



## ***THE GOVERNOR OF THE NBS TO GUESTS OF THE INTERNATIONAL CLUB***

The governor of the National Bank of Slovakia Marián Jusko informed a meeting of the International Club on 5.3.2002 about fulfillment of the objectives of the monetary programme of the central bank, which relies on four basic pillars. As M. Jusko said, the first of them is renewal of economic growth in the European Union, which is the greatest commercial partner of the Slovak Republic. Another is favourable development of the world prices of the main commodities, especially oil. The third pillar from which the programme of the central bank for this year derives is maintenance of the predicted deficit of public finances, which should not exceed 3.6% of GDP this year.

An important precondition for fulfillment of the monetary programme is that the privatization income of the government should not encourage domestic demand. This can be regarded as the fourth pillar. As M. Jusko said, if this money goes into consumption, it will be reflected in a deepened trade deficit. The governor of the central bank supported the use of the income from privatization of the Slovak Gas Industry (SPP a.s.) for reform of the pension system and payment of old debts of the state. He also spoke of the instruments of the NBS, stating that they are now 90% compatible with the instruments of the European Central Bank.



## ***COORDINATION OF THE PROCESS OF ENTERING THE EMU***

At a meeting of the Franco-Slovak Chamber of Commerce, the Economic Mission of the French Embassy and businessmen, Vice-governor of the National Bank of Slovakia Elena Kohútiková emphasized that if the Slovak Republic wants to enter the European Monetary Union by the planned date, it will be necessary to set a common target for the government, parliament and central bank. She considers it essential to include other elements in the Slovak economy in this process.

In an evaluation of the economic conditions for business in the period of preparation of the Slovak Republic for accession to the European Union and the European Monetary Union, she emphasized that the NBS prefers the so-called rapid variant of entry to the EMU, which Poland and Hungary also favour. According to the vice-governor of the NBS, the rapid variant has the following advantages: Slovakia will become part of a great economic and monetary unit, which will improve the stability of the monetary environment, exchange rate risk towards the euro will disappear, as will the cost of conversion between the Slovak crown and the euro. A greater inflow of foreign investment is expected after entry to the EMU. This will accelerate the process of transformation of the Slovak economy, and lead to more effective control of the macro-economic situation, especially in the area of the public sector. However, early entry to the EMU also has its disadvantages, for example, the relatively low effectiveness of the Slovak economy in comparison with the EU, the need for rapid liberalization of prices, Slovakia will lose the independence of its monetary policy, different price levels, and problems flowing from unfinished reforms in the social area.

E. Kohútiková also mentioned the prognoses of the NBS in the area of the main economic indicators.

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**Photo: P. Kochan and Archives of the FSOK**



*On the picture from the left: Ing. Igor Schmidt, director of the FSOK office; Dominique Lapierre, accountant and commercial advisor of the French Embassy in Slovakia; doc. Dr. Ing. Vladimír Valach, president of the FSOK; Dr. Christian Masser, member of the board of Tatra Banka a.s. and Ing. Elena Kohútiková, CSc., vicegovernor of the NBS during a meeting on 5.3.2002.*