What are Slovak and Slovene Reservations against the Greek Bailout?

Regional Heterogeneity in the Danube Region

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HERMINE VIDOVIC
Year of surpassing USD 2,000 in per capita GDP (at 1990 PPP)

Notes: Interpolation for Ireland; extrapolation for Slovenia; Kosovo 2002 estimate based on wiw data; Czechoslovak observation for Czech and Slovak Republic; Belgian observation for Luxemburg; Soviet observation for Russia, Estonia, Latvia, Lithuania, Belarus, Ukraine and Moldova. Sources: The Maddison-Project, wiw, own estimates.

Year of construction of first railway line

Note: Kosovo 1874. Sources: Wikipedia, Wikimedia, FDV.
In the dispute about Greece we typically hear the voices of major EU member states. Recently, two small member states, Slovenia and Slovakia, expressed their dissatisfaction with the negotiations between the EU and Greece. What are their concerns?

Hanzl-Weiss: Indeed, Slovakia’s Prime Minister Robert Fico made contradictory statements about the latest Greek bailout at the beginning of this year. On the one hand, he took a fierce stance against cutting Greek debts, while on the other hand, he said that Slovakia would go along with European actions. However, this is not the first time Slovak politicians have expressed reservations against bailing out Greece. There have been controversies in the past which contributed to the collapse of the Slovak government in October 2011. The shared cross-party concern has been that “poor Slovakia should not pay for the richer countries”. While this statement reflected the facts at the beginning of 2010s, it no longer does. But let me explain this in the context of the sequence of events.

In 2010, when problems in Greece became visible and bailout was discussed, the first critical voices were heard in Slovakia. After the elections in June 2010, a new four-party right-wing coalition government came to power under Prime Minister Iveta Radičová. As directed by the government, the new Slovak parliament refused to contribute EUR 816 million to the EUR 110 billion Greek rescue loan on 12 August 2010. Showing fiscal prudence themselves, the Slovak policy-makers saw no reason to demonstrate solidarity with fiscally irresponsible partners. In addition, they referred to the fact that Slovakia was the poorest country in the eurozone. At that time Slovakia’s GDP per capita (at PPPs) stood at about 74% of the EU-average, the Greek one at 87%. However, the Slovak parliament voted in favour of the establishment of a temporary bailout fund, the European Financial Stability Facility (EFSF), with Slovakia’s contingent commitment set at EUR 4.4 billion.

By mid-2011, differences inside the Slovakian ruling coalition had intensified. Within the four-party coalition government, it was the second largest coalition partner, the liberal Freedom and Solidarity party (SaS), with its party leader Richard Sulík, which was strictly against a second Greece bailout loan and advocated a Greek loan default. He again stressed that Slovakia was the second poorest country in the eurozone – now after Estonia, which had entered the eurozone at the beginning of 2011. In order to have more time to settle these differences, Slovakia decided to vote as the last of the Eurozone countries on the expansion of the EFSF. Ultimately, Prime Minister Iveta Radičová linked the vote over the expansion of the EFSF to a no-confidence vote. However, SaS refused to back the changes to the EU bailout mechanism and Radičová’s government fell on October 11, 2011. The expansion of the EFSF was nevertheless approved on October 13 with the support of the opposition-party Smer on the condition of early elections to be held on March 10, 2012. In this election, the pro-European left-wing party, Smer (Direction), won 44.4% of the vote and were able to form a one-party government under Robert Fico, who became Prime Minister for a second time.
Thus, in 2012, the permanent bailout fund of the EU, the European Stability Mechanism (ESM), was passed by Slovakia’s parliament on June 22 without any problems. The ESM required Slovakia to pay in nearly EUR 660 million in cash in five tranches between 2012 and 2014, contributing to total financial guarantees of EUR 5.8 billion. It did not increase the budget deficit but rather extended public debt. Note that the government of Iveta Radičová had negotiated a reduction in ESM-contributions of around 17 percent.

In the meantime, Latvia and Lithuania joined the eurozone at the beginning of 2014 and 2015 respectively. Latvia is now the poorest eurozone member, with a per capita GDP of 65% of the EU-28 average. Lithuania stands at 74% and Estonia at 73%. While in Slovakia, the GDP per capita already stood at 74% of the EU-28 average in 2010 and remained almost constant over the next four years, attaining 75% in 2014. In contrast, in Greece, the GDP per capita stood at 87% in 2010, but dramatically tumbled in the next four years to 71% in 2014 – thus the relative positions of the two countries have changed. Therefore, the argument that “poor Slovakia should not pay for the richer countries” is no longer correct. The public debt to GDP ratio rose in Slovakia from 41% in 2010 to 54% in 2014 – partly due to ESM-contributions - while in Greece it climbed from 146% in 2010 to 177% in 2014. Prime Minister Fico again used the argument of the “poor Slovaks with lower salaries and pensions paying the richer ones.” It seems that the initially pro-European course of Mr Fico has changed towards a more critical one, however, this might just be some election tactics ahead of the forthcoming parliamentary elections in March 2016.

Vidovic: At a meeting of Eurozone finance ministers held in Riga in April this year to discuss Greek bailout aid, Slovenia’s representative Dusan Mramor had apparently lost patience with Greece after months of fruitless talks and suggested a contingency plan (exit of Greece from the Eurozone) if the bailout negotiations fail. This demand was supported by his counterparts from Slovakia and Lithuania, while others – the French Minister of Finance in particular - insisted that there was no other plan for Greece other than to remain in the Eurozone. The statement by the Slovenian minister prompted a sharp response from the Greek Minister of Finance Mr Varoufakis, who accused the Slovenian side of being ‘undignified’ in openly raising the question of a plan B, which he described as ‘profoundly anti-European’ (Financial Times, 25 April 2015).

At first glance, Slovenia’s position might have come as a surprise. However, already in February 2015 Mr Mramor criticised the Greek government and emphasised that Slovenia will insist on Greece repaying its debts to Slovenia as well as IFIs and pressing on with reforms. According to the minister, Slovenia’s exposure to the Greek debt is the third largest in the EU in terms of GDP (2.7%) after Portugal and Cyprus. Considering this high exposure, the call of the Slovenian Minister of Finance seems rather controversial, since a Grexit would entail high losses for Slovenia. Furthermore, Mr Mramor criticised the new Greek government claiming it had approached only ‘some big countries in a bid to reach a debt compromise, while simply bypassing Slovenia’, although Slovenia had always shown solidarity with Greece.

Overall, it can be concluded that the position of Slovenia is a clear signal to the Greek negotiators that despite the present overall consensus to keep Greece in the Eurozone, the Greek side should bear in mind that a number of vulnerable Euro countries, which have imposed painful austerity measures themselves, will not be willing to tolerate Greece’s delaying tactics indefinitely.
INTRODUCTION

The Danube Region consists of a group of economically heterogeneous countries, with prosperous countries in the West (Austria, Germany), relatively well developed countries in the centre (Hungary, the Czech Republic, Slovakia and Slovenia) and less well-to-do countries in the Southern and Eastern parts (Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Romania and Serbia). This heterogeneity is even larger when the countries are split into regions, as the differences in economic development between those regions are much more pronounced than the differences at the country level.

Overall, the Danube Region can be split into 65 regions, corresponding to the EU NUTS-2 classification. Although each of the regions in the Danube Region has its own characteristics, and could warrant individual treatment, it is reasonable to group them for the sake of comparability: a) by their population density into urban, intermediate and rural regions and b) by country groups. Table 1 illustrates the distribution of regions across these groups and also shows that the degree of urbanisation is considerably higher in the more prosperous countries of the Danube region.

<table>
<thead>
<tr>
<th>Country Group</th>
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<td>11</td>
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</tr>
<tr>
<td>RS, BA, ME</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>8</td>
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<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>25</strong></td>
<td><strong>27</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>

Sources: Eurostat, national statistics. Calculation and illustration: wiiw.

REGIONAL DIFFERENCES IN LEVELS OF ECONOMIC DEVELOPMENT

The differences in economic development across the regions in the Danube region are illustrated with three indicators: GDP per capita at PPS, the sectoral structure of employment and the unemployment rate.

2 Or equivalents for the non-EU countries.
3 Urban regions: population density higher than 200 inhabitants/km²; Intermediate regions: population density between 88 and 200 inhabitants/km²; Rural regions: population density below 88 inhabitants/km².
4 Member States Area 1 (Germany and Austria), Member States Area 2 (Hungary, the Czech Republic, Slovakia and Slovenia), Member States Area 3 (Romania, Bulgaria and Croatia), the Accession Countries (Serbia, Bosnia and Herzegovina and Montenegro).
Regarding GDP per capita (see Figure 1), the differences between the regions are extremely large. While the richest regions in the Danube Region are well above the EU-27 average, the income levels in the poorest regions are only around one quarter of the EU average. Notably, most of these regions are found in the Accession Countries; however there are also a considerable number of Bulgarian and Romanian regions which fall into this category.

At the same time, in all countries, there are equally large differences between the urban and rural regions. While urban regions generally show high levels of prosperity – even Bucharest surpassed the EU-27 average in 2010 – rural regions are much more problematic as their GDP levels and standards of living are much lower than elsewhere.

**Figure 1 / GDP per head at PPS 2012 (in % of EU-27 average), by country groups and type of region**

![Graph showing GDP per head by region type and country group](image)

Notes: Member States Area 1: Baden-Württemberg, Bavaria, AT; Member States Area 2: HU, CZ, SK, SI; Member States Area 3: BG, RO, HR; Accession Countries: RS, BA, ME.
Sources: Eurostat, national statistics. Calculation and illustration: wiiw.

Referring to the sectoral structure of employment, the most striking difference between the regions is in the share of agricultural employment (see Figure 2). Thus, while it is low in the more prosperous countries and regions, agriculture is still an important source of employment in the intermediate regions in Bulgaria, Croatia and Romania, as well as in the rural regions in Bosnia and Herzegovina, Montenegro and Serbia.

Given that a large share of agricultural employment is either subsistence farming or of otherwise low productivity, this may constitute a problem in the longer term development of these regions. Not only is the high share of agriculture accompanied by a general lack of employment opportunities in other sectors, but also by a lack of capital accumulation inhibiting the development of domestic industries and services. In addition, such regions are usually not the preferred location for foreign investors, which all adds up to a quite pessimistic picture of the development potential of these intermediate and rural regions.
Due to the large agricultural share, the employment shares of industry (see Figure 3) and services (see Figure 4) tend to be lower in the intermediate and rural regions in the countries of Member States Area 3 and the Accession Countries.

Notes: Member States Area 1: Baden-Württemberg, Bavaria, AT; Member States Area 2: HU, CZ, SK, SI; Member States Area 3: BG, RO, HR; Accession Countries: RS, BA, ME.
While in most of the regions of the Danube region the share of industry is high, even compared to EU standards, the largest differences in employment shares between countries and regions are in services employment. In Germany and Austria, services employment tends to be high (above 60% of total employment) and relatively equally distributed across the three types of regions. In the other country groups services employment is only strong in the urban regions.

Figure 4 / Share of services in total employment 2012, by country groups and type of region

Notes: Member States Area 1: Baden-Württemberg, Bavaria, AT; Member States Area 2: HU, CZ, SK, SI; Member States Area 3: BG, RO, HR; Accession Countries: RS, BA, ME.
Sources: Eurostat, national statistics. Calculation and illustration: wiiw.

Figure 5 / Unemployment rates 2012 (in % of population aged 15 and older), by country groups and type of region

Notes: Member States Area 1: Baden-Württemberg, Bavaria, AT; Member States Area 2: HU, CZ, SK, SI; Member States Area 3: BG, RO, HR; Accession Countries: RS, BA, ME.
Sources: Eurostat, national statistics. Calculation and illustration: wiiw.
The unemployment rates by country groups and regions are shown in Figure 5. Unemployment rates are by far highest in the regions of the Accession Countries. This gives an indication of the extent to which industry in those regions is unable to create jobs. The underdeveloped services sector adds to the unemployment problem. Moreover, in the Accession Countries, unemployment rates in the intermediate regions are considerably higher than in the rural regions as agriculture, especially subsistence farming, has a dampening effect on unemployment. At the same time it can be assumed that hidden unemployment is high in the rural regions. Generally, unemployment rates in urban regions are always lower than in intermediate or rural regions, showing the economic advantages cities have over less densely populated areas in this respect.

CHALLENGES AND POLICIES

The main challenge from a regional perspective is the enormous heterogeneity of regions in the Danube Region. This not only refers to the differences between the Member States Area 1 and the rest of the Danube Region, but also to the differences between, and also within, the latter countries. Economically strong regions, either capital cities or industrialised regions, are in contrast to weak agricultural regions. Without policy intervention, the gap between these regions is likely to increase in the future given the fundamental differences in the investment attractiveness and economic potential of these regions.

Thus, economic and regional policies must address two problems at the same time: a) the economic convergence of less developed countries (and their regions) towards the high income countries, and b) the reduction of disparities within the less developed countries. Yet, it is questionable whether both goals can be achieved simultaneously. It is quite likely that there is a trade-off between them. Funds for regional policies are limited, especially in times of fiscal consolidation. If funds are spent to spur economic growth, it would mean investing in those regions that have a high growth potential. Yet, these are the regions that, on a relative basis, are already more developed than other regions in the respective country. Consequently, such a strategy may lead to higher (country) growth, but at the cost of an increase in regional disparities within the country. In contrast, reducing regional disparities would require investing in the least developed (agricultural) regions which tend to have a lower growth potential so that funds spent there will likely generate less overall growth. Hence, supporting more equality between regions could come at the cost of lower country growth rates and a slower speed of economic convergence towards high-income countries.

The main European Policy with respect to the Danube Region is the EU Strategy for the Danube Region (EUSDR). In the last edition of the wiwi Monthly Report (wiwi Monthly Report 2015/04), Gábor Hunya commented on it in the following way: “The main aim of the EUSDR is to develop the Danube Region (DR) by increasing interregional cooperation and network building. […] This is a ‘soft’ programme supporting communication between people and institutions and not one financing large investment projects. It can contribute to overcoming backwardness in some people’s minds, not by any of the macroeconomic indicators.”

Despite the fact that there are no substantial funds earmarked for the EUSDR, it is not completely toothless as a number of interesting and sensible projects have been launched5. Therefore Gábor

5 See e.g. the Annual Implementation Reports of the EUSDR Priority Areas, http://www.danube-region.eu/about/key-documents, or their respective web pages http://www.danube-region.eu/about/priorities.
Hunya’s assessment that “The extreme heterogeneity in the Danube Region hinders achieving its goals” is probably a bit too pessimistic. Indeed some of the projects like ‘The Danube Region Business Forum’, which provides a networking platform for over 300 SMEs, the establishment of technology transfer centres linking academia and the private sector and other projects may have positive effects on economic development in the less developed Danube Region countries.

However, the danger is that the benefits of such projects may be geographically unevenly distributed as they may favour institutions, and especially firms, with the capability and self-confidence to participate in such networks. That is, the EUSDR may pick only the ‘champions’ in the less developed Danube Region countries while many other firms may benefit much less. Under the assumption that these ‘champions’ are located mostly in the more developed regions of the less developed Danube Region countries, the EUSDR’s positive effects on regional development are also likely to be unevenly distributed, potentially causing an increase in regional disparities within the countries. However, to be fair, the EUSDR is about country development, and given the large differences between countries, regional convergence is at best of second order importance.
Trade integration along the river Danube

JULIA GRÜBLER

INTRODUCTION

The purpose of the EU Strategy for the Danube Region (EUSDR) is to foster cooperation between regions belonging to the 13 countries along the river Danube. Despite its name, the Danube Region (DR) is seen foremost as a political construct. Yet, its geographical location along the second longest European river, and also along one of the most important intra-European trading routes throughout history, suggests that the Danube Region is also an economically strongly interlinked structure.

THE FOUR PILLARS

The Action Plan¹ for the Danube Region adopted by the European Commission in December 2010 directly addresses the issue of interregional trade in four ways: One action formulated under the pillar to ‘connect’ the Danube region is to create an energy market allowing for cross-border energy trade and integration with the EU energy market. Another action aims to protect the environment and deals with the illegal trade in wild animals. Under the pillar of building prosperity for the region, actions have been put in place to increase small and medium sized enterprises’ capacities for cooperation and trade. Finally, and most importantly, trade is directly addressed (though not explicitly mentioned as such) under the headline of improving mobility through investment in transportation infrastructure.

In addition, rather than addressing trading links as (part of) a target, they can often be found in the Action Plan as an instrument for deeper economic integration: to overcome the problems due to the regional diversity; to point out the potential of policy actions; and to highlight the regions’ common historical ties.

HISTORY AND GEOGRAPHY

The river Danube has historically provided the basis for interregional contacts and it is this historical context which forms the background for the current focus on the area of interregional cooperation. However, geography (or rather geology), has also naturally divided the region into trade-intensive subgroups. Although the river Danube has always been used as a means of transportation, navigational difficulties divided the trading route around Bratislava into East and West until the 18th century². It was

¹ The Action Plan is downloadable at the website of the EUSDR: http://www.danube-region.eu/component/edocman/action-plan-eusdr-pdf
² Currently data for Austrian trade along the Danube during the 17th and 18th century are gathered in course of the project ‘Der Donauhandel. Quellen zur österreichischen Wirtschaftsgeschichte des 17. Und 18. Jahrhunderts’: http://www.univie.ac.at/donauhandel/
not until the 1770s that the first Austrian ship reached the Black Sea (Rauscher and Serles, 2014). When these difficulties were overcome, Budapest and Belgrade developed as major centres for trade between Western and Eastern Europe. Yet, while the longest part of the Danube flows in Romania, along the borders of Serbia and Bulgaria, and although massive construction work was carried out in the 1830s, big ships could not smoothly navigate through the ‘Iron Gate’ until the operation of the largest dams along the entire Danube in the 1970s (icpdr, 2015). However, as the Action Plan points out, in 2010 the potential of the Danube River was still largely unfulfilled, with the total volume of cargo only 10% of that transported on the Rhine. Therefore, out of eleven priority areas of the Action Plan, two are dedicated to mobility and have a strong focus on infrastructure. The first deals with mobility along waterways and the second with rail, road and air mobility.3

TRADE PATTERNS 1999-2013

Due to the lack of panel data at a regional level, the Danube regions of Germany and Ukraine are excluded from the following overview. Austria is exempted from the DR as well. Therefore, the DR in this report comprises eleven countries4, while Austria and Germany (both countries as a whole and not just the Danube regions) are presented for comparison.

Figure 1 depicts the share of net exports in terms of GDP in 2013, split up into four trading partner groups: (a) DR countries (without Austria and Germany), (b) Austria and Germany, (c) EU-13, i.e. the EU-15 excluding Austria and Germany and (d) the rest of the world (RoW).

Figure 1 / Net Exports of DR countries in % of GDP in 2013

It shows that the net exporters within the Danube Region in 2013 were Slovenia and Serbia to some extent and the Czech Republic, Hungary and Slovakia to a greater extent. The latter three countries also show the highest net exports to Austria and Germany and to the EU-13. The levels are so high that even

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3 Austria and Romania are coordinating the priority area 1A „To improve mobility and intermodality of inland waterways“.
4 Countries considered as DR in this article: Member State Area 2: Czech Republic, Hungary, Slovak Republic, Slovenia; Member State Area 3: Bulgaria, Croatia, Romania; Accession and Neighbouring Countries: Bosnia and Herzegovina, Montenegro, Serbia and Moldova.
Germany, despite its extraordinary overall export performance, is a net importer with regard to the Danube Region. At the same time, Germany and Austria are the only countries in the sample showing positive net exports to the rest of the world.

Figure 2 shows the evolution of intra-DR trade patterns for each DR country for the period 1999 to 2013. The light grey bars depict each country’s share of exports to the DR with regard to its total exports worldwide (left scale). The dark blue bars represent the corresponding values for imports (shown as negative values). Together, they therefore show how important trade within the DR is for each member country. The orange line shows how the net exports to the DR (in billions of current USD, right scale) evolved during the same time. Again, only the countries that are shown in the graph are considered to be part of the DR here.

From Figure 2 one can easily see great differences between the DR countries in terms of their trade dependence on the Danube Region. Let us start the analysis with the evolution of net exports to the DR region (orange line). As was already illustrated in Figure 1, the Czech Republic, Hungary and Slovakia are the main net exporters to the region. This development started around 2004, with net exports of the Czech Republic and Hungary peaking in 2008, and those of Slovakia peaking in 2012. From the countries which joined the EU in 2004, Slovenia is thus the only one showing a slower pace of export expansion to the DR. Bulgaria and Romania, which acceded to the EU in 2007, and Croatia, which acceded in 2013, shows very different patterns. Negative net exports for Bulgaria and Croatia peaked in
2013 while Romania has been a major economy with negative net exports since 2007, the year of the country’s EU accession. The remaining DR countries belonging to the Western Balkans also display negative net exports, particularly Bosnia and Herzegovina. Moldova, as the only neighbouring country considered here, shows net imports slowly increasing over time. From looking at net exports, we can draw some first conclusions: DR countries that joined the EU in 2004 took over the role as main net exporters to the DR at the time around their accession to the EU, with peaks at the onset of the financial crisis. On the net importer side, Romania and Bosnia and Herzegovina stand out.

But how important are the existing intra-DR trade relations compared to the countries’ overall exports and imports and how has their importance evolved over time? This question highlights different countries than the previous look at net exports. The Western Balkan states show the highest intra-DR trading shares with more than 25% of exports directed to other DR countries. Import shares are somewhat lower, especially for Croatia and Serbia.

Although net exports to the DR rose significantly for the Czech Republic and Slovakia, the relative importance of these countries’ trade within the DR remained relatively constant, or even decreased. In contrast, it can be seen that the relative importance of trade with the DR grew over time for Bulgaria, Hungary, Montenegro and Romania.

Taking both aspects together, two countries deserve special notice: Namely the two countries that account for the longest part of the river Danube within the here considered Danube Region. Hungary and Romania show increasing trade integration with the DR relative to their overall imports and exports, and further, Hungary shows significant net exports while Romania shows significant net imports. As Figure 2 shows, these trends seem to have started gaining pace in the early 2000s.

CONCLUSIONS

To sum up, let us take a last look at Figure 2 considering all DR countries: The importance of trade with the DR varies considerably across the region. The Western Balkan states seem to be relatively more trade integrated with the Danube region, while the New Member states of the EU have taken the roles of major net exporters to the region. The early 2000s, around the time of the EU enlargement, coincide with major changes in trade patterns within the DR while the financial crisis has also left visible traces. However, no spectacular changes in the development of trade integration with the DR have followed the conclusion of the EUSDR in 2010 yet.

REFERENCES


Labour market and migration in the Danube Region

KEY FACTS

There are large differences in the labour markets across the Danube region: best performers such as Austria and the two German federal states Baden-Württemberg and Bavaria stand in contrast to countries on the European periphery with poor labour market performances.

In the less developed sub-regions of the Danube region:

- activity rates are lower than in the prospering ones;
- agriculture – mostly low-productivity subsistence farming – is still important, while the services sector, generally considered as the generator of future employment, is underdeveloped in many of these countries;
- unemployment rates in general, and youth unemployment rates in particular, are very high by European standards, especially in the Accession Countries, and informal sector employment there is quite high and widespread;
- labour emigration is traditionally high and remittances are an important source of income, while Austria and particularly Germany are among the migrants’ most favoured destination countries in the EU.

LABOUR MARKET

Labour markets in the Danube Region are different from those in the EU-15, EU-27 and OECD countries and there are also important regional variations within the Danube Region. The gap is especially wide between the most developed Member States Area 1 and the least developed countries in the Accession and Neighbouring Countries as well as, to some extent, in the Member States Area 3.

Given the poor economic growth prospects, particularly in the Accession countries and their Neighbouring Countries, gaps between the Danube Region countries with respect to activity and

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1 An earlier version of this article was published as Policy Paper ZEW, IAW und wiw (2015), Labour Market and Migration in the Danube Region, Ministry of Finance and Economics Baden-Württemberg on behalf of the European Commission, Mannheim, Tübingen, Wien.

2 The Danube Region is divided into the following sub-regions: Member States Area 1 (Baden-Württemberg, Bavaria, Austria), Member States Area 2 (Czech Republic, Hungary, Slovak Republic, Slovenia), Member States Area 3 (Bulgaria, Croatia, Romania), Accession Countries (Bosnia and Herzegovina, Montenegro, Serbia) and Neighbouring Countries (Moldova, Ukraine).
unemployment rates are likely to persist and consequently poverty will be on the rise in the less developed regions. Thus, the outflow of (young and highly educated) workers to the more prosperous countries will continue.

Labour market participation rates in the Danube Region (Figure 1) have been traditionally lower (at about 67%) than in the EU-27 and EU-15 or OECD countries (above 70%); the same applies to employment rates. These gaps have remained almost unchanged during the past couple of years.

Figure 1 / Activity rates by selected groups of countries (labour force in % of working-age population 15-64 years)

With regard to educational attainment levels, the employment rate among highly educated persons (with completed tertiary education) is about 7-8 percentage points lower in the Danube Region than in the EU-15 and the EU-27. Hence, compared with the EU economies, the medium-educated skill groups are strongly represented in the Danube Region. With the exception of the Member States Area 1, the share of the medium-educated in total employment exceeds the 60% mark, and even 70%, in the Member states Area 2.

Non-standard forms of employment (e.g. part-time working and self-employment) show divergent development patterns between the Danube region on the one hand, and EU and OECD countries on the other hand, as well as between the Danube Region sub-regions. In the latter, part-time employment is most pronounced in the Member States Area 1, accounting for close to 27% of total employment, while it only accounts for 6% in the Member States Area 2.

Self-employment has been highest in the OECD countries, averaging about 16% of total employment over the past decade. In the Danube region, self-employment was on average slightly below the level reported for the EU-27 and EU-15 averages (15%). However, again, there are significant differences within the Danube Region: self-employment is exceptionally high, though slightly declining, in the Accession Countries (22% of total employment) and somewhat lower in the Member States Area 3 and in the Neighbouring Countries (18% each). In these three groups of countries, agriculture – mostly subsistence farming – is an important economic activity for the self-employed. Self-employment is often considered as a measure for informal sector employment.
Unemployment in the Danube Region has followed a similar path as the OECD countries and has been lower than both the EU-15 and EU-27 average (Figure 2a). Large differences become evident when looking at the sub-regions of the Danube Region: as shown in Figure 2b, the incidence of unemployment has been traditionally much more severe in the Accession Countries than in the Danube Region on average and unemployment varies greatly when compared with the best performing sub-region, the Member States Area 1. The gap in unemployment between these two sub-regions widened significantly from 12 percentage points in 2008 to 21 percentage points in 2012, although it narrowed slightly in 2013. In the Member States Area 2 and Member States Area 3, unemployment only slightly exceeds the EU average, while Neighbouring Countries face unemployment rates below the Danube Region and EU averages. The latter is mainly thanks to delayed restructuring, ageing of the population and enhanced outward migration.

**Figure 2a / Unemployment rates by selected groups of countries, in %**

![Graph showing unemployment rates by selected groups of countries](image)

Source: Eurostat, OECD, national statistics and wiwiw calculations.

**Figure 2b / Unemployment rates by sub-regions of the Danube Region, in %**

![Graph showing unemployment rates by sub-regions of the Danube Region](image)

Source: Eurostat, OECD, national statistics and wiwiw calculations.
With the exception of the Member States Area 1, youth unemployment in the Danube region is more than twice as high as total unemployment and even three times as high in the Member States Area 3. Accession Countries exhibit both the highest rates of total and of youth unemployment (the latter exceeding the 50% mark), and being mostly of a long-term nature.

**MIGRATION AND REMITTANCES**

International migration has a long tradition in the Danube Region. In the Accession Countries (then part of the former Yugoslavia), guest worker emigration started in the 1960s in order to alleviate labour market imbalances in the recipient countries. Further, in the past decades, the break-up of Yugoslavia and the subsequent war led to large migration flows from the region. Bosnia and Herzegovina is the main sending country from this area; half of its migrants have chosen EU countries as their destinations, in particular Germany, Austria and Slovenia.\(^3\) Migration from the Neighbouring Countries, which – at least until the outbreak of the Ukraine military conflict – was mainly driven by economic and job-related reasons, is directed both to the CIS (majority) and to the EU countries. According to Eurostat, in 2014 an estimated 860,000 migrants from Ukraine (mostly in Poland, Italy and Germany) and about 210,000 from Moldova (mostly in Italy, Romania, and Spain) lived in the EU. The inflow to the EU rose significantly from 2003 onwards but dropped significantly during the crisis. In the Member States Area 3 (particularly in Bulgaria and Romania), emigration started after 1989 and intensified in the wake of EU accession due to economic reasons, adding substantially to declining demographics. At the end of 2013, some 2.4 million Romanian and 425,000 Bulgarian citizens resided in the EU. It is expected that their number will further increase following the recent full liberalisation of access to the labour markets in Germany and Austria for citizens from those two countries.\(^4\) Migration also plays an important role in the Member States Area 2, particularly in the Slovak Republic and in Hungary. Migration from Hungary grew rapidly in the past couple of years, with close to 300,000 of its citizens residing in other EU countries by the end of 2013. In most of the sending countries migration helped to cushion the problem of unemployment and generate remittances that can be spent in the local economy.

Remittances are an important source of income in a number of countries of the Danube Region. This is particularly true for the Accession and Neighbouring Countries. Here, in 2013 the share of remittances in the GDP was particularly high, reaching 11% in Bosnia and Herzegovina and 25% in Moldova (see Figure 3). Remittances coupled with increased migration have shown a rising trend in these countries up to the crisis, generating welfare gains for the sending country and/or for the migrants themselves. In most countries the share of remittances in GDP fell in the aftermath of the crisis, most dramatically in Moldova and Bosnia and Herzegovina. It has recovered somewhat since but is still far from the pre-crisis levels. In contrast, the share of remittances in GDP in Hungary, Croatia, Serbia, Montenegro and Ukraine in 2013 exceeded the 2007 levels.

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\(^3\) See Havlik et al. (2012), European Neighbourhood – Challenges and Opportunities for EU Competitiveness, wiw Research Report No. 382, p. 112.

\(^4\) Germany and Austria lifted the restrictions on their labour markets for citizens from Romania and Bulgaria as of 1 January 2014; migration from Romania and Bulgaria is mainly directed towards Italy, Spain and Germany.
RECOMMENDATIONS

Given the diverging levels of development of the Danube Region countries, tailor-made labour market strategies are needed, with labour policies that may vary considerably from one country to another. It would be essential to:

- support the setting up of dual training systems in some of the less developed Danube Region countries considering their high and unprecedented levels of youth unemployment. Therefore, political support for this measure will be essential as well as the support by representatives of the social partners. In this respect the support of social partners from Austria and Germany would be helpful for developing institutional settings and the legislative basis for the involvement of social partners not only in decisions on vocational education and training in less developed Danube region countries, but also in establishing efficient public employment services to ensure successful work placements.

- enhance/institutionalise cooperation between the worst and best performing countries with respect to labour market initiatives, e.g. through the exchange of best practices and training of people in administration.

- ease labour market restrictions gradually - e.g. labour markets in the Accession Countries are still subject to quotas - and create conditions conducive to return migration.

The editors recommend for further reading

**General**


Arellano, Atkeson, and Wright on public and external crises in USA, Euro Area, and Canada: [http://conference.nber.org/confer/2015/Macro15/Arellano_Atkeson_Wright.pdf](http://conference.nber.org/confer/2015/Macro15/Arellano_Atkeson_Wright.pdf)

CEPR Council of Experts on dealing with the Euro Area debts: [http://www.voxeu.org/sites/default/files/Monitoring%20the%20Eurozone.pdf](http://www.voxeu.org/sites/default/files/Monitoring%20the%20Eurozone.pdf)


Gennaioli, Ma, and Shleifer on expectations and investment: [http://conference.nber.org/confer/2015/Macro15/Gennaioli_Ma_Shleifer.pdf](http://conference.nber.org/confer/2015/Macro15/Gennaioli_Ma_Shleifer.pdf)

Dani Rodrik on models of trade: [http://rodrik.typepad.com/dani_rodriks_weblog/2015/05/the-war-of-trade-models.html](http://rodrik.typepad.com/dani_rodriks_weblog/2015/05/the-war-of-trade-models.html)

**Greece**


**Ukraine**


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* Recommendation is not necessarily endorsement. The editors are grateful to Vladimir Gligorov for his valuable contribution to this section.
The annex now covers **20 countries** of the CESEE region. The new graphical form of presenting statistical data is intended to facilitate the **analysis of short-term macroeconomic developments**. The set of indicators captures tendencies in the real sector, pictures the situation in the labour market and inflation, reflects fiscal and monetary policy changes, and depicts external sector development.

Baseline data and a variety of other monthly and quarterly statistics, **country-specific** definitions of indicators and **methodological information** on particular time series are **available in the wiiw Monthly Database** under: [http://data.wiiw.ac.at/monthly-database.html](http://data.wiiw.ac.at/monthly-database.html). Users regularly interested in a certain set of indicators may create a personalised query which can then be quickly downloaded for updates each month.

### Conventional signs and abbreviations used

<table>
<thead>
<tr>
<th>Sign</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>per cent</td>
</tr>
<tr>
<td>LFS</td>
<td>Labour Force Survey</td>
</tr>
<tr>
<td>HICP</td>
<td>Harmonized Index of Consumer Prices (for new EU Member States)</td>
</tr>
<tr>
<td>PPI</td>
<td>Producer Price Index</td>
</tr>
<tr>
<td>M1</td>
<td>Currency outside banks + demand deposits / narrow money (ECB definition)</td>
</tr>
<tr>
<td>M2</td>
<td>M1 + quasi-money / intermediate money (ECB definition)</td>
</tr>
<tr>
<td>p.a.</td>
<td>per annum</td>
</tr>
<tr>
<td>mn</td>
<td>million ($10^6$)</td>
</tr>
<tr>
<td>bn</td>
<td>billion ($10^9$)</td>
</tr>
</tbody>
</table>

The following national currencies are used:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Abbreviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albanian lek</td>
<td>ALL</td>
</tr>
<tr>
<td>Hungarian forint</td>
<td>HUF</td>
</tr>
<tr>
<td>Serbian dinar</td>
<td>RSD</td>
</tr>
<tr>
<td>Bosnian convertible mark</td>
<td>BAM</td>
</tr>
<tr>
<td>Kazakh tenge</td>
<td>KZT</td>
</tr>
<tr>
<td>Russian rouble</td>
<td>RUB</td>
</tr>
<tr>
<td>Bulgarian lev</td>
<td>BGN</td>
</tr>
<tr>
<td>Macedonian denar</td>
<td>MKD</td>
</tr>
<tr>
<td>Turkish lira</td>
<td>TRY</td>
</tr>
<tr>
<td>Czech koruna</td>
<td>CZK</td>
</tr>
<tr>
<td>Polish zloty</td>
<td>PLN</td>
</tr>
<tr>
<td>Ukrainian hryvnia</td>
<td>UAH</td>
</tr>
<tr>
<td>Croatian kuna</td>
<td>HRK</td>
</tr>
<tr>
<td>Romanian leu</td>
<td>RON</td>
</tr>
<tr>
<td>Euro</td>
<td>EUR</td>
</tr>
</tbody>
</table>

**EUR** euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Latvia (from January 2014, euro-fixed before), Lithuania (from January 2015, euro-fixed before), Slovakia (from January 2009, euro-fixed before) and Slovenia (from January 2007, euro-fixed before).

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

Access: New online database access! (see overleaf)
New online database access

The wiiw databases are now accessible via a simple web interface, with only one password needed to access all databases (and all wiiw publications). We have also relaunched our website with a number of improvements, making our services more easily available to you.

You may access the databases here: [http://data.wiiw.ac.at](http://data.wiiw.ac.at).

If you have not yet registered, you can do so here: [http://wiiw.ac.at/register.html](http://wiiw.ac.at/register.html).

New service package available

Starting in January 2014, we offer an additional service package that allows you to access all databases – a Premium Membership, at a price of € 2,300 (instead of € 2,000 as for the Basic Membership). Your usual package will, of course, remain available as well.

For more information on database access for Members and on Membership conditions, please contact Ms. Gabriele Stanek ([stanek@wiiw.ac.at](mailto:stanek@wiiw.ac.at)), phone: (+43-1) 533 66 10-10.
Albania

Real sector development
Cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (reg.)

Unit labour costs in industry
Annual growth rate in %
- Wages nominal, gross
- Productivity*
- Exchange rate
- Unit labour costs

Inflation and unemployment

Fiscal and monetary policy

External sector development
Annual growth rate in %
- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/ALL, PPI deflated

External finance
EUR bn
- Gross reserves of NB excl. gold
- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Bosnia and Herzegovina

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics. Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Bulgaria

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Croatia

Real sector development
cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry
annual growth rate in %
- Wages nominal, gross
- Productivity*
- Exchange rate
- Unit labour costs

Inflation and unemployment
annual growth
Left scale:
- Consumer prices (HICP)
- Producer prices in industry
- Real exchange rate EUR/HRK, PPI deflated
Right scale:
- Unemployment rate (LFS)

Fiscal and monetary policy
Left scale:
- General gov. budget balance, cumulated
- Broad money, annual growth rate
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, defl. with annual PPI
Right scale:

External sector development
annual growth rate in %
- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/HRK, PPI deflated

External finance
EUR bn
Left scale:
- Gross reserves of NB excl. gold
- Gross external debt
Right scale:
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiwi Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiwi.ac.at/monthly-database.html
Czech Republic

Real sector development

cumulated annual growth rate in %

-15 -10 -5 0 5 10 15
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15

Industry
Construction
Employed persons (LFS)

Unit labour costs in industry

annual growth rate in %

-15 -10 -5 0 5 10 15
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15

Wages nominal, gross
Productivity *
Exchange rate
Unit labour costs

Inflation and unemployment

in %

-3 -2 -1 0 1 2 3 4
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15

Consumer prices (HICP)
Producer prices in industry
Unemployment rate (LFS)

Fiscal and monetary policy

Left scale:
General gov. budget balance, cumulated
Right scale:
Broad money, annual growth rate
Central bank policy rate (p.a.)
Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development

annual growth rate in %

-8 -6 -4 -2 0 2 4 6
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15

Exports total, 3-month moving average
Imports total, 3-month moving average
Real exchange rate EUR/CZK, PPI deflated

External finance

EUR bn

Gross reserves of NB excl. gold
Gross external debt
Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiw.ac.at/monthly-database.html
Estonia

Real sector development

Cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry

Annual growth rate in %
- Wages nominal, gross
- Productivity*
- Unit labour costs

Inflation and unemployment

In %
- Consumer prices (HICP)
- Producer prices in industry
- Unemployment rate (LFS)

Fiscal and monetary policy

Left scale:
- General gov. budget balance, cumulated
- Central bank policy rate (p.a.)

Right scale:
- Broad money, annual growth rate
- Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development

Annual growth rate in %
- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/EUR, PPI deflated

External finance

EUR bn
- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiwi Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
 Hungarian

**Real sector development**
cumulated annual growth rate in %

- Industry
- Construction
- Employed persons (LFS)

**Unit labour costs in industry**
annual growth rate in %

- Wages nominal, gross
- Productivity*
- Exchange rate
- Unit labour costs

**Inflation and unemployment**
in %

- Left scale: Consumer prices (HICP)
- Producer prices in industry
- Unemployment rate (LFS)

**Fiscal and monetary policy**

- Left scale: General gov. budget balance, cumulated
- Right scale: Broad money, annual growth rate
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a., real, defl. with annual PPI)

**External sector development**
annual growth rate in %

- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/HUF, PPI deflated

**External finance**
EUR bn

- Left scale:
- Gross reserves of NB excl. gold
- Gross external debt
- Right scale:
- Current account

---

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiw.ac.at/monthly-database.html
Kazakhstan

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics. Baseline data, country-specific definitions and methodological breaks in time series are available under:

http://data.wiiw.ac.at/monthly-database.html
Latvia

Real sector development

Cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry

Annual growth rate in %
- Wages nominal, gross
- Productivity*
- Exchange rate
- Unit labour costs

Inflation and unemployment

In %
- Left scale: Consumer prices (HICP)
- Producer prices in industry
- Unemployment rate (LFS)

Fiscal and monetary policy

Left scale:
- General govt. budget balance, cumulated

Right scale:
- Broad money, annual growth rate
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development

Annual growth rate in %
- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/EUR-LVL, PPI deflated

External finance

EUR bn
- Gross reserves of NB excl. gold
- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Lithuania

Real sector development

Cumulated annual growth rate in %

- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry

Annual growth rate in %

- Wages nominal, gross
- Productivity*
- Exchange rate
- Unit labour costs

Inflation and unemployment

Annual growth in %

- Consumer prices (HICP)
- Producer prices in industry
- Exchange rate
- Unemployment rate (LFS)

Fiscal and monetary policy

Left scale:
- General gov. budget balance, cumulated
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, defl. with annual PPI

Right scale:
- Broad money, annual growth rate
- Current account

External sector development

Annual growth rate in %

- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/EUR-LTL, PPI deflated

External finance

EUR bn

- Gross reserves of NB excl. gold
- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Macedonia

Real sector development

Cumulated annual growth rate in %

Left scale:
- Industry
- Employed persons (LFS)
- Construction

Right scale:
- Unit labour costs

Inflation and unemployment

Annual growth rate in %

Left scale:
- Consumer prices
- Producer prices in industry
- Unemployment rate (LFS)

Fiscal and monetary policy

Left scale:
- General gov. budget balance, cumulated
- Broad money, annual growth rate
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, deflated with annual PPI

External sector development

Annual growth rate in %

Exports total, 3-month moving average
Imports total, 3-month moving average
Real exchange rate EUR/MKD, PPI deflated

External finance

EUR bn

Gross reserves of NB excl. gold
Gross external debt
Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiwiw Monthly Database incorporating Eurostat and national statistics. Baseline data, country-specific definitions and methodological breaks in time series are available under: http://data.wiwi.ac.at/monthly-database.html
Montenegro

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
**Poland**

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.*

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Romania

Real sector development

cumulated annual growth rate in %

Industry
Construction
Employed persons (LFS)

Unit labour costs in industry

annual growth rate in %

Wages nominal, gross
Productivity
Exchange rate
Unit labour costs

Inflation and unemployment

in %

Left scale:
Consumer prices (HICP)
Producer prices in industry
Right scale:
Unemployment rate (LFS)

Fiscal and monetary policy

Left scale:
General gov. budget balance, cumulated
Right scale:
Broad money, annual growth rate
Central bank policy rate (p.a.)
Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development

annual growth rate in %

Exports total, 3-month moving average
Imports total, 3-month moving average
Real exchange rate EUR/RON, PPI deflated

External finance

annual EUR bn

Left scale:
Gross reserves of NB excl. gold
Gross external debt
Right scale:
Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Russia

Real sector development

- Cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (LFS)

Inflation and unemployment

- Annual growth of consumer prices
- Producer prices in industry
- Unemployment rate (LFS)

Fiscal and monetary policy

- General govt. budget balance, cumulated
- M2, annual growth rate
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development

- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/RUB, PPI deflated

External finance

- EUR bn
- Gross reserves of NB excl. gold
- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Serbia

Real sector development
cumulated annual growth rate in %

Industry | Employed persons (LFS)

Mar-13 | Sep-13 | Mar-14 | Sep-14 | Mar-15
10 | 8 | 6 | 4 | 2

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html

Unit labour costs in industry
annual growth rate in %

Wages nominal, gross | Productivity*
Exchange rate | Unit labour costs

Fiscal and monetary policy

Left scale:
General gov. budget balance, cumulated
M2, annual growth rate

Right scale:
Central bank policy rate (p.a.), real, defl. with annual PPI

Inflation and unemployment
in %

Left scale:
Consumer prices | Producer prices in industry

Right scale:
Unemployment rate (LFS)

Mar-13 | Sep-13 | Mar-14 | Sep-14 | Mar-15
12 | 10 | 8 | 6 | 4

External sector development
annual growth rate in %

Exports total, 3-month moving average | Imports total, 3-month moving average
Real exchange rate EUR/RSD, PPI deflated

Mar-13 | Sep-13 | Mar-14 | Sep-14 | Mar-15
30 | 20 | 10 | 0 | -10

External finance
EUR bn

Gross reserves of NB excl. gold | Gross external debt
Current account

Mar-13 | Sep-13 | Mar-14 | Sep-14 | Mar-15
30 | 25 | 20 | 15 | 10

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Slovakia

Real sector development
Cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry
Annual growth rate in %
- Wages nominal, gross
- Productivity*
- Unit labour costs

Inflation and unemployment
Annual growth
- Left scale:
  - Consumer prices (HICP)
  - Producer prices in industry
- Right scale:
  - Unemployment rate (LFS)

Fiscal and monetary policy
- Left scale:
  - General gov. budget balance, cumulated
- Right scale:
  - Broad money, annual growth rate
  - Central bank policy rate (p.a.)
  - Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development
Annual growth rate in %
- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/EUR, PPI deflated

External finance
EUR bn
- Left scale:
  - Gross external debt
- Right scale:
  - Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Slovenia

Real sector development
Cumulated annual growth rate in %

- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry
Annual growth rate in %

- Wages nominal, gross
- Productivity*
- Unit labour costs

Inflation and unemployment
Annual growth in %

- Consumer prices (HICP)
- Producer prices in industry
- Unemployment rate (LFS)

Fiscal and monetary policy

- General gov. budget balance, cumulated
- Broad money, annual growth rate
- Central bank, policy rate (p.a., real, defl. with annual PPI)

External sector development
Annual growth rate in %

- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/EUR, PPI deflated

External finance

- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiwi Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Turkey

Real sector development
Cumulated annual growth rate in %
- Industry
- Construction
- Employed persons (LFS)

Unit labour costs in industry
Annual growth rate in %
- Wages nominal, gross
- Productivity
- Exchange rate
- Unit labour costs

Inflation and unemployment
Annual growth in %
- Consumer prices (HICP)
- Producer prices in industry
- Unemployment rate (LFS)

Fiscal and monetary policy
- Broad money, annual growth rate
- Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development
Annual growth rate in %
- Exports total, 3-month moving average
- Imports total, 3-month moving average
- Real exchange rate EUR/TRY, PPI deflated

External finance
EUR bn
- Gross reserves of NB excl. gold
- Gross external debt
- Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
http://data.wiiw.ac.at/monthly-database.html
Ukraine

Real sector development
cumulated annual growth rate in %
-40 -35 -30 -25 -20 -15 -10 -5 0 5 10
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15
Industry Construction Employed persons (LFS)

Unit labour costs in industry
annual growth rate in %
-160 -140 -120 -100 -80 -60 -40 -20 0 20
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15
Wages nominal, gross Productivity*
Exchange rate Unit labour costs

Inflation and unemployment
in %
annual growth %
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15
Consumer prices Producer prices in industry Unemployment rate (LFS)

Fiscal and monetary policy
% EUR mn
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15
General gov. budget balance, cumulated
Broad money, annual growth rate
Central bank policy rate (p.a.), real, defl. with annual PPI

External sector development
annual growth rate in %
5 0 -5 -10 -15 -20
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15
Exports total, 3-month moving average Imports total, 3-month moving average
Real exchange rate EUR/UAH, PPI deflated

External finance
EUR bn
Mar-13 Sep-13 Mar-14 Sep-14 Mar-15
Gross reserves of NB excl. gold Gross external debt Current account

*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
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