



THE ADRIATIC

CORPORATE BRIEF ON GEOPOLITICS & LIVING

ISSUE 12, JANUARY 2024

STRATEGIC
FORESIGHT 2024

CHESS OF CONSEQUENCES: CLIMATE ACTION HEATS UP IN THE BALKANS

GEOPOLITICS: KEY RISKS IN 2024 | INTERVIEW TANJA FAJON: OPPORTUNITIES AND CHALLENGES OF BEING A UN SECURITY COUNCIL MEMBER | WESTERN BALKANS PATH TO THE EU | CLIMATE CHANGE SPECIAL | SLOVENIA'S CYCLING FEVER | THE FORGOTTEN HISTORY OF GRAPHS | BALKANS CHARACTER THROUGH COOKING SHOWS | NORTH MACEDONIA'S BOOMING CANNABIS INDUSTRY | BEACH BODIES OF THE PAST | CHARTING THE BALKAN WINE REGIONS

Illustration by Ciril Horjak

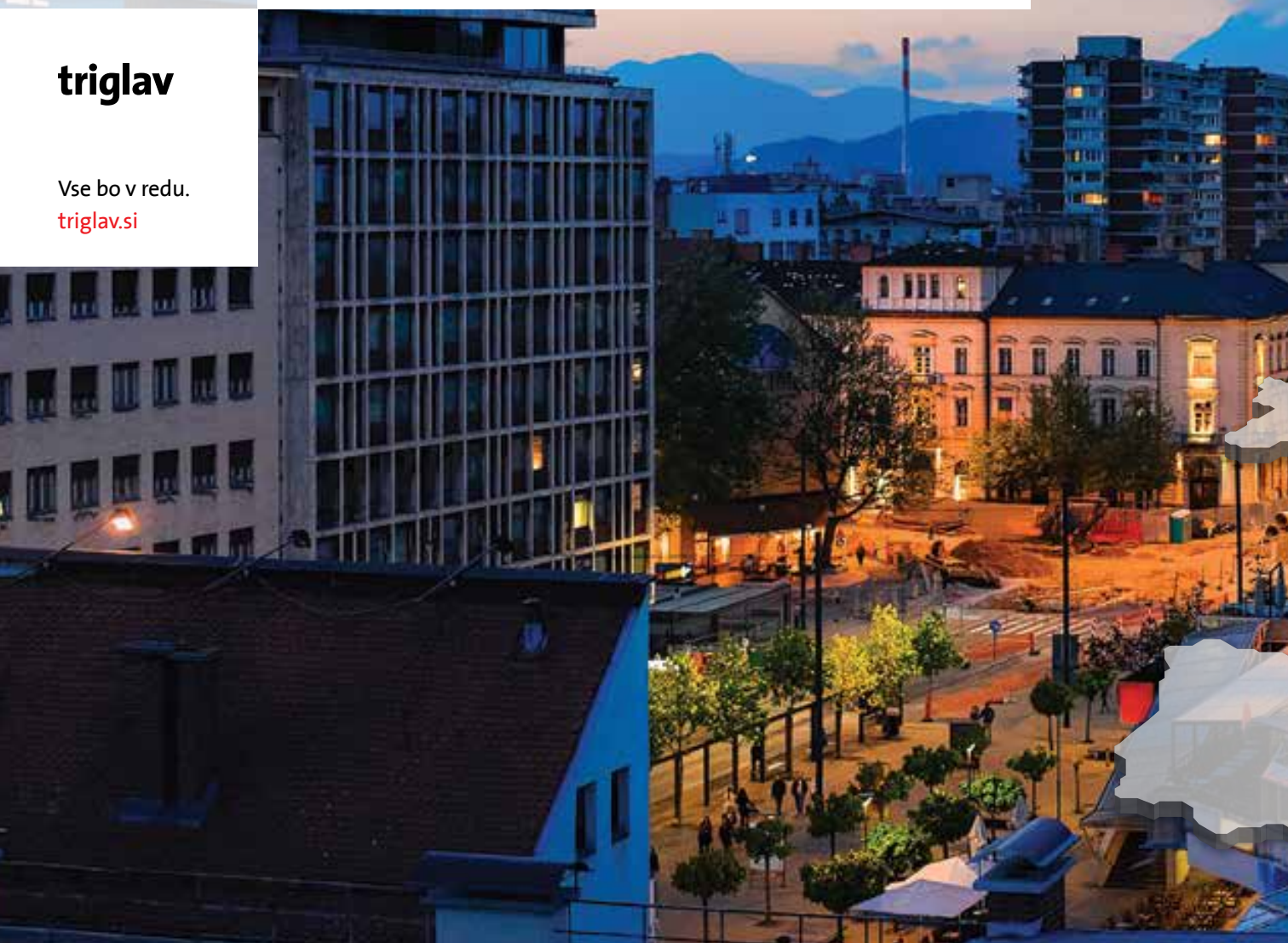


**Ustvarjamo varnejšo
prihodnost.**

**We are building a
safer future.**

triglav

Vse bo v redu.
triglav.si





Zagreb

Banja Luka

Sarajevo

Ljubljana

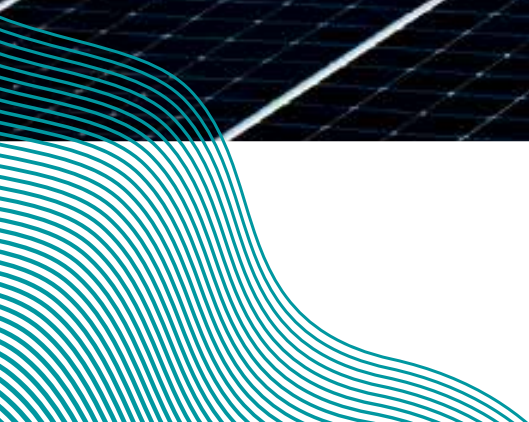
Beograd

Podgorica

Skopje

PETROL

Energy for life





YOU CAN MAKE A CHOICE.
(TOGETHER) WE CAN **MAKE**
A DIFFERENCE.

Join us in reshaping the world. Sustainable energy solutions for 142 thousand tonnes of CO² less per year.

Towards a brighter, greener tomorrow.



petrol.eu/energy-solutions



MASTHEAD

THE ADRIATIC: STRATEGIC FORESIGHT 2024

ISSUE 12, JANUARY 2024

AJ MEDIJI

ISSN: 2389-9296



THE ADRIATIC CREW

EDITOR IN CHIEF
TINE KRAČUN

EXECUTIVE EDITOR
MAJA DRAGOVIC

ASSOCIATE EDITOR
JURE STOJAN, DPHIL

PHOTOGRAPHY EDITOR
ŠPELA BIZJAK

JOURNALISTS:
JAN TOMŠE
BARBARA MATIJAŠIČ
ANDRAŽ TAVČAR
ALENKA ŽVIKART
ANDJELA DRAGOVIC
TIBOR REMŠKAR

**SPECIAL
CONTRIBUTORS**
FARIS KOČAN, PHD
ŠLOBODAN ŠEŠUM
ROBERT ŠIPEC

DESIGNER
NENAD BEBIĆ

FRONT PAGE
CIRIL HORJAK

TYPOGRAPHY
ADRIATIC JOURNAL
ADRIATIC 22
LADO
JY SAJ

PRINT
DZS GRAFIK D.O.O.
JANUARY 2024

PUBLISHED BY
INSTITUTE FOR STRATEGIC SOLUTIONS
NAZORJEVA ULICA 6A
1000 LJUBLJANA
SLOVENIA
INFO@ISR.SI
VISIT OUR WEBSITE: WWW.THE ADRIATIC .SI





MASTER OF GALLOWS

Ciril Horjak marks his seventh consecutive cover feature in the Adriatic, a testament to his acclaim as one of Slovenia's most distinguished visual artists. This versatile talent, an esteemed painter, cartoonist, and educator, recently added the prestigious 2024 Prešeren Foundation Award to his accolades. His newspaper illustrations have garnered widespread recognition, including the 2023 Special Commendation for Outstanding Journalism from the Slovene Association of Journalists. The autumn of 2023 saw his front page artworks showcased at Ljubljana Castle, highlighting his innovative approach to visual storytelling. Ciril, with a touch of humor, likens his craft to Paul Klee's philosophy of 'taking a line for a walk,' though he prefers to say he 'takes it to work daily'. This edition's cover is a reworking of an iconic piece originally created for Večer daily, showcasing his dynamic reinterpretation of classic themes.



Foto: Jernej Sampej

CONTENTS

THE ADRIATIC

CORPORATE BRIEF ON GEOPOLITICS & LIVING

E

EDITORIAL

A word from the editor-in-chief
12

F

STRATEGIC FORESIGHT WESTERN BALKANS
TOP THREE RISKS IN 2024
13

G

GEOPOLITICS

Interview: Tanja Fajon, Deputy Prime Minister and Minister of Foreign and European Affairs of the Republic of Slovenia
SHAPING SLOVENIA'S GLOBAL IMPACT
22

Diplomacy in the Balkans
MAPPING THE PATH FOR EU EXPANSION IN
THE BALKANS BY 2030
28

Foreign policy
DIPLOMATIC STRATEGY AND ECONOMIC
FOCUS
36

B

BUSINESS

Interview: Andrej Lasič, Member of the Management Board of NLB
OUR REGION NEEDS TO LOOK FOR
CONNECTING POINTS, AS ITS ECONOMIES
ARE HIGHLY COMPLEMENTARY
40

Regional Competitiveness
A COMPARATIVE ANALYSIS OF FDI,
REGULATIONS, AND GROWTH
IN WESTERN BALKANS
46



Property market overview
PROPERTY PRICES SOAR ACROSS WESTERN
BALKANS
50

Digital health
DIGITALISATION TRENDS SHAPING
HEALTHCARE IN THE WESTERN BALKANS
54



Interview: Borut Flander, CEO of Intereuropa d.d.
STRATEGIC EXPANSION IN SOUTHEAST
EUROPE
58

Interview: Matevž Frangež, State Secretary at the Ministry of the Economy, Tourism and Sport of the Republic of Slovenia
GREENOVATED TRANSITION: SLOVENIA'S
SUSTAINABLE SHIFT
61



History of graphs
THE FORGOTTEN PIONEER OF A POPULAR
FORM OF DATA VISUALISATION
66

C

CLIMATE CHANGE

Climate change visualisation
MAPPING THE CARBON FOOTPRINT: A TALE
OF TWO METRICS
68

Global warming
CLIMATE CHANGE HITS HOME
70



Climate change impact
UNTAMED NATURE AND THE REGIONAL
ECONOMY
72

In cooperation with Ministry of Defence of the Republic of Slovenia
THE GREEN MISSION FOR SUSTAINABLE
DEFENCE
76

North Adriatic Hydrogen Valley
THE HYDROGEN ERA IS COMING TO THE
REGION
78

Green corporations
CALL TO COMPANY BOARDS TO TAKE
CLIMATE ACTION
82

Start-ups
SUSTAINABLE SCALE IN UNCERTAIN TIMES
84

Youth view on climate change
CLIMATE VOICES OF THE FUTURE
86



S

NORTH MACEDONIA SPECIAL

North Macedonian tourism
A HIDDEN BALKAN GEM
88

EU membership
OPEN HEARTS AND CLOSED DOORS
92

IT opportunities
A HUB FOR HIGH-TECH ADVANCEMENTS
96

Cultural powerhouses
DRIVING CREATIVITY BEYOND BORDERS
100

Medical Cannabis
NORTH MACEDONIA'S HIGH HOPE
102



L

LIVING

Hemp History
TRACING THE ROOTS OF MEDICAL
CANNABIS IN AUSTRIA-HUNGARY
106

Cycling Fever
RIDE ON
108

Sustainable tourism
A CYCLING ODYSSEY THROUGH THE
WESTERN BALKANS
110

A culinary window
HOW ADRIATIC COOKING SHOWS REVEAL
MORE THAN JUST RECIPES
114

Comestics industry
SERBIA'S COSMETIC SURGE
120

Beach fashion history
THROUGH THE SANDS OF TIME
122

Mapping the vineyards
FINE WINE FROM THE BALKANS
124

Vine
PTUJSKA KLET: VITICULTURE THAT WRITES
HISTORY
128

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.

A WORD FROM THE EDITOR-IN-CHIEF



Photo: DELO

TINE KRAČUN

I

In today's world, where uncertainty has become a part of our daily lives, the Adriatic region stands as an example of resilience in turbulent times. Considering the characteristics of the region's people, one could say they have embraced uncertainty that has shaped their strong character throughout their stormy history.

As we grapple with the complexities of politics and economics daily, we now also face the uncertainties of our planet's nature. The past year has seen the harsh impact of climate change, leading to severe weather events that affect not only the physical world but also create economic and political challenges. Combined with social uncertainties, natural disasters raise the stakes to unprecedented levels.

In the ever-changing landscape of the East-West divide, the region plays a significant role in the climate change discussion. A compelling story unfolds as the West, committed to environmental leadership, combines financial incentives and climate commitments to strengthen markets, especially in the Adriatic region. Meanwhile, the influx of financial investments in the region from the East show less concern for climate-related conditions, but their magnitude makes them a formidable competitive force.

To maintain Western influence in the region, it's essential to fully embrace it. This involves not only fostering economic viability but also embarking on a transformative journey towards environmental sustainability. This path will lead to a harmonious balance between economic prosperity and ecological responsibility—a crucial union for the well-being of the region and our planet.

In this year's edition of *The Adriatic*, we explore the region's pivotal role in shaping a future that is both economically robust and environmentally conscious. We examine the profound impact of natural disasters and their implications for doing business in the region.

We also turn our spotlight to North Macedonia, a nation with a stunning landscape that, despite facing challenges, remains resilient. With its NATO membership and progress toward the European Union, North Macedonia exudes a youthful energy and positive business outlook, promising a bright future.

Hope you enjoy the read and here's to a prosperous 2024. Cheers!

I FEEL
SLOVENIA

Empowering business

**GREEN.
CREATIVE.
SMART.**

**SLOVENIA. A LAND OF INFINITE POTENTIAL
FOR YOUR BUSINESS. MAKE THE MOST OF IT.**

When evaluating investment options, consider Slovenia. It provides a strategic location, skilled workforce, robust R&D, stability and modern infrastructure for efficient business expansion. With numerous success stories in green qualities, creative talent and smart solutions, Slovenian businesses eagerly anticipate partnering with you.

Visit our website **www.sloveniabusiness.eu**



SPIRIT, Slovenian Public Agency
for Investments, Entrepreneurship
and Internationalization



REPUBLIC OF SLOVENIA
MINISTRY OF THE ECONOMY,
TOURISM AND SPORT

TOP THREE RISKS IN 2024



THE CHALLENGES OF RAPID
POPULATION AGING, CLIMATE CHANGE,
AND STRUCTURAL REFORMS AMIDST
EXTREME WEATHER EVENTS



1

THE RAPID AGING OF POPULATION: A PRINCIPAL OBSTACLE TO ELEVATING LIVING STANDARDS

According to OECD's economic forecasts, the brisk aging of Western Balkan societies looms as a formidable challenge. This demographic shift not only hampers progress in living standards but also jeopardies the fiscal sustainability of public social spending. The declining fertility rates and significant emigration in the region are driving projections that the number of people aged 65 and above will more than double by 2050, compared to the working-age population (20-64). This demographic shift, highlighted in reports from the OECD, World Bank, and International Monetary Fund, is expected to deplete human capital, significantly straining the region's social systems, especially in terms of pension costs. Additionally, assessments from the OECD and EU predict a sharp drop in the old-age support ratio in the Western Balkans by over half in the next three decades.

2

CLIMATE CHANGE AND EXTREME WEATHER EVENTS: A PRIMARY RISK FOR THE REGION

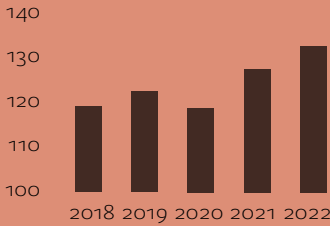
OECD projections indicate the Western Balkans are bracing for warmer temperatures and altered precipitation patterns. These changes forecast increased flood risks, extended droughts, soil erosion, and shifts in forest lines, with North Macedonia and Bosnia and Herzegovina facing the brunt. Considering the significant employment in agriculture, tourism, and forestry, the region is notably vulnerable to climate shifts. A World Bank report highlights record temperatures since 2017 in the area, leading to harsh consequences. For instance, Serbia faced a drought causing almost a 10% drop in agricultural production, while Albania spent EUR 200 million on energy imports due to climate changes. Beyond economic impact, climate change profoundly affects society, leading to challenges such as drinking water shortages and driving population migrations.

3

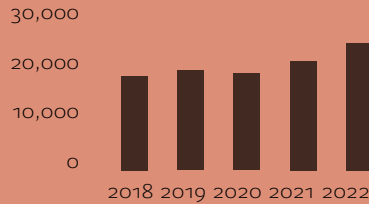
MISSING OUT ON NEW GROWTH PLAN BENEFITS IN THE WESTERN BALKANS WITHOUT ESSENTIAL STRUCTURAL REFORMS

Data from the Penn World Table emphasize the urgent need for structural reforms in the Western Balkans. These changes are crucial not just for spurring growth but also for ensuring full engagement in the New Growth Plan introduced in November 2023. To realize the objectives of economic growth and regional convergence, the New Growth Plan prioritizes accelerating structural reforms, notably in strengthening the rule of law and fundamental rights. This plan offers the region a chance to access up to EUR 4 billion through concessional loans. It promises flexibility and programmability, but beneficiaries must adhere to the Reform Agenda within a two-year period. If they fail to comply, the Commission may redistribute their funds to other Western Balkan states in the following years. This stipulation presents a significant risk for nations like Bosnia and Herzegovina, Kosovo, and possibly Montenegro, whose unstable political climates could lead to missed opportunities.

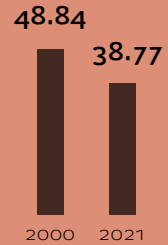
GDP INDEX (2010=100)



GDP IN CURRENT PRICES (MILLION €)



RENEWABLE ENERGY SHARE OF ELECTRICITY GENERATION (%)



SOVEREIGN CREDIT RATINGS

Moody's
B3

Standard & Poor's
B+

HAPPINESS SCORE BASED ON A THREE-YEAR-AVERAGE 2020-2022

71st
place



BOŠNIA AND HERZEGOVINA

Analysts from the Institute for Strategic Solutions forecast a persistently moderate uncertainty in Bosnia and Herzegovina's investment climate. This projection is exacerbated by escalating tensions between the Office of the High Representative and President Milorad Dodik of Republika Srpska, destabilizing BiH's constitutional framework. For 2024, alongside political risks, socio-economic factors loom large, with rising inflation and dwindling employment prospects potentially undermining the nation's investment milieu.

FOREIGN DIRECT INVESTMENTS IN THE COUNTRY (US\$ MILLION) IN 2022

9,677.10

OWN DIRECT INVESTMENTS ABROAD (US\$ MILLION) IN 2022

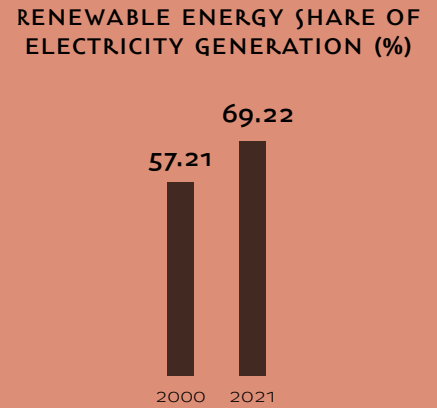
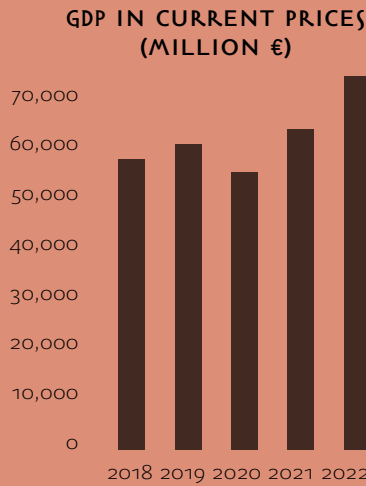
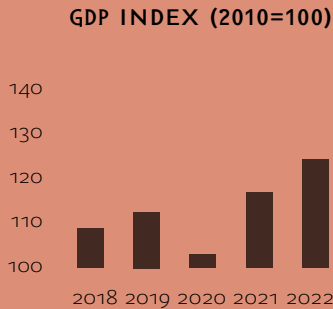
898.26



POPULATION ON 1 JANUARY 2023 (MILLION)

3.4

Percent of firms experiencing electrical outages	Number of electrical outages in a typical month	If there were outages, average duration of a typical electrical outage (hours)	Percent of firms owning or sharing a generator	If a generator is used, average proportion of electricity from a generator (%)	Days to obtain an electrical connection (upon application)	Percent of firms experiencing water insufficiencies*	Percent of firms identifying transportation as a major constraint
63.4	1.3	3.6	30.5	2.1	73.6	2.2	10.7



SOVEREIGN CREDIT RATINGS

Fitch
BBB+

Moody's
Baa2

Standard & Poor's
BBB+

HAPPINESS SCORE BASED ON A THREE-YEAR-AVERAGE 2020-2022

48th
place



CROATIA

The current appraisal of Croatia's investment environment suggests a continued moderate stability, buoyed by robust recovery strategies and economic stimuli amidst the energy crisis.

Despite notable challenges, Croatia's growth is projected to hover around 3% until 2025, with a forecasted moderation in inflation and an enhancing external perspective. Analysts from the Institute for Strategic Solutions are keenly observing the impact of the tax reform announced in October 2023, anticipated to invigorate domestic consumption.

FOREIGN DIRECT INVESTMENTS IN THE COUNTRY (US\$ MILLION) IN 2022

39,069.56

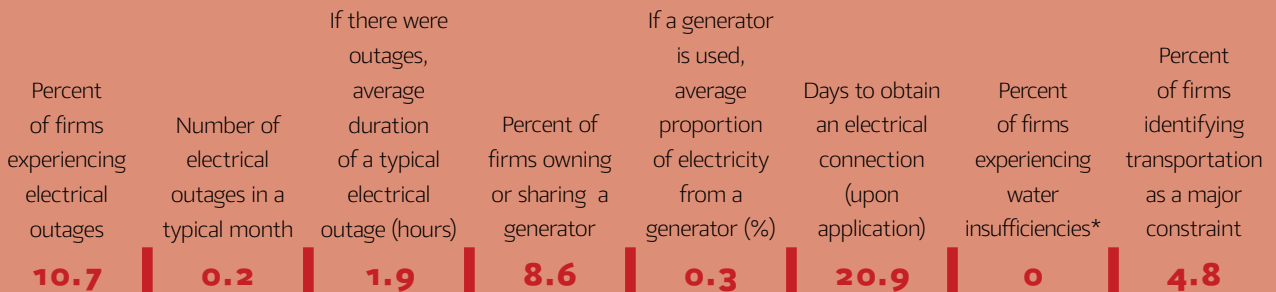
OWN DIRECT INVESTMENTS ABROAD (US\$ MILLION) IN 2022

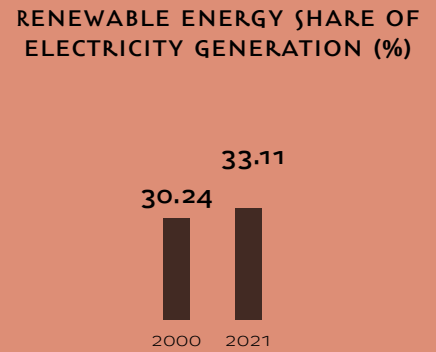
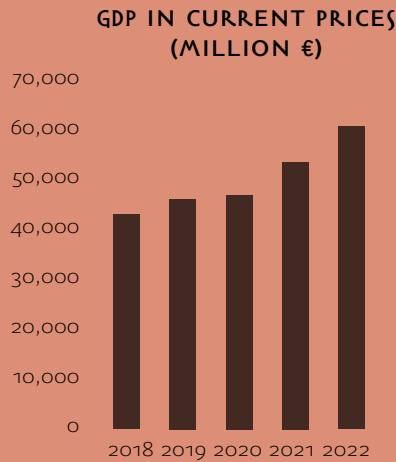
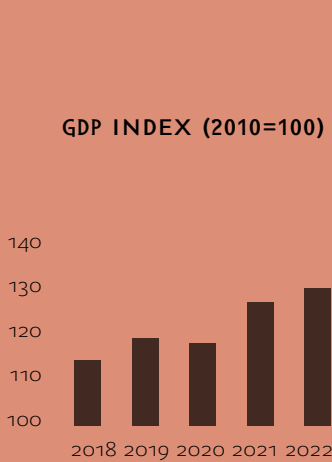
7,550.46



POPULATION ON 1 JANUARY 2023 (MILLION)

3.9





SOVEREIGN CREDIT RATINGS

Fitch
BB+

Moody's
Ba2

Standard & Poor's
BB+

HAPPINESS SCORE BASED ON A THREE-YEAR-AVERAGE 2020-2022

41st
place



SERBIA

The Institute for Strategic Solutions anticipates a sustained moderate uncertainty in Serbia's investment climate, despite enhanced economic indicators and expected robust growth in 2024. This outlook is linked to efforts to curb the deficit and debt-to-GDP ratio, coupled with increases in pensions and the minimum wage. Paramount among the risks for 2024 is the uncertain dynamic in bilateral relations with Kosovo, a situation that countries to be under close scrutiny.

FOREIGN DIRECT INVESTMENTS IN THE COUNTRY (US\$ MILLION) IN 2022

53,551.29

OWN DIRECT INVESTMENTS ABROAD (US\$ MILLION) IN 2022

4,563.66

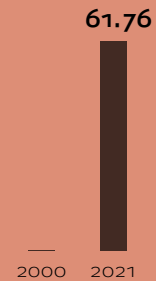


POPULATION ON 1 JANUARY 2023 (MILLION)

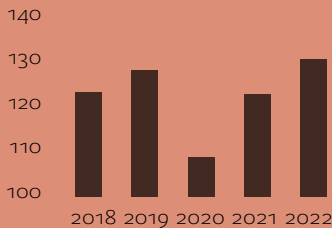
6.7

Percent of firms experiencing electrical outages	Number of electrical outages in a typical month	If there were outages, average duration of a typical electrical outage (hours)	Percent of firms owning or sharing a generator	If a generator is used, average proportion of electricity from a generator (%)	Days to obtain an electrical connection (upon application)	Percent of firms experiencing water insufficiencies*	Percent of firms identifying transportation as a major constraint
49.5	0.7	2.5	15.7	1.6	113.6	4.3	6.4

**RENEWABLE ENERGY
SHARE OF ELECTRICITY
GENERATION (%)**



GDP INDEX (2010=100)



**GDP IN CURRENT PRICES
(MILLION €)**



**SOVEREIGN CREDIT
RATINGS**

Moody's
B1

Standard & Poor's
BB

MONTENEGRO

The investment climate in Montenegro remains moderately uncertain this year, though political indicators suggest improvement. The latter part of 2023 witnessed the formation of a new government, five months post-election. This administration has committed to pursuing European Union membership, fostering economic growth, and enhancing its regional influence. Economically, 2024 is set to be a positive year, with expected GDP growth of 4.5% and a notable reduction in unemployment by 0.7 percentage points, bringing it down to 13.1%.

**FOREIGN DIRECT INVESTMENTS
IN THE COUNTRY (US\$
MILLION) IN 2022**

5,464.73

**OWN DIRECT INVESTMENTS
ABROAD (US\$ MILLION) IN 2022**

211.42



**POPULATION ON
1 JANUARY 2023 (MILLION)**

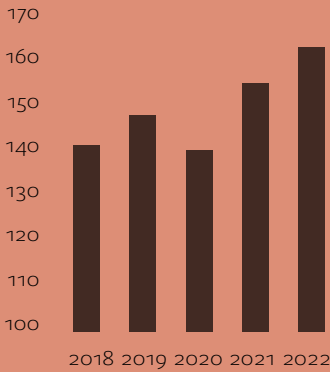
0.6

**HAPPINESS SCORE BASED ON A
THREE-YEAR-AVERAGE 2
020-2022**

67th
place

Percent of firms experiencing electrical outages	Number of electrical outages in a typical month	If there were outages, average duration of a typical electrical outage (hours)	Percent of firms owning or sharing a generator	If a generator is used, average proportion of electricity from a generator (%)	Days to obtain an electrical connection (upon application)	Percent of firms experiencing water insufficiencies*	Percent of firms identifying transportation as a major constraint
38.7	0.6	2.5	26.3	1.9	49.4	6.4	1.8

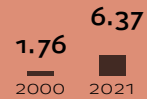
GDP INDEX (2010=100)



GDP IN CURRENT PRICES (MILLION €)



RENEWABLE ENERGY SHARE OF ELECTRICITY GENERATION (%)



KOSOVO

This year's evaluation of the investment climate suggests that Kosovo will continue to face moderate uncertainty, largely driven by heightened socio-economic and political risks. These include a slower economic recovery and renewed bilateral tensions that hinder substantive dialogue between Pristina and Belgrade. Recent developments in Banjska have reignited the dialogue, with the European Union and the US urging the current government to expedite talks—a development that analysts at the Institute for Strategic Solutions will be following closely.

FOREIGN DIRECT INVESTMENTS IN THE COUNTRY (US\$ MILLION) IN 2022

5,715.68

OWN DIRECT INVESTMENTS ABROAD (US\$ MILLION) IN 2022

806.00



POPULATION ON 1 JANUARY 2023 (MILLION)

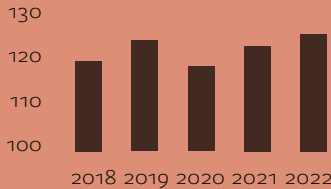
1.8

HAPPINESS SCORE BASED ON A THREE-YEAR-AVERAGE 2020-2022

34th
place

Percent of firms experiencing electrical outages	Number of electrical outages in a typical month	If there were outages, average duration of a typical electrical outage (hours)	Percent of firms owning or sharing a generator	If a generator is used, average proportion of electricity from a generator (%)	Days to obtain an electrical connection (upon application)	Percent of firms experiencing water insufficiencies*	Percent of firms identifying transportation as a major constraint
59.9	3.8	2.1	39.5	7	21.8	3.2	37

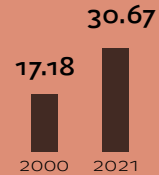
GDP INDEX (2010=100)



GDP IN CURRENT PRICES (MILLION €)



RENEWABLE ENERGY SHARE OF ELECTRICITY GENERATION (%)



SOVEREIGN CREDIT RATINGS

Fitch
BB+

Standard & Poor's
BB-

HAPPINESS SCORE BASED ON A THREE-YEAR-AVERAGE 2020-2022

87th
place



NORTH MACEDONIA

This year's analysis indicates that North Macedonia's investment environment will maintain a level of moderate uncertainty, albeit with improvements linked to the political landscape. This positive shift aligns with the initiation of EU membership discussions, which have helped reduce social unrest stemming from bilateral tensions with Bulgaria. The economic trajectory of the country is a key focus for analysts at the Institute for Strategic Solutions, especially as the IMF signals ongoing economic recovery. Notably, real GDP growth for the country is projected at 3.4% in 2024.

FOREIGN DIRECT INVESTMENTS IN THE COUNTRY (US\$ MILLION) IN 2022

8,376.60

OWN DIRECT INVESTMENTS ABROAD (US\$ MILLION) IN 2022

1,062.54

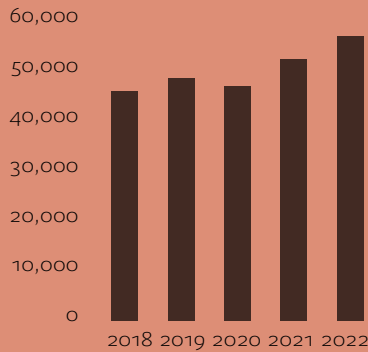
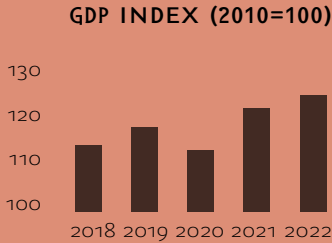


POPULATION ON 1 JANUARY 2023 (MILLION)

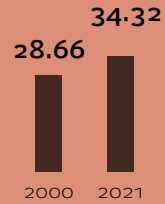
1.8

Percent of firms experiencing electrical outages	Number of electrical outages in a typical month	If there were outages, average duration of a typical electrical outage (hours)	Percent of firms owning or sharing a generator	If a generator is used, average proportion of electricity from a generator (%)	Days to obtain an electrical connection (upon application)	Percent of firms experiencing water insufficiencies*	Percent of firms identifying transportation as a major constraint
23.2	1.1	4.8	10.3	14.3	19.9	7.4	10.7

**GDP IN CURRENT PRICES
(MILLION €)**



**RENEWABLE ENERGY SHARE OF
ELECTRICITY GENERATION (%)**



**SOVEREIGN CREDIT
RATINGS**

Fitch
A

Moody's
A3

Standard & Poor's
AA-



SLOVENIA

Analysts at the Institute for Strategic Solutions predict that the overall investment environment assessment will retain its moderate stability from 2023. The primary risks with potential impact include floods, which present a serious challenge to the existing public debt and the critical reforms in health-care and the taxation system. While the political climate is somewhat stable, the absence of structural reforms despite a strong majority remains a key area of focus for the Institute's analysts.

**FOREIGN DIRECT INVESTMENTS
IN THE COUNTRY (US\$
MILLION) IN 2022**

26,309.91

**OWN DIRECT INVESTMENTS
ABROAD (US\$ MILLION) IN 2022**

13,926.16



**POPULATION ON
1 JANUARY 2023 (MILLION)**

1.8

**HAPPINESS SCORE BASED ON A
THREE-YEAR-AVERAGE
2020-2022**

22nd
place

Percent of firms experiencing electrical outages	Number of electrical outages in a typical month	If there were outages, average duration of a typical electrical outage (hours)	Percent of firms owning or sharing a generator	If a generator is used, average proportion of electricity from a generator (%)	Days to obtain an electrical connection (upon application)	Percent of firms experiencing water insufficiencies*	Percent of firms identifying transportation as a major constraint
23.7	0.3	1.7	16.7	1.9	56.9	1.1	9.3



**We build strong
connections**
Sustainable
and innovative

For more than 100 years, we have been a reliable partner for all master builders. Our cements, concretes and stone aggregates are also installed in the Črni Kal viaduct.

www.alpacem.si

Alpacem



INTERVIEW: TANJA FAJON, DEPUTY PRIME MINISTER AND
MINISTER OF FOREIGN AND EUROPEAN AFFAIRS OF THE
REPUBLIC OF SLOVENIA

SHAPING SLOVENIA'S GLOBAL IMPACT

In the realm of international diplomacy, Slovenia has faced a diverse range of challenges over the past year, from a spirited campaign for a temporary seat at the UN Security Council to addressing urgent crises such as the conflict in Ukraine and the humanitarian catastrophe in Gaza.

BARBARA MATIJAŠIČ AND JAN TOMŽE
PHOTOS: MINISTRY OF FOREIGN AND EUROPEAN
AFFAIRS OF THE REPUBLIC OF SLOVENIA

T



AT THE UN
SECURITY COUNCIL
BRIEFING on the
*situation in the
Middle East*

These formidable tasks have required not only meticulous preparation but also an unwavering commitment to principles of peace, security, and humanitarian response. We had the privilege of sitting down with Tanja Fajon, Slovenia's Deputy Prime Minister and Minister of Foreign and European Affairs, to discuss these issues and

explore the country's role in solving pressing global challenges.

What was the biggest foreign policy challenge Slovenia faced in the last year?

During the first half of the year, our primary focus was undoubtedly on our candidacy for the United Nations Security Council. We have put all our

efforts into this project, involving the entire Ministry of Foreign and European Affairs, our diplomatic consular network, and other top representatives of the state. We conducted meetings with a majority of UN member states and, given the truly impressive support we received during the voting, convinced them with our arguments.



THE MINISTER OF FOREIGN AND EUROPEAN AFFAIRS, TANJA FAJON, visited Israel on the day of the beginning of the four-day ceasefire in Gaza, where she met with the head of Israeli diplomacy, Eli Cohen

A big and important part of our foreign policy activities was, unsurprisingly, dealing with the Russian aggression in Ukraine and the war between Hamas and Israel. The latter has aggravated already extremely difficult situation in the Middle East region, provoking a humanitarian crisis in Gaza, which is unparalleled in recent decades. This crisis posed an additional challenge, requiring a rapid and effective humanitarian response, support for international efforts to protect civilians, calls for a ceasefire and an end to the conflict, as well as seeking longterm solutions. I am proud of our prompt response: we significantly increased our humanitarian assistance to Palestinians, we have been vocal in condemning breaches of international humanitarian law, and we are constantly calling for a humanitarian ceasefire. In other words, we acted in a humane and constructive manner.

What measures has Slovenia taken in response to those challenges?

When it comes to Ukraine, Slovenia has been continuously offering our political and diplomatic support within multilateral frameworks, as well as by providing bilateral assistance. This support included humanitarian demining, rehabilitation of war victims, psychosocial support for children and their families, and health care. In 2023, we allocated EUR 6.14 million for humanitarian aid to Ukraine, which is double the amount from the previous year. Slovenia is also part of the EU Military Assistance Mission in Support of Ukraine (EUMAM), contributing to the training of

Ukrainian soldiers. We also supported all EU sanction packages against the Russian Federation, while simultaneously highlighting the importance of preventing sanction evasion. Last, but not least, Prime Minister Mr Robert Golob, myself and Defence Minister Mr Marjan Šarec visited Ukraine and, on behalf of the Slovenian people, expressed strong support to the bravery of the Ukrainian people. I also welcome the recent decision by the European Council to start EU negotiations with Ukraine.

We have always put a lot of emphasis on accountability and, in this case, holding the aggressor country accountable for war crimes in Ukraine. We are actively engaged in a group of 32 intervening countries participating in proceedings before the International Court of Justice (ICJ) in The Hague in the Ukraine vs. Russia case for alleged violation of the Genocide Con-



vention. Slovenia is also involved in discussions within the so-called core group, working towards the establishment of a special court for acts of aggression. A remarkable diplomatic success for Slovenia is the adoption of the Ljubljana–The Hague Convention. This convention will significantly contribute to reducing impunity for perpetrators of genocide, crimes against humanity, and war crimes, including those related to the war in Ukraine. As a small country, Slovenia has always been very vocal when it comes to respecting the international law. For us, there is only one way to go: those who breach international law must be held accountable.

As for Gaza, looking ahead, one of the key challenges will be how to bridge disunity and ensure a decisive response to the catastrophic situation, as well as finding a lasting political solution to the conflict. Slovenia will take an active role within the group of newly elected nonpermanent member states at the UN Security Council, which, due to the disagreements within the Council, is becoming an ever more important group. In the UN, Slovenia has actively participated in discussions and cosponsored resolutions calling for a humanitarian ceasefire and the protection of civilians, while also condemning disproportionate violence and human rights violations. I also had an opportunity to speak at the UN Security Council and to reiterate our constant calls for a humanitarian ceasefire that would lead to a permanent ceasefire. We must give people in the Middle East

hope for peace. Palestinians deserve a state of their own and Israelis deserve security.

How do you assess Slovenia's contribution to solving global challenges such as the fight against climate change?

Climate change, water scarcity, and food security undeniably represent some of the greatest threats to international stability. Over the last year, we have significantly strengthened the environmental diplomacy segment at the ministry by establishing a dedicated sector for global challenges and appointing special envoys for

climate and water. Slovenia was also among the more prominent countries actively participating both at the UN Water Conference and the COP28. We are increasingly recognised as a reliable partner, especially in addressing the environmental crisis from a human rights perspective and social groups that are both most vulnerable and most effective in finding solutions: women, youth, and indigenous peoples. In 2022, Slovenia played a crucial role in the adoption of a UN

MINISTER TANJA FAJON
WITH MOUSSA FAKI MA-
HAMAT, *Chairperson of the*
African Union Commission





MINISTER TANJA FAJON IN PRETORIA with the Minister of International Relations and Co-operation of South Africa Grace Naledi Mandisa Pandor.

resolution recognising the right to a clean, healthy, and sustainable environment as a human right. I think we are very successful in 'exporting' our strengths globally, and maintaining a clean, healthy, and sustainable environment is certainly one of them.

Fight against climate change, as one of the most pressing global challenges, was also one of the most common topics in my discussions during the promotion of our candidacy for the

UN Security Council. Expectations from countries all over the world in this area are extremely high, so it will certainly be one of our top priorities during our membership. I believe we should talk more about a connection between environment, peace and security. Environmental crisis play a

significant role in fuelling tensions, while conflicts deepen and aggravate the environmental crisis. Slovenia's ability to bridge connections and its renom e in climate and waterrelated issues, position it well in the UN Security Council to make a significant contribution to strengthening the shared understanding of the links between the climate crisis, peace, and security.

How would you evaluate the progress in diplomatic relations with neighbouring countries in the Western Balkans region over the past year?

The Western Balkans region remains among the key priorities of Slovenian foreign policy. We strongly believe that the enlargement of the EU to the Western Balkans (and the East) is not only in the interest of the EU and new member states but also a geostrategic necessity. Slovenia is continuously advocating for this perspective both within the region and in Brussels. The Bled pledge made by the President of the European Council Charles Michel at last year's Bled Strategic Forum represents a significant milestone and it will clearly show whether the EU is capable of thinking and deciding in geostrategic terms. Slovenia will continue to work towards an EU that is ready to welcome new members by 2030 and that at least some, if not all, candidate countries will be ready to join. From today's perspective, this may seem an unrealistic scenario, but we should not forget that before 24 February 2021, Ukraine had no enlargement perspective at all.





ON THE SIDELINES OF THE 78TH UN GENERAL ASSEMBLY, Minister *Tanja Fajon* held a series of bilateral talks, including with President *Volodymyr Zelensky* of Ukraine | Author: Ministry of Foreign and European Affairs

As a vocal supporter of enlargement, Slovenia welcomes the recent decision by the European Council to open accession negotiations with Ukraine and Moldova and to grant candidate status to Georgia. The example of Ukraine shows what can be done, even in a short period of less than two years, if there is sufficient political will. We hope that the 20-year wait for the Western Balkans at the EU's door will end as soon as possible and this is something Slovenia will continue to work for. In this respect, the decision to open accession negotiations for Bosnia and Herzegovina as soon as it has met some of

the requirements for membership is a step in the right direction.

However, one thing must be clear, and Slovenia will insist on this: the rule of law is a prerequisite for effective integration. At a time of global geostrategic turmoil, the EU cannot afford to stray from fundamental norms and standards, be it internally or in the case of enlargement.

Where do you expect the most challenges in 2024 and how do you plan to further strengthen Slovenian foreign policy?

Slovenian foreign policy will only be successful if it has a professional, active and highly motivated diplomatic service capable of adequately communicating its positions to foreign partners and defending its interests in the wider international community. And it must also be able to attract young people and create favourable working and living conditions for the families of diplomats abroad. Throughout the process of seeking support for Slovenia's Security Council membership, we have shown that we have the knowledge and the potential, that Slovenian diplomats are capable not only of adapting to the changed circumstances in the international community, but also of convincing other countries of their vision of the development of global relations through the power of argument rather than the argument of power.

In 2024 and 2025 Slovenia will have an extraordinary opportunity to sit at the table with the biggest interna-



tional players in the Security Council, supreme body for ensuring primary responsibility for the maintenance of international peace and security. I see this as a great privilege, but also as a great responsibility. I believe that our global voice has strengthened during the past year, when we were increasingly present promoting our candidature, and it will further strengthen this and next year. The fact that 153 countries backed our candidature speaks for itself. At least 153 countries believe that Slovenia will contribute successfully and effectively to maintaining global peace and security. However, with membership come expectations. Expectations from those who have given us a voice, and also from those who have not. They all expect that we will be able to listen and be heard. I'm convinced Slovenia has what it takes to be working on what we promised: Building Trust, Securing Future. We should certainly use our tenure in the Security Council to actively participate in finding a longterm solution for a lasting peace in the Middle East.

Do you think there is any area where Slovenia can influence the global dialogue and problemsolving due to its knowledge, experience, or unique position?

If there is one thing I would have to pick, I would say water diplomacy is our added value. Slovenia has been actively involved in this area for several years with various initiatives. A particularly significant one was Slovenia's proposal, supported by as many as 150 countries, to appoint a United

Nations Special Envoy for Water in March 2023. Globally, the challenges are immense, with over two billion people struggling to access safe drinking water. Additionally, almost half of the world's population lacks proper sanitation facilities, and a staggering 80% of wastewater is released into nature without treatment. Alarmingly, water and sanitation infrastructure frequently become targets in armed conflicts, even though international law strictly prohibits the destruction of assets essential for civilian life. As a result, there's a compelling case for the UN Security Council to take an even more active role in safeguarding both civilians and critical water resources and infrastructure.

As a maritime nation and a country abundant in water resources, we are acutely aware of the role that water plays within our ecosystem and the critical importance of preserving its quality. We recognise that access to highquality water, and access to water in general, is by no means something to be taken for granted and represents one of the greatest challenges to the health and safety of both peo-

ple and animals, as well as endangering the survival of entire regions. Regrettably, this year Slovenia also bore witness to catastrophic floods that claimed lives and wrought extensive material damage. These unfortunate events have given us a bitter yet valuable lesson in water management.

Finally, Slovenia is building its reputation as a nation that engages in international affairs unburdened by bias, embracing a neutral stance that emphasises mediation, dialogue, and adherence to international law as its core principles. I believe that solidarity, democracy and the rule of law, which are also part of the European Union's DNA, should continue to be the guiding principles of both Slovenian and European politics.

MINISTER TANJA FAJON AND HER PORTUGUESE COLLEAGUE, FOREIGN MINISTER MR JOÃO GOMES CRAVINHO,
had a joint visit to Israel and Palestinian Authorities, during which they met with the Palestinian Foreign Minister Mr Riyad al-Maliki.



MAPPING THE PATH FOR EU EXPANSION IN THE BALKANS BY 2030

In the wake of the Bled Strategic Forum last August, an event that brings together key figures to discuss Europe's pressing issues, European Council President Charles Michel outlined the EU's ambitious plan to accept new members by 2030, signaling a notable shift in enlargement policy. The announcement clarified the EU's stance and highlighted the urgency of integrating the Western Balkans, traditionally seen as the EU's 'waiting room'.

ANDRAŽ TAVČAR

E

"Enlargement is no longer a dream," the European Council chief said at the Bled Strategic Forum in Slovenia. "I believe we must be ready — on both sides — by 2030 to enlarge."

The European Commission's subsequent enlargement package for the year, unveiled last November, acknowledged the geopolitical imperatives driving the need for new EU members. This was largely driv-

en by the war in Ukraine, escalating tensions in the Middle East, and the potential of a new conflict between Armenia and Azerbaijan over the Lachin corridor. In response, the EU is looking towards the Western Balkans to secure its periphery, an area where it still retains some operational leverage. That doesn't come without its own set of challenges, however. The EU is forced to contend with diminishing support in the region, largely attributed to the drawn-out accession process and prevailing economic malaise.

This places significant pressure on the EU to accelerate its ambitions. Efforts that began with initiating accession talks with Albania and North Macedonia, and granting candidate status to Bosnia and Herzegovina in 2022, have

now pivoted towards a concerted push to enlarge into the region by 2030.

A COMPLEX DIPLOMATIC CHALLENGE

Over the past twenty years, the protracted Kosovo-Serbia conflict has seen numerous attempts at resolution. Following Kosovo's 2008 declaration of independence and Serbia's subsequent non-recognition, the European Union assumed a mediatory role in 2010, leveraging potential membership as a key incentive for reconciliation. The Brussels Agreement, a landmark deal brokered by the EU in 2013, marked a major step forward. It aimed to improve relations between Serbia and Kosovo, focusing on governance and cooperation issues.





Copyright: European Union, Photo: Dario Pignatelli

CHARLES MICHEL
PRESIDENT OF THE
EUROPEAN COUNCIL *at*
Bled Strategic Forum 2023

However, according to Michael Emerson, a senior research fellow at the Centre for European Policy Studies (CEPS) specialising in EU enlargement, both countries currently stand at a crossroads. “Serbia and Kosovo rule themselves out for any realistic prospects of accession until and unless they have peacefully normalised their relations,” he states. “The Franco-German paper earlier last year for reconciling

the two was a promising opening, and should still have a future, even though the two parties have descended to more hostile relations for the time being.”

EXTERNAL INFLUENCES

The Franco-German proposal aims to facilitate the normalisation of relations between Belgrade and Priština, particularly in response to the destabilising effects of Russia’s invasion of Ukraine in the Western Balkan region. However, the progress of these diplomatic efforts suffered a setback after a serious incident last September. Gunmen opened fire on Kosovo police, allegedly involving Milan Radoičić, the

former vice-president of the Serbian List party, leading to a temporary halt in negotiations.

This is further compounded by what Dr. Ana Bojinović Fenko, Chair of International Relations at the Faculty of Social Sciences, University of Ljubljana, also sees as a discernible lack of commitment from the political leadership of both countries to pursue normalisation. “On the contrary, political elites in both states are actively exacerbating tensions, shaping national identities in a manner that is not only exclusionary but, in some instances, overtly antagonistic towards each other.”



Dr. Bojinović Fenko points out that, considering the relatively underdeveloped state of civil society in both Serbia and Kosovo, the responsibility largely rests with external actors — namely Germany and France — to play a more influential role in bringing the interests of these two states closer together. Despite the positive intentions underlying the efforts to initiate dialogue, she warns that the impact of such initiatives is limited if they are merely bilateral in nature. Advocating for a broader approach, she suggests that “cooperation between these countries must be fostered through the lens of wider European initiatives, engaging various sectors, including civil service, civil society, and economic stakeholders.”

In her view, this is the only way the European Union can reasonably anticipate a transformation in the internal political climate of Serbia and Kosovo in the coming seven to ten years. She argues that a fundamental shift in mindset is required: moving away from entrenched hostilities to fostering relations akin to those of amicable neighbours.

“Through this, civil society has the opportunity to fortify its position relative to the political elite to the degree that it could challenge the prevailing ethno-political narrative that defines their current national identity”, she argues. “This would pave the way for the election of a political class that fosters peaceful coexistence and constructive cooperation within the framework of European integration,

not only with the broader European community but particularly with neighbouring nations.”

BOSNIA AND HERZEGOVINA'S UNIQUE CASE

When it comes to Bosnia and Herzegovina, Emerson described it as “still in a state of dysfunctionality.” The country that formed after the signing of the Dayton Accords in 1995 has grown increasingly so, both due to its elaborate and overburdened bureaucracy and the uneven balance between the Federation and Republika Srpska and its secessionist aspirations. “Dodik’s Republika Srpska is a polity that has all that the EU would not want to import into its midst,” notes Emerson.

Republika Srpska’s refusal to align with EU sanctions against Russia and Belarus, and the conferment of the order of Republika Srpska to Russian President Putin in January 2023 add to the difficulty of absorbing an entity whose relations with Russia are in flagrant opposition to the EU’s foreign policy.

PROSPECTS FOR OTHER COUNTRIES

“This leaves Montenegro, North Macedonia and Albania as more straightforward cases”, Emerson suggests. “For them reforms of the enlargement methodology are crucial to dynamize the process of opening and closing chapters and assuring the requisite reforms. The least that could be done would be to switch Council decision making on chapters and clus-

ters a matter for qualified majority voting, for which there is widespread support.”

The aim of this reform is clear: it seeks to reduce the number of states that can veto proposals. However, its implementation is challenging - achieving unanimity is a difficult task with the EU’s current 27 member states.

“The enlargement package is silent on this issue but does innovate with its interesting proposal of a ‘Growth Plan’, which would offer additional funding conditional on selected steps to align on important elements of the single market and the digital sector,” Emerson notes. This plan, encompassing a six-billion-euro Reform and Growth Facility for the Western Balkans (2024-27), aims to provide pre-accession benefits, foster economic growth and socio-economic convergence, with payments conditional on the fulfilment of agreed upon reforms.

BALANCING ENLARGEMENT AND INTERNAL REFORM

The Western Balkan states, as candidates for EU membership, have consistently faced considerable skepticism from some EU members, particularly regarding the inclusion of smaller and politically less stable countries. Prior to the Russian invasion of Ukraine, this cautious stance was notably echoed by French President Emmanuel Macron. He repeatedly emphasized the necessity of internal EU reform as a prerequisite for considering further enlargement.



Dr. Bojinović Fenko observes the two need not be mutually exclusive. “France has historically viewed these as separate processes, fostering a belief that one must either focus solely on enlargement or on deepening the EU’s integration.” She goes on to explain that, in the past, France has “prioritised the latter, as it allowed it and like-minded member states to project substantial influence within the EU, aligning the Union’s global stance with its national interests.” However, the addition of new member states introduces a greater degree of complexity in this equation, increasingly casting France in the role of gatekeeping enlargement.

As much as the Western Balkans aspire towards it, the ability of the EU to reach the 2030 enlargement date ultimately presents a litmus test for the bloc as a whole and would demonstrate that Western policies are effective

“The legitimacy of France’s interests within the EU should be recognised,” she adds, “given that since the founding of the EU, Germany has experienced a population increase, leading to increased voting power in the EU Council and a greater number of allegiances with like-minded

member states.” Additionally, the prospective enlargement into the Western Balkans is likely to further tilt the balance in Germany’s favor, therefore “France is determined on establishing institutional arrangements that would safeguard its influence in the Union.”

Despite these challenges, there have been efforts to agree on a path of mutual progress. Emerson references a

report released last year by a Franco-German working group, titled ‘Sailing on High Seas – Reforming and Enlarging the EU for the 21st Century’ which addresses the critical question of EU reform. “The proposed deepening would involve reducing veto powers in favor of qualified majority voting, potentially implemented during the transition period of Staged Accession.” Yet, Emerson concedes that unanimity on this remains elusive.





A shift towards qualified majority voting is likely to unfold incrementally, starting with certain foreign policy decisions before expanding to other areas. In the interim, the EU might continue to allow certain exemptions for member states where unanimity is required. To make qualified majority voting more acceptable to member states, the Franco-German report proposes a “sovereignty safety net” to give countries a backstop on is-



issues where a vital national interest is at stake, as well as giving more voting weight to smaller countries in the Council.

Absent substantial reforms within the European Union and the Western Balkan countries, President Michel’s hopeful outlook could, echoing Emerson, be deemed merely “superficial.” Achieving the ambitious objective of integrating the Western Balkan states into the EU by 2030 seems improbable without significant systemic transformations on both sides.

THE ROAD AHEAD

Dr. Bojinović Fenko offers an alternative perspective. She notes the EU has historically demonstrated its ability to integrate a large number of new members prior to undertaking institutional reforms, evidenced by the end of the Cold War and the resulting emergence of new nations in Europe. “The initial accession processes began in the early 1990s. However, the necessary institutional adjustments to accommodate an enlarged EU framework were only formalised with the ratification of the Treaty of Nice in 2003, a point at which the accession negotiations with all ten Central and Eastern European countries had already concluded.”

Reflecting on the two decades since the promise of EU membership was first made to the Western Balkans, Dr. Bojinović Fenko says “it’s high time for the European Union to move be-

yond the binary choice of whether to enlarge or deepen. Instead, it should concentrate its efforts vigorously on enlargement, while, at the same time, strategise and implement essential reforms to its internal institutional framework.”

The European Union has charted a course towards expansion, yet the details of how to get there remain elusive. Current discussions about enlargement are as positive as they’ve ever been, with no shortage of enthusiasm among EU policymakers.

The European Union has charted a course towards expansion, yet the details of how to get there remain elusive. Current discussions about enlargement are as positive as they’ve ever been, with no shortage of enthusiasm among EU policymakers. But, as much as the Western Balkans aspire towards it, the ability of the EU to reach the 2030 enlargement date ultimately presents a litmus test for the bloc as a whole and would demonstrate that Western policies are effective. With the pole of the world order shifting towards Asia, the EU is entering an era of giants, and it will have to prove whether it can adapt and stand as tall as the rest of them.



A VIEW FROM THE BALKAN YOUTH: SHOULD WESTERN BALKAN COUNTRIES JOIN THE EU?

PREPARED BY TIBOR REMŠKAR

“Joining the EU would in my opinion be beneficial for the citizens. But on the other hand, they might not be able to withstand so much change in a short amount of time. Becoming a European Union member brings a lot of benefits, but I don’t think Serbia is ready for it or willing to change too much.”

Ivana Blažin, 22, 3rd year student of engineering management from Serbia

“In my opinion, Albania needs a push to show more of itself; we are often judged, but people do not know us. We want to put forward how beautiful our country is. We all have different types of tourism, but apart from that, we have so much more to offer. Joining the EU could help us embrace all of that, all our differences and those things that make us unique. It would be a great push and a great mo-

ivation for young people to work on improving our country even more.”

Natali Buli, 18-year-old high school student from Albania

“I believe there are upsides and downsides to this. Personally, I am more in favour of Bosnia and Herzegovina joining the EU, as I believe it will open more doors for young people here and potentially finally slow down the constant rise in brain drain. This could essentially strengthen our bonds with the rest of Europe and increase our living standard.”

Ilma Šahinović, 25, first year student of Masters of International Relation, from Bosnia and Herzegovina

“For EU to expand, reforms and new legislations need to be introduced within the existing institutional frameworks. One example is the veto

rule, that should be changed when EU is preparing for expansion. The past few years, we have seen many examples of countries backing each other up, with some countries even in cases of human rights violations.

Changes also need to happen in prospective Member States, as they did in Slovenia, before we joined the EU. This is where we, Slovenia, and the EU can support them. Financing stronger democracies, independent judiciary etc. Only then, when both the EU and prospective Member States introduce the needed reforms, could we step into this newly formed relationship in a way that is truly beneficial for all. Which it should be. For Slovenia, joining the EU was very beneficial so there is no doubt that the same could happen for the other countries of the Western Balkans. *Matic Hrabar, 19-year-old student of biotechnology from Slovenia*

telemach



GET THE MOST SPORT WITH EON

Always in the game

telemach.si

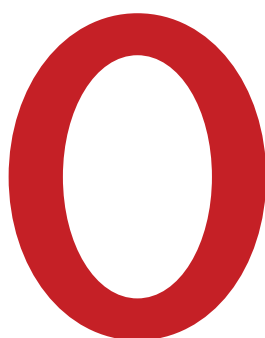
The claim "The most sports" is justified with the fact that users of the Telemach EON platform have access to the most sports programs on market and thus also the highest minutes of sports content.

DIPLOMATIC STRATEGY AND ECONOMIC FOCUS

In the realm of diplomatic strategy, Slovenia places economic interests at the forefront of its foreign policy agenda. At the Directorate for Economic and Public Diplomacy, we protect and promote the interests of the Slovenian economy and individual companies on the global stage.



12TH ECONOMIC DIPLOMACY DAY,
*held as part of the traditional 55th
International Trade Fair in Celje*



Our initiatives were showcased at the 12th Economic Diplomacy Day, held as part of the traditional 55th International Trade Fair in Celje. This year's discussions featured panellists presenting groundbreaking solutions from Slo-

**SLOBODAN ŽEŠUM, DIRECTOR
GENERAL, DIRECTORATE
FOR ECONOMIC AND PUBLIC
DIPLOMACY AT THE MINISTRY
OF FOREIGN AFFAIRS OF THE
REPUBLIC OF SLOVENIA**

venian companies that predict natural disasters and prevent the negative consequences of climate change. Foreign minister Tanja Fajon emphasised the further strengthening of the diplomatic and consular network, aligning with the expressed interests of the Slovenian economy and the potential that will

arise with Slovenia's impending membership in the UN Security Council over the next two years

STRATEGIC ECONOMIC PRESENCE IN KEY REGIONS

Special attention is devoted to the regions and business sectors where the Slovenian economy has the most interests and where the trade exchange is the highest. This primarily means efforts to support the existing positions of Slovenian companies in the EU market and supply value chains, coupled with initiatives to support their presence in the Western Bal-



JOINT COMMISSION WITH VIETNAM, chaired by Minister Fajon

kans, especially given the high level of Slovenian FDI in this region. Where business is interested, the Directorate aims to organise business delegations to accompany high-level political visits. Recently, business delegations accompanied Minister Fajon on her visits to Vietnam, South Korea, Kyrgyzstan and Uzbekistan.

COLLABORATIVE INTERNATIONAL INITIATIVES

In cooperation with the network of Slovenian representative offices

abroad and other governmental and non-governmental institutions responsible for the internationalisation of the Slovenian economy, the Directorate for Economic and Public Diplomacy carries out various tasks. We also organise joint commissions for economic cooperation, the latest of which was a joint commission with Vietnam, chaired by Minister Fajon, and the 14th session of the Slovenian-Chinese Joint Commission for Economic Cooperation.

THE THIRD CONSULTATION OF honorary consuls of Republic of Slovenia in September

GLOBAL ECONOMIC REPRESENTATION

Slovenia has a global network of honorary consuls whose main task is to represent the country's economic interests, thus complementing the work of 19 professional economic counsellors at Slovenian embassies abroad. Their main tasks include organising outgoing business delegations, promoting Slovenia as a country open to foreign direct investment and assisting Slovenian companies in entering or expanding their activities in foreign markets. The third consultation of honorary consuls of Republic of Slovenia held this year from 27 to 29 September was attended by 77 honorary consuls from around the world.

CULTURAL DIPLOMACY

The Directorate also includes the Department for Public Diplomacy and International Cooperation in Culture. This year, the focus was on the Frankfurt Book Fair, where Slovenia was the guest of honour and was presented as a modern, culturally developed, politically dynamic and tourist-friendly country with a rich literary culture. Among many activities, we also organise business to diplomacy events. Most recently, last October in Piran, we presented Slovenia as an attractive destination





“SCIENCE AND INNOVATION, SLOVENIA AND ITALY” at the headquarters of the Italian Research Council in Rome

for the film industry to the diplomatic corps. In another October highlight, we solidified bilateral collaboration with Austria, signing the work programme in the field of culture, education and science for the period 2023–2027.

NURTURING SCIENCE DIPLOMACY

The Directorate also places great importance to science diplomacy, forging connections between research institutes and innovative, higher value-add-

ed companies. This involves close collaboration with Strategic Research and Innovation Partnerships (SRIP). One of such recent science events was on the 5th December - “Science and Innovation, Slovenia and Italy” at the headquarters of the Italian Research Council in Rome. It was held on the sidelines of the visit of the Minister of Higher Education, Science and Innovation of the Republic of Slovenia, Dr Igor Papič, to

Rome. Slovenian and Italian ministers responsible for science signed a memorandum on cooperation in the field of research and innovation to upgrade the existing agreement on scientific cooperation. Jožef Stefan Institute and Italian National Research Council signed and presented five selected common projects.

Photos: Ministry of Foreign and European Affairs of the Republic of Slovenia

SIGNING THE WORK PROGRAMME with Austria in the field of culture, education and science for the period 2023–20

FRANKFURT BOOK FAIR



Stories
The Adriatic Waves podcast
The Adriatic Newsletter
Magazine



**SET SAIL WITH
THE ADRIATIC**

www.theadriatic.si



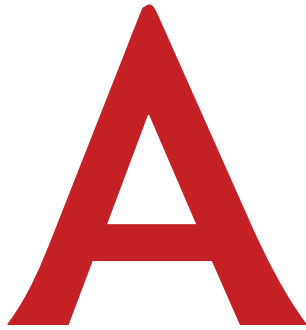
info@isr.si

B

ANDREJ LAŠIČ, MEMBER OF THE MANAGEMENT BOARD OF NLB,
RESPONSIBLE FOR CORPORATE AND INVESTMENT BANKING

OUR REGION
NEEDS TO
LOOK FOR
CONNECTING
POINTS, AS ITS
ECONOMIES
ARE HIGHLY
COMPLEMENTARY

Photo: Matic Zorman



As a corporate banker, how would you assess year 2023 in the Adriatic region in terms of economic and business developments?

Looking back at the end of 2022, when there was still a lot of pessimism, I think that in economic terms, despite all the challenges and turbulence, we can be satisfied. The current forecasts for economic growth in our region are much higher than, for example, the euro area average. While the average real GDP growth in the euro area in 2023 will be, according to some estimates, only 0.4%, the region will grow much faster, with Slovenia at 1.3%, North Macedonia at 2% and Montenegro at 4%, for example. We can see the gap with the most developed countries is narrowing, but sustaining this trajectory hinges on political stability. Decision-makers should strive to unite on the most important issues. I am an optimist and believe that this is possible, even when agreements in the region may seem hard to reach. There is no alternative to dialogue, to finding solutions together and to working together.

I see key risk for the region arising from extremely unfavourable demographic trends, primarily due to emi-

It is the responsibility of European and regional leaders to ensure stability and the fastest possible integration of the entire Adriatic region into the European Union, says Andrej Lasič, Member of the Management Board of NLB, who is responsible for Corporate and Investment Banking. We caught up with him to discuss the latest economic developments in the region, the opportunities and challenges facing the countries. Sharing valuable insights from the perspective of a corporate banker in the region's largest financial institution, he shed some light on what 2024 may have in store for the region's economy and people.

JAN TOMČE

gration. It is mostly the young and educated individuals who are leaving, namely, the talents that are the driving force behind the social and economic progress of any country.

What are the main challenges facing the region at the moment and is there room for optimism?

The region as a whole needs to maintain political stability, and there must be an agreement among the decision-

makers to move towards the European Union as quickly as possible. If the Adriatic region manages to maintain a constant course of development, it can emerge as a relative winner amid this challenging period. Despite the challenges, I am optimistic for several reasons.

The countries in the region have relatively low debt compared to the euro area. With the exception of Slovenia and Montenegro, their public debt is around 50% of GDP, and it is even lower in Kosovo and Bosnia and Herzegovina, while the euro area's average public debt exceeds 90% of GDP. Moreover, the Adriatic region is extremely resilient and accustomed to living with inflation.

The third and crucial reason is the nearshoring trend in the German-Italian-Swiss economic basin. Amid a number of geopolitical uncertainties and logistical challenges stemming from the war in Ukraine, conflict in the Middle East, and the disruption caused by the coronavirus pandemic, the European economies are adjusting their supply chains. This is a tremendous opportunity for the whole Adriatic region, and especially for Slovenia, which is a key economic partner of the Central European economy and can play an important role as a link to the markets in our region.

So where should Slovenia as a country and Slovenian companies look for opportunities in the region?

I think there is still a lot of untapped



potential in the region. We know well both the region and the West, so Slovenia could be a hub and a bridgehead connecting the region with Central and Western Europe.

Unfortunately, at the moment, the Adriatic region seems to have slipped from the West's spotlight. This is partly because it is fragmented and does not have a unified and common voice in dealings with Brussels, and partly because new crises are constantly emerging in the EU' neighbourhood. If the region was better integrated and spoke with a unified voice in its interactions with the EU, I am convinced it would have greater negotiating power. In such a case, Europe would recognise it as an integrated economic area that together represents a market of 20 million people and, at the same time, a significant productive power. Better cooperation is in the interest of both the the EU and the Adriatic region.

The EU should draw up a certain type of 'Marshall Plan' for the entire region.

As I said, Central European economy can leverage significant productive strength in this area. Simultaneously, the region can develop more rapidly with the support of foreign direct investments. I also see a particularly great opportunity in EU infrastructure investments in the region in various sectors, including energy, roads, and railways to utilities infrastructure.

Such investments would not only improve the environmental cleanliness but also, last but not least, improve the quality of life for the people.

We should not forget that some of the major cities in the region are amongst the most polluted in Europe. This type of environmental and infrastructure investment requires substantial financial resources, that these countries cannot amass in a short period. Therefore, it is Europe that should be providing these investments.

What kind of measures do you see as the solution to the situation described?

In my view, the EU should draw up a certain type of 'Marshall Plan' for the entire region. The plan would focus on critical infrastructure investments, primarily in energy, transport, utilities infrastructure as well as education, thus fostering better economic and living conditions. The aim of such a plan should be to create conditions where people can fully develop their potential within their home region. If we want long-term stability and development, this is the only sensible plan. It is the task of European and, in particular, regional leaders to ensure stability and a closer relationship with Europe. If the best and most prolific talents leave, the whole region loses out. Without young people, there can be neither development nor prospects.

Can we touch a bit on the issue of sustainability?

NLB is one of the pioneers of sustainability in our region, having dedicated

a lot of attention to this area for many years. However, I don't want to focus solely on the environmental aspects, which are, of course, extremely important – especially given the less-than-enviable air quality in some regional cities. The social and governance aspects, namely the S and G components of the ESG concept, are equally important. As I said earlier, the region is facing considerable demographic challenges, and the EU needs to take more decisive action. This involves not only substantial investments to improve the environment but also playing a role in creating social conditions that would ensure better prosperity for the people in the region.

And what can the countries in the region do about this?

It is up to countries to focus on their individual comparative advantages. Tourism is Croatia's primary sector, while Montenegro focuses on energy and transport, as well as tourism. Serbia is successfully working to become a regional technology hub, a success attributed to consistent investments in education and an enticing tax environment for tech companies.

I believe that the region has more common ground and more cohesion than competition. There are great synergies in the different focuses of the countries. Let's look at these regional economic complementarities: Croatia and Montenegro generate almost 40% of their GDP from tourism and related activities alone, Slovenia has less tourism but is highly industrialised, Serbia is one of the breadbaskets of Europe,



Photo: Matjaž Zornan

ANDREJ LAŠIČ

Andrej Lasič is a member of NLB's six-member Management Board, responsible for Corporate and Investment Banking. He started his career at NLB ten years ago. Prior to joining the Management Board, he was Assistant to the Management Board and, before that, Executive Director of the Key Clients Division.

achieving between 10% and 15% of its GDP from the agri-food sector, Bosnia and Herzegovina can lean on its energy potential, and North Macedonia also has great potential in the food industry, tourism and energy. These divergent focuses create opportunities for synergies and collaboration. For example, Slovenia and Croatia can connect through energy, as Croatia is also investing heavily in the green transition, and there is also huge potential for collaboration in nuclear energy and the gas terminal in Krk.

At the moment, only Slovenia and Croatia have their own development

banks, so there is great regional potential to establish similar institutions that would support the development and implementation of infrastructure projects and coordinate joint projects amongst the countries.

What is the outlook for future investments in the region?

The region has witnessed a significant amount of infrastructure investments in recent years, with even more anticipated in the coming years, especially in the area of green transition. We estimate that the region will see over EUR 5 billion of green investments annually in the coming years, with the largest share mainly going to renewable energy, followed by energy rehabilitation, public utilities and green transport. I would point out that there is a lack of a common vision for the development of rail and road infrastructure across the entire region – an opportunity to unify the countries' policies.

I would also like to spotlight Bosnia and Herzegovina and North Macedonia, where the combination of a favourable labour force, lower production costs and stimulating tax legislation positions them for higher investments from regional companies in the future.

What do you expect in 2024?

I expect a dynamic situation in Europe, mainly due to ongoing geostrategic shifts and conflicts in both Europe and the Middle East. Although we expect inflation to be moderate, it will continue to erode purchasing power, resulting in subdued economic growth. While we don't anticipate major shocks, we cannot expect the kind of boom we have seen over the last decade. At the same time, we should not forget that we are in a period of high interest rates, which, together with all the above, is having an impact on economic sentiment and slowing down growth, as most entrepreneurs are



diverting their investments towards a future marked by greater stability.

So, having said all that, what kind of year do you expect for the region?

Indebtedness in the regional economy is low compared to the European average. While the European economy grapples with an average indebtedness of around 35%, the levels are much lower across our entire region. This means the impact of higher interest rates will be comparatively milder on the economy in the Adriatic region, given that the share of loans is lower. We cannot, however, rule out some challenges, especially in economic segments with low added value and in energy intensive industries. In such cases it is vital that the banking system in the region is robust. NLB, in particular, is extremely liquid, capital strong, and resilient, so we will be able to help the economy should it be needed.

Leaders have a responsibility to ensure regional stability and rapprochement with Europe.

Given the low level of indebtedness and certain pockets of development in parts of the region presents an opportunity for the Adriatic to become a relative winner in the period ahead. The region can grow faster, bringing it closer to the EU's level of development more quickly through vibrant tourism and through construction, infrastructure projects, and industrial production.

What are you bankers noticing in lending lately? What insight into the economic picture do credit analysis give you?

At the moment, large infrastructure projects that were initiated during the economic upswing are still in progress, with companies taking out loans to complete these projects. There is no doubt that the downturn in economic activity is already evident in some places, as reflected in a slightly lower credit demand. Heightened uncertainty, inflation, diminishing purchasing power, and rising interest rates are compelling businesses to postpone their investments. For individuals, the increase in interest rates is having an impact on property purchases, leading to a decline in home loan applications. On the other hand, consumer credit is on the rise.

What will happen to inflation in 2024?

The inflation is gradually easing, though at a slower pace in the region than in Europe, but it is moving in the same direction. We can see this in the prices of input materials, raw materials, and energy. As inflation approaches the 2% target level, central banks will start to ease their tight monetary policies, leading to a reduction in interest rates. Consequently, we expect more economic activity in 2025 and 2026, and thus more investments in development.

What would be your advice to businesses for 2024?

My advice remains similar to the last few years. Prioritising working capital,

staff and customers remains essential. Companies are likely to temporarily postpone some strategic investments. It is worth noting that the employment rate in Slovenia is at a record high, posing challenges for companies seeking major investments, as it is currently really hard to get qualified staff. However, this is not just an issue in Slovenia, but the whole region.

We estimate that the region will see over EUR 5 billion of green investments annually in the coming years.

I would like to emphasise that the current level of development, liquidity and the savings rate is at an all-time high. Companies with good projects have access to funding from both banks and other financial sources.

What should be the role of the government?

The government must ensure a stable, predictable and competitive environment in which the economy can operate and develop smoothly. Transport and energy infrastructure, education, and healthcare are the fundamental services that enable us to live comfortably. It is important that the Government understands its role. It should be a facilitator, who has to ensure that the right conditions are in place for the economy to operate in a predictable way.

The fact is that smaller countries are more expensive for their citizens



Photo: Matic Zornen

ABOUT NLB

With nearly three million customers, NLB Group is a leading banking and financial services group with headquarters and exclusive strategic interest in South-Eastern Europe. In addition to Slovenia, it is present in five regional markets: Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia and Kosovo. NLB is listed on the Ljubljana Stock Exchange and the London Stock Exchange. It has received a sustainability rating from Sustainalytics, one of the world's leading independent ESG research, rating and data companies, for its operations and business processes.

than bigger ones due to economies of scale. However, smaller countries must not be centralised either. By creating regions at least as large as Ljubljana, we can ensure the economic self-sufficiency of these regions. In this respect, Slovenia is in a better position than some other countries in the region, where al-

most half of the total population lives in the capital cities. In many cases, this also results in a development gap between the capital and the rest of the country.

What are NLB's development plans for the coming period?

NLB is in the midst of preparing a

new medium-term business strategy that will define our next strategic directions. As we have consistently emphasised, we want to complete our regional presence by entering the Croatian market, and potentially Albania. Despite our expansion ambitions, NLB is a highly liquid and capital-intensive financial institution, and we will, of course, continue to provide steadfast support to our customers. We are a financial institution with its heart and head in our home region, and it is our sincere wish for the entire region to collectively make a significant progress in development.

A COMPARATIVE ANALYSIS OF FDI, REGULATIONS, AND GROWTH IN WESTERN BALKANS

In an ever-shifting global landscape, the past two years have witnessed significant changes in geopolitics. For nearly 30 years, we were more or less comfortably cocooned in a facade of stability. However, today, we stand on the precipice of a multipolar world where major economies assert their dominance, carving out an economic landscape. New rules are being written, leaving smaller nations struggling for influence.

R

Recent public addresses by Mojmir Mrak, PhD, a professor at the Faculty of Economics in Ljubljana, have pointed to this remarkable transformation. Today is very different from just two years ago when geopolitical discussions were a rarity, while five years



BARBARA MATIJAŠIČ

ago politics and economics inhabited almost separate domains. In times gone by, global corporations acted almost as acrobats, leaping across the globe to shave off marginal production costs. But now, enterprises have morphed into detectives, carefully analysing their supply chain geography with an unwavering focus on stability.

Now, let's shift our focus to the Western Balkans, a region that may not have fully realized its economic potential on the global stage. In this article, we'll dissect some of the key economic indicators in the Western Balkans—Foreign Direct Investment



(FDI), regulatory stability, unemployment rates, and output per worker—to assess its competitive standing on the global stage. Past data and fluctuations will provide valuable insights as we consider future challenges.

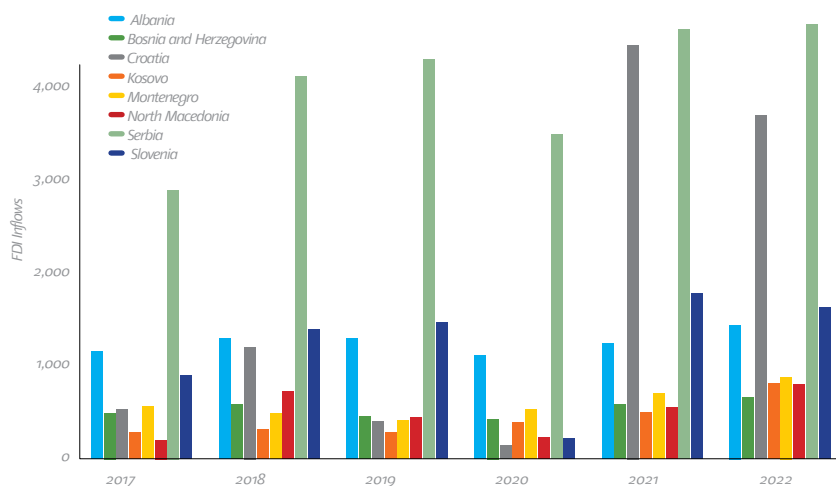
FDI: A MIXED BAG

FDI serves as a barometer of a region's attractiveness to international investors. In the Western Balkans, FDI has been quite inconsistent. Some countries, such as Serbia, Slovenia and Croatia, have made steady progress, attracting significant investments in sectors like manufacturing, finance and insurance, as well as real estate activities. Albania has also seen an increase in FDI inflows.

Serbia leads the way in terms of FDI inflows but, interestingly, in 2022, the EU's contribution in FDI has been declining. Investments from China accounted for EUR 1.4 billion in 2022, making it the largest single-country source by far, putting it only marginally behind the EU overall contribution. Slovenia's inward FDI stock in 2022 was USD 21.103 billion, accounting for 33.9% of its GDP. When looking at the ultimate investing countries in Slovenia, the primary sources of FDI are from Austria, the US, Germany, Italy, and Japan. FDI distribution is concentrated in central Slovenia, particularly in Ljubljana. Manufacturing attracts the largest share at 33%, followed by financial services and insurance at 21%, and wholesale and retail trade at 19%.

Historically, Croatia has seen significant investments from Austria, the Neth-

FDI INFLOWS, BY COUNTRY, 2017-2022 (MILLIONS OF USD)



erlands, Germany, Hungary, and Luxembourg, as reported by the Croatian National Bank. The primary focus of investments has been the services sector, with some isolated instances of investments in the manufacturing sector.

By the end of 2022, Albania had attracted USD 11.4 billion in FDI, about 60% of its GDP. The Netherlands was the top investor at 16%, followed by Italy at 10%, Germany at 6.6%, Austria at 6%, and Kosovo at 4.6%. Real Estate activities led with 21.2%, followed by the extractive industry at 19.5%, electricity, gas, and water supply at 12.7%, financial and insurance activities at 11.5%, and the processing industry at 10.6%.

STRIVING FOR IMPROVEMENT

A robust regulatory framework is essential to attract and retain investors. Western Balkan nations have made commendable efforts in this regard, focusing on streamlining bureaucracy and improving transparency. Serbia, for instance, has made progress align-

ing its legal framework with EU law, thereby improving its legal environment. However, transparency issues persist in the development and adoption of regulations. For example, the country proposed and adopted legislation which is listed on the National Assembly's website. International Financial Reporting Standards (IFRS) are mandatory for publicly listed companies, financial institutions, and large entities, including foreign companies trading on public markets. Since January 1, 2021, companies with over 500 employees must publish non-financial reports under the new Law on Accounting. While there are no informal regulatory processes, the 2018 Law on Ultimate Beneficial Owners Central Registry established a public database for company ownership information. But despite Serbia having 37 inspectorates across 12 ministries, coordination among them remains poor.

Alongside Serbia, most of the other countries in the region have an un-



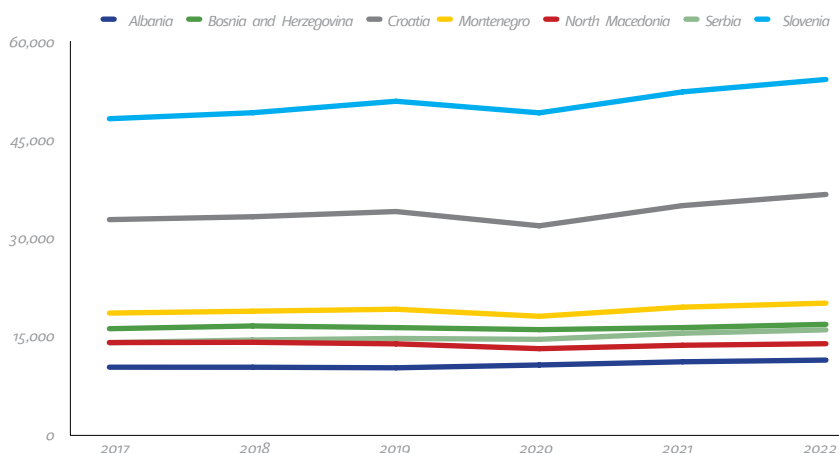
predictable legal environment as well as complex tax systems, both of which require further reform to increase competitiveness.

A LINGERING CHALLENGE

High unemployment rates remain a concern in the Western Balkans, with youth unemployment particularly pressing. Data for 2023 shows that Montenegro, North Macedonia, and Bosnia and Herzegovina have some of the highest youth unemployment rates in Europe. Montenegro needs to address the prevalent issue of the informal economy, estimated to constitute nearly 30% of Montenegro's GDP. Many workers officially earn only the minimum wage or are unemployed, supplemented by undisclosed cash payments to evade taxation. To combat youth unemployment, the country is prioritizing efforts to enhance practical job skills, including English language proficiency and digital literacy. However, university students in the country often lack opportunities for practical work experience during their studies. Curiously, many young adults in Montenegro tend to favour public sector employment over positions in private companies, even when the latter offer higher salaries. Similarly, in North Macedonia and Bosnia and Herzegovina, the labour market is hijacked by the large size of the informal economy, slow progress in streamlining parafiscal charges, and an untransparent and inefficient state aid regime.

Efforts to address these challenges include education reforms and programs to boost entrepreneurship.

OUTPUT PER WORKER (GDP 2015 CONSTANT USD)



However, regional leaders need to intensify their focus on job creation, especially in sectors with the potential to absorb a large labour force.

INCREASING PRODUCTIVITY

Output per worker, often seen as a measure of productivity, is a vital factor in assessing competitiveness of a country. The region has room for improvement in this area, as lack of innovation, outdated technology, and skills gaps are hampering productivity growth.

Investments in education and workforce development are key to enhancing output per worker and encouraging collaboration between the private sector and educational institutions can help bridge the skills gap and foster innovation.

The Western Balkans, with its mix of challenges and opportunities, is on a promising trajectory towards greater regional competitiveness. However,

addressing issues like the relative dependence on FDI inflows, unemployment, and strengthening the region's worth will be crucial in unlocking the region's full economic potential.

During her visit to the Western Balkans in autumn last year, European Commission President Ursula von der Leyen delivered positive news regarding the EU's Growth Plan for the region. The EU has allocated EUR 6 billion to support the integration of Albania, Bosnia-Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia into the single market and to enhance regional integration. Consequently, regional governments, in collaboration with international partners, must remain committed to implementing reforms and cultivating a business-friendly environment.

Data analysis by Andraž Tavčar

- [1 https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-05/Montenegro%20ERP%202022-2024.pdf](https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-05/Montenegro%20ERP%202022-2024.pdf)
- [2 https://ec.europa.eu/commission/presscorner/detail/en/QANDA_23_5627](https://ec.europa.eu/commission/presscorner/detail/en/QANDA_23_5627)
- [3 https://www.emerald.com/insight/content/doi/10.1108/OXAN-DB282930/full/html](https://www.emerald.com/insight/content/doi/10.1108/OXAN-DB282930/full/html)

About the NLB Group



The leading banking and financial group with its headquarters and exclusive strategic interest in our home region of Southeast Europe.

The NLB Group consists of seven banks and several trading companies providing support services to our clients in processes of **retail, corporate and investment banking**.

The NLB Group is a **systemically significant banking institution in Southeast Europe** with a market share of more than **10%** on each of the markets where it operates, which puts us in the **most favourable position for growth**.

NLB is a public trading company. Its shares are listed on the Ljubljana Stock Exchange prime market, while global depository receipts (GDRs), represented by shares, are listed on the Main Market of London Stock Exchange.

Overview

2.7 million clients

8,078 employees

EUR 386.9 million of profits after taxes

420 branches in 6 countries

EUR 25.3 billion of total assets

EUR 2.8 billion of total equity

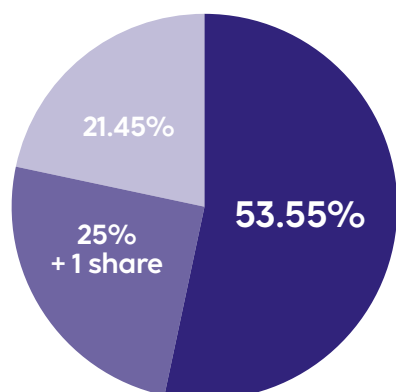


Data for the January–September 2023 period

Key financials and outlook January–September 2023

KPI	January–September 2023	Outlook for 2023	Outlook for 2025
Regular income	EUR 801.2 million	> EUR 1000 million	~ EUR 1100 million
CIR	45.2%	~ 46%	< 50%
Loan Growth	4%	Middle single digit	High single digit
Dividends		EUR 110 million	EUR 500 million (2022–2025)
ROE a.t.	20.2%	> 15%	> 14%
Normalised ROE		> 20%	> 20%
Regular profit a. t.	EUR 386.0 million		> EUR 400 million

Shareholder structure (30 September 2023)



- New York Mellon Bank on behalf on the GDR holder (from which EBRD and Schroders Plc >5 and <10)
- Republic of Slovenia
- Other shareholders

ESG rating 2022	17.7 low risk	TOP 15% banks
ESG rating 2023	16.0 low risk	TOP 13% banks

MORNINGSTAR | SUSTAINALYTICS

Credit rating of NLB	30. 9. 2023.	Outlook
Standard & Poor's	BBB	Stable
Moody's ⁽¹⁾	A3	Stable

(1) Unpredictable rating.

PROPERTY PRICES SOAR ACROSS WESTERN BALKANS

From Ljubljana and Zagreb to Belgrade and Skopje, the prices in the property market across the Western Balkans have been continuously rising over the past few years, showing no signs of stopping.



JAN TOMŠE

Y

You no longer have to go to a Western European capital to come across the apartments for EUR 10,000 per square metre, as the prices of residential properties recently built by investors in the centre of Slovenia's capital Ljubljana have al-

ready reached this level. Schellenburg, Bellevue Living and the Šumi complex are some of the newly built residential developments for wealthier buyers, where a square metre of living space costs EUR 8,000, EUR 9,000, or even more than EUR 10,000. They indicate the rising prices trend in the region, which has followed the boom in the housing demand.

SLOVENIA

Although new construction is increasing in all major cities in Slovenia, the housing shortage remains severe. According to the Slovenian

Public Housing Fund, Slovenia needs at least 15,000 rental apartments. Private investors are responding to the demand: not only in Ljubljana, the high number of the apartments are also being built in Maribor, Celje, Novo mesto.

In Slovenia, the average price of a second-hand apartment in the first half of 2023 was EUR 2,550 per square metre, official data shows. This is below the average of Ljubljana, where the price in the first half of the year was EUR 3,880 per square metre. Most apartments were sold for between EUR 3,400 and EUR 4,500 per square metre.



Photo: Canva

LJUBLJANA HOUSING SHORTAGE

“The demand for real estate has subsided somewhat this year. This is especially true for buyers who are tied to loans and who are particularly interested in the second-hand property market,” says Frano Toš, director of Prva hiša, a real estate project development company.

According to Toš, Ljubljana has a chronic shortage of new housing. The property market in the capital is important because it influences developments in other parts of the country. “The sale of a new apartment also

impacts developments in the second-hand property market. When buying a large new home, buyers often sell their older home at the same time to raise funds for the purchase, in addition to taking out a small loan.”

Newly built apartments are sold at relatively stable prices, which in principle do not increase, but only follow inflation. “These are not necessarily investment purchases. Buyers are buying new apartments for their own use, they have enough funds and they are not taking out a lot of loans,” reckons Toš. The recent increase in interest rates has undoubtedly led to fewer housing loans being taken out, says Andrej Lasič, a member of NLB’s Management Board. However, this is not the case for the buyers from so-called middle-and upper middle classes, who, according to Frano Toš, mainly buy new apartments.

Data shows that around 400 new apartments are built in Ljubljana every year, which is far too few. To address the demand, the capital would

need at least 1,200 new residential units every year, says Toš. “This would allow prices to remain stable.”

“Market developments that marked 2023 will continue and I don’t expect any major changes in 2024 since the market is resilient. In recent years, people have found that it is possible to go through economic crisis, a pandemic and a war in Europe without major bruises. The economy is resilient, and this can also be seen in deposits, which continue to grow,” says Toš.

CROATIA

Strong property-market boom was also seen in Croatia, where prices in the first half of 2023 were 13% higher than a year earlier. Prices in the capital Zagreb, and on the Croatian coast rose at an above-average rate. Croatia’s entry into the Schengen area has made it an attractive market for foreign investors. Data show that 13,000 out of a total of 35,000 property purchases or sales in Croatia are made by foreigners each year. However, the overall number of properties sold fell.





In 2023, prices per square metre in Croatia reached just over EUR 2,300 (data for the first half of 2023). In Zagreb, the average sale price was EUR 2,600 per square metre, but the prices frequently surpassed these figures, reaching as high as EUR 4,000 to EUR 8,000 per square metre, or soaring to EUR 10,000 per square metre. For instance, a 160 square metre five-bedroom apartment in the British Market was sold for EUR 1.6 million, while a 110 square metre apartment in the Ban Centre achieved a price of EUR 1.3 million. The Croatian record is probably the two-storey penthouse with 440 square metres in Cvjetni trg, which reached a price of more than EUR 18,000 per square metre.

In 2023, Croatia saw prices per square meter exceed EUR 2,300 (data available for the first half of the year). In Zagreb, the average selling price reached EUR 2,600 per square meter, but prices frequently surpassed these figures, reaching as high as EUR 4,000 to EUR 8,000 per square meter, and even soaring to EUR 10,000 per square meter in some cases. For instance, a five-bedroom apartment spanning 160 square meters in the British Mar-

ket was sold for EUR 1.6 million, while a 110-square-meter apartment in the Ban Centre fetched EUR 1.3 million. Notably, a Croatian record was possibly set by a two-story penthouse covering 440 square meters in Cvjetni trg, which commanded a price exceeding EUR 18,000 per square meter.

NO CRISIS IN THE LUXURY SEGMENT

A major reason for the price increase is the lack of supply. This is despite the fact that, according to the Croatian Ministry of Construction and Spatial Planning, there are currently almost 280,000 empty apartments in Croatia, of which over 50,000 are in Zagreb. To give these numbers a better perspective: the Croatian building stock totals almost 2.5 million properties. Newly built properties are quickly snapped up by buyers, with the average price per square metre doubling between 2015 and last year. “There is no crisis in the luxury segment. The market is full of expensive second-hand apartments. We could solve the situation of empty apartments with a high tax rate based on the Canadian model,” says Ivan Ukalović of European Villa.

Due to the soaring prices, many people are now seeking smaller apartments, typically up to 65 square meters, according to estate agents. Martina Naletilić, co-owner and director of the Zagreb-based agency Sky nekretnine, notes that financing costs are not a significant factor in property purchases, as more than half of all transactions last year were completed in cash. The substantial disparity between property prices in Croatia and the average salary is striking: in Vukovar, an employee can buy nearly 22 square meters of housing with an average annual salary, while in Zagreb, it’s just under 7 square meters, in Split just under 4, and in Dubrovnik only 3 square meters. It’s worth emphasizing that property prices in Dalmatia are heavily influenced by tourism, which is Croatia’s predominant industry.

“The Croatian real-estate market is attractive. We do not expect any significant changes or price drops in the first half of the year,” says Martina Naletilić. Filip Vučagić from Colliers International is convinced the Croatian property market has peaked and



does not expect prices to fall, but at most to stabilise at the current level.

SERBIA

In Serbia, property prices stabilised in the first half of 2023 after two years of steep growth, according to data from the Republic Geodetic Authority. Just over 60,000 properties were sold, around 15% fewer than in previous years. Buyers spent EUR 3.3 billion on purchases in the first six months, 81% over four years ago. Half of this amount was spent on residential property, with just under EUR 260 million spent on houses and the rest on commercial property, building land and agricultural land. The market has seen an increase in the development of logistics space, with over 500,000 square metres developed in the last 4 years, bringing the total stock to over 1,120,000 square metres.

The average price of a square metre of residential space in Serbia in 2023 was just over EUR 2,400 in Belgrade, EUR 1,700 in Novi Sad, EUR 1,300 in Kragujevac and just under EUR 1,400 in Niš. Belgrade is leading the game in terms of the number of purchase contracts concluded.

The selling prices in the capital for newly built properties vary considerably. In the Stari Grad area, the average price is almost EUR 3,700 per square metre, in Savski Venec district EUR 4,200, in Vračar EUR 3,000, in Novi Beograd EUR 2,500 and in Zvezdara just over EUR 2,200 per square metre. One of the most expensive purchases last year in the capital was made by



a buyer who paid almost EUR 11,500 per square metre for an apartment.

The official data shows that more than 3.5 million apartments in Serbia are privately owned, representing almost 98% of the total housing stock. Public or state ownership accounts for less than 22,000, while 12,000 are jointly owned and another 43,000 have unknown owners.

According to Milić Đoković, an appraiser and real estate expert, it is difficult to predict what will happen to prices in the future, but they will probably follow inflation, he says.

NORTH MACEDONIA

The North Macedonian property market has experienced significant growth and development in recent years, with residential property dominating the market. The average price of an apartment in North Macedonia is approximately EUR 985 (MKD 60,000) per square metre. In the centre of Skopje, country's capital, the average price of an apartment is around EUR 1,630 (MKD 100,000), but can go as high as EUR 2,000 per square metre, while in other parts of Macedonia, house prices are around 25% lower than the national average, at EUR 1,220 (MKD 75,000) per square metre.

SKOPJE AND SARAJEVO - BEST FOR DIGITAL NOMADS

Skopje is the best city in Europe for remote workers - the so-called digital nomads - because of its affordability, according to the popular UK online magazine Time Out. "Travel experts at Norton Finance, the lending company behind the ranking, looked at 184 countries around the world and ranked them based on average rent, utilities, transport, food, gym and internet costs, as well as the cost of return flights from the UK," Balkan Insight recently reported.

How was this decision defended? "The city is a notoriously cheap tourist destination, popular for its archaeological sites and street food The value of public transport is one reason why Skopje scores so well, with a monthly public transport pass being a massive eight times cheaper than the equivalent in London".

Following Skopje in second place is another Balkan capital - Sarajevo. It has been affectionately described as "the charming capital of Bosnia and Herzegovina". A one-bedroom apartment in the city centre costs an average of EUR 275 a month, making it quite appealing for digital nomads.

DIGITALISATION TRENDS SHAPING HEALTHCARE IN THE WESTERN BALKANS

The Western Balkans are undergoing healthcare transformations driven by global digitalisation trends. Factors such as increased life expectancy, evolving lifestyles, and complex treatment regimens are catalysts for change. Technology plays a central role in reshaping healthcare, improving efficiency, cost-effectiveness, and patient care quality. Some countries are quite ahead on their digitalisation journey, while others are still in the early stages.

BARBARA MATIJAŠIČ

T

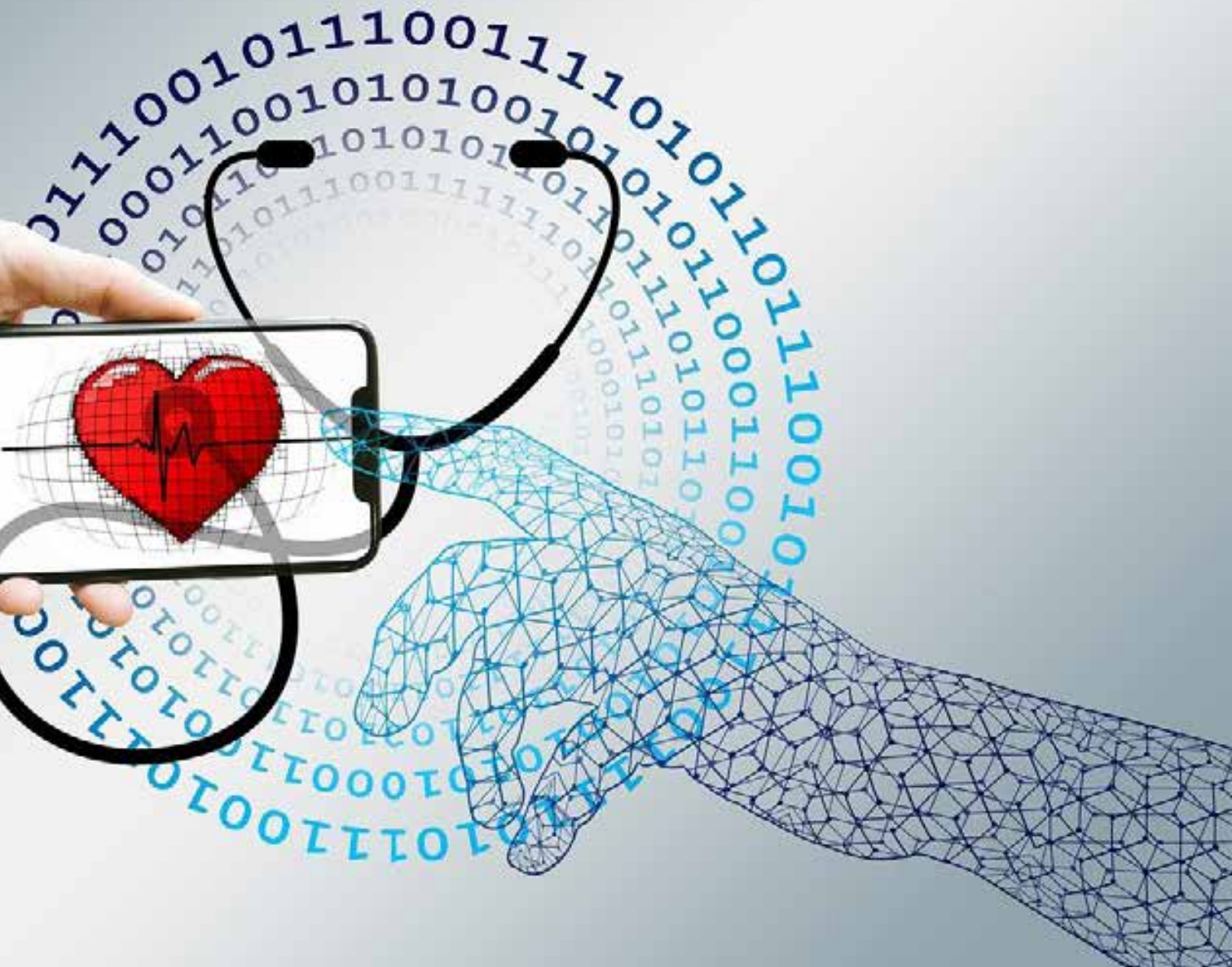
The healthcare landscape in Slovenia has seen significant advancements in recent years. The National eHealth Backbone is the foundation

for the Slovenian National Shared Care Record, the most complex public information system in Slovenian healthcare. It is a unified system for collecting and exchanging health data about patients, also offering a national patient-facing app (zVEM) for patients to access their health records. The rapid uptake of eHealth solutions is evident, with the zVEM patient portal alone attracting 486.286 as of December 2023.

KEY LEGISLATIVE CHANGES

This rapid digital transformation in Slovenian healthcare has been facilitated by key legislative changes. Notable among these is the ZZPPZ law, designed to streamline health data exchange, and the EU Directive 2011/24/EU, which enhances both cross-border healthcare rights and data usage regulation.





“Slovenia intends to significantly modernize ZZPPZ and, in accordance with the constitution, continue collecting data on the lives and health of patients (as allowed by the GDPR regulation) with the new Healthcare Digitalisation Act”, says Alenka Kolar, Director General at Slovenian Ministry of Health’s Directorate for Healthcare Digitalisation. “This is to fulfil

the proposal in the strategy for urgent legislative changes and to ensure a regular influx of funds to reduce the technological debt that has accumulated from 2015 to the present. To achieve as much of this as possible, we hope for the efficient use of NOO (Recovery and Resilience Plan) resources. We also wish for a unified body that will provide guidance to

all stakeholders in digital healthcare, so that information solutions will no longer be fragmented but modularly built on patient-owned data.”

The healthcare digitalisation strategy for Slovenia for the period 2022-2027 is multifaceted. Its key objectives include legislative reforms aimed at enabling more efficient data exchange,



the development of patient-centric digital solutions, and the reduction of administrative burden on healthcare professionals. Equally central to this strategy is the implementation of a standardised electronic patient record supporting medical imaging and creating a national framework for telemedicine. The strategy also aims to enable the secondary use of data in preparation for Slovenia to participate in the European Health Data Space. The future of healthcare in Slovenia is clearly digital, patient-centric, and marked by a commitment to excellence and efficiency.

SERBIA'S RESPONSE TO THE PANDEMIC

Serbia's healthcare sector is undergoing modernisation with a focus on digitalisation through implementation of electronic health records and telemedicine services. The catalyst for this transformation was the COVID-19 pandemic, which prompted the Serbian government to develop and commit to a comprehensive healthcare digitalisation plan known as the Program for Digitalisation of the Healthcare System 2022-2026. One noteworthy project within this programme is the "Telemedicine"

initiative, which enables specialist consultations via online video calls, irrespective of a patient's location. Another key objective is achieving a 95% e-prescription usage rate by the end of 2023. This ambitious plan necessitates significant technological upgrades, extensive staff training, and public education initiatives. Up until March 2023, the ePrescription system has facilitated the implementation of approximately 450 million prescriptions, and includes over 5,000 pharmacies, 7,000 pharmacists, and more than 300 healthcare institutions. The Serbian govern-



ment estimates it saves around EUR 2m annually by having the prescriptions issued electronically instead of on paper.

Finally, addressing legal challenges related to health data management, privacy, and cybersecurity also require attention for a smooth digital transition in Serbia.

CROATIA'S DIGITAL ADVANCEMENTS

Croatia has made significant progress in digitalising its healthcare system, with the widespread use of electronic health records and a national health information exchange (HIE) system. In July 2023, Croatia reported to the European Commission that telemedical services were improved and extended to ensure interoperability with the national health information system and suitability for future cross-border exchange, with significant investments being made in teletransfusion to improve access to health services. Furthermore, to improve the efficiency, quality, and accessibility of the health system, the Healthcare Act and Compulsory Health Insurance Act have been amended, and a health performance measurement framework has been set up.

MY APPOINTMENT SYSTEM IN NORTH MACEDONIA

North Macedonia's health strategy (2020) aimed to revolutionise healthcare through digitalisation. The MojTermin (My appointment) system was introduced to streamline patient management and improve the pa-

tient experience with health dashboards and e-services. Furthermore, the Health Insurance Fund portal offers convenient e-services, but challenges in data analysis persist. Based on available information, MojTermin consolidates data from over 70 sources but is not fully utilised for health policy and quality improvement. Despite these challenges, North Macedonia has made significant strides in digital health.

The Serbian government estimates it saves around EUR 2m annually by having the prescriptions issued electronically instead of on paper.

COMPLEX LANDSCAPE

Bosnia and Herzegovina comprises two entities (the Federation of Bosnia and Herzegovina and the Republika Srpska) and one autonomous district (the Brčko District of Bosnia and Herzegovina). It has complex health systems, with 13 health insurance funds and 14 ministries in charge of health. Some regions have implemented electronic health records and telemedicine services, while others lag behind in terms of digitalisation. The digital health strategy objectives are outlined in the country's development strategy², but at this point it seems that progress on implementation has come to a halt.

E-HEALTH INITIATIVES

Montenegro began computerising its health system in 2004 and offers eHealth services to all its citizens. However, electronic health records are still not widely used and, according to Global Health and Security index, they still lack structure and standardisation. The Strategy for Integrated Health Information System and e-Health 2018–2023 has been published, though its details are not accessible online.

While it is evident the Western Balkans are gradually embracing digitalisation in their healthcare systems, they are doing so at varying paces. While some countries, like Slovenia, Serbia and Croatia, are making significant strides with comprehensive digitalisation plans, others are facing challenges in implementing digital healthcare solutions. Most of the region is still in the early stages of its digital healthcare journey, and there's a long road ahead to achieve widespread transformation.

South Eastern Europe Health Network (SEEHN) has also verified some of the data. The network is a regional intergovernmental organization founded in 2001 with the aim of promoting collaboration, common values, and encouraging mutual efforts towards peace, health, and wellbeing among the member states of SEEHN.

Data analysis by Andraž Tavčar

¹ Data for December 2023; This number doesn't include children up to the age of 13.

² https://parlamentfbih.gov.ba/v2/userfiles/file/Materijali%20u%20proceduri%2021/Strategija%20razvoja%20FBiH%202021-2027_bos.pdf

INTERVIEW: BORUT FLANDER, CEO OF INTEREUROPA D.D.

STRATEGIC EXPANSION IN SOUTHEAST EUROPE

In a decisive move to fortify its presence in Southeast Europe, the Intereuropa Group has embarked on a strategic journey to expand its logistical capacities in Croatia and Serbia. Borut Flander, CEO of Intereuropa d.d., shares insights on the motivations, strategies, and the anticipated impact of these developments.

IN COOPERATION WITH THE
INTEREUROPA GROUP

I



Borut Flander, CEO of Intereuropa d.d.

Intereuropa is making significant investments in logistics infrastructure in Croatia and Serbia. What drove the decision to expand in this region?

The decision to expand is rooted in our commitment to strengthening our presence in Southeast Europe. These markets offer strategic advantages for our operations, and with the completion of new logistics centers, we aim to better serve our diverse customer base.

Can you provide more details on the logistics centers that are being developed?

The logistics center in Kukuljanovo near Rijeka spans 7,100 square meters, equipped with a high-bay warehouse accommodating 6,450 pallet positions and additional floor and

transit warehousing space. Similarly, in Novi Banovci near Belgrade, AD Intereuropa Beograd has expanded with 14,600 square meters of warehouse space, including a high-bay warehouse with 17,000 pallet positions, plus floor space and a substantial entrance-exit zone of 3,600 square meters.

With these expansions, how does the total storage capacity of the Intereuropa Group change, and what industries do your customers represent?

The total storage capacity of the Intereuropa Group now exceeds 257,000 square meters. We cater to a diverse array of industries, including those dealing with chemicals, pharmaceuticals, textiles, food products, automobiles, and more. Our goal is to provide comprehensive solutions tailored to the specific needs of our clients.

Photo: Intereuropa



Photo: STA

Adaptability is key. We invest strategically in maintaining and updating our existing infrastructure while keeping an eye on emerging opportunities.



The logistics industry is dynamic. How does Intereuropa ensure it stays ahead by continuously investing in supporting operations and customer relationships?

Adaptability is key. We invest strategically in maintaining and updating our existing infrastructure while keeping an eye on emerging opportunities. Our customer-centric approach involves

understanding their evolving needs and investing in new capacities to meet those requirements.

How do you foresee new centres contributing to trade and the operations of your subsidiaries in Croatia and Serbia?

They will significantly enhance our subsidiaries' capabilities to han-

dle a larger volume of goods. This strengthens our overall position and contributes to more successful operations in the two countries. Furthermore, it fosters improved trade relations not only within the region but also with other countries where we conduct business.

What is your vision for the company, and how do you plan to navigate the challenges in the logistics industry?

My vision is centered on sustained growth, operational excellence, and nurturing strong customer relationships. In navigating industry challenges, we'll focus on innovation, adaptability, and strategic decision-making to position Intereuropa as a leader in Southeast Europe, offering unmatched logistics solutions.



Photo: Matej Pušnik

GREENOVATED TRANSITION: SLOVENIA'S SUSTAINABLE SHIFT

In this exclusive interview with the Adriatic, Matevž Frangež, State Secretary at the Ministry of Economy, Tourism, and Sport in Slovenia, unveils the country's strategic vision for the future. Focused on the ambitious transformation plan, Frangež discusses Slovenia's commitment to decarbonisation, the cultivation of new industries, and its appeal to high-tech companies. Highlighting the pivotal role of innovation and sustainability, he offers a glimpse into the nation's transformative journey towards a greener and economically vibrant future. He also reinforces Slovenia's dedication to economic integration in the Adriatic region and points to its potential as a European hub for strategic green technologies.

ŠPELA BIZJAK AND JAN TOMŠE

W

What is your assessment of the current economic climate, globally and in the markets that are relevant and important for Slovenian exporters in the Adriatic region?

It is obvious that we have entered a period of the greatest economic

changes in history. These changes are driven by a variety of interconnected shifts – climatic, technological, geostrategic, social. In light of this, it becomes imperative for economies, including Slovenia, to adapt to the unfolding dynamics of the new era.

How do you think this can be done?

The changes we are talking about need certain adjustments in several areas. On the one hand, we must reduce the carbon and energy intensity of our industries. On the other

hand, Slovenia's strategic focus is to rapidly increase its added value. All this aligns with the rise of new technologies, with artificial intelligence being one of the most important drivers of this restructuring. It's basically a mix of changes affecting all industries.

Our common consideration is how to design an economic policy geared towards positioning Slovenia among the winners of this time. These big changes determine exactly that – emerging winners and unfortunate losers and those in between.



Photo: Matej Pušnik

In this regard, **Greenovated in Slovenia** is a motivational slogan to tell the world that everything we do and develop represents green innovation. This is fully in line with Europe's strategic ambition to further develop its green technologies necessary for the green transition.

The Ministry has an ambitious project called Greenovated in Slovenia, focused on strengthening innovation, developing new solutions, and consequently increasing Slovenia's broader visibility. What does Slovenia want to be recognised for?

Our initiatives are geared towards making our future greener with eco-friendly solutions – now a universal and ultimate requirement for every business. According to a PwC survey, 50% of Slovenian companies believe that climate change will not have a significant impact on their operations. This same percentage of companies very likely believes they will not be affected by the artificial

intelligence. Looking at this pessimistically, it's a sign that half of the Slovenian economy is not prepared for big changes. On a more positive note, half of the companies recognise how megatrends can influence their business.

The scale of these changes requires adjustments, even in individual industries. Slovenia is strongly embedded in European industrial chains, particularly in the automotive industry, which faces substantial upheavals amid the shift to electric mobility. Slovenia has the ambition to fortify its economy with a greater share of end products and domestic brands, which will be



the outcome of Slovenian knowledge, innovation and design tailored to global demands.

Can you outline the measures under the consideration at the Ministry aimed at accelerating innovation?

In this era marked by a revival of industrial policy, investors are coming to Slovenia, they are interested in how our country, as an EU member, competes with its European counterparts in providing incentives for their investments. To bolster our competitiveness, we must create a predictable business environment. In today's unpredictable global landscape, Slovenia, given its small size and significant international involvement, must ensure the its internal systems are flexible enough to effectively react to the ongoing changes. The goal is to remain steadfast in turbulent times, always act as an internal, compact, and resilient entity, capable of flexibly adapting to external changes.

Could we reflect on the recruitment of the high-tech personnel? These are talents that deliver substantial value through their expertise and groundbreaking solutions.

Through an extensive tax reform, our focus needs to be on alleviating the burden on labor while simultaneously adjusting property taxation upwards. Indeed, if the ambition is to position ourselves as a new European hub for innovation, maintaining low property taxation is not a magnet to help us

SLOVENIA: INNOVATIVE DEVELOPER AND TRENDSETTER

“Guidelines for formulating economic policy are defined by various umbrella documents, such as the Slovenian Industrial Strategy. It holds true that some strategic foundations were laid out at a time when the changes we are witnessing today were not as apparent. After the adoption of the Slovenian Industrial Strategy, events like the onset of the Covid-19 pandemic, the war in Ukraine, and consequently the energy crisis unfolded. During this time, Europe recognised the need for a sustainable, digital transition in the supply of energy, raw materials, and strategic technologies,” emphasises Matevž Frangež.

“At the ministry, we've prepared an action plan to increase competitiveness, which we can also call a strategic blueprint for economic transformation. This initiative prompts public debate on Slovenia's ambitions to become a new European hub for the development of advanced and green technologies,” he explains adding: “In order for us to change from being a competent and reliable supplier to an innovative and sustainable developer, especially in the field of technologies, we need to focus on green tech as well as advanced technologies such as is artificial intelligence or blockchain. Of course, also in several sectors where it appears that Slovenia can be a niche, very important and excellent player - biotech, a small but interesting space sector, food tech, green mobility, fintech etc.”

achieve this objective. On the other hand, the magnet is a more competitive taxation of labour, recognising its pivotal role as a key development factor in generating innovation, knowledge, and creativity.

The action plan I'm referencing is precisely aimed at this coordination: to engage in concrete discussions about our economic vision and related measures. On one front, these measures are the responsibility of our ministry and we can feasibly realise them independently. On the other front, it involves measures that must be achieved through an interdepartmental approach if we want to realise the mentioned vision. But first we need to know where we want to go, so that we can then integrate the various measures into a whole that will effectively propel us towards achieving our goal.

Within the ministry, what solutions are being considered to speed up the processes for obtaining permits for highly qualified foreign individuals?

While our ministry isn't primary responsible for key licensing functions, we are very interested in helping to make this important transition. We recognise talent is a pivotal driver for innovation and technological advancements - we proposed a re-evaluation of the “fast track” system for high-tech profiles some time ago. Under the proposed procedure, upon the submission of a complete application, a permit to work and reside in Slovenia would be automatically issued. Subsequently, the administrative body would validate or revoke the permission based on whether the stipulated conditions are met. This would enable better ac-



THE THREE PILLARS OF SLOVENIA'S INNOVATION OUTREACH

The three pillars of the action plan shape Slovenia's image as a prime destination for foreign investments and innovations

1. DECARBONISATION AND UPGRADING THE EXISTING INDUSTRIES

“Slovenia's economy is above average energy-intensive, primarily due to being a substantial supplier of materials such as aluminium, steel, glass, paper, plastic, and magnets. The production, processing, and customisation of these materials requires a lot of energy. Decarbonising these industries is undoubtedly one of the most important strategic tasks of our time,” warns Mitevž Frangež.

“The ministry is preparing Repower EU measures totalling EUR 42m, non-refundable incentives for companies transitioning towards a reduced carbon footprint. What companies produce is equally important – whether they rely on using a lot of energy to produce conventional materials or demonstrate a capability to develop new materials for light weight design and construction. In Slovenia, we know how to produce effective solutions. Slovenia's strategic ambition must be to move up the value ladder and strengthen its development competences.”

2. NEW PRODUCTS AND NEW INDUSTRIES

“In this context, we focus on a very dynamic and diverse start-up ecosystem, uniquely organised into niche domains. Slovenia has groundbreaking technologies in a number of fields, from mobility to bio tech – the latter stemming from the highly developed pharmaceutical industry. Worth to mention other examples as well, such as Juicy Marbles in the food tech sector and Elaphe in the automotive industry which introduced a new, revolutionary vehicle architecture with in-wheel engines,” Frangež highlights.

“Ensuring good conditions and connectivity of the startup ecosystems imperative for the development of ground-breaking solutions. Additionally, Slovenia hosts Podim, one of the most important startup conferences in this part of Europe. At the same time, we have to make sure that we strengthen investments and financing, attracting venture capital, which is almost completely absent today,” says Frangež. He underscores another vital measure: “We want to activate more private capital through the Slovenian Enterprise Fund to make it easier for startups to obtain funds on the capital markets, which are too shallow in Slovenia. Our goal is to develop a capital-driven mechanism that not only helps in the establishment and growth of companies but also propels them towards greater scalability. This, in turn, plants the seeds for emerging industries that will propel us into a new era.”

3. ENHANCING SLOVENIA'S APPEAL FOR HIGH TECH

In the pursuit of making Slovenia more appealing to global high-tech companies, the focus is on measures such as increasing research and development funding and implementing an ambitious stimulus policy. “If we want to become a European hub for innovation, we must enhance the appeal of our business environment for global talents, particularly high-tech personnel – here, above all, better net salaries for top talent. The intricate and time-consuming procedures in obtaining documentation for foreign workers also cannot be overlooked,” says Frangež. As he explains, it is a connected set of challenges that they want to tackle with the action plan, kickstarting the process with an initial phase involving public debate. “Slovenia lacks a social consensus on what we want to become as a country. Economic policy is the fundamental to our country, and we want to contribute to shaping this consensus through the implementation of the action plan,” he emphasizes.

cess to global talent in the economy, while maintaining the necessary safeguards in the system. Notably, a comparable system was effectively implemented by Germany last year, which recognises, as we should all, that labour is one of the key inputs of our economy

Countries compete with each other, so we need to strengthen our competitiveness. And Slovenia holds quite a few advantages: a safe community, fantastic conditions for a high quality of life with exceptional opportunities for contact with nature, sports, and recreation, as well as a solid education system, inclusive and accessible universities and globally competitive research institutes. Our strengths extend to an excellent location, beautiful natural landscape, not to mention that we are a ‘wine and culinary superpower’. This network of advantages is crucial to position ourselves as a green destination for life, work and business. To this we must add friendly, fast procedures and implement a tax reform that will alleviate the burden on labour.

How would you evaluate the position and role of Slovenia in the Adriatic region?

Undoubtedly, Slovenia's path serves as an example for many in the Adriatic region. As a country, we have largely successfully navigated the processes and challenges facing the region. The goal is clear: prompt and complete integration of the Adriatic countries into full EU membership as soon as possible. I am confident



that current geopolitical and geo-strategic circumstances will make it possible.

At Bled Strategic Forum we finally agreed on the timelines and concrete strategies to stimulate the region's economic integration into the EU internal market. We now have a destination and a clear path. The objective is to increase investments and improve economic infrastructure in the Adriatic region, a goal Slovenia is committed to supporting, both politically, with a lot of knowledge and experience about opportunities in the EU internal market, and practically through the direct engagement of our companies, which are strongly present in the region, particularly in banking and insurance.

From a political-security and civil society point of view, how significant is the progress and inclusion of the Adriatic region in European integration?

The economies of the Adriatic region will do better, while the risk of potential conflicts will diminish. I truly believe in the potential of this region. I am convinced that we are significantly more complementary than competitive.

To conclude: what are the key resources that Slovenian companies need for a green, sustainable transition?

I would emphasise the more efficient use of resources, including energy, and the creation of new value that will push

us further up the supply chains. Take, for example, eco-design, which designs products to enable their recyclability and extended lifespan. At the highest level, we have the Net Zero Industrial Act serving as the European Union's strategic framework that defines how to utilise and enforce strategically important technologies necessary for the green transition. There is a whole range of strategic technologies that could be developed in Slovenia, from wind technologies to carbon capture, storage and utilization, heat pumps, and nuclear technology. Today, Europe is significantly dependent on China for many of these technologies. This underscores an opportunity for Slovenia to step in with its knowledge and products as a provider of innovative solutions.





HISTORY OF GRAPHS

THE FORGOTTEN PIONEER OF A POPULAR FORM OF DATA VISUALISATION

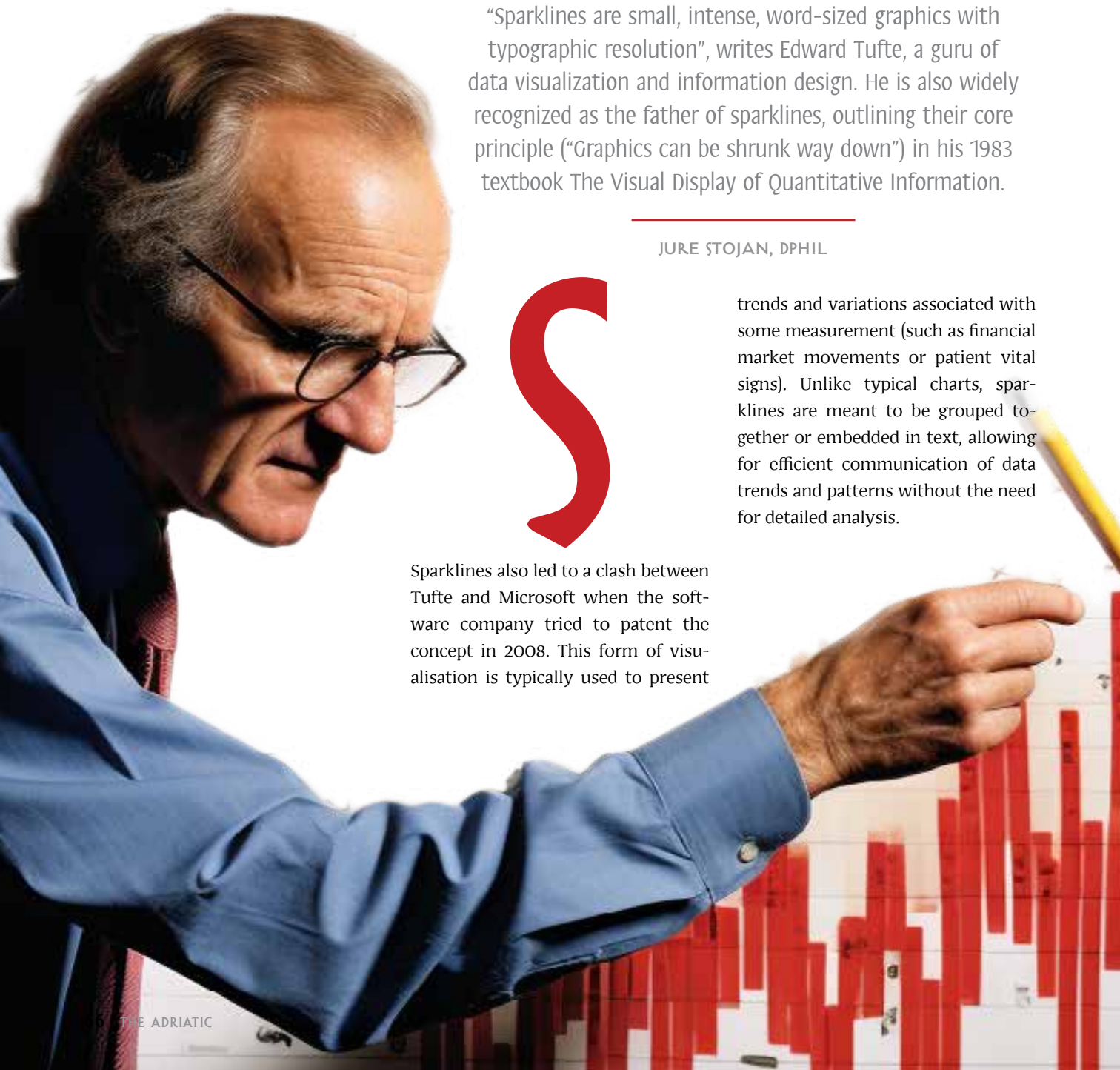
“Sparklines are small, intense, word-sized graphics with typographic resolution”, writes Edward Tufte, a guru of data visualization and information design. He is also widely recognized as the father of sparklines, outlining their core principle (“Graphics can be shrunk way down”) in his 1983 textbook *The Visual Display of Quantitative Information*.

JURE STOJAN, DPHIL



trends and variations associated with some measurement (such as financial market movements or patient vital signs). Unlike typical charts, sparklines are meant to be grouped together or embedded in text, allowing for efficient communication of data trends and patterns without the need for detailed analysis.

Sparklines also led to a clash between Tufte and Microsoft when the software company tried to patent the concept in 2008. This form of visualisation is typically used to present



Interestingly, an early precursor to sparklines can be traced back to the work of Arthur Schwäger Freiherr von Hohenbruck (1837–1902), an Austrian aristocrat (baron) and botanist (today, the gentleman is mostly remembered as the husband of the women’s rights activist Prisca von Hohenbruck). In an article of 1898, von Hohenbruck used small bar charts within the cells of a larger statistical table, comparing the yield of the 1897 wheat harvest with the average of the preceding ten years. From a quick analysis of the data visualisation, one can observe that there are differences in the wheat production across different regions of the Austrian crownlands. These included several parts of the Adriatic (Krain – Carniola, now a major part of Slovenia; Görz – Gorizia, a region named after a border town in what is today Italy but otherwise shared with Slovenia; Istrien – Istria, currently divided

between Italy, Croatia, and Slovenia; as well as Dalmatien – Dalmatia, now part of Croatia). Despite the varied and sometimes quite productive yields of these individual regions, their combined contribution was a small frac-

tion of Austria’s total yield, highlighting the vast agricultural output of the other regions within the empire.

Source: Statistische Monatsschrift (the official organ of the Statistische Zentralkommission, the Imperial-and-Royal Statistical Commission), January 1898

Ernte-Ergebnisse der wichtigsten Körnerfrüchte im Jahre 1897.

Weizen.

Länder, beziehungswise Landestheile	Ernte		in g pro ha im Vergleich zum Durchschnitt der einzelnen und aller Länder									
	im Ganzen in 1000 q		1897									
	im Jahre 1897	im Durchschnitt d. Jahre 1887 bis 1896	Durchschn.:									
			20%	40%	60%	80%	100%	120%	140%	160%	180%	200%
Niederösterreich	1.031.9	1.277.7	[Bar chart showing 1897 yield vs 10-year average]									
Oberösterreich	463.2	672.5	[Bar chart showing 1897 yield vs 10-year average]									
Salzburg	61.4	77.9	[Bar chart showing 1897 yield vs 10-year average]									
Steiermark	333.6	589.8	[Bar chart showing 1897 yield vs 10-year average]									
Kärnten	135.7	150.8	[Bar chart showing 1897 yield vs 10-year average]									
Krain	190.6	172.8	[Bar chart showing 1897 yield vs 10-year average]									
Tirol, Nordtirol	62.9	67.6	[Bar chart showing 1897 yield vs 10-year average]									
„ Südtirol	71.8	91.0	[Bar chart showing 1897 yield vs 10-year average]									
Vorarlberg	2.6	5.6	[Bar chart showing 1897 yield vs 10-year average]									
Görz und Gradisca	63.7	113.1	[Bar chart showing 1897 yield vs 10-year average]									
Triest	0.5	0.9	[Bar chart showing 1897 yield vs 10-year average]									
Istrien	42.7	100.2	[Bar chart showing 1897 yield vs 10-year average]									
Dalmatien	90.3	228	[Bar chart showing 1897 yield vs 10-year average]									
Böhmen	2.744.2	3.339.7	[Bar chart showing 1897 yield vs 10-year average]									
Mähren	1.153.4	1.194.6	[Bar chart showing 1897 yield vs 10-year average]									
Schlesien	104.6	146.2	[Bar chart showing 1897 yield vs 10-year average]									
Galizien, Gebiet d. k. k. Landwirtschafts-Gesellsch. in Krakau	822.3	1.083.6	[Bar chart showing 1897 yield vs 10-year average]									
Gebiet d. k. k. Landwirtschafts-Gesellsch. in Lemberg	1.884.6	2.564.6	[Bar chart showing 1897 yield vs 10-year average]									
Bukowina	125.5	206.5	[Bar chart showing 1897 yield vs 10-year average]									
Summe	9.388.5	12.093	[Bar chart showing 1897 yield vs 10-year average]									

100 = 10⁶ g



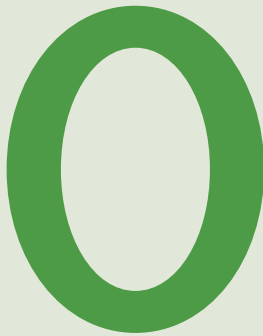


CLIMATE CHANGE VISUALISATION

MAPPING THE CARBON FOOTPRINT: A TALE OF TWO METRICS

In the intricate tapestry of climate change, understanding the nuances of carbon intensity is crucial. The year 2022 saw diverging paths in this regard, as depicted in two comprehensive maps.

JURE STOJAN, DPHIL



One map illustrates greenhouse gas emissions per capita, unravelling the story of individual responsibility and consumption patterns. The other focuses on emissions per unit of Gross Domestic Product (GDP), offering a window into how economies intertwine growth with environmental consciousness.

As our gaze narrows to the Adriatic region, these maps become narratives of challenges and triumphs in sustainable development. The per

capita emissions reveal a startling range: Slovenia leads with 8.78 tons per person, a figure slightly above the EU average of 8.09 tons but emitting much more than the global mean of 6.76 tons. Following closely are Serbia and Montenegro, both at 7.54 tons, with Croatia (5.94 tons) and North Macedonia (5.35 tons) portraying a different spectrum of environmental footprint.

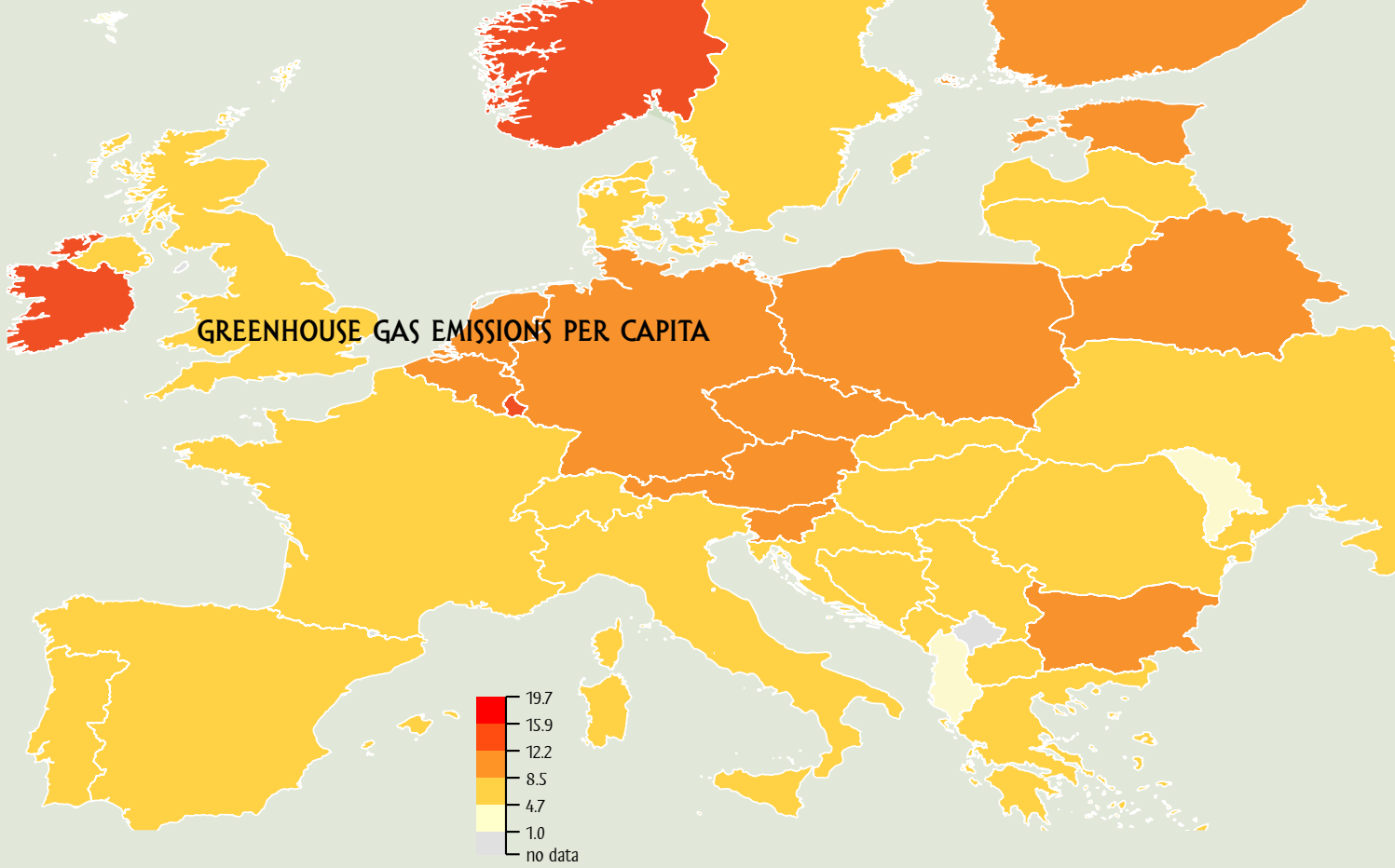
However, when the lens shifts to carbon intensity per GDP, the story takes a twist. Here, Serbia, Montenegro, and North Macedonia emerge with the highest figures – 0.40, 0.40 and 0.32 kg per dollar of GDP, a stark contrast to Slovenia's 0.21 and Croatia's 0.18, the latter mirroring the EU benchmark (but below the global average of 0.39). This disparity in metrics – emissions per capita versus per GDP – paints a complex

picture of the region's battle against climate change. It underscores the multifaceted nature of environmental impact, juxtaposing personal responsibility against economic efficiency.

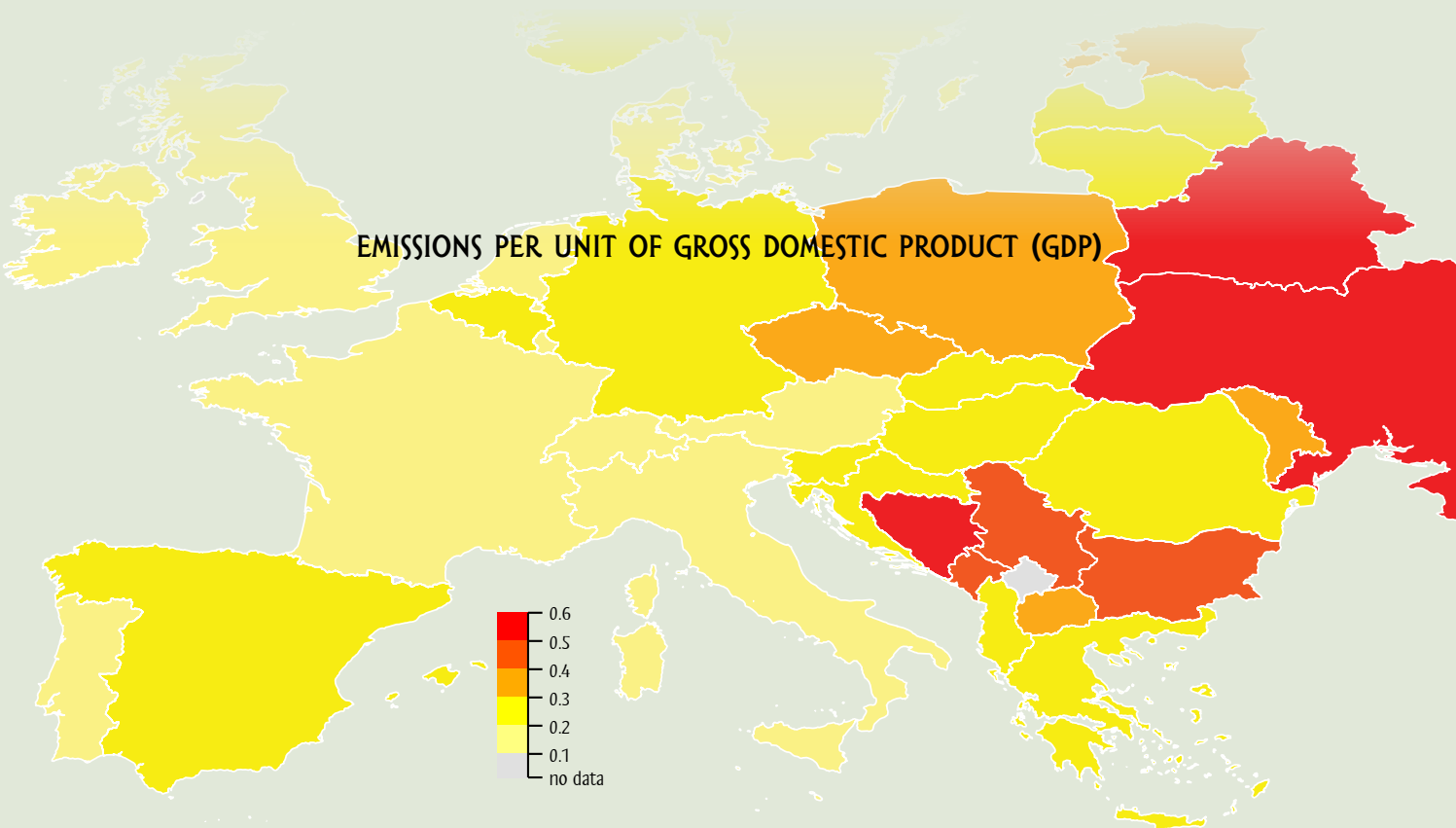
In sum, these maps do more than just chart numbers; they weave tales of how nations within a singular region can exhibit varying shades of environmental stewardship and economic resilience. As we confront the global challenge of climate change, such insights are invaluable in shaping our collective response.

Source: EDGAR (Emissions Database for Global Atmospheric Research) Community GHG Database (a collaboration between the European Commission, Joint Research Centre (JRC), the International Energy Agency (IEA), and comprising IEA-EDGAR CO₂, EDGAR CH₄, EDGAR N₂O, EDGAR F-GASES version 8.0, (2023) European Commission.

GREENHOUSE GAS EMISSIONS PER CAPITA



EMISSIONS PER UNIT OF GROSS DOMESTIC PRODUCT (GDP)





GLOBAL WARMING

CLIMATE CHANGE HITS HOME

The warming of the atmosphere caused by greenhouse gas emissions is not an irreversible process. It can be stopped. But if we do nothing, skiing will disappear in many places because of winters that are too warm, says Slovenian climatologist Renato Bertalanič of the Slovenian Environmental Agency.

JAN TOMŠE

T

There are many factors that will influence temperatures in the future. The cause of the heatwaves and temperature extremes of recent decades lies in human activity, says Bertalanič, explaining how the warming process is taking place: “The atmosphere is warming all over the world, and the culprit for the rapid warming is mankind, through the emission of greenhouse gases, mainly carbon dioxide,



Photo: Adobe Stock

but also methane, nitrous oxide and other gases. The release of these gases causes the greenhouse effect: when the Sun's rays hit the Earth's surface, they heat it up, and the surface then radiates some of this energy back into space as heat radiation. Greenhouse gases cause the atmosphere to absorb more of these rays, consequently leading to its warming. This in turn makes all the hot extremes more intense, resulting in more heatwaves and higher temperatures, more hot days, and a rise in a number of tropical nights. There is a growing number of heat records, not only in the summer but winter, too. And, by analogy, there are fewer and fewer cold extremes. In recent decades, the average annual temperature in Slovenia has risen by about 0.4°C per decade."

REVERSING THE CLOCK

Asked whether global warming can be stopped, Bertalanič contends it is possible since the warming process is reversible. "The process is linked to the concentration of greenhouse gases in the atmosphere. If we stop the increase in the concentration of greenhouse gases, we can stop global warming. If we stopped emitting all greenhouse gases immediately and their concentration in the atmosphere remained as it is now, the temperature would certainly remain at the same level for several decades, perhaps even centuries. However, because we have carbon dioxide sinks in nature, the concentration of these gases would gradually decrease over time, resulting in a temperature decline in the atmosphere," says Bertalanič.

"There is an optimistic scenario," he adds. "If, for example, humanity were to actively reduce greenhouse gas concentrations, such as extracting carbon dioxide from the atmosphere, the average temperature would then start to fall. But certain processes would continue, such as rising sea levels and melting glaciers and sea ice. For centuries, even millennia."

A COMBINATION OF CIRCUMSTANCES

According to Dr Andreja Sušnik, an agro-meteorologist who heads the Department of Meteorological Support for Agriculture at the Slovenian Environment Agency, the climate change scenarios that have been simulated and analysed are worrying. The simulations show change in precipitation and air temperature, highlighting an upward trend in meteorological factors. Although still uncertain, the scenarios about the future are unanimous in one direction – that temperatures across Slovenia will continue to rise.

Bertalanič refrains from making predictions about future temperatures due to too many factors influencing global warming. But he points out that temperatures above 40°C were recorded in the Vipava Valley in Slovenia in the summer of 2017, and before that in August 2013 in Ljubljana, Cerklje ob Krki, Črnomelj, Maribor and Murska Sobota.

"It is difficult to predict where the potential peak will be in this decade. Statistically, the atmosphere is warming: the months are getting warmer, all four seasons are getting warmer and the

average annual temperature is on the rise. Global warming is a significant contributor to the temperature records, but there are several other factors that contribute to extreme heat. Drought and dry soils are inevitably one of them. It takes a combination of circumstances to produce truly exceptional temperatures, and warming is only one of them."

IMPACT ON PEOPLE

Projections indicate that Slovenia's atmosphere could warm by another 0.8°C to 1.8°C by mid-century, Bertalanič says. This would increase the impact of heat extremes on various aspects of life. One of the indicators used to measure these changes is, for example, the number of hot days – those above 30°C. Tropical nights are defined by temperatures that do not drop below 20°C.

"The number of hot days and nights negatively impact people. While we can manage a few of these days and nights, an increase in their number poses a problem," notes the climatologist. "On such nights, the cannot cool down so it does not rest. If there will be more of these nights, there will be problems," the climatologist cautions.

Projections indicate a potential doubling of such nights in Ljubljana to 10 by 2040. The trajectory is the same for hot days, with Ljubljana currently experiencing an average of 25. This number is expected to increase by five or ten by 2040 and up to a month by the mid century (2041-2070). As a result, people will find it increasingly difficult to tolerate hot days because there will be fewer cooler periods when they can rest, Bertalanič says.

UNTAMED NATURE AND THE REGIONAL ECONOMY

Extreme weather events such as torrential rain, storms with strong wind gusts and hail have become more frequent in Slovenia and the region in recent years. This was particularly evident last year, when storm damage was at an all-time high.

JAN TOMŠE

T

These weather events have not only impacted individuals, but business suffered significant losses, too. The Triglav Group, a leading insurer, has paid out unprecedented compensation sums in Slovenia and the region, especially for flood damage. The payouts, totalling an estimated EUR 150 and EUR 200 million, include damages from storm surges, hail storms and floods. Taking into account reinsurance protection, these payouts are estimated to have a negative impact on the Group's operating results, in the range of EUR 40 to EUR 50 million. Despite the challenging environment, the insurer emphasises it maintains an adequate level of capitalisation and liquidity.

Data for the last 20 years shows that last year was the worst year on record for losses caused by nature's events. The second worst was 2008, when insurers paid out EUR 95 million in natural catastrophe claims, of which hail accounted for EUR 74 million. Recent events have caused a surge in insurance requests but the insurer notes this is to be expected: the awareness of the importance of insurance protection increases with the occurrence of extreme weather events, but tends to diminish with the passage of time.

Despite the current rise in interest for coverage, the Group estimates around one third of real estate owned by private individuals in Slovenia is still uninsured against any peril. This proportion is even higher for businesses, as only a

Photo: Adobe Stock



few percent have adequate insurance against flood damage. The insurer says there are viable options for businesses to mitigate risks, including extending fire insurance to cover floods or opt for combined insurance. The third option is to cover costs or profits in the event of loss of income due to business interruption. This is the loss that occurs if the business is unable to operate.

The Triglav Group has paid out an estimated EUR 150 and EUR 200 million in compensation for damages that include storm surges, hail storms and floods.

LACK OF AWARENESS

While extreme weather events have recently dominated headlines, earthquakes receive less attention, despite Slovenia and the region being located in a very active seismic zone. The area has been hit by major earthquakes in the past including the 1976 earthquake with epicentre in Friuli, Italy, and earthquakes in the Posočje region in 1998 and 2004. In 2015, an earthquake shook the grounds in the Gorjanci near the border with Croatia. The end of December 2020 saw a magnitude 6 earthquake striking Petrinja in Croa-

PRESSURE ON REINSURANCE PRICES

The escalating frequency and severity of weather events is increasing the demand for insurance coverage, creating both new business opportunities and challenges due to the increased demand for reinsurance cover. "This, together with the increasing frequency and severity of such events, will put pressure on reinsurance prices, increase the risk of property insurance portfolios and intensify the need for insurers to raise additional capital. Ensuring adequate protection will continue to be of key importance in the future, taking into account changes and restrictions in reinsurance conditions," Triglav Group says.

tia, resulting in seven fatalities, highlighting the persistent seismic threat in the region.

Two years ago, seismologists and geologists from the Slovenian Environmental Agency and the Geological Survey of Slovenia have produced an updated earthquake hazard map for Slovenia. The map reveals that the areas with highest seismic risk are in western Slovenia and in a belt that runs across the whole of Slovenia from northwest to southeast, particularly west of Bovec near the Italian border and the Dinaric fault system in western Slovenia. While Bovec and Brežice are identified as seismically most active areas, northeast of Slovenia and Primorska region are at the lowest risk.

Despite the seismic threat, the Triglav Group says there is still a significant lack of public awareness

about the risk. This is quite perplexing considering that catastrophic damage poses a significant threat to an individual's financial security, given that property is often a person's most valuable asset. The insurer notes that the demand for earthquake cover varies according to the type of insurance taken out. They estimate around one-third of those with any property insurance opt for earthquake coverage.



Similar to floods, demand for earthquake insurance sees temporary spikes after hazardous earthquakes in Slovenia's vicinity, such as those in Croatia, Turkey, and even in Syria. But the increased awareness gradually wanes over time. Earthquake insurance is typically included in the home or business property coverage, with premiums depending on the earthquake zone, the age of the building and the agreed deductibles.

For example, the earthquake insurance premium for an apartment building in Ljubljana built after 1965 would be one third lower than for a similar building built before 1965.

NEW INSURANCE PRODUCTS

The insurance industry itself is also in the process of adapting to climate change. Insurance companies are not only developing new products but

also increasing the representation of existing index insurance products for drought, floods and other climate risks. They are also expanding their portfolio of insurance products in the area of sustainable mobility and offering effective risk protection for companies involved in the exploitation of renewable energy sources, such as solar power plants, wind farms and others. In addition, the Triglav Group is adjusting its approach to insuring coal mines and thermal power plants, taking into account national strategies for phasing out coal and transitioning to a carbon-neutral economy.

"By investing in sustainable companies, we are actively contributing to environmentally sustainable and socially responsible developments, as societal expectations and regulatory requirements in this area will be even higher in the future. This is all part of our commitment to sustainable investing, which paves the way for a greener, fairer and more inclusive society," the Group concludes.

HOW TO CHOOSE THE RIGHT INSURANCE

Triglav Group advises:

1. When taking out insurance, take the time to consider which risks are most likely to affect your business or home and to what extent.
2. Check whether and how much the risks are covered.
3. Check whether the sums insured for individual perils can be increased if you consider it necessary.
4. Property insurance: When taking out insurance, carefully consider the risks to which the property is directly exposed, including its location. If

it is built in a flood zone, choose flood and storm water cover. Check the level of cover and the amount the insurer will pay in the event of a flood. If you find that the sum insured does not meet your expectations or needs, you can increase the amount as much as you like up to the full sum insured.

5. It is also important to consult with an insurance agent or representative of the insurer in order to clarify any dilemmas and to receive comprehensive information on the choice of insurance that will provide you with the maximum financial security in the event of a claim.

TRIGLAV GROUP - SUSTAINABLY FORWARD

“We want to play a leading role in integrating global sustainability best practices into our business in the Adriatic region and are able to identify sustainability opportunities and risks. We have formulated our sustainability (ESG) goals for 2025 in four key areas: insurance and asset management, Triglav Group’s business processes, responsible stakeholder relations and effective corporate governance,” the insurance company says.

The Group’s activities include continuous efforts to raise awareness among the public, partners and other stakeholders on global development challenges and sustainable behaviour in everyday life. This commitment to the community is manifested through preventive investments and prevention programmes - an important social component of the insurance industry’s sustainable impact - and a number of projects in the areas of transport, fire safety, health, agriculture and education. These initiatives are primarily designed to benefit the most vulnerable groups of people and natural environments.

In cooperation with the Triglav Group d.d.



Photo: Adobe Stock



Photo: Adobe Stock



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

THE GREEN MISSION FOR SUSTAINABLE DEFENCE

Embarking on a mission to enhance energy efficiency within the defence system and align with the ambitious climate goals set by the EU, the Republic of Slovenia, in collaboration with fellow member states, strives to collectively achieve the set objectives. This pursuit, mindful of national circumstances and guided by principles of fairness and solidarity, is set against the backdrop of climate change as one of the most pressing global challenges. The political, social, and security implications of climate change underscore its potential to negatively impact stability in both the country and society.

ROBERT ŠIPEC, MINISTRY OF
DEFENCE OF THE REPUBLIC OF
SLOVENIA



As Europe endeavors to be the world's first climate-neutral continent by 2050, the collaboration of diverse stakeholders, including the defence sector, becomes imperative. Amidst the evolving dynamics in the European landscape, nations advocate for increased autonomy in securing energy sources, emphasising sustainable technologies supported by innovative solutions.

STRATEGIC STEPS

The defence sector actively engages in efforts to achieve environmental goals. To coordinate and efficiently realize these objectives, the Ministry of Defence has prepared a strategic document for the green transition. In developing this document, we drew on the commitments of the EU Strategic Compass, NATO measures in the field of climate policy, considered the guidelines of the Resolution on the Long-Term Climate Strategy of the Republic of Slovenia until 2050, and took into account the needs and capabilities of the defence sector.

The Ministry's activities include extensive energy renovations of its infrastructure, increasing energy efficiency and autonomy, introducing sustainable mobility, and investing in both national and international research and development projects. In the process, operational capabilities must be preserved or improved.

In supporting these activities, the ministry has significantly increased the funds for national and international research and development projects on the energy efficiency of the defence sector. We share the results and experiences at an increasing number of forums within the international community. With the aim of fostering closer collaboration with science and industry, the Slovenian Partnership for Energy and the Envi-



ronment in the defence sector was established in July 2020.

SUSTAINABLE STRUCTURES

At the same time, we are renovating or constructing military barracks in accordance with the standards of zero-emission buildings. We are introducing renewable energy sources, battery or hydrogen energy storage systems into barracks. All the systems will be digitalised and connected to a central energy monitoring system. Electric and hydrogen charging stations will be installed around military barracks, ensuring a sustainable energy supply to both military and civilian transport vehicles. As we expand the charging infrastructure, we will increase the use of electric transport vehicles.

In the future, temporary military camps will include more energy-efficient structures and more efficient energy generation and consumption systems.

In the future, temporary military camps will include more energy-efficient structures and more efficient energy generation and consumption systems. Fossil fuel energy will increasingly be replaced with renewable sources, coupled with a growing reliance on locally obtained and stored energy.



Photos: Ministry of Defence of the Republic of Slovenia

Project for
ENERGY SELF-RELIANCE

A PLEDGE FOR 2050

At the Ministry of Defence, we have measured our carbon footprint and we have set ourselves an ambitious target to become carbon neutral by 2050. While we are implementing energy and environmental standards in our operations, we are aware that achieving common environmental goals is a demanding process that requires a shift in mindset from each of us. We recognise the defence sector must contribute its fair share to the collective effort in achieving environmental goals.



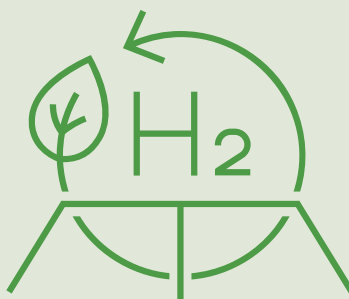
Photos: Ministry of Defence of the Republic of Slovenia

THE HYDROGEN ERA IS COMING TO THE REGION

Over the past few years, various developers around the world have announced massive and highly ambitious hydrogen projects that aim to meet much of the world's hydrogen needs.

JAN TOMŠE

PHOTOS: ADOBE STOCK



I

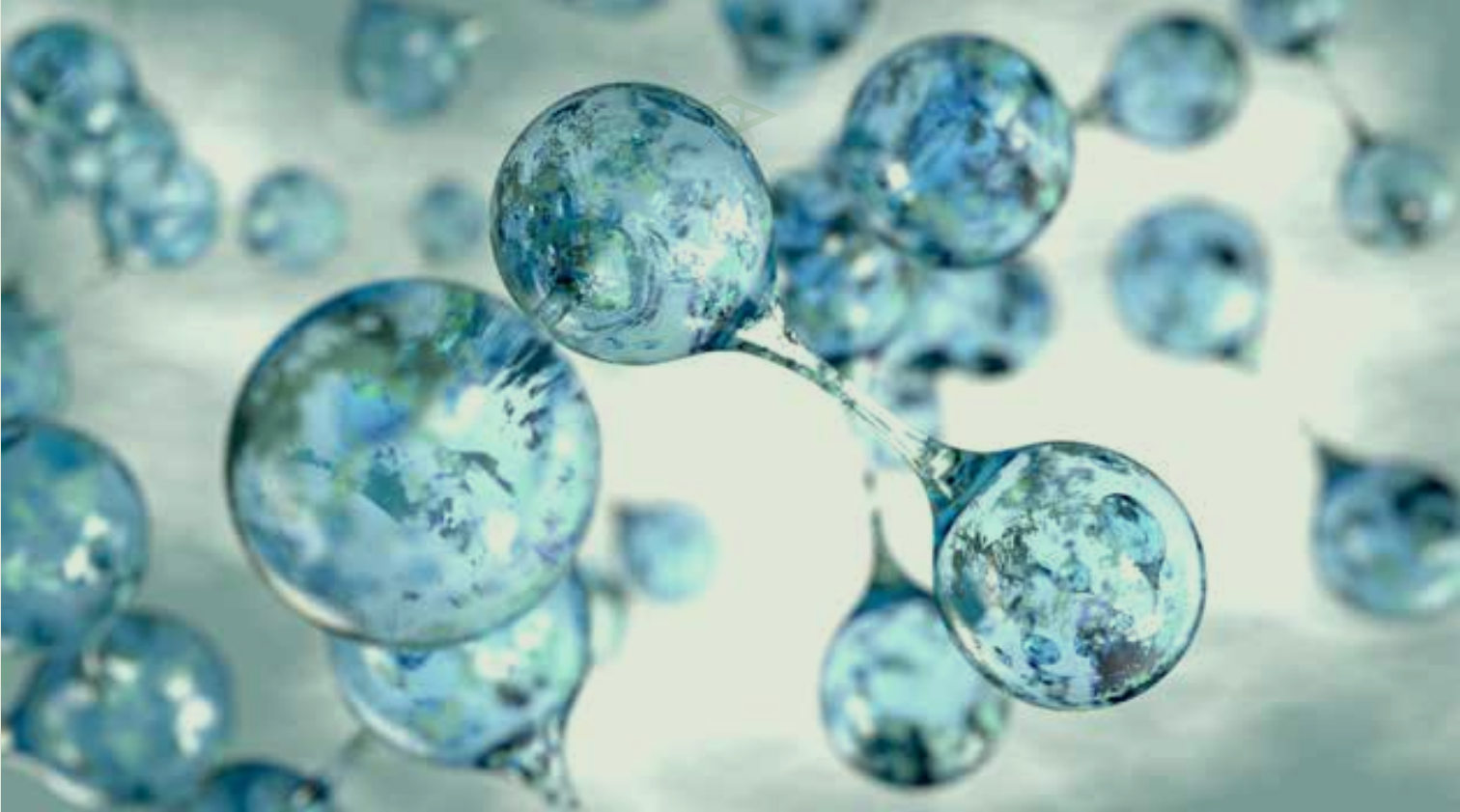
some of the largest announced renewable hydrogen projects are successfully built, they could provide more than 100 million tonnes of green hydrogen per year, about a third of the amount the IEA says will be needed to achieve net-zero emissions by 2050. The largest green hy-

drogen projects include the Spirit of Scotia Green Hydrogen Production Hub in Canada, HyDeal Ambition in Western Europe, Reckaz in Saudi Arabia, the Western Green Energy Hub in Australia and Aman in Oman.

HyDeal Ambition, for example, is a massive green hydrogen project in Western Europe that aims to produce 3.6 million tonnes of green hydrogen per year. It has been classified by the International Renewable Energy Agency (IRENA) as the world's largest green hydrogen project. The project, which stretches from Spain to France and Germany, aims to create a fully integrated hydrogen value

chain that includes solar power generation and electrolyser manufacturing, industry partnerships, a disruptive industrial and financial model, and the potential for use in multiple sectors.

The project is part of the European Hydrogen Valleys Partnership, an initiative that falls within the context of the EU's ambitious goal of climate neutrality by 2050. The partnership aims to strengthen the value chain for fuel cell and hydrogen (FCH) technologies, contribute to the decarbonisation of the EU economy and promote the use of green hydrogen produced from renewable energy sources.



RENEWABLE HYDROGEN

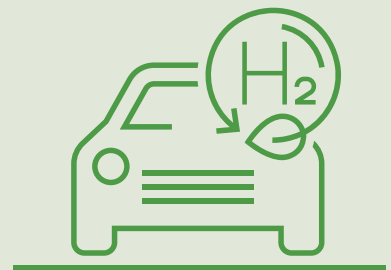
Renewable hydrogen can only be produced as a fuel from renewable sources of non-biological origin. This is also to ensure that the production of renewable hydrogen promotes an increase in the amount of energy from renewable sources, which also supports the European decarbonisation target under the Green Deal.

Renewable hydrogen, often referred to as green hydrogen, is hydrogen gas produced using renewable energy sources such as wind, solar or hydro power. It is the opposite of 'grey' or 'blue' hydrogen, which is produced from fossil fuels such as natural gas and is associated with higher greenhouse gas emissions. The production of renewable hydrogen typically involves a process called electrolysis, in which water is split into its constituent elements, hydrogen and oxygen, using electricity generated from renewable sources. This is done in an electrolyser that can be powered by clean energy to produce hydrogen with very low carbon emissions.

AMBITIOUS THREE-REGION PROJECT

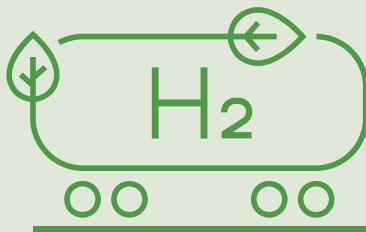
Similarly ambitious is the transnational North Adriatic Hydrogen Valley (NAHV) initiative involving Slovenia, Croatia and the Italian region of Friuli Venezia Giulia. It involves the active participation of the industrial and research communities in all three regions. The project is part of the broader European Hydrogen Valley initiative, which aims to contribute to the objectives of the European Green Deal and the European Hydrogen Strategy. The project has been awarded a EUR25 million grant from the Clean Hydrogen Partnership Joint Undertaking and implementation began on 1 September 2023. NAVH aims to create a dedicated Hydrogen Valley, covering the entire chain of renewable hydrogen use, from production to storage, distribution and end-use in various sectors, mainly industry and land and sea transport.

With 27 organisations involved, including businesses, universities, institutes and other public institutions from three counties, the NAHV initiative aims to promote a trans-boundary Hydrogen Valley that supports the energy transition and promotes sectoral integration between the transport, industry and energy sectors in an integrated ecosystem. It will foster collaboration to jointly define and implement a common innovation agenda and collaborative projects to accelerate the deployment of hydrogen-based solutions, strengthen local hydrogen ecosystems and build inter-regional value chains.





“Hydrogen Valley will enable 17 pilot projects in the region across three partner territories. One of the main objectives of the project is to create a market for renewable hydrogen, both in terms of demand and supply, to make hydrogen a competitive energy of the future,” says Dr Tomaž Vuk, CEO of Salanit Anhovo, which forms the NAHV partner consortium. Salanit Anhovo, Slovenia’s leading producer of high quality cement and concrete and one of the most technologically advanced companies in the building materials sector in the region, will initially offer the production of hydrogen from renewable energy sources, within small networks to large industrial consumers such as steel or cement plants. At a later stage, it is likely that smaller operators will also require hydrogen. One of the aims of the projects is to train young people in this field.



5,000 TONNES OF RENEWABLE HYDROGEN PER YEAR BY 2030

Renewable hydrogen is seen as a key component in the transition to a more sustainable and low-carbon energy system, as it can help decarbonise sectors that are difficult to electrify directly. “However, widespread deployment

of renewable hydrogen still faces challenges related to cost, efficiency and infrastructure development. Research and development efforts continue to improve the production, storage and use of renewable hydrogen to make it more economically and environmentally viable. This project will help raise awareness of the production and use of clean hydrogen, and larger companies are already starting to use it,” explains dr. Vuk.

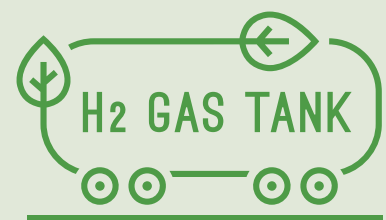


Salanit Anhovo has already built the first pure hydrogen refuelling station in Slovenia in 2021. This installation is seen as a pioneering start to the history of hydrogen technology in Slovenia. NAHV will be part of the hydrogen ecosystem across Europe that will eventually connect these smaller production sites into a single system. Hydrogen is also one of the best solutions for decarbonising society. Dr. Vuk says: “In Slovenia, together with our partner companies, we are committed to the production, storage, distribution and use of 5,000 tonnes of renewable hydrogen per year by 2030. The project will last for 6 years and at the end of this period we hope to have a functioning system with the capacity to increase both the produc-

THE USE OF RENEWABLE HYDROGEN

Renewable hydrogen can be used in a number of ways. It can be used for energy storage or as a clean fuel. It can be used in a wide range of sectors, and Salanit Anhovo expects it to be used first in transport and industry. Renewable hydrogen can also be used as a clean fuel for heating, including residential and commercial heating, and in combined heat and power systems. This type of use will only be possible at a later stage, as the production of this type of hydrogen is currently limited and only possible in small quantities.

Renewable hydrogen will also be of great help to Salanit Anhovo. “We will use renewable hydrogen to reduce our carbon footprint, which, together with the introduction of other state-of-the-art technologies, will lead us to carbon-neutral cement production by 2035. Clean hydrogen can even be converted into synthetic methane, which is a carbon-neutral fuel, by combining CO₂ from industrial processes,” explains Dr Tomaž Vuk.



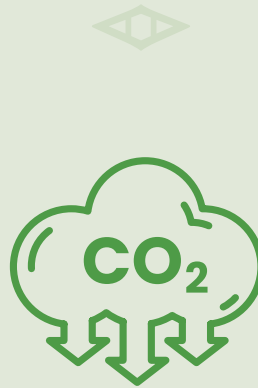
tion and use of renewable hydrogen.” Some time ago, Salanit has set up a charging station. They also plan to set up new electrolyzer, storage and filling station for hydrogen. The aim of the project is to demonstrate hydrogen truck transport, which will



reduce the environmental impact of transport. Slovenia's first pure hydrogen refuelling station has been in operation at Salonit since 2021, and the company plans to carry out a feasibility study for a hydrogen connection in the future, which will form the basis for the next steps.

The leading partner in the project alongside Salonit Anhovo is Holding Slovenske elektrarne. Some of the other partners include Ecubes, Steklarna Hrastnik, University of Ljubljana, and the Ministry of the Environment, Climate and Energy.

"Hydrogen is also an opportunity to find solutions for decarbonising processes, both in the production of clinker and in the use of electricity and transport of products to end customers. Rail is the next step in decarbonising freight transport through renewable energy sources," says Vuk.



INNOVATION AND PROGRESS DRIVER

Large industrial companies, including Salonit Anhovo, pave the way for technological development in Slovenia and the region by participating in such projects, which also have an international impact and serve as a model at EU level. Smaller companies cannot afford research and development due to the high cost of investing in new technologies, so it is up to larger companies to enable the gradual decrease in the price of such technologies and their widespread use through their activities, testing and development.

"The establishment and development of the hydrogen valley can have a significant positive impact on the people and economy of Slovenia," Vuk says. "For example, the use of hydrogen as a clean fuel reduces greenhouse gas emissions, improves air quality and reduces de-



pendence on fossil fuels. Companies in Slovenia will have the opportunity to develop and sell hydrogen technology and related products and services. This will stimulate economic growth, increase the added value of companies, create new jobs and increase the competitiveness of the Slovenian economy on the international market."

The main objective of the initiative is to create a market for green hydrogen on both the demand and supply side, making it a competitive energy source for the future.





GREEN CORPORATIONS

30

Chapters

100,00

Members

71

Countries

8

Principles



CALL TO COMPANY BOARDS TO TAKE CLIMATE ACTION

Chapter Zero was officially launched last year in Slovenia by the host organisation, the British-Slovenian Chamber of Commerce, together with the Slovenian Directors' Association and Deloitte Slovenia. The initiative aims to mobilise company boards to take action in response to climate change.

W

With global temperatures increasing by 1.2 degrees Celsius above pre-industrial levels, along with a 46 % increase in carbon dioxide emissions, it has never been more urgent to ad-

IN COOPERATION WITH THE
BRITISH-SLOVENIAN CHAMBER OF
COMMERCE

dress the far-reaching consequences of climate change. In this context, Slovenia is no exception. The Alps, a hotspot for climate change, make Slovenia one of the fastest-warming habitable regions. Based on current policy changes, the projections indicate that by the end of the century, Slovenia's climate could mirror that of North African countries. As the

European window to achieve climate neutrality by 2050 steadily narrows and discussions on climate change predominantly unfold only at governmental levels, it is equally crucial to tackle this issue within the business realm.

Recognising the critical role that businesses play on the path to net zero transition, the British-Slovenian Chamber of Commerce, the Slovenian Directors' Association (Združenje nadzornikov Slovenije), and Deloitte Slovenia, have joined forces, estab-



lishing Chapter Zero Slovenia in April 2023. This joint effort marked the launch of a climate change initiative with a clear mission: to empower members of supervisory and management bodies with the knowledge and skills needed to make climate action a boardroom priority.

Membership in Chapter Zero Slovenia is open to all board members, offering them the opportunity to participate in all activities free of charge. The Chapter's mission revolves around eight Climate Governance Principles, with one of them stressing the board's ultimate responsibility to shareholders for long-term company stewardship, effective risk management, as well as adaptation and mitigation of climate-related changes.

Chapter Zero Slovenia is part of the broader global initiative known as the Climate Governance Initiative, initially launched in 2019 in collaboration with the World Economic Forum (WEF). This global network currently includes 30 national and regional Chapters across 71 countries, each committed to tackling climate issues at the highest levels of corporate governance.

Barbara Uranjek, CEO of the British-Slovenian Chamber of Commerce and Member of the Management Board of Chapter Zero Slovenia voiced her support and dedication to tackling climate change: "In recent years, climate change has posed an increasing risk not only to humanity, but to the entire planet and the global economy. It is clear that climate change needs to



Photo: British-Slovenian Chamber of Commerce

be addressed collectively – by individuals, businesses, and governments. Active and ambitious engagement of industry, finance, and business in mitigating and adopting to climate change is crucial. That is why we have launched Chapter Zero Slovenia, a ground-breaking step towards achieving this goal in our country."

MANAGEMENT BOARD AND WORKING GROUP of Chapter Zero Slovenia at the Launch Event in April 2023

Source: World Economic Forum and PwC, 2019, **GUIDING PRINCIPLES FOR EFFECTIVE CLIMATE GOVERNANCE ON CORPORATE BOARDS**

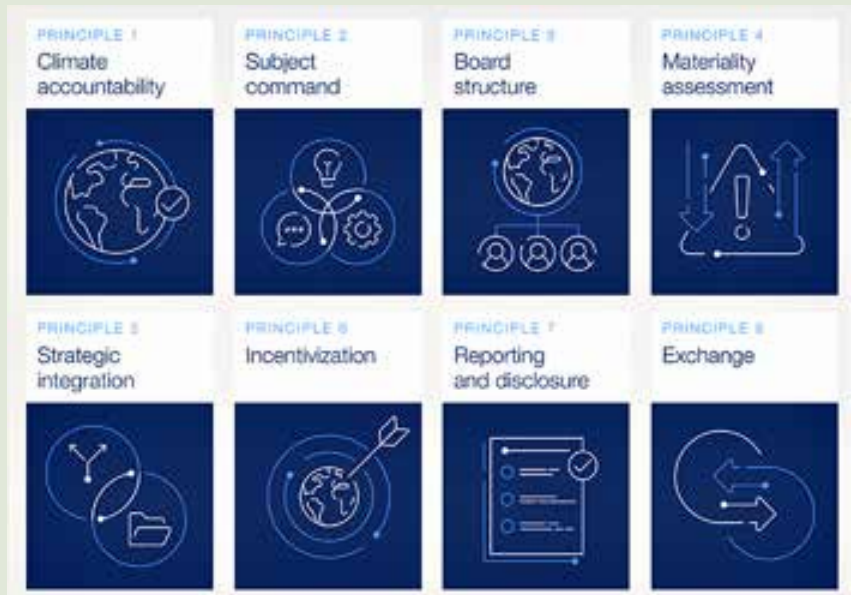


Photo: British-Slovenian Chamber of Commerce



START-UPS

SUSTAINABLE SCALE IN UNCERTAIN TIMES

The Balkan region is witnessing a remarkable shift in its approach to business, particularly in the realm of sustainability and environmental responsibility.

ALENKA ŽVIKART



LEADING THE CHARGE IN GREEN INNOVATION

One of these, ReCatalyst, specialises in designing advanced catalysts for future fuel cells. The company, founded by Tomaž Bizjak and Matija Gatalo last year won the Slovenian Startup award. They've managed to secure EUR 1.7 million in funding from High-Tech Gründerfonds, OCCIDENT and Xista Science Ventures, alongside Slovene investors, including RUJ Ventures and the renowned Tine Tomažič from Pipistrel.

The market is primed for sustainable solutions and the minds behind ReCatalyst have a clear message: "Excel in what you do, avoid shortcuts on critical issues, uphold professionalism regardless of your business's size, and demonstrate to investors that your team is the standout in their portfolio."

TRANSFORMING WASTE INTO WEALTH

Among these crucial investors are StartUPPlus and the Slovene Enterprise Fund (SEF), who support many companies each year. GET ECO from Carinthia is one of these.

Luka Zajec, the company's project manager, speaks candidly about their jour-

ney. "In 2019, we secured development funds from the SEF's P2 tender, designed for technologically innovative companies. Over three years, this amounted to a total of EUR 54.000 in grants, which is insufficient considering the complexity of our project," he laments. "Still, it kept us afloat and allowed us to make some developmental strides, albeit small."

GET ECO is at the forefront of developing an innovative method to process various waste plastics — think mixed municipal waste, baby diapers, sanitary napkins, children's toys and the like — and transform them into valuable resources. The process involves a specialised reactor that operates at medium-high temperatures, below 450 degrees Celsius, without combustion. What makes this remarkable is that it's achieved under completely controlled conditions, without adding to environmental pollution, turning what was once waste into plastic granulate, pyrolysis oil, and even electrical energy.

ACROSS THE REGION

Further south, where the coffee might be stronger, ambitions for sustainable businesses are just as such. Since 2012, the Green Balkan Foundation has ran a program for fostering local, sustain-

There has been a significant rise in awareness among Slovene companies and the government regarding the environmental cost of doing business in recent years, according to Slovenia's economics minister Matjaž Han. "Now more than ever, we are witnessing the direct effects of climate change," he says, stressing the need to move towards more sustainable living and working habits. "At the Ministry, we're deeply conscious of this reality. We actively support sustainability in our economic activities through various means, advocating for and encouraging environmentally friendly practices."

In 2022, the government agency SPIRIT Slovenia rolled out an initiative, designating nearly €18 million to fortify start-ups and SMEs in their pivot towards promoting sustainable and circular businesses.



GET ECO implements an innovative method to process various waste plastics and transform them into valuable resources.

able initiatives across the region. “Our Balkan Green Ideas is all about nurturing local, sustainable, small-scale green initiatives in the Balkans. It’s focused on sparking innovation in the realm of eco-friendly ideas and actively involving local communities in the creation of green businesses,” tells us Andina Vllahu from the Foundation.

REVOLUTIONISING TRANSPORT IN MONTENEGRO

The Balkan Green Ideas competition, an annual event hosted by the Foundation, crowned BeBeep last year’s winner. The Podgorica-based carpooling venture is the brainchild of founders Ivo Rašović, Petar Sekulić, and Marko Lalić. Ivo, with his finance expertise and experience in European investments, manages the financial side. Marko, at the helm of operations and marketing, drives the business forward, while Petar, a data scientist, leads the technological development.

In just two years, they’ve revolutionised travel in the country for 7.000 users, organising 5.000 rides, with plenty of room to grow.

“Millenials and Gen Z, are trying not to surround themselves with possessions, but they are trying to utilize some things more efficiently,” says

Rašović. This mindset is reflected in how the company approaches cars, he says. “They’re no longer status symbols but tools for mobility. Carpooling is key here – it slashes costs, cuts down on road congestion, and most crucially, it can significantly reduces CO2 emissions.”

In general, Montenegro is making a tangible commitment to nurturing its startups. Hosting events like Spark.me Startup Adventure competition by Domen.me and UNDP, the BoostMeUp pre-accelerator program spearheaded by Technopolis are just some examples. Not to mention, the Montenegrin government has stepped up with the launch of the Innovation Fund.

FUNDING THE FUTURE

The growing focus on supporting sustainability start-ups is mirrored in Croatia, where the numbers speak volumes: 22 climate tech startups and 52 SMEs have been buoyed by the IRI 2 funding initiative. A significant portion of this funding is channelled towards Sustainable Mobility & Transport – a clear indicator of where Croatia is placing its bets.

In 2022, Serbia sent out four rounds of challenges to promote the green transition, amassing a diverse group of more

than 140 entities, spanning companies, local governments, public enterprises, and utility companies. Of these, 83 promising ideas progressed to an acceleration phase, gaining mentorship to hone their proposals. The most impactful 12, chosen for their potential, are now poised for implementation, backed by EU grants and facilitated by UNDP.

Bosnia and Herzegovina, meanwhile, hosted the Green Revolution conference which is part of the prestigious “100 largest” projects in the country and in 2023 stood out as a key gathering place for some of the most famous names from the business world such as Zlatko Mijatović. With a 36-year legacy, it has showcased 1.700 successful startup ideas and annually garners the support of 150 companies.

The smaller players are where the real hope lies, especially as they stand to be most affected by climate change’s harsh realities. Much like how the Balkans once triggered a conflict that reshaped Europe, they now hold the potential to revolutionise the way the world does business. Companies in the region are moving away from the relentless pursuit of chaotic growth and steering towards an economy that values balance and sustainability.



BEBEEP, a carpooling company from Montenegro, last year won the Balkan Green Ideas competition.



YOUTH ON CLIMATE CHANGE

CLIMATE VOICES OF THE FUTURE

The Western Balkans, a region steeped in rich history and diverse cultures, is currently facing a new and formidable challenge: climate change. This emerging global warming hotspot, however, is witnessing an inspiring counter movement led by its young, passionate activists. According to the United Nations Development Programme, nearly 70% of these young people recognise climate change as a critical global issue, actively advocating for and demanding substantial climate action.

BY TIBOR REMŽKAR, A 20-YEAR-OLD STUDENT OF INTERNATIONAL RELATIONS FROM LJUBLJANA



The accessibility of education and information, particularly through social media, has played a pivotal role in nurturing a generation that is not only more informed about climate issues but also deeply concerned and actively engaged. This has led to a palpable generational gap in attitudes and actions regarding climate change. Natali Buli, an 18 year old high school student from Albania observes, “older generations do not understand climate change as well as the youth does. Older people in Albania mostly focus on issues right in front of them, rather than talking about problems that will affect us in some years.”



Photo: Aclibie Stock

The urgency for climate action is further fuelled by young people’s concerns about their future. Matic Hrabar, 19 year-old student of biotechnology from Slovenia points out, “In the long run, younger generations will be much more affected. We are the ones who are inheriting this world from the older generations, and we are going to be the ones spending the next decades living

with climate change.” Similarly, Ilma Šahinović, a 25-year-old from Bosnia and Herzegovina emphasizes the need to address the mistakes of previous generations, and Ivana Blažin, 3rd year student of engineering management from Serbia highlights the disparate impact of climate change on younger people, citing worsening air and water quality as examples.



WAVE OF OPTIMISM

Despite these challenges, a wave of optimism and a vision for an alternative future is evident among the youth. They envision a world where their needs are met, and their lives are not endangered by climate change. This vision has sparked an unprecedented global mobilization of young people, including those in the Western Balkans, fighting for their future.

“Young people are the ones pushing for change,” says Buli, stressing the importance of taking initiative. Jovan Spasovski, 19 year old student of medicine from Macedonia echoes this sentiment, finding motivation in the potential consequences of inaction.

It is crucial to recognise that young people are not just the future; they are the present. Their voices need to be



Photo: Adobe Stock

heard, supported, and acknowledged if we are to have any chance of addressing the climate crisis effectively. Hrbar poignantly concludes, “The thing that motivates me to keep on demanding climate justice is that some-

day we will be able to tell our children that we fought... That we did our best to try and stop them.” This sentiment encapsulates the resolve and commitment of the Western Balkans’ youth in their fight against climate change.

IVANA BLAŽIN, 22, 3RD YEAR STUDENT OF ENGINEERING MANAGEMENT FROM SERBIA

“The problem is that people here do not think about climate change. When something very bad happens, of course people think about it, but generally they do not. There is also not enough education, discussing climate change is not a priority. There is also no recycling. There are two types of trash cans, but a lot of people, including my household, did not receive both, so they still only use one trash can and therefore cannot recycle.

There is a student in Belgrade that organises clean-up events. Once in a while he promotes the event around high schools

and organises clean-ups in parks, around rivers etc. That is a little thing that young people can do to motivate other young people to become more involved in climate action.”

ILMA ŠAHINOVIĆ, 25, MASTERS STUDENT OF INTERNATIONAL RELATIONS, FROM BOSNIA AND HERZEGOVINA

“Unfortunately, in Western Balkans people are rightfully more concerned with socio-economic challenges which are a daily burden for most families. This continual mindset has led us to completely ignore the importance of sustainability as usually the more sustainable options have proven to be more expensive and harder to

obtain, at least in Balkans. The complete transition to solar energy sources would be nearly impossible, as it would take a lot of time and investment, which unsurprisingly, we do not have.”

MATIC HRABAR, 19, STUDENT OF BIOTECHNOLOGY FROM SLOVENIA

“We Slovenians sometimes align ourselves with Central Europe, but in my opinion that is a mistake. It is important for Slovenia to act in our region, the region of Western Balkans. Young people, as well, need to connect across borders, collaborate on projects and drive societal progress forward. Bringing together different perspectives and ideas is the way forward.”



NORTH MACEDONIAN TOURISM

A HIDDEN BALKAN GEM

In the heart of the Balkans, nestled between the familiar tourist destinations of Greece, Albania, and Bulgaria, lies North Macedonia - a country often overshadowed on the European travel circuit, yet brimming with untapped potential and hidden treasures. As one traverses through its varied landscape, North Macedonia reveals itself not just as a geographical crossroad but as a vibrant tapestry of history, culture, and natural beauty.

MAJA DRAGOVIC





In Skopje, North Macedonia's capital, one can witness a city delicately balancing its ancient past and ambitious future. The city's skyline, dotted with the ambitious architectural projects of the Skopje 2014 initiative, stands in stark contrast to the Ottoman-era old bazaar, a maze of narrow streets, old-world charm, and buzzing energy.

Locally known as Čaršija, the bazaar is not just the pulsating heart of the Macedonian capital but also a living chronicle of its history and culture. With its intricate mesh of narrow streets and alleys, it showcases a blend of Ottoman, Byzantine, and even Roman influences, evident in its unique architectural style and urban layout. Despite facing challenges like the devastating 1963 earthquake and the test of time, it has managed to preserve its historical essence, thanks to dedicated restoration efforts.

Today, the old bazaar is a thriving cultural melting pot. It houses significant Ottoman-era structures like the Mustafa Pasha Mosque and various hans (inns), which once served as lodges for traders and now host an array of cultural activities and businesses. The bazaar remains a hub for



traditional craftsmanship, where local artisans sell goods such as jewelry, textiles, and ceramics.

A LAKESIDE RETREAT

To speak of North Macedonia and not mention Lake Ohrid would be a big oversight. The UNESCO world heritage site, both for its cultural history and natural beauty, is “one of the oldest human settlements in Europe”. Lake Ohrid, often referred to as the jewel in North Macedonia's crown, is surrounded by centuries-old Orthodox Christian monasteries that gracefully perch on hills overlooking the waters. The town of Ohrid itself

exudes tranquillity, with its cobblestone streets winding towards ancient churches and an amphitheatre, each echoing with tales from long ago. As one of Europe's deepest and oldest lakes, Ohrid provides a serene yet captivating setting ideal for both relaxation and adventure.

CULINARY DELIGHTS

For the epicurean traveller, North Macedonia's culinary scene is a delightful surprise. The country's cuisine reflects its multicultural heritage, with a penchant for hearty dishes and flavoursome spices. From the ubiquitous 'tavche gravche' baked beans



dish to the Ohrid trout, the food here is a testament to the country's rich agricultural tapestry. Not to be overlooked are the country's vineyards, particularly in the Tikveš region, where wine production dates back centuries, offering a perfect blend of traditional techniques and modern innovation.

THE GREAT OUTDOORS

Adventure enthusiasts will find North Macedonia's rugged terrain, dotted with national parks like Mavrovo and Pelister, a playground for outdoor activities. Whether it's hiking through lush trails, skiing down powdery slopes, or paragliding over the scenic landscape, the country offers a plethora of experiences for those seeking an adrenaline rush.

CULTURAL TAPESTRY AND FESTIVALS

The country's rich cultural tapestry truly comes alive in its festivals, each event steeped in tradition and modern flair, offering unique insights into the nation's soul. The Ohrid Summer Festival and Skopje Jazz Festival, renowned for their grandeur, stand out, but the country's festive calendar brims with numerous other celebrations that equally capture its spirit.

With a tradition spanning 42 years, the Skopje Jazz Festival has grown in stature and reputation, securing its place as one of the most prestigious events on the international jazz stage. Held in the autumn months, the festival features an eclectic line-

up that includes legendary jazz musicians and contemporary artists. The event has welcomed some of the jazz world's biggest names, such as Ray Charles, Tito Puente, Ornette Coleman, Pat Metheny, Wayne Shorter, Stanley Clark, BB King, Chick Corea, and Herbie Hancock, among others.



The Ohrid Summer Festival, spanning several summer weeks, transforms the ancient city into a vibrant hub of cultural activity. Performances are held in historic venues like the Roman amphitheater and centuries-old churches, creating a mesmerizing fusion of art and history.

Tourists exploring the country might also stumble upon traditional village festivals, where the air vibrates with horn-and-drum rhythms and tables overflow with grilled meats, fresh vegetables, cheeses, breads, and excellent local wine. A notable example is the Galičnik Wedding Festival, a living exhibition of Macedonian culture and tradition, particularly showcasing the region's rich wedding customs. Each year, numerous couples vie for the honour of being the 'wedding couple' at the festival, with the selection based on various criteria, including their connection to the village. This event takes place over several days, meticulously following the traditional sequence of a Macedonian wedding with its customary costumes, rituals, music, and dance. Highlights include the groom's



shaving ritual, the bride's dance, and the celebratory firing of guns, all epitomizing joy and celebration.

A Sustainable Approach to Tourism
As North Macedonia strives to boost tourism, it simultaneously prioritises the preservation of its natural and cultural heritage. This balanced approach ensures that the uptick in tourism complements rather than compromises the country's nature. For responsible travellers, a visit to the often-overlooked Vevčani is essential, showcasing how tourism and heritage can coexist harmoniously. A picturesque village nestled at the foothills of the Jablanica mountain range and known for its natural springs and rural charm, Vevčani has embraced a form of tourism that respects and preserves its unique environmental and cultural heritage. This includes promoting local produce and crafts and using resources sustain-

ably. The efforts of Vevčani in crafting the sustainable tourism model have not gone unnoticed in the wider world. The village was lauded among the Top 100 Good Practice Stories for 2022, a distinction that underscores its commitment to thoughtful and responsible development.

SURGING TOURISM APPEAL

While North Macedonia may not yet feature on every traveller's radar, its appeal is unmistakably on the rise. During the January to September period of 2023, compared to the same timeframe in the previous year, North Macedonia experienced a notable upswing in its tourism sector. The country saw an overall increase in tourist numbers by 21.8%, with foreign tourist visits soaring by an impressive 40.3%. This surge indicates a growing recognition of North Macedonia's allure as a travel destination.



North Macedonia has pursued European integration since the 1990s but faced numerous setbacks. The following years were marked by intense nationalism and political deadlock, with little progress despite UN mediation.

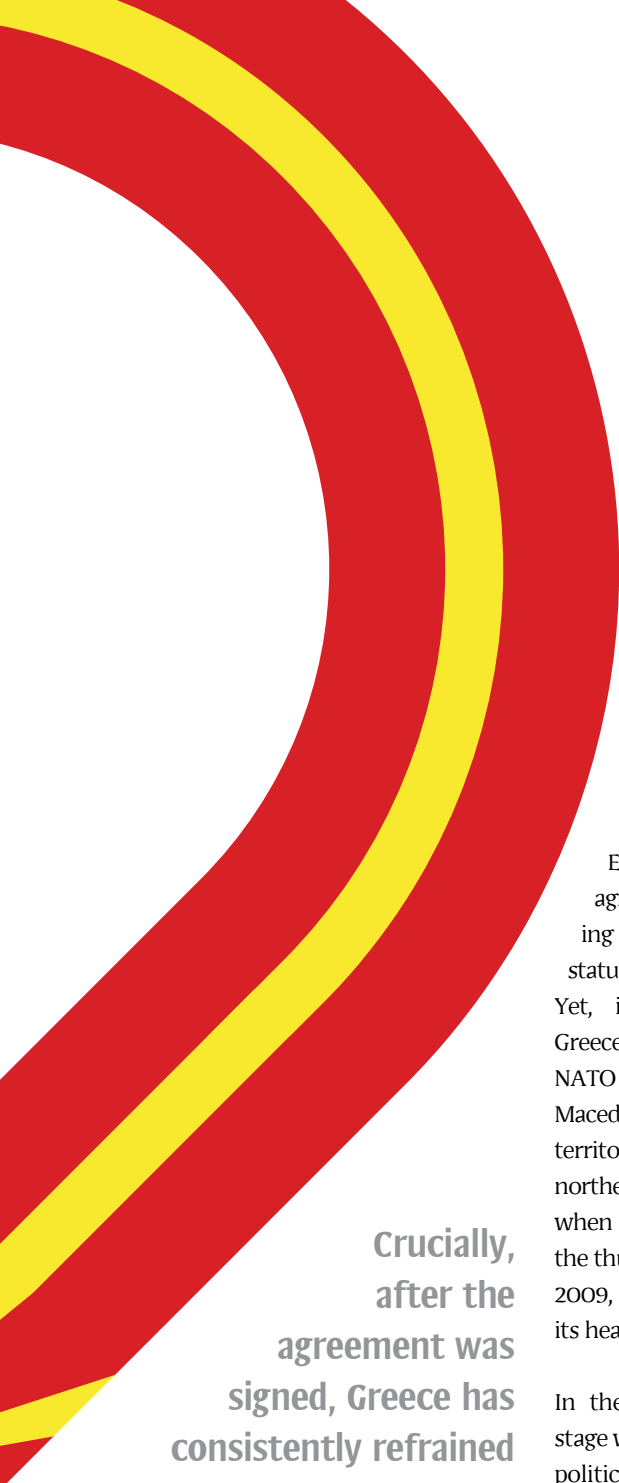


EU MEMBERSHIP

OPEN HEARTS AND CLOSED DOORS

ANDRAŽ TAVČAR

Photo: Adobe Stock



Crucially, after the agreement was signed, Greece has consistently refrained from readdressing or contesting matters concerning North Macedonia's name or its path to accession in any EU institutional fora.

B

Beginning in the late 90s, North Macedonia set on its European trek when it was the first of its former Yugoslav brothers to shake hands with the West, sealing a NATO membership action plan in '99 and an EU stabilisation and association agreement in 2001. By 2005, riding on the coattails of its candidate status, it seemed poised to join NATO. Yet, its aspirations were stymied. Greece played the veto card at the 2008 NATO Summit in Bucharest, arguing Macedonia's now former name implied territorial ambitions towards its own northern province of Macedonia. Then, when the European Commission gave the thumbs up for membership talks in 2009, the old Greek name game reared its head again.

In the ensuing decade, the political stage was dominated by a heady mix of politicking and populist fire, where the stubbornness of Nikola Gruevski's nationalism in the country clashed head-on with a revolving door of equally unyielding Greek governments. Despite the United Nations playing mediator, progress was limited and slow, with few tangible results achieved over the years.

TURNING POINT

The political landscape in Greece underwent a significant change with the rise of Alexis Tsipras, while North Macedonia experienced an equally notable political upheaval in 2017 that paved the way for Prime Minister Zoran Zaev. A year later, these two leaders would come together at Lake Prespa. "The then socialist governments, with PM Zaev and Syriza's Tsipras at the helm, managed to reach something of a diplomatic coup," observes Matjaž Nemeč, a Slovenian S&D MEP and member of the European Parliament's Committee for Foreign Affairs. He points out that the Prespa Agreement – as it's been dubbed – was pivotal for the Western Balkans. The landmark deal served as an example in untangling the web of issues that had long ensnared countries in the region, addressing concerns on both a bilateral and multilateral basis. "Crucially, after the agreement was signed, Greece has consistently refrained from readdressing or contesting matters concerning North Macedonia's name or its path to accession in any EU institutional fora."

NEW HURDLE

Post-2018, a new obstacle emerged due to disagreements over history with another EU member state, Bulgaria. Its insistence on addressing perceived "anti-Bulgarian ideology" in North Macedonia threatened to impede the latter's EU accession process. "As the Bulgarian issue gained more tangible prominence in 2019, and particularly in 2021, it brought into question the very agreement itself, rendering Bulgaria's actions akin to a double-edged sword. This strategy effectively escalated a domes-



Photo: Philippe Buissin

BUJAR OSMANI, *Minister of Foreign Affairs of the Republic of North Macedonia.*

tic political issue to a matter of international, or more precisely, European importance, elevating it to a dispute between two nations.” Nemeč points out that although some Bulgarians had previously expressed these concerns, their assertions were relatively minimal. “It’s incomprehensible that Bulgaria did not raise these issues at least concurrently when Greece was doing so,” Nemeč asserts.

It nearly seemed like a replay of the Greek saga, but the EU had been roused by an outbreak of a war on its periphery. With Russia’s invasion of Ukraine, Western Europe’s appetite for enlargement revived as it sought to secure its values and its borders. Incidentally, it

would be the French under president Emmanuel Macron, that would offer the Macedonians a way out of their stalemate. The so-called ‘French Proposal’ introduced a framework that mandated the country acknowledge the Bulgarian community within its own constitution. The Sobranie, North Macedonia’s parliament, tentatively voted it through, considering the minuscule census count of some three thousand citizens identifying as Bulgarian.

CHARTING THE COURSE

As a shadow rapporteur on the 2022 Commission report on North Macedonia, Nemeč played a significant role in overseeing and contributing to

the European Parliament’s evaluation of the country’s progress towards EU membership. “We were faced with the fact that a report on a candidate state was not adopted, primarily because it had been overly influenced by a bilateral or Bulgarian agenda.”

He explained that as Skopje was trying to wrangle the necessary number of votes needed to change the country’s constitution, negotiations between the different political groups for a resolution on the report were underway in the European Parliament. The S&D, Greens and the Left political groups



Despite the shared goal among North Macedonia's political factions for EU membership, Nemec expressed concern over the diminishing allure of the European story not just in North Macedonia but across several EU states.

voiced their disagreement over the proposed text and the rapporteur, coming from Renew, was subsequently forced to withdraw the progress report.

Nemec explains their strategy, aiming to moderate the influence of the Bulgarian agenda on the resolution. "We wanted to slightly temper or limit

this process, believing that adopting a resolution aligned with the Bulgarian stance might have implications on the North Macedonian negotiations on the essential constitutional amendment." He candidly acknowledged the limitations of steering such an affair, admitting that "no one can control the entire process, not even the two or three biggest political groups."

Despite the shared goal among North Macedonia's political factions for EU membership, Nemec expressed concern over the diminishing allure of the European story not just in North Macedonia but across several EU states. He cautioned that should the EU fail to promptly respond to the aspirations of the Western Balkans, they could drift towards other regional or global influences. "These changes might result in alliances that are either misaligned or even anti-European."

North Macedonia's European path has been marred by tense relations with its neighbours and an EU that seemed stuck on the precipice at the end of history, overconfident of its economic relationship with Russia and the carrot it perpetually dangled above the Western Balkans. The promise of membership always there but never quite in reach.

With all the country has sacrificed, North Macedonia stands out among the now enlarged pool of candidates. But the path ahead is muddied by a crucial election that could sidetrack the EU's reemergent vim for enlargement. EU-wide elections in June risk diverting focus to more inward-looking concerns. Inflation, the energy crunch, escalating living costs, security crises, migration, healthcare, and climate change are poised to amplify public apprehensions, creating an ideal breeding ground for populist rhetoric.





S

IT OPPORTUNITIES

A HUB FOR HIGH-TECH ADVANCEMENTS

JAN TOMŠE

The IT industry in North Macedonia plays a vital role in the country's economy. With determined aspirations for digital development, the government has taken significant measures to foster the growth of the sector and establish a conducive environment for its expansion.

A

A noteworthy development is the establishment of North Macedonia's inaugural free zone for high-tech, known as the Technological Industrial Development Zone – Skopje 3 (TIDZ), which commenced operations in Skopje in 2022. The zone focuses on attracting companies with cutting-edge technologies and high-tech investments, with plans to op-



erate as a public-private partnership. The zone is strategically positioned at the intersection of Corridor X and Corridor 8 with direct connectivity to the E-75 route linking Belgrade, Skopje, and Thessaloniki.

INVESTMENT AND GROWTH PROJECTIONS

The estimated investment value

for this zone is approximately EUR 153 million, with expectations of technology-related investments reaching “up to €869 million over the next decade.” The director of TIDZ, Jovan Despotovski, emphasised the zone’s purpose, situated on roughly 45 hectares near the capital, to judiciously utilise the country’s available resources.

“We are a small country with limited resources. Capital is not limited, but people are a limited resource, which is why through such projects, we create opportunities for young individuals. Intellectual potential is what can propel a country forward. This marks just the beginning of a larger narrative.”



**1,957 ICT
companies in 2019.**

**Net profit in
2019:
EUR
118.65
million.**

**Total revenue
generated
in 2019:
EUR 879.65
million.**

**Average net profit
per employee in
2021:
EUR 8,000.**

**56% of ICT
companies in
Software and IT
Services.**

**27% of ICT
companies in ICT Trade and Manufacturing.**

**63%
of revenue exported in 2019**

Technological Industrial Development Zones are hubs where highly efficient clean manufacturing activities and new technologies are concentrated. North Macedonia presently boasts 15 free economic zones in various stages of development across the nation.

These industrial zones near the Macedonian capital offer enticing incentives, including:

- ◊ A 10-year tax holiday on profit, corporate tax, and personal income tax. Investors are exempt from value-added tax and customs duties.
- ◊ Long-term lease of land for up to 99 years at subsidized rates.
- ◊ Waiver of utility taxes to the local municipality and fees for land building permits.
- ◊ Free access to natural gas, water, and sewage networks.
- ◊ Government support for capital investments and income growth, with a 10% return on eligible investment costs.

According to Vojdan Jordanov, the Executive Director of insurer Triglav Osiguruvanje AD, TIDZ have been thriving in the country, employing approximately 18,000 people. These zones are home to mostly international companies, such as Johnson Matthey, Johnson Controls, Adient, Kemet Electronics, and Van Hool, engaged in various production activities. Initially, Jordanov explains, these

were labour-intensive operations but have evolved to include more technological operations with higher added value.

EFFORTS TO BOOST IT TALENT

The zones play a crucial role in the country's market, exporting 90% of its products. Most of the country's export comes from those companies, which is why the

government has and continues to provide subsidies to support their growth. The zones are also crucial for the development of future labour force. But the challenge lies in finding qualified personnel, particularly for technical roles. Jordanov explains, "over the past decade, North Macedonia has witnessed significant changes in its employment landscape."



“A decade ago”, he adds, “the country grappled with unemployment rates as high as 32%. Today, the situation has improved, with unemployment hovering around 15%, although it may be even lower due to unreported employment in the grey economy. However, the current challenge is not merely filling job vacancies but finding the right professionals, especially in high-value sectors like IT.”

Aquiring talent is one challenge. Keeping it is another. While the economy plays a role, it is not the primary reason for the exodus of young people, according to Jordanov. He asserts, “the real challenge lies in enhancing overall quality of life, encompassing cultural, systemic, and regulatory improvements. To retain young talent, it is imperative to enhance the country’s culture and system. Sharing success stories of individuals who have returned to Macedonia and addressing issues such as regulations, municipal operations, and property acquisition can significantly encourage young professionals to stay.”

Quality of life undoubtedly takes precedence, but an initiative like the Technological Industrial Development Zone such as Skopje 3 could also be a step towards attracting and retaining young talents by offering compelling opportunities. Despotovski outlined that the focus is on nurturing companies specialising in high technologies, thereby expecting to employ approximately 4,500 to 5,500 young individuals within its facilities.

EXPLORING OPPORTUNITIES IN IT, TOURISM, AND AGRICULTURE

Vojdan Jordanov, the executive director at Triglav Insurance JSC in North Macedonia, sheds light on investment prospects and challenges in the country’s different industries.



The tourism sector presents substantial room for expansion, particularly beyond the city of Ohrid. Additionally, there’s great potential in agricultural tourism, a model that has proven successful in Slovenia. North Macedonia’s abundant and pristine natural landscapes make it an ideal candidate for this type of tourism. The wine industry is also flourishing, with over 90 wineries, some of which have achieved notable profitability, such as Tikveš, the largest winery in the former Yugoslavia, with an annual revenue of approximately EUR 80 million. Wineries and wine tourism unquestionably offer promising avenues for growth.

In the realm of energy, there is scope for economic development, albeit with a degree of risk for private investors. The government has outlined potential projects in hydro, thermal, and gas power plants that could offer investment opportunities and foster collaboration with companies from neighboring regions.

Finally, agriculture confronts numerous challenges but also presents ample opportunities for the expansion of larger production capacities, particularly if modernization and education are integrated into the equation.

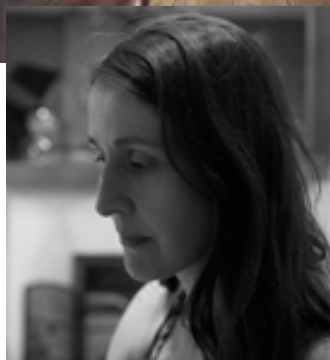
NORTH MACEDONIA'S CREATIVE POWERHOUSES



Marjan Pejovski- credit: his personal facebook page

Marjan Pejovski, fashion designer

Marjan Pejovski, the avant-garde North Macedonian fashion designer, began his fashion journey at London's prestigious Central Saint Martins College of Art and Design. He was catapulted to global acclaim with his iconic creation the swan dress, famously donned by Björk at the 2001 Oscars. The dress Pejovski designed for his label K-T-Z defied convention and became a symbol of their shared commitment to pushing fashion's boundaries. Today, this masterpiece resides in New York City's Museum of Modern Art (MoMA) though it is currently on display at London Design Museum until 11 February 2024.



Maja Dzarovska Hill, artist

Maja, based in the UK, started her artistic journey in Skopje, North Macedonia, where she attended the Lazar Licenski Art High School at 14 and later joined the art faculty at Kiril and Metodij University at 18. In 2000, Hill won the Portrait Award at the National Society of Macedonian Artists (DLUM) annual exhibition and held her first solo exhibition in Skopje, featuring 70 paintings. Her paintings were also exhibited in New York, Paris, and Europe. In 2002, Maja moved to Paris to work and exhibit at the Cité Internationale des Arts Paris. Later, she pursued a post-graduate degree in character animation at Central St. Martins in London between 2006-7.



Risto Bimiloski, fashion designer

Born in 1975 in North Macedonia, Risto Bimiloski is the creative force behind Risto, a Macedonian fashion label with a Parisian flair that's often described as Acid-chique. After graduating from Ecole Duperré, Bimiloski kicked off his career with stints at Jean Colonna and Thierry Mugler. His first collection made its debut at the prestigious Hyères International Fashion Festival. His talent led him to work with renowned fashion houses, including Louis Vuitton (in menswear knitwear), Kenzo alongside Humberto Leon and Carol Lim, and Maison Margiela. His creations graced the likes of celebrities such as Katy Perry, Maggie Gyllenhaal, Rowan Blanchard, Santigold, and Courtney Love. Today, Bimiloski heads knitwear at Balenciaga, Mugler, and Victoria Beckham.



Tamara Kotevska, documentaries director

During her third year of high school, Tamara Kotevska secured a scholarship to study abroad in Tennessee, USA, for a year. In 2012, she embarked on her academic path at the Faculty of Dramatic Arts in Skopje. The year 2016 marked a significant milestone as her script for “Stuffed Life” earned her a scholarship sponsored by the MIDPOINT Central European Script Center during the Eastweek Scriptwriting Workshop for New Talents at the Trieste Film Festival. In 2019 she teamed up with Ljubomir Stefanov, co-directing the critically acclaimed documentary Honeyland, which earned an Oscar nomination and won accolades at Sundance film festival.



Simon Trpčeski, pianist

Pianist Simon Trpčeski, celebrated for his commanding virtuosity and profound expressiveness, also stands out for his dedication to enhancing North Macedonia’s cultural reputation. He frequently performs as a soloist with major North American orchestras, including The Cleveland Orchestra, the Los Angeles Philharmonic, and more. He’s also graced prestigious European ensembles like the London Symphony and Amsterdam’s Royal Concertgebouw Orchestra. Born in North Macedonia in 1979, he’s received numerous awards and recognition, including the National Artist of the Republic of Macedonia. Trpčeski resides in Skopje with his family.



Katarina Ivanovska Photo credit: "Слободен печат" _ Алмеса Чавови

Katarina Ivanovska, model and actress

Katarina Ivanovska made her modeling debut in 2004 at Milan Fashion Week, following her victory in the Look Models International model search in North Macedonia. Her career soared as she graced the pages of Elle magazine, along with appearances in Citizen K, Stiletto, and Vogue’s Italian and Russian editions. In 2011, she signed a contract to represent Victoria’s Secret products. Beyond modeling, Katarina ventured into acting, starring in the 2012 Macedonian film “The Third Half” as Rebecca, showcasing her versatility and captivating audiences worldwide.



Photo credit Peter Duhon. Licensed under the Creative Commons Attribution



MEDICAL CANNABIS

NORTH MACEDONIA'S HIGH HOPES



Photo: Mitajourney

ANDRAŽ TAVČAR



M

Mention cannabis and our minds turn to a healthcare industry now worth billions. Its leaves used as a balm to treat the ailing; the plant has proven remarkably versatile in addressing a range of health issues. Clinical research has demonstrated its effectiveness in managing chronic pain and patients with debilitating conditions like multiple sclerosis have found relief in its ability to reduce muscle spasms and stiffness. Moreover, it holds promise in mitigating the severe weight loss and nausea associated with chemotherapy, offering some semblance of comfort to cancer patients.

EUROPE'S EMERGING CANNABIS MARKET

The landscape went from a hidden pastime to a hive of legitimate commerce – red eyes no longer a product of a weed-induced haze, but the relentless glare of market charts. In Europe alone the industry's growth has been significant, with its value reaching approximately \$8 billion in 2023. The use of cannabis, once on the margins of medicine and society, has now moved to the forefront, with the industry projected to grow at a compound annual rate of approximately 15% between 2023 and 2027.

Dope. Pot. Grass. Weed. Utter these colloquialisms in any corner of society, and you'll conjure a scene as stereotypical as it is tawdry: teenagers draped in the casual uniform of tracksuits, eyes red and rendered distant by a nebulous haze. The only thing on their minds? Probably something like, 'Can cats understand human laughter?' or 'How many pizza slices equal the nutritional value of one apple?' A modern-day Socratic seminar, just with more coughing and less philosophy.

Across the Atlantic, the United States has already witnessed the lucrative waves of this 'green rush'. After the 2008 economic recession forced cuts to law enforcement budgets, the financial crisis heralded a marked change in policy towards the substance. By 2012, with medical cannabis available in 18 states, voters in Colorado and Washington approved cannabis for recreational, not just medical, use.

Today, with a market valued at a USD 33 billion and legal frameworks supporting both leisure and medical applications in most states, it offers a glimpse into Europe's potential. With a vast population of 750 million residents and a legal framework that's

progressively evolving, Europe is on the cusp of a major growth in its own cannabis industry, potentially surpassing the strides made in the U.S.

SHIFTS AND CHALLENGES

North Macedonia is working to position itself as the main exporter of medicinal cannabis in the region, legalising the substance for medicinal use in 2016. Even legalisation of recreational use wasn't off the table, according to the country's Prime Minister at the time, Zoran Zaev, who promised to transform the country into an "Amsterdam in the Balkans." But the COVID pandemic and subsequent criticism by the opposition and calls for investigations into Zaev's personal interest in the industry, after one of his relatives was found to have obtained a growing license, seem to have put a stop on North Macedonia's 'green' ambitions.

Bojana Paneva, a senior associate at the Karanovic & Partners, a law firm specialising in Southeast Europe, noted that the country saw several legislative shifts on legalising the substance, especially with a key draft law brought before the parliament in 2019, which was expected to be adopted in early 2020.

"The adoption of the draft law was postponed due to the COVID-19 pandemic, as well as due to certain blockages of the parliament at the time," she says. In September 2020, the Government proposed a new version of the draft and in December, PM Zaev introduced an ambitious action



plan titled “Action 21 – for European standards at home.” The plan outlined 10 major projects and initiatives slated as priorities for 2021, with the economic development of cannabis ranking fifth on the list.

“At the time, decriminalisation and total legalisation of cannabis were seriously considered, and the Government had a mainly optimistic view on the matter,” she says, adding that the government went on to form a working group dedicated to regulating and utilising cannabis. “The working group had several meetings during 2021, where the terms ‘decriminalization,’ ‘legalisation’ and ‘depenalisation’ were defined, and the Canadian experiences on the medical and personal use of cannabis were discussed.”

In 2018, Canada legalised cannabis, a move that significantly boosted its stature in the medical cannabis industry. This decision has led to a substantial economic impact, contributing USD 43 billion to Canada’s GDP and creating 151,000 jobs from 2018 to 2021. Cannabis retail outlets have become a common sight in prime Canadian locales. Major players based in Alberta and Ontario have also taken their medical cannabis operations to the European market.

STALLED PROGRESS

Paneva informs us that as of March 2021, the draft law on cannabis in North Macedonia was revoked, and there have been no further developments as of 2023. The government

had ambitious plans from 2022 to 2024 to establish a comprehensive system for cannabis management and to leverage its various benefits, but those are yet to materialise. One of the crucial aspects of the agenda for the cannabis industry, establishing a special agency for cannabis for Medical and Scientific Purposes, tasked with overseeing the cultivation and production of cannabis for significant applications, remains an idea.

Paneva points out that the stagnation in legal reforms has had a detrimental effect on the industry. Companies holding licenses to grow cannabis are caught in a legal grey area, especially regarding the export of dried cannabis flowers. There’s confusion about whether they’re allowed to export or not. Local companies have been seeking clarity from the Assembly of North Macedonia on the issue, yet, as of 2023, “no such authentic interpretation has been provided.”

BUDDING PROSPECTS

Despite regulatory hurdles, RHpharma has managed to carve out a successful production network.

A quick perusal of their website reveals the company’s guiding philosophy. Front and center



At the time, decriminalisation and total legalisation of cannabis were seriously considered, and the Government had a mainly optimistic view on the matter.



in their product showcase section, where they present an array of cannabis extracts with various CBD dosages, is the evocative quote by Oscar Wilde: “Health is the first duty in life.”

Emilija Gacovski, deputy head of production, pointed out the favourable conditions for business in North Macedonia. “The cost of labour here is more affordable compared to other Balkan countries, and this applies to both highly educated professionals and workers with lower levels of education.” She adds that setting up a business in the country is easy. “For instance, while obtaining a building permit in Greece might take over two years, including all the necessary bureaucratic procedures, in Macedonia, these processes can be wrapped up in just 6 to 9 months.”

But, Gacovski points out, there are challenges when it comes to obtaining permits for the medicinal cannabis production.

She notes the industry’s relative infancy in Europe, particularly in contrast to other regions where distinct regulatory bodies oversee cannabis. In

Macedonia, the responsibility falls to the Agency for Medicines (MALMED), which issues permits for medicinal cannabis extract. The process for cultivating medicinal cannabis flower is even more complex, requiring approvals from multiple entities, including the Ministry of Health, Ministry of Agriculture, and MALMED.

She suggests “it would be necessary to set up a separate, autonomous agency for cannabis that would offer professional oversight, inspection and regulation in this field.”

Companies in Macedonia have appealed to the government multiple times to establish a dedicated agency, arguing it is crucial for the industry’s regulation and growth. The law, however, has not been changed for over a decade.

Despite these difficulties, Gacovski’s outlook remains positive. “Our focus now is on the German market, which is, according to global statistics, the largest consumer of medical cannabis flower,” she says. This strategic move is supported by the company’s thorough work in securing all the necessary permits and achieving quality certifications, particularly the coveted German GMP Certification.

While she acknowledges that the demand for medical cannabis extracts isn’t as robust at the moment, she believes that “once the benefits of cannabis extracts are more widely recognised, we anticipate a growing demand for these products.”

Cannabis is branching out beyond its traditional uses, with research also delving into its potential for treating mental health conditions such as anxiety and PTSD. Its benefits are also being explored for sleep disorders. Of particular interest are the plant’s compounds, especially cannabidiol (CBD), known for its anti-inflammatory and neuroprotective properties, and possessing qualities that have the potential to revolutionize the treatment of neurological conditions, including epilepsy and Alzheimer’s disease.



HEMP HISTORY

TRACING THE ROOTS OF MEDICAL CANNABIS IN AUSTRIA-HUNGARY

In the paper “Lost archives and found voices: reconstructing the marketing history of medical marijuana in Austria-Hungary”, Jure Stojan, DPhil, from the Institute of Strategic Solutions, explores the medical use and sale of cannabis



Stojan examines the role of key figures, particularly the Trnkoczy brothers, in establishing a cannabis market in Ljubljana, and delves into the medical applications and social attitudes towards cannabis during the late 19th and early 20th centuries.

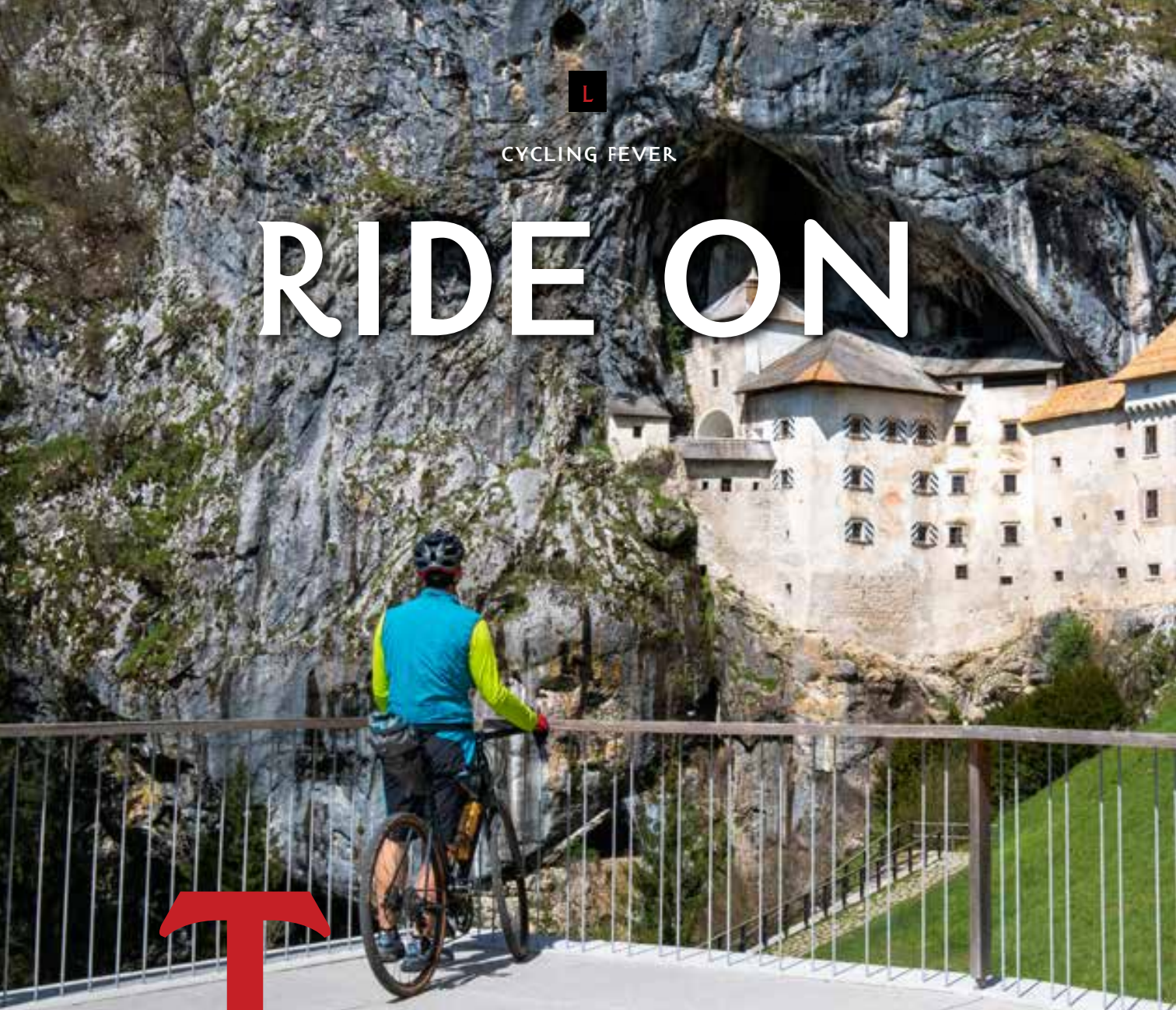
On the 25th of April in 1882, the Imperial Ministries of Interior, Finances, and Commerce, in conjunction with the Royal Hungarian Government in Budapest, made the decision to prohibit the importation of a product known as “Indian Cigarettes”. These cigarettes bore the brand of Grimault, a Parisian firm,

and were notable for their purported primary ingredient, cannabis indica.

SOCIETAL HIERARCHY

Austria-Hungary, during this era, was marked by a rigid social hierarchy with distinct divisions among its strata. Interestingly, though not

RIDE ON



T

Tadej Pogačar didn't win last year's Tour de France, but the hope that he would burned for an unusually long time.

For all that cycling's showcase event is three weeks long, the most likely victor typically emerges early. Not so this year. It took until stage 17 out of 21 for Pogačar's hopes to truly disappear.

CLAIRE READ

Overall victory in the sport's best-known race may have once again proved elusive, but 2023 was another outstanding year for Slovenian cycling regardless.

"I'm gone," gasped the 2020 and 2021 victor into his team radio, watching powerlessly as eventual winner Jonas Vingegaard disappeared up the road. "I'm dead."

TRIUMPHS AND SETBACKS

The Tour – a potent mix of sport, carnival, history, and unparalleled advert for the French tourism board – is the one cycling race of which even non-fans are aware. On hearing that the



FUN FACTS
 In Slovenia there are:
 5 Tadej Pogačar namesakes,
 Less than 5 Primož Roglič
 10 Matej Mahorič

Photo: Matevž Hribar



Photo: Adobe Stock



Photo: Adobe Stock

ultimate wearer of the 2023 yellow jersey was Danish, the widespread assumption might be that it was a bad year for Slovenia on two wheels. Nothing could be further from the truth. 2023 was another year of domination.

The streak started in earnest at two of the most prestigious early season races. Paris-Nice and Tirreno-Adriatico are week-long events seen as key indicators of form. Pogačar took vic-

tory in France. Primož Roglič did the same in Italy.

Then to the Spring classics: historic and challenging one-day races. Pogačar took three important wins and went into the prestigious Liège-Bastogne-Liège as favourite. His fortunes were to change there. A crash led to a fractured risk and weeks off the bike to recover.

That did not constitute the disappearance of Slovenia from the top step of

podiums, however. In May, Roglič took the overall win at the Tour of Italy – the first Slovenian to take that title.

And then to July, and to a heartbreaking radio confession and concession. Yet one of cycling's many idiosyncrasies is that its followers' hearts are often captured by the rider who comes second rather than first. The 2023 Tour is a case in point. For many, the race belonged to Pogačar and his panache – gracious yet unbowed, it was

he who made it a vintage edition. He'd round off his season with bronze in the road race World Championships (notably the gravel title was taken by another Slovenian, Matej Mohorič) and a win in end-of-season classic the Tour of Lombardy.

BEYOND THE PODIUM

But Pogačar and his pro cycling compatriots – including national time trial champion Urška Žigart, who happens to be his fiancée – aren't just powerful athletes. They are also powerful ambassadors for their home country. Klemen Gerbec is the manager of Slovenia Cycling Holidays (sloveniacyclingholidays.com) and Road Cycling Slovenia (roadcyclingslovenia.com). He says his business has been bolstered by the nation's continued success on the professional stage, with both casual and seasoned riders opting for the companies' tailor-made holidays.

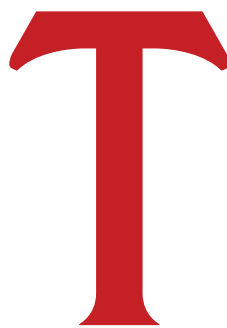
"Not only do we see an increase in people visiting, but cycling itself has become much more popular in Slovenia due to the exposure of the sport," he says. "We've doubled the number of our guests in 2023 from 2022 and next year we will most likely again have a record number."

For Mr Gerbec, it's understandable that this "diverse and beautiful country" should be the birthplace of some of the world's greatest cyclists. He predicts another year of Slovenian cycling domination in 2024. And, as 2023 proved, even when its riders don't take a win this small nation still manages to remain on top.



Photo: Matevž Hribar

MAJA DRAGOVIC



This 3364-kilometer (2090-mile) odyssey beckons with the promise of breathtaking landscapes, cultural immersion, and sustainable exploration. Winding its way through Slovenia, Croatia, Bosnia and Herzegovina,

Montenegro, Albania, North Macedonia, Kosovo, and Serbia, the Trans Dinarica unveils a tapestry of mountain ranges, the azure embrace of the Adriatic Sea, and the serenity of lakes and rivers. The route, carefully curated for exploration of UNESCO sites, national parks, and villages, embodies a commitment to responsible travel.

BORDER TO GEOKARST

The journey kicks off in the northwest corner, tracing the Italian border with the majestic Julian Alps in the background. As cyclists pedal



SUSTAINABLE TOURISM

A CYCLING ODYSSEY THROUGH THE WESTERN BALKANS



In the ever-evolving landscape of global travel, where adventure intertwines with sustainability, one cycling route stands out as a beacon of exploration. The Trans Dinarica Cycle Route, an ambitious trail spanning all eight countries of the Western Balkans, has garnered well-deserved recognition as one of Lonely Planet’s Best in Travel experiences for 2024.

their way through the picturesque Goriška Brda wine region, the Trans Dinarica then reveals the wonders of Slovenia’s UNESCO-recognized Geo-Karst Region. Every twist and turn

in the trail presents a new chapter in the unfolding narrative of this diverse and culturally rich region. Jan Klavora, from Good Place, a cycling and outdoor tour operator that is the

route’s organiser, shared insights into its unique appeal. “The route is special because it gives travelers a sustainable way to see some of the most special parts of the



Photo: Matevž Hribar



Photo: Matevž Hribar

they were pleased to learn that they would soon be welcoming more people into their communities and would have the chance to share their heritage with the world.”

In a region that grapples with exodus of its people, the route provides an incentive for locals to remain within their communities. As Klavora concludes, “the route provides families in cities, towns, and remote areas the opportunity to be a part of the tourism economy as they welcome adventurers.”

In the realm of cycling adventures, the Trans Dinarica Cycle Route isn’t just a physical journey but a transformative odyssey where the true treasures lie in the people who call this region home. As Lonely Planet heralds its inclusion among the Best in Travel experiences for 2024, the Trans Dinarica beckons intrepid cyclists to embark on a voyage of discovery, pedaling through the heart of the Western Balkans and leaving lasting memories etched in the landscapes and hearts along the way.

Western Balkans at a relatively slow pace,” Klavora explained. “There is more time for interaction with the landscape, cultures, food, and people along the way.”

COMMUNITY CONNECTIONS

For the creators of the Trans Dinarica, the route’s geographic features are intricately tied to the warm welcome from the communities it traverses.

The people along the route were the highlights.

“The people along the route were the highlights”, Klavora reflects. “In every country, city, town, and village people invited us in to have coffee and share the idea of the cycle route”, he explains enthusiastically. “In each case,





Photo: Adobe Stock

WHEELS OF PROGRESS

In the quaint landscapes of Slovenia, where the hills are alive with the sound of chain whirrs and bell rings, a silent revolution is taking place—one that’s electric. Forget quaint vintage rides; the modern Slovenian is zipping through the picturesque scenery on electric bicycles, transforming the two-wheeled landscape like never before.

Since 2017, the influx of electric bicycles has skyrocketed, with less than 1,500 imported in 2017, to over 16,000 electric bicycles imported in 2021. The import of regular bicycles has significantly increased as well. Slovenia has been importing over 80,000 bicycles annually, with the highest import recorded in 2019, almost reaching 87,000 bicycles. In 2021, the import numbers remained impressive at approximately 82,600 regular bicycles. It’s like the country collectively said, “Let’s put the spark in our spokes!” The Dutch might be known for their windmills, but lately, they’ve been

exporting more than just wind power. In Slovenia in the last five years, 18% of these zippy wonders came from the Netherlands. Italy tops the list with 21% of all imports, with Austria, and Belgium joining the electric parade, creating a cross-border electric symphony on Slovenian streets.

EUROS AND WATTS

With great power comes a greater price tag. As electric bicycles spark joy, they also spark some hefty bills. In May 2022, the average price of bicycles in Slovenia was 5.4% higher

than a year ago. But Slovenians are unswayed, a steeper price tag is but a small investment for the thrill of a silent ride through the alpine breeze. In 2021, locals pedalled their way through 3.8 million daily trips, covering an impressive 11.5 billion kilometers. And about 2.2% of these trips were powered by electricity, slightly more than in 2017 when this share was 1.5%. Though slight, the uptick is yet another signal of the growing enthusiasm for electrically powered escapades, painting a future where sustainability prevails, unshaken by the ripples of inflation.

Photo: Matevž Hribar



KURIR

L

A CULINARY WINDOW

HOW ADRIATIC COOKING SHOWS REVEAL MORE THAN JUST RECIPES

In the Adriatic region, cooking shows have transcended their traditional role as mere culinary exhibitions, becoming vibrant reflections of national culture and identity. To use Massimo Montanari's wise words, "the 'taste of geography' does not belong to the past."

JURE STOJAN, DPHIL





Photo: Hoyat/YouTube

I

In Serbia, “Majke i Snajke” (Mothers and Daughters-in-Law) illustrates this concept vividly. On the surface, it is a culinary duel of women vying for favour of the son/husband. Deep down, it is a tableau of traditional family dynamics and the societal importance of domestic culinary skills. This show is not just a contest; it is a cultural commentary, weaving family relationships into the fabric of national identity, embodying the Serbian values of familial bonds and the revered status of culinary expertise.

Contrastingly, Croatia’s “Tri dva jedan – kuhaj!” (Three Two One – Cook!) spotlights a different facet of national character. The show’s evolution is striking, as noted by producer Dani-

jela Habek, who speaks of a “return to roots” in recent seasons, simplifying the contest of competing pairs structure to enhance the culinary challenge. This mirrors the Croatian ethos of community and collaboration. Judge Ivan Pažanin’s description of the show as a “real gastro competition” with a focus on professional cooking and a wide culinary range, from traditional Croatian dishes to global cuisines, underscores this communal spirit.

Meanwhile, in Bosnia, “Moj chef je bolji od tvog” (My Chef is Better than Yours) aims to display “the flavours inherited by the people of Bosnia and Herzegovina”. To quote the advertisement for the programme, “the most beautiful flavors are created from love and the need to relax.”

These shows, in their unique ways, serve as a cultural lexicon. They offer a window into societal values, traditions, and the evolving nature of national identities in the Adriatic. They are platforms for showcasing culinary

excellence and mirrors reflecting the diversity, complexity, and richness of the region’s cultural landscape.

Moreover, these programs resonate with Carole Counihan’s observation that “Food is a product and mirror of the organization of society on both the broadest and most intimate levels. It is connected to many kinds of behaviour and is endlessly meaningful. Food is a prism that absorbs and reflects a host of cultural phenomena.” In Serbia, “Majke i Snajke” reinforces traditional gender roles through its format, while in Croatia, “Tri dva jedan – kuhaj!” challenges these norms by emphasizing collective culinary endeavours over individual prowess.



The culinary themes and recipes featured in these shows also offer insights into the historical and geographical influences shaping national cuisines. For instance, the emphasis on hearty, comfort foods in Serbian cooking shows reflects the importance of communal meals in its social fabric. Croatian shows often feature seafood and Mediterranean flavours, highlighting the country's geographical location and historical ties with Mediterranean and Central European culinary traditions. These cooking shows are more than entertainment; they are a narrative of nations. As they continue to evolve, they will undoubtedly serve as key indicators of societal changes and cultural continuities, offering a unique perspective on the nations they represent. They do more than just satiate the appetite; they nourish cultural curiosity and foster a deeper understanding of the rich tapestry that is the Adriatic region. In conclusion, the cooking shows of the Adriatic region are a testament to the power of cuisine as a cultural identifier. They are a celebration of national heritage, a reflection of societal values, and a vibrant medium through which the story of a nation is told, bite by delicious bite.



Photo: RTL/YouTube



Photo: Kurir/YouTube



Photo: Kurir/YouTube



Photo: Kurir/YouTube



Photo: RTL/YouTube

RECIPES WITH TRADITION

“BOŠANŠKI LONAC” (BOŠNIAN POT)

You need: 1/2 kg of beef, 1/2 kg of pork, 1/4 kg of veal or 1 veal shank, 1/4 kg of potatoes, 2 heads of garlic, 1 large onion, 2 large carrots, 1 small cabbage, 3 green peppers, 200 g of beans, 3 large tomatoes, 1 parsley root and 1 small celery root, 1 tablespoon of lard, 1 teaspoon of red ground paprika, 10–15 peppercorns, 1 clove, a very small amount of cinnamon (in bark), 1 glass of white wine, salt.

Cut the meat into larger pieces. Peel and slice the potatoes and root vegetables. Clean the bean pods and cut them into pieces. Clean the kale and cut it into larger slices, peppers into noodles, and tomatoes into slices. Layer the vegetables and meat, with potatoes on top. Put spices in between the layers. Pour over the wine and 1/2 Liter of warm water in which you have dissolved the lard. Cover well (traditionally, it was tied with parchment and left overnight in the bread oven), then cook for 3–4 hours, or 1.5 hours in a pressure cooker.

(Višnja Ogrizović, Svijet jugoslavenska ženska revija – Jugoslavenska kuhinja: narodna jela [The World Yugoslav women's magazine – Yugoslav cuisine national dishes]. Zagreb, 1988)

“KAJGANA SA JETREOM PAŠTETOM” (SCRAMBLED EGGS WITH LIVER PÂTÉ)

In a frying pan, baking sheet, or a heat-resistant dish, heat some fat. Add the liver pâté and fry it a bit while constantly stirring, so that the pâté breaks down into a grainy texture. Then, add the beaten eggs and salt, and stir until the mixture is well combined. Fry until the eggs are set. The dish can be served using a 1.5 dl ladle or a flat French spoon.

(Pukovnik dr. Nedeljko Jokić et al., Recepture za pripremanje jela u JNA [Recipes for the preparation of dishes in the Yugoslav National Army]. Beograd, 1983)

“KIŠELA JUHA” (SOUP)

Place a pot larger than a liter filled with water on the stove, clean two chickens, gut and dice them, and put in the pot to cook. Tie the roots of parsley, carrots, celery and celery all together with a thread, put them in the pot and tie them to the handle, so that everything is cooked. Put some well-washed rice in cold water and cook in another pot, then set aside. Once everything is cooked, prepare a roux [flour and fat mixture], fry it, season with salt, and sour it with lemon juice. When you need to pour, mix a few egg yolks with cream in a soup bowl, pour out the water from the rice, remove the greens from the pot with a string, mix the soup with the egg yolks in a bowl and add the rice. When ready to serve, whisk several egg yolks with cream in a soup bowl; pour away water from the cooked rice, remove the bundle of vegetables from the pot using the thread, mix the soup with the egg yolks in the bowl, and add the cooked rice.

(Hrvatska kuharica ili pouka kako se gotove svakovrstna jela, [Croatian Cookbook or Instructions on How to Prepare Various Dishes]. Varaždin, 1882)

I FEEL
SLOVENIA

Empowering business

**GREEN.
CREATIVE.
SMART.**

Are you considering **relocating** your export business? Are you looking for a **supplier** or **business partner**? Slovenia is a land of infinite potential, and SPIRIT, Slovenian Public Agency for Investments, Entrepreneurship and Internationalization, a reliable source of information and assistance to help you succeed.

What we offer:

- Free consulting services
- Tailored information about Slovenian suppliers and investment opportunities
- Contact with potential business partners, industry experts, and government bodies
- Assistance throughout the investment process at every step
- Support in developing your business once you are here.

Get in touch!

SPIRIT, Slovenian Public Agency
for Investments, Entrepreneurship
and Internationalization,

Verovškova 60
SI-1000 Ljubljana, Slovenia
+386 (0)1 589 18 70
info@sloveniabusines.eu



www.sloveniabusines.eu



REPUBLIC OF SLOVENIA
MINISTRY OF THE ECONOMY,
TOURISM AND SPORT



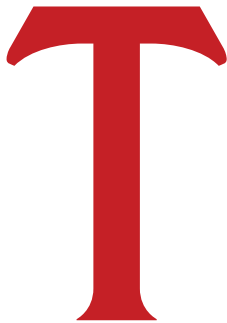
COMESTICS INDUSTRY



Photo: Adobe Stock

SERBIA'S COSMETIC SURGE

Serbia's potential as a destination for tourists seeking cosmetic procedures is on the rise, driven by the significant cost savings compared to Western Europe. From breast implants to dental work and facial treatments, Serbia offers affordable options for those seeking a bit of beauty touch up.



The price difference for cosmetic procedures in Serbia compared to Western Europe is staggering. For instance, while breast implants in the UK can cost between EUR 4,000 and

ANDJELA DRAGOVIC

EUR 6,000 on average, in Serbia, the cost hovers around EUR 2,500. Similarly, nose surgery in Serbia averages at EUR 1,500, which is half the cost of the same procedure in Croatia and Slovenia.

DENTAL SERVICES ON A BUDGET

Dental services in Serbia are also a fraction of the cost of those in Western Europe or the US. A ceramic

crown in Serbia costs as little as EUR 80, while fillings range from EUR 20 to EUR 30. Even more complex procedures, such as tooth extraction, only cost between EUR 50 and EUR 120. Teeth whitening in Serbia ranges from EUR 180 to EUR 270, while in Slovenia, the same treatment can set you back around EUR 450.

A survey by the Deloitte Center for Health Solutions found that many patients worldwide are willing to travel abroad for elective healthcare,



including cosmetic surgery and dental treatments.

“We often have clients from countries like the United Kingdom, Canada, and the United States who come here for treatments because they are much more affordable”, says Dr. Daniela Pajić, a plastic, reconstructive, and aesthetic surgeon from Novi Sad, adding: “I would say that about 40% of the procedures we perform are for patients who reside outside of Serbia”.

LOCAL ENTHUSIASM

But even without the tourists, Serbian dermatologists and plastic surgeons are kept busy with local clientele. It is estimated that women in Serbia spend approximately 35% of their monthly salary – which averages around EUR 1,000 – on cosmetic treatments.



DR. DANIELA PAJIĆ, a plastic, reconstructive, and aesthetic surgeon from Novi Sad

Fillers, in particular, have gained in popularity among both older and younger generations. In Jatros clinic in Belgrade, an average of 25 to 30 women per month are treated with non-invasive aesthetic corrections, according to Dr. Dragana Petrović Popović, a plastic, aesthetic, and reconstructive surgeon from the clinic.

In Jatros clinic in Belgrade, an average of 25 to 30 women per month are treated with non-invasive aesthetic corrections.

Dr. Pajić notes that one the more popular procedures amongst younger girls are lip fillers. But botox is also on the rise amongst younger genera-



VEŠNA DEDIĆ Serbian writer, host, and author of the popular television show *Balkanskom ulicom*

tions. Vanja Velisavljev, a 25-year-old doctoral student from Novi Sad, is one of the proponents of the treatment.

“Dermatologist Rama Albeik from the dermatology clinic Dermavie gives me a small amount of Botox as needed, just enough to keep my skin looking youthful.”

On the other hand, renowned Serbian writer, host, and author of the popular television show *Balkanskom ulicom* Vesna Dedić, prefers to keep away from botox and fillers, opting for treatments that enhance hydration. Dedić adds her goal has never been to look younger but rather fresh and rested, despite the fact that she sleeps very little and works a lot.

BALANCING ACT

As the demand for cosmetic procedures grows, concerns about excessive use of fillers and Botox have arisen. Sonja Vladislavljević, a lawyer, suggests the need for criteria and regulations to prevent overuse. While establishing an expert committee of plastic surgeons could be a potential solution, she emphasises that patients are required to sign consent forms, meaning they bear potential risks, not the doctor.

As the industry expands, it remains vital to strike a balance between aesthetic enhancements and the well-being of the soul, echoing Dedić’s wise words: “Aging of the soul, lack of will, and lack of interest are greater problems than wrinkles. Spiritual and aesthetic care are essential allies.”

BEACH FASHION HISTORY

THROUGH THE SANDS OF TIME

We take a journey through time as we explore the ever-evolving sense of beach fashion captured in captivating photographs. These snapshots not only showcase the changing trends in seaside attire but also provide a glimpse into the cultural shifts that influenced the way people dressed at the beach. From the early 1900s to the colourful 1960s, each decade brought its own unique flair to seaside style.

 JURE STOJAN, DPHIL

PHOTOS: JURE STOJAN ARCHIVE



PORTOROŽ,

*hotel Casa Rossa,
August 1911
(colorized)*



*City pools at
MARIBOR
ISLAND, 1960s
(colorized)*



PORTOROŽ

August
1925
(colorized)



Air Bath at
TOPOLŠČICA
1914 (colorized)

Dr Majerič's
baths in
ORMOŽ
1932
(colorized)



LAKE BOHINJ,
1927 (colorized)



MAPPING THE VINEYARDS

FINE WINE FROM THE BALKANS

W

We embark on a journey through the diverse and rich vineyards, where traditions meet innovation, and where a sip of wine reveals stories of resilience, passion, and a deep connection to the land.

CULTIVATING EXCELLENCE IN EUROPE'S LARGEST VINEYARD, ČEMOVŠKO POLJE

Thirty kilometers from the Adriatic Sea, next to lake Skadar, are

Nestled in the heart of southeast Europe, the Balkan region has long been a treasure trove of history, culture, and natural beauty. But the Balkans are also home to some of the world's most captivating and underrated wine-producing regions.

ŠPELA BIZJAK

infinite rows of grapevines from one of the largest vineyards in Europe – Čemovsko polje. It covers 2.300 hectares with around 11.5 million grapevines. Even though it

may seem impossible, 95% grapes from Čemovsko polje are picked manually. More than 2,000 people participate during the harvest that lasts from August to the end of September.

Today Plantaže is a modern enterprise known for its authentic varieties of Vranac and Krstač wines which have garnered awards and gained recognition for their distinct geographical origins. They are meticulously crafted and stored in the impressive Šipčanik wine cellar, where more than two million litres of wine mature to perfection. Plantaže are also a huge contributor to the national economy and the country's biggest exporter to over 44 countries worldwide across nearly every continent.



PTUJ CELLAR,
*a place where
wine is grown
and history is
written.*

VINARIJA JOVIĆ, *a
charming boutique
winery from
Knjaževac.*

VINARIJA JUNGIĆ,
*a blend of
determination
and passion.*

**VILLAGE SVETA
NEDELJA,** *on the
southern slopes of
the Hvar island.*

*One of the largest
vineyards in Europe =*
ČEMOVSKO POLJE.

TIKVEŠ *is the most
well-known wine region
in North Macedonia.*

PLANTAŽE VINEYARDS - *Montenegro's Picturesque Vineyard Oasis*

Photo: Adobe Stock



Distinctive vineyards on the steep southern slopes of the HVAR ISLAND.

come a symbol of North Macedonian wine, reflecting the distinctive essence of the southern regions.

RICH FLAVORS OF KNJAŽEVAC

Vinarija Jović, a charming boutique winery from Knjaževac, is one of the few in Serbia's treasure trove of hidden gems, perhaps best known for its popular Vranac wines. The winery's brand is also the famous Potrkanj Vranac and Višnjica, an internationally recognised wine made from an autochthonous cherry variety.

SOWING PASSION, REAPING EXCELLENCE

Bosna & Hercegovina - Vinarija Jungić Owner Željko Jungić shares that his motivation for starting the winery comes from a blend of determination and passion, driven by the curiosity of seeing Slovenians, Austrians, Swiss, English, Swedes, and Canadians suc-



Photo: Adobe Stock

Photo: Adobe Stock

In most of the vineyards, GRAPES ARE PICKED MANUALLY.

UNVEILING THE ENCHANTMENT OF TIKVEŠ

Tikveš is the most well-known wine region in North Macedonia. It is in the very heart of the country and stretches along similar latitudes as the Bordeaux region in France, Tuscany region in Italy and the Napa Valley region in California. The wine district

is situated on around 2,000 sqm of fertile land, surrounded by mountains on three sides.

T'ga za Jug wine was created at the beginning of the seventies of the last century, where the name comes from the title of a poem by Konstantin Miladinov, a famous poet from Struga who lived in the middle of the 19th century. He spent some time living in Russia where he wrote an elegy in which he yearns for his homeland. T'ga has be-





Photo: Adobe Stock

BALKAN BLISS: *Toasting to Tradition in the Vineyards*

cessfully producing wine, while Bosnia and Herzegovina had no local grape cultivation and winemaking. In pursuit of his ambition, over 18,000 vines of high-quality wine varieties now thrive on approximately 6 hectares of Markovac village's picturesque slopes.

In addition to the vineyard, a fully equipped winery and a welcoming tavern have been constructed to cater for tourists. Jungić's best known wine is the red Šikar. The winery puts a special focus on cabernet sauvignon, merlot, and white

chardonnay, pinot blanc and rhine riesling varieties.

A LEGACY OF EXCELLENCE FROM SVETA NEDJELJA, HVAR

One of the most awarded wineries with a long tradition of producing top quality wines from native Croatian varieties. Located in the village Sveta Nedjelja, it is surrounded by stunning and distinctive vineyards on the steep southern slopes of the Hvar island. The vineyards are special because they grow on slopes with inclines of up to 40%, where they have great sun exposure while benefitting from the stabilising influence of the nearby sea which prevents excessive temperature fluctuations. The pinnacle of their wine production is the world-renowned and extensively awarded Zlatan Plavac Grand Select, originating from these exceptional vineyards.



ČEMOVSKO POLJE in Montenegro covers 2,300 hectares with around 11.5 million grapevines.

Photo: Adobe Stock

PTUJSKA KLET: VITICULTURE THAT WRITES HISTORY

In the center of Slovenia's oldest city is Ptujška klet, the oldest and most awarded wine cellar in Slovenia. With its rich history, imbued with an innovative spirit and excellence, it represents a point where traditional viticulture is intertwined with modern approaches.

IN COOPERATION WITH PTUJSKA KLET

W

With exceptional wines that reflect the character of Štajerska region, Ptujška klet (Ptuj Wine Cellar) is consolidating its position in the wine world both at home and abroad.

A PLACE WHERE WINE IS GROWN AND HISTORY IS WRITTEN

Viticulture in Ptuj has a thousand-year old tradition that dates back to the Ro-

man times, while the Ptuj wine's tale has been unfolding since 1239. The symbolic winemaking beginnings coincided with the establishment of a Minorite monastery in the city's centre where the wine cellar was also built.

The journey of viticulture in Ptuj has been marked by many ups and downs, but it is undeniable that Ptujška klet, adopting this name in 2002, has built its reputation and recognition at home and abroad based on the city's rich and storied legacy.

The vineyards of Ptujška Klet, spread over approximately 300 hectares of the picturesque Halož hills and Srednje Slovenske Gorice, are the foundation of its success. "Haloze is characterized by a terraced landscape with higher slopes and more hours of sunshine and pre-

dominantly marl soils, while Srednje Slovenske Gorice is a little cooler and in certain years more humid," explains the variety of soils and micro-climatic conditions Maksimiljan Kadivec, Ptujška Klet's chief oenologist. Freshness and fertility place the region at the very top of the world's most suitable areas for viticulture.

The grapes grown under these conditions are carefully selected and picked by hand. In the cellar, tradition is combined with state-of-the-art technology and oenological expertise, which together create one of the healthiest wines on the market. "In general, the growing area allows us to produce aromatic wines with lively acidity. Our wines express freshness, recognizable aromatics and variety,"



adds Kadivec. Around one million litres of wine are produced each year in the Ptuj cellar, of which 85% are white varieties.

VARIETY IN BOTTLES

The cellar's varietal representation is wide. You'll find a selection of wines under various labels, including Welschriesling, Pinot Gris, Sauvignon, Chardonnay, Rhein Riesling, Yellow Muscat, Traminer and others. When it comes to red wines, there is Pinot Noir, Modra

frankinja and "Žametovka", offering a wide spectrum of flavours and choices. The Ptuj Wine Cellar is carving out its spot on the wine map by offering brands that appeal to various wine lovers, even those with a most discerning taste. Among the most recognisable are Pullus, Pinky Chick and Haložan. The latter is considered the oldest Slovenian blend, which has been bottled since 1962 and is one of the best-selling Slovenian wines in the hospitality industry.

Undoubtedly, each brand in its own way reflects the quality and variety that Ptujška klet offers. Pullus brand, which launched in 2007, quickly became a favourite among wine enthusiasts. The wine boasts a rich range of flavours and high quality, attracting attention at many domestic and large international competitions. As one of the most awarded Slovenian wine brands, Pullus remains Ptuj cellar's symbol of excellence and confirms its leading role in Slovenian viticulture with each vintage.



In cooperation with Intereuropa d. d.

Navigating the Logistics Horizon

In the ever-shifting landscape of business, the recent transformations in the logistics services market demand a swift and agile response. Intereuropa not only recognizes this imperative but embraces it, committing to customise services and processes in sync with clients' demands and the wider market trends.

The logistics giant's operational flexibility enables them to dynamically adjust transport capacities, seamlessly adapting to the ebb and flow of cargo structures. This commitment to adaptability is echoed by the group's CEO:

"Adaptability is key to our success. Our customer-centric approach involves not just meeting but anticipating their evolving needs, investing in new capacities to ensure we stay ahead in this ever-evolving landscape," says Borut Flander.

A distinctive feature setting Intereuropa apart lies in their proactive approach to the optimisation of logistics processes. With a capable development team in tow, they collaboratively design bespoke business scenarios and models, seamlessly integrating them into their information system. The adept utilization of electronic data interchange not only streamlines procurement and sales supply chains but also positions Intereuropa as a seasoned provider of comprehensive logistics services.

As a testament to their forward-thinking ethos, Intereuropa is pioneering a green transition within the logistics realm. Recognizing the imperative of a low-carbon economy, they channel efforts into reducing environmental footprints, curbing greenhouse gas emissions, and aligning with stringent energy laws and European environmental directives.

This commitment extends to their global logistics services, meticulously planning and coordinating resources and services from origin to consumption.

"We strategically invest in the maintenance and enhancement of our existing infrastructure, all while keeping a vigilant eye on emerging opportunities," underscores Flander.

The Intereuropa Group provides logistics services for numerous customers from different economic and other sectors via 12 companies in 9 countries in Southeast Europe and Ukraine.

LOGISTICS SERVICES

- Land transport: groupage transport, express transport, road transport, rail transport, customs services
- Intercontinental transport: air transport, maritime transport, shipping agency, and automotive logistics
- Logistics solutions: warehousing and distribution, projects logistics

GROUP CAPACITIES

Number of employees: 1,413

Warehouse area: 220,688 m²

Greenwashing is like
putting lipstick on a pig.



Not a good look. Not nature-friendly.

Discover how your business can lead in the climate battle. We guide small and medium enterprises in identifying, managing, and showcasing their environmental impact, turning risks into rewards.



www.isr.si



International experts for sustainability have confirmed: we are creating better footprints

Improving the quality of life in our home region of Southeast Europe is one of our **key objectives**. We set out on this path thoughtfully, determined to create better footprints for current and **future generations**. Our effort and progress were also recognised by Sustainalytics, the leading company for sustainable creditworthiness rating, which ranked us **among the 13% of the world's leading banks**. We are the first in Southeast Europe to receive their sustainability risk assessment, thereby confirming the fact that our **sincere care for the region**, which we call our home, echoes around the world.



a Morningstar company