regarding the bilateral relations with Kosovo, which is something that will be monitored closely.

## KOSOVO:

This year's assessment of the investment environment shows that Kosovo is going to stay moderately uncertain, mostly due to bigger socio-economic and political risks. Such risks are associated with relatively slow economic recovery after the COVID-19 crisis, and bilateral tensions with Serbia, which is preventing a meaningful dialogue between Pristina and Belgrade. The dialogue received a new impetus following the German and French to accelerate it; this is something that will be closely monitored by the analysts at the Institute for Strategic Solutions.

## MONTENEGRO:

This year's assessment of the investment environment shows that Montenegro is going to stay moderately uncertain, but will worsen in terms of the political indicators. This was reflected in the second part of 2022, which saw an instalment of the technical government led by Dritan Abazović only to be impeached a few months later. While such an atmosphere is not expected to completely de-escalate in 2023, it is worth mentioning that Montenegro's general investment environment will improve in part with foreign investments. In 2022, they were 85% higher than in 2021, and projections show that Montenegro will continue on this path of attracting foreign investors.

## NORTH MACEDONIA:

This year's assessment of the investment environment shows that North Macedonia is going to stay moderately uncertain, but will worsen due to the political and security situation. The latter corresponds with increased unrest that has both internal and external dimensions; while the internal one pertains to the question of constitutional changes, the external one is inherently tied to the ongoing tensions between North Macedonia and Bulgaria. Analysts at the Institute for Strategic Solutions will closely follow the internal dimension as this has the biggest spill-over potential and could determine the socio-political environment of North Macedonia in 2023.

# CHALLENGES OF A CHANGING BUSINESS ENVIRONMENT

Ever since the beginning of the Covid-19 pandemic in the winter of 2019/2020, both business and politics have been in crisis mode. On top of the dramatic loss of human life, the pandemic has caused a severe economic downturn.

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AUTHOR: ALEXANDER SANDKAMP

# I

In 2020, GDP in Slovenia fell by 4.3 percent. The country thus performed better than the EU average, which experienced a 5.9 percent decline in GDP. In February 2022, hopes of a lasting recovery were crushed by Russia's invasion of Ukraine and the energy crisis accompanying it.

Three consequences for the global business environment emerge: First, supply chains have turned out to be less resilient than expected. In 2020, countries all over the world competed for a limited supply of medical equipment including face masks, rubber



gloves and ventilators. In 2021, the combination of a rapid recovery in economic activity coupled with continued lockdowns meant that many other products such as wood, microchips



and containers were in short supply. In 2022 - driven by the Russian invasion of Ukraine and the subsequent sanctions and countersanctions - the focus has shifted on energy products and food. Second, prices increased as a direct consequence of the imbalance of demand and supply. Inflation already returned in 2021 (2 percent in Slovenia, 2.9 percent in the EU) but exploded in 2022, reaching 11 percent in Slovenia and 10.1 percent in the EU in August 2022. Third, the recent disruptions have led governments to question the reliability of global production networks.

The criticism of global supply chains is partly unjustified, as shortages were often driven not only by loss of production, but also by strong and sudden increases in demand. In fact, EU imports increased by 29 percent in 2021. However, the – sometimes real, sometimes perceived – disruptions in the global production network have led to increased calls for de-globalisation. Its supporters argue that reshoring or

friend-shoring production (shifting it either back home or to political allies) increases economic resilience. In this return of protectionism lies one of the main challenges for both businesses and consumers in Europe, as the remainder of this article shows.

The Kiel Institute for the World Economy (IfW) has simulated four scenarios to investigate the effects of reshoring production on trade and real income in affected economies. This is done with the help of the Kiel institute Trade Policy Evaluation (KITE) model which simulates trade flows between 141 countries in 65 economic sectors, covering 98 percent of global economic activity. Within the model, reshoring production is simulated by doubling bilateral trade barriers. This strongly reduces trade flows while not completely eliminating them.

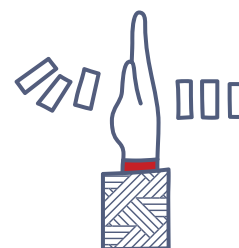
The first scenario simulates a unilateral economic decoupling of the EU from the rest of the world with the aim of shifting production back to Europe. In the model, this is achieved by

increasing import restrictions (export barriers are left unchanged). The second scenario assumes mutual decoupling, meaning that both imports to and exports from the EU are restricted. Instead of a general decoupling, the third Scenario assumes a mutual decoupling of the EU from China only. Against the backdrop of current geopolitical tensions between the EU and China and the EU's declared aim to reduce dependence on China, this scenario seems more realistic than the first two. Finally, the fourth scenario investigates decoupling of the EU, the US and their allies from Russia. This scenario has already started to become reality as EU exports to (imports from) Russia declined by 46 percent (27 percent) in August 2022 relative to February.

Table 1 shows the impacts of EU decoupling on trade with third countries. Unilaterally doubling import barriers vis-à-vis third countries reduces imports by 62.5 percent as production is partially shifted to Europe (Scenario I). However,

**TABLE 1: TRADE EFFECTS FOLLOWING EU DECOUPLING**

	Change in real imports	Change in real exports
<b>Scenario I (Unilateral decoupling)</b>	-62,5%	-54,2%
<b>Scenario II (Trade war)</b>	-84,1%	-87,0%



Note: Without China (effects similar). Excluding oil and gas. Source: Felbermayr et al. (2021)



**TABLE 2: CHANGE IN REAL INCOME FOLLOWING DECOUPLING**

EU	Change in real income	Income change in EUR
<b>Scenario I (Unilateral Decoupling)</b>	-3,5%	-584.4 bn EUR
<b>Scenario II (Trade War)</b>	-5,3%	-873.1 bn EUR
Germany	Change in real income	Income change in EUR
<b>Scenario I (Unilateral Decoupling)</b>	-3,3%	-114.5 bn EUR
<b>Scenario II (Trade War)</b>	-6,9%	-236.7 bn EUR
Slovenia	Change in real income	Income change in EUR
<b>Scenario I (Unilateral Decoupling)</b>	-5,0%	-2.4 bn EUR
<b>Scenario II (Trade War)</b>	-8,0%	-3.9 bn EUR

Note: Change in income based on GDP in 2019. EU-28 incl. UK. Excl. oil and gas.  
Source: Felbermayr et al. (2021)



Economic losses are not evenly distributed across EU member states. Belgium, Malta and Ireland – all small open economies that heavily depend on trade – lose most. Slovenia is also more strongly affected than the EU average, experiencing losses of 5 percent and 8 percent in Scenarios I and II respectively. Even Germany - the EU's largest economy - experiences a 6.9 percent decline in GDP in Scenario II due to its export dependence. Europe's trading partners also lose from such a trade war, experiencing average declines in GDP of 1.5 percent. Shifting production back to the EU thus comes at considerable costs to both the EU and its trading partners.

er, exports fall by almost as much (54.2 percent). Reshoring production means that EU companies forego the benefits of the international division of labour and specialisation. Instead of importing products from the cheapest source country, they are produced in the EU at higher costs. This also applies to intermediate inputs, which increases firms' production costs and weakens their international competitiveness. As a result, EU exports decline by almost as much as imports. A mutual decoupling (Scenario II) would reduce trade even further.

The impact of such a general decoupling on real income in the EU is reported in Table 2. Specifically, a unilateral decoupling of the EU from the rest of the world permanently reduces EU GDP by 3.5 percent (Scenario I). In

terms of GDP 2019, this means that the EU foregoes income worth 584 billion Euro every year relative to a world without additional barriers. A trade war (Scenario II) increases these losses to 5.3 percent (873 billion Euro) per year.



**Economic losses are not evenly distributed across EU member states. Belgium, Malta and Ireland – all small open economies that heavily depend on trade – lose most.**

Table 3 shows simulation results for a decoupling from China and Russia. Doubling trade barriers between the EU and China (Scenario III) reduces bilateral trade to a greater extent than a general decoupling of the EU from all its trading partners (Scenario II). Specifically, EU exports



**TABLE 3: CHANGE IN EXPORTS AND REAL INCOME FOLLOWING DECOUPLING**

	Change in bilateral exports		Change in real income			
	EU	China	EU	Germany	China	Slovenia
<b>Scenario III (Decoupling EU - China)</b>	-97,7%	-96,2%	-0,8%	-1,0%	-0,9%	-0,8%
	USA + Allies	Russia	USA + Allies	Germany	Russia	
<b>Scenario IV (Decoupling EU/USA - Russia)</b>	-97,7%	-96,4%	-0,2%	-0,4%	-9,7%	-0,8%

Note: EU-27 excl. UK. Incl. oil and gas. Source: Felbermayr et al. (2022)

to (imports from) China fall by 97.7 percent (96.2 percent). As trade between the EU and other countries remains unhindered in this scenario, imports from China are not only replaced by production in the EU, but also by increased imports from third countries. It is thus easier for the EU to become independent from one country only, even one as large as China. Consequently, real income in the EU only declines by 0.8 percent in this scenario. Income in China falls by 0.9 percent while Slovenian GDP falls by 0.8 percent.

Finally, a mutual decoupling of the EU, the US and their allies from Russia (Scenario IV) only mildly affects income in the political West (-0.2 percent on average). Again, aggregate effects mask significant heterogeneity across countries. Slovenia's GDP declines by 0.8 percent in this scenario, income in Germany falls by 0.4

**Clearly, reshoring production would make the EU more resilient against shocks in third countries. However, even a return to autarky would not protect the EU from global shocks such as the Covid-19 pandemic.**



percent. Such mild effects may seem surprising. However, it should be noted that the model simulates long-run effects. This implies that new gas pipelines and LNG terminals will have been built and the energy transition will have been driven forward. In the short term, negative effects are likely to be much stronger.

Russia, on the other hand, is hit much more strongly by a trade war with the West, experiencing a permanent 9.7 percent decline in real income in Scenario IV. This is because the EU, the US and their allies are much more important economically for Russia than vice versa. This result has important policy implications, as it implies that sanctions will be more harmful for the geo-political rival, the more countries join them. Relative economic size also explains why Russia is more strongly hit than China. The EU, the US and their allies

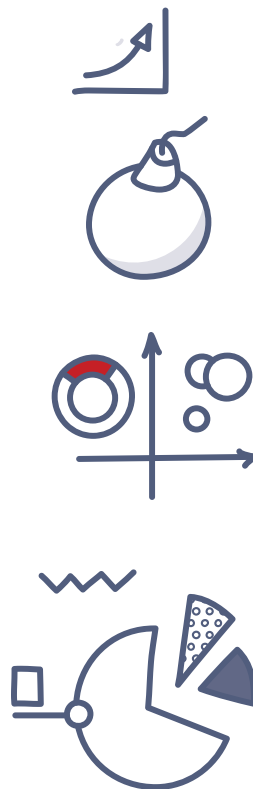


are more important for Russia than only the EU is for China – which is in itself a larger economy than Russia. Clearly, reshoring production would make the EU more resilient against shocks in third countries. However, even a return to autarky would not protect the EU from global shocks such as the Covid-19 pandemic. Instead, Europe would become more vulnerable to local shocks (think about floods in Germany or the shut-down of French nuclear power plants) as lost production cannot be substituted by imports anymore. In addition, the production of certain raw materials cannot be shifted to Europe as they simply do not exist there.

Instead of decoupling, economic resilience can best be strengthened by diversifying procurement, sourcing products from several suppliers in different regions. Such a strategy preserves the advantages of the international division of labour while at the same time protecting the EU economy against local shocks (including domestic ones). If imports from one country are disrupted for geopolitical reasons or as a consequence of a natural disaster, the loss can at least partially be compensated by alternative suppliers.

There are several ways in which the EU commission as well as national governments can facilitate diversification. For example, free trade agreements lower trade barriers and thus make it more attractive for EU firms to source from partner countries. Similarly, investment treaties as well as investment guarantees help create

**There are several ways in which the EU commission as well as national governments can facilitate diversification. For example, free trade agreements lower trade barriers and thus make it more attractive for EU firms to source from partner countries.**



stable business environments, making it easier for EU companies to invest in production facilities abroad. In addition, the funds earmarked by the EU for the Global-Gateway initiative can be used to invest not only in infrastructure (which reduces trade costs with partner countries) but also in raw materials production projects, thus benefiting the local population as well as contributing to diversification of suppliers of critical raw materials. Other measures including increased recycling rates, higher material efficiency and strategic warehousing may help to increase resilience in areas, in which diversification is difficult to achieve (such as for raw materials that are highly concentrated geographically).

While economic decoupling from individual countries such as Russia might be politically necessary, the above analysis has demonstrated that a general shift of production back to Europe would lower living standards in both the EU and its trading partners. On top of that, reshoring would make the EU more vulnerable to domestic shocks. The EU should therefore meet the current challenges not by decoupling but an effort to diversify its suppliers through a broad increase in international cooperation, coupled with technological innovation to tackle supply chain disruptions. Europe still has the ability to contribute to a more open, prosperous and peaceful world. It should use it!

#### References

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## ELECTION FEVER

# WHERE ARE THE NEXT ELECTIONS GOING TO BE?

There are going to be significantly fewer elections in 2023 than in 2022. We have looked at the wider region and the EU. We also checked the next year, 2024, as events in many countries can only be understood accounting for the upcoming elections in the next year. In 2024, there are also going to be elections to the European Parliament in all EU member states.

AUTHOR: UROŠ URBAŠ

### 2023 AND 2024 PARLIAMENTARY, PRESIDENTIAL AND LOCAL ELECTIONS

**Czech Republic:** Presidential elections are to be held on 13th and 14th of January 2023.

**Cyprus:** Presidential elections on 5th of February 2023.

**Estonia:** Parliamentary elections on 5th of March 2023.

**Finland:** Parliamentary elections on 2nd of April 2023.

**Turkey:** Presidential and parliamentary elections are scheduled on June 18th 2023.

**Greece:** Parliamentary elections will happen in the first half of the year 2023.

**Montenegro:** Presidential elections are expected in April 2023.

**Poland:** Parliamentary elections in 2023.

**Spain:** Parliamentary elections in 2023.

**Switzerland:** Elections to the Swiss Parliament in 2023.

**Latvia:** Presidential elections in 2023, a new president, who will be elected indirectly.

**Germany:** On 14th of May 2023 there are going to be local elections in the German states of Bremen and Schleswig-Holstein. Local elections will also be held in Bavaria and the State of Hesse.

**Austria:** Regular parliamentary elections are expected in 2024.

**Belgium:** Regular parliamentary elections are expected in 2024.

**Croatia:** Regular parliamentary elections are expected in 2024. Presidential elections are going to happen on 13th of December 2024.

**North Macedonia:** Regular parliamentary elections are expected in 2024.

**Montenegro:** Regular parliamentary elections are expected in 2024.

**Romania:** Regular parliamentary elections are expected in 2024.

**Slovakia:** Presidential elections in 2024. Regular parliamentary elections are expected in 2024.

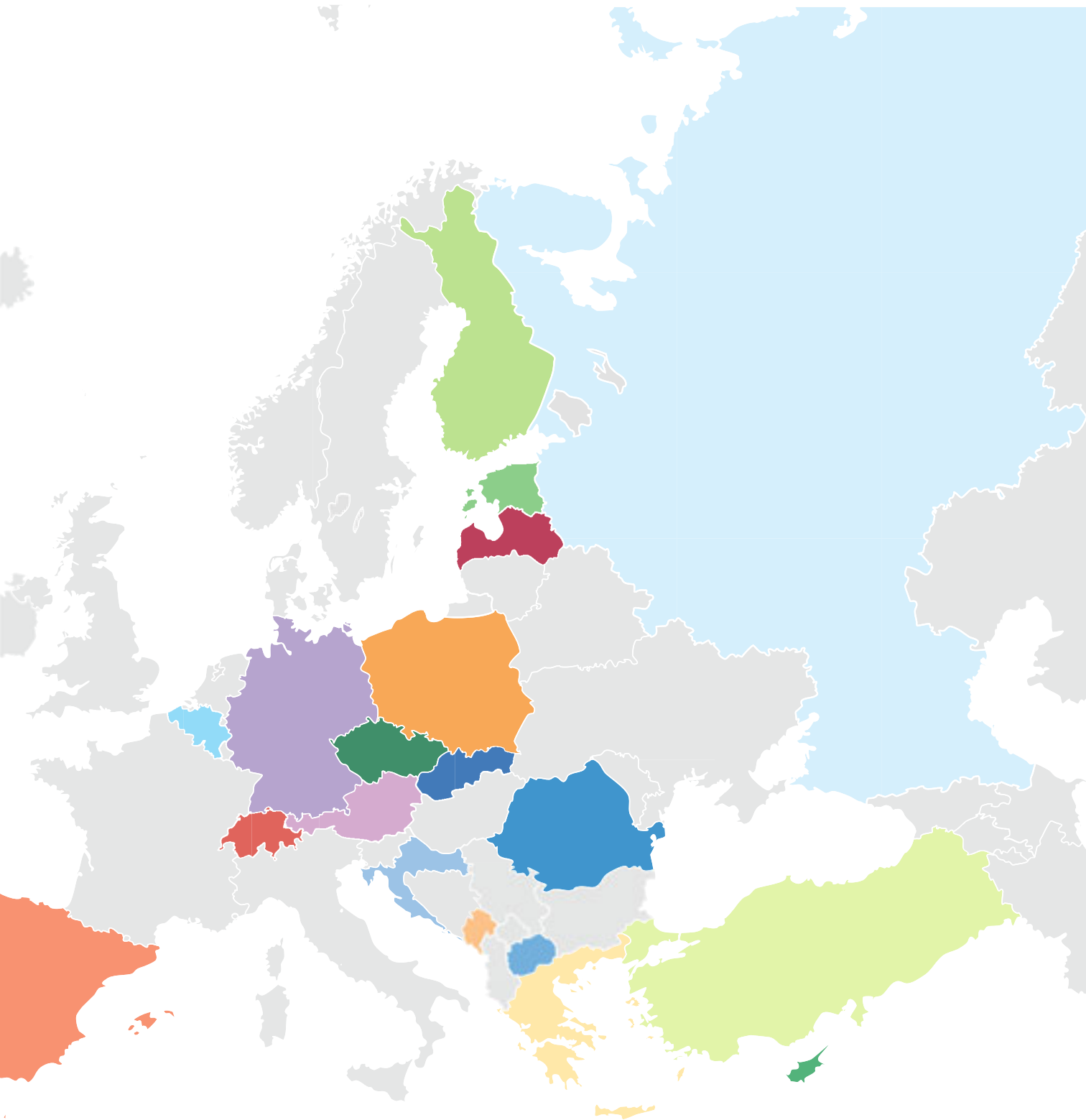
**EU:** Elections to the European Parliament in 2024

**North Macedonia:** Presidential elections in 2024.

**Romania:** Presidential elections in November 2024.

**Russia:** Presidential elections on 17th of March 2024.





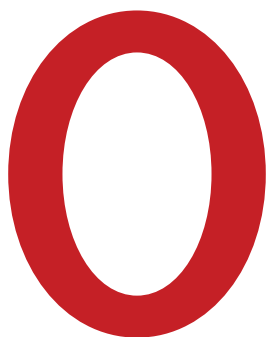


## PEACEKEEPING AND STABILITY

# COMMITTED SUPPORT FOR THE WESTERN BALKANS

For the past 30 years Ministry of Defence of the Republic of Slovenia and Slovenian Army Forces, with its North Atlantic Treaty Organization (NATO) allies and European Union (EU) partners, have been assisting in peacekeeping and stability in the Western Balkans. But how do NATO and EU peacekeepers maintain that peace decades on?

IN COOPERATION WITH THE MINISTRY OF DEFENCE OF THE REPUBLIC OF SLOVENIA



One of the elements of peacekeeping is the establishment of a stable environment, where support is provided through special mechanisms. The

multiple support for the locals in the region is provided with the help of Civilian-Military Cooperation (CIMIC), that includes civilian functional specialists (CFS) and dates back to 2004. What is CIMIC and who are civilian functional specialists (CFS)? According to NATO, CIMIC is “the means by which the military command establishes formal relations with national and local authorities, the civilian population, international governmental and non-governmental organisations within its Area of Responsibility.”

CFS are CIMIC’s extended arm, assisting in establishing the above-mentioned relationships based on knowledge of the functioning of public services, the economy and civil society. They comprise a diverse group of experts with academic backgrounds – public servants, trainers, educators, analysts, and researchers. Operating under the auspices of the Ministry of Defence, they are trained to participate in the commands and units of international operations and missions in the fields of public ser-

vices, infrastructure, economy, agriculture, humanitarian affairs, culture, etc. Quoting H. E. ambassador Milan Jazbec, Bojan Pipenbaher, head of the Department for International Operations and Missions at the Ministry of Defence explains: “In their capacity as contact persons and preparing information for ministries, they are an important part of practical diplomacy.”

“In this way, they can ‘break the ice’ in fostering cooperation between different entities in the areas where Slovenia works within the political, economic, humanitarian, cultural and other social spheres.”

## SUCCESS STORIES

They have already contributed significantly to the Slovenian NATO contingent in the Western Balkans, states Pipenbaher, providing support in reintegrating the region into international political, diplomatic, economic and social flows.

One good example, noted by Pipenbaher, is the cooperation of CIMIC and CFS in KFOR in Kosovo, which started in 2007 and was the first practical test of this comprehensive approach.

The projects were multiple and demonstrated numerous benefits of civilian-military cooperation: the renovation and construction of school and road infrastructure; preventing the spread of zoonoses; developing a system of protection against natural and other disasters and equipping the first responders; providing public health institutions with medicines for the socially vulner-



able population; distributing humanitarian aid packages of the Red Cross of Slovenia to socially vulnerable families; and helping women, the disabled and other non-governmental organizations and individuals regardless of their nationality and religion.

Of the above projects, the ones with the biggest civilian support were the projects within the SVNKON KFOR 15 in Kosovo. In the six months of operation, in addition to funds collected from nine ministries, private donations from Slovenia amounted to more than EUR 100,000. The projects included the construction of a school in Zahaq, construction of five sports fields for youth, equipping several schools and libraries with computers and school equipment, medical support for a gravely ill girl, medicine supply for socially deprived citizens, purchase of beehives for schools, etc.

Slovenian CFS' in KFOR have been included in the NATO advisory group, where they assisted the authorities with advice on devising legislation and strategic planning documents regarding security, financial business, and IT.

## INVALUABLE SUPPORT

Their significance, Pipenbaher emphasises, cannot be overstated, and is also reflected in the fact that since 2007 - when the Slovenian group of 10 CFS was the first such group to obtain a certificate of competence for operation in all NATO commands and units - 54 of 71 CFS' operated within the Slovenian NATO contingents in the Western Balkans, namely in Kosovo and North Macedonia.

## FUTURE OPERATIONS

Currently, there are two CIMIC projects that are implemented across seven BiH municipalities: First Aid - everywhere and for everyone, and Assistance to municipalities in Bosnia and Herzegovina in preparing European and other international projects. The projects are part of the current Slovenian government's decision to strengthen cooperation with partners in the Western Balkans. Pipenbaher states this is a great opportunity to define the future direction of activity in this area. In 2023, Slovenia will further increase cooperation with the Western Balkans and hopefully other partners will follow in its footsteps.



POWERING THE FUTURE

# EUROPE HAS BEEN GIVEN A REASON TO ACCELERATE FOCUS ON RENEWABLE SOURCES

The Ukrainian war has caused energy crisis in Europe, however the European sentiment on the transition to renewables and Europe's self-sufficient energy supply look promising, so we can expect even more subsidies for hydrogen technologies.

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AUTHOR: UROŠ URBAŠ

 2023 

2023 will be a difficult year in the energy sector due to the Ukrainian crisis and the reduction in the supply of Russian gas, which Europe will replace with more expensive liquified gas from Africa, Arab countris and the United States of America, says Jože Bajuk, board member of the Slovenian energy company, Petrol. We can expect unprecedentedly high energy prices. However, there are positive expectations the European Commission will use mechanisms to prevent extreme price jumps.



"I think Slovenia made a mistake a decade ago in preventing the construction of a gas terminal in Žavlje, nonetheless we are part of the EU that defines the development of the Energy Union and advocates diversified energy sources and energy independence," Bajuk notes. "The EU will continue its independence from Russian energy sources, and Europe's share of the consumption of Russian energy will decrease. Anyone with an alternative at home can be more self-sufficient."

A Spanish company wanted to build a terminal in Žavlje, just near Milje, but Slovenia, at the initiative of environmental organisations, managed to block this initiative in parliament. Thus, in 2009 a resolution on the protection of the Northern Adriatic (Resolution on the Adriatic Strategy) was adopted, prohibiting the construction of a gas terminal in the northern Adriatic.

## WHERE ARE THE GAS TERMINALS IN THE ADRIATIC?

Natural gas pumped by gas-rich countries such as Saudi Arabia, Iran, Algeria and Libya must first be liquefied, then loaded onto specially modified ships and transported to a floating LNG terminal. From here, it is distributed in the same form, and transported by road or distributed by pipeline.

Croatia will have three gas terminals in a few years: the largest gas terminal is in Omišalj on Krk, another gas terminal is in the port of Ploče and a permit has already been granted for the construction of a gas terminal in the Port of Gaženica in Zadar. The investment in the LNG terminal in Omišalj on Krk amounted to around EUR 360 million,

of which EUR 102 million was granted by the EU. The original 2.6 billion cubic metres of natural gas capacity per year has already been increased to 2.9 billion cubic metres by technical adjustments to increase capacity to 3.5 billion cubic metres without additional harm to the environment. By comparison, Slovenia needs one billion cubic metres of gas for households and industry per year. Italy has three gas terminals, with one relevant for Slovenia, situated 15 kilometres off the coast of Porto Levante and Porto Viro near Rovigo. Its yearly capacity is eight billion cubic metres of gas, which is one-tenth of Italy's annual consumption. Albania is considering building a gas terminal (LNG).

## THE YEAR 2023 AND THE ENERGY CRISIS

In 2023, Bajuk foresees two key challenges in the energy field:

The first is due to the December embargo on crude oil imports from Russia and the February embargo on imports of petroleum products from Russia. This will lead to a reduction in quantities and a consequent price increase.

The second challenge is the possible recession in several European countries. The recessions would lead to a reduction in demand for oil and petroleum products and, consequently, a downward trajectory of price.

These are, however, short-term challenges in the new year. "If we want to have inadequate natural gas reserves this winter, the challenge for the entire European energy sector and consequently for consumers remains the coming winter, both in terms of supply and price."

## DILEMMA: CONTINUE AND/OR CHANGE ENERGY STRATEGY?

For decades, Europe has seen the use of gas as the transition from the use of fossil fuels to renewable sourcing. This was the European response to the climate change dilemma. Environmentally, gas is more ecological, as it causes half as many CO<sub>2</sub> emissions as coal. Europe, therefore, leaned towards gas, and the main supplier of cheap gas was Russia. At the same time, Germany in particular has been moving away from the use of nuclear energy and coal.

Before the war in Ukraine, Europe used 156 billion cubic meters of gas from Russia per year. Most of it came to Europe via North Stream 1, the infrastructure that Russia built over the decades for European consumption of its cheap gas. This created symbiosis: Europe built a gas-powered industry, and Russia built the infrastructure through which it sold its gas to Europe.

Is it likely that the EU could even increase the use of fossil fuels as a result of the energy crisis, or would it try to reach an agreement with Russia on the further supply of natural gas and oil?

"I don't think so. The EU does not have its own sources of oil, gas and coal on which it can rely in the long term, so renewable sourcing is the only sustainable option. These are water, sun and wind, and at least for some time nuclear energy, which is a very advanced technology and is, therefore, more secure. I expect the EU to focus even more on the direction of electricity. Later, hydrogen will take its position as an energy product, replacing oil and petroleum products. We had already eliminated coal before the Ukrainian



crisis and its consumption will not increase significantly," Bajuk estimates. The interviewee believes that the European strategy was not geared towards nuclear power plants, as newer and safer technology co-exists in parallel with renewable sources, it will be phased out of use on the principle that the dirtiest ones fall out first.

Bajuk believes that the Ukraine crisis has pointed the European energy strategy towards independence and clean renewables, which have not yet been entrenched, have probably been strengthened. It also cites a political argument: Putin challenged the EU, saying you wanted energy independence, look what you got - the energy crisis! The EU's answer to this was: Let's go all the way! We're going to disconnect from Russian sources, and we're going to put an embargo on Russian oil and gas. "Such a response is a real "booster" for renewable sources, so the transition will happen even faster than it would otherwise." However, the effects of renewable sources will only appear over the next one or two decades, and in the meantime, the EU will be more dependent on LNG, which will be more expensive than Russian gas. At the same time, the EU will dedicate even more money to hydrogen technologies. Hopes are high for Hydrogen as a medium for energy transfer or as an energy source equivalent to renewable sources but used mainly in industrial centres. "Subsidies in solar and wind energy were also very expensive, today they allow less than 40 euros per megawatt hours of electricity because of the enviably low cost of clean energy, Bajuk says.



**"I think the EU will use the current energy crisis primarily to accelerate Europe's independence from Russia and, at the same time, to make an even bigger transition to renewables."**

### PLANS IN THE REGION

Petrol plans to invest in the construction of renewable sources only in Slovenia and Croatia. In Serbia, it will mainly develop its supply of petroleum products. The reasons for this are primarily regulatory. "The life span of a wind farm is 25 to 30 years, so the investor must have a stable regulatory environment in the country, which the EU provides. In non-EU countries, the regulatory risk is too high. Even

if, for example, BiH, especially in Herzegovina, has enormous potential for such investments in renewable power plants, the political and legal risks are too great," Bajuk believes.

He also points out that profit margins are high and that the renewable production facility is an attractive business opportunity for investors with relatively short reimbursement periods. Thus, starting in 2023 Petrol will launch a 22-megawatt solar power plant in Croatia, which will have an annual production of 29 gigawatts. The investment amounts to €17 million. A 30-megawatt wind farm is planned in Croatia by 2025.

As the EU will further promote self-sufficiency, the impact of newly built buildings will be measured over a decade. Bajuk describes the different approaches taken by Slovenia and Croatia over the last decade: The Croats built 1400 megawatts of wind farms in 10 years. In the same period, Slovenia built 1100 megawatts of hydropower plants, which have higher energy efficiency. Croatia plans to create the potential for an additional 3000 megawatt hours of electricity production with additional wind power plants for 1000 megawatts and increasing the power of the grid. The 10-year-old Croatian plan is to build a network that would provide about 5,000 megawatts of electricity. Another difference is the completely different priorities of these countries over the last decade. Slovenia is only now in the process of intensive corrections to environmental legislation that will make it easier to build large facilities for renewable sources. At the same time, it is far ahead of Croatia in the



self-sufficiency of households and businesses, as Slovenia has been installing solar power plants intensively in recent years.

Croatia has changed this legislation before but has not emphasised the B2B and B2C segment. Natural resources have likely contributed to this strategy, at least in Croatia, since the rocky terrain prevails over agricultural land, as well as the exceptional potential of the sun and wind power.

### WHAT WILL THE FUTURE OF MOBILITY LOOK LIKE?

The jump in the sales of electric cars didn't happen. Therefore, in Bajuk's view, cars with internal combustion motors or oil-powered vehicles will continue to play a prominent role in the automotive industry for at least 30

years. "The European assessment of how quickly electric cars will replace internal combustion cars was much more optimistic as statistics show that the forecast was about 30 per cent higher than the actual transition each year. This means there is exponential growth in the failure to achieve the electricity transition forecast, cumulatively over the years," Bajuk explains. The car industry has made a clear commitment to prioritize electric cars over internal combustion cars. Huge investments are aimed primarily at the development of electric cars. However, if the entire existing fleet were to be replaced, that is, old cars with internal combustion replaced with new electric ones, the cycle for complete replacement would take 20 years," Bajuk believes. He also reveals his personal

preference: he replaced his car with a connecting hybrid with an electric one in December. Reason: The infrastructure from home to work is so developed that it does not cause any problems.

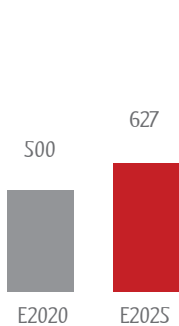
In the interviewee's view, Petrol has a good starting point to replace conventional drives with alternative energy products and the provision of services and maintenance. For the future, however, he believes: "There won't be a single winning energy. Electricity will not completely replace petroleum products." He is convinced that the use of energy products will be diversified. For example, diesel for working machines in the forest or fields, electric cars in the city and hydrogen will almost certainly play an important role in mobility.

Total number of service stations at the end of 2025 in all markets: **627**

Charging infrastructure for electric vehicles at the end of 2025: **1,575** charging points

Forecast by Slovenian energy company Petrol: At the end of 2025, production from renewable energy sources will reach **160 MW** of electricity. That's **78%** more than in 2020. Energy renovation projects will achieve **73 GW** of energy savings for end users.

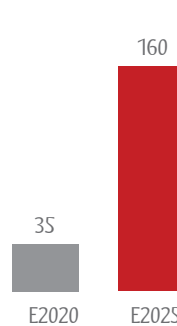
Number of petrol stations



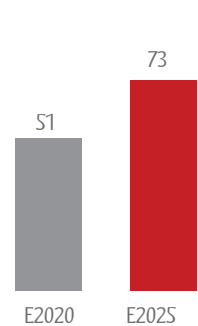
Number of e-charging stations



Production from renewable sources (MW)



Energy savings (GW)

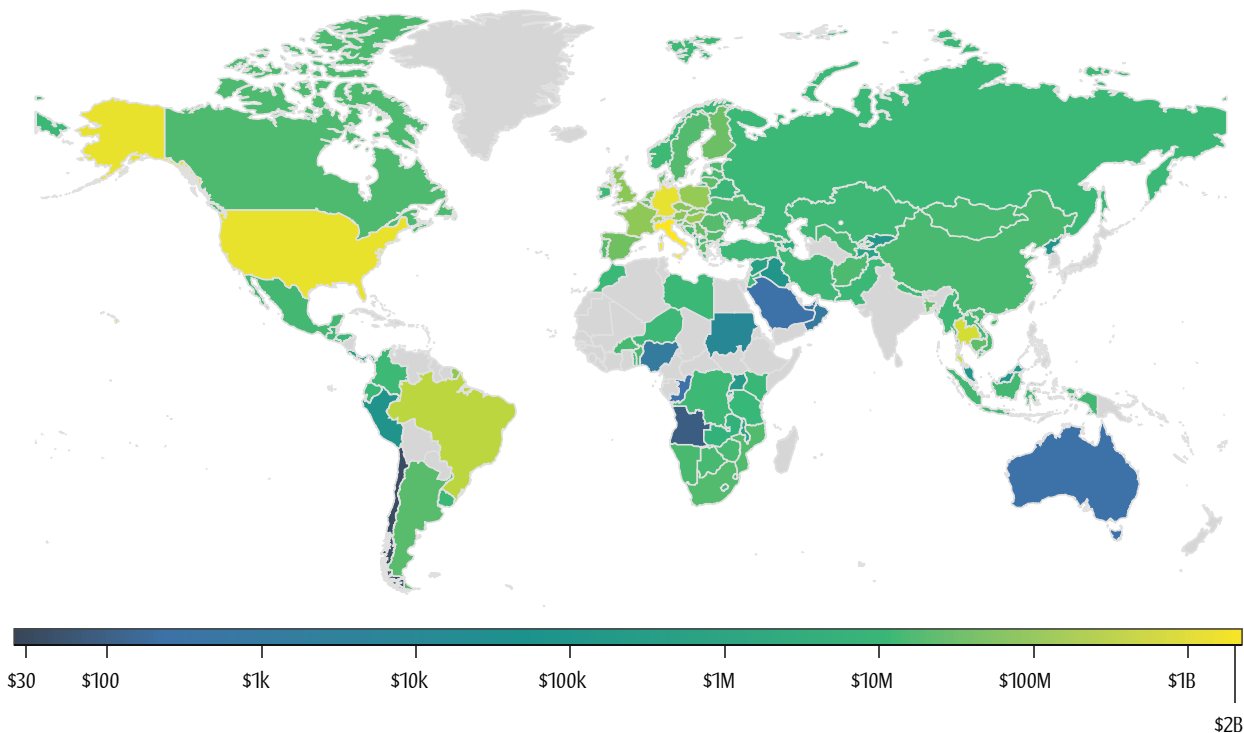




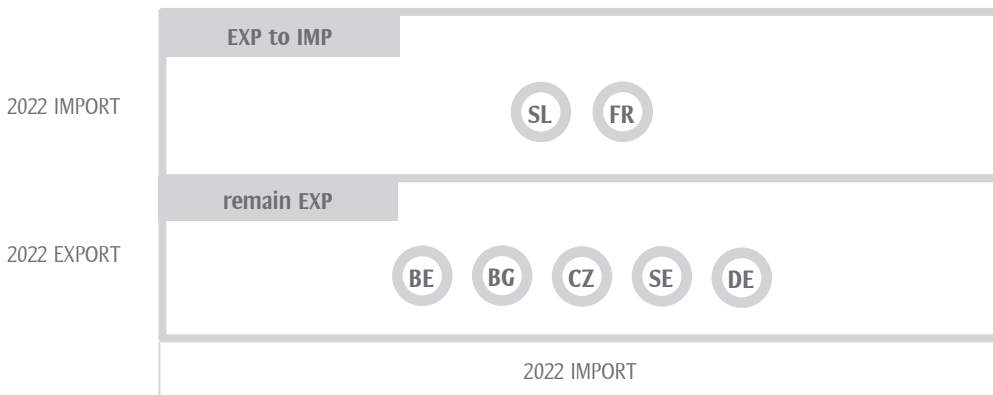
MAPPING ENERGY TRENDS

# THE VALUE OF ELECTRICITY IMPORTS IN 2020

SOURCE: OBSERVATORY OF ECONOMIC COMPLEXITY



## IMPORT ↔ EXPORT SWINGS FROM 2021 TO 2022



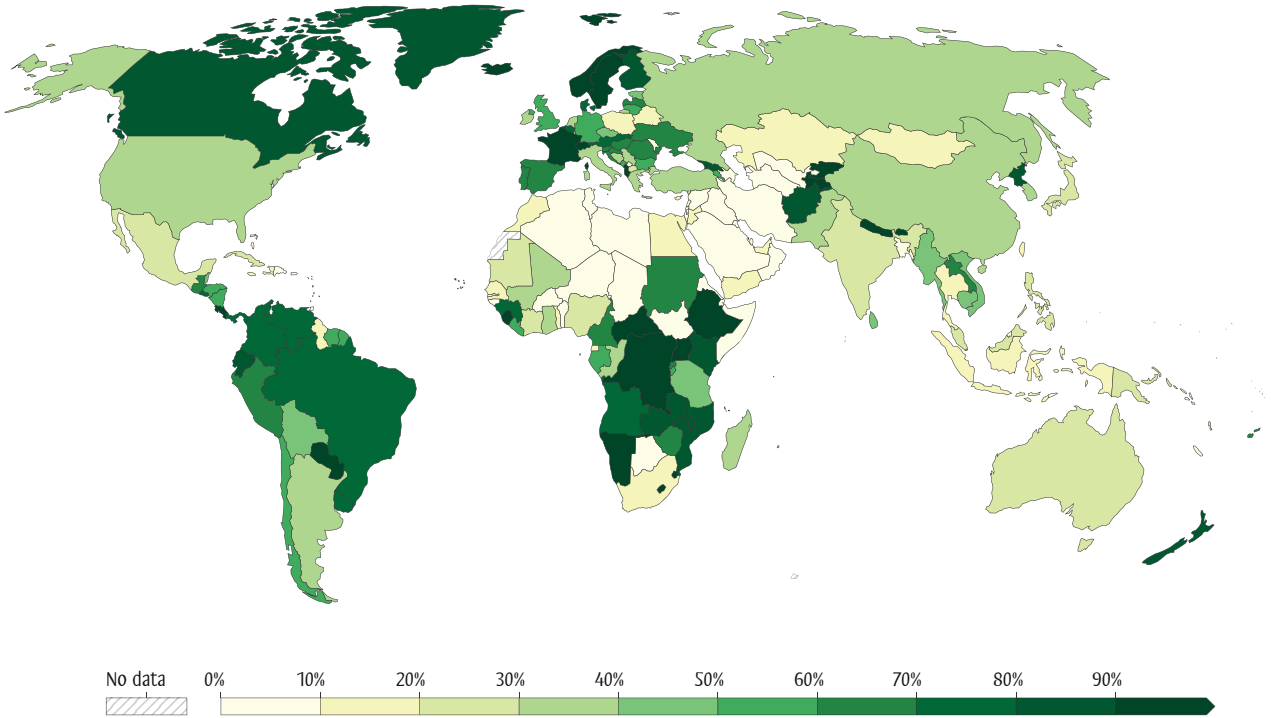
Source: European Union Agency for the Cooperation of Energy Regulators (ACER)



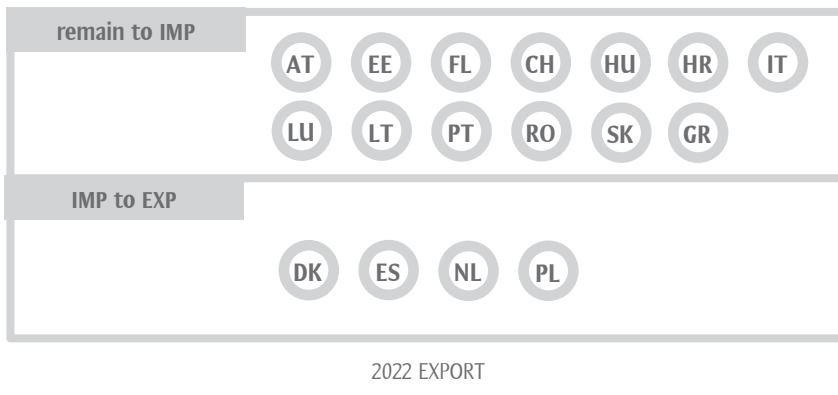


## SHARE OF ELECTRICITY FROM LOW-CARBON SOURCES, 2021

Low-carbon electricity is the sum of electricity from nuclear and renewable sources (including solar, wind, hydropower, biomass and waste, geothermal and wave and tidal).



Source: Our World in Data based on BP Statistical Review of World Energy (2022); Our World in Data based on Ember's Global Electricity Review (2022); Our World in Data based on Ember's European Electricity Review (2022)  
OurWorldInData.org/low-carbon-electricity-by-country • CC BY  
Observatory of Economic Complexity

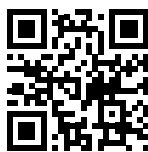


# RELIABLE ENERGY. FOR OVER 75 YEARS.

In 2022, we produced as much as 170 GWh from renewable sources of energy, enough to power **50,000 households**.

Joining them in early 2023 will be three additional large solar power plants to cover the needs of an additional **8,500 households**.

**For our shared, low-carbon world.**



[petrol.eu/eios](https://petrol.eu/eios)



**PETROL**

Energy for life



INTERVIEW: ANDREJ LAŠIČ



Photo: Iztok Lazar

# SUSTAINABILITY: LEADING BY EXAMPLE

With almost 3 million customers, NLB Group is the leading banking group in the Southeast Europe region. The current geopolitical tensions and rising prices have an impact on its operations in the region, but the Group is well prepared for a possible deterioration of the business environment, says Andrej Lašič, a member of the NLB Management Board (CMO) responsible for Corporate and Investment Banking, who has been with the NLB for 10 years.

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AUTHOR: MAJA DRAGOVIC



# H

## **High energy prices are impacting the competitiveness of European companies, with many expecting a decrease in the demand for their products next year. How do you view the current state of the economy in Slovenia?**

Though it is true that uncertainties are increasing due to inflation and rising energy prices, the state of the Slovenian economy is actually very good. This is evident in the very, very low unemployment numbers. Companies are still looking for a quality workforce which will continue to be very important. Productivity and profitability also remain high, and order books are full, which means that business operations will be stable for some time. The Slovenian economy is also one of the most diversified economies in Europe, since we do not depend on a single industry or a single market. Shocks are therefore easier to withstand compared to the economies that depend on individual industries.

Another evidence of the stable state of the economy is a record low indebtedness. At the end of November, Slovenian companies had approximately EUR 11,6 billion in

loans, which represents 20% of GDP and is by far the lowest in Europe, where the average is 40% of GDP. For comparison: when entering the crisis in 2008, Slovenian companies had EUR 20 billion in loans, which was almost 60% of GDP at the time. The companies are therefore in good financial condition, with liquidity and low indebtedness, while at the same time the banks are also highly liquid and well capitalized.

All this are good predictions for the times to come, even though economists are aware that the growth of the past nine years cannot only go upwards indefinitely. There will be a certain correction, but the question is how severe it will be and how we will endure it. As said, compared to other EU countries, we are very well prepared. With a comprehensive and consistent policy that adequately supports all affected segments, and with the cooperation of all stakeholders in society, Slovenia can be among the winners. To illustrate I usually like to refer to the famous quote of Ayrton Senna said: 'You can't overtake 15 cars in the sun, but you can in the rain.' The rainy times are definitely coming, however, the challenges also bring opportunities. We are convinced that our home SEE region has enormous potential in various areas, from infrastructure and logistics to the green transition.

## **How severe do you expect the crisis to be?**

Perhaps it is a fortune in a misfor-

tune that Slovenia and the SEE region are more used to the inflation than the countries in the Western Europe, where inflation has not been an issue for 70 years. Nevertheless, the rise in prices, especially of basic raw materials, is already causing a drop in purchasing power and, to a certain extent, the demand. The current crisis is most dangerous for labour-intensive industries and industries with relatively low added value and low profitability. But crisis would be worse if there was no supply of energy products, which would lead to a reduction or even halt of production in many places. With these inflationary shocks, I would advise companies to take care of working capital and liquidity.

On the other hand, common sense is returning: every new investment and new development will have to be carefully considered to mitigate short-term, especially supplier liquidity shocks in the entire economy. At NLB, we advocate long-term partnership, so I advise companies to come to us in time so that we can discuss their situation and ensure sufficient liquidity for the upcoming uncertain and challenging period.

## **How is NLB Group affected by the current economic conditions in the region?**

All the countries in the region are recording solid economic growth and for the time being we are not seeing any major upheavals. It is



also a good sign that all the countries are gradually integrating towards the European Union. The strength of individual countries will be reflected in how they react to the anomalies that are occurring, for example with a cap on energy prices. Our banks in the region are focused mainly on loans to residents and small and medium-sized companies, the span here is large, so we do not anticipate any major problems. These economies are not heavily involved in global trade which further mitigates their exposure to shocks.

**As it stands at the moment, the hike in energy prices in 2023 will be ten-fold. How can the banks help companies weather the storm?**

Banks can most definitely help. Precisely in connection with the energy crisis has NLB, for example, already played an important, systemic role. The government namely addressed the issue and helped the electricity segment survive the ups and downs of energy prices with systemic laws, NLB, however, was the one that organized all syndicated loans for this segment and provided it with the necessary liquidity so that Slovenia could obtain sufficient amounts of energy. From Ljubljana, we have also organized similar solutions for Montenegro, which had major problems with supply due to low water levels, and also for Serbia.

And now if we focus solely on companies: Slovenian companies have a robust cash flow, but their key chal-

lenge at this time is definitely the energy price. However, there have been some positive developments. At long last, we have seen the long-awaited measures of the European Commission. The agreement of the EU members on the mechanism for limiting gas stock market prices has caused gas and electricity prices to fall considerably, and with this the offers for supplying Slovenian companies with electricity also fell. This is, for now, good news. If the prices are too high, then no economy will be able to sustain them. In this case companies would opt for extreme measures such as limiting and closing production, because they would not be able to cope with such energy costs.

So how can the bank help? On average, Slovenian economy has little debt, and our banks are extremely liquid and capital adequate. Taking care of working capital is key in companies, also due to rising energy costs, to ensure they have enough liquidity to weather any shocks. We will certainly help them with this. Companies must change their short-term business plan, especially the liquidity plan for the next few months. It is also necessary to prepare for the worst-case scenario, define the extent to which the profitability of production survives and secure liquidity in time.

The change in business strategy due to the energy component will certainly be used by some companies for a simultaneous sustainable transformation. This is the right di-

rection, which we enthusiastically encourage and support, as well as live by ourselves. In recent years, NLB and the NLB Group have focused intensively on integrating sustainability into our daily operations and promoting the transition to a low-carbon economy both in Slovenia and in the entire Southeast Europe region where we operate.

**Could you explain in what way is NLB Group integrating sustainability in its own business?**

True, in the NLB Group we have put sustainability of our decisions and actions at the heart of our business, and we are truly dedicated to these topics. What I would like to stress out in the beginning though is that contrary to the all-too-common misconception, sustainability doesn't only include environmental (let's say "green") issues, but also equally important social and governmental components. In the NLB Group therefore, we are addressing all of them.

We have, for example, established the NLB Group Sustainability framework and upgraded our management of climate and environmental risks. As the first bank from Slovenia, we have committed ourselves to the UN Principles for Responsible Banking, and joined the United Nations Net Zero Banking Alliance.

We address the green strategy everywhere: we have consciously decided not to finance coal energy (this is mostly an issue in Serbia and Bos-



nia and Herzegovina), we are also intensely co-operating Alfi Green fund to finance green projects in our home region. We are introducing new sustainable products, such as the so-called green loans for corporate investments in the energy efficiency of commercial buildings and the reduction of the carbon footprint. Together with the EBRD and Erste, we have financed the wind farm project in Kosovo, which is already in operation and can supply more than 100,000 households with electricity, i.e. up to 10% of Kosovo's

consumption. Shortly, another similar project will be concluded in Serbia. In addition to financial support, we also have a great deal of knowledge and experience with which we can contribute to a company's easier and smoother sustainable transition. Of course, we also take care of our own carbon footprint.

**And how does this translate in concrete steps?**

There are almost too many of them to list, but we can, perhaps, illustrate our efforts with our own, internal

measures. For example: for almost 3 years now, NLB employees have had the option of a hybrid way of working, if the work process allows them to do so. It is a combination of working from home and working in the office (4 days: 1 day). This option is well received, so that well over 700 employees are already working in this way. This, on the one hand, significantly improves the quality of life of our employees, contributes to reducing the burden on the environment, and also reduces the need for office space. So, in a few years



we will be able to transfer our headquarters from the current building which was built in the 1970s and is, from the energy point of view, vastly inefficient to premises outside the strict city center which will be green and self-sufficient.

We are very successful and actively supporting our customers in the region to learn how to use digitalised services so visiting branches will no longer be necessary. Less branches will significantly reduce the carbon footprint.

All our efforts have already yielded recognition. We are very proud that NLB received its first ESG (Environmental, Social and Governance) rating in December last year by Sustainalytics, one of the world's leading independent ESG research, ratings and data firms. The ESG Risk Rating places NLB among the best 15% banks assessed by the company and we are the first bank with headquarters and an exclusive strategic interest in Southeast Europe which has obtained this rating.

**You are focusing on supporting green projects in a region that still heavily relies on coal for energy production. How can this coal reliance be reversed?**

This is not the case for the whole region. Croatia has made big strides in transforming its energy production and consumption. There is also a huge opportunity for Slovenia and Croatia to find a common solution for nuclear energy (as transitional

energy) because there is already joint ownership of the Krško nuclear plant. Montenegro is also relatively self-sufficient and its energy production is approximately half green and half thermal.

The countries with the most challenges in this field (and, on the other hand, also the most opportunities) are Bosnia and Herzegovina, Serbia and North Macedonia. In BiH, all energy production comes entirely from coal, hence why its cities are the most polluted in the world and one of the reasons why its inhabitants are leaving the country.

NLB Group generated  
**EUR 377.8 million**  
of profit after tax in  
the first nine months  
in 2022, a substantial  
increase compared  
to the same period in  
2021 when the profit  
amounted to  
EUR 205.5 million.

But the problem is exasperated further because BiH doesn't have the resources or access to financial markets to deal with the problem itself and this is where I believe the European Union has to step in and



put together a comprehensive development plan or strategy for the region. It namely needs to invest in energy infrastructure to clean up the air. Furthermore, the region is also in dire need of investments





Photo: Iztok Lazarj

in other infrastructure, especially roads and railways. Getting from Ljubljana to Sarajevo, Skopje or Podgorica is currently mission impossible and these key cities need to be connected. These are all common

sense, but highly demanding and important measures that need to be taken in the region as soon as possible in order to enhance the quality of life, which is paramount if we wish to keep young people and

talents. In the NLB Group, we are strongly advocating all of this and supporting these incentives with everything that is at our disposal. Last but not least, this is our home and we want to see it thrive.

# A DIRE DECADE AHEAD?

In the last four decades, the world recorded relatively favourable conditions for growth as the demographic picture was still robust. The free market and globalisation were effectively lowering prices and raising standards, and in the last 20 years, in particular, we had historically low interest rates.

# H

However, the next decade is going to be different. We will begin to see the first signs of the effects of an ageing population, the process of deglobalization, and geopolitical battles for dominance over financial and raw material flows. This will result in rising inflation and high levels of debt. Central banks will have the extremely demanding task of striking a balance between



AUTHOR: DOMEN PRAŽNIKAR

maintaining the credibility of currencies with a suitably high interest rate on the one hand, while ensuring appropriate growth and a suitable level of employment on the other.

Currently, after the Covid-19 shock, we are recording high GDP growth

and increased profits in companies that are creating "reserves" for difficult times. Systemically, the economy is under-indebted, as is the population, but the excessive increase in public debt caused by inefficient spending of public money is concerning. Due to full employment and excessive inflation, central bankers are being forced to raise the price of money and thereby lessen demand. It seems that the bankers will tighten their belts all the way until "something breaks", and then the tables will turn, and Central Bank delay will only increase volatility. It is very likely that there will be a decline in economic activity in the future and that inflation will continue beyond the target of 2%, therefore we must prepare very prudently for a period of stagflation.

The price of goods is a result of the balance between supply and demand. Governments can intervene in the market and regulate prices, as is currently happening with energy products. However, in the long term, this only distorts reality and does not allow for increased investment in the much-needed energy infrastructure, which would potentially allow prices to fall in the EU. The proverbial ECB can print money, but it cannot print oil, gas and electric-

ity. Therefore, we can predict that with the reduced purchasing power of the population and fall in the value of assets, demand will decrease due to pessimistic sentiment and thus prices will slow down initially; however, in a later phase, with the delayed reaction of central banks demand will rise again and with limited resources, the inflationary cycle will restart. In this decade, we can therefore expect several waves of inflation with higher interest rates.

**It is very likely that there will be a decline in economic activity in the future and that inflation will continue beyond the target of**

**2%.**

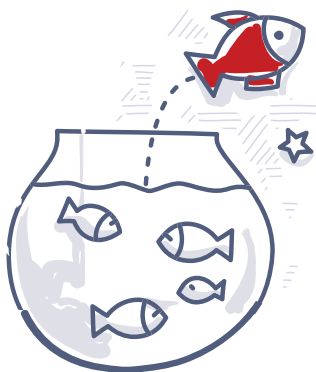




## COMPANIES SHOULD NOT RELY TOO MUCH ON THEIR GOVERNMENTS FOR HELP

In the Covid-19 situation, based on the assumption of zero interest rates, all countries readily handed out helicopter money which helped to weaken monetary policy, and this fiscal measure prevented bankruptcies and a drop in GDP. This time around, however, the situation is more insidious, with increased interest rates and already heavily indebted government coffers. Will countries dare to borrow heavily again in order to help companies? Less likely than before, since the manoeuvre is less effective each time around. They will, hopefully, help in a more targeted manner. However, governments will not help zombie companies that do not have perfect business models and who exist only because of access to cheap money, for example, various developing technology companies with ideas that do not bring prevailing profit.

The health of Slovenia's economy is basically good and there will be fewer problems at the aggregate level, but we can expect problems in those production companies where they are not able to pass on the increased prices to customers i.e. companies with no pricing power. In production companies where the EBITDA margin is extremely low or for established traders who are over-indebted, for whom the increased Euribor will soon begin to squeeze and erode cash flow and liquidity. All companies will at some point record a drop in orders, including



**The health of Slovenia's economy is basically good and there will be fewer problems at the aggregate level, but we can expect problems in those production companies where they are not able to pass on the increased prices to customers i.e. companies with no pricing power.**

service companies, which are generally more resistant to higher energy prices and increased Euribor, at least in the short term.

Global PMI indices are historically low. The first major layoffs in the USA have begun, orders are falling in Germany, and we all know that we are "importing" a global recession to Slovenia, albeit with a certain time delay. It is difficult to raise business resilience rapidly in companies, however the EU has several grant schemes that will help companies make investment decisions, which may prove to be one of the main "solutions" for companies in the coming years.

## COMPANIES NEED TO IMPROVE THEIR FINANCING STRUCTURE

Banks raise interest rates on deposits to a very limited extent, while lending rates are already significantly higher due to the effect of higher Euribor and higher mark-ups. Banks have limited the offer of fixed interest rates for long-term loans, and it is no longer so easy to refinance. With short-term revolving lines, it is still possible to get a fixed interest rate, but it is now at a higher level than 6 months ago. No one has a crystal ball, and we don't know how far the ECB will raise interest rates, so the dilemma of whether to speculate or to decide on a peg arises. It seems sensible to 'fix' at least part of the debt as soon as possible so that the company knows with at least some certainty what the financing costs are.



Irrespective of the future movement of Euribor, companies will still have the need to improve their cash flow. They will have to go through all bank and non-bank financing offers such as SPS direct financing of companies via various schemes or SID bank special long-term loans, however, some companies will also need an EGF guarantee if they don't have quality mortgages to offer as insurance. Favourable loans to companies will be available from certain banks that are backed by a SID portfolio guarantee or those who can factor in their receivables, and where extremely fast access to fresh liquidity is possible, albeit from more expensive sources such as equipment leasing, private loan funds, inter-company financing, periodic tenders of the SRRS fund or newly emerging funds for the own-

**Domen Prašnikar** is an experienced professional in the field of financial consulting and demanding restructuring cases. In 2014, Domen founded his own consulting company, Valior d.o.o., which primarily focuses on Slovenian small and medium-sized enterprises, to which he offers a broad range of business and financial consulting services. As a member of the Turnaround Management Association, he is familiar with trends and the world's best practices in the field of company restructuring. He is excellent at finding alternative solutions and managing complex situations. Together with his team he designed a benchmark methodology for measuring and managing business resilience adapted to Slovenian companies to guide company management in developing strategies and solutions for long-term business stability in conditions of increased uncertainty.

ership support of young growing companies.

In addition, companies can check the offers of private funds with partial equity and/or mezzanine financing, both of which provide a more stable long-term source. Furthermore, quite a few (family) businesses may already be flirting with exit strategies due to the age of the founder, and future uncertainty may also be

a key trigger for equity sales. Unfortunately, the optimum time and the highest valuation ratios are probably behind us. The stock market indices have also fallen from their peaks, but it still may be more prudent to sell the company within the next year for a "normal" market purchase price, than to think about rehabilitation in 3 years, if the future is still as uncertain as it is today.





GREEN, CREATIVE, SMART

# GREEN CREDENTIALS, SKILLED WORKFORCE AND INNOVATIVE MINDSET MAKE SLOVENIA A DESIRABLE BUSINESS DESTINATION

Slovenia has become one of the most open and export-oriented economies in Europe, spanning biotechnology and mobility, home construction and energy. Its myriad of companies offer unique, high-value-added solutions that put Slovenia on the world map and inspire new generations of entrepreneurs to unlock their potential.

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AUTHOR: ŠPELA BIZJAK

# D

Discover Slovenia's green, creative and smart competitive advantages and seize its favourable working environment for your own business endeavours.

## GREEN.

With sustainability at its heart, it doesn't come as a surprise that Slovenia's environmental commitment plays a fundamental role in its drive to promote green technology, corporate social responsibility and a culture of transparency. One of the companies working towards a greener future is Aquafil. Aquafil produces a groundbreaking nylon alternative derived from waste products such as ghost nets, rugs and carpets. Denis Jahić,

Managing Director at AquafilSLO, says Slovenia's green credentials and skilled workforce make the country an obvious choice for the company's operations.

Many investors are already tapping into Slovenia's inherent advantages – its natural riches, a favourable geostrategic position, backing from strong research institutions and technology parks, business accelerators and, above all, an informed and motivated population.



**5<sup>th</sup>**

**In the world for ecosystem vitality**

Source: Yale University's Environmental Performance Index 2020



**4<sup>th</sup>**

**Among the leading EU member states in the field of eco-innovation**

Source: Eco-Innovation Scoreboard 2021

**CREATIVE.**

Slovenia's economy is thriving. The country has become an attractive place for investment and cross-border trade, with its highly skilled talent pool undoubtedly constituting the backbone of the country's business development.

Attributing much of its success to first-rate talent is the heating so-

lutions firm KRONOTERM. Bogdan Kronovšek, the company's Co-owner and Managing Director, lists an excellent geographical position in Europe, good infrastructure, a quality education system and the government support as what has enabled the heat pump producer to scale to new heights of success. The hard-work-

ing, innovative, technically as well as linguistically skilled employees contribute to KRONOTERM's goal to increase the number of people with access to modern, energy-saving and environmentally-friendly heating. The entire region can learn a lot from KRONOTERM, which been named one of the 19 companies leading Europe's heating sector out of fossil fuels with their breakthrough heat pump technology.

Dušan Olaj, the Founder and General Manager of Duol, agrees that Slovenia's talent pool is essential for success: "Slovenia's focus-oriented and free education system allows companies to choose from a diverse pool of professions and skills. Cooperation between universities and industry allows for a wide range of student grants, supporting the correct level of education of your future employees." Duol, world-renowned for designing, manufacturing and installing inflata-



Photo: SPIKIT Slovenia Business Development Agency

**Between 2019 and 2020, the country's patent application to the European Patent Office increased by 35% – the third highest in Europe.**



Photo: SPIRIT Slovenia Business Development Agency

ble halls, is one of the many Slovenian companies that push the boundaries and empower other entrepreneurs and corporates alike to take on ambitious projects that require technological know-how themselves.

Central to supporting entrepreneurship, internationalisation, foreign investment and technology is SPIRIT Slovenia Business Development Agency that remains available for any enquiries your business may have.

### SMART.

The challenge of providing Europe and the wider world with energy security is as pressing as ever and it is reassuring to know that Slovenia possesses a range of innovative businesses that play a vital role in achieving the green energy transition.

And what makes Slovenia a competitive place to do business? Uroš

Salobir, Director of the Strategic Innovation Department at ELES (operator of Slovenia's electric power transmission network), believes it is the strong support from the government, industry and, in particular, the citizens. »Employees are future-oriented and the culture is characterised by adaptation to change.«

Boris Šajnović, Head of Project Management Office at Iskra – is another Slovenian company working towards green goals within the sustainable transportation sector, and it finds the country »a truly good pilot environment to test and demonstrate innovative projects with the full support of local people, government and positive business climate.« He adds the environment for innovation is supportive, strict intellectual property laws are in place and there is a good network of pub-

lic agencies that help businesses at every stage of growth.

Slovenia has  
**4,200**  
researchers per 1 million  
people.

Businesses and investors looking for new opportunities are invited to get in touch with SPIRIT Slovenia Business Development Agency which offers strategic advice and operational support. The Agency provides practical information and advice on various business opportunities such as individual investment locations, Slovenian suppliers, specific industries and markets.

Find out more about doing business in Slovenia at [www.Sloveniabusiness.eu](http://www.Sloveniabusiness.eu).



I FEEL  
SLOVENIA

*Empowering business*

GREEN.  
CREATIVE.  
SMART.



Iskra's Eichrecht-compliant WM3M4C smart energy meter for electric vehicle charging stations.

STABLE ECONOMIC ENVIRONMENT WITH EFFICIENT SOLUTIONS



3<sup>rd</sup>

Slovenia is an open economy for foreign investors, ranking 3<sup>rd</sup> FDI less restrictive country among OECD members  
*(OECD, FDI Regulatory Restrictiveness Index Database 2020)*



1<sup>st</sup>

Doing business is fast and simple in Slovenia, a leading country in cross-border trade  
*(WEF Global Competitiveness Index 2019; World Bank Group, Doing Business 2020)*



17/127  
in energy  
security

Slovenia is among the top 20 countries with the highest energy trilemma index (security, equity, sustainability)  
*(World Energy Council 2019)*



1/141

Investors see Slovenia as a leading country in macroeconomic stability and one of the safest places in the world  
*(WEF - Global Competitiveness Index 2019, Global Peace Index 2019)*

# LIVING ROOMS ARE BECOMING NEW ENTERTAINMENT HUBS

The United Group, the region's leading provider of TV content and digital solutions in the Western Balkans.

AUTHOR: JAN TOMŽE

# T

The days of going home early for a favourite series or a much-anticipated film are well and truly behind us. Today's pace of life dictates many different user needs and high and demanding expectations that are constantly growing. We can have access to digital services virtually anytime and anywhere, and the same applies to our TV-watching habits.

The figures speak for themselves - more than 5 billion people or two-thirds of the world's population use mobile phones, and the number of internet users is of similar dimensions. In quantitative terms, this translates into almost 7 hours a day or 40% of our waking time spent on the inter-

net or mobiles. Television has almost 5.5 billion viewers worldwide, with users spending almost 2 hours a day on linear TV and almost an hour and a half on TV streaming content.

In the Balkans, the United Group has taken the lead in meeting the needs and expectations of the region's inhabitants. Here, the TV and digital solution provider's comparative advantage is advanced digitalisation. After being the first in the region to launch digital TV non-linear features such as rewind, fast-forward and the basics of video-on-demand, they have now gone a step further by improving the user experience, explains Ditka Maučec, Product Director at United Group.

'To do this, we needed a significant amount of know-how, experience and flexibility, and of course a platform that could be customised. We developed EON, a smart and advanced platform that has delivered a unique user experience from the very beginning, and offers not only live TV viewing, but also the indispensable non-linear way

of watching TV content anytime and anywhere – on users' mobile phones, tablets, and computers, without plugging in a to set-top box. Hence, EON offers the ultimate experience, allowing users to enjoy their content in the best way possible.'

## THE LIVING ROOM AS AN ENTERTAINMENT HUB

With the EON platform, the way we watch TV has changed dramatically, living rooms have suddenly become entertainment hubs. Users can watch their favourite content for up to seven days after being broadcast. The EON platform also allows them to scroll through the timeline with images, making delayed viewing even easier. The platform offers a substantial video club with more than 24,500 content titles and, at no extra cost, films and series for even the most demanding users. EON also offers a range of advanced and useful functions, such as special profiles for family members for example, EON Kids which is a safe environment for children, and EON Connect provides secure home internet control, as well as numerous apps and games, all in one place.



## **40% OF VIEWS ARE VIA TIME-SHIFT**

One of the key characteristics of today's users is that they want to manage their own time. They no longer just watch TV on their TV sets, but increasingly on their mobile phones, tablets and computers. 'Our average user has 2.5 devices activated to watch TV and 40% of viewing time happens

via time-shift and video-on-demand. On mobile devices, this percentage rises to more than 60%', says United Group's Product Director.

The TV schemes include a wide range of local TV programmes, many of which are synchronised or subtitled. 'Users can search for content and operate their TVs in their native language without the need for a smart

TV, as these solutions are already part of the package we offer today. The EON Smart Box turns any TV into a smart TV and gives you access to the world of the internet,' says Maučec.

'The United Group has experienced remarkable growth in recent years. They have doubled the number of subscribers in eight Western Balkans countries and positioned themselves as the



number one regional provider. They offer premium TV and digital content in the local languages, apart from English, with local channels and localised applications included in every single market where they are present.' Explains Maučec.

**“2023 will be a challenging year because we will face inflation, cost increases and the energy crisis, but on the other hand, it will be a year of opportunity to further consolidate markets and focus on services and support for business customers.”**

## TREND SETTERS

In the digital world, everyone is in competition with everyone else, and it's important to understand that, no matter what industry you're in. In the digital world, your competition is Amazon, Uber and other digital platform providers. How is the United Group coping with this?

The company's vision for its premium EON solution is to become an indispensable partner for all generations of South East European consumers, providing them with a superior TV experience. 'The interface is virtually all-in-one. It's modern and intuitive, and with the help of the advanced algorithms we use, we can give our users recommen-



*Ditka Maučec, Product Director at the United Group.*

dations on exactly what they like best. We are highly competitive with all the global players in this area and we are continually developing better and better products.' says Maučec.

The company's main pillar is its development centre, United Cloud. It is the leading innovation centre in the region. The centre develops digital services in the telecommunications, media and TV industries, as well as integrated solutions for products of the future. The plan for the centre is to eventually offer innovations that others will follow and drive trends in user experience across the region.

## LEADER IN THE COMPETITIVE MOBILE MARKET

Mobile telephony is an integral part of the digitalisation ecosystem. Telemach is a mobile operator under the umbrella of the United Group, and it has been the fastest-growing mobile operator in Slovenia for many years. However, Maučec remarks that the competition for users is challenging, as the Slovenian market is highly developed, similarly in Croatia and Greece where the

company is also present. In Croatia, the basis of Telemach's business is mobile telephony, and they offer upgraded packages, but they also have a strong focus on building the most technologically advanced fixed network offering high gigabyte speeds in order to offer the fastest internet speed to the largest possible population. At the same time, the integration of newly acquired companies NOVA and WIND is taking place in Greece, and they have just started offering fixed and mobile services there.

Mobile phone use has long ceased to be just about making calls. Today, communication is done through the use of data, via applications such as Viber, WhatsApp, Telegram and others. The same is the case with social media platforms that have become the chief information and amusement channels around the world. Users demand availability, everywhere and at any time, and they want seamless access to their favourite music, TV shows, and sports events. 'We at United Group are aware of two things, firstly, the importance of reliable infrastructure, therefore we are constantly developing and investing in cutting-edge technologies, and secondly, that data transmission is of paramount importance for the needs of today's users. We have been steadily increasing it in our packages at no extra cost. While the NAJVEČ package has been offering unlimited communication for some time, this year it has been joined by the ŠE VEČ package with unlimited data. Since the launch in 2015, all of our mobile packages have followed their original mission, which is based on unlimited or high data transfer, transparency, the inclusion of



additional services and a seamless mobile network.' says Maučec.

The United Group in Bulgaria was also the first to launch a brand new portfolio of mobile packages with unlimited data, differing only in internet speed. 'Due to strong interest among users in Bulgaria we launched a similar package in Slovenia, and we were proven right as the users' response was extraordinary,' Maučec explains.

### GIVING BACK AS A FUNDAMENTAL PRINCIPLE

The United Group pursues the social and environmental goals and the economic aspects of sustainable business practices through various activities and projects. Through major investments in network infrastructure and digital education, they support social and economic development in markets that altogether encompass 40 million people, and actively reduce their environmental impact.

'That's why we joined the Science Based Target initiative. This enables us to effectively manage our environmental risks, reduce our emissions, set climate change policies and create different energy use and generation solutions. We are also committed to reducing CO2 emissions by around 60% by 2030 compared to 2020 levels. For this reason, we are also transitioning to 'clean' energy,' says Ditka Maučec.

## The UNITED GROUP in numbers

**2,430** million\*  
revenues in the last 12 months

**14,383**  
employees FTE

**4.60** million\*  
homes passed

**15.57** million  
revenue-generating units

**8** countries  
+ OTT worldwide

**40** million people  
**+ 4** million ex-Yu expatriates

\*as of September 30 2022

# IS A 4 DAY WORK WEEK JUST A FAD OR A MATTER OF TIME?

The initiatives for shorter working period (lower working hours or less working days per week) are not the unique fad of the 21st century.



AUTHOR: MAJA FEŠEL KAMENIK, PHD

# T

The ideas of reduction of obligatory working period were successfully raised already in the early 19th century, when Labor protests led to a reduction from almost “16 hours per day, six days a week” to an “8 hours per day, five days a week”, the cultural and social norm, which we are all familiar with nowadays. The question is: Is it a right and necessary time for a new reduction of working week?

At the time of the reduction of working period from 6 to 5 days a week for 8 hours (which came into practice in 1927 on the initiative of Henry Ford), employers generally predicted rising production costs, the collapse of many businesses and mass unemployment and many other negative effects, which in fact did not happen. The current global initiatives for a shorter 4-day work week on different

continents are therefore, at least in the light of history, a normal development of society and social responsibility towards people rather than the latest fad of modern society.

According to Gallup's latest research, people today feel more anger, sadness, pain, worry and stress than at any time before. An additional day off work could reverse this statistic, as it



would make it easier for employees to find more purpose in their lives and be also more effective and prouder of their work. Work is an important structure of time and sense of wellbeing, but on the other hand, it must be in balance with other important aspects of life, such as relationships and fun, nature, hobbies, and rest. It looks like the work became so intense in the last 30 years (in terms of information processing and accessibility) that this balance is simply broken. Consequently, less working days could increase life satisfaction of people, could lead to higher productivity and would decrease chances of burnout.

Why would an extra day off lead to any positive effects and not even to lower productivity when we know that “work in fact strenghtens people”?

The work requires from an employee to use his or her resources (e.g. to draw and sustain attention) and the restoration of these resources takes place outside work through restorative activities, such as psychological detachment, relaxation, leisure time, hobbies and socialising. The most studied activity among them is the psychological detachment, which reflects the state of both physical and psychological absence from work: it is more precisely defined as an absence of work-related thoughts and emotions.

Each additional day off work allows for the restoration of these limited resources and the acquisition of new

resources such as increased energy, positive mood, or self-efficacy. The opportunity to restore resources thus leads to maintenance and an increase in psychological wellbeing. On the other side, work overload, which is an emerging state of majority of employees, leads to short and long-term consequences: lower work performance, poor mood, poorer sleep, emotional exhaustion, deterioration of life and health satisfaction, etc.

Research has shown that in the weeks when an individual showed higher levels of restored resources at the beginning of the week, this led to higher work performance, while at the same time individual perceived work as less stressful. So, not only does the opportunity to restore resources lead to better work performance, it also reduces the psychological cost of achieving this work performance, which is important for showing high working efficiency in the long run and preventing the consequences of investing high effort such as chronic fatigue.

Finally, from the perspective of sustainable human development, what does it help us if society develops in the direction to prolong lives, which are increasingly accompanied by poor psychological wellbeing, especially in the second half of life? Isn't after almost 100 years a right time to rethink a culturally determined 5-day work week and reduce it to 4.day work week for the better future for all of us?

Nevertheless, the experiments of the 4-day work week, which are expanding exponentially around the world, consistently show that employees have a positive attitude and are highly supportive of a 4-day working week, which also in most cases leads to higher performance results. The introduction of a 4-day work week will therefore, at worst, increase people's psychological wellbeing and attract more potential job candidates, while not adversely affect productivity (at least as they say so far) and at best even significantly increase productivity. Who wouldn't want that? It only takes courage and systematic governmental support, which is just behind the corner in many countries. From this perspective, the future of sustainability of people development is bright.

Maja Fescl Kamenik has an MBA from IEDC Bled School of Management and PhD in the field of Organizational Psychology. For the last 13 years she has been CEO of HR development, assessment, consulting, and outsourcing company, called HRM One Ltd. In 2020 she also started a research company for boosting human potential and sustainable development of people in organizations, Beep Institute. She has more than 20 years of experience and has been advising various Slovenian and international companies in the field of HR systems, leadership, employee selection, development, and labor law. She as a member of a various Manager's Association Committees and Supervisory Boards Committees. Her guiding principle in life is: "Be who you are, do what you love and don't be afraid to love others".









Using climate-resilient farming methods, for example, may increase yields by

**17%**

without requiring extra land.

panies are increasingly expected to be more socially responsible, the crisis in Ukraine is putting the emphasis on how companies react - how do they balance the magic trio for success: Vision, strategy and resources. We have seen many changes in how companies are progressing towards sustainability in recent years. Some companies have already started to internalize the costs of carbon emissions and some have even started investing in renewable energy sources. Other companies are still waiting for governments to set clear regulations before they act. Companies must understand that they can make a difference by changing their business model and invest in renewable energy sources. This way they can reduce their carbon footprint and help tackle climate change. However, by taking into account current events in the geopolitical field, the value of adaptability is crucial. A company that is aiming for success should rapidly keep up with the changes. An adaptive and flexible mindset should be adopted as companies now thrive in a business environment where markets, technologies and customers are constantly changing. Companies that add adaptability to “the magic trio” can benefit from the fact that they are always on the lookout for new opportunities which will allow them to be ahead of the competition. A global survey, conducted by Accenture, an Irish-American professional services company, specializing in information technology services and consulting found that companies are responding to increased geopolitical risks in

a variety of ways. The study revealed that many leaders when faced with such unforeseen challenges aim to strengthen the resilience of their organizations by prioritizing adaptability. Digitalizing enterprise functions at speed and in parallel, rather than sequentially, therefore seems essential for many companies. The premium on agility intensifies the focus on compressed transformation. Regardless of how the situation evolves, companies should consider taking a series of simultaneous (and sustainable) actions around strategy, systems, supply chains, people, and ecosystems.

### WHAT TO DO?

While some businesses are using cutting-edge techniques to safeguard the environment and increase their profits, others are mired in the past. While some of these actions are just a natural part of the business cycle, others have been performed in response to outside causes like the war in Ukraine. At this year's COP27 summit, the Sharm-El-Sheikh Adaptation Agenda—the first-ever comprehensive global action plan—was unveiled. This framework indicates an increasing need for the business community to take action in response to the serious threats we



currently face, along with other parties (countries, cities, investors, and civil society). Adaptation is a crucial part of the fight against climate change. In addition to providing a critical opportunity to facilitate the transition of 7.8 billion people to a more sustainable and secure way of life, protecting people from the current climate change is imperative. Using climate-resilient farming methods, for example, may increase yields by 17% without requiring extra land. To (re)build society to deal with climate change will require a lot of work. Three areas where businesses may intervene were identified by PwC and the World Economic Forum:

## 1. ENHANCE RESILIENCE

Building your organization's and its supply chain's resilience is a key component of climate resilience, also known as adaptation. The only way to guarantee that your business will prosper in a changing world is to do this. The first stage is to determine the risks that your company faces from both abrupt changes in the weather, like floods and droughts, and more gradual ones, such as rising temperatures and sea levels. Then you may prioritize areas for adaptation and give supply chain stakeholders the technical know-how and financial assistance they need to adapt. For instance, a major conglomerate discovered hundreds of millions of euros in possible climate-related risks in its supply chain, while a huge retailer discovered dozens of its facilities

at risk of extreme weather, allowing both businesses to take steps to increase their resilience. Other businesses are working to increase resilience by creating or utilizing things like meteorological data and early warning systems, drought-tolerant plants, flood defences, wastewater collection and reuse, cooling systems, heat-resistant infrastructure, and energy-saving technologies like LED lighting.

## 2. CAPITALISE ON OPPORTUNITIES

Businesses can focus on the growth opportunities that exist at the intersection between climate change impacts, companies' supply chains and consumers' purchase behaviour. For example, a company might see an opportunity to use its existing capacity to deliver agricultural insurance to farmers in drought-affected areas. This would help farmers protect themselves against climate risks while also helping companies diversify their revenue sources into new markets. Furthermore, a telecoms company could offer customers access to solar panels or storage batteries so they can power their businesses through power outages caused by extreme weather events.

## 3. SHAPE COLLABORATIVE OUTCOMES

Collaboration is important for effective adaptation, and businesses can play a part in nurturing that collaboration by working with different kinds of stakeholders. Businesses can work with local commu-

nities, work with other businesses and companies, work with academic institutions and research organizations, work within their own company (internal collaboration), or collaborate with governments on creating policy measures to support adaptation efforts. Through these collaborations, businesses can improve the overall effectiveness of the adaptations they undertake. For example, they may find that they need to adapt their services in response to climate change impacts such as rising temperatures or extreme precipitation events. Collaborating with other businesses in the same industry might help them identify new ways to serve their customers; collaborating with local activists could help them reach out to those most vulnerable to climate change impacts.

In summary, wise businesses are already taking action to adjust to a climate that is changing dramatically as we speak. The more proactively a business strives to adapt, the more society as a whole is assisted, and benefits from such adaptation. Time also plays a crucial role - by making decisions focused on a sustainable future now, businesses can make sure that they are on the right side of history.

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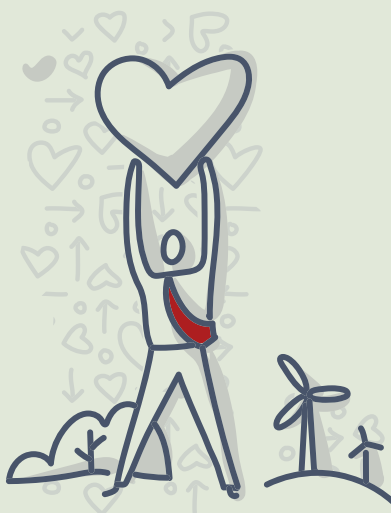
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# LET'S THINK ENTERPRISE. LET'S WORK SUSTAINABLE.

NLB is convinced that the future belongs to those who operate sustainably.

AUTHOR: ŠPELA BIZJAK



# A

At NLB's traditional regional business events in Slovenia, NLB encouraged people to embark on the path of sustainable development and to adopt a caring and responsible attitude towards the environment and society. The events were dedicated to current conditions and the realization of a sus-

tainable future. One of most important questions was how to deal with new challenges and opportunities for the sustainable transformation of the company.

Blaž Brodnjak, President of the Management Board is convinced that responsibility does not start with companies, but with each individual. "Until we change our habits, we cannot talk about change. We need focus, a clear vision and clearly defined priorities, but everyone has to start with themselves and apply sustainability principles in their everyday life", Brodnjak added.

## ORIENTATION TOWARDS THE FUTURE

Dr Vasja Rant, associate Professor of Money and Finance at the School of Economics and Business in Ljubljana believes that orientation towards sustainability is the direction of the future. Sustainable finance, in addition to adhering to the traditional principles of due diligence, must also look at a broader perspective, and take into account the wider economic impact of social and environmental activities. Sustainable financing is intended for sustainable and environmentally friendly investments. "We are talking about the green and digital transition,



the first major transformation of the economy since the industrial revolution. The transition brings both opportunities and challenges for companies; it will be a dynamic process with substantial changes for both technology and value chains\* Banks will be partners with companies involved in this process because banks can only succeed if businesses succeed, as it is a symbiotic relationship. For banks to provide financing, they will need to have adequate information and perform appropriate due diligence on the overall impact that the companies will have on the environment and society as well as how sustainability risks will affect companies.”

## THE CENTRAL PILLAR OF SUSTAINABLE FINANCE IS A TAXONOMY

The basis of sustainable finance in the EU is taxonomy, i.e. a classification system of environmentally sustainable economic activities. It acts as a reference point that defines when specific economic activities are environmentally sustainable and when they are not. The other two pillars of the EU sustainable finance framework are the rules governing sustainability information disclosures and sustainability tools for measurement and comparison.

Environmentally sustainable activities are those that significantly contribute to at least one of the six environmental sustainability goals, defined in the Taxonomy Regulations.<sup>1</sup> Non-financial

<sup>1</sup> These goals are 1. climate change mitigation; 2. climate change adaptation; 3. sustainable use and protection of water and marine resources; 4. transition to a circular economy; pollution prevention and control; and 5. protection and restoration of biodiversity and ecosystems.

companies bound by the CSRD (Corporate Sustainability Reporting Directive) are obliged to report on at least three key performance indicators (KPIs) on compliance in relation to the taxonomy regulations, namely - turnover, capex and opex KPIs. Financial enterprises, including banks, will have their own KPIs with respect to the taxonomy criteria.

A basic use of the taxonomy is to review the compliance of a company's existing operations with respect to the taxonomy criteria, while an advanced use of the taxonomy is applied when working with a bank on the green transition. An example of such advanced use of taxonomy could include:

- ◊ Assessing the degree of non-compliance of the company's operations with respect to taxonomy criteria
- ◊ Developing a strategy and setting measurable goals to achieve compliance with the regulations
- ◊ Obtaining green financing to implement the strategy in agreement with the bank.

In this way, the taxonomy can bring about a triple benefit – not only to the company itself, by increasing its competitiveness, but also to the bank by increasing the long-term sustainability of its portfolio and also to the government by supporting country level green transition objectives.

## GREEN TRANSITION AS AN OPPORTUNITY

In conclusion, Rant said that orientation towards sustainability and climate neutrality is imminent. It is also a long-term answer to the current

energy crisis. There is no option for plan B because there is no other planet. The EU has developed a regulatory framework for sustainable finance as part of the broader strategy of the European Green Deal.

Taxonomy is a central pillar of sustainable finance in the EU, but at present, SMEs are not yet obliged to report on their compliance to the taxonomy, but they can benefit from using the taxonomy in cooperation with a bank. The main benefits provided are improvement of competitive position, easier access to financing and a timely management of physical, transitory and regulatory risks. At NLB they follow the taxonomy “When monitoring a company we are interested in how sustainable the business model is. This question is relevant to every company,” says Matjaž Rupnik, Director of Evaluation and Control at NLB. “We are trying to create a more sustainable portfolio”, adds Andrej Meža, Director of SME\*\* Business. “We think this is where we can make the biggest impact. We are looking at the whole region. For us, this is also an investment, and in the long run - a relief. We have started earlier than others because we have foreign owners, of which EBRD is one of the largest, and therefore we have certain standards to maintain. If you have sustainable investors, they will support you - the green transition will be a huge opportunity for all of us.”

\* Value Chain refers to the full lifecycle of a product or process, including material sourcing, production, consumption and disposal/recycling processes.

\*\* SME refers to small and medium-sized enterprises

# BEING AND ACTING SUSTAINABLY IS A STEP TOWARDS THE FUTURE

Being sustainable doesn't only mean that we are thinking of global change and the impact that we, as a nation, are having on this planet. It also means we are actively doing something positive – recycling, using eco-friendly materials, buying locally-produced food and being aware of what consumerism is doing and the impact that it has on the planet.

AUTHORS: BARBARA MATIJAŠIČ, ŠPELA BIZJAK

# B



Being sustainable in our work environment is equally important. Therefore the Institute for Strategic Solutions designed the “From Words to Actions” project, which allowed it to organize the first regional Net-Zero carbon event in Slovenia.

## FROM WORDS TO ACTIONS

The event was held in September 2022. The main theme of the event was a discussion on how to implement sustainable activities and business processes in companies and organizations that will benefit the

environment and won't contribute to the carbon footprint. In attendance were the ISR, and representatives from the event's co-organisers – the Ministry of Foreign Affairs of the Republic of Slovenia and Spirit, the public agency of the Republic of Slovenia for the promotion of entrepreneurship, innovation, development, investment, and tourism, as well as other companies. Together they discussed which strategies and actions would be the most effective in the drive towards green transition.

The event was held in Maribor, the second-largest city in Slovenia and an important business destination. The red thread of the program was carbon neutrality and zero emis-



Photo: Matej Pušnik (ISR)

**TRANSPORTATION** – *The ISR made sure that the participants of the event used a sustainable means of transport. As part of the event, the participants cycled, walked and rode in an electric city car.*

sions. All pivotal stakeholders and partners agreed that these are the key proponents of a sustainable future. However, strategies differ and seldom apply to entire organizations as well as their supply chains, and this inclusion of the supply chain presents unique and difficult challenges. The participants and guests at the event gained access to innovative ideas and integrated solutions – and most importantly, a network of potential partners. When organizing the event, the ISR was committed to careful monitoring of emissions and energy use, as well as carefully planning measures to reduce emissions and thus benefit the environment. They also made sure that they balanced emissions released into the atmosphere by planting trees so that there was a Net-Zero result.

### **FOOTSTEPS TOWARD FOOTPRINTS: CALCULATING THE CARBON FOOTPRINT**

The “carbon footprint” is the common term for the total amount of carbon dioxide (CO<sub>2</sub>) and greenhouse gas (GHG) emissions released into the atmosphere as a direct result of the activities of a particular individual, organization or community. The carbon footprint can be calculated and evaluated. It measures the impact on the environment of our actions and decisions. For example, based on the data obtained, we can lead a more sustainable existence by changing our lifestyle or purchasing habits. Organizations can also improve energy efficiency in business or production processes by using renewable energy sources. The carbon footprint of organized events can be reduced by careful consideration of the method of transporta-

tion of participants and organizers, the choice of location and locality of food providers, economical use of packaging, recycling of garbage and the use of electricity from renewable sources.

In line with the goals of the Paris Agreement, EU member states have agreed to strive to make the EU the first climate-neutral economy and society by 2050 and the EU has committed to reducing emissions by at least 55% (compared to 1990) by 2030. So far, calculations show that we are still far from the set goals, which means that we will most likely not be able to stop global warming within the time frames set.

### **A UNIQUE EVENT IN THE REGION**

In addition to the compelling content, the most significant feature of the From Words to Actions Net-Zero



**HOUSE OF THE OLD VINE** – *The oldest vine in the world, resides right in the centre of the Old Town in Maribor. The Old Vine's age spans over 460 years and won its place in the Guinness World Records for being the oldest noble vine in the world still bearing grapes*



**MINORITI** – *Location is crucial when organizing a NET-Zero event. Minoriti was a perfect location both from the perspective of the beauty of the interior and because it did not require air conditioning or additional electrical devices inside for cooling the hall inside.*

event was its design and implementation. The ISR designed it in such a way that it followed the principles of locality, expedient logistics and low-carbon emissions, and they actively used digital tools which did not cause a significant impact on the

environment, as a result, the event placed much less carbon burden on the environment.

Participants and guests arrived at the event by public transport, namely, by train. At the main train station in Ljubljana, they boarded the train to Maribor. Saša Arsenovič, the Mayor of the Maribor Municipality, then welcomed the participants and guests at Maribor's main railway station. Maribor has been a leading example of a local area with proactive and successful environmental practices. The participants and guests then rode their bikes towards the Minorite Church, where they attended the first regional Net-O event.

The participants helped each other by using international standards for planning low-carbon projects and

using international conversion factors. These established standards do not exist yet in Slovenia, except for the electricity grid. However, the ISR followed the ISO 14064-2:2019 standard and guidelines for quantification, monitoring and reporting of greenhouse emissions for each part of the project. As part of the methodological framework, they compared the basic (business as usual) and alternative (Net-Zero) scenarios for the event organization, preparation, and implementation. They carefully evaluated and verified all data based on each identifiable activity and took the emission-reducing steps necessary for the successful implementation of the Net-Zero event. This included the arrival and transportation of organizers and participants, careful selection of the location and energy-efficient cooling of the space. In addition, they served local food and drinks, gave local gifts to the guests, recycled rubbish, monitored transportation of local food, to and from the event and used low-emission electronic devices for the sound and lighting of the event.





**THE MUSEUM OF THE WORLD'S OLDEST VINE** – *The museum places the vine in the context of the urban development of Lent, and Maribor as the centre of viticulture in Štajerska. All the participants attended the guided tour of the exhibition which was augmented by an animated film and a taste of the Queen's Wine or natural fruit juice.*

## THE ISR SUCCESSFULLY REDUCED THE CARBON FOOTPRINT BY -

- Using the public train service as transport for participants and organizers (round trip)
- Selecting an inner space that did not require cooling
- Choosing a local food provider and a vegetarian/vegan menu for the banquet
- Economical use of packaging and recycling of rubbish
- Using electricity from renewable sources

When collecting data, the ISR adhered strictly to the concepts of relevance, completeness, consistency, accuracy, transparency and conservatism. They took special care when choosing food for the

event. By choosing a local food provider, they saved as much as 90% of the carbon footprint and they also saved 31% of the carbon footprint by deciding to serve only vegetarian food at the event, in comparison to the basic, business-as-usual scenario, and through the economical use of packaging and recycling, they succeeded in reducing the carbon footprint by as much as 87%, again, compared to the basic, business-as-usual scenario.

## AT THE EVENT – ATTENTION TO DETAIL

Or to put it another way, is it really permissible for a single participant to arrive on a trans-oceanic flight, and release carbon emissions into the atmosphere? In addition to the

choice of transport used, the other most crucial factor to consider was catering. Careful attention was paid to the choice of the food provider, and to the food served. It makes eco-sense to avoid meat, even if local beef has a smaller carbon footprint than Patagonian beef!

However, even the smallest amount of carbon produced must be removed from the atmosphere, and this can be attained by planting trees, indigenous ones from Slovenia. In the case of our event, the Carbon produced amounted to 506kg of CO<sub>2</sub>.

To counteract this, the ISR will plant 51 saplings of native Maribor tree species and thereby “return” the CO<sub>2</sub> they emitted back to the environment.



LOCAL FOOD PRODUCTION

# THE DRIVING FORCE TOWARDS FOOD SECURITY\*

As the global population continues to grow, the demand for food has skyrocketed. It is estimated that by 2050, global food production will have to increase by 70-100% to keep up with the ongoing demand.

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AUTHOR: ŠPELA BIZJAK



# T

The rising demand has made it difficult for farmers and has put a strain on the environment, however local food production reduces the amount of energy required to transport food, and it also reduces the need for artificial preservatives and additives. In addition, buying

local food allows for better traceability and accountability, consequently, local food production is beneficial for all involved, and it should comprise a major part of any supermarket's offerings.

### **OBSERVING THE POSITIVE TRENDS OF CHOOSING LOCALLY PRODUCED FOOD**

Buying local food is a great way to reduce your environmental footprint, as it eliminates the need for long-distance transportation of food. Local food production is another way to reduce your environmental footprint while still having access

to fresh, local food. Furthermore, by supporting local farms, you are directly investing in the future of local agriculture and food production in your area, and this helps to ensure that there are local, sustainable sources of food for many generations to come.

Supermarkets are increasingly offering more and more local food from farmers to meet the demand for fresher, more sustainable and more nutritious food options. By supporting these local farmers, supermarkets are helping to strengthen the



local economy while also providing customers with access to delicious and healthy food. Not only are customers able to enjoy the very freshest fruit and vegetables, but they can also find small-batch jams, sauces, honey, and other products made by local artisans. As more people become aware of the benefits of buying local produce, supermarkets can widen their range of local food and help to support local farmers and the local economy.

### MERCATOR LEADS THE WAY IN FOOD SECURITY

Mercator is at the forefront of providing Slovenia and its population with high quality and widely available locally produced food. Food security has been a top priority in Slovenia and worldwide since the start of pandemic. It was at this

**By supporting these local farmers, supermarkets are helping to strengthen the local economy while also providing customers with access to delicious and healthy food.**

time that Mercator's professionalism, dedication and wide-ranging network of stores managed to provide households in Slovenia and the Adriatic region with a stable supply of food and other household necessities. In autumn, as macroeconomic changes began to take place, Mercator responded with a national cam-

paign slogan - Your every purchase makes a difference (Slovenian: Vsak vaš nakup šteje), which encouraged Slovenian consumers to purchase high quality locally produced food to boost food security and to support local producers. For instance, Mercator buys 50,000 tons of milk and dairy products yearly from local suppliers.

Local food production and self-supply are crucial for sustainable food production and for strengthening local economies. By purchasing shares in local producers, we are not only supporting them but also supporting local communities by ensuring that they have access to fresh, nutritious food and that local businesses remain operable.

\*Food security is the state of having reliable access to a sufficient quantity of affordable, nutritious food.

# **EVERY** **PURCHASE COUNTS**

That is why we buy  
high-quality local  
products from more than

**5.000**

**SLOVENIAN FARMS**

That is why we  
open more than

**600**

**STORES ACROSS SLOVENIA  
EVERY MORNING**

That is why we regularly  
buy from Slovenian  
suppliers

**20.000**

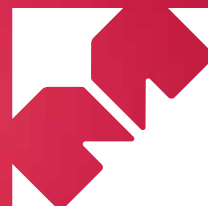
**DIFFERENT SLOVENIAN PRODUCTS**

That is why every  
year we buy for you

**300.000**

**TONS OF SLOVENIAN PRODUCTS  
FROM SLOVENIAN SUPPLIERS**

**TOGETHER, WE SUPPORT  
SLOVENIAN PRODUCERS**



**Mercator**  
*moj najboljši sosed*

# THE FUTURE OF MOBILITY IS CHANGING OUR MINDSET

The future of mobility is being fueled by three key technology-driven trends: electrification of vehicles, connected & autonomous vehicles and mobility as a service.

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AUTHOR: MATEJA EDELBAHER



Photo: BMW

# A

Also, according to research by the EU Commission and other institutions, the cost of owning a personal vehicle i.e total cost of ownership will rise in the coming years, which will mean that many people will have to resort

to other modes of transport/mobility. How will Mobility Affect our Everyday Lives?

In the cities, we will see a boom in different types of transport. We can already see all types of vehicles on the streets, changes are already happening. Just look at the larger cities, where the infrastructure includes: a bike rental system, e-bike rentals, various electric car sharing, privately owned electric-scooters and electric-scooter rental systems, many different modes of food delivery, public buses, trams etc. In cities, people will be able to live without their own per-



Photo: Petrol

sonal vehicle, and it is expected that within a decade we will already notice the influence of shared self driving vehicles, which will change our habits and needs. The biggest question we face and which could have a strong impact is the development or quality of public infrastructure (railway, bus) in the future.

We asked the biggest energy company in the Adriatic region, Petrol, how they see the future of mobility and they said that they are already implementing their strategy to meet the future needs of mobility and sustainability. For example, at the Kozina motorway location, they carried out a pilot project of installing an electricity storage tank with a capacity of 210 kWh and they also connected fast and two ultra-fast charging stations up to 350 kW.




Photo: Petrol

They also implemented a pilot project of the first local self-sufficient community in Slovenia in the small settlement Luče. In the long term, Petrol will also change its sales points. The plan is for multi-story buildings, and at least one for RES (renewable energy

sources) as well as electricity storage, with a larger charging park for electric vehicles and other alternative sources of energy, such as hydrogen. Jože Bajuk, a member of the Petrol executive board, points out that: "The development of the market for petro-



## NUMBER OF CHARGERS BY MARKETS



	Conventional chargers (AC)	Fast chargers (DC)	Ultra-fast chargers (UC)
<b>Slovenia</b>	242	53	7
<b>Croatia</b>	30	32	4
<b>Serbia</b>	0	4	5
<b>Montenegro</b>	0	1	0
<b>All</b>	272	90	16

leum fuels in the field of mobility will retain an important role in the next ten-year period; however, electricity will complement it to a greater extent than before. This is also indicated in the guidelines of the most important manufacturers in the automotive industry." He also explains how they plan to accommodate the change in e-mobility and transport: "Because in the coming years we expect accelerated electrification of road transport and an increase in its efficiency, at Petrol, in accordance with our strategy, we are building a network of charging stations throughout Slovenia and in the region and connecting with the growing network of e-charging stations across Europe. Because the biggest increase in the market share of the electric drive will be in personal transport, while in the transport of

cargo and people in larger vehicles, electricity will still be in second position for quite some time."

Petrol has a total of 318 petrol stations in Slovenia and 574 e-charging stations, which are not located only at petrol stations. They have over 590 locations in the Adriatic region and by 2025 they aim to have 1,575 e-charging stations under management in the region. Last year, the first DC charging station was opened in Belgrade, as well as one in Montenegro.

### E-MOBILITY IS TRANSFORMING THE AUTO INDUSTRY

One of the most important challenges for the automotive industry is its transition to e-mobility. Estimates suggest that by 2030, the proportion of electric cars will grow to 25 or 30 per cent of the market share, which

is a fact that global car manufacturers are already adapting to.

"The electric car market is growing significantly faster than was predicted a year or two ago. The slogan of one of our biggest partners describes this trend most eloquently. If Mercedes-Benz had the slogan 'electric first' until last September, it now has 'electric only'. Car manufacturers no longer invest in the development of the classic drivetrain, but merely adapt it to meet future EURO 7 emission standards. Their strategy is e-mobility," says Andrej Megušar, CEO at LTH Castings, one of Mercedes-Benz's development partners based in Slovenia. It also has production facilities in Croatia and North Macedonia.

An electric car has fewer components than a classic car. For example, a gear-





"The electric car market is growing significantly faster than was predicted a year or two ago."



Photo: Petrol

box is not needed in an average electric car, because the electric drivetrain works equally well in a very wide range of revolutions, with immediate effect from standstill to acceleration - and therefore not even a clutch is needed. The term 'one pedal driving' has also become established, which means that some electric cars, such as the BMW i3, can only be driven by pressing and releasing the gas pedal. All this has also been taken into account by LTH Castings, a partner of BMW, which has been producing parts for most of their powertrains for more than 30 years. In recent years, however, cooperation has been expanding mainly into the development and production of components for e-mobility.

The fact that there is no need for parts such as the clutch, which are among the more expensive parts of a classic car, represents a new approach to the development and production of parts by manufacturers, parts such as battery cases and powertrains, and com-



Photo: Petrol

ponents for the conversion of electrical energy. "Changes don't happen overnight. We follow developments in technology and reckon that electrification will largely flow through hybridization - mainly due to objective capacity limitations, both in the infrastructure for the use of electric cars and in production. There is no long-

er any debate about the electric car coming, it is here. The key is how the roles will be divided in the production chain since new typical pieces appear with the electric car. There are quite a few of them, and to a considerable extent they are pressure castings, which is good news for LTH Castings," says Igor Grilc, CEO at LTH Castings.

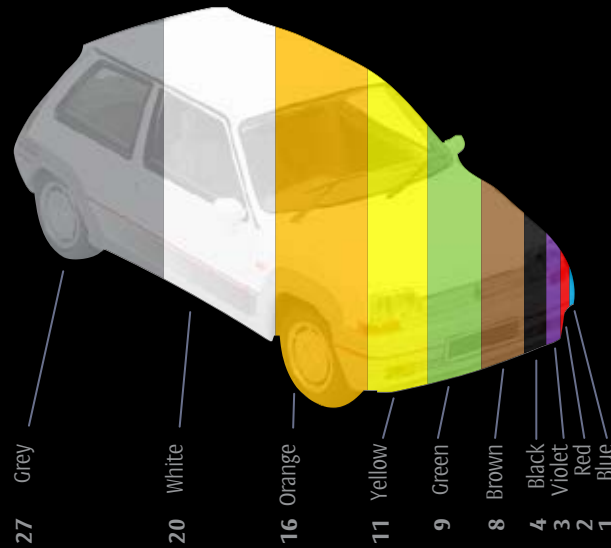
THE GREYING OF SLOVENIAN STREETS

# THE CHANGING POPULARITY OF

## THE MOST POPULAR BRAND OF NEW CARS

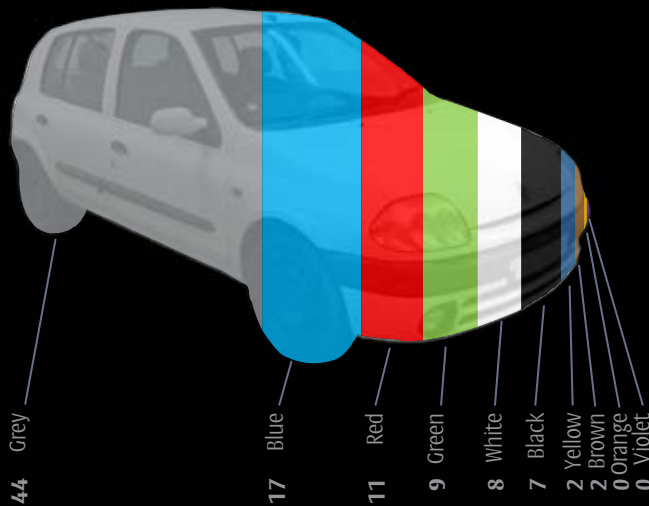
1992

RENAULT R5



2002

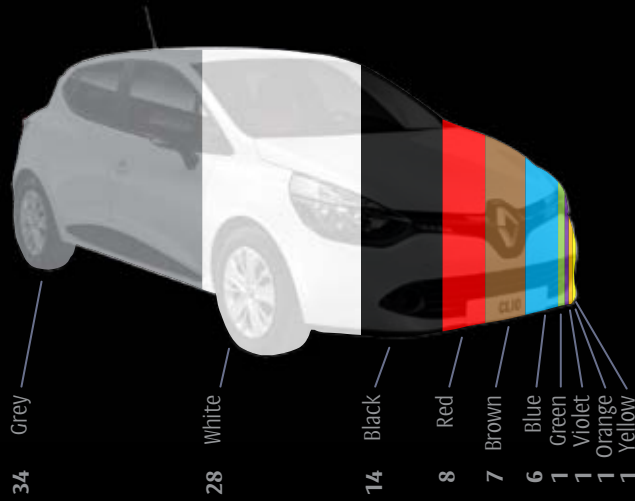
RENAULT CLIO



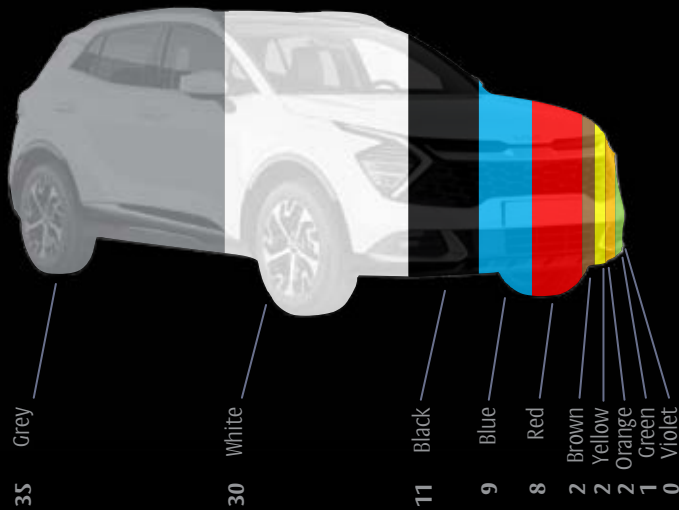
THE MOST POPULAR AUTOMOTIVE COLOUR ON SLOVENIAN ROADS  
(% OF NEW PASSENGER CARS REGISTERED IN SLOVENIA)

# AUTOMOTIVE BRANDS AND COLOURS

2012  
RENAULT CLIO



FIRST HALF OF 2022  
KIA SPORTAGE





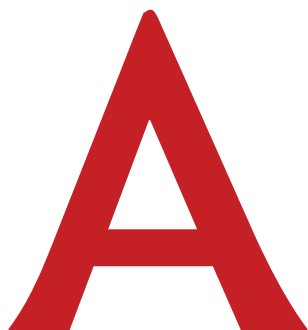
TUŠEK HYPERCARS

# THE FUTURE IS NOW

This optimally describes the mentality of Tushek Hypercars, a Slovenian company where research and the most innovative approaches are at the forefront of highly advanced and sophisticated hyper cars. The fact that in 2012 they started developing their electric drivetrain, which now powers their most advanced hyper car TS 900, is proof enough that they live for the future.

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AUTHOR: MATEJA EDELBAHER



Aljoša Tušek, the CEO and Founder of Tushek Hypercars, once a very successful racing driver has always been intrigued by implementing the demands and knowledge of a professional racing driver into a sports car, so he decided to make his own supercar, drawing from his racing experience.

In 2008, he began to design the first supercar, the Renovatio TS 500 and with that model Tushek instantly earned a place in the global supercars market. The Renovatio TS 500 was also presented on the BBC's famous TV show, Top Gear, where they were clearly impressed with the car, which was tested in the French Le Mans before the start of the famous 24-hour race.

In a way, Tušek says, it was the earliest proof of a successful model from a price-performance point of view, as it was very light and manageable, as well as balanced in price for a supercar, priced at around 250,000 euros in 2008.

The next model, the TS 600, secured Tushek's position among handmade hyper cars on the global market. It

was a big success - the UK magazine Auto Car named it one of the four best super sports cars of the year in 2014 and it still remains in the top 10 list of supercars.

Tushek's goal has always been to have the best car on the market; they have only sold their prototypes so far, as they have never been satisfied enough with any model to go to the production line. The TS 900 plug-in hybrid is the first model where they plan to produce two dozen cars. They presented it at Top Marques in Monaco, and met with a lot of demand. It comes in a road friendly and a racing version. Its popularity is such that it's one of the top played high performance cars in leading worldwide videogames such as Asphalt9 and Grid Legends.



Photo: Tushek

**TS 900 APEX** can handle more than 1,350 horse power and can travel up to 70 kilometers on electricity alone. It has a 1hp : 1kg ratio which makes it the lightest hybrid hyper car on the market.



Photo: Tushek

reach the 2018 patented drivetrain, currently one of the best automotive electric drive units on the global market.

As Tušek points out, with electric drives, the most important compromise is between the range and the weight of the batteries. This is precisely where the efficiency of the drives developed at Tushek prevails as one of the best in the world. In fact, their drivetrain is capable of operating with only 10 KW per 100 km during normal driving, with the batteries weighing only 65 kilograms in the TS900 Hybrid.

## THINKING AND WORKING 10 YEARS IN ADVANCE

At Tushek, they started thinking about the electrification of driving early on, as they quickly saw the direction in which the automotive industry was heading. They began with the development of their electric drivetrain system in 2012, because, as

Tušek says, they always try to work ten years in advance.

Their electric drive unit TUSHEK DIRECT ELECTRIC DRIVE (TDED) is the result of Slovenian technological know-how and was developed on the basis of engines used in advanced lightweight aviation. Starting from such high-power aviation engines, it took over 6 years of development to



Photo: Tushek



Photo: Tushek

Strictly limited to just 12 units the **TS 900** **RACERPRO** is designed to provide the best performance for the most demanding racing drivers. With a power to weight ratio of 1.13 hp : 1 kg, the RacerPro includes only what is needed for the highest performance on the race track.

The development of their hypercars, as well as the drivetrain, depends on the development and use of new materials for the drivetrain and battery casings, which must be ultra-light and at the same time ultra-durable. Thus, they started collaborating with the Faculty of Polymer Technology from Slovenj Gradec, in the development of special materials for battery casings that are capable of withstanding extremely high stress.

## THE FUTURE IS ELECTRIC

Internal combustion engines are coming to an end, and they will probably last the longest in hyper cars and auto-moto sports. The engine sounds that people are used to now will be replaced by new ones. As Tušek jokes, now electric cars sound similar to "small UFOs", but in the future, he adds, they will be a matter for each individual manufacturer to decide as part of the design of the car.

At Tushek they are focused on development and are investing heavily in testing new materials and developing electric drivetrains that will power their hyper cars entirely in the future. But, due to the expected delay in the transformation to electric cars in auto-moto sports, they are currently betting a lot on their hybrid TS900, which is, as they say, a technological revolution on four wheels, that shows the real use of new technologies. It creates new driving dimensions made possible by hyper-hybrid technology and a drive that has many patent-protected solutions.



Photo: Tushek

However, since they do not see the future in hybrids, but in fully electric cars, according to Tušek, they are now focusing on the development and production of a fully electric hyper car, codenamed TS X000. He claims it will be a completely different hyper car, compared to the ones we are used to seeing on the roads now. It is still a mystery, how much horse power it will have, but Aljoša Tušek hinted that it might have more than 2000.

So far, they have made a proof of concept for their all-electric car, and they want to test the new TS X000 for the first time on a racetrack towards the end of 2023. They plan to break into the global market in 2024, and then start with a small-scale production of the car. Their goal is to create a model of the car that can be produced over a long period..

## DEVELOPMENT PARTNERS OF THE AUTOMOTIVE INDUSTRY

Tushek has become a development company as they invest 90 percent of their time in development, meaning that their R&D department is growing fast, but they have practically no production. They see their future in development, designing and assembling their own cars, and using certain parts from companies that are pioneers in their fields. Most of the cars are and will be the result of Slovenian know-how.

The development and patenting of their electric drivetrain has enabled them to establish partnerships in the automotive industry, that will financially support further growth and development. They also see the future in cooperation with the automotive industry, Tušek says, where they are currently a development partner to a global car manufacturer.

*A lot of research, testing and new radical approaches, stemming from Aljoša Tušek's racing experience and his feel of the car, were infused in **TS 900**. Powered by an Audi based, 4,163 cc dry-sump FSI V8 engine, to which Tushek added its compressor, and squeezed out 550 kilowatts of power and 690 newton meters of torque. It is installed centrally in the rear of the car, where, with the help of a Hollinger sequential gearbox, it drives the rear wheels. It combines the best of both worlds, as the internal combustion engine is joined by two compact electric motors on the front axle, each driving its own wheel, developing a power of 480 kilowatts and a torque of 1,000 newton meters, which is available throughout the entire rev range.*

# UTILIZING THE POWER OF DATA

Secondary use of data and digital transformation: how the healthcare, insurance and banking sectors can profit from each other's data.

AUTHOR: BARBARA MATIJAŽIČ, MBA



To facilitate a successful digital transformation, it is crucial to have strong leadership and clear objectives, adequate funding and resources, an effective implementation strategy - and last, but not least, relevant and informative data. There's an old saying, 'Garbage in, garbage out', which means that if you input senseless or defective data, you're going to get a meaningless output. Digital transformation should be tailored to meet the specific needs of every individual and geared to adhere to the laws of the country. And this is where the use of secondary data comes in – it is the process of collecting and analyzing



aggregated and anonymous data that has been previously collected for a different purpose, but whose output can provide beneficial insights into behavior, trends and patterns that can be used to update and enhance digital transformation initiatives without compromising the trust and safety of personal data. This can provide many useful and innovative solutions in all sectors. This article aims to highlight the value and benefits from the transfer of learning

between the healthcare, insurance, and banking sectors. They can learn from each other's experience, as they often face similar obstacles in the context of secondary use of data and digital transformation.

## EXCHANGE OF KNOWLEDGE AND RESOURCES

Cross-sectoral collaboration happens when two or more organizations from different sectors come together to work on a specific project or initiative; it involves an exchange of knowledge and resources between entities in different industries. The main pillars of a successful relationship are mutual understanding, trust, and commitment, in addition to having good communication, shared goals, and a mutual understanding of the benefits of working together. Each partner also needs to be open minded with regards to learning, adapting, and being innovative in order to take full advantage of the different mindset and expertise of the other entity.





This open-minded approach allows both partners to gain new insights, develop innovative solutions to complex problems and discover new ways to leverage resources. A recognized and very well-used example of cross-sectoral collaboration involving the health, banking, and insurance sectors is the development of healthcare payment models. In this type of collaboration, banks, insurers, and healthcare providers work together to develop payment models that are more efficient, transparent, and cost-effective. This collaboration enables healthcare providers to receive payments more quickly, reduces paperwork and administrative costs and improves the financial health of both providers and patients.

When contemplating the secondary use of data and digital transformation, the sensitive question of trust alongside the increased security risk are among the top concerns. However, issues of trust can be overcome by implementing stringent controls that ensure the security and privacy of data, making sure that the data is encrypted and stored securely, as well as the use of user authentication protocols to verify the identity of users. Organizations should also have policies and procedures in place that restrict access to data to those fully authorized. Finally, organizations should regularly monitor and audit access to data to ensure that it is being used appropriately. A good example of overcoming trust issues between users is in the insurance sector, for example, the insurer within most insurance organizations can easily access a clear and comprehensive

privacy policy that outlines the manner in which customer data is stored, used and shared. The process of making changes to the policy and communicating them to their customers is clear and transparent. Insurance organizations also provide detailed information about their services and ensure that customer queries are answered quickly and accurately through online self-service portals. These portals also enable customers to access their policy information and manage their policy online, such as viewing their policy details, paying their premium, filing a claim, and making changes to their policy. On the other hand, security risks in the banking business are addressed using multi-factor authentication systems. Users are required to provide more than one type of authentication, for example, use of passwords, biometric scans or SMS codes, to access their accounts. This makes it more difficult for hackers to gain access to sensitive information, and thus protects both the bank and its customers.

### **TECHNICAL SOLUTIONS ARE NOT DIFFICULT TO FIND, HOWEVER THE REAL QUESTION IS HOW TO MOTIVATE PEOPLE?**

So one may ask why the two aforementioned examples of effective working practices in banking and insurance can't be transferred in a meaningful way to the field of healthcare? The field of healthcare in Slovenia and in the countries of the Western Balkans is one of the more complex sectors, as it connects stakeholders from many different fields, namely, politics, pharmaceuticals,

public and private institutes as well as product and service providers. However, the optimization and development of health systems is necessary - especially with regards to the management of the limited resources available to meet the needs of an aging population. Slovenia is one of the EU Member States that is anticipated to have one of the largest increases in social expenditure and health services related to the aging population by the year 2060. However, many of these challenges can be solved using open and trustworthy health data systems. The anonymized data can be used to identify phenomena and trends, as well as aiding the development of the healthcare system through various analytical approaches and the combination of data into meaningful data sets.

Interoperability of data and services is crucial. It supplies a secure exchange of data between different providers and systems, as well as sectors, and leads to efficient digital transformation. The Minister of Digital Transformation, Emilija Stojmenova Duh, stated that digital transformation will be one of the key priorities of the Slovenian government in the coming year. Motivating people to engage is a long-term commitment, ensuring that each partner understands the benefits and has an open mind with regards to adaptation and innovation. However, the anticipated challenges of an aging society and the problems facing the healthcare system cannot wait. They are already here, we must face them and find innovative solutions, and secondary use of data and digital transformation is the way ahead.







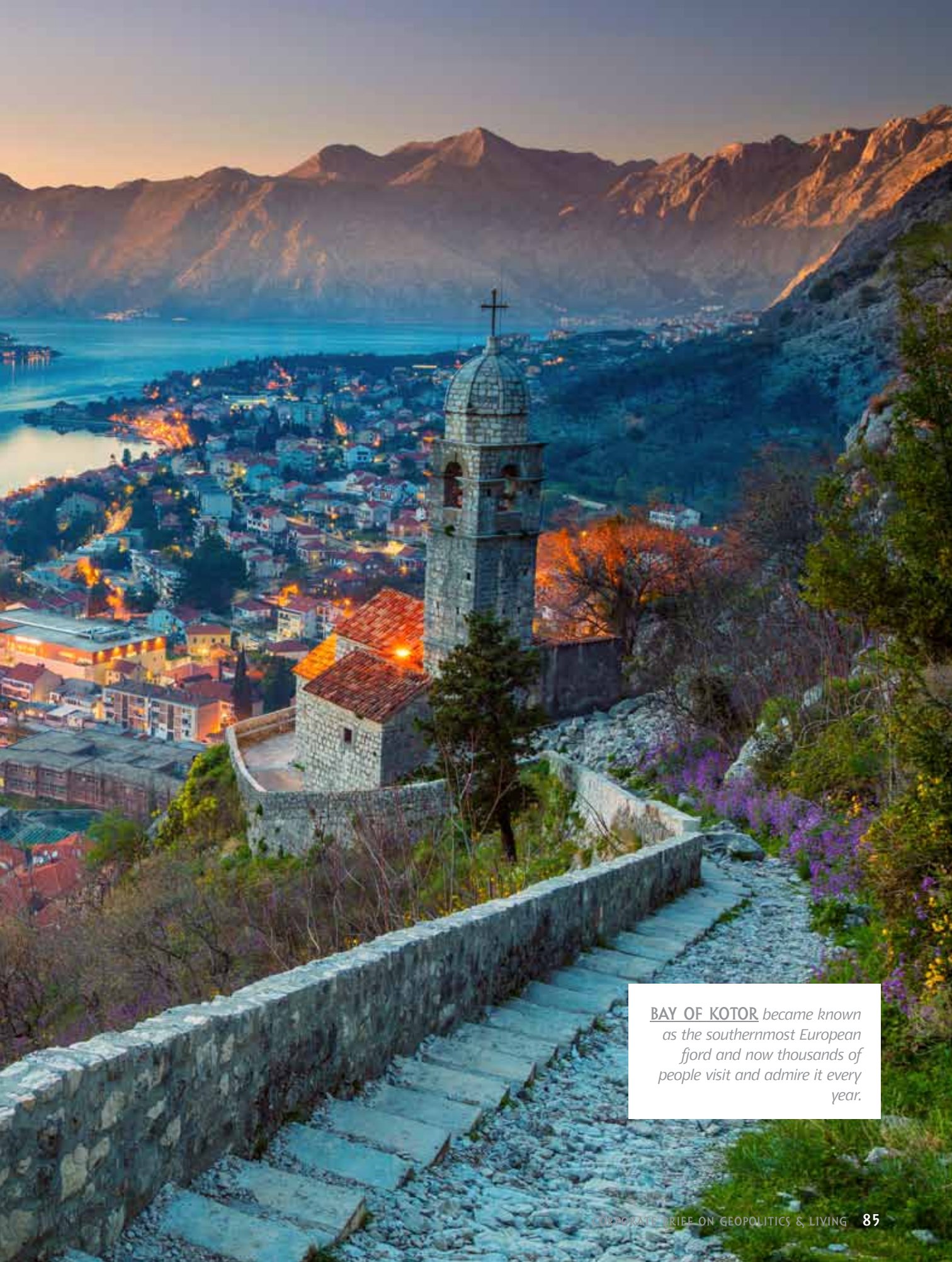
A LAND OF ENDLESS ADVENTURE AND ENCHANTMENT

# MONTENEGRO – THE HARD PEARL SHELL

If there is a country where two extremes come together, and the sum of these two opposites is transformed into a harmonious whole, then this is Montenegro.

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AUTHORS:  
VUK KOLJENŠIĆ,  
DRAŽENKA LAKETIĆ



**BAY OF KOTOR** became known as the southernmost European fjord and now thousands of people visit and admire it every year.



LAKE SKADAR PARK

T

This is a country where salty Mediterranean air combines with the clean sharpness of mountain air, a land where mountains and sea collide. This is a country where autumn can sometimes occur long before the end of summer, and winter often arrives at the same time as spring. In Montenegro, it's possible to experience all of that on the same day if one is travel-

ling from the far north of Montenegro to the Adriatic Sea.

Here, people are the warmest where it is coldest and the kindest people are those to whom life itself is not kind. That's Montenegro for you. Montenegro has one colour in its name and a thousand colours in its beautiful landscape. Montenegrins have been welcoming tourists for centuries and are still learning much from those who come to visit, learning that they, themselves, must learn to appreciate every metre of its magnificence and beauty. A rich tapestry of life and history is located in just 13,000 square kilometres of natural beauty where everyone can find enjoyment and wonder, and almost everything they want from a

perfect vacation. And this was also true back in history, during the time of Petrović when the first accommodation facilities for "outsiders" (tourists) were constructed, and in 1864, when the first hotel in Cetinje, "Lokanda", was built.

The development of Montenegrin road infrastructure was accompanied by the construction of "khans" (hanovi), which were the characteristic resting places for travellers, and more recently, better connections between cities have also brought about greater movement of the local people.

The beauty of the coast had already brought about the construction of guest houses on the green beach of Herceg Novi, and since then tourism



OLD TOWN CENTER  
IN BUDVA

has developed rapidly and today it makes up almost a third of the country's GDP. This makes Montenegro the leading country in Europe where tourism contributes the greatest share to its economy.

It took almost an entire century for Montenegro to reach the headlines of world-famous magazines, however, nowadays it is increasingly ranked in the Top 10 Destinations in the World, and in a very short period of time, Kotor reached first place on the famous Lonely Planet list, and subsequently became a magnet for tourists from all over the world. According to Kotor locals, only a few years before this happened, a leading journalist from an internationally renowned magazine was on vacation in Kotor. He openly publicised his love and admiration of the place not only to his friends and

family, but to colleagues and newspapers, and in so doing, he almost single-handedly popularized the place to the extent that it is now well-known, loved and revered all over the world. However, apart from journalists who spread the word about the incredible

beauty of Boka, there are also grateful Montenegrins and social networks that transmit what the camera lens sees to all ends of the earth. As a result, the Bay of Kotor became known as the southernmost European fjord and now thousands of people visit and admire it every year. The now-famous Black Lake is a place where unclean and negative thoughts are cleansed by the purity and clarity of the water. And most importantly, whoever visits the country should not bypass one of the world's most impressive constructions - the Tara Bridge. It is a symbol of men's struggle with nature. Almost 100 years ago, a miracle was created with "opanci" also known as Montenegrin shoes, which bridged the seemingly insurmountable shores with the biggest wooden scaffolding ever used, at that time. The proportions of the five arches speak for

*World's most impressive  
constructions - THE TARA  
BRIDGE.*





*The now-famous **BLACK LAKE** is a place where unclean and negative thoughts are cleansed by the purity and clarity of the water.*

themselves about the miracle of engineering that continues to hold and support the huge concrete structure more than 150 meters above the Tara River. The Tara River is known as The tear of Europe.

Every year thousands of people raise their adrenalin levels as they go down the Tara River in the traditional beechwood boats, looking upwards at the almost vertical cliffs from which sprouts gravity-defying vegetation from apparently naked stone. Dozens of glacial lakes are scattered between the mountains, and each of them has a name that tells a story. It is here that the fairies live who were responsible for shaping destinies, as well as devils who have caused torment and disaster. There are even places where saints are said to have squeezed water from stone. Only in the small town of Žabljak, the highest situated town in the Balkans, will a resting traveller be

able to hear the stories and legends of the Tara River and its surroundings, tales that cannot be heard anywhere else in the whole country.

Montenegro can be magical, but it can also be cruel, however there are many areas that are still untouched and nature can still be seen in its raw beauty.

Almost half of Montenegro can be seen from the Lovćen mountain and if Montenegro had to be summed up in two words, savage beauty are the two most appropriate words. There is also a lot of wilderness, but wilderness isn't really sufficient to describe the Montenegrin landscape. If the words savage or even wild describes everything we see, then beauty will

***ŽABLIJAK**, the highest situated town in the Balkans*







describe everything we feel. The traveller will also experience a variety of different mentalities in Montenegro. As you travel along each of the borders you will experience helpful and neighbourly values, and from the colder north, you will encounter real human warmth, while going further south you will find that a more Mediterranean spirit is prevalent - calm with a melodious way of speaking and living.

The people of Montenegro are widely recognized as gracious hosts who go above and beyond the call of duty. In some remote villages, it is commonplace that the villagers will accept you as one of their distant relatives and you will leave feeling that you don't owe them a single cent. Indeed, tourists and travellers came to the villages first, and mass tourism followed. The village people thought they had nothing to offer, when in fact they have everything. And this is exactly how

the story of village tourism developed, aided by village communities who happily shared their everyday life with strangers, offering them food, drink and sustenance and simple life pleasures. This was the time when the farmer transformed into a host of the highest rank, providing authenticity and genuine hospitality both in terms of a unique ambience and healthy cuisine, both of which are hard to beat, and cannot even be glimpsed at in the expensive resorts. However, at the other end of the hospitality scale, there are now lots of expensive hotels located on the seafront, all with magnificent views. On a clear day, one can even see Italy. In these encapsulated resorts, guests are offered tranquillity and peace in an abundance of luxury and world-famous franchises are showing increasing interest, fully believing in the potential that Montenegro offers. Connection by two local airports and the nearby Dubrovnik air-

port makes Montenegro easily accessible to all. Accessible air connections and social media are rapidly launching Montenegro into the lists of the most desired tourist destinations for travellers from all over Europe, the Middle East, and even North Africa. A combination of international travel promotions for Montenegro, an excellent representation at Expo 2020 in Dubai and enticing promotional road shows around the world display the most exquisite images to people in all parts of the world and ensure that Montenegro is a place to be put on their wish list. Those who come here for the summer season invite new friends on the following day, and tourists are starting to explore Montenegro in all four seasons. And when they ask if a week is a sufficient time to visit Montenegro? The answer is 'Yes, but it takes a lifetime to research'.

LOVČEN NATIONAL PARK IN  
MONTENEGRO *mausoleum of*  
*Petar II Petrović-Njegoš*





L

A TALE OF TWO BALKAN COUNTRIES

# SLOVENIA AS A TUGBOAT FOR MONTENEGRO

If there is a tug that can direct the accumulated potential of our country towards something good, then the tug for Montenegro is Slovenia. Although Montenegro and Slovenia were once under the same flag, today they are two independent countries in different stages of development.

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DRAŽENKA LAKETIĆ

Photo: Vuk Koljenšić

# M

Photo: Vir Kolerjstic



Mostly because of the way the residents of these countries accept change. Slovenians are more open to everything that brings progress, while Montenegrins are steadfast even in their decision to slow themselves down. But the two nations are very fond of each other.

They are connected by air, with good neighbours and thanks to highways, they can reach each other relatively quickly. And most importantly, they are united by the people who left Montenegro for Slovenia and, to a lesser extent, those who did it in the opposite direction. In Ljubljana, all those who love Slovenia but pine for what they left behind in Montenegro, are gathered together by the Union of Montenegrin Societies, consisting of two groups from Ljubljana and from Maribor. The members of these associations are responsible for preserving their traditions and passing them on to those born of Montenegrin descent but under Slovenian skies. There are dozens of such families, and apart from numerous cultural and entertainment

Photo: Vir Kolerjstic





Photo: Vuk Koljenšić

A monument to **FRANCE**

**PREŠERN** in Podgorica from 2018.



Photo: Vuk Koljenšić



Photo: Vuk Koljenšić

**PERAST** is one of the best-preserved towns on the entire Adriatic coast.

events, they all celebrate the 21st of May, Montenegro's Independence Day, with particular pride. Love for the homeland does not fade, they keep it in their hearts forever.

Born in the embrace of the two countries are Petar Petrović Njegoš and France Prešeren, who are poets of equal bearing, and both studied all over the world. Their inspiration, derived from the 19th century, denotes the spiritual hearts of the two countries. That is why it is even more significant that a monument to Prešeren has been located in Podgorica, Montenegro since 2018, and that in Njegoševa Street, Ljubljana, a monument to Montenegro's great man Njegoš was erected 2014.

The desire to exchange the Montenegrin easy-going lifestyle with the more regulated Slovenian system can be observed by the annual Erasmus or exchange of students that has been taking place for years. Although the languages are different, they are relatively easy to pick up – in both directions. Krempita and Kremšnita are examples of local languages situated somewhere between the two.

It is certainly not a coincidence that Slovenia is declared the cleanest country in the world, and that Montenegro declares itself the first ecological country in the world. These 'firsts' best describe the fundamental differences - the Slovenians finish their work and wait to be praised, and Montenegrins say that they will do everything well even though they have not started yet. But they complement each other well and that is why it is important to nurture the



Photo: Vuk Kojanović



Photo: Vuk Kojanović



Photo: Vuk Kojanović

### DURMITOR NATIONAL PARK

*is the largest national park in Montenegro and UNESCO World Heritage site.*

sincere friendship that exists between the two countries, which can also be good economically.

And let's not forget, the bronze medal won by the national handball team of Montenegro in the Slovenian stadium Stožice, Ljubljana's multi-purpose indoor arena, earning Montenegro third place in Europe. Anyone who was in Ljubljana during the tournament knows that in every part of the city people were celebrating with their Montenegrin buddies and will remember the wonderful atmosphere, which was equally exhilarating for both countries.

### MONTENEGRO DECLARES

*itself the first ecological country in the world.*



ETHNO VILLAGE MONTENEGRO

# A JOURNEY INTO THE SLOW-PACED LIFE OF RURAL MONTENEGRO

Montenegro is an ideal destination for those interested in rural and ethno-tourism, as it is home to a variety of traditional cultures and lifestyles. Visitors can explore the breathtaking mountain villages and charming rural towns, visit the traditional stone villages in the north, or admire the magnificent coastline, especially around the Bay of Kotor. There are also numerous traditional festivals and events that take place throughout the year.



Photo: Vuk Koljenšić

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AUTHORS: VUK KOLJENŠIĆ, DRAŽENKA LAKETIĆ  
PHOTOS: VUK KOLJENŠIĆ



Photo: Milonja Blagojević



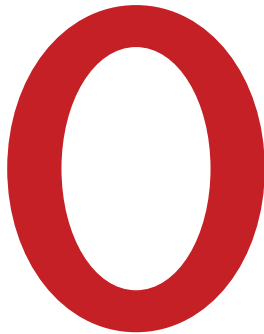
Photo: Vuk Koljenšić



Photo: Vuk Koljenšić

### THE ETHNO VILLAGE

*has proved an enormous success and won numerous awards.*



One not-so-conventional competition happens in Etno selo Montenegro, where people gather to compete in lying down competitions. We sat down with the owner of the ethno village, Milonja Blagojević.

#### **Where did the idea for the ethno village of Montenegro come from?**

Just over a century ago, my great-grandfather, Kojo, bought property and land where the ethno village of Montenegro is now situated. He had arrived with his two sons, Simeun

and Vukosava, his daughter, Miladina, and our grandfather, Vukola, to start a life in farming and breeding livestock. As a boy, our grandfather planted a maple tree, which is now over 100 years old, and under whose branches the family rested after a hard day's work farming the land. The same tree now provides tourists with shade and positive energy. Today, my brother Radonja and I, with our families and our parents, Stojan and Zork, have managed to preserve and maintain the traditional methods of food production and the handed down customs of over one hundred years ago. Our grandmothers, Grana and Milosava, have also passed on traditional recipes for preparing food such as kačamaka, cicvara, pies, lamb under the bell, homemade bread, and numerous cheeses and dairy products - and we continue to pass these tradi-

tions and recipes on to our descendants.

Part of the village encapsulates the Nevidio Canyon, and we came up with an idea for hosting foreigners with whom we could share our appreciation of the beauty spots and landscape of Piva, the Canyon and all that the Piva Nature Park has to offer.

#### **From Idea to Realization: How much effort and innovation is required for such a project?**

The ethno village bears the same name as its mother country - Montenegro. In fact, the country Montenegro gained its independence the day after our village was founded. The ethno village has proved an enormous success and won numerous awards, including the Ministry of Tourism award for the most innovative project in 2006 and the UNDP award for the best business plan in



Photo: Milica Blagojević

We often talk of the myth about Montenegrins being lazy in a humorous way, but now we have turned it into an actual manifestation in the form of a lying-down competition.

2008. The recognition and awards have resulted in a rapidly growing public interest and an increased number of visitors every year, and in turn, the visitors have generated many innovative ideas and events for the area. The project has also received great media support with over 3000 newspaper articles, 150 guest appearances on various TV networks and over 5000 mentions on the Internet. From spring until autumn, the average number of tourists crossing the border to Šćepan Polje on the road that passes by the ethno village, is about 2000 per day, and if that is multiplied by the number of days in the peak season, the figure amounts to over 250,000 people crossing the border. Every year, the ethno village also hosts over 10,000 schoolchildren who visit the nature reserve and its surrounds. In addition, our family was the initiator of the Organic Production Program, and we also publish various books and brochures based on preserving our cultural heritage and traditions, such as *A Guide to Medicinal Herbs from Piva*, a traditional Montenegrin

cookbook called *Montenegro - from Field to Table*, and one on the beauty and antiquities of Montenegro.

Despite a low start-up investment, and seemingly impossible financial calculations – we have managed through time, patience and perseverance to successfully achieve our boyhood dream.

**By promoting rural tourism, do you think that Montenegro can offer quality attractions and places of interest in the north of the country as well?**

As far as the variety of attractions available in Montenegro is concerned, we believe that the events and places of interest on offer is often more complete in the north, where businesses are mainly owned by families, and the families are actively involved in the products that they are promoting. This genuine family immersion in the “Montenegrin product” attracts an ever-increasing number of tourists to Montenegro every year. The tourists themselves have also developed

a growing empathy with the country and are paying more and more visits to it, which makes us happy. The basis for the development of rural tourism is the unspoiled countryside and ruralism, which is even more pronounced in the north than in the south. Much of the coastline is now quite urbanized and developed, and travellers cannot experience the unspoiled landscape and sights related to the countryside and nature as they can in the north.

**You are recognized around the world as a locality that organizes interesting competitions, in which the “lying down competition” is leading the way. Can you tell us more about that?**

We often talk of the myth about Montenegrins being lazy in a humorous way, but now we have turned it into an actual manifestation in the form of a lying-down competition. This competition aims to send a message to the world that it is not so easy to lie down, and also to stimulate the



curiosity of the general public about Montenegro and its culture. As a result of this competition, we received a lot of attention and interest from all over Montenegro, as well as from the region. It was one of our most successful promotions. In the ethno village, we also have cheese museums, music festivals, and a museum of postal traffic and telecommunications. We are also planning to extend the range of museums to other categories over the coming period.

**Is there any funding for them from the state?**

Up until now, we have had solid cooperation from the Ministry of Agriculture, who have provided us with machines for agricultural production. However, we believe that some support from the Ministry of Tourism could prove greatly beneficial, since together we could improve village and rural tourism for the betterment of the entire economy.

**What are your plans for the future, what would you like to do and what is your vision?**

Our overall goal is to amply satisfy our foreign and domestic guests. We want to continue to improve our tourism and hospitality business, and this is a perpetual process. This year we improved our cabins by redecorating the interiors and renovating the attic, in which we added a glass viewing area from where the whole village can be seen.

Our guests always return to us, and that is an excellent indicator that we are doing the right thing.



Photo: Milonja Blagojević



Photo: Milonja Blagojević



Photo: Milonja Blagojević

*Despite a LOW START-UP INVESTMENT, we have managed through time, patience and perseverance to successfully achieve our boyhood dream.*



EVOLUTION ON TWO WHEELS

# THE EVOLUTION OF THE BICYCLE: FROM WOODEN FRAMES TO ECO-FRIENDLY TRANSPORTATION

How the Bicycle Has Become a Sustainable Solution to Climate Change and Urban Transportation Challenges

AUTHOR: JURE STOJAN, DPHIL

# T

The history of the bicycle dates back to the early 19th century when European inventors first began developing what we now know as the modern bicycle. The earliest bicycles were made of wood and iron, and were powered solely by the rider's legs. These early bicycles were not very comfortable to ride and were often unreliable, but despite this, they quickly gained popularity as a means of transportation. One of the earliest recorded designs for a bicycle was created by Karl Drais,



a German Baron who invented what he called the "Laufmaschine" (running machine) in 1817. This early bicycle consisted of a wooden frame with two wheels and was propelled

by the rider's feet pushing against the ground, similar to today's balance bikes for the toddler. Although the Laufmaschine itself was not very successful, it served as the inspiration for

*Popular in the 1870s, these iconic bicycles were called PENNY FARTHINGs. This is because its large front wheel, compared to the small back wheel, reminded the British people of the size relationship between a penny and a farthing, which were two British coins. These bicycles were known for their high seat and lack of gears. They were also somewhat dangerous to ride because the rider was so high off the ground and it was difficult to pedal uphill.*



*In addition to the traditional bicycle, several other variations have been developed over the years. These include **FAMILY BICYCLES**, which are designed to carry multiple riders, often with children or cargo, tourist four-wheelers, which are four-wheeled bicycles that are designed for leisurely rides, and velomobiles, which are enclosed bicycles that are designed for increased speed and efficiency.*

many other inventors who sought to improve upon the design.

Over the next few decades, numerous inventors and engineers worked to refine the design of the bicycle, and by the 1850s, several key innovations had been introduced that would eventually lead to the development of the modern bicycle. One of the most important of these innovations was the addition of pedals to power the bicycle, which allowed riders to generate more speed and go longer distances without getting as tired.

In 1884, English inventor James Starley introduced the Rover “safety bicycle,” which had a chain drive and two equal-sized wheels, making it much

easier and safer to ride than earlier bicycles. This design quickly became popular, and by the end of the century, the safety bicycle had become the dominant form of bicycle in Europe and North America. To quote cyclist-authors Peter Cox and Frederick Van

De Walle: “So the bicycle is at the end of its developmental cycle, and has arrived at its ‘definitive’ shape, by the mid-1890s.”

In the decades that followed, bicycle technology continued to evolve, with the introduction of new materials like steel and aluminium, as well as new designs that made bicycles lighter and more efficient. By the early 20th century, bicycles had become a common sight on the roads of Europe and North America and were used for both recreation and transportation.

Ironically, the burgeoning popularity of bicycles sowed its own demise. In the words of the marketing scholar Carlo Mari, bicycle marketing “was



By the EARLY TWENTIETH CENTURY, the modern form of a bicycle has already become a familiar sight on the streets of Ljubljana.



Photo: Pressens Bild

Not even the SWEDISH MILITARY was beyond experimenting, in the late 1930s, with human propulsion.

involved in building the underpinnings of the automobile age by providing a preview on a miniature scale of much of the social phenomena which the automobile enlarged

upon.” Bicycles taught the masses about the benefits of mobility. “It was the bicycle that gave rise to a new type of mobility, introducing thousands of people to individual and independent mechanical transportation, which became widespread during the twentieth century through the automobile. The bicycle and its marketing rendered another service to future car drivers by form-

ing a movement for road repairs and construction.”

In recent years, bicycles have seen a resurgence in popularity, as more and more people are looking for sustainable and eco-friendly ways to get around. In many cities around the world, bicycles have become an increasingly popular mode of transportation, and many governments are investing in infrastructure to support cycling, such as dedicated bike lanes and bike-sharing programs.

The American physicist R.A. Rice calculated that with a modest effort, a cyclist can cover 116 km or 72.08 miles in six hours, consuming about 1,800 kcal.

One of the main reasons that bicycles are seen as a sustainable and eco-friendly mode of transportation is that they do not produce any emissions. Unlike cars and other fossil-fuel-powered vehicles, bicycles do not release greenhouse gases like carbon dioxide into the atmosphere, and therefore do not contribute to climate change. Additionally, bicycles require very little energy to operate and can be powered



One of the first **FAMILY FOUR-WHEELERS**, here carrying nine persons, was invented in Switzerland.

solely by the rider's muscles, making them an efficient and cost-effective form of transportation.

The American physicist R.A. Rice calculated that with a modest effort, a cyclist can cover 116 km or 72.08 miles in six hours, consuming about 1,800 kcal. Assuming a combined mass of 90.6 kg for bikes and cyclists, this is equivalent to more than 1,000 passenger miles per gallon or 3.785 Litres of equivalent fuel. As David Gordon Wilson and Theodor Schmidt point out in their seminal book *Bicycling Science*, the human body and an automobile engine “have peak efficiencies, the energy of movement divided by the energy in the fuel (for cars) or in the extra food used in working (for humans) is remarkably

close to one another, in the region of 20–30 per cent.”

In addition to their environmental benefits, bicycles also offer many other advantages. They are relatively inexpensive compared to cars and can be used for both short and long-distance travel. They also provide a healthy form of exercise and can help reduce traffic congestion and improve air quality in urban areas.

Given the many benefits of bicycles, it is clear that they have the potential to play a significant role in addressing pressing climate issues. As more and

more people turn to bicycles as a mode of transportation, we can expect to see reductions in greenhouse gas emissions and a corresponding improvement in air quality. Additionally, the widespread adoption of bicycles could help to reduce our reliance on fossil fuels and contribute to a more sustainable and eco-friendly future.

However, it is important to note that the adoption of bicycles as a primary mode of transportation will not be a panacea for climate change. While bicycles can certainly play a role in reducing emissions and improving air quality, they are not a replacement for more comprehensive and ambitious efforts.



TRAINS, THE ENVIRONMENT AND THE FUTURE

# POST WORLD WAR II RECONSTRUCTION IN THE FORMER YUGOSLAVIA THROUGH DOCUMENTARIES



*The last train to  
Planica, the home  
of Slovenian ski  
jumping.*

Today trains are often seen as a means to alleviate the burden of travel on the environment. The worst culprits are flying and driving.

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AUTHOR: MARTIN POGAČAR, PHD



# T

The primary motive may not always be related to environmental awareness but is rather pragmatic i.e. trains mean shorter travelling time and less security control hassle. A journey from Munich to Berlin, for example, can take about four hours, during which time you can work, read or simply relax. However, travelling from Ljubljana to Nova Gorica, or abroad to Berlin, Vienna, or Budapest, is still a day-long adventure - or such is the popular myth!

Intercity train connectivity is indicative of not only geographical factors, but also economic and political decisions, or in many cases - non-decisions. For example, in the early 21st century, Slovenia was notoriously badly connected by railways, both nationally and internationally, as well as on a state level. There still seems to be little political understanding or comprehension of the increasing significance of the railways and their effects on travel and the environment. There appears to be a total lack of awareness that trains are the real future of travel - much more so than futuristic flying cars are!

\*

The railway system and trains have a colourful history, amply represented

in popular culture. A look at railways as represented in Yugoslavian documentaries can give us some perspective on post-war reconstruction, as well as on the relationship between people and the environment. And not least, they can encourage us to think about the state of the railways in Slovenia today.

Railways first cut and dug their way into Slovenia with the construction of the Vienna–Trieste line. The construction started in 1837 and the last leg was finished in 1857. It connected Vienna, the capital city of the Austro-Hungarian Empire with the port of Trieste, and was known as ‘The Southern line’. It grew to become a crucial link in the transport of goods and people alike. Over the decades, new branches connected people living in the vicinity of the railway with other parts of the empire; it also greatly facilitated trade and commerce and aided sprouting

industries. The railway ignited imagination and travel on an unprecedented scale.

The machine, which Karl Marx described as the technical equivalent of revolution and historical progress when he said, ‘revolutions are the locomotives of history’. They harnessed the power of steam, fossil fuels and later, electricity. However, the railway also created ambiguity. Walter Benjamin (German Jewish Philosopher, 1892-1940) observed changes in the very composition of interpersonal relationships, stating that the railway represents ‘the first vehicle that creates and shapes the masses, whilst at the same time, a train ride allowed people to observe the faces of others close up, and in silence’. On the other hand, the historian, Wolfgang Schivelbusch, in *The Railway Journey*, emphasises the role of the train in the shifting human perceptions of the world which started in the 19th



*The work on the Šamac – Sarajevo line, 1947.*



century and continues to this day. Ultimately, it was the railroad that contracted the world, caused the deaths of thousands in construction, and during WWII provided the lethal infrastructure for the industrial-scale mass murder perpetrated by the Nazis.

The train and the railway, the machine and the infrastructure thus epitomise the post-Enlightenment rationalisation, the march of science and the industrial revolution. They are a sign of progress and oppression, life and death, opportunity and destruction. The train represents a radical break in the ways people relate to each other and how they see and understand the world.

\*

In this context, the Yugoslav post-war reconstruction may offer some insight into how the emerging socialist state, straddled between death and ruin in the aftermath of WWII, constructed the railways in 1945. It was seen as an industrial and symbolic part of the ideological push to not only reconstruct the country but also to create a future for the new socialist man. This is portrayed particularly well in newsreels and documentaries.

The 1972 documentary *Diverzije na železničke objekte* (Railway Object Sabotage, Zvonimir Saksida) presents some statistics about wartime railway infrastructure destruction. In the period 1941–1945, 1799 km of railroads, 830 railway stations, 2122 bridges, 90 tunnels, 1200 locomotives and 12,000 train cars were destroyed in

the former Yugoslavia. This toll of destruction was caused by the occupation forces, resistance sabotage, and allied bombing, and was added to other infrastructural damage in a predominantly agrarian country. The human loss was enormous, nearly 600,000 people died, while, as in any war, the psychosocial damage to the survivors is much harder to measure. Before WWII, the former Yugoslavia was only sparsely industrialised.

In the immediate post-war years, socialist Yugoslavia ran a severely damaged railway infrastructure. It was grafted onto an inherited railway system which before the war was mostly concentrated in Slovenia, northern Croatia, Serbia and Vojvodina, with very few connections to Bosnia. This was the consequence of the fact that from early on up until World War II, the railway was attuned to the economic-political ambitions of the Austro-Hungarian (Slovenia, Croatia, parts of Bosnia) and the Ottoman (parts of Serbia, Bosnia, Macedonia) Empires. Therefore, after the liberation in 1945, the new Yugoslavia was confronted not only with ravaged and almost non-existent railways but with an existing network more attuned to Vienna, Budapest or Istanbul as was noted by the Slovenian historian, Anton Melik.

In addition, the post-war situation was marked by large numbers of injured and traumatised people, who had emerged from the war without much formal education. However, this was to some extent alleviated by

the fact that resistance units also had cultural sections that oversaw cultural activities as a critically important part of socialist ideology. This included theatre and poetry, as well as practical political and ideological education. E. P. Thompson, a British historian, took part in the international shock-worker (udarniks) brigades in 1947, namely the Šamac-Sarajevo construction site. He wrote the following in his edited volume *The Railway: An Adventure in Construction*.

A great part of the pre-war educated class had been killed in the war or had been discredited by collaboration with the enemy. Men of forty, fifty and over were performing miracles of self-education, but the bulk of the teachers, technicians and professional men of the future had to be found among the students and young workers of 1945. Some had walked out of their schools at the age of fifteen and gone to the forests, not to return for four or five years. Others had spent two or three years as prisoners in concentration or slave labour camps. The problems of psychological readjustment were considerable. Like many other Europeans, they had grown up in isolation from the cultural and intellectual life of other nations. Even the raw materials of education – the textbooks, libraries, instruments, schools and laboratories – were in short supply.

The ambition of the post-war socialist government was not only to (re)build the railways, but the infrastructure at large. The government also placed a





*The first train  
on the Šamac  
– Sarajevo line,  
1947.*

great emphasis on the public education system and health care. These were seen as the conditions for the (re)construction of the material as well as the symbolic.

At this point, the railway became a more-than-material entity - a phenomenon that sublimated a wide variety of expectations and ambitions, dreams and an idea of the future. This was embedded in the brigade workers' motto: "We build the railway, the railway builds us!" that connected the human with the future and the material with the symbolic. Implicitly, it connected humans to nature through labour.

\*

The railway construction work represented a radical intervention with nature, which, especially in a context of material scarcity and poor mechanisation, required a lot of manual labour with sub-optimal tools. 'The workers had compressors and drills, dynamite, wagons, and mining equipment. But most of the work



*Newly  
constructed  
bridge in Ptuj, 30  
July 1945.*





took place without professional supervision and only the most primitive tools were used – bare hands, picks, axes, heavy wheelchairs with one wheel.’

The 1947 film *Omladinska pruga Šamac-Sarajevo* (Sarajevo Youth Railway, Slobodan Jovičić) presents the results of months’ worth of the shock brigades work. The film focussed on the shock brigades who constructed the railway from the town of Šamac to Sarajevo in Bosnia. The film starts with maps and statistics: the length of the tracks, the number of construction workers (211,000 domestic and 4,000 foreign), the number of tunnels dug and bridges constructed, the amount of dirt moved (5,5 million metric tons) and concrete used (1.9 million metric tons). These are considerable numbers that in the modernist manner of keeping statistics tell of the human engagement with the earth and rock using spades to dig

and hands to tighten the screws.

The film narration describing the work is intercut with shots of waving flags, which is accompanied by orchestral music. Upon the arrival of the train to Sarajevo bringing in shock workers to a city flooded with people, the narrator states- “A new life is celebrated, a broad path to a happy future”.

These scenes are interspersed with the scenes of the train ride across the countryside. Here, nature is the background, the scenes include the tracks, the tunnels, the bridges, and the laying out of tracks into the future. It is also an actor that observes and gives way to the construction of the new march of progress to steam and steel. “Enabling fast and cheap transport, a wide gauge railway enabled the opening of new forest construction sites, where today a persistent struggle for high productivity ensues”, the voiceover explains.

This alludes to the imperialist approach to the construction of nature – only when nature is mastered can it be exploited. Thus, the whole (re)construction enterprise was inscribed into the processes of modernisation and industrialisation in which the machine figured prominently as an extension of humans overcoming themselves. Yugoslavian writer, Ivo Andrić, wrote:

‘When these efforts of mature people and experts are joined by the already-known work enthusiasm of the youth, the real struggle begins with the struggle against the forces of nature, the struggle with the mistakes of the past, and the struggle against prejudice’.

Thus, it was not only the railway that was constructed. Anthropologist, Andrea Matošević, notes, “The opposition [of man in nature] is realized by a radical change in nature that is reflected in two ways – as a significant transformation of its morphology, but also as gaining the experience necessary for



*Yugoslav railway network, 1941 and 1949. From *Sto godina železnica Jugoslavije*, Izdanje redakcije štamparskog preduzeća Jugoslovenskih železnica, Beograd, 1951.*



active transformation, and thus creating the new socialist man”.

The narrator in the *Memories from the Tracks*, (Uspomene s pruge), Hajrudin Krvavac, 1952) documentary, explains this concept against shots of trains driving through the land, crossing bridges, workers pushing cartwheels and shovelling, shots of explosions and workers singing. He says in an uplifting tone: “Again, the explosions in the valley of Bosnia mark the beginning of the construction of a new youth railway. Again, the silence of the landscape will be pierced by the songs of youth”.

The relationship between nature and humans here is crucial in terms of reconstruction, as it involves labour, one of the ideological tenets of socialist Yugoslavia as a country of the working people, with the main means of engaging with the land. In line with the workers’ motto, “We build the railway, the railway builds us”, it presupposes a struggle with nature, reframing it as a condition of human progress, which also defines the construction of the new society, as the author in a 1948 book *Sto godina železnica Jugoslavije* noted: “On this Youth railway, the alliance between our working class, the working peasantry and the intelligentsia was deepened and further strengthened”.

This is coupled with some Slovenian newsreels showing images of railway construction and students enrolling in courses at the Faculty of Medicine, indicating the value and the societal need for both, not least because

health is a necessary condition for an efficient workforce. What is more, a newsreel from 1946 shows children reading, clearly delivering the message about the importance of education and literacy for the construction and reconstruction of society.

\*  
In a somewhat younger documentary in 1954 *Ljudi i čelik* (Humans and Steel, Slobodan Jovičić), the relationship between humans, technology, and nature is shown in a somewhat different manner. The film depicts the transformation of the Bosnian town of Zenica, from a small ironworks hamlet into an industrialised socialist city. “A street appears here, a new factory there,” says the narrator, “every day, the traces of the old disappear”. These words are spoken against shots of old, derelict houses and new modernist blocks of flats, with tall chimneys and factory halls rising in the background. We see workers casting iron in heat and hear the deafening noise of hammers pounding steel - “the steel heart of our homeland”.

We also see President Tito addressing the shock workers arriving in Sarajevo in 1947, “You have shown to the entire world that Yugoslavia is the land of peace, that it is hard-working, and it is constructing. But remember, now it’s time to learn and then it will be time to work. You need to learn what will enable you tomorrow to even better serve your homeland”. The scenes of hard-working women and men are interspersed with shots of lakes and forests, of cities at night with people going to the cinema or

theatre. The new socialist man must also rest. And the viewer is then taken back again to see the night shift at the steelworks. The urgency of post-war reconstruction had transformed into everyday rhythms of life in peace.

\*  
The documentaries reflect the drive to rebuild their war-torn homeland, which is in line with the modernist conception of progress that marked the post-war idea of a better future in both the socialist east and capitalist west. It shows the very strong push to frame the human, nature and technology in the context of an ideology of reconstruction and progress. For a long while, Yugoslavian railroads also presented an infrastructure of brotherhood and unity and were the main transportation system that shifted goods and people across the land and beyond; and it remained so until the ideology of the car and individualised travel took over, resulting in disinvestment and the closing down of lines.

From today’s perspective, socialist Yugoslavia’s feat in construction unfolded in very specific geopolitical and historical conditions. They just might provide an idea that large-scale constructions, if their importance is acknowledged, do not need to take decades to construct. For at least 30 years it has been clear that the railway is the future of mass mobility, therefore it is all the more shocking that the state of Slovenia lacks any strategy on how to revive and improve its railway system and connect it beyond its borders. If the ride from Berlin to Munich takes just over four hours, why does the ride from Ljubljana to Nova Gorica take three?



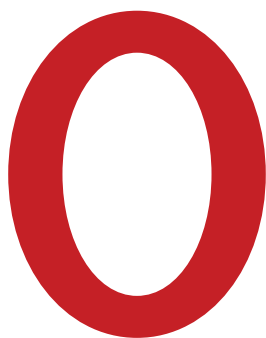
ART WORLD

# HOPING FOR A RENAISSANCE OF COLLECTOR CULTURE IN THE ART WORLD

Slovenia's art galleries, both public and private, ensure that the local contemporary art scene is vibrant and diverse. Hosting provocative and unorthodox exhibitions, they satisfy the hunger for intellectual thought, and together with a talented selection of artists, all kinds of aesthetically attuned tastes are satisfied.

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AUTHOR: PIA MIKLIČ



Openings and other events are often difficult to keep track of, and sometimes several art shows are held on the same evening. Thematically diverse exhibitions, broad-based festivals, interactive performances, installations, educational programmes, and artist talks take place in large and small gallery spaces but are increasingly being moved out of the confines of public institutions and into the streets and parks, amid the city. Here, they can still distract people from their daily routines, even enough to make them

take their eyes off their phones to gaze in wonder at the fascinating artworks surrounding them.

Parallel to these social events and happenings, artists and sales galleries also offer a wide supply of artwork at the local art market. But what about the demand? Is the culture of collecting still present in these complex and rapidly changing times? Are Slovenians sufficiently aware of art – and artists? The number of corporate and bank collections, as well as collections of other serious collectors, have decreased in our country with the decline of socialism. Many large private collections have been sold or are gathering dust in their owners' basements, while the search for serious younger collectors in recent years has been like looking for a needle in a haystack, although I do believe that there are still many

culturally aware individuals and art lovers throughout the country. Sadly, very few choose to invest their money and time in collecting art. Why is this? Some say it's due to the unpredictable and uncertain times we live in, while others blame it on people's fundamental distrust of an opaque art market. Indeed, there is no place for culture and art in people's lives if basic needs are not met. But are these arguments just fallacious excuses and false fears for the future? Who knows? What really matters is that representatives of the art world, the public sector, the public itself and people who are part of our art scene pull together, and do their best to solve the problem. - they are already on their way to doing so.

The urgent need to promote and resuscitate art collecting in Slovenia has been recognised by both private in-



Photo: Zupanov @RAVNIKAR GALLERY SPACE

*Exhibition at R SPACE. Bart Lunenburg: Ashes*

dividuals and the public sector, and they have called on young collectors, entrepreneurs and other art lovers to invest their money in contemporary art. In Slovenia, numerous exhibitions and events have taken place where the central theme has been art collecting. These have included the two-day Art for Sale event organised in May 2019 by the Maribor Art Gallery in collaboration with the Centre for Creativity. In November 2021, the Different Angles event was held at the newly established Cukrarna Gallery, and in May this year, the first Ljubljana Art Weekend was organised by the Ravnikar Gallery Space in collaboration with Cukrarna Gallery, MGML and the City of Ljubljana. It operated in conjunction with the main contemporary art venues in Ljubljana. All the above events



Photo: Zupanov @RAVNIKAR GALLERY SPACE

were in tandem with discussions with artists and experts, and round table discussions aimed at advising, guiding and encouraging new generations of art collectors. The Ljubljana Art Weekend also offered a rich selection of events, namely, a condensed presentation by more than 300 high-profile contemporary artists who introduced

themselves to the public in exhibitions, openings, workshops, performances and talks. The entry into the world of private collections and an insight into the role of collectors in modern society was also offered to the public in the first half of 2021 in the City Museum of Ljubljana with the exhibition, 'When in Doubt, Go to a Mu-

*Young Collectors: Speed dating.  
Cukrarna Gallery*



Photo: Zupanov @RAVNIKAR GALLERY SPACE

seum', and in the City Art Gallery of Ljubljana with an exhibition of Ernst Hilger's art - Artist - Collector - Public, which took place between March and May this year.

In 2018, Blaž Peršin, Director of the Museums and Galleries of Ljubljana (MGML), wrote the article 'Do you, collector, know your debt?' He wrote: "The public sector will do its part, and it already does, but how about a private initiative in this area? Art in itself has not only an aesthetic value but is an entity of the past and a reflection of the future, while also serving as a mirror of the current socio-political reality in which it was created. It represents a real value to society as a whole, but unfortunately, it continues to be perceived as a luxury commodity of the rich. It is really difficult to understand where these wealthy "active and at least somewhat enlightened individuals" (PERŠIN, 2018) are hiding, and the question of how to find them, and lead them into the world of art remains open.

Last, but not least, art, if wisely chosen, can be a good investment and at the same time contribute to the lives of individuals as real intellectual stimulation, research, adventure and aesthetic satisfaction. This a wake-up call or perhaps just a gentle "prod" for our future collectors and hope for a renaissance of collector culture.

*Galerija Fotografija*



Photo: Zupanov @RAVNIKAR GALLERY SPACE



Photo: Zupanov @RAVNIKAR GALLERY SPACE

*Performance by Sanja Nešković  
Peršin: Point. No Return. NÓT  
Space for Art*

A man with a beard and a blue vest is holding a glass, standing in front of a stone wall. To his left is a classical sculpture of a woman, and to his right is a sculpture of a bull's head. The background is a textured stone wall.

G

ART GUIDE

# THE (ART) WORLD IS YOURS! A GUIDE TO BECOMING AN ART COLLECTOR

Now that I have taken the liberty of getting you to think a bit about art, collecting art, and supporting the local art market, the only thing I need to do is to help you figure out how to actually do it!

AUTHOR: PIA MIKLIČ

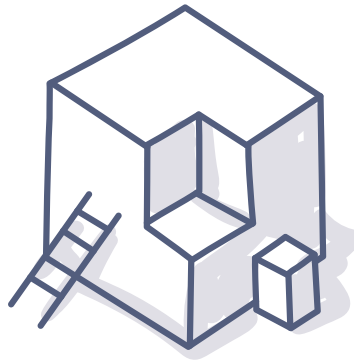


The art world and its intricate mechanisms are difficult to navigate for people who are not already involved in it, which is why it all seems so daunting for the layperson. Ironically, it's not that complicated. It's like learning to ride a bicycle. It looks awfully difficult at first, but with the help of others and with the help of some stabilizers, you slowly get the hang of it, and once mastered, never forgotten. It's the same with the art world, once you are in it, there is no way to unlearn it. The (art) world is yours!

Blog articles listing steps have become such a cliché, but I have to say they are very manageable and practical. So let us take it step by step.

## STEP 1: GET TO KNOW THE ART SCENE

The most important thing you must do is familiarise yourself with the art that is out there. The best way to start is by visiting the local art galleries, which usually host temporary exhibitions for 1-3 months. The art exhibitions and related events usually feature carefully selected contemporary local and foreign artists that complement each other and/or the theme of the exhibition which is curated by the gallery curator in collaboration with



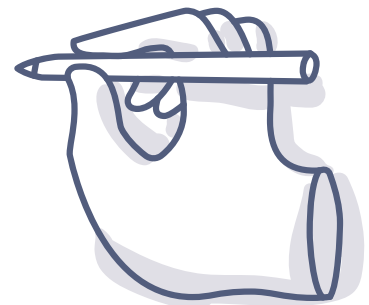
the selected artists, in either solo or group exhibitions.

The first step you can take now is to grab your computer and research the current and upcoming exhibitions in your hometown, making a note of the ones you find interesting. If there are too many, select the themes, styles, motifs, genres and ideas that are close to your heart or that appeal to you in some way. If you are specifically interested in paintings, sculptures, installations, prints, or photography, look for art shows that exhibit artwork in the genre you find attractive. It does not matter if the events you attend are sales exhibitions or not. The most important thing is to begin by familiarising yourself with as many different works of art and versatile artists as possible and to begin to distinguish what you like and what you do not like.

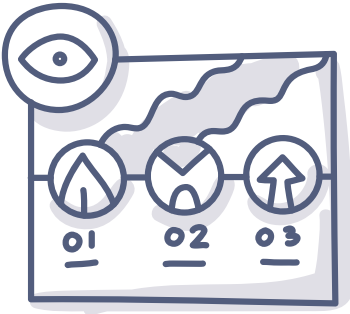
## STEP 2: FORM THE CONCEPT OF YOUR FUTURE COLLECTION

After visiting several exhibitions over time, you will find that you will develop a personal taste in art. This will

occur naturally and you will begin to distinguish which artists you like and which you don't. You will remember the works of art that you would like to own and hang on the wall at home or in your office. By getting an overview of all the artwork around you, you will start to get an idea of the collection you would like to create for yourself. Maybe you have fallen in love with one artist and want to focus solely on their work. Or maybe you like several contemporary artists or artists of a certain era and you want to have several works by each artist. But will they look good together? Is it wrong to own two completely different pieces of art? Will they go well with your furniture? Will they represent what you believe in? What will the artworks you own tell society about your thoughts and ideas? These are all valid and somewhat overwhelming questions, but the good news is that there is a simple answer to all of them – and it's that there are no rules. The only rule you need to follow is to buy art that you like, something that 'moves' you. There are many approaches to structuring an art collection, but first, just try to







follow your taste, your heart and your instinct, be creative and use a little imagination. It does not have to be all at once. You can start with one piece of art and then slowly work your way onward from there so that the collection builds itself.

### STEP 3: FIND THE HELP OF EXPERTS AND ART CONNOISSEURS

If you already know what's on the market and you know what kind of art you really like, but if all these choices are too overwhelming and you want to do something more deliberate with your collection, it's time to consult an expert. The easiest way to get help is to seek out local curators and simply ask them for their opinion and advice. Some professionals will help you design the concept of your future collection, and help you buy and even hang your new artwork. Again, the help of an art expert is the right answer especially if you consider collecting art as a way to differentiate your assets and you are concerned about the investment value of the artwork you choose.

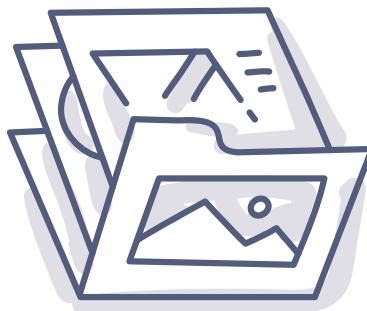
If you want to dig even deeper and not just rely on a second-hand opinion, continue with your own research

into the art world around you. Go to exhibition openings or events organised for new art collectors and talk to gallery owners, artists, other collectors and curators. Some of the advice will be strictly professional and objective, while others may be more biased. Everyone will tell you their side of the story, their view of the art market and the people in it. Therefore, try to talk to as many experts and people in the art world as you can to get a complete perspective of what is available.

All these conversations, observations and explorations will help you discover the diversity of artists and their artwork, you will be able to understand the value set for certain artists and you will get the answers on how you want to shape your future collection.

### STEP 4: BUY

Whether you do it with the help of an expert or on your own, at some point you will have a clear idea of what you are looking for. When you are ready,



it's finally time to buy the art and bring it home. But how?

Many artists sell their artwork on their own. If you want to buy artwork by a particular contemporary artist, try to find out if the artist is represented by a gallery, is on an online platform, or perhaps is both or neither. It is usually best to contact the artist directly unless they are exclusively represented by a gallery, in which case the right thing to do is to purchase the artwork(s) through the gallery. If an exhibition opening of your beloved artist is coming up or a guided tour of their exhibition is offered, do not hesitate, as the artists are usually present at their opening nights or private views. This is the perfect opportunity to meet them in person and ask them about their work.

If you are not interested in contemporary art and want to buy artworks by an older generation of artists, it is best to do so in an established art gallery. There are many forgers, even in small local art markets such as ours. The fakes they produce are difficult for a layman to spot. If you buy artwork through galleries, the chances of acquiring an original are much greater. Most art galleries collaborate with professional art appraisers to ensure that the artworks they sell are genuine. Many galleries will provide you with a certificate of authenticity to guarantee that they are certain that the artwork you are buying is genuine.

### STEP 5: DECORATE YOUR HOME OR OFFICE

...and enjoy!



ARCHITECTURAL ART IN THE REGION

# CHURCHES, MOSQUES AND TEMPLES – RELIGION OR ARCHITECTURAL ART?

‘Church’ is a word that is often misunderstood. The vast majority of people understand the term ‘church’ as an institution where religious ceremonies are performed. An institution dedicated to God and only Him. However, the church is much more than that.

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AUTHOR: TINKARA VIZOVIŠEK

# F

For many, the church represents an escape from reality, from everyday life. A refuge where they can seek peace and tranquillity.

## ARE CHURCHES SEEN AS BUILDINGS, OR AS WORKS OF ART?

For many people a church is seen as an architectural work, a cultural site often visited by travellers as part of their sightseeing itinerary or on special excursions. Many churches, contemporary or built in previous centuries are indeed pieces of art, and in the Balkans, there are many magnificent

churches, and most of them are architectural masterpieces. However, just like people, churches differ. Some are basic and simple, while some are surrounded by marble, gold and a lot of intricate detail. As people change so does architecture.

## THE MUSLIM CULTURAL CENTRE LJUBLJANA - MOSQUE

The Islamic community in the Republic of Slovenia had been working for decades towards building a mosque as its own religious and cultural centre in the Slovenian capital. The desire to build a mosque goes back to 1969, however, the Islamic community was only able to purchase land in the very centre of Ljubljana in 2008, and today, the famous Muslim Cultural Centre stands on that land. An international architectural competition for the design of the building was held in 2011, and the firm, Bevk Perović Architects won. In addition to traditional Islamic design, the architects

also drew some of their ideas from Ljubljana's architecture of the 1960s, a period that was influenced by Jože Plečnik. The construction took five years, from 2015 to the beginning of 2020 and cost 34 million euros. It was co-financed by Qatar.

The Islamic Cultural Centre itself is a massive 12,000 square metres, while the outdoor area, including a park, is approximately 5,000 square metres. The architecture itself gives the impression of a city centre - a square where people can gather together. The centre of the square is represented by the mosque, which can accommodate up to 1,400 people at one time, it can also be opened to the outside if there are more than 1,400 people.

A special feature of the Muslim Cultural Centre, Ljubljana, is its unusual shape, however, the design itself is quite simple. In the centre stands the mosque, which is connected to the

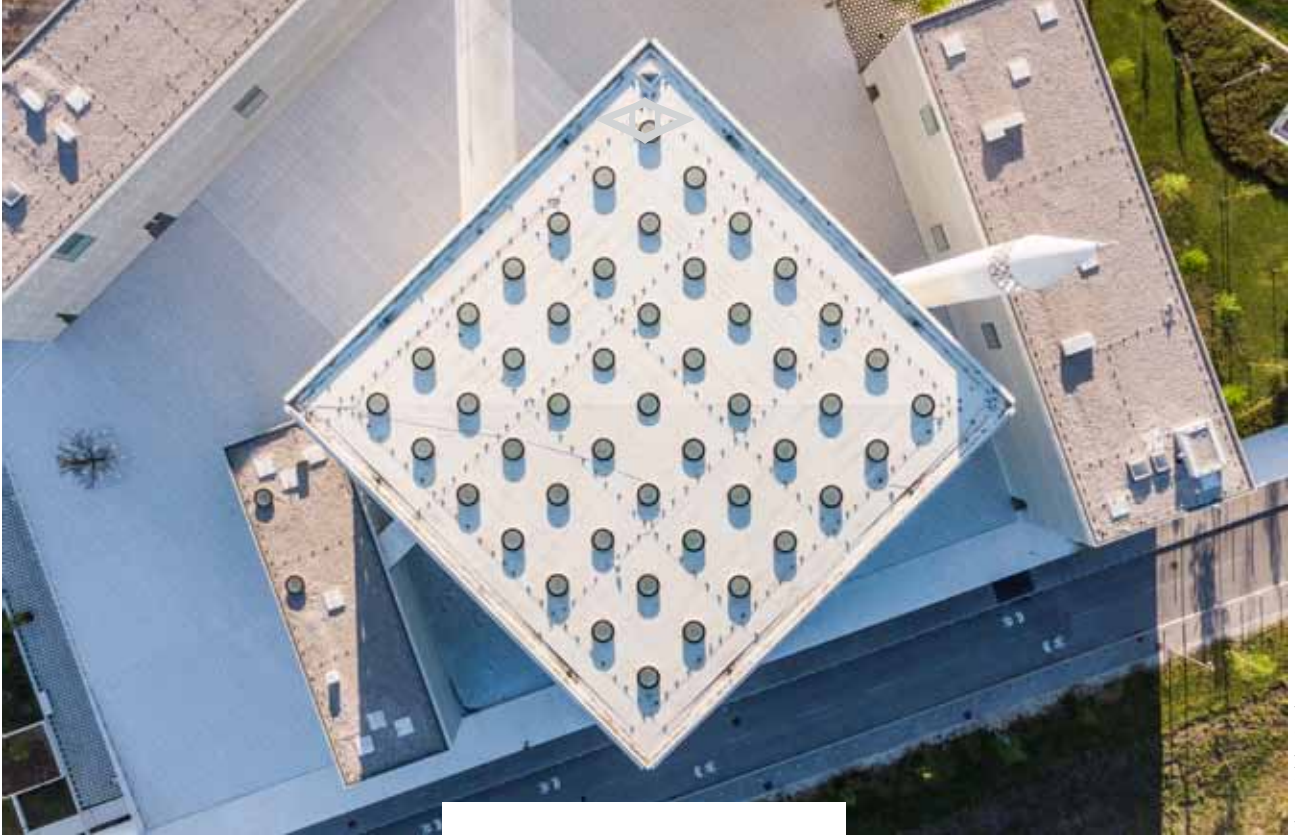


Photo: Adobe Stock

**MUŠLIM CULTURAL CENTER  
LJUBLJANA**

ablution facilities. The shape of the mosque is like a large cube and is made of carefully selected materials and a combination of colours. The predominant materials are concrete, steel, glass and wood, and the facade is covered with a white steel mesh. The lower part of the mosque is made of white concrete, while the upper part is made of a combination of steel and glass. The main colour used is white. White is a neutral colour and visually connects all selected elements and materials, and it is also the traditional colour of Islamic architecture. Inside the mosque, there is a traditional dome and blue textiles are suspended from the mosque ceiling. The dome in the interior is usually seen on the outside of buildings so this is a fresh take on Islamic architecture. Situated around the mosque are sev-

eral buildings that form part of the Islamic Cultural Centre. There is also green space which represents a park, a building for educational purposes, a religious school, a building for cultural and official events, as well as offices in a residential building for employees and guests. An independent minaret and a restaurant were also erected, while the basement has additional parking spaces, a gym and other facilities all situated under the plot of land.

An interesting fact: The Islamic community has not finished its construction yet. Their plans also include the construction of a Museum for the Islamic Community. It is planned to be located in the western part of the complex. The start date for the building is yet to be determined.

**ISLAMIC CENTRE OF RIJEKA -  
MOSQUE RIJEKA, CROATIA**

The Islamic Center of Rijeka is a project designed by the Croatian modernist sculptor Dušan Džamonja in collaboration with two architects, Branko Vučinović and Darko Vlahović.

The mosque is located on Hostovo hill in Rijeka. It is surrounded by bushes and a view of the Adriatic Sea - the entire Kvarner. Due to its unique shape and architectural design, the church is one of the most beautiful mosques, not only in the Balkans but also in Europe. The total area of the Islamic Center is 5,290 square metres. Of this, there are approximately 3,600 square metres of interior space and the entire property measures approximately 10,800 square metres. The mosque was co-fi-

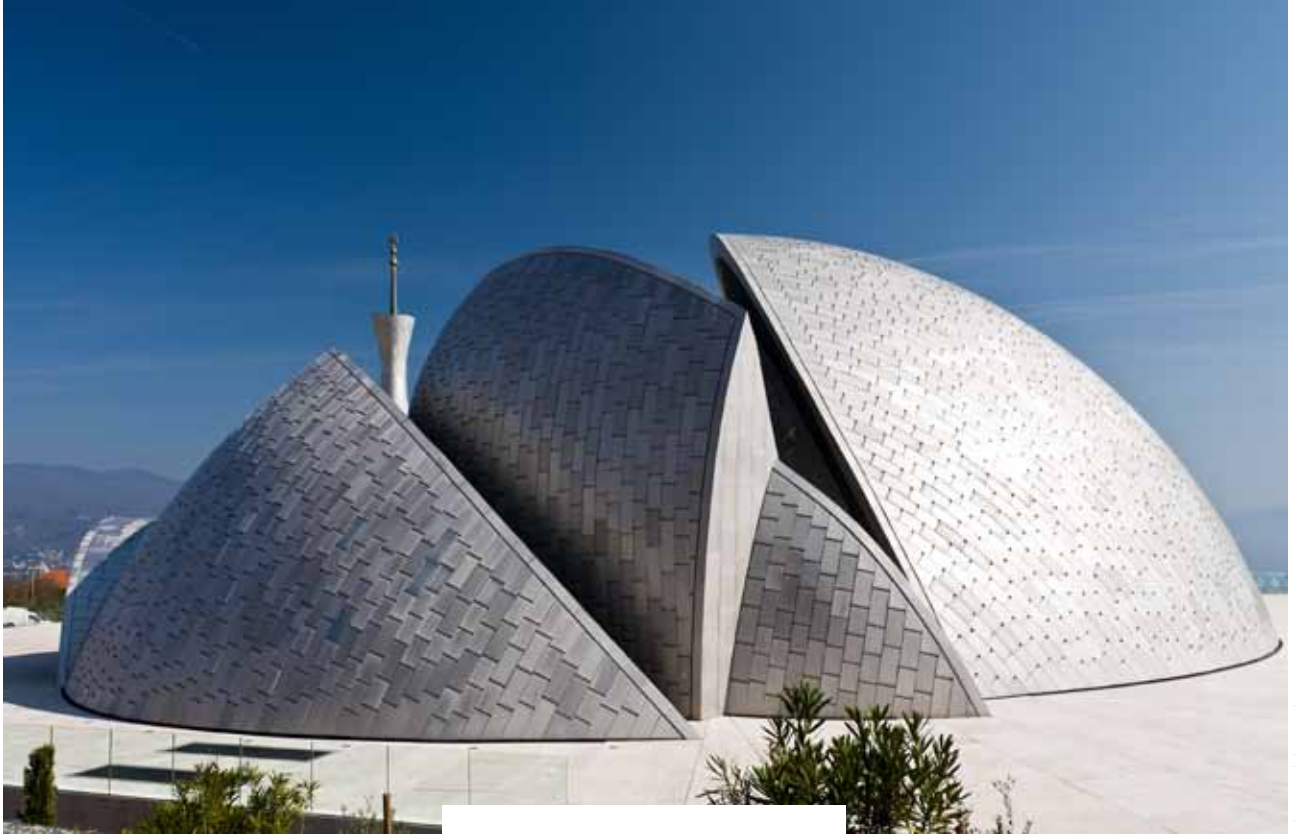


Photo: Adobe Stock

ISLAMIC CENTER OF RIJEKA -  
*Mosque Rijeka*

nanced by Qatar, and the official opening of the Islamic Center took place in 2003. The mosque is not the only holy building located in this elevated position. There are two more churches in its immediate vicinity- there is also the Baptist Church and the Catholic Church of St. Nikolay Boris Magaš.

The mosque was designed by the famous sculptor, Dušan Džamonja, who left his unique mark on the sculptural design of the mosque and minaret. The exterior of the mosque looks like a crescent moon, while the interior consists of various arches that give the illusion of the sky and space. The minaret is in the form of a conical cylinder that is 23 metres high and made of steel. It is situated on the right side of the entrance according to Islamic religious custom.

The construction, however, was far from easy. It was necessary to harmonize the form, functionality and construction of the building while adhering to strict religious rules. The mosque is built with five and a half domes made of reinforced concrete. The facade consists of a metal substructure covered with ventilation panels and the mosque and the minaret is built on a plinth and a square. Other facilities within the Centre are built two floors below the surface and are not visible at ground level.

On the first floor, the mosque has a prayer gallery, which is exclusively for females. The interior of the ground floor of the mosque is separated into a clean part and an impure part, a covered veranda, a reception desk and a prayer room with a mihrab\*. The prayer room

is pointing towards Mecca, which gives worshippers an additional spiritual connection. Another tradition of the Islamic faith is reflected in the added element of water both on the exterior and also the interior of the building.

On the subterranean first floor, there are several additional facilities for the Centre - a toilet, a restaurant, a cafe, a large multi-purpose hall, a cloakroom, administration offices, a shopping complex and a large parking lot. The second underground floor is an area for teaching, with lessons given by the religious teacher and apartments for the workers in the building - imams, religious officials, guests etc.

\*Mihrab –a niche or decorative panel designating the kiblah.

An interesting fact: The mosque was designed by a sculptor. The project was



Photo: Dreams time

## DON BOSCO CENTER PODGORICA

initially cancelled because the work that won the original architectural competition was recognized as plagiarism, however, the second competition was successful and the victory belonged to the sculptor Dušan Džamonja. Despite being a sculptor he had always had a passion for architecture. Unfortunately, Dušan Džamonja did not live long enough to see the completed construction and opening of the mosque.

### **CATHOLIC CHURCH**

#### **DON BOŠKO CENTER PODGORICA, MONTENEGRO**

If in other modern churches we see the influence of modernism as clean lines and soft colour tones, then this church is the antithesis. The church is built from concrete, and it is the only

example of its type in the Balkans. It gives off a feeling of robustness on the outside, but it exudes love and homeliness on the inside.

The church is the work of two famous Croatian architects, Zvonimir Vrkljan and Boris Krstulović, and is designed in the form of a boat or a ship. The boat concept can be connected both to Noah's ark story from the Old Testament - and, from where the ship is a symbol of the Church sailing to the eternal harbour of peace in the New Testament. The church was built in 1969 and is one of the first known works of Brutalism in the Balkans. In the 1960s, the Brutalist style of construction was used in architecture mainly for economic reasons, these were the times when construction had to be efficient and cheap. Concrete was the ideal solution, and rein-

forced concrete was chosen. The church and rectory were designed as one interconnected concrete-reinforced building, which remained undisturbed and untreated after the initial framework was removed, however, the roof slabs are reinforced concrete slabs coated with water-repellent coating. There is also a 130-meter-high bell tower beside the church.

The architects did not waste much of their time designing the exterior of the church, as they believed that it was much more important to focus on how people felt inside the building and not simply how the building looked from the outside.

People seek peace and solace in religion and the church because daily life can so often bring the exact opposite. It represents a refuge where in difficult



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### ĐAKOVO CATHEDRAL

times you can take time for yourself and spiritually reconnect with your (chosen) God again.

Inside, the church consists of a central area with an altar, and there is also a large sports hall, parish rooms, a library and several classrooms. The interior of the church is represented by a concrete gallery that extends over the entrance to the church. The pews for worshipers are of simple appearance and are made of wood, which coincides with the overall architectural style of the entire church. The altar and the ambon are illuminated by natural light. On the other side of the altar is a gilded tabernacle, sitting on a cylindrical pedestal. Next to the presbytery is a baptistery. The upper part of the baptistery is also made of a gilded material while the plinth is made of white marble to match the altar and pulpit, all of which convey some grandeur to the overall simplicity of the church. However, since the concrete from which the church is made is not a sustainable material, the church had to be protected and the facade had to be covered with a protective layer a couple of years ago.

The church also has two confessionals located at the side of the church,

both were also renovated a few years ago. According to the initial plans, the confessionals were not part of the original church design, however during construction, they were built along with the church.

This monolithic building is a dry stone structure made with a single material. The shape of the church resembles geometric bodies, namely, the shape of elongated rectangular laid prisms and diagonally truncated pyramids. The roof panels were built in longitudinal and transverse directions at an exact angle of 13°, and both the exterior and interior feature embossed panelling wall finishes.

Due to its particular architectural style, the church doesn't have many windows, and the uniqueness of this church is that it represents a "zenith lighting system". This means that natural light comes through the slanted glass part of the pyramid, and illuminates the altar and the ambon, which are the most illuminated parts of the church and give the appearance of a 'divine touch'. In good weather, the entire central area is illuminated

by the zenith light, while the artificial light in the church is mainly used for lighting exhibits and, due to its yellow tone, it blends in perfectly with the wooden details in the church.

### **BRUTALISM**

The word Brutalism comes from the French word "Concrete brute", which was often used by the French architect Le Corbusier and reflects the style of his architectural works. The main characteristics of Brutalism are its simplicity and functionality. Brutalism represents the unadorned raw concrete block buildings that were typical in the 50s and 60s of the last century. The former Yugoslavia is known for adopting the style as its own. Many buildings and monuments of this style can still be seen throughout the Balkans. In recent years, the style of Brutalism has once again come to the forefront due to an increased interest in its architectural style comprising exposed concrete combined with wood. Simplicity is the key.

### **ĐAKOVO CATHEDRAL/ CATHEDRAL BASILICA OF ST. PETER, CROATIA**

St. Peter's Cathedral is located in the city of Đakovo in the region of Slavonia, Croatia. The cathedral is dedicated to Pope XXIII and is possibly the most beautiful cathedral in the Balkans. The cathedral also has the honorary title of "Basilica Minor". It was built by Bishop Josip Juraj Strossmayer and the construction itself cost one million two hundred thousand forints at the time of building. The construction of the cathedral lasted 16 years and it was finally completed in 1882.



The plans for the construction were prepared by Viennese architects Karl Rösner and Friedrich Schmidt. Karl Rösner began the construction, but he died three years later, and his work was continued by Friedrich Schmidt, who used his own ideas.

As a result of having two architects working on the cathedral, it is built as a blend of both their two styles – namely, Romanesque and Gothic. The cathedral is 74 metres long and is characterized by a single dome 59 metres high. It has two bell towers that are 84 metres high. The cathedral is built from approximately seven million bricks and its foundations

are built on 395 pillars made from Slavonian oak. The interior is decorated with frescoes by Alexander Maximilian Seitz and Ludwig Seitz. According to the original plans, the internal infrastructure was made according to Rösner's plans, nonetheless, we can still see the influence of Schmidt's style of architecture in the interior - the keystones on the vaults, the capitals of the columns and the like. The cathedral is also characterized by 7 altars and many different sculptures.

There is also an underground crypt built for several thousand people, which was used as a place for cultural exhibitions during the Patriotic War.

An interesting fact: The construction itself did not last sixteen years. The cathedral was built in just four years, while the remaining twelve years were used to decorate the interior. A communion rail was built inside the church because Bishop Strossmayer believed that the clergy and the people were as one.

## THE ORTHODOX CHURCH

### TEMPLE OF SAINT SAVA, BELGRADE, SERBIA

The creation of the largest Orthodox church in the Balkans dates back to 1904 when the competition for the construction of the church was an-



Photo: Adobe Stock

TEMPLE OF SAINT SAVA



**TEMPLE OF SAINT SAVA**

Photo: Acroble Stock

nounced, and the first stipulations of what the church should look like were drawn up. It had to be built in the Serbian-Byzantine style on an area of more than 2,000 square metres. However, the competition was not successful, and they had to repeat it, 22 years later. This time they made some changes to the demands of the construction itself. They specified that the capacity of the church had to be for around 6,000 people (space for the faithful) and the church had to be representative of its history and all the greatness that goes with it, in terms of frescoes, mosaics, gold embellishments, marble, etc. Today, the building has a total volume of 170,000 cubic metres and can accommodate up to 10,000 people. After several decades of challenges, obstacles and arguments, everyone finally reached an agreement and the construction of the long-awaited cathedral church officially commenced in 1935. However, the construction was interrupted by the Second World War and

thereafter post-war disagreements, so construction was only re-commenced as late as 1984. The construction was led by a new architect, Branko Pešić, and the exterior was not completed until 2004, 100 years after the original plans for its construction began.

The interior was then planned over the following years. The shape of the building is a Greek cross with a dome. The length of the building is 91 metres on one side and 81 metres on the other. The highest point is 79 metres. The exterior is made of classic brick, while the supporting columns of the building are made of reinforced concrete. The facade of the temple is also decorated with specially commissioned granite and marble drawings, where the marble was polished and the granite was polished and fired.

It is decorated with 15 small domes, 5 sub-domes and 5 domes on the apse. The central dome weighs as much as 4,000 tons. The church has 49 bells. The largest bell weighs approximately 6,000 kg (diameter 204 cm), and the smallest is only 11 kilograms (diameter 20 cm).

The upper part of the interior of the church has 3 galleries with a total area of 1,444 square metres and a dome with a width of 30.5 metres. The interior is dominated by three colours - green, red and white and several different materials are used for the interior - white stone, marble, travertine, white limestone, onyx, lapis, lazuli, etc. The interior is decorated with reliefs and mosaics and they cover up to 17,000 square metres of walls. Beneath the central space is the so-called crypt, 7 metres high and 1,800 square metres in size. It is made of natural limestone and travertine. The crypt is mainly used for cultural events.

An interesting fact: The inspiration for the construction was found in two other churches – namely, St. Sophia and Gračanica. The actual architecture of the building was designed by the duo, Bogdan Nestorović and Aleksandar Deroko, in the post-Byzantine style. Together they led a large professional team that for a variety of reasons was changed several times – people from designers to engineers, as well as many others. However, throughout the entire construction, the original design remained their principle and only guide.

### **SAINT CLEMENT OF OHRID, REPUBLIC OF NORTH MACEDONIA**

The church is located in North Macedonia and is considered to be the largest Orthodox church in the country. The church was designed by Slavko Brezovski, a famous Macedonian archi-





Photo: Adobe Stock

## SAINT CLEMENT OF OHRID

tect, urban planner, writer and painter. The construction started in 1972 and continued until 1990. The size of the church is the same from all sides: 36 x 36 metres and it has a total area of about 1,000 square metres. Architecturally, the building is very interesting, as one can see through the domes and the arches. And what is most unusual are the large windows, as coloured acrylic is placed in front of them, which causes the light to fall inside the church at an angle that creates coloured rays.

In addition to the central area, the church has three bells, and each of

them has a different weight: 1,000 kg, 500 kg and 300 kg. Standing next to the church, there is a bell tower on the left side of the main entrance, which is 45 metres high, and there is a fountain in front of the church, which was given as a gift by the Islamic religious community.

If the exterior is characterized by subdued colours and unusual shapes, the interior is the complete opposite. The building is characterized by a central dome measuring 650 square metres, which is also the highest part of the building. Under the dome is the

3.5-meter-high Archbishop's throne which represents the central space. Opposite the throne is two chairs intended for the Ruler of the World and the Empress. Inside there are also frescoes and icons in vivid colours which characterize the church. The frescoes were painted by three famous painters - Gjorgji Danevski, Spase Spirovski and Jovan Petrov.

An interesting fact: The Macedonian Orthodox Church separated from the Serbian Orthodox Church only a couple of years before the construction of this church began in 1972.



Photo: Matej Družnik

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JUS PROJECT

# YEŦTERYEAR, THE TIMES WE KNEW AND LOVED

The JUS Project presents  
a series of graphic designs  
depicting technological cult  
products made in the former  
Yugoslavia in the years  
between 1950 and 1990.

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AUTHOR: BARBARA MATIJAŦIĆ, MBA



Achievements in the field of design and technology are part of the almost forgotten heritage of former Yugoslavia. JUS is an art project named after the renowned abbreviation for the Yugoslav Standard. The creators of the whole concept and the JUS illustrations are Darko and Marko Miladinović. The Miladinović brothers have been working in the field of visual communications, design and brand creation for more

than 25 years. In relation to the JUS Project, their vision is focused on encouraging and reminding young artists, engineers, and designers, as well as the general public, that the outlook towards creation, design and manufacturing in the former Yugoslavia was considerably more advanced and modern than has been previously acknowledged. Virtually every member of our generation still recalls Gorenje refrigerators, Tomos motorcycles, Bagat sewing machines, not to mention Zastava's legendary car, Fičo. JUS presents the achievements of our technical heritage from the days of our youth in a unique and graphically sophisticated way.

## AN INTERVIEW WITH THE MILADINOVIĆ BROTHERS

The idea of the JUS Project and its illustrations is the creation by Darko and Marko Miladinović. The brothers combined their knowledge and passion for outstanding design and retro-chic culture; they researched forgotten and discarded documentation and then carefully illustrated selected items and brought a breath of freshness to cult products.

### What is JUS? What does the "Yugoslav Standard" mean to you?

**Marko Miladinović:** For me, the "Yugoslav Standard" primarily represents memory and emotion, but also a technological standard that was



Photo: Matej Družnik

created in the socialist Yugoslavia where I grew up.

It affected us in many ways, such as lifestyle, education, architecture and culture, and also through technical achievements, such as cars, motor vehicles, bicycles, and electrical devices, which were the fruits of the former Yugoslavia's creation and knowledge. They were useful, high-quality and often designed in a very up-to-date manner, sometimes far ahead of their time.

Look at what's happening today with Mächtig's Kiosk. It's only a matter of time before production will start again. It is sought all over the world. Today, YU brands and products are gaining a reputation among the younger generation. Some of them call it "Yugochic", others "Yugofuturism", while Professor Dr Matija Velikonja calls this phenomenon "neostalgia" meaning new nostalgia. It is

probably an identification more with time than space. The days of socialist Yugoslavia were full of ambition, a desire for progress, a need for proof and sometimes even defiance. As a result, we witnessed the creation and construction of new cities, modern brutalist architecture, and unusually designed and often non-functional objects that are an inspiration for the new "hipster" generation of today.

**Darko Miladinović:** An abbreviation that once denoted a set of industry standards and norms established by Yugoslavia at the time. It meant the Yugoslav Universal Standard. Over the years, JUS has nationalized and acquired many meanings, both good and bad. It once represented an orderly system of standards of the former state of Yugoslavia. Today, we have adopted this name for our art project, where our objective is to

present in an original and graphically sophisticated way the achievements of our half-past technical and cultural heritage, reminiscent of our childhood and growing up.

**Is the main theme in the JUS project "nostalgia" or "sentimentality"?**

**Marko Miladinović:** From time to time, the JUS project is the target of ridicule, and sometimes the products presented on the posters are said to be bad, unattractive and of poor quality; however, our idea was never to convince anyone that these were the best products in the world. The JUS project and the products presented on the posters carry great sentimental value in addition to functional ones. So, as with the poster of the Yugo car, we wanted to remind our audience of the times they drove to the seaside in it and carried children sitting in the back



Photo: Matej Družnik



Photo: Matej Družnik



Photo: Matej Družnik

to explore the collective memory. In the spirit of ideology, current politics and the rising pressure of capitalism we have forgotten our own worth and knowledge. Irresponsibly, just like the Butalians in the book *Butalci*, by Fran Milčinski, we've neglected and ignored a large part of our "constitutive" histories. We took a lot of our inventions, innovations and products for granted, and sold them out too cheaply. We bowed our heads in shame as glitz and consumerism became the new norm. JUS was simply switched off like you turn off a light.

*Butalci* is the title of a collection of humorous stories by the Slovenian writer Fran Milčinski. He published them in various newspapers, and they were published as a collection after his death. The Butalians are the inhabitants of a fictional place called Butale. They consider themselves very smart and important, although, in reality, they are very limited. They constantly compete with the inhabitants of the neighbouring town, Tepanjčani. The term "Butalci" meaning "fools", caught on so well that it is included in the Dictionary of Slovenian Literary Language.

seats to visit their grandparents across the country. A small car that helped working people in the building of their houses. Those were good times. Times when we were happy and content.

**Darko Miladinović:** Nostalgia plays a big role, of course, but I must point out that responsibility is the main theme. Responsibility to hold a more objective view of history, and responsibility

**How Would you Rate the Artistic Value of the Products you Present in the JUS project?**

**Marko Miladinović:** In principle, we leave the degree of artistic value to the observers, our followers and, finally, our buyers. However, I can guarantee that the illustrations and the graphics are the fruits of knowledge, experience, a long and extremely precise



Photo: Matej Družnik

process and an understanding of the so-called machinist drawing. Machinist drawing is where products are drawn in the technical manner of a floor plan with an outline and side view. It is not a matter of copying, but of an elaboration of the "vector art" drawing technique.

**Darko Miladinović:** Some have an artistic value, others have an engineering value, and the rest have a symbolic or useful value. We also try to portray those which have interesting stories behind them. Today, Mächtig's Kiosk stands in MoMA\*, New York as part of the permanent collection. Therefore, its artistic value is exceptional whereas the concrete

**The illustrations and the graphics are the fruits of knowledge, experience, a long and extremely precise process and an understanding of the so-called machinist drawing.**

mixer will have a hard time ending up in the MoMA, even though it helped build Slovenia as we see and know it today.

**Nowadays, we also have solutions that we will look back at in the future, such as we do today when we are looking at products from the JUS project. Or is JUS more about the products' inimitability due to cultural and historical circumstances?**

**Marko Miladinović:** A little bit of both. Of course, every era presents us with modern solutions that quickly become outdated and, in some ways, even ridiculous, over time. For example, compare today's phone with the rotary dial phone that we used un-



Photo: Matej Družnik

til recently. On the Internet, I saw a video clip where a group of teenagers tried to make a call with such a phone and of course, they failed. With JUS, however, it is a more domestic story. These products represent a collective moment in a relatively small space of time. In today's era of globalism, they are points of identification, even the former Yugoslavia's iPhone, Nike, McDonald's and no Startas (footwear), Tomos (motorbikes) or Rog (bicycles). The mix of both modern and global industrial culture was unique.

**Darko Miladinović:** The products that we depict through the JUS project are unique due to the context and the time in which they were created. It is difficult to say for certain what will happen in the future because nowadays we are flooded with products and technology from all over the world. How much we are competitive in the production of technologically complex products, I really don't know. However, the JUS project aims to encourage and promote domestic designers, architects and engineers, so that yes, they can trust their knowledge and move forward.

\*MoMA - Museum of Modern Art



Photo: Matej Družnik



Photo: Matej Družnik



FAMILY-RUN COMPANIES

# IN FAMILY BUSINESSES, FINANCING IS STILL THE KEY CONCERN

There are brave business people everywhere in SE Europe - visionaries motivated by brilliant ideas and equipped with a business plan and the willpower and drive to turn an idea into reality. These people may prove to be the business founders or the leaders of a family venture.

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AUTHOR: NINA NOVAK





# O

One of the best ways to promote economic growth in a region where family-run businesses account for approximately 50-60% of GDP is for financial institutions to work with them.

Financing operations in family businesses can be assessed by three key criteria: control of cash flow, liquidity and having sufficient capital reserves, say experts at NLB. The driving forces behind financing decisions in family businesses tend to be based on personal preferences regarding the rate of business growth, attitude to risk and the ownership structure. The most common forms of financing in family businesses are from the retained profits of previous years and bank loans. All successful companies have the same merits, namely, high-quality

products and services, strong control of operating costs, adaptable and focused management teams, a known presence in international markets, and strong and durable supply chains.

Two of the key challenges faced by family businesses are the harmonisation of interests between the different generations and the creation of clear boundaries between business and family activities, they emphasize in NLB. Family-run businesses play an important role in employment creation and economic development,



so they can rightly lean on regional banks for assistance when overcoming unexpected challenges. The consultation process in the selected bank should review all aspects of the business thoroughly as well as the associated risks. It is crucial to understand the company's business model, how and in what manner the companies generate revenue, what their relationships with customers and suppliers are like and what are the key responsibilities of the management team and other principal employees. It is also essential that individuals in the company have clear job descriptions and candidate profiles. It is extremely important for the bank that family-run companies know and understand how to deal with the consequences of changing business relationships especially when there is new management and/or new stakeholders. Only when the business model of these companies and the family's relationship with the company is fully understood can the right solutions be found.

### **FINDING THE RIGHT PARTNER**

It is vital for the family-run company to work with a bank whose portfolio also consists of small and medium-sized family-owned businesses, as this ensures that the bank has a broad overview of many different practices and business models in such SMEs. As a result, the bank will have gained exposure to different scenarios and consequently different solutions. NLB, the largest banking group in SE Europe, points out the example of a family business that, through the handover of two generations encoun-

tered many challenges and addressed them very precisely in the so-called "Family Constitution". Family Constitution is a document, written to clearly define all unwanted or prohibited behaviour, for example, the interference of spouses in the business. It also defines the job roles of all the family members employed in the company, outlines their responsibilities, and also identifies their successors. Such a document also defines various risk scenarios and the level of risk permitted under the family constitution. "The family constitution was drawn up in a very thought-

Almost  
**40%**  
of family businesses  
in Slovenia are run by  
managers who are over  
50 years old.

ful and precise manner, which subsequently paid off handsomely for the company through the handover between generations, as it helped it navigate successfully through disagreements and conflicts between the heirs and their partners. Such a structured approach to the continued management of the company also benefits the bank during the handover between generations. It helps to answer the key questions that we ask ourselves when deciding whether to cooperate or deepen cooperation with such companies. On such a ba-

sis, the bank can also make decisions more easily and manage risks effectively," they say at NLB.

### **FUTURE CHALLENGES FAMILY-RUN BUSINESSES CAN'T IGNORE**

Family businesses in the region significantly contribute to the GDP. As with other prosperous companies, the winners are those who are successful in finding, recruiting and retaining talent, companies that continuously maintain a high level of innovation and companies that will adapt their operations to comply with ESG standards. The winners will be family businesses that can successfully implement smooth management handover between the generations, as well as those that generate revenue on the domestic and international markets, they point out in NLB.

Generational change will always be the biggest challenge in such companies. For example, almost 40% of family businesses in Slovenia are run by managers who are over 50 years old. Most of these managers represent the first generation of the family, and they have responsibility for managing and developing these companies. For long-term survival and success, family businesses in the region will have to find an appropriate balance between traditional orientation and innovative development, which means that they will have to accelerate digitalization and also comply with the transition to sustainable operations and the introduction of ESG standards, both of which will be increasingly important in the future.

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