A Changing Europe in a Changing World

Conference Report 2013
The Bled Strategic Forum (BSF) is intended to promote high-level strategic dialogue between leaders from the private and public sectors on key issues facing Europe and the world as a whole. It has taken place annually since 2006 in the Slovenian resort town of Bled, world-renowned for its beautiful alpine lake.

The aim of the forum is to generate new strategies capable of allowing Europe to better use its strategic space and leverage, and also to attract political commitments. In addition, the forum offers a platform for cooperation between the private and public sectors aimed at developing common integrated approaches to resolving outstanding challenges and tackling new ones.

The 2014 BSF titled ‘The Power of Trust’ will take place on 1 and 2 September. We look forward to seeing you in Bled!
Bled – Venue of the Bled Strategic Forum
The changes in Europe prompted by the economic and financial crisis were in the focus of the eighth Bled Strategic Forum, the annual conference held in the lakeside resort of Bled by the Ministry of Foreign Affairs of Slovenia and the Centre for European Perspective to debate global and regional international issues. Over 500 participants from 50 countries took part in the discussions between 1 and 3 September 2013.

With the title ‘A Changing Europe in a Changing World’, the forum attracted some of the most distinguished participants since its inception in 2006. Slovenian President Borut Pahor, Austrian President Heinz Fischer, Slovenian Prime Minister Alenka Bratušek and Italian Prime Minister Enrico Letta were joined by five foreign ministers and twelve other ministers, as well as a host of senior officials from international organisations.
Focusing on a post-crisis Europe, the discussions saw a call for action that would help the European Union consolidate after the economic turmoil. Building on optimism that the economic and financial measures to deal with the crisis were delivering results and that Europe would emerge from the crisis stronger, the participants examined the strategy for the future of the EU.

The role of the International Criminal Court, the water challenge in the Middle East and North Africa, the EU’s ties with Turkey and the Euro Atlantic future of the Western Balkans were also discussed at the forum. The potential of the Russian and Central Asian markets was in the focus of the second Business BSF, while pressing issues facing young people were discussed as part of the third Young BSF.

Europe is in the most difficult situation since World War II. If it fails to find answers to the most pressing issues, it will gradually lose its competitive advantages on a global scale.

The EU must respond to the growing challenges with greater integration. There is no other option but to build a stronger, more integrated Europe. Only a strong, integrated and competitive EU can be a global player.
Appeals for vision and action were voiced by the main panel, which was dedicated to the changing face of Europe.

The panellists agreed that the economic crisis had clearly demonstrated a lack of strong institutions capable of tackling the crisis at the European level.

Moderator:
- **Mr Igor E. Bergant**, Anchorman at Television Slovenia

Panellists:
- **H. E. Dr Heinz Fischer**, Federal President of the Republic of Austria
- **H. E. Mrs Preneet Kaur**, Minister of State for External Affairs of the Republic of India
- **H. E. Mr Enrico Letta**, President of the Council of Ministers of the Italian Republic
- **H. E. Mr Borut Pahor**, President of the Republic of Slovenia

More Europe is needed, but it must become more decisive. The panellists stressed that the EU needs more legitimacy and people should be given more power. However, they also warned against rash, large-scale decisions, calling instead for a policy of small steps. Changes are affecting the entire world, and neither Europe nor India are exceptions. We should look up to one another so as to frame policies that benefit all of us.
In light of the United Nations International Year of Water Cooperation, a special panel was dedicated to the need for a regional approach to water management in the MENA region.

The panellists pointed out that overexploitation, the effects of climate change, pollution and a variety of other factors had led to water poverty, a critical issue in the region. In the absence of a meaningful programme of regional cooperation, regional water resources could shrink by as much as 50% by 2050. This suggests that water could be used to encourage countries to cooperate.
Despite a tremendous amount of good will, willingness to pool resources in the region remains limited. The panel agreed that the EU could play a role in bridging the gap between the countries, using its political influence and technical know-how. The Barcelona Convention offers immense potential: existing structures and centres in the region could be used to work out a regional vision that takes into account sub-regional and local specifics.
International Criminal Justice: A Precondition for a Prosperous Economic Future

Panellists:
- **Mrs Fatou Bensouda**, Prosecutor of the International Criminal Court
- **Mr Richard Dicker**, Director of Human Rights Watch’s International Justice Program, United States of America
- **Ms Tiina Intelmann**, President of the Assembly of States Parties to the Rome Statute
- **Prof Dr Ernest Petrič**, President of the Constitutional Court of the Republic of Slovenia and Member of the International Law Commission
- **Ms Navi Pillay**, United Nations High Commissioner for Human Rights
- **Mr Stephen J. Rapp**, Ambassador-at-Large for War Crimes Issues in the Office of Global Criminal Justice, US Department of State
- **H. E. Mr Christian Wenaweser**, Ambassador of the Principality of Liechtenstein to the United Nations in New York

In today’s globalised world, political, military and economic interests are more complex than ever.
As a relatively young institution, the International Criminal Court is still struggling to find its place in international relations. However, its influence can already be felt: politicians, regulators, mediators and military leaders are increasingly taking into account the provisions of the Rome Statute.

Criminal justice is a cornerstone of stability; failure to secure accountability harms victims and society as a whole. It is particularly important that accountability be pursued in cases of violence against women and girls, including through reparations. The latter can empower female victims and help their recovery. Women and children bear the brunt of atrocities, and the lack of accountability emboldens others.

The link between justice and economic development is very complex. Some argue that economic development takes precedent, while others say there should first be peace and then justice.

It is difficult to establish a connection between the rule of law and development. The panel used the case of Liberia to illustrate how money spent on international justice is money well spent.

The debate also touched on the cost of international justice, concluding that these tribunals are not expensive, but people perceive them as such.
The Future of the Economic and Monetary Union

Keynote speaker at lunch:
• **Mr Alexander Stubb**, *Minister for European Affairs and Foreign Trade of Finland*

Moderator:
• **Mr Lionel Barber**, Editor of the Financial Times, United Kingdom

Panellists:
• **Prof Dr Erik Berglof**, *Chief Economist at the European Bank for Reconstruction and Development*
• **Dr Uroš Čufer**, *Minister of Finance of the Republic of Slovenia*
• **Mr Philip Gerson**, *Deputy Director of the European Department, International Monetary Fund*
• **Mr Boštjan Jazbec**, *Governor of the Bank of Slovenia*
• **H. E. Dr Miroslav Lajčák**, *Deputy Prime Minister and Minister of Foreign and European Affairs of the Slovak Republic*
• **Mr Carlos Moedas**, *Secretary of State to the Prime Minister of Portugal*
• **Mr Alexander Stubb**, *Minister for European Affairs and Foreign Trade of Finland*
The eurozone has taken important steps to overcome the financial crisis, and a year ago, few would have expected it to be where it is now. If the crisis is 100 steps, we have taken 70 steps so far.

Much of the mistrust and uncertainty has been quelled with measures. Despite a significant stream of good news from the eurozone, the crisis is not over. Extensive action from the previous years should be followed with new steps to promote banking and financial integration. Structural reforms should be the top priority of eurozone members. Portugal’s experience from the start of the last decade suggests that spending does not generate growth.

In pushing ahead with reforms, EU institutions and international organisations must be seen as partners, and their engagement should not be perceived as unwelcome. There must also be a clear line of responsibility, leading to EU policy makers who are setting the reform agenda.

The European Union is going through cycles of crises, which occur every ten years, as a look at EU history reveals.

This crisis will not halt further development and EU integration. In the future, the Union will be marked by slow and modest integration; a tendency for certain EU countries to slow down integration, which is also reflected in the debate on the EU’s powers; and the rise of anti-European movements, which are found in political parties across the left and right spectrum and share certain features, including nationalist elements and euro-scepticism.

However, these forces will not prevail. Many of the measures to overcome the crisis are already behind us. In the end, once the crisis is over, the EU will be stronger, more united and more cohesive.
The panel broadly agreed that the only option is some form of partnership, as Turkey is a significant part of Europe. But in order for Turkey to actually join the EU as a full-fledged member, a change in public perception is needed on both sides, and internal divisions in Europe need to be tackled.

The best scenario would be to turn existing relations into some sort of partnership, whereby Turkey’s expectation is full EU membership. Turkey is frustrated by the delays in the accession process. The EU still enjoys the support of the Turkish public (over 50%), but its confidence has dropped to 14%.

The analysis of EU-Turkey relations should be based on the assumption that Turkey is already a part of Europe and that Europe’s interest in Turkey joining the EU is just as strong as Turkey’s interest, as well as on the question of what Turkey should do to draw closer to the EU and what the EU should do in practical terms.

The EU cannot have double standards, and Europe’s internal divisions should be addressed.
Panellists of panel C: The EU and Turkey – Where Do We Go from Here?
The EU and Western Balkans – After Croatia, Who is Next?

Moderator:

• Mr Goran Milić, Director of News and Program of Al Jazeera Balkans, Bosnia and Herzegovina

Panellists:

• Mr Marko Đurić, Foreign Policy Adviser to the President of the Republic of Serbia
• Ambassador Kolinda Grabar-Kitarović, NATO Assistant Secretary General for Public Diplomacy
• H. E. Dr Zlatko Lagumdžija, Deputy Chairman of the Council of Ministers and Minister of Foreign Affairs of Bosnia and Herzegovina
• Mr Ilir Meta, Former Prime Minister of the Republic of Albania
• H. E. Mr Nikola Poposki, Minister of Foreign Affairs of the Republic of Macedonia
• H. E. Prof Dr Vesna Pusić, First Deputy Prime Minister and Minister of Foreign and European Affairs of the Republic of Croatia
• Ambassador Philip T. Reeker, Deputy Assistant Secretary of State for European and Eurasian Affairs, United States of America
• Mr Ivo Vajgl, Member of the European Parliament
Croatia’s recent EU membership sent an important signal to other countries. Membership must remain high on the agenda of all the countries that aspire to join.

EU enlargement policy has been a success, enhancing stability, peace and prosperity in Europe and its new members, which is why it should be continued. The panel agreed that enlargement fatigue stemming from the crisis in the EU must be countered.

There are many arguments for pushing ahead with enlargement, despite enlargement fatigue. Thus far, the policy has been successful, expanding the area of stability in Europe, eliminating divisions and bringing down borders. The EU must keep in mind what would happen if these countries were excluded and that the cost in terms of security and stability in Europe would be great.

The inclusion of the Western Balkans would stimulate prosperity in the EU as a whole. Western Balkan countries must join forces to fight enlargement fatigue. It would be beneficial if the remaining countries could join the EU together so as to reduce the possibility of blockages due to bilateral issues. The EU missed a major opportunity by not accepting as a whole the part of Europe that emerged from behind the Iron Curtain.
The use of technology for development is high on the agenda of every government. But in order to adapt and survive in a rapidly changing world, we need to adjust our mindset accordingly.

One of Europe's major problems is that the old continent was generally a very comfortable place to live. This is no longer the case. However, economic hardship can and should be used as an opportunity, a turning point. Once out of the comfort zone, countries are forced to innovate in order to survive. That said, innovation comes in many shapes and sizes, and not every country needs to focus on digital technology. Moreover, innovation has become such a big word that it needs to be divided.
Can innovation be taught? Yes, to a certain degree. There are certain techniques that can and are being taught, beginning in primary schools. Another way to stimulate innovation is to put people in situations outside their comfort zone, much like the economic crisis has done for Europe.

How much do skills matter? Our world is highly specialised, and specific skills are crucial to innovation; however, there are also add-on skills, such as entrepreneurial skills.
Welcome and opening addresses:

- **Prof Dr Danica Purg**, President and Dean of the IEDC – Bled School of Management, Slovenia
- **H. E. Mr Karl Erjavec**, Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Slovenia
- Message from **Mr Ban Ki-moon**, Secretary-General of the United Nations, delivered by **Mr Sven Alkalaj**, Under-Secretary-General of the United Nations and Executive Secretary of the United Nations Economic Commission for Europe
- **Mr Janez Škrabec**, Director of RIKO and President of the Slovenian-Russian Business Council, Slovenia

Changes in Europe and the World: An Economic Perspective

- **Prof Dr Jean-Pierre Lehmann**, Professor Emeritus at the IMD Lausanne and Founding Director of the Evian Group, Switzerland

Keynote speaker:

- **Mr Yves Leterme**, Deputy Secretary-General of the Organisation for Economic Co-operation and Development

Keynote speech by Yves Leterme, Deputy Secretary-General of the Organisation for Economic Co-operation and Development
The second Business BSF was an opportunity for business representatives to weigh in on the future of Europe. The participants called on Europe to adjust to the transforming world in which Asia will play an increasingly prominent role. In doing so, Europe must remain outward-looking and engage with Asia.

Sven Alkalaj, Under-Secretary-General of the United Nations and Executive Secretary of the United Nations Economic Commission for Europe, delivered a message from UN Secretary-General Ban Ki-moon.

The keynote speaker at Business BSF was Yves Leterme, Deputy Secretary-General of the Organisation for Economic Co-operation and Development, who pointed out that competing with Asia, and China in particular, would require Europe to deal with its own problems first. “Europe cannot remain a global player if its house is not put in order first.”

The event also offered an opportunity to examine the potential of the Russian and Central Asian markets.
Economic Perspectives of Russia and Central Asia: Opportunities and Challenges

Moderator:
- Dr Nadya Zhexembayeva, Coca-Cola Chaired Professor of Sustainable Development, IEDC – Bled School of Management, Slovenia

Panellists:
- Mr Sven Alkalaj, Under-Secretary-General of the United Nations and Executive Secretary of the United Nations Economic Commission for Europe
- Mr Sergey Ezhov, Acting Head of Division of the First Department of CIS Countries, Ministry of Foreign Affairs of the Russian Federation
- Dr Mircea Mihaescu, Director of the IT Strategy Division at Sberbank, Russia
- Mr Samo Omerzel, Minister of Infrastructure and Spatial Planning of the Republic of Slovenia

The panel focused on the opportunities offered by the emerging economies of Russia and Central Asia, establishing that potential existed and that it extended far beyond energy. The question is how to exploit it for mutual benefit.

Russia, Belarus and Kazakhstan will shortly join a 170-million-strong economic union, which will be a game-changer in the region. The model, based on the EU, will shape the future of the region and offer tremendous opportunities. The participants noted that Russia and Europe need to work out a common agenda to strengthen cooperation. The Eurasian Union does not have to be seen as competition; closer integration will create stronger positive impact on trade. Communication with the EU and the identification of common interests will become easier. The panellists unanimously endorsed the Eurasian Union as a boon to the region but also raised the question of how other countries could benefit from doing business there and how Russia would adapt.
Energy may currently be the priority sector in Russia, but the country has the potential and capital to diversify. Slovenia not only offers an ideal transit route for the Russian and Central Asian economies, but also has the know-how to benefit from Russia’s diversification.
Young BSF: The Clash of Generations

The third Young BSF brought together more than 100 young professionals and future leaders. In 2013, it underwent an overhaul: it became a three-part event that took place for over two months. It kicked off with a two-day conference in Ljubljana in June, which defined the challenges facing the young today. Over the summer, participants engaged in an on-line debate, while the September conference, held at the IEDC – Bled School of Management, was dedicated to drafting a to-do list of solutions.

At the opening of the Solutions Generator Conference in Bled, the participants were addressed by Alenka Bratušek, Slovenian Prime Minister, who stressed the need to deal with the complex situation of the young in a comprehensive debate, one that encompasses all facets of society.

Young BSF is aimed at finding solutions to the challenges facing young generations every day. Their role was discussed in the ever-changing business environment as well as opportunities and constraints they come across both in the EU and beyond. Young professionals from different backgrounds were looking for new ideas and methods of work for new business models and modern communication tools that evolve on a daily basis. They challenged their knowledge, looked for innovative ideas and presented adequate solutions.
Young BSF participants got down to business in various break-out debates on a number of challenges relating to ethics and education, including mobility, innovation, digital politics, the generation gap, the issue of equality and opportunity, as well as EU integration. They also enjoyed a brain-storming session at Lake Bled. The conference concluded with two workshops that explored innovation, creativity and risk taking and the question of whether Twitter diplomacy can replace brick-and-mortar embassies.

Keynote speakers:

- **H. E. Ms Alenka Bratušek**, Prime Minister of the Republic of Slovenia
- **Dr Jernej Pikalo**, Minister of Education, Science and Sport of the Republic of Slovenia
- **Mr Jan Mühlfeit**, Chairman Europe, Microsoft Corporation, Czech Republic
- **Dr Erhard Busek**, Former Vice Federal Chancellor of the Republic of Austria and Chairman of the Institute for the Danube Region and Central Europe
- **Prof Dr Helena Helve**, Professor Emerita at the School of Social Sciences and Humanities of the University of Tampere, Finland
- **Mr Sandi Češko**, Co-founder and Executive Chairman of Studio Moderna, Slovenia
- **Prof Dr Jean-Pierre Lehmann**, Professor Emeritus at the IMD Lausanne and Founding Director of the Evian Group, Switzerland
- **Prof Dr Danica Purg**, President and Dean of the IEDC – Bled School of Management, Slovenia
- **Mr Selim Shlomi Benbasat**, Co-founder and CEO of AdMingle, Turkey
- **Ms Nava Swersky Sofer**, Co-Chair of NanoIsrael and President of the International Commercialization Alliance, Israel
- **Mr Matthias Lüfkens**, Managing Director of Digital Practice EMEA at Burson-Marsteller, Switzerland
Alain Brian Bergant, Secretary General of the Bled Strategic Forum, and Rudi Guraziu, Chief Executive of the International Business and Diplomatic Exchange (IBDE), signed a memorandum on cooperation between the two organisations.
The Center of Excellence in Finance (CEF), established in 2001 by the Slovenian government as part of the SE Europe Stability Pact, was transformed from a regional institution into an international organisation with the signing of an agreement on the margins of the Bled Strategic Forum, under which Bulgaria, Croatia, Macedonia and Montenegro joined in as founding members. Moldova, Bosnia and Herzegovina, and Albania will sign the agreement later through an exchange of notes. Kosovo, Romania, Serbia and Turkey, however, decided not to join for the time being.

The goal of the Centre of Excellence in Finance is to promote international standards and best practice in public financial management and central banking through specialised trainings, the exchange of knowledge, research, and the provision of technical assistance.

Keynote speech by Borut Pahor, President of the Republic of Slovenia, at the signing of the Agreement on Establishing the Centre of Excellence in Finance
Main sponsors

**RIKO**

Apart from being a very attractive professional and social event, Bled Strategic Forum has become a meeting point of officials, businessmen and thinkers. I am proud that Riko is the sponsor of this year’s forum.

*Janez Škrabec, Chief Executive of RIKO*

**BMW**

As the most sustainable development-oriented company in the automotive industry, BMW Group supports projects which promote sustainable development. This is the reason BMW Group Slovenija has been supporting Bled Strategic Forum, which promotes efforts for a more sustainable future, since 2009.

*Lothar Schupet, General Manager of BMW GROUP SLOVENIJA*
Karl Erjavec, Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Slovenia, and Janez Škrabec, Chief Executive of RIKO, at the opening of Business BSF SBERBANK

As the largest annual gathering of business executives, experts and politicians from the region and the world, the BSF has always addressed the most pressing issues; this year, it focused on changes, while Business BSF addressed new opportunities in Russia and Central Asia, particularly in energy and high technology. Last year, it was stressed that one of the EU’s priorities was its eastern neighbourhood. The Slovenian Sberbank has a strong presence in Central and Eastern Europe, as well as the CIS, which enables it to help stimulate development and promote business ties between Western Europe and these regions.

Gašpar Ogris-Martič, Chairman of the Management Board of Sberbank

Product Management BMW i Heinrich Schwackhöfer at the Night Owl Session: Shifting Mindset Towards High Technology Development

SBERBANK

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Gašpar Ogris-Martič, Chairman of the Management Board of Sberbank

TELEKOM SLOVENIJE

The BSF raises topical global issues which have an important impact on the development of society and the environment in which we do business, resulting in different views and offering different platforms for development. This is why I believe it is right for a company that does business in the global market and is daily faced with changes to support such events.

Rudolf Skobe, Chairman of the Management Board of Telekom Slovenije
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*Source: Research Insurance monitor (Zavarovalniški monitor), June 2013 (GfK)
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