Overview

	Area	Population	GDP in (PPS)		
	1000 km^2	Million	Billion E. (PPS)	E.(PPS) p.c.	% EU avg
Latvia	65	2.4	15.6	6600	29
Lithuania	65	3.7	24.3	6600	29
Estonia	45	1.4	12.1	8500	38
Poland	313	38.6	337.9	8700	39
Slovakia	49	5.4	58.3	10800	48
Hungary	93	10	117	11700	52
Czech R	79	10.3	135.1	13500	60
Slovenia	20	2	32	16100	72
Malta	0.3	0.4	4.6	11900	53
Cyprus	9	0.8	12.4	18500	83

Table 1: Main statistical indicators (2000) (Source: European Commission 2001)

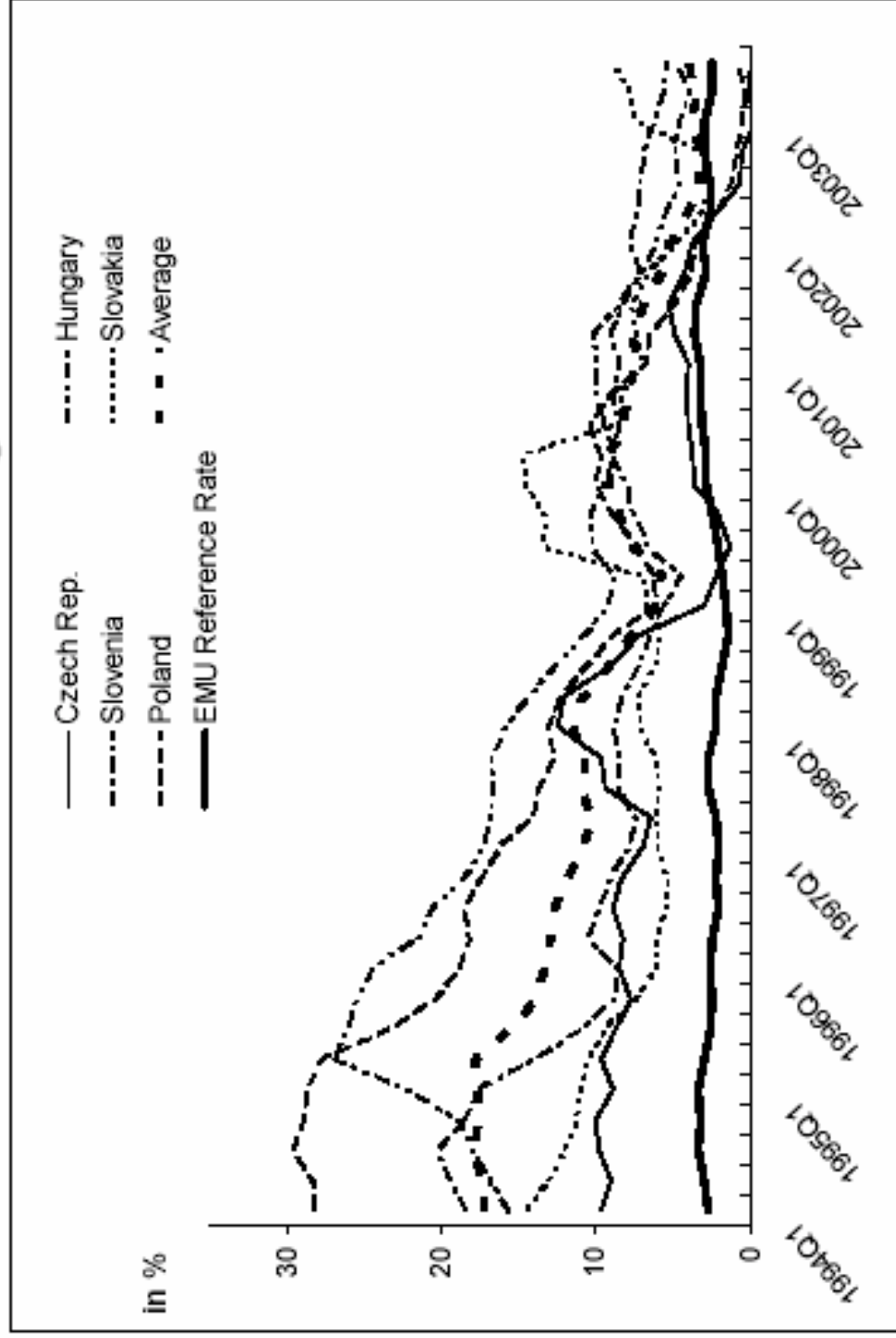| Country	Democracy index (1990-1993)	Democracy index (1994-1998)	Liberal. index (1990-1993)	Liberal. index (1994-1998)	Corruption (0-4)
Czech	0.854	0.917	0.68	0.83	2.1
Estonia	0.646	0.867	0.49	0.8	1.9
Hungary	0.854	0.917	0.73	0.84	1.9
Latvia	0.625	0.850	0.4	0.72	2.8
Lithuania	0.688	0.9	0.45	0.74	2.5
Poland	0.833	0.9	0.76	0.81	2
Slovakia	0.771	0.733	0.66	0.79	2.5
Slovenia	0.729	0.917	0.73	0.79	1.5
Mean	0.7565	0.875	0.6125	0.79	2.15

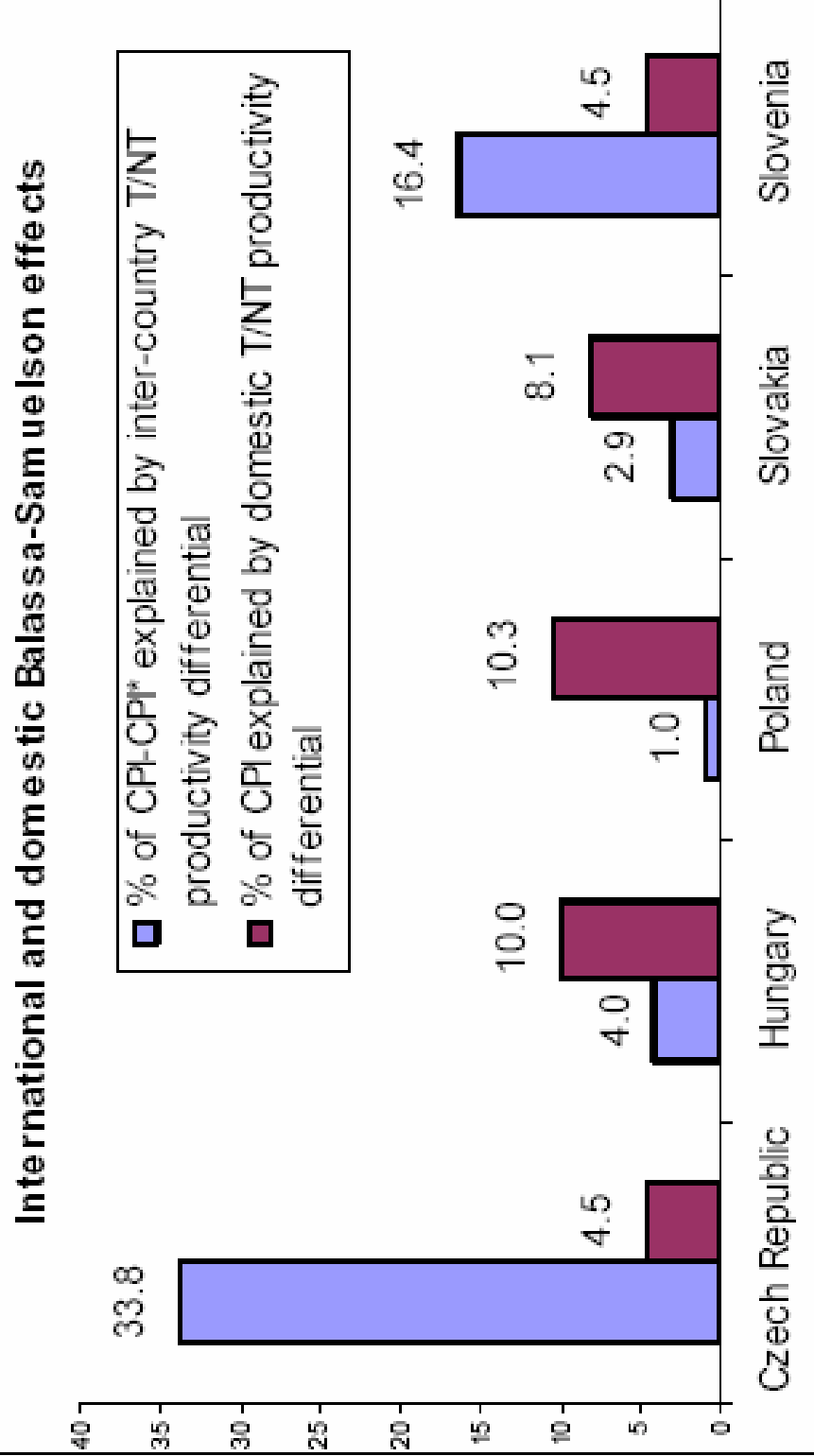Table 2: Institutional indicators. From Fidrmuc (2001) and Kaufmann et al. (1999).

Accession Countries & Maastricht Criteria

	Inflation (2003)	Long-term interest r. (2003 q3)	Fiscal deficit (2002)	Public debt (2002)
Cyprus	4.0	4.93	-3.5	58.6
Czech Republic	-0.1	4.00	-3.9	26.4
Estonia	1.4	2.61	1.3	5.8
Hungary	4.7	6.60	-9.2	57.9
Latvia	2.9	4.90	-3.0	15.2
Lithuania	-1.1	5.50	-2.0	22.7
Malta	1.2	5.19	-6.2	66.4
Poland	0.7	5.60	-4.1	40.1
Slovakia	8.8	5.05	-7.2	43.8
Slovenia	5.7	2.60	-2.5	26.9
Reference value	2.7	6.27	-3.0	60.0

Source: Buiter (2004)

Inflation Convergence

in %

Legend:
- Czech Rep.
- Slovenia
- Poland
- EMU Reference Rate
- Hungary
- Slovakia
- Average

Y-axis: 30, 20, 10, 0

X-axis: 1994Q1, 1995Q1, 1996Q1, 1997Q1, 1998Q1, 1999Q1, 2000Q1, 2001Q1, 2002Q1, 2003Q1

International and domestic Balassa-Samuelson effects

% of CPI-CPI* explained by inter-country T/NT productivity differential

% of CPI explained by domestic T/NT productivity differential

Czech Republic — 33.8, 4.5
Hungary — 10.0, 4.0
Poland — 10.3, 1.0
Slovakia — 2.9, 8.1
Slovenia — 16.4, 4.5

Source: Mihaljek and Klau (2003)

Accession Countries & Maastricht criteria

Current ExR Regimes

	Currency board EUR	Other narrow peg	ERM2 shadowing	Managed float	Free float
Cyprus			X		
Czech Republic				X	
Estonia	X				
Hungary			X		
Latvia		X			
Lithuania	X				
Malta		X			
Poland					X
Slovakia				X	
Slovenia				X	

Source: CNB (2004)

➢ Great diversity: 2 broad groups: currency boards and other narrow pegs vs. flexible exchange rates

➢ Implies: there is no universal path for all

	1988		1999	
	Average % of GDP	Standard Deviation % of GDP	Average % of GDP	Standard Deviation % of GDP
EU-15				
Agriculture	4.6	2.9	2.8	1.7
Industry	29.4	2.7	25.6	3.8
Services	66	3.5	71.6	4.3
CEEC 10				
Agriculture	14.6	7	7	4.7
Industry	48.5	9.4	31.8	5.8
Services	36.9	6.7	61.2	5.5

Table 4: Share of major sectors in GDP: EU-15 and CEE-10 countries (un-weighted averages). Source: World Bank and calculations of the authors.

Labor Productivity(Stephan (2002))

	Aggregate		Industrial
	1000 Euros per employee (PPP)	% of EU-15	
EU-15	41.8	100	
East-Germany	36.9	88.3	
Portugal	15.1	36.1	
Greece	23.7	56.7	
Spain	31.9	76.3	
CEEC's			
Estonia	17.8	42.6	29.1
Poland	17.4	41.6	40.8
Czech Republic	24	57.4	44.4
Slovakia	22.6	54.1	43.8
Hungary	23.9	57.2	47.1
Slovenia	29.9	71.5	56.6

	1994		2001	
	Imports	Exports	Imports	Exports
Bulgaria			44	55.1
Czech	61.1	61	61.8	69
Hungary	61.5	62.8	57.8	74.3
Poland	63.4	69.3	61.4	69.3
Romania	49.9	54.1	57.4	68
Slovakia	34.8	37.4	49.8	60
Estonia	66	54.1	56.1	68.5
Latvia	49.9	44	52.6	61.2
Lithuania	37.1	36.3	48	47.8
Slovenia	68.8	67	67.5	62.2

Table 6: CEEC trade with the EU 15 (Comtrade (2002))

Intra-industry Trade

	Intra EU Trade 2000	EU - CEEC Trade 1993	EU - CEEC Trade 2000
Inter-industry Trade	2%	55%	41%
Intra-industry Trade -of which	98%	45%	59%
VIIT	38%	37%	50%
HIIT	60%	8%	9%

Table 8: Inter and intra-industry trade. Source: calculations of the authors using COMEXT data.

Foreign Direct Investment

Country	Cumulative FDI 1989-2001 (billion $)	Cumulative per capita FDI 1989-2001 ($)	Share of FDI in gross domestic investment (1997-1999)	Share of FDI in GDP 1997-1999
Czech R.	27.6	2669	18.6	7.03
Hungary	23.7	1751	12.3	4.39
Poland	35.3	914	15.2	3.18
Slovakia	6.7	1242	6	2.09
Slovenia	2.2	1126	5.1	1.41
Estonia	3	2058	21.2	7.58
Latvia	2.7	1110	26.1	6.87
Lithuania	3	821	22.6	5.62

Table 9: FDI flows to Transition Economies (Source: UNECE, World Bank and calculations of the authors)