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EUROSYSTEM

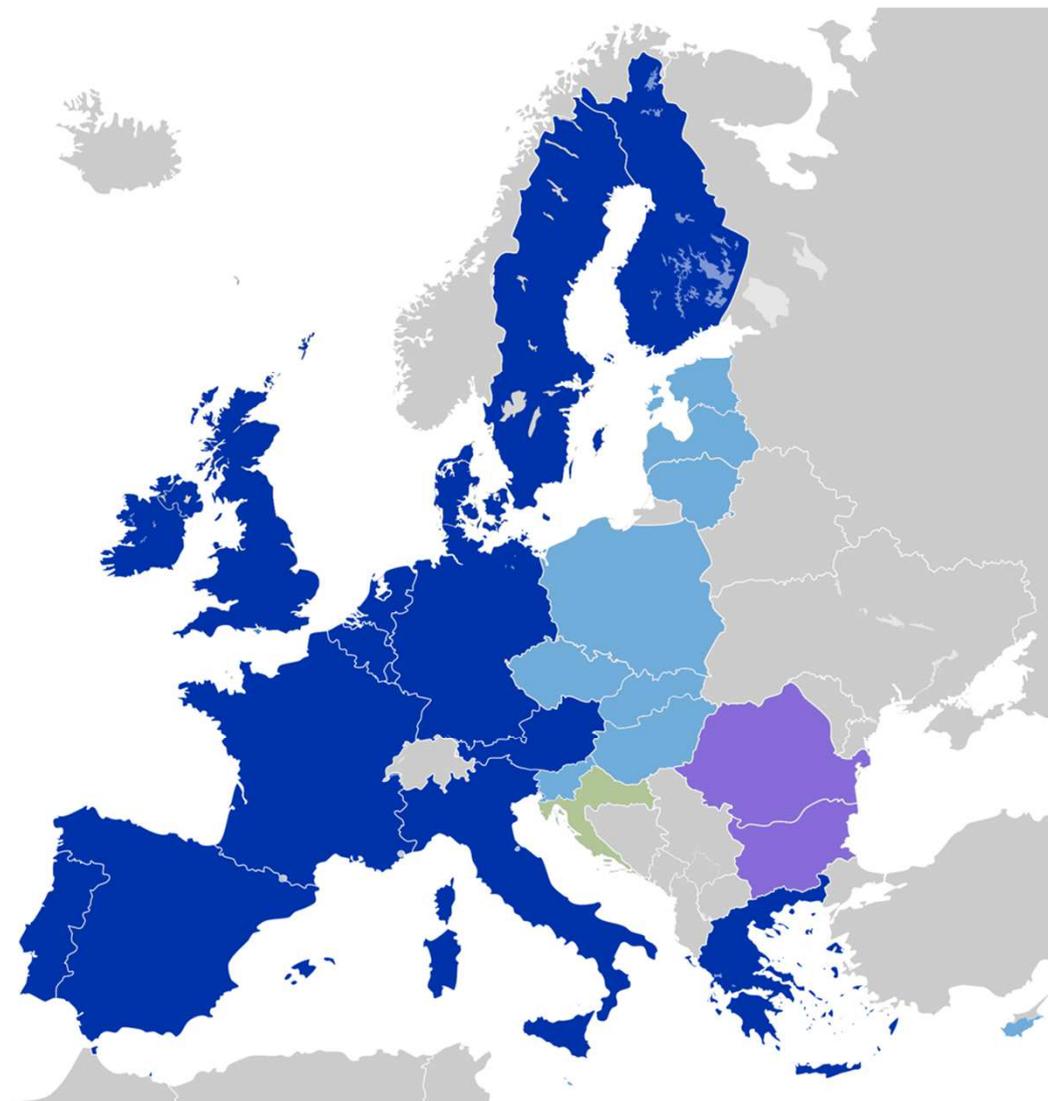
Ten Years after the 2004 EU Enlargement: Achievements and Next Steps

Governor Ewald Nowotny
Oesterreichische Nationalbank

Vienna, April 24, 2014

www.oenb.at

Enlargement of the European Union

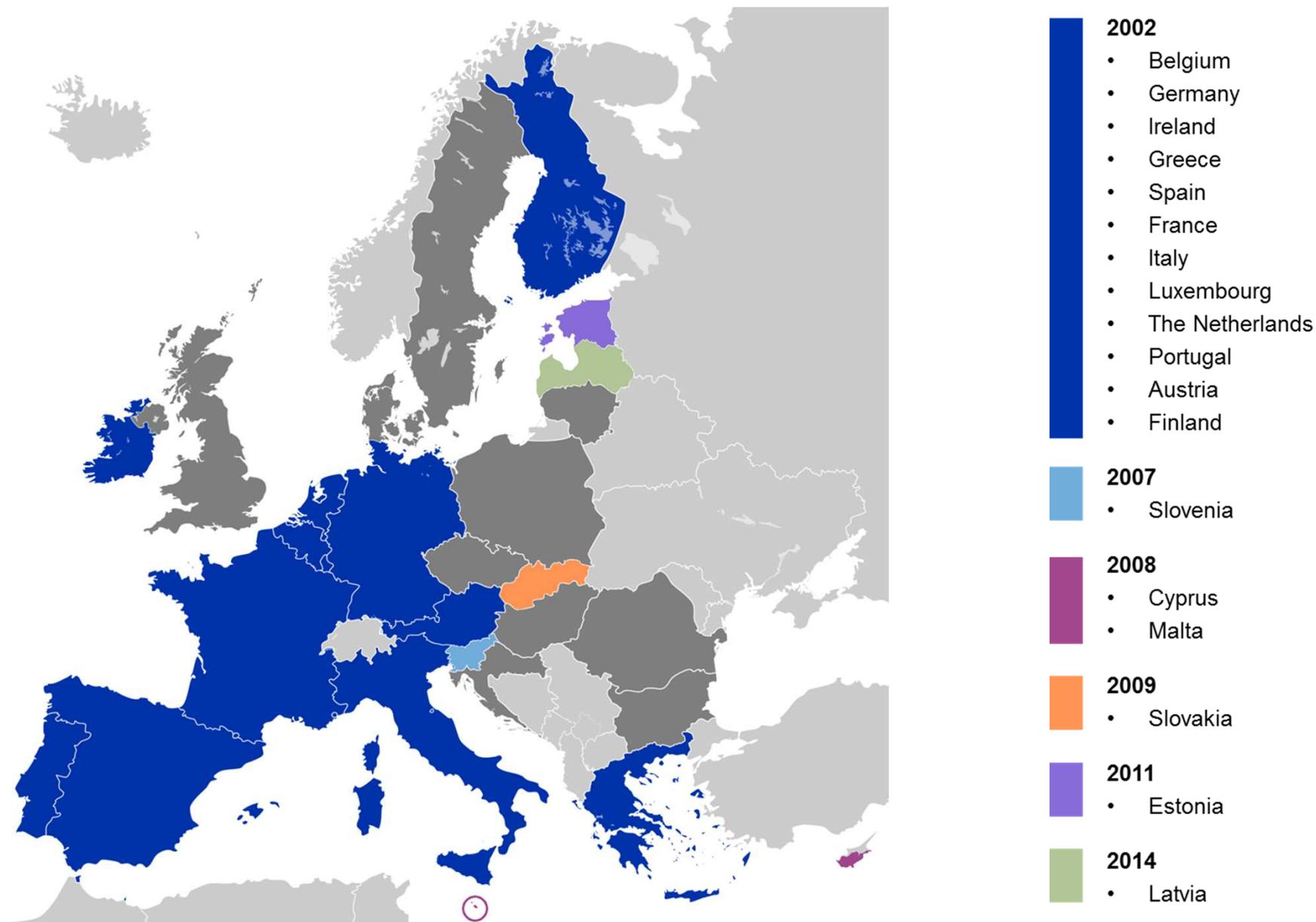


- 2004**
- Czech Republic
 - Estonia
 - Cyprus
 - Latvia
 - Lithuania
 - Hungary
 - Malta
 - Poland
 - Slovenia
 - Slovakia

- 2007**
- Bulgaria
 - Romania

- 2013**
- Croatia

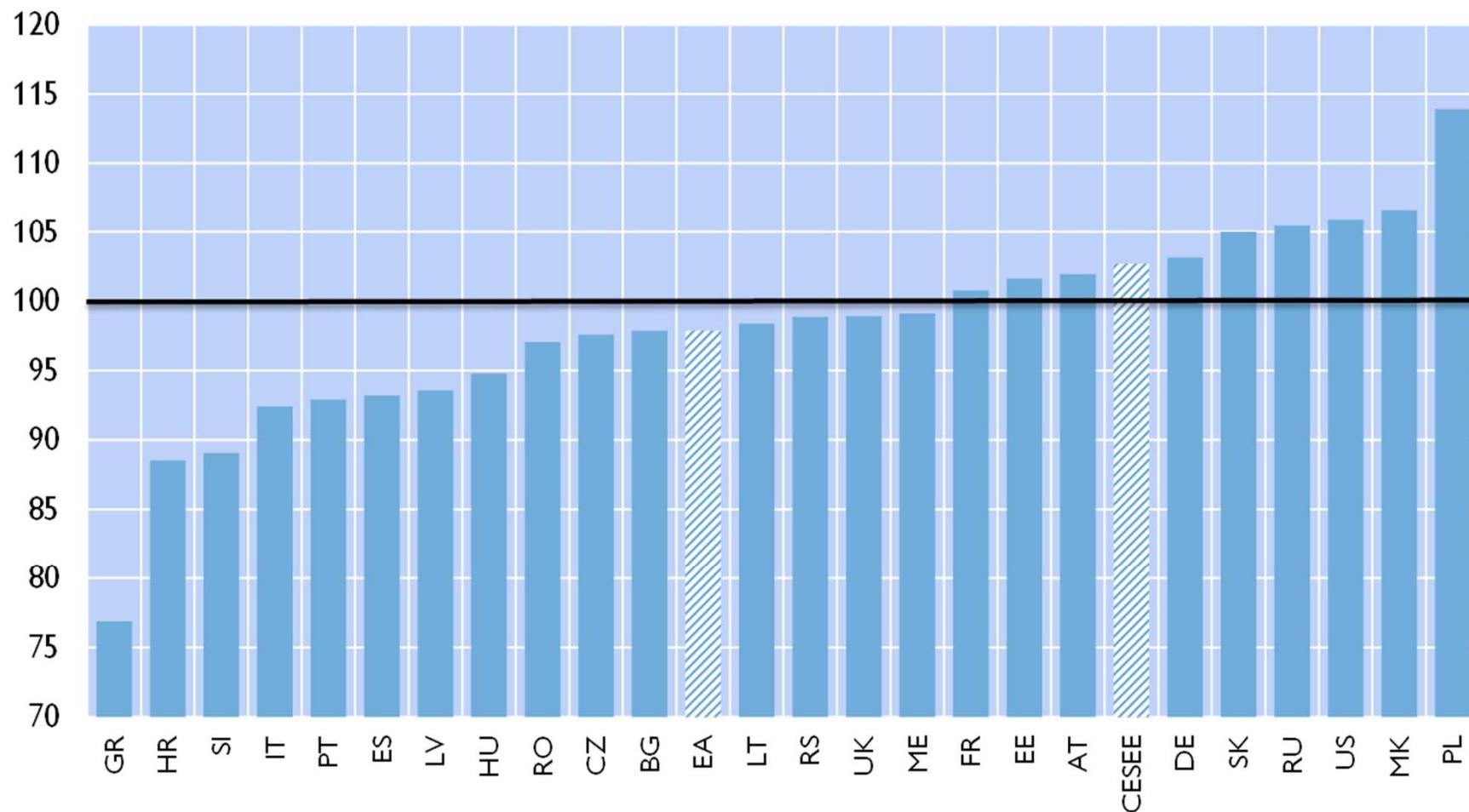
Adoption of the Euro in New Member States



Impact of the Crisis on Output Still Very Much Felt in 2013

Economic Output: 2013 vs. 2008

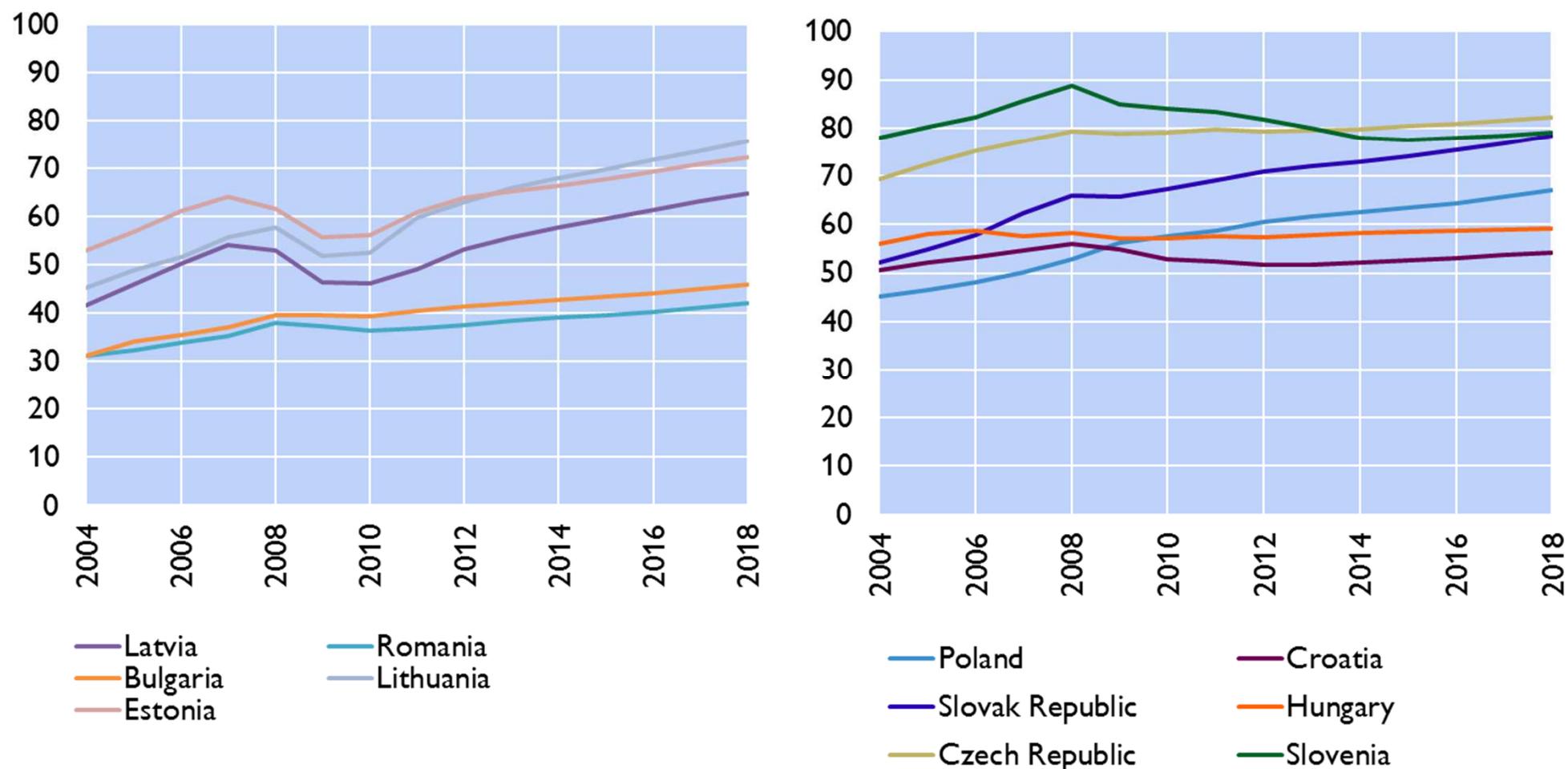
2008 = 100



Source: IMF, Eurostat.

Catching-Up Process Is Substantial despite Crisis ...

GDP per capita (at PPP) of the CESEE EU MS in percent of the EA average (=100)



Source: IMF.

... and Living Standards in CESEE Have Been on the Rise

GDP per capita

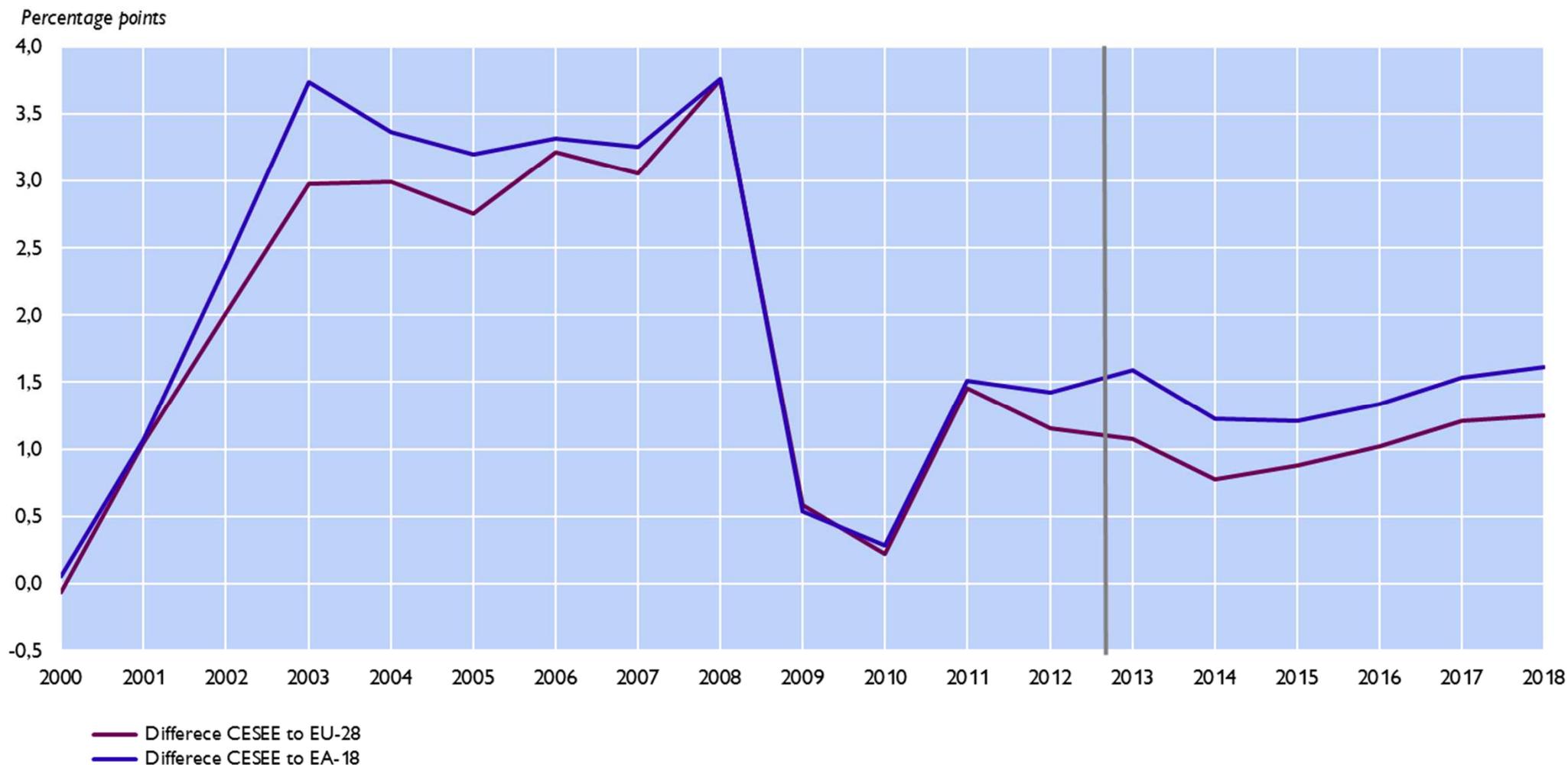
in Purchasing Power Parity Euro



Source: Eurostat.

Growth Potential Remains Largely Intact...

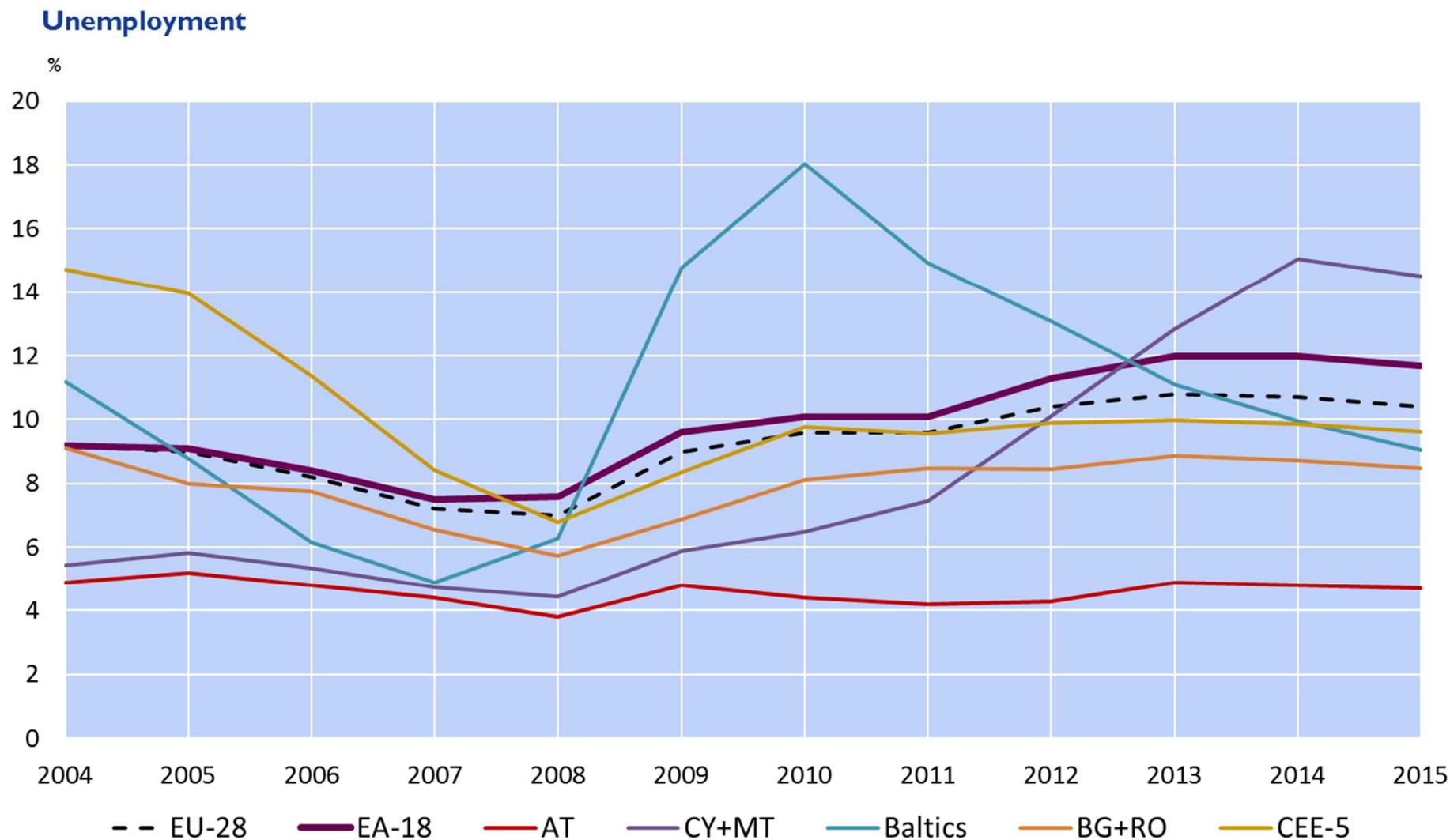
Growth Differential of CESEE EU Member States vis-à-vis the EU-28 and the Euro Area (EA-18)



Note: 2014–2018 IMF forecast (*World Economic Outlook*) of April 2014: Estonia, Latvia, Slovakia and Slovenia are included in the CESEE EU Member States aggregate as well as in the EA-17 aggregate and the EU-27 aggregate.

Source: Eurostat, IMF.

... but Higher Growth Would Be Needed for a Sustainable Turnaround on the Region's Labor Markets

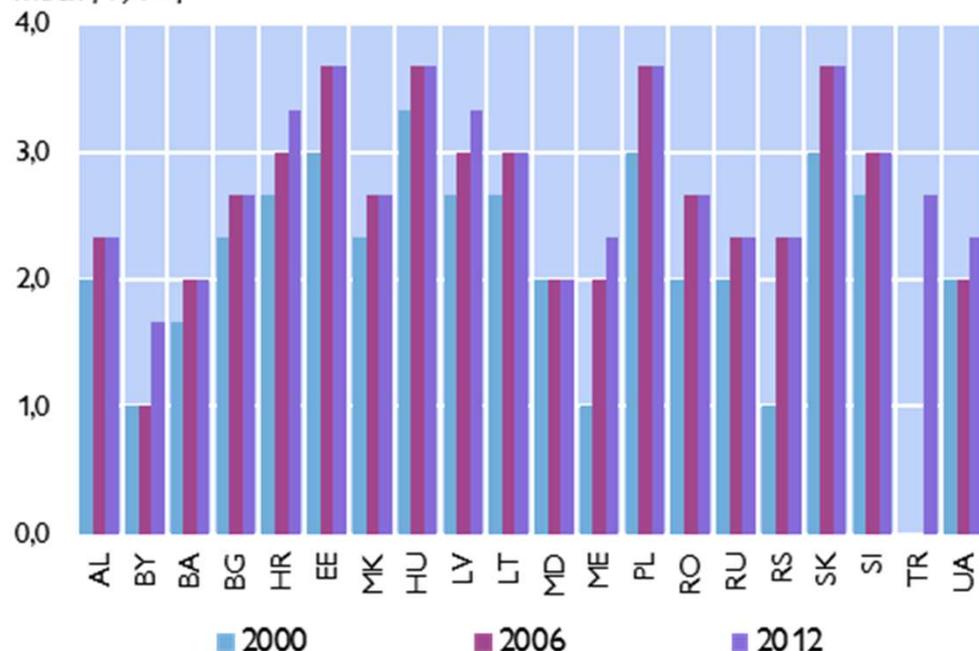


Source: Eurostat, European Commission Winter 2014 Forecast for 2014 and 2015.

EBRD Transition Indicators Show Further Need for Reform

Governance and enterprise restructuring

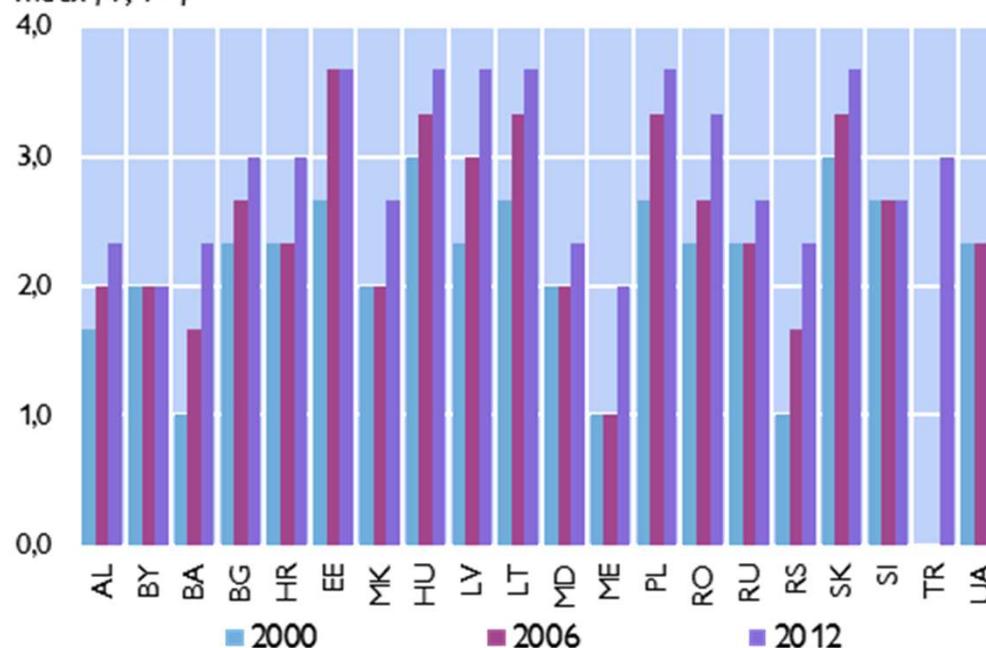
Index [1;4+]



Source: EBRD. The measurement scale for the indicators ranges from 1 to 4+, where 1 represents little or no change from a rigid centrally planned economy and 4+ represents the standards of an industrialised market economy.

Competition Policy

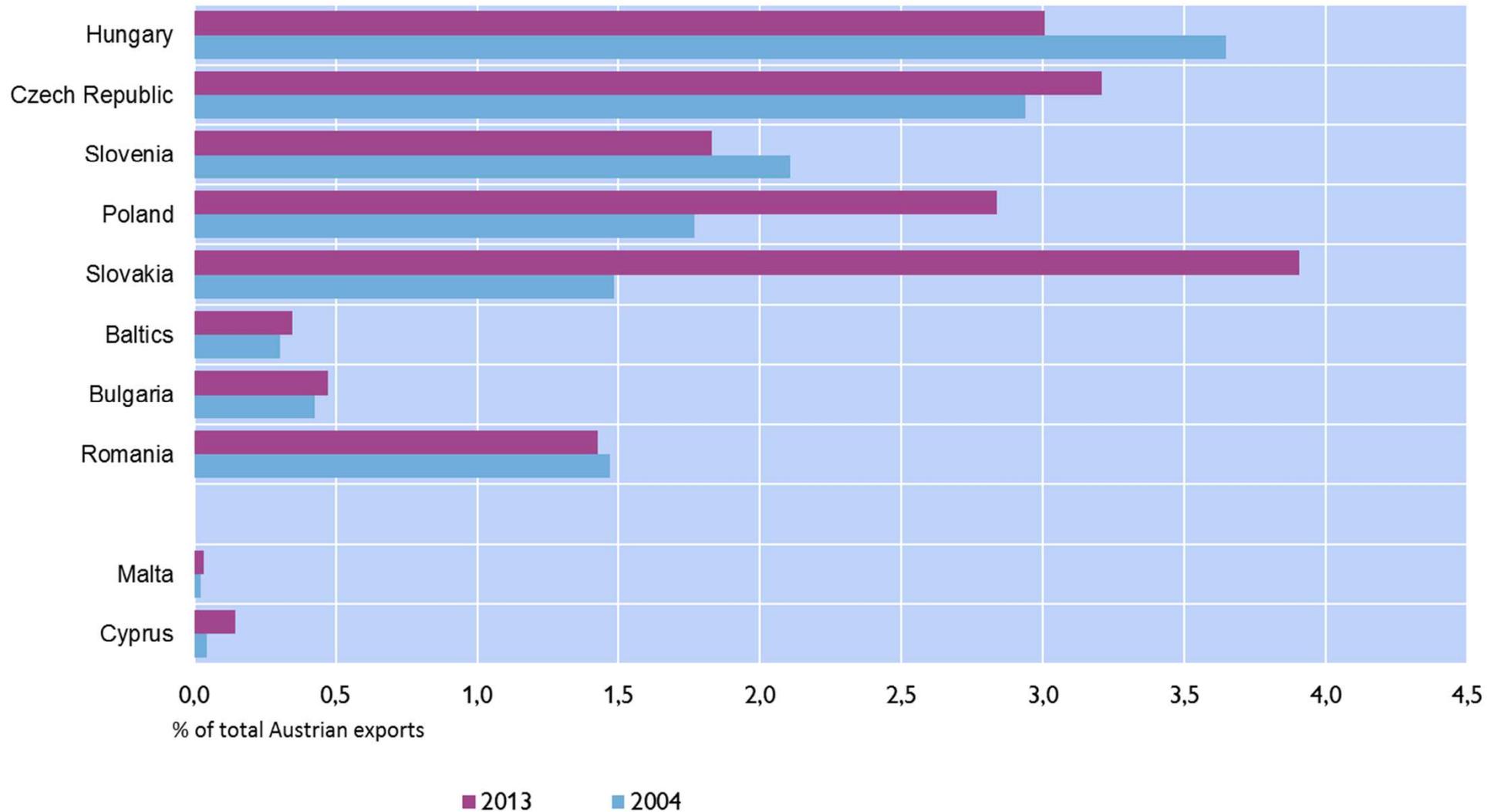
Index [1;4+]



Source: EBRD. The measurement scale for the indicators ranges from 1 to 4+, where 1 represents little or no change from a rigid centrally planned economy and 4+ represents the standards of an industrialised market.

Strong Economic Linkages between Austria and the Region (18% of Austrian Exports Go to NMS-12)

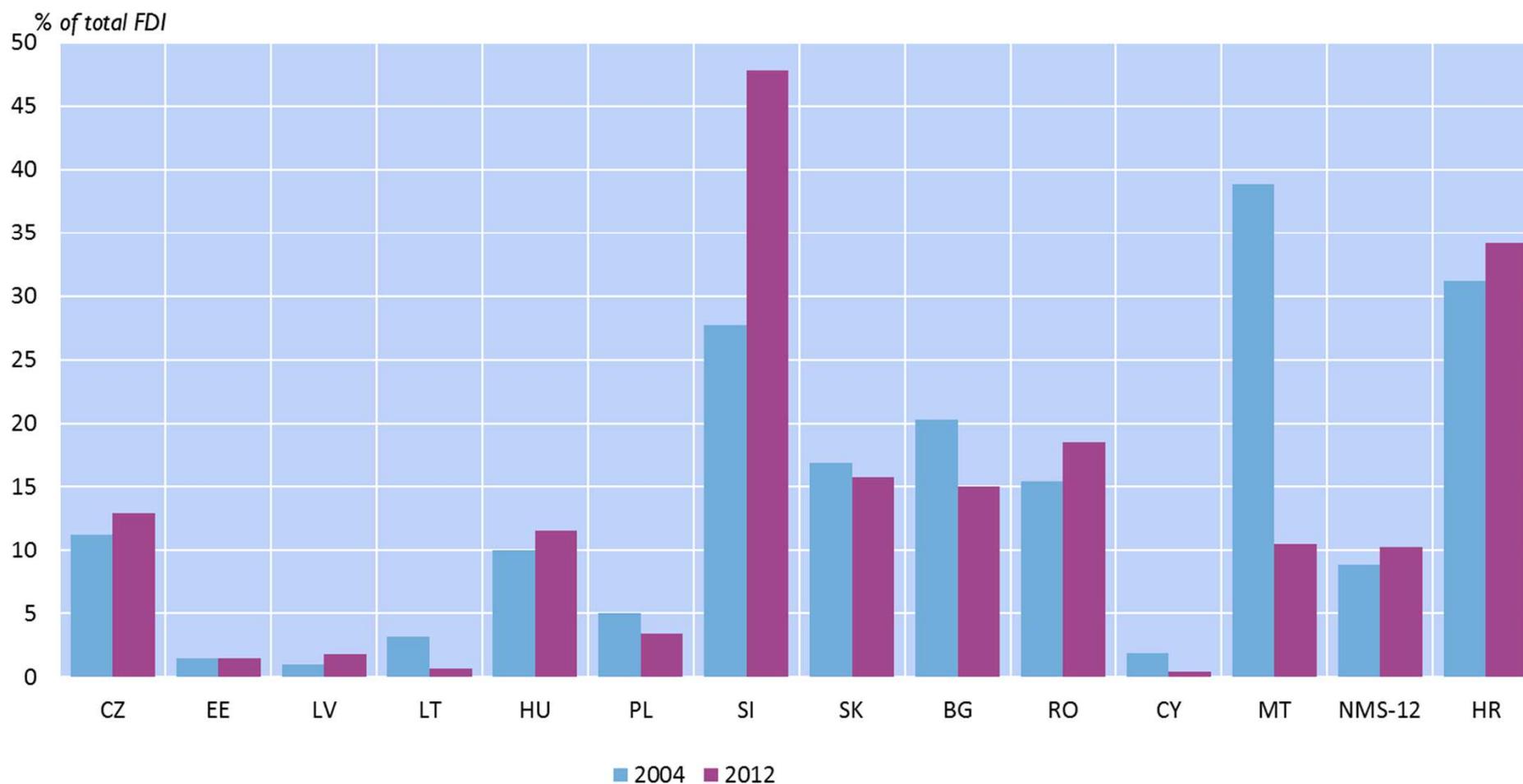
Austrian exports to New Member States in % of total Austrian exports



Source: Eurostat.

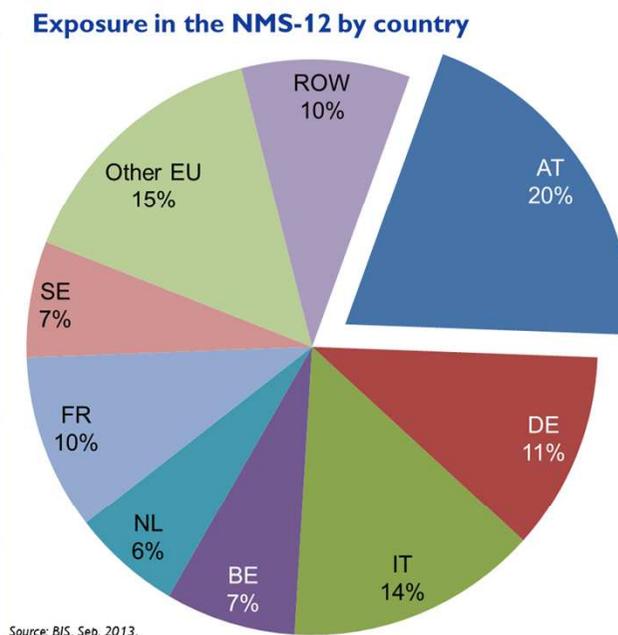
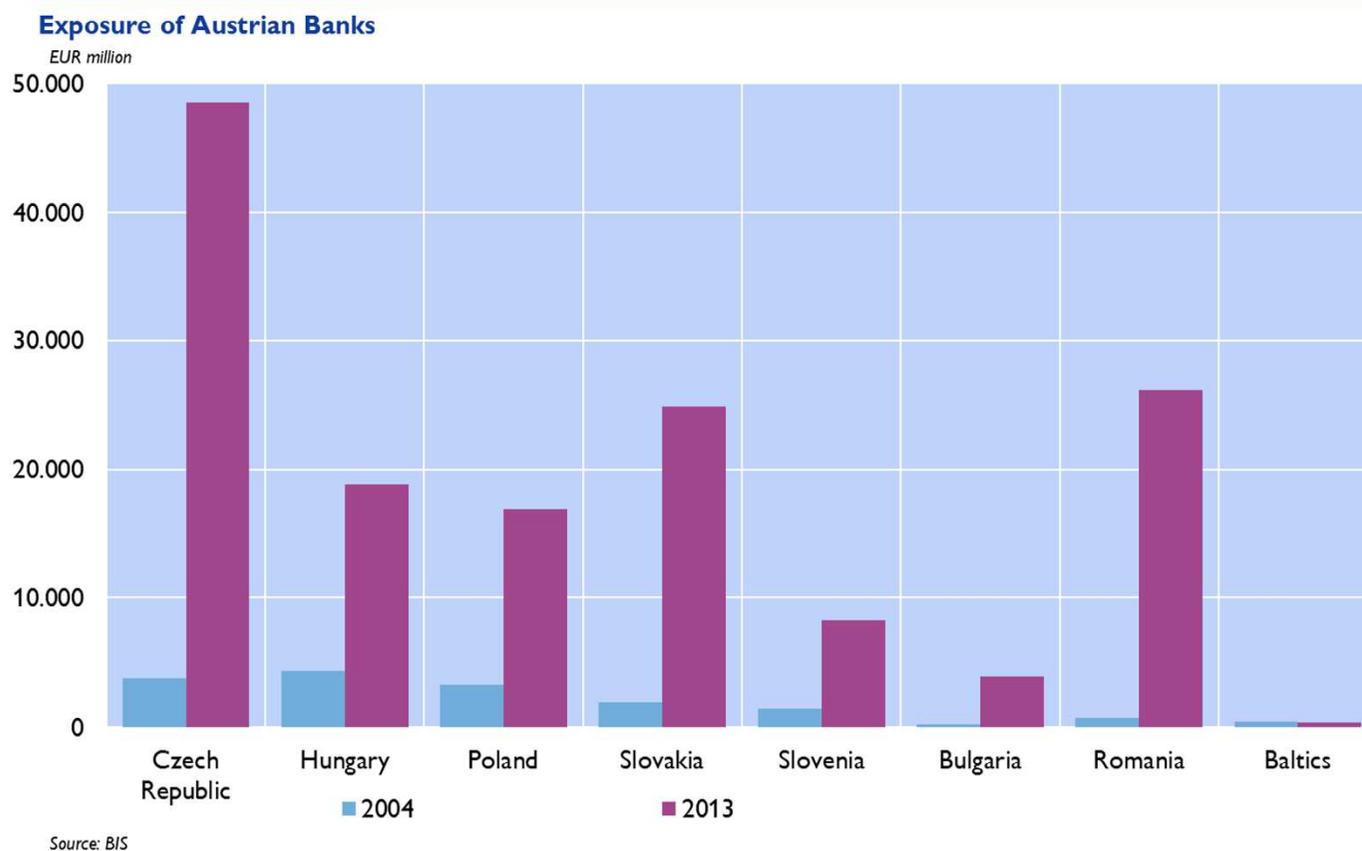
Strong Economic Linkages between Austria and the Region (Austria accounts for 10% of NMS-12 FDI)

FDI share of Austria in New Member States



Source: Eurostat.

Austrian Banks Are Major Players in the New EU Member States



Further Enlargement of the European Union



Candidate countries:

Former Yugoslav Republic of Macedonia, Turkey, Iceland, Serbia, Montenegro



Potential candidates:

Albania, Bosnia and Herzegovina, Kosovo