Mr Michal KOVÁČ (President of the Slovak Republic).—President of the Parliamentary Assembly, Secretary General of the Council of Europe, your Excellencies, parliamentarians of the Parliamentary Assembly of the Council of Europe, and ladies and gentlemen. I could speak in a foreign language but, out of respect for the Slovak Secretariat, as today is an historic day here in Strasbourg, I consider that it would be best to speak in the Slovak language.

I consider it a great honour to have the opportunity to address today the Parliamentary Assembly of the Council of Europe. I wish to extend to you, Mr President, gratitude for your supportive and encouraging words during your visit to Slovakia in January this year. At the same time, I wish to use this opportunity to express the support of the Slovak Republic for Daniel Tarschys, Secretary General of the Council of Europe, when implementing and strengthening the principles and objectives of the Council of Europe, and contributing decisively to the development of democratic institutions and to the protection of human rights.

The establishment of the Slovak Republic is an example of democratic changes in international relations that we have witnessed in the period after the cold war ended. The birth of an independent Slovak Republic is the expression of the ancient desires of the Slovak nation to become a sovereign state.

The independent Slovak Republic is continuing on the road that it took in November 1989. We are building a democratic state of law, rooted in a free pluralistic society. We are continuing our economic transformation for the fourth year, the objective of which is the achievement of a market economy with clear predominance of private ownership. After temporary difficulties that were reflected in a decline in our gross domestic product, in production in nearly all sectors of economy, an increase in inflation and a deficit on the state budget and an increase in unemployment, certain positive aspects have started to make headway in our economic development.

Slovakia, even after the split of Czechoslovakia in January 1993, in spite of a less advantageous starting position compared with the Czech Republic, has maintained the necessary macro-economic stability and the main principles of transformation.

This year, the development has so far augmented positive trends. We have recorded growth in our gross domestic product and a low inflation rate comparable even with stable market economies. The recovery in our state finance and currency has progressed further and foreign exchange reserves have increased. The first indications of recovery in industrial production have been manifested, too, and exports are increasing.

Hand in hand with efforts to introduce macro-economic stability, we have worked intensively on creating the legislative and institutional conditions of a market economy and changes of structure of owners. We are aware that there still is a lot of work to be done, but in spite of that we can state that the essential legal and institutional pillars of a market economy have been put in place in Slovakia.
The diversified structure of ownership has been dynamically developing, due not only to privatisation of existing state-owned properties but to establishment of new private entrepreneurial entities. The non-state sector today represents 40% of the generated gross domestic product, and its proportion, no doubt, will continue to increase.

The second wave of privatisation, the preparatory stage of which is being concluded, will also contribute to that. We wish to use a combination of different privatisation forms, such as the voucher method, direct sale to domestic and foreign investors and sale of stock through the capital market. It is our ambition to link the process of privatisation with financial, technical and economic restructuring of the state sector of companies and the banking sector, and to help the micro-economy adapt itself to changed conditions. We are working intensively on preparation of such a programme. We appreciate the assistance of the World Bank, of experts of the G-24 countries and of the European Union in preparation of the project, and we hope to be supported by them also in its implementation.

In the past several years, we have witnessed quickly changing relations in the world policy. Contemporaneity is stigmatised by dynamic changes caused by the growing multipolarity of international relations. Last year, many such events took place, moving the international community forward to fulfilment of ideals shared by the Council of Europe, development of peaceful co-existence of nations and strengthening of mutual co-operation. On the other hand, other events took place that did not fill us with optimism.

Slovakia wishes to contribute, too, so that the formation of new relations is based on respect of international law and principles of the democratic co-existence of nations. This is in line with the principles of our foreign policy, which flow from the basic values of Slovak society. This belief is characterised by respect for democracy and for human rights, and by the creation of an economic environment based on free market principles. The guarantees of democracy and human rights' protection are constitutional guarantees. In a country where the Constitutional Court is functional, no higher guarantees exist.