

REGIONAL DEVELOPMENT PERSPECTIVES OF SLOVENIA

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Abstract

The regional development perspective of Slovenia is discussed within the specific regional structure, strategy of balanced regional development and problems of population, settlement, economic and spatial disparities between twelve statistical regions.

Key words: Slovenia, regional development, regional disparities, economic and spatial structure

REGIONALNE RAZVOJNE PERSPEKTIVE SLOVENIJE

Izveček

Regionalno razvojne perspektive Slovenije so prikazane s specifičnimi regionalnimi strukturami, strategijo regionalnega razvoja in, z prebivalstveno, naselbinsko in gospodarsko problematiko ter z razvojnimi razlikami med dvanajstimi statističnimi regijami.

Ključne besede: Slovenija, regionalni razvoj, regionalne razlike, ekonomska in prostorska struktura

THE REGIONAL STRUCTURE

Regional structure of Slovenia is characterised first of all by historically, geographically, economically, culturally and linguistically extremely heterogeneous regions. Among the competitive advantages should be mentioned favourable geographical position, political and economic stability, industrial tradition, proficience of labour force, sound infrastructure and market economy. Slovenia is a Central European state bordering Italy, Austria, Hungary and Croatia, with a free access to the Adriatic Sea. For centuries, traditional trade routes passing through the country linked Southern to Northern Europe and the East with West (Slovenia was once considered "the way to Asia"). As Central and Eastern Europe continued to develop, these historic trade links are taking on new significance. Slovenia is a gateway to central Europe and Balkans according to the geographical position, port of Koper, communications, relationship, insider position and business climate. The Port of Koper lies at the northernmost point of the Adriatic Sea. With modern facilities and terminals, Central European nations are coming to rely on the sophisticated cargo facilities offered by the port. The Port of Koper handles 6 - 7 million tonnes of dry cargo annually and is specialised in container traffic and bulk shipments. Ships coming into Mediterranean through the Suez Canal can save 5 – 10 days and up to 3,700 km by using the southern sea-route access to Central Europe. Slovenia could not be considered as an undifferentiated geographic unit but as something, which is heterogeneous and often internally contradictory.

Slovenia is facing with three competing sets of values or perspectives of development: social, market and environment. The impact can be seen in the deepening of internal contrasts between the centre and the periphery and to the predomination of regional centres of neighbouring states over a great part of border regions, and by social segregation, unbalanced regional development and deterioration of many natural, urban and rural areas. The growth social polarisation and income differentiation are the major driving forces behind the process of unregulated spatial restructuring. This could result in social segregation, unbalanced regional development and deterioration of many urban and rural areas. Many problems steam from land speculation, unauthorised construction, an underdeveloped real estate market and taxation system, and lack of the investment. Excessive disparities in the economic, social and environmental situation of individual regions will hinder sustainable development and require an active regional policy.

The problems of economic restructuring have become very acute and complex. The growth social polarisation and income differentiation are the major driving forces behind the process of unregulated spatial restructuring. This could result in social segregation, unbalanced regional development and deterioration of many urban and rural areas. During the transition, many problems steam from land speculation, unauthorised construction, an underdeveloped real estate market and taxation system, and lack of the investment. Excessive disparities in the economic, social and environmental situation of individual regions will hinder sustainable development and require an active regional policy. This concerns, in particular certain rural areas, old industrial areas, demographically

endangered areas, and areas dominated by large industrial plants and areas with special development problems.

Growth rates for all sectors began to improve again in 1994. Economic restructuring changed the sectoral distribution of output, with the share of industry in GDP decreasing in favour of services. The engineering sector, especially in machine and transport equipment building, remains an important branch of industrial activity, and a major contributor to exports (31 % of total export value in 1995) followed by textile industry, woodprocessing and paper industry. Other important industrial sectors are leather and footwear, sportswear, pharmaceuticals and chemicals. In the structure of GDP by activity and with respect to added value, the most important activities are manufacturing industry (about 30 %), trade (about 10 %), real estate, letting, business services (about 10 %) transport warehousing, communications (about 6 %) and farming (about 5%) (Decree on Values..., 2000; Strategija regionalnega razvoja..., 2001).

Slovenia reached the level of around US\$ 18 billion of GDP per year in current prices and exchange rates around 19.7 US\$ (Table 1). The GDP grew by 5.2 % in 1999 and by 4.8% in the year 2000. The economic activity is mainly driven by exports. Among components of domestic demand, the investment was the most dynamic in the past years, but lost momentum somewhat in 2000. In the economic structure of value added services represent the largest share of over 58 %. The share of agriculture with forestry is declining (3.3 %) as the share of industrial activities have been at around 32.1 %. Manufacturing increase the contribution to the total added value in last two years.

Table 1: Gross domestic product in Slovenia 1992 – 2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
GDP growth rate %	-5.5	2.8	5.4	4.1	3.5	4.6	3.8	5.2	4.8
GDP in US\$ billion	12.5	12.7	14.4	18.7	18.9	18.2	19.6	20.0	18.1

Source: Gospodarska zbornica Slovenije, 2002

Total employment growth in 2000 reached 1,2 %. Strongest employment impulses come from service sector, especially from construction, financial intermediation, trade and public services. In industry, average employment remained on the level of the previous year. The total number of job vacancies raised by 4.3 % in 2000. Registered unemployment rate declined from 13.6 % in 1999 to 12.2 % in 2000 and standardised unemployment rate from 7.6 % to 7.0 % respectively.

Economic activity, expressed in GDP growth, remains favourable with 4.8 % of growth in the year 2000. The industrial production, the domestic trade, tourism as well some other services experience quite a positive current trends in the year 2001 again, with the growth rates in volume, varying from 4 to 8 %. Exports of goods rose by more than 11 % in real terms in the year 2000 and - together with the around 3 % real growth in imports of goods and services exports/imports - contributed to further expansion of index of openness of economy. The same trend is continuing in 2001. In the Business Register of Slovenia some 49,200 companies and 61,000 individual private entrepreneurs were registered at the end of March 2001. Share of private or mixed owned com-

panies has been around 96 %. The labour market experienced an improvement, with 1.2 % of growth in employment in the year 2000. The first half of the year 2001 show similar trends. The inflation remain one of the main macro economic problems. In the middle of 2001 the year-on-year inflation reach the level of 9 %.

The economic activity is mainly driven by exports. The neighbouring counties present an important regional areas to which Slovenia exports 30,9 % of its total exports, and from which it imports 33,0 % of its total imports. Italy is Slovenia's second most important foreign trade partner, Croatia is the third and, Austria is the forth. These countries are also among the most important investing countries in Slovenia: Austria represents 45,6 % of total foreign direct investment as well as recipient countries for Slovene investment abroad (Croatia represents 45,1 % of total Slovene direct investment abroad) in 2000.

Among the components of domestic demand, the investment was the most dynamic in the past years, but lost momentum somewhat in 2000. Recently, public consumption play more important role as before. Private consumption of households on the other hand is lagging behind the average dynamism.

Structure by value added in 2000 was: agriculture, forestry, fishing 3.3 %, industry 32.1 %, construction 6.1 %, services 58.5 %. In the economic structure of value added services represent the largest share, of over 58 %. The share of agriculture with forestry is declining as the share of industrial activities has been at around 32 %.

At the end of 1999 foreign investments in Slovenia amounted to USD 2,683.6 million. Taking into account the USD 83.4 million of FDI inflows in 2000 one can estimate the present stock of inward FDI in Slovenia at about USD 2.8 billion.

REGIONAL DEVELOPMENT PERSPECTIVE

Slovenia had decided on the strategy of balanced regional development ever since the 70's. This has been one of the basic developmental orientations of the country. It was intended to stimulate the optimal growth of the entire national economy and a consistent social development, to improve living conditions of the inhabitants, and to stimulate the development of economy in the less developed areas, which were determined for the period 1971 – 1990. In 1971, the disparity in the level of economic development between the least and the most developed communes, expressed with national income and the employment rate amounted to the ratio of 1:9, and 1:8, respectively. The disparity between the least developed commune and the most developed ones reduced in 1985 to 1:4 in the field of employment, and to 1:5 in the field of gross domestic product per capita. Slovenia was solving regional problems up to the end of 90's on a more or less individual level in the form of partial interventions into the economy. The system of planning was reduced to sector planning, carried out by individual ministries (sectoral national development programmes) and regional and spatial planning on the state and local level. Long-term sector planning was implemented through national development programmes of individual sector (economic development, energy, agriculture and fores-

try, scientific research and technology policy, health, tourism, motorways and railway infrastructure) (Černe, 2001).

The state aid granted in EUR amounted to 427.84 million, which is an increase of 5,1% compared to 2000 and drop of 6,8 % compared to 1999 (Table 2). State aid per employee shows a slight fluctuation, rising by 3,6 % compared with 2000 and falling by 9.3% compared with 1999. There was almost no change in the level of state aid as share of GDP between 2001 and 2000, but a significant reduction compared with 1999.

Table 2: State aid in Slovenia 1999, 2000 and 2001 in EUR m

	1999	2000	2001
State aid	459.25	407.23	427.84
GDP	18,786	19,682	21,024
Number of employees	758.474	768.172	779.041
State aid as a share of GDP (%)	2.44	2.07	2.03
State aid/employee	605.50	530.12	545.19

Source: Fourth survey... , 2002

In the period 1999-2001 state aid granted for agriculture and fisheries and horizontal objectives (research and development, environmental protection, restructuring, SMEs, employment, training, energy saving, other) predominated. In the structure of total state aid there was noticeable increase in the share of regional aid from 0,61 to 3,20 % (Table 3). The share of aid granted to particular sectors (steel, transport-air, rail, coal mining and others) has hardly changed, while the share for regional aid increased almost six fold compared to 1999. The trend of horizontal aid has been falling throughout, while aid in agriculture and fisheries has been rising steadily (Fourth survey, 2002).

Table 3: State aid in Slovenia by category 1999, 2000 and 2001

	Share of SA 1999	Share of SA 2000	Share of SA 2001
Agriculture and fisheries	30,28	45,91	49,36
Horizontal objectives	48,53	35,34	29,76
Sectors	20,58	17,83	17,68
Regional aid	0,61	0,92	3,20

Source: Fourth survey... , 2002

The instrument established to implement the regional policy was the Fund for Regional Development and Preservation of Rural areas. The second element was Government expenditure on the construction of local infrastructure. The National Employment Office and the Ministry of labour, family and Social Affairs utilised passive employment measures in the early 90's. The Ministry of labour, family and Social Affairs began, together with the Small Business development Centre to support local employment initiatives.

The Government introduced also a number of other policies: the development of the economic base of ethnic minorities, financial support to certain economic sectors and to local authority budgets, Comprehensive Rural Development and Village Revitalisation Programme, Economic Development Strategy of Slovenia, the Government's Strategy for EU Accession.

The most important strategic document at the state level is The Strategy for the Economic Development that takes into account social, spatial, environmental, regional, sectoral and other potentials, limitations and conditions. The Strategy defines long-term objectives of economic development and target scenarios of potential developments for Slovenia's economy in the enlarged Europe, and role of regional policy for successful implementation of sustainable development. The main objective of the strategy is to improve prosperity of the people, which is defined as a balance combination of economic, social and environmental aspects. The strategy of regional development (2001) contributes to this goal by encouraging balanced regional development, i.e. by orientating itself towards the polycentric development of the country.

The main policy instrument for regional development is The Balanced Regional Development Act, which was adopted by the Parliament in mid 1999. The Balanced Regional Development Act lies down a general framework for the implementation of regional policy and defines conditions for granting incentives for regions with areas with special development problems. In accordance with the act Slovenia prepared The Strategy of Regional Development, and on that basis and The Economic Development Strategy the main instrument for the implementation of development strategy: The National Development Plan 2001 – 2006. National development plan 2001-2006 is an instrument for the implementation of the Strategy of Economic Development, as a long-term indicative implementing document, which determines the national development priorities, programmes and measures. According to the plan the vision is society based on knowledge with internationally competitive economy and sustainable, regionally balanced development. Slovenia will carry out activities in order to achieve the main development goals in the framework of the following five development priorities:

- stimulation of corporate sector and competitiveness;
- knowledge, human resource development and employment;
- information society, infrastructure and the quality of living;
- restructuring of agriculture and rural development;
- promotion of balanced regional development (NDP, 2002).

The bodies responsible for planning are the state and the municipalities. There is no regional public administration. The national and the local level are the two formally established levels of administration. The state has transferred part of its responsibilities to 58 administrative units, the centres of former communes, linking national ministries and local administrative bodies. Individual ministers reorganised their services into 8-12 regional offices. Practically every ministry has its own regional organisation, which does not coincide with the organisation of other ministries.

Slovenia has now 193 local communes, of which 11 are city municipalities. Apart from that there were in 2001 also 2.696 cadastral communities. Slovenia is facing the continuous breaking of communities into smaller areas, and there are still tendencies to establish more new communities. The reform of local government is increasing the gap between the more developed central regions and other regions, which become or remain peripheral. The new municipalities are small. If we exclude Ljubljana and Maribor they average less than 9.000 inhabitants. Between 1966 and 1994, Slovenia officially had no "towns", since this legal term was abandoned in the 60's. Slovenian towns have of course a rich historical heritage: many of them were built on Roman ruins. Almost all of them originated either in medieval cities or medieval market towns or local rural centres. Some towns were built as industrial or mining cities in the 19th century. Two towns were built as completely new towns after the Second World War. Because the need to specify towns still existed, such specification was made by the Republic's Statistical Office and occurred under the name "urban settlements". The list included all bigger settlements that had already been recognised as towns in the past, and some intensely urbanised settlements that were close to the towns. The list comprised 73 settlements, 58 of which were true towns and 15 were urbanised settlements. It is believed that among 576 urban centres only 17 centres could be taken in consideration as future seats of regions. In 14 "town regions" on 15% of the territory live 75 % of inhabitants who manage more than 80 % of the economic potential and have 88 % of all the employed. Slovenia is confronted with a high degree of spatial, economic and communicational connectedness and openness in all spheres, which will influence the position of the territory and its individual constituents, as well as the significance urban centres. Stronger competition is to be expected between regions and towns in all spheres, economic and non-profitable, as well as in the land market and real estates. Ljubljana may lose its influence as a centre, which has difficulties to compete with Trieste, Vienna, Budapest and Zagreb, and Maribor may lose its development energy because of the development of Graz (Černe, 2001).

It has been proposed to divide Slovenia in three regions: Central Slovenia, Western Slovenia and Eastern Slovenia. There are considerable development disparities between the more developed western part and less developed eastern part. The difference is especially high in the unemployment rate (9 % in the western and 15% in the eastern part) and in the share of population living in the areas with special development problems (83,1 % in the eastern and only 17,6 % in the western part (Table 4).

More than half of Slovenia's territory (as well as population) lies in the areas bordering on the neighbouring countries: Austria, Croatia, Italy, Hungary. The difference between bordering regions within the territory are considerable. The fact is that almost all regions are bordering regions, as 25-kilometre border zone would embrace two thirds of the whole territory. In addition, there are mostly mountain regions with all consequences as to the density of population, demographically endangered areas, and urbanisation and traffic connection. Areas with special development problems are:

- economically weak areas, where taxable gross earnings per capita in the municipality is less than or equal to 80% of the national average, and where the population is decreasing;

- areas with structural problems and high unemployment, where the registered unemployment rate in the municipality exceeding the national average by more than 20%, and where the proportion of agricultural population in the municipality exceeding the national average by more than 20 %;
- developmentally limited border areas and areas with limited potentials, where a proportion of the area of the municipality has a limited potentials and decreasing population and where a proportion of the area of the municipality is in a border belt in relation to the entire area of the municipality and with decreasing population in the municipality (Decree, 2000).

Table 4: Number of inhabitants living in the areas with special development problems (ASDP) in Slovenia

Statistical regions	ASDP* km ²	% of ASDP in region	Inhabitants in ASDP	% of inhabitants in ASDP in region
Pomurska	1.338	100,0	124.989	100,0
Podravska	2.169	100,0	319.139	100,0
Koroška	761	73,2	48.444	65,5
Savinjska	1.788	75,0	174.162	68,3
Zasavska	117	44,3	29.221	63,0
Spodnje-posavska	885	100,0	69.768	100,0
Jugovzhodna	2.221	83,1	87.334	63,6
Osrednjeslovenska	541	20,9	29.017	6,0
Gorenjska	307	14,4	34.962	17,9
Notranjsko-kraška	945	64,9	25.624	51,0
Goriška	591	22,3	21.907	18,3
Obalno-kraška	/	/	/	/

* areas with special development problems

Source: Pečar, 2001

Rural areas cover almost three-quarters of the national territory. Differences between the level of economic development of rural and urban areas are obvious. The economic conditions in rural areas are poor. This is especially valid for less urbanised rural areas (65% of the settlements), while the situation is better in urbanised rural areas (16 % of the settlements). The less urbanised rural areas are situated near the border and are usually mountainous areas with poor accessibility, there are not many jobs there, the % of rural population is high, educational structure is weak and the number of daily migrants is high. Cities account for only 1,2 % of all the 6.000 settlements. They are the centres of economic, social and cultural life and are populated up to 80 % of the entire population of the economy. A strong concentration of population and activities is recorded in about 200 settlements. Slovenia is marked by a considerable concentration of jobs. The basic economic structure consists of 99 employment centres with over 1.000 jobs. These account for 84 % of all the jobs. The highest number of jobs is by far in the wider Ljubljana area (Tabela 5).

Table 5: Social and economic indicators

Indicator	Central Slovenia	Western Slovenia	Eastern Slovenia	Slovenia
Area (%)	12,6	87,4	34,3	100
Population (%) (2000)	24,6	75,4	23,7	100
Population growth rate, 1981-2000	11,3	3,3		5,2
Density (km ²) (2000)	192	85	68	98
Population ageing index (2000)	85	89	93,7	88
GDP per capita in % of EU-15 average	87	59	63	66
GDP per capita in % of Slovenian average	132	90	95,6	100
Registered unemployment rate (2000)	9,2	14,7	9,0	12,2
Share of young people in unemployed (2000)	20,8	21,5	22,3	23,4
Share of population in areas with special development problems	6,0	62,6	17,6	48,7

Source: *The National Development Programme of the RS 2001-2006*

Regional disparities at the level of twelve statistical regions and at the level of municipalities are large and growing (Tabela 6). This holds true for the demographic, spatial, ecological and the economic indicators. Regional disparities in 1990s at the level of twelve statistical regions (statistical regions are defined only for analytical purposes and have no legal status) were large and increasing. Even though Slovenia is a small country, there are disparities in the level of development between regions. The polarisations of regions have become quite obvious.

Development of population is showing the same characteristics as in developed European countries. The natural increase was negative in 1993 for the first time. Slovenia was ranged among states with the lowest natural increase. With no regard to high effective unemployment the problem of working force is already existing in some professions, especially with regard to working force of lower qualifications, first of all in construction business, service activities and some others.

Regional differences in population are influenced the most by economic development. This is the reason for considerable disparities. Development of inhabitants was especially unfavourable during the 90s in areas, which were quite strongly oriented into industry (Podravska, Pomurska, Koroška, Savinjska, Zasavska and Spodnjesavska). With regard to their unfavourable development of inhabitants, these regions accompanied traditionally less developed regions, which are either agrarian or mostly mountainous (Pomurska, Notranjsko-kraška and Goriška). The polycentric economic and population development, is being overwhelmed by centralisation process. Market economy in connection to globalisation is directing investments, activities and traffic into more developed areas, which results also in more favourable population development (Osrednjslovenska, Gorenjska and Obalno-kraška). This process corresponds also to trends of natural increase and migrations of inhabitants (Table 7). In short, concentration of inhabitants in flat lands and near traffic and development cross, which has been taking

place already from year 1961, is still growing. Demographic situation is worsening. The population is getting old and has no demographic reserves to fill the gap in active population in the future. The population ageing index was 76 in 1997 with very big differences between regions and municipalities: in remote agricultural areas it reaches over 100 and in some cases even more than 150.

Table 6: Regional disparities between statistical regions on the basis of selected indicators of regional development

Indicators	Regional disparities
Area in km ²	1 : 9,7
Number of inhabitants	1 : 10,7
Density of population	1 : 5,5
Children up to 7 years	1 : 12,3
Youth from 7 – 14 years	1 : 11,2
Inhabitants over 65 years	1 : 9,8
Ageing index	1 : 1,4
Pupils in elementary school	1 : 10,8
Pupils in upper and secondary school	1 : 10,5
Students	1 : 15,0
Persons in employment	1 : 12,0
Persons in paid employment in BO and CC*	1 : 17,0
Value added in Bo and CC	1 : 24,5
Value added per person in BO and CC	1 : 1,7
Net profit in BO and CC	1 : 39,0
Net loss in Bo and CC	1 : 119,8
Average monthly earnings per person in BO and CC	1 : 1,4
Areas with special development problems+	1 : 19,0
Inhabitants in special development problems	1 : 14,6

* BO and CC – bussines operation and commercial companies

+ Obalno-kraška region is excluded because it is without ASDP

The population has been unequally distributed for quite a long period. The population density is 98 inhabitants per km², compare with Austria's rate of 94 inhabitants per km². Large depopulating areas are in the north-eastern, eastern, south-eastern and north-eastern part. The majority of depopulating areas are agricultural and peripheral areas with weak economic structure especially on the border with Croatia, Hungary and Italy (Pomurska, Posavska, Goriška and Kraška region) (Table 8).

Slovenia is characterised by extremely dispersed settlement. Therefore a great number of inhabitants are migrating daily (60.4 % of all employees and 46.9 % of all schooling population were commuting). Urbanisation level amounts to 65 %. Towns and

suburban areas 20 km wide include 16 % of strongly urbanised settlements. This refers to bigger settlements with better infrastructural equipment, which are gaining more and more working places, first of all in tertiary and partly also in production sector. Suburban areas are spreading and becoming more powerful, considering economic situation and number of inhabitants. Therefore 1/3 of the surface and 4/5 of its inhabitants are presenting very urbanised areas, the next third is presenting moderate urbanised areas and the last third is presenting non-urbanised areas.

Table 7: Age structure and educational attainment of population 2002

Statistical regions	Children 7 years	Youth from 7-14 years	Over 65 years	Persons in employment	Elementary school	Upper secondary school	Students
Slovenija	125.617	174.550	288.981	818.304	177.987	106.754	74.636
Pomurska	7.260	10.343	18.757	48.865	10.623	6.289	3.580
Podravska	18.433	26.014	46.780	122.378	26.965	15.964	10.700
Koroška	4.830	6.869	9.632	30.625	7.098	4.341	2.745
Savinjska	16.716	23.254	34.719	103.279	23.927	14.233	8.848
Zasavska	2.639	3.865	7.103	17.777	4.032	2.504	1.437
Spodnje-posavska	4.362	6.311	10.925	26.690	6.473	3.869	2.404
Jugovzhodna	9.535	14.023	19.545	56.233	14.099	7.928	4.951
Osrednje-slovenska	32.369	43.213	69.857	213.482	43.447	26.298	21.593
Gorenjska	13.587	18.248	27.938	83.551	18.555	11.348	7.696
Notranjsko-kraška	3.133	4.373	8.058	21.098	4.443	2.725	1.829
Goriška	7.260	10.139	19.445	50.488	10.361	6.215	5.017
Obalno-kraška	5.493	7.898	16.222	43.838	7.964	5.040	3.836

Source: SURS, Popis 2002

In the settlement system (5.988 settlements with 490.943 house numbers) and urban network spatial unevenness is manifested through inadequate position of centres within the areas, or through inadequate spatial division of regions, their size and furnishing. The problem of uneven spatial distribution of economic and social infrastructures, and structural asymmetries between individual regions and regional centres are manifested as poorer accessibility to individual areas and settlements, extensive daily migrations and inefficient, expensive and deficient infrastructural furnishing. Poor accessibility to high-level services is very typical of border areas, which is all due to the deficient distribution of functions among the settlements within the system. The origins of environmental problems are to be found in the typical dispersed settling pattern, which makes a reason-

able system of infrastructure and public utilities or useful land use impossible. The dispersion of settlements and activities contributes to intensified use of natural resources on various locations and increases the extent of transport. The typical dispersed settlement pattern makes a reasonable system of infrastructure and public utilities or useful land use impossible. The dispersion of settlements and activities contributes to intensified use of natural resources on various locations and increases the extent of transport.

Table 8: Number of inhabitants in statistical regions 2002

Statistical regions	Area in km ²	Number of inhabitants 2002	Density of population per km ²
Slovenia	20.273	1.964.036	98
Pomurska	1.338	120.875	93
Podravska	2.170	310.743	147
Koroška	1.041	73.296	71
Savinjska	2.384	253.574	108
Zasavska	264	45.436	175
Spodnje-posavska	885	68.565	79
Jugovzhodna Slovenija	2.675	136.474	52
Osrednjeslovenska	2.555	488.364	193
Gorenjska	2.137	195.885	92
Notranjsko-kraška	1.456	50.243	35
Goriška	2.325	118.511	52
Obalno-kraška	1.044	102.070	100

Source: SURS, Popis 2002

In the process of reintegration of the urban system new settlements are emerging on the urban rim, transitional zones are reurbanised, derelict areas within the cities are being developed and degraded urban areas of derelict industrial complexes are being renaturalised. In the periphery combined research and production parks are being set up, in the open landscape integrated business, trade and recreational centres are springing up. Decentralisation and recentralisation of focal points of development accompany the contemporary processes of reurbanisation and suburbanisation – they are simultaneous and move in two-direction i. e. to and from the city. We understand them as manifestation of a dynamic balance among contradiction existing between the centre and the rim. Deindustrialisation and relocation of production and distribution from the centres of gravity to the periphery generate extensive degraded urban areas within cities and between the city and suburbs. The periphery is being urbanised with the creation of new, dispersed and nonhierarchical poles of development, and the city and inner city is undergoing reurbanization. The general environmental conditions in the city and in the countryside are being equalised, the potentials of development are being sought in the comparative advantages of local conditions: be it attractive urban districts, be it suburban entities or countryside areas.

Due to the deregulation of planning instruments and ownership relations and due to the absence of effective land policy, cities are powerless when implementing the non-profit public use. The building land market is not developed. It is therefore logical to assume that in urban areas an ever-greater number of building plots will remain disuse or will stagnate because of fictions, speculative use.

Municipalities remain without any instruments of compulsory planning for asserting the public interest, and they lack resources for boosting development.

Stagnation in housing standard results from insufficient offer of non-profitable, subsidised and proprietorial housings and building plots. Increased is the rush on broader urban hinterlands and quality landscape areas, also demonstrated through illegal building. The problems of housing and public utility construction are related to: too slow revitalisation and inefficient substitution of substandard housing; to inefficient saving for and financing of housing; undeveloped land policy and non-collecting of land/urban rent; inadequate quality of architecture and urban planning and insufficient construction; renovation and maintenance of public utility facilities and installations.

Disparities among regions are also evident in terms of economic potential and performance of the enterprise sector (Table 9). The disparities in gross value added per capita as a measure for economic power of individual region account 1:2,8 and are somewhat smaller in comparison with differences in income tax per capita, 1:1,6 as measure of economic power of individual inhabitant.

Table 9: Business operation of commercial companies domiciled in the Republic of Slovenia IN regions 2001

Statistical regions	Persons in paid employment	Value added	Value added/person	Net profit	Net loss	Average monthly earnings/person
Pomurska	20.692	69.386.008	3.353	7.825.691	8.357.925	153.616
Podravska	66.155	265.650.653	4.016	32.307.149	165.215.668	170.418
Koroška	15.825	60.368.030	3.815	5.751.824	7.886.134	168.500
Savinjska	59.623	252.616.142	4.237	24.690.496	103.897.403	173.323
Zasavska	9.420	43.572.491	4.626	3.777.263	15.957.734	201.037
Spodnje-posavska	11.259	57.839.018	5.137	7.086.678	4.508.826	171.452
Jugovzhodna	30.398	153.873.652	5.062	22.591.589	8.994.268	193.649
Osrednje-slovenska	151.867	878.768.091	5.786	147.485.613	223.383.285	213.761
Gorenjska	47.565	211.793.271	4.453	32.614.468	38.715.177	186.479
Notranjsko-kraška	8.935	35.841.464	4.011	4.955.689	1.864.974	170.386
Goriška	28.817	143.607.373	4.983	19.832.294	52.709.785	198.691
Obalno-kraška	22.889	119.432.423	5.218	28.645.421	5.517.367	196.371

Source: AJPES, 2002

The development lag remains considerable, especially in some of the key areas, such as development of human resources, telecommunications and information infrastructure. There are significant disparities in the economic development of the regions, and they are still increasing. The central part – Ljubljana and its surroundings – is developing much faster than the rest of Slovenia. The south-eastern part of the country lags behind the most in development. Social and economic indicators show significant disparities between the Central Slovenia or Ljubljana urban region. The former represents only 12,6 % of the territory and as much as 24,6 % of the whole population. More than three-quarters, i.e. app. 1,5 million people, live in the area. The Ljubljana urban region is the most developed part of the country, and differs from other areas by a number of different indicators: the GDP per capita surpasses the average for the country by one third; other areas are at 90 % of national average; higher productivity and profitability of the corporate sector; higher rates of population growth; better infrastructure; better developed schooling and more opportunities for further education; better geographical position; greater human capital; lower rate of unemployment; social capital, which is reflected in a lively entrepreneurial activity, formal and informal networks.

The disparities between the municipalities are also very big. This holds true for the demographic data (growth rate, ageing index, and density of population) and even more for the socio-economic indicators. The span in the ageing index between the ten municipalities with the lowest ageing index and the ten municipalities with the highest one is 1 : 2,5. The span of unemployment rate between the ten municipalities with the lowest and the highest unemployment rate is more than 1:4. There are some very small rural municipalities which have no or just a few employers (enterprises), so it must not be surprising that the disparities in gross value added per inhabitant are very large reaching the span of 1:30. On the other hand the disparities in the gross basis for the income tax per inhabitant are much smaller, about 1:2,7, since the income position of the population in such small municipalities is better due to their employment in some other municipality (daily commuting).

To decrease the development disparities among regions is an imperative for more successful economic and regional development. Slovenia is losing the comparative advantages, which it held due to decentralisation and polycentric urban system after 1974 and due to her open borders with Austria and Italy, because of the underestimation of the importance of more uniform regional development. Without regionalisation, Slovenia will not be adequately qualified for successful integration into the keen competition among the states, regions and towns.

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