

Monthly Report | 2/11

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wiiw Spring Seminar on 25 March 2011 (see overleaf)

wiiw Spring Seminar 2011
'The Ways Out of the Crisis: Are They Sustainable?'

Friday, 25 March 2011

sponsored by Raiffeisen Bank International AG
1030 Vienna, Am Stadtpark 9, 'Raiffeisensaal'

Programme

09:00	Opening Remarks	<i>F. Lacina, President wiiw</i>
09:10	Welcome Address	<i>G. Deuber, Economics and Financial Market Research Raiffeisen Bank International AG</i>
09:20	Keynote Speech: Global Crisis – Global Implications – Local Impacts	<i>J. Fischer, Vice President EBRD and former Prime Minister of the Czech Republic</i>
10:00	Medium-Term Economic Prospects for CESEE	<i>P. Havlik et al., wiiw</i>
11:00	Post-Crisis Labour Market Challenges	<i>H. Vidovic, wiiw S. Leitner, wiiw</i>
11:45	Impacts of the Crisis on European and Global Emerging Economies: Why Do They Differ?	<i>M. Landesmann, wiiw</i>
12:30	Lunch	
14:00	Keynote Speech: Two Years of the Euro in Slovakia: Lessons and Challenges	<i>I. Miklos, Deputy Prime Minister and Minister of Finance of the Slovak Republic</i>
15:00	The New EU Governance and Implications for CESEE	<i>V. Gligorov, wiiw</i>
16:00	End of the Seminar	
18:00	Informal gathering at a Viennese 'Heurigen' by invitation of wiiw	

For Registration Form see end of Report.

Hungary: taking stock

BY JÁNOS KORNAI^{*}

Barely eight months have passed since Hungary's new Parliament met – and since then the words and deeds of the party and new government have turned the political life and the workings of the state and the economy upside down. We are constantly perplexed; we have not even recovered from our astonishment at yesterday's political measure when today's new announcement or measure arrives. It is hard to stay upright in the whirlwind of events and absorb their import.

Let us stop for a moment, take a deep breath, and reconsider what has actually happened. Let us try to form a *comprehensive* picture of the change out of the hundreds of fragmentary details. What has happened to this country in so short a time?

It would call for a different study to cover how the country had arrived at the situation it was in when the new government took over. The questions of who, which political figure, which party, which interest group bore responsibility, and to what degree, or an account of the previous political and economic processes cannot be included here. This article considers only what the new party and its government that took over in the spring of 2010 has done so far.

I will cover eight fields – areas that may suffice to identify the most important changes. I have not aimed at new discoveries; in discussing each field, I am joining in with those who have likewise been examining it, probably in greater detail than I have.

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My aim is a summary, an overview of where we stand.

1 Democracy

In the period between 1989/1990 and the summer of 2010, Hungary was a democracy. It is no longer one now – the political formation today is an autocracy.

This statement will make full sense only if I outline what I mean by democracy, the more so as the term has been defined in several different ways. The East European version of the socialist system was dubbed in its official ideology as a 'people's democracy', while the formal 'bourgeois' democracy of the West was denounced as a sham. Those in power today are claiming that their type of rule is the true embodiment of democracy.

However, it is not on a basis of claims or aspirations ('let the people rule') that my definition of the term rests, but on the observation of actual practices. Let us take the set of countries usually termed developed democracies, including those of Western Europe and North America, Australia, New Zealand, and Japan. Which are the *common features* that *actually* manifest themselves in them? The question is not whether those features are codified in a constitution or are based on tradition or historical conventions. What counts is the practical application of those features in a democracy.

The essential features are the following:

- Powers are strictly separated.
- Certain important governmental tasks are fulfilled by bodies independent of the government.
- There is a clear line separating a rather small group of political appointees from a large group of civil servants and public sector employees whose jobs are independent of, and uninterrupted by, the political changes.
- The principle of checks and balances is applied. No branch of power or organization of state is allowed to prevail for a long time, as the other branches and organizations prevent it.

- The enactment of bills by Parliament is preceded by extensive prior debate and negotiations, followed by a thorough, and therefore time-consuming, debate about each in Parliament. In some countries the process of prior negotiations is controlled by law, but the democratic political culture is an even stronger force than the word of law in applying the requirements of prior discussions and negotiations and careful and responsible parliamentary debate.

It is almost unbelievable what deep wounds have already been inflicted on the face of democracy, and how many of the essential features installed in the past twenty years have been marred by the Orbán government and their party, Fidesz.

Everything is decided in the 'central field of power'.

The practice of widespread debate and negotiation before the introduction of new legislation has ceased. Parliament has been converted into a voting machine that turns out laws on an assembly line at incredible speed.

The post of Hungary's head of state, the President of the Republic, is no longer held by a personality who stands above parties and embodies unity of the nation, but by a willing, obedient party devotee.

The key office of Chief Prosecutor has been filled by a tried supporter of the ruling party.

The National Elections Commission, whose task is to oversee elections, was replaced before its term expired, by a new committee composed almost exclusively of Fidesz supporters.

The powers of the Constitutional Court, the chief guardian of constitutionalism and the fundamental office of judicial independence, were brutally restricted, a step that in itself dealt a fatal blow to the principle of checks and balances.

When the independent Fiscal Council dared to criticize government plans, it was dissolved. It was not an independent and distinguished professional

expert who was appointed to head the State Audit Office, but a faithful member of the ruling political group. Also exerted at that time was the right to appoint the president *and* the two vice-presidents of the Competition Authority.

It is natural with a change of government that new people should be appointed to such leading state offices as are usually filled by political appointees. But what actually happened was a political cleansing far beyond that, so that the principle of a standing civil service with relative independence from politics was denied. Now a new law makes it possible to lay off central or local governmental officials and employees without explanation. There is an atmosphere of fear and subservience forming among those working for the state apparatus, due to the threatening statements being made by leading politicians.

The ultimate test of democracy is the *procedure* followed when removing a person, group or party in power. The fundamental criterion of a democracy is lack of violence: no murder of tyrants, no military coups d'état, no secret camarilla conspiracies, no violent crowd demonstrations to force out those in power; no bloody uprising or revolution is required. It is possible to carry out the transfer of power in a peaceful and civilized way, through elections between rival parties. As in other tests, the results can be decided only after the event. *A posteriori* it can be stated that the Hungarian political structure passed the *removability test* between 1990 and the spring 2010 elections, for Hungarian voters removed several previous governments and elected new ones in clean elections.

It should be noted that this does not necessarily entail automatic alternation. The question is not whether the change happens at every single election, but whether the removal is *possible* or not. Has the present political leadership 'barricaded itself in' to a degree that leaves no likelihood of their removal? Such cases are not confined to totalitarian regimes, e.g. Nazi or communist dictatorships. They occur also in autocracies like the Horthy regime in Hungary between the two world wars.

In that long historical period Parliament had regular sessions, there were legal opposition parties, several parties stood in the elections – but the state and the political sphere were so organized as to secure automatic success for the governing political group in each and every election of the Horthy period. The political order *guaranteed* the immovability of the governing power.

It would be too early (and too disheartening) to state whether this is already the case in present-day Hungary. It would be too early even if Fidesz won again at the next elections. It will only be possible to establish the results of the final procedural test of removability after a long historical period. What can be said today is that Viktor Orbán declared even before the elections that the political situation had to be organized in a way that would ensure them power for at least 15–20 years. Since taking power, they have made irreversible steps towards realizing that plan. They have destroyed or severely weakened the institutions to ensure the principle of removability. And let me add, they have not exhausted all the possibilities in this short period. I would not like to suggest ideas, for they know them anyway: gerrymandering election boundaries, introducing election laws that decrease the chances of rival parties, giving Hungarians domiciled abroad the right to vote, etc.

2 Free press

An independent and free press is usually given prominence among the political checks and balances. The press is often called the fourth branch of power in democracies, additional to the legislative, executive and judiciary. It is indispensable in ensuring that the government should not feel secure in possessing unlimited and uncontrollable power. A free press can reveal the abuses of those in power and peek behind the political scenes. If political announcements are misleading or silent on important facts, the free press can expose the truth.

The new media regulations, i.e. the institutional reorganization of the media authority and the passage of the Media Act, produces a level of centrali-

zation in the world of public media and political communication comparable only to the propaganda machine of a communist dictatorship. The head of the media authority has the power to issue decrees, and the body can levy financial penalties. It is entitled to control not only the state-owned media, but also the privately owned media, not only television and radio, but also the printed press, internet portals and blogs. The body, exclusively made up of Fidesz delegates, regulates the allocation of television and radio frequencies, where rejection of an application marks the end of an applicant television or radio company. Private media owners may shy away from criticism of the government not only because of the possible rejection of an application to renew their operating licence or the threat of a crippling fine, but also because advertising from companies close to the 'central field of power' may dry up.

The war over the free press is far from over, but the first battle has been won by the Orbán government. Even if they have not enforced their new rules, the sheer possibility has an intimidating effect. There will certainly be brave people (there are already some) who bear the risk heroically. But there is every reason to fear that several media owners, editors and journalists, even if otherwise ready to criticize the government, will prefer to watch their words or stay silent, applying self-censorship. The programmes on public television and radio have already become skewed: some important news items (those ones awkward to the authorities) are not being broadcast or being presented as insignificant, and no fair coverage is being given to opposing opinions. And this is only the beginning, for the new 'Media Tzar' and her apparatus have not started open retaliation.

3 The state of law

Fidesz gained power in a legal and valid way, and it has complied with the law in most of its actions. So *legality* rules in a narrow sense.

But the description must continue: if a law in force is in its way, the government changes it. If it wants to make an exception for a favoured person or

group, it tailors the law to ensure them that privilege. If the law the authorities introduce conflicts with the Constitution, they amend it (as they have done no less than ten times). And if the Constitution, with its multitude of impromptu amendments, is still in their way, they will sweep it away and impose a new one on the country. In more than one case so far they have trickily circumvented the law, for example by taking a bill onto an MP's motion to circumvent legally compulsory negotiation processes. Moreover, they openly flout Hungarian and EU regulations, the Constitution and the basic requirements of a state of law in significant matters. In one unprecedented case, they re-enacted a retroactive law that had been nullified by the Constitutional Court by curbing the latter's powers.

The principle of a state of law – *Rechtsstaatsprinzip* – is a wide and complex concept that would be difficult to define in any mathematically precise way, but a democrat will sense the *spirit* of such a state of law. It means respect for the Constitution and the laws in force, even if they were not enacted by those now in power. A state of law means that legal security applies, that citizens are assured their rights by the state, that those rights are stable and long-lasting, and that they cannot be curtailed on the impulse or at the whim of political decision-makers.

Using the term 'state of law' in this wider sense, I would not like to go to the lengths of saying that Hungary no longer is a state of law. Important legal guarantees have been destroyed in the past few months, including first of all the crude attack on the Constitutional Court. The new political leadership has publicly tried to instruct prosecutors or to summon judges before Parliament. Still, we fortunately cannot claim that the independence of judges has been eliminated, or that politically relevant verdicts are actually being dictated by a group of politicians for judges to sign. The practice in the coming years will tell how far judicial independence continues, or is eradicated and becomes an empty formality. There will be worries about the future activity of the police and the public prosecutors' offices as far as their practice of investigating and charging politi-

cally related cases are concerned. These worries are justified by several previous bitter experiences: cases may be hushed up when they are awkward to those in government, or handled with bias when the suspects are the opponents of those in power. We will see – let us hope these worries turn out to be unsubstantiated.

4 Capitalism

Having reviewed the political field, let us consider the economy.

The capitalist system prevails in Hungary. I am convinced it will continue to do so throughout the Orbán government, and survive the present political regime. Capitalism is a particularly tough and robust system.

The historical example of the socialist system proves that however strong capitalism may be, it is possible to abolish it in a country or group of countries, and replace it by another viable system. However, this can only be achieved with an iron will, by eliminating private property, and replacing it everywhere (or almost everywhere) by state property; by eliminating market coordination (or keeping only fragments of it), and replacing it by bureaucratic coordination in every section of the economy. Those presently in power have not done so, and there are no signs pointing in that direction for the future. Even if there are similarities between Bolshevik parties and the present-governing group in their style of government, Fidesz is obviously not a Marxist-Leninist party. It does not have a policy of eradicating capitalism.

People frequently have illusions about the efficiency of the capitalist system. Its sheer existence is often believed to guarantee efficient allocation and utilization of resources. That, however, is certainly not the case. While some capitalist economies are highly efficient, others struggle along with a lot of friction.

Far from aiming to eradicate capitalism, the Orbán regime is linked to it by multiple strands and enjoys the support of some big-business oligarchs and

many small-business entrepreneurs. It is ready to exchange political and economic support for economic and political support. At the same time, the regime's interventions in the economy keep throwing sand in the works. The anti-capitalist slogans of its public rhetoric do damage to the economy, but much more is done by their actions. The economic policy of the past eight months has decreased the efficiency of Hungarian capitalism, weakened it, and reduced its development chances.

The socialist system is centralized by nature; state property and the dominance of bureaucratic coordination allow centralized command. But not even that system could make headway by voluntarism, the fallacy that the dictator and his group could achieve anything just by wanting it enough. There is a similar voluntarism apparent in the Orbán government's actions. But though they may widen the sphere of state interference and intervene in economic processes in a more aggressive way, we will still live in a *capitalist economy*. Market rules are in operation. Economic agents in Hungary and abroad have wills of their own. Sellers and service providers cannot be forced to sell or provide services, neither can financial investors be forced to buy government bonds, or investors to create real capital. Even the most aggressive government, over a longer period, is unable to impose its will on the economy in every aspect. And the more unscrupulously a government tries to do so, the more stubborn the backlash will become, and the more damage will be caused to the development of the economy.

5 Private property

The edifice of the capitalist system is founded on private property. Looking at real historical practice instead of theoretical models, it will be seen that private property has never been the exclusive type in any capitalist economy, other types having also been present, but private property has been the *dominant type*, and *respect for private property* is integral to it: it must be present in the regulations and in the value judgments of public opinion.

What has happened recently in Hungary to private pension funds seriously undermines trust in the government's respect for private property. That trust could be maintained if a pension reform led to accumulated wealth handled as private property shrinking, and savings managed by the state growing, provided that the changes were based on the principle of voluntary choice. That would be the case if the following conditions are satisfied: (i) the active employees faced a genuine choice between different alternatives, including a return from the private to the public pension scheme, (ii) they changed of their own free will, based on information that evaluated the advantages and disadvantages, and (iii) they had sufficient time for consideration. But that is not what is happening. There have been vague, fuzzy promises instead of adequate information, hectic rush instead of fair time to consider, and threats and severe discrimination instead of a free choice. Those remaining with the private pension funds will partly or wholly lose their rights to a state pension (the loss ratio being dependent on a range of factors). In the midst of self-contradictory official announcements and shallow or downright false information, i.e. in a state of confusion, members of the private pension funds are being forced to make crucial decisions that will essentially influence their financial position in old age.

The whole procedure raises sad memories for the historically experienced older generations. The agricultural cooperative movement fits in well with capitalism so long as there are farmers with full control over their own private property *volunteering* to cooperate. That applies even though cooperative ownership differs from private ownership. But the aim of those who confiscated the lands of Hungarian farmers and forced them into cooperatives in the 1950s and 1960s was precisely to eradicate capitalism in the countryside. Those who dreamed up and implemented the present-day pension reform cannot be accused of wanting to eradicate capitalism. What they have done, however, seriously damages the principles of capitalism, and is not far short of crude confiscation.

6 Growth and development

The stated economic policy of Fidesz and the government centres on enhancing growth. Hardly an economist would disagree that lasting growth is the key to the well-being and development of a society. But growth paths can be of a diverse nature, each with different characteristics, as every economist will admit. It is also generally agreed that the government can employ varied methods to increase growth, each differing in their outcomes and side-effects. Whether growth *should* be the central question of the economic policy is not worth arguing now. The real issue is what type of growth to promote and by what methods.

Analysts would be in an easier position if they could see clearly what the government was really planning to do now, next year, in the following years, or in 15–20 years' time – the span of office they plan for themselves. Their oral announcements are full of empty phrases, wild promises with no deadlines, and self-contradictory ideas. What is even more dangerous is that their first definite, figure-based 'statement of intent', the 2011 state budget, does not state clearly, either, what the government is planning to do. Thus no coherent economic policy is decipherable from the announcements of leading politicians or from the 2011 state budget. Practical regulations are not being introduced after thorough professional debates, careful consideration of short- and long-term effects, or comparison of alternative solutions. A sadly low level of professionalism has seeped into the creation of the economic policy. Without a coherent plan to analyse in a consistent and intellectually rigorous way, I am confined to raising a few questions left vague, and to refute a few misleading statements.

- When the topic is discussed, we keep hearing a single declaration: taxes will be lowered, and *that* will give an impetus for growth. However, the many studies that have sought to clarify the causal connection between tax reduction and growth have certainly not reached unambiguous conclusions. We do not know exactly how much GDP increment one million forints' tax reduction will produce, or when it will do so, after how much delay. But those one million forints will

certainly be missing from the revenue side of the state budget, and the deficit will have to be balanced either by expenditure reduction (through austerity measures, in spite of recurrent promises to the contrary), or by loans (in which case what will happen to government debt reduction, another loud promise?) So *overall* reduction of the taxes imposed on society is not the real plan. Instead it is a question of tax burdens being reallocated. In the absence of careful calculations, we do not know the answer to an embarrassing question. Even if certain tax reductions do result in the growth of total demand and that does generate additional output, will not the loss caused to long-term growth by the reallocation of taxes be greater? True, the household sector (especially well-to-do households) will pay less tax, but business sectors hit by the 'crisis taxes' will pay more. The consequences, however, do not stop at this point, but spill over into other areas. Sectors hit by the crisis-tax will transfer much of the burden onto their customers: other companies and the household sector. Their profits may truly decrease, but that will have a backlash, as their profits are a major source of their investments. The disproportionately severe tax burden can be expected to have a deep impact on the short-, mid- and long-term business policies of some key branches of the financial, production and trade sectors. The capitalist economy is unable to operate and develop in the long run without a flexible, pro-active, effective credit system. The unacceptably severe tax burden on the banking sector, introduced to spare individual taxpayers, will not hit 'rich bankers', but will slow down the active flow of the economy. We should not listen only to the banks' public complaints. We should also notice what is happening in the day-to-day activity of the financial sector: that they have already started restricting the credit supply, although credit is needed more than ever. All the sectors involved in the crisis tax are restricting their investment activities, and this will eventually put a brake on lasting growth.

- Does the government wish labour productivity to grow as fast as possible and technical devel-

opment to flourish in this country? Or does it rather want to maintain or restore jobs due to be closed down by international or domestic competition? Is the main aim a rapid increase in *employment*, or is an increase of *production*, *productivity* and *competitiveness* the real main aim? I am afraid some leading politicians and their propagandists are unaware that these aims are contradictory to a degree; one cannot go around believing that 'employment', 'growth' and 'development' are synonymous terms.

- Are small and medium-sized enterprises the group of producers destined to be given a competitive advantage? All right, but then other producers will be disadvantaged. Or is it not some Hungarian oligarchs close to governing circles who are to be preferred over their competitors? Is it easier for a company 'close' to governing circles to get a state contract than for a 'distant' company? Or should the competition run on strictly equal terms?
- The experience of economic history has shown repeatedly that small countries are incapable of fast and lasting growth if they are 'inward-looking', trying to base growth on artificial acceleration of domestic demand. Is the present government really ready to give up on the well-tried and sound growth policy of *export-driven growth*? Is the economic policy of supporting sustainable growth more advantageous for the nation, not one obscuring the idea of advantageous adaptation to the international division of labour while mouthing national slogans?
- Some related questions can be raised about the *financial resources of growth*. Is the economic policy of national isolationism and self-reliance to be followed also in finding resources? Do they wish to achieve fast growth with *that* policy? Though not advantageous, it could be achieved in a country where the rate of savings is large, and people do not consume a huge fraction of the new value produced by them. But national isolationism is no more than an arrogant, empty slogan if the economy is ultimately *dependent* on imports of capital. It is easy to observe that the following three requirements are in conflict: (i) a low level of savings (i. e., a permanent release from the responsibility for one's future); (ii) large investment needed for fast growth and technical development; and (iii) exclusion of international capital. These requirements are contradictory not only empirically, but logically. Which is the one they really wish, and which are only lip service?
- Should Hungarian commercial chains be given preference over international chains? Should Hungarian banks be given preference over international ones? Opposition to 'multinationals' is being fomented. But should the biggest Hungarian bank and the Hungarian energy-sector mega-corporation be allowed to become multinational themselves, taking abroad and investing some of the profits they have gained in Hungary?
- The governing group wishes for growth within a modern capitalist system, so how could the expression 'gambling on the stock exchange' become a ubiquitous pejorative term? 'Private pension funds have gambled away members' money at the stock exchange', says the government spokesperson, as if the investment in stocks and bonds traded at the stock exchange were not the normal, recommended, or to a certain degree compulsory activity of every savings institution. They speak as if stock exchange investment resembled a careless father gambling away the family's money at the racetrack, or a baron gambling away a family estate at the casino. Can capitalism exist without a stock exchange or other organizations of a flexible capital market? If a company cannot raise capital by issuing shares, how else can it do so? Exclusively from bank loans? Or should it ask for state subsidy?
- Does the government make the most of the huge opportunity of Hungary being a member of the European Union, with the advantage of having the structural transformation of the country supported by EU financial resources? Or if that is their aim, why are they delaying the practical utilization of EU support? Why do they keep getting into conflict with various EU organiza-

tions, instead of listening to their advice and learning from the criticism and warnings offered in a reserved diplomatic style?

Organizers of present-day Hungarian economic policy like to call themselves Keynesians, but what they are doing can more accurately be termed a kind of 'vulgar Keynesianism'. They seem to have half-digested the theory of the great English economist, and ignored the profound debate of decades among the different schools of macroeconomics. Economic policy inspired by Keynes certainly includes the recommendation that economic growth should be given an impetus, greatly needed in times of recession and depression, by increasing fiscal expenditure. The train of thought also includes the idea, repeatedly emphasized by the critics of Keynes based on several painful historical experiences, that long-lasting fiscal overspending carries the danger of inflation. Unleashing inflation is too high a price to pay for production growth!

Keynes, however, does not only emphasize such an increase of demand by fiscal methods, but also the optimism, investing spirit and expansion drive of entrepreneurs as the engine of recovery, followed by lasting growth – in Keynes's oft-cited words, the *animal spirits* that motivate the investors. But this optimistic atmosphere and investing spirit is not stimulated, but on the contrary damped by the unpredictability about when and how the principle of private property is being damaged, when and how much tax is being imposed on it, and when and why it is being discriminated against.

Let me add that I am not talking only about the mood of foreign investors, but of Hungarian investors too. A wealthy taxpayer who has more to spend after the introduction of the single-rate income tax will think twice before investing that capital in the Hungarian capital market (for example, by 'gambling on the stock exchange' with it), buying Hungarian state bonds and probably thus supporting state-financed investments, rather than buying foreign securities, depositing it in a foreign bank, or spending it on domestic consumption. Every Hungarian company will be concerned about how much

to spend on self-financed investment and how much to earmark for dividends. The less predictable the country's economic policy is and the more damage is done to private property, the slower the *domestic* investment mood can be expected to improve.

The economic profession has discussed extensively the relationship between monetary stability, budgetary balance, the balance of inflow and outflow of foreign resources, the stability of the purchasing power, the amount of admissible government debt, the level of satisfactory foreign currency reserves on the one hand, and the rate of growth on the other. Nowadays the debate has become more emphatic, as every country is looking for methods to overcome the recession. But a broad consensus has been achieved on the following idea: *sustainable growth* is gravely endangered if there are serious troubles with the *financial equilibrium* of the economy. Those addressing this topic in a responsible way cannot be reassured by the repeated declarations of the government that the budget deficit will not exceed the upper limit targeted for 2010 and 2011. That is a necessary, but not a sufficient condition for financial stability, especially not for a vulnerable economy like ours. The promise of lasting growth will be credible only if the government makes it clear what economic policy it wishes to employ to sustain financial equilibrium in the wider sense after 2011. Unfortunately, the methods the government is planning to use to achieve the target deficit this year and next year threaten to open a much wider gap between state revenues and expenditure in later years, while other types of troubles appear in other aspects of the financial equilibrium.

7 Distribution

Fidesz, in its election campaign, promised to avoid restrictive austerity measures. Since then the official propaganda machine has tried to give the impression that the promise is being kept, that no restrictions have been made or will be made in the future.

But this is only playing with words, cleverly exploiting the vagueness in the concept of 'restriction'. Let us put it simply: the earlier decisions and announced plans of the government actually will cause concrete losses of real present and future consumption to some of the people, decrease the value of their wealth and savings, and increase their debt. The redistribution is continual, causing continual rearrangement of the groups of winners and losers, and change in the size and composition of their gains and losses. Those who have suffered losses, or will suffer them in the future, have indeed been 'restricted', and a great many people belong to that group.

So who has suffered the losses? Let me list only those whose losses are certain, although others may well have suffered them too. And of course there may be individuals or families with multiple losses, who belong concurrently to several of the groups listed below.

- The losers include those with low or medium incomes (or more precisely, with income only from employment, earning above the minimum wage but below 293,450 forints a month (about EUR 1100 or USD 1400), and with no dependent children. Their net nominal income will decrease due to changes in taxation and income policy.
- The losers include those with a loan expressed in foreign currency, as their debt has been increasing due to the weakening forint exchange rate. For it has been shown that there is a clear causal relationship between the irresponsible statements of leading politicians, the announced economic policy of the government, and uncertainties about the budget for 2011 and onwards on the one hand, and the weakening of the forint on the other.
- The losers include households affected by the gas price increase. The increase, long overdue, cannot be sensibly opposed by any economist. It is repulsive, however, first to promise the contrary and then to break it without so much as an admission that the promise was irresponsible and unfeasible.
- The losers include producers, small and medium-sized companies among them, which do not export their products, yet use imported materials and components, as their production costs have risen and their sales been hit by the weakening exchange rate.
- The losers include employees laid off without explanation from jobs in state service, during a process of purges and restructuring.
- The losers include employees laid off from industries hit by 'crisis taxes'. Those industries are trying to recoup costs by restructuring and rationalization, which means shedding staff and increasing workloads on remaining employees.
- The losers include those unemployed who cannot get another job due to the sluggish investment climate.
- The losers include those who have accumulated savings in the private pension funds. That real wealth is being confiscated now, and contributors herded into the state pension system, against unspecified pension promises for the distant future.
- The losers include those selling their real estate. In an already depressed market situation, their assets continue to lose value as the government sets out to speed up housing construction artificially, using taxpayers' money, at a time of strikingly conspicuous excess supply. The loss of value intensifies the problems of borrowers of foreign currency-based loans for purchasing or building real estate.
- The losers include consumers, who have shouldered a significant part of the 'crisis tax' burden. That burden will be passed on whether the government prohibits it or not, whether it is done by the supplier/seller in an open or a concealed way.
- The losers include a high proportion of employees. Wage negotiations are occurring right now. In several spheres, agreements on nominal wages (shaped in such a way that real wages should freeze) have been settled in line with official inflation predictions. Their real wages will fall if inflation proves faster than that.

- The losers include all consumers hit by the accelerating inflation. More definite statements about the influence of the Orbán government's economic policy on consumer prices can only be made at the end of 2011. Now we can consider only effects that appear to be inflationary: the weakening national currency, the rising interest rates on loans used to finance the budget deficit and government debt, and the increase in the tax burden on key branches of the economy. Inflation is a levy that hits everyone, but the effect is felt most by the poorest. The impact of the government's economic policy points in the direction of an increase, and not a decrease in inflation. Central bank monetary policy to combat that danger has to face recurrent attacks from the government's side.

Apart from losers, there are winners as well. But the losers are not consoled by the fact that others have won. Losers will rightly deduce that 'restrictive austerity measures' have occurred, but the screws of the press are unevenly adjusted.

Fidesz in opposition happily made populist statements and attacked economically useful but unpopular measures, as champions of the poor. They often sought to give the impression that they wanted to combine the principles of right-wing ideology with a neo-Kádárite economic policy. What has remained of this now that Fidesz is in power? Only a few conspicuous gestures: early retirement for a certain category of women (a move in the opposite direction to the Europe-wide efforts to delay retirement,) re-opening a few railway feeder lines, instead of efforts to reduce the operating losses of the railways. Meanwhile two undoubtedly important moves have yet to begin: change in the government financing of the health care and education sectors. Nobody knows whether or not future changes in these, labelled 'structural reform', will really change present practice. Let me emphasize that their present structures created under the Kádár regime are still being maintained.

So while traces of Kádárism remain in Fidesz policy, moves that redistribute income, tax burdens

and privileges *favouring the wealthy* are becoming conspicuous. A 'rightwing-conservative' orientation of redistribution is appearing in the measures of the tax reform.

That direction clearly appears in the uniform single-rate tax system: the higher the taxed income, the larger the gain to the taxpayer. Diverse family benefits have a similar effect. It is especially worth observing that a significant part of the state social security support is provided through tax concessions, so that those in the weakest situation, with no taxable income, are excluded.

Redistribution includes distribution of gains and losses, advantages and disadvantages between present and future generations. Some people had naive hopes that the new leadership, on taking power and wishing to keep it for 15-20 years, apparently, might risk temporary unpopularity for the sake of future generations and sustainable growth. But there is no sign of that. The old routine continues: immediate problems are being solved, but otherwise there is an attitude of 'crossing that bridge when we come to it'. Do the holes in the 2011 budget really have to be filled now? Let us impose some taxes of astonishing magnitude on those loathsome banks and multinational corporations, without thinking of what effect they will have on the payers' propensity to invest or the future economic situation. Let us seize the assets of the private pension funds, and take over the pension entitlements, regardless of future costs to the state. Let us not worry what will happen to the state pension fund in the far future, when life expectancy is longer, the active population even smaller, and the proportion of the population entitled to a pension has grown.

I could bring up some other examples, e. g. in connection with infrastructural or environmental issues, where the state economic policy is choosing to *postpone* measures due to be taken today and passing them on to future generations, instead of seeking to spread the burdens proportionately among the generations.

8 Trust

It makes no sense to make sweeping statements about trust, which is a complex social phenomenon requiring detailed analysis.

So far, no dramatic change can be seen in the distribution of voters' *political* trust. Few have left the segment of about one-third of voters who gave Fidesz its present two-thirds majority in Parliament, although the latest surveys have shown some wavering. My task here is not one of political prediction. Historical experience shows things going sometimes one way, sometimes another. Sometimes a party's support shrinks over years, and sometimes it plummets abruptly. But a party may sometimes remain politically popular for a long time.

It is of great significance (though it has to be separated from voters' political trust) how much the *business community* trusts the state. To be honest, this type of trust may be independent of whether the governing form of the state in question is a democracy or an extreme dictatorship, or at some intermediate level of autocracy. Capitalism is a system that can function amidst a dictatorship that flouts human rights. Indeed it may prefer stable, strong-handed dictatorship to unstable, weak-handed democracy, provided the former clearly supports private property, enforces contracts, and guarantees security of rights. Capital welcomes an iron-handed regime such as Singapore's or communist China's.

What shakes the trust of the business world are ambiguities in government statements; if gaps in the budget are filled by methods unviable even in the medium term. However emphatically the government may deny the significance of unfavourable credit ratings from respectable credit-rating institutions, repeated downgradings reflect a collective judgement from the business world. And they are not simply a passive reflection of an assessment, for they influence it in a negative future direction.

In the short run Hungary cannot exist without selling its state bonds regularly. The downgrading of its reliability as a debtor causes immediate losses in

the hundreds of billion forints, as the government is forced to pay a higher yield if it wants to sell its bonds, whether to Hungarian or international investors. Let me add, the hundred-billion-forint losses are manageable, however difficult. The real threat is that trust may not just weaken, but collapse. The government should not rage at those who warn them of this grave danger, but reconsider what causes it.

In the long run the weakening trust of the business community will slow growth, as I have emphasized from another aspect earlier. That process cannot be easily quantified, but the phenomenon can be perceived. The investment climate of functioning enterprises is deteriorating. There are fewer entrepreneurs than would be in a more favourable business climate. Foreign and domestic firms are pushing less hard. The expansion drive is weaker and there is a stronger temptation to invest their capital somewhere else.

Summary

What has been happening in the *political* sphere is easy to summarize. Several important basic institutions of democracy have been destroyed. Hungary has become an autocracy. The Hungarian political regime is threatening to resemble Putin's. The direction of the changes is clear: they are profound enough to be irreversible (or more optimistically, almost irreversible) and guarantee (or more optimistically, almost guarantee) the long-lasting rule of the group that has gained power.

What has been going on in the *economic* sphere is less easy to describe briefly, because it is full of mutually contradictory actions, regulations impossible to implement, and tendencies impossible to follow. There is no clear direction in the new rules. Let us hope that capitalism is a strong enough system to survive bad economic policy. It is indeed, but it charges a high price for weaknesses.

In the political sphere, the Machiavellian aim (grasping power and retaining it for a long time) has been attained in a *masterful* way. The plan was

clear and definite. Obstacles encountered have been removed without delay or hesitation.

As far as the economy is concerned, I have not really been able to discern what the aim is. It seems as if there may not have been any detailed plans to implement. According to government pronouncements, we may in a few months' time be

informed of the plans for 'structural reforms', and then be in a position to understand the aims of the economic policy. But whatever the aims may be, they have been *bungled* in their implementation.

We have every reason to be worried about the future of this country.

Developments in trade and FDI in services in the Visegrad countries*

BY OLGA PINDYUK

Services have unique characteristics that greatly affect their tradability as compared with goods. These characteristics include intangibility and non-storability. Thus services typically require customers' participation in the production process.

WTO defines four modes of cross-country trade in services:

- Mode 1 – Cross-border: services supplied from the territory of one country into the territory of another.
- Mode 2 – Consumption abroad: services supplied in the territory of a nation to the consumers of another.
- Mode 3 – Commercial presence: services supplied through any type of business or professional establishment of one country in the territory of another (i.e., FDI).
- Mode 4 – Presence of natural persons: services supplied by nationals of a country in the territory of another.

FDI remains an important channel for foreign providers to supply services. About 60% of global FDI stock is in the service sector, with finance and trade being the most important sectors therein.

In our analysis we use data which cover modes 1, 2 and 3 of services trade. The data come from the TSD dataset, Eurostat, OECD and Visegrad central banks statistics.

The importance of services for the Visegrad economies is revealed by the fact that services account for more than 60% of gross value-added of

the Visegrad countries, and also for more than 60% of total inward FDI stock in the region. Most of the FDI is concentrated in business services, financial intermediation, and telecommunications, and the EU-15 remains the biggest foreign investor in the region, accounting for more than 80% of the FDI stock. Though trade in services¹ accounted for 10-16% of total foreign trade of the countries in the region in 2007, which is lower than the EU-15 share (23%), growth of services trade has been speeding up in the region during 2004-2007: the average rate of services exports growth during this period was 2-3 times higher than during 1997-2003, services imports sped up as well. The Slovak Republic and Poland experienced the most dynamic services trade growth during that period: average annual growth of services exports was 28% and 27% respectively, for imports this indicator reached 25% and 26% respectively.

The services exports value of individual Visegrad economies is proportional to their GDP size, with Poland being the biggest services exporter in the region, and the Slovak Republic being the smallest one. The same holds for services imports (see Figures 1 and 2).

The services trade of Visegrad countries is concentrated first of all in the EU, with the EU-15 being the primary partner. In total, the EU accounts for about 64-74% of services exports, and for 54-64% of services imports of the region. The lowest shares of services trade with the EU-15 has the Slovak Republic (around 40% both for exports and imports), which instead trades more intensively with other Visegrad countries (their share is 23% in exports and 27% in imports). Poland shows the highest shares of the EU-15 in services trade – 56% in exports and 55% in imports.

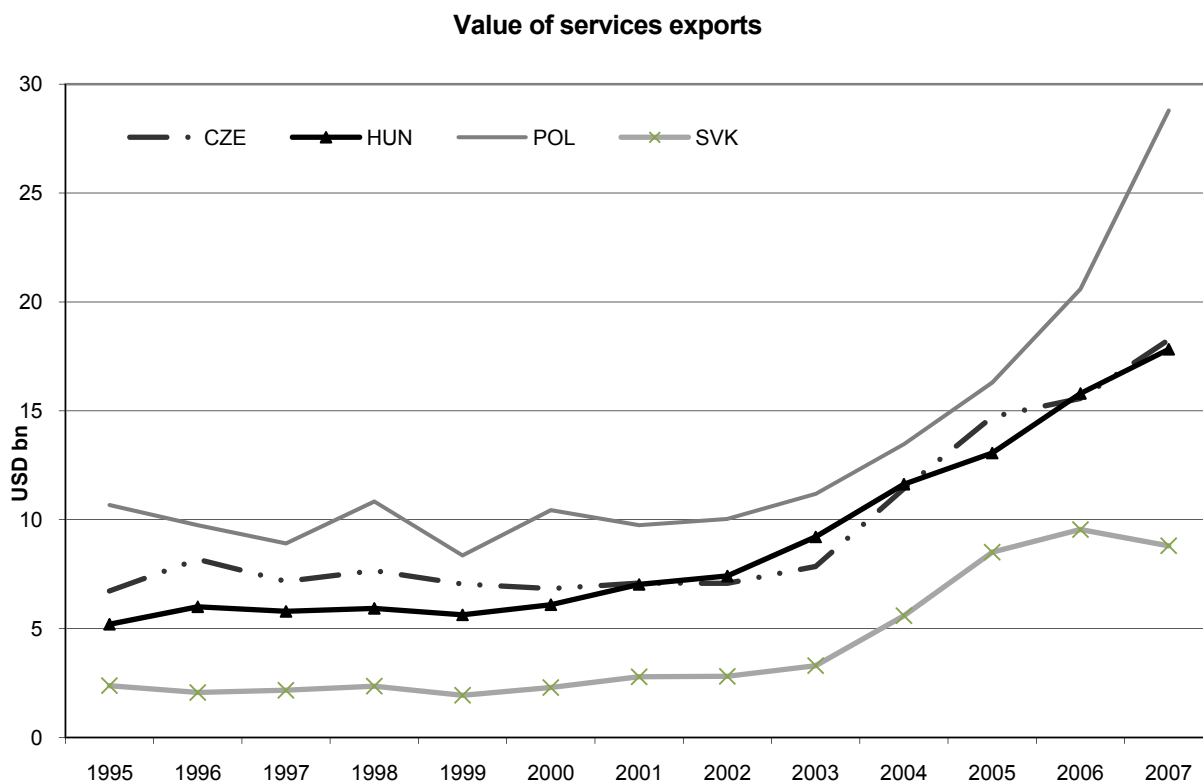
Similarly to merchandise trade, services trade within the Visegrad region has been growing faster than with the EU-15 during 2004-2007.

* The analysis of services trade and FDI developments in Visegrad countries was conducted as part of the OeNB's Jubilee Fund research project No. 13367, 'The revival of NMS mutual trade after their EU accession: in search of the reasons behind'.

¹ According to BOP statistics, which cover modes 1 and 2 of trade in services – cross border trade and movement of consumers.

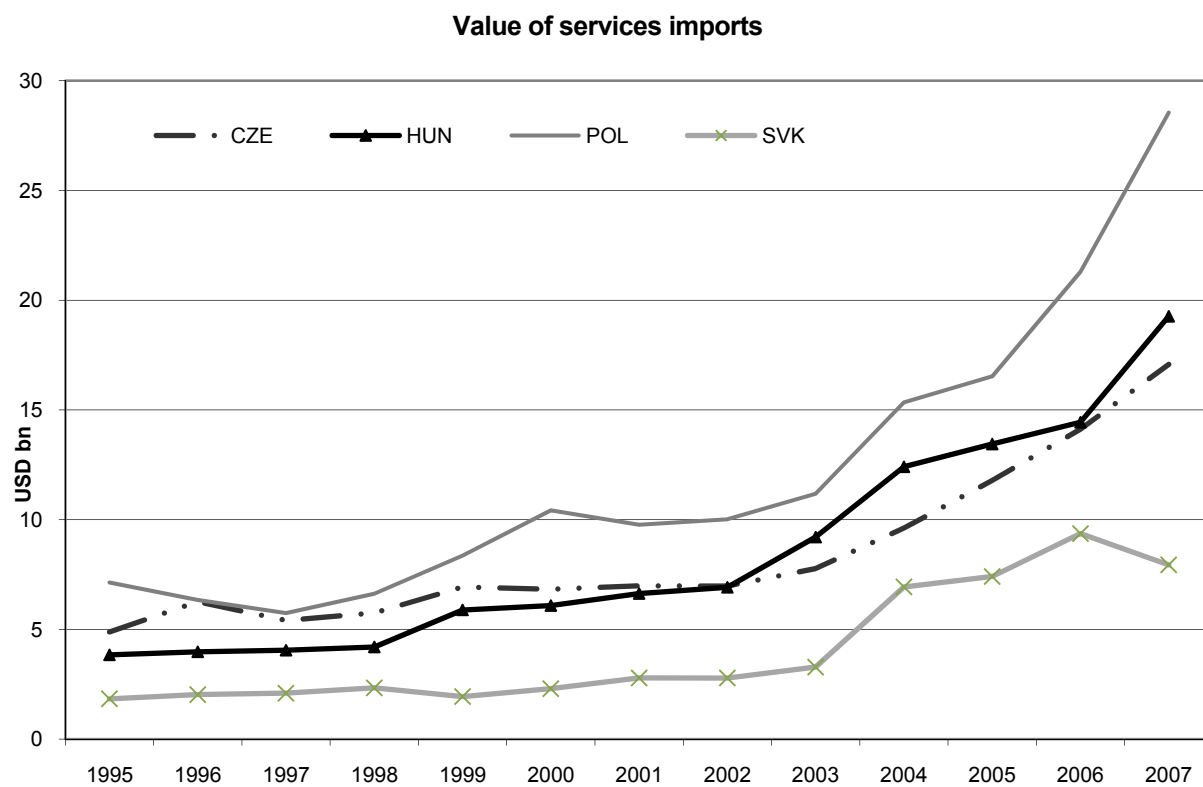
SERVICES TRADE

Figure 1



Source: TSD.

Figure 2



Source: TSD.

Table 1

Balance of payments' services sectors classification

200: Total services	268: Other business services
205: Transport	269: Trade and repairs
236: Travel	272: Renting machinery and equipment
245: Post and telecommunications	273: Miscellaneous business, profession
246: Post and courier	274: Legal, accounting, professional
247: Telecommunications	275: Legal
249: Construction	276: Accounting, auditing, bookkeeping
253: Insurance	277: Business and management consulting
260: Financial intermediation	278: Advertising, marketing, polling
262: Computer and information	279: Research and development
264: Information services	280: Architecture, engineering, technical
266: Royalties and license fees	282: Waste treatment and de-pollution
	284: Other business services
	287: Personal, cultural, recreational
	291: Government services

With regard to the sectoral structure of services trade, we distinguish between two groups of services: (1) traditional services (transport, travel), and (2) producer services (such as financial intermediation, insurance, communication, other business services). The region experienced noticeable changes over the period 1995-2007 (see Table 1 for the classification of services sectors). The share of travel services in exports decreased during 1997-2007, in line with the global trends; nevertheless, this sector's share still remains the biggest. Exports of transport services, the second largest sector, in contrast to the average world trend, have been increasing their share – probably reflecting fast growth in merchandise exports. Overall, the shares of these two sectors are about 5 percentage points higher each than the shares of these sectors in world trade.

The share of other business services in Visegrad exports is 22%, 3 percentage points lower than on average in the world, and has been somewhat decreasing recently. Financial services exports have been quite low – the share of the sector in services exports is only 2% as compared to 8% in global trade. Instead, Visegrad countries have a quite high share of royalties and licence fees in their services exports, at par with the average world level. This

sector's exports have shown quite dynamic growth during the past ten years. Another sector that has been gaining importance in exports is computer and information services. Instead, construction and insurance sectors have been losing shares in exports.

The structure and trends in Visegrad services imports mirror the services exports' ones. Travel and transport services are over-represented as compared to the average world trade structure, though the share of travel services has been declining. The share of other business services in imports, though 2 percentage points higher than in exports, has also been falling. The shares of financial and insurance services are quite low relative to world trade.

However, aggregating Visegrad countries may conceal some individual characteristic of countries with respect to services trade. If we look at the structures of services trade by individual countries, we can observe that they used to be very different in the past and still remain quite different, though there is a tendency for the structures to converge. In 1997, Hungary specialized the most in travel services among the Visegrad countries: the share of this sector in services exports was 63%. Around 35% of services exports of Poland and the Slovak Republic

were in transport services – as compared with 8% in Hungary and 19% in the Czech Republic. The Slovak Republic tended to specialize the most in other business services exports (25% share). With regard to imports, in 1997 Poland had the highest share of transport services (27%), while the Czech Republic outperformed with respect to travel services imports (52% share). The Slovak Republic had the highest share of other business services imports – 43%.

By 2007, the Visegrad countries show more similar structures of services trade, though still with some differences. Poland has the highest shares of transport and travel in services exports among the four countries (the share of travel services is also high in the Czech Republic). Overall these shares vary from 19% to 30% for transport services, and from 26% to 34% for travel services. Other business services account for about 20% of services exports in all the countries, except for Hungary with a 31% share. The shares of financial services are low in all countries (1-5%, the highest share in the Slovak Republic). The shares of royalties and licence fees differ between 3% in the Czech Republic and 10% in Hungary.

In services imports, the structures are similar to the exports ones, with transport and travel services having the biggest shares (only in Hungary and the Slovak Republic are other business services the biggest imports sector with 30% shares).

Patterns of specialization

We used the Revealed Comparative Advantage index (RCA)² to investigate in what services Visegrad countries specialize, whether Visegrad countries exhibit similar or different comparative advantages on the world market and two main

regional markets – EU-15 and Visegrad³ – and how the specialization patterns changed over time in 1997-2007. A country is considered to have a revealed comparative advantage in a certain type of services if the value of the RCA index for this sector is higher than 1. RCA indices are present in Tables 2-3.

The analysis of RCA indices reveals that the pattern of RCA has been changing over time, which can be expected taking into account the significant sectoral shifts in the services trade of the Visegrad countries. All Visegrad countries seem to specialize in telecommunications services, which is not surprising given the recent trends of creating offshore call centres. Also all countries apart from Hungary tend to specialize in transport services. Hungary is the only country among the four which specializes in other business services – and this specialization was developed in the post-accession period. In contrast, the Czech Republic and Slovakia used to specialize in other business services prior to 2004, but they have lost their leading position. Hungary and the Slovak Republic also developed specialization in royalties after 2004. The Czech Republic stands out among the Visegrad countries by having high RCAs in travel and computer services (specialization in the latter developed after 2004), while Poland is the only country among the four to show high RCAs in insurance services. Poland and the Slovak Republic also specialize in construction services.

A comparison of specialization patterns vs. the EU-15 and Visegrad shows that the Czech Republic has revealed comparative advantages in royalties and insurance services compared to both regions. In addition, it has high RCAs in financial, other business and computer services as compared with Visegrad countries.

For Hungary the pattern of specialization is the same in comparison to the EU-15 and Visegrad countries.

² The index for country i good j is $RCA_{ij} = (X_{ij}/X_{it})/(X_{wj}/X_{wt})$, where w = world and t = total for all services. RCA does not determine the true comparative advantages, but simply compares the composition of exports of one country to a certain market with the composition of total exports that are absorbed by the market.

³ The formula for RCA is modified: instead of the world exports, exports of the EU-15 and Visegrad respectively are used in the denominator.

Table 2

Revealed comparative advantages: Czech Republic and Hungary

Selected years

Czech Republic					Hungary						
BOP code	Sector name	1996	2000	2004	2007	BOP code	Sector	1996	2000	2004	2007
205	Transport	0.7	0.8	1.1	1.2	205	Transport	0.3	0.5	0.6	0.8
236	Travel	1.5	1.3	1.5	1.3	236	Travel	1.9	1.7	1.1	1.0
260	Financial	0.4	1.0	1.5	0.5	260	Financial	0.6	0.5	0.4	0.2
266	Royalties and license fees	0.1	0.2	0.2	0.6	266	Royalties and license fees	0.2	0.9	1.5	1.8
268	Other business services	0.9	1.5	0.9	0.9	268	Other business services	1.3	1.2	1.3	1.1
245	Post & telecommunication	0.5	0.9	2.0	1.3	245	Post & telecommunication	0.5	0.6	1.0	1.1
249	Construction	2.0	1.2	0.9	0.8	249	Construction	0.5	1.3	1.4	1.0
253	Insurance	0.2	0.4	0.4	0.4	253	Insurance	0.1	0.6	0.6	0.4
262	Computer & Information	0.3	0.5	0.7	1.4	262	Computer & Information	1.1	0.6	0.7	0.7

Table 3

Revealed comparative advantages: Poland and Slovakia

Selected years

Poland					Slovakia						
BOP code	Sector	1996	2000	2004	2007	BOP code	Sector	1996	2000	2004	2007
205	Transport	1.2	1.0	1.3	1.5	205	Transport	1.3	1.8	1.2	1.1
236	Travel	1.0	1.7	1.4	0.8	236	Travel	1.0	0.6	0.8	0.8
260	Financial	0.5	0.3	0.5	0.3	260	Financial	1.1	0.5	0.4	0.7
266	Royalties and license fees	0.1	0.9	1.0	0.1	266	Royalties and license fees	0.2	0.4	1.1	1.1
268	Other business services	0.5	0.8	0.8	0.7	268	Other business services	1.0	1.2	1.1	0.7
245	Post & telecommunication	1.7	1.9	1.1	2.2	245	Post & telecommunication	0.5	1.1	1.2	1.2
249	Construction	5.5	1.5	2.5	2.6	249	Construction	1.8	1.7	1.4	1.5
253	Insurance	2.7	1.1	0.5	4.9	253	Insurance	0.2	0.3	0.6	0.4
262	Computer & Information	0.7	0.7	0.8	0.4	262	Computer & Information	0.3	0.8	0.8	0.6

SERVICES TRADE

Table 4

Revealed comparative advantages: Czech Republic and Hungary compared to EU-15 and Visegrad (2005 and 2007)

Czech Republic					Hungary						
BOP code	Sector name	Visegrad 2005	EU15 2005	Visegrad 2007	EU15 2007	BOP code	Sector name	Visegrad 2005	EU15 2005	Visegrad 2007	EU15 2007
205	Transport	1.0	1.1	0.8	1.0	205	Transport	0.7	0.8	0.6	0.8
236	Travel	0.9	1.0	0.8	1.0	236	Travel	0.9	1.1	0.8	1.0
260	Financial	1.3	0.8	3.2	0.8	260	Financial	0.3	0.2	0.7	0.2
266	Royalties and license fees	1.2	1.1	1.1	1.2	266	Royalties and license fees	1.6	1.5	1.7	1.8
268	Other business services	1.1	0.9	1.1	0.9	268	Other business services	1.3	1.1	1.3	1.1
245	Post & telecommunication	0.9	0.8	0.9	0.9	245	Post & telecommunication	1.1	1.0	1.1	1.1
249	Construction	0.5	0.9	0.7	1.0	249	Construction	1.5	2.6	0.6	1.0
253	Insurance	1.9	1.3	2.6	1.2	253	Insurance	0.9	0.6	0.9	0.4
262	Computer & Information	1.2	0.8	1.2	0.9	262	Computer & Information	1.1	0.7	1.0	0.7

Table 5

Revealed comparative advantages: Poland and Slovakia compared to EU-15 and Visegrad (2005 and 2007)

Poland					Slovakia						
BOP code	Sector name	Visegrad 2005	EU15 2005	Visegrad 2007	EU15 2007	BOP code	Sector name	Visegrad 2005	EU15 2005	Visegrad 2007	EU15 2007
205	Transport	1.4	1.5	1.1	1.4	205	Transport	0.8	0.8	0.9	1.1
236	Travel	1.1	1.3	1.1	1.4	236	Travel	0.7	0.8	0.7	0.9
260	Financial	0.5	0.3	0.6	0.2	260	Financial	2.9	1.7	2.2	0.5
266	Royalties and license fees	1.2	1.1	0.9	1.0	266	Royalties and license fees	0.9	0.9	1.2	1.3
268	Other business services	0.9	0.7	0.9	0.7	268	Other business services	0.8	0.7	0.8	0.6
245	Post & telecommunication	0.9	0.8	0.9	0.9	245	Post & telecommunication	0.7	0.6	1.1	1.1
249	Construction	1.4	2.3	1.6	2.4	249	Construction	0.6	1.0	1.0	1.5
253	Insurance	1.4	0.9	1.2	0.6	253	Insurance	0.7	0.5	1.0	0.4
262	Computer & Information	0.7	0.5	0.7	0.5	262	Computer & Information	0.6	0.4	0.7	0.5

Poland has additionally revealed comparative advantages in travel services compared to both the EU-15 and the Visegrad region; specialization in insurance services is revealed only in comparison to Visegrad.

The Slovak Republic shows specialization in construction only compared to the EU-15, while compared to Visegrad it has additional specialization in financial services.

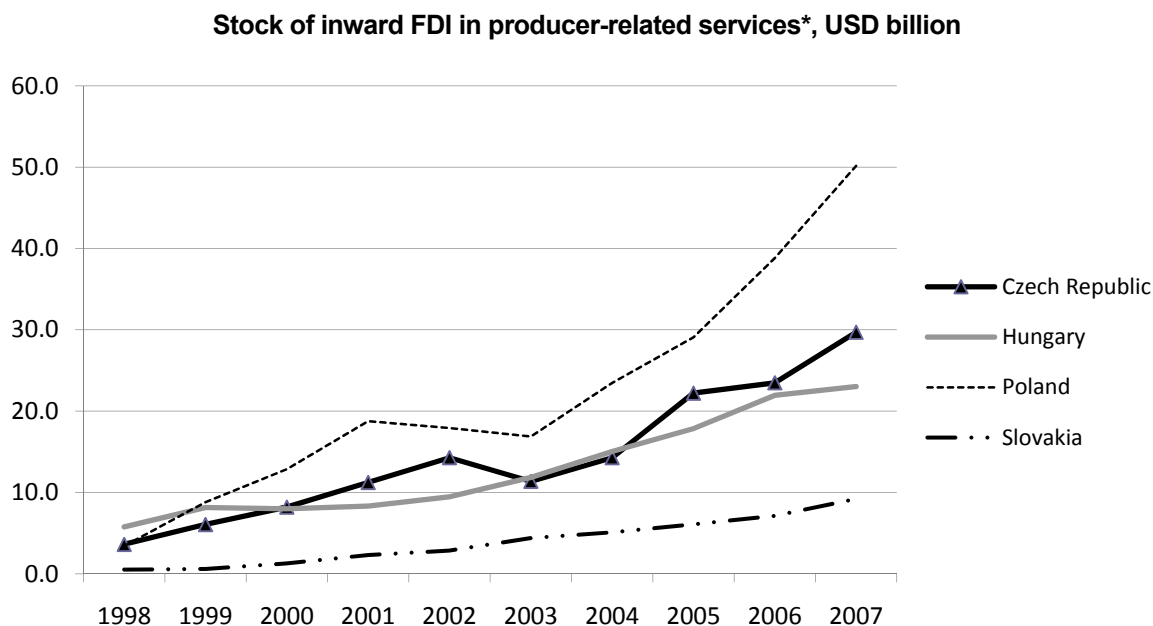
Trends in FDI in services

As Figure 3 shows, the stock of FDI in producer services has been growing fast in all four countries,

though at quite a different pace. During 1998-2007, Slovakia and Poland increased their stocks of FDI in producer services by 18 and 15 times respectively, while in the Czech Republic and Poland the increase was only by 8 and 4 times respectively.

The structures of FDI stock also differ by countries: Hungary has the highest share of FDI in other business services (49% vs. e.g. 28% in Slovakia), while Slovakia has the highest share of FDI in financial intermediation (56% vs. e.g. 32% in Hungary). The shares of FDI in transport and communications do not vary that much (from 16% in Slovakia to 20% in the Czech Republic).

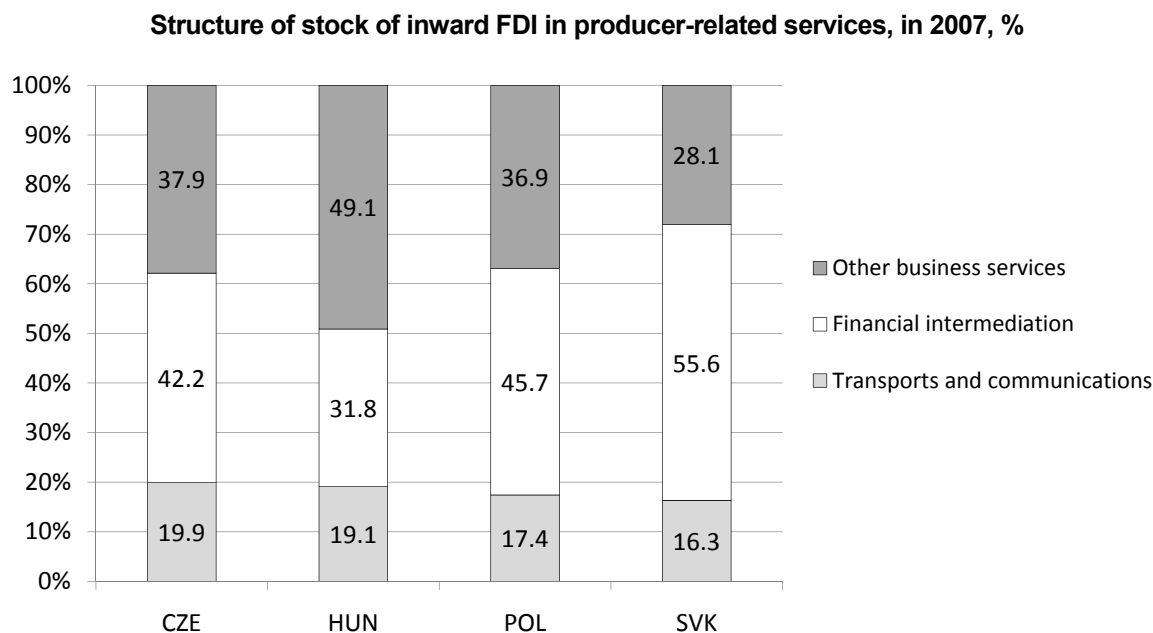
Figure 3



* Producer-related services are defined here as transport, communications, financial intermediation, insurance, and business services.

Source: OECD and Visegrad central banks.

Figure 4



Source: OECD and Visegrad central banks.

The labour market in Serbia: an assessment*

BY VLADIMIR GLIGOROV, KOSOVKA OGNJENOVIC,
ROBERT STEHRER AND HERMINE VIDOVIC

In the period after the political changes in the year 2000, GDP growth in Serbia has been quite rapid and compares favourably with other transition countries in Southeast Europe. It was driven mainly by the expansion of services, with industrial production and agriculture basically stagnating over the whole period. The labour market effects were similar to those in other countries going through transition: employment declined in the public sector and increased in the private sector, with the number of overall employed falling and those unemployed rising and also with strong increases in the number of pensioners. This trend started to change in the last couple of years, but it was cut short by the 2008-2009 crisis. Though the GDP decline was not as strong as in many other countries, around 3% in 2009, industrial production and particularly construction suffered significant losses and the decline of employment was among the worst in the region. There has been some stabilization since late 2009, but GDP growth is still projected to reach only 1.5% in 2010 and perhaps accelerate to 2.5% in 2011. Employment, however, is not expected to increase; indeed, a further decline is expected both in the public and the private sectors. In addition, strong income effects were the consequence of a rather sharp devaluation and the continuing depreciation of the currency.

1 Employment

Despite significant GDP growth during most of the last decade, after the start of transition, employment based on Labour Force Survey (LFS) data fell by 15% or 477,000 persons between 2000 and 2009. The decline was mainly a result of restructuring of the socially owned and state-owned sectors.

The labour market in Serbia is characterized by low employment and activity rates. The employment rate of 50.8% in 2009 is significantly below the EU-15 average, but also below the rates of Croatia and those of the EU members Bulgaria, Romania and Slovenia. Low female employment is one of the factors that impinge markedly on the overall employment rate. For youths aged 15-24, the employment rate was only 16.8% in 2009, suffering a substantial drop compared to a year earlier as a result of the economic crisis that affected young people in particular.

The activity rate of 60.6% in 2009 is also significantly lower than the EU-15 average and only higher than in Bosnia and Herzegovina, Montenegro and in Kosovo. Considering the breaks in the time series, activity rates shrank quite substantially between 2000 and 2009, while employment rates hovered around 50% (with the exception of the period 2002-2004).

The private sector's share in the GDP has been steadily on the increase over the past few years and accounted for about 60% in 2009. A large part of this share is generated by agriculture, contributing about one fifth of the country's GDP. Additionally, the changed ownership structure of the industry and services sectors also contributed to the rising private sector (Tables 1 and 2).

Excluding family workers, who are mainly engaged in agriculture, the share of those employed in the private sector rose by more than 10 percentage points. This trend was driven by faster growing male employment in the private sector. If family workers are included, the private sector share in total employment reached 70% already, with the share of men significantly higher than that of women.

Over the period 2004-2009, the services sector recorded a rising share in total employment, absorbing more than half of the Serbian workforce. At the same time, employment in the two other sectors slightly decreased, so that industry and

* This article is based on research in the framework of the study 'Assessment of the Labour Market in Serbia', commissioned by DG Employment, contract no. VC/2009/0755.

Table 1

Private sector share in GDP and private sector employment in Serbia

	2004	2005	2006	2007	2008	2009
Private sector share in GDP, in % ¹⁾	n.a.	n.a.	n.a.	55.0	60.0	60.0
Private sector share in employment, without family workers, in % ²⁾	49.9	52.2	55.4	58.5	62.1	60.6
<i>Men</i>	55.1	58.1	61.4	64.4	69.7	68.0
<i>Women</i>	42.6	43.5	46.7	50.3	52.0	50.8
Private sector share in employment, with family workers, in % ²⁾	57.1	60.2	62.3	65.3	71.1	69.4
<i>Men</i>	58.4	62.2	65.0	67.5	73.8	72.5
<i>Women</i>	55.3	57.4	58.3	62.2	67.6	65.4

1) EBRD (2009), Transition Report 2009, p. 218. - 2) Population aged 15 years and over.

Source: RSO, LFS 2004-2009.

Table 2

Share of economic sectors in total employment in Serbia¹⁾

	2004	2005	2006	2007	2008	2009
Agriculture	24.0	23.3	20.5	20.8	25.1	23.9
<i>Men</i>	23.9	23.3	21.5	21.7	24.5	24.6
<i>Women</i>	24.1	23.3	19.2	19.5	26.0	23.0
Industry and construction	26.9	27.6	29.3	29.5	26.2	25.3
<i>Men</i>	32.9	34.4	36.7	36.5	33.8	32.7
<i>Women</i>	18.5	17.5	18.7	19.6	16.1	15.5
Services	49.1	49.1	50.2	49.7	48.7	50.8
<i>Men</i>	43.1	42.3	41.9	41.7	41.7	42.7
<i>Women</i>	57.3	59.2	62.1	60.9	57.9	61.4

1) Population aged 15 years and over.

Source: RSO, LFS 2004-2009.

construction and agriculture account for almost the same proportion in total employment.

The female share in the services sector has been growing over time and is traditionally higher than that of men – the share of which was stagnant or even decreasing between 2004 and 2009. On the other hand, in industry and construction the male employment share is much higher than that of females. Up to the year 2007, employment rates of both men and women recorded an increase, while in 2008 and 2009, employment rates were falling slowly. Opposite movements are present in agriculture. Up to the year 2007, employment of men and women in agriculture was on the decline, but it

increased again rapidly in 2008.¹ While male employment in agriculture continued to increase in 2009, a part of females previously engaged in agriculture moved to the services sector.

The educational attainment of the labour force in Serbia (Table 3) remained at almost the same level over the observed period. According to LFS data, in 2004 the share of the employed with higher education was 18.6%, secondary education holders accounted for 58% and the rest, 23.4%, consisted of low-skilled labour. In 2009, some shifts occurred in the share of skilled and unskilled labour: new

¹ The exceptional increase in agricultural employment is probably resulting from a significant methodological change in the Labour Force Survey in 2008: first, there was an expansion of the sample size and second, from 2008 the LFS is carried out biannually; before it was conducted annually.

Table 3

Educational attainment by gender and employment status¹⁾, in %

		Educational attainment					
		No school	Incomplete primary school	Primary	Secondary	College	University and more
2004	Employed	0.8	5.7	16.9	58.0	6.9	11.7
	<i>Men</i>	0.6	4.9	17.2	60.9	6.0	10.4
	<i>Women</i>	1.0	6.9	16.6	53.9	8.3	13.4
	Unemployed	0.6	3.0	18.4	67.2	5.6	5.2
	<i>Men</i>	0.4	3.1	16.5	69.7	5.6	4.7
	<i>Women</i>	0.8	3.0	20.0	65.1	5.6	5.5
2009	Employed	0.3	4.4	16.2	58.7	6.4	14.0
	<i>Men</i>	0.3	3.4	17.0	62.7	5.4	11.2
	<i>Women</i>	0.3	5.7	15.2	53.5	7.7	17.5
	Unemployed	0.3	2.5	17.8	68.6	5.3	5.5
	<i>Men</i>	0.1	2.5	19.0	65.2	6.6	6.7
	<i>Women</i>	0.4	2.5	16.7	71.9	4.1	4.4

1) Population aged 15-64 years.

Source: RSO; LFS 2004-2009.

firms/employers and the shift towards the services sector required skilled and well-educated employees. The share of employed with higher education rose to 20.4% and of those with secondary education to 58.7%, while the share of employed with low educational attainment fell to 20.9%. But still the Serbian economy has the need to provide employment for more than one fifth of unskilled employees (a significant part of them is engaged in agriculture or is self-employed).

Women account for a higher share than men among those employed with college and university education. According to 2009 LFS data, one quarter of females have college and university education, while only 16.6% of men have the same educational attainment. At the same time, among the employed women there is a higher percentage of low-skilled workers with primary education or less (21.2%); the respective share for men is 20.7%. Regarding the total labour force, both males and females with secondary education account for a significant share both in employment and unemployment. That implies a significant skill mismatch on the labour market. The share of unemployed men with secondary education has slightly decreased during the observed period, from 69.7% to 65.2%, while the percentage of unemployed women increased from 65% to close to 72%.

In general, the share of employed with secondary education decreased over the past several years while the share of unemployed with the same level of education was on the rise. The underdeveloped VET system and slow reforms of the educational system in general are the main obstacles to increased supply of skills demanded by the employers.

Permanent employment was less affected by the global crisis, but there was a fall of vacancies during 2007-2009. In particular, temporary employment increased from 7.1% to 8.2%, while other forms of employment (seasonal and casual employment) were severely cut. As for the structure of permanent employment, among the employed women, those with a permanent contract account for 90% compared to 88% for men. Men are more often accepting seasonal and occasional jobs.

2 Unemployment

Unemployment has been a serious problem in Serbia for decades. Unlike in other transition countries where unemployment did not exist under socialism, most of the successor states of the former Yugoslavia (including Serbia) had entered transition with a considerable level of unemployment (1990: 17%). After a decade of almost standstill

(armed conflicts and international sanctions) unemployment increased remarkably between 2000 and 2005/06 as a consequence of the introduction of market-oriented reforms. In 2006 the unemployment rate reached 21%, fell to 13.5% in 2008, but rose again thereafter, reaching 19.6% in April 2010. Over the period 2000-2010 (April), the number of unemployed grew by 147,800 persons. From a comparative perspective, the unemployment rate in Serbia is significantly higher than in the EU-15 or in Bulgaria, Romania and Slovenia, but lower than in Macedonia, Montenegro and Bosnia and Herzegovina. Women are generally more likely to be unemployed than males despite their better educational levels.

The educational structure of the unemployed is as unfavourable as that of the employed. In 2004, 22% of the unemployed in Serbia had only primary education or did not even have any formal education. Unemployed with secondary education accounted for 67.2% of total unemployed, while those with college and university degree made up 10.8%. The situation became even worse in 2009, when the share of people with secondary education increased to 68.6%. The share of those with college and university education remained unchanged as compared with 2004, while the portion of unemployed persons with primary or without education fell to 20.6%. Unemployment of individuals with secondary education has been persistent on the Serbian labour market. Two main reasons may explain this situation. First, the system of secondary education does not produce occupations and skills that will suffice labour market needs and, second, the long-term unemployed in particular have obsolete skills that are not demanded. This potential labour force needs to be further retrained to gain the specific skills required by employers. To overcome the persistent unemployment of persons with secondary education, the overall economic policies and policies of education have to be linked more adequately. This problem could be resolved by forecasting the needs of the labour market. The results of that forecasting may provide insights for adjustment of both the education policy and the employment policy.

3 Wage developments

Table 4 presents yearly growth rates of employment (registered), real GDP, price level, nominal and real wages and productivity over the period 2001-2008 for the total economy and by industry.

As can be seen, at the total economy level employment declined by about 3% per year whereas real GDP increased by 4.6% on average. This is reflected in an increase in labour productivity of 7.7% per year. The growth rate of the price level (implicitly defined) was 12.7% per year. As nominal wages grew by more than 27% this implies a real wage growth of 12.8%. Though these are very rough calculations (based on the data available) they point towards the huge gap between real wage and productivity growth, the former being 5 percentage points higher.

Looking at employment, one finds a number of sectors with strong negative growth, in particular in agriculture, mining, manufacturing and hotels and restaurants. Sectors with positive employment growth are found in service activities, notably in real estate, renting and business activities with a growth rate of 4.2%. Real GDP growth was ranging from -1.8% in fishing to 16% in the transport industry. Further, the price level increased in all sectors but again with large differences. Relatively small increases are found in agriculture, fishing, transport and public administration with less than 10%, manufacturing, wholesale and real estate with about 12-13%, and the other sectors with growth rates around 20%. The only exception is electricity, gas and water supply with an increase of more than 50% per year. Notably, nominal wage growth was rather similar across these sectors ranging from 20.5% in fishing to 30.4% in wholesale and financial intermediation. The differences in real wage growth (note that this is the wage growth minus sectoral price growth) therefore stem from the strong differences in price developments across sectors. The growth rate is negative in electricity, gas and water supply (meaning that in this sector prices were growing much faster than wages) but increased by almost 20% in agriculture, fishing and transport.

Table 4

Average annual changes in %, 2001-2008

Industry	Employment	Real GDP	Price level	Nominal wage	Real wage	Productivity
A Agriculture, hunting and forestry	-7.5	0.6	7.1	26.6	19.1	8.9
B Fishing	-2.3	-1.8	3.9	20.5	18.3	0.6
C Mining and quarrying	-6.1	2.7	17.7	23.3	6.5	9.7
D Manufacturing	-7.1	1.6	12.2	25.4	12.1	9.4
E Electricity, gas and water supply	-0.9	1.8	52.7	24.5	-4.3	2.7
F Construction	-2.3	4.6	20.9	28.1	6.4	7.1
G Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	-0.5	14.6	12.0	30.4	16.6	15.2
H Hotels and restaurants	-6.4	-0.6	23.9	25.0	2.1	6.3
I Transport, storage and communication	-2.2	16.1	5.0	24.0	19.3	18.8
J Financial intermediation	-3.1	5.6	21.4	30.4	13.6	8.9
K Real estate, renting and business activities	4.2	3.0	13.8	27.2	12.0	-1.0
L Public administration and defence; compulsory social security	1.2	0.9	9.6	25.9	16.6	-0.4
M Education	1.6	0.9	26.2	29.0	2.9	-0.7
N Health and social work	-0.2	-0.1	22.6	28.4	4.8	0.0
O Other community, social and personal service activities	1.5	2.2	24.8	26.3	1.5	0.7
TOT Total economy	-2.9	4.6	12.7	27.2	12.8	7.7

Source: wiiw Annual Database; own calculations.

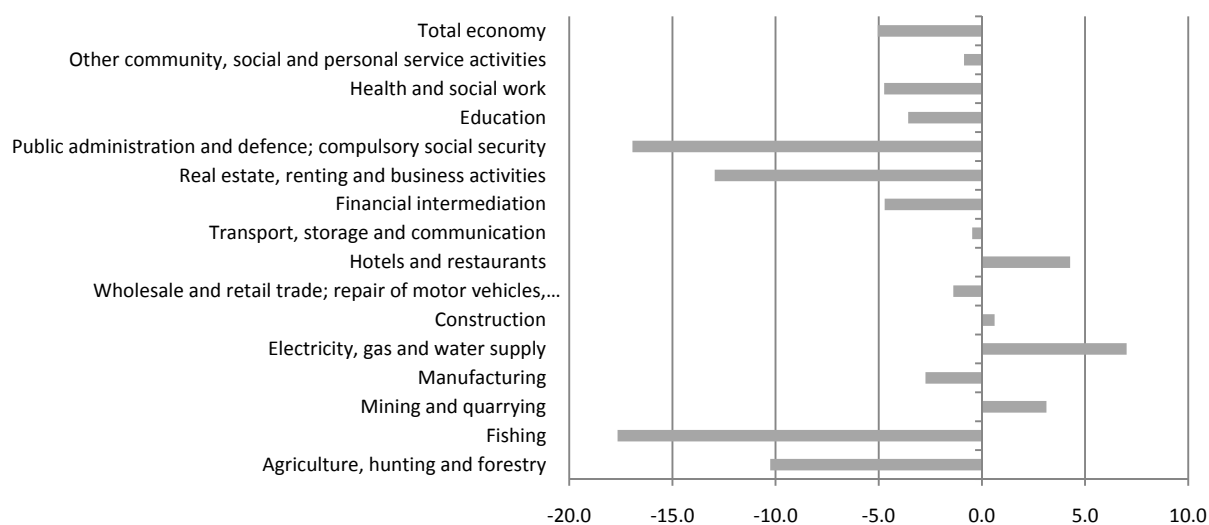
Finally, labour productivity growth was slightly negative in real estate, public administration and education, relatively small though positive in fishing and electricity, gas and water supply, and about average in agriculture, mining, manufacturing and financial intermediation. Productivity growth was outstanding

in transport, storage and communication with more than 18% according to these calculations.

Some sectors may be classified as 'tradable': these are agriculture (A), fishing (B), manufacturing (D), financial intermediation (J) and real estate, renting

Figure 1

Difference between productivity and real wage growth averages, 2001-2008, in pp



Source: wiiw Annual Database; own calculations.

and business activities (K). Among these sectors only manufacturing (D) and financial intermediation (J) show a similar development of real wages and productivity, however. For the publicly provided services (mining, C, and energy, E, public administration, L, education, M, and health and social work, N) only public administration (L) shows a large negative difference whereas the others have a relatively more balanced pattern or even show productivity growth higher than wage growth (C and D). Finally, the remaining sectors, which may be classified as being mostly privately provided and non-tradable (construction, F, wholesale, G, hotels, H, and transport, I) show a relatively balanced pattern, in some cases the difference being even positive (Figure 1).

4 Informal economy

Large informal sector activities are another important feature of the Serbian economy. Due to the weakness of state structures as well as of the functioning of the formal sector, large informal sectors and activities with important ties with the state have developed in all Southeast European countries. The estimates of informality vary, in part depending on the methodology used. A more recent study by Krstic and Sanfey (2009) based on data obtained from the Living Standards Measurement Surveys (LSMS) from 2002 and 2007 found that the informal sector employs a significant share of the Serbian workforce. Accordingly the share of informal sector employment increased significantly during

Table 5

Characteristics of employment in the formal and informal economy, 2002-2007

%, population 15-64 years

	2002			2007		
	Informal	Formal	All	Informal	Formal	All
All	100.0	100.0	100.0	100.0	100.0	100.0
Gender						
Male	59.9	55.4	56.7	59.4	55.5	56.9
Female	40.1	44.6	43.3	40.6	44.5	43.1
Age categories						
15-25	15.1	7.9	9.9	10.7	7.3	8.5
26-45	45.8	53.0	51.0	44.3	53.0	50.0
46-64	39.1	39.1	39.1	45.0	39.7	41.5
Educational level						
No school or incomplete primary	12.9	4.3	6.6	9.3	1.1	4.0
Primary school	26.5	14.9	18.1	27.4	9.9	16.0
Vocational or three-year secondary	24.2	21.0	21.9	18.7	16.3	17.1
Secondary or high school	29.5	39.0	36.4	35.8	46.5	42.8
College	4.0	8.1	7.0	3.7	9.4	7.4
University	2.9	12.6	10.0	5.1	16.8	12.7
Employment type						
Wage-employment	60.7	91.1	85.0	49.2	88.9	75.0
Self-employment	9.9	3.9	5.1	14.2	1.9	6.2
Farmers	26.7	4.6	9.0	25.3	9.1	14.7
Unpaid family workers	2.8	0.5	0.9	11.4	0.2	4.1
Sector of economic activity						
Agriculture	40.8	15.5	22.6	44.5	5.8	19.3
Industry	12.7	30.4	25.5	21.9	32.9	29.1
Services	46.6	54.1	52.0	33.6	61.3	51.6
Average monthly net main job earnings (in dinars)*	8,634.3	9,425.2	9,272.8	16,246.5	24,707.0	22,495.7
Coefficient of variation for monthly net main job earnings	1.123	0.795	0.861	0.805	0.633	0.689

* For those who reported positive hours worked.

Source: Krstic and Sanfey (2009) based on LSMS 2002 and 2007.

the period under consideration, from 28% to 35% or even 37% if including workers with a verbal or no contract with the employer. If considering only employees (excluding self-employed, farmers and unpaid family workers) the portion of those working in the informal economy doubled from 10% in 2002 to 20% in 2007. This rise is particularly striking as the economic environment improved remarkably over this period.

A large part of the workforce in the informal sector are young workers and males with low educational attainment levels (Ognjenovic, 2008). Krstic and Sanfey (2009) found that the share of older workers, better educated persons with secondary education or more, self-employed and unpaid family workers increased between 2002 and 2007 while the share of workers in the services sector declined. In addition, it turned out that wages in the informal sector were lower than in the formal sector in both years, with the gap between the two even increasing. Similar results were obtained from a World Bank study published in 2006.

One of the reasons behind the rising share of informal employment is probably the labour tax system in place until 2007 that envisaged a high tax

burden on low-income labour. Consequently employees tended to opt for informal work rather than working in the formal sector of the economy, as they would have lost a significant share of their income in the latter case. On the other hand, the regressive labour tax system prevented employers from hiring low-cost labour and thus probably reduced the chances of formal employment for vulnerable groups and discouraged hiring by small firms (World Bank, 2006). Up to 2007 the easy access to social benefits (health insurance and other social benefits) through registration as unemployed at the employment service additionally encouraged informal sector employment.

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STATISTICAL ANNEX

Selected monthly data on the economic situation in Central, East and Southeast Europe

NEW: As of January 2011, time series for the three Baltic countries – **Estonia, Latvia, Lithuania** – are included in the wiiw Monthly Database.

Conventional signs and abbreviations used

.	data not available
%	per cent
PP	change in % against previous period
CPPY	change in % against corresponding period of previous year
CCPPY	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
NACE Rev. 1	statistical classification of economic activities in the European Community, Rev. 1 (1990) / Rev. 1.1 (2002)
NACE Rev. 2	statistical classification of economic activities in the European Community, Rev. 2 (2008)
LFS	Labour Force Survey
CPI	consumer price index
HICP	harmonized index of consumer prices (for new EU member states)
PPI	producer price index
p.a.	per annum
mn	million (10 ⁶)
bn	billion (10 ⁹)
avg	average
eop	end of period
NCU	national currency unit (including 'euro-fixed' series for euro-area countries)

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	RON	Romanian leu
BAM	Bosnian convertible mark	LVL	Latvian lats	RSD	Serbian dinar
BGN	Bulgarian lev	LTL	Lithuanian litas	RUB	Russian rouble
CZK	Czech koruna	MKD	Macedonian denar	UAH	Ukrainian hryvnia
HRK	Croatian kuna	PLN	Polish zloty		

EUR euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Slovakia (from January 2009, 'euro-fixed before) and Slovenia (from January 2007, 'euro-fixed' before)

USD US dollar

M1 currency outside banks + demand deposits / narrow money (ECB definition)

M2 M1 + quasi-money / intermediate money (ECB definition)

M3 broad money

Sources of statistical data: Eurostat, national statistical offices and central banks; wiiw estimates.

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BULGARIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-16.5	-10.8	-12.1	-2.0	-9.8	-0.1	-1.7	-1.6	2.7	-1.1	3.9	7.0	2.9	5.6	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-18.6	-17.9	-17.4	-2.0	-6.0	-3.9	-3.3	-3.0	-2.0	-1.8	-1.1	-0.2	0.1	0.6	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-16.2	-13.2	-8.8	-8.4	-3.9	-3.8	-1.1	-0.1	0.0	1.8	3.2	4.6	5.1	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	-43.3	-40.3	-41.2	-29.2	-29.0	-20.7	-22.8	-17.2	-17.7	-19.7	-10.7	-13.9	-11.6	0.8	.
Construction, NACE Rev. 2 ²⁾	real, CCPY	-33.5	-34.1	-34.7	-29.2	-29.1	-26.1	-25.3	-23.7	-22.7	-22.2	-20.9	-20.2	-19.4	-17.8	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	3171.6	.	.	3011.3	.	.	3072.1	.	.	3104.2	.	.	.
Employed persons, LFS	CCPPY	.	.	-3.2	.	.	-7.7	.	.	-7.3	.	.	-6.7	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	272.8	.	.	341.0	.	.	342.2	.	.	326.6	.	.	.
Unemployment rate, LFS	%	.	.	7.9	.	.	10.2	.	.	10.0	.	.	9.5	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	.	-8.5	.	.	7.4	.	.	7.5	.	.	7.9	.	.	.
WAGES																
Total economy, gross	BGN	594	600	625	611	610	636	643	640	636	637	630	649	.	.	.
Total economy, gross ³⁾	real, CPPY	10.1	9.7	8.6	7.8	8.5	7.3	5.2	6.2	5.7	6.8	6.0	5.5	.	.	.
Total economy, gross	EUR	304	307	320	312	312	325	329	327	325	326	322	332	.	.	.
Industry, gross, NACE Rev. 2	EUR	302	302	312	305	304	323	319	320	327	324	322	330	.	.	.
PRICES																
Consumer - HICP	PP	0.2	0.2	0.3	0.6	0.3	0.4	1.2	0.0	-0.4	0.5	0.2	0.2	0.2	0.5	0.8
Consumer - HICP	CPPY	0.3	0.9	1.6	1.8	1.7	2.4	3.0	3.0	2.5	3.2	3.2	3.6	3.6	4.0	4.4
Consumer - HICP	CCPPY	2.7	2.5	2.5	1.8	1.7	1.9	2.2	2.4	2.4	2.5	2.6	2.7	2.8	2.9	3.0
Producer, in industry, NACE Rev. 2 ⁴⁾	PP	-0.9	0.5	1.2	1.8	0.0	1.3	2.2	1.7	-0.2	0.6	0.9	0.1	-0.3	1.5	2.0
Producer, in industry, NACE Rev. 2 ⁴⁾	CPPY	-9.6	-5.9	0.9	2.9	4.0	5.2	8.1	9.1	8.4	10.2	11.0	9.6	10.3	11.3	12.3
Producer, in industry, NACE Rev. 2 ⁴⁾	CCPPY	-7.2	-7.1	-6.5	2.9	3.5	4.0	5.1	5.9	6.3	6.8	7.4	7.6	7.9	8.2	8.5
FOREIGN TRADE⁵⁾																
Exports total (fob), cumulated	EUR mn	9651	10738	11699	920	1923	3052	4233	5442	6852	8366	9819	11253	12704	.	.
Imports total (cif), cumulated	EUR mn	14030	15452	16876	1158	2332	3847	5413	7057	8723	10390	11918	13536	15287	.	.
Trade balance, cumulated	EUR mn	-4379	-4714	-5176	-237	-409	-794	-1180	-1615	-1871	-2024	-2099	-2283	-2583	.	.
Exports to EU-27 (fob), cumulated	EUR mn	6301	7005	7595	549	1193	1853	2529	3277	4116	5097	6004	6864	7780	.	.
Imports from EU-27 (cif), cumulated	EUR mn	8369	9239	10118	650	1433	2342	3193	4137	5115	6051	6946	7917	8966	.	.
Trade balance with EU-27, cumulated	EUR mn	-2068	-2235	-2523	-101	-240	-489	-663	-861	-1000	-954	-942	-1053	-1185	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-3477	.	.	-557	.	.	-818	.	.	460	.	.	.
EXCHANGE RATE																
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
BGN/USD, monthly average	nominal	1.320	1.311	1.338	1.370	1.429	1.441	1.459	1.557	1.602	1.532	1.517	1.497	1.407	1.432	1.479
EUR/BGN, calculated with CPI ⁶⁾	real, Jan07=100	111.5	111.5	111.5	112.6	112.6	112.2	112.9	112.8	112.2	113.1	113.0	113.0	112.8	113.3	113.5
EUR/BGN, calculated with PPI ⁶⁾	real, Jan07=100	105.9	106.2	107.4	108.4	108.1	108.8	110.2	111.6	111.1	111.6	112.6	112.5	111.7	112.9	115.2
USD/BGN, calculated with CPI ⁶⁾	real, Jan07=100	126.9	127.8	125.9	123.2	118.5	117.4	117.1	109.7	106.2	111.7	112.7	114.4	121.7	120.3	117.1
USD/BGN, calculated with PPI ⁶⁾	real, Jan07=100	117.7	117.6	116.2	113.1	109.0	108.1	108.4	103.2	100.8	105.7	107.5	108.8	114.3	113.3	111.1
DOMESTIC FINANCE																
Currency in circulation	BGN mn, eop	6839	6779	7115	6755	6718	6663	6632	6663	6761	6963	7119	7076	7023	6953	.
M1	BGN mn, eop	17366	17739	18124	17686	18252	17395	17592	17743	18068	18535	19051	19051	18877	19069	.
Broad money	BGN mn, eop	46595	46802	47731	47493	48465	48392	48613	48879	49245	49838	50514	50333	50395	50966	.
Broad money	CPPY	4.3	6.4	4.2	5.4	7.9	7.7	7.9	8.1	8.0	8.7	9.3	8.3	8.2	8.9	.
Central bank policy rate (p.a.) ⁷⁾	%, eop	1.5	0.6	0.6	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Central bank policy rate (p.a.) ⁷⁽⁸⁾	real, %	12.2	7.0	-0.3	-2.5	-3.7	-4.7	-7.3	-8.2	-7.5	-9.1	-9.8	-8.6	-9.2	-10.0	-10.8
BUDGET																
General gov. budget balance ⁹⁾ , cum.	BGN mn	.	.	-3211	.	.	-1198	.	.	-924	.	.	-1319	.	.	.

- 1) Enterprises with 10 and more persons.
- 2) All public enterprises, private enterprises with 5 and more employees.
- 3) Nominal wages deflated with HICP.
- 4) Data refer to industry total compared to previously published domestic producer prices.
- 5) From 2007 intra-/extra-EU trade methodology.
- 6) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 7) Base interest rate. This is a reference rate based on the average interbank LEONIA rate of previous month (Bulgaria has a currency board).
- 8) Deflated with annual PPI.
- 9) According to ESA'95 excessive deficit procedure.

Source: wiw Database incorporating Eurostat and national statistics.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-7.4	-0.2	2.3	5.0	6.9	10.2	10.9	16.2	9.0	5.9	14.1	12.4	6.9	15.9	.
Industry, NACE Rev. 2	real, CCPY	-16.2	-14.8	-13.6	5.0	6.0	7.5	8.4	9.9	9.7	9.2	9.8	10.1	9.7	10.3	.
Industry, NACE Rev. 2	real, 3MMA	-6.8	-2.1	2.2	4.7	7.5	9.4	12.3	11.9	10.3	9.6	10.9	10.9	11.7	.	.
Construction, NACE Rev. 2	real, CPPY	-1.0	5.6	1.2	-25.3	-23.6	-17.0	-15.8	-2.3	-4.2	-4.4	-2.1	-5.0	-1.4	-0.1	.
Construction, NACE Rev. 2	real, CCPY	-2.0	-1.1	-0.9	-25.3	-24.4	-21.4	-19.6	-15.2	-12.8	-11.3	-9.8	-9.1	-8.1	-7.1	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	4927.3	.	.	4829.2	.	.	4880.9	.	.	4912.1	.	.	.
Employed persons, LFS	CCPPY	.	.	-1.4	.	.	-2.4	.	.	-1.8	.	.	-1.3	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	385.0	.	.	422.5	.	.	374.5	.	.	374.1	.	.	.
Unemployment rate, LFS	%	.	.	7.3	.	.	8.1	.	.	7.1	.	.	7.1	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	.	-3.1	.	.	16.6	.	.	16.0	.	.	14.2	.	.	.
WAGES																
Total economy, gross	CZK, quart. avg.	.	.	25565	.	.	22773	.	.	23529	.	.	23665	.	.	.
Total economy, gross ¹⁾	real, CPPY	.	.	5.1	.	.	1.9	.	.	1.5	.	.	0.4	.	.	.
Total economy, gross	EUR, quart. avg.	.	.	986	.	.	880	.	.	920	.	.	949	.	.	.
Industry, gross, NACE Rev. 2 ²⁾	EUR, quart. avg.	.	.	960	.	.	862	.	.	912	.	.	934	.	.	.
PRICES																
Consumer - HICP	PP	-0.3	0.1	0.1	1.2	0.1	0.2	0.4	0.2	0.0	0.3	-0.3	-0.2	-0.3	0.2	0.5
Consumer - HICP	CCPY	-0.6	0.2	0.5	0.4	0.4	0.4	0.9	1.0	1.0	1.6	1.5	1.8	1.8	1.9	2.3
Consumer - HICP	CCPPY	0.6	0.6	0.6	0.4	0.4	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.1	1.2
Producer, in industry, NACE Rev. 2 ³⁾	PP	0.6	0.2	0.4	0.4	-0.2	-0.3	0.7	1.3	0.8	-0.8	-0.9	0.0	-0.3	0.6	.
Producer, in industry, NACE Rev. 2 ³⁾	CCPY	-4.0	-2.9	-2.2	-3.4	-5.3	-3.1	-1.3	0.8	1.8	2.2	1.5	2.2	1.3	1.7	.
Producer, in industry, NACE Rev. 2 ³⁾	CCPPY	-1.3	-1.4	-1.5	-3.4	-4.4	-3.9	-3.3	-2.5	-1.8	-1.2	-0.9	-0.6	-0.4	-0.2	.
FOREIGN TRADE ⁴⁾																
Exports total (fob), cumulated	EUR mn	67037	74667	80983	6685	13798	22391	30270	38269	46925	54740	62625	71994	81427	91100	.
Imports total (cif), cumulated	EUR mn	62033	69100	75314	6118	12684	20612	27933	35475	43814	51481	59343	68263	77104	86297	.
Trade balance, cumulated	EUR mn	5004	5567	5669	566	1114	1779	2337	2794	3111	3259	3281	3730	4323	4804	.
Exports to EU-27 (fob), cumulated	EUR mn	56917	63377	68643	5728	11773	18982	25636	32392	39615	46145	52681	60503	68462	76572	.
Imports from EU-27 (cif), cumulated	EUR mn	48540	54035	58789	4610	9656	15808	21328	26893	33073	38698	44515	51227	57796	64665	.
Trade balance with EU-27, cumulated	EUR mn	8377	9343	9854	1118	2117	3174	4308	5500	6542	7447	8166	9276	10666	11907	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-1465	.	.	738	.	.	-524	.	.	-3638	.	.	.
EXCHANGE RATE																
CZK/EUR, monthly average	nominal	25.86	25.81	26.09	26.13	25.98	25.54	25.31	25.66	25.78	25.33	24.81	24.65	24.53	24.63	25.17
CZK/USD, monthly average	nominal	17.45	17.31	17.85	18.31	18.98	18.82	18.88	20.42	21.12	19.83	19.24	18.87	17.65	18.03	19.04
EUR/CZK, calculated with CPI ⁵⁾	real, Jan07=100	109.0	109.1	107.7	109.3	109.6	110.9	111.8	110.3	109.8	112.3	114.1	114.4	114.3	113.8	111.3
EUR/CZK, calculated with PPI ⁵⁾	real, Jan07=100	102.3	102.4	101.6	101.0	101.1	101.8	102.6	102.1	102.0	102.9	104.2	104.6	104.5	104.2	.
USD/CZK, calculated with CPI ⁵⁾	real, Jan07=100	124.1	125.1	121.6	119.5	115.4	116.1	116.0	107.3	103.9	110.9	113.8	115.8	123.3	120.9	114.8
USD/CZK, calculated with PPI ⁵⁾	real, Jan07=100	113.6	113.3	109.9	105.3	101.9	101.2	101.0	94.3	92.6	97.5	99.5	101.1	106.8	104.5	.
DOMESTIC FINANCE																
Currency in circulation	CZK bn, eop	353.2	354.2	353.5	353.6	354.2	351.6	353.2	354.2	356.5	354.2	352.6	355.5	356.8	356.5	.
M1	CZK bn, eop	1732.7	1781.7	1771.8	1765.0	1775.6	1803.9	1796.2	1893.1	1913.4	1937.3	1969.5	1982.3	1976.2	2002.1	.
Broad money	CZK bn, eop	2651.0	2665.2	2709.1	2671.5	2666.7	2681.7	2727.2	2764.2	2756.2	2744.9	2732.5	2726.5	2728.6	2727.7	.
Broad money	CCPY	2.6	1.7	0.3	-1.6	-2.3	-0.7	0.3	1.0	2.8	2.8	2.7	3.9	2.9	2.3	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	1.3	1.3	1.0	1.0	1.0	1.0	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Central bank policy rate (p.a.) ^{6/7)}	real, %	5.5	4.3	3.3	4.6	6.6	4.2	2.3	0.0	-1.0	-1.4	-0.7	-1.4	-0.5	-0.9	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	CZK mn	.	.	-209029	.	.	-54201	.	.	-69249	.	.	-116353	.	.	.

1) Nominal wages deflated with HICP.

2) Including E (electricity, gas, steam, air conditioning supply etc.).

3) Data refer to industry total compared to previously published domestic producer prices.

4) From 2004 intra-/extra-EU trade methodology.

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

6) Two-week repo rate.

7) Deflated with annual PPI.

8) According to ESA'95 excessive deficit procedure.

Source: wiiw Database incorporating Eurostat and national statistics.

ESTONIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-22.7	-11.9	-8.2	-1.7	4.7	13.7	18.7	19.4	21.2	21.7	25.2	31.0	34.0	38.7	.
Industry, NACE Rev. 2	real, CCPY	-28.7	-27.4	-26.1	-1.7	1.4	5.7	8.9	11.0	12.7	14.0	15.4	17.3	19.1	21.0	.
Industry, NACE Rev. 2	real, 3MMA	-21.4	-14.9	-7.7	-2.1	5.7	12.4	17.2	19.8	20.8	22.7	26.1	30.2	34.6	.	.
Construction, NACE Rev. 2	real, CPPY	.	.	-25.7	.	.	-34.2	.	.	-16.9	.	.	.	.	.	.
Construction, NACE Rev. 2	real, CCPY	.	.	-28.4	.	.	-34.2	.	.	-24.1	.	.	.	.	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	580.5	.	.	553.6	.	.	558.8	.	.	578.2	.	.	.
Employed persons, LFS	CCPPY	.	.	-9.2	.	.	-9.6	.	.	-7.7	.	.	-6.2	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	106.7	.	.	136.9	.	.	127.7	.	.	105.9	.	.	.
Unemployment rate, LFS	%	.	.	15.5	.	.	19.8	.	.	18.6	.	.	15.5	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	.	-11.0	.	.	22.2	.	.	26.1	.	.	27.4	.	.	.
WAGES																
Total economy, gross	EUR, quart. avg.	.	.	783	.	.	758	.	.	822	.	.	759	.	.	.
Total economy, gross ¹⁾	real, CPPY	.	.	-4.6	.	.	-2.3	.	.	-1.6	.	.	-2.2	.	.	.
Industry, gross, NACE Rev. 2	EUR, quart. avg.	.	.	761	.	.	745	.	.	804	.	.	772	.	.	.
PRICES																
Consumer - HICP	PP	-0.1	-0.3	0.1	0.3	0.3	1.2	0.5	0.3	0.4	0.2	0.0	0.8	0.6	0.3	0.5
Consumer - HICP	CCPY	-2.1	-2.1	-1.9	-1.0	-0.3	1.4	2.5	2.8	3.4	2.8	2.8	3.8	4.5	5.0	5.4
Consumer - HICP	CCPPY	0.6	0.4	0.2	-1.0	-0.7	0.0	0.6	1.1	1.4	1.6	1.8	2.0	2.2	2.5	2.7
Producer, in industry, NACE Rev. 2	PP	0.2	0.0	0.0	0.4	0.5	0.3	0.8	0.8	-0.1	0.4	1.0	0.4	0.2	0.4	-0.2
Producer, in industry, NACE Rev. 2	CCPY	-1.7	-2.0	-1.8	-1.3	-0.3	1.2	2.6	4.0	4.0	3.9	4.7	4.9	4.9	5.3	5.1
Producer, in industry, NACE Rev. 2	CCPPY	1.3	1.0	0.8	-1.3	-0.8	-0.1	0.5	1.2	1.7	2.0	2.3	2.6	2.8	3.1	3.2
FOREIGN TRADE ²⁾																
Exports total (fob), cumulated	EUR mn	5344	5927	6481	520	1149	1777	2457	3186	3849	4549	5265	6112	6952	.	.
Imports total (cif), cumulated	EUR mn	5966	6620	7269	542	1153	1955	2652	3445	4207	4946	5722	6579	7429	.	.
Trade balance, cumulated	EUR mn	-622	-693	-788	-23	-4	-178	-195	-260	-358	-396	-457	-467	-477	.	.
Exports to EU-27 (fob), cumulated	EUR mn	3736	4134	4505	364	773	1251	1728	2203	2670	3126	3612	4206	4807	.	.
Imports from EU-27 (cif), cumulated	EUR mn	4751	5304	5842	422	895	1508	2069	2692	3288	3890	4526	5245	5952	.	.
Trade balance with EU-27, cumulated	EUR mn	-1016	-1169	-1337	-58	-121	-257	-341	-489	-619	-764	-915	-1039	-1145	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	628	.	.	43	.	.	129	.	.	338	.	.	.
EXCHANGE RATE																
EUR/EUR, monthly average	nominal	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
EUR/USD, monthly average	nominal	0.675	0.671	0.684	0.701	0.731	0.737	0.746	0.796	0.819	0.783	0.776	0.765	0.720	0.732	0.756
EUR/EUR, calculated with CPI ³⁾	real, Jan07=100	107.7	107.2	107.0	107.8	107.7	108.2	108.3	108.4	108.8	109.3	109.0	109.7	109.9	110.1	110.0
EUR/EUR, calculated with PPI ³⁾	real, Jan07=100	108.3	108.0	108.0	107.5	107.8	107.4	107.4	107.8	107.3	107.6	108.7	108.8	108.7	108.6	108.5
USD/EUR, calculated with CPI ³⁾	real, Jan07=100	122.6	123.0	120.9	117.9	113.4	113.3	112.3	105.5	103.0	108.0	108.8	111.0	118.6	116.9	113.4
USD/EUR, calculated with PPI ³⁾	real, Jan07=100	120.4	119.6	116.8	112.2	108.7	106.7	105.6	99.6	97.3	101.9	103.8	105.2	111.1	109.0	104.6
DOMESTIC FINANCE																
Currency in circulation	EUR mn, eop	522	517	516	496	498	494	500	496	498	496	481	471	453	413	.
M1	EUR mn, eop	4105	4115	4127	4120	4213	4355	4412	4624	4606	4571	4604	4637	4672	4845	.
Broad money	EUR mn, eop	8106	7987	8241	8294	8311	8323	8367	8497	8467	8295	8269	8290	8333	8390	.
Broad money	CCPY	-1.8	-1.4	0.0	2.7	3.4	2.0	2.1	3.5	4.1	2.2	1.9	2.7	2.8	5.0	.
Central bank policy rate (p.a.) ⁴⁾	%, eop	4.6	3.8	2.8	2.5	1.9	1.6	1.5	1.3	1.2	1.1	1.0	0.9	0.9	0.9	0.9
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, %	6.4	5.9	4.7	3.8	2.2	0.4	-1.1	-2.5	-2.7	-2.7	-3.5	-3.7	-3.9	-4.1	-4.0
BUDGET																
General gov. budget balance ⁶⁾ , cum.	EUR mn	.	.	-244	.	.	-265	.	.	-267	.	.	.	.	.	.

Note: Estonia has introduced the Euro from 1 January 2011. For statistical purposes all time series in EKK as well as the exchange rates have been divided by the conversion factor 15.6466 (EKK per EUR) to a kind of statistical EUR (euro-fixed).

- 1) Nominal wages deflated with HICP.
- 2) From 2004 intra-/extra-EU trade methodology.
- 3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 4) TALIBOR 1-month interbank offered rate (Estonia has a currency board).
- 5) Deflated with annual PPI.
- 6) According to ESA'95 excessive deficit procedure.

Source: wiw Database incorporating Eurostat and national statistics.

HUNGARY: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-13.0	-7.0	1.5	3.3	8.1	4.1	9.7	13.8	15.2	9.2	17.7	11.0	8.2	14.5	.
Industry, NACE Rev. 2	real, CAPPY	-20.2	-19.0	-17.6	3.3	5.7	5.1	6.2	7.7	9.0	9.1	10.0	10.2	9.9	10.4	.
Industry, NACE Rev. 2	real, 3MMA	-11.7	-6.9	-1.3	4.2	5.1	7.1	9.0	13.0	12.7	13.9	12.3	11.8	11.2	.	.
Construction, NACE Rev. 2	real, CPPY	-2.9	-14.1	-6.4	-15.3	-12.5	-6.5	-15.6	-10.2	-18.7	-4.5	-2.7	-9.2	-12.2	-2.2	.
Construction, NACE Rev. 2	real, CAPPY	-2.9	-4.1	-4.4	-15.3	-13.7	-10.8	-12.2	-11.7	-13.3	-12.0	-10.7	-10.5	-10.7	-9.9	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	3782.8	.	.	3719.3	.	.	3778.9	.	.	3822.5	.	.	.
Employed persons, LFS	CAPPY	.	.	-2.5	.	.	-1.2	.	.	-0.8	.	.	-0.2	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	442.0	.	.	497.8	.	.	473.3	.	.	465.7	.	.	.
Unemployment rate, LFS	%	.	.	10.5	.	.	11.8	.	.	11.1	.	.	10.9	.	.	.
Productivity in industry, NACE Rev. 2	CAPPY	-9.3	-8.0	-6.6	14.8	16.6	14.6	14.4	14.6	14.6	13.5	13.8	13.0	12.1	.	.
WAGES																
Total economy, gross ¹⁾	HUF th	193.5	215.8	220.8	206.9	193.5	220.2	202.7	198.4	202.7	197.8	194.0	195.5	195.8	213.1	.
Total economy, gross ¹⁽²⁾	real, CPPY	-5.6	-7.9	-5.1	0.3	-4.5	3.4	-4.4	-5.4	-4.2	-3.2	-1.7	-1.3	-2.9	-5.0	.
Total economy, gross ¹⁾	EUR	721	797	808	768	713	830	763	717	720	697	689	693	715	774	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR	730	821	800	723	717	804	789	745	749	722	721	718	734	842	.
PRICES																
Consumer - HICP	PP	-0.2	0.5	-0.2	1.5	0.2	0.6	0.9	0.7	0.2	0.0	-0.5	-0.1	0.4	0.2	0.4
Consumer - HICP	CPPY	4.2	5.2	5.4	6.2	5.6	5.7	5.7	4.9	5.0	3.6	3.6	3.7	4.3	4.0	4.6
Consumer - HICP	CAPPY	3.8	3.9	4.0	6.2	5.9	5.8	5.8	5.6	5.5	5.2	5.0	4.9	4.8	4.7	4.7
Producer, in industry, NACE Rev. 2	PP	0.0	0.4	0.1	2.5	0.8	-0.2	1.8	3.7	1.4	0.1	-0.1	-0.9	-0.7	1.4	.
Producer, in industry, NACE Rev. 2	CPPY	-0.3	0.3	1.2	0.9	-1.4	-2.1	1.5	7.3	8.8	10.6	11.0	9.9	9.1	10.2	.
Producer, in industry, NACE Rev. 2	CAPPY	5.3	4.9	4.6	0.9	-0.3	-0.9	-0.3	1.2	2.5	3.6	4.5	5.1	5.5	5.9	.
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	48842	54667	59513	4892	10194	16442	22110	27820	34158	40036	45799	52434	59028	.	.
Imports total (cif), cumulated	EUR mn	45866	51219	55750	4505	9390	14998	20220	25521	31296	36929	42305	48393	54595	.	.
Trade balance, cumulated	EUR mn	2976	3448	3762	387	804	1444	1890	2299	2862	3107	3494	4040	4433	.	.
Exports to EU-27 (fob), cumulated	EUR mn	38516	43153	46847	3901	8047	12879	17342	21842	26665	31092	35348	40436	45616	.	.
Imports from EU-27 (cif), cumulated	EUR mn	31726	35327	38264	3067	6379	10238	13877	17454	21419	25269	28898	33007	37123	.	.
Trade balance with EU-27, cumulated	EUR mn	6790	7825	8583	834	1668	2641	3465	4388	5246	5823	6449	7429	8493	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-404	.	.	563	.	.	1147	.	.	1623	.	.	.
EXCHANGE RATE																
HUF/EUR, monthly average	nominal	268.5	270.9	273.2	269.4	271.2	265.4	265.5	276.8	281.5	283.8	281.5	282.1	274.0	275.5	277.6
HUF/USD, monthly average	nominal	181.2	181.7	187.0	188.8	198.2	195.6	198.1	220.3	230.6	222.2	218.3	215.9	197.2	201.7	210.0
EUR/HUF, calculated with CPI ⁴⁾	real, Jan07=100	101.4	100.8	99.5	102.8	102.0	104.1	104.5	100.8	99.2	98.7	98.8	98.3	101.2	100.7	99.8
EUR/HUF, calculated with PPI ⁴⁾	real, Jan07=100	97.6	96.9	96.1	99.0	99.0	100.3	101.2	100.2	99.5	98.7	99.4	98.0	99.9	100.3	.
USD/HUF, calculated with CPI ⁴⁾	real, Jan07=100	115.4	115.6	112.3	112.4	107.4	109.0	108.4	98.0	93.9	97.5	98.6	99.4	109.2	107.0	103.0
USD/HUF, calculated with PPI ⁴⁾	real, Jan07=100	108.5	107.3	103.9	103.3	99.8	99.6	99.5	92.6	90.3	93.5	94.9	94.8	102.1	100.7	.
DOMESTIC FINANCE																
Currency in circulation	HUF bn, eop	1996.0	2003.7	2039.2	2013.8	2024.8	1993.1	2026.5	2083.0	2150.1	2174.4	2176.3	2173.5	2177.3	2204.7	.
M1	HUF bn, eop	5795.0	5900.7	6121.5	5853.6	5893.0	5941.9	5944.7	6147.9	6345.8	6226.8	6338.7	6325.7	6281.7	6484.7	.
Broad money	HUF bn, eop	15772.1	15792.2	15975.3	15788.8	15931.9	16083.7	16267.7	16357.1	16443.0	16343.7	16509.1	16219.6	16303.7	16415.4	.
Broad money	CPPY	5.9	4.7	3.4	1.2	1.3	0.8	2.2	2.9	3.6	3.9	3.6	2.6	3.4	3.9	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	7.0	6.5	6.3	6.0	5.8	5.5	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.5	5.8
Central bank policy rate (p.a.) ⁵⁽⁶⁾	real, %	7.3	6.2	5.0	5.0	7.3	7.8	3.7	-2.0	-3.3	-4.8	-5.2	-4.3	-3.6	-4.3	.
BUDGET																
General gov. budget balance ⁷⁾ , cum.	HUF bn	.	.	-1136	.	.	-320	.	.	-755	.	.	-945	.	.	.

1) Enterprises with 5 and more employees.

2) Nominal wages deflated with HICP.

3) From 2004 intra-/extra-EU trade methodology.

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

5) Base rate (two-week NB bill).

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

Source: wiiw Database incorporating Eurostat and national statistics.

L A T V I A: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-14.7	-1.5	-1.2	2.1	4.0	12.7	12.0	16.1	12.8	17.3	22.3	19.4	18.5	14.4	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-19.0	-17.5	-16.3	2.1	3.0	6.4	7.9	9.5	10.1	11.1	12.5	13.3	13.9	13.9	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-10.8	-6.2	-0.3	1.5	6.4	9.7	13.6	13.6	15.4	17.5	19.7	20.0	17.4	.	.
Construction, NACE Rev. 2	real, CPPY	.	.	-38.5	.	.	-43.4	.	.	-35.3	.	.	-13.1	.	.	.
Construction, NACE Rev. 2	real, CCPY	.	.	-35.0	.	.	-43.4	.	.	-38.6	.	.	-28.6	.	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	932.6	.	.	916.7	.	.	935.9	.	.	960.4	.	.	.
Employed persons, LFS	CCPPY	.	.	-12.6	.	.	-12.4	.	.	-9.5	.	.	-6.2	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	229.4	.	.	235.4	.	.	225.8	.	.	210.2	.	.	.
Unemployment rate, LFS	%	.	.	19.7	.	.	20.4	.	.	19.4	.	.	18.0	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	.	10.8	.	.	27.0	.	.	24.3	.	.	21.7	.	.	.
WAGES																
Total economy, gross	LVL	.	.	440	.	.	432	.	.	444	.	.	447	.	.	.
Total economy, gross ²⁾	real, CPPY	.	.	-10.8	.	.	-4.4	.	.	-4.1	.	.	-1.7	.	.	.
Total economy, gross	EUR	.	.	621	.	.	610	.	.	627	.	.	631	.	.	.
Industry, gross, NACE Rev. 2	EUR	.	.	601	.	.	589	.	.	613	.	.	637	.	.	.
PRICES																
Consumer - HICP	PP	-0.3	-0.7	-0.5	0.2	0.0	0.5	0.9	0.0	0.4	0.2	-0.7	0.4	0.3	0.2	0.2
Consumer - HICP	CCPY	-1.2	-1.4	-1.4	-3.3	-4.3	-4.0	-2.8	-2.4	-1.6	-0.7	-0.4	0.3	0.9	1.7	2.4
Consumer - HICP	CCPPY	4.2	3.7	3.3	-3.3	-3.8	-3.9	-3.6	-3.4	-3.1	-2.7	-2.5	-2.2	-1.9	-1.5	-1.2
Producer, in industry, NACE Rev. 2	PP	0.1	-1.7	0.4	0.9	0.3	0.8	1.9	1.7	1.0	0.1	0.5	0.5	-0.2	-0.1	0.1
Producer, in industry, NACE Rev. 2	CCPY	-9.0	-9.2	-8.1	-6.6	-5.0	-2.7	0.0	2.7	5.4	5.8	6.4	6.7	6.3	8.0	7.7
Producer, in industry, NACE Rev. 2	CCPPY	-3.7	-4.2	-4.5	-6.6	-5.8	-4.8	-3.6	-2.4	-1.1	-0.1	0.7	1.3	1.8	2.4	2.8
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	4520	5030	5520	403	875	1441	2022	2598	3171	3773	4404	5100	5787	6458	.
Imports total (cif), cumulated	EUR mn	5812	6412	7021	511	1072	1753	2402	3104	3780	4510	5287	6098	6894	7718	.
Trade balance, cumulated	EUR mn	-1292	-1382	-1501	-108	-197	-312	-379	-506	-609	-736	-883	-998	-1106	-1259	.
Exports to EU-27 (fob), cumulated	EUR mn	3066	3412	3733	283	592	965	1354	1762	2150	2547	2968	3427	3878	4320	.
Imports from EU-27 (cif), cumulated	EUR mn	4383	4844	5300	342	763	1283	1775	2305	2848	3413	3979	4595	5198	5810	.
Trade balance with EU-27, cumulated	EUR mn	-1317	-1432	-1566	-60	-172	-318	-421	-543	-699	-866	-1011	-1169	-1320	-1490	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	1598	.	.	347	.	.	607	.	.	659	.	.	.
EXCHANGE RATE																
LVL/EUR, monthly average	nominal	0.709	0.709	0.708	0.709	0.709	0.708	0.708	0.708	0.708	0.709	0.709	0.709	0.709	0.709	0.710
LVL/USD, monthly average	nominal	0.478	0.475	0.484	0.497	0.518	0.522	0.528	0.563	0.580	0.555	0.549	0.543	0.510	0.519	0.537
EUR/LVL, calculated with CPI ⁴⁾	real, Jan07=100	114.0	113.0	112.3	112.8	112.4	112.2	112.7	112.5	112.8	113.1	112.2	112.3	112.3	112.3	111.8
EUR/LVL, calculated with PPI ⁴⁾	real, Jan07=100	105.1	103.0	103.6	103.4	103.4	103.6	104.8	106.2	106.8	106.6	107.3	107.4	106.8	106.2	106.3
USD/LVL, calculated with CPI ⁴⁾	real, Jan07=100	129.9	129.7	126.3	123.9	118.3	117.1	116.2	108.8	105.9	111.1	111.3	112.9	120.0	118.0	113.7
USD/LVL, calculated with PPI ⁴⁾	real, Jan07=100	116.8	114.1	112.0	107.9	104.2	102.9	103.1	98.1	96.9	101.0	102.4	103.9	109.2	106.6	102.5
DOMESTIC FINANCE																
Currency in circulation	LVL mn, eop	642	639	667	653	667	669	714	715	733	750	758	760	777	776	.
M1	LVL mn, eop	2863	2902	2980	2922	2999	3100	3192	3192	3302	3326	3364	3409	3455	3513	.
Broad money	LVL mn, eop	5594	5654	5873	5807	5947	6080	6189	6166	6149	6173	6252	6333	6215	6329	.
Broad money	CCPY	-10.9	-7.9	-2.7	-2.2	-0.6	3.6	4.2	4.6	5.5	8.0	10.6	12.8	11.1	11.9	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Central bank policy rate (p.a.) ⁵⁾⁽⁶⁾	real, %	14.2	14.6	13.2	11.4	9.4	6.4	3.5	0.8	-1.8	-2.2	-2.7	-3.0	-2.7	-4.2	-3.9
BUDGET																
General gov. budget balance ⁷⁾ , cum.	LVL mn	.	.	-1334	.	.	-360	.	.	-449	.	.	-667	.	.	.

1) Enterprises with 20 and more persons.

2) Nominal wages deflated with HICP.

3) From 2004 intra-/extra-EU trade methodology.

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

5) Refinancing rate.

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

Source: wiw Database incorporating Eurostat and national statistics.

LITHUANIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-9.7	-8.0	-7.2	-7.9	-0.8	0.7	4.9	3.8	5.0	4.3	11.0	8.3	17.4	17.2	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-15.9	-15.3	-14.6	-7.9	-4.5	-2.8	-1.0	0.0	0.8	1.3	2.6	3.2	4.6	5.8	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-11.2	-8.3	-7.7	-5.5	-2.8	1.5	3.1	4.6	4.4	6.7	7.8	12.2	14.3	.	.
Construction, NACE Rev. 2	real, CPPY	.	.	-52.3	.	.	-42.9	.	.	-17.0	.	.	6.7	.	.	.
Construction, NACE Rev. 2	real, CCPY	.	.	-48.5	.	.	-42.9	.	.	-28.4	.	.	-15.4	.	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	1383.8	.	.	1328.4	.	.	1328.0	.	.	1351.2	.	.	.
Employed persons, LFS	CCPPY	.	.	-6.9	.	.	-7.3	.	.	-7.0	.	.	-6.4	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	255.2	.	.	293.3	.	.	297.2	.	.	292.0	.	.	.
Unemployment rate, LFS	%	.	.	15.6	.	.	18.1	.	.	18.3	.	.	17.8	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	.	3.2	.	.	12.3	.	.	14.0	.	.	13.9	.	.	.
WAGES																
Total economy, gross	LTL	.	.	2118	.	.	2031	.	.	2056	.	.	2082	.	.	.
Total economy, gross ²⁾	real, CPPY	.	.	-9.7	.	.	-7.0	.	.	-5.9	.	.	-4.5	.	.	.
Total economy, gross	EUR	.	.	614	.	.	588	.	.	595	.	.	603	.	.	.
Industry, gross, NACE Rev. 2	EUR	.	.	614	.	.	593	.	.	600	.	.	619	.	.	.
PRICES																
Consumer - HICP	PP	-0.4	0.0	-0.3	1.2	-0.1	0.3	0.4	0.2	0.0	0.0	-0.2	0.6	0.4	0.0	0.8
Consumer - HICP	CCPY	1.0	1.3	1.2	-0.3	-0.6	-0.4	0.2	0.5	0.9	1.7	1.8	1.8	2.6	2.5	3.6
Consumer - HICP	CCPPY	4.8	4.4	4.2	-0.3	-0.4	-0.4	-0.3	-0.1	0.1	0.3	0.5	0.6	0.8	1.0	1.2
Producer, in industry, NACE Rev. 2	PP	0.3	1.3	-0.1	2.0	2.0	3.4	1.8	0.2	0.7	-1.0	0.0	0.2	0.9	1.9	2.9
Producer, in industry, NACE Rev. 2	CCPY	-16.0	-8.8	1.4	3.8	5.1	10.0	11.9	11.3	9.6	10.8	9.2	11.3	12.0	12.7	16.1
Producer, in industry, NACE Rev. 2	CCPPY	-15.2	-14.7	-13.5	3.8	4.4	6.3	7.7	8.4	8.6	8.9	8.9	9.2	9.5	9.8	10.3
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	9668	10717	11797	899	1940	3055	4258	5505	6850	8162	9590	11031	12584	.	.
Imports total (cif), cumulated	EUR mn	10851	12011	13123	1024	2159	3459	4882	6218	7676	9265	10785	12437	14091	.	.
Trade balance, cumulated	EUR mn	-1183	-1293	-1326	-125	-219	-405	-624	-713	-826	-1103	-1194	-1405	-1506	.	.
Exports to EU-27 (fob), cumulated	EUR mn	6206	6908	7584	627	1310	1992	2708	3483	4263	5063	5913	6776	7720	.	.
Imports from EU-27 (cif), cumulated	EUR mn	6437	7108	7754	513	1089	1878	2653	3450	4275	5133	6048	6986	7949	.	.
Trade balance with EU-27, cumulated	EUR mn	-231	-201	-170	114	221	114	56	33	-13	-71	-135	-210	-228	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	1128	.	.	55	.	.	395	.	.	328	.	.	.
EXCHANGE RATE																
LTL/EUR, monthly average	nominal	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453
LTL/USD, monthly average	nominal	2.330	2.315	2.363	2.419	2.523	2.545	2.576	2.748	2.828	2.704	2.678	2.642	2.484	2.527	2.612
EUR/LTL, calculated with CPI ⁴⁾	real, Jan07=100	111.3	111.2	110.5	112.3	111.8	111.3	111.2	111.3	111.3	111.6	111.1	111.5	111.6	111.4	111.6
EUR/LTL, calculated with PPI ⁴⁾	real, Jan07=100	106.4	107.5	107.3	108.5	110.4	113.4	114.5	114.3	114.7	113.4	113.4	113.3	114.0	115.7	119.0
USD/LTL, calculated with CPI ⁴⁾	real, Jan07=100	126.9	127.6	124.2	123.3	117.7	116.1	114.7	107.6	104.5	109.6	110.2	112.1	119.3	117.0	113.5
USD/LTL, calculated with PPI ⁴⁾	real, Jan07=100	118.2	119.0	116.0	113.2	111.3	112.7	112.7	105.6	104.1	107.4	108.2	109.6	116.6	116.1	114.8
DOMESTIC FINANCE																
Currency in circulation	LTL mn, eop	6899	6850	6971	6878	6940	6944	7051	7168	7310	7468	7510	7499	7600	7627	.
M1	LTL mn, eop	20268	21048	22050	21376	21690	22219	23230	23938	24435	24964	24822	25171	25568	26307	.
Broad money	LTL mn, eop	41958	42842	44179	43201	43871	44002	44627	44976	45156	45598	45812	45536	45964	46709	.
Broad money	CCPY	-4.2	-2.0	0.3	-0.1	1.9	4.5	6.1	8.3	8.5	9.6	10.2	11.2	9.5	9.0	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	2.9	2.1	1.6	1.2	1.0	0.9	0.9	0.9	1.0	1.0	1.0	0.9	1.0	1.1	1.1
Central bank policy rate (p.a.) ⁵⁾⁽⁶⁾	real, %	22.6	12.0	0.2	-2.5	-3.9	-8.2	-9.8	-9.3	-7.8	-8.8	-7.5	-9.3	-9.9	-10.3	-12.9
BUDGET																
General gov. budget balance ⁷⁾ , cum.	LTL mn	.	.	-8398	.	.	-1696	.	.	-3567	.	.	-4423	.	.	.

1) Sold production.

2) Nominal wages deflated with HICP.

3) From 2004 intra-/extra-EU trade methodology.

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

5) VILBOR 1-month interbank offered rate (Lithuania has a currency board).

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

Source: wiw Database incorporating Eurostat and national statistics.

P O L A N D: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾²⁾	real, CPPY	-1.3	9.9	7.4	8.5	9.2	12.5	9.7	13.5	14.3	10.5	13.6	11.7	8.0	10.1	.
Industry, NACE Rev. 2 ¹⁾²⁾	real, CCPY	-6.1	-4.7	-3.8	8.5	8.9	10.2	10.1	10.8	11.4	11.3	11.6	11.6	11.2	11.1	.
Industry, NACE Rev. 2 ¹⁾²⁾	real, 3MMA	2.2	5.0	8.6	8.4	10.2	10.6	11.9	12.5	12.8	12.8	11.9	11.0	9.9	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	2.7	9.9	3.2	-15.3	-24.7	-10.9	-6.2	2.3	9.6	0.8	8.5	13.4	9.4	14.2	.
Construction, NACE Rev. 2 ²⁾	real, CCPY	4.3	4.8	4.6	-15.3	-20.3	-16.7	-13.6	-9.7	-5.4	-4.3	-2.2	0.0	1.3	2.6	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	15885	.	.	15574	.	.	15994	.	.	16199	.	.	.
Employed persons, LFS	CCPPY	.	.	0.4	.	.	-0.9	.	.	0.0	.	.	0.4	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	1471.3	.	.	1838.9	.	.	1682.0	.	.	1627.4	.	.	.
Unemployment rate, LFS	%	.	.	8.5	.	.	10.6	.	.	9.5	.	.	9.2	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	0.0	1.5	2.4	12.7	12.7	13.7	13.1	13.3	13.6	13.0	13.0	12.7	12.0	.	.
WAGES																
Total economy, gross ²⁾	PLN	3312	3404	3652	3231	3288	3493	3399	3347	3404	3433	3407	3404	3440	3526	3848
Total economy, gross ²⁾³⁾	real, CPPY	-1.5	-1.3	2.9	-3.3	-0.5	1.9	0.5	2.4	1.1	0.2	2.3	1.2	1.2	1.0	2.4
Total economy, gross ²⁾	EUR	786	817	881	794	819	898	876	825	829	841	854	861	871	892	963
Industry, gross, NACE Rev. 2	EUR	769	836	907	787	837	908	870	835	841	850	868	871	864	928	.
PRICES																
Consumer - HICP	PP	0.2	0.3	0.0	0.4	0.4	0.3	0.4	0.3	0.3	-0.2	-0.3	0.5	0.3	0.2	0.3
Consumer - HICP	CPPY	3.8	3.8	3.8	3.9	3.4	2.9	2.7	2.3	2.4	1.9	1.9	2.5	2.6	2.6	2.9
Consumer - HICP	CCPPY	4.0	4.0	4.0	3.9	3.7	3.4	3.2	3.0	2.9	2.8	2.7	2.7	2.7	2.6	2.7
Producer, in industry, NACE Rev. 2	PP	0.4	-0.3	-0.2	0.4	0.0	-0.1	1.2	1.9	1.0	0.2	-0.2	0.2	0.1	0.3	.
Producer, in industry, NACE Rev. 2	CPPY	2.5	2.3	2.4	0.3	-2.2	-2.3	-0.3	1.8	2.3	3.9	4.1	4.5	4.2	4.8	.
Producer, in industry, NACE Rev. 2	CCPPY	4.2	4.0	3.9	0.3	-1.0	-1.4	-1.1	-0.5	-0.1	0.5	0.9	1.3	1.6	1.9	.
FOREIGN TRADE ⁴⁾																
Exports total (fob), cumulated	EUR mn	80763	89901	97865	8146	17096	27307	37039	46746	57354	67136	76454	87368	98155	.	.
Imports total (cif), cumulated	EUR mn	88517	98312	107155	8865	18736	30211	40769	51558	62768	73696	84414	96294	108136	.	.
Trade balance, cumulated	EUR mn	-7754	-8411	-9289	-719	-1640	-2903	-3730	-4811	-5414	-6561	-7960	-8926	-9981	.	.
Exports to EU-27 (fob), cumulated	EUR mn	64430	71671	77916	6599	13717	21781	29498	37361	45686	53258	60398	68939	77378	.	.
Imports from EU-27 (cif), cumulated	EUR mn	64354	71545	77750	6198	12993	21297	28820	36414	44358	52113	59389	67949	76361	.	.
Trade balance with EU-27, cumulated	EUR mn	76	126	166	401	725	485	678	948	1328	1145	1009	990	1017	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-6752	.	.	-1130	.	.	-2994	.	.	-6631	.	.	.
EXCHANGE RATE																
PLN/EUR, monthly average	nominal	4.215	4.165	4.144	4.070	4.014	3.891	3.878	4.057	4.106	4.081	3.990	3.955	3.950	3.952	3.996
PLN/USD, monthly average	nominal	2.845	2.792	2.836	2.852	2.933	2.867	2.893	3.229	3.363	3.196	3.094	3.027	2.842	2.893	3.023
EUR/PLN, calculated with CPI ⁵⁾	real, Jan07=100	95.7	97.0	97.1	99.8	101.2	103.9	104.2	99.7	98.7	99.3	101.1	102.3	102.4	102.4	101.0
EUR/PLN, calculated with PPI ⁵⁾	real, Jan07=100	95.0	95.6	95.9	97.1	98.2	100.5	101.2	98.1	97.6	98.2	100.3	101.1	101.1	100.8	.
USD/PLN, calculated with CPI ⁵⁾	real, Jan07=100	109.0	111.2	109.7	109.1	106.5	108.8	108.0	97.0	93.4	98.1	100.8	103.5	110.5	108.7	104.2
USD/PLN, calculated with PPI ⁵⁾	real, Jan07=100	105.5	105.8	103.6	101.3	99.0	99.9	99.6	90.7	88.6	93.1	95.8	97.8	103.3	101.2	.
DOMESTIC FINANCE																
Currency in circulation	PLN bn, eop	89.4	88.2	89.8	87.9	88.0	88.6	89.5	92.1	93.0	93.2	92.7	91.7	92.0	91.5	.
M1	PLN bn, eop	378.6	381.5	388.3	381.3	383.4	389.6	388.3	409.0	415.2	414.5	421.0	419.2	420.2	428.8	.
Broad money	PLN bn, eop	711.2	699.9	720.2	711.0	715.6	721.5	721.2	737.8	742.8	743.3	749.6	752.9	756.6	763.4	.
Broad money	CPPY	11.9	8.0	8.1	6.3	5.1	5.5	6.1	7.7	7.1	7.8	9.4	8.9	6.4	9.1	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	1.0	1.2	1.0	3.2	5.8	5.9	3.9	1.6	1.2	-0.4	-0.6	-0.9	-0.7	-1.2	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	PLN mn	.	.	-97320	.	.	-8445	.	.	-33525	.	.	-48964	.	.	.

- 1) Sold production.
- 2) Enterprises with 10 and more employees.
- 3) Nominal wages deflated with HICP.
- 4) From 2004 intra-/extra-EU trade methodology.
- 5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 6) Reference rate (7-day open market operation rate).
- 7) Deflated with annual PPI.
- 8) According to ESA'95 excessive deficit procedure.

Source: wiw Database incorporating Eurostat and national statistics.

ROMANIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-2.7	5.3	11.6	6.1	-0.4	7.0	7.8	6.0	6.8	3.3	5.3	5.0	1.6	7.9	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-7.9	-6.7	-5.5	6.1	2.7	4.3	5.2	5.3	5.6	5.2	5.3	5.2	4.8	5.1	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-0.4	4.0	7.5	5.6	4.3	4.9	6.9	6.8	5.3	5.1	4.5	3.9	4.8	.	.
Construction, NACE Rev. 2	real, CPPY	-26.2	-18.4	-6.9	-10.5	-27.7	-23.3	-14.4	-17.3	-3.1	-24.1	-16.9	-12.0	-3.9	-17.1	.
Construction, NACE Rev. 2	real, CCPY	-15.7	-16.0	-15.1	-10.5	-19.8	-21.3	-19.3	-18.9	-15.2	-16.8	-16.8	-16.1	-14.7	-14.9	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	9026.9	.	.	8934.3	.	.	9488.1	.	.	9482.7	.	.	.
Employed persons, LFS	CCPY	.	.	-1.3	.	.	-1.2	.	.	0.0	.	.	-0.1	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	731.1	.	.	787.2	.	.	697.0	.	.	702.7	.	.	.
Unemployment rate, LFS	%	.	.	7.5	.	.	8.1	.	.	6.8	.	.	6.9	.	.	.
Productivity in industry, NACE Rev. 2	CCPY	7.6	9.2	10.9	26.9	21.7	22.2	22.3	21.6	21.2	20.0	19.5	18.7	17.6	17.3	.
WAGES																
Total economy, gross ¹⁾	RON	1881	1866	2023	1967	1940	2074	1973	1962	1951	1868	1846	1846	1846	1900	.
Total economy, gross ¹⁽²⁾	real, CPPY	0.5	-3.3	-4.5	1.7	-0.4	3.5	-1.9	1.3	-0.9	-8.3	-7.0	-7.9	-9.0	-5.5	.
Total economy, gross ¹⁾	EUR	439	435	478	475	471	508	478	470	460	438	435	433	431	442	.
Industry, gross, NACE Rev. 2 ³⁾	EUR	419	419	469	430	431	479	452	450	449	458	456	458	448	457	.
PRICES																
Consumer - HICP	PP	0.4	0.7	0.3	1.7	0.2	0.2	0.3	0.1	0.2	2.6	0.2	0.6	0.6	0.5	0.5
Consumer - HICP	CCPY	4.3	4.6	4.7	5.2	4.5	4.2	4.2	4.4	4.3	7.1	7.6	7.7	7.9	7.7	7.9
Consumer - HICP	CCPPY	5.8	5.7	5.6	5.2	4.8	4.6	4.5	4.5	4.5	4.9	5.2	5.5	5.7	5.9	6.1
Producer, in industry, NACE Rev. 2	PP	0.3	0.6	-0.2	1.0	0.2	0.9	1.3	1.3	0.3	0.2	0.4	1.4	0.2	0.8	.
Producer, in industry, NACE Rev. 2	CCPY	-0.8	2.5	4.1	3.2	2.8	4.4	5.6	6.5	6.2	7.0	6.6	7.9	7.8	8.1	.
Producer, in industry, NACE Rev. 2	CCPPY	1.5	1.6	1.8	3.2	3.0	3.5	4.0	4.5	4.8	5.1	5.3	5.6	5.8	6.0	.
FOREIGN TRADE ⁴⁾																
Exports total (fob), cumulated	EUR mn	23963	26728	29085	2324	4886	7920	10802	13799	17145	20524	23314	26827	30345	.	.
Imports total (cif), cumulated	EUR mn	32048	35677	38948	2798	6009	9973	13734	17727	22018	26052	29463	33810	38065	.	.
Trade balance, cumulated	EUR mn	-8085	-8948	-9863	-474	-1122	-2053	-2932	-3928	-4873	-5528	-6148	-6984	-7720	.	.
Exports to EU-27 (fob), cumulated	EUR mn	17868	19967	21589	1752	3672	5889	7962	10150	12590	15029	16921	19471	22023	.	.
Imports from EU-27 (cif), cumulated	EUR mn	23508	26168	28456	1975	4281	7221	9946	12816	15859	18856	21346	24481	27701	.	.
Trade balance with EU-27, cumulated	EUR mn	-5640	-6201	-6867	-223	-609	-1333	-1984	-2666	-3269	-3827	-4424	-5010	-5678	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-4933	.	.	-1633	.	.	-3825	.	.	-4413	.	.	.
EXCHANGE RATE																
RON/EUR, monthly average	nominal	4.287	4.290	4.228	4.138	4.120	4.087	4.131	4.177	4.243	4.261	4.240	4.266	4.279	4.294	4.293
RON/USD, monthly average	nominal	2.894	2.876	2.893	2.900	3.010	3.012	3.081	3.324	3.476	3.337	3.288	3.264	3.079	3.143	3.247
EUR/RON, calculated with CPI ⁵⁾	real, Jan07=100	86.8	87.2	88.5	92.4	92.6	92.9	91.8	90.7	89.4	91.5	92.0	91.8	91.7	91.7	91.7
EUR/RON, calculated with PPI ⁵⁾	real, Jan07=100	93.7	93.9	95.0	97.2	97.6	98.6	98.1	97.8	96.2	95.8	96.7	97.2	96.8	96.8	.
USD/RON, calculated with CPI ⁵⁾	real, Jan07=100	98.9	100.0	99.9	101.0	97.5	97.3	95.2	88.3	84.6	90.4	91.8	92.9	98.9	97.4	94.6
USD/RON, calculated with PPI ⁵⁾	real, Jan07=100	104.1	103.9	102.7	101.4	98.4	98.0	96.5	90.4	87.3	90.8	92.3	94.0	99.0	97.2	.
DOMESTIC FINANCE																
Currency in circulation	RON mn, eop	23731	23762	23948	23800	24650	24230	24772	25515	26102	26933	26954	26788	26831	26244	.
M1	RON mn, eop	78286	78652	79291	76535	76900	76405	76372	78583	80491	79860	80415	81536	78543	79961	.
Broad money	RON mn, eop	184185	185579	189464	185794	187745	189839	190922	192650	195086	193768	195570	195819	194633	197399	.
Broad money	CCPY	13.3	12.6	8.8	5.5	6.5	8.3	8.3	8.6	8.3	6.9	6.2	6.6	5.7	6.4	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	8.0	8.0	8.0	7.5	7.0	6.5	6.5	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Central bank policy rate (p.a.) ⁶⁽⁷⁾	real, %	8.8	5.3	3.7	4.2	4.0	2.0	0.9	-0.2	0.1	-0.7	-0.4	-1.5	-1.4	-1.7	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	RON mn	.	.	-42384	.	.	-9172	.	.	-20331	.	.	-25240	.	.	.

1) Enterprises with 4 and more employees.

2) Nominal wages deflated with HICP.

3) Including E (electricity, gas, steam, air conditioning supply etc.).

4) From 2007 intra-/extra-EU trade methodology.

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

6) One-week repo rate.

7) Deflated with annual PPI.

8) According to ESA'95 excessive deficit procedure.

Source: wiiw Database incorporating Eurostat and national statistics.

SLOVAKIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009				2010											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																	
Industry, NACE Rev. 2	real, CPPY	-7.4	-7.1	2.5	12.5	19.3	20.2	19.5	20.3	28.8	24.6	15.5	17.2	13.4	12.5	17.1	.
Industry, NACE Rev. 2	real, CCPY	-18.5	-17.3	-15.6	-13.8	19.3	19.7	19.7	19.8	21.6	22.1	21.2	20.7	19.7	18.9	18.7	.
Industry, NACE Rev. 2	real, 3MMA	-7.5	-4.2	1.5	10.6	17.3	19.7	20.0	22.7	24.5	23.0	19.2	15.3	14.2	14.3	.	.
Construction, NACE Rev. 2	real, CPPY	-16.9	-21.9	-13.3	-18.2	-8.1	-19.6	-12.9	-1.0	-8.6	-6.6	-3.3	-1.2	-6.6	4.0	0.7	.
Construction, NACE Rev. 2	real, CCPY	-8.7	-10.3	-10.6	-11.3	-8.1	-14.5	-13.9	-10.0	-9.6	-9.0	-8.0	-7.0	-6.9	-5.7	-5.1	.
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	2366.9	.	.	2329.6	.	.	2283.1	.	.	2312.5	.	.	2335.0	.	.	.
Employed persons, LFS	CCPY	-1.8	.	.	-2.8	.	.	-4.5	.	.	-3.6	.	.	-2.9	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	339.2	.	.	374.9	.	.	407.4	.	.	388.4	.	.	383.6	.	.	.
Unemployment rate, LFS	%	12.5	.	.	13.9	.	.	15.2	.	.	14.4	.	.	14.1	.	.	.
Productivity in industry, NACE Rev. 2	CCPY	-3.9	-2.0	0.3	2.5	39.9	38.5	36.0	34.0	34.0	32.8	30.4	28.7	26.5	24.6	23.5	.
WAGES																	
Total economy, gross ¹⁾	EUR, quart. avg.	723	.	.	813	.	.	725	.	.	758	.	.	750	.	.	.
Total economy, gross ²⁾	real, CPPY	2.2	.	.	2.1	.	.	2.1	.	.	2.7	.	.	2.7	.	.	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR	743	761	874	839	744	736	779	770	776	827	787	763	782	772	925	.
PRICES																	
Consumer - HICP	PP	-0.1	0.2	0.3	-0.1	0.1	0.0	0.1	0.4	0.1	0.0	0.1	-0.1	0.0	0.0	0.3	0.2
Consumer - HICP	CCPY	0.0	-0.1	0.0	0.0	-0.2	-0.2	0.3	0.7	0.7	0.7	1.0	1.1	1.1	1.0	1.0	1.3
Consumer - HICP	CCPY	1.2	1.1	1.0	0.9	-0.2	-0.2	0.0	0.2	0.3	0.3	0.4	0.5	0.6	0.6	0.6	0.7
Producer, in industry, NACE Rev. 2 ³⁾	PP	-0.1	0.0	0.6	-0.2	-1.0	-0.7	0.7	0.9	0.8	0.4	0.6	0.0	-0.2	0.2	0.0	.
Producer, in industry, NACE Rev. 2 ³⁾	CCPY	-7.9	-8.2	-5.4	-3.7	-3.0	-4.5	-2.7	-1.1	0.5	0.8	1.9	2.0	1.9	2.1	1.5	.
Producer, in industry, NACE Rev. 2 ³⁾	CCPY	-6.9	-7.0	-6.9	-6.6	-3.0	-3.7	-3.4	-2.8	-2.2	-1.7	-1.2	-0.8	-0.5	-0.2	-0.1	.
FOREIGN TRADE ⁴⁾																	
Exports total (fob), cumulated	EUR mn	28867	32951	36895	40208	3104	6579	10732	14661	18709	22943	26823	30716	35319	40163	.	.
Imports total (fob), cumulated	EUR mn	28731	32570	36465	39898	3109	6612	10684	14526	18600	22790	26862	31073	35734	40573	.	.
Trade balance, cumulated	EUR mn	135	381	430	310	-5	-34	48	135	108	154	-39	-357	-415	-410	.	.
Exports to EU-27 (fob), cumulated	EUR mn	24706	28249	31712	34522	2695	5597	9093	12417	15821	19431	22733	26029	29918	33953	.	.
Imports from EU-27 (fob), cumulated	EUR mn	21556	24452	27398	29878	2180	4766	7778	10662	13573	16662	19542	22452	25843	29340	.	.
Trade balance with EU-27, cumulated	EUR mn	3150	3797	4314	4644	515	830	1315	1754	2248	2769	3191	3577	4074	4613	.	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-1266	.	.	-2023	.	.	-246	.	.	-616	.	.	-1530	.	.	.
EXCHANGE RATE ¹⁾																	
EUR/USD, monthly average	nominal	0.6867	0.6749	0.6705	0.6843	0.7007	0.7307	0.7370	0.7459	0.7959	0.8191	0.7831	0.7756	0.7653	0.7195	0.7320	0.7564
EUR/EUR, calculated with CPI ⁵⁾	real, Jan07=100	113.7	113.7	113.8	113.4	114.1	113.7	113.0	112.9	112.8	112.7	113.1	112.7	112.5	112.2	112.3	111.9
EUR/EUR, calculated with PPI ⁵⁾	real, Jan07=100	106.5	106.1	106.4	106.1	104.2	103.2	103.2	103.3	103.6	103.7	104.2	104.3	103.8	103.6	103.2	.
USD/EUR, calculated with CPI ⁵⁾	real, Jan07=100	127.1	129.4	130.5	128.1	124.7	119.6	118.3	117.1	109.7	106.7	111.7	112.5	113.8	121.0	119.3	115.5
USD/EUR, calculated with PPI ⁵⁾	real, Jan07=100	116.6	117.9	117.9	114.8	108.7	104.0	102.5	101.6	95.8	94.1	98.7	99.5	100.4	106.0	103.6	.
DOMESTIC FINANCE																	
Currency in circulation ¹⁽⁶⁾	EUR mn, eop	6665	6697	6770	6984	6798	6819	6927	6946	7002	7065	7167	7117	7113	7130	7142	.
M1 ¹⁽⁶⁾	EUR mn, eop	23121	22883	23570	24478	23500	23783	24052	24001	24796	24891	24635	24937	24904	24599	25401	.
Broad money ¹⁽⁶⁾	EUR mn, eop	37795	37558	37871	38872	38256	38874	39044	39740	40048	39348	39287	39459	39131	39160	39572	.
Broad money ¹⁽⁶⁾	CCPY	.	.	.	.	-5.2	-2.6	-1.2	1.0	1.1	1.8	2.6	3.2	3.5	4.3	4.5	.
Central bank policy rate (p.a.) ⁷⁾	%, eop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central bank policy rate (p.a.) ⁷⁽⁸⁾	real, %	9.7	10.1	6.7	4.8	4.1	5.7	3.8	2.2	0.5	0.2	-0.9	-1.0	-0.9	-1.1	-0.5	.
BUDGET																	
General gov. budget balance ¹⁽⁹⁾ , cum.	EUR mn	-3005	.	.	-4999	.	.	-930	.	.	-1935	.	.	-2798	.	.	.

- 1) Slovakia has introduced the Euro from 1 January 2009.
- 2) Nominal wages deflated with HICP.
- 3) Data refer to industry total compared to previously published domestic producer prices.
- 4) From 2004 intra-/extra-EU trade methodology.
- 5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 6) From January 2009 Slovakia's contributions to EMU monetary aggregates.
- 7) Official refinancing operation rate for euro area (ECB).
- 8) Deflated with annual PPI.
- 9) According to ESA'95 excessive deficit procedure.

Source: wiiw Database incorporating Eurostat and national statistics.

SLOVENIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Jan 2011)

		2009			2010											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-19.6	-1.8	4.7	-8.8	-1.2	8.3	9.1	14.3	10.2	6.8	13.5	4.9	5.6	5.3	.
Industry, NACE Rev. 2	real, CCPY	-20.4	-18.8	-17.4	-8.8	-5.0	-0.3	1.9	4.4	5.4	5.6	6.4	6.3	6.2	6.1	.
Industry, NACE Rev. 2	real, 3MMA	-13.3	-7.1	-2.1	-1.9	-0.3	5.5	10.6	11.2	10.4	10.0	8.0	7.6	5.3	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-28.3	-18.3	-9.5	-11.4	-24.2	-19.8	-17.8	-15.5	-17.2	-17.4	-13.1	-18.7	-18.0	-16.0	.
Construction, NACE Rev. 2 ¹⁾	real, CCPY	-22.1	-21.8	-21.0	-11.4	-18.3	-18.9	-18.6	-17.9	-17.7	-17.7	-17.0	-17.2	-17.3	-17.2	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	982.2	.	.	964.8	.	.	968.0	.	.	968.1	.	.	.
Employed persons, LFS	CCPPY	.	.	-1.6	.	.	0.3	.	.	-0.5	.	.	-1.3	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	67.1	.	.	73.9	.	.	73.9	.	.	73.0	.	.	.
Unemployment rate, LFS	%	.	.	6.4	.	.	7.1	.	.	7.1	.	.	7.1	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	.	-8.4	.	.	9.4	.	.	13.7	.	.	13.5	.	.	.
WAGES																
Total economy, gross	EUR	1448	1571	1488	1448	1431	1499	1483	1475	1492	1481	1487	1486	1488	1634	.
Total economy, gross ²⁾	real, CPPY	1.5	-0.5	0.0	0.4	2.0	3.4	1.5	1.7	2.2	1.6	2.6	1.5	0.6	2.4	.
Industry, gross, NACE Rev. 2	EUR	1280	1430	1319	1285	1263	1395	1330	1311	1339	1330	1353	1335	1337	1552	.
PRICES																
Consumer - HICP	PP	0.1	0.8	-0.4	-0.6	0.3	1.0	1.1	0.4	0.2	-0.6	0.1	-0.4	0.1	0.3	0.1
Consumer - HICP	CCPY	0.2	1.8	2.1	1.8	1.6	1.8	2.7	2.4	2.1	2.3	2.4	2.1	2.1	1.6	2.2
Consumer - HICP	CCPPY	0.6	0.8	0.9	1.8	1.7	1.7	2.0	2.1	2.1	2.1	2.2	2.1	2.1	2.1	2.1
Producer, in industry, NACE Rev. 2 ³⁾	PP	0.0	-0.3	-0.2	0.1	0.4	0.3	0.7	1.3	0.3	0.2	0.2	0.0	0.3	0.2	0.2
Producer, in industry, NACE Rev. 2 ³⁾	CCPY	-2.4	-2.1	-1.4	-1.7	-1.5	-0.4	0.8	2.8	2.8	3.3	3.4	3.0	3.3	3.9	4.2
Producer, in industry, NACE Rev. 2 ³⁾	CCPPY	-1.3	-1.4	-1.4	-1.7	-1.6	-1.2	-0.7	0.0	0.5	0.9	1.2	1.4	1.6	1.8	2.0
FOREIGN TRADE⁴⁾																
Exports total (fob), cumulated	EUR mn	15610	17312	18768	1441	3015	4980	6743	8583	10590	12495	14089	16217	18254	.	.
Imports total (cif), cumulated	EUR mn	15688	17438	19004	1454	3067	5017	6821	8761	10690	12556	14212	16335	18471	.	.
Trade balance total, cumulated	EUR mn	-77	-126	-237	-13	-52	-37	-78	-179	-100	-61	-123	-118	-217	.	.
Exports to EU-27 (fob), cumulated	EUR mn	10844	12036	12998	1095	2247	3647	4921	6220	7662	8972	10051	11602	13067	.	.
Imports from EU-27 (cif), cumulated	EUR mn	11093	12332	13476	987	2066	3445	4686	6024	7334	8630	9776	11205	12603	.	.
Trade balance with EU-27, cumulated	EUR mn	-249	-295	-478	108	181	202	236	196	329	341	275	398	463	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-526	.	.	-113	.	.	-153	.	.	-93	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ⁵⁾	nominal	0.6749	0.6705	0.6843	0.7007	0.7307	0.7370	0.7459	0.7959	0.8191	0.7831	0.7756	0.7653	0.7195	0.7320	0.7564
EUR/EUR, calculated with CPI ⁶⁾	real, Jan07=100	102.9	103.5	102.8	102.7	102.6	102.9	103.6	103.8	104.0	103.6	103.5	102.9	102.7	102.8	102.4
EUR/EUR, calculated with PPI ⁶⁾	real, Jan07=100	100.1	99.5	99.3	98.5	98.6	98.3	98.1	99.0	98.9	99.0	99.2	99.0	98.9	98.7	98.8
USD/EUR, calculated with CPI ⁶⁾	real, Jan07=100	117.2	118.7	116.1	112.3	108.0	107.8	107.4	101.0	98.4	102.4	103.3	104.1	110.8	109.2	105.6
USD/EUR, calculated with PPI ⁶⁾	real, Jan07=100	111.3	110.2	107.3	102.8	99.4	97.6	96.5	91.5	89.8	93.8	94.7	95.7	101.2	99.1	95.3
DOMESTIC FINANCE																
Currency in circulation	EUR mn, eop	3172	3182	3288	3228	3235	3276	3273	3310	3339	3393	3352	3346	3369	3373	.
M1	EUR mn, eop	7224	7330	7419	7449	7429	7617	7663	7976	8132	8127	8280	8233	8231	8363	.
Broad money	EUR mn, eop	18077	18115	18165	18250	18001	18168	18127	18359	18752	18888	18868	18778	18754	18979	.
Broad money	CCPY	7.4	3.7	0.6	0.8	0.3	-1.3	-0.2	-1.3	0.5	3.5	3.5	2.9	3.7	4.8	.
Central bank policy rate (p.a.) ⁷⁾	%, eop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central bank policy rate (p.a.) ⁷⁽⁸⁾	real, %	3.5	3.2	2.4	2.7	2.5	1.4	0.2	-1.7	-1.7	-2.2	-2.3	-2.0	-2.2	-2.8	-3.1
BUDGET																
General gov. budget balance ⁹⁾ , cum.	EUR mn	.	.	-2061	.	.	-748	.	.	-1504	.	.	-1925	.	.	.

1) Enterprises with 20 and more employees or turnover limits and output of some non-construction enterprises.

2) Nominal wages deflated with HICP.

3) Data refer to industry total compared to previously published domestic producer prices.

4) From 2004 intra-/extra-EU trade methodology.

5) Reference rate from ECB.

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

7) Official refinancing operation rate for euro area (ECB).

8) Deflated with annual PPI.

9) According to ESA'95 excessive deficit procedure.

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