



Monthly Report

The Vienna Institute for International Economic Studies (WIIW)

Contents

Labour markets in the Czech and Slovak Republics	1
Sector profile: the metals sector in the CEECs	6
'Regional economic co-operation in Asia: challenges for Europe' – report on conference in Vienna, 4/5 October 2001	17
'Economic perspectives of European integration and implications for Asia' – announcement of conference in Tokyo, 23/24 May 2002.....	28
Monthly statistics	
Selected monthly data on the economic situation in ten transition countries, 2000 to 2001	31
Guide to WIIW statistical services on Central and Eastern Europe, Russia and Ukraine	42

Please note: Registration for participation in WIIW's Spring Seminar can be made by 15 March 2002. (For Seminar Programme and Registration Form see end of report.)

Labour markets in the Czech and Slovak Republics

BY ZDENEK LUKAS

Since the start of economic reforms, the demographic situation in the Czech Republic and in Slovakia, and along with it the situation on the labour markets, has changed quite considerably. In the period 1989 to 2000 the total population of the Czech Republic dropped by 0.9% to 10.3 million, while that of Slovakia rose by 2.4% to 5.4 million. This can be seen as the result of the demographic policy pursued in former Czechoslovakia in the 1970s, with its generous support for young families with many children. In Slovakia the response in

terms of an increasing birth rate was stronger than in the Czech Republic, and hence the current demographic situation in Slovakia is more favourable: the population of productive age (15-64 years) is still growing both in absolute terms and in relation to the total population.

Besides, the so-called dependency ratio¹ in Slovakia is still slightly declining, which makes a

¹ Defined as the ratio of population of post-working age to population of working age.

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Table 1

Population in 1000 persons

	1989	1990	1993	1994	1995	1996	1997	1998	1999	2000	1989-2000 cumulated growth in %
Czech Republic	10362	10363	10331	10336	10331	10315	10304	10295	10283	10273	-0.9
Slovak Republic	5276	5298	5325	5347	5364	5374	5383	5391	5395	5401	2.4
CEEC-5	66051	66196	66428	66499	66503	66494	66469	66427	66360	66312	0.4

Source: WIIW Database incorporating national statistics.

radical reform of the pension system less urgent than in the Czech Republic with its ageing population. On the other hand, the demographic development in Slovakia has been exerting pressure on the labour market due to the growing labour force.

The strong GDP decline in the Czech and Slovak Republics at the beginning of the 1990s resulted in a significant drop in employment that was more pronounced in Slovakia than in the Czech Republic. Although the Slovak economy resumed growth in 1994, as yet the situation on the labour market has not improved. The employment rate² in Slovakia is lower than in the Czech Republic as well as in the EU. However, a comparison between employment and GDP growth shows that labour productivity in Slovakia rose by some 23% over the last decade, and thus the productivity gain was by 7 percentage points higher than in the Czech Republic.

While in Slovakia the initial period of economic transformation was accompanied by a sharp decline in employment and by rising (two-digit) unemployment rates, the Czech Republic reported until 1997 a conspicuously low jobless rate (just over 3%). This trend was reversed only in 1997 when the Czech government introduced an austerity package that resulted in a decline of GDP and in rising unemployment as well. Peaking at 9.8% in January 2000, the registered jobless rate fell to 8.9% by the end of 2001. In Slovakia, following the introduction of austerity measures designed to reduce domestic demand at the

beginning of 1999, the situation on the labour market was severely deteriorating. The registered unemployment rate peaked in January 2001 (19.8%) and dropped only modestly thereafter (to 18.6% by the end of 2001). The unemployment rate is now twice as high in Slovakia as in the Czech Republic.

As for the Czech labour market at regional level, northern Bohemia and northern Moravia have reported the highest jobless rates (around 20%): the heavy industry, coal mining and steel industry located here face a structural crisis. Another region with above-average unemployment has been (traditionally more agricultural) southern Moravia where many agricultural jobs have got lost. This contrasts with the lack of skilled labour, especially in the service sectors, in the booming Prague agglomeration, where the unemployment rate is just 3%.

The Slovak labour market at regional level shows the widest disparities among all candidate countries. The highest registered unemployment rates, over 30%, are observed in the southern (traditionally agricultural) regions: workers laid off in the agricultural sector have hardly found new jobs in the service or industrial sectors. These regions are economically poorly developed, with only few newly created jobs. The eastern regions also register above-average unemployment rates. The booming Bratislava region, in contrast, reports a rate of only some 5%: this agglomeration features the most developed infrastructure and services, and newly emerging high-value added industries mostly supported by FDI. (FDI located in the

² Employed as a percentage of economically active population (15-64 years).

Figure 1

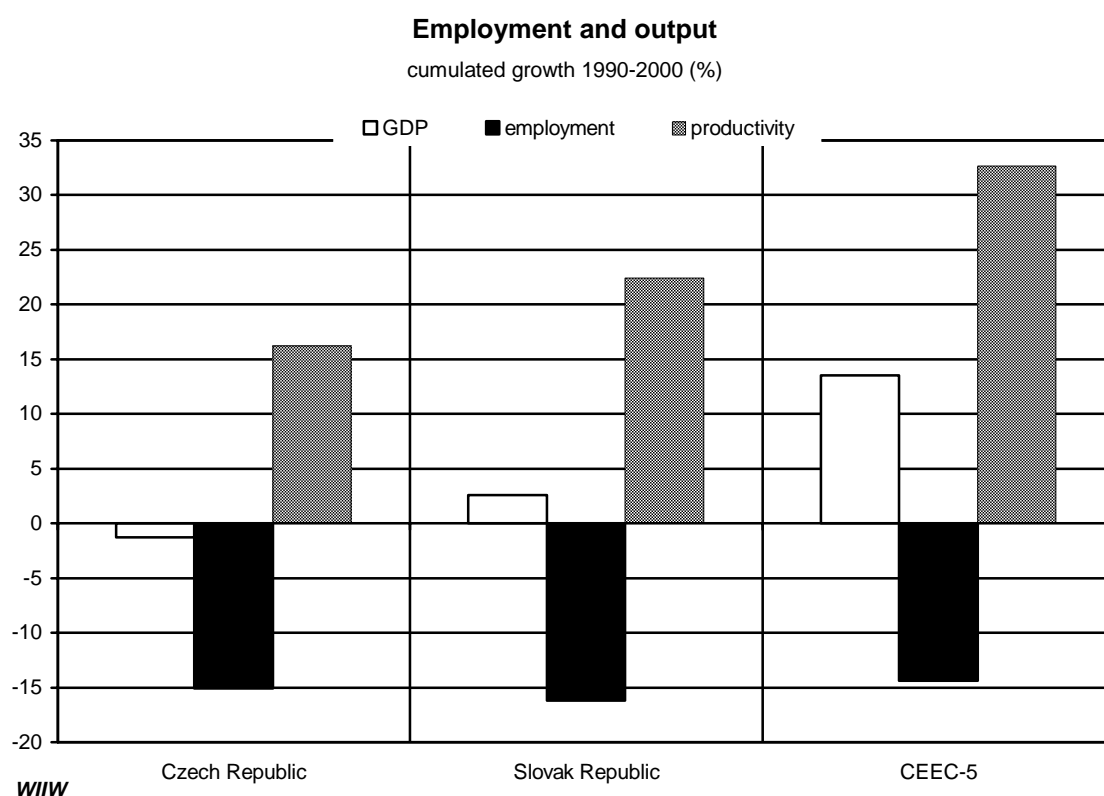


Table 3

Selected labour market indicators

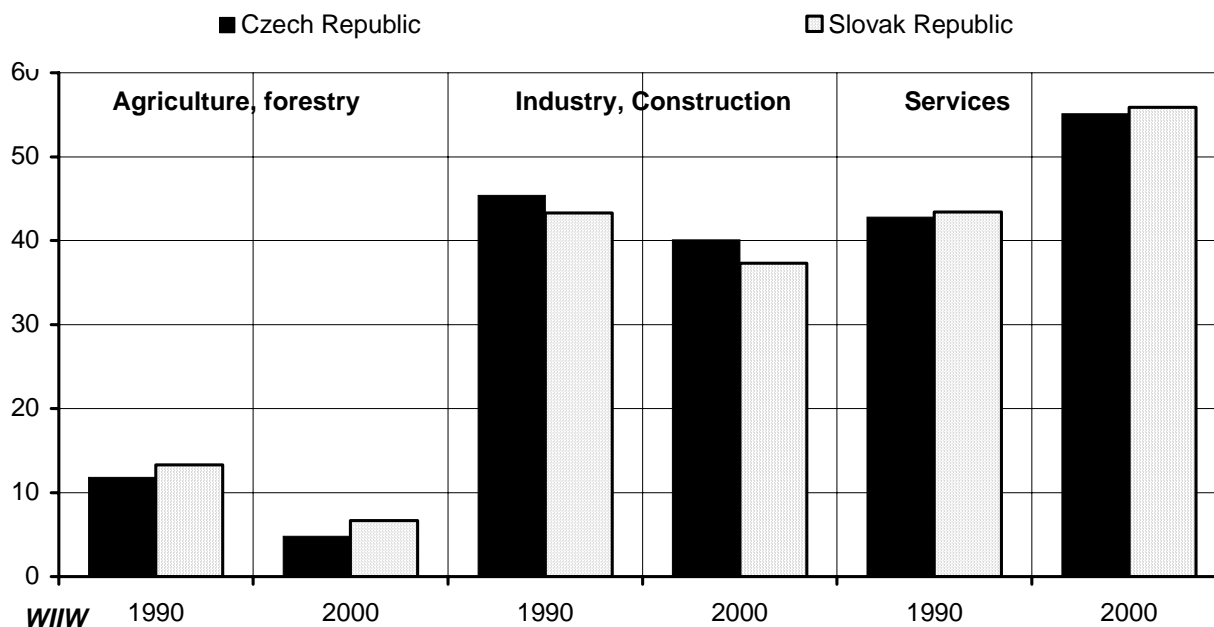
	1996	1997	1998	1999	2000
Employment rates					
(employed in % of working age population 15-64)					
Czech Republic	69.5	68.9	67.6	66.0	65.1
Slovakia	62.1	61.0	60.3	57.9	57.6
EU (15)	60.3	60.7	61	62.1	63.1
Unemployment rates by gender, LFS					
(in %)					
Czech Republic					
Total	3.9	4.8	6.5	8.7	8.7
Male	3.4	3.9	5.0	7.3	7.3
Female	4.7	5.9	8.2	10.5	10.6
Slovakia					
Total	11.3	11.8	12.5	16.2	18.6
Male	10.2	10.9	11.9	16.0	18.6
Female	12.7	12.8	13.2	16.4	18.6
EU (15)					
Total	10.8	10.6	9.9	9.1	8.2
Male	9.6	9.3	8.6	7.9	7.0
Female	12.4	12.3	11.7	10.8	9.7

Source: EUROSTAT, Statistical Yearbook on candidate and South-East European countries, EUROSTAT, Employment in Europe 2000, CESTAT 2000/4, national statistics.

Figure 2

Employment by activities

Share in % of total employment



Bratislava region accounts for two thirds of total FDI invested in Slovakia.)

The labour market in Central Slovakia represents a special case: since the start of the 1990s many regions here have suffered from massive layoffs in the armament industry. The latter used to be one of the pillars of the local economy and accounted, in the 1980s, for 24% of the machinery and electronic industrial output; including upstream enterprises, it employed some 100,000 workers. Slovakia accounted for two thirds of total Czechoslovak weapons production. After 1989, however, arms production and exports plunged: in the context of its peace-oriented policy the federal government imposed a ban on the export of certain weapons. This decrease, primarily in the production of heavy weaponry (artillery equipment, tanks and armoured vehicles), hit Slovak firms first and hardest. By 1993, military production in Slovakia had plunged to 10% of the level reached in the 1980s and nearly 60,000 people lost their jobs. Since then the situation of the sector has somewhat improved – but a comeback of Slovakia on the world-wide overcrowded weapons markets is hardly feasible.

In addition, as yet no essential conversion project (from weapons production to civilian goods production) has been carried out for want of funds.

Despite the great differences in local labour market conditions, the mobility of labour in both the Czech Republic and Slovakia is low: job-seekers have been hardly ready to migrate internally in order to find a job. A large proportion of the migration that does take place has appeared within districts or regions, i.e. on shorter distances. Furthermore, for instance in Slovakia the extent of internal migration is even declining, the 1998 values reaching only about 70% of the 1980 values.

Changes in the economic structure resulted in a reallocation of labour from agriculture and industry to the service sector. Recently employment in services has accounted for more than one half of the total in both countries (Figure 2).

Long-term unemployment is more pronounced in Slovakia, where 54% of total unemployment is long-term (more than one year). In the Czech Republic, where long-term unemployment

represented only a marginal problem up to 1997, this share has been rapidly growing over recent years and in 2000 accounted for 48% of the total. Hit hardest by unemployment are young (less educated) people in Slovakia. Massive employment cuts in the past decade have resulted in a tight labour market, where finding a job is very difficult, first of all for those without any work experience. The LFS (Labour Force Survey) unemployment rate among Slovak workers younger than 25 years amounts to 35%, i.e. twice as much as in the Czech Republic.

To sum up, in the course of economic reforms jobs in the primary and secondary sectors were decreasing, while those in the tertiary sector increased. The employment gains in the services sector were however far from sufficient to offset the job losses in the other two sectors. Looking at the current sectoral shares, the employment patterns in the Czech Republic and Slovakia are very similar. Given the remarkable similarities in the sectoral employment composition even before the start of the economic reforms, the sectoral changes and labour re-allocation have so far proceeded at a similar pace in the two countries. This raises the question for the reasons for Slovakia's high unemployment rate as compared to the Czech Republic.

Basically, we assume that there are two issues impacting the labour market that distinguish the developments in the two countries. The first one is the above-mentioned demographic structure, which in Slovakia changed in favour of young people, whereas in the Czech Republic it rather shifted to older persons. The second is the also mentioned knock-out effect in the Slovak armament industry at the beginning of the 1990s. That industry currently employs some 50,000 workers less than in the 1980s.

Participation rates³ and employment rates have decreased over the transition period and in both countries have reached levels comparable to the EU average. It is thus unlikely that the participation rate will drop substantially in the next few years, so that from this direction there is no hope for an alleviation of the unemployment situation. Furthermore, as experiences from other countries have shown, FDI-financed greenfield investment creates jobs only after a certain time lag, and the merger-and-acquisition type of FDI tends to lead, at least in the initial phase, to an employment reduction – or, in other words, to an increase in labour productivity not paralleled by a corresponding employment growth. Last but not least, the statutory retirement age, so far at a very low level, is starting to rise in both countries. This will result in an increase of the economically active part of the population.

The access to the EU labour market has as yet been very restricted. In its accession negotiations with the EU, Slovakia accepted a transitional period of seven years on the free movement of persons already in summer 2001. In October the Czech Republic followed suit, negotiating however also a special option that allows for possible restrictions imposed by the Czech government on the access of the other new EU countries to the Czech labour market.

³ Participation rate: labour force (employed and unemployed) as a percentage of economically active population (15 to 64 years).

Sector profile: the metals sector in the CEECs

BY DORIS HANZL

The metals sector is placed among the key manufacturing sectors and is highly sensitive to changes in the business cycle. Having undergone significant restructuring in Western Europe during the 1970s and 1980s, it is still considered a sensitive sector struggling with world-wide overcapacities in steel. In general, the metals sector transforms primary raw materials (e.g. coal, iron ore) as well as secondary raw materials (scrap) into metals, which are an essential input for both the investment goods industry and the consumer goods industry. The metals sector is considered a capital- (basic metals), labour- (fabricated metal products) and energy-intensive sector. It is classified as a medium-low-technology industry.¹

The metals sector plays an important role in the economies of the CEECs with a total production volume of EUR 26.8 billion and a workforce of 857,300 persons in the CEEC(7)².

¹ In the NACE rev. 1 classification system (Statistical classification of economic activities in the European Community) the term 'basic metals and fabricated metal products', thereafter called metals sector, denotes the sub-section 'DJ', which consists of the following industries (27, 28):

Manufacture of basic metals (27) including 'basic iron and steel and ferro-alloys (ECSC)' (27.1), 'tubes' (27.2), 'other first processing of iron and steel and production of non ECSC ferro-alloys' (27.3), 'basic precious and non-ferrous metals' (27.4), and the 'casting of metals' (27.5). (ECSC = European Coal and Steel Community)

Manufacture of fabricated metal products, except machinery and equipment (28) including 'structural metal products' (28.1), 'tanks, reservoirs and containers of metal; central heating radiators and boilers' (28.2), 'steam generators, except central heating hot water boilers' (28.3), 'forging, pressing, stamping and roll forming of metal; powder metallurgy' (28.4), 'treatment and coating of metals; general mechanical engineering' (28.5), 'cutlery, tools and general hardware' (28.6), and 'other fabricated metal products' (28.7).

² CEEC(7): Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia.

Among the CEEC(7), Poland was the largest producer of metal products in terms of current production in 2000 (EUR 9.3 billion), followed by the Czech Republic (EUR 6.2 billion). In Hungary the production volume reached EUR 3.3 billion, in Romania and Slovakia EUR 2.8 billion, and it was relatively smaller in Slovenia and Bulgaria.

Regarding employment, Poland again took the lead in the region, followed by the Czech Republic and Romania. In Poland about 274,900 persons were employed in the metals sector, in the Czech Republic 177,000 and in Romania 166,800. In Hungary and Slovakia about 74,000 employees worked in the metals sector, in Bulgaria (54,700) and Slovenia (34,800) the number was somewhat smaller.

Comparing levels of production with the levels of employment in the different CEECs reveals significant differences in output per employee (= labour productivity) in the sector. While in Hungary, for instance, the metals sector produced an output of EUR 3.3 billion with 74,800 persons, in Romania the sector produced only EUR 2.8 billion with more than double the number of employees (166,800). High productivity occurs not only in Hungary but also in Slovenia, low productivity is observed in Romania and Bulgaria, pointing to delayed restructuring in the latter two countries.

Stagnation of the metals sector

During the first period of transformation, from 1989 to 1992, all CEECs experienced a severe transformational recession, and the production of the metals sector declined as well. In some countries average growth fell by more than 20%. In comparison to total manufacturing, the sector was typically much more affected and hence may be called a relative 'loser' of this period (except in Slovakia). This was due to lower demand on the domestic market caused by the declining need for investment goods as well as for military equipment and the collapse of the CMEA market, which had been not only an important target for exports but also a significant supplier of raw materials. This led

Table 1

**Basic metals and fabricated metal products:
Overview on production and employment, 2000**

	Production ¹⁾			Employment	
	EUR mn	% of GDP	% of manuf. production	ths. persons	% of manuf. production
Bulgaria	994.9	7.6	13.2	54.7	10.3
Czech Republic ²⁾	6206.7	12.1	15.9	177.0	16.7
Hungary ³⁾	3266.6	6.5	8.1	74.8	10.1
Poland ²⁾	9333.4	6.4	10.7	274.9	11.2
Romania ²⁾	2826.3	8.5	15.8	166.8	10.7
Slovak Republic	2826.3	13.6	17.0	74.3	15.3
Slovenia ²⁾	1370.9	7.3	12.3	34.8	15.5
CEEC(7)	26825.0	.	.	857.3	.

Notes: 1) At current prices. - 2) Production data 1999. - 3) Employment data 1999.

Source: WIIW Industrial Database

Table 2

**Basic metals and fabricated metal products:
Production growth (at constant prices 1996)**

	Average annual changes in %		Relative to total manufacturing, in percentage points		Index 2000
	1990-92	1993-2000	1990-92	1993-2000	1989=100
	Bulgaria	-20.7	-5.9 ¹⁾	-1.7	1.6 ¹⁾
Czech Republic	-14.1	-1.5	0.1	-3.9	56.2
Hungary	-21.7	8.5	-6.5	-3.4	92.3
Poland	-12.9	9.0	-1.7	-0.6	131.0
Romania	-28.7	-3.1	-4.6	-1.4	28.1
Slovak Republic	-8.9	2.8	7.0	-0.2	94.3
Slovenia	-11.5	2.0	-0.2	0.4	81.2

Notes: 1) 1997-2000.

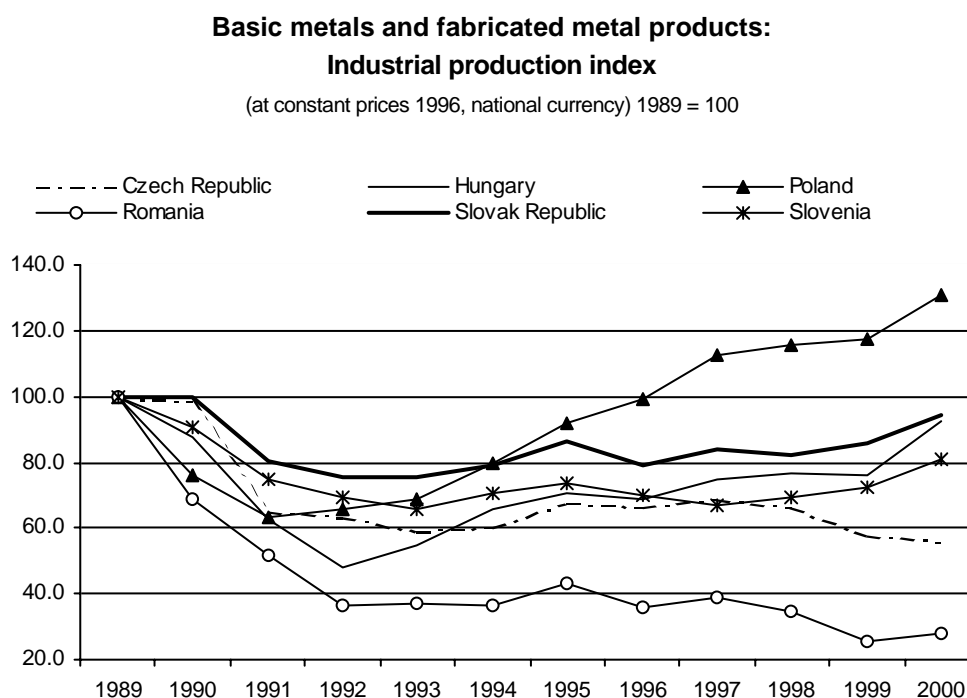
Source: WIIW Industrial Database.

to a so-called 'supply-side shock'. Especially production of crude steel plummeted during these first years of transition.

During the second period of transformation, from about 1993 onwards, growth returned to the region and the metals sector participated in this general upswing. Output started to grow in most countries, except in Romania and the Czech Republic. When compared to total manufacturing, growth was smaller and the sector remained a 'loser' of this period as well, except in Slovenia to some extent.

On the demand side, the relatively weak performance of the sector was partly due to a shift of demand on the domestic market (e.g. in the booming and foreign-owned automotive industry) to higher-quality products, increasingly met by imports. Export expansion to the EU has been constrained by the trade restrictions prevalent in the sector. On the supply side, the restructuring and privatization of former big state-owned steel enterprises with thousands of employees has started, but is difficult and often delayed, and hence growth impulses are missing. Small and medium-

Figure 1



Source: WIIW Industrial Database.

sized enterprises in the 'fabricated metal products' industry seem to have been developing quite dynamically in the more advanced CEECs, but less so in Bulgaria and Romania, possibly due to constraints in funding.

Productivity and unit labour costs

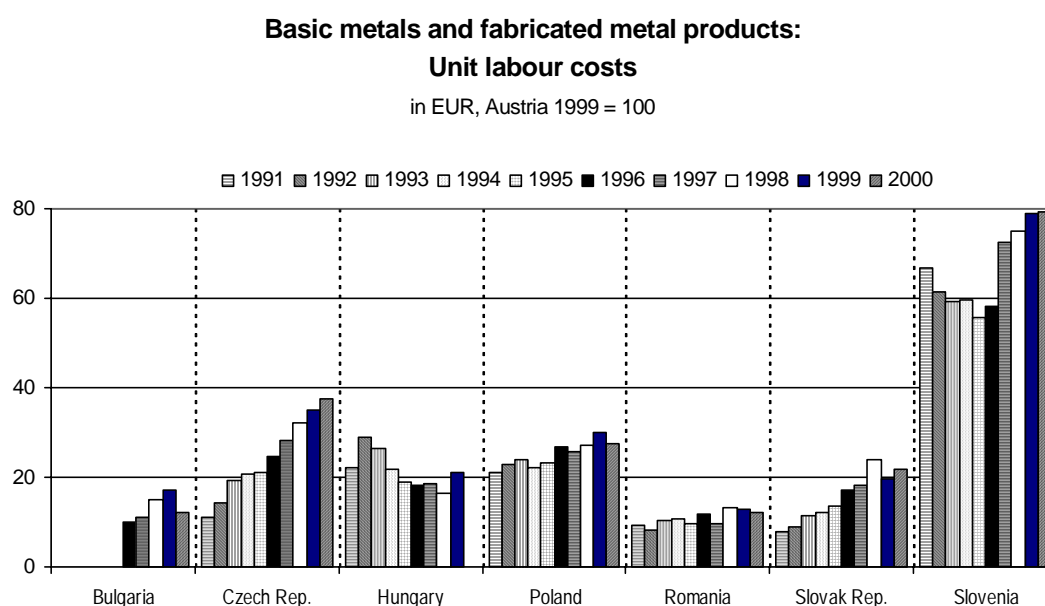
As is typical for all CEECs and their manufacturing industry, wages, productivity and unit labour costs in the metals sector have been generally lower than in Western countries, for which we have used Austria as a reference point. In 2000, nominal wage rates (gross wages at exchange rates per employee) hovered between 10% and 20% of the Austrian level in most countries; they were even lower (at 6%) in Bulgaria and Romania, but somewhat higher in Slovenia (31%). The estimated productivity level of the metals sector was particularly high in Poland and Slovakia (70% and 60% of the Austrian level respectively), while it was especially low in the Czech Republic and Slovenia (40%), and reached 50% in the other CEECs. Unit labour costs ranged between 10% of the Austrian level in Bulgaria and Romania and 40% in the

Czech Republic, only in Slovenia they were significantly higher with almost 80%.³

During transition, wages and productivity rose throughout the region. Between 1993 and 2000, the wage rate increased by more than 10% in most countries, the productivity increase was relatively smaller (except in Hungary). Notably, when compared to total manufacturing, the productivity increase in the metals sector was less pronounced, making the sector a relative productivity loser (except in Bulgaria, Romania and Slovenia). As the wage increase was higher than the productivity increase, unit labour costs rose in all countries except Hungary and cost competitiveness of the sector decreased. However, weaker productivity performance of the metals sector may point to changes in the product mix and in the sectoral structure towards higher-quality, more labour-intensive products.

³ These figures are however strongly affected by the choice of conversion rates at which national output is calculated. In the text, these rates are defined as PPPs for GDP; figures represent a lower range.

Figure 2



Notes: 1) PPP = Purchasing Power Parities for GDP. - 2) Coverage of Czech industrial statistics had a break in 1996/97 due to the size of enterprises included.

Source: WIIW Industrial Database.

Table 3

**Basic metals and fabricated metal products:
Average annual growth rates, 1993-2000**

in %

	Output	Employment	Productivity (EUR basis)	Productivity relative to total manuf.	Wage rates (EUR basis)	Unit Labour Costs (EUR basis)
Bulgaria ¹⁾	-5.9	-11.5	6.3	5.7	11.8	5.2
Czech Republic	-1.5	-4.1	2.6	-3.7	13.5	10.6
Hungary ²⁾	6.8	-4.9	12.3	-2.1	5.8	-5.8
Poland	9.0	-1.8	10.9	-0.3	11.1	0.2
Romania	-3.1	-9.0	6.5	0.7	11.6	4.8
Slovak Republic	2.8	0.9	1.9	-4.9	10.8	8.8
Slovenia	2.0	-5.4	7.9	2.3	9.5 ²⁾	1.4 ²⁾

Notes: 1) 1997-2000. - 2) 1993-1999.

Source: WIIW Industrial Database.

Looking at the wage level in the metals sector, wages lay somewhat above the total manufacturing average in 2000. Only in Hungary and Slovenia, wages were slightly lower than the manufacturing average in that year. During transition relative wages declined modestly in some countries and increased in others.

Trade with the EU(15)

For the steel industry, the still existing *special trade regime* should be kept in mind: In the European Union, the coal and steel industry belongs to what are called the 'sensitive sectors' and is therefore more protected than others. Special treatment is

provided through the European Coal and Steel Community (ECSC), set up by the Treaty of Rome in 1951 and expiring in July 2002. The regulatory framework under which the sector operates until then will be changed from mainly sector-oriented into the EU policy applied to the whole of the manufacturing industry. Until the end of 1991, trade in coal and steel between the EU and the CEECs was restricted by voluntary export restraints. Then the newly established Europe Agreements exempted the sensitive areas from early liberalization, but trade restrictions on coal and steel imports from the CEECs to the EU were finally lifted in 1996 (asymmetric opening). However, there is still the possibility of applying the safeguard mechanism and anti-dumping duties. In addition, a double licence system with certain countries acts as an early-warning system for dumping by supplying information in time.

The Europe Agreements contain a Protocol on ECSC products (Protocol 2), which includes the provisions on public aid for restructuring. A five-year grace period on state aid has expired for most CEECs and a further five-year extensions has been requested. However, certain conditions have to be met before extension is granted: a sound national restructuring programme and viability plans for the individual companies.

Trade with the EU is investigated in detail as the EU is the dominant trading partner of all CEECs today: after the collapse of the CMEA market, CEECs' trade became heavily oriented towards EU markets.⁴ Also in the metals sector, the EU(15) have become the major trading partner of the CEECs. By the end of the 1990s, the EU accounted for about 70% of total metal exports in Slovenia, Poland, Hungary and the Czech

Republic. In Bulgaria and Romania the share of exports to the EU reached 50%, in Slovakia 45%. In total metal imports the EU was important as well, accounting for 60% to 70% of CEECs' total imports, except in Slovakia and Bulgaria where shares were smaller (49% and 43% respectively).

In total manufacturing exports to the EU(15), the metals sector is of major importance today and one of the largest exporting segments: In 2000, it accounted for almost 32% of all manufacturing exports going to the EU(15) in Bulgaria, and for 12% to 15% in the other CEECs; it was smaller only in the case of Hungary with 6%. Hence, it was the largest exporting branch in Bulgaria and ranked second in Romania (behind the textiles & textile products sector) and in Poland and Slovenia (behind the transport equipment sector. In 2000, export shares were larger than production shares in Bulgaria, Poland and Slovenia, indicating an above-average export orientation of the metals sector to the EU(15). In the other countries, production shares were somewhat larger.

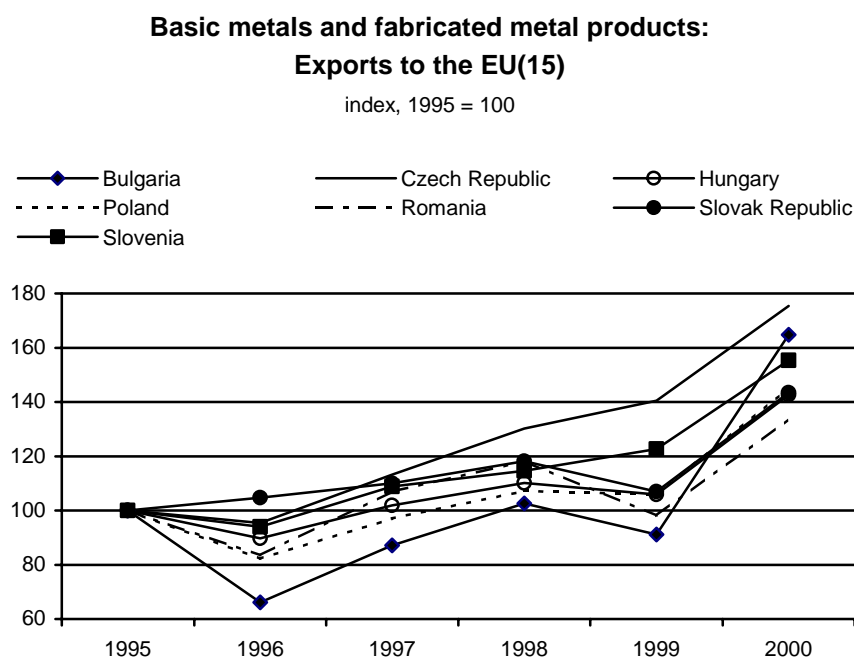
Between 1995 and 2000, metal exports were expanding, but less than total manufacturing exports; thus export shares fell remarkably. Only in Slovenia did metal exports increase slightly more than total manufacturing so that shares remained constant. In the region, the increase of export volumes was quite strong in the last year and generally most pronounced in the Czech Republic, reaching 180% of the 1995 level in 2000.

In total manufacturing imports from the EU(15), the metals sector is less important than in exports, except in Hungary: In 2000, the sector measured shares from 6% in Romania and Bulgaria to 11% in the Czech Republic and 12% in Slovenia and thus ranged in the (upper) middle field of total manufacturing imports. Between 1995 and 2000, imports grew, but shares remained fairly constant.

Higher exports than imports led to a moderate sectoral trade surplus in most CEECs in 2000, except in Hungary and Slovenia. In Bulgaria, the

⁴ By 1999, more than 70% of total Hungarian exports went to the EU(15), for Poland and the Czech Republic the levels were about 70%, for Romania and Slovenia somewhat below 70%, for the Slovak Republic 60%, and for Bulgaria around 50% (40% in 1997). On the import side, Slovenian and Polish imports from the EU(15) accounted for roughly 70%, in the Czech Republic, Hungary and Romania EU(15) imports had a share of about 60%, and in Slovakia and Bulgaria of 50% (Bulgaria: 40% in 1997).

Figure 3



Source: Eurostat, WIIW calculations.

trade surplus was largest and reached EUR 700 million. In Hungary and Slovenia, the former trade surplus turned negative from 1997 onwards. Poland temporarily experienced a sectoral trade deficit in 1998 and 1999.

Exports concentrated on 'basic metals', imports evenly distributed

At a more detailed three-digit NACE level, in 2000 CEE exports to the EU(15) were concentrated on 'basic metals' (between 60% and 95% of the sector's exports), except in the Czech Republic (44%), where exports of 'fabricated metal products' (56%) were more important in the sectoral structure. The concentration on 'basic metals' was most pronounced in Bulgaria (95%) and Romania (85%) and least in Poland (58%) and of course the Czech Republic. Exports came mainly from the sub-branches 'basic precious and non-ferrous metals', 'basic iron and steel, ferro-alloys (ECSC)' and also from 'other fabricated metal products'.

Between 1995 and 2000, the concentration on 'basic metals' in the export structure declined

remarkable in many countries and there were also certain changes at the level of sub-branches: Looking at the gaining and losing industries, 'basic iron and steel, ferro-alloys (ECSC)' was in fact the largest loser in exports in terms of its competitive loss (except in Slovenia), while 'basic precious and non-ferrous metals' was a major winner (except in Poland). In addition, 'cutlery, tools and general hardware' and 'other fabricated metal products' exports also experienced a competitive gain.⁵

The import structure of the metals sector was evenly distributed between 'basic metals' and 'fabricated metal products', each accounting for about half of the sector's imports in 2000. Main import sub-branches were 'other fabricated metal products', 'basic precious and non-ferrous metals', 'basic iron and steel, ferro-alloys (ECSC)' and also 'cutlery, tools and general hardware'. Between 1995 and 2000, the import structure at industry level (looking at 'basic metals' and 'fabricated metal products') remained the same and also at the level

⁵ Measured by 'shift and share analysis'.

Table 4

Detailed export structure of the metals sector, 2000, in %

	Bulgaria	Czech Rep.	Hungary	Poland	Romania	Slovakia	Slovenia
27 Basic metals	94.9	43.7	62.4	58.0	84.7	73.0	62.7
27.1 Basic iron and steel, ferro-alloys (ECSC)	32.8	19.2	20.2	20.4	31.7	34.8	13.5
27.2 Tubes	1.6	5.4	3.6	3.5	5.7	6.4	3.2
27.3 Other first processing of iron and steel	0.5	6.5	1.7	3.0	4.8	5.6	8.1
27.4 Basic precious and non-ferrous metals	59.9	12.6	36.9	31.1	42.5	26.2	37.9
28 Fabricated metal products	5.1	56.3	37.6	42.0	15.3	27.0	37.3
28.1 Structural metal products	0.4	12.5	9.7	12.1	2.3	5.6	6.0
28.2 Tanks, reservoirs, central heating radiators and boilers	0.2	3.9	3.5	2.6	1.3	3.1	1.6
28.3 Steam generators	0.1	0.6	1.8	2.4	0.3	0.8	0.1
28.6 Cutlery, tools and general hardware	1.4	10.8	5.9	3.9	2.3	2.4	12.0
28.7 Other fabricated metal products	3.0	28.5	16.8	20.9	9.2	15.0	17.6
DJ Basic metals and fabricated metal products	100.0	100.0	100.0	100.0	100.0	100.0	100.0
in EUR million	924.0	2725.8	1313.5	3178.5	908.9	917.2	851.4

Table 5

Detailed import structure of the metals sector, 2000, in %

	Bulgaria	Czech Rep.	Hungary	Poland	Romania	Slovakia	Slovenia
27 Basic metals	55.3	55.7	44.6	50.3	44.3	47.8	61.4
27.1 Basic iron and steel, ferro-alloys (ECSC)	8.7	19.4	14.6	19.8	13.5	10.2	24.0
27.2 Tubes	18.4	7.6	5.9	6.3	7.9	7.8	5.0
27.3 Other first processing of iron and steel	4.7	7.9	7.0	5.7	3.9	7.8	8.7
27.4 Basic precious and non-ferrous metals	23.5	20.9	17.2	18.4	19.0	22.0	23.7
28 Fabricated metal products	44.7	44.3	55.4	49.7	55.7	52.2	38.6
28.1 Structural metal products	9.1	4.8	5.6	7.8	11.7	4.1	5.6
28.2 Tanks, reservoirs, central heating radiators and boilers	3.0	2.1	4.2	5.8	9.2	3.2	2.0
28.3 Steam generators	0.6	0.5	0.6	1.0	1.6	0.6	0.2
28.6 Cutlery, tools and general hardware	11.2	14.5	17.0	14.1	11.5	16.3	11.4
28.7 Other fabricated metal products	20.8	22.4	27.9	21.0	21.7	28.0	19.3
DJ Basic metals and fabricated metal products	100.0	100.0	100.0	100.0	100.0	100.0	100.0
in EUR million	183.0	2491.5	1580.6	2947.9	456.7	475.2	904.1

Source (Tables 4 and 5): Eurostat; WIIW calculations.

Table 6

**Basic metals and fabricated metal products:
Price/quality gap indicator for CEE exports to the EU¹⁾**

			Bulgaria	Czech Republic	Hungary	Poland	Romania	Slovak Republic	Slovenia
27.1	Basic iron and steel, ferro-alloys (ECSC)	2000	-0.044	-0.097	-0.016	-0.080	0.003	-0.065	0.127
27.2	Tubes	2000	-0.306	-0.205	-0.245	-0.287	-0.363	-0.221	-0.211
27.3	Other first processing of iron and steel	2000	-0.208	-0.120	-0.224	-0.199	-0.173	-0.098	-0.016
27.4	Basic precious and non-ferrous metals	2000	-0.015	-0.010	0.057	-0.054	-0.028	-0.004	-0.038
28.1	Structural metal products	2000	-0.406	-0.249	-0.093	-0.118	-0.214	-0.225	0.126
28.2	Tanks, reservoirs, central heating radiators and boilers	2000	-0.546	-0.307	-0.180	-0.255	-0.074	0.282	0.519
28.3	Steam generators	2000	1.820	-0.455	0.770	-0.122	-0.258	-0.185	-0.494
28.6	Cutlery, tools and general hardware	2000	-0.513	-0.229	-0.174	-0.112	-0.477	-0.308	-0.201
28.7	Other fabricated metal products	2000	-0.342	-0.222	-0.142	-0.281	-0.445	-0.351	-0.188
DJ	Basic metals and fabricated metal products	1995	-0.168	-0.230	-0.120	-0.173	-0.219	-0.179	-0.099
		1996	-0.132	-0.129	-0.052	-0.053	-0.219	-0.124	-0.066
		1997	-0.116	-0.224	-0.146	-0.138	-0.154	-0.154	-0.121
		1998	-0.122	-0.195	-0.131	-0.179	-0.148	-0.132	-0.091
		1999	-0.101	-0.196	-0.153	-0.172	-0.164	-0.175	-0.103
		2000	-0.055	-0.175	-0.041	-0.140	-0.115	-0.121	-0.056
		average 1995-2000	-0.116	-0.192	-0.107	-0.143	-0.170	-0.148	-0.089

Notes: 1) Defined as the unit value ratio uvr_t^c of country c, which shows the percentage deviation from the average EU import unit value.

Source: Calculations by R. Stehrer, WIIW.

Table 7

**Basic metals and fabricated metal products:
CEE exports to the EU(15) in EUR million, market shares in %**

	EU(15) extra-EU imports, EUR mn		Bulgaria		Czech Republic		Hungary		Poland	
	EUR mn	%	EUR mn	%	EUR mn	%	EUR mn	%	EUR mn	%
1995	47933.3		560.7	1.17	1554.4	3.24	921.2	1.92	2187.2	4.56
1996	43399.9		371.1	0.86	1483.1	3.42	826.7	1.90	1797.9	4.14
1997	50090.4		488.6	0.98	1760.3	3.51	938.9	1.87	2123.5	4.24
1998	58361.8		575.5	0.99	2023.2	3.47	1014.9	1.74	2344.7	4.02
1999	53978.6		511.2	0.95	2183.6	4.05	975.3	1.81	2316.0	4.29
2000	72474.2		924.0	1.27	2725.8	3.76	1313.5	1.81	3178.5	4.39
									Total Manufacturing	
	Romania		Slovak Republic		Slovenia		CEEC(7)		CEEC(7) ¹⁾	
	EUR mn	%	EUR mn	%	EUR mn	%	EUR mn	%	EUR mn	%
1995	679.7	1.42	639.6	1.33	548.2	1.14	7091.0	14.79	38401	8.93
1996	567.5	1.31	669.5	1.54	515.1	1.19	6230.9	14.36	40903	9.05
1997	726.8	1.45	703.5	1.40	596.5	1.19	7338.1	14.65	49447	9.48
1998	802.9	1.38	755.7	1.29	628.6	1.08	8145.4	13.96	59900	10.43
1999	666.7	1.24	684.0	1.27	672.1	1.25	8009.0	14.84	67623	10.71
2000	908.9	1.25	917.2	1.27	851.4	1.17	10819.4	14.93	86379	10.83

Notes: 1) CEEC(7) total manufacturing exports to the EU and their market shares.

Source: Eurostat, WIIW calculations.

of sub-branches there were on average less changes than in exports.

Price/quality gap indicator

The price/quality gap indicator reveals differences in export prices which under certain conditions can be interpreted as differences in product quality.

This indicator is measured by the CEE export unit values (value per kg) to the EU(15) compared to the overall EU import unit value. For the average of 1995-2000 as well as for the year 2000, the price/quality gap indicator was negative for exports from the metals sector of all CEECs to the EU(15) – and quite substantial: for the average it ranged between -9% in Slovenia and -19% in the Czech Republic. Between 1995 and 2000, the indicator improved and the gap became smaller.

Also, at a more detailed level, the price/quality gap was mostly negative, with only rare exceptions. In

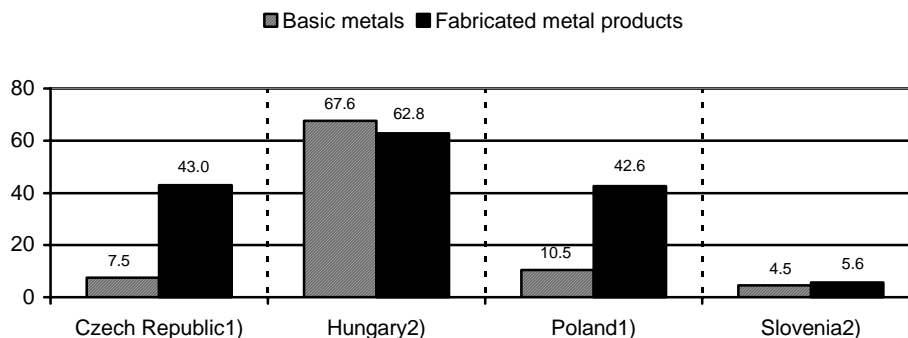
general, the gap was larger for 'fabricated metal products' than for 'basic metals', pointing to a relatively lower quality of higher value-added products.

Prominent position on the EU market

In 1995, CEEC(7) metals sector exports to the EU(15) had a market share of 15%, which remained fairly constant in the following period and still stood at 15% in 2000 (all shares without intra-EU trade). Compared to total manufacturing market shares (9% in 1995 and 11% in 2000) the metals sector shares were larger, reflecting their significant position on the EU market – although the gap was slightly decreasing. In 2000, the largest exporters to the EU were Poland and the Czech Republic with market shares around 4%, followed by Hungary with 2%. The other countries held shares of around 1%.

Figure 4

**Basic metals and fabricated metal products:
Foreign penetration of individual industries in 1999**
Share of nominal capital of FIEs in the nominal capital of all companies (FIEs + all others)



Notes: 1) Equity capital. - 2) Nominal capital.

Source: WIIW, FIE Database.

Foreign direct investment

The metals sector has not been a prominent target for foreign direct investors, mostly due to problems in privatization and restructuring of the iron and steel industry (failed privatization programmes, annulling of contracts, renationalization of companies etc.). Although EU investors have been interested in CEE steel companies, participation of large EU groups in privatization has largely failed to date. On the part of the CEECs, this might be due to the heavy involvement of political interests, trying to put strict structural and employment conditions on private investors, as well as due to high debts and huge restructuring needs. On the part of the EU, the CEECs prove to be an interesting export market for over-capacities in the West and EU companies might be reluctant to build up competitors. Interest from non-European groups comes from U.S. Steel in the Slovak VSŽ Košice, and the Indian company Ispat in Polish and Romanian steel companies. However, it will be difficult to raise investment for modernization of steel companies without foreign help. Foreign investors are more interested in CEECs' non-ferrous metallurgy, especially aluminium production.

Foreign *penetration* of the metals sector (measured by the share of nominal capital of the sector's FIEs in the nominal capital of all metals companies) has always been below the levels of foreign penetration for total manufacturing. It was lowest in Slovenia, with 5% in 1999, somewhat higher in Slovakia, the Czech Republic and Poland, and reached 65% in Hungary. This might be explained by differences within industries: while in the Czech Republic and Poland foreign penetration was lower in 'basic metals' and higher in 'fabricated metal products', in Hungary both industries achieved nearly the same level of foreign penetration.

Prospects

Future prospects are generally overshadowed by delayed and complex *privatization* processes of large steel companies in the region and will depend on the success of subsequent *restructuring*. This will entail further capacity and employment reductions. The latter are however difficult to realize because of a strong regional concentration of large companies and their dominant role as employers (regional unemployment). Yet investment and modernization are urgently needed in order to upgrade production and to meet environmental requirements. Raising of sufficient

funding is difficult as the metals sector is not a prominent target for foreign investment. Further restructuring is also necessary in light of *EU accession*, which requires capacity reductions, the viability of companies, and the solving of social, technical and environmental problems. In addition, the CEECs will have to comply with the EU rules of state aid, which are already important in the accession negotiations in the closing of the competition chapter.

On the *domestic market*, growth potentials for the metals sector exist as there is still pent-up demand for products (e.g. for consumer goods but also for investment goods, infrastructure and especially for construction). Growth impulses might also come from dynamic small and medium-sized enterprises in the 'fabricated metal products' industry. Developments in GDP and gross industrial production are currently quite favourable and forecasts are positive for all CEECs in 2002 and 2003 (except Poland). The trends in industrial production are most promising in Hungary, followed by the Czech Republic and Slovakia. The growth rates for Romania, Bulgaria and Slovenia are lower but still pronounced, while those for Poland were markedly scaled down. However, domestic markets might get under pressure from West European high-quality imports as well as from Russian and Ukrainian low-price products.

On the *export markets*, CEECs' exports to the EU hold an important position and trade volumes have increased, but EU market shares have stagnated. In addition, the role of metal exports in total CEE exports to the EU declined (shares decreased) and revealed comparative advantages diminished. However, expansion was constrained by the relevant trade regime, i.e. anti-dumping procedures, which will cease with EU accession, entailing better export opportunities and also protection from cheap imports from outside the EU for future EU members. In the meantime, Central and Eastern markets pose an interesting alternative to Western markets with good growth prospects. Here too, quality upgrading will be necessary in the long run to withstand competition. Also exports to developing countries can be considered as a potential outlet.

'Regional economic co-operation in Asia: challenges for Europe' Conference Report

BY WALTRAUT URBAN

The conference devoted to 'Regional economic co-operation in Asia: challenges for Europe' took place in Vienna on 4/5 October 2001.¹ It was the first part of a 'Twin Conference', jointly organized by the Vienna Institute for International Economic Studies (WIIW) and the Japan Center for International Finance (JCIF). The second part of this Twin Conference will take place in Tokyo, in May 2002, and will focus on the impact of European integration on Asia (for the preliminary programme and registration form see end of this conference report, pp. 28-30).

The general topic of the Vienna conference was discussed under four major aspects:

- Regional economic co-operation in East and Southeast Asia as compared to the European integration process
- Financial and monetary co-operation in Asia and Europe
- Economic co-operation between Asia and Europe; the ASEM process
- Europe and Asia in a global context

1 Regional economic co-operation in East and Southeast Asia as compared to the European integration process

Approaches to regional economic co-operation in East and Southeast Asia

According to Mr Yamazawa,² the existing huge disparities in incomes, ethnicity, religion and the social and political systems were generally

considered to rule out prospects for unification and meaningful institutionalization of economic co-operation in East Asia in the past.

However, since the Asian Financial and Economic Crisis of 1997 that view has changed dramatically. Closer regional co-operation is considered a necessary tool to prevent a similar crisis and to reduce the region's undue dependence on the help of international financial institutions such as the IMF. Thus, in May 2000, the finance ministers from the ASEAN³ countries plus Japan, China and South Korea (ASEAN plus Three, APT) launched the 'Chiang Mai Initiative'. The key aspects of the Initiative were, first, to conclude bilateral swap agreements which would provide immediate support in the case of a crisis similar to that in 1997, and second, to strengthen the policy dialogue among the members, including joint monitoring of short-term capital flows.

Other reasons for an increasingly positive attitude towards regional co-operation in East Asia are: the expanding production network within the region, the stagnation of the liberalization process under the multilateral framework of WTO, and the continued expansion of regional arrangements elsewhere in the world.

Thus, with regard to regional co-operation, East Asia might be on the brink of a historic evolution akin to that which swept across Europe half a century ago. But, so far there is no 'Asian Monnet' or 'Asian Schuman' in sight to draw up a scenario of future Asian economic co-operation similar to that of post-war Europe. Moreover, as opposed to European integration, regional co-operation in East Asia is focusing on economic issues rather than having political and military objectives.

Finally, Mr Yamazawa turned to the role of Japan, which has also substantially changed during the Asian financial crisis. Being rather cautious with

¹ The complete Conference Proceedings can be downloaded in PDF format from WIIW's website at <http://www.wiiv.ac.at/TwinConfOct01Proc.html>.

² Kotaro Yamazawa is Managing Director of JCIF in Tokyo. The chair of this Panel was held by Makoto Fujishiro, Resident Director of JCIF Brussels.

³ Association of Southeast Asian Nations: Indonesia, Malaysia, Philippines, Thailand, Singapore, Brunei, Viet Nam, Myanmar, Laos, Cambodia.

respect to regional co-operation, for historical reasons, Japan has played a very active and much appreciated role during the crisis when it contributed a great amount (USD 4 billion) to the financial rescue package to the most shaken economies in the region. There is no doubt that Japan could contribute a great deal to the progress of Asian regional co-operation. However, further opening of the Japanese economy will be essential, which – according to a report from the ‘Mission for Revitalization of the Asian Economy’ – will produce results that are desirable and beneficial for Japan itself.

How to define a region of closer economic co-operation in Asia

In Mr Teo’s⁴ opinion, the key to Asian economic co-operation lies in the Northeast, in particular in the success or failure of consolidating a Sino-Japanese axis, but will involve a change of Asian economic strategies and enhanced cohesion within ASEAN as well.

As early as during the 1970s Japan started to locate production to Southeast Asia, South Korea and Taiwan to take advantage of the lower labour costs in these countries. Later, more Asian countries adopted this policy of outsourcing, following the so-called ‘flying geese pattern’. However, foreign direct investment (FDI) flows remained highly asymmetrical and trade did not become regionally integrated: the major export markets of ASEAN, Taiwan and South Korea were still clearly the United States and Europe, but not Japan. The ‘third opening’ of Japan, expounded by the late PM Obuchi, has to be seen in this light.

In the late 1980s China, along with the successful reform of its socialist market economy, entered the stage as an important player in the region. Not only has China become both a serious rival destination and a provider of FDI, but it is also producing and exporting goods of increasingly higher quality. This is causing a ‘hollowing out’ of whole industrial

sectors in the economies of Japan but other more advanced Asian countries as well. The Asian co-operation sphere will likely be more bipolar in the years to come, and a Sino-Japan entente will therefore be key to the success of future Asian economic co-operation. Already during the Asian Crisis of 1997, both the generous Japanese aid and the Chinese decision not to devalue its currency had helped to stabilize the affected region and to trigger off a rapid recovery in 1999 and 2000.

However, both the rapid recovery from the Asian Crisis and the current dramatic economic slowdown laid bare another important phenomenon, namely the heavy reliance of the region on American and European markets. One lesson to be learnt from this could be the necessity to diversify export markets and probably to intensify intra-Asian trade in order to reduce the current excessive dependence on the West. But it could be also the beginning of a more fundamental review of the Asian economic strategy, which so far has been based almost exclusively on exports. A better balance between boosting domestic consumption and the traditional export-led growth strategy could definitely help to anchor Asia in a more sustainable economic growth pattern. Apart from specific efforts to develop a middle class, encouraging domestic consumption-led growth in a wider Asian framework could be a worthwhile project for Japan, China and the rest of Asia. Co-operation could be implemented within the framework of APT. The present bi-annual consultations at the levels of heads of state and government, the ministers of finance, economy and trade as well as foreign ministers, could be progressively ‘enlarged’ to include ministers in the social and developmental areas, too.

Nevertheless, there is a significant obstacle to be overcome: the political imperative. ‘Sino-Japanese entente and trust are essential to build and rebuild Asia, just as the Franco-German entente had positively sealed the fate of Europe through the Monnet-Schuman-Adenauer initiatives of the mid-1950s.’ Beyond that, continued cohesion of the

⁴ Eric Teo is Council Secretary of the Singapore Institute of International Affairs (SIIA).

ASEAN countries will be essential: major economies have emerged from the Asian Crisis in a more fragile political, economic, financial and social situation and after the entry of Viet Nam, Laos, Myanmar and Cambodia there is now a sentiment of a 'two-tier' ASEAN with a wide social divide. If consolidation within ASEAN fails, the region could be left in the political and economic doldrums, resulting in paralysis for many years. This could become a stumbling block to further Asian economic co-operation.

European integration versus Asian economic co-operation

Mr Landesmann⁵ focused his contribution on economic differentiation and social cohesion, and how Europe and Asia have approached these issues. He also referred to some more general economic and policy issues, for instance to trade specialization and the role of FDI, common to both regions. His presentation started with an illustration of the much higher degree of economic differentiation in Asia as compared to Europe on the basis of figures for gross domestic product per capita.

European integration had started after World War II with a group of countries that were at roughly similar levels of economic development. Only with the integration of the Southern European countries and Ireland in the 1970s and 1980s did the issue of integration of countries at different levels of development arise. This issue is currently gaining further momentum with the forthcoming EU enlargement to the Central and Eastern European transition countries. Thus the issue of 'economic and social cohesion' has become increasingly important. The EU policy framework developed in this regard is mainly distributive, although the European integration in general was increasingly based on a liberal agenda. The European integration process has, furthermore, led to what is called 'deep integration', which by now includes a high degree of co-ordination of macroeconomic

policy, the introduction of a common currency, a path towards harmonization of tax structures and a centralized supervision of industrial policies.

Asian economic co-operation developed quite differently: It was the outcome of successful national economic development models. Following the model of Japan, an increasing number of Southeast Asian economies pursued an export-oriented strategy that was based on the successful use of interventionist industrial policy instruments. Asian economic co-operation emerged from the recognition that an increasingly potent Asian economic zone could not be left simply to the uncoordinated pursuit of national development strategies. Catching-up/convergence processes were not seen to result from the use of redistributive policies, but from the emulation of successful (often interventionist) national economic strategies.

However, there are certain economic and policy issues which are common to the economic integration in highly differentiated regions such as Asia and increasingly Europe as well: changing patterns of trade specialization in the process of catching up; the role of foreign direct investment as an agent of upgrading and of segmentation; the role of domestic versus export markets and of domestic versus regional policy initiatives in areas such as technology, education and infrastructure.

Ms Urban⁶ analysed the topic of European integration versus Asian economic co-operation from an institutional point of view, focusing on three important aspects: the different degrees of institutionalization, the dynamics of integration and the differences in the distribution of power in Europe as compared to East and Southeast Asia. Finally, she pointed out some challenges for economic co-operation in Europe and Asia in the future.

⁵ Michael Landesmann is Research Director of The Vienna Institute for International Economic Studies (WIIW).

⁶ Waltraut Urban is Senior Researcher at The Vienna Institute for International Economic Studies (WIIW).

European integration is guided by a detailed contractual framework. In Asia, on the other hand, there is very little institutionalization. Whereas EU regulations are mostly binding rules, ASEAN and APEC⁷ issue only non-binding 'Declarations', 'Action Plans' and 'Agreements'. In the case of Europe, a large share of national sovereignty has been handed over to a supra-national institution, which in the case of Asia is virtually absent. Probably, there is a more general difference in attitudes lying behind these approaches, such as 'contractual' versus 'consensual' society in Europe and Asia, and/or 'idealism' versus 'pragmatism'.

The dynamics of integration in Europe can be characterized as a 'top-down' process whereas in Asia it is considered a 'bottom-up' process. In Europe, new integration issues are typically brought up by the EU Commission or the national governments while in Asia they are often driven either by private business interests or respond to de-facto established developments. For the same reasons, European integration is more 'innovative' while Asian regional co-operation is more 'reactive'. For instance, the ASEAN Free Trade Area (AFTA) was founded in 1992, the same year the Common European Market was completed; and the landmark APEC economic leaders' declaration in Bogor was proclaimed in 1994, which is when the North American Free Trade Agreement (NAFTA) was concluded.

In Europe, there are four major powers: France, Germany, Italy and the United Kingdom, and there have been only minor changes in their relative positions since the end of World War II. In Asia, we find one established, dominant economic power (Japan), and one rapidly emerging power (China). Also, contrary to Europe, changes are very fast in Asia: during the 1960s, Japan was the most rapidly growing economy, followed by the Four Asian Tigers. China was among the slowest growing

economies at that time. In the 1970s, the growth of the Japanese economy slowed down significantly, the Tigers speeded up and showed the highest growth rates in the region. China overtook Japan in terms of economic growth. The 'Second Tier Tigers' (Indonesia, Malaysia, the Philippines and Thailand) entered the stage. During the 1980s and 1990s, China became the fastest growing economy in the region. The Second Tier Tigers performed very well and grew even faster than the old Tigers before the Asian Crisis of 1997, but have fallen back significantly since then.

Important challenges for European integration in the future are: consolidation of the Economic and Monetary Union (EMU), a common security policy, EU enlargement and how to deal with the 'Left-outs', e.g. Russia and the Balkans. What about the move towards a 'European Federation'? Where does Europe end? For Asian regional co-operation, major challenges include: coming to grips with the strong fluctuations in economic growth, over-production, financial instability, regional security issues, institution building, regionalism vs. multilateralism vs. bilateralism, future development of APT; relationship Japan–China (Korea, Taiwan).

2 Financial and monetary co-operation in Asia and Europe

The quest for regional financial and monetary co-operation in Asia

Mr Kuroda⁸, after touching briefly upon the reasons for the Asian Crisis in 1997 and the IMF's and the private sector's contributions to its solution, elaborated on the following topics in detail: Asian Monetary Fund, Chiang Mai Initiative and on the question of an appropriate foreign exchange regime for Asia, including the vision of an Asian Common Currency (ACC).

In September 1997, inspired by the success of the Tokyo meeting to create a financial support

⁷ Asia-Pacific Economic Co-operation: Australia, Brunei, Canada, Chile, China, Hong Kong-China, Indonesia, Japan, Rep. of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, USA, Viet Nam.

⁸ Haruhiko Kuroda is Vice Minister of Finance for International Affairs of Japan. The chair of this Panel was held by Thomas Wieser, Director General, Austrian Ministry of Finance.

package for Thailand, countries of the region moved to establish an Asian Monetary Fund (AMF) which would supplement IMF resources for crisis prevention and resolution. Concerns were voiced, however, that crisis-hit countries in the region would possibly bypass the IMF's conditionalities and receive easy money from the AMF. These misgivings – although misplaced in Mr Kuroda's eyes – ultimately destroyed the idea of an Asian Monetary Fund.

In another development, the APT Finance Ministers met in Chiang Mai (Thailand) in May 2000 with the aim to establish a regional financial arrangement which would supplement international facilities. This so-called 'Chiang Mai Initiative' is designed to extend the existing ASEAN Swap Arrangement and to create a network of bilateral swap and repurchase agreement facilities among APT countries. The main purpose is to provide short-term financial assistance in the form of swaps to countries which need balance-of-payments or short-term liquidity support, but the Initiative may have a wider impact on regional co-operation as well.

The appropriate foreign exchange regime for Asia has to be seen in the light of a widely accepted theory, known as 'impossible trinity'. The latter postulates that the three policy objectives, namely an independent monetary policy, liberalization of the capital market and a fixed exchange rate regime, cannot be achieved simultaneously. After discussing the advantages and disadvantages of a (hard) peg on the one hand and the free float on the other, Mr Kuroda concluded that a good option for the emerging East Asian economies, particularly for ASEAN countries, might be a *managed exchange rate* regime. Here the currency moves within a certain range with its centre targeted to a basket of major currencies weighted according to a trade basket and other relevant factors.

Regarding the question whether an Asian Common Currency (ACC) might be possible at some time in the future, Mr Kuroda's answer was: Yes, but only

in the long run as a great number of hurdles will have to be overcome – first of all the integration of goods markets, labour markets and financial markets. Furthermore, the economic structure of participating countries must become more similar. Last but not least, macroeconomic policy co-ordination would be essential.

Implications of European monetary co-operation and EMU for Asia

Ms Gugerell⁹ noted at the beginning of her presentation that 'speaking about implications of the European Monetary Union (EMU) for Asia was not an easy task', due to the short observation period since the launch of the EMU, the enormous structural differences existing between the euro area and the Asian economies and the relatively weak economic ties between the two regions: Imports from Asia hovered around 8% (Japan: 3-4%) of total imports of the euro area and export shares to Asia fell even below 6% (Japan: 2%) over the last couple of years. Exposure of the banking sector in Japan to the euro area reached about USD 200 billion (trend rising), exposure of the European banking sector versus Japan reached about USD 100 billion (trend falling). Ms. Gugerell thus decided to concentrate on the European experience with EMU since 1999.

The introduction of the euro as a common currency of twelve member states of the European Union¹⁰ has fundamentally changed both the conduct of economic policy in Europe and the international monetary system as a whole. Building a monetary union stands at the end of a long process of gradual European integration. At the same time, this represents an important step towards further integration in economic, political and cultural terms. Also, the international monetary system was

⁹ Gertrude Tumpel-Gugerell is Deputy Governor of the Austrian National Bank (Oesterreichische Nationalbank, OeNB).

¹⁰ Austria, Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Portugal and Finland joined the EMU on 1 January 1999, Greece joined on 1 January 2001. Denmark, Sweden and the UK have decided not to join so far.

enriched by another international currency, alongside the US dollar and the Japanese yen. The historical project of one single currency in Europe has been completed by the introduction of euro coins and notes into circulation as of 1 January 2002.¹¹

The following aspects were discussed in more detail:

Convergence: In particular, convergence of inflation in member countries was seen as a precondition for a successful monetary union. Only after inflation rates had converged to below 2% as stipulated by the Maastricht Treaty (1992) the EMU was launched on 1 January 1999 comprising eleven EU member states.¹² However, after the launch, inflation rates did not converge further and the spread probably even widened (depending on the method of measurement), mainly because of differences in member countries' business cycle positions. Being a member of EMU obviously does not rule out asynchronous cycles caused either by country-specific shocks or by divergences in the reaction of national economies to cross-country shocks.

Institutional frame work: Monetary policy decisions for the whole euro area are centrally adopted by the Governing Council of the European Central Bank (ECB). The ECB has been given institutional independence and has a clear mandate to keep inflation in check. So far, the ECB has done a good job. Fiscal policy, on the other hand, remains within the competence of national governments, though it is co-ordinated via the Stability and Growth Pact (SGP)¹³ and at regular meetings of economics and

finance ministers in the so-called Eurogroup, or in the ECOFIN-Council, bringing in a strong element of policy co-ordination across the different member states of the European Union.

Role of the euro in the international system: Since its introduction at the beginning of 1999, the euro has become the second most widely used currency at the international level and its importance has been rising: as a *financing currency*, at the end of 2000 the share of the euro in the overall stock of 'truly international' debt securities reached 26%, and as an *investment currency* its share in international bank assets was 22%, which is 7 respectively 6 percentage points higher than the total shares of the euro's legacy currencies at the end of 1998. As a *vehicle currency* in the foreign exchange market and as a *pricing and quotation currency*, the euro does not play a role comparable to that of the US dollar at the global level yet. As a *reserve currency*, at the end of 2000 the euro accounted for 12.7% of the foreign exchange reserve assets of IMF member states. The euro is the second world reserve currency, well behind the US dollar (68.2%) and ahead of the Japanese yen (5.3%). However, on average, there has been no aggregate reallocation of official reserves attributed to the euro since its introduction in 1999.

Structural changes on financial markets: EMU has also led to rapid integration of financial markets in Europe, making these less fragmented and more liquid, more competitive and stable. Certain market segments such as the unsecured deposit market and the derivative markets have already become fully integrated. Also, a strong trend towards integration of the government bond markets and euro-dominated private bond markets exists. Interest spreads have narrowed with the elimination of exchange-rate risks. But there are still obstacles to be overcome, for instance in capital markets where national laws, market practices and traditions differ considerably across the euro area. The EU 'Financial Services Action

¹¹ Notably, the idea of creating a monetary union in Europe goes back to the early 1950s, even before the European Community was founded. Two conflicting theories were discussed at that time: one setting a monetary union as a starting point of the European integration process and another one – the so-called 'crown theory' – opting for monetary union as the final step of political and economic integration.

¹² Greece did not meet the convergence criteria and joined EMU only in 2001.

¹³ The Stability and Growth Pact obliges participating member states to achieve balanced budgets in the long term to

create the scope for short-term automatic stabilizers working properly.

Plan' aims at eliminating legal and structural obstacles to fully integrated financial markets in the EMU by the year 2005.

Commenting on Ms Gugerell's presentation, the next speaker, Mr Reiterer¹⁴, identified the following potential gains for Asia from the introduction of the euro: a single, larger and better accessible European export market; an integrated and open European capital market which is beneficial for Asian borrowers and investors as well; and a more balanced international monetary system with the euro representing an interesting alternative to the US dollar as a reserve currency to correct the mismatch between the share of Europe as a trading partner and the share of European currencies in foreign exchange portfolios of Asian countries.

Challenges of regional co-operation in Asia for Europe

In his speech, Mr Reiterer touched upon other important issues as well, such as the growing global economic interdependence due to trade linkages and probably even more to the evolution of increasingly integrated international financial and capital markets. The potential of contagion thus has become a permanent reality, again confirmed in the aftermath of the 11 September terrorist attacks in the US.

For national economic policy making, this has two important consequences. First, to strengthen the resilience of domestic economies against unavoidable international turbulences. Second, given their potential repercussions on other countries, the need to conduct sound and responsible national economic policies has increased. Developing domestic-demand-driven growth in addition to export-led growth has become an imperative; in socio-political terms, governments in Asia will have to make special efforts to develop a middle class, contributing to domestic growth.

The EU has welcomed the progress made in Asia on monetary and economic co-operation since the Asian Crisis of 1997, but is critical as well. On the positive side, the Chiang Mai Initiative is seen to enhance regional surveillance. As in the European case, this could be the starting point for further regional financial co-operation; in the medium term it might lead to a regional exchange rate system. However, the past swap arrangements have proven ineffective in the case of speculation against inappropriate exchange rates, as the ERM exit of the British pound in 1992 has shown. More importantly, the Initiative links exchange rate stability to interventions on the foreign exchange rate market without taking into account the role of appropriate macroeconomic and structural policies.

Given the recent emergence of the ASEAN+3 format, Mr Reiterer expressed his hope that it would develop into an open and flexible caucus, without forming an exclusive bloc. Following Simon Tay's¹⁵ typology it should have a functional and not a political approach. Consequently, the participation in ASEAN+3 initiatives could vary according to the interest of the participants. This would also defuse the leadership problem: East Asia lacks one clear leader – there is rather competition and rivalry between China and Japan, who are not yet reconciled. In the functional approach, leadership could depend on issues/interest, not on statehood. Therefore, Japan could lead on investment and development assistance; Singapore on free trade initiatives; Thailand and Malaysia on regional peacekeeping; Japan could represent Asia in the G8, China could represent it in the United Nations Security Council.

However, East Asian countries are typically trading more outside the region than within. This limits the effect of regional trade agreements. APEC is losing steam and the failure to launch a new WTO round in Seattle has triggered off a series of negotiations

¹⁴ Michael Reiterer is Counsellor at the European Commission in charge of the Asia Europe Meeting (ASEM) process.

¹⁵ Simon Tay, 'ASEAN Plus 3: Challenges and Cautions About A New Regionalism', Singapore Institute of International Affairs Reader, vol. 1, no.1, July 2001, p. 25.

and study groups on free trade agreements.¹⁶ The EU is sometimes criticized that it is partner to more than 100 regional trade agreements (RTAs), but has not concluded a single one with Asia.

As regional integration is gaining momentum, the bilateral regional co-operation between Asia and Europe in the 'Asia Europe Meeting' (ASEM)¹⁷ process is potentially becoming more important. Currently there are two Action Plans dealing with 'Trade Facilitation' and 'Investment Promotion'. Both seek to improve the economic co-operation by implementing the 1998 Trade and Investment Pledge.

At the more general level, the EU Commission's recently published 'Strategic Framework for Enhanced Partnership with Asia'¹⁸ calls for the further development of bilateral regional economic relations, for the strengthening of private sector co-operation, an upgrading of the dialogue on economic and financial policy issues in encouraging sound policy reforms in the financial and corporate sector, for enhanced market access for the poorest developing countries in Asia and for increasing co-operation in the energy and transport sectors.

3 Economic co-operation between Asia and Europe; the ASEM process

Economic co-operation between Asia and Europe: problems and opportunities for Asia

Mr Sugiura¹⁹ started from the observation that the economic relations between Asia and Europe

depend heavily on the economic gyrations in Asia. European direct investment flows to Asia declined after the 1997 Crisis, followed by a resumption of investments only in 2000. But FDI is shrinking again in the wake of the recent deterioration of the Asian economy. European exports and bank lending towards Asia have never recovered to the level before the Crisis. Mr Sugiura believes that the underlying factors which have brought the region's economy such gyrations are more than cyclical ones. The Asian economy, as well as the relations between Asia and Europe, would lose steam unless the underlying structural problems are tackled. He mentioned three challenges to revitalize the Asian economies, and thus to realize more fruitful and prosperous relations between Europe and Asia:

- Redefine the engine of sustainable economic growth: the recent global downturn has revealed that growth of many countries relies too heavily on the economic performance in the US. The fundamentals of the domestic economy have never been strong enough to support its growth. In this context, one should also rethink the excessive reliance on the so-called 'New Economy'.
- Reduce the widening gap in economic growth and prosperity in the region
- Japan, as the biggest economy in the region, should fix its economy and financial system and should play the pivotal role in re-establishing the Asian economy and its relations with Europe

Although during the necessary restoration, economies tend to become more inward looking, Mr Sugiura was convinced that in a globalized world co-operation is the key to cope with and to get over the rough tide.

¹⁶ Japan is in negotiations with South Korea, Mexico and Singapore. Singapore has concluded its talks with New Zealand and is negotiating with Japan, Mexico and the USA. It is making preparations for negotiations with Canada, Australia and EFTA.

¹⁷ Currently the European side is represented by the 15 EU member states and Asia by 7 ASEAN members (Malaysia, Indonesia, Philippines, Thailand, Singapore, Brunei Viet Nam) plus China, Japan and the Rep. of Korea ('ASEAN-3+3').

¹⁸ COM (2000) 469final, 4 September 2001.

¹⁹ Tetsuro Sugiura is Chief Economist at the Fuji Research Institute Corp. The chair of this Panel was held by Egon

Winkler, Deputy Secretary General, Austrian Economic Chamber.

Economic co-operation between Asia and Europe: problems and opportunities for Europe

Speaking from the point of view of a banker who is doing business in Asia, Mr Czurda²⁰ pointed out the following *problems*:

- non-tariff barriers
- restrictive handling of import licences
- bureaucracy
- legal insecurity
- abuse of licensing agreements

However, the situation has been improving. On the positive side, the following *opportunities* for doing business in Asia were mentioned:

- deregulation
- privatization
- reform of the banking sector

Regarding Japan, the recent promotion scheme and incentives for foreign investors should be mentioned. Generally, Mr Czurda's view was that opportunities for doing business by far outweigh the risks.

Focusing on China, the greatest opportunities are seen in the size and rapid growth of its economy, in the political stability and in China's pending entry to the WTO. There are, however, specific problems as well: no business in local currency so far, the Chinese bureaucracy and tax authorities.

Raiffeisen Zentralbank Oesterreich AG (RZB-Austria) sees good opportunities in China as a niche player servicing (European) multinationals and in particular financing trade between China and Austria as well as China and the Central and East European Countries, where RZB can build on its longstanding experience and business relations.

In their comments, Ms Yeo²¹ and Ms Nowotny²² looked at the co-operation between Asia and

Europe from a more political angle, both emphasizing the role of the ASEM process which started in Bangkok in 1996. However, Ms Yeo stressed the role of ASEM in promoting deeper economic co-operation while Ms Nowotny put emphasis on ASEM as a forum for political dialogue. Ms Nowotny also regretted that ASEM seems to have lost steam recently, with a kind of 'meeting fatigue' gaining ground. According to Ms Yeo, the desire to promote more trade and investment between the two regions was the key driving force behind ASEM. This is reflected in the time and energy spent on drawing up the Trade Facilitation Action Plan and the Investment Promotion Action Plan (as already mentioned by Mr Reiterer) and also in encouraging more networking and information flows among the business community through the annual Asia-Europe Business Forum.

4 Europe and Asia in a global context

First, Mr Vranitzky²³ stressed in his '*Tour d'horizon*' the role of European integration from a policy point of view and the importance of the EU as a centre of political and economic security for the rest of Europe and the world. In the past, Europe has certainly been the source, or one of the sources, of many global conflicts and wars. Thus, the main contribution of Europe to the world security is to create a sustainable structure of security in Europe. To this purpose, European countries have adopted three fundamental principles:

- to transform international conflicts into political problems,
- to put up structures that ensure long-term economic prosperity, and
- to strengthen the institutions of democracy and civil society.

²⁰ Martin Czurda is Senior Vice President of Raiffeisen Zentralbank Oesterreich AG (RZB-Austria).

²¹ Lay Hwee Yeo is Research Fellow at the Singapore Institute for International Affairs (SIIA), specializing on ASEM.

²² Eva Nowotny is Director General at the Austrian Federal Ministry for Foreign Affairs.

²³ Franz Vranitzky is former Federal Chancellor of the Republic of Austria, at present Advisor to the Westdeutsche Landesbank.

Also, the European integration process was seen from the very beginning as one that will lead to ever larger and deeper European integration. Already now one is looking at an economic and political agglomeration that will eventually consist of 26 European countries. And the integration process will in all probability not stop there. Institutional and contractual relations of the European Union with neighbouring countries and regions (in the Balkans, the Mediterranean, the former Soviet Union and in the Middle East) will widen and deepen. However, the process of European integration has not always been smooth as demonstrated by the recent military conflicts, ethnic and civil wars in the Balkans. But after some initial confusion, the principle that countries of the region cannot hope to improve their vital economic and political relations with the EU as long as they are not ready to improve their mutual and regional relations was eventually applied.

Globalization, regionalism and nation state: an Asian point of view

This Special Lecture was delivered by Makoto Utsumi, the President of the Japan Center for International Finance. In his view, if 'Globalization' was understood as imposing the Anglo-Saxons' Rule of the Game on every part of the globe, it should be noted that what is good for some countries is not always good for other countries. However, no country can live in total irrelevance of the globalization of market economy.

In parallel with the globalization of the market economy, the trend is set for regional integration which in the case of Asia is difficult to apply because of its great diversity. The problem of national security in Asia is much more complicated compared to Europe. However, Mr Utsumi considered the Asia-Pacific Economic Co-operation (APEC)²⁴ a very interesting organization, through which Asian countries can work together while maintaining their diversity. The 'Chiang Mai

Initiative' is another promising example how Asian regional co-operation can work.

The loss of identity of individual nation states is another phenomenon to be observed, in particular after the fall of the Iron Curtain. But in the globalized market economy, each nation-state should strenuously pursue to visualize its identity without which the nation state would be buried under globalism and regionalism.

Thus, two factors are prerequisite to global, regional and national security in this century: each nation state should succeed in the search for its identity and the market economy should be tolerant enough to allow the nation state to be equipped with its proper safety net against the brutality of the market.

Final remarks

Mr Havlik²⁵ noted at the beginning of his presentation that with the preparation of this conference WIIW had for the first time ventured out of its traditional field of expertise, which so far had focused mostly on Europe. The exchange of views on different approaches and obstacles to integration in Asia and Europe was extremely interesting and the conference could be clearly regarded as a success. In his personal reflection of the discussion, several key points were highlighted. Finally, he made some suggestions for the next Twin Conference in Japan as well.

Regional co-operation in Asia obviously lags much behind that in Europe; the latter has been moving smoothly and has gradually deepened over the last couple of decades. What are the reasons for this 'Asian lag'? The reservations towards deeper integration in Asia and the related arguments brought up by some participants were not totally convincing. The issue of Asian economic diversity definitely matters, but Europe is diverse as well and this has not prevented it from embarking on a challenging integration project of enlargement (with

²⁴ APEC was founded in 1989 and at present comprises 21 Pacific Rim economies, not only from Asia.

²⁵ Peter Havlik is Deputy Director and Senior Economist at The Vienna Institute for International Economic Studies (WIIW).

simultaneous integration deepening). Countries such as the Baltics, Bulgaria and Romania are already now candidates for EU membership, prospects for future membership of Turkey and the Balkan states – which are all much diverse from the rest of Europe – are being seriously discussed. True, both Ukraine and especially Russia pose a huge challenge from an integration point of view. But the recent discussion in Europe about 'where it ends' may illustrate that perhaps not the economic diversity but geography is the main obstacle to integration. Or, conversely, is perhaps geography a driving force for integration (many islands in Asia versus the continent Europe where potential conflicts are potentially more explosive)?

Another crucial issue is that of the 'integration leader'. In Europe it has been traditionally a tandem of France and Germany which fostered the integration process (although the smaller states are increasingly demanding more say in shaping the future of Europe). And it was out of question to integrate Europe before communism (and with it the Warsaw Pact and its economic arm, the COMECON) has collapsed. Several speakers stressed that a reconciliation between Japan and China was essential before any of them (or both together) could function as an engine of integration in Asia. But whether such reconciliation is possible without political reforms in China is an open question. This, just as a possible inclusion of Russia in both European and Asian integration processes, are some of the issues which should be analysed in the next Twin Conference.

Apart from mentioning some more abstract issues such as the 'battle of ideas' between Asia, the USA and Europe in approaches to economic policies, with respect to cultural values, institutional approaches, etc., it was the need to change the growth strategy in Asia which was specifically raised by several speakers. Besides its economic merits per se, focusing more on 'consumption-led' instead of export-driven growth would fundamentally change not only domestic economic policies in Asian countries. It would have consequences for regional integration as well.

Apart from the search for export markets other than the USA and Europe, probably within the region, the success of policies aimed at raising living standards would in poorer Asian countries (e.g. China) eventually foster also the development of the civil society and with it also the quest for democratic reforms. This in turn would be instrumental to the aforementioned need for reconciliation with Japan and thus facilitate deeper integration in the region.

Without any doubt, a dialogue between Asia and Europe, and more specifically the analysis of different regional approaches towards integration and its experience, is urgently needed. The first of the Twin Conferences in Vienna was an important contribution to this process.

'Economic Perspectives of European Integration and Implications for Asia'

Tokyo, 23-24 May 2002

Conference* jointly organized by
Japan Center for International Finance – JCIF
Policy Research Institute Ministry of Finance
The Vienna Institute for International Economic Studies – WIIW

Preliminary Programme

Thursday, 23 May 2002, morning

- 9:30** **Opening of the conference**
Opening address: *Hiroyasu Watanabe*, President of Policy Research Institute MOF
- 10:00** **Panel 1: European integration versus regional economic co-operation in Asia**
Chairperson: *Kimiyoshi Tsukasaki*, Director of JCIF
- The dynamics of European integration (political and institutional aspects)
Dietmar Schweisgut, Austrian Ambassador in Japan
- Economic aspects of EU enlargement
Sándor Richter, Senior Researcher WIIW
- 10:45** Coffee break
- 11:15** Economic co-operation in Asia – Recent developments
Yutaka Harada, Vice President of Policy Research Institute MOF (tentative)
- China's role in Asian economic co-operation
(*Speaker from China*)
- Discussion**
- 12:30** Lunch

Thursday, 23 May 2002, afternoon

- 14:00** **Panel 2: The role of the euro in international trade and finance**
Chairperson: *Michael Landesmann*, Research Director of WIIW
- The euro-system: implications for Europe and the world
Thomas Wieser, Director General, Austrian Ministry of Finance
- The role of the euro in international trade and finance: from an Asian point of view
Haruhiko Kuroda, Vice Minister of Finance for International Affairs
- 15:00** Coffee break

* The conference is not open to the public, yet WIIW members are kindly invited to participate if registered in advance (see attached registration form).

- 15:30** EU enlargement and Europe's periphery
Peter Havlik, Deputy Director of WIIW
- 16:00** Challenges and opportunities of European integration for the Asian/Japanese economy
Toru Hashimoto, Chairman of the Board of the Fuji Bank Ltd.
- Roundtable: summing-up discussion on the topics of the first day**
Chairperson: *Waltraut Urban*, Senior Researcher WIIW
- 18:30** Reception hosted jointly by Policy Research Institute MOF and JCIF
Keynote speech: *Makoto Utsumi*, President of JCIF (tentative)

Friday, 24 May 2002, morning

- 9:30 Panel 3: Strategies for closer economic co-operation between Europe and Asia**
Chairperson (from Policy Research Institute MOF)
- Asia-strategies of the European Union
Michael Reiterer, Counsellor ASEM, EU Commission
- Japan's/Asia's strategies for economic co-operation with Europe
(*Speaker from Japan*)
- Foreign direct investment in inter-regional integration: Europe - Asia
Gábor Hunya, Senior Researcher WIIW
- Discussion**
- 10:45** Coffee break
- 11:00 Special Lecture**
Introduction by a prominent Japanese personality (JCIF)
- Regional integration and globalization: European and Asian developments
Richard Baldwin, Graduate Institute for International Studies, Geneva
- Discussion**
- 12:15 Concluding remarks**
Tomikazu Hiraga, Director of JCIF
Michael Landesmann, Research Director of WIIW
- 12:30 End of conference**

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or send an e-mail to: wiiw@wsr.ac.at

REGISTRATION FORM

*(participation exclusively for representatives of WIIW member companies)**

'Economic Perspectives of European Integration and Implications for Asia'

Tokyo, 23/24 May 2002

Conference jointly organized by

Japan Center for International Finance – JCIF,

Policy Research Institute Ministry of Finance

and

The Vienna Institute for International Economic Studies – WIIW

Name:

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Institution:

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Address:

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Tel.:

Fax:

E-mail:

* no registration fee, but advance registration required (no later than 6 May 2002)

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
ECU	European currency unit
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 2000 to 2002

(updated end of February 2002)

		2000			2001									2002			
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CPMY	4.9	6.6	1.6	-6.5	28.0	2.1	1.6	4.0	0.2	6.8	10.3	2.7	-0.7	1.3	-5.0	.
Industry, total	real, CCPY	3.6	3.6	2.3	-6.5	11.9	2.5	3.0	2.4	1.7	2.0	2.6	2.2	1.5	2.4	0.7	.
LABOUR																	
Employees total	th. persons	1721	1718	1700	1693	1695	1705	1703	1717	1725	1719	1708	1713	1717	1707	1686	.
Employees in industry	th. persons	607	601	596	600	598	600	600	598	598	592	588	585	584	581	575	.
Unemployment, end of period	th. persons	679.9	677.5	682.8	708.7	713.8	704.7	707.8	678.5	654.0	643.5	637.8	629.9	637.3	657.0	662.3	.
Unemployment rate ¹⁾	%	17.8	17.7	17.9	18.5	18.7	18.4	18.5	17.8	17.1	16.8	16.7	16.5	16.7	17.2	17.3	.
Labour productivity, industry	CCPY	18.2	17.7	15.8	-1.8	17.5	7.3	7.5	6.7	5.9	6.2	6.8	6.4	5.7	6.6	4.7	.
Unit labour costs, excl.r. adj.(EUR)	CCPY	-6.3	-6.0	-4.3	12.2	-7.5	0.4	-0.2	0.5	1.3	0.9	0.4	0.5	1.3	0.3	1.9	.
WAGES, SALARIES																	
Total economy, gross	BGN	230.0	240.0	253.0	236.0	233.0	245.0	253.0	261.0	261.0	256.0	256.0	264.0	259.0	261.0	278.0	.
Total economy, gross	real, CPMY	1.7	4.1	7.5	5.8	3.2	1.3	2.8	2.9	4.2	3.5	6.7	4.6	7.0	3.9	4.8	.
Total economy, gross	USD	101	105	116	113	110	114	115	117	114	113	118	123	120	119	127	.
Total economy, gross	EUR	118	123	129	121	119	125	129	133	133	131	131	135	132	133	142	.
Industry, gross	USD	110	114	124	122	118	124	120	118	120	117	125	131	126	125	131	.
PRICES																	
Consumer ²⁾	PM	1.2	0.8	0.4	0.6	0.3	0.1	-0.2	0.1	-0.1	-0.2	0.3	1.3	1.7	0.2	0.6	2.8
Consumer ²⁾	CPY	11.9	12.3	11.3	9.3	8.5	8.9	9.8	9.7	9.4	8.5	5.7	4.7	5.2	4.6	4.8	7.1
Consumer ²⁾	CCPY	10.0	10.2	10.3	9.3	8.9	8.9	9.1	9.2	9.3	9.2	8.7	8.2	7.9	7.6	7.4	7.1
Producer, in industry	PM	2.3	0.1	0.0	-0.1	0.2	0.5	0.3	0.6	-0.3	-0.6	0.0	0.4	0.2	0.1	-0.5	.
Producer, in industry	CPY	19.5	17.1	14.9	13.4	11.8	10.5	12.1	9.7	9.5	7.7	6.0	3.3	1.2	1.2	0.7	.
Producer, in industry	CCPY	17.3	17.2	17.0	13.4	12.6	11.9	11.9	11.5	11.1	10.6	10.1	9.3	8.4	7.7	7.1	.
RETAIL TRADE																	
Turnover	real, CPMY	0.1	-0.5	0.2	.	.	.	.	.	.	.	.	.	.	.	.	.
Turnover	real, CCPY	3.0	2.7	0.7	.	.	.	.	.	.	.	.	.	.	.	.	.
FOREIGN TRADE³⁾																	
Exports total (fob), cumulated	EUR mn	4248	4780	5221	423	888	1388	1851	2299	2799	3324	3821	4286	4787	5290	5693	.
Imports total (cif), cumulated	EUR mn	5694	6385	7042	551	1109	1768	2412	3098	3851	4674	5336	5937	6694	7439	8072	.
Trade balance, cumulated	EUR mn	-1446	-1605	-1821	-127	-220	-380	-562	-799	-1053	-1350	-1515	-1650	-1907	-2149	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-499	-565	-702	-141	-183	-237	-318	-411	-422	-503	-427	-477	-593	-771	-878	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	2.288	2.284	2.181	2.085	2.122	2.151	2.192	2.234	2.293	2.273	2.173	2.141	2.159	2.202	2.192	2.215
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 ⁵⁾	real, Jan98=100	116.3	115.3	109.5	104.7	106.6	108.2	110.9	113.4	116.7	115.6	110.2	107.6	106.4	108.0	106.5	104.8
BGN/USD, calculated with PPI ⁶⁾	real, Jan98=100	104.2	103.6	99.8	98.1	97.8	97.6	99.5	101.2	103.2	101.2	96.8	95.0	93.4	95.1	93.6	.
BGN/EUR, calculated with CPI ⁵⁾	real, Jan98=100	89.6	89.1	88.8	88.3	88.4	88.6	89.2	89.6	89.7	89.7	89.5	88.6	87.1	86.7	86.3	84.0
BGN/EUR, calculated with PPI ⁶⁾	real, Jan98=100	80.4	80.5	80.1	80.1	80.1	79.8	79.7	79.4	79.7	79.8	79.7	79.5	79.0	78.5	78.8	.
DOMESTIC FINANCE																	
M0, end of period	BGN mn	2066.9	2075.2	2373.6	2203.8	2214.7	2225.2	2307.0	2343.7	2427.2	2521.6	2542.0	2601.3	2570.1	2641.5	3080.6	2924.3
M1, end of period	BGN mn	3253.8	3258.2	3632.2	3522.3	3556.6	3555.0	3645.7	3746.3	3834.0	3932.1	3966.2	4029.9	3988.1	4103.8	4664.7	4411.0
Broad money, end of period	BGN mn	9128.3	9047.3	9290.7	9324.8	9430.0	9481.7	9143.1	9431.2	9678.7	9995.4	10105.9	10302.6	10352.1	10624.9	11594.1	11499.7
Broad money, end of period	CPY	36.8	29.8	26.4	26.8	26.5	25.8	18.8	24.1	27.7	24.5	22.2	22.9	13.4	17.4	24.8	23.3
BNB base rate (p.a.),end of period	%	4.5	4.8	4.7	4.4	4.3	4.2	4.4	4.6	4.6	4.6	4.8	4.8	4.7	4.9	4.7	4.9
BNB base rate (p.a.),end of period ⁶⁾	real, %	-12.6	-10.5	-8.8	-8.0	-6.7	-5.7	-6.8	-4.7	-4.6	-2.9	-1.1	1.5	3.5	3.6	4.0	.
BUDGET																	
Government budget balance, cum. ⁷⁾	BGN mn	395.7	367.7	-183.8	-370.0	-422.1	-223.5	-98.1	-18.5	-175.7	-447.8	-468.9	-559.1	-409.6	-408.3	.	157.0

1) Ratio of unemployed to total employment.

2) According to EU methodology.

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

4) Cumulation starting January and ending December each year.

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

6) Deflated with annual PPI.

7) Including some extrabudgetary accounts and funds.

C R O A T I A: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	-1.1	-0.5	-2.2	14.0	-0.8	4.6	9.8	8.2	1.1	3.9	8.5	5.8	8.3	4.6	5.2	2.8
Industry, total ¹⁾	real, CCPY	2.3	2.1	1.7	14.0	6.2	5.5	6.6	7.0	5.9	5.6	5.8	5.9	6.1	6.0	6.0	2.8
Industry, total ¹⁾	real, 3MMA	-0.8	-1.3	3.1	3.1	5.6	4.5	7.5	6.2	4.3	4.4	6.0	7.6	6.3	6.1	4.3	.
Construction, total, effect. work. time ²⁾	real, CMPY	-4.0	-2.9	-1.8	9.0	-4.6	-2.7	0.5	2.6	1.9	8.0	5.2	2.6	.	.	.	.
LABOUR																	
Employment total	th. persons	1333.7	1327.6	1321.5	1313.5	1310.5	1310.8	1319.0	1327.4	1335.6	1344.9	1346.4	1337.7	1333.3	1329.0	1316.8	1305.2
Employees in industry ²⁾	th. persons	289.5	288.6	286.6	284.7	283.4	282.9	283.2	283.7	284.1	284.0	283.5	282.7	283.8	282.5	279.6	277.8
Unemployment, end of period	th. persons	369.5	376.6	378.5	386.2	388.9	388.7	382.8	373.4	364.9	367.9	369.2	376.6	383.5	385.3	395.1	411.1
Unemployment rate ³⁾	%	21.7	22.1	22.3	22.7	22.9	22.9	22.5	22.0	21.5	21.5	21.5	22.0	22.3	22.5	23.1	24.0
Labour productivity, industry ¹⁾	CCPY	4.7	4.6	4.3	17.7	9.9	9.3	10.6	11.0	9.9	9.4	9.7	9.7	9.8	9.7	.	.
Unit labour costs, excl. r. adj. (EUR) ⁴⁾	CCPY	0.0	0.6	1.0	-5.3	-0.8	0.5	0.3	0.6	1.8	2.8	2.3	1.5	1.1	1.2	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	4921	5115	5016	5072	4836	5052	5002	5202	4999	5066	5090	4885	5051	5325	5142	.
Total economy, gross	real, CMPY	1.3	-2.1	-5.0	-0.7	-5.1	-1.6	0.4	-1.7	-2.0	2.4	-1.3	-2.3	-0.5	1.3	-0.1	.
Total economy, gross	USD	561	579	593	627	579	598	587	619	585	604	620	592	612	639	621	.
Total economy, gross	EUR	654	677	661	667	628	657	657	706	685	704	690	650	676	719	696	.
Industry, gross	USD	495	515	522	559	518	541	526	573	534	553	562	536	565	589	561	.
PRICES																	
Retail ⁴⁾	PM	0.6	0.2	0.0	0.1	0.5	0.1	1.4	0.6	-0.3	-0.6	1.0	0.3	-0.1	-0.2	-0.2	0.8
Retail ⁴⁾	CMPY	7.3	7.7	7.4	6.6	6.8	6.0	6.8	7.2	4.9	3.8	4.9	3.8	3.2	2.8	2.6	3.3
Retail ⁴⁾	CCPY	5.9	6.0	6.2	6.6	6.7	6.5	6.6	6.8	6.4	6.0	5.9	5.7	5.3	5.1	4.9	3.3
Producer, in industry	PM	1.1	3.4	0.2	-0.7	0.9	-1.6	0.0	0.0	0.1	-0.7	-0.5	0.6	0.2	-0.5	-1.0	.
Producer, in industry	CMPY	9.7	11.3	11.2	8.2	8.3	5.5	5.1	5.2	4.5	4.0	3.4	3.0	2.1	-2.0	-3.1	.
Producer, in industry	CCPY	9.4	9.4	9.7	8.2	8.2	7.3	6.7	6.4	6.1	5.8	5.5	5.2	4.8	4.2	3.6	.
RETAIL TRADE																	
Turnover	real, CMPY	8.5	10.5	5.2	15.5	5.3	12.3	13.2	12.0	11.2	9.2	8.1	6.8	8.5	8.7	7.7	.
Turnover	real, CCPY	.	.	10.0	.	.	10.9	11.5	11.6	11.7	11.3	10.9	10.5	10.4	10.2	10.0	.
FOREIGN TRADE⁵⁾⁶⁾																	
Exports total (fob), cumulated	EUR mn	3991	4467	4818	342	748	1184	1569	2011	2488	2922	3395	3830	4379	4766	5202	.
Imports total (cif), cumulated	EUR mn	6899	7730	8588	572	1265	2163	2995	4076	5060	6004	6773	7589	8520	9358	10116	.
Trade balance, cumulated	EUR mn	-2908	-3263	-3770	-230	-517	-979	-1425	-2064	-2572	-3082	-3378	-3759	-4141	-4592	-4914	.
Exports to EU (fob), cumulated	EUR mn	2232	2446	2631	192	400	630	857	1083	1358	1577	1848	2100	2450	2657	2844	.
Imports from EU (cif), cumulated	EUR mn	3812	4222	4706	310	697	1165	1639	2232	2805	3321	3727	4167	4699	5208	5651	.
Trade balance with EU, cumulated	EUR mn	-1580	-1776	-2075	-118	-297	-535	-782	-1149	-1447	-1744	-1879	-2067	-2250	-2551	-2807	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	-399	.	.	-600	.	.	-1431	.	.	-213	.	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	8.778	8.828	8.459	8.089	8.352	8.444	8.528	8.409	8.545	8.384	8.208	8.248	8.254	8.333	8.286	8.452
HRD/EUR, monthly average	nominal	7.522	7.553	7.586	7.606	7.697	7.695	7.615	7.369	7.298	7.199	7.377	7.516	7.475	7.408	7.391	7.477
HRK/USD, calculated with CPI ⁷⁾	real, Jan98=100	128.6	129.2	123.6	118.8	122.6	124.0	124.0	122.1	124.7	122.7	118.9	119.6	119.5	120.6	119.8	121.2
HRK/USD, calculated with PPI ⁷⁾	real, Jan98=100	132.6	128.6	124.1	122.7	123.2	125.2	126.9	125.6	126.3	122.8	120.8	120.7	117.7	119.3	117.9	.
HRD/EUR, calculated with CPI ⁷⁾	real, Jan98=100	99.2	99.6	100.2	100.3	101.4	101.6	99.7	96.4	95.8	94.9	96.4	98.1	97.7	96.8	96.8	97.2
HRD/EUR, calculated with PPI ⁷⁾	real, Jan98=100	102.5	99.6	99.5	100.2	100.7	102.4	101.7	98.6	97.5	96.4	99.2	100.6	99.4	98.5	99.1	.
DOMESTIC FINANCE																	
M0, end of period	HRK mn	6025	5777	6637	5908	6113	6412	6551	6790	7266	7734	7551	7475	7182	7423	.	.
M1, end of period	HRK mn	16702	16385	18030	16717	16971	17395	18253	18845	19065	20531	19838	20285	20065	20976	23704	.
Broad money, end of period	HRK mn	69810	70484	73061	74063	75524	77505	77651	77828	79690	81993	87748	88344	90102	95006	106071	.
Broad money, end of period	CMPY	25.0	27.1	28.9	32.0	31.7	33.8	31.7	29.7	28.5	24.9	28.6	28.1	29.1	34.8	45.2	.
Discount rate (p.a.), end of period	%	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Discount rate (p.a.), end of period ⁸⁾	real, %	-3.5	-4.9	-4.8	-2.1	-2.2	0.4	0.8	0.7	1.3	1.8	2.4	2.8	3.7	8.1	9.3	.
BUDGET																	
Central gov. budget balance, cum.	HRK mn	-4928.2	-5004.6	-6127.9	-619.8	-1548.0	-3250.8	-3609.1	-4044.8	-4380.0	-4549.6	-4629.3	-5435.0	-2175.5	-2232.1	-3758.5	.

1) In business entities with more than 19 persons employed.

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

3) Ratio of unemployed to the economically active population.

4) From August 2001 adjustment lowering telecom prices.

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

6) Cumulation starting January and ending December each year.

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

8) Deflated with annual PPI.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001									2002			
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	9.0	4.3	1.4	13.8	6.5	9.8	11.3	6.9	3.7	9.3	3.0	1.1	4.1	6.6	7.0	.
Industry, total	real, CCPY	5.9	5.8	5.4	13.8	10.0	10.0	10.3	9.6	8.6	8.7	7.9	7.1	6.8	6.8	6.8	.
Industry, total	real, 3MMA	5.7	5.0	6.3	7.1	10.0	9.2	9.3	7.2	6.5	5.1	4.2	2.7	4.0	5.8	.	.
Construction, total	real, CMPY	15.0	11.7	2.3	12.5	16.0	15.8	16.1	15.1	12.2	21.4	9.2	3.6	7.0	2.5	-6.8	.
LABOUR																	
Employees in industry ¹⁾	th. persons	1183	1188	1181	1163	1175	1185	1183	1181	1184	1193	1191	1184	1185	1174	1165	.
Unemployment, end of period	th. persons	445.2	442.2	457.4	474.1	466.1	451.5	433.3	420.6	420.3	439.8	443.6	440.5	437.3	439.2	461.9	489.0
Unemployment rate ²⁾	%	8.5	8.5	8.8	9.1	9.0	8.7	8.3	8.1	8.1	8.5	8.5	8.5	8.4	8.5	8.9	9.4
Labour productivity, industry ¹⁾³⁾	CCPY	9.2	8.8	8.3	16.8	10.8	8.8	8.4	7.6	6.9	6.7	6.5	5.7	5.7	5.7	4.9	.
Unit labour costs, excl. r. adj.(EUR) ¹⁾³⁾	CCPY	0.5	1.2	1.5	-1.4	0.8	1.3	2.3	3.7	4.5	4.9	4.8	5.2	5.3	5.1	5.8	.
WAGES, SALARIES																	
Industry, gross ¹⁾	CZK	13802	16183	14805	13581	12740	13623	13693	15039	14700	14532	14260	13794	14763	16909	15489	.
Industry, gross ¹⁾	real, CMPY	2.0	3.9	0.5	7.9	0.9	0.1	3.1	2.1	0.4	1.6	0.6	0.0	2.2	0.1	0.7	.
Industry, gross ¹⁾	USD	336	400	380	363	339	359	354	383	370	369	377	367	399	451	425	.
Industry, gross ¹⁾	EUR	391	467	425	386	368	394	396	437	433	429	419	403	440	507	475	.
PRICES																	
Consumer	PM	0.3	0.1	0.2	1.9	0.0	0.1	0.4	0.6	1.0	1.0	-0.2	-0.7	0.0	-0.1	0.1	1.5
Consumer	CMPY	4.4	4.3	4.0	4.2	4.0	4.1	4.6	5.0	5.5	5.9	5.5	4.7	4.4	4.2	4.1	3.7
Consumer	CCPY	3.9	3.9	3.9	4.1	4.0	4.0	4.2	4.4	4.5	4.7	4.8	4.8	4.8	4.7	4.7	3.7
Producer, in industry	PM	1.1	0.1	-0.2	0.4	0.9	0.1	-0.6	0.2	0.2	-0.1	-0.3	0.0	0.7	-0.4	-0.3	0.2
Producer, in industry	CMPY	5.8	5.8	4.9	4.2	4.7	4.1	4.1	3.8	3.4	3.0	2.4	1.8	1.4	0.9	0.8	0.6
Producer, in industry	CCPY	4.8	4.9	4.9	4.2	4.4	4.3	4.3	4.2	4.0	3.9	3.7	3.5	3.3	3.1	2.9	0.6
RETAIL TRADE																	
Turnover	real, CMPY	4.9	0.4	4.5	7.6	0.3	3.2	6.0	4.2	2.1	5.7	3.3	4.1	8.2	7.9	-0.4	.
Turnover	real, CCPY	4.9	4.5	4.5	7.6	3.9	3.7	4.2	4.2	3.9	4.2	4.0	4.1	4.4	4.7	4.3	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	25638	28879	31483	2861	5835	9165	12134	15400	18599	21407	24261	27364	30923	34468	37233	3054
Imports total (fob), cumulated	EUR mn	28134	31678	34876	3077	6266	9921	13222	16741	20081	23428	26678	29695	33579	37307	40725	3259
Trade balance, cumulated	EUR mn	-2495	-2799	-3393	-216	-431	-756	-1088	-1341	-1481	-2021	-2417	-2332	-2656	-2839	-3492	-205
Exports to EU (fob), cumulated	EUR mn	17685	19855	21588	2031	4156	6507	8586	10844	13047	14961	16866	18970	21385	23784	25655	2136
Imports from EU (fob), cumulated	EUR mn	17508	19699	21637	1880	3916	6290	8356	10546	12653	14770	16776	18592	20986	23219	25174	1999
Trade balance with EU, cumulated	EUR mn	177	156	-49	151	240	217	231	298	394	191	89	378	399	565	481	136
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	-2273	.	.	-573	.	.	-1093	.	.	-1485	.	.	.	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	41.1	40.5	38.9	37.4	37.6	38.0	38.7	39.3	39.8	39.3	37.9	37.6	37.0	37.5	36.5	36.3
CZK/EUR, monthly average	nominal	35.3	34.6	34.8	35.1	34.6	34.6	34.5	34.4	34.0	33.9	34.0	34.2	33.6	33.3	32.6	32.1
CZK/USD, calculated with CPI ⁶⁾	real, Jan98=100	115.1	113.3	108.6	103.1	103.8	105.1	107.2	108.5	109.0	106.4	102.7	102.9	101.1	102.3	99.2	97.3
CZK/USD, calculated with PPI ⁶⁾	real, Jan98=100	115.1	112.8	109.7	107.9	105.2	105.1	108.3	110.0	110.1	107.3	103.6	102.7	98.2	99.8	95.8	95.2
CZK/EUR, calculated with CPI ⁶⁾	real, Jan98=100	89.0	87.4	87.8	87.0	86.1	86.1	86.1	85.6	83.8	82.5	83.2	84.4	82.8	82.1	80.3	77.9
CZK/EUR, calculated with PPI ⁶⁾	real, Jan98=100	89.1	87.4	87.7	88.0	86.2	86.1	86.7	86.3	85.1	84.5	85.1	85.6	83.1	82.4	80.7	79.2
DOMESTIC FINANCE																	
M0, end of period	CZK bn	171.1	173.0	171.8	168.2	170.6	171.5	172.6	172.6	173.9	170.6	172.6	177.1	175.9	181.8	180.4	.
M1, end of period	CZK bn	536.1	548.5	542.5	543.3	549.2	551.1	566.0	583.4	592.6	598.5	600.6	604.8	602.2	615.1	633.5	.
M2, end of period	CZK bn	1439.9	1454.5	1479.5	1487.3	1498.4	1498.1	1530.4	1578.6	1582.5	1602.7	1618.5	1603.7	1609.9	1635.3	1659.2	.
M2, end of period	CMPY	6.9	7.7	6.5	9.0	7.8	7.8	9.2	11.4	13.1	13.3	12.8	12.0	11.8	12.4	12.1	.
Discount rate (p.a.), end of period	%	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.25	4.25	4.25	4.25	3.75	3.75	3.50
Discount rate (p.a.), end of period ⁷⁾	real, %	-0.8	-0.8	0.0	0.8	-0.6	-0.1	-0.1	0.2	0.6	1.2	1.8	2.4	2.8	2.8	2.9	2.9
BUDGET																	
Central gov. budget balance, cum.	CZK mn	-11254	-19097	-46060	18748	3248	2677	-16809	-28713	-29652	-23519	-25566	-22644	-35432	-59797	-67698	.

1) Enterprises employing 20 and more persons.

2) Ratio of job applicants to the sum of economically active, women on maternity leave and job applicants.

3) From January 2001 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) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.

7) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	16.2	13.3	8.8	19.7	9.8	3.1	11.8	8.9	0.5	3.1	2.9	-5.8	4.0	-1.0	-2.2	.
Industry, total	real, CCPY	19.9	19.1	18.2	19.7	14.5	10.6	10.9	10.5	8.5	7.8	7.2	5.5	5.4	4.7	4.1	.
Industry, total	real, 3MMA	15.4	12.7	13.8	12.6	10.6	8.0	7.7	6.5	3.9	2.1	-0.2	0.3	-1.0	0.2	.	.
Construction, total	real, CMPY	16.4	12.5	0.3	7.3	5.2	5.1	7.1	17.0	9.2	12.2	22.4	10.4	7.4	7.0	7.4	.
LABOUR																	
Employees in industry ¹⁾	th. persons	848.2	849.2	843.8	839.7	844.0	845.2	839.7	835.6	834.2	834.4	831.3	828.1	824.1	821.8	815.5	.
Unemployment ²⁾	th. persons	257.3	249.8	238.0	246.9	258.8	230.8	233.6	232.2	223.8	233.9	237.0	218.3	227.5	235.2	216.9	.
Unemployment rate ²⁾	%	6.2	6.0	5.7	6.0	6.3	5.6	5.8	5.7	5.4	5.7	5.8	5.3	5.6	5.8	5.4	.
Labour productivity, industry ¹⁾	CCPY	18.2	17.9	17.1	19.4	14.5	10.8	11.3	11.0	9.5	8.8	8.2	6.9	7.0	6.7	6.2	.
Unit labour costs, exch.r. adj.(EUR) ³⁾	CCPY	-5.3	-5.2	-4.5	-3.1	-1.1	1.2	1.0	1.4	3.9	5.2	6.3	7.6	7.9	8.5	9.2	.
WAGES, SALARIES																	
Total economy, gross ¹⁾	HUF	87360	100927	115805	94258	91310	95267	99263	98514	101561	99064	97586	99431	106153	123885	136593	.
Total economy, gross ¹⁾	real, CMPY	1.6	3.6	5.8	5.2	6.3	5.4	8.5	4.1	6.8	4.2	7.9	10.3	12.9	14.6	10.5	.
Total economy, gross ¹⁾	USD	284	327	392	334	317	326	332	333	351	342	350	354	377	438	493	.
Total economy, gross ¹⁾	EUR	332	382	437	356	344	358	372	381	411	398	389	389	416	493	552	.
Industry, gross ¹⁾	USD	299	353	367	335	324	342	326	361	358	352	372	356	375	438	433	.
PRICES																	
Consumer	PM	0.7	0.5	0.3	1.5	1.4	1.0	0.7	0.9	0.3	0.1	-0.2	0.5	0.3	0.1	0.1	1.3
Consumer	CMPY	10.4	10.6	10.1	10.1	10.4	10.5	10.3	10.8	10.5	9.4	8.7	8.0	7.6	7.1	6.8	6.6
Consumer	CCPY	9.7	9.8	9.8	10.1	10.3	10.3	10.3	10.4	10.4	10.3	10.1	9.9	9.6	9.4	9.2	6.6
Producer, in industry	PM	0.8	1.5	-0.2	0.7	0.7	0.7	0.2	-0.7	-1.3	0.1	0.1	0.7	-0.3	-0.8	-0.6	.
Producer, in industry	CMPY	12.8	13.4	12.4	10.1	9.8	9.2	8.9	7.0	5.3	4.4	3.3	2.9	1.9	0.0	-0.4	.
Producer, in industry	CCPY	11.5	11.7	11.7	10.1	9.9	9.6	9.4	8.7	8.0	7.4	6.8	6.4	5.9	5.3	5.2	.
RETAIL TRADE																	
Turnover ³⁾	real, CMPY	2.9	0.9	0.2	8.9	5.6	5.8	5.8	4.3	4.0	5.1	4.2	2.6	5.4	3.0	3.2	.
Turnover ³⁾	real, CCPY	2.3	2.1	1.9	8.9	7.2	6.7	6.4	5.9	5.6	5.5	5.3	5.0	5.0	4.8	4.6	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	24451	27607	30542	2428	5146	8101	10848	13829	16745	19419	22023	24876	28018	31214	.	.
Imports total (cif), cumulated	EUR mn	27881	31457	34854	2844	5847	9086	12198	15523	18702	21834	24633	27597	31070	34472	.	.
Trade balance, cumulated	EUR mn	-3429	-3850	-4311	-416	-701	-985	-1350	-1694	-1957	-2414	-2610	-2721	-3052	-3258	.	.
Exports to EU (fob), cumulated	EUR mn	18428	20772	22938	1883	3970	6215	8244	10443	12637	14669	16569	18813	21079	23374	.	.
Imports from EU (cif), cumulated	EUR mn	16411	18481	20352	1672	3430	5303	7064	8980	10876	12707	14332	16141	18064	20011	.	.
Trade balance with EU, cumulated	EUR mn	2017	2292	2586	211	539	912	1180	1463	1761	1962	2237	2671	3015	3363	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-847	-824	-1328	-165	-177	-221	-329	-516	-888	-807	-626	-637	-702	-812	-1105	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	307.1	308.3	295.4	282.2	288.0	292.6	299.0	295.4	289.3	289.5	279.1	280.9	281.5	283.1	277.0	275.9
HUF/EUR, monthly average	nominal	263.0	264.1	265.0	265.0	265.6	266.5	267.0	258.3	247.1	249.0	251.2	255.9	255.5	251.1	247.6	243.9
HUF/USD, calculated with CPI ⁶⁾	real, Jan98=100	123.3	123.3	117.7	111.4	112.6	113.5	115.6	113.6	111.2	110.8	107.0	107.6	107.2	107.5	104.8	103.0
HUF/USD, calculated with PPI ⁶⁾	real, Jan98=100	129.2	127.4	123.5	120.3	119.6	119.3	122.2	122.0	119.9	117.9	113.6	113.5	111.5	112.9	109.4	.
HUF/EUR, calculated with CPI ⁶⁾	real, Jan98=100	95.3	95.4	95.5	94.1	93.4	93.0	93.0	89.7	85.6	86.0	87.0	88.4	88.0	86.2	85.0	82.7
HUF/EUR, calculated with PPI ⁶⁾	real, Jan98=100	100.0	99.0	99.2	98.3	98.0	97.7	98.0	95.7	92.8	92.9	93.5	94.7	94.5	93.1	92.2	.
DOMESTIC FINANCE																	
M0, end of period	HUF bn	853.8	888.2	883.9	825.1	826.2	838.5	849.8	872.8	903.4	907.8	932.2	957.4	965.6	1006.8	1037.9	984.3
M1, end of period	HUF bn	2189.9	2279.3	2378.3	2216.1	2185.1	2236.3	2235.0	2292.1	2331.6	2319.5	2438.1	2457.9	2478.7	2537.4	2771.5	2567.9
Broad money, end of period	HUF bn	5753.2	5895.4	6052.2	5971.7	5977.7	6013.6	6059.3	6155.4	6163.9	6241.7	6516.2	6545.0	6637.5	6715.3	7092.7	6982.4
Broad money, end of period	CMPY	14.7	15.3	12.7	13.0	11.1	10.7	11.6	13.5	12.7	13.3	15.9	15.2	15.4	13.9	17.2	16.9
NBH base rate (p.a.), end of period	%	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.3	11.3	11.0	10.8	10.3	9.8	9.0
NBH base rate (p.a.), end of period ⁷⁾	real, %	-1.6	-2.1	-1.2	0.8	1.1	1.6	1.9	3.7	5.4	6.6	7.7	7.9	8.7	10.3	10.2	.
BUDGET																	
Central gov. budget balance, cum.	HUF bn	-106.8	-126.9	-369.4	10.3	-34.3	-35.2	-56.4	-66.8	-84.2	-102.7	-135.8	-170.6	-194.9	-178.5	-413.2	.

1) Economic organizations employing more than 5 persons.

2) According to ILO methodology.

3) Excluding catering.

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

5) Cumulation starting January and ending December each year.

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

7) Deflated with annual PPI.

P O L A N D: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry ¹⁾	real, CMPY	7.1	4.8	-2.2	10.7	-0.1	3.3	3.8	-0.4	-4.7	1.5	0.9	-3.7	1.8	-1.1	-4.8	-1.4
Industry ¹⁾	real, CCPY	8.9	8.5	7.5	10.7	5.1	4.5	4.3	3.3	1.9	1.8	1.7	1.0	1.1	0.9	-0.2	-1.4
Industry ¹⁾	real, 3MMA	5.6	3.1	4.0	2.4	4.5	2.4	2.2	-0.6	-1.3	-0.9	-0.6	-0.4	-1.0	-1.3	-2.5	.
Construction ¹⁾	real, CMPY	-1.7	-1.1	-6.2	-9.7	-9.1	-8.3	-10.8	0.3	-10.0	-10.3	-14.0	-10.9	-9.7	-9.5	-10.5	-21.3
LABOUR																	
Employees ¹⁾	th. persons	5274	5247	5199	5184	5189	5170	5156	5135	5121	5097	5074	5060	5044	5020	4952	4940
Employees in industry ¹⁾	th. persons	2741	2724	2691	2668	2673	2663	2651	2634	2624	2608	2594	2584	2589	2576	2528	.
Unemployment, end of period	th. persons	2547.7	2613.1	2702.6	2835.6	2876.9	2898.7	2878.0	2841.1	2849.2	2871.5	2892.6	2920.4	2944.3	3022.4	3115.1	3253.3
Unemployment rate ²⁾	%	14.1	14.5	15.1	15.7	15.9	16.1	16.0	15.9	15.9	16.0	16.2	16.3	16.4	16.8	17.4	18.0
Labour productivity, industry ¹⁾	CCPY	16.0	15.6	14.7	16.4	10.3	9.6	9.4	8.4	7.0	7.0	6.9	6.3	6.4	6.3	5.8	.
Unit labour costs, exchr. adj.(EUR ³⁾)	CCPY	0.0	0.8	1.3	2.0	6.1	6.3	6.8	9.5	12.4	12.7	11.5	10.8	10.3	10.4	10.4	.
WAGES, SALARIES																	
Total economy, gross ¹⁾	PLN	2089	2160	2350	2069	2075	2149	2176	2163	2148	2199	2192	2218	2252	2302	2471	2188
Total economy, gross ¹⁾	real, CMPY	0.5	0.8	-1.9	2.4	1.1	1.7	-1.2	1.8	-1.1	3.0	1.8	1.8	3.9	3.0	1.8	2.1
Total economy, gross ¹⁾	USD	450	474	545	503	507	529	542	543	541	525	516	526	545	562	616	538
Total economy, gross ¹⁾	EUR	526	553	606	535	551	582	606	621	634	611	574	577	602	633	690	609
Industry, gross ¹⁾	USD	441	481	566	507	510	535	534	542	537	526	516	512	532	579	636	.
PRICES																	
Consumer	PM	0.8	0.4	0.2	0.8	0.1	0.5	0.8	1.1	-0.1	-0.3	-0.3	0.3	0.4	0.1	0.2	0.8
Consumer	CMPY	9.9	9.3	8.5	7.4	6.6	6.2	6.6	6.9	6.2	5.2	5.1	4.3	4.0	3.6	3.6	3.5
Consumer	CCPY	10.4	10.3	10.1	7.5	7.1	6.8	6.8	6.9	6.7	6.5	6.3	6.1	5.9	5.7	5.5	3.6
Producer, in industry	PM	0.6	0.0	-0.9	-0.3	-0.1	0.2	0.2	0.0	-0.4	0.3	0.8	0.5	-0.6	-0.6	-0.3	0.1
Producer, in industry	CMPY	8.0	7.2	5.6	4.7	4.1	3.8	3.4	2.3	0.9	0.6	1.0	0.7	-0.5	-1.0	-0.4	0.0
Producer, in industry	CCPY	8.0	8.0	7.8	4.8	4.5	4.3	4.1	3.8	3.3	2.9	2.7	2.5	2.2	1.9	1.6	0.1
RETAIL TRADE																	
Turnover ¹⁾	real, CMPY	-1.7	-2.3	-3.9	3.2	-5.5	-3.8	-2.5	0.2	-1.8	-0.1	1.1	0.2	5.1	2.1	1.1	.
Turnover ¹⁾	real, CCPY	2.8	2.3	1.5	3.2	-0.8	-3.1	-2.6	-1.2	-1.4	-0.8	-0.4	-0.4	0.1	0.4	0.7	.
FOREIGN TRADE³⁽⁴⁾																	
Exports total (fob), cumulated	EUR mn	27951	31295	34380	3141	6347	9923	13156	16495	19832	23038	26282	29924	33835	36784	.	.
Imports total (cif), cumulated	EUR mn	43459	48344	53118	4279	8484	13445	18080	22908	27666	32493	36897	41521	46847	51442	.	.
Trade balance, cumulated	EUR mn	-15508	-17049	-18738	-1138	-2137	-3521	-4925	-6413	-7834	-9455	-10615	-11597	-13012	-14657	.	.
Exports to EU (fob), cumulated	EUR mn	19690	21934	24036	2308	4594	7153	9395	11762	14099	16314	18454	20881	23479	25485	.	.
Imports from EU (cif), cumulated	EUR mn	26851	29794	32492	2574	5170	8239	11077	14041	16945	19971	22610	25491	28805	31591	.	.
Trade balance with EU, cumulated	EUR mn	-7161	-7861	-8457	-266	-576	-1086	-1682	-2279	-2846	-3656	-4157	-4610	-5326	-6107	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-8703	-9148	-9946	-956	-1419	-2170	-2690	-3427	-4375	-4662	-5016	-5324	-6163	-6580	-7040	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	4.637	4.561	4.313	4.111	4.093	4.060	4.017	3.981	3.970	4.186	4.246	4.219	4.133	4.094	4.014	4.065
PLN/EUR, monthly average	nominal	3.970	3.904	3.880	3.865	3.768	3.695	3.590	3.485	3.389	3.600	3.822	3.845	3.743	3.639	3.583	3.595
PLN/USD, calculated with CPI ⁶⁾	real, Jan98=100	113.7	111.5	105.1	100.0	99.9	98.8	97.3	95.8	95.8	101.0	102.8	102.2	99.4	98.2	95.8	96.3
PLN/USD, calculated with PPI ⁶⁾	real, Jan98=100	118.9	116.6	112.3	110.2	107.8	105.5	104.6	104.1	103.2	106.7	107.4	106.2	102.3	101.8	98.5	99.6
PLN/EUR, calculated with CPI ⁶⁾	real, Jan98=100	87.8	86.1	85.5	84.5	82.7	80.9	78.4	75.6	73.7	78.3	83.5	83.9	81.4	78.9	77.6	77.2
PLN/EUR, calculated with PPI ⁶⁾	real, Jan98=100	91.9	90.5	90.4	90.1	88.1	86.3	84.0	81.7	79.8	84.0	88.4	88.6	86.4	84.1	82.9	83.1
DOMESTIC FINANCE																	
M0, end of period	PLN bn	34.1	33.5	34.1	32.0	32.5	33.5	34.5	33.8	35.0	35.3	35.5	36.6	36.6	36.6	38.2	36.8
M1, end of period	PLN bn	91.9	91.9	93.8	89.4	89.5	89.8	90.7	91.5	92.3	95.5	94.7	97.3	96.2	93.9	103.9	.
M2, end of period	PLN bn	287.4	291.2	294.4	292.6	295.5	301.0	303.0	305.0	307.5	314.6	318.5	320.7	324.7	326.3	334.7	327.7
M2, end of period	CMPY	14.6	14.4	11.7	14.6	14.6	14.9	14.0	13.5	8.0	13.5	14.6	14.3	13.0	12.1	13.7	12.0
Discount rate (p.a.),end of period	%	21.5	21.5	21.5	21.5	21.5	19.5	19.5	19.5	18.0	18.0	17.0	17.0	15.5	14.0	14.0	12.0
Discount rate (p.a.),end of period ⁶⁾	real, %	12.5	13.3	15.1	16.0	16.7	15.1	15.6	16.8	16.9	17.3	15.8	16.2	16.1	15.2	14.5	12.0
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-15521	-14897	-15391	-5092	-11979	-14993	-18282	-20384	-18806	-19377	-20964	-21813	-24635	-27684	-32580	-6886

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

6) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	9.0	7.1	2.3	16.3	9.8	7.4	12.6	13.0	5.0	5.7	4.6	2.6	9.3	8.3	5.3	.
Industry, total ¹⁾	real, CCPY	6.9	6.9	6.6	16.3	12.9	10.8	11.3	11.6	10.5	9.7	9.1	8.3	8.4	8.4	8.2	.
Industry, total	real, 3MMA	7.9	6.2	8.3	9.3	10.8	9.9	10.9	10.1	7.9	5.1	4.3	5.5	6.7	7.7	.	.
LABOUR																	
Employees total	th. persons	4466.3	4434.2	4374.1	4413.5	4447.5	4467.1	4485.2	4521.5	4529.7	4542.3	4546.4	4551.7	4544.8	4507.3	4470.3	.
Employees in industry	th. persons	1881.0	1862.6	1839.6	1813.2	1825.1	1825.4	1828.2	1833.5	1833.2	1836.7	1845.0	1843.6	1843.5	1829.7	.	.
Unemployment, end of period	th. persons	969.3	984.7	1007.1	1032.9	1032.3	992.8	948.4	890.8	840.3	798.3	771.8	747.1	742.4	774.0	826.9	.
Unemployment rate ²⁾	%	10.2	10.3	10.5	10.7	10.7	10.3	9.8	9.2	8.7	8.3	8.0	7.8	7.7	8.0	8.5	.
Labour productivity, industry	CCPY	14.0	13.6	13.0	22.6	18.3	15.9	16.4	16.4	15.1	14.0	13.1	12.1	12.1	11.9	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.7	2.0	2.4	-7.4	-6.3	-3.6	-2.5	-1.1	1.6	4.1	4.6	5.0	4.5	4.1	.	.
WAGES, SALARIES																	
Total economy, gross	th. ROL	3115.1	3349.6	3975.9	3621.7	3412.0	3717.3	4321.7	4174.7	4280.6	4436.3	4449.5	4424.0	4534.1	4719.7	5299.7	.
Total economy, gross	real, CMPY	4.8	6.6	10.4	14.4	7.1	6.5	10.8	13.6	13.1	18.1	15.6	12.8	11.3	7.8	2.3	.
Total economy, gross	USD	127	133	155	138	127	136	155	147	148	151	149	146	147	151	168	.
Total economy, gross	EUR	148	156	173	147	138	150	174	168	173	176	166	161	163	170	188	.
Industry, gross	USD	128	133	153	134	129	142	159	154	149	161	158	150	151	153	170	.
PRICES																	
Consumer	PM	2.8	2.8	2.5	3.7	2.3	2.0	2.7	1.7	1.6	1.3	2.2	1.9	2.4	2.7	2.2	.
Consumer	CMPY	42.9	41.3	40.7	39.9	40.0	40.3	37.5	37.4	35.7	31.8	32.3	31.2	30.8	30.7	30.3	.
Consumer	CCPY	46.8	46.2	45.7	39.9	39.9	40.1	39.4	39.0	38.4	37.3	36.7	36.0	35.4	34.9	34.5	.
Producer, in industry	PM	4.2	3.2	2.4	3.4	3.6	2.1	1.5	2.3	1.6	3.0	2.1	2.0	2.1	1.4	.	.
Producer, in industry	CMPY	53.0	53.4	50.3	50.2	51.1	50.5	48.5	48.5	43.9	40.2	39.2	36.4	33.7	31.3	.	.
Producer, in industry	CCPY	53.8	53.8	53.4	50.2	50.7	50.6	50.1	49.7	48.7	47.3	46.2	44.9	43.6	42.3	.	.
RETAIL TRADE																	
Turnover	real, CMPY	1.0	1.4	1.8	3.7	-3.1	-1.2	-2.0	-1.9	-7.0	2.5	1.1	0.9	4.8	2.6	.	.
Turnover	real, CCPY	-5.8	-5.2	-4.5	3.7	0.2	-0.3	-0.8	-1.0	-2.1	-1.4	-1.1	-0.8	-0.2	0.1	.	.
FOREIGN TRADE³⁾⁴⁾																	
Exports total (fob), cumulated	EUR mn	9125	10265	11219	964	1963	3112	4039	5158	6343	7526	8604	9672	10694	11796	12711	.
Imports total (cif), cumulated	EUR mn	11172	12701	14128	1240	2601	4002	5425	7090	8617	10115	11413	12637	14221	15787	17363	.
Trade balance, cumulated	EUR mn	-2048	-2435	-2909	-276	-638	-889	-1386	-1932	-2275	-2589	-2809	-2965	-3528	-3991	-4652	.
Exports to EU (fob), cumulated	EUR mn	5799	6552	7162	681	1384	2153	2773	3522	4321	5093	5802	6535	7254	8011	.	.
Imports from EU (cif), cumulated	EUR mn	6359	7198	7995	682	1411	2214	3005	3930	4831	5775	6491	7190	8160	9099	.	.
Trade balance with EU, cumulated	EUR mn	-560	-646	-833	-1	-27	-61	-233	-408	-510	-682	-688	-655	-906	-1088	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-956	-1067	-1363	-107	-363	-455	-791	-1197	-1337	-1382	-1387	-1378	-1626	-1903	-2349	.
EXCHANGE RATE																	
ROL/USD, monthly average	nominal	24538	25103	25604	26243	26815	27299	27878	28493	28952	29364	29809	30236	30786	31299	31556	.
ROL/EUR, monthly average	nominal	21001	21493	23012	24646	24729	24849	24880	24910	24732	25266	26853	27549	27899	27806	28205	.
ROL/USD, calculated with CPI ⁵⁾	real, Jan98=100	115.2	114.7	114.0	113.4	113.7	113.7	113.5	114.6	114.8	114.6	113.8	113.8	112.8	111.4	109.6	.
ROL/USD, calculated with PPI ⁵⁾	real, Jan98=100	118.3	117.0	117.6	119.7	115.8	114.2	115.3	115.7	114.6	111.0	110.4	109.7	106.9	107.1	.	.
ROL/EUR, calculated with CPI ⁵⁾	real, Jan98=100	89.0	88.7	92.8	95.8	94.4	93.2	91.4	90.4	88.4	89.0	92.6	93.4	92.4	89.5	88.9	.
ROL/EUR, calculated with PPI ⁵⁾	real, Jan98=100	91.5	90.9	94.6	97.8	94.9	93.5	92.5	90.7	88.7	87.5	91.0	91.6	90.5	88.5	.	.
DOMESTIC FINANCE																	
M0, end of period	ROL bn	22509	22808	25742	23151	23752	23774	25811	25457	29645	29328	29830	32645	30835	31080	35635	.
M1, end of period	ROL bn	35643	37024	46331	38911	39512	39108	42070	41751	46001	46945	48172	51073	50032	50331	64309	.
M2, end of period	ROL bn	164063	164560	185060	185609	186210	191551	198613	199829	208498	216377	226557	235145	236890	244841	270512	.
M2, end of period	CMPY	41.0	37.4	38.0	43.4	41.5	40.7	42.4	39.7	40.4	41.5	43.3	44.0	44.4	48.8	46.2	.
Discount rate (p.a.),end of period	%	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Discount rate (p.a.),end of period ⁶⁾	real, %	-11.8	-12.0	-10.2	-10.1	-10.7	-10.3	-9.1	-9.1	-6.2	-3.7	-3.0	-1.0	1.0	2.8	.	.
BUDGET																	
Central gov.budget balance, cum.	ROL bn	-22970	-22333	-28827	-3061	-6012	-8652	-10875	-14045	-22689	-26092	-27530	-30417	-31250	-32016	-35809	.

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 2000 as of December 1999.

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

4) Cumulation starting January and ending December each year.

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

6) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	13.9	11.6	3.9	7.8	3.1	4.7	7.0	7.0	3.7	4.5	5.1	3.8	5.1	4.7	2.6	2.2
Industry, total	real, CCPY	12.8	12.7	11.9	7.8	5.4	5.2	5.7	5.9	5.5	5.4	5.3	5.2	5.2	5.1	4.9	2.2
Industry, total ¹⁾	real, 3MMA	11.7	10.1	8.9	6.0	5.2	4.9	6.3	5.9	5.1	4.5	4.5	4.8	4.5	4.1	.	.
Construction, total	real, CMPY	10.1	11.2	11.0	8.8	7.8	6.2	7.0	6.6	6.3	8.1	12.7	12.3	12.2	13.5	16.7	.
LABOUR																	
Employment total	th. persons	65000	65000	65000	64900	64800	64800	64800	64900	65100	65100	65200	65200	65100	65000	65000	.
Unemployment, end of period ²⁾	th. persons	7030	6999	7039	7079	7119	6769	6419	6068	6095	6122	6149	6200	6252	6303	6354	6354
Unemployment rate ²⁾	%	9.8	9.7	9.9	9.8	9.9	9.4	9.0	8.5	8.6	8.6	8.7	8.7	8.7	8.8	9.0	8.9
WAGES, SALARIES																	
Total economy, gross	RUB	2425.0	2508.0	3025.0	2733.0	2655.0	2964.0	2923.0	3054.0	3284.0	3364.0	3376.0	3405.0	3515.0	3578.0	4541.0	3860.0
Total economy, gross	real, CMPY	18.3	17.0	10.3	23.7	18.1	18.6	14.7	16.3	15.7	19.6	21.9	19.8	21.9	20.1	26.3	18.5
Total economy, gross	USD	87	90	108	96	93	103	101	105	113	115	116	119	120	151	127	127
Total economy, gross	EUR	102	106	120	103	101	114	113	120	132	134	128	127	131	135	169	143
PRICES																	
Consumer	PM	2.1	1.5	1.6	2.8	2.3	1.9	1.8	1.8	1.6	0.5	0.0	0.6	1.1	1.4	1.6	3.1
Consumer	CMPY	19.4	19.8	20.1	20.7	22.3	23.8	25.0	25.0	23.7	22.2	20.9	20.1	18.9	18.8	18.8	19.2
Consumer	CCPY	21.0	20.9	20.8	20.7	21.5	22.3	23.0	23.4	23.4	23.2	22.9	22.6	22.2	21.9	21.6	19.2
Producer, in industry	PM	2.7	1.2	1.0	1.8	1.7	1.1	0.9	0.9	2.0	0.9	0.0	-0.1	0.4	0.3	0.2	0.3
Producer, in industry	CMPY	36.7	33.3	31.6	28.8	26.3	24.5	23.8	22.7	22.4	19.4	17.4	15.1	12.5	11.5	10.6	9.0
Producer, in industry	CCPY	50.2	48.3	46.6	28.8	27.6	26.5	25.8	25.2	24.7	23.9	23.0	22.0	21.0	20.0	19.2	9.0
RETAIL TRADE																	
Turnover ³⁾	real, CMPY	8.5	9.1	8.7	6.3	7.3	8.0	10.3	12.4	11.6	11.2	11.9	11.3	11.7	12.4	11.3	.
Turnover ³⁾	real, CCPY	8.6	8.7	8.7	6.3	6.8	7.2	8.0	8.9	9.3	9.6	9.9	10.1	10.3	10.5	10.5	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total, cumulated	EUR mn	91211	102906	114244	8903	17799	27601	37375	47377	58234	67865	78059	87355	96437	105906	115047	.
Imports total, cumulated	EUR mn	38158	43144	48550	3435	7365	12001	16827	22046	27513	32613	37716	42274	47635	53335	59610	.
Trade balance, cumulated	EUR mn	53054	59763	65694	5468	10434	15600	20548	25331	30721	35252	40343	45082	48802	52571	55437	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	46291	.	.	11530	.	.	20980	.	.	28557	.	.	.	.
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	27.870	27.807	27.979	28.367	28.594	28.678	28.851	29.028	29.115	29.223	29.343	29.430	29.538	29.797	30.100	30.473
RUB/EUR, monthly average	nominal	23.855	23.758	25.110	26.626	26.372	26.096	25.769	25.415	24.871	25.111	26.370	26.821	26.784	26.478	26.852	26.952
RUB/USD, calculated with CPI ⁶⁾	real, Jan98=100	173.6	170.8	169.0	167.7	165.9	163.6	162.3	161.1	159.3	158.7	159.3	159.5	157.8	156.7	155.3	152.5
RUB/USD, calculated with PPI ⁶⁾	real, Jan98=100	190.6	187.4	188.4	192.7	187.3	183.8	184.0	184.2	179.3	175.5	176.2	176.9	172.8	173.6	172.3	173.9
RUB/EUR, calculated with CPI ⁶⁾	real, Jan98=100	134.0	131.7	137.2	141.5	137.5	133.9	130.6	127.1	122.6	122.9	129.2	130.9	129.3	125.8	125.7	122.4
RUB/EUR, calculated with PPI ⁶⁾	real, Jan98=100	147.3	145.1	151.2	157.2	153.4	150.3	147.5	144.5	138.6	138.0	144.8	147.6	146.2	143.4	144.8	144.9
DOMESTIC FINANCE																	
M0, end of period	RUB bn	349.7	358.4	419.3	380.1	388.0	399.4	435.3	438.3	474.7	490.6	507.1	531.0	531.5	527.3	584.3	.
M1, end of period	RUR bn	750.7	777.1	879.3	810.5	829.2	858.4	918.2	938.5	987.9	1015.1	1040.8	1074.9	1084.4	1058.1	1192.6	.
M2, end of period	RUB bn	1415.9	1457.3	1560.0	1530.8	1615.8	1632.3	1683.4	1730.0	1798.7	1842.3	1870.4	1925.5	1974.7	1984.9	2122.7	.
M2, end of period	CMPY	63.1	60.2	58.4	53.0	51.7	49.7	49.9	47.8	44.7	41.5	40.9	38.7	39.5	36.2	36.1	.
Refinancing rate (p.a.), end of period	%	28.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Refinancing rate (p.a.), end of period ⁷⁾	real, %	-6.3	-6.2	-5.0	-3.0	-1.1	0.4	1.0	1.9	2.1	4.7	6.5	8.6	11.1	12.2	13.0	14.7
BUDGET																	
Central gov. budget balance, cum.	RUB bn	170.2	190.7	173.5	34.0	29.4	49.1	86.6	120.2	133.1	167.6	174.4	178.6	214.7	257.4	264.7	.

1) Seasonally adjusted.

2) According to ILO methodology.

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

7) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CPMY	15.4	10.7	8.3	11.0	2.9	2.5	4.4	6.4	6.5	7.9	2.9	4.7	8.5	6.7	2.8	.
Industry, total	real, CCPY	9.2	9.4	9.3	11.0	6.8	5.2	5.0	5.3	5.5	5.8	5.5	5.4	5.7	5.8	5.6	.
Industry, total	real, 3MMA	11.9	11.5	10.0	7.3	5.2	3.2	4.4	5.8	6.9	5.8	5.1	5.5	6.7	6.1	.	.
Construction, total	real, CPMY	11.7	9.6	11.0	11.2	10.8	10.6	6.2	1.0	3.3	0.7	-1.6	-6.7	-1.2	-4.1	-8.2	.
LABOUR																	
Employment in industry	th. persons	552.4	550.9	548.2	554.0	553.8	554.6	554.4	554.0	555.8	557.2	555.7	556.0	554.8	554.4	549.9	.
Unemployment, end of period ¹⁾	th. persons	461.5	477.8	506.5	561.0	558.1	545.3	519.0	498.7	505.2	510.7	506.1	497.6	499.3	513.1	533.7	563.9
Unemployment rate ¹⁾	%	16.1	16.7	17.9	19.8	19.7	19.2	18.3	17.5	17.8	18.0	17.8	17.4	17.3	17.7	18.6	19.7
Labour productivity, industry	CCPY	13.2	13.2	12.8	9.8	5.6	4.0	3.8	4.1	4.3	4.5	4.2	4.1	4.5	4.7	4.5	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.4	0.8	0.3	0.1	2.0	2.0	2.2	2.4	2.7	2.7	3.1	3.0	2.6	2.6	3.2	.
WAGES, SALARIES																	
Industry, gross	SKK	12490	14255	13413	12386	11601	12563	12708	13459	13809	13322	13125	12667	13478	15603	14947	.
Industry, gross	real, CPMY	1.8	-1.7	-2.9	5.4	2.2	0.8	2.7	2.2	2.5	1.3	1.0	-0.4	0.7	2.8	4.6	.
Industry, gross	USD	245	284	276	266	245	262	261	273	275	269	274	265	280	321	310	.
Industry, gross	EUR	286	332	308	283	265	287	292	312	322	313	305	291	309	362	347	.
PRICES																	
Consumer	PM	0.4	0.4	0.2	1.9	2.3	0.8	0.4	0.3	0.3	0.0	-0.1	0.2	0.1	-0.1	0.2	1.5
Consumer	CPY	8.5	8.6	8.4	7.7	6.7	7.1	7.6	7.7	8.0	8.0	7.8	7.4	7.1	6.5	6.5	6.2
Consumer	CCPY	12.8	12.4	12.1	7.7	7.2	7.2	7.3	7.3	7.4	7.5	7.5	7.5	7.5	7.4	7.3	6.0
Producer, in industry	PM	1.0	0.9	0.2	0.3	2.0	1.0	0.2	0.1	0.2	-0.1	-0.1	-0.1	0.1	-0.2	0.1	.
Producer, in industry	CPY	8.7	8.8	9.1	7.9	9.0	9.4	8.8	7.9	7.6	6.6	6.1	5.7	4.7	3.5	3.4	.
Producer, in industry	CCPY	10.0	9.9	9.8	7.9	8.5	8.8	8.8	8.6	8.4	8.2	7.9	7.7	7.4	7.0	6.7	.
RETAIL TRADE																	
Turnover	real, CPMY	6.6	7.2	10.1	10.8	4.8	-2.9	2.8	3.9	0.4	5.1	5.4	6.1	5.0	4.8	5.4	.
Turnover	real, CCPY	1.0	1.6	2.3	10.8	7.7	3.7	3.4	3.5	3.0	3.3	3.6	3.9	4.0	4.1	4.2	.
FOREIGN TRADE²⁾³⁾																	
Exports total (fob), cumulated	EUR mn	10584	11837	12879	1106	2210	3411	4572	5839	7084	8284	9365	10575	11856	13088	14102	1062
Imports total (fob), cumulated	EUR mn	11119	12568	13859	1216	2443	3841	5158	6604	8040	9436	10704	12073	13567	15101	16485	1198
Trade balance, cumulated	EUR mn	-535	-731	-980	-109	-234	-431	-585	-764	-956	-1152	-1338	-1498	-1712	-2013	-2383	-136
Exports to EU (fob), cumulated	EUR mn	6252	7007	7602	658	1363	2096	2805	3586	4351	5068	5648	6371	7121	7865	8441	662
Imports from EU (fob), cumulated	EUR mn	5484	6185	6775	573	1174	1875	2545	3292	4038	4779	5377	6056	6801	7557	8207	583
Trade balance with EU, cumulated	EUR mn	768	822	827	85	189	221	260	294	313	289	271	315	320	308	235	79
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-297	-453	-713	-99	-128	-315	-372	-586	-784	-856	-956	-1131	-1251	.	.	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	51.0	50.1	48.6	46.5	47.4	48.0	48.7	49.3	50.2	49.6	48.0	47.8	48.1	48.5	48.2	48.1
SKK/EUR, monthly average	nominal	43.7	42.9	43.5	43.7	43.7	43.7	43.5	43.2	42.8	42.6	43.1	43.5	43.6	43.1	43.1	42.5
SKK/USD, calculated with CPI ⁴⁾	real, Jan98=100	123.0	120.7	116.7	110.2	110.1	110.8	112.5	114.1	115.9	114.1	110.7	110.4	110.7	111.6	110.3	108.3
SKK/USD, calculated with PPI ⁴⁾	real, Jan98=100	133.7	130.0	127.1	124.5	121.9	120.8	123.0	124.9	125.5	122.1	118.4	118.0	115.9	117.1	114.5	.
SKK/EUR, calculated with CPI ⁴⁾	real, Jan98=100	95.0	93.1	94.3	92.9	91.2	90.8	90.3	90.0	89.0	88.4	89.6	90.5	90.5	89.5	89.3	86.8
SKK/EUR, calculated with PPI ⁴⁾	real, Jan98=100	103.4	100.7	101.6	101.6	99.8	98.9	98.4	97.9	96.9	96.0	97.1	98.3	98.0	96.6	96.3	.
DOMESTIC FINANCE																	
M0, end of period	SKK bn	63.2	64.5	67.0	65.6	65.5	64.9	65.6	67.3	69.3	70.0	70.7	72.7	74.9	79.1	81.0	79.7
M1, end of period	SKK bn	170.3	174.0	187.2	177.8	179.3	177.7	182.0	186.3	189.8	195.8	198.4	207.4	207.0	214.0	228.6	218.5
M2, end of period	SKK bn	581.2	581.5	601.5	606.3	608.4	612.0	619.8	619.3	625.3	633.9	644.0	641.8	635.3	651.3	680.3	668.7
M2, end of period	CPY	15.1	15.2	14.9	15.7	13.6	13.3	14.0	13.5	14.5	13.6	10.3	9.5	9.3	12.0	13.1	10.3
Discount rate (p.a.), end of period	%	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	7.75
Discount rate (p.a.), end of period ⁵⁾	real, %	0.1	0.0	-0.3	0.8	-0.2	-0.5	0.0	0.8	1.1	2.0	2.6	3.0	3.9	5.1	5.2	.
BUDGET																	
Central gov. budget balance, cum.	SKK mn	-11924	-12597	-27648	4972	-5061	-5647	-14916	-14649	-13462	-22339	-22415	-22878	-27560	-29797	-44371	-2902

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

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

3) Cumulation starting January and ending December each year.

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

5) Deflated with annual PPI.

S L O V E N I A: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	3.1	5.7	-2.5	8.9	2.8	2.9	9.4	1.2	-3.9	6.4	2.9	-1.1	7.2	0.1	0.2	.
Industry, total	real, CCPY	7.2	7.0	6.2	8.9	5.8	4.7	5.8	4.8	3.2	3.7	3.6	3.0	3.5	3.2	2.9	.
Industry, total	real, 3MMA	4.2	2.3	4.1	3.0	4.7	4.9	4.3	1.8	1.0	1.6	2.7	3.0	2.0	2.5	.	.
Construction, total ¹⁾	real, CMPY	-4.2	-2.3	-5.0	8.7	-2.8	-5.8	0.7	-2.7	-5.5	0.4	-2.2	-3.9	1.6	-3.3	6.9	.
LABOUR																	
Employment total	th. persons	772.4	771.4	763.4	766.1	767.4	772.0	776.3	779.8	781.9	782.3	782.1	786.2	786.6	785.6	782.1	.
Employees in industry ²⁾	th. persons	221.5	221.1	220.2	220.7	221.5	222.5	223.0	223.5	223.4	222.9	221.9	221.8	221.5	221.2	.	.
Unemployment, end of period	th. persons	104.8	104.3	104.6	106.2	104.9	103.6	102.7	100.1	97.8	99.2	98.1	99.8	102.2	103.2	104.3	.
Unemployment rate ³⁾	%	11.9	11.9	12.0	12.2	12.0	11.8	11.7	11.4	11.1	11.3	11.1	11.3	11.5	11.6	11.8	.
Labour productivity, industry	CCPY	9.8	9.4	8.4	8.6	5.4	4.4	5.6	4.6	3.0	3.5	3.5	3.1	3.8	3.6	3.5	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-3.9	-3.1	-2.6	-0.1	1.7	1.6	0.4	1.1	2.3	1.5	1.6	1.7	1.1	1.1	.	.
WAGES, SALARIES																	
Total economy, gross	th. SIT	196.8	212.9	213.0	207.3	204.5	206.7	206.9	210.5	209.3	210.1	216.4	214.1	219.2	234.8	234.1	.
Total economy, gross	real, CMPY	3.2	6.1	0.1	7.0	4.7	3.5	4.1	2.0	1.7	1.3	3.0	3.0	3.3	3.0	2.6	.
Total economy, gross	USD	807	868	904	918	883	877	855	852	823	829	889	890	903	946	945	.
Total economy, gross	EUR	942	1015	1010	977	958	963	960	974	965	965	989	976	997	1066	1059	.
Industry, gross	USD	700	756	774	793	760	756	731	732	700	709	770	757	779	818	.	.
PRICES																	
Consumer	PM	0.6	1.1	0.1	0.4	1.1	1.1	0.7	1.1	0.4	0.2	0.0	0.9	0.5	0.4	0.1	1.6
Consumer	CMPY	9.0	9.7	8.9	8.5	8.7	8.9	9.0	9.7	9.5	8.8	8.5	7.9	7.8	7.0	7.0	8.4
Consumer	CCPY	8.8	8.9	8.9	8.5	8.6	8.7	8.8	9.0	9.1	9.0	9.0	8.8	8.7	8.6	8.4	8.4
Producer, in industry	PM	1.7	0.6	0.6	1.9	1.0	-0.5	0.9	0.1	0.3	0.4	0.3	0.4	1.0	0.5	1.0	0.3
Producer, in industry	CMPY	9.1	9.3	9.2	10.6	10.4	9.6	10.0	9.9	9.8	9.2	8.2	8.0	7.2	7.1	7.5	5.8
Producer, in industry	CCPY	7.3	7.5	7.6	10.6	10.5	10.2	10.1	10.1	10.0	9.9	9.7	9.5	9.3	9.1	8.9	5.8
RETAIL TRADE																	
Turnover	real, CMPY	5.5	12.3	12.3	15.9	4.7	5.3	10.9	5.6	3.2	12.3	9.7	5.5	9.0	4.9	.	.
Turnover	real, CCPY	6.3	6.9	7.3	15.9	10.1	8.3	9.0	8.2	7.3	8.0	8.3	7.9	8.1	7.8	.	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	7843	8736	9505	812	1640	2612	3438	4348	5264	6196	6900	7782	8741	9620	10340	.
Imports total (cif), cumulated	EUR mn	9067	10093	10996	872	1778	2815	3758	4803	5783	6775	7548	8466	9480	10462	11341	.
Trade balance total, cumulated	EUR mn	-1224	-1356	-1491	-60	-138	-203	-320	-455	-519	-579	-648	-684	-739	-843	-1000	.
Exports to EU (fob), cumulated	EUR mn	5037	5596	6060	553	1093	1708	2223	2780	3343	3930	4343	4882	5465	6007	.	.
Imports from EU (cif), cumulated	EUR mn	6139	6841	7452	594	1206	1918	2547	3264	3929	4606	5105	5720	6409	7085	.	.
Trade balance with EU, cumulated	EUR mn	-1101	-1245	-1392	-41	-113	-210	-324	-484	-586	-676	-763	-838	-944	-1078	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-447	-475	-612	.	.	.	.	.	.	.	.	.	.	.	-67	.
EXCHANGE RATE																	
SIT/USD, monthly average	nominal	244.0	245.2	235.6	225.9	231.6	235.7	241.9	247.1	254.4	253.5	243.5	240.7	242.7	248.2	247.8	251.4
SIT/EUR, monthly average	nominal	209.0	209.8	210.9	212.2	213.5	214.6	215.6	216.3	217.0	217.8	218.7	219.4	219.9	220.4	221.1	222.0
SIT/USD, calculated with CPI ⁶⁾	real, Jan98=100	125.4	124.8	119.7	115.0	117.1	118.0	120.8	122.6	125.9	124.8	119.9	117.9	118.0	119.9	119.3	119.1
SIT/USD, calculated with PPI ⁶⁾	real, Jan98=100	134.3	133.8	128.9	124.6	124.1	125.5	128.1	131.3	133.4	130.3	124.8	122.8	119.8	121.8	118.5	119.8
SIT/EUR, calculated with CPI ⁶⁾	real, Jan98=100	96.8	96.4	96.9	97.1	97.0	96.7	97.0	96.7	96.7	96.7	97.2	96.8	96.6	96.2	96.5	95.4
SIT/EUR, calculated with PPI ⁶⁾	real, Jan98=100	103.9	103.8	103.3	101.7	101.5	102.7	102.5	103.0	103.0	102.5	102.5	102.5	101.3	100.5	99.7	99.8
DOMESTIC FINANCE																	
M0, end of period	SIT bn	113.7	110.2	119.8	106.9	108.5	113.3	114.9	113.2	124.3	115.9	116.3	122.6	124.7	126.5	.	.
M1, end of period	SIT bn	405.3	395.7	424.0	396.6	391.1	402.7	417.1	408.1	437.8	419.6	418.1	438.1	440.3	455.3	502.2	.
Broad money, end of period	SIT bn	2148.4	2193.5	2206.4	2240.8	2269.3	2329.9	2353.0	2410.3	2445.9	2477.1	2514.8	2555.2	2617.3	2705.7	2876.7	.
Broad money, end of period	CMPY	15.8	16.2	15.3	17.2	17.1	18.7	18.6	20.2	19.8	19.3	19.9	20.2	21.8	23.4	30.4	.
Discount rate (p.a.),end of period	%	9	9	10	10	10	10	11	11	11	11	11	11	11	11	11	.
Discount rate (p.a.),end of period ⁷⁾	real, %	-0.1	-0.3	0.7	-0.5	-0.4	0.4	0.9	1.0	1.1	1.6	2.6	2.8	3.5	3.6	3.3	.

1) Effective working hours.

2) Enterprises with 3 or more employed, excluding employees of self-employed persons.

3) Ratio of unemployed to the economically active.

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

5) Cumulation starting January and ending December each year.

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

7) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2000 to 2002

(updated end of February 2002)

		2000			2001												2002
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	10.8	14.4	13.2	14.8	7.2	12.7	16.3	16.2	13.1	.	.	.	.	.	.	.
Industry, total	real, CCPY	11.9	12.5	12.9	19.5	16.7	17.4	18.4	18.8	18.5	17.9	16.9	16.6	16.1	15.4	14.2	.
Industry, total ¹⁾	real, 3MMA	10.2	12.7	14.1	11.7	11.5	12.1	15.0	15.2	.	.	.	.	.	.	.	.
LABOUR																	
Unemployment, end of period	th. persons	1174.7	1184.8	1188.0	1188.7	1194.4	1182.8	1165.2	1118.4	1071.3	1046.1	1029.3	1017.2	1002.8	1018.6	1028.8	.
Unemployment rate ²⁾	%	4.2	4.2	4.2	4.2	4.2	4.2	4.1	4.0	3.8	3.7	3.7	3.6	3.5	3.6	3.7	.
WAGES, SALARIES¹⁾																	
Total economy, gross	UAH	254.1	257.6	296.3	253.4	263.7	281.0	288.9	303.0	317.8	327.3	329.3	326.3	335.8	334.4	378.5	.
Total economy, gross	real, CMPY	2.9	4.9	7.6	14.7	16.3	13.8	20.2	23.5	24.4	24.9	21.4	22.1	24.6	22.3	20.4	.
Total economy, gross	USD	47	47	55	47	49	52	53	56	59	61	62	61	63	63	71	.
Total economy, gross	EUR	55	55	61	50	53	57	60	64	69	71	69	67	70	71	80	.
Industry, gross	USD	63	64	71	64	65	71	70	74	77	81	82	81	84	83	89	.
PRICES																	
Consumer	PM	1.4	0.4	1.6	1.5	0.6	0.6	1.5	0.4	0.6	-1.7	-0.2	0.4	0.2	0.5	1.6	1.0
Consumer	CMPY	32.1	28.9	25.8	22.1	18.9	17.3	17.0	15.1	11.6	9.9	9.6	7.3	6.0	6.1	6.1	5.6
Consumer	CCPY	28.4	28.4	28.2	22.1	20.5	19.4	18.8	18.0	16.9	15.8	15.0	14.1	13.2	12.5	12.0	5.6
Producer, in industry	PM	1.3	1.0	2.1	0.8	0.6	-0.5	0.2	0.0	0.2	0.1	-0.1	0.1	-0.7	0.7	-0.5	-0.4
Producer, in industry	CMPY	20.6	20.1	20.6	17.8	16.4	12.8	10.8	10.1	9.4	7.9	7.1	5.9	3.8	3.5	0.9	-0.3
Producer, in industry	CCPY	21.0	20.9	20.9	17.8	17.1	15.6	14.4	13.5	12.8	12.1	11.4	10.8	10.0	9.4	8.6	-0.3
RETAIL TRADE																	
Turnover ³⁾	real, CCPY	7.7	7.3	6.9	11.3	7.7	8.0	8.7	10.3	10.4	11.4	11.4	11.5	11.8	12.3	12.6	.
FOREIGN TRADE⁽⁵⁾																	
Exports total (fob), cumulated	EUR mn	12511	14156	15771	1233	2546	4116	5656	7174	8918	10497	11973	13389	15054	16684	.	.
Imports total (cif), cumulated	EUR mn	11946	13463	15103	1150	2395	3856	5227	6710	8257	9682	11273	12683	14242	15946	.	.
Trade balance, cumulated	EUR mn	565	.	667	83	151	259	430	464	661	815	700	706	812	738	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	1481	.	.	278	.	.	845	.	.	1237	.	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.439	5.437	5.436	5.433	5.430	5.421	5.418	5.414	5.401	5.371	5.347	5.339	5.310	5.287	5.294	5.313
UAH/EUR, monthly average	nominal	4.657	4.656	4.886	5.104	5.003	4.939	4.832	4.753	4.609	4.617	4.807	4.869	4.809	4.703	4.718	4.696
UAH/USD, calculated with CPI ⁶⁾	real, Jan98=100	176.6	176.0	173.1	171.4	171.0	170.1	168.1	168.0	166.9	168.3	167.9	167.7	165.9	164.1	161.2	160.2
UAH/USD, calculated with PPI ⁷⁾	real, Jan98=100	169.2	166.9	164.9	168.0	163.7	162.5	162.7	163.2	160.9	157.3	156.7	156.3	153.0	151.1	149.6	150.8
UAH/EUR, calculated with CPI ⁶⁾	real, Jan98=100	136.1	135.8	140.4	144.5	141.4	139.1	134.8	132.7	128.0	130.2	136.0	137.5	135.5	131.6	130.1	128.2
UAH/EUR, calculated with PPI ⁷⁾	real, Jan98=100	130.5	129.3	132.4	136.9	133.7	132.8	130.1	128.2	124.0	123.5	128.6	130.2	129.0	124.7	125.5	125.4
DOMESTIC FINANCE																	
M0, end of period	UAH mn	11088	11158	12799	11851	12199	12736	13610	13452	14487	14797	15527	16208	16685	17325	19465	.
M1, end of period	UAH mn	17711	18205	20732	19492	19961	21159	21796	22554	23820	24164	24768	25884	26406	26782	29773	.
Broad money, end of period	UAH mn	28866	29395	32084	30816	31638	33026	34092	35157	36953	37373	38275	39643	40750	41508	45555	.
Broad money, end of period	CMPY	38.1	39.7	45.4	39.8	37.7	36.4	35.8	35.1	36.4	32.9	29.8	36.8	41.2	41.2	42.0	.
Refinancing rate (p.a.), end of period	%	27.0	27.0	27.0	27.0	27.0	25.0	21.0	21.0	19.0	19.0	17.0	15.0	15.0	15.0	12.5	.
Refinancing rate (p.a.), end of period ⁷⁾	real, %	5.3	5.7	5.3	7.8	9.1	10.8	9.2	9.9	8.8	10.2	9.3	8.6	10.8	11.1	11.5	.
BUDGET																	
General gov. budget balance, cum. ⁸⁾	UAH mn	2698.2	3062.7	1986.5	1384.8	1804.2	1479.2	1684.9	1910.6	1868.5	2383.5	2304.2	2295.6	2647.3	.	.	.

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

7) Deflated with annual PPI.

8) Including pension fund.

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INDEX OF SUBJECTS – March 2001 to March 2002

Bulgaria	<i>economic situation</i>	2001/10
Croatia	<i>economic situation</i>	2001/10
Czech Republic	<i>economic situation</i>	2001/10
	labour market.....	2002/3
Hungary	<i>economic situation</i>	2001/10
	agriculture	2001/11
Macedonia	<i>economic situation</i>	2001/10
Poland	<i>economic situation</i>	2001/10 2001/8-9
	balance of payments, foreign debt, reserves	2001/3
	economic policy	2001/11
	exchange rate	2002/2
Romania	<i>economic situation</i>	2001/10
Russia	<i>economic situation</i>	2001/10
Slovakia	<i>economic situation</i>	2001/10
	labour market.....	2002/3
Slovenia	<i>economic situation</i>	2001/10
Ukraine	<i>economic situation</i>	2001/10
Yugoslavia	<i>economic situation</i>	2001/10
Region Eastern Europe and CIS (multi-country articles and statistical overviews)	<i>economic situation</i>	2001/12
	agriculture	2002/2 2001/6 2001/4
	Baltic currencies	2001/5
	Baltics, capital flows	2002/2
	chemical sector.....	2001/12
	CEE exports to EU	2001/5
	CEE tourists in Austria	2001/11
	exchange rates	2001/7
	EU enlargement	2001/12 2001/11 2001/10 2001/5, 2001/4
	euro introduction.....	2002/1
	FDI	2001/3
	electrical and optical equipment sector	2001/8-9
	impact of war on terrorism	2001/10
	leather and leather products	2001/7
	manufacturing sector.....	2001/6
	metals sector	2002/3
	regional economic development.....	2002/3 2001/4
	SEE economic and political developments	2001/8-9 2001/7
	Taxation	2001/8-9
	trade specialization.....	2001/3

**WIIW
SPRING SEMINAR
2002**

**EU Enlargement
and Europe's Periphery**

Friday, 22 March 2002, 9:00 a.m.

hosted by

Bank Austria

to take place at

**1010 Vienna, Renngasse 2
1st floor, 'Festsaal'**

The Vienna Institute for International Economic Studies
(Wiener Institut für Internationale Wirtschaftsvergleiche, WIIW)
1010 Wien, Oppolzergasse 6

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Postal address: WIIW, Oppolzergasse 6, A-1010 Vienna, Austria
Internet Homepage: www.wiiw.at

9:00 Welcome address by Marianne Kager,
Head of the Economics Department,
Bank Austria AG

**EU enlargement and Europe's periphery –
introductory remarks**

Economic developments in the CEE region

The CEEs under the impact of global stagnation * nominal
appreciation tendencies * prospects for 2002 and 2003

**Current state and stumbling blocks in the
EU enlargement process**

Financing the enlargement – the proposal from Brussels *
reactions from the East * 2004 and ten new members – is it
feasible?

11:00 Coffee break

**11:30 Economic policy challenges for the
FR Yugoslavia**

12:30 Buffet luncheon by invitation of Bank Austria AG

Guest speakers:

Dr. Korkut Boratav, professor of economics, University of
Ankara and currently consultant at UNCTAD, Geneva

Dr. Erhard Busek, Special Coordinator of the Stability Pact for
South Eastern Europe

DDr. Bozidar Djelic, Minister of Finance and Economy of the
Republic of Serbia

Dr. Rumen Dobrinsky, Economic Commission for Europe,
United Nations, Geneva

Prof. Dr. Mladen Ivanic, Prime Minister of the Republic of Srpska

Dr. Krassen Stanchev, Executive Director, Institute for Market
Economics, Sofia

Prof. Boris Vujcic, Deputy Governor, Croatian National Bank

M. Landesmann, WIIW

J. Pöschl, WIIW

S. Richter, WIIW

B. Djelic, Belgrade
(guest speaker)

**14:00 Bosnia and Herzegovina: the special
case of the Republic of Srpska**

EU enlargement and Russia

Economic asymmetry; Institutional framework * impact of EU
enlargement * pilot project Kaliningrad * towards a Common
European Economic Area?

Turkey, Southeast Europe and the EU

Turkish economy: international economic relations * capital
movements * structural features * economic policy orientations *
ideological underpinnings with Europe

16:00 Coffee break

**16:30 Prospects for the Stability Pact and Southeast
Europe**

17:00 Panel: Prospects for Europe's periphery

E. Busek, Vienna-Brussels; K. Boratav, Ankara-Geneva; B.
Djelic, Belgrade; R. Dobrinsky, UN/ECE; V. Gligorov, WIIW; G.
Hunya, WIIW; M. Ivanic, Banja Luka; K. Stanchev, Sofia; B.
Vujcic, Zagreb

18:30 End of Seminar

**19:00 Informal gathering at a Viennese 'Heurigen'
by invitation of WIIW**

Address: Mayer am Pfarrplatz, Pfarrplatz 2, A-1190 Vienna

**M. Ivanic,
Banja Luka**
(guest speaker)

P. Havlik, WIIW

**K. Boratav,
Ankara-Geneva**
(guest speaker)

**E. Busek,
Vienna-Brussels**
(guest speaker)

PLEASE RETURN TO (no later than 15 March 2002):

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'EU Enlargement and Europe's Periphery'

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I will join the common "Heurigen" excursion (at about 6 p.m.):
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