



# Monthly Report

The Vienna Institute for International Economic Studies (WIIW)

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## WIIW's most recent forecast for 2002/03

	GDP		Reg. unemployment		Current account	
	real change in % against previous year		rate in %, end of period		in % of GDP	
	2002	2003	2002	2003	2002	2003
Czech Republic	2.4	3.0	9.5	9.4	-4.0	-4.2
Hungary	3.3	4.0	5.8	5.7	-4.8	-4.4
Poland	0.8	1.3	18	18	-4.3	-4.3
Slovak Republic	4	3.5	18	17	-6.5	-4.2
Slovenia	2.8	3.5	11	10	0.0	0.4
Bulgaria	4	4	17	16	-5.1	-4.5
Romania	3.8	4	10	10	-4.7	-5.1
Croatia	3.5	4	22.5	22	-3.5	-3.6
Macedonia	0	2	32	32	-8.0	-7.5
Yugoslavia	4	4	30	30	-8.6	-7.5
Russia	3.9	4.4	7.5	8	7.4	5.4
Ukraine	5	4	4	4	1.7	1.3

*The Vienna Institute Monthly Report* is exclusively available to subscribers to the WIIW Service Package

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for International Economic Studies (WIIW)

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### Overview developments 2000-2001 and outlook 2002-2003

	<b>GDP</b>				<b>Consumer prices</b>				<b>Reg. unemployment</b>				<b>Current account</b>			
	real change in % against previous year				change in % against previous year				rate in %, end of period				in % of GDP			
	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
		forecast				forecast				forecast				forecast		
Czech Republic	3.3	3.3	2.4	3.0	3.9	4.7	2.2	2.0	8.8	8.9	9.5	9.4	-5.3	-4.6	-4.0	-4.2
Hungary <sup>1)</sup>	5.2	3.8	3.3	4.0	9.8	9.2	5.4	4.5	6.4	5.7	5.8	5.7	-2.9	-2.1	-4.8	-4.4
Poland	4.0	1.0	0.8	1.3	10.1	5.5	3	4	15.1	17.4	18	18	-6.3	-4.1	-4.3	-4.3
Slovak Republic	2.2	3.3	4	3.5	12.0	7.3	4	7	17.9	18.6	18	17	-3.6	-8.6	-6.5	-4.2
Slovenia	4.6	3.0	2.8	3.5	8.9	8.4	7.5	6	12.0	11.8	11	10	-3.0	0.2	0.0	0.4
CEEC-5	3.9	2.2	1.9	2.4	.	.	.	.	.	.	.	.	.	.	.	.
Bulgaria	5.4	4.0	4	4	10.3	7.4	5	4	17.9	17.3	17	16	-5.6	-6.2	-5.1	-4.5
Romania	1.8	5.3	3.8	4	45.7	34.5	25	20	10.5	8.6	10	10	-3.7	-5.9	-4.7	-5.1
CEEC-7	3.7	2.8	2.3	2.7	.	.	.	.	.	.	.	.	.	.	.	.
Croatia <sup>2)</sup>	3.7	4.1	3.5	4	6.2	4.9	2.5	3	22.3	23.1	22.5	22	-2.3	-3.2	-3.5	-3.6
Macedonia <sup>1)2)</sup>	4.5	-4.6	0	2	10.6	5.2	3	5	32.2	30.5	32	32	-3.0	-10.3	-8.0	-7.5
Yugoslavia <sup>3)</sup>	6.4	6.2	4	4	85.6	89.2	25	15	26.7	27.9	30	30	-4.2	-5.9	-8.6	-7.5
Russia <sup>4)</sup>	9.0	5.0	3.9	4.4	20.8	21.6	15	15	9.9	8.7	7.5	8	17.9	11.2	7.4	5.4
Ukraine	5.9	9.1	5	4	28.2	12.0	5	10	4.2	3.7	4	4	4.7	3.7	1.7	1.3

Notes: 1) Unemployment rate according to ILO definition, period average. - 2) Consumer prices correspond to retail prices. - 3) Excluding Kosovo and Metohia. - 4) Unemployment rate according to ILO definition, end of year.

Source: WIIW (September 2002).

## **Bulgaria: steady growth**

BY ANTON MIHAILOV

For the time being fears of an economic downturn have proven unjustified and growth actually picked up in the course of the year: after a 3.2% increase in the first quarter, GDP grew by 5.3% year-on-year in the second quarter, resulting in an average increase of 4.3% for the first half of the year. The main supply-side push came from the service sector which grew by 5.9% during these six months. This was largely due to the booming tourist industry which is attracting an ever increasing number of foreign visitors to the renovated Black Sea resorts. In the course of the year there was also a marked upturn in the manufacturing industry: after a 3.1% decline in the first quarter, gross industrial output grew by 7.7% year-on-year over the next three months. The acceleration in growth was underpinned by a renewed surge in investment which increased by 10.9% year-on-year in the second quarter. Private consumption grew only modestly, by 1.3% year-on-year in the same period, dampened by sluggish wage growth (real wages have actually been declining in 2002). After the hikes recorded in January and February, prices took a reverse course – helped by weak consumer demand – and cumulative CPI inflation for January-August amounted to just 0.5%. However the average figure for the same period was 6.9% (compared to January-August 2001) due to carry-over effects from the previous year.

Since April registered unemployment has been declining; however, a change in methodology (the number of economically active people used in these computations was revised downwards on the basis of last year's census) has resulted in a 0.4% rise in the reported unemployment rate (to 17.6%) in July. Trade performance was mixed: both exports and imports in the first half of 2002 were below their previous year levels but the decline in trade activity which began in mid-2001 has come to an end. Bulgarian exporters benefited from the strong recovery in neighbouring Turkey, an important export market, which helped to partly offset the drop in exports to the EU. The external imbalances also seem to have stopped widening; however, the size of the current account deficit (5.7% of GDP at the end of June) remains alarming. Despite its efforts, the government has not been able to make much progress in its ambitious privatization programme: the sale of the tobacco monopoly Bulgartabac has been marred by numerous scandals and has been put on hold by the Supreme Court while the tender for Bulgarian Telecom has been postponed several times. There has been more progress in the ongoing restructuring of public foreign debt: the success of the debt swap undertaken in March has prompted the authorities to embark on a second operation of this type.

Table BG

**Bulgaria: Selected Economic Indicators**

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., end of period	8283.2	8230.4	8190.9	8149.5	7891.1	.	.	.	.
Gross domestic product, BGN mn, nom.	17432.6	22421.1	23790.4	26752.8	29618.1	13110.0	14471.7	32300	34900
annual change in % (real)	-5.6	4.0	2.3	5.4	4.0	4.1	4.3	4	4
GDP/capita (USD at exchange rate)	1251	1543	1577	1542	1690	.	.	.	.
GDP/capita (USD at PPP - WIIW)	5920	6270	6540	7090	7670	.	.	.	.
Gross industrial production									
annual change in % (real)	-5.4	-7.9	-9.3	10.3	-2.4	1.7	1.5	3	4
Gross agricultural production									
annual change in % (real)	12.4	0.2	-0.6	-9.2	.	.	.	.	.
Goods transport, public, mn t-kms <sup>2)</sup>	86543	82122	85568	84878	78624	.	.	.	.
annual change in %	8.4	-5.1	4.2	.	-7.4	.	.	.	.
Gross fixed capital form., BGN mn, nom.	1913.5	2919.8	3600.5	4206.0	5260.0	2242.8	2410.9	.	.
annual change in % (real)	-20.9	35.2	20.8	15.4	19.9	16.2	8.1	.	.
Construction output total									
annual change in % (real)	-4.4	-0.2	8.0	8.1	-6.5	.	.	.	.
Dwellings completed, units	7452	4942	9824	8795	5937	2155	2404	.	.
annual change in %	-8.0	-33.7	98.8	-10.5	-32.5	-32.3	11.6	.	.
Employment total, th pers., average	3157.4	3152.6	3087.8	2980.1	2940.3	.	.	.	.
annual change in %	-3.9	-0.2	-2.1	-3.5	-1.3	.	.	.	.
Employees in industry, th pers., average	838.7	802.5	722.5	662.0	632.2	599.0	629.7	.	.
annual change in %	-2.7	-4.3	-10.0	-8.4	-4.5	-4.0	5.1	.	.
Unemployed reg., th, end of period	523.5	465.2	610.6	682.8	662.3	654.0	659.0	660	610
Unemployment rate in %, end of period	13.7	12.2	16.0	17.9	17.3	17.1	17.2	17	16
Average gross monthly wages, BGN	127.9	183.3	201.0	224.5	248.3	248.5	260.8	.	.
annual change in % (real, gross)	-16.6	20.7	6.9	1.3	3.0	3.1	-2.5	.	.
Retail trade turnover, BGN mn	5469.3	7214.2	8023.0	9726.0	10593.0	4034.0	.	.	.
annual change in % (real)	-36.4	18.5	12.3	12.7	2.1	2.3	1.4	.	.
Consumer prices, % p.a.	1058.4	18.7	2.6	10.3	7.4	9.3	7.6	5	4
Producer prices in industry, % p.a.	971.1	16.5	3.2	17.1	7.3	11.3	2.3	.	.
Central government budget, BGN mn									
Revenues	2983.3	4245.6	4543.5	5136.7	5429.6	3365.8 <sup>3)</sup>	3556.7 <sup>3)</sup>	.	.
Expenditures	3650.0	3930.8	4132.0	5377.4	6012.7	3541.5 <sup>3)</sup>	3374.8 <sup>3)</sup>	.	.
Deficit (-) / surplus (+)	-666.7	314.7	411.6	-240.7	-583.1	-175.7 <sup>3)</sup>	181.9 <sup>3)</sup>	.	.
Deficit (-) / surplus (+), % of GDP	-3.8	1.4	1.7	-0.9	-2.0	-1.3	1.3	.	.
Money supply, BGN mn, end of period <sup>3)</sup>									
M1, Money	2433.9	2960.8	3302.1	3976.3	4883.8	4039.2	4402.9	.	.
Broad money	6163.3	6814.2	7662.1	10061.3	12600.1	10651.7	12335.3	.	.
Base rate of NB % p.a., end of period	6.8	5.2	4.5	4.7	4.7	4.6	3.8	.	.
Current account, USD mn	1046.3	-61.4	-651.7	-701.6	-842.2	-390.3	-381.1	-800	-800
Current account in % of GDP	10.1	-0.5	-5.0	-5.6	-6.2	-6.5	-5.7	-5.1	-4.5
Gross reserves of NB excl. gold, USD mn	2121.0	2679.4	2892.0	3154.9	3289.6	2761.1	3706.4	.	.
Gross external debt, convert. curr., USD mn <sup>4)</sup>	10408.5	10891.9	10913.9	11201.8	10616.0	10810.3	10734.6	.	.
Exports total, fob, EUR mn <sup>5)</sup>	4368.3	3841.2	3733.8	5253.1	5707.1	2801.3	2733.5	5700	5900
annual change in %	12.0	-12.1	-0.4	40.7	8.6	17.8	-2.4	0	4
Imports total, cif, EUR mn <sup>5)</sup>	4361.4	4475.8	5139.9	7084.9	8104.5	3854.3	3796.7	8100	8300
annual change in %	7.8	2.6	16.4	37.8	14.4	20.9	-1.5	0	3
Average exchange rate BGN/USD	1.677	1.760	1.838	2.124	2.185	2.179	2.181	.	.
Average exchange rate BGN/EUR (ECU)	1.896	1.972	1.956	1.956	1.956	1.956	1.956	1.956	1.956
Purchasing power parity BGN/USD, WIIW	0.354	0.433	0.443	0.462	0.482	.	.	.	.
Purchasing power parity BGN/EUR, WIIW	0.389	0.475	0.483	0.504	0.526	.	.	.	.

Notes: 1) Preliminary. - 2) From 2000 new methodology. - 3) According to International Accounting Standards. - 4) Including trade credits to companies. - 5) From 1999 new methodology. Converted from the national currency to EUR at the official exchange rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

## Croatia: trade deficit high again

BY HERMINE VIDOVIC

Recent economic developments suggest a slowdown in growth after a strong performance in the first quarter of 2002, when GDP grew by 4.6%. Expanding domestic demand has been the major driving force behind GDP growth, with investments and private consumption growing by 9.4% and 6% respectively. The latter, however, is expected to slow down, as lending activities to households abated considerably from the second quarter of the year.

After an impressive performance in 2001 industrial production growth has been fluctuating from month to month and slowed to 3.1% in the first eight months of 2002. Manufacturing output grew by 2.4%, of which the fastest rate of expansion has been in publishing and printing, machinery and equipment and other non-metallic mineral products. The worst performance has been recorded by wearing apparel, leather products, tobacco and the production of radio and TV sets. Further layoffs of workers translated into a further increase in labour productivity.

Real retail trade turnover expanded by almost 13% during the first seven months of 2002. Inflation continued its downward trend, with average retail price inflation at 2.4% for the January-August period.

Employment continued to increase slightly during the first half of 2002 (employment had resumed growth in 2001 after a decade of decline). Job creation is primarily of a seasonal character with most of the employment rises recorded in tourism, construction and trade. Thus, it is too early to speak of a reversal of trends. Despite declining unemployment from April, the jobless rate remained high at close to 22% in August.

In the first seven months of 2002 the trade deficit was almost EUR 300 million higher than in the same period a year earlier, when it had reached a record level. As in the past years the poor result was due to relatively weak growth of exports (5%) and faster growing imports (8%). The coverage of imports by exports fell to about 47%. Current account data for the first half of the year are not yet available. Based on trade and tourism results obtained for the respective periods we may assume that the current account deficit was of a similar size (about EUR 1.4 billion) as in the corresponding period in 2001. Original expectations according to which receipts from tourism for the whole year would significantly exceed the 2001 level will not materialize. In contrast to the dynamics displayed at the beginning of the year, tourism activities subsequently lost momentum. During the first eight months of 2002 overnight stays were up only 4% compared to the same period in 2001. External debt further increased and reached USD 12.4 billion by the end of May 2002 or about 60% of the country's GDP.

Fiscal developments remain among the most burning issues. By the first half of 2002 the central budget deficit amounted to almost HRK 3 billion. In a speech to the parliament the finance minister admitted that expenditures on the public sector wage bill were about HRK 380 million higher than anticipated. He also stated that the reforms in the defence sector would be delayed. By the end of the year the consolidated general government deficit could reach 6.7% of GDP.

If current trends continue we might expect higher GDP growth (3.5%) than in our earlier forecast that posted a 3% growth rate for 2002. Due to the negative trends prevailing in foreign trade, the trade balance will end up with a higher deficit than in 2001. Consequently this will lead to a deterioration of the current account balance because the expected increase of earnings from tourism will not be sufficient to offset the commodity trade deficit. Due to an increase in gas and electricity prices, average retail price inflation will reach about 2.5% in 2002 and about 3% in 2003.

Table HR

## Croatia: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year <sup>2)</sup>	4573	4501	4554	4381	4437	.	.	.	.
Gross domestic product, HRK mn, nom.	123811	137604	142469	157511	168972	81317	.	179300	192100
annual change in % (real)	6.8	2.5	-0.9	3.7	4.1	4.5	.	3.5	4
GDP/capita (USD at exchange rate)	4398	4805	4399	4344	4566	.	.	.	.
GDP/capita (USD at PPP - WIIW)	7870	8290	8230	9080	9520	.	.	.	.
Gross industrial production <sup>3)</sup>									
annual change in % (real)	6.8	3.7	-1.4	1.7	6.0	5.9	2.2	3	3
Gross agricultural production									
annual change in % (real)	4.0	10.2	-3.5	-10.0	8.4	.	.	.	.
Goods transport, public, mn t-kms <sup>4)</sup>	203428	170107	146302	143839	142338	.	.	.	.
annual change in %	-4.6	-16.4	-14.0	.	-1.0	.	.	.	.
Gross fixed capital form., HRK mn, nom.	29935.6	32065.6	33025.0	33091.0	37022.0	18417.0	.	.	.
annual change in % (real)	26.4	2.5	-3.9	-3.5	9.7	9.7	.	6	6
Construction industry, hours worked <sup>3)</sup>									
annual change in % (real)	16.7	0.7	-7.7	-9.1	3.6	0.8	11.7	.	.
Dwellings completed, units	12516	12557	12175	12187	18088	.	.	.	.
annual change in %	-0.9	0.3	-3.0	0.1	48.4	.	.	.	.
Employment total, th pers., average <sup>5)</sup>	1310.9	1384.8	1364.5	1341.0	1348.3	1319.5	1330.4	.	.
annual change in % <sup>5)</sup>	-1.4	0.4	-1.5	-1.7	0.5	-1.5	0.8	.	.
Employees in industry, th pers., average	319.7	308.9	299.5	291.9	287.2	283.7	278.7	.	.
annual change in %	-6.4	-3.4	-3.0	-2.5	-1.6	-3.4	-1.7	.	.
Unemployed reg., th, end of period	287.1	302.7	341.7	378.5	395.1	364.9	385.0	.	.
Unemployment rate in %, end of period	17.6	18.1	20.4	22.3	23.1	21.5	22.2	22.5	22
Average gross monthly wages, HRK	3668	4131	4551	4869	5061	5027	5272	.	.
annual change in % (real, net)	12.3	6.0	10.1	3.4	1.6	1.4	1.7	.	.
Retail trade turnover, HRK mn	34736.1	.	.	.	.	.	.	.	.
annual change in % (real)	14.9	0.1	-3.5	10.0	10.0	11.7	11.6	.	.
Retail prices, % p.a. <sup>6)</sup>	3.6	5.7	4.2	6.2	4.9	6.4	2.5	2.5	3
Producer prices in industry, % p.a.	2.3	-1.2	2.6	9.7	3.6	6.1	-1.9	.	.
Central government budget, HRK mn <sup>7)</sup>									
Revenues	33846	43809	46356	44636	53444	20153	32670	.	.
Expenditures	35006	42552	48879	50744	57202	24533	35532	.	.
Deficit (-) / surplus (+)	-1160	1257	-2523	-6108	-3759	-4380	-2868	.	.
Deficit (-) / surplus (+), % GDP	-0.9	0.9	-1.8	-3.9	-2.2	-5.4	.	.	.
Money supply, HRK mn, end of period									
M1, Money	13731	13531	13859	17941	23704	19065	28254	.	.
Broad money	50742	57340	56659	73061	106071	79690	106593	.	.
Discount rate % p.a., end of period	5.9	5.9	7.9	5.9	5.9	5.9	5.9	.	.
Current account, USD mn	-2512.2	-1452.8	-1390.4	-432.8	-642.0	-1451.8	.	-800	-900
Current account in % of GDP	-12.5	-6.7	-6.9	-2.3	-3.2	-15.0	.	-3.5	-3.6
Gross reserves of NB excl. gold, USD mn	2539.1	2815.7	3025.0	3524.8	4704.2	3798.5	5601.8	.	.
Gross external debt, USD mn	7451.6	9586.2	9872.3	11002.2	11134.0	11286.4	13194.0	.	.
Exports total, fob, EUR mn <sup>8)</sup>	3665.8	4046.2	4027.3	4818.0	5210.4	2488.2	2521.6	5400	5700
annual growth rate in %	1.8	10.4	-0.5	18.9	8.1	10.1	1.3	4	5
Imports total, cif, EUR mn <sup>8)</sup>	8059.7	7476.9	7324.1	8588.5	10084.6	5019.4	5319.3	11000	12100
annual growth rate in %	29.6	-7.2	-2.0	16.8	17.4	30.7	6.0	9	10
Average exchange rate HRK/USD	6.16	6.36	7.11	8.28	8.34	8.39	8.28	.	.
Average exchange rate HRK/EUR (ECU)	6.96	7.14	7.58	7.63	7.47	7.55	7.42	7.5	7.6
Purchasing power parity HRK/USD, WIIW	3.44	3.69	3.80	3.96	4.00	.	.	.	.
Purchasing power parity HRK/EUR, WIIW	3.77	4.04	4.14	4.32	4.36	.	.	.	.

Notes: 1) Preliminary. - 2) From 2000 according to census March 2001. - 3) Enterprises with more than 19 employees. - 4) From 2000 new methodology. - 5) From 1998 including persons employed at the Ministry of Defence and Ministry of Internal Affairs. - 6) From Aug 2001 adjustment lowering telecom prices. - 7) From June 2001 including extrabudgetary funds; from Jan 2002 including social security funds. - 8) From 2000 new method of statistical processing. Converted from the national currency to EUR at the official exchange rate. Source: WIIW Database incorporating national statistics; WIIW forecasts.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

### Czech Republic: after the flood

BY JOSEF PÖSCHL

The western half of the Czech Republic experienced severe flooding in August. The Vltava and Labe rivers burst their banks and flooded a number of locations, among them the centre of Prague. Physical damage may total some EUR 3 billion – close to 5% of last year's GDP. Enterprises and shops were also hit, and transport lines were disrupted. These events adversely affected wealth creation in the third quarter. The floods' negative impact on economic activity is obvious from year-on-year figures for foreign trade in August: when measured in CZK at current prices, both exports and imports declined by between 16% and 17%. Tourism revenues also declined drastically. The impact on GDP for this year's last quarter and for 2003 may be positive: the damages will spur investment as well as demand for durable consumer goods. The state, insurance companies and the EU provide some financial backing.

In spite of the flood, the economy still gives a relatively good impression. Economic growth (2.6% in the first half of 2002) remains stronger than in Germany, the Czech Republic's most important trading partner. The foreign trade deficit in the first eight months of 2002 was lower than a year ago. This is even more remarkable if we take into account the fact that in the same period the Czech koruna appreciated by 11.4%: from 2.91 to 3.24 EUR per 100 CZK. Real appreciation was not substantially higher. The year-on-year rate of inflation, again for the first eight months, was only 2.4% for consumer prices and slightly negative for industrial producer prices. One reason for this low inflation was a decline in import prices, mainly as a result of the currency's appreciation.

The inflow of foreign direct investment remains strong. The major deal in this context was the sale of shares in Transgas to RWE in the first quarter of the year.

The government needs revenues from privatization to cover both the obligations of its Consolidation Agency and the budget deficit. Thanks to privatization revenues, this year's deficit will range between 3% and 4% of GDP. By international standards, the government's debt burden is still low, but it is necessary to achieve a more balanced budget in the medium term. The pay-as-you-go social security system is relatively sound, but in view of an ageing population it will need a gradual rise in contributions. The labour force will shrink over time, but thanks to increasing labour productivity national income can be expected to rise.

For the whole of 2002 there is no indication of major deviation from present trends. GDP growth will be close to the rate experienced in the first half of the year, unemployment will rise slightly towards the end of the year, the foreign trade balance will be better than in 2001. Inflation will remain low, assuming no major rise in the world market price for mineral oil.

For 2003, the economic climate in the EU and especially Germany will be decisive. As a strong upswing is not very likely there, the Czech economy will continue to grow modestly. In the longer run, government expenditures related to banking and enterprise consolidation will diminish, but on the other hand the potential for privatization revenues will also vanish.

The new coalition government has only a one-vote majority in parliament, and signs of instability have already become visible. Stability is likely in the economic sphere, but not that much on the political scene.



Table CZ

## Czech Republic: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year	10303.6	10294.9	10282.8	10272.5	10288.6	.	.	.	.
Gross domestic product, CZK bn, nom.	1679.9	1839.1	1902.3	1984.8	2157.8	1041.1	1102.4	2260	2375
annual change in % (real)	-0.8	-1.0	0.5	3.3	3.3	3.5	2.6	2.4	3.0
GDP/capita (USD at exchange rate)	5142	5536	5347	5007	5514	.	.	.	.
GDP/capita (USD at PPP - WIIW)	13160	13340	13660	14460	15170	.	.	.	.
Gross industrial production									
annual change in % (real)	4.5	1.6	-3.1	5.4	6.5	8.6	4.5	4.0	5.0
Gross agricultural production									
annual change in % (real)	-5.1	0.7	0.6	-4.5	2.5	.	.	.	.
Goods transport, mn t-kms	62460	53639	54620	57343	57800	.	.	.	.
annual change in %	.	-14.1	1.8	5.0	0.8	.	.	.	.
Gross fixed capital form., CZK bn, nom.	514.5	535.5	528.3	561.5	610.9	277.9	285.9	.	.
annual change in % (real)	-2.9	0.7	-1.0	5.4	7.2	7.6	3.5	3	5
Construction industry									
annual change in % (real)	-3.9	-7.0	-6.5	5.3	9.6	14.6	3.1	.	.
Dwellings completed, units	16757	22183	23734	25207	24759	9539	11578	.	.
annual change in %	15.7	32.4	7.0	6.2	-1.8	-2.1	21.4	.	.
Employment total, th pers., average <sup>2)</sup>	4936.5	4865.7	4764.1	4731.6	4750.2	4743.8	.	.	.
annual change in %	-0.7	-1.4	-2.1	-0.7	0.4	0.6	.	.	.
Employment in industry, th pers., average <sup>2)</sup>	1550.4	1519.9	1468.7	1429.4	1470.6	1460.1	.	.	.
annual change in %	-3.0	-2.0	-3.4	-2.7	2.9	.	.	.	.
Unemployed reg., th, end of period	268.9	386.9	487.6	457.4	461.9	420.3	454.3	.	.
Unemployment rate in %, end of period	5.2	7.5	9.4	8.8	8.9	8.1	8.7	9.5	9.4
Average gross monthly wages, CZK <sup>3)</sup>	10691	11693	12666	13490	14642	13985	.	.	.
annual change in % (real, gross)	2.0	-1.2	5.9	2.6	3.6	4.4	.	.	.
Retail trade turnover, CZK bn	.	.	.	.	.	.	.	.	.
annual change in % (real)	-0.4	-7.1	2.4	4.3	4.3	4.0	3.3	.	.
Consumer prices, % p.a.	8.5	10.7	2.1	3.9	4.7	4.5	3.0	2.2	2.0
Producer prices in industry, % p.a.	4.9	4.9	1.0	4.9	2.9	4.0	-0.2	-0.5	0.0
Central government budget, CZK bn									
Revenues	509.0	537.4	567.3	586.2	626.2	292.0	348.5	.	.
Expenditures	524.7	566.7	596.9	632.3	693.9	321.7	349.4	.	.
Deficit (-) / surplus (+)	-15.7	-29.3	-29.6	-46.1	-67.7	-29.7	-0.9	.	.
Deficit (-) / surplus (+), % GDP	-0.9	-1.6	-1.6	-2.3	-3.1	-2.9	-0.1	.	.
Money supply, CZK bn, end of period									
M1, Money <sup>4)</sup>	418.9	404.0	447.8	497.7	583.6	544.1	617.5	.	.
M2, Money + quasi money <sup>4)</sup>	1177.8	1241.4	1337.5	1412.3	1596.0	1514.1	1580.5	.	.
Discount rate, % p.a., end of period	13.0	7.5	5.0	5.0	3.8	4.0	2.8	.	.
Current account, USD mn	-3564	-1255	-1462	-2718	-2625	-1260	-985	-2800	-3400
Current account in % of GDP	-6.7	-2.2	-2.7	-5.3	-4.6	-4.7	-3.1	-4.0	-4.2
Gross reserves of NB incl. gold, USD mn	9774	12617	12825	13139	14464	12819	21441	.	.
Gross external debt, convert. curr., USD mn	21352	24047	22613	21372	21696	21156	.	.	.
Exports total, fob, EUR mn <sup>5)</sup>	19811.8	23070.4	24640.9	31482.7	37254.6	18596.4	20354.7	40000	43000
annual change in %	12.0	16.4	6.8	27.8	18.3	24.3	9.5	7	7.5
Imports total, cif, EUR mn <sup>5)</sup>	24014.3	25289.4	26387.4	34875.7	40693.0	20068.2	21010.2	42500	46000
annual change in %	8.2	5.3	4.3	32.2	16.7	24.5	4.7	4	8
Average exchange rate CZK/USD	31.71	32.27	34.60	38.59	38.04	38.45	34.67	.	.
Average exchange rate CZK/EUR (ECU)	35.80	36.16	36.88	35.61	34.08	34.55	31.08	30.7	29.5
Purchasing power parity CZK/USD, WIIW	12.39	13.39	13.54	13.36	13.83	.	.	.	.
Purchasing power parity CZK/EUR, WIIW	13.39	14.62	14.75	14.58	15.03	.	.	.	.

Notes: 1) Preliminary. - 2) Based on Labour Force Survey data. - 3) Enterprises with more than 100, from 1997 with 20 and more employees. - 4) Excluding extrabudgetary funds, revised data. - 5) Converted from the national currency to EUR at the official exchange rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

### **Hungary: growth driven by domestic demand**

BY SÁNDOR RICHTER

Economic growth in Hungary amounted to 3.0% in the first six months of 2002 compared to the same period in the previous year. This performance is not so bad at first glance, whether in comparison to the EU or to other Central European economies. Nevertheless detailed data reveal that the current growth path of the Hungarian economy substantially deviates from the highly successful period in 1997-2000 and that it is not sustainable in the medium run.

The moderate expansion of the economy was driven by the election-related boost in consumption. Household consumption increased by over 8% and public consumption by 4.5% in the first quarter. Retail trade data indicate that this tendency continued; in July the volume of retail sales was 9% higher than a year earlier. Value added in industry and agriculture declined. The moderate aggregate GDP growth was generated in the services sector and in construction (4.6% and 5.3% expansion, respectively).

Although investment increased by close to 7% in the first half of the year, its composition was not favourable. The bulk of investment growth fell on state-initiated infrastructure projects and public administration, and housing construction. Investment in manufacturing declined by about 10% in the second quarter of the year. Industrial production in January-July surpassed the level of the same period in 2001 by 2.1%, but the stock of orders was substantially lower than a year earlier. The consumption boom did not increase domestic industry's sales. The modest industrial growth was due to an increase in export sales.

At the end of August the deficit of the general government was already 30% higher than that planned for the whole year, and it is questionable whether the deficit can be kept within the limits

envisaged by the government (5.5% to 6% of GDP).

The external position has been deteriorating. The current account deficit surpassed EUR 2 billion in the January-July period – more than twice the respective 2001 level. Non-debt-creating financing (FDI and portfolio inflows) was only slightly less than a year earlier, its ratio to the current account deficit shrank from 66% to 24%.

These discouraging data reflect two different developments. First the sluggish foreign demand led to a very moderate growth in exports, as well as to a further decline in manufacturing investment. Second, excessive government spending before and after the elections in April this year, both by the outgoing FIDESZ and the newly inaugurated socialist-liberal government, led to double-digit growth in real incomes. Household demand has been rising faster than the GDP and labour productivity.

The implemented correction in the national wage structure in favour of the neglected public sector was long overdue. However, the resultant overall household demand growth in a single year has been excessive and will affect domestic demand in 2003 as well. The delay in the improvement of the business climate abroad and the deteriorating external balances will urge a rapid return to a cautious income policy and a streamlining of spending.

As the long awaited upturn in the business cycle in Europe will be postponed to late 2002 or early 2003, a recovery in Hungarian exports may also be slower than previously thought. This suggests that GDP growth will amount to 3.3% to 3.5% in 2002, and the rate of expansion will likely not surpass 4% in 2003. In the optimal case growth in 2003 will not only be somewhat more robust than this year, but substantially less driven by domestic demand, putting Hungary back on the earlier export-oriented growth path. If household income growth cannot be curtailed next year, external constraints on growth will soon become visible.

Table HU

Hungary: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., end of period <sup>2)</sup>	10135.4	10091.8	10043.2	10198.0	10175.0	10187	10162	.	.
Gross domestic product, HUF bn, nom.	8540.7	10087.4	11393.5	13150.8	14876.4	6964.7	.	16200	17600
annual change in % (real)	4.6	4.9	4.2	5.2	3.8	4.2	3.0	3.3	4.0
GDP/capita (USD at exchange rate)	4504	4651	4769	4649	5096	.	.	.	.
GDP/capita (USD at PPP - WIIW)	9980	10840	11500	12430	12980	.	.	.	.
Gross industrial production									
annual change in % (real)	11.1	12.5	10.4	18.6	4.1	8.4	1.1	5	10
Gross agricultural production									
annual change in % (real)	-3.3	0.7	0.5	-7.1	13.2	.	.	.	.
Goods transport, mn t-kms	24789	27144	26339	26399	25941	12290	11890	.	.
annual change in %	-0.3	9.5	-3.0	0.2	-1.7	0.6	-3.3	.	.
Gross fixed capital form., HUF bn, nom.	1898.9	2384.6	2724.5	3179.8	3484.7	1300.1	.	.	.
annual change in % (real)	9.2	13.3	5.9	7.7	3.1	3.1	.	5	10
Construction industry									
annual change in % (real)	8.1	15.3	9.0	7.9	9.9	8.8	22.9	15	10
Dwellings completed, units	28130	20323	19287	21583	28054	8182	10015	.	.
annual change in %	-0.4	-27.8	-5.1	11.9	30.0	42.5	22.4	.	.
Employment total, th pers., average <sup>3)4)</sup>	3646.3	3697.7	3811.5	3849.1	3859.5	3850.7	3843.7	.	.
annual change in % <sup>3)4)</sup>	0.0	0.7	3.1	1.0	0.3	1.0	-0.2	-0.1	.
Employees in industry, th pers., average <sup>5)</sup>	783.5	795.9	834.0	844.8	832.8	839.7	823.3	.	.
annual change in %	-0.7	1.6	0.8	1.3	-1.4	-0.4	-2.0	.	.
Unemployed, th pers., average <sup>3)</sup>	348.8	313.0	284.7	262.5	232.9	237.7	232.5	.	.
Unemployment rate in %, average <sup>3)</sup>	8.7	7.8	7.0	6.4	5.7	5.8	5.7	5.8	5.7
Average gross monthly wages, HUF <sup>5)</sup>	57270	67764	77187	87645	103558	96700	114415	.	.
annual change in % (real, net)	4.9	3.6	2.5	1.5	6.4	4.9	11.3	10	2
Retail trade turnover, HUF bn	2949.1	3682.8	4329.7	4822.0	5394.0	2347.9	2696.4	.	.
annual change in % (real)	-1.6	12.3	7.9	2.0	5.4	5.6	12.5	12	.
Consumer prices, % p.a.	18.3	14.3	10.0	9.8	9.2	10.4	5.9	5.4	4.5
Producer prices in industry, % p.a.	20.4	11.3	5.1	11.7	5.2	8.4	-2.2	.	.
Central government budget, HUF bn <sup>6)</sup>									
Revenues	2364.6	2624.4	3227.6	3681.0	4073.9	1865.7	2002.9	.	.
Expenditures	2703.1	3176.6	3565.8	4049.7	4487.8	1949.9	2362.4	.	.
Deficit (-) / surplus (+)	-338.5	-552.2	-338.1	-368.7	-413.9	-84.2	-359.6	.	.
Deficit (-) / surplus (+), % GDP	-4.0	-5.5	-3.0	-2.8	-2.8	-1.2	.	.	.
Money supply, HUF bn, end of period									
M1, Money	1528.4	1791.1	2135.6	2378.3	2776.3	2331.6	2808.5	.	.
Broad money	4036.3	4635.8	5399.5	6052.0	7090.1	6163.7	7214.0	.	.
Refinancing rate, % p.a., end of period	20.5	17.0	14.5	11.0	9.8	11.0	9.0	.	.
Current account, USD mn	-981	-2298	-2081	-1328	-1105	-888	-1632	-3000	-3200
Current account in % of GDP	-2.1	-4.9	-4.3	-2.9	-2.1	-3.7	.	-4.8	-4.4
Reserves total, incl. gold, USD mn	8429	9341	10854	11229	10766	11524	10191	.	.
Gross external debt, USD mn	24395	27280	29336	30742	33386	32056	36271	.	.
Exports total, fob, EUR mn <sup>7)</sup>	16910.1	20476.8	23491.0	30544.5	34082.0	16860.2	18024.1	35800	38600
annual growth rate in %	35.1	21.1	14.7	30.0	11.6	21.4	6.9	5	8
Imports total, cif, EUR mn <sup>7)</sup>	18779.5	22871.2	26287.8	34856.3	37654.1	18803.2	19466.8	40300	43500
annual growth rate in %	29.9	21.8	14.9	32.6	8.0	20.2	3.5	7	8
Average exchange rate HUF/USD	186.75	214.45	237.31	282.27	286.54	291.09	271.47	.	.
Average exchange rate HUF/EUR (ECU)	210.93	240.98	252.80	260.04	256.68	261.59	243.50	245	244
Purchasing power parity HUF/USD, WIIW	84.30	92.01	98.38	105.54	112.55	.	.	.	.
Purchasing power parity HUF/EUR, WIIW	90.73	100.85	107.17	115.03	122.92	.	.	.	.

Notes: 1) Preliminary. - 2) From 2000 according to census Feb 2001. - 3) Based on labour force survey. - 4) From 1998 new sample. - 5) Enterprises with more than 10, from 1999 more than 5 employees. - 6) Excluding privatization revenues. - 7) Including trade of firms with customs free legal status. Converted from the national currency to EUR at the official exchange rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

### Macedonia: landmark elections

BY VLADIMIR GLIGOROV

On 15 September parliamentary elections were held in Macedonia and the governing coalition lost decisively. The opposition coalition, consisting of Social-Democrats and a number of smaller parties, mainly from smaller national minorities, won 60 out of 120 seats in the parliament. The ruling Macedonian parties won only 33 seats and their Albanian partner only 7. The big winner among the Albanian voters was the new Democratic Union for Integration, headed by the former rebel leader Ali Ahmeti. They won 16 seats. The Social-Democrats and their allies could form a government together without any of the Albanian parties. But stability requires that they work out a coalition with the largest Albanian party.

Once the government is voted in, it will have to face a huge pile of problems. The key political problem is integration of the country. The violent conflicts of 2001 have left the country divided along ethnic lines. The new government will have to implement the Ohrid agreement, which stopped the conflicts, and to make other constitutional changes. Perhaps the main task will be to increase public trust into the state institutions, which has touched bottom in the last year. The parliament, the courts and the administration will have to display much more transparency and responsiveness.

There are political problems connected with threats to security that will have to be tackled by the government, by the international forces present in Macedonia and by the ethnic communities themselves. There is still some sporadic violence, stemming mostly from the dissatisfaction of the more radical and extreme groups. In that, the two groups do not necessarily face the same problem. The Social-Democrats, who are mainly a Macedonian party, will have to demonstrate that it respects the rule of law and is able to clean up the ranks of the security forces. The largest Albanian party, however, will still have to work on its legitimacy, mainly among the Albanians themselves, but it will have to work hard to gain the trust and the acceptance of the Macedonian public.

The key economic problem is unemployment. Labour surveys show that the rate is stubbornly fixed above 30%. The main reason is the disappointing performance of the economy. After showing some improvement in the later part of the 1990s, it has dropped again as a consequence of the violent conflicts. It will be a success if GDP stagnates this year. It should show some modest recovery next year, though forecasts are very hard to make because the programme of the new government is yet to be announced. Also, negotiations with the IMF will have to be resumed on which the behaviour of the investors, both domestic and foreign, will significantly depend.

Though GDP may recover next year, industrial production will continue to decline even though this year's drop will already be around 10%. The new government will have to tackle the remaining loss-making enterprises and will have to radically improve the business climate in the country. Among other measures, it will have to face up to the large shadow economy and to all the other barriers to growth and development of the small and medium-size enterprises on which the hope for a sustainable revival will have to be placed.

Other challenges are serious, especially the budget deficit which exploded in the last two years due to the increased expenditures on security and on give-outs in the wake of the parliamentary elections. Once the expenditures on security are cut down, the general budget could be redesigned in a more growth-friendly manner.

Macedonia runs high trade and current account deficits and its exports stagnate even in good times. This poses questions about the market access, the exchange rate policy and other determinants of low competitiveness.

Social problems (unemployment, poverty and social exclusion) are very serious too. Corruption, which is widespread and unfettered, will be difficult to suppress.

Macedonia has some assets on its side. It has signed a Stabilization and Association Agreement with the EU (to be ratified in the European capitals). It has good relations with its neighbours. Most importantly, after 11 September, the international support for freedom fighters of all kinds has plummeted. There is now a chance for a new beginning.

Table MK

Macedonia: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year	1996.9	2007.5	2017.1	2026.4	2036.0	.	.	.	.
Gross domestic product, MKD mn, nom.	186018	194979	209010	236389	233090	.	.	240100	257100
annual change in % (real)	1.4	3.4	4.3	4.5	-4.6	.	.	0	2
GDP/capita (USD at exchange rate)	1869	1784	1821	1771	1674	.	.	.	.
GDP/capita (USD at PPP - WIIW)	5660	5900	6210	6600	6400	.	.	.	.
Gross industrial production									
annual change in % (real) <sup>2)</sup>	1.6	4.5	-2.6	3.5	-3.1	.	-11.2	-10	-3
Gross agricultural production									
annual change in % (real)	1.1	4.3	1.0	1.0	-13.3	.	.	.	.
Goods transport, mn t-kms <sup>3)</sup>	1175	1302	1219	1303	.	.	.	.	.
annual change in % <sup>3)</sup>	10.1	10.8	-6.4	6.9	.	.	.	.	.
Gross fixed capital form., MKD mn, nom.	32236.0	33982.0	34710.0	38332.0	.	.	.	.	.
annual change in % (real)	-4.3	-2.6	-1.4	-3.2	.	.	.	.	.
Construction output, value added									
annual change in % (real)	0.2	7.7	10.4	-1.1	-3.9	.	.	.	.
Dwellings completed, units	4300	3253	4479	5316	.	.	.	.	.
annual change in %	-19.5	-24.3	37.7	18.7	.	.	.	.	.
Employment total, th pers., average <sup>4)</sup>	512.3	539.8	545.2	549.8	599.3	.	.	.	.
annual change in % <sup>4)</sup>	-4.7	5.4	1.0	0.8	9.0	.	.	.	.
Employees in industry, th pers., average <sup>5)</sup>	117.6	113.6	119.8	114.4	122.5	.	118.7 <sup>L-V</sup>	.	.
annual change in % <sup>5)</sup>	-7.9	-3.4	5.5	-4.5	-4.8	.	.	.	.
Unemployed, th, average <sup>4)</sup>	288.2	284.1	261.5	261.7	263.2	.	.	.	.
Unemployment rate in %, average <sup>4)</sup>	36.0	34.5	32.4	32.2	30.5	.	.	32	32
Average net monthly wages, MKD	9063	9394	9664	10193	10552	10444	10995	.	.
annual change in % (real, net)	0.2	3.8	3.6	-0.3	-1.9	-0.8	2.3	.	.
Retail trade turnover, MKD mn	32482.8	33215.6	38247.9	50208.6	45975.8	22732.0	23664.0	.	.
annual change in % (real, calc.)	4.1	1.5	16.4	18.7	-13.0	.	2.6	.	.
Retail prices, % p.a.	4.4	0.8	-1.1	10.6	5.2	6.9	1.5	3	5
Producer prices in industry, % p.a.	4.2	4.0	-0.1	10.7	2.0	4.2	-1.6	.	.
General government budget, MKD mn									
Revenues	41398	42655	50478	63097	63109	29476	33604	.	.
Expenditures	41393	42623	49761	57689	68885	30834	33045	.	.
Deficit (-) / surplus (+)	4	32	717	5408	-5776	-1358	559	.	.
Deficit (-) / surplus (+), % GDP	0.0	0.0	0.3	2.3	-2.5	.	.	.	.
Money supply, MKD mn, end of period									
M1, Money	13983	15178	19694	22388	25324	20213	24985	.	.
M2, Money + quasi money	22724	26003	33720	41957	69785	36897	58000	.	.
Discount rate, % p.a., end of period	8.9	8.9	8.9	7.9	10.7	10.7	10.7	.	.
Current account, USD mn <sup>6)</sup>	-276.4	-308.2	-113.4	-107.7	-353.2	-181.4	.	-300	-300
Current account in % of GDP	-7.4	-8.6	-3.1	-3.0	-10.3	.	.	-8.0	-7.5
Gross reserves of NB, excl. gold, USD mn	257.0	306.1	429.9	429.4	745.2	791.8	.	.	.
Gross external debt, USD mn <sup>7)</sup>	1133.1	1398.6	1438.5	1436.4	1377.6	1380.1	1486.6	.	.
Exports total, fob, EUR mn <sup>8)</sup>	1090.6	1170.2	1116.7	1431.4	1289.6	642.3	564.4	1200	1200
annual change in %	20.5	7.3	-4.6	28.2	-9.9	-10.9	-12.0	-7	0
Imports total, cif, EUR mn <sup>8)</sup>	1568.3	1709.5	1664.9	2266.1	1884.1	909.6	994.7	2000	2000
annual change in %	22.2	9.0	-2.6	36.1	-16.9	-25.4	9.4	6	0
Average exchange rate MKD/USD	49.83	54.45	56.90	65.89	68.04	67.78	65.00	.	.
Average exchange rate MKD/EUR (ECU)	56.20	61.07	60.62	60.73	60.91	60.87	60.95	61	64
Purchasing power parity MKD/USD, WIIW	16.45	16.48	16.70	17.67	17.89	.	.	.	.
Purchasing power parity MKD/EUR, WIIW	18.04	18.05	18.19	19.26	19.52	.	.	.	.

Notes: 1) Preliminary. - 2) From 2001 according to EU-methodology. - 3) Road and rail. - 4) Based on Labour Force Survey data. - 5) From 2001 according to NACE. - 6) Including grants. - 7) Medium- and long-term. - 8) Converted from USD to EUR using the ECB EUR/USD foreign exchange reference rate.

Source: WIIW Database incorporating national statistics.

## Poland: changes in fiscal policy may make a difference

BY LEON PODKAMINER

GDP growth in the first half of 2002, estimated at 0.6%, was due to private consumption rising by 3.2% – with gross capital investment down 12.2%. The growth in private consumption reflected an 8% real rise in pension payments which compensated a 2% real fall in the total wage bill. Spending by pensioners has also been supported by foreign transfers to the surviving slave labourers of the Nazi period. (In 2002 these transfers will amount to some 2% of the total domestic pension payments.)

During the first eight months of 2002 industrial production showed no tendency to rise while the construction sector continued its free fall. Also, the unemployment rate has temporarily remained stable, at a very high level. That stability was however very fragile because of the fast rise in the incidence of insolvency among businesses of all sizes. The continuing fast decline in inflation and some moderate improvements in foreign trade did not have any impact on the public's rather bleak mood.

The collapse in the government's popularity resulted in the resignation of Mr. Belka, the finance minister (end June). Having stabilized the budget through rather indiscriminate cuts in expenditure, Mr. Belka's policy had been passively waiting for the recovery.

Mr. Belka's resignation luckily coincided with the long overdue weakening of the Polish currency, especially vs. the euro. To some extent the two events were connected because the financial markets highly appreciated the contents and the style of Mr. Belka's policies. The new level for the PLN/EUR exchange rate has been quite stable, at least so far. Contrary to expectations devaluation has not had any inflationary effect (in actual fact the inflation rate has continued to fall in a consistent way). Undoubtedly, it has also been helping exporters whose profit margins had been eroded in the course of 2001 and the first half of 2002 by strong real appreciation.

The policy of Mr. Kolodko, the new finance minister (who already held that position during the boom years of 1994-1997), is certain to be different from the policies followed since 1997. The first package of measures he is inaugurating introduces the long overdue obligation

to report personal wealth (and not only income) to the tax authorities. Depending on the efficiency of the tax authorities this may push parts of the 'shadow' economy into the official one, somewhat constrain the thriving organized-crime sector – and also provide some additional revenue. The second package addresses the burning issue of solvency of a large part of firms, including direct victims of the policy of strong currency and murderously high interest rates. In essence, this is an emergency package providing for a conditional bail-out of financially distressed firms. Surely, this will cost public money one way or another and can have corrupting consequences ('moral hazard') in the future. But that money may pay off quite well. Poland's earlier (1992-95) experience with the 'consolidation' of its massively insolvent business sector was on the whole very positive. Though risky, the package may help the bulk of firms covered to regain the ability to carry on current production activities more efficiently, and to expand in the future. In any case it will prevent impending massive liquidations and the requisite jump in unemployment.

The budget for 2003 assumes 3.5% GDP growth associated with a 5.6% rise in investment, a 2.2% rise in private consumption, an 8.5% rise in exports and a 7.8% rise in imports. Budget expenditure is to rise by 2.2% in real terms. Because of the assumed GDP growth, the envisioned tax revenues are to be correspondingly higher. Eventually, the budget deficit will shrink. Its share of GDP is to fall from 5.4% (planned for 2002) to 4.9% in 2003. Arithmetically the numbers implied by the budget and those on which it builds its assumptions are probably mutually consistent. However it is much more difficult to assess the realism of the latter. True, private consumption may rise by about 2%. A rise of close to 6% in investment is also in principle imaginable – though this would seem to require a radical fall in interest rates. Such a fall is however hard to expect given the policy of the National Bank. Also, there may be doubts about assumptions regarding foreign trade. An 8.5% rise in exports will be conditional on the foreign business climate – and that is unlikely to rise steeply. An increase of close to 8% in imports may seem an underestimate if investments are to rise by more than 5%.

In a final analysis, an acceleration in GDP growth can materialize in 2003, even if investment and foreign trade underperform. But this may imply lower tax revenues than envisioned, and a correspondingly higher budget deficit.

Table PL

## Poland: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., end of period	38660	38667	38654	38644	38632	38641	38623	.	.
Gross domestic product, PLN mn, nom.	472350	553560	615115	684982	721575	341961	354178	749200	789300
annual change in % (real)	6.8	4.8	4.1	4.0	1.0	1.6	0.6	0.8	1.3
GDP/capita (USD at exchange rate)	3725	4098	4011	4078	4561	.	.	.	.
GDP/capita (USD at PPP - WIIW)	7550	8490	9010	9590	9890	.	.	.	.
Gross industrial production (sales)									
annual change in % (real)	11.5	3.5	3.6	6.7	-0.1	1.9 <sup>2)</sup>	-1.1 <sup>2)</sup>	0	2
Gross agricultural production									
annual change in % (real)	-0.2	5.9	-5.2	-5.6	5.7	.	.	.	.
Goods transport, mn t-kms	329737	317052	310698	282559	253269	.	.	.	.
annual change in %	6.6	-3.8	-2.0	-9.1	-10.4	.	.	.	.
Gross fixed capital form., PLN mn, nom.	110853	139205	156690	170430	155661	62763	57323	.	.
annual change in % (real)	21.7	14.2	6.8	2.7	-9.8	-4.4	-10.6	-6	3
Construction output total									
annual change in % (real)	16.5	12.4	6.2	1.0	-2.8	-7.7	-14.9	.	.
Dwellings completed, units	73706	80594	81979	87789	105967	47616	42367	.	.
annual change in %	18.6	9.3	1.7	7.1	20.7	38.9	-11.0	.	.
Employment total, th pers., average	15438.7	15800.4	15373.5	15017.5	14974.4	.	15100.0	.	.
annual change in %	2.8	2.3	-2.7	-2.3	-0.3	.	.	.	.
Employees in industry, th pers., average	3433.4	3378.7	3138.4	2955.0	2901.5	2677.0 <sup>2)</sup>	2498.0 <sup>2)</sup>	.	.
annual change in %	-0.1	-1.6	-7.1	-5.8	-1.8	-4.7 <sup>2)</sup>	-6.7 <sup>2)</sup>	.	.
Unemployed reg., th, end of period	1826.4	1831.4	2349.8	2702.6	3115.1	2849.2	3090.9	.	.
Unemployment rate in %, end of period	10.3	10.4	13.1	15.1	17.4	15.9	17.3	18	18
Average gross monthly wages, PLN <sup>3)</sup>	1065.8	1232.7	1697.1	1893.7	2061.9	2025.5 <sup>2)</sup>	2109.3 <sup>2)</sup>	.	.
annual change in % (real, net) <sup>4)</sup>	7.3	4.5	4.7	1.0	3.3	0.7 <sup>2)</sup>	1.7 <sup>2)</sup>	.	.
Retail trade turnover, PLN mn	258166	291197	323687	360318	376487	.	.	.	.
annual change in % (real)	6.8	2.6	4.0	1.0	0.5	-1.4 <sup>2)</sup>	3.1 <sup>2)</sup>	.	.
Consumer prices, % p.a.	14.9	11.8	7.3	10.1	5.5	6.7	2.8	3	4
Producer prices in industry, % p.a.	12.2	7.3	5.7	7.8	1.6	3.3	0.5	.	.
Central government budget, PLN mn									
Revenues	119772	126560	125922	135664	140527	67730	65111	.	.
Expenditures	125675	139752	138401	151055	172885	86535	90034	.	.
Deficit (-) / surplus (+)	-5903	-13192	-12479	-15391	-32358	-18806	-24923	.	.
Deficit (-) / surplus (+), % GDP	-1.2	-2.4	-2.0	-2.2	-4.5	-5.5	-7.0	-5.4	-5.4
Money supply, PLN mn, end of period									
M1, Money	79203	89837	111384	106456	118288	104614	126069	.	.
M2, Money + quasi money	179342	223596	268701	300424	327588	314287	321941	.	.
Discount rate of NB % p.a., end of period	24.5	18.2	19.0	21.5	14.0	18.0	10.0	9	8
Current account, USD mn	-4309	-6841	-11553	-9952	-7166	-4440	-3935	-7700	-8000
Current account in % of GDP	-3.0	-4.3	-7.5	-6.3	-4.1	-5.2	-4.5	-4.3	-4.3
Gross reserves of NB incl. gold, USD mn	21403	28275	27314	27466	26564	27113	28164	.	.
Gross external debt, USD mn	49647	59135	65397	69558	70815	70438	.	.	.
Exports total, fob, EUR mn <sup>5)</sup>	22798.4	25145.4	25729.3	34382.6	40374.7	19835.6	20851.1	42400	45400
annual growth rate in %	17.0	10.3	2.3	33.6	17.4	26.2	5.1	5	7
Imports total, cif, EUR mn <sup>5)</sup>	37484.2	41539.3	43151.2	53121.9	56222.7	27654.4	28363.8	57400	61400
annual growth rate in %	26.3	10.8	3.9	23.1	5.8	10.2	2.6	2	7
Average exchange rate PLN/USD	3.28	3.49	3.97	4.35	4.09	4.04	4.09	.	.
Average exchange rate PLN/EUR (ECU)	3.71	3.92	4.23	4.01	3.67	3.63	3.67	4.0	4.2
Purchasing power parity PLN/USD, WIIW	1.62	1.69	1.77	1.85	1.89	.	.	.	.
Purchasing power parity PLN/EUR, WIIW	1.67	1.84	1.92	2.02	2.06	.	.	.	.

Notes: 1) Preliminary. - 2) Enterprises with more than 9 employees. - 3) From 1999 including mandatory premium for social security. - 4) From 1999 real gross wages. - 5) Converted from the national currency to EUR at the official exchange rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

## Romania: export-led growth

BY GÁBOR HUNYA

Economic growth accelerated in the second quarter and reached 4.4% for the first six months of the year. All main sectors of the economy saw an increase in value added. The rate of increase was fastest in agriculture as a prolonged result of the 2001 bumper harvest. This year the harvest was more modest and agricultural production will suffer a setback in the second half of the year. Industrial value added was up by 4.7%. Output of metals and foodstuffs increased rapidly and the export sectors of clothing and leather also boomed.

On the demand side, private consumption increased by a moderate 3.6%. Gross fixed capital formation went up by a remarkable 5.8%. Net exports soared by 8.8% and can be considered as the engine of the economy. This is all the more surprising as demand from the main export partners hardly increased. Also the export structure, featuring clothing and leather goods, cannot be considered as promising. It was the strengthening of the EUR vs. the USD that triggered a narrowing of the foreign trade gap. In current EUR terms exports increased 9.2% and imports 3.1%. As the domestic input prices are mostly calculated in dollars, the increasing amount of local currency earned on EUR calculated exports benefited the financial position of exporting firms.

The IMF released in September two tranches of the on-going stand-by arrangement. This decision enabled Romania to draw EUR 110 million from the IMF immediately. As a consequence, the World Bank Private Sector Adjustment Loan II, of a value of EUR 339 million, has also been approved. The IMF praised the country's favourable macroeconomic performance, including the rate of economic growth and exports, as well as the progress in reducing inflation, the lower budget and current account deficits, and the increasing official reserves. The IMF criticised the lax wage policy in the public sector, and the protracted losses in public enterprises. The quasi-fiscal deficit due to

tax arrears of state-owned enterprises remains a neuralgic point in the Romanian economy. Obviously, the inefficiencies of the public sector could not block the development of the private sector especially of exporters.

Consumer prices in June 2002 were 24% higher than a year earlier and the rate may go down to 22% by the end of the year. The slowing down of inflation has been supported by the development of the exchange rate. The depreciation of the ROL was 15% against the USD and 29% against the EUR. As domestic prices are widely set in dollars, the weak position of the reference currency moderated the price increases in domestic currency. The national bank kept buying foreign currency on the market in order to moderate real appreciation. As a consequence, hard currency reserves expanded to 3.8 months of imports and the country's international risk position improved. The managed floating exchange rate regime supports reducing inflation, while preventing excessive real appreciation.

Business surveys show optimism and a continuing upward production trend in industry and exports for the third quarter of the year. Still, we expect economic growth to remain below 4% as the recovery of Romania's main export partners is delayed and as higher international oil prices will cause the trade balance to deteriorate. There are no major upcoming risks challenging this moderate rate of economic growth. The government intends to reduce inflation further, and restrain the budget deficit to below 3 percent of GDP in 2002 and tighten it further in 2003. The preferential corporate income tax for exporters will be phased out which may reduce corporate incentive in selling abroad. But most of the exports depend on labour cost competitiveness. If the national bank continues to block real appreciation, even at the cost of disinflation, Romania should keep its competitive edge. If it gives in to the government's desire to suppress inflation at a more rapid pace using the exchange rate as a tool, as happened in 1998, competitiveness will fall.



Table RO

## Romania: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year	22545.9	22502.8	22458.0	22435.2	22409.0	.	.	.	.
Gross domestic product, ROL bn, nom.	252926	371194	545730	800308	1154126	454307	590565	1485000	1850000
annual change in % (real)	-6.1	-4.8	-1.2	1.8	5.3	4.9	4.4	3.8	4
GDP/capita (USD at exchange rate)	1565	1872	1585	1644	1772	.	.	.	.
GDP/capita (USD at PPP - WIIW)	5640	5450	5510	5740	6180	.	.	.	.
Gross industrial production									
annual change in % (real)	-7.2	-13.8	-2.4	7.1	8.2	10.5	3.6	4	4
Gross agricultural production									
annual change in % (real)	3.4	-7.5	5.2	-14.2	21.7	.	.	.	.
Goods transport, mn t-kms <sup>2)</sup>	87590	62364	45988	42131	40648	18721	.	.	.
annual change in %	-18.0	.	-26.3	-8.4	-3.5	-10.6	.	.	.
Gross fixed capital formation, ROL bn, nom.	53540.1	68111.6	96630.4	151486.2	219289.3	77145.9	.	.	.
annual change in % (real)	1.7	-5.7	-4.8	4.6	6.6	6.7	5.8	5	5
Construction output total									
annual change in % (real)	-24.4	-0.5	-0.2	2.8	4.1	4.3	4.9	.	.
Dwellings completed, units	29921	29692	29517	26376	27041	8093	9461	.	.
annual change in %	1.6	-0.8	-0.6	-10.6	2.5	11.3	16.9	.	.
Employment total, th pers., end of period	9022.7	8812.6	8420.0	8629.0	.	.	.	.	.
annual change in %	-3.8	-2.3	-4.5	2.5	.	.	.	.	.
Employees in industry, th pers., average	2443.0	2272.0	1991.0	1873.0	1817.0	1826.4	1826.2	.	.
annual change in %	-5.5	-7.0	-12.4	-5.9	-3.0	-4.0	0.0	.	.
Unemployed reg., th, end of period	881.4	1025.1	1130.3	1007.1	826.9	840.3	929.7	.	.
Unemployment rate in %, end of period	8.9	10.4	11.8	10.5	8.6	8.7	9.6	10	10
Average gross monthly wages, ROL	846450	1357132	1957731	2876645	4282622	3921333	5209322	.	.
annual change in % (real, net)	-22.6	3.4	-3.8	4.6	6.1	5.9	4.3	.	.
Retail trade turnover, ROL bn <sup>3)</sup>	83035	125513	160137	213569	.	.	.	.	.
annual change in % (real) <sup>3)</sup>	-12.1	20.6	-6.4	-7.0	0.4	-1.6	0.2	.	.
Consumer prices, % p.a.	154.8	59.1	45.8	45.7	34.5	38.4	25.6	25	20
Producer prices in industry, % p.a.	152.7	33.2	44.5	53.4	41.0	48.7	26.2	.	.
Central government budget, ROL bn									
Revenues	43835	67216	93240	120342	148203	75999	75351	.	.
Expenditures	52897	77617	106887	149168	184012	98688	104685	.	.
Deficit (-) / surplus (+)	-9062	-10401	-13647	-28826	-35809	-22689	-29334	.	.
Deficit (-) / surplus (+), % GDP	-3.6	-2.8	-2.5	-3.6	-3.1	-5.0	-5.0	.	.
Money supply, ROL bn, end of period									
M1, Money	18731	22110	29669	46331	64309	46001	64366	.	.
M2, money + quasi money	62150	92530	134123	185060	270512	208498	300912	.	.
Discount rate, % p.a., end of period <sup>4)</sup>	40.0	35.0	35.0	35.0	35.0	35.0	30.6	.	.
Current account, USD mn	-2137	-2968	-1469	-1363	-2349	-1306	-909	-2100	-2600
Current account in % of GDP	-6.1	-7.1	-4.1	-3.7	-5.9	-7.9	-5.1	-4.7	-5.1
Gross reserves of NB excl. gold, USD mn	2193.5	1374.8	1526.3	2469.7	3922.5	3553.3	5018.7	.	.
Gross external debt, USD mn <sup>5)</sup>	8584.3	9322.6	8770.7	10273.4	11723.8	10721.6	13007.9	.	.
Exports total, fob, EUR mn <sup>6)</sup>	7434.4	7412.4	7955.6	11219.2	12710.7	6342.1	6924.0	13800	14500
annual growth rate in %	16.6	-0.3	7.3	41.0	13.3	24.1	9.2	8.5	5
Imports total, cif, EUR mn <sup>6)</sup>	9946.3	10569.3	9896.0	14128.2	17362.5	8617.0	8883.7	18500	19700
annual growth rate in %	10.3	6.3	-6.4	42.8	22.9	38.6	3.1	6.5	6.5
Average exchange rate ROL/USD	7167.9	8875.6	15332.9	21692.7	29060.9	27613.6	32839.3	.	.
Average exchange rate ROL/EUR (ECU)	8090.9	9989.3	16295.6	19955.8	26026.9	24790.9	29505.9	31400	36000
Purchasing power parity ROL/USD, WIIW	1988.5	3028.9	4414.0	6215.9	8337.3	.	.	.	.
Purchasing power parity ROL/EUR, WIIW	2181.1	3319.0	4808.2	6777.7	9099.7	.	.	.	.

Notes: 1) Preliminary. - 2) From 1998 new methodology in road transport. - 3) From 1998 new methodology. - 4) Reference rate of NB from February 2002. - 5) Medium and long-term. - 6) Converted from USD to EUR using the ECB EUR/USD foreign exchange reference rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

## **Russia: mixed results in 2002**

BY PETER HAVLIK

Russian GDP growth was 3.9% in the first half of 2002 and, despite some revival in the industrial sector during the summer, will not markedly speed up in the near future. Industrial production remains sluggish and – apart from the metals sector – investments have been disappointingly weak. Any growth impetus from the already implemented reforms is not yet visible. At the same time, inflation has slowed down during the summer, the state budget remains in surplus and the nominal exchange rate is fairly stable. In real terms, the strengthening rouble stimulates growth in imports whereas export revenues are declining. The external surplus is falling and the main growth stimulus comes from rapidly expanding private consumption. The latter is fostered by growing private incomes and rising employment.

Neither increased political stability nor gradual progress on structural and institutional reforms have attracted investments so far. With declining profits and still scarce bank credits, enterprises lack the necessary resources. FDI especially remains extremely low, with inflows even dropping in the first half of 2002. The outlook for sustainable growth thus remains highly uncertain as the country is becoming increasingly dependent on volatile commodity prices while investor confidence is weak. GDP growth is therefore expected to hover around 4% in both 2002 and 2003, and it may only accelerate once reforms have started to bear fruit.

In June 2002 the government presented its budget plan for 2003, together with the revised medium-term growth forecast. At the end of August a draft outline of monetary policies was released by the Central Bank. Budget revenues are planned at 18.5% of GDP and the primary surplus at 0.8% of GDP (both about 1 percentage point less than in 2002). This implies that real budget expenditures will actually stagnate. The annual inflation is projected at between 10% and 12%, the average exchange rate at RUR 34 per USD. The government's ambitious and controversial aim is to keep the share of non-interest expenditures below 12.8% of GDP in 2003, and to reduce this share to close to 12% of GDP by 2005. GDP growth is projected to reach between 3.6% and 4.4% in 2003, and to increase to more than 5% only in the coming years. In this sense both the government and the CBR have only partly responded to President Putin's recent criticism concerning the insufficient GDP growth outlook in previous government development plans. On the whole, the official growth projections seem to be realistic: WIIW does not expect GDP growth to significantly exceed 4% in 2003 – unless investments, oil prices and exports pick up.

Table RU

Russia: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., end of period	147105	146693	145925	145185	144321	.	.	144000	143500
Gross domestic product, RUB bn, nom.	2478.6	2741.1	4766.8	7302.2	9040.8	4016.2	4842.1	10800	12700
annual change in % (real)	0.9	-4.9	5.4	9.0	5.0	5.0	3.9	3.9	4.4
GDP/capita (USD at exchange rate)	2909	1922	1323	1784	2141	.	.	.	.
GDP/capita (USD at PPP - WIIW)	5680	5480	5880	6590	7120	.	.	.	.
Gross industrial production									
annual change in % (real)	1.9	-5.2	11.0	11.9	4.9	5.5	3.2	4	5
Gross agricultural production									
annual change in % (real)	1.5	-13.2	4.1	7.7	6.8	2.3	4.0	.	.
Goods transport, bn t-kms	3256	3147	3315	3480	3592	1832	2258	.	.
annual change in %	-3.4	-3.3	5.3	5.0	3.2	2.3	4.3	.	.
Gross fixed investment, RUB bn, nom.	408.8	407.1	670.4	1165.2	1599.5	564.3	606.8	.	.
annual change in % (real)	-5.0	-12.0	5.3	17.7	8.7	4.2	2.0	3	7
Construction output total									
annual change in % (real)	-6.0	-5.0	6.0	11.0	10.0	7.1	2.8	.	.
Dwellings completed, th units	430.3	387.7	389.8	373.4	382.0	.	.	.	.
annual change in %	-10.6	-9.9	0.5	-4.2	2.3	.	.	.	.
Employment total, th pers., average	64693	63812	63963	64327	65000	63883 <sup>2)</sup>	65500 <sup>2)</sup>	.	.
annual change in %	-1.9	-1.4	0.2	0.6	1.0	0.2 <sup>2)</sup>	2.5 <sup>2)</sup>	.	.
Employment in industry, th pers., average	14905	14162	14297	14543	14635	.	.	.	.
annual change in %	-8.9	-5.0	1.0	1.7	0.6	.	.	.	.
Unemployed, th, end of period <sup>2)</sup>	8133	9728	8904	7039	6190	6095	5472	.	.
Unemployment rate in %, end of period <sup>2)</sup>	11.2	13.3	12.2	9.9	8.7	8.6	7.7	7.5	8
Average gross monthly wages, RUB	950.2	1051.5	1522.6	2223.4	3282.0	2931.0	4047.0	.	.
annual change in % (real, gross)	4.7	-13.3	-22.0	20.9	20.6	18.1	18.2	.	.
Retail trade turnover, RUB bn	883.3	1077.0	1848.2	2416.2	3151.5	1431.3	1752.9	.	.
annual change in % (real)	4.7	-3.5	-6.3	8.8	10.6	9.5	8.2	.	.
Consumer prices, % p.a.	14.8	27.6	85.7	20.8	21.6	23.4	16.8	15	15
Producer prices in industry, % p.a.	15.0	7.1	58.9	46.6	19.1	24.7	7.7	10	13
Central government budget, RUB bn									
Revenues	343.4	325.9	615.5	1132.1	1590.7	710.9	991.1	2126	.
Expenditures	436.6	472.2	666.9	1029.2	1325.7	577.8	828.2	1947	.
Deficit (-) / surplus (+)	-93.2	-146.3	-51.4	102.9	265.0	133.1	162.9	179	.
Deficit (-) / surplus (+), % GDP	-3.8	-5.3	-1.1	1.4	2.9	3.3	3.4	1.7	.
Money supply, RUB bn, end of period									
M1, Money	298.3	342.8	526.8	879.3	1192.6	987.9	1254.5	.	.
M2, Money + quasi money	457.2	628.6	984.9	1560.0	2122.7	1798.7	2356.8	.	.
Refinancing rate of NB % p.a., end of per.	28	60	55	25	25	25	23	.	.
Current account, USD mn	2032	659	24731	46405	34575	20842	14600	25000	20000
Current account in % of GDP	0.5	0.2	12.8	17.9	11.2	14.9	9.4	7.4	5.4
Gross reserves of NB, incl. gold, USD mn	17784	12223	12456	27972	36622	35053	43579	40000	.
Gross external debt, USD mn	130800	145000	158800	161400	150900	.	.	.	.
Exports total, fob, EUR mn <sup>3)</sup>	78479	66874	70960	114177	115041	57225	53220	104000	105000
annual change in %	9.8	-14.8	6.1	60.9	0.8	11.3	-7.0	-10	1
Imports total, cif, EUR mn <sup>3)</sup>	63489	51785	37027	48593	59607	27733	29768	65000	70000
annual change in %	18.4	-18.4	-28.5	31.2	22.7	30.8	7.3	9	8
Average exchange rate RUB/USD	5.79	9.71	24.62	28.12	29.17	28.77	31.03	32	34
Average exchange rate RUB/EUR (ECU)	6.54	11.06	26.24	26.03	26.13	25.86	27.86	30.5	34
Purchasing power parity RUB/USD, WIIW	2.96	3.41	5.54	7.61	8.79	.	.	10	11
Purchasing power parity RUB/EUR, WIIW	3.25	3.73	6.04	8.30	9.59	.	.	.	.

Notes: 1) Preliminary. - 2) Based on Labour Force Survey data. - 3) Including estimate of non-registered trade. Converted from USD to EUR using the ECB EUR/USD foreign exchange reference rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

## Slovakia: election encourages GDP growth

BY ZDENEK LUKAS

The victory of the ruling centre-right parties in the parliamentary elections held on 20-21 September opens the door for a centre-right coalition government. Prime Minister M. Dzurinda, whose Christian Democratic Union surprisingly came a strong second, will very likely form the new government. The new coalition government will very likely push through an economic programme stipulating stabilisation of the public finance, cuts in taxation and a reform of the health system. Foreign investors, hesitant to enter Slovakia before the election, are now encouraged to do so. At the same time, the election results will help the cause of the country's admission into the EU and NATO.

Pre-election generosity, reflected in an expansionary budget policy, supported household income. As a result of a postponed rise in regulated prices, the average inflation rate dropped to its lowest historical level at 3.9% in the first half of 2002. This backed the extraordinarily high growth in real average gross monthly wages of 5.5%, following a cumulative drop of over 6% in the previous three years. Higher income coupled with decreased saving propensity opened the door for an expansion in private consumption which was reflected in retail trade turnover, which rose by 7.3% in real terms. As government consumption was simultaneously up by 6.8%, GDP rose by 3.9% in the first half of 2002, i.e. by 1 percentage point more than in the corresponding period in 2001. Gross fixed capital formation has stagnated this year, after a strong expansion in 2001. Although domestic demand (government and private consumption) has remained the main driving force behind economic growth, external demand (export of goods and services) is gradually strengthening.

The value added in services (largely banking, insurance and real estate market) and construction rose faster than GDP. Gross industrial output rose by 4.6% in the first seven months of 2002 and

labour productivity was up by more than 1%. Growth rates were accelerating in the last few months of 2001 and in the first seven months of 2002, the highest being in mining & quarrying (30.4%) – following a steep decline in 2001 – and in electrical and optical equipment (29.5%). Transport equipment output (VW Bratislava), in earlier times the main driving force behind industrial expansion, lost its momentum and stagnated due to lower demand for cars in the EU. Despite some relaxation the unemployment rate has remained high. The central government's deficit rose and accounted for nearly 6% of GDP in the first seven months of 2002, due mostly to restructuring costs in the banking sector and to the government's pre-election stimulus.

The foreign trade balance has improved since April as exports rose faster than imports. The foreign trade deficit amounted to EUR 1140 million in the first seven months of 2002, equivalent to 9% of GDP compared to 10% in the corresponding period in 2001. Slovakia's export performance has grown mostly in sub-sectors of high value-added manufacturing (except for car output) while import growth has decelerated primarily on the account of cheaper energy imports in USD terms and currency depreciation. As in the past, acquisitions have so far dominated FDI inflows and they may well exceed USD 4 billion in 2002.

Driven mostly by domestic demand and gradually improving export performance, GDP is expected to increase by nearly 4% in 2002. Because of deficit spending policy, the central government deficit will exceed 5% of GDP this year. Thanks to further postponement of hikes in regulated prices, the average inflation rate may even drop below 4% in 2002. However, because the new government will very probably continue price deregulation in 2003, the inflation rate will rise to some 7% next year. The current account deficit should slightly decrease to 6.5% of GDP in 2002. This will easily be covered by FDI inflows. Encouraged by the election results, inflows of green-field investment will most likely expand next year. Besides, FDI inflows will again activate the currency appreciation pressures.

Table SK

## Slovak Republic: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year	5383.2	5390.7	5395.3	5400.7	5379.8	.	.	.	.
Gross domestic product, SKK bn, nom.	708.6	775.0	835.7	908.8	989.3	479.5	517.6	1045	1110
annual change in % (real)	5.6	4.0	1.3	2.2	3.3	2.9	3.9	4	3.5
GDP/capita (USD at exchange rate)	3915	4080	3740	3642	3804	.	.	.	.
GDP/capita (USD at PPP - WIIW)	10320	11150	11430	11930	12660	.	.	.	.
Gross industrial production <sup>2)</sup>									
annual change in % (real)	2.7	5.0	-2.7	8.6	6.9	7.9	3.3	5	5
Gross agricultural production									
annual change in % (real)	-1.0	-5.9	-2.5	-12.3	7.8	.	.	.	.
Goods transport, mn t-kms	17672	17808	19996	19829	17486	.	.	.	.
annual change in %	-5.9	0.8	12.3	-0.8	-11.8	.	.	.	.
Gross fixed capital form., SKK bn, nom.	242.9	280.9	252.9	267.9	309.6	146.7	151.2	.	.
annual change in % (real)	14.3	11.0	-18.5	1.2	9.6	9.9	-0.3	1	5
Construction industry									
annual change in % (real)	9.2	-3.5	-25.8	-0.4	0.8	6.4	1.1	.	.
Dwellings completed, units	7172	8234	10745	12931	10321	.	.	.	.
annual change in %	14.6	14.8	30.5	20.3	-20.2	.	.	.	.
Employment total, th pers., average <sup>3)</sup>	2205.9	2198.6	2132.1	2101.7	2123.7	2109.6	2109.4	.	.
annual change in %	-0.9	-0.3	-3.0	-1.4	1.0	1.0	0.0	.	.
Employment in industry, th pers., average <sup>3)</sup>	665.8	662.5	630.3	615.2	628.8	622.0	637.8	.	.
annual change in %	-3.5	-0.5	-4.9	-2.4	2.2	1.1	2.5	.	.
Unemployed reg., th, end of period	347.8	428.2	535.2	506.5	533.7	505.2	507.0	.	.
Unemployment rate in %, end of period	12.5	15.6	19.2	17.9	18.6	17.8	17.6	18	17
Average gross monthly wages, SKK	9226	10003	10728	11430	12365	11690	12808	.	.
annual change in % (real, gross)	6.5	1.7	-2.8	-4.5	0.8	0.1	5.5	.	.
Retail trade turnover, SKK bn <sup>4)</sup>	328.8	379.4	442.1	277.9	301.1	139.4	155.1	.	.
annual change in % (real)	4.8	8.6	9.8	.	4.5	1.3	7.3	.	.
Consumer prices, % p.a.	6.1	6.7	10.6	12.0	7.3	7.1	3.9	4	7
Producer prices in industry, % p.a.	4.5	3.3	3.8	9.8	6.6	8.9	2.0	.	.
Central government budget, SKK bn									
Revenues	180.8	177.8	216.7	213.5	205.4	103.8	102.8	.	.
Expenditures	217.8	197.0	231.5	241.1	249.7	117.3	127.5	.	.
Deficit (-) / surplus (+)	-37.0	-19.2	-14.8	-27.6	-44.4	-13.5	-24.7	.	.
Deficit (-) / surplus (+), % GDP	-5.2	-2.5	-1.8	-3.0	-4.5	-2.8	-4.8	.	.
Money supply, SKK bn, end of period									
M1, Money	166.1	147.2	153.9	187.2	228.5	189.8	218.7	.	.
M2, Money + quasi money	453.5	466.1	523.6	601.5	680.3	625.3	678.9	.	.
Discount rate, % p.a., end of period	8.8	8.8	8.8	8.8	8.8	8.8	8.3	.	.
Current account, USD mn	-1804	-1982	-980	-713	-1756	-785	-868	-1500	-1100
Current account in % of GDP	-8.6	-9.0	-4.9	-3.6	-8.6	-7.9	-8.0	-6.5	-4.2
Gross reserves of NB incl. gold, USD mn	3285	2923	3425	4077	4189	3716	4781	.	.
Gross external debt, USD mn	10700	11900	10518	10804	11043	10700	12032	.	.
Exports total, fob, EUR mn <sup>5)</sup>	7299.0	9540.6	9602.2	12879.5	14100.8	7083.8	7203.5	15000	16500
annual growth rate in %	3.6	11.9	0.6	34.1	9.5	15.6	1.7	6	10
Imports total, fob, EUR mn <sup>5)</sup>	9119.0	11634.7	10627.7	13859.8	16483.8	8039.9	8181.4	17100	18100
annual growth rate in %	2.7	12.3	-8.7	30.4	18.9	26.2	1.8	4	6
Average exchange rate SKK/USD	33.62	35.24	41.42	46.20	48.35	48.34	47.52	.	.
Average exchange rate SKK/EUR (ECU)	38.01	39.60	44.12	42.59	43.31	43.43	42.61	43	42
Purchasing power parity SKK/USD, WIIW	12.75	12.90	13.55	14.11	14.53	.	.	.	.
Purchasing power parity SKK/EUR, WIIW	13.63	14.16	14.77	15.38	15.89	.	.	.	.

Notes: 1) Preliminary. - 2) From 1999 WIIW calculation according to new official statistical base 2000 for index of industrial production. - 3) Based on Labour Force Survey. - 4) From 2000 according to NACE, excluding VAT. - 5) Converted from the national currency to EUR at the official exchange rate; from 1998 new methodology.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

## Slovenia: record FDI inflow

BY HERMINE VIDOVIC

The 2.2% GDP growth in the first quarter of 2002 was below expectations, mainly due to relatively weak foreign demand. Investment rose for the second quarter in a row and both private and government consumption were up 2.6% and 2.9% respectively. Output growth in industry decelerated to 2.5% in the first seven months of 2002. Manufacturing grew by just 1.3%. Within manufacturing, output expansion was strongest in machinery and equipment, transport equipment and chemicals. Considerable declines in production were recorded in labour intensive branches such as leather and textile. Construction activities recovered only slightly: over the first five months the value of construction works grew by 1% in real terms compared to the same period in 2001.

Retail price inflation remained almost unchanged at a relatively high level, at 7.7% during the first eight months of 2002 compared to the same period a year earlier. Retail trade turnover grew by 7%, average real gross wages increased by 1.9%. Following the agreement on wages for 2002-2004 signed by the social partners in June, base wages in industry were increased by 4.2% on 1 August; an additional adjustment of 2.5% has been agreed upon for August 2003. Wage adjustments are also foreseen in December 2002 and December 2003 in line with the rise of consumer price inflation. However, August wage increases had little wealth effect on the workers as prices of electricity, rail transport and mobile telephone fees were raised simultaneously.

Sluggish economic growth impeded a more pronounced employment increase: during the first half of the year employment was up by 1.2%. The rate of registered unemployment fell until June, but grew again in July (school leavers) reaching 11.5%.

Export activities gained momentum in the second quarter compared with the beginning of the year. Measured in current Euro terms, exports went up by about 4% during the first seven months of 2002, while imports remained stagnant. Export growth was mainly spurred by a further increase in sales to the successor states of the former Yugoslavia, the CEFTA countries and Russia, whereas trade with the EU stagnated. As a result Slovenia's trade deficit was substantially reduced; together with an increase of net earnings from services (esp. transport and other business services) this brought about a USD 180 million current account surplus in the first seven months of 2002 (versus a USD 20 million deficit in the same period a year earlier). The high levels of FDI inflows witnessed in 2001 continued during the first seven months of 2002 and reached a record level of USD 640 million for that period.

Following the downward revision of the main economic indicators, the Slovenian parliament adopted a supplementary budget for 2002 on 11 July, while the 2003 budget – originally adopted together with that of 2002 – has yet to undergo the necessary parliamentary procedure. The revised 2003 budget is based on a deficit forecast of € 240 mn or about 1% of expected GDP.

In August the partial purchase of Nova Ljubljanska banka, the country's biggest bank, became effective. The Belgian Bank KBC paid EUR 435 million for its 34% stake and the EBRD paid EUR 64 million for a 5% stake. The receipts are earmarked for public debt reduction.

Current economic trends point to only modest growth in 2002: real GDP may grow by 3% at most, assuming continued growth of domestic demand components and a further recovery of exports in the coming months. A more pronounced upswing may occur only in 2003. Based on the continuation of the recent trends of both commodity and services trade, the current account may end up balanced this year. Given the recent price increases inflation will remain on relatively high levels at 7-7.5% in 2002 and should slow to about 6% in 2003.

Table SI

## Slovenia: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year	1986.8	1982.6	1985.6	1990.3	1992.0	1992.0	.	.	.
Gross domestic product, SIT bn, nom.	2907.3	3253.8	3648.4	4035.5	4566.2	2205.3	.	5050	5540
annual change in % (real)	4.6	3.8	5.2	4.6	3.0	3.0	.	2.8	3.5
GDP/capita (USD at exchange rate)	9163	9878	10109	9105	9443	.	.	.	.
GDP/capita (USD at PPP - WIIW)	14100	14840	15810	16880	17740	.	.	.	.
Gross industrial production									
annual change in % (real)	1.0	3.7	-0.5	6.2	2.9	3.2	2.1	2.5	3
Gross agricultural production									
annual change in % (real)	0.0	2.2	-1.3	2.4	.	.	.	.	.
Goods transport, mn t-kms <sup>2)</sup>	37859	36733	40041	37003	41230	20772	17395	.	.
annual change in %	0.1	-3.0	9.0	-7.6	.	.	-16.3	.	.
Gross fixed capital form., SIT bn, nom.	679.5	800.6	999.2	1076.8	1138.7	530.0	.	.	.
annual change in % (real)	11.6	11.3	19.1	0.2	-1.9	-3.7	.	3	4
Construction output, in effect. working time									
annual change in % (real)	-5.2	1.7	10.2	-1.2	-2.1	-1.7	-4.2	.	.
Dwellings completed, units	6085	6518	5142	6460	5611	.	.	.	.
annual change in %	-2.3	7.1	-21.1	25.6	-13.1	.	.	.	.
Employment total, th pers., average	743.4	745.2	758.5	768.2	779.0	773.9	783.1	.	.
annual change in %	0.2	0.2	1.8	1.3	1.4	1.1	1.2	.	.
Employees in industry, th pers., average	248.5	246.2	242.8	241.6	243.5	243.9	.	.	.
annual change in %	-2.1	-0.9	-1.4	-0.5	0.8	1.3	.	.	.
Unemployed reg., th, end of period	128.6	126.6	114.3	104.6	104.3	97.8	100.1	.	.
Unemployment rate in %, end of period	14.8	14.6	13.0	12.0	11.8	11.1	11.3	11	10
Average gross monthly wages, SIT	144251	158069	173245	191669	214561	207544	227621	.	.
annual change in % (real, net)	2.9	1.5	3.0	1.4	3.1	3.6	1.7	.	.
Retail trade turnover, SIT bn <sup>3)</sup>	1290.0	1346.7	1555.0	1557.4	1684.8	800.5	.	.	.
annual change in % (real) <sup>4)</sup>	1.0	2.1	2.9	7.4	7.8	7.3	8.0	.	.
Consumer prices, % p.a.	8.4	7.9	6.1	8.9	8.4	9.1	7.8	7.5	6
Producer prices in industry, % p.a.	6.1	6.0	2.1	7.6	8.9	10.0	5.7	.	.
General government budget, SIT bn									
Revenues	1222.6	1397.9	1590.0	1726.7	1967.8	856.8	925.3	.	.
Expenditures	1256.7	1423.5	1613.3	1781.4	2031.0	964.3	1098.6	.	.
Deficit (-) / surplus (+)	-34.1	-25.6	-23.3	-54.7	-63.2	-107.5	-173.3	.	.
Deficit (-) / surplus (+), % GDP	-1.2	-0.8	-0.6	-1.4	-1.4	-4.9	.	.	.
Money supply, SIT bn, end of period									
M1, Money	270.5	332.7	399.8	424.0	502.2	437.8	524.3	.	.
Broad money	1411.3	1690.3	1912.9	2206.4	2876.7	2445.9	3025.5	.	.
Discount rate % p.a., end of period	10.0	10.0	8.0	10.0	11.0	11.0	10.0	.	.
Current account, USD mn	50.5	-118.0	-698.4	-547.6	30.9	-35.6	144.1	0	100
Current account in % of GDP	0.3	-0.6	-3.5	-3.0	0.2	-0.4	.	0.0	0.4
Gross reserves of NB excl. gold, USD mn	3314.7	3638.5	3168.0	3196.0	4329.9	3558.5	5384.8	.	.
Gross external debt, USD mn	4123	4915	5400	6217	6717	6459	7259 <sup>May</sup>	.	.
Exports total, fob, EUR mn <sup>5)</sup>	7413.4	8051.9	8037.0	9505.1	10347.9	5263.7	5456.8	10800	11300
annual growth rate in %	11.6	8.6	-0.2	18.3	8.9	13.9	3.7	4	5
Imports total, cif, EUR mn <sup>5)</sup>	8289.7	8999.4	9482.0	10995.7	11341.9	5782.9	5761.9	11500	12000
annual growth rate in %	10.0	8.6	5.4	16.0	3.1	7.5	-0.4	1	4
Average exchange rate SIT/USD	159.69	166.13	181.77	222.68	242.75	239.45	250.15	.	.
Average exchange rate SIT/EUR (ECU)	180.40	186.27	193.63	205.03	217.19	214.84	224.10	226	230
Purchasing power parity SIT/USD, WIIW	103.76	110.56	116.20	120.11	129.23	.	.	.	.
Purchasing power parity SIT/EUR, WIIW	113.81	121.15	126.58	130.96	141.05	.	.	.	.

Notes: 1) Preliminary. - 2) From 2001 new methodology in road transport. - 3) Including turnover tax; goods transport services, maintenance and repair of motor vehicles are not covered. - 4) Excluding turnover tax; maintenance and repair of motor vehicles are included. - 5) Converted from the national currency to EUR at the official exchange rate.

Source: WIIW Database incorporating national statistics; WIIW forecasts.

## Ukraine: budget and inflation targets jeopardized

BY HELEN BOSS HESLOP

The sharp slowdown in growth of GDP and exports continues. Ukraine's GDP grew by 4.3% in the first six months of 2002, slightly faster than in the first quarter, but rates were barely half those recorded in the first half of 2001. Industrial production mimicked GDP, picking up slightly in the second quarter to 5.8% annually, but this was a fraction of the nearly 19% upswing registered in the first half of 2001. The strong wage and incomes growth that began in 2001 facilitated an expansion of wholesale and retail trade, including auto services. Manufacturing was up 7.9%, in tandem with agriculture and forestry. Inflation has remained modest year-to-date, with the GDP deflator rising 1.6% between January and July, and consumer prices actually lower than in January.

However inflation is expected to pick up, as gross shortfalls in both tax and non-tax revenue have prompted the government to increase emissions by as much as half a billion dollars; the National Bank's 2-2.5% CPI target for the year appears vulnerable. The current budget draft for 2003 sports a fantastic increase in revenue. The stable nominal exchange rate with respect to the USD since early 2000 has helped moderate domestic price increases and allowed the central bank to build reserves to over USD 4 billion (August), equivalent to ten weeks of imports of goods and services. However trade with Russia has deteriorated due to real appreciation of the UAH, as evidenced by a 26.5% plunge in goods exports to the CIS in the first half of 2002. Total goods exports eked out a 1.5% gain in dollar terms in the first half, thanks to a further 15% growth in sales to ROW markets, despite anti-dumping problems.

However, measured in euros, the growth rate of ROW exports is not forecast to exceed 0.3% in 2002, and could well be negative in 2003, with a zero trade surplus.

Real wages and incomes are surging. Real wages rose ca. 23% in both 2001 and the first half of 2002, even though the average wage in June 2002 was only EUR 74; the July data indicate even faster real income growth. The good 2001 harvest lowered input costs in livestock sectors in the first half of 2002, boosting agricultural output 9.2%; the 2002 grain harvest was also respectable. Investment rose 12.4% in the first half. However, due e.g. to the postponement of the telecom privatization, only USD 275 million worth of FDI was attracted.

Soft budgets continue to dog both state and enterprise sectors. Nominal payment arrears rose 10% in the year to May. The government still accounts for nearly a third of wage arrears, and has failed to reduce VAT refund arrears to exporters, harming their performance. This led the IMF in August to refuse a final USD 550 million tranche under the expiring EFF programme; the Fund also cited ad hoc tax holidays and fears over the budget. With privatization and IFI funds not forthcoming, the state may float up to USD 900 million of additional sovereign debt in 2003. Twenty thousand people took to the streets on the second anniversary of the journalist Gongadze's disappearance on 16 September to protest corruption and demand the resignation of President Kuchma, and early presidential elections. The USA scaled down its official assistance due to Ukraine's alleged sales of radar equipment to Iraq.



Table UA

Ukraine: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003 forecast
Population, th pers., end of period	50499.9	50105.6	49710.8	49291.2	48673.0	49084.6	48145.7	48200	48100
Gross domestic product, UAH mn, nom.	93365	102593	130442	170070	201927	90329	92501	222600	254700
annual change in % (real)	-3.0	-1.9	-0.2	5.9	9.1	9.9	4.3	5	4
GDP/capita (USD at exchange rate)	989	833	633	632	767	.	.	.	.
GDP/capita (USD at PPP - WIIW)	3630	3630	3710	4050	4560	.	.	.	.
Gross industrial production									
annual change in % (real)	-0.3	-1.0	4.0	12.4	14.2	18.8	5.8	4.5	6.0
Gross agricultural production									
annual change in % (real)	-1.9	-9.8	-6.9	9.8	9.9	5.8	9.2	5	6
Goods transport, bn t-kms	402.3	391.7	388.0	394.1	393.8	193.6	192.2	.	.
annual change in %	-10.7	-2.6	-0.9	1.6	-0.1	1.2	1.2	.	.
Gross fixed investment, UAH mn, nom.	12437.0	13958.0	17552.0	23629.0	26744.0	10007.1	12073.0	.	.
annual change in % (real)	-8.8	6.1	0.4	14.4	17.2	23.6	12.4	12	15
Construction output total									
annual change in % (real)	-9.9	2.7	-8.0	9.1	.	9.1	.	.	.
Dwellings completed, units	80000	70000	73000	62600	64000	21800	20900	.	.
annual change in %	-9.2	-12.5	4.3	-14.2	2.2	-65.9	-4.1	.	.
Employment total, th pers., average	22597.6	22348.7	21823.7	21268.5	20900.0	.	.	20100	20000
annual change in %	-2.7	-1.1	-2.3	-2.5	-1.7	.	.	.	.
Employees in industry, th pers., average <sup>2)</sup>	4273.0	4142.0	3932.0	3445.0	3497.5	.	.	.	.
annual change in %	-7.9	-3.1	-5.1	-12.4	1.5	.	.	.	.
Unemployed reg., th, end of period	637.1	1003.2	1174.5	1155.2	1008.1	1046.5	1023.4	1000	.
Unemployment rate in %, end of period	2.3	3.7	4.3	4.2	3.7	3.8	3.7	4	4
Average gross monthly wages, UAH <sup>2)</sup>	143.0	153.0	177.5	230.1	311.1	284.6	349.4	375	.
annual change in % (real, gross)	-2.1	-3.2	-5.4	1.1	20.7	18.8	20.1	20	.
Retail trade turnover, UAH mn	18933	19317	22151	28757	34417	15461	17520	.	.
annual change in % (real)	0.2	-6.6	-7.1	8.1	14.0	10.4	16.1	15	.
Consumer prices, % p.a.	15.9	10.6	22.7	28.2	12.0	16.9	2.2	5	10
Producer prices in industry, % p.a.	7.7	13.2	31.1	20.9	8.6	12.8	0.9	.	.
General government budget, UAH mn									
Revenues	28112.0	28915.8	32876.4	49117.9	53993.0	25300.1	27797.0	45400 <sup>3)</sup>	63000 <sup>4)</sup>
Expenditures	34313.0	31195.7	34820.9	48148.6	55256.6	23915.1	26430.4	49600 <sup>3)</sup>	63800 <sup>4)</sup>
Deficit (-) / surplus (+)	-6201.0	-2279.9	-1944.5	969.3	-1263.6	1385.0	1366.6	-4600 <sup>3)</sup>	-800 <sup>4)</sup>
Deficit (-) / surplus (+), % GDP	-6.6	-2.2	-1.5	0.6	-0.6	1.5	1.5	-2.1 <sup>3)</sup>	-0.3 <sup>4)</sup>
Money supply, UAH mn, end of period									
M0, Currency outside banks	6132.0	7158.0	9583.0	12799.0	19465.0	14487.0	21441.0	.	.
Broad money	12541.0	15718.0	22070.0	32084.0	45555.0	36953.0	51195.0	.	.
Refinancing rate of NB % p.a., end of period	34.8	74.2	45.0	27.0	12.5	19.0	10.0	11	.
Current account, USD mn	-1335	-1296	1658	1481	1402	834	1322	700	600
Current account in % of GDP	-2.7	-3.1	5.2	4.7	3.7	5.0	7.6	1.7	1.3
Gross reserves of NB excl. gold, USD mn <sup>5)</sup>	2341	761	1046	1353	2955	1731	3245	3500	.
Gross external debt, USD mn	9555	11483	12438	10350	12100	9704	10500	10800	11300
Exports total, fob, EUR mn <sup>6)</sup>	12550	11283	10856	15771	18159	8918.1	9054.5	18210	17800
annual change in %	10.5	-10.1	-3.8	45.3	15.1	35.8	1.5	0	-2
Imports total, cif, EUR mn <sup>6)</sup>	15103	13103	11104	15104	17612	8257.4	8519.0	18180	17750
annual change in %	8.8	-13.2	-15.3	36.0	16.6	18.1	3.2	3	-2
Average exchange rate UAH/USD	1.862	2.450	4.130	5.440	5.372	5.420	5.323	5.3	5.6
Average exchange rate UAH/EUR (ECU)	2.113	2.768	4.393	5.029	4.814	4.873	4.774	5.0	5.6
Purchasing power parity UAH/USD, WIIW	0.507	0.561	0.705	0.848	0.904	.	.	.	.
Purchasing power parity UAH/EUR, WIIW	0.557	0.615	0.768	0.925	0.987	.	.	.	.

Notes: 1) Preliminary. - 2) Excluding small enterprises. - 3) Official projection as of August 2002. - 4) Draft under discussion, September 2002. - 5) Useable. - 6) Exports and imports of goods according to customs statistics, adjusted for oil, gas and non-declarable goods. Converted from USD to EUR using the ECB EUR/USD foreign exchange reference rate.

Source: WIIW Database incorporating national and international statistics; WIIW forecasts.

### Yugoslavia: making up its mind

BY VLADIMIR GLIGOROV

Two years after the oust of Mr. Milošević, Yugoslavia is facing difficult constitutional, political and economic choices.

Yugoslavia is a federation of two states, Serbia and Montenegro, which have been negotiating the new constitutional arrangement for a year now. The adoption of the new Constitutional Charter is delayed because of elections in both Serbia and Montenegro. The first round of the Serbian presidential elections was held on 29 September, in Montenegro the elections should be held in mid-October. Barring unexpected developments, the new union should come into existence before the end of this year.

The union will have a parliament with 120 seats, a government with only a handful of ministers, and a president who will be elected by the parliament and will preside over the government. The union will have major responsibilities in defence, foreign policy and international economic relations. Economic policy and almost everything else will be devolved to the member states. In reality, this is the current state of affairs anyway. Montenegro is fiscally independent, has its own foreign trade regime, and is using the euro as its legal tender. Thus, most federal institutions will simply be transferred to Serbia. For instance, the National Bank of Yugoslavia will become the National Bank of Serbia.

The two states have committed themselves to harmonize their economic systems in the context of the Stabilization and Association Process of the European Union. Before that, however, both states will have to adjust their respective constitutions so that they will be consistent with the Constitutional Charter of the new union. Also, elections for the federal as well as for the state parliaments will have to be held. Thus, assuming that nothing unexpected interferes, both Serbia and Montenegro are entering an election period that may last till mid-next year.

Though the Constitutional Charter seems to have been agreed upon, everything else is pretty much

up in the air. The Serbian presidential elections have evolved into a referendum on the reform strategy of the current government. The two strongest candidates, V. Koštunica, current president of Yugoslavia, and M. Labus, current deputy prime minister of the Yugoslav government, are a critic and a supporter respectively of the current Serbian government headed by Z. Djindjić. If Koštunica wins, the Serbian government will be under pressure to resign. That would lead to early parliamentary elections that could be held sometime in the first quarter of next year.

More important than that is the election rhetoric indicating that doubts have piled up about the course of economic reforms. The reasons for that are manifold. Probably the most important is the failure of the supply side to respond strongly to macroeconomic stabilization. Inflation has decelerated significantly (below 1% per month currently). Also, the budget is honouring its obligations on time. No new budget arrears have been accumulated since February 2001. But industrial production has stagnated for two years now. This year 3% growth is planned and it seems now that it will be just achieved. GDP is planned to grow by 4%, which may be difficult to achieve because only consumption shows significant growth. In any case, these growth rates, after years of decline, do not seem to be convincing enough to the public. Growing unemployment continues to be the main social problem.

In Montenegro a prolonged political crisis is coming to a resolution with the elections. They will be held in worsening economic circumstances. Though Montenegrin figures are hard to interpret, indications are that it is in a serious recession. This has been caused by the cut in the foreign aid that was used to finance the large fiscal deficit. Further fiscal adjustment is in store for the next year because the major donors, especially the US, are planning new reductions in transfers.

Both states are looking to investors to jump start their economies. Investors, on the other hand, are looking at political uncertainties and at sober economic figures. And both are making up their minds.

Table YU

## Yugoslavia: Selected Economic Indicators

	1997	1998	1999	2000	2001 <sup>1)</sup>	2001 January-June	2002	2002 forecast	2003
Population, th pers., mid-year	10600.1	10616.9	8372.7	8342.5	8325.7	.	.	.	.
Gross domestic product, USD mn, nom. <sup>2)</sup>	18146	18212	10376	8100	10500	.	.	14000	16000
annual change in % (real) <sup>3)</sup>	7.4	2.5	-21.9	6.4	6.2	.	.	4	4
GDP/capita (USD at exchange rate) <sup>2)</sup>	1712	1715	976	970	1260	.	.	.	.
Gross industrial production <sup>4)</sup>									
annual change in % (real)	9.5	3.6	-23.1	11.2	0.0	-2.0	-1.5	3	3
Gross agricultural production									
annual change in % (real)	7.3	-3.2	-1.0	-12.9	23.1	.	.	.	.
Goods transport, mn t-kms	38164	45601	30026	32878	16749	7916 <sup>IHV</sup>	1473 <sup>IHV</sup>	.	.
annual change in %	31.8	19.5	.	9.5	-49.1	.	-81.4	.	.
Gross fixed investment, YUM mn, nom.	13525.3	17893.2	24867.8	59315.5	.	.	.	.	.
annual change in % (real)	0.8	-2.2	-26.3	13.3	.	.	.	.	.
Construction output, value of work done									
annual change in % (real)	6.9	-0.8	-9.9	.	.	.	.	.	.
Dwellings completed, units	14768	13096	13123	12732	12156	.	.	.	.
annual change in %	-2.6	-11.3	0.2	-3.0	-4.5	.	.	.	.
Employment total, th pers., average <sup>5)</sup>	2332	2504	2298	2238	2243	2234	2199	.	.
annual change in %	-1.5	-0.1	.	-2.6	0.2	-0.4	-1.6	.	.
Employees in industry, th pers., average <sup>6)</sup>	864.1	884.4	804.5	764.7	743.9	750.4 <sup>IHV</sup>	702.7 <sup>IHV</sup>	.	.
annual change in % <sup>6)</sup>	-3.4	2.4	.	-5.0	-2.7	.	-6.4	.	.
Unemployed reg., th, end of period	793.8	849.4	774.3	812.4	860.5	838.4 <sup>IHV</sup>	879.3 <sup>IHV</sup>	.	.
Unemployment rate in %, end of period <sup>7)</sup>	25.5	25.4	25.5	26.7	27.9	.	28.5	30	30
Average net monthly wages, YUM	803	1063	1309	2588	5545	4587	8218	.	.
annual change in % (real, net)	21.2	2.0	-15.0	6.5	13.3	3.7	46.4	.	.
Retail trade turnover, YUM mn	35433	48748	57697	119522	250312	.	.	.	.
annual change in % (real, calc.)	11.8	3.9	-13.5	11.6	10.2	.	.	.	.
Consumer prices, % p.a.	21.6	29.9	44.9	85.6	89.0	120.0	22.4	25	15
Producer prices in industry, % p.a.	19.5	25.5	44.2	106.5	85.1	121.9	11.4	.	.
General government budget, YUM mn									
Revenues	47455	61360	79321	138749	320475	122771	.	.	.
Expenditures	55315	70739	.	.	.	.	.	.	.
Deficit (-) / surplus (+)	-7860	-9379	.	.	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	-7.0	-6.1	.	.	.	.	.	.	.
Money supply, YUM mn, end of period									
M1, Money	9148.0	10807.3	16332.0	29976.5	66391.0	43385	.	.	.
Broad money <sup>9)</sup>	38948.4	62352.0	75393.7	284236.8	354266.0	.	.	.	.
Discount rate, % p.a., end of period	33.7	33.7	26.3	26.3	16.4	27.7	9.5	.	.
Current account, USD mn <sup>10)</sup>	-1837	-1180	-1341	-339	-624	-590	-839	-1200	-1200
Current account in % of GDP	-10.1	-6.5	-12.9	-4.2	-5.9	.	.	-8.6	-7.5
Forex reserves of NBY, USD mn	300	300	297	524	1169	879	1820	.	.
Gross external debt, USD mn	10500	11500	12500	11418	11740	.	10996	.	.
Exports total, fob, EUR mn <sup>11)</sup>	2360.0	2517.7	1391.1	1808.2	2094.9	980.1	1076.4	2300	2450
annual growth rate in %	48.2	6.7	-44.0	30.0	15.9	.	9.8	10	7
Imports total, cif, EUR mn <sup>11)</sup>	4245.2	4283.5	3080.8	3892.1	5385.3	2808.0	2957.7	5510	5620
annual growth rate in %	30.6	0.9	-26.4	26.3	38.4	.	5.3	2	2
Average exchange rate YUM/USD	5.72	9.34	11.01	16.69	66.84	69.86	66.85	.	.
Average exchange rate YUM/EUR (ECU)	6.48	10.46	11.74	15.30	59.50	59.19	60.35	60	66

Notes: \*) Note: From 1999 (GDP from 2000) excluding Kosovo and Metohia. 1) Preliminary. - 2) Estimates based on World Bank method. From 1999 based on market exchange rate. - 3) Based on GMP in Dinar. - 4) Excluding private enterprises. - 5) Employees plus own account workers, excluding individual farmers; from 1998 including small enterprises. - 6) From 1998 including small enterprises. - 7) In % of unemployed plus employment. - 8) Excluding private sector; methodological break 1996/1997. - 9) Break 1999/2000 due to devaluation of dinar 6, Dec 2000. - 10) Excluding grants, in 2001, 2002 including. - 11) Converted from the national currency to EUR at the official exchange rate.

Source: WIIW Database incorporating national and international statistics.



## CONVENTIONAL SIGNS AND ABBREVIATIONS

used in the following section on monthly statistical data

.	data not available
%	per cent
CMPY	change in % against corresponding month of previous year
CCPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)
3MMA	3-month moving average, change in % against previous year.
CPI	consumer price index
PM	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion
BGN	Bulgarian lev (1 BGN = 1000 BGL)
CZK	Czech koruna
ECU	European currency unit
EUR	Euro, from 1 January 1999
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
ROL	Romanian leu
RUB	Russian rouble (1 RUB = 1000 RUR)
SIT	Slovenian tolar
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar
M0	currency outside banks
M1	M0 + demand deposits
M2	M1 + quasi-money

Sources of statistical data:

National statistical offices and central banks; WIIW estimates.

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## B U L G A R I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total	real, CPMY	4.0	0.2	6.8	10.3	2.7	-0.7	1.3	-5.0	-2.9	0.1	-2.5	15.5	5.3	3.0	8.5	.
Industry, total	real, CCPY	2.4	1.7	2.0	2.6	2.2	1.5	2.4	0.7	-2.9	-2.7	-3.1	1.3	2.1	1.5	2.8	.
<b>LABOUR</b>																	
Employees total	th. persons	1717	1725	1719	1708	1713	1717	1707	1686	1889	1894	1906	1905	1921	1930	.	.
Employees in industry	th. persons	598	598	592	588	585	584	581	575	632	629	628	631	629	630	.	.
Unemployment, end of period	th. persons	678.5	654.0	643.5	637.8	629.9	637.3	657.0	662.3	687.8	683.9	669.0	678.6	673.8	659.0	653.3	.
Unemployment rate <sup>1)</sup>	%	17.8	17.1	16.8	16.7	16.5	16.7	17.2	17.3	18.0	17.9	17.5	17.8	17.6	17.2	17.6	.
Labour productivity, industry	CCPY	6.7	5.9	6.2	6.8	6.4	5.7	6.6	4.7	-7.8	-7.6	-7.8	-3.6	-2.9	-3.5	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	0.5	1.3	0.9	0.4	0.5	1.3	0.3	1.9	11.6	12.4	12.7	7.4	6.2	6.6	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	BGN	261.0	261.0	256.0	256.0	264.0	259.0	261.0	278.0	250.0	252.0	265.0	262.0	269.0	264.0	.	.
Total economy, gross	real, CPMY	2.9	4.2	3.5	6.7	4.6	7.0	3.9	4.8	-1.0	-0.2	-0.9	-5.2	-3.6	-3.8	.	.
Total economy, gross	USD	117	114	113	118	123	120	119	127	113	112	119	119	126	129	.	.
Total economy, gross	EUR	133	133	131	131	135	132	133	142	128	129	135	134	138	135	.	.
Industry, gross	USD	118	120	117	125	131	126	125	131	118	117	124	122	126	137	.	.
<b>PRICES</b>																	
Consumer <sup>2)</sup>	PM	0.1	-0.1	-0.2	0.3	1.3	1.7	0.2	0.6	2.7	1.6	0.8	-0.1	-2.1	-1.7	0.1	-0.7
Consumer <sup>2)</sup>	CPY	9.7	9.4	8.5	5.7	4.7	5.2	4.6	4.8	7.0	8.4	9.2	9.2	6.9	5.2	5.5	4.5
Consumer <sup>2)</sup>	CCPY	9.2	9.3	9.2	8.7	8.2	7.9	7.6	7.4	7.0	7.7	8.2	8.4	8.1	7.6	7.3	7.0
Producer, in industry	PM	0.6	-0.3	-0.6	0.0	0.4	0.2	0.1	-0.5	0.4	1.3	0.8	1.0	-0.4	-1.1	.	.
Producer, in industry	CPY	9.7	9.5	7.7	6.0	3.3	1.2	1.2	0.7	1.2	2.4	2.7	3.4	2.3	1.6	.	.
Producer, in industry	CCPY	11.5	11.1	10.6	10.1	9.3	8.4	7.7	7.1	1.2	1.8	2.1	2.4	2.4	2.3	.	.
<b>RETAIL TRADE</b>																	
Turnover	real, CPMY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Turnover	real, CCPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
<b>FOREIGN TRADE<sup>2)3)</sup></b>																	
Exports total (fob), cumulated	EUR mn	2300	2801	3327	3824	4290	4792	5301	5709	434	904	1369	1849	2287	2734	.	.
Imports total (cif), cumulated	EUR mn	3100	3854	4678	5341	5944	6703	7454	8107	571	1171	1790	2490	3191	3797	.	.
Trade balance, cumulated	EUR mn	-799	-1053	-1351	-1517	-1654	-1910	-2153	-2398	-137	-268	-421	-641	-905	-1063	.	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	-389	-390	-465	-381	-427	-541	-697	-842	-130	-179	-232	-368	-467	-381	.	.
<b>EXCHANGE RATE</b>																	
BGN/USD, monthly average	nominal	2.234	2.293	2.273	2.173	2.141	2.159	2.202	2.192	2.215	2.248	2.234	2.210	2.131	2.048	1.972	2.000
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, calculated with CPI <sup>4)</sup>	real, Jan98=100	113.4	116.7	115.6	110.2	107.6	106.4	108.0	106.5	105.1	105.3	104.4	104.0	102.4	100.2	96.4	98.5
BGN/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	101.2	103.2	101.2	96.8	94.9	93.4	94.8	93.7	94.6	94.7	94.4	93.3	90.4	87.9	.	.
BGN/EUR, calculated with CPI <sup>4)</sup>	real, Jan98=100	89.6	89.7	89.7	89.5	88.6	87.1	86.7	86.3	84.4	83.2	82.9	83.4	85.3	86.7	86.6	87.2
BGN/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	79.3	79.5	79.7	79.6	79.4	78.9	78.5	78.7	78.6	77.5	77.2	76.7	77.2	77.9	.	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>5)</sup>	BGN mn	2344.2	2427.5	2522.1	2542.5	2601.8	2570.5	2641.9	3081.0	2924.6	2897.3	2855.2	2873.2	2781.0	2828.4	2900.3	.
M1, end of period <sup>5)</sup>	BGN mn	4135.7	4039.2	4163.9	4193.7	4275.1	4240.9	4982.0	4883.8	4651.4	4584.3	4594.2	4602.9	4474.8	4402.9	4589.0	.
Broad money, end of period <sup>5)</sup>	BGN mn	10374.7	10651.7	10984.9	11107.2	11318.5	11383.3	11673.0	12600.1	12513.5	12516.9	12503.1	12631.3	12358.6	12335.3	12695.7	.
Broad money, end of period	CPY	33.9	36.3	25.8	23.5	25.0	15.6	18.6	25.2	23.0	21.8	20.2	25.2	19.1	15.8	15.6	.
BNB base rate (p.a.) <sup>end of period</sup>	%	4.6	4.6	4.6	4.8	4.8	4.7	4.9	4.7	4.9	4.6	4.5	4.0	4.0	3.8	3.7	3.8
BNB base rate (p.a.) <sup>end of period<sup>6)</sup></sup>	real, %	-4.7	-4.6	-2.9	-1.1	1.5	3.5	3.6	4.0	3.6	2.2	1.7	0.6	1.6	2.1	.	.
<b>BUDGET</b>																	
Government budget balance, cum. <sup>7)</sup>	BGN mn	-18.5	-175.7	-447.8	-468.9	-559.1	-409.6	-408.3	-669.4	154.2	116.0	205.6	-50.7	194.1	181.9	.	.

1) Ratio of unemployed to total employment.

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

3) Cumulation starting January and ending December each year.

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

5) Revised according to International Accounting Standards.

6) Deflated with annual PPI.

7) Including some extrabudgetary accounts and funds.

## C R O A T I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	8.3	1.2	3.9	8.6	5.7	8.3	4.6	5.2	3.3	3.9	-1.0	5.8	3.9	-2.1	10.5	1.3
Industry, total <sup>1)</sup>	real, CCPY	7.0	5.9	5.6	6.0	5.9	6.2	6.0	6.0	3.3	3.6	1.9	2.9	3.1	2.2	3.4	3.1
Industry, total <sup>1)</sup>	real, 3MMA	6.2	4.4	4.4	6.0	7.5	6.2	6.1	4.4	4.1	1.9	2.8	2.8	2.5	4.0	3.2	.
Construction, total, effect.work.time <sup>2)</sup>	real, CMPY	2.6	1.9	8.0	5.2	2.6	11.0	7.8	2.8	9.6	12.8	9.5	19.9	11.7	7.0	.	.
<b>LABOUR</b>																	
Employment total	th. persons	1327.4	1335.6	1344.9	1346.4	1337.7	1333.3	1329.0	1316.8	1305.2	1324.0	1326.8	1332.8	1341.5	1352.4	1360.8	.
Employees in industry <sup>2)</sup>	th. persons	283.7	284.1	284.0	283.5	282.7	283.8	282.5	279.6	277.8	280.1	279.6	279.4	278.4	277.1	276.0	.
Unemployment, end of period	th. persons	373.4	364.9	367.9	369.2	376.6	383.5	385.3	395.1	411.1	414.4	415.4	407.7	394.1	385.0	382.8	379.7
Unemployment rate <sup>3)</sup>	%	22.0	21.5	21.5	21.5	22.0	22.3	22.5	23.1	24.0	23.8	23.8	23.4	22.7	22.2	22.2	22.1
Labour productivity, industry <sup>1)</sup>	CCPY	10.8	9.7	9.4	9.7	9.6	9.8	9.5	9.3	7.2	7.4	5.6	6.6	6.8	6.0	.	.
Unit labour costs, exch.r. adj.(EUR) <sup>9)</sup>	CCPY	0.7	1.8	2.7	2.2	1.5	1.1	1.2	1.2	-1.6	-0.8	0.9	1.2	0.7	1.6	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	HRK	5202	4999	5066	5090	4885	5051	5325	5142	5159	5017	5224	5352	5507	5374	.	.
Total economy, gross	real, CMPY	-1.7	-2.0	2.4	-1.3	-2.3	-0.5	1.3	-0.1	-1.5	0.9	0.2	4.7	4.0	5.2	.	.
Total economy, gross	USD	619	585	604	620	592	612	639	621	610	582	618	640	682	698	.	.
Total economy, gross	EUR	706	685	704	690	650	676	719	696	690	669	706	724	746	732	.	.
Industry, gross	USD	572	534	552	562	536	565	589	561	555	526	554	581	634	644	.	.
<b>PRICES</b>																	
Retail <sup>4)</sup>	PM	0.6	-0.3	-0.6	1.0	0.3	-0.1	-0.2	-0.2	0.8	0.1	0.4	0.4	0.2	0.1	-0.4	-0.1
Retail <sup>4)</sup>	CMPY	7.2	4.9	3.8	4.9	3.8	3.2	2.8	2.6	3.3	2.8	3.2	2.2	1.8	2.2	2.3	1.3
Retail <sup>4)</sup>	CCPY	6.8	6.4	6.0	5.9	5.7	5.3	5.1	4.9	3.3	3.0	3.2	2.9	2.6	2.5	2.6	2.4
Producer, in industry	PM	0.0	0.1	-0.7	-0.5	0.6	0.2	-0.5	-1.0	-0.1	0.6	-1.1	0.9	0.2	0.3	0.5	-0.1
Producer, in industry	CMPY	5.2	4.5	4.0	3.4	3.0	2.1	-2.0	-3.1	-2.6	-2.8	-2.3	-1.4	-1.2	-1.0	0.2	0.7
Producer, in industry	CCPY	6.4	6.1	5.8	5.5	5.2	4.8	4.2	3.6	-2.6	-2.7	-2.6	-2.3	-2.1	-1.9	-1.6	-1.3
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	12.0	11.2	9.2	8.1	6.8	8.5	8.7	7.7	10.9	13.5	14.7	9.4	12.0	9.1	19.3	.
Turnover	real, CCPY	11.6	11.7	11.3	10.9	10.5	10.4	10.2	10.0	10.9	12.2	13.0	12.1	12.1	11.6	12.7	.
<b>FOREIGN TRADE<sup>5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	2011	2488	2923	3396	3831	4381	4768	5209	356	720	1178	1655	2141	2522	3053	.
Imports total (cif), cumulated	EUR mn	4076	5019	5964	6733	7549	8480	9320	10082	677	1497	2406	3370	4375	5319	6428	.
Trade balance, cumulated	EUR mn	-2064	-2531	-3041	-3337	-3718	-4099	-4552	-4873	-321	-777	-1228	-1715	-2235	-2798	-3374	.
Exports to EU (fob), cumulated	EUR mn	1093	1367	1586	1857	2109	2458	2666	2853	196	417	657	952	1188	1405	1735	.
Imports from EU (cif), cumulated	EUR mn	2249	2808	3323	3730	4169	4702	5210	5653	350	797	1308	1844	2428	2971	3620	.
Trade balance with EU, cumulated	EUR mn	-1156	-1440	-1737	-1873	-2060	-2243	-2544	-2800	-154	-380	-651	-893	-1240	-1566	-1885	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	.	-1452	.	.	-237	.	.	-642	.	.	-771	.	.	.	.	.
<b>EXCHANGE RATE</b>																	
HRK/USD, monthly average	nominal	8.409	8.545	8.384	8.208	8.248	8.254	8.333	8.286	8.452	8.626	8.455	8.359	8.072	7.697	7.405	7.542
HRD/EUR, monthly average	nominal	7.369	7.298	7.199	7.377	7.516	7.475	7.408	7.391	7.477	7.500	7.403	7.393	7.378	7.344	7.350	7.377
HRK/USD, calculated with CPI <sup>7)</sup>	real, Jan98=100	122.1	124.7	122.7	118.9	119.6	119.5	120.6	119.8	121.5	124.4	122.0	120.9	116.5	111.1	107.3	109.4
HRK/USD, calculated with PPI <sup>7)</sup>	real, Jan98=100	125.6	126.3	122.8	120.8	120.5	117.7	119.0	118.1	120.9	122.6	122.9	121.5	117.1	111.5	106.7	108.8
HRD/EUR, calculated with CPI <sup>7)</sup>	real, Jan98=100	96.4	95.8	94.9	96.4	98.1	97.7	96.8	96.8	97.6	98.0	96.7	96.7	96.5	95.8	96.3	96.8
HRD/EUR, calculated with PPI <sup>7)</sup>	real, Jan98=100	98.4	97.3	96.3	99.1	100.5	99.3	98.4	99.0	100.4	100.2	100.4	99.7	99.4	98.6	98.2	98.6
<b>DOMESTIC FINANCE</b>																	
M0, end of period	HRK mn	6790	7266	7734	7551	7475	7182	7423	8507	8255	8345	9146	9112	9277	9904	10288	.
M1, end of period	HRK mn	18845	19065	20531	19838	20285	20065	20976	23704	22398	22165	24375	26418	26716	28254	28947	.
Broad money, end of period	HRK mn	77828	79690	81993	87748	88344	90102	95006	106071	108647	107184	106245	106333	106445	106593	109734	.
Broad money, end of period	CMPY	29.7	28.5	24.9	28.6	28.1	29.1	34.8	45.2	46.7	41.9	37.1	36.9	36.8	33.8	33.8	.
Discount rate (p.a.), end of period	%	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Discount rate (p.a.), end of period <sup>8)</sup>	real, %	0.7	1.3	1.8	2.4	2.8	3.7	8.1	9.3	8.7	9.0	8.4	7.4	7.2	7.0	5.7	5.2
<b>BUDGET</b>																	
Central gov. budget balance, cum. <sup>9)</sup>	HRK mn	-4044.8	-4380.0	-4549.6	-4629.3	-5435.0	-2175.5	-2232.1	-3758.5	-498.2	-842.3	-2614.0	-2289.5	-2445.1	-2867.5	-2065.0	.

1) In business entities with more than 19 persons employed.

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

3) Ratio of unemployed to the economically active population.

4) From August 2001 adjustment lowering telecom prices.

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

6) Cumulation starting January and ending December each year.

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

8) Deflated with annual PPI.

9) From January 2002 including social security funds.

## C Z E C H REPUBLIC: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	6.9	3.7	9.3	3.0	1.1	4.1	6.6	3.7	2.6	5.8	4.1	8.2	5.1	1.3	10.8	.
Industry, total	real, CCPY	9.6	8.6	8.7	7.9	7.1	6.8	6.8	6.5	2.6	4.2	4.2	5.2	5.2	4.5	5.3	.
Industry, total	real, 3MMA	7.2	6.5	5.1	4.2	2.7	4.0	4.8	4.4	4.0	4.2	6.0	5.7	4.9	5.5	.	.
Construction, total	real, CMPY	15.1	12.2	21.4	9.2	3.6	7.0	2.5	-6.8	3.1	13.8	-2.7	5.2	5.0	-1.5	-1.3	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	1172	1174	1179	1177	1170	1170	1172	1164	1165	1168	1168	1164	1166	1164	1142	.
Unemployment, end of period	th. persons	420.6	420.3	439.8	443.6	440.5	437.3	439.2	461.9	489.0	485.2	471.7	456.4	447.9	454.3	479.2	488.3
Unemployment rate <sup>2)</sup>	%	8.1	8.1	8.5	8.5	8.5	8.4	8.5	8.9	9.4	9.3	9.1	8.8	8.6	8.7	9.2	9.4
Labour productivity, industry <sup>1)3)</sup>	CCPY	8.4	7.7	7.4	7.0	6.4	6.3	6.4	5.5	1.4	3.6	3.5	5.2	5.2	4.3	5.4	.
Unit labour costs, exchr. adj.(EUR) <sup>1)3)</sup>	CCPY	3.0	3.7	4.2	4.3	4.6	4.8	4.6	5.4	16.2	13.6	13.5	13.1	13.1	13.7	13.4	.
<b>WAGES, SALARIES</b>																	
Industry, gross <sup>1)</sup>	CZK	15053	14717	14538	14274	13802	14770	16937	15512	14610	13763	14499	14923	15920	15333	15972	.
Industry, gross <sup>1)</sup>	real, CMPY	2.3	0.4	1.6	0.6	0.3	2.5	0.5	0.7	3.8	3.8	2.5	5.5	3.2	3.0	9.2	.
Industry, gross <sup>1)</sup>	USD	383	370	370	377	367	399	452	425	402	377	405	435	478	483	533	.
Industry, gross <sup>1)</sup>	EUR	438	433	429	419	404	440	508	476	455	433	462	492	521	506	537	.
<b>PRICES</b>																	
Consumer	PM	0.6	1.0	1.0	-0.2	-0.7	0.0	-0.1	0.1	1.5	0.2	-0.1	-0.1	-0.1	-0.3	0.5	-0.2
Consumer	CMPY	5.0	5.5	5.9	5.5	4.7	4.4	4.2	4.1	3.7	3.9	3.7	3.2	2.5	1.2	0.6	0.6
Consumer	CCPY	4.4	4.5	4.7	4.8	4.8	4.8	4.7	4.7	3.7	3.8	3.7	3.6	3.4	3.0	2.7	2.4
Producer, in industry	PM	0.2	0.2	-0.1	-0.3	0.0	0.7	-0.4	-0.3	0.2	0.2	0.0	-0.5	-0.2	-0.1	-0.4	-0.1
Producer, in industry	CMPY	3.8	3.4	3.0	2.4	1.8	1.4	0.9	0.8	0.6	-0.1	-0.2	-0.1	-0.5	-0.8	-1.1	-0.9
Producer, in industry	CCPY	4.2	4.0	3.9	3.7	3.5	3.3	3.1	2.9	0.6	0.2	0.1	0.0	-0.1	-0.2	-0.3	-0.4
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	4.3	2.5	6.8	3.6	3.6	8.4	8.7	-0.3	4.1	4.3	4.2	4.9	3.3	-0.4	5.6	.
Turnover	real, CCPY	4.3	4.0	4.4	4.3	4.2	4.7	5.0	4.5	4.1	4.2	4.2	4.4	4.2	3.4	3.8	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	15398	18596	21402	24255	27355	30924	34483	37265	3071	6344	9868	13526	16942	20355	23399	26014
Imports total (fob), cumulated	EUR mn	16731	20068	23410	26657	29671	33549	37277	40690	3253	6440	10151	13804	17572	21010	24538	27537
Trade balance, cumulated	EUR mn	-1334	-1472	-2008	-2402	-2316	-2625	-2793	-3425	-181	-95	-283	-277	-630	-656	-1139	-1523
Exports to EU (fob), cumulated	EUR mn	10843	13046	14958	16862	18965	21389	23801	25692	2150	4459	6942	9480	11798	14177	16166	17897
Imports from EU (fob), cumulated	EUR mn	10540	12645	14758	16762	18575	20965	23196	25148	1997	3970	6229	8503	10759	12881	15068	16857
Trade balance with EU, cumulated	EUR mn	302	401	199	100	390	424	605	543	153	490	713	977	1039	1296	1098	1040
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	.	-1266	.	.	-2004	.	.	-2638	.	.	-430	.	.	-986	.	.
<b>EXCHANGE RATE</b>																	
CZK/USD, monthly average	nominal	39.3	39.8	39.3	37.9	37.6	37.0	37.5	36.5	36.3	36.5	35.8	34.3	33.3	31.7	30.0	31.5
CZK/EUR, monthly average	nominal	34.4	34.0	33.9	34.0	34.2	33.6	33.3	32.6	32.1	31.8	31.4	30.4	30.6	30.3	29.7	30.8
CZK/USD, calculated with CPI <sup>6)</sup>	real, Jan98=100	108.5	109.0	106.4	102.7	102.9	101.1	102.3	99.2	97.5	98.3	97.0	93.4	90.9	86.9	81.6	86.0
CZK/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	110.0	110.1	107.3	103.6	102.6	98.2	99.5	95.9	95.6	95.9	95.2	92.3	89.9	85.8	81.3	85.6
CZK/EUR, calculated with CPI <sup>6)</sup>	real, Jan98=100	85.6	83.8	82.5	83.2	84.4	82.8	82.1	80.3	78.2	77.5	76.9	74.8	75.6	75.1	73.3	76.1
CZK/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	86.1	85.0	84.4	85.0	85.5	83.0	82.3	80.6	79.3	78.5	77.8	75.9	76.6	76.0	74.9	77.6
<b>DOMESTIC FINANCE</b>																	
M0, end of period	CZK bn	172.6	173.9	170.6	172.6	177.1	175.9	181.8	180.4	179.9	182.3	182.8	183.3	184.9	188.5	185.6	.
M1, end of period <sup>7)</sup>	CZK bn	538.0	544.1	546.7	552.3	556.5	553.1	566.7	583.6	572.8	575.2	568.8	582.5	605.0	617.5	619.2	.
M2, end of period <sup>7)</sup>	CZK bn	1512.6	1514.1	1528.7	1547.9	1532.5	1540.5	1564.8	1596.0	1590.9	1585.3	1581.6	1606.5	1625.0	1580.5	1595.7	.
M2, end of period	CMPY	11.7	13.3	13.5	13.1	11.9	12.2	12.5	13.0	11.1	10.2	9.8	9.5	7.4	4.4	4.4	.
Discount rate (p.a.), end of period	%	4.0	4.0	4.25	4.25	4.25	4.25	3.75	3.75	3.5	3.25	3.25	2.75	2.75	2.75	2.0	2.0
Discount rate (p.a.), end of period <sup>8)</sup>	real, %	0.2	0.6	1.2	1.8	2.4	2.8	2.8	2.9	2.9	3.4	3.5	2.9	3.3	3.6	3.1	2.9
<b>BUDGET</b>																	
Central gov. budget balance, cum.	CZK mn	-28713	-29652	-23519	-25566	-22644	-35432	-59797	-67698	-3417	-24923	-15737	-41863	-32401	-915	-26854	.

1) Enterprises employing 20 and more persons.

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

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

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

5) Cumulation starting January and ending December each year.

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

7) Revision based on new methodology starting January 2002 - excluding extrabudgetary funds.

8) Deflated with annual PPI.



## H U N G A R Y: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	8.6	0.2	2.7	2.4	-6.4	5.9	-1.0	-2.2	-3.4	0.9	3.1	4.5	-2.7	3.1	8.5	.
Industry, total	real, CCPY	10.4	8.4	7.6	6.9	5.3	5.3	4.6	4.1	-3.4	-1.2	0.1	1.1	0.4	0.8	1.9	.
Industry, total	real, 3MMA	6.2	3.6	1.7	-0.7	0.5	-0.6	0.9	-2.2	-1.5	0.1	2.7	1.5	1.6	2.9	.	.
Construction, total	real, CMPY	16.8	8.7	11.7	22.4	9.9	7.2	7.0	7.4	14.0	26.5	27.3	34.8	22.1	14.4	18.4	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	835.6	834.2	834.4	831.3	828.1	824.1	821.8	812.6	829.9	828.2	826.0	821.8	814.5	819.3	.	.
Unemployment <sup>2)</sup>	th. persons	232.2	223.8	233.9	237.0	218.3	227.5	235.2	216.9	235.8	238.5	231.6	224.4	232.2	232.5	260.7	.
Unemployment rate <sup>2)</sup>	%	5.7	5.4	5.7	5.8	5.3	5.6	5.8	5.4	5.8	5.9	5.7	5.5	5.7	5.7	6.4	.
Labour productivity, industry <sup>1)</sup>	CCPY	10.9	9.3	8.6	8.0	6.6	7.0	6.6	5.9	-1.9	0.8	2.4	3.6	2.8	3.3	.	.
Unit labour costs, exchr. adj.(EUR) <sup>3)</sup>	CCPY	1.5	4.1	5.4	6.5	7.9	7.9	8.6	9.5	25.4	22.0	19.9	19.7	19.8	17.6	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	HUF	98523	101567	99069	97581	99416	106173	124074	136593	112480	108878	113857	114200	118184	118854	.	.
Total economy, gross <sup>1)</sup>	real, CMPY	4.1	6.8	4.2	7.9	10.3	12.9	14.8	10.5	11.9	12.2	12.8	8.4	13.6	11.6	.	.
Total economy, gross <sup>1)</sup>	USD	334	351	342	350	354	377	438	493	408	389	407	417	445	468	.	.
Total economy, gross <sup>1)</sup>	EUR	381	411	398	389	389	416	494	552	461	447	465	471	485	490	.	.
Industry, gross <sup>1)</sup>	USD	361	358	352	372	356	375	438	433	388	376	403	413	455	453	.	.
<b>PRICES</b>																	
Consumer	PM	0.9	0.3	0.1	-0.2	0.5	0.3	0.1	0.1	1.3	1.0	0.7	0.9	0.5	-0.4	-0.1	-0.3
Consumer	CMPY	10.8	10.5	9.4	8.7	8.0	7.6	7.1	6.8	6.6	6.2	5.9	6.1	5.6	4.8	4.6	4.5
Consumer	CCPY	10.4	10.4	10.3	10.1	9.9	9.6	9.4	9.2	6.6	6.4	6.2	6.2	6.1	5.9	5.8	5.5
Producer, in industry	PM	-0.7	-1.3	0.1	0.1	0.7	-0.3	-0.8	-0.7	0.1	0.3	0.3	0.3	0.1	-1.1	0.1	.
Producer, in industry	CMPY	7.0	5.3	4.4	3.3	2.9	1.9	0.0	-0.4	-2.0	-2.3	-2.8	-2.7	-2.0	-1.1	-0.9	.
Producer, in industry	CCPY	9.0	8.4	7.8	7.3	6.8	6.3	5.7	5.2	-2.0	-2.2	-2.4	-2.5	-2.4	-2.2	-2.0	.
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CMPY	4.3	4.0	5.3	4.7	3.3	5.5	3.2	3.7	12.8	9.5	15.9	9.7	9.9	12.0	.	.
Turnover <sup>3)</sup>	real, CCPY	5.9	5.6	5.5	5.4	5.2	5.2	5.0	4.8	12.8	11.1	12.9	12.0	11.5	11.6	.	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	13920	16860	19563	22191	25079	28251	31550	34087	2585	5562	8795	11875	15029	18024	20822	.
Imports total (cif), cumulated	EUR mn	15606	18803	21956	24776	27762	31266	34713	37659	2958	6193	9551	12925	16301	19467	22787	.
Trade balance, cumulated	EUR mn	-1686	-1943	-2392	-2585	-2683	-3015	-3163	-3573	-373	-631	-756	-1049	-1272	-1443	-1965	.
Exports to EU (fob), cumulated	EUR mn	10640	12813	14830	16740	18929	21313	23622	25319	1923	4169	6588	9031	11417	13662	15776	.
Imports from EU (cif), cumulated	EUR mn	9096	10936	12825	14472	16203	18216	20129	21764	1623	3410	5284	7260	9172	10992	13020	.
Trade balance with EU, cumulated	EUR mn	1544	1878	2005	2268	2726	3097	3493	3554	299	759	1304	1771	2245	2670	2756	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	-516	-888	-807	-626	-637	-702	-812	-1105	-345	-517	-493	-847	-1252	-1631	-1845	.
<b>EXCHANGE RATE</b>																	
HUF/USD, monthly average	nominal	295.4	289.3	289.5	279.1	280.9	281.5	283.1	277.0	275.9	279.9	279.5	273.6	265.8	254.1	248.6	250.9
HUF/EUR, monthly average	nominal	258.3	247.1	249.0	251.2	255.9	255.5	251.1	247.6	243.9	243.5	244.7	242.4	243.7	242.7	246.6	245.1
HUF/USD, calculated with CPI <sup>6)</sup>	real, Jan98=100	113.6	111.2	110.8	107.0	107.6	107.2	107.5	104.8	103.2	104.1	103.7	101.2	97.9	94.0	92.1	93.2
HUF/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	122.0	119.9	117.9	113.6	113.4	111.5	112.6	109.6	109.4	110.5	111.3	109.7	106.4	103.0	100.6	.
HUF/EUR, calculated with CPI <sup>6)</sup>	real, Jan98=100	89.7	85.6	86.0	87.0	88.4	88.0	86.2	85.0	83.0	82.2	82.4	81.3	81.4	81.4	82.8	82.5
HUF/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	95.5	92.6	92.8	93.4	94.6	94.4	93.0	92.2	90.9	90.5	91.0	90.3	90.8	91.3	92.7	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period	HUF bn	872.8	903.4	907.8	932.2	957.4	965.6	1006.8	1037.9	986.0	991.8	1005.0	1029.4	1077.1	1100.7	1136.8	1166.5
M1, end of period	HUF bn	2292.1	2331.6	2319.5	2438.1	2457.9	2478.7	2537.4	2776.3	2564.1	2569.9	2644.2	2662.3	2765.8	2808.5	2830.0	2901.8
Broad money, end of period	HUF bn	6155.1	6163.7	6241.6	6516.0	6544.8	6637.4	6715.1	7090.1	6984.2	6927.4	6985.2	7133.7	7191.4	7214.0	7317.8	7521.6
Broad money, end of period	CMPY	13.5	12.7	13.3	15.9	15.2	15.4	13.9	17.2	17.0	15.9	16.2	17.7	16.8	17.0	17.2	15.4
NBH base rate (p.a.) <sup>end of period</sup>	%	11.0	11.0	11.3	11.3	11.0	10.8	10.3	9.8	9.0	8.5	8.5	8.5	9.0	9.0	9.5	9.5
NBH base rate (p.a.) <sup>end of period</sup> <sup>7)</sup>	real, %	3.7	5.4	6.6	7.7	7.9	8.7	10.3	10.2	11.2	11.1	11.6	11.5	11.2	10.2	10.5	.
<b>BUDGET</b>																	
Central gov.budget balance <sup>cum.</sup>	HUF bn	-66.8	-84.2	-102.7	-135.8	-170.6	-194.9	-178.5	-413.2	-59.3	-143.1	-186.9	-240.2	-280.2	-359.6	.	.

1) Economic organizations employing more than 5 persons.

2) According to ILO methodology, from 2002 calculated by WIW based on the 3-month averages.

3) Excluding catering.

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

5) Cumulation starting January and ending December each year.

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

7) Deflated with annual PPI.

## P O L A N D: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry <sup>1)</sup>	real, CMPY	-0.4	-4.7	1.5	0.9	-3.7	1.8	-1.1	-4.8	-1.4	0.3	-3.2	0.3	-4.2	2.1	5.7	-1.2
Industry <sup>1)</sup>	real, CCPY	3.3	1.9	1.8	1.7	1.0	1.1	0.9	-0.2	-1.4	-0.6	-1.5	-1.1	-1.7	-1.1	-0.1	-0.2
Industry <sup>1)</sup>	real, 3MMA	-0.6	-1.3	-0.9	-0.6	-0.4	-1.0	-1.3	-2.5	-2.1	-1.5	-0.9	-2.4	-0.7	1.1	2.2	.
Construction <sup>1)</sup>	real, CMPY	0.3	-10.0	-10.3	-14.0	-10.9	-9.7	-9.5	-10.5	-21.5	-13.9	-14.3	-6.2	-20.3	-13.2	-3.8	-7.8
<b>LABOUR</b>																	
Employees <sup>1)</sup>	th. persons	5135	5121	5097	5074	5060	5044	5020	4952	4940	4931	4924	4907	4896	4898	4884	4876
Employees in industry <sup>1)</sup>	th. persons	2634	2624	2608	2594	2584	2589	2576	2528	2494	2492	2486	2475	2471	2471	2462	.
Unemployment, end of period	th. persons	2841.1	2849.2	2871.5	2892.6	2920.4	2944.3	3022.4	3115.1	3253.3	3277.9	3259.9	3203.6	3064.6	3090.9	3105.3	3105.6
Unemployment rate <sup>2)</sup>	%	15.9	15.9	16.0	16.2	16.3	16.4	16.8	17.4	18.0	18.1	18.1	17.8	17.2	17.3	17.4	17.4
Labour productivity, industry <sup>1)</sup>	CCPY	8.4	7.0	7.0	6.9	6.3	6.4	6.3	5.8	5.5	6.5	5.5	6.0	5.2	5.7	6.6	.
Unit labour costs, exch.r. adj.(EUR) <sup>3)</sup>	CCPY	9.5	12.4	12.7	11.5	10.8	10.3	10.4	10.4	8.4	5.0	3.8	2.0	0.5	-2.2	-4.7	.
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	PLN	2163	2148	2199	2192	2218	2252	2302	2471	2188	2189	2252	2226	2255	2232	2289	2253
Total economy, gross <sup>1)</sup>	real, CMPY	1.8	-1.1	3.0	1.8	1.8	3.9	3.0	1.8	2.1	2.0	1.5	-0.6	2.5	2.5	2.8	1.5
Total economy, gross <sup>1)</sup>	USD	543	541	525	516	526	545	562	616	538	523	544	549	557	555	556	539
Total economy, gross <sup>1)</sup>	EUR	621	634	611	574	577	602	633	690	609	601	621	619	609	580	560	551
Industry, gross <sup>1)</sup>	USD	542	537	526	516	512	532	579	636	545	526	542	549	546	556	561	.
<b>PRICES</b>																	
Consumer	PM	1.1	-0.1	-0.3	-0.3	0.3	0.4	0.1	0.2	0.8	0.1	0.2	0.5	-0.2	-0.4	-0.5	-0.4
Consumer	CMPY	6.9	6.2	5.2	5.1	4.3	4.0	3.6	3.6	3.4	3.5	3.3	3.0	1.9	1.6	1.3	1.2
Consumer	CCPY	6.9	6.7	6.5	6.3	6.1	5.9	5.7	5.5	3.6	3.6	3.5	3.4	3.1	2.8	2.6	2.4
Producer, in industry	PM	0.0	-0.4	0.3	0.8	0.5	-0.6	-0.6	-0.3	0.1	0.2	0.2	0.3	0.1	0.2	0.8	0.4
Producer, in industry	CMPY	2.3	0.9	0.6	1.0	0.7	-0.5	-1.0	-0.4	0.0	0.2	0.3	0.4	0.5	1.2	1.7	1.3
Producer, in industry	CCPY	3.8	3.3	2.9	2.7	2.5	2.2	1.9	1.6	0.1	0.2	0.3	0.3	0.4	0.5	0.7	0.8
<b>RETAIL TRADE</b>																	
Turnover <sup>1)</sup>	real, CMPY	0.2	-1.8	-0.1	1.1	0.2	5.1	2.1	1.1	3.9	6.6	8.2	1.0	1.1	1.8	7.7	.
Turnover <sup>1)</sup>	real, CCPY	-1.2	-1.4	-0.8	-0.4	-0.4	0.1	0.4	0.7	3.9	5.3	5.8	4.0	3.3	3.1	3.3	.
<b>FOREIGN TRADE<sup>3,4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	16497	19836	23049	26297	29948	33899	37388	40372	3283	6555	10252	13979	17320	20851	24007	.
Imports total (cif), cumulated	EUR mn	22896	27654	32482	36888	41518	46871	51754	56220	4120	8580	13519	18849	23588	28364	33132	.
Trade balance, cumulated	EUR mn	-6399	-7819	-9433	-10591	-11570	-12971	-14365	-15847	-836	-2025	-3267	-4870	-6268	-7513	-9125	.
Exports to EU (fob), cumulated	EUR mn	11764	14102	16323	18466	20902	23532	25930	27940	2383	4665	7215	9757	12042	14373	16710	.
Imports from EU (cif), cumulated	EUR mn	14028	16932	19958	22599	25484	28814	31783	34510	2454	5267	8372	11517	14524	17481	20617	.
Trade balance with EU, cumulated	EUR mn	-2264	-2829	-3635	-4133	-4582	-5282	-5852	-6569	-72	-602	-1157	-1760	-2482	-3108	-3906	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	-3489	-4440	-4745	-5105	-5413	-6249	-6667	-7166	-868	-1684	-2336	-2970	-3527	-3935	-4032	.
<b>EXCHANGE RATE</b>																	
PLN/USD, monthly average	nominal	3.981	3.970	4.186	4.246	4.219	4.133	4.094	4.014	4.065	4.187	4.143	4.059	4.045	4.025	4.118	4.179
PLN/EUR, monthly average	nominal	3.485	3.389	3.600	3.822	3.845	3.743	3.639	3.583	3.595	3.641	3.629	3.595	3.703	3.847	4.088	4.085
PLN/USD, calculated with CPI <sup>5)</sup>	real, Jan98=100	95.8	95.8	101.0	102.8	102.2	99.4	98.2	95.8	96.4	99.6	98.9	97.0	96.8	96.8	99.6	101.5
PLN/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	104.1	103.2	106.7	107.4	106.1	102.3	101.5	98.6	100.1	102.8	102.7	101.2	100.8	100.2	101.7	102.8
PLN/EUR, calculated with CPI <sup>5)</sup>	real, Jan98=100	75.6	73.7	78.3	83.5	83.9	81.4	78.9	77.6	77.5	78.6	78.5	77.8	80.4	83.8	89.5	89.8
PLN/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	81.5	79.6	83.9	88.3	88.5	86.3	84.0	82.8	83.2	84.1	84.0	83.2	85.7	88.8	93.6	93.2
<b>DOMESTIC FINANCE</b>																	
M0, end of period	PLN bn	33.8	35.0	35.3	35.5	36.6	36.6	36.6	38.2	36.8	37.9	38.8	40.0	39.8	41.2	41.8	42.1
M1, end of period <sup>6)</sup>	PLN bn	104.0	104.6	107.6	107.2	110.5	110.2	108.2	118.3	111.7	115.4	114.8	116.3	121.6	126.1	128.5	.
M2, end of period <sup>6)</sup>	PLN bn	312.5	314.3	320.0	323.4	325.4	329.2	321.2	327.6	322.2	324.6	319.0	317.6	322.0	321.9	324.2	.
M2, end of period	CMPY	12.9	7.7	12.6	13.5	12.6	11.4	7.5	9.0	7.8	6.9	3.2	2.4	3.1	2.4	1.3	.
Discount rate (p.a.)end of period	%	19.5	18.0	18.0	17.0	17.0	15.5	14.0	14.0	12.0	12.0	12.0	11.0	10.5	10.0	10.0	9.0
Discount rate (p.a.)end of period <sup>7)</sup>	real, %	16.8	16.9	17.3	15.8	16.2	16.1	15.2	14.5	12.0	11.8	11.7	10.6	10.0	8.7	8.2	7.6
<b>BUDGET</b>																	
Central gov.budget balance, cum.	PLN mn	-20384	-18806	-19316	-20932	-21865	-24739	-27651	-32358	-6963	-13668	-16437	-19911	-22985	-24923	-25597	-27329

1) Enterprises employing more than 9 persons.

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

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

6) Revised according to ECB monetary standards.

7) Deflated with annual PPI.

## R O M A N I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CPMY	12.9	5.0	5.7	4.6	2.5	9.5	8.4	5.3	5.0	5.0	-0.1	5.6	0.1	6.5	7.9	.
Industry, total <sup>1)</sup>	real, CCPY	11.6	10.5	9.7	9.1	8.3	8.4	8.4	8.2	5.0	5.0	3.1	3.8	3.0	3.6	4.2	.
Industry, total	real, 3MMA	10.1	7.9	5.1	4.3	5.6	6.8	7.8	6.3	5.1	3.1	3.4	1.8	4.0	.	.	.
<b>LABOUR</b>																	
Employees total	th. persons	4521.5	4529.7	4542.3	4546.4	4551.7	4544.8	4507.3	4470.3	4314.2	4333.8	4377.7	4386.8	4397.5	4404.2	4405.1	.
Employees in industry	th. persons	1833.5	1833.2	1836.7	1845.0	1843.6	1843.5	1829.7	1820.0	1833.8	1831.3	1830.2	1823.7	1824.2	1814.0	.	.
Unemployment, end of period	th. persons	890.8	840.3	798.3	771.8	747.1	742.4	774.0	826.9	1193.7	1267.4	1257.4	1069.7	983.3	929.7	867.4	.
Unemployment rate <sup>2)</sup>	%	9.2	8.7	8.3	8.0	7.8	7.7	8.0	8.6	12.4	13.2	13.0	11.1	10.2	9.6	9.0	.
Labour productivity, industry	CCPY	16.4	15.1	14.0	13.1	12.1	12.1	11.9	11.5	3.8	4.2	2.5	3.4	2.8	3.6	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-1.1	1.6	4.1	4.6	5.0	4.5	4.1	3.9	14.3	14.9	14.4	10.8	7.9	4.6	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. ROL	4174.7	4280.6	4436.3	4449.5	4424.0	4534.1	4719.7	5299.7	5144.8	4778.5	5091.1	5585.4	5329.1	5327.1	5498.5	.
Total economy, gross	real, CPMY	13.6	13.1	18.1	15.6	12.8	11.3	7.8	2.3	10.5	10.1	9.5	3.9	2.5	0.3	0.7	.
Total economy, gross	USD	147	148	151	149	146	147	151	168	161	148	155	169	159	160	167	.
Total economy, gross	EUR	168	173	176	166	161	163	170	188	182	170	177	191	173	167	168	.
Industry, gross	USD	154	149	161	158	150	151	153	170	150	147	155	170	159	161	174	.
<b>PRICES</b>																	
Consumer	PM	1.7	1.6	1.3	2.2	1.9	2.4	2.7	2.2	2.3	1.2	0.4	2.0	1.9	1.2	0.5	0.8
Consumer	CPMY	37.4	35.7	31.8	32.3	31.2	30.8	30.7	30.3	28.6	27.2	25.1	24.4	24.5	24.0	23.0	21.3
Consumer	CCPY	39.0	38.4	37.3	36.7	36.0	35.4	34.9	34.5	28.6	27.9	26.9	26.3	25.9	25.6	25.2	24.7
Producer, in industry	PM	2.3	1.6	3.0	2.1	2.0	2.1	1.4	1.4	2.0	1.7	1.6	2.3	2.1	1.4	2.3	.
Producer, in industry	CPMY	48.5	43.9	40.2	39.2	36.4	33.7	31.3	30.1	28.3	25.9	25.2	26.1	25.9	25.7	24.8	.
Producer, in industry	CCPY	49.7	48.7	47.3	46.2	44.9	43.6	42.2	41.0	28.3	27.1	26.4	26.3	26.3	26.2	25.9	.
<b>RETAIL TRADE</b>																	
Turnover	real, CPMY	-1.2	-6.4	3.2	1.8	1.7	5.1	2.6	-1.9	-3.0	-0.3	-1.8	8.4	-1.9	-0.3	.	.
Turnover	real, CCPY	-0.5	-1.6	-0.8	-0.5	-0.2	0.4	0.6	0.3	-3.0	-1.6	-1.7	1.1	0.4	0.3	.	.
<b>FOREIGN TRADE<sup>3,4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	5158	6342	7525	8604	9672	10693	11795	12711	1034	2134	3309	4497	5641	6924	8290	.
Imports total (cif), cumulated	EUR mn	7090	8617	10115	11413	12637	14221	15787	17363	1332	2710	4170	5741	7266	8884	10693	.
Trade balance, cumulated	EUR mn	-1932	-2275	-2590	-2809	-2965	-3528	-3992	-4652	-298	-576	-861	-1244	-1626	-1960	-2403	.
Exports to EU (fob), cumulated	EUR mn	3522	4321	5093	5802	6535	7254	8011	8619	746	1532	2347	3148	3923	4786	5712	.
Imports from EU (cif), cumulated	EUR mn	3930	4831	5775	6491	7190	8161	9100	9957	780	1545	2404	3362	4271	5278	6398	.
Trade balance with EU, cumulated	EUR mn	-408	-510	-682	-688	-655	-907	-1089	-1338	-34	-13	-57	-214	-349	-492	-686	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	-1197	-1306	-1382	-1387	-1378	-1626	-1903	-2349	-59	-180	-286	-543	-665	-909	.	.
<b>EXCHANGE RATE</b>																	
ROL/USD, monthly average	nominal	28493	28952	29364	29809	30236	30786	31299	31556	32052	32233	32766	33102	33491	33392	32979	33094
ROL/EUR, monthly average	nominal	24910	24732	25266	26853	27549	27899	27806	28205	28281	28054	28698	29316	30774	31912	32721	32365
ROL/USD, calculated with CPI <sup>5)</sup>	real, Jan98=100	114.6	114.8	114.6	113.8	113.8	112.8	111.4	109.6	109.0	108.8	110.7	110.3	109.5	108.0	106.1	105.6
ROL/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	115.7	114.6	111.0	110.4	109.6	106.9	106.8	104.9	104.8	103.5	104.8	104.4	103.5	101.8	98.3	.
ROL/EUR, calculated with CPI <sup>5)</sup>	real, Jan98=100	90.4	88.4	89.0	92.6	93.5	92.4	89.5	88.9	87.5	86.0	87.9	88.5	91.4	93.5	95.4	93.6
ROL/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	90.6	88.5	87.4	90.9	91.5	90.4	88.4	88.3	87.0	84.8	85.8	86.0	88.5	90.4	90.6	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period	ROL bn	25457	29645	29328	29830	32645	30835	31080	35635	30021	32411	33416	37683	34997	39615	39106	.
M1, end of period	ROL bn	41751	46001	46945	48172	51073	50032	50331	64309	50757	54482	55881	60373	59796	64366	65733	.
M2, end of period	ROL bn	199829	208498	216377	226557	235145	236890	244841	270512	259932	267090	275326	286066	290629	300912	303477	.
M2, end of period	CPMY	39.7	40.4	41.5	43.3	44.0	44.4	48.8	46.2	44.3	43.4	43.7	44.0	45.4	44.3	40.3	.
Discount rate (p.a.) <sup>end of period<sup>6)</sup></sup>	%	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.6	34.2	34.1	32.2	30.6	28.3	27.2
Discount rate (p.a.) <sup>end of period<sup>6)7)</sup></sup>	real, %	-9.1	-6.2	-3.7	-3.0	-1.0	1.0	2.8	3.8	5.2	6.9	7.2	6.3	5.0	3.9	2.8	.
<b>BUDGET</b>																	
Central gov.budget balance, cum.	ROL bn	-14045	-22689	-26092	-27530	-30417	-31250	-32016	-35809	-4416	-8978	-11228	-14009	-14789	-29334	-31292	.

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

2) Ratio of unemployed to economically active population as of December of previous year, from 2001 as of December 2000.

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 less than 100 mean real appreciation.

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

7) Deflated with annual PPI.

## R U S S I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	7.0	3.7	4.5	5.1	3.8	5.1	4.7	2.6	2.2	2.0	3.7	4.3	2.8	4.4	7.8	3.4
Industry, total	real, CCPY	5.9	5.5	5.4	5.3	5.2	5.2	5.1	4.9	2.2	2.1	2.6	3.0	3.0	3.2	3.9	3.8
Industry, total <sup>1)</sup>	real, 3MMA	5.9	5.1	4.4	4.4	4.7	4.5	4.1	3.2	2.3	2.6	3.3	3.6	3.8	5.0	.	.
Construction, total	real, CMPY	6.6	6.3	8.1	12.7	12.3	12.2	13.5	16.7	4.1	1.5	2.0	3.3	3.1	2.8	2.4	.
<b>LABOUR</b>																	
Employment total <sup>2)</sup>	th. persons	64500	64800	65100	65500	65200	64900	64700	64800	64900	65000	65300	65700	66000	66100	66100	.
Unemployment, end of period <sup>3)</sup>	th. persons	6068	6095	6122	6149	6200	6252	6303	6190	6077	5964	5819	5674	5529	5472	5452	5393
Unemployment rate <sup>3)</sup>	%	8.6	8.6	8.6	8.6	8.7	8.8	8.9	8.7	8.6	8.4	8.2	8.0	7.7	7.7	7.6	7.5
<b>WAGES, SALARIES</b>																	
Total economy, gross	RUB	3054.0	3284.0	3364.0	3376.0	3405.0	3515.0	3578.0	4541.0	3760.0	3725.0	4031.0	4110.0	4187.0	4460.0	4597.0	4643.0
Total economy, gross	real, CMPY	16.3	15.7	19.6	21.9	19.8	21.9	20.1	26.3	15.5	19.0	16.3	20.9	18.0	18.2	18.7	19.3
Total economy, gross	USD	105	113	115	115	116	119	120	151	123	121	130	132	134	142	146	147
Total economy, gross	EUR	120	132	134	128	127	131	135	169	140	139	148	149	146	149	147	150
Industry, gross	USD	134	141	145	149	148	153	155	177	147	146	158	160	159	165	.	.
<b>PRICES</b>																	
Consumer	PM	1.8	1.6	0.5	0.0	0.6	1.1	1.4	1.6	3.1	1.2	1.1	1.2	1.7	0.5	0.7	0.1
Consumer	CMPY	25.0	23.7	22.2	20.9	20.1	18.9	18.8	18.8	19.2	17.9	17.0	16.3	16.2	14.9	15.1	15.2
Consumer	CCPY	23.4	23.4	23.2	22.9	22.6	22.2	21.9	21.6	19.2	18.5	18.0	17.5	17.3	16.8	16.6	16.4
Producer, in industry	PM	0.9	2.0	0.9	0.0	-0.1	0.4	0.3	0.2	0.4	-0.3	-0.1	2.2	2.5	3.1	2.6	1.7
Producer, in industry	CMPY	22.6	22.4	19.4	17.4	15.0	12.5	11.4	10.7	9.0	6.9	5.5	6.8	8.5	9.6	11.4	13.3
Producer, in industry	CCPY	25.1	24.7	23.8	23.0	22.0	21.0	20.0	19.1	9.0	7.9	7.1	7.0	7.4	7.7	8.3	8.9
<b>RETAIL TRADE</b>																	
Turnover <sup>4)</sup>	real, CMPY	12.3	11.5	11.1	11.9	11.1	12.2	11.6	10.8	9.4	8.2	8.8	9.4	5.9	7.5	10.0	.
Turnover <sup>4)</sup>	real, CCPY	9.0	9.5	9.7	10.0	10.1	10.3	10.5	10.5	9.4	8.8	8.8	9.0	8.3	8.2	8.5	.
<b>FOREIGN TRADE<sup>5)</sup></b>																	
Exports total, cumulated	EUR mn	46583	57225	66660	76667	85914	94737	104254	113443	7700	15392	24972	35511	44698	53220	62462	.
Imports total, cumulated	EUR mn	22294	27733	32860	37978	42588	47903	53594	60029	4168	8767	14090	19735	24737	29768	35303	.
Trade balance, cumulated	EUR mn	24288	29493	33800	38689	43325	46835	50660	53414	3531	6624	10882	15775	19961	23452	27158	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	.	20842	.	.	28092	.	.	34575	.	.	7166	.	.	14600	.	.
<b>EXCHANGE RATE</b>																	
RUB/USD, monthly average	nominal	29.028	29.115	29.223	29.343	29.430	29.538	29.797	30.100	30.473	30.806	31.064	31.174	31.255	31.405	31.515	31.554
RUB/EUR, monthly average	nominal	25.415	24.871	25.111	26.370	26.821	26.784	26.478	26.852	26.952	26.781	27.201	27.596	28.682	29.965	31.323	30.875
RUB/USD, calculated with CPI <sup>7)</sup>	real, Jan98=100	161.1	159.3	158.7	159.3	159.5	157.8	156.7	155.3	152.8	153.3	153.7	153.3	151.1	151.2	150.7	150.8
RUB/USD, calculated with PPI <sup>7)</sup>	real, Jan98=100	184.2	179.3	175.5	176.2	176.8	172.8	173.1	172.4	174.4	176.7	180.5	178.8	174.9	170.6	166.9	164.3
RUB/EUR, calculated with CPI <sup>7)</sup>	real, Jan98=100	127.1	122.6	122.9	129.2	130.9	129.3	125.8	125.7	122.8	120.9	121.9	122.8	125.8	130.6	135.6	133.5
RUB/EUR, calculated with PPI <sup>7)</sup>	real, Jan98=100	144.2	138.4	137.9	144.7	147.4	146.1	143.2	144.7	144.9	144.4	147.4	147.0	149.2	151.0	153.8	149.1
<b>DOMESTIC FINANCE</b>																	
M0, end of period	RUB bn	438.3	474.7	490.6	507.1	531.0	531.5	527.3	584.3	533.4	543.4	552.9	610.3	607.5	645.9	659.7	.
M1, end of period	RUB bn	938.5	987.9	1015.1	1040.8	1074.9	1084.4	1058.1	1192.6	1079.4	1084.6	1106.3	1147.5	1204.1	1254.5	1268.0	.
M2, end of period	RUB bn	1730.0	1798.7	1842.3	1870.4	1925.5	1974.7	1984.9	2122.7	2056.3	2105.0	2137.7	2213.5	2288.3	2356.8	2403.6	.
M2, end of period	CMPY	47.8	44.7	41.5	40.9	38.7	39.5	36.2	36.1	34.3	30.3	31.0	31.5	32.3	31.0	30.5	.
Refinancing rate (p.a.) <sub>end of period</sub>	%	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	23.0	23.0	23.0	21.0
Refinancing rate (p.a.) <sub>end of period</sub> <sup>8)</sup>	real, %	1.9	2.1	4.7	6.5	8.7	11.1	12.2	12.9	14.6	17.0	18.4	15.2	13.3	12.3	10.4	6.8
<b>BUDGET</b>																	
Central gov. budget balance, cum.	RUB bn	120.2	133.1	167.6	174.4	178.6	214.7	257.4	264.7	82.9	89.2	108.1	132.3	148.0	162.9	.	.

1) Seasonally adjusted.

2) Based on labour force survey.

3) According to ILO methodology.

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

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

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

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

8) Deflated with annual PPI.

# S L O V A K REPUBLIC: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total	real, CPMY	8.5	8.9	9.4	5.8	6.8	8.4	3.9	2.1	0.3	4.8	-1.5	8.9	3.8	3.7	12.6	.
Industry, total	real, CCPY	7.7	7.9	8.1	7.8	7.7	7.8	7.4	6.9	0.3	2.5	1.1	3.0	3.2	3.3	4.5	.
Industry, total	real, 3MMA	7.9	8.9	8.0	7.3	7.1	6.3	4.9	2.2	2.4	1.1	3.9	3.6	5.4	6.6	.	.
Construction, total	real, CPMY	1.0	3.3	0.7	-1.6	-6.7	-1.2	-4.1	-8.2	-4.2	-5.5	-0.8	8.9	7.0	-1.5	6.7	.
<b>LABOUR</b>																	
Employment in industry	th. persons	554.0	555.8	557.2	555.7	556.0	554.1	553.5	549.1	542.9	543.0	544.2	561.9	561.7	564.7	553.2	.
Unemployment, end of period <sup>1)</sup>	th. persons	498.7	505.2	510.7	506.1	497.6	499.3	513.1	533.7	563.9	560.2	546.3	521.0	510.2	507.0	505.0	492.6
Unemployment rate <sup>1)</sup>	%	17.5	17.8	18.0	17.8	17.4	17.3	17.7	18.6	19.7	19.6	19.1	18.1	17.7	17.6	17.6	17.2
Labour productivity, industry	CCPY	6.4	6.6	6.8	6.5	6.4	6.6	6.3	5.9	2.3	4.6	3.1	4.2	3.8	3.5	4.9	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	0.1	0.4	0.6	0.8	0.8	0.9	1.5	2.4	9.7	8.5	9.8	8.4	7.5	6.3	4.1	.
<b>WAGES, SALARIES</b>																	
Industry, gross	SKK	13459	13809	13322	13125	12667	13763	15835	15258	13529	12866	13565	13674	14314	14663	14498	.
Industry, gross	real, CPMY	2.5	2.7	1.3	1.0	-0.3	3.1	4.4	7.0	2.8	6.3	4.2	3.9	3.1	3.5	6.7	.
Industry, gross	USD	273	275	269	274	265	286	326	316	281	265	283	290	305	315	324	.
Industry, gross	EUR	312	322	313	305	291	316	367	354	318	304	323	328	333	331	326	.
<b>PRICES</b>																	
Consumer	PM	0.5	0.3	0.2	-0.2	0.2	0.0	0.0	0.2	1.5	0.4	0.0	0.4	0.2	-0.4	-0.3	0.5
Consumer	CPY	7.4	7.8	8.0	7.8	7.3	6.9	6.4	6.4	6.2	4.3	3.6	3.6	3.2	2.6	2.0	2.7
Consumer	CCPY	7.0	7.1	7.2	7.3	7.3	7.3	7.2	7.1	6.2	5.2	4.7	4.4	4.2	3.9	3.6	3.5
Producer, in industry	PM	-0.3	0.4	-0.4	-0.1	-0.2	0.1	-0.4	-0.1	0.4	1.8	0.0	0.8	-0.2	-0.4	0.2	.
Producer, in industry	CPY	7.9	7.5	6.2	5.9	4.8	3.6	2.4	2.2	2.4	2.3	1.5	2.0	2.1	1.5	2.2	.
Producer, in industry	CCPY	9.1	8.9	8.5	8.1	7.8	7.3	6.9	6.5	2.4	2.3	2.1	2.0	2.1	2.0	2.0	.
<b>RETAIL TRADE<sup>2)</sup></b>																	
Turnover	real, CPMY	-1.7	-4.3	3.6	4.5	5.8	9.1	11.7	12.4	11.5	-1.3	7.4	5.5	9.4	11.6	3.7	.
Turnover	real, CCPY	2.4	1.3	1.6	1.9	2.4	3.1	3.8	4.5	11.5	5.1	5.9	5.8	6.5	7.3	6.8	.
<b>FOREIGN TRADE<sup>3,4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	5839	7084	8284	9365	10575	11856	13088	14102	1065	2188	3400	4696	5903	7203	8538	.
Imports total (fob), cumulated	EUR mn	6604	8040	9436	10704	12073	13567	15101	16485	1200	2473	3859	5288	6750	8181	9677	.
Trade balance, cumulated	EUR mn	-764	-956	-1152	-1338	-1498	-1712	-2013	-2383	-135	-285	-460	-592	-847	-978	-1140	-2383
Exports to EU (fob), cumulated	EUR mn	3586	4351	5068	5648	6371	7121	7865	8441	664	1368	2117	2898	3608	4398	5202	.
Imports from EU (fob), cumulated	EUR mn	3292	4038	4779	5377	6056	6801	7557	8207	584	1221	1922	2654	3383	4122	4907	.
Trade balance with EU, cumulated	EUR mn	294	313	289	271	315	320	308	235	80	147	195	244	225	276	294	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	-586	-784	-856	-956	-1131	-1251	-1492	-1756	-84	-168	-312	-446	-762	-868	.	.
<b>EXCHANGE RATE</b>																	
SKK/USD, monthly average	nominal	49.3	50.2	49.6	48.0	47.8	48.1	48.5	48.2	48.1	48.6	47.9	47.1	46.9	46.5	44.8	45.0
SKK/EUR, monthly average	nominal	43.2	42.8	42.6	43.1	43.5	43.6	43.1	43.1	42.5	42.3	41.9	41.7	43.0	44.3	44.5	44.0
SKK/USD, calculated with CPI <sup>5)</sup>	real, Jan98=100	114.4	116.2	114.2	110.9	110.6	111.0	111.8	110.5	108.7	109.9	108.9	107.4	106.6	106.4	102.6	102.7
SKK/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	124.9	125.6	122.6	118.6	118.9	117.2	118.1	116.0	114.2	113.4	113.4	111.8	111.5	111.2	106.8	.
SKK/EUR, calculated with CPI <sup>5)</sup>	real, Jan98=100	90.2	89.3	88.5	89.8	90.7	90.8	89.6	89.5	87.3	86.6	86.3	85.9	88.5	91.6	92.2	90.7
SKK/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	97.8	96.8	96.3	97.2	99.0	98.9	97.6	97.4	94.9	92.7	92.6	91.7	94.9	98.1	98.3	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period	SKK bn	67.3	69.3	70.0	70.7	72.7	74.9	79.1	81.0	79.7	80.1	79.6	78.8	79.0	79.6	79.3	80.4
M1, end of period	SKK bn	186.3	189.8	195.8	198.4	207.4	207.0	214.0	228.5	217.8	214.2	210.3	210.6	212.1	218.7	219.3	223.3
M2, end of period	SKK bn	619.3	625.3	633.9	644.0	641.8	635.3	651.3	680.3	668.4	674.8	666.0	662.8	668.7	678.9	692.7	693.4
M2, end of period	CPY	13.5	14.5	13.6	10.3	9.5	9.3	12.0	13.1	10.2	10.9	8.8	6.9	8.0	8.6	9.3	7.7
Discount rate (p.a.), end of period <sup>6)</sup>	%	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	7.75	7.75	7.75	8.25	8.25	8.25	8.25	8.25
Discount rate (p.a.), end of period <sup>6)7)</sup>	real, %	0.8	1.2	2.5	2.8	3.8	5.0	6.3	6.4	5.2	5.3	6.2	6.1	6.0	6.6	5.9	.
<b>BUDGET</b>																	
Central gov. budget balance, cum.	SKK mn	-14649	-13462	-22339	-22415	-22878	-27560	-29797	-44371	-2902	-10851	-15185	-13497	-20825	-24661	-34768	-35706

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

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

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

4) Cumulation starting January and ending December each year.

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

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

7) Deflated with annual PPI.

## S L O V E N I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	1.2	-3.9	6.4	2.9	-1.1	7.2	0.1	0.2	3.9	3.2	-1.5	9.6	0.1	-1.9	4.6	.
Industry, total	real, CCPY	4.8	3.2	3.7	3.6	3.0	3.5	3.2	2.9	3.9	3.5	1.7	3.7	2.9	2.1	2.5	.
Industry, total	real, 3MMA	1.8	1.0	1.6	2.7	3.0	2.0	2.5	1.3	2.4	1.7	3.6	2.6	2.5	0.9	.	.
Construction, total <sup>1)</sup>	real, CMPY	-2.7	-5.5	0.4	-2.2	-3.9	1.6	-3.2	-9.0	-11.5	-3.9	-6.1	-0.1	-4.8	-8.1	-5.1	.
<b>LABOUR</b>																	
Employment total	th. persons	779.8	781.9	782.3	782.1	786.2	786.6	785.6	782.1	779.5	781.3	782.8	784.3	785.3	785.6	783.9	.
Employees in industry <sup>2)</sup>	th. persons	223.5	223.4	222.9	221.9	221.8	221.5	221.2	219.8	220.2	220.2	220.5	219.8	219.6	.	.	.
Unemployment, end of period	th. persons	100.1	97.8	99.2	98.1	99.8	102.2	103.2	104.3	106.2	105.0	103.5	102.7	101.1	100.1	101.7	.
Unemployment rate <sup>3)</sup>	%	11.4	11.1	11.3	11.1	11.3	11.5	11.6	11.8	12.0	11.8	11.7	11.6	11.4	11.3	11.5	.
Labour productivity, industry	CCPY	4.6	3.0	3.5	3.5	3.1	3.8	3.6	3.5	6.9	6.6	4.8	6.9	6.2	5.4	5.9	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.1	2.3	1.5	1.6	1.7	1.1	1.1	1.1	-3.2	-3.3	-1.2	-2.6	-1.7	-1.0	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. SIT	210.5	209.3	210.1	216.4	214.1	219.2	234.8	234.1	226.4	223.3	227.0	228.8	231.1	229.2	232.1	.
Total economy, gross	real, CMPY	2.0	1.7	1.3	3.0	3.0	3.3	3.0	2.6	0.8	0.9	2.0	2.0	2.1	2.5	3.0	.
Total economy, gross	USD	852	823	829	889	890	903	946	945	901	870	888	901	939	967	1016	.
Total economy, gross	EUR	974	965	965	989	976	997	1066	1059	1020	1001	1014	1019	1026	1014	1024	.
Industry, gross	USD	732	700	709	770	757	779	818	791	771	735	760	767	806	816	.	.
<b>PRICES</b>																	
Consumer	PM	1.1	0.4	0.2	0.0	0.9	0.5	0.4	0.1	1.6	0.9	0.7	1.4	0.3	-0.2	0.5	0.1
Consumer	CMPY	9.7	9.5	8.8	8.5	7.9	7.8	7.0	7.0	8.4	8.1	7.6	8.4	7.5	6.8	7.2	7.3
Consumer	CCPY	9.0	9.1	9.0	9.0	8.8	8.7	8.6	8.4	8.4	8.3	8.1	8.2	8.0	7.8	7.7	7.7
Producer, in industry	PM	0.1	0.3	0.4	0.3	0.4	1.0	0.5	1.0	0.3	0.6	0.4	0.4	0.1	0.2	0.2	0.2
Producer, in industry	CMPY	9.9	9.8	9.2	8.2	8.0	7.2	7.1	7.5	5.8	5.3	6.3	5.7	5.7	5.6	5.3	5.2
Producer, in industry	CCPY	10.1	10.0	9.9	9.7	9.5	9.3	9.1	8.9	5.8	5.6	5.8	5.8	5.7	5.7	5.7	5.6
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	5.6	3.2	12.2	9.7	5.5	9.4	5.3	6.4	9.1	8.6	8.5	8.6	5.7	7.9	.	.
Turnover	real, CCPY	8.2	7.3	8.0	8.2	7.9	8.1	7.8	7.7	9.1	8.8	8.7	8.7	8.0	8.0	.	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	4348	5264	6196	6900	7782	8741	9627	10348	829	1686	2653	3623	4540	5457	6435	.
Imports total (cif), cumulated	EUR mn	4803	5783	6775	7548	8466	9481	10463	11342	877	1792	2817	3860	4845	5762	6747	.
Trade balance total, cumulated	EUR mn	-456	-519	-580	-649	-684	-740	-836	-994	-48	-106	-164	-238	-304	-305	-312	.
Exports to EU (fob), cumulated	EUR mn	2779	3345	3931	4344	4883	5467	6008	6435	553	1082	1670	2253	2789	3331	.	.
Imports from EU (cif), cumulated	EUR mn	3269	3933	4609	5109	5723	6412	7088	7675	587	1204	1913	2622	3306	3954	.	.
Trade balance with EU, cumulated	EUR mn	-489	-588	-678	-765	-840	-946	-1080	-1240	-34	-122	-242	-369	-517	-623	.	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	-23	-36	-18	3	49	99	118	31	56	81	64	63	70	144	182	.
<b>EXCHANGE RATE</b>																	
SIT/USD, monthly average	nominal	247.1	254.4	253.5	243.5	240.7	242.7	248.2	247.8	251.4	256.6	255.7	254.0	246.1	237.1	228.3	232.6
SIT/EUR, monthly average	nominal	216.3	217.0	217.8	218.7	219.4	219.9	220.4	221.1	222.0	223.0	223.8	224.6	225.3	226.0	226.7	227.4
SIT/USD, calculated with CPI <sup>6)</sup>	real, Jan98=100	122.6	125.9	124.8	119.9	117.9	118.0	119.9	119.3	119.3	121.2	120.5	118.8	114.8	110.9	106.3	108.1
SIT/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	131.3	133.4	130.3	124.8	122.7	119.8	121.4	118.6	120.3	122.0	122.5	122.3	118.4	113.9	109.5	111.3
SIT/EUR, calculated with CPI <sup>6)</sup>	real, Jan98=100	96.7	96.7	96.7	97.2	96.8	96.6	96.2	96.5	95.8	95.5	95.6	95.1	95.3	95.7	95.5	95.7
SIT/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	102.8	102.8	102.4	102.4	102.4	101.2	100.4	99.6	99.9	99.7	100.1	100.4	100.8	100.8	100.9	101.0
<b>DOMESTIC FINANCE</b>																	
M0, end of period	SIT bn	113.2	124.3	115.9	116.3	122.6	124.7	126.5	142.1	129.4	130.0	135.9	134.3	135.1	.	.	.
M1, end of period	SIT bn	408.1	437.8	419.6	418.1	438.1	440.3	455.3	502.2	471.8	469.2	485.3	489.5	502.8	524.3	509.6	.
Broad money, end of period	SIT bn	2410.3	2445.9	2477.1	2514.8	2555.2	2617.3	2705.7	2876.7	2911.5	2929.0	2970.8	3010.4	3036.4	3025.5	3061.0	.
Broad money, end of period	CMPY	20.2	19.8	19.3	19.9	20.2	21.8	23.4	30.4	29.9	29.1	27.5	27.9	26.0	23.7	23.6	.
Discount rate (p.a.)end of period	%	11	11	11	11	11	11	11	11	9	9	9	10	10	10	10	10
Discount rate (p.a.)end of period <sup>7)</sup>	real, %	1.0	1.1	1.6	2.6	2.8	3.5	3.6	3.3	3.0	3.5	2.5	4.1	4.1	4.2	4.5	4.6
<b>BUDGET</b>																	
General gov.budget balance, cum.	SIT mn	-58363	-107532	-98297	-104403	-129993	-127649	-135450	-63193	-71158	-103825	-128541	-117145	-122067	-173316	.	.

1) Effective working hours.

2) Enterprises with 3 or more employed, excluding employees of self-employed persons.

3) Ratio of unemployed to the economically active.

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

5) Cumulation starting January and ending December each year.

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

7) Deflated with annual PPI.

## U K R A I N E: Selected monthly data on the economic situation 2001 to 2002

(updated end of Sep 2002)

		2001								2002							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	19.8	17.1	12.5	10.6	11.3	-2.2	-0.4	-5.0	-1.2	1.4	-0.8	.	.	.	.	.
Industry, total	real, CCPY	19.1	18.8	18.0	17.1	16.7	16.2	15.4	14.2	1.7	3.5	3.1	3.5	3.1	5.8	6.1	.
Industry, total <sup>1)</sup>	real, 3MMA	18.3	16.4	13.3	11.5	6.2	2.6	-2.5	-2.2	-1.7	-0.2	.	.	.	.	.	.
<b>LABOUR</b>																	
Unemployment, end of period	th. persons	1088.4	1046.5	1015.3	1001.1	984.6	971.2	981.6	1008.1	1028.7	1067.4	1079.0	1087.0	1051.0	1023.4	1005.2	.
Unemployment rate <sup>2)</sup>	%	4.0	3.8	3.7	3.7	3.6	3.5	3.6	3.7	3.8	3.9	3.9	4.0	3.8	3.7	3.7	.
<b>WAGES, SALARIES <sup>1)</sup></b>																	
Total economy, gross	UAH	303.0	317.8	327.3	329.3	326.3	335.8	334.4	378.5	320.8	328.7	354.8	355.8	358.9	377.4	398.1	.
Total economy, gross	real, CMPY	23.5	24.4	24.9	21.4	22.1	24.6	22.3	20.4	19.9	20.5	23.6	20.6	16.9	20.0	22.7	.
Total economy, gross	USD	56	59	61	62	61	63	63	71	60	62	67	67	67	71	75	.
Total economy, gross	EUR	64	69	71	69	67	70	71	80	68	71	76	76	74	74	75	.
Industry, gross	USD	74	77	81	82	81	84	83	89	80	80	.	.	.	.	.	.
<b>PRICES</b>																	
Consumer	PM	0.4	0.6	-1.7	-0.2	0.4	0.2	0.5	1.6	1.0	-1.4	-0.7	1.4	-0.3	-1.8	-1.5	-0.2
Consumer	CMPY	15.1	11.6	9.9	9.6	7.3	6.0	6.1	6.1	5.6	3.5	2.2	2.1	1.4	-1.1	-0.9	-0.9
Consumer	CCPY	18.0	16.9	15.8	15.0	14.1	13.2	12.5	12.0	5.6	4.5	3.7	3.3	2.9	2.2	1.8	1.5
Producer, in industry	PM	0.0	0.2	0.1	-0.1	0.1	-0.7	0.7	-0.5	-0.4	0.7	-0.8	1.2	1.5	2.2	1.0	-0.4
Producer, in industry	CMPY	10.1	9.4	7.9	7.1	5.9	3.8	3.5	0.9	-0.3	-0.2	-0.5	0.5	2.0	4.0	5.0	4.6
Producer, in industry	CCPY	13.5	12.8	12.1	11.4	10.8	10.0	9.4	8.6	-0.3	-0.3	-0.3	-0.1	0.3	0.9	1.5	1.9
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CCPY	10.3	10.4	11.4	11.4	11.5	11.8	12.3	12.6	.	18.7	16.8	18.0	18.1	16.1	15.6	.
<b>FOREIGN TRADE <sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	7174	8918	10497	11973	13389	15054	16684	18160	1376	2862	4419	6089	7581	9054	.	.
Imports total (cif), cumulated	EUR mn	6710	8257	9682	11273	12683	14242	15946	17613	1161	2478	4047	5662	7047	8519	.	.
Trade balance, cumulated	EUR mn	464	661	815	700	706	812	738	547	215	384	372	427	534	535	.	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	USD mn	.	845	.	.	1237	.	.	1402	.	.	722	.	.	.	.	.
<b>EXCHANGE RATE</b>																	
UAH/USD, monthly average	nominal	5.414	5.401	5.371	5.347	5.339	5.310	5.287	5.294	5.313	5.321	5.322	5.327	5.328	5.329	5.329	5.329
UAH/EUR, monthly average	nominal	4.753	4.609	4.617	4.807	4.869	4.809	4.703	4.718	4.696	4.630	4.660	4.712	4.865	5.079	5.288	5.211
UAH/USD, calculated with CPI <sup>6)</sup>	real, Jan98=100	168.0	166.9	168.3	167.9	167.7	165.9	164.1	161.2	160.5	163.7	165.7	164.6	165.1	168.3	170.9	171.2
UAH/USD, calculated with PPI <sup>6)</sup>	real, Jan98=100	163.2	160.9	157.3	156.7	156.2	153.0	150.7	149.8	151.4	150.4	153.5	153.2	150.9	147.9	146.4	147.0
UAH/EUR, calculated with CPI <sup>6)</sup>	real, Jan98=100	132.7	128.0	130.2	136.0	137.5	135.5	131.6	130.1	128.7	128.9	131.2	131.5	136.5	144.9	153.2	151.3
UAH/EUR, calculated with PPI <sup>6)</sup>	real, Jan98=100	127.9	123.8	123.4	128.5	130.1	128.9	124.6	125.3	125.5	122.9	125.2	125.6	127.9	130.5	134.5	133.1
<b>DOMESTIC FINANCE</b>																	
M0, end of period	UAH mn	13452	14487	14797	15527	16208	16685	17325	19465	18101	18666	19646	20980	20394	21441	22600	23600
M1, end of period	UAH mn	22554	23820	24164	24768	25884	26406	26782	29773	27586	28416	30287	30672	30670	32494	.	.
Broad money, end of period	UAH mn	35157	36953	37373	38275	39643	40750	41508	45555	43619	45032	47345	48389	48813	51195	53900	56300
Broad money, end of period	CMPY	35.1	36.4	32.9	29.8	36.8	41.2	41.2	42.0	41.5	42.3	43.4	41.9	38.8	38.5	44.2	47.1
Refinancing rate (p.a.) <sup>end of period</sup>	%	21.0	19.0	19.0	17.0	15.0	15.0	15.0	12.5	12.5	12.5	11.5	10.0	10.0	10.0	8.0	8.0
Refinancing rate (p.a.) <sup>end of period</sup> <sup>7)</sup>	real, %	9.9	8.8	10.2	9.3	8.6	10.8	11.1	11.5	12.8	12.7	12.1	9.5	7.9	5.7	2.9	3.2
<b>BUDGET</b>																	
General gov. budget balance, cum. <sup>8)</sup>	UAH mn	1623.7	1385.0	1676.6	1407.5	1379.7	1616.3	982.3	-1263.6	1381.7	1516.6	660.6	564.2	1626.6	1366.6	1851.7	.

1) Excluding small firms.

2) Ratio of unemployed to the economically active.

3) Official registered enterprises.

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

5) Cumulation starting January and ending December each year.

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

7) Deflated with annual PPI.

8) Including pension fund.

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