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THE PRIVATISATION PROCESS

will go down to the European level. This is around 2% – in the short term about 4-5%. And credit is just about 5% higher because the competition is very strong between European banks.

NN&PP: One of the basic criteria anyway was to change the banking system from governmental control to privatisation.

Dr. Križanič: We are now in the process of privatisation and are making good

NN&PP: Your efforts to achieve NATO membership are not placing a great burden on your country. How do your economic figures compare to the Maastricht figures?

Dr. Križanič: There are four Maastricht criteria that should be fulfilled. Slovenia fulfils the first two criteria in an exemplary manner, that on the budget and debt. But there are two other criteria: inflation and interest rates. We now have a 7% annual inflation rate. The reason behind this is that we haven't stopped indexation. This will now be stopped because the

European Union made that a financial criterion for convergence and ending this will then cause the reduction of inflation to the Maastricht level, around 2-3% annually.

And the second criteria yet to be met is interest rates which are also higher than in Europe because inflation is higher.

NN&PP: What level do you want them to get down to?

Dr. Križanič: I think because of the complete liberalisation of capital flows, the interest rates

progress. I hope that privatisation is going to improve and spread financial activities in Slovenia so that our country will remain an important regional financial centre. Privatising the banks is the final phase of the Slovenian bank rehabilitation process. The only method is to sell the banks with the objective of reducing state debt due to financing bank rehabilitation.

NN&PP: Are there any other economic measures you had to take to further improve your economy?

Koper is an important port for central european states.

