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TAGS: PREL, NATO, EUN, HR, BEXP, SI

SUBJECT: PM PAHOR PREVIEWS 2010: BALKANS, BUSINESS, ISAF
AND DETAINEES

REF: LJUBLJANA 385

Classified By: CDA Bradley Freden, reasons 1.4(b) and (d)

SUMMARY

1. (C) In a December 30 meeting requested by PM Pahor, CDA and Pahor discussed political and economic priorities for 2010, including the relocation of Guantanamo detainees, stability and integration of the Western Balkans into the EU and NATO, and Westinghouse involvement in the planned second nuclear plant at Krsko. Pahor stated his support for Westinghouse's participation in the replacement of the country's sole nuclear plant, emphasized new taskforces in the MFA and PM's office dedicated to the Western Balkans, and spoke confidently of easy access to Balkan political leaders. In response to CDA's request for assistance in closing Guantanamo, Pahor said that he would ask the government (GoS) to take detainees as long as "political" and "financial" obligations were considered separately. In a one-on-one pull-aside with CDA, Pahor linked acceptance of detainees to "a 20-minute meeting" with POTUS. Pahor also expressed his utmost appreciation for the efforts of the Embassy and the USG in resolving the border dispute between Slovenia and Croatia, and personally thanked CDA for his role. End Summary.

LOOKING TO EXPAND MARKETS AND INCREASE FDI

2. (C) PM Pahor discussed economic issues at length, noting that he expected Slovenia's economic growth to reach 1% in 2010 from current negative levels and describing Slovenia's expansion into new foreign markets. He confirmed that Slovenia is expanding into the "Muslim" world - with recent

official visits to Libya and Egypt - and looking east to India and China. Interestingly, Pahor stated that Slovenia did not currently have the capacity to meet all the interest shown by potential new foreign business partners. Pahor told CDA that he was "ready to go ahead with the US" in the upgrade and replacement of the country's sole nuclear plant at Krsko, in which Westinghouse has a vested interest, even though there was a strong competing offer from the French. Implying the need for balance, Pahor pointed out that the French already have a large investment in the production of Renault automobiles and that Deutsche Bank was on the verge of a large investment in Slovenia's railways, which would include part of Slovenia's most important "strategic asset", the port of Koper.

ENGAGEMENT IN THE WESTERN BALKANS

3. (C) Pahor and CDA discussed shared priorities and goals in the Western Balkans, in particular the Butmir process and the resolution of the Greece-Macedonia name issue. Pahor described his active engagement with the Prime Ministers of Macedonia and Greece to resolve the name issue and allow Macedonia a clearer path toward EU and NATO membership. Pahor said he felt the momentum had been lost due to the financial crisis in Greece, and that his recent conversations with Papandreou indicated that economic issues had pushed everything else off the table. He is still planning a bilateral visit to Macedonia early in 2010, but did not specify the exact timing.

4. (C) Pahor emphasized his and Slovenia's ready access to Balkan leadership and the recent establishment of taskforces

focused on Western Balkan issues within both his office and the MFA. He expects the new MFA task force to have ready its plan for Western Balkan engagement "within 40 days". Pahor also commented on what he felt would be a difficult year for the EU in 2010. He cited the implementation of the Lisbon Strategy and development of institutions, the lack of a common economic policy, and national economic plans pitting countries against each other. He said he had already begun taking advantage of his close relationship with Spanish PM Zapatero to ensure that the Spanish EU Presidency did not forget about the Western Balkans. Almost as an aside, he expressed confidence that the border arbitration agreement with Croatia would be ratified by parliament. CDA pointed out that the final resolution of this issue, which had taken so much of our attention in 2009, would allow us to move ahead on other issues in 2010. He also congratulated Pahor on the government's recent decision to deploy an OMLT in Herat

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to train the Afghan National Army.

LOOKING FOR AN OFFER ON GUANTANAMO

5. (C) In response to CDA's specific request for support to close Guantanamo, Pahor asked what the "offer" was, and what the GoS needed to provide. He emphasized that any support or obligations on the part of Slovenia must be separated into financial and political spheres, meaning, essentially, that he needed to be able to tell the cabinet that resettlement would not impose any additional burden on the budget, which is already deeply in deficit. Pahor said he would make the

case that Slovenia must stand with the US "in both good and bad times" and he would do the best he could to convince the GoS to accept detainees. However, it was apparent that Pahor was as yet unaware of the obstacles and concerns presented by the Ministry of Interior. CDA pointed out that our conversations with the Mol led us to believe that legislation might be required in order for Slovenia to accept detainees. Pahor reiterated that he would be willing to make the case, but in a one-on-one pull-aside with CDA, the PM gently - but unambiguously - linked success on detainee resettlement to a meeting with President Obama. He said that "a 20-minute meeting" with POTUS would allow him to frame the detainee question as an act of support for Slovenia's most important ally and evidence of a newly-reinvigorated bilateral relationship.

COMMENT: LOOKING AHEAD

6. (C) Pahor took the unusual step of calling on CDA at the U.S. Embassy, the second time he has done so since taking office a year ago, indicating to us that the U.S.-Slovenian relationship is one he seeks to cultivate. He previewed 2010 during the meeting, describing in general terms Slovenia's priorities - the economy and the Western Balkans - and highlighting areas of likely US interest - expansion of the Krsko nuclear facilities. While he seemed to have no single objective in mind for the visit, most telling may have been his constant reference to economic issues. While Pahor stated that 2010 would be a better year economically for Slovenia, he also made references to the remaining white elephants in GoS inventory, the need for resolution of the Patria weapons deal fiasco, and, most notably, the point that

financial and political obligations would have to be considered separately were he to make the case for Slovenia to accept detainees from Guantanamo.

7. (C) It is clear from this meeting and our earlier one with FM Zbogor that Slovenia is counting on the resolution of the border issue with Croatia to open the door to greater bilateral cooperation, especially in the Western Balkans and on trade and investment. In terms of U.S. interests in the Western Balkans, Slovenia brings three comparative advantages to the table: due to their common history, Slovenians have an instinctive "feel" for the nuances of Western Balkan politics and politicians; Slovenia is very active in the region, not only on a diplomatic level, but commercially and at the level of NGOs and educational exchange; and Slovenia's views on the need to keep the EU focused on enlargement are arguably the closest to our own of any EU member state. In short, 2009 was the year that we focused most of our diplomatic capital on resolving the border issue and convincing Slovenia to lift its blockade of Croatia's accession talks. The final chapter of that story is yet to be written, but we sense unprecedented optimism among GoS officials that it soon will be. 2010 will, we hope, be the year that we focus our attention on partnering with Slovenia in the Western Balkans and ISAF; paving the way for Westinghouse to compete successfully for the construction of a new nuclear power plant; and, perhaps most challenging of all, turning Pahor's rhetorical support for detainee resettlement into reality. END COMMENT.

SHULTZ