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MORE COMPETITIVENESS FOR SLOVENIA AND ITS COMPANIES THROUGH THE SLOVENIAN TRANSPORT LOGISTICS CLUSTER

ABSTRACT

Today, the countries of Central and Eastern Europe (CEE) have developed into a fast growing and promising part of Europe. The vision of the management of the Port of Koper is to become the most important logistics centre for these countries. In the future the North Adriatic region will have to cope with further challenge, i. e. an increasing presence of the Asian Pacific economies on the European continent and in the CEE countries in particular. For the traffic flows from this source, from the geo-transport aspects the North Adriatic is the most convenient seaway/ route.

It was for this reason that the Port of Koper as a key company together with other companies joined the pilot project - STLC (Slovenian Transport Logistics Cluster) as a stakeholder. The main purpose of STLC is to promote the Slovenian transport route.

Clusters definitely represent a novelty to the Slovenian economy, yet in other parts of the world clusters are known as important stimulation factor in the field of development. Hence they enabled the assertion of competitive advantages, which led to their international prevalence.

This paper aims to: (I) review the current state of the development of Slovenian transport logistics cluster, (II) assess the potential benefits of such a cluster for Slovenia and the members of STLC, (III) introduce initial presentations, experiences and results.

KEY WORDS

competitiveness, transport logistics cluster, Slovenia, Slovenian transport route, Central and Eastern European markets, the Port of Koper

1. INTRODUCTION

The economic strategy of the EU assumes that the common European market will only need a period of ten years before it becomes the most modern and the most competitive economy in the world. The goal that has been set is the increase of investment in the field of development and research up to 3 percent of GNP. The same goal also foresees that 2/3 of the investments in the field of development and research will be brought in by the sector of economy.

The strategy envisages the enhancement of competitiveness for the candidate states and for the new members. Enlargement requires that the economies of these countries adapt to the pressures and opportunities of increased competition with the technologically more advanced economies of the EU.

According to »The World Competitiveness Yearbook 2002« Slovenia occupied the 38th place. Slovenia ranks well in terms of innovation indicators but faces difficulty in capitalising on its knowledge generating in enterprises.

It is therefore the SDP (State Developmental Programme) that in one of its final goals foresees the increase in Slovenian economy that would narrow the gap between the economic development of Slovenia and other member states. The other important goal of SDP is to stimulate companies and strengthen their competitiveness.

Therefore, the Slovenian business world has seen the start of an initiative to stimulate the forming of company ventures and clusters, for which sources and procedures have been set.

Sources of means for development

- Supplementing funds of the Ministry of Economy and those of other ministries.
- Structural funds of the EU and its financial sources.

Private funds

- Developmental enhancements seen from the perspective of tax relief.

The time span

- 2002-2003 – budget of the Ministry of Economy, private funds
- 2004-2006 – budget of the Ministry of Economy and that of other ministries, structural funds, structural funds and EU financial sources

2. DETERMINATION AND FORMING OF CLUSTERS

The concept of clustering has become the central concept for the analysis of the economic performance of nations and regions (De Langen, 2001). A cluster is a geographically proximate group of companies and associated institutions in a particular field, linked by commonalities and complementarities (Porter, 1990). Their activation is a critical first step towards realising of the potential of a group as an engine of economic growth. Industry clusters have been developing internationally over the past century. There has been relatively little theoretical or empirical work on comparative advantage in service industries. Most authors argue that conventional trade theory largely applies to services (Porter, 1990).

Industry clusters are groups of competing, collaborating and interdependent enterprises working in a common industry and concentrated in a geographic region. They draw on shared infrastructure and a pool of skilled workers. Successful clusters are outward looking and have a concentration, for instance, of employment within a region, which is greater than the national average implying specialisation, comparative advantage and critical mass within the region (Thorelli, 1986). A cluster cannot be established by force; it is rather a spontaneous process that proceeds gradually and in line with the interests of the associate partners as well as with the pressures from the market. Should at any stage knowledge, innovation, and long-term development orientation be implemented, the chances for success are great.

In order to form a cluster the partners who carry out team projects need to come up with a common strategy. Furthermore, if the latter is to be successful, high level of confidence is required among the partners, which is also of crucial importance for the successful development of the cluster. At the same time the cluster needs some kind of relatively independent organisational form which should enable the partners to give support to certain joint activities and which is to be financed by the system partners, though the state as financer is not unwelcome in the initial stages of the procedure.

In order to be able to add more value the administrative or state borders are of no importance. That specifically holds true for the clusters. The region which is in the interest of a cluster depends on the level of interaction among the cluster members, which is the reason why it is not in the best interest of a small country to form clusters on the basis of politically structured regions, for doing so, interaction among the key players of a cluster could be artificially broken (Hantschel, 2001). Clusters are, namely, a network of companies and institutions working in unison for a common cause – the value-creating. The very first step would be to analyse their advantages and disadvantages and compare them with their competitors in the international chains of value-creating. Secondly, the companies joined in a cluster need to work together to prepare a strategy of how to best improve their competitiveness. Finally, action plans need to be drawn up in order to really improve the strategy transfer. The key analysis of the players is to find out whether a region actually stands any chance of competing on an international scale.

3. DEVELOPMENT AND THE CURRENT STATE OF THE SLOVENIAN TRANSPORT LOGISTICS CLUSTER

The decision made by the Ministry of Economy regarding encouragement of the clusters to boost the competitiveness of the national business and thus preserve certain strengths within Slovenian business branches is definitely to be praised. The question posed here is whether the Slovenian economy is ready to accept such an initiative and use it in an optimally developmental way. Companies should not perceive the cluster opportunity as a short-term state funding; they should rather use the funds as a strategic incentive for long-term contribution. The state does not dictate clusters; it advises them and supports them. Considering the fact that clusters are open and thus adaptable organisation forms, where everyone has the right to find his or her suitable working conditions, the duty of the Slovenian clusters is precisely to find their own model and content and then bring them into life. The goal here namely, is to enable the cluster members to pursue their business objectives by cooperation and at the same time raise the competitiveness of the cluster as a system. The members themselves find a reason to join the cluster and on the basis of their interests form strategies. In the process of joining the cluster they do not abandon their company's strategies, for the cluster represents merely the support, the new tool, with which the members complement their primary strategies, which is the case in every company. Clusters are not merely a capital linkage. Clusters can also be used to boost the synergic effects that alone the companies would not achieve. Scientific and research institutions can play an important role in the process, for it is up to them to make sure that the step from theory into practice runs smoothly, which is a great advantage for the effects of innovation.

In the year 2000 the Ministry of Economy of the Republic of Slovenia carried out a public competition for selecting a pilot project of the cluster development in Slovenia. The purpose of the public competition was to test the interest as well as the abilities of the

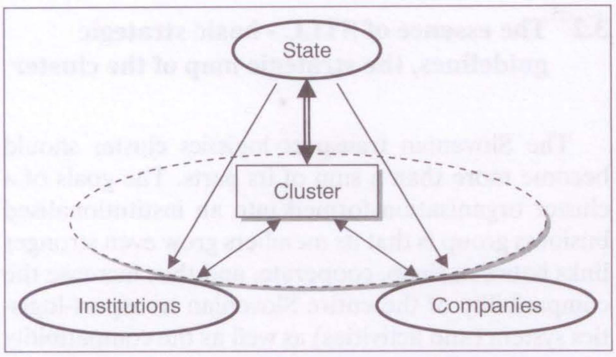


Figure 1 - The advantages of the cluster concept

Source: ITEO counselling

currently functioning production and services systems for carrying out the pilot cluster development project in Slovenia. The project is being carried out in the years from 2001 to 2003. Six applications were submitted. Based on the commission's delivery the Ministry accepted the qualifications of three applicants and thus enabled them to carry out the pilot cluster development project in the Slovenian industry, among which the focus is on the Port of Koper. The qualified applicants were asked by the Ministry to present the bidding to carry out the project. The year 2001 witnessed the development of the following clusters: the transport-logistics (TLC), automobile (SAC), and tools cluster (SOC). The state also decided that the three qualified applicants should be entitled to a certain budget that should cover up to 40 percent of the costs of the actual establishment of the clusters and the costs of the joint projects.

In order to start operating the TLC needed to make a decision on the right strategic goals that would reflect the wishes and expectations of all the cluster members. We say that the common future of a cluster is possible only if the goals are clearly set and each member finds its role in it. Future activities and the development of the cluster, as well as its organisation need to be adjusted to this.

3.1 Some milestones in the development of STLC

The STLC pilot project was divided into three phases:

1. July – December 2001 => identification of the cluster oriented working model, forming of a common vision and strategy, defining further development projects;
2. January – December 2002 => final establishment of the cluster as a system, project activities. 17th April 2002 was the day when the representatives of the STLC cluster, which up to that point had functioned on the initiative of the Ministry of Economy merely as a project, closed a deal on the establishment of a business interest group called GIZ TLC (Transport Logistical Cluster GIZ). A group of that kind appeared necessary, since a large number of cluster members called for a more institutionalised form, which could meet the needs for an intensive connection among the founders of the GIZ TLC;
3. January – December 2003 => work on individual projects that enable the growth and development of the cluster and use its infrastructure optimally so that each member would have a more competitive market presentation.

Results of these phases were:

- Defining the mission of the cluster - optimal coverage of requirements for logistical services to full customer satisfaction, optimisation of goods flow in terms of speed, safety and economy;
- Defining a common vision for the cluster – offer a complete transport–logistics service (integrated logistical services): freight-forwarding services, shipping agent services, port terminal management, storage, loading and other extra activities, operating distribution net of road and railway transports;
- Good preparation of the basic orientation for future activities and work of the cluster;

The members have jointly identified the following priority projects:

- promotion,
- E-portal,
- market research,
- knowledge management,
- E-exchange of transport services.

Furthermore, other projects were highlighted:

- distribution centres at locations in: Koper, Maribor, Novo mesto,
- joint supplying,
- goods tracking,
- package distribution,
- air quality measurements,
- optimisation of technology.

Although the number of projects is considerable, the most prospective projects would represent a successful link between some of the rather different areas: development of potential markets, inner training and widening of knowledge, and last but not least, the introduction of the communicational-technological up-grading systems that would support various projects.

On June 4, 2004 the 2nd meeting of the "Program Board for Stimulation of Clusters' Development" was held at the Ministry of Economy. In the introductory speech the Minister presented the expectations regarding meetings between clusters and the invitation to transact the suggestions concerning the strategy of economic development of Slovenia from 2005 to 2013. The information was given regarding the conditions to participate in the public tender "Stimulation of Development of Clusters 2004-2005". In the year 2004 the Ministry of Economy allotted EUR 2.5 mio. to stimulate the development of clusters, which includes EUR 0.5 mio for financial support and international assertion of three pilot clusters. The clusters are foreseen to achieve financial independence by getting financial support from the programs 6th, 7th, EUREKA, ERDF, INTEREG and others.

The starting points in preparing the program of clusters development 2005-2008 were treated at the annual meeting of clusters in Bled on June 18, 2004. The vision of the clustering process was: to occupy a distinguished place in ERA (European Research Area) and the leading place in SE Europe by an organized R&D activity through the clusters.

3.2 The essence of STLC - basic strategic guidelines, the strategic map of the cluster

The Slovenian transport logistics cluster should become more than a sum of its parts. The goals of a cluster organisation formed into an institutionalised business group is that its members grow even stronger links between them, cooperate, and thus increase the compatibility of the entire Slovenian transport-logistics system (and activities) as well as the compatibility of each founding member.

The strategy of the cluster and its key strategic guidelines as well as goals are:

– The set vision is a cluster that is to be achieved by emphasising the strategy of growth, the goal of which is to increase the income and the added value of a cluster. This is going to be achieved by

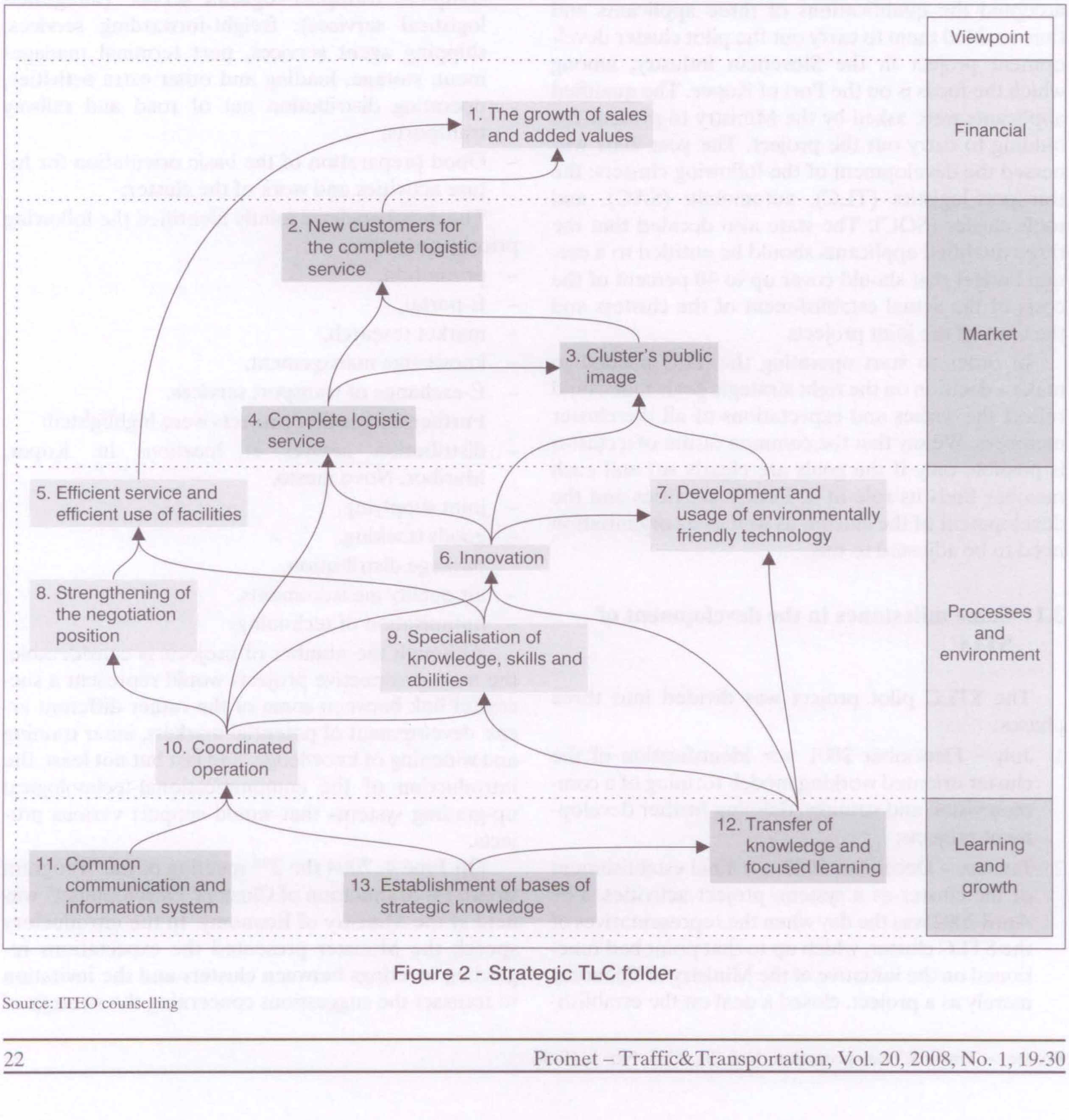


Figure 2 - Strategic TLC folder

Source: ITEO counselling

Table 1 - Strategic guideline, standard of efficiency

Viewpoint	Strategic guideline	Standard of efficiency
Financial	1) Increase in sales and added value	– Added value per employee – Increase in income – Income per employee
Market	2) New clients for a complete logistical service	– The market share of the new goods flows operating via the cluster – Income of the new goods flows – The number of new buyers of the cluster
	3) Wider recognition of the cluster	– The number of business deals involving more than one cluster stakeholder – A wider recognition of the cluster
	4) Complete logistical service	– The number of business deals involving the goods flow from its origin to its destination
Processes and environment	5) The service efficiently carried out and capacities well used	– Cut down on expenses – Better used capacities
	6) Innovativeness	– The number of improvements, suggestions, and innovations – The number of successful joint developmental projects
	7) The development and usage of an environment-friendly technology	– The number of ecological disasters – The value of the inflicted damage
	8) The increase of the power of negotiation	– Better purchase conditions – The percentage of accepted concepts by the state agencies and institutions – More flexibility in the functioning of state agencies (time, procedures, etc.)
	9) The professionalisation of knowledge and know-how	– The cut down on redoubling
	10) Good functioning	– The percentage of agreements accurately carried out – The percentage of companies equipped with ISO 9001, 14000, …
Learning and growth	11) Common communication and informational space	– The number of joint meetings
	12) Transfer of the knowledge and guided learning	– The number of joint meetings and /or projects – The number of participants – The number of the hours of external training – The number of recently graduated students
	13) Establishment of the bases of strategic knowledge	– The level of the establishment of the planned bases

acquiring new goods flows and stopping goods flows in Slovenia.

– The cluster stakeholders are going to concentrate on acquiring new clients for the whole of the cluster's logistical services. New clients would mostly mean more demanding clients who require a complete solution to their problem of logistics in terms of their goods flow.

– The cluster is going to be recognised for its complete logistical service, its innovativeness, its dedication to development, and the use of the environment-friendly technologies.

– Innovativeness which is to boost the development and the use of the environment-friendly technologies is a goal which can only be reached by a cluster functioning as one, furthermore, professionalisation of knowledge and know-how as well as the transfer of knowledge and guided learning are of key interest for a cluster.

- In order for a cluster to join an adequate professionalism of knowledge and know-how the functioning and the transfer of knowledge as well as guided learning need to be brought into line, thus increasing the power of negotiation of a cluster toward its suppliers and other partners, but above all, toward the state and its agencies. The latter would have influence on both the strategic and operational level, thus boosting the efficiency.
- The establishment of a unified communicational and informational space as well as the establishment of bases for strategic knowledge is the basic condition that needs to be met if we are to have a cluster running well. This way we would enable a much freer transfer of knowledge and guided learning.

The strategic map of a cluster points to the key strategic guidelines and concepts of a cluster highlighting their interrelated cause-and-effect connections which are, considering from the financial and market perspective, actually the basic goals of a cluster; looking from the perspective of the internal processes and growth we can talk about the "conditio sine qua non" if we wish to reach the set goals.

3.3 Member companies of the Slovenian transport logistics cluster

The active companies are those that were active at the very start of the cluster project, such as:

Adriakombi, BTC Ljubljana, Cenšped, Ekoles, Fersped, Intereuropa, Intertrans, Luka Koper (The Port of Koper), Pacorini, SŽ (Slovene Railways), Transmar, Viator&Vektor

and three Institutions:

Institute of Traffic and Transport (PI), Faculty for Maritime Studies and Transportation (FPP), the Primorska (Coastal) Institute of Natural Sciences and Technology (PINT).

3.3.1 The situation of the stakeholders - joining the cluster

Expectation

- The biggest prospects of acquiring of new know-how, cutting down on operational costs, increasing of turnover, improving of the services offered and last but not least, increasing of influence over the state agencies.
- In the process of achieving their own developmental goals no one really expects something negative to come up from the cooperation with the cluster.
- The major opportunities of cooperation are: promotion, education, exchange of information and knowledge as well as informational technology.
- Mistrust towards the cluster founder, fear from the more powerful cluster members (Port of Koper, Intereuropa).

Mistrust

Today, better functioning of the cluster is deterred by arrogance and unwillingness of some members to upset there own interests. The way in which it functions – the ignoring of some agreements - makes some people believe that the Port of Koper has joined the cluster as a company which deals with on-off loading and storage, but has transformed into a freight-forwarding one. Some even have the feeling that the actual cluster merely serves the Port of Koper at its needs to rearrange some of the costs in such a way that other stakeholders in the cluster take a higher financial burden. They oppose such monopolistic policy of the Port of Koper.

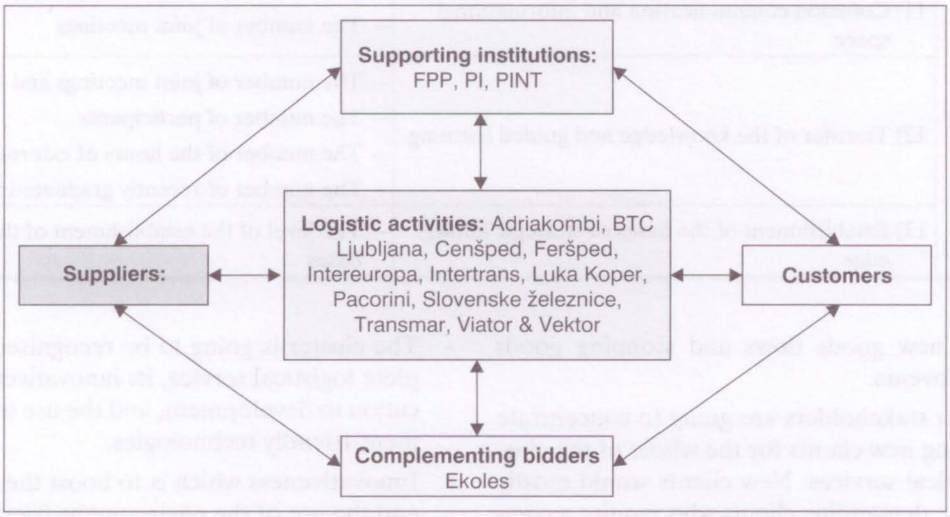


Figure 3 - An examination of the TLC membership and their position in the cluster

Source: ITEO counselling

Table 2 - Member companies of the Slovenian transport logistics cluster

Firm	Activities	Annual turnover in the year 2002 (mio. EUR)	Number of employees
ADRIA KOMBI d.o.o. and other k.d.	- Operator of Combined Road-Rail Transport	27	6
BTC d.d.	- Organising and performing integrated logistics services with an emphasis on the service in one's own warehouse-distribution centres	6.5	145
CENŠPED d.o.o.	- Transport logistics, container service, general cargo, bulk and liquid cargo, support in import/export operations and customs clearance, organization of transport	4.5	10
EKO-LES d.o.o.	- Waste treatment	2.5	20
FERŠPED d.d.	- International Forwarding Agency - The two main activities of the company are arranging and executing land, overseas and air transport; - Fersped provides full-range services, acting as a mediator for import and export, performing border and customs services, renting wagons, organising groupage cargo and warehousing activities including distribution; - Logistics activities with integral solutions and project cargoes are also increasingly developing.	73	180
INTEREUROPA d.d.	- International freight forwarding, road haulage and shipping agency	190	2,500
INTER TRANS d.d.	- International freight forwarders, transport and logistics	45	45
LUKA KOPER (PORT OF KOPER) d.d.	- Handling, warehousing, additional services	60	630
PACORINI LTD d.o.o.	- International freight forwarding, warehousing, transport	6	23
SLOVENSKE ŽELEZNICE (SLOVENE RAILWAYS) d.d.	- Performs passenger and goods transport services as their basic activity, and other ancillary services supplementing the basic activities	295	9,000
TRANSMAR d.o.o.	- International forwarding, logistics and ship agency		50
VIATOR&VEKTOR d.d.	- Organization and execution of all kinds of road transport and organization of transport by train, plane and by sea; - Forwarding agency services; - Servicing and maintenance of heavy vehicles.	130	1,600
THE PRIMORSKA INSTITUT OF NATURAL SCIENCES AND TECHNOLOGY (PINT)	A non-profit organization which was founded in order to transfer knowledge from the academic and research sphere to industry.		12, plus additional part time employees
INSTITUTE OF TRAFFIC AND TRANSPORT (PI)	- Research in the field of transport economy and marketing; - Research and development in the field of railway traffic technology; - Research and development in the field of railway infrastructure; - Investment documentation; - Information support for projects and software development.		15
THE UNIVERSITY OF LJUBLJANA FACULTY OF MARITIME STUDIES AND TRANSPORTATION (FPP)	- The basic activity of the Faculty of Maritime Studies and Transportation is the graduate and undergraduate education and training of students in the field of maritime science and transportation; - The Faculty is engaged in scientific and research activities in the field of maritime studies and transport through pure and applied science projects as well as with an educational purpose.		65

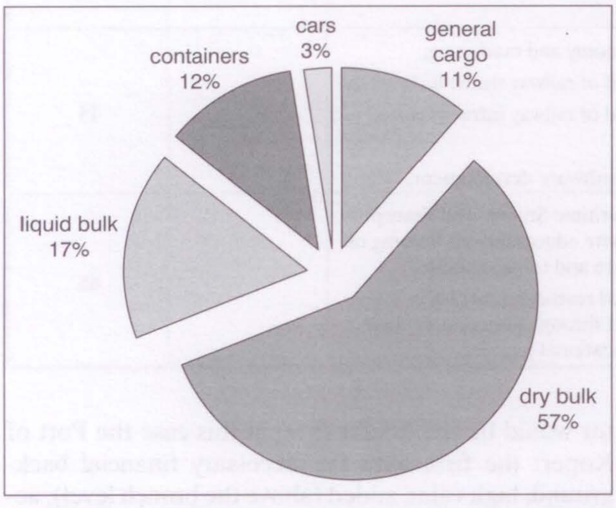
3.4 Port of Koper as the key company of STLC

Transport and logistics are fields of business where company cooperation represents a base for solid and effective functioning. Normally, the initiator of a cluster would be the holder firm, in this case the Port of Koper: the firm with the necessary financial background, high value added (above the branch level), access to foreign markets, development potential, highly educated employees, and focused development strategy. In such a case the company cooperation represents the key to the realisation of the set goals and fusion into a cluster represents the chance for the company to enlarge its own competitive advantage.

The Port of Koper is a public limited company and operates as a holding. The strategy of the port company, as well as the changes in functional policies should contribute to building up of a higher competitiveness and a more efficient operation.

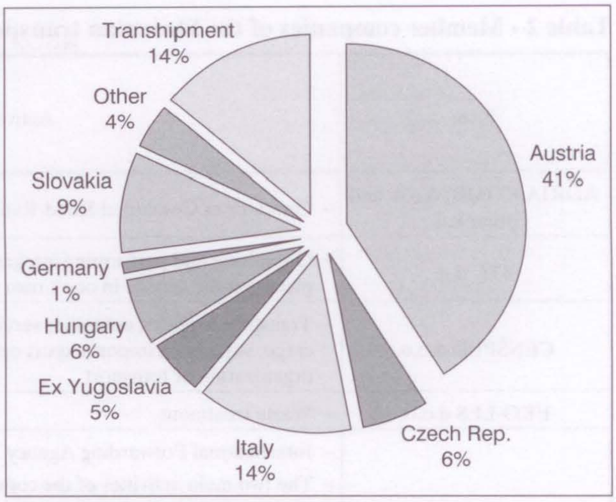
The strategy of the Port of Koper is based on the following basic directions:
- the universality of the range of port services offered on the highest quality level;
- the Port of Koper company ('Luka Koper') - a commodity distribution centre;
- an efficient information network and logistical connection with the world;
- stability and profitability of the operation in the long run.

The entire area of the Port of Koper including the development area extends over 1,600 hectares. The Koper port is designed for the handling of various types of goods such as general cargo (coffee, cacao, metals & non-metals, iron, paper, wooden products, fruits and light-perishable goods, etc.) livestock, containers, cars & Ro-Ro, timber, dry bulks, ores & coal, liquid cargo, alumina, cereals. The basic activities are performed by eleven specialised and highly efficient terminals, i. e.: *Container and Ro-Ro Terminal, Car Terminal, General Cargo Terminal, Livestock Terminal, Fruit Terminal, Timber Terminal, Terminal for Minerals, Terminal for Cereals and Fodder, European Energy Terminal, Alumina Terminal, Liquid Cargoes Terminal*. All terminals are located alongside the berths and are equipped with up-to-date loading, transport and storing technology. At each terminal special warehouse facilities are available: silo, shore-tanks, air-conditioned and deep- freezing storage areas. All of them are directly linked with railway.



Graph 1 - The Port of Koper is a multipurpose port

Source: The Port of Koper



Graph 2 - The Port of Koper is a transit port

Source: The Port of Koper

Exports and imports through the Port of Koper represent a minor share, whereas the traffic in transit has the major share: this proves that the Koper port has predominantly a transit character. Significant shares of traffic of the Koper port are with Austria and Hungary. 70 percent of land traffic is transported by railway and 30 percent by road.

The container terminal is equipped with shore container cranes and numerous movable mechanisation. It is qualified for all kinds of handling with ordinary, reefer, groupage and other special containers. Besides the containers handling the terminal also provides other additional services such as stuffing, unstuffing, cleaning, container washing, containers repairing and other works related to container traffic. The terminal is qualified for handling of project and heavy cargoes as well as handling of floating craft. Within the container terminal also Ro-Ro traffic is performed (capacities: terminal area - 250,000m^2, sea depth - 12m, quays - 500m, berths for container vessels - 3, berths for Ro-Ro vessels - 3, railway tracks - 2x671m, single storing capacity - 12,400 TEUs, electronic connections for reefer containers - 200). Estimated total annual capacity is 350,000 TEUs.

In addition to investments in technological modernisation, in connection with further development of container services, the preparations for the construction of a new container terminal on Pier III have been accelerated (enabling total transhipment of 1,000,000 TEUs).

The transport of vehicles is growing from year to year (400,000 units in 2006). The increase in the volume of car cargo was matched by an increase in warehouse capacities (open storage areas – 800,000m^2 for a storage capacity 40,000 car units). In 1999, the open warehouse areas were complemented with a parking house for 3,350 vehicles. The estimated total annual capacity is 500,000 units.

The Port of Koper is qualified for import and export car-handling operations. Besides quick and quality car handling performed by a skilled group of drivers, the Car terminal offers the car storage on controlled asphalted and fenced areas illuminated at night. The high level of security is guaranteed 24 hours per day by an integrated video-system. The operational work is supported by a fully computerised system. The storage area is linked by two railway tracks with wagon ramps.

Modern workshop is properly equipped for performance of deconservation and conservation of vehicles, PDI service, optional equipment of vehicles upon the customers' request, various repairs - mechanical, paintwork car-body repairs - of damages occurred during the transport. Close by the terminal are the roofed warehouses offering the possibility of spare parts storage, disassembling and packing of car parts (capacities of the car terminal: quays - 800m, sea depth - 12m, berths - 7, unloading ramps - 4, wagon loading platform - 5, storage area – 500,000m^2.)

The entire territory of the Port of Koper has the status of a Free Trade Zone a part of which is used for storage, distribution and processing, remaking of commodities, a part is intended for performance of various industrial, trade and financial activities. The Port of Koper has the certificate for quality for complete port services. ATNET - the information exchange network has been established for support and easier distribution of documents between the Port of Koper authorities, Customs, Shipping and Forwarding Agencies.

In the Port of Koper a lot of attention is devoted to environmental concerns. For several years the Port of Koper has been actively collaborating with a competent institution. In April 2000 the Port of Koper acquired the certification of its system according to the ISO 14001 standard, whilst in May 2006 this certification was upgraded to ISO 14001:2004.

On the basis of survey results, the management of the company decided to initiate a project for establishing a system of human resources development. A special place in the Port of Koper is dedicated to the development of programmes to further innovation: a substantial rise in innovation can be attributed to that policy. The innovation concerned has contributed to the productivity rise, improvement in the quality of services, or savings in material or time, safety at work improvement, or ecological friendliness, resp.

The Port of Koper co-operates with the following educational institutions and provides assistance, as follows:

- the Faculty of Economics and Business Administration in Ljubljana (Protocol on co-operation),
- the Port is the founding member of the Studies and Development Fund with the Faculty of Economics in Ljubljana,
- co-financing of various studies and research,
- organising professional visits to the Port of Koper,
- assistance in the preparation of study projects, diploma theses and seminars.

The year 2006 was a pretentious year for business, especially due to the uncertain international economic situation and the events in the Middle and the Near East. Nevertheless, the Port of Koper increased the quantity of handled cargo to the new record - 14 million tons (record was also reached in the container traffic with 218,970 TEUs). In all, 36 percent of the handled cargo was designated to or coming from the Slovenian market and 64 percent to or from hinterland countries.

Today, the Port of Koper must direct its efforts more to the hinterland and to the foreland to initiate and organise various participants. Operational efficiency of the transport-logistics cycle is affected by all actors involved: linear companies port authorities, stevedores, forwarders, agents, as well as hinterland transportation modes.

Therefore the management of the Port of Koper as the key company of the STLC believe that STLC should play an important role in introducing organisational innovations, promoting the Slovenian transport route, assuring the possibility of introducing an increase in the quality of services offered by the members and in respecting the environmental safeguard regulation as well as transmission of knowledge.

4. SLOVENIAN TRANSPORT LOGISTICS CLUSTER AS A PROMOTER OF THE SLOVENIAN TRANSPORT ROUTE USING THE PORT OF KOPER AS FOCAL POINT

The strategic goal of the Port of Koper as a key company of STLC is to become one of the best ports in the southern Europe, to develop from a handling port into a commodity distributional centre (in view of attracting also the economies of the Far East, such as India, Indonesia, Australia, Korea, Japan, China, Africa, America, etc., in addition to the European ones).

The Port of Koper is some 2000 nautical miles closer to destinations east of Suez than the ports of Northern Europe.

Today the Port of Koper performs most of its services for hinterland countries such as Austria, Hungary, the Czech Republic, Slovakia, Poland, southern Germany, Italy, Switzerland, Croatia, Bosnia and Herzegovina, Serbia and also for Ukraine and Russia.

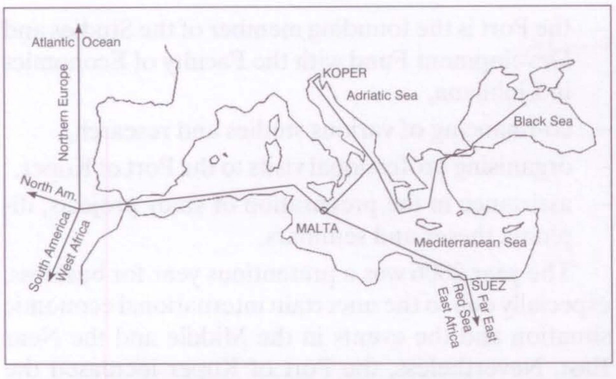


Figure 4 - Maritime connections of the Port of Koper

Source: The Port of Koper

From Koper there are regular and reliable shipping container lines to all the major world ports. More than thirty container lines use the Port of Koper. Land transport from Koper by road and by railway to the main industrial centres in Central Europe is approximately 500 km shorter than from the North European ports. Some two-thirds of cargo is transported by rail, which means that more than 500 wagons arrive and leave the port on a daily basis.

A larger volume of transport and consequently better exploitation of the Port of Koper and the railway depend and will in the future depend on increased transit. The Port of Koper envisions its possibility of further development in highway and railway connections in the direction Ljubljana-Maribor with a branch to Austria and Hungary. Taking into consideration all that, the geo-transport position requires a more rapid construction of the highway and railway network, chiefly in the main transit connections through Slovenia – the 5th and 10th Pan-European traffic corridor for which also the European Union is interested (and also prepared to provide the funds for the construction).

The Slovenian traffic cross comprises two legs: Šentilj/Spielfeld - 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 leg signifies the connection with the international line Barcelona - Milan - Ljubljana - Budapest - Kiev (5th corridor); the second leg denotes further connection with Zagreb - Belgrade - the Balkan states - the Near East (10th corridor).

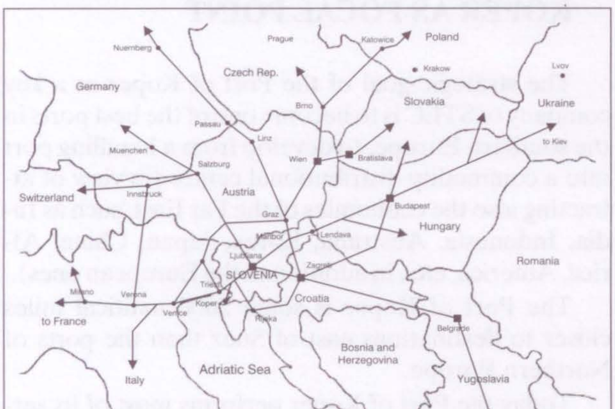


Figure 5 - Main transport corridors important for Slovenia

Source: The Port of Koper

The geo-transport position requires also a more rapid acceleration of development of interports in Ljubljana and Maribor as well as the Port of Koper (Figure 6). The said interports and the Port of Koper should completely fulfil their functions as an organic complex of integrated structures and services with an 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 seaports, airports and large communication networks. Simultaneously, the belonging subcentres of interports will have to be developed (Figure 6).

Ljubljana and Maribor are the most important national and also relevant international E-transport hubs of Slovenia. The Port of Koper is one of the most relevant generators of transport development. The economic effects of port activity are multiply reflected in direct surroundings and wider environment. These effects are most visible in the activities of maritime, road and railway carriers, in freight forwarding, agencies, and in trade, catering, tourist, financial and other services. Per one unit of generated value in a direct port activity, eight additional value units are generated in the whole Slovenian economy.

4.1 Initial presentations of STLC, experiences and results

The geographic location of the Port of Koper represents an important advantage in the trade between Eastern Mediterranean, Middle East, Far East and Central-Eastern Europe.

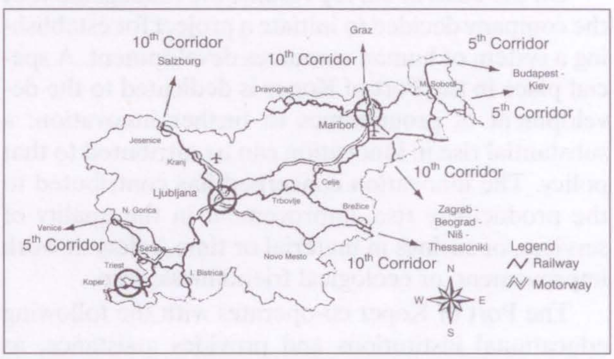


Figure 6 - The 5th and 10th Pan-European traffic corridors through Slovenia

Source: Traffic Institute of Ljubljana

4.1.1 Slovene Transport Logistics Cluster in Israel

Approximately 500,000 tons of different cargoes, equably divided in both directions are handled in the Port of Koper for the countries of Eastern Mediterranean yearly. For the Port of Koper goods from the Israel market represent a big potential in import direction (fruit and vegetables, chemicals, minerals), as well as in export direction (raw materials for domestic industry: iron and steel, cellulose and paper, timber, goods in containers and cars). Regular line services provided by international ship-owners ZIM and Maersk, linking Israel and Koper, allow the Port of Koper to be an important spot on the transport route linking Middle East with Central and Eastern Europe.

In November, 2001 a delegation of 16 representatives from the Port of Koper, Slovene Railways, Ministry of Transport and Communications and some members of the Slovene Transport Logistics Cluster (STLC) - Adriakombi, Censped, Intereutropa, Intertrans, Transmar and Viator-Vektor took part in a joint presentation Conference entitled "Slovene Transport Route - Southern European alternative" in Israel. This was the first presentation of the Slovene Transport Logistics Cluster in a foreign country. Israeli transport Minister attended the opening of the Conference for which a considerable interest with more than 80 registrations of Israeli companies (forwarding agents, agents, port representatives and representatives of export companies) was shown. The purpose of a joint presentation in Israel was particularly the acquisition of new potential cargoes, at present directed through Northern European ports to Central and Eastern Europe, conclusion of business with new partners and strengthening of the existing sea connection. During the conference the members of TLC explained the details related to inland and maritime connections, to custom procedures and the quality of services, which are provided on the route via Koper.

Short after organising the business conference in Tel Aviv the Transport Logistics Cluster (TLC) arranged another business meeting with the Israeli delegation (26 members) in Koper. Both parties agreed that good relationships must continue especially as the Slovenian transport route represents an important gateway for the Israeli goods bound for Central and East European markets

4.1.2 Slovene Transport Logistics Cluster in Turkey

On 24 September 2002, ten Slovenian companies, members of the Transport Logistics Cluster (TLC) presented in Turkey some business opportunities offered by the Slovenian transport route. The companies Adriakombi, Censped, Fersped, Intereuropa, Intertrans, the Port of Koper, Pacorini, Slovene Railways, Transmar and Viator & Vektor, organised in Istanbul together with the biggest Turkish associations of forwarders, shipowners, road and railway transporters a business conference for Turkish potential partners. Beside a great number of businessmen, there were both the Slovenian Ambassador in Turkey, the Turkish Ambassador in Slovenia, who are at the same time presidents of the Slovenian-Turkish Business Council, there was a representative of the Chamber of Commerce and Industry of Slovenia, a representative of the Ministry of Economy and one of the Ministry of Transport of the Republic of Slovenia.

The Slovenian companies presented together their activities. The emphasis was not on each singular company, but on the complete offer (service): road, railway, maritime and intermodal transport, forwarding services as well as port operations.

4.1.3 Slovenian Transport Logistics Cluster in Egypt

In October 2004 the Egyptian delegation made a visit to Slovenia and the Port of Koper on the initiative and invitation of STLC (Slovenian Transport Logistics Cluster). In the delegation there were representatives from the Egyptian Ministry of Foreign Trade, Agricultural Commodity Council (ACC) and directors of some major exporting companies.

After the presentation at the Ministry of Economy the members of the delegation continued the discussions with the representatives of the Port of Koper, some members of TLC and the corresponding inspection services about the possibilities of starting a new weekly direct multipurpose shipping line service between Egypt and Slovenia. With this Memorandum the Egyptian side undertook to start the new service and perform all the necessary promotion activities among the Egyptian exporters, with the Slovenian side providing at the same time the necessary operative and logistical support to perform the distribution of the Egyptian agricultural products into the EU market.

5. CONCLUSION

The accession to the EU represents a number of difficult questions for Slovenia, be it in the field of industry, be it in the field of the particular branches of industry, and last but not least, in the field of the companies themselves. The uncertainty surrounding the question of how to successfully protect national interests and thus enable the prospective business branches to assert themselves is progressively moving into the centre of attention.

To what extent Slovenia will exploit its good geographic transport position in the future will depend on a cluster of circumstances. Importance will also be laid on how Slovenia will present itself and what it will offer to Europe and the rest of the world. One of its best assets is the Port of Koper in the frame of the whole logistical system. The Port of Koper could become the main gateway primarily for the countries of Eastern and Central Europe. The strategy of the Port of Koper anticipates an annual cargo through-flow of 17.5 million tonnes by the year 2015. Such expansion is predicted on an increase in container traffic - 1,000,000 TEUs, car traffic – 600,000 units. Consequently, the Port of Koper management has a clear strategy of development, and the company's cooperation with the STLC represents the key for the realisation of that strategy.

Conferences organized by the STLC had an important role and strengthened the relationship with the existing and potential customers. The planned presentation of STLC in important markets such as those of China, Japan, and Korea are the future steps to be made; the cluster's growth and its links with other clusters are to be brought into line with the common strategy. Moreover, the cluster is then to join international networks.

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POVZETEK

VEČ KONKURENČNOSTI ZA SLOVENIJO IN NJENA PODJETJA SKOZI SLOVENSKI TRANSPORTNO LOGISTIČNI GROZD

Danes se države Centralne in Vzhodne Evrope (CVE) razvijajo v hitro napredujoči in obetaven del Evrope. Vizija vodstva Luke Koper je postati najpomembnejši logistični center za te države. U prihodnosti se bo morala severno-jadranska regija ukvarjati z izzivom čedalje večje prisotnosti Azijskih Pacifičnih gospodarstev na Evropskem kontinentu in posebej v državah CVE. Za prometne tokove iz teh držav je Severni Jadran glede na geografsko-transportno lego najugodnejša izbira. Iz teh razlogov se je Luka Koper kot ključno podjetje priključilo pilotnemu projektu STLG (Slovenski transportno logistični grozd). Glavni namen STLG je promocija slovenske transportne poti. Grozdi definitivno predstavljajo novost v slovenskem gospodarstvu, v drugih delih sveta pa so grozdi znani kot pomemben faktor razvoja, ki omogoča afirmacijo konkurenčne prednosti, ki vodi do mednarodne prevlade. Članek ima namen: (I) prikazati stanje razvoja Slovenskega transportno logističnega grozda, (II) prikazati potencialne koristi grozda za Slovenijo in članice STLG, (III) prikazati predstavitve, izkušnje in rezultate.

KLJUČNE BESEDE

Konkurenčnost, transportno logistični grozd, Slovenija, slovenska transportna pot, Centralna in Vzhodna Evropska gospodarstva, Luka Koper

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