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Wiener Institut für Internationale Wirtschaftsvergleiche

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Announcement

wiiw Spring Seminar

'Europe 2004: Ins, Outs and In-betweens'

Friday, 26 March 2004

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- FDI and domestic economic activities
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More detailed information will be provided in January 2004.

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Thirty years of The Vienna Institute for International Economic Studies*

BY KAZIMIERZ LASKI**

While our institute exists already for thirty years, its history started even earlier, in the mid-1960s, as a department in WIFO (the Austrian Institute of Economic Research). Professor Nemschak, director of WIFO at that time, recognized properly that a new type of East-West European studies programme was needed – namely, one based on cooperation, exchange of ideas and experiences across what was then the Iron Curtain. We tried, not without success, to attract economists from the East who considered reforms of the existing system as unavoidable. At the same time we stayed away from the ideologically motivated anti-communist crusades by concentrating on independent research and analysis as far as this is possible in our discipline. We cooperated with our colleagues, *inter alia* by using their original data, which we cleansed from propaganda noises though. An important part of our activities were personal contacts. Here I would like to mention first of all a series of workshops held in different places. They resulted in a total of 15 volumes of research. Not less important were visits of invited East European scholars to our institute. Many of them have risen to important positions in their respective countries after 1990.

We succeeded to some degree in building a bridge between East and West and preserving at the same time independence and realism in economic research. This was our greatest achievement until the late 1980s, when the Soviet Empire collapsed.

With the transition from central planning to a market economy, a new chapter in our institute's activities was opened. Although the basic aim of transition (introduction of market mechanism, private ownership, free trade, democratic institutions, etc.) was widely accepted, there existed no solid knowledge about how to achieve all these ends. The main questions awaiting answers were: How fast to move from a supply-determined to a demand-determined economy? How fast and how extensively should prices be liberalized? How fast can and should foreign trade and capital flows be liberalized? How and how fast to privatize? How to keep the social welfare losses within tolerable limits?

As I already said, economists were not prepared to answer these and many other questions. These questions required a lot of thinking and inventiveness as well as knowledge of the specific situation in specific countries. But most people looked for ready-made recipes and they found them in ultra-liberal monetary stabilization programmes that have been tried with rather poor results in developing countries. A few days ago, I participated in a conference in Kiev, where John Williamson, the author of the notion of the Washington Consensus, presented a paper entitled 'The Reform Agenda and the Washington Consensus'.[1] He explained that when he invented this term, in 1989, he had in mind ten policy measures in Latin America, without assuming that the same policies would be equally important at all times and in all places. With the passage of time, two new elements have been introduced to the ten points enumerated in the Washington Consensus. The first one was the so-called 'bipolar view', holding that a country ought either to fix its exchange rate firmly or else to float 'cleanly', but not to opt for an intermediate regime. This was simply contrary to Williamson's original requirement of 'competitive exchange rates'. The second one was even more substantial, namely, the liberalization of capital flows and the abolition of all controls of capital markets, a question at that time consciously and deliberately omitted by Williamson. The Washington Consensus 'enriched' by the two items and widely employed in popular discussions,

* Speech held at the wiiw Conference 'Southeast Europe: the Path towards EU Accession', Vienna, 21 November 2003.

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[1] See the following article in this issue.

has become (I'm quoting John Williamson) 'a synonym for market fundamentalism or neoliberalism. A basic problem with this interpretation is that there has never been a consensus ... that I was referring to in my original formulation, that neoliberalism or market fundamentalism is desirable.'

We know today that policies based on this enlarged Washington Consensus are to a great degree responsible for the fact that after 13 years of transition, GDP per capita in the former socialist world is lower than it was under the extremely inefficient system of central planning. Even in the five CEECs which will join the EU next year, the GDP per capita has only recently achieved its pre-transition level and the distance between those countries and the EU average has increased rather than decreased.

Our institute has taken a critical attitude towards the strategy advocated by the Bretton Woods institutions. We were, as far as I know, the only institution which has foreseen the coming and the depth of what was later called 'transitional recession'. We wrote papers, went to almost all capitals of the countries concerned, warned that slogans such as 'no industrial policy is the best industrial policy', that 'the goal of privatization is privatization', that 'one can cross the abyss between socialism and capitalism only with one jump, called shock therapy', do not substitute for a transition strategy. We argued that the supply and demand sides in the economy are linked to each other. We stressed that the destruction of capacities producing goods that were no longer demanded should not produce secondary effects in the form of destruction of capacities that produce goods that were needed and useful. We warned against a premature opening of the economy to foreign competition and stressed the importance of functioning institutions. We did not succeed, and it is no great consolation for us today that the attitude towards the transformation strategy, neoliberalism and market fundamentalism has changed in the direction we defended from the very beginning.

Before I leave this topic, I would like to mention an interesting question which our institute as well as other institutions should try to analyse. Namely, the case of China, the only country that not only avoided transitional recession but experienced the highest rate of growth in the world in the past twenty years. This happened, not by following the prescriptions of the Bretton Woods institutions, but by developing its own strategy based on its traditions and its specific situation – albeit without democratic political changes.

The third and most recent chapter in the history of our institute is linked to the enlargement of the European Union. We have adjusted our research programme to this major event by concentrating on the advantages and risks facing the new entrants to the Union. We also moved from a mostly macroeconomic approach to structural problems related to industry, regional economics, foreign direct investment, and similar questions. One of the most important issues is the economic maturity of the new entrants and their ability to sustain the competitive pressure inside the EU. Increasingly, our research also shifts to the left-outs of EU enlargement – be it in the Balkans or in the former Soviet Union. Our research in this domain has won a lot of approval from Brussels, the World Bank, the OECD and elsewhere. I do hope that at the next round anniversary of our Institute, we will be able to find out that the overall rather optimistic conclusions regarding EU enlargement we have arrived at will prove to be the right ones.

The reform agenda and the Washington Consensus*

BY JOHN WILLIAMSON**

When I first invented the term 'Washington Consensus' in 1989, I used it as a shorthand term to refer to ten reforms that, I argued, most people in Washington believed that most countries in Latin America ought to be implementing as of that date. I did not intend to imply that these reforms constituted the whole of the reform agenda, or that the same ten reforms would be equally important at all times and places. A few critics have debated my list and argued that some of the points on it are unhelpful to development, which is the sort of mature debate that economists ought to have about what the reform agenda should look like. But many others have attacked the Washington Consensus either because they believed it to claim to offer a complete reform agenda or because they used the term to refer to something different to what I had in mind. This has not been constructive.

In the following, I plan to start by reminding you of what was in the Washington Consensus as I first used the term. I shall then outline what I think are the two most common alternative meanings, and argue that one needs to be very clear as to the sense in which the term is being used before uttering a denunciation or endorsement. But the main thrust of the paper is to discuss the place of the original set of ten reforms in a reform agenda for Ukraine as of late 2003. The trouble with the Washington Consensus is, in my view, not so much that the reforms I originally identified were misguided, though surely some of them could have been formulated better, as that there are a large number of other reforms that also matter to development. At any one time priorities must be decided, and it would be surprising if the appropriate priorities for Ukraine in 2003 were precisely the ten points on my original list. The development debate would be much enhanced if participants would focus on discussing what priorities are appropriate at a specific time and place rather than engaging in ideological battles about an unspecified version of something called the Washington Consensus.

My original meaning

In 1989 the US press was still talking about how Latin American countries were unwilling to undertake the reforms that might give them a chance to escape from the debt crisis. It seemed to me that this was a misconception, and that in fact a sea change in attitudes to economic policy was in the process of occurring. The old idea that quite different economic laws applied to developing versus developed countries was giving way to a recognition that people everywhere are importantly motivated by the prospects of personal gain, and accordingly that the sorts of economic policies that worked in OECD countries were also applicable in Latin America. To decide whether this was correct, the Institute for International Economics decided that we would convene a conference where authors from ten Latin American nations would be invited to present papers in which they would detail just what had been happening in their respective countries. To try and make sure that they all addressed a common set of questions, I wrote a background paper in which I listed ten policy reforms that I argued almost everyone in Washington thought were needed in Latin America as of that date (Williamson, 1990). I labelled this reform agenda the 'Washington Consensus', never dreaming that I was coining a term that would become a war cry in ideological debates for more than a decade.

Indeed, I thought the ideas I was laying out were consensual, which is why I gave them the label I did. The ten reforms that constituted my list were as follows.

* Outline of a keynote speech to a conference on 'Political Economy of the Evolutionary Development of Ukraine' (Kiev, 15-16 November 2003), organized by the National Academy of Management, Institute of World Economy, Finance and Civilization. It is being reproduced here with the author's permission. Copyright 2003, Institute for International Economics, Washington, DC.

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1. **Fiscal discipline**. This was in the context of a region where almost all the countries had run large deficits that led to balance of payments crises and high inflation that hit mainly the poor because the rich could park their money abroad.

2. **Reordering public expenditure priorities**. This suggested switching expenditure in a pro-growth and pro-poor way, from things like non-merit subsidies to basic health and education, and infrastructure.

3. **Tax reform**. The aim should be a tax system that would combine a broad tax base with moderate marginal tax rates.

4. **Liberalizing interest rates**. In retrospect I wish I had formulated this in a broader way as financial liberalization, stressed that views differed on how fast it should be achieved, and recognized the importance of accompanying financial liberalization with prudential supervision. But the core idea was that the market rather than some bureaucrat should determine the allocation of credit.

5. **A competitive exchange rate**. I fear I indulged in wishful thinking in asserting that there was a consensus in favour of ensuring that the exchange rate would be competitive, which implies an intermediate exchange rate regime; in fact Washington was already beginning to edge toward the two-corner doctrine which holds that a country must either fix firmly or float 'cleanly'.

6. **Trade liberalization**. I acknowledged that there was a difference of view about how fast trade should be liberalized, but everyone agreed that was the appropriate direction in which to move.

7. **Liberalization of inward foreign direct investment**. I specifically did not include comprehensive capital account liberalization, because I did not believe that did or should command a consensus in Washington.

8. **Privatization**. This was the one area in which what originated as a neoliberal idea had won broad acceptance. We have since been made very conscious that it matters a lot how privatization is done: it can be a highly corrupt process that transfers assets to a privileged elite for a fraction of their true value, but the evidence is that it brings benefits (especially in terms of improved service coverage) when done properly, and the privatized enterprise either sells into a competitive market or is properly regulated.

9. **Deregulation**. This focused specifically on easing barriers to entry and exit, not on abolishing regulations designed for safety or environmental reasons (or to govern prices in a non-competitive industry).

10. **Property rights**. This was primarily about providing the informal sector with the ability to gain property rights at acceptable cost (inspired by Hernando de Soto, 1989).

Many topics were omitted from this list. From the standpoint of the countries undergoing the transition from socialism, by far the most important were the institutional reforms designed to build the institutional infrastructure of a market economy: contract law, company law, the definition of property rights, bankruptcy laws, an efficient judicial system, and so on. Moisés Naím (1994) was the first to argue that Latin America was entering a new phase of institutional (or 'second-generation') reforms. A World Bank team led by Burki and Perry (1998) echoed the theme that Latin America's need was to move beyond the Washington Consensus by embracing a bold agenda of institutional reform. Joseph Stiglitz (1999) suggested that the promotion of competition, and the building of social and organizational capital, were of critical importance and deserved to be a part of the reform agenda. Ricardo Ffrench-Davis (2000) urged the need to reform the reforms, in particular by using macro policy to stabilize the real economy and not just the inflation rate. Birdsall and de la Torre (2001) argued the need for a set of reforms to improve the distribution of income rather than simply focusing on the growth rate or level of income. Kuczynski and Williamson (2003) endorsed that suggestion as well as the importance of institutional reform and Ffrench-Davis's focus on Keynesian stabilization policy.

Two other meanings of the Washington Consensus

However, the term 'Washington Consensus' has often been used in recent years to mean something very different from my original intention. Two other usages seem to me to be sufficiently common to deserve recognition.

One use of the term is to refer to the policy advice dispensed to their member countries (which in practice means their borrowing members) by the Bretton Woods institutions, the IMF and the World Bank. Initially I like to think that this was close to my meaning: to the extent that I identified correctly the advice that the two institutions were directing to Latin America, the difference arose only to the extent that the Bretton Woods institutions were giving different advice to suit the differing circumstances of different regions. For example, they should have been placing far more emphasis on the construction of the institutional infrastructure of a market economy in the economies in transition than was necessary in Latin America, where market economies were already in place. Or when I went to work for the World Bank on South Asia, I discovered that the Bank was deeply involved in giving advice on the reform of the power sector, which was a non-issue in Latin America (except as regards privatization).

As time progressed, the advice given by the Bretton Woods institutions changed, and so other divergences between my original meaning and this alternative meaning emerged. To begin with, the Bretton Woods institutions – most specially the IMF, though to some extent the Bank as well – began to give different advice on several of the ten issues listed above. For example, the emphasis in tax reform was much more on raising revenue, which meant securing a broad tax base by instituting a value-added tax, than on lowering tax rates, let alone avoiding regressivity.

Another point where the advice changed is exchange rate policy, where one may query whether I correctly summarized the predominant Washington view even in 1989, but in which opinion gravitated strongly toward the so-called 'bipolar view' through the decade. The bipolar view holds that a country ought either to fix its exchange rate firmly (by adopting a currency board, or dollarizing or euroizing) or else to float 'cleanly', but ought not to opt for an intermediate regime. Of course, opting for an intermediate regime is precisely what is involved in making it a priority to maintain a competitive exchange rate, since both a fixed rate and a floating rate can easily become seriously misaligned. This once again became a respectable intellectual position in the eyes of the Bretton Woods institutions after the implosion of the Argentine economy in 2001 as a result of implementing one of the 'extreme' solutions.

The other issue on which the Bretton Woods institutions, or at least the IMF, began to give substantially different advice concerns liberalization of the capital account. For a period in the mid-1990s the Fund became a strong advocate of countries moving rapidly to open up their capital accounts and abolish all capital controls, a position that I had quite deliberately avoided when I drew up the Washington Consensus because I did not believe that it did, or deserved to, command a consensus. The Fund moved back to what I regard as a more tempered position after the Asian crisis of 1997, a crisis that I regard as having been overwhelmingly caused by the precipitate speed of liberalization of capital controls in the region.

The advice of the Bretton Woods institutions came to differ in another way from that included in my version of the Washington Consensus, in that it expanded over time to cover issues that were not regarded as pertinent in 1989. So far as the World Bank is concerned, the big additional thrust has been in the area of governance. In 1989, a Bank staffer who blew the whistle on corruption in a borrowing country was liable to be reprimanded for complicating the Bank's relations with a client. A decade later, a staffer who failed to blow the whistle was liable to be reprimanded, or worse, for dereliction of duty. In the case of the IMF, the big addition to its responsibilities came in the area of supervising the standards and codes that were adopted to define the good governance of financial institutions.

This first alternative concept of the Washington Consensus is reasonable enough. It has an objective definition that does not violate the commonsense meaning of words. To find whether a policy is endorsed by it, one knows what to do: one examines what policies the Bretton Woods institutions are pursuing in their client countries. Matters are very different when one comes to deal with the second alternative concept, one that is widely employed in popular discussion, where it is often used as a synonym for market fundamentalism or neoliberalism. A basic problem with this interpretation is that there has never been a consensus among the Bretton Woods institutions, let alone in the wider Washington that I was referring to in my original formulation, that neoliberalism or market fundamentalism is desirable. There are surely some individuals in Washington (as elsewhere) who believe in the minimal state, but this is not a characteristic of the Bretton Woods institutions (indeed, the right-wing Washington think tanks are always attacking the Bank for boosting the role of the state beyond what they regard as proper). There is also a problem in knowing whether a policy is endorsed by the Washington Consensus in this version: the only way to find out seems to be to ask the author in question, since each author appears to know what the Washington Consensus consists of but to find it unnecessary to explain from where s/he got this insight.

Clearly the three concepts of the Washington Consensus are very different, with the last being distinctly more different to the two others than they are from each other. If someone uses the term, they should be quite explicit as to the sense in which they are using it. Unfortunately this is quite uncommon.

The ten reforms and Ukraine's reform agenda

I propose to use the term in the original sense I defined, and to ask whether the ten reforms I outlined there would make a useful part of the reform agenda for Ukraine. I am not claiming that they should constitute the whole agenda, and I am not even suggesting they are the most important reforms. As a matter of fact, I believe that the appropriate sequencing of reforms is something that varies from one country to another, with very few robust generalizations being possible. The difference between a good and a bad reform programme is often not the content of the reforms, but whether a country's leaders have picked out the reforms that are most critical in their particular context to implement first. I do not know enough about Ukraine and its current situation to be able to offer any useful advice on that topic.

1. **Fiscal discipline.** There is no doubt that maintaining fiscal discipline is important; uncontrolled budget deficits lead to inflation, payments deficits, and crises. But this does not mean that a country should always be aiming at the biggest surplus possible. When I first drew up the Washington Consensus, it was in the context of a region where budget deficits were almost everywhere out of hand, and had produced inflation and the debt crisis. It was therefore natural to put the emphasis on reducing fiscal deficits. When we came to re-examine the reform agenda in Latin America (Kuczynski and Williamson, 2003), we were depressed to realize that many countries in the 1990s made no attempt at stabilizing their economies and had in consequence run headlong into a new wave of crises that they were unable to ameliorate by adopting expansionary fiscal policies. So we emphasized that fiscal policy should be anti-cyclical, as Keynes had taught; countries need to run surpluses in good times so that they can afford to run deficits to help sustain demand when times turn difficult. But honesty demands that one acknowledge that a counter-cyclical fiscal policy needs to start in the boom.

2. **Reordering public expenditure priorities.** The one element of the original Washington Consensus that was pro-poor (as well as being good for growth) was the call to switch public expenditure toward basic health and education. Presumably

most people would agree that this is an utterly unobjectionable ambition, but it is one that governments are in practice particularly poor at implementing. A large part of government expenditure is usually wasted, but slashing reductions in government spending are not an effective way of reducing waste: essential expenditures tend to get cut *pari passu* with the waste. The key to an efficient pattern of expenditure is to establish a chain of command consisting of people who believe in the ends of the programme: there are no short cuts.

3. **Tax reform.** One of the key tasks of the transition was to build an efficient tax system designed to raise revenue efficiently in a market economy, where the enterprises are not owned by the state. The biggest revenue raisers are typically value-added tax (VAT), personal income tax, excises, and corporation tax. The indirect taxes tend to be more efficient at raising a large amount of revenue but are often regressive or at best proportional, while direct taxes are usually at least modestly progressive.

4. **Liberalizing interest rates.** Let us interpret this as general liberalization of the financial system, and acknowledge the importance of accompanying – or preceding – it by the establishment or beefing up of a system of prudential supervision. There would still be some economists who would argue against the objective, on two grounds. One is that financial liberalization has often opened the door to crises, which is certainly true (see, e.g., Williamson and Mahar, 1998). The other is that some successful developing countries in East Asia used state guidance rather than a competitive financial system to determine where investments were made. While that is true, there is by now pretty conclusive evidence that a well-run financial system does a better job of allocating savings to high-productivity, low-risk investments than state allocation, even when the government is reasonably competent as they tended to be in East Asia (see the references in Williamson and Mahar, 1998). The aim should thus be to liberalize, in the interest of stimulating growth, but to do it carefully so as to minimize the risk of a financial crisis occurring in the process.

5. **A competitive exchange rate.** Far too many developing economies have allowed themselves to be shipwrecked by trying to hold on to an overvalued exchange rate at one time or another. And it is not just that countries need to avoid having a fixed exchange rate that can set them up for a balance of payments crisis, they should also avoid an unmanaged floating exchange rate that can float up and expose them to Dutch disease. A rapid growth in exports is a necessity to get growth off the ground in virtually all circumstances, and unless a country has an extraordinarily rich natural resource base there is no hope of stimulating a rapid growth of exports without a competitive exchange rate. It is, in particular, an essential complement to trade liberalization, so that the resources released from the import-competing industries are reallocated to export industries rather than allowed to run to waste unemployed or diverted into the non-tradable industries.

6. **Trade liberalization.** Classical economic theory has argued for centuries that countries hurt themselves by departing very far from free trade, but one still encounters arguments based on the infant industry analysis that no country has ever successfully industrialized without import protection. This assertion is not quite true, for it overlooks Britain and Hong Kong, but the more important points are (a) that the import protection in now-industrialized countries like Germany and the United States when they were industrializing in the nineteenth century was modest compared to that in many developing countries after World War Two, and (b) that a modest degree of import protection to induce what Bela Balassa used to call the 'first, easy stage of import substitution' may well be part of an optimal development strategy. What the East Asian countries did distinctively right was not to maintain import protection for so long, but to follow up that first easy stage by exporting the industrial products they had learned to make efficiently rather than put their major effort into second-stage import substitution that ran against their comparative advantage.

7. **Liberalization of inward foreign direct investment.** No country, except possibly the city-state of Singapore, has ever developed primarily on the basis of foreign firms. But foreign firms can help. Except for those that are planning to exploit natural resources, they almost always bring with them intellectual property: patents, know-how, technology, trademarks, managerial expertise, access to foreign markets, and so on. The reason is that it is only if a firm has some form of intellectual property that it finds it worthwhile to take the risk of investing abroad rather than stick to its home market. The fear is sometimes expressed that multinationals will be so powerful that they will suppress competition, but the most effective policy to limit such power is free trade. One thing countries should avoid is giving tariff protection as a bait to attract multinationals to invest: such investment can actually make a country worse off ('immiserizing growth' à la Brecher and Diaz-Alejandro, 1977). Indeed, analysis suggests that most incentive programmes (e.g. through the tax system) are pretty ineffective and a waste of taxpayers' money. The right way to encourage multinationals is for a country to make itself an attractive investment location, which will simultaneously help local entrepreneurs.

8. **Privatization.** This was of course a key aspect of the transition, because in 1991 virtually everything in Ukraine was owned by the state. Much has surely been learned about how to privatize a socialist economy since the transition started, but this is not an area on which I have focused a lot of attention in recent years. One thing always puzzled me about Ukraine's strategy, however: the minimal attempt made to privatize agriculture, despite the facts that the country has some of the richest agricultural land in the world and that farmers have traditionally been a group that has placed a high value on private ownership and entrepreneurship.

9. **Deregulation.** The World Bank has recently provided us with a wonderful new data source that enables us to compare the cost of establishing a business in different countries[1], in four different dimensions. This shows that in Ukraine a potential new firm has to go through 14 different procedures to become legal, way above best-practice Canada (2) and the average for each of the regions, including ECA (10). It takes an average of 40 days in Ukraine, as against 3 days in Canada. It costs 27% of average annual income in Ukraine, as against less than 1% in Canada. Although some of these figures are even worse in many other developing countries, it is clear that Ukraine is one of the many countries that is making life unnecessarily difficult for potential entrepreneurs by stifling regulations.

10. **Property rights.** The issue of defining, distributing and registering property rights was far broader in Ukraine a decade ago than it was in Latin America at the time I drew up the Washington Consensus, where it was mainly an issue in what started as squatter communities where the informal economy thrived. This is one of the essential institutional bases of a market economy.

Concluding remarks

One attempt to explain the remarkable way that the phrase 'Washington Consensus' made its way into the English language was that it was taken to signify an ideology at a time when the world was searching for an alternative ideology to the socialism that had failed in the former Soviet bloc (Naím, 2000). According to Moisés Naím, an ideology is a thought-economizing device. Follow the ten commandments (or do as the Bretton Woods institutions say, or gut the state, depending on which version of the Washington Consensus you are taking as your ideology), and you will grow, and that is what life is all about.

I hope it will be apparent from my remarks that I have little sympathy with such an interpretation. Good economic performance (which is about more than growth, though growth is an important element of it) demands thinking, not economizing on

[1] http://rru.worldbank.org/DoingBusiness/SnapshotReports/EntryRegulations.aspx

thought. The ten issues I focused on still provide a helpful checklist of things worth thinking about, even outside of Latin America, but they do not cover everything that demands attention. The content of that checklist does emphasize that between about 1970 and 1990 there was a basic change in view about the sort of policies that would promote development, shying away from the sort of intellectual apartheid that argued that developing countries obey different economic laws to advanced countries. In the old days many development economists saw structural inflation as inevitable and anyway not too bad a thing because the proceeds of the inflation tax could be invested and would thus stimulate growth; they supported import substituting industrialization, long after it had outrun the first easy stage; and they thought growth depended on the level of investment, more than on the incentives people faced. The Washington Consensus emphasized that economists would do a service to development if they stopped preaching such nonsense.

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'Last-minute' warnings from Brussels to the acceding countries

BY SÁNDOR RICHTER

Introduction

On 5 November 2003 the European Commission published its comprehensive monitoring report and individual country reports on the ten acceding countries: the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. This is an important milestone in the process of enlargement as it is the last evaluation of the acceding countries' maturity for membership before their formal accession on 1 May 2004.[1] Simultaneously, a Strategy Paper and individual Regular Reports were published for Bulgaria, Romania and Turkey.[2]

The monitoring report

The most important and detailed section of the comprehensive monitoring report addresses the progress achieved by the individual acceding countries (ACs) in adapting to and implementing the *acquis communautaire*. The Commission set up three broad categories for evaluation. The first relates to issues concerning which a country is ready for membership, or only minor problems are left. The second contains issues where enhanced efforts are required from the ACs for compliance with the *acquis*. The third category includes the issues of 'serious concern', in the wording of the Commission, where 'immediate and decisive action needs to be taken for the country to be ready by the date of accession'.[3]

The present overview focuses on the issues of serious concern. The Commission identified altogether 39 such issues, distributed unevenly among the ten ACs. For Slovenia, the country with the best record, there is only one issue of serious concern while for Poland, on the other end of the scale, no less than nine.

Table 1

Ranking of the ACs by the number of issues of serious concern

Country	Number of critical issues mentioned by the Commission
Slovenia	1
Estonia	2
Lithuania	2
Czech Republic	3
Cyprus	3
Slovakia	4
Hungary	4
Latvia	5
Malta	6
Poland	9

Source: Comprehensive monitoring report of the European Commission on the state of preparedness for EU membership of the Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, pp. 14-16.

Instead of analysing which country has how many critical areas and why, it seems more expedient to address the individual issues considered 'of serious concern' by the Commission.

It is important to emphasize that there is no use in sticking to counting the number of critical areas for each country. The significance of the individual critical areas differs widely and a cross-country comparison of the number of problem areas will not provide information about the nature of the issues

1 Comprehensive monitoring report of the European Commission on the state of preparedness for EU membership of the Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, available at http://europa.eu.int/comm/enlargement/report_2003/index.htm

2 Continuing Enlargement. Strategy Paper and Report of the European Commission on the progress towards accession by Bulgaria, Romania and Turkey, available at http://europa.eu.int/comm/enlargement/report_2003/index.htm

3 Comprehensive monitoring report ..., p. 6.

and the extent of efforts needed to be made in order to cope with the problem concerned up until the accession. For instance, delays in the establishment of Paying Agencies for direct payments to farmers and market intervention are really a huge problem in half of the ACs; here, non-compliance may lead to a financial catastrophe for the farmers in the countries concerned. On the other extreme, the delay in taking the necessary measures against potato ring rot and wart disease, or the delay in the adoption of rules concerning equal treatment of men and women in labour law, are two critical issues of much less significance compared to the former mentioned one.

The number of enlisted problems cannot be taken at face value for another reason, too. The Commission closed its investigation in September, and in some instances the problem enlisted has meanwhile been solved.[4] In other cases, e.g. concerning delay in setting up certain institutions, the reasons behind the problem are not of an organisational nature. Rather, they consist in the lack of financing for the staff (recruited already half a year before the actual start of activities) or in the interests of the old (pre-accession-structured) institutions to dispose over agricultural financing as long as possible, before being dissolved or deprived of those disposals.

Concerning the 39 critical areas, the Commission distinguishes between two separate groups. One comprises issues related to the internal market, the other one problems with the delivery of EU funds. The philosophy of this distinction can be summarized as follows: In critical issues related to the internal market, the acceding country concerned would harm other member countries provided the problem is not solved by the time of accession. In the field of delivery of EU funds, the country would harm itself if the outstanding tasks are not solved by 1 May 2004.

Delivery of EU funds

It is worth noting that all the critical issues mentioned by the Commission refer to the agricultural chapter of the *acquis*. Agriculture has always been a problematic area in the ACs, especially the delivery of EU transfers, as the channel of agricultural pre-accession aid (SAPARD) in the recipient countries took off much more slowly and with more difficulties than the non-agricultural one (ISPA).

There are two issues that concern a considerable number of ACs. The first one is the delay in setting up a Paying Agency for direct payments to farmers in the context of the common agricultural policy (CAP) and market interventions. The countries concerned are Cyprus, Hungary, Malta, Poland and Slovakia. The second area is the delay in the implementation of the Integrated Administration and Control System (IACS), a central element of payments of CAP funds to farmers. The involved countries are Hungary, Malta, Poland and Slovakia. These two issues are decisive for a smooth landing of the accession countries in the EU, as the pre-accession national support system will be out of reach by May 2004 and the Paying Agency and the IACS are institutional pillars of the new agricultural subsidies without which the new system cannot function.

Two countries, Cyprus and Malta, are mentioned as being in delay in establishing the necessary mechanisms for external trade in agricultural products. Without a solution in this area, the management of export refunds for exports from these countries and the management of import licences cannot be implemented. Finally, there are two single-country issues left. Hungary is reprimanded as being in delay in implementing the rural development programme due to a number of activities still to be completed, unclear definition of responsibilities and weak co-ordination. Serious concern was raised in the field of fisheries market policy: the Commission found that Poland had not set up the required producers' organizations which are necessary for certain control measures. Unless

[4] One example is the rural development programme in Hungary that was brought to the Parliament after the monitoring report on Hungary had been closed.

this situation changes, Poland will not benefit from the market intervention in fisheries.

After reviewing the problem areas in delivery of EU funds and the countries involved, it is interesting to enlist those five countries for which no serious problems were mentioned in drawing EU funds after accession: the Czech Republic, Estonia, Latvia, Lithuania and Slovenia.

Internal market

All issues enlisted under this heading are related to competition under unequal conditions. Without implementing the required measures by the time of accession, firms from the new member states would enjoy better starting positions in competition than firms from old member states. The measures urged to be taken are in most cases new pieces of legislation or implementation of already transposed legislation.

Concerning two fields mentioned by the Commission, more than half of the accession countries were found 'guilty'. The first one is the field of veterinary and phytosanitary control and food safety. Here six countries: the Czech Republic, Hungary, Latvia, Malta, Poland and Slovakia, are urged to make up for the delay in one or more specific areas. The problematic areas are the movement of live animals, the measures to be taken against TSE disease (transmissible spongiform encephalopathies), the completion of infrastructure to deal with animal waste, upgrading of agri-food establishments and finally measures against the potato ring rot and wart disease. The second field, concerning also six countries (the Czech Republic, Estonia, Latvia, Lithuania, Poland and Slovenia), is the delay in passing legislation that introduces minimum training requirements, and mutual recognition rules, for a number of professions. The most problematic area is that of the healthcare professions (medical doctors, dentists, and nurses). The main risk here is that professionals from countries that are in delay with the respective legislation will not be allowed to benefit from the right to exercise their profession in other member states until the gap is filled.

The remaining four problematic areas mentioned by the Commission refer to two countries or one country only:

The restructuring of crisis-ridden or subsidized branches or firms is the target of warning for Malta and Slovakia. The former was found as being in serious delay in the restructuring of its ship-repair and shipbuilding industry; this situation contradicts the agreed conditions under which Malta can grant restructuring aid to this sector until 2008. The problem is similar in Slovakia where production limitation conditions for one company in the steel sector have not been met. That was the condition agreed upon for fiscal aid to that company up to 2009.

The Commission mentions unfair advantages in both cases and warns both countries that they are running the risk of losing benefits deriving from the transitional arrangements agreed upon in the course of the accession negotiations.

In the field of fisheries, Lithuania and Poland must take measures concerning the inspection and control of their fisheries fleet and the application of the EU resource and fleet management rules. Fair competition is endangered by this delay, as firms of both countries would be in the position to market fish species and quantities of fish which firms from other member states are not allowed to do.

Estonia is warned by the Commission because of its lagging adoption of EU rules in the areas of labour law and equal treatment of women and men. These rules are aimed at improving working conditions and opportunities for men and women alike. Non-application of these rules would create unequal competitive conditions between firms in Estonia and other EU members.

Finally, Latvia is found to be in delay concerning computerization and interconnectivity with EC systems. This may have very serious negative consequences in taxation, tariffs and computerized transit systems.

In a section that addresses the ACs' legislative and administrative preparations, the Commission warns – without mentioning any country explicitly – that 'with a few notable exceptions, the perception remains that the level of corruption in the acceding countries is still high, and very high in some cases, and can affect confidence in the public administration and the judiciary, thereby affecting also the proper implementation of the *acquis*'[5].

Sanctions

What will be the consequences if the tasks set to be completed remain unsolved by 1 May 2004? There is no clear-cut answer to this question in the monitoring report for all the critical issues enlisted.

It is relatively easy to find the answer in the case of problems related to the delivery of EU funds: here the obvious consequence would be non-disbursement of potentially available funds, if the institutional background to receive these financial flows is missing. That may cause an especially difficult situation in the ACs' agricultural sector, where direct payments will replace the earlier subsidies and thus become an indispensable element of the production process after accession. The problem would certainly be not only one of agriculture. The whole delicate balance of transfers to and from the EU budget would be upset, leading to a net financing position of the new members concerned vis-à-vis the EU with the foreseeable domestic policy consequences.

In the case of issues related to food safety, the Commission mentions the option of blocking food exports either from a region of the new member country concerned or from the whole territory of that country.

As a last resort, the monitoring report cites the safeguard clauses of the Accession Treaty. Article 37 allows both old and new member states to request the Commission to take measures in case of unforeseen shocks resulting from enlargement. In the Commission's interpretation, this can also be applied to cases where the shock is caused by another member state's non-compliance with the *acquis*. This clause, however, cannot be applied immediately upon the accession of the new members, as the shock must appear first and the request can be placed only thereafter.

Articles 38 and 39 offer the opportunity to take measures right after the accession of the new members. If a new member state is not ready to fulfil commitments it undertook in the accession negotiations and this fact causes or even only risks a serious breach of the functioning of the internal market, then the Commission may take measures to remedy this situation. What exactly these measures in details are remains unclear. The Commission found it sufficient to remain quite general in describing the consequences. The non-compliance 'may result in temporarily excluding this new Member State or its citizens and economic operators from the benefits of certain internal market legislation and from the benefits of membership in specific areas, in order to protect the integrity of the internal market and prevent damage to others'[6]. This safeguard refers to the internal market in the broad sense, i.e. also to the structural policies (agriculture, transport, telecommunications, etc.) beyond the negotiating chapters 1 to 6 (the 'four freedoms' plus company and competition law).

The Strategy Paper and the progress reports on Bulgaria, Romania and Turkey

Bulgaria and Romania are in a progressed stage of the accession negotiations; Bulgaria has already completed 26, Romania 20 chapters of the *acquis.* Both countries have the intention to join the EU in 2007. Turkey has not started accession negotiations as yet.

[5] Comprehensive monitoring report ..., p. 8.

[6] Op. cit., p. 18.

Bulgaria and Romania

Between 1997 and 2002, the Commission evaluated the maturity of the candidate countries for EU membership in one package, consisting of a summary evaluation of all countries and progress reports of individual EU aspirants. The monitoring provides a judgement about the fulfilment of the political and economic criteria of EU membership, the so-called Copenhagen criteria, by the country aspiring for EU membership. That is followed by an overview of the progress made in the adoption of the *acquis* according to the 29 chapters negotiated in the accession talks.

The Commission's earlier distinction between the two candidate countries has remained. While Bulgaria is regarded as a functioning market economy, Romania is not – although the message is wrapped in a very polite formulation: '... Romania can be considered as a functioning market economy once the good progress made has continued decisively'[7]. Concerning the second economic Copenhagen criterion, the Commission is convinced that both countries will be able to cope with the competitive pressure and market forces in the Union, provided that the country concerned continues to implement a reform programme to remove remaining difficulties (Bulgaria) or follows a vigorous and sustained implementation of its structural reform programme (Romania).

Despite the unfulfilled first economic criterion, Romania has not finally spoiled its chance to join the EU in 2007. Bulgaria and Romania are envisaged to sign Accession Treaties towards the end of 2005. This means that Romania has at least one, perhaps even two years, to make steps to remedy the prevailing problems and convince the EU that it is a functioning market economy. In the report the Commission underlines that the two countries' accession will not be coupled; they will be evaluated according to their own merits and consequently recommended or not recommended for accession.

The conclusion of the negotiations with Bulgaria and Romania will be easier than it was for the present ten accession countries. The finalization of the financial framework for the 2004 enlargement lasted nearly a whole year, from the publication of the Common Financial Framework 2004-2006 for the Accession Negotiations in January 2002[8] to the final adjustment of that framework at the Copenhagen summit in December 2002.[9] In the 2003 Strategy Paper, the Commission declares that the framework set up for the 2004 enlargement will also be applied for Bulgaria and Romania, who both hope to accede in 2007. This refers to the direct payments starting at 25% of the level applicable to the EU-15, with a ten-year transition period to full payments, the basis for calculation of the rural development envelope for the two countries. Concerning the structural actions, transfers from the Cohesion Fund will make up one third of total funds disbursed; there will be a phasing-in period for the two countries, and transfers will be capped at 4% of the recipients' gross national income. In any further details the methodology used for the present round of enlargement will apply. Finally, the financial framework for Bulgaria and Romania will be planned for three years only, just as for the ten countries acceding now. Nevertheless, the situation is different for the two enlargements: the 2004 enlargement falls in the middle of the current seven-year Financial Perspective 2000-2006, while the 2007 enlargement will coincide with the beginning of the new (five- or seven-year) Financial Perspective. The Commission explains the delimitation of the time horizon of financial planning for Bulgaria and Romania with the likely necessity for adjustments in the light of future policy reforms.

The pre-accession strategy for Bulgaria and Romania envisages increased financial assistance (meant as a compensation for being left out of the

7 Continuing Enlargement ...,. p. 10.

8 Communication from the Commission. Information Note. Common Financial Framework 2004-2006 for the Accession Negotiations, SEC (2002) 95 final, Brussels, 30 January.

9 M. Landesmann and S. Richter, 'Consequences of EU Accession: Economic Effects on CEECs', *wiiw Research Reports*, No. 299, August 2003.

first round of accession). Considering the increased sums of the projected pre-accession aid for the next three years (EUR 1360 million in 2004, EUR 1502 million in 2005 and EUR 1650 million in 2006) it seems that the net financial position of the two 'left-outs' vis-à-vis the EU will be as good or better than that of the countries acceding in 2004. This is partly because of the increased pre-accession aid, partly because of the less strict conditionality for drawing EU funds. Bulgaria and Romania will benefit from the higher pre-accession aid after their accession as well. The Commission declared that the financial situation of the two countries (just as of the ten new members) after joining the EU cannot be less advantageous than that in the last year before accession. However, the basis for this comparison will be substantially higher for Bulgaria and Romania than it was for the now acceding countries.

Turkey

Turkey does not fulfil the political criteria of EU membership. Although the Commission acknowledges the progress Turkey has recently made in this field, 'a clear framework for guaranteeing political, civil, economic, social and cultural rights is not fully established'[10]. As long as the political Copenhagen criteria are not met, accession negotiations with Turkey may not start. It will be the task of the European Council in December 2004 to decide, upon the recommendation of the Commission, whether accession negotiations with Turkey should start or not. That means that the Commission's progress report on Turkey in November the next year will be decisive for Turkey; unless the Commission's judgement changes, the start of the negotiations with Turkey may again be postponed by two years.

[10] Continuing Enlargement ..., p. 15.

Slovenia's accession to the EU: fiscal implications

BY MOJMIR MRAK*

Introduction

In May 2004 Slovenia is expected to become a full member of the European Union. Upon entering the EU, the new member states will have to coordinate their fiscal policy with the existing macroeconomic framework. This implies that Slovenia, as all other new members, is expected to meet the Maastricht fiscal criteria. Meeting these criteria will be extremely difficult if not impossible for the new EU members in the medium-term period.

In the following we give a preliminary assessment of the fiscal effects that membership in the EU will have on Slovenia. As an overall quantification of these effects is not possible at this point, the paper combines exact empirical analysis with a qualitative assessment of the various fiscal risks. The following section provides an overview of the so-called intra-budgetary flow effects, i.e., effects that are resulting from the financial flows between the EU budget and the budget of the Republic of Slovenia. Then we discuss the 'other fiscal effects', i.e., effects of EU membership on Slovenia's public finance that are not reflected in intra-budgetary flows. The subsequent section analyses the structural changes in the Slovenia budget that are caused by the country's accession to the EU. Finally, we summarize the overall fiscal effects that EU membership will have on Slovenia.

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'Intra-budgetary flow effects' of EU accession caused by financial package

Concept of calculated versus actual net transfers

At the Brussels European Council in October 2002 it was agreed that *calculated net transfers,* i.e. the calculated difference between total inflows from the EU budget to the national budget and total outflows from this budget to the EU budget, should be positive for all candidate countries in the period 2004-2006 or at least at the level that has been achieved by the individual candidate countries in the last year preceding their EU accession.

The *calculated net transfers* were estimated on some very optimistic assumptions about the absorption capacity of the new EU member states as well as about their co-financing capacity. Considering that the whole risk of EU funds' absorption is to be taken by the country, it is more realistic to expect that *actual net transfers* to the new EU member states in 2004-2006 will be (significantly) lower that those calculated. In the most pessimistic scenario, a new EU member state may even end up as a net payer to the EU budget in the first years of its membership.

The issue that will decisively influence the magnitude of the gap between the level of the calculated and the actual net transfers for an individual country is its absorption capacity. The concept of the latter is composed of two components: (i) institutional capacity, i.e., a country's capacity to prepare and manage projects and programmes to be financed from the EU budget; and (ii) financial capacity, i.e. the capacity to provide local co-financing for EU-sponsored projects and programmes.

Calculated net balance for Slovenia in the period 2004 to 2006

According to the financial package agreed between Slovenia and the EU, Slovenia's calculated net inflow is expected to increase from EUR 45 million, foreseen for 2003, to about EUR 80 million annually in the period 2004-2006.

Table 1

Outcome of EU financial package negotiations including calculated net balance, 2004-2006

(in EUR million)

Calculated pre-accession aid 2003 (EUR 45 million)

	2004	2005	2006	Total
A. Calculated inflows from EU budget to Slovenia's budget	**224**	**285**	**324**	**833**
- Pre-accession aid	51	43	27	121
- Agriculture	43	124	157	324
- Structural actions	27	59	73	159
- 'Schengen facility' and other	38	38	38	114
- Internal actions	12	21	28	61
- Cashflow lump sum compensations	52	-	-	52
B. Calculated outflow from Slovenia's budget to EU budget	**-187**	**-288**	**-296**	**-771**
- Traditional own resources	-18	-29	-29	-76
- VAT resource	-22	-35	-36	-93
- GNP resource	-129	-198	-203	-530
- UK rebate	-17	-27	-28	-72
C. Calculated net balance before budgetary lump sum compensation	**37**	**-3**	**28**	**62**
D. Budgetary compensation	**43**	**85**	**54**	**182**
E. Calculated net balance after budgetary lump sum compensation	**80**	**82**	**82**	**244**
F. Calculated net balance after budgetary lump sum compensation (% of GDP)	**0.4**	**0.4**	**0.4**	

Source: EU Commission, 17 December 2002.

Table 1 shows the calculated net inflow for Slovenia as calculated in December 2002, immediately after the completion of the negotiations. At that time it was estimated that this balance would be positive throughout the period 2004-2006, at an annual level equivalent to about 0.4% of the country's GDP.

In the Budget Memorandum of the Republic of Slovenia for the years 2004 and 2005,[1] prepared in October 2003, the authorities came out with significantly more optimistic projections about the calculated net balance for the next two years. They estimate that the net balance will be positive, and equivalent to as much as 0.6% of GDP in 2004 and to 0.5% of GDP in 2005, while for 2006 it is projected at a level of 0.3% of GDP. The main reason for these changes is a new schedule for disbursement of the pre-accession funds whereby more funds of this category than originally calculated are expected to be disbursed in the years 2004 and 2005.

'Other fiscal effects' of EU accession

In addition to the direct costs and benefits of intra-budgetary flows between Slovenia and the EU, there are some other overall fiscal effects of the country's accession to the EU that are not reflected in the financial flows between the budget of Slovenia and the EU budget.

When assessing these effects, one has to distinguish between two subgroups. First, the so-called *pre-accession built-in fiscal effects*: these are associated with taking over the *acquis*. These

[1] Each year Slovenia prepares a budget for the following two years. This means that this year's budget preparations involve the years 2004 (in May of that year Slovenia will become a full EU member) and 2005 (the first full year of Slovenia's membership in the EU).

effects have been present in the candidate countries' budgets for several years through different kinds of EU-related expenditures, such as the Schengen-related costs or budget subsidies for agriculture. In the case of Slovenia, their aggregate amount is estimated at an annual level of about 1% of GDP. This subgroup of costs will not contribute to any major changes in the fiscal position of the new EU member states in the period upon EU accession, because the respective budget expenditures have already been built into the budget in the pre-accession period.

The second subgroup of the 'other fiscal effects', the so-called *post-accession fiscal effects*, consists of those effects that will cause a substantial change in the new EU member state's fiscal position, if the periods immediately before and after EU accession are compared. In the following, these post-accession fiscal effects are discussed in more detail and are quantified to the extent possible. The country's fiscal position in 2003, the last pre-accession year, is taken as a base year and is then compared with the estimated fiscal position of the country in the following years.

When discussing the 'other fiscal effects' of Slovenia's accession to the EU, they are expected to be a result of the following: (i) on the budget revenues side, they will occur due to the expected changes in VAT collection efficiency and the expected decline in customs duties; (ii) on the budget expenditures side, they are expected to emerge from expenditures associated with the Schengen-related costs, the 'top-up' mechanism of direct payments, and contributions to the EU institutions.

VAT collection

In Slovenia, value added tax (VAT) is a very important budget source, accounting for almost 40% in the structure of total central government budget revenues. At present and according to existing legislation, VAT collected on imports of goods is transferred directly to the budget. Upon accession to the EU, this crucial mechanism of VAT administration, namely administration upon exports and imports of goods, will be eliminated. Instead, the country will join the VAT Information Exchange System that has been established to provide an institutional mechanism for an efficient VAT audit. Unfortunately, the System has been facing substantial difficulties with respect to obtaining information about transactions made between tax-payers within the EU. For Slovenia, the entrance into the System will *de facto* mean abolishing its very efficient VAT collection mechanism based on export and import administration and becoming dependent on the less efficient VAT administration mechanism based on the exchange of information among the EU member states.

Slovenia has a very open and relatively small economy with a large proportion of its trade conducted with the EU member states. Therefore, inadequate communication between the member states as regards auditing of tax-payers might lead to a deterioration in the efficiency of tax collection in Slovenia and consequently to a reduction of budget revenues from VAT upon accession. According to the budget projections, VAT budget revenues will decline by 0.36 percentage points of GDP in the period 2003-2005, from 9.31% of GDP in 2003 to 9.11% of GDP in 2004 to 8.95% in 2005. The expected drop of the VAT budget revenue is a result of the country's accession to the EU and therefore a clear example of post-accession fiscal effects (Bulletin of Public Finance, 2003).

Customs duties

Accession to the EU will have adverse effects also on customs duties, which are another important source of budget revenues for Slovenia. The main reason for the expected drop of customs revenues is the complete elimination of all remaining customs duties for imports from EU member states. Agriculture and agroindustry are the two segments of the Slovenian economy that continue to enjoy some customs protection and will become fully exposed to foreign competition upon the country's accession to the EU. The expected decrease of customs duties, another category of post-accession fiscal effects, is estimated at a level of 0.34% of GDP in the period 2003-2005; from 0.59% in 2003 over 0.39% in 2004 to 0.25% in 2005 (Bulletin of Public Finance, 2003).

Schengen-related costs

Slovenia shares a land border of some 670 km with Croatia; that border will become an external border of the EU upon 1 May 2004, and Slovenia will have to introduce the Schengen regime as part of the *acquis*. This represents a major financial burden for the country: among all candidate countries, Slovenia has by far the highest Schengen-related costs, expressed either as km of Schengen border per capita or as km of Schengen border per km^2 of its territory.

Total Schengen-related costs – including investment in equipment, construction and renovation of border crossings, and investment associated with the employment of additional staff – have been estimated at EUR 414 million for the period 2000-2006, of which EUR 264 million for the period 2004-2006. In 2000-2003 these costs were covered predominantly from the Slovenian budget, with some support from the EU pre-accession funds.

Taking account of the financial contribution of EUR 38 million annually from the EU budget for Schengen-related expenses (as agreed in the accession negotiations; see Table 1), Slovenia's budget expenses for that purpose are envisaged at EUR 67 million in 2004, EUR 54 million in 2005 and EUR 29 million in 2006.

The Schengen-related costs are financed by the Slovenian budget due to the country's accession to the EU. However, next year's membership in the EU will not have an important net effect on Slovenia's fiscal position if compared to the year 2003, as Schengen-related costs have already been built into the budget throughout the pre-accession period. In 2003, these costs – a clear example of pre-accession built-in fiscal effects – were at a level of some EUR 75 million, while in 2004 they are expected to increase to EUR 106 million (Government Office for European Affairs). Of this, EUR 38 million will be covered from the EU budget and the remaining EUR 68 million from the Slovenian budget. This in fact means that assuming full disbursement of all committed resources available in the EU budget for this purpose, Schengen-related expenses will have a positive post-accession fiscal effect for Slovenia, amounting to EUR 8 million in 2004, EUR 21 million in 2005 and EUR 46 million in 2006.

'Top-up' mechanism of direct payments in agriculture[2]

In contrast to all other candidate countries, Slovenia has been following a CAP-like policy for several years. The country has been allocating significant budget resources both for direct payments and for rural development. In 2002, farmers in Slovenia received from the budget direct payments equivalent to nearly 60% of the funds provided by the CAP to farmers in the EU member states, while in the adopted 2003 budget this proportion increased to the 75% level.

With respect to the 'top-up' mechanism, Slovenia has reached an agreement in the EU accession negotiations that differs significantly from comparable agreements of other candidate countries. Taking into account the agreed schedule of direct payments from the EU budget for all new EU member states – 25% in 2004, 30% in 2005 and 35% in 2006 – and acknowledging the common one-year lag in disbursement of EU funds committed for this purpose (funds committed for

2 According to the Common Agricultural Policy (CAP), farmers in the EU are entitled to various forms of direct payments paid from the EU budget. Taking into account that in 2004-2006 farmers in the new member states will be entitled to receive from the EU budget only a portion of funds available to farmers in the existing member states (25% in 2004, 30% in 2005 and 35% in 2006), the new member states have been given the possibility to 'top up' these funds with financial resources from their national budgets. How much they are allowed to 'top up' from their national budgets has been agreed in the EU accession negotiations.

Table 2

Sources of direct payments financing for farmers in Slovenia

Year	Total direct payments (as % of EU level)	From the EU budget (disbursement schedule)	From the Slovenian budget ('top-up' funding)
2002	60	0	60
2003	75	0	75
2004	85	0	85
2005	90	25	65
2006	95	30	65
2007	100	35	65
2008	100	45	55
2009	100	55	45
2010	100	65	35
2011	100	75	25
2012	100	85	15
2013	100	95	5
2014	100	100	0

Source: EU accession agreement of the Republic of Slovenia.

the year N are actually disbursed in the year N + 1), the top-up direct payments implications for the Slovenian budget in the following years are summarized in Table 2.

Table 2 shows that a further increase in top-up payments from the Slovenian budget will be needed in 2004 if the country wants to fully exploit the agreement reached with the EU, i.e., to increase the level of direct payments to 85% of the EU level. In the following three years – between 2005 and 2007 – the pressure on the Slovenian budget from this source will remain stagnant, but at a level already lower than in 2004 (see last column of Table 2). Between 2008 and 2014, the top-up payments from the Slovenian budget will be gradually phased out and replaced entirely with funding from the EU budget.

If 2003 is taken as a base year for Slovenia's support to its agriculture that would be granted with or without accession to the EU, then top-up payments from the Slovenian budget directly attributable to the EU accession, i.e. their post-accession fiscal effects, can be estimated at some EUR 12 million in 2004 – an increase from about EUR 92 million in 2003 to about EUR 104 million in 2004 – or 0.08% of GDP (Draft budget 2004). In the following two years this effect will already become positive if compared to the situation in 2004. It is expected to amount to an annual level of about EUR 12 million in 2005 and 2006, which is equivalent to 0.05% of GDP.

Contributions to the EU institutions

From the day of accession, the new member states will automatically become members, i.e. shareholders, of the European Investment Bank. In addition, they will have to start contributing to the European Development Fund and to the Research Fund for Coal and Steel. According to the EU accession agreement, Slovenia's obligations towards these three EU institutions – these obligations are an obvious example of post-accession fiscal effects – are estimated at close to EUR 10 million in the years 2004 and 2005 and at EUR 26 million in 2006 (Government Office for European Affairs), which corresponds to 0.04%, 0.04% and 0.11% of GDP in each of the respective three years.

Overall quantification of other fiscal effects of EU accession

When it comes to an overall quantitative assessment of those fiscal effects of EU accession that are not part of the financial flows between the EU budget and the Slovenian budget, it is practically impossible to make a credible empirical estimate of ‘pre-accession built-in fiscal effects’. This is due to the fact that many costs can be attributed to the transition in general rather than to the EU accession process as such.

The quantification is more feasible when it comes to ‘post-accession fiscal effects’. Table 3 shows that Slovenia’s fiscal position will worsen in the period 2003-2005 as a result of those post-accession fiscal effects.

In 2004, Slovenia’s budget position will be 0.4 percentage points of GDP worse than in 2003, i.e., the last full pre-accession year, due exclusively to this category of fiscal effects. The deterioration will be caused primarily by reduced budget revenues due to a decrease in VAT collection and a decrease in customs duties, and only to a minor extent by the increase on the budget expenditures side. The latter include contributions to the EU institutions and a slight increase in top-up payments for agriculture vis-à-vis its 2003 level. As Schengen-related costs and, to a somewhat lower extent, also agriculture top-up payments have been substantially phased in into the Slovenian budget already in the pre-accession period, these two categories of EU accession costs will not contribute substantially to a further increase in budget expenditures and will therefore not have a substantial post-accession fiscal effect in 2004.

In 2005, i.e. in the first full year of membership in the EU, negative post-accession fiscal effects will increase to 0.5 percentage points of GDP vis-à-vis the year 2003. This deterioration will be caused exclusively by a further decline in budget revenues. The budget expenditure side, in contrast, is expected to have even positive post-accession fiscal effects in that year. The reasons for this shift are the following. First, Schengen-related costs to be financed from the Slovenian budget will be gradually declining through 2004-2006, as the major border investments will be more or less terminated by that time. Taking into account that the EU has agreed to provide the same amount of funds – EUR 38 million – in each year of that period, opens the way for a gradual decline of the Slovenian budget contribution for this purpose.

Table 3

‘Post-accession fiscal effects’ of EU accession

in per cent of GDP

(minus means deterioration of the fiscal position,

plus means its improvement vis-à-vis the year 2003)

Impact on budget	2003 Base year	2004	2005	Difference 2004-2003	Difference 2005-2003
Budget revenues	9.90	9.50	9.20	-0.40	-0.70
- VAT collection	9.31	9.11	8.95	-0.20	-0.36
- Customs duties	0.59	0.39	0.25	-0.20	-0.34
Budget expenditures	0.78	0.80	0.61	-0.02	+0.17
- Schengen-related costs*	0.35	0.30	0.23	+0.05	+0.12
- ‘Top-up’ mechanism	0.43	0.46	0.34	- 0.03	+0.09
- Contributions to the EU institutions	0.00	0.04	0.04	-0.04	-0.04
Total				-0.42	-0.53

* Excludes expenditures to be covered from the EU budget

Source: Author’s calculations.

Second, top-up payments from the Slovenian budget for agriculture are expected to peak in 2004, while in the following years they will already be lover than in the year 2003 due to the beginning of EU co-financing.

Changes in the structure of budget items in new EU member states

In addition to the fiscal effects that accession to the EU has on the overall balance of the national budgets in new members states, this process is also associated with another important implication for the public finances of these countries. Namely, accession to the EU involves drastic changes in the structure of national budget items if the country wants to achieve two objectives at the same time: (i) to keep the overall budget balance under control, and (ii) to draw the committed resources from the EU budget. In the following we discuss general issues and problems associated with the restructuring of budget revenue and expenditure items in new EU member states. Then we analyse how Slovenia is expected to address these challenges in the coming two years. The analysis is based on preliminary figures for the 2004 and 2005 biannual budget.

General patterns of national budget restructuring associated with EU accession

The general character of EU member states' contributions to the EU budget (and the latter's strong concentration on expenditures on agriculture and cohesion) poses by itself the need for restructuring the budgets of the new member states. Contributions to the EU budget reduce the overall volume of available budget resources in the country proportionally. On the other hand, funds from the EU budget are *de facto* only available to selected categories of national budget users.

The problem of budget restructuring in the new EU member states is further complicated by the fact that a large majority of national budget expenditures funded from the EU budget – resources from structural funds and the Cohesion fund, resources for rural development – require co-financing from national resources. The obligation to provide national co-financing and the application of the additionality principle[3] in fact mean that a country has to channel additional national budget resources for those expenditures – mainly agriculture and structural operations – that are eligible for EU budget financing.

Table 4 provides a schematic overview of the various options a new EU member state has with respect to its approach towards restructuring budget items upon accession to the EU. The pre-accession year column – the baseline year – shows a country with a balanced budget in the year prior to accession. In this year, there have been no financial flows between the EU budget and the budget of the respective country (pre-accession flows are therefore not taken into consideration).

In the post-accession year, financial flows between the two budgets come into play with their impact on (i) the budget deficit-surplus position of the country, (ii) the calculated net balance of the country vis-à-vis the EU budget, and (iii) the restructuring of expenditure items in the national budget. Assuming that contributions of the country to the EU budget and also resources committed in the EU budget for this country are fixed at the same level – each of them at 10 in Table 4 – there are in fact three main scenarios, i.e., three combinations of impacts, available to the country to address the problem of intra-budgetary financial flows. Each of these scenarios is characterized by a different set of impacts on the budget balance, on the calculated net balance and on the structure of budget expenditures.

Scenario A represents a country that is absolutely committed to keeping its budgetary balance unchanged. The country also wants to use all resources that are available to it from the EU budget and has the absorption capacity to do so.

[3] Under this principle, EU member states cannot use EU budget funds to finance projects that, in the absence of this transfer, would have been financed from the national budget.

Table 4

Scenarios of national budget restructuring in new EU member states

Budget category	Pre-accession year	Post-accession year Scenario A	Post-accession year Scenario B	Post-accession year Scenario C1	Post-accession year Scenario C2
A. Budget revenues	***100***	***100***	***100***	***90***	***90***
- Domestic sources	100	90	90	90	90
- from EU budget	0	10	10	0	0
B1. Budget expenditures	***100***	***100***	***110***	***100***	***90***
- Domestic	100	90	100	90	80
- to EU budget	0	10	10	10	10
B2. Budget expenditures	***100***	***100***	***110***	***100***	***90***
- Investment	30	40	40	30	30
- User A	10	15	15	10	10
- User B	10	15	15	10	10
- User C	10	10	10	10	10
- Other expenses	70	60	70	70	60
C. Budget deficit or surplus	***0***	***0***	***-10***	***-10***	***0***
D. Calculated net balance	***0***	***0***	***0***	***-10***	***-10***

Due to the co-financing and additionality principles applied for the use of EU budget resources, the country will have to restructure its budget expenditures if it wants to achieve both objectives simultaneously. Relatively more funds will, thus, become available for investment purposes and relatively less for other expenditures. There will also be a shift within the structure of investment expenditures, with a growing proportion of funds channelled to those investments that are eligible for EU financing. This scenario therefore involves a drastic restructuring of the expenditure side of the national budget.

Scenario B describes the situation of a country that is again committed to using all EU budget resources available. However, the country is either not willing or not able to introduce changes in the structure of budget expenditures. As other budget expenditures remain unchanged, there is no other way but to increase investments, due to the co-financing and additionality principles (rather than increasing the overall level of budget expenditures). As a result, the country will run a budget deficit.

In contrast to the first two scenarios, in which the countries are committed to drawing EU funds and consequently have a favourable net balance vis-à-vis the EU budget, *Scenario C* presents a country that does not pay attention to the drawing of resources from the EU budget or simply has a weak absorption capacity. There are two variants of this scenario. If the country is, for whatever reasons, not ready to undergo structural changes in its budget expenditures – *Scenario C1* – it will end up with the worst scenario of double deficits. The country will run a budget deficit and at the same time will become a net payer to the EU budget. If, however, the country embarks on budget expenditure structural changes – *Scenario C2* – then it has a chance to escape the budget deficit but will nevertheless experience a net outflow of funds to the EU budget.

Restructuring of the Slovenian budget associated with Slovenia's accession to the EU

Over the past few years, Slovenia has been carrying out a prudent fiscal policy with a budget deficit at a level between 1.0% and 1.2% of GDP.[4]

[4] The only exception was 2002, when the deficit amounted to 2.7% of GDP, partly as a result of introducing ESA 95 budget accountancy standards.

Table 5

Projected changes in the structure of the Slovenian national budget, 2003-2005

in per cent

Budget item	2003	2004	2005
A. Budget revenues	*100.0*	*100.0*	*100.0*
- Domestic sources	100.0	94.8	93.7
- Transfer from EU budget*	0.0	5.2	6.3
B1. Budget expenditures	*100.0*	*100.0*	*100.0*
- Domestic	100.0	97.3	95.6
- Transfer to EU budget	0.0	2.7	4.4
B2. Budget expenditures	*100.0*	*100.0*	*100.0*
- Investments and transfers	11.6	14.2	13.5
- Other expenses, including salaries and material costs	88.4	85.8	86.5
C. Budget deficit (% of GDP)	*-1.2*	*-1.5*	*-1.7*
D. Calculated net balance (% of GDP)	*0.0*	*0.6*	*0.4*

* Does not take into account inflow of pre-accession funds from the EU budget.

Source: Budget Memorandum.

With the clear objective of meeting all Maastricht criteria by the end of 2004, the authorities have decided to continue with the tight budgetary policy. According to the Budget Memorandum for the years 2004 and 2005, the budget deficit will remain well under control, although it is projected to increase to a level of 1.5% and 1.7% of GDP respectively. The authorities are also committed to establishing conditions that will create conditions for a smooth absorption of EU budget funds that have been allocated to Slovenia during its EU accession negotiations and therefore to bring the *actual* net inflow from the EU as close to the *calculated* net inflow as possible.

Based on the above, it is possible to draw the conclusion that among the three scenarios presented, Slovenia aims to apply an approach that is a combination of Scenarios A and B. Since the country remains committed to both its key objectives in the fiscal area, i.e. to continuing with strict budget discipline – its budget deficit is expected to increase only slightly – and to creating conditions that are required for high absorption of funds from the EU budget, it will have to introduce drastic changes in the overall structure of the Slovenian national budget in order to achieve these objectives. The key patterns of the Slovenian budget in 2003 (the last pre-accession year), in 2004 (the first, but not full, year of membership) and in 2005 (the first full year of membership) are presented in Table 5.

The following features emerge from this Table. First, financial flows to/from the EU budget will account for about 5% of national budget revenues and expenditures. Second, the higher calculated net balance in 2004 as compared to 2005 is primarily a result of the fact that 2004 contributions to the EU budget cover only the 8-month period between May and December, while the inflow from the EU budget is projected on the full year basis. Third, Slovenia's budget is expected to become more development-oriented as the share of investment expenditures and transfers increases, while the share of other expenses, such as salaries and material costs, is expected to decline.

Conclusions

The fiscal implications of EU accession are by and large of two types. First, the new EU member countries will be exposed to increased overall fiscal pressure stemming from the requirement to assume the *acquis* in many areas as well as requirements associated with completing the process of transition. Second, accession to the EU and the resulting financial flows between the EU budget and the national budgets will cause significant shifts in the structure of budget items on both the revenue and expenditure sides.

For Slovenia, the overall fiscal effects of accession to the EU will be more or less neutral in the years 2004 and 2005, if the calculation takes into account only the following two elements. First, the calculated net inflow from the EU budget: this inflow is estimated at an annual level of about 0.5% of GDP. Second, other negative fiscal effects of EU membership to be experienced exclusively in the post-accession period, especially reduced budget revenues from VAT and customs duties: the magnitude of these effects is estimated again at an annual level of 0.5% of GDP.

If, however, those EU-related expenditures that have been introduced into the budget already in the pre-accession period, like top-up payments in agriculture and Schengen-related expenditures, are included in the calculation, then the overall fiscal effects of Slovenia's accession to the EU will be negative at a level of around 1% of GDP. The outcome may even be more negative in case the country is not successful in absorbing the EU budget funds committed to the country during the EU accession negotiations.

Accession to the EU involves drastic changes in the structure of national budget items if the country wants to achieve two objectives at the same time: (i) to keep the overall budget balance under control, and (ii) to draw the committed resources from the EU budget. This can be confirmed by the draft 2004 budget for Slovenia. Due to the requirement of national co-financing of EU-sponsored projects, the national budget is more development-oriented than in previous years; the share of investments in overall budget expenditures has increased while the share of other expenses, such as salaries and material costs, has gone down.

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CONVENTIONAL SIGNS AND ABBREVIATIONS

used in the following section on monthly statistical data

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

Sources of statistical data:
National statistical offices and central banks; wiiw estimates.

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B U L G A R I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002 Jul	Aug	Sep	Oct	Nov	Dec	2003 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total[1]	real, CMPY	12.0	4.6	9.7	5.6	9.9	4.0	15.4	15.4	23.4	11.9	9.6	15.4	13.0	10.3	15.5	.
Industry, total[1]	real, CCPY	3.0	3.2	4.0	4.1	4.7	4.6	15.4	15.4	18.2	16.4	15.0	15.0	14.6	14.0	14.2	.
Industry, total	real, 3MMA	8.0	8.7	6.6	8.4	6.4	9.4	11.0	18.2	16.8	14.7	12.0	12.3	12.6	12.7	.	.
LABOUR																	
Employees total	th. persons	1918	1914	1925	1917	1919	1911	1939	1988	2013	2049	2062	2079	2086	2079	2074	.
Employees in industry	th. persons	652	652	657	652	650	642	661	669	671	676	673	674	672	668	666	.
Unemployment, end of period	th. persons	653.3	650.0	644.7	644.3	624.9	602.5	646.8	611.7	581.3	552.0	528.7	506.4	489.3	480.9	472.6	476.3
Unemployment rate[2]	%	17.6	17.5	17.4	17.4	16.9	16.3	17.5	16.5	15.7	14.9	14.3	13.7	13.2	13.0	12.8	12.9
Labour productivity, industry[1]	CCPY	1.8	1.7	2.1	2.0	2.4	2.2	13.6	12.7	14.9	13.0	11.5	11.4	11.0	10.6	10.9	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	3.0	2.8	2.1	1.9	1.4	1.5	-7.6	-8.1	-9.4	-7.9	-6.9	-6.7	-6.5	-6.2	-6.3	.
WAGES, SALARIES																	
Total economy, gross	BGN	267.0	265.0	272.0	271.0	272.0	282.0	270.0	265.0	280.0	280.0	287.0	281.0	279.0	277.0	290.0	.
Total economy, gross	real, CMPY	1.6	2.3	2.2	3.7	3.4	0.6	5.7	4.9	5.8	6.6	4.8	4.7	2.4	1.0	2.9	.
Total economy, gross	USD	135	132	136	136	139	147	147	146	155	155	170	168	162	158	166	.
Total economy, gross	EUR	137	135	139	139	139	144	138	135	143	143	147	144	143	142	148	.
Industry, gross	USD	136	135	138	135	140	147	147	146	158	152	164	171	162	158	167	.
PRICES																	
Consumer	PM	0.1	-0.7	0.8	1.0	0.2	1.2	0.7	0.1	0.4	0.3	-0.6	-2.2	0.9	0.8	0.9	0.7
Consumer	CMPY	5.5	4.5	4.0	3.2	3.2	3.8	1.7	0.2	-0.2	0.2	1.7	1.2	2.0	3.5	3.6	3.3
Consumer	CCPY	7.3	7.0	6.6	6.3	6.0	5.8	1.7	1.0	0.6	0.5	0.8	0.8	1.0	1.3	1.6	1.7
Producer, in industry[1]	PM	0.4	0.7	1.2	0.6	-0.5	1.4	1.8	1.4	1.0	-3.6	-1.1	1.2	0.4	0.8	0.7	.
Producer, in industry[1]	CMPY	0.4	0.7	1.0	2.8	2.9	6.3	7.7	8.0	8.0	3.1	2.6	4.3	4.3	4.5	3.9	.
Producer, in industry[1]	CCPY	0.3	0.3	0.4	0.6	0.8	1.3	7.7	7.9	7.9	6.7	5.9	5.6	5.4	5.3	5.1	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	3440	3971	4511	5046	5586	6063	531	1034	1633	2172	2685	3247	3869	4412	4998	.
Imports total (cif), cumulated	EUR mn	4634	5272	5949	6724	7542	8411	649	1315	2083	2940	3778	4535	5406	6144	6925	.
Trade balance, cumulated	EUR mn	-1194	-1301	-1438	-1678	-1956	-2348	-118	-281	-449	-767	-1093	-1289	-1537	-1732	-1927	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-268	-107	-56	-198	-378	-679	-165	-322	-411	-799	-1023	-1000	-967	-815	.	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.972	2.000	1.995	1.994	1.953	1.924	1.842	1.816	1.810	1.804	1.684	1.677	1.720	1.756	1.745	1.673
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, calculated with CPI[5]	real, Jan98=100	96.5	98.8	98.0	97.1	95.0	92.2	88.0	87.3	87.3	86.5	81.1	82.8	84.2	85.6	84.5	80.5
BGN/USD, calculated with PPI[5]	real, Jan98=100	88.7	89.6	88.8	88.9	87.4	84.8	81.2	80.4	81.4	81.5	76.8	76.3	77.9	79.0	78.2	.
BGN/EUR, calculated with CPI[5]	real, Jan98=100	86.5	87.2	86.7	86.1	85.9	85.1	84.7	84.9	84.9	84.8	85.3	87.3	86.5	86.0	85.5	84.9
BGN/EUR, calculated with PPI[5]	real, Jan98=100	81.1	80.6	79.8	79.4	79.5	78.5	77.6	76.8	76.2	78.7	79.3	78.3	78.0	77.5	77.0	.
DOMESTIC FINANCE																	
M0, end of period[6]	BGN mn	2900	2997	3022	2998	2987	3335	3113	3132	3088	3200	3248	3356	3483	3616	3624	3569
M1, end of period[6]	BGN mn	4587	4748	4803	4802	4934	5542	5141	5235	5087	5272	5371	5583	5789	6054	6061	6046
Broad money, end of period[6]	BGN mn	12517	12811	12901	13041	13241	13967	13739	13933	13812	14062	14095	14515	14973	15445	15450	16110
Broad money, end of period	CMPY	15.9	17.4	16.1	16.8	15.6	12.4	11.5	12.9	11.7	12.9	15.5	19.3	19.6	20.6	19.8	23.5
BNB base rate (p.a.),end of period	%	3.7	3.8	3.8	3.8	3.8	3.3	2.5	2.5	2.6	3.0	3.0	2.5	2.5	2.6	2.6	2.6
BNB base rate (p.a.),end of period[7]	real, %	3.3	3.1	2.8	1.0	0.9	-2.7	-4.8	-5.1	-5.1	-0.1	0.4	-1.7	-1.7	-1.8	-1.2	.
BUDGET																	
Central gov.budget balance,cum.	BGN mn	523.8	577.9	658.4	823.5	697.8	3.4	-85.7	-132.8	90.8	284.0	609.7	577.7	612.4	656.7	758.5	.

1) According to new calculation for industrial output and prices.
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) According to International Accounting Standards.
7) Deflated with annual PPI.

C R O A T I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002 Jul	Aug	Sep	Oct	Nov	Dec	2003 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total[1]	real, CMPY	10.5	1.3	12.7	9.4	9.9	8.3	0.7	6.9	6.0	8.2	6.2	7.0	4.4	3.1	2.9	2.2
Industry, total[1]	real, CCPY	3.4	3.1	4.2	4.8	5.2	5.5	0.7	3.8	4.6	5.5	5.7	5.9	5.7	5.3	5.0	4.7
Industry, total[1]	real, 3MMA	3.2	8.2	7.8	10.6	9.2	6.4	5.3	4.6	7.0	6.8	7.1	5.8	4.8	3.5	2.7	.
Construction, total, effect.work.time[1]	real, CMPY	17.1	11.5	15.9	12.7	10.8	15.2	9.6	17.8	28.2	26.9	30.9	29.3	24.3	17.6	10.1	.
LABOUR																	
Employment total	th. persons	1378.8	1380.3	1375.1	1367.4	1361.8	1351.4	1343.0	1337.4	1338.8	1351.2	1360.2	1372.6	1381.8	1382.2	1373.9	.
Employees in industry	th. persons	276.0	276.0	275.1	275.6	274.7	272.1	275.4	274.0	273.5	273.5	273.6	274.0	274.0	273.8	273.6	.
Unemployment, end of period	th. persons	382.8	379.7	375.8	375.0	369.7	366.2	367.1	362.6	355.8	345.3	330.9	319.7	314.2	306.6	307.4	312.3
Unemployment rate[2]	%	21.7	21.6	21.5	21.5	21.4	21.3	21.5	21.3	21.0	20.4	19.6	18.9	18.5	18.2	18.3	18.5
Labour productivity, industry[1]	CCPY	7.3	7.2	8.4	9.0	9.5	9.9	4.2	7.3	8.0	8.8	8.9	9.1	8.8	8.4	8.1	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	0.2	0.3	-0.5	-1.0	-1.6	-1.8	4.0	0.2	-1.7	-3.3	-4.3	-4.5	-4.3	-4.2	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	5433	5398	5289	5447	5687	5498	5527	5375	5475	5541	5671	5705	5694	5587	.	.
Total economy, gross	real, CMPY	4.8	4.7	6.7	5.6	4.7	4.5	5.4	5.3	3.1	2.6	2.1	5.0	3.3	1.8	.	.
Total economy, gross	USD	734	716	707	719	762	753	780	764	771	795	866	885	864	829	.	.
Total economy, gross	EUR	739	732	720	733	762	741	737	709	714	734	752	757	759	743	.	.
Industry, gross	USD	682	652	642	661	708	692	720	697	705	730	805	820	810	755	.	.
PRICES																	
Retail	PM	-0.4	-0.1	0.5	0.5	-0.3	0.1	0.4	0.2	0.4	-0.4	0.2	0.1	0.0	0.1	0.4	0.3
Retail	CMPY	2.3	1.3	1.5	2.1	2.0	2.3	1.6	1.7	1.7	0.9	0.9	1.1	1.5	1.7	1.6	1.5
Retail	CCPY	2.6	2.4	2.2	2.2	2.3	2.2	1.6	1.6	1.7	1.5	1.4	1.3	1.3	1.4	1.4	1.4
Producer, in industry	PM	0.5	-0.1	0.4	1.4	-0.6	-0.1	0.5	0.4	0.8	-0.9	-0.8	0.2	0.2	0.5	-0.4	0.2
Producer, in industry	CMPY	0.2	0.7	0.4	1.6	1.5	2.3	2.9	2.7	4.7	2.8	1.8	1.7	1.4	2.0	1.2	0.0
Producer, in industry	CCPY	-1.6	-1.3	-1.1	-0.8	-0.6	-0.4	2.9	2.8	3.4	3.3	3.0	2.8	2.5	2.5	2.4	2.1
RETAIL TRADE																	
Turnover	real, CMPY	19.3	14.4	14.0	12.1	10.8	9.8	7.5	8.6	1.1	13.3	6.5	5.2	0.7	-1.7	1.1	.
Turnover	real, CCPY	12.7	12.8	13.0	13.0	12.7	12.5	7.5	8.0	5.7	7.6	7.3	7.0	6.1	5.2	4.7	.
FOREIGN TRADE[3,4]																	
Exports total (fob), cumulated	EUR mn	3060	3404	3840	4324	4719	5187	379	904	1364	1761	2214	2696	3180	3561	3995	.
Imports total (cif), cumulated	EUR mn	6557	7347	8325	9428	10388	11324	715	1681	2752	3858	4993	5982	7203	8076	9156	.
Trade balance, cumulated	EUR mn	-3497	-3943	-4485	-5104	-5668	-6137	-335	-777	-1388	-2097	-2779	-3286	-4024	-4514	-5161	.
Exports to EU (fob), cumulated	EUR mn	1736	1919	2128	2335	2547	2745	209	467	742	957	1234	1495	1783	2002	2245	.
Imports from EU (cif), cumulated	EUR mn	3726	4150	4676	5254	5791	6323	387	945	1544	2159	2842	3406	4142	4589	5189	.
Trade balance with EU, cumulated	EUR mn	-1990	-2231	-2548	-2919	-3244	-3578	-177	-478	-803	-1203	-1609	-1911	-2359	-2588	-2944	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	-651	.	.	-1606	.	.	-997	.	.	-2267	.	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	7.405	7.542	7.484	7.571	7.464	7.298	7.082	7.032	7.099	6.966	6.549	6.443	6.591	6.737	6.697	6.489
HRD/EUR, monthly average	nominal	7.350	7.377	7.347	7.427	7.468	7.423	7.500	7.584	7.663	7.554	7.542	7.536	7.498	7.515	7.498	7.591
HRK/USD, calculated with CPI[5]	real, Jan98=100	107.4	109.8	108.6	109.6	108.4	105.5	102.4	102.3	103.5	101.7	95.3	93.8	96.1	98.4	97.7	94.4
HRK/USD, calculated with PPI[5]	real, Jan98=100	106.8	109.1	108.5	109.1	108.1	105.6	103.9	104.5	107.4	102.9	97.4	96.5	98.4	100.2	100.4	97.1
HRD/EUR, calculated with CPI[5]	real, Jan98=100	96.2	96.8	96.2	96.9	97.8	97.4	98.1	99.4	100.4	99.6	99.2	99.1	98.5	98.9	98.5	99.5
HRD/EUR, calculated with PPI[5]	real, Jan98=100	97.6	98.1	97.5	97.3	98.1	97.8	98.8	99.9	100.3	99.3	99.5	99.2	98.5	98.5	98.6	99.7
DOMESTIC FINANCE																	
M0, end of period	HRK mn	10288	10296	9680	9507	9348	9681	9468	9605	9526	9813	10078	10637	11294	.	.	.
M1, end of period	HRK mn	28947	29502	28914	29090	29092	30870	29412	29456	29512	30294	32002	32828	34382	34044	32589	.
Broad money, end of period	HRK mn	109734	113037	113275	114826	114261	116142	116615	117209	118791	117854	119105	120022	125023	126980	126911	.
Broad money, end of period	CMPY	33.8	28.8	28.2	27.4	20.3	9.5	7.3	9.4	11.8	10.8	11.9	12.6	13.9	12.3	12.0	.
Discount rate (p.a.), end of period	%	5.9	5.9	5.9	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Discount rate (p.a.), end of period[6]	real, %	5.7	5.2	5.5	2.9	3.0	2.2	1.6	1.8	-0.2	1.7	2.7	2.8	3.1	2.5	3.3	4.5
BUDGET																	
Central gov. budget balance, cum.[7,8]	HRK mn	-2256.7	-2437.9	-2816.6	-2374.4	-2723.5	-3871.9	-649.4	-1625.9	-2718.6	-2837.2	-4007.7	-3707.0	.	.	.	.

1) In business entities with more than 20 persons employed.
2) Ratio of unemployed to the economically active population.
3) Based on cumulated national currency and converted with the average exchange rate.
4) Cumulation starting January and ending December each year.
5) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.
6) Deflated with annual PPI.
7) From July 2001 pension payments are included.
8) From January 2002 including social security funds.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002						2003									
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total	real, CMPY	10.8	-2.8	9.2	3.5	4.4	6.6	6.4	5.2	7.0	5.6	3.2	6.2	4.8	8.0	5.2	.
Industry, total	real, CCPY	5.3	4.3	4.8	4.7	4.7	4.8	6.4	5.8	6.2	6.1	5.5	5.6	5.5	5.8	5.7	.
Industry, total	real, 3MMA	2.8	5.5	3.3	5.5	4.7	5.7	6.1	6.2	5.9	5.3	5.0	4.7	6.3	5.9	.	.
Construction, total	real, CMPY	-1.3	-4.9	6.7	3.5	3.5	4.8	-2.2	-4.0	2.5	3.3	-0.9	12.1	15.9	18.7	14.5	.
LABOUR																	
Employees in industry1)	th. persons	1159	1152	1145	1141	1139	1130	1136	1139	1139	1135	1132	1125	1128	1119	1114	.
Unemployment, end of period	th. persons	479.2	488.3	492.9	486.7	489.8	514.4	539.0	538.1	528.2	509.4	496.8	501.0	520.4	525.0	529.4	522.4
Unemployment rate2)	%	9.2	9.4	9.4	9.3	9.3	9.8	10.2	10.2	10.0	9.6	9.4	9.5	9.9	10.0	10.1	9.9
Labour productivity, industry1)3)	CCPY	5.3	4.3	5.1	5.1	5.6	5.8	12.1	9.8	9.4	9.6	8.6	8.7	8.4	8.9	9.2	.
Unit labour costs, exch.r. adj.(EUR)1)3)	CCPY	12.8	13.4	12.8	12.5	11.6	10.8	-4.2	-3.7	-4.2	-5.1	-4.7	-4.8	-5.1	-6.0	-6.4	.
WAGES, SALARIES																	
Industry, gross1)	CZK	15680	14998	14759	15723	17671	16861	15454	14331	15190	15832	16736	16382	16556	15551	15974	.
Industry, gross1)	real, CMPY	6.8	4.2	5.7	5.2	3.2	7.0	5.8	4.0	4.9	5.4	4.8	6.3	5.9	3.8	8.2	.
Industry, gross1)	USD	523	476	479	503	575	550	521	488	517	543	618	608	591	536	554	.
Industry, gross1)	EUR	527	487	489	513	575	541	491	453	478	501	533	522	519	482	494	.
PRICES																	
Consumer	PM	0.5	-0.2	-0.5	-0.3	-0.2	0.2	0.6	0.2	-0.1	0.2	0.0	0.0	0.1	-0.2	-0.5	0.1
Consumer	CMPY	0.6	0.6	0.8	0.6	0.5	0.6	-0.4	-0.4	-0.4	-0.1	0.0	0.3	-0.1	-0.1	0.0	0.4
Consumer	CCPY	2.7	2.4	2.2	2.1	1.9	1.8	-0.4	-0.4	-0.4	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Producer, in industry	PM	-0.4	-0.1	0.0	0.6	-0.1	-0.3	0.0	0.4	0.3	-0.8	-0.3	-0.2	-0.2	0.1	0.4	0.6
Producer, in industry	CMPY	-1.1	-0.9	-0.9	-0.9	-0.7	-0.7	-0.8	-0.7	-0.4	-0.7	-0.8	-0.9	-0.6	-0.5	0.0	-0.1
Producer, in industry	CCPY	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.8	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.6	-0.5
RETAIL TRADE																	
Turnover	real, CMPY	6.5	-3.8	6.5	1.9	0.8	4.2	4.2	4.3	1.3	6.6	2.4	7.8	7.2	5.9	9.4	.
Turnover	real, CCPY	3.8	2.9	3.3	3.2	2.9	3.0	4.2	4.3	3.3	4.1	3.7	4.4	4.8	5.0	5.6	.
FOREIGN TRADE4)5)																	
Exports total (fob),cumulated	EUR mn	23534	26368	30092	33908	37752	40705	3439	6778	10545	14225	17819	21354	24813	27853	31690	35846
Imports total (fob),cumulated	EUR mn	24557	27564	31416	35481	39516	43019	3456	6859	10679	14603	18273	21915	25755	29015	32838	37201
Trade balance,cumulated	EUR mn	-1022	-1196	-1324	-1573	-1765	-2314	-17	-81	-134	-378	-454	-561	-942	-1162	-1149	-1355
Exports to EU (fob), cumulated	EUR mn	16329	18243	20770	23289	25878	27844	2456	4824	7498	10101	12617	15070	17460	19527	22178	25094
Imports from EU (fob), cumulated	EUR mn	15085	16879	19153	21540	23890	25898	1986	4012	6300	8600	10827	13041	15423	17294	19576	22153
Trade balance with EU, cumulated	EUR mn	1244	1364	1617	1750	1987	1946	470	812	1198	1501	1790	2029	2037	2233	2602	2941
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	-3196	.	.	-4523	8	-224	-467	-901	-1619	-2034	-2893	-3350	-3605	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	30.0	31.5	30.8	31.2	30.7	30.7	29.7	29.4	29.4	29.2	27.1	26.9	28.0	29.0	28.8	27.4
CZK/EUR, monthly average	nominal	29.7	30.8	30.2	30.7	30.8	31.2	31.5	31.6	31.8	31.6	31.4	31.4	31.9	32.3	32.4	32.0
CZK/USD, calculated with CPI6)	real, Jan98=100	81.7	86.3	85.0	86.7	85.4	84.8	81.9	81.6	82.2	81.2	75.3	75.0	78.1	81.2	81.4	77.1
CZK/USD, calculated with PPI6)	real, Jan98=100	81.4	85.8	84.4	85.8	84.4	84.3	83.1	83.4	85.3	82.6	76.9	77.3	80.5	83.3	82.8	78.1
CZK/EUR, calculated with CPI6)	real, Jan98=100	73.3	76.1	75.2	76.7	77.1	78.3	78.7	79.2	79.9	79.5	79.0	79.1	80.1	81.5	82.3	81.3
CZK/EUR, calculated with PPI6)	real, Jan98=100	74.4	77.2	75.9	76.6	76.6	78.1	79.2	79.6	79.9	79.8	79.1	79.2	80.6	81.7	81.5	80.1
DOMESTIC FINANCE																	
M0, end of period	CZK bn	185.6	190.5	192.2	195.1	198.6	197.8	197.6	201.7	205.9	208.5	211.4	215.2	216.2	218.2	219.4	.
M1, end of period	CZK bn	619.2	639.6	647.4	658.0	669.8	692.3	671.9	688.9	683.6	699.2	711.4	718.4	732.7	744.8	752.6	.
M2, end of period	CZK bn	1594.6	1622.3	1605.6	1635.8	1646.6	1647.3	1643.1	1643.6	1621.8	1656.5	1658.5	1646.4	1683.8	1705.2	1693.6	.
M2, end of period	CMPY	4.3	4.8	4.8	6.2	5.2	3.2	3.3	3.7	2.5	3.1	2.1	4.2	5.6	5.1	5.5	.
Discount rate (p.a.),end of period	%	2.00	2.00	2.00	2.00	1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.25	1.25	1.00	1.00	1.00
Discount rate (p.a.),end of period7)	real, %	3.1	2.9	2.9	2.9	2.4	2.4	2.3	2.2	1.9	2.2	2.3	2.1	1.9	1.5	1.0	1.1
BUDGET																	
Central gov.budget balance,cum.	CZK mn	-26854	-32956	-21434	-32321	-41726	-45715	-10392	-24941	-31840	-64422	-74586	-53399	-62113	-71886	-80268	-82940

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) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002 Jul	Aug	Sep	Oct	Nov	Dec	2003 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total	real, CMPY	9.6	-2.7	10.2	-1.7	3.9	10.5	4.5	0.6	6.8	2.5	4.4	4.4	5.6	6.6	9.0	.
Industry, total	real, CCPY	1.9	1.3	2.3	1.9	2.1	2.7	4.5	2.5	4.0	3.6	3.8	3.9	4.1	4.4	5.0	.
Industry, total	real, 3MMA	3.7	5.8	1.9	3.9	3.9	6.2	5.1	4.0	3.4	4.6	3.7	4.8	5.5	7.1	.	.
Construction, total	real, CMPY	15.4	9.2	23.8	9.8	8.1	19.2	3.5	-20.8	-20.0	-9.7	7.2	11.9	0.2	3.7	0.0	.
LABOUR																	
Employees in industry[1]	th. persons	818.8	811.4	809.7	810.9	812.6	803.5	806.1	807.3	807.0	803.3	801.8	800.6	802.0	798.6	789.8	.
Unemployment[2]	th. persons	241.4	242.7	245.5	242.9	245.1	244.2	249.4	258.7	264.7	257.0	250.8	241.2	238.7	238.8	240.3	236.8
Unemployment rate[2]	%	5.9	5.9	5.9	5.9	5.9	5.9	6.0	6.3	6.4	6.2	6.0	5.8	5.7	5.7	5.7	5.7
Labour productivity, industry[1]	CCPY	4.4	3.9	4.7	4.4	4.6	5.1	8.3	6.4	7.7	8.2	7.8	6.6	6.8	7.1	7.6	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	15.7	15.4	14.4	14.5	13.7	13.1	3.4	3.7	1.7	0.8	1.0	0.9	-0.1	-1.0	-1.5	.
WAGES, SALARIES																	
Total economy, gross[1]	HUF	116563	113353	120578	126779	142460	162862	136137	123256	127052	129620	132848	134952	132785	129932	130852	.
Total economy, gross[1]	real, CMPY	12.5	11.2	16.0	13.8	9.5	13.7	15.5	8.3	6.5	9.1	8.5	8.8	8.9	9.5	3.6	.
Total economy, gross[1]	USD	469	452	485	511	600	702	602	542	559	573	626	603	572	558	574	.
Total economy, gross[1]	EUR	473	462	494	520	598	690	567	503	517	528	540	517	503	500	512	.
Industry, gross[1]	USD	470	461	456	474	568	579	523	506	537	547	619	565	550	535	554	.
PRICES																	
Consumer	PM	-0.1	-0.3	0.6	0.6	0.0	0.1	1.2	0.8	0.9	0.1	0.3	0.2	0.3	-0.3	0.6	0.8
Consumer	CMPY	4.6	4.5	4.6	4.9	4.8	4.8	4.7	4.5	4.7	3.9	3.6	4.3	4.7	4.7	4.7	4.9
Consumer	CCPY	5.7	5.5	5.4	5.4	5.3	5.3	4.7	4.6	4.6	4.4	4.3	4.3	4.4	4.4	4.4	4.5
Producer, in industry	PM	0.2	0.0	-0.1	-0.1	-1.3	-0.3	1.1	1.1	0.6	-0.7	-0.6	2.5	0.7	1.0	-0.4	.
Producer, in industry	CMPY	-0.9	-1.0	-1.8	-1.5	-1.9	-1.3	-0.1	0.9	1.2	0.1	-0.5	2.3	2.7	3.7	3.2	.
Producer, in industry	CCPY	-2.0	-1.9	-1.9	-1.8	-1.8	-1.8	-0.1	0.4	0.7	0.5	0.3	0.6	0.9	1.3	1.5	.
RETAIL TRADE																	
Turnover[3]	real, CMPY	8.3	8.1	8.6	10.1	7.8	8.7	12.7	7.9	5.4	14.6	5.1	6.4	9.6	6.3	8.6	.
Turnover[3]	real, CCPY	12.5	11.8	11.4	11.3	10.9	10.7	12.7	10.2	8.4	10.1	8.9	8.5	8.6	8.3	8.4	.
FOREIGN TRADE[4][5]																	
Exports total (fob), cumulated	EUR mn	21364	23979	27195	30527	33872	36537	2729	5555	8848	11913	14927	17900	20951	23454	26963	.
Imports total (cif), cumulated	EUR mn	23117	25944	29303	33112	36684	39955	2986	6241	9793	13414	16894	20213	23794	26819	30568	.
Trade balance, cumulated	EUR mn	-1752	-1965	-2108	-2584	-2811	-3418	-257	-685	-945	-1502	-1967	-2314	-2843	-3365	-3605	.
Exports to EU (fob), cumulated	EUR mn	16183	18124	20517	22997	25538	27452	1953	4135	6435	8864	11007	13207	15408	17302	19846	.
Imports from EU (cif), cumulated	EUR mn	13177	14746	16620	18756	20756	22476	1570	3407	5425	7441	9506	11389	13440	15088	17127	.
Trade balance with EU, cumulated	EUR mn	3006	3378	3897	4242	4783	4977	383	728	1010	1423	1501	1817	1968	2214	2718	.
FOREIGN FINANCE																	
Current account, cumulated[6]	USD mn	-1338	-1317	-1369	-1697	-2007	-2655	-213	-671	-912	-1564	-1905	-2646	-3110	-3559	-3959	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	248.6	250.9	248.7	248.2	237.6	231.9	226.1	227.5	227.3	226.3	212.2	223.7	232.1	232.8	227.8	218.5
HUF/EUR, monthly average	nominal	246.6	245.1	243.9	243.6	238.1	236.1	240.2	245.1	245.6	245.6	245.9	261.1	264.0	259.6	255.5	255.5
HUF/USD, calculated with CPI[7]	real, Jan98=100	92.2	93.6	92.4	91.8	87.9	85.5	82.7	83.2	82.9	82.2	76.7	80.9	83.8	84.6	82.5	78.5
HUF/USD, calculated with PPI[7]	real, Jan98=100	100.0	101.2	101.0	101.7	98.5	96.2	94.6	95.8	97.5	94.7	89.2	92.6	95.3	94.8	93.5	.
HUF/EUR, calculated with CPI[7]	real, Jan98=100	82.7	82.5	81.8	81.4	79.6	79.1	79.6	80.9	80.6	80.7	80.6	85.5	86.1	85.1	83.5	82.8
HUF/EUR, calculated with PPI[7]	real, Jan98=100	91.5	91.0	90.8	90.9	89.7	89.4	90.4	91.6	91.4	91.6	91.9	95.1	95.6	93.2	92.1	.
DOMESTIC FINANCE																	
M0, end of period[8]	HUF bn	1136.2	1153.5	1149.4	1161.7	1191.5	1181.8	1168.3	1180.5	1197.7	1237.7	1249.2	1287.0	1296.6	1319.9	1305.9	.
M1, end of period[8]	HUF bn	3158.0	3248.6	3220.6	3274.0	3406.6	3652.3	3450.4	3418.0	3446.9	3513.5	3589.6	3705.4	3711.8	3714.2	3742.8	.
Broad money, end of period[8]	HUF bn	7002.1	7200.7	7142.1	7332.9	7503.8	7859.5	7773.0	7815.7	7776.6	7885.5	7970.5	8110.4	8147.9	8213.7	8355.7	.
Broad money, end of period[8]	CMPY	9.1	8.7	7.0	7.9	9.9	9.6	11.1	14.4	14.1	13.7	14.6	16.8	16.4	14.1	17.0	.
NBH base rate (p.a.),end of period	%	9.5	9.5	9.5	9.5	9.0	8.5	6.5	6.5	6.5	6.5	6.5	9.5	9.5	9.5	9.5	9.5
NBH base rate (p.a.),end of period[9]	real, %	10.5	10.6	11.5	11.2	11.1	9.9	6.6	5.6	5.2	6.4	7.0	7.0	6.6	5.6	6.1	.
BUDGET																	
Central gov.budget balance,cum.	HUF bn	-343.5	-413.7	-507.4	-801.9	-586.3	-1481.2	-12.9	-140.8	-224.1	-275.6	-252.9	-458.6	-424.8	-481.4	-588.7	.

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) Revised according to NACE 50+52, from January 2003 NACE 52.
4) Based on cumulated national currency and converted with the average exchange rate.
5) Cumulation starting January and ending December each year.
6) Revised data according to international standards (e.g. trade data refer to customs statistics).
7) Adjusted for domestic and foreign (US resp. EU) inflation. Values less than 100 mean real appreciation.
8) According to ECB monetary standards.
9) Deflated with annual PPI.

P O L A N D: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002						2003									
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry[1]	real, CMPY	5.7	-1.2	6.7	3.3	3.1	5.1	3.4	4.2	5.5	8.5	11.7	7.9	10.3	5.9	10.9	12.1
Industry[1]	real, CCPY	-0.1	-0.2	0.5	0.8	1.1	1.5	3.4	3.8	4.4	5.5	6.7	6.9	7.4	7.2	7.7	8.2
Industry[1]	real, 3MMA	2.2	3.7	2.9	4.3	3.8	3.9	4.3	4.4	6.1	8.5	9.3	9.9	8.0	9.1	9.8	.
Construction[1]	real, CMPY	-3.8	-7.8	-6.1	-8.8	-8.4	-10.4	-11.0	-24.1	-25.3	-13.5	-6.9	-1.1	1.7	-2.9	-3.8	-4.8
LABOUR																	
Employees[1]	th. persons	4884	4876	4864	4870	4862	4839	4736	4741	4728	4726	4723	4722	4722	4718	4711	4715
Employees in industry[1]	th. persons	2462	2457	2451	2462	2462	2448	2417	2418	2412	2408	2405	2405	2407	2406	2405	.
Unemployment, end of period	th. persons	3105.3	3105.6	3112.6	3108.1	3150.8	3217.0	3320.6	3344.2	3321.0	3246.1	3159.6	3134.6	3123.0	3099.1	3073.3	3058.2
Unemployment rate[2]	%	17.5	17.5	17.6	17.5	17.8	18.1	18.7	18.8	18.7	18.4	17.9	17.8	17.8	17.6	17.5	17.4
Labour productivity, industry[1]	CCPY	6.6	6.3	7.1	7.2	7.3	7.4	6.7	7.0	7.6	8.6	9.9	10.0	10.5	10.2	10.5	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	-4.7	-5.1	-6.0	-6.7	-7.4	-8.1	-15.2	-16.0	-18.2	-19.1	-20.1	-19.9	-19.4	-18.4	-18.3	.
WAGES, SALARIES																	
Total economy, gross[1]	PLN	2289	2253	2302	2263	2343	2532	2247	2235	2268	2321	2254	2301	2343	2295	2353	2331
Total economy, gross[1]	real, CMPY	2.8	1.5	2.4	-0.8	0.6	1.2	2.0	1.4	-0.1	3.7	-0.7	2.1	1.4	1.0	1.2	1.7
Total economy, gross[1]	USD	556	539	555	549	592	647	586	579	566	586	601	606	600	586	591	594
Total economy, gross[1]	EUR	560	551	565	559	592	635	553	537	525	540	521	519	527	526	527	508
Industry, gross[1]	USD	561	539	546	548	604	671	591	583	564	589	600	612	604	588	584	.
PRICES																	
Consumer	PM	-0.5	-0.4	0.3	0.3	-0.1	0.1	0.4	0.1	0.3	0.2	0.0	-0.1	-0.4	-0.4	0.5	0.6
Consumer	CMPY	1.3	1.2	1.3	1.1	0.9	0.8	0.5	0.5	0.6	0.3	0.4	0.8	0.8	0.7	0.9	1.3
Consumer	CCPY	2.6	2.4	2.2	2.1	2.0	1.9	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5
Producer, in industry	PM	0.8	0.4	0.3	0.0	-0.5	0.1	0.4	0.6	0.9	-0.6	-0.6	0.3	0.7	0.3	0.5	0.7
Producer, in industry	CMPY	1.7	1.3	1.1	1.7	1.7	2.2	2.5	2.9	3.6	2.7	2.0	2.0	1.9	1.8	2.1	2.7
Producer, in industry	CCPY	0.7	0.8	0.8	0.9	1.0	1.0	2.5	2.7	3.0	3.0	2.8	2.7	2.6	2.5	2.4	2.5
RETAIL TRADE																	
Turnover[1]	real, CMPY	7.7	3.9	3.6	3.8	4.8	4.4	3.8	4.3	-1.9	11.4	9.9	7.7	5.5	5.1	9.4	.
Turnover[1]	real, CCPY	3.3	2.5	2.6	2.9	1.7	1.6	3.8	4.1	1.2	4.5	6.2	6.0	6.1	5.5	6.6	.
FOREIGN TRADE[3,4]																	
Exports total (fob), cumulated	EUR mn	24505	27917	31695	36074	39981	43418	3407	6915	10869	14805	18631	22380	26360	29832	33673	.
Imports total (cif), cumulated	EUR mn	33428	37803	42779	48336	53495	58331	4407	8883	13938	18960	23853	28449	33776	38249	43329	.
Trade balance, cumulated	EUR mn	-8924	-9886	-11084	-12262	-13514	-14913	-1000	-1969	-3069	-4154	-5222	-6069	-7416	-8417	-9656	.
Exports to EU (fob), cumulated	EUR mn	17078	19331	21877	24759	27509	29832	2476	4918	7740	10437	13044	15593	18234	20192	23090	.
Imports from EU (cif), cumulated	EUR mn	20816	23446	26519	29885	33035	35986	2625	5372	8475	11548	14607	17473	20823	23346	26487	.
Trade balance with EU, cumulated	EUR mn	-3738	-4115	-4642	-5126	-5526	-6154	-149	-453	-736	-1112	-1564	-1879	-2589	-3154	-3398	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-4081	-4353	-4875	-5437	-6193	-6690	-749	-1274	-1551	-2049	-2539	-2656	-2921	-3044	-2983	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	4.118	4.179	4.150	4.123	3.956	3.911	3.832	3.863	4.003	3.961	3.748	3.797	3.906	3.918	3.981	3.922
PLN/EUR, monthly average	nominal	4.088	4.085	4.074	4.045	3.959	3.988	4.064	4.165	4.323	4.299	4.326	4.436	4.443	4.367	4.467	4.589
PLN/USD, calculated with CPI[5]	real, Jan98=100	99.7	101.9	101.1	100.3	96.3	94.9	92.9	94.3	98.1	96.6	91.3	92.7	95.9	96.9	98.2	96.2
PLN/USD, calculated with PPI[5]	real, Jan98=100	101.8	103.1	102.7	102.8	99.0	97.6	97.1	98.9	104.2	100.4	95.5	97.3	99.4	99.5	101.0	98.8
PLN/EUR, calculated with CPI[5]	real, Jan98=100	89.4	89.8	89.5	88.8	87.0	87.8	89.2	91.7	95.3	94.8	95.4	98.0	98.4	97.3	99.4	101.5
PLN/EUR, calculated with PPI[5]	real, Jan98=100	93.1	92.7	92.4	91.8	90.0	90.7	92.5	94.6	97.5	97.1	97.9	100.0	99.5	97.7	99.5	101.5
DOMESTIC FINANCE																	
M0, end of period	PLN bn	41.8	42.1	41.9	42.0	42.1	42.2	41.6	42.7	44.2	45.9	46.1	47.4	47.6	48.7	48.6	49.2
M1, end of period[6]	PLN bn	128.5	126.1	127.4	126.9	130.7	136.6	129.8	133.0	136.2	130.7	138.0	146.4	146.9	148.4	151.8	151.3
M2, end of period[6]	PLN bn	324.2	322.9	320.7	321.1	317.5	320.2	315.4	318.4	317.9	317.2	320.2	322.9	323.0	324.8	326.9	332.4
M2, end of period	CMPY	1.3	-0.2	-1.4	-2.5	-1.1	-2.4	-2.1	-1.9	-0.4	-0.1	-0.6	0.3	-0.4	0.6	1.9	3.5
Discount rate (p.a.),end of period	%	10.0	9.0	8.5	7.8	7.5	7.5	7.3	6.8	6.5	6.3	6.0	5.8	5.8	5.8	5.8	5.8
Discount rate (p.a.),end of period[7]	real, %	8.2	7.6	7.3	5.9	5.7	5.2	4.6	3.7	2.8	3.5	3.9	3.7	3.8	3.9	3.6	3.0
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-25597	-27280	-29147	-34057	-37073	-39403	-4039	-11637	-15430	-17954	-23218	-23818	-27637	-29562	-33086	-34829

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 2002 to 2003

(updated end of Nov 2003)

		2002						2003									
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total[1]	real, CMPY	9.1	6.4	9.1	9.6	7.0	8.6	1.6	-1.7	3.4	1.6	4.4	6.7	6.7	2.6	3.7	.
Industry, total[1]	real, CCPY	4.4	4.7	5.1	5.6	5.8	6.0	1.6	-0.1	1.1	1.3	1.9	2.8	3.4	3.3	3.3	.
Industry, total	real, 3MMA	7.4	8.2	8.4	8.6	8.4	5.8	2.7	1.1	1.2	3.2	4.3	5.9	5.4	4.4	.	.
LABOUR																	
Employees total	th. persons	4405.1	4399.4	4395.5	4375.1	4353.0	4331.0	4331.2	4348.6	4376.5	4393.6	4411.4	4420.5	4412.1	4416.8	4402.8	.
Employees in industry	th. persons	1812.6	1808.6	1801.7	1797.6	1795.2	1785.5	1796.4	1795.3	1801.3	1790.7	1786.0	1784.6	1776.1	1775.6	1171.1	.
Unemployment, end of period	th. persons	867.4	815.5	786.2	767.7	755.9	760.6	781.4	798.4	779.2	731.4	693.1	663.6	650.4	619.2	608.8	.
Unemployment rate[2]	%	9.2	8.7	8.4	8.2	8.1	8.1	8.3	8.5	8.3	7.8	7.4	7.1	6.9	6.6	6.5	.
Labour productivity, industry	CCPY	10.9	11.5	12.3	13.0	13.3	13.7	9.0	7.3	8.7	9.2	9.9	11.0	11.7	11.8	11.9	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-4.4	-5.8	-6.7	-7.6	-8.6	-9.5	-10.7	-9.6	-10.9	-11.8	-12.2	-12.9	-12.6	-12.2	-11.6	.
WAGES, SALARIES																	
Total economy, gross	th. ROL	5498.5	5469.6	5404.1	5570.8	5704.7	6521.6	6520.3	6054.1	6338.9	6885.5	6521.4	6476.2	6721.9	6647.9	6763.9	.
Total economy, gross	real, CMPY	0.7	1.3	2.0	3.4	1.9	4.4	8.7	9.0	6.3	6.3	7.0	6.6	6.5	6.5	8.0	.
Total economy, gross	USD	167	165	163	168	170	194	195	184	191	204	201	199	206	199	200	.
Total economy, gross	EUR	168	169	166	171	170	190	183	171	177	188	173	170	181	179	178	.
Industry, gross	USD	174	170	165	167	165	188	176	176	184	198	194	193	205	197	199	.
PRICES																	
Consumer	PM	0.5	0.8	0.6	1.6	2.6	1.5	1.3	0.8	1.1	1.1	0.5	0.9	1.2	0.3	2.1	.
Consumer	CMPY	23.0	21.3	19.8	18.8	18.6	17.8	16.6	16.2	17.1	16.0	14.4	14.0	14.8	14.2	15.9	.
Consumer	CCPY	25.2	24.7	24.1	23.5	23.0	22.5	16.6	16.4	16.7	16.5	16.1	15.7	15.6	15.4	15.4	.
Producer, in industry	PM	2.3	1.2	1.8	1.6	1.4	0.7	2.3	2.6	1.9	1.6	1.1	0.4	1.0	0.7	2.9	.
Producer, in industry	CMPY	24.8	23.7	23.5	22.9	23.0	22.1	22.5	23.6	24.0	23.1	21.9	20.7	19.1	18.5	19.7	.
Producer, in industry	CCPY	26.0	25.7	25.4	25.1	24.9	24.6	22.5	23.0	23.3	23.3	23.0	22.6	22.1	21.6	21.4	.
RETAIL TRADE																	
Turnover	real, CMPY	3.6	2.8	2.9	0.3	-1.7	1.1	6.0	3.6	2.5	0.0	6.7	7.4	3.8	4.3	.	.
Turnover	real, CCPY	0.5	0.8	1.0	0.9	0.7	0.7	6.0	4.8	4.0	3.0	3.8	4.4	4.2	4.2	.	.
FOREIGN TRADE[3][4]																	
Exports total (fob), cumulated	EUR mn	8289	9511	10758	12105	13467	14675	1200	2435	3778	4970	6232	7501	8994	10227	11574	.
Imports total (cif), cumulated	EUR mn	10679	12076	13679	15482	17229	18881	1414	2879	4541	6257	8065	9814	11735	13265	15127	.
Trade balance, cumulated	EUR mn	-2390	-2565	-2921	-3377	-3762	-4206	-213	-443	-764	-1288	-1833	-2313	-2741	-3039	-3554	.
Exports to EU (fob), cumulated	EUR mn	5711	6524	7350	8211	9129	9853	797	1678	2591	3382	4251	5119	6132	6951	7873	.
Imports from EU (cif), cumulated	EUR mn	6395	7140	8030	9076	10076	11039	737	1607	2531	3494	4626	5707	6900	7735	8795	.
Trade balance with EU, cumulated	EUR mn	-684	-615	-680	-865	-948	-1186	60	71	60	-112	-375	-588	-768	-784	-922	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-971	-867	-904	-1059	-1210	-1535	-15	-72	-169	-607	-1057	-1377	-1538	-1549	.	.
EXCHANGE RATE																	
ROL/USD, monthly average	nominal	32979	33094	33116	33242	33545	33654	33448	32884	33134	33703	32502	32616	32677	33359	33799	33157
ROL/EUR, monthly average	nominal	32721	32365	32481	32629	33592	34239	35594	35443	35823	36560	37617	38063	37166	37183	37924	38807
ROL/USD, calculated with CPI[5]	real, Jan98=100	106.2	106.1	105.7	104.7	102.9	101.4	99.9	98.2	98.5	98.9	94.7	94.4	93.5	95.5	95.0	.
ROL/USD, calculated with PPI[5]	real, Jan98=100	98.4	97.8	96.7	96.3	95.7	95.2	94.2	91.8	93.2	90.3	86.0	86.8	86.0	87.3	86.3	.
ROL/EUR, calculated with CPI[5]	real, Jan98=100	95.3	93.6	93.7	92.8	93.1	93.8	96.4	95.6	95.9	97.0	99.3	99.7	96.1	96.1	96.2	.
ROL/EUR, calculated with PPI[5]	real, Jan98=100	90.1	88.1	87.0	86.1	87.1	88.3	90.2	87.9	87.4	87.3	88.5	89.1	86.2	85.8	85.1	.
DOMESTIC FINANCE																	
M0, end of period	ROL bn	39106	41257	42334	41324	41688	45578	41543	45773	45868	51575	50214	52535	54460	58503	58143	.
M1, end of period	ROL bn	65733	69383	71435	72319	72822	88305	73802	78289	79941	87820	85019	92145	93725	99970	101514	.
M2, end of period	ROL bn	303477	314850	317333	324933	334584	373713	355721	367402	369451	378595	379098	388499	390876	407396	414468	.
M2, end of period	CMPY	40.3	39.0	35.0	37.2	36.7	38.2	36.9	37.6	34.2	32.3	30.4	29.1	28.8	29.4	30.6	.
Discount rate (p.a.),end of period[6]	%	28.3	27.2	25.6	23.8	22.2	20.4	19.6	19.2	18.4	17.4	17.9	18.2	18.2	18.2	19.1	19.3
Discount rate (p.a.),end of period[6][7]	real, %	2.8	2.8	1.7	0.7	-0.7	-1.4	-2.4	-3.6	-4.5	-4.6	-3.3	-2.1	-0.8	-0.3	-0.5	.
BUDGET																	
Central gov.budget balance, cum.	ROL bn	-31292	-29983	-32043	-31386	-39426	-47618	1599	-2275	-7723	-7382	-10330	-16524	-12186	-10979	-11346	.

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

2) Ratio of unemployed to economically active population as of December of previous year, from 2002 as of December 2001.

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

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 2002 to 2003

(updated end of Nov 2003)

		2002						2003									
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total	real, CMPY	7.8	3.4	5.5	3.9	0.8	3.2	4.9	6.5	6.7	7.1	8.5	7.0	7.1	5.5	8.0	7.2
Industry, total	real, CCPY	3.9	3.8	4.0	4.0	3.7	3.7	4.9	5.7	6.0	6.3	7.1	6.8	6.8	6.6	6.8	6.8
Industry, total[1]	real, 3MMA	5.2	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Construction, total	real, CMPY	2.5	2.8	2.0	1.8	2.4	3.7	13.7	13.4	13.8	14.7	15.5	14.3	15.0	14.3	14.7	14.6
LABOUR																	
Employment total[1]	th. persons	67000	67500	66900	66300	65800	65200	64700	64100	64600	65000	65500	66000	66400	66700	66300	.
Unemployment, end of period[2]	th. persons	5312	5203	5520	5837	6153	6294	6435	6575	6324	6072	5821	5744	5747	5680	5720	5920
Unemployment rate[2]	%	7.3	7.2	7.6	8.1	8.5	8.8	9.1	9.3	8.9	8.5	8.2	8.0	8.0	7.8	7.9	8.3
WAGES, SALARIES																	
Total economy, gross	RUB	4597.0	4511.0	4521.0	4646.0	4694.0	5738.0	4696.0	4701.0	4986.0	5100.0	5221.0	5550.0	5615.0	5491.0	5556.0	5722.0
Total economy, gross	real, CMPY	18.7	15.9	15.4	14.9	13.8	9.8	9.2	9.9	7.8	8.3	9.8	9.3	7.2	7.4	8.6	8.9
Total economy, gross	USD	146	143	143	147	148	180	148	148	159	163	169	182	185	181	182	190
Total economy, gross	EUR	147	146	146	149	147	177	139	138	147	151	146	156	162	162	162	162
Industry, gross	USD	174	179	173	176	178	207	176	181	190	200	202	214	226	230	224	.
PRICES																	
Consumer	PM	0.7	0.1	0.4	1.1	1.6	1.5	2.4	1.6	1.1	1.0	0.8	0.8	0.7	-0.4	0.3	1.0
Consumer	CMPY	15.1	15.2	15.0	15.0	15.2	15.1	14.3	14.8	14.8	14.6	13.6	13.9	13.9	13.3	13.2	13.1
Consumer	CCPY	16.6	16.4	16.3	16.1	16.0	16.0	14.3	14.6	14.6	14.6	14.4	14.3	14.3	14.1	14.0	13.9
Producer, in industry	PM	2.6	1.7	1.2	2.1	1.1	-0.2	0.4	1.4	1.3	1.4	-0.2	0.7	2.2	1.4	1.4	1.2
Producer, in industry	CMPY	11.7	13.6	15.1	17.0	18.0	17.5	17.5	19.5	21.2	20.2	17.1	14.3	13.9	13.5	13.8	12.8
Producer, in industry	CCPY	8.4	9.1	9.8	10.5	11.2	11.8	17.5	18.5	19.4	19.6	19.1	18.2	17.6	17.0	16.6	16.2
RETAIL TRADE																	
Turnover[3]	real, CMPY	10.3	8.8	9.6	9.9	9.4	9.0	7.8	8.0	8.9	8.6	10.0	8.7	7.8	6.0	6.9	.
Turnover[3]	real, CCPY	8.8	8.8	8.9	9.0	9.0	9.0	7.8	7.9	8.2	8.3	8.7	8.7	8.5	8.2	8.0	.
FOREIGN TRADE[4)5)6)]																	
Exports total, cumulated	EUR mn	62480	72646	82622	92940	102326	113173	8897	17918	28522	37824	46593	56018	65910	76485	86528	.
Imports total, cumulated	EUR mn	35692	40908	46099	52000	57581	64051	4259	8883	14230	19902	24949	30139	35981	41541	47059	.
Trade balance, cumulated	EUR mn	26789	31738	36523	40940	44745	49122	4638	9034	14292	17922	21644	25879	29930	34944	39469	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	21273	.	.	29905	.	.	11764	.	.	20381	.	.	29300	.
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	31.515	31.554	31.627	31.693	31.811	31.837	31.816	31.699	31.453	31.212	30.907	30.469	30.360	30.349	30.599	30.165
RUB/EUR, monthly average	nominal	31.323	30.875	31.006	31.103	31.831	32.443	33.807	34.188	33.952	33.867	35.738	35.594	34.560	33.876	34.300	35.296
RUB/USD, calculated with CPI[7]	real, Jan98=100	150.9	151.4	151.4	150.4	148.6	146.0	143.1	141.4	139.7	136.9	134.3	131.6	130.3	131.2	132.3	129.1
RUB/USD, calculated with PPI[7]	real, Jan98=100	167.0	164.8	164.2	162.4	161.1	161.2	163.5	163.4	164.2	155.6	154.2	152.3	148.4	146.4	146.2	142.4
RUB/EUR, calculated with CPI[7]	real, Jan98=100	135.4	133.5	133.9	133.2	134.1	135.1	137.6	137.5	135.6	134.2	140.5	139.0	133.9	132.0	133.7	136.2
RUB/EUR, calculated with PPI[7]	real, Jan98=100	152.9	148.4	147.5	145.1	146.3	149.7	156.1	156.3	153.6	150.3	158.3	156.4	148.7	144.0	143.8	146.2
DOMESTIC FINANCE																	
M0, end of period	RUB bn	659.7	679.0	672.6	675.8	690.5	763.3	709.0	730.9	749.5	822.4	855.6	917.1	940.9	966.3	957.1	.
M1, end of period	RUB bn	1268.0	1282.1	1301.7	1313.3	1337.4	1498.1	1395.2	1440.3	1512.8	1583.5	1679.9	1821.9	1808.6	1844.4	1871.2	.
M2, end of period	RUB bn	2403.6	2445.2	2494.7	2538.6	2602.7	2842.5	2777.4	2915.4	2989.9	3052.5	3163.0	3339.8	3400.5	3449.0	3573.0	.
M2, end of period	CMPY	30.5	30.7	29.6	28.6	31.1	33.9	35.1	38.5	39.9	37.9	38.2	41.7	41.5	41.1	43.2	.
Refinancing rate (p.a.),end of period	%	23.0	21.0	21.0	21.0	21.0	21.0	21.0	18.0	18.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0
Refinancing rate (p.a.),end of period[8]	real, %	10.1	6.5	5.1	3.4	2.6	3.0	3.0	-1.2	-2.6	-1.9	0.8	1.5	1.9	2.2	2.0	2.9
BUDGET																	
Central gov.budget balance, cum.	RUB bn	209.8	223.5	246.4	213.9	203.4	156.0	70.1	75.1	89.3	127.3	173.8	184.3	213.6	208.9	.	.

1) Based on labour force survey.
2) According to ILO methodology.
3) Including estimated turnover of non-registered firms, including catering.
4) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference rate.
5) Cumulation starting January and ending December each year, incl. estimates of non-registered imports.
6) Based on balance of payments statistics.
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 2002 to 2003

(updated end of Nov 2003)

		2002 Jul	Aug	Sep	Oct	Nov	Dec	2003 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total	real, CMPY	12.0	6.5	10.0	9.4	9.2	11.2	13.7	7.9	10.6	2.2	2.4	9.5	2.8	1.2	3.3	.
Industry, total	real, CCPY	4.8	5.0	5.6	6.0	6.3	6.7	13.7	10.7	10.7	8.5	7.2	7.6	6.9	6.2	5.8	.
Industry, total	real, 3MMA	7.4	9.5	8.7	9.5	9.9	11.3	10.9	10.7	6.8	5.0	4.7	4.9	4.6	2.5	.	.
Construction, total	real, CMPY	6.3	1.5	3.8	6.9	8.0	11.7	4.8	0.6	3.6	-0.5	0.0	3.3	5.7	9.1	14.3	.
LABOUR																	
Employment in industry	th. persons	555.5	558.1	562.1	561.4	559.8	549.3	547.8	550.3	554.1	558.2	561.1	563.8	562.7	562.0	563.2	.
Unemployment, end of period	th. persons	505.0	492.6	481.0	478.6	488.0	504.1	509.2	495.4	478.7	450.7	433.1	427.6	422.8	415.6	407.6	407.1
Unemployment rate[1]	%	17.6	17.2	16.6	16.4	16.8	17.5	17.7	17.1	16.5	15.4	14.8	14.6	14.5	14.3	13.9	13.8
Labour productivity, industry	CCPY	5.1	5.2	5.6	5.9	6.1	6.5	12.7	9.5	9.2	7.5	6.5	7.0	6.2	5.5	5.2	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	3.9	3.3	3.1	2.9	2.6	2.2	-4.1	-2.5	-2.7	-0.3	1.6	2.5	3.8	4.5	5.1	.
WAGES, SALARIES																	
Industry, gross	SKK	14567	14053	13822	14484	16558	16097	14332	13466	14223	14827	15379	16140	15382	14781	15196	.
Industry, gross	real, CMPY	7.2	4.3	6.1	2.2	1.7	2.0	-1.3	-2.7	-3.0	0.6	-0.2	1.6	-2.9	-3.7	0.4	.
Industry, gross	USD	325	312	315	340	399	391	365	346	368	391	432	455	419	394	409	.
Industry, gross	EUR	327	320	321	346	399	385	344	321	340	361	374	389	368	352	366	.
PRICES																	
Consumer	PM	-0.3	0.5	0.3	0.0	0.0	0.7	5.3	0.6	0.4	0.2	0.1	0.4	0.0	1.0	0.5	0.1
Consumer	CMPY	2.0	2.7	2.8	2.9	2.9	3.4	7.3	7.6	8.0	7.7	7.6	8.4	8.7	9.2	9.5	9.6
Consumer	CCPY	3.6	3.5	3.4	3.3	3.3	3.3	7.3	7.5	7.6	7.7	7.6	7.8	7.9	8.1	8.2	8.4
Producer, in industry[2]	PM	0.2	0.0	0.1	0.0	-0.3	0.1	5.4	3.1	0.3	-0.1	-0.6	0.0	0.2	-0.2	0.1	-0.1
Producer, in industry[2]	CMPY	1.8	2.0	2.2	2.2	2.2	2.3	7.5	8.9	9.2	8.2	7.8	8.2	8.2	8.0	8.0	7.9
Producer, in industry[2]	CCPY	1.9	1.9	2.0	2.0	2.0	2.0	7.5	8.2	8.5	8.5	8.3	8.3	8.3	8.3	8.2	8.2
RETAIL TRADE[3]																	
Turnover	real, CMPY	5.6	2.9	0.9	6.2	1.7	8.5	-5.0	-3.8	-10.2	-1.9	-6.3	-9.3	-7.6	-5.7	-5.8	.
Turnover	real, CCPY	6.7	6.2	5.9	5.9	5.5	5.8	-5.0	-4.4	-6.3	-5.2	-5.4	-6.1	-6.3	-6.2	-6.2	.
FOREIGN TRADE[4][5]																	
Exports total (fob),cumulated	EUR mn	8554	9752	11114	12560	13993	15274	1309	2690	4219	5713	7380	9061	10745	12325	14070	15949
Imports total (fob),cumulated	EUR mn	9682	10969	12521	14278	15938	17521	1327	2762	4359	5996	7610	9277	11052	12593	14337	16230
Trade balance,cumulated	EUR mn	-1128	-1216	-1407	-1718	-1945	-2248	-17	-72	-140	-284	-230	-215	-307	-268	-267	-281
Exports to EU (fob), cumulated	EUR mn	5206	5888	6711	7568	8449	9249	832	1720	2716	3618	4614	5573	6561	7424	8387	9513
Imports from EU (fob), cumulated	EUR mn	4910	5542	6324	7217	8054	8816	647	1350	2147	2981	3839	4710	5660	6460	7355	8334
Trade balance with EU, cumulated	EUR mn	297	346	387	352	395	433	185	370	569	637	776	863	902	964	1032	1179
FOREIGN FINANCE																	
Current account, cumulated	USD mn	-987	-1018	-1210	-1458	-1619	-1939	-46	-137	-126	-255	-177	-197	-192	.	.	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	44.8	45.0	43.8	42.6	41.5	41.1	39.3	39.0	38.7	37.9	35.6	35.5	36.7	37.5	37.1	35.3
SKK/EUR, monthly average	nominal	44.5	44.0	43.0	41.8	41.5	41.8	41.7	42.0	41.8	41.1	41.1	41.5	41.8	41.9	41.5	41.3
SKK/USD, calculated with CPI[6]	real, Jan98=100	102.7	103.1	100.3	97.7	95.0	93.4	84.9	84.4	84.0	82.0	76.8	76.4	79.2	80.2	79.3	75.3
SKK/USD, calculated with PPI[6]	real, Jan98=100	105.9	106.7	104.5	102.4	99.8	98.8	91.1	89.2	90.6	86.0	81.2	81.7	84.3	86.3	85.7	81.6
SKK/EUR, calculated with CPI[6]	real, Jan98=100	92.1	90.7	88.7	86.4	85.8	86.0	81.5	82.0	81.6	80.2	80.2	80.7	81.2	80.8	79.9	79.4
SKK/EUR, calculated with PPI[6]	real, Jan98=100	96.9	95.9	93.9	91.4	90.7	91.3	86.8	85.2	84.7	83.0	83.2	83.9	84.4	85.0	84.1	83.7
DOMESTIC FINANCE																	
M0, end of period	SKK bn	79.3	80.4	80.7	81.4	83.1	84.2	84.1	87.2	86.8	86.3	87.0	86.6	87.7	90.8	89.5	.
M1, end of period	SKK bn	219.3	222.5	221.1	222.8	227.0	246.1	234.9	244.1	240.9	242.4	244.8	248.7	251.9	256.2	257.5	.
M2, end of period	SKK bn	692.7	696.3	689.7	694.7	702.8	713.7	702.2	713.2	710.3	711.7	718.7	702.0	722.3	729.6	726.3	.
M2, end of period	CMPY	9.3	8.1	7.5	9.3	7.9	4.9	5.1	5.7	6.7	7.4	7.5	3.4	4.3	4.8	5.3	.
Discount rate (p.a.),end of period[7]	%	8.3	8.3	8.3	8.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.3	6.3
Discount rate (p.a.),end of period[7][8]	real, %	6.3	6.1	5.9	5.7	4.3	4.1	-0.9	-2.2	-2.5	-1.6	-1.2	-1.6	-1.6	-1.4	-1.6	-1.5
BUDGET																	
Central gov.budget balance,cum.	SKK mn	-34768	-35706	-32192	-39930	-36488	-51642	-1688	-12985	-17810	-23786	-30580	-27619	-31190	-33104	-37675	-40396

1) Ratio of disposable number of registered unemployment calculated to the economically active population as of previous year.
2) Based on revised index schema of 2000, excluding VAT and excise taxes.
3) According to NACE (52 - retail trade), excluding VAT.
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) From January 2002 corresponding to the 2-week limit rate of NBS.
8) Deflated with annual PPI.

S L O V E N I A: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002 Jul	Aug	Sep	Oct	Nov	Dec	2003 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total	real, CMPY	4.6	0.1	6.8	1.5	0.6	2.8	-1.9	2.8	1.4	-2.4	-0.8	2.5	-0.8	-2.6	3.4	.
Industry, total	real, CCPY	2.5	2.2	2.7	2.6	2.4	2.4	-1.9	0.4	0.8	-0.1	-0.2	0.2	0.1	-0.2	0.2	.
Industry, total	real, 3MMA	0.9	4.0	2.9	2.9	1.5	0.4	1.1	0.7	0.5	-0.6	-0.3	0.2	-0.2	0.2	.	.
Construction, total[1]	real, CMPY	-1.2	-5.3	0.6	-3.6	-0.1	2.2	-8.3	-10.0	-4.7	-1.4	-1.1	4.1	3.4	0.7	.	.
LABOUR																	
Employment total	th. persons	783.9	782.6	784.5	785.1	785.2	781.9	776.0	776.8	778.5	778.3	779.3	780.4	774.8	774.0	776.5	.
Employees in industry	th. persons	246.3	245.5	245.4	245.9	245.8	244.0	243.3	243.1	243.4	242.7	242.4	242.5	241.4	241.0	.	.
Unemployment, end of period	th. persons	101.7	102.2	103.4	104.5	101.7	99.6	101.6	100.6	98.8	97.1	95.3	94.4	96.9	98.2	98.2	.
Unemployment rate[2]	%	11.5	11.6	11.7	11.7	11.5	11.3	11.6	11.5	11.3	11.1	10.9	10.8	11.1	11.3	11.2	.
Labour productivity, industry	CCPY	5.9	5.6	6.0	5.9	5.6	5.6	0.3	2.6	3.1	2.2	2.2	2.6	2.5	2.2	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-1.1	-1.0	-1.2	-0.9	-0.7	-0.1	4.4	1.6	0.7	1.7	1.7	1.5	1.6	1.8	.	.
WAGES, SALARIES																	
Total economy, gross	th. SIT	232.1	236.1	236.2	239.9	252.9	262.1	247.1	241.5	243.7	246.9	249.3	248.2	250.9	251.5	253.8	.
Total economy, gross	real, CMPY	3.0	1.7	2.9	2.1	0.9	4.4	2.4	1.9	1.1	2.5	2.3	2.1	2.1	1.0	2.4	.
Total economy, gross	USD	1016	1015	1016	1029	1103	1159	1136	1126	1134	1151	1236	1242	1219	1194	1208	.
Total economy, gross	EUR	1024	1039	1036	1049	1103	1140	1071	1044	1051	1063	1070	1063	1072	1071	1080	.
Industry, gross	USD	877	865	869	890	966	1006	970	947	964	983	1056	1051	1046	1021	.	.
PRICES																	
Consumer	PM	0.5	0.1	0.8	0.5	0.0	0.6	1.0	0.5	0.7	0.5	0.5	0.3	0.5	-0.4	0.3	0.3
Consumer	CMPY	7.2	7.3	7.2	7.2	6.7	7.2	6.6	6.2	6.3	5.3	5.5	6.0	6.0	5.5	5.0	4.8
Consumer	CCPY	7.7	7.7	7.6	7.6	7.5	7.5	6.6	6.4	6.3	6.1	5.9	6.0	6.0	5.9	5.8	5.7
Producer, in industry	PM	0.2	0.2	0.1	0.3	0.3	0.6	0.2	-0.2	0.1	0.3	0.5	0.1	0.0	0.0	0.2	0.2
Producer, in industry	CMPY	5.3	5.2	4.9	4.2	4.1	3.7	3.6	2.8	2.5	2.4	2.8	2.7	2.5	2.3	2.5	2.3
Producer, in industry	CCPY	5.7	5.6	5.5	5.4	5.3	5.1	3.6	3.2	3.0	2.8	2.8	2.8	2.8	2.7	2.7	2.6
RETAIL TRADE[3]																	
Turnover	real, CMPY	7.1	4.0	7.8	5.6	3.9	6.7	4.5	8.9	0.9	7.2	6.5	6.2	4.1	0.8	.	.
Turnover	real, CCPY	4.1	4.1	4.5	4.6	4.6	4.8	4.5	6.7	4.5	5.2	5.5	5.6	5.4	4.8	.	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	6445	7168	8172	9217	10154	10966	847	1752	2741	3722	4646	5589	6597	7294	8357	.
Imports total (cif), cumulated	EUR mn	6753	7518	8528	9576	10607	11574	869	1896	2991	4027	5086	6076	7129	7919	9005	.
Trade balance total, cumulated	EUR mn	-309	-350	-356	-359	-454	-608	-22	-144	-250	-305	-440	-487	-532	-625	-648	.
Exports to EU (fob), cumulated	EUR mn	3909	4307	4903	5516	6069	6505	557	1106	1702	2281	2835	3381	3947	4306	4920	.
Imports from EU (cif), cumulated	EUR mn	4642	5138	5825	6542	7225	7871	572	1253	1998	2698	3414	4092	4825	5329	6048	.
Trade balance with EU, cumulated	EUR mn	-733	-831	-922	-1026	-1157	-1366	-15	-147	-297	-417	-579	-711	-878	-1023	-1128	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	152	194	322	402	430	314	95	61	-25	-8	-84	-57	-29	-30	67	.
EXCHANGE RATE																	
SIT/USD, monthly average	nominal	228.3	232.6	232.5	233.2	229.2	226.2	217.5	214.5	214.8	214.4	201.7	199.8	205.8	210.7	210.1	201.2
SIT/EUR, monthly average	nominal	226.7	227.4	228.0	228.7	229.3	230.0	230.7	231.3	231.9	232.4	233.0	233.5	234.1	234.7	235.0	235.5
SIT/USD, calculated with CPI[6]	real, Jan98=100	106.4	108.6	107.9	107.8	106.0	103.7	99.1	98.1	98.1	97.2	90.8	89.9	92.2	95.1	94.8	90.5
SIT/USD, calculated with PPI[6]	real, Jan98=100	109.6	111.7	112.2	113.1	110.7	108.4	106.0	106.5	109.3	105.3	98.5	98.3	101.2	103.7	103.6	99.0
SIT/EUR, calculated with CPI[6]	real, Jan98=100	95.4	95.7	95.5	95.5	95.8	95.7	95.2	95.3	95.3	95.2	95.0	95.0	94.7	95.5	95.6	95.5
SIT/EUR, calculated with PPI[6]	real, Jan98=100	100.3	100.5	100.9	100.9	100.5	100.4	101.0	101.9	102.3	101.7	101.0	101.0	101.4	101.8	101.7	101.8
DOMESTIC FINANCE																	
M0, end of period	SIT bn	137.2	140.0	138.6	141.4	140.6	143.1	137.8	139.2	142.0	147.2	150.2	153.3	147.3	152.7	151.2	.
M1, end of period[7]	SIT bn	668.7	670.2	684.3	665.7	713.3	720.1	681.2	694.5	706.1	711.7	719.7	774.6	755.3	753.6	769.0	.
Broad money, end of period[7]	SIT bn	3231.2	3251.1	3389.2	3396.0	3564.0	3600.7	3563.0	3583.0	3578.9	3598.6	3623.2	3679.2	3717.4	3716.0	3720.7	.
Broad money, end of period[7]	CMPY	19.0	21.5	24.9	22.0	24.1	18.4	15.9	15.5	13.8	13.1	13.1	15.5	15.0	14.3	9.8	.
Discount rate (p.a.),end of period[8]	%	7.75	7.75	7.75	7.75	7.75	7.25	7.25	7.25	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.25
Discount rate (p.a.),end of period[9]	real, %	2.3	2.4	2.7	3.4	3.5	3.4	3.5	4.3	3.9	4.0	3.6	2.7	2.9	3.1	2.9	2.9
BUDGET																	
General gov.budget balance, cum.	SIT bn	-163.6	-158.4	-162.4	-159.6	-173.0	-157.6	3.8	-21.2	-30.1	-11.4	-27.6	-56.2	-51.4	-64.3	.	.

1) Effective working hours. Enterprises with 10 or more persons employed.

2) Ratio of unemployed to the economically active.

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

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

5) Cumulation starting January and ending December each year.

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

7) According to ECB monetary standards..

8) From October 2001 main refinancing rate.

9) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2002 to 2003

(updated end of Nov 2003)

		2002						2003									
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																	
Industry, total[1)]	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Industry, total	real, CCPY	6.2	6.1	6.2	6.0	6.3	7.0	11.6	10.8	10.7	11.4	11.7	12.4	13.8	14.6	15.2	15.7
Industry, total[1)]	real, 3MMA	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
LABOUR																	
Unemployment, end of period	th. persons	1005.2	1002.8	991.8	980.0	999.4	1034.2	1061.0	1100.9	1109.4	1107.3	1057.8	1012.7	996.1	982.8	961.8	938.6
Unemployment rate[2)]	%	3.7	3.7	3.6	3.6	3.6	3.8	3.9	4.0	4.0	4.0	3.9	3.7	3.6	3.6	3.5	3.4
WAGES, SALARIES [1)]																	
Total economy, gross	UAH	398.1	390.1	391.1	397.5	395.7	442.9	400.6	391.2	415.5	422.6	439.3	476.2	489.5	479.2	498.3	.
Total economy, gross	real, CMPY	22.7	19.5	21.1	19.1	18.8	17.7	25.0	16.2	12.3	14.7	17.8	19.1	14.5	16.1	19.9	.
Total economy, gross	USD	75	73	73	75	74	83	75	73	78	79	82	89	92	90	93	.
Total economy, gross	EUR	75	75	75	76	74	82	71	68	72	73	72	76	81	81	83	.
Industry, gross	USD	96	95	95	97	95	104	99	96	103	105	108	.	.	.	.	.
PRICES																	
Consumer	PM	-1.5	-0.2	0.2	0.7	0.7	1.4	1.5	1.1	1.1	0.7	0.0	0.1	-0.1	-1.7	0.6	1.3
Consumer	CMPY	-0.9	-0.9	-1.1	-0.6	-0.4	-0.6	-0.1	2.5	4.3	3.6	3.9	5.9	7.4	5.8	6.2	6.9
Consumer	CCPY	1.8	1.5	1.2	1.0	0.9	0.8	-0.1	1.2	2.2	2.6	2.8	3.3	3.9	4.1	4.4	4.6
Producer, in industry	PM	1.0	-0.4	0.3	0.2	0.2	0.0	0.5	0.7	2.1	0.3	0.3	0.0	1.0	1.0	0.9	0.7
Producer, in industry	CMPY	5.0	4.6	4.9	5.8	5.3	5.8	6.8	6.8	9.9	8.9	7.6	5.3	5.3	6.8	7.4	8.0
Producer, in industry	CCPY	1.5	1.9	2.2	2.6	2.8	3.1	6.8	6.8	7.8	8.1	8.0	7.5	7.2	7.1	7.2	7.3
RETAIL TRADE																	
Turnover[3)]	real, CCPY	15.6	15.5	14.8	14.9	14.7	14.8	11.6	12.6	12.4	11.9	13.8	15.1	16.8	17.1	18.1	19.1
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	10539	12040	13770	15552	17206	19004	1402	2899	4607	6345	7809	9330	11143	12877	14692	.
Imports total (cif), cumulated	EUR mn	10044	11512	13001	14632	16098	17967	1265	2633	4225	5967	7392	8928	10732	12513	14354	.
Trade balance, cumulated	EUR mn	495	527	770	920	1108	1037	137	266	383	378	417	402	411	364	338	.
FOREIGN FINANCE																	
Current account, cumulated	USD mn	.	.	2207	.	.	3173	.	.	1082	.	.	1815	.	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.329	5.329	5.330	5.330	5.330	5.332	5.333	5.334	5.334	5.334	5.333	5.333	5.332	5.332	5.332	5.332
UAH/EUR, monthly average	nominal	5.288	5.211	5.229	5.228	5.338	5.422	5.645	5.752	5.758	5.786	6.125	6.225	6.066	5.951	5.968	6.238
UAH/USD, calculated with CPI[6)]	real, Jan98=100	171.0	171.9	171.9	171.0	169.9	167.1	165.3	164.8	164.0	162.6	162.2	162.4	162.7	166.0	165.5	163.3
UAH/USD, calculated with PPI[6)]	real, Jan98=100	146.5	147.4	147.9	148.8	148.3	148.1	150.2	151.7	152.4	147.1	146.5	147.8	146.2	144.9	144.1	143.1
UAH/EUR, calculated with CPI[6)]	real, Jan98=100	153.0	151.3	151.9	151.1	153.2	154.0	158.1	160.0	159.0	159.0	168.3	171.1	166.7	166.7	166.7	172.0
UAH/EUR, calculated with PPI[6)]	real, Jan98=100	133.7	132.4	132.8	132.6	134.6	137.0	142.6	144.9	142.3	141.8	149.1	151.4	146.2	142.3	141.4	146.8
DOMESTIC FINANCE																	
M0, end of period	UAH mn	22561	23568	23655	23713	24064	26434	24707	25503	26002	27650	27879	29375	30080	31072	30862	31500
M1, end of period	UAH mn	34037	35367	36504	36373	36514	40244	37877	38974	41615	42743	43447	46815	47276	48315	50293	.
Broad money, end of period	UAH mn	53913	56294	57729	58697	59575	64532	62853	64945	69731	72509	73977	79034	80786	83048	86495	86900
Broad money, end of period	CMPY	44.3	47.1	45.6	44.0	43.5	41.7	44.1	44.2	47.3	49.8	51.6	54.4	49.8	47.5	49.8	48.0
Refinancing rate (p.a.),end of period	%	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Refinancing rate (p.a.),end of period[7)]	real, %	2.9	3.2	3.0	2.1	2.6	1.1	0.2	0.2	-2.6	-1.8	-0.6	1.6	1.6	0.2	-0.4	-0.9
BUDGET																	
General gov.budget balance, cum.	UAH mn	1851.7	2409.7	2722.6	3284.8	3828.3	1635.4	1451.1	2194.3	1871.3	2348.1	3375.2	2500.9	2889.3	4028.2	3968.4	.

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.

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