

Monthly Report 12/08

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Albania: the importance of being aside

BY MARIO HOLZNER

Albania's limited integration into the international markets of goods, services and capital acts as an important buffer against the deterioration of global growth prospects. Among the group of European transition economies Albania has one of the lowest shares of exports of goods and services to GDP, about a quarter in recent years. For its peers this share is more than half of GDP. Similarly, annual net inflows of foreign direct investment are below 4% of GDP in Albania and almost double that size in the other European transition economies. Remittances are the exception with a share of about 15% in GDP; in most of the other European transition economies this share constitutes only about 4%. Thus, Albania can shield itself from

international developments to a certain extent, but not fully.

Next year it will be impossible to finance record imports such as in 2008 to the full extent. Some restrictions will have to follow. The drop in foreign demand, the international credit crunch and migrants' increasing reluctance and decreasing ability to remit, all these factors are expected to cut the 6% medium-term GDP growth rate in 2009 by about a third to slightly above 4%, as household demand and gross fixed investment will have to slow down. However, the political cycle – parliamentary elections will be held in Albania in June 2009 – acts counter-cyclically to the economy. The 2008 budget deficit is already substantially above the level of recent years. Also in 2009 a budget deficit of more than 5% of GDP can be expected. With a moderate public debt share of about 50% of GDP, there is scope for additional deficit spending. For instance, as much

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as EUR 250 million in the budget for 2009 are earmarked for the finalization of the motorway from Albania's main port Durres to the Kosovo border by June 2009.

The ailing electricity sector, a bottleneck for Albania's long-term development, has been experiencing significant investment recently. The Czech power utility CEZ won a tender to purchase 76% of the electricity distribution company OSSH for EUR 102 million. Significant investment will be needed to improve the performance of the grid and to meet the rapidly rising energy demand. CEZ will pay off the distribution operator's debts and will invest EUR 200 million in the next five years. In return, the government will criminalize the theft of electricity, previously a low law-enforcement priority. Moreover, Italian Prime Minister Silvio Berlusconi will pay a visit in December 2008, in order to seal the Albanian government's approval for the construction of two 800-megawatt coal-fired thermal power plants close to Durres, as well as a three million tonnes oil refinery and a gas and bio-diesel terminal. The construction of the project will be realized by the Italian energy company Enel. At the ultimate stage of implementation, the energy plant's output will result in lowering the share of outdated and rain-dependent hydro power plants in Albania's power generation from 98% to roughly 40%.

Additional investment can be expected in several natural resources discoveries across the country. The vast (but yet unproven) reserves of oil and gas seismically discovered in northern Albania earlier in 2008 have recently been estimated to be as much as 3 billion barrels worth (having a 50% certainty of being produced). The Switzerland-headquartered international oil exploration and development company Manas Petroleum has been awarded a contract by the Albanian government to explore the north of the country for oil and gas reserves. Similarly, Canadian Tirex Resources has the right to explore and develop the 344 km² northern Albanian Mirdita property covering most of the traditional Albanian mining district, with multiple large deposits of copper, zinc, gold and silver. Recent drilling yielded promising results regarding base and precious metal content. In southeastern Albania, UK's European Nickel and Canada's

Balkan Resources are jointly developing two deposits close to the Greek border. Revenues from future exploitation of natural resources could be an important source of foreign exchange. Together with the emerging tourism sector, natural resources could make Albania less dependent on its migrants' remittances.

Latest available indicators suggest that the banking sector is rather sound and is able to further supply the economy with credit. Monthly data until September 2008 show a linear 3% growth of bank loans to the private sector. The leverage of the banking sector, measured as the ratio of assets to capital, is at around a value of 12, which is rather moderate. The spread between the three-month Tirana inter-bank offer rate TRIBOR and the three-month EURIBOR has grown over the past few months to 2.8 percentage points in October 2008. This shows a certain lack of confidence in the Albanian market but the spread is not excessive. The risk does not seem to come from the state sector though. The spread between the three-month TRIBOR and the three-month Treasury bill has been positive and increasing over the past several months to 1.6 percentage points in October 2008. A concern might be the share of banks' foreign currency loans in total loans to the economy which has increased over the past few months to a level of 73% in September 2008. A strong depreciation of the Albanian lek could thus have unpleasant consequences for the economy. However, there is still scope for borrowing abroad. The share of short-term foreign debt in foreign exchange reserves was only at about 50% in mid-2008. Nevertheless, at the moment international financial markets are reluctant to borrow irrespective of country fundamentals. Recently the government had to delay the issuing of EUR 300 million in Eurobonds.

Overall, if the country manages to sustain its exchange rate, prospects are good. Luckily, the limited integration into the international capital markets makes it difficult to speculate against the Albanian lek. Domestic demand is strong and will continue to be at the core of Albanian growth in the years to come. A return to the medium-term growth rate average of 6% in 2010 is likely.

Table AL

Albania: Selected Economic Indicators

	2004	2005	2006	2007 ¹⁾	2007 January - June	2008	2008 Forecast	2009 Forecast	2010
Population, th pers., end of period	3135	3149	3153	3170	.	.	.	.	.
Gross domestic product, ALL bn, nom.	750.8	814.8	891.0	982.2	.	.	1060	1140	1240
annual change in % (real)	5.7	5.7	5.5	6.0	.	.	5.8	4.1	6
GDP/capita (EUR at exchange rate)	1900	2100	2300	2500	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	4200	4500	4900	5400	.	.	.	.	.
Gross industrial production									
annual change in % (real) ²⁾	14.1	11.7	12.1	-5.1	.	.	8	5	9
Gross agricultural production									
annual change in % (real) ²⁾	6.3	0.9	3.0	1.7	.	.	3	2	2
Construction output total									
annual change in % (real) ²⁾	7.9	6.3	11.0	7.5	.	.	9	8	11
Consumption of households, ALL bn, nom.	584.7	634.5	696.5	728.8	.	.	.	.	.
annual change in % (real)	9.4	6.0	7.2	6.0	.	.	5	3	6
Gross fixed capital form., ALL bn, nom.	279.4	301.4	313.2	380.2	.	.	.	.	.
annual change in % (real)	2.7	4.9	9.3	8.0	.	.	10	7	11
Reg. employment total, th pers., end of per.	931.2	932.1	935.1	939.0	933.0	965.9	.	.	.
annual change in %	0.5	0.1	0.3	0.4	0.2	3.5	.	.	.
Reg. employm.in industry, th pers., end of per.	75.6	74.8	73.9	.	.	.	.	.	.
annual change in %	12.8	-1.1	-1.2	.	.	.	.	.	.
Reg. unemployment rate in %, end of period	14.4	14.1	13.8	13.2	13.5	12.7	.	.	.
Unemployment rate, LFS, %, average	.	.	.	13.5	.	.	13	12	11
Average gross monthly wages, ALL	19039	19993	21493	23234	.	.	.	.	.
annual change in % (real, gross)	-5.8	2.5	5.0	15.3	.	.	.	.	.
Consumer prices, % p.a.	2.9	2.4	2.4	2.9	2.3	4.0	4.1	2	3.0
Producer prices in manufacturing ind., % p.a. ³⁾	12.2	4.9	0.8	3.5	2.4	7.4	9	.	.
General governm.budget, nat.def., % GDP									
Revenues	24.6	25.1	25.8	25.6	.	.	.	.	.
Expenditures	29.6	28.5	29.0	29.1	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	-5.1	-3.5	-3.3	-3.5	.	.	-6	-5	-4
Public debt in % of GDP ⁴⁾	57.7	58.1	55.9	53.1	.	.	.	.	.
Base rate, % p.a., end of period ⁵⁾	5.3	5.0	5.5	6.3	5.8	6.3	.	.	.
Current account, EUR mn	-340.2	-589.1	-471.0	-831.5	-363.9	-590.9	-1300	-950	-1200
Current account in % of GDP	-5.8	-9.0	-6.5	-10.5	.	.	-15.1	-10.3	-11.8
Gross reserves of BoA excl. gold, EUR mn	982.7	1171.6	1329.2	1415.9	1351.1	1366.2	.	.	.
Gross external debt, EUR mn ⁴⁾	1224.0	1373.5	1445.4	1445.7	.	.	.	.	.
Gross external debt in % of GDP	20.6	20.7	20.1	17.9	.	.	.	.	.
FDI inflow, EUR mn	278.4	212.6	258.6	476.7	156.0	226.9	600	.	.
FDI outflow, EUR mn	11.0	3.3	8.3	11.1	8.6	-29.8	-20	.	.
Exports of goods, BOP, EUR mn	485.6	530.2	630.6	786.3	392.2	465.5	950	900	1100
annual growth rate in %	23.0	9.2	18.9	24.7	26.5	18.7	21	-5	22
Imports of goods, BOP, EUR mn	1762.3	2006.9	2289.6	2890.4	1335.6	1572.6	3450	3000	4000
annual growth rate in %	12.1	13.9	14.1	26.2	23.3	17.7	19	-13	33
Exports of services, BOP, EUR mn	807.6	967.2	1156.2	1415.3	602.8	630.1	1500	1600	2000
annual growth rate in %	27.6	19.8	19.5	22.4	11.3	4.5	6	7	25
Imports of services, BOP, EUR mn	848.1	1107.7	1188.0	1402.3	616.9	712.7	1650	1600	1800
annual growth rate in %	20.3	30.6	7.2	18.0	8.8	15.5	18	-3	13
Average exchange rate ALL/USD	102.8	99.9	98.1	90.4	94.2	80.4	.	.	.
Average exchange rate ALL/EUR (ECU)	127.7	124.2	123.1	123.6	125.0	122.9	123	124	122
Purchasing power parity ALL/USD ⁶⁾	48.0	48.6	48.2	48.8	.	.	.	.	.
Purchasing power parity ALL/EUR ⁶⁾	57.2	57.4	57.3	57.1	.	.	.	.	.

1) Preliminary and wiiw estimates. - 2) According to gross value added. - 3) Until 2005 producer prices in manufacturing industry. - 4) Based on IMF data. - 5) One week repo rate. - 6) Benchmark results 2005 from Eurostat and wiiw estimates.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Bosnia and Herzegovina: suffering from unfavourable constellations

BY JOSEF PÖSCHL

The economy of Bosnia and Herzegovina (BiH) has grown fast in recent years, at rates significantly over 5% (6.8% in 2007). This élan has not diminished in most of 2008, so that there is still widespread confidence in economic growth going to remain strong in spite of the current global economic crisis. This expectation, however, is not justified, and warnings are increasing that a substantial business slump may be ahead for BiH. Most likely, in 2009 the country's economy will grow only modestly.

Still, in September, industrial output rose by slightly more than 10% as against the same month in 2007. Growth was even higher (approximately 15%) in the construction sector, a particularly active segment of the BiH economy. This is true for formal and even more so for informal construction activities. In 2008, BiH-based construction companies were able to intensify offshore activities (e.g. in African countries): by 48% in the first nine months of 2008, and by 72% in the third quarter of 2008 (over the same period of the previous year). Such high growth will not be achievable in 2009: In the third quarter of 2008, the value of contracts envisaging new offshore activities fell by 43% (year-on-year).

Within industry, metal-related production has been the most dynamic segment in recent years, thanks to sound complementarity between a few big enterprises (Mostar Alumini, Arcelor Mittal Steel Zenica) and a large number of small and medium-sized enterprises. In the meantime, global metal markets have turned bearish, and this means also for BiH companies a decline in prices and quantities sold. Allegedly, Arcelor Mittal Steel Zenica is not planning any lay-offs or suspensions yet, but is likely to reduce production by 50%. Mostar Alumini announced output cuts and lay-offs

in late November. The crisis hit also the companies forming an automobile cluster (17 companies, among them 10 producers of car parts); they see themselves forced to reduce their output and have started dismissing part of their employees. The wood processing industry, too, reports worsening of performance, and some companies decided for a temporary cease of operations. In the services sector retail trade revenues declined by some 11% (year-on-year) in September.

Mostar's aluminium producer, Zenica's steel mill, and the automobile cluster are the country's most important exporters, and the deterioration of their business conditions will have a strong negative impact on the balance of trade in 2008 and 2009. The trade deficit was about EUR 3.5 billion in the first nine months and may climb to about EUR 5 billion for the year as a whole. In the first half of 2008, soaring prices of food and energy, items with high shares in total imports, had boosted the trade deficit. In the first ten months of 2008, exports, which make up about 40% of imports, rose by 16%, whereas the import hike was 22% (year-on-year). These trade results have provoked disappointment with the Central European Trade Agreement (CEFTA), operative since the beginning of 2008. Having the most liberal trade regime in the whole of Southeast Europe does not pay off, so the complaints from business circles. Apparently, CEFTA had generated some poorly justified expectations. If liberalization generates a high trade deficit, this simply mirrors a lack of competitiveness, possibly in the context of overvaluation of the currency. The currency board, however, is at the same time the economy's main anchor. Another source of disappointment was the strong increase in imports from the EU after June, which to some degree was a consequence of the Stabilization and Association Agreement (SAA) with the EU (or, more exactly, the preliminary interim agreement¹). Another consequence of the SAA was a minor decline in customs revenues.

¹ The SAA and the Interim Agreement on Trade and Trade-Related Matters were signed in Luxembourg on 16 June 2008. The latter has been in force since 1 July, while the former still needs to be ratified by the EU-27. In BiH, the two

Domestic demand is exposed to mixed influences. Both in the last quarter of 2008 and the first quarter of 2009 – and possibly even for a longer period – the corporate sector's investment in equipment and construction work will be less than it was in the corresponding period of the previous year. This means that gross fixed investment will have a negative impact on GDP development. Investment in inventories, composed of a voluntary and an involuntary component, may be positive in the last quarter of 2008. One reason for the investment decline is more restricted and costly borrowing. Commercial banks increased their lending rates by up to 2 percentage points and have become tough in their claims for collateral. The prospects of a general business slump have changed their risk perception. Harsher credit conditions exert a negative impact on private consumption as well. Household credits, which were close to zero several years ago, have expanded rapidly in recent years, but their expansion is likely to decelerate or even stop. It is mainly wage growth, amounting to 19% in September 2008 (year-on-year), which is promoting household consumption. Particularly in some segments of the public sector, wage growth was high, and now the remaining segments are fighting for similar increases.² Lower profits and lay-offs are likely to impact negatively on private consumption growth, and the same is true for the inflow of remittances³, which may stagnate or decrease. In the Federation part of BiH, a small positive impulse on private consumption will follow from its government's plan to sell bonds in order to finance a first round of cash compensation of citizens' deposits that had been frozen in the first half of the 1990s.

Mainly owing to price rises on international energy and grain markets, the consumer price index rose

houses of parliament, the House of Representatives and the House of Peoples, approved the SAA on 22 and 27 October, and the State Presidency ratified it on 7 November.

² In November 2008, the members of the parliament of the Federation of BiH increased their own remuneration by 100%, to EUR 42,000 annually.

³ Remittances have an influence on both private consumption and investment.

steeply between mid-2007 and mid-2008; in October 2008 the index was up by 7.3% compared to one year earlier. Whereas prices related to transport, food and to housing were on the rise, prices of most other commodity categories were nearly stagnant or even falling. The price rise has stopped in the case of transport and food, but may continue in the housing category. The fourth quarter of 2008 is likely to see two rounds of gas price rises.⁴ Russia's Gazprom threatens to suspend its gas supply, should BiH fail to repay USD 105 million in debt by the end of the year 2008 at the latest. In 2009, quite possibly administered prices will continue to rise, whereas other prices may even decline slightly.

Like elsewhere, commercial banks maintain they are sound, and say foreign parent banks have pledged not to withdraw deposits from BiH. Nevertheless, in mid-October bank clients started queuing up to withdraw deposits. The central bank was quick to react, e.g. by injecting money and lowering obligatory reserve requirements (from 18% to 14%). In November, the governor of the central bank underlined that the banking sector disposed of daily liquidity in an amount of some EUR 350 million, and he suggested an IMF delegation to consider establishing some kind of stand-by arrangement. The government, too, found a quick response to the bank run by initiating an increase of deposit guarantees (most likely up to approximately EUR 25,000, more than envisaged initially). October data reflect a decline in deposits and in the stock of money (M1). The decline was small, but contrasts with recent years' fast expansion. Possibly, some kind of credit crunch is in the making.

The public sector remains overstaffed, which is fully in line with the country's current constitution, with the upper levels' efficiency suffering from lack of cooperation as well as from latent tension. Decision-making is easier in Republika Srpska (RS) thanks to its centralized administrative

⁴ In late November, the government announced a 30% price increase for natural gas.

structure, but much more difficult in the Federation due to its division into ten cantons. RS was much more determined with regard to privatization. To give an example, RS has already sold its Telecom Company – though one may have doubt about the new owner's capabilities – whereas there is not much progress in this respect in the Federation. After long delay, the Fiscal Council, a much-needed fiscal coordination instrument, became operational in September. This, however, is no guarantee that meetings will take place regularly and key participants will all struggle for positive results. The EU Progress Report concluded that BiH has made progress in the fields of customs, taxation, agriculture, transport, visa administration, border management, asylum and migration.

Public sector projects, which are supported by the EU and international financial institutions – in particular EBRD, EIB, and WB – have a stabilizing impact on the business climate. Examples are works in the context of the Corridor Vc⁵ project, such as the motorway segment bypassing Sarajevo, the extension of the motorway between Sarajevo and Zenica, and the motorway between Banja Luka and Dobož. Occasionally, progress is

slowed down by problems with financial management or accusations of fraud or corruption. EU pre-accession assistance in the amount of EUR 300 million will also be available for infrastructure and other projects, but BiH would need to essentially develop its planning and administration capacities in order to be able to absorb a larger part of this amount.

Economic analysts are discussing the possibility of BiH entering recession defined as a drop of GDP in two consecutive quarters. As BiH statistics only measure annual GDP changes, recession would have to be long lasting to become evident. In any case, currently only a minority of analysts regard recession as a likely scenario, whereas most of them share the expectation of sharp growth deceleration. In the context of the current account arrangement, the present constellation – a mix of high trade and current account deficits which needs to be financed; public sector expenditures as large as 50% of GDP, so that financing them may become a problem in the case of recession; a diminished inflow of remittances as well as of FDI⁶; and high wage growth – is not exactly what one would call comfortable.

⁵ The motorway on the Corridor Vc, a EUR 480 million project to be co-financed by EBRD and EIB, is part of the Trans-European ground corridors network. It will create a link between Budapest, the centre of BiH and the Adriatic Port of Ploče in Croatia. The BiH part will have a length of 330 km.

⁶ it is planned to privatize BiH Telecom, but due to the various political interests involved these plans will most probably not materialize in 2009.

Table BA

Bosnia and Herzegovina: Selected Economic Indicators

	2004	2005	2006	2007 ¹⁾	2007 January-June	2008	2008 Forecast	2009 Forecast	2010
Population, th pers., mid-year	3842	3843	3843	3843	3843	.	.	.	.
Gross domestic product, BAM mn, nom. ²⁾	15786.0	16927.9	19121.1	21640.6	.	.	24500	25900	27500
annual change in % (real)	6.3	3.9	6.9	6.8	.	.	5.2	3.0	4
GDP/capita (EUR at exchange rate)	2100	2300	2500	2900	.	.	.	.	.
GDP by exp. approach, BAM mn, nom.	16680	18178	21151	24161	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	4800	5100	5600	6100	.	.	.	.	.
Gross industrial production									
annual change in % (real) ³⁾	12.1	10.8	11.5	6.4	8.9	6.0	5.5	2	4
Gross agricultural production, total									
annual change in % (real)	27.7	-0.5	2.3	.	.	.	.	.	.
Consumption of households, BAM mn, nom. ²⁾	15017.5	16513.9	18064.3	19802.3	.	.	.	.	.
annual change in % (real)	.	6.2	4.5	8.3	.	.	4	3	3
Gross fixed capital form., BAM mn, nom. ²⁾	4044.4	4889.5	4756.8	6382.5	.	.	.	.	.
annual change in % (real)	.	18.5	-9.4	27.5	.	.	8	2	5
LFS - employed persons, th, April	.	.	811.0	849.6	.	890.2	.	.	.
annual change in %	.	.	.	4.8	.	4.8	.	.	.
Reg employees total, th pers., end of period	639.1	644.0	664.1	697.7	683.8	708.0	.	.	.
annual change in %	0.3	0.8	3.1	5.1	5.1	3.5	.	.	.
LFS - unemployed, th pers., April	.	.	366.8	346.7	.	272.0	.	.	.
LFS - unemployment rate in %, April	.	.	31.1	29.0	.	23.4	23.4	26	27
Reg. unemployment rate in %, end of period	43.2	44.1	44.1	42.5	43.7	41.0	.	.	.
Average gross monthly wages, BAM ⁴⁾	748	798	869	939	931	1075	.	.	.
annual change in % (real, net) ⁴⁾⁵⁾	3.5	3.4	2.4	5.9	9.0	7.5	.	.	.
Consumer prices, % p.a. ⁶⁾	0.8	3.0	6.2	1.5	0.5	7.4	7.6	2.5	2
General governm. budget, nat. def., % GDP									
Revenues	40.4	42.1	44.9	45.4	.	.	45	45	45
Expenditures	38.8	39.6	42.0	44.1	.	.	43	43	43
Deficit (-) / surplus (+), % GDP	1.6	2.4	2.9	1.3	.	.	2	2	2
Public debt in % of GDP	27.5	27.5	22.9	20.5	.	.	.	.	.
Current account, EUR mn ⁷⁾	-1318.4	-1500.1	-763.5	-1396.5	-579.2	-924.0	-1800	-1600	-1600
Current account in % of GDP	-16.3	-17.3	-7.8	-12.6	.	.	-14.4	-12.0	-11.5
Gross reserves of CB excl. gold, EUR mn ⁸⁾	1778.8	2160.0	2787.4	3424.9	3016.2	3339.0	.	.	.
Gross external public debt, EUR mn	2061.4	2217.9	2081.5	2025.2	2040.1	1983.3	.	.	.
Gross external public debt in % of GDP	25.5	25.6	21.3	18.3	.	.	.	.	.
FDI inflow, EUR mn	566.9	493.1	572.3	1546.2	923.8	223.4	400	.	.
FDI outflow, EUR mn	1.3	0.4	3.2	17.2	8.0	0.5	1	.	.
Exports of goods, BOP, EUR mn ⁷⁾	1676.9	2059.7	2687.3	3091.6	1483.3	1690.5	3600	3900	4300
annual growth rate in %	28.7	22.8	30.5	15.0	17.7	14.0	16	8	10
Imports of goods, BOP, EUR mn ⁷⁾	5354.5	6021.6	6093.0	7233.9	3337.7	3992.6	8700	9000	9500
annual growth rate in %	7.6	12.5	1.2	18.7	23.5	19.6	20	3	6
Exports of services, BOP, EUR mn ⁷⁾	696.1	798.6	921.5	994.1	456.1	526.6	1140	1210	1340
annual growth rate in %	9.4	14.7	15.4	7.9	11.0	15.5	15	6	11
Imports of services, BOP, EUR mn ⁷⁾	349.2	352.6	386.6	413.5	167.9	180.9	440	450	470
annual growth rate in %	3.0	1.0	9.6	7.0	12.1	7.7	7	3	5
Average exchange rate BAM/USD	1.576	1.573	1.559	1.430	1.472	1.279	.	.	.
Average exchange rate BAM/EUR (ECU)	1.956	1.956	1.956	1.956	1.956	1.956	1.96	1.96	1.96
Purchasing power parity BAM/USD, wiiw ⁹⁾	0.717	0.727	0.748	0.755	.	.	.	.	.
Purchasing power parity BAM/EUR, wiiw ⁹⁾	0.852	0.859	0.890	0.918	.	.	.	.	.

1) Preliminary and wiiw estimates. - 2) From 2004 GDP figures include the Non-Observed Economy (NOE). - 3) wiiw estimates based on weighted averages for the two entities (Federation BH and Republika Srpska). - 4) From 2005 District Brcko included. - 5) wiiw calculation. - 6) Until 2005 costs of living, from 2006 harmonized CPI. - 7) Converted from the national currency. - 8) From 2006 including investment in foreign securities. - 9) Benchmark results 2005 from Eurostat and wiiw estimates.

Source: wiiw Database incorporating national statistics, IMF; wiiw forecasts.

Kazakhstan: commodities price decline aggravates crisis

BY OLGA PINDYUK

Kazakhstan, though being less exposed to the current global financial crisis than most of the economies of the region, has recently been experiencing significant economic problems. The major negative shock to the economy came in the form of a sharp decline in major commodity prices, in particular oil and metals, the country's key export commodities (in 2007, the shares of mineral products and non-precious metals in export were 70% and 17% respectively). Thus, the remarkable export growth (66% growth of export value in USD during January-September 2008 as compared with the same period last year) is expected to come to a standstill soon.

Record oil export revenues allowed for reaching a positive current account balance in the first half of 2008 which exceeded EUR 4 billion. By the year-end we expect the current account to somewhat decline but remain positive at a level of 3% of GDP. In 2009, however, the current account balance will decline, and it will turn negative starting from 2010 reflecting lower world market commodity prices.

Kazakh industry has been growing primarily on the back of the mining sector, which accounted for more than 90% of the 2.9% year-on-year industrial production growth in January-October 2008. Manufacturing industry has been stagnating, posting a 0.8% year-on-year decline in January-October 2008. This result was mainly caused by the decline in the construction materials, ferrous metals and machine building sectors. The negative external price shock will thus severely undermine the possibilities of industrial growth in 2009. It will though be partially mitigated by increasing oil extraction in the country's major oil fields (in line with the existing investment plans).

The quality of banking sector assets has been deteriorating, with the share of overdue loans increasing by 7.4 percentage points to 10.5% in the

period September 2007 to August 2008. Kazakh banks continued to restrict lending: in August 2008, the total loans' stock increased by only 1.9% year-on-year (compared with more than 100% the year before), while the stock of loans to households decreased by 3.7% year-on-year.

In an attempt to rescue the economy suffering from additional shocks, the government announced an increase of the aid package by USD 5 billion to USD 21 billion (which represents more than 40% of current total forex reserves including assets of the National Oil Fund and about 20% of GDP in 2007). An additional USD 5 billion should come from the pension funds. As part of the aid package the government is going to buy a 25% share in the biggest banks for a total of USD 5 billion. The construction sector is going to receive USD 3 billion in loans conditional on cutting prices of newly constructed apartments: in Almaty the price of a square metre should not exceed USD 1000, in Astana it should not be more than USD 800. (Currently – although prices of residential real estate have been strongly declining – they still exceed, on average, USD 1600 in Almaty and USD 2300 in Astana.)

On the positive side, Kazakhstan has managed to preserve monetary stability owing to a reasonably restrictive monetary and fiscal policy. Although average inflation in 2008 will be around 17%, the year-on-year indicator will decline to 10% in December 2008 as compared with 18.8% in December 2007. In 2009-2010 the average CPI will decline to about 9%.

We have made a downward revision of our GDP forecast for the whole forecasting period: in the full year 2008 GDP will increase by 4%, the growth rate decreasing more than twice as compared to 2007. Deteriorating terms of trade will lead to even stronger growth slowdown in 2009 – that year the economy will grow by a modest 3%. In 2010 the revival of global demand, an increase in commodity prices and the resumption of bank lending will allow for a speeding-up of economic growth to 5%.

Table KZ

Kazakhstan: Selected Economic Indicators

	2004	2005	2006	2007 ¹⁾	2007 January-June	2008	2008	2009	2010
							Forecast		
Population, th pers., end of period	15074.8	15219.3	15396.9	15571.5	.	.	15730	15890	16050
Gross domestic product, KZT bn, nom.	5870.1	7590.6	10139.5	12763.2	5495.3	6949	15200	17200	19900
annual change in % (real)	9.6	9.7	10.6	8.7	10.2	5.4	3.8	3	5
GDP/capita (EUR at exchange rate)	2313	3029	4185	4914	.	.	5400	6400	7700
GDP/capita (EUR at PPP - wiiw/WDI)	6520	7360	8260	8850	.	.	.	.	.
Gross industrial production									
annual change in % (real)	10.4	4.8	7.0	4.5	6.8	3.8	3	3	5
Gross agricultural production									
annual change in % (real)	-0.5	7.3	7.0	8.4	3.8	4.2	4	4	6
Construction output total									
annual change in % (real)	17.9	47.4	28.6	15.3	36.8	10.7	7	3	5
Private consumption, KZT bn, nom.	3054	3686	4547	5468	.	3006	6700	7600	8800
annual change in % (real)	14.1	10.9	12.7	11.0	.	6.4	6	4	7
Gross fixed capital form., KZT bn, nom.	1472	2123	3084	3869	.	1915	5100	5800	6600
annual change in % (real)	22.5	28.1	29.7	17.8	.	0.1	2	3	5
LFS - employed persons, th, avg.	7181.8	7261.0	7403.5	7631.8	7566.6	7868.4	.	.	.
annual change in %	2.8	1.1	2.0	3.1	2.8	4.0	.	.	.
Reg. employees in industry, th pers., avg.	869.6	891.8	904.5	940	.	.	.	.	.
annual change in %	1.7	2.6	1.4	3.9	.	.	.	.	.
LFS - unemployed, th pers., average	658.8	640.7	625.4	578.8	603.6	557.2	.	.	.
LFS - unemployment rate in %, average	8.4	8.1	7.8	7.0	7.5	6.6	6.8	7.5	7
Reg. unemployment rate in %, end of period	1.6	1.3	1.1	0.8	.	0.7	.	.	.
Average gross monthly wages, KZT	28329	34060	40790	53238	48855	57719	.	.	.
annual change in % (real, gross)	14.6	11.7	10.3	17.8	19.9	-0.8	.	.	.
Consumer prices, % p.a.	6.9	7.6	8.6	10.8	8.0	19.1	17	9.5	9
Producer prices in industry, % p.a.	16.7	23.7	18.4	12.4	4.9	40.4	30	11	9
General governm.budget, nat.def., % GDP									
Revenues and grants	24.6	28.1	27.9	22.6	.	.	.	.	.
Expenditures and net lending	22.1	22.3	20.4	24.3	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	2.5	5.8	7.5	-1.7	.	.	-1.0	-3.4	-3.0
Public debt in % of GDP	3.9	9.3	11.3	7.2	.	.	.	.	.
Refinancing rate of NB % p.a., end of period	7.0	8.0	9.0	9.0	9.0	11.0	.	.	.
Current account, EUR mn ²⁾	269.9	-848.1	-1525.3	-5355.2	-1928.4	4252.3	3900	500	-3000
Current account in % of GDP	0.8	-1.8	-2.4	-7.0	-5.7	11.3	4.6	0.5	-2.4
Gross reserves of NB excl. gold, EUR mn ²⁾	6810	5965	14525	11970	17567	13477	.	.	.
Assets of the National Oil Fund, EUR mn ²⁾	4129	6486	11227	15340	11410	14903	.	.	.
Gross external debt, EUR mn	24013.1	36643.3	56252.3	65435.6	68650.2	64158.1	.	.	.
Gross external debt in % of GDP	69.1	79.9	87.8	86.0	.	.	.	.	.
FDI inflow, EUR mn ²⁾	3345.6	1583.5	4958.2	7440.3	3190.6	-850.8	.	.	.
FDI outflow, EUR mn ²⁾	-1029.3	-117.2	-308.7	2368.6	-1652.5	2475.6	.	.	.
Exports of goods, BOP, EUR mn ²⁾	16581.0	22733.5	30880.8	35308.6	16620.8	23147.1	45900	48200	51600
annual growth rate in %	41.4	37.1	35.8	14.3	17.2	39.3	30	5	7
Imports of goods, BOP, EUR mn ²⁾	11120.2	14442.2	19216.1	24288.4	11316.2	11401.7	25500	28600	33200
annual growth rate in %	31.3	29.9	33.1	26.4	38.7	0.8	5	12	16
Exports of services, BOP, EUR mn ²⁾	1617.0	1790.1	2236.7	2596.0	1200.8	1334.2	3200	3500	3900
annual growth rate in %	6.6	10.7	25.0	16.1	16.5	11.1	25	10	10
Imports of services, BOP, EUR mn ²⁾	4110.7	6021.2	6946.7	8490.5	3656.6	3439.0	9100	10000	11500
annual growth rate in %	23.6	46.5	15.4	22.2	6.5	-6.0	7	10	15
Average exchange rate KZT/USD	136.04	132.88	126.09	122.50	123.16	120.52	120.5	120.0	118.8
Average exchange rate KZT/EUR (ECU)	169.04	165.42	158.27	167.75	163.56	184.40	178.0	170.0	160.4
Purchasing power parity KZT/USD, wiiw ³⁾	50.44	57.61	67.42	75.95	.	.	.	.	.
Purchasing power parity KZT/EUR, wiiw ³⁾	59.95	68.11	80.19	93.17	.	.	.	.	.

1) Preliminary and wiiw estimates. - 2) Converted from USD. - 3) Based on ICP benchmark results 2005 and wiiw estimates.

Source: National statistics; World Bank; wiiw forecasts.

Kosovo: risks to recovery

BY VLADIMIR GLIGOROV

Although the availability of data is improving, it is still difficult to form a clear picture of the economic developments. Overall, the economy remains depressed. It continues to rely on remittances and transfers of aid and donations. Production is limited to agriculture and services. Exports are still very low and mostly consist of scrap metal and similar goods. The unemployment rate remains at around 45%.

This cannot be changed over night. Still, the country has been experiencing a sort of recovery this year. GDP growth is above 6% currently and will probably stay at that level for the whole of this year. This is mostly fuelled by domestic consumption, both private and public. Public investments are underperforming, as is the case each year. The absorption capacity is too low for the money earmarked for capital spending to be used up. The overall fiscal position is quite strong with significant surpluses. The government puts aside notional interest payments with the view on the need of the government to start servicing the inherited foreign debt eventually. At the moment, it is still serviced by Serbia.

As expected, the government has announced plans to privatize the energy sector and most other utilities. Before the current financial crisis erupted, there was significant interest among foreign investors in especially the energy sector. If this privatization goes through, the overall energy situation in the country, which is plagued by shortages in supply of electricity, may improve. In addition, there will be a significant boost to sustained recovery.

It is hard to assess how the financial crisis will affect Kosovo's recovery. If remittances continue to flow in and if infrastructure and other investments out of foreign donors' money are not discontinued, the crucial question will be whether foreign investments in planned privatizations can be effectuated. That is where the opportunity and the risk of recovery lays.

Montenegro: budget to the rescue

BY VLADIMIR GLIGOROV

In the past couple of years, fiscal surpluses have been considerable. They have come on the back of strong growth fuelled by large inflows of foreign investments. This countercyclical fiscal policy has made it possible for the budget to be used to support the economy ahead of the expected slowdown in the next year.

Though growth has been strong in the first three quarters of 2008, this is not expected to continue. The reasons are similar to those in other countries. The key exports are facing declining demand, and the aluminium plant has already had to reduce production. In addition, tourism, the main exporting sector, is expected to experience a decline next year. Clearly, the extent of the negative developments in the export of services is hard to predict, but early indications are that the decline may turn out to be large. Finally, credit has become scarce and banks are actually looking to the government for support due to lack of inflow of resources from abroad.

So far, the government has set aside EUR 350 million as a fiscal stimulus. That is about 10% of GDP and is obviously a very large sum. It is not altogether clear how the money will be spent, so it is not yet possible to suggest what will be the results. The general approach of the government

suggests that tax reliefs will play a major role, but direct support to industries and even banks are to be expected too.

In the labour market, the situation is unclear. Montenegro has experienced large inflows of migrants from neighbouring countries in the past couple of years. Those have been mostly temporary migrants and they will probably not stay or return if tourism and construction experience negative growth, as expected. The domestic labour force, however, is much less flexible and if low growth rates persist, there will be mounting problems, mainly for the budget and for fiscal policy in general.

In the previous period, investments in real estate have played a very important role. There are indications that prices are falling as foreign investors are leaving due to problems that they face in their own countries. This seems to be true of Russian investors in particular. Similarly, the stock exchange has been declining for over a year now due to the outflow of portfolio investments. Other foreign investments have continued to be strong throughout 2008, but cannot be expected to persist in the coming year.

Overall, the prospects of a sharp slowdown are high, though negative effects will be dampened by growing public expenditures. It is hard to expect much of a recovery in the year 2010 even if tourism rebounds.

Table ME

Montenegro: Selected Economic Indicators

	2004	2005	2006	2007 ¹⁾	2007 January-June	2008	2008	2009	2010
							Forecast		
Population th pers., mid-year ²⁾	622.1	623.3	624.2	625.0	.	.	.	.	.
Gross domestic product, EUR mn, nom. ³⁾	1669.8	1815.0	2149.0	2540.0	.	1366.9	2900	3100	3300
annual change in % (real)	4.4	4.2	8.6	10.3	.	8	6	3	3
GDP/capita (EUR at exchange rate)	2700	2900	3400	4100	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	6300	6700	8100	9200	.	.	.	.	.
Gross industrial production									
annual change in % (real)	13.8	-1.9	1.0	0.1	-5.0	4.0	4	2	2
Net agricultural production	.	.	.	.	.	.	.	.	.
annual change in % (real)	3.8	-0.9	1.9	.	.	.	.	.	.
Construction industry	.	.	.	.	.	.	.	.	.
annual change in % (real)	.	.	.	.	.	.	.	.	.
Consumption of households, EUR mn, nom.	1221.1	1268.0	1660.9	.	.	.	.	.	.
real growth rate, % ⁴⁾	16	3	10	8	.	.	6	4	4
Gross fixed capital form., EUR mn, nom.	286.1	326.3	469.8	.	.	.	.	.	.
real growth rate, % ⁴⁾	37	12	8	10	.	.	8	3	3
LFS - employed persons, th, Oct	187.3	178.8	178.4	217.4	.	216.4	.	.	.
annual change in %	.	-4.5	-0.3	21.9	.	.	.	.	.
LFS - employed persons in industry, th, Oct.	30.9	29.2	26.5	30.0	.	33.3	.	.	.
annual change in %	.	-5.5	-9.3	13.4	.	.	.	.	.
LFS - unemployed, th pers., Oct.	71.8	77.8	74.8	52.1	.	47.9	.	.	.
LFS - unemployment rate in %, Oct.	27.7	30.3	29.6	19.3	.	18.1	18	19	20
Reg. unemployment rate in %, end of period ⁵⁾	29.3	25.2	20.5	16.5	17.4	14.6	17	.	.
Average gross monthly wages, EUR ⁶⁾	303	326	377	497	474	590	.	.	.
annual change in % (real, net)	9.1	6.7	12.0	15.0	.	14.7	.	.	.
Consumer prices, % p.a.	2.4	2.3	3.0	4.2	2.3	8.8	7	3	3
Producer prices in industry, % p.a.	5.8	2.1	3.6	8.5	4.0	13.3	10	.	.
General governm. budget, nat.def., % GDP ⁷⁾									
Revenues	39.2	39.4	45.4	52.8	.	49.2	.	.	.
Expenditures	41.8	42.0	42.7	45.7	.	38.8	.	.	.
Deficit (-) / surplus (+), % GDP	-2.6	-2.6	2.7	7.1	.	10.4	8	2	0
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	.	.	.	.	.	.	.	.	.
Current account, EUR mn ⁸⁾	-119.6	-154.0	-531.2	-825.1	-345.5	-615.5	-800	-500	-400
Current account in % of GDP	-7.2	-8.5	-24.7	-32.5	.	-45.0	-27.6	-16.1	-12.1
Gross reserves of NB, excl. gold, EUR mn	.	.	.	.	.	.	.	.	.
Gross external public debt, EUR mn	488.6	513.3	504.0	462.1	.	.	.	.	.
Gross external public debt in % of GDP	29.3	28.3	23.5	18.2	.	.	.	.	.
FDI inflow, EUR mn	52.7	392.7	644.3	1007.7	.	.	800	.	.
FDI outflow, EUR mn	2.1	11.5	177.6	482.8	.	.	400	.	.
Exports of goods, BOP, EUR mn ⁹⁾	452.1	460.6	648.3	659.7	323.5	275.9	730	770	810
annual growth rate in %	.	1.9	40.7	1.8	15.2	-14.7	10	5	5
Imports of goods, BOP, EUR mn ⁹⁾	868.6	974.3	1497.7	2001.4	777.9	964.4	2400	2640	2900
annual growth rate in %	.	12.2	53.7	33.6	15.7	24.0	20	10	10
Exports of services, BOP, EUR mn	249.5	329.8	418.0	674.1	168.6	197.7	940	1130	1360
annual growth rate in %	30.4	32.2	26.8	61.2	62.7	17.3	40	20	20
Imports of services, BOP, EUR mn	101.4	134.3	220.9	230	97.9	163.6	250	280	310
annual growth rate in %	27.2	32.5	64.6	5.9	-7.8	67.1	10	10	10
Average exchange rate USD/EUR	1.24	1.24	1.26	1.37	1.33	1.53	.	.	.
Purchasing power parity USD/EUR ¹⁰⁾	0.36	0.37	0.36	0.36	.	.	.	.	.
Purchasing power parity EUR/EUR ¹⁰⁾	0.42	0.43	0.42	0.44	.	.	.	.	.

Note: The term 'industry' refers to NACE classification C+D+E.

1) Preliminary. - 2) In 2007 wiiw estimate. - 3) Including non-observed economy. - 4) wiiw estimate. - 5) In % of unemployed plus employment (excluding individual farmers). - 6) In 2007 data refer to employees who received wages (previously wages were divided by all registered employees in enterprises); comparable value for 2006 is 433. - 7) Data 2008 refer to I-IIIq. - 8) Including all transactions with Serbia. - 9) From 2004 trade with Serbia and Kosovo based on customs statistics (before on ITRS). - 10) Benchmark results 2005 from Eurostat and wiiw estimates.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Serbia: risking recession

BY VLADIMIR GLIGOROV

The financial crisis has caught Serbia not only unprepared but also less than ready to adjust to new circumstances. The government did decide to invite the International Monetary Fund (IMF) to help in the drafting of the next year's budget, but the stand-by agreement that was concocted, and still needs to be approved by the IMF's Board of Directors pending the adoption of the agreed-upon budget, seems increasingly unrealistic. It counts with 3% growth of GDP and with an 8% rate of inflation and sets a cap on the budget deficit at 1.5% of GDP. All of these figures, however, are quite tentative and may turn out to be quite unrealistic in a couple of months.

One reason is the rising uncertainty about GDP growth. It looks increasingly probable that industrial production will decline next year. Also, agriculture may disappoint because of declining prospects for exports. Finally, services cannot be expected to take over the slack because there is in all probability too much capacity. On the demand side, net exports may look better, but only because the growth of both exports and imports should slow down if not decline even. Investments cannot be expected to post strong growth except if there are sufficient public investments supported by loans from international financial institutions. It is unclear how private consumption will fare due to the expected slowdown in nominal and real wage growth. Public consumption should also slow down and perhaps even decline in real terms. All considered, the currently projected 3% growth of GDP seems like a tall order.

There are increasing problems in the banking sector too. Though the usual indicators suggest that banks are sound, there is some uncertainty about a possible abrupt change in the negative direction due to continued instability of the currency. There is a flight from dinars to the euro, and overall bank deposits have declined due to increased uncertainty about the central bank's regulatory and policy intentions. The monetary authority has slashed banks' reserve requirements and has hiked the interest rate at the same time.

These measures have not reassured the banks however. They do not seem to be eager to invest in government securities and have also decreased their credit activities. In addition, the interbank market does not function properly if at all.

There are generally two main risks facing the economy: exports seem to be falling due to the fact that only few goods are exported and most of those face declining demand and thus lower prices, while credits are becoming scarce not only because of rising interest rates but also because banks have to think about their balance sheets in view of declining inflow of deposits and the inability to borrow from other banks both domestically and abroad.

Labour markets are responding negatively as well. There are no reliable data about employment and unemployment, but there is evidence of layoffs in private firms and more are expected in the public sector. Thus, a decline of employment and an increase in unemployment seem inevitable. In addition, the government has raised pensions as a concession to the Pensioners' Party that is represented in the governing coalition, which makes retirement more attractive. It can be expected that employment in the informal market will become more attractive. The overall effects cannot be forecasted with any certainty at the moment.

In the aftermath of the parliamentary elections both the parliament and the government have shown lack of initiative and efficiency. The government is late with the budget and the parliament has been very slow in adopting new legislation. One casualty has been the process of integration into the European Union. As of now, it is hard to say when that process will be speeded up. The government is working on the assumption that it will secure candidacy status and visa liberalization by the end of 2009. This seems increasingly unrealistic, however.

Serbia is risking recession because of the inability of the authorities to formulate clear policies and to reassure the business and the general public that it has an answer to the changing circumstances. As a consequence, current forecasts may have to be revised in the negative direction in the first quarter of next year.

Table RS

Serbia: Selected Economic Indicators

	2004	2005	2006	2007 ¹⁾	2007 January-June	2008	2008	2009	2010
							Forecast		
Population, th pers., mid-year	7463	7441	7412	7382	.	.	.	.	.
Gross domestic product, RSD bn, nom.	1388.1	1691.9	1987.8	2329.4	.	.	2740	3050	3330
annual change in % (real)	8.2	6.0	5.6	7.1	7.8	7.3	5	3	3
GDP/capita (EUR at exchange rate)	2600	2700	3200	3900	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	6500	7100	7600	8600	.	.	.	.	.
Gross industrial production									
annual change in % (real)	7.1	0.8	4.7	3.7	5.2	4.1	3	2	2
Gross agricultural production									
annual change in % (real)	26.0	-3.4	-2.6	.	.	.	.	.	.
Construction output total									
annual change in % (real) ²⁾	3.5	2.0	7.7	8.3	.	.	.	.	.
Consumption of households, RSD bn, nom.	1052.7	1281.0	1492.7	1831.5	.	.	.	.	.
annual change in % (real) ³⁾	.	5	5	6	.	.	5	3	3
Gross fixed capital form., RSD bn, nom.	265.7	319.9	412.8	498.0	.	.	.	.	.
annual change in % (real) ³⁾	.	5	15	12	.	.	10	3	3
LFS - employed persons, th. Oct	2930.8	2733.4	2630.7	2655.7	.	.	.	.	.
annual change in %	0.4	-6.7	-3.8	1.0	.	.	.	.	.
Reg. employees in industry, th pers., avg.	562.2	536.1	493.3	460.4	462.0	425.0	.	.	.
annual change in %	-7.1	-4.7	-8.0	-6.7	-8.1	-8.1	.	.	.
LFS - unemployed, th pers., Oct	665.4	719.9	693.0	585.5	.	.	.	.	.
LFS - unemployment rate in %, Oct	18.5	20.8	20.9	18.1	.	.	21	23	23
Reg. unemployment rate in %, end of period ⁴⁾	26.4	27.1	27.9	25.1	26.6	24.4	.	.	.
Average gross monthly wages, RSD	20555	25514	31745	38744	36463	43531	.	.	.
annual change in % (real, net)	10.1	6.4	11.4	19.5	24.4	4.3	.	.	.
Consumer prices, % p.a.	11.4	16.2	11.7	7.0	4.0	14.6	12	8	6
Producer prices in industry, % p.a.	9.1	14.2	13.3	5.9	4.9	12.4	6	.	.
General governm. budget, nat.def., % GDP									
Revenues	42.5	42.7	43.6	43.3	.	.	.	.	.
Expenditures	41.5	41.8	45.2	45.2	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	0.9	0.9	-1.7	-1.9	.	.	-2	-1	-1
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	8.5	8.5	8.5	8.5	8.5	8.5	.	.	.
Current account, EUR mn ⁵⁾	-2639.5	-1766.1	-2382.1	-3838.6	-1983.0	-3126.0	-5500	-4500	-4500
Current account in % of GDP	-13.8	-8.7	-10.1	-13.2	.	.	-16.9	-13.3	-13.5
Gross reserves of NB, excl. gold, EUR mn	3008.0	4753.7	8841.3	9409.3	8990.8	8875.9	.	.	.
Gross external debt, EUR mn	10354.5	13064.0	14884.6	17769.3	15688.8	18646.6	.	.	.
Gross external debt in % of GDP	58.8	66.0	59.2	60.5	.	.	.	.	.
FDI inflow, EUR mn ⁵⁽⁶⁾	777.1	1265.3	3515.7	2257.7	.	1505.0	1500	.	.
FDI outflow, EUR mn ⁵⁾	.	17.9	16.8	663.8	.	56.3	20	.	.
Exports of goods, BOP, EUR mn ⁵⁾	3283.8	3998.9	5137.4	6431.3	2963.0	3617.2	8100	9700	10700
annual growth rate in %	11.8	21.8	28.5	25.2	.	22.1	20	10	10
Imports of goods, BOP, EUR mn ⁵⁾	8487.9	8255.3	10138.4	12843.1	5978.7	7454.4	16300	20400	24500
annual growth rate in %	30.6	-2.7	22.8	26.7	.	24.7	25	20	20
Exports of services, BOP, EUR mn ⁵⁾	1186.6	1315.5	1851.0	2134.6	1031.6	1295.3	2500	3100	3400
annual growth rate in %	29.0	10.9	40.7	15.3	.	25.6	25	10	10
Imports of services, BOP, EUR mn ⁵⁾	1055.5	1321.2	1892.4	2147.7	1141.0	1339.9	2400	2900	3300
annual growth rate in %	42.5	25.2	43.2	13.5	.	17.4	20	15	15
Average exchange rate RSD/USD	58.38	66.71	67.14	58.15	60.16	52.87	.	.	.
Average exchange rate RSD/EUR (ECU)	72.57	82.91	84.19	80.09	80.25	81.86	84	90	100
Purchasing power parity RSD/USD ⁷⁾	24.08	27.21	29.59	31.26	.	.	.	.	.
Purchasing power parity RSD/EUR ⁷⁾	28.62	32.17	35.19	36.89	.	.	.	.	.

Note: The term 'industry' refers to NACE classification C+D+E.

1) Preliminary. - 2) Gross value added. - 3) wiiw estimate. - 4) Rate in per cent of labour force excluding farmers. - 5) Converted from USD at average cross exchange rate. From 2003 including transactions with Montenegro. - 6) In 2004 FDI net. - 7) Benchmark results 2005 from Eurostat and wiiw estimates.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

STATISTICAL ANNEX

Minimum interest rates, nominal exchange rates and real appreciation in Central, East and Southeast Europe, 2005-2008 (cross-country graphics, monthly data)

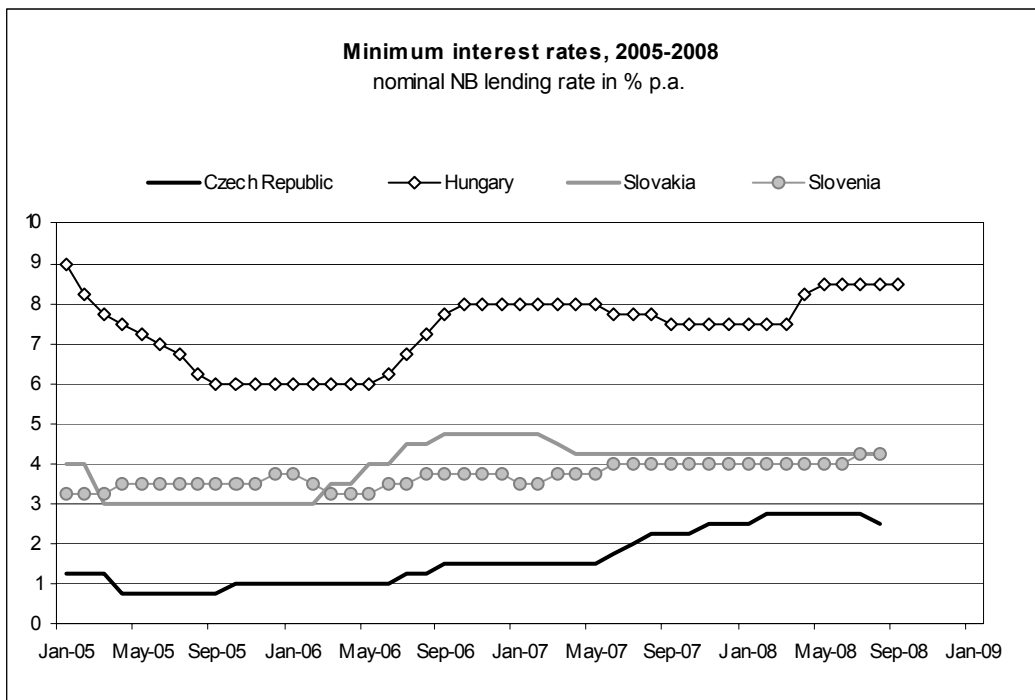
Please note:

From January 2009 a new version of the online wiiw Monthly Database will be launched, presenting a new design and improved download features:

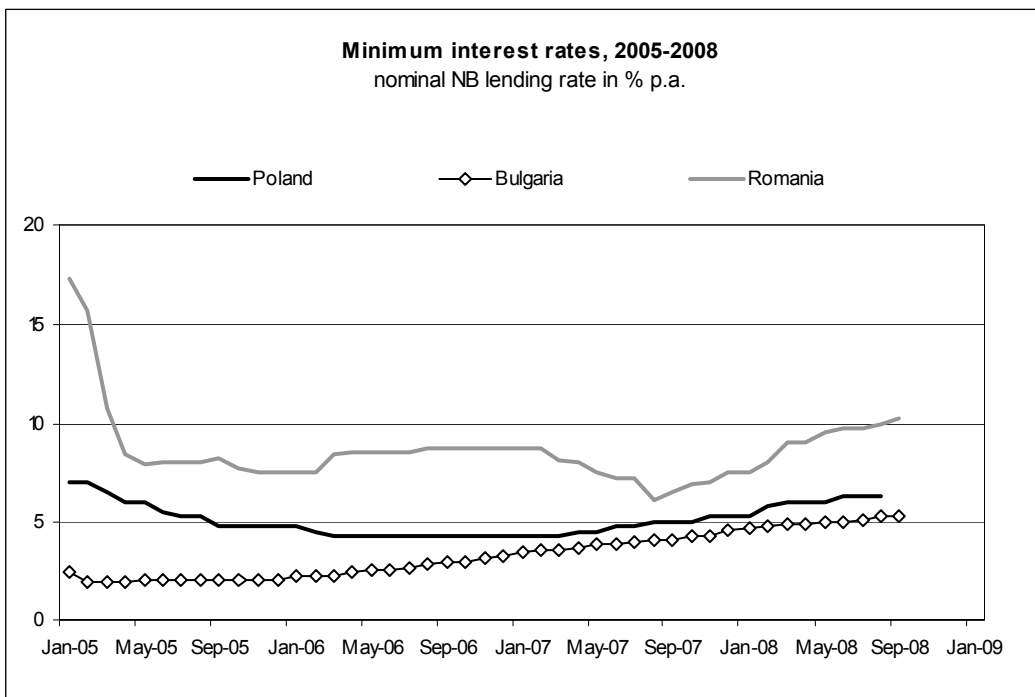
- simplified query combining indicators and countries
- improved download options
- charts for easy overview
- free sample data

The coverage of the wiiw Monthly Database will be extended by five Southeast European countries: Albania, Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia.

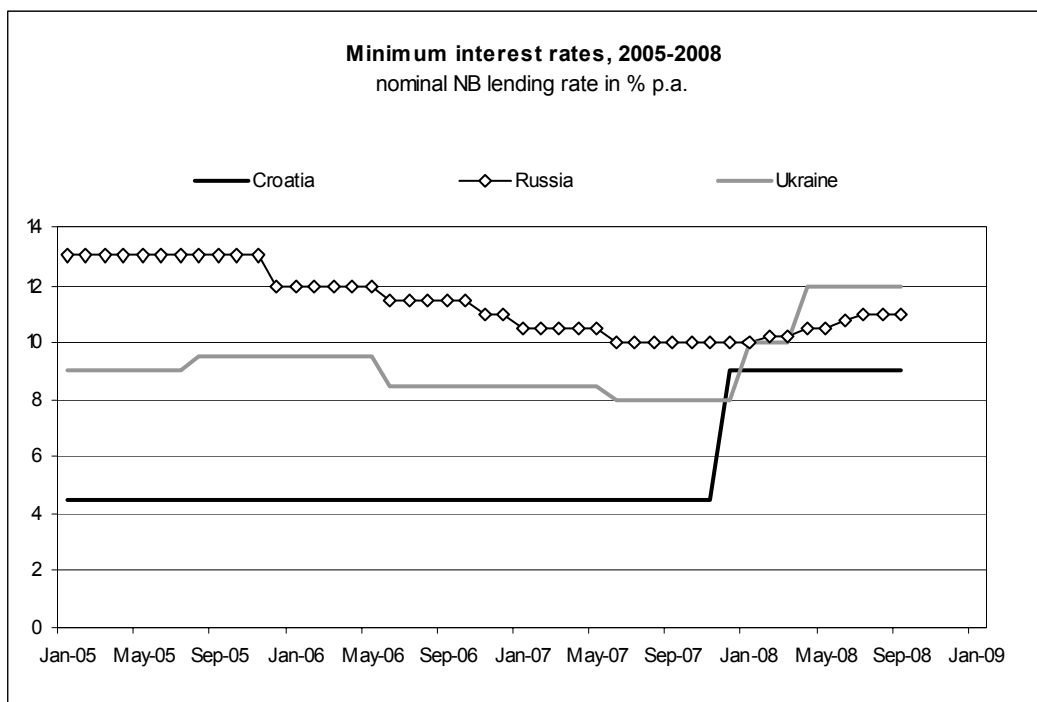
Please note: wiiw Members have **free online access** to the wiiw Monthly Database Eastern Europe. To receive your personal password, please go to <http://mdb.wiiw.ac.at>



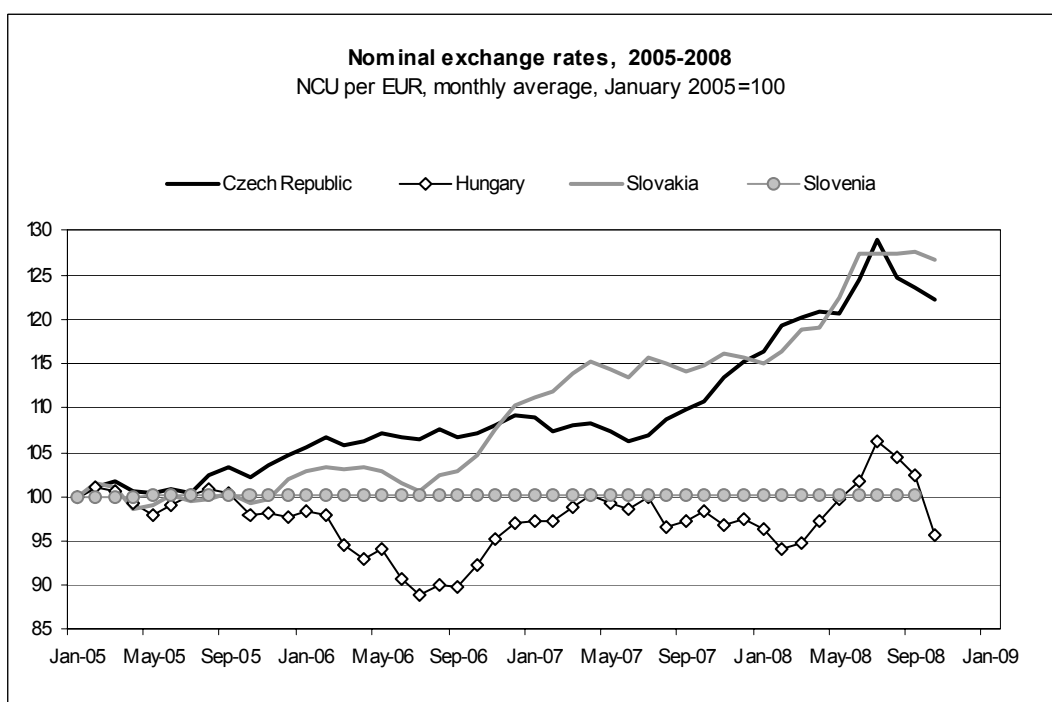
Source: wiw Monthly Database incorporating national statistics.



Source: wiw Monthly Database incorporating national statistics.

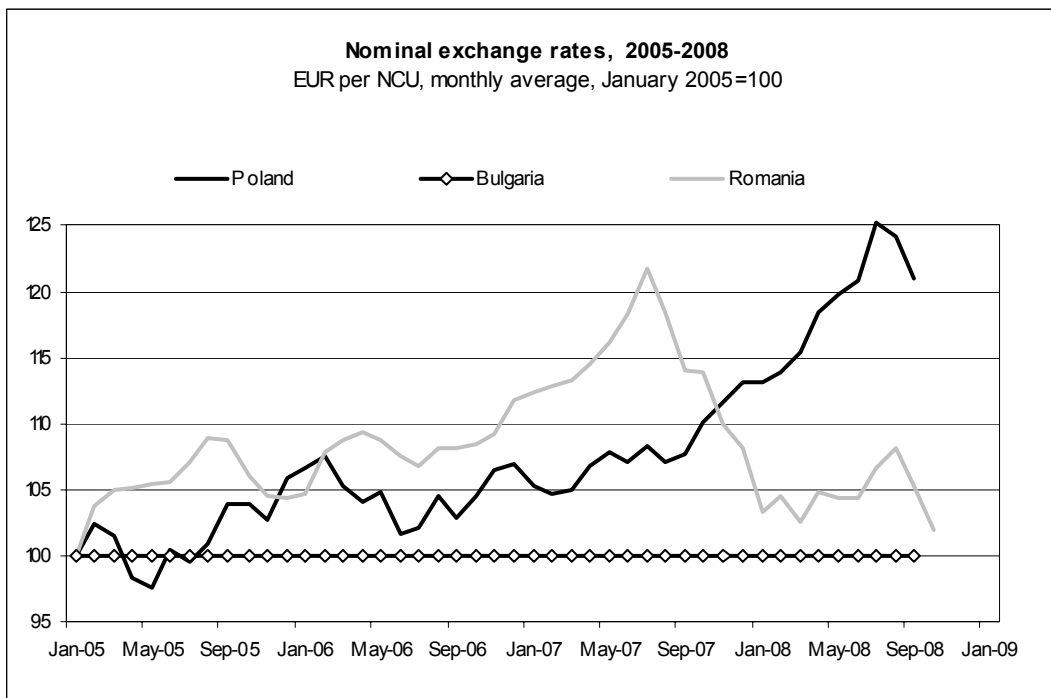


Source: wiw Monthly Database incorporating national statistics.



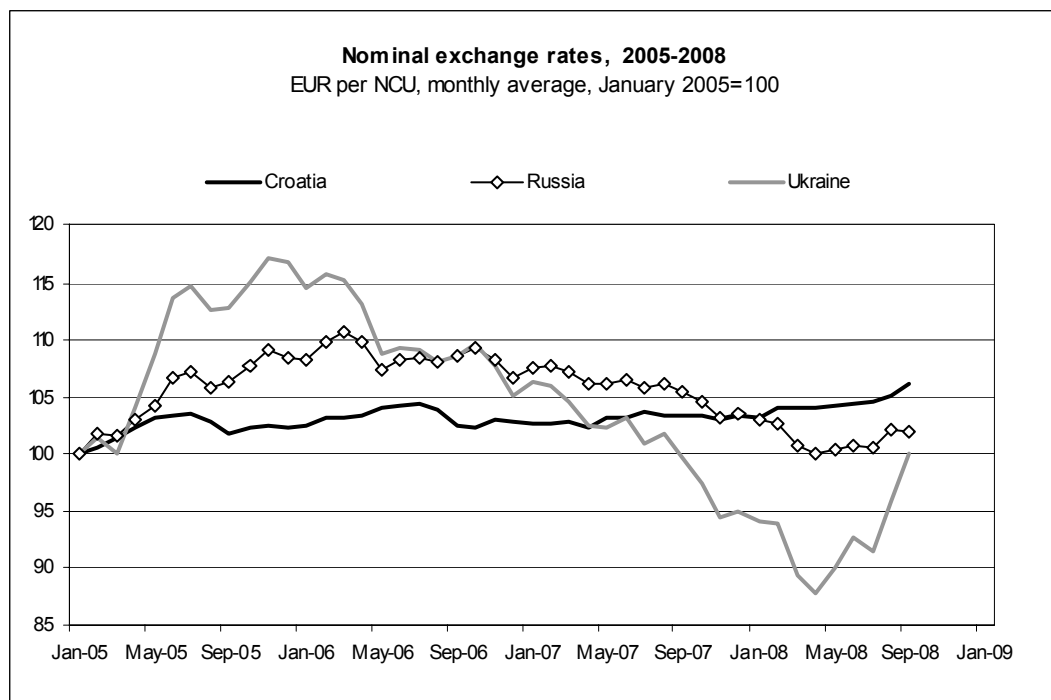
Note: Ascending line indicates appreciation.

Source: wiw Monthly Database incorporating national statistics.



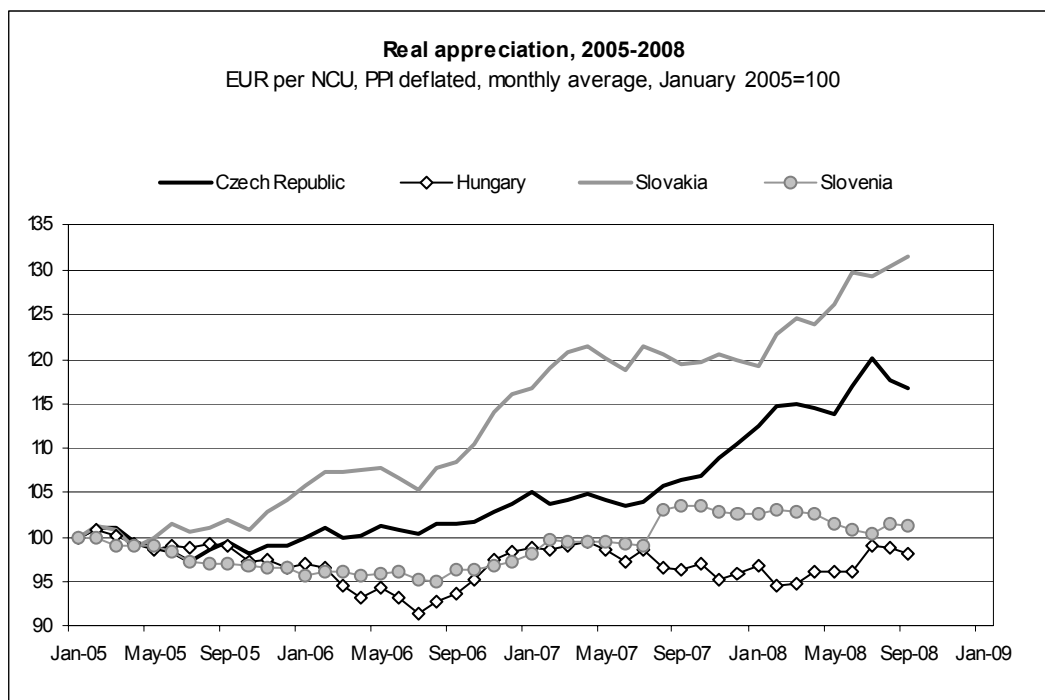
Note: Ascending line indicates appreciation.

Source: wiw Monthly Database incorporating national statistics.



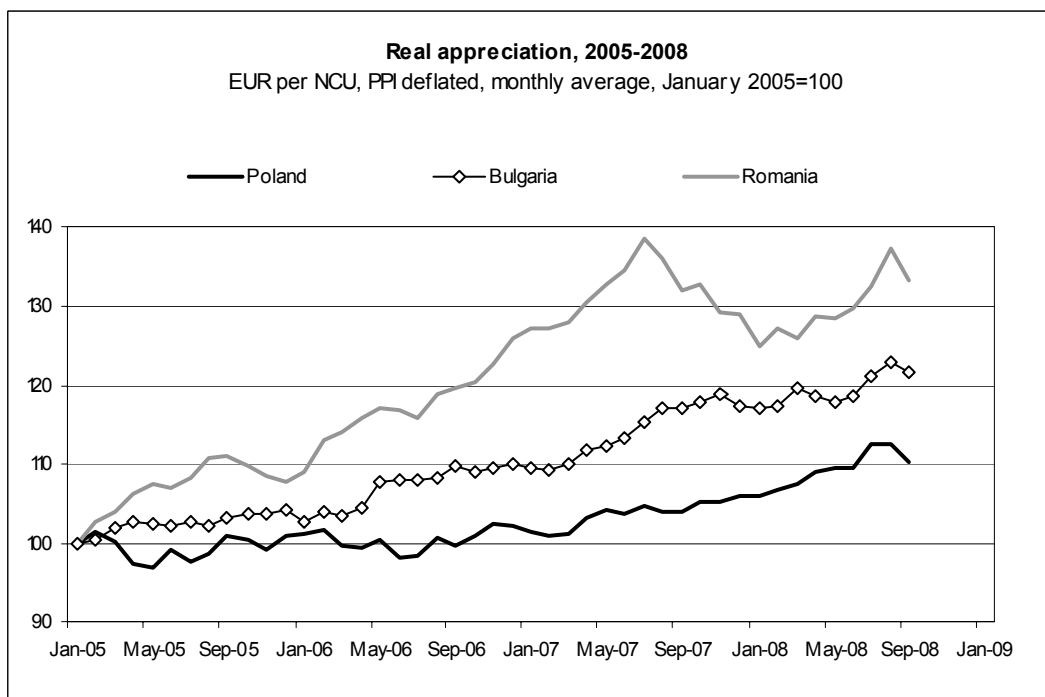
Note: Ascending line indicates appreciation.

Source: wiw Monthly Database incorporating national statistics.



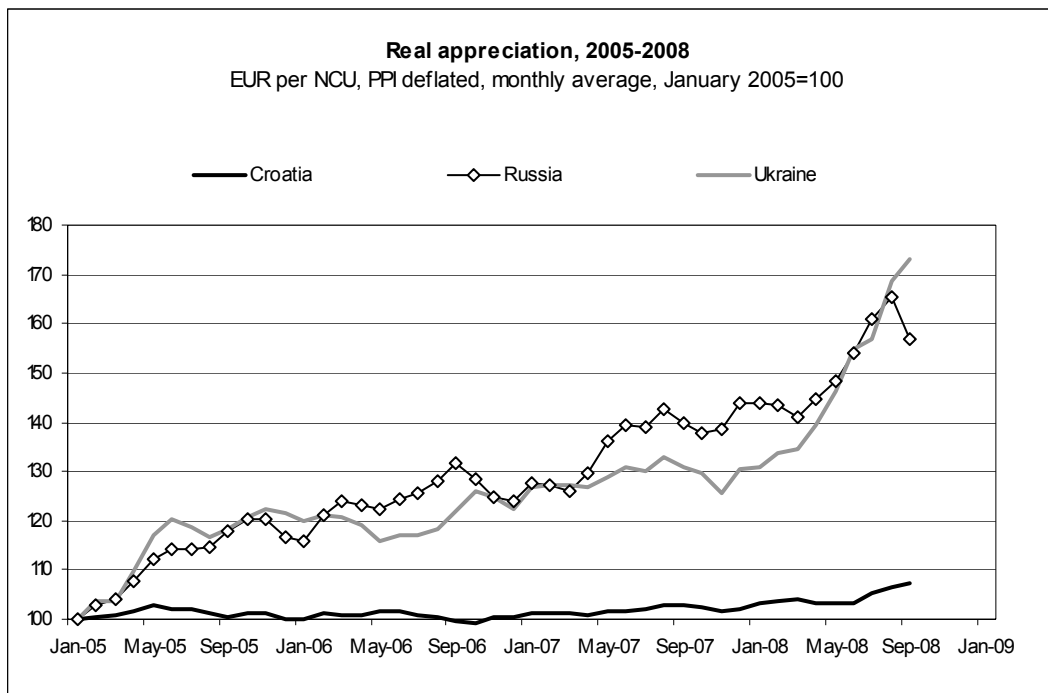
Note: Ascending line indicates appreciation.

Source: wiiw Monthly Database incorporating national statistics.



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Source: wiiw Monthly Database incorporating national statistics.

Guide to wiiw statistical services on Central, East and Southeast Europe, Russia and Ukraine

	Source	Type of availability	How to obtain	Time of publication	Price
Annual data	<i>Handbook of Statistics</i>	on CD-ROM (MS Excel tables + PDF files)	order from wiiw	November 2008	€ 200.00; for Members free of charge
		on CD-ROM (PDF files)	order from wiiw	November 2008	€ 80.00
	<i>individual chapters</i>	via e-mail (MS Excel tables)	order from wiiw	November 2008	€ 37.00 per chapter
		Please note: No printed version of the Handbook is published in 2008.			
	wiiw Annual Database	online access	via WSR http://www.wsr.ac.at	continuously	€ 2.70 per data series; for Members € 1.90
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		PDF (online or via e-mail)	order from wiiw	February and July	€ 65.00; for Members free of charge
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Monthly data	<i>Monthly Report</i>	printed, PDF (online or via e-mail)	for wiiw Members only	<i>Monthly Report</i> nos. 2-4, 6-7, 10-12	
	wiiw Monthly Database	online access	see http://mdb.wiiw.ac.at	continuously	for Members free of charge
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