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DENATIONALISATION IN CROATIA AND TRANSITION ECONOMIES

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Restitution / denationalization method

- We can divide the observed states into three larger groups according to the restitution / denationalization method:
- Countries with mixed restitution type (natural restitution where possible with compensation for other confiscated property). This group includes Croatia, Germany, the Czech Republic, Romania and Macedonia.
- Countries that do not return property in kind but exclusively pay compensation - Hungary
- Countries where the restitution process is in its infancy - Poland and Bosnia and Herzegovina.

Compromise between necessity of enforcement

- The process of denationalization and the desire to carry out this process with the least social upheavals and costs, different states have found in different constraints, for example:
- Reducing the circle of proxy holders to a very narrow circle of legal heirs,
- Non-recognition of the right to return to foreigners,
- By setting a limit on the total amount of compensation

The challenges of denationalization

- One of the challenges of denationalization in every country, including Croatia, is natural restitution.
- As many properties are now owned by businesses, their confiscation would lead to the paradoxical situation of losing most of the assets, since in some cases up to 80% of the value of the assets of some profitable companies is precisely the property that has to be returned to the previous owners.
- Therefore, one of the solutions is to impose compensation in the shares or holdings of those companies in which the real estate is owned.

Accurate denationalization commitments

- It is impossible for the competent authorities for the implementation of denationalisation in the Republic of Croatia to answer questions that would give an accurate overview of the obligations regarding the return of confiscated property until the cases have been fully resolved.
- As each claim for restitution can be resolved in the following ways:
 - Determined compensation in shares from the portfolio of CERP (legal successor of the Croatian Privatization Fund);
 - Determined compensation in money and bonds of the Republic of Croatia;
 - Return in kind;
 - The request may be denied.

Compensation for confiscated real estate

- The Law on Conversion of Socially-Owned Enterprises entered into force before the Compensation Act, as the basic law for the enforcement of the restitution of confiscated property.
- Therefore, it was not possible to determine the number of claims submitted and the type of real estate to which they related, when booking the shares to compensate the previous owners of the confiscated real estate, which subsequently failed to determine the required number of reserved shares to compensate the previous owners.

Conclusion

- It is difficult to say whether there is a general model of privatization that would successfully apply the denationalisation process in its models.
- Restoring in the nature of nationalized real estate (natural restitution) to previous owners in the process of denationalisation would cause disruption to the economy.
- For real estate, which was entered in the share capital, and no reservation of shares was made, payment of compensation in bonds of the Republic of Croatia was made until 2019. The Fund for compensation of confiscated property, and from 2019 the Ministry of Finance.