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Twenty years of transition*

BY SÁNDOR RICHTER

Twenty years have passed since transition began. That is about half the time of the whole period the centrally planned, communist regimes existed in Central Europe between 1948 and 1989. Today approximately half of the citizens of the region's countries have no own experience of the communist era as an adult person. Hardly more than 3% of the citizens have experiences as adult persons of the pre-communist era as well.

Within these twenty years Central Europe has changed beyond recognition. One-party dictatorship was replaced by democratic western-type political systems with buoyant market economies. Leaving the Soviet/Russian sphere of influence, the countries concerned became full members of NATO and the European Union. As an analysis of all the details of this extremely complex process is beyond the scope of this brief contribution, the author will select and review a few decisive elements of the transition process, without claiming to provide a full picture.

Has the development level gap between highly developed Western Europe and Central Europe become smaller in the past twenty years?

The answer is definitely yes. At the beginning of the transformation in 1991 the most developed countries, the Czech Republic and Slovenia, were still below two thirds of the EU-27¹ average level of development and hardly surpassed 50% of the development level of France (see Table 1). The development level of Poland, the poorest country in the region, attained hardly more than half of the development level of Slovenia and the Czech

Republic. As we will see, transition brought about a spectacular breakthrough in catching-up.

Table 1 clearly indicates that the five Central European countries (CE-5)² have accomplished a considerable catching-up process since the start of transition. Within about two decades Slovenia has reached 92% of the EU-27 average level of development, its lag compared to France has diminished to 16 percentage points in 2009, from 58 percentage points back in 1991. The second best performer, the Czech Republic, has achieved 81% of the EU-27 average, that is a 17 percentage points improvement compared to 1991. Poland, starting from the lowest level in the group of the CE-5, has managed to reach 56% of the EU-27 average, a catching-up performance of 23 percentage points. Even the worst performing Hungary was able to diminish its distance from the EU-27 average by half a percentage point each year since transition began.

Table 1

GDP per capita in selected countries at current purchasing power parities, European Union-27 average = 100

	1991	1995	2000	2005	2009 projection
Czech Republic	64	69	68	76	81
Hungary	50	50	56	63	60
Poland	33	42	48	51	56
Slovak Republic	42	45	51	60	70
Slovenia	62	68	80	87	92
France	120	116	116	111	108
Germany	132	129	119	117	113
Greece	90	84	84	93	97
Portugal	77	75	78	77	75
Spain	93	92	97	102	102
EU-27 average	100	100	100	100	100
Russia	55	36	35	44	54
China	5	9	11	15	21
USA	157	160	159	156	150

Sources: National statistics, Eurostat, wiiw estimates.

* This article appeared in French language in *politique étrangère*, No. 3, 2009, pp. 489-502 under the title 'L'Europe centrale 20 ans la chute du Mur'.

¹ In 1991 certainly the EU had only 12 members and not 27. The 'EU-27' here refers to the member countries as of 2007, after Romania's and Bulgaria's accession.

² The Czech Republic, Hungary, Poland, the Slovak Republic and Slovenia.

Table 2

EBRD transition indicators scores in the CE-5 in 2008

Country	Private sector share of GDP	Enterprises			Markets and trade			Financial institutions		Overall infrastructure reform
		Large-scale privatization	Small-scale privatization	Governance and enterprise restructuring	Price liberalization	Trade and foreign exchange system	Competition policy	Banking reform and interest rate liberalization	Securities markets and non-bank financial institutions	
Czech Republic*	80	4	4+	3+	4+	4+	3	4	4-	3+
Hungary	80	4	4+	4-	4+	4+	3+	4	4	4-
Poland	75	3+	4+	4-	4+	4+	3+	4-	4-	3+
Slovakia	80	4	4+	4-	4+	4+	3+	4-	3	3
Slovenia	70	3	4+	3	4	4+	3-	3+	3	3

Note: * 2007.

Source: EBRD Transition Report 2008, p. 4 and 2007, p. 6.

Table 3

EBRD infrastructure transition scores

Country	Electric power	Railways	Roads	Telecoms	Water, waste water
Czech Republic*	3+	3	3	4+	4
Hungary	4	4-	4-	4	4
Poland	3+	4	3	4	3+
Slovakia	4	3	2+	4-	3+
Slovenia	3	3	3	3+	3+

Note: * 2007.

Source: EBRD Transition Report 2008, p. 6 and 2007, p. 10.

For comparison, it is interesting to see that the less developed 'old' EU members Portugal, Greece and Spain performed substantially worse than the new Central European members, not to mention Russia, which was practically unable to get closer to the development level of the EU.³

Is transition completed?

The most comprehensive investigation to answer this question has been implemented by the European Bank for Reconstruction and Development (EBRD). This institution has been publishing its assumption about the progress made by former communist countries annually since the early years of transition. They elaborated a set of numerical scores, ranging from 1 to 4+ (4.33), that shows where countries stand on the transition path.

Here number 1 indicates lack of transition while 4+ represents standards equivalent to those of a hypothetical advanced market economy.

The results of the latest edition of this investigation are shown in Table 2. There are three of the altogether 9 areas of transition where the CE-5 countries practically achieved the standards of a mature market economy: in small-scale privatization, price liberalization, and trade and foreign exchange system. In large-scale privatization, banking reform and interest rate liberalization, governance and enterprise restructuring, and securities markets and non-bank financial institutions the scores are still impressive but there is room left for improvement. In two areas, competition policy and overall infrastructure reform, the countries are still at a certain distance from completing transition. All in all, the progress is

³ See also Gligorov, Hunya, Pöschl et al. (2009), p. 115.

remarkable with no scores below 3-, taking all the indicators for all the countries. One has to bear in mind that the benchmark is an ideal, therefore purely hypothetical highly developed economy, and most probably very few if any of the real developed market economies would get 4+ for each of the nine indicators.

It is important, although not part of the ranking, that the share of the private sector in the GDP is 80% for the Czech Republic, Hungary and Slovakia, and still high but somewhat lower in Poland (75%) and Slovenia (70%). There is no clear relation between the progress achieved in transition and the catching-up performance. Hungary had the highest scores in transition indicators but proved to be a laggard in terms of catching-up. By contrast, Slovenia, among the most successful countries in the CE-5 group in catching-up, showed by far the weakest scores (more 3 notes than 4) in the transition indicators. Slovakia proved to be good at catching-up and transition as well.

Has inequality increased after transition?

A higher degree of income equality and consequently smaller 'social injustice' than in the capitalist countries was one of the main store signs of communist ideology. Increasing inequality as a by-product of transition was a major concern of observers. As testified by the data of Figure 1, measured with the Gini coefficient⁴, inequality was indeed low at the beginning of transition.⁵ From that

⁴ The Gini coefficient is a statistical measure of inequality of income distribution. In the here applied version of the indicator its value may range between 0 and 100. A low Gini coefficient indicates more equal income distribution in a country, while a high Gini coefficient indicates more unequal distribution. 0 corresponds to perfect equality (everyone having exactly the same income) and 100 corresponds to perfect inequality (where one person has all the income, while everyone else has zero income).

⁵ However, many of the advantages (access to apartments, cars, special shops, etc.) available only to the members of the nomenclature were not included in the income statistics and thus were not reflected in the conventionally calculated Gini coefficient. Estimates of the Gini coefficients allowing for shortages typical of the planned economies suggest that the inequality in real consumption levels was much higher than in nominal money incomes (Podkaminer, 1988).

low basis, about 21% in 1989, it increased to over 25% by 1996. This was the most difficult initial period of transition, when the old structures of the planned economy were demolished and the new institutions just began to take off, a process characterized by huge drops of the GDP in certain years. From 1996 to 2006, measured income inequality practically stagnated. As Figure 2 displays, inequality in Central Europe in 2003 was comparable to that characterizing Western Europe. It is remarkable that despite the similar starting levels at the beginning of transition, inequality in Southeast Europe (SEE) and particularly in the countries of the former Soviet Union (CIS)⁶ is substantially higher than in the countries of Central Europe. The 'Latin-Americanization' of the former planned economies did not take place. As Figure 2 clearly shows, income inequality in Latin America is distinctly higher than either in Central Europe or, to a smaller extent, in other transition countries. Interestingly, there are considerable differences within the group of the CE-5. Two countries, Poland and Slovenia, showed a relatively high inequality at the beginning of transition (over 26%). In the case of Poland inequality increased further as transition progressed, to 35%, while in Slovenia it dropped well below the average of the CE-5.⁷

Unemployment – a 'collateral damage' of transition

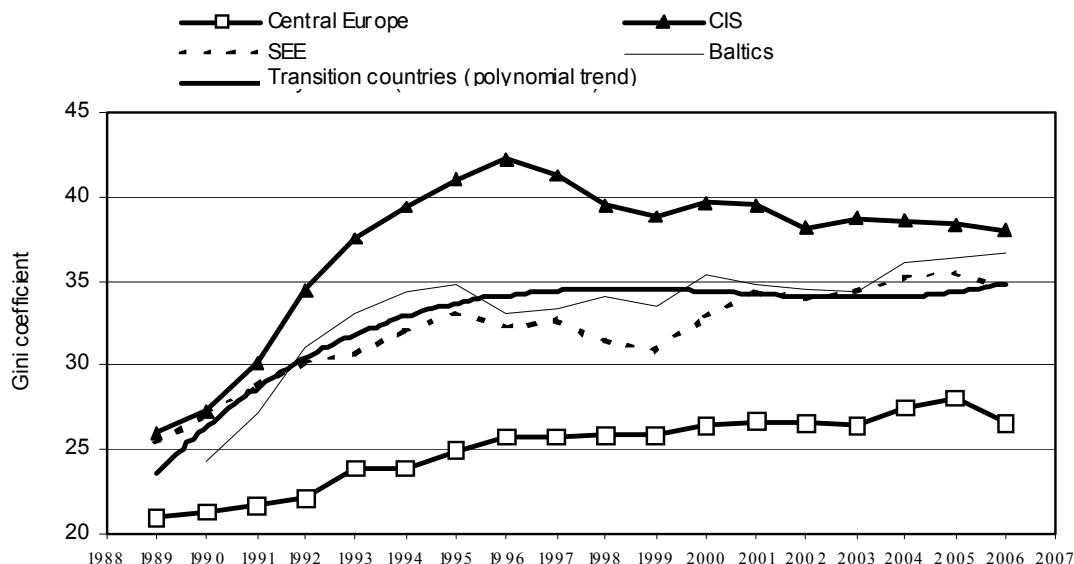
Open unemployment did not exist in the former planned economies (except for Slovenia, then part of the former Yugoslavia). For this reason unemployment was one of the shocking new experiences for millions of citizens in the countries concerned. Increasing competition after trade liberalization plus the elimination of subsidies drove a substantial part of the state-owned enterprises into bankruptcy. Privatization meant in most cases a sudden increase of efficiency in parallel to mass lay-offs. The extent of unemployment in the region's countries diverged in this respect (see

⁶ Without the three Baltic states Estonia, Latvia and Lithuania.

⁷ Holzner and Leitner (2008), p. 160.

Figure 1

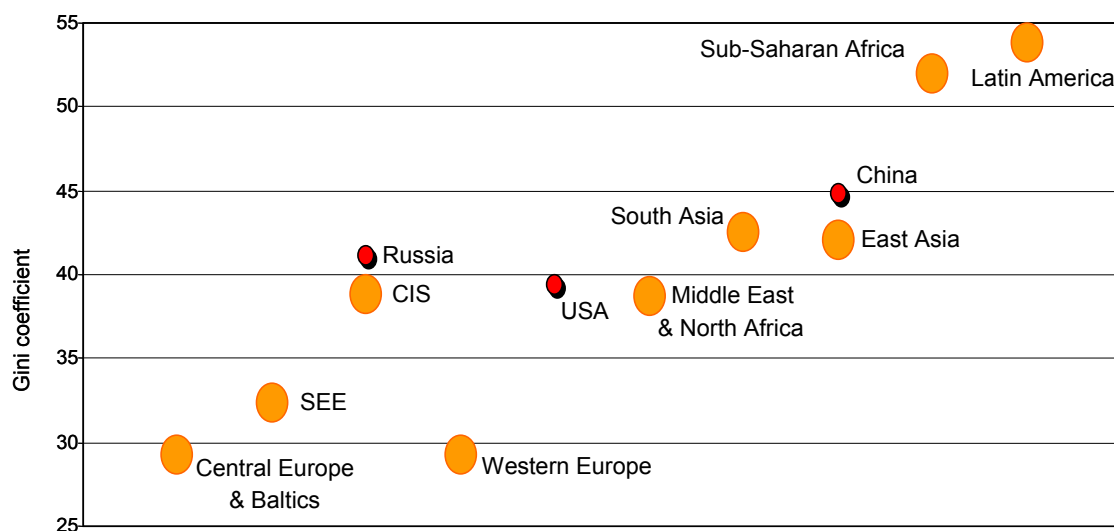
Development of income inequality in Central Europe, Baltic States, SEE and CIS, 1989-2006
unweighted averages of Gini coefficients (income based)



Source: UNU-Wider: World Inequality Database Version 2.0c; calculations by M. Holzner and S. Leitner, presented at the wiiw Spring Seminar, Vienna, 27 March 2009.

Figure 2

Income inequality in world regions unweighted averages of Gini coefficients (income based), 2003



Source: UNU-Wider: World Inequality Database Version 2.0c; calculations by Mario Holzner and Sebastian Leitner, presented at the wiiw Spring Seminar, Vienna, 27 March 2009.

Table 4). On the one extreme, Slovenia had a low unemployment rate over the whole transition period, which never turned double-digit. This is explained by the cautious opening-up of that country to foreign competition and FDI, and the slow pace of privatization. On the other extreme,

Poland and Slovakia went through periods of very high unemployment between 1995 and 2005. Both countries had been structurally delayed (as they had unduly high shares of 'heavy' industries). It is remarkable that after 2005 unemployment rates dropped significantly in all CE-5 countries but

Hungary. This positive change was due to the better growth performance and related job creation after these countries' accession to the EU in 2004. For Poland a mass outward migration, mainly to the UK and Ireland, also played a role in lower unemployment. Hungary could not keep pace with the other countries as it had to introduce an austerity programme (in order to stabilize its fiscal stance) that reduced the rate of economic growth and simultaneously deteriorated the employment situation.

Table 4

**Average unemployment rates
in the CE-5, selected years**

(according to labour force statistics)

	1990	1995	2000	2005	2008
Czech Republic	0.7	4.0	8.8	7.9	4.4
Hungary	2.0	10.3	6.4	7.2	7.8
Poland	6.3	13.3	16.1	17.8	8.0
Slovak Republic	1.6	13.1	18.6	16.2	10.0
Slovenia	5.8	7.4	7.0	6.6	4.5

Source: wiiw Database. For 1990: registered unemployment rate, end-year.

Foreign capital – the engine of modernization

Transition brought about the large-scale privatization of state-owned companies, and in parallel to this the market entry for newly established private firms was liberalized. Nevertheless the early stage of transition was characterized by a chronic shortage of capital, a problem the governments concerned tried to appease by liberalization and encouragement of inward foreign direct investment (FDI). Table 5 displays that the stock of FDI was continuously growing in the CE-5.

Hungary had an initial advantage in attracting foreign investors. That was partly explained by the huge foreign debt of the country when the planned economy collapsed and the government did everything to ensure the inflow of foreign currency, but Hungary's decade-long experiments with market-oriented economic reforms also played a

role. A really strong inflow of foreign capital began after 2000, without doubt related to the perspective of EU accession. By 2008 the stock of foreign capital surpassed 50% of the GDP in three countries of the CE-5. The smaller role of foreign capital in Poland is due to the size of the Polish economy (with a bigger GDP than that of the other four countries combined), while in the case of Slovenia the earlier mentioned reserved attitude towards foreign investment and investors is the explanation. In the Czech Republic, Hungary and Slovakia foreign investors have a dominating role in the banking sector and in several branches of the manufacturing industry. The Central European automotive cluster (completed cars and components) are the most spectacular example. In these three countries 50% to over 70% of manufacturing exports are delivered by foreign-owned companies.

Table 5

Stock of FDI in the CE-5 in selected years

Country	1990	1995	2000	2005	2008*	in % of GDP
	in million EUR					
Czech Republic	54	5,741	23,323	51,424	80,000	53.6
Hungary	421	8,817	24,578	52,370	68,000	63.8
Poland	79	6,121	36,792	76,645	150,000	41.5
Slovak Republic	.	1,013	5,129	19,968	33,000	51.8
Slovenia	.	1,376	3,110	6,134	11,000	29.0

Note: * wiiw estimate.

Source: wiiw Database.

Rearrangements in foreign trade

Transition fundamentally rearranged the foreign trade of the CE-5 countries. These small open economies (Poland is here an exception) managed to reconstruct their traditional trade relations with Western Europe, once the Soviet-dominated CMEA fell apart in 1991. The share of the former CMEA partners dropped to insignificant levels. Nevertheless, EU accession brought about relevant changes in this respect. Mutual trade of the CE-5 received a new impetus through accession, and in 2004-2007 this mutual trade expanded nearly twice

as rapidly as trade with the highly developed EU members (Richter, 2004).

Starting from relatively low levels, the importance of foreign trade has been on the rise over the whole transition process (see Table 6). Simultaneously the composition of these countries' exports changed. Mainly as a result of new production lines created via foreign direct investment projects, engineering products became the most important item in exports.

Table 6

**CE-5 exports of goods in % of GDP,
selected years**

Country	1990	1995	2000	2005	2008*
Czech Republic	13.4	41.2	51.3	62.7	67.1
Hungary	19.3	33.0	61.7	56.0	68.3
Poland	.	18.4	21.0	31.8	32.8
Slovak Republic	.	44.3	58.4	66.6	75.4
Slovenia	.	44.5	44.3	50.9	53.7

Note: * Estimate.

Source: wiiw Database.

Table 7

**Current account balances in the CE-5
in selected years**

Country	1990	1995	2000	2005	2008
Czech Republic	-1.0	-2.6	-4.8	-1.3	-3.1
Hungary	0.4	-3.7	-8.6	-7.5	-8.4
Poland	.	0.6	-5.8	-1.2	-5.5
Slovak Republic	.	2.6	-3.5	-8.5	-6.6
Slovenia	.	-0.4	-2.7	-1.7	-5.5

Source: wiiw Database.

The rapid modernization in the CE-5 required a continuous inflow of goods, services and capital, the magnitude of which exceeded these countries' capacity to fully compensate the inflows by exports. This appeared in the chronically negative current account balances of the CE-5 economies, as can be seen from Table 7. In the early stage of transition, primarily the negative commodity trade balance explained the current account deficit. In the

more recent stage of transition a new and increasing component has appeared which deteriorates the current account balance, namely the profit realized by foreign-owned companies. The problem is partially a statistical one: while a considerable share of foreign-owned companies' profit is reinvested in the country considered, that part is booked in another segment of the balance of payments data, and not in the current account. The favourable international environment and the ample liquidity of the financial markets made the external financing of current account deficits easily available up until the beginning of the global financial crisis in 2008.

Global financial crisis and transition

The recent global financial crisis poses a challenge to practically all economies of the world. Is that challenge different for the transition countries as compared to other market economies?

The recent crisis started in the US banking sector and then spread to the European banking sector. In the CE-5 countries there had been no functioning commercial banks in the traditional sense before transition started. For this reason the commercial banks of the region are relatively young, and the financial sector itself is far less sophisticated and deep than in Western Europe. This had the positive consequence that the banks concerned possessed hardly any of the poisonous US securities. But another feature of the transition economies, the high share of foreign ownership in the banking sector⁸, proved to be a mixed blessing. Affiliates of foreign mother banks in the CE-5 have been highly profitable in recent years. Their prudential indicators were by no means weaker than those of their western mother banks. However, the mother banks' liquidity bottlenecks in Austria, Italy, Germany, the Netherlands and Belgium from the autumn of 2008 onwards made the situation of the affiliates in the CE-5 very difficult. Besides

⁸ The foreign ownership in total banking assets is close to 100% in the Czech Republic and Slovakia, over 80% in Hungary, close to 70% in Poland and less than 40% in Slovenia.

vanishing liquidity on the domestic market, the danger arose that mother companies might try to solve their problems in their home countries to the detriment of their affiliates in the CE-5 either via re-channelling resources from the daughter to the mother banks or simply cutting off daughter banks from the usual re-financing by mother banks. On top of that, in Hungary and Poland the high share of foreign exchange credits (in Swiss francs or euro) in total credits to households and businesses constitutes an additional risk for the commercial banks. The strong (20-30%) devaluation of the Hungarian and Polish currencies brought about a sharp increase in the debt service that is paid in national currencies, which in turn increases the risk of insolvency and as a consequence deteriorates the involved banks' prudential indicators.

Foreign-owned non-financial companies, holding a position of decisive importance in all CE-5 countries, struggle with remarkable problems as well. Dwindling orders force manufacturers to cut and/or streamline production, part of the work force has become redundant. The companies face strong pressure from politicians to preserve jobs in the home country and thus realize lay-offs in other countries, even if the economic rationale would require the opposite.

Membership in the European Union

Accession to the EU was a very important component of the transition process. It served as a psychological, institutional, legal and political anchor for the CE-5 countries in the early stage of transition. It was clear from the very beginning that the incumbent countries' attitude towards the aspiration of the CE-5 countries for full membership was ambivalent. Highly developed members of the European integration were concerned because of increased and, as feared, possibly unfair competition appearing through fully liberalized imports from the CE-5; the huge difference in levels of development, implying high community budgetary costs emerging in the Common Agricultural Policies and the Structural Policies; and finally, uncontrolled mass immigration from the

potential new members. It took some time before accession negotiations proper began replacing repeated proposals for second best solutions as an alternative to full membership. This reluctant attitude made the aspirant countries rapidly comply with the political, economic, legal and institutional conditions of the so-called Copenhagen criteria. The takeover of the *acquis communautaire* served not only the compliance with the community law but simultaneously contributed to the modernization of the legal systems in the CE-5, especially in those areas where the related high costs would have caused a waiver if it had not been related to EU accession (environmental protection, consumer protection, etc.). The anticipation of full membership triggered a wave of foreign direct investment, as investors became convinced that the completely free flow of capital and goods, and the abolishment of any border control was only a question of time and latecomers would not be able to fully exploit the advantages of operating in a dynamically expanding region in the middle of Europe with about 65 million inhabitants.

Considering the crucial importance of EU accession, we may even afford the statement that transition, at least in the political and symbolic sense, was completed on 1 May 2004, the day of the EU enlargement for ten new members.⁹ However, if we take into account the transitory solutions for the free movement of labour on the side of the EU incumbent countries and the barriers left in place in the purchase of agricultural land on the side of the CE-5, and further the gradual phasing-in of the Common Agricultural Policy related support for the farmers of new member states, fully equal treatment of new member states with old EU members will be accomplished in 2013 when the last transitory regulation has been lifted. Perhaps then, in January 2013, we may lean back and say that the historical venture, transition from planned to market economy, is irrevocably completed.

⁹ Bulgaria and Romania acceded only on January 1, 2007.

Table 8

CE-5: key economic indicators, 2008

	Czech Republic	Hungary	Poland	Slovak Republic	Slovenia	EU-15 ('old' member states)
GDP in EUR at exchange rates, EUR bn	149.1	106.6	361.6	63.7	38.0	11,609.3
GDP in EUR at PPP, EUR bn	211.0	157.4	529.1	93.6	47.6	11,060.6
GDP in EUR at PPP, EU-27=100	1.7	1.3	4.2	0.7	0.4	87.8
GDP in EUR at PPP, per capita	20,200	15,700	13,900	17,300	23,300	28,100
GDP in EUR at PPP per capita, EU-27=100	80	62	55	69	92	112
GDP at constant prices, 1990=100	144.3	140.3	177.4	165.5	169.4	142.0
Industrial production real, 1990=100	132.9	231.4	214.1	151.9	115.9	116.1
Population - thousands, average	10,428	10,038	38,123	5,406	2,040	394,184
Employed persons - LFS, thousands, average	5,003	3,879	15,620	2,438	995	177,527
Compensation per employee*, monthly, in EUR	1,298	1,263	937	1,036	1,952	3,327
Compensation per employee, monthly, EU-27=100	45.3	44.1	32.7	36.2	68.2	116.2
Price level, EU-27 = 100 (PPP/exchange rate)	71.0	68.0	68.0	68.0	80.0	105.0

Notes: * Gross wages plus indirect labour costs.

Abbreviations: GDP = gross domestic product; PPP = purchasing power parity; LFS = labour force survey.

Source: Gligorov, Hunya, Pöschl et al. (2009), p. x.

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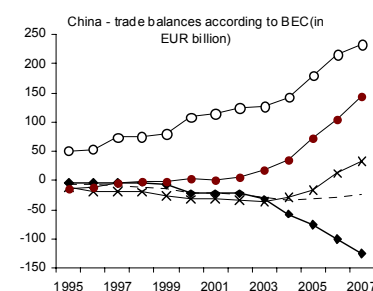
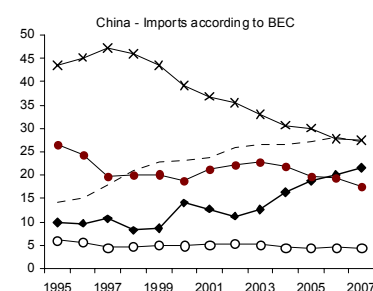
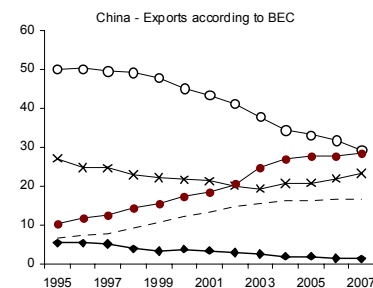
Vertical integration of trade with China

BY ROMAN STÖLLINGER

China has gained the reputation of being the workshop of the world: it is an attractive location for multinational corporations (MNCs) to perform labour-intensive steps of the production process because of the abundant supply of relatively cheap labour. As a consequence, China has become a major platform for re-exports of international firms. The unbundling of the value chain implied by the described off-shoring strategy of MNCs results in the creation of intra-industry trade, that is, countries exchange goods of the same industry but in different stages of production. Countries engaging in this type of trade are then said to be vertically integrated.

A possibility to track the intensity of the vertical trade integration of China is to decompose Chinese trade by broad economic categories (BEC), which include primary goods, semi-finished goods, parts and components, consumption goods and capital goods. The centre of interest in the context of vertical trade integration is the share and development of parts and components (P&C) in total trade. In the case of China, the trade in P&C is clearly on the rise, both in exports and imports (Figure 1). It has a more prominent role, however, in imports, where together with semi-finished goods it is the main economic category, accounting for 27% of total imports. The higher share of P&C in imports is explained by the fact that final assembly in many industries is a labour-intensive process and therefore often located in a low-wage country. For China's trade structure this implies strong imports of P&C and relatively more exports of final goods, particularly consumption goods but increasingly also capital goods. Consumption goods, in turn, are China's most important economic category on the export side, although losing ground to capital goods and P&C. China's trade structure, including the trade balance, confirms China's role as a manufacturing base for re-exports.

Figure 1
China's trade structure according to broad economic categories, 1995-2007
 (in % of total trade in goods, balances in EUR billion)



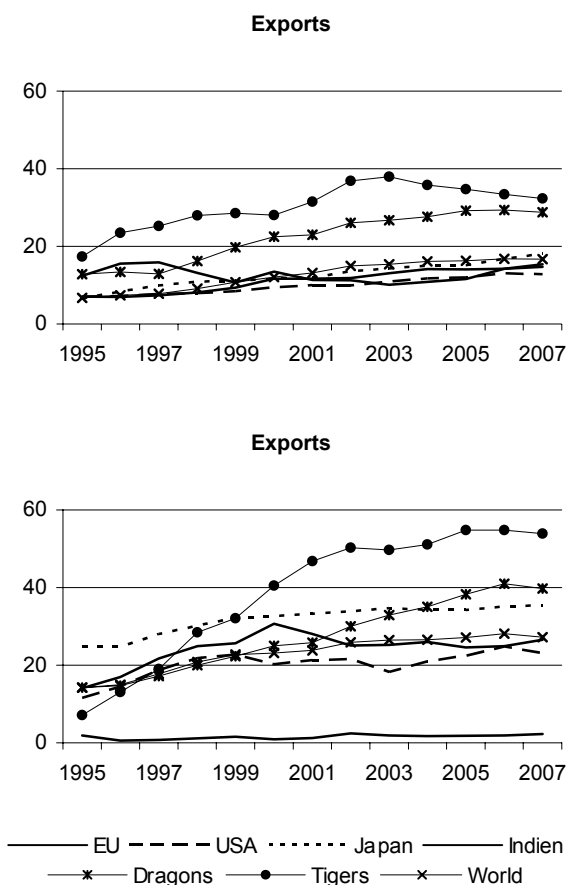
◆ Primary × Semi-finished - - - - Parts & Components
 ○ Consumption ● Capital Goods

Source: UN Comtrade, wiiw calculations.

Using trade with P&C as an indicator for the degree of vertical trade integration, one finds that this form of international division of labour is most advanced in regional trade, i.e. trade between Southeast Asian trading partners (Figure 2). For exports as well as imports, China's trade in P&C is most intensive with the Asian Dragons (Hong Kong, Singapore, South Korea and Taiwan), followed by the Asian Tigers (Malaysia, Philippines, Thailand) and Japan. In comparison to China's Asian trading partners, the EU and the USA seem to make less use of China as a location for assembling and other labour-intensive tasks. This is in line with the

observation that EU foreign direct investment in China (as well as in other BRICs) is mainly market seeking and only to a lesser extent efficiency seeking (see Hunya and Stöllinger, 2009).

Figure 2
China's major trading partners in parts and components, 1995-2007
 (in % of total trade in goods)



Source: UN Comtrade, wiiw calculations.

The strong vertical trade integration in Southeast Asia has been observed by other studies as well, which also find evidence for the existence of an Asian network of intermediate goods suppliers to China (see, e.g., Dean et al., 2008 and Gaulier et al., 2007). With respect to the extent of vertical trade integration between China and the EU, there is evidence that increased trade is not mainly driven by P&C. Whereas many middle-income economies including many European countries increased their market share in the EU and did so by expanding exports in semi-finished goods, P&C and final goods, the increased share of China in

total EU imports is mainly driven by final goods and to a much lesser extent by P&C (see Landesmann and Stehrer, 2009). This leads to the conclusion that vertical integration and off-shoring of individual tasks of the production chain has a geographical component: in the case of the EU, China is not the primary candidate as an off-shoring destination.

The intra-industry trade created by the unbundling of the production process is interrelated with the Revealed Comparative Advantage (RCA) of China. Since the more developed Asian economies including Japan and, to a lesser extent, also the EU and the United States use China as an export platform, a high share of Chinese goods exports are on the account of foreign invested firms (Figure 3) or constitute processing trade. There is a close link between Chinese exports by foreign invested firms and the notion of processing trade because processing trade is carried out largely by foreign invested enterprises.

Chinese data document that since 2002 more than half of Chinese exports can be attributed to the activity of foreign invested firms, with a peak in 2005 when that share increased to nearly 60%. In 2007, the share of foreign invested firms in Chinese exports was still 57%. This high value as such already serves as an indication that the activities of foreign invested firms in China are strongly influencing Chinese trade patterns.

The impact of the activities of MNCs on Chinese foreign trade has to be borne in mind when interpreting export patterns. In the context of competitiveness, it certainly makes a difference whether EU firms lose – or actually relocate – export shares to their Chinese affiliates or whether these market shares are truly lost to ‘genuine’ Chinese manufacturers.

Indeed, much evidence points in the direction that China's bilateral trade balances and RCAs reflect, to a large extent, the comparative advantages and competitiveness of foreign firms exporting out of China. Reflecting shifts in RCAs that have occurred over the past twelve years, the EU's and the United

States' bilateral trade deficits with China are no longer the result of negative balances in labour-intensive industries but are increasingly due to a negative balance in technology-driven industries (Figure 4). In 2007, the EU and the United States both ran the largest deficit in trade with China in the exchange of goods attributed to technology-driven industries.

In order to get an idea of what might drive the development of the trade balances in technology-driven industries and underlying RCAs, a comparison between Chinese (global) RCAs in technology-driven industries and the importance of foreign invested firms in these Chinese industries is endeavoured. As a geographical split-up of foreign invested firms operating in China is not available, this type of comparison can only be made for China's aggregate trade. Chinese industry data allow for a calculation of the share of foreign invested firms in total industry output in several industries or industry clusters. For the NACE industries most relevant for technology-driven industries (NACE 30 and NACE 32-35), the share of foreign invested firms in total industry output can be calculated for the computer and electronics cluster (including NACE divisions 30, 32 and 33) and for manufactures of transport equipment (including NACE divisions 34 and 35). The RCAs of the technology-driven industries within these NACE divisions¹ show that, although far from giving a perfect match, the RCAs that China occupies in technology-driven industries are found in the computer and electronics cluster where foreign firms account for the bulk, 82%, of total industry output² (Figure 5). In contrast, China still maintains a revealed comparative disadvantage in the manufacture of vehicles (341) and manufacture of

aircraft and spacecraft (353), the two technology-driven industries within the transport industry where the share of output of foreign invested firms, although still considerable, is much lower (45%) than in the computer and electronics cluster. Assuming that foreign invested firms export a higher rather than a lower share of their output, we read this as evidence that China's improving RCAs in technology-driven industries are to a large extent driven by the exporting activities of foreign invested firms. This in turn means that the technological upgrading of 'genuine' Chinese exports may have been less pronounced than suggested by the RCAs of trade statistics.

This result also fits well with the finding of other studies that processing trade is not only carried out predominantly by foreign-invested companies but also concentrated within technologically relatively advanced products (Dean et al., 2009). Estimates suggest that 25-46% of every dollar's worth of Chinese merchandise exports are made up by previously imported intermediate inputs. The share of the foreign content varies considerably from industry to industry, with the highest shares found in electronic computers, telecommunication equipment, computer peripheral equipment, electronic elements and devices, radio/TV/other communication equipment. As can be seen from Figure 5, these industries coincide with those for which RCAs are indicated for China.

Previous analyses of 'genuine' Chinese exports, that is excluding exports by foreign invested firms, suggest that their skill content has not changed substantially: in some sense China is continuing to specialize mainly in labour-intensive goods (Amiti and Freund, 2008). Certainly, when analysing bilateral trade figure between countries, total exports must be considered, because from a balance of payments perspective the ownership status of exporting firms does not matter. It is, however, interesting to see that a considerable part of China's economic activity in manufacturing is on the account of foreign owned firms and that these may influence the developments of revealed comparative advantages.

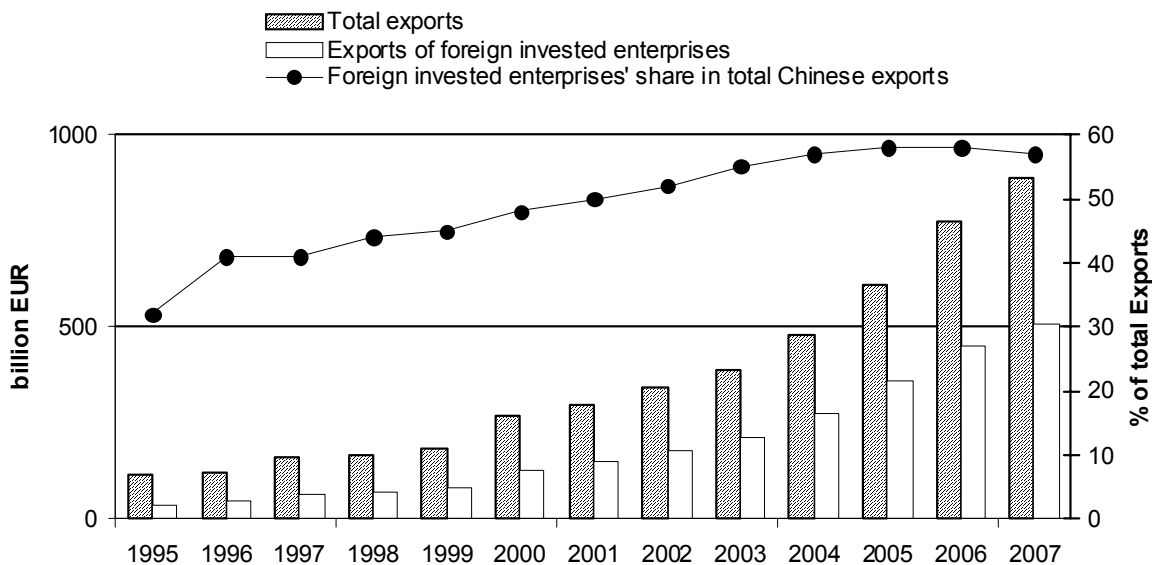
¹ The classification used here is based on 3-digit NACE industries, whereas the share of foreign firms in total Chinese industrial output is available on the level of 2-digit NACE industries or clusters thereof.

² The technology-driven industries in the computer and electronics cluster where China has a comparative advantage in trade with the world are office machinery and computers (300), manufacture of TV and radio transmitters (322) and manufacture of TV and radio receivers (323).

Figure 3

Total Chinese goods exports and Chinese goods exports of foreign invested firms

(share in percentage – right scale)

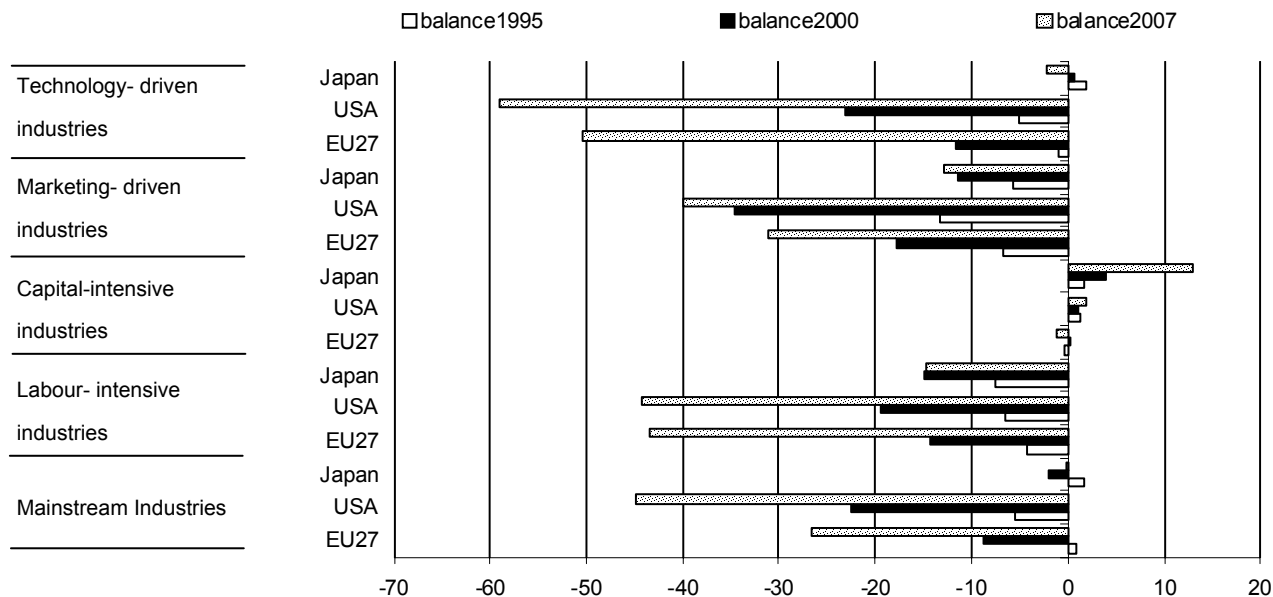


Source: China Statistical Yearbook (2008).

Figure 4

Bilateral trade balances of the EU, Japan and the USA with China, EUR billion

(industries classified by factor inputs)*

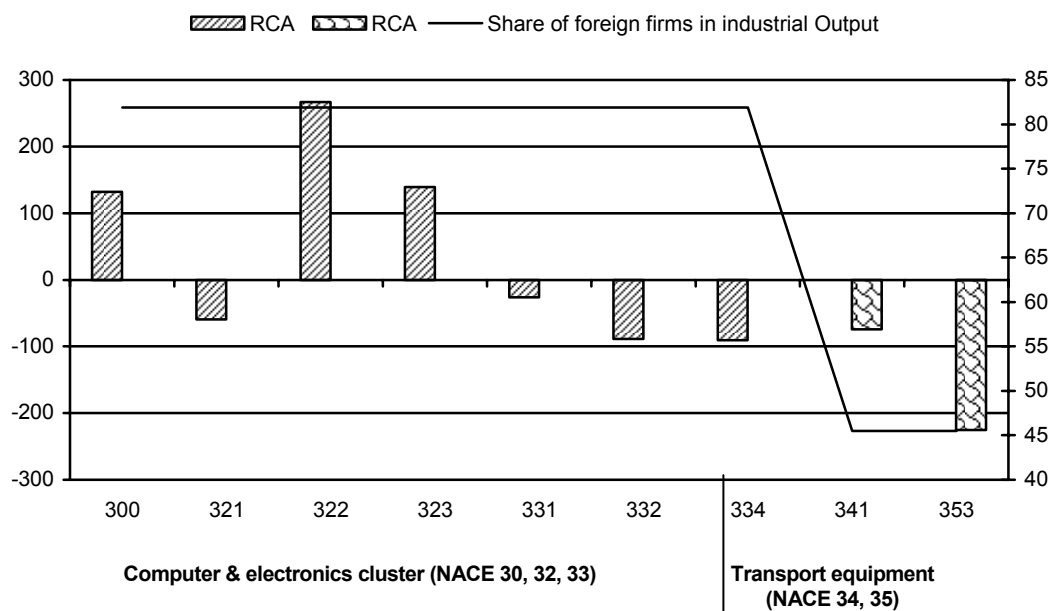


* Industry classification according to Peneder (2003).

Source: UN Comtrade, wiiw calculations.

Figure 5

RCAs of China in technology-driven goods and share of foreign firms in total Chinese industrial output for the respective industry (right scale), 2007
(in % of total)



Source: UN Comtrade, China Statistical Yearbook (2008).

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FDI-related profits in the EU: do host countries lose due to FDI?

BY GÁBOR HUNYA

The 'wiiw Database on FDI 2009' (published in May 2009) contains a short presentation of the use of FDI-related income by foreign investors. Seeing that investors' profits grew with time and that investors repatriated an increasing share of profits, the problem of net effects to the balance of payments has been raised. This paper broadens the scope of the countries and extends the time series backwards. The survey covers 25 of the present EU members (Malta and Cyprus are excluded) for the period 1997-2007.¹ We distinguish between two groups: the old member states (EU-15), which feature significant FDI both in the country and abroad; and the new member states (NMS) of Central and Eastern Europe, which have attracted substantial FDI but have little investment abroad.

Rate of return on FDI stocks

FDI-related income per FDI stocks indicates the rate of return on FDI. It can be calculated for both the inward and the outward FDI of a country or a group of countries. The rate of return on both outward and inward FDI was higher in 1997-1999 (about 5%) than in the subsequent three years 2000-2002 (about 4%), it recovered in 2003-2004 (5%) and reached record high levels in 2005-2007 (6%). The synchronized trends for both directions of FDI denotes the significance of the business cycle, most obviously in 2000-2001, the years of the 'dot-com' crisis, when the value of FDI stocks increased more modestly than before and profits suffered a decline. In boom periods both FDI stocks and profits are soaring. (Stocks increase not only by adding new flows but also due to revaluation of previous stocks at 'present value'.) In the NMS the rate of return has been higher than in

the EU-15 on inward and, since 2004, also on outward FDI. The rate of income on inward FDI was only one percentage point above the EU-25 average until 2004 but in later years it outpaced the developed countries and reached 10-12% while in the EU-15 it dwelled below 6%. This high rate of return on the invested capital can in itself explain the favourite position of the NMS as investment targets.

Among the EU-15 the main investor countries share the same development of FDI-related income over time, but they show significant differences concerning its level. Such difference characterize both the inward and the outward FDI-related income, although the rates usually differ between the two directions. Very low rates are observed for France, Belgium and Italy (about 2%); Germany and Spain are in the middle range with 4%. As much as 8-12% have been recorded by the UK, Denmark, Sweden, Finland as well as by several NMS. Other countries such as the Netherlands, Slovenia and Slovakia lie in between these two groups. In the NMS and Ireland the rate of return on inward FDI is significantly higher than on outward FDI (except Lithuania), in case of other countries the two rates are similar. According to this observation, Anglo-Saxon and Scandinavian countries report higher profit rates than Germanic countries, and Latin countries report even lower rates. One cannot provide any good explanation although differences in taxation are the general suspect. As multinationals are able to shift profits from high-tax to low-tax countries, they report profits in the place where they would pay the lowest tax. This means that they would declare profits in their home country if taxes are low. Another explanation may be the composition of FDI: the income on manufacturing investments has generally been lower than on financial and other services investments. The latter make up about two thirds of the FDI stocks in a number of countries such as in Scandinavia, the UK and Estonia, which could explain the higher profit rates in these countries.

¹ Source of data: IMF Balance of Payments statistics (recording data in current USD). Data were downloaded through www.fiw.ac.at and are subject to availability.

Repatriation or re-investment?

The income of the investor is accrued in two forms: income on equity and interest on intercompany loans. Income on equity, i.e. the profits earned by the foreign investor, can again be used in two forms: it can either be distributed and repatriated to the home country or reinvested in the host country. The rate of reinvestment is the share of reinvested profit in total equity-related income. It is in the interest of the host country to have a high reinvestment rate. For the investor it is a matter of business interest and of corporate governance considerations what proportion of the profit he leaves to the discretion of the subsidiaries abroad. The reinvestment rate can be even negative in years when more profit is distributed from reserves than earned in that specific year. This happened in the crisis years 2000-2002 in France, Germany and Denmark. Incomplete statistics may also have such an effect, such as in Poland before 2004. The reinvestment rate may also be higher than 100% if profits are returned to the country following years of exaggerated repatriation.

In the NMS, the reinvestment rate was in the range of 40-50% for the whole period except 1997 and 2004 when it was higher. In the EU-15 the reinvestment rate was lower and less stable. It fell back in 2001 and 2002 while reaching a peak of 40% in 2000 and 2007. The 'dot-com' crisis was thus heavily felt and in several instances repatriation was higher than the profits earned. In the NMS there was just a small setback in the reinvestment rate in 2002. In the period 2005-2007 the reinvestment rate was stable in the NMS at 47% while it was on the rise in the EU-10 from 26% to 40%. Higher reinvestment rates in the NMS went along with higher profit rates as characteristic of a region with rapidly expanding FDI. Among the NMS, the Baltic states usually showed higher reinvestment rates than the rest of the countries. Slovakia and Hungary had the lowest rates in the period 2005-2007. Under the current financial and economic crisis, another setback of FDI-related income and of FDI is expected together with higher rates of repatriation similar or even more severe than during the dot-com crisis.

Net balance of payments effect of inward FDI

Repatriated profits (dividends and distributed branch profits) of investors in the host country are usually smaller than the inflow of FDI in the country. This means that the direct balance of payments effect of inward FDI flows is positive. But in special circumstances, usually in crisis years, investors may take out more profits than what they invest in the country. This was the case in Austria in the years 2002 and 2006, in Finland in 2004, in Greece in 2005, in the Netherlands in 2004 and 2006, and in Portugal in 2004 and 2007. This full list of such instances in the period 1997-2007 demonstrates that a direct negative impact of FDI on the balance of payments is quite unusual and it does not last for several consecutive years.

A special case is the situation when FDI inflow is negative while profits keep flowing out such as in Ireland in 2004, 2005 and 2006. In addition, 1997, 1998 and 2001 were years when the FDI inflow was smaller than the repatriated profit. This sheds new light on Ireland's success story of receiving FDI; high inflows lasted until 2003 and profit repatriation has generally been large. In the last five-year period the FDI inflow was negative in four years including 2008. (See last section on the current situation.)

The new member states suffered still relatively small amounts of profit repatriation in comparison to the FDI inflows. There was no country with a negative balance of payments effect, but in some instances profit repatriation almost equalled the FDI inflow: in the Czech Republic in 2006, Lithuania in 2003, and Slovakia in 2007. Hungary recorded a positive effect every year according to the IMF statistics, which include the huge FDI inflows of special purpose entities (SPEs). These enterprises book relatively small profits and repatriate relatively less than other companies. If we take the Hungarian National Bank statistics without the SPEs, with less FDI inflow and little difference from SPE-inclusive data in terms of profit repatriation, the net effect of FDI on the balance of payments was negative in 2007 and 2008. Slovak national

statistics show a similar picture for the last two years.

Balance of payments effects of net FDI

Most countries have not only inward but also outward investments and they not only pay dividends but also accrue dividends. As a result of the relationship between net FDI and net income balance, one gets an impression of the total net effect of FDI. Net FDI of advanced countries such as the UK, Germany and the Netherlands often changes signs as investments flow in and out of the country in great amounts and either the one or the other is larger in a certain year. Some countries switch from net receivers to net suppliers of FDI. Ireland was in the past a net receiver of FDI, but turned into a net investors in the 2000s. A change in the other direction has also occurred, such as in the case of Finland. The NMS are all net receivers of FDI with increasing net inflow up until the current global crisis. The only exception has been Slovenia, which has experienced small inflows and from time to time higher outflows than inflows. The statistical problem related to the SPEs in Hungary and also other countries disappears in terms of net flows as SPE investments usually go in both ways in almost equal amounts.

The net flow of dividends and distributed profits has more stable characteristics than FDI flows. The UK, the Netherlands as well as France and Germany book large net inflows in most years while Ireland, Belgium and Luxembourg show significant income outflows. Spain and more recently also Austria changed from net outflow to net inflow. The NMS all have net outflows of increasing amounts close to the amount of gross outflow of profits as their income on outward investments is very modest.

The net balance of payments effect of FDI can be calculated by subtracting the net amount of dividends and distributed profits from the net amount of FDI inflows (see Figure 1). Advanced countries again show several changes in sign but years with net negative effect are more frequent than those with positive balance of payments effects. Austria changed from positive to negative

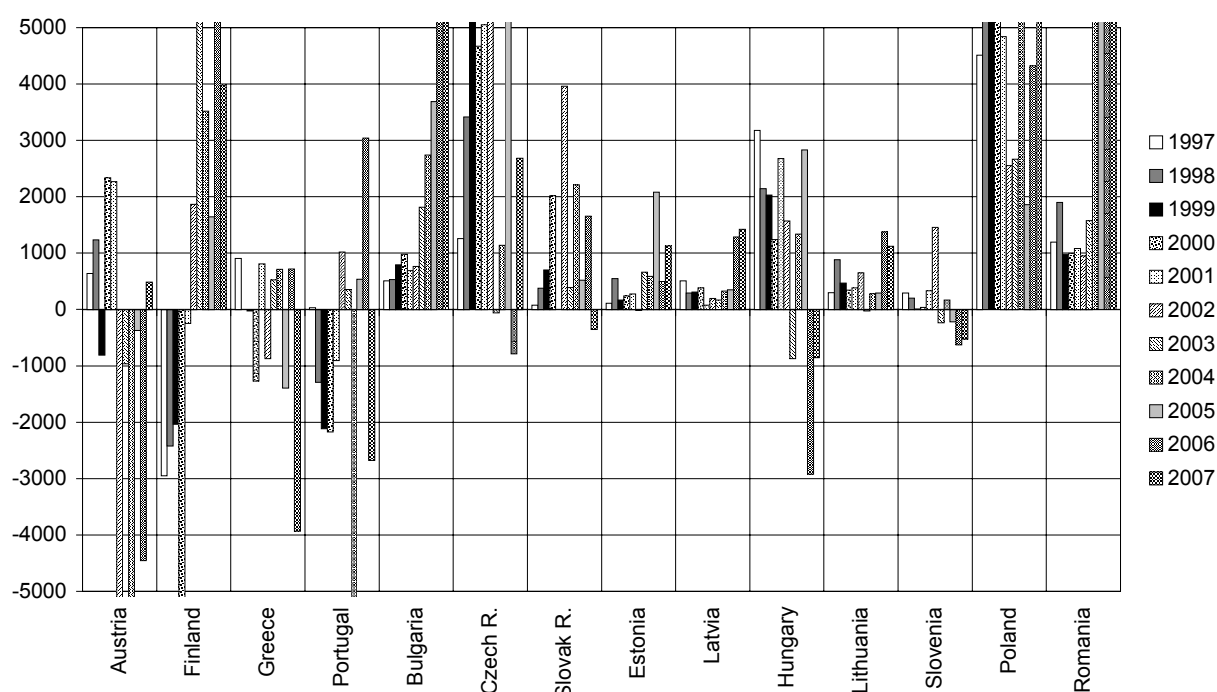
in the 2000s, turning positive again only in 2007. Finland, on the other hand, changed from a negative to a positive position. Among the NMS the net positive position predominates, but there are significant exceptions. During the 11 years under consideration, one year with a net negative effect occurred in Slovakia and Lithuania, in the case of the Czech Republic two years, in Hungary three years and in the case of Slovenia four years. In general, less advanced NMS with a more recent start of massive FDI inflows, almost no outward FDI, and still low profits and dividends, are net gainers. More advanced NMS have a longer period of FDI inflows thus investors earn and repatriate more profits. At the same time, these countries have also started outward FDI activities lately earning and repatriating still small amounts of profits. As a net effect, more advanced NMS have frequently net direct balance of payments losses on FDI.

In sum, a negative net balance of payments effect is no special characteristic of the NMS. It is just as wide-spread among the advanced countries including Austria. The problem may become more serious if the negative impact hits a country with large current account deficits. But this is usually not the case. Among the NMS the case of Hungary seems somewhat problematic, as the country has also a high burden of interest payments and thus a current account deficit larger than the other more advanced countries among the NMS.

In the above observations the word 'direct' was included for the balance of payments effects because indirect effects of FDI influence also other positions in the current account. Most notably, the trade balance is to a significant extent the product of foreign affiliates. These are in general more export-oriented than domestic companies but may also imply more imports. In the early stages of a country receiving FDI, the import-boosting effect predominates, especially if FDI goes into domestic market-oriented services such as trade. At a later stage, manufacturing FDI becomes more export-oriented and produces the bulk of exports. As a

Figure 1

Net FDI minus net repatriated profit in NMS and small EU members, USD million



Source: See footnote 1.

result of the activity of foreign affiliates, the trade balance of the Czech Republic and Hungary turned positive with rest of the EU. The negative direct effect of FDI on the balance of payments has thus been compensated by a positive trade effect.

Directions of change during the current crisis in the NMS

The year 2008 (latest data available) was under the impact of the global crisis for just one quarter. Compared with the previous year, FDI to the NMS was flat on the whole, with declines in the Baltics and in Bulgaria compensated by the boom in Romania. The decline in Poland is attributable to data being preliminary. We expected FDI to decline to half its level in 2009 compared to the previous year. Half-year result are available and confirm this expectation. Half-year data are, however, not useful for estimating the year as a whole, as profit repatriation takes place in the second quarter and new investments are often completed at the end of the year. We do not attempt to extrapolate half-

year trends but to compare them with the previous year.

Changes in the first half of 2009 as compared to the same period in 2008 can be summarized as follows:

- FDI inflows declined in all countries, least so in Lithuania. They more than halved in Poland and Romania and decreased even more significantly elsewhere.
- The FDI inflow was negative in Slovakia, Hungary and Latvia. This was due to a negative position in the reinvested income, while equity investment stayed positive. Negative reinvestment is not unusual as investors often transfer home more profits in the second quarter than earned, and part of this would return during the rest of the year. Still it is important to see that in times of crisis foreign investors withdraw cash. They usually do not close down their subsidiaries and equity investments remain positive, but new investments are rare and profits are redistributed among subsidiaries.

Table 1

FDI inflows to and outflows from the NMS in 2007-2009

		2007	2008	2008 January-June	2009
Bulgaria	FDI inflow, EUR mn	8595.8	6549.0	3229.9	1534.7
	FDI outflow, EUR mn	206.2	485.3	475.7	46.1
Czech R.	FDI inflow, EUR mn	7667	7356	3527	1709
	FDI outflow, EUR mn	1187	1299	544	1291
Estonia	FDI inflow, EUR mn	1963.0	1392.0	787.4	188.4
	FDI outflow, EUR mn	1152.0	697.0	423.0	380.4
Hungary	FDI inflow, excl. SPE, EUR mn	4429.2	4363.6	742.3	-204.4
	FDI outflow, excl. SPE, EUR mn	2728.8	1162.8	-500	635.7
Latvia	FDI inflow, EUR mn	1656.0	921.0	768.2	-84.1
	FDI outflow, EUR mn	237.0	144.0	121.8	-14.3
Lithuania	FDI inflow, EUR mn	1473.0	1223.0	484.9	446.7
	FDI outflow, EUR mn	437.0	229.0	153.4	50.9
Poland	FDI inflow, EUR mn	16672	11391	6455	3693
	FDI outflow, EUR mn	3500	2478	1320	780
Romania	FDI inflow, EUR mn	7271	8593	5076	2993
	FDI outflow, EUR mn	206	-188	-149	-5
Slovakia	FDI inflow, EUR mn	2108	2395	397	-387
	FDI outflow, EUR mn	149	177	35	318
Slovenia	FDI inflow, EUR mn	1106.5	1313.4	547.1	44.6
	FDI outflow, EUR mn	1316.7	932.4	574.9	432.5

Source: wiiw Database including national statistics.

- FDI outflows did not decline in the same way as inflows. They were larger than in the previous year from the Czech Republic, Hungary and Slovakia. They were higher than FDI inflows in the case of Estonia, Hungary, Slovakia and Slovenia, thus these countries had a positive net FDI position – a characteristic usually found only in the case of more advanced countries. NMS companies may have found it necessary to diversify their activity geographically in response to the crisis.

Profits and dividends were relatively high in the first half of 2009 based on the still good business in the previous year. These were paid in the second quarter while new investments were finalized in the

fourth, thus the repatriated amount was disproportionately high. But Hungary shows a relative increase of repatriation compared with the previous year. Equity-related FDI income of inward investors declined by 25% compared to the first half of 2008, but the amount of repatriated profits remained almost the same in absolute euro terms. This means that investors increased the rate of repatriation. In addition they repatriated also profits accumulated earlier which resulted in negative reinvestments in the country. Low rates of GDP growth in previous years and a large contraction of consumption and investments in 2009 may explain why investors withdraw capital. The amount of repatriated profit increased also in the Czech Republic and was 80% higher than the amount of

FDI inflows in the first half of 2009. Poland, however, is a positive example. Reinvested earnings were negative in the first half of 2008 but highly positive in the first half of 2009. While in the previous half-year almost all profits were repatriated, in 2009 that share was only 56%. This may be related to the exceptionally good economic performance, the positive GDP growth in this country.

While the NMS in general booked some losses due to FDI, this has not endangered the sustainability of

the balance of payments in 2009. Current account deficits shrank everywhere as trade deficits contracted and financing became less available. Net exports mostly had a positive effect on the balance of payments and on GDP as imports contracted more than exports. The activity of foreign affiliates may have contributed to the improvement of the trade balance. The net effect of FDI did not make deficit financing easier, in some cases it even aggravated the adjustment needs and the contraction of GDP.

STATISTICAL ANNEX

Selected monthly data on the economic situation in Southeast Europe, Russia and Ukraine

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
PMchange	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion
BGN	Bulgarian lev
CZK	Czech koruna
EUR	euro, from 1 January 1999
EUR-SIT	Slovenia has introduced the euro from 1 January 2007
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
RON	Romanian leu
RUB	Russian rouble
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar
M0	currency outside banks / currency in circulation (ECB definition)
M1	M0 + demand deposits / narrow money (ECB definition)
M2	M1 + quasi-money / intermediate money (ECB definition)
M3	broad money

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

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A L B A N I A: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
LABOUR																	
Employment, end of period	th. persons	969.9	.	.	974.1	.	.	972.9	.	.	972.8	.	.	.	.	.
Employment, end of period	CMPY	103.6	.	.	103.7	.	.	103.6	.	.	100.7	.	.	.	.	.
Unemployment, reg., end of period	th. persons	140.1	.	.	141.5	.	.	141.3	.	.	141.3	.	.	.	.	.
Unemployment rate, registered	%	12.6	.	.	12.7	.	.	12.7	.	.	12.7	.	.	.	.	.
PRICES																	
Consumer	PM	1.1	0.1	-0.1	0.9	0.4	0.7	0.6	-0.1	-0.8	-0.6	-0.7	0.7	0.8	0.4	0.4	
Consumer	CMPY	2.7	2.8	2.6	2.2	2.1	1.9	1.6	1.9	2.1	2.3	2.2	2.2	1.9	2.3	2.8	
Consumer	CCPY	3.7	3.6	3.5	3.4	2.1	2.0	1.8	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.1	
Producer, in industry	PM	0.6	-1.0	0.0	0.0	-2.3	0.1	0.2	-0.3	0.0	-0.1	0.8	-0.2	0.2	.	.	
Producer, in industry	CMPY	7.2	4.1	4.2	4.2	-0.8	-1.4	-1.3	-2.1	-2.5	-3.1	-2.0	-1.9	-2.3	.	.	
Producer, in industry	CCPY	7.3	7.0	6.7	6.5	-0.8	-1.1	-1.2	-1.4	-1.6	-1.9	-1.9	-1.9	-1.9	.	.	
FOREIGN TRADE¹⁾²⁾																	
Exports total (fob), cumulated	EUR mn	708	786	860	917	53	111	172	232	295	367	441	496	567	638	.	
Imports total (cif), cumulated	EUR mn	2571	2917	3232	3582	222	482	739	998	1284	1552	1836	2093	2398	2672	.	
Trade balance, cumulated	EUR mn	-1862	-2130	-2372	-2665	-169	-371	-566	-766	-989	-1186	-1395	-1598	-1831	-2034	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-862	-1018	-1146	-1319	-120	-246	-333	-473	-616	-704	-822	-949	-1035	.	.	
EXCHANGE RATE																	
ALL/USD, monthly average	nominal	85.65	92.82	96.84	90.96	94.62	100.65	100.50	98.83	96.80	93.60	92.08	91.89	92.05	92.42	92.34	
ALL/EUR, monthly average	nominal	123.05	123.13	123.29	123.18	125.18	128.79	130.67	130.46	132.05	131.18	129.66	131.01	133.94	136.90	137.70	
USD/ALL, calculated with CPI ³⁾	real, Jan04=100	117.5	109.6	107.0	116.3	111.7	105.1	105.7	107.1	108.2	110.3	111.5	112.2	112.8	112.7	113.1	
USD/ALL, calculated with PPI ³⁾	real, Jan04=100	111.2	107.4	108.6	119.6	112.1	106.7	107.8	108.7	110.2	111.3	114.9	113.4	114.0	.	.	
EUR/ALL, calculated with CPI ³⁾	real, Jan04=100	107.6	107.6	107.8	109.0	108.4	105.6	104.3	104.1	101.9	101.7	102.6	101.9	100.5	98.5	98.1	
EUR/ALL, calculated with PPI ³⁾	real, Jan04=100	110.6	110.3	112.2	114.2	110.3	107.6	106.8	107.6	106.2	106.6	109.3	107.5	105.7	.	.	
DOMESTIC FINANCE																	
M0, end of period	ALL bn	152.7	165.3	173.3	195.8	196.7	200.2	201.0	202.8	202.2	207.6	209.7	207.9	202.4	.	.	
M1, end of period	ALL bn	228.0	239.7	250.1	282.9	275.4	272.4	272.0	275.3	275.7	282.6	288.8	287.5	276.1	.	.	
M2, end of period	ALL bn	820.4	806.6	800.4	815.7	816.7	810.9	805.4	810.6	816.4	819.4	821.5	845.0	843.5	.	.	
M2, end of period	CMPY	14.6	12.2	11.7	7.2	7.6	6.4	6.7	6.7	7.7	5.9	4.4	4.5	2.8	.	.	
NB base rate (p.a.), end of period	%	6.3	6.3	6.3	6.3	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.3	.	
NB base rate (p.a.), end of period ⁴⁾	real, %	-0.9	2.0	1.9	1.9	6.6	7.2	7.1	8.0	8.5	9.2	7.9	7.8	8.3	.	.	
BUDGET																	
General gov. budget balance, cum.	ALL bn	-8395	-16786	-21894	-57518	1459	-3452	-3753	-9847	-20286	-32956	-39919	-47477	-47421	.	.	

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

2) Cumulation starting January and ending December each year.

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

4) Deflated with annual PPI.

B O S N I A and H E R Z E G O V I N A: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	11.6	10.6	14.8	40.9	-9.2	-6.3	4.5	6.0	-2.5	-0.4	-0.8	-2.3	-3.0	-1.5	.	
Industry, total ¹⁾	real, CCPY	7.0	7.4	8.1	11.0	-9.2	-6.1	-2.5	-0.4	-0.8	-0.7	-0.7	-1.0	-1.2	-1.2	.	
Industry, total ¹⁾	real, 3MMA	9.2	12.3	22.1	15.5	8.5	-3.7	1.4	2.7	1.0	-1.2	-1.2	-2.0	-2.3	.	.	
LABOUR																	
Employees ²⁾	th. persons	709.3	709.5	709.6	706.8	704.3	704.4	698.5	698.3	698.0	698.4	697.0	695.2	694.1	694.0	.	
Employees ²⁾	CMPY	102.1	102.1	102.4	101.3	100.9	100.7	99.5	99.2	99.1	98.6	98.4	98.2	97.9	97.8	.	
Unemployment, reg., end of period ³⁾	th. persons	480.3	477.6	479.3	483.3	488.5	491.7	493.3	493.2	490.8	492.7	497.0	500.7	502.2	.	.	
Unemployment rate, registered	%	40.4	40.2	40.3	40.6	41.0	41.1	41.4	41.4	41.3	41.4	41.6	41.9	41.9	.	.	
WAGES, SALARIES																	
Total economy, gross	BAM	1148	1155	1149	1183	1191	1206	1203	1210	1198	1208	1207	1195	1197	.	.	
Total economy, gross	real, CMPY	9.4	10.1	9.1	13.2	16.4	11.7	11.2	10.6	8.6	11.1	8.1	7.2	5.8	.	.	
Total economy, gross	EUR	587	591	587	605	609	617	615	619	613	618	617	611	612	.	.	
PRICES																	
Consumer	PM	0.1	0.7	-0.6	-0.6	-0.1	-0.1	-0.1	-1.2	-0.1	0.1	0.7	-0.2	0.1	0.7	.	
Consumer	CMPY	8.8	7.3	5.5	3.8	2.3	1.8	0.7	0.0	-1.0	-1.9	-1.2	-1.5	-1.5	-1.4	.	
Consumer	CCPY	8.1	8.0	7.8	7.4	2.3	2.1	1.6	1.2	0.8	0.3	0.1	-0.1	-0.3	-0.4	.	
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	2632	2930	3206	3433	197	409	635	852	1071	1306	1571	1804	2069	2330	.	
Imports total (cif), cumulated	EUR mn	6446	7235	7864	8465	421	903	1431	1984	2501	3049	3607	4100	4661	5236	.	
Trade balance, cumulated	EUR mn	-3814	-4305	-4659	-5033	-224	-493	-796	-1131	-1430	-1742	-2036	-2296	-2592	-2906	.	
Exports to EU-27 (fob), cumulated	EUR mn	1464	1631	1783	1894	116	232	354	467	583	719	852	968	1121	1265	.	
Imports from EU-27 (cif), cumulated	EUR mn	2965	3371	3695	3996	205	457	715	977	1231	1500	1815	2045	2314	2607	.	
Trade balance with EU-27, cumulated	EUR mn	-1501	-1740	-1912	-2102	-89	-225	-361	-510	-648	-782	-963	-1078	-1193	-1342	.	
FOREIGN FINANCE																	
Current account, cumulated ⁴⁾	EUR mn	-1398	.	.	-1879	.	.	-167	.	.	-436	.	.	.	.	.
EXCHANGE RATE																	
BAM/USD, monthly average	nominal	1.362	1.464	1.537	1.457	1.468	1.531	1.502	1.480	1.437	1.395	1.389	1.370	1.344	1.321	1.313	
BAM/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	
USD/BAM, calculated with CPI ⁶⁾	real, Jan04=100	113.9	107.8	104.0	110.3	108.8	103.6	105.3	105.2	108.0	110.5	111.8	112.9	115.1	117.8	.	
EUR/BAM, calculated with CPI ⁶⁾	real, Jan04=100	104.4	105.1	104.8	104.4	104.9	104.3	103.8	102.2	101.9	101.8	103.0	102.5	102.6	103.1	.	
DOMESTIC FINANCE																	
M0, end of period	BAM mn	2131	2279	2139	2302	2083	2063	2016	2105	2015	1988	2035	1999	1980	1968	.	
M1, end of period	BAM mn	6198	6045	5876	5995	5730	5662	5562	5529	5590	5606	5604	5704	5661	5605	.	
M2, end of period	BAM mn	13372	12696	12577	12702	12472	12487	12406	12381	12412	12381	12473	12626	12643	12657	.	
M2, end of period	CMPY	14.7	7.3	5.8	4.0	2.3	2.0	0.3	-1.5	-2.2	-2.9	-4.3	-4.5	-5.5	-0.3	.	

1) Federation of B&H and Republic Srpska weighted by wiiw.

2) Sum of employees in Federation of B&H, Republic Srpska and District Brcko, calculated by wiiw.

3) Sum of unemployed persons in Federation B&H, Republic Srpska and District Brcko, calculated by wiiw.

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 more than 100 mean real appreciation.

C R O A T I A: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total ¹⁾²⁾	real, CMPY	3.0	-0.7	-3.5	-1.5	-14.1	-12.4	-6.6	-7.1	-7.3	-13.7	-9.0	-8.3	-9.6	-8.6	.	
Industry, total ¹⁾²⁾	real, CCPY	2.9	2.5	1.9	1.6	-14.1	-13.3	-10.9	-9.9	-9.4	-10.2	-10.0	-9.8	-9.7	-9.6	.	
Industry, total ¹⁾²⁾	real, 3MMA	-0.7	-0.5	-1.9	-6.4	-9.3	-11.0	-8.7	-7.0	-9.4	-10.0	-10.3	-9.0	-8.8	.	.	
Construction, total, effect. work. time ¹⁾²⁾	real, CMPY	18.0	10.6	7.8	16.1	-5.6	-1.9	6.1	-4.3	-5.0	-5.4	-6.3	-7.1	-9.4	.	.	
LABOUR																	
Employment total	th. persons	1267.4	1262.9	1257.2	1247.6	1234.4	1227.0	1224.4	1223.9	1225.8	1228.0	1227.0	1222.4	1214.3	1206.6	.	
Employees in industry	th. persons	294.7	294.4	293.3	290.6	266.4	264.5	262.7	260.4	258.6	257.2	255.9	254.5	252.5	251.5	.	
Unemployment, reg., end of period	th. persons	222.2	228.5	233.7	240.5	254.3	262.8	267.2	263.8	256.3	247.1	248.6	251.0	259.2	273.3	282.9	
Unemployment rate, registered	%	12.6	12.9	13.2	13.7	14.3	14.8	15.0	14.8	14.4	14.0	14.0	14.2	14.7	15.5	16.0	
Labour productivity, industry ¹⁾²⁾	CCPY	4.3	4.1	3.7	3.5	-7.5	-6.2	-3.4	-2.1	-1.3	-2.0	-1.5	-1.1	-0.9	-0.6	.	
Unit labour costs, exch. r. adj.(EUR) ¹⁾²⁾	CCPY	4.2	4.6	4.6	5.2	10.1	6.0	4.3	2.8	1.7	3.1	2.7	2.2	1.7	.	.	
WAGES, SALARIES																	
Total economy, gross	HRK	7526	7621	7829	7868	7709	7597	7816	7700	7749	7806	7718	7627	7569	.	.	
Total economy, gross	real, CMPY	2.7	1.4	-0.6	5.4	1.3	-0.7	1.7	0.2	-1.0	2.2	0.6	0.3	-0.4	.	.	
Total economy, gross	EUR	1056	1065	1096	1093	1047	1022	1052	1038	1053	1069	1055	1042	1035	.	.	
Industry, gross ²⁾	EUR	984	1004	1000	1027	932	905	941	922	948	976	972	933	934	.	.	
PRICES																	
Consumer	PM	0.2	-0.1	-0.1	-0.6	1.2	0.6	0.2	0.8	0.0	0.1	-0.7	-0.1	-0.2	0.1	0.4	
Consumer	CMPY	6.4	5.9	4.7	2.9	3.4	4.2	3.8	3.9	2.7	2.1	1.2	1.5	1.0	1.3	1.8	
Consumer	CCPY	6.6	6.6	6.4	6.1	3.4	3.8	3.8	3.8	3.6	3.4	3.0	2.9	2.6	2.5	2.4	
Producer, in industry ²⁾	PM	-0.1	-1.1	-1.5	-1.3	-0.1	0.2	-1.2	0.5	0.6	0.9	0.6	0.8	-0.7	-0.2	0.1	
Producer, in industry ²⁾	CMPY	10.3	8.8	6.5	4.7	1.8	1.8	-0.1	-0.1	-0.7	-1.0	-2.8	-1.8	-2.3	-1.4	0.2	
Producer, in industry ²⁾	CCPY	9.1	9.0	8.8	8.4	1.8	1.8	1.1	0.8	0.5	0.3	-0.2	-0.4	-0.6	-0.7	-0.6	
FOREIGN TRADE³⁾⁴⁾																	
Exports total (fob), cumulated	EUR mn	7271	8069	8870	9581	516	1242	1894	2537	3181	3758	4414	4926	5595	6225	.	
Imports total (cif), cumulated	EUR mn	15958	17773	19343	20816	1040	2263	3711	5047	6330	7663	8979	10055	11404	12732	.	
Trade balance, cumulated	EUR mn	-8687	-9704	-10474	-11235	-524	-1021	-1817	-2510	-3149	-3904	-4565	-5128	-5809	-6506	.	
Exports to EU-27 (fob), cumulated	EUR mn	4389	4903	5407	5843	301	811	1192	1575	1941	2304	2711	3020	3421	3809	.	
Imports from EU-27 (cif), cumulated	EUR mn	10158	11374	12367	13347	600	1387	2308	3154	3978	4812	5680	6343	7179	7958	.	
Trade balance with EU-27, cumulated	EUR mn	-5769	-6471	-6959	-7505	-300	-577	-1116	-1579	-2036	-2508	-2969	-3323	-3758	-4149	.	
FOREIGN FINANCE																	
Current account, cumulated ⁵⁾	EUR mn	-2472	.	.	-4385	.	.	-1837	.	.	-2739	.	.	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	4.955	5.355	5.609	5.377	5.529	5.803	5.710	5.625	5.408	5.208	5.197	5.141	5.031	4.891	4.885	
HRK/EUR, monthly average	nominal	7.126	7.158	7.141	7.197	7.363	7.431	7.427	7.418	7.358	7.303	7.319	7.323	7.315	7.245	7.284	
USD/HRK, calculated with CPI ⁶⁾	real, Jan04=100	123.1	115.0	111.8	117.2	114.8	109.4	111.1	113.4	117.6	121.3	120.8	121.7	124.0	127.6	128.1	
USD/HRK, calculated with PPI ⁶⁾	real, Jan04=100	111.1	107.5	106.6	113.5	110.0	106.2	107.4	108.9	113.2	115.9	117.8	118.4	120.7	123.7	122.6	
EUR/HRK, calculated with CPI ⁶⁾	real, Jan04=100	112.7	112.0	112.6	111.2	110.7	109.8	109.7	110.3	111.0	111.7	111.2	110.7	110.6	111.6	111.2	
EUR/HRK, calculated with PPI ⁶⁾	real, Jan04=100	110.4	109.6	110.2	109.7	107.6	107.1	106.4	108.0	109.5	111.0	112.1	112.4	112.1	112.5	.	
DOMESTIC FINANCE																	
M0, end of period	HRK bn	16.6	17.0	16.8	17.1	16.6	16.1	15.8	16.3	16.7	16.9	17.6	17.0	16.0	15.4	.	
M1, end of period	HRK bn	53.7	52.7	51.1	55.2	49.6	46.8	46.6	46.4	47.4	47.7	47.7	47.8	45.6	44.7	.	
Broad money, end of period	HRK bn	226.9	223.5	218.1	225.0	221.5	221.4	218.6	218.8	218.1	218.4	221.4	224.4	224.1	221.1	.	
Broad money, end of period	CMPY	14.7	9.3	5.0	4.4	6.3	5.7	3.3	2.8	2.4	1.1	0.0	-0.9	-1.2	-1.0		
Discount rate (p.a.), end of period	%	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	
Discount rate (p.a.), end of period ⁷⁾	real, %	-1.2	0.2	2.3	4.1	7.1	7.1	9.1	9.1	9.8	10.1	12.1	11.0	11.6	10.5	8.8	
BUDGET																	
Central gov. budget balance, cum. ⁸⁾	HRK mn	3159	3680	2660	-2878	-819	-2237	-3401	-3844	-5546	-6813	-7391	-7845	-8664	.	.	

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

2) From January 2009 according to NACE rev. 2.

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 more than 100 mean real appreciation.

7) Deflated with annual PPI.

8) Consolidated central government budget.

M A C E D O N I A: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	13.7	-9.9	-2.9	-10.1	-16.7	-11.3	-4.8	-7.8	-15.3	-16.2	-19.8	-9.8	-9.8	-0.9	.	
Industry, total ¹⁾	real, CCPY	10.2	7.8	6.8	5.5	-16.7	-13.9	-10.8	-10.0	-11.2	-12.1	-13.3	-12.8	-12.5	-11.3	.	
Industry, total ¹⁾	real, 3MMA	3.7	0.2	-7.7	-9.6	-12.6	-10.8	-7.9	-9.5	-13.2	-17.1	-15.3	-13.1	-7.1	.	.	
LABOUR																	
Employees ¹⁾	th. persons	256.9	255.8	255.6	254.5	251.8	250.6	249.8	249.6	249.5	249.8	248.3	246.4	245.8	.	.	
Employees in industry ¹⁾	th. persons	87.8	86.9	86.0	83.6	82.0	80.6	79.5	78.9	78.8	78.5	77.5	75.2	74.9	.	.	
Unemployment, quarterly average ²⁾	th. persons	305.3	.	.	306.0	.	.	300.8	.	.	297.7	.	.	.	.	.
Unemployment rate ²⁾	%	33.0	.	.	33.5	.	.	32.7	.	.	31.9	.	.	.	.	.
Labour productivity, industry ¹⁾	CCPY	11.0	8.8	8.0	6.7	-13.8	-10.4	-6.7	-5.7	-6.7	-7.4	-8.4	-7.4	-6.6	.	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-4.2	-2.4	-1.8	-0.4	24.2	20.7	16.2	15.4	16.3	17.4	18.6	17.3	16.1	.	.	
WAGES, SALARIES																	
Total economy, gross	MKD	27513	27758	27507	28323	29586	29433	29602	30139	30100	30171	29730	29767	30002	.	.	
Total economy, gross	real, CMPY	3.9	0.9	3.2	7.0	14.7	17.8	16.7	19.0	17.0	19.3	16.8	17.0	10.3	.	.	
Total economy, gross	EUR	450	454	448	461	482	479	480	491	488	492	486	487	491	.	.	
Industry, gross	EUR	384	389	375	398	394	381	394	401	396	408	403	403	411	.	.	
PRICES																	
Consumer	PM	-0.2	0.7	0.2	0.3	-0.6	-0.2	0.3	-0.2	1.0	-1.7	-0.5	-0.3	-0.1	-0.4	0.3	
Consumer	CMPY	6.0	6.2	5.0	4.1	1.8	0.8	0.3	-0.3	0.5	-1.5	-1.1	-1.2	-1.1	-2.2	-2.1	
Consumer	CCPY	9.3	9.0	8.7	8.3	1.8	1.3	1.0	0.6	0.6	0.2	0.1	-0.1	-0.2	-0.4	-0.6	
Producer, in industry	PM	-0.3	-3.3	-6.8	-1.4	-3.0	0.5	-0.2	1.3	1.0	2.7	0.5	-0.3	0.5	0.0	0.4	
Producer, in industry	CMPY	14.4	9.2	-0.9	-1.8	-5.9	-5.1	-7.7	-7.1	-9.3	-10.0	-11.5	-9.7	-9.0	-5.9	1.5	
Producer, in industry	CCPY	13.1	12.7	11.4	10.3	-5.9	-5.5	-6.2	-6.4	-7.0	-7.6	-8.2	-8.4	-8.4	-8.2	-7.4	
FOREIGN TRADE^{3,4)}																	
Exports total (fob), cumulated	EUR mn	2101	2332	2529	2705	114	250	400	556	721	894	1083	1246	1429	1588	.	
Imports total (cif), cumulated	EUR mn	3524	3946	4317	4659	267	568	876	1193	1443	1740	2062	2349	2607	2934	.	
Trade balance, cumulated	EUR mn	-1423	-1614	-1788	-1954	-153	-318	-476	-637	-721	-845	-979	-1103	-1179	-1346	.	
Exports to EU-27 (fob), cumulated	EUR mn	1252	1384	1515	1622	72	155	240	319	406	496	612	700	799	891	.	
Imports from EU-27 (cif), cumulated	EUR mn	1662	1868	2055	2238	122	279	437	598	743	907	1078	1215	1366	1541	.	
Trade balance with EU-27, cumulated	EUR mn	-410	-484	-541	-617	-50	-123	-196	-278	-337	-410	-467	-515	-568	-651	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-450	-544	-732	-851	-116	-213	-346	-414	-424	-444	-419	-397	-340	.	.	
EXCHANGE RATE																	
MKD/USD, monthly average	nominal	42.59	45.79	48.27	48.56	46.08	48.07	47.41	46.41	45.35	43.71	43.47	42.90	42.06	41.33	41.07	
MKD/EUR, monthly average	nominal	61.17	61.20	61.41	61.41	61.40	61.41	61.72	61.35	61.71	61.26	61.19	61.17	61.17	61.17	61.17	
USD/MKD, calculated with CPI ⁵⁾	real, Jan04=100	106.7	100.9	97.8	98.6	102.7	97.7	99.2	100.8	103.9	105.1	105.3	106.1	108.0	109.4	110.3	
USD/MKD, calculated with PPI ⁵⁾	real, Jan04=100	108.1	102.8	95.9	97.2	99.1	96.6	98.4	101.2	103.9	108.2	110.2	109.8	113.1	114.9	114.8	
EUR/MKD, calculated with CPI ⁵⁾	real, Jan04=100	97.8	98.4	98.6	99.1	99.1	98.4	97.8	97.9	98.1	96.9	97.0	96.5	96.4	95.8	95.9	
EUR/MKD, calculated with PPI ⁵⁾	real, Jan04=100	107.6	104.9	99.2	99.4	96.9	97.6	97.4	100.1	100.5	103.7	105.0	104.2	105.0	104.6	.	
DOMESTIC FINANCE																	
M0, end of period	MKD bn	16.5	16.6	15.8	17.6	15.9	15.3	14.6	14.8	14.4	14.2	15.3	14.8	14.5	14.6	.	
M1, end of period	MKD bn	50.2	49.2	49.3	54.1	49.6	48.9	46.8	46.8	47.3	47.6	48.3	49.6	47.9	49.1	.	
Broad money, end of period ⁶⁾	MKD bn	197.9	195.3	190.2	195.5	192.7	192.8	190.4	192.5	190.8	191.9	191.5	195.7	195.7	199.9	.	
Broad money, end of period ⁶⁾	CMPY	22.0	19.6	13.8	11.2	9.4	7.6	6.6	5.1	2.0	1.2	-0.6	-0.8	-1.1	2.4		
NB discount rate (p.a.),end of period	%	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		
NB discount rate (p.a.),end of period ⁷⁾	real, %	-6.9	-2.4	7.4	8.5	13.1	12.3	15.4	14.7	17.4	17.5	19.6	17.4	16.4	12.6		
BUDGET																	
General gov.budget balance, cum. ⁸⁾	MKD mn	10383	10473	7577	-3852	311	-1395	-1932	-2995	-3382	-5517	-5409	-6326	-6742	-8877	.	

1) In business entities with more than 10 persons employed.

2) Based on labour force survey.

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

4) Cumulation starting January and ending December each year.

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

6) M2 plus restricted deposits (in denar and in foreign currency) plus non-monetary deposits over 1 year.

7) Deflated with annual PPI.

8) Central government budget plus extra-budgetary funds

MONTENEGRO: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CPMY	12.0	-21.1	-7.2	-20.3	-4.7	-18.8	-15.9	-18.2	-25.3	-40.3	-46.5	-53.1	-56.7	-32.1	.	
Industry, total	real, CCPY	3.5	0.7	-0.1	-2.1	-4.7	-12.3	-13.6	-14.6	-16.4	-20.3	-24.4	-27.9	-31.7	-31.7	.	
Industry, total	real, 3MMA	-5.1	-5.8	-16.3	-11.2	-15.2	-13.6	-17.6	-19.4	-28.2	-38.3	-46.7	-52.2	-48.3	.	.	
LABOUR																	
Employment ¹⁾	th. persons	167.7	168.6	169.1	169.2	169.3	169.7	170.6	172.5	174.2	178.8	178.6	179.0	176.9	175.5	.	
Employment in industry	th. persons	33.9	33.9	34.3	34.7	33.2	32.9	31.6	31.5	30.9	31.1	30.6	29.9	29.2	29.0	.	
Unemployment, reg., end of period	th. persons	28.3	28.7	28.6	28.4	28.9	29.3	29.2	28.6	27.8	27.1	27.0	26.8	27.3	28.7	.	
Unemployment rate, registered	%	14.4	14.5	14.5	14.4	14.6	14.7	14.6	14.2	13.8	13.2	13.2	13.0	13.4	14.1	.	
Labour productivity, industry	CCPY	6.9	4.0	2.8	0.4	-1.4	-8.8	-8.5	-9.6	-10.8	-14.4	-18.4	-21.6	-25.2	-24.8	.	
Unit labour costs, exch.r. adj.(EUR)	CCPY	8.7	11.5	13.3	16.2	17.4	25.6	22.6	20.4	19.7	21.1	26.1	28.9	33.4	32.0	.	
WAGES, SALARIES																	
Total economy, gross	EUR	630	621	629	651	655	650	642	647	651	648	636	641	631	633	633	
Total economy, gross	real, CPMY	14.2	10.3	9.9	9.9	10.3	5.3	5.1	4.3	3.1	1.2	2.0	-0.6	-1.7	0.0	-1.8	
Industry, gross	EUR	720	683	716	704	718	708	650	607	665	658	663	601	649	653	.	
PRICES																	
Consumer	PM	1.0	0.0	-0.6	1.0	-0.2	0.7	0.4	0.6	0.1	-0.3	-0.6	1.1	-0.3	0.0	0.0	
Consumer	CPY	8.4	7.4	6.2	6.9	4.9	5.3	5.5	5.4	4.8	2.8	2.1	3.1	1.7	1.9	2.5	
Consumer	CCPY	8.8	8.6	8.4	7.4	4.9	5.1	5.3	5.3	5.2	4.8	4.4	4.2	3.7	3.9	3.8	
Producer, in industry	PM	-1.0	-0.1	-0.8	-5.2	-1.2	0.0	-1.6	0.3	-0.5	-1.0	-1.5	0.6	0.6	0.5	.	
Producer, in industry	CPY	17.6	17.2	12.9	6.9	5.7	4.7	0.6	0.1	-1.9	-7.7	-9.3	-9.9	-8.6	-8.1	.	
Producer, in industry	CCPY	17.4	17.4	17.0	16.1	5.7	5.2	3.6	2.7	1.8	0.2	-1.4	-2.5	-3.2	-3.7	.	
FOREIGN TRADE²⁾																	
Exports total (fob), cumulated	EUR mn	343	375	409	433	32	53	73	88	101	129	164	189	208	236	264	
Imports total (cif), cumulated	EUR mn	1978	2181	2340	2527	104	222	353	484	621	767	916	1059	1206	1359	1495	
Trade balance, cumulated	EUR mn	-1634	-1806	-1931	-2094	-72	-170	-280	-395	-520	-638	-752	-869	-998	-1122	-1232	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-721	.	.	-1009	.	.	-193	.	.	-398	.	.	-332	.	.	
EXCHANGE RATE																	
EUR/USD, monthly average	nominal	0.696	0.751	0.785	0.744	0.755	0.782	0.766	0.758	0.733	0.713	0.710	0.701	0.687	0.675	0.671	
USD/EUR, calculated with CPI ³⁾	real, Jan04=100	91.1	99.3	105.3	101.8	102.7	106.4	104.5	103.7	100.0	96.3	95.3	95.0	92.7	91.0	90.3	
USD/EUR, calculated with PPI ³⁾	real, Jan04=100	90.2	102.7	112.5	104.4	104.5	109.5	106.3	104.8	100.1	94.3	93.2	91.3	90.4	89.1	.	
BUDGET																	
General gov.budget balance, cum.	EUR mn	157	.	.	51	.	.	38	.	.	86	.	.	130	.	.	

1) Excluding individual farmers.

2) Cumulation starting January and ending December each year.

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

S E R B I A: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CPMY	2.3	-3.0	-2.7	-9.0	-16.3	-17.9	-13.0	-19.9	-18.3	-12.2	-14.3	-9.0	-4.0	-4.6	.	
Industry, total	real, CCPY	2.8	2.2	1.7	0.7	-16.3	-17.1	-15.7	-16.8	-17.1	-16.2	-16.0	-15.1	-13.9	-12.9	.	
Industry, total	real, 3MMA	-1.7	-1.2	-4.9	-9.0	-14.1	-15.7	-16.9	-17.1	-16.8	-14.9	-11.9	-9.1	-5.8	.	.	
LABOUR																	
Employees total	th. persons	1425.0	1426.0	1424.0	1423.0	1416.0	1413.0	1428.0	1425.0	1417.0	1414.0	1411.0	1404.0	1396.0	.	.	
Employees in industry	th. persons	435.0	432.0	430.0	427.0	421.0	421.0	419.0	415.0	412.0	409.0	407.0	405.0	402.0	.	.	
Unemployment, reg., end of period	th. persons	726.5	717.4	718.3	727.6	736.8	749.7	758.4	762.7	767.5	763.1	756.7	747.5	727.1	.	.	
Unemployment rate, registered	%	23.6	23.4	23.5	23.7	24.0	24.3	24.7	25.7	25.9	25.8	25.7	25.5	25.0	.	.	
Labour productivity, industry	CCPY	7.6	7.1	6.8	5.7	-12.3	-13.2	-11.3	-12.1	-12.2	-11.1	-10.7	-9.7	-8.2	.	.	
Unit labour costs, exch.r. adj.(EUR)	CCPY	9.5	9.5	9.4	9.2	9.2	11.1	6.8	7.4	6.8	4.4	3.3	1.0	-1.6	.	.	
WAGES, SALARIES¹⁾																	
Total economy, gross	RSD	46015	47883	46944	53876	40245	43341	42213	45304	43183	44246	45307	43597	43577	44147	.	
Total economy, gross	real, CPMY	5.6	6.3	3.5	3.5	4.1	1.9	1.8	3.8	0.6	1.4	2.5	-1.5	-0.9	-1.0	.	
Total economy, gross ²⁾	EUR	601	563	526	608	428	462	445	476	456	474	486	468	469	472	.	
Industry, gross ²⁾	EUR	528	488	456	515	390	412	394	420	403	425	435	425	422	.	.	
PRICES																	
Consumer	PM	0.9	1.9	0.0	-0.8	2.4	1.3	0.4	1.0	1.6	0.1	-0.9	-0.1	0.3	-0.2	0.8	
Consumer	CPMY	10.2	11.8	10.0	7.7	9.3	9.9	9.0	8.3	8.4	8.0	8.2	8.0	7.4	5.2	6.0	
Consumer	CCPY	13.5	13.3	13.0	12.6	9.3	9.6	9.4	9.1	9.0	8.8	8.7	8.7	8.5	8.2	8.0	
Producer, in industry	PM	-0.3	0.1	-0.4	-0.6	-1.6	1.8	0.9	1.0	1.4	2.1	-0.3	1.1	-0.5	-0.2	1.3	
Producer, in industry	CPMY	13.7	12.9	11.1	9.3	4.9	6.0	5.2	5.2	5.4	6.3	4.9	5.3	5.0	4.7	6.5	
Producer, in industry	CCPY	13.7	13.6	13.4	13.0	4.9	5.4	5.3	5.3	5.3	5.5	5.4	5.4	5.3	5.3	5.4	
FOREIGN TRADE³⁾⁴⁾																	
Exports total (fob), cumulated	EUR mn	5708	6327	6839	7368	355	764	1269	1721	2243	2794	3331	3808	4346	4909	.	
Imports total (cif), cumulated	EUR mn	11849	13150	14194	15378	629	1505	2561	3489	4666	5598	6542	7391	8307	9308	.	
Trade balance, cumulated	EUR mn	-6141	-6823	-7355	-8010	-274	-741	-1292	-1768	-2424	-2805	-3211	-3583	-3962	-4398	.	
Exports to EU-27 (fob), cumulated	EUR mn	2812	3088	3332	3556	174	378	608	808	1028	1259	1506	1716	1976	2232	.	
Imports from EU-27 (cif), cumulated	EUR mn	6323	7026	7589	8182	333	817	1382	1906	2411	2960	3421	3971	4489	5054	.	
Trade balance with EU-27, cumulated	EUR mn	-3511	-3939	-4257	-4626	-158	-440	-774	-1099	-1383	-1701	-1915	-2254	-2513	-2823	.	
FOREIGN FINANCE																	
Current account, cumulated ⁵⁾	EUR mn	-4564	-5088	-5380	-5946	-163	-361	-798	-940	-960	-979	-1070	-1768	-1266	-1389	.	
EXCHANGE RATE																	
RSD/USD, end of month	nominal	53.78	66.33	69.02	62.90	72.86	73.68	71.59	71.64	67.74	66.25	65.93	65.15	63.60	63.00	62.93	
RSD/EUR, end of month	nominal	76.60	84.99	89.20	88.60	94.10	93.81	94.78	95.24	94.72	93.44	93.19	93.07	93.01	93.43	94.76	
USD/RSD, calculated with CPI ⁶⁾	real, Jan04=100	146.8	122.5	120.0	132.0	116.2	115.7	119.3	120.0	128.6	130.6	130.1	131.3	134.8	135.7	136.7	
USD/RSD, calculated with PPI ⁶⁾	real, Jan04=100	123.3	105.8	106.8	120.5	102.2	104.0	108.7	109.1	116.2	118.6	119.7	120.8	123.8	124.4	124.8	
EUR/RSD, calculated with CPI ⁶⁾	real, Jan04=100	133.1	122.2	116.9	116.9	113.5	114.7	113.6	113.8	116.0	117.5	117.3	117.0	117.4	116.3	115.5	
EUR/RSD, calculated with PPI ⁶⁾	real, Jan04=100	121.5	110.5	106.8	108.7	101.2	103.5	103.9	105.3	107.4	110.9	111.5	112.3	112.2	111.0	.	
DOMESTIC FINANCE																	
M0, end of period	RSD bn	71.6	77.3	80.6	90.0	81.8	82.6	78.1	84.3	83.3	80.9	85.3	81.8	82.8	84.1	.	
M1, end of period	RSD bn	222.0	222.8	223.5	241.1	212.1	227.3	210.2	216.1	221.4	223.2	225.7	232.2	231.0	228.1	.	
Broad money, end of period ⁷⁾	RSD bn	985.1	974.3	1000.3	992.7	1005.6	1026.6	1015.6	1037.2	1042.6	1061.9	1065.6	1081.1	1087.2	1099.6	.	
Broad money, end of period ⁷⁾	CPMY	24.5	23.0	13.9	9.8	7.4	9.3	6.5	10.0	6.5	12.1	13.8	11.8	10.4	12.9	.	
NB discount rate (p.a.), end of period	%	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	
NB discount rate (p.a.), end of period ⁸⁾	real, %	-4.5	-3.9	-2.3	-0.8	3.5	2.4	3.2	3.2	3.0	2.1	3.4	3.1	3.3	3.6	1.9	
BUDGET																	
Central gov.budget balance, cum.	RSD mn	-17983	-17413	-32179	-47657	9	-9990	-11084	-26979	-41811	-52944	-53806	-63799	-71681	-75083	-51295	

1) From January 2009 according to new sample survey.

2) Calculation from NCU to EUR using the official end of month exchange rate.

3) Based on cumulated national currency and converted with the end of month exchange rate.

4) Cumulation starting January and ending December each year.

5) Until 2008 calculated from USD to NCU to EUR using the official end of month exchange rate.

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

7) Excluding government deposits, excluding frozen foreign currency savings deposits.

8) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CMPY	6.4	1.7	-8.7	-10.2	-16.0	-13.2	-13.7	-16.8	-17.0	-12.0	-10.8	-12.7	-9.6	-11.3	1.4	
Industry, total	real, CCPY	5.5	5.1	3.7	2.4	-16.0	-14.6	-14.2	-14.9	-15.3	-14.8	-14.2	-14.0	-13.5	-13.3	-12.0	
Industry, total	real, 3MMA	4.2	-0.3	-5.8	-11.5	-13.0	-14.2	-14.6	-15.8	-15.3	-13.3	-11.9	-11.0	-11.2	-6.8	.	
Construction, total	real, CMPY	9.8	5.9	6.3	-15.7	-16.8	-20.7	-20.2	-16.3	-21.9	-19.6	-17.8	-15.5	-18.3	-14.5	.	
LABOUR¹⁾																	
Employment total, quarterly average	th. persons	72136	.	.	70603	.	.	67761	.	.	69395	.	.	70562	.	.	
Unemployment, quarterly average	th. persons	4472	.	.	5289	.	.	7056	.	.	6483	.	.	6007	.	.	
Unemployment rate	%	5.8	.	.	7.0	.	.	9.4	.	.	8.5	.	.	7.8	.	.	
WAGES, SALARIES																	
Total economy, gross	RUB	17739	17643	17598	21681	17119	17098	18129	18009	18007	19247	18872	18335	18838	18650	.	
Total economy, gross	real, CMPY	12.8	10.4	5.5	2.9	2.2	-2.3	-1.8	-3.9	-3.8	-3.0	-5.2	-4.8	-4.1	-4.6	.	
Total economy, gross	EUR	488	500	507	571	404	374	400	407	413	442	425	407	420	427	.	
Industry, gross ²⁾	EUR	461	471	479	456	352	334	355	355	365	387	386	373	377	.	.	
PRICES																	
Consumer	PM	0.8	0.9	0.8	0.7	2.4	1.7	1.3	0.7	0.6	0.6	0.6	0.0	0.0	0.9	.	
Consumer	CMPY	15.0	14.2	13.8	13.3	13.5	14.0	14.2	13.3	12.5	12.0	12.1	11.7	10.8	10.8	.	
Consumer	CCPY	14.2	14.2	14.2	14.1	13.5	13.7	13.9	13.7	13.5	13.2	13.1	12.9	12.6	12.4	.	
Producer, in industry	PM	-5.0	-6.6	-8.4	-7.6	-3.4	5.1	2.9	2.4	0.6	2.2	1.8	1.4	1.2	-0.9	.	
Producer, in industry	CMPY	25.7	17.5	4.3	-7.0	-11.6	-7.7	-5.7	-7.6	-10.2	-12.5	-15.5	-14.7	-9.2	-3.6	.	
Producer, in industry	CCPY	27.5	26.5	24.3	21.4	-11.6	-9.6	-8.3	-8.1	-8.6	-9.3	-10.3	-10.9	-10.7	-10.0	.	
FOREIGN TRADE³⁾																	
Exports total, cumulated	EUR mn	243483	272348	296471	318004	13444	27804	43660	59535	76110	93572	112334	131491	151339	.	.	
Imports total, cumulated	EUR mn	132703	150857	165892	181577	6552	15892	25764	35630	44320	53887	63837	73354	84129	.	.	
Trade balance, cumulated	EUR mn	110781	121491	130579	136427	6893	11912	17896	23906	31790	39685	48498	58137	67211	.	.	
FOREIGN FINANCE																	
Current account, cumulated ⁵⁾	EUR mn	61770	.	.	69871	.	.	7201	.	.	12795	.	.	23537	.	.	
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	25.286	26.356	27.311	28.136	31.520	35.760	34.680	33.560	32.070	31.030	31.520	31.630	30.818	29.477	28.985	
RUB/EUR, monthly average	nominal	36.340	35.286	34.739	37.993	42.377	45.710	45.280	44.260	43.620	43.510	44.360	45.085	44.834	43.649	43.183	
USD/RUB, calculated with CPI ⁶⁾	real, Jan04=100	158.8	155.2	153.9	152.1	138.4	123.3	128.5	133.4	140.0	144.4	143.1	142.3	145.9	153.8	.	
USD/RUB, calculated with PPI ⁶⁾	real, Jan04=100	186.3	176.5	164.6	152.6	131.4	123.0	131.5	138.3	144.6	149.3	150.8	150.3	156.9	162.2	.	
EUR/RUB, calculated with CPI ⁶⁾	real, Jan04=100	145.3	150.9	155.1	143.1	132.2	123.9	126.3	129.7	132.1	133.0	131.8	129.3	130.0	134.5	.	
EUR/RUB, calculated with PPI ⁶⁾	real, Jan04=100	185.2	179.6	170.2	146.2	127.2	124.2	129.6	137.0	139.8	142.9	143.5	142.5	145.5	147.5	.	
DOMESTIC FINANCE																	
M0, end of period	RUB bn	3904.2	3962.2	3793.1	3794.8	3312.7	3301.6	3278.3	3410.1	3461.9	3522.5	3550.1	3506.6	3485.6	3566.7	.	
M1, end of period ⁷⁾	RUB bn	8005.2	7549.1	7518.1	7591.4	6591.2	6515.1	6551.7	6649.3	6878.4	7162.8	7050.5	7147.3	7277.0	7269.9	.	
M2, end of period ⁷⁾	RUB bn	16067.8	15460.3	15421.3	16774.7	16381.7	16393.6	16308.4	16360.4	16572.5	17055.4	17202.0	17390.9	17523.4	17593.9	.	
M2, end of period	CMPY	26.5	21.7	14.2	14.6	14.0	11.9	9.3	10.2	7.6	7.1	9.1	7.4	9.1	13.8	.	
Refinancing rate (p.a.), end of period	%	11.0	11.0	12.0	13.0	13.0	13.0	13.0	12.5	12.0	11.5	11.0	10.8	10.0	9.5	9.0	
Refinancing rate (p.a.), end of period ⁸⁾	real, %	-11.7	-5.5	7.3	21.5	27.8	22.5	19.8	21.8	24.7	27.4	31.3	29.9	21.1	13.6	.	
BUDGET																	
Central gov. budget balance, cum.	RUB bn	2561.5	2783.4	2511.2	1707.5	376.5	132.5	-29.7	-351.8	-476.6	-721.6	-893.0	-1152.0	.	.	.	

1) Based on labour force survey.

2) Manufacturing industry only (D according to NACE).

3) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference 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 more than 100 mean real appreciation.

7) According to IMF methodology.

8) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2008 to 2009

(updated end of Dec 2009)

		2008				2009											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CMPY	-4.5	-19.8	-28.6	-26.6	-34.1	-31.6	-30.4	-31.8	-31.8	-27.5	-26.7	-23.3	-18.4	-6.2	8.6	
Industry, total	real, CCPY	5.1	2.2	-0.7	-3.1	-34.1	-32.8	-31.9	-31.9	-31.9	-31.1	-30.4	-29.6	-28.4	-26.4	-24.0	
Industry, total	real, 3MMA	-8.3	-17.6	-25.0	-29.8	-30.8	-32.0	-31.3	-31.3	-30.4	-28.7	-25.8	-22.8	-16.0	-5.3	.	
Construction, total	real, CCPY	-7.2	-9.6	-13.0	-16.0	-57.6	-57.3	-56.7	-55.6	-55.8	-54.9	-54.3	-53.6	-52.4	-51.5	-49.7	
LABOUR																	
Employees ¹⁾	th. persons	11387	11358	11210	10982	10863	10815	10799	10748	10683	10651	10611	10567	10534	10506	.	
Employees in industry ¹⁾	th. persons	3169	3156	3104	3023	2970	2946	2924	2888	2858	2838	2822	2809	2792	2788	.	
Unemployment, reg., end of period	th. persons	513.6	530.1	639.9	844.9	900.6	906.1	879.0	808.8	736.3	658.5	606.9	569.6	542.7	508.4	512.2	
Unemployment rate, registered	%	1.8	1.9	2.3	3.0	3.2	3.2	3.1	2.9	2.6	2.4	2.2	2.0	1.9	1.8	1.8	
Labour productivity, industry ¹⁾	CCPY	7.3	4.5	1.8	-0.3	-28.0	-26.3	-25.0	-24.7	-24.4	-23.3	-22.4	-21.3	-19.8	-17.5	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	12.9	17.0	19.0	16.7	6.1	5.2	5.3	5.6	4.0	1.2	-1.4	-4.7	-8.7	-13.0	.	
WAGES, SALARIES¹⁾																	
Total economy, gross	UAH	1916	1917	1823	2001	1665	1723	1818	1845	1851	1980	2008	1919	1964	1950	.	
Total economy, gross	real, CMPY	7.9	5.5	0.4	-2.3	-10.5	-12.7	-9.6	-8.0	-9.0	-8.6	-9.9	-11.1	-10.9	-10.9	.	
Total economy, gross	EUR	274	284	238	195	162	175	181	181	178	186	186	172	169	165	.	
Industry, gross	EUR	313	313	253	201	181	194	204	201	195	198	202	194	189	187	.	
PRICES																	
Consumer	PM	1.1	1.7	1.5	2.1	2.9	1.5	1.4	0.9	0.5	1.1	-0.1	-0.2	0.8	0.9	1.1	
Consumer	CMPY	24.6	23.2	22.3	22.3	22.3	20.9	18.1	15.6	14.7	15.0	15.5	15.3	15.0	14.1	13.6	
Consumer	CCPY	26.2	25.8	25.5	25.2	22.3	21.6	20.4	19.1	18.2	17.6	17.3	17.1	16.8	16.5	16.3	
Producer, in industry	PM	-1.8	-1.4	-6.5	-0.4	0.2	1.8	1.1	0.4	-0.7	1.4	0.7	1.8	3.6	1.9	0.4	
Producer, in industry	CMPY	42.7	37.7	27.5	23.0	20.5	19.1	13.0	6.4	1.9	-0.9	-3.6	-3.6	1.7	5.1	12.8	
Producer, in industry	CCPY	37.8	37.8	36.8	35.5	20.5	19.8	17.4	14.4	11.6	9.3	7.2	5.7	5.2	5.2	5.9	
FOREIGN TRADE²⁾³⁾																	
Exports total (fob), cumulated	EUR mn	35195	39539	42540	45561	1843	3944	6401	8749	10895	13009	15294	17546	20131	22992	.	
Imports total (cif), cumulated	EUR mn	44580	50231	54491	58163	1542	4489	7508	10233	12571	14843	17625	20323	23129	26084	.	
Trade balance, cumulated	EUR mn	-9385	-10692	-11950	-12602	300	-544	-1107	-1484	-1676	-1834	-2332	-2776	-2998	-3092	.	
FOREIGN FINANCE																	
Current account, cumulated ⁴⁾	EUR mn	-5948	.	.	-8722	.	.	-532	.	.	-562	-782	-865	-813	-742	.	
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	4.853	5.043	6.004	7.581	7.700	7.700	7.700	7.700	7.653	7.616	7.648	7.807	7.999	8.000	7.994	
UAH/EUR, monthly average	nominal	6.985	6.755	7.651	10.242	10.290	9.859	10.046	10.175	10.390	10.669	10.777	11.127	11.644	11.843	11.917	
USD/UAH, calculated with CPI ⁵⁾	real, Jan04=100	171.7	169.8	147.5	120.6	121.6	122.7	124.1	124.9	125.9	126.9	126.4	123.3	121.2	122.1	123.4	
USD/UAH, calculated with PPI ⁵⁾	real, Jan04=100	198.7	199.3	165.1	134.6	132.6	136.5	138.9	138.7	137.6	137.0	138.5	136.2	138.4	140.7	139.9	
EUR/UAH, calculated with CPI ⁵⁾	real, Jan04=100	156.9	165.0	148.4	113.4	116.8	123.1	122.1	121.2	119.1	117.0	116.3	112.1	107.9	106.8	107.2	
EUR/UAH, calculated with PPI ⁵⁾	real, Jan04=100	197.2	202.7	170.4	128.9	129.1	137.5	137.1	137.1	133.3	131.3	131.7	129.2	128.3	128.0	.	
DOMESTIC FINANCE																	
M0, end of period	UAH bn	133.6	146.3	141.3	154.8	150.2	147.5	147.1	150.7	153.0	153.2	151.8	149.2	148.9	148.8	.	
M1, end of period	UAH bn	214.8	217.2	209.3	225.1	214.9	210.3	212.5	213.7	217.8	226.9	225.7	221.7	221.5	218.1	.	
Broad money, end of period	UAH bn	477.7	481.1	483.8	515.7	492.7	470.9	463.8	465.1	468.2	472.7	471.9	471.1	469.5	468.4	.	
Broad money, end of period	CMPY	37.2	35.8	32.3	30.2	25.9	18.3	11.5	8.3	9.0	4.9	1.0	-0.8	-1.7	-2.6	.	
Refinancing rate (p.a.), end of period	%	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0	10.3	10.3	10.3	10.3	
Refinancing rate (p.a.), end of period ⁶⁾	real, %	-21.5	-18.7	-12.1	-9.0	-7.1	-6.0	-0.9	5.3	9.9	12.0	15.2	14.4	8.5	4.9	-2.3	
BUDGET																	
General gov. budget balance, cum.	UAH mn	11762	7348	5558	-14183	2605	1291	-74	-3494	-3162	-13254	-17837	-16696	-24550	-28414	.	

1) Excluding small firms.

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