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Contents

Export quality indicators for the transition countries

BY ROBERT STEHRER

Relative export prices (or unit value ratios) are interpreted as indicators of relative product quality.[1] The calculations of unit value ratios proceed in the following way: we use the COMEXT trade statistics at the most detailed (i.e. 8-digit) level, which contains information on price and quantity (usually weight) for about 12,000 products. We then calculate export prices for each exporter to the EU-15 market at this detailed product level (i.e. value divided by weight) and compare the export price with the average price of the respective product in total EU-15 imports. This gives us detailed export (or unit value) ratios for each exporter to the EU-15 market, which are then used to calculate an aggregate index by simply weighting the individual products by their shares in the export basket in the particular country's exports to the EU-15 market.

This paper reports the unit value ratios (UVR) for eleven transition economies and the EU-15, for two periods: 1995-97 and 2002-04. We also calculate the UVR for China – the potential competitor of some transition economies. Apart from the UVR for the total manufacturing exports, we also report the UVR for four groups of manufacturing, distinguished by the technology level (low-, medium-low-, medium-high- and high-tech). The whole set of UVR can be found in Table 1.

If we take the first period, we still see that most new EU member states (NMS) and the candidate countries sold their export products on the EU-15 markets at substantial (close to 20%) price discounts as compared to the average EU-15 imports. Exceptions are Hungary, Slovenia, and also Croatia. This indicates a significant 'quality gap'. Only Romania and China showed an even higher quality gap/price discount. In the more

[1] See M. Landesmann and R. Stehrer (2003), 'Evolving competitiveness of CEECs in an enlarged Europe', *Rivista di Politica Economia*, Vol. XCII, No. I-II, pp. 23-87, for a detailed discussion.

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Table 1

Unit value ratios for groups of manufacturing industries, 1995-97 and 2002-04

	period	low-tech	medium-low-tech	medium-high-tech	high-tech	manufacturing
Czech Rep.	1995-97	-0.16	-0.18	-0.31	-0.29	-0.22
	2002-04	0.05	-0.09	-0.08	-0.10	-0.06
Estonia	1995-97	-0.17	-0.05	0.02	-0.56	-0.16
	2002-04	0.03	0.02	0.01	0.69	0.11
Hungary	1995-97	-0.01	-0.08	-0.11	0.01	-0.06
	2002-04	0.12	0.00	0.08	-0.05	0.03
Lithuania	1995-97	-0.30	-0.02	-0.09	-0.21	-0.19
	2002-04	-0.16	0.10	-0.08	-0.26	-0.09
Latvia	1995-97	-0.28	-0.04	-0.23	0.33	-0.19
	2002-04	-0.08	0.11	-0.02	0.83	-0.01
Poland	1995-97	-0.20	-0.15	-0.33	-0.14	-0.21
	2002-04	-0.13	-0.13	-0.14	-0.18	-0.13
Slovenia	1995-97	0.13	-0.14	-0.17	-0.22	-0.07
	2002-04	0.25	-0.07	-0.16	0.20	-0.02
Slovakia	1995-97	-0.18	-0.14	-0.24	-0.33	-0.19
	2002-04	-0.05	-0.08	0.09	-0.09	0.02
Bulgaria	1995-97	-0.26	-0.19	-0.30	-0.31	-0.24
	2002-04	-0.06	-0.07	-0.21	-0.12	-0.09
Croatia	1995-97	0.04	-0.12	-0.18	0.29	-0.04
	2002-04	0.14	-0.21	-0.18	1.74	0.07
Romania	1995-97	-0.28	-0.20	-0.34	-0.40	-0.27
	2002-04	-0.04	-0.11	-0.10	-0.16	-0.08
China	1995-97	-0.16	-0.27	-0.37	-0.42	-0.28
	2002-04	-0.23	-0.26	-0.34	-0.29	-0.27
EU15	1995-97	0.06	0.02	0.00	0.00	0.02
	2002-04	0.11	0.04	0.02	0.00	0.04

recent period (2002-04) the quality gap (price discount) has shrunk quite dramatically in all NMS and candidate countries from over 20% to less than 10%. Only for China it remained at close to 30%.

The pace of quality/price improvements was not uniform across countries. The strongest gains were achieved by the Czech Republic, Estonia, Lithuania, Latvia, Slovakia, Bulgaria and Romania. In 2002-04 Estonia, Croatia, Hungary and Slovakia were the best performers – and Poland the worst. Poland was even overtaken by Bulgaria and Romania. On the other hand, in price/quality terms the best-performing countries (Estonia, Croatia, Hungary and Slovakia) matched the EU-15 already in 2002-04.

There are also remarkable differences across industry groups. The UVR for the 'low-tech' exports (comprising products of industries such as textiles, leather, footwear, wood products, etc.) increased particularly strongly in Romania, the Czech Republic, Estonia and Latvia – and fairly weakly in Poland. Interestingly, the UVR for the EU-15 low-tech exports also increased. In 2002-04 the low-tech exports of Hungary, Slovenia, and Croatia fetched higher prices than the low-tech exports of the EU-15. This development has to be qualified though. The high export prices of the three countries appear to be associated with falling EU market shares (not shown) of the low-tech exports of these countries. It may be said that Hungary, Slovenia and Croatia have been 'pricing

themselves out' of the EU market for the low-tech products. All remaining transition countries have increased their shares in the EU market for low-tech imports. (Romania increased its market share most radically, by close to 1 percentage point.) Finally, it may be observed that the UVR for the Chinese low-tech exports declined further.

The UVR for the 'medium-low-tech' exports (comprising products of industries such as petrochemicals, rubber and plastics, non-metallic mineral products, metals and metal products) improved everywhere (except in Croatia). The largest improvements were observed in Latvia, Lithuania, Bulgaria and Romania – the smallest in Poland, where UVR remained almost constant. This was also the case for China, which shows an even higher quality gap. Despite the improvements in UVR, the price/quality gaps vs. the EU-15 remain quite large, in most cases. The relatively cheap Polish and Czech exports of medium-low-tech products were associated with their rising EU market shares.

The UVR for the 'medium-high-tech' exports (comprising products of industries such as chemicals, machinery and equipment, motor vehicles, etc.) improved particularly strongly in Slovakia, Romania, the Czech Republic, Latvia, Poland and Hungary and have been more or less stable in Estonia (close to zero), Lithuania, Slovenia, and Croatia. The highest quality gap can be observed for China. The price/quality gains in the Czech Republic, Poland, Hungary and Slovakia proved to be combined with definite gains in their market shares. Despite the progress made in some countries, the price/quality gaps in the medium-high-tech exports vs. the EU-15 remained significant in Poland, Slovenia, Bulgaria, and Croatia. Four countries – Estonia, Hungary, Latvia and Slovakia – already exhibit a better than average performance (i.e. UVR are positive or close to zero) mainly due to the presence of the motor vehicles industries in this aggregate.

Finally, the UVR for the 'high-tech' exports (comprising products of industries such as office machinery and computers, radio, TV and communication equipment, medical and precision instruments, etc.) improved tremendously in Croatia, Estonia, Latvia and Slovenia – and fairly moderately in other countries (except Poland and Lithuania, where there was a slight decline at a higher gap, and Hungary, for which the UVR is close to zero). China still shows the largest gap which, however, also has improved quite strongly from 1995-97 to 2002-04. In 2002-04 Croatia, Estonia, Latvia and Slovenia overtook the EU-15 in terms of prices/quality of exports of high-tech products.[2] But the high prices of these countries' high-tech exports were not associated with strong gains in EU market shares. In contrast, high market share gains were achieved by the high-tech exports of Hungary, the Czech Republic (and even Poland) – the countries which continued to export their products at significant discounts.

Summarizing, in general one can observe tendencies for quality upgrading of the NMS, the candidate countries and China, although there is some differentiation across countries and industries. However, not in all cases a higher UVR is associated with increasing market shares in the EU-15 market, which may point towards the fact that some countries already face deteriorations in their cost competitiveness. China as a potential competitor still shows the largest gaps, which have however improved dramatically in the past ten years and particularly so in the high-tech industries.

[2] For these countries one has, however, to notice that the number of products in these industries is quite small, thus figures should be interpreted with caution.

On the profitability of Austrian firms in the new EU member states

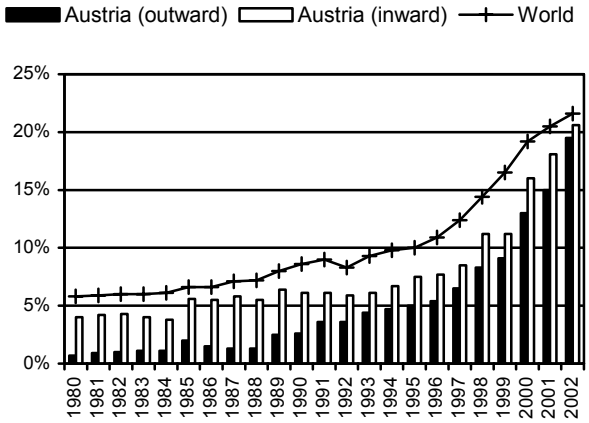
BY WILFRIED ALTZINGER*

The economic and political opening-up of Central and Eastern Europe[1] (CEE) in 1989 has had a tremendous impact on the Austrian economy. Since Austria's economy is dominated by small and medium-size enterprises (SMEs) its outward FDI stock (measured as a percentage of GDP) has been very low traditionally. In 1989, at the beginning of the transition period, this share was only 2.1%, while the share of the inward FDI stock was 7% (see Figure 1). Fifteen years later, these shares had increased to 19.5% and 21% respectively (Austrian National Bank). In 2003 these shares were rather balanced for the first time in Austrian history. The exceptional increase in Austria's outward FDI since 1989 was mainly due to the opening-up of the CEE economies where Austrian firms invested quite heavily.

While Austria's share in the worldwide outward FDI stock was 0.7% in 2004, its comparable average share in the eight new member states (NMS) – Hungary, Poland, the Czech Republic, Slovakia, Slovenia and the three Baltic states – was 8.8% (see Table 1). The largest investors in the region are the Netherlands, followed by Germany; Austria ranks third. In Slovenia and Slovakia Austria's shares are even higher: 23.2% and 14.2% respectively. Moreover, most recent figures show that Austria ranks first in the EU candidate countries Croatia (27%) and Bulgaria (17.5%), and second in Romania (12.2%) (wiiw, 2005). These data illustrate the strong presence of Austrian firms in the region. Most of these strong economic activities may be explained by the geographical proximity but also by the cultural and historical ties. The most recent investments in Croatia, Bulgaria and Romania are concentrated in finance and in fuel processing where Austrian firms have a very strong position generally in CEE. Close to 40% of all outward investment in CEE is allocated to finance.

Figure 1

FDI stock as percentage of GDP, 1980-2002



Source: UNCTAD, FDI database.

Table 1

Inward FDI stock in NMS-8 by major home countries

December 2004, share in per cent

	SI	SK	CZ	HU	PL	NMS-8
Netherlands	5.4	25	30.9	19.5	23.3	21.9
Germany	7.8	18.5	20.6	29.2	17.2	19.6
Austria	**23.2**	**14.2**	**11.8**	**11.2**	**4**	**8.8**
France	7.5	3.1	7.9	4.3	14.5	8
US	1.6	4.2	5.2	5.2	9.5	6.3
Other	54.5	35	23.6	30.6	31.5	35.4

Source: wiiw (2005).

* Vienna University of Economics and Business Administration. This research was funded through a fellowship awarded by FESTO Company, Germany, which is gratefully acknowledged.

1 Although eight out of 19 CEE countries are already members of the EU, we subsume under the heading of CEE-5 Poland, Hungary, Slovenia, Slovakia and the Czech Republic. These five countries account for more than 80% of total Austrian investment in CEE. Under CEE-19 we subsume the CEE-5 and Albania, Bosnia and Herzegovina, Bulgaria, Estonia, Croatia, Latvia, Lithuania, Moldavia, Romania, Russia, Serbia and Montenegro, the Slovak Republic, Ukraine and Belarus. The eight new member states are termed NMS.

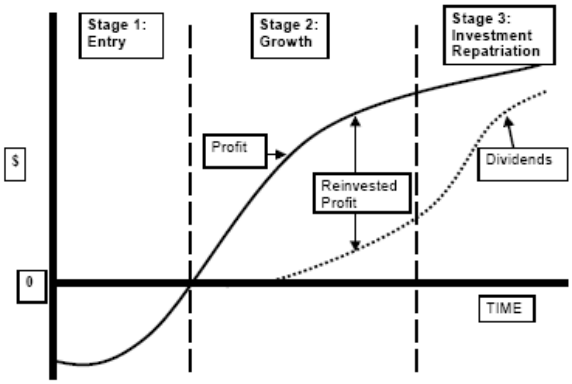
So far little analysis has been done on the profitability of Austrian investments (Altzinger, 2003; Dell'mour, 2004; OeNB, 2005). The present article tries to shed some new light on this important issue.

The development of earnings over time

First, we are particularly interested in the development of earnings over time. Second, we investigate what happens to earnings, in particular whether they are reinvested in the affiliates or are repatriated to the parent firms. Hence we wish to test the following hypothesis, depicted in Figure 2 (see Brada and Tomšík, 2003).

Figure 2

The FDI financial life cycle



Source: Brada and Tomšík (2003).

At the outset firms make an investment in the host country to found an affiliate. At first, due to start-up problems, affiliates will often operate at a loss (stage 1). In the case of an acquisition, this period may be short if the acquired firm can be easily reorganized to turn profitable. In the case of a greenfield investment, during the time required to build and equip the production facility, the interest on capital invested may result in sizable and longer lasting start-up losses. Thus the affiliate operates at a loss and pays no dividends.

Next the affiliate begins to operate at a profit as production starts or as the firm becomes more competitive as a result of restructuring or other competitive advantages provided by the parent firm (stage 2). However, as the affiliate is becoming more successful on the market, it is likely to have significant needs for additional investment. Thus all profits may be reinvested to meet these needs. As time passes and profits continue to grow, the parent firm may begin to require the affiliate to remit some of the profits.

Finally (stage 3), when the affiliate has reached a mature stage, the parent firm will choose to repatriate a larger share of profits in the form of dividends so that these funds may be used to finance investment opportunities that offer more dynamic prospects elsewhere, and reinvested earnings will decline.

The two forms of earnings utilization (reinvestment or repatriation) have critical implications for both the host and home country's growth and employment. Hence it is essential to obtain more information on these issues.

Development of Austrian FDI and affiliate profitability by country

Regional structure of Austrian FDI

As shown in Figure 3, Austrian FDI in CEE has increased tremendously since 1990. Starting from a low of EUR 405 million in 1990, the amount rose to EUR 16,295 million in 2003. In 2003 this represented a share of 36.8% in total investment, and it was for the first time that this share was higher than that of the EU-15 (34.5%). Up until now Austrian investment in CEE seems to be a never ending story of expansion.

This perception is emphasized by the regional structure of Austrian FDI within the CEE-19 (see Figure 4). In 1989 Austria started its eastward expansion in Hungary; then followed the other three neighbouring countries Czech Republic, Slovenia and Slovakia. Until 1996 theses four countries accounted for more than 95% of all investment in CEE. However, since 1997 the picture has changed considerably. From 1997 onwards, Poland became an important host

country for Austrian firms; then several countries of the CEE-14 gained in importance. These are in particular the EU candidate countries Croatia, Romania and Bulgaria, and also Russia. In 2003 the CEE-14 accounted for 10.9% of total investment while Hungary's share was only 7.8% and hence overtaken by the Czech Republic with 8% for the first time. In 2003 the formerly most important host countries accounted for only 70.4% of total investment in CEE. Hence it is of importance to look also at the profitability of these investments.

Figure 3

Austrian outward FDI by regions, 1990-2003 (Total capital in EUR million)

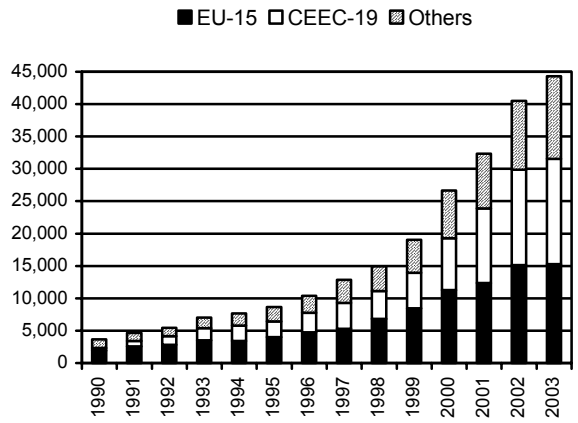
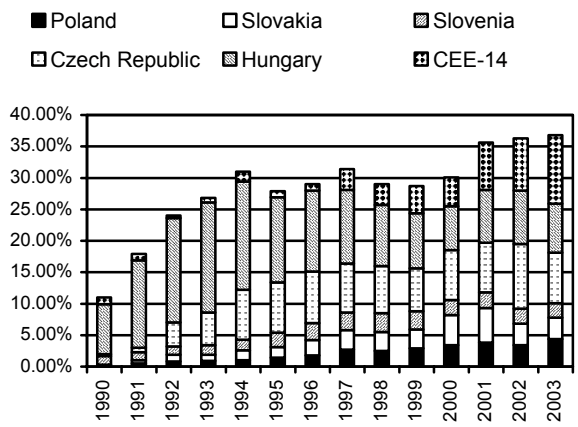


Figure 4

Austrian outward FDI in CEE, 1990-2003 (as % of total FDI)



Profitability [2] of Austrian FDI

To compare the profitability of Austrian affiliates we sub-divide all affiliates into four regions: EU-15, CEE-5 (countries which are already members of the EU, i.e. Poland, Hungary, Slovenia, Slovakia and Czech Republic), other CEE-14 (see footnote 1) and other countries (mainly USA, Canada and Switzerland).

It has already been mentioned that the share of the CEE-14 has strongly increased since 1997. Hence these countries are of particular interest for our further analysis.

The profitability of direct investments was not always substantial in CEE. Figure 5 shows the development of the median profitability since 1992. The median provides us with a pattern of average profitability of firms independently of their size and impact on total profitability. In particular the development over time can be traced better by the median profitability than by the average (see also footnote 2).

After 1991, when a wave of investment in the CEE countries began, profitability tumbled, even resulting in net losses between 1992 and 1995. During that phase, the percentage of loss-making operations rose substantially. Thus the median of profitability was zero for all CEE countries. However, this period was characterized by a worldwide recession – and also investments in the

[2] We measure profitability by return on equity (RoE). This is net profit *(excluding profits and losses carried forward)* by the year divided by equity (minus profit or loss for that year). Two indicators for the RoE can be calculated: First, an *average RoE* by countries or regions, which is the total sum of net profits divided by total equity of countries, regions or sectors with aggregate data. Second, the *median* of RoE can be calculated with firm-level data only. The first measure may be strongly biased by a few large (loss- or profit-making) firms. The second measure provides a more general pattern of the development. We have to add that only the aggregate data are publicly available. The firm-level data have been calculated by senior officials at the Austrian National Bank. The author gratefully acknowledges the statistical support from Rene Dell'mour and the partial access to data provided by Aurel Schubert from the Department of Balance of Payments. In this paper we calculate and discuss median values only.

EU-15 show partially huge losses. However, the median of return on equity (RoE) in EU-15 countries was always (far) above that of CEE countries.

Figure 5

Return on equity (RoE) by regions (median), 1992-2003 (number of affiliates, 2003)

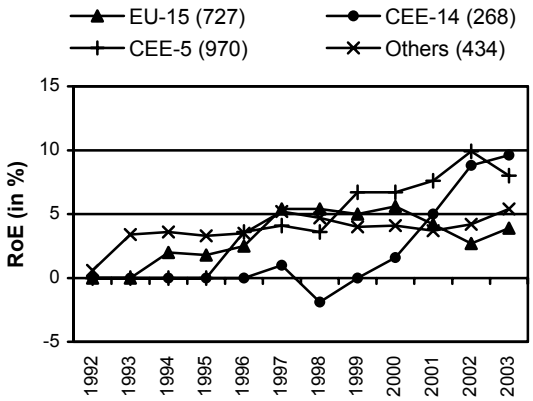
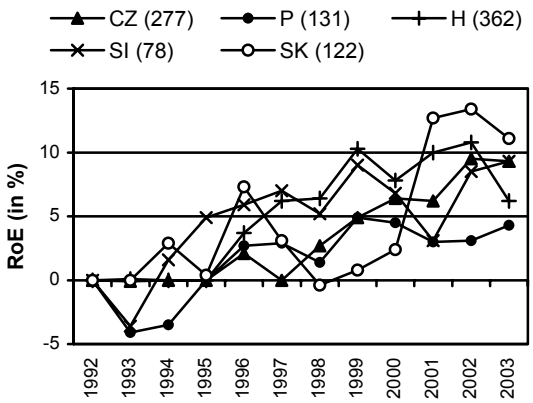


Figure 6

Return on equity (RoE) by CEE-5 (median), 1992-2003 (number of affiliates, 2003)

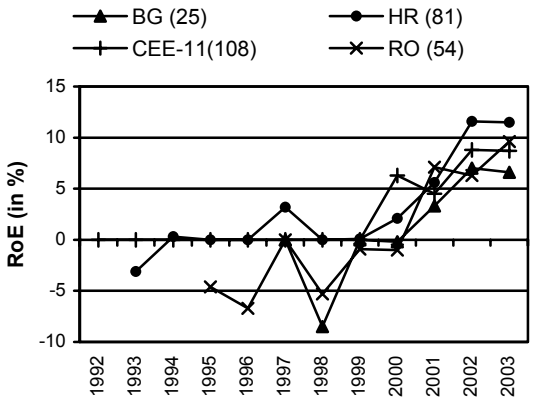


In the second half of the 1990s, the picture changed significantly. Profitability in the CEE-5 gained momentum and has since improved to levels far above those observed in the EU-15. Profitability was boosted, among other things, on the back of the rise in labour productivity (sales per employee). However, the high profitability of affiliates in CEE since 1996 applies only to the CEE-5. Affiliates in the CEE-14 became profitable in 2000 only. But, since that time, the median has caught up quickly with the CEE-5 median and overtook it in 2003. In that year the RoE was 3.9% for the EU-15 while it was 8% for the CEE-5 and 9.6% for the CEE-14. Thus profitability in CEE by far exceeded profitability in the EU-15.

Looking at the CEE-5 only (see Figure 6) we can see that the upswing in profitability started in all five countries nearly in parallel in 1996. Until 2003 all five countries except Poland reached median values on RoE of approximately 10%. Poland represents a special case which is not directly comparable to the other four transition countries bordering on Austria. Since Austrian investment in Poland started rather late, mainly for geographical reasons (see Figure 4), also the profitability tumbled for a longer period. The best performance was reached in those counties where Austrian investment lasted longest.

Figure 7

Return on equity (RoE) in other CEECs (median), 1992-2003 (number of affiliates, 2003)



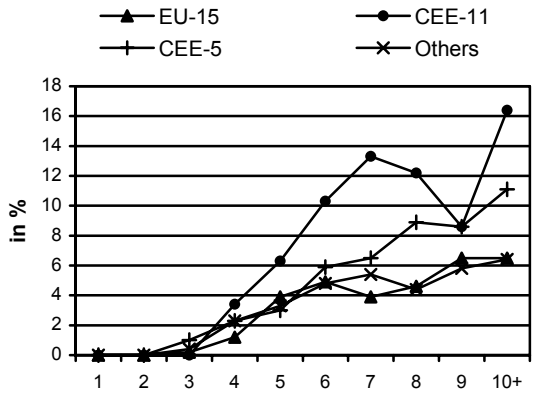
As investments in other CEE-14 are more recent, it is interesting to look at their development in more detail (see Figure 7). As can be seen from the numbers in brackets, these investments are relatively small in numbers but strongly growing (see also Figure 4). Most of these investments started in the period 1996-2000 and became profitable in 2001 only. However, since then the RoE has increased tremendously and very quickly. In 2003 the most successful affiliates were investments in Croatia (85) followed by those in

Romania (54) and in other CEE-11 (108). All of them have improved their RoE to levels close to or above those of the 'old' CEE-5. As Austria's current investments in CEE are strongly allocated to these (potential future EU member) countries, the prospects for Austrian investors appear quite promising.

As it is obvious that the 'age' of investment is a detrimental factor for the profitability, we will look at that issue more thoroughly (see Figure 8). We have pooled all observations for the full period 1989-2003 by region and by year of investment. Generally we can see rather clearly the strong increase in median profitability for all regions. After the start-up troubles in the first two years following the initial investment which can be observed independently of the region, the median profitability becomes positive. After the fourth to fifth year of investment the profitability improves strongly.

Figure 8

Return on equity (RoE) by age of investment, 1989-2003; N=24.846 (median)

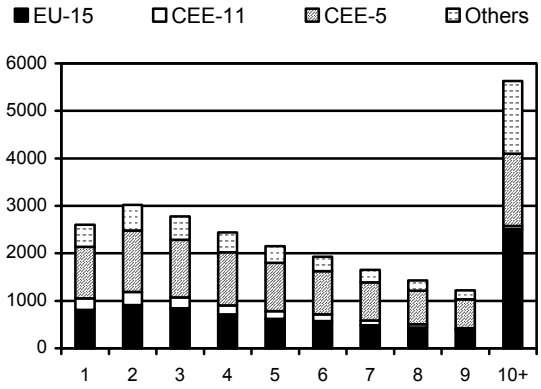


By that time the loss-making firms have mostly fallen out of the sample due to bankruptcy. However, in this period we observe quite large differences in profitability by region. Affiliates in the CEE-5 and even more so in the CEE-14 reach startling returns on equity invested. In CEE, investments with an age between six and eight years show a median profitability twice to three times as high as that in the EU-15.

Since it is the age of investment that explains most of the differences in profitability, it is of interest to take a look at the age of investment by region (see Figure 9). We can see clearly that the share of investments in CEE diminishes dramatically by the age of investment. While the CEE share in investments with an age below ten years is 41% on average, the CEE share in older investments is 21% only. Hence it is next to certain that total earnings of CEE affiliates will increase further.

Figure 9

Distribution of affiliates by region and age of investment, 1989-2003 (N=24.846)



Are the earnings reinvested or repatriated?

Finally, the question arises of what happens to the earnings of these investments. Are they reinvested or are they repatriated to the parent company? As already mentioned, we expect that the share of reinvested earnings will be quite large at the early stage of investment but will decline by the age of investment. For simplicity we compare only two regions: the EU-15 and the CEE-19 (see Figure 10). We can observe at least two important features. First, the share of repatriated earnings in the CEE-19 was very high in the early transition period 1989 to 1990. This exceptionally large share may be explained by the fact that at that time investors opted exclusively for projects with a guaranteed high return in the uncertain period following 1989, making quick profits without any long-lasting investment objectives. From 1991 to 1995, however, the share of repatriated earnings

was rather similar to that in the EU-15. And, since 1996, this share has even been far below that in the EU-15. The main reason for this development is certainly the fact that by far the largest part of total earnings has been reinvested due to strong restructure needs of the existing affiliates. Only in very recent years has the share of repatriated earnings increased slightly.

Figure 10

Repatriated earnings (as percentage of total earnings), 1989-2003

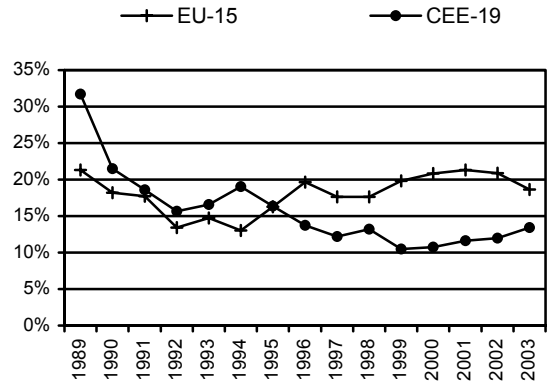
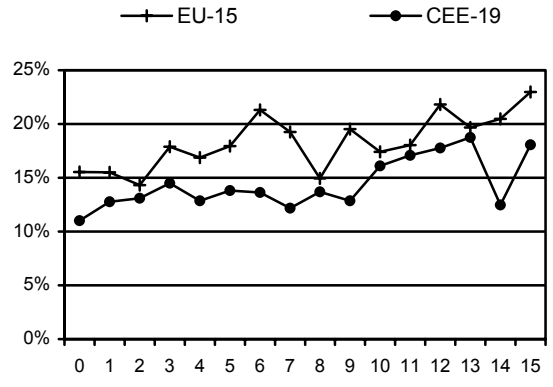


Figure 11

Repatriated earnings (as percentage of total earnings) by age of investment



Comparing the share of repatriated earnings by age of investment (see Figure 11) we se the expected patterns for the two regions. The older the investment, the higher the repatriated share of earnings to the parent firm. However, the share of repatriated earnings in the CEE-19 is always below that in the EU-15. Also this pattern emphasizes that the need for reinvestments to reorganize and reconstruct new affiliates is much stronger in the CEE than in the EU-15. We may conclude that these investments do not only improve the competitive strength of the parent company but also the overall competitiveness of the host countries in general.

Conclusions

Mainly due to the opening-up of the CEE countries, Austrian foreign direct investment has strongly increased since 1989. This development has boosted Austrian international economic activities. Starting from close to zero in 1989, Austrian investment in CEE accounted for 36.8% of Austrian total outward investment in 2003. It was for the first time that this share was higher than the EU-15 share (34.5%). While in 1989 Austrian investments in CEE had started with many loss-making investments, current investments are quite profitable. Most of the so-called start-up troubles have been overcome. In 2003 total annual profits translated into an average return on equity of 6.2%. However, rates differ quite substantially by region: they are 3.9% for investments in the EU-15 but 8% for those in the CEE-5 and 9.6% for those in the CEE-14. In particular, also the most recent investments in Croatia, Romania and other CEE countries have become very profitable. The 'age' of investment is the main determinant of profitability. Controlling for age of investment, it turns out that affiliates in CEE are much more profitable than in the EU-15. Finally, Austrian companies invest much larger shares in their affiliates in CEE than in affiliates in the EU-15. These investments are urgently needed to reorganize and restructure existing companies; but, they also contribute to increasing the overall productivity of the host countries. The remarkable profitability of Austrian affiliates in CEE confirms the wide-held impression that the opening-up of the CEE economies has helped to improve the overall competitiveness of Austrian companies.

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Possible entry into the euro zone of Estonia, Lithuania and Slovenia: an evaluation

BY LEON PODKAMINER

Three out of the seven New Member States that currently participate in the ERM-2 may be entering the euro zone in January 2007. These are Estonia, Lithuania and Slovenia. By January 2007 all three countries will have spent more than two years in the ERM-2, without experiencing any (let alone severe) exchange rate tensions. Their record on the satisfaction of other Maastricht criteria is, overall, also positive. Inflation in Slovenia and Lithuania is currently fairly low – and is unlikely to accelerate anytime soon. Only in Estonia is inflation currently slightly too high. Nonetheless, inflation is expected to fall substantially in the course of 2006. Then, all three countries have enviably low, or very low, levels of public debt. All have conducted fiscal policies resulting in quite low public deficits (actually mostly surpluses in Estonia), all have fairly low interest rates. On strictly formalistic grounds it may be rather difficult to argue against their entry into the euro zone.

However, a more relevant set of questions is about the possibly negative economic consequences of their entry into the euro zone. More specifically, one is interested in the possibly negative consequences for these countries. (It must be stressed here that an eventual entry of Estonia, Lithuania and Slovenia is highly unlikely to have any real impact whatever – positive or negative – on the euro itself and on the present euro zone countries. The economic size of the three countries combined is truly microscopic when compared with the present euro zone).

Two questions are worth considering:

1) Assuming that the three countries adopt the euro at the beginning of 2007, what are the chances of their observance of the Maastricht criteria in the medium run ?
2) Given the fact that the real economic features of the countries considered are still substantially different from the ones prevailing in the current euro area, is the adoption of the euro likely to affect their real convergence negatively in the longer run?

Breaches of the Maastricht criteria unlikely in the medium term

The fiscal/debt criteria

Several present members of the euro area had quite a hard time prior to the adoption of the euro. To meet the Maastricht criteria they had to go through a period of painful 'fasting' that took up to several years. Their records on public debt and fiscal balances were improving rather gradually – sometimes probably not without a good deal of creative fiscal accounting. Then, several years after being admitted into the euro zone, Greece, Portugal, and Italy have apparently returned to their 'old habits' – with the fiscal deficit-to-GDP ratios persistently violating the magical 3 per cent Maastricht threshold. Of course, it would be incorrect to attribute the high fiscal deficits in Greece, Italy or Portugal primarily to the authorities' inadequate determination, or ability, to 'fight the deficit'. Whatever the reasons for the re-emergence of fiscal deficits in these countries, one must admit that high deficits are more likely to reappear in the traditionally high-deficit countries, than in the traditionally low-deficit ones. In other words, countries in which the authorities had to force major changes in fiscal policy (in order to qualify for membership in the euro area) seem susceptible to recurring high deficits – once the danger of not being admitted into the euro area is over. On the same principle, the opposite statement seems valid: countries that have not, in the past, shown any obvious propensity to run high fiscal deficits, should be expected to run low deficits also after being admitted into the euro zone.

Equipped with that criterion, let us reflect briefly on some facts from the past fiscal behaviour of Estonia, Lithuania and Slovenia:

1) Fiscal deficits of the three countries have been low, or very low, all along – essentially since they became independent states. Not infrequently public finances were in surplus (as is recently the case in Estonia).
2) Roughly balanced public finances prevailed long before the appearance of the euro, and long before the countries in question could realistically expect to accede the European Union. Thus it would be rather odd to ascribe, to the (successive) governments in these countries, some mischievous intentions. Obviously, they have not been engineering balanced budgets in order to impress the EU authorities before being admitted into the euro club. And there is nothing to suggest that they intend to generate high deficits anytime thereafter.
3) There is relatively little magic behind these countries' good fiscal performance. They all started as independent nations (in the early 1990s) with very small levels of public debt. This was especially the case in the Baltic countries. Because of this the interest costs on public debt are tiny in all three countries (and particularly in Estonia). As percentages of the GDP, the interest costs in these countries are small fractions of the costs that burden public finances in Italy, Greece or even Portugal. Of course, other factors have been important too (especially in Estonia and Lithuania): continuing strong GDP growth, relatively ungenerous social spending, and also the systemic restrictions on public sector borrowing implicit in their exchange rate regimes (currency boards).

The inflation/interest rate criteria

Inflation in Estonia and (especially) in Lithuania has been generally low for quite some time (since about 1998-9). The 'hard peg' exchange rate regimes (currency boards) adopted in both countries proved efficient in containing inflation. Of course, neither country is entirely immune to unwelcome price developments, such as occasional deflation (e.g. in Lithuania), or occasional inflationary acceleration. The recent inflationary acceleration in both countries (stronger in Estonia) is of a temporary nature. It has much to do with the fast expansion of consumer credit – which is driven by optimistic consumer sentiments and very low interest rates. It must be added that interest rates are essentially beyond the control of the domestic monetary policy in these countries. Under the currency board regime the monetary authorities do not have the powers to interfere with the monetary aggregates or interest rates. Nonetheless, the credit boom in both countries is certainly not getting out of control. The domestic banking systems in both countries are dominated by prudent and experienced international institutes that are unlikely to overextend their lending to the private sector.

Slovenia approached the current price stability/low interest rates gradually. Over the years the Slovenian authorities conducted a policy of crawling peg. The exchange rate was (nominally) weakening more or less in line with inflation. This strategy prevented real appreciation (and helped preserve price competitiveness of Slovenia's exports) – while at the same time slowing down the process of disinflation. Under the ERM-2 regime, the authorities stopped engineering the nominal devaluation – and this paid off in the form of faster disinflation and convergence in the levels of interest rates.

Good prospects for real convergence

Real position of the three countries vs. the present euro area

The real economic features of the three countries under consideration are still different from the ones prevailing in the current euro area. How much different? Judging by the GDP level, not very much really – at least in the case of Slovenia. In 2006 Slovenia's per capita GDP (at Purchasing Power Standards) will be about 73% of the average EU-15 level – higher than Portugal's (ca. 65%) and close to Greece's (ca. 75%). Portugal and Greece were actually not much more affluent (in relative terms) when entering the euro area. Their per capita GDP in 1999 stood at about 70% and 62% respectively

of the then EU-15 level (while Slovenia's equalled 67%). Lithuania and Estonia are still much poorer: in 2006 their per capita GDP levels are likely to approach 47% and 51% respectively of the average EU-15 level. However, the speed at which they have been catching-up with the EU-15 is phenomenal. In 1999 their relative per capita GDP levels had been only 34% and 37% respectively.

The question to be answered is this: can the adoption of the euro adversely affect further medium- and longer-term growth (and convergence) of Slovenia, Estonia and Lithuania ? But first it may be useful to consider the likelihood of some shorter-term negative impacts which are connected with the nominal convergence of these countries.

Current credit booms unlikely to impair shorter-term growth

As already mentioned, falling interest rates and optimistic expectations have been propelling expanding consumer credit in all three countries. A similar development was observed for a couple of years also in the so-called cohesion countries (Greece, Ireland, Portugal, Spain) during the run-up to euro introduction. Sometimes the opinion is expressed that the credit boom in Portugal got out of control, resulting in e.g. excessive levels of the private sector's debt burden. This has been one of the factors contributing to the very weak performance of Portugal (virtually a protracted stagnation since 2001). Portugal's lesson is not, however, relevant for the three countries considered. The levels of private debt (relative to GDP) are incomparably lower in the three countries, ranging between about 30% (in Lithuania) and 70% (in Estonia) – against Portugal's about 140%. Perhaps it should be added that the effects (positive as well as potentially negative) of the past and present credit expansions in Slovenia, Estonia and Lithuania will be materializing whether or not these countries enter the euro area in 2007.

Positive medium-term growth prospects

The adoption of the euro is commonly believed to bring many advantages (elimination of the exchange rate risk and currency speculations, lower transaction costs, greater price transparency, etc.). All these good things should be accelerating the overall growth. Of course, any quantification of the gains from the euro adoptions is tricky. But surely, our three countries will be benefiting from lower risks, costs, etc. In addition, their (already good) reputation will be further improved on becoming a member of the euro club – and this will be conducive to higher foreign direct investment.

The only potential disadvantage of adopting the euro is that this would rule out the option of devaluing the national currency. Devaluation (whether guided – under a managed exchange rate regime, or spontaneous – under flexible exchange rate regimes) might prove essential for restoring external competitiveness, should this be eroded by e.g. insufficient progress in domestic productivity, or an excessive rise in domestic production costs.

Now, it must be observed that the countries considered are highly unlikely to be in need of any 'competitive devaluation', at least in the medium term. Estonia and Lithuania have been functioning for over a decade without any devaluation: their exchange rate parities (vs. the euro) have proved more or less appropriate. Under their fixed exchange rates exports have been rising at high (and recently even accelerating) speeds – a clear symptom of a strong competitive position. Of course, they have also run large (though falling as a percentages of GDP) trade and current account deficits. This is a normal situation under very high inflows of foreign capital and explosive rates of growth of fixed investment and overall GDP.

In the case of Slovenia the period of exchange rate stability is of course much shorter, as it effectively started with the entry into the ERM-2. However, Slovenia's exports have also performed very well

during the past two years, growing as fast as they did when they were 'assisted' by (gradual) devaluation. Actually, Slovenia's trade and current accounts have always been close to balance – and even improved in 2005 (despite near stagnation in the EU 15). This is an expression of Slovenia's competitiveness, which is unlikely to be eroded in the medium term.

Of course, one has to remember that the present strong competitive position of the three countries has been due to ongoing strong gains in labour productivity, fast structural changes combined with the introduction of new technologies and products (foreign direct investment), moving up the 'quality ladder', etc. This is reflected in the fast convergence of prices received by these countries for their exports to average EU-15 import prices. Labour productivity in Slovenia has been rising about three times faster that in the EU-15, in Estonia and Lithuania five to six times. It is quite natural that, given such positive real-side trends, the three countries do seem to deplore the loss of the devaluation option.

Good longer-term prospects

While in the medium term none of the three countries is likely to need any competitive devaluation, and thus an own national currency, hypothetically at least, the situation may be different in the long-run perspective. One, or all, of our countries may then regret not having the devaluation option. (Incidentally, this seems to be a sentiment sometimes voiced in some present euro area member states which cannot withstand the competitive pressures emanating from Germany, which is conducting a wage-deflation policy.)

A hypothetical possibility of growth in the three countries under consideration coming to a standstill – just because of the erosion of external competitiveness and inability to devalue – belongs to a remote future. In a more meaningful long run, the three countries are likely to fare very well with the euro (and not much worse without it). The reasons for this are simple, though manifold. First, they have a clear advantage over the present euro area member states as far as the levels of wage and non-wage costs are concerned. Even though wages in these countries are of course rising, they will remain much lower (especially in Lithuania and Estonia) than in the EU-15 for a long time. Second, the labour markets in these countries are much more flexible than is the case with the major euro area countries. As such they are more likely to absorb eventual losses in competitiveness (e.g. due to a slowdown of productivity growth) than the rich EU countries. Third, despite lower wage rates and higher labour market flexibility, the quality of human capital (skills and levels of education of the labour force) are generally very high – actually much higher than in many present euro area countries. (Lithuanian and especially Estonian education indicators are not much worse than in the European leaders.) Fourth, the present tax systems in Lithuania and Estonia (and the planned tax system changes in Slovenia) will continue to attract foreign capital, even if occasionally at the expense of the present euro area countries. Fifth, the combination of all four factors just listed will be producing strong synergies. Under such conditions an erosion of competitiveness seems rather unlikely, even in a reasonably long run. Of course, beyond the reasonable time horizons, things may change.

Conclusions

By January 2007 Estonia, Lithuania and Slovenia will have spent more than two years in the ERM-2 without experiencing any (let alone severe) exchange rate tensions. The record of the three countries on the satisfaction of other Maastricht criteria is, overall, also positive. Inflation in Estonia (currently a bit too high) will be falling in the course of 2006. On purely formalistic grounds it seems rather difficult to object to the three countries' entry into the euro zone at the beginning of 2007. Nothing in the past or present fiscal performance of the three countries justifies an expectation of a breach of the Maastricht public deficit criterion anytime soon – whether or not these countries adopt the euro as expected. Even if growth were to slow down after the adoption of the euro (which is highly unlikely), given the low levels of public debt

and low interest costs, the fiscal deficits will remain low. In all three countries the price stability and low interest rates have been achieved under stable exchange rates (in Estonia and Lithuania well before the entry into ERM-2, in Slovenia under ERM-2). It is difficult to find reasons why the formal adoption of the euro should provoke higher inflation. The entry into the euro area is unlikely to affect negatively the short-term growth. Current expansion of credit to the private sector, which is a natural development given low interest rates and generally optimistic moods, has not become excessive. The private sector's debt-to-GDP ratios are still relatively low. In the medium run the three countries will continue to perform quite well – with or without the euro. They have been performing quite very well with fixed exchange rates. The present exchange rate parities have not generated problems in foreign trade and/or current accounts that could signal overvaluation. The high growth of exports is a sign of a comfortable competitive position. The ongoing fast structural changes, technological upgrading, strong gains in labour productivity, high capital inflows, etc. make the erosion of external competitiveness unlikely in the foreseeable future. With labour markets that are much more flexible than in the current euro area, lower (or much lower) wages, high levels of human capital, and many tax advantages, Estonia, Lithuania and Slovenia will probably remain competitive vs. the EU-15 even in a longer-run perspective. The catch-up process is likely to proceed swiftly even if these countries were denied entry into the euro club. But, most probably, their growth will be even more solid if they enter the euro zone sooner rather than later.

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
EUR	Euro, from 1 January 1999
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
RON	Romanian leu (1RON = 10000 ROL)
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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C Z E C H REPUBLIC: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	8.1	10.9	8.3	7.2	5.6	0.1	5.7	4.0	3.7	7.2	8.6	7.1	6.3	7.2	7.1	.
Industry, total	real, CCPY	9.9	10.0	9.9	7.2	6.4	4.0	4.4	4.3	4.2	4.6	5.1	5.3	5.4	5.6	5.7	.
Industry, total	real, 3MMA	8.6	9.1	8.9	7.0	4.0	3.6	3.2	4.5	4.9	6.4	7.6	7.3	6.9	6.9	.	.
Construction, total	real, CMPY	2.9	9.8	1.3	14.2	3.8	-16.0	-29.5	26.1	19.1	6.1	6.5	9.4	13.9	6.6	8.6	.
LABOUR																	
Employees in industry[1]	th. persons	1137	1138	1131	1121	1128	1133	1132	1130	1137	1139	1134	1131	1144	1147	1141	.
Unemployment, end of period	th. persons	517.8	517.7	541.7	561.7	555.0	540.5	512.6	494.6	489.7	500.3	505.3	503.4	491.9	490.8	510.4	531.2
Unemployment rate[2]	%	8.9	8.9	9.5	9.8	9.6	9.4	8.9	8.6	8.6	8.8	8.9	8.8	8.5	8.4	8.9	9.2
Labour productivity, industry[1)3]	CCPY	10.2	10.6	10.4	10.1	7.7	5.5	6.1	6.1	6.5	6.5	7.1	7.5	7.8	8.1	8.2	.
Unit labour costs, exch.r. adj.(EUR)[1)3]	CCPY	-3.8	-3.7	-3.3	1.0	4.6	7.6	6.6	6.3	5.6	5.0	4.7	4.4	4.0	3.8	3.5	.
WAGES, SALARIES																	
Industry, gross[1]	CZK	17450	20415	18870	16926	16307	17633	17571	18544	18550	18173	18022	17936	18165	21464	19629	.
Industry, gross[1]	real, CMPY	1.3	5.4	1.8	1.3	2.2	2.8	2.2	3.9	3.4	1.1	5.1	2.7	1.5	2.7	1.5	.
Industry, gross[1]	USD	692	847	825	733	708	781	755	779	751	725	749	751	735	865	803	.
Industry, gross[1]	EUR	554	653	616	558	544	592	583	614	618	602	609	612	612	734	677	.
PRICES																	
Consumer	PM	0.5	-0.1	0.1	0.7	0.2	-0.1	0.1	0.2	0.6	0.3	0.0	-0.3	0.9	-0.3	-0.1	1.4
Consumer	CMPY	3.5	2.9	2.8	1.7	1.7	1.5	1.6	1.3	1.8	1.7	1.7	2.2	2.6	2.4	2.2	2.9
Consumer	CCPY	2.8	2.8	2.8	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.9	1.9	2.9
Producer, in industry	PM	1.1	0.0	-0.3	0.3	0.2	0.2	0.1	-0.7	-0.2	0.1	0.0	0.2	0.4	-0.3	-0.6	1.0
Producer, in industry	CMPY	8.6	8.2	7.7	7.2	7.1	6.4	5.6	4.0	2.7	2.0	1.1	1.0	0.3	0.0	-0.4	0.3
Producer, in industry	CCPY	5.2	5.5	5.7	7.2	7.2	6.9	6.6	6.1	5.5	5.0	4.5	4.1	3.7	3.3	3.0	0.3
RETAIL TRADE																	
Turnover	real, CMPY	1.2	8.2	3.2	7.3	0.7	3.9	2.2	7.6	4.4	1.2	6.9	3.8	3.2	3.4	2.1	.
Turnover	real, CCPY	1.8	2.4	2.5	7.3	4.0	3.9	3.5	4.3	4.3	3.9	4.3	4.2	4.1	4.1	3.8	.
FOREIGN TRADE[4)5]																	
Exports total (fob),cumulated	EUR mn	44269	49550	53996	4640	9386	14654	19858	25046	30573	35212	40302	46056	51662	57756	62829	.
Imports total (fob),cumulated	EUR mn	44801	50076	54825	4213	8739	13733	18955	23947	29177	33839	39047	44647	50190	56222	61423	.
Trade balance,cumulated	EUR mn	-533	-526	-829	427	648	921	903	1099	1395	1373	1256	1410	1472	1533	1406	.
Exports to EU-25 (fob), cumulated	EUR mn	38151	42686	46410	4050	8118	12568	16965	21361	25977	29865	34104	38942	43645	48778	52922	.
Imports from EU-25 (fob)[6], cumulated	EUR mn	32209	35986	39375	2993	6223	9780	13463	17020	20794	24108	27788	31813	35689	39834	43482	.
Trade balance with EU-25, cumulated	EUR mn	5942	6700	7034	1057	1895	2788	3503	4341	5182	5757	6316	7130	7955	8944	9440	.
FOREIGN FINANCE																	
Current account, cumulated[4]	EUR mn	-3689	-3913	-4490	54	522	642	322	93	-412	-807	-1190	-1499	-1810	-2231	-2635	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	25.2	24.1	22.9	23.1	23.0	22.6	23.3	23.8	24.7	25.0	24.1	23.9	24.7	24.8	24.4	23.7
CZK/EUR, monthly average	nominal	31.5	31.3	30.6	30.3	30.0	29.8	30.1	30.2	30.0	30.2	29.6	29.3	29.7	29.3	29.0	28.7
CZK/USD, calculated with CPI[7]	real, Jan03=100	115.4	120.8	127.8	127.2	127.1	128.4	123.9	121.6	117.8	116.0	120.1	119.3	116.1	116.2	118.3	123.6
CZK/USD, calculated with PPI[7]	real, Jan03=100	115.2	119.6	126.7	125.1	125.3	126.2	121.3	118.3	114.1	111.0	114.7	112.4	106.5	107.3	108.7	113.1
CZK/EUR, calculated with CPI[7]	real, Jan03=100	99.0	99.5	101.3	103.6	104.6	104.6	103.0	102.8	103.9	103.6	105.4	105.7	105.1	106.4	107.0	109.5
CZK/EUR, calculated with PPI[7]	real, Jan03=100	105.3	106.2	108.5	109.6	110.6	110.7	109.1	108.2	108.5	107.7	109.5	110.2	108.8	110.3	110.7	112.8
DOMESTIC FINANCE																	
M0, end of period	CZK bn	236.8	238.4	236.8	237.8	240.8	242.9	245.9	248.8	253.2	253.0	252.9	256.3	258.5	262.7	263.8	.
M1, end of period	CZK bn	953.5	975.8	962.3	965.5	963.5	972.7	965.5	1007.7	1004.0	1004.2	1028.2	1015.2	1048.5	1078.2	1087.2	.
M2, end of period	CZK bn	1841.0	1840.5	1844.1	1827.5	1844.4	1844.9	1882.2	1912.1	1913.0	1908.3	1920.5	1919.2	1933.9	1965.6	1994.5	.
M2, end of period	CMPY	7.8	6.6	4.4	4.2	4.7	5.3	4.7	5.4	5.2	4.8	4.6	4.2	5.0	6.8	8.2	.
Discount rate (p.a.),end of period	%	1.50	1.50	1.50	1.25	1.25	1.25	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
Discount rate (p.a.),end of period[8]	real, %	-6.5	-6.2	-5.8	-5.6	-5.5	-4.9	-4.6	-3.1	-1.9	-1.2	-0.3	-0.2	0.7	1.0	1.4	0.7
BUDGET																	
Central gov.budget balance,cum.	CZK mn	-59467	-66370	-93530	3485	-2584	8249	-22492	-27029	3763	10260	10010	25750	15180	200	-56400	3430

1) Enterprises employing 20 and more persons.

2) Ratio of job applicants to the economically active (including women on maternity leave), from July 2004 calculated with disposable number of registered unemployment.

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) According to country of origin.

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

8) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	4.5	9.3	2.0	3.6	0.5	1.8	9.4	13.3	6.6	5.9	12.2	8.9	9.7	7.8	7.6	.
Industry, total	real, CCPY	7.7	7.9	7.4	3.6	2.0	1.9	3.8	5.7	5.8	5.8	6.6	6.9	7.2	7.2	7.3	.
Industry, total	real, 3MMA	6.4	5.3	5.1	2.0	1.9	3.9	8.0	9.7	8.5	8.1	8.9	10.1	8.8	8.4	.	.
Construction, total	real, CMPY	2.3	8.7	5.8	7.1	21.9	1.5	14.2	8.6	23.5	18.7	13.1	37.0	13.3	17.5	15.0	.
LABOUR																	
Employees in industry[1]	th. persons	780.5	780.1	771.3	776.6	771.7	767.9	764.3	760.7	760.7	762.5	759.9	759.2	759.9	756.7	752.8	.
Unemployment[2]	th. persons	255.1	261.7	263.3	275.1	286.8	297.4	300.1	302.9	299.5	298.7	302.5	308.6	308.3	305.4	309.9	317.6
Unemployment rate[2]	%	6.1	6.3	6.3	6.6	6.9	7.1	7.2	7.2	7.1	7.1	7.2	7.3	7.3	7.2	7.3	7.5
Labour productivity, industry[1]	CCPY	10.5	10.7	10.1	5.4	4.0	4.3	6.5	8.6	9.0	9.1	10.0	10.3	10.5	10.6	10.7	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	-0.8	-0.2	0.6	10.0	11.2	8.5	4.8	1.9	2.1	1.5	0.5	-0.1	-0.7	-1.1	-1.7	.
WAGES, SALARIES																	
Total economy, gross[1,3]	HUF	143319	163950	170607	184226	144875	150942	150008	155911	155668	151352	148438	150339	152714	175837	179843	.
Total economy, gross[1,3]	real, CMPY	-1.4	-0.7	-8.5	21.2	4.7	2.9	2.9	6.5	2.8	3.7	3.2	3.9	3.3	3.9	2.0	.
Total economy, gross[1,3]	USD	725	868	930	981	774	812	783	786	761	740	747	750	729	825	844	.
Total economy, gross[1,3]	EUR	581	668	694	747	594	616	604	619	625	614	607	611	607	700	712	.
Industry, gross[1]	EUR	560	674	644	559	564	605	591	624	610	595	607	598	585	714	663	.
PRICES																	
Consumer	PM	0.5	0.1	0.0	0.7	0.4	0.7	0.8	0.6	0.3	0.0	-0.4	0.2	0.0	0.2	0.0	0.1
Consumer	CMPY	6.3	5.8	5.5	4.1	3.2	3.5	3.9	3.6	3.8	3.7	3.6	3.7	3.2	3.3	3.3	2.7
Consumer	CCPY	7.0	6.9	6.8	4.1	3.6	3.6	3.7	3.6	3.7	3.7	3.7	3.7	3.6	3.6	3.6	2.7
Producer, in industry	PM	0.3	-0.2	-0.5	0.7	0.0	0.8	0.8	0.5	0.0	-0.4	0.1	0.8	0.8	0.4	0.0	.
Producer, in industry	CMPY	3.5	2.1	1.6	3.8	3.1	5.0	5.3	5.2	5.0	4.2	3.4	3.8	4.1	4.3	4.7	.
Producer, in industry	CCPY	3.8	3.7	3.5	3.8	3.5	4.0	4.3	4.5	4.6	4.5	4.4	4.3	4.3	4.3	4.3	.
RETAIL TRADE																	
Turnover	real, CMPY	3.2	4.6	3.3	3.3	1.8	7.2	2.6	7.2	6.8	5.1	6.2	7.4	6.6	7.2	3.7	.
Turnover	real, CCPY	6.2	6.0	5.7	3.3	2.5	4.3	3.8	4.5	5.0	5.0	5.2	5.4	5.6	5.7	5.5	.
FOREIGN TRADE[4,5]																	
Exports total (fob), cumulated	EUR mn	36568	40906	44606	3406	6976	11065	15136	19177	23627	27522	31320	36038	40504	45468	49582	.
Imports total (cif), cumulated	EUR mn	40099	44633	48524	3551	7413	11656	16148	20345	24899	29085	33271	38146	42904	48063	52365	.
Trade balance, cumulated	EUR mn	-3531	-3727	-3918	-145	-437	-591	-1012	-1168	-1272	-1563	-1950	-2108	-2400	-2594	-2783	.
Exports to EU-25 (fob), cumulated	EUR mn	29238	32662	35453	2714	5492	8613	11750	14850	18219	21219	24068	27630	31106	34921	37879	.
Imports from EU-25 (cif)[6], cumulated	EUR mn	28974	32085	34796	2456	5129	8050	11055	13985	17119	20032	22752	26062	29270	32680	35431	.
Trade balance with EU-25, cumulated	EUR mn	264	576	658	258	364	563	695	866	1100	1187	1316	1569	1836	2241	2449	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	.	-7136	.	.	-1545	.	.	-3356	.	.	-5053	.	.	.	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	197.6	188.9	183.4	187.8	187.2	185.9	191.7	198.3	204.6	204.6	198.8	200.6	209.4	213.0	213.0	207.1
HUF/EUR, monthly average	nominal	246.8	245.3	245.9	246.6	243.8	245.0	248.2	252.0	249.0	246.4	244.4	245.9	251.7	251.1	252.7	250.9
HUF/USD, calculated with CPI[7]	real, Jan03=100	120.0	125.7	129.9	127.5	127.7	128.4	124.8	121.5	118.0	117.5	119.8	117.7	112.5	111.6	112.1	115.4
HUF/USD, calculated with PPI[7]	real, Jan03=100	110.8	114.6	118.4	115.9	115.8	115.9	112.3	109.5	106.3	104.5	106.9	103.7	97.7	97.7	98.2	.
HUF/EUR, calculated with CPI[7]	real, Jan03=100	102.9	103.6	102.9	103.8	105.0	104.7	103.7	102.6	104.0	105.0	105.2	104.4	101.8	102.3	101.4	102.2
HUF/EUR, calculated with PPI[7]	real, Jan03=100	101.2	101.8	101.4	101.4	102.2	101.8	101.0	100.1	101.1	101.5	102.0	101.7	99.7	100.6	100.0	.
DOMESTIC FINANCE																	
M0, end of period[8]	HUF bn	1334.9	1365.5	1341.5	1324.8	1320.6	1376.0	1403.5	1426.1	1456.7	1466.8	1475.2	1491.4	1532.7	1570.7	1599.8	.
M1, end of period[8]	HUF bn	3891.4	4053.0	4169.3	4028.7	4029.4	4195.0	4219.1	4390.4	4417.1	4436.1	4533.7	4643.4	4692.1	4960.0	5186.7	.
Broad money, end of period[8]	HUF bn	9356.0	9540.7	9804.5	9660.5	9752.0	9959.7	10166.1	10275.2	10253.9	10367.2	10469.0	10621.1	10673.6	10915.6	11233.2	.
Broad money, end of period[8]	CMPY	10.8	11.2	11.6	9.8	11.3	14.2	15.2	15.9	14.4	14.1	13.2	14.5	14.1	14.4	14.6	.
NBH base rate (p.a.),end of period	%	10.5	10.0	9.5	9.0	8.3	7.8	7.5	7.3	7.0	6.8	6.3	6.0	6.0	6.0	6.0	6.0
NBH base rate (p.a.),end of period[9]	real, %	6.8	7.7	7.8	5.0	5.0	2.6	2.1	1.9	1.9	2.4	2.8	2.1	1.8	1.6	1.2	.
BUDGET																	
Central gov.budget balance,cum.	HUF bn	-1034.6	-1023.0	-889.0	-199.1	-379.0	-373.1	-589.0	-680.5	-798.6	-741.3	-769.0	-780.9	-738.7	-744.7	-545.0	.

1) Economic organizations employing more than 5 persons.

2) According to ILO methodology, 3-month averages comprising the two previous months as well.

3) Increase of wages in January 2005 due to payment of one month extra salary in state sector (in January instead of December).

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

5) Cumulation starting January and ending December each year.

6) According to country of dispatch.

7) Adjusted for domestic and foreign (US resp. EU) inflation. Values more 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 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry[1]	real, CMPY	3.4	11.4	6.9	4.7	2.4	-3.7	-1.1	0.9	6.9	2.6	4.8	5.9	7.6	8.5	9.5	9.5
Industry[1]	real, CCPY	13.5	13.3	12.7	4.7	3.5	0.8	0.3	0.4	1.5	1.7	2.1	2.5	3.1	3.6	4.1	9.5
Industry[1]	real, 3MMA	8.0	7.1	7.7	4.7	0.8	-1.0	-1.4	2.2	3.5	4.8	4.5	6.1	7.3	8.5	9.2	.
Construction[1]	real, CMPY	4.1	4.2	7.9	18.4	13.1	-3.9	-17.7	21.8	29.9	17.3	6.5	10.5	6.8	5.8	8.2	-7.9
LABOUR																	
Employees[1]	th. persons	4698	4689	4679	4737	4745	4743	4754	4756	4770	4772	4776	4788	4798	4804	4799	4862
Employees in industry[1]	th. persons	2409	2405	2397	2417	2422	2423	2426	2423	2427	2422	2424	2428	2434	2436	2430	2457
Unemployment, end of period	th. persons	2938.2	2942.6	2999.6	3094.9	3094.5	3052.6	2957.8	2867.3	2827.4	2809.0	2783.3	2760.1	2712.1	2722.8	2773.0	2866.7
Unemployment rate[2]	%	18.7	18.7	19.1	19.5	19.4	19.3	18.8	18.3	18.0	17.9	17.7	17.6	17.3	17.3	17.6	18.0
Labour productivity, industry[1]	CCPY	14.0	13.8	13.2	3.8	2.6	-0.1	-0.7	-0.6	0.5	0.6	1.0	1.4	2.0	2.5	3.0	7.7
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	-13.1	-12.1	-10.5	14.0	17.8	21.2	20.4	19.9	18.6	17.3	16.2	15.6	14.9	14.4	13.0	2.1
WAGES, SALARIES																	
Total economy, gross[1]	PLN	2386	2505	2748	2385	2411	2481	2471	2424	2513	2507	2481	2484	2539	2678	2789	2471
Total economy, gross[1]	real, CMPY	-1.9	-1.7	-1.0	-1.5	-2.4	-1.4	-1.3	0.6	3.1	2.0	1.3	0.3	5.1	6.2	1.2	3.1
Total economy, gross[1]	USD	690	763	888	769	788	813	771	737	753	737	755	777	779	795	858	782
Total economy, gross[1]	EUR	552	588	663	584	605	617	595	580	619	612	613	633	647	674	723	646
Industry, gross[1]	EUR	551	592	693	590	616	625	597	580	630	617	618	637	639	697	738	648
PRICES																	
Consumer	PM	0.6	0.3	0.1	0.1	-0.1	0.1	0.4	0.3	-0.2	-0.2	-0.1	0.4	0.4	-0.2	-0.2	0.2
Consumer	CMPY	4.5	4.5	4.4	3.7	3.6	3.4	3.0	2.5	1.4	1.3	1.6	1.8	1.6	1.0	0.7	0.7
Consumer	CCPY	3.3	3.5	3.5	3.7	4.0	3.9	3.7	3.5	3.1	2.8	2.7	2.6	2.5	2.3	2.2	0.7
Producer, in industry	PM	0.4	-0.4	-1.3	0.1	-0.5	0.5	0.7	-0.2	0.3	0.2	0.2	-0.3	-0.1	0.1	-0.4	0.4
Producer, in industry	CMPY	7.6	6.7	5.2	4.5	3.2	2.2	0.9	-0.5	0.0	0.0	-0.2	-0.5	-0.9	-0.4	0.5	0.5
Producer, in industry	CCPY	7.3	7.3	7.1	4.5	4.0	3.5	2.8	2.1	1.8	1.5	1.3	1.1	0.9	0.8	0.8	0.5
RETAIL TRADE																	
Turnover[1]	real, CMPY	-0.8	-0.4	-1.8	3.2	-1.6	-3.8	-17.4	5.5	8.8	3.2	5.6	2.9	5.7	6.4	6.2	8.5
Turnover[1]	real, CCPY	8.8	7.9	7.1	3.2	1.0	-0.4	-5.9	-4.1	-1.9	-1.0	-0.2	0.1	0.6	1.2	1.5	8.5
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	49145	54898	59996	5202	10584	16357	22299	27751	33973	39693	45260	51872	58747	65512	71720	.
Imports total (cif), cumulated	EUR mn	59168	65643	71791	5634	11599	18272	24899	31378	38292	44740	51247	58688	66233	73941	81018	.
Trade balance, cumulated	EUR mn	-10023	-10745	-11795	-431	-1015	-1915	-2600	-3628	-4319	-5047	-5986	-6816	-7485	-8428	-9299	.
Exports to EU-25 (fob), cumulated	EUR mn	39056	43446	47232	4137	8189	12783	17413	21605	26151	30557	34696	39694	45078	50508	55149	.
Imports from EU-25 (cif)[5], cumulated	EUR mn	40319	44694	48669	3747	7622	12075	16583	20887	25376	29705	33752	38544	43498	48559	52853	.
Trade balance with EU-25, cumulated	EUR mn	-1263	-1248	-1437	390	567	708	829	718	774	852	944	1149	1580	1948	2296	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-7699	-7898	-8387	-408	-725	-1000	-886	-1571	-1518	-1826	-2202	-2447	-2839	-3493	-3903	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	3.460	3.283	3.095	3.103	3.060	3.049	3.205	3.291	3.336	3.399	3.287	3.195	3.260	3.367	3.252	3.160
PLN/EUR, monthly average	nominal	4.324	4.262	4.144	4.082	3.984	4.021	4.151	4.183	4.060	4.097	4.045	3.925	3.926	3.972	3.856	3.825
PLN/USD, calculated with CPI[6]	real, Jan03=100	110.9	117.2	124.9	124.5	125.3	124.9	118.6	116.0	114.1	111.3	114.4	116.9	114.7	111.7	115.9	119.5
PLN/USD, calculated with PPI[6]	real, Jan03=100	110.4	114.9	121.2	120.4	121.0	120.4	114.3	111.5	110.6	107.2	110.3	109.9	105.0	103.2	106.8	110.4
PLN/EUR, calculated with CPI[6]	real, Jan03=100	94.8	96.5	99.0	101.0	102.9	101.6	98.4	97.7	100.4	99.2	100.2	103.2	103.4	102.1	104.7	105.7
PLN/EUR, calculated with PPI[6]	real, Jan03=100	100.7	101.9	103.8	105.0	106.6	105.5	102.6	101.8	105.0	103.9	105.0	107.4	106.8	105.9	108.7	110.0
DOMESTIC FINANCE																	
M0, end of period	PLN bn	50.5	50.0	50.7	49.7	50.5	51.4	53.2	52.9	53.8	55.3	55.2	55.3	55.8	55.9	57.2	55.3
M1, end of period[7]	PLN bn	181.8	175.2	175.9	173.1	178.2	181.4	176.5	189.6	188.0	185.7	193.3	192.5	195.9	202.5	208.0	.
M2, end of period[7]	PLN bn	369.9	356.7	366.4	360.1	364.3	371.8	376.4	382.5	379.1	379.7	386.2	390.5	395.3	396.7	402.5	.
M2, end of period	CMPY	11.3	6.7	7.6	7.5	7.7	9.3	7.9	11.0	8.8	9.2	9.9	11.4	6.9	11.2	9.8	.
Discount rate (p.a.),end of period	%	7.0	7.0	7.0	7.0	7.0	6.5	6.0	6.0	5.5	5.3	5.3	4.8	4.8	4.8	4.8	4.8
Discount rate (p.a.),end of period[8]	real, %	-0.6	0.3	1.7	2.4	3.7	4.2	5.1	6.5	5.5	5.3	5.5	5.3	5.7	5.2	4.2	4.2
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-30642	-33820	-41417	-1403	-8884	-12726	-13651	-18134	-18248	-17331	-18537	-17782	-20649	-22272	-27495	704

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) According to country of origin.

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

7) Revised according to ECB monetary standards.

8) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	-1.3	3.6	1.4	4.8	0.0	-3.1	5.7	1.9	1.7	4.9	4.5	5.4	4.1	5.8	8.7	.
Industry, total	real, CCPY	4.5	4.5	4.2	4.8	2.3	0.3	1.7	1.7	1.7	2.1	2.4	2.8	2.9	3.2	3.6	.
Industry, total	real, 3MMA	2.3	1.2	3.3	2.0	0.3	0.7	1.3	3.0	2.8	3.6	4.9	4.7	5.1	6.1	.	.
Construction, total	real, CMPY	14.0	10.3	19.4	23.8	7.7	8.1	18.1	18.8	25.2	17.3	15.1	20.7	9.3	15.6	0.5	.
LABOUR																	
Employment in industry	th. persons	573.6	574.2	567.1	562.4	562.1	568.4	574.7	579.3	582.2	583.0	585.7	583.2	584.7	585.5	577.5	.
Unemployment, end of period	th. persons	370.8	371.6	383.2	388.9	379.4	368.6	344.2	330.8	325.4	322.4	318.7	327.8	322.2	322.6	333.8	342.4
Unemployment rate[1]	%	12.7	12.6	13.1	13.4	13.1	12.7	11.9	11.3	11.1	11.0	10.9	11.2	10.9	10.9	11.4	11.8
Labour productivity, industry	CCPY	4.6	4.3	3.8	1.4	-0.9	-2.9	-1.7	-1.7	-1.6	-1.3	-1.0	-0.6	-0.3	0.1	0.6	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	8.9	9.4	10.0	12.5	21.9	22.7	17.9	16.8	15.8	14.1	13.4	12.5	11.8	10.8	9.8	.
WAGES, SALARIES																	
Industry, gross	SKK	17265	20157	18671	16975	17730	17527	16869	17637	18572	17636	17751	17727	18001	21056	19495	.
Industry, gross	real, CMPY	0.8	5.4	2.2	4.7	16.6	6.5	1.4	5.1	2.9	1.7	3.8	2.7	1.0	1.1	0.7	.
Industry, gross	USD	538	660	642	578	606	607	558	575	587	547	564	565	556	642	611	.
Industry, gross	EUR	432	509	480	440	466	459	431	452	482	454	459	461	463	544	515	.
PRICES																	
Consumer	PM	0.0	-0.1	-0.2	1.7	0.3	-0.1	0.2	0.0	0.3	-0.3	-0.1	0.2	1.1	0.0	0.1	1.9
Consumer	CMPY	6.6	6.3	5.9	3.2	2.7	2.5	2.7	2.4	2.5	2.0	2.0	2.2	3.3	3.4	3.7	4.1
Consumer	CCPY	7.9	7.7	7.6	3.1	2.9	2.8	2.7	2.7	2.6	2.5	2.5	2.4	2.5	2.6	2.7	4.1
Producer, in industry	PM	0.6	0.2	-0.2	-0.2	0.3	0.7	0.8	0.6	1.0	0.6	0.8	0.5	0.5	1.8	-0.6	1.4
Producer, in industry	CMPY	4.7	4.5	4.3	2.8	2.1	2.6	3.5	4.0	4.8	5.3	5.6	5.8	5.7	7.4	7.0	8.7
Producer, in industry	CCPY	3.2	3.4	3.4	2.8	2.4	2.5	2.7	3.0	3.3	3.6	3.8	4.1	4.2	4.5	4.7	8.7
RETAIL TRADE[2]																	
Turnover	real, CMPY	3.1	4.7	3.0	7.7	12.5	8.1	6.8	9.6	8.0	7.5	11.7	12.7	12.3	10.1	4.5	.
Turnover	real, CCPY	6.9	6.7	6.2	7.7	10.1	9.4	8.8	9.0	8.8	8.6	9.0	9.4	9.7	9.7	9.2	.
FOREIGN TRADE[3][4][5]																	
Exports total (fob),cumulated	EUR mn	18508	20586	22352	1723	3579	5596	7636	9713	11957	13971	16067	18485	20953	23538	25696	.
Imports total (fob),cumulated	EUR mn	19295	21511	23524	1772	3738	5945	8192	10437	12772	14901	17004	19484	22127	24811	27622	.
Trade balance,cumulated	EUR mn	-787	-925	-1172	-49	-160	-349	-556	-724	-815	-930	-937	-999	-1174	-1272	-1926	.
Exports to EU-25 (fob), cumulated	EUR mn	15718	17535	19039	1530	3184	4944	6676	8446	10286	12018	13751	15814	17936	20138	.	.
Imports from EU-25 (fob)[6], cumulated	EUR mn	14288	15917	17316	1230	2638	4207	5829	7473	9173	10712	12198	14019	15904	17807	.	.
Trade balance with EU-25, cumulated	EUR mn	1430	1618	1722	300	546	737	847	974	1113	1306	1553	1796	2032	2331	.	.
FOREIGN FINANCE																	
Current account, cumulated[3]	EUR mn	-771	-864	-1149	-108	-76	-183	-347	-948	-1287	-1480	-1571	-1727	-1943	-2133	-2895	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	32.1	30.5	29.1	29.3	29.3	28.9	30.2	30.7	31.6	32.2	31.5	31.4	32.4	32.8	31.9	31.0
SKK/EUR, monthly average	nominal	40.0	39.6	38.9	38.6	38.1	38.2	39.2	39.0	38.5	38.8	38.7	38.5	38.9	38.7	37.9	37.5
SKK/USD, calculated with CPI[7]	real, Jan03=100	128.1	134.5	141.5	142.3	142.3	142.9	135.9	134.1	130.3	127.1	129.2	128.6	125.6	124.9	129.0	135.3
SKK/USD, calculated with PPI[7]	real, Jan03=100	118.3	123.4	130.4	128.3	128.6	129.3	123.3	122.9	120.6	117.5	120.3	117.8	111.9	114.0	116.9	122.1
SKK/EUR, calculated with CPI[7]	real, Jan03=100	109.9	111.0	112.2	115.4	117.0	115.9	112.8	112.9	114.6	113.3	113.4	113.9	113.5	114.2	116.5	119.9
SKK/EUR, calculated with PPI[7]	real, Jan03=100	108.1	109.7	111.7	112.0	113.5	113.1	110.8	112.1	114.4	113.9	114.7	115.4	114.1	117.0	119.0	121.8
DOMESTIC FINANCE																	
M0, end of period	SKK bn	97.6	97.8	100.5	100.5	101.5	102.8	105.2	106.3	108.1	110.1	111.4	112.6	113.6	114.9	119.8	.
M1, end of period	SKK bn	284.8	293.4	311.3	299.4	315.7	313.1	318.6	326.8	331.0	341.1	344.4	348.0	354.1	359.3	386.8	.
M2, end of period	SKK bn	763.7	773.3	793.5	772.6	779.1	772.0	782.3	768.8	776.5	783.2	791.3	793.5	798.6	799.6	839.4	.
M2, end of period	CMPY	4.3	4.4	5.7	4.5	4.7	6.6	6.9	6.3	4.3	4.5	4.8	4.1	4.6	3.4	5.8	.
Discount rate (p.a.),end of period[8]	%	4.5	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Discount rate (p.a.),end of period[8][9]	real, %	-0.1	-0.5	-0.3	1.2	1.9	0.4	-0.5	-0.9	-1.7	-2.2	-2.5	-2.6	-2.5	-4.1	-3.7	-5.2
BUDGET																	
Central gov.budget balance, cum.	SKK mn	-30528	-34078	-70288	4310	-1108	2799	6388	-3858	-1149	1922	-5065	-8107	-5115	-7553	-33886	12083

1) Ratio of disposable number of registered unemployment calculated to the economically active popu .

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

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

4) Cumulation starting January and ending December each year.

5) From January 2005 excluding value of goods for repair and after repair.

6) According to country of origin.

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

8) Corresponding to the 2-week limit rate of NBS.

9) Deflated with annual PPI.

S L O V E N I A: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	-3.0	3.8	6.2	3.7	-1.8	-1.0	1.3	5.4	6.6	3.2	1.1	2.3	2.9	7.9	5.5	.
Industry, total	real, CCPY	4.8	4.7	4.8	3.7	0.9	0.2	0.5	1.5	2.4	2.5	2.3	2.3	2.4	2.9	3.1	.
Industry, total	real, 3MMA	1.5	2.1	4.5	3.2	1.2	1.6	1.6	3.4	3.2	4.0	3.4	4.0	5.9	7.0	.	.
Construction, total[1]	real, CMPY	12.3	1.6	-10.5	0.0	-13.2	2.3	9.3	16.9	13.2	1.8	-1.2	-4.7	-8.2	8.6	13.2	.
LABOUR																	
Employment total	th. persons	789.1	789.7	785.0	805.6	807.4	809.5	812.2	814.8	816.1	813.5	812.7	816.1	817.5	818.3	813.6	.
Employees in industry	th. persons	239.8	239.9	238.2	241.1	240.8	240.7	240.5	240.9	240.4	239.2	238.3	238.1	238.3	238.1	.	.
Unemployment, end of period	th. persons	92.5	90.9	90.7	93.4	93.1	92.3	91.6	89.8	88.9	91.1	90.6	91.1	94.2	93.9	92.6	.
Unemployment rate[2]	%	10.5	10.3	10.1	10.4	10.3	10.2	10.1	9.9	9.8	10.1	10.0	10.0	10.3	10.3	10.2	.
Labour productivity, industry	CCPY	6.3	6.1	6.2	4.8	2.1	1.5	1.8	2.9	3.9	4.0	3.9	4.0	4.2	.	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-1.6	-1.1	-1.3	0.8	3.0	3.8	3.4	2.8	1.7	1.4	1.7	1.6	1.5	.	.	.
WAGES, SALARIES[3]																	
Total economy, gross	th. SIT	270.3	291.9	290.7	267.5	262.9	271.7	269.4	271.8	271.7	271.4	279.0	277.4	279.5	314.0	290.5	.
Total economy, gross	real, CMPY	1.8	4.2	1.5	2.5	1.8	1.9	1.9	3.8	2.7	1.6	3.2	1.3	1.6	6.9	-1.5	.
Total economy, gross	USD	1406	1580	1621	1466	1427	1497	1454	1442	1381	1364	1432	1420	1403	1545	1437	.
Total economy, gross	EUR	1127	1217	1212	1116	1097	1133	1124	1134	1134	1133	1165	1158	1167	1310	1213	.
Industry, gross	EUR	980	1092	1058	988	959	1019	983	1008	998	993	1042	1028	1036	1221	.	.
PRICES																	
Consumer	PM	0.3	0.6	-0.3	-0.6	0.6	1.1	0.0	0.3	0.1	0.7	-0.6	1.0	0.2	-0.5	0.0	-0.5
Consumer	CMPY	3.3	3.6	3.2	2.2	2.6	3.1	2.7	2.2	1.9	2.3	2.1	3.2	3.1	2.1	2.3	2.4
Consumer	CCPY	3.6	3.6	3.6	2.2	2.4	2.7	2.7	2.6	2.5	2.4	2.4	2.5	2.5	2.5	2.5	2.4
Producer, in industry	PM	0.3	0.1	0.4	0.4	0.3	0.0	0.3	-0.3	0.0	-0.2	0.3	0.3	0.2	0.1	0.4	-0.1
Producer, in industry	CMPY	5.1	5.0	4.9	4.8	4.1	3.8	3.6	2.6	2.4	2.0	2.1	1.9	1.8	1.8	1.8	1.3
Producer, in industry	CCPY	4.2	4.2	4.3	4.8	4.5	4.3	4.1	3.8	3.6	3.3	3.2	3.0	2.9	2.8	2.7	1.3
RETAIL TRADE[4]																	
Turnover	real, CMPY	2.7	6.5	6.0	9.0	4.4	7.1	2.8	9.3	11.7	7.2	14.5	8.2	8.0	18.9	14.3	.
Turnover	real, CCPY	4.7	4.9	5.0	9.0	6.7	6.8	5.7	6.5	7.4	7.4	8.2	8.2	8.2	9.2	9.7	.
FOREIGN TRADE[5][6]																	
Exports total (fob), cumulated	EUR mn	10575	11749	12786	1025	2073	3318	4513	5717	7008	8201	9177	10503	11774	13125	14270	.
Imports total (cif), cumulated	EUR mn	11599	12940	14146	1063	2222	3577	4843	6117	7466	8686	9868	11313	12675	14224	15646	.
Trade balance total, cumulated	EUR mn	-1024	-1190	-1360	-38	-150	-259	-330	-399	-458	-485	-691	-811	-901	-1099	-1376	.
Exports to EU-25 (fob), cumulated	EUR mn	7048	7841	8507	743	1477	2314	3114	3953	4819	5623	6235	7123	7987	8901	9646	.
Imports from EU-25 (cif)[7], cumulated	EUR mn	9555	10662	11649	824	1727	2780	3800	4908	6025	7087	8018	9205	10311	11514	12640	.
Trade balance with EU-25, cumulated	EUR mn	-2508	-2821	-3143	-82	-251	-466	-686	-955	-1205	-1464	-1783	-2082	-2324	-2613	-2994	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-352	-408	-544	4	-54	-118	-153	-138	-85	-102	-30	-13	5	-76	-254	.
EXCHANGE RATE																	
SIT/USD, monthly average	nominal	192.3	184.7	179.3	182.5	184.2	181.5	185.3	188.5	196.7	198.9	194.9	195.3	199.3	203.2	202.2	197.9
SIT/EUR, monthly average	nominal	239.8	239.8	239.8	239.8	239.7	239.7	239.7	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6
SIT/USD, calculated with CPI[8]	real, Jan03=100	114.7	120.1	123.9	120.8	119.6	121.8	118.6	117.0	112.2	111.2	112.3	111.9	109.6	107.8	108.8	110.6
SIT/USD, calculated with PPI[8]	real, Jan03=100	108.5	112.1	116.8	114.7	113.5	113.6	110.6	108.8	104.5	101.7	103.4	100.5	96.3	95.8	97.1	99.1
SIT/EUR, calculated with CPI[8]	real, Jan03=100	98.3	98.9	98.2	98.1	98.3	98.8	98.5	98.6	98.6	99.2	98.4	99.0	99.0	98.6	98.3	97.8
SIT/EUR, calculated with PPI[8]	real, Jan03=100	99.1	99.4	100.1	100.1	100.0	99.4	99.4	99.3	99.1	98.6	98.5	98.3	98.1	98.4	98.8	98.7
DOMESTIC FINANCE																	
M0, end of period	SIT bn	167.2	160.1	167.9	163.1	164.4	166.1	173.1	174.9	179.2	179.0	174.6	177.6	186.0	177.1	187.2	.
M1, end of period[9]	SIT bn	900.3	930.0	1018.9	1003.9	1006.1	1012.3	1032.2	1054.8	1074.7	1057.4	1051.6	1068.4	1079.1	1073.4	1151.3	.
Broad money, end of period[9]	SIT bn	3875.7	3933.7	4036.0	4068.8	4063.3	4094.6	4140.4	4070.3	4031.2	4048.2	4088.3	4155.8	4164.5	4248.9	4258.3	.
Broad money, end of period[9]	CMPY	3.0	4.1	6.8	7.5	7.1	8.0	8.2	6.4	4.6	4.3	5.5	6.1	7.5	8.0	5.5	.
Refinancing rate (p.a.),end of period	%	3.00	3.00	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75
Refinancing rate (p.a.),end of period[10]	real, %	-2.0	-1.9	-1.6	-1.5	-0.8	-0.5	-0.1	0.9	1.1	1.5	1.4	1.6	1.7	1.7	1.9	2.4
BUDGET																	
General gov.budget balance, cum.	SIT bn	-105.2	-89.8	-85.4	-3.4	-16.3	-34.4	-52.8	-69.8	-84.2	-81.7	-61.6	-46.8	-49.2	-36.2	.	.

1) Effective working hours, construction put in place of enterprises with 20 and more persons employed.

2) Ratio of unemployed to the economically active.

3) Break 2004/2005 - until December 2004 without small privat enterprises (with 1 or 2 employees).

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

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

6) Cumulation starting January and ending December each year.

7) According to country of dispatch.

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

9) According to ECB monetary standards..

10) Deflated with annual PPI.

B U L G A R I A: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total[1)]	real, CMPY	14.1	22.6	21.5	10.9	7.9	14.2	14.6	8.0	6.0	6.9	6.5	3.0	8.4	7.5	3.2	.
Industry, total[1)]	real, CCPY	16.8	17.3	17.7	10.9	9.3	11.1	12.0	11.2	10.2	9.7	9.3	8.5	8.5	8.4	7.9	.
Industry, total	real, 3MMA	17.9	19.4	18.6	13.8	11.1	12.3	12.3	9.4	6.9	6.4	5.4	5.9	6.3	6.2	.	.
LABOUR																	
Employees total	th. persons	2162	2144	2109	2188	2197	2214	2237	2247	2264	2285	2279	2266	2260	2261	2234	.
Employees in industry	th. persons	683	679	672	718	718	719	722	720	718	720	719	715	714	713	708	.
Unemployment, end of period	th. persons	437.5	440.0	450.6	486.4	485.5	471.3	449.7	427.2	411.6	405.5	399.0	388.5	386.5	383.9	397.3	432.3
Unemployment rate[2)]	%	11.8	11.9	12.2	13.1	13.1	12.7	12.1	11.5	11.1	10.9	10.8	10.5	10.4	10.4	10.7	11.6
Labour productivity, industry[1)]	CCPY	15.9	16.9	17.5	5.8	4.6	6.3	7.0	6.2	5.3	4.9	4.5	3.8	3.8	3.7	3.1	.
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	-7.6	-8.4	-8.8	0.8	1.7	0.1	-0.4	0.3	1.3	2.0	2.3	3.1	3.4	3.5	4.0	.
WAGES, SALARIES																	
Total economy, gross	BGN	296	303	320	294	293	310	310	319	314	317	310	324	317	321	340	.
Total economy, gross	real, CMPY	2.9	3.2	3.3	2.7	1.8	2.5	2.8	3.4	3.4	3.4	1.5	1.4	0.5	-0.9	-0.2	.
Total economy, gross	USD	189	201	219	197	195	209	205	207	195	195	195	203	195	193	206	.
Total economy, gross	EUR	151	155	164	150	150	159	159	163	161	162	159	166	162	164	174	.
Industry, gross	EUR	153	156	163	153	153	164	160	162	168	164	162	170	168	166	175	.
PRICES																	
Consumer	PM	0.2	0.6	1.3	0.7	0.9	0.3	1.1	-0.5	-1.3	0.1	0.6	1.4	1.2	1.0	0.8	0.8
Consumer	CMPY	5.8	4.5	4.0	3.3	3.9	4.3	5.1	4.6	5.1	3.9	5.0	5.4	6.5	6.9	6.5	6.6
Consumer	CCPY	6.5	6.4	6.1	3.3	3.6	3.8	4.2	4.2	4.4	4.3	4.4	4.5	4.7	4.9	5.0	6.6
Producer, in industry[1)]	PM	1.4	-0.8	-1.2	0.4	0.8	2.4	1.1	-0.6	0.7	1.1	0.2	1.3	0.8	0.4	0.7	.
Producer, in industry[1)]	CMPY	8.3	7.2	5.1	4.7	6.4	7.5	7.7	5.9	7.2	6.6	6.6	7.0	6.3	7.6	9.7	.
Producer, in industry[1)]	CCPY	5.8	6.0	5.9	4.7	5.6	6.2	6.6	6.5	6.6	6.6	6.6	6.6	6.6	6.7	6.9	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	6537	7269	7985	640	1288	2081	2828	3565	4386	5245	6027	6800	7716	8596	9454	.
Imports total (cif), cumulated	EUR mn	9270	10453	11620	908	1839	2962	4075	5301	6592	7864	9137	10404	11831	13290	14682	.
Trade balance, cumulated	EUR mn	-2732	-3184	-3635	-268	-551	-881	-1247	-1736	-2206	-2618	-3110	-3604	-4115	-4694	-5228	.
FOREIGN FINANCE																	
Current account, cumulated[5)]	EUR mn	-919	-1292	-1648	-277	-461	-687	-975	-1251	-1414	-1501	-1610	-1841	-2226	-2691	-3163	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.566	1.506	1.461	1.491	1.503	1.482	1.512	1.543	1.608	1.625	1.591	1.597	1.628	1.660	1.650	1.614
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[6)]	real, Jan03=100	119.7	125.3	131.3	129.3	128.6	129.8	127.9	124.8	118.1	116.5	119.1	119.0	117.8	117.6	119.8	123.4
BGN/USD, calculated with PPI[6)]	real, Jan03=100	116.2	118.8	122.0	119.4	118.9	121.8	119.6	116.9	113.3	111.7	113.5	111.2	107.3	107.2	109.0	.
BGN/EUR, calculated with CPI[6)]	real, Jan03=100	102.6	103.2	104.1	105.3	105.8	105.6	106.3	105.6	104.1	104.1	104.5	105.6	106.6	107.8	108.3	109.2
BGN/EUR, calculated with PPI[6)]	real, Jan03=100	106.1	105.5	104.6	104.6	105.0	106.7	107.6	107.2	107.7	108.6	108.3	109.2	109.6	110.3	111.1	.
DOMESTIC FINANCE																	
M0, end of period[7)]	BGN mn	4284	4247	4628	4442	4414	4487	4652	4756	4848	5058	5147	5213	5134	5096	5396	5112
M1, end of period[7)]	BGN mn	9220	9185	10298	10045	10201	11331	10552	10790	11167	11494	11713	11566	11792	11729	12443	11887
Broad money, end of period[7)]	BGN mn	18847	18859	20394	20520	20739	23205	22004	22440	22778	23211	23663	23746	23939	24010	25260	24663
Broad money, end of period	CMPY	18.7	19.9	23.1	24.2	23.9	38.1	28.0	29.0	25.4	26.4	29.0	26.6	27.0	27.3	23.9	20.2
BNB base rate (p.a.),end of period	%	2.5	2.4	2.4	2.5	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2
BNB base rate (p.a.),end of period[8)]	real, %	-5.4	-4.5	-2.5	-2.2	-4.3	-5.2	-5.3	-3.6	-4.7	-4.3	-4.3	-4.6	-4.0	-5.2	-6.9	.
BUDGET																	
Central gov.budget balance,cum.	BGN mn	1185.6	1256.6	427.5	49.2	45.9	400.9	623.6	926.7	1007.7	1001.5	1198.9	1339.3	1488.3	1611.8	1333.9	.

1) According to new calculation for industrial output and prices. Output data based on survey for enterprises with 10 and more 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) Based on national currency and converted with the exchange rate.

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

7) According to ECB methodology.

8) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total[1]	real, CMPY	2.4	9.3	12.3	9.2	4.1	4.4	9.0	-4.0	-0.7	-6.2	2.3	2.7	1.7	1.6	2.2	.
Industry, total[1]	real, CCPY	4.3	4.7	5.3	9.2	6.6	5.8	6.6	4.3	3.4	1.9	2.0	2.1	2.0	2.0	2.0	.
Industry, total	real, 3MMA	5.8	7.8	10.3	8.5	5.8	5.8	2.9	1.2	-3.7	-1.6	-0.4	2.2	2.0	1.8	.	.
LABOUR																	
Employees total	th. persons	4439.0	4432.1	4398.3	4450.8	4500.7	4535.7	4551.0	4560.3	4577.8	4567.5	4563.2	4554.6	4538.0	4537.6	4501.2	.
Employees in industry	th. persons	1752.6	1746.5	1733.7	1745.4	1757.0	1749.4	1740.0	1731.5	1722.2	1712.6	1699.4	1690.3	1680.6	1670.7	1652.3	.
Unemployment, end of period	th. persons	550.7	551.4	557.9	562.7	558.6	537.8	511.3	495.9	488.8	489.3	499.0	493.8	499.7	504.8	523.0	.
Unemployment rate[2]	%	6.1	6.2	6.2	6.3	6.2	6.0	5.7	5.5	5.5	5.5	5.6	5.5	5.7	5.7	5.9	.
Labour productivity, industry	CCPY	10.5	10.9	11.5	11.4	8.4	7.6	8.2	6.1	5.4	4.3	4.5	4.8	5.0	5.2	5.2	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.1	1.7	2.2	15.1	17.6	17.4	17.2	20.4	22.0	24.0	24.8	25.0	25.1	24.6	24.2	.
WAGES, SALARIES																	
Total economy, gross	RON	839.3	867.8	973.4	951.5	874.9	920.3	973.0	941.7	943.6	957.0	963.0	965.0	974.0	1017.0	1121.0	.
Total economy, gross	real, CMPY	10.2	12.5	10.4	9.1	7.3	5.0	6.6	6.9	7.1	7.7	9.2	8.3	7.4	7.8	6.0	.
Total economy, gross	USD	255	283	337	327	310	334	347	330	318	323	338	337	325	328	364	.
Total economy, gross	EUR	204	218	251	249	238	253	268	260	261	268	275	275	271	278	306	.
Industry, gross	EUR	196	208	236	219	224	243	255	254	256	265	274	277	262	268	296	.
PRICES																	
Consumer	PM	1.2	0.6	0.6	0.8	0.6	0.3	1.8	0.3	0.3	1.0	0.1	0.6	0.9	1.2	0.5	1.0
Consumer	CMPY	10.8	9.9	9.3	8.9	8.9	8.7	10.0	10.0	9.7	9.3	8.9	8.5	8.1	8.7	8.6	8.9
Consumer	CCPY	12.4	12.1	11.9	8.9	8.9	8.8	9.1	9.3	9.4	9.4	9.3	9.2	9.1	9.0	9.0	8.9
Producer, in industry	PM	1.6	0.2	-0.9	1.2	-0.6	0.8	2.5	0.5	0.2	0.7	1.2	0.7	1.7	0.7	-0.2	.
Producer, in industry	CMPY	20.0	18.2	15.9	14.6	12.8	12.6	12.3	11.4	10.4	9.3	8.8	8.1	8.2	8.8	9.5	.
Producer, in industry	CCPY	19.6	19.4	19.1	14.6	13.7	13.3	13.1	12.7	12.3	11.9	11.5	11.1	10.8	10.6	10.5	.
RETAIL TRADE																	
Turnover	real, CMPY	8.8	14.8	32.0	13.1	25.3	18.7	24.1	14.8	14.2	14.2	22.6	11.7	9.2	12.4	30.3	.
Turnover	real, CCPY	12.9	13.0	14.6	13.1	19.2	19.0	20.3	19.2	18.4	17.5	18.2	17.4	16.5	16.0	17.6	.
FOREIGN TRADE[3]																	
Exports total (fob), cumulated	EUR mn	15735	17404	18935	1514	3163	5095	6889	8663	10527	12530	14394	16466	18407	20436	22255	.
Imports total (cif), cumulated	EUR mn	21061	23695	26281	1897	4063	6669	9223	11899	14740	17521	20220	23066	26144	29462	32569	.
Trade balance, cumulated	EUR mn	-5325	-6291	-7346	-383	-900	-1575	-2333	-3236	-4213	-4990	-5826	-6600	-7737	-9025	-10313	.
Exports to EU-25 (fob), cumulated	EUR mn	11508	12720	13801	1113	2298	3581	4799	5969	7275	8590	9745	11153	12477	13935	15043	.
Imports from EU-25 (cif), cumulated	EUR mn	13676	15426	17061	1182	2558	4140	5767	7495	9288	11025	12611	14366	16340	18417	20251	.
Trade balance with EU-25, cumulated	EUR mn	-2168	-2706	-3260	-69	-260	-558	-968	-1526	-2013	-2436	-2866	-3213	-3863	-4482	-5208	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-3529	-4233	-5099	-136	-516	-899	-1391	-2178	-2705	-2952	-3248	-3987	-4891	-6023	-6891	.
EXCHANGE RATE																	
RON/USD, monthly average	nominal	3.288	3.068	2.891	2.908	2.824	2.757	2.804	2.851	2.969	2.961	2.851	2.865	2.993	3.097	3.084	3.006
RON/EUR, monthly average	nominal	4.107	3.982	3.877	3.818	3.676	3.634	3.629	3.618	3.614	3.566	3.506	3.510	3.598	3.653	3.659	3.645
RON/USD, calculated with CPI[4]	real, Jan03=100	117.6	126.8	135.9	135.9	139.9	142.7	141.9	140.2	134.8	136.0	140.7	139.3	134.2	132.3	134.1	138.9
RON/USD, calculated with PPI[4]	real, Jan03=100	124.8	132.9	140.9	141.0	143.7	146.4	146.2	145.1	139.9	139.3	145.4	141.5	134.4	132.6	133.4	.
RON/EUR, calculated with CPI[4]	real, Jan03=100	101.0	104.8	107.8	110.8	115.3	116.4	118.2	118.7	119.1	121.8	123.7	123.8	121.6	121.4	121.4	123.1
RON/EUR, calculated with PPI[4]	real, Jan03=100	114.3	118.3	120.8	123.6	127.1	128.7	131.7	133.0	133.2	135.5	139.0	139.1	137.4	136.6	136.1	.
DOMESTIC FINANCE																	
M0, end of period	RON mn	7776	7310	7465	7239	7658	7786	8750	8689	9582	9790	9985	10341	10258	10348	11386	.
M1, end of period	RON mn	14311	14020	15288	14241	14777	15465	16376	17146	18495	19162	20456	20964	21289	21133	24550	.
M2, end of period	RON mn	57395	56874	64462	63122	65213	67957	69096	71966	74200	74080	76745	80152	81098	81402	86332	.
M2, end of period	CMPY	35.4	33.6	39.9	39.6	42.2	41.1	43.9	46.7	46.5	41.1	39.9	41.3	41.3	43.1	33.9	.
Discount rate (p.a.),end of period[5]	%	18.8	18.8	18.0	17.3	15.7	10.8	8.4	8.0	8.0	8.0	8.0	8.3	7.7	7.5	7.5	7.5
Discount rate (p.a.),end of period[5][6]	real, %	-1.0	0.5	1.8	2.4	2.6	-1.6	-3.4	-3.1	-2.2	-1.2	-0.7	0.1	-0.4	-1.2	-1.8	.
BUDGET																	
Central gov.budget balance, cum.	RON mn	-676.9	-1203.4	-1878.1	82.0	-521.9	-673.4	-5.5	-235.2	-725.9	-255.6	50.7	403.0	1363.8	653.2	-2182.9	.

Note: On 1 July 2005, the new Romania leu was introduced **(1 RON = 10000 ROL)**. Data in this table are presented in new leu RON.

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 2004 as of December 2003.

3) Cumulation starting January and ending December each year.

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

5) Reference rate of RNB.

6) Deflated with annual PPI.

C R O A T I A: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total[1]	real, CMPY	-3.3	5.9	9.7	6.4	-1.5	-2.9	6.3	8.3	12.3	5.4	4.7	6.0	7.2	6.4	3.1	.
Industry, total[1]	real, CCPY	2.8	3.1	3.6	6.4	2.2	0.3	1.9	3.2	4.8	4.9	4.9	5.0	5.2	5.3	5.1	.
Industry, total[1]	real, 3MMA	1.8	3.9	7.4	4.8	0.3	0.6	3.8	9.0	8.7	7.5	5.4	6.0	6.5	5.5	.	.
Construction, total,effect.work.time[1]	real, CMPY	-11.2	-1.8	-0.6	-1.2	-11.1	-7.1	-6.7	-6.8	-3.7	-3.7	5.4	5.4	8.6	7.9	.	.
LABOUR																	
Employment total	th. persons	1412.1	1405.7	1395.8	1387.6	1382.6	1384.2	1390.8	1403.4	1417.3	1427.5	1429.3	1420.0	1412.8	1408.6	1400.4	.
Employees in industry	th. persons	282.1	281.8	279.7	273.1	276.3	276.1	276.5	277.1	276.8	277.0	276.9	276.0	276.8	276.6	274.9	.
Unemployment, end of period	th. persons	307.5	312.8	317.6	326.9	330.2	329.0	320.3	308.3	297.6	293.2	291.0	294.3	300.6	305.5	307.9	314.2
Unemployment rate[2]	%	18.1	18.4	18.7	19.1	19.3	19.2	18.7	18.0	17.4	17.0	16.9	17.2	17.5	17.8	18.0	18.5
Labour productivity, industry[1]	CCPY	5.0	5.2	5.6	5.0	0.7	-1.2	0.3	1.6	3.1	3.2	3.3	3.4	3.6	3.7	3.5	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	1.0	1.2	0.8	1.4	6.7	8.3	6.3	5.3	3.5	2.9	3.0	2.8	2.8	2.9	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	5915	6276	6139	6013	5965	6280	6112	6358	6348	6199	6306	6202	6184	6588	.	.
Total economy, gross	real, CMPY	1.5	5.6	3.2	0.7	1.1	1.4	-0.4	3.2	1.4	-0.5	2.0	0.8	0.4	1.1	.	.
Total economy, gross	USD	978	1077	1088	1047	1032	1111	1069	1104	1057	1023	1055	1025	1008	1054	.	.
Total economy, gross	EUR	784	831	814	795	794	842	826	868	868	849	858	835	837	893	.	.
Industry, gross	EUR	711	764	749	725	726	775	758	800	795	780	797	783	768	833	.	.
PRICES																	
Consumer	PM	0.4	0.5	0.7	0.4	1.1	0.7	-0.2	0.0	-0.1	-0.2	0.1	0.5	0.7	0.2	0.5	0.6
Consumer	CMPY	2.0	2.3	2.7	2.7	3.3	3.9	3.5	2.8	2.9	3.1	3.1	3.8	4.1	3.8	3.6	3.9
Consumer	CCPY	2.0	2.0	2.1	2.7	3.0	3.3	3.4	3.2	3.2	3.2	3.2	3.2	3.3	3.4	3.3	3.9
Producer, in industry	PM	0.8	-0.5	-0.7	0.0	0.3	0.3	0.3	0.1	-0.2	0.8	0.1	0.8	0.5	0.0	-0.3	0.5
Producer, in industry	CMPY	6.3	5.5	4.8	4.4	5.1	5.1	4.5	2.3	2.4	2.3	1.5	2.1	1.8	2.3	2.7	3.2
Producer, in industry	CCPY	3.1	3.4	3.5	4.4	4.7	4.8	4.8	4.3	4.0	3.7	3.4	3.2	3.1	3.0	3.0	3.2
RETAIL TRADE																	
Turnover	real, CMPY	0.9	4.5	1.7	1.1	-3.3	3.5	2.0	6.6	7.3	2.0	5.1	3.6	1.7	2.0	2.9	.
Turnover	real, CCPY	2.5	2.7	2.6	1.1	-1.2	0.7	1.1	2.3	3.2	3.0	3.4	3.3	3.1	3.1	3.2	.
FOREIGN TRADE[3][4]																	
Exports total (fob), cumulated	EUR mn	5299	5873	6452	439	962	1492	2127	2677	3334	3919	4494	5166	5737	6407	7092	.
Imports total (cif), cumulated	EUR mn	11013	12178	13342	856	1822	3093	4401	5706	7136	8417	9600	10914	12346	13656	14922	.
Trade balance, cumulated	EUR mn	-5713	-6305	-6890	-417	-860	-1601	-2274	-3028	-3802	-4498	-5106	-5748	-6609	-7249	-7830	.
Exports to EU-25 (fob), cumulated	EUR mn	3465	3828	4171	313	653	969	1347	1726	2134	2492	2856	3242	3599	4020	4399	.
Imports from EU-25 (cif), cumulated	EUR mn	7688	8493	9278	517	1180	2009	2886	3752	4682	5561	6303	7156	8030	8922	9782	.
Trade balance with EU-25, cumulated	EUR mn	-4224	-4665	-5107	-204	-527	-1040	-1539	-2026	-2549	-3069	-3447	-3914	-4431	-4902	-5383	.
FOREIGN FINANCE																	
Current account, cumulated[5]	EUR mn	.	.	-1447	.	.	-1551	.	.	-2681	.	.	-418	.	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	6.050	5.825	5.644	5.741	5.780	5.653	5.717	5.759	6.007	6.062	5.975	6.052	6.136	6.252	6.234	6.092
HRK/EUR, monthly average	nominal	7.545	7.554	7.545	7.564	7.517	7.460	7.395	7.327	7.313	7.305	7.348	7.432	7.386	7.375	7.389	7.378
HRK/USD, calculated with CPI[6]	real, Jan03=100	114.3	119.3	124.5	122.6	122.4	125.0	122.6	121.9	116.6	114.8	116.1	113.9	112.8	111.8	113.1	116.5
HRK/USD, calculated with PPI[6]	real, Jan03=100	112.3	115.1	118.9	116.3	115.4	116.7	114.7	114.4	109.7	108.1	109.0	105.3	101.8	101.4	101.8	104.7
HRK/EUR, calculated with CPI[6]	real, Jan03=100	97.8	98.2	98.6	99.1	100.5	101.4	101.7	102.4	102.4	102.2	101.5	100.5	101.6	102.1	102.1	102.9
HRK/EUR, calculated with PPI[6]	real, Jan03=100	102.5	102.1	101.8	101.1	101.6	102.0	102.9	104.2	104.0	104.6	103.7	102.8	103.5	103.9	103.4	104.1
DOMESTIC FINANCE																	
M0, end of period	HRK bn	10.9	10.6	11.0	10.8	10.9	11.1	11.4	11.5	12.2	13.1	12.7	12.2	11.9	11.7	12.2	.
M1, end of period	HRK bn	33.9	33.6	34.6	34.9	34.4	34.5	34.8	36.0	36.7	38.3	37.8	36.7	37.1	37.2	38.8	.
Broad money, end of period	HRK bn	138.4	139.6	139.9	138.9	138.9	138.0	137.9	140.6	142.6	145.6	151.1	151.6	152.5	154.7	154.6	.
Broad money, end of period	CMPY	8.9	8.5	8.6	7.8	8.6	9.7	7.8	10.3	10.1	9.4	10.4	9.3	10.2	10.8	10.5	.
Discount rate (p.a.),end of period	%	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	4.5	4.5	.
Discount rate (p.a.),end of period[7]	real, %	-1.7	-0.9	-0.3	0.1	-0.6	-0.6	0.0	2.2	2.1	2.2	3.0	2.4	2.7	2.2	1.8	.
BUDGET																	
Central gov. budget balance, cum.[8]	HRK mn	-10535	-10546	-9213	-1691	-3460	-6135	-6276	-6732	-6784	-7603	-6557	-5995	-6994	-6936	-6874	.

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) Calculated from USD to NCU to EUR using the official average exchange rate.

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

7) Deflated with annual PPI.

8) Consolidated central government budget. Including extra-budgetary funds.

R U S S I A: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total[1)]	real, CMPY	4.6	12.5	4.6	1.6	4.1	3.8	3.7	1.1	6.1	4.0	3.1	5.1	3.8	6.1	4.9	4.4
Industry, total[1)]	real, CCPY	7.1	7.6	7.4	1.6	2.9	3.2	3.3	2.8	3.4	3.5	3.4	3.6	3.6	3.9	4.0	4.4
Construction, total	real, CMPY	3.4	8.8	10.6	5.9	4.6	4.7	6.1	5.3	7.4	12.9	11.6	10.4	13.6	16.2	15.6	-7.5
LABOUR[2)]																	
Employment total	th. persons	67700	67300	67100	67000	66900	67300	67800	68300	68600	68900	69300	68900	68600	68300	68200	.
Unemployment, end of period	th. persons	5901	6140	6109	6080	6056	5820	5610	5406	5369	5335	5304	5383	5462	5543	5605	5665
Unemployment rate	%	8.0	8.4	8.4	8.3	8.3	8.0	7.6	7.3	7.3	7.2	7.1	7.2	7.4	7.5	7.6	7.7
WAGES, SALARIES																	
Total economy, gross	RUB	6908	7046	8799	7346	7465	8093	8002	8089	8637	8651	8616	8829	8701	8931	11319	9282
Total economy, gross	real, CMPY	5.6	5.3	7.3	10.0	7.8	11.1	9.4	9.2	8.8	9.8	11.6	13.7	12.8	14.0	16.0	14.2
Total economy, gross	USD	238	246	315	262	267	293	288	289	303	301	303	311	305	311	393	329
Total economy, gross	EUR	190	190	235	200	205	222	222	228	249	250	246	254	253	263	331	271
Industry, gross[3)]	EUR	199	198	225	202	205	219	224	229	245	251	251	252	259	266	305	.
PRICES																	
Consumer	PM	1.1	1.1	1.1	2.6	1.2	1.3	1.1	0.8	0.6	0.5	-0.1	0.3	0.6	0.7	0.8	2.4
Consumer	CMPY	11.6	11.7	11.7	12.6	12.8	13.3	13.4	13.6	13.3	12.9	12.3	12.2	11.7	11.2	10.9	10.7
Consumer	CCPY	10.8	10.9	11.0	12.6	12.7	12.9	13.0	13.1	13.2	13.1	13.0	12.9	12.8	12.7	12.5	10.7
Producer, in industry	PM	1.8	2.0	0.1	0.5	1.3	2.5	2.5	2.7	0.1	0.5	2.0	2.8	0.9	-0.9	-2.1	0.4
Producer, in industry	CMPY	27.7	29.5	28.9	24.6	22.0	23.5	24.0	24.7	21.4	20.6	20.8	20.5	19.4	16.0	13.4	13.3
Producer, in industry	CCPY	22.9	23.5	24.0	24.6	23.3	23.3	23.5	23.8	23.4	22.9	22.6	22.4	22.1	21.4	20.7	13.3
RETAIL TRADE																	
Turnover[4)]	real, CMPY	11.5	13.5	14.6	9.3	9.8	10.0	12.7	13.6	12.8	11.8	12.2	12.8	12.6	11.0	13.3	5.7
Turnover[4)]	real, CCPY	11.5	11.7	12.0	9.3	9.5	9.7	10.5	11.1	11.4	11.5	11.6	11.7	11.8	11.7	11.9	5.7
FOREIGN TRADE[5)6)7)]																	
Exports total, cumulated	EUR mn	119018	132819	147353	11421	24184	39417	54767	70765	86666	104288	121866	139481	157792	176488	197029	.
Imports total, cumulated	EUR mn	62510	69825	78323	5311	11813	19534	27163	34873	43254	52029	60599	69214	78642	88876	100519	.
Trade balance, cumulated	EUR mn	56508	62995	69030	6109	12371	19883	27605	35892	43411	52259	61267	70267	79151	87612	96510	.
FOREIGN FINANCE																	
Current account, cumulated[8)]	EUR mn	.	.	48208	.	.	16357	.	.	33403	.	.	49812	.	.	69584	.
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	29.070	28.591	27.904	28.009	27.995	27.626	27.810	27.951	28.498	28.694	28.480	28.380	28.563	28.763	28.805	28.228
RUB/EUR, monthly average	nominal	36.287	37.079	37.390	36.719	36.381	36.470	35.993	35.485	34.725	34.568	35.015	34.808	34.338	33.951	34.162	34.293
RUB/USD, calculated with CPI[9)]	real, Jan03=100	124.3	127.8	132.9	135.6	136.4	138.9	138.7	139.3	137.3	136.5	136.7	136.1	135.6	136.7	138.1	144.3
RUB/USD, calculated with PPI[9)]	real, Jan03=100	139.9	143.8	148.7	148.1	149.5	153.2	154.6	158.6	156.0	153.6	156.7	157.0	153.5	153.2	150.4	154.1
RUB/EUR, calculated with CPI[9)]	real, Jan03=100	106.6	105.5	105.4	110.5	112.4	113.1	115.4	117.7	120.9	121.9	120.0	120.6	122.7	125.1	125.0	127.5
RUB/EUR, calculated with PPI[9)]	real, Jan03=100	127.9	128.0	127.4	129.9	132.2	134.3	139.0	145.1	148.2	149.1	149.6	153.9	156.8	157.5	153.2	153.2
DOMESTIC FINANCE																	
M0, end of period	RUB bn	1310.3	1332.7	1534.8	1425.2	1444.1	1481.7	1565.8	1582.3	1650.7	1701.8	1703.3	1740.7	1752.0	1765.8	2009.2	.
M1, end of period	RUB bn	2441.0	2535.0	2848.3	2673.0	2757.1	2859.6	2906.3	2965.6	3144.3	3162.5	3240.8	3371.9	3340.1	3413.2	3858.5	.
M2, end of period	RUB bn	4730.4	4867.6	5298.7	5184.8	5344.4	5499.6	5594.0	5743.0	6015.9	6087.4	6286.5	6458.4	6482.7	6604.8	7221.1	.
M2, end of period	CMPY	33.5	34.6	33.7	31.4	30.6	31.2	29.1	31.5	32.4	33.8	37.6	39.3	37.0	35.7	36.3	.
Refinancing rate (p.a.), end of period	%	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	12.0	12.0
Refinancing rate (p.a.), end of period[10)]	real, %	-11.5	-12.8	-12.3	-9.3	-7.4	-8.5	-8.9	-9.4	-7.0	-6.3	-6.5	-6.2	-5.3	-2.6	-1.3	-1.2
BUDGET																	
Central gov.budget balance, cum.	RUB bn	690.1	786.3	730.7	206.2	304.4	525.3	621.4	738.2	942.2	1036.5	1172.9	1162.0	1429.6	1636.7	.	.

1) Data revised according to new methodology.

2) Based on labour force survey.

3) Manufacturing industry only.

4) Including estimated turnover of non-registered firms, including catering.

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

6) Cumulation starting January and ending December each year, incl. estimates of non-registered imports.

7) Based on balance of payments statistics.

8) Calculated from USD to NCU to EUR using the official average exchange rate.

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

10) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2004 to 2006

(updated end of February 2006)

		2004			2005												2006
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PRODUCTION																	
Industry, total	real, CMPY	7.7	11.3	4.3	8.4	5.6	6.6	5.1	4.3	-0.9	-2.4	0.9	0.9	2.4	2.0	5.3	-2.9
Industry, total	real, CCPY	13.6	13.4	12.5	8.4	7.3	7.1	6.7	6.2	5.0	3.9	3.5	3.2	3.1	2.9	3.1	-2.9
Industry, total	real, 3MMA	9.6	7.8	8.0	6.1	6.9	5.8	5.3	2.8	0.3	-0.8	-0.2	1.4	1.8	3.2	1.5	.
LABOUR																	
Employees[1)]	th. persons	11290	11246	11157	11206	11248	11315	11332	11319	11339	11371	11361	11361	11357	11306	11220	11245
Employees in industry[1)]	th. persons	3422	3415	3388	3401	3413	3428	3421	3410	3408	3413	3410	3407	3407	3394	3368	3374
Unemployment, end of period	th. persons	893.6	919.7	981.8	992.2	1019.0	1018.4	986.7	918.6	858.3	825.4	800.4	780.6	762.9	809.7	881.5	899.9
Unemployment rate[2)]	%	3.3	3.4	3.5	3.5	3.6	3.6	3.5	3.3	3.0	2.9	2.8	2.8	2.7	2.9	3.1	3.2
Labour productivity, industry[1)]	CCPY	.	.	.	8.2	6.9	6.5	6.1	5.6	4.4	3.4	3.1	2.9	2.8	2.7	3.0	-2.1
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	.	.	.	11.7	14.1	14.0	14.9	17.0	20.2	23.2	24.9	26.1	27.2	29.1	30.6	50.8
WAGES, SALARIES [1)]																	
Total economy, gross	UAH	636	644	704	641	667	722	734	764	823	837	831	856	882	897	1020	865
Total economy, gross	real, CMPY	14.3	18.2	13.7	13.9	15.4	15.5	16.8	20.2	19.6	20.0	19.7	19.2	23.3	24.3	31.3	22.9
Total economy, gross	USD	120	121	133	121	126	136	141	151	163	166	165	170	175	178	202	171
Total economy, gross	EUR	96	94	99	92	97	103	109	119	134	138	134	138	145	150	170	142
Industry, gross	EUR	121	116	120	117	120	130	135	144	156	163	165	166	171	177	188	173
PRICES																	
Consumer	PM	2.2	1.6	2.4	1.7	1.0	1.6	0.7	0.6	0.6	0.3	0.0	0.4	0.9	1.2	0.9	1.2
Consumer	CMPY	11.7	11.3	12.3	12.6	13.3	14.7	14.7	14.6	14.4	14.8	14.9	13.9	12.4	12.0	10.3	9.8
Consumer	CCPY	8.5	8.7	9.0	12.6	13.0	13.5	13.8	14.0	14.1	14.2	14.3	14.2	14.0	13.8	13.5	9.8
Producer, in industry	PM	1.6	2.2	1.0	0.2	2.7	1.9	2.5	1.6	-0.8	-1.6	0.7	1.9	0.0	-0.1	0.3	1.2
Producer, in industry	CMPY	24.3	25.2	24.3	22.6	22.4	22.0	21.1	20.5	17.7	15.7	14.7	14.7	12.9	10.4	9.6	10.7
Producer, in industry	CCPY	19.5	20.1	20.4	22.6	22.5	22.3	22.0	21.7	21.0	20.2	19.5	18.9	18.3	17.5	16.8	10.7
RETAIL TRADE																	
Turnover[3)]	real, CCPY	20.8	20.8	20.0	21.2	20.3	18.6	19.2	20.4	21.1	21.8	23.0	23.1	22.4	22.4	23.0	31.3
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	21610	23883	26278	1896	3925	6372	8714	10909	13174	15436	17693	19998	22430	24909	27545	.
Imports total (cif), cumulated	EUR mn	18999	21119	23321	1376	3223	5716	8103	10298	12877	15343	17986	20591	23243	25981	29034	.
Trade balance, cumulated	EUR mn	2611	2764	2957	519	702	655	611	612	297	93	-293	-592	-813	-1072	-1490	.
FOREIGN FINANCE																	
Current account, cumulated[6)]	EUR mn	.	.	5476	.	.	1296	.	.	1777	.	.	1649	.	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.307	5.306	5.306	5.305	5.300	5.292	5.190	5.050	5.055	5.053	5.050	5.050	5.050	5.050	5.050	5.050
UAH/EUR, monthly average	nominal	6.621	6.885	7.103	6.990	6.894	6.983	6.714	6.422	6.151	6.090	6.208	6.200	6.070	5.961	5.983	6.101
UAH/USD, calculated with CPI[7)]	real, Jan03=100	109.9	111.7	114.9	116.6	117.2	118.3	120.7	125.0	125.5	125.4	124.8	124.0	124.7	127.2	128.9	130.4
UAH/USD, calculated with PPI[7)]	real, Jan03=100	120.5	122.1	124.3	124.0	126.9	127.7	132.3	138.7	137.7	133.7	133.8	132.4	129.1	130.8	131.8	133.3
UAH/EUR, calculated with CPI[7)]	real, Jan03=100	94.0	91.9	90.8	94.2	96.1	95.9	100.1	105.0	110.2	111.5	109.2	109.3	112.5	116.0	116.3	115.4
UAH/EUR, calculated with PPI[7)]	real, Jan03=100	109.8	108.2	106.2	107.7	111.7	111.6	118.6	126.3	130.5	129.3	127.2	129.2	131.4	134.0	133.9	132.8
DOMESTIC FINANCE																	
M0, end of period	UAH bn	41.3	40.9	42.3	40.6	41.8	43.1	47.6	47.9	51.3	53.8	53.8	55.5	54.9	55.1	60.2	56.8
M1, end of period	UAH bn	66.7	65.7	67.1	64.9	67.1	73.5	76.2	77.6	83.8	84.8	85.5	90.1	88.7	92.7	98.6	92.1
Broad money, end of period	UAH bn	126.2	125.3	125.8	125.8	130.9	140.1	146.5	147.9	156.3	159.1	164.8	171.0	174.8	180.1	194.1	188.8
Broad money, end of period	CMPY	45.3	41.9	32.4	35.8	36.3	38.5	39.4	35.1	37.2	35.9	35.6	31.3	38.5	43.8	54.3	50.1
Refinancing rate (p.a.),end of period	%	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5	9.5	9.5	9.5	9.5	9.5
Refinancing rate (p.a.),end of period[8)]	real, %	-13.1	-12.9	-12.3	-11.1	-10.9	-10.7	-10.0	-9.5	-7.4	-5.8	-4.5	-4.5	-3.0	-0.8	-0.1	-1.1
BUDGET																	
General gov.budget balance, cum.	UAH mn	-4723	-6199	-11009	1503	2042	2931	2252	4007	1735	2959	6907	5816	5309	3216	-7735	.

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) Calculated from USD to NCU to EUR using the official average exchange rate.

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

8) Deflated with annual PPI.

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