

CROATIAN EXCHANGE RATE REGIME LOOKING FORWARD EMU?

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Republic of Croatia has a managed floating exchange rate regime. The main exchange rate is EUR/HRK rate.

Croatia initiated process of negotiating its EU accession, and the accession talks are scheduled for March 17th of 2005. Becoming a member of European Monetary Union is just a logical continuation in the total accession process of Croatia.

Process of euro adoption is planned to be a quite easy and fast one. This is mostly due to the fact that Croatia is highly dollarized country – highly concentrated on euro.

Key words: European Monetary Union, EUR/HRK rate, market risk, foreign exchange risk, interest rate risk, securities price risk, liquidity risk

