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THE POTENTIAL OF ESTABLISHING A SPECIAL ECONOMIC ZONE IN SLOVENIAN ISTRIA

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MANUEL FISCHER

AUTHORSHIP STATEMENT

The undersigned Manuel Fischer, a student at the University of Ljubljana, School of Economics and Business (UL SEB)), author of this written final work of studies with the title The Potential Of Establishing A Special Economic Zone In Slovenian Istria, prepared under the supervision of prof. Tamara Pavasović Trošt, PhD, and prof. Katja Zajc Kejžar, PhD,

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sl. – Slovene
SEZ – (sl. Posebna ekonomska cona); Special Economic Zone
FDI – (sl. Tuje neposredne investicije); Foreign Direct Investment
PPP – (sl. Javno-zasebna partnerstva); Public-Private Partnership
TEU - Twenty-foot Equivalent Unit
R&D – (sl. Raziskave in razvoj); Research and Development
CNI – (sl. Italijanska narodna skupnost); Italian National Community (Comunità nazionale italiana)
OECD – (sl. Organizacija za ekonomsko sodelovanje in razvoj); Organization for Economic Co-operation and Development
ICT – (sl. Informacijske in komunikacijske tehnologije); Information and Communication Technologies

1 INTRODUCTION

A Special Economic Zone (SEZ) is a geographically designated area within a country where companies operate under a more liberal economic framework and regulations, such as tax breaks, streamlined customs procedures, reduced tariffs, and similar measures, to attract foreign investment, boost exports, and stimulate economic growth. SEZs represent a significant global shift in industrial policy and economic development strategies. Initially conceptualized as enclaves for attracting foreign investment and promoting export-led growth, SEZs have undergone considerable evolution over the past 40 years. Their scope has widened beyond merely manufacturing- and export-oriented activities to include a variety of economic instruments targeted at infrastructural development, employment generation, and economic diversification. High-quality infrastructure, effective services, and streamlined administrative procedures are the main features of the current SEZ concept, which is frequently implemented using a One-Stop-Shop strategy.

The rise of SEZs is evident in their growing numbers and diversification. From the first modern SEZ in Shannon, Ireland, in 1959 to the exponential growth in their number now exceeding 5.000, these zones have become pivotal in attracting private investment, especially foreign direct investment (FDI). However, despite their widespread adoption, the effectiveness of SEZs has been mixed, with only a few economies, such as China and India, hosting the majority of them.

In contrast, Slovenia's approach to attracting foreign investors has faced challenges. Despite improvements in global economic rankings, Slovenia remains less competitive in the eyes of potential investors. Key barriers include high administrative burdens, labor costs, and inflexible labor legislation (Kos, 2015). Economic stakeholders, including ministers, industry leaders, chambers of commerce, and trade unions, have called for measures to enhance competitiveness. These include reducing administrative obstacles, lowering labor costs, and restructuring tax burdens. The emphasis has been on shifting the tax burden from labor and consumption to capital and wealth, with suggestions such as reducing taxes on wages to boost net pay and consumer purchasing power (M.Z. & A.M., 2023). However, concerns remain about the feasibility of these changes and their impact on the overall fiscal stability. Is the establishment of a Special Economic Zone in Slovenia a feasible strategy to enhance its fiscal stability and attractiveness to businesses, thereby improving national competitiveness?

In this context, establishing an SEZ presents a unique opportunity to reinvigorate the Slovenian economy since an SEZ could serve as a catalyst for economic growth, regional development, and increased competitiveness, all of which are within the European Union (EU) framework. The region of Slovenian Istria presents a favorable option for the establishment of an SEZ due to its strategic position, multiculturalism, bilingualism, the presence of technological hubs, a highly skilled labor force, and the existence of an internationally connected and important port. These factors, along with additional considerations that will be explored in depth, underscore the region's suitability for establishing an SEZ, aiming to enhance its economic development potential. Moreover, in the past and until 2013, the Port of Koper had an SEZ status, which was later abolished for not accomplishing the expected results (Mičić, 2013).

Slovenian Istria was also one of the very few regions in Slovenia that, under the former Law on Economic Zones, which ceased to be in effect in 2022, could hold an SEZ. The fundamental characteristic was that such a zone must be established near a port or airport open to international trade, adhering to local spatial planning regulations. It could be divided into fenced and separate sections if justified, ensuring it integrates well with its surroundings while maintaining distinct operational areas (Economic Zones Act, 1998, art. 4). In the absence of a Slovenian SEZ framework on the matter, the EU legal framework rules over SEZ matters. In 2017, the EU passed an amending regulation on SEZs, which would allow more regulatory exceptions and approve new SEZs on a case-by-case basis (European Union, 2017).

To understand the current »special zones« situation in Slovenia, it is a common idea that it is difficult to create and oversee business zones, and it is important to highlight the absence of a unified approach that aligns with contemporary standards. The reason for this fragmentation is that every municipality tries to create its own business zone but lacks the necessary organizational, human, physical, and infrastructural resources. This strategy leads to an unsustainable and inefficient use of space and resources, thereby exacerbating the adverse effects on both the environment and the economy. Smaller towns find it difficult to offer the required physical infrastructure, which emphasizes the necessity for a planned, coordinated approach to business zone development in order to draw in both foreign and domestic investors, guarantee sustainable land use, and promote economic growth (Gulič, 2019).

Given the aforementioned issues and characteristics, in my thesis, I delved into the broader issue of business zones, focusing on the development of an SEZ that would particularly benefit the Slovenian Istria region while also supporting Slovenia's overall economic framework. This exploration underscored the necessity of nationwide collaboration for successfully establishing an SEZ, which would have both positive and negative spillovers on other regions of Slovenia.

Furthermore, from a broader perspective, my research examined the implications of the relatively recent repeal of specific legislation on the potential establishment of an SEZ in Slovenia, exploring whether legislative changes have rendered the creation of an SEZ more practicable. This thesis explored how the EU framework, with its new regulations, applies to Slovenia, examining the requirements that member states must fulfill to establish SEZs.

The challenge in my thesis lies in identifying, based on the selected region, the optimal SEZ model that promises economic enhancement, given the vast array of SEZ types available. It is necessary to thoroughly examine the region's characteristics, which encompass an analysis of its economic, legal, political, and cultural aspects, as well as the integration of specific attributes and geographical advantages of Slovenian Istria.

The purpose of my thesis is to explore the establishment of an SEZ in Slovenia, with a particular focus on the Slovenian Istria region. It seeks to assess the possible economic advantages while taking into account the region's strategic position, technological hubs, educated workforce, and significant port, among other specific characteristics. This helped to provide a better understanding of the current situation regarding how an SEZ could serve as a pivotal mechanism to catalyze economic development and add knowledge to the currently under-researched area of SEZs in Slovenia within the new framework. The findings are anticipated to contribute valuable insights to the discourse on economic development in Slovenia, offering evidence to policymakers and other stakeholders for crafting informed decisions regarding SEZ implementation.

The goals are therefore to:

i. Analyze the strategic, economic, and cultural characteristics of the Slovenian Istria region to assess its potential for hosting an SEZ.

ii. Evaluate various SEZ models to determine the most suitable option for promoting regional economic growth.

iii. Investigate the impact of recent legislative changes on the feasibility of establishing an SEZ in Slovenia.

iv. Explore the role of technology hubs, the highly educated labor force, and the international port in the potential success of an SEZ.

v. Assess the potential economic benefits of an SEZ for Slovenian Istria and Slovenia as a whole, emphasizing the need for national cooperation.

Examine the integration of Slovenian Istria’s geographical advantages and specific attributes in developing an SEZ. The research has been guided by the following questions:

i. How does the unique blend of cultural, economic, and strategic factors in the Slovenian Istria region position it as a candidate for an SEZ?

ii. What criteria should be used to select the most appropriate SEZ model for enhancing Slovenian Istria's economic landscape?

iii. How do recent changes in Slovenia's and EU's legislative environment affect the prospects for SEZ implementation?

iv. How can the SEZ influence the Italian community and their economic opportunities, cultural preservation, and integration within the broader community?

v. How can Slovenian Istria's geographical and infrastructural advantages be effectively integrated into the SEZ strategy to maximize benefits?

vi. What roles do technological innovation, workforce education, and port connectivity play in the anticipated success of an SEZ in this region?

vii. What are the projected economic impacts of establishing an SEZ on both the local and national economies of Slovenia?

viii. How can the SEZ's design and governance be optimized to address the diverse expectations and concerns, ensuring equitable benefits and mitigating potential drawbacks?

The research is based on an approach that blends legal analysis with the economic, political, and cultural perspectives of the studied phenomenon due to the complex nature of a business environment. The first part is based on a review of academic literature and case studies. The second part includes interviews, a survey, and primary data analysis to assess the economic and social impacts of SEZs.

This thesis, in Chapter 2, starts by laying the conceptual foundation necessary to understand the role and diversity of SEZs, particularly in relation to the evolution of R&D-based models and their implementation in contemporary economic development policy. Through a critical examination of international experience and regulatory regimes, it emerges that policies successfully implemented elsewhere, i.e. in East Asia, for instance, or outside the EU, cannot be smoothly transposed to the Slovenian context, which becomes particularly evident when considering the EU single market's legal constraints, state aid rules, and strict customs regimes.

The analysis in Chapter 3 then narrows its focus to Slovenian Istria, investigating the region's economic structure, geographic positioning, and institutional capacities to assess its suitability. By doing an overview of its demographic composition, sectoral structure, infrastructural gaps, and cross-border potential, the chapter analyzes whether the region might realistically accommodate and sustain an R&D-based SEZ.

The contextual analysis found in Chapter 4 is complemented by qualitative fieldwork, based on interviews with entrepreneurs, institutional stakeholders, and experts, whose insights shed light on the legal, administrative, cultural, and economic barriers to innovation and growth in the region, described in Chapter 5. The theoretical and practical evidence is integrated in Chapter 6 in the form of a suggested phased feasibility framework for the establishment of an R&D SEZ in Slovenian Istria, structured around clear implementation steps, stakeholder coordination, institutional change, and spatial planning.

2 SPECIAL ECONOMIC ZONES

Special Economic Zones (SEZs) have appeared as a new industrial policy signature tool, globally utilized in a variety of national environments to accelerate economic growth, attract investment, and promote structural transformation. They represent a strategic response to globalization, regional trading patterns, and shifting national economic demands. This chapter presents the SEZ model by starting with an examination of its conceptual foundations and historical development, followed by a detailed analysis of its typologies, purposes, and regulatory frameworks. It offers the theoretical framework required to understand the drivers of SEZs, their institutional architecture, and the determinants of success or failure.

2.1 Concept of Special Economic Zones

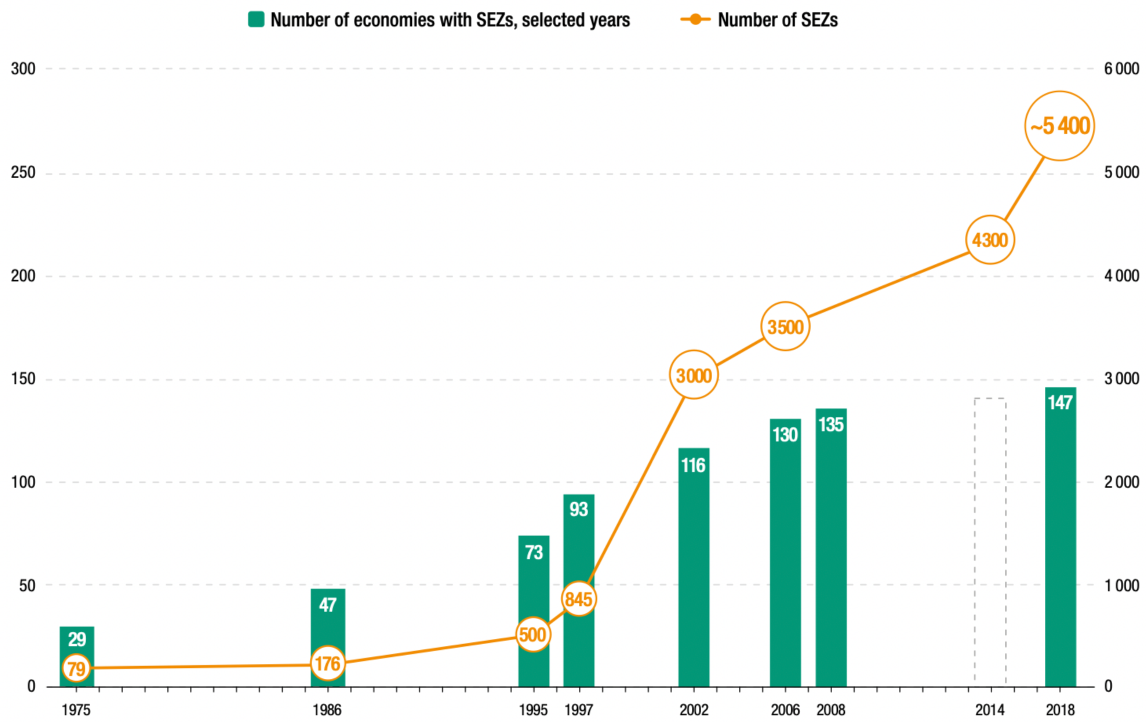
SEZs are based on a geographically delimited area to facilitate industrial, business, or other economic activities through often liberal laws such as regulatory and fiscal incentives, as well as infrastructure support (UNCTAD, 2019, p. 2). Their primary goal is to attract foreign investment, thereby offsetting the costs of doing business and offering a region free from significant business disruptions, thereby improving stability and efficiency. The above description is particularly broad because of the existence of a variety of different types of SEZs, based on their goals and regional particularities. Their goals have evolved over the years, and most modern SEZs aim to facilitate investments, diversify the economy, and promote the country's overall economic growth. Nowadays, SEZs are present in 147 economies, encompassing a total of 5,383 established zones (OECD, 2023). The proliferation of such zones is expected to accelerate in the coming years, with more than 500 new ones being planned to be established around the world (UNCTAD, 2019). More than half of these zones are located in China, with significant numbers also in India, the United States, and the Philippines. The majority of the SEZs are established in the coastal areas, usually in proximity to international ports, as can be seen in the Open Zone Map.

2.1.1 Historical development of SEZs

Over the past few decades, SEZs have undergone a remarkable transformation, reflecting a dynamic response to the shifting nature of global trade, investment patterns, and plans for economic growth. Originally known as Export Processing Zones (EPZs), the main objective of these zones was to attract foreign direct investment (FDI) and promote commerce by providing a range of incentives, such as simplified customs procedures and reduced taxes (UNCTAD, 2019). SEZs’ function and architecture have evolved significantly over time, moving from simple export-focused enclaves to complex structures for more comprehensive economic development and integration with the national economy (OECD, 2023). This evolution is a testament to the adaptability and effectiveness of SEZs in the face of changing economic landscapes.

The rapid global spread of SEZs is a clear indication of their potential to stimulate economic growth. This growth is shown in Figure 1, which represents both the growth of the number of countries with an SEZ and the total number of functioning SEZs. The number of SEZs increased from 176 in 47 countries in 1986 to 3,500 in 130 countries by 2006. This growth is not just a numerical increase but a sign of the evolving objectives of SEZs. According to the Open Zone Map, the EU has also seen a rise in the number of SEZs among EU member states, with the majority of them now holding at least one SEZ. Among the 27 member states, only the Netherlands, Belgium, Austria, Slovakia, and Slovenia don't have one. SEZs are now viewed as catalysts for comprehensive economic modernization, diversification, and integration into the global economy, rather than merely as instruments for enhancing exports and creating jobs (UNCTAD, 2019; OECD, 2023).

Figure 1: Historical trend in SEZs



Source: UNCTAD (2019).

Recently, SEZs have experienced a more liberal policy framework, which aims to establish a competitive business environment favorable for a plethora of different economic activities where logistics is a key factor; hence, the majority of SEZs hold a port (OECD, 2023). This approach has been primarily influenced by the integration and the changing patterns of regional and global trade, with a focus on cluster development that better connects such SEZs with the state's economy and fewer incentives. The United Nations Industrial Development Organization defines clusters as »geographical concentrations of interconnected enterprises and associated institutions that face common challenges and opportunities", such as Silicon Valley in San Francisco, the Australian and Chilean wine clusters, and hundreds of specialized clusters in Chinese cities (UNIDO, 2013, p. 9). These

SEZs are also called “Zones 2.0”, but a new type of SEZs emerged, called “Zones 3.0,” which encourages innovation through improved governance and management structures that include more decisional autonomy and thus efficiency, as well as integrates low-carbon and green growth (Zeng, 2019).

2.2 SEZ implementation strategies

SEZs represent strategic instruments tailored to accelerate and improve economic development through targeted policies and incentives that are designed to attract investment, to be a catalyst for technological innovation, and to create jobs. A successful implementation of an SEZ is characterized by a variety of factors, including clearly defined objectives, robust regulatory frameworks, effective governance structures, and high-quality infrastructure and services. This section examines the critical factors that influence an SEZ’s success, including the alignment of the SEZ’s priorities with national development priorities, compliance with national and supranational (EU) regulations, as well as internal factors such as the optimal governance structure and various existing models.

2.2.1 Strategic objectives

There is no absolute answer to the question of what the objectives of an SEZ are, as there are various types of SEZs based on a country's development needs, its prevailing industry, political goals, and other factors influencing its decision to establish an SEZ. These zones can serve multiple purposes, but the most common ones are export promotion, the attraction of FDI, job creation, and technological advancement.

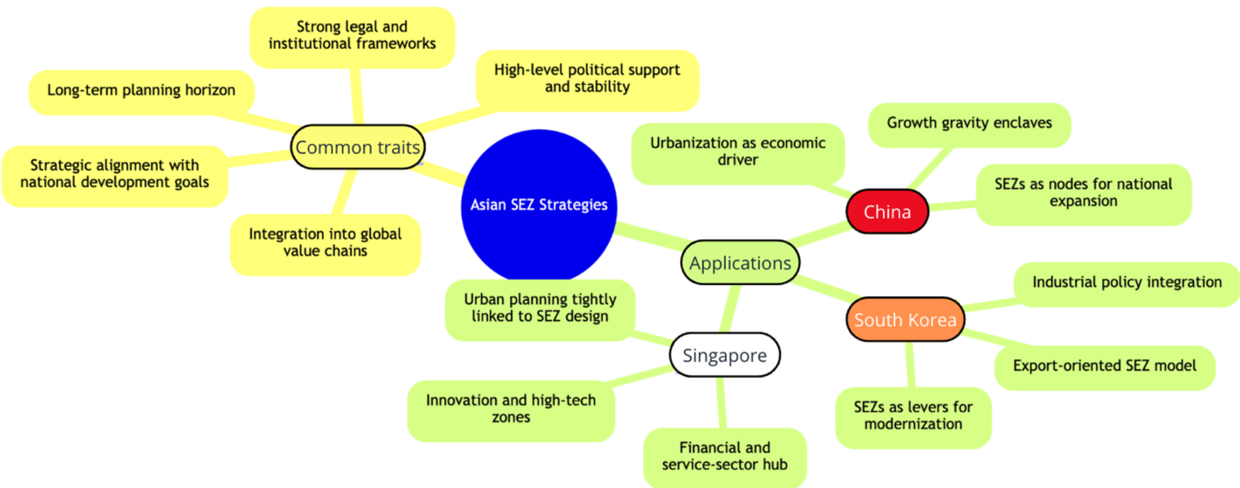
The general objective is, therefore, to provide an attractive business environment, which is a critical factor in their success. Oftentimes, these zones offer fiscal incentives, but that is not the only factor that provides a good business environment – a good infrastructure is also of utmost importance. More information can be found in subchapter 2.2.4. Technological and industrial innovation is another key strategic objective of an SEZ since it aims to boost productivity and competitiveness by supporting R&D, fostering university-industry linkages, and promoting high-value sectors. This way, the SEZs move up the global value chains (GVC) and transition from labor-intensive to more knowledge-intensive sectors (Zeng, 2019). However, such efforts are more reachable for modern SEZs when strong linkages are created with the local economy, integrating local suppliers into value chains and encouraging foreign investors to establish joint ventures with local firms, as seen in the examples of China, Taiwan, and South Korea. This way, the linkages maximize the spillover effects of SEZs, benefiting the broader economy (Zeng, 2019).

2.2.2 Policy frameworks and regulations

An SEZ's regulatory framework focuses on a variety of factors, such as trade, investment facilitation or promotion, taxation, access to land, environmental, and labor policies. Those regulations that apply in a SEZ are included in the country's general regulatory framework, and separately in an SEZ-specific framework (UNCTAD, 2019).

To fully work, an SEZ program should be part of the broader national development agenda and encompass the comparative advantages that would fully foster the development of both the SEZ area and the national economy. Having such a long-term vision is essential when developing an SEZ, as economic transformation can sometimes take decades. If we look at the broader level, actors with strong SEZs like China, Dubai, Korea, and Singapore highlight the importance of a very detailed strategy and taking that strategy, along with their national and regional goals, to high political support and endorsement from the top level of the government. Every one of these countries with strong SEZs aligned their SEZ strategies with their development priorities, and they incorporate these zones with strong legal and institutional frameworks (Zeng, 2019). For example, South Korea's priority since the beginning of the long-term industrialization process has been on exports and modernization, while China's has been building growth gravity enclaves and urbanization and testing zones for its economic models, while Singapore has been converted into a strong financial center, coupled with innovation and high-tech zones with its urban planning linked to the SEZ design (Haggard and Cheng, 1987). Figure 2 below summarizes the strategies of China, South Korea, and Singapore in regard to their SEZs.

Figure 2: Asian SEZ strategies



Source: Own work based on Haggard & Cheng (1987); Zeng (2019).

Overall, SEZ policies and frameworks vary based on a country's goals and laws, as well as on the laws of a supranational entity, such as the EU. As previous cases suggest, an effective policy framework and regulatory environment are crucial determinants of an SEZ's success, as operating under well-defined laws, rights, and obligations of SEZ stakeholders—businesses, zone developers, and government entities—defines and ensures the proper functioning of an SEZ (UNCTAD, 2019). As mentioned, in the case of the EU, respect for its stringent regulations must be of utmost importance, including, for example, the Union Customs Code and State aid rules.

EU State aid laws rule the following: »Article 107 of the Treaty on the Functioning of the European Union (TFEU) ensures that aid granted by a Member State or through State resources does not distort competition and trade within the EU by favouring certain companies or the production of certain goods« (European Commission, n.d.). The EU divides State aid under tax and non-tax incentives, both of which distort the internal market and are, in general, prohibited. However, officially by reasons of general economic development (OECD, 2023) and unofficially because of mounting pressures and lobbying by business parks, ports, and airports, complaining about the 2007 TFEU interpretation by the EU, the European Commission offers exceptions (Serlet, 2023). It takes further measures to reduce administrative burdens and streamline State aid rules by encouraging support that aims to stimulate the EU common goals, namely the Regulation 2017/1084 that amends Regulation 651/2014, also known as the General Block Exemption Regulation (GBER), which exempts certain public economic support from being limited by the all-encompassing Union Customs Code, which regulates SEZs in the EU. Through the GBER, member states can now offer higher public economic support with no need to notify the Commission, such as raising the allowed State aid to seaports to 150 million Euros (European Commission, 2017).[1]

2.2.3 SEZ-specific regulatory framework

The degree of variation between a country's regulations and its SEZ varies considerably from case to case, but the SEZ-specific ones are generally more favorable to zone users. In the case of import-export SEZs, zone users are usually exempted, partially or even fully, from covering customs duties, or they have facilitated trade, such as an expedited customs clearance procedure, and are allowed to use dedicated warehouses to store their products. Through SEZs, host countries can also promote investments through incentives, protect investors against political risks, and offer other investment facilitation services. Another reason for companies to move to certain SEZs is fiscal benefits, which can partially or even fully exempt them from paying corporate or other taxes. Also, a common practice of SEZs is the offering of said incentives in exchange for labor-related practices, such as local workers' skill development, or in exchange for environmentally friendly measures (UNCTAD, 2019). The content of a SEZ regulatory framework is generally subject to certain core issues relevant to the local situation.

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[1] European Commission. (2017). *Commission Regulation (EU) 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs* [EU Regulation]. Official Journal of the European Union. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32017R1084

For a better overview of the main types of financial, tax, and non-tax incentives of SEZs, a table is attached below:

Table 1: SEZ incentive types

	Incentive	Description
Financial and tax incentives	Corporate tax incentives	Reduction or exemption from corporate income tax to attract businesses and boost economic activity.
	Custom duty exemptions	Waiver of import and export duties on goods, equipment, or raw materials to reduce costs for companies operating in the SEZ.
	VAT refunds	Reimbursement or exemption of Value Added Tax on goods and services used within the SEZ to lower operational expenses.
	Subsidies	Financial assistance is provided by the government to support businesses, which may include grants, loans, or reduced interest rates.
	Labor tax relief	Reduction or exemption from payroll taxes or social security contributions to reduce the cost of labor for businesses.
Non-tax incentives	Streamlined administrative services	Simplified procedures and faster processing times for permits, licenses, and other administrative requirements to enhance ease of doing business (one-stop-shop).
	Infrastructure	Provision of high-quality infrastructure such as roads, buildings, power, water supply, and telecommunications to support business operations.
	Export promotion	Support and incentives for businesses that export goods and services, which may include marketing assistance, trade facilitation, and favorable regulations.
	Relaxed legal requirements	Loosening of regulations and legal requirements such as labor laws, environmental regulations, or zoning restrictions to encourage investment and business activity in the SEZ.

Source: Own work based on UNCTAD (2019).

2.2.4 Governance and institutional structures

Each SEZ is subject to the country's specific political, economic, administrative, and other systems; therefore, its governance cannot be unequivocally set in advance. Since the SEZ can be created solely by the government, the latter is the main player when it comes to establishing such an entity. As previously described, the government sets a country's program and goals, which constitute the basis for the development of an SEZ. Research has shown that successful zones are usually tied to the domestic market, having stakeholders invest in domestic production factors. There are also several cases of SEZs failing due to excessive bureaucracy (Moberg, 2015). At least initially, the government coordinates SEZ's policies and its international obligations, and it issues the first investments, personnel, and infrastructure for its start. The government usually also creates an SEZ authority in the form of an agency or a state-owned company with the aim of cooperating with the government in decision-making and policymaking. These SEZ authorities then conduct the operational and strategic planning, as well as a number of other quasi-government tasks, while reporting to the government or a ministry. SEZ authorities also issue construction and work permits to zone developers and zone users, with the former being extremely important for the establishment of a zone, especially as regards infrastructure, networks, and utilities. The next sub-chapter will discuss them more in-depth. The latter, zone users, are the ones for whom the SEZ has been brought about; therefore, policies, infrastructure, and other solutions are specifically designed to attract them, and with them also their investments, both financial and non-financial, such as technological, productive, and trading capacities (UNCTAD, 2019).

There are various SEZ models, and as regards ownership, there are three main types: public, private, and joint-venture ownership. The first one is preferred when there are more goals and motives to address, apart from economic growth, in order to determine if a zone is successful. However, public-owned ones can lead to huge expenses and convert the SEZ into a »white elephant« case. Another drawback of public-owned zones is the lack of technical expertise and conflict of interest (Mangal, 2019). The private SEZ model provides a private entity the responsibility for all aspects of the zone, apart from regulation, which is the preferred option when wanting to maximize the SEZ's economic returns, but such a model usually focuses on the private returns of the zone, ignoring the effects it could have on the overall economy. The third model is the joint venture, which is actually a public-private partnership (or PPP) in which the government gets into an agreement with a private company, and they divide between themselves the various aspects of the SEZ - regulating, owning, developing, and operating. Through a PPP, the private company does not fear political uncertainty because a JV ensures a strong incentive so that the government supports the SEZ through its lifecycle (Mangal, 2019).

2.2.5 Infrastructure and services

As mentioned previously, zone users are mainly the stakeholders in charge of the establishment of the SEZ. They prepare the land use master plan, in which they classify locations for the specific SEZ development. They are also in charge of building new infrastructure and marketing the SEZ to potential investors. They can also have the role of SEZ operators, but usually, it is divided, with the zone operator being in charge of screening zone users' applications, leasing facilities, and other administrative tasks, as well as coordinating a smooth one-stop-shop with the goal of streamlining bureaucratic procedures and other processes for zone users (Mangal, 2019).

2.3 Economic impact of SEZs

SEZs' impact on a country's economy is not straightforward since throughout their existence, there have been examples of very successful ones on one side and big »white elephants« on the other. However, a positive trend in the creation of such zones can be seen around the world since countries see it as a strong strategic tool to spur economic growth, attract investments, and enhance export activities, among other things. SEZs help address regulatory and infrastructural constraints that hinder economic growth, so by creating such a controlled environment with a more liberal regulatory framework and high-quality infrastructure, SEZs attract those investments that would otherwise be deterred by the broader country's regulations.

According to various studies, such as the World Bank (2017), UNCTAD (2019), and the OECD (2020), SEZs often demonstrated substantial economic benefits, including the rise in FDI, export promotion, and technological advancement. An often-cited case is the Polish SEZs, which have been successful throughout the years, attracting 28 billion Euros in investments as of 2018, which has contributed to the country's economic growth. A number of multinational enterprises, such as Volkswagen, Dell, and General Motors, operate in those zones due to simplified administrative procedures and attractive tax breaks (OECD, 2020). As regards export promotion, 60 % of the total country's exports originated from SEZs, which are specialized in high-value-added industries, such as the automotive, machinery, and electronics sectors (UNCTAD, 2019). Thanks to strong partnerships between these industries and research institutions, these zones have become hubs for technological advancements, innovation, and industrial modernization (EY, 2013), such as the Pomeranian and Krakow SEZs, which are known for their focus on advanced manufacturing and high-tech industries (Invest in Poland, 2020). Research conducted by Nazarczuk & Cicha-Nazarczuk (2021) comparing a variety of views by SEZ-based and non-SEZ-based entities showed that SEZ-based companies put the proximity of research centers as more important in comparison to non-SEZ companies, and they also deemed low-skilled workforce as a less important factor, pointing out that SEZ firms are, on average, more innovative and technologically advanced.

Over the years, companies that were based in the 14 Polish SEZs started to express dissatisfaction due to the possibility of investment in limited areas, since investing outside of the SEZ was not feasible. Some of those zones, even having the same framework, were developing faster thanks to more advantageous locations. This led the government to pass an Act in 2018 that extended SEZs' rules to the whole country, creating the Polish Investment Zone in which companies can apply for exemptions in the whole country while still assisting poorer regions with more public funding (Invest in Poland, 2020). This is an example of good SEZ practices applied to the general economy of a country that tested SEZ policies throughout the years and eventually decided on the ultimate, most effective rules. Similarly, other countries see SEZs as »boxes of economic experimentation« and test the effectiveness of their policies and then apply the most successful ones to the general economy (OECD, 2023).

Another economic effect that SEZs often produce is the spillover effect on the surrounding areas. Research by the CIIP analyzed those effects using a sophisticated empirical model that employs nightlights as a proxy for economic activity, investigating the spatial and economic impact of SEZs between 2007 and 2012. The findings indicate that there exists a positive influence on the adjacent areas. Still, the most significant effects are concentrated within a 10 km radius of the SEZ, diminishing as distance increases. The research highlights the capacity of these areas to absorb and leverage the spillovers, with more substantial results seen in zones with more advanced educational bodies, the quality of institutions, and other factors that contribute to the attractiveness of the SEZ for outsiders. Moreover, more extensive and older SEZs tend to have a more significant spillover effect (CIIP, 2017). These factors will be analyzed in more detail in the following chapters.

2.4 A special type of SEZ - Research and Development SEZ

Research and Development SEZs (R&D SEZs) are geographically delimited areas designed to stimulate high-innovation economic activities. Generally, SEZs offer a regulatory and economic framework that differs from the rest of the national territory, and R&D SEZ focuses on high-technology sectors, scientific research, and experimental development, which is closely linked to universities and research institutions. R&D SEZs are also known as science parks, technopoles, or high-tech industrial zones. Evidence suggests that those firms that do not have strong R&D capacity usually benefit from relocating to such science parks (Gebrewolde, 2019).

2.4.1 Introduction to R&D SEZs

R&D SEZs differ slightly from mainstream SEZs, offering incentives only on innovation activities, such as tax breaks on R&D investments, tax credits for research expenditures, or flexible labor regulations to attract highly qualified talent, among others (UNCTAD, 2019). R&D SEZs also offer dedicated infrastructure and services such as shared laboratories, incubators, and accelerators for businesses, on-site patent offices, and advanced connectivity (Gebrewolde, 2019). Like mainstream SEZs, they have specialized governance mechanisms, often managed by a single window for administrative services that streamline bureaucratic procedures for “resident” companies. The reason behind the creation of such zones is a national or regional strategy that aims to diversify the economy towards knowledge-intensive sectors, which, in the current historical period dominated by information, is in the interest of every country. An R&D SEZ functions as a “laboratory” of economic policy where measures to support innovation are first tested within a controlled territorial context, with the expectation that their success generates positive spillover effects for the broader economy (Alexianu & al., 2019).

2.4.2 Sustainable economic growth

R&D SEZs poll in high-tech enterprises, research centers, professionals, and young talents, creating knowledge clusters and thus promoting sustainable growth based on innovation. The knowledge cluster is a "geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities" (Porter 1990, p 199). This concentration of knowledge tends to accelerate the pace of innovation (Gebhardt, 2013), given that in R&D SEZs, the ratio of R&D expenditure to revenue is typically above the national average, and there is a high output of patents and new technologies (Eurostat, 2023).

Taking as an example the major example of R&D SEZs success – the Chinese National High-Tech Industrial Development Zones, in which companies established in these zones contribute to 50 % of the national expenditure on R&D, and were responsible for 50 % of all industrial patents granted in the country (Chinese Ministry of Industry and Information Technology, 2025) , representing 22 % of the national GDP in 2021. Unlike traditional SEZs, R&D SEZs promote sustainable economic development in the sense of long-term progress based on human capital, creating high-skilled jobs, stimulating technological upgrading of current practices, enhancing competitiveness without relying on intensive resource exploitation and short-term cost advantages (Mohiuddin & al., 2014).

Apart from economic sustainability, much attention is given to environmentally and socially responsible development models, such as green energy infrastructure, recycling systems, and smart city solutions, as well as the inclusion of the local community (ibid.). Given that from an institutional perspective, these SEZs function also as regulatory laboratories, their models can then be extended to the broader national context.

2.4.3 Case study

Sophia Antipolis in France is a historically significant example of an R&D-dedicated zone. It was founded in 1969 and is considered Europe's first technopole, established to diversify the economy of the French Riviera by focusing on high tech. The park now covers an area of 2.400 hectares near Nice, hosts 2.500 innovative companies employing more than 38.000 employees from over 80 nationalities (SYMISA, n.d.). It is a private-public model, supported by the Foundation Sophia Antipolis that promotes scientific innovation and sustainable development, and the zone is operationally managed by an inter-municipal consortium called SYMISA, which oversees land management, infrastructures, marketing, and the harmonious development of the area (ibid.). Although it does not have the official status of an SEZ, companies working there can receive local incentives and procedural simplifications, such as expedited building permit procedures, designated spaces for start-ups, and tax breaks on co-financed R&D projects funded by French and European institutions.

Over the years, Sophia Antipolis has had a significant economic impact, generating hundreds of jobs annually and attracting over 200 foreign-capital firms that now represent 25 % of the area's employment (European Job Days, 2024). The proximity of research institutes and universities, meeting in the park that acted as a platform for cooperation, aided the emergence of numerous start-ups and SMEs, cross-fertilizing the emergence of ideas and technologies (Drooled, n.d.). In regulatory terms, the experience of Sophia Antipolis demonstrates that even without a special legal status comparable to Asian SEZs, it is possible to create a competitive ecosystem through consistent long-term policies: public investment in infrastructure and research, support for entrepreneurship, and a shared vision for innovation-driven territorial development.

2.5 Criticisms and challenges of SEZ implementation

An SEZ can be seen as an economic policy instrument that complements market forces to rectify market inefficiencies. It is crucial to proactively identify inefficiencies. These may encompass challenges in the land market, such as land unavailability and ownership issues, as well as insufficient or inadequate infrastructure. Inefficiencies can also stem from a challenging regulatory and business environment, often due to coordination failures between the government and the private sector or bureaucratic obstacles. As Zeng describes it in a World Bank report, various checklist questions can be used to determine whether developing an SEZ is advisable. One of his points is that no SEZ is needed if the industrial sector is not a key pillar for economic development (Zeng, 2021). However, in this thesis, I covered a lot of different types of SEZs, including non-industrial SEZs (mainly in developed countries), which is enough proof to proceed with the study. Another criticism of SEZs is the fact that they often work as "enclaves," thus not having a strong linkage to the overall economy (Zeng, 2021). This is true for the majority of SEZs, but the Polish experience, which was analyzed in this thesis, is proof of the externalization of SEZ policies.

SEZs are often portrayed negatively by international newspapers that publish stories about exploitation, neocolonialism, and debt traps, especially in regard to increased Chinese investments overseas. SEZs are especially under suspicion due to their being located mostly in developing countries with socio-political crises. The major controversies are connected with human rights abuses, with SEZ authorities exploiting the lax social-legal laws regarding labor, such as in the case of India's Adani Ports in cooperation with Myanmar's military. Another case is land expropriation in the Mauritius China-backed SEZ, leaving local farmers without their source of income. Other controversies arose due to the environmental impact of SEZs, like in the cases of Cambodia, where Taiwan- and Chinese-backed SEZs discharged untreated wastewater and sewage into canals and streams, causing the death of livestock and fish (Olaoye & Sejko, 2021).

Other authors (Gopalakrishnan, 2007) pointed out certain negative externalities of SEZs, specifically in China, which can be extended to the global level. Without proper control, SEZs are flooded with durable goods, threatening the local economy and even inflation. However, once the central Chinese government shifted to a "market socialism" model, SEZs became models for the Chinese economy as a whole. The rise in popularity and quality of life, as well as more autonomy in the hands of SEZs, sparked speculation and agricultural land loss, forcibly selling agricultural land under the market price, and with incentives to build industrial complexes. These models were rapidly multiplied and sparked a national crisis, with major Chinese banks going bankrupt.

Various concerns, in line with those coming from academia, come directly from the public, such as fears about job displacements and environmental degradation, and lax regulation enforcement due to pressures to attract investments. Good integration with the local economy is also needed because if SEZs operate in isolation, they may not generate the expected spillover benefits for local communities (CIIP, 2017). New challenges regarding SEZs arise due to the growing number of studies concerning them, such as Narula & Zhan (2019), challenging the previously generalized theme around the importance of SEZ locational advantages. Many papers try to find general SEZ rules that could be applied elsewhere, such as that SEZs are usually preferred in underdeveloped regions, which however has turned out to not be the case when the Polish government planned some rural locations for SEZ development, but left the companies themselves influence the final locations of SEZ subzones. They showed a preference for already attractive, well-developed regions near urban agglomerations. The generalizations that Narula & Zhan mention are connected to the fact that findings are usually based on one-country data and that there is a high context-dependency with the pre-existing attractiveness of regions and foreign ownership of SEZ-based firms, among others, showcasing how SEZ studies on locational advantages are overly generalized, leaning on a small number of the plethora of factors influencing an SEZ.

2.6 The future of SEZs in Europe

In the last couple of years, globalization has been replaced by regionalization, seeing a crisis of global institutions, being replaced on policies based on power might, exacerbated by COVID-19 restriction measures, lower FDI growth, the growing role of the states of the Global South (Kostyunina, 2023), as well as the new Trump's tariffs that catalyzed the process. Kostyunina also discusses how the trend is evident in Europe, where regional trade agreements and economic collaborations are becoming more prominent. SEZs may present a solid instrument to target specific areas for investment and economic development that specifically align with regional strategies, such as the EU Cohesion policy, which addresses regional disparities. SEZs in Europe can also be incubators for innovation, attracting companies that will help evolve the global economy, where technological advancements are key to maintaining competitiveness. By providing a conducive environment for research and development, as well as for innovative startups and companies to thrive, SEZs may play a vital role in enhancing the EU's competitiveness in today's increasingly regionalized global economy.

3 ECONOMIC ANALYSIS OF SLOVENIAN ISTRIA

This chapter presents a comprehensive economic analysis of the Slovenian Istria region, assessing the main factors that can influence the region's suitability for the establishment of an SEZ. The evaluation covers various dimensions, starting with an overall assessment of the Slovenian business environment as a whole, proceeding then with the specificities of Slovenian Istria, including demographics, the labor market, investments, and specific sectoral strengths such as maritime activities and tourism. Special attention is given to the strategic importance of the Port of Koper and some major infrastructure projects, such as the second Koper-Divača railway line. This chapter also explores the historical context of previous SEZ experiences in the region and examines the socio-cultural factors, which have often influenced regional development plans and therefore must not be overlooked. Through this multidimensional approach, the chapter lays the groundwork for assessing whether Slovenian Istria offers the conditions necessary for the successful establishment of an SEZ.

3.1 Overview of the Slovenian business environment and investment climate

Slovenia has a favorable geographic location and relatively strong industrial base, but its business environment remains persistently unattractive to both domestic and foreign investors (M. A., 2023), characterized mainly by high taxation, excessive labor costs, rigid regulatory frameworks, unstable legislation, among others that undermine the country's competitiveness. Slovenia consistently ranks among the most heavily taxed economies in Central and Eastern Europe, with net salaries among the lowest (GZS, 2023). Although there are several fields in which Slovenia ranks above the EU average, such as ICT training, international research collaborations, and labor mobility, the majority of the innovation, R&D, and investments indicators showcase that Slovenia is lagging behind the EU average (European Commission, 2024).

This situation fuels both brain drain and corporate relocation to more stimulative economies such as Croatia, Serbia, and the Czech Republic (AmCham, n.d.). Some public and private investments exist, including in pharmaceuticals and technology, but they are often offset by a lack of systemic reforms, since Slovenia's fiscal and administrative policies continue to burden entrepreneurs and innovators (Črnko, 2023). There is often criticism from business leaders, chambers of commerce, and analysts that highlight that Slovenia has failed to seize key opportunities to position itself as a regional hub for innovation, startups, and venture capital. The Slovenian startup environment had some isolated successes but struggles under strong taxation and poor incentive structures, with many of the most successful companies relocating abroad for better conditions (Z. M. & M. A., 2023). More criticism went towards the lack of predictability in economic governance, which, combined with a slow response to workforce shortages and insufficient focus on R&D-driven innovation, threatens Slovenia's future positioning within the EU and global markets (AmCham, n.d.).

3.2 Overview of the Slovenian Istria region's economy

The Slovenian Istria region is the second most developed region of the Republic of Slovenia, after the region of Central Slovenia, which encompasses Ljubljana (Regionalni razvojni center Koper, 2022). Four coastal municipalities make up the region of Slovenian Istria: Ankaran, Izola, Koper, and Piran. The Slovenian Istria region is encompassed within the broader Coastal-Karst statistical region (Obalno-Kraška regija). Consequently, specific data presented in this thesis will pertain to the Karst region, and in such instances, a disclaimer will be included.

The main drivers of Slovenian Istria's development are tourism and the Port of Koper, the second most trafficked port of the Adriatic Sea after the nearby Port of Trieste. In order for the port to continue to be attractive to its users, Slovenia must compete with Trieste. One of the major projects that is currently taking place in Slovenia is the development of the second railroad from Koper to Divača, built in a particularly hilly area, to better connect the Port with Ljubljana and the rest of Central and Northern Europe. Lately, however, Trieste started expanding its Port's special status outside of the Port's borders, which is becoming extremely appealing to a variety of investors, hurting Koper's attractiveness.

In this regard, from this chapter on, I will explore whether the Slovenian Istria's area (or part of it) would benefit from an SEZ status and how it is particularly suitable for such an endeavor. As Slovenia's only maritime gateway, the Port of Koper offers significant logistical advantages due to its geographical position and the existing infrastructure. I will examine these and further factors in detail to test the hypothesis that the Slovenian Istria region is the most promising location for an SEZ in Slovenia and that Slovenia, as well as the local area of Slovenian Istria, would benefit from such an undertaking. While a definitive conclusion will be drawn later, initial indications suggest that this region holds substantial promise for an SEZ.

The most important analysis to do at this point is to study the current Slovenian Istria's economy from various angles in order to provide factual data and understand the different facets that could influence the verdict of whether the region is suitable or not for an SEZ.

In 2019, the GDP of the Coastal-Karst region amounted to €5.5 billion, accounting for 11.9 % of Slovenia's total GDP. The GDP per capita in the region was €22,600, which is higher than the national average of €21,700. The region's economy is characterized by a diverse structure, with the service sector being the dominant contributor to GDP (Regionalni razvojni center Koper, 2022).

Several key sectors drive the economy of Slovenian Istria (ibid.), which will be analyzed in more detail in the following chapters:

i. Port and maritime activities: The Port of Koper is a major economic driver, handling a significant portion of Slovenia's international trade.

ii. Trade and transportation: The region's strategic location and well-developed transportation infrastructure, including the Port of Koper and the Koper-Ljubljana highway, support trade and logistics activities. A faster railway system is being developed, which will be able to handle more goods and passengers in the coming years.

iii. Tourism: The region's coastal municipalities are popular tourist destinations, attracting both domestic and international visitors. The tourism sector generates significant revenue and employment opportunities, but it is concentrated during the summer months.

iv. Agriculture: The region has a presence in various agricultural sectors, such as high-quality wine and olive oil production, forestry, and mariculture.

However, the region has significant unexploited opportunities for development, which will be discussed in the following chapters.

3.2.2 Demographic and labor market analysis

In 2022, the total population of the four municipalities of the Slovenian Istria region was roughly 87.000 people, spread over an area of 385 square kilometers. This represents about 4.11 % of the Slovenian population and 1.9 % of the total Slovenian area, showcasing its apparent insignificance for Slovenia (Statistični urad RS, n.d.).

About 68.5 % of the population is employed, the same as the Slovenian average. However, the average wage is a bit lower at 1270 euros per month (plus expenses and bonuses) compared to Slovenia’s 1320 euros per month (Statistični urad RS, n.d.). As of 2020, the Coastal-Karst region had a total of 67,000 employed persons, representing 7.3 % of Slovenia's total employment. The unemployment rate in the region stood at 6.8 %, slightly lower than the national average of 7.7 %. The service sector, particularly trade, transportation, and tourism-related activities, accounts for the largest share of employment in the region.

In comparison, the nearby Italian region of Friuli Venezia Giulia has an employment rate of 68.7 % and an unemployment rate of 4.6 %. The average monthly salary, including expenses and bonuses, is 1.855 euros (Regione.fvg.it, 2024). In the Croatian County of Istria, the average monthly salary is 1.086 euros per month, while the unemployment rate is 3.1 %. Still, out of a population of 195.237, only 75.811 people are registered workers in the region (L. K., 2023), setting the employment rate at 38.8 %, the lowest in the analyzed region.

3.2.3 Regional investment climate

One of the critical factors influencing the investment climate in Slovenian Istria is the region's strategic location along the Adriatic coast, being also in the northernmost part of the Adriatic Sea, the closest to key European countries. This geographical advantage attracts customers and investments from several Central European and Asian countries, with the Port of Koper serving as an important logistics hub that connects Slovenia with several global trade routes. By investing in port infrastructure and its related services, the Slovenian Istria can further strengthen its position as a key player in maritime trade and attract companies that rely on efficient logistics and transport networks.

Another essential improvement mentioned in the regional development strategy for 2020 is strengthening economic and business infrastructures to create a more attractive investment environment. The strategy focuses on improving digital connectivity, which is vital today in the global economy. The general idea in the document is the integration of information and communication technologies (ICT) into business operations, with which productivity and innovation can be significantly enhanced.

Another limitation when it comes to investments both in the region and in Slovenia as a whole is the bureaucratic hurdles, which are increasingly viewed as a more significant challenge than high taxes for businesses. The time required to navigate bureaucratic processes can be substantial. Companies often spend considerable resources on compliance rather than on growth or innovation. Moreover, the unpredictability of bureaucratic requirements can lead to frustration among business owners. Frequent regulation changes and the lack of clear guidelines contribute to an unstable business environment (Lončar, 2024).

3.2.4 Tourism sector overview

Slovenian Istria is one of the most touristic destinations in Slovenia due to its Mediterranean climate, the sea, history, and tourist offers. In 2019, the region welcomed over one million tourists, accounting for 17.6 % of all visitors to Slovenia, with 2.3 million overnight stays, accounting for 20 % of the national total (Regionalni razvojni center Koper, 2022). Beyond the traditional sun & sea tourism offerings, the region is renowned for its robust portfolio of products such as business meetings and event tourism, wellness and health tourism, and enogastronomic offerings. An important role is played by local tourism organizations that are often structured as associations or public-private partnerships, play a crucial role in managing and promoting these diverse products, such as the initiative comprising the "Love Istria" brand that has been instrumental in promoting the region as a destination centered on authentic experiences and digital engagement (ibid.).

An important tourism catalyst is the cruise ship terminal in Koper, managed by Luka Koper, active since 2005, attracting more than 120.000 tourists and more than 60.000 cruise staff on more than 70 cruise ships annually. The visibility of the Port has been further enhanced by its membership in the Mediterranean Cruise Ports Association (MedCruise), providing additional promotion and recognition for Koper's passenger port. Tourists often take part in organized trips to various locations on the coast and even to other destinations in other Slovenian regions (Regionalni razvojni center Koper, 2022).

3.2.5 Education and research institutions

Education and R&D are among the biggest challenges of the Coastal-Karst statistical region, which has some of the lowest metrics in Slovenia. Specifically, the number of graduates per 1000 inhabitants is the lowest in the country, at 5.2, compared to Slovenia's average of 7.4. In Slovenian Istria, university programs are offered by the University of Primorska, which has six faculties, and the University of Ljubljana, with one faculty. The number of degrees is rising, as well as the number of students, but especially the University of Primorska is experiencing a situation of spatial constraints, due to which students have to change not only buildings but also cities when going from one class to another.

As regards research and development, the region's investment is comparatively low, with the gross domestic expenditures constituting only 0.73 % of the regional GDP, which is considerably below the national average of 2.05 %. The region's capacity for innovation has experienced additional slowdowns due to the reduction in R&D investments by the workforce and private companies themselves (Regionalni razvojni center Koper, 2022).

These data showcase the need for an enhanced focus on strengthening the region's educational infrastructure and R&D initiatives. The need is also demonstrated through anecdotal evidence that suggests that the success of an SEZ or even an innovation area is given by the presence of a university in or near such a zone. Universities are known for their presence of young and energetic thinkers, and almost every university offers entrepreneurship programs, encouraging or even funding startups (Serlet, 2022).

One of the weaknesses of the region, as identified by the working group of the Regional Development Program, is the lack of cooperation between educational institutions, R&D institutions, and the private sector. During the previous financial period, the region established a Center of Excellence for Research and Innovation (Center odličnosti za raziskave in inovacije), but focusing mainly on renewable materials and healthy living environments, which does not cover the necessities for the proper development of the R&D sector.

The largest and oldest Slovenian business incubator is located in Sežana, which is part of the Coastal-Karst region, but not part of the Slovenian Istria. However, the incubator also supports and organizes various entrepreneurial programs and events in the Slovenian Istria region (Regionalni razvojni center Koper, 2022). In the past few years, smaller new incubators were created, such as the municipal incubator Morje in Izola and the Italian Union incubator in Lucija, dedicated mainly to supporting the entrepreneurship of the Italian community living in the area.

3.3 The Port of Koper

After the 1954 London Memorandum that confirmed Trieste would fall under Italy and take with it the only major international port in the region, Yugoslavia decided to build a port in Koper. In 1957, construction began next to the old town center (Stojaković & Twrdy, 2024), with slow business in the first years due to the difficulty attracting business away from the already established ports of Trieste and Rijeka, but eventually, also with the help of major Slovenian companies that invested in its development, the Port of Koper became a free zone and invested in the construction of the 31 km railway that connected it to the European railway system. The Port became the main importer of a variety of products for both the Slovenian and Serbian markets, since Serbia is landlocked. With the Slovenian independence, the Port substituted its business with the former Yugoslavian republics with central European countries. After becoming a joint-stock company in 1996 and making a set of improvements to comply with EU standards throughout the 2000s, it became the leading port of the Adriatic Sea per the number of Twenty-Foot equivalent units (TEU) transshipped (1.066.093 TEU), as opposed to the runner-up Port of Trieste with 708.537 TEU transshipped in 2023 (Luka Koper, n.d.), and among the first for vehicle transshipment in the Mediterranean.

The port is a major driver of economic growth in Koper and the wider region, generating significant revenue and employment opportunities, and is one of the three pillars of Slovenia's transport policy, alongside national highways and railways. In the next section, the latter will be discussed.

Table 2 below showcases the relevance of the Port of Koper for the economy of the Coastal-Karst statistical region, representing on average more than 6,6 % of the value added to its economy. Given that the region hosted 15.684 companies in total, the Port of Koper represents a strong pillar to the total regional value added (SURS, 2025). Gavrić (2018) concludes that the Port of Koper has a multiplicative effect of 1,98, meaning that with 1 euro of created value added, it generates an additional 0,98 of indirect effects on value added. Moreover, it creates an additional 1,58 euros of induced effects on the value added. When it comes to job creation, it creates 1,5 additional indirect jobs and, given its scale, an additional 2,31 induced jobs, highlighting its magnitude in the regional economy. By indirect effects, Gavrić refers to the secondary economic effects generated in the supply chain of the Port of Koper, such as firms supplying goods and services to the port. By induced effect, he means the tertiary impacts based on the effect of the "consumption stimulates impact," such as the household consumption impact

Table 2: Gross added value of the Port of Koper between 2020 and 2024 and the percentage in the total added value of the Coastal-Karst region and Slovenia as a whole, in millions of euros.

Year	Port of Koper (in millions of euros)	Coastal-Karst region (in millions of euros)	Slovenia (in millions of euros)	Coastal-Karst region (in %)	Slovenia (in %)
2020	134,88	2.128	41.139	6,3	0,33
2021	142,08	2.315	45.530	6,14	0,31
2022	206,11	2.712	49.960	7,6	0,41
2023	193,21	3.005	56.897	6,4	0,34
2024	215,10	n.d.	49.400	n.d.	0,44

Source: Luka Koper (2024); Statistical Office of the Republic of Slovenia (2024); Trading economics (2024); own calculations.

The Port of Koper is an important logistics hub for warehousing, distribution, and customs clearance for a number of different types of goods, including vehicles, containers, and bulk goods (Stojaković & Twrdy, 2024). Moreover, the port also serves as a cruise ship terminal, attracting tourists to the city, as the proximity of the port to the city center and its amenities make it an ideal location for visitors.

One of the pressing issues is the load of cargo transported by road, which amounts to 46 % of the total cargo entering and leaving Koper. This means that almost 400.000 trucks enter the port in a year, or 1.100 per day, putting enormous pressure on the city of Koper and the entire Slovenian highway system, with a constant growth trend. The rest of the cargo is transported by rail, where the issue lies in having only one heavily trafficked railway from Koper to Divača, which limits the options for the Port of Koper (Stojaković & Twrdy, 2024).

3.3.1 The second track of the Koper – Divača railway line

Due to the outdatedness of the current railway line, built in 1967, connecting Koper with the European railway network, Slovenia recognized the need for a new railway line that would more than double the number of trains and thus the quantity of goods transported, overcoming the current bottleneck that suffocates the Port of Koper operations. The chance to open up the Port of Koper to reach its full potential and double its operations will make the port and its region way more attractive for worldwide logistics (EIB, 2024). Moreover, the second track will have a positive spillover in the creation of jobs and, thus, in the general economic growth of both the local area and Slovenia as a whole. Other positive outcomes will be faster and safer transport of cargo and passengers, higher incomes from railway utility, and access to new markets (drugitir.si).

It is the current biggest infrastructure project in the country, but it sparked preoccupation by the local population, environmental scientists, and NGOs who called for a referendum. The

2017 referendum was annulled, and the 2018 referendum did not meet the required voting turnout, so construction began in 2021 and is due to be completed by 2026 (EIB, 2022). Apart from concerns by the above-mentioned groups, the Italian region of Friuli Venezia Giulia also expressed its negative position on the project, which supposedly poses an environmental risk. The Slovenian side prepared all the documentation to showcase the safety of the project and did so again after the second set of complaints in April 2024, when Slovenia announced a parallel railroad to the one initially planned, which would pass through the already planned service tunnels. The Slovenian public and the media reprehended the Italian move by stating that the nature of their objection to the project lies not within the environmental concerns but rather the economic ones due to the higher leverage the Port of Koper will have with their improved connection with central and eastern Europe (Vidrih, 2024).

3.3.2 The discontinuation of the former SEZ in Koper

Until 2013, the Port of Koper already hosted an SEZ, though in its final years it was underutilized, so under the Government of Alenka Bratušek, the decision was made to abolish the SEZ, officially citing its limited use and the availability of novel corporate tax incentives that supposedly rendered it redundant. The Ministry of Finance specified that it raised incentives on investments, R&D, and employment (Gleščič, 2013), which, however, had a poor effect, as per the Slovenian Business Chamber ten years later in 2023, criticizing the Slovenian economy as uncompetitive (Ma., Al., 2023).

Local actors such as Koper's former mayor Boris Popovič fiercely criticized the abolition of the SEZ, framing it as a politically motivated retaliation against the appointment of Gašpar Gašpar Mišič, then MP, to the leadership of the Port of Koper. Popovič and others argued that the SEZ had the potential to stimulate investment and job creation, but that bureaucratic obstacles prevented it from reaching its full potential (Gleščič, 2013). Among the proposals, Mišič even suggested expanding the SEZ over the entire city of Koper, though these efforts were dismissed by state authorities and economists, such as Jože P. Damijan, as unrealistic. He also questioned the effectiveness of the SEZ, noting that without serious reform and strategic planning, expanding a largely inactive zone would not solve the underlying structural problems (Koražija, 2013). Despite the SEZ's abolition, the Port of Koper has retained its status as a customs-free zone under European law, maintaining certain logistical advantages, while the broader economic SEZ characteristics were abandoned (Gleščič, 2013).

3.3.3 The Osimo Treaty and the Trieste SEZ

In 1975, the Osimo Treaty and various annexes were signed between the Republic of Italy and the Federal Socialist Republic of Yugoslavia. At first, it was thought that it would only confirm what was agreed upon in 1954 with the Memorandum of Understanding of London and resolve certain issues that remained unaddressed. However, the Osimo Treaty left the Italian side, especially the rising right-wing forces in the area, unsatisfied due to certain points, such as not giving back the nationalized property to the *optants* (the Italians who had to choose whether to stay in Yugoslavia or leave), and the plan to build a free industrial zone in the Slovenian Karst area, near the city of Sežana (Škorjanec, 2006). The latter sparked a wave of criticism from the local population, describing how such a free zone, located on top of Trieste, could cause an ecological disaster and economically damage the already fragile economy of Trieste, as many companies would transfer to the zone and exploit the cheaper Yugoslav labor. They were also criticizing the then-leading party, *Democrazia Cristiana* (Christian Democracy), for pushing agreements without proper consultations with the local population and using it as a political tool to maintain control. Moreover, they pointed out how the industrial zone would also threaten the local Slovenian community, potentially leading to massive immigration of Yugoslav workers and altering the region's social and cultural fabric. The zone would be managed by a commission of both Italian and Yugoslav members, which would hamper the regional and local authorities (Ercolessi, n.d.).

After the dismemberment of Yugoslavia, Italy promoted the unfoundedness of the automatic taking over of Slovenia instead of Yugoslavia in their relations, in contrast with the Italian official (simplistic) diplomatic orientation. The argument was that the geopolitical situation that led to the Osimo Treaty with Yugoslavia was a cushion between Italy and its rival Eastern Europe. This was not the case anymore after Slovenia was founded in a completely new geopolitical context. The Vienna Convention on the Law of Treaties from 1969 indeed postulates that the successor country can accept as its own any previous treaty ratified by the predecessor, but it also states that the third country, in this case, Italy, can reconsider it as much as it wants (Vergottini, 1993). The then-Berlusconi government blocked Slovenia's EU membership application due to Slovenia's non-compliance with certain documents that were signed by the then Minister of External Affairs, Lojze Peterle, regarding returning the expropriated possessions to the Italians who left the Slovenian territory. The revision of the Osimo Treaty was also part of the Italian veto on Slovenia's accession to the EU, including the removal of the free industrial zone clause. However, with Romano Prodi becoming the new Italian prime minister in 1996 and the pressure from the US and with Spanish help, Italy lifted the veto, and Slovenia entered the EU accession talks (Cerar, 1996).

The threat of a free industrial zone in the outskirts of Trieste, just behind the border in Yugoslavia, was very serious for the regional Italian population, to the level that Italy entered into a series of diplomatic battles to have it removed, unsuccessfully. However, today, such an industrial zone might not be as competitive as it was at the time of the ratification of the Osimo Treaty. Slovenia and, even more, the rest of Yugoslavia primarily relied on the primary and secondary sectors at that time (Zobavnik, 2016). However, less than a third of the economy today is based on industry (Statista, 2022). This brings us to the more recent developments in Trieste, where an Industrial Free Zone has been established. It was named FREEeste, and it is a cooperation between the company Interporto di Trieste and the Eastern

Adriatic Sea Port System Authority (it. *Autorità di Sistema Portuale del Mare Adriatico Orientale*) that also manages the Port of Trieste. The FREEeste zone has caught the attention of various companies that decided to invest there, including British American Tobacco's 500-million-euro investment in a new production line (euromerci.it, 2021).

3.4 Cultural and social factors

The Slovenian Istria region boasts several positive cultural and social factors, such as its rich cultural heritage with numerous historical sites, museums, and cultural institutions, having been part of the Venetian Republic, then Italy, Yugoslavia, and now Slovenia. It is also home to a strong tradition of community engagement with various local organizations, companies, and institutions actively involved in cultural and social initiatives.

A pressing issue is the lack of physical spaces and housing. Slovenian Istria is grappling with a significant shortage of buildings and spaces for both residential and business purposes. This lack of infrastructure limits the region's ability to develop and fully leverage its potential. The housing crisis is particularly pressing, which is a rather common issue in coastal and generally tourist areas. Many apartments are offered to tourists in the summer and to incoming students for the rest of the year, making it difficult for the local population, especially young families and lower-income residents, to secure suitable accommodation. The housing demand in the region, mixed with an insufficient supply, leads to increased prices, especially in the urban centers (T.K., 2024).

The region, located along the border and easily accessible by the continental part of Slovenia, stands out as an important tourist destination, but due to the high cost of housing and rental prices, it presents a challenge for local residents, leading many workers and tourists to seek accommodation across the nearby borders with Italy and Croatia. The region's borderland nature is also reflected in its linguistic diversity, since alongside Slovenian, the population also speaks Italian, which is also recognized as an official language, and Croatian and English are widely spoken, facilitating communication and contributing to the region's cultural richness (Regionalni razvojni center Koper, 2022).

3.4.1 A bilingual region: The Italian National Community

The presence of the autochthonous Italian National Community (*Comunità nazionale italiana* - CNI) in Slovenian Istria, one of the two officially and constitutionally recognized minorities in Slovenia, is due to the region's long history under Venetian and then Italian rule. The CNI has played a significant role in preserving the Italian language, traditions, and cultural practices, making the region a vibrant example of cultural diversity. The CNI is well-organized, with numerous political and cultural associations, educational institutions, and media outlets that actively promote and maintain the Italian language and heritage.

The region’s unique environment, with both Slovenian and Italian being official languages, offers a unique advantage for Italian companies considering investment in the region. Familiarity with the Italian language and culture among the local population can significantly ease the process of establishing business operations, navigating local regulations, and engaging with the community.

3.5 Government and local development plans

The publicly available document describing the Regional Development Program for 2021-2027 (Regionalni razvojni center Koper, 2022) includes a variety of changes, such as:

i. A thorough digitalization process through more substantial support from the local environment that will cooperate strongly with private businesses.
ii. A better transport connection of the region with a more developed port, road, and railroad infrastructure.
iii. Stronger sustainability efforts, such as investments in renewables and that part of the management of local/regional development (spatial) matters, will be handed over to the local population.
iv. More robust regional support for the internationalization of SMEs and entrepreneurship.

Additional focus areas of the regional development policy include the modernization of academic and research infrastructure, especially by integrating academic institutions such as the University of Primorska and the Science and Research Centre Koper with the entrepreneurial ecosystem. In this context, special attention is given to the creation of conditions for so-called "innovation-friendly environments", especially in regard to logistics, and high-value-added tourism. As a concrete example, the program highlights support for the digitalization of businesses and for the upgrading of entrepreneurial incubators and technology parks as part of the smart specialization strategy (ibid.).

In addition to the above-mentioned priorities, the region has earmarked a total of 10.513.200 euros over the 7-year period from 2021 to 2027 to support the development of a diverse range of sectors. Given the scope and complexity of the region’s structural challenges presented in the document, the financial allocation remains relatively modest and raises concerns about the actual capacity to deliver impactful and long-term transformation (ibid.).

A strategy for strengthening the relations between Slovenia and Italy, for now, aimed mainly at the future development of national communities, is the Italian-Slovenian Fund for the Development of the Economic Base and Social Activities. This fund originates in the London Memorandum of 1954, in which Italy and Yugoslavia committed to promoting the economic development of their respective national groups. In Slovenia, 300 thousand euros per year have been made available since 2017, a figure that will increase to 500 thousand euros from 2025. However, a new bilateral fund is being negotiated that provides for the disbursement of 25 million euros, distributed in 5 million euros per year for five years, by each country in favor of their respective national communities. This financing model, in which Slovenia would support the Italian community in Slovenia and Italy the Slovenian community in Italy, promises to simplify the management of the funds and significantly strengthen the socio-economic dimension of the communities involved (Vrancich, 2024). Such a fund would constitute an important push for the programmed activities showcased in the Regional Development Programme.

4 RESEARCH FRAMEWORK AND METHODOLOGY

This chapter outlines the research framework and methodology adopted to assess the feasibility and potential impact of establishing an SEZ in Slovenian Istria. It first reflects on the conceptual and strategic orientation of the empirical part of the thesis, defining the purpose and specific research objectives that were pursued. The chapter then describes the methodological approach through in-depth interviews with key stakeholders to finally explain in detail the sampling strategy, data collection process, and the methods of analysis applied to interpret the findings.

4.1 A reflection on the thesis direction

Based on the analyzed data, an SEZ in Slovenian Istria could have several benefits by exploiting the region's peculiarities and resolving its pressing challenges. If properly planned, an SEZ could become a starting point for reforms in Slovenia that would remove specific barriers and unproductive bureaucratic technicalities, thus streamlining and accelerating regional development and attracting investments looking for a safe harbor. A mainstream SEZ, usually present in various parts of the world with physical barriers at the entry and zero-tax solutions, would be almost impossible to implement. That is because of significant political resistance, economic risks, and the local population's probable opposition. However, as stated by various Slovenian economists and entrepreneurs, what makes business harder in Slovenia is not necessarily taxes, but rather the impossible and contrasting bureaucratic demands (GZS, 2023).

A traditional SEZ would not solve these fundamental problems encountered in Slovenian Istria and in Slovenia as a whole. In fact, it could even exacerbate the issues at hand, introducing another layer of complexity, such as additional compliance requirements that would lead to an even more fragmented business environment. Another issue analyzed in-depth in Chapter 2 is Slovenia's membership in the EU, an organization with strict rules on state aid, competition law, and customs regulations. The implementation of a traditional SEZ would, therefore, face significant legal challenges and, even if approved, would take years to implement.

Given the priorities of the Regional Development Programme 2021-2027, a solution that strengthens specialization areas already identified in the region is needed. By anchoring the

SEZ in existing economic development strategies, it would benefit from institutional continuity and reinforce long-term regional objectives. Due to the constraints described above, the design of the SEZ in Slovenian Istria must diverge from the conventional model and focus on a Sophia Antipolis-like zone, by adding also the SEZ status, creating thus an R&D SEZ. An empirical analysis is now essential to uncover the region's structural challenges and to design a context-specific SEZ model. This analysis should enable the integration of successful policy elements from other regions, while ensuring that the resulting framework is tailored to the distinctive socio-economic, legal, and institutional realities of Slovenian Istria.

4.2 Research purpose and goals

The purpose of this empirical component of the thesis is to critically examine the structural barriers, institutional inefficiencies, and innovation gaps that hinder regional development. The aim is to understand if an R&D SEZ is feasible and, if so, how to design such an SEZ. While international best practices offer valuable reference points, the success of an SEZ in the Slovenian Istria context depends on its alignment with the region's unique characteristics. The empirical investigation seeks to provide a deeper understanding of these characteristics, especially those uncovering important specificities unavailable in the literature, given the small size of the region and the almost nonexistent literature on the creation of such a zone on its territory.

Breaking down the research goals, the list will help design the right empirical method, presented in the next subchapter:

i. To identify and analyze the key institutional, regulatory, and administrative barriers to innovation-driven growth in the Slovenian Istria
ii. To assess the current capacity and readiness of the region's stakeholders
iii. To evaluate the perceived effectiveness and shortcomings of existing development instruments and regional support mechanisms
iv. To collect stakeholder perspectives on potential features and governance models for a locally adapted R&D SEZ
v. To formulate a practical "SEZ feasibility framework" with policy recommendations and design parameters

The method for the empirical approach in this thesis can be drawn from the nature of the research questions, which seek to understand the institutional and legal frameworks, the willingness of stakeholders to push for an SEZ, as well as the effect that such a policy would have on the territory. Given the exploratory and interpretative character of the research questions, a qualitative method was deemed the most suitable. In-depth interviews are an approach that enables the capture of nuanced perspectives and tacit knowledge that are often inaccessible through quantitative approaches. Such a method is also in line with the aim of identifying local barriers and opportunities for SEZ implementation. The research questions are more directly engaged and unpacked in the analytical chapters that follow.

4.3 Method of primary data collection: in-depth interviews

Interviews as a qualitative research method enable the collection of rich, in-depth, and subjective insights through dialogues. They are rooted in interpretivist epistemology, allowing the researcher to access participants' lived experiences and interpreted understandings of the discussed topics. In this study, semi-structured interviews were chosen to include both guided questions and emergent themes. Since the topic of SEZs in the region is almost nonexistent, this research partly adopts a constructivist epistemology, viewing knowledge as co-produced through the interaction between the interviewer and the interviewee. In-depth interviews were therefore employed both as a means of data collection, as well as dialogues through which emerged distinctive contextual understandings of SEZs, further deepened by relevant interviewer's questions.

Primary data has been collected through 10 semi-structured in-depth interviews that were conducted in person across the region of Slovenian Istria and in Ljubljana between January 13, 2025, and February 8, 2025. Participants were selected through purposive sampling to ensure the inclusion of a wider coverage of stakeholders relevant to the SEZ project, many of whom were mentioned throughout the literature overview. These include business owners, policymakers, legal experts, and representatives of relevant institutions. Some participants were suggested and connected with by other interviewees. Interviews lasted between 45 and 90 minutes, were recorded with written consent, and later transcribed for thematic coding.

Ethical considerations were acknowledged and were the backbone of the methodological part of the work. Each participant received the information sheet with the confidentiality acknowledgments and a brief description of the interview procedure and how the information provided will be processed and used. Maintaining participants' unidentifiability is important in order to get the most unfiltered responses from them, which enriched the present work. Later, it was of utmost importance to include insightful data without indirectly disclosing their identity, given the extremely limited number of stakeholders with that particular knowledge.

Like every research method, in-depth interviews also hold certain limitations. Given the small sample size, the research may have a limited number of views on the topics, which the interviewer tried to limit, and noticed a certain degree of data saturation for certain thematic areas. Interviews also hold the limitation of being biased, since through them the researcher gains subjective opinions that they transform into presentable data. These limitations were considered when writing the findings section and the conclusions.

4.4 Sample description

Table 3 below represents the interviewed sample, including the professional profile, the area of expertise, and the location of each of the interviewees. All relevant stakeholders were first identified as a basis for selecting interviewees, following a participatory approach. The selection focused on four key areas of analysis where additional insights were required, as identified in the theoretical section of the thesis. More data cannot be provided; otherwise, given the small number of relevant actors, the identities could be inadvertently revealed.

Table 3: Structure of the sample characteristics of the interviews

INTERVIEWEE NR.	PROFESSIONAL PROFILE	AREA OF EXPERTISE	LOCATION
1	Director	Entrepreneurship and investment in the region	Slovenian Istria
2	Business owner	Logistics, port, taxes, legislation, SEZ	Slovenian Istria
3	Director & business owner	Regional development, investments, bureaucracy, SEZ	Slovenian Istria
4	Former legislator & consultant	Logistics, finance, entrepreneurship, SEZ	Slovenian Istria
5	Entrepreneur	Entrepreneurship, regional state of business	Slovenian Istria
6	Director & former entrepreneur	Slovenian & EU legislation, business in Slovenia, investments, bureaucracy, SEZ	Ljubljana
7	Legislator	Slovenian legislation, taxes, investments, bureaucracy, SEZ	Ljubljana
8	Legislator	Regional and national policies, culture, Italian community	Slovenian Istria & Ljubljana
9	Entrepreneur	Entrepreneurship, regional state of business, Italian community	Slovenian Istria
10	Secretary & board member	Regional development & Italian community	Slovenian Istria

Source: Own work

4.5 Methods of data analysis

Each interviewed person was contacted through phone or email, and a set of thematic areas to discuss, relevant to their profile, was proposed. Based on their profile and knowledge, a series of semi-structured questions connected to the thesis research questions were delineated and asked of the interviewed person. The interviews were conducted in Slovenian or Italian, then transcribed using an AI API extension found on Github integrated into Python via Google Colab, restructured into a presentable format, and subsequently, the relevant quotes were translated into English with the help of ChatGPT-4o.

The relevant quotes were included in the thematic analysis, which is a methodology that involves six phases, as outlined by Braun and Clarke (2006): familiarization with the data, generation of initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. The interviews generally had a predetermined coding frame, but the researcher allowed for themes to emerge organically from the narratives and subsequently connected them to the relevant questions prepared in the interview guide.

The transcribed content was initially coded line-by-line and then grouped under broader themes corresponding to the four core areas of inquiry: (1) Legal and economic frameworks, (2) Business and innovation ecosystems, (3) Socio-cultural factors, and (4) Regional development strategies and policy recommendations. These themes were reflected in recurring patterns in stakeholders' discourse, indicating shared institutional, economic, and cultural logic. These thematic categories formed the structure for Chapter 5, where they are used to interpret the interview data. The use of ChatGPT-4o and DeepL facilitated the translation and synthesis of quotes, ensuring consistency in the terminology and preserving the semantic nuances of the original responses.

4.6 Statement on the use of AI

Throughout the thesis preparation, artificial intelligence (AI) tools were used to assist in various capacities, except in the actual writing process. Grammarly was used to enhance and check grammar and improve sentence clarity. Additionally, AI, specifically ChatGPT, supports brainstorming, strengthening arguments, and sourcing relevant literature. During interviews, speech-to-text technologies and an API extension sourced from GitHub and integrated into Python libraries via Google Colab facilitated transcription and analysis tailored to the language of each interviewee. Moreover, to increase the quality and speed of the interview quotes' translations, they were done with DeepL and ChatGPT.

5 ANALYSIS AND FINDINGS

This chapter focuses on the presentation of the results of the empirical research through in-depth interviews. All the outcomes will be presented based on four relevant thematic areas that will help understand the factors and processes behind the possible development of an SEZ in the Slovenian Istria region: legal and economic frameworks, business and innovation ecosystems, socio-cultural factors, and regional development strategies and policy recommendations. Each thematic area will be visually summarized to offer a clearer understanding of the main insights pointed out by the interviewees, thereby facilitating their integration into the work of relevant stakeholders**.**

5.1 Legal and economic frameworks

The first set of questions in the interviews focused on the general legal and economic conditions affecting business operations in Slovenian Istria. All of them had a generally negative view of the situation in the region, finding it unattractive due to all the bureaucratic and financial drawbacks encountered.

All interviewees openly discussed the impact of legal and economic frameworks on their business activities. Most respondents emphasized that bureaucratic inefficiencies and high taxation were the primary obstacles to business growth. Six out of ten interviewees specifically pointed out the slow administrative procedures as a major issue. One of them described their experience as follows:

"*The biggest problem is not competence, but responsiveness. Each delay accumulates exponentially, and processes that should take a few weeks can end up taking months*." (Interviewee 5)

Another respondent highlighted the issue of excessive taxation, stating:

"*Slovenia has one of the highest tax burdens in Europe. In contrast, Croatia lowered its corporate tax to 10% for businesses with profits under one million euros, making it much more competitive*." (Interviewee 4)

Several interviewees emphasized that the high cost of labor in Slovenia is one of the main reasons businesses and skilled workers relocate to other countries. They stated that Slovenia has one of the highest effective tax burdens on wages in Europe, making it significantly less attractive for both employers and employees compared to neighboring countries. One interviewee with first-hand experience explained that employers end up paying nearly double the net salary of an employee, which is unsustainable for companies trying to compete in international markets.

On the other hand, two interviewees emphasized the unpredictability of economic policies as a key issue, particularly the frequent regulatory changes with each new government cycle. One explained:

"*Every four years, the rules change. This creates uncertainty for businesses and discourages foreign investment*." (Interviewee 6)

Some interviewees stated that even during each four-year government period, laws often change. Two recent laws were mentioned by several interviewees. The first one is regarding the closure of all bank accounts for non-residents in Slovenia, and the second one is regarding the need to mark one's office time, leading millions of euros worth of companies abroad.

Regarding the closure of bank accounts:

Foreign companies, particularly those owned by Italians, have experienced abrupt closures of their transaction accounts under the pretext of preventing money laundering. This practice, seen in 2022–2023, has created instability for foreign businesses. (Interviewee 2)

"The cause was a series of irregularities discovered by Slovenian authorities, which led to stricter regulations. Unfortunately, in Slovenia, when a single violation is found, a general law is introduced that affects everyone, rather than targeting those who committed the infraction." (Interviewee 8)

The point of Interviewee 8 is also mentioned by other stakeholders, mentioning that Slovenia is a young democracy and wants to do good, but in doing so, it often causes more trouble with its more than 20,000 laws, as one interviewee stated.

"Many foreign companies, particularly in high-value industries, have chosen to relocate to other countries due to excessive administrative burdens, including mandatory office time tracking. This policy has made Slovenia less attractive for businesses that rely on flexible work environments." (Interviewee 5)

As another interviewee stated, several multinational corporations with offices in Slovenia have increasingly relocated, often moving to Zagreb, Croatia. This shift occurs because the director of a company's Slovenian office is typically responsible for overseeing multiple offices across the region, making strict time-tracking requirements impossible. As a result, many companies have closed their headquarters in Slovenia, leaving only sales offices. As Interviewee 6 explained, this has led to a significant loss of knowledge transfer, further weakening Slovenia's business ecosystem. This phenomenon is visible in Slovenian Istria, especially with the loss of Italian companies in the region that moved mainly to Croatia and found a better business ecosystem.

Later, seven (out of ten) interviewees knowledgeable about the topic were asked about the feasibility of establishing a SEZ in the region. They were asked about the key challenges an SEZ would face, including taxation, administrative processes, government policies, and economic incentives with relevant EU competitiveness regulations.

Several interviewees first discussed the abolishment of Koper's free economic zone in 2013, stating that it negatively impacted the region's competitiveness. One respondent described it as follows:

"*Koper's economic zone was abolished due to political reasons rather than economic rationale. Meanwhile, Trieste managed to preserve and expand its free trade zone, putting us at a disadvantage."* (Interviewee 2)

Another interviewee similarly explained that it wasn't an economic decision, but rather a personal one, involving the former Minister of Infrastructure Alenka Bratušek and her disagreements with her former secretary and then appointed director of the Port of Koper, Gašpar Gašpar Mišić. A few interviewees proposed potential solutions for a new SEZ, including tax incentives and reduced bureaucratic hurdles, to attract new businesses. One interviewee suggested:

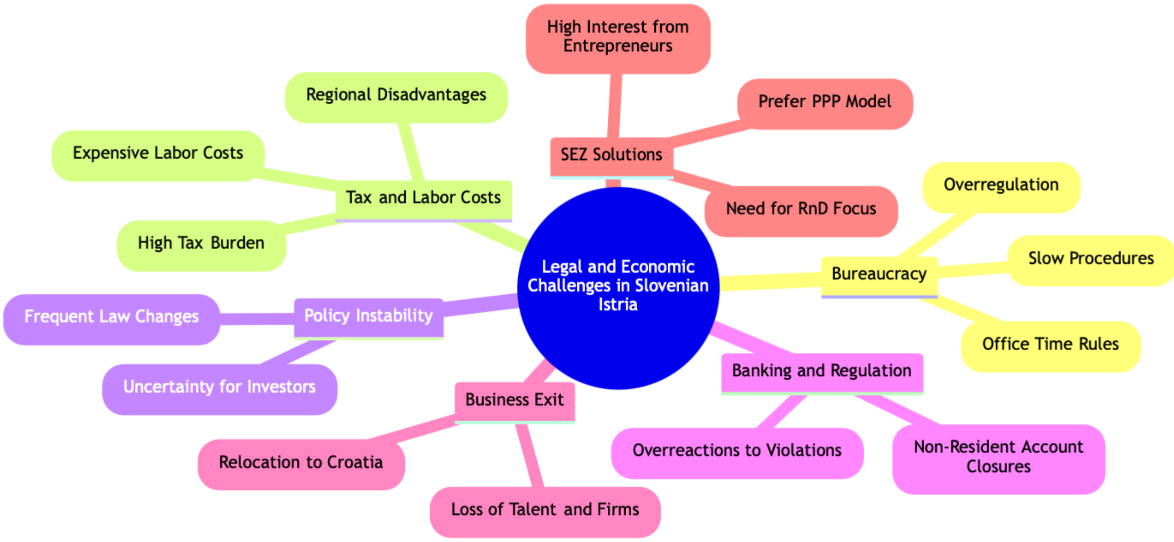
"*Instead of competing directly with Trieste, Slovenian Istria should establish an R&D-driven economic zone that would focus on research and innovation, rather than on tax incentives that might be difficult to approve under EU regulations. We are working on it, and soon we will be in touch with the Government to discuss the purchase of the land where this SEZ would be created.*" (Interviewee 3)

This is an important revelation because there is not one source mentioning that there are existing plans to establish a new SEZ. This means that there are plans in development also behind the scenes, and another interviewee stated that they know about said plan and were asked their opinion on the matter. The entrepreneurs asked about SEZs and stated they are wary of such state-led projects, so they believe an SEZ would definitely work as a public-private partnership or as a wholly privately owned project. As an example, they mentioned H-Farm – an innovation hub, private university, and incubator in the Veneto region in Italy.

When asked about the risk for entrepreneurs if an SEZ should be established, Interviewee 9 stated that *"/t/he bigger risk is not doing a Special Economic Zone at all"* and that "*I'd be among the first to move my startup there—it would help us grow. Right now, with €3,000 gross monthly costs, we can barely offer a decent net salary. In Malta, you'd need much less for the same net outcome."*

Overall, the interviews revealed a strong consensus on the need for regulatory reforms, tax reductions, and strategic investments in infrastructure to improve the business climate in Slovenian Istria. A visual summary is provided by Figure 3. The following sections will further explore the role of business ecosystems, socio-cultural factors, and regional development strategies in shaping the future of economic growth in the region.

Figure 3: Visualization of key interview insights on legal and economic frameworks



Source: Own work

5.2 Business and innovation ecosystems

The second set of interview questions focused on the business and innovation environment in Slovenian Istria, exploring the challenges faced by entrepreneurs and the region's potential for economic diversification. The interviewees were asked about existing business sectors, infrastructural limitations, opportunities for innovation, and the role of research and development.

All respondents highlighted significant infrastructural weaknesses in the local business ecosystem, including high rental prices, inadequate office space, and the lack of non-profit housing, all of which create substantial barriers for businesses, employees, and young professionals seeking to establish themselves in the region. For the latter, a major structural issue is non-profit housing with a lack of a continuous reassessment process for tenants. As one interviewee explained:

"*In theory, non-profit housing is meant for those who cannot afford market prices, but in reality, there is no system in place to check whether residents still need subsidized housing after a few years. Some people continue to live in low-rent apartments even when their financial situation improves.*" (Interviewee 8)

They explained that this phenomenon creates a bottleneck where those in genuine need are left without access to affordable housing, and they are forced to live with their parents, wait to inherit apartments from family members, or move elsewhere, causing brain drain.

A common theme across multiple interviews was the absence of suitable office spaces for startups and businesses in technology, professional services, and research. Most available commercial real estate is focused on logistics and tourism, making it difficult for knowledge-based companies to establish themselves in the region. Two interviewees explained:

"There simply aren't enough modern office spaces for companies that operate outside logistics. If you're in IT, consulting, or biotech, you have very few options. The available spaces are either too expensive or completely unsuitable." (Interviewee 5)

"We need well-designed offices - spacious, full of light, adaptable. For tech development, it's not about 8 people in 20 square meters; it's about creativity and comfort. There are no places to work or produce. And when they exist, demand is so high and prices so absurd that it's practically impossible to operate." (Interviewee 9)

Moreover, interviewees 5 and 9 stated that there is practically no government or political activity that could help the development of this area and that the state is almost absent, focusing mostly on the idea stage of entrepreneurship. The few available programs are insufficient, with Interviewee 9 stating: *"Together, you can get maybe €15,000–20,000. That's better than nothing, but in a high-tech company, with skilled people, you burn through that in a few weeks."*

Several interviewees identified that Slovenian Istria's economy remains heavily reliant on logistics, tourism, and agriculture, with limited diversification into high-tech or knowledge-based industries. One respondent expressed frustration at the lack of a long-term vision for economic development:

"*We have a perfect geographical location, yet we are still stuck in an outdated economic model. Instead of embracing new industries, we keep rejecting foreign investment projects due to political fighting, which results in lost opportunities*." (Interviewee 4)

Although tourism is an important economic driver, some interviewees noted that it is seasonal and highly volatile, making it unsustainable as a strong pillar of economic growth. One respondent explained:

"*We've already seen how fragile the tourism industry is – one crisis and the whole sector collapses. We need to develop a more stable economic foundation that doesn't depend on seasonal visitors.*" (Interviewee 8)

A key issue raised by some respondents was the absence of research institutions and innovation hubs in Slovenian Istria and Slovenia as a whole. Companies requiring R&D support, testing facilities, or collaboration with universities often have no choice but to relocate to Ljubljana or other regions. One interviewee highlighted this limitation:

"*We do not have laboratories where companies can develop and test new materials. Everything must be done in Ljubljana, which means we lose potential startups and talent to the capital*." (Interviewee 5)

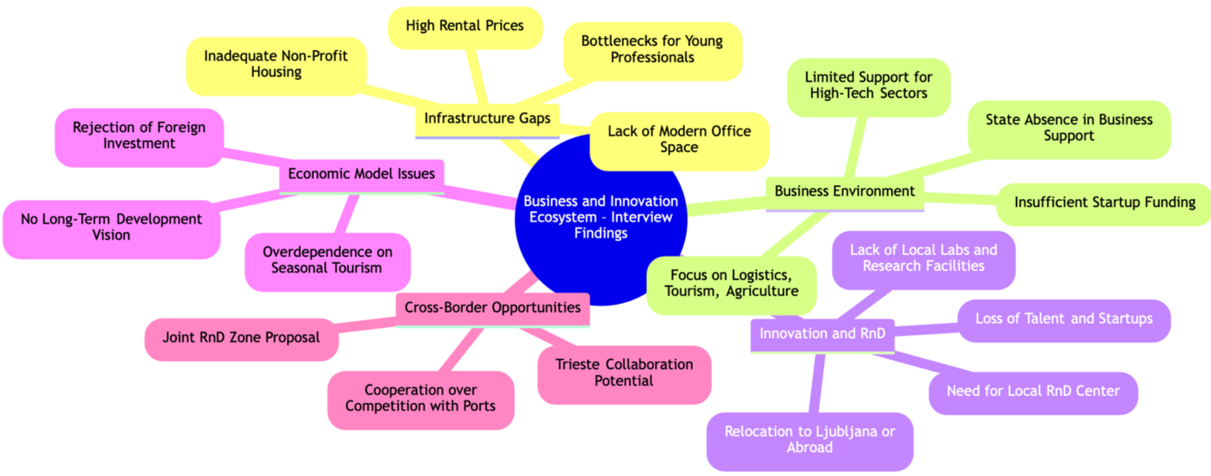
Several respondents said that establishing an R&D center in Slovenian Istria could increase local business opportunities and attract higher-value investments.

Given the proximity of Trieste, a city with a well-established research and innovation ecosystem, some interviewees suggested that Slovenian Istria should leverage cross-border collaboration rather than compete. One respondent argued:

"*Instead of competing with Trieste, we should develop a joint cross-border economic zone focused on research and development. This would benefit both sides, allowing companies to operate between the two regions seamlessly*." (Interviewee 8)

Another interviewee ridiculed the idea that the Port of Koper is in competition with the one in Rijeka and highlighted research done by the University Ca' Foscari in Venice stating that the ports of Trieste, Koper, and Rijeka could have a double turnover of containers per year in 10 years if they started to cooperate and develop their existing infrastructure.

Figure 4: Visualization of key interview insights on business and innovation ecosystem



Source: Own work

5.3 Socio-cultural factors

The third set of interview questions focused on the socio-cultural environment in Slovenian Istria and how it influences economic development, business dynamics, and workforce retention. Interviewees were asked about societal attitudes toward entrepreneurship, talent migration, cultural identity, and local resistance to economic change.

Many respondents noted that deep-rooted skepticism toward business and private enterprise remains a significant obstacle to economic growth in the region. Several interviewees emphasized that negative perceptions of entrepreneurs and capital discourage investment and innovation.

A recurring theme among interviewees was that Slovenia's general mindset toward entrepreneurship is not supportive. Many respondents argued that business owners and investors are often perceived negatively, leading to an environment that discourages new business ventures. One interviewee explained:

"Entrepreneurs are often seen as exploitative rather than as contributors to economic growth. The idea that business success must come at the expense of others is deeply ingrained in the collective mindset, which makes it difficult to promote a healthy entrepreneurial culture." (Interviewee 6)

This attitude extends beyond general skepticism and is reflected in public policy decisions, with one respondent stating:

"Instead of making it easier for companies to operate, the government often imposes new bureaucratic barriers, reinforcing the perception that businesses are a problem rather than a solution." (Interviewee 5)

The region also faces a significant talent drain, as many young professionals leave for Ljubljana or abroad in search of better job opportunities and more favorable working conditions. One interviewee noted:

"There are no strong incentives for young professionals to stay here. If you're highly skilled and ambitious, you're almost expected to leave because there simply aren't enough opportunities in Istria." (Interviewee 3)

As discussed earlier in subchapter 5.2, several respondents emphasized that high housing costs and limited career prospects further exacerbate the issue, and without incentives for young professionals, they will continue to leave.

In addition to talent migration, some interviewees pointed out that local resistance to change often slows down economic progress. While some communities welcome investment, others view new projects with suspicion or outright opposition. One respondent shared an example:

"When new business initiatives or infrastructure projects are proposed, there's often immediate backlash. People worry that development will ruin the environment or change the traditional character of the region, even when the projects are designed to be sustainable." (Interviewee 4)

Another interviewee highlighted how this reluctance to embrace change impacts decision-making:

"There's a strong cultural attachment to the way things have always been done. While that's understandable, it often leads to missed opportunities. Other regions, including Trieste, have found ways to modernize while preserving their identity, but we are still struggling with that balance." (Interviewee 8)

Several interviewees pointed out that Slovenian Istria's unique cultural identity could be leveraged more effectively for economic benefits, particularly in tourism and gastronomy. One respondent stated:

"We have a strong tradition of olive oil, wine production, and coastal tourism, but we haven't fully capitalized on it in a way that adds real economic value. Other regions with similar characteristics have done much more to promote their cultural assets." (Interviewee 5)

Another interviewee suggested that cultural heritage should be integrated into broader economic planning, rather than being treated as a separate sector:

"Instead of seeing culture and business as two opposing forces, we should look at how they can complement each other. Tourism, food production, and even creative industries can all benefit from a stronger connection to our cultural identity." (Interviewee 3)

When it comes to the Italian community, one interviewee emphasized the importance of the Italian language for business and trade, particularly given the region's geographical and historical ties to Italy:

"Many people here speak Italian, and there is a natural business connection with Italy, yet we are not using this to our advantage. In Trieste, you see strong institutional support for bilingualism in business, whereas here it feels like an afterthought." (Interviewee 8)

"People here know Italian very well, and this allows them to penetrate the Italian and Croatian markets with ease. This is a huge business advantage that we are not exploiting enough." (Interviewee 9)

Another respondent highlighted that many Italian businesses and investors view Slovenian Istria as a potential economic partner, but local policies do not always facilitate cross-border business integration:

"Italian businesses could bring significant investment, particularly in tourism, gastronomy, and cultural projects. However, administrative barriers and a lack of structured cooperation prevent these opportunities from being fully realized." (Interviewee 6)

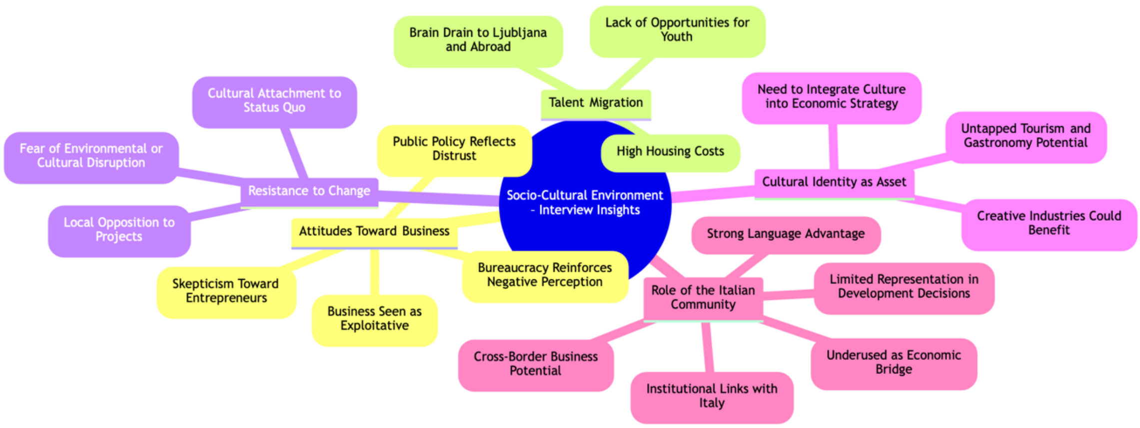
Several interviewees also pointed out that the Italian minority could play a greater role in promoting Slovenian Istria internationally, particularly through its connections with institutions and organizations in Italy. One respondent noted:

"We should be using our Italian community as a bridge to expand our market reach. There is potential to create stronger partnerships with businesses and cultural institutions in Italy, but this requires a more proactive approach." (Interviewee 3)

Additionally, the cultural and historical ties between Slovenian Istria and Italy could be leveraged to develop boutique tourism experiences, heritage initiatives, and educational exchanges, further enriching the region's economic and social landscape. Despite the community's historical presence and contributions, some interviewees noted that the Italian minority still faces challenges in terms of representation and economic participation. One respondent pointed out:

"There is often a feeling that the Italian community is sidelined when it comes to decision-making in regional development. This is a mistake because they bring valuable cultural and economic perspectives that could benefit everyone." (Interviewee 5)

Figure 5: Visualization of key interview insights on socio-cultural factors



Source: Own work

5.4 Regional development strategies and policy recommendations

The final set of interview questions focused on regional development strategies and potential policy recommendations to enhance economic growth in Slovenian Istria. Interviewees were asked about policy changes, investment priorities, infrastructure improvements, and economic models that could better position the region for long-term development.

Most respondents highlighted the need for strategic, long-term planning rather than short-term political decision-making, which has historically slowed down economic progress in the region. Additionally, many interviewees emphasized that Slovenian Istria should leverage its geographical position, cross-border ties, and cultural assets more effectively to create a sustainable and competitive economy.

A key issue raised by interviewees was the lack of a consistent, long-term development strategy in Slovenian Istria. One respondent pointed out that economic policies shift with every new government, making it difficult to implement meaningful reforms:

"Every administration comes in with a new vision, but there is no continuity. We need a 20-year plan for the region that focuses on infrastructure, industry, and innovation—something that doesn't change every four years." (Interviewee 4)

Another respondent emphasized that regional policies should be less politically motivated and more data-driven, ensuring that investments are directed toward high-value industries and sustainable growth rather than temporary projects driven by political cycles.

Several interviewees emphasized that infrastructure limitations are one of the biggest obstacles to economic development. This includes transportation, office space, research facilities, and housing. One respondent explained:

"Without major investments in logistics and connectivity, Slovenian Istria will continue to lose business to Trieste. The second rail track should have been completed years ago—without it, we are limiting our own growth." (Interviewee 5)

Another interviewee added that more should be done to ensure that business infrastructure aligns with modern industry needs:

"We need a high-tech business park or an innovation hub in the region. Right now, startups have nowhere to grow locally, so they leave. That's a huge loss." (Interviewee 6)

Several respondents suggested that Slovenian Istria should focus on cross-border economic partnerships, particularly in collaboration with Trieste. One interviewee proposed:

"Instead of trying to compete with Trieste, we should be working together. A joint economic zone with special incentives for businesses operating in both regions could be a game changer." (Interviewee 8)

Interviewee 10, a member of the much-criticized Regional Development Council stated:

"The problem is exactly this: everything is based on large-scale tenders organized by the state, which channel money to different regions. Municipalities only write project proposals based on what is eligible under those national schemes."

This points to a systemic lack of flexibility that prevents municipalities from pursuing projects tailored to local entrepreneurial needs. Interviewee 10 also stated that the Committee mainly has a façade function, since they meet twice a year at most, once to approve the yearly plan and once to close the financial year.

"The Regional Development Council meets twice a year […] It's supposed to be a body for long-term strategy, but in practice, everything remains very general."

They also criticized the misaligned development priorities, stating that *"/i/n the end, everything revolves around upgrading sewage systems, drainage, and bike lanes. Entrepreneurial development comes second."* However, they also stated that *"If municipalities want to prepare areas with industrial buildings, etc., the costs are exorbitant—and these are reflected in extremely high rents for entrepreneurs."*

Another major theme raised by interviewees was the underutilization of the region's cultural and natural assets as drivers of economic growth. While tourism remains an important sector, many respondents noted that the focus should shift toward sustainable and high-value tourism models rather than mass tourism.

One respondent stated:

"We need to move away from low-cost, high-volume tourism and instead develop a strategy focused on quality experiences—wine tourism, cultural heritage, and high-end hospitality. Right now, we are not capitalizing on what makes this region unique." (Interviewee 3)

Another interviewee highlighted the importance of integrating cultural and historical ties with Italy into the region's economic planning:

"We have a strong Italian influence, but we are not doing enough to promote it as an economic advantage. The Italian community should play a bigger role in shaping our tourism and cultural industries." (Interviewee 5)

A recurring theme in the interviews was the discussion around regionalization in Slovenia, particularly the proposal for greater administrative regional autonomy. Several interviewees emphasized that Slovenian Istria lacks decision-making power, as it is currently only a statistical region rather than an autonomous administrative entity, and the municipalities are too small to take meaningful, big decisions.

One interviewee explained:

"We should be treating the coast as a single city, a single province, a single region. Koper without the other coastal municipalities is nothing. The four coastal municipalities must work as a united administrative unit to fully leverage the region's economic and geographic potential." (Interviewee 8)

Many respondents believe that granting greater autonomy to Slovenian Istria could lead to more efficient governance and improved development policies. One interviewee argued that local economic priorities are often overlooked in national decision-making, making it difficult for the region to implement long-term development strategies:

"Currently, Slovenian Istria is administratively tied to areas that do not share the same economic and geographical characteristics. A regional government with greater autonomy could focus on the specific needs of the coastal economy, rather than being treated as just another statistical region." (Interviewee 8)

Another interviewee emphasized the potential for regionalization to strengthen economic cooperation with Italy, particularly in terms of cross-border business and tourism development:

"The Italian regions bordering Slovenia, such as Friuli-Venezia Giulia, enjoy far greater administrative flexibility. Slovenian Istria could benefit from a similar model, where decisions on infrastructure, investment, and tourism development are made locally rather than dictated from Ljubljana." (Interviewee 7)

Interviewee 7 added that Slovenia must create regions as administrative units, since this is also dictated by the Constitution. However, even though there is a lot of talk about decentralization, there are no actual solutions. A region can work well only if it respects three key pillars: 1. A good proposal for regionalization with a clear vision and concrete plans, 2. the support of the State that is ready to give some of its power to the regions, and 3. the support of municipalities that are ready to give some of their powers to the regions.

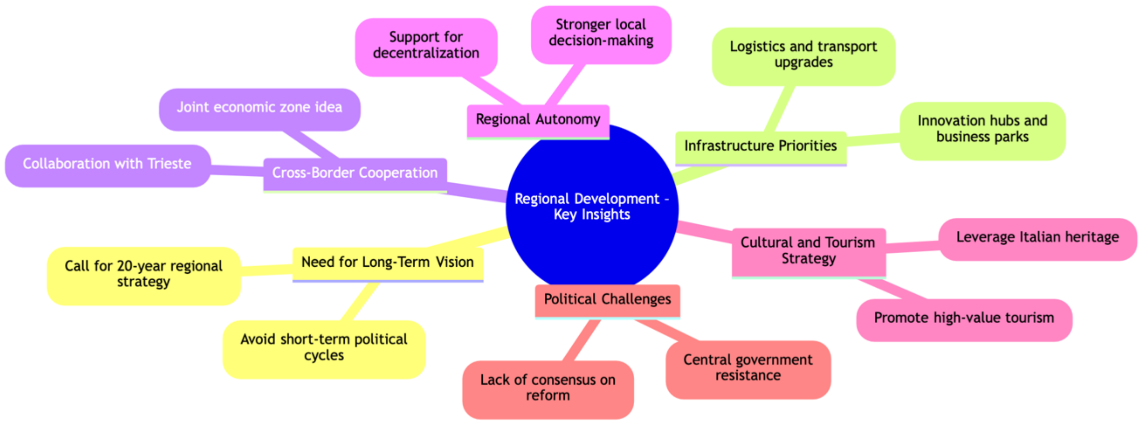
Despite the economic and administrative advantages of regionalization, interviewees acknowledged significant political obstacles. One respondent highlighted the reluctance of the national government to decentralize power, fearing that regional autonomy could weaken centralized control:

"Shifting competencies from the state to regional governments is always met with resistance, as it redistributes both power and financial resources. Many politicians prefer the current structure because it allows greater central oversight." (Interviewee 8)

Another challenge is the polarization of Slovenian politics, which makes it difficult to build consensus around regional reform. One respondent suggested that any successful push for regionalization would require broad political support from centrist parties:

"If a stable, moderate government emerges—one that avoids ideological extremes—there could be an opportunity to implement regional reforms. However, with the current political climate, reaching such a compromise is difficult." (Interviewee 8)

Figure 6: Visualization of key interview insights on regional development strategies and policy recommendations



Source: Own work

6 DISCUSSION AND "SEZ FEASIBILITY FRAMEWORK"

This chapter will include a comprehensive discussion of the findings from the previous chapter, with a particular focus on addressing the research questions posed at the outset of the thesis. The discussion will critically analyze the results in relation to the theoretical framework in the first part of the thesis. The second section of this chapter will explore the practical implications of the findings, outlining an "SEZ feasibility framework" showcasing real-world applications, industry practices, or policy considerations, emphasizing how the results contribute to the field and provide actionable recommendations. In the last part of the chapter, the limitations of the study will be acknowledged, discussing any constraints that may have influenced the findings, such as methodological challenges, data limitations, or other restrictions. Additionally, suggestions for future research will be proposed, identifying areas that demand further investigation to build upon the present study's contributions and address any unanswered questions.

6.1 Summary of the findings

This section discusses the findings and at the same time answers the research questions posed at the beginning of the thesis. The answers to the research questions pose the basis for the discussion on the feasibility framework, which includes a step-by-step proposal plan in subchapter 6.2. Let's first tackle the questions one by one:

1. How does the Slovenian Istria region's unique blend of cultural, economic, and strategic factors position it as a candidate for an SEZ?

The findings suggest that Slovenian Istria is a compelling candidate for the establishment of an SEZ due to a distinctive combination of cultural, economic, and strategic factors. The region possesses a rich cultural heritage, but its appeal as an SEZ candidate is primarily driven by its strong transportation infrastructure, strategic geographical position in the northern Adriatic, and its dynamic tourism and logistics sectors. The Port of Koper serves as a cornerstone of regional economic activity thanks to its established role in international trade and connectivity to the most important Central European markets. Moreover, ongoing infrastructure projects such as the second railway track linking Koper to Divača will further enhance the region's logistical capabilities and market accessibility.

2. What criteria should be used to select the most appropriate SEZ model for enhancing Slovenian Istria's economic landscape?

Based on the analyzed data in the theoretical part, an SEZ in Slovenian Istria could have several benefits by exploiting the region's peculiarities and resolving its pressing challenges. If properly planned, an SEZ could become a starting point for reforms in Slovenia that would remove specific barriers and unproductive bureaucratic technicalities, thus streamlining and accelerating regional development and attracting investments looking for a safe harbor. A mainstream SEZ, usually present in various parts of the world with physical barriers at the entry and zero-tax solutions, would be almost impossible to implement. That is because of significant political resistance, economic risks, and the local population's probable opposition. However, as stated by various Slovenian economists and entrepreneurs, what makes business harder in Slovenia is not necessarily taxes, but rather the impossible and contradictory bureaucratic demands.

A traditional SEZ would not solve these fundamental problems encountered in Slovenian Istria and in Slovenia as a whole. In fact, it could even exacerbate the issues at hand, introducing another layer of complexity, such as additional compliance requirements that would lead to an even more fragmented business environment. Another issue analyzed in-depth in Chapter 2 is Slovenia's membership in the EU, an organization with strict rules on state aid, competition law, and customs regulations. The implementation of a traditional SEZ would, therefore, face significant legal challenges and, even if approved, would take years to implement.

Given the priorities of the Regional Development Programme 2021-2027, a solution that strengthens specialization areas already identified in the region is needed. By anchoring the SEZ in existing economic development strategies, it would benefit from institutional continuity and reinforce long-term regional objectives. Due to the constraints described above, the design of the SEZ in Slovenian Istria must diverge from the conventional model and focus on a Sophia Antipolis-like zone, by adding also the SEZ status, creating thus an R&D SEZ.

3. How do recent changes in Slovenia's and EU's legislative environment affect the prospects for SEZ implementation?

Recent legislative changes in Slovenia and at the EU have created a more flexible framework for SEZ implementation, paired with international treaties such as the Osimo Treaty, allowing for an SEZ in the region. The amendments to legislative changes allow for more generous public support measures while ensuring compliance with the EU competition rules, but while these changes open up new possibilities, they also impose strict conditions on the design of any SEZ. It is clear from the analysis that a “zero-tax” or conventional SEZ model would face insurmountable legal hurdles, posing the way to a more nuanced approach that combines modest fiscal benefits in the R&D area with enhanced administrative efficiency and robust infrastructure investment, which appears more promising.

4. How can the SEZ influence the Italian community and their economic opportunities, cultural preservation, and integration within the broader community?

An SEZ can significantly benefit the Italian community in Slovenian Istria by enhancing economic opportunities, inclusion of its financial funds in the broader SEZ offering, which would attract Italian companies, research teams, and academic institutions, creating new job opportunities for Italian professionals. Simultaneously, they would participate in dedicated cultural initiatives and community engagement programs that safeguard traditions, promote bilingualism, and strengthen identity. This way, facilitating the exchange of expertise and cultural values, economic growth is accompanied by social cohesion and a renewed commitment to preserving the Italian community’s rich heritage overall.

5. How can the geographical and infrastructural advantages of Slovenian Istria be effectively integrated into the SEZ strategy to maximize benefits?

Slovenian Istria’s geographical and infrastructural advantages are critical components of its SEZ strategy, mainly leveraging the region’s proximity to key European markets, combined with its important port and planned transport enhancements, all of which position it uniquely to serve as a hub for international trade, high-value service industries, and tourism. Integrating these strengths into the SEZ strategy involves leveraging the port’s capabilities to support logistics sciences and academic institutions to support research, while at the same time fostering a business environment that encourages innovation through modern office spaces and technology hubs. This focus on innovation could create significant spillover effects, boosting both local and national economies.

6. What roles do technological innovation, workforce education, and port connectivity play in the anticipated success of an SEZ in this region?

Technological innovation and workforce education emerge as pivotal factors for the SEZ’s success, since the empirical data underscores the necessity for targeted investments in the currently poorly financed R&D and education to bridge the gap between the region’s current output and its unrealized potential. By establishing partnerships with local universities and research centers, such as the University of Primorska, the SEZ could build an ecosystem where technology-driven businesses thrive.

7. What are the projected economic impacts of establishing an SEZ on both the local and national economies of Slovenia?

The projected economic impacts of an SEZ are substantial, starting at the local level with the SEZ expected to create high-quality jobs and stimulate new business formation, but on an indirect level to generate spillover benefits for small and medium enterprises through improved access to infrastructure and technology. On a national scale, a successful SEZ in Slovenian Istria could serve as a sandbox that would catalyze broader regulatory reforms, enhance Slovenia's international competitiveness, and contribute to a more diversified and resilient economic structure. However, potential risks include excessive costs outweighing benefits (a "white elephant" scenario), public opposition to foreign investment, and perceptions of unfairness from regions without SEZ status.

How can the SEZ's design and governance be optimized to address the diverse expectations and concerns, ensuring equitable benefits and mitigating potential drawbacks?

The design and governance of the SEZ must be optimized to address the expectations of a wide variety of stakeholders and mitigate potential drawbacks. This could constitute a multi-stakeholder governance model, which includes representatives from local governments, business communities, relevant academic institutions, and other relevant actors. There is a strong need for transparent and flexible regulatory frameworks that offer tiered, conditional incentives rather than blanket tax exemptions to balance economic benefits with social and environmental needs. A big concern can be the risk of isolation and limited spillover effects of the SEZ, which can be addressed by ensuring that its strategies and vision are integrated with regional development strategies.

6.2 Development of an "SEZ feasibility framework"

Given both theoretical and empirical research, the best SEZ in Slovenian Istria would be one that centers on R&D. The convergence of both literature review and firsthand testimonies from the interviewees underlines that an R&D SEZ can act as a transformative catalyst, leveraging on and innovating current key industries. However, as stated by Interviewee 5 and confirmed by reputable online sources, the region lacks suitable infrastructure such as state-of-the-art facilities for advanced research in biotech, IT, nanotech, and renewable energy. These current deficiencies represent both an operational hurdle and a fundamental barrier to attracting relevant investments.

A promising strategy to develop this infrastructure is, as Interviewee 4 stated, to transfer public infrastructure to someone who can manage, rebuild, and develop it. In this case, it could be incentives for companies and institutions that commit to establishing R&D operations on the territory, thus bridging the infrastructural gap while stimulating technological advancements. This approach requires the creation of a robust framework for public-private partnerships, such as collaborations between academic institutions, governmental agencies, and industry players that would jointly drive the innovation agenda. This way it will be possible to also mitigate brain drain, often mentioned by interviewees and confirmed by regional statistics. An example of best practice to make the discussion widely available is the setup of an AI chatbot that contains all the information on the SEZ project and can answer any doubts the public may have, such as economic and environmental concerns, among others. The chatbot will be trained on the most common concerns of the public, but will also answer any question relevant to potential investors and companies that would like to participate in the SEZ.

The recurring theme among the interviewees is bureaucratic burdens, underscoring the urgent need for more streamlined administrative processes. To this end, the R&D SEZ must incorporate on-site administrative offices for managing customs, regulatory oversight, and other essential SEZ management functions. The challenge, however, will be to avoid another layer of bureaucratic inefficiencies and actually help institutions to avoid the current burdens to focus the resources solely on R&D operations, thus creating a more conducive environment for both domestic and international investors.

Given these challenges and opportunities, this chapter outlines a feasibility framework for an R&D SEZ. The framework is presented as an actionable roadmap that addresses the burdens and aligns with the research questions posited in the first section of this thesis. By integrating advanced R&D facilities, robust PPP, and streamlined administrative processes, the proposed model aims to transform Slovenian Istria into a leading hub of innovation, ensuring sustainable economic growth and enhanced regional (and broader) competitiveness.

6.2.1 Phase I - Feasibility study and stakeholder engagement

The successful initiation of the project of an SEZ requires all relevant stakeholders to participate and create a common vision. To this end, a comprehensive feasibility study must first be conducted, in line with the broad spectrum of topics included in this study.

While establishing an SEZ mirrors many of the regional integration factors highlighted by Interviewee 7, what makes an SEZ more feasible is the narrower geographic scope, consolidating the closer connection of just one region instead of all the regions across the country. This way it avoids a huge number of issues, needing only a clear and shared vision from four municipalities – Ankaran, Izola, Koper, and Piran, instead of 212 of them. The R&D SEZ could be the first large-scale project that would unite the four municipalities in a municipality consortium, similar to the one seen in the Sophia Antipolis case.

Central to this phase is the identification and appointment of a strong project leader supported by a competent management team, since they will be responsible for orchestrating the intricate process of stakeholder engagement to reflect the project's main objectives. Equally important is the establishment of a fully-fledged PPP that integrates authorities from academia, interested private sector actors, and other public bodies. Notably, while these stakeholders are nominally represented in the regional development committee, Interviewee 10 observed that this body currently functions merely as a figurehead without any substantial decision-making power. The logical step forward, therefore, is to move beyond symbolic representation and foster a genuine, collaborative engagement among these parties.

To the surprise of the author, the concept of establishing an SEZ in the region is already under scrutiny, with the most promising proposal emerging as an R&D SEZ in the region, as anticipated by Interviewee 3. To build momentum and validate the project's feasibility, the proposing body must organize a series of initial consultations, workshops, and joint sessions with stakeholders to define the core objectives, expected benefits, and key challenges of the proposed SEZ.

The transparency and effective communication of the project is critical, particularly in a region where there is pervasive skepticism towards both broader Slovenian and foreign investments and concerns over unsustainable practices. The promoters of the project should maintain a persistent and visible public presence through strategic communication efforts characterized by a tone that is both inspirational and accessible. They should consistently highlight the long-term benefits of the SEZ for the local youth, for future generations, and the overall prosperity of the region.

When it comes to funding, it is important to analyze the potential sources of capital that will support both the preliminary feasibility study and the subsequent implementation phases, which involves the evaluation of public funding streams such as regional development programs and EU cohesion funds, while at the same time exploring some innovative financing mechanisms through public-private partnerships and private investments. When it comes to public funding, it is important to ensure compliance with EU state aid rules and at the same time provide sufficient resources to cover the needed costs, such as stakeholder consultations, the management team, and the establishment of infrastructures and administration.

Moreover, while empirical data and stakeholder insights suggest that Slovenian Istria should continue developing its existing industries, such as logistics, tourism, and agriculture, there is compelling evidence to support the integration of these sectors within an R&D framework. Should further research prove that, in fact, the region would be better off with further development of these sectors, the whole SEZ's strategic focus can be recalibrated to emphasize R&D initiatives tailored to these specific industries. By doing this, the SEZ would become a dynamic hub for the evolution of these established economic sectors through targeted infrastructure development and proposals for regulatory reforms.

6.2.2 Phase II - Infrastructure and institutional setup

Once the initial shared vision for the SEZ is established in the first phase, the project can transition to the concrete development of both physical and institutional infrastructure. The development of the physical infrastructure is a crucial part that transforms conceptual plans into tangible assets, such as advanced research facilities, integrated digital and physical networks, and preferably implements a modular and scalable design.

Advanced research facilities such as purpose-built laboratories, innovation centers, and administrative offices should be designed to support interdisciplinary research, while at the same time ensuring that the facilities remain adaptable to technological and other evolutions. However, the SEZ should not remain a standalone center. It should be connected with critical regional assets, such as the Port of Koper, the University of Primorska, and existing transportation and energy networks, including green energy and sustainable sources of power. When it comes to infrastructure, high-quality facilities such as modern labs, office space, high-speed telecommunications, and reliable power and utilities are prerequisites for innovation activities, meaning that modular plug & play workspaces are relevant, allowing rapid setup of R&D centers or even light manufacturing lines. Many R&D and industrial zones are integrated in a smart city environment, building on the need for apartments offered at fair prices to workers in the SEZ.

As an R&D-driven zone, it should cultivate strong ties with the university, research institutes, and industry clusters. A good practice would be the co-location of educational and research institutions that would provide a talent pipeline and collaborative research opportunities for the SEZ enterprises. The setting of the SEZ should take into consideration the possibility of offering an on-site university research program; therefore, relevant facilities should be constructed up-front to strengthen the connection between academia and the SEZ. Furthermore, many SEZs run incubators, but due to the scattered nature of the incubator environment in the region, the SEZ should be more of a hub where various existing incubators meet and cooperate.

To the empirical facilities, the establishment of a robust institutional framework is essential to ensure efficiency and regulatory coherence and functioning as a single one-stop shop streamlining bureaucratic procedures, such as handling all permits and licenses, expediting setup and operations, customs clearance, visa/immigration processing, and company registration.

Given these factors, the location of the SEZ is crucial. As discussed in the literature review, the fragmented nature of the lots on the territory is especially evident in relevant areas of the territory close to universities, industries, research facilities, and other connected offices. Interviewee 3 confirmed that there are scheduled talks with the government to discuss purchasing the land in an undisclosed location in Slovenian Istria.

6.2.3 Phase III - Operational launch

Once the physical and institutional foundations are solidly established, the SEZ must go through the critical transition from planning and construction to large-scale operational activity.

The first step is to focus on the administrative staff, offering them an intensive training program to prepare them for the utilization of high-level digital tools and to familiarize them with the SEZ operating procedures. To measure the effectiveness and track performance improvement against pre-launch inefficiency, specific and measurable objectives must be set.

The on-site administrative hub, functioning as a one-stop shop, should be activated in this phase and start with the simplification of the bureaucratic procedures, practicing these procedures with the first zone users. Moreover, a strong digital management system with real-time tracking must be set, which may set an example for a country-wide implementation.

At the same time, it is important to initiate a series of pilot projects in the strategically chosen areas like logistics, tourism, and agriculture, which will serve as proof-of-concept projects demonstrating the tangible advantages of the SEZ. At this stage, the collaboration with nearby universities and research organizations should be formalized to co-create these initiatives, thus developing a pipeline of talent and innovative ideas. Also, in this case, clear milestones must be defined for each pilot project, as well as a robust monitoring project, such as mentoring and periodical presentations of the achievements.

To attract companies and investments, tailored grants should be designed and published on both national and EU grant portals through different funding programs such as Horizon Europe for research and innovation. This approach will encourage not only startups but also research teams to relocate to the Slovenian Istria region and co-create a robust R&D ecosystem by actively cooperating with local students and researchers.

On the institutional operationalization front, it will be important to transition the current almost non-existent collaboration among relevant stakeholders, as pointed out directly by them during the interview sessions, to an active decision-making entity that will be scheduled at least on a quarterly basis with performance review, feedback mechanism that ensures the alignment with the SEZ's strategic objectives.

6.2.4 Phase IV - Expansion and scaling

Following a successful operational launch, the focus in this phase should shift to leveraging early achievements and consolidating success into a broader, scalable, and sustainable economic engine. The objective of this phase is to transform the SEZ from an isolated hub of innovation into a dynamic and expansive ecosystem that constantly adapts, grows, and integrates ever more into both the regional and global economies. To achieve this, it is first important to evaluate well the SEZ's operational performance, such as investment flows, R&D outputs, employment figures, and stakeholder satisfaction, which must be meticulously analyzed. By doing that, it will be clear which are the existing strengths and understand which areas need additional investments and infrastructural improvements.

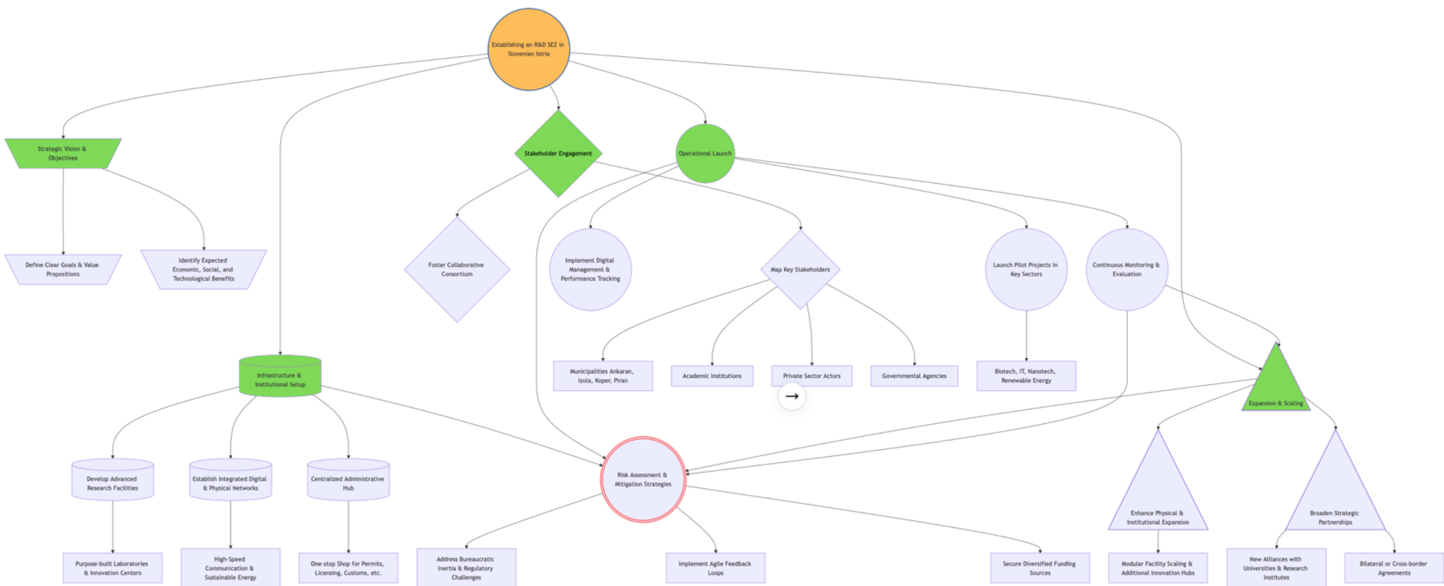
Next, expansion entails an enhancement of both physical and institutional infrastructures, which were planned already in the first phase and include the creation of modular research facilities, incrementally expanded to accommodate increased activity, while additional innovation centers or hubs may be established based on the necessities at hand.

In parallel, strategic partnerships must be broadened and deepened, for example by including new alliances with additional universities, research institutes, and companies through bilateral agreements or Erasmus exchange programs. It is up to the SEZ's guiding team to find such opportunities and promote the SEZ to relevant institutions, and this way bolster its international competitiveness.

Once the SEZ reaches the point at which growth is inevitable, financing strategies should support scaling efforts by institutionalizing continuous improvement mechanisms, dedicating an expansion unit that would monitor emerging trends, gather ongoing stakeholder feedback, and steer the adaptation of operational strategies.

Figure 7 below summarizes the main phases described above. For a better resolution, please find it in Appendix 2.

Figure 7: SEZ feasibility framework conceptual map



Source: Own work

6.3 Factors for successful launch

Successful implementation of an R&D SEZ in Slovenian Istria is first and foremost dependent on the acknowledgment of the necessity for transformation and, most importantly, on the participation of all parties involved. Although most of the local actors share the view that "something must be done," there is also a pervasive mood of apathy that discourages active initiative and this inertia, which is visible in public institutions, private businesses, and other organizations, makes the need for firm and visionary leadership that will serve as a strong guiding force even more critical.

A major element is the formation of a system comprising multiple stakeholders in which all are requested to join forces and play a part in a single strategic vision, and the establishment of a dedicated steering committee can play a vital role to fill in the current passive attitude and the forceful effort needed for change.

Another major factor is a robust infrastructural investment necessary to develop state-of-the-art research facilities, high-speed digital networks, and sustainable energy systems. After that, it is important to secure a strong, continued, and diversified financing stream.

Last, but not least, it is important to convince the public about the positive externalities of the SEZ initiative. A strong plan based on widely comprehensible data must be implemented that can address all major criticisms and answer the public's questions.

6.4 Limitations and further research

While this thesis has provided a comprehensive study for the establishment of an R&D SEZ in Slovenian Istria, it is important to acknowledge several limitations that have influenced the scope and depth of the analysis.

One primary limitation arises from the mixed-method approach adopted in this study, since qualitative insights from in-depth interviews with ten key stakeholders have enriched the analysis but the relatively small sample size may not fully capture the diversity of perspectives within the broader economic and institutional landscape of Slovenian Istria, even though interviewees often presented a similar standpoint about the discussed topics.

Another constraint is given by the evolving nature of the legislative and administrative frameworks at both national and EU levels, since the study relies on data and testimonies that reflect the current regulatory environment. Subsequent research should analyze regulatory developments and prepare a comprehensive approach that assesses long-term impacts on the SEZ model and offers dynamic policy recommendations.

This study focuses on Slovenian Istria, and given that the model takes into consideration the regional characteristics, it limits the applicability of the results to other regions. In particular, the decision to consolidate the SEZ model within four coastal municipalities may not account for broader inter-regional synergies with the other municipalities of the Coastal-Karst statistical region or challenges that could emerge in a nationwide or cross-border context. Future work could explore comparative studies involving other potential technopoles (since an SEZ is only possible in the Slovenian Istria region) sites across Slovenia, providing a broader understanding of best practices and strategic trade-offs.

In conclusion, acknowledging these limitations is essential for situating the current study within the broader academic discourse on SEZs. This thesis, being the first academic work that discusses this topic of SEZs paired with the Slovenian Istria region, lays the groundwork for future research that can refine, validate, and expand upon the proposed feasibility framework.

7 CONCLUSION

The thesis starts with the hypothesis that a Special Economic Zone could be created in the Slovenian Istria Region. After analyzing the various types of SEZs, the one that most strongly addresses the regional challenges and that is the most feasible given regulatory, economic, political, and societal characteristics is an R&D SEZ. The thesis thus meticulously examined the potential for establishing an R&D SEZ in Slovenian Istria, drawing on a diverse range of theoretical frameworks, case studies, and empirical evidence. The findings underscore that an R&D SEZ rooted in robust public-private partnerships and supported by state-of-the-art infrastructures can serve as a transformative mechanism to address long-standing regional challenges. The study revealed that Slovenian Istria presents an unprecedented opportunity for sustainable and inclusive economic development thanks to its unique combination of strategic location, rich cultural heritage, advanced port facilities, and the presence of academic institutions.

One of the core contributions of this work is the development of an actionable feasibility framework that synthesizes both empirical insights from theoretical analysis and stakeholder interviews, demonstrating that while the region currently faces significant infrastructural gaps, particularly in advanced research facilities and digital networks. These deficiencies can be mitigated through targeted investments and innovative financing models, such as transferring especially unused public infrastructure to private entities, which could catalyze the redevelopment necessary to attract high-value investments in the main sectors targeted by the SEZ.

In addition to enhancing physical and technological infrastructures, the thesis outlines the critical need to streamline administrative procedures that currently undergo slow and excessive bureaucratic burdens. The establishment of a centralized on-site administrative hub within the SEZ would consolidate regulatory functions such as customs clearance, company registration, and patent registration, among others, into a single efficient system. This solution addresses the pervasive issues of slow bureaucratic procedures that have undermined Slovenia's economic competitiveness and ideally offers itself as a legislative incubator that could represent a starting point for national Slovenian reforms to improve its international competitive position.

Another significant aspect of the thesis is its focus on integrating the SEZ into the region's broader economy, focusing on the leverage of the three main local industries: logistics, tourism, and agriculture. By facilitating technology transfer, improving the academic connection with business, and promoting the development of new market opportunities, thus attracting investment, the region's economy can effectively and sustainably grow. By fostering the connection with local academic institutions, the SEZ can serve as an incubator for entrepreneurship and innovation, attracting, nurturing, and keeping a resilient workforce.

One of the most important factors that can contribute to the SEZ's success is the highlight of the importance of a unified regional strategy, advocating for collaboration between the four coastal municipalities Koper, Izola, Piran, and Ankaran, ideally in a municipality consortium, guided by a common vision and a strong person of reference. Such an approach would overcome the fragmentation and resource inefficiencies.

In conclusion, this thesis contributes to the broader discourse on SEZ development by providing a detailed and context-specific roadmap for transforming Slovenian Istria into a dynamic and innovation-driven hub. By addressing growing systemic challenges such as bureaucratic barriers, brain drain, low investments in entrepreneurship, and R&D, the proposed R&D SEZ model offers a sustainable path towards enhanced regional competitiveness and long-term economic growth.

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APPENDICES

Appendix 1: Povzetek (Summary in Slovene language)

Magistrsko delo izhaja iz hipoteze, da je v slovenski Istri mogoče vzpostaviti posebno ekonomsko cono (PEC). Analiza različnih modelov PEC je pokazala, da je za reševanje regionalnih izzivov in ob upoštevanju regulativnih, ekonomsko-političnih in družbenih pogojev najbolj primeren model, ki temelji na raziskavah in razvoju (R&R PEC). Delo temeljito analizira potencial ustanovitve R&R PEC v slovenski Istri, pri čemer se opira na različne teoretične okvire, primere dobre prakse in empirične dokaze. Rezultati kažejo, da lahko R&R PEC, ki temelji na trdnih javno-zasebnih partnerstvih in je podprt z najsodobnejšo infrastrukturo, postane ključen transformacijski mehanizem za odpravo dolgoletnih regijskih izzivov. Slovenska Istra izstopa zaradi svoje strateške lege, bogate kulturne dediščine, modernih pristaniških zmogljivosti in prisotnosti akademskega okolja, kar ustvarja edinstveno priložnost za trajnostno in vključujočo gospodarsko rast.

Eden izmed ključnih prispevkov magistrskega dela je tudi razvoj operativnega okvira izvedljivosti, ki sintetizira empirične ugotovitve in teoretične analize, ter poudarja, da so trenutne infrastrukturne vrzeli – predvsem na področju naprednih raziskovalnih objektov in digitalnih omrežij – mogoče odpraviti z usmerjenimi investicijami in inovativnimi finančnimi modeli, na primer z prenosom neizkoriščene javne infrastrukture v zasebni sektor. Poleg izboljšanja fizične in tehnološke infrastrukture delo izpostavlja tudi nujnost racionalizacije administrativnih postopkov. Vzpostavitev centraliziranega administrativnega središča v PEC bi združila funkcije, kot so carinjenje, registracija podjetij in patentna registracija, ter tako zmanjšala birokratske ovire, ki trenutno zadržujejo konkurenčnost Slovenije. Cona bi bila tudi zakonodajni inkubator, ki bi lahko predstavljal izhodišče za nacionalne slovenske reforme za izboljšanje njenega mednarodne konkurenčnosti. Poseben poudarek je bil namenjen tudi integraciji PEC v širše regionalno gospodarstvo, pri čemer se izpostavljajo tri ključne panoge – logistika, turizem in kmetijstvo. Spodbujanje prenosa tehnologije in krepitev vezi med akademsko sfero ter poslovnim okoljem lahko podpirajo privabljanje novih investicij in trajnostno rast regije. Uspeh predlaganega PEC je tesno povezan z razvojem enotne regionalne strategije, ki bo spodbujala sodelovanje med obalnimi občinami – Koprom, Izolo, Piranom in Ankaranom – pod vodstvom skupne vizije in močnega referenčnega vodje, s čimer bi se premagala dosedanja fragmentacija in neučinkovita porazdelitev virov.

Skupaj delo prispeva k širšemu akademskemu diskurzu o razvoju posebnih ekonomskih con, saj ponuja temeljit in kontekstualno specifičen načrt za preoblikovanje slovenske Istre v dinamičen, z inovacijami obdan center. Predlagani model R&R PEC predstavlja trajnostno pot k povečanju regionalne konkurenčnosti in dolgoročnemu gospodarskemu razvoju, saj se ciljno spopada s sistemskimi izzivi, kot so birokratske ovire, beg možganov ter nizke investicije v podjetništvo in raziskave.

Appendix 2: Sample of an interview guide for in-depth interviews

Vprašanja za intervju

1. Osebna predstavitev

- Ali lahko na kratko opišete svojo karierno pot?
- Kaj vas je motiviralo za delo na področju podjetništva in razvoja podjetij?

2. Splošna vloga inkubatorja

- Kako bi opisali glavno poslanstvo inkubatorjev v regiji? (Tako na lokalni ravni v Sloveniji kot tudi bližje v Italiji in na Hrvaškem)

3. Dosežki, na katere ste ponosni

- Ali lahko delite primer projekta ali podjetja, ki ga je inkubator podprl in na katerega ste posebej ponosni?
- Kateri ključni mejnik je inkubator dosegel v zadnjih letih, ki dokazujejo njegov vpliv?

Uvod in vloga

1. Poslanstvo in vpliv inkubatorja

- Ali lahko na kratko opišete poslanstvo inkubatorja in njegovo vlogo v gospodarskem ekosistemu slovenske Istre?
- Kako je inkubator prispeval k rasti startupov in malih podjetij v regiji skozi leta?

2. Podjetniška krajina

- Kakšne vrste podjetij in industrij najpogosteje nastajajo v inkubatorju?
- Ali obstajajo določeni sektorji v slovenski Istri, za katere menite, da imajo še neizkoriščen potencial za rast?

Regionalni gospodarski razvoj

3. Izzivi za podjetnike

- Kateri so največji izzivi, s katerimi se srečujejo podjetniki v slovenski Istri, in kako jih inkubator naslavlja?
- Ali obstajajo specifični viri ali mehanizmi podpore, ki jih lokalnim podjetjem še vedno primanjkuje?

4. Privabljanje naložb

- Kako uspešen je inkubator pri privabljanju naložb za svoje startupe?
- Katere strategije menite da bi lahko uporabili za privabljanje več vlagateljev ali tveganega kapitala v slovensko Istro?

5. Infrastruktura in podpora

- Kako lokalna infrastruktura (npr. digitalna, transportna) vpliva na sposobnost rasti in širjenja startupov?
- Ali obstajajo občinske ali nacionalne politike, ki bodisi podpirajo ali ovirajo podjetništvo v regiji?

Potencial posebne ekonomske cone (SEZ)

Moja magistrska naloga se osredotoča tudi na posebne ekonomske cone. V naslednjem delu bom postavil nekaj vprašanj glede le-teh, povedal bi pa samo nekaj besed o tematiki. Posebne ekonomske cone so lahko cone z davčnimi ali birokratskimi olajšavami, obstaja pa ogromno različnih vrst SEZ. Trenutno raziskujem, na podlagi posebnosti in karakteristik naše regije, katera vrsta SEZ bi najbolj ustrezala, če sploh katera.

6. Vpliv SEZ na startupe

- Po vašem mnenju, kako bi lahko vzpostavitev SEZ koristila startupom in malim podjetjem v slovenski Istri?
- Ali bi SEZ naredila regijo bolj privlačno za tuje startupe ali vlagatelje? Zakaj (ne)?

7. Izzivi integracije SEZ

- Kako bi lahko inkubator sodeloval z deležniki SEZ, da bi zagotovil koristi za lokalne startupe?
- Kakšne izzive bi pričakovali pri vključevanju podjetij, podprtih z inkubatorjem, v okvir SEZ?

8. Strateška usmeritev

- Ali obstajajo določene industrije ali vrste startupov v inkubatorju, za katere menite, da bi še posebej uspevale v okolju SEZ?
- Kakšne vrste spodbud (npr. davčne olajšave, podporna infrastruktura) menite da bi bile najbolj koristne za podjetja znotraj SEZ?

Čezmejno sodelovanje

9. Regionalne in čezmejne priložnosti

- Kako inkubator spodbuja čezmejno sodelovanje z Italijo in Hrvaško?
- Ali obstajajo priložnosti za širitev startupov iz slovenske Istre v sosednje regije in kako bi jih lahko spodbudili?

10. Vloga dvojezičnosti

- Ali dvojezična narava slovenske Istre (slovensko in italijansko) ponuja edinstvene prednosti za startupe ali sodelovanja?
- Kako bi lahko ta kulturni vidik še dodatno izkoristili za privabljanje mednarodnih podjetij?

Inovacije in podjetništvo

11. Trendi inovacij

- Katere so najbolj inovativne poslovne ideje ali trendi, ki so se nedavno pojavili v inkubatorju?
- Kako inkubator podpira digitalno preobrazbo ali trajnostno usmerjena podjetja?

12. Zadrževanje talentov

- Kako uspešen je inkubator pri zadrževanju mladih podjetniških talentov v slovenski Istri?
- Katere dodatne ukrepe bi lahko sprejeli, da bi preprečili odliv talentov iz regije?

Partnerstva in politika

13. Javna in zasebna partnerstva

- Ali obstajajo uspešna partnerstva med inkubatorjem, lokalno upravo in zasebnim sektorjem, ki bi jih izpostavili?
- Kako bi lahko ta partnerstva še okrepili za podporo regionalnemu razvoju?

14. Priporočila za politike

- Če bi lahko priporočili eno spremembo politike za boljšo podporo startupom in MSP-jem v slovenski Istri, kaj bi to bilo?
- Kakšno vlogo ima in kakšno bi moral imeti regionalni inkubator pri oblikovanju lokalnih gospodarskih in poslovnih politik?

Pogled v prihodnost

15. Vizija za prihodnost inkubatorja

- Kakšna je vaša vizija za razvoj regionalnega inkubatorja v naslednjih 5–10 letih?
- Kako se lahko inkubator prilagodi spreminjajočim se gospodarskim in tehnološkim trendom v regiji?

16. Vloga pri razvoju SEZ

- Če bi bila vzpostavljena SEZ, kako vidite vlogo inkubatorja kot ključnega akterja pri njenem uspehu?

Ekskluzivni vpogledi

17. Izzivi

- Kakšne izzive imajo startupi v regiji, o katerih se redko govori, a močno vplivajo na njihovo rast?
- Ali obstajajo edinstvene uspešne zgodbe iz inkubatorja, ki si zaslužijo več pozornosti?

18. Nauki iz prakse

- Katere lekcije ste se naučili pri delu s startupi v slovenski Istri, ki bi jih lahko uporabili za izboljšanje poslovnega ekosistema regije?

- Ali imate primere neuspehov ali težav, ki so prinesli pomembna spoznanja za prihodnjo rast?

Appendix 3: Figure 2: SEZ feasibility framework conceptual map