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wiiw Spring Seminar 2004

'Europe 2004: Ins, Outs and In-betweens'

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Inflation, exchange rates and the real catch-up

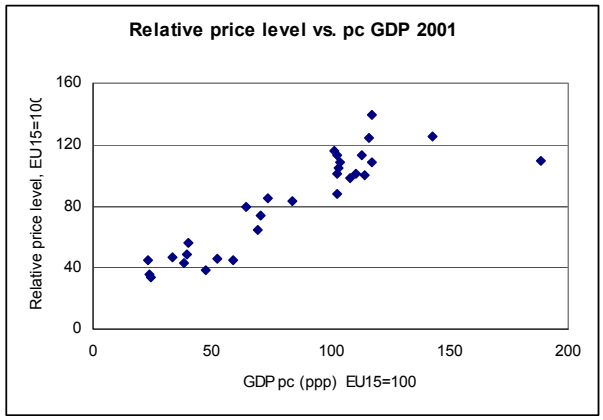
BY LEON PODKAMINER

Price levels related to GDP levels: real catch-up will involve real appreciation

Price levels, defined as the ratios of purchasing power parities to the exchange rates, are systematically related to the levels of real per capita GDP. In the poor (e.g. EU accession) countries, the price levels are much lower than in the rich EU countries (see Figure 1). Thus, the purchasing power of the accession countries' currencies (and incomes, such as wages) is higher than suggested by their exchange rates: ostensibly their domestic currencies are under-valued. In actual fact though, all accession countries (excepting Slovenia) run quite high trade and current account deficits, which indicates that their currencies are overvalued. This conclusion is further strengthened by the fact that those deficits have been responsive to the changes in real exchange rates, with strong real appreciation normally spelling out higher deficits and strong real depreciation lowering them. (The basic reason why Slovenia has not suffered from high and unstable trade/current account deficits is that its currency has been orderly depreciating in real terms.)

The question arises how it is possible for the individual accession countries to catch up with the rich EU countries in terms of real GDP per person – which, as Figure 1 suggests, should be accompanied by a corresponding catch-up in price levels. The latter catch-up would have to involve a massive real appreciation – a much faster rise in domestic prices than in exchange rates.[1] But, as proven by the accession countries' experience, even quite moderate real appreciation results in an accumulation of current account deficits and eventually brakes real growth. Thus it would seem incompatible with the real catch-up.

Figure 1



Source: Provisional wiiw estimates. The sample includes 15 EU countries, 9 accession countries (excluding Malta), Bulgaria, Romania, Turkey, Switzerland, Norway and Iceland.

Inflation cannot be restricted to the service sector

It may be argued that real appreciation need not have growth-disturbing consequences if inflation is confined primarily to the non-tradable sector (i.e. transportation, trade, storage, various business services, construction, housing, health, education etc.). Indeed, the price levels of non-tradable goods (e.g. housing, health and education services) are much lower in the accession countries than those of goods considered as internationally tradable. However, this is not a satisfactory reasoning because generally the price levels of goods commonly considered as internationally tradable are also lower (though not as much as those of services) in the accession countries. This is often the case even with respect to goods imported from the rich countries. For example, imported personal cars and many durable goods actually tend to be sold at prices lower than in the (rich) countries of

[1] Under a fixed exchange rate regime (and in particular when domestic currencies are replaced with the euro) the price-level catch-up would be through sustained inflation, higher than in the EU. Under flexible exchange rate regimes and low inflation, that catch-up would necessitate massive sustained nominal appreciation. In any case the price-level catch-up cannot happen if, simultaneously, exchange rates are fixed and inflation is low.

origin.[2] Thus, the price levels in the accession countries are still low as compared with the rich EU countries even if one considers only non-services (i.e. goods supposed to be internationally tradable). Moreover, it is rather difficult to see how such a skewed inflation (confined to the non-tradable sector) could be occurring. Indeed, there are at least three factors, each suggesting that such a real appreciation-neutral inflation would be rather impossible.

– First, the production of tradable goods requires large (and growing, due to the nature of the currently observed technological change) inputs of various non-tradable productive services. Barring a disproportionately high rise in efficiency of the use of services in the production of tradable goods, high services' inflation would increase the costs of tradables. This would then lead to inflationary pressures in that sector as well.

– Second, high inflation in the sector supplying (consumer) services would also erode the purchasing power of wages generally, hence creating a wage-cost push in the tradable sector too.

– Third, if the wage-cost push were resisted – which is thinkable under high unemployment and highly flexible labour market policies – the overall growth would suffer because of the stagnation, or contraction, of the wage-earners' consumer demand. In particular, the consumer demand for services would then weaken particularly strongly, undercutting the services' inflation itself.

Decisive structural transformation needed to reconcile real catch-up with price-level convergence

While making a distinction between the two types of products (tradable and non-tradable) and their respective inflations does not lead to a reconciliation of the two processes (the real catch-up with the catch-up in the price levels), a more promising distinction would be between two types of goods *actually traded internationally*, namely between the price-elastic/low value-added and price-inelastic/high value-added ones. The accession countries' specialisation in the production and exports of price-elastic/low value-added goods and their reliance on imports (from the rich countries) of price-inelastic/high value-added ones, makes them sensitive to real appreciation. Real appreciation undercuts exports, and can even encourage imports, of price-elastic/low value-added goods, hence extending trade/current account deficits that eventually interfere with real growth and necessitate adjustments. The adjustments in question may involve nominal depreciation (thereby cancelling the 'gains' in the price-level catch-up) or a fiscal/wage tightening aimed at curbing imports (and thereby negatively affecting primarily the domestic demand, thus additionally slowing down the real catch-up).

Things would develop differently if the accession countries could start exporting (and first of course producing), at an appreciably high scale, price-inelastic/high value-added goods. Under such a scenario, rising domestic prices (real appreciation) do not matter that much for export revenues (at least earned on these goods) and hence need not erode the *overall* external competitiveness. In actual fact here the real appreciation would signify a rising rather than falling competitiveness. That would be so because the domestic prices might actually be pulled up by rising prices received for increasing exports on foreign markets. Note that such exports would, at the same time, be sharply augmenting the volume of the domestic value added (i.e. incomes). Hence they would be consistent with the real catch-up as well.

The tentative conclusion to be drawn at this stage is that a simultaneous catch-up in real GDP level and in the price level is possible only upon a

[2] This obvious violation of the 'law of one price' can be ascribed to (1) lower retail/servicing costs in poorer countries; (2) discriminating strategies of multinational firms ('pricing to market') which adjust their local prices to local conditions (primarily to the local income levels).

decisive structural transformation – away from production (and exports) of price-elastic/low value-added, to production (and exports) of price-inelastic/high value-added goods. Only in the presence of such a transformation the growth of real incomes can be combined with a sustained real appreciation. Then, two additional questions deserve further consideration.

Real catch-up unlikely without decisive structural transformation/real appreciation

First, can there be a real catch-up *without* a catch-up in the price level (and hence without a decisive structural transformation)? The fact that each and any rich country has a correspondingly high price level suggests that such a development is highly unlikely. Each rich country that has successfully caught up with the erstwhile leaders must have, in the past, gone through a process of sustained real appreciation combined with decisive structural transformation. (Some of them, notably Japan and Germany in the post-war period, have managed to close their initial tremendous GDP gaps vs. the USA with relatively low inflation – but through major nominal currency revaluations, which were however supported by large trade surpluses. Real appreciation combined with high growth was of course possible because of the structural shifts making their high value-added exports highly demanded on the world market.) Most probably, the absence of a structural transformation (and thus the necessity for the price levels to remain sufficiently low) prevents a fast rise in real incomes because such a rise would normally stimulate excessive imports of price-elastic/high value-added goods all the same.

No signs yet of the accession countries entering a decisive structural transformation

Second, are there any signs of the accession countries entering (or having entered) a great transformation in their production and export capacities? Here the answer seems No. True, the accession countries are measurably upgrading their production capacities, modernize, increase productivity, receive better prices for their exports, change the composition of production and exports (away from low-skill to higher-skill activities) etc. All these facts cannot be disputed.

But we do not have any reliable measures of actual domestic value added made on the export activities of the accession countries. The fact that even the foreign-owned export-oriented manufacturing firms (considered to be producers of relatively advanced goods) are attracted by low wages and seem to be making rather modest profits would suggest that they do not contribute over-proportionately to the overall domestic gross value added.[3] This is quite understandable given the fact that truly high value added can in, a competitive global economy, only be generated in activities that are 'hard to imitate' – and not in activities that can essentially be performed everywhere, by almost anybody. Assembling of even modern cars or computers (out of components designed, patented and produced in rich countries) need not bring more actual value added than production of nails or sewing of shirts. It is only when the domestic activities bring high *rents* that a true take-off can take place. That such a take-off has been hardly occurring is clearly shown by the trade and current account data for the accession countries.

Too early for the adoption of the euro

Finally, it may be worth relating the previous considerations to the issue of the accession countries' adopting the euro. Despite the more or less obvious benefits of adopting the euro, there seem to be good reasons to believe this would be

[3] For example in Poland the share of the whole foreign-owned sector in total gross value added equalled 5.1% (in 2001), whereas its share in total gross output was 8.8%. Actual gross value added of the foreign-owned sector may have been somewhat higher (on account of transfer pricing and other tricks reducing tax amounts due). On the other hand, it may be observed that the foreign-own sector has so far been preferring investment in service activities (e.g. banking, retail trade, telecommunication etc.) and in manufacturing producing for the local market. Export-oriented foreign manufacturing firms as a rule concentrate on assembling activities – and rely on imports of designs, know-how and most technologically advanced (high value-added) components.

premature. As long as the transition countries are not in a position to enter the global markets with arrays of price-inelastic/high value-added products, they ought to have the option of maintaining the competitiveness of their products through more or less controlled, occasional, nominal devaluation. That will be the consequence of the fact that even a modest growth in these countries would require domestic inflation higher than in the EU.[4] But, as the devaluation option does no longer exist once they adopt the euro, they may be unable to preserve whatever competitiveness they still have – and hence be eventually condemned to prolonged stagnation.[5] Only when the transition countries prove successful on the structural/export fronts – which does not mean they have to be much more affluent than they are now – would the adoption of the euro make more sense.

[4] Of course one may ask whether the transition countries could not continue to grow without inflation, hence without the need to offset the real appreciation affecting their price-elastic/low value-added exports through occasional nominal exchange rate devaluation. Such a possibility cannot be ruled out. But it would involve some losses to growth. There are good reasons to believe that some moderate inflation is conducive to higher growth. This heretical statement has been supported by a number of empirical studies, including some conducted at the IMF. One such IMF study concludes that inflation up to 8% appears, empirically, *not* harmful to growth (in a sample of 87 primarily less developed countries). Actually, the study shows that inflation of up to 8% has a *positive* effect on growth. (See Michael Sarel, 'Nonlinear Effects of Inflation on Economic Growth', *IMF Staff Papers,* Vol. 43, No. 1, March 1996, pp. 199-215.)

[5] This is consistent with the conviction that under free capital movements the lower-income countries fare much better, in terms of growth, under floating than fixed exchange rates. That opinion is supported by a recent empirical study whose authors conclude (upon examination of growth in 183 countries) that '... for developing countries less flexible exchange rates are associated with slower growth, as well as with greater output flexibility. For industrial countries, regimes do not appear to have any significant impact on growth ...". (See Eduardo Levy-Yeyati and Federico Sturzenegger, 'To Float or to Fix: Evidence on the Impact of Exchange Rate Regimes on Growth', *American Economic Review*, Vol. 93, No. 4, September 2003, pp. 1173-94.)

Specialization patterns in CEEC manufacturing output

BY JULIA WÖRZ

During the transition process, the Central and Eastern European countries have experienced substantial changes in their industrial structure. Before 1991, industrial specialization patterns were more or less predetermined and sustained through the accordance of the central plans of all involved countries under Soviet hegemony inside the CMEA (Council for Mutual Economic Assistance). The dissolution of the CMEA system in 1991 and the rapid re-orientation towards Western European trading partners that was observed immediately thereafter led to a rapid restructuring in all sectors of the economy. This article examines the changes in industrial specialization patterns in the individual CEECs in more detail. In the light of their upcoming accession to the EU, it is interesting to investigate how the new members will fit into the European pattern of economic activity. The question arises whether they will specialize on distinct, potentially labour-intensive and low-tech, activities or whether output will be dispersed evenly across incumbent and new members in all industries. The location of industry has important implications, for example on the labour markets and thus for migration flows, as well as on the long-term development prospects of the individual regions or countries involved. The analysis of the CEECs' industrial structure over the past decade helps to answer these questions.

Attention is here confined to the manufacturing sector, as this sector experienced a more radical opening-up to international competitors through trade and investment flows than any other sector (in particular agriculture) with a subsequent strong impact on the structure of economic activity in Central and Eastern Europe. For example, the Europe Agreements and the establishment of the CEFTA (Central European Free Trade Agreement) have more or less removed the tariffs for trade in manufactured goods with the EU and among CEECs. Further, the focus here is not merely on industrial structure but on specialization towards the EU-15 and vis-à-vis other CEECs. Specialization refers to the distribution of output in each country in relation to the overall output distribution in the sample as a whole. This relative concept accounts for both, the general importance of each industry and country size. Specialization is measured as each country's share of output in a specific industry in relation to the share of this industry in the EU-15 and in all ten CEECs together respectively.[1] Output data at current prices (converted to euro at exchange rates) for ten CEECs (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia) and 13 industries (NACE, rev. 1, subsections DA-DN) are taken from the wiiw Industrial Database for the period 1993 to 2000. This period is well suited to analyse the impact stemming from the transitional change and from the stronger trade integration of CEECs with the European Union. The starting point – 1993 – has the clear advantage that the data are not blurred by the transformational recession, which was largely over in most transition countries by 1993. Also, not all countries included in the following investigation were in existence as independent states prior to 1993. The article is structured as follows: In a first step, the CEECs' industrial structure is compared to the EU-15. This describes the strengths and weaknesses of CEEC manufacturing production versus the incumbent members and will serve as a background for the analysis of specialization patterns inside Central and Eastern Europe which is carried out in the second step.

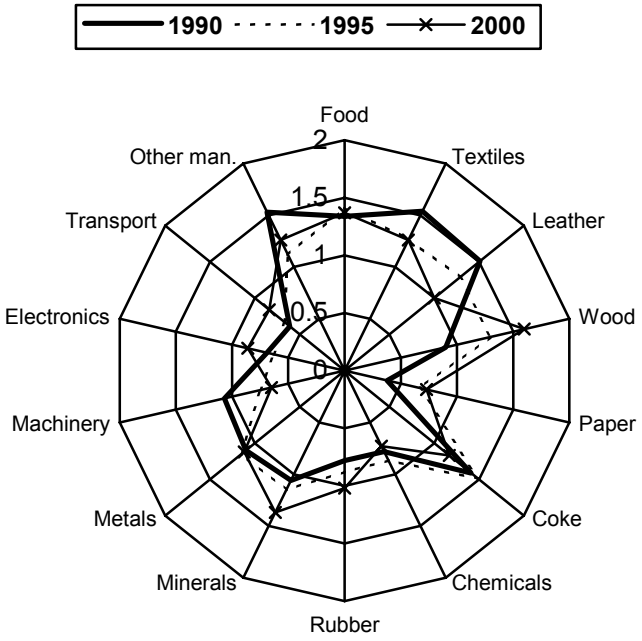
[1] This measure is a modified version of Balassa's (1965) specialization index. A problem arose from the fact that due to its size Poland dominates the Eastern European specialization pattern. Consequently the following index was used (in analogy to Vollrath, 1991): $SI_k^i = (y_k^i / y_n^i)/(y_k^r / y_n^r)$, where y_k^i is output of industry k in country i. Superscript r denotes all countries without country i, and subscript n refers to all industries except industry k.

Specialization versus EU-15

Figure 1 shows the pattern of specialization in Eastern Europe as compared to Western Europe in three different years: 1990, 1995 and 2000.[2] A value of greater than one indicates that CEECs are specialized in the respective industry and year, while a value of less than one reflects underproportional output compared to the EU-15 average.

Figure 1

Output specialization in relation to EU-15



Source: wiiw estimates based on national statistics and AMECO.

In 1990, the CEECs were strongly specialized in producing textiles (DB), leather (DC), coke and refineries (DF) and in 'other manufactured products' (DN). In particular in the leather and textile industry, specialization decreased substantially up until 2000. A slight increase of specialization is observed in the food industry. Specialization has strongly increased in the wood industry (DD) and in the manufacture of other non-metallic mineral products (DI, including glass, glass fibres, cements, etc.). Increasing de-specialization can be observed in the machinery industry (DK). The share of output from this industry had corresponded closely to the EU average in 1990. In 2000, however, that share fell to about two thirds of its EU-15 counterpart. Thus, machinery is the only industry where CEECs are increasingly less competitive. The strengths of the Eastern European manufacturing sector in comparison to the EU-15 have moved from textiles and leather products (where output is still above the EU-15 average) to wood (DD) and minerals (DI). Specialization in coke and refineries as well as in metals (both with a relatively good performance) and in rubber and chemicals (with below-average output levels) has remained unchanged. Over the whole period, the CEECs showed a relatively weak performance in the following industries: paper and printing (DE), electrical and optical equipment (DL), and transport equipment (DM). However, their competitiveness in these industries has improved over time.

In summary, the positioning of the CEECs in terms of output production and thus the general picture of specialization changed quite substantially during the 1990s. Broadly speaking, there has been a general decrease in specialization with respect to Western Europe. In other words, output patterns have become more similar between the incumbent and the new members. However, there are a few exceptions to this trend, most notably the increases in specialization in the wood and mineral products industries. One can also distinguish some upgrading in CEEC output specialization patterns versus the EU benchmark. This can be inferred from the following observation: While the pronounced specialization in low-tech activities (leather, food processing, textiles, and other manufacturing) has decreased considerably, the relative (and negative) output gap in distinct high-tech industries, such as electrical and optical equipment and transport equipment, was successfully reduced in the second half of the

[2] As some of the CEECs emerged only after 1990 as independent countries, the following years were used: Slovenia: 1992, Estonia: 1992, Latvia: 1996, Lithuania: 1993.

1990s.[3] This convergence to the Western European pattern together with the initial specialization in low-tech activities implies an overall upgrading of the CEEC manufacturing sector.

Intra-CEEC specialization patterns

A first glance at the graphs in Figure 2 (see pp. 11ff) suggests that in contrast to the increasingly homogenous specialization patterns versus the EU-15, a trend towards increasing specialization can be observed among the CEECs. This is particularly evident in Hungary where most of the electronic industry has become concentrated. In the year 2002, roughly 37% of the CEEC electronic industry was located in Hungary. That industry amounted to 27% of Hungarian manufacturing output.

The industries in Figure 2 are grouped into low-tech (upper part) and high-tech (lower part) industries. This ranking displays a second feature of CEEC specialization patterns. A dividing line can be drawn between the four Central European countries (Czech Republic, Slovakia, Hungary, Slovenia) on the one hand and the Baltic and Southeast European countries on the other hand. While the former show increasing specialization in high-tech activities, the latter become increasingly specialized in low-tech industries. Within the latter group, there is a distinction between the Baltic states (with increasing importance of the wood industry) and Bulgaria and Romania (which specialize in textiles, leather and other manufactures). Poland shows a relatively weak specialization compared to all other countries. In its specialization pattern it resembles more closely the second group, with the focus also on different industries such as paper and rubber products.

Let us first look at the patterns of output specialization in the four Central European countries. The *Czech Republic* showed a relatively balanced pattern in both years. Three notable changes in specialization with respect to all remaining CEECs occurred in the past decade: The weak specialization in the leather industry disappeared completely. In 2002, the Czech production of leather products was far below the CEEC average. In contrast, the rubber and electronic industry gained importance, implying a switch from a relatively weak position to an above-average output share in these two industries. In total, relative output shares increased in three out of the four high-tech industries – machinery, electronics and transport equipment – while the share of chemicals remained somewhat below the CEEC average. As mentioned before, the Hungarian output structure is characterized by an extreme tendency towards specialization in the electronic industry. There was further a switch from a below- to an above-average output share in the transport industry during the past ten years. The remaining two high-tech industries, chemicals and machinery, lost ground in Hungary. These developments were accompanied by movements away from specialization in the food and paper industry and a pronounced fall in relative output shares in the wood industry. The chemical industry has increasingly gained shares in *Slovenia* together with the manufacture of machinery. This industry has also become concentrated in Slovenia, which is the only country that shows a distinct specialization in chemicals. In addition, Slovenia also has relatively high share of the Eastern European textile and leather industry, further the paper industry has partly moved to this country. In contrast to the Czech Republic and Hungary, the share of electronics and transport equipment has decreased in relative terms. Transport equipment is increasingly produced in *Slovakia*. The growing importance of this industry for Slovakia is reflected in the switch from a significantly below-average output share in 1993 to a relatively strong specialization in this industry in 2000. The turnover took place already in 1995,

[3] The classification of industries with respect to technology levels is based on Fontagné et al. (1999). According to their calculations, the following four industries are identified as medium- and high-tech: chemicals (DG), machinery (DK), electronics (DL) and transport (DM).

however, specialization intensified remarkably only in 1998. The share of the transport industry in Slovak manufacturing output rose from 5% to 18% in 2002. This amounts to nearly 10% of the transport industry in the CEECs. Besides, specialization in the leather industry has also increased. Slovakia still holds a relatively strong position within Eastern Europe in the production of metals and metal products. As in Slovenia, growth in the electronic industry was relatively weaker than on average, implying a decrease in the specialization index. Also the comparably low initial shares of the textiles, food and wood industry have further declined relative to the average.

Poland's structure of manufacturing output resembles closely the average pattern in CEECs, even when excluding Poland itself (in order to remove the bias introduced by its economic size). In other words, the Polish manufacturing sector gives a representative picture of CEEC manufacturing. Some weak specialization in the food industry and the manufacture of pulp and paper (including printing and publishing) can be observed. Specialization in the latter has increased up to 2002. Although with a declining trend, there is also some specialization in the wood industry. Increasing specialization is observed in the rubber industry and more strongly in the production of other non-metallic mineral products (i.e. glass, cements, concrete, etc.). Electronics and transport equipment have moved away from Poland to Hungary – this despite the fact that still 36% of transport equipment was produced in Poland in 2002 compared to 39% in 1993. However, Hungary has increased its share from 10% to 22% over the same period, which, given its smaller size, implies a stronger degree of specialization.

Specialization patterns in the Baltic states have not only been much more pronounced at all times, they have also changed to a great extent. This is not very surprising given that smaller countries are often forced to specialize on specific industries for various reasons (increasing returns to scale in production, resource constraints, etc.). For instance, Lithuania showed a pronounced specialization in rubber, paper and metals in 1993. In 2002 this picture changed completely, showing specialization in the textile industry, the wood industry and in the joint category of coke and other manufacturing. The wood industry has increasingly become concentrated in the Baltic countries in general, reflecting their absolute advantage for this industry. *Estonia* and especially *Latvia* both show a much stronger specialization index in this industry. Both countries have also gained a relatively strong position in the textiles industry, Latvia further had a relatively high share of the food industry. Without exception, the Baltic countries lost grounds in all four high-tech industries. This together with their increasing specialization in only very few low-tech industries (wood and textiles) does not draw a promising picture for their long-run development, assuming that these industries are characterized by a rather low long-term growth potential.

The two Southeast European countries, *Bulgaria* and *Romania*, show a more balanced output pattern, with some specialization in textiles and other manufacturing together with coke. Romania is further specialized in leather products and metals. Also output shares in the chemical industry are above the Eastern European average. Bulgaria is further doing quite well in the machinery industry. Both countries have falling output shares in the Eastern European electronic and transport equipment industry relative to their size.

Concluding remarks

The analysis of industrial specialization indices over the period 1993 to 2002 for ten CEECs reveals that, on average, the structure of CEEC manufacturing has become increasingly similar to the EU-15. At the same time, specialization patterns among the CEECs have become more pronounced. These two opposing trends can be reconciled by the fact that the concentration of industrial output has also increased in Central and Eastern Europe. This trend is opposed to the

development in the EU-15, where industrial output has become more dispersed over the same period. However, previously (i.e. from 1985 to 1993; see Hildebrandt and Wörz, 2003) industrial concentration had also increased in Western Europe. Thus, the CEECs may be following the EU-15 pattern with a time lag. It seems plausible that during their transition period, countries first specialize on their immediately existing comparative advantages. Over time, as economic integration among themselves (and also with the EU-15) is deepening, these advantages will increasingly be eroded, thus leading to more similar production structures in the future. Up to 2002, the CEECs' structural convergence with the EU-15 was facilitated by the stronger specialization of individual countries within the region.

While the four most advanced countries, Hungary, the Czech Republic, Slovakia and Slovenia, specialize increasingly in the production of high-tech industries such as chemicals, electronics, machinery and transport equipment, all remaining countries show increasing specialization in all other industries. Even within these country groups there are distinct differences in specialization. For instance, the electronic industry is concentrated to a large extent in Hungary, while the Czech Republic produces a relatively high fraction of the transport industry (adjusted for country size). Slovenia moved to chemicals and machinery, and Slovakia also showed a strong specialization in transport equipment and machinery. Certainly, these developments are strongly tied to the industrial composition of FDI flows into these countries. They also reflect the comparative advantages of each country. Apart from a possible concern that too much specialization may impose a structural problem in the future, the kind of specialization in these four countries draws a very promising picture for their general economic development. In contrast, the strong specialization on woods and textiles in the Baltic states raises serious concerns about their future development as these industries do not offer a large potential for technological progress, which is certainly one of the most important sources of long-run growth. The specialization pattern displayed by Bulgaria and Romania also reveals that their strengths are to be found mainly in less technology-intensive industries. Still, the degree of specialization is much weaker and more industries are characterized by above-average output shares. This would suggest that the concerns raised for the Baltic states do not apply here. However, the direction of changes in their specialization patterns also have to be taken into account. The decreasing importance of the transport and electronic industry may imply a slower growth potential in the more distant future.

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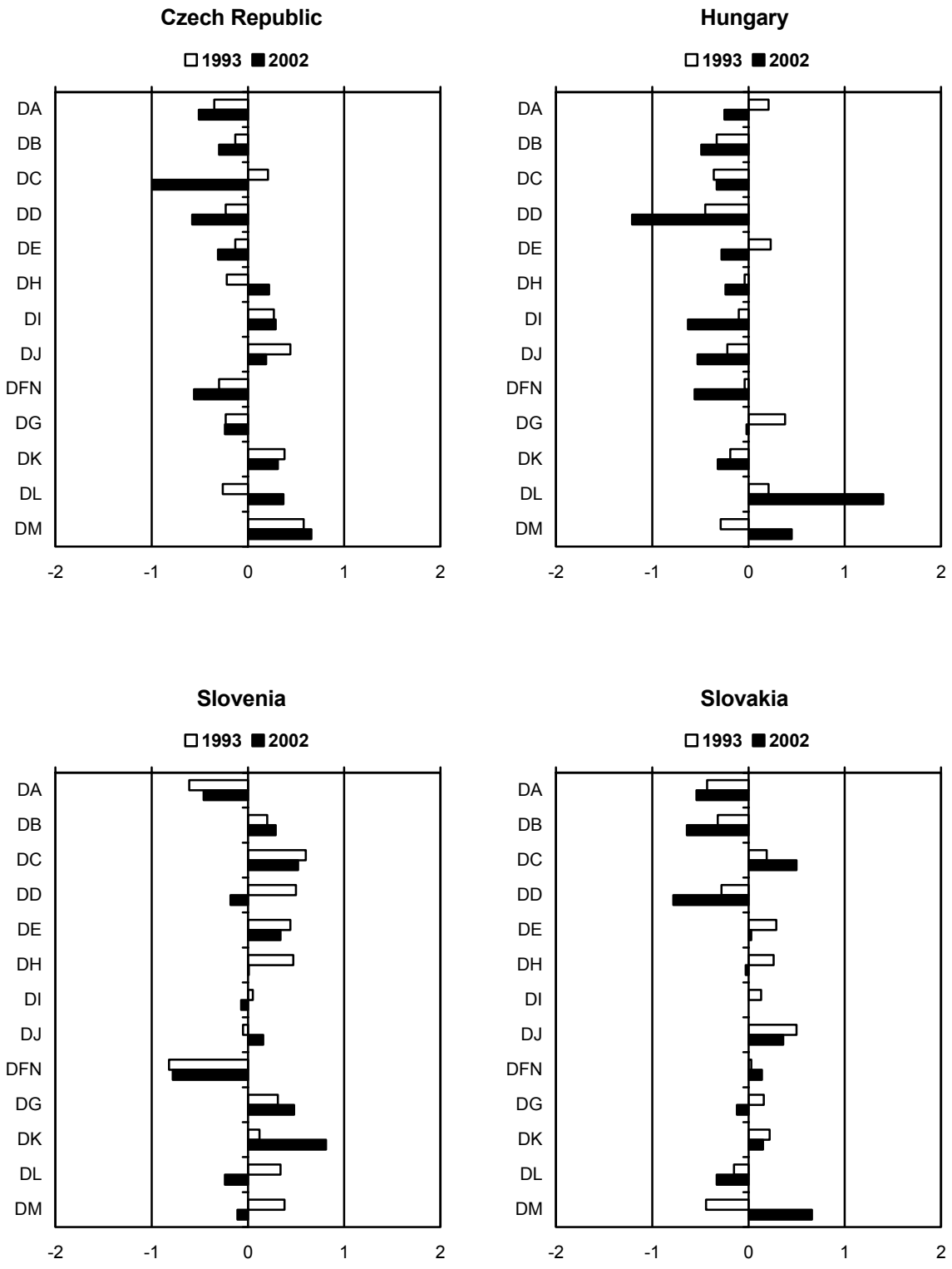
Figure 2

Specialization indices by country



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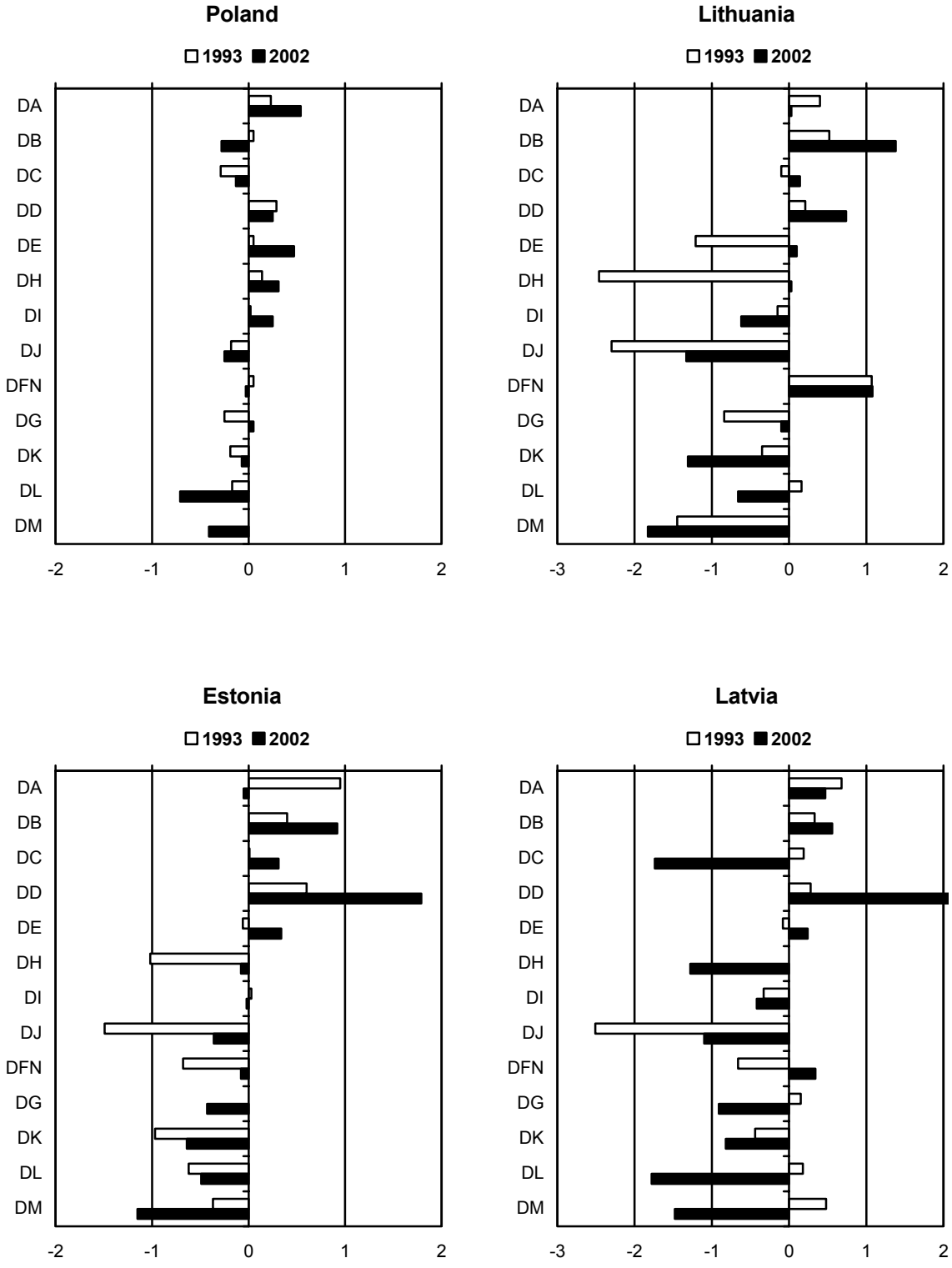

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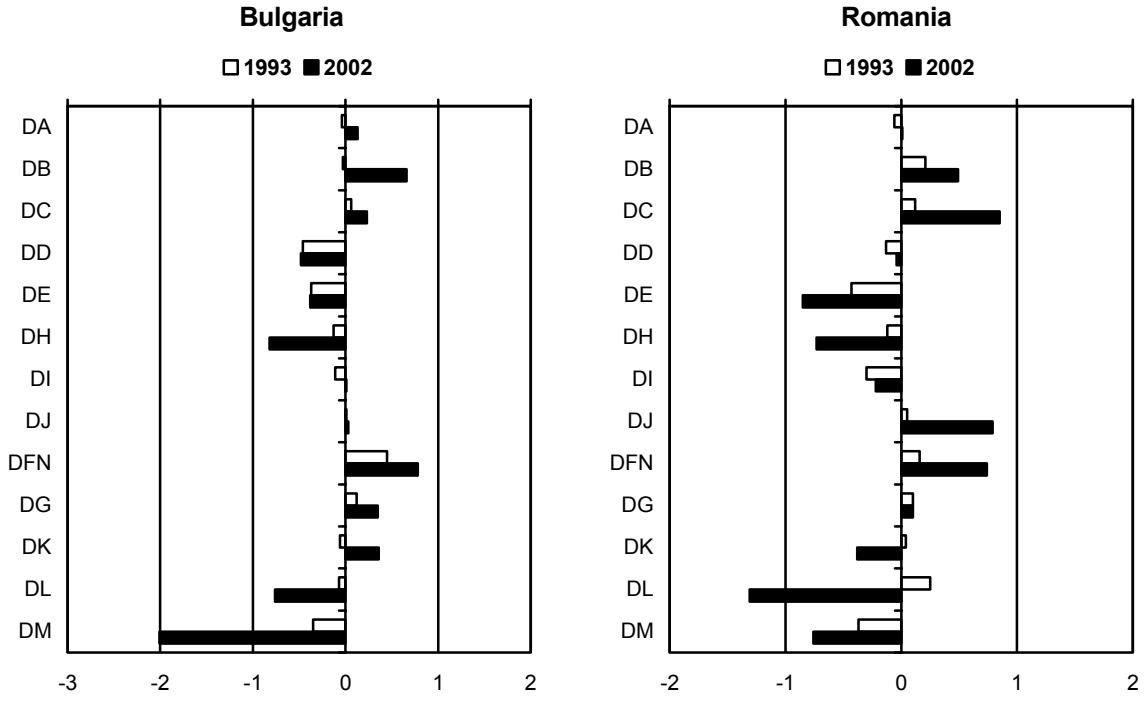

Note: Food (DA), Textiles (DB), Leather (DC), Wood (DD), Paper (DE), Chemicals (DG), Rubber (DH), Minerals (DI), Metals (DJ), Machinery (DK), Electronics (DL), Transport (DM), Coke and other manufacturing (DFN)

Source: wiiw Industrial Database, own calculations.

Agriculture in transition countries in 2003: hit by the drought

BY ZDENEK LUKAS

The volatility in the worldwide grain output over the past years has resulted in turmoil on the grain markets: in 2003, consumption of wheat and coarse grains exceeded annual production, and inventories declined. Consequently, grain prices are on the rise. China, the world's largest grain producer, saw its grain output falling from a record high of 512 million tonnes in 1998 to less than 450 million tonnes in 2003. China's harvest strongly reflects world grain production trends. However, driven by the output shortfalls, the rising grain prices in China have already exceeded those on the world markets. Yet, throughout Europe, 2003 crops were hit hard by drought and dry weather conditions, mostly so grain output in the southern parts of the continent. The total EU-15 grain harvest was down by 24 million tonnes to 184 million tonnes. The decreasing domestic grain availability pushed domestic prices to high levels; coupled with the strong euro against the US dollar, EU grain exports to the US-dollar market have diminished. As the grain balance sheet in the EU is tight, the European Commission has been stepwise suspending export subsidies and has partly discharged domestic intervention stocks.

The EU accession countries experienced the same drought conditions as the EU, and resulting harvest shortfalls. With grain stocks being generally lower, the grain balance sheet in some of the CEECs after the 2003 harvest has been even lower as compared to the EU. Grain production in the CEEC-6 declined by one fifth to some 57 million tonnes. Based on the reduced use of feed grain, domestic use of grain in total is expected to fall slightly. Nevertheless, domestic use of grain will exceed the 2003 grain output, thus grain inventories in the CEECs will decrease significantly until the next harvest. The region will probably become a net grain importer by then. Cereals are the main crops and above two thirds of their production have been converted into animal products. As a result, grain yields and their fluctuation have a fundamental impact on total agricultural output in the countries concerned. The production of oilseeds has increased. The driving force behind that expansion were high world oilseed prices and rising oilseed subsidies in some countries. The varieties of oilseeds differ among the CEECs: southern countries such as Bulgaria, Hungary and Romania produce exclusively

Figure 1

Development of gross agricultural production
1990 = 100

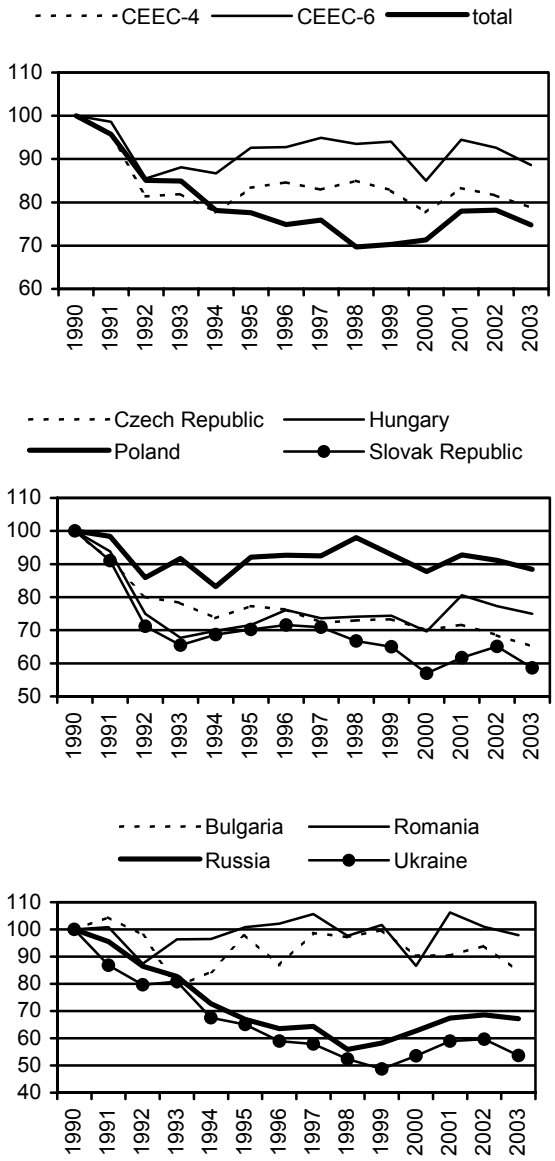

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Table 1

Selected indicators in agriculture

(average annual rate of change in %)

	Agricultural land in 1000 ha	Gross agricultural production								
	2002	1986-90 (p.a.)	1991-95 (p.a.)	1996-00 (p.a.)	1998	1999	2000	2001	2002	2003[1)]
Czech Republic	4273	0.4	-5.0	-2.0	0.7	0.6	-4.5	2.5	-4.4	-5
Hungary	5867	-0.4	-6.5	-0.6	0.7	0.4	-6.5	15.8	-4.1	-3
Poland	18345	0.6	-1.6	-1.0	5.9	-5.2	-5.6	5.8	-1.8	-3
Slovak Republic	2439 [2)]	0.3	-6.8	-4.1	-5.9	-2.5	-12.3	8.2	5.5	-10
CEEC-4	**30924**	**0.3**	**-3.6**	**-1.4**	**2.5**	**-2.6**	**-6.2**	**7.3**	**-2.1**	**-4**
Bulgaria	5325	0.1	-0.4	-1.6	-1.5	2.7	-9.4	-0.1	4.1	-10
Romania	14852 [2)]	-3.5	0.2	-3.0	-7.5	4.0	-14.8	22.7	-5	-3
CEEC-6	**51101**	**-1.4**	**-1.5**	**-1.7**	**-1.5**	**0.5**	**-9.6**	**11.3**	**-2.1**	**-5**
Russia	194600	1.3	-7.7	-1.3	-13.2	4.1	7.7	7.5	1.7	-2
Ukraine	37877	0.8	-8.2	-3.9	-9.6	-6.9	9.8	10.2	1.2	-10
Whole region	**283579**	**0.0**	**-5.0**	**-1.7**	**-8.1**	**0.8**	**1.4**	**9.4**	**0.2**	**-4**

Notes: 1) wiiw estimate. - 2) Year 2001.

Source: wiiw Database incorporating national statistics.

Table 2

Grain production

(million tonnes)

	1986-90	1991-95	1996-00	1997	1998	1999	2000	2001	2002	2003[1)]	2003/2002 change in %
	annual average										
Czech Republic	7.8	6.9	6.7	7.0	6.7	6.9	6.5	7.3	6.8	5.7	-16
Hungary	14.3	11.5	12.0	14.1	13.0	11.4	10.0	15.0	11.6	9.3	-20
Poland	26.1	23.8	25.2	25.4	27.2	25.8	22.3	27.0	26.9	23.6	-12
Slovak Republic	4.0	3.6	3.1	3.7	3.5	2.8	2.2	3.2	3.2	2.6	-19
CEEC-4	**52.2**	**45.7**	**47.0**	**50.2**	**50.3**	**46.9**	**41.0**	**52.6**	**48.5**	**41.2**	**-15**
Bulgaria	8.4	6.9	4.9	6.2	5.4	5.2	4.4	6.1	6.8	4.1	-40
Romania	18.3	17.0	15.9	22.1	15.5	17.0	10.5	18.9	14.4	12	-16
CEEC-6	**78.9**	**69.6**	**67.8**	**78.5**	**71.2**	**69.1**	**55.9**	**77.5**	**69.6**	**57.3**	**-18**
Russia	104.3	87.9	65.2	88.6	47.9	54.7	65.5	85.2	86.6	65	-25
Ukraine	47.4	38.5	27.1	35.5	26.5	24.6	24.5	39.7	38.8	20.2	-48

Notes: 1) wiiw estimate.

Sources: wiiw Database incorporating national statistics.

sunflower seeds; Poland produces rapeseed; and the Czech Republic and Slovakia both rapeseed and sunflower seeds.

On account of the bad weather conditions, in 2003 the CEEC-6 reported production shortfalls in their total agricultural output (-5%), after a slight drop in 2002. The decline in production of livestock was less pronounced, but that in plant output reached two-digit rates. Supported by expanding export sales of processed food with high value added, the 2003 aggregate deficit of the CEEC-6 could be reduced by some EUR 0.3 billion to about EUR 0.4 billion. In Russia and Ukraine, despite the overall economic recovery, agricultural production declined as well, mainly also because of the bad weather. Due to strongly rising domestic demand for foodstuffs Russia remains one of the world's largest agro-food importers (USD 7 billion net). Ukraine's agro-food surplus was cut by half to about USD 0.7 billion.

Czech Republic

In 2003 the total grain harvest fell by 16% to 5.7 million tonnes, the lowest result in recent history. The reasons for that plunge were winterkill (in the case of wheat) and summer drought, and the decline in grain-sown area. Wheat output fell most strongly, by 32%. Although the domestic grain demand, at some 6.5 million tonnes, is currently exceeding domestic production, the Czech Republic will probably not import grain (in net terms) until the next harvest because of available stocks. Harvests of sugar beet, potatoes, and rapeseed declined as well by two-digit rates. Total 2003 crop output decreased by an estimated 13%.

Meat production rose slightly in spite of decreasing animal stocks. The more than 3% increase in animal production partly moderated the shortfalls in crop output; gross agricultural production was down by about 5%. The decline in agricultural output resulted in an increase in farm output prices (mainly grain, fruit and potatoes) by some 4% in 2003. Although the volume of sales dropped, the economic situation in the agricultural sector changed only marginally in 2003 thanks to rising procurement prices and decreasing costs. Despite the production shortfalls, overall agricultural and foodstuff imports rose by less than 3%, while exports expanded by 4% (both in euro terms). As a result, the agro-food deficit for the full year 2003 diminished to an estimated EUR 700 million, compared to EUR 750 million in 2002.

Hungary

After the 2001 bumper harvest, grain output declined in 2002 and 2003. The dry summer of 2003 affected the grain harvest, which was down by some 20% and reached 9.3 million tonnes; wheat output fell by one quarter to 2.9 million tonnes. Production of maize (the dominant crop, and more drought-resistant) fell by about 15% to slightly above 5 million tonnes. The decline in the grain harvests was however partly set off by better harvests, and excellent quality, of sunflower seeds, wine grapes, some vegetables and fruits. Overall crop production was down by an estimated 6% in 2003. Stocks of pigs, after rising in 2002, were falling by about 4% in 2003, mostly after the low 2003 harvest. Stocks of cattle continued to diminish. The expansion in the animal sector in the first half of 2003 compensated for the output fall in the second half, and animal production in the whole year stagnated. Due to the decline in crop output total agricultural production was down by some 3% in 2003.

Output prices rose probably slightly more than input prices, thus relative prices in farming improved moderately. However, because of the fall in agricultural output, farmers' revenues declined and the economic situation in agriculture deteriorated in 2003. Hungary has registered an average annual surplus in agricultural trade of more than EUR 1 billion in recent years. In 2003, export sales of processed food increased by 6% despite the shortfalls in the production of agricultural goods. As total exports of agricultural goods and processed food rose by about 2% to above EUR 2.5 billion in 2003, the share of high value-added items in total agro-food exports has increased. Agro-food imports expanded by 8% to EUR 1.4 billion, thus

the agro-food trade surplus diminished by some EUR 100 million to EUR 1.1 billion. Still, Hungary has remained the country with the highest agro-food surplus by far, in net terms, in the CEE region.

After Hungary's accession to the EU in May this year, crop production in Hungary will be in a more favourable position than before, as direct payments mostly refer to agricultural land. In addition, compared to other accession countries, Hungary has managed to agree with the EU upon fairly large reference agricultural areas and relatively high production quotas. On the other hand, the animal sector's access to subsidies will be more restricted, and market competition will become much stronger. The strict EU phytosanitary and veterinary standards and animal welfare rules pose a huge challenge. Meeting the EU rules will require investment capital which is in short supply anyway. In the milk sector, for instance, dairies have raised quality standards for milk and milk products in line with EU regulations. But not all, particularly small-scale, dairy producers will be able to meet the new standards, and it is estimated that several thousands of these small producers in Hungary may cease production. Still, all in all, Hungary has the best prerequisites among the accession countries to expand its export position on the EU agro-food markets.

Poland

In Poland, the 2003 grain crops also suffered from the summer drought, yet to a lesser extent than the more southern countries. Following excellent results in 2001 and 2002, the total grain harvest diminished by 12% to 23.6 million tonnes. Production of wheat, the main grain crop, fell by 15% to 7.9 million tonnes. Other important crop varieties also registered a production decline, such as rapeseed by 21%, potatoes by 13% and sugar beet by 11%. Production of vegetables and fruits benefited from the weather and increased by 5% and 7% respectively. Altogether, plant production declined by an estimated 11% in 2003. Stocks of breeding sows, expanding strongly in 2002, dropped by over 6% in 2003 due to falling prices for pork. In view of the pork surpluses, and the rising feed grain prices after the 2003 harvest, pig producers accepted lower procurement prices and pig sales rose by about 17% in 2003. That resulted in a reduction of total pig stocks by some 3%. The cattle sector saw a similar development with declining procurement prices and rising sales. Stocks of cattle also diminished by some 3%. Procurement of animals for slaughter increased in all categories in 2003, mostly that of cattle. Milk procurement increased moderately as well; milk production can be assumed to have increased by 1%. Production in the whole animal sector rose by an estimated 6% in 2003. Total agricultural production dropped by an estimated 3%.

While at the beginning of the 1990s Polish trade policy in the agro-food sector was very liberal, protection against foreign competition has since then been gradually increased and Polish tariffs on agro-food products are now the highest among the accession countries. Driven by strong nominal and real depreciation of the zloty against the euro, Poland's agro-food exports rose by about 13% to EUR 3 billion in the first ten months of 2003; imports fell by 11% to EUR 2.5 billion. As a result, the agro-food trade balance improved by EUR 0.7 billion and registered a surplus of EUR 0.5 billion – after a period of permanent deficits since 1990. For the whole year 2003 we expect the same surplus. The EU has remained Poland's most important trading partner, followed by the Former Soviet Union (FSU) and the CEFTA.

Slaughterhouses, meat processors and milk processing plants have so far invested less in modernizing their equipment than would be needed to adjust to the strict EU veterinary standards. In Poland 332 processors of animals and meat, 10% of the total, agreed with the EU a transition period up until the end of 2007 for implementing the EU rules. In the milk sector, one quarter of processors (113 entities) can work under a transition regime up until end-2006. Nevertheless, some firms will not be able to cope with the EU norms and smaller entities in particular will have to close down.

Slovakia

The grain harvest dropped by 19% to 2.6 million tonnes in 2003, after registering excellent results in the two preceding years. Wheat producers suffered the largest harvest shortfalls (-40%), as both sown area and yields per hectare declined. Thanks to the large grain surpluses generated in the past, it seems that the need for grain imports until the next harvest will be very moderate, or even nil. Harvests of sugar beet and potatoes fell at two-digit rates. The production of (drought-resistant) sunflower seeds however doubled due to enlarged sown area and high yields. Overall crop output was down by an estimated 15% in 2003.

The lower feed supplies resulted in a decline of animal stocks in the second half of the year, mostly of sheep (falling by more than 10%) and cattle (by about 5%). Supported by rising demand, the number of poultry expanded by about 5%. The favourable prices of feed grain in 2002 had resulted in higher pig stocks, which in turn led to an expansion in pork production and finally to growing sales problems in 2003. The rising domestic pork surpluses resulted in a more than 20% fall in pork prices. Procurement prices of other meat categories dropped to some extent as well. Overall production of meat and milk declined moderately while that of eggs rose slightly. Total animal production fell by some 3%. On the whole, agricultural output diminished by about 10% in 2003.

Although procurement prices for some agricultural goods (mostly grain) rose at the end of 2003, the economic situation in Slovak farming has deteriorated. Following a pre-tax profit of SKK 0.5 billion in 2002, experts expect losses of SKK 1.8 billion for 2003. This result goes on account of the production shortfalls as well as deteriorating relative prices (output/input price ratio). Despite the fall in agricultural output, production in the food industry dropped by less than 2% in 2003. Surprisingly, agro-food exports rose by 5.5% to EUR 556 million in January to November 2003, mostly supported by expanding exports of animal products. Imports of processed food and beverages declined, thus total agro-food imports contracted by 2.3% to EUR 882 million. Altogether, Slovakia's net agro-food trade deficit dropped by EUR 50 million to EUR 327 million in January to November 2003 – a quite impressive result in view of the nominal appreciation of the Slovak currency by 2.8%.

Bulgaria

Also Bulgaria faced severe winter colds and a very hot summer. Grain output in 2003 was just slightly more than 4 million tonnes, as against 6.8 million tonnes in 2002. Output of wheat, the major food crop, dropped by half to 2 million tonnes. The more drought-resistant sunflower production however rose by some 20% to 680,000 tonnes. Total crop output declined by an estimated 20% in 2003. Following a recovery in the number of livestock in 2002, the forage shortages led to diminishing stocks in the second half of 2003. The grain deficit affected pork farms and resulted in emergency slaughtering particularly at small and medium-size farms. The pork sector in general has been more seriously affected by the expensive feed than the cattle/beef sectors. Meat output has probably increased slightly, due to emergency slaughtering. Milk production can be assumed to have suffered some decline as a result of the dry summer. The moderate growth in the animal sector, based on the good results of the first half of 2003, somewhat moderated the crop shortfalls. Total agricultural production decreased by about 10% in 2003.

Wheat stocks, based on the excellent 2001 and 2002 harvests, amounted to about 1 million tonnes in the spring of 2003. Thereafter, shortages on the grain market emerged and wheat prices rose strongly. The government counteracted with sales of 200,000 tonnes of wheat from state reserves. In addition, in November the officials removed import tariffs on wheat in order to import 100,000 tonnes of wheat at the beginning of 2004. Bulgaria is a net exporter of agricultural products; its main trading partners are the EU, the CEFTA and the Middle East. In 2003 agro-food exports rose by about 7% to nearly EUR 600 million, mainly due to the expansion of tobacco, beverages and spirits

exports. With imports increasing by about 20% to nearly EUR 500 million, mostly driven by rising imports of wheat and processed food, Bulgaria's net agro-food trade surplus diminished by some EUR 60 million to EUR 100 million in 2003.

The Bulgarian authorities have introduced government-funded incentives to raise milk quality standards and announced that in the current year they would start closing dairy farms and dairies that do not conform to EU standards. Given the current depressed situation in farming, this intention seems quite ambitious. However, along with these measures, domestic quality standards for milk will be raised. Due to the ongoing harmonization of Bulgarian legislation in the veterinary and phytosanitary sectors with the EU norms, in 2003 the EU lifted the ban (imposed in 2001) on Bulgarian exports of live animals to the EU-15. In addition, all bans in the animal sector that had been earlier imposed have been lifted. On 1 January 2004 the EU removed import taxes on the bulk of processed agricultural goods. However, some sensitive products such as sugar and dairy spreads have remained subject to import quotas. Bulgaria will remove all import taxes by the time of its accession to the EU.

Romania

Romania's agriculture accounts for about 40% of total employment and some 14% of GDP. As farming is still one of the most important sectors in the economy, its development and fluctuations have a significant impact on the entire economic development. In the drought year 2003, Romania harvested some 2.6 million tonnes of wheat (as compared to 4.4 million tonnes in 2002) – the lowest result in the past 13 years. Production of (the more drought-resistant) maize increased by some 9% to more than 9 million tonnes, due to enlarged sown area. The total grain output however declined by about 16% to some 12 million tonnes in 2003. Production of sugar beet plunged by half, that of potatoes by one third. On the other hand, the harvest of sunflower seeds expanded by one third. Also the output of high-quality wine grapes benefited from the warm weather. Accordingly, total crop production in 2003 may have declined by about 12%. From the start of the transition process, livestock inventories had continuously dropped up until 2002. Thereafter, driven by rising demand for meat and dairy products, that trend was reversed. Despite the shortfalls in feed production last year, animal stocks have continued to increase, mostly those of pig and sheep. In line with rising livestock inventories, animal production was up by some 5% in 2003. This somewhat moderated the drop in the plant sector. As a result, total agricultural output decreased by about 3%.

Because of the expected deficit on the home market, Romania lifted cancelled the import duty for 1 million tonnes of wheat in July 2003. With domestic consumption of wheat estimated at some 3.5 million tonnes, inventories have contracted and wheat imports are on the rise. Prior to the end of 2003, Romania had already imported 150 thousand tonnes of wheat. Furthermore, the country contracted the import of an additional 150 thousands tonne, mostly from the US and Canada. The contract is to be realized by the end of March, for prices of about USD 220 per tonne as compared to about USD 110 in the preceding year.

Agro-food imports soared by 42% to EUR 1.2 billion in the first ten months of 2003, mostly on account of expanding wheat imports. The range of the main imported products includes wheat, cigarettes and tobacco, sugar and pork. As exports (mainly sheep, goats, sunflower seeds, fresh vegetables and wine) rose only by 13% to EUR 370 million, the agro-food deficit expanded to nearly EUR 900 million. Over the whole year 2003, the agro-food deficit very likely exceeded EUR 1 billion.

Romania started accession talks with the EU in 2002. Now the Romanian government is striving to finalize the negotiations on the agriculture and environment chapter by the end of this year. The country intends to adopt the *acquis* by 2007. However, the EU's strict phytosanitary and

veterinary standards and animal welfare rules may pose a major challenge to agro-food producers and exporters on the way to EU accession. In addition, just as the current accession countries, Romania will be forced to accept production quotas for main products based on the current (i.e. very low) output level. In fact, the quotas concerned will be set below the current food consumption. After joining the EU, with rising incomes, the demand for high value-added food will expand and be met by food surpluses from the rich EU countries. In view of all this, Romania's target to re-emerge as a net exporter of agricultural goods and foodstuffs seems very difficult indeed, at least in the case of goods controlled by production quotas.

Russia

Although in 2001 and 2002 Russia harvested record yields of about 86 million tonnes of grain annually, part of the grain went to waste on account of low domestic and external demand as well as of underdeveloped storage capacities. Consequently, one of the main objectives of the Russian programme in the agro-industrial complex is to strengthen the downstream sectors of the grain sector. In the year 2003, winter frosts, heavy rains and drought reduced Russia's total grain harvest by 25% to some 65 million tonnes; wheat output dropped by about 30% to some 34 million tonnes. On the positive side, the quality of wheat harvested improved and the share of bread wheat in the total volume of the wheat harvest rose to over 70%. The output of sugar beet and sunflower-seeds rose by more than 20%, that of potatoes by less than 10%. Altogether crop output was down by an estimated 5% in 2003.

Despite lower feed harvests, livestock inventories changed only marginally in 2003. The number of cattle dropped by about 5%, that of pigs stagnated. Stocks of poultry and sheep increased. As a result, meat output expanded by about 5%. With shrinking cow stocks and rising productivity, milk production stagnated. The moderate expansion in the total animal sector (by about 2%) partly moderated the shortfalls in crop output, and so total agricultural production was down by just about 2% in 2003. The decline in the wheat harvest resulted in a smaller volume of feed wheat, and consequently in rising prices for animal breeders. Up until the next harvest, animal stocks are very likely to stagnate or even decrease. Thus the government programme to expand meat production by import restrictions and by increasing domestic livestock will hardly materialize in the near future.

The high grain harvests in 2001 and 2002 had pushed down domestic grain prices, so the administration intervened on the market with grain purchases. After the low 2003 harvest, mostly prices for bread and baked goods rose by about 30%. Policy-makers counteracted again and imposed export tariffs of EUR 25 per tonne on wheat and rye, in effect until the end of April 2004. The government claims that these restrictions are temporary and exclusively targeted at controlling the price expansion of bread and bakery products. Based on the higher domestic production, Russia's non-CIS imports of sunflower oil and raw sugar fell at two-digit rates in 2003. Also non-CIS imports of red meat and poultry registered strong declines, whereas imports of dairy products, fish and beverages were on the rise. In sum, backed by the import restrictions and rising domestic food processing and demand, Russia's total agro-food deficit in 2003 may have declined by some 10% to about USD 7 billion.

Russia was one of the top three grain exporters in the previous 2002/2003 season, i.e. prior to the poor 2003 harvest. Although the situation on the world market is as favourable for grain exporters as it was in the past two years, Russia is now not able to benefit from it because of the setback in domestic grain output. This setback can however be assumed to be just temporary, and Russia will probably regain its position as a big player in the world's grain exports. Grain output is very likely to expand as Russia has begun to invest in the enlargement of grain-sown area as well as in the infrastructure concerned. The latter is to be targeted at cutting costs and lowering the tremendous storage losses. The expected growth in personal incomes will bring about a considerable

increase in the consumption of all major livestock products, mostly poultry. In view of the growing importance of meat import control, expanding domestic demand will be increasingly covered by domestic red meat and poultry production. That will stimulate demand for feed grains.

Ukraine

The agricultural sector in Ukraine benefited from the strong recovery of the overall economy in the past few years, thanks to rising agricultural investment and growing demand for domestic foodstuffs. Last year, however, despite an even stronger GDP expansion, the situation in farming deteriorated because of the exceptionally bad weather conditions. Wheat output was severely affected by winterkill and was reduced further by the summer drought, plunging to just 5 million tonnes as compared to 21 million tonnes in 2002. As a result, Ukraine – an important wheat exporter last year – has to import bread wheat because bread prices are soaring. The production shortfalls of other grain varieties were somewhat less pronounced, and the total grain harvest dropped by half to 20.2 million tonnes in 2003 (after two years of excellent yields). On the positive side, harvests of sunflower seeds increased by 28% to 4.3 million tonnes, and Ukraine could confirm its position as one of Europe's leading producers of that crop. Output of potatoes, sugar beet and vegetables rose strongly as well. That moderated the fall in grain output, and total 2003 crop production declined by an estimated 20%.

Animal stocks rose strongly in the first half of 2003 but fell sharply in the second half of the year as feed supply was declining and becoming more expensive. The number of cattle and pigs decreased by some 10% year-on-year, and stocks of sheep and goat fell by 5%. Nevertheless, due to large animal stocks in the first half of the year, output of meat rose by 3% and that of eggs by nearly 2%. In line with declining cow stock, milk production fell by above 3%. Driven by rising demand, the expansion in the poultry sector has probably persisted. Overall, the animal sector registered an estimated 2% output growth. Total gross agricultural production declined by about 10% in 2003, after an aggregate growth of more than 20% in the period 2000 to 2002.

Real wages rose by 17% and the domestic demand for processed food rose rapidly. Despite the decline in agricultural production, the output of food processing, supported by rising input imports, expanded by 20% (mainly sausages, meat preparations, cheese, vegetable oil and sugar). The rising demand for agricultural goods combined with the production shortfalls resulted in a 20% increase in agricultural prices in 2003, mainly on account of the price expansion in the crop sector (33%). At the same time, agricultural input prices rose by an estimated 8% only. The economic situation in the agricultural sector hardly changed in 2003.

Total agro-food imports expanded by more than 70% to USD 2 billion in 2003, in particular those of grain. In the period July to December alone, grain imports – mainly from the CIS – reached 2.6 million tonnes. As the entire CIS region has registered a grain deficit, future Ukrainian wheat imports until the next harvest will come from the 'far abroad' such as the US and Canada. Agro-food exports rose by 9% and could not compensate for the soaring imports. The Ukrainian agro-food surplus diminished by half to some USD 700 million in 2003.

Globalization, Democratization and Development: European and Japanese Views of Change in South East Europe

EDITED BY VOJMIR FRANIČEVIĆ AND HIROSHI KIMURA

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This book assembles thirty papers on the topic by reputable economists, sociologists and political scientists. Part One deals with economic and political reforms in South East and Central Europe, as well as in Japan. The papers offer a general assessment of the postsocialist transition and integration process, thereby taking account of the global economic, political and security context. Part Two is centred around issues of political change. The topics focus on democratization, conflict resolution, nationalism, and ethnic issues. Finally, Part Three examines a complex set of economic issues relevant to South East Europe. These papers concentrate on the region's macro and micro developments, trade, foreign direct investment, financial and labour markets and unofficial activities as well as on growth and development in the region.

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CONVENTIONAL SIGNS AND ABBREVIATIONS

used in the following section on monthly statistical data

.	data not available
%	per cent
CMPY	change in % against corresponding month of previous year
CCPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)
3MMA	3-month moving average, change in % against previous year.
CPI	consumer price index
PM	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion

BGN	Bulgarian lev (1 BGN = 1000 BGL)
CZK	Czech koruna
ECU	European currency unit
EUR	Euro, from 1 January 1999
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
ROL	Romanian leu
RUB	Russian rouble (1 RUB = 1000 RUR)
SIT	Slovenian tolar
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar

M0	currency outside banks
M1	M0 + demand deposits
M2	M1 + quasi-money

Sources of statistical data:
National statistical offices and central banks; wiiw estimates.

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B U L G A R I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total[1)]	real, CMPY	9.7	5.6	9.9	4.0	15.4	15.4	23.4	11.9	9.6	15.4	13.0	10.3	15.9	17.9	10.9	.
Industry, total[1)]	real, CCPY	4.0	4.1	4.7	4.6	15.4	15.4	18.2	16.4	15.0	15.0	14.6	14.0	14.2	14.6	14.2	.
Industry, total	real, 3MMA	6.6	8.4	6.4	9.4	11.0	18.2	16.8	14.7	12.0	12.3	12.6	12.8	14.5	14.5	.	.
LABOUR																	
Employees total	th. persons	1925	1917	1919	1911	1939	1988	2013	2049	2062	2079	2086	2079	2074	.	.	.
Employees in industry	th. persons	657	652	650	642	661	669	671	676	673	674	672	668	666	.	.	.
Unemployment, end of period	th. persons	644.7	644.3	624.9	602.5	646.8	611.7	581.3	552.0	528.7	506.4	489.3	480.9	472.6	476.3	489.6	500.7
Unemployment rate[2)]	%	17.4	17.4	16.9	16.3	17.5	16.5	15.7	14.9	14.3	13.7	13.2	13.0	12.8	12.9	13.2	13.5
Labour productivity, industry[1)]	CCPY	2.1	2.0	2.4	2.2	13.6	12.7	14.9	13.0	11.5	11.4	11.0	10.6	11.0	.	.	.
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	2.1	1.9	1.4	1.5	-7.6	-8.1	-9.4	-7.9	-6.9	-6.7	-6.5	-6.2	-6.3	.	.	.
WAGES, SALARIES																	
Total economy, gross	BGN	272.0	271.0	272.0	282.0	270.0	265.0	280.0	280.0	287.0	281.0	279.0	277.0	290.0	.	.	.
Total economy, gross	real, CMPY	2.2	3.7	3.4	0.6	5.7	4.9	5.8	6.6	4.8	4.7	2.4	1.0	2.9	.	.	.
Total economy, gross	USD	136	136	139	147	147	146	155	155	170	168	162	158	166	.	.	.
Total economy, gross	EUR	139	139	139	144	138	135	143	143	147	144	143	142	148	.	.	.
Industry, gross	USD	138	135	140	147	147	146	158	152	164	171	162	158	167	.	.	.
PRICES																	
Consumer	PM	0.8	1.0	0.2	1.2	0.7	0.1	0.4	0.3	-0.6	-2.2	0.9	0.8	0.9	0.7	1.8	1.8
Consumer	CMPY	4.0	3.2	3.2	3.8	1.7	0.2	-0.2	0.2	1.7	1.2	2.0	3.5	3.6	3.3	5.1	5.6
Consumer	CCPY	6.6	6.3	6.0	5.8	1.7	1.0	0.6	0.5	0.8	0.8	1.0	1.3	1.6	1.7	2.0	2.3
Producer, in industry[1)]	PM	1.2	0.6	-0.5	1.4	1.8	1.4	1.0	-3.6	-1.1	1.2	0.4	0.8	0.7	0.9	0.2	.
Producer, in industry[1)]	CMPY	1.0	2.8	2.9	6.3	7.7	8.0	8.0	3.1	2.6	4.3	4.3	4.5	3.9	4.3	5.0	.
Producer, in industry[1)]	CCPY	0.4	0.6	0.8	1.3	7.7	7.9	7.9	6.7	5.9	5.6	5.4	5.3	5.1	5.1	5.0	.
RETAIL TRADE																	
Turnover	real, CCPY	1.0	.	.	1.6	.	.	2.1	.	.	3.0	.	.	3.8	.	.	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	4511	5046	5586	6063	531	1034	1633	2172	2685	3247	3869	4412	4998	5601	6143	.
Imports total (cif), cumulated	EUR mn	5949	6724	7542	8411	649	1315	2083	2940	3778	4535	5406	6144	6925	7819	8706	.
Trade balance, cumulated	EUR mn	-1438	-1678	-1956	-2348	-118	-281	-449	-767	-1093	-1289	-1536	-1732	-1927	-2218	-2563	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-78	-222	-408	-712	-166	-322	-415	-804	-1028	-1004	-978	-831	-833	-1044	.	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.995	1.994	1.953	1.924	1.842	1.816	1.810	1.804	1.684	1.677	1.720	1.756	1.745	1.673	1.672	1.593
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, calculated with CPI[5)]	real, Jan98=100	98.0	97.1	95.0	92.2	88.0	87.3	87.3	86.5	81.1	82.8	84.2	85.6	84.5	80.4	78.7	73.7
BGN/USD, calculated with PPI[5)]	real, Jan98=100	88.8	88.9	87.4	84.8	81.2	80.4	81.4	81.5	76.9	76.4	77.9	79.0	78.3	74.8	74.3	.
BGN/EUR, calculated with CPI[5)]	real, Jan98=100	86.7	86.1	85.9	85.1	84.7	84.9	84.9	84.8	85.3	87.3	86.5	86.0	85.5	84.9	83.5	82.0
BGN/EUR, calculated with PPI[5)]	real, Jan98=100	79.8	79.4	79.5	78.5	77.6	76.8	76.2	78.7	79.3	78.3	77.9	77.5	76.9	76.3	76.2	.
DOMESTIC FINANCE																	
M0, end of period[6)]	BGN mn	3022	2998	2987	3335	3113	3132	3088	3200	3248	3356	3483	3616	3624	3569	3559	3873
M1, end of period[6)]	BGN mn	4803	4802	4934	5542	5141	5235	5087	5272	5371	5583	5789	6054	6061	6046	6132	6800
Broad money, end of period[6)]	BGN mn	12901	13041	13241	13967	13739	13933	13812	14062	14095	14515	14973	15445	15450	16110	15970	16818
Broad money, end of period	CMPY	16.1	16.8	15.6	12.4	11.5	12.9	11.7	12.9	15.5	19.3	19.6	20.6	19.8	23.5	20.6	20.4
BNB base rate (p.a.),end of period	%	3.8	3.8	3.8	3.3	2.5	2.5	2.6	3.0	3.0	2.5	2.5	2.6	2.6	2.6	2.6	2.9
BNB base rate (p.a.),end of period[7)]	real, %	2.8	1.0	0.9	-2.7	-4.8	-5.1	-5.1	-0.1	0.4	-1.7	-1.7	-1.8	-1.2	-1.6	-2.2	.
BUDGET																	
Central gov.budget balance, cum.	BGN mn	658.4	823.5	697.8	3.4	-85.7	-132.8	90.8	284.0	609.7	577.7	612.4	656.7	758.5	851.1	732.2	.

1) According to new calculation for industrial output and prices.

2) Ratio of unemployed to the economically active.

3) Based on cumulated national currency and converted with the average exchange rate.

4) Cumulation starting January and ending December each year.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

6) According to International Accounting Standards.

7) Deflated with annual PPI.

C R O A T I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total[1)]	real, CMPY	12.7	9.4	9.9	8.3	0.7	6.9	6.0	8.2	6.2	7.0	4.4	3.1	2.9	2.2	-0.4	2.2
Industry, total[1)]	real, CCPY	4.2	4.8	5.2	5.5	0.7	3.8	4.6	5.5	5.7	5.9	5.7	5.3	5.0	4.7	4.2	4.0
Industry, total[1)]	real, 3MMA	7.8	10.6	9.2	6.4	5.3	4.6	7.0	6.8	7.1	5.8	4.8	3.5	2.7	1.6	1.3	.
Construction, total,effect.work.time[1)]	real, CMPY	15.9	12.7	10.8	15.2	9.6	17.8	28.2	26.9	30.9	29.3	24.3	17.6	26.9	20.3	17.5	.
LABOUR																	
Employment total	th. persons	1375.1	1367.4	1361.8	1351.4	1343.0	1337.4	1338.8	1351.2	1360.2	1372.6	1381.8	1382.2	1373.9	1366.4	1360.2	.
Employees in industry	th. persons	279.3	279.9	278.8	276.2	275.4	274.0	273.5	273.5	273.6	274.0	274.0	273.8	273.6	273.5	272.6	.
Unemployment, end of period	th. persons	375.8	375.0	369.7	366.2	367.1	362.6	355.8	345.3	330.9	319.7	314.2	306.6	307.4	312.3	317.0	318.7
Unemployment rate[2)]	%	21.5	21.5	21.4	21.3	21.5	21.3	21.0	20.4	19.6	18.9	18.5	18.2	18.3	18.6	18.9	18.9
Labour productivity, industry[1)]	CCPY	8.4	9.0	9.5	9.9	4.2	7.3	8.0	8.8	8.9	9.1	8.8	8.4	8.1	7.8	7.3	.
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	-0.5	-1.0	-1.6	-1.8	4.0	0.2	-1.7	-3.3	-4.3	-4.5	-4.3	-4.2	-3.8	-3.6	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	5289	5447	5687	5498	5527	5375	5475	5541	5671	5705	5694	5587	5558	5711	.	.
Total economy, gross	real, CMPY	6.7	5.6	4.7	4.5	5.4	5.3	3.1	2.6	2.1	5.0	3.3	1.8	3.4	3.3	.	.
Total economy, gross	USD	707	719	762	753	780	764	771	795	866	885	864	829	829	880	.	.
Total economy, gross	EUR	720	733	762	741	737	709	714	734	752	757	759	743	741	752	.	.
Industry, gross	USD	642	661	708	692	720	697	705	730	805	820	810	755	773	814	.	.
PRICES																	
Retail	PM	0.5	0.5	-0.3	0.1	0.4	0.2	0.4	-0.4	0.2	0.1	0.0	0.1	0.4	0.3	0.1	0.0
Retail	CMPY	1.5	2.1	2.0	2.3	1.6	1.7	1.7	0.9	0.9	1.1	1.5	1.7	1.6	1.5	1.9	1.8
Retail	CCPY	2.2	2.2	2.3	2.2	1.6	1.6	1.7	1.5	1.4	1.3	1.3	1.4	1.4	1.4	1.5	1.5
Producer, in industry	PM	0.4	1.4	-0.6	-0.1	0.5	0.4	0.8	-0.9	-0.8	0.2	0.2	0.5	-0.4	0.2	0.3	0.0
Producer, in industry	CMPY	0.4	1.6	1.5	2.3	2.9	2.7	4.7	2.8	1.8	1.7	1.4	2.0	1.2	0.0	0.9	1.0
Producer, in industry	CCPY	-1.1	-0.8	-0.6	-0.4	2.9	2.8	3.4	3.3	3.0	2.8	2.5	2.5	2.4	2.1	2.0	1.9
RETAIL TRADE																	
Turnover	real, CMPY	14.0	12.1	10.8	9.8	7.5	8.6	1.1	13.3	6.5	5.2	0.7	-1.7	1.1	0.2	-1.0	.
Turnover	real, CCPY	13.0	13.0	12.7	12.5	7.5	8.0	5.7	7.6	7.3	7.0	6.1	5.2	4.7	4.2	3.8	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	3840	4324	4719	5187	379	904	1364	1761	2215	2696	3183	3565	4002	4592	5030	.
Imports total (cif), cumulated	EUR mn	8325	9428	10388	11324	715	1681	2752	3858	4993	5982	7204	8076	9176	10315	11370	.
Trade balance, cumulated	EUR mn	-4485	-5104	-5668	-6137	-335	-777	-1388	-2097	-2779	-3286	-4020	-4511	-5174	-5723	-6340	.
Exports to EU (fob), cumulated	EUR mn	2128	2342	2549	2746	209	467	742	957	1234	1495	1783	2002	2245	2526	2775	.
Imports from EU (cif), cumulated	EUR mn	4676	5273	5792	6324	387	945	1544	2159	2842	3406	4142	4589	5189	5820	6392	.
Trade balance with EU, cumulated	EUR mn	-2548	-2931	-3244	-3578	-177	-478	-803	-1203	-1609	-1911	-2359	-2588	-2944	-3294	-3617	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-869	.	.	-1908	.	.	-1066	.	.	-2522	.	.	-523	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	7.484	7.571	7.464	7.298	7.082	7.032	7.099	6.966	6.549	6.443	6.591	6.737	6.701	6.487	6.507	6.266
HRD/EUR, monthly average	nominal	7.347	7.427	7.468	7.423	7.500	7.584	7.663	7.554	7.542	7.536	7.498	7.515	7.498	7.592	7.612	7.676
HRK/USD, calculated with CPI[5)]	real, Jan98=100	108.6	109.6	108.4	105.5	102.4	102.3	103.5	101.7	95.3	93.8	96.1	98.4	97.8	94.3	94.3	90.8
HRK/USD, calculated with PPI[5)]	real, Jan98=100	108.5	109.1	108.1	105.6	103.9	104.5	107.4	103.0	97.5	96.6	98.4	100.3	100.6	97.8	97.4	93.8
HRD/EUR, calculated with CPI[5)]	real, Jan98=100	96.2	96.9	97.8	97.4	98.1	99.4	100.4	99.6	99.2	99.1	98.5	98.9	98.5	99.6	99.8	100.7
HRD/EUR, calculated with PPI[5)]	real, Jan98=100	97.5	97.3	98.1	97.8	98.8	99.9	100.3	99.3	99.5	99.2	98.5	98.4	98.6	99.6	99.7	100.5
DOMESTIC FINANCE																	
M0, end of period	HRK mn	9680	9507	9348	9681	9468	9605	9526	9813	10078	10637	11294	11321	10506	.	.	.
M1, end of period	HRK mn	28914	29090	29092	30870	29412	29456	29512	30294	32002	32828	34382	34044	32589	32806	33295	.
Broad money, end of period	HRK mn	113275	114826	114261	116142	116615	117209	118791	117854	119105	120022	125023	126980	126911	127072	128718	.
Broad money, end of period	CMPY	28.2	27.4	20.3	9.5	7.3	9.4	11.8	10.8	11.9	12.6	13.9	12.3	12.0	10.7	12.7	.
Discount rate (p.a.),end of period	%	5.9	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Discount rate (p.a.),end of period[6)]	real, %	5.5	2.9	3.0	2.2	1.6	1.8	-0.2	1.7	2.7	2.8	3.1	2.5	3.3	4.5	3.6	3.5
BUDGET																	
Central gov. budget balance, cum.[7)8)]	HRK mn	-2816.6	-2374.4	-2723.5	-3871.9	-649.4	-1625.9	-2718.6	-2837.2	-4007.7	-4021.9	-4432.4	-4012.6	-4114.6	.	.	.

1) In business entities with more than 20 persons employed.

2) Ratio of unemployed to the economically active population.

3) Based on cumulated national currency and converted with the average exchange rate.

4) Cumulation starting January and ending December each year.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

6) Deflated with annual PPI.

7) From July 2001 pension payments are included.

8) From January 2002 including social security funds.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total	real, CMPY	9.2	3.5	4.4	6.6	6.4	5.2	7.0	5.6	3.2	6.2	4.8	8.0	5.2	5.2	4.8	.
Industry, total	real, CCPY	4.8	4.7	4.7	4.8	6.4	5.8	6.2	6.1	5.5	5.6	5.5	5.8	5.7	5.7	5.6	.
Industry, total	real, 3MMA	3.3	5.5	4.7	5.7	6.1	6.2	5.9	5.3	5.0	4.7	6.3	6.0	6.0	5.1	.	.
Construction, total	real, CMPY	6.7	3.5	3.5	4.8	-2.2	-4.0	2.5	3.3	-0.9	12.1	15.9	18.7	14.5	12.1	14.3	.
LABOUR																	
Employees in industry[1]	th. persons	1145	1141	1139	1130	1136	1139	1139	1135	1132	1125	1128	1119	1110	1112	1117	.
Unemployment, end of period	th. persons	492.9	486.7	489.8	514.4	539.0	538.1	528.2	509.4	496.8	501.0	520.4	525.0	529.4	522.4	521.0	542.4
Unemployment rate[2]	%	9.4	9.3	9.3	9.8	10.2	10.2	10.0	9.6	9.4	9.5	9.9	10.0	10.1	9.9	9.9	10.3
Labour productivity, industry[1)3)]	CCPY	5.1	5.1	5.6	5.8	12.1	9.8	9.4	9.6	8.6	8.7	8.4	9.0	9.3	9.3	8.7	.
Unit labour costs, exch.r. adj.(EUR)[1)3)]	CCPY	12.8	12.5	11.6	10.8	-3.7	-3.3	-3.8	-4.8	-4.3	-4.5	-5.0	-5.7	-6.3	-6.4	-6.0	.
WAGES, SALARIES																	
Industry, gross[1]	CZK	14759	15723	17671	16861	15471	14341	15207	15850	16759	16413	16579	15562	16011	16675	18847	.
Industry, gross[1]	real, CMPY	5.7	5.2	3.2	7.0	6.3	4.5	5.2	5.9	5.1	6.5	5.8	3.9	8.5	5.7	5.3	.
Industry, gross[1]	USD	479	503	575	550	522	488	517	544	619	609	591	537	555	610	689	.
Industry, gross[1]	EUR	489	513	575	541	491	453	479	501	534	523	520	482	495	521	589	.
PRICES																	
Consumer	PM	-0.5	-0.3	-0.2	0.2	0.6	0.2	-0.1	0.2	0.0	0.0	0.1	-0.2	-0.5	0.1	0.5	0.2
Consumer	CMPY	0.8	0.6	0.5	0.6	-0.4	-0.4	-0.4	-0.1	0.0	0.3	-0.1	-0.1	0.0	0.4	1.0	1.0
Consumer	CCPY	2.2	2.1	1.9	1.8	-0.4	-0.4	-0.4	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.1
Producer, in industry	PM	0.0	0.6	-0.1	-0.3	0.0	0.4	0.3	-0.8	-0.3	-0.2	-0.2	0.1	0.4	0.6	0.4	0.2
Producer, in industry	CMPY	-0.9	-0.9	-0.7	-0.7	-0.8	-0.7	-0.4	-0.7	-0.8	-0.9	-0.6	-0.5	0.0	-0.1	0.4	0.9
Producer, in industry	CCPY	-0.4	-0.5	-0.5	-0.5	-0.8	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.6	-0.5	-0.5	-0.3
RETAIL TRADE																	
Turnover	real, CMPY	6.5	1.9	0.8	4.2	4.2	4.3	1.3	6.6	2.4	7.8	7.2	6.1	9.6	3.4	1.0	.
Turnover	real, CCPY	3.3	3.2	2.9	3.0	4.2	4.3	3.3	4.1	3.7	4.4	4.8	5.0	5.5	5.3	4.9	.
FOREIGN TRADE[4)5)]																	
Exports total (fob),cumulated	EUR mn	30092	33908	37752	40705	3439	6778	10545	14225	17819	21354	24813	27853	31690	35846	39593	43068
Imports total (fob),cumulated	EUR mn	31416	35481	39516	43019	3456	6859	10679	14603	18273	21915	25755	29015	32838	37201	41208	45304
Trade balance,cumulated	EUR mn	-1324	-1573	-1765	-2314	-17	-81	-134	-378	-454	-561	-942	-1162	-1149	-1355	-1615	-2236
Exports to EU (fob), cumulated	EUR mn	20770	23289	25878	27844	2456	4826	7499	10101	12617	15070	17454	19516	22161	25076	27707	30072
Imports from EU (fob), cumulated	EUR mn	19153	21540	23890	25898	1986	4011	6299	8597	10823	13032	15415	17288	19571	22148	24474	26827
Trade balance with EU, cumulated	EUR mn	1617	1750	1987	1946	470	814	1200	1504	1795	2038	2039	2228	2590	2928	3233	3245
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-3177	.	.	-4415	8	-220	-463	-889	-1598	-2012	-2954	-3469	-3662	-4454	-5097	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	30.8	31.2	30.7	30.7	29.7	29.4	29.4	29.2	27.1	26.9	28.0	29.0	28.8	27.4	27.3	26.3
CZK/EUR, monthly average	nominal	30.2	30.7	30.8	31.2	31.5	31.6	31.8	31.6	31.4	31.4	31.9	32.3	32.4	32.0	32.0	32.3
CZK/USD, calculated with CPI[6)]	real, Jan98=100	85.0	86.7	85.4	84.8	81.9	81.6	82.2	81.2	75.3	75.0	78.1	81.2	81.4	77.0	76.5	73.5
CZK/USD, calculated with PPI[6)]	real, Jan98=100	84.4	85.8	84.4	84.3	83.1	83.4	85.3	82.7	77.0	77.4	80.5	83.4	82.9	78.6	78.0	74.9
CZK/EUR, calculated with CPI[6)]	real, Jan98=100	75.2	76.7	77.1	78.3	78.7	79.2	79.9	79.5	79.0	79.1	80.1	81.5	82.3	81.3	81.0	81.7
CZK/EUR, calculated with PPI[6)]	real, Jan98=100	75.9	76.6	76.6	78.1	79.2	79.6	79.9	79.8	79.1	79.2	80.5	81.6	81.5	80.1	79.8	80.5
DOMESTIC FINANCE																	
M0, end of period	CZK bn	192.2	195.1	198.6	197.8	197.6	201.7	205.9	208.5	211.4	215.2	216.2	218.2	219.4	221.3	224.7	.
M1, end of period	CZK bn	647.4	658.0	669.8	692.3	671.9	688.9	683.6	699.2	711.4	718.4	732.7	744.8	752.6	762.8	782.7	.
M2, end of period	CZK bn	1605.6	1635.8	1646.6	1647.3	1643.1	1643.6	1621.8	1656.5	1658.5	1646.4	1683.8	1705.2	1693.6	1704.9	1723.0	.
M2, end of period	CMPY	4.8	6.2	5.2	3.2	3.3	3.7	2.5	3.1	2.1	4.2	5.6	5.1	5.5	4.2	4.6	.
Discount rate (p.a.),end of period	%	2.00	2.00	1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.25	1.25	1.00	1.00	1.00	1.00	1.00
Discount rate (p.a.),end of period[7]	real, %	2.9	2.9	2.4	2.4	2.3	2.2	1.9	2.2	2.3	2.1	1.9	1.5	1.0	1.1	0.6	0.1
BUDGET																	
Central gov.budget balance,cum.	CZK mn	-21434	-32321	-41726	-45715	-10392	-24941	-31840	-64422	-74586	-53399	-62113	-71886	-80268	-82942	-92209	-109100

1) Enterprises employing 20 and more persons.

2) Ratio of job applicants to the sum of economically active, women on maternity leave and job applicants.

3) Calculation based on industrial sales index (at constant prices).

4) Based on cumulated national currency and converted with the average exchange rate.

5) Cumulation starting January and ending December each year.

6) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

7) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total	real, CMPY	10.2	-1.7	3.9	10.5	4.2	0.4	5.1	2.4	4.5	4.7	5.0	6.1	9.0	10.6	6.8	.
Industry, total	real, CCPY	2.3	1.9	2.1	2.7	4.2	2.2	3.2	3.0	3.3	3.5	3.8	4.0	4.6	5.3	5.4	.
Industry, total	real, 3MMA	1.9	3.9	3.9	6.1	5.0	3.2	2.7	4.0	3.8	4.7	5.2	6.8	8.7	8.8	.	.
Construction, total	real, CMPY	23.8	9.8	8.1	19.2	3.6	-20.8	-20.1	-9.6	7.3	12.4	-0.3	3.2	0.0	9.7	.	.
LABOUR																	
Employees in industry[1]	th. persons	809.7	810.9	812.6	803.5	803.9	806.6	806.1	802.3	800.3	799.7	801.1	796.9	799.4	799.8	797.2	.
Unemployment[2]	th. persons	245.5	242.9	245.1	244.2	249.4	258.7	264.7	257.0	250.8	241.2	238.7	238.8	240.3	236.8	232.9	.
Unemployment rate[2]	%	5.9	5.9	5.9	5.9	6.0	6.3	6.4	6.2	6.0	5.8	5.7	5.7	5.7	5.6	5.5	.
Labour productivity, industry[1]	CCPY	4.7	4.4	4.6	5.1	7.9	5.7	6.5	6.1	6.2	6.4	6.6	6.8	7.3	7.9	7.7	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	14.4	14.5	13.7	13.1	3.8	4.4	2.8	2.8	2.5	1.1	0.1	-0.7	-1.2	-1.9	-2.1	.
WAGES, SALARIES																	
Total economy, gross[1]	HUF	120578	126779	142460	162862	136137	123256	127052	129620	132848	134952	132785	129932	130852	136654	155728	.
Total economy, gross[1]	real, CMPY	16.0	13.8	9.5	13.7	15.5	8.3	6.5	9.1	8.5	8.8	8.9	9.5	3.6	2.8	3.5	.
Total economy, gross[1]	USD	485	511	600	702	602	542	559	573	626	603	572	558	574	626	702	.
Total economy, gross[1]	EUR	494	520	598	690	567	503	517	528	540	517	503	500	512	535	600	.
Industry, gross[1]	USD	456	474	568	579	523	506	537	547	619	565	550	535	554	587	669	.
PRICES																	
Consumer	PM	0.6	0.6	0.0	0.1	1.2	0.8	0.9	0.1	0.3	0.2	0.3	-0.3	0.6	0.8	0.6	0.2
Consumer	CMPY	4.6	4.9	4.8	4.8	4.7	4.5	4.7	3.9	3.6	4.3	4.7	4.7	4.7	4.9	5.6	5.7
Consumer	CCPY	5.4	5.4	5.3	5.3	4.7	4.6	4.6	4.4	4.3	4.3	4.4	4.4	4.4	4.5	4.6	4.7
Producer, in industry	PM	-0.1	-0.1	-1.3	-0.3	1.1	1.1	0.6	-0.7	-0.6	2.5	0.7	1.0	-0.5	0.2	1.4	.
Producer, in industry	CMPY	-1.8	-1.5	-1.9	-1.3	-0.1	0.9	1.2	0.1	-0.5	2.3	2.7	3.7	3.2	3.5	5.8	.
Producer, in industry	CCPY	-1.9	-1.8	-1.8	-1.8	-0.1	0.4	0.7	0.5	0.3	0.6	0.9	1.3	1.5	1.7	2.1	.
RETAIL TRADE																	
Turnover[3]	real, CMPY	8.6	10.1	7.8	8.7	12.7	7.9	5.4	14.4	5.2	6.4	9.6	6.3	9.4	8.5	8.1	.
Turnover[3]	real, CCPY	11.4	11.3	10.9	10.7	12.7	10.2	8.4	10.1	10.0	8.4	8.6	8.3	8.4	8.4	8.4	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	27195	30527	33872	36537	2733	5565	8867	11943	14974	17984	21095	23791	27353	30899	34351	.
Imports total (cif), cumulated	EUR mn	29303	33112	36684	39955	2982	6237	9787	13409	16890	20215	23812	26910	30706	34658	38450	.
Trade balance, cumulated	EUR mn	-2108	-2584	-2811	-3418	-249	-671	-920	-1466	-1916	-2231	-2716	-3119	-3353	-3758	-4099	.
Exports to EU (fob), cumulated	EUR mn	20517	22997	25538	27452	1953	4135	6435	8864	11007	13207	15408	17302	19846	22461	25389	.
Imports from EU (cif), cumulated	EUR mn	16620	18756	20756	22476	1570	3407	5425	7441	9506	11389	13440	15088	17127	19305	21337	.
Trade balance with EU, cumulated	EUR mn	3897	4242	4783	4977	383	728	1010	1423	1501	1817	1968	2214	2718	3156	4053	.
FOREIGN FINANCE																	
Current account, cumulated[6]	USD mn	-1369	-1697	-2007	-2655	-213	-671	-912	-1564	-1905	-2646	-3023	-3469	-3883	-4431	-4665	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	248.7	248.2	237.6	231.9	226.1	227.5	227.3	226.3	212.2	223.7	232.1	232.8	227.8	218.5	221.7	215.8
HUF/EUR, monthly average	nominal	243.9	243.6	238.1	236.1	240.2	245.1	245.6	245.6	245.9	261.1	264.0	259.6	255.5	255.5	259.4	264.8
HUF/USD, calculated with CPI[7]	real, Jan98=100	92.4	91.8	87.9	85.5	82.7	83.2	82.9	82.2	76.7	80.9	83.8	84.6	82.5	78.4	78.9	76.7
HUF/USD, calculated with PPI[7]	real, Jan98=100	101.0	101.7	98.5	96.2	94.6	95.8	97.5	94.8	89.3	92.7	95.3	94.9	93.6	90.2	89.9	.
HUF/EUR, calculated with CPI[7]	real, Jan98=100	81.8	81.4	79.6	79.1	79.6	80.9	80.6	80.7	80.6	85.5	86.1	85.1	83.5	82.9	83.7	85.3
HUF/EUR, calculated with PPI[7]	real, Jan98=100	90.8	90.9	89.7	89.4	90.4	91.6	91.4	91.6	91.9	95.1	95.5	93.2	92.1	91.9	92.2	.
DOMESTIC FINANCE																	
M0, end of period[8]	HUF bn	1149.4	1161.7	1191.5	1181.8	1168.3	1180.5	1197.7	1237.7	1249.2	1287.0	1296.6	1319.9	1305.9	1317.4	1399.7	.
M1, end of period[8]	HUF bn	3223.0	3276.5	3409.4	3655.0	3459.6	3423.0	3451.5	3518.7	3594.4	3709.9	3716.4	3718.9	3746.4	3775.6	3950.0	.
Broad money, end of period[8]	HUF bn	7144.5	7335.4	7506.6	7858.5	7786.1	7826.4	7785.2	7894.4	7975.0	8113.6	8150.9	8180.0	8291.0	8446.4	8587.4	.
Broad money, end of period[8]	CMPY	7.0	7.9	9.8	9.5	11.2	14.5	14.2	13.8	14.6	16.8	16.4	13.6	16.0	15.1	14.4	.
NBH base rate (p.a.),end of period	%	9.5	9.5	9.0	8.5	6.5	6.5	6.5	6.5	6.5	9.5	9.5	9.5	9.5	9.5	12.5	12.5
NBH base rate (p.a.),end of period[9]	real, %	11.5	11.2	11.1	9.9	6.6	5.6	5.2	6.4	7.0	7.0	6.6	5.6	6.1	5.8	6.3	.
BUDGET																	
Central gov.budget balance,cum.	HUF bn	-507.4	-531.4	-586.3	-1481.2	-12.9	-140.8	-224.1	-275.6	-252.9	-458.6	-424.8	-481.4	-588.7	-609.3	.	.

1) Economic organizations employing more than 5 persons.

2) According to ILO methodology, from 2002 3-month averages comprising also the two previous months.

3) Revised according to NACE 50+52, from January 2003 NACE 52.

4) Based on cumulated national currency and converted with the average exchange rate.

5) Cumulation starting January and ending December each year.

6) Revised data according to international standards (e.g. trade data refer to customs statistics).

7) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

8) According to ECB monetary standards.

9) Deflated with annual PPI.

P O L A N D: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry[1]	real, CMPY	6.7	3.3	3.1	5.1	3.4	4.2	5.5	8.5	11.7	7.9	10.3	5.9	10.9	12.1	9.1	14.0
Industry[1]	real, CCPY	0.5	0.8	1.1	1.5	3.4	3.8	4.4	5.5	6.7	6.9	7.4	7.2	7.7	8.2	8.3	8.7
Industry[1]	real, 3MMA	2.9	4.3	3.8	3.9	4.3	4.4	6.1	8.5	9.3	9.9	8.0	9.1	9.8	10.7	11.7	.
Construction[1]	real, CMPY	-6.1	-8.8	-8.4	-10.4	-11.0	-24.1	-25.3	-13.5	-6.9	-1.1	1.7	-2.9	-3.8	-4.8	-5.1	-0.6
LABOUR																	
Employees[1]	th. persons	4864	4870	4862	4839	4736	4741	4728	4726	4723	4722	4722	4718	4711	4715	4701	4671
Employees in industry[1]	th. persons	2451	2462	2462	2448	2417	2418	2412	2408	2405	2405	2407	2406	2405	2415	2410	2391
Unemployment, end of period	th. persons	3112.6	3108.1	3150.8	3217.0	3320.6	3344.2	3321.0	3246.1	3159.6	3134.6	3123.0	3099.1	3073.3	3058.2	3096.9	3175.7
Unemployment rate[2]	%	17.6	17.5	17.8	18.1	18.7	18.8	18.7	18.4	17.9	17.8	17.8	17.6	17.5	17.4	17.6	18.0
Labour productivity, industry[1]	CCPY	7.1	7.2	7.3	7.4	6.7	7.0	7.6	8.6	9.9	10.0	10.5	10.2	10.5	11.0	11.0	11.5
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	-6.0	-6.7	-7.4	-8.1	-15.2	-16.0	-18.2	-19.1	-20.1	-19.9	-19.4	-18.4	-18.3	-18.5	-18.7	-19.0
WAGES, SALARIES																	
Total economy, gross[1]	PLN	2302	2263	2343	2532	2247	2235	2268	2321	2254	2301	2343	2295	2353	2331	2440	2662
Total economy, gross[1]	real, CMPY	2.4	-0.8	0.6	1.2	2.0	1.4	-0.1	3.7	-0.7	2.1	1.4	1.0	1.2	1.7	2.5	3.4
Total economy, gross[1]	USD	555	549	592	647	586	579	566	586	601	606	600	586	591	594	618	703
Total economy, gross[1]	EUR	565	559	592	635	553	537	525	540	521	519	527	526	527	508	527	572
Industry, gross[1]	USD	546	548	604	671	591	583	564	589	600	612	604	588	584	598	629	731
PRICES																	
Consumer	PM	0.3	0.3	-0.1	0.1	0.4	0.1	0.3	0.2	0.0	-0.1	-0.4	-0.4	0.5	0.6	0.3	0.2
Consumer	CMPY	1.3	1.1	0.9	0.8	0.5	0.5	0.6	0.3	0.4	0.8	0.8	0.7	0.9	1.3	1.6	1.7
Consumer	CCPY	2.2	2.1	2.0	1.9	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.7
Producer, in industry	PM	0.3	0.0	-0.5	0.1	0.4	0.6	0.9	-0.6	-0.6	0.3	0.7	0.3	0.5	0.7	0.4	0.1
Producer, in industry	CMPY	1.1	1.7	1.7	2.2	2.5	2.9	3.6	2.7	2.0	2.0	1.9	1.8	2.1	2.7	3.7	3.7
Producer, in industry	CCPY	0.8	0.9	1.0	1.0	2.5	2.7	3.0	3.0	2.8	2.7	2.6	2.5	2.4	2.5	2.6	2.7
RETAIL TRADE																	
Turnover[1]	real, CMPY	3.6	3.8	4.8	4.4	3.8	4.3	-1.9	11.4	9.9	7.7	5.5	5.1	9.4	9.2	.	.
Turnover[1]	real, CCPY	2.6	2.9	1.7	1.6	3.8	4.1	1.2	4.5	6.2	6.0	6.1	5.5	6.6	6.2	.	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	31695	36074	39981	43418	3407	6915	10870	14807	18633	22386	26403	29963	34358	38274	42697	.
Imports total (cif), cumulated	EUR mn	42779	48336	53495	58331	4408	8884	13939	18961	23855	28458	33834	38355	43864	48947	54380	.
Trade balance, cumulated	EUR mn	-11084	-12262	-13514	-14913	-1000	-1969	-3069	-4154	-5222	-6072	-7431	-8392	-9506	-10673	-11683	.
Exports to EU (fob), cumulated	EUR mn	21877	24759	27509	29832	2477	4919	7742	10442	13055	15640	18392	20723	23582	26306	29319	.
Imports from EU (cif), cumulated	EUR mn	26519	29885	33035	35986	2626	5372	8477	11551	14613	17487	20915	23600	26817	29981	33308	.
Trade balance with EU, cumulated	EUR mn	-4642	-5126	-5526	-6154	-149	-453	-734	-1109	-1557	-1847	-2523	-2877	-3234	-3675	-3990	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-4875	-5437	-6193	-6690	-749	-1274	-1551	-2049	-2539	-2656	-2921	-3062	-2954	-2719	-3058	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	4.150	4.123	3.956	3.911	3.832	3.863	4.003	3.961	3.748	3.797	3.906	3.918	3.981	3.922	3.949	3.788
PLN/EUR, monthly average	nominal	4.074	4.045	3.959	3.988	4.064	4.165	4.323	4.299	4.326	4.436	4.443	4.367	4.467	4.589	4.625	4.655
PLN/USD, calculated with CPI[5)]	real, Jan98=100	101.1	100.3	96.3	94.9	92.9	94.3	98.1	96.6	91.3	92.7	95.9	96.9	98.2	96.1	96.3	92.1
PLN/USD, calculated with PPI[5)]	real, Jan98=100	102.7	102.8	99.0	97.6	97.1	98.9	104.2	100.6	95.6	97.4	99.4	99.6	101.1	99.5	99.3	95.2
PLN/EUR, calculated with CPI[5)]	real, Jan98=100	89.5	88.8	87.0	87.8	89.2	91.7	95.3	94.8	95.4	98.0	98.4	97.3	99.4	101.6	102.2	102.6
PLN/EUR, calculated with PPI[5)]	real, Jan98=100	92.4	91.8	90.0	90.7	92.5	94.6	97.5	97.1	97.9	100.0	99.5	97.7	99.4	101.4	101.9	102.5
DOMESTIC FINANCE																	
M0, end of period	PLN bn	41.9	42.0	42.1	42.2	41.6	42.7	44.2	45.9	46.1	47.4	47.6	48.7	48.6	49.2	49.8	49.4
M1, end of period[6)]	PLN bn	127.4	126.9	130.7	136.6	129.8	133.0	136.2	130.7	138.0	146.4	146.9	148.4	151.8	151.3	156.2	158.1
M2, end of period[6)]	PLN bn	320.7	321.1	317.5	320.2	315.4	318.4	317.9	317.2	320.2	322.9	323.0	324.8	326.9	332.4	334.3	337.8
M2, end of period	CMPY	-1.4	-2.5	-1.1	-2.4	-2.1	-1.9	-0.4	-0.1	-0.6	0.3	-0.4	0.6	1.9	3.5	5.3	5.5
Discount rate (p.a.),end of period	%	8.5	7.8	7.5	7.5	7.3	6.8	6.5	6.3	6.0	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Discount rate (p.a.),end of period[7)]	real, %	7.3	5.9	5.7	5.2	4.6	3.7	2.8	3.5	3.9	3.7	3.8	3.9	3.6	3.0	2.0	2.0
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-29147	-34057	-37073	-39403	-4039	-11637	-15430	-17954	-23218	-23818	-27637	-29562	-33086	-34828	-35547	-36989

1) Enterprises employing more than 9 persons.

2) Ratio of unemployed to the economically active.

3) Based on cumulated national currency and converted with the average exchange rate.

4) Cumulation starting January and ending December each year.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

6) Revised according to ECB monetary standards.

7) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total[1)]	real, CMPY	9.1	9.6	7.0	8.6	1.6	-1.7	3.4	1.6	4.4	6.7	6.7	2.6	3.7	2.9	3.5	.
Industry, total[1)]	real, CCPY	5.1	5.6	5.8	6.0	1.6	-0.1	1.1	1.3	1.9	2.8	3.4	3.3	3.3	3.3	3.0	.
Industry, total	real, 3MMA	8.4	8.6	8.4	5.8	2.7	1.1	1.2	3.2	4.3	5.9	5.4	4.4	3.1	3.3	.	.
LABOUR																	
Employees total	th. persons	4395.5	4375.1	4353.0	4331.0	4331.2	4348.6	4376.5	4393.6	4411.4	4420.5	4412.1	4416.8	4402.8	4390.0	.	.
Employees in industry	th. persons	1801.7	1797.6	1795.2	1785.5	1796.4	1795.3	1801.3	1790.7	1786.0	1784.6	1776.1	1775.6	1771.1	1765.9	.	.
Unemployment, end of period	th. persons	786.2	767.7	755.9	760.6	781.4	798.4	779.2	731.4	693.1	663.6	650.4	619.2	608.8	634.7	655.4	.
Unemployment rate[2)]	%	8.4	8.2	8.1	8.4	8.6	8.8	8.6	8.1	7.6	7.3	7.2	6.8	6.7	7.0	7.2	.
Labour productivity, industry	CCPY	12.3	13.0	13.3	13.7	9.0	7.3	8.7	9.2	9.9	11.0	11.7	11.8	11.9	12.2	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-6.7	-7.6	-8.6	-9.5	-10.7	-9.6	-10.9	-11.8	-12.2	-12.9	-12.6	-12.2	-11.6	-11.6	.	.
WAGES, SALARIES																	
Total economy, gross	th. ROL	5404.1	5570.8	5704.7	6521.6	6520.3	6054.1	6338.9	6885.5	6521.4	6476.2	6721.9	6647.9	6763.9	6873.7	7021.2	.
Total economy, gross	real, CMPY	2.0	3.4	1.9	4.4	8.7	9.0	6.3	6.3	7.0	6.6	6.5	6.5	8.0	6.6	7.5	.
Total economy, gross	USD	163	168	170	194	195	184	191	204	201	199	206	199	200	207	206	.
Total economy, gross	EUR	166	171	170	190	183	171	177	188	173	170	181	179	178	177	176	.
Industry, gross	USD	165	167	165	188	176	176	184	198	194	193	205	197	199	202	196	.
PRICES																	
Consumer	PM	0.6	1.6	2.6	1.5	1.3	0.8	1.1	1.1	0.5	0.9	1.2	0.3	2.1	1.5	1.4	1.2
Consumer	CMPY	19.8	18.8	18.6	17.8	16.6	16.2	17.1	16.0	14.4	14.0	14.8	14.2	15.9	15.8	14.5	14.1
Consumer	CCPY	24.1	23.5	23.0	22.5	16.6	16.4	16.7	16.5	16.1	15.7	15.6	15.4	15.4	15.5	15.4	15.3
Producer, in industry	PM	1.8	1.6	1.4	0.7	2.3	2.6	1.9	1.6	1.1	0.4	1.0	0.7	2.9	1.4	2.0	.
Producer, in industry	CMPY	23.5	22.9	23.0	22.1	22.5	23.6	24.0	23.1	21.9	20.7	19.1	18.5	19.7	19.6	20.3	.
Producer, in industry	CCPY	25.4	25.1	24.9	24.6	22.5	23.0	23.3	23.3	23.0	22.6	22.1	21.6	21.4	21.2	21.1	.
RETAIL TRADE																	
Turnover	real, CMPY	2.9	0.3	-1.7	1.1	5.7	3.3	2.2	-0.4	6.5	7.0	3.7	4.4	6.4	8.4	.	.
Turnover	real, CCPY	1.0	0.9	0.7	0.7	5.7	4.5	3.7	2.7	3.5	4.0	4.0	4.0	4.3	4.7	.	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	10758	12105	13467	14675	1200	2435	3778	4970	6232	7501	8994	10227	11574	12996	14368	.
Imports total (cif), cumulated	EUR mn	13679	15482	17229	18881	1414	2879	4541	6257	8065	9814	11735	13266	15129	17292	19265	.
Trade balance, cumulated	EUR mn	-2921	-3377	-3762	-4206	-213	-443	-764	-1288	-1833	-2313	-2741	-3039	-3555	-4297	-4897	.
Exports to EU (fob), cumulated	EUR mn	7350	8211	9129	9853	797	1678	2591	3382	4251	5119	6132	6951	7873	8848	9785	.
Imports from EU (cif), cumulated	EUR mn	8030	9076	10076	11039	737	1607	2531	3494	4626	5707	6900	7735	8795	10014	11155	.
Trade balance with EU, cumulated	EUR mn	-680	-865	-948	-1186	60	71	60	-112	-375	-588	-768	-784	-922	-1166	-1370	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-948	-1128	-1268	-1535	-15	-72	-169	-607	-1057	-1377	-1538	-1549	-1831	-2356	-2805	.
EXCHANGE RATE																	
ROL/USD, monthly average	nominal	33116	33242	33545	33654	33448	32884	33134	33703	32502	32616	32677	33359	33799	33157	34109	33013
ROL/EUR, monthly average	nominal	32481	32629	33592	34239	35594	35443	35823	36560	37617	38063	37166	37183	37924	38807	39913	40577
ROL/USD, calculated with CPI[5)]	real, Jan98=100	105.7	104.7	102.9	101.4	99.9	98.2	98.5	98.9	94.7	94.4	93.5	95.5	95.0	91.8	92.9	88.9
ROL/USD, calculated with PPI[5)]	real, Jan98=100	96.7	96.3	95.7	95.2	94.2	91.8	93.2	90.4	86.1	86.9	86.0	87.4	86.4	84.1	84.4	.
ROL/EUR, calculated with CPI[5)]	real, Jan98=100	93.7	92.8	93.1	93.8	96.4	95.6	95.9	97.0	99.3	99.7	96.1	96.1	96.2	97.1	98.6	99.1
ROL/EUR, calculated with PPI[5)]	real, Jan98=100	87.0	86.1	87.1	88.3	90.2	87.9	87.4	87.3	88.5	89.1	86.2	85.8	85.0	85.8	86.6	.
DOMESTIC FINANCE																	
M0, end of period	ROL bn	42334	41324	41688	45578	41543	45773	45868	51575	50214	52535	54460	58503	58143	58009	57262	.
M1, end of period	ROL bn	71435	72319	72822	88305	73802	78289	79941	87820	85019	92145	93725	99970	101514	100231	99413	.
M2, end of period	ROL bn	317333	324933	334584	373713	355721	367402	369451	378595	379098	388499	390876	407396	414468	423766	425654	.
M2, end of period	CMPY	35.0	37.2	36.7	38.2	36.9	37.6	34.2	32.3	30.4	29.1	28.8	29.4	30.6	30.4	27.2	.
Discount rate (p.a.),end of period[6)]	%	25.6	23.8	22.2	20.4	19.6	19.2	18.4	17.4	17.9	18.2	18.2	18.2	19.1	19.3	20.2	20.4
Discount rate (p.a.),end of period[6)7)]	real, %	1.7	0.7	-0.7	-1.4	-2.4	-3.6	-4.5	-4.6	-3.3	-2.1	-0.8	-0.3	-0.5	-0.3	-0.1	.
BUDGET																	
Central gov.budget balance, cum.	ROL bn	-32043	-31386	-39426	-47618	1599	-2275	-7723	-7382	-10330	-16524	-12186	-10979	-11346	-11129	.	.

1) Enterprises with more than 50 (in food industry 20) employees.

2) Ratio of unemployed to economically active population as of December of previous year, from 2002 as of December 2001.

3) January 1994 to December 2002 calculated from USD by wiiw.

4) Cumulation starting January and ending December each year.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

6) From 1, February 2002 reference rate of RNB.

7) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total	real, CMPY	5.5	3.9	0.8	3.2	4.9	6.5	6.7	7.1	8.5	7.0	7.1	5.5	8.0	7.2	7.1	7.9
Industry, total	real, CCPY	4.0	4.0	3.7	3.7	4.9	5.7	6.0	6.3	7.1	6.8	6.8	6.6	6.8	6.8	6.8	7.0
Construction, total	real, CMPY	2.0	1.8	2.4	3.7	13.7	13.4	13.8	14.7	15.5	14.3	15.0	14.3	14.7	14.6	11.6	16.6
LABOUR																	
Employment total[1)]	th. persons	66900	66300	65800	65200	64700	64100	64600	65000	65500	66000	66400	66700	66300	65800	65200	.
Unemployment, end of period[2)]	th. persons	5520	5837	6153	6294	6435	6575	6324	6072	5821	5744	5747	5680	5720	5920	6170	6310
Unemployment rate[2)]	%	7.6	8.1	8.5	8.8	9.1	9.3	8.9	8.5	8.2	8.0	8.0	7.8	7.9	8.3	8.6	8.9
WAGES, SALARIES																	
Total economy, gross	RUB	4521.0	4646.0	4694.0	5738.0	4696.0	4701.0	4986.0	5100.0	5221.0	5550.0	5615.0	5491.0	5556.0	5864.0	5990.0	7368.0
Total economy, gross	real, CMPY	15.4	14.9	13.8	9.8	9.2	9.9	7.8	8.3	9.8	9.3	7.2	7.4	8.6	11.6	13.5	14.7
Total economy, gross	USD	143	147	148	180	148	148	159	163	169	182	185	181	182	194	211	250
Total economy, gross	EUR	146	149	147	177	139	138	147	151	146	156	162	162	162	166	180	204
Industry, gross	USD	173	176	178	207	176	181	190	200	202	214	226	230	224	231	256	.
PRICES																	
Consumer	PM	0.4	1.1	1.6	1.5	2.4	1.6	1.1	1.0	0.8	0.8	0.7	-0.4	0.3	1.0	1.0	1.1
Consumer	CMPY	15.0	15.0	15.2	15.1	14.3	14.8	14.8	14.6	13.6	13.9	13.9	13.3	13.2	13.1	12.4	12.0
Consumer	CCPY	16.3	16.1	16.0	16.0	14.3	14.6	14.6	14.6	14.4	14.3	14.3	14.1	14.0	13.9	13.8	13.6
Producer, in industry	PM	1.2	2.1	1.1	-0.2	0.4	1.4	1.3	1.4	-0.2	0.7	2.2	1.4	1.4	1.2	0.5	0.6
Producer, in industry	CMPY	15.1	17.0	18.0	17.5	17.5	19.5	21.2	20.2	17.1	14.3	13.9	13.5	13.8	12.8	12.1	13.0
Producer, in industry	CCPY	9.8	10.5	11.2	11.8	17.5	18.5	19.4	19.6	19.1	18.2	17.6	17.0	16.6	16.2	15.8	15.6
RETAIL TRADE																	
Turnover[3)]	real, CMPY	9.6	9.9	9.4	9.0	7.8	8.0	8.9	8.6	10.0	8.7	7.8	6.1	7.0	6.8	7.6	.
Turnover[3)]	real, CCPY	8.9	9.0	9.0	9.0	7.8	7.9	8.2	8.3	8.7	8.7	8.5	8.2	8.1	7.9	7.9	.
FOREIGN TRADE[4)5)6)]																	
Exports total, cumulated	EUR mn	83228	93367	102602	113557	9023	18127	28823	38138	47075	56535	66524	77214	87428	98229	108251	.
Imports total, cumulated	EUR mn	46243	52277	58047	64521	4417	9224	14747	20436	25509	30694	36594	42287	48093	54113	59768	.
Trade balance, cumulated	EUR mn	36985	41090	44555	49037	4606	8903	14075	17702	21566	25841	29930	34927	39335	44115	48483	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	21549	.	.	29520	.	.	11601	.	.	20383	.	.	28711	.	.	39100
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	31.627	31.693	31.811	31.837	31.816	31.699	31.453	31.212	30.907	30.469	30.360	30.349	30.599	30.165	28.389	29.434
RUB/EUR, monthly average	nominal	31.006	31.103	31.831	32.443	33.807	34.188	33.952	33.867	35.738	35.594	34.560	33.876	34.300	35.296	33.261	36.134
RUB/USD, calculated with CPI[7)]	real, Jan98=100	151.4	150.4	148.6	146.0	143.1	141.4	139.7	136.9	134.3	131.6	130.3	131.2	132.3	129.0	119.9	123.0
RUB/USD, calculated with PPI[7)]	real, Jan98=100	164.2	162.4	161.1	161.2	163.5	163.4	164.2	155.7	154.4	152.5	148.4	146.6	146.3	143.4	133.7	137.8
RUB/EUR, calculated with CPI[7)]	real, Jan98=100	133.9	133.2	134.1	135.1	137.6	137.5	135.6	134.2	140.5	139.0	133.9	132.0	133.7	136.3	127.3	136.8
RUB/EUR, calculated with PPI[7)]	real, Jan98=100	147.5	145.1	146.3	149.7	156.1	156.3	153.6	150.3	158.3	156.4	148.6	143.9	143.7	146.1	137.2	148.1
DOMESTIC FINANCE																	
M0, end of period	RUB bn	672.6	675.8	690.5	763.3	709.0	730.9	749.5	822.4	855.6	917.1	940.9	966.3	957.1	975.8	1002.1	.
M1, end of period	RUB bn	1301.7	1313.3	1337.4	1498.1	1395.2	1440.3	1512.8	1583.5	1679.9	1821.9	1808.6	1844.4	1871.2	1850.2	1899.0	.
M2, end of period	RUB bn	2494.7	2538.6	2602.7	2842.5	2777.4	2915.4	2989.9	3052.5	3163.0	3339.8	3400.5	3449.0	3573.0	3543.1	3617.7	.
M2, end of period	CMPY	29.6	28.6	31.1	33.9	35.1	38.5	39.9	37.9	38.2	41.7	41.5	41.1	43.2	39.6	39.0	.
Refinancing rate (p.a.), end of period	%	21.0	21.0	21.0	21.0	21.0	18.0	18.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Refinancing rate (p.a.), end of period[8)]	real, %	5.1	3.4	2.6	3.0	3.0	-1.2	-2.6	-1.9	0.8	1.5	1.9	2.2	2.0	2.9	3.5	2.7
BUDGET																	
Central gov.budget balance, cum.	RUB bn	246.4	213.9	203.4	156.0	70.1	75.1	89.3	127.3	173.8	184.3	213.6	223.8	238.9	287.7	316.1	.

1) Based on labour force survey.

2) According to ILO methodology.

3) Including estimated turnover of non-registered firms, including catering.

4) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference rate.

5) Cumulation starting January and ending December each year, incl. estimates of non-registered imports.

6) Based on balance of payments statistics.

7) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

8) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total	real, CMPY	10.0	9.4	9.2	11.2	13.7	7.9	10.6	2.2	2.4	9.5	2.8	1.2	3.3	5.1	3.2	.
Industry, total	real, CCPY	5.6	6.0	6.3	6.7	13.7	10.7	10.7	8.5	7.2	7.6	6.9	6.2	5.8	5.8	5.5	.
Industry, total	real, 3MMA	8.7	9.5	9.9	11.3	10.9	10.7	6.8	5.0	4.7	4.9	4.6	2.5	3.3	3.9	.	.
Construction, total	real, CMPY	3.8	6.9	8.0	11.7	4.8	0.6	3.6	-0.5	0.3	3.3	5.7	9.4	14.3	8.0	6.1	.
LABOUR																	
Employment in industry	th. persons	562.1	561.4	559.8	549.3	547.8	550.3	554.1	558.2	561.1	563.8	562.4	561.7	565.1	562.0	557.0	.
Unemployment, end of period	th. persons	481.0	478.6	488.0	504.1	509.2	495.4	478.7	450.7	433.1	427.6	422.8	415.6	407.6	407.1	420.2	452.2
Unemployment rate[1]	%	16.6	16.4	16.8	17.5	17.7	17.1	16.5	15.4	14.8	14.6	14.5	14.3	13.9	13.8	14.2	15.6
Labour productivity, industry	CCPY	5.6	5.9	6.1	6.5	12.7	9.5	9.2	7.5	6.5	7.0	6.2	5.5	5.2	5.2	5.0	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	3.1	2.9	2.6	2.2	-4.1	-2.5	-2.7	-0.3	1.6	2.5	3.6	4.3	4.9	4.6	4.5	.
WAGES, SALARIES																	
Industry, gross	SKK	13822	14484	16558	16097	14332	13466	14223	14827	15379	16140	15289	14688	15085	15374	17412	.
Industry, gross	real, CMPY	6.1	2.2	1.7	2.0	-1.3	-2.7	-3.0	0.6	-0.2	1.6	-3.4	-4.3	-0.4	-3.2	-4.2	.
Industry, gross	USD	315	340	399	391	365	346	368	391	432	455	416	392	406	436	494	.
Industry, gross	EUR	321	346	399	385	344	321	340	361	374	389	366	350	363	372	423	.
PRICES																	
Consumer	PM	0.3	0.0	0.0	0.7	5.3	0.6	0.4	0.2	0.1	0.4	0.0	1.0	0.5	0.1	0.2	0.2
Consumer	CMPY	2.8	2.9	2.9	3.4	7.3	7.6	8.0	7.7	7.6	8.4	8.7	9.2	9.5	9.6	9.8	9.3
Consumer	CCPY	3.4	3.3	3.3	3.3	7.3	7.5	7.6	7.7	7.6	7.8	7.9	8.1	8.2	8.4	8.5	8.6
Producer, in industry[2]	PM	0.1	0.0	-0.3	0.1	5.4	3.1	0.3	-0.1	-0.6	0.0	0.2	-0.2	0.1	-0.1	0.4	0.0
Producer, in industry[2]	CMPY	2.2	2.2	2.2	2.3	7.5	8.9	9.2	8.2	7.8	8.2	8.2	8.0	8.0	7.9	8.7	8.5
Producer, in industry[2]	CCPY	2.0	2.0	2.0	2.0	7.5	8.2	8.5	8.5	8.3	8.3	8.3	8.3	8.2	8.2	8.2	8.3
RETAIL TRADE[3]																	
Turnover	real, CMPY	0.9	6.2	1.7	8.5	-5.0	-3.8	-10.2	-1.9	-6.3	-9.3	-7.6	-5.7	-5.8	-5.0	-3.3	.
Turnover	real, CCPY	5.9	5.9	5.5	5.8	-5.0	-4.4	-6.3	-5.2	-5.4	-6.1	-6.3	-6.2	-6.2	-6.1	-5.8	.
FOREIGN TRADE[4][5]																	
Exports total (fob),cumulated	EUR mn	11114	12560	13993	15274	1309	2690	4219	5713	7380	9061	10751	12336	14097	15981	17820	.
Imports total (fob),cumulated	EUR mn	12521	14278	15938	17521	1327	2762	4359	5996	7610	9277	11052	12593	14338	16232	18083	.
Trade balance,cumulated	EUR mn	-1407	-1718	-1945	-2248	-17	-72	-140	-284	-230	-215	-301	-257	-241	-251	-263	.
Exports to EU (fob), cumulated	EUR mn	6711	7568	8449	9249	832	1720	2716	3618	4614	5573	6563	7429	8399	9532	10659	.
Imports from EU (fob), cumulated	EUR mn	6324	7217	8054	8816	647	1350	2147	2981	3839	4710	5660	6460	7355	8335	9285	.
Trade balance with EU, cumulated	EUR mn	387	352	395	433	185	370	569	637	776	863	904	969	1044	1198	1374	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-1210	-1458	-1619	-1939	-46	-137	-126	-255	-177	-197	-192	-98	-73	.	.	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	43.8	42.6	41.5	41.1	39.3	39.0	38.7	37.9	35.6	35.5	36.7	37.5	37.1	35.3	35.2	33.6
SKK/EUR, monthly average	nominal	43.0	41.8	41.5	41.8	41.7	42.0	41.8	41.1	41.1	41.5	41.8	41.9	41.5	41.3	41.1	41.1
SKK/USD, calculated with CPI[6]	real, Jan98=100	100.3	97.7	95.0	93.4	84.9	84.4	84.0	82.0	76.8	76.4	79.2	80.2	79.3	75.2	74.8	71.2
SKK/USD, calculated with PPI[6]	real, Jan98=100	104.5	102.4	99.8	98.8	91.1	89.2	90.6	86.1	81.3	81.8	84.3	86.4	85.8	82.1	81.4	77.7
SKK/EUR, calculated with CPI[6]	real, Jan98=100	88.7	86.4	85.8	86.0	81.5	82.0	81.6	80.2	80.2	80.7	81.2	80.8	79.9	79.4	79.1	78.9
SKK/EUR, calculated with PPI[6]	real, Jan98=100	93.9	91.4	90.7	91.3	86.8	85.2	84.7	83.0	83.2	83.9	84.3	85.0	84.0	83.7	83.2	83.2
DOMESTIC FINANCE																	
M0, end of period	SKK bn	80.7	81.4	83.1	84.2	84.1	87.2	86.8	86.3	87.0	86.6	87.7	90.8	89.1	90.2	91.3	.
M1, end of period	SKK bn	221.1	222.8	227.0	246.1	234.9	244.1	240.9	242.4	244.8	248.7	251.9	256.2	256.9	258.7	264.2	.
M2, end of period	SKK bn	689.7	694.7	702.8	713.7	702.2	713.2	710.3	711.7	718.7	702.0	722.3	729.6	725.7	732.2	740.3	.
M2, end of period	CMPY	7.5	9.3	7.9	4.9	5.1	5.7	6.7	7.4	7.5	3.4	4.3	4.8	5.2	5.4	5.3	.
Discount rate (p.a.),end of period[7]	%	8.25	8.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25	6.25	6.25	6.00
Discount rate (p.a.),end of period[7][8]	real, %	5.9	5.7	4.3	4.1	-0.9	-2.2	-2.5	-1.6	-1.2	-1.6	-1.6	-1.4	-1.6	-1.5	-2.2	-2.3
BUDGET																	
Central gov.budget balance, cum.	SKK mn	-32192	-39930	-36488	-51642	-1688	-12985	-17810	-23786	-30580	-27619	-31190	-33104	-37675	-40396	-42779	-55973

1) Ratio of disposable number of registered unemployment calculated to the economically active population as of previous year.

2) Based on revised index schema of 2000, excluding VAT and excise taxes.

3) According to NACE (52 - retail trade), excluding VAT.

4) Based on cumulated national currency and converted with the average exchange rate.

5) Cumulation starting January and ending December each year.

6) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

7) From January 2002 corresponding to the 2-week limit rate of NBS.

8) Deflated with annual PPI.

S L O V E N I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total	real, CMPY	6.8	1.5	0.6	2.8	-1.9	2.8	1.4	-2.4	-0.8	2.5	-0.8	-2.6	3.4	3.8	4.9	.
Industry, total	real, CCPY	2.7	2.6	2.4	2.4	-1.9	0.4	0.8	-0.1	-0.2	0.2	0.1	-0.2	0.2	0.6	1.0	.
Industry, total	real, 3MMA	2.9	2.9	1.5	0.4	1.1	0.7	0.5	-0.6	-0.3	0.2	-0.2	0.2	1.9	4.0	.	.
Construction, total[1]	real, CMPY	0.6	-3.6	-0.1	2.2	-8.3	-10.0	-4.7	-1.4	-1.1	4.1	3.6	0.9	1.7	-3.7	.	.
LABOUR																	
Employment total	th. persons	784.5	785.1	785.2	781.9	776.0	776.8	778.5	778.3	779.3	780.4	774.8	774.0	776.5	778.5	779.1	.
Employees in industry	th. persons	245.4	245.9	245.8	244.0	243.3	243.1	243.4	242.7	242.4	242.5	241.4	241.0	241.3	242.0	.	.
Unemployment, end of period	th. persons	103.4	104.5	101.7	99.6	101.6	100.6	98.8	97.1	95.3	94.4	96.9	98.2	98.2	98.9	96.2	96.0
Unemployment rate[2]	%	11.7	11.7	11.5	11.3	11.6	11.5	11.3	11.1	10.9	10.8	11.1	11.3	11.2	11.3	11.0	11.0
Labour productivity, industry	CCPY	6.0	5.9	5.6	5.6	0.3	2.6	3.1	2.2	2.2	2.6	2.5	2.2	2.6	3.0	3.4	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-1.2	-0.9	-0.7	-0.1	4.4	1.6	0.7	1.7	1.7	1.5	1.6	1.8	1.5	1.2	.	.
WAGES, SALARIES																	
Total economy, gross	th. SIT	236.2	239.9	252.9	262.1	247.1	241.5	243.7	246.9	249.3	248.2	250.9	251.5	253.8	257.2	270.3	.
Total economy, gross	real, CMPY	2.9	2.1	0.9	4.4	2.4	1.9	1.1	2.5	2.3	2.1	2.1	1.0	2.4	2.3	1.7	.
Total economy, gross	USD	1016	1029	1103	1159	1136	1126	1134	1151	1236	1242	1219	1194	1208	1278	1340	.
Total economy, gross	EUR	1036	1049	1103	1140	1071	1044	1051	1063	1070	1063	1072	1071	1080	1092	1145	.
Industry, gross	USD	869	890	966	1006	970	947	964	983	1056	1051	1046	1023	1040	1110	.	.
PRICES																	
Consumer	PM	0.8	0.5	0.0	0.6	1.0	0.5	0.7	0.5	0.5	0.3	0.5	-0.4	0.3	0.3	0.3	0.1
Consumer	CMPY	7.2	7.2	6.7	7.2	6.6	6.2	6.3	5.3	5.5	6.0	6.0	5.5	5.0	4.8	5.1	4.6
Consumer	CCPY	7.6	7.6	7.5	7.5	6.6	6.4	6.3	6.1	5.9	6.0	6.0	5.9	5.8	5.7	5.6	5.5
Producer, in industry	PM	0.1	0.3	0.3	0.6	0.2	-0.2	0.1	0.3	0.5	0.1	0.0	0.0	0.2	0.2	0.2	0.6
Producer, in industry	CMPY	4.9	4.2	4.1	3.7	3.6	2.8	2.5	2.4	2.8	2.7	2.5	2.3	2.5	2.3	2.1	2.1
Producer, in industry	CCPY	5.5	5.4	5.3	5.1	3.6	3.2	3.0	2.8	2.8	2.8	2.8	2.7	2.7	2.6	2.6	2.5
RETAIL TRADE[3]																	
Turnover	real, CMPY	7.8	5.6	3.9	6.7	4.5	8.9	0.9	7.2	6.5	6.2	4.1	0.8	7.4	5.1	.	.
Turnover	real, CCPY	4.5	4.6	4.6	4.8	4.5	6.7	4.5	5.2	5.5	5.6	5.4	4.8	5.1	5.1	.	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	8172	9217	10153	10966	848	1753	2742	3723	4647	5590	6595	7296	8361	9444	10410	.
Imports total (cif), cumulated	EUR mn	8528	9576	10608	11574	869	1897	2992	4028	5086	6077	7130	7920	9007	10125	11193	.
Trade balance total, cumulated	EUR mn	-356	-359	-454	-609	-21	-144	-250	-305	-440	-487	-535	-624	-646	-681	-782	.
Exports to EU (fob), cumulated	EUR mn	4903	5518	6072	6508	557	1106	1702	2281	2835	3381	3947	4306	4920	5545	6109	.
Imports from EU (cif), cumulated	EUR mn	5825	6543	7225	7871	572	1253	1998	2698	3414	4092	4825	5329	6048	6807	7529	.
Trade balance with EU, cumulated	EUR mn	-922	-1026	-1154	-1363	-15	-147	-297	-417	-579	-711	-878	-1023	-1128	-1262	-1420	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	322	402	430	314	95	61	-25	-8	-84	-57	-29	-27	72	155	134	.
EXCHANGE RATE																	
SIT/USD, monthly average	nominal	232.5	233.2	229.2	226.2	217.5	214.5	214.8	214.4	201.7	199.8	205.8	210.7	210.1	201.2	201.7	193.0
SIT/EUR, monthly average	nominal	228.0	228.7	229.3	230.0	230.7	231.3	231.9	232.4	233.0	233.5	234.1	234.7	235.0	235.5	236.0	236.5
SIT/USD, calculated with CPI[6]	real, Jan98=100	107.9	107.8	106.0	103.7	99.1	98.1	98.1	97.2	90.8	89.9	92.2	95.1	94.8	90.4	90.2	86.2
SIT/USD, calculated with PPI[6]	real, Jan98=100	112.2	113.1	110.7	108.4	106.0	106.5	109.3	105.4	98.6	98.4	101.2	103.8	103.7	99.7	99.4	94.5
SIT/EUR, calculated with CPI[6]	real, Jan98=100	95.5	95.5	95.8	95.7	95.2	95.3	95.3	95.2	95.0	95.0	94.7	95.5	95.6	95.6	95.6	95.7
SIT/EUR, calculated with PPI[6]	real, Jan98=100	100.9	100.9	100.5	100.4	101.0	101.9	102.3	101.7	101.0	101.0	101.3	101.8	101.7	101.7	101.8	101.4
DOMESTIC FINANCE																	
M0, end of period	SIT bn	138.6	141.4	140.6	143.1	137.8	139.2	142.0	147.2	150.2	153.3	147.3	152.7	151.2	154.6	.	.
M1, end of period[7]	SIT bn	684.3	665.7	713.3	720.1	681.2	694.5	706.1	711.7	719.7	774.6	755.3	753.6	769.0	759.4	768.8	.
Broad money, end of period[7]	SIT bn	3389.2	3396.0	3564.0	3600.7	3563.0	3583.0	3578.9	3598.6	3623.2	3679.2	3717.4	3716.0	3720.7	3762.3	3777.7	.
Broad money, end of period[7]	CMPY	24.9	22.0	24.1	18.4	15.9	15.5	13.8	13.1	13.1	15.5	15.0	14.3	9.8	10.8	6.0	.
Discount rate (p.a.),end of period[8]	%	7.75	7.75	7.75	7.25	7.25	7.25	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.25	5.00	5.00
Discount rate (p.a.),end of period[9]	real, %	2.7	3.4	3.5	3.4	3.5	4.3	3.9	4.0	3.6	2.7	2.9	3.1	2.9	2.9	2.8	2.8
BUDGET																	
General gov.budget balance, cum.	SIT bn	-162.0	-158.8	-171.8	-156.0	3.9	-21.3	-30.2	-11.5	-27.8	-56.6	-52.0	-64.9	-49.8	-47.0	.	.

1) Effective working hours. Enterprises with 10 or more persons employed.

2) Ratio of unemployed to the economically active.

3) According to NACE (52 - retail trade, 50 - repair of motor vehicles), excluding turnover tax.

4) Based on cumulated national currency and converted with the average exchange rate.

5) Cumulation starting January and ending December each year.

6) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

7) According to ECB monetary standards..

8) From October 2001 main refinancing rate.

9) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2002 to 2003

(updated end of Jan 2004)

		2002				2003											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, total[1]	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Industry, total	real, CCPY	6.2	6.0	6.3	7.0	11.6	10.8	10.7	11.4	11.7	12.4	13.8	14.6	15.2	15.7	15.5	15.8
Industry, total[1]	real, 3MMA	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
LABOUR																	
Unemployment, end of period	th. persons	991.8	980.0	999.4	1034.2	1061.0	1100.9	1109.4	1107.3	1057.8	1012.7	996.1	982.8	961.8	938.6	949.9	988.9
Unemployment rate[2]	%	3.6	3.6	3.6	3.8	3.9	4.0	4.0	4.0	3.9	3.7	3.6	3.6	3.5	3.4	3.5	3.6
WAGES, SALARIES [1]																	
Total economy, gross	UAH	391.1	397.5	395.7	442.9	400.6	391.2	415.5	422.6	439.3	476.2	489.5	479.2	498.3	498.3	489.5	551.0
Total economy, gross	real, CMPY	21.1	19.1	18.8	17.7	25.0	16.2	12.3	14.7	17.8	19.1	14.5	16.1	19.9	17.3	14.4	14.9
Total economy, gross	USD	73	75	74	83	75	73	78	79	82	89	92	90	93	93	92	103
Total economy, gross	EUR	75	76	74	82	71	68	72	73	72	76	81	81	83	80	78	84
Industry, gross	USD	95	97	95	104	99	96	103	105	108	.	.	.	.	.	.	.
PRICES																	
Consumer	PM	0.2	0.7	0.7	1.4	1.5	1.1	1.1	0.7	0.0	0.1	-0.1	-1.7	0.6	1.3	1.9	1.5
Consumer	CMPY	-1.1	-0.6	-0.4	-0.6	-0.1	2.5	4.3	3.6	3.9	5.9	7.4	5.8	6.2	6.9	8.1	8.2
Consumer	CCPY	1.2	1.0	0.9	0.8	-0.1	1.2	2.2	2.6	2.8	3.3	3.9	4.1	4.4	4.6	4.9	5.2
Producer, in industry	PM	0.3	0.2	0.2	0.0	0.5	0.7	2.1	0.3	0.3	0.0	1.0	1.0	0.9	0.7	1.5	1.7
Producer, in industry	CMPY	4.9	5.8	5.3	5.8	6.8	6.8	9.9	8.9	7.6	5.3	5.3	6.8	7.4	8.0	9.4	11.2
Producer, in industry	CCPY	2.2	2.6	2.8	3.1	6.8	6.8	7.8	8.1	8.0	7.5	7.2	7.1	7.2	7.3	7.5	7.8
RETAIL TRADE																	
Turnover[3]	real, CCPY	14.8	14.9	14.7	14.8	11.6	12.6	12.4	11.9	13.8	15.1	16.8	17.1	18.1	19.1	18.9	19.4
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	13770	15552	17206	19004	1402	2899	4607	6345	7809	9330	11143	12877	14692	16585	18430	.
Imports total (cif), cumulated	EUR mn	13001	14632	16098	17967	1265	2633	4225	5967	7392	8928	10732	12513	14354	16311	18131	.
Trade balance, cumulated	EUR mn	770	920	1108	1037	137	266	383	378	417	402	411	364	338	274	299	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	2207	.	.	3173	.	.	1082	.	.	1815	.	.	2489	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.330	5.330	5.330	5.332	5.333	5.334	5.334	5.334	5.333	5.333	5.332	5.332	5.332	5.332	5.332	5.332
UAH/EUR, monthly average	nominal	5.229	5.228	5.338	5.422	5.645	5.752	5.758	5.786	6.125	6.225	6.066	5.951	5.968	6.238	6.239	6.541
UAH/USD, calculated with CPI[6]	real, Jan98=100	171.9	171.0	169.9	167.1	165.3	164.8	164.0	162.6	162.2	162.4	162.7	166.0	165.5	163.2	159.8	157.5
UAH/USD, calculated with PPI[6]	real, Jan98=100	147.9	148.8	148.3	148.1	150.2	151.7	152.4	147.3	146.7	148.0	146.2	145.0	144.3	144.2	141.5	139.1
UAH/EUR, calculated with CPI[6]	real, Jan98=100	151.9	151.1	153.2	154.0	158.1	160.0	159.0	159.0	168.3	171.1	166.7	166.7	166.7	172.2	169.1	174.7
UAH/EUR, calculated with PPI[6]	real, Jan98=100	132.8	132.6	134.6	137.0	142.6	144.9	142.3	141.8	149.1	151.4	146.1	142.2	141.3	146.7	144.7	149.1
DOMESTIC FINANCE																	
M0, end of period	UAH mn	23655	23713	24064	26434	24707	25503	26002	27650	27879	29375	30080	31072	30862	31549	31318	33100
M1, end of period	UAH mn	36504	36373	36514	40244	37877	38974	41615	42743	43447	46815	47276	48315	50293	49341	49467	.
Broad money, end of period	UAH mn	57729	58697	59575	64532	62853	64945	69731	72509	73977	79034	80786	83048	86495	86856	88295	95000
Broad money, end of period	CMPY	45.6	44.0	43.5	41.7	44.1	44.2	47.3	49.8	51.6	54.4	49.8	47.5	49.8	48.0	48.2	47.2
Refinancing rate (p.a.),end of period	%	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Refinancing rate (p.a.),end of period[7]	real, %	3.0	2.1	2.6	1.1	0.2	0.2	-2.6	-1.8	-0.6	1.6	1.6	0.2	-0.4	-0.9	-2.2	-3.8
BUDGET																	
General gov.budget balance, cum.	UAH mn	2722.6	3284.8	3828.3	1635.4	1451.1	2194.3	1871.3	2348.1	3375.2	2500.9	2889.3	4028.2	3991.5	3636.2	4111.6	-489.9

1) Excluding small firms.

2) Ratio of unemployed to the economically active.

3) Official registered enterprises.

4) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference rate.

5) Cumulation starting January and ending December each year.

6) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

7) Deflated with annual PPI.

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