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Contents

- **Hungary Suffers from Severe Lack of Credibility**
- **Russia's WTO Accession: Impacts of Austria**
- **Customs Procedures and Business Performance:
Evidence from Kosovo**
- **Monthly Statistics**



Contents

Hungary suffers from a severe lack of credibility 1
Russia’s WTO accession: impacts on Austria 3
The impact of customs procedures on business performance: evidence from Kosovo 12

Statistical Annex

Selected monthly data on the economic situation in Central, East and Southeast Europe 17
Guide to wiiw statistical services on Central, East and Southeast Europe 27

Hungary suffers from a severe lack of credibility

Brief comment by Sándor Richter

Amidst a weakening forint, increasing yields on government securities, rocketing CDS spreads and downgrading by rating agencies, Hungary turned once again¹ to the International Monetary Fund and the EU at the end of 2011 for assistance in order to avoid insolvency.

The focus of the forthcoming negotiations will be the strict conditions set by the IMF and the EU. It is an open question whether the government is ready to comply with all specific conditions. So far the government's communication on that has been highly contradictory. First the government refused to enter any compromise. Then it agreed to accept compromises. Next, in a pugnacious speech Prime Minister Viktor Orbán announced that Hungary would continue to go its own way and would not be stopped from doing so by anybody. That was followed again by a more flexible approach. Though the government's view may change several times in the coming days, without changing the controversial central bank law, the law on the personal income tax rate and other pieces of legislation, the IMF and the EU are probably not going to negotiate with Hungary.

At the current stage, still before the beginning of the official negotiations, we cannot know the specific demands of the IMF and the EU. At a first informal meeting with the representatives of the Hungarian government, IMF Chief Christine Lagarde insisted that first the Hungarian government should demonstrate its readiness to change its economic policy. The decisive question is whether

talks (and conditions) will be confined to economic policy issues or will cover political ones as well, such as the early retirement of judges or the independence of the national data protection agency and perhaps even additional issues too.

There is no doubt, that the Orbán government will have to abandon its 'unorthodox' economic policy (early repayment of foreign currency denominated credits at artificially low fixed exchange rates, nationalization of private pension funds, retroactive taxes, etc.), even if that policy has so far been a 'holy cow' of the ruling Fidesz party's politics. Moreover, the ailing budget has to be consolidated. Of course, such reforms cannot be implemented within a few days, but Hungary has to demonstrate its reform willingness. For the Fidesz party it will however be very difficult to politically sell such an economic programme which is fundamentally different from the current one to its supporters.

In actual fact Hungary does not need fresh money that urgently – more exactly it is not money what Hungary needs most. Hungary suffers from a severe lack of credibility. It is therefore becoming increasingly difficult for the government to roll over public debt through selling bonds on the market. In October 2008, from one day to the next, Hungary failed to sell securities on the market. For the time being, Hungary has not yet arrived at that point, but the government must make all efforts to avoid such a situation in the future. There are enough warning signals: the high interest rates for government securities, the downgrading by the rating agencies, the weak forint. If nothing changes, that is the way towards insolvency. Only if the two important international organizations IMF and EU approve of Hungary's (new) economic policy, international investors will again invest in Hungarian government securities without having cause for concern. In the case of an agreement with the IMF and the EU, the markets would calm down. And after a few months Hungary would not have to finance itself with the help of the IMF credit because interest rates on government securities would fall again.

¹ At the end of 2008 Hungary turned to the IMF/EU for a stand-by agreement. That was concluded on 4 November 2008 in the value of EUR 20 billion. The programme expired in November 2010.

The question is often raised whether Hungary's case is similar to that of Greece. The answer is a resolute no, as the fundamentals of the Hungarian economy are still sound. The export capacity is strong, the trade and current account balances are in surplus, and the public debt to GDP ratio is comparable to the EU average. But there is an ill-conceived economic policy and an ailing general government budget. If these problems are tackled, Hungary could get back on track within one or two years. This is not true in the case of Greece.

Finally, a remark on the exchange rate. The Hungarian export sector gains a lot from the weak forint. For other sectors the weak forint is very harmful. Many households and also communities are indebted in foreign currencies, mainly in Swiss francs but also in euros. They have to pay back much more than they expected when taking up the credits. As a result, households can consume less and communities can hardly invest any longer. In the past several years Hungarian economic growth has been driven exclusively by exports – but sustainable growth needs also domestic investors and consumers.

The weak exchange rate is a serious concern for most of the households and municipalities indebted in foreign currency. The Hungarian government has tried to solve the problem of foreign currency credits by forcing banks to set more favourable conditions for the repayment of those credits. The scheme offered for the indebted households, however, rather aggravated the problem. The full credit must be paid back in one sum, and only a wealthy minority of the indebted households could make use of the more favourable exchange rate. Moreover this government intervention into private contracts has shattered the markets' confidence. The weak forint is thus also due to the foreign currency credit programme. This weakness of the national currency makes the life of the great majority of households, which are unable to pay back their debt, even harder as their debt service burden is further increasing.

Russia's WTO accession: impacts on Austria*

BY VASILY ASTROV

Russia-Austria trade patterns

Prior to the global financial and economic crisis, bilateral trade between Russia and Austria had been expanding strongly. The trade dynamics had been more impressive on the export side, as Austrian exporters took advantage of the booming Russian economy and its surging demand for consumer and investment goods. At the same time, the growth in Austria's imports from Russia (with a temporary dip in 2007 and 2009, respectively, explained by the diversification of Austria's energy supplies away from Russia and falling energy prices) reflected first of all the rising prices of energy carriers.

Table 1

Austria's imports from and export to Russia

in EUR million

	2005	2006	2007	2008	2009	2010
Imports	2261.8	2398.6	1831.7	2497.0	1703.4	2311.9
Exports	1701.4	2254.2	2584.6	2972.0	2095.6	2548.1

Source: Statistik Austria; own calculations.

The economic crisis proved a severe blow to Russian-Austrian trade, which in 2009 fell by about 30% in euro terms on both the export and the import side. Imports from Russia plummeted on account of the declining volumes and the plunging price of natural gas, which according to the terms of the existing long-term contract is linked to the price of oil products with a 6-month lag. In turn, Austria's exports were badly affected by the deep recession in Russia (by 7.9% in real GDP terms) and the devaluation of the Russian rouble, which made imports (including those from Austria) less affordable. Nevertheless, in 2010 bilateral trade recovered swiftly, with bilateral trade turnover ap-

proaching EUR 5 billion – although it is still below the peak EUR 5.5 billion recorded in 2008. The recent trade recovery has been more impressive on the import side: imports from Russia grew by 36%, whereas exports to Russia by only 22%. However, the export surplus which Austria had been running in trade with Russia since 2007 (thanks to the vigorous export dynamics prior to the crisis) has been preserved, and stood at EUR 236 million in 2010. Export surpluses in trade with Russia will most probably be sustained at least in the medium run.

Despite the recent vibrant dynamics, Russia is still a relatively minor trading partner for Austria, accounting for just about 2% of both exports and imports. Russia is however a relatively important (13-14% of the total) destination for two Austrian export items: pharmaceuticals and 'miscellaneous' food products. Pharmaceuticals are also the single most important Austrian export item to Russia (at SITC 2-digit level): in 2010 their exports exceeded EUR 800 million, accounting for 32% of total Austrian exports to Russia. Generally, the structure of Austrian exports to Russia is rather diversified and focused on manufactured goods with relatively high value-added: machinery, chemical products and manufactured goods combined account for about three-quarters of Austrian exports to Russia, with generally constant shares over time.

On the import side, Russia is first of all an important source of energy for Austria, particularly as far as natural gas is concerned. According to Austrian statistics, imports of natural gas from Russia account for 57% of Austria's overall natural gas imports and for 72% of total imports from Russia. Austria's relatively high dependence on Russian gas is explained by the relative geographical proximity and the existing pipeline infrastructure. Austria was the first West European country to sign a long-term gas supply contract with the Soviet Union back in 1968 and it forms – along with Ukraine and Slovakia – part of the most important export route for Russian gas to Europe: the so-called Bratstvo (Brotherhood) pipeline. Austria is also a crucial gas supply hub for a number of European countries and

* A regional and longer earlier version of this article was published in *Strategic & Business Intelligence*, 1/2011, pp. 45-56.

transits some 60 billion cubic metres of gas per year further to countries such as Italy, France, Hungary, Germany, Slovenia and Croatia.

At the same time, the relatively low statistically recorded imports of oil from Russia (representing just 4% of Austria's overall oil imports and 12% of total imports from Russia) almost certainly understate the real role of this country as an oil supplier to Austria: some of the top spots in the list of Austria's oil suppliers are occupied by the transit – rather than the oil-producing – countries. Even so, in 2010 oil and gas together accounted for 84% of imports from Russia, with another 7% represented by non-ferrous metals. The heavy concentration of Russian exports to Austria on energy and metals squares well with its overall narrow pattern of specialization in the world markets and is indicative of the country's relative economic backwardness, at least when mirrored in export statistics. Although the share of manufactured products in Russia's exports to Austria has been on the rise (starting from a low base), it is still very modest.

Potential impact of Russia's WTO accession on trade with Austria

Exports to Russia

Russia's forthcoming accession to the World Trade Organization (WTO) should have an effect on Austria's (and EU) exports to this country thanks to the liberalization of the Russian import regime. As illustrated in Table 2, EU (and Austrian) exports to Russia were facing duties that were rather high by international standards. For instance, the Russian average trade-weighted tariff on non-agricultural products from the EU stood at 9% in 2008 – higher than in the EU's other important export destinations: USA (1.1%), Switzerland (1.7%), Turkey (3.8%) or even China (6.4%) – all of which are WTO members. In the case of agricultural imports, though, the Russian trade regime appears relatively liberal: the average trade-weighted tariff imposed on EU agricultural products stood at 16.6% – substantially less than e.g. in Switzerland (27.4%) or Norway (31.8%), and comparable to Japan's level (12.8%).

Table 2

EU exports to Russia: duties faced as of 2008

	Agricultural products	Non-agricultural products
Value of exports, USD million	8964.0	77843.0
Rank of Russia as export destination	2	4
<i>Average import tariff imposed by Russia, %</i>		
Simple	16.4	9.8
Weighted	16.6	9.0
<i>Duty-free exports</i>		
In % of tariff lines	2.2	13.8
In % of value	3.0	26.1

Source: World Trade Organization.

Following the WTO accession in 2012, the Russian average (un-weighted) import tariff for non-agricultural goods will fall from 11% to 8% – although on a trade-weighted basis, the average tariff will be somewhat higher. (In 2008, the trade-weighted average tariff for non-agricultural goods stood at 12.9%.) This does not mean however that the trade liberalization will be immediate and apply to all products.¹ First, the 'bound' import tariffs (i.e. the 'ceilings' on actually applied tariffs imposed by WTO-related obligations) will be reduced only gradually, with the product-specific transitory periods ranging between 1 and 7 years. Second, even the 'final' bound tariffs will not be lower than the previously applied tariffs in the case of all products. As can be seen from Table 3, in a number of sectors (agriculture, mineral products, textiles, precious stones, and metals), the final bound rates are either equal to or even higher than the previously applied rates. Therefore, provided the agreed bound rates are any indication of the actually applied future tariffs, Russia's WTO accession *per se* should not lead to any changes in the volume of imports of these products into Russia.

At the same time, in other sectors – chemicals, wood and paper, machinery and vehicles, glass,

¹ Tarr (2009).

Table 3

Trade-weighted import tariffs of Russia

	in %		
	Applied (2006)	Initial bound	Final bound
Agriculture, food	14,77	34,86	25,16
Mineral products	5,43	11,06	5,43
Chemicals	8,48	10,22	6,09
Wood, pulp and paper	8,73	14,62	7,85
Textiles, shoes	11,69	18,31	12,37
Precious stones	20,00	25,00	20,00
Metals	11,35	19,29	11,70
Machinery, vehicles	9,48	14,83	8,75
Glass, ceramics	15,51	20,18	14,39
Leather, fur	14,94	21,13	13,25
Miscellaneous	18,04	20,20	16,43

Source: Ministry of Economic Development and Trade of the Russian Federation.

leather, and 'miscellaneous' – the applied import tariffs should fall in line with the lower bound tariffs (or more). This should benefit imports into Russia. As has already been mentioned, two of these product groups – chemicals (including pharmaceuticals) and machinery – are relatively important for Austrian exports to Russia. In chemicals, the trade-weighted import tariff should fall by nearly 2.5 percentage points (p.p.) and in machinery by 0.75 p.p., representing cuts of 28% and 8%, respectively, of previously existing trade barriers. In particular, in pharmaceuticals import duties will drop from 15% to 5-6.5%,² providing *inter alia* a 'niche of opportunity' for Austrian exporters. Our earlier simulations of WTO accession effects on the chemicals and machinery & vehicles sectors using a partial equilibrium GSIM model³ (see Wörz et al., 2008) suggest that domestic Russian production is likely to fall marginally in both cases (by 0.6% and 0.3%, respectively), while Russian exports of these product groups to the EU will increase by 2.4% and 1.4%, respectively. Assuming unchanged Russian domestic consumption, this would imply an increase in imports into Russia. Further assuming an

unchanged share of the EU (and Austria) in Russian imports, the resulting incremental boost to Austrian exports to Russia can be roughly estimated at some 20% (corresponding to about EUR 150 million per year) in the case of chemicals and 3% (EUR 30 million) in the case of transport and machinery.

These benefits to importers (including those from Austria) would directly accrue from the competitive advantage in the Russian market, which they gain thanks to a more liberal Russian customs regime as a result of WTO accession (after the phasing-out of transitory periods, at the latest). However, in the longer run, the potential for exporting to Russia will probably be much greater. First, as a result of further multilateral rounds of trade liberalization within the WTO, the Russian bound (and applied) tariffs should decline further. Our modelling scenarios (see again Wörz et al., 2008) that applies various modifications of the so-called 'Swiss formula'⁴ of tariff reduction for manufactured goods suggested that e.g. in the case of chemicals and 'machinery & vehicles', the *long-term* gains to Austrian exporters resulting from further multilateral rounds of liberalization may be up to 2 and 8 times higher, respectively, than the *immediate* gains from Russia's WTO accession. In absolute terms, this means up to EUR 300 million per year worth of exports in the case of chemicals and EUR 250 million in the case of 'machinery and vehicles'. From this point of view, 'agriculture and food' appears to be by far the least 'promising' sector. Although – as already indicated – the level of protection in Russian agriculture is higher than in other sectors, it is not particularly high when compared to other countries. Any future WTO rounds of multilateral negotiations on reducing trade barriers in agriculture – themselves highly uncertain – would almost certainly involve more radical liberalization

² Tomberg (2007).

³ The global simulation model for the analysis of global, regional, and unilateral trade policy changes developed by Francois and Hall. The data for Russia were taken from the Global Trade Analysis Project (GTAP) database, Version 6.2.

⁴ The 'Swiss formula' for tariff reductions is as follows:

$$T_1 = \frac{a * T_0}{a + T_0},$$

where T_0 is the initial tariff, T_1 the final tariff, and a a factor to be determined. We simulated two scenarios with $a=10$ and $a=5$.

steps in the EU (and other developed economies) than in Russia.⁵ This should create more opportunities for Russian agricultural exporters to the EU (including Austria) rather than the other way around.

Second, WTO accession is expected to yield efficiency gains in the Russian economy thanks to stronger competitive pressure from imports and the harmonization of domestic legislation in line with the WTO requirements (including technical and certification standards, sanitary and phyto-sanitary standards for food and agriculture, intellectual property rights, etc.). These efficiency gains should translate into higher output levels. By applying a sector- and region-specific input-output model, the Russian Academy of Sciences and the National Investment Council have concluded that WTO accession will raise Russia's GDP by around 1 p.p.⁶ Alternatively, Jensen, Rutherford and Tarr (2002) applied a CGE (computable general equilibrium) model, incorporating also the effects on foreign investment, and found that the resulting growth in GDP may range from 3 p.p. in the medium run to as much as 25 p.p. in the long run. The higher economic growth will lead, *inter alia*, to higher demand for imports. Under the simplifying assumptions of a constant propensity to import and an unchanged relative position of Austria vis-à-vis other import suppliers, one may thus expect an *additional* growth of Austria's exports to Russia of up to 25% in the long run, or some EUR 600 million per year in absolute terms. (In reality, Austria's share in Russian imports is likely to grow since the country – similar to other WTO members – will improve its competitiveness in the Russian market, whereas non-WTO members will not.)

⁵ For instance, the blueprint during negotiations in Hong Kong in 2005 within the framework of the (ultimately suspended) Doha round envisaged a 70% cut in domestic support to agriculture in the EU, 50% in the US, and 30% in other developed countries, but no cuts in developing countries. Besides, in line with the so-called 'Harbinson proposal' put forward at the Cancun meeting in 2003, import tariffs for agricultural products in industrial countries were to be cut more than in developing countries.

⁶ Russian Academy of Sciences (2002).

Needless to say, the above figures represent only crude estimates and should be taken for orientation purposes only. In the medium term, any gains to Austrian exporters from Russia's WTO accession will most probably be overshadowed by the much greater benefits from the prospective EU-Russia free trade area which will be negotiated after WTO accession and which is likely to abolish Russian duties for industrial goods imports from the EU altogether.

Imports from Russia

On the import side, the impact of Russia's WTO accession on Austria should be more limited. As already mentioned, the bulk of Austrian imports from Russia is represented by energy products – largely oil and natural gas, which are imported duty-free, and where no changes are expected because of Russia's WTO accession. Neither will there be any changes in the energy taxation regime (primarily in the form of export duties) on the Russian side. Of much greater relevance for the dynamics of energy imports from Russia are Austria's supply diversification policies, such as via the planned 'Nabucco' gas pipeline, which could draw on the deposits in the Caspian region and the Middle East, or the increased reliance on imports of LNG (liquefied natural gas). For instance, the recently rising role of LNG in Europe has already put pressure on Gazprom's market share in a number of European countries and led to price discounts for Russian gas.

As far as non-energy Austrian imports from Russia are concerned, they have already been granted the 'preferential' MFN ('most-favoured-nation') tariff rates which are generally applied in trade between WTO members. The MFN tariffs were provided by the existing EU-Russia Partnership and Cooperation Agreement (PCA) – even while Russia was not a WTO member. This means that upon Russia's WTO accession, the access conditions for Russian products to the Austrian market should not change – at least as far as the overall tariff regime is concerned. In fact, many of the Russian products qualify for the so-called Generalized System of Preferences (GSP), which is even more preferential than

the MFN regime.⁷ True, Alexeev, Turdyeva and Yudayeva (2003) argued that Russian exports may be boosted even with no change in the level of protection in their destination markets – and that is thanks to the increased competitiveness of Russian products resulting from lower Russian duties for imported investment goods. According to their CGE-based estimation, overall Russian exports may expand by 0.9%, implying *ceteris paribus* that Austrian imports from Russia may rise by some EUR 20 million per year – a very modest volume.

More importantly, Russia's WTO membership may potentially make the application of anti-dumping measures by the EU against imports from Russia more difficult. Currently, there are seven cases of anti-dumping procedures against Russian goods applied by the EU (essentially metals and chemicals) – even though Russia was granted 'market economy' status by the EU a long time ago.⁸ In this context, Lissovlik and Lissovlik (2004) refer to the earlier experience of Macedonia: its steel exports to the USA used to be subject to safeguard measures which were only lifted once Macedonia joined the WTO. They also argue that WTO membership will grant Russia access to the dispute settlement body of the WTO, allowing it to defend its interests through the WTO institutional framework. According to Berglöf et al. (2003), the abolition of various non-tariff barriers applied to Russian exports (notably anti-dumping measures and import quotas) following Russia's WTO accession may raise Russian overall exports by some 3%. This would imply that Austrian imports from Russia could increase by another EUR 60 million. On the other hand, the large number of anti-dumping cases against China clearly shows that WTO

membership in no way guarantees the non-application of anti-dumping measures.

Finally, similarly to the way we argued in the case of Russian imports, future multilateral rounds of trade liberalization within the WTO may result in lower MFN tariffs in the EU. In fact, on the basis of a gravity model augmented with a WTO membership dummy, Lissovlik and Lissovlik (2004) found that in the very long run, Russian exports to WTO countries could increase by as much as 50% due to a wide range of trade-promoting WTO-related obligations which Russia needs to take. This would imply an increase of Austria's imports from Russia by about EUR 1 billion. Simultaneously, there will be a shift in the composition of imports – away from energy and towards metals, chemicals, and potentially also machinery, since the above-mentioned incremental increase would represent non-energy items.

Austria-Russia investment relations

Prior to the crisis, bilateral investments between Austria and Russia were developing relatively dynamically. This was partly due to the investment-related provisions of the Russia-EU PCA, envisaging *inter alia* the 'national treatment' principle for foreign investors. In practice, though, various benefits granted by regional Russian authorities to attract foreign investment proved to be more important, whereas on the Austrian side, political considerations appear to have played a role.

According to statistics of the Austrian National Bank, the stock of *Austrian foreign direct investment (FDI) in Russia* has been generally rising over the past years and reached EUR 4.6 billion by the end of 2009. Anecdotal evidence suggests that 2010 witnessed another boost in investments, not least due to the forthcoming 2014 Winter Olympic Games in Sochi and the related large-scale infrastructure projects in Southern Russia more generally. Austrian investments have been particularly targeting such areas as construction, hotel business, and ski sports infrastructure, which brought

⁷ GSP envisages *inter alia* zero import tariffs for 'non-sensitive' imports from developing countries and a 3.5 p.p. reduction in import tariffs for 'sensitive' imports (except for textiles where the reduction is 20% from the applied tariff).

⁸ At the beginning of 2011, the EU applied seven anti-dumping measures against Russian iron, steel, ferrosilicon, ammonium nitrate, potassium chloride, and carbamide. The anti-dumping duties imposed are generally producer-specific and range between 10% and 50% for metals and between EUR 18 and EUR 47 per ton for chemicals.

Table 4

Direct investments between Russia and Austria

in EUR million

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Austrian direct investment in Russia										
Flows	73	163	190	-1	148	-22	1212	2719	1601	172
Stocks, year-end	193	830	1094	1454	1273	811	1805	3748	4637	4619
Russian direct investment in Austria										
Flows	-3	-3	3	73	80	74	35	124	-171	226
Stocks, year-end	239	385	441	574	685	421	461	2984	1980	1632
Income										
Of Austrian investors in Russia	47	187	204	61	252	143	236	509	552	227
Of Russian investors in Austria	1	4	3	77	69	66	70	38	-40	31

Source: Austrian National Bank

the cumulative Austrian FDI stock in Russia to an alleged EUR 6 billion by the end of 2010.⁹ Austrian involvement in and around Sochi obviously helps generate extra demand for both Austrian goods (such as construction materials) and services (construction projects). Furthermore, the planned infrastructure projects ahead of the 2018 football world championship in Russia potentially represent further opportunities for Austrian investors and exporters.

Overall, there are over 1200 Austrian companies operating in Russia, of which some 450 have their offices in the country. The biggest investor is *Raiffeisenbank*, which is the 9th biggest bank in Russia (measured by assets) and the second biggest foreign-owned bank (after *UniCredit*). Also, in March 2011 *Raiffeisenlandesbank* (part of the *Raiffeisen Group*) acquired a 3% stake at the regional South Russian bank *Krayinvestbank*, which is to be seen against the background of the above-mentioned Austrian business activities in the region.¹⁰ Apart from operating directly in the Russian market, *Raiffeisen* is doing business with Russian businessmen also via its Austrian subsidiaries (e.g. in the case of *Rosukrenergo*). Among other examples of Austrian investments in Russia are the takeover of a paper

factory in Syktyvkar by *Mondi* in 2002; a particle board and laminate factory of *Kronospan*, which started production in the Moscow region in 2004; a slab factory in Ivanovo region owned since 2006 by *Egger*; a brick-producing plant in Vladimir region owned by *Wienerberger*; a tiling plant in Ufa owned by *Lasselsberger*; a plant producing window fittings in Kaluga owned by *Mayer & Co*; and a steel mill (also in Kaluga) owned by *Unger Stahl*. Other Austrian companies which invested in Russia include *Kronotex*, *Steyr Motors*, *Meinl European Land*, and *AVL Magna* – the Canadian-registered automotive supplier operating in Austria – is operating three plants in Russia (in St. Petersburg, Kaluga, and Nizhni Novgorod), while *Andritz Hydro* has been involved in the modernization of Russian hydro-power plants. In February 2011, *Agrana* announced plans to invest into a fruit-processing plant in the Moscow region.

In turn, the registered stock of *Russian FDI in Austria* (EUR 1.6 billion at the end of 2009) is only about one-third of Austrian FDI in Russia, and has been falling since 2007. Statistically, FDI from Russia accounts for 1.5% of total inward FDI stock in Austria – comparable to the shares of e.g. Belgium, Sweden or Spain. However, just as elsewhere, when it comes to Russian FDI statistics, these figures are to be treated with caution since the bulk of Russian investments typically go via the so-called 'off-shore zones' (such as Cyprus or the

⁹ See Leitl (2011).

¹⁰ See 'Raiffeisenlandesbank kauft Anteile südrussischer Bank', *BezirksRundschau*, No. 11, 17 March 2011.

Virgin Islands).¹¹ According to available surveys,¹² about half of all Russian investment projects in Austria are undertaken by companies involved in trade; industry accounts for another 30%. In the case of industrial companies, their activities in Austria typically focus on finance, whereas the actual production is located elsewhere: usually Central and Eastern European countries or Russia. For 35% of Russian investors, Austria reportedly represents a platform for further expansion within the EU. Besides, anecdotal evidence suggests that Austrian banks often serve as a 'safe haven' for (often shady) Russian capital, including that owned by or closely linked to top Russian officials.

So far, the biggest Russian investment projects in Austria (about EUR 1 billion worth each) have been the acquisitions in 2007 of 25% of the construction company *Strabag* and of 17% of the automotive supplier *Magna* by *Basic Element*, belonging to the Russian oligarch Oleg Deripaska. Although subsequently, the financial crisis forced Mr. Deripaska to sell his stake in *Magna* and reduce his involvement in *Strabag* to 17%, he still retains an option to buy back the 8% stake in the latter company up until 2014. In exchange, *Strabag* has reportedly acquired a 26% stake in one of Mr. Deripaska's Russian-based companies *Transstroy* and received preferential access to crucial infrastructure projects in Russia, including a lucrative EUR 350 million worth contract in Sochi.¹³

The potential impact of Russia's WTO accession on bilateral investment projects

According to some analyses, the main benefits that Russia can reap from its WTO accession in the

medium and long run will stem from foreign investments rather than trade. Indeed, historically, WTO accession of a country typically accelerated the inflows of foreign direct investment into it. Jensen, Rutherford and Tarr (2002) estimate that foreign investments could potentially account for up to 70% of the WTO-related gains to Russia. This is largely due to foreign investment in business services, which would reduce their cost within Russia. However, there is good reason to believe that this potential will remain largely untapped, since Russian commitments to opening its services market within the framework of WTO accession are generally unimpressive. In most sectors (including such crucial ones as banks, telecommunications, transportation, and services in production of raw materials), Russia's commitments hardly go beyond the already existing rules.¹⁴

For instance, in the banking sector, foreign presence will continue to be permitted only in the form of subsidiaries rather than branches of foreign banks.¹⁵ Also, the government has retained an option to impose a 50% cap on foreign ownership of the aggregate capital stock of the banking sector. In reality, though, this cap is far from being binding: so far, the penetration of Russia by foreign banks has been primarily constrained by the prevalence of state-owned banks such as *Sberbank* and *VTB* rather than by the above-mentioned quota. Therefore, in the short run, WTO accession is unlikely to impact substantially the Russian banking sector. However, in the longer term, the relatively weak Russian commitments with respect to opening its banking sector may be actually good news for Austria, whose banks are already strongly present in Russia, since they might potentially keep in check the competition from newly entering foreign banks.

The market for insurance services will be liberalized to a greater extent, albeit with transition periods. In particular, the cap on foreign ownership

¹¹ The distortion appears to be even greater when one looks at Russian outward FDI statistics. On that basis, the role of Russia as a foreign investor in Austria is even smaller: at the end of 2009, the stock of Russian FDI in Austria stood at a mere EUR 280 million, although the country ranked as the tenth most important destination for Russian outward FDI – see Hunya (2010).

¹² 'Russische Unternehmen setzen auf Standort Österreich', Pressetext Austria, www.prsstext.at/pte.mc?pte=090331020.

¹³ See e.g. FAZ, 'Strabag wieder mit Deripaska', 8 November 2010.

¹⁴ See Tomberg (2007).

¹⁵ Unlike branches, subsidiaries must be registered in Russia and are supervised by the Russian central bank.

which the government may impose in the insurance sector will be raised from 25% to 50%. The prohibition of foreign participation in compulsory insurance and restraints on the number of licences issued to foreign life insurance firms will be phased out within five years after Russia's WTO accession.¹⁶ Branch offices of foreign insurance companies will be allowed nine years after the WTO accession, although they will not be allowed to operate in the compulsory insurance sector (except car insurance). As argued in Tarr (2009), the earlier highly successful experience of China which almost fully opened its insurance market to foreigners in the wake of its WTO accession may provide an indication of the likely developments in the Russian case. Given the generally strong positions of Austrian insurance companies, they are likely to take advantage of these developments.

As for the possible repercussions of Russia's WTO accession on Russian investments in Austria, they are likely to be overshadowed by other factors such as the prospects of increased cooperation in the energy sector. For instance, the participation of Gazprom in the gas supply hub in Baumgarten will be considerably more likely if the South Stream pipeline project indeed materializes and if Austria keeps its involvement in the project. Any political rapprochement between Russia and the EU and the prospects of a Russia-EU free trade area will be almost certainly conducive to Russian investments in the EU, including Austria, as well.

Conclusions

Over the past several years, bilateral trade between Russia and Austria has been developing dynamically, albeit interrupted briefly by the economic crisis. Our analysis suggests that the forthcoming accession of Russia to the World Trade Organization (WTO) is likely to bring about a further trade expansion. The increase in Austrian exports to Russia should be relatively more pronounced, as Russian import tariffs will decline over the 'transitory' periods following the WTO accession for a

number of product groups – including e.g. chemicals and 'machinery and vehicles', which are relatively important for Austria. In the longer run, the increase in exports could be more pronounced and more broad-based, resulting partly from further rounds of multilateral trade liberalization. However, the incremental gains appear rather modest when compared to the past export dynamics and the overall prospects of rising import demand in Russia accompanying its economic growth.

Austria's imports from Russia are likely to grow relatively less given that 80% of them is represented by energy (which will not be affected by WTO accession), whereas the bulk of the rest has already been facing the 'most-favoured-nation' (MFN) tariffs applied in trade among WTO members or the even more preferential tariffs provided by the Generalized System of Preferences. At the same time, imports of e.g. metals and chemicals from Russia may receive a boost – provided Russia's WTO accession results in the reduced incidence of non-tariff barriers applied against these products in the EU, and in the very long run, the surge in imports from Russia could be impressive.

Finally, the impact of Russia's WTO accession on services is likely to be modest (with the possible exception of the insurance sector), given that Russia is not willing to open up its services sector to foreign companies significantly. For Austrian banks, however, the preservation of a relatively restrictive regulatory regime in Russia may prove beneficial, as it will make the entrance of new competitors into the Russian market potentially more problematic. In the short and medium run, what will be of greater importance for Austrian service providers (notably in construction, but potentially also in other sectors, including banks) is likely to be the investment boom in Russian infrastructure ahead of the Winter Olympic Games in 2014 in Sochi and the World Football Championship in 2018, which is to be seen against the background of the strategic partnership between the Russian oligarch Oleg Deripaska and Austria's *Strabag*.

¹⁶ Tarr (2009).

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The impact of customs procedures on business performance: evidence from Kosovo

BY MARIO HOLZNER AND FLORIN PEÇI

Introduction

This article¹ aims to identify the impact of customs procedures on the performance of Kosovo's small and medium-sized enterprises (SMEs). Identification is based on a survey conducted in 2009. Regular appeals against customs decisions, which are a consequence of frequent changes in over-complicated regulations, are the most important problems encountered by SMEs. However, there is a positive and significant effect of the formal customs institutions that facilitate the trade of imported goods, namely of so-called customs procedures with economic impact.

Data and methodological approach

The sample of 160 SMEs was randomly selected from the business register in the database of the Ministry of Trade in Kosovo, where more than 4000 active firms are involved in international trade². The sample covers businesses across all parts of Kosovo and was stratified in terms of size, including micro, small and medium-sized enterprises. 122 agreed to respond. The questionnaire was developed in accordance with suggestions from various stakeholders: the business committee, the chamber of trade, trade alliances, border agencies, etc. The questionnaire was completed between February and March 2009, with the resulting data processed in April 2009. The questionnaire covers general information about the firm's turnover, number of employees, company age, etc. The interviews were conducted using face-to-face conversations with the key people in each enterprise, mainly

owners or general managers. The survey also contains information about the perception of entrepreneurs regarding the business environment and customs procedures.

The analysis is based on a cross section database for the year 2008 with limited information for 2007. The dependent variable is the growth rate of turnover in 2008 of a firm that acts on the international market (GRO). A firm is considered to be an 'exporter-importer' if it is more than three years old and has submitted more than 20 customs declarations on a cross-borders entry point.

The independent variables, listed below, are mostly qualitative in nature, while the variables such as the number of employees, consultancy costs and firm age are quantitative. The remaining variables such as the education of manager, the Hani border crossing location, the use of simplified procedures, ethics of customs officials, appeals, audit control, and procedures with economic impact are converted into dummy variables taking the value of 1 if the respective barrier to firm turnover growth is recorded and taking the value of 0 otherwise.

Independent variables

1. Education of managers (EDU): This is expected to have a positive correlation with firms' turnover growth. The variable equals one if the respondent has a university education and zero otherwise.
2. Consultant costs (CON): It is expected that firms which hired costly but knowledgeable and helpful experts for the trade and customs transactions have higher turnover growth. Consultant costs are measured in euro.
3. Employees (EMP): We take the number of employees in the year 2007. It is expected that this variable has a negative relationship with turnover growth.
4. Age of firms (AGE): It is expected that this variable has a negative relationship with turnover growth. The number of years that the firm is active is measured.

¹ This article is an excerpt from M. Holzner and F. Peçi (2011), 'The Impact of Customs Procedures on Business Performance: Evidence from Kosovo', *wiiw Working Papers*, No. 76.

² We did not include firms that were inactive in the period 2005-2008.

5. Use of simplified procedures³ (SIM): Imported goods under this procedure have higher turnover, and transaction costs should be reduced. The variable equals one if firms use simplified procedures, otherwise zero.
6. Use of procedures with economic impact⁴ (ECO): Traders who use procedures with economic impact are expected to have higher turnover growth. Thus, for firms that use procedures with economic impact the variable is one, otherwise zero.
7. Appeals (APP): Appeals are time- and money-consuming and thus cause an increase in transaction costs. The variable is one if the trader appealed, otherwise zero.
8. Customs officials' ethics (CUS): This variable represents 'bad behaviour' of customs officials such as red tape and corruption. If this behaviour occurs, the variable is one, otherwise zero. We use this variable as a qualitative one and transform answers on a scale from 1 'very bad' into one, and the rest from 2-5 into zero.
9. Audit control (AUD): This is also time-consuming and increases compliance costs for the firms. The variable equals one if the firm had an audit control, otherwise zero.
10. Hani location of clearance (HAN): It is expected that this variable has a negative relationship with turnover growth because 40% of all customs clearance is concentrated at the Hani location, which involves congestion costs.

The empirical model has the following form and is estimated with a stepwise ordinary least squares (OLS) estimator:

$$\text{GRO}_i = \alpha_0 + \alpha_1 \text{EDU}_i + \alpha_2 \text{CON}_i + \alpha_3 \text{EMP}_i + \alpha_4 \text{AGE}_i + \alpha_5 \text{SIM}_i + \alpha_6 \text{ECO}_i + \alpha_7 \text{APP}_i + \alpha_8 \text{CUS}_i + \alpha_9 \text{AUD}_i + \alpha_{10} \text{HAN}_i + \varepsilon_i$$

³ Here procedures are simplified through combining various transaction data into a single administrative customs declaration (SAD), the filing frequency is reduced, thereby reducing the value of this transaction cost.

⁴ These include, among others, the possibility for the firms to be excluded from the obligation to pay customs taxes during the entry of their import goods, as long as these goods do not enter into free circulation in the market.

In addition we include a dummy variable for the few exporting firms⁵ in the sample in order to see whether or not they perform better. We perform a stepwise estimation procedure, starting with the full model and stepwise removing the least significant variable. Thus we will only present the results for an empirical model with coefficients significant at least at a 10% level. A Breusch-Pagan / Cook-Weisberg test for heteroskedasticity in our data rejects the zero hypothesis of constant variance and thus all estimations are performed in a robust way. None of the variables is very much correlated with each other and we can therefore rule out multicollinearity. As a robustness check we also estimate different sub-samples such as one without exporting firms and one without firms having negative turnover growth. Moreover, in an alternative estimation we use the level of the 2008 turnover in euro as the dependent variable with additional explanatory variables such as the turnover in 2007 as well as the squared terms of the number of employees and consulting costs in order to check for possible endogeneity and non-linearity for some of the variables.

Empirical findings

Estimating our main model as described in the equation above provides us with the following results. The hypotheses regarding the impact of higher education of managers and the involvement of consultants for customs transactions are supported. Both coefficients (α_1 and α_2) are positive and significant. The interpretation of the coefficients is as follows. An increase in consulting costs of EUR 1000 is associated with an increase in the firm's growth of turnover by 1.4%. If a firm's manager has tertiary education, the turnover growth was found to be higher by almost 13 percentage points. Further, it has been found that the number of employees and the number of years that the firm has been active is negatively correlated with turnover growth, with both coefficients being highly

⁵ The vast majority of Kosovo firms engaged in international trade are solely importing. The country has not yet developed a proper export sector.

Table 1

Determinants of Kosovo SMEs' turnover growth, 2008

	Coefficients	P-value
Constant	35.752	0.000
Education of manager	12.950	0.003
Consulting costs	0.001	0.017
Number of employees 2007	-0.459	0.002
Years of firm activity	-2.381	0.000
Procedure with economic impact	11.698	0.006
Appeals against customs decisions	-11.280	0.082

N = 122

R² = 27.7%

Estimator: Stepwise OLS, robust standard errors.

significant. These results are in line with other studies (see Krasniqi, 2006, 2007). From the set of customs-related indicators, only two remained significant. These are the use of procedures with economic impact as well as the appeals variable. While the former coefficient is highly significant, the latter is only significant at the 10% level. The coefficient for the use of procedures with economic impact has a positive sign and the coefficient for the appeals variable has a negative sign. The coefficients of both dummy variables are of similar size, indicating that the use of the former relates to higher turnover growth of about 12%, while turnover growth is 11% lower in firms engaged in appeals. All other customs-related coefficients are insignificant, indicating that the use of simplified procedures, perceived bad customs behaviour, audits, and congested customs clearance locations are not significantly related to turnover growth of Kosovo's SMEs. The exporter dummy variable proved to be insignificant. The R² of the model is at about 28%. Thus there are obviously other important determinants of turnover trade which are missing in our database. Using hierarchical procedures in order to calculate delta R²'s allows us to estimate how the single explanatory variables add to the explained variance of the model. Out of the overall 28% of the model's R² about one quarter is related to the variable years of firm activity, while approximately one fifth of the model fit is attributed to the education of manager and procedures with economic impact. The other three significant variables

cover each about one tenth of the explanatory power of the model.

The robustness check using different sub-samples such as one without exporting firms and one without exporting firms and firms having negative turnover growth yielded the following results: In both cases the appeals coefficient turned insignificant; all other results remained stable as compared to our main estimation. This might hint at the fact that especially exporters and firms with negative growth were involved in troublesome customs appeals.

We also conducted an alternative estimation explaining the level of 2008 turnover in euro as the dependent variable with additional explanatory variables such as turnover in 2007 as well as the squared terms of the number of employees and consulting costs in order to check for possible endogeneity and non-linearities. One outlier observation had to be removed from the data set. Interestingly, the results do not differ a lot from the growth model. Almost the same variables have coefficients of the same sign and significance. Again, the managers' education as well as the consulting costs prove to be positively correlated with the dependent variable. Only the squared consulting costs have a negative coefficient now. This implies that expenditures on consulting in customs issues have a diminishing return. Instead of the number of employees, the squared number of employees is significant in explaining turnover, indicating that in

Table 2

Determinants of Kosovo SMEs' turnover level, 2008

	Coefficients	P-value
Constant	20862.060	0.172
Turnover level 2007	1.104	0.000
Education of manager	20531.520	0.015
Consulting costs	10.271	0.000
Consulting costs squared	-0.001	0.029
Number of employees 2007 squared	-42.722	0.036
Years of firm activity	-3492.184	0.004
Procedure with economic impact	26436.700	0.001
Appeals against customs decisions	-15595.480	0.097

N = 121

R² = 99.4%

Estimator: Stepwise OLS, robust standard errors

terms of employees only larger firms have a disadvantage. The amount of firm years has again a negative coefficient. There are no changes concerning the customs-related coefficients either. The coefficient for the use of procedures with economic impact has a positive sign and the coefficient for the appeals variable has a negative sign. In this model the R² is above 99%. This is certainly due to the inclusion of the lagged turnover variable.

Conclusion and policy implications

The research suggests that one of the most important institutional obstacles encountered by SMEs in the import-export sector in Kosovo is regular appeals against customs decisions. This supports earlier results on Kosovo by Krasniqi (2007). However, there is also a positive and significant correlation of formal customs institutions that facilitate the trade of imported goods, namely the so-called procedures with economic impact. This result supports the efforts made by the WTO and WCO in the field of trade facilitation. Another determinant that is positively correlated with turnover growth is the engagement of experts in the field of customs clearance procedures. However, too high expenditures for consulting harm the level of turnover. From this it can be supposed that institutional support needs to be developed in the direction of simplification of customs procedures, which will reduce

the compliance costs of firms. Also law enforcement needs to be put in place more effectively.

The fact that a large number of employees and many years of the firm's existence are negatively correlated with both growth and level of turnover are a reassuring signal for new entrants in this market. Also, this reaffirms earlier results by Krasniqi (2006, 2007) and adds to the literature that empirically rejects Gibrat's Law (1931), which states that firm growth is independent of the size and the age of the firm. However, it was also found that it is beneficial for a firm to have a well-educated management. This should be an additional incentive for the public and private sector to invest in the education of Kosovo's population. Although not very surprisingly, this result confirms earlier findings as in Almus (2002) and Wasilczuk (2000).

It is interesting to note that, contrary to popular belief, perceived bad customs behaviour such as red tape and corruption as well as audit controls do not seem to be correlated with the level and growth of the turnover of SMEs engaged in international trade in Kosovo. Here our findings do not match earlier results on Albania and Kosovo. In the former case Xheneti (2006) found a positive relationship and in the latter case Krasniqi (2007) observed a

negative correlation. Thus, it seems that it is mainly in the sphere of formal customs procedures that reforms can improve the efficiency of doing business in Kosovo. However, simplified procedures that aim at reducing the declaration filling time did not prove to be significant. This is in contrast to what Verwaal and Donkers (2003) found in their Dutch sample.

Thus, while it has to be noted that the offered policy recommendations do not necessarily follow directly from our empirical research, the assumption is that some of the main barriers to doing business in the import-export sector in Kosovo are inter alia a consequence of frequent changes in over-complicated laws and regulations. Future research has to analyse in more detail the linkages between state laws, regulations and policies and the parameters important for SMEs' economic well-being.

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STATISTICAL ANNEX

Selected monthly data on the economic situation in Central, East and Southeast Europe

NEW: As of January 2011, time series for the three Baltic countries – **Estonia, Latvia, Lithuania** – are included in the wiiw Monthly Database.

Conventional signs and abbreviations used

.	data not available
%	per cent
PP	change in % against previous period
CPPY	change in % against corresponding period of previous year
CCPPY	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
NACE Rev. 1	statistical classification of economic activities in the European Community, Rev. 1 (1990) / Rev. 1.1 (2002)
NACE Rev. 2	statistical classification of economic activities in the European Community, Rev. 2 (2008)
LFS	Labour Force Survey
CPI	consumer price index
HICP	harmonized index of consumer prices (for new EU member states)
PPI	producer price index
p.a.	per annum
mn	million (10 ⁶)
bn	billion (10 ⁹)
avg	average
eop	end of period
NCU	national currency unit (including 'euro-fixed' series for euro-area countries)

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	RON	Romanian leu
BAM	Bosnian convertible mark	LVL	Latvian lats	RSD	Serbian dinar
BGN	Bulgarian lev	LTL	Lithuanian litas	RUB	Russian rouble
CZK	Czech koruna	MKD	Macedonian denar	UAH	Ukrainian hryvnia
HRK	Croatian kuna	PLN	Polish zloty		

EUR euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Slovakia (from January 2009, 'euro-fixed before) and Slovenia (from January 2007, 'euro-fixed' before)

USD US dollar

M1 currency outside banks + demand deposits / narrow money (ECB definition)

M2 M1 + quasi-money / intermediate money (ECB definition)

M3 broad money

Sources of statistical data: Eurostat, national statistical offices and central banks; wiiw estimates.

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ALBANIA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
LABOUR																	
Employment total, registered	th. pers., quart. avg	916.0	.	.	916.9	.	.	920.4	.	.	929.5	.	.	.	.	.
Employment total, registered	CPPY	-5.7	.	.	2.0	.	.	2.2	.	.	2.7	.	.	.	.	.
Unemployment, registered	th. pers., quart. avg	143.2	.	.	143.0	.	.	142.8	.	.	142.1	.	.	.	.	.
Unemployment rate, registered	%	13.5	.	.	13.5	.	.	13.5	.	.	13.3	.	.	.	.	.
PRICES																	
Consumer	PP	0.7	0.2	0.2	2.2	0.8	2.3	-0.1	-0.6	-1.1	-1.1	-0.7	0.3	0.4	0.4	0.1	
Consumer	CPPY	3.4	3.0	2.8	3.3	3.3	4.5	4.3	4.1	4.2	3.9	3.6	3.1	2.8	3.0	2.9	
Consumer	CCPPY	3.7	3.6	3.6	3.5	3.3	3.9	4.0	4.0	4.1	4.0	4.0	3.9	3.8	3.7	3.6	
Producer, in industry	PP	0.3	0.3	0.1	0.4	0.7	0.0	0.1	0.4	0.1	0.0	-0.3	0.0	0.0	.	.	
Producer, in industry	CPPY	0.5	0.3	0.6	0.7	3.6	3.3	2.3	3.0	3.6	3.2	2.3	2.2	2.0	.	.	
Producer, in industry	CCPPY	0.1	0.2	0.2	0.2	3.6	3.4	3.1	3.0	3.2	3.2	3.0	2.9	2.8	.	.	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	866	971	1073	1172	107	250	371	471	586	702	830	926	1046	1168	.	
Imports total (cif), cumulated	EUR mn	2523	2823	3123	3475	254	524	831	1154	1480	1809	2150	2470	2795	3131	.	
Trade balance, cumulated	EUR mn	-1657	-1852	-2050	-2303	-147	-274	-460	-682	-895	-1106	-1320	-1544	-1748	-1963	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-670	-777	-875	-1040	-69	-138	-230	-331	-459	-554	-643	-733	-827	.	.	
EXCHANGE RATE																	
ALL/EUR, monthly average	nominal	137.05	138.39	138.82	138.81	138.65	139.59	140.14	141.48	141.80	141.97	139.92	139.85	140.49	140.81	140.97	
ALL/USD, monthly average	nominal	104.81	99.60	101.33	104.95	103.84	102.27	100.17	97.89	98.79	98.65	97.98	97.48	102.02	102.76	103.82	
EUR/ALL, calculated with CPI ¹⁾	real, Jan07=100	91.5	90.6	90.3	91.7	93.0	94.0	92.5	90.6	89.3	88.3	89.3	89.4	88.8	88.7	88.5	
EUR/ALL, calculated with PPI ¹⁾	real, Jan07=100	90.4	89.6	89.1	88.6	88.4	87.1	86.1	84.9	84.9	84.9	85.6	85.8	85.1	.	.	
USD/ALL, calculated with CPI ¹⁾	real, Jan07=100	92.9	97.9	96.4	94.9	96.2	99.5	100.5	101.5	99.1	98.2	98.1	98.6	94.5	94.4	93.5	
USD/ALL, calculated with PPI ¹⁾	real, Jan07=100	87.3	91.3	89.3	85.7	85.9	85.8	86.1	86.9	85.7	85.9	86.0	87.0	82.9	.	.	
DOMESTIC FINANCE																	
Currency outside banks	ALL bn, eop	191.3	190.9	189.4	195.1	186.6	185.9	185.5	187.9	187.9	189.3	190.2	189.6	188.9	186.6	.	
M1	ALL bn, eop	272.5	269.8	266.9	275.4	263.4	262.3	263.8	265.4	264.8	267.7	269.6	271.8	268.9	267.2	.	
M2	ALL bn, eop	948.4	952.0	961.4	980.3	981.4	978.0	983.5	994.6	998.5	1008.8	1015.6	1034.7	1046.9	1053.4	.	
M2	CPPY, eop	12.4	11.7	12.0	12.5	11.5	10.8	10.8	12.2	11.2	11.8	11.2	10.1	10.4	10.6	.	
Central bank policy rate (p.a.) ²⁾	% eop	5.00	5.00	5.00	5.00	5.00	5.00	5.25	5.25	5.25	5.25	5.25	5.25	5.00	5.00	4.75	
Central bank policy rate (p.a.) ²⁾³⁾	real, % eop	4.4	4.7	4.4	4.2	1.4	1.7	2.9	2.1	1.6	2.0	2.9	3.0	3.0	.	.	
BUDGET																	
General gov. budget balance, cum.	ALL bn	-24193	-23433	-23228	-38031	1621	-8904	-11776	-15910	-20427	-26910	-30762	-31190	-31624	-31709	-37993	

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

2) One-week repo rate.

3) Deflated with annual PPI.

Source: wiw Monthly Database incorporating national statistics.

BOSNIA and HERZEGOVINA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total ¹⁾	real, CPPY	-1.2	-0.1	2.0	8.7	17.5	6.6	8.0	3.2	2.3	10.4	10.1	4.5	1.8	0.6	.	
Industry, total ¹⁾	real, CCPY	0.8	0.8	0.9	1.6	17.5	12.0	10.5	8.5	7.2	7.7	8.1	7.6	6.9	6.1	.	
Industry, total ¹⁾	real, 3MMA	1.9	0.2	3.5	9.4	10.9	10.7	5.9	4.5	5.3	7.6	8.3	5.5	2.3	.	.	
LABOUR																	
Employees total, registered	th. persons, avg	680.1	685.9	686.4	699.3	696.2	695.7	694.1	693.9	694.2	695.3	695.7	692.5	693.4	.	.	
Employees total, registered	CPPY, avg	-2.0	-1.2	-1.1	0.7	-0.7	-0.6	-0.7	-0.8	2.5	2.7	2.7	2.4	1.9	.	.	
Unemployment, registered	th. persons, eop	517.0	517.2	519.1	522.1	526.7	527.7	530.1	529.4	526.8	526.0	528.5	531.1	530.0	.	.	
Unemployment, registered	% eop	43.2	43.0	43.1	42.7	43.1	43.1	43.3	43.3	43.1	43.1	43.2	43.4	43.3	.	.	
WAGES																	
Total economy, gross	BAM	1220	1213	1229	1250	1232	1240	1275	1266	1281	1280	1268	1283	1273	1268	.	
Total economy, gross	real, CPPY	0.0	-1.1	-0.2	-0.9	-0.3	0.9	1.0	0.0	1.5	1.5	0.3	1.3	0.3	0.8	.	
Total economy, gross	EUR	624	620	628	639	630	634	652	647	655	654	648	656	651	648	.	
PRICES																	
Consumer	PP	0.3	0.9	0.3	0.8	1.5	0.7	0.7	-0.6	0.2	-0.5	0.0	-0.1	0.3	0.5	.	
Consumer	CPPY	1.9	2.2	2.3	3.1	2.7	3.3	3.9	4.0	4.2	3.8	3.9	3.9	4.0	3.7	.	
Consumer	CCPPY	2.0	2.0	2.0	2.1	2.7	3.0	3.3	3.5	3.6	3.6	3.7	3.7	3.8	3.7	.	
Producer, in industry ²⁾	PP	0.8	2.2	0.2	0.5	0.2	0.9	0.5	-2.1	-0.4	0.4	2.0	-0.3	0.4	0.0	.	
Producer, in industry ²⁾	CPPY	2.6	2.9	3.6	4.0	3.5	4.3	5.1	4.1	3.1	4.0	5.8	4.9	4.5	2.2	.	
Producer, in industry ²⁾	CCPPY	0.0	0.3	0.6	0.9	3.5	3.9	4.3	4.2	4.0	4.0	4.3	4.3	4.4	4.1	.	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	2674	2978	3317	3628	316	648	1009	1369	1722	2083	2438	2780	3155	3510	.	
Imports total (cif), cumulated	EUR mn	5073	5693	6307	6962	486	1057	1735	2392	3047	3771	4456	5120	5846	6556	.	
Trade balance, cumulated	EUR mn	-2399	-2715	-2990	-3334	-170	-409	-727	-1023	-1325	-1688	-2018	-2340	-2691	-3046	.	
Exports to EU-27 (fob), cumulated	EUR mn	1463	1639	1822	1978	170	355	558	756	961	1181	1406	1587	1800	1998	.	
Imports from EU-27 (cif), cumulated	EUR mn	2314	2604	2887	3193	208	475	782	1077	1393	1780	2152	2437	2764	3098	.	
Trade balance with EU-27, cumulated	EUR mn	-851	-965	-1065	-1215	-38	-120	-224	-321	-432	-599	-747	-850	-964	-1100	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-509	.	.	-766	.	.	-183	.	.	-497	.	.	.	.	.
EXCHANGE RATE																	
BAM/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	
BAM/USD, monthly average	nominal	1.503	1.408	1.429	1.481	1.465	1.434	1.399	1.356	1.361	1.360	1.369	1.365	1.416	1.430	1.438	
EUR/BAM, calculated with CPI ³⁾	real, Jan07=100	101.0	101.6	101.7	101.9	103.8	104.1	103.7	102.4	102.5	102.1	102.6	102.2	101.9	102.1	.	
EUR/BAM, calculated with PPI ³⁾	real, Jan07=100	99.5	101.5	101.2	100.8	99.9	100.1	99.7	96.8	96.6	97.0	98.5	98.4	98.4	98.4	.	
USD/BAM, calculated with CPI ³⁾	real, Jan07=100	101.8	109.5	108.3	105.1	107.3	109.9	112.3	114.4	113.7	113.3	112.4	112.4	108.4	108.2	.	
USD/BAM, calculated with PPI ³⁾	real, Jan07=100	95.4	103.2	101.3	97.2	96.9	98.3	99.5	98.6	97.3	97.8	98.8	99.5	95.9	95.6	.	
DOMESTIC FINANCE																	
Currency outside banks	BAM mn, eop	2109	2144	2115	2211	2143	2155	2164	2240	2190	2206	2317	2317	2253	.	.	
M1	BAM mn, eop	6114	6218	6210	6301	6301	6234	6248	6347	6320	6332	6486	6550	6522	.	.	
M2	BAM mn, eop	13488	13622	13714	13821	13875	13855	13929	13988	13987	13991	14261	14409	14376	.	.	
M2	CPPY, eop	7.3	8.3	9.2	7.1	7.6	7.1	6.2	5.4	5.1	5.1	6.0	5.2	6.6	.	.	

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

2) Domestic output prices.

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

Source: wiiw Monthly Database incorporating national statistics.

C R O A T I A: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, NACE Rev. 2 ¹⁾	real, CPPY	3.0	-5.9	0.2	0.9	-5.2	-2.7	-3.0	0.2	1.2	1.8	-0.6	-4.5	-2.3	2.1	.	
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-1.3	-1.8	-1.6	-1.4	-5.2	-3.9	-3.6	-2.6	-1.8	-1.2	-1.1	-1.5	-1.6	-1.2	.	
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-0.8	-1.0	-1.7	-1.2	-2.2	-3.6	-1.8	-0.6	1.0	0.8	-1.1	-2.4	-1.5	.	.	
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-14.3	-14.9	-12.1	-11.3	-8.3	-7.1	-9.7	-15.3	-7.9	-8.5	-12.5	-8.9	-7.5	.	.	
Construction, NACE Rev. 2 ¹⁾	real, CCPY	-16.9	-16.7	-16.3	-15.9	-8.3	-7.7	-8.5	-10.3	-9.8	-9.6	-10.0	-9.9	-9.6	.	.	
LABOUR																	
Employment total, registered	th. persons, avg	1171.5	1163.1	1155.9	1145.8	1123.8	1133.4	1138.9	1142.9	1148.9	1155.7	1159.2	1158.8	1153.3	1145.0	.	
Employees in industry, reg., NACE Rev. 2	th. persons, avg	241.6	240.7	239.8	237.6	236.2	237.3	237.3	237.5	238.0	237.7	237.9	238.3	236.7	236.4	.	
Unemployment, registered	th. persons, eop	289.5	304.5	312.4	319.8	334.4	336.4	330.1	308.9	298.7	287.5	287.6	285.3	283.7	293.9	.	
Unemployment rate, registered	% eop	16.9	17.8	18.3	18.8	19.6	19.6	19.3	18.2	17.5	16.9	16.8	16.7	16.8	17.4	.	
Productivity in industry, NACE Rev. 2 ¹⁾	CCPY	6.9	6.2	6.2	6.3	0.1	-0.6	0.2	1.3	2.1	2.6	2.7	2.3	2.2	2.5	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-5.4	-5.1	-5.0	-5.1	-1.5	-0.8	-2.1	-3.0	-3.4	-3.9	-4.3	-3.6	-3.4	.	.	
WAGES																	
Total economy, gross	HRK	7546	7650	7892	7806	7638	7483	7894	7750	7778	7907	7680	7910	7740	.	.	
Total economy, gross	real, CPPY	-1.7	-1.3	-0.1	-1.5	-1.6	-1.8	-1.8	-0.5	-1.0	-0.1	-0.9	0.6	0.4	.	.	
Total economy, gross	EUR	1036	1045	1070	1056	1033	1010	1068	1053	1052	1067	1035	1061	1034	.	.	
Industry, gross, NACE Rev. 2	EUR	939	932	990	968	921	894	957	934	945	974	930	959	930	.	.	
PRICES																	
Consumer	PP	0.3	0.1	0.3	0.0	0.6	0.5	0.8	0.2	0.3	-0.5	-0.5	-0.1	0.4	0.6	.	
Consumer	CCPY	1.4	1.4	1.2	1.8	1.9	2.2	2.6	2.4	2.5	2.0	1.9	2.0	2.2	2.6	.	
Consumer	CCPPY	0.9	1.0	1.0	1.1	1.9	2.1	2.2	2.3	2.3	2.2	2.2	2.2	2.2	2.2	.	
Producer, in industry, NACE Rev. 2 ²⁾	PP	0.4	0.3	-0.1	1.0	0.7	1.6	0.8	0.6	0.6	-0.3	0.1	0.7	0.0	0.5	0.5	
Producer, in industry, NACE Rev. 2 ²⁾	CCPY	4.4	4.9	4.7	5.7	5.1	6.9	6.8	6.7	6.8	6.0	6.1	6.6	6.1	6.4	7.0	
Producer, in industry, NACE Rev. 2 ²⁾	CCPPY	4.0	4.1	4.2	4.3	5.1	6.0	6.3	6.4	6.5	6.4	6.4	6.4	6.4	6.4	6.4	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	6450	7352	8124	8902	652	1344	2029	2982	3703	4484	5256	5929	6744	7411	.	
Imports total (cif), cumulated	EUR mn	11156	12409	13804	15129	989	2079	3457	4752	6113	7325	8651	9762	11103	12379	.	
Trade balance, cumulated	EUR mn	-4707	-5057	-5680	-6226	-336	-735	-1428	-1771	-2410	-2841	-3395	-3833	-4359	-4968	.	
Exports to EU-27 (fob), cumulated	EUR mn	4003	4563	5073	5474	407	758	1165	1795	2274	2684	3162	3473	4114	4440	.	
Imports from EU-27 (cif), cumulated	EUR mn	6620	7379	8243	9106	541	1166	1947	2705	3624	4377	5143	5845	6699	7500	.	
Trade balance with EU-27, cumulated	EUR mn	-2617	-2816	-3171	-3632	-134	-408	-782	-910	-1351	-1692	-1982	-2372	-2586	-3060	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	506	.	.	-513	.	.	-1441	.	.	-1386	.	.	.	.	.
EXCHANGE RATE																	
HRK/EUR, monthly average	nominal	7.283	7.321	7.373	7.393	7.396	7.411	7.394	7.362	7.391	7.412	7.420	7.455	7.487	7.483	7.488	
HRK/USD, monthly average	nominal	5.593	5.270	5.384	5.595	5.538	5.431	5.285	5.105	5.142	5.149	5.193	5.192	5.421	5.468	5.513	
EUR/HRK, calculated with CPI ³⁾	real, Jan07=100	103.8	103.1	102.5	101.6	102.5	102.4	102.3	102.3	102.2	101.4	101.3	100.5	99.8	100.1	.	
EUR/HRK, calculated with PPI ³⁾	real, Jan07=100	109.1	108.6	107.3	107.1	106.7	107.4	107.6	107.8	108.1	107.5	107.0	107.5	106.6	107.2	107.7	
USD/HRK, calculated with CPI ³⁾	real, Jan07=100	104.6	111.0	109.0	104.7	105.9	108.0	110.8	114.1	113.2	112.6	110.9	110.6	106.1	106.1	.	
USD/HRK, calculated with PPI ³⁾	real, Jan07=100	104.6	110.3	107.2	103.2	103.4	105.4	107.3	109.6	108.8	108.4	107.3	108.8	103.8	104.1	103.5	
DOMESTIC FINANCE																	
Currency outside banks	HRK bn, eop	16.0	15.7	15.0	15.3	14.9	14.9	15.0	15.5	15.8	16.8	18.1	17.8	17.1	16.5	.	
M1	HRK bn, eop	51.7	50.7	48.3	49.2	49.5	49.4	49.1	50.4	50.5	52.8	53.9	54.0	51.2	51.0	.	
Broad money	HRK bn, eop	232.7	232.4	232.5	232.9	231.8	231.6	229.3	228.9	230.7	232.5	236.9	241.4	241.2	241.4	.	
Broad money	CCPY, eop	3.8	5.1	4.0	4.4	3.7	3.7	3.3	3.1	3.6	3.5	4.4	4.2	3.7	3.8	.	
Central bank policy rate (p.a.) ⁴⁾	% eop	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, % eop	1.5	1.0	1.3	0.3	0.8	-0.9	-0.7	-0.7	-0.7	0.0	-0.1	-0.5	-0.1	-0.3	-1.0	
BUDGET																	
Central gov. budget balance, cum. ⁶⁾	HRK mn	-9397	-9064	-10634	-14432	-1496	-2836	-5340	-6026	-7321	-8617	-9542	-9436	-10297	-10133	.	

1) Enterprises with 20 and more employees.

2) Domestic output prices. Including E - electricity, gas, steam, air conditioning supply etc.

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

4) Average weighted repo rates.

5) Deflated with annual PPI.

6) Consolidated central government budget.

MACEDONIA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-14.0	-4.6	-3.0	-10.0	5.0	10.9	24.4	11.8	6.9	-1.9	5.5	0.9	-2.4	-3.9	.	
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	-4.4	-4.4	-4.3	-4.8	5.0	8.0	13.8	13.2	11.8	9.2	8.5	7.5	6.3	5.2	.	
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-7.3	-7.4	-6.0	-3.7	0.2	13.8	15.7	14.0	5.3	3.4	1.5	1.4	-1.8	.	.	
Construction, total, effect. work. time	real, CPPY	0.5	1.3	6.9	9.7	8.7	13.8	14.9	9.0	16.2	6.1	9.8	17.4	21.6	.	.	
Construction, total, effect. work. time	real, CCPPY	5.8	5.3	5.5	5.8	8.7	11.3	12.7	11.7	12.6	11.4	11.2	12.0	13.1	.	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	648.8	.	.	659.5	.	.	649.6	.	.	642.8	.	.	.	.	.
Employed persons, LFS	CCPPY	-0.3	.	.	1.3	.	.	5.5	.	.	4.0	.	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	300.5	.	.	295.4	.	.	294.6	.	.	293.4	.	.	.	.	.
Unemployment rate, LFS	% avg	31.7	.	.	31.0	.	.	31.2	.	.	31.4	.	.	.	.	.
Productivity in industry, NACE Rev. 2 ¹⁾	CCPPY	-2.9	-3.4	-3.6	-4.5	5.2	7.1	12.7	11.4	9.6	6.8	6.2	5.2	4.0	3.0	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPPY	.	.	.	.	-1.7	-2.8	-8.4	-7.8	-6.3	-3.5	-3.1	-2.0	-1.1	.	.
WAGES																	
Total economy, gross	MKD	30263	30279	30349	31435	30902	30032	30216	30172	30736	30990	30528	30715	30340	.	.	
Total economy, gross	real, CPPY	-1.6	-2.6	-1.5	-0.3	0.0	-2.7	-3.9	-4.2	-4.4	-1.0	-1.4	-1.9	-3.1	.	.	
Total economy, gross	EUR	491	491	493	511	502	488	491	490	500	503	495	499	493	.	.	
Industry, gross, NACE Rev. 2	EUR	399	.	.	.	409	398	401	398	412	409	406	413	407	.	.	
PRICES																	
Consumer	PP	0.1	0.3	0.4	0.7	0.9	0.9	1.7	0.3	-0.2	-0.6	-0.8	-0.1	-0.1	0.3	0.6	
Consumer	CPPY	2.0	2.7	2.9	3.0	3.2	3.9	5.2	4.8	5.2	4.1	3.8	3.6	3.4	3.3	3.5	
Consumer	CCPPY	1.1	1.3	1.4	1.7	3.2	3.6	4.1	4.3	4.5	4.4	4.3	4.2	4.1	4.1	4.0	
Producer, in industry, NACE Rev. 2 ²⁾	PP	0.6	1.1	-1.5	2.4	3.2	1.7	3.3	1.2	-0.9	-0.6	-1.0	1.3	-0.4	-0.2	0.1	
Producer, in industry, NACE Rev. 2 ²⁾	CPPY	8.8	9.7	7.3	9.3	12.7	12.7	15.3	13.2	10.7	10.9	9.5	11.1	10.1	8.7	10.4	
Producer, in industry, NACE Rev. 2 ²⁾	CCPPY	9.2	9.2	9.1	9.1	12.7	12.7	13.6	13.5	12.9	12.6	12.1	12.0	11.8	11.5	11.4	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	1787	2020	2272	2497	205	443	683	961	1233	1492	1735	2014	2320	2640	.	
Imports total (cif), cumulated	EUR mn	2905	3281	3680	4119	420	813	1180	1641	2035	2422	2833	3278	3710	4108	.	
Trade balance, cumulated	EUR mn	-1118	-1261	-1407	-1622	-215	-369	-497	-680	-802	-930	-1098	-1264	-1390	-1468	.	
Exports to EU-27 (fob), cumulated	EUR mn	1094	1237	1391	1531	132	290	436	608	773	922	1059	1218	1398	1610	.	
Imports from EU-27 (cif), cumulated	EUR mn	1527	1753	1955	2188	267	466	651	877	1109	1340	1558	1773	2038	2259	.	
Trade balance with EU-27, cumulated	EUR mn	-433	-516	-564	-657	-135	-176	-215	-269	-337	-419	-498	-556	-640	-649	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-22	-64	-73	-150	-94	-169	-205	-248	-247	-263	-271	-245	-220	.	.	
EXCHANGE RATE																	
MKD/EUR, monthly average	nominal	61.63	61.62	61.55	61.50	61.51	61.51	61.52	61.52	61.53	61.61	61.62	61.51	61.50	61.50	61.50	
MKD/USD, monthly average	nominal	47.35	44.37	44.97	46.55	45.99	45.10	43.99	42.64	42.83	42.81	43.14	42.91	44.54	44.91	45.31	
EUR/MKD, calculated with CPI ³⁾	real, Jan07=100	100.2	100.3	100.6	100.8	102.1	102.5	103.1	102.8	102.5	101.8	101.4	101.3	100.5	100.5	101.0	
EUR/MKD, calculated with PPI ³⁾	real, Jan07=100	107.3	108.3	106.3	107.9	110.1	111.2	113.9	114.3	113.4	112.6	111.0	112.9	112.1	111.8	111.9	
USD/MKD, calculated with CPI ³⁾	real, Jan07=100	101.1	108.1	107.1	103.9	105.6	108.2	111.7	114.8	113.6	113.0	111.2	111.4	107.0	106.7	106.4	
USD/MKD, calculated with PPI ³⁾	real, Jan07=100	103.0	110.0	106.3	104.0	107.0	109.2	113.6	116.4	114.3	113.7	111.3	114.2	109.2	108.7	107.5	
DOMESTIC FINANCE																	
Currency outside banks	MKD bn, eop	15.9	16.1	15.6	17.0	15.8	16.1	15.9	16.8	17.3	17.0	18.1	17.6	17.2	17.0	.	
M1	MKD bn, eop	53.8	53.8	54.0	57.4	54.6	54.1	54.1	57.2	58.2	58.0	57.8	58.0	57.5	57.5	.	
Broad money	MKD bn, eop	221.9	224.5	229.1	232.6	232.0	233.5	234.7	234.4	238.0	239.4	245.4	247.0	245.1	247.3	.	
Broad money	CCPPY, eop	13.4	12.3	13.7	12.2	11.5	12.1	11.4	9.0	8.5	8.6	13.5	12.3	10.5	10.2	.	
Central bank policy rate (p.a.) ⁴⁾	% eop	4.50	4.50	4.50	4.11	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, % eop	-4.0	-4.7	-2.7	-4.8	-7.7	-7.8	-9.8	-8.2	-6.0	-6.3	-5.1	-6.4	-5.5	-4.3	-5.8	
BUDGET																	
General gov.budget balance, cum. ⁶⁾	MKD mn	-6585	-7718	-8658	-10542	-667	-2410	-3726	-3403	-6461	-7732	-9001	-9225	.	.	.	

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

2) Domestic output prices.

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

4) Central bank bills (28-days).

5) Deflated with annual PPI.

6) Central government budget plus extra-budgetary funds.

Source: wiw Monthly Database incorporating national statistics.

MONTENEGRO: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CPPY	55.2	37.1	48.4	45.6	2.0	8.4	-10.3	-20.0	-24.4	-18.9	0.2	18.0	-11.2	-4.3	-16.1	
Industry, total	real, CCPY	8.2	10.6	13.5	16.3	2.0	5.0	-0.4	-5.4	-8.9	-10.6	-9.3	-6.6	-7.2	-6.9	-7.8	
Industry, total	real, 3MMA	40.4	46.7	43.8	29.5	17.9	-0.4	-7.9	-17.9	-21.0	-14.8	-2.1	0.7	-1.0	-10.6	.	
LABOUR																	
Employment total, registered ¹⁾	th. persons, avg	157.6	155.0	157.7	157.7	157.8	158.0	158.8	159.7	162.9	168.2	170.6	168.0	164.4	.	.	
Employment in industry, registered	th. persons, avg	22.1	22.3	22.0	21.9	22.0	22.0	22.1	22.3	22.3	22.1	21.7	21.8	21.4	.	.	
Unemployment, registered	th. persons, eop	31.0	31.9	32.2	31.1	32.8	33.1	32.7	32.2	30.9	29.8	29.1	29.1	29.4	.	.	
Unemployment rate, registered	% eop	16.5	16.8	17.0	16.5	17.2	17.3	17.1	16.8	16.0	15.1	14.6	14.8	15.2	.	.	
Labour productivity, industry	CCPPY	42.6	45.6	49.3	52.4	27.8	29.4	21.8	10.2	2.9	-1.1	-0.8	1.1	0.0	.	.	
Unit labour costs, exch.r. adj.(EUR)	CCPPY	-18.5	-19.5	-21.0	-22.4	-4.6	-10.1	-8.1	2.9	7.6	10.7	9.9	6.8	7.0	.	.	
WAGES																	
Total economy, gross	EUR	717	711	716	768	772	754	722	705	714	708	710	709	712	711	721	
Total economy, gross	real, CPPY	13.3	11.8	12.3	16.8	8.6	6.8	0.3	-1.9	-5.3	-3.2	-1.1	-9.1	-4.1	-3.6	-2.4	
Industry, gross	EUR	810	832	827	854	929	846	773	823	792	798	793	798	807	.	.	
PRICES																	
Consumer	PP	0.1	0.2	0.2	0.1	0.3	1.0	2.0	0.0	-0.1	-0.5	-0.3	0.7	-0.1	0.4	-0.3	
Consumer	CCPY	0.3	0.5	0.7	0.7	1.3	2.2	3.8	3.7	3.7	3.6	3.1	3.7	3.5	3.7	3.2	
Consumer	CCPPY	0.4	0.4	0.5	0.5	1.1	1.5	2.3	2.6	4.5	2.9	2.9	3.1	3.1	3.3	3.3	
Producer, in industry ²⁾	PP	0.2	-0.3	0.0	0.3	1.6	0.8	0.4	0.0	-0.2	-0.3	0.7	0.0	0.1	-0.4	-0.1	
Producer, in industry ²⁾	CCPY	1.6	0.7	0.3	0.4	2.8	4.5	5.6	4.7	1.9	2.2	3.6	3.2	3.2	2.8	2.8	
Producer, in industry ²⁾	CCPPY	-1.2	-1.0	-0.9	-0.9	2.8	3.6	4.3	4.4	3.9	3.6	4.3	3.5	3.5	3.4	3.4	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	229	258	301	330	37	69	111	147	180	213	247	289	332	380	.	
Imports total (cif), cumulated	EUR mn	1226	1365	1508	1657	85	203	353	499	658	843	1019	1191	1364	1515	.	
Trade balance, cumulated	EUR mn	-997	-1107	-1207	-1327	-48	-134	-242	-352	-478	-630	-771	-901	-1032	-1134	.	
Exports to EU-27 (fob), cumulated	EUR mn	127	142	169	185	29	43	70	92	112	130	141	163	186	209	.	
Imports from EU-27 (cif), cumulated	EUR mn	459	510	566	625	30	74	130	182	244	307	368	426	487	539	.	
Trade balance with EU-27, cumulated	EUR mn	-332	-368	-397	-440	-1	-31	-60	-90	-132	-176	-227	-262	-301	-330	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-490	.	.	-764	.	.	-188	.	.	-443	.	.	-375	.	.	
EXCHANGE RATE																	
EUR/USD, monthly average	nominal	0.765	0.720	0.732	0.756	0.749	0.733	0.714	0.692	0.697	0.695	0.701	0.697	0.726	0.730	0.738	
EUR/EUR, calculated with CPI ³⁾	real, Jan07=100	107.0	106.9	106.9	106.4	107.1	107.7	108.7	108.0	107.8	107.3	107.5	108.0	107.2	107.3	106.8	
EUR/EUR, calculated with PPI ³⁾	real, Jan07=100	109.8	109.3	108.8	108.1	108.7	108.8	108.2	107.4	107.3	107.0	107.4	107.6	107.2	106.7	106.6	
USD/EUR, calculated with CPI ³⁾	real, Jan07=100	107.2	100.9	102.8	106.2	104.8	103.2	101.6	97.8	97.9	97.3	97.7	97.6	101.4	102.5	103.4	
USD/EUR, calculated with PPI ³⁾	real, Jan07=100	104.7	97.2	98.3	100.9	99.8	96.9	93.2	88.7	88.6	88.2	89.3	89.4	92.9	93.5	94.1	
DOMESTIC FINANCE																	
Central bank policy rate (p.a.) ⁴⁾	% eop	9.60	9.59	9.57	9.63	9.61	9.63	9.67	9.68	9.66	9.72	9.72	9.70	9.61	.	.	
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, % eop	7.9	8.8	9.2	9.2	6.6	4.9	3.9	4.8	7.6	7.4	5.9	6.3	6.2	.	.	
BUDGET																	
General gov. budget balance, cum.	EUR mn	0	.	.	-92	.	.	-55	.	.	-52	.	.	.	.	.

1) Excluding individual farmers.

2) Domestic output prices.

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

4) Average weighted lending interest rate of commercial banks (Montenegro uses the euro as national currency).

5) Deflated with annual PPI.

Source: wiw Monthly Database incorporating national statistics.

S E R B I A: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, NACE Rev. 2 ¹⁾	real, CPPY	3.0	-3.4	-0.7	-1.4	3.8	5.8	7.1	0.7	5.3	3.3	-3.3	-0.5	-1.8	-1.0	.	
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	4.2	3.3	2.9	2.5	3.8	4.9	5.7	4.4	4.6	4.3	3.2	2.7	2.1	1.8	.	
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	1.2	-0.4	-1.8	0.3	2.4	5.7	4.5	4.4	3.1	1.7	-0.2	-1.9	-1.1	.	.	
LABOUR																	
Employees total, registered	th. persons, avg	1348.0	1348.0	1348.0	1348.0	1348.0	1349.0	1349.0	1349.0	1350.0	1350.0	1350.0	1349.0	1349.0	.	.	
Employees in industry, reg., NACE Rev.2	th. persons, avg	346.0	347.0	347.0	346.0	346.0	346.0	346.0	345.0	345.0	345.0	346.0	347.0	346.0	.	.	
Unemployment, registered	th. persons, eop	721.0	717.5	721.1	729.5	750.7	763.6	773.9	769.8	764.1	756.3	749.1	746.0	742.6	.	.	
Unemployment rate, registered	%, eop	25.7	25.6	25.7	25.9	26.4	26.8	27.2	27.1	27.0	26.8	26.6	26.5	26.4	.	.	
Productivity in industry, NACE Rev. 2 ¹⁾	CCPPY	.	.	.	.	7.7	8.6	9.5	8.2	8.3	7.9	6.6	5.9	5.0	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPPY	.	.	.	.	5.0	2.2	0.8	1.8	2.0	4.2	5.7	7.2	8.8	.	.
WAGES																	
Total economy, gross	RSD	48016	47822	47877	54948	47382	49394	49633	54532	49064	54616	54164	53285	53838	52944	.	
Total economy, gross	real, CPPY	2.9	-0.2	-0.4	-2.6	2.3	-2.3	-6.6	-2.2	-7.3	1.3	-1.1	1.4	1.6	1.1	.	
Total economy, gross	EUR	455	450	447	517	451	477	480	538	499	547	529	521	532	526	.	
Industry, gross, NACE Rev. 2	EUR	426	430	424	487	472	453	469	511	490	539	506	510	511	.	.	
PRICES																	
Consumer ²⁾	PP	1.1	1.1	1.7	0.7	1.4	1.5	2.6	1.1	0.4	-0.3	-0.5	0.0	0.2	0.4	0.9	
Consumer ²⁾	CPPY	7.2	8.6	9.6	10.5	11.2	12.6	14.1	14.7	13.4	12.7	12.1	10.5	9.3	8.7	8.1	
Consumer ²⁾	CCPPY	4.7	5.1	5.5	6.8	11.2	12.0	12.8	13.3	13.4	13.4	13.4	10.1	12.8	12.5	12.1	
Producer, in industry, NACE Rev. 2 ³⁾	PP	1.4	0.5	1.3	1.2	2.5	2.3	1.9	2.5	-0.5	0.0	0.1	-0.3	0.3	0.3	.	
Producer, in industry, NACE Rev. 2 ³⁾	CPPY	14.0	15.0	15.1	16.2	15.9	17.8	17.1	18.5	17.0	15.8	15.5	12.3	11.2	10.3	.	
Producer, in industry, NACE Rev. 2 ³⁾	CCPPY	11.8	12.1	12.3	12.7	16.9	17.7	17.7	17.9	17.7	17.4	17.1	16.8	16.3	15.8	.	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	5267	5948	6657	7383	542	1192	1964	2687	3359	4121	4857	5566	6276	7002	.	
Imports total (cif), cumulated	EUR mn	9526	10557	11739	12941	972	2035	3385	4543	5739	6881	8099	9191	10416	11641	.	
Trade balance, cumulated	EUR mn	-4259	-4609	-5082	-5559	-430	-842	-1421	-1856	-2380	-2760	-3242	-3625	-4140	-4639	.	
Exports to EU-27 (fob), cumulated	EUR mn	3011	3405	3837	4230	342	873	1221	1626	2014	2456	2878	3247	3650	4054	.	
Imports from EU-27 (cif), cumulated	EUR mn	5118	5757	6409	7061	469	1324	1801	2452	3127	3780	4457	5122	5856	6601	.	
Trade balance with EU-27, cumulated	EUR mn	-2107	-2351	-2572	-2831	-127	-451	-580	-825	-1113	-1324	-1579	-1875	-2206	-2547	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-1894	-1997	-2156	-2080	-223	-454	-761	-932	-1213	-1382	-1590	-1741	-2059	-2311	.	
EXCHANGE RATE																	
RSD/EUR, monthly average	nominal	105.44	106.33	107.07	106.31	105.14	103.52	103.32	101.44	98.24	99.80	102.39	102.25	101.21	100.60	102.68	
RSD/USD, monthly average	nominal	80.84	76.55	78.30	79.81	78.65	75.74	73.85	70.27	68.67	69.35	71.63	71.30	73.52	73.45	75.71	
EUR/RSD, calculated with CPI ⁴⁾	real, Jan07=100	94.9	94.8	95.6	96.4	99.2	101.8	103.5	106.0	109.8	107.8	105.0	104.9	105.5	106.3	104.9	
EUR/RSD, calculated with PPI ⁴⁾	real, Jan07=100	101.1	100.5	100.7	101.6	104.3	107.5	108.8	112.7	116.0	114.2	111.0	111.0	112.0	113.0	.	
USD/RSD, calculated with CPI ⁴⁾	real, Jan07=100	95.9	102.3	101.7	100.3	102.7	107.7	112.3	118.4	121.2	119.7	115.2	115.5	112.0	112.8	110.5	
USD/RSD, calculated with PPI ⁴⁾	real, Jan07=100	97.2	102.2	100.6	98.9	101.3	105.8	108.7	114.9	116.4	115.3	111.4	112.4	108.9	110.0	.	
DOMESTIC FINANCE																	
Currency outside banks	RSD bn, eop	89.8	95.0	85.2	91.8	78.7	81.0	81.3	86.3	78.6	84.3	94.6	89.3	94.2	.	.	
M1	RSD bn, eop	242.9	248.9	236.5	253.3	223.9	228.8	230.0	233.0	233.4	236.9	253.6	256.1	256.4	255.5	.	
Broad money ⁵⁾	RSD bn, eop	1306.0	1330.2	1361.9	1360.8	1324.0	1308.8	1315.6	1287.2	1287.3	1344.8	1391.7	1405.8	1412.2	1412.1	.	
Broad money ⁵⁾	CPPY, eop	20.1	21.0	17.9	12.9	9.5	7.6	8.0	5.0	0.7	3.7	4.5	9.1	8.1	6.2	.	
Central bank policy rate (p.a.) ⁶⁾	%, eop	9.50	10.50	11.50	11.50	12.00	12.00	12.25	12.50	12.50	12.00	11.75	11.75	11.25	10.75	.	
Central bank policy rate (p.a.) ⁶⁾	real, %, eop	-3.9	-3.9	-3.1	-4.0	-3.4	-4.9	-4.1	-5.1	-3.8	-3.3	-3.2	-0.5	0.0	0.4	.	
BUDGET																	
Central gov.budget balance, cum.	RSD mn	-71284	-85966	-82811	-100249	-1188	-18849	-27836	-44997	-49507	-67261	-83786	-94037	-97015	-108633	-119938	

1) Enterprises with more than 50 employees.

2) From 2011 according to COICOP classification.

3) Domestic output prices.

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

5) Excluding frozen foreign currency savings deposits of households.

6) Two-week repo rate.

7) Deflated with annual PPI.

Source: wiw Monthly Database incorporating national statistics.

R U S S I A: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CPPY	6.3	6.7	6.8	6.5	6.9	6.0	5.4	4.7	4.2	5.8	5.1	6.1	3.8	3.6	3.9	
Industry, total	real, CCPY	8.9	8.7	8.5	8.3	6.9	6.4	6.1	5.7	5.4	5.5	5.4	5.5	5.3	5.1	5.0	
Industry, total	real, 3MMA	6.7	6.6	6.7	6.7	6.5	6.1	5.3	4.8	4.9	5.0	5.7	5.0	4.5	3.8	.	
Construction, total	real, CPPY	2.0	2.9	-1.0	11.6	-1.1	0.4	4.2	-1.9	1.9	2.5	12.8	5.5	4.8	8.2	5.9	
Construction, total	real, CCPY	-4.0	-3.1	-2.9	-0.6	-1.1	-0.3	1.6	0.5	0.8	1.2	3.7	4.0	4.1	4.7	4.1	
LABOUR																	
Employed persons, LFS	th. pers., avg	71100	70481	70243	69621	69118	69550	69613	69721	71011	71430	71629	72013	71965	70828	.	
Employed persons, LFS	CCPPY	0.8	.	.	0.9	2.0	2.1	2.1	1.9	1.7	1.5	1.5	1.4	1.4	1.3	.	
Unemployed persons, LFS	th. pers., avg	5032	5111	5014	5392	5815	5685	5352	5411	4855	4612	5013	4672	4615	4805	4766	
Unemployment rate, LFS	%, avg	6.6	6.8	6.7	7.2	7.8	7.6	7.1	7.2	6.4	6.1	6.5	6.1	6.0	6.4	6.3	
WAGES																	
Total economy, gross	RUB	20999	20970	21486	28027	20669	20680	22673	22519	22779	24137	23598	23051	23468	23602	24310	
Total economy, gross	real, CPPY	4.2	3.7	3.5	8.1	-0.5	-0.8	0.5	0.8	2.4	1.2	1.5	2.7	4.1	4.9	5.9	
Total economy, gross	EUR	524	498	507	687	512	517	570	555	568	600	591	560	557	550	580	
Industry, gross ¹⁾	EUR	485	470	470	566	475	479	526	524	530	543	559	537	525	517	.	
PRICES																	
Consumer	PP	0.8	0.5	0.8	1.1	2.4	0.8	0.6	0.4	0.5	0.2	0.0	-0.2	0.0	0.5	0.4	
Consumer	CPPY	7.4	8.0	8.0	8.6	9.5	9.4	9.4	9.5	9.0	8.8	8.4	7.5	6.7	6.7	6.8	
Consumer	CCPPY	6.7	6.8	6.9	7.1	9.5	9.4	9.4	9.4	9.3	9.2	9.1	8.9	8.7	8.5	8.3	
Producer, in industry ²⁾	PP	-1.3	2.2	4.4	1.0	2.1	3.3	1.3	2.0	1.1	-2.3	-1.0	4.6	-0.7	1.7	1.6	
Producer, in industry ²⁾	CPPY	7.3	10.7	16.1	16.7	20.5	22.0	21.4	20.0	18.1	19.2	17.3	18.7	19.4	18.8	15.6	
Producer, in industry ²⁾	CCPPY	11.4	11.4	11.8	12.2	20.5	21.2	21.3	21.0	20.4	20.2	19.8	19.6	19.6	19.5	19.1	
FOREIGN TRADE																	
Exports total, cumulated	EUR mn	217888	243054	268608	300653	22516	50801	81448	112596	142972	173321	202685	233536	265192	298338	.	
Imports total, cumulated	EUR mn	121347	137787	154638	173900	10951	25996	44358	62370	81198	99512	117747	137838	156752	176935	.	
Trade balance, cumulated	EUR mn	96541	105267	113970	126753	11565	24805	37091	50225	61775	73809	84938	95698	108440	121403	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	43579	.	.	52891	.	.	23736	.	.	40257	.	.	52522	.	.	
EXCHANGE RATE																	
RUB/EUR, monthly average	nominal	40.109	42.101	42.405	40.789	40.352	39.970	39.770	40.560	40.100	40.230	39.930	41.180	42.150	42.940	41.880	
RUB/USD, monthly average	nominal	30.836	30.321	30.968	30.854	30.085	29.290	28.430	28.100	27.870	27.980	27.900	28.770	30.490	31.350	30.860	
EUR/RUB, calculated with CPI ³⁾	real, Jan07=100	113.7	108.5	108.4	113.2	117.7	119.2	119.2	116.6	118.5	118.4	119.8	115.7	112.3	110.5	113.5	
EUR/RUB, calculated with PPI ³⁾	real, Jan07=100	112.0	108.8	112.3	116.8	119.3	123.6	124.7	123.7	126.7	123.4	122.6	124.6	120.4	120.1	125.1	
USD/RUB, calculated with CPI ³⁾	real, Jan07=100	114.3	116.8	115.2	116.7	121.9	125.7	129.0	130.1	131.3	131.1	131.4	126.8	119.5	117.0	119.5	
USD/RUB, calculated with PPI ³⁾	real, Jan07=100	107.2	110.4	112.2	112.6	116.1	121.2	124.3	125.8	127.6	124.3	123.0	125.6	117.2	116.6	120.0	
DOMESTIC FINANCE																	
Currency outside banks	RUB bn, eop	4524.5	4590.0	4621.5	5062.7	4830.7	4898.0	4918.2	5071.3	5079.8	5192.2	5306.6	5343.0	5420.4	5420.1	.	
M1	RUB bn, eop	9400.1	9429.2	9679.7	10825.3	10357.8	10497.0	10436.3	10451.9	10540.8	10907.0	10909.0	11043.4	11291.7	11072.6	.	
M2	RUB bn, eop	21318.6	21516.9	22117.7	23791.2	23153.2	23507.4	23641.1	23737.4	24034.8	24455.0	24580.8	24942.6	25680.3	25559.4	.	
M2	CPPY, eop	25.4	25.6	25.2	24.6	23.0	23.1	22.4	20.4	19.5	19.0	18.3	18.8	20.5	18.8	.	
Central bank policy rate (p.a.) ⁴⁾	%, eop	7.75	7.75	7.75	7.75	7.75	8.00	8.00	8.00	8.25	8.25	8.25	8.25	8.25	8.25	8.25	
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, %, eop	0.4	-2.6	-7.2	-7.7	-10.6	-11.5	-11.0	-10.0	-8.4	-9.2	-7.7	-8.8	-9.3	-8.9	-6.4	
BUDGET																	
Central gov. budget balance, cum.	RUB bn	-692.6	-759.9	-891.6	-1812.0	147.5	78.5	178.1	163.1	385.2	703.5	756.2	788.7	1130.9	.	.	

1) Manufacturing industry only (D according to NACE Rev. 1).

2) Domestic output prices.

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

4) Refinancing rate.

5) Deflated with annual PPI.

Source: wiw Monthly Database incorporating national statistics.

U K R A I N E: Selected monthly data on the economic situation 2010 to 2011

(updated end of Dec 2011)

		2010				2011											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
PRODUCTION																	
Industry, total	real, CPPY	10.5	10.6	10.6	13.3	9.6	11.8	8.2	5.4	8.9	9.3	8.9	9.6	6.6	4.7	3.8	
Industry, total	real, CCPY	11.1	11.1	11.0	11.2	9.6	10.7	9.8	8.6	8.7	8.8	8.8	8.9	8.6	8.2	7.8	
Industry, total	real, 3MMA	10.3	10.6	11.5	11.2	11.6	9.8	8.3	7.5	7.9	9.1	9.3	8.4	6.9	5.0	.	
Construction, total	real, CCPY	-12.6	-9.2	-8.2	-5.4	6.1	6.1	6.8	11.6	13.2	14.5	13.6	13.0	11.4	11.7	12.5	
LABOUR																	
Employees total, registered ¹⁾	th. persons, avg	10713	10718	10673	10578	10548	10543	10546	10565	10540	10554	10562	10541	10537	10539	.	
Employees in industry, registered ¹⁾	th. persons, avg	2828	2841	2836	2818	2801	2807	2814	2812	2800	2802	2804	2804	2801	2802	.	
Unemployment, registered	th. persons, eop	408	401	450	545	586	617	614	580	549	506	470	432	405	379	413	
Unemployment rate, registered	% eop	1.5	1.4	1.6	2.0	2.1	2.2	2.2	2.1	2.0	1.8	1.7	1.6	1.5	1.4	1.5	
Labour productivity, industry ¹⁾	CCPPY	12.6	12.2	11.8	11.8	11.5	12.4	11.3	10.0	10.0	10.0	10.0	10.1	9.8	9.4	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPPY	9.0	10.3	11.6	13.4	20.5	15.2	13.5	11.3	8.3	5.5	4.0	3.3	3.5	4.5	.	
WAGES ¹⁾																	
Total economy, gross	UAH	2349	2322	2353	2629	2297	2338	2531	2533	2573	2708	2749	2694	2737	2729	.	
Total economy, gross	real, CPPY	8.2	8.2	10.2	7.9	10.8	11.6	11.4	9.9	5.3	2.0	5.0	8.5	10.0	11.5	.	
Total economy, gross	EUR	228	211	217	250	216	216	228	221	224	236	242	236	248	250	.	
Industry, gross	EUR	264	248	253	285	259	254	279	261	266	270	280	283	297	300	.	
PRICES																	
Consumer	PP	2.9	0.5	0.3	0.8	1.0	0.9	1.4	1.3	0.8	0.4	-1.3	-0.4	0.1	0.0	0.1	
Consumer	CPPY	10.5	10.1	9.2	9.1	8.2	7.2	7.7	9.4	11.0	11.9	10.6	8.9	5.9	5.4	5.2	
Consumer	CCPPY	9.3	9.4	9.4	9.4	8.2	7.7	7.7	8.1	8.7	9.2	9.4	9.4	9.0	8.6	8.3	
Producer, in industry ²⁾	PP	0.1	2.4	-0.3	0.9	1.3	4.8	2.1	3.4	2.6	0.5	0.1	0.5	1.2	-1.8	0.6	
Producer, in industry ²⁾	CPPY	19.2	19.8	18.9	18.8	18.1	21.5	20.4	20.9	18.8	20.0	20.4	19.9	21.2	16.2	17.3	
Producer, in industry ²⁾	CCPPY	21.5	21.4	21.1	20.9	18.1	19.8	20.0	20.2	19.9	19.9	20.0	20.0	20.1	19.7	19.5	
FOREIGN TRADE																	
Exports total (fob), cumulated	EUR mn	27542	30971	34744	38744	3459	6936	11253	15138	19309	23407	27167	31191	35521	39686	.	
Imports total (cif), cumulated	EUR mn	31677	36168	40758	45781	3771	8476	13546	17900	22623	27334	31906	36940	42307	47793	.	
Trade balance, cumulated	EUR mn	-4135	-5198	-6014	-7037	-312	-1541	-2293	-2762	-3314	-3927	-4739	-5749	-6786	-8107	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-384	.	.	-2274	.	.	-932	.	.	-2068	.	.	-3954	.	.	
EXCHANGE RATE																	
UAH/EUR, monthly average	nominal	10.293	10.994	10.867	10.497	10.615	10.839	11.093	11.487	11.476	11.468	11.379	11.417	11.030	10.914	10.839	
UAH/USD, monthly average	nominal	7.910	7.910	7.928	7.956	7.950	7.941	7.944	7.965	7.975	7.973	7.971	7.973	7.973	7.975	7.984	
EUR/UAH, calculated with CPI ³⁾	real, Jan07=100	100.1	93.9	95.2	98.7	99.0	97.3	95.4	92.8	93.5	94.0	93.9	93.1	95.8	96.5	97.1	
EUR/UAH, calculated with PPI ³⁾	real, Jan07=100	115.8	110.8	111.3	115.1	114.1	116.3	115.0	113.9	117.1	117.8	118.4	118.8	124.0	123.0	124.6	
USD/UAH, calculated with CPI ³⁾	real, Jan07=100	100.8	101.2	101.3	101.5	102.1	102.7	103.1	103.4	103.7	104.2	102.8	102.1	102.0	102.2	102.3	
USD/UAH, calculated with PPI ³⁾	real, Jan07=100	110.9	112.5	111.3	110.8	110.5	114.1	114.4	115.8	118.0	118.7	118.5	119.9	120.9	119.4	119.6	
DOMESTIC FINANCE																	
Currency outside banks	UAH bn, eop	174.8	175.2	173.3	183.0	176.2	177.6	179.5	185.2	184.7	187.7	194.0	194.0	189.9	188.4	.	
M1	UAH bn, eop	275.4	277.7	276.4	289.9	286.7	286.7	296.9	305.1	300.6	309.6	311.7	311.1	304.6	304.3	.	
Broad money	UAH bn, eop	568.8	576.0	574.1	597.9	601.2	605.2	621.4	638.4	636.2	652.4	657.0	664.4	662.3	666.4	.	
Broad money	CPPY, eop	21.2	23.0	22.0	22.7	25.3	26.0	25.7	25.0	22.0	22.3	19.3	19.5	16.4	15.7	.	
Central bank policy rate (p.a.) ⁴⁾	% eop	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, %, eop	-9.6	-10.0	-9.4	-9.3	-8.8	-11.3	-10.5	-10.9	-9.3	-10.2	-10.5	-10.1	-11.1	-7.3	-8.1	
BUDGET																	
General gov.budget balance, cum.	UAH mn	-47454	-51400	-46662	-64836	909	5025	-712	-2916	146	-11144	-8145	-2105	-3097	-8040	.	

1) Enterprises with 10 and more employees.

2) Domestic output prices.

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

4) Discount rate.

5) Deflated with annual PPI.

Source: wiw Monthly Database incorporating national statistics.

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Index of subjects – January 2011 to January 2012

Albania	<i>economic situation</i>	2011/11
Baltic States	<i>economic situation</i>	2011/10 2010/10
Bosnia and Herzegovina	<i>economic situation</i>	2011/11
Bulgaria	<i>economic situation</i>	2011/10 2010/10
Croatia	<i>economic situation</i>	2011/11
Czech Republic	<i>economic situation</i>	2011/10 2010/10
Hungary	<i>economic situation</i>	2011/10 2010/10
	political situation	2012/1 2011/2
Kazakhstan	<i>economic situation</i>	2011/11
Kosovo	customs procedures	2012/1
Macedonia	<i>economic situation</i>	2011/11
Montenegro	<i>economic situation</i>	2011/11
Poland	<i>economic situation</i>	2011/10 2010/10
	banks	2011/12
	new government	2011/12
	pension system	2011/4
	presidential elections	2010/7
Romania	<i>economic situation</i>	2011/10 2010/10
Russia	<i>economic situation</i>	2011/11
	WTO accession, impacts on Austria	2012/1
Serbia	<i>economic situation</i>	2011/11
	labour market	2011/2
Slovakia	<i>economic situation</i>	2011/10 2010/10
Slovenia	<i>economic situation</i>	2011/10 2010/10
Turkey	<i>economic situation</i>	2011/11
Ukraine	<i>economic situation</i>	2011/11
Regional	animal spirits	2011/3
(EU, Eastern Europe, CIS)	Balkan instability	2011/5
multi-country articles	central banking	2011/6
and statistical overviews	euro area fiscal policy	2010/7
	euro area crisis	2011/8-9 2011/5
	food prices	2011/4
	Keynes	2011/5
	MENA	2011/7
	migration	2011/8-9
	NMS trade in intermediates	2011/6
	NMS import intensities	2011/8-9
	patterns of transition	2011/3
	productivity of imports	2011/11
	quality upgrading of traded goods	2011/3
	services	2011/1
	Ukraine – Russia – EU	2011/7
	Unit Labour Costs	2010/7
	Visegrad Group FDI, trade	2011/2 2011/1
	Western Balkans, gas and electricity sectors	2011/4
	Yugoslavia (break-up)	2011/7

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