

12 October 2015

Open letter to the Prime Minister of Slovenia, Mr Miro Cerar

Dear Mr Cerar

The fight against corruption was the most important message in your election campaign last year. This fight is worth all possible respect. But I have some questions on how it has worked in practise.

Slovenia is a beautiful and interesting country with great natural potential within the hospitality industry. But the hospitality sector is not even close European standards. And the most important group, which should be the shining star of Slovenia, the Sava Turizem, is even further behind. *Why is this big asset of yours not better taken care of?*

The owner of Sava Turizem, the Sava d.d. - a pure holding company - has borrowed extensively in the banks. Still the hotels in Sava Turizem have not been able to invest to remain competitive. *How comes that the holding company is over-indebted but the hotels under-invested? Where has the money gone?*

The credits taken by Sava d.d. are bigger than they can ever pay back to the banks. Taxpayers will pay the difference. The company's equity is negative; the shares are worthless. Still, in the reconstruction plan suggested by the management, the owners would keep 23 per cent of the company. This is a subsidy from the taxpayers to the owners, which would not even be suggested in other countries. *Why is this possible in Slovenia? Why should owners (and management) gain at the expense of the taxpayers?*

Sava d.d. is the biggest owner in Gorenjska Banka and has according to the regulator (The Bank of Slovenia) a controlling influence of the bank. Gorenjska has given big loans to Sava d.d., which has brought the bank close to losing its license. According to the Bank of Slovenia, €13 millions must be injected as fresh equity before yearend if the bank is to survive. Still the bank has been trusted to manage the restructuring plan for its de facto parent company, the Sava d.d. There is a lot of talk in the Slovenian press about conflicts of interest. *But can you find a more prominent example of conflicting interests than the Sava d.d. management restructuring itself via Gorenjska?*

The Sava Turizem is clearly of national interest. But in the new government policy naming the relevant companies, it is not the Sava Turizem that has been declared of national interest, but the Sava d.d. *How can a close to bankrupt holding company, which has obviously lost a lot of money for the taxpayers and which has under-invested in its tourist assets, be of national interest?*

BAMC has offered a transparent way of improving the Sava Turizem assets up to European standards, taking care of the huge Slovenian potential. BAMC has shown the ability to restructure companies in a number of industries with Cimos as the most prominent example. The present Sava d.d. management, on the other hand, has failed to improve its hospitality assets. Still the government is now proposing to take the Sava

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assets out of BAMC and let the present management continue to work. *Is this really in the interest of Slovenia – or just in the interest of the Sava d.d. management?*

In the Sava case, given what I have seen and read, I feel a smell of corruption in every corner. *Is this really what you meant in your campaign when you talked about fighting corruption? Is this the direction in which you want to lead Slovenia?*

With best wishes

Dr Lars Nyberg

Cc: Mr Pocivalsek, Minister of Economy
Mr Mramor, Minister of Finance
Mr Jazbec, Governor, Bank of Slovenia
Mr Sircelj, Committee of Financial and Monetary Policy
Mr Szekely, European Commission
Mr Anderton, ECB
Ms Velculescu, IMF
Mr Peterschmitt, EBRD