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The latest from Slovenia

ON THE POLITICAL AGENDA: **The Government wins a vote of confidence**

IN FOCUS INTERVIEW: **Miha Klinar** BUSINESS INTERVIEW: **Philippe Starck**



Photo: GCO

Political stability is crucial

Slovenia is approaching a key period in its mission to overcome the crisis, which has been suffocating its economic growth and social development since 2009. The results of stress tests and reviews of the balance sheets of ten Slovenian banks will be revealed soon, and these will show the extent of the gap in the banking system and, in particular, how much money the country will have to invest to recapitalise the three largest systemic banks, in which the state is the majority shareholder. These results will determine Slovenia's future policy: whether the country will be able to manage on its own, or have to request financial aid and thus surrender a substantial portion of its autonomy and sovereignty. It is a question of planning key policies, particularly fiscal, and for the existence of the social state in its present extent. Although the indicators of this have been worsening in recent years, Slovenia has succeeded in maintaining a high level of social rights and is certainly considered a socially inclusive society. The data of the Organisation for Economic Co-operation and Development (OECD), an elite club of developed countries including Slovenia, prove this. Slovenia has the most equitable per capita distribution of income in Europe.

The so-called Gini coefficient for Slovenia is 0.24, 0.30 for Switzerland, and 0.34 for Italy, while the average for all 34 OECD member states is 0.32. For a comparison, the coefficient for the United States of America is 0.38. One of the key factors making this ratio possible in Slovenia is the undoubtedly strong and well-organised trade unions, which greatly influence decision-making on the social state, which in the opinion of the Slovenian public is still one of the most important values.

This is also expressed in the fierce public discussions on the property tax. So far, Slovenia has not had a regular property tax, unlike most other countries, but only a charge for the use of building land. Several governments anticipated the introduction of this tax, but none wanted to swallow this bitter pill, as they risked the loss of political support. The current Government has approached this project not only in search of additional revenue, but also because a modern tax system

has to be introduced for this field, based on transparency, legality, efficiency and the principle of equal treatment and proportional burdening. Many people who are liable currently avoid paying tax on their property, which is also the result of poor and insufficient records. OECD data show that revenue from property tax in Slovenia currently accounts for 0.6 per cent of GDP, while the OECD average is 1.8 per cent. The proposed act will increase this share to one per cent and will enable a long-term structural change in tax resources, and also a change in attitudes. Property ownership is an important value for Slovenians, who in the former Yugoslavia built houses en masse with the help of loans, hard work, mutual solidarity and ingenuity. Nowadays, it is common for a retired couple, or frequently only one family member, to live in a large house, while the children move out or build their own houses. Maintenance costs are too high, so many people, particularly the elderly, have found themselves on the brink of social distress, although as house or property owners they are not poor in terms of assets. On the other hand, there are many young families who simply cannot afford their own apartment in such severe economic conditions, which also causes increasing social tension and dissatisfaction. In this grave situation, the Government has taken certain measures to gradually introduce new degrees of property tax and arrange them over an extended period. Revenue from the new tax is one of the basic budgetary resources for the next two years, so not much room remains for concessions.

The Prime Minister is aware that political stability is crucial for the implementation of the budget and all the planned reforms, so she made the passage of the budget dependent on a vote of confidence. The vote was successful, and the government won the confidence. The same day, the European Commission assessed the budget proposal as a step in the right direction, which also means new step toward political stability in Slovenia. Soon the Government will be faced with new challenges related to bank recapitalisation and the provision of the financial resources to accomplish it which will require a lot of political stability and wisdom.

Successful round of borrowing

Slovenia has sold the eurobonds with a 4.7% coupon interest to a private international institutional investor. Minister of Finance Uroš Čufer said the new round of borrowing should be seen as facilitating the country's access to financial markets in the first quarter of next year.

Slovenia issued a EUR 1.5bn three-year eurobond. Asked by public broadcaster TV Slovenija how delaying the publication of stress test results for banks affected Slovenia's position on financial markets, Čufer said the government was doing everything in its power to minimize the uncertainty. He believes this has been partly already done when the budget for 2014 and the real estate tax were passed in parliament. An important signal to financial markets was also, according to minister Čufer, the government's winning a vote of confidence in parliament as well as the latest successful round of borrowing.



Photo: Daniel Novaković/STA

Minister of Finance Uroš Čufer thinks that the publication of bank stress tests, which is expected in December, would additionally reduce the level of uncertainty.

Photo: Archives of MAE



Dejan Židan, the Minister of Agriculture and the Environment, joined the pupils at Murska Sobota Elementary School at their Traditional Slovenian Breakfast. The Minister's perfect breakfast consists of a fresh bun, butter, good jam, yoghurt and coffee.

Slovenian breakfast

On Slovenian Food Day in November, Traditional Slovenian Breakfast was served in Slovenian schools and kindergartens. Children had milk, honey, butter, bread and apples of Slovenian origin. Many Slovenian politicians joined the children at the breakfast.

With this project, the Ministry of Agriculture and the Environment wishes to highlight the importance of locally produced and processed food and healthy eating habits among children in kindergartens and schools, and to encourage public institutions, parents, educators and other public to purchase local food and eat healthier. The project included almost 273,000 children at 361 kindergartens and 488 elementary schools.

Slovenia and Croatia in the EU

Issues concerning unemployed youth in both countries were addressed at the round table 'Slovenia and Croatia in the EU', organised by the Information Office of the European Parliament in Novo mesto. Slovenian MEP Tanja Fajon and Croatian MEP Davor Ivo Stier participated in the discussion.

Tanja Fajon stated that young people on both sides of the border were given new opportunities arising from European incentives and regional cooperation following Croatia's accession to the EU. With successful, innovative and creative ideas and cross-border integration, European funds would be accessed more easily, she said. Her Croatian counterpart stressed that a higher political culture and harmonisation of structural reforms are necessary on both sides of the border, for which only one political option will not suffice, but a minimum of political unity is also required in order to produce long-term results.



Photo: Rado Božić/STA

Representatives of young entrepreneurs from both sides of the border pointed out the numerous barriers they encounter in developing their business. Matic Vidic, a representative of StartUP Novo mesto, also spoke about relevant issues.

The Government successful at turning the wheel of fortune

The budget complies with the rules, but not much room remains for concessions

The National Assembly adopted the amendments to the national budget for 2014. The budget was also assessed in Brussels, where it is believed that the Government is taking action to turn the

economy around, although there is little room for manoeuvre. The business sector and the coalition are pleased.

Photo: Archives of STA



"As an empiricist, I am usually quite hesitant to give general assessments, especially assessments of Member States' Governments. But I can say that when facing three challenges, – the banking sector, structural reforms and fiscal policy – the Slovenian Government is taking very decisive measures to turn the economic wheel of fortune and ensure an economic turnabout," stated European Commissioner Rehn.

With the budgets for the next two years confirmed by the Parliament, the Government is pursuing the objective of public finance consolidation. The budget deficit of 1.5 billion euros permitted for this year is to be reduced to one billion in 2014, which is equal to 2.9 per cent of GDP. In 2015, it will be additionally reduced to 2.4 per cent of GDP.

When the budget was adopted, Prime Minister Alenka Bratušek said that she believed that economic growth and lower unemployment would be noted already in the second half of 2014. She is certain that citizens would soon feel the positive effects of the Government's work.

Uroš Čufer, the Minister of Finance, shared her opinion when noting that the budget was a sign that the Governmental coalition was able to agree and follow through, which was a good foundation for the future.

BRUSSELS' ASSESSMENT IS POSITIVE

In Brussels, it was assessed that the budget complied with the rules, but not much room remained for concessions. "It seems that Slovenia is taking efficient measures in 2013 to eliminate the

excessive general government deficit," according to the European Commission's assessment. Olli Rehn, the European Commissioner for Economic and Monetary Affairs, believes that "the Government is being very decisive in confronting the challenges in the banking sector, structural reforms and fiscal policy in order to turn the wheel of fortune and turn the economy around." He again called for reform of the management of state-owned companies and structural reforms.

The latter message was highlighted at the Chamber of Commerce and Industry of Slovenia, where it was assessed that Slovenia needs a new development agreement, which will remove barriers to change, ensure urgent structural reforms and enable a social state. The Brussels' assessment was evaluated as largely positive by Slovenian economists. According to economist Jože P. Damjan, the assessment from Brussels was expected and reasonable. Economist Sašo Polanec pointed out that the Government has taken numerous measures which increase taxes, but done little in the area of expenditure on wages and pensions. The Government should also implement an analy-

sis of employment in the public sector and reform the remuneration system. Nevertheless, Polanec thought that the budget was neutral.

Meanwhile, the expected yield of Slovenian bonds fell below six per cent after a long time, and the Government also issued bonds in the Euromarket after some time: three-year bonds worth 1.5 billion euros, with an annual coupon interest rate of 4.7 per cent. In this regard, Prime Minister Bratušek stressed that financial markets were never closed for Slovenia.

SLOVENIA'S ACTIONS ARE DECISIVE AND EFFECTIVE

Relating to the banking sector, European Commissioner Rehn noted that the results of reviewing the quality of assets and stress tests in Slovenian banks would be known at the beginning of December, after which it would be possible to evaluate conditions in the banking sector accurately. He nevertheless assessed that Slovenia is already taking decisive and effective action. According to Rehn, the European Commission and the European Central Bank firmly support Slovenia's efforts, while the Slovenian Government and its central bank are striving to do as much as they can. Regarding economic reforms, the Commissioner repeated the appeal to reform the management of state-owned companies, and pointed out that Slovenia's measures relating to the recent budgetary decisions would be closely monitored with regard to fiscal policy. "Slovenia is taking decisive measures, and its draft budget is in accordance with the rules, but not much room for manoeuvre or for any kind of error really exist," he warned.

The Government wins vote of confidence

Prime Minister Alenka Bratušek is certain that Slovenia will succeed without foreign aid

The National Assembly passed the amendments to the national budget for 2014, giving a vote of confidence to the Government of Alenka Bratušek. The National Assembly also confirmed the budget for 2015 and the property tax. In a

speech thanking deputies for their support, Bratušek said that she had kept the promise she made when taking office, which was that she would do everything in order for Slovenia to solve its own problems without foreign aid.

When the vote of confidence was confirmed, Bratušek thanked her coalition partners for their trust and readiness to find the best solutions for Slovenia in spite of their different political programmes. Bratušek believes that the joint aim of the Government is a social and economically successful Slovenia. On this occasion, the Prime Minister assured that the Government would remain committed to this aim in the future.

WORK FOR THE WELFARE OF SLOVENIA

After the vote of confidence, the Slovenian Prime Minister stressed that the Government would be able to continue its work with thoughtful measures for long-term solutions. Prime Minister Alenka Bratušek is confident in the work of ministers and the good will of the leaders of coalition parties and the entire coalition. She believes that citizens would soon feel the positive effects of the Government's work. In her opinion, the Government has prepared good, realistic budgets for the next two years, everything necessary to rehabilitate the banking system, and ensured funds to settle the government's liabilities in the past eight months. She emphasised that her Government was working exclusively for the welfare of Slovenia and not from fear of measures imposed by EU institutions, which was also reflected in their decisive fight against the grey economy and tax evaders. With the budgets for the next two years, the Government is pursuing the objective of consolidating public finance. The budget for 2014 was passed by the National Assembly in December



Photo: Tamino Petelinšek/STA

2012. According to the Government, the amendments were necessary due to forecasts of economic activities.

COALITION PARTIES MAKE A STABLE GOVERNMENT

On behalf of the coalition partners, Igor Lukšič, the President of Social Democrats, thanked the Prime Minister for leading the Government. He commended the Prime Minister's persistence, good intentions and successful leadership of the different parties. He also highlighted that all the coalition parties knew that it was important for the welfare of Slovenia for this Government to endure until the end of its term. Gregor Virant, the Minister of the Interior and the President of the Civic List, stressed that the Government had ensured the successful functioning of the rule of law and striven for order and justice. He also added that the coalition would not raise taxes further

and would try to improve the status of young people. Karl Erjavec, the Minister of Foreign Affairs, said that the Democratic Party of Pensioners of Slovenia, which he leads, was pleased with the social sensitivity of the Government. He was certain that the Government would also be successful in the future. As a minister in the Government, he was aware that questions of bank rehabilitation would have to be addressed, including which markets would be determined as the most economically strategic and how economic growth would be ensured in the future. In conclusion, he also emphasised that eight months ago neither the Slovenian nor the foreign public had expected the Government to survive and be successful, but what happened was exactly what the Government believed from the beginning, "that Slovenia will manage on its own."

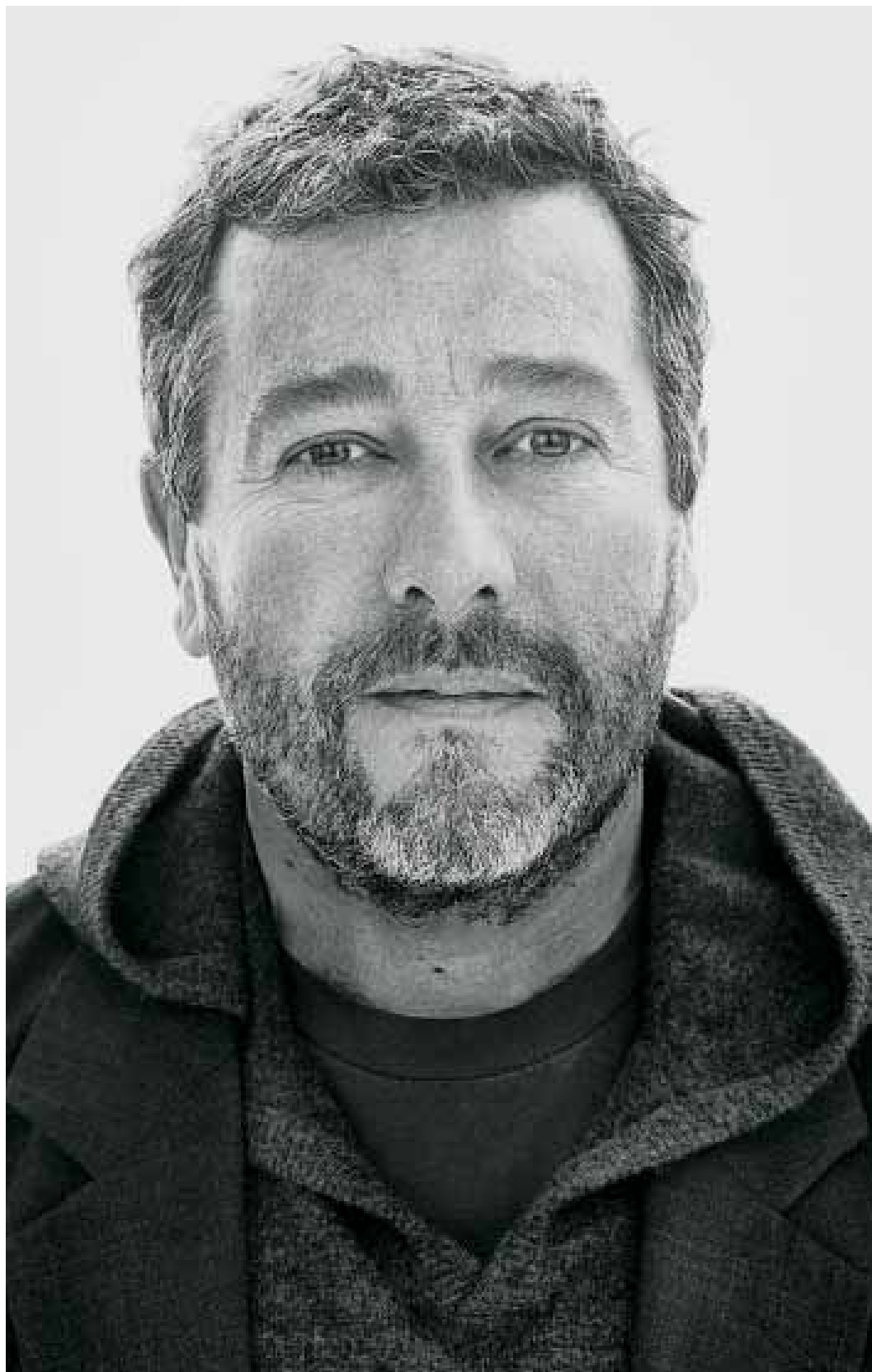
"The Government's work so far is a reason for optimism. It was crucial that we closed ranks and ensured stability in the country. I trust my coalition partners," highlighted Bratušek.

Prime Minister Alenka Bratušek is confident in the work of ministers and the good will of the leaders of coalition parties and the entire coalition. She believes that citizens would soon feel the positive effects of the Government's work.

Philippe Starck

P.A.T.H. and Moscow Design Week

Photo: Jean Baptiste Mondino



Philippe Starck is one of the most inspiring and influential designers and creator of today who has a mission and a vision: creation, whatever shape it takes, must make life better for the largest number of people possible. His anticipatory concern for environmental implications, his enthusiasm for imagining new lifestyles and his determination to change the world has accompanied one iconic creation after the other. Sharing those same values, along with Riko's expertise in wooden sustainable construction solutions and the wealth of experience in managing large-scale turn-key projects, have brought Philippe Starck and Slovenian engineering company Riko together to develop P. A. T. H. by Starck with Riko – a line of Prefabricated Accessible Technological Homes that combine timeless design, high technology, comfort and the respect for the environment. The collaboration started in October 2009; in July 2013, Starck with Riko officially launched the sales of P.A.T.H. line of homes, which comprises of 34 different homes, each distinguished by Philippe Starck's signature timeless design and Riko's sustainable wooden prefabricated construction system.



Photo: Archives of Riko group

Manufactured by the Riko company and distributed by its local partners worldwide, the turn-key P.A.T.H. houses are rapidly built and offer a long term full assistance to their owners.

P.A.T.H. is a reliable and intelligent solution for us, our children, and our children's children facing the challenges of ecology, economy and energy.

From everyday products such as furniture and lemon squeezers, to revolutionary mega-yachts, micro wind turbines, electric cars, and hotels, Starck never ceases to push the boundaries and criteria of contemporary design.

Silent Revolutions, an exhibition of modern Slovenian design, was showcased in Moscow between 11 and 17 October. The exhibition, which highlights the distinctiveness, vitality and variety of modern design in Slovenia, was extended for the presentation in Moscow with ten new products and the addition of a lecture by world-renowned designer Philippe Starck, who developed the technologically advanced P.A.T.H. houses in co-operation with the Slovenian company Riko. We wondered how this collaboration came about and what the vision of this famous designer was in his creative work.

What motivated you to collaborate with Riko in carrying out the concept of P.A.T.H.?

I was never interested by design or architecture; they are just

weak weapons to express ideas, concepts. My goal has always been to focus on the effect my creations can have on people. I propose and people decide. After my action on democratic design, intended to lower the price while increasing quality to become accessible to the greatest number, then after democratic ecology I wanted to develop democratic architecture, aimed at developing a collection of houses, with the best plans and the best technological construction, offering quality of design and quality of manufacturing and accessibility. I've scanned all the companies worldwide who are in this field, and after comprehensive studies I discovered Riko, a very serious and industrial house construction company. I was impressed by Janez, his vision and his professionalism. The fun thing is I discovered afterwards that we had already been working together on several projects in the UK.

Who is P.A.T.H. intended for? How do you identify a P.A.T.H. buyer?

PATH will hopefully answer to the demand and needs of what I call the smart tribe, people who question society, who are seeking and opening new values of honesty, integrity and are eco conscious.

What particular feature sets P.A.T.H. apart from other avail-

able living solutions?

P.A.T.H. is a reliable and intelligent solution for us, our children, and our children's children facing the challenges of ecology, economy and energy. I have developed many plans that should cater to any type of lifestyle, and with many options where actually people can custom make their nest with the guarantee of timelessness design"

What would you say are the most distinguishing design features of a P.A.T.H. home? Is it true that you reside in one yourself?

Hi-technology, mass production, honesty, high quality, affordable to everybody, this means useful.

Was it important for you to present this project at the Moscow Design Week?

At the MDW, I didn't present the project in Russia. I presented the project to the Russian part of my cultural tribe. Today, the world is no longer made of countries and frontiers. Every country is made of groups of tribes.

Imagine, I am part of the A tribe and I talk to the A tribe, who share the same values as me, who have the same cultural references and design & architectural tastes. Some people of other tribes will hate it; but if my tribe in Russia loves it, it's enough for me.

Photo: Archives of GCO



Silent Revolutions in Moscow

Cooperation between designers and companies is important

Silent Revolutions is an exhibition illustrating important and frequently also turning points in the history of Slovenian design, since it focuses not only on excellence of individual products, but also on their place in the broader context of

Slovenian design. The exhibition includes industrial products of large companies with their own brands, as well as products manufactured in limited editions by the designers themselves.

The exhibition features products by Igor Akrapovič, Asobi, Bevk Perović arhitekti, Lara Bohinc, Ivo Boscarol, Gigodesign, Gorenje Design Studio, Jernej and Japac Jakopin, Leonora Jakovljevič, Kabinet 01, Toni Kancilja, Rok Kuhar and Katjuša Kranjc, Franc Kuzma, Studio Miklavc, Rok Oblak, Oloop, Tanja Pak, Marko Pavlinec, Janez Suhadolc, Arne Vehovar, Nika Zupanc, Peter Florjančič, Niko Kralj, Saša J. Mächtig, Davorin Savnik and Marko Turk.

One of the companies featured at the exhibition in Moscow is Studio Miklavc. Its founder, Jure Miklavc, Slovenian industrial designer, spoke to us about participation at the exhibition.

Why did you take part in the exhibition?

The purpose was to present successful projects from the last few years which were the result of good cooperation between designers and companies. This success was not coincidental; it was the result of concrete professional collaboration, experience and, of course, enthusiasm. Several designers have proved successful, acquiring various internationally renowned professional awards; our products are successful and marketed all around the world. Quite a few products at the exhibition were actually iconic in their fields. Mine were Alpina Racing Elite CS and CL Cross-country Ski Boots; our studio has been involved in their development for almost 15 years and this is our fifth generation. The boots are one of the most successful and recognisable Slovenian products abroad. The programme accounts for one

third of the global market share and the boots are used by the best cross-country ski runners in the most important competitions. Recognisability was achieved because of the design.

What are your impressions of the exhibition in Moscow?

Russia is a vast and very interesting market, which is why the presentation in Moscow was an important venue for the Silent Revolutions exhibition. Judging from the response, the interest was great, and I hope that concrete business cooperation come out of it. But we should not expect too much, since the exhibition was the first step towards the more systematic promotion of Slovenian designers abroad, which should expand with time and target different interest groups. Some countries are being promoted through the achievements of their designers, and they use these achievements as one of the main tools for creating a posi-



Photo: Archives of Studio Miklavc

Jure Miklavc



Photo: Archives of GCO

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Photo: Archives of Studio Miklavc



Left: Alpina Promise, 2010/Studio Miklavc: Jure Miklavc, Jože Carli

Right: Alpina ESK Pro, 2012/Studio Miklavc: Jure Miklavc, Silva Cimperman



Photo: Archives of Studio Miklavc

In Moscow, Starck provided an interesting description of Slovenian designers. He said that we were 'timeless', we think long-term and we avoid ephemeral trends. Our products are intelligent, simple and fair.

tive identity and the recognisability of their culture abroad. They have been doing this systematically for several decades.

Do you think that Slovenian companies are sufficiently aware of the value of design as an important development element?

Some companies are aware of the significance of design and incorporate it into their development processes. These are usually companies which are striving to break through internationally, and are well aware of

the importance of incorporating all-round quality in their services and the strategic development of a brand. Naturally, this requires a lot of knowledge and experience for the right kind of management, which is why such companies are still in a relative minority. Nowadays, a well-designed product is only a ticket of admission for a breakthrough in a competitive market.

What is your attitude to Philippe Starck and his work?

With his numerous successful projects, Philippe Starck is

certainly the first global star of design. He was one of the first to systematically become a designer-brand. Many are trying to emulate that today. It is interesting that in recent years he has started addressing design with more social responsibility than in the past. In Moscow, Starck provided an interesting description of Slovenian designers. He said that we were 'timeless', we think long-term and we avoid ephemeral trends. Our products are intelligent, simple and fair.

Silent Revolutions is an exhibition, which includes industrial products of large companies with their own brands, as well as products manufactured in limited editions by the designers themselves.



Photo: Archives of GCO