Journal of Bioinformatics and Sequence Analysis Vol. 1(2), pp. 017-030, June, 2009
Available online at http://www.academicjournals.org/JBSA

Review

Competitiveness of Ljubljana city

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Accepted 1 July, 2009

Ljubljana can be observed through different perspectives. Urban development is often written on the basis of economic level, social development, benchmarking results with similar economies, on the basis of past experiences. By urbanistic way of life we cover the main Slovenian areas in polycentric net, that is well organised in EU space. City is forced to lead a vital, beautiful and clean environment that supports economic and social progress and quality of life. According on the Central Europe programme we can realise the new competitiveness strategy. Competitiveness is now more regional oriented and cover the needs of economy and citizens on specific area. We would like to increase the competitiveness level by providing equal opportunities for larger set of regions and border regions. The research can be understood as a sum of economic and social success of all regions in the area. The concept of local economy and the connections among city and surrounds as investment bases, industrial capacities can increase the investment potential. Well conditions for business development in Central Slovenia are can supported the city competitiveness. In article I will show the business importance of the city and also the business circumstances in Ljubljana's area. Creating a better circumstance for competitive growth in more ubranistic Europe, with high share of elderly citizens, and with important cultural heritage can be explained with next instruments. The modern concept of city development (case Ljubljana) will be analysed through different perspectives. European perspectives give a more modern view on city development. City development can be seen as a balance of different interests among investors, households, citizens, tourists and government. SMEs companies usually take more modern concept of planning development. But urban development has to involve the competitiveness research. So, by increasing the competitive level we improve the position of enterprises in the city.

Key words: Productivity and competitiveness, benchmarking, development strategy, national development, JEL classification: 011, 024, 038, 057: UDC: 339, 9.

INTRODUCTION

City competitiveness can be seen as creation of well circumstances from citizens and for business sector. If we don't provide well conditions for enterprises then will be difficult to find money for financing the architecture and cultural part of development process. Providing the better conditions for competitiveness success by indirect factors can be seen by focusing on: polycentric development, on demography and social change, and on cultural resources. So, the direct national competitivess factors as domestic economy, management, infrastructure, financial system, internationalisation, government and education are not integrated in the analysis. Regional development research usually ignores the governmental potential and also the financial market success. Competitiveness is taken from regional research as a socio-economic performance. So, we would like to improve the competitiveness level by regional factors as cultural heritage, demograpfic movements and social change. Because the innovation system is shown separtelly it is logical to have competitiveness research without innovation activity. The national innovation system is analysed alone. The innovation system is understood through innovations, technology development R&D, educational and social change. The overall progress supported by the programme can be explained by creation of more attractive regions and cities. More urbanistic evaluaton of regional competitiveness is logical. Improving the locational attractiveness is important for fostering the investments. The innovative

and technological oriented regions calls for higher R&D capacities transfer of technology and on innovation capacities. The accessibility is a very important factor of regional development analysis. We would like to connect different part across EU and provide better conditions for citizens. Transport and information technology development are the main factors. Environment is the last actor of the overall programme goals. We want to have a high quality environment by managing natural resources and heritage. Renewable energy development is supported.

Urban competitiveness can be analysed in light of new programme. The main directions are taken for Ljubljana case. Ljubljana's competitiveness is evaluated compared to new programme. The new programme has an influence on understanding competitiveness concept away from Porter's and Krugman's orientation. The social economic development circumstances in CEE are the basic for understanding determinants of competitiveness strategy. Spatial planning, cultural heritage and demographic changes are part of competitiveness concept. Normally is competitiveness oriented on industrial development, technological progress an on quality of life. The high urbanisation in CEE countries brings the competitiveness concept closer to metropolis. It boasts strong capital regions and numerous medium sized towns, which are carriers of economic growth. Improving the competitiveness level with preserving the cultural heritage is logical goal. Cultural heritage is defined as a totality of material and immaterial cultural assets like libraries, archives and museums, buildings (churches, castles, monasteries) as well as the manifestation and expression of the folk culture, the scientific perception and so on. The immaterial cultural assets are passed down from one generation to the other. They are formulated by communities and groups depending on their particular milieus, their interactions with nature and their history, and are part of the identity and continuity. Cultural heritage contributes to cultural diversity and creativity and is part of a regional identity. Competitiveness in the programme is not only understood in terms of pure economic performance, but rather as a more complex concept, which embraces soft factors that influence economic performance positively. (quality of life, sustainability, gender equality). However competitiveness is also regarded as essential precondition for achieving economic wealth a high quality of life. In this light competitiveness is not only about strategically utilising and developing economic strengths and dynamics but also about the ability to develop territorial, cultural and social capital among individuals, firms and institutions. In economic and territorial terms, competitiveness implies the capability to compete on European single market.

It is strange to show competitiveness without national innovation system. But fostering innovation activity and the circumstances are part of the programme. Innovation is a systemic rather than a linear process, involving many different players and often happening over an extended period of time. Well-functioning innovation systems ensure the free flow of information across the interfaces between researchers, entrepreneurs, investors, public authorities and many other actors. Such systems may have technical components but are, above all, networks of individuals. For this reason, proximity is an important feature of most innovation systems. In the context of the programme, innovation is considered as one of the most important driving forces for economic wealth. It is not just related to a few high-tech industries but a major factor of any industry or economic sector. It is more than simply the initial 'big idea' or a product or services that result from the idea. Innovation is more accurately described as a process through which knowledge is created and translated into new products, services or processes of the private and the public sector. To improve the climate for innovation in all regions and to enable them to make better use of their innovation potential by addressing their specific needs and areas of weakness and fostering the areas of strength. On a general note, transnational cooperation should not omit the fact that regional and national innovation policies are of a highly competitive nature. For this reason, transnational cooperation in the field of innovation will have to address existing limitations to the willingness to freely exchange insights and knowledge. The common goal is to overcome thinking in terms of national/regional competitiveness in order to strive for a more competitive and innovative Central Europe area as a whole. In jointly striving for innovation, the driving force should be learning from Central Europe's diversity. The common goal should be to complement national/regional policies in those areas where it proves to be most effective.

If we analyse competitiveness through urban and regional research than we can put more weight on polycentric development process. Central Europe is characterized by a high degree of urbanisation, with 73% of the population living in cities or urban areas. It boasts strong capital regions and numerous medium sized towns, which are carriers of economic growth. So, the spatial planning and urban development has an important influence on competitiveness. Cities as Berlin, Krakow, Katowize, Poznan, Ljubljana, Budapest, Prag, Milan, Venice or Munchen has a very important economic weight on the whole region. Well connections with towns in surrounding can increase the investments circumstances. In the new Member States, due to the very selective influx of foreign direct investments in urban areas, a mono-centric development at national levels threatens to reinforce disparities between their capital and other regions. The more polycentric development can contribute to avoiding such disparities. Promoting urban and regional cooperation of relevant actors can help to overcome the core-periphery pattern and lead to higher growth and competitiveness. The spatial development concerning urban agglomerations is determined by several distinct factors. Urban areas are confronted with increasing suburbanization processes with

negative environmental impacts due to higher traffic and increasing land use. National and international migration flows are mostly concentrated in the cities. For several urban areas, this is the most important factor for the demographic growth and the change of their demographic structure (age, regional origin). The uneven territorial development of Central Europe is reflected in increasing economic and social disparities between urban and rural areas, as well as within urban areas due to social and spatial segregation. The territorial effects of such trends can threaten the competitiveness of the cooperation area. The settlement structure of Central Europe is characterised by a few highly populated urban agglomerations and numerous small and medium-sized towns, which play an important role as regional economic and cultural centres. The development of functional relations between cities and between cities and their hinterland are essential for exploiting the competitive advantage and for the improving of a complementary development. This Area of Intervention aims at achieving a more balanced territorial development by improved urban and urban-regional cooperation. In this sense, the strategic economic and social development of cities and regions will be enhanced by:

-implementing integrated urban and regional development strategies and improved conditions for investments
-establishing durable cooperation of metropolitan areas as well as small and medium-sized cities or agglomerations and their associations on mutually relevant topics of transnational importance
-taking actions for urban-rural relationships with optimised material flows and with sustainable urban development patterns (example, solutions for urban sprawl)
-cooperating on new approaches in the field of rehabilitation and conversion issues of urban and peri-urban functional areas
-putting transnational urban-regional cooperation networks for optimising the joint use of infrastructure, leisure services and recreational facilities into practice
-implementing strategic actions to optimise the urban centre structure and to improve functional linkages between urban centres
-promoting actions to enhance the quality of the environment and open space in cities.

Central Europe is facing demographic trends such as an ageing society and migration, which have economic, social and cultural implications on urban and regional development in the Cooperation Area. Therefore, urban and regional development needs to find solutions and increase the capacity to react effectively to the changing needs of society in Central Europe. Reactions are needed in the sense of ensuring the service provision for all population groups, in sparsely populated areas in particular, but also in urban agglomerations. Housing and services generally need to be adapted closer to demographic and social trends and it will be necessary to work against social and spatial segregation in urban areas. Consequently, these activities will help to raise the quality of life for citizens in Central Europe and contribute to achieving better social integration and reduced segregation. This Area of Intervention seeks to reduce negative effects of the demographic and social change on urban and regional development by:

-putting innovative solutions for service-provision and for the adaptation and provision of key services and infrastructures (health system, water, housing etc.) into practice
-promoting actions for adapting cities and regions to the needs of specific groups of population (example, elderly people, single households, handicapped people etc.)
-implementing transnational strategies to counter-balance social and spatial segregation and to integrate aspects of citizens' participation at an early stage of planning
-promoting actions for the provision of public services in the proximity of residential quarters
-developing and applying innovative solutions for addressing bottlenecks in urban development (example, housing, service infrastructure, congestions, investment barriers, limited areas for housing and industrial development)
-using new urban technologies to bring innovative and effective solutions to public services
-applying cross-sectoral actions to adapt the housing stock to current needs (example, regeneration of housing areas.) and to integrate housing into urban and regional development policies.

Central Europe is rich in cultural resources, understood as sites, structured landscapes and objects of importance to a culture. However, this richness is threatened by lacking investments or excessive pressure of investments risking destroying them. Cultural resources in Central Europe represent an important factor for its attractiveness, and play a major role for its identity. The programme will therefore develop its cultural resources for the benefits of the citizens and generate an economic base for cities and regions. This will lead to higher income-generation and stronger regional identities, while at the same time ensuring preservation of the cultural heritage. This Area of Intervention aims at fostering sustainable use of cultural resources and heritage. To capitalise on cultural resources will be supported by: building capacities of innovative management strategies for the protection, preservation and sustainable exploitation of cultural resources, promoting valorisation of traditional activities and knowledge, implementing strategic actions to generate income and employment through integrated cultural and economic concepts, putting strategies to enhance the cultural aspect of the regions into practice, using and protecting traditional knowledge and expertise related to cultural heritage, applying new forms of management of urban/cultural heritages with particular attention to natural and social capacity and possible side effects on environ-

ment and population in a long-term view.

Public private partnership

Public private Partnership is an important instrument for fostering business investments in the inner city. So, we would like to increase the possibilities for business investments. In Ljubljana can be seen the unfavourable conditions for SMEs development. So, by public private partnership we normally improve the investments opportunities for SMEs. Business conditions can be improved by PPP instruments. Public-private partnership describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP. In some types of PPP, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract. In other types (notably the Private Finance Initiative), capital investment is made by the private sector on the strength of a contract with government to provide agreed services. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by providing guaranteed annual revenues for a fixed period. The first attempt of public sector privatization was in the Republic of Slovenia in 1991, when the law on institutes was introduced. This law enabled the participation of private sector in non-commercial public services (example, education, culture, research, etc.). For the first time the possibility of concessions was introduced. The first sectors with concessions were culture, education and health. In 1993 the law on economic public services was introduced (for waste management, telecommunications, electricity, etc.). This law also introduced concessions and two types of possible public private partnerships: public holdings and via investment of public money in private companies to provide public services. Both laws gave only the basic legal framework. How certain public service should be “produced” it should be regulated by each specific law for each type of service. These laws were accepted very slowly because there was a lack of legal knowledge in the field of concessions and it resulted in some “strange” solutions: concession acts and concessions agreements are very short so they are unclear and in practice created and are still creating a lot of troubles; concessions in some fields (e.g. health) were given for eternity; prices went up or the quality of service falls (because there were no given standards what is expected quality). The process of entering in the EU, lack of public finance and the increased demand for public services led in the Republic of Slovenia at the end of 2006 to the introduction of the law on Public Private Partnerships. This law became fully operable in the middle of 2007 when all the necessary by laws were adopted. The Public Private Partnership Act was published in the official journal of the Republic of Slovenia no. 127/2006 on 7/12-2006. Public-private partner relationships may be operated as: Relationships of contractual partnership in the forms of: (1) a concession; that is a bilateral legal relationship between the state or self-governing local community or other person of public law as the awarding authority and a legal or natural person as a concessionaire, in which the awarding authority awards to the concessionaire the special or exclusive right to perform a commercial public service or other activity in the public interest, which may include the construction of structures and facilities that are in part or entirely in the public interest (hereinafter: concession partnership), or (2) a public procurement relationship; i.e. a payment relationship between the client and supplier of goods, contractor of works or provider of services, of which the subject is the procurement of goods or the performance of works or services (hereinafter: public procurement partnership). (3) Relationships of institutional or equity partnership: by establishing a legal person under the conditions provided by this law, through the sale of an interest by the public partner in a public company or other entity of public or private law; by purchasing an interest in an entity of public or private law, recapitalization or in another manner in comparative terms legally and actually similar and comparable to the aforementioned forms, and through the transfer of the exercising of rights and obligations proceeding from the public-private partnership to such person (for instance performing commercial public services). This law establishes also the minimum requirement for concession contract as: the form and purpose of the works concession, the type, amount and form of joint funds or funds provided through co financing or of invested private funds, the relationships in connection with possible funds invested by the public partner and on the manner of refunding or purchasing invested public funds, a timetable of the use of public funds, the method of supervising the appropriated spending of funds, a timetable and method of carrying out investments in structures and facilities and fulfilling other obligations, the model of ownership right to structures and facilities, the conditions for awarding business to subcontractors, changes in the concessionaire company for which it must obtain the consent of the public partner, the possibilities of entering into a concession relationship in place of the existing concessionaire (“step in”), contractual penalties and other reasons for cancellation, annulment or rescission of the contract and the rights and obligations of contracting parties in such cases. the above mentioned law does not cover all the possible types of public private partnerships (e.g. agency, service contracts, profit sharing contracts, etc.); there are no manuals for operating public private partnerships; state and local communities look at public

private partnerships as a magical stick to resolve all the problems in public sector but there are no ideas what are expected standards of provided service, how to protect public interest, how to promote the use of public service etc.; there is no real political wish for public private partnerships; there is strong people's opposition against public private partnerships as a way of public service privatization.

Yet there are some quasi PPP projects going on: Emonika (main railway and bus station in Ljubljana), sport facility in Ljubljana, considerations about modernization of Slovenian railways. Sports Hall Stožice is a well case of Public Private Partnership in Slovenia. The investment was big for Slovenian circumstances. Concept of the area integrates structures (a football stadium, university sports hall, shopping centre, underground parking) and a landscaped park into a coherent whole. In this area sport, nature and culture are intertwined and together they form an interactive social space which facilitates development of numerous events. The park is Ljubljana's new recreational space, a generator of new urban spaces. It is an artificial landscape which connects with the natural landscape on the east. It retains the flatness of the space along the path, and thus also the spatial proportions between the large landscape features now merged with the hall and stadium. The grassy plane, as the central landscaping feature of the wider area, protrudes into the park from the side and rises on the roof of the stadium, where the stadium becomes a part of the park, in the visual and programme sense. In the atriums in the middle of the park it sinks into the shopping centre and it reaches to the parking level. The thick technical slab is pierced with devices that enable operation of the levels below the park. This net of vertical structural connections – vents, sun tunnels, stair-cases designed as circular concrete shafts – gives the park its character and it forms the base for distribution of diverse programmes. The new football stadium with 16,000 seats will be the landmark of the new Ljubljana. With the roof structure in the shape of a green arch it represents the visual icon of the Stožice sports park. It provides optimum conditions for sporting events and also promises its spectators the real sports experience, as well as satisfies the highest safety requirements. The university sports hall will be the central building for national and city sporting and other events. Saddle-shaped construction of the hall ensures the maximal required volume for the arrangement of flexible sports areas and bleachers for 12,000 spectators. Construction of Potniški center Ljubljana (Travelling Centre Ljubljana) – Emonika will start next year. The total cost of the project exceeds EUR 220 million and it will bring numerous advantages for all participants**.** Emonika is a project of significant scale and importance and will therefore meet with a wide response of experts and general public of Ljubljana as well as of the whole Slovenia. The role and vision of individual subjects that play key part in its realization will also be assessed according to the success of the centre. The combined action of the city, Slovenske Železnice (Slovenian Railways) and as well as of the State, is a preliminary condition to effectively realize a project of this size. However, the interests of cooperating partners are certainly different and limited according to their funds. The main aim of Slovenske Železnice, besides financial considerations, is to ensure a pleasant and well-regulated environment for railway passengers. That would increase their number and assure at least the same standards of facilities, equipment and employees in this area. Here the company does not accept any financial obligations for the realization of the project with the exception of investment in kind. With the Project, the city of Ljubljana will gain greater connection between the north and south parts of the city and a new bus station. Moreover, the new town-planning scheme will provide the space for expansion of the Masarykova cesta into four-lane boulevard at the east section of the station. The city centre will surely revive after construction of Emonika and last but not least, the city will assure itself an annuity on the account of land tax. Initial activities considering Emonika go back to the year 2001 when the public company Slovenske Železnice (now Holding Slovenske Železnice) and Mestna občina Ljubljana (the municipality of Ljubljana) signed an agreement on the project. This deal anticipated an urban design of the railway station of Ljubljana area, connection of the north and south parts of the city, construction of an underground passenger hall with appropriate equipment, moving the bus station and construction of business facilities with attractive city programs that should enliven the struggling city centre and make the railway station more appealing for rail passengers. The aim should be attained with a conclusion of a public-private partnership with the chosen strategic investor. The conclusion was to be made through a project company for funding, planning, constructing, trading and administrating Emonika. In the end of 2004, the newspapers published an invitation to tender for strategic partnership and participation in funds in the construction of Emonika. The urban – architecture solution of the project company Real Engineering from Ljubljana won the international competition in 2002 and was therefore a basis for the public-private partnership. Furthermore, the readiness of the local partners, Slovenske železnice and Mestna občina Ljubljana, to contribute premises and to arrange the communal infrastructure at the site was of crucial importance. They would invest the whole or a part of the funds in kind, whereas the strategic partner would invest financial resources, acquire the majority share in the project company and take control over its operation.

Sustainable orientation in Ljubljana

The comprehensive approach demands dealing with cities in the wider, regional sense. The main aim is the SD development, since activities tied to urban processes impose the greatest changes and burdens on the environ-

ment (respect for the principles of Agenda 21 and Habitat Agenda). Good planning and design of settlements can reduce resource inputs and pollution outputs. Thus environmental protection strategies have to be tied to social, economic and other policies (connecting economic development, environmental protection, transports, housing and planning etc.). Model of regional city oriented towards sustainability include two strategies:

A. Development of the central built-up urban area and its historical core Central urban places demand renewal, revitalisation and transformation of urban surfaces.
B. In suburbanised areas decentralised densening, with smaller concentration centres and good network connection between them.

An important principle of the decentralised concentration model is to connect regional structures of urban growth to public transport routes and their stations. The principle enables regeneration of these areas, which need new economic investments, with restructuring and new urban functions. The basic principle is obvious: to put into force a decentralised scheme on the regional level. The construction is concentrated in the subcentres where mixed use of land prevails (housing and the corresponding public use of surfaces, shops, and services) on strategic points, along the routes of the regional public transport system. The key aspect of the concept is to create a lively urban community within walking distances. Towards the end of the 20th century the way of life and work has changed essentially. The differences between the city and the countryside with regard to lifestyle and access to information have been diminished, not only due to traffic connections but also, because of new information and communication technologies. The operational area of work is not limited only to a compact industrial production. Most workplaces can be found in the service field and remain within the living environment. In the spirit of planning for sustainability, close links between living and working is a priority. A star-like shape is typical of the regional development: almost densely built-up city area stretches up to the round by-pass. From the by-pass outwards, the city has been expanding in the shape of five branches. Along those directions, dispersed housing of one-family houses prevails, frequently as dormitories that need the concentration of functions and upgrading in the sense of creating new job opportunities. There are about 270.000 inhabitants within the municipal boundary, but inclusion of the outlying districts (in the functional urban region) increases the total to more than 500.000 inhabitants. The level of motorization is high (1 car per 2, 2 inhabitants) and the mobility (per day) is already 2,4 travels per inhabitant. The increase of private car traffic and the decrease of public transport represent one of the main problems in transportation system and a threat for the environment. Densely built-up city within the circle created by the by-pass has possibilities of development by rehabilitating degraded areas (»grey zones«), by renovating older urban areas and by improving the local pattern. Taking into consideration the SD aspects of the city development and the problems caused by the motor traffic in the inner city, the solution to this issue is to discharge the pressure on the centre by applying the decentralised settlement model. This model gives priority to the development of several urban sub-centres or densely built-up settlements (providing housing, services, employment opportunities, recreation) that would function almost independently along public transport lines. In such a way, the dispersed suburban housing pattern of mainly detached one-family houses would become more densely built-up and improved by a better supply. The city would grow along densely built-up axes with centres linked to a rapid public transportation system. The green intermediary spaces would enable transversal communication between landscape elements and would preserve the integrity of urban units. In designing new or upgraded communities, the existing construction should be taken into consideration as well as the existing central surfaces in the smaller suburban agglomerations. At the same time the dispersed built-up area in the suburbs should become more densely built-up. New or improved central surfaces would represent the central part of the development areas and settling around them should be designed as an autonomous unit within walking distances where functions are intermixed (shops, services, public use of space, housing, etc.) Within such a framework, new job programs would be feasible, as well as new residential areas.

In Ljubljana the demand for building land is very high, especially for housing. We can establish that in the last years the scope of complex housing development has been diminishing, but because of the growing demand prices of land and homes have correspondingly been growing. Besides, in the wider area of Ljubljana dispersed housing is rather extensive. These are unorganised low-density areas (mostly detached single-family houses), often with deficient utilities and low environmental standards. The prevalent circumstances demand sanation, suitable densening in well-accessible areas and the creation of complementary structures with mixed uses, such as: businesses and commercial programmes, services, crafts and manufacturing programmes, but above all, denser housing patterns with better use of building land. Thus we could alleviate the issues caused by dispersed housing and provide these areas with missing contents, which would also benefit their economic revitalisation. Besides urbanistic and architectural planning, solving of technical-technological issues, one of the key conditions for implementing such a project is the adequate use of land policy instruments (land readjustment etc.). Important is also a well-prepared investment programme, which is based on the assessment of economic feasibility (preparation of the building land and construction, the communal infrastructure and the buildings themselves). Because of its vicinity to the city centre and

green hinterland of Golovec Hill and the Ljubljansko Barje (Ljubljana Marsh), the area has a beneficial position. With the completion of the southern ring road its accessibility significantly improved. Its setting enables good connections to the business and shopping centre Rudnik, as well as the nearby commercial, health care and cultural centre Rakovnik. Towards the East, the Rudnik sport's park is planned, which articulates the development area's edge. According to the Spatial development concept of Ljubljana (MOL 2001) this is also the green park prospect connecting the two entities of Golovec and Barje. Nearby, towards the West, lies the interesting waterfront area of the Ljubljanica River, while towards the North lies the hilly Golovec. Both are easily accessible from the proposed new neighbourhood. Appeals against the plans prepared in the 80s consisted of objections about the area's scope and possible number of new residents in the area (according to the proposal from 1987, more than 20.000, and slightly less – 15.000, in 1988). Despite the area's size, this number of new residents would be too high and a serious ecological burden. Therefore it was necessary to reconsider the relationship between built and un-built surfaces, number of inhabitants and building economics. The morphological concept of Ljubljana (MOL 2001) suggested low and medium density building amidst greenery. In the analytical phase of the research the following was included:

- Analysis and critique of ongoing planning in the area,
- Specific issues and weaknesses in the area (building on marshy ground, issues of dispersed settlement and other extant developments, deficient utilities infrastructure, hydrological problems, need for dry water retention surfaces),
- Advantages and qualities in the area (living quality, structural and visual qualities.),
- Possibilities and obstacles concerning use of land policy instruments, with respect for the new planning laws (the new Spatial Planning Act and revised Construction Act), Etc.
- Based on these findings a first draft of the layout and programme scheme was prepared. In the second phase of the project, which is presented in this article, for the chosen area Ilovica we further elaborated the following:
- Building proposal with programme concepts and phases of development,
- Proposal for drainage and accumulating water in the area,
- Test case of re-plotting building land with stated spatial measures needed for implementation of the planned development,
- Approximate calculation of land preparation costs with consolidation and costs of equipment: clearing the land, construction of the traffic and utilities infrastructure and preparation costs,
- Estimate of economic feasibility of the investment, which answered the following questions:
- What is the value of investment for purchasing the land needed for construction of the utilities infrastructure and public programmes?
- How much starting capital does the municipality need to enter the process as an active player in the project?
- How soon the municipality investment will return?

The analyses and estimates concerning spatial qualities of the wider and immediate area showed that that area can offer good residential quality and a healthy environment. From the landscape design aspect the Ilovica area, as part of the Ljubljana marsh (Barje) is rather degraded. Because of rapid urbanisation in the last decade (dispersed, often illegal developments) it is steadily losing its typical character of marsh-land cultivation and colonisation. Despite these increments of dispersed development the area has still preserved some structural and visual qualities, which were seriously considered during planning. The water management study, done for the area, defined areas susceptible to flooding and gave calculations of high water. The findings were used when positioning and calculating necessary retention surfaces, which were dealt with in detail in the proposal for drainage and water retention. Because of the findings from research concerning noise and air pollution because of motorised traffic, but also those concerning flooding, we kept the southern part of the area empty or as a reserve surface for development (combination of manufacturing and housing programmes. The advantage was given to preservation of green surfaces, which could help in easier water management and provide the neighbourhood with an additional green recreation space. Our proposal for developing the particular blocks follows directives concerning sustainability of residential neighbourhoods. Particular quarters are organised as entities where various programmes intertwine, we enforced mixed use, mainly along the more important communication routes and varied building typology. The mix of compatible activities is also important. The predominant land use is housing, which also includes complementary activities (schools, kindergartens, shops for elementary supply, personal services, health-care institutions, parks, sports and children's playgrounds). Jobs will be found in areas intertwined with housing, thus the area will not be zoned into separate units. However areas for businesses, supply, various services, catering etc. lie adjacent to the public and easily accessible surfaces. Smaller production or manufacturing facilities are positioned in a manner that doesn't hinder the housing functions. Moving towards sustainable development on the business level is very important for the government. Company strategy and public policy are alike concerned to match supposed international challenges. This also increasingly affects individuals, who are also required to become competitive in the way they conduct their lives, these demands going under the headings of being flexible, innovative, imaginative entrepreneurial, etc. Slovenian enterprises are now under the European environmental regulation framework. In this article, the correlations among main determinants of Slove-

nian system of SD indicators will be analysed. The current economic development does not have a perfect balance with environment. Our global civilisation today is also on an economic path that is environmentally unsustainable, a path that is leading us towards economic decline and collapse. For some time, environmental scientists have been claiming that the global economy is slowly being undermined by the trends of environmental destruction and disruption, including shrinking forests, expanding deserts, falling water tables, eroding soils, collapsing fisheries, rising temperatures, melting ice, rising seas, and increasingly destructive storms. Business sector can increase the sustainable position and competitiveness through eco-efficiency. The development of the eco-efficiency concept and its promotion and implementation across business, including industrial companies, services, and the financial sector is another example of responsible entrepreneurship. This concept emerged as an innovative business strategy combining both environmental and economic efficiency to create more value with less environmental impact. It has helped companies understand the challenges of sustainable development, and let them increase efficiency in their processes and create new and better products, for example reducing material and energy intensity, decreasing the use of non renewable resources and toxic substances, enhancing material recyclability and product durability and increasing the service intensity of their goods and services. The need to take into account a life cycle approach and to address the impact across the entire product chain shows these companies that they are able to influence their suppliers and customers and spread the concept across the supply chain. They are also starting a dialogue and co-operation with all their stakeholders and developing measurement and reporting mechanisms to monitor progress, such as eco-efficiency indicators and benchmarks. The relationship between competitiveness and environmental policy can be seen through Porter's hypothesis. The revisionist argument is that well designed environmental policy can stimulate innovation and thus competitiveness, and is called the 'Porter hypothesis', after Michael Porter and Claas van der Linde's article. By environmental regulation, we can foster the modernisation process. Newer machines are more productive and less polluting than older machines, but are more expensive to buy and to install in the capital stock. Stricter environmental regulation, in the form of an increase in the emission tax, will reduce the number of machines of all ages and therefore the size of the firm.

Competitiveness as a new paradigm

Competitiveness is a concept which connects the macroeconomic and microeconomic view of social-economic development. By comparison of European countries I recognized the main differences on micro level (labour market, entrepreneurship, knowledge creation). European governments have traditionally been ambivalent about competitive sub national initiatives because of their uncertain net contribution to the national economy. Some have become more supportive over time, hoping to shape them to serve national purposes and for political expedience when macro economic policies have been more constrained. Indeed local development has increasingly replaced traditional equity based regional policies in some countries (Anyadike-Danes et al., 2001). These sought to reduce spatial disparities by guiding investment away from congested areas to lagging regions with underused resources. Such carrot and stick policies have been scaled back because of concerns about their cost effectiveness and fears about firms being diverted out of the country through growth restrictions in buoyant areas (Turok, 2003). There is in fact an increasing tendency to explain regional growth and development in terms of soft externalities. In particular, considerable emphasis is given to local knowledge, learning and creativity. The argument is that in a globalized economy, the key resources for regional and urban competitiveness depend on localized processes of knowledge creation, in which people and firms learn about new technology, learn to trust each other and share and exchange information (Malecki, 2004). At its simplest, regional competitiveness might be defined as the success with which regions and cities compete with one another in some way. This might be over shares of (national and especially international) export markets. Or it might be over attracting capital or workers. Such notions would seem to underpin Michael Storper's definition of place competitiveness as the ability of an urban economy to attract and maintain firms with stable or rising market shares in an activity while maintaining or increasing standards of living for those who participate in it. Similarly in recent work on regional competitiveness (Porter, 2001) has emphasized the key role of the export oriented clusters as the basis for a high regional standard of living. Economic geographers have been eager to embrace the regional competitiveness concept because it promised to bring back the relevance of geography into economics. Concepts like industrial districts (Becattini, 1990) innovative milieus (Camagni, 1991), learning regions (Asheim, 1996) and regional innovation systems (Cooke, 2001) have described crucial importance of externalities in maintaining competitiveness that extend or cross the boundaries of individual firms but which operate within the boundaries of a territory. In the European Union can be seen the increasing importance of regional competitiveness. While there are many theories about competitiveness and related interdisciplinary fields of strategy, operations, policies, organizations, they are not used widely by practitioners in their decisions for enhancing or sustaining competitiveness. Research efforts have brought many interesting perspectives and frameworks at the country, industry, and firm level. The popularity of the competitiveness benchmarking at the country level such as Global Competitiveness Reports (WEF),

World Competitiveness Yearbooks (IMD), and National Competitiveness Reports is an indicator of growing interest in comprehensive frameworks and data for competetiveness related decision-making. We can measure the competitive position of countries in the context of the Lisbon's goals, and to shed light on where attention should be focused.

Location and the importance of specialization process

Over the last decade, Slovenia has achieved clear and positive macro-economic results that have placed the country among the most successful transitional countries. The basic indicators reveal it has been integrating and catching up with the European Union member countries at an ever increasing pace. Despite this, the challenges of a global economy, where only innovation and entrepreneurship can compete successfully, and the relative lag in the competitive capacity of our economy behind numerous other countries in the world rankings, require drastic changes to be made to Slovenia's economical structure to adopt as much as possible to the demands of the knowledge-based economy. That means the transformation from an economy with low-added value whose competitiveness is based on low-operative costs into an economy based on production and service activities whose competitive advantages are high-added value, quality, innovation, and entrepreneurship. The Ireland has a more than 40% high-tech in manufactured export. The world competition has become especially fierce in high-tech sectors like microelectronics, biotechnology, new materials, telecommunications, robotics, computers and aerospace.

Hungary ranks highest in terms of high-tech. The reason for such a high ranking is the presence of a large amount of foreign capital and multinational companies. Slovenia's weakness from the view of competitiveness is high-tech position. No advanced economy can maintain high wages and living standards, and hold its own in global markets, by producing standard products using standard methods. In addition to human resources, a strong national innovation infrastructure includes the ability of funding for innovation-related investments. There are some reasons why small countries as Slovenia do not display the same thrust towards high-tech industries as do larger countries. High-tech industries are closely associated with high risk. Losers as well as winners are to be expected, as the selection of superior products is essentially based on trial and error (Carter 1994). The differences are presumably not due to disparities in the supply of entrepreneurial talent, but are certainly affected by the obstacles experienced in small countries in obtaining a sufficient market for a specialised and proficient venture capital sector (DeBresson and Lampel 1985).The lack of venture capital will constrain the economic ability of entrepreneurial efforts in small countries. The firms which are operating with close proximity to a set of related firms and supporting institutions are often more competitive than firms which operate in an isolated manner. This is due to both competition and co-operation. Competition at a local level is usually much less abstract, and often involves personified rivalries, thus creating a stronger pressure than the anonymous mechanism of the invisible hand. Co-operation does not necessarily mean formal alliances, even though even competitors have shown an increasing tendency to enter into arrangements such as strategic technology alliances. Co-operation at the local level often involves activities like informal communication between firms along the value chain, or information about innovation being exchanged over or through employees, which move from one firm to another. Over time this tends to lead to the evolution of strong business associations. In Slovenia we expect the stronger specialisation of industry after EU enlargement. Herindahl index of specialisation of manufacturing is calculated:

$$HI = \sum_{i=1}^{n} S_i^2$$

Where:
S = share of the industry in manufacturing
n = number of industries

Globalization process and European integration process have changed the competitive environment for manufacturing activities. Foreign direct investment flows in new EU countries have fostered the specialization process. If foreign investors have invested in car industry, in electro, and chemical industry then we can see the higher specialisation of industrial sector (Table 1).

According on herfindahl index ranks Hungary well in all period 1993 - 2005. Reason is the high concentration of FDIs in some industrial sectors. Slovakian industry has increased the tare of specialization in period 1993 - 2005, while the rate of specialization stated on the same level by Chech R. Slovenian industry have reached higher specialization after joining EU. In Slovenian case is hard to differ between local, regional and national economy, because country has only two million people. In the literature the clusters are usually connected with regional economy. Clusters and networks provide the context and the spillovers. Free riders do not exist, nor do free lunches, in the sense of complete knowledge transfers. Certain items of knowledge may flow relatively freely, but other types need to be more localised in their transfer, and these spillovers can raise the innovation of localised partner firms (Cantwell, 1999). Business enterprises operate within a regional production system which is constituted by principles of production and organization. Regions that enjoy a high per capita income are generally regions with a critical mass of business enterprises with the capacity to add value to the resources they use. The idea of regional specialization implies that firms do not compete alone in the global marketplace but as members of networked groups of firms sharing and building on distinct

Table 1. Industrial specialization of new EU countries.

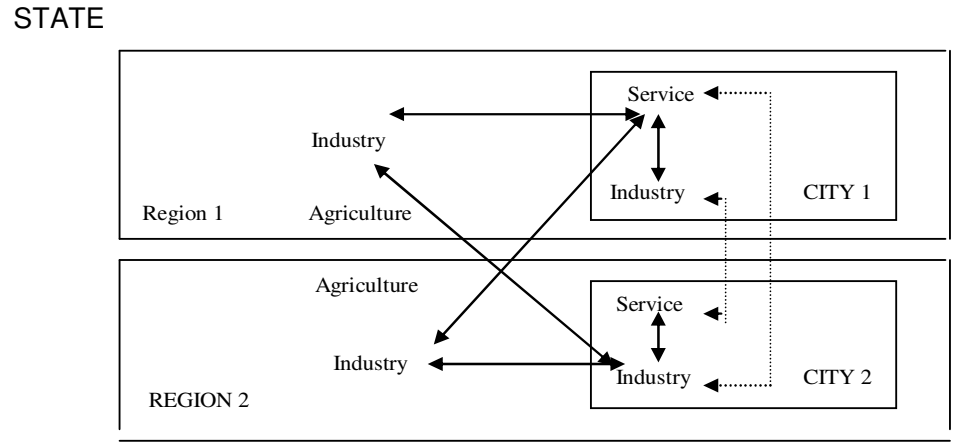
Herfindahl index	1993	1998	2002	2005
Hungary	0,131679	0,124759	0,157162	0,209965
Czech R.	0,109993	0,110084	0,101873	0,107449
Slovakia	0,108632	0,103052	0,110916	0,113589
Slovenia	0,091609	0,093109	0,095783	0,103212

Source: Eurostat, own calculation.

regional capabilities. A region's capacity to initiate and sustain high value added production depends upon its capability to foster and reproduce entrepreneurial firms (Best, 2001). Specialization process is very important for new EU member states. European internal market will foster specialization process in all EU members in the next years. The competitive position of each EU country depends on specialization of domestic industry. In an open economy, the competitiveness of firms will be enhanced by the feedback loops with the localised capabilities. Firms of a certain kind find some localised capabilities more valuable than others. The originally chosen location of an industry might have been basically accidental. But once in place, the specialised locational demands from the firm will influence the future development of the localised capabilities, making it advantageous for the industry to remain in the area, and for outlying firms to relocate (Enright, 1994). Some firms deliberately incurporate specific parts of the localised capabilities in constructing a consolidated strategy, by acquiring resources primarily from the local factor market and by subsequently building unique competencies on these resources (Collins, 1991). This makes good sense. From while the firm specific strategies might be imitated by a clever competitor located elsewhere, it is a lot more difficult for even the best competitors to confront the abstruseness of the combined strategy, and to disentangle the ambiguity created when integrating various elements of the localised capabilities (Reed and DeFillippi, 1990).

Regional competitiveness

Because the Slovenia is a small country with two million habitants, it is regional competitiveness also useful for explaining the economic position. The regional factors influence the competitiveness of firm or industry. In a competitive economy, valuable localised capabilities will primarily be those which increase the ability of firms to create; acquire; accumulate; and utilise knowledge a little faster than their competitors. No firm can create the strategies that entirely disregard the quality and character of the capabilities in the region. In Slovenian case is hard to differ between local, regional and national economy, because country has only two millions people. The modern industry is strong connected with local supplies, with regional universities, with technological institutes and service providers, and also by competitors. Enterprises operate within a regional production system which is constituted by principles of production and organization. Regions that enjoy a high per capita income are generally regions with a critical mass of enterprises with the capacity to add value to the resources they use. As there exists no superior or optimal model one has to think over the consequences for policy making. This is especially relevant because regions pursue to an increasing extent a collective policy strategy to enhance the competitiveness of local firms (Begg, 2002). As noticed above, in advanced countries, sources of territorial competitiveness are constantly undermined, and regions have to cope with this. We have to make a difference among strong and weak competition (Storper, 1997). This partly represents a distinction among competition on hard factors (through the means of relative wages or tax levels) and competition on soft factors (identity, culture, institutions). Weak competition means static price competition. Regions can pursue a strategy that concentrates on relative low labour costs, or they may exploit institutional differences between regions (such as differences in subsidies or labour regulation systems) that affect price competition among firm directly. However, a strategy of strong competition based primarily on exploiting the soft intangible, region specific assets described above is likely to be more effective in the long run (Foss, 1996). The creation of European regions in Slovenia will foster the competitiveness of enterprises. European regions support the specialization process and the internationalization of domestic industry. The idea of regional specialization implies that firms do not compete alone in the global marketplace but as members of networked groups of firms sharing and building on valuable regional capabilities. Today is competitiveness evaluated by different methodologies. Government want to have right answers about policy directions. Different competitveness studies have shown that regions play an important role in European union. Regional specialization process increases the national competitiveness. If the regions in the country are competitive then is also the country competitive. While Slovenia lags in creation of European regions it has also the negative impact on competitiveness of economy. In European Union can be national competitiveness seen as a sum of the success of different regions. While the regional factors are now more important we can search for the reasons in the view of differences in GDP, productivity and in employment. Differences are the consequences of struc-



Picture 1. Connections among urban, regional and national competitiveness.
Source: own model.

tural differences in key determinants as physical, human capital, infrastructure, research capacities, quality of business environment. The European integration process gives the more power to some regions. Regions as a geographic units can economically, culturally and tradelly easier interact in enlarged EU. The lower role of national states has created well conditions to European regions for balancing with geographic, cultural, social and economical characteristics of geographic area and with more globalized European Union.

There is a serious risk that the ideal circumstances for regional policy-making are accompanied with a situation of institutional lock-in, with adverse impacts on regional competitiveness in the long run. Or, as Cheshire and Gordon (1996) have put it: a relatively specialized urban economy, with a high degree of integration among long established businesses may be the most promising economic base for the organisation of competitive activity, but the activity will tend to reflect the perceptions and interests of those particular businesses rather than a strategic view of current competitive prospects. One could also argue that since the local environment exercises only a minor influence on the location of new industries subject to increasing returns, there is room for human agency to act effectively and to contribute to the build up of a favourable environment. According on Camagni (2002), in such a world of increasing returns, regional competitiveness should reside in dynamic factors that are all artificial or created advantages, open to the proactive, voluntary action of local communities and their governments. Geographic area where enterprises do a business does not maintain just natural sources, but also play an important role in knowledge accumulation, in models of cooperation and decisions that support the innovative progress of local enterprise. Process and collective learning are connected with characteristics and capacities on specific geographic area. Local labour market, internal culture in enterprises and past experiences has an influence on progress (Camagni, 2002). The success of enterprises on specific geographic area does not depend just on public sector and social capital, but also on specific external capital and specific sources, that are difficult to find on market. Enterprises are in interaction with other enterprises and with public administration for getting an important external object as building infrastructure (Picture 1).

The strong correlation among urban and regional competitiveness can be see in European union. Regions with rich cities usually rank high in regional competitiveness. In urban centres we have strong service sector that make a business with the industry. Industrial production outside the city in common, while in the city we have financial and trade activities. If region doesn't have a strong city, is the existing industry mare a connection with services outside the region that can be seen in the model. It is normal that service activities exist also outside the cities, but it doesn't have so strong weight as in urban centres. The agriculture activities have a connection with the food industry, but that can't be seen from the model. Globalization progress gives cities the main role in world economy. This is the reason why is the city competitiveness the important challenge not only for local but also for regional competitiveness. The quality of life is the important determinant of city competitiveness, while cities are also a living area. The progress of information connections has increased the role of the cities in national and global networks. Existed studies of urban centres have ignored the unseen aspect of information technological networks, while the studies has focused on physical and unseen aspect of urban development 'market of houses, social research, differences in employment, transport. In new member countries can be seen that competitiveness have increased the urban regions and also the border regions. Border regions that are close to old EU countries have scored the fast integration into EU, while the investments in infrastructure are lower, important markets are closer, foreign direct investments are higher and turi-

stical inflow is the important source of income. Such regions are usually in better competitiveness position. The competitiveness has decreased in the regions that have the decreased industry and regions with high agriculture share. The development of specific competitiveness determinants as infrastructure, human capital, health, regional institutional framework have to follow the needs of regional population and less the needs of national states. The higher possibilities of regional specialization allow the higher competitiveness and easier integration in European area. The interest of European regionalisation is not just in lowering the differences, but also in the fact that institutional frameworks have follow the needs of specific geographic area. Specialization of regions and geographic concentration of selected industries can be measured by comparition of production structures (Aiginger et al, 1999). Process of learning call for non-material and nonformal exchange inside the enterprises. The collective process of learning include the local labour market, chain of professional upgrading, mobility of educated labour force, and density of interaction with local suppliers and buyers (Capello, 1999). Geographical areas compete with each others by creation of competitive advantages. This is good for all economy. Regional studies have shown that competitiveness have increased the regions with capital city and regions with the border on old European member countries.

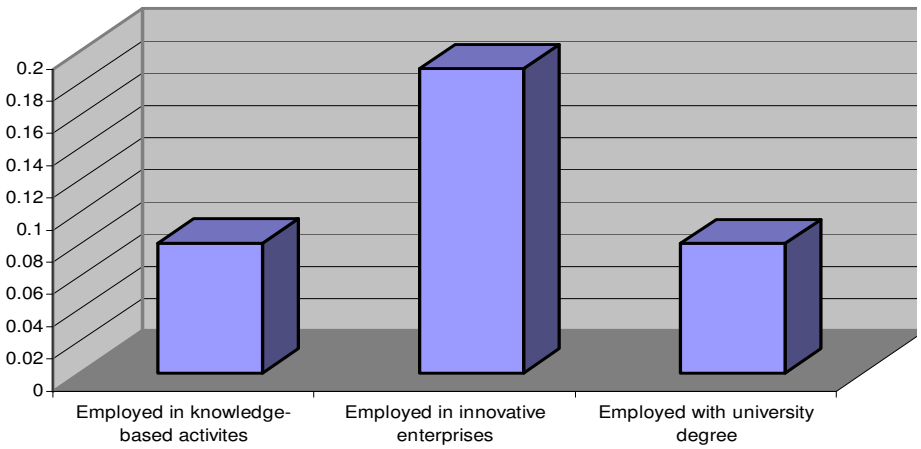
Globalization process gave cities the key role in world economy. European integration process forced the cities to change according o new challenges and opportunities that came from the European integration. In non integrated Europe was the competition among two cities from the side of the state unlogical. After in new circumstances I can see the strong competition among regions and cities, in the field of opening new jobs, FDIs and tourism. Regions with capital cities usually have a strong concentration of high educated experts, high level of investments, good infrastructure.

Cities are competitive if they can o flexible and efficient way decrease the negative impact of economic growth, that can be seen in high prices of land and business spaces, in density of city traffic, in environmental damage and in increasing the social differences. Important is the competition with services, that must achieve the higher quality compared to other cities. Urban regions in new EU member countries have increased competitiveness in the last years. Ljubljana as a capital with Central Slovenian region is such a case. The movement of employment from industrial to service sector give to Ljubljana a specific place. Cities compete differently with each other, compared to states. Some policy responses have been overtly competitive in a defensive sense, including attempts to protect vulnerable industries or to discourage business relocation by offering subsidies in some form (Cheshire, Gordon 1996). Others have been proactive, including place marketing and incentives to attract mobile private investment. City boosterism reflects more aggressive competition to promote flagship events, build iconic projects and attract tourism, skilled mobile population and public investment, using both price and the quality of environment. It follows a tradition of policies that were less explicitly competitive, including increasing the business formation rate and strengthening the managerial and technical capabilities of local firms to help them enhance their market position and grow. Resent initiatives seek to exploit novel “urban assets” such as specialized labour pools, university research, institutional networks and even the lifestyle, cultural amenities and tolerant social milieu of cities (Landry, 2000) (Graph 1).

Regional competitiveness can increase in the way that regions specialize in important activities. Herindahl’s index allows us to calculate the specialization in Slovenian regions. Specialization of Slovenian regions can be measured by structure of employment. From the graph can be seen that employed in knowledge-based activities and employed with university degree have a low herindahl index. I can say that these activities are not concentrated in some regions. On the other side can be seen, that employed in innovative enterprises are more concentrated. Innovative enterprises are concentrated around Ljubljana. The strong correlation among urban and regional competitiveness can be see in European Union. Regions with rich cities usually rank high in regional competitiveness. In urban centres we have strong service sector that make a business with the industry. Industrial production outside the city in common, while in the city we have financial and trade activities. If region doesn’t have a strong city, is the existing industry mare a connection with services outside the region that can be seen in the model. It is normal that service activities exist also outside the cities, but it doesn’t have so strong weight as in urban centres. The agriculture activities have a connection with the food industry, but that can’t be seen from the model. Globalization progress gives cities the main role in world economy. This is the reason why is the city competitiveness the important challenge not only for local but also for regional competitiveness. The quality of life is the important determinant of city competitiveness, while cities are also a living area. The progress of information connections has increased the role of the cities in national and global networks. Existed studies of urban centres have ignored the unseen aspect of information technological networks, while the studies have focused on physical and unseen aspect of urban development 'market of houses, social research, differences in employment, transport

Conclusion

In new member countries can be seen that competitiveness has increased the urban regions and also the border regions. Border regions that are close to old EU countries have scored the fast integration into EU, while the investments in infrastructure are lower, important markets are closer, foreign direct investments are higher



Graph 1. Specialization of Slovenian regions (Herindahl index).
Source: own calculation.

and turistical inflow is the important source of income. This region is usually in better competitiveness position. The competitiveness has decreased in the regions that have the decreased industry and regions with high agriculture share. The development of specific competitiveness determinants as infrastructure, human capital, health, regional institutional framework have to follow the needs of regional population and less the needs of national states. The higher possibilities of regional specialization allow the higher competitiveness and easier integration in European area. The interest of European regionalisation is not just in lowering the differences, but also in the fact that institutional frameworks have follow the needs of specific geographic area. Specialization of regions and geographic concentration of selected industries can be measured by comparition of production structures (Aiginger et al, 1999). Analysed region is specialised in the case, that just some industries have an important share of production on regional level. Analysed industry (car industry: is geographical concentrated, while the important share of production is seen in just some regions. Theoretical and empirical studies have shown that nominal and relative wages became lower by increasing the distance to industrial and capital centres (Krugman and Livas, 1996). Industrial centres have concentrated the capital and knowledge in the era of industrialization. After merchant liberalization is the access to key markets one of the reasons, while industrial and services activities often migrate to border regions. After enlargement of EU can be seen growing importance of regional competitiveness. Regional competitiveness can increase in the way that regions specialize in important activities. Herindahl's index allows us to calculate the specialization in Slovenian regions. Specialization of Slovenian regions can be measured by structure of employment. From the graph can be seen that employed in knowledge-based activities and employed with university degree have a low herindahl index. I can say that these activities are not concentrated in some regions. On the other side can be seen, that employed in innovative enterprises are more concentrated. Innovative enterprises are concentrated around Ljubljana. Like in the case of Slovenia, the competitive advantage of the some new member countries lies mainly in the labour-intensive and resource-intensive industries. The conclusion to be drawn here is that an open economy and foreign investment do not lead to an automatic change of the structure of the industry towards greater knowledge and skill intensity: rather than that, it is the other way round. After joining the EU it is more important to build a competitive business environment. If we want to attract foreign companies, we must do more for business environment in the near future. Enterprise reforms are also part of these processes. The Lisbon's strategy has changed the competitiveness evaluation in Slovenia. The microeconomic progress is now more important like ten years ago.

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