

# Monthly Report 2/05

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## wiiw Spring Seminar 2005: 'Europe on the Move'

Vienna, Friday, 4 March 2005, 9:00 a.m.

hosted by Bank Austria Creditanstalt AG, Vienna 1, Renngasse 2

## Programme (preliminary)

### Morning

<b>Welcome address</b>	<i>Marianne Kager (Bank Austria Creditanstalt AG)</i>
<b>Keynote speech</b>	<i>Franz Fischler, Austria (former EU commissioner)</i>
<b>Economic situation in the transition countries (with a focus on the first effects of EU enlargement and prospects)</b>	<i>Peter Havlik / Leon Podkaminer (wiiw)</i>
<b>Economic integration in the post-Soviet space</b>	<i>Ruslan Grinberg (IIEPS RAS, Moscow)</i>
<b>The next EU financial perspective</b>	<i>Sándor Richter (wiiw)</i>

### Afternoon

<b>The demand for skills and outlook for labour markets in the new Member States</b>	<i>Michael Landesmann / Robert Stehrer (wiiw)</i>
<b>Tax competition: implications for FDI flows and fiscal balances</b>	<i>Roman Römisch (wiiw)</i>
<b>Industrial location and specialization: the examples of the car and textile industries</b>	<i>Waltraut Urban (wiiw)</i>
<b>The economy of Turkey</b>	<i>Josef Pöschl / Hermine Vidovic / Julia Wörz (wiiw)</i>

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## New EU Member States: booming agro-food trade, Poland ahead

BY ZDENEK LUKAS

### Rising competitiveness, supported by CAP

Taking over the Common Agricultural Policy (CAP) has been the decisive issue in the agro-food sector in the new EU Member States (NMS) since their accession in May 2004. These countries are now fully incorporated in the supply control system applied to major agricultural products such as grain, sugar, meat and milk. That system is primarily based on production quotas, on direct payments to farmers and on market price support by, e.g., protective tariffs on third-country products and subsidies for the export of surpluses. As a net result, EU farmgate prices for important

agricultural items are far above world market prices.

After accession, these high EU farmgate prices contributed to increasing farmers' income in the NMS. Nevertheless, food retail prices in the NMS as a whole have remained virtually unchanged: competition among the expanding number of retailers is increasing, exerting a downward pressure on prices, and with consumers' purchasing power barely rising, there is little scope for prices to go up. Perhaps the only exception throughout the whole region has been the price of sugar, experiencing an upward trend. That rise is attributed to the application of the EU intervention price, which (at EUR 630 per tonne) is double the world market price. The introduction of the EU intervention price in the NMS fuelled producer prices of sugar beet and, with some time lag, also retail sugar prices.

Table 1

### NMS-4: agro-food trade (SITC 0, 1, 4)\*

	January to September 2003				January to September 2004					
	Exports	Imports	Balance	Exports	Exports	Growth of exports	Imports	Growth of imports	Balance	Exports
	EUR million	EUR million	EUR million	Imports=100	EUR million	2003=100	EUR million	2003=100	EUR million	Imports=100
<b>Czech Republic</b>										
Total	1056	1553	-497	68	1345	127	1904	123	-559	71
of which EU-25	850	1183	-333	72	1137	134	1496	126	-359	76
Share of EU-25, in %	80	76	.	.	85	.	79	.	.	.
<b>Hungary</b>										
Total	1870	969	901	193	1932	103	1266	131	666	153
of which EU-25	1193	759	434	157	1354	113	1048	138	306	129
Share of EU-25, in %	64	78	.	.	70	.	83	.	.	.
<b>Poland</b>										
Total	2705	2294	411	118	3341	124	2696	118	645	124
of which EU-25	1754	1456	298	120	2381	136	1663	114	718	143
Share of EU-25, in %	65	63	.	.	71	.	62	.	.	.
<b>Slovakia</b>										
Total	422	663	-241	64	528	125	795	120	-267	66
of which EU-25	358	543	-185	66	458	128	654	120	-196	70
Share of EU-25, in %	85	82	.	.	87	.	82	.	.	.

\* Food, live animals, beverages, tobacco, animal and vegetable oils, fats and waxes.

Source: National statistics, own calculations.

With the lifting of the final customs barriers, trade between the EU-15 and the NMS has been booming. Western European demand for NMS agro-food products, which have proved competitive, has exceeded expectations. However, the expansion of NMS exports has been mainly due to increased deliveries of non-processed agricultural items or less processed no-name foodstuffs. In any case, the first impact on the agro-food trade balance in the NMS-4<sup>1</sup> has been highly positive (with the exception of Hungary). Poland in particular has been able to fully exploit the new opportunities in the enlarged Union, thanks to investments made in the pre-accession period, mainly in food processing. In addition, Polish farmers have large production capacities and farmgate prices are still relatively low. The Czech Republic and Slovakia – though still net agro-food importers – have also improved their positions on the EU markets. Only Hungary has experienced a slight deterioration of its once prominent position on the agro-food markets, largely as a result of declining exports to outside Europe.

### Farmers' incomes increasing

Increasing revenues based on higher prices and larger sales have helped to stabilize the financial situation in the NMS farming sector. In addition, high absorption of funds under the pre-accession SAPARD<sup>2</sup> programme supported income growth. However, the greatest boost to farmers' incomes has certainly been due to direct payments. In 2004 centrally-funded EU direct payments to the NMS amounted to 25% of the EU-15 level as agreed at the Copenhagen summit. Eight of the ten NMS (excluding Malta and Slovenia) opted for direct EU farm payments under the Simplified Aid Payment System (SAPS). Under SAPS, entitled farmers obtain area-based subsidies. The national SAPS rates are oscillating around EUR 40 per hectare according to the reference land and yields in individual countries. Thus, payments are

independent of the actual production volume because they are based on reference output in the past. In addition, the NMS had the opportunity to top up payments by an additional 30% from their national budgets, to reach the ceiling of 55% of the EU-15 level in 2004.

Following new negotiations encouraged by Poland, the NMS could bring forward, by six weeks, EU direct payments to their farmers; originally these payments would have been due from 1 December 2004. Thus, payments now were due to start on 16 October – if a strict inspection of the fields found that they corresponded to the area size reported by the farmers. In case of large discrepancies those farmers lost their right to receive direct payments. However, the discrepancies found were mostly minimal and the bulk of farmers received payments based on area, which boosted overall income.

Although the NMS did not fully exploit the possibility to top up direct payments from their national budgets, total farmers' incomes in 2004 were significantly higher than in earlier years. According to first estimates of Eurostat, there are remarkable differences in income growth among the NMS-4. While farmers' incomes doubled in the Czech Republic and expanded by three quarters in Poland, they increased by just about one quarter in Slovakia and Hungary. The two former countries are apparently benefiting from their neighbourhood to the crucial German market, which absorbs the bulk of their agro-food exports; they have the important comparative advantage of lower transport costs – a decisive factor in the case of exports of goods with relatively low kilogram prices (which make up the bulk of Czech and Polish agro-food exports). Also, Czech and Polish farmers and traders have a better knowledge of the German markets and are able to find possible market niches more quickly.

In addition, growers of sugar beet in Poland and the Czech Republic have cultivated the largest areas among the NMS. They have been involved in the generous EU sugar quota system and have

<sup>1</sup> Czech Republic, Hungary, Poland, Slovakia.

<sup>2</sup> Special Accession Programme for Agriculture and Rural Development.

thus experienced particularly high profit. In fact, sugar beet has probably been the most lucrative crop for growers in the NMS, due to the very high price guaranteed by the CAP. Still, despite the current high income, the future of sugar beet growers and processors is uncertain. Under pressure from the WTO, the Commission has proposed a 33% cut in the sugar support price, coupled with a 16% reduction of production quotas and with free trade across borders for sugar quotas. This proposal however has so far not been accepted by the EU Member States. Poland, as the largest producer of sugar beet and sugar among the NMS, is not going to back the Commission's plans for reforming the EU sugar market.

### Czech Republic

For many years the Czech Republic has registered an agro-food trade deficit. In 2004, in particular after the country's accession to the EU, agro-food trade was booming but the deficit increased somewhat. Among Czech food products entering the EU markets, sugar exports registered the most impressive growth: in the first three quarters of 2004 they rose by 158% and amounted to EUR 163 million. After stored sugar supplies had been sold, the price of sugar in the Czech Republic started to rise. Exports of cattle and beef expanded

strongly as well, accompanied by shrinking inventories. Overall Czech exports of live animals and meat to the EU doubled in the first three quarters, to EUR 138 millions. Prices of slaughter pigs on the domestic market were falling in the first months after joining the EU as pork imports rose strongly. With about 50 thousands tonnes, pork accounted for the greatest part of Czech meat imports in 2004.

Fears that the domestic dairy market would be flooded with EU products have not materialized. Quite the contrary, German milk processors bought (cheaper) Czech milk, resulting in temporary shortages for Czech milk processors close to the border. In addition, the demand for Czech high-fat cream was soaring. Total exports of milk and dairy products (in a value of EUR 131 million) rose by 90% in the first three quarters of 2004, of which those to Germany tripled. The overall dairy trade surplus increased by more than 50% to EUR 84 million. This all points to the Czech Republic's increasing integration into EU markets. In January to September 2004 agro-food exports already covered 76% of imports from the EU, while one year earlier the coverage rate had accounted for 72%.

Table 2

### Czech Republic: agro-food trade (SITC 0, 1, 4)

	January to September 2003				January to September 2004					
	Exports	Imports	Balance	Exports	Exports	Growth of exports	Imports	Growth of imports	Balance	Exports
	EUR million	EUR million	EUR million	Imports=100	EUR million	2003=100	EUR million	2003=100	EUR million	Imports=100
<b>All countries</b>										
SITC 0	834	1302	-468	64	1081	130	1572	121	-491	69
SITC 1	199	163	36	122	203	102	237	145	-34	86
SITC 4	23	88	-65	26	61	265	95	108	-34	64
<b>Total</b>	1056	1553	-497	68	1345	127	1904	123	-559	71
<b>EU-25</b>										
SITC 0	664	983	-319	68	903	136	1229	125	-326	73
SITC 1	167	121	46	138	175	105	183	151	-8	96
SITC 4	19	79	-60	24	59	311	84	106	-25	70
<b>Total</b>	850	1183	-333	72	1137	134	1496	126	-359	76
Share of EU-25, in %	80	76			85		79			

Source: National statistics, own calculations.

## Hungary

Thanks to comparative advantages related to soil fertility and climate, Hungary has for many years reported an average annual surplus of about EUR 1 billion in its agro-food trade. Following a huge grain surplus in 2004, Hungary has been looking for international outlets. But finding markets has been a problem, as last year's grain harvests were excellent throughout Europe. At the end of November 2004 Hungarian grain producers offered some 2.2 million tonnes of grain for intervention purchases supported by the CAP budget, accounting for half of the total EU-25 figure. The huge Hungarian share is explained by the fact that other EU countries have larger own storage capacities than Hungary. Still Hungary's crops sector has been more competitive than the domestic animal sector.

As for the cattle and pig sectors in Hungary, they have been crowded out by cheap imports. In 2004 pig farming remained a loss-making business: with an estimated EUR 1.20/kg, production costs exceeded average farmgate price for live pigs by about 15%. Despite cheap feed costs due to the huge grain surplus in 2004, pig stocks will most probably rise only modestly in 2005 as price competition on the EU markets has increased.

As a result of the less competitive domestic animal sector, imports of animal products, in particular pig and poultry meat and milk, from other EU countries were on the rise. Total agro-food imports from the EU rose by 38%, while exports to the EU were up 13% in the first three quarters of 2004. Hungary's agro-food surplus with the EU dropped by EUR 128 million to EUR 306 million year-on-year. While in January to September 2003 agro-food exports to the EU-25 had exceeded imports by 57%, one year later the coverage rate dropped by 28 percentage points to 129%. Thus, in contrast to the other NMS-4, Hungary registered only comparatively small market share gains on the EU markets in the first stage after accession.

As a traditional exporter of agro-food products, Hungary is ready to work against these negative trends. Greater support is to be given to the production of poultry meat in particular; the strongest expansion is envisaged for the output of duck and geese. These (mostly fresh) specialities are to be exported to the EU. As for the pig sector, Hungary will have to invest about EUR 100 million in order to conform to EU standards.

Table 3

### Hungary: agro-food trade (SITC 0, 1, 4)

	January to September 2003				January to September 2004						
	Exports	Imports	Balance	Exports	Exports	Growth of exports	Imports	Growth of imports	Balance	Exports	
	EUR million	EUR million	EUR million	Imports=100	EUR million	2003=100	EUR million	2003=100	EUR million	Imports=100	
<b>All countries</b>											
SITC 0+1	1814	917	897	198	1867	103	1221	133	646	153	
SITC 4	56	52	4	108	65	116	45	87	20	144	
<b>Total</b>	1870	969	901	193	1932	103	1266	131	666	153	
<b>EU-25*</b>											
SITC 0+1	1157	718	439	161	1308	113	1011	141	297	129	
SITC 4	36	41	-5	88	46	128	37	90	9	124	
<b>Total</b>	1193	759	434	157	1354	113	1048	138	306	129	
Share of EU-25, in %	64	78			70		83				

\* Estimate.

Source: National statistics, own calculations.

**Poland**

Since the removal of trade barriers as of May 2004, among all NMS Poland has been the largest supplier of beef to EU buyers – in particular from Germany, Austria, the Netherlands and Italy. The country's cattle sector has been highly competitive on the EU markets. For instance, at the beginning of December 2004, in Poland the average price for cattle meat amounted to EUR 2 per 1 kg, while in Austria it was 39%, in Germany 33%, in the Czech Republic 13% and in Hungary 10% higher. Also Poland's pork exports boomed in the first few months of EU membership, as Polish companies sold their available slaughter animals to the EU-15 markets. The consequence was a rapid increase in domestic pork prices. As a result, large pig processors in Poland turned to imports of cheaper frozen pork mainly from France, Denmark, Germany and the Netherlands.

Because of strong EU demand for Polish dairy products (mostly milk and cheese) exports reached a record level in 2004, again primarily due to price competitiveness. For illustration, at mid-2004, in Poland the average purchase price of farmers' milk was EUR 0.15 per litre, whereas in Slovakia it was EUR 0.22 and in the Czech Republic, Hungary and

Germany about EUR 0.26. In October 2004 the prices of Polish dairy products were still 40% lower than those in Western Europe and dairy became the fastest growing export segment. Total exports of dairy products jumped by above 50% to nearly EUR 600 million in 2004, of which three quarters went to the EU. In sum, Polish agro-food exporters have crowded out their main competitors (recruiting from the NMS) from the EU-15 markets. In addition, Polish agro-food exports to the other NMS have expanded above average as well.

After several years of registering deficits in its agro-food trade, and a moderate surplus in 2003, Poland probably generated a surplus of about EUR 1 billion last year. In the first three quarters of 2004 total agro-food exports rose by 24% year-on-year, to EUR 3.3 billion; exports to the EU – accounting for more than three quarters of the total – even increased by 36%. With agro-food imports from the EU expanding by just 14%, agro-food exports exceeded imports already by 43%, compared to 21% in 2003.

The turnaround in Poland's agro-food sector is closely related to the country's accession to the EU, which removed all barriers and brought more

Table 4

**Poland: agro-food trade (SITC 0, 1, 4)**

	January to September 2003				January to September 2004					
	Exports	Imports	Balance	Exports	Exports	Growth of exports	Imports	Growth of imports	Balance	Exports
	EUR million	EUR million	EUR million	Imports=100	EUR million	2003=100	EUR million	2003=100	EUR million	Imports=100
<b>All countries</b>										
SITC 0	2582	1994	588	129	3146	122	2305	116	841	136
SITC 1	111	134	-23	83	174	157	197	147	-23	88
SITC 4	12	166	-154	7	21	175	194	117	-173	11
<b>Total</b>	<b>2705</b>	<b>2294</b>	<b>411</b>	<b>118</b>	<b>3341</b>	<b>124</b>	<b>2696</b>	<b>118</b>	<b>645</b>	<b>124</b>
<b>EU-25</b>										
SITC 0	1714	1243	471	138	2287	133	1413	114	874	162
SITC 1	36	82	-46	44	83	231	107	130	-24	78
SITC 4	4	131	-127	3	11	275	143	109	-132	8
<b>Total</b>	<b>1754</b>	<b>1456</b>	<b>298</b>	<b>120</b>	<b>2381</b>	<b>136</b>	<b>1663</b>	<b>114</b>	<b>718</b>	<b>143</b>
Share of EU-25, in %	65	63			71		62			

Source: National statistics, own calculations.

money into the sector. Polish food producers and exporters are now benefiting from their investments in the pre-accession period that were made in order to adapt to the strict EU norms and rules. Also, Polish farmers have some comparative advantages that are now being exploited: they dispose of a large agricultural area; the climate is relatively mild; and farmgate prices in Poland are lower than in the main competitor countries. Last but not least, many people in the rural areas are ready to work for little money.

**Slovakia**

Slovakia has been a net importer of agro-food products for many years. Due to the more dynamic growth of non-agricultural trade, the importance of the agro-food sector for the foreign trade balance dropped up until 2003. But, like in Poland or the Czech Republic, EU accession brought a boost for Slovakia's agro-food trade as integration into the EU market increased further. Agro-food exports to the EU rose by 28% in the first three quarters of 2004 and already accounted for 87% of total agro-food exports – the highest share among the NMS-4. Exports were dominated by milk. The low price of milk purchased by Slovak dairies from local farmers resulted in an expansion

of milk exports to neighbouring markets (mainly the Czech Republic and Hungary) where milk prices are higher. The export surplus in milk and dairies, at EUR 46 million in 2003, rose even further in 2004. Likewise, trade in sugar as well as animal and vegetable fats was highly positive. Despite a significant expansion of meat exports, Slovakia has remained a net meat importer. In sum, Slovakia was also able to improve its position on EU markets in the accession year, with agro-food exports covering 70% of imports from the EU, as against 66% one year earlier.

**Outlook**

The medium- and long-term prospects for agro-food trade of the new EU Member States will critically depend on these countries' ability to shift from the now dominating anonymous, low value-added goods to higher-price (trade mark) market segments or towards products of organic farming and for market niches. However, any substantial real appreciation of NMS currencies against the euro would have a comparatively even stronger (negative) impact on the flow of trade between the EU-15 and the NMS. That would remove the gains that the new Member States booked in the first months of their EU membership.

Table 5

**Slovakia: agro-food trade (SITC 0, 1, 4)**

	January to September 2003				January to September 2004						
	Exports	Imports	Balance	Exports	Exports	Growth of exports	Imports	Growth of imports	Balance	Exports	
	EUR million	EUR million	EUR million	Imports=100	EUR million	2003=100	EUR million	2003=100	EUR million	Imports=100	
<b>All countries</b>											
SITC 0	351	526	-175	67	451	128	652	124	-201	69	
SITC 1	52	111	-59	47	48	92	109	98	-61	44	
SITC 4	19	26	-7	73	29	153	34	131	-5	85	
<b>Total</b>	<b>422</b>	<b>663</b>	<b>-241</b>	<b>64</b>	<b>528</b>	<b>125</b>	<b>795</b>	<b>120</b>	<b>-267</b>	<b>66</b>	
<b>EU-25</b>											
SITC 0	288	415	-127	69	384	133	520	125	-136	74	
SITC 1	52	104	-52	50	46	88	102	98	-56	45	
SITC 4	18	24	-6	75	28	156	32	133	-4	88	
<b>Total</b>	<b>358</b>	<b>543</b>	<b>-185</b>	<b>66</b>	<b>458</b>	<b>128</b>	<b>654</b>	<b>120</b>	<b>-196</b>	<b>70</b>	
Share of EU-25, in %	85	82			87		82				

Source: National statistics, own calculations.

### Unit labour costs as a measure of countries' competitiveness

BY KAZIMIERZ LASKI AND ROMAN RÖMISCH

Competitiveness – of an economy as a whole – can probably best be defined as the degree to which, under open market conditions, a country is able to export goods and services in an amount that is at least sufficient to meet its current import needs at the desired internal expansion rate. If a country records an import surplus – and thus is not competitive enough – the proposed indicators to measure competitiveness should move more or less *pari passu* with the improvement (or worsening) of the trade balance. This criterion seems to be the most important one in choosing appropriate competitiveness measure indicators.

Unit Labour Costs (ULCs) are often used to measure competitiveness. ULCs can be calculated for the economy as a whole: as nominal wage per employee in national currency units over labour productivity per employee in national currency units. This ratio is equivalent to the share of the wage bill in GDP.

The authors of this paper have serious doubts whether the so defined ULCs are a proper indicator for measuring competitiveness across a set of countries. The economically most developed countries show not only high labour productivity but also relatively high nominal wages. This results in high ULCs in the most developed countries. Most of these countries also report positive net exports. This may seem strange if one assumes that different countries export the same goods. But, of course, this is not the case. Countries that have high ULCs may actually have export surpluses in trade with countries that have low ULCs. The quality of goods produced (and exported) by the former countries may be much higher than that of the latter. Hence it is the quality (as well as marketing and specific features of the exportable goods) which is of basic significance – and not necessarily the relative ULCs. Of course, the relative ULCs are relevant for assessing mutual

competitiveness of countries trading standardized goods (in particular raw materials) which have more or less the same prices on international market.

Sometimes ULCs of different countries are being compared not only in national currencies, but also allowing for the relative strengths of national currencies. More specifically, one evaluates GDP at purchasing power parities/standards (PPP/PPS) while using nominal exchange rates to evaluate the total wage bill. Such a ULC indicator can be called PPP-adjusted. In fact the adjustments involve the values of both the PPP and the exchange rates. (Thus it would be more proper to speak of an ERDI, or exchange-rate-deviation-index adjustment here.)

In the following we investigate whether the level of ULCs (across countries) is a reasonable measure of competitiveness. To achieve this goal we are going to confront data concerning ULCs, on the one hand, with those related to net exports, on the other.

#### ULCs and net exports of goods in a sample of countries

Figure 1 indicates that – with some exceptions – the higher the ULCs for the total economy, the higher the net exports as a per cent of GDP.

We can divide the countries considered<sup>1</sup> into two groups: the first group, starting with Austria, comprises countries with ULCs of 50 cent or more; the second group, starting with Portugal, comprises countries with ULCs lower than 50 cent. In the first group we find three exceptions: the USA, the UK (a country with a traditional import surplus) and Slovenia. In the second group we also find three exceptions of which one (Ireland) is irrelevant: this country's GDP is artificially large because of an export surplus (over 25% of GDP) and therefore ULCs are exceptionally low although nominal wage

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<sup>1</sup> Our sample of countries includes all EU-15 member countries (excepting Luxembourg), Poland, Hungary, Czech Republic, Slovakia, Slovenia, Japan and USA.



rates are relatively high. If we were to calculate ULCs with respect to GNP, Ireland would rather be part of the first group of countries with high ULCs. The true exceptions – countries with relatively low ULCs and an active balance of trade – are Italy and especially Finland.

In the second group of countries with prevailing passive trade balances the (non-weighted) average ULC amounts to 48.5 cent, in the first group with prevailing active trade balances that average amounts to 53.8 cent. Hence ULCs in the second group are 10% lower than in the first one. In Germany ULCs amount to 54 cent while the corresponding values for Slovakia and Poland are 41-42 cent and for Hungary and the Czech Republic 45-46 cent. Thus, the new EU Member States considered record ULCs that are about 15% to 25% lower than those in Germany.

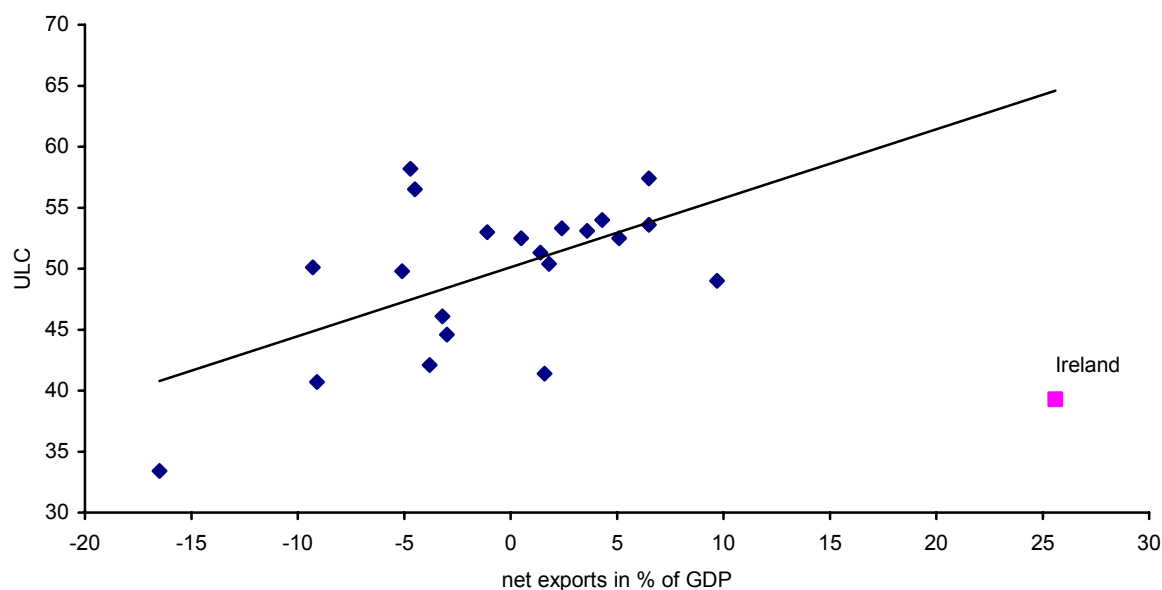
The general conclusion we arrive at is that countries with high rather than low ULCs are more competitive on the world market. Of course this

does not mean that high prices make a country competitive. Countries are competitive because they offer modern goods, better quality of the same goods and are able to convince customers that this is indeed the case. For countries which are less successful in foreign trade this conclusion means that their main effort should go in the direction of inventing and producing modern goods, improving the quality of already produced goods and winning the confidence of customers; this all may require an increase in ULCs.

It can be shown that the use of PPPs instead of actual prices for the evaluation of the GDP (and of exchange rates for the evaluation of the total wage bill) does not change our conclusions. The PPP-adjusted ULCs in more developed countries are higher and in less developed countries lower compared to the unadjusted ULCs. This is illustrated by Figure 2. Austria's ULCs of 58 cent per 1 euro of final output continue to divide the selected countries into two groups: those with ULCs of 58 cent or more and those with ULCs

Figure 1

ULCs\*, total economy and net exports of goods (in % of GDP), 2002

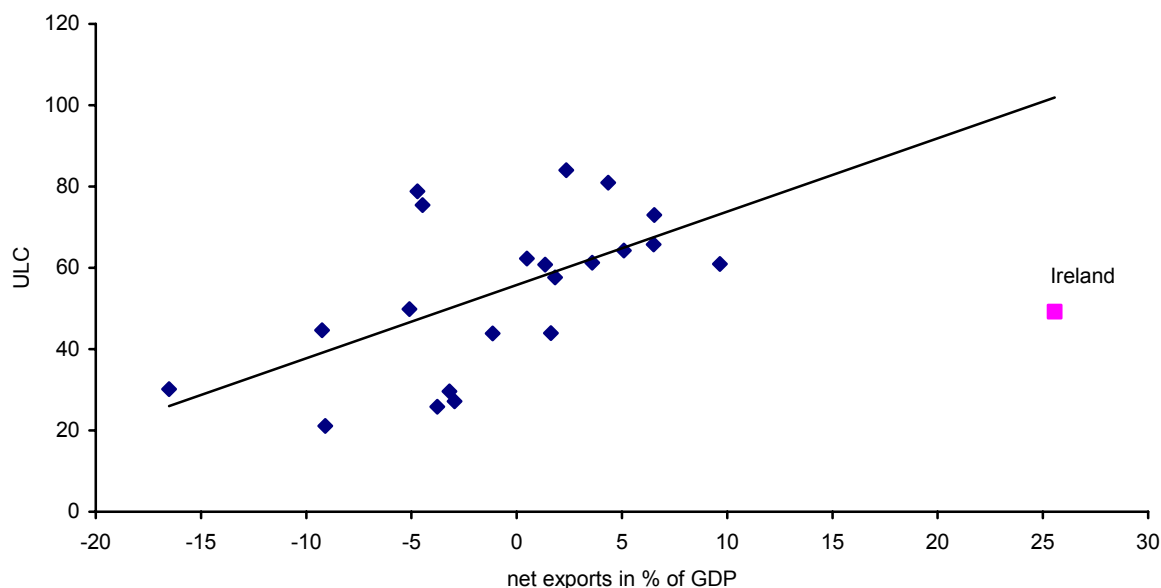


\* Total wage bill as a share of GDP.

Source: DG Ecfm AMECO Database. The estimation of the regression line disregarded the data for Ireland.

Figure 2

**ULCs, total economy (PPP-adjusted) and net exports of goods (in % of GDP), 2002**



Source: DG Ecfm AMECO Database.

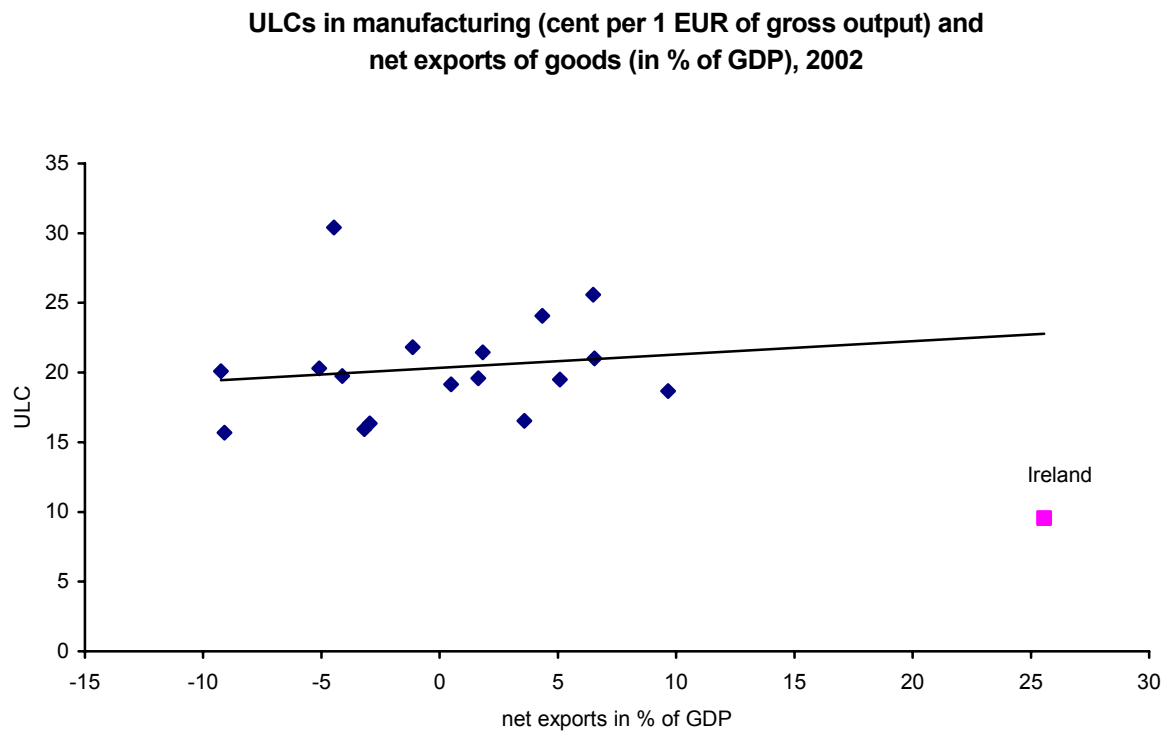
lower than 58 cent. There are some shifts within the groups but only one country, Slovenia, is moving from the upper group to the lower one. In Figure 2 the (non-weighted) average ULC in the less developed group amounts to 36.5 cent and in the more developed group to 68.8 cent. Hence the lower group's ULCs are now 47% lower than those of the upper group. In Germany ULCs amount now to 66 cent while the corresponding values for Slovakia and Poland are 21-26 cent and for Hungary and the Czech Republic 27-30 cent. This means that these NMS record ULCs that constitute 30% to 45% of Germany's ULCs. Thus, the differences presented in Figure 2 are greater than those in Figure 1 – but the conclusions remain the same. An active balance of trade – and thus higher competitiveness – goes hand in hand with higher rather than lower (PPP-adjusted) ULCs.

ULCs in manufacturing, defined as the share of the manufacturing wage bill in gross output of manufacturing, may also be considered a measure of competitiveness. (Tradable goods are mostly

produced by manufacturing.) The problem is that labour costs in manufacturing constitute only a small part of total costs and thus of gross manufacturing output. This is shown in Figure 3.

Disregarding Ireland (for reasons explained above) it can be seen that the manufacturing ULCs ranged between 15 cent (Czech Republic, Slovakia and Hungary) and 27 cent (United Kingdom) in 2002. Moreover, in most cases an active balance of trade goes together with high rather than low manufacturing ULCs. We have 11 countries, starting with Finland, with ULCs of 18 cent or more, and 7 countries with ULCs lower than 18 cent. In the first group only four countries (UK, Slovenia, Spain and Portugal) record net imports and in the second group (disregarding Ireland) only two countries (Belgium and Italy) record net exports. This suggests that the manufacturing ULC indicator does not seem to be a reliable indicator for assessing relative competitiveness across countries.

Figure 3



*Source:* Eurostat, NewCronos Database, DG Ecfm AMECO Database. The sample does not include Japan and the USA. The estimation of the regression line disregarded the data for Ireland.

## Distributional effects of evolving spending and tax policies in post-socialist Poland\*

BY LEON PODKAMINER

### Some prehistory

Poland's Socialist economic system which collapsed in 1989 after a decade of gradual disintegration was highly egalitarian. Wages and other incomes in the public sector, the main employer, were set, by and large, administratively – with the explicit aim of assuring a ‘fair’ distribution of income and consumption. Incomes in the private sector were also regulated, either through direct taxation (often quite discretionary) or via administrative controls of prices of that sector's products and of its production inputs supplied by the public sector. Within that system private farming, accounting for about one fourth of total employment, had a privileged position, with the average per capita income consistently higher than on average in the public sector. The comprehensive incomes policy stipulating fairly low levels of inequality in personal incomes and ‘wealth’ was complemented by a quite generous public pension system. All kinds of education were free and so were the services of the public health system. With full employment (endemic and acute shortages of labour), the system did not generate extensive areas of poverty, malnutrition, or homelessness.

### ‘Shock therapy’

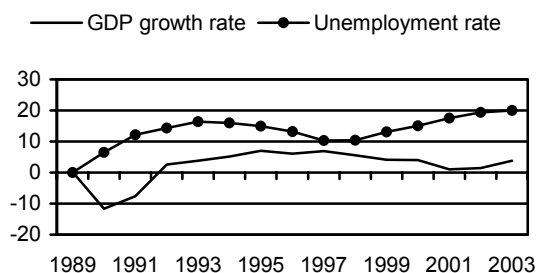
At the beginning of 1990 Poland's economic system was overhauled radically. All administrative controls, also on prices and incomes, were lifted, the old state apparatus controlling the economy was disbanded. Publicly owned firms, banks etc. were commercialized, some of them quickly privatized, some went bankrupt and were liquidated

within months. Free enterprise of all sorts emerged spontaneously – and the unemployment rate rose from zero to about 6.5% within one year. Huge untaxed fortunes were made rapidly while incomes and living standards of large segments of the population (private farmers among others) fell precipitously. In 1990 alone the average real wage fell about 25%, farmers' real incomes by about 50%. Retirement pay lost some 15% of its real value.

Initially (in 1990 and 1991) the official policy response to what was happening to incomes and living standards was inaction. First of all a new tax legislation had yet to be adopted and a new tax apparatus created. Social spending faced similar challenges. Second, the then prevailing official view was that cuts in incomes were necessary to prevent hyperinflation. Besides, it was claimed (at least in 1990) that income dislocations would quickly correct themselves once the unleashed market forces produced fast growth and full employment. In actual fact the very high inflation subsided rather slowly while the GDP fell cumulatively by about 20% in 1990-91 and the unemployment rate kept rising until 1993, reaching a (local) maximum of about 16%.

Figure 1

### Rates of GDP growth and unemployment, 1989 to 2003



Source: Central Statistical Office (CSO), Poland, Statistical Yearbooks.

The dismal effects of the protracted ‘shock therapy’ of 1990-91 forced some policy changes, also on taxation and social spending. In late 1991 the doctrinaire *laissez-faire* ideologists guiding the

\* This paper was presented to the conference ‘The Distributional Effects of Government Spending and Taxation’, held at the Levy Economics Institute of Bard College, Annandale-on-Hudson, NY, 15 to 16 October 2004.

policy were replaced by more pragmatically minded persons. (The former returned to power in late 1997.)

### **The evolution of the tax system: a general overview**

Until 1992 the budgetary revenue came almost exclusively from various taxes and charges levied on the surviving publicly owned firms. In part that was a consequence of the fact that only those firms maintained proper bookkeeping. But there was also an ideological motive: the heavy tax burden placed on publicly owned firms was to encourage privatization. Financially oppressed public firms became an easy prey for the emerging private business. Confiscatory taxation facilitated the transfer of public assets into private hands. Since 1992 a single corporate tax code has been in force, with a uniform corporate income tax (CIT) rate. The CIT rate was 40% from 1992 through 1996. (But foreign direct investment was – and still is – treated preferentially. Larger foreign investors usually enjoy long tax holidays, or even receive subsidies. This extends not only to greenfield investment. It is not at all uncommon that foreign investors buy privatized firms at large discounts – and then receive subsidies and are offered tax privileges.) Thereafter the CIT rate was reduced by 2 percentage points each year, to 24% in 2003. The current (2004) rate of 19% is likely to remain unchanged (also on account of reactions of the German and French governments accusing Poland of ‘unfair’ tax competition) for some time.

Personal income taxes (PIT) were also introduced in 1992. The PIT system defines three inflation-indexed income brackets. The initial PIT rates were 20, 30 and 40%. In 1994 these were raised to 21, 33 and 45%. In 1997 the rates were reduced to 20, 32 and 44%. The current rates (19, 30 and 40%) have been in force since 1998. The (complex) system of tax allowances and deductions has been changing almost continuously.

A new system of indirect taxes, introduced in 1993, replaced the former turnover tax. The basic value added tax (VAT) rate has been 22% – which is relatively high. Over time there has been a gradual contraction of the list of items taxed with reduced (7% and 3%) VAT rates, or exempt from that tax. Simultaneously there has been a tendency to raise excise tax rates not only on ‘bad goods’ such as alcohol and tobacco, but also on fuels and electricity.

Inheritance and property (wealth) other than land are practically untaxed. So are the capital gains income.

### **Trends in tax collection**

The ‘post-shock’ recovery that started in 1992 was associated with a marked change in taxation and spending. Already in 1992 the shares of both revenues and expenditures of the general government in the GDP rose sharply. Both shares increased further in 1993-94 and stayed at relatively high levels through 1997. Thereafter there was a fast decline in the revenues share, associated with much lower shares of expenditures, including social security transfers (see Table 1).

The changes in the taxes collected by the central government – which are a major part of the total revenue of the general government: the difference between the two is made up by non-tax revenues of the central government, such as customs, privatization proceeds, social contributions collected by public pension and health funds etc. – reflect, fairly accurately, the changes in the total revenue of the general government. The decline in the share of taxes collected by the central government between the mid-1990s and the early 2000s is about 7 percentage points: the share of the general government’s revenue fell by some 8-10 percentage points.

The revolutionary (and probably unprecedented) reduction of the shares of taxes/revenues which

Table 1

## Selected fiscal indicators, 1990 to 2002

(all items as % of GDP)

	Revenue						Expenditure	
	Gen. Govt.	Taxes*	CIT*	PIT*	(CIT+PIT)*	Indirect taxes*	Gen. Govt.	Soc. Sec. Expend.
1990	46.3	27.6	15.2	0	15.2	7.1	42.6	11.3
1991	39.8	20.2	6.6	0	6.6	7.6	43.4	17.4
1992	45.2	21.4	4.4	6.3	10.7	9.0	50.0	19.9
1993	47.7	23.7	4.0	7.7	11.7	11.4	50.0	20.6
1994	48.3	23.2	3.2	8.4	11.7	12.8	50.4	21.6
1995	47.4	24.8	4.0	8.1	12.2	12.6	49.2	19.8
1996	47.0	22.9	2.7	7.2	10.0	12.9	49.3	18.8
1997	46.5	22.2	3.0	6.7	9.7	12.4	48.1	19.4
1998	44.5	22.3	2.9	6.8	9.7	12.6	43.8	18.5
1999	41.1	18.3	2.4	3.7	6.2	12.1	44.3	18.2
2000	39.7	17.5	2.3	3.2	5.8	11.6	42.8	17.4
2001	38.8	15.9	1.8	3.1	4.9	11.0	43.9	17.2
2002	38.5	16.7	2.0	3.1	5.1	11.6	44.4	17.9

Asterisked items cover taxes collected by the central government.

CIT: corporate income tax; PIT: personal income tax.

Source: Yearbooks of the Central Statistical Office. For the last column: Public Finance in Poland 1989-2001. Case Study of Transformation, Gdansk Institute for Market Economics, Warsaw, 2002; own calculations (for 2001-02).

took place in 1998-2001 reflects, first of all, the radical changes in personal income and corporate taxation. In 1999 the share of CIT collected was reduced strongly. (The decline in the shares of collected social security contributions, which was also massive, will be discussed later on.) The share of PIT collected in the 2000s is also about half of what it was over the years 1992-96. The share of indirect taxes collected has been roughly constant – the weight of indirect taxes in all taxes has been on the rise.

The falling overall burden of taxation forced cuts in spending, including social security transfers, by about 2-3 percentage points between 1992-95 and 2000-02.

There is little doubt that the policy inaugurated in the late 1990s stipulates a kind of 'reverse-redistribution', with relatively lower corporate and personal income taxes appearing to be coupled with relatively lower social transfers.

### PIT: a flat tax system for 95% of taxpayers

All natural persons receiving income of any sort, including very low retirement and disability payments or unemployment benefits, are taxed with PIT. (Individuals whose incomes place them below the official poverty line happen to be liable as well.) Only farmers, including the very prosperous ones, are exempted from PIT. About 95% of all taxpayers fall into the first (i.e. the lowest) income bracket: thus for 95% of the taxpayers the PIT is actually a flat tax system. Little is known about the effective PIT tax rates (allowing for deductions and a tax-free income threshold, a very low one) for the first-bracket taxpayers. There are good grounds to believe that within that bracket the effective tax rate actually falls with rising taxable income. Major deductions are linked to expenses on upgrading housing facilities and acquisition of flats/homes. The poorest of the first-bracket taxpayers are unlikely to make such expenses. Moreover, there are some lower (as well as upper) limits for the expenses in question to be deductible.

Table 2

**Selected data on personal income tax in 1997 and 2003**

		Number of taxpayers	S h a r e s ( % )		Effective tax rate (%)
			Taxable income	Tax collected	
1997	1st bracket	94.6	76.7	67.0	15.0
	2nd bracket	4.4	12.4	13.2	18.3
	3rd bracket	1.0	11.0	19.8	30.9
2003	1st bracket	94.7	75.7	65.0	14.1
	2nd bracket	4.1	13.5	15.8	19.3
	3rd bracket	1.2	11.0	19.2	29.2

Source: Own calculations based on Ministry of Finance reports.

The nominal personal income tax rates, reduced in 1998, changed the progression in that taxation across the income brackets. Effective PIT tax rates have also been changing, following the ongoing changes in regulations on various deductions and exemptions. Comparisons of the current and pre-1998 effective tax rates on incomes from different brackets are fraught with difficulties because in 1999 the definitions of some components of the taxable personal income were changed. An admittedly tentative analysis of the Finance Ministry's statistics on PIT collected in 1997 and 2003 suggests that the effective tax rate fell most for the highest-income taxpayers (Table 2). The effective tax rate for the second-bracket taxpayers appears to have increased. The

effective tax rate for the first bracket decreased as well. Interestingly, in absolute terms the number of taxpayers from that bracket fell by 0.8% (and by 8% in the second bracket). The overall number of taxpayers fell by 0.3%. This is one indication of the growing income disparities. (Overall a larger number of persons who had earned taxable income in 1997 had no such income by 2003.)

**Taxes, social security contributions and social transfers received in relation to gross disposable income of major sub-sectors of the household sector**

Trends in PIT tell only part of the story on the distribution of the actual tax burden. Apart from PIT

Table 3

**Selected income/tax items for three sub-sectors of the household sector in 2002**

	Gross primary income	Taxes on income and wealth	Contributions to social security and public health system	Social transfers	Net tax	Gross disposable income
A. Million zlotys						
Farmers	21063	1746	4852	6865	-267	21330
Employees	314356	14450	86995	31634	69811	244545
Employers and the self-employed	176320	11975	7160	5469	13666	162654
B. As % of gross primary income						
Farmers	100	8.3	23.0	32.6	-1.3	101.3
Employees	100	4.6	27.7	10.1	22.2	77.8
Employers and the self-employed	100	6.8	4.1	3.1	7.8	92.2

Source: Own calculations based on CSO Yearbook 2003.

there are other taxes, first of all the obligatory social security contributions. The national accounts statistics for the 2000s indicate that the distribution of the burden of all taxes (including social security contributions) is highly uneven. This is exemplified by data for 2002. (Unfortunately, owing to changes in the national accounting methodology, comparable data for the 1990s are not available.)

As can be seen from Table 3, farmers' households receive roughly as much in social transfers as they pay in taxes in social contributions. Net taxes (taxes plus social security contributions minus transfers received) are a relatively small fraction of the gross primary income of employers' and self-employed households. However, the share of net taxes in the primary income of employees' households is rather large.

### **The major losers: retirees & the unemployed**

The average old-age retirement pay received by a person covered by the general (PAYG) pension system ranged between 70% and 74% of the average wage until 1998. Thereafter, the average pension fell strongly in relative terms (to 52% in 2000). Currently it stands at about 56% of the average wage. The average old-age pension received by a private farmer was about 42-43% of the average wage until 1998. Since 1998 it has been about 33%. It is worth adding that the number of the PAYG retirees has been roughly unchanged and the number of retired farmers has actually been declining. There was no expansion of the ranks of the retired which might (perhaps) have justified what has happened to the average pension.

The unemployed have been experiencing even heavier income losses. The average unemployment benefit was about 33% of the average wage until 1998. Since 1999 it has been about 20% of the average wage. Although the number of unemployed rose from 1.8 million in 1997 to 3.2 million in 2003, the number of recipients of unemployment benefits was contracting quite rapidly. In the mid-1990s about half of the unemployed received benefits. Since

then the share of unemployed receiving benefits has been falling, to about 15% in 2003.

Strangely enough, both unemployment benefits and the retirement pay continue to be taxed with PIT.

The shrinking social spending and transfers are reflected in estimates of poverty. In 1998 less than 50% of individuals lived below the poverty line – in 2001 about 57%. The share of individuals living below the absolute poverty line ('subsistence level') increased from 5.6% to 9.5%.<sup>1</sup>

### **The fateful reforms of 1998**

The overall very successful policy conducted from 1992 through 1997 was significantly changed when the 'conservatives', who had administered the 'shock therapy' of 1990-91, returned to power in 1998. They first tried, unsuccessfully, to introduce a general flat tax system (with a 21% rate) for all personal incomes. Then they overhauled, in one stroke, the public education, health and social security systems. Out of three reforms only the first can be rated as (moderately) successful. Public spending on education rose slightly (from 5.7% of GDP in 1997 to 6.0% in 2001<sup>2</sup>).

The health service reform turned out to be a disaster. As such it itself has been 'reformed' several times since; further radical changes are currently debated. The health reform promised better quality of services at a lower cost. Overall, the costs of the public health system turned out to be lower indeed (4.2% of the GDP in 2001, compared to 4.5% in 1997) – but the quality and quantity of its services fell precipitously. The reform created an entirely new, huge, overpaid and corrupt network of health service administration (whose task is to monitor costs/quality in the health system proper) which siphoned off vast amounts of money. At the same time the reform encouraged

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<sup>1</sup> Source: Council on Social and Economic Strategy, Report No. 50, Warsaw, 2004.

<sup>2</sup> More recent data on the overall public spending on health, education etc. are not available.



the privatization of hospitals and other public health establishments. In actual fact the share of the private sector in the gross output of the whole health service sector rose from 10.6% in 1997 to 19.7% in 2001. A two-tier health system has emerged, with an under-funded public sub-system for the general public and an expensive commercial sub-system for the rich.

The reform of the public (PAYG) system involved, first of all, cuts in the contributions of the most affluent employees and of all self-employed (excluding farmers, who are on a separate public system almost exclusively publicly funded). An upper limit on obligatory contributions was introduced, while those contributions remain proportional to income for lower incomes (see also Table 3). This change alone implied a rather large loss of revenue of the public pension system. That loss accounted for at least 0.4% of the GDP in 2002.

Next, the reform introduced the principle of individual accounts for all persons covered, with benefits related to cumulated contributions.

A major novelty was the partial privatization of the pension system. All contributors under 30 had to join one of the 20-odd 'second pillars', privately managed pension funds whose mandate was to 'multiply' the value of contributions through shrewd investments. (All under 50 had an option of joining, all over 50 remained in the old PAYG system.) Close to 40% of the obligatory contribution charged on a 'member' of a private pension fund is redirected to his/her fund – the rest goes, as before, to the public PAYG system. The resulting loss of the current revenue of the latter is then to be made up by a subsidy from the central government budget. The budget did not have any difficulty subsidizing the PAYG system in 1999 and 2000 because of abnormally high privatization revenues (2.2% and 3.8% of the GDP respectively). However, as the 'family silver' was sold, the problem became acute: high deficits have emerged. To make up for the shortfall of the PAYG revenue, the government has to borrow,

additionally, an equivalent of about 2% of GDP each year (and tries, rather desperately, to economize on other items). Luckily, the private pension funds are eager to purchase government bonds: this way the government borrows, at a high cost, money which, without the whole reform, it would itself appropriate. Clearly, the pension reform turned out to be a bad deal both for the government and for those who bear the consequences of the resultant cuts in government spending. Also, it has turned out to be a bad deal for the 'members' of the private funds. The rates of increase in the market value of the pension funds' investment portfolios trail far behind the interest rate on normal longer-term bank deposits. Moreover, the firms managing the funds (most of them foreign) charge basic fees ranging between 5% and 10% on the contributions received, apart from other 'costs', 'provisions' etc. At least the owners of the managing firms have no reason to be unhappy.

#### **Concluding remarks: dubious merits of 'reverse-redistribution'**

Poland's transition to a market economy proceeded in stages, with quite different policies on taxation and spending. During the first stage (1990-91) the former, highly redistributive and egalitarian system was subject to a 'shock' treatment. The 'reverse-redistribution' which was part and parcel of the 'shock' resulted, rather unsurprisingly, in a fast rise in inequality. This was associated with a deep recession, rising unemployment and – eventually – a crisis of public finances.

During the second stage (1992-97) the policy was generally much more redistributive. The 'tax-and-spend' policy had the expected impacts on inequality and poverty.<sup>3</sup> Neither the high levels of redistribution, nor declining inequality impaired the overall growth. On the contrary, the economy performed very well. The average GDP growth rate over that period was 5.8%; unemployment was

<sup>3</sup> This is documented in L. Podkaminer, 'A Note on the Evolution of Inequality in Poland, 1992-99', *Cambridge Journal of Economics*, No. 5, 2003, pp. 755-68.

reduced strongly, inflation subsided, the current accounts were under control (with large surpluses until 1996), the general government deficits moderate. Interestingly, high (40%) rates of profit taxation happened to coincide with a fast (on average 13.8% p.a.) rise in (real) gross fixed investment.

The third stage, starting in 1998, still (2004) shows no signs of nearing an end. The levels of taxation and social transfers were quickly reduced. Income inequality increased rapidly. (The Gini coefficient of inequality in per capita personal consumption rose from 0.286 in 1996 to 0.316 already in 1999.) The relative position of the recipients of old-age pensions deteriorated strongly. The unemployed suffered even higher losses. Poverty, previously falling, has been on the rise. Falling rates of taxation of corporate profits have been associated first with a slowdown of growth of gross fixed investment, followed by its strong contraction in the years 2001-03 (17% cumulatively). GDP growth first slowed down, then stagnated in 2001-02. Unemployment expanded strongly. The misguided reforms of the public health and pension systems created huge unproductive deficits in public finances.

The association between the type of policy conducted and the real economic outcomes appears to be quite strong in the case of Poland. The policy of 'reverse-redistribution' has happened to coincide with an overall performance that has to be rated as poor (past 1998), or dismal (1990-91). The policy stipulating high levels of distribution appears to coincide with outstanding performance.

Of course, this is not to say that other factors have been irrelevant. The monetary and exchange rate policies conducted in 1992-95 were certainly conducive to high and balanced growth during the initial years of the 'distributive' stage. Conversely, those policies were not helpful, to say the least, throughout much of the 'reverse-redistribution' periods (as well as in the closing years of the 'distributive' period, 1995-98). Thus, the general proposition that high levels of redistribution are good for growth (as well as for equality), which is supported by the Polish experience, requires some caveats. On the other hand, in the light of the Polish experience, the opposite proposition – namely that 'reverse-redistribution' is good for growth – sounds utterly extravagant.

## CONVENTIONAL SIGNS AND ABBREVIATIONS

used in the following section on monthly statistical data

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

Sources of statistical data:

National statistical offices and central banks; wiiw estimates.

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## B U L G A R I A: Selected monthly data on the economic situation 2003 to 2004

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	15.6	17.6	11.0	23.0	10.2	20.6	17.8	14.2	21.3	21.5	16.5	18.3	17.4	14.6	22.3	.
Industry, total <sup>1)</sup>	real, CCPY	14.6	14.9	14.5	15.3	10.2	15.3	15.9	15.5	16.6	17.5	17.3	17.4	17.4	17.1	17.6	.
Industry, total	real, 3MMA	14.5	14.6	17.2	14.8	18.0	15.9	17.2	17.4	19.0	19.7	18.8	17.4	16.7	18.1	.	.
<b>LABOUR</b>																	
Employees total	th. persons	2063	2050	2034	2005	2078	2098	2118	2148	2165	2181	2179	2169	2161	.	.	.
Employees in industry	th. persons	669	664	661	652	672	675	675	682	681	680	680	676	673	.	.	.
Unemployment, end of period	th. persons	472.6	476.3	489.6	500.7	537.1	527.3	507.5	487.8	466.7	452.4	446.8	442.2	434.7	437.5	440.0	.
Unemployment rate <sup>2)</sup>	%	12.8	12.9	13.2	13.5	14.5	14.2	13.7	13.2	12.6	12.2	12.1	11.9	11.7	11.8	11.9	12.2
Labour productivity, industry <sup>1)</sup>	CCPY	10.9	11.3	11.1	12.0	9.5	14.7	15.5	14.9	15.9	16.8	16.6	16.7	16.8	.	.	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	-6.3	-6.6	-6.1	-6.7	-4.3	-7.8	-8.3	-7.7	-8.3	-9.0	-8.9	-8.9	-8.9	.	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	BGN	286.0	276.0	286.0	302.0	279.0	278.0	292.0	289.0	296.0	290.0	296.0	292.0	305.0	.	.	.
Total economy, gross	real, CMPY	1.4	-1.5	0.1	1.4	-0.7	0.7	0.4	0.1	-1.0	-1.3	-0.3	0.6	0.3	.	.	.
Total economy, gross	USD	164	165	171	190	180	180	183	177	181	180	186	182	191	.	.	.
Total economy, gross	EUR	146	141	146	154	143	142	149	148	151	148	151	149	156	.	.	.
Industry, gross	EUR	149	144	149	154	144	144	155	149	152	156	152	153	159	.	.	.
<b>PRICES</b>																	
Consumer	PM	0.9	0.7	1.8	1.8	1.4	0.3	-0.1	0.3	0.0	-1.8	1.2	-0.4	0.9	0.2	0.6	1.3
Consumer	CMPY	3.6	3.3	5.1	5.6	6.4	6.6	6.2	6.1	6.8	7.3	7.6	6.3	6.3	5.8	4.5	4.0
Consumer	CCPY	1.6	1.7	2.0	2.3	6.4	6.5	6.4	6.3	6.4	6.6	6.7	6.7	6.6	6.5	6.4	6.1
Producer, in industry <sup>1)</sup>	PM	0.7	0.9	0.3	0.8	0.7	-0.8	1.4	0.9	1.1	-0.5	1.6	0.2	1.0	1.4	-0.8	.
Producer, in industry <sup>1)</sup>	CMPY	3.7	4.1	4.9	4.2	3.1	1.0	1.4	6.1	8.5	6.8	8.1	7.5	7.8	8.3	7.2	.
Producer, in industry <sup>1)</sup>	CCPY	5.1	5.0	5.0	4.9	3.1	2.0	1.8	2.9	4.0	4.4	5.0	5.3	5.6	5.8	6.0	.
<b>RETAIL TRADE</b>																	
Turnover	real, CCPY	3.8	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
<b>FOREIGN TRADE<sup>3,4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	5004	5607	6149	6668	501	1083	1719	2318	2920	3618	4405	5075	5807	6546	7277	.
Imports total (cif), cumulated	EUR mn	6933	7830	8716	9611	709	1497	2412	3353	4339	5330	6326	7241	8204	9273	10452	.
Trade balance, cumulated	EUR mn	-1929	-2223	-2567	-2942	-208	-414	-693	-1035	-1420	-1712	-1922	-2166	-2398	-2727	-3175	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>5)</sup>	EUR mn	-741	-949	-1220	-1505	-231	-359	-497	-722	-937	-955	-738	-590	-555	-765	.	.
<b>EXCHANGE RATE</b>																	
BGN/USD, monthly average	nominal	1.745	1.673	1.672	1.593	1.550	1.547	1.594	1.634	1.632	1.611	1.595	1.606	1.600	1.566	1.506	1.461
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, calculated with CPI <sup>6)</sup>	real, Jan00=100	83.1	79.0	77.3	72.3	69.7	69.8	72.4	74.2	74.5	75.2	73.4	74.3	73.5	72.2	69.0	66.1
BGN/USD, calculated with PPI <sup>6)</sup>	real, Jan00=100	82.7	79.1	78.6	74.6	73.0	73.9	75.6	77.7	77.8	77.5	75.7	76.3	75.1	73.5	71.3	.
BGN/EUR, calculated with CPI <sup>6)</sup>	real, Jan00=100	91.1	90.6	89.0	87.7	86.5	86.4	86.9	87.1	87.3	89.0	87.8	88.4	87.8	87.9	87.3	86.3
BGN/EUR, calculated with PPI <sup>6)</sup>	real, Jan00=100	88.6	87.9	87.7	86.9	86.6	87.5	86.8	86.4	85.9	86.3	85.2	85.4	84.7	84.1	84.7	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>7)</sup>	BGN mn	3624	3569	3559	3874	3718	3718	3723	3785	3830	3961	4131	4275	4342	4284	4247	4628
M1, end of period <sup>7)</sup>	BGN mn	7416	7422	7377	8030	7788	7853	7835	7987	8036	8422	8736	9048	9239	9220	9185	10303
Broad money, end of period <sup>7)</sup>	BGN mn	15243	15878	15733	16566	16519	16739	16806	17190	17401	18161	18365	18345	18763	18847	18859	20399
Broad money, end of period	CMPY	18.9	22.6	19.7	19.6	21.4	21.4	23.0	23.7	25.0	26.8	24.2	20.3	23.1	18.7	19.9	23.1
BNB base rate (p.a.) <sup>end of period</sup>	%	2.6	2.6	2.6	2.9	2.5	2.4	2.6	2.6	3.9	2.5	2.5	2.4	2.4	2.5	2.4	2.4
BNB base rate (p.a.) <sup>end of period</sup> <sup>8)</sup>	real, %	-1.1	-1.4	-2.1	-1.3	-0.6	1.5	1.2	-3.3	-4.3	-4.1	-5.2	-4.7	-5.0	-5.4	-4.5	.
<b>BUDGET</b>																	
Central gov. budget balance <sup>cum.</sup>	BGN mn	758.5	851.1	732.2	-110.6	-65.1	-162.8	120.9	405.3	601.2	782.4	778.0	990.4	996.3	1185.6	1256.6	.

1) According to new calculation for industrial output and prices. Outup data based on survey for enterprises with 10 and more persons.

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

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

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

7) According to ECB methodology.

8) Deflated with annual PPI.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	2.9	2.2	-0.4	2.2	-1.5	7.2	10.4	3.0	1.0	2.8	1.2	4.9	3.0	-3.3	5.9	9.7
Industry, total <sup>1)</sup>	real, CCPY	5.0	4.7	4.2	4.0	-1.5	3.0	5.6	4.9	4.1	3.9	3.5	3.6	3.6	2.8	3.1	3.6
Industry, total <sup>1)</sup>	real, 3MMA	2.7	1.6	1.3	0.1	2.7	5.6	6.8	4.7	2.2	1.7	2.9	3.0	1.4	1.8	3.9	.
Construction, total, effect. work. time <sup>1)</sup>	real, CMPY	26.9	20.3	17.5	23.9	16.0	12.5	7.5	6.6	4.8	7.4	-2.3	-0.5	-6.8	-11.2	-1.8	.
<b>LABOUR</b>																	
Employment total	th. persons	1407.0	1399.3	1392.9	1382.0	1377.8	1374.5	1377.3	1384.1	1394.2	1404.1	1413.6	1411.7	1403.0	1394.1	1387.8	.
Employees in industry	th. persons	283.6	283.5	282.6	280.5	268.4	277.3	276.9	277.3	278.0	277.8	278.2	277.4	277.3	277.1	276.9	.
Unemployment, end of period	th. persons	307.4	312.3	317.0	318.7	325.0	326.0	325.2	317.0	305.2	295.6	293.3	293.8	299.5	307.5	312.8	317.6
Unemployment rate <sup>2)</sup>	%	18.3	18.6	18.9	19.1	19.1	19.2	19.1	18.6	18.0	17.4	17.2	17.2	17.6	18.1	18.4	18.7
Labour productivity, industry <sup>1)</sup>	CCPY	8.8	8.5	8.0	7.8	2.0	6.0	8.7	7.9	6.8	6.4	5.9	5.9	5.8	5.0	5.2	.
Unit labour costs, excl. r. adj. (EUR) <sup>1)</sup>	CCPY	-4.4	-4.2	-4.4	-4.3	-1.8	-3.9	-3.3	-2.2	-1.2	-0.5	0.0	0.4	0.6	1.0	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	HRK	5558	5711	5807	5793	5815	5714	5962	5927	5994	6084	6043	5995	5925	5915	.	.
Total economy, gross	real, CMPY	3.0	3.0	0.3	3.6	3.0	4.4	7.4	5.0	3.2	4.0	4.2	5.2	4.9	1.5	.	.
Total economy, gross	USD	829	880	893	926	954	943	975	950	969	1000	1005	990	976	978	.	.
Total economy, gross	EUR	741	752	763	755	756	747	795	790	807	825	820	814	800	784	.	.
Industry, gross	EUR	691	695	687	701	681	670	730	719	738	757	753	745	737	711	.	.
<b>PRICES</b>																	
Consumer	PM	0.2	0.0	0.2	0.3	1.0	-0.1	0.1	0.2	0.7	-0.3	-0.4	0.1	-0.2	0.4	0.5	0.7
Consumer	CMPY	2.0	1.8	1.8	1.7	2.1	1.8	1.4	1.9	2.4	2.5	1.9	2.0	1.6	2.0	2.3	2.7
Consumer	CCPY	1.8	1.8	1.8	1.8	2.1	2.0	1.8	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.1
Producer, in industry	PM	-0.4	0.2	0.3	0.0	0.3	-0.3	0.2	0.9	2.3	-0.3	0.9	1.0	0.2	0.8	-0.5	-0.7
Producer, in industry	CMPY	1.2	0.0	0.9	1.0	0.8	0.1	-0.5	1.3	4.4	3.9	4.6	5.1	5.7	6.3	5.5	4.8
Producer, in industry	CCPY	2.4	2.1	2.0	1.9	0.8	0.5	0.2	0.4	1.2	1.7	2.1	2.4	2.8	3.1	3.4	3.5
<b>RETAIL TRADE<sup>3)</sup></b>																	
Turnover	real, CMPY	1.1	0.2	-1.0	3.8	2.5	2.1	3.8	0.0	0.0	2.3	6.6	3.4	2.7	0.9	4.5	.
Turnover	real, CCPY	4.7	4.2	3.8	3.7	2.5	2.4	2.8	2.0	1.6	1.8	2.5	2.7	2.7	2.5	2.7	.
<b>FOREIGN TRADE<sup>4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	4002	4592	5032	5468	411	891	1452	2000	2538	3042	3649	4091	4727	5300	5872	.
Imports total (cif), cumulated	EUR mn	9176	10316	11425	12546	798	1733	2919	4020	5224	6483	7668	8653	9855	11013	12174	.
Trade balance, cumulated	EUR mn	-5174	-5724	-6392	-7079	-387	-842	-1467	-2020	-2686	-3441	-4019	-4562	-5128	-5713	-6302	.
Exports to EU-15 (fob) <sup>5)</sup> , cumulated	EUR mn	2248	2527	2777	2977	291	581	947	1321	1711	2003	2400	2672	3088	3463	3828	.
Imports from EU-15 (cif) <sup>5)</sup> , cumulated	EUR mn	5193	5826	6443	7139	525	1188	2059	2867	3738	4624	5447	6111	6914	7684	8491	.
Trade balance with EU-15 <sup>5)</sup> , cumulated	EUR mn	-2945	-3299	-3666	-4162	-234	-607	-1111	-1546	-2027	-2622	-3047	-3439	-3827	-4222	-4663	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>7)</sup>	EUR mn	-510	.	.	-1848	.	.	-1178	.	.	-2154	.	.	-299	.	.	.
<b>EXCHANGE RATE</b>																	
HRK/USD, monthly average	nominal	6.701	6.487	6.503	6.253	6.094	6.060	6.114	6.241	6.186	6.081	6.012	6.055	6.070	6.050	5.825	5.637
HRD/EUR, monthly average	nominal	7.498	7.592	7.610	7.670	7.690	7.650	7.501	7.506	7.427	7.378	7.372	7.369	7.410	7.545	7.554	7.548
HRK/USD, calculated with CP <sup>6)</sup>	real, Jan00=100	86.0	83.1	82.9	79.4	77.0	77.1	78.2	80.0	79.1	78.3	77.6	78.1	78.6	78.5	75.2	72.2
HRK/USD, calculated with PP <sup>6)</sup>	real, Jan00=100	87.6	85.2	84.9	81.9	80.6	80.9	82.0	84.0	82.5	81.6	80.2	80.1	80.1	80.3	77.7	75.7
HRD/EUR, calculated with CP <sup>6)</sup>	real, Jan00=100	94.0	95.3	95.4	96.2	95.4	95.3	93.8	94.1	92.8	92.5	92.7	92.8	93.7	95.3	94.9	94.2
HRD/EUR, calculated with PP <sup>6)</sup>	real, Jan00=100	93.5	94.6	94.6	95.3	95.5	95.5	94.0	93.7	91.1	90.8	90.2	89.6	90.1	91.6	92.1	92.7
<b>DOMESTIC FINANCE</b>																	
M0, end of period	HRK mn	10506	10262	10400	10573	10219	10217	10040	10455	10541	10977	11843	11385	10947	10915	.	.
M1, end of period	HRK mn	32589	32806	33295	33889	32323	31284	31623	32891	33194	34265	34622	35024	34492	33852	33601	.
Broad money, end of period	HRK mn	126911	127072	128718	128893	128918	127877	125767	127868	127461	129559	133013	136826	138743	138357	139633	.
Broad money, end of period	CMPY	12.0	10.7	12.7	11.0	10.5	9.1	5.9	8.5	7.0	7.9	6.4	7.8	9.3	8.9	8.5	.
Discount rate (p.a.), end of period	%	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Discount rate (p.a.), end of period <sup>9)</sup>	real, %	3.3	4.5	3.6	3.5	3.7	4.4	5.0	3.2	0.1	0.6	-0.1	-0.6	-1.1	-1.7	-0.9	-0.3
<b>BUDGET</b>																	
Central gov. budget balance, cum. <sup>10)</sup>	HRK mn	-4114.6	-4496.5	-2066.3	-2186.6	1.0	-1356.9	-2499.7	-3886.2	-4524.2	.	.	.	.	.	.	.

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

2) Ratio of unemployed to the economically active population.

3) Since January 2004 new sample of reporting units.

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

5) Cumulation starting January and ending December each year.

6) From January 2004 EU-25.

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

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

9) Deflated with annual PPI.

10) Pension payments and social security funds are included.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	5.2	5.2	4.8	8.9	3.8	7.1	15.3	10.1	12.7	15.1	11.0	8.7	6.6	8.1	10.9	.
Industry, total	real, CCPY	5.7	5.7	5.6	5.8	3.8	5.5	9.0	9.3	10.0	10.8	10.8	10.6	10.1	9.9	10.0	.
Industry, total	real, 3MMA	6.0	5.1	6.2	5.7	6.6	9.0	11.0	12.7	12.6	13.0	11.7	8.7	7.8	8.6	.	.
Construction, total	real, CMPY	14.5	12.0	13.9	8.6	15.0	9.7	21.4	62.4	-3.7	-3.7	0.3	9.6	3.5	2.9	9.9	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	1120	1123	1143	1137	1117	1123	1128	1127	1127	1131	1133	1131	1130	1135	1134	.
Unemployment, end of period	th. persons	529.4	522.4	521.0	542.4	569.5	570.8	559.8	535.1	520.4	517.5	532.1	536.0	530.2	517.8	517.7	541.7
Unemployment rate <sup>2)</sup>	%	10.1	9.9	9.9	10.3	10.8	10.9	10.6	10.2	9.9	9.9	9.2	9.3	9.1	8.9	8.9	9.5
Labour productivity, industry <sup>13)</sup>	CCPY	9.7	9.6	9.1	9.5	4.2	7.1	10.3	10.4	11.7	12.2	11.2	11.1	10.7	10.2	10.5	.
Unit labour costs, exch.r. adj.(EUR) <sup>13)</sup>	CCPY	-6.7	-6.8	-6.3	-6.6	-2.0	-3.3	-5.2	-5.4	-6.7	-6.9	-5.6	-4.9	-4.2	-3.8	-3.6	.
<b>WAGES, SALARIES</b>																	
Industry, gross <sup>1)</sup>	CZK	16010	16668	18803	18067	16455	15667	16893	16922	17594	17595	17697	16902	17075	17464	20428	.
Industry, gross <sup>1)</sup>	real, CMPY	8.2	5.4	5.3	6.3	3.7	6.7	7.9	4.4	2.4	4.1	3.3	5.0	3.6	1.3	5.4	.
Industry, gross <sup>1)</sup>	USD	555	609	688	686	634	603	628	624	661	675	688	650	660	692	848	.
Industry, gross <sup>1)</sup>	EUR	495	521	588	559	503	477	512	520	550	557	561	534	540	555	653	.
<b>PRICES</b>																	
Consumer	PM	-0.5	0.1	0.5	0.2	1.8	0.2	0.1	0.0	0.4	0.2	0.4	0.0	-0.8	0.5	-0.1	0.1
Consumer	CMPY	0.0	0.4	1.0	1.0	2.3	2.3	2.5	2.3	2.7	2.9	3.2	3.4	3.0	3.5	2.9	2.8
Consumer	CCPY	-0.1	-0.1	0.0	0.1	2.3	2.3	2.3	2.3	2.4	2.5	2.6	2.7	2.7	2.8	2.8	2.8
Producer, in industry	PM	0.4	0.6	0.4	0.2	0.8	0.3	0.8	0.8	0.8	1.1	0.8	0.9	0.3	1.1	0.0	-0.3
Producer, in industry	CMPY	0.0	-0.1	0.4	0.9	1.6	1.6	2.1	3.7	4.9	6.3	7.3	8.1	8.0	8.6	8.2	7.7
Producer, in industry	CCPY	-0.6	-0.5	-0.5	-0.3	1.6	1.6	1.8	2.3	2.8	3.4	3.9	4.4	4.8	5.2	5.5	5.7
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	9.6	3.6	0.6	6.2	-1.5	2.1	2.9	2.8	0.9	3.7	0.3	4.5	0.8	1.3	8.0	.
Turnover	real, CCPY	5.5	5.3	4.9	5.0	-1.5	0.4	1.3	1.7	1.5	1.9	1.6	2.0	1.9	1.8	2.4	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	31672	35830	39581	43053	3299	7120	11438	15955	20717	25386	29745	33880	38838	43749	48837	.
Imports total (fob), cumulated	EUR mn	32807	37136	41151	45245	3298	6993	11423	16314	21015	25669	30232	34434	39277	44318	49245	.
Trade balance, cumulated	EUR mn	-1136	-1305	-1569	-2192	0	127	16	-359	-298	-282	-487	-554	-439	-569	-408	.
Exports to EU-15 (fob) <sup>6)</sup> , cumulated	EUR mn	22149	25069	27703	30068	2880	6206	9966	13843	17964	21930	25666	29218	33446	37701	42082	.
Imports from EU-15 (fob) <sup>6)</sup> , cumulated	EUR mn	19549	22126	24454	26806	2237	4890	8071	11459	15045	18451	21789	24766	28290	32003	35573	.
Trade balance with EU-15 <sup>6)</sup> , cumulated	EUR mn	2600	2944	3249	3262	643	1316	1895	2384	2919	3479	3876	4452	5156	5699	6509	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>4)</sup>	EUR mn	-2925	-3529	-4108	-4937	-158	-210	-446	-1090	-1262	-1588	-2604	-3126	-3275	-3685	-3882	.
<b>EXCHANGE RATE</b>																	
CZK/USD, monthly average	nominal	28.8	27.4	27.3	26.3	25.9	26.0	26.9	27.1	26.6	26.0	25.7	26.0	25.9	25.2	24.1	22.9
CZK/EUR, monthly average	nominal	32.4	32.0	32.0	32.3	32.7	32.9	33.0	32.5	32.0	31.6	31.5	31.6	31.6	31.5	31.3	30.6
CZK/USD, calculated with CPI <sup>7)</sup>	real, Jan00=100	83.2	78.7	78.1	74.9	72.9	73.3	76.3	77.2	75.9	74.4	73.0	73.8	74.3	72.4	69.2	65.6
CZK/USD, calculated with PPI <sup>7)</sup>	real, Jan00=100	84.7	80.3	79.7	76.9	76.2	76.5	79.2	80.1	79.1	76.8	75.4	75.7	75.1	73.4	70.0	66.7
CZK/EUR, calculated with CPI <sup>7)</sup>	real, Jan00=100	91.1	90.1	89.7	90.7	90.2	90.6	91.3	90.5	88.9	87.8	87.1	87.6	88.4	87.9	87.4	85.5
CZK/EUR, calculated with PPI <sup>7)</sup>	real, Jan00=100	90.5	89.0	88.7	89.4	90.1	90.4	90.6	89.0	87.2	85.3	84.7	84.5	84.4	83.6	83.1	81.6
<b>DOMESTIC FINANCE</b>																	
M0, end of period	CZK bn	219.4	221.3	224.7	221.4	221.9	223.7	224.0	227.3	228.9	234.9	233.1	233.7	236.8	236.8	238.4	236.8
M1, end of period <sup>8)</sup>	CZK bn	864.6	865.5	887.7	902.8	885.3	888.8	893.3	901.8	936.2	945.6	933.5	965.9	965.9	953.5	975.8	962.3
M2, end of period <sup>8)</sup>	CZK bn	1695.7	1707.3	1726.0	1766.1	1753.8	1760.8	1751.6	1797.7	1814.0	1817.9	1821.3	1835.5	1841.1	1841.0	1840.5	1844.0
M2, end of period <sup>8)</sup>	CMPY	5.4	4.2	4.6	6.9	6.6	7.0	7.8	8.4	9.2	10.3	8.0	7.5	8.6	7.8	6.6	4.4
Discount rate (p.a.), end of period	%	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50
Discount rate (p.a.), end of period <sup>9)</sup>	real, %	1.0	1.1	0.6	0.1	-0.6	-0.6	-1.1	-2.6	-3.7	-4.7	-5.6	-6.1	-6.0	-6.5	-6.2	-5.8
<b>BUDGET</b>																	
Central gov. budget balance, cum.	CZK mn	-80268	-82942	-92209	-109053	7307	-2852	-7819	-38070	-45423	-49702	-48799	-50687	-40515	-59467	-66370	-93530

1) Enterprises employing 20 and more persons.

2) Ratio of job applicants to the economically active (including women on maternity leave), from July 2004 calculated with disposable number of registered unemployment.

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

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

5) Cumulation starting January and ending December each year.

6) From January 2004 EU-25.

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

8) Recalculated from January 2002 according to ECB monetary standards.

9) Deflated with annual PPI.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	8.8	10.5	6.8	13.5	7.5	11.8	11.8	9.2	7.2	14.7	4.8	6.3	6.8	5.6	10.6	.
Industry, total	real, CCPY	5.0	5.6	5.7	6.4	7.5	9.6	10.4	10.1	9.5	10.4	9.6	9.2	8.9	8.5	8.7	.
Industry, total	real, 3MMA	8.6	8.7	10.1	9.2	11.0	10.4	10.9	9.5	10.4	8.9	8.6	6.0	6.2	7.7	.	.
Construction, total	real, CMPY	2.7	7.5	5.0	8.6	18.5	16.2	12.7	7.1	-2.1	4.1	9.9	5.8	0.7	5.4	12.3	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	799.7	799.6	797.9	794.0	789.2	787.4	790.9	788.7	786.7	788.9	788.7	786.2	784.8	780.4	779.5	.
Unemployment <sup>2)</sup>	th. persons	240.3	236.8	232.9	231.9	243.4	247.9	252.2	248.4	241.5	241.6	244.8	246.6	254.6	255.1	261.7	.
Unemployment rate <sup>2)</sup>	%	5.7	5.6	5.5	5.5	5.8	6.0	6.1	6.0	5.8	5.8	5.9	5.9	6.1	6.1	6.3	.
Labour productivity, industry <sup>1)</sup>	CCPY	7.5	8.0	8.2	8.8	11.0	13.2	13.6	13.2	12.6	13.4	12.5	12.1	11.7	11.4	11.1	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	-1.4	-2.0	-2.6	-3.8	-11.5	-10.8	-7.8	-6.4	-6.2	-5.5	-3.8	-2.6	-2.0	-1.6	-0.6	.
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	HUF	130968	136647	156077	175751	146053	134212	141931	140817	141900	146559	140755	138840	139640	143259	164117	.
Total economy, gross <sup>1)</sup>	real, CMPY	3.6	2.8	3.5	2.2	1.3	1.6	4.6	1.1	-0.7	0.9	-1.3	-0.2	0.0	-1.4	-0.6	.
Total economy, gross <sup>1)</sup>	USD	575	626	704	814	696	645	687	675	674	705	691	679	689	725	869	.
Total economy, gross <sup>1)</sup>	EUR	513	535	602	664	552	510	560	563	561	579	563	558	564	580	669	.
Industry, gross <sup>1)</sup>	EUR	494	502	572	558	482	487	559	553	557	558	553	556	555	560	674	.
<b>PRICES</b>																	
Consumer	PM	0.6	0.8	0.6	0.2	2.1	1.2	0.5	0.3	0.9	0.1	0.0	-0.3	0.1	0.5	0.1	0.0
Consumer	CMPY	4.7	4.9	5.6	5.7	6.6	7.1	6.7	6.9	7.6	7.5	7.2	7.2	6.6	6.3	5.8	5.5
Consumer	CCPY	4.4	4.5	4.6	4.7	6.6	6.9	6.8	6.8	7.0	7.1	7.1	7.1	7.0	7.0	6.9	6.8
Producer, in industry	PM	-0.5	0.2	1.1	-0.1	0.9	-0.2	-0.8	0.6	0.3	0.4	0.1	0.2	0.3	0.3	-0.2	.
Producer, in industry	CMPY	3.2	3.5	5.8	6.2	5.4	4.5	3.2	4.4	5.4	3.3	2.7	2.6	3.3	3.5	2.1	.
Producer, in industry	CCPY	1.5	1.7	2.1	2.4	5.4	4.9	4.3	4.4	4.6	4.4	4.1	3.9	3.9	3.8	3.7	.
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CMPY	9.6	8.9	8.6	12.6	6.1	6.6	5.8	8.1	5.9	10.7	6.0	5.7	4.9	3.2	4.6	.
Turnover <sup>3)</sup>	real, CCPY	8.6	8.6	8.6	9.0	6.1	6.4	6.2	6.7	6.5	7.2	7.1	6.9	6.6	6.2	6.1	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	27534	31173	34802	38037	3097	6387	10178	13602	17136	21058	24704	27862	31878	35906	40125	.
Imports total (cif), cumulated	EUR mn	30740	34723	38577	42185	3179	6756	10900	15289	19251	23508	27451	31006	35362	39721	44192	.
Trade balance, cumulated	EUR mn	-3207	-3550	-3774	-4148	-82	-370	-722	-1687	-2116	-2450	-2748	-3144	-3484	-3814	-4067	.
Exports to EU-15 (fob) <sup>6)</sup> , cumulated	EUR mn	20307	23015	25690	28005	2591	5310	8388	11159	13895	16725	19627	22273	25213	28615	.	.
Imports from EU-15 (cif) <sup>6)</sup> , cumulated	EUR mn	17570	19733	21778	23599	2396	5081	8187	11465	14487	17518	20590	23200	26009	29002	.	.
Trade balance with EU-15 <sup>6)</sup> , cumulated	EUR mn	2737	3283	3912	4406	195	229	201	-306	-592	-793	-962	-927	-796	-387	.	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-4793	-5394	-5861	-6576	-426	-1028	-1695	-2764	.	-3573	.	.	-5302	.	.	.
<b>EXCHANGE RATE</b>																	
HUF/USD, monthly average	nominal	227.8	218.5	221.7	215.8	209.8	207.9	206.6	208.6	210.7	208.0	203.6	204.5	202.8	197.6	188.9	183.4
HUF/EUR, monthly average	nominal	255.5	255.5	259.4	264.8	264.6	263.0	253.4	250.3	252.9	253.2	249.9	248.9	247.7	246.8	245.3	245.9
HUF/USD, calculated with CPI <sup>7)</sup>	real, Jan00=100	78.6	74.7	75.1	72.9	69.8	68.8	68.4	69.1	69.5	68.8	67.3	67.8	67.3	65.6	62.6	60.8
HUF/USD, calculated with PPI <sup>7)</sup>	real, Jan00=100	85.6	82.4	82.4	80.7	78.7	78.6	79.3	80.6	82.3	81.1	79.6	79.9	78.9	77.8	74.5	.
HUF/EUR, calculated with CPI <sup>7)</sup>	real, Jan00=100	86.2	85.6	86.5	88.4	86.4	85.1	82.0	81.1	81.5	81.6	80.4	80.5	80.2	79.8	79.2	79.4
HUF/EUR, calculated with PPI <sup>7)</sup>	real, Jan00=100	91.5	91.4	91.9	93.9	93.2	93.0	90.9	89.7	90.8	90.5	89.5	89.4	88.8	88.8	88.4	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>8)</sup>	HUF bn	1305.9	1317.3	1399.7	1346.8	1307.1	1278.1	1255.8	1278.6	1329.1	1329.1	1322.6	1329.9	1328.6	1334.9	1365.5	1341.5
M1, end of period <sup>8)</sup>	HUF bn	3746.4	3775.6	3950.0	4027.7	3799.5	3688.6	3699.5	3771.7	3805.8	3874.4	3876.1	3935.6	3954.8	3891.4	4053.0	4170.1
Broad money, end of period <sup>8)</sup>	HUF bn	8287.0	8443.4	8577.4	8788.7	8798.5	8761.3	8720.5	8825.5	8864.7	8963.3	9036.8	9201.2	9228.8	9307.2	9492.9	9759.0
Broad money, end of period <sup>8)</sup>	CMPY	16.0	15.1	14.3	11.8	13.0	11.9	12.0	11.8	11.2	10.5	10.9	12.5	11.4	10.2	10.7	11.0
NBH base rate (p.a.),end of period	%	9.5	9.5	12.5	12.5	12.5	12.5	12.3	12.0	11.5	11.5	11.5	11.0	11.0	10.5	10.0	9.5
NBH base rate (p.a.),end of period <sup>9)</sup>	real, %	6.1	5.8	6.3	5.9	6.7	7.7	8.8	7.3	5.8	7.9	8.6	8.2	7.5	6.8	7.7	.
<b>BUDGET</b>																	
Central gov.budget balance <sub>sum.</sub>	HUF bn	-588.7	-609.3	-701.3	-733.6	-173.9	-246.7	-365.0	-426.9	-508.8	-855.8	-863.1	-926.8	-1035.8	-1034.6	-1023.0	-889.0

1) Economic organizations employing more than 5 persons.

2) According to ILO methodology, from 2002 3-month averages comprising the two previous months as well.

3) Revised according to NACE 50+52, from January 2003 NACE 52.

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

5) Cumulation starting January and ending December each year.

6) From January 2004 EU-25.

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

8) According to ECB monetary standards.

9) Deflated with annual PPI.

## P O L A N D: Selected monthly data on the economic situation 2003 to 2004

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry <sup>1)</sup>	real, CMPY	10.9	12.1	9.2	14.0	14.4	18.2	23.6	21.8	12.2	15.8	6.0	13.8	9.4	3.4	11.4	6.4
Industry <sup>1)</sup>	real, CCPY	7.7	8.2	8.3	8.8	14.4	16.3	18.9	19.7	18.1	17.7	15.9	15.7	14.9	13.5	13.3	12.7
Industry <sup>1)</sup>	real, 3MMA	9.8	10.8	11.8	12.5	15.5	18.9	21.3	19.2	16.6	11.3	11.8	9.7	8.6	8.0	7.0	.
Construction <sup>1)</sup>	real, CMPY	-3.8	-4.9	-5.0	-0.7	-16.7	-6.3	6.2	25.8	-13.4	-14.4	-14.2	2.6	0.1	4.1	4.2	7.9
<b>LABOUR</b>																	
Employees <sup>1)</sup>	th. persons	4711	4715	4701	4671	4669	4672	4667	4675	4681	4688	4688	4681	4686	4698	4689	4679
Employees in industry <sup>1)</sup>	th. persons	2405	2415	2410	2391	2396	2399	2398	2397	2396	2399	2400	2397	2399	2409	2405	2397
Unemployment, end of period	th. persons	3073.3	3058.2	3096.9	3175.7	3293.2	3294.5	3265.8	3173.8	3092.5	3071.2	3042.4	3005.7	2970.9	2938.2	2942.6	2999.6
Unemployment rate <sup>2)</sup>	%	19.4	19.3	19.5	20.0	20.6	20.6	20.5	20.0	19.6	19.5	19.3	19.1	18.9	18.7	18.7	19.1
Labour productivity, industry <sup>1)</sup>	CCPY	10.5	11.0	11.0	11.5	15.4	17.3	19.8	20.5	18.8	18.4	16.5	16.2	15.4	14.0	13.8	13.1
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	-18.3	-18.5	-18.7	-19.0	-22.4	-22.5	-22.1	-22.1	-20.9	-19.5	-17.3	-16.3	-14.9	-13.1	-12.1	-10.5
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	PLN	2353	2331	2440	2662	2326	2377	2427	2427	2354	2405	2428	2413	2440	2386	2505	2748
Total economy, gross <sup>1)</sup>	real, CMPY	1.2	1.8	2.5	3.4	2.0	4.8	5.5	2.5	1.2	0.4	-0.8	0.7	-0.7	-1.9	-1.7	-1.0
Total economy, gross <sup>1)</sup>	USD	591	594	618	703	623	618	624	613	598	635	667	662	681	690	763	888
Total economy, gross <sup>1)</sup>	EUR	527	508	527	572	494	490	509	510	498	524	543	544	557	552	588	663
Industry, gross <sup>1)</sup>	EUR	520	511	537	595	498	499	514	517	493	531	551	549	548	551	592	693
<b>PRICES</b>																	
Consumer	PM	0.5	0.6	0.3	0.2	0.4	0.1	0.3	0.8	1.0	0.9	-0.1	-0.4	0.3	0.6	0.3	0.1
Consumer	CMPY	0.9	1.3	1.6	1.7	1.6	1.6	1.7	2.2	3.4	4.4	4.6	4.6	4.4	4.5	4.5	4.4
Consumer	CCPY	0.5	0.5	0.6	0.7	1.7	1.7	1.7	1.9	2.2	2.5	2.8	3.1	3.2	3.3	3.5	3.5
Producer, in industry	PM	0.5	0.7	0.4	0.1	0.8	0.7	1.5	2.1	1.3	-0.2	0.2	0.3	-0.1	0.4	-0.4	-0.9
Producer, in industry	CMPY	2.1	2.7	3.7	3.7	4.1	4.2	4.9	7.6	9.6	9.1	8.6	8.5	7.9	7.6	6.7	5.6
Producer, in industry	CCPY	2.4	2.5	2.6	2.7	4.2	4.2	4.4	5.3	6.2	6.7	7.0	7.2	7.3	7.3	7.3	7.2
<b>RETAIL TRADE</b>																	
Turnover <sup>1)</sup>	real, CMPY	9.4	9.2	10.0	17.1	6.3	10.6	18.8	27.7	0.9	4.2	5.9	4.4	3.9	-0.8	-0.4	-1.8
Turnover <sup>1)</sup>	real, CCPY	6.6	6.2	6.8	7.9	6.3	8.5	13.6	18.4	14.0	12.4	11.4	10.1	9.4	8.8	7.9	7.1
<b>FOREIGN TRADE<sup>3,4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	34545	39271	43519	47525	3833	8011	13094	17893	22491	27578	32473	37219	42975	48714	54440	.
Imports total (cif), cumulated	EUR mn	44018	49740	54979	60305	4680	9360	15697	22540	28265	34347	40284	45886	52532	58976	65256	.
Trade balance, cumulated	EUR mn	-9473	-10469	-11461	-12780	-847	-1349	-2603	-4647	-5774	-6769	-7811	-8667	-9558	-10261	-10816	.
Exports to EU-15 (fob) <sup>5)</sup> , cumulated	EUR mn	23711	26990	29961	32681	3197	6793	10947	14878	18481	22353	25996	29549	33745	38575	43043	.
Imports from EU-15 (cif) <sup>5)</sup> , cumulated	EUR mn	26904	30433	33625	36873	3222	6533	10954	15715	19633	23580	27470	31048	35225	39725	44242	.
Trade balance with EU-15 <sup>5)</sup> , cumulated	EUR mn	-3194	-3442	-3664	-4192	-25	260	-7	-837	-1152	-1227	-1474	-1499	-1480	-1150	-1199	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-3392	-3045	-3340	-4110	-130	-144	-591	-1132	-1548	-1927	-2459	-2362	-2696	-2462	.	.
<b>EXCHANGE RATE</b>																	
PLN/USD, monthly average	nominal	3.981	3.922	3.949	3.788	3.735	3.846	3.890	3.959	3.936	3.787	3.643	3.643	3.583	3.460	3.283	3.095
PLN/EUR, monthly average	nominal	4.467	4.589	4.625	4.655	4.712	4.854	4.768	4.758	4.729	4.593	4.469	4.436	4.376	4.324	4.262	4.144
PLN/USD, calculated with CPI <sup>6)</sup>	real, Jan00=100	95.2	93.1	93.2	89.2	88.0	91.1	92.4	93.6	92.6	88.7	85.2	85.6	84.2	81.2	76.8	72.4
PLN/USD, calculated with PPI <sup>6)</sup>	real, Jan00=100	95.3	93.7	93.7	90.2	89.4	91.9	92.3	93.0	92.6	89.5	86.2	86.1	84.7	82.6	78.7	74.9
PLN/EUR, calculated with CPI <sup>6)</sup>	real, Jan00=100	104.5	106.9	107.5	108.3	109.1	112.6	110.8	110.2	108.8	104.9	102.0	101.9	100.4	98.9	97.2	94.4
PLN/EUR, calculated with PPI <sup>6)</sup>	real, Jan00=100	102.1	104.2	104.7	105.2	105.9	108.6	105.7	103.9	102.4	99.7	97.1	96.4	95.4	94.5	93.5	91.7
<b>DOMESTIC FINANCE</b>																	
M0, end of period	PLN bn	48.6	49.2	49.8	49.4	48.5	49.6	49.9	51.5	50.2	50.5	51.0	50.9	50.2	50.5	50.1	50.8
M1, end of period <sup>7)</sup>	PLN bn	151.8	151.3	156.2	158.1	152.5	156.1	161.2	160.2	164.9	168.8	163.5	168.8	168.8	181.7	175.1	175.8
M2, end of period <sup>7)</sup>	PLN bn	326.9	332.4	334.3	337.8	331.7	335.0	336.9	345.6	341.5	345.1	344.1	347.9	346.8	366.2	353.0	362.5
M2, end of period	CMPY	1.9	3.5	5.3	5.5	5.2	5.2	6.0	8.9	6.6	6.9	6.5	7.1	6.1	10.2	5.6	7.3
Discount rate (p.a.)end of period	%	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	6.5	6.5	7.0	7.0	7.0	7.0
Discount rate (p.a.)end of period <sup>8)</sup>	real, %	3.6	3.0	2.0	2.0	1.6	1.5	0.8	-1.7	-3.5	-3.1	-1.9	-1.8	-0.8	-0.6	0.3	1.3
<b>BUDGET</b>																	
Central gov.budget balance, cum.	PLN mn	-33086	-34828	-35482	-37043	-4138	-9346	-11804	-10781	-15186	-19730	-23067	-25793	-28841	-30642	-33820	-41505

1) Enterprises employing more than 9 persons.

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

5) From January 2004 EU-25.

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

7) Revised according to ECB monetary standards.

8) Deflated with annual PPI.



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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total <sup>(1)</sup>	real, CMPY	1.9	1.5	-1.4	2.6	0.8	6.9	9.5	0.5	5.2	3.2	2.0	6.5	5.8	2.4	8.3	.
Industry, total <sup>(1)</sup>	real, CCPY	3.9	3.6	3.1	3.1	0.8	3.9	5.9	4.5	4.6	4.4	4.0	4.3	4.5	4.3	4.6	.
Industry, total	real, 3MMA	0.9	0.7	0.8	0.5	3.4	5.9	5.6	5.1	3.0	3.5	3.9	4.7	4.8	5.4	.	.
<b>LABOUR</b>																	
Employees total	th. persons	4402.8	4390.0	4374.0	4333.8	4359.3	4375.8	4404.7	4405.8	4423.1	4453.6	4456.9	4452.0	4449.9	4439.0	4432.1	.
Employees in industry	th. persons	1771.1	1765.9	1758.3	1738.3	1754.8	1752.6	1754.4	1738.5	1736.6	1755.6	1757.6	1757.7	1749.8	1752.6	1746.5	.
Unemployment, end of period	th. persons	608.8	634.7	655.4	658.9	693.4	702.4	697.4	661.9	617.8	590.3	562.6	552.6	547.8	550.7	551.4	.
Unemployment rate <sup>(2)</sup>	%	6.7	7.0	7.2	7.4	7.7	7.8	7.8	7.4	6.9	6.6	6.3	6.2	6.1	6.1	6.2	.
Labour productivity, industry	CCPY	11.8	11.6	11.2	11.2	8.7	11.6	13.3	11.7	11.9	11.5	10.9	11.0	11.1	10.7	11.2	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-11.5	-11.1	-10.6	-10.6	-4.8	-5.1	-3.9	-2.6	-1.7	-0.4	0.0	0.1	0.3	0.9	1.4	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. ROL	6763.9	6873.7	7021.2	8068.9	8006.3	7484.0	8065.8	8292.8	8008.2	8035.9	8125.7	8101.0	8214.1	8392.8	8677.8	.
Total economy, gross	real, CMPY	8.0	6.6	7.5	8.4	7.8	8.7	12.5	7.0	9.3	10.8	7.8	8.4	9.3	10.2	12.5	.
Total economy, gross	USD	200	207	206	244	246	233	247	244	237	239	243	241	244	255	283	.
Total economy, gross	EUR	178	177	176	199	195	184	201	204	197	197	198	198	200	204	218	.
Industry, gross	EUR	178	172	167	184	171	177	195	199	193	192	198	198	203	196	208	.
<b>PRICES</b>																	
Consumer	PM	2.1	1.5	1.4	1.2	1.1	0.6	0.5	0.6	0.3	0.6	1.3	0.5	0.9	1.2	0.6	0.6
Consumer	CMPY	15.9	15.8	14.5	14.1	13.9	13.7	13.1	12.5	12.3	12.0	12.1	12.4	11.1	10.8	9.9	9.3
Consumer	CCPY	15.4	15.5	15.4	15.3	13.9	13.8	13.6	13.3	13.1	12.9	12.8	12.8	12.6	12.4	12.1	11.9
Producer, in industry	PM	3.1	1.6	1.7	1.1	2.4	0.9	0.9	2.8	1.3	1.1	1.7	1.7	1.3	1.6	0.2	.
Producer, in industry	CMPY	18.5	18.7	19.6	19.4	19.3	17.6	17.0	18.5	19.3	20.4	21.3	22.1	20.0	20.0	18.3	.
Producer, in industry	CCPY	19.6	19.5	19.5	19.5	19.3	18.4	17.9	18.1	18.3	18.7	19.0	19.4	19.5	19.6	19.4	.
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	6.3	7.3	6.7	11.9	21.3	13.0	16.5	11.7	10.8	13.4	8.0	11.6	10.0	8.3	.	.
Turnover	real, CCPY	4.3	4.6	4.8	5.7	21.3	17.2	16.9	15.6	14.7	14.1	13.1	12.8	12.5	12.0	.	.
<b>FOREIGN TRADE<sup>(3)(4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	11574	13003	14374	15614	1216	2711	4332	5816	7384	9020	10858	12276	13974	15712	17376	.
Imports total (cif), cumulated	EUR mn	15129	17309	19288	21201	1566	3378	5476	7468	9711	11979	14349	16367	18617	21031	23652	.
Trade balance, cumulated	EUR mn	-3555	-4306	-4914	-5588	-350	-667	-1145	-1652	-2327	-2959	-3491	-4091	-4643	-5319	-6275	.
Exports to EU-15 (fob) <sup>(5)</sup> , cumulated	EUR mn	7873	8848	9788	10571	944	2059	3212	4275	5412	6644	7997	9033	10230	11508	12720	.
Imports from EU-15 (cif) <sup>(5)</sup> , cumulated	EUR mn	8795	10014	11149	12223	940	2033	3360	4777	6264	7794	9361	10622	12065	13676	15426	.
Trade balance with EU-15 <sup>(5)</sup> , cumulated	EUR mn	-922	-1166	-1361	-1652	4	27	-148	-502	-852	-1150	-1364	-1590	-1835	-2168	-2706	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-1651	-2153	-2499	-2877	-108	-131	-269	-650	-1130	-1617	-1754	-2098	-2280	-2634	-3272	.
<b>EXCHANGE RATE</b>																	
ROL/USD, monthly average	nominal	33799	33157	34109	33013	32572	32073	32646	33923	33758	33570	33395	33613	33621	32881	30677	28910
ROL/EUR, monthly average	nominal	37924	38807	39913	40577	41094	40572	40055	40695	40559	40754	40967	40947	41078	41069	39820	38774
ROL/USD, calculated with CPI <sup>(6)</sup>	real, Jan00=100	89.1	86.1	87.1	83.2	81.6	80.3	81.8	84.9	84.6	84.0	82.3	82.4	82.0	79.6	73.8	69.2
ROL/USD, calculated with PPI <sup>(6)</sup>	real, Jan00=100	76.7	74.5	75.1	72.2	70.5	69.2	70.3	71.9	71.6	70.7	69.3	68.8	67.8	66.2	61.6	.
ROL/EUR, calculated with CPI <sup>(6)</sup>	real, Jan00=100	97.7	98.6	100.1	100.9	101.0	99.4	98.1	99.6	99.3	99.2	98.4	98.0	97.7	96.8	93.3	90.3
ROL/EUR, calculated with PPI <sup>(6)</sup>	real, Jan00=100	82.1	82.7	83.7	84.1	83.5	81.8	80.5	80.0	79.1	78.6	77.9	76.9	76.3	75.5	73.1	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period	ROL bn	58143	58009	57262	57978	55969	58313	57773	63788	65158	68904	73312	75283	76697	77764	73096	.
M1, end of period	ROL bn	101514	100231	99413	113260	102240	104107	107175	113651	118864	125928	131880	140492	142811	143111	140201	.
M2, end of period	ROL bn	414468	423766	425654	460741	452217	458468	481461	480254	490510	506603	525105	548392	567404	573948	568742	.
M2, end of period	CMPY	30.6	30.4	27.2	23.3	27.1	24.8	30.3	26.9	29.4	30.4	34.3	34.6	36.9	35.4	33.6	.
Discount rate (p.a.),end of period <sup>(7)</sup>	%	19.1	19.3	20.2	20.4	21.3	21.3	21.3	21.3	21.3	21.3	20.8	20.3	19.2	18.8	18.8	18.0
Discount rate (p.a.),end of period <sup>(7)(8)</sup>	real, %	0.5	0.5	0.5	0.8	1.6	3.1	3.6	2.3	1.6	0.7	-0.5	-1.5	-0.6	-1.0	0.4	.
<b>BUDGET</b>																	
Central gov.budget balance, cum.	ROL bn	-11346	-11129	-17655	-29003	3835	-2634	-5930	90	-6529	-14333	-7068	-9390	-7805	-6769	-12034	.

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

2) Ratio of unemployed to economically active population as of December of previous year, from 2004 as of December 2003.

3) January 1994 to December 2002 calculated from USD by wiiw.

4) Cumulation starting January and ending December each year.

5) From January 2004 EU-25.

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

7) Reference rate of RNB.

8) Deflated with annual PPI.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	8.0	7.2	7.1	7.9	7.5	8.7	6.6	6.7	5.5	9.2	4.4	6.8	3.5	3.5	6.0	4.8
Industry, total	real, CCPY	6.8	6.8	6.8	7.0	7.5	8.1	7.6	7.4	7.0	7.4	7.0	6.9	6.5	6.2	6.2	6.1
Construction, total	real, CMPY	14.7	14.6	11.6	16.6	13.3	13.8	14.2	15.8	14.9	13.3	7.5	7.1	5.9	3.4	8.8	10.6
<b>LABOUR</b>																	
Employment total <sup>1)</sup>	th. persons	67400	67300	67200	66700	66200	65600	66400	67200	68000	68200	68400	68700	68300	68200	68200	.
Unemployment, end of period <sup>2)</sup>	th. persons	6018	6005	5996	6307	6615	6923	6477	6026	5584	5528	5465	5421	5481	5559	5565	5627
Unemployment rate <sup>2)</sup>	%	8.2	8.2	8.2	8.6	9.1	9.6	8.9	8.2	7.6	7.5	7.4	7.3	7.4	7.5	7.5	7.6
<b>WAGES, SALARIES</b>																	
Total economy, gross	RUB	5556.0	5864.0	5990.0	7344.0	5932.0	6141.0	6428.0	6448.0	6524.0	7003.0	6982.0	6873.0	6918.0	6908.0	7046.0	8736.0
Total economy, gross	real, CMPY	8.6	11.6	13.5	14.3	13.5	18.0	16.8	14.6	13.4	14.5	12.6	12.4	11.7	5.6	5.3	6.5
Total economy, gross	USD	182	194	211	250	206	215	225	225	225	241	240	235	237	238	246	313
Total economy, gross	EUR	162	166	180	203	163	170	184	187	187	198	196	193	194	190	190	234
Industry, gross	EUR	200	198	219	230	190	200	215	222	220	229	230	238	230	225	224	.
<b>PRICES</b>																	
Consumer	PM	0.3	1.0	1.0	1.1	1.8	1.0	0.8	1.0	0.7	0.8	0.9	0.4	0.4	1.1	1.1	1.1
Consumer	CMPY	13.2	13.1	12.4	12.0	11.3	10.7	10.3	10.3	10.2	10.2	10.5	11.3	11.5	11.6	11.7	11.7
Consumer	CCPY	14.0	13.9	13.8	13.6	11.3	11.0	10.8	10.7	10.6	10.5	10.5	10.6	10.7	10.8	10.9	11.0
Producer, in industry	PM	1.4	1.2	0.5	0.6	4.2	3.4	1.7	2.7	2.1	2.5	1.2	1.5	2.0	1.9	1.9	0.2
Producer, in industry	CMPY	13.8	12.8	12.1	13.0	17.3	19.6	20.1	21.6	24.4	26.6	25.4	25.5	26.3	27.1	28.9	28.4
Producer, in industry	CCPY	16.6	16.2	15.8	15.6	17.3	18.4	19.0	19.7	20.6	21.6	22.2	22.6	23.0	23.5	24.0	24.4
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CMPY	7.0	7.1	7.1	8.1	16.3	4.4	7.5	14.4	12.2	14.5	9.6	12.0	12.2	11.5	13.5	.
Turnover <sup>3)</sup>	real, CCPY	8.1	8.0	7.9	7.9	16.3	10.4	9.4	10.7	11.0	11.6	11.3	11.4	11.5	11.5	11.7	.
<b>FOREIGN TRADE<sup>4)5)6)</sup></b>																	
Exports total, cumulated	EUR mn	87970	98836	108697	120193	8923	18475	29815	42016	53335	65562	78147	91893	105360	118780	132553	.
Imports total, cumulated	EUR mn	48365	54452	60265	67264	4333	9456	15697	22030	28075	34506	41244	47994	54691	61491	68477	.
Trade balance, cumulated	EUR mn	39606	44384	48432	52929	4590	9019	14118	19985	25261	31055	36904	43900	50668	57289	64076	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>7)</sup>	EUR mn	24410	.	.	31719	.	.	10083	.	.	21206	.	.	33238	.	.	46812
<b>EXCHANGE RATE</b>																	
RUB/USD, monthly average	nominal	30.599	30.165	28.389	29.434	28.839	28.515	28.529	28.686	28.989	29.030	29.082	29.219	29.220	29.070	28.591	27.904
RUB/EUR, monthly average	nominal	34.300	35.296	33.261	36.134	36.377	36.092	35.018	34.446	34.817	35.298	35.673	35.628	35.661	36.287	37.079	37.390
RUB/USD, calculated with CPI <sup>8)</sup>	real, Jan00=100	68.3	66.6	61.8	63.4	61.3	60.3	60.3	60.2	60.7	60.6	60.0	60.1	60.0	59.4	57.7	55.7
RUB/USD, calculated with PPI <sup>8)</sup>	real, Jan00=100	64.3	63.1	58.9	60.9	58.0	55.8	55.3	54.8	55.0	53.9	53.5	53.1	52.0	51.5	49.7	48.4
RUB/EUR, calculated with CPI <sup>8)</sup>	real, Jan00=100	74.7	76.2	71.2	76.7	75.8	74.7	72.2	70.7	71.2	71.6	71.7	71.5	71.4	72.1	72.8	72.6
RUB/EUR, calculated with PPI <sup>8)</sup>	real, Jan00=100	68.7	69.9	65.7	70.8	68.6	66.0	63.3	61.0	60.7	60.0	60.1	59.4	58.4	58.6	58.8	59.2
<b>DOMESTIC FINANCE</b>																	
M0, end of period	RUB bn	957.1	975.8	1002.1	1147.0	1130.6	1164.1	1165.5	1230.1	1220.5	1276.1	1315.0	1290.6	1293.7	1310.3	1332.7	.
M1, end of period	RUB bn	1871.2	1850.2	1899.0	2181.9	2126.9	2197.1	2244.6	2255.8	2286.3	2425.3	2375.9	2372.0	2416.0	2441.0	2535.0	.
M2, end of period	RUB bn	3573.0	3543.1	3617.7	3962.1	3946.1	4093.0	4190.3	4333.7	4365.7	4543.2	4547.9	4568.2	4637.1	4730.4	4867.6	.
M2, end of period	CMPY	43.2	39.6	39.0	39.4	42.1	40.4	40.2	42.0	38.0	36.0	33.7	32.5	29.8	33.5	34.6	.
Refinancing rate (p.a.) <sup>end of period</sup>	%	16.0	16.0	16.0	16.0	14.0	14.0	14.0	14.0	14.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Refinancing rate (p.a.) <sup>end of period</sup> <sup>9)</sup>	real, %	2.0	2.9	3.5	2.7	-2.8	-4.7	-5.0	-6.2	-8.4	-10.8	-9.9	-10.0	-10.5	-11.1	-12.3	-12.0
<b>BUDGET</b>																	
Central gov. budget balance, cum.	RUB bn	238.9	287.7	316.1	227.7	102.5	115.5	134.7	169.8	255.4	354.1	435.8	484.2	588.1	690.1	.	.

1) Based on labour force survey.

2) According to ILO methodology, data revised according to census 2002.

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

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

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

6) Based on balance of payments statistics.

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

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

9) Deflated with annual PPI.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	3.3	5.1	3.2	4.3	0.4	8.1	11.1	5.0	8.5	3.5	-0.7	7.3	5.0	-1.4	3.6	.
Industry, total	real, CCPY	5.8	5.7	5.4	5.3	0.4	4.2	6.6	6.2	6.7	6.1	5.1	5.4	5.4	4.6	4.5	.
Industry, total	real, 3MMA	3.3	3.9	4.2	2.7	4.2	6.6	8.1	8.3	5.6	3.8	3.3	3.8	3.3	2.3	.	.
Construction, total	real, CMPY	14.3	8.3	6.7	11.5	0.5	3.3	3.4	2.4	0.9	2.4	0.5	3.4	1.7	13.7	9.8	.
<b>LABOUR</b>																	
Employment in industry	th. persons	565.1	566.2	561.2	549.1	544.3	544.8	548.2	555.9	559.2	564.0	562.7	566.1	568.2	567.8	568.3	.
Unemployment, end of period	th. persons	407.6	407.1	420.2	452.2	469.2	466.4	452.6	431.7	410.8	399.5	392.1	381.4	379.8	370.8	371.6	383.2
Unemployment rate <sup>1)</sup>	%	13.9	13.8	14.2	15.6	16.6	16.5	16.0	15.3	14.5	13.9	13.7	13.2	13.1	12.7	12.6	13.1
Labour productivity, industry	CCPY	5.1	5.0	4.8	4.8	1.0	5.1	7.5	7.0	7.4	6.7	5.7	5.7	5.6	4.8	4.5	.
Unit labour costs, excl.r. adj.(EUR)	CCPY	5.0	5.3	5.5	5.4	10.9	7.5	6.1	6.1	4.9	5.6	7.1	7.8	8.2	8.6	9.1	.
<b>WAGES, SALARIES</b>																	
Industry, gross	SKK	15085	16069	17995	17259	15707	14806	16050	16204	16392	17597	17015	16760	16878	17155	20072	.
Industry, gross	real, CMPY	-0.4	1.2	-1.0	-1.9	1.2	1.4	4.3	1.2	-1.6	0.8	2.6	6.4	4.9	0.2	4.9	.
Industry, gross	USD	406	456	511	514	486	461	487	485	489	535	523	509	514	535	657	.
Industry, gross	EUR	363	389	437	420	385	365	397	404	408	441	426	418	421	429	507	.
<b>PRICES</b>																	
Consumer	PM	0.5	0.1	0.2	0.2	4.4	0.8	0.1	0.0	0.4	0.2	0.3	-0.1	0.0	0.0	-0.1	-0.2
Consumer	CMPY	9.5	9.6	9.8	9.3	8.3	8.5	8.2	8.0	8.3	8.1	8.5	7.2	6.7	6.6	6.3	5.9
Consumer	CCPY	8.2	8.4	8.5	8.6	8.3	8.4	8.3	8.2	8.3	8.2	8.3	8.2	8.0	7.9	7.7	7.6
Producer, in industry	PM	0.1	-0.1	0.3	0.0	1.3	1.0	0.2	-0.1	0.2	0.2	0.1	0.5	0.3	0.6	0.2	-0.2
Producer, in industry	CMPY	8.0	8.0	8.7	8.6	4.4	2.3	2.1	2.2	3.0	3.2	3.1	3.7	4.0	4.7	4.5	4.3
Producer, in industry	CCPY	8.2	8.2	8.3	8.3	4.4	3.3	2.9	2.7	2.8	2.8	2.9	3.0	3.1	3.2	3.4	3.4
<b>RETAIL TRADE<sup>2)</sup></b>																	
Turnover	real, CMPY	-5.8	-5.0	-3.3	-0.7	0.5	4.0	7.1	7.4	7.8	10.5	11.9	8.1	8.9	3.1	4.7	.
Turnover	real, CCPY	-6.2	-6.1	-5.8	-5.2	0.5	2.3	3.9	4.8	5.4	6.2	7.0	7.1	7.3	6.9	6.7	.
<b>FOREIGN TRADE<sup>3,4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	13985	15821	17641	19361	1500	3144	5005	7020	9013	10922	12677	14423	16432	18529	20529	.
Imports total (fob), cumulated	EUR mn	14340	16234	18084	19926	1476	3104	5022	7071	9084	11199	13123	15017	17110	19292	21392	.
Trade balance, cumulated	EUR mn	-355	-413	-443	-565	25	40	-17	-52	-71	-277	-446	-594	-679	-763	-863	.
Exports to EU-15 (fob) <sup>5)</sup> , cumulated	EUR mn	8473	9614	10733	11742	1262	2651	4192	5908	7602	9204	10692	12176	13914	15734	.	.
Imports from EU-15 (fob) <sup>5)</sup> , cumulated	EUR mn	7357	8336	9286	10236	1055	2258	3695	5225	6779	8353	9785	11132	12670	14266	.	.
Trade balance with EU-15 <sup>5)</sup> , cumulated	EUR mn	1117	1278	1447	1505	207	394	497	683	822	850	908	1045	1244	1468	.	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>3)</sup>	EUR mn	-176	-176	-170	-244	33	109	99	89	-166	-426	-582	-618	-689	-801	-857	.
<b>EXCHANGE RATE</b>																	
SKK/USD, monthly average	nominal	37.1	35.3	35.2	33.6	32.3	32.1	32.9	33.4	33.5	32.9	32.5	32.9	32.8	32.1	30.5	29.1
SKK/EUR, monthly average	nominal	41.5	41.3	41.1	41.1	40.7	40.6	40.4	40.1	40.2	39.9	39.9	40.1	40.1	40.0	39.6	38.9
SKK/USD, calculated with CPF <sup>6)</sup>	real, Jan00=100	77.6	73.6	73.1	69.5	64.3	63.8	65.8	67.1	67.3	66.2	65.1	66.0	66.0	64.8	61.7	58.9
SKK/USD, calculated with PPP <sup>6)</sup>	real, Jan00=100	77.9	74.5	73.9	70.8	68.0	67.3	69.4	71.4	72.4	71.2	70.5	71.3	70.7	69.7	66.2	63.1
SKK/EUR, calculated with CPF <sup>6)</sup>	real, Jan00=100	84.8	84.3	83.9	84.0	79.7	78.9	78.9	78.8	78.8	78.2	77.8	78.5	78.5	78.7	77.9	76.8
SKK/EUR, calculated with PPP <sup>6)</sup>	real, Jan00=100	83.0	82.7	82.2	82.1	80.6	79.6	79.6	79.5	79.9	79.2	79.3	79.7	79.5	79.4	78.4	77.2
<b>DOMESTIC FINANCE</b>																	
M0, end of period	SKK bn	89.1	90.2	91.7	91.8	91.7	91.7	90.8	90.9	91.9	93.2	93.8	95.4	96.3	97.6	97.8	.
M1, end of period	SKK bn	256.9	258.7	264.4	276.9	261.2	265.5	258.9	260.8	268.0	279.2	279.7	282.8	288.7	284.8	293.4	.
M2, end of period	SKK bn	725.7	732.2	740.5	750.7	739.0	744.1	724.0	731.9	723.2	744.7	749.7	755.3	761.9	763.7	773.3	.
M2, end of period	CMPY	5.2	5.4	5.4	5.2	5.2	4.3	1.9	2.8	0.6	6.1	3.8	3.5	5.0	4.3	4.4	.
Discount rate (p.a.) <sup>7)</sup> , end of period	%	6.25	6.25	6.25	6.00	6.00	6.00	5.50	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.00	4.00
Discount rate (p.a.) <sup>7,8)</sup> , end of period	real, %	-1.6	-1.6	-2.3	-2.4	1.6	3.7	3.3	2.8	2.0	1.8	1.4	0.7	0.5	-0.1	-0.5	-0.3
<b>BUDGET</b>																	
Central gov. budget balance, cum.	SKK mn	-37675	-40396	-42779	-55997	-2658	-4424	1175	5723	-2270	-12455	-18551	-24786	-29422	-30528	-34078	-70288

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

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

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

4) Cumulation starting January and ending December each year.

5) From January 2004 EU-25.

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

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

8) Deflated with annual PPI.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	3.4	3.8	4.9	6.1	3.3	0.9	7.8	-0.9	12.0	11.0	3.0	11.6	3.9	-3.0	3.8	.
Industry, total	real, CCPY	0.2	0.6	1.0	1.4	3.3	2.1	4.2	2.9	4.7	5.8	5.4	6.0	5.8	4.8	4.7	.
Industry, total	real, 3MMA	1.9	4.0	4.9	4.8	3.4	4.1	2.7	6.3	7.4	8.7	8.3	5.7	3.4	1.5	.	.
Construction, total <sup>1)</sup>	real, CMPY	1.7	-3.8	-6.2	2.7	10.6	14.6	3.1	-0.4	-10.2	-5.8	8.1	9.4	5.0	12.3	1.6	.
<b>LABOUR</b>																	
Employment total	th. persons	776.5	778.5	779.1	774.7	773.8	775.6	777.7	779.8	781.4	783.7	782.7	782.4	785.6	789.1	789.7	.
Employees in industry	th. persons	241.3	242.0	242.3	240.4	239.4	239.5	240.1	240.0	240.1	240.4	239.7	239.4	239.6	.	.	.
Unemployment, end of period	th. persons	98.2	98.9	96.2	96.0	99.0	98.1	96.7	93.9	91.5	89.2	90.3	90.3	90.7	92.5	90.9	.
Unemployment rate <sup>2)</sup>	%	11.2	11.3	11.0	11.0	11.3	11.2	11.1	10.7	10.5	10.2	10.3	10.3	10.3	10.5	10.3	.
Labour productivity, industry	CCPY	2.6	3.0	3.3	3.7	5.0	3.7	5.7	4.3	6.0	7.0	6.6	7.1	6.8	5.7	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.5	1.2	0.9	0.4	-2.1	0.0	-0.5	0.5	-1.5	-2.2	-1.9	-2.2	-2.0	-1.2	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. SIT	253.8	257.2	270.3	277.6	258.2	254.8	261.4	260.2	259.5	262.7	264.3	267.9	268.4	270.3	291.9	.
Total economy, gross	real, CMPY	2.4	2.3	1.7	1.3	0.5	1.8	3.6	1.9	0.3	1.9	1.5	2.7	2.4	1.8	4.2	.
Total economy, gross	USD	1208	1278	1340	1438	1375	1356	1349	1314	1306	1334	1352	1360	1366	1406	1580	.
Total economy, gross	EUR	1080	1092	1145	1174	1090	1073	1099	1093	1088	1100	1103	1117	1119	1127	1217	.
Industry, gross	EUR	932	951	1006	1020	940	920	965	942	939	953	955	975	973	978	.	.
<b>PRICES</b>																	
Consumer	PM	0.3	0.3	0.3	0.1	0.4	0.1	0.6	0.5	0.9	0.3	0.4	-0.5	-0.1	0.3	0.6	-0.3
Consumer	CMPY	5.0	4.8	5.1	4.6	4.0	3.6	3.5	3.5	3.8	3.9	3.8	3.7	3.3	3.6	3.2	.
Consumer	CCPY	5.8	5.7	5.6	5.5	4.0	3.8	3.7	3.6	3.7	3.7	3.7	3.7	3.6	3.6	3.6	.
Producer, in industry	PM	0.2	0.2	0.2	0.6	0.4	1.0	0.3	0.6	0.7	0.1	0.3	0.2	0.5	0.3	0.1	0.4
Producer, in industry	CMPY	2.5	2.3	2.1	2.1	2.3	3.5	3.8	4.0	4.2	4.2	4.6	4.7	5.0	5.1	5.0	4.9
Producer, in industry	CCPY	2.7	2.6	2.6	2.5	2.3	2.9	3.2	3.4	3.6	3.7	3.8	3.9	4.0	4.2	4.2	4.3
<b>RETAIL TRADE<sup>3)</sup></b>																	
Turnover	real, CMPY	7.4	5.1	-0.5	5.3	4.4	1.6	8.7	6.0	3.4	7.5	2.8	8.8	6.0	4.1	.	.
Turnover	real, CCPY	5.1	5.1	4.6	4.7	4.4	3.0	5.0	5.3	4.9	5.4	5.0	5.4	5.5	5.3	.	.
<b>FOREIGN TRADE<sup>4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	8363	9453	10430	11288	863	1830	2974	4033	5047	6125	7218	8053	9227	10397	11518	.
Imports total (cif), cumulated	EUR mn	9006	10125	11194	12242	885	1921	3176	4430	5594	6745	7897	8843	10053	11295	12561	.
Trade balance total, cumulated	EUR mn	-643	-673	-765	-954	-22	-90	-201	-398	-546	-621	-679	-789	-826	-898	-1043	.
Exports to EU-15 (fob) <sup>5)</sup> , cumulated	EUR mn	4924	5548	6112	6579	616	1278	2065	2738	3424	4132	4825	5341	6107	6875	7620	.
Imports from EU-15 (cif) <sup>5)</sup> , cumulated	EUR mn	6050	6809	7530	8229	659	1434	2375	3258	4227	5186	6142	6894	7878	8898	9936	.
Trade balance with EU-15 <sup>5)</sup> , cumulated	EUR mn	-1126	-1261	-1418	-1650	-43	-156	-309	-520	-803	-1054	-1317	-1553	-1771	-2022	-2316	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-19	47	33	-91	74	94	36	-40	-114	-94	-68	-109	-20	51	31	.
<b>EXCHANGE RATE</b>																	
SIT/USD, monthly average	nominal	210.1	201.2	201.7	193.0	187.8	187.9	193.8	198.1	198.7	196.9	195.5	197.0	196.5	192.3	184.7	179.3
SIT/EUR, monthly average	nominal	235.0	235.5	236.0	236.5	237.0	237.4	237.8	238.2	238.5	238.8	239.7	239.8	239.8	239.8	239.8	239.8
SIT/USD, calculated with CPI <sup>7)</sup>	real, Jan00=100	91.5	87.3	87.0	83.0	80.9	81.3	83.9	85.7	85.6	84.9	83.8	84.9	85.0	83.3	79.6	77.5
SIT/USD, calculated with PPI <sup>7)</sup>	real, Jan00=100	94.7	91.0	90.8	86.7	85.1	84.8	87.9	90.3	91.2	90.6	89.9	90.6	89.9	88.9	85.3	82.5
SIT/EUR, calculated with CPI <sup>7)</sup>	real, Jan00=100	100.1	100.1	100.1	100.5	100.2	100.6	100.7	100.8	100.4	100.3	100.1	100.9	101.2	101.2	100.6	100.9
SIT/EUR, calculated with PPI <sup>7)</sup>	real, Jan00=100	101.0	101.2	101.3	100.8	100.9	100.3	100.7	100.8	100.7	100.8	101.1	101.4	101.1	101.4	101.3	100.9
<b>DOMESTIC FINANCE</b>																	
M0, end of period	SIT bn	151.2	154.6	155.4	156.0	152.9	153.3	152.6	156.9	162.5	163.3	161.9	157.3	160.7	167.2	160.1	.
M1, end of period <sup>8)</sup>	SIT bn	769.0	759.4	768.8	797.2	782.3	787.4	795.8	817.1	852.9	883.8	890.7	894.0	909.1	900.3	930.0	1018.9
Broad money, end of period <sup>9)</sup>	SIT bn	3720.7	3762.3	3777.7	3778.0	3784.6	3792.6	3791.9	3827.1	3826.9	3855.3	3882.1	3873.8	3918.4	3875.7	3933.7	4036.0
Broad money, end of period <sup>9)</sup>	CMPY	9.8	10.8	6.0	4.9	6.2	5.9	6.0	6.3	5.6	4.8	4.4	4.2	5.3	3.0	4.1	6.8
Discount rate (p.a.), end of period <sup>9)</sup>	%	5.50	5.25	5.00	5.00	4.75	4.50	4.50	4.25	4.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00
Discount rate (p.a.), end of period <sup>10)</sup>	real, %	2.9	2.9	2.8	2.8	2.4	1.0	0.7	0.2	-0.2	-0.7	-1.5	-1.6	-1.9	-2.0	-1.9	-1.8
<b>BUDGET</b>																	
General gov. budget balance, cum.	SIT bn	-49.3	-46.4	-72.7	-78.5	3.5	-11.8	-6.2	4.8	-18.5	-53.5	-68.3	-77.1	-77.9	-104.5	.	.

1) Effective working hours, from 2004 construction put in place of enterprises with 20 (up to this time 10) and more persons employed.

2) Ratio of unemployed to the economically active.

3) According to NACE (52 - retail trade, 50 - repair of motor vehicles), excluding turnover tax.

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

5) Cumulation starting January and ending December each year.

6) From January 2004 EU-25.

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

8) According to ECB monetary standards..

9) Main refinancing rate.

10) Deflated with annual PPI.

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

(updated end of Jan 2005)

		2003				2004											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Industry, total	real, CCPY	15.3	15.7	15.6	15.8	16.1	18.2	18.8	17.7	16.9	15.9	14.7	14.4	14.4	13.6	13.4	12.5
Industry, total	real, 3MMA	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
<b>LABOUR</b>																	
Unemployment, end of period	th. persons	961.8	938.6	949.9	988.9	1003.6	1045.4	1061.2	1044.6	1005.8	962.5	945.0	925.6	914.0	893.6	919.7	981.8
Unemployment rate <sup>2)</sup>	%	3.5	3.4	3.5	3.6	3.7	3.8	3.9	3.8	3.7	3.5	3.4	3.4	3.3	3.3	3.4	3.6
<b>WAGES, SALARIES <sup>1)</sup></b>																	
Total economy, gross	UAH	498.3	498.3	489.5	550.9	499.7	510.1	545.1	547.9	555.0	601.5	608.0	604.2	630.8	636.2	644.3	703.8
Total economy, gross	real, CMPY	19.9	17.3	14.4	14.9	15.3	21.4	23.0	21.6	17.6	16.9	14.9	14.7	14.4	14.3	18.2	13.7
Total economy, gross	USD	93	93	92	103	94	96	102	103	104	113	114	114	119	120	121	133
Total economy, gross	EUR	83	80	78	84	74	76	84	86	87	93	93	93	97	96	94	99
Industry, gross	EUR	.	.	.	.	97	97	108	110	111	114	117	119	121	121	116	120
<b>PRICES</b>																	
Consumer	PM	0.6	1.3	1.9	1.5	1.4	0.4	0.4	0.7	0.7	0.7	0.0	-0.1	1.3	2.2	1.6	2.4
Consumer	CMPY	6.2	6.9	8.1	8.2	8.1	7.4	6.6	6.6	7.4	8.0	8.1	9.9	10.7	11.7	11.3	12.3
Consumer	CCPY	4.4	4.6	4.9	5.2	8.1	7.8	7.4	7.2	7.2	7.4	7.5	7.8	8.1	8.5	8.7	9.0
Producer, in industry	PM	0.9	0.7	1.5	1.7	1.6	2.9	2.2	3.3	2.1	1.5	0.1	1.6	1.9	1.6	2.2	1.0
Producer, in industry	CMPY	7.4	8.0	9.4	11.2	12.4	14.9	15.0	18.4	20.6	22.4	21.3	22.0	23.2	24.3	25.2	24.3
Producer, in industry	CCPY	7.2	7.3	7.5	7.8	12.4	13.7	14.1	15.2	16.3	17.3	17.9	18.4	19.0	19.5	20.1	20.4
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CCPY	18.2	18.8	18.9	21.0	19.1	21.5	24.3	22.9	22.3	21.4	21.0	20.5	19.9	20.8	20.8	20.0
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	14692	16585	18430	20408	1686	3543	5736	8209	10438	12660	14902	17136	19444	21610	23883	.
Imports total (cif), cumulated	EUR mn	14354	16311	18131	20356	1374	3059	5051	6961	8702	10695	12814	14720	16873	18999	21119	.
Trade balance, cumulated	EUR mn	338	274	299	52	312	484	685	1248	1736	1964	2088	2416	2570	2611	2764	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>6)</sup>	EUR mn	2237	.	.	2559	.	.	1335	.	.	3269	.	.	4550	.	.	.
<b>EXCHANGE RATE</b>																	
UAH/USD, monthly average	nominal	5.332	5.332	5.332	5.332	5.331	5.331	5.330	5.329	5.327	5.322	5.318	5.314	5.310	5.307	5.306	5.306
UAH/EUR, monthly average	nominal	5.968	6.238	6.239	6.541	6.725	6.735	6.526	6.405	6.383	6.456	6.524	6.469	6.480	6.621	6.885	7.103
UAH/USD, calculated with CPI <sup>7)</sup>	real, Jan00=100	83.1	81.9	80.2	78.9	78.2	78.3	78.5	78.2	78.0	77.7	77.5	77.5	76.7	75.4	74.2	72.5
UAH/USD, calculated with PPI <sup>8)</sup>	real, Jan00=100	80.0	80.0	78.5	77.5	77.3	75.6	74.4	72.9	72.4	71.5	71.6	70.5	69.1	68.9	67.4	66.7
UAH/EUR, calculated with CPI <sup>7)</sup>	real, Jan00=100	91.1	94.1	92.4	95.7	97.0	97.0	94.1	92.2	91.5	92.0	92.9	92.4	91.5	91.8	93.9	94.6
UAH/EUR, calculated with PPI <sup>8)</sup>	real, Jan00=100	85.6	89.0	87.7	90.4	91.7	89.4	85.3	81.5	79.9	79.6	80.6	79.0	77.8	78.7	80.1	81.8
<b>DOMESTIC FINANCE</b>																	
M0, end of period	UAH mn	30862	31549	31318	33119	31501	32672	33580	35836	35810	36890	39244	40563	42296	41297	40857	.
M1, end of period	UAH mn	50293	49341	49467	53129	49792	51387	54970	56750	57873	60814	62488	64884	70345	66735	65709	.
Broad money, end of period	UAH mn	86495	86856	88295	95043	92643	96050	101151	105104	109435	113961	117130	121476	130277	126224	125251	.
Broad money, end of period	CMPY	49.8	48.0	48.2	47.3	47.4	47.9	45.1	45.0	47.9	44.2	45.0	46.3	50.6	45.3	41.9	.
Refinancing rate (p.a.) <sup>end of period</sup>	%	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.5	7.5	7.5	7.5	8.0	9.0	9.0
Refinancing rate (p.a.) <sup>end of period</sup> <sup>8)</sup>	real, %	-0.4	-0.9	-2.2	-3.8	-4.8	-6.9	-7.0	-9.7	-11.3	-12.2	-11.4	-11.9	-12.8	-13.1	-12.9	-12.3
<b>BUDGET</b>																	
General gov. budget balance, cum.	UAH mn	3991.5	3636.2	4111.6	-489.9	1614.7	1814.9	1203.7	660.5	1488.6	600.7	819.9	1122.9	-1799.2	-4722.6	-6198.8	.

1) Excluding small firms.

2) Ratio of unemployed to the economically active.

3) Official registered enterprises.

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

5) Cumulation starting January and ending December each year.

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

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

8) Deflated with annual PPI.

**GUIDE TO WIIW STATISTICAL SERVICES  
ON CENTRAL AND EASTERN EUROPE, RUSSIA AND UKRAINE**

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