

# Monthly Report

6/04

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## Domestic absorption, real exchange rates and trade balances in the Czech Republic, Hungary, Poland, Slovakia and Slovenia

BY LEON PODKAMINER

Gross Domestic Product (GDP) can be split into two components: (i) domestic absorption (A), defined as the sum of consumption and gross capital formation (both private plus public); and (ii) net exports of goods and non-factor services (NX), which is the difference between their exports (X) and imports (M). A practical medium-term macroeconomic analysis of GDP growth requires, among other things, some understanding of the factors behind the movements of the NX category. Given some 'theory' behind the overall GDP growth, such an understanding implies some insight into the dynamics of domestic

absorption. Conversely, with an understanding of the factors governing the dynamics of A, a 'theory' of NX throws light on the overall GDP growth. Besides, the study of NX in relation to the GDP (or A) is important because its development is essentially reflected in a country's changing foreign net liabilities: this follows the fact that nominal NX (calculated in USD or EUR) represents the excess of current domestic saving over investment (or external borrowing, in case NX is negative).

In applied research seeking to assess the factors determining NX, it is customarily assumed that the volume (real) of imports is a function of two variables: volume (real) of the domestic GDP and the real exchange rate vs. the trading partners. Real exports are assumed to be a separate function of the real exchange rate vs. the trading partners and *their* real GDP. Once exports and imports are concretely related to their respective explanatory variables, one automatically 'explains' also the level of domestic absorption ( $A = \text{GDP} - (X - M)$ ).

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An analysis of relevant data for five new EU members (the Czech Republic, Hungary, Poland, Slovakia and Slovenia) and their main trading partner (EU-15) for the period 1994-2002 suggests a rather limited suitability of the approach requiring separate approaches to exports and imports. While on the import side one usually obtains broadly plausible results (with imports responding positively to real appreciation and the domestic GDP growth), there are serious problems on the export side. It appears that the ongoing, rather strong real appreciation of the new members' currencies, coupled with rather weak GDP growth in the EU-15, is associated with a very fast expansion of export volumes. But this runs counter to conventional wisdom.

There are several reasons why the data do not seem to support the received approach to the modelling of exports.

First, exports of the new EU members have been undergoing strong quality improvements compensating their apparently reduced price competitiveness. It is even possible to see the real appreciation as reflecting *rising* competitiveness. Indeed, many studies indicate that a quality-*cum*-price upgrading is taking place. However, it is not quite clear how to incorporate the 'quality dimension' into the analysis of aggregate export functions.

Second, exports may be affected by *domestic* developments, which is not allowed for in the conventional approach. A very weak domestic demand often generates higher exports which in better times would rather be used for consumption or investment at home.

Third, exports may (and do) strongly depend on imports. Although one does not have estimates of exports' import intensities, these must be high and rising especially on account of expanding export-oriented FDI (which strongly relies on imports of components) and the growing intensity of outsourcing/cross-country trade in intermediate goods. Ongoing real appreciation need not reduce the competitiveness (and profitability) of exports because of the simultaneous reduction in the costs of high-value imported components.

All in all, the approach stipulating a separate treatment of exports and imports ignores the strong links between exports and imports by definition. As such that approach is likely to generate misleading conclusions not only with respect to exports, but also imports. High exports may well represent high re-exported imports, high imports may represent high prospective exports.

The analysis reported in this text is concerned with the factors possibly explaining NX as a single item, without considering 'artificially' inflated exports and imports separately. The approach taken makes the following assumptions:

- 1) Two 'real' variables are considered: domestic absorption A and net exports NX, as identified in the national statistics (the dynamics of real GDP in the new EU members' trading partners are not taken into account);
- 2) The real variables are in constant prices of 1995 (for each country considered the 1995 GDP is set at 100);
- 3) The real exchange rate (RER) considered is identified with the nominal exchange rate vs. the euro, deflated by industrial producer prices (corrected for the same prices in the EU-15). Operationally, the RER indices are used (with RER for 1995 set at 100);
- 4) The analysis covers the period 1994-2002, on a yearly basis.

Some comments are now in order: (i) With rather short time series<sup>1</sup> for the individual countries it is

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<sup>1</sup> Consistent GDP reporting started, in the countries considered, in 1995 (which allows calculation of data for 1994). Of course, one could try to work with quarterly data, thereby increasing the number of observations fourfold. However, the quarterly national accounts data tend to be of inferior quality compared with the yearly ones. (For example, the Polish quarterly real GDP data are systematically biased because they are calculated vs. the same quarter of the previous year using constant prices representing average prices of the *whole* previous year.) Besides, the quarterly data exhibit strong seasonality and usually require the introduction of a good deal of variables representing various leads and lags. The resulting models tend to become quite messy econometrically. Eventually, the quarterly-based modelling may require much more effort without bringing any more insight.

Table 1

## Parameter estimates for the NX functions

	Absorption	RER	Adj. R sq.	D-W
	a	b		
Czech Republic	-0.4013 (0.0003)	0.0046 (0.0896)	0.9613	2.26
Hungary	-0.5499 (0.0006)	0.0228 (0.0024)	0.8615	2.15
Poland	-0.5788 (0.0002)	0.0281 (0.0016)	0.8979	2.26
Slovakia	-0.8137 (0.0000)	0.0366 (0.0001)	0.9812	1.76
Slovenia	-0.8744 (0.0000)	0.0372 (0.0002)	0.9491	1.84

Notes: p-values in brackets.

The parameter for the dummy variable (years 1996 and 1997) in the regression for the Czech Republic is -0.763 (and its p-value is 0.0631).

Adj. R sq. is the Adjusted R squared value

D-W is the value of the Durbin-Watson statistics.

advisable to limit the number of factors considered – this (apart from earlier negative experience) motivates omission of the real GDP dynamics of EU-15.

(ii) Domestic absorption is preferred to GDP as a factor possibly explaining NX for two (perhaps related) reasons. First, econometrically the regressions with A as the explanatory variable perform much better than those with GDP; second, as most of the time most of the countries considered run a negative NX – representing excess of imports over exports – it is reasonable to assume that these are functionally related to domestic consumption and investment and not to the GDP itself.

(iii) The real exchange rate is in terms of industrial producer price deflators although the NX includes trade in goods (some of them not industrial) and non-factor services. This seems acceptable because the bulk of trade included in NX is in industrial goods all the same. (Alternatively, one could think of applying price indices for NX.

However, this would generate various intractable methodological problems).<sup>2</sup>

Extensive econometric experimenting with the data<sup>3</sup> led to one single formula best fitting all countries except the Czech Republic, which – probably due to the effects of the crisis in 1996 – required the introduction of a ‘dummy variable’ for the years 1996-1997. The formula has the following form:

$$D(NX_t) = NX_t - NX_{t-1} = a \cdot (A_t - A_{t-1}) + b \cdot RER_t \quad (1)$$

where t indexes consecutive years. In the regressions for Poland and Hungary, the  $RER_{t-1}$  variable is used instead of  $RER_t$ . The regression for the Czech Republic is appended by a dummy variable for 1996 and 1997. The least-squares estimates are reported in Table 1.

As can be seen, all equations are of very high ‘statistical quality’, with the estimate parameters

<sup>2</sup> As a rule the price indices for exports and imports are different, and also vastly different from the price indices for either A or industrial production.

<sup>3</sup> All data used come from the wiiw Database.

Table 2

## Evaluating changes in real NX and GDP levels in 2003, depending on D(A) ( $D(A) = A_{2003} - A_{2002}$ ) and the RER level

	A	RER	RER unchg.	RER unchg.	RER (-1)	RER(-3)
			DA/A = 2%	DA/A = 4%	DA/A = 2%	DA/A = 4%
<b>Increase in real NX level</b>						
Czech Republic	123.5	80.47	-0.62	-1.61	-1.43	-4.03
Hungary	134.5	80.25	0.35	-1.13	-0.45	-3.54
Poland	132.4	82.61	0.79	-0.75	-0.04	-3.22
Slovakia	134.7	76.39	0.60	-1.59	-0.16	-3.88
Slovenia	132.3	106.57	1.65	-0.66	0.59	-3.86
<b>Increase in real GDP level</b>						
Czech Republic			1.85	3.33	1.04	0.91
Hungary			3.04	4.25	2.24	1.84
Poland			3.44	4.55	2.61	2.07
Slovakia			3.30	3.80	2.53	1.51
Slovenia			4.30	4.63	3.23	1.43

Notes: A is the real level of domestic absorption in 2002 (GDP 1995 = 100).

RER is the actual (provisional) level of the real exchange rate (1995 = 100) for 2003. (For Poland and Hungary RER is for the year 2002).

RER unchg. signifies unchanged level of RER (compared to items from column 3).

RER(-1), RER(-3) represent RER appreciating by 1% and 3% respectively (e.g. RER(-1) = original RER from column 3 times 0.99).

DA/A = 2% and DA/A = 4% signify 2% and 4% increases in A vs. the initial values of A (column 2).

'a' significant at the 0.1 per cent level for all countries. Estimates for 'b' are also highly significant (though less so in the case of the Czech Republic). All parameters have the proper signs. The negative 'a' parameters indicate that a rise in domestic absorption is associated with a fall (quite strong) in NX (e.g. a larger deficit). The magnitudes of the fall in NX are moderated by the term ( $b \cdot RER$ ). Because RER is positive by definition, the parameters 'b' have to be positive too. A regression with both negative parameters 'a' and 'b' would not make economic sense. Such a regression would imply that in the absence of a change in absorption, a higher RER (or real depreciation) is associated with a decline in NX (e.g. a higher deficit). It may be added that the impacts of RER tend to be relatively low when compared with those of the changes in A.

Equation (1) numerically specified with the estimates from Table 1 can be used in a number of

ways, primarily though for the evaluation of the overall real GDP trends. Given concrete judgements or assumptions on the future trends in domestic absorption and real appreciation, one could 'feed' them into equation (1) and arrive at the forecasts for  $D(NX)$ , and hence for  $D(GDP) = D(A) - D(NX)$ . Alternatively, one can concretely consider the tradeoffs between real growth and real appreciation (or between real domestic absorption and trade deficits) facing the new EU member countries. A specific use of equation (1) is illustrated by Table 2, which is concerned with eliciting the NX and GDP effects of changing levels of A and RER, with the most recent available (relevant) data (on A for 2002/2001 and on RER for 2003) serving as the values of explanatory variables. The values of  $D(NX)$  in columns 3 and 4 in Table 2 thus represent their expected values in 2003 – assuming, alternatively, a 2% or 4% rise in A in 2003, and the actual RER levels in 2003 (in

2002 in the case of Poland and Hungary).<sup>4</sup> The last two columns of Table 2 are concerned with counterfactual simulations assuming real appreciation (1% or 3% compared with the initial RER values from column 3) with A rising by 2% or 4% respectively.

As can be seen, 2% growth in domestic absorption at the unchanged RER would have increased NX in all countries (except in the Czech Republic), with the highest increase in Slovenia. At 4% growth in A, NX would have decreased everywhere (including Slovenia) even at unchanged RER. With RER appreciating by 1% and A rising by 2%, Slovenia would have been the only country to record a rise in NX. With 3% real appreciation and 4% growth in A, there would have been a massive fall in NX everywhere. This suggests that in the medium run a stabilization of NX requires a combination of rather low rates of growth in domestic absorption and rather low real appreciation. Otherwise one should expect falling increases in NX (i.e. expanding trade deficits) – and in consequence low (or very low) overall GDP growth.

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<sup>4</sup> In due time the actual values of A in 2003 will be known. Then it will be possible to judge the precision of the forecasts for D(NX).

## Foreign direct investment in the Central European new EU members

BY GÁBOR HUNYA

### FDI boom during transition

Central and Eastern Europe's integration into the world economy has taken a decade and a half, culminating in the accession of eight of these countries to the European Union on 1 May 2004. Immediately after the transition process had started around 1989, trade and FDI liberalization became important vehicles of transformation. Companies from advanced countries started to expand to these new markets and cheap production sites.

In the first half of the 1990s, Hungary was the most important recipient of FDI among the five Central European accession countries (AC-5: the Czech Republic, Hungary, Poland, Slovakia and Slovenia) as it opened up its economy to foreign investors ahead of others. Hungary implemented privatization through foreign take-over from the very beginning, while other ACs preferred domestic investors, insider privatization or voucher schemes.

In the second half of the 1990s, further countries caught up: Poland surpassed Hungary in terms of the amount of FDI inflow in 1996. The Czech Republic became the second most important FDI receiver in 1998, advancing to the first place in 2002. The relatively large size of these economies, the start of privatization by sale and the introduction of FDI-friendly policies improved these countries' attractiveness.

In 2000 also Slovakia changed its policy and became a very attractive FDI location. As a result, in 2000-2002 the largest recipients of FDI in absolute terms were Poland, the Czech Republic, Hungary and Slovakia. The only exception to the rule remained Slovenia, the richest among the new

EU members, which has pursued a policy of keeping companies in domestic hands.

### FDI decline in 2003

The 1998-2002 upswing of FDI in the AC-5 was followed by a sudden drop in 2003 (Figure 1). It followed the worldwide trend with some delay. FDI inflows to the AC-5 declined from EUR 22 billion in 2002 to a mere EUR 9 billion in 2003. Each of the five countries was affected by the decline, albeit to different degrees. In the Czech Republic, Slovakia and Slovenia the backdrop came after record-high FDI in the previous year, related to one-time large privatization revenues. In Poland, the decline against 2002 was less pronounced as big privatization deals had taken place a few years earlier. In Hungary, reinvested profits were high but new equity investment very low.

### Changing motivation of investors

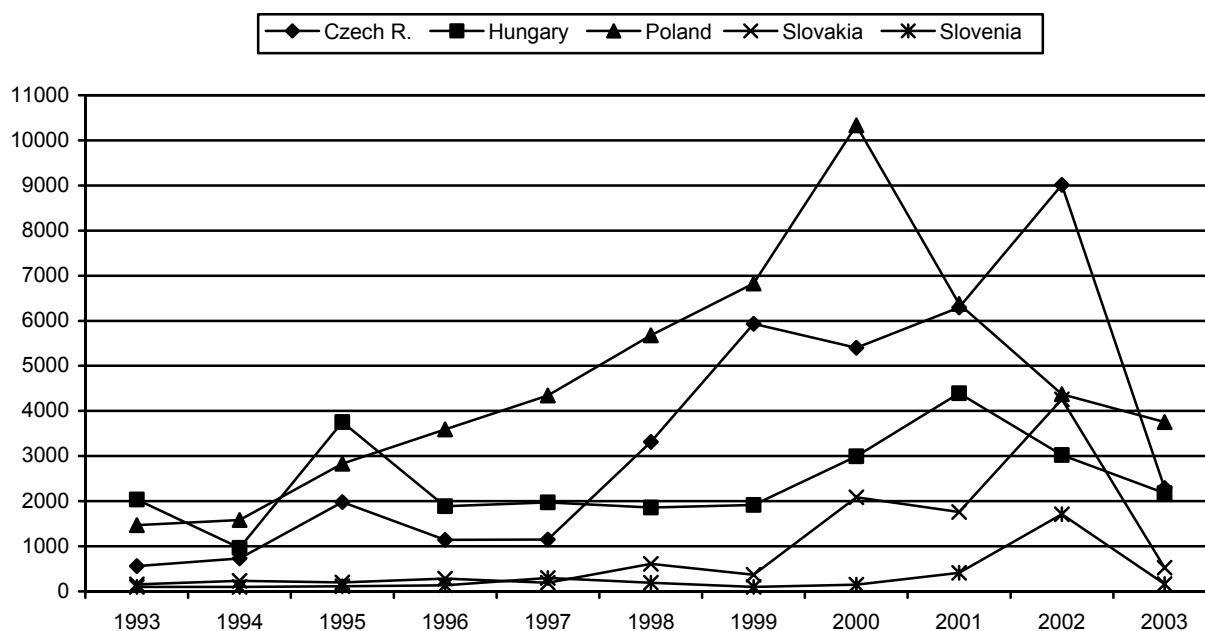
There are basically two types of investors: local-market seeking and efficiency seeking (export-oriented). Market seeking has been the dominant motive of FDI. Markets were 'bought' together with manufacturing companies through privatization. The banking sector and the supermarket retail chains are now mostly foreign-owned; the new office spaces and hotels have been built mainly by international real estate investors. The AC-5 also attracted a large number of export-oriented greenfield investments. The companies acquired in the privatization process were restructured to fit into international corporate networks. Neighbouring the old EU, these countries provided acceptable transport facilities, low transaction costs and relatively low labour costs.

One decade after the start of economic transformation and the establishment of the first FDI projects, the location factors in the AC-5 started to look quite different than before. While the advance of transformation reduced transaction costs, the production costs increased in several countries. The volume and specialization of FDI

Figure 1

## FDI inflow in the AC-5, 1993-2003

EUR million



Source: wiiw Database.

started to change. Labour-intensive low-skill activities began to move out, higher-skill manufacturing and services started to move in. Several labour-intensive export-oriented foreign subsidiaries were closed down in recent years in Hungary and the Czech Republic. Investors left mainly for cheaper locations in China, Romania and Ukraine.

### Industrial specialization of FDI

The composition of the FDI stock by economic activities reflects the sequencing in opening-up and privatization as well as investors' interest in setting up export-oriented subsidiaries. Most of the FDI went into services; the manufacturing industry attracted only 38% of the total AC-5 FDI stock. In recent years manufacturing investment has increased again in export-oriented greenfield projects.

The food industry is usually the main, yet not export-oriented, FDI target and has therefore

declining shares in manufacturing FDI. The main export-oriented FDI targets are the production of motor vehicles, electrical and optical equipment as well as chemicals. The transport equipment industry is quite evenly spread among the three main receiver countries. Hungary was ahead of the others concerning the amount invested in the car industry in 2002. This will change in the years to come due to new greenfield investments in the Czech Republic and in Slovakia. The electrical and optical equipment industry has its main production hub in Hungary, while the Czech Republic is a strong second. Poland is weak in the electronics industry, but has a much stronger position in the chemical industry.

The strategy of transnational corporations (TNCs) can be radically altered by global economic changes. The electronics industry underwent hard times in recent years and curtailed its production also in the AC-5, mainly in Hungary. As a positive sign, the shrinking of production in component and assembly subsidiaries did not affect the expansion

of back offices and R&D facilities. With a global recovery of the electronics industry, the AC-5, in particular Hungary, start again to attract more FDI – not in basic production, but in more specialized activities and services.

### **Employment effects of FDI**

The specific circumstances of transformation, privatization and restructuring implied substantial employment changes. The overall level of employment declined and unemployment appeared as a serious social problem. Manufacturing employment declines were mostly due to restructuring in the wake of privatization to foreign owners. Job creation took place mainly in foreign-owned greenfield investments. Inefficient companies, preserved under state ownership, usually did not manage to become viable; they had to be liquidated and their workers dismissed, the remaining assets were sold. Also many firms privatized to incumbents or locals found it at some stage necessary to involve a stronger foreign owner, who provided funds for modernization while streamlining the workforce.

As of 2001, the highest level of foreign penetration in manufacturing was reached in Hungary. But even here, foreign subsidiaries did not employ the majority of the manufacturing workforce (45%) and penetration has not increased in the past three years. Hungary is a post-transition economy where employment expands in both the foreign and the domestic sectors. Employment increased in 1998-2001 mainly in the high- and medium-high-tech industries such as office machinery, electrical machinery, and radio and TV sets production. Cheap-labour light industries started to lose jobs in both the foreign and the domestic sectors. The Czech Republic underwent the transformation-related restructuring later than Hungary, simultaneously building a more modern industry. In the course of privatization many workplaces were transferred from the domestic to the foreign sector during 1998-2001. Also Slovakia was in the process of transformational restructuring and

foreign takeover. But overall employment in manufacturing fell as the foreign sector replaced only two thirds of the lost domestic-sector jobs. This is in contrast to Poland, where the domestic sector lost employment on a massive scale and the foreign sector did not create new jobs.

### **Profit repatriation and economic dependence**

Also with respect to FDI, there is no such thing as a free lunch. Direct investment income repatriated from the Czech Republic more than doubled in the past two years, and nearly doubled in Poland between 2000 and 2002. As for Hungary, in 2002 repatriated incomes were 25% higher than the year before and in 2003 falling back only to the 2001 level. The outflow of profits amounts to as much as 50% of the inflow of new FDI.

Foreign penetration has changed the decision-making in firms and brought new challenges to economic policy. Integration into international corporate networks resulted in increasing specialization of production and limited decision-making competence of local subsidiaries. Corporate re-organizations following decisions at headquarters abroad can negatively hit otherwise viable subsidiaries. Economic policy has been exposed to unforeseen capital movements, hiring and firing of labour and increased foreign lobbying.

It is a challenge for economic policy in the AC-5 to stabilize the long-term benefits of FDI by keeping investors in the country also when labour costs increase and to stimulate investors to re-invest rather than repatriate profits. Outward investments of AC-5 companies, on the other hand, should be encouraged as internationalization of production and market access can support economic growth and employment in the home country.

### **Will FDI rebound after EU accession?**

UNCTAD predicts that world-wide FDI flows will rebound in 2004, boosted by the improving global economy, higher corporate profitability, recovering mergers and acquisitions and growing investor



confidence. We expect a slow recovery of FDI in Central and Eastern Europe as well. In the year of EU enlargement, no upsurge of FDI is expected in the new member states. A modest increase can be predicted due to the recovery in the world economy and some shifts of investment location within the enlarged European Union. With accession, some FDI locational factors will improve while others may become more complicated.

(1) Lower transaction costs (e.g. the removal of customs formalities) and increasing stability can make these countries a more frequented investment target in the coming years especially as concerns small and medium-size companies. Some of the benefits of accession have already been anticipated by investors. Others will influence future decision-making.

(2) Asian, US and perhaps Russian investors will access the EU via the new members.

(3) The markets in the new members are to a large extent already in the hands of foreign multinationals, thus local-market-oriented FDI can expand in the future only in parallel with the growth of the market but hardly by acquiring additional market shares. Privatization can attract very few new FDI projects. There may be some big sales in the utilities sector. Under the pressure of a high budget deficit Poland, for example, is revising its privatization strategy and will offer more companies for sale in the years to come.

(4) Transnational investors have started to concentrate and specialize their subsidiaries in the new EU members. Some of the production capacities that have been established in each country one by one, will be closed down, others will be enlarged and supply more than one country.

(5) FDI in construction (e.g. roads, environmental facilities) may increase when the new members access EU funds. Investment in physical infrastructure can be carried out by any European contractor. FDI in agriculture may also be encouraged by the gradual liberalization of land ownership.

(6) The ACs' labour cost advantages in comparison to Western Europe will remain for quite some time and stimulate export-oriented FDI in the new EU members. European companies will be able to strengthen their global competitiveness that suffers under the weak dollar and inadequate productivity development by relocating part of the production process to these cheaper areas of the EU. At the same time, the new members will lose low-tech labour-intensive manufacturing to countries further East. Geographic segmentation of production may strengthen the competitive position of the multinational companies as a whole and thus stabilize workplaces in headquarters and subsidiaries alike. Increasing flexibility of employment in Germany or lower corporate taxes in Austria may moderate but not stop this process.

(7) The new EU members will have to bear some costs of compliance with EU norms and restrictions that may increase the cost of investment.

(8) We expect accelerated outward FDI from the accession countries. Companies of the new members will increasingly use the opportunity to outsource to Southeastern Europe. Slovenian or Hungarian firms will be followed by firms from other countries.

## Is rapid, long-term economic growth in Poland likely?\*

BY LEON PODKAMINER

*Alles ist möglich* ('everything is possible') runs the slogan of the Austrian State lottery. In the same vein, rapid long-term economic growth is also possible in Poland.

### I

In recent decades, it has been only China and a number of south-east Asian countries that have continued to experience rapid growth. Controversy, however, rages over the nature of growth in that region. For the proponents of liberalism, Asia's success is indisputably the outcome of the large and ever-expanding scale of economic freedom. For many others, that self-same success has much more to do with active government involvement. Furthermore, Asian economic growth is quite often associated with a specific 'Asian' mentality. All in all, it is rather difficult to draw constructive conclusions from the Asian experience. An analysis of that experience would call for an extensive discussion of facts: a time-consuming and seldom constructive undertaking.

With an economy that has grown rapidly since the early 1990s, Ireland may seem a less problematic case. However, Ireland is also a specific case. Lessons from the Irish experience can hardly apply to Poland. Ireland is a small country (with a population roughly equal to that of greater Warsaw) which – owing primarily to its low corporate taxes – has become an international tax haven.<sup>1</sup> Ireland's performance cannot be replicated in Poland, if only because a single low-tax area in Europe may fully meet the current needs of internationally mobile firms. Moreover, even if Poland were to outbid

Ireland in terms of corporate income tax (currently levied at a rate of 12.5% on all activities, excepting manufacturing where it is 10%), the inflow of capital eager to take advantage of the lower Polish tax rate would – given the country's size – be relatively less significant. Furthermore, the 'old' EU would probably object<sup>2</sup> to such a radical decrease in the tax rate. In any event, Poland would never be able to win the tax stakes in competition with much smaller accession states, such as Malta, Cyprus or Slovakia.

Other recent instances of rapid growth are far from encouraging. In the 1990s the boom in the United States was impressive, yet relatively short-lived. What is more, it saddled the private sector with gigantic debts which, according to reliable analyses, will ultimately give rise to grave problems.

Of course, in the search for principles suited to guiding Poland's rapid (say over 5% p.a.) growth strategy over the long term, one could take a step further back in time to the 'golden age' of capitalism in Western Europe (1950-70), when growth was rapid and stable, full employment was coupled with low inflation, public finances were balanced and public debt was very low (at least when compared to that of today). However, the events of that period bear little relevance to our day and age.

- First, the international economic order at that time was entirely different. Under the Bretton Woods system, exchange rates were essentially fixed and capital flows were both regulated and restricted.
- Second, although the volume of international trade actually grew more rapidly than in recent decades, the tariff and non-tariff 'barriers' to that trade, set up by sovereign states, were incomparably larger than today.
- Third, industrial policies and public ownership were on a much larger scale than would be tolerated today.

\* An earlier version of this text was presented to a conference held at the TIGER Research Centre in Warsaw on 25 March 2004.

<sup>1</sup> There is no denying, however, that Ireland made the best of capital inflows and EU transfers (e.g., by upgrading education).

<sup>2</sup> Indeed, the German and French governments have recently voiced discontent over 'unfair tax competition' by the new EU member states.

## II

The future of the Polish economy must be seen in the context of Poland's entry into the EU. It is generally assumed that EU enlargement will be conducive to the acceleration of growth in 'old' and new member states alike. Many experts have quantified that assumption in numerous studies. In most instances, however, they would appear on closer scrutiny to have simply *postulated* higher growth rates under an 'accession scenario'. The reasons for the 'membership rent' being 2 percentage points – as opposed to zero percentage points – are never properly justified. In my opinion, there is every reason to believe that EU membership will not, in the long run, accelerate growth in Poland to any significant degree. This opinion is based on two facts related to EU performance:

- (1) Economic growth in the entire EU (and its earlier incarnations) has been quite anaemic – at least since the early 1980s<sup>3</sup>.
- (2) On entering the EU, none of the low-income countries, except Ireland, recorded marked and sustained acceleration of growth.<sup>4</sup> Relative per capita GDP in Greece declined for many years after the country's accession, while it grew very slowly in Spain and Portugal. More recently, growth in the low-income EU member countries has been only fractionally higher than in the EU core.<sup>5</sup>

<sup>3</sup> In the 1960s the GDP of the EU-15 countries grew by 4.8% p.a., in the 1970s by 2.9% and in the 1980s by 2.3%.

<sup>4</sup> In actual fact, convergence of Greece, Spain and Portugal slowed down *after* accession: 'Greece experienced much slower growth after joining the EU in 1981 than in the decades before' ... 'Spain's growth rate was not much affected by EU membership. Most of its catching-up with the EU core was achieved before accession' ... 'Portugal's income had converged with the EU until 1974 when its growth was interrupted by the democratic revolution at home and the world economic crisis abroad'. (Dauderstaedt, 2001, see also Laski and Römisch, 2003). It is worth noting that Ireland's acceleration only took place in the 1990s. Ireland's membership did not bring about any acceleration during the first 15 years (1973-1989).

<sup>5</sup> Over the period 1992-2002 the average GDP growth rate was 2.4% in Greece, 2.3% in Portugal and 2.7% in Spain, while the EU-15 as a whole grew at a rate of 2%.

To date, EU membership has not brought about rapid and sustained real convergence of the low-income countries, Ireland excepted. Similarly, despite massive transfers, low-income regions in individual EU countries have frequently failed to catch up with their more affluent counterparts. The economic gap between southern and northern Italy has increased, while the gap between the eastern and western parts of Germany has hardly narrowed.<sup>6</sup>

Thus, EU experience suggests that: (a) future EU growth rates will be rather low; (b) Poland's growth rate will – in the longer term – be close to that of the EU. Needless to say, these simple extrapolations of past regularities bear qualification, if only because the EU itself has undergone radical change.

## III

Following the radical changes in the 1990s, the common market became reality. The last remaining barriers to the free movement of capital (still enforced and actually applied in the early 1990s) have since been removed. At the same time, the scope of traditional industrial policies pursued by individual national states has been radically curbed. Broadening the range of private economic liberties has been associated with the restrictions imposed on national macroeconomic policies (as epitomised first by the Maastricht Treaty and then by the Stability and Growth Pact).

Changes in the Union's mode of operation have not brought about any acceleration of growth. On the contrary, as seems quite obvious now, those very changes have contributed to a slowdown in growth

<sup>6</sup> In 1952 the per capita GDP of southern Italy (Mezzogiorno) amounted to 64% of the per capita GDP for the rest of the country; in 1999 that ratio stood at 54% (Boltho, 2001). Convergence of the former GDR came to a halt around 1995. In the second half of the 1990s the GDP of the former GDR grew at 1.5% p.a.: a lower rate than in the former Federal Republic. In 1995 labour productivity in the former GDR was 36% lower than in the former Federal Republic; by 2001 the labour productivity gap had narrowed to 31.5% (Ragnitz, 2001).

over recent years. The benefits of a huge common market, common regulatory institutions, common external trade policy, common monetary policy and common currency, as well as fiscal policy guided by a common set of rules, have proved an illusion. Admittedly, it is possible to claim that the EU economy is still in the process of adjusting to new conditions. Once that period of adjustment is over, the changes instituted would – so the argument goes – be capable of generating spectacular improvements in EU economic performance.

In my opinion, this is but another illusion. No butterfly is ever likely to emerge from that chrysalis. Growth in the EU will remain anaemic – and growth in Poland will hardly be any faster. If anything, things may well get worse: the reason being that some of the changes in the EU economic system have unleashed destructive tendencies that will be impossible to control, let alone reverse.<sup>7</sup>

#### IV

Given the free movements of capital and a liberal foreign trade regime the national balance of labour and business interests is irreparably upset – with labour's position progressively weakening. International competition (real, though often still only potential) strengthens the position of business. Labour, successfully blackmailed, accepts unfavourable changes in terms of both wages and conditions of work (e.g. 'flexibilization'). Naturally enough, high unemployment (which tends to be aggravated by unreasonable and usually untimely austerity of fiscal and monetary policies) helps the business sector to achieve its goals. Under such circumstances, the rise in labour productivity is no longer closely matched by a rise in real wages.

On the same principle, the business sector<sup>8</sup> extorts tax concessions from national governments. This

gives rise to international tax competition. Naturally, tax competition is not restricted to taxes on profits. Taxes on personal incomes also become less progressive ('flattened'). At the same time, pressure builds up to reduce the employers' portion of the mandatory social security contributions ('non-wage labour costs'). Overall, a drop in tax rates on corporate income contributes, via a diminishing share of public sector revenues in the GDP, to constant tensions in public finances. As a consequence, pressure builds up in favour of cutting public spending and social transfers (e.g. pensions). The demographic developments aggravate these problems.

From the macroeconomic point of view, both tendencies (a drop in the share of labour and a drop in the shares of public sector revenues and expenditures) have well-defined consequences:

First, the growth in domestic consumer demand weakens. This is a direct outcome of:

- (a) a rise in the saving propensity in the private sector due to a falling share of wage income in the GDP and to a lower rate of progression of personal income tax;
- (b) differentials in the impacts of simultaneous cuts in both public taxation and spending (i.e. Haavelmo-type effects).

Second, overall GDP growth falls hostage to the foreign business climate. The dependence of national economies on the international business climate, however, reinforces the pressure to cut costs at home. This, in turn, reinforces the tendency for labour productivity to outpace real wages. At the same time, it intensifies the outsourcing of certain segments of labour-intensive production to low-wage countries.

<sup>7</sup> The proposals to reform the EU economic system (e.g. Sapir Report) do not address those tendencies.

<sup>8</sup> The term 'business' denotes firms of all kinds: both small and large, local and international, mobile and immobile. Large, mobile international firms are the main beneficiaries of the ongoing tax reforms. Small, local firms quite often lose out. Lowering tax rates tends to be combined with

'broadening' the tax base: in short, phasing out specific regulations and tax privileges that benefit small local firms. (See Devereux, Griffith and Klemm, 2002.) Interestingly enough, the share of foreign firms in Ireland's corporate profits rose from 48.5% in 1990 to 90% in 1999. The share of wages in the Irish GDP fell from 60% to 50% over the same period. (See O'Hearn, 2001.)

Third, subordination of domestic wage policy to the needs of external competitiveness hits the domestic demand for services (e.g. housing) which are not internationally tradable and hence need not compete on the world market. (Restrains on wages in the tradable sector cannot be effective without corresponding restraints on wages in the service sector.) In fact, since non-tradable services account for the lion's share of the overall private consumption, the stagnation of demand for those services – which is a by-product of increased external competitiveness – ultimately depresses overall GDP growth and employment.

## V

The economic performance of Germany is a paragon of 'bad dynamics' set in motion by misguided wage and fiscal policies. The systematic decline of the share of wages in the GDP, coupled with cuts in public sector spending and taxation, pushed the German economy into its current stagnation (starting in 2001).<sup>9</sup> In international terms, however, the German economy is unrivalled – as evidenced by its gigantic trade surpluses.<sup>10</sup> This does not reduce German paranoia over the country's loss of competitiveness which underlies further 'reforms' aimed at further cuts in costs (i.e. in wages and the employers' share in their employees' social security contributions). Certainly, Germany's policy cannot be a matter of indifference to its EU partners: the German policy of sustaining its domestic economy by expanding net exports – at the expense of its trading partners – will be resisted. Other EU countries will be compelled to subordinate their wage and fiscal policies to the requirements of international

competition – with predictable (spelled out in the previous section) consequences for employment and overall GDP growth. Ultimately, 'bad dynamics' is becoming a typical feature of the whole EU economy. The 'German disease' has already proven highly contagious. Its clearest symptoms are to be observed in Slovakia. Poland is catching it too. The corporate income tax rate in Poland has been systematically reduced (to 19% at present) and the idea of a flat tax on personal incomes has been haunting the public debate. One Polish government after another has dismantled successive legal provisions restricting labour market 'flexibility'. The battle over the reduction of non-wage labour costs is as intense as in Germany. And all this has occurred while increases in real wages trail far behind impressive increases in labour productivity.

## VI

For many years now, Poland has followed (and sometimes even led) the general taxation and labour market policy trends set in Germany. In actual fact, Poland does not have any alternative. Firms operating in Poland will succeed in their demands for still more cuts in taxes and non-wage costs (by threatening to pull out of the country). Of course, this will further weaken domestic demand and make the growth of GDP (and profits) dependent on the international market. On that market, however, domestic products will not only have to compete with products from other EU countries, but they will also have to compete with standard goods produced in other countries, such as China, where labour costs are but a fraction of those in Poland.

Theoretically, withstanding Chinese competition would require that wages be reduced to Chinese levels: a dramatic absolute cut in real wages. Of course, in such a situation, domestic demand for both tradable goods and services would have to decline correspondingly. In effect, GDP would fall, not rise.

<sup>9</sup> According to German statistical yearbooks, the share of wages in the German GDP fell from 56.8% in 1992 to 53.6% in 2002. The GDP share of public sector expenditure fell, over the same period, from 63.7% to 57%, and the share of public sector revenues from 59% to 53.3%.

<sup>10</sup> In 1994 (earlier statistics refer only to foreign trade of the former Federal Republic) the German trade surplus was EUR 39 billion (about 2.2% of the GDP). By 2002 that surplus had risen to EUR 126 billion (6% of the GDP). The surplus on foreign trade in goods and services (national accounts) was a 'mere' EUR 83 billion in 2002 – equivalent to 4% of Germany's GDP.

**VII**

This apocalyptic vision of future developments can, of course, be disputed; for instance, by factoring in transportation costs which can afford protection to at least some segments of domestic manufacturing. In the long term, however, transportation costs are also likely to drop. Secondly, it can be argued that Polish wage levels are still much lower than those in the 'old' EU. This factor should thus be conducive to shifting production from the 'old' EU to Poland rather than to still more exotic and remote countries in Asia where labour skills may still be a little bit lower. This trend has undeniably been set in motion. However, the importance accorded it would appear exaggerated – if only because wage levels in the Ukraine, Romania and Bulgaria are even lower than in Poland. It would thus make more sense to shift production to those countries rather than to Poland in the first place.

Once again, as the labour skills improve in extremely cheap locations, there will be no reason (other than transport costs) to locate standard goods manufacture in Poland rather than in Ukraine or Asia. At the time of writing, a number of foreign firms which settled only a couple of years ago in Hungary are already relocating to Asia and/or Romania. Moreover, in the ultimate analysis the overall cost-to-benefit ratio of foreign direct investment in low-wage locations need not always be positive. Foreign investment may raise the GDP, but not necessarily the national income. This is borne out by the current experience of Hungary and the Czech Republic where large proportions the profits generated by foreign-owned firms are repatriated.<sup>11</sup>

**VIII**

These unfavourable tendencies can perhaps be offset, if domestic firms using local labour with specific skills and producing non-standard ('hard to imitate'), high-value-added goods were to emerge

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<sup>11</sup> The same applies to Ireland where national income is about 20% lower than the GDP.

on a large scale. In other words, a desirable development would be the emergence, on a massive scale, of firms that enjoy oligopolistic positions internationally, yet depend heavily on local suppliers and local human capital. Such a development is contingent upon the proper promotion of science, technology and education: areas that have been grossly neglected in Poland<sup>12</sup> and have been lagging behind the USA also in the EU.

Intensification of R&D activities does not, of itself, guarantee much, all the more so as an outflow of the best ideas and most creative personnel can be expected to follow in its wake. Besides, it would be necessary to create conditions conducive to the 'incubation' of firms capable of reaping rents on international market. Incubation is, admittedly, a costly, complex and risky process. In the initial stages of the process, prospective firms should perhaps be given a chance to earn rents on the domestic market. There is, however, no quick or simple answer or generally applicable solution to achieving that aim. In any case, whereas protecting prospective firms was permissible in the era of national industrial policies, it would hardly be tolerated in the EU today. (This holds all the more true for a large country such as Poland where, unlike smaller countries such as Finland or Estonia, it would not suffice to support just a couple of 'flagship firms'.)

**IX**

In more realistic terms, not too much attention should be paid to Poland's hypothetical metamorphosis from a country dominated by solid traditional activities into a nation on the cutting edge of technology penetrating foreign markets with unique high-value-added products. Needless to say, domestic products will undergo constant improvement and sell at better prices, but essentially they will continue to be primarily

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<sup>12</sup> R&D expenditures in Poland are miserably low (0.7% of GDP in 2000) in comparison to the developed countries (e.g. 2.5% in Germany). In real (at purchasing power parities) per capita terms, R&D expenditures are some 10 times higher in Germany and about twice as high in the Czech Republic.

exposed to price competition. In this context, it is useful to reflect on an eventual adoption of the euro.

In assessing the wisdom of giving up the national currency, a good starting point is Poland's experience over the past 15 years; it has shown that the Polish economy is highly susceptible to shifts in the exchange rate. Real depreciation of the zloty helped to restrict both the trade and current account deficits thus supporting an overall acceleration in growth, while real appreciation tended to have the opposite effect. To all intents and purposes, it is quite reasonable to expect this regularity to prevail in the foreseeable future.

Premature adoption of the euro would thus deprive the Polish economy of the possibility of adjusting relatively painlessly to unfavourable developments in foreign trade. In particular, it would no longer be possible to weaken the national currency and so correct a decline in the external competitiveness of traditional products (or have it correct itself): something which cannot be ruled out. The inevitable outcome would be a relatively deep and protracted recession.

## X

In summary, there are good reasons to assume that in the longer term Poland's economic growth will be unimpressive at best. This pessimistic judgement, however, does not reflect a sceptical evaluation of Poland's potential, but rather an evaluation of the merits of the current international economic order. More particularly, it reflects a critical assessment of the perceptions dominating the economic policies of the EU and its major countries. 'The Polish problem' is part of a larger problem: the wrong course taken by the EU itself. That course, however, is consistent with the evolution of the global economy which began with the abolition of the Bretton Woods system. It is only to be hoped that at some time the current global trends will be reversed. *Alles ist möglich*. Until then, however, growth in Poland – and in the EU – can be expected at best to be unspectacular.

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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
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 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	18.9	15.4	23.3	11.5	9.3	14.9	12.7	10.1	15.6	17.6	11.0	23.0	12.7	20.6	15.5	.
Industry, total <sup>1)</sup>	real, CCPY	18.9	17.1	19.3	17.3	15.6	15.5	15.1	14.4	14.6	14.9	14.5	15.3	12.7	16.6	16.2	.
Industry, total	real, 3MMA	12.1	19.3	16.8	14.7	12.0	12.3	12.6	12.8	14.5	14.6	17.2	15.6	18.8	16.2	.	.
<b>LABOUR</b>																	
Employees total	th. persons	1947	1992	2017	2044	2055	2069	2076	2067	2063	2050	2034	2005	2078	2098	2118	.
Employees in industry	th. persons	668	673	674	676	673	676	675	671	669	664	661	652	672	675	675	.
Unemployment, end of period	th. persons	646.8	611.7	581.3	552.0	528.7	506.4	489.3	480.9	472.6	476.3	489.6	500.7	537.1	527.3	507.5	487.8
Unemployment rate <sup>2)</sup>	%	17.5	16.5	15.7	14.9	14.3	13.7	13.2	13.0	12.8	12.9	13.2	13.5	14.5	14.2	13.7	13.2
Labour productivity, industry <sup>1)</sup>	CCPY	15.9	13.5	15.3	13.2	11.7	11.5	11.1	10.5	10.9	11.3	11.1	12.0	12.0	16.0	15.8	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	-9.9	-9.1	-10.0	-8.4	-7.2	-6.9	-6.6	-6.2	-6.3	-6.6	-6.1	-6.7	-6.5	-8.8	-8.5	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	BGN	264.0	259.0	274.0	272.0	280.0	274.0	276.0	273.0	286.0	276.0	286.0	302.0	279.0	278.0	292.0	.
Total economy, gross	real, CMPY	3.4	2.5	3.5	3.5	2.3	2.1	1.3	-0.5	1.4	-1.5	0.1	1.4	-0.7	0.7	0.4	.
Total economy, gross	USD	143	143	151	151	166	163	160	155	164	165	171	190	180	180	183	.
Total economy, gross	EUR	135	132	140	139	143	140	141	140	146	141	146	154	143	142	149	.
Industry, gross	USD	146	146	158	152	165	171	163	158	167	169	175	189	182	183	190	.
<b>PRICES</b>																	
Consumer	PM	0.7	0.1	0.4	0.3	-0.6	-2.2	0.9	0.8	0.9	0.7	1.8	1.8	1.4	0.3	-0.1	0.3
Consumer	CMPY	1.7	0.2	-0.2	0.2	1.7	1.2	2.0	3.5	3.6	3.3	5.1	5.6	6.4	6.6	6.2	6.1
Consumer	CCPY	1.7	1.0	0.6	0.5	0.8	0.8	1.0	1.3	1.6	1.7	2.0	2.3	6.4	6.5	6.4	6.3
Producer, in industry <sup>1)</sup>	PM	1.8	1.4	1.0	-3.6	-1.1	1.1	0.4	0.7	0.7	0.9	0.3	0.8	0.7	-0.8	1.4	.
Producer, in industry <sup>1)</sup>	CMPY	7.7	8.0	8.0	3.1	2.6	4.2	4.2	4.3	3.7	4.1	4.9	4.2	3.1	1.0	1.4	.
Producer, in industry <sup>1)</sup>	CCPY	7.7	7.9	7.9	6.7	5.9	5.6	5.4	5.2	5.1	5.0	5.0	4.9	3.1	2.0	1.8	.
<b>RETAIL TRADE</b>																	
Turnover	real, CCPY	.	.	2.1	.	.	3.0	.	.	3.8	.	.	.	.	.	.	.
<b>FOREIGN TRADE<sup>3)4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	531	1034	1633	2173	2685	3247	3870	4412	4999	5602	6144	6663	500	1083	1718	.
Imports total (cif), cumulated	EUR mn	649	1315	2083	2940	3778	4536	5406	6146	6928	7823	8709	9601	709	1497	2412	.
Trade balance, cumulated	EUR mn	-118	-281	-450	-767	-1093	-1289	-1537	-1734	-1929	-2221	-2565	-2938	-208	-414	-694	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>5)</sup>	EUR mn	-158	-304	-391	-756	-962	-927	-895	-759	-745	-949	-1220	-1498	-234	-355	-481	.
<b>EXCHANGE RATE</b>																	
BGN/USD, monthly average	nominal	1.842	1.816	1.810	1.804	1.684	1.677	1.720	1.756	1.745	1.673	1.672	1.593	1.550	1.547	1.594	1.634
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 <sup>6)</sup>	real, Jan98=100	88.0	87.3	87.3	86.5	81.1	82.8	84.2	85.6	84.5	80.4	78.7	73.6	70.9	71.0	73.7	75.3
BGN/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	81.2	80.4	81.4	81.5	76.9	76.5	78.0	79.2	78.4	75.0	74.4	70.6	69.0	69.9	71.0	.
BGN/EUR, calculated with CPI <sup>6)</sup>	real, Jan98=100	84.7	84.9	84.9	84.8	85.3	87.3	86.5	86.0	85.5	84.9	83.5	82.3	81.1	81.1	81.4	81.2
BGN/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	77.7	76.9	76.3	78.8	79.4	78.4	78.1	77.7	77.2	76.5	76.4	75.7	75.4	76.2	75.6	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>7)</sup>	BGN mn	3113	3132	3088	3200	3248	3356	3483	3616	3624	3569	3559	3874	3718	3718	3723	3785
M1, end of period <sup>7)</sup>	BGN mn	6291	6377	6274	6435	6560	6834	7110	7314	7416	7422	7377	8030	7788	7853	7835	7987
Broad money, end of period <sup>7)</sup>	BGN mn	13612	13789	13662	13901	13926	14328	14788	15246	15243	15878	15733	16566	16519	16739	16806	17190
Broad money, end of period	CMPY	10.7	12.0	10.8	12.1	14.6	18.4	18.8	19.7	18.9	22.6	19.7	19.6	21.4	21.4	23.0	23.7
BNB base rate (p.a.), end of period	%	2.5	2.5	2.6	3.0	3.0	2.5	2.5	2.6	2.6	2.6	2.6	2.9	2.5	2.4	2.6	2.6
BNB base rate (p.a.), end of period <sup>8)</sup>	real, %	-4.8	-5.1	-5.1	-0.1	0.4	-1.6	-1.6	-1.6	-1.1	-1.4	-2.1	-1.3	-0.6	1.5	1.2	.
<b>BUDGET</b>																	
Central gov. budget balance, cum.	BGN mn	-85.7	-132.8	90.8	284.0	609.7	577.7	612.4	656.7	758.5	851.1	732.2	-110.6	-65.1	-162.8	120.9	405.3

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

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

7) According to ECB methodology.

8) Deflated with annual PPI.

## C R O A T I A: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	0.7	6.9	6.0	8.2	6.2	7.0	4.4	3.1	2.9	2.2	-0.4	2.2	-1.5	7.2	10.4	3.0
Industry, total <sup>1)</sup>	real, CCPY	0.7	3.8	4.6	5.5	5.7	5.9	5.7	5.3	5.0	4.7	4.2	4.0	-1.5	3.0	5.6	4.9
Industry, total <sup>1)</sup>	real, 3MMA	5.3	4.6	7.0	6.8	7.1	5.8	4.8	3.5	2.7	1.6	1.3	0.1	2.7	5.6	6.8	.
Construction, total, effect.work.time <sup>3)</sup>	real, CMPY	9.6	17.8	28.2	26.9	30.9	29.3	24.3	17.6	26.9	20.3	17.5	23.9	16.0	12.5	.	.
<b>LABOUR</b>																	
Employment total	th. persons	1343.0	1337.4	1338.8	1351.2	1360.2	1372.6	1381.8	1382.2	1373.9	1366.4	1360.2	1349.5	1377.8	1374.5	1377.3	.
Employees in industry	th. persons	275.4	282.6	283.5	283.5	283.6	284.0	284.0	283.8	283.6	283.5	282.6	280.5	268.4	277.3	276.9	.
Unemployment, end of period	th. persons	367.1	362.6	355.8	345.3	330.9	319.7	314.2	306.6	307.4	312.3	317.0	318.7	325.0	326.0	325.2	317.0
Unemployment rate <sup>2)</sup>	%	21.5	21.3	21.0	20.4	19.6	18.9	18.5	18.2	18.3	18.6	18.9	19.1	19.1	19.2	19.1	18.6
Labour productivity, industry <sup>1)</sup>	CCPY	4.2	7.3	8.0	8.8	8.9	9.1	8.8	8.4	8.1	7.8	7.3	7.1	1.9	5.9	8.6	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	4.0	0.2	-1.7	-3.3	-4.3	-4.5	-4.3	-4.3	-3.8	-3.6	-3.8	-3.6	-1.7	-3.8	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	HRK	5527	5375	5475	5541	5671	5705	5694	5587	5558	5711	5807	5793	5815	5714	.	.
Total economy, gross	real, CMPY	5.7	5.3	2.5	1.9	1.6	4.5	2.7	1.3	3.0	3.0	0.3	3.6	3.0	4.4	.	.
Total economy, gross	USD	780	764	771	795	866	885	864	829	829	880	893	926	954	943	.	.
Total economy, gross	EUR	737	709	714	734	752	757	759	743	741	752	763	755	756	747	.	.
Industry, gross	USD	720	697	705	730	804	821	810	755	773	813	804	860	859	846	.	.
<b>PRICES</b>																	
Consumer	PM	0.5	0.2	0.5	-0.3	0.3	-0.4	0.1	0.1	0.2	0.0	0.2	0.3	1.0	-0.1	0.1	0.2
Consumer	CMPY	1.4	1.7	2.2	1.6	1.4	1.6	2.0	2.2	2.0	1.8	1.8	1.7	2.1	1.8	1.4	1.9
Consumer	CCPY	1.4	1.5	1.7	1.7	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.8	2.1	2.0	1.8	1.8
Producer, in industry	PM	0.5	0.4	0.8	-0.9	-0.8	0.2	0.2	0.5	-0.4	0.2	0.3	0.0	0.3	-0.3	0.2	0.9
Producer, in industry	CMPY	2.9	2.7	4.7	2.8	1.8	1.7	1.4	2.0	1.2	0.0	0.9	1.0	0.8	0.1	-0.5	1.3
Producer, in industry	CCPY	2.9	2.8	3.4	3.3	3.0	2.8	2.5	2.5	2.4	2.1	2.0	1.9	0.8	0.5	0.2	0.4
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	7.5	8.6	1.1	13.3	6.5	5.2	0.7	-1.7	1.1	0.2	-1.0	3.8	2.5	2.1	3.8	.
Turnover	real, CCPY	7.5	8.0	5.7	7.6	7.3	7.0	6.1	5.2	4.7	4.2	3.8	3.7	2.5	2.4	2.8	.
<b>FOREIGN TRADE<sup>3(4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	379	904	1364	1761	2215	2696	3183	3565	4002	4592	5032	5449	409	888	1446	.
Imports total (cif), cumulated	EUR mn	715	1681	2752	3858	4993	5982	7203	8076	9176	10316	11424	12538	798	1733	2909	.
Trade balance, cumulated	EUR mn	-335	-777	-1388	-2097	-2779	-3286	-4020	-4511	-5174	-5724	-6391	-7089	-389	-844	-1463	.
Exports to EU (fob), cumulated	EUR mn	219	476	747	962	1239	1500	1789	2007	2251	2531	2780	2981	209	451	757	.
Imports from EU (cif), cumulated	EUR mn	393	950	1553	2168	2851	3414	4151	4598	5198	5829	6401	7097	405	926	1620	.
Trade balance with EU, cumulated	EUR mn	-175	-473	-806	-1206	-1612	-1914	-2362	-2591	-2948	-3298	-3620	-4116	-195	-474	-864	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>5)</sup>	EUR mn	.	.	-999	.	-2288	.	.	-476	.	.	-1807	.	.	.	.	.
<b>EXCHANGE RATE</b>																	
HRK/USD, monthly average	nominal	7.082	7.032	7.099	6.966	6.549	6.443	6.591	6.737	6.701	6.487	6.503	6.253	6.094	6.060	6.114	6.260
HRD/EUR, monthly average	nominal	7.500	7.584	7.663	7.554	7.542	7.536	7.498	7.515	7.498	7.592	7.610	7.670	7.690	7.650	7.501	7.509
HRK/USD, calculated with CP <sup>6)</sup>	real, Jan98=100	102.7	102.6	103.7	101.8	95.3	94.3	96.4	98.8	98.4	95.1	95.0	90.9	88.1	88.2	89.6	91.5
HRK/USD, calculated with PP <sup>6)</sup>	real, Jan98=100	103.9	104.5	107.4	103.0	97.5	96.6	98.4	100.3	100.6	97.8	97.3	94.0	92.4	92.7	93.3	94.7
HRD/EUR, calculated with CP <sup>6)</sup>	real, Jan98=100	98.4	99.7	100.6	99.7	99.2	99.6	98.9	99.3	99.1	100.5	100.6	101.4	100.6	100.5	98.8	98.7
HRD/EUR, calculated with PP <sup>6)</sup>	real, Jan98=100	98.9	100.0	100.4	99.4	99.6	99.3	98.6	98.5	98.7	99.8	99.8	100.5	100.8	100.8	99.2	98.4
<b>DOMESTIC FINANCE</b>																	
M0, end of period	HRK mn	9468	9605	9526	9813	10078	10637	11294	11321	10506	10262	10400	10573	10219	10217	.	.
M1, end of period	HRK mn	29412	29456	29512	30294	32002	32828	34382	34044	32589	32806	33295	33889	32323	31284	31623	.
Broad money, end of period	HRK mn	116615	117209	118791	117854	119105	120022	125023	126980	126911	127072	128718	128893	128918	127877	125767	.
Broad money, end of period	CMPY	7.3	9.4	11.8	10.8	11.9	12.6	13.9	12.3	12.0	10.7	12.7	11.0	10.5	9.1	5.9	.
Discount rate (p.a.), end of period	%	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	4.5
Discount rate (p.a.), end of period <sup>7)</sup>	real, %	1.6	1.8	-0.2	1.7	2.7	2.8	3.1	2.5	3.3	4.5	3.6	3.5	3.7	4.4	5.0	3.2
<b>BUDGET</b>																	
Central gov. budget balance, cum. <sup>8)</sup>	HRK mn	-649.4	-1625.9	-2718.6	-2837.2	-4007.7	-4021.9	-4432.4	-4012.6	-4114.6	-4496.5	-2066.3	-2186.6	1.0	-1356.9	-2706.9	.

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) Calculated from USD to NCU to EUR using the official average exchange rate.

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

7) Deflated with annual PPI.

8) Pension payments and social security funds are included.

## C Z E C H REPUBLIC: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	6.4	5.2	7.0	5.6	3.2	6.2	4.8	8.0	5.2	5.2	4.8	8.9	3.8	7.1	15.3	.
Industry, total	real, CCPY	6.4	5.8	6.2	6.1	5.5	5.6	5.5	5.8	5.7	5.7	5.6	5.8	3.8	5.5	9.0	.
Industry, total	real, 3MMA	6.1	6.2	5.9	5.3	5.0	4.7	6.3	6.0	6.0	5.1	6.2	5.7	6.6	9.0	.	.
Construction, total	real, CMPY	-2.2	-4.0	2.5	3.3	-0.9	12.1	15.9	18.7	14.5	12.0	13.9	8.6	15.0	9.9	21.4	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	1136	1139	1139	1135	1132	1125	1128	1119	1110	1112	1117	1111	1125	1130	1135	.
Unemployment, end of period	th. persons	539.0	538.1	528.2	509.4	496.8	501.0	520.4	525.0	529.4	522.4	521.0	542.4	569.5	570.8	559.8	535.1
Unemployment rate <sup>2)</sup>	%	10.2	10.2	10.0	9.6	9.4	9.5	9.9	10.0	10.1	9.9	9.9	10.3	10.8	10.9	10.7	10.2
Labour productivity, industry <sup>13)</sup>	CCPY	12.1	9.8	9.4	9.6	8.6	8.7	8.4	9.0	9.3	9.3	8.6	9.0	4.2	7.2	10.9	.
Unit labour costs, exchr. adj.(EUR) <sup>13)</sup>	CCPY	-3.7	-3.3	-3.8	-4.8	-4.3	-4.5	-5.0	-5.7	-6.4	-6.5	-5.8	-6.1	-2.1	-3.5	-5.7	.
<b>WAGES, SALARIES</b>																	
Industry, gross <sup>1)</sup>	CZK	15471	14341	15207	15850	16759	16413	16579	15562	16011	16675	18843	18053	16436	15657	16939	.
Industry, gross <sup>1)</sup>	real, CMPY	6.3	4.5	5.2	5.9	5.1	6.5	5.8	3.9	8.5	5.3	5.4	5.9	3.6	6.5	8.1	.
Industry, gross <sup>1)</sup>	USD	522	488	517	544	619	609	591	537	555	610	689	686	633	603	630	.
Industry, gross <sup>1)</sup>	EUR	491	453	479	501	534	523	520	482	495	521	589	559	502	477	514	.
<b>PRICES</b>																	
Consumer	PM	0.6	0.2	-0.1	0.2	0.0	0.0	0.1	-0.2	-0.5	0.1	0.5	0.2	1.8	0.2	0.1	0.0
Consumer	CMPY	-0.4	-0.4	-0.4	-0.1	0.0	0.3	-0.1	-0.1	0.0	0.4	1.0	1.0	2.3	2.3	2.5	2.3
Consumer	CCPY	-0.4	-0.4	-0.4	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	0.0	0.1	0.1	2.3	2.3	2.3	2.3
Producer, in industry	PM	0.0	0.4	0.3	-0.8	-0.3	-0.2	-0.2	0.1	0.4	0.6	0.4	0.2	0.8	0.3	0.8	0.8
Producer, in industry	CMPY	-0.8	-0.7	-0.4	-0.7	-0.8	-0.9	-0.6	-0.5	0.0	-0.1	0.4	0.9	1.6	1.6	2.1	3.7
Producer, in industry	CCPY	-0.8	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.6	-0.5	-0.5	-0.3	1.6	1.6	1.8	2.3
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	4.2	4.3	1.3	6.6	2.4	7.8	7.2	6.1	9.6	3.6	0.6	6.2	-1.5	2.2	3.1	.
Turnover	real, CCPY	4.2	4.3	3.3	4.1	3.7	4.4	4.8	5.0	5.5	5.3	4.9	5.0	-1.5	0.4	1.4	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	3438	6776	10543	14223	17818	21353	24812	27850	31684	35843	39594	43066	3289	7098	11404	15862
Imports total (fob), cumulated	EUR mn	3454	6858	10676	14597	18262	21905	25735	28991	32807	37135	41151	45245	3299	6999	11432	16219
Trade balance, cumulated	EUR mn	-16	-81	-133	-374	-445	-553	-924	-1141	-1123	-1292	-1557	-2179	-10	99	-28	-357
Exports to EU (fob), cumulated	EUR mn	2456	4825	7499	10101	12617	15070	17454	19514	22157	25078	27712	30076	2348	5058	8088	11153
Imports from EU (fob), cumulated	EUR mn	1985	4010	6296	8591	10814	13025	15401	17271	19548	22125	24454	26805	1852	4072	6703	9459
Trade balance with EU, cumulated	EUR mn	471	815	1203	1510	1804	2045	2053	2243	2609	2953	3258	3272	496	986	1385	1695
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>4)</sup>	EUR mn	54	-113	-254	-575	-1139	-1430	-2181	-2664	-2925	-3529	-4108	-4937	-142	-197	-476	.
<b>EXCHANGE RATE</b>																	
CZK/USD, monthly average	nominal	29.7	29.4	29.4	29.2	27.1	26.9	28.0	29.0	28.8	27.4	27.3	26.3	25.9	26.0	26.9	27.1
CZK/EUR, monthly average	nominal	31.5	31.6	31.8	31.6	31.4	31.4	31.9	32.3	32.4	32.0	32.0	32.3	32.7	32.9	33.0	32.5
CZK/USD, calculated with CPI <sup>6)</sup>	real, Jan98=100	81.9	81.6	82.2	81.2	75.3	75.0	78.1	81.2	81.4	77.0	76.5	73.3	71.4	71.7	74.7	75.3
CZK/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	83.1	83.4	85.3	82.7	77.0	77.4	80.5	83.4	82.9	78.6	78.0	75.2	74.5	74.8	76.8	76.8
CZK/EUR, calculated with CPI <sup>6)</sup>	real, Jan98=100	78.7	79.2	79.9	79.5	79.0	79.1	80.1	81.5	82.3	81.3	81.0	81.9	81.4	81.8	82.4	81.2
CZK/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	79.3	79.7	79.9	79.8	79.2	79.3	80.6	81.7	81.6	80.2	80.0	80.6	81.2	81.5	81.7	79.8
<b>DOMESTIC FINANCE</b>																	
M0, end of period	CZK bn	197.6	201.7	205.9	208.5	211.4	215.2	216.2	218.2	219.4	221.3	224.7	221.4	222.0	223.8	224.1	227.4
M1, end of period <sup>7)</sup>	CZK bn	762.8	779.2	783.7	785.8	802.1	821.9	838.9	839.0	864.6	865.5	887.7	902.8	885.0	888.5	893.0	901.5
M2, end of period <sup>7)</sup>	CZK bn	1645.8	1646.1	1624.2	1659.0	1660.9	1648.6	1686.0	1707.7	1695.7	1707.3	1726.0	1766.1	1752.2	1758.9	1749.4	1796.5
M2, end of period <sup>7)</sup>	CMPY	3.2	3.6	2.4	3.0	2.0	4.0	5.5	5.0	5.4	4.2	4.6	6.9	6.5	6.8	7.7	8.3
Discount rate (p.a.), end of period	%	1.50	1.50	1.50	1.50	1.50	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount rate (p.a.), end of period <sup>8)</sup>	real, %	2.3	2.2	1.9	2.2	2.3	2.1	1.9	1.5	1.0	1.1	0.6	0.1	-0.6	-0.6	-1.1	-2.6
<b>BUDGET</b>																	
Central gov. budget balance, cum.	CZK mn	-10392	-24941	-31840	-64422	-74586	-53399	-62113	-71886	-80268	-82942	-92209	-109100	7307	-2852	-7819	-38070

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) Recalculated from January 2002 according to ECB monetary standards.

8) Deflated with annual PPI.

## H U N G A R Y: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	6.0	0.6	5.7	2.9	4.6	5.2	4.9	6.1	9.2	10.9	7.1	12.0	7.1	12.4	12.8	.
Industry, total	real, CCPY	6.0	3.3	4.1	3.8	4.0	4.2	4.3	4.5	5.1	5.7	5.9	6.4	7.1	9.8	10.9	.
Industry, total	real, 3MMA	5.6	4.1	3.1	4.4	4.2	4.9	5.3	6.8	8.9	9.1	9.9	8.7	10.5	10.9	.	.
Construction, total	real, CMPY	3.7	-28.1	-20.7	-9.4	6.5	17.1	0.1	3.6	0.1	9.0	4.5	6.0	11.4	12.1	16.1	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	806.4	807.8	807.5	803.8	802.0	801.2	802.6	798.6	799.7	799.6	797.9	794.0	789.0	787.9	790.7	.
Unemployment <sup>2)</sup>	th. persons	249.4	258.7	264.7	257.0	250.8	241.2	238.7	238.8	240.3	236.8	232.9	231.9	243.4	247.9	252.2	.
Unemployment rate <sup>2)</sup>	%	6.0	6.3	6.4	6.2	6.0	5.8	5.7	5.7	5.7	5.6	5.5	5.5	5.8	6.0	6.1	.
Labour productivity, industry <sup>1)</sup>	CCPY	9.5	6.4	7.2	6.8	6.7	6.8	6.9	7.1	7.5	8.1	8.2	8.8	10.6	14.2	13.9	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	2.3	3.7	2.1	2.1	2.0	0.7	-0.2	-1.0	-1.4	-2.1	-2.6	-3.8	-11.2	-11.6	-8.0	.
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	HUF	136193	123278	127095	130052	132798	134971	132829	129620	130968	136647	156077	175751	146176	134411	141897	.
Total economy, gross <sup>1)</sup>	real, CMPY	15.5	8.3	6.6	9.5	8.5	8.8	8.9	9.2	3.7	2.8	3.7	2.2	1.3	1.7	4.6	.
Total economy, gross <sup>1)</sup>	USD	602	542	559	575	626	603	572	557	575	626	704	814	697	646	687	.
Total economy, gross <sup>1)</sup>	EUR	567	503	517	530	540	517	503	499	513	535	602	664	552	511	560	.
Industry, gross <sup>1)</sup>	USD	523	506	537	547	619	565	549	535	554	587	669	684	608	617	685	.
<b>PRICES</b>																	
Consumer	PM	1.2	0.8	0.9	0.1	0.3	0.2	0.3	-0.3	0.6	0.8	0.6	0.2	2.1	1.2	0.5	0.3
Consumer	CMPY	4.7	4.5	4.7	3.9	3.6	4.3	4.7	4.7	4.7	4.9	5.6	5.7	6.6	7.1	6.7	6.9
Consumer	CCPY	4.7	4.6	4.6	4.4	4.3	4.3	4.4	4.4	4.4	4.5	4.6	4.7	6.6	6.9	6.8	6.8
Producer, in industry	PM	1.1	1.1	0.6	-0.7	-0.6	2.5	0.7	1.0	-0.5	0.2	1.1	-0.1	0.9	-0.2	-0.8	.
Producer, in industry	CMPY	-0.1	0.9	1.2	0.1	-0.5	2.3	2.7	3.7	3.2	3.5	5.8	6.2	5.4	4.5	3.2	.
Producer, in industry	CCPY	-0.1	0.4	0.7	0.5	0.3	0.6	0.9	1.3	1.5	1.7	2.1	2.4	5.4	4.9	4.3	.
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CMPY	12.7	7.9	5.4	14.4	5.2	6.4	10.0	7.1	9.6	8.5	8.1	12.0	6.1	6.2	4.5	.
Turnover <sup>3)</sup>	real, CCPY	12.7	10.2	8.4	10.0	8.9	8.4	8.7	8.5	8.6	8.6	8.5	8.8	6.1	6.2	4.5	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	2738	5574	8882	11975	15018	18033	21158	23877	27468	31058	34619	37583	3004	6092	9929	.
Imports total (cif), cumulated	EUR mn	2983	6237	9788	13410	16892	20221	23823	26937	30735	34694	38537	42057	3165	6688	10818	.
Trade balance, cumulated	EUR mn	-245	-663	-906	-1435	-1874	-2188	-2665	-3060	-3267	-3636	-3918	-4474	-161	-596	-889	.
Exports to EU (fob), cumulated	EUR mn	2137	4288	6758	9020	11236	13435	15715	17616	20255	22926	25550	27643	2188	4607	7429	.
Imports from EU (cif), cumulated	EUR mn	1630	3448	5478	7531	9557	11447	13515	15134	17168	19322	21360	23151	1599	3521	5700	.
Trade balance with EU, cumulated	EUR mn	508	840	1279	1489	1679	1988	2200	2482	3087	3605	4190	4491	590	1086	1729	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>6)</sup>	EUR mn	-444	-1112	-1488	-2264	-2707	-3285	-3808	-4350	-4703	-5300	-5704	-6488	-445	-1167	-1756	.
<b>EXCHANGE RATE</b>																	
HUF/USD, monthly average	nominal	226.1	227.5	227.3	226.3	212.2	223.7	232.1	232.8	227.8	218.5	221.7	215.8	209.8	207.9	206.6	208.6
HUF/EUR, monthly average	nominal	240.2	245.1	245.6	245.6	245.9	261.1	264.0	259.6	255.5	255.5	259.4	264.8	264.6	263.0	253.4	250.3
HUF/USD, calculated with CPI <sup>7)</sup>	real, Jan98=100	82.7	83.2	82.9	82.2	76.7	80.9	83.8	84.6	82.5	78.4	78.9	76.5	73.2	72.1	71.8	72.3
HUF/USD, calculated with PPI <sup>7)</sup>	real, Jan98=100	94.6	95.8	97.5	94.8	89.3	92.7	95.3	94.9	93.6	90.2	90.1	88.2	86.0	85.9	86.0	.
HUF/EUR, calculated with CPI <sup>7)</sup>	real, Jan98=100	79.6	80.9	80.6	80.7	80.6	85.5	86.1	85.1	83.5	82.9	83.7	85.6	83.7	82.4	79.3	78.1
HUF/EUR, calculated with PPI <sup>7)</sup>	real, Jan98=100	90.5	91.7	91.5	91.7	92.0	95.2	95.6	93.2	92.2	92.1	92.6	94.6	93.9	93.7	91.5	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>8)</sup>	HUF bn	1168.3	1180.5	1197.7	1237.7	1249.2	1287.0	1296.6	1319.9	1305.9	1317.3	1399.7	1346.8	1307.1	1278.1	1256.2	1278.6
M1, end of period <sup>8)</sup>	HUF bn	3459.6	3423.0	3451.5	3518.7	3594.4	3709.9	3716.4	3718.9	3746.4	3775.6	3950.0	4027.7	3799.5	3688.6	3704.7	3771.7
Broad money, end of period <sup>8)</sup>	HUF bn	7786.1	7826.4	7785.2	7894.4	7975.0	8113.6	8147.0	8176.0	8287.0	8441.7	8575.9	8790.8	8798.5	8761.3	8721.0	8825.4
Broad money, end of period <sup>8)</sup>	CMPY	11.2	14.5	14.2	13.8	14.6	16.8	16.3	13.5	16.0	15.1	14.2	11.9	13.0	11.9	12.0	11.8
NBH base rate (p.a.),end of period	%	6.5	6.5	6.5	6.5	6.5	9.5	9.5	9.5	9.5	9.5	12.5	12.5	12.5	12.5	12.3	12.0
NBH base rate (p.a.),end of period <sup>9)</sup>	real, %	6.6	5.6	5.2	6.4	7.0	7.0	6.6	5.6	6.1	5.8	6.3	5.9	6.7	7.7	8.8	.
<b>BUDGET</b>																	
Central gov.budget balance,cum.	HUF bn	-12.9	-140.8	-224.1	-275.6	-252.9	-458.6	-424.8	-481.4	-588.7	-609.3	-701.3	-728.0	-173.9	-246.7	-365.0	-426.9

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

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 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry <sup>1)</sup>	real, CMPY	3.3	4.3	5.5	8.6	11.7	7.8	10.3	5.8	10.9	12.1	9.2	14.0	14.4	18.2	23.6	21.9
Industry <sup>1)</sup>	real, CCPY	3.3	3.8	4.4	5.5	6.7	6.9	7.4	7.2	7.7	8.2	8.3	8.8	14.4	16.3	18.9	19.7
Industry <sup>1)</sup>	real, 3MMA	4.3	4.4	6.1	8.5	9.3	9.9	8.0	9.1	9.8	10.8	11.8	12.5	15.5	18.9	21.3	.
Construction <sup>1)</sup>	real, CMPY	-11.0	-24.2	-25.3	-13.6	-6.9	-1.1	1.6	-3.0	-3.8	-4.9	-5.0	-0.7	-16.7	-6.3	6.2	25.7
<b>LABOUR</b>																	
Employees <sup>1)</sup>	th. persons	4736	4741	4728	4726	4723	4722	4722	4718	4711	4715	4701	4671	4669	4672	4667	4675
Employees in industry <sup>1)</sup>	th. persons	2417	2418	2412	2408	2405	2405	2407	2406	2405	2415	2410	2391	2396	2399	2398	2397
Unemployment, end of period	th. persons	3320.6	3344.2	3321.0	3246.1	3159.6	3134.6	3123.0	3099.1	3073.3	3058.2	3096.9	3175.7	3293.2	3294.5	3265.8	3173.8
Unemployment rate <sup>2)</sup>	%	20.6	20.7	20.6	20.3	19.8	19.7	19.6	19.5	19.4	19.3	19.5	20.2	20.6	20.6	20.5	20.0
Labour productivity, industry <sup>1)</sup>	CCPY	6.6	7.1	7.6	8.6	9.9	10.0	10.4	10.1	10.5	11.0	11.0	11.5	15.4	17.3	19.8	20.5
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	-15.2	-16.0	-18.2	-19.1	-20.1	-19.9	-19.4	-18.4	-18.3	-18.5	-18.7	-19.0	-22.4	-22.5	-22.1	-22.1
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	PLN	2247	2235	2268	2321	2254	2301	2343	2295	2353	2331	2440	2662	2326	2377	2427	2427
Total economy, gross <sup>1)</sup>	real, CMPY	2.0	1.4	-0.1	3.6	-0.8	2.0	1.3	1.0	1.2	1.8	2.5	3.4	2.0	4.8	5.5	2.5
Total economy, gross <sup>1)</sup>	USD	586	579	566	586	601	606	600	586	591	594	618	703	623	618	624	613
Total economy, gross <sup>1)</sup>	EUR	553	537	525	540	521	519	527	526	527	508	527	572	494	490	509	510
Industry, gross <sup>1)</sup>	USD	591	583	564	589	600	612	604	588	584	598	629	731	629	630	630	621
<b>PRICES</b>																	
Consumer	PM	0.4	0.1	0.3	0.2	0.0	-0.1	-0.4	-0.4	0.5	0.6	0.3	0.2	0.4	0.1	0.3	0.8
Consumer	CMPY	0.5	0.5	0.6	0.3	0.4	0.8	0.8	0.7	0.9	1.3	1.6	1.7	1.6	1.6	1.7	2.2
Consumer	CCPY	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.7	1.7	1.7	1.7	1.9
Producer, in industry	PM	0.4	0.6	0.9	-0.6	-0.6	0.3	0.7	0.3	0.5	0.7	0.4	0.1	0.8	0.7	1.5	2.0
Producer, in industry	CMPY	2.5	2.9	3.6	2.7	2.0	2.0	1.9	1.8	2.1	2.7	3.7	3.7	4.1	4.2	4.9	7.5
Producer, in industry	CCPY	2.5	2.7	3.0	3.0	2.8	2.7	2.6	2.5	2.4	2.5	2.6	2.7	4.2	4.2	4.4	5.2
<b>RETAIL TRADE</b>																	
Turnover <sup>1)</sup>	real, CMPY	3.8	4.3	-1.9	11.4	9.9	7.7	5.5	5.1	9.4	9.2	10.0	17.1	6.3	10.6	18.8	.
Turnover <sup>1)</sup>	real, CCPY	3.8	4.1	1.2	4.5	6.2	6.0	6.1	5.5	6.6	6.2	6.8	7.9	6.3	8.5	13.6	.
<b>FOREIGN TRADE<sup>3(4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	3408	6916	10870	14808	18636	22392	26419	29998	34545	39271	43519	47525	3756	7583	11251	.
Imports total (cif), cumulated	EUR mn	4410	8888	13945	18969	23864	28469	33855	38427	44018	49740	54979	60305	4644	9142	14803	.
Trade balance, cumulated	EUR mn	-1002	-1972	-3074	-4160	-5228	-6077	-7436	-8430	-9473	-10469	-11461	-12780	-888	-1559	-3552	.
Exports to EU (fob), cumulated	EUR mn	2477	4919	7742	10443	13057	15644	18400	20745	23711	26990	29961	32681	2705	5456	8000	.
Imports from EU (cif), cumulated	EUR mn	2626	5375	8480	11556	14618	17493	20926	23644	26904	30433	33625	36873	2792	5542	9127	.
Trade balance with EU, cumulated	EUR mn	-150	-455	-738	-1113	-1561	-1849	-2525	-2899	-3194	-3442	-3664	-4192	-87	-86	-1127	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-348	-1081	-1647	-2000	-2470	-2567	-2942	-2997	-3054	-2740	-3096	-3662	191	90	-429	.
<b>EXCHANGE RATE</b>																	
PLN/USD, monthly average	nominal	3.832	3.863	4.003	3.961	3.748	3.797	3.906	3.918	3.981	3.922	3.949	3.788	3.735	3.846	3.890	3.959
PLN/EUR, monthly average	nominal	4.064	4.165	4.323	4.299	4.326	4.436	4.443	4.367	4.467	4.589	4.625	4.655	4.712	4.854	4.768	4.758
PLN/USD, calculated with CP <sup>6)</sup>	real, Jan98=100	92.9	94.3	98.1	96.6	91.3	92.7	95.9	96.9	98.2	96.1	96.3	92.0	90.8	93.9	95.4	96.3
PLN/USD, calculated with PP <sup>6)</sup>	real, Jan98=100	97.1	98.9	104.2	100.6	95.6	97.4	99.4	99.6	101.1	99.5	99.3	95.6	94.6	97.3	97.0	96.8
PLN/EUR, calculated with CP <sup>6)</sup>	real, Jan98=100	89.2	91.7	95.3	94.8	95.4	98.0	98.4	97.3	99.4	101.6	102.2	102.9	103.7	107.0	105.2	104.2
PLN/EUR, calculated with PP <sup>6)</sup>	real, Jan98=100	92.6	94.7	97.6	97.2	98.0	100.1	99.6	97.8	99.5	101.6	102.1	102.6	103.3	105.9	103.1	100.9
<b>DOMESTIC FINANCE</b>																	
M0, end of period	PLN bn	41.6	42.7	44.2	45.9	46.1	47.4	47.6	48.7	48.6	49.2	49.8	49.4	48.5	49.6	49.9	51.5
M1, end of period <sup>6)</sup>	PLN bn	129.8	133.0	136.2	130.7	138.0	146.4	146.9	148.4	151.8	151.3	156.2	158.1	152.5	156.1	161.2	.
M2, end of period <sup>6)</sup>	PLN bn	315.4	318.4	317.9	317.2	320.2	322.9	323.0	324.8	326.9	332.4	334.3	337.8	331.7	335.0	336.9	.
M2, end of period	CMPY	-2.1	-1.9	-0.4	-0.1	-0.6	0.3	-0.4	0.6	1.9	3.5	5.3	5.5	5.2	5.2	6.0	.
Discount rate (p.a.)end of period	%	7.3	6.8	6.5	6.3	6.0	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Discount rate (p.a.)end of period <sup>7)</sup>	real, %	4.6	3.7	2.8	3.5	3.9	3.7	3.8	3.9	3.6	3.0	2.0	2.0	1.6	1.5	0.8	-1.6
<b>BUDGET</b>																	
Central gov.budget balance, cum.	PLN mn	-4039	-11637	-15430	-17954	-23218	-23818	-27637	-29562	-33086	-34828	-35482	-36989	-4138	-9346	-11805	-10989

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.

## ROMANIA: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CPMY	5.1	1.9	3.7	2.1	7.1	7.7	6.4	-0.7	1.9	1.5	-1.4	2.6	0.8	6.9	9.4	.
Industry, total <sup>1)</sup>	real, CCPY	5.1	3.4	3.5	3.1	4.0	4.6	4.9	4.2	3.9	3.6	3.1	3.1	0.8	3.9	5.8	.
Industry, total	real, 3MMA	4.4	3.5	2.5	4.3	5.6	7.0	4.5	2.6	0.9	0.7	0.8	0.5	3.4	5.8	.	.
<b>LABOUR</b>																	
Employees total	th. persons	4331.2	4348.6	4376.5	4393.6	4411.4	4420.5	4412.1	4416.8	4402.8	4390.0	4374.0	4333.8	4359.3	4375.8	4404.7	.
Employees in industry	th. persons	1796.4	1795.3	1801.3	1790.7	1786.0	1784.6	1776.1	1775.6	1771.1	1765.9	1758.3	1738.3	1754.8	1752.6	1754.4	.
Unemployment, end of period	th. persons	781.4	798.4	779.2	731.4	693.1	663.6	650.4	619.2	608.8	634.7	655.4	658.9	693.4	702.4	697.4	.
Unemployment rate <sup>2)</sup>	%	8.6	8.8	8.6	8.1	7.6	7.3	7.2	6.8	6.7	7.0	7.2	7.2	7.6	7.7	7.7	.
Labour productivity, industry	CCPY	11.9	10.5	10.6	10.4	11.3	12.1	12.5	11.9	11.8	11.6	11.2	11.2	8.7	11.6	13.4	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-13.0	-12.2	-12.4	-12.8	-13.3	-13.7	-13.2	-12.3	-11.5	-11.1	-10.6	-10.6	-4.8	-5.1	-4.0	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. ROL	6520.3	6054.1	6338.9	6885.5	6521.4	6476.2	6721.9	6647.9	6763.9	6873.7	7021.2	8068.9	8006.3	7484.0	8065.8	.
Total economy, gross	real, CPMY	8.7	9.0	6.3	6.3	7.0	6.6	6.5	6.5	8.0	6.6	7.5	8.4	7.8	8.7	12.5	.
Total economy, gross	USD	195	184	191	204	201	199	206	199	200	207	206	244	246	233	247	.
Total economy, gross	EUR	183	171	177	188	173	170	181	179	178	177	176	199	195	184	201	.
Industry, gross	USD	176	176	184	198	194	193	205	197	199	202	196	227	216	223	239	.
<b>PRICES</b>																	
Consumer	PM	1.3	0.8	1.1	1.1	0.5	0.9	1.2	0.3	2.1	1.5	1.4	1.2	1.1	0.6	0.5	0.6
Consumer	CPMY	16.6	16.2	17.1	16.0	14.4	14.0	14.8	14.2	15.9	15.8	14.5	14.1	13.9	13.7	13.1	12.6
Consumer	CCPY	16.6	16.4	16.7	16.5	16.1	15.7	15.6	15.4	15.4	15.5	15.4	15.3	13.9	13.8	13.6	13.3
Producer, in industry	PM	2.5	2.4	1.5	1.5	0.6	0.1	1.0	1.0	3.1	1.6	1.7	1.1	2.4	0.9	0.9	.
Producer, in industry	CPMY	21.1	22.6	22.1	21.4	19.8	18.4	16.9	16.6	18.5	18.7	19.6	19.4	19.3	17.6	16.9	.
Producer, in industry	CCPY	21.1	21.9	22.0	21.8	21.4	20.9	20.3	19.8	19.6	19.5	19.5	19.5	19.3	18.4	17.9	.
<b>RETAIL TRADE</b>																	
Turnover	real, CPMY	5.6	3.3	2.2	-0.4	6.6	7.2	3.8	4.4	6.3	7.3	6.7	11.9	21.3	12.8	.	.
Turnover	real, CCPY	5.6	4.5	3.7	2.7	3.5	4.1	4.0	4.1	4.3	4.6	4.8	5.7	21.3	16.9	.	.
<b>FOREIGN TRADE<sup>3(4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	1200	2436	3778	4970	6232	7501	8995	10227	11574	13003	14374	15614	1218	2712	4329	.
Imports total (cif), cumulated	EUR mn	1414	2879	4541	6257	8065	9814	11736	13266	15129	17309	19288	21201	1537	3306	5345	.
Trade balance, cumulated	EUR mn	-214	-443	-763	-1287	-1833	-2313	-2741	-3039	-3555	-4306	-4914	-5588	-319	-594	-1016	.
Exports to EU (fob), cumulated	EUR mn	797	1678	2591	3382	4251	5119	6132	6951	7873	8848	9788	10571	857	1878	2926	.
Imports from EU (cif), cumulated	EUR mn	737	1607	2531	3494	4626	5707	6900	7735	8795	10014	11149	12223	798	1734	2875	.
Trade balance with EU, cumulated	EUR mn	60	71	60	-112	-375	-588	-768	-784	-922	-1166	-1361	-1652	59	144	51	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-28	-61	-149	-564	-967	-1246	-1386	-1395	-1647	-2108	-2499	-2920	-108	-131	-269	.
<b>EXCHANGE RATE</b>																	
ROL/USD, monthly average	nominal	33448	32884	33134	33703	32502	32616	32677	33359	33799	33157	34109	33013	32572	32073	32646	33923
ROL/EUR, monthly average	nominal	35594	35443	35823	36560	37617	38063	37166	37183	37924	38807	39913	40577	41094	40572	40055	40695
ROL/USD, calculated with CPI <sup>5)</sup>	real, Jan98=100	99.9	98.2	98.5	98.9	94.7	94.4	93.5	95.5	95.0	91.8	92.9	88.7	87.0	85.6	87.3	90.2
ROL/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	95.8	93.6	95.3	92.5	88.6	89.6	88.7	89.9	88.7	86.1	86.8	83.4	81.3	79.9	80.6	.
ROL/EUR, calculated with CPI <sup>5)</sup>	real, Jan98=100	96.4	95.6	95.9	97.0	99.3	99.7	96.1	96.1	96.2	97.1	98.6	99.4	99.4	97.9	96.5	97.5
ROL/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	91.8	89.7	89.5	89.5	91.2	92.1	89.0	88.3	87.4	88.1	89.2	89.6	88.9	87.1	85.8	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period	ROL bn	41543	45773	45868	51575	50214	52535	54460	58503	58143	58009	57262	57978	55969	58314	57773	.
M1, end of period	ROL bn	73802	78289	79941	87820	85019	92145	93725	99970	101514	100231	99413	113260	102240	104107	107175	.
M2, end of period	ROL bn	355721	367402	369451	378595	379098	388499	390876	407396	414468	423766	425654	460751	450217	458468	481460	.
M2, end of period	CPMY	36.9	37.6	34.2	32.3	30.4	29.1	28.8	29.4	30.6	30.4	27.2	23.3	26.6	24.8	30.3	.
Discount rate (p.a.) <sup>6)</sup> end of period	%	19.6	19.2	18.4	17.4	17.9	18.2	18.2	18.2	19.1	19.3	20.2	20.4	21.3	21.3	21.3	21.3
Discount rate (p.a.) <sup>6(7)</sup> end of period	real, %	-1.2	-2.8	-3.0	-3.3	-1.6	-0.2	1.1	1.4	0.5	0.5	0.5	0.8	1.6	3.1	3.7	.
<b>BUDGET</b>																	
Central gov.budget balance, cum.	ROL bn	1599	-2275	-7723	-7382	-10330	-16524	-12186	-10979	-11346	-11129	-17655	-29003	3835	-2634	-5930	.

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 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	4.9	6.5	6.7	7.1	8.5	7.0	7.1	5.5	8.0	7.2	7.1	7.9	7.5	8.7	6.6	6.7
Industry, total	real, CCPY	4.9	5.7	6.0	6.3	7.1	6.8	6.8	6.6	6.8	6.8	6.8	7.0	7.5	8.1	7.6	7.4
Construction, total	real, CMPY	13.7	13.4	13.8	14.7	15.5	14.3	15.0	14.3	14.7	14.6	11.6	16.6	13.3	13.8	14.2	15.8
<b>LABOUR</b>																	
Employment total <sup>1)</sup>	th. persons	64700	64100	64600	65000	65500	66000	66400	66700	66600	66500	66500	66400	66400	66300	66500	.
Unemployment, end of period <sup>2)</sup>	th. persons	6435	6575	6324	6072	5821	5744	5747	5680	5690	5750	5716	5951	6280	6562	6320	6072
Unemployment rate <sup>2)</sup>	%	9.1	9.3	8.9	8.5	8.2	8.0	8.0	7.8	7.9	8.0	7.9	8.2	8.7	9.1	8.8	8.4
<b>WAGES, SALARIES</b>																	
Total economy, gross	RUB	4696.0	4701.0	4986.0	5100.0	5221.0	5550.0	5615.0	5491.0	5556.0	5864.0	5990.0	7344.0	5932.0	6141.0	6428.0	6556.0
Total economy, gross	real, CMPY	9.2	9.9	7.8	8.3	9.8	9.3	7.2	7.4	8.6	11.6	13.5	14.3	13.5	18.0	16.8	16.5
Total economy, gross	USD	148	148	159	163	169	182	185	181	182	194	211	250	206	215	225	229
Total economy, gross	EUR	139	138	147	151	146	156	162	162	162	166	180	203	163	170	184	190
Industry, gross	USD	176	181	190	200	202	214	226	230	224	231	256	283	239	253	264	.
<b>PRICES</b>																	
Consumer	PM	2.4	1.6	1.1	1.0	0.8	0.8	0.7	-0.4	0.3	1.0	1.0	1.1	1.8	1.0	0.8	1.0
Consumer	CMPY	14.3	14.8	14.8	14.6	13.6	13.9	13.9	13.3	13.2	13.1	12.4	12.0	11.3	10.7	10.3	10.3
Consumer	CCPY	14.3	14.6	14.6	14.6	14.4	14.3	14.3	14.1	14.0	13.9	13.8	13.6	11.3	11.0	10.8	10.7
Producer, in industry	PM	0.4	1.4	1.3	1.4	-0.2	0.7	2.2	1.4	1.4	1.2	0.5	0.6	4.2	3.4	1.7	2.7
Producer, in industry	CMPY	17.5	19.5	21.2	20.2	17.1	14.3	13.9	13.5	13.8	12.8	12.1	13.0	17.3	19.6	20.1	21.6
Producer, in industry	CCPY	17.5	18.5	19.4	19.6	19.1	18.2	17.6	17.0	16.6	16.2	15.8	15.6	17.3	18.4	19.0	19.7
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CMPY	7.8	8.0	8.9	8.6	10.0	8.7	7.8	6.1	7.0	7.1	7.1	8.1	16.3	4.4	7.5	.
Turnover <sup>3)</sup>	real, CCPY	7.8	7.9	8.2	8.3	8.7	8.7	8.5	8.2	8.1	8.0	7.9	7.9	16.3	10.4	9.4	.
<b>FOREIGN TRADE<sup>4)5)6)</sup></b>																	
Exports total, cumulated	EUR mn	9063	18215	28952	38327	47318	56861	66902	77668	87970	98836	108697	120193	9336	18795	29815	.
Imports total, cumulated	EUR mn	4410	9208	14746	20439	25524	30712	36589	42258	47991	54028	59782	66703	4170	9200	15347	.
Trade balance, cumulated	EUR mn	4654	9006	14206	17888	21794	26149	30313	35410	39979	44807	48915	53490	5167	9595	14467	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>7)</sup>	EURD mn	.	.	10824	.	.	18228	.	.	25697	.	.	31772	.	.	8789	.
<b>EXCHANGE RATE</b>																	
RUB/USD, monthly average	nominal	31.816	31.699	31.453	31.212	30.907	30.469	30.360	30.349	30.599	30.165	28.389	29.434	28.839	28.515	28.529	28.686
RUB/EUR, monthly average	nominal	33.807	34.188	33.952	33.867	35.738	35.594	34.560	33.876	34.300	35.296	33.261	36.134	36.377	36.092	35.018	34.446
RUB/USD, calculated with CPI <sup>8)</sup>	real, Jan98=100	143.1	141.4	139.7	136.9	134.3	131.6	130.3	131.2	132.3	129.0	119.9	122.7	118.7	116.9	116.9	116.3
RUB/USD, calculated with PPI <sup>8)</sup>	real, Jan98=100	163.5	163.4	164.2	155.7	154.4	152.5	148.4	146.6	146.3	143.4	133.7	138.4	131.7	126.7	124.6	122.0
RUB/EUR, calculated with CPI <sup>8)</sup>	real, Jan98=100	137.6	137.5	135.6	134.2	140.5	139.0	133.9	132.0	133.7	136.3	127.3	137.2	135.6	133.6	129.1	125.7
RUB/EUR, calculated with PPI <sup>8)</sup>	real, Jan98=100	156.3	156.5	153.7	150.5	158.5	156.6	148.8	144.1	143.9	146.4	137.4	148.3	143.7	138.2	132.6	127.0
<b>DOMESTIC FINANCE</b>																	
M0, end of period	RUB bn	708.9	730.8	749.5	822.3	855.5	917.0	940.9	966.3	957.1	975.8	1002.1	1147.0	1130.6	1164.1	1165.5	.
M1, end of period	RUB bn	1395.1	1440.3	1512.7	1583.4	1679.8	1821.8	1808.5	1844.3	1871.2	1850.2	1899.0	2181.9	2126.9	2197.1	2253.4	.
M2, end of period	RUB bn	2777.3	2915.3	2989.9	3052.4	3162.9	3339.7	3400.4	3448.9	3573.0	3543.1	3617.7	3962.1	3946.1	4093.0	4199.2	.
M2, end of period	CMPY	35.1	38.5	39.9	37.9	38.2	41.7	41.5	41.1	43.2	39.6	39.0	39.4	42.1	40.4	40.4	.
Refinancing rate (p.a.), end of period	%	21.0	18.0	18.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	14.0	14.0	14.0	14.0
Refinancing rate (p.a.), end of period <sup>9)</sup>	real, %	3.0	-1.2	-2.6	-1.9	0.8	1.5	1.9	2.2	2.0	2.9	3.5	2.7	-2.8	-4.7	-5.0	-6.2
<b>BUDGET</b>																	
Central gov. budget balance, cum.	RUB bn	70.1	75.1	89.3	127.3	173.8	184.3	213.6	223.8	238.9	287.7	316.1	228.2	102.5	115.5	.	.

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) Calculated from USD to NCU to EUR using the official average exchange rate.

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

9) Deflated with annual PPI.



## S L O V A K REPUBLIC: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total	real, CPMY	13.7	7.9	10.6	2.2	2.4	9.5	2.2	1.2	3.3	5.1	3.2	4.3	0.4	8.1	11.1	.
Industry, total	real, CCPY	13.7	10.7	10.7	8.4	7.2	7.6	6.8	6.1	5.8	5.7	5.4	5.3	0.4	4.2	6.6	.
Industry, total	real, 3MMA	10.9	10.7	6.8	5.0	4.7	4.7	4.4	2.3	3.3	3.9	4.2	2.7	4.2	6.6	.	.
Construction, total	real, CPMY	4.8	0.6	3.6	-0.4	0.3	3.3	5.8	9.4	14.3	8.3	6.7	11.5	0.9	4.1	3.4	.
<b>LABOUR</b>																	
Employment in industry	th. persons	547.8	550.3	554.1	558.2	561.1	563.8	562.4	561.7	565.1	566.2	561.2	549.1	544.9	545.8	549.2	.
Unemployment, end of period	th. persons	509.2	495.4	478.7	450.7	433.1	427.6	422.8	415.6	407.6	407.1	420.2	452.2	469.2	466.4	452.6	.
Unemployment rate <sup>1)</sup>	%	17.7	17.1	16.5	15.4	14.8	14.6	14.5	14.3	13.9	13.8	14.2	15.6	16.6	16.5	16.0	.
Labour productivity, industry	CCPY	12.6	9.5	9.2	7.5	6.5	7.0	6.1	5.5	5.1	5.0	4.8	4.8	0.9	4.9	7.4	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-4.0	-2.5	-2.7	-0.3	1.6	2.5	3.7	4.3	5.0	5.3	5.5	5.4	9.8	6.4	5.1	.
<b>WAGES, SALARIES</b>																	
Industry, gross	SKK	14332	13466	14223	14827	15379	16140	15289	14688	15085	16069	17995	17259	15540	14627	15866	.
Industry, gross	real, CPMY	-1.3	-2.7	-3.0	0.6	-0.2	1.6	-3.4	-4.3	-0.4	1.2	-1.0	-1.9	0.1	0.1	3.1	.
Industry, gross	USD	365	346	368	391	432	455	416	392	406	456	511	514	481	456	482	.
Industry, gross	EUR	344	321	340	361	374	389	366	350	363	389	437	420	381	360	393	.
<b>PRICES</b>																	
Consumer	PM	5.3	0.6	0.4	0.2	0.1	0.4	0.0	1.0	0.5	0.1	0.2	0.2	4.4	0.8	0.1	0.0
Consumer	CPY	7.3	7.6	8.0	7.7	7.6	8.4	8.7	9.2	9.5	9.6	9.8	9.3	8.3	8.5	8.2	8.0
Consumer	CCPY	7.3	7.5	7.6	7.7	7.6	7.8	7.9	8.1	8.2	8.4	8.5	8.6	8.3	8.4	8.3	8.2
Producer, in industry <sup>2)</sup>	PM	5.4	3.1	0.3	-0.1	-0.6	0.0	0.2	-0.2	0.1	-0.1	0.3	0.0	1.3	1.0	0.2	-0.1
Producer, in industry <sup>2)</sup>	CPY	7.5	8.9	9.2	8.2	7.8	8.2	8.2	8.0	8.0	8.7	8.6	8.6	4.4	2.3	2.1	2.2
Producer, in industry <sup>2)</sup>	CCPY	7.5	8.2	8.5	8.5	8.3	8.3	8.3	8.3	8.2	8.2	8.3	8.3	4.4	3.3	2.9	2.7
<b>RETAIL TRADE<sup>3)</sup></b>																	
Turnover	real, CPMY	-5.0	-3.8	-10.2	-1.9	-6.3	-9.3	-7.6	-5.7	-5.8	-5.0	-3.3	-0.7	0.5	4.0	7.1	.
Turnover	real, CCPY	-5.0	-4.4	-6.3	-5.2	-5.4	-6.1	-6.3	-6.2	-6.2	-6.1	-5.8	-5.2	0.5	2.3	3.9	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	1310	2691	4219	5713	7380	9040	10704	12259	13983	15819	17638	19356	1502	3146	5011	7004
Imports total (fob), cumulated	EUR mn	1327	2762	4359	5996	7610	9277	11052	12593	14339	16232	18083	19925	1447	3106	4997	7046
Trade balance, cumulated	EUR mn	-17	-72	-140	-284	-230	-237	-348	-334	-356	-413	-445	-569	55	41	15	-42
Exports to EU (fob), cumulated	EUR mn	832	1720	2716	3618	4614	5602	6571	7474	8472	9612	10730	11737	930	1934	3077	4318
Imports from EU (fob), cumulated	EUR mn	647	1350	2147	2981	3839	4710	5660	6460	7356	8335	9286	10236	733	1555	2543	3570
Trade balance with EU, cumulated	EUR mn	185	370	569	637	775	892	912	1014	1116	1277	1445	1501	197	380	534	747
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>4)</sup>	EUR mn	-39	-101	-91	-195	-133	-182	-205	-154	-176	-176	-172	-246	55	103	108	.
<b>EXCHANGE RATE</b>																	
SKK/USD, monthly average	nominal	39.3	39.0	38.7	37.9	35.6	35.5	36.7	37.5	37.1	35.3	35.2	33.6	32.3	32.1	32.9	33.4
SKK/EUR, monthly average	nominal	41.7	42.0	41.8	41.1	41.1	41.5	41.8	41.9	41.5	41.3	41.1	41.1	40.7	40.6	40.4	40.1
SKK/USD, calculated with CP <sup>6)</sup>	real, Jan98=100	84.9	84.4	84.0	82.0	76.8	76.4	79.2	80.2	79.3	75.2	74.8	71.1	65.7	65.2	67.3	68.3
SKK/USD, calculated with PP <sup>6)</sup>	real, Jan98=100	91.1	89.2	90.6	86.1	81.3	81.8	84.3	86.4	85.8	82.1	81.4	77.9	74.8	74.0	75.9	77.1
SKK/EUR, calculated with CP <sup>6)</sup>	real, Jan98=100	81.5	82.0	81.6	80.2	80.2	80.7	81.2	80.8	79.9	79.4	79.1	79.1	75.0	74.3	74.3	73.7
SKK/EUR, calculated with PP <sup>6)</sup>	real, Jan98=100	86.9	85.3	84.8	83.0	83.3	84.0	84.4	85.0	84.1	83.8	83.3	83.2	81.6	80.6	80.7	80.2
<b>DOMESTIC FINANCE</b>																	
M0, end of period	SKK bn	84.1	87.2	86.8	86.3	87.0	86.6	87.7	90.8	89.1	90.2	91.7	91.8	91.7	91.7	90.8	.
M1, end of period	SKK bn	234.9	244.1	240.9	242.4	244.8	248.7	251.9	256.2	256.9	258.7	264.4	276.9	261.2	265.5	258.9	.
M2, end of period	SKK bn	702.2	713.2	710.3	711.7	718.7	702.0	722.3	729.6	725.7	732.2	740.5	750.7	739.0	744.1	724.0	.
M2, end of period	CPY	5.1	5.7	6.7	7.4	7.5	3.4	4.3	4.8	5.2	5.4	5.4	5.2	5.2	4.3	1.9	.
Discount rate (p.a.), end of period <sup>7)</sup>	%	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25	6.25	6.25	6.00	6.00	6.00	6.00	5.50
Discount rate (p.a.), end of period <sup>7)8)</sup>	real, %	-0.9	-2.2	-2.5	-1.6	-1.2	-1.6	-1.6	-1.4	-1.6	-1.6	-2.3	-2.4	1.6	3.7	3.8	3.2
<b>BUDGET</b>																	
Central gov. budget balance, cum.	SKK mn	-1688	-12985	-17810	-23786	-30580	-27619	-31190	-33104	-37675	-40396	-42779	-55973	-2658	-4424	1175	5723

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.

## SLOVENIA: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	-1.9	2.8	1.4	-2.4	-0.8	2.5	-0.8	-2.6	3.4	3.8	4.9	6.1	3.3	0.9	7.8	.
Industry, total	real, CCPY	-1.9	0.4	0.8	-0.1	-0.2	0.2	0.1	-0.2	0.2	0.6	1.0	1.4	3.3	2.1	4.2	.
Industry, total	real, 3MMA	1.1	0.7	0.5	-0.6	-0.3	0.2	-0.2	0.2	1.9	4.0	4.9	4.8	3.4	4.1	.	.
Construction, total <sup>1)</sup>	real, CMPY	-8.3	-10.0	-4.7	-1.4	-1.1	4.1	3.6	0.9	1.7	-3.8	-6.2	2.7	.	.	.	.
<b>LABOUR</b>																	
Employment total	th. persons	776.0	776.8	778.5	778.3	779.3	780.4	774.8	774.0	776.5	778.5	779.1	774.7	773.8	775.6	777.7	.
Employees in industry	th. persons	243.3	243.1	243.4	242.7	242.4	242.5	241.4	241.0	241.3	242.0	242.3	240.4	239.4	.	.	.
Unemployment, end of period	th. persons	101.6	100.6	98.8	97.1	95.3	94.4	96.9	98.2	98.2	98.9	96.2	96.0	99.0	98.1	96.7	.
Unemployment rate <sup>2)</sup>	%	11.6	11.5	11.3	11.1	10.9	10.8	11.1	11.3	11.2	11.3	11.0	11.0	11.3	11.2	11.1	.
Labour productivity, industry	CCPY	0.3	2.6	3.1	2.2	2.2	2.6	2.5	2.2	2.6	3.0	3.3	3.7	5.0	.	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	4.4	1.6	0.7	1.7	1.7	1.5	1.6	1.8	1.5	1.2	0.9	0.4	-2.3	.	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. SIT	247.1	241.5	243.7	246.9	249.3	248.2	250.9	251.5	253.8	257.2	270.3	277.6	258.2	254.8	261.4	.
Total economy, gross	real, CMPY	2.4	1.9	1.1	2.5	2.3	2.1	2.1	1.0	2.4	2.3	1.7	1.3	0.5	1.8	3.6	.
Total economy, gross	USD	1136	1126	1134	1151	1236	1242	1219	1194	1208	1278	1340	1438	1375	1356	1349	.
Total economy, gross	EUR	1071	1044	1051	1063	1070	1063	1072	1071	1080	1092	1145	1174	1090	1073	1099	.
Industry, gross	USD	970	947	964	983	1056	1051	1046	1023	1042	1112	1177	1250	1184	1160	.	.
<b>PRICES</b>																	
Consumer	PM	1.0	0.5	0.7	0.5	0.5	0.3	0.5	-0.4	0.3	0.3	0.3	0.1	0.4	0.1	0.6	0.5
Consumer	CMPY	6.6	6.2	6.3	5.3	5.5	6.0	6.0	5.5	5.0	4.8	5.1	4.6	4.0	3.6	3.5	3.5
Consumer	CCPY	6.6	6.4	6.3	6.1	5.9	6.0	6.0	5.9	5.8	5.7	5.6	5.5	4.0	3.8	3.7	3.6
Producer, in industry	PM	0.2	-0.2	0.1	0.3	0.5	0.1	0.0	0.0	0.2	0.2	0.2	0.6	0.4	1.0	0.3	0.6
Producer, in industry	CMPY	3.6	2.8	2.5	2.4	2.8	2.7	2.5	2.3	2.5	2.3	2.1	2.1	2.3	3.5	3.8	4.0
Producer, in industry	CCPY	3.6	3.2	3.0	2.8	2.8	2.8	2.8	2.7	2.7	2.6	2.6	2.5	2.3	2.9	3.2	3.4
<b>RETAIL TRADE<sup>3)</sup></b>																	
Turnover	real, CMPY	4.5	8.9	0.9	7.2	6.5	6.2	4.1	0.8	7.4	5.1	-0.5	5.3	4.4	1.6	8.7	.
Turnover	real, CCPY	4.5	6.7	4.5	5.2	5.5	5.6	5.4	4.8	5.1	5.1	4.6	4.7	4.4	3.0	5.0	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	848	1753	2742	3723	4648	5592	6598	7299	8364	9453	10431	11288	859	1824	2959	.
Imports total (cif), cumulated	EUR mn	869	1897	2992	4028	5087	6077	7130	7921	9006	10125	11194	12239	883	1917	3169	.
Trade balance total, cumulated	EUR mn	-21	-144	-250	-305	-439	-485	-533	-622	-643	-672	-763	-952	-24	-93	-210	.
Exports to EU (fob), cumulated	EUR mn	559	1107	1704	2283	2837	3383	3949	4308	4922	5547	6111	6578	540	1121	1806	.
Imports from EU (cif), cumulated	EUR mn	573	1254	2000	2699	3415	4093	4826	5330	6049	6809	7530	8229	585	1279	2127	.
Trade balance with EU, cumulated	EUR mn	-14	-146	-296	-416	-578	-710	-877	-1022	-1127	-1262	-1419	-1651	-46	-159	-321	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	88	56	-25	-13	-80	-56	-34	-34	61	139	129	17	74	92	44	.
<b>EXCHANGE RATE</b>																	
SIT/USD, monthly average	nominal	217.5	214.5	214.8	214.4	201.7	199.8	205.8	210.7	210.1	201.2	201.7	193.0	187.8	187.9	193.8	198.1
SIT/EUR, monthly average	nominal	230.7	231.3	231.9	232.4	233.0	233.5	234.1	234.7	235.0	235.5	236.0	236.5	237.0	237.4	237.8	238.2
SIT/USD, calculated with CP <sup>6)</sup>	real, Jan98=100	99.1	98.1	98.1	97.2	90.8	89.9	92.2	95.1	94.8	90.4	90.2	86.0	83.8	84.3	87.0	88.5
SIT/USD, calculated with PPP <sup>6)</sup>	real, Jan98=100	106.0	106.5	109.3	105.4	98.6	98.4	101.2	103.8	103.7	99.7	99.4	94.9	93.1	92.7	95.4	96.9
SIT/EUR, calculated with CP <sup>6)</sup>	real, Jan98=100	95.2	95.3	95.3	95.2	95.0	95.0	94.7	95.5	95.6	95.6	95.6	96.0	95.7	96.1	96.1	95.7
SIT/EUR, calculated with PPP <sup>6)</sup>	real, Jan98=100	101.1	102.0	102.4	101.8	101.1	101.1	101.4	101.9	101.8	101.9	102.0	101.5	101.6	101.0	101.5	101.0
<b>DOMESTIC FINANCE</b>																	
M0, end of period	SIT bn	137.8	139.2	142.0	147.2	150.2	153.3	147.3	152.7	151.2	154.6	155.4	156.0	152.9	153.3	152.6	.
M1, end of period <sup>7)</sup>	SIT bn	681.2	694.5	706.1	711.7	719.7	774.6	755.3	753.6	769.0	759.4	768.8	797.2	782.3	787.4	795.8	817.1
Broad money, end of period <sup>7)</sup>	SIT bn	3563.0	3583.0	3578.9	3598.6	3623.2	3679.2	3717.4	3716.0	3720.7	3762.3	3777.7	3778.0	3784.6	3792.6	3791.9	3827.1
Broad money, end of period <sup>7)</sup>	CMPY	15.9	15.5	13.8	13.1	13.1	15.5	15.0	14.3	9.8	10.8	6.0	4.9	6.2	5.9	6.0	6.3
Discount rate (p.a.), end of period <sup>8)</sup>	%	7.25	7.25	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.25	5.00	5.00	4.75	4.50	4.50	4.25
Discount rate (p.a.), end of period <sup>8)</sup>	real, %	3.5	4.3	3.9	4.0	3.6	2.7	2.9	3.1	2.9	2.9	2.8	2.8	2.4	1.0	0.7	0.2
<b>BUDGET</b>																	
General gov. budget balance, cum.	SIT bn	3.9	-21.2	-30.1	-11.3	-27.6	-56.3	-51.6	-64.5	-49.3	-46.4	-72.7	-78.5	3.8	-12.3	.	.

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 CPI.

## U K R A I N E: Selected monthly data on the economic situation 2003 to 2004

(updated end of May 2004)

		2003												2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Industry, total	real, CCPY	11.6	10.8	10.7	11.4	11.7	12.4	13.8	14.6	15.2	15.7	15.5	15.8	16.1	18.2	18.8	17.7
Industry, total <sup>1)</sup>	real, 3MMA	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
<b>LABOUR</b>																	
Unemployment, end of period	th. persons	1061.0	1100.9	1109.4	1107.3	1057.8	1012.7	996.1	982.8	961.8	938.6	949.9	988.9	1003.6	1045.4	1061.2	.
Unemployment rate <sup>2)</sup>	%	3.9	4.0	4.0	4.0	3.9	3.7	3.6	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.9	3.8
<b>WAGES, SALARIES <sup>1)</sup></b>																	
Total economy, gross	UAH	400.6	391.2	415.5	422.6	439.3	476.2	489.5	479.2	498.3	498.3	489.5	550.9	499.7	510.1	545.1	547.9
Total economy, gross	real, CMPY	25.0	16.2	12.3	14.7	17.8	19.1	14.5	16.1	19.9	17.3	14.4	14.9	15.3	21.4	23.0	21.6
Total economy, gross	USD	75	73	78	79	82	89	92	90	93	93	92	103	94	96	102	103
Total economy, gross	EUR	71	68	72	73	72	76	81	81	83	80	78	84	74	76	84	86
Industry, gross	USD	99	96	103	105	108	.	.	.	.	.	.	.	.	.	.	.
<b>PRICES</b>																	
Consumer	PM	1.5	1.1	1.1	0.7	0.0	0.1	-0.1	-1.7	0.6	1.3	1.9	1.5	1.4	0.4	0.4	0.7
Consumer	CMPY	-0.1	2.5	4.3	3.6	3.9	5.9	7.4	5.8	6.2	6.9	8.1	8.2	8.1	7.4	6.6	6.6
Consumer	CCPY	-0.1	1.2	2.2	2.6	2.8	3.3	3.9	4.1	4.4	4.6	4.9	5.2	8.1	7.8	7.4	7.2
Producer, in industry	PM	0.5	0.7	2.1	0.3	0.3	0.0	1.0	1.0	0.9	0.7	1.5	1.7	1.6	2.9	2.2	3.3
Producer, in industry	CMPY	6.8	6.8	9.9	8.9	7.6	5.3	5.3	6.8	7.4	8.0	9.4	11.2	12.4	14.9	15.0	18.4
Producer, in industry	CCPY	6.8	6.8	7.8	8.1	8.0	7.5	7.2	7.1	7.2	7.3	7.5	7.8	12.4	13.7	14.1	15.2
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CCPY	11.6	12.6	13.2	11.9	13.8	15.1	16.8	17.1	18.1	19.1	18.9	19.4	19.9	21.4	21.0	21.1
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	1402	2899	4607	6345	7809	9330	11143	12877	14692	16585	18430	20408	1686	3543	5736	.
Imports total (cif), cumulated	EUR mn	1265	2633	4225	5967	7392	8928	10732	12513	14354	16311	18131	20356	1374	3059	5051	.
Trade balance, cumulated	EUR mn	137	266	383	378	417	402	411	364	338	274	299	52	312	484	685	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>6)</sup>	EUR mn	.	.	1004	.	.	1642	.	.	2237	.	.	2559	.	.	.	.
<b>EXCHANGE RATE</b>																	
UAH/USD, monthly average	nominal	5.333	5.334	5.334	5.334	5.333	5.333	5.332	5.332	5.332	5.332	5.332	5.332	5.331	5.331	5.330	5.329
UAH/EUR, monthly average	nominal	5.645	5.752	5.758	5.786	6.125	6.225	6.066	5.951	5.968	6.238	6.239	6.541	6.725	6.735	6.526	6.405
UAH/USD, calculated with CPI <sup>7)</sup>	real, Jan98=100	165.3	164.8	164.0	162.6	162.2	162.4	162.7	166.0	165.5	163.2	159.8	157.1	155.7	156.0	156.5	155.4
UAH/USD, calculated with PPI <sup>7)</sup>	real, Jan98=100	150.2	151.7	152.4	147.3	146.7	148.0	146.2	145.0	144.3	144.2	141.5	139.7	139.1	136.0	133.0	128.7
UAH/EUR, calculated with CPI <sup>7)</sup>	real, Jan98=100	158.1	160.0	159.0	159.0	168.3	171.1	166.7	166.7	166.7	172.2	169.1	175.3	177.5	177.6	172.1	167.7
UAH/EUR, calculated with PPI <sup>7)</sup>	real, Jan98=100	142.7	145.0	142.5	142.0	149.3	151.6	146.2	142.3	141.4	147.0	145.0	149.3	151.5	147.8	140.9	133.9
<b>DOMESTIC FINANCE</b>																	
M0, end of period	UAH mn	24707	25503	26002	27650	27879	29375	30080	31072	30862	31549	31318	33119	31501	32672	33580	35800
M1, end of period	UAH mn	37877	38974	41615	42743	43447	46815	47276	48315	50293	49341	49467	53129	49792	51387	54970	.
Broad money, end of period	UAH mn	62853	64945	69731	72509	73977	79034	80786	83048	86495	86856	88295	95043	92643	96050	101151	105100
Broad money, end of period	CMPY	44.1	44.2	47.3	49.8	51.6	54.4	49.8	47.5	49.8	48.0	48.2	47.3	47.4	47.9	45.1	44.9
Refinancing rate (p.a.) <sup>end of period</sup>	%	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	7.0	7.0	7.0
Refinancing rate (p.a.) <sup>end of period<sup>8)</sup></sup>	real, %	0.2	0.2	-2.6	-1.8	-0.6	1.6	1.6	0.2	-0.4	-0.9	-2.2	-3.8	-4.8	-6.9	-7.0	-9.7
<b>BUDGET</b>																	
General gov. budget balance, cum.	UAH mn	1451.1	2194.3	1871.3	2348.1	3375.2	2500.9	2889.3	4028.2	3991.5	3636.2	4111.6	-489.9	1614.7	1814.9	1203.7	660.5

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) Calculated from USD to NCU to EUR using the official average exchange rate.

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

8) Deflated with annual PPI.

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Economics editor: Leon Podkaminer