

**Short survey on present situation on regional  
clusters in Slovenia  
(ClusterNet, WP6)**

Prepared by:  
Mojca Cvirn, CRMG  
Vera Nunic, CRMG

## Slovenia – overview of current economic trends

For Slovenia, the economic and political transition caused a dramatic reduction of the domestic market size and, at the same time a reduction of demand from the remaining part of the market for a period. As a small country Slovenia also faced the need for a big ratio of foreign trade. How to increase the competitiveness of main industry sectors was the main question at the very beginning of the last decade.

Now days, Slovenian economy and society have been more and more closely linked to the European partners and competitors. As a new member state Slovenia is playing an active role in the European institutions and through this, striving jointly for a better future in the fields of competitiveness, research and innovation.

Slovenia's economic performance has been quite favourable in 2005 and 2006, with more than 4 percent average GDP growth in the last three years.

**Table 1: Slovenia, Gross domestic product, current prices, 2004 – 2006**

<b>GROSS DOMESTIC PROUDCT (CURRENT PRICES) IN SLOVENIA, 2004 - 2006</b>		
	In million EUR	GDP Growth, %
GDP in EUR million (current prices), 2006	30.454	5.7
GDP in EUR million (current prices), 2005	28.244	4.1
GDP in EUR million (current prices), 2004	26.767	4.4

Source: Statistical office of the Republic of Slovenia, 2007

**Table 2: Slovenia, Gross domestic product, per capita, 2004 – 2006**

<b>GROSS DOMESTIC PROUDCT (PER CAPITA) IN SLOVENIA, 2004 - 2006</b>		
	In EUR	GDP Growth, %
GDP in EUR million (per capita), 2006	15.167	5,2
GDP in EUR million (per capita), 2005	13.807	4,0
GDP in EUR million (per capita), 2004	13.146	4,4

Source: Statistical office of the Republic of Slovenia, 2007

The perceptions of competitiveness by Slovenian companies have improved in the last years. The 22 factors of competitiveness were perceived as less negative by the leading managers, generally and compared to the EU old member states which means that national support programs for entrepreneurs had positive results and has contributed to a more business – friendly environment. Nevertheless, further improving of taxation, administration, additional labour costs and industrial policy are still the main areas where Slovenia should further strengthen its competitiveness.

## Slovenia – information on clusters

In 1999 the Ministry of Economic Affairs introduced a new concept of industrial policy, enterprise and competitiveness development policy, which has been implemented since 2000. The creation of the Ministry of the Economy led to industrial development being linked to foreign economic relations, technological development and the development of small businesses and tourism. This took the implementation of economic growth policy a step beyond the bit part solutions of the previously independent ministries, enabling a wide range of positive synergistic effects.

In origin, the initiative came from managers of the sectors leading companies, R&D organizations and other institutions. Result of this initiative was the national strategic document National Development Programme 2000-2006 and Slovenia's Strategy of Economic Development. The result of these strategic orientations was the start of several projects on the national level from which many of them were coordinated and implemented by JAPTI (Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments). One of this development projects was the Program »Promotion of local clusters in Slovenia«. The two objectives of the Promotion of the local clusters program were to strengthen the established infrastructure on the local level and to support the identified potential clusters on the local level. The program was divided into three parts:

- strengthening of the infrastructure on local level
- support to the registered potential clusters
- promotion of the program on local, national and international level.

Short report on achieved results within the programme:

- 5.454 selected SMEs were animated by direct contact,
- 939 selected SMEs were interviewed – 80 % agreed to cluster approach;
- 128 clusters were identified and designed: 39 at operational stage, 89 potential ones.

More data on program achievements you can find in the tables below.

*Table 3: Identified clusters by sector (1st phase of programme, 2002)*

Sector	No. of clusters
Metal processing, Plastic	19
Wood, furniture	18
Tourism	15
Construction & Building	10
Tool making	7
Logistic	7
IT	6
Textile & fashion	6
Rural activities	4
Business services	4
Arts & crafts	3
Shoe making	2
Graphics	2

Electronic measuring equipments	2
Catering, Restaurants	2
Installations	2
Projecting	2
Domestic appliances	2
Engineering	2
Retail	2
Electronic Automatism	1
Blacksmith	1
Metal processing	1
Waste management	1
General products	1
Production of standard parts	1
Computer hardware components	1
Special metal processing	1
Bookkeeping	1
Entertainment-gambling	1
Goldsmith	1
<b>Total</b>	<b>128</b>

Resource: JAPTI Documentation, 2002

In 2003 public call for project proposals co-financing by SBDC (Small Business Development Center, now: JAPTI) was prepared and published. Call was dedicated to project proposals for co-financing activities connected to development of clusters (development of joint-projects or new products, internal communication / relationships, execution of joint projects). 37 projects (clusters) were supported (co-financed) in 2003:

*Table 4: Clusters by Sector; identified and co-financed by JAPTI in the year 2003*

<b>Sector</b>	<b>No. of supported clusters</b>
Turism	10
Construction & Building	6
Wood, furniture	3
Tool making, plastic & Special metal processing	6
Textile industry	3
Energetics / Power supply	2
Avtomotive industry	1
Engineering construction (metal)	2
Graphics	1
Logistic	1
Arts & crafts	1
Counsulting services	1
<b>Total</b>	<b>37</b>

Resource: JAPTI Documentation, 2003

In 2004 and 2005 public call for project proposals co-financing by JAPTI (former Small Business Development Center) was prepared and published as well. Please find list of supported projects (clusters) below (Table 3 and Table 4):

*Table 5: Clusters by Sector; identified and co-financed by JAPTI in the year 2004*

Sector	No. of supported clusters
Project on Enviromental Protection	5
Construction & Building	3
Turism	3
Wood, furniture	1
Tool making	2
Textile industry	1
Electronic Automatism	2
Metal processing	1
Engineering construction (metal)	2
Graphics	1
Logistic	1
Arts & crafts	2
IT	2
<b>Total</b>	<b>26</b>

Resource: JAPTI Documentation, 2004

*Table 6: Clusters by Sector; identified and co-financed by JAPTI in the year 2005*

Sector	No. of supported clusters
Turism	1
IT	4
Wood, furniture	1
Tool making, plastic	2
Avtomotive industry	1
<b>Total</b>	<b>9</b>

Resource: JAPTI Documentation, 2005

*Table 7: Clusters supported and co-financed by Ministry of Economy*

Avtomotive cluster of Slovenia
Tool-making cluster
Trasport & logistic cluster
Wood, furniture »slo-les« cluster
Geodetic cluster
R&D Centre KGH
Plastics clulster Tecos

Resource: Ministry of Economy, Web-page: <http://www.mg-rs.si/>, 21.11.2005

The role of clusters and technology networks in supporting innovation process, creating new knowledge and directing technological development, has grown considerably in recent times. In this sense networking and co-operation within and among clusters is especially important. The contribution of clusters' knowledge, networking potential and best practices was and is recognized by the EU authorities and reflected in adopted "Competitiveness and Innovation Programme" for the period 2007 – 2013. This EU document has an important role and represents an engine of creating mechanism for implementing the Lisbon Strategy. Unfortunately there is a lack of supportive elements for further cluster development in Slovenia region. Slovenian national Programme for entrepreneurship and competitiveness 2007 – 2013 is focusing on four key areas:

- fostering entrepreneurs and enterprise-friendly environment,
- knowledge for the business sector,
- research and innovation in the business sector,
- financial instruments.

As there are (almost) no supportive programmes and financial contributions for strengthening the business co-operation (clustering) among SMEs on national level, the EU projects as ClusterNet are of high importance. Business meetings and events, like those organised by ClusterNet project partners, should be continuous in order to assure and support business and governmental cooperation with the aim to recognize and to use the advantages of networking and new business opportunities.

Most of clusters (i.e. participants) at Conference on clustering and competitiveness in 2006 have recognized the need of technical support for:

- information exchange among clusters and other subjects of innovation and technology development,
- information exchange about calls for proposals, projects already in implementation,
- exchange of best practices,
- knowledge transfer,
- organization and execution of educational/qualification seminars,
- organization and execution of network events (i.e. matchmaking events) as cooperation among companies (B2B contacts and meetings) are of great value.

All these support services should be provided by institutions (BSO).

CRMG plays an active role as a local development centre in Ljubljana region. One of the supportive instruments for SMEs in Ljubljana region provided by Municipality of Ljubljana and implemented by CRMG was financial assistance for the creation (and development) of clusters. Activities implemented by CRMG:

- information about call for proposals reached more than 10.000 companies (CRMG database),
- 65 companies expressed interest for more detailed information and help with documentation and application,
- CRMG team provided support during preparation of project proposals to all 65 initiatives,
- the final result was (unfortunately) poor as many partnerships turned out disharmonized,

- CRMG was actively involved as a partner in 2 cluster communities and both applications were accepted by call for proposals commission (together was raised 26.700 € of co-financing by Ljubljana Municipality).

In the year 2007 the results are even more concerning. Only 3 cluster initiatives were supported in the frame of call for proposals. The companies haven't expressed interest for business cooperation at all and there is a strong need for in-depth analyse of the ground reasons for that kind of behaviour.

### **Cross-border clusters**

In 2004 a cross border initiative supported by EuropeAid has been implemented by support institutions in Slovenia – Italia cross border area. The coordinator of a project JAPTI as coordinator of »cluster support programme« identified 11 clusters in operational stage. Programme was focused on facilitating linkages and cooperation among firms from both sides of the border. In every identified cluster there are joint companies from Slovenia and Italy – Friuli-Venezia-Giulia Region. This result was achieved with the financial assistance of EU (In-Prime project).

**Table 8: Clusters identified and supported under Call for Proposals (EuropeAid, 2004); Slovenia – Italy Cross-border Region**

Joint Tehnological Laboratory for R&D of Complex Composite Products
Centre for Thermoplastic Product Design, Prototyping and Module Engineering
Joint laboratory for the Development of Air and Water Filtration Applicances
Posocje Metal Cluster
IHRC – Joint Product Development Process Tested on the Development of a Tehnologically, Ecologically and Economically Superior and Integrated IHRC Solution (Intelligent Hotel Room Controller)
Development oof Equipment for Special Filtration of Water
KALINA, Product Development Project for a New Hybrid Renewable Energy Device
Joint Innovation Concept in Plastic Industry
CenDriWood – Centre for Drying Wood for Improved Quality in Wood/Furniture Sector
Craft Centre for Restoration
Development of a Four Axis Manipulator »DELTA«
<b>Total: 11 international clusters (Slovenia – Italy FVG)</b>

This list of international clusters established back in 2004 is very promising and good starting point for CRMG to start so called follow-up research. In the first step we will check the present situation and find out how many of them still actively operate. In the next step all of the active cross border clusters should be invited to join the ClusterNet platform and share with the community their best practice.