

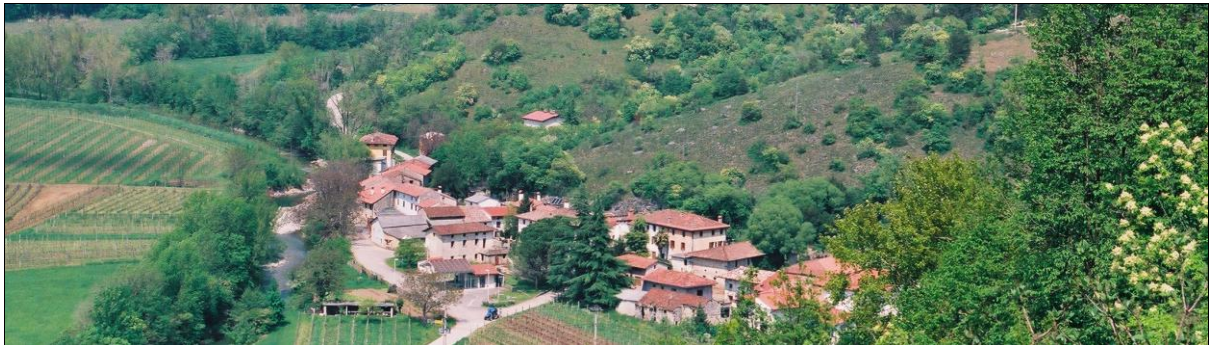


DERREG

Developing Europe's Rural
Regions in the Era of
Globalization



CASE STUDY CONTEXTUAL REPORT 6



Goriška

Laura Jones and Michael Woods
Aberystwyth University

With input from Barbara Lampič (University of Ljubljana)

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1. Introduction

1.1 Location and Geography

Goriška statistical region (Gorizia in English/Italian) is situated in the west of Slovenia and forms part of the country's international border with Italy (figures 1 and 2). It covers an area of 2325 km², or 11.5 % of the national territory, with a diverse landscape shaped by its situation as the convergence of different topographical regions, including alpine, pre-alpine, karst (of the Dinaric Mts) and sub-Mediterranean. The River Soča Valley functions as the region's communication, transport, population and economic axis with the majority of the region lying within its catchment, as the river rises in the Julian Alps in the north and flowing south, entering the wide Friuli Plain near Gorica (Gorizia) in Italy (figure 3). Less favourable conditions for agriculture in the mountainous north have generated significant inter-regional disparities in terms of economic development.

The Goriška region was named after the town of Gorica and originally the border area between Italy and Slovenia was an Italian dukedom, before it came to be ruled by the Austrian Habsburg dynasty from circa 1500. During World War One, the region was annexed by Italy and remained under Italian control until after World War Two when current borders were established by the Treaty of Paris between Italy and Yugoslavia in 1947. Most of the Slovene-inhabited areas of Gorizia were ceded to the Yugoslav republic of Slovenia, while the town of Gorica/Gorizia was left in Italy. As such, the new town of Nova Gorica ('New Gorizia') was established on the Slovenian side of the border and has developed into the dominant regional centre. These various boundary changes mean that the contemporary region encompasses a diversity of historical, cultural and natural heritage.



Figure 1: Location of Slovenia in Europe

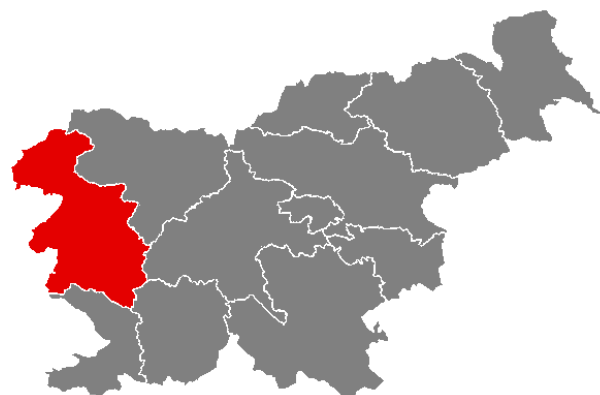


Figure 2: Location of Goriška in Slovenia

By size, Goriška is the fourth largest Slovenian region, but only the seventh by population.¹ In 2007, the population of the Goriška statistical region was 119,600 giving it a relatively low population density of 51.6 persons per km², the 6th highest out of the ten DERREG case study regions, and as such is categorized by Eurostat as 'predominantly rural'.² Due to the previously mentioned geographical heterogeneity, the Goriška statistical region can be sub-divided into four distinct sub-regions:

- The Upper Soča Valley (municipalities of Bovec, Kobarid, Tolmin) is situated in the north-west of the region and contains part of the Triglav National Park and Julian Alps. Its

¹ Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/si00b_geo.htm

² Source: Eurostat

peripherality, border location and poor agricultural conditions due to the mountainous terrain and harsh winter climate mean that the region has been characterized by out-migration, deagrarianization and depopulation over the past century. The last census in 2006 recorded 19,771 inhabitants of the sub-region (16.5% of regional total).

- The Idrijsko-Cerkljansko Hills (municipalities of Cerkno and Idrija) lie in the central-inland part of the region and is a transitional area between alpine and karst landscapes, with mountains averaging around 1000m interspersed by deep valleys and river gorges which make passage difficult. The sub-region experienced high population density at the beginning of 20th century, with Cerkno only around 65km by road to the capital Ljubljana, but was impacted by occupying forces during WWI and WWII. The population now stands at around 17,000 or 14.2% of the regional total.
- Nova Gorica and its hinterland (municipalities of Brda, Kanal, Miren-Kostanjevica, Šempeter-Vrtojba and Nova Gorica) in south-western Goriška, next to the Italian border, consist of the flat Lower Soča Valley and hilly winegrowing region of Goriška Brda, with a population of 59,277 inhabitants (49.6% of regional total) in 2006. The town of Nova Gorica is the principal urban centre in Goriška, with a population of around 13,852 in the town itself and 35,640 across the whole Nova Gorica municipality, which together with the local centres of Šempeter and Vrtojba (combined population of 6,269 in 2002) comprises the area of highest population and employment concentration in Goriška.
- The Upper Vipava Valley in southern-inland Goriška (municipalities of Ajdovščina and Vipava) consists of flat, fertile areas of the lower Soča Valley. It is noticeably Mediterranean in terms of climate and culture, with large wine- and fruit-growing hills together with mountainous upland areas, and a population 23,619 inhabitants (19.7% of regional total) in 2006.³

The settlement pattern of Goriška is highly dispersed, characterised by small towns and villages, with Nova Gorica and its hinterland the region's only large urban agglomeration. Apart from this, the settlements of highest population concentration are municipality towns (municipalities are named after their principal town) such as Ajdovščina (~7000 inhabitants), Idrija (~7000) and Tolmin (~3800)⁴, while the majority of people live in smaller settlements of fewer than 3000 people.

The Goriška region achieved a relatively low score of 11,400 on ESPON's accessibility index, the third lowest across DERREG case study regions, although transport links vary significantly within the region itself (figure 3). Despite being only a little over 100 km away from Ljubljana, road connections are sparse in the mountainous northern part of the region. The main pass towards the neighbouring region of Gorenjska, leading across the Julian Alps, is closed throughout the colder part of the year. In contrast, the southern part of the region - the Nova Gorica area and the Vipavska valley – have much better road connections both east to Ljubljana (approx 1.5 hours from Nova Gorica) and west into neighbouring Italy, with an additional 10 km of dual carriageway built in 2009. Air and rail travel are more limited, with no commercial passenger airports in Goriška (only smaller airports for tourism/recreation) and one single-track railway line connecting the region's capital, Nova Gorica, and the lower Soča valley with the Gorenjska region (NW of Slovenia) through the Bohinj tunnel. From Nova Gorica, there are cross-border connections into Italy.

³ Source: Statistical Office of Slovenia

⁴ Source: http://www.slovenia.info/?_ctg_kraji=2571

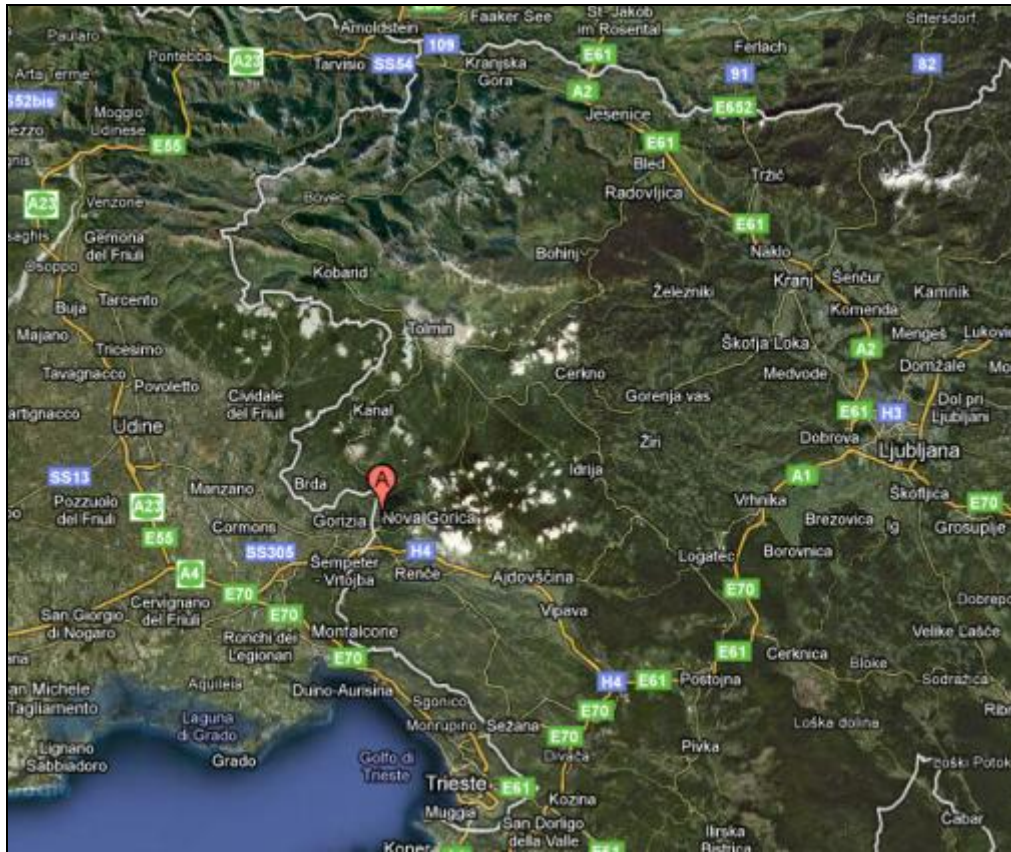


Figure 3: Geographical terrain and main road transport connections in Goriška.
Source: Google Earth

1.2 Government and Politics

Goriška is one of 12 statistical regions (NUTS 3 level) created in Slovenia in 2007 for legal and statistical purposes, and encompasses the whole of the traditional Goriška region, in the Slovenian Littoral (*Primorska*), and part of the Inner Carniola region (table 1). In this report, Goriška refers to the current statistical region as opposed to the traditional region. Due to the size of its population (around 2 million people), Slovenia is considered a single region at the NUTS 1 level. However, for the purposes of cohesion policy two NUTS 2 regions were formed, Eastern Slovenia (*Vzhodna Slovenija*) and Western Slovenia (*Zahodna Slovenija*), within which the 12 NUTS 3 regions are grouped. Goriška, along with Central Slovenia (*Osrednjeslovenska*), Upper Carniola (*Gorenjska*), and Coastal-Karst (*Obalno-kraška*), are grouped in *Zahodna Slovenija*.⁵ The Goriška region is subdivided into 13 municipalities, each of which is named after its principal town (figure 4).

⁵ Source: National Strategic Reference Framework- NSRF, 2007, p.15. Available at: www.svlr.gov.si/fileadmin/svlrsp.gov.si/pageuploads/KOHEZIJA/Programski_dokumenti/NSRF_Slovenia_18_06_07_Unoff_eng_trasl.pdf



Figure 4: Municipalities of Goriška

NUTS 1	NUTS 2	NUTS 3	LAU 1	LAU 2
Slovenia	Zahodna Slovenija (West Slovenia)	Goriška	n/a	Ajdovščina Bovec Brda Cerknno Idrija Kanal ob Soči Kobarid Miren-Kostanjevica Nova Gorica Renče-Vogrsko Šempeter-Vrtojba Tolmin Vipava

Table 1: Hierarchy of administrative/statistical units for Goriška statistical region

Since the breakup of the former Yugoslavia in 1992, Slovenia has instituted a multi-party, democratic political system. Within the Government of the Republic of Slovenia (RS), power is shared between a directly elected president, a prime minister, and two legislative chambers, with the 90-member National Assembly taking the lead on virtually all legislative issues. The Government proposes legislation, the state budget and national programmes. Slovenian Government has traditionally been based around a two-tiered structure between the State and Local/Municipal level. However, with the establishment of the new statistical regions of Slovenia in 2007 there is an increasing emphasis on regional policy and development initiatives.

The Local Self-Government Act stipulates that a municipality is the basic self-governing local community, with the authority to manage the municipality's assets, facilitate conditions for economic development, plan spatial development, create conditions for building dwellings, manage local public services, establish primary and nursery schools, and build and maintain local roads. The authorities of a municipality comprise a directly-elected mayor, a municipal council and a supervisory committee; with the municipal council being the highest decision-making body. Municipalities are generally defined as having at least 5,000 inhabitants (20,000 in an urban municipality), but can have as few as 2,000 if the circumstances warrant it. In the local elections held in municipalities within the Goriška region in 2006, half of elected mayors were independent while the remainder were generally affiliated with left-leaning political parties, as has traditionally been the case in south-western Slovenia (table 2).

Political parties	No. Of mayors Goriška region
SDS – Slovenian democratic party	1
Nsi – New Slovenia – Christian peoples party	0
SLS – Slovenian peoples party	2
LDS – Liberal democracy of Slovenia	1
SD – Social democrats	2
independent candidate	6
NSD – National party of labor	1
Sum	13

Left leaning parties: LDS, SD, NSD
Right leaning parties: SDS, Nsi, SLS

Table 2: Results from municipal government elections within Goriška region, 2006.

An active civil society in the region also operates through and, in some case, is co-financed by the local municipalities, with a wide variety of cultural associations as well as sporting and recreational clubs and associations. However, these types of traditional social organisation are not popular with younger generations and increasingly new types of amenities (e.g. youth centres and students clubs) are being developed to retain and encourage young people to participate in rural areas.

2. The Regional Economy

2.1 Economic History

Due to the large geographic variations across Goriška, in terms of natural resources, accessibility and climate, different forms of economic activity have developed in the different areas. This is particularly evident in terms of agriculture, with intensive sub-Mediterranean fruit growing established in the Lower Vipava Valley (followed by food-processing industry in Ajdovščina) and in hilly Goriška Brda; with the Vipava Hills and Goriška Brda providing excellent condition for the region's viticulture. Whereas, limited conditions for arable farming in the Upper Soča Valley and Idrijsko-Cerkljansko Hills mean this area is mostly dedicated to stock-breeding, particularly dairy and beef cattle. The Lower Soča Valley (Nova Gorica) is the basis for the region's traditional wood-processing industry.

Following WWII, the Goriška region had very little industry apart from the Idrija mercury mine which, for 500 years, was the world's richest mercury mine until extraction finally stopped in 1986. While some heavy industry remains with clay processing in the Lower Vipava Valley and cement works at Anhovo in the Soča Valley, the regional economy diversified with the development of a successful electronics industry (based at Tolmin, Cerklno and Solkan) which adapted to new market conditions successfully after Slovenian independence. Apart from the service sector, the electronic industry has become the main driver of regional

economic development, taking advantage of Goriška's geographical position and cross-border transport links to establish strong trading relationships with Italy.

As such, Goriška statistical region has consistently been one of the most dynamic and leading Slovenian regions since independence in 1991. The sectors of strongest economic growth during this 15-year period were: public administration, social security, education, health and social work etc. (growth index 192); financial intermediation, real estate, renting and business activities (growth index 178); and construction (170), mining and quarrying, electricity, gas and water supply (growth index 162). This is reflected in sectoral GVA, which in services increased by 80% between 1996 and 2005 and in industry by 67%, whereas the agriculture, fishing and forestry has been relatively stagnant over this period with GVA increasing by only 9% (figure 5).⁶

This growth is reflected in a steadily increasing GDP per capita in Goriška over the past decade or so, rising by over 100% from 8000 in 1995 to 16,500 in 2007 (figure 6). This 2007 figure is the third highest out of Slovenia's 12 statistical regions after the Ljubljana capital region (*Osrednjeslovenska*) and the coastal *Obalna-Kraška*, but remains around 70% of the EU average.

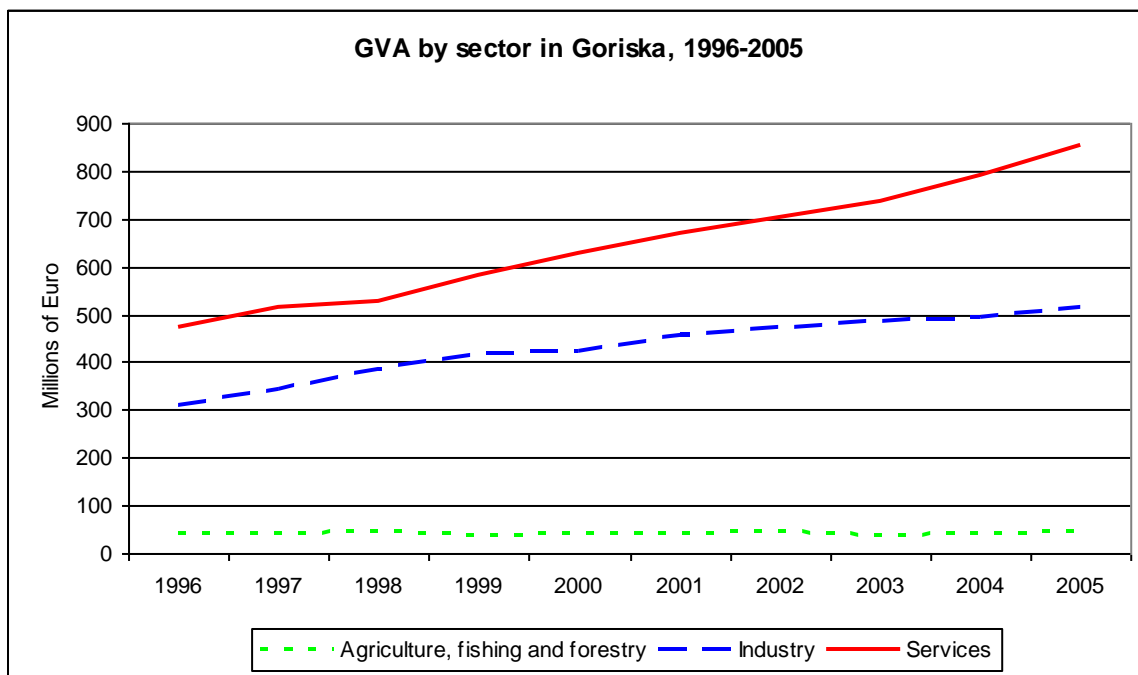


Figure 5: Gross Value Added (GVA) by sector in Goriška, 1996-2005.
Source: Eurostat

⁶ Source: Eurostat

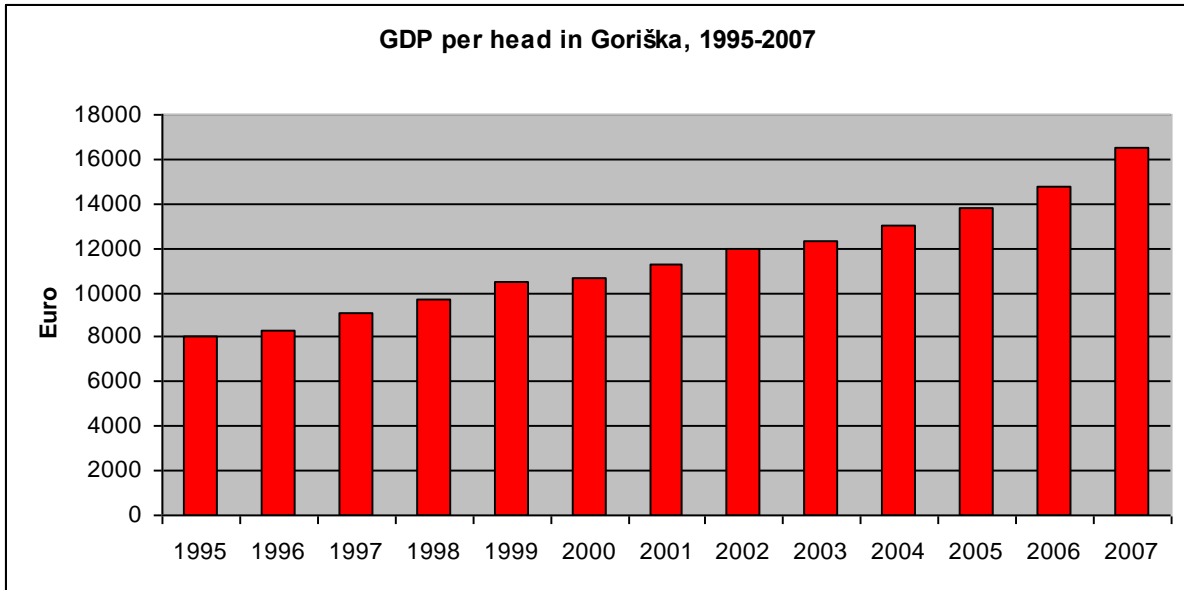


Figure 6: GDP per head in Goriška, 1995-2007. Source: Eurostat

2.2 Present Economic and Employment Structure

The service sector is the largest area of the economy of Goriška when measured by employment and contribution to GVA, but there is also an important and vibrant industrial sector driven by electronics manufacturing which has capitalized on Goriška's border location to establish long-term trade relations with foreign partners.

Services contributed 60.4% of Goriška's regional GVA in 2005, compared with 36.5% from industry and only 3.1% from agriculture. These proportions have changed only slightly over the past decade, with services increasing from a 57.5% share in 1996 as the other sectors experienced small decreases.⁷ In terms of employment, this service sector dominance is less pronounced based on 2002 census data which records 51.5% (24,221 persons) of the working population as employed in services, compared to 44.3% (20,871) in industry and 4.2% (1,982) in agriculture and forestry, suggesting the more labour intensive nature of the region's industry in relation to value generated.⁸ In January 2009, Goriška has the lowest registered unemployment rate in Slovenia at 5.4% or 2,921, compared to the national average of 7.8%. The unemployment rate in Goriška had increased slightly since the same period the previous year when it stood at 4.6%, but had been showing a general trend of decrease from 6.6% in 2005 and 7.0% in 2006.⁹ Only 28 persons per 1,000 in Goriška received financial social assistance in 2006, compared with 50 persons per 1,000 across Slovenia as a whole.¹⁰

Main centres for the electronics industry include Cerkno (household and heating appliances), Idrija (collectors for electric motors and electric motors for cooling appliances) and Šempeter pri Novi Gorici (car starters). Food processing is also an important regional industry based on local produce, with notable branches in Ajdovščina (fruit juices) and Nova Gorica (meat products). Service sector activities are also closely related to of Goriška's border position with, for example, tourism outlets designed to cater to the needs of Italian visitors and transport services related to the Vrtojba border crossing, one of the largest cargo border crossings in Slovenia. The Goriška region also has special nationally-approved status for

⁷ Source: Eurostat

⁸ Source: Statistical Office of the Republic of Slovenia

⁹ Source: Ibid

¹⁰ Source: Slovenia in Regions

gambling and betting establishments, focused both in Nova Gorica and other small outlets in the Slovenian-Italian border region. Protected landscape areas and special WWI historical sites (e.g. Kobarid) are also of great importance for ongoing tourism development in the mountainous Upper Soča Valley, with sports and leisure tourism (e.g. hiking, water sports, and fishing) in particular focused around the alpine waters of the Soča River.

Data from 2001 on the regional employment structure shows that just over one-quarter of Goriška's workforce are employed in semi- and un-skilled manual work, reflecting the labour intensive nature of the region's industries, whilst just under one-quarter are employed in clerical and non-manual (service) occupations within the region's growing service sector. A further one-sixth are employed in skilled manual and craft occupations and one-seventh of the workforce are employed in technical occupations (table 3).

	Number	%
Senior officer and managers	1406	2.8%
Professionals	5028	10.0%
Professional and managerial occupations	6434	12.7%
Technical and associate professionals	7403	14.7%
Clerical and secretarial workers	5021	9.9%
Service and retail workers	5623	11.1%
Clerical and non-manual occupations	10644	22%
Skilled agriculture and fishery workers	1529	3.0%
Craft and related trade workers	6897	13.7%
Skilled manual and craft occupations	8426	16.7%
Plant and machine operators and assemblers	9478	18.8%
Elementary occupations	3664	7.3%
Semi- and un- skilled manual work	13142	26.0%
Armed Forces	419	0.8%
Not described	4020	8.0%
Total workforce	50488	

Table 3: Occupational Structure of the Goriška labour market, 2001
(Source: Eurostat)

In 2007, there were 6,951 enterprises in Goriška which accounted for 6.6% of the total number of enterprises across Slovenia and slightly below the average number per statistical region of just over 8770. At the same time, there are some signs of business growth in Goriška in recent years, with the number of enterprises having increased in number by 703 units since 2003. This is reflected in figures for enterprise start-ups and closures from 2006, where start-ups exceeded closures by 556 to 307.¹¹ Some of the major companies operating in the region include¹²:

- ITW metalflex d.o.o. (manufacture of electric domestic appliances)

¹¹ Source: Statistical Office of Slovenia – Statistical Yearbook 2009

¹² Source: <http://www.investslovenia.org/en/regions/goriska/>

- Hidria AET d.o.o. (systems for cold start of diesel engines, electronics for ignition systems, flywheel magnetos and technical ceramics)
- Iskra avtoelektrika d.d. (manufacture of electrical and electronic equipment for motor vehicles)
- Hidria IMP klima d.o.o. (manufacture of non-domestic cooling and ventilation equipment)
- Cestno podjetje Nova Gorica d.d. (construction and maintenance of roads and motorways)
- ETA Cerklje d.o.o. (manufacture of domestic appliances)
- Varnost & intertronics d.o.o. (private security activities)
- Elektro Primorska d.d. (distribution of electricity)
- Hit d.d. (activities of casinos)
- Hidria rotomatika d.o.o. (manufacture of electric motors, generators and transformers)
- Fructal d.d. (manufacture of fruit and vegetable juice)
- Primorje d.d. (construction of roads and motorways)
- Mlinotest d.d. (manufacture of grain mill product)
- Kolektor sikom d.o.o. (manufacture of electric motors, generators and transformers)
- Afit d.o.o. (manufacture of footwear)

2.3 Rural Primary Industries

As noted above, the relative significance of agricultural in the regional economy of Goriška has reduced since the mid-1990s. Although agricultural GVA has increased from €40.5 million in 1996 to €44.3 million in 2005, its share of regional GVA fell from 4.9% to 3.1% over this period.¹³

In 2005, there were 5620 farms in Goriška which represents a relatively small 4% decrease from 2 years earlier and with this trend likely to continue based on data for the larger Zahodna Slovenija NUTS2 region. Out of these, small farms dominate with over two-thirds (66.9%) having holdings of less than 5 hectares, while a further 29.9% are between 5 and 20 hectares. Only 20 farms have holdings of more than 50 hectares, giving an average farm size of 5.2 hectares which is the smallest out of the ten DERREG case study regions and the second smallest out of Slovenia's 12 statistical regions after Obalno-kraska.

This trend towards small size farms is coupled with the fact that 88.9% of farms in Goriška have some form of non-agricultural income, the highest proportion out of the DERREG case study regions, and suggests a large amount of small scale part-time and subsistence farming. This is reflective of conditions in the northern, mountainous parts of Goriška where small-scale agriculture is limited to narrow river valleys, whilst more favourable conditions in the fruit growing regions of the Vipava Valley have not been as commercially exploited as on the Italian side of the border.¹⁴ The age structure of the region's farms also suggest a tendency towards family run businesses, with almost 60% of farm owners older than 55 years and over half of these aged 65 and above. 84% of farm owners are male, which is above average in the Zahodna Slovenija NUTS2 region where the figure stands at 80%.

Agricultural land covers 45,935 hectares in Goriška in 2009 which accounts for just under 20% of the total regional territory.¹⁵ This land is generally of poor quality with 95.2% classified as 'less favoured areas' and 81.3% as 'mountain areas'. Goriška is therefore generally not regarded to be an important agricultural region within Slovenia, although there

¹³ Source: Eurostat

¹⁴ Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/si00b_eco.htm

¹⁵ Source: Slovenian Ministry of Agriculture, Forestry and Food (<http://www.mkgp.gov.si/en/>)

are significant regional variations¹⁶. This is reflected by the fact that over three-quarters of the region's agricultural land is permanent grassland used mainly for livestock grazing. In upland areas, this has mainly been dominated by dairy and beef cattle, but some sheep farming is also slowly developing.

Only 7.2% of the agricultural land in Goriška is under arable production, while 4.9% is orchards and 11.1% vineyards. This represents a decrease in the arable land area from 5,230 hectares in 2002 to 3,311 hectares in 2009, while orchards and vineyards both increased slightly over this period to now cover 2,262 ha and 5,115 ha respectively. The latter are mainly concentrated in the Vipava Valley area of southern Goriška, where the Mediterranean climate and fertile soils provide conditions for growing soft fruits (peaches, pears, apricots and cherries), wine grapes (especially in the Brda hills wine region) and some vegetable production. Forests and woodland comprise nearly three-quarters (71.2%) of the territory of Goriška, particularly in the Upper Soča Valley and central region of the Idrijsko-Cerkljansko Hills. There is no longer any operational mining in Goriška following the closure of the Idrija mercury mine.

2.4 Tourism

Rural tourism is an important aspect of Goriška's economy, emphasising the diversity of landscapes and opportunities for outdoor recreation within the region, with The Julian Alps and the Soča Valley particularly popular tourist attractions. The tourism sector has also capitalised on Goriška's border location to cater to the needs of Italian visitors, while the region's casinos provide a major cross-border attraction.

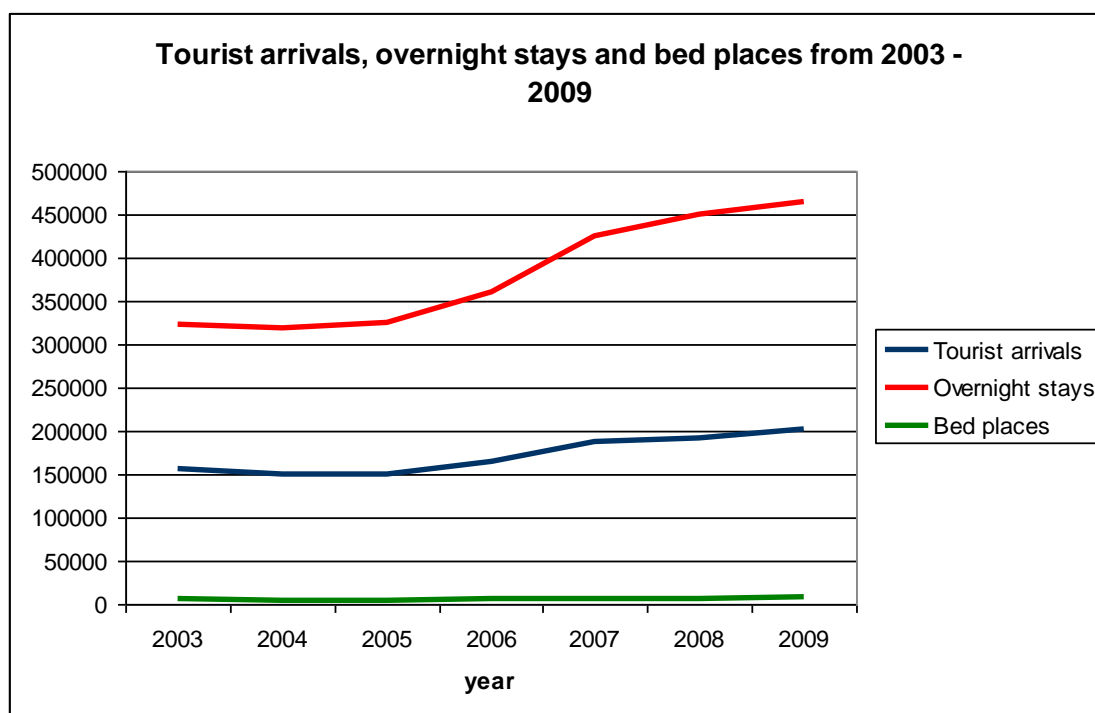


Figure 7: Tourism statistics for Goriška, 2003-2009.
Source: Statistical Office of the Republic of Slovenia.

In the larger Zahodna Slovenija NUTS 2 region, tourist visitor numbers increased by over a quarter (26.9%) between 2001 and 2007, from 1,311,728 to 1,664,138 arrivals (figure 7). Of these, three-quarters were international visitors and the numbers of whom had shown a

¹⁶ Source: Eurostat Rural Development Report 2008

greater rate of increase of 43% over the same period. For the Goriška region itself, a significant increase of tourist arrivals can be observed between 2003 (156,550) and 2008 (201,220). The number of overnight stays also increased from 321,884 in 2003 to 465,166 in 2008, with the average length of stay thus increasing slightly from 2.1 days in 2003 and to 2.3 days in 2008. Nearly three-quarters (74.8%) of tourists to Goriška in 2004 were international visitors, of which 46.6% were from Italy, 14.5% from Germany, 6.8% from Austria, 3.8% from Croatia, 2.2% from the UK, and 27.5% from other countries. Italians comprised a higher proportion of day-visitors, but were still the largest group of overnight tourists, accounting for 34.5% of international overnight stays.¹⁷

2.5 International Integration

Foreign direct investment into Slovenia increased by over 580% between 1996 and 2008. The relatively low level of FDI during the 1990s – only €1,612 million in 1996 – reflected the small domestic market and political uncertainty during Slovenia's post-independence transition to a market economy. FDI increased considerably during the 2000s following mass privatisation, reaching €10,996 in 2008 with major investors including Bank Austria (financial services) and Goodyear Dunlop (manufacturing). 47% of FDI into Slovenia in 2008 came from Austria, followed by Switzerland (11%) and France and the Netherlands (both 7%).¹⁸

Goriška's primary international trade links are with neighbouring Italy, encouraged by the region's well established cross-border transport connections. In particular, the electrical, foodstuffs and furniture industries located around the Nova Gorica area have been most successful in this regard and are seen as key to the region's regional development. The developing service sector (transport and logistics services) have also established cross-border connections between Slovenian and Italian companies, however, a lack of funding for potential joint development projects involving small and medium-sized enterprises from both countries has restricted business sector growth.¹⁹

3. Population and Migration

3.1 Population Development

The population of Goriška has remained essentially stable over the last two decades, with a small decrease of 1,300 persons between 1990 and 2007, which equates to 1.1% of the 1990 population. The crude death rate has slightly exceeded the crude birth for most of the last decade although in recent years they have moved closer, with the death rate falling from 10.4 in 2005 to 9.8 in 2007 while the birth rate increased from 8.7 to 9.8, seeing births and deaths equalised.

1990	1995	1998	2000	2001	2002	2003	2004	2005	2006	2007
120900	120700	120000	120100	118511	120100	119800	119700	119600	119600	119600

Table 4: Population of Goriška, 1990-2007. (Source: Eurostat)

This natural population decline was offset by net population gains through migration into the region, with 10,820 moving into Goriška between 1997 and 2007, compared with 8,882 who moved out, resulting in a net population gain of 1,938 people or around 1.6% of the 1997 population. In-migration has increased significantly over the decade, peaking at 2,357 arrivals in 2007; out-migration has also increased but at a lesser rate, peaking at around

¹⁷ Source: Slovenia in Regions

¹⁸ Source: <http://www.investslovenia.org/en/regions/goriska/>

¹⁹ Source: Ibid

1400 in 2006 and 2007 (figure 8). These figures likely mask significant regional variations, with greater out-migration being experienced from the region's northern mountainous areas.

International migration has made the majority contribution to this net population gain, with 75% of the total in-migrants into Goriška over this period coming from outside of Slovenia. The volume of international in-migrants increased from 46 in 1997, to 2057 in 2007. Whilst of the 300 domestic migrants moving into Goriška in 2007, 28% were from the central Slovenian district of Osrednjeslovenska which contains the capital Ljubljana and 25% were from the neighbouring region of Gorenjska. In terms of out-migration, 56% of migrants moved outside of Slovenia and 44% to other Slovenian regions between 1997 and 2007.²⁰

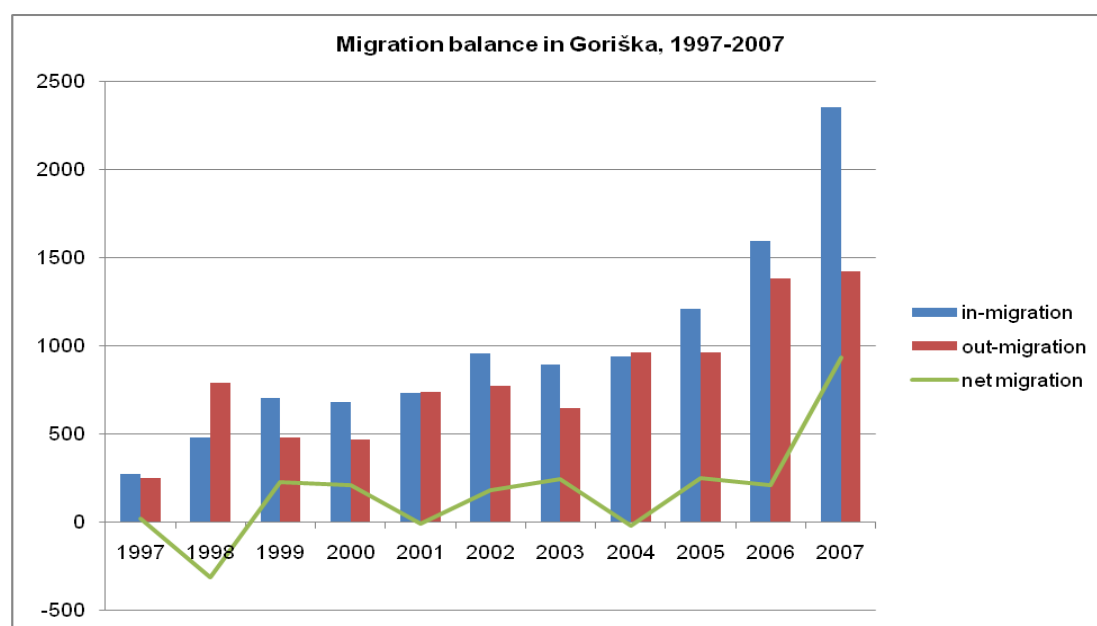


Figure 8: In-migration and out-migration to/from Goriška, 1997-2007
(Source: Statistical Office of the Republic of Slovenia)

3.2 Demographic and Household Characteristics

The median age of residents in Goriška is 34, which is the average across the ten DERREG case study regions. However, within Slovenia, Goriška has amongst the lowest percentage of people below the age of 25 (28.4%), whilst having the highest percentage of people over the age of 65 (16.2%) in the country (figure 9). This unfavourable demographic profile means that the average age of the region's population is above the Slovene average, with the problems of an ageing population exacerbated by trends of population decline in small settlements located in the mountainous parts of the region.²¹ During the last decade the balance of men to women in the population of Goriška has been drawing gradually more even, with 0.972 men to every woman in 2000 increasing to 0.985 men to every woman by 2007.²²

Household structure in Goriška is weighted towards larger sized households, with only 7.9% of the population living in one-person households which is the second lowest proportion across the DERREG case study regions after Pomurska in Slovenia. Whereas, 33.5% of the population live in 4-person households and a further 22.5% live in households of 5 persons

²⁰ Source: Statistical Office of the Republic of Slovenia

²¹ Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/si00b_pop.htm

²² Source: Eurostat

or more. 3.8% of residential buildings in Goriška were identified as being second homes in 2001, whilst a further 12.5% of residential properties were identified as vacant. Average property prices in Goriška in 2008 show significant regional variation, varying between €28 and €62 per metre squared for building land, and between €1423 and €2013 per m² for an apartment. This is lower than the Slovenian national average figures of €73 per m² and €1896 per m², respectively.²³

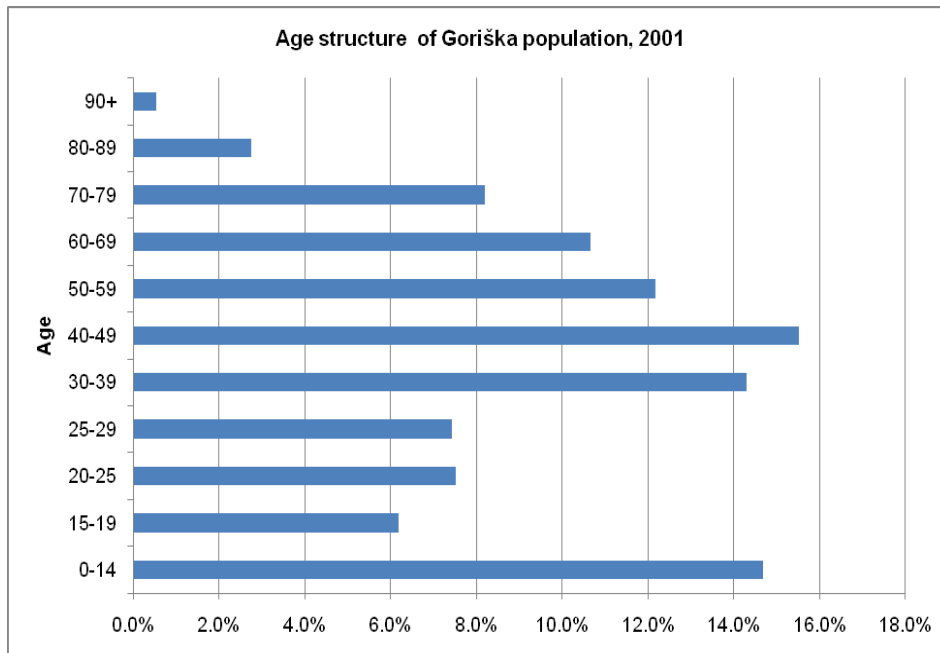


Figure 9: Age Structure of the population of the Goriška region, 2001.
Source: Eurostat

3.3 Non-national Residents

Historically, the Goriška region has been a culturally diverse area of Slovenia due to its location next to the current Austrian and Italian borders. With the border between Goriška and Italy only established in 1947, the areas along this border on both sides remain ethnically mixed, with Italian enjoying the status of an official language in some places. However, across the region as a whole only 5.9% of Goriška's population in 2001, or 6,938 residents, were of non-Slovenian citizenship according to Eurostat, which is below the figure for the whole of Slovenia of 8.1%.

Of 1,757 migrant workers recorded in Goriška by the 2001 census, just 1.2% was from the pre-enlargement European Union and the remainder from non-EU countries, which at the time included the other former Yugoslav republics. Of these non-EU migrants workers, nearly two-thirds (61.7%) were employed in industry. Between 2004 and 2006, 207 properties in Goriška were bought by foreign purchasers, mainly Italians.²⁴

4. Environment and Sustainable Development

4.1 The Regional Environment

The environment of Goriška is composed of a heterogeneous mixture of landscape types along the length of the region, beginning with the mountainous area of the Julian Alps rising

²³ Source: Geodetska uprava Republike Slovenije; Poročilo o povprečnih cenah nepremičnin 2007 in 2008

²⁴ Source: Drobne et al (2009)

in the north and whose glacially carved landscape and harsh winter climate create poor conditions for agriculture. This peripheral northern area is connected with the rest of the Goriška region by the River Soča Valley which flows south after rising in the mountains, entering the wide Friuli Plain near the Italian border and the hilly winegrowing region of Goriška Brda, before opening out into the flat, fertile fruit-growing areas of the lower Soča Valley in southern Goriška.



Figure 10: The fertile plain at the confluence of the Soča and Vipava rivers in southern Goriška.
Source: Wikipedia Commons

Agricultural land covers 45,935 hectares in Goriška in 2009 which accounts for just under 20% of the total regional territory.²⁵ This includes 35,104 hectares of permanent grassland, 3,311 ha of arable land, 5,115 hectares of vineyards and 2,262 hectares of orchards. Forests and woodland cover 165,737 hectares or nearly three-quarters (71.2%) of the total territory of Goriška, while built-up areas cover 7,086 hectares (3.0%) and water bodies 1,089 hectares (0.5%), including the main Soča and Vipava rivers. As such, the region is classified by the European Environment Agency as a mixture of composite landscape and forested landscape types.

The distribution of some of these land use types has markedly changed since 2002, with a 37% decrease in land under arable production compensated for by a corresponding growth in orchards, permanent grassland and other permanent crops. There has also been a small growth in both built-up areas (3.3%) and forested areas (2.7%) over this period, whilst a decrease in water bodies by 7.7% suggests the reclaiming of previously submerged land for other uses.²⁶ There are some issues of pollution associated with the region's industries, with atmospheric concentrations of nitrogen oxides and particulate matter recorded in Nova Gorica in 2007 being the highest across the DERREG case study areas.²⁷

4.2 Protected Areas

²⁵ Source: Slovenian Ministry of Agriculture, Forestry and Food (<http://www.mkgp.gov.si/en/>)

²⁶ Source: Eurostat

²⁷ Source: European Environment Agency

Goriška, together with the neighbouring region of Gorenjska, is home to Slovenia's only national park, the Triglav National Park, which is located in the Julian Alps and partly borders Italy to the west as well being close to the northern border with Austria, forming the south-eastern section of the European Alps. The park, named after Slovenia's highest mountain, Triglav (2864 m), which it contains, covers an area of 83,807 hectares or 3% of the territory of Slovenia. Of these, 35,265 hectares lie within Goriška, and have been a protected area since 1924 when the Alpine Conservation Park was founded.²⁸ It contains area of high mountains, alpine grasslands, forests, mountain lakes, glacier valleys and agricultural land (meadows and fields), and therefore plays an important role in the region's agriculture, forestry and tourism economies, as well as being an important site for scientific research.



Figure 11: Part of the Triglav National Park. Source: Wikipedia Commons

The Julian Alps are additionally recognized as a UNESCO biosphere reserve, encompassing the whole of the Triglav National Park as well as the surrounding region. The core national park area of the biosphere has around 2000 inhabitants across 25 settlements, while the surrounding transition area has around 33,700 permanent inhabitants in the three main municipalities of Kobarid, Bled and Bohinj. As such, the biosphere reserve aims to “reconcile the protection of the rich biological values and landscape diversity with sustainable uses (agriculture, forestry, dairy farming, fishing, water management, cheese production, tourism)”.²⁹

In addition, Goriška is home to several other types of nationally and internationally designated protected areas with 45 sites within the Natura 2000 European network, including 37 Special Areas of Conservation (SACs) and 8 Special Protection Areas (SPAs) covering a total area of 109,353 hectares.³⁰ It also contains 3 national landscape parks (56,445 ha), 7 natural reserves (928 ha), 68 Natural monuments (9249 ha) and 2 other natural monuments (6 ha).

4.3 Sustainable Development

Sustainable development policies are strongly emphasized within the protected areas of the Triglav National Park, in order to balance the needs of landscape conservation with the

²⁸ Source: http://www.tnp.si/national_park/

²⁹ Source: <http://www.unesco.org/mabdb/br/brdir/directory/biores.asp?code=SVN+01&mode=all>

³⁰ Source: Slovenian Ministry for Environment and Spatial Planning, 2009

industries practiced in the park, namely agriculture, forestry and tourism, and the livelihood of local populations. In particular, sustainable agricultural practices such as organic farming, the promotion of local products (e.g. cheese, with the Tolminc cheese produced in the Upper Soča Valley having Protected Designation of Origin status) and autochthonous animal breeds, and high-altitude pasture farming are promoted as a way of preserving both the natural and cultural landscape of the Triglav National Park.³¹

Organic farming practices have grown across Slovenia as a whole over the past decade. In 2008, there were 1,789 certified organic farms in Slovenia accounting for approximately 5 % of the total utilised agricultural area. This number is expected to continue to grow due in part to government subsidies provided for the conversion to organic farming.³² In 2008, 13.5% of the organic farms in Slovenia were located in Goriška, including organic fruit orchards in the south of the region, and covering an area of 3762.9 hectares. This amounts to 8.2% of agricultural land in Goriška under organic production, which is the highest proportion across the DERREG case study regions.³³

Renewable energy production is also well-established in Goriška, making use of the region's natural landscape resources with five hydro-electric power stations located along the Soča River which produce a combined output of 136.5 MW. Additional smaller hydro-electric stations are situated on the Idrijca, Prošček, Vipava and Koritnica Rivers. There are no carbon-based power stations in the region.

4.4 Environmental Issues

Major concerns in the Goriška region are connected especially with the agricultural burdening of the land, as well as with maintaining a sufficient and adequate water supply. Natural hazards like floods are typical for Vipavska valley in the central area of the region, whereas earthquakes can threaten the northern areas of the River Soča valley and are usually accompanied by landslides and mudflows of various sizes which have caused casualties in the past. A significant health issue in the region is the occurrence of cases of asbestosis related to the cement works at Anhovo in the Soča Valley.

5. Regional Development and Innovation

5.1 Regional Development Programmes

Due to the relatively small size of its population (approx 2 million), Slovenia hasn't traditionally had a specific regional focus in terms of development policy, which has largely been led by national government. However, with the formation of the two NUTS 2 cohesion regions (*Vzhodna Slovenija* and *Zahodna Slovenija*) and 12 statistical regions an increasingly regional focus is being identified, with the Slovenian Development Strategy for 2006-2013 identifying the need for more coherent regional development, which would help address current geographical variations in development level. For example, in the National Development Programme for the financial perspective (2007–2013), the government plans the development of several regional business-infrastructure-technology centres, where, besides the development of the necessary business infrastructure, there is also envisaged the development of R&D and innovation facilitators. This corresponds with the planned decentralisation of higher education as well as the decentralisation of R&D resources.

Since the accession of Slovenia to the European Union in 2004, the country as a whole has been in receipt of support from the European Regional Development Fund (ERDF), with an

³¹ Source: http://www.tnp.si/get_to_know/C191/

³² Source: Statistical Office of Slovenia (http://www.stat.si/eng/novica_prikazi.aspx?id=2513)

³³ Source: Slovenian Ministry for Agriculture, 2009

allocation of €438.7 million from EU and Cohesion funds for the period 2004-2006. This funding was particularly targeted towards underdeveloped regions, with Goriška receiving €15.6 million.

For the 2007-2013 Structural Funds programme, the whole of Slovenia was identified as a Convergence Region and was eligible in receipt of support from the ERDF through two main operational programmes; firstly, 'Strengthening Regional Development Potentials' (€1.71 billion from the ERDF and €301.7 million in match funding from Slovenian national authorities) which aims to "enhance competitiveness, foster entrepreneurship, innovation and technology development, and facilitate job creation, including in the tourism sector while taking into account environmental and social concerns", and secondly, 'Development of environment and transport infrastructure' (€1.41 billion from the ERDF and €288.6 million from Slovenia).³⁴ Slovenia also benefited from EU Structural Funds delivered through transnational programmes with Italy, Austria and Hungary. A detailed regional breakdown of these Structural Funds programmes is unavailable, with data only for the priority 1 axis of regional development showing that the Goriška region received approximately €40 million.

For the 2007-2013 programme period, the EU's LEADER scheme was also incorporated into Slovenia's national and regional development programmes alongside a range of other rural development programmes. Currently, 33 Local Development Strategies exist across the country, based on the partnerships formed around the corresponding 33 Local Action Groups (LAGs). The Goriška region has 3 operating LAG's; LAG for development, LAG SW (part of Northern Primorska region) and LAG Upper Vipava valley.

5.2 Regional Skills-base and Infrastructure

The workforce of Goriška is comparatively well-educated and well-trained, with the regional educational and economic centre of Nova Gorica home to the University of Nova Gorica (founded 1995) where students are educated in areas including environment protection, business and engineering vocations, and applied natural science. Students from the region also often enrol at the University of Ljubljana (the largest university in Slovenia, with around 64,000 enrolled graduate and postgraduate students), as well as nearby colleges and universities on the Italian side of the border. Other key regional institutions are focused around Nova Gorica, including the Technical School Centre and General Hospital. This skills-base supports the region's modern industrial branches and large service economy. However, despite the development of a successful electronics industry, there are no large commercial research centres in Goriška

Available figures for the Zahodna Slovenija NUTS 2 region show that €311.1 million was invested in Research and Development activities in 2005, which is more than 3 times as much as in the Vzhodna Slovenija NUTS 2 region. However, this figure masks significant regional variations, with Research and Development activities across all sectors employing 560 full-time equivalent persons in Goriška in 2008, compared to 6,848 in the Osrednjeslovenska region containing the capital Ljubljana.³⁵ Similarly, hi-tech employment in Zahodna Slovenija accounts for 5.39% of the total regional employment which is the third highest proportion across comparative NUTS 2 areas containing the DERREG case study regions.

Data from 2008 on the educational attainment of the region's population aged 15 and over show that approximately 17.2% held a tertiary qualification, 54% had been educated to secondary or equivalent level and 24.2% to primary school level, with the remaining 4.6%

³⁴ Source: EC Regional Policy (http://ec.europa.eu/regional_policy/country/)

³⁵ Source: Statistical office of Slovenia

having no or incomplete primary education.³⁶ This proportion of the population with a tertiary qualification is marginally lower than the figure for the whole of Slovenia, of 17.5%.

³⁶ Source: Statistical Yearbook 2007
(<http://www.stat.si/letopis/LetopisVsebinska.aspx?poglavje=30&lang=en&leto=2009>)

6. Summative Analysis

The contemporary economic, social and environmental situation of Goriška is characterised by:

- A peripheral border location, with relatively poor transport connections, but with new opportunities for cross-border relations following accession to the European Union.
- Historically strong ties with neighbouring regions in Italy, having formed a single province in the Austro-Hungarian Empire prior to 1918, and with the border between Italy and Slovenia having only been fixed in 1947, dividing the regional capital of Gorizia (Gorcia).
- A mixed topography that contrasts the sparse-populated mountain and karst landscapes of the north and east of the region, including parts of the Julian Alps, with the fertile lower Soča valley, which is home to around half of the regional population.
- A small agriculture sector employing less than 5% of the regional workforce, with significant local specialisation from fruit-growing and viticulture in the sub-Mediterranean south to livestock hill farming in the mountainous north, including some semi-subsistence farming.
- An increasingly important electronics manufacturing industry, based around Tolmin, Cerklje and Solkan, which has flourished since Slovenian independence and EU accession.
- A substantial increase in GDP per head since Slovenian independence and economic liberalisation in the 1990s, but still around 70% of the EU average.
- The lowest unemployment rate in Slovenia and below the average across the DERREG case study regions.
- A strong tourism industry, with over 200,000 tourist arrivals per year and a 40% increase in overnight stays between 2003 and 2009. Nearly seven out of ten tourists are from outside Slovenia.
- A stable population that has fluctuated around 120,000 people since 1990, but with a growing positive net balance of migration, predominantly international.
- Relatively limited regional political autonomy in a primarily centralised state, but with recent moves to introduce regional governance and spatial planning.
- The recent rolling-out of regional development strategies, notably since EU accession in 2004, with significant support from EU Structural Funds, including three LEADER groups.

With its spectacular natural environment and attraction to tourists, Goriška may be categorised as a 'Rural Amenity Area', characterised by relative prosperity linked to significant tourism based on rural and environmental amenities, with some amenity migration, including international purchases of second homes. Goriška is the only one of the DERREG case study regions to be categorised in this way, but there are some similarities with the Comarca de Verin and the West of Ireland. More closely aligned comparisons might include Cornwall and Cumbria in England, and alpine regions of France, Italy and Austria. The importance of the electronics industry as a driver of economic development in Goriška, however, marks it out from some other amenity-focused regions, and again suggests similarities with parts of Ireland.

The impact of globalisation on Goriška has, to date, largely come from what might be termed 'short-reach' globalisation processes – associated with transnational connections with neighbouring states and with European integration – rather than with more distant global events and influences. Notable expressions of globalisation evident in Goriška from our initial analysis include:

- The liberalisation of borders with Italy and Austria following the end of the Cold War and EU membership, bringing opportunities for economic cooperation, trade, tourism and population movement.
- Industrial development, especially in electronics manufacturing, taking advantage of the region's proximity to borders with Italy and Austria, including foreign direct investment by transnational companies and the re-orientation of economic activities by endogenous firms.
- A growth in international tourism, notably from Italy, Germany and other parts of Europe.
- International in-migration as the key component in net in-migration, including migrant workers (notably from other parts of the former Yugoslavia) and by full- and part-time amenity migrants, especially from Italy.
- Changes to land management and farming practices resulting from accession to international environmental regulations and models of protected landscapes, including a UNESCO Biosphere Reserve in the Julian Alps.

The nature of these global or transnational relations, together with the distinctive socio-economic character of the region, creates both opportunities and vulnerabilities for future regional development. The opportunities are presented by:

- The potential to expand markets across international borders with Italy and Austria, creating new opportunities for endogenous firms, especially in electronics and food-processing.
- Foreign direct investment by transnational corporations, attracted by the capacity to access markets and labour pools in Slovenia, Italy and Austria; access to wider market within the EU; the clustering of electronics expertise; and economic development policies and incentives.
- The expansion of international tourism, particularly by expanding the pool of source countries, with a focus on small-scale tourism enterprises and sustainable tourism activities in order to ensure benefits to the local economy

At the same time, however, our initial analysis suggests that regional development in Goriška is vulnerable to both global and endogenous pressures and challenges in a number of ways. These include:

- Susceptibility to wider economic events and trends from increased integration into transnational economic networks, and the increased presence of transnational corporations in the regional economy.
- Risks of competition from newly emerging regions offering lower-cost conditions for manufacturing, including risks of company relocation, especially as land and labour costs in Slovenia rise with prosperity levels.

- Pressures on the local natural environment resulting from increased tourism and industrial and urban development.
- Cultural tensions arising from transnational migration and international tourism, especially the dominance of Italian migrants and visitors.

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