11 2002

Monthly Report

The Vienna Institute for International Economic Studies (WIIW)

Contents

From ERM to ERM2 – from one crisis to another?

BY PAWEL KOWALEWSKI

The tenth anniversary of the crisis of the ERM (exchange rate mechanism) that hit Europe between September 1992 and July 1993 is a good occasion to consider the likelihood of another such crisis happening in the future. The ERM crisis is often described as the first crisis of the new generation. It is usually attributed to the so-called impossible trinity – i.e. the (alleged) non-feasibility of the policy mix which stipulates, simultaneously, (i) the pursuit of an independent monetary policy; (ii) a fixed or quasi-fixed exchange rate regime; and (iii) full capital mobility. The crisis occurred because countries participating in the ERM tried to combine pursuing an independent monetary policies while at the same time fixing their exchange rates and liberalizing the capital movements. Of course, the ERM no longer exists but its inheritor, the ERM2, does and is awaiting the CEE accession countries.

So far only two economies have participated in the ERM2. Greece had stayed there for two years before becoming the twelfth member of the monetary union. During that brief period one adjustment was needed in order to decide on a parity upon which the drachma swapped into the euro.

At the moment the sole participant is Denmark whose crown is tied in a narrow band (+/-2.25%) around the central parity vs. the euro. But the Danish experience is of little relevance for the CEE accession countries because the Danish crown's existence is due to political, not economic reasons. To the Danish population an own currency is a token of sovereignty – which in reality is quite problematic given the full integration of the Danish economy into the EU, and the full convergence of the essential parameters of the economy to those of Euroland. It must be remembered that Denmark was a member of the old ERM from its inception in early 1979. After a number of adjustments in the first few years of its ERM membership, the Danish

The Vienna Institute
for International Economic Studies (WIIW)

Wiener Institut
für Internationale Wirtschaftsvergleiche (WIIW)

Oppolzergasse 6, A-1010 Vienna, Austria, Tel. (+43 1) 533 66 10, Fax (+43 1) 533 66 10-50
e-mail: wiiw@wsr.ac.at, Internet: http://www.wiiw.ac.at

currency displayed remarkable stability. Even the speculative attacks in early 1993 proved futile. Denmark can enter the EMU at any time, without any adjustments. Theoretically, every EU country aspiring for membership in the EMU should stay inside the ERM2 for at least two years.

Two EU members: Sweden and the UK have chosen not to participate in the ERM2. Both countries are in a very good shape economically – and both seem to nurture bitter memories of their previous attempts to tie their currencies to the continental ones. (Both were hit strongly during the ERM crisis.) As a matter of fact, the UK is in search of a shortcut that would take it into the EMU without entering the ERM2.

For the CEE accession countries an orderly path to the EMU will involve prior participation in the ERM2. The prospect of entry into the EMU (and adoption of the euro) arouses much enthusiasm in the accession countries. There is a tendency to underestimate the benefits of an independent exchange rate policy (used for the control of the macroeconomy) and to overestimate the advantages of membership in the EMU. Independent management of the domestic currency is believed to lead, sooner or later, to a currency crisis.

EMU membership is gaining popularity also because inflation in the accession countries has been subsiding remarkably. Until recently the inflation criterion had been considered the toughest to fulfil. Indeed, even two years ago the satisfaction of the inflation target set by the Maastricht Treaty seemed a thing of the remote future. But over the past two years the situation has changed. The Czech Republic and Poland can currently even boast a rate of inflation lower that the EU average. Progress on disinflation has been good also in other accession countries.

The enthusiasm about membership in the EMU is matched by fears and doubts about membership in the ERM2. The fear is that participation in the ERM2 will make the domestic monies an easy target of speculative attacks. This is a valid concern, as proved by the experience of 1992-93 when the ERM broke down, seriously damaging several of its participants. The idea of omitting the ERM2 has been a subject of academic discussion in Poland for several years now – without much of an official response. This has been changing, not least because of the nomination of Mr. A. Bratkowski to the post of deputy governor of the National Bank of Poland. For several years now Mr. Bratkowski (in tandem with Mr. J. Rostowski) has been vocally advocating unilateral euroization (i.e. the replacement of the Polish currency with the euro – with, or without, the consent of the European Central Bank). A few weeks ago Mr. D. Rosati, a member of the Polish Monetary Policy Council (MPC), expressed support for the idea of bypassing the ERM2. Quite certainly his views are shared by others at MPC. Reservations about the requirement that the accession countries serve a term under the ERM2 have also been voiced by some prominent international experts such as Willem Buiter (chief economist of the European Bank of Reconstruction and Development).

Instead of membership in the ERM2, Mr. Rosati proposes direct entry into the EMU. Being aware of the opposition from the European Central Bank (ECB), he believes that there is enough room for negotiating the issue. According to him, the ECB's reluctance on this issue originates from the fear that the new members will press for a serious relaxation of the monetary policy. That is why there is a need to change the ECB's perception of the accession countries. He invokes the present strengthening of the domestic CEE currencies which, in his opinion, should indicate that the accession countries are ready for the EMU, and in no need of wasting time in the ERM2. However, things are not as simple as that.

The ECB is indeed unfriendly to an early expansion of the euro to the East. But this is not because of eventual pressures from the new members to relax the monetary policy. The fiscal issues seem more important. With budget deficits well above 5% (not only in Poland but in the Czech Republic and Hungary as well) that fear is justified. It has to be borne in mind that there are good grounds to believe that some of the current members of the EMU have already resorted to 'creative statistics' to 'improve' their fiscal positions. To make things worse, despite this some of these countries are close to breaching the 3% deficit-to-GDP threshold. The possibility of a relaxation of the Stability and Growth Pact, only to avoid political tensions in individual euro countries, is already casting a huge shadow on the credibility of the euro. Admission of high-deficit countries into the EMU would certainly further undermine the fiscal discipline among some of the incumbents.

Mr. Rosati believes that the current high budget deficits are not going to be a serious obstacle as he regards them as temporary. That optimism concerning a quick fiscal consolidation stems from the view that in two years' time the Central European economies should enjoy high GDP growth and thus have enough room for deficit cuts. Indeed, good prospects may be on the horizon, although – ironically – those prospects are not so clear in the case of Poland. Still, if the long expected recovery takes place, it may not be strong enough to diminish the deficits sufficiently fast. Some West European economies needed several years of relatively high growth to bring their budgets into balance. Mr. Rosati is more careful in his forecasts and envisages a fall in the deficit to just below the Maastricht threshold of 3%. But meeting the 3% mark will hardly be sufficient to please the ECB. The 3% target for the founding members of the euro was motivated by political, not economic considerations. The original introduction of the euro would have met with even stronger popular opposition in Germany and France if it had been combined with complete elimination of the deficits (which was the economic postulate). Right now no such political motivations are likely to be considered. In other words, the new entrants into the EMU may face an implicit requirement to produce a zero budget deficit. A deficit of up to 3% may perhaps be accepted only under exceptional contingencies such as recessions – but not in times of high growth as Mr. Rosati assumes. During a period of strong growth, the budget should be balanced, if not in surplus.

Meeting the zero deficit target seems a sheer impossibility anytime soon, at least for the major accession countries. This is demonstrated by the experience of Poland, which failed to balance its budget between 1993 and 2000 when the GDP grew at 5.2% p.a. on average. During that time the deficit was cut to just below 2.5% from a level somewhere between 5% and 6% at the beginning of the transformation. In view of these facts the presumption that economic acceleration between 2003 and 2005 will improve the fiscal stance to an extent that would satisfy the convergence criterion is very optimistic indeed.

The deterioration of the budgets is a side-effect of disinflation which has been achieved at a very high price. A significant economic slowdown has taken place, expanding the deficits. Of course, it may be argued that the (hopefully) upcoming acceleration of growth may ease the task of fiscal consolidation. But it is also likely to strengthen inflation. This would create further problems.

Certain parallels with Western Europe can be immediately spotted. Western Europe managed to overcome inflation at the turn of the 1980s and 1990s. The process was eased by the appreciation of the domestic currencies. The cost of this operation was not confined just to higher public deficits. The effort to bring inflation under control pushed the countries into recession (in 1993) and the bid to reverse the bad fiscal stance seriously hampered the growth record thereafter. In some cases (Italy, Spain) where the exchange rate had played an essential role in disinflation, the achievements proved unsustainable and had to be followed by further painful adjustments.

Nominal appreciation (in the Czech Republic and Poland) has certainly helped the successful (so far) disinflation. Further appreciation will certainly be at the expense of GDP growth, at least in Poland. Obviously, it will depress inflation even further. But is there a real need for any further stimulus against inflation, considering that the associated lower GDP growth will make the fiscal balance consolidation even more problematic?

The record of other local currencies' nominal strengthening is less impressive, but still there is a danger that they are overvalued, or will be in the years to come. The Hungarians, after dismantling the crawling peg mechanism in October 2001, locked their currency into a +/-15% wide band around a parity which may be considered a step towards the ERM2. Still, no one can guarantee that this step was not premature. Meanwhile the zloty, which had climbed to unrealistic levels by 2001, has lost some of its value recently – but still remains at the level at which it was trading more than four years ago.

The strength of the local currencies is probably the result of the current policy mix. An increase in the fiscal deficit and tight monetary policy (that refers mainly to Poland) by definition brings about a hike in the value of the currencies. But what will happen if the current policy mix is reversed? The Czech experience suggests that a reduction of interest rates does not necessarily lead to an automatic devaluation. Still, this may be the case elsewhere. Besides, the Czech appreciation has not lasted long enough to be considered sustainable in the longer run. It must also be remembered that the external situation of the countries in question is far from stable (the current account deficits cannot be covered indefinitely by the inflow of FDI) and sooner or later may undermine the current strength of their monies.

The fundamental weakness of the local currencies (persistent current account deficits), coupled with the thinness of their foreign exchange markets, fully justify the anxieties about their exposure to speculative attacks under ERM2. Such attacks may not only be costly on their own (as requiring interventions) but also disqualify the countries concerned for EMU membership because of the failure to meet the 'exchange rate stability' criterion. Things are getting even worse for another reason. The new members will have to operate under complete capital mobility imposed by the Maastricht Treaty. So far their experience with complete capital mobility is limited. The first to dismantle all capital controls were the Baltic states. But because of their size, there is little point in drawing possible parallels with the countries from Central Europe. In this part of the continent, the Hungarians were the first to allow full capital mobility, on 15 June 2001. On 1 October 2002 Poland followed suit, although the liberalization is confined to the OECD area. Nevertheless, Poland's example is worth further consideration. The new foreign exchange law contains clauses on the re-introduction of certain capital restrictions in exceptional situations (such as under a major speculative attack). Those restrictions are in line with the Maastricht Treaty, and can be applied for up to six months. Will they be sufficient to restore stability? The answer is probably no. Ireland, Spain and Portugal resorted to such controls at the time of the ERM crisis, but with little effect. Their currencies had to be devalued – the speculative attacks proved successful. There is little point in believing that the controls will save the candidate countries if the current optimism about their currencies is suddenly gone. The economies affected by the crisis of 1992-1993 recovered relatively quickly. But that need not be the case for the victims of an eventual ERM2 crisis. Its consequences can be much more devastating.

Summing up, with the relatively weak euro and the job of creating credibility far from finished, the ECB is rightly unwilling to take on yet another challenge – which an eastward expansion would be. That is why no one either at the ECB or the European Commission is in a rush to admit new (weak) members into the EMU. The demand that the new EMU members first spend two years in the ERM2 'purgatory' is to cool down the current enthusiasm.

All in all, attempts at early participation in the EMU are unlikely to be successful. But, even if successful, such attempts may come only at a very high price in terms of growth and real convergence. Admittedly, the risks of big losses due to participation in the ERM2 are real. This should not prompt the authorities to seek inventive ways of bypassing the ERM2. Rather, the accession countries should focus their energies on achieving high and sustainable growth, even if this implies shelving the ambitions to introduce the euro for a very long time. Only when their economies become strong enough to compete with the euro countries without having to resort to periodical (or constant) devaluation will they truly benefit from the common currency. Until such time they should face the reality of being quite poor, backward and pretty vulnerable economies. No 'quick fix', such as the introduction of the euro, will change that reality very much – that is, for the better.

Structural militarization in post-communist Russia

BY STEVEN ROSEFIELDE*

Introduction

Everyone knows that the Soviet Union was a military superpower, supported by a mammoth military-industry complex (*voennyi promyshlennyi kompleks*) known as the VPK, which absorbed a large share of the nation's resources. Likewise, it is widely understood that the VPK's place in the post-communist Russian economic system has shrunk because the government has virtually ceased procuring new weapons. It might seem to follow that the VPK, or its defence industrial successor, the OPK (*oboronnyi promyshennyi kompleks*) is a minor factor influencing Russia's systemic and material prospects. This essay explains why it would be unwise to assume that Russia's military is no longer an impediment to generally competitive market transition, or the Federation's civilian prosperity. It will be demonstrated that Russia's OPK and arsenal remain formidable; that a military industrialization drive is in the offing, and most important of all that the new economic system is in danger of being 'structurally re-militarized'. Not only is the economic burden of defence likely to rise in the immediate future, but the tail once again seems poised to wag the dog; that is, the civilian economy is at risk of being re-subordinated to the priorities of the OPK, FSB (Federal Security Service) and the Kremlin mis-leadership.

Structural militarization

The Soviet command economy was dominated by the production of military goods and services. The mechanisms employed by the VPK were part of the command economy, but swiftly took on a life of their own. Tables 1 and 2 present value statistics, computed at rouble factor cost and dollars providing a summary profile of Soviet defence activities. All figures are disputable. Some Russian authors estimate that defence absorbed roughly 30% of the nation's resources during the last few decades of Soviet power.[1] This figure, and the CIA's much lower estimate serve as useful benchmarks for gauging domestic resource allocation, and consequently the dimensions of structural militarization, without the further complication of evaluating their comparative worth, or 'burden' – the opportunity costs of guns in terms of foregone butter. They indicate that the regime deemed it reasonable to devote between 15% and 30% of the country's resources to military security, computed at rouble factor cost, but not that the other 70% to 85% were reserved for civilian purposes.[2] Shlykov insists that the leadership authorized allocation of non-defence resources to the civilian sector, not for consumers' private welfare, but as working capital to maintain the security effort. To drive the point home, he suggested tongue in cheek that the entire economy was structurally militarized; that civilian consumption was tolerated only to the extent that it served the larger cause of defence. This rhetorical exaggeration clarifies what structural militarization is supposed to mean. The term does not simply imply that Moscow's military expenditures were prodigious. It suggests that the entire productive mechanism was heavily yoked to the task of defence.

The VPK from this perspective led a double life. It was simultaneously an agent of the state and principal promoting its own agenda. Shlykov maintains that neither the state, nor the VPK sought to optimize national security. The leadership

* Professor of Economics, University of North Carolina, Chapel Hill.

1 Steven Rosefielde, 'Back to the Future?: Prospects for Russia's Military Industrial Revival', *ORBIS*, Vol. 46, No. 3, Summer 2002, pp. 499-510, and Vitaly Shlykov, *Chto pogubilo Sovetokii Soiuz: Amerikanskays razvedka o Sovetskikh voennykh razkhodakh*, Voennyi vestnik, Vol. 8, Moscow, April 2001.

2 For a systematic discussion of value issues see Steven Rosefielde, 'The Riddle of Postwar Russian Economic Growth: Statistics Lied and Were Misconstrued', resubmitted to *Europe-Asia Studies*, August 2002.

Table 1

Total Soviet (estimates) and American defence activities, 1976-1984
(excluding military pensions and RDT&E* valued in billions of constant 1978 dollars)

	Soviet estimates by				US
	CIA	Rosefielde	Joint Chiefs of Staff	Official Soviet	
1976	114.6	141.0	-	-	84.0
1977	117.0	147.8	-	-	85.9
1978	119.5	155.0	-	-	86.9
1979	122.0	162.6	159.8	-	91.4
1980	124.6	170.7	(168.2)	-	93.8
1981	127.1	177.8	177.1	-	99.6
1982	129.8	185.4	-	16.7	108.4
1983	(132.6)	193.3	-	-	116.1
1984	(135.3)	201.5	-	-	126.7
1967-84	1,122.5	1,535.1			892.8
Compound annual rate of growth (%)	2.1	4.6	5.3		5.3

Note: * RDT&E: research, development, testing and evaluation.

Sources: Tables 13.10, R1 and A15; *Allocation of Resources in the Soviet Union and China – 1983*, JEC, September 1983, p. 307; *Department of Defense (Outlays),* computer printout, FY85; Organization of the Joint Chiefs of Staff, *Military Posture for FY85*, Washington, D.C., 1982, p. 16; British Broadcasting Corporation, *Summary of World Broadcasts* (SU/7156/A1/4), 14 October 1982; International Institute for Strategic Studies, *The Military Balance 1984-1985*, p. 16; Council of Economic Advisers, *Economic Indicators*, December 1984, p. 2; *Allocation of Resources in the Soviet Union and China – 1984*, JEC, November 1984.

Table 2

Total Soviet (estimates) and American defence activities, 1976-1984
(including military pensions and RDT&E valued in billions of constant 1970 roubles)

	Soviet		US
	CIA	Rosefielde	
1976	53.3	69.2	36.3
1977	54.4	73.7	37.4
1978	55.5	78.6	37.8
1979	56.6	83.8	39.5
1980	57.7	89.4	40.8
1981	58.8	94.3	43.2
1982	60.0	99.5	46.8
1983	(61.2)	105.1	50.3
1984	(62.4)	110.9	54.9
1976-84	519.9	804.5	387
Compound annual rate of growth (%)	2	6	5.3

Sources: Tables 13.11 and R2; *Allocation of Resources in the Soviet Union and China – 1983*, JEC, September 1983, p. 306; *Department of Defense (Outlays)*, computer printout, FY85, Table 6-11; *Survey of Current Business*, January 1980, p. 40; *Allocation of Resources in the Soviet Union and China – 1984*, JEC, November 1984.

instead was constantly preparing for the worst case, and unforeseen contingencies beyond that, while the VPK dreamed up projects to accommodate them, and expand its privileges. The military industrial complex steadfastly pressed for ever greater shares of the nation's resources, and subordination of lower priority claimants. Its privileged access, and priority requisitioning were codified in the law, enabling it to operate as a semi-independent empire within the larger physical management and planning system. The VPK was not consciously anti-consumerist, or anti-socialist, but in opposing the diversion of funds to inessential civilian purposes, it inured structural militarization.

Post-communist military asset-grabbing

This mechanism was the fountainhead of Soviet superpower, and lasted nearly 60 years. But its excesses were an important contributory cause of its undoing. When the Soviet Union collapsed, the VPK found itself vulnerable to liberal animus and opportunism. Westernizers wanted military expenditures drastically pared, and oligarchs wanted the VPK's assets (especially prolonged warfighting material reserves), and control over natural resources. In astonishing short order, the vultures prevailed. Defence material reserves worth tens of billions of dollars were illegally sold abroad. Disarmament became a lucrative sinecure, and control of the crown jewels, that is, Russia's mineral wealth was transferred from the VPK to Yeltsin's oligarchs.

Arms production plummeted roughly 90% in a couple of years, remaining at low levels to the present day. The production figures in Table 3 provide a clear impression of the debacle. Much of the deployed arsenal was decommissioned, dismantled and sold for scrap. This would have had a devastating impact on the military balance, had America not downsized reciprocally as indicated in Table 4. Moreover, the VPK suffered a double blow because its civilian production was also adversely affected by the diversion of previously subsidized resources to the oligarchs, and oligopolistic distribution practices that replaced Soviet era goods with expensive foreign imports. As a consequence the majority of the VPK's production capacities, both military and civilian, are drastically underutilized, and are becoming increasing obsolete.

Table 3

Real gross industrial output of the Russian Federation, 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
All Industry	100	82.0	70.4	55.7	53.9	51.7	52.7	50.1	54.1	62.1
Defence (MIC)	100	84.4	64.6	39.2	31.2	22.7	19.7	19.2	25.5	32.0
Civilian	100	99.6	85.6	52.6	41.3	29.1	28.7	26.5	34.1	41.0
Military	100	49.5	32.5	19.9	16.6	12.8	9.4	9.9	13.5	17.5

Sources: All Industry: *Economic Survey of Europe*, United Nations, No. 1, 2000, Table 13.4, p. 227; *Economic Survey of Europe*, United Nations, No. 1, 2002, Table 8.4, p. 232.

Defence Industry: Julian Cooper, 'The Russian Military-Industrial Complex: Current Problems and Future Prospects', in Pentti Forsstrom (ed.), *Russia's Potential in the 21st Century*, National Defense College, Series 2, No. 14, Helsinki, 2001, p. 43. The underlying data are taken from VPK publications.

Table 4

Russian and US military equipment arsenals, 1998

Tanks	
Russia	16,210
USA	8,369
Armoured fighting vehicle / armoured personnel carrier	
Russia	28,530
USA	27,627
Artillery /mMultiple rocket launching system	
Russia	16,453
USA	7,225
Combat aircraft	
Russia	2,868
USA	4,475
Major surface warships	
Russia	44
USA	134
Attack submarines	
Russia	*72*
USA	*66*
Strategic submarines	
Russia	*26*
USA	*18*

Strategic ballistic missiles	
Russia	180 SS-18 (10 MIRV – multiple re-entry vehicles)
	188 SS-19 (6 MIRV)
	92 SS-24 (10 MIRV)
	360 SS-25 (1 warhead)
USA	590 Minuteman III
	50 Peacekeeper MX
	115 Minuteman II silos (start accountable)
Strategic bombers	
Russia	28 TU95H (with ALCM – air-launched cruise missile) plus 5 in Ukraine
	32 TU-95H16 (with ALCM) plus 20 in Ukraine
	6 TU-160 (with ALCM) plus 19 in Ukraine
USA	95 B-1B
	66 B-52H
	13 B-2

Source: IISS, The Military Balance 1998/99, Oxford University Press, London 1999, pp. 20-27, 108-112.

State re-consolidation

The fortunes of the VPK reached rock bottom in 2000 when the productive sovereignty of Yeltsin's cronies and oligarchs peaked. Although the VPK continued to hold sway over a formidable empire of idle fixed assets, productive activity was dominated by the machinations of the Yeltsin family, not by structural militarization. This juncture also marked the nadir of state economic regulation and control.

Vladimir Putin's ascension to power at the start of the third millennium as expected resulted in a gradual re-consolidation of state economic authority and strengthening of security concerns which if unchecked will take Russia back to the future; back to strong subordination of enterprise to the state and a resurgence of structural militarization.

The success achieved by liberals in cutting defence production, and cronies in misappropriating the VPK's resources has indisputably reduced the arms procurement share of GDP. In some subsectors the decline has been especially severe. The ammunition industry and conventional arms manufacture for example are only operating at

6.9% and 13.6% respectively of capacity.[3] But this has not translated into a proportional structural demilitarization of the VPK's domain because its asset base remains largely intact. The OPK, as the VPK is called since October 2001, consists of 1700 enterprises and organizations, located in 72 regions, 'officially' employing more than 2 million workers, and producing 27% of the nation's machinery, and 35% of its machinery exports. 129 of these entities are 'city building enterprises', that is, defence industrial towns where the OPK is the sole employer.[4] The total number of OPK enterprises and organizations has been constant for a decade, but some liberalization has been achieved in ownership and managerial autonomy. Today 43% remain state-owned, 29% are mixed state-private stock companies, and 28% are fully privately owned. All serve the market in varying degrees, but retain a collective interest in promoting government patronage, and can be quickly commandeered if state procurement orders revive.

Full structural demilitarization could be accomplished by allowing profit seeking to determine product mixes in the competitive market place; disbanding the OPK, and diminishing the state's implicit preemptive control rights. Judging by the collapse in weapons procurement orders, and partial privatization it might seem reasonable to suppose that this is the current trajectory. But recent government pronouncements including the official programme for The Reform and Development of the Defence Industrial Complex 2002-2006, signed by Prime Minister Mikhail Kasyanov in October 2001, appear to be moving in the opposite direction towards re-consolidation of state authority, driven in part by the aging of OPK's capital stock, underemployment, low pay and poor enterprise finances.[5]

The plan envisions downsizing the OKP by civilianizing some 1200 enterprises and institutions, stripping them of their military assets including intellectual property, and transferring this capital to 500 amalgamated entities called 'system-building integrated structures'. This rearrangement will increase the military focus of the OPK by divesting its civilian activities, beneficially reducing structural militarization in this regard, but will strengthen the defence lobby and augment state ownership. The programme calls for the government to have controlling stock of the lead companies (design bureaus) of the 'system-building integrated structures'. This will be accomplished by arbitrarily valuing the state's intellectual property at 100% of the lead companies' stock, a tactic that will terminate the traditional Soviet separation of design from production and create integrated entities capable of designing, producing, marketing (exporting), and servicing OPK products. State shares in non-lead companies will be put in trust with the design bureaus.

The Kremlin intends to use ownership as its primary control instrument, keeping its requisitioning powers in the background, and minimizing budgetary subsidies at a time when state weapons procurement programmes are a pale shadow of the Soviet past. Ilya Klebanov, former deputy Prime Minister and now Minister for Industry, Science and Technology, the architect of the OPK reform programme, hopes in this way to re-establish state administrative governance over domestic military industrial activities, while creating

[3] Vitaly Shlykov, 'Russian Defense Industrial Complex After 9-11', paper presented at the conference on 'Russian Security Policy and the War on Terrorism', U.S. Naval Postgraduate School, Moneterey, California, 4-5 June 2002, p. 3.

[4] Reformirovanie i razviitie oboronnovo-promyshlennovo komplexa 2002-2006 gody (The Reform and Development of the Defence Industrial Complex 2002-2006), Pravitel'stva Rossiiskoi Federatsii, 11 October 2001, approved by Prime Minister Mikhail Kasyanov. Cf. Vitaly Shlykov, 'Russian Defense Industrial Complex After 9-11'.

[5] 95.4% of OPK machinery is older than five years, pay is two thirds of civilian industry, and 18% of weapons producers are operating at a loss. See Shlykov, 'Russian Defense Industrial Complex After 9/11', p. 3.

new entities that can seize a larger share of the global arms market. He contends that this is unavoidable because private owners in the OPK prosper at the state's expense by exporting weapons and technologies they have not created, without productively reinvesting the proceeds.

To facilitate the development of fifth generation weapon systems, the OPK reform programme envisions a two-prong strategy. During the first phase, 2002-2004, this task will be assigned to lead companies and the integrated structures they oversee. But thereafter, superior diversified research and production complexes capable of producing globally competitive military and consumer goods will be developed, a concept reminiscent of Gorbachev's schemes in the late eighties.

The specific tasks that will be assigned to these new integrated structures have been formulated by the Security Council in the State Armaments Programme for 2001-2010 and approved by President Vladimir Putin on 20 January 2002, but this forty three volume document with 12 'approvable' sub-programmes is classified.[6]

The State Armaments programme covers nuclear forces, space systems, aviation and air defence, conventional armaments, command and control, basic military research and equipment destined for other 'power structures' (interior troops, border guards, FSB, etc.). Forty percent of budgeted funds are to be allocated to research and development 2000-2005, quadruple the share in the preceding plan. The actual figure for 2001 was 41%, with 48% of funding devoted to serial weapons production. After 2005 a tidal change is contemplated, with R&D dropping to 15%, and serial production expanding to 65-70% as Russia seriously turns its attention to military modernization.[7] A fifth generation fighter under development at 'Sukhoi' will be part of this expansion, with mass production commencing in 2009.[8]

As with all programmatic documents, the feasibility of these schemes deserves to be regarded with scepticism. Vitaly Shlykov doubts that they can be achieved within the current fiscal framework, noting that the government implausibly expects 55-60% of the funding to be provided from OPK profits, although he understands that these goals could be easily reached if Putin returned to the Soviet-era strategy of 'pushek i masla' (guns and margarine). Klebanov's demotion on 18 February 2002 likewise calls the Putin administration’s commitment to the OPK reform programme into question. Nonetheless, it seems clear that momentum is not in the direction of structural demilitarization, but towards a gradual reassertion of state authority and control with a military bias.

Wither Russia

Throughout the post-Soviet period, the Kremlin has been faced with two critical issues: systems and macro-performance. Yeltsin chose to deal with them by default. He permitted his cronies to construct a productive system in their parochial interest at the expense of the VPK, and let the macroeconomic chips fall where they might.

Putin by contrast has fundamentally changed the rules of the game. He has chosen a pro-activist course, constructing his version of an OPK-friendly statist market system, and pressing economic recovery and catch-up. He has demonstrated a strong Soviet reformist-like desire to modernize by borrowing liberal principles to improve productivity, without westernizing in either the American or West European sense, preferring authoritarian

6 Colonel General Alexei Moskovsky has provided a few glimpses into its contents in an interview published in *Krasnaya Zvezda*, 19 February 2002.

7 Shlykov, 'Russian Security Policy and the War on Terrorism', pp. 15-17.

8 Ibid., p. 18. Sukhoi was awarded the contract 26 April 2002.

sovereignty to liberal democracy and fair market competition.

This strategy has been successful in the short run from his perspective, and shows signs of taking a military trajectory, first through rearmament, and more remotely through structural remilitarization. As the pre-war German developments demonstrated, and Deng Xiaoping's reforms confirm, modernization can be achieved in various tangible ways. It is therefore important for western analysts not to conflate modernization with westernization, or Putin's emerging statist market system with any western competitive democracy. Russia has not transitioned as 'transitologists' promised, and the prospects for authoritarian re-consolidation look increasingly likely.

Neoliberal economic policy hampers integration of Central and Eastern Europe

BY RAIMUND DIETZ*

International organizations and the globalized financial industries usually asses countries and their reforms by applying standards implicit in the neoliberal economic doctrine and epitomized by the so-called Washington consensus. We want to consider only two of them here. The first is the postulate of fighting inflation, with a goal of reaching, preferably, zero inflation or a rate of 2% to 3% at the most.[1] The second is the preferred full mobility of capital among countries.

Policy makers and the international financial community often fail to see that the preoccupation with price stability and a rushed liberalization of capital flows not only dampen economic growth but also increase the susceptibility to crises. This concerns mainly 'peripheral' countries (developing countries, transition countries).

While low rates of inflation are certainly a desirable goal, exaggerated stabilization efforts are politically and economically harmful – because they hamper growth and structural change. National Banks worldwide fight inflation mainly by manipulating interest rates; since the change in favour of the neoliberal paradigm the tendency has been for real interest rates to be high and growth to be low. This affects mainly peripheral countries with weak (non-established) currencies who must fight the structural weakness of their currencies by setting high interest rates.

High real interest rates benefit mainly owners of financial assets, i.e. all those who hold nominally fixed assets (such as government and enterprise bonds), and thus leads to a harmful redistribution of income in favour of the 'rentiers'. This kind of redistribution has its limits that will show up at some point of time.

The inflation hysteria is accompanied by the pressure for liberalizing capital markets. The idea behind this is that free movement of capital should strengthen the tendency of the goods markets to equalize the prices of goods and factors. The opposite is the case. The dominance of capital flows over goods flows upsets the foreign exchange and financial markets, which in turn fundamentally disturbs the international equalization of prices and wages. It is hard to understand why the financial world tolerates national inflation rates up to 3% only, while massive (up to more than 100% upward or more than 50% downward) fluctuations of the relations of the big currencies – dollar, euro, yen – do not seem to matter, in spite of the fast increasing international integration. The situation on the property markets (stock markets) is even worse, with price movements exerting an ever stronger influence also on goods flows and thus causing disequilibria (e.g. over-consumption and enormous current account deficits in the USA).

This policy combination is not exactly conducive to the (re-) integration of the Central and East European countries, which were cut off from the world economy for four and seven decades respectively. The Central and East European countries undergo a catching-up process whose speed should be (but mostly fails to be) the higher, the less the material and organization structures created under the old system can survive under market-economy conditions. It is obvious that for,

* The author, senior researcher of WIIW from 1975 to 1997, is a free-lance economist and consultant to East European Governments.

1 It has long been proved that moderate inflation favours structural change and growth. Zero inflation on average means drastically falling industrial prices. To this adds that in the indices quality changes in the products (e.g. faster computers, better equipment of passenger cars) are often not contained. If those were taken into account, the price index would be much lower.

e.g., Hungary with its relatively close-to-the-market 'Goulash Communism' past it is much easier to catch up than for Romania, which was almost completely paralysed under the dictatorship of Ceausescu. As different as the catching-up processes may be in the individual countries, they do have their common problems.

One of the tasks for the transition countries is to strike a balance between price stability and current account deficits that can be financed in the long run. The catching-up process is successful if the country averts excessive inflation – i.e. if it gets under control the high inflation that typically prevails at the start of transformation – as well as avoids falling into the debt trap due to continued excessive current account deficits. For many areas these two economic policy targets are compatible: A decline of too high inflation increases the competitiveness of a country and its economic attractiveness for foreign investors, and improves its export opportunities. And a sustainable current account diminishes the pressure for devaluation and thus contributes to stabilizing prices. However, the targets start to be in conflict when economic policy is guided by the neoliberal inflation aversion and makes the country subject to international capital speculation – as has happed in many countries. With a view to the Maastricht criteria, which the CEE countries will have to fulfil only *after* their accession (that probably means in a few years' time), those countries try *already now* to achieve a high degree of monetary stability – too high for their present possibilities. They often can meet that goal by operating with excessively high interest rates, in order to curb the growth of the money supply, and by avoiding or delaying, as long as possible, a devaluation of their currencies. The consequence is loss of competitiveness, which results in growing current account deficits.

Poland, the largest accession candidate by far, is a good example in this respect. Clinging to exaggerated price stability, it risked current account deficits up to 8% of its GDP. Those deficits were not corrected by devaluing in time, but through foregone growth: in 2001 the Polish economy stagnated. The current account deficit fell to 4%, but the rate of unemployment (that had been slowly reduced since overcoming the first shock of transition) soared from 13% to 18% within two years. The Polish economy achieved a bit more in terms of price stability, but lost much in terms of real stability: along with unemployment the crime rate and corruption increased, investment stagnated, etc.

The second pillar of neoliberal economic policy standards – the liberalization of capital flows, also for transition countries – does not make things any easier. Austria liberalized the movement of capital gradually from 1987-1991, 40 years or so after the end of the war. In contrast, the transition countries rushed into the liberalization of capital transactions, partly under pressure from the international organizations, partly out of 'hurrying obedience'. The higher interest rates in the transition countries attracted foreign capital, pushing the exchange rate upwards. Instead of maintaining and strengthening competitiveness through gradual and soft devaluations (as orchestrated temporarily in Hungary and Slovenia), the transition countries now saw capital inflows forcing even nominal appreciation in spite of still existing considerable inflation differentials. This revaluation dismayed industries and the (politically weak) Trade Unions, but apparently pleased the National Banks because it makes their job – achieving stability of the value of money – even more easy. What seems of no concern to them is that at the same time the current account is deteriorating, indebtedness and external obligations are increasing, and unemployment is rising (again) because of significant growth losses.

In the long term, stability of the value of money can be secured by a healthy economy alone. This involves maintenance of low current account deficits. Excessive current account deficits lead to excessive indebtedness and undermine the confidence in the currency and in the financial system (because profits are falling). The current account should be improved, first of all, by expanding exports, and not by foregoing catching-up growth. Timely and moderate devaluations (in order to promote exports) should not be given up just because of an overambitious target of price stability. In any case transition economies should avoid any unjustified nominal appreciation originating from massive inflows of short-term capital that are in no way related to the development requirements of the country. Massive capitals inflows as well as outflows are eliminating jobs – inflows because they lead to unjustified appreciation, while cumulated outflows trigger systemic crises (e.g. in the banking sector).

These self-evident facts seem to have been forgotten. The most important thing now is apparently the good marks you get for more price stability (even if it is exaggerated) and the liberalization of the capital market (even if it is introduced too early). Several East European countries have already moved into an unsound situation. But they seem stubbornly to resist any correction of that situation because of their ambitions to enter into the European Union soon. Obviously they hope to 'hold out' until then because after their accession the EU will be expected to take care of their stability.

The EU is certainly not happy about this development and strategy. It warns against excessive current account deficits and against too high short-term capital imports and calls for prudence and a responsible management of the economy in the transition countries.[2] But maybe the blame is on the EU itself – because of its overemphasis on price stability and, even more, its call for – too early – liberalization of the capital markets in the transition countries. Together with the accession countries the EU will have to bear the consequences of this policy.

[2] ECOFIN, 30 March 2001.

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.

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

B U L G A R I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001 Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	0.2	6.8	10.3	2.7	-0.7	1.3	-5.0	-2.9	0.1	-2.5	15.5	5.3	3.0	8.5	6.0	.
Industry, total	real, CCPY	1.7	2.0	2.6	2.2	1.5	2.4	0.7	-2.9	-2.7	-3.1	1.3	2.1	1.5	2.8	3.8	.
LABOUR																	
Employees total	th. persons	1725	1719	1708	1713	1717	1707	1686	1889	1894	1906	1905	1921	1930	.	.	.
Employees in industry	th. persons	598	592	588	585	584	581	575	632	629	628	631	629	630	.	.	.
Unemployment, end of period	th. persons	654.0	643.5	637.8	629.9	637.3	657.0	662.3	687.8	683.9	669.0	678.6	673.8	659.0	653.3	650.0	644.7
Unemployment rate[1]	%	17.1	16.8	16.7	16.5	16.7	17.2	17.3	18.0	17.9	17.5	17.8	17.6	17.2	17.6	17.5	17.4
Labour productivity, industry	CCPY	5.9	6.2	6.8	6.4	5.7	6.6	4.7	-7.8	-7.6	-7.8	-3.6	-2.9	-3.5	.	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.3	0.9	0.4	0.5	1.3	0.3	1.9	11.6	12.4	12.7	7.4	6.2	6.6	.	.	.
WAGES, SALARIES																	
Total economy, gross	BGN	261.0	256.0	256.0	264.0	259.0	261.0	278.0	250.0	252.0	265.0	262.0	269.0	264.0	.	.	.
Total economy, gross	real, CMPY	4.2	3.5	6.7	4.6	7.0	3.9	4.8	-1.0	-0.2	-0.9	-5.2	-3.6	-3.8	.	.	.
Total economy, gross	USD	114	113	118	123	120	119	127	113	112	119	119	126	129	.	.	.
Total economy, gross	EUR	133	131	131	135	132	133	142	128	129	135	134	138	135	.	.	.
Industry, gross	USD	120	117	125	131	126	125	131	118	117	124	122	126	137	.	.	.
PRICES																	
Consumer[2]	PM	-0.1	-0.2	0.3	1.3	1.7	0.2	0.6	2.7	1.6	0.8	-0.1	-2.1	-1.7	0.1	-0.7	0.8
Consumer[2]	CMPY	9.4	8.5	5.7	4.7	5.2	4.6	4.8	7.0	8.4	9.2	9.2	6.9	5.2	5.5	4.5	4.0
Consumer[2]	CCPY	9.3	9.2	8.7	8.2	7.9	7.6	7.4	7.0	7.7	8.2	8.4	8.1	7.6	7.3	7.0	6.6
Producer, in industry	PM	-0.3	-0.6	0.0	0.4	0.2	0.1	-0.5	0.4	1.3	0.8	1.0	-0.4	-1.1	0.5	.	.
Producer, in industry	CMPY	9.5	7.7	6.0	3.3	1.2	1.2	0.7	1.2	2.4	2.7	3.4	2.3	1.6	2.7	.	.
Producer, in industry	CCPY	11.1	10.6	10.1	9.3	8.4	7.7	7.1	1.2	1.8	2.1	2.4	2.4	2.3	2.3	.	.
RETAIL TRADE																	
Turnover	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Turnover	real, CCPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
FOREIGN TRADE[2)3)]																	
Exports total (fob), cumulated	EUR mn	2804	3334	3842	4303	4795	5301	5714	428	890	1356	1838	2290	2821	3329	.	.
Imports total (cif), cumulated	EUR mn	3866	4700	5378	5975	6717	7466	8128	563	1153	1773	2478	3199	3859	4576	.	.
Trade balance, cumulated	EUR mn	-1061	-1366	-1535	-1672	-1922	-2165	-2414	-135	-263	-416	-640	-909	-1039	-1247	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-390	-465	-381	-427	-541	-697	-842	-130	-180	-232	-370	-470	-365	-252	.	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	2.293	2.273	2.173	2.141	2.159	2.202	2.192	2.215	2.248	2.234	2.210	2.131	2.048	1.972	2.000	1.995
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[4]	real, Jan98=100	116.7	115.6	110.2	107.6	106.4	108.0	106.5	105.1	105.3	104.4	104.0	102.4	100.2	96.4	98.5	97.4
BGN/USD, calculated with PPI[4]	real, Jan98=100	103.2	101.2	96.8	94.9	93.4	94.8	93.7	94.6	94.7	94.4	93.3	90.4	87.9	84.2	.	.
BGN/EUR, calculated with CPI[4]	real, Jan98=100	89.7	89.7	89.5	88.6	87.1	86.7	86.3	84.4	83.2	82.9	83.4	85.3	86.7	86.6	87.2	86.5
BGN/EUR, calculated with PPI[4]	real, Jan98=100	79.5	79.7	79.6	79.4	78.9	78.5	78.7	78.6	77.5	77.2	76.7	77.2	77.9	77.5	.	.
DOMESTIC FINANCE																	
M0, end of period[5]	BGN mn	2427.5	2522.1	2542.5	2601.8	2570.5	2641.9	3081.0	2924.6	2897.3	2855.2	2873.2	2781.0	2828.4	2900.3	2996.6	3051.2
M1, end of period[5]	BGN mn	4039.2	4163.9	4193.7	4275.1	4240.9	4982.0	4883.8	4651.4	4584.3	4594.2	4602.9	4474.8	4402.9	4589.0	4750.4	4865.8
Broad money, end of period[5]	BGN mn	10651.7	10984.9	11107.2	11318.5	11383.3	11673.0	12600.1	12513.5	12516.9	12503.1	12631.3	12358.6	12335.3	12695.7	12998.0	13185.0
Broad money, end of period	CMPY	36.3	25.8	23.5	25.0	15.6	18.6	25.2	23.0	21.8	20.2	25.2	19.1	15.8	15.6	17.0	16.5
BNB base rate (p.a.),end of period	%	4.6	4.6	4.8	4.8	4.7	4.9	4.7	4.9	4.6	4.5	4.0	4.0	3.8	3.7	3.8	3.8
BNB base rate (p.a.),end of period[6]	real, %	-4.6	-2.9	-1.1	1.5	3.5	3.6	4.0	3.6	2.2	1.7	0.6	1.6	2.1	1.0	.	.
BUDGET																	
Government budget balance, cum.[7]	BGN mn	-175.7	-447.8	-468.9	-559.1	-409.6	-408.3	-669.4	154.2	116.0	208.9	251.3	511.1	521.9	523.8	.	.

1) Ratio of unemployed to total employment.

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) According to International Accounting Standards.

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 2001 to 2002

(updated end of Oct 2002)

		2001 Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total[1]	real, CMPY	1.2	3.9	8.6	5.7	8.3	4.6	5.2	3.3	3.9	-1.0	5.8	3.9	-2.1	10.5	1.3	12.7
Industry, total[1]	real, CCPY	5.9	5.6	6.0	5.9	6.2	6.0	6.0	3.3	3.6	1.9	2.9	3.1	2.2	3.4	3.1	4.2
Industry, total[1]	real, 3MMA	4.4	4.4	6.0	7.5	6.2	6.1	4.4	4.1	1.9	2.8	2.8	2.5	4.0	3.2	8.2	.
Construction, total, effect.work.time[2]	real, CMPY	1.9	8.0	5.2	2.6	11.0	7.8	2.8	9.6	12.8	9.5	19.9	11.7	7.2	17.1	11.5	.
LABOUR																	
Employment total	th. persons	1335.6	1344.9	1346.4	1337.7	1333.3	1329.0	1316.8	1305.2	1324.0	1326.8	1332.8	1341.5	1352.4	1360.8	1362.3	.
Employees in industry[2]	th. persons	284.1	284.0	283.5	282.7	283.8	282.5	279.6	277.8	280.1	279.6	279.4	278.4	277.1	276.0	276.0	.
Unemployment, end of period	th. persons	364.9	367.9	369.2	376.6	383.5	385.3	395.1	411.1	414.4	415.4	407.7	394.1	385.0	382.8	379.7	375.8
Unemployment rate[3]	%	21.5	21.5	21.5	22.0	22.3	22.5	23.1	24.0	23.8	23.8	23.4	22.7	22.2	22.0	21.8	21.8
Labour productivity, industry[1]	CCPY	9.7	9.4	9.7	9.6	9.8	9.5	9.3	7.2	7.4	5.6	6.6	6.8	6.0	7.3	.	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	1.8	2.7	2.2	1.5	1.1	1.2	1.2	-1.6	-0.8	0.9	1.2	0.7	1.6	0.2	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	4999	5066	5090	4885	5051	5325	5142	5159	5017	5224	5352	5507	5374	5433	.	.
Total economy, gross	real, CMPY	-2.0	2.4	-1.3	-2.3	-0.5	1.3	-0.1	-1.5	0.9	0.2	4.7	4.0	5.2	4.8	.	.
Total economy, gross	USD	585	604	620	592	612	639	621	610	582	618	640	682	698	734	.	.
Total economy, gross	EUR	685	704	690	650	676	719	696	690	669	706	724	746	732	739	.	.
Industry, gross	USD	534	552	562	536	565	589	561	555	526	554	581	634	644	682	.	.
PRICES																	
Retail	PM	-0.3	-0.6	1.0	0.3	-0.1	-0.2	-0.2	0.8	0.1	0.4	0.4	0.2	0.1	-0.4	-0.1	0.8
Retail	CMPY	4.9	3.8	4.9	3.8	3.2	2.8	2.6	3.3	2.8	3.2	2.2	1.8	2.2	2.3	1.3	1.8
Retail	CCPY	6.4	6.0	5.9	5.7	5.3	5.1	4.9	3.3	3.0	3.2	2.9	2.6	2.5	2.6	2.4	2.3
Producer, in industry	PM	0.1	-0.7	-0.5	0.6	0.2	-0.5	-1.0	-0.1	0.6	-1.1	0.9	0.2	0.3	0.5	-0.1	1.3
Producer, in industry	CMPY	4.5	4.0	3.4	3.0	2.1	-2.0	-3.1	-2.6	-2.8	-2.3	-1.4	-1.2	-1.0	0.2	0.7	1.3
Producer, in industry	CCPY	6.1	5.8	5.5	5.2	4.8	4.2	3.6	-2.6	-2.7	-2.6	-2.3	-2.1	-1.9	-1.6	-1.3	-1.0
RETAIL TRADE																	
Turnover	real, CMPY	11.2	9.2	8.1	6.8	8.5	8.7	7.7	10.9	13.5	14.7	9.4	12.0	9.1	19.3	14.4	.
Turnover	real, CCPY	11.7	11.3	10.9	10.5	10.4	10.2	10.0	10.9	12.2	13.0	12.1	12.1	11.6	12.7	12.8	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	2488	2923	3396	3831	4381	4768	5209	359	722	1181	1658	2144	2525	3060	3398	.
Imports total (cif), cumulated	EUR mn	5019	5964	6733	7549	8480	9320	10082	683	1502	2411	3376	4381	5330	6445	7225	.
Trade balance, cumulated	EUR mn	-2531	-3041	-3337	-3718	-4099	-4552	-4873	-324	-780	-1231	-1719	-2237	-2805	-3385	-3827	.
Exports to EU (fob), cumulated	EUR mn	1367	1586	1857	2109	2458	2666	2853	196	417	657	952	1188	1405	1735	1913	.
Imports from EU (cif), cumulated	EUR mn	2808	3323	3730	4169	4702	5210	5653	350	797	1308	1844	2428	2971	3620	4043	.
Trade balance with EU, cumulated	EUR mn	-1440	-1737	-1873	-2060	-2243	-2544	-2800	-154	-380	-651	-893	-1240	-1566	-1885	-2130	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-1452	.	.	-237	.	.	-642	.	.	-821	.	.	-1459	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	8.545	8.384	8.208	8.248	8.254	8.333	8.286	8.452	8.626	8.455	8.359	8.072	7.697	7.405	7.542	7.489
HRD/EUR, monthly average	nominal	7.298	7.199	7.377	7.516	7.475	7.408	7.391	7.477	7.500	7.403	7.393	7.378	7.344	7.350	7.377	7.345
HRK/USD, calculated with CPI[6]	real, Jan98=100	124.7	122.7	118.9	119.6	119.5	120.6	119.8	121.5	124.4	122.0	120.9	116.5	111.1	107.3	109.4	107.7
HRK/USD, calculated with PPI[6]	real, Jan98=100	126.3	122.8	120.8	120.5	117.7	119.0	118.1	120.9	122.6	122.9	121.5	117.1	111.5	106.7	108.8	106.6
HRD/EUR, calculated with CPI[6]	real, Jan98=100	95.8	94.9	96.4	98.1	97.7	96.8	96.8	97.6	98.0	96.7	96.7	96.5	95.8	96.3	96.8	95.6
HRD/EUR, calculated with PPI[6]	real, Jan98=100	97.3	96.3	99.1	100.5	99.3	98.4	99.0	100.4	100.2	100.4	99.7	99.4	98.6	98.2	98.6	96.9
DOMESTIC FINANCE																	
M0, end of period	HRK mn	7266	7734	7551	7475	7182	7423	8507	8255	8345	9146	9112	9277	9904	10288	.	.
M1, end of period	HRK mn	19065	20531	19838	20285	20065	20976	23704	22398	22165	24375	26418	26716	28254	28947	29502	.
Broad money, end of period	HRK mn	79690	81993	87748	88344	90102	95006	106071	108647	107184	106245	106333	106445	106593	109734	113037	.
Broad money, end of period	CMPY	28.5	24.9	28.6	28.1	29.1	34.8	45.2	46.7	41.9	37.1	36.9	36.8	33.8	33.8	28.8	.
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	.
Discount rate (p.a.), end of period[7]	real, %	1.3	1.8	2.4	2.8	3.7	8.1	9.3	8.7	9.0	8.4	7.4	7.2	7.0	5.7	5.2	.
BUDGET																	
Central gov. budget balance, cum.[8]	HRK mn	-4380.0	-4549.6	-4629.3	-5435.0	-2175.5	-2232.1	-3758.5	-498.2	-842.3	-2614.0	-2289.5	-2445.1	-2867.5	-2065.0	-2176.2	.

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) 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.

8) From January 2002 including social security funds.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001 Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	3.7	9.3	3.0	1.1	4.1	6.6	3.7	2.6	5.8	4.1	8.2	5.1	1.3	10.8	-2.8	.
Industry, total	real, CCPY	8.6	8.7	7.9	7.1	6.8	6.8	6.5	2.6	4.2	4.2	5.2	5.2	4.5	5.3	4.3	.
Industry, total	real, 3MMA	6.5	5.1	4.2	2.7	4.0	4.8	4.4	4.0	4.2	6.0	5.7	4.9	5.5	2.8	.	.
Construction, total	real, CMPY	12.2	21.4	9.2	3.6	7.0	2.5	-6.8	3.1	13.8	-2.7	5.2	5.0	-1.5	-1.3	-4.9	.
LABOUR																	
Employees in industry[1]	th. persons	1174	1179	1177	1170	1170	1172	1164	1165	1168	1168	1164	1166	1164	1167	1161	.
Unemployment, end of period	th. persons	420.3	439.8	443.6	440.5	437.3	439.2	461.9	489.0	485.2	471.7	456.4	447.9	454.3	479.2	488.3	492.9
Unemployment rate[2]	%	8.1	8.5	8.5	8.5	8.4	8.5	8.9	9.4	9.3	9.1	8.8	8.6	8.7	9.2	9.4	9.4
Labour productivity, industry[1,3]	CCPY	7.7	7.4	7.0	6.4	6.3	6.4	5.5	1.4	3.6	3.5	5.2	5.2	4.4	5.9	4.9	.
Unit labour costs, exch.r. adj.(EUR)[1,3]	CCPY	3.7	4.2	4.3	4.6	4.8	4.6	5.4	16.2	13.6	13.5	13.1	13.1	13.2	12.0	12.8	.
WAGES, SALARIES																	
Industry, gross[1]	CZK	14717	14538	14274	13802	14770	16937	15512	14610	13763	14499	14923	15920	15333	15677	14988	.
Industry, gross[1]	real, CMPY	0.4	1.6	0.6	0.3	2.5	0.5	0.7	3.8	3.8	2.5	5.5	3.2	2.7	6.7	4.1	.
Industry, gross[1]	USD	370	370	377	367	399	452	425	402	377	405	435	478	483	523	476	.
Industry, gross[1]	EUR	433	429	419	404	440	508	476	455	433	462	492	521	506	527	487	.
PRICES																	
Consumer	PM	1.0	1.0	-0.2	-0.7	0.0	-0.1	0.1	1.5	0.2	-0.1	-0.1	-0.1	-0.3	0.5	-0.2	-0.5
Consumer	CMPY	5.5	5.9	5.5	4.7	4.4	4.2	4.1	3.7	3.9	3.7	3.2	2.5	1.2	0.6	0.6	0.8
Consumer	CCPY	4.5	4.7	4.8	4.8	4.8	4.7	4.7	3.7	3.8	3.7	3.6	3.4	3.0	2.7	2.4	2.2
Producer, in industry	PM	0.2	-0.1	-0.3	0.0	0.7	-0.4	-0.3	0.2	0.2	0.0	-0.5	-0.2	-0.1	-0.4	-0.1	0.0
Producer, in industry	CMPY	3.4	3.0	2.4	1.8	1.4	0.9	0.8	0.6	-0.1	-0.2	-0.1	-0.5	-0.8	-1.1	-0.9	-0.9
Producer, in industry	CCPY	4.0	3.9	3.7	3.5	3.3	3.1	2.9	0.6	0.2	0.1	0.0	-0.1	-0.2	-0.3	-0.4	-0.4
RETAIL TRADE																	
Turnover	real, CMPY	2.5	6.8	3.6	3.6	8.4	8.7	-0.3	4.1	4.3	4.2	5.6	3.3	-0.6	5.6	-5.5	.
Turnover	real, CCPY	4.0	4.4	4.3	4.2	4.7	5.0	4.5	4.1	4.2	4.2	4.6	4.3	3.5	3.8	2.5	.
FOREIGN TRADE[4,5]																	
Exports total (fob),cumulated	EUR mn	18596	21402	24255	27355	30924	34483	37265	3071	6344	9868	13526	16942	20352	23421	26067	29511
Imports total (fob),cumulated	EUR mn	20068	23410	26657	29671	33549	37277	40690	3252	6438	10149	13801	17569	21007	24532	27536	31391
Trade balance,cumulated	EUR mn	-1472	-2008	-2402	-2316	-2625	-2793	-3425	-181	-94	-281	-275	-628	-655	-1112	-1469	-1880
Exports to EU (fob), cumulated	EUR mn	13046	14958	16862	18965	21389	23801	25692	2150	4459	6942	9492	11820	14186	16210	17941	20246
Imports from EU (fob), cumulated	EUR mn	12645	14758	16762	18575	20965	23196	25148	1997	3969	6227	8499	10754	12879	15065	16854	19131
Trade balance with EU, cumulated	EUR mn	401	199	100	390	424	605	543	153	490	715	993	1067	1307	1146	1087	1116
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-1260	.	.	-1994	.	.	-2625	.	.	-430	.	.	-986	.	.	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	39.8	39.3	37.9	37.6	37.0	37.5	36.5	36.3	36.5	35.8	34.3	33.3	31.7	30.0	31.5	30.8
CZK/EUR, monthly average	nominal	34.0	33.9	34.0	34.2	33.6	33.3	32.6	32.1	31.8	31.4	30.4	30.6	30.3	29.7	30.8	30.2
CZK/USD, calculated with CPI[6]	real, Jan98=100	109.0	106.4	102.7	102.9	101.1	102.3	99.2	97.5	98.3	97.0	93.4	90.9	86.9	81.6	86.0	84.5
CZK/USD, calculated with PPI[6]	real, Jan98=100	110.1	107.3	103.6	102.6	98.2	99.5	95.9	95.6	95.9	95.2	92.3	89.9	85.8	81.3	85.6	83.7
CZK/EUR, calculated with CPI[6]	real, Jan98=100	83.8	82.5	83.2	84.4	82.8	82.1	80.3	78.2	77.5	76.9	74.8	75.6	75.1	73.3	76.1	75.0
CZK/EUR, calculated with PPI[6]	real, Jan98=100	85.0	84.4	85.0	85.5	83.0	82.3	80.6	79.3	78.5	77.8	75.9	76.6	76.0	74.9	77.6	76.1
DOMESTIC FINANCE																	
M0, end of period	CZK bn	173.9	170.6	172.6	177.1	175.9	181.8	180.4	179.9	182.3	182.8	183.3	184.9	188.5	185.6	190.5	.
M1, end of period[7]	CZK bn	544.1	546.7	552.3	556.5	553.1	566.7	583.6	572.8	575.2	568.8	582.5	605.0	617.5	619.2	639.6	.
M2, end of period[7]	CZK bn	1514.1	1528.7	1547.9	1532.5	1540.5	1564.8	1596.0	1590.9	1585.3	1581.6	1606.5	1625.0	1580.5	1594.6	1622.3	.
M2, end of period	CMPY	13.3	13.5	13.1	11.9	12.2	12.5	13.0	11.1	10.2	9.8	9.5	7.4	4.4	4.3	4.8	.
Discount rate (p.a.),end of period	%	4.0	4.3	4.3	4.3	4.3	3.8	3.8	3.5	3.3	3.3	2.8	2.8	2.8	2.0	2.0	2.0
Discount rate (p.a.),end of period[8]	real, %	0.6	1.2	1.8	2.4	2.8	2.8	2.9	2.9	3.4	3.5	2.9	3.3	3.6	3.1	2.9	2.9
BUDGET																	
Central gov.budget balance,cum.	CZK mn	-29652	-23519	-25566	-22644	-35432	-59797	-67698	-3417	-24923	-15737	-41863	-32401	-915	-26854	-32956	.

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) 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) Revision based on new methodolgy starting January 2002 - excluding extrabudgetary funds.
8) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001							2002								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	-0.8	2.1	1.0	-6.9	5.5	-1.2	-2.3	-2.7	1.9	2.7	4.7	-2.7	3.1	8.5	-2.7	.
Industry, total	real, CCPY	8.0	7.1	6.3	4.7	4.8	4.1	3.6	-2.7	-0.4	0.6	1.5	0.7	1.1	2.1	1.5	.
Industry, total	real, 3MMA	2.9	0.6	-1.6	-0.2	-0.9	0.6	-2.0	-1.0	0.6	3.0	1.5	1.7	2.9	2.9	.	.
Construction, total	real, CMPY	5.4	8.4	19.3	6.4	6.6	2.9	8.4	12.6	22.6	27.5	33.8	24.7	14.4	18.4	24.7	.
LABOUR																	
Employees in industry[1]	th. persons	834.2	834.4	831.3	828.1	824.1	821.8	812.6	830.4	829.6	827.0	822.4	815.6	815.1	815.3	811.0	.
Unemployment[2]	th. persons	223.8	233.9	237.0	218.3	227.5	235.2	216.9	229.3	230.4	235.3	231.5	229.4	229.7	241.8	242.8	.
Unemployment rate[2]	%	5.4	5.7	5.8	5.3	5.6	5.8	5.4	5.6	5.7	5.8	5.7	5.6	5.6	5.9	5.9	.
Labour productivity, industry[1]	CCPY	8.4	8.4	8.0	6.6	7.0	6.6	5.3	-1.2	1.7	2.8	4.0	3.2	3.6	4.7	.	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	5.0	5.6	6.5	7.9	7.9	8.6	10.1	24.5	20.8	19.5	19.3	19.4	17.3	15.2	.	.
WAGES, SALARIES																	
Total economy, gross[1]	HUF	101567	99069	97581	99416	106173	124074	136593	112481	108842	113854	114228	118171	118854	116634	113416	.
Total economy, gross[1]	real, CMPY	6.8	4.2	7.9	10.3	12.9	14.8	10.5	11.9	12.2	12.8	8.5	13.6	11.6	12.5	11.2	.
Total economy, gross[1]	USD	351	342	350	354	377	438	493	408	389	407	417	445	468	469	452	.
Total economy, gross[1]	EUR	411	398	389	389	416	494	552	461	447	465	471	485	490	473	463	.
Industry, gross[1]	USD	358	352	372	356	375	438	433	388	375	403	413	455	453	471	461	.
PRICES																	
Consumer	PM	0.3	0.1	-0.2	0.5	0.3	0.1	0.1	1.3	1.0	0.7	0.9	0.5	-0.4	-0.1	-0.3	0.6
Consumer	CMPY	10.5	9.4	8.7	8.0	7.6	7.1	6.8	6.6	6.2	5.9	6.1	5.6	4.8	4.6	4.5	4.6
Consumer	CCPY	10.4	10.3	10.1	9.9	9.6	9.4	9.2	6.6	6.4	6.2	6.2	6.1	5.9	5.7	5.5	5.4
Producer, in industry	PM	-1.3	0.1	0.1	0.7	-0.3	-0.8	-0.7	0.1	0.3	0.3	0.3	0.1	-0.5	0.2	-0.2	.
Producer, in industry	CMPY	5.3	4.4	3.3	2.9	1.9	0.0	-0.4	-2.0	-2.3	-2.8	-2.7	-2.0	-1.1	-0.9	-1.0	.
Producer, in industry	CCPY	8.4	7.8	7.3	6.8	6.3	5.7	5.2	-2.0	-2.2	-2.4	-2.5	-2.4	-2.2	-2.0	-1.9	.
RETAIL TRADE																	
Turnover[3]	real, CMPY	4.0	5.3	4.7	3.3	5.5	3.2	3.7	13.7	10.1	15.6	10.0	9.1	11.2	9.0	.	.
Turnover[3]	real, CCPY	5.6	5.5	5.4	5.2	5.2	5.0	4.8	13.7	11.8	13.2	12.3	11.6	11.5	11.1	.	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	16860	19563	22191	25079	28251	31550	34087	2604	5591	8855	12027	15151	18117	20910	.	.
Imports total (cif), cumulated	EUR mn	18803	21956	24776	27762	31266	34713	37659	2962	6198	9562	13024	16336	19553	22841	.	.
Trade balance, cumulated	EUR mn	-1943	-2392	-2585	-2683	-3015	-3163	-3573	-359	-607	-708	-997	-1185	-1437	-1931	.	.
Exports to EU (fob), cumulated	EUR mn	12813	14830	16740	18929	21313	23622	25319	1923	4169	6588	9031	11418	13731	15835	.	.
Imports from EU (cif), cumulated	EUR mn	10936	12825	14472	16203	18216	20129	21764	1623	3410	5284	7260	9172	11036	13025	.	.
Trade balance with EU, cumulated	EUR mn	1878	2005	2268	2726	3097	3493	3554	299	759	1304	1771	2246	2695	2810	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-888	-807	-626	-637	-702	-812	-1105	-345	-517	-493	-847	-1252	-1631	-1845	-1933	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	289.3	289.5	279.1	280.9	281.5	283.1	277.0	275.9	279.9	279.5	273.6	265.8	254.1	248.6	250.9	248.7
HUF/EUR, monthly average	nominal	247.1	249.0	251.2	255.9	255.5	251.1	247.6	243.9	243.5	244.7	242.4	243.7	242.7	246.6	245.1	243.9
HUF/USD, calculated with CPI[6]	real, Jan98=100	111.2	110.8	107.0	107.6	107.2	107.5	104.8	103.2	104.1	103.7	101.2	97.9	94.0	92.1	93.2	91.8
HUF/USD, calculated with PPI[6]	real, Jan98=100	119.9	117.9	113.6	113.4	111.5	112.6	109.6	109.4	110.5	111.3	109.7	106.4	102.3	99.9	101.1	.
HUF/EUR, calculated with CPI[6]	real, Jan98=100	85.6	86.0	87.0	88.4	88.0	86.2	85.0	83.0	82.2	82.4	81.3	81.4	81.4	82.8	82.5	81.6
HUF/EUR, calculated with PPI[6]	real, Jan98=100	92.6	92.8	93.4	94.6	94.4	93.0	92.2	90.9	90.5	91.0	90.3	90.8	90.7	92.0	91.7	.
DOMESTIC FINANCE																	
M0, end of period	HUF bn	903.4	907.8	932.2	957.4	965.6	1006.8	1037.6	986.0	991.8	1005.0	1029.4	1077.1	1100.7	1136.2	1153.5	1147.8
M1, end of period	HUF bn	2331.6	2319.5	2438.1	2457.9	2478.7	2537.4	2775.9	2564.1	2569.9	2644.2	2662.3	2765.8	2808.5	2830.0	2913.3	2896.2
Broad money, end of period	HUF bn	6163.7	6241.6	6516.2	6544.8	6637.4	6715.1	7089.8	6984.2	6927.4	6985.2	7133.7	7191.4	7214.0	7317.8	7523.0	7476.0
Broad money, end of period	CMPY	12.7	13.3	15.9	15.2	15.4	13.9	17.1	17.0	15.9	16.2	17.7	16.8	17.0	17.2	15.5	14.2
NBH base rate (p.a.),end of period	%	11.0	11.3	11.3	11.0	10.8	10.3	9.8	9.0	8.5	8.5	8.5	9.0	9.0	9.5	9.5	9.5
NBH base rate (p.a.),end of period[7]	real, %	5.4	6.6	7.7	7.9	8.7	10.3	10.2	11.2	11.1	11.6	11.5	11.2	10.2	10.5	10.6	.
BUDGET																	
Central gov.budget balance,cum.	HUF bn	-84.2	-102.7	-135.8	-170.6	-194.9	-178.5	-413.2	-59.3	-143.1	-186.9	-240.2	-280.2	-359.6	-343.5	-413.6	.

1) Economic organizations employing more than 5 persons.

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

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 2001 to 2002

(updated end of Oct 2002)

		2001							2002								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry[1]	real, CMPY	-4.7	1.5	0.9	-3.7	1.8	-1.1	-4.8	-1.4	0.3	-3.2	0.3	-4.2	2.1	5.7	-1.2	6.7
Industry[1]	real, CCPY	1.9	1.8	1.7	1.0	1.1	0.9	-0.2	-1.4	-0.6	-1.5	-1.1	-1.7	-1.1	-0.1	-0.2	0.6
Industry[1]	real, 3MMA	-1.3	-0.9	-0.6	-0.4	-1.0	-1.3	-2.5	-2.1	-1.5	-0.9	-2.4	-0.7	1.1	2.2	3.7	.
Construction[1]	real, CMPY	-10.0	-10.3	-14.0	-10.9	-9.7	-9.5	-10.5	-21.5	-13.9	-14.3	-6.2	-20.3	-13.2	-3.8	-7.8	-6.1
LABOUR																	
Employees[1]	th. persons	5121	5097	5074	5060	5044	5020	4952	4940	4931	4924	4907	4896	4898	4884	4876	4864
Employees in industry[1]	th. persons	2624	2608	2594	2584	2589	2576	2528	2494	2492	2486	2475	2471	2471	2462	2457	.
Unemployment, end of period	th. persons	2849.2	2871.5	2892.6	2920.4	2944.3	3022.4	3115.1	3253.3	3277.9	3259.9	3203.6	3064.6	3090.9	3105.3	3105.6	3112.6
Unemployment rate[2]	%	15.9	16.0	16.2	16.3	16.4	16.8	17.5	18.1	18.2	18.2	17.9	17.3	17.4	17.5	17.5	17.6
Labour productivity, industry[1]	CCPY	7.0	7.0	6.9	6.3	6.4	6.3	5.8	5.5	6.5	5.5	6.0	5.2	5.7	6.6	6.3	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	12.4	12.7	11.5	10.8	10.3	10.4	10.4	8.4	5.0	3.8	2.0	0.5	-2.2	-4.7	-5.1	.
WAGES, SALARIES																	
Total economy, gross[1]	PLN	2148	2199	2192	2218	2252	2302	2471	2188	2189	2252	2226	2255	2232	2289	2253	2302
Total economy, gross[1]	real, CMPY	-1.1	3.0	1.8	1.8	3.9	3.0	1.8	2.1	2.0	1.5	-0.6	2.5	2.5	2.8	1.5	2.4
Total economy, gross[1]	USD	541	525	516	526	545	562	616	538	523	544	549	557	555	556	539	555
Total economy, gross[1]	EUR	634	611	574	577	602	633	690	609	601	621	619	609	580	560	551	565
Industry, gross[1]	USD	537	526	516	512	532	579	636	545	526	542	549	546	556	561	539	.
PRICES																	
Consumer	PM	-0.1	-0.3	-0.3	0.3	0.4	0.1	0.2	0.8	0.1	0.2	0.5	-0.2	-0.4	-0.5	-0.4	0.3
Consumer	CMPY	6.2	5.2	5.1	4.3	4.0	3.6	3.6	3.4	3.5	3.3	3.0	1.9	1.6	1.3	1.2	1.3
Consumer	CCPY	6.7	6.5	6.3	6.1	5.9	5.7	5.5	3.6	3.6	3.5	3.4	3.1	2.8	2.6	2.4	2.2
Producer, in industry	PM	-0.4	0.3	0.8	0.5	-0.6	-0.6	-0.3	0.1	0.2	0.2	0.3	0.1	0.2	0.8	0.4	0.2
Producer, in industry	CMPY	0.9	0.6	1.0	0.7	-0.5	-1.0	-0.4	0.0	0.2	0.3	0.4	0.5	1.2	1.7	1.3	1.0
Producer, in industry	CCPY	3.3	2.9	2.7	2.5	2.2	1.9	1.6	0.1	0.2	0.3	0.3	0.4	0.5	0.7	0.8	0.8
RETAIL TRADE																	
Turnover[1]	real, CMPY	-1.8	-0.1	1.1	0.2	5.1	2.1	1.1	3.9	6.6	8.2	1.0	1.1	1.8	7.7	3.9	.
Turnover[1]	real, CCPY	-1.4	-0.8	-0.4	-0.4	0.1	0.4	0.7	3.9	5.3	5.8	4.0	3.3	3.1	3.3	2.5	.
FOREIGN TRADE[3][4]																	
Exports total (fob), cumulated	EUR mn	19836	23049	26297	29948	33899	37388	40372	3284	6559	10260	13989	17335	20891	24366	27395	.
Imports total (cif), cumulated	EUR mn	27654	32482	36888	41518	46871	51754	56220	4120	8581	13521	18854	23595	28379	33326	37438	.
Trade balance, cumulated	EUR mn	-7819	-9433	-10591	-11570	-12971	-14365	-15847	-837	-2022	-3261	-4865	-6260	-7488	-8960	-10043	.
Exports to EU (fob), cumulated	EUR mn	14102	16323	18466	20902	23532	25930	27940	2383	4665	7217	9766	12070	14523	16710	18973	.
Imports from EU (cif), cumulated	EUR mn	16932	19958	22599	25484	28814	31783	34510	2454	5267	8373	11520	14538	17562	20617	23217	.
Trade balance with EU, cumulated	EUR mn	-2829	-3635	-4133	-4582	-5282	-5852	-6569	-71	-601	-1157	-1754	-2468	-3039	-3906	-4245	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-4440	-4745	-5105	-5413	-6249	-6667	-7166	-868	-1684	-2336	-2970	-3527	-3956	-4064	-4354	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	3.970	4.186	4.246	4.219	4.133	4.094	4.014	4.065	4.187	4.143	4.059	4.045	4.025	4.118	4.179	4.150
PLN/EUR, monthly average	nominal	3.389	3.600	3.822	3.845	3.743	3.639	3.583	3.595	3.641	3.629	3.595	3.703	3.847	4.088	4.085	4.074
PLN/USD, calculated with CPI[5]	real, Jan98=100	95.8	101.0	102.8	102.2	99.4	98.2	95.8	96.4	99.6	98.9	97.0	96.8	96.8	99.6	101.5	100.5
PLN/USD, calculated with PPI[5]	real, Jan98=100	103.2	106.7	107.4	106.1	102.3	101.5	98.6	100.1	102.8	102.7	101.2	100.8	100.2	101.7	102.8	101.8
PLN/EUR, calculated with CPI[5]	real, Jan98=100	73.7	78.3	83.5	83.9	81.4	78.9	77.6	77.5	78.6	78.5	77.8	80.4	83.8	89.5	89.8	89.3
PLN/EUR, calculated with PPI[5]	real, Jan98=100	79.6	83.9	88.3	88.5	86.3	84.0	82.8	83.2	84.1	84.0	83.2	85.7	88.8	93.6	93.2	92.8
DOMESTIC FINANCE																	
M0, end of period	PLN bn	35.0	35.3	35.5	36.6	36.6	36.6	38.2	36.8	37.9	38.8	40.0	39.8	41.2	41.8	42.1	41.9
M1, end of period[6]	PLN bn	104.6	107.6	107.2	110.5	110.2	108.2	118.3	111.7	115.4	114.8	116.3	121.6	126.1	128.5	126.1	.
M2, end of period[6]	PLN bn	314.3	320.0	323.4	325.4	329.2	321.2	328.2	322.2	324.6	319.0	317.6	322.0	321.9	324.2	322.9	.
M2, end of period	CMPY	7.7	12.6	13.5	12.6	11.4	7.5	9.2	7.8	6.9	3.2	2.4	3.1	2.4	1.3	-0.2	.
Discount rate (p.a.),end of period	%	18.0	18.0	17.0	17.0	15.5	14.0	14.0	12.0	12.0	12.0	11.0	10.5	10.0	10.0	9.0	8.5
Discount rate (p.a.),end of period[7]	real, %	16.9	17.3	15.8	16.2	16.1	15.2	14.5	12.0	11.8	11.7	10.6	10.0	8.7	8.2	7.6	7.4
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-18806	-19316	-20932	-21865	-24739	-27651	-32358	-6963	-13668	-16437	-19911	-22985	-24923	-25597	-27329	-29755

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) Revised according to ECB monetary standards.

7) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001 Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total[1]	real, CMPY	5.0	5.7	4.6	2.5	9.5	8.4	5.3	5.0	5.0	-0.1	5.6	0.1	6.6	7.9	5.8	.
Industry, total[1]	real, CCPY	10.5	9.7	9.1	8.3	8.4	8.4	8.2	5.0	5.0	3.1	3.8	3.0	3.6	4.2	4.4	.
Industry, total	real, 3MMA	7.9	5.1	4.3	5.6	6.8	7.8	6.3	5.1	3.1	3.4	1.8	4.0	4.7	6.7	.	.
LABOUR																	
Employees total	th. persons	4529.7	4542.3	4546.4	4551.7	4544.8	4507.3	4470.3	4314.2	4333.8	4377.7	4386.8	4397.5	4404.2	4405.1	4399.4	.
Employees in industry	th. persons	1833.2	1836.7	1845.0	1843.6	1843.5	1829.7	1820.0	1833.8	1831.3	1830.2	1823.7	1824.2	1814.0	1812.6	1808.6	.
Unemployment, end of period	th. persons	840.3	798.3	771.8	747.1	742.4	774.0	826.9	1193.7	1267.4	1257.4	1069.7	983.3	929.7	867.4	815.5	.
Unemployment rate[2]	%	8.7	8.3	8.0	7.8	7.7	8.0	8.6	12.4	13.2	13.0	11.1	10.2	9.6	9.0	8.5	.
Labour productivity, industry	CCPY	15.1	14.0	13.1	12.1	12.1	11.9	11.5	3.8	4.2	2.5	3.4	2.8	3.6	4.4	4.8	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.6	4.1	4.6	5.0	4.5	4.1	3.9	14.3	14.9	14.4	10.8	7.9	4.6	1.5	0.2	.
WAGES, SALARIES																	
Total economy, gross	th. ROL	4280.6	4436.3	4449.5	4424.0	4534.1	4719.7	5299.7	5144.8	4778.5	5091.1	5585.4	5329.1	5327.1	5498.5	5469.6	.
Total economy, gross	real, CMPY	13.1	18.1	15.6	12.8	11.3	7.8	2.3	10.5	10.1	9.5	3.9	2.5	0.3	0.7	1.3	.
Total economy, gross	USD	148	151	149	146	147	151	168	161	148	155	169	159	160	167	165	.
Total economy, gross	EUR	173	176	166	161	163	170	188	182	170	177	191	173	167	168	169	.
Industry, gross	USD	149	161	158	150	151	153	170	150	147	155	170	159	161	174	170	.
PRICES																	
Consumer	PM	1.6	1.3	2.2	1.9	2.4	2.7	2.2	2.3	1.2	0.4	2.0	1.9	1.2	0.5	0.8	0.6
Consumer	CMPY	35.7	31.8	32.3	31.2	30.8	30.7	30.3	28.6	27.2	25.1	24.4	24.5	24.0	23.0	21.3	19.7
Consumer	CCPY	38.4	37.3	36.7	36.0	35.4	34.9	34.5	28.6	27.9	26.9	26.3	25.9	25.6	25.2	24.7	24.1
Producer, in industry	PM	1.6	3.0	2.1	2.0	2.1	1.4	1.4	2.0	1.7	1.6	2.3	2.1	1.4	2.3	1.2	.
Producer, in industry	CMPY	43.9	40.2	39.2	36.4	33.7	31.3	30.1	28.3	25.9	25.2	26.1	25.9	25.7	24.8	23.6	.
Producer, in industry	CCPY	48.7	47.3	46.2	44.9	43.6	42.2	41.0	28.3	27.1	26.4	26.3	26.3	26.2	25.9	25.6	.
RETAIL TRADE																	
Turnover	real, CMPY	-6.4	3.2	1.8	1.7	5.1	2.6	-1.9	-3.3	-0.7	-1.5	8.9	-2.2	-0.3	.	.	.
Turnover	real, CCPY	-1.6	-0.8	-0.5	-0.2	0.4	0.6	0.3	-3.3	-2.0	-1.8	1.1	0.4	0.3	.	.	.
FOREIGN TRADE[3][4]																	
Exports total (fob), cumulated	EUR mn	6342	7525	8604	9672	10693	11795	12711	1034	2134	3309	4497	5638	6923	8289	9511	.
Imports total (cif), cumulated	EUR mn	8617	10115	11413	12637	14221	15787	17363	1332	2710	4170	5741	7264	8877	10687	12073	.
Trade balance, cumulated	EUR mn	-2275	-2590	-2809	-2965	-3528	-3992	-4652	-298	-576	-861	-1244	-1625	-1955	-2398	-2562	.
Exports to EU (fob), cumulated	EUR mn	4321	5093	5802	6535	7254	8011	8619	746	1532	2347	3148	3923	4786	5710	6523	.
Imports from EU (cif), cumulated	EUR mn	4831	5775	6491	7190	8161	9100	9957	780	1545	2404	3362	4271	5278	6394	7135	.
Trade balance with EU, cumulated	EUR mn	-510	-682	-688	-655	-907	-1089	-1338	-34	-13	-57	-214	-349	-492	-684	-612	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-1306	-1385	-1387	-1292	-1626	-1903	-2317	-59	-180	-286	-543	-665	-909	-1050	.	.
EXCHANGE RATE																	
ROL/USD, monthly average	nominal	28952	29364	29809	30236	30786	31299	31556	32052	32233	32766	33102	33491	33392	32979	33094	33116
ROL/EUR, monthly average	nominal	24732	25266	26853	27549	27899	27806	28205	28281	28054	28698	29316	30774	31912	32721	32365	32481
ROL/USD, calculated with CPI[5]	real, Jan98=100	114.8	114.6	113.8	113.8	112.8	111.4	109.6	109.0	108.8	110.7	110.3	109.5	108.0	106.1	105.6	105.1
ROL/USD, calculated with PPI[5]	real, Jan98=100	114.6	111.0	110.4	109.6	106.9	106.8	104.9	104.8	103.5	104.8	104.4	103.5	101.8	98.3	97.5	.
ROL/EUR, calculated with CPI[5]	real, Jan98=100	88.4	89.0	92.6	93.5	92.4	89.5	88.9	87.5	86.0	87.9	88.5	91.4	93.5	95.4	93.6	93.4
ROL/EUR, calculated with PPI[5]	real, Jan98=100	88.5	87.4	90.9	91.5	90.4	88.4	88.3	87.0	84.8	85.8	86.0	88.5	90.4	90.6	88.6	.
DOMESTIC FINANCE																	
M0, end of period	ROL bn	29645	29328	29830	32645	30835	31080	35635	30021	32411	33416	37683	34997	39615	39106	41257	.
M1, end of period	ROL bn	46001	46945	48172	51073	50032	50331	64309	50757	54482	55881	60373	59796	64366	65733	69383	.
M2, end of period	ROL bn	208498	216377	226557	235145	236890	244841	270512	259932	267090	275326	286066	290629	300912	303477	314850	.
M2, end of period	CMPY	40.4	41.5	43.3	44.0	44.4	48.8	46.2	44.3	43.4	43.7	44.0	45.4	44.3	40.3	39.0	.
Discount rate (p.a.),end of period[6]	%	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.6	34.2	34.1	32.2	30.6	28.3	27.2	25.6
Discount rate (p.a.),end of period[6][7]	real, %	-6.2	-3.7	-3.0	-1.0	1.0	2.8	3.8	5.2	6.9	7.2	6.3	5.0	3.9	2.8	2.9	.
BUDGET																	
Central gov.budget balance, cum.	ROL bn	-22689	-26092	-27530	-30417	-31250	-32016	-35809	-4416	-8978	-11228	-14009	-14789	-29334	-31292	-29983	.

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

2) Ratio of unemployed to econcomically active population as of December of previous year, from 2001 as of December 2000.

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) From 1, February 2002 reference rate of RNB.

7) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001							2002								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	3.7	4.5	5.1	3.8	5.1	4.7	2.6	2.2	2.0	3.7	4.3	2.8	4.4	7.8	3.4	5.5
Industry, total	real, CCPY	5.5	5.4	5.3	5.2	5.2	5.1	4.9	2.2	2.1	2.6	3.0	3.0	3.2	3.9	3.8	4.0
Industry, total[1]	real, 3MMA	5.1	4.4	4.4	4.7	4.5	4.1	3.2	2.3	2.6	3.3	3.6	3.8	5.0	5.2	.	.
Construction, total	real, CMPY	6.3	8.1	12.7	12.3	12.2	13.5	16.7	4.1	1.5	2.0	3.3	3.1	2.8	2.4	3.1	.
LABOUR																	
Employment total[2]	th. persons	64800	65100	65500	65200	64900	64700	64800	64900	65000	65300	65700	66000	66100	66100	66200	.
Unemployment, end of period[3]	th. persons	6095	6122	6149	6200	6252	6303	6190	6077	5964	5819	5674	5529	5472	5452	5393	5449
Unemployment rate[3]	%	8.6	8.6	8.6	8.7	8.8	8.9	8.7	8.6	8.4	8.2	8.0	7.7	7.7	7.6	7.5	7.6
WAGES, SALARIES																	
Total economy, gross	RUB	3284.0	3364.0	3376.0	3405.0	3515.0	3578.0	4541.0	3760.0	3725.0	4031.0	4110.0	4187.0	4460.0	4597.0	4511.0	4556.0
Total economy, gross	real, CMPY	15.7	19.6	21.9	19.8	21.9	20.1	26.3	15.5	19.0	16.3	20.9	18.0	18.2	18.7	15.9	16.3
Total economy, gross	USD	113	115	115	116	119	120	151	123	121	130	132	134	142	146	143	144
Total economy, gross	EUR	132	134	128	127	131	135	169	140	139	148	149	146	149	147	146	147
Industry, gross	USD	141	145	149	148	153	155	177	147	146	158	160	159	165	174	.	.
PRICES																	
Consumer	PM	1.6	0.5	0.0	0.6	1.1	1.4	1.6	3.1	1.2	1.1	1.2	1.7	0.5	0.7	0.1	0.4
Consumer	CMPY	23.7	22.2	20.9	20.1	18.9	18.8	18.8	19.2	17.9	17.0	16.3	16.2	14.9	15.1	15.2	15.0
Consumer	CCPY	23.4	23.2	22.9	22.6	22.2	21.9	21.6	19.2	18.5	18.0	17.5	17.3	16.8	16.6	16.4	16.3
Producer, in industry	PM	2.0	0.9	0.0	-0.1	0.4	0.3	0.2	0.4	-0.3	-0.1	2.2	2.5	3.1	2.6	1.7	1.2
Producer, in industry	CMPY	22.4	19.4	17.4	15.0	12.5	11.4	10.7	9.0	6.9	5.5	6.8	8.5	9.6	11.4	13.3	14.9
Producer, in industry	CCPY	24.7	23.8	23.0	22.0	21.0	20.0	19.1	9.0	7.9	7.1	7.0	7.4	7.7	8.3	8.9	9.6
RETAIL TRADE																	
Turnover[4]	real, CMPY	11.5	11.1	11.9	11.1	12.2	11.6	10.8	9.4	8.3	8.9	9.5	6.1	7.6	10.2	8.6	.
Turnover[4]	real, CCPY	9.5	9.7	10.0	10.1	10.3	10.5	10.5	9.4	8.9	8.9	9.0	8.4	8.3	8.6	8.6	.
FOREIGN TRADE[5][6]																	
Exports total, cumulated	EUR mn	57225	66660	76667	85914	94737	104254	113443	7700	15392	24972	35511	44698	53220	62462	72324	.
Imports total, cumulated	EUR mn	27733	32860	37978	42588	47903	53594	60029	4168	8767	14090	19735	24737	29768	35303	40465	.
Trade balance, cumulated	EUR mn	29493	33800	38689	43325	46835	50660	53414	3531	6624	10882	15775	19961	23452	27158	31860	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	20842	.	.	28092	.	.	34620	.	.	7051	.	.	14879	.	.	21100
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	29.115	29.223	29.343	29.430	29.538	29.797	30.100	30.473	30.806	31.064	31.174	31.255	31.405	31.515	31.554	31.622
RUB/EUR, monthly average	nominal	24.871	25.111	26.370	26.821	26.784	26.478	26.852	26.952	26.781	27.201	27.596	28.682	29.965	31.323	30.875	31.006
RUB/USD, calculated with CPI[7]	real, Jan98=100	159.3	158.7	159.3	159.5	157.8	156.7	155.3	152.8	153.3	153.7	153.3	151.1	151.2	150.7	150.8	150.5
RUB/USD, calculated with PPI[7]	real, Jan98=100	179.3	175.5	176.2	176.8	172.8	173.1	172.4	174.4	176.7	180.5	178.8	174.9	170.6	166.9	164.3	162.7
RUB/EUR, calculated with CPI[7]	real, Jan98=100	122.6	122.9	129.2	130.9	129.3	125.8	125.7	122.8	120.9	121.9	122.8	125.8	130.6	135.6	133.5	133.5
RUB/EUR, calculated with PPI[7]	real, Jan98=100	138.4	137.9	144.7	147.4	146.1	143.2	144.7	144.9	144.4	147.4	147.0	149.2	151.0	153.8	149.1	148.0
DOMESTIC FINANCE																	
M0, end of period	RUB bn	474.7	490.6	507.1	531.0	531.5	527.3	584.3	533.4	543.4	552.9	610.3	607.5	645.9	659.7	679.0	.
M1, end of period	RUB bn	987.9	1015.1	1040.8	1074.9	1084.4	1058.1	1192.6	1079.4	1084.6	1106.3	1147.5	1204.1	1254.5	1268.0	1282.1	.
M2, end of period	RUB bn	1798.7	1842.3	1870.4	1925.5	1974.7	1984.9	2122.7	2056.3	2105.0	2137.7	2213.5	2288.3	2356.8	2403.6	2445.2	.
M2, end of period	CMPY	44.7	41.5	40.9	38.7	39.5	36.2	36.1	34.3	30.3	31.0	31.5	32.3	31.0	30.5	30.7	.
Refinancing rate (p.a.),end of period	%	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	23.0	23.0	23.0	21.0	21.0
Refinancing rate (p.a.),end of period[8]	real, %	2.1	4.7	6.5	8.7	11.1	12.2	12.9	14.6	17.0	18.4	15.2	13.3	12.3	10.4	6.8	5.3
BUDGET																	
Central gov.budget balance, cum.	RUB bn	133.1	167.6	174.4	178.6	214.7	257.4	264.7	82.9	89.2	108.1	132.3	148.0	162.9	209.9	210.6	.

1) Seasonally adjusted.
2) Based on labour force survey.
3) According to ILO methodology.
4) Including estimated turnover of non-registered firms, including catering.
5) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference rate.
6) Cumulation starting January and ending December each year, incl. estimates of non-registered imports.
7) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.
8) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001							2002								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	8.9	9.4	5.8	6.8	8.4	3.9	2.1	0.3	4.8	-1.5	8.9	3.8	3.8	12.6	6.5	.
Industry, total	real, CCPY	7.9	8.1	7.8	7.7	7.8	7.4	6.9	0.3	2.5	1.1	3.0	3.2	3.3	4.6	4.8	.
Industry, total	real, 3MMA	8.9	8.0	7.3	7.1	6.3	4.9	2.2	2.4	1.1	3.9	3.6	5.4	6.6	7.5	.	.
Construction, total	real, CMPY	3.3	0.7	-1.6	-6.7	-1.2	-4.1	-8.2	-4.3	-5.8	-0.8	9.9	8.2	-1.5	6.7	2.0	.
LABOUR																	
Employment in industry	th. persons	555.8	557.2	555.7	556.0	554.1	553.5	549.1	542.9	543.0	544.2	561.9	561.7	564.7	553.2	555.9	.
Unemployment, end of period[1)]	th. persons	505.2	510.7	506.1	497.6	499.3	513.1	533.7	563.9	560.2	546.3	521.0	510.2	507.0	505.0	492.6	481.0
Unemployment rate[1)]	%	17.8	18.0	17.8	17.4	17.3	17.7	18.6	19.7	19.6	19.1	18.1	17.7	17.6	17.6	17.2	16.6
Labour productivity, industry	CCPY	6.6	6.8	6.5	6.4	6.6	6.3	5.9	2.3	4.6	3.1	4.2	3.8	3.5	4.9	5.1	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	0.4	0.6	0.8	0.8	0.9	1.5	2.4	9.7	8.5	9.8	8.4	7.5	6.3	4.1	3.3	.
WAGES, SALARIES																	
Industry, gross	SKK	13809	13322	13125	12667	13763	15835	15258	13529	12866	13565	13674	14314	14663	14498	13987	.
Industry, gross	real, CMPY	2.7	1.3	1.0	-0.3	3.1	4.4	7.0	2.8	6.3	4.2	3.9	3.1	3.5	6.7	3.8	.
Industry, gross	USD	275	269	274	265	286	326	316	281	265	283	290	305	315	324	311	.
Industry, gross	EUR	322	313	305	291	316	367	354	318	304	323	328	333	331	326	318	.
PRICES																	
Consumer	PM	0.3	0.2	-0.2	0.2	0.0	0.0	0.2	1.5	0.4	0.0	0.4	0.2	-0.4	-0.3	0.5	0.3
Consumer	CMPY	7.8	8.0	7.8	7.3	6.9	6.4	6.4	6.2	4.3	3.6	3.6	3.2	2.6	2.0	2.7	2.8
Consumer	CCPY	7.1	7.2	7.3	7.3	7.3	7.2	7.1	6.2	5.2	4.7	4.4	4.2	3.9	3.6	3.5	3.4
Producer, in industry	PM	0.4	-0.4	-0.1	-0.2	0.1	-0.4	-0.1	0.4	1.8	0.0	0.8	-0.2	-0.4	0.2	0.0	0.1
Producer, in industry	CMPY	7.5	6.2	5.9	4.8	3.6	2.4	2.2	2.4	2.3	1.5	2.0	2.1	1.4	2.0	2.1	2.3
Producer, in industry	CCPY	8.9	8.5	8.1	7.8	7.3	6.9	6.5	2.4	2.3	2.1	2.0	2.1	2.0	2.0	2.0	2.1
RETAIL TRADE[2)]																	
Turnover	real, CMPY	-4.3	3.6	4.5	5.8	9.1	11.7	12.4	11.5	-1.3	7.4	4.4	8.8	10.5	3.7	1.0	.
Turnover	real, CCPY	1.3	1.6	1.9	2.4	3.1	3.8	4.5	11.5	5.1	5.9	5.5	6.2	6.9	6.4	5.8	.
FOREIGN TRADE[3)4)]																	
Exports total (fob),cumulated	EUR mn	7084	8284	9365	10575	11856	13088	14102	1065	2188	3400	4696	5903	7205	8548	9741	.
Imports total (fob),cumulated	EUR mn	8040	9436	10704	12073	13567	15101	16485	1200	2473	3859	5288	6513	7947	9447	10734	.
Trade balance,cumulated	EUR mn	-956	-1152	-1338	-1498	-1712	-2013	-2383	-135	-285	-460	-592	-610	-742	-898	-992	.
Exports to EU (fob), cumulated	EUR mn	4351	5068	5648	6371	7121	7865	8441	664	1368	2117	2898	3608	4398	5209	5886	.
Imports from EU (fob), cumulated	EUR mn	4038	4779	5377	6056	6801	7557	8207	584	1221	1922	2654	3383	4122	4908	5540	.
Trade balance with EU, cumulated	EUR mn	313	289	271	315	320	308	235	80	147	195	244	225	276	301	346	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-784	-856	-956	-1131	-1251	-1492	-1756	-84	-168	-312	-446	-762	-868	.	.	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	50.2	49.6	48.0	47.8	48.1	48.5	48.2	48.1	48.6	47.9	47.1	46.9	46.5	44.8	45.0	43.8
SKK/EUR, monthly average	nominal	42.8	42.6	43.1	43.5	43.6	43.1	43.1	42.5	42.3	41.9	41.7	43.0	44.3	44.5	44.0	43.0
SKK/USD, calculated with CPI[5)]	real, Jan98=100	116.2	114.2	110.9	110.6	111.0	111.8	110.5	108.7	109.9	108.9	107.4	106.6	106.4	102.6	102.7	99.7
SKK/USD, calculated with PPI[5)]	real, Jan98=100	125.6	122.6	118.6	118.9	117.2	118.1	116.0	114.2	113.4	113.4	111.8	111.5	111.2	106.8	107.3	104.4
SKK/EUR, calculated with CPI[5)]	real, Jan98=100	89.3	88.5	89.8	90.7	90.8	89.6	89.5	87.3	86.6	86.3	85.9	88.5	91.6	92.2	90.7	88.5
SKK/EUR, calculated with PPI[5)]	real, Jan98=100	96.8	96.3	97.2	99.0	98.9	97.6	97.4	94.9	92.7	92.6	91.7	94.9	98.1	98.3	97.2	95.0
DOMESTIC FINANCE																	
M0, end of period	SKK bn	69.3	70.0	70.7	72.7	74.9	79.1	81.0	79.7	80.1	79.6	78.8	79.0	79.6	79.3	80.4	.
M1, end of period	SKK bn	189.8	195.8	198.4	207.4	207.0	214.0	228.5	217.8	214.2	210.3	210.6	212.1	218.7	219.3	223.3	.
M2, end of period	SKK bn	625.3	633.9	644.0	641.8	635.3	651.3	680.3	668.4	674.8	666.0	662.8	668.7	678.9	692.7	693.4	.
M2, end of period	CMPY	14.5	13.6	10.3	9.5	9.3	12.0	13.1	10.2	10.9	8.8	6.9	8.0	8.6	9.3	7.7	.
Discount rate (p.a.),end of period[6)]	%	8.8	8.8	8.8	8.8	8.8	8.8	8.8	7.8	7.8	7.8	8.3	8.3	8.3	8.3	8.3	8.3
Discount rate (p.a.),end of period[6)7)]	real, %	1.2	2.5	2.8	3.8	5.0	6.3	6.4	5.2	5.3	6.2	6.1	6.0	6.6	5.9	6.1	5.2
BUDGET																	
Central gov.budget balance, cum.	SKK mn	-13462	-22339	-22415	-22878	-27560	-29797	-44371	-2902	-10851	-15185	-13497	-20825	-24661	-34768	-35706	-32192

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

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

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

4) Cumulation starting January and ending December each year.

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

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

7) Deflated with annual PPI.

S L O V E N I A: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001							2002								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	-3.9	6.4	2.9	-1.1	7.2	0.1	0.2	3.9	3.2	-1.5	9.6	0.1	-1.9	4.6	0.1	.
Industry, total	real, CCPY	3.2	3.7	3.6	3.0	3.5	3.2	2.9	3.9	3.5	1.7	3.7	2.9	2.1	2.5	2.2	.
Industry, total	real, 3MMA	1.0	1.6	2.7	3.0	2.0	2.5	1.3	2.4	1.7	3.6	2.6	2.5	0.9	0.9	.	.
Construction, total[1]	real, CMPY	-5.5	0.4	-2.2	-3.9	1.6	-3.2	-9.0	-11.5	-3.9	-6.1	-0.1	-4.8	-8.0	-1.1	2.0	.
LABOUR																	
Employment total	th. persons	781.9	782.3	782.1	786.2	786.6	785.6	782.1	779.5	781.3	782.8	784.3	785.3	785.6	783.9	782.6	.
Employees in industry[2]	th. persons	223.4	222.9	221.9	221.8	221.5	221.2	219.8	220.2	220.2	220.5	219.8	219.6	219.3	218.2	.	.
Unemployment, end of period	th. persons	97.8	99.2	98.1	99.8	102.2	103.2	104.3	106.2	105.0	103.5	102.7	101.1	100.1	101.7	102.2	.
Unemployment rate[3]	%	11.1	11.3	11.1	11.3	11.5	11.6	11.8	12.0	11.8	11.7	11.6	11.4	11.3	11.5	11.6	.
Labour productivity, industry	CCPY	3.0	3.5	3.5	3.1	3.8	3.6	3.5	6.9	6.6	4.8	6.9	6.2	5.4	5.9	5.6	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	2.3	1.5	1.6	1.7	1.1	1.1	1.1	-3.2	-3.3	-1.2	-2.6	-1.7	-1.0	-1.1	.	.
WAGES, SALARIES																	
Total economy, gross	th. SIT	209.3	210.1	216.4	214.1	219.2	234.8	234.1	226.4	223.3	227.0	228.8	231.1	229.2	232.1	236.1	.
Total economy, gross	real, CMPY	1.7	1.3	3.0	3.0	3.3	3.0	2.6	0.8	0.9	2.0	2.0	2.1	2.5	3.0	1.7	.
Total economy, gross	USD	823	829	889	890	903	946	945	901	870	888	901	939	967	1016	1015	.
Total economy, gross	EUR	965	965	989	976	997	1066	1059	1020	1001	1014	1019	1026	1014	1024	1039	.
Industry, gross	USD	700	709	770	757	779	818	791	771	735	760	767	806	816	878	.	.
PRICES																	
Consumer	PM	0.4	0.2	0.0	0.9	0.5	0.4	0.1	1.6	0.9	0.7	1.4	0.3	-0.2	0.5	0.1	0.8
Consumer	CMPY	9.5	8.8	8.5	7.9	7.8	7.0	7.0	8.4	8.1	7.6	8.4	7.5	6.8	7.2	7.3	7.2
Consumer	CCPY	9.1	9.0	9.0	8.8	8.7	8.6	8.4	8.4	8.3	8.1	8.2	8.0	7.8	7.7	7.7	7.6
Producer, in industry	PM	0.3	0.4	0.3	0.4	1.0	0.5	1.0	0.3	0.6	0.4	0.4	0.1	0.2	0.2	0.2	0.1
Producer, in industry	CMPY	9.8	9.2	8.2	8.0	7.2	7.1	7.5	5.8	5.3	6.3	5.7	5.7	5.6	5.3	5.2	4.9
Producer, in industry	CCPY	10.0	9.9	9.7	9.5	9.3	9.1	8.9	5.8	5.6	5.8	5.8	5.7	5.7	5.7	5.6	5.5
RETAIL TRADE[4]																	
Turnover	real, CMPY	3.2	12.2	9.7	5.5	9.4	5.3	6.4	10.0	9.4	9.0	8.9	7.0	9.3	12.7	.	.
Turnover	real, CCPY	7.3	8.0	8.2	7.9	8.1	7.8	7.7	10.0	9.7	9.5	9.3	8.8	8.9	9.5	.	.
FOREIGN TRADE[5][6]																	
Exports total (fob), cumulated	EUR mn	5264	6196	6900	7782	8741	9627	10348	829	1686	2653	3621	4539	5459	6437	7158	.
Imports total (cif), cumulated	EUR mn	5783	6775	7548	8466	9481	10463	11342	877	1792	2818	3861	4846	5764	6749	7513	.
Trade balance total, cumulated	EUR mn	-519	-580	-649	-684	-740	-836	-994	-48	-106	-164	-240	-307	-305	-312	-355	.
Exports to EU (fob), cumulated	EUR mn	3345	3933	4346	4885	5468	6010	6437	553	1082	1670	2253	2789	3331	3908	.	.
Imports from EU (cif), cumulated	EUR mn	3933	4608	5108	5722	6411	7087	7674	587	1204	1913	2622	3306	3954	4639	.	.
Trade balance with EU, cumulated	EUR mn	-588	-675	-762	-837	-943	-1078	-1238	-34	-122	-242	-369	-517	-623	-731	.	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-36	-18	3	49	99	118	31	56	81	64	63	70	144	182	229	.
EXCHANGE RATE																	
SIT/USD, monthly average	nominal	254.4	253.5	243.5	240.7	242.7	248.2	247.8	251.4	256.6	255.7	254.0	246.1	237.1	228.3	232.6	232.5
SIT/EUR, monthly average	nominal	217.0	217.8	218.7	219.4	219.9	220.4	221.1	222.0	223.0	223.8	224.6	225.3	226.0	226.7	227.4	228.0
SIT/USD, calculated with CPI[7]	real, Jan98=100	125.9	124.8	119.9	117.9	118.0	119.9	119.3	119.3	121.2	120.5	118.8	114.8	110.9	106.3	108.1	107.2
SIT/USD, calculated with PPI[7]	real, Jan98=100	133.4	130.3	124.8	122.7	119.8	121.4	118.6	120.3	122.0	122.5	122.3	118.4	113.9	109.5	111.3	111.2
SIT/EUR, calculated with CPI[7]	real, Jan98=100	96.7	96.7	97.2	96.8	96.6	96.2	96.5	95.8	95.5	95.6	95.1	95.3	95.7	95.5	95.7	95.2
SIT/EUR, calculated with PPI[7]	real, Jan98=100	102.8	102.4	102.4	102.4	101.2	100.4	99.6	99.9	99.7	100.1	100.4	100.8	100.8	100.9	101.0	101.2
DOMESTIC FINANCE																	
M0, end of period	SIT bn	124.3	115.9	116.3	122.6	124.7	126.5	142.1	129.4	130.0	135.9	134.3	135.1	146.0	137.2	.	.
M1, end of period	SIT bn	437.8	419.6	418.1	438.1	440.3	455.3	502.2	471.8	469.2	485.3	489.5	502.8	524.3	509.6	509.8	.
Broad money, end of period	SIT bn	2445.9	2477.1	2514.8	2555.2	2617.3	2705.7	2876.7	2911.5	2929.0	2970.8	3010.4	3036.4	3025.5	3061.0	3080.7	.
Broad money, end of period	CMPY	19.8	19.3	19.9	20.2	21.8	23.4	30.4	29.9	29.1	27.5	27.9	26.0	23.7	23.6	22.5	.
Discount rate (p.a.), end of period	%	11	11	11	11	11	11	11	9	9	9	10	10	10	10	10	.
Discount rate (p.a.), end of period[8]	real, %	1.1	1.6	2.6	2.8	3.5	3.6	3.3	3.0	3.5	2.5	4.1	4.1	4.2	4.5	4.6	.
BUDGET																	
General gov.budget balance, cum.	SIT mn	-107532	-98297	-104403	-129993	-127649	-135450	-63193	-71173	-103840	-128632	-117236	-122201	-173522	-162497	.	.

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

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.

U K R A I N E: Selected monthly data on the economic situation 2001 to 2002

(updated end of Oct 2002)

		2001 Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total[1]	real, CMPY	17.1	12.5	10.6	11.3	-2.2	-0.4	-5.0	-1.2	1.4	-0.8	.	.	.	.	.	.
Industry, total	real, CCPY	18.8	18.0	17.1	16.7	16.2	15.4	14.2	1.7	3.5	3.1	3.5	3.1	5.8	6.1	5.9	6.0
Industry, total[1]	real, 3MMA	16.4	13.3	11.5	6.2	2.6	-2.5	-2.2	-1.7	-0.2	.	.	.	.	.	.	.
LABOUR																	
Unemployment, end of period	th. persons	1046.5	1015.3	1001.1	984.6	971.2	981.6	1008.1	1028.7	1067.4	1079.0	1087.0	1051.0	1023.4	1005.2	1002.8	.
Unemployment rate[2]	%	3.8	3.7	3.7	3.6	3.5	3.6	3.7	3.8	3.9	3.9	4.0	3.8	3.7	3.7	3.7	.
WAGES, SALARIES [1]																	
Total economy, gross	UAH	317.8	327.3	329.3	326.3	335.8	334.4	378.5	320.8	328.7	354.8	355.8	358.9	377.4	398.1	390.1	.
Total economy, gross	real, CMPY	24.4	24.9	21.4	22.1	24.6	22.3	20.4	19.9	20.5	23.6	20.6	16.9	20.0	22.7	19.5	.
Total economy, gross	USD	59	61	62	61	63	63	71	60	62	67	67	67	71	75	73	.
Total economy, gross	EUR	69	71	69	67	70	71	80	68	71	76	76	74	74	75	75	.
Industry, gross	USD	77	81	82	81	84	83	89	80	.	.	.	87	89	96	95	.
PRICES																	
Consumer	PM	0.6	-1.7	-0.2	0.4	0.2	0.5	1.6	1.0	-1.4	-0.7	1.4	-0.3	-1.8	-1.5	-0.2	0.2
Consumer	CMPY	11.6	9.9	9.6	7.3	6.0	6.1	6.1	5.6	3.5	2.2	2.1	1.4	-1.1	-0.9	-0.9	-1.1
Consumer	CCPY	16.9	15.8	15.0	14.1	13.2	12.5	12.0	5.6	4.5	3.7	3.3	2.9	2.2	1.8	1.5	1.2
Producer, in industry	PM	0.2	0.1	-0.1	0.1	-0.7	0.7	-0.5	-0.4	0.7	-0.8	1.2	1.5	2.2	1.0	-0.4	0.3
Producer, in industry	CMPY	9.4	7.9	7.1	5.9	3.8	3.5	0.9	-0.3	-0.2	-0.5	0.5	2.0	4.0	5.0	4.6	4.9
Producer, in industry	CCPY	12.8	12.1	11.4	10.8	10.0	9.4	8.6	-0.3	-0.3	-0.3	-0.1	0.3	0.9	1.5	1.9	2.2
RETAIL TRADE																	
Turnover[3]	real, CCPY	10.4	11.4	11.4	11.5	11.8	12.3	12.6	.	18.7	16.8	18.0	18.1	16.1	15.6	15.5	.
FOREIGN TRADE[4][5]																	
Exports total (fob), cumulated	EUR mn	8918	10497	11973	13389	15054	16684	18160	1376	2862	4419	6089	7581	9054	10539	12040	.
Imports total (cif), cumulated	EUR mn	8257	9682	11273	12683	14242	15946	17613	1161	2478	4047	5662	7047	8519	10044	11512	.
Trade balance, cumulated	EUR mn	661	815	700	706	812	738	547	215	384	372	427	534	535	495	527	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	834	.	.	1246	.	.	1402	.	.	722	.	.	1322	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.401	5.371	5.347	5.339	5.310	5.287	5.294	5.313	5.321	5.322	5.327	5.328	5.329	5.329	5.329	5.330
UAH/EUR, monthly average	nominal	4.609	4.617	4.807	4.869	4.809	4.703	4.718	4.696	4.630	4.660	4.712	4.865	5.079	5.288	5.211	5.229
UAH/USD, calculated with CPI[6]	real, Jan98=100	166.9	168.3	167.9	167.7	165.9	164.1	161.2	160.5	163.7	165.7	164.6	165.1	168.3	170.9	171.2	170.9
UAH/USD, calculated with PPI[6]	real, Jan98=100	160.9	157.3	156.7	156.2	153.0	150.7	149.8	151.4	150.4	153.5	153.2	150.9	147.9	146.4	147.0	146.5
UAH/EUR, calculated with CPI[6]	real, Jan98=100	128.0	130.2	136.0	137.5	135.5	131.6	130.1	128.7	128.9	131.2	131.5	136.5	144.9	153.2	151.3	151.5
UAH/EUR, calculated with PPI[6]	real, Jan98=100	123.8	123.4	128.5	130.1	128.9	124.6	125.3	125.5	122.9	125.2	125.6	127.9	130.5	134.5	133.1	133.1
DOMESTIC FINANCE																	
M0, end of period	UAH mn	14487	14797	15527	16208	16685	17325	19465	18101	18666	19646	20980	20394	21441	22561	23568	23700
M1, end of period	UAH mn	23820	24164	24768	25884	26406	26782	29773	27586	28416	30287	30672	30670	32494	34037	35367	.
Broad money, end of period	UAH mn	36953	37373	38275	39643	40750	41508	45555	43619	45032	47345	48389	48813	51195	53913	56294	57700
Broad money, end of period	CMPY	36.4	32.9	29.8	36.8	41.2	41.2	42.0	41.5	42.3	43.4	41.9	38.8	38.5	44.3	47.1	45.5
Refinancing rate (p.a.),end of period	%	19.0	19.0	17.0	15.0	15.0	15.0	12.5	12.5	12.5	11.5	10.0	10.0	10.0	8.0	8.0	8.0
Refinancing rate (p.a.),end of period[7]	real, %	8.8	10.2	9.3	8.6	10.8	11.1	11.5	12.8	12.7	12.1	9.5	7.9	5.7	2.9	3.2	3.0
BUDGET																	
General gov.budget balance, cum.[8]	UAH mn	1385.0	1676.6	1407.5	1379.7	1616.3	982.3	-1263.6	1381.7	1516.6	660.6	564.2	1626.6	1366.6	1851.7	2409.7	.

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.

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

	Source	Type of availability	How to get it	Time of publication	Price*
					*Unless otherwise stated, WIIW members (subscribers to the WIIW Service Package) receive a 30% discount on prices quoted
Annual data	*Statistical Handbook 2002*	printed	to be ordered from WIIW	October 2002 (next update: October 2003)	EUR 90.00 for members free of charge
	Statistical Handbook 2002 on CD-ROM	computerized (PDF files)	to be ordered from WIIW	October 2002 (next update: October 2003)	EUR 90.00
	Statistical Handbook 2002 on CD-ROM	computerized (MS-Excel tables + PDF files); plus printed version	to be ordered from WIIW	October 2002 (next update: October 2003)	EUR 225.00
	Statistical Handbook 2002: individual chapters on diskette	computerized (MS-Excel tables)	to be ordered from WIIW	October 2002 (next update: October 2003)	EUR 36.00 per chapter
	computerized WIIW Database	online access	via WSR http://www.wsr.ac.at	continuously	EUR 2.50 per data series
Quarterly data (with selected annual data)	*Research Report*	printed	to be ordered from WIIW	January/February June/July	EUR 70.00
	Monthly Report (2nd and 4th quarters)	printed, online (PDF format) or via e-mail	for WIIW members only	*Monthly Report* nos. 10 and 11, nos. 4 and 5	only available under the WIIW Service Package for EUR 1944.00
Monthly data	*Monthly Report* (approx. 40 time series per country)	printed	for WIIW members only	monthly (11 times a year)	
	Internet	online access	see http://mdb.wiiw.ac.at	continuously	for members free of charge
Industrial data	diskette	computerized	to be ordered from WIIW	June	EUR 650.00

Orders from WIIW: fax no. (+43 1) 533 66 10-50
e-mail address: koehrl@wsr.ac.at
attention Ms. Ursula Köhrl

INDEX OF SUBJECTS – November 2001 to November 2002

Economics editor: Doz. Leon Podkaminer