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## STRATEGIC ORIENTATION OF TRANSPORTATION IN SLOVENIA

### SUMMARY

The paper deals with strategic goals and decisions to be taken for the integration of Slovenia into the European Union. One of the most important factors of this integration is transportation. This process should not be chaotic or driven by blind forces but carefully and strategically orientated in the macro and the micro field.

The paper also suggests general strategy of transportation, defines goals, measures to be taken and identifies authorities.

### 1. INTRODUCTION

The strategic goal of Slovenia is joining the European Union. Slovenia wants to be in Europe as much as it wants to be in conformity with it. This is also a prerequisite for entering the EU at all.

Regardless of the time of joining the EU, Slovenia must make all the arrangements in due time to be able to join the EU or its market as an equal partner in all social fields, particularly the economic one, and more narrowly, in the field of transportation.

Strategic decisions in this respect (at the state and company levels) include:

- strategy of economic development,
- mobility,
- integration of Slovenian transportation activity in the EU, in the legal and institutional field.

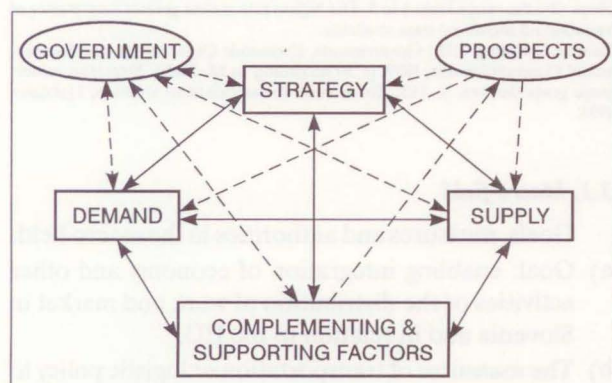


Figure 1 - The model of transportation strategy

Changes in the structure of production and economic operation which are typical for the EU are also present in Slovenia. Other important changes in the political and socio-economic field are also being carried out in Slovenia.

Privatisation currently taking place will change the attitude towards the economy, above all in terms of optimum exploitation of resources and optimum conformity with the environment.

### 2. STRATEGIC ORIENTATION OF TRANSPORTATION

How to get organised at the state and company level so as to be competitive as much as possible in the responsive environment is an issue faced by governments and managers. This is the crucial issue at the moment!

Responsiveness depends a great deal on efficient transportation, which is a typically responsive branch. Transportation must be oriented to organisational and operational build up of a responsive system. The countries and companies which have realised this try to make use of this fact in their favour and to gain advantage.

Figure 1 shows a general model of transportation strategy according to Porter (The Competitive Advantage of Nations, Free Press, New York, 1990, p. 127), which may be used also in decision making in transportation development in Slovenia. This model could be considered by the government or other authorities in the long-term transportation policy. The model shows factors affecting the state strategy but also the opposing options.

#### Interpretation:

Transportation strategy is affected predominantly by the demand, supply and complementing as well as supporting factors, which is presented by a continuous line. Government and chances would have an occasional impact.



It is known that the government can act as a corrective or incentive factor. Its role is particularly important in building up of infrastructure facilities with minimum mobilisation of private capital.

In the light of global co-operation and competence, prospects represent an important factor. We must be ready and be able to take advantage of these prospects.

*Supply* - this is affected by the following production factors - particularly transportation (and logistic) companies:

- personnel,
- drive vehicles,
- train cars, trailers, semi-trailers, etc.
- terminals, distribution centres,
- tracks, roads,
- energy

*Demand* - refers to the demand of companies (particularly industrial and trading) for transportation services.

*Complementing and supporting factors* - particularly the industry of information and communication technology, industry of vehicles, industry of transportation equipment, science and research institutes - contribute a great deal to the efficiency of the whole transportation system.

*Government* - is very important. It may influence supply and demand as well as the complementing and supporting factors.

Good international *prospects*, such as export of Korean cars through the Port of Koper may have an important impact on the development of transportation activity.

The role of transportation as an important factor which influences location decisions of multinational companies in Europe is shown in Table 1:

Many factors influencing location decisions of multinationals in Europe depend on transportation and general policy of the state (e.g. particularly the factors in items 2, 3, 8, 12, 13, 14), and many also on management taking roles of partners of foreign companies.

### 3. TRANSPORTATION ORIENTATION TOWARDS THE MACRO AND MICRO FIELDS

In transportation strategy it is important to take a logistic approach, i.e. apart from transport it is necessary to consider also other logistic elements, for example a distribution centre.

Strategy should be divided as follows:

- a) macro-logistic and
- b) micro-logistic field.

**Table 1 - Factors influencing location decisions of multinationals in Europe.**

		Operation by trades	Operation by regions
<b>A. MARKET</b>			
1.	size and prospects	3.2	3.1
2.	import duty	0.7	1.8
3.	non-customs obstacles	1.1	1.7
<b>B. PRODUCTION AND COSTS</b>			
4.	labour costs	1.5	2.1
5.	labour quality	2.0	2.6
6.	rental	2.2	2.6
7.	energy costs	nd	nd
8.	exchange rate	nd	nd
9.	expenditure of production components	nd	nd
<b>C. TRANSACTION EXPENDITURES</b>			
10.	language	3.0	3.4
11.	business framework	2.6	3.0
12.	attitude of government, purchasers and companies to foreign companies	2.2	2.4
13.	<b>transportation</b>	<b>2.6</b>	<b>3.5</b>
14.	telecommunications	2.0	2.6
15.	industrial relations	1.3	2.2
16.	employment limitation	1.4	2.7
17.	cultural factor	nd	nd
18.	expenditures of coordination between head office and company in a foreign country	nd	nd

Note: Grades range from 1 to 5. The higher rate means greater importance of variable: nd means no data available.

Source: Dunning, J.H.: Governments, Economic Organisation and International Competitiveness, 1989, p. 30 according to M. Jaklič: Strateško usmerjanje gospodarstva, p. 143, Znanstveno in publicistično središče, Ljubljana 1994.

#### 3.1. Macro field

Goals, measures and authorities in the macro field:

- a) Goal: enabling integration of economy and other activities of the distribution of work and market in Slovenia and in relation to the EU.
- b) The measures of transportation or logistic policy to obtain this goal may be divided into two basic groups, indirect and direct. Direct measures have



greater influence on the supply of transportation and also logistic services. Indirect measures, however, influence distribution among various kinds of transportation.

Direct measures include particularly:

- infrastructure measures: building up, renovation and modernisation of infrastructure,
- subsidies: financial means allocated by the state to various kinds of transportation and logistics without repayment,
- various regulative measures: e.g. limitation of loading capacity and the weight of vehicles, conditional carriages,
- chartering: giving permissions to companies to carry out certain kinds of activities,
- by quota systems: limiting number or tonnage of vehicles,
- limitation of road carriages by issuing passes, by road taxes, etc.

Indirect measures are particularly as follows:

- indirect subsidies, e.g. for acquisition of certain means (e.g. acquisition of certain freight cars for the piggy back system - fostering piggy back carriages),
- indirect limitation of a definite kind of transport (e.g. different taxation of lorries),
- tariff policy including different factors - economic, economic and political, competence, social, etc.

c) By the authorities is meant particularly the state:

- parliament,
- ministries - for traffic and communications, for science and technology, for education and sports, for finances, for space and environment, for economy and development.

d) For the transportation connection with the EU the following capital goals should be pointed out:

- improvement of rail and road transportation regarding speed, capacity, etc. of the Slovenian traffic crossing: Šentilj - Maribor - Ljubljana - Koper, with branches towards the Hungarian border and in the South West to Nova Gorica; then direction Jesenice - Ljubljana - Dobova towards Zagreb. The first arm signifies the connection with the international line Barcelona - Milan - Ljubljana - Budapest - Kiev; the other arm denotes further connection with Zagreb - Belgrade - the Balkan states - the Near East.

This improvement will avert danger of isolation of Slovenia because of the competitive line coming from Italy via Udine - to Villach and further to the East.

- Acceleration of development of inter-ports in Ljubljana and Maribor as well as the Port of Koper. These inter-ports and the Port of Koper should completely fulfil their functions as a complex of integrated structures and services with the aim of transporting cargo, combining various kinds of transportation, which includes the railway discharging yard capable of making up and receiving complete train compositions, including piggy back ones. This yard should be connected with sea ports, airports and large communication networks. Simultaneously, the accompanying inter-port sub-centres will have to be developed.
- Acceleration of palletisation, containerisation and inter-modal as well as multi-modal transport (particularly piggy back and Ro-Ro systems).

### 3.2. Micro field

The authorities, creators of transportation policy will have to be much more engaged with the acceleration of transportation and logistics in the macro and entrepreneurial field respectively.

This acceleration should include:

#### a) Palletisation

Typical for the economies of developed countries is to make use of palletisation in carriages and thus achieve better cost and quality effects. Relations to these countries require equal efforts of our companies in this field as well.

Therefore, care for acceleration of palletisation should be distributed above all among companies, carriers and the state.

- companies should take care about purchasing the palettes, fork lifts and the training of personnel,
- carriers should make tariff and other concessions for carriages,
- the state should provide fiscal concessions in purchase and operation with pallets and forklifts, banks by granting credits, and chambers of commerce should organise seminars for companies.

#### b) Containerisation

The importance of container transport is constantly growing in the economically advanced countries because of its numerous specified advantages (e.g. the EU).

For the development of containerised transport adequate infrastructure is important, particularly container terminals in economically developed countries.

As for palletisation, care for containerisation must also be present, above all in companies.



- In calculating the costs (and prices) companies must consider on the one hand advantages of container shipments (cheaper loading and discharging, lower transport tariffs, fewer damages, lower costs of packaging, etc.), and on the other hand other expenses for supply and handling of containers.
- Slovenian Railways should encourage container shipments with their tariff policy, arrange container train compositions to run among developed economic centres and provide sufficient number of containers.
- The state should introduce fiscal concessions in the purchase of containers, and banks should provide more favourable credits.
- Forwarding companies should promote the use of container shipments among their customers to a greater extent.

c) **Bar codes**

Relations with the companies and countries of the EU require also adequate labelling of consumer goods.

In the European Union the EAN - European Article Numbering standard is used, i.e. a bar code enabling electronic data acquisition and therefore timely and accurate data about stocks, prices and names of products. This provides rational business operation.

A product not marked by the EAN code, cannot be sold at the points of sale where electronic counters are used.

- d) Organisation of transportation and logistics in the Slovenian companies is informal, i.e. divided into different company sectors (purchase, production, sales, marketing, etc.). Therefore, the integration of common goals is suffering.

Measures should be taken for concentrating on transportation and logistics within separate bodies, whose responsibility and rights in taking measures should be equal to those of other principal sectors of the company (purchase, production and sales).

e) **Transportation and logistic information technology in a company**

Transportation and logistic information technology should be organised and integrated with the rest of the information technology in a company. Transportation and logistic information technology are an indispensable means for flexible execu-

tion and supervision of transportation and logistic processes. Its goal is the highest possible adaptation to constant changes within a company, with partners and generally in a wider geographical area, particularly the EU.

The authority taking measures in the transportation and logistic field within the company is its management, often managing in co-operation with partners - apart from that the Chamber of Commerce of Slovenia and its regional branches are involved, particularly when supporting initiative is taken by the state authorities.

#### 4. CONCLUSION

Slovenia is a country in transition. Transportation must be an indispensable component of this process, following the model of the European Union. Gradual integration of Slovenia into the EU does not involve only care for the transportation policy but the industrial policy as well, which results from the need of Slovenia entering the European market. Without changes in transportation and logistics the economic development of Slovenia will be insufficient, and its appearance on the international markets uncompetitive.

#### SAŽETAK

*Članek obravnava strateške cilje in odločitve v zvezi z integracijo Slovenije v EU. Eden najpomembnejših faktorjev integracije je transport. Ta ne sme biti prepuščen naključju temveč pažljivo in strateško usmerjen na makro in mikro ravni.*

*Članek predlaga splošno strategijo transporta, definira cilje, mere in opredeljuje nosilce.*

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