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Monthly Report

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Self-Imposed Food Embargo and Consumer Prices in Russia

Can Economics Explain the Current Bad EU-Russia Relations?

Non-Tariff Barriers in the EU Inhibiting DCFTA Trade

The Vienna Institute for International Economic Studies
Wiener Institut für Internationale Wirtschaftsvergleiche

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AMAT ADAROV
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JULIAN HINZ
EVGENII MONASTYRENKO
SÁNDOR RICHTER

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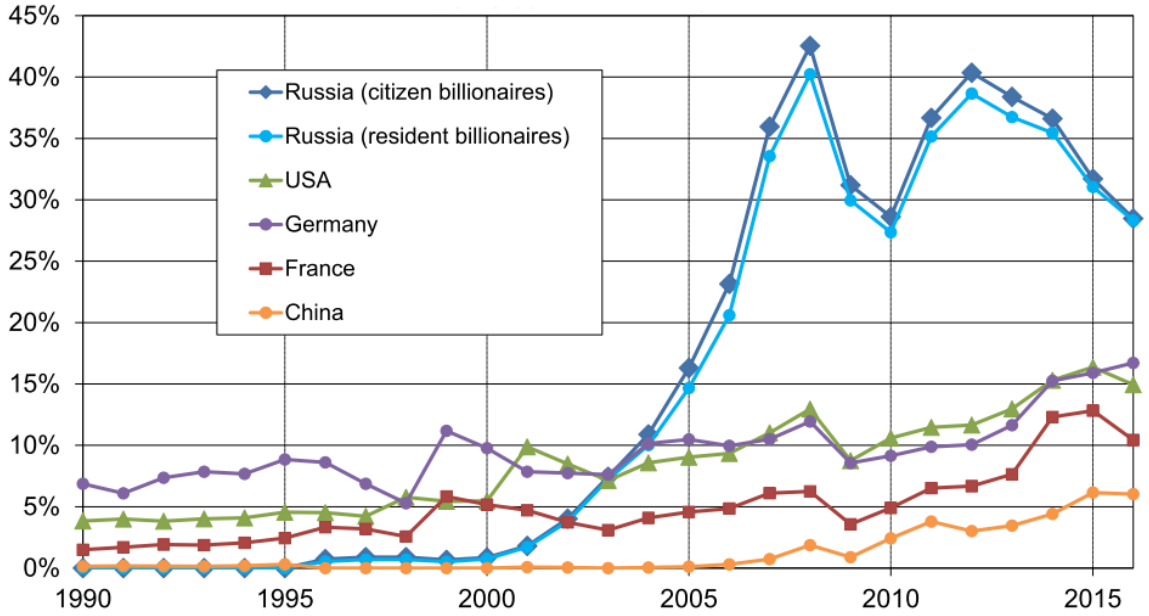
Total Forbes billionaire wealth in selected countries, in % of national income



Note: Total billionaire wealth as recorded by the Forbes World's Billionaires list. For countries other than Russia, the wealth of citizen billionaires is reported.

Source: Novokmet, F., T. Piketty and G. Zucman (2017), From Soviets to Oligarchs: Inequality and Property in Russia, 1905-2016, NBER Working Paper No. 23712, http://www.nber.org/papers/w23712

Opinion Corner: What may be the future of EU cohesion policy in the light of currently discussed reforms?

ANSWERED BY SÁNDOR RICHTER

This is a highly complex issue and I can pick up only some of the important aspects of it in my answer to this question. Without doubt, the European Union's cohesion policy, first of all its role and the size of the respective funds, will be focal points in EU reform-related discussions. The future of cohesion policy is of outstanding importance for the EU-CEE countries. Economic growth in these countries has become highly dependent on transfers from the EU budget, which have contributed 1% to 4% of aggregate demand in these countries since 2006.

First, cohesion policy is that section of the EU budget where the most significant cross-Member State redistribution in the EU takes place. It is therefore perhaps the most difficult area where a compromise is to be achieved when designing the multiannual financial framework of the EU. Net contributor Member States tend to see their negative net financial position vis-à-vis the EU budget as a burden, while net beneficiary Member States often refer to the positive externalities net contributors enjoy from the existence of these transfers. The interrelation between EU transfers and related trade and capital flows between net contributor and net beneficiary countries has not been at the core of the discussion in economic research even if it has not been completely ignored either. The Third Cohesion Report[1] found a strong relation between EU transfers and trade flows. The example of the 'old' (pre-2004) cohesion countries showed that around one fourth (in the case of Greece 42% and of Portugal 35%) of structural policy transfers were spent on imports, typically from other, highly developed EU Member States.

However, the link between EU transfers and trade balances has weakened considerably over the past several years. A wiiw study[2] compared the balances in trade between net contributor and net beneficiary Member States with the net financial positions of both groups vis-à-vis the EU budget for the year 2006. In that year, all but one of the then net contributor Member States registered a trade surplus with the group of net beneficiary Member States. Net contributors had a higher surplus, relative to their GNI, in their trade with the group of the net beneficiaries than was their 'deficit' vis-à-vis the EU budget, again relative to their GNI. For instance, in that year Austria's trade surplus was nearly 19 times as high as its net contribution to the EU budget. There were also significant differences in the Netherlands and Germany, more than seven- and six-fold, respectively. Altogether, the group of net contributors achieved a combined surplus in their trade with the group of net beneficiary countries that was close to six times as high as the sum of their 'loss' due to their combined net contributions to the EU budget. This situation, characterising the early years of EU membership of the EU-CEE countries so spectacularly, has

1 European Commission (2004), A New Partnership for Cohesion, Third report on economic and social cohesion, DG Regio, February.

2 Richter, S. (2008), 'Facing the Monster "Juste Retour": On the Net Financial Position of Member States vis-à-vis the EU Budget and a Proposal for Reform', *wiiw Research Reports*, No. 348.

significantly changed since then. The net financial position of the net contributor Member States has deteriorated relative to 2006 as since then the EU has been enlarged by another three net beneficiary members (Bulgaria, Romania and Croatia). More importantly, the net beneficiary EU-CEE countries have since turned the trade balance to their advantage, many of them reaching substantial surpluses in trade with the group of net contributor Member States in the last decade.

Second, the primary purpose of the EU's cohesion policy is to accelerate economic and social change in the mainly less developed EU Member States and regions, but these goals are clearly competing with others that are no less important: the attainment of EU-wide objectives in research and innovation, Europe-wide infrastructure and telecommunication networks, entrepreneurship, social inclusion, environment protection, etc. The range of these EU-wide objectives crucially depends on the size of available funds. Generally, the larger the funds allocated, the greater the achievements. The lion's share of these funds comes from contributions from the most developed EU countries. The net contributions tend to be seen as a 'cost'. This perception, generally shared by the public, seems to be an important determinant of the donor countries' willingness to fund the cohesion policy.

Finally, the limited or non-existent readiness of most of the EU-CEE countries to share the burden of managing the problems related to the recent mass migration to the EU has been interpreted by politicians in several major net contributor Member States as rebuffing solidarity, the principle which is the fundament of cohesion policy as well. An increasing number of reports[3] on corruption in the utilisation of EU resources may serve as arguments for those in the net contributing countries who have been urging a better utilisation of these funds. Simultaneously, the European Fund for Strategic Investments (EFSI), also known as the 'Juncker plan', starts to prove its merits. Jointly launched by the EIB Group and the European Commission, it aims to mobilise private investment in projects which are strategically important for the EU. Contrary to cohesion policy, it does not rely typically on grants but on credits disbursed under preferential conditions. As a model it provides an increasingly attractive alternative to the current modalities of cohesion policy.

Summarising, I expect a much leaner cohesion policy from 2021 onwards compared to the current one. I presume that not only the funds allocated will be much smaller, but the grant-like forms of support will shrink to a minimum. That may be painful for the main beneficiary EU Member States in the short run, but it could benefit them in the long run in as much as it reduces their dependence on artificially 'cheap' and 'market-unfriendly' external resources and thus fosters the improvement of their competitiveness. That will probably help roll back corruption in the EU-CEE countries as well.

[3] Beblavý, M. and E. Sičáková-Beblavá (2014), 'The Changing Faces of Europeanisation: How Did the European Union Influence Corruption in Slovakia Before and After Accession?', *Europe-Asia Studies*, Vol. 66, No. 4, pp. 536-556; Bold, F., P. Bouda, R. Deščíková, M. Fadrný and B. Filipcová (2013), 'The risks of system political corruption in the management of EU funds and state-owned enterprises in the Czech Republic, Slovakia and Poland', in: Public Money and Corruption Risks, published by Frank Bold, www.frankbold.org; Corruption Research Centre Budapest (2016), Competitive Intensity and Corruption Risks in the Hungarian Public Procurement 2009-2015. Main Findings & Descriptive Statistics.

Self-imposed food embargo and consumer prices in Russia

BY EVGENII MONASTYRENKO AND JULIAN HINZ[1]

INTRODUCTION

In response to the crisis in eastern Ukraine, in March 2014 the European Union and other Western countries levied travel bans and asset freezes on implicated persons – dubbed 'smart sanctions' – followed by harsher sanctions on Russian financial institutions and energy conglomerates introduced in July 2014. The Russian Federation retaliated quickly and on 7 August 2014 banned imports of certain food and agricultural products from the EU, the US, Australia, Ukraine and some other countries that supported the sanctions. The list of banned products includes meat, products of meat, milk and dairy products, fruits and vegetables, and nuts.

The aim of this article is to quantify the outcomes of the self-imposed food embargo on consumer prices and welfare in Russia. It belongs to a limited strand of literature on sanctions against the Russian Federation and its self-imposed embargo. Related to our work, Dreger et al. (2015) also evaluate the economic impact of the sanction regime between Western countries and the Russian Federation. Their focus is to disentangle the different channels affecting macroeconomic performance as a consequence of Western sanctions and the embargo. Crozet and Hinz (2016) estimate the effect of sanctions on sanctioning countries. Also taking the case of Western sanctions on the Russian Federation, they find significant 'collateral damage' through lost exports to Russia.

COMPREHENSIVE DATA ON CONSUMER PRICES

This article employs a dataset on average monthly prices of goods in Russia between January 2011 and May 2016.[2] The unified list includes 128 food products, 332 non-food products and 127 services. Each of them accounts for at least 0.1% of aggregated consumer expenditures in Russia. Regional offices of the Federal State Statistics Service monitor prices between the 21st and 25th of each month. They examine large, medium-sized and small resellers on both organised and non-organised markets. The dataset is split into three levels of aggregation based on the administrative organisation of the Russian Federation: city, 'subject of federation' (region) and federal district.

The most disaggregated level is the city level. The observations are carried out in 279 selected cities. All of them satisfy the following criteria. First, in each region between 2 and 4 cities located in different parts of that region are selected. Second, communities that are close to each other are included only if they have 'fundamental differences' in levels and dynamics of prices. Third, the consumer markets of the

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[2] It is constructed by the Federal State Statistics Service, which is also known as Rosstat.

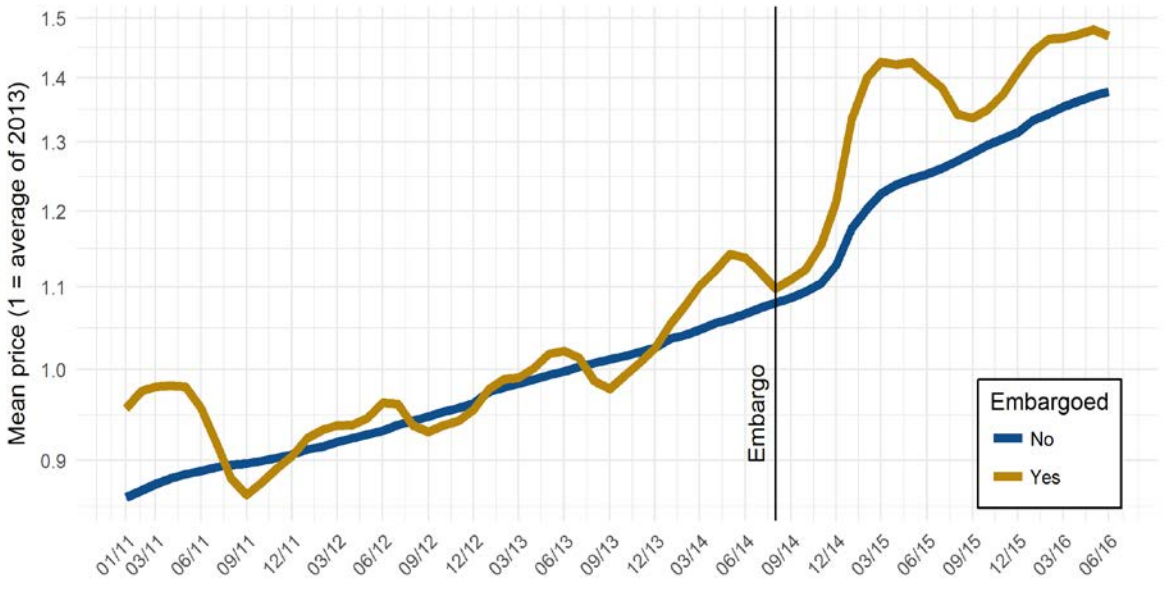
selected cities must be stably filled with the monitored goods. Finally, the aggregated population of monitored communities makes up at least 35% of the total urban population of the Russian Federation. The price for each product is computed as the mean of 5 to 10 prices registered in different parts of the selected city. There are 3,547,171 observations at the city level.

The prices at the regional level are calculated as the weighted averages of prices of corresponding products at the city level. The weights are equal to the shares of the population of cities in total population of a region. There are 87 regions and 1,510,280 product-month-region observations.

The biggest administrative division of the Russian Federation is the federal district. The Russian Federation is divided into 9 of them. This dataset has average prices for 8 federal districts between 2011 and 2016, since data for the Crimean Federal District are available only since January 2015 and are not used for difference-in-difference analysis. The prices at federal district level are computed as weighted averages of the prices in the regions that are part of each district. The weights are equal to the shares of the corresponding products' consumption of each region in total consumption of the federal district. Thus, in total there are 143,682 observations at the level of federal districts.

The evolution of monthly-averaged prices motivates our choice of the appropriate empirical estimation strategy in favour of the difference-in-difference approach. On Figure 1 we plot the prices of embargoed and non-embargoed (both food and non-food) products over time. One may note that consumer prices in Russia of both types of products have been growing during the entire period of interest. Besides, one can note a well-expressed seasonality in the food prices. Finally, we observe an abrupt positive shock in the prices of both embargoed and non-embargoed goods following the introduction of the trade embargo in August 2014. The difference-in-differences analysis is applicable in this case since the growth of prices of embargoed products has been faster than that of non-embargoed products.

Figure 1 / Evolution of prices of embargoed and non-embargoed products



Source: Authors' own calculations based on Rosstat data.

EMPIRICAL APPROACH: DIFFERENCE-IN-DIFFERENCES

Did Russian consumer prices react to the self-imposed import ban on food and agricultural products? The Kremlin's official line provides a clear statement: no, they haven't. We aim to test this statement by using a difference-in-difference approach. The control and treatment group are well defined: some products can be directly linked to HS codes that have been banned from imports from certain countries.

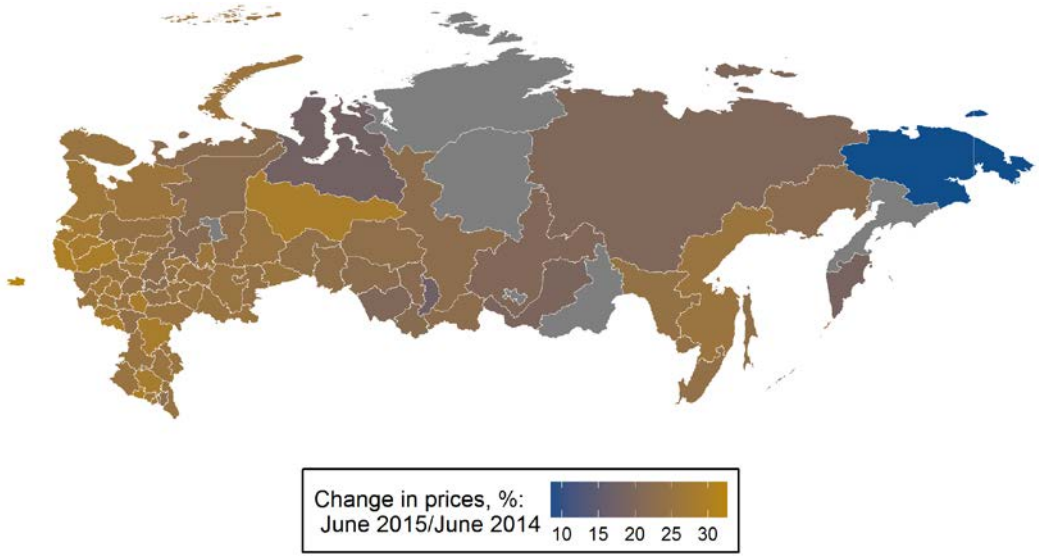
The first specification we estimate is

$$log(\text{price}_{it}) = \text{Product}_i + \text{Period}_t + \text{Product}_i \times \text{Period}_t \quad (1)$$

where price_{it} is the price of a product *i* at time *t*, Product_i is a dummy variable that indicates the treated product and Period_t is the treatment period. The interaction of both therefore captures the coefficient of interest.

However, as we suspect that imports (or rather the ban thereof) are resulting in increased consumer prices, we further suspect that those parts of the country that imported relatively more of the targeted products from targeted origin countries have seen a relatively higher increase in prices. The map in Figure 2 demonstrates that the Western regions of Russia indeed experienced higher price growth. A sound exception is the Khanty-Mansi Autonomous district, located in the Asian part of Russia.

Figure 2 / Change in average prices of embargoed products by region, June 2014 to June 2015



Source: Authors' own calculations based on Rosstat data.

The data at hand let us exploit this spatial heterogeneity, as described above. A second specification we estimate is therefore

$$log(\text{price}_{irt}) = \text{Product}_i + \text{Period}_t + \text{Region}_r + \text{Product}_i \times \text{Period}_t + \text{Product}_i \times \text{Region}_r + \text{Period}_t \times \text{Region}_r + \text{Product}_i \times \text{Region}_r \times \text{Period}_t \quad (2)$$

The effect on prices should vary across regions with respect to their shares in total trade of banned products. Thus, in addition to the previously mentioned dummies, we include and interact an additional variable Region that should embrace regional characteristics.

As there are no clear treatment regions, we test our proposition along several dimensions: (1) gravity-inspired variables such as distance; (2) share of imports from targeted countries; (3) total share in domestic production of targeted products.

THE EMBARGO IS A PROVEN REASON FOR THE RACE OF RUSSIAN CONSUMER PRICES

Table 1 displays the results for our benchmark regression. Across all different specifications, the estimated effect of the embargo on prices of embargoed food and agricultural products is economically and statistically significant, as well as similar in magnitude. Columns (1) and (2) report the results at the spatial aggregation of the federal district (9 districts in total), columns (3) and (4) those at the subject level (87 subjects) and (5) and (6) at the least aggregated city level (279 cities). For each aggregation level, we alternate between control groups, as described above: either only other (non-embargoed) food products, denoted by (F), in columns (1), (3) and (5); or in columns (2), (4) and (6) we additionally include non-food products, denoted (NF). The coefficients with the non-embargoed food products as a control group are systematically lower (around 0.03) compared to cases with non-food products also included in the control group (around 0.07). Thus, one could hypothesise that non-embargoed food prices also increased relative to non-food prices. All estimations, regardless of the level of aggregation, include region × date and region × product × month fixed effects, where region is district, subject or city respectively. Including a month-varying fixed effect purges all seasonal effects that could otherwise bias the results.

Table 1 / Benchmark regression: diff-in-diff of prices by spatial aggregation and control group

	Dependent variable: log (prices)					
	(1)	(2)	(3)	(4)	(5)	(6)
Sanction period x Embargoed product	0.027***	0.065***	0.030***	0.067***	0.028***	0.069***
	(0.004)	(0.007)	(0.002)	(0.003)	(0.002)	(0.002)
Spatial agg.	district	district	subject	subject	city	city
Control group	F	F+NF	F	F+NF	F	F+NF
Number treated	16572	16572	174611	174611	456446	456446
Observations	42,884	140,670	453,164	1,477,892	1,117,395	3460,386
Adjusted R^2	0.991	0.998	0.988	0.997	0.987	0.995

Notes: F stands for non-targeted food products and NF stands for non-food items. All regression includes region x date and region x product x month fixed effects. Robust standard errors in parentheses are clustered by region.
Significance levels: *: p<0.1, **: p<0.05, ***: p<0.01.

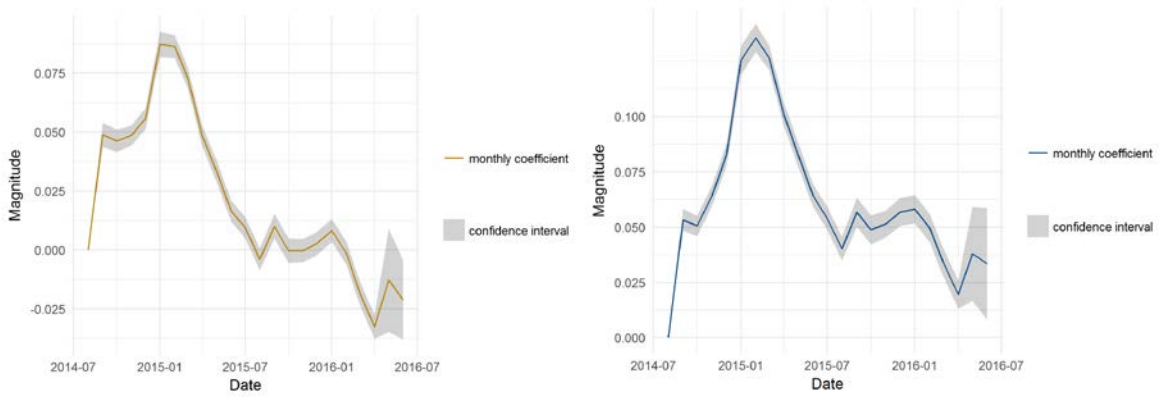
In order to identify whether the increase in prices of embargoed products was caused by the embargo itself, we test whether a previous reliance on food imports from currently sanctioned countries in the respective region leads to systematically higher food prices in the aftermath of the ban. In general, we

discovered that the effect of the embargo has been lower in the regions that are more remote from Europe. While the point estimate for the triple interaction is positive in all specifications, it is statistically significant only for the control group that includes non-food products. This suggests, on the one hand, that regions which previously relied on banned food imports indeed experienced higher prices post-embargo, and, on the other hand, that prices of other food products in these regions were also affected indirectly by the ban.

We further let the impact of the import ban on the relative prices of sanctioned products vary by month post-embargo. We plot the regression coefficients at the level of cities in Figure 3a (with non-embargoed food products as a control group) and Figure 3b (with non-embargoed food and non-food products as a control group). For both plots, the effect is visibly steadily increasing until January 2015 and then decreasing in intensity, irrespective of the level of spatial aggregation.

Figure 3 / Monthly increase in relative prices of sanctioned food products

(a) Relative to non-sanctioned food items **(b) Relative to non-sanctioned food and non-food items**



Source: Authors' own estimations.

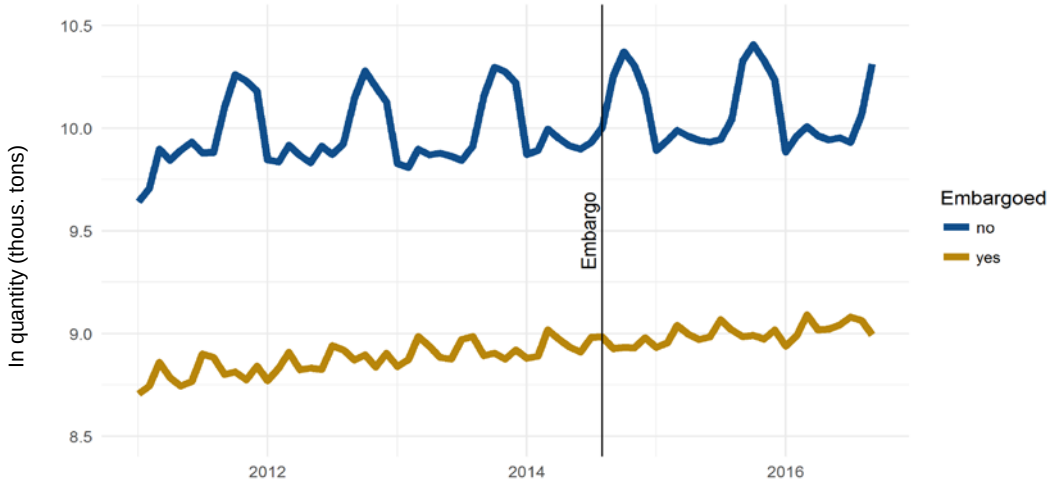
Visible again is the difference for the control group picked: While the price increase for sanctioned products relative to other (non-sanctioned) food products drops almost entirely back to zero a year after the beginning of the embargo, i.e. by August 2015, embargoed food prices remain significantly higher (by about 5%) relative to a control group that also includes non-food products and services. This underlines earlier results which suggest a propagation of the price shock to other (non-embargoed) food and agricultural products.

TRADE DIVERSION AND IMPORT SUBSTITUTION

One might seek to explain the reversion of the price shock from the peak in January 2015 back towards lower prices by increased domestic production of embargoed products. Alongside with the policy of embargo, the Russian government has declared the reinforcement of agricultural import substitution. Furthermore, brand new programmes of support of national agricultural producers entered into force in 2014 and 2015.

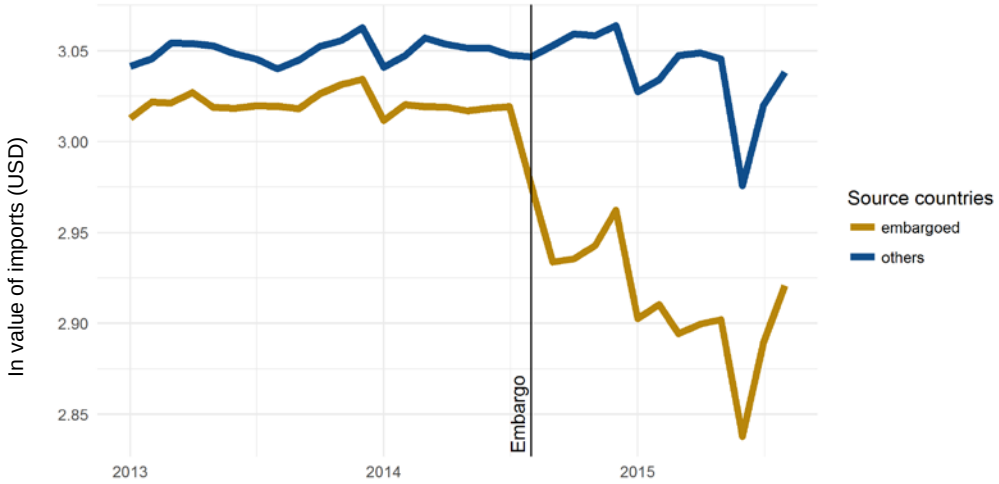
Based on monthly production data from the Federal State Statistics, we compare production of embargoed and non-embargoed food items. The global picture for all embargoed and non-embargoed products is obtained by aggregating produced quantities. Such aggregation is possible because most of agricultural production data are reported in the same statistical unit (thousands of tonnes). Figure 4 suggests that the production of embargoed products was steadily growing between January 2011 and July 2016, i.e. also during the period well before the import embargo was imposed.[3] Thus, the aggregate picture does not support the hypothesis of a rapid growth of domestic production following the imposition of the embargo.

Figure 4 / Evolution of aggregate production of embargoed and non-embargoed products in Russia



Source: Authors' own calculations based on Rosstat data.

Figure 5 / Imports of embargoed products to Russia by source country



Source: Authors' own calculations based on Russian customs data.

[3] It is worth further noting the marked seasonality in the production of non-embargoed food products, with peaks in the autumn of each year.

Another important factor that could mitigate the increase in consumer prices over time is trade diversion. In fact, Russian firms have started to import the embargoed agricultural products from non-embargoed countries. Figure 5 suggests a slight increase in the imports of embargoed products from non-embargoed sources following the embargo. Thus, the trade diversion may have contributed to the compensation of the initial price shock.

CONCLUSION

Between January 2014 and January 2016, food prices in the Russian Federation rose by 26%. Within this period, in August 2014, the Russian government put in place an embargo on food imports from Western countries. The established trade literature predicts that such diversion of international trade should necessarily cause a surge in domestic prices. We applied a difference-in-differences methodology for the period between August 2014 and July 2016 and found that the embargo's net effect on consumer prices of sanctioned products has been an increase of at least 2.7% relative to other (non-sanctioned) food products and even more relative to non-food items. The maximum effect of 8.9% (relative to non-sanctioned food products) was observed in January 2015, and has been subsiding during the subsequent months.

Three quarters of the Russian population live in urban areas. They are not able to produce food and therefore are net buyers of agricultural products. Thus, the vast majority of citizens are vulnerable to the negative price shocks for food. This allows us to conclude that the trade embargo imposed by the Russian government has been detrimental for the wealth of Russian consumers. Our takeaway policy recommendation would be to suspend the practice of this embargo.

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Can economics explain the current bad EU-Russia relations?[1]

BY VASILY ASTROV

INTRODUCTION

The relations between Russia and the EU have been gradually deteriorating over the past decade. Following the outburst of the Ukraine crisis in 2014, they reached their lowest point since the end of the Cold War and are now reduced to a bare minimum. The most important factors behind tend to be of a non-economic nature, such as the divergence of 'values' (liberal EU 'values' versus conservative-Christian Russian 'values', according to both sides' own definitions) and political systems (liberal democracy in the EU versus 'sovereign democracy'[2] in Russia, again according to own definitions), human rights issues, contest for influence on the post-Soviet space, etc. However, have economic factors contributed to the deterioration of EU-Russia relations as well? And to what extent can they help explain the current dismal state of EU-Russia relations? This note argues that while economic factors may indeed have played some role in shaping the position of the EU towards Russia, paradoxically they can hardly justify the policies pursued by both sides towards each other. In fact, these policies appear to be largely irrational when viewed from a purely economic point of view.

ECONOMIC ASYMMETRIES

In order to understand the positions of Russia and the EU, let us first look at basic economic facts. One striking feature is the vast asymmetry in economic size between the two sides (Figure 1). At market exchange rates, the size of the Russian economy corresponds to less than 8% of the EU economy. This is, of course, a reflection not only of Russia's smaller population (147 million versus 510 million in the EU) but also of its much lower income and price levels. At purchasing power parity (i.e. accounting for the difference in the price levels), the asymmetry becomes somewhat less pronounced (the Russian economy corresponds then to 18% of the EU economy), but is still substantial.

Even more striking is the asymmetry between Russia and the EU in terms of their importance as an export destination: while Russia accounts for less than 2% of EU exports, the EU is a destination for nearly half of Russian exports (Figure 2). Finally, there is a big asymmetry when it comes to the commodity composition of bilateral trade flows: while the bulk of Russian exports to the EU are oil and gas, EU exports to Russia are much more diversified and sophisticated.

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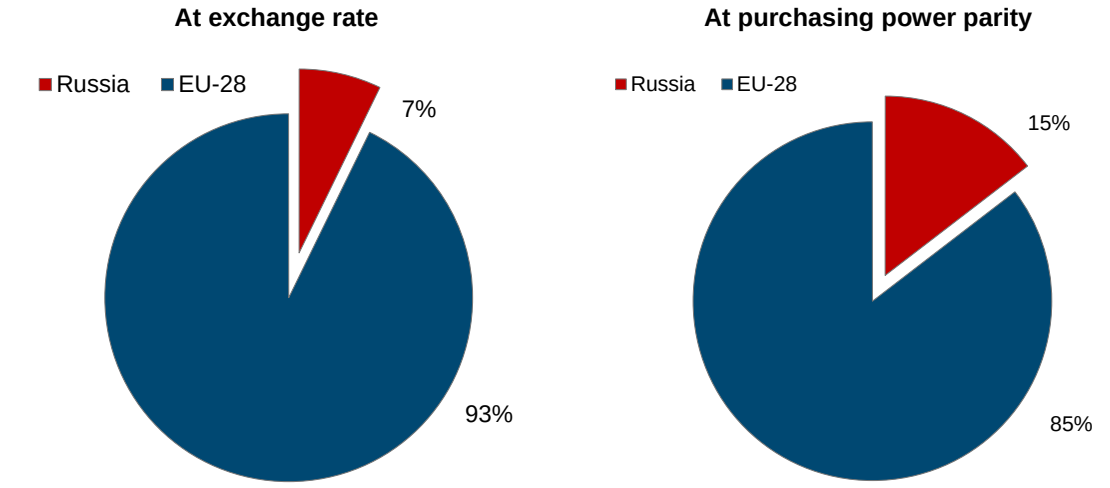
1 This text is based on the author's presentation at the conference `Studying EU-Russian relations: theories and methods in Russia and abroad' held at the Jean Monnet Centre of Excellence of St. Petersburg State University on 27-28 June 2017.

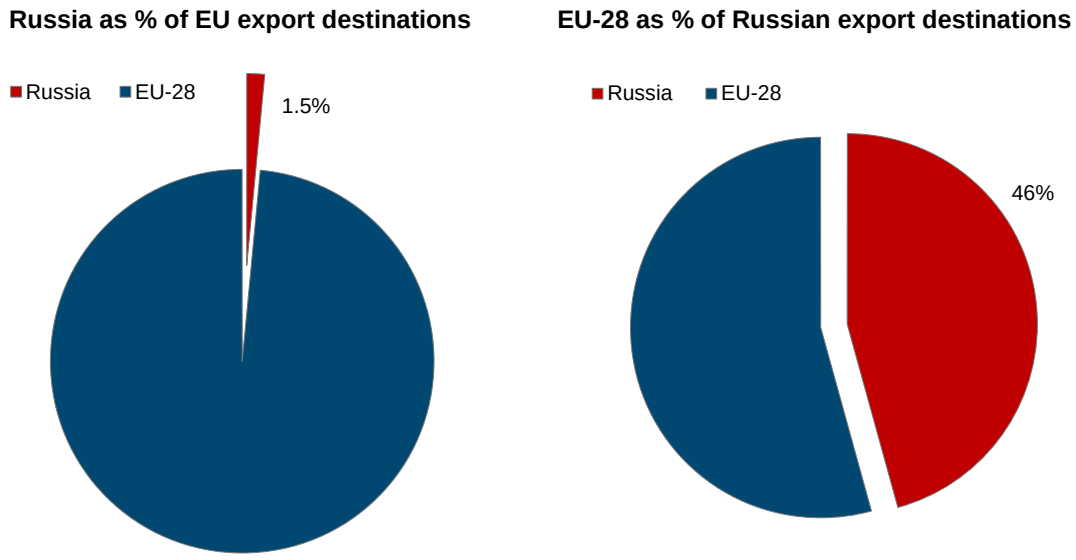
2 This term was coined several years ago by Vladislav Surkov, former chief of staff of the Russian president.

Figure 1 / Relative size of the economy, Russia and EU, 2016



Source: wiiw database.

Figure 2 / Importance of Russia and the EU as export destination, 2016



Source: wiiw database.

These asymmetries are generally well known, although they are not necessarily often mentioned as a factor affecting EU-Russia relations. Meanwhile, they cannot but affect the relative bargaining power of the two sides: the bigger the size of the economy and the lower the dependence on the other partner, the greater the bargaining power tends to be. Russia sees itself not just as a neighbour, but aspires to be a strategic and equal partner of the EU. However, on account of the above-mentioned economic asymmetries, it does not have the same negotiating power as the EU. Thus, to paraphrase the expression used sometimes in a different (military) context (see e.g. Casier, 2017), Russia may be 'punching above its weight'.

Conversely, it is plausible that for EU policy-makers, the above-mentioned asymmetries may well have been an argument against partnership with Russia on equal terms (for more on that see below). Also, the EU's decision to impose 'sectoral' economic sanctions on Russia in response to the Ukraine crisis probably reflected not least the asymmetric power relations between the two sides: to put it bluntly, the EU could easily afford the ensuing losses. While the absolute losses incurred by EU exporters due to the sanctions (and Russian counter-sanctions on food imports from the EU) may have been higher than the damage inflicted to Russia, in *relative* terms they were very modest due to the sheer size of the EU economy.[3]

Interestingly, wherever the EU's dependence on Russia is much higher (as is the case with energy supplies, especially natural gas)[4] and the relationship is thus much more symmetric, the level of cooperation between the two sides has been much higher. Indeed, the so-called 'energy dialogue' between Russia and the EU remains largely intact even despite the ongoing geopolitical conflict. It is indicative that the recently imposed new US sanctions against Russia, which inter alia directly targeted (for the first time) Russian energy supplies to Europe, have triggered a strongly negative reaction from the EU.[5]

EU AGAINST INTEGRATING WITH RUSSIA …

It is well known that at least since the early 2000s, Russia has on various occasions proposed to the EU various forms of integration, including Common Spaces, a free trade area, a 'Common Economic Space from Lisbon to Vladivostok', a 'Strategic Partnership', and a mutual visa-free regime (see e.g. Putin, 2010). However, these Russian suggestions have invariably fallen on deaf ears in the EU. As a result, economic relations between the two sides – despite the Russia-EU 'Partnership for Modernisation' announced under the then Russian President Dmitri Medvedev, which remained largely on paper – have hardly advanced and underwent another setback with the imposition of mutual sanctions in the wake of the Ukraine crisis.

Meanwhile, the EU – in case it had agreed to the Russian proposals – would almost certainly have benefited from such integration more than Russia, at least in the short and medium run (in the long run, the effects on investment are probably more important – for more on that, see below). Russia's import duties are generally rather high: 7.8% in simple average terms (in 2014) and 8.1% in trade-weighted terms (in 2015) according to WTO data, and their elimination could offer EU producers full access to the lucrative Russian market of 147 million consumers. (Needless to say, the lifting of Western sanctions and Russian counter-sanctions would benefit EU exporters as well.) For Russia, the immediate gains would be likely more modest – not only because the import duties in the EU are generally lower than in Russia, but also because the bulk of Russian exports to the EU (oil and gas) face no trade barriers at all. For these reasons, the incremental improvement in access to the EU market for Russian producers

[3] For instance, Christen et al. (2015) found that EU sanctions and Russian counter-sanctions might cost the EU-27 (without Croatia) some EUR 90 billion in the long run; this figure corresponds to a mere 0.8% of EU GDP. This estimate includes the indirect effects of the sanctions, such as those arising from the general worsening of trade relations (diplomatic disruptions, boycotts by Russian trading partners, reduced tourism flows) as well an income-induced reduction in household consumption, but not trade diversion effects.

[4] Russia's Gazprom currently supplies around one third of the EU's gas imports.

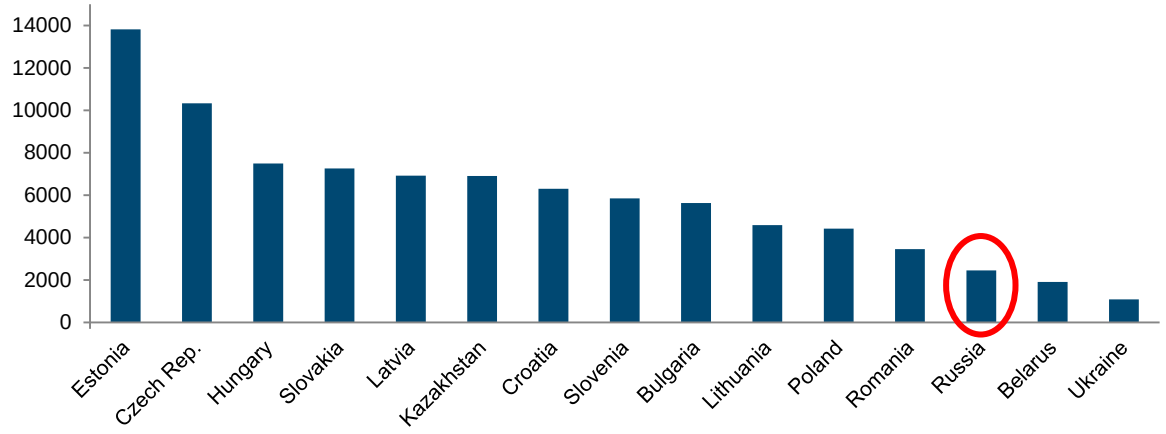
[5] See, for instance, http://www.euractiv.com/section/energy/news/eight-european-projects-to-be-hit-by-us-sanctions-on-energy-sector/

would be relatively limited. Felbermayr et al. (2016) estimated that trade integration between the EU and the Eurasian Economic Union (dominated by Russia) could boost EU exports to Russia by 63%, whereas Russian exports to the EU would rise only by 32%; in absolute (euro) terms the gains for the EU would be higher as well.[6] Brenton et al. (1997) came to similar conclusions at the time.

… WHILE RUSSIA INSISTS ON *EQUAL* PARTNERSHIP

If the above is true, why then has the EU been persistently reluctant to integrate with Russia? The above-mentioned geopolitical factors (and ultimately the lack of trust towards the present Russian political elite) are probably the ones to blame first. However, this is not to say that economic factors did not play a role. One such factor, for instance, could have been Russia's insistence on equal partnership and its reluctance to enter into deeper – and above all asymmetric – forms of integration which could potentially attract large inflows of FDI from the EU, transforming the Russian economy, but would also effectively result in Russia ceding control over large parts of its economy to foreigners. On top of that, in 2008 Russia adopted the so-called 'Strategic Sectors Law', which identified 42 types of activities of 'strategic importance to national defence and state security' with limits on foreign ownership; and the law has since undergone only minor revisions.[7]

Figure 3 / Inward FDI stock per capita in selected CESEE countries in 2016, in EUR



Source: wiiw FDI Database.

Russia's cautious approach towards attracting foreign investment squares with the country's understanding of 'equal partnership': ceding control over large parts of the economy to foreigners would arguably run against this very idea. Besides, it would threaten the oligarchic ownership structure of the Russian economy. In that sense, Russia's policy has been the opposite of that of the Central European EU Member States (EU-CEE) which put attracting FDI high on their policy agenda and were ready to adopt a wide range of EU regulatory norms (*acquis communautaire*) to this end. Figure 3 illustrates that

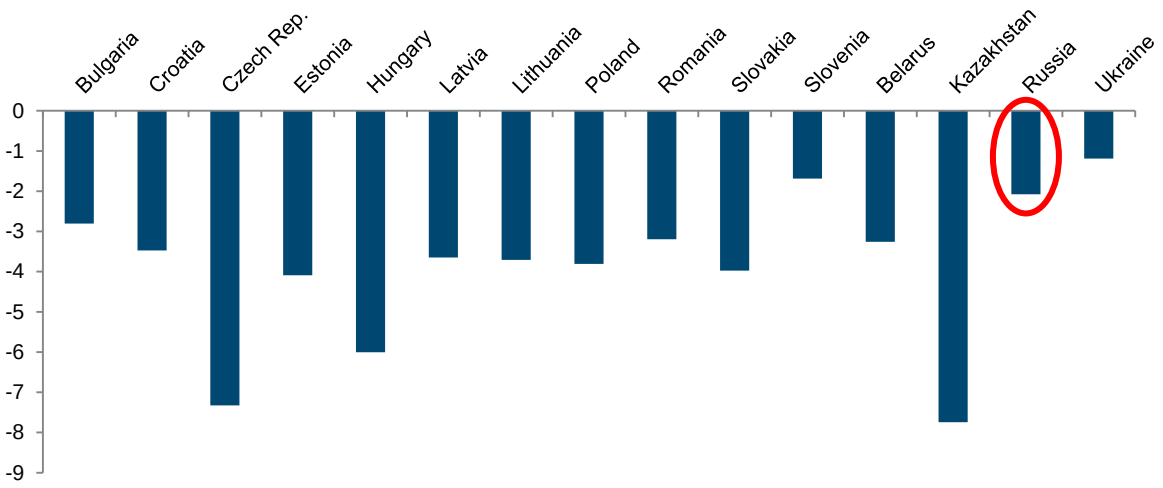
[6] In relation to GDP, though, the gains for Russia would be higher than for the EU because of the relatively small size of the Russian economy.

[7] The list included a number of 'key industries' such as aviation, mining, encryption, nuclear development, space, arms production, telecommunications, fishing, certain types of publishing activities, and television and radio broadcast media.

Russia is far behind the EU-CEE countries in terms of accumulated FDI inflows. In actual fact, the real extent of FDI penetration in Russia is even lower than Figure 3 might suggest, since a large part of statistically recorded FDI represents in reality the round-tripping of Russian capital via 'off-shore' destinations (especially Cyprus); the latter hardly brings new technologies and know-how, which are usually associated with FDI inflows.

There is a general consensus that, by and large, massive inflows of FDI from Western Europe, first of all Germany, have brought numerous benefits to the recipient EU-CEE economies by making them more efficient and competitive. However, these benefits have come at a price, as a non-negligible share of these countries' national income is nowadays leaving in the form of foreign investors' profits. As Figure 4 demonstrates, this share is relatively high in EU-CEE, reaching up to 6-7% of GDP in the case of the Czech Republic and Hungary. This 'shadow' side of foreign investment inflows may partly help explain why Russia has been reluctant to go this way.

Figure 4 / FDI income as % of GDP in selected CESEE countries, 2016



Source: Own calculations based on wiiw FDI Database.

If the past experience of the EU-CEE countries is of any guidance, it strongly suggests that in the long run the Russian economy would probably have benefited from asymmetric integration with the EU and the FDI inflows which would probably have come with it. Of course, it is still an open question whether such an integration arrangement would have brought the desired benefits in the absence of EU accession prospects, which have never been a realistic option for Russia. In that sense, Ukraine currently offers an interesting experiment: by having entered the Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU, which essentially requires the country to adopt the EU *acquis communautaire* without promising EU membership, the country is pursuing precisely the path of asymmetric integration with the EU which Russia refused to enter.[8]

[8] Whether the newly concluded DCFTA with the EU will yield the desired economic benefits to Ukraine remains to be seen. But then again, it can be argued that Ukraine's current circumstances (territorial conflict in the east and the notoriously poor investment climate on account of very high corruption) are not entirely comparable to Russia's, so that the experience of Ukraine may be of limited use for Russia.

CONCLUDING REMARKS

The above analysis suggests that, political and security issues apart, the difficult EU-Russia relations may be to some extent explained also by pronounced economic asymmetries, which hardly square with Russia's insistence on the idea of 'equal partnership'. Notwithstanding that, the positions of both Russia and the EU can hardly be justified even on purely economic grounds and are in fact deeply irrational. Historically, the EU has been reluctant to integrate with Russia (or even take Russia's interests and position seriously, for that matter), although objective analysis suggests that it would have likely benefited from this in economic terms. In turn, Russia's position vis-à-vis the EU has been no less paradoxical and irrational: it would probably benefit the most from an 'asymmetric' integration scenario with the EU (with Russia adopting large parts of EU norms and welcoming western FDI) – something which has not been acceptable to the Russian political elite.

This suggests that the explanation for the current dismal state of Russia-EU relations should be sought mainly in the political rather than the economic sphere. In fact, there seems to be a strong economic rationale for both sides to depart from the confrontational policies pursued towards each other so far. Sticking to the current stalemate can be potentially costly for both sides as well as the countries 'in-between' (particularly Ukraine), with the opportunity costs rising the longer the stalemate persists.

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Non-tariff barriers in the EU inhibiting DCFTA trade

BY AMAT ADAROV[1]

INTRODUCTION

In 2014 the EU concluded the Deep and Comprehensive Free Trade Area (DCFTA) agreements with Georgia, Moldova and Ukraine as part of each country's Association Agreement. To date, the DCFTA is the best instrument the EU has managed to devise along the lines of its Neighbourhood Policy in order to establish closer integration with the beneficiary countries without granting membership. The agreements indeed have much higher capacity than earlier partnership and cooperation arrangements to trigger positive changes along many institutional, social, economic and political dimensions in the DCFTA countries. However, the challenges and costs associated with DCFTA implementation are also significant and front-loaded. In Adarov and Havlik (2016) we provide a detailed analysis of both the challenges and the opportunities across various stakeholders – the private sector, government and consumers – and over different time horizons. The present article provides an update on the recent developments regarding trade and trade facilitation as of 2017 in light of the key challenges discussed in more detail in the report.

RECENT TRADE DYNAMICS

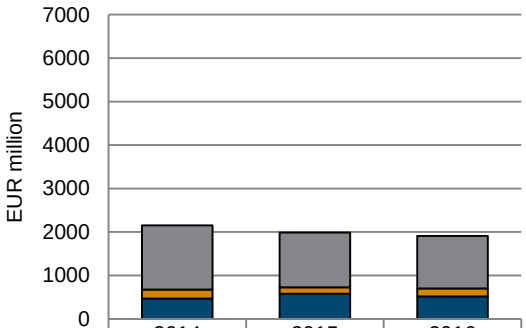
So far, most issues related to de facto accessibility of the EU market for exporters from the DCFTA countries outlined in the report largely still remain, although progress has been made to tackle them by local authorities and the EU institutions. As can be seen in Figure 1 showing foreign trade in goods dynamics of the DCFTA countries over the years 2014-2016,[2] exports from the beneficiary countries to the EU so far have shown a rather mixed evolution despite the DCFTA provisional implementation and application of autonomous trade preferences that the EU granted before – unilaterally opening its market to imports from the DCFTA countries (while keeping non-tariff barriers in place). Only in the case of Moldova a steady growth of exports to the EU can be observed. At the same time, it is worth noting that in relative terms for all three countries the EU has become the dominant market: in the case of Georgia and Ukraine exports to the EU constitute about a third of total exports, while for Moldova the share of the EU is much higher and already exceeds 60%. These changes were also associated with trade reorientation away from traditional partners, particularly, Russia.

[1] The author wishes to thank Alexandra Bykova (wiiw) for statistical support.

[2] In the present article the figures for the year 2016 have been updated as compared with Adarov and Havlik (2017), where we also reviewed trade developments.

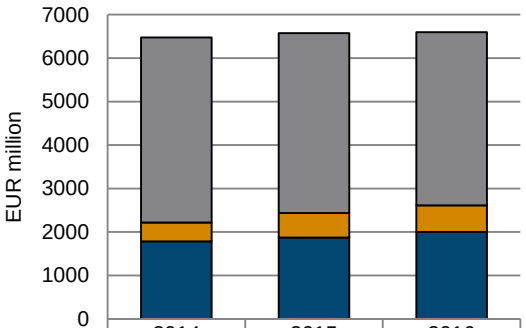
Figure 1 / Recent foreign trade developments in the DCFTA countries

Georgia - exports



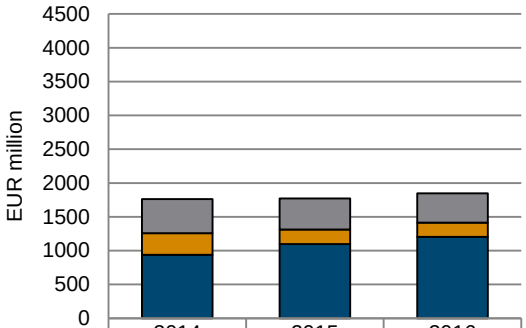
	2014	2015	2016
Other	1476.79	1257.95	1206.76
Russia	206.80	146.72	186.59
EU-28	469.81	581.16	517.31

Georgia - imports



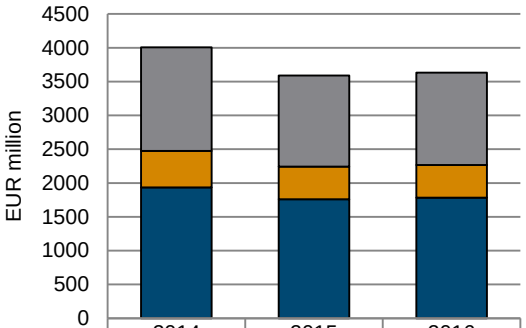
	2014	2015	2016
Other	4255.76	4138.27	3981.53
Russia	433.21	563.02	610.89
EU-28	1785.30	1874.31	2002.85

Moldova - exports



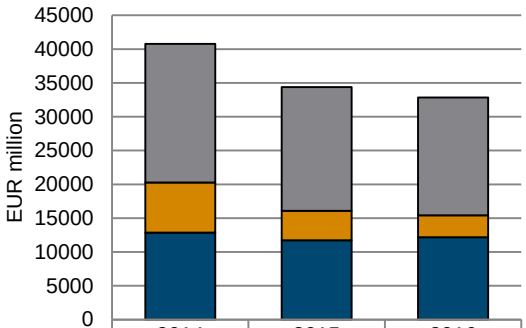
	2014	2015	2016
Other	504.7	457.9	433.2
Russia	319.3	216.7	210.6
EU-28	938.8	1096.3	1203.2

Moldova - imports



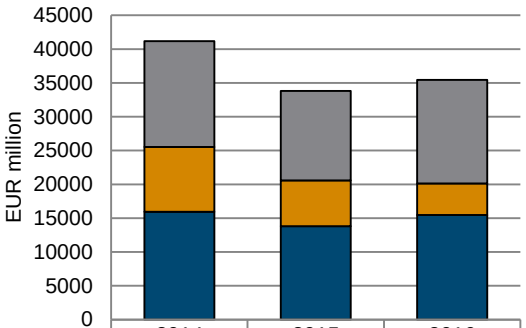
	2014	2015	2016
Other	1531.1	1347.8	1365.4
Russia	540.4	482.3	483.5
EU-28	1934.7	1759.6	1783.0

Ukraine - exports



	2014	2015	2016
Other	20497.3	18288.3	17405.6
Russia	7410.8	4352.7	3244.9
EU-28	12860.0	11734.6	12188.9

Ukraine - imports



	2014	2015	2016
Other	15625.7	13247.8	15317.0
Russia	9605.5	6755.4	4650.5
EU-28	15935.5	13821.7	15480.2

Source: wiiw Annual Database and national statistical offices.

NON-TARIFF MEASURES INCORPORATED IN THE DCFTA

In part such mixed performance in terms of exports to the EU has been the result of business cycle effects as well as commodity price and exchange rate fluctuations given that DCFTA implementation coincided with a rather turbulent period for the beneficiary countries as regards macroeconomic and geopolitical pressures. Yet, as concerns exports from the DCFTA countries to the EU, the role of barriers stemming from the established trade policy framework is also rather important. The DCFTA agreements envision the removal of most barriers to trade (both tariffs and non-tariff measures) and approximation to the EU standards, which will help to modernise the economies of Georgia, Moldova and Ukraine and make them more competitive, provided the envisioned reforms are indeed successfully implemented. In this respect the DCFTA is a much more pragmatic agreement as, unlike conventional free trade agreements, it allows to tackle not only tariffs, but also non-tariff barriers with the assistance of the EU.

However, implementation of the EU standards is rather costly and it is not surprising that businesses in the DCFTA countries are still struggling owing to multiple issues they have been facing, including lack of finance, poor business acumen, lack of awareness of the specific DCFTA content, weak institutions, and generally weak competitiveness. Progress has been made along these dimensions by the local authorities and international donors; for instance, in 2017 a range of awareness campaigns have been launched in the three countries that focus on practical training and implementation issues, in contrast to general vague promotion campaigns that were widespread earlier, as well as an expansion of funding via EIB, EBRD, and initiatives like the DCFTA Facility for SMEs.

Table 1 / Summary of restrictions applied by the EU to imports from the DCFTA countries

	Georgia	Moldova	Ukraine
Tariff rate quotas	garlic	tomatoes, garlic, grapes, applies, plums, grape juice	beef, pork, sheep, poultry, milk and dairy products, eggs, honey, garlic, sugars and syrups, wheat, barley, oats, maize, malt, starches, bran, mushrooms, tomatoes, grape and apple juice, corn, cereal products, ethanol, food preps, cigarettes
Anti-circumvention mechanism	meat, dairy products, eggs, cereals, malt, starches, sugars, bran, sweet corn, sugar, cigarettes	meat, dairy products, eggs, cereals, sugars, sweet corn, sugar, cigarettes	no anti-circumvention mechanism
Entry price regulation	tomatoes, cucumbers, artichokes, courgettes, citric fruit, grapes, apples, pears, apricots, cherries, peaches, plums, nectarines, grape juice and must	cucumbers, artichokes, courgettes, citric fruit, pears, apricots, cherries, peaches, nectarines, grape juice	citric fruit, grapes, apples, pears, apricots, cherries, peaches, plums, nectarines, grape juice and must

Source: Own elaboration.

At the same time, besides the persistent difficulties with complying with the stricter EU production standards, exporters from the beneficiary countries face a number of policy-induced obstacles which still remain even under the DCFTA framework. In particular, the DCFTA agreements envision non-tariff measures in the form of tariff rate quotas (TRQs), anti-circumvention mechanism and entry price regulation imposed on a range of agricultural products. These put restrictions either on the quantity

(TRQ) or the price level (entry price regulation) at which goods can be imported to the EU duty-free: most favoured nation rates are applied beyond the threshold levels (the quantity of imports per se thus is not restricted, but imports become less competitive on account of duties resulting in price markups). The anti-circumvention mechanism relates to the monitoring of imports of the listed goods in order to prevent re-exports from third countries; if exports exceed a pre-specified threshold, the country will have to provide evidence of the capacity to produce and export that amount. Particularly binding are these barriers in the case of Ukraine, while Georgia's foreign trade is much more liberalised in both directions. These restrictions are applied to a range of agri-food sector products (Table 1), which is particularly problematic since this sector is among the few which are de facto competitive in the three DCFTA countries, while manufacturing sectors are largely lagging behind in terms of competitiveness at the global level.

IMPACT OF TRADE RESTRICTIONS ON EXPORTS TO THE EU

As can be seen in Table 2, listing the 'first come – first served' TRQs and their actual utilisation in the three DCFTA countries over the years 2015-2016, issues pertaining to exports to the EU of agricultural products are still significant. The table indicates the amount of annual quotas per each product and the balance at the end of the year, also listing the last date of registered imports under the quota regime. For the ease of interpretation, unused (or underused) quotas and quotas exhausted early (within the first four months) are indicated. As can be seen, most of the annual quotas across the three countries were not used at all or filled less than 10%. The main reason behind this is that producers in the DCFTA countries did not manage to comply with the EU food safety and sanitary and phytosanitary (SPS) standards. On the flipside, in the cases when they did satisfy the EU standards, the TRQs proved to be very restrictive – annual quotas were exhausted very early, often already in the first two months of a year. The latter is mostly relevant for Ukraine, whereas in Moldova and Georgia most of the quotas have not been used.

In 2017 so far the situation looks rather similar: for instance, in the case of Ukraine the annual quota imposed on honey exports was exhausted already in the first two weeks of January and quotas on frozen poultry, sugar and tomatoes were exhausted in the first quarter of the year. The established EU quotas are in general rather limiting compared to the actual production capacity of most export items in DCFTA countries. For instance, the annual frozen poultry quota for Ukraine (managed via agricultural TRQ regulations via import licences) set at the initial level of 16 thousand tonnes, increasing gradually to 20 thousand tonnes over the transition period, is clearly highly restrictive given that the country produces over a million tonnes per year.

Table 2 / Utilisation of tariff rate quotas in the DCFTA countries, 2015-2016

Importer	Product description*	2015						2016					
		TRQ vol. th. kg*	Vol. imported	EOP balance	Last import date	Filled early	Unused	TRQ vol. th. kg*	Vol. imported	EOP balance	Last import date	Filled early	Unused
Georgia	Garlic, fresh or chilled	220.0	0.0	220.0			1	220.0	0.0	220.0			1
Moldova	Fresh, chilled and frozen meat of bovine animals…	4000.0	0.0	4000.0			1						
	Meat and edible offal of the poultry of heading 0105	500.0	0.0	500.0			1						
	Meat and edible meat offal of swine and bovine…	500.0	0.0	500.0			1						
	Bird's eggs, in shell	120000.0	0.0	120000.0			1						
	Bird's eggs, not in shell and egg yolks…	300.0	0.0	300.0			1						
	Common wheat	65000.0	41943.2	23056.8	15/12/2015								
	Barley	60000.0	0.0	60000.0			1						
	Maize	55000.0	18585.5	36414.5	26/04/2015								
	Sausages and similar products, of meat …	600.0	0.0	600.0			1						
	White sugar	34000.0	7874.9	26125.1	29/07/2015								
	Fresh table grapes	10000.0	1099.3	8900.7	17/12/2015								
	Fresh apples (at the exception of cider apples …	40000.0	142.8	39857.2	02/12/2015		1						
	Fresh plums	10000.0	2228.4	7771.6	14/12/2015								
	Tomatoes, fresh or chilled	2000.0	0.0	2000.0			1	2000.0	0.0	2000.0			1
	Garlic, fresh or chilled	220.0	0.0	220.0			1	220.0	0.0	220.0			1
	Table grapes, fresh	10000.0	40.2	9959.8	02/11/2015		1	10000.0	10000.0	0.0	11/12/2016		
	Apples, fresh (excluding cider apples, in bulk …	40000.0	293.5	39706.5	09/03/2015		1	40000.0	38.1	39961.2	11/11/2016		1
	Plums, fresh	10000.0	708.5	9291.5	23/11/2015		1	10000.0	7533.7	2466.3	21/11/2016		
	Grape juice (including grape must), unfermented …	500.0	0.0	500.0			1	500.0	0.0	500.0			1
Ukraine	Sheep legs, other cuts with bone in …	1500.0	0.0	1500.0			1	1500.0	0.0	1500.0			1
	Natural honey	5000.0	5000.0	0.0	04/01/2015	1		5000.0	5000.0	0.0	04/01/2016	1	
	Raw beet sugar not containing added flavouring …	20070.0	19851.0	219.0	27/11/2015			20070.0	20070.0	0.0	17/02/2016	1	
	Glucose and glucose syrup, not containing fructose	10000.0	591.7	9408.3	16/12/2015		1	10000.0	5929.3	4070.7	28/12/2016		
	Flavoured or coloured isoglucose syrups …	2000.0	0.0	2000.0			1	2000.0	0.0	2000.0			1
	Barley groats, Groats and meals of cereals …	6300.0	6300.0	0.0	08/04/2015	1		6300.0	6300.0	0.0	29/02/2016	1	
	Malt, whether or not roasted …	7000.0	5104.0	1896.0	06/11/2015			7000.0	7000.0	0.0	23/05/2016		
	Wheat starch, Maize starch, Potato starch	10000.0	919.6	9080.4	07/12/2015		1	10000.0	1898.0	8102.0	27/12/2016		
	Dextrins and other modified starches …	1000.0	0.0	1000.0			1	1000.0	0.0	1000.0			1
	Bran, sharps and other residues, …	16000.0	3436.4	12563.6	16/12/2015			17000.0	7286.3	9713.7	29/12/2016		
	Mushrooms of the genus Agaricus preserved …	500.0	0.0	500.0			1	500.0	0.3	499.7	24/10/2016		1
	Tomatoes prepared or preserved …	10000.0	10000.0	0.0	25/09/2015			10000.0	10000.0	0.0	16/03/2016	1	
	Grape juice (including grape must)…	10000.0	10000.0	0.0	05/10/2015			10000.0	10000.0	0.0	04/01/2016	1	
	Butter milk, curdled milk and cream, …	2000.0	0.0	2000.0			1	2000.0	0.0	2000.0			1
	Dairy spreads of a fat content, 39% -75%	250.0	0.0	250.0			1	250.0	0.0	250.0			1
	Sweetcorn	1500.0	6.1	1493.9	16/11/2015		1	1500.0	13.1	1487.0	30/12/2016		1
	Chemically pure fructose …	2000.0	319.7	1680.3	15/12/2015			2000.0	338.8	1661.2	24/12/2016		
	Tapioca and substitutes …	2000.0	0.0	2000.0			1	2000.0	54.7	1945.3	18/07/2016		1
	Chocolate milk crumb …	300.0	0.0	300.0			1	300.0	73.3	226.7	16/09/2016		
	Other food preparations not elsewhere specified	2000.0	7.2	1992.8	14/12/2015		1	2000.0	5.2	1994.8	31/10/2016		1
	Undenatured ethyl alcohol …	27000.0	1149.7	25850.3	17/12/2015		1	27000.0	1889.3	25110.7	19/12/2016		1
	Cigars, cheroots and cigarillos …	2500.0	0.0	2500.0			1	2500.0	0.0	2500.0			1
	Mannitol, D-glucitol (sorbitol) …	100.0	0.0	100.0			1	100.0	0.0	100.0			1
	Finishing agents, dye carriers …	2000.0	0.0	2000.0			1	2000.0	0.0	2000.0			1
	Garlic, fresh or chilled	500.0	44.0	456.0	16/09/2015		1	500.0	49.2	450.8	12/11/2016		1
	Oats	4000.0	4000.0	0.0	04/11/2015			4000.0	4000.0	0.0	11/04/2016	1	

Note: 'First come – first served quotas' are listed. Product titles are truncated for brevity; * - thousands kg, except for 'Birds' eggs in shell', measured in units (thousands) rather than kilogrammes. 'filled early' = 1 if the quota is exhausted in the first 4 months of a year; 'unused' = 1 if < 10% of the quota is used by the end of the period. The table shows the quota volume for the given year as specified in the agreements, the actual volume imported under the quota at the end of the period (last date of imports is listed) and the end-of-period (EOP) balance of the quota.
Source: Own elaboration.

CONCLUDING REMARKS

The DCFTA has a great potential to facilitate much closer integration of the beneficiary countries with the EU. At the same time, the initial stages of DCFTA implementation are particularly challenging in light of multiple issues that need to be tackled. Addressing bottlenecks that hinder exports from the DCFTA countries to the large EU market is among the key priorities that should be dealt with as soon as possible. Additional support from the EU institutions is essential in this respect owing to significant issues that the countries still have in terms of institutional setup, particularly corruption in the case of Ukraine and Moldova. Even after full compliance with the EU standards is achieved, non-tariff barriers to trade imposed on agricultural products will limit the actual depth of the free trade between DCFTA countries and the EU. Therefore, in light of the heavy burden the DCFTA countries face at the initial stages of DCFTA implementation, aggravated by the difficult macroeconomic and geopolitical environment, in Adarov and Havlik (2016) we proposed, among many other measures, lifting or at least relaxing temporarily the restrictions on imports from DCFTA countries to the EU.

Apparently such issues do not go unnoticed by the regulators and some progress has been made recently in alleviating the TRQs for Ukraine. In September 2017, the EU expanded quotas on certain agri-food products from Ukraine: tomatoes, wheat, honey and corn for the period of three years.[3] The quotas still remain rather binding and much below the production capacity of the country, but nevertheless it is a very welcome progress. In general, much more efforts need to be made to improve the competitiveness of the DCFTA producers as even after compliance with the EU standards finding a market niche in the highly competitive European markets will be an uphill battle.

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[3] In particular, the quota for tomatoes was increased by 3 thousand tonnes, wheat by 65 thousand tonnes, corn by 625 thousand tonnes, and honey by 2.5 thousand tonnes. See the related European Commission Statement of 29/09/2017: http://europa.eu/rapid/press-release_STATEMENT-17-3482_en.htm

The editors recommend for further reading*

A debate on corporate tax cuts

Paul Krugman:
https://krugman.blogs.nytimes.com/2017/10/21/some-misleading-geometry-on-corporate-taxes-wonkish/?smid=tw-share

Larry Summers:
http://larrysummers.com/2017/10/22/one-last-time-on-who-benefits-from-corporate-tax-cuts/

Greg Mankiw: http://gregmankiw.blogspot.co.at/

John Cochrane: http://johnhcochrane.blogspot.co.at/2017/10/gregs-algebra.html

Casey Mulligan:
http://caseymulligan.blogspot.co.at/2017/10/furman-and-summers-revoke-summers.html

Mulligan references to DeLong and Summers:
http://faculty.econ.ucdavis.edu/faculty/gclark/210a/readings/Delong-Summers.pdf and also Lucas:
http://piketty.pse.ens.fr/files/oldfichiers051211/enseig/ecoineg/articl/Lucas1990.pdf

Macroeconomic policy

Noah Smith:
https://www.bloomberg.com/view/articles/2017-10-17/fixing-macroeconomics-will-be-really-hard

Simon Wren Lewis:
https://mainlymacro.blogspot.co.at/2017/10/the-lesson-monetary-policy-needs-to.html

Martin Sandbu:
http://equitablegrowth.org/equitablog/must-read-martin-sandbu-bolder-rethinking-needed-on-macroeconomic-policy/

Money

Digital currency: http://voxeu.org/article/benefits-central-bank-digital-currency/

Sweden going cashless: https://thefinanser.com/2017/04/sweden-going-cashless.html/

Former Yugoslavia

New book: http://www.yuhistorija.com/yug_idea.html

* Recommendation is not necessarily endorsement. The editors are grateful to Vladimir Gligorov for his valuable contribution to this section.

Monthly and quarterly statistics for Central, East and Southeast Europe

Starting from **September 2017** the Statistical Annex has acquired a new look with a modified set of graphs. Additional indicators and altered combinations of time series offer a more comprehensive picture of short-term economic trends, and their identification becomes easier and faster.

The monthly and quarterly statistics cover **20 countries** of the CESEE region. The graphical form of presenting statistical data is intended to facilitate the **analysis of short-term macroeconomic developments**. The set of indicators captures trends in the real and monetary sectors of the economy, in the labour market, as well as in the financial and external sectors.

Baseline data and a variety of other monthly and quarterly statistics, **country-specific** definitions of indicators and **methodological information** on particular time series are **available in the wiiw Monthly Database** under: **https://data.wiiw.ac.at/monthly-database.html**. Users regularly interested in a certain set of indicators may create a personalised query which can then be quickly downloaded for updates each month.

Conventional signs and abbreviations used

%	per cent
ER	exchange rate
GDP	Gross Domestic Product
HICP	Harmonized Index of Consumer Prices (for new EU Member States)
LFS	Labour Force Survey
NPISHs	Non-profit institutions serving households
p.a.	per annum
PPI	Producer Price Index
reg.	registered

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	RSD	Serbian dinar
BAM	Bosnian convertible mark	KZT	Kazakh tenge	RUB	Russian rouble
BGN	Bulgarian lev	MKD	Macedonian denar	TRY	Turkish lira
CZK	Czech koruna	PLN	Polish zloty	UAH	Ukrainian hryvnia
HRK	Croatian kuna	RON	Romanian leu		

EUR euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Latvia (from January 2014, euro-fixed before), Lithuania (from January 2015, euro-fixed before), Slovakia (from January 2009, euro-fixed before) and Slovenia (from January 2007, euro-fixed before).

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

Online database access

wiiw Annual Database

wiiw Monthly Database

wiiw FDI Database

The wiiw databases are accessible via a simple web interface, with only one password needed to access all databases (and all wiiw publications).

You may access the databases here: https://data.wiiw.ac.at.

If you have not yet registered, you can do so here: https://wiiw.ac.at/register.html.

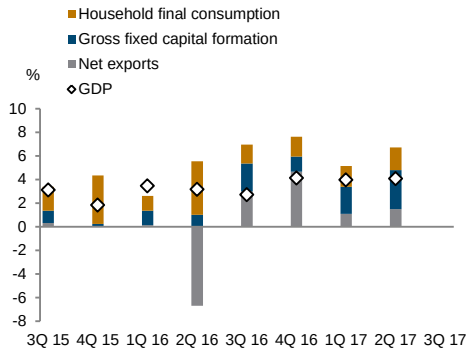
Service package available

We offer an additional service package that allows you to access all databases – a Premium Membership, at a price of € 2,300 (instead of € 2,000 as for the Basic Membership). Your usual package will, of course, remain available as well.

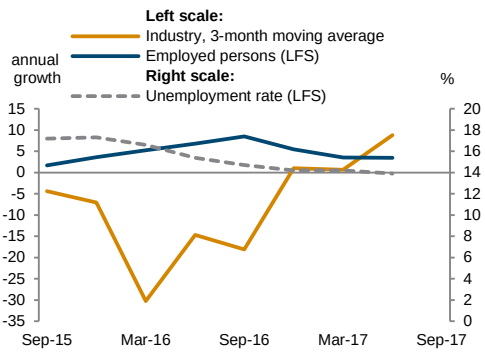
For more information on database access for Members and on Membership conditions, please contact Ms. Gabriele Stanek (stanek@wiiw.ac.at), phone: (+43-1) 533 66 10-10.

Albania

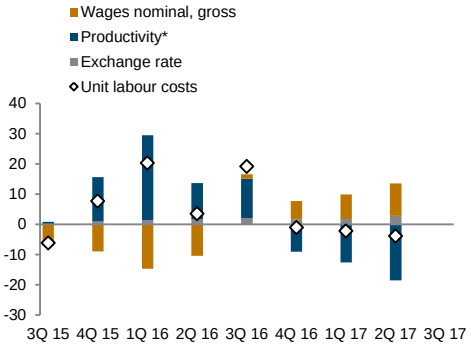
Real GDP growth and contributions
year-on-year



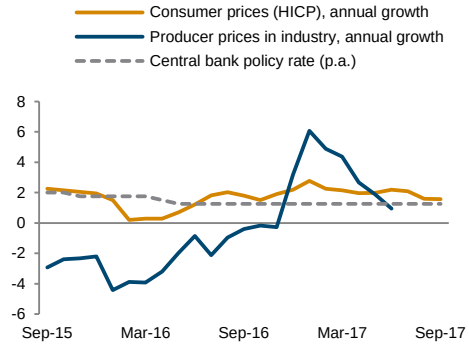
Real sector development
in %



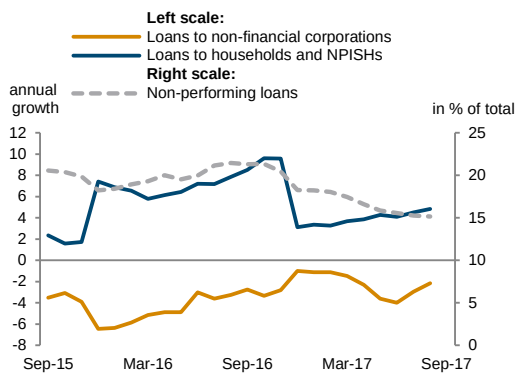
Unit labour costs in industry
annual growth rate in %



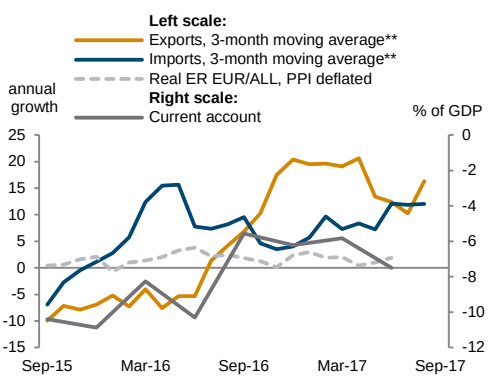
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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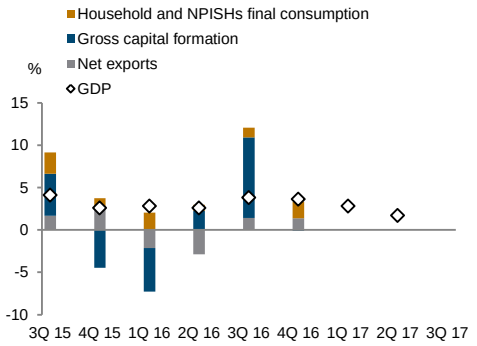
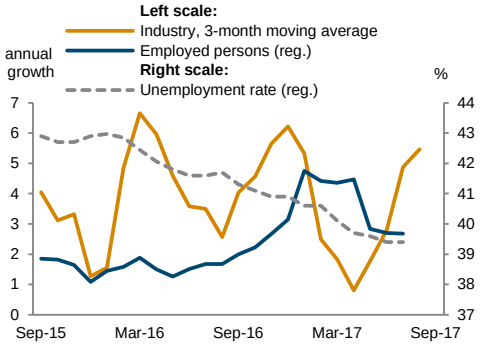
Bosnia and Herzegovina

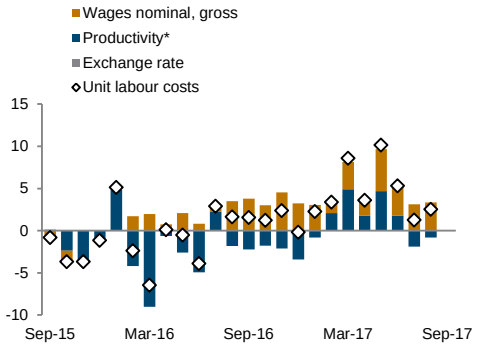
Real GDP growth and contributions
year-on-year



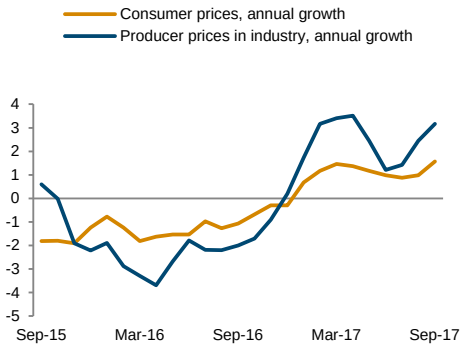
Real sector development
in %



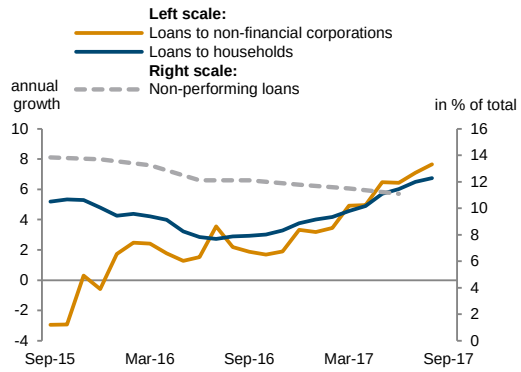
Unit labour costs in industry
annual growth rate in %



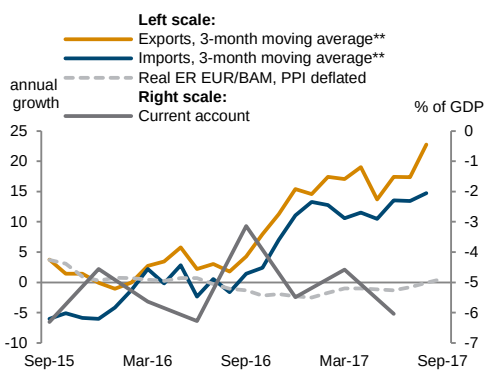
Inflation
in %



Financial indicators
in %



External sector development
in %



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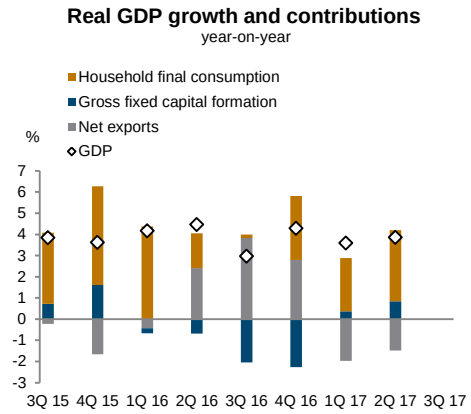
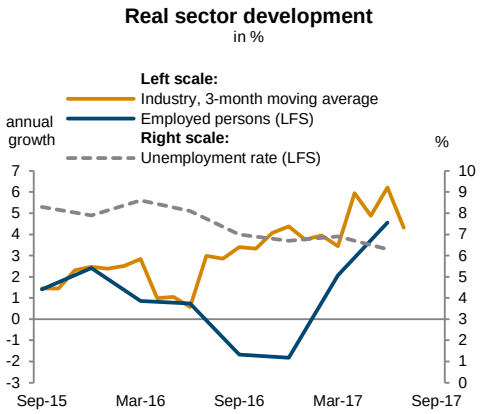
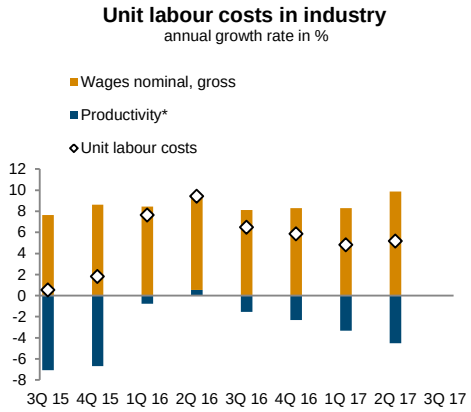
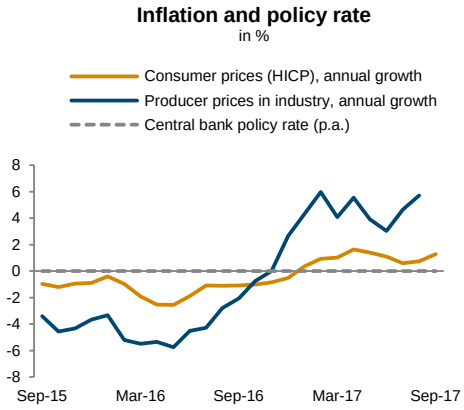
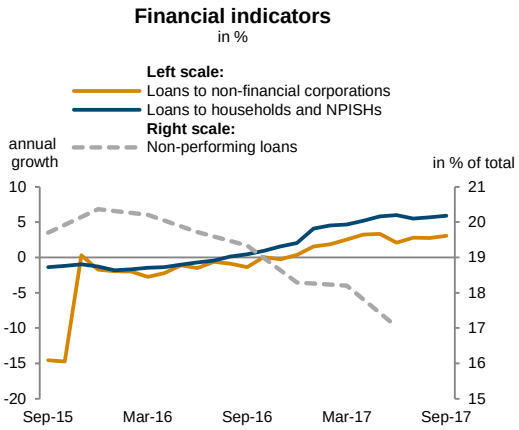
Bulgaria

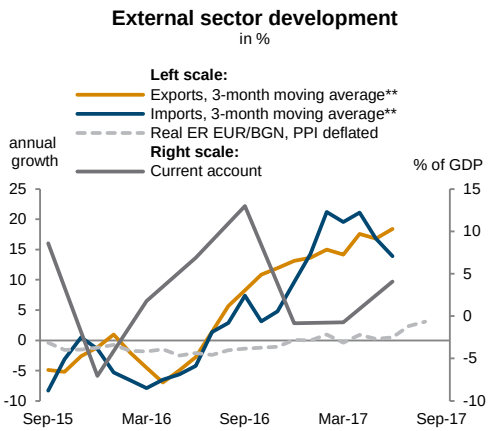












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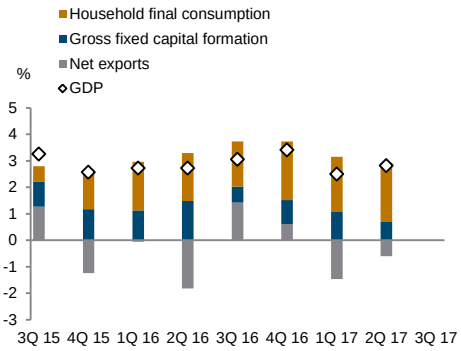
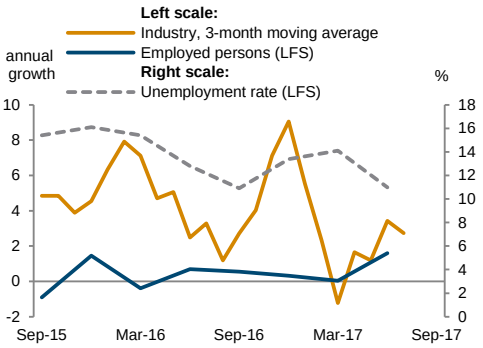
Croatia

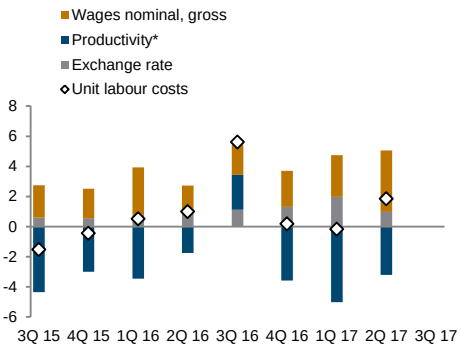
Real GDP growth and contributions
year-on-year



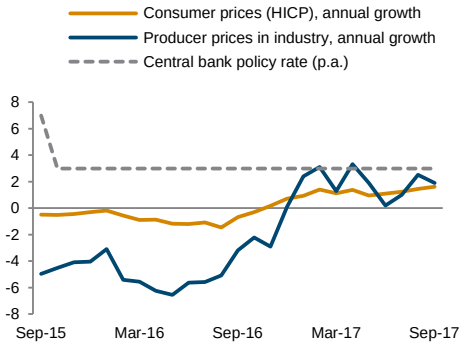
Real sector development
in %



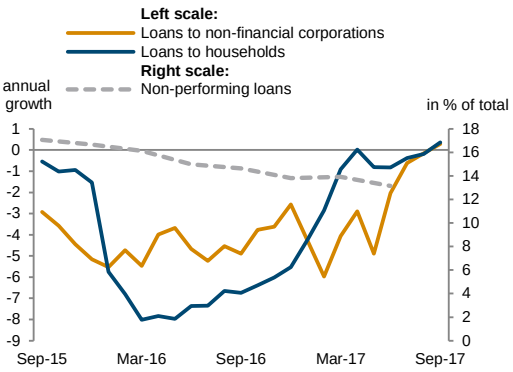
Unit labour costs in industry
annual growth rate in %



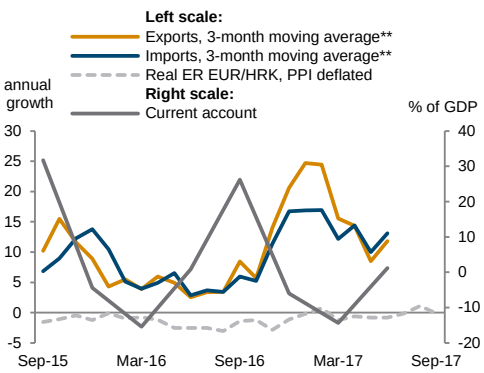
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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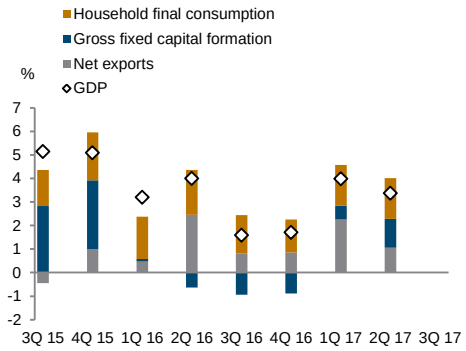
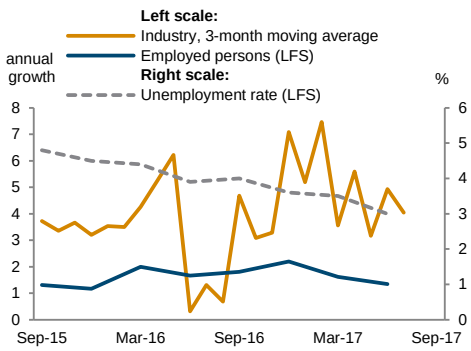
Czech Republic

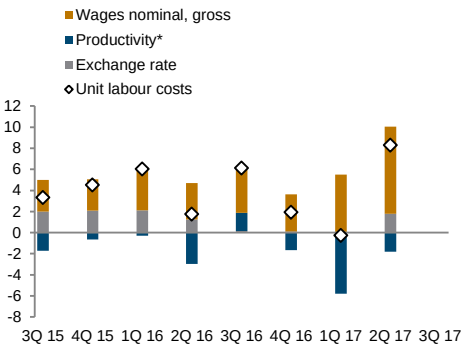
Real GDP growth and contributions
year-on-year



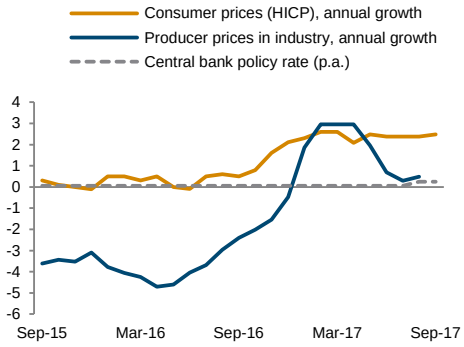
Real sector development
in %



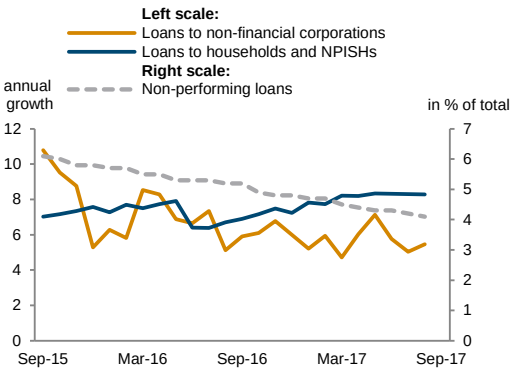
Unit labour costs in industry
annual growth rate in %



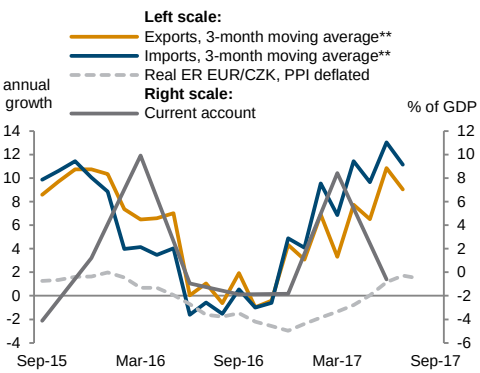
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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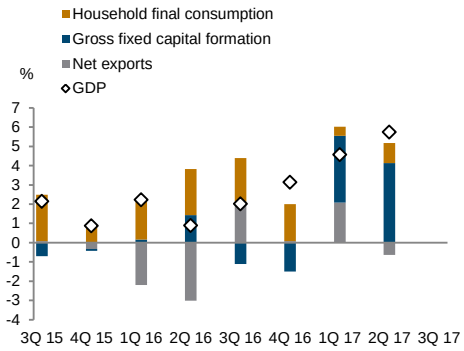
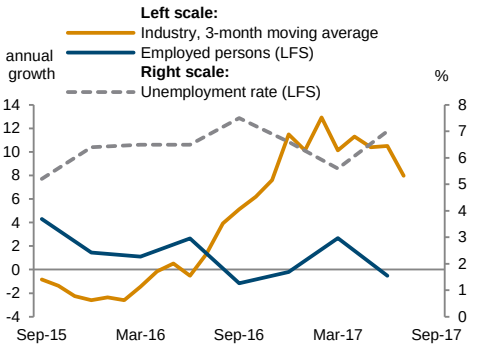
Estonia

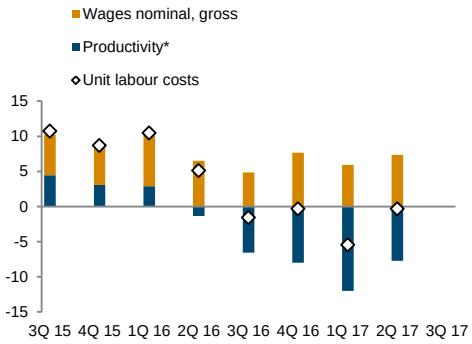
Real GDP growth and contributions
year-on-year



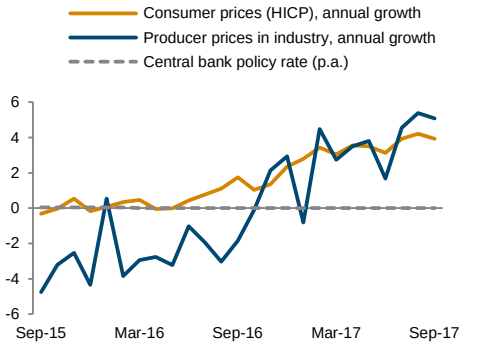
Real sector development
in %



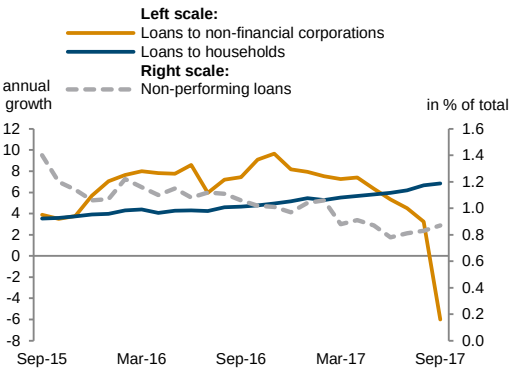
Unit labour costs in industry
annual growth rate in %



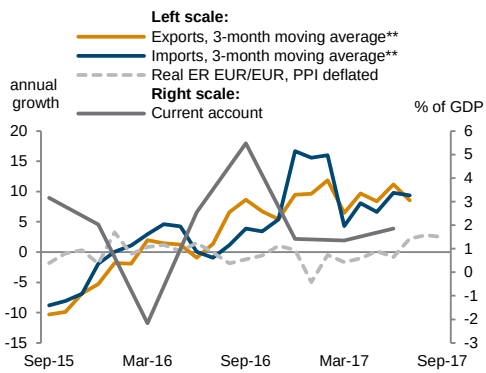
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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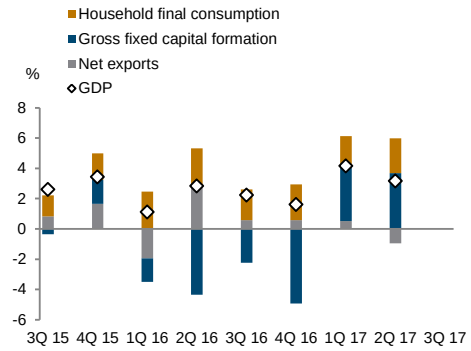
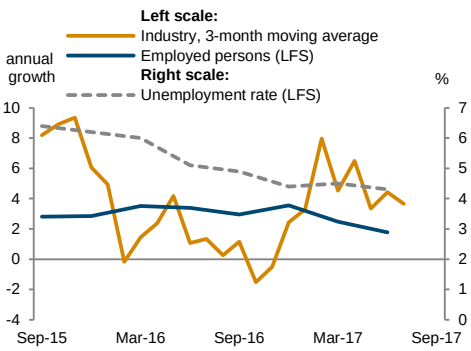
Hungary

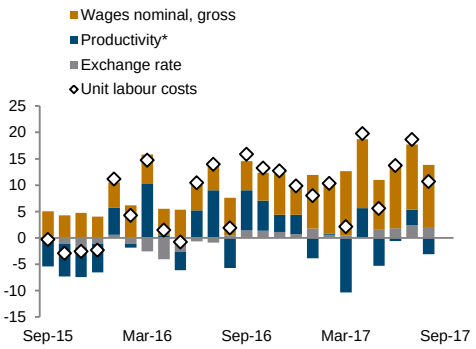
Real GDP growth and contributions
year-on-year



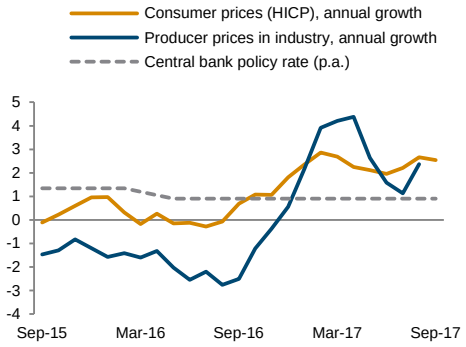
Real sector development
in %



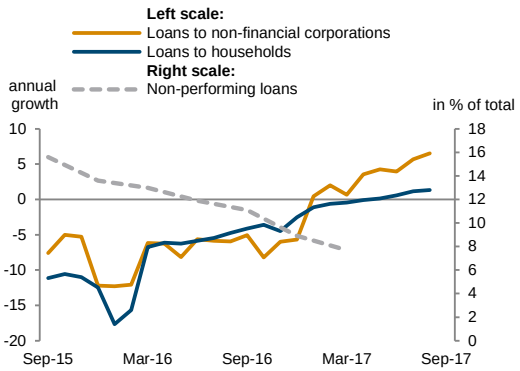
Unit labour costs in industry
annual growth rate in %



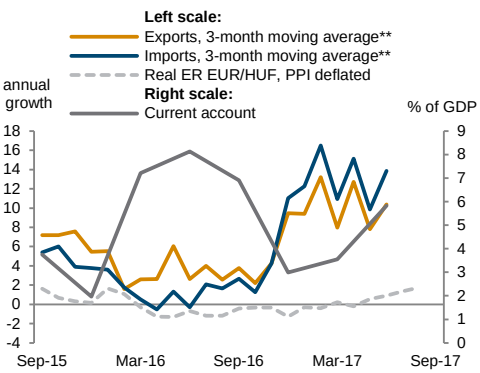
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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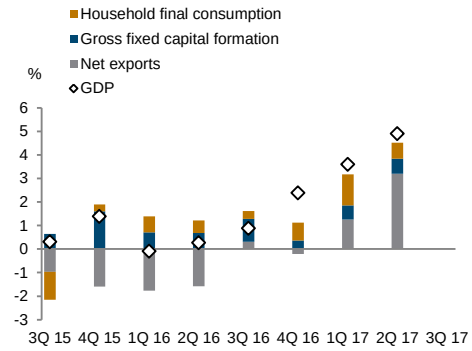
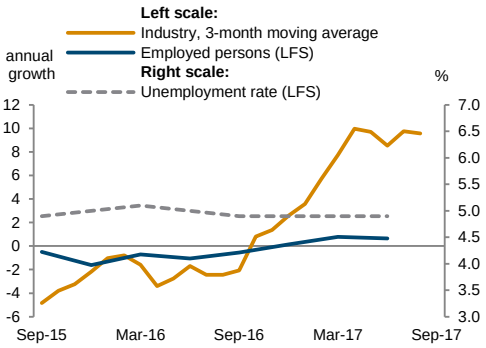
Kazakhstan

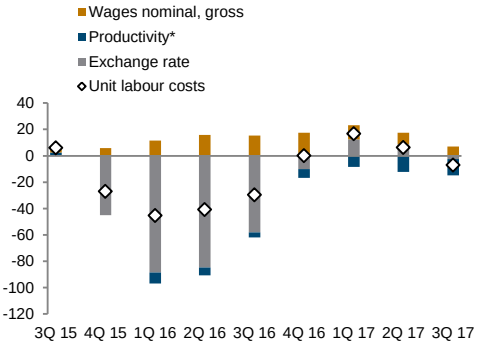
Real GDP growth and contributions
year-on-year



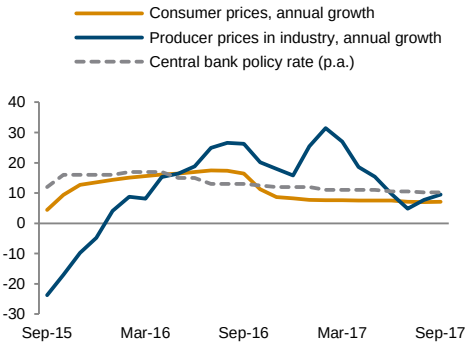
Real sector development
in %



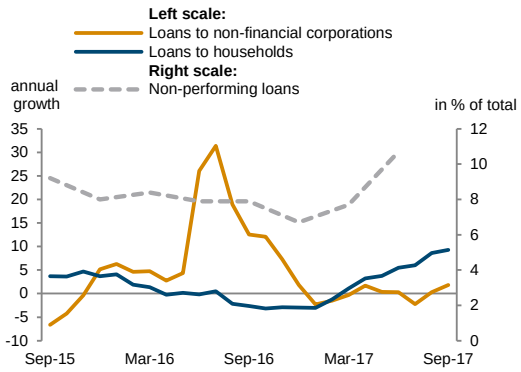
Unit labour costs in industry
annual growth rate in %



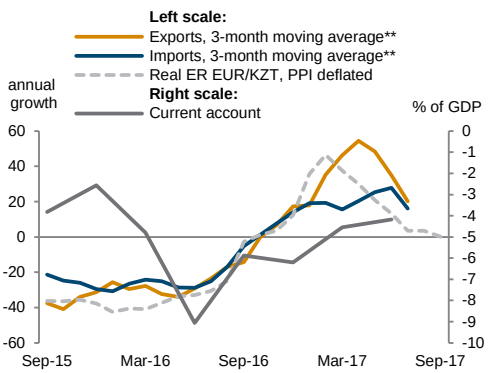
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
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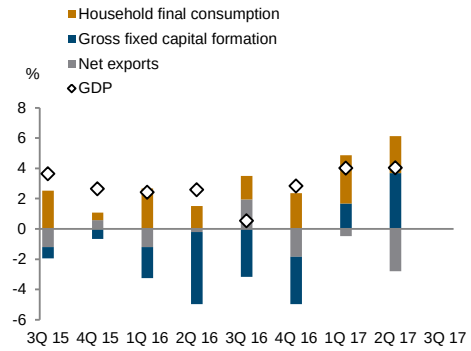
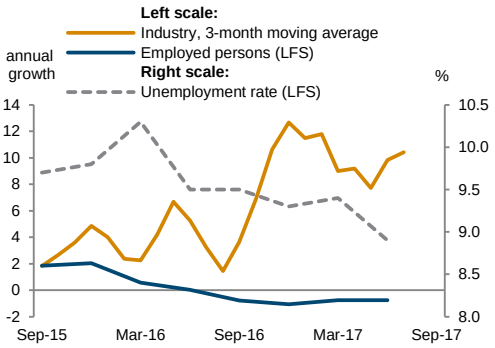
Latvia

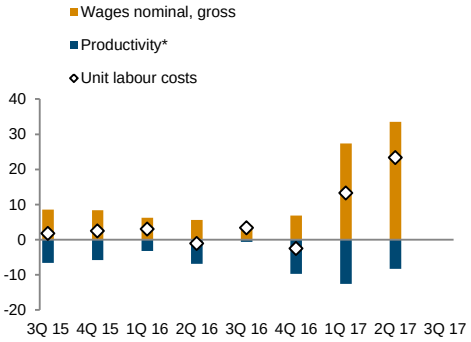
Real GDP growth and contributions
year-on-year



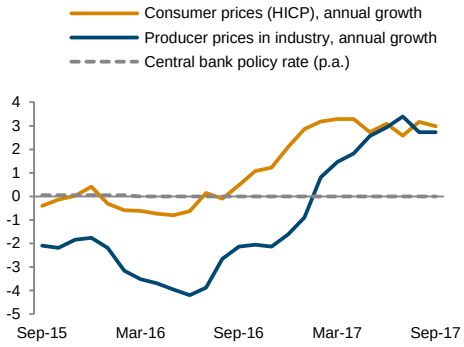
Real sector development
in %



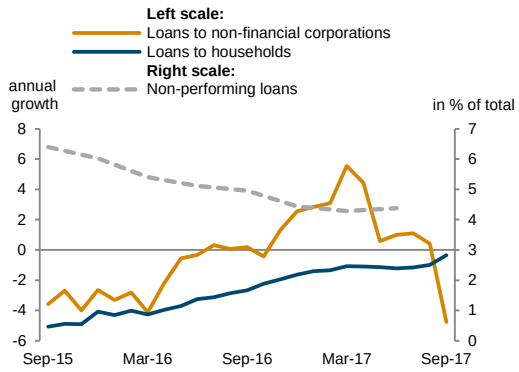
Unit labour costs in industry
annual growth rate in %



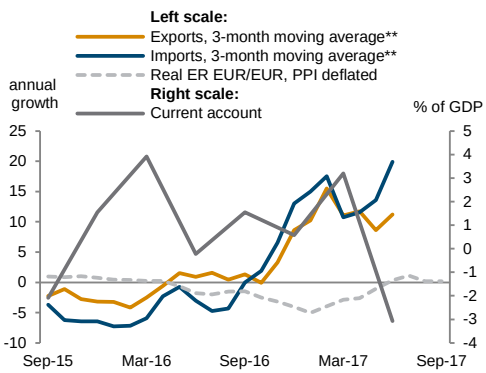
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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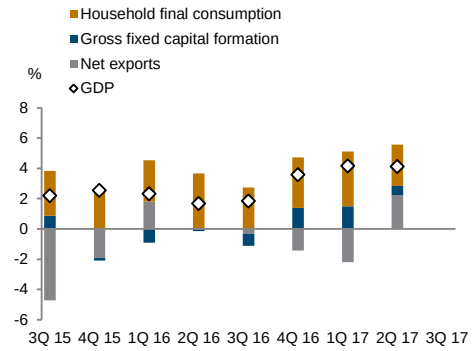
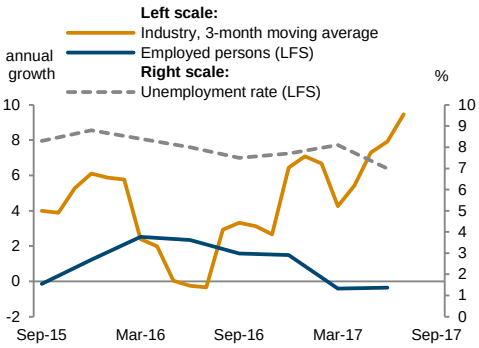
Lithuania

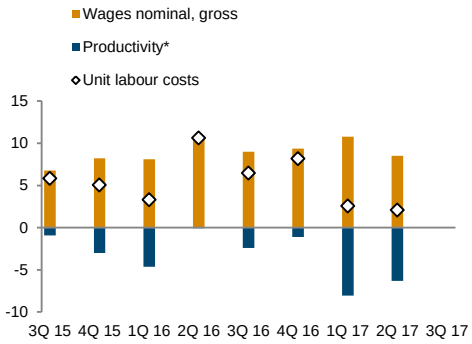
Real GDP growth and contributions
year-on-year



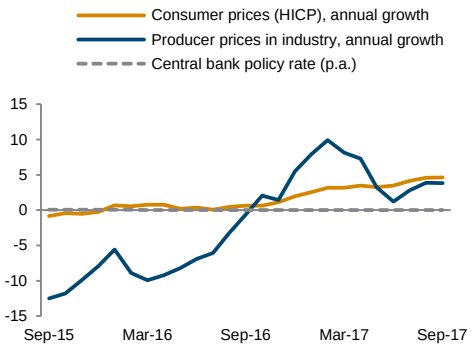
Real sector development
in %



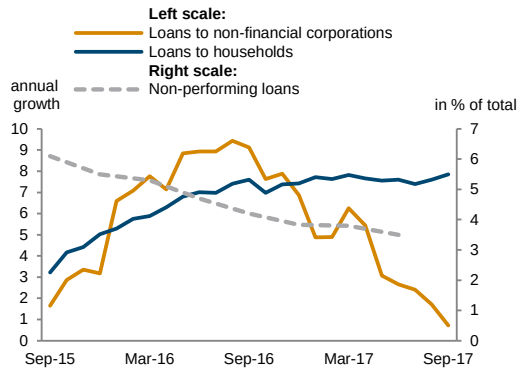
Unit labour costs in industry
annual growth rate in %



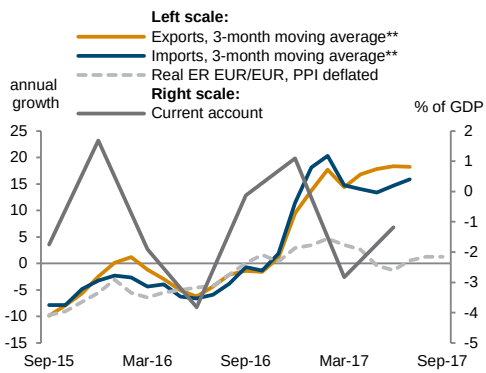
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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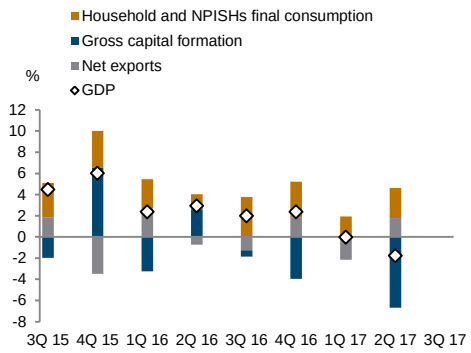
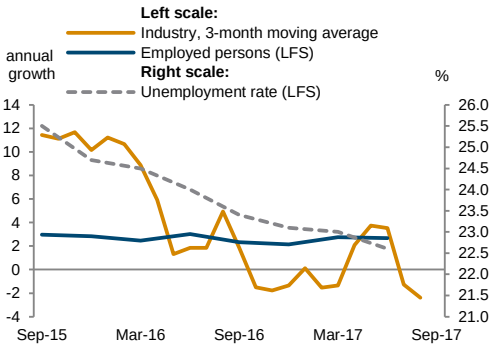
Macedonia

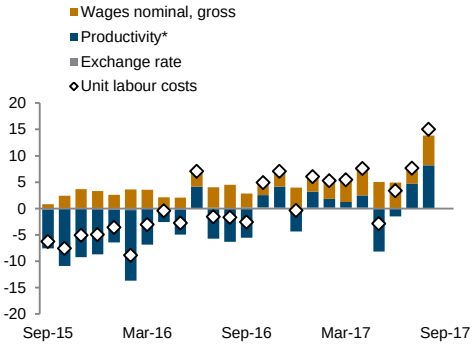
Real GDP growth and contributions
year-on-year



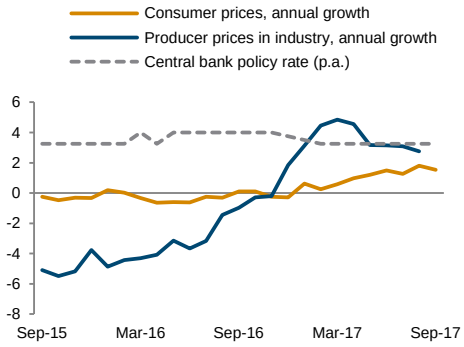
Real sector development
in %



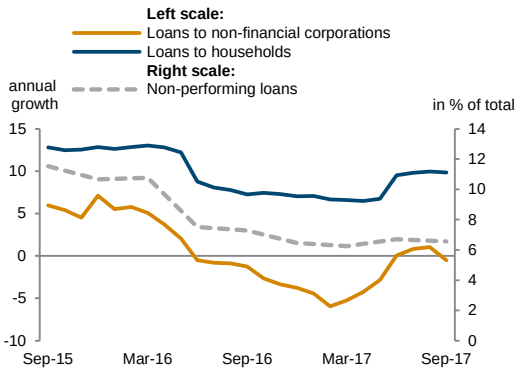
Unit labour costs in industry
annual growth rate in %



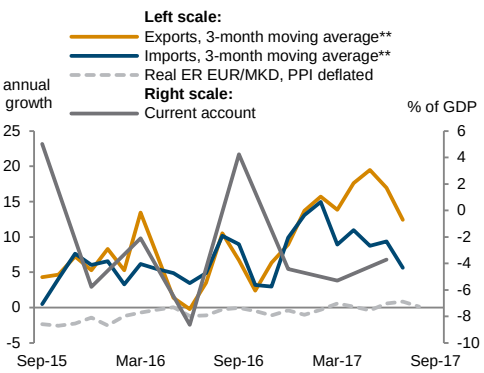
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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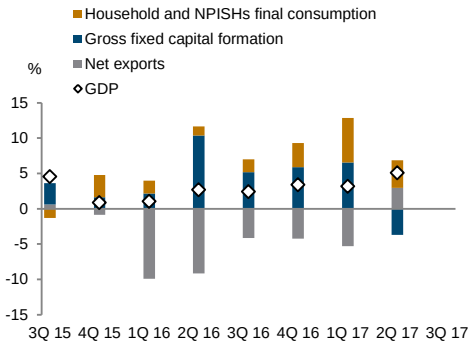
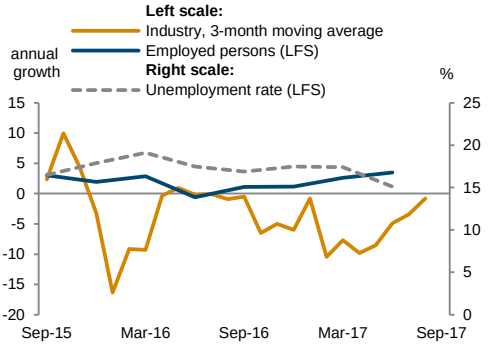
Montenegro

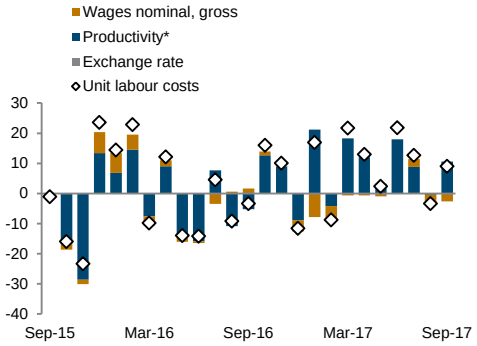
Real GDP growth and contributions
year-on-year



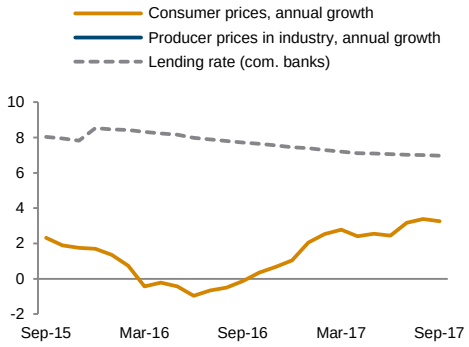
Real sector development
in %



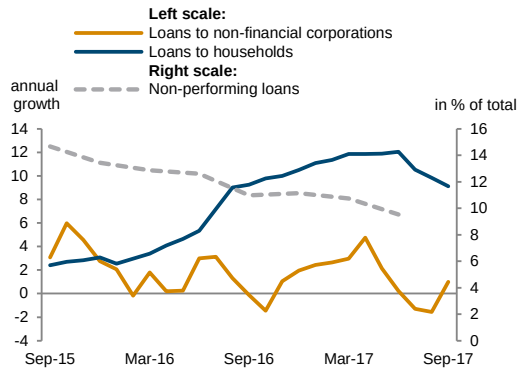
Unit labour costs in industry
annual growth rate in %



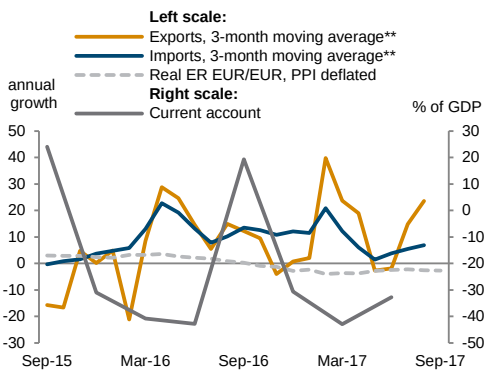
Inflation and lending rate
in %



Financial indicators
in %



External sector development
in %



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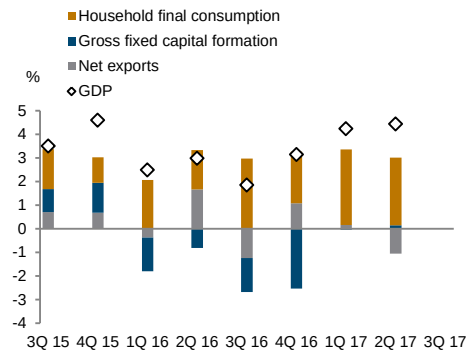
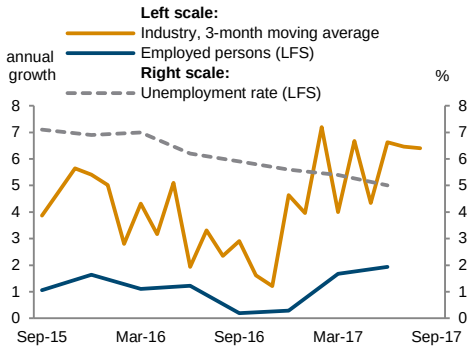
Poland

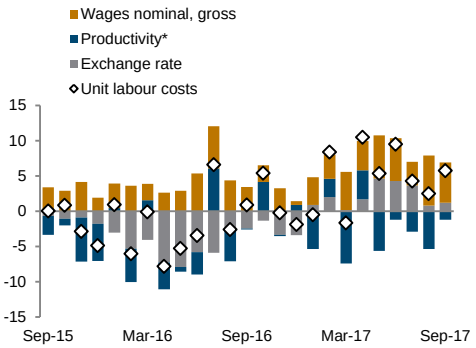
Real GDP growth and contributions
year-on-year



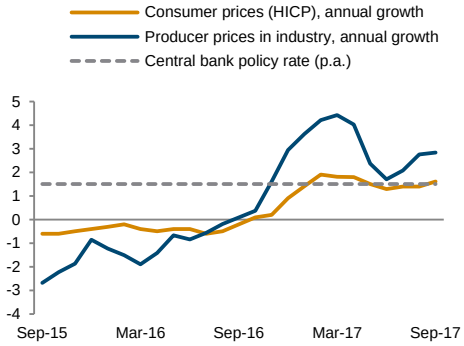
Real sector development
in %



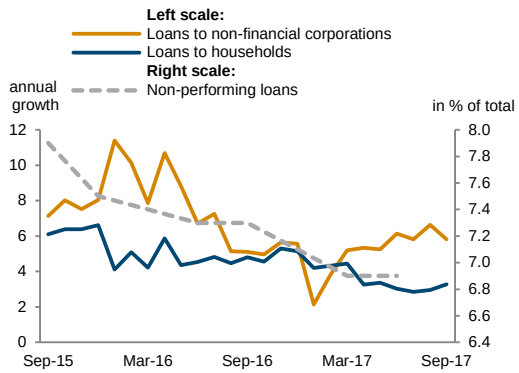
Unit labour costs in industry
annual growth rate in %



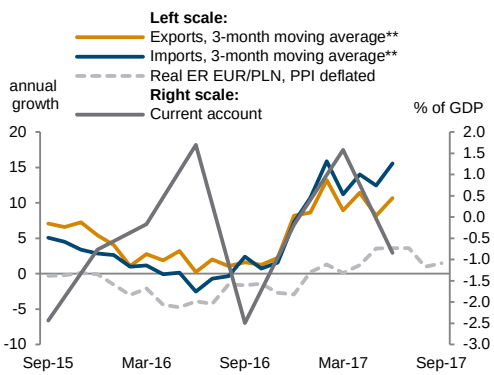
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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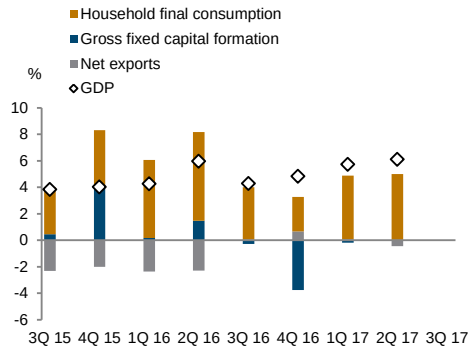
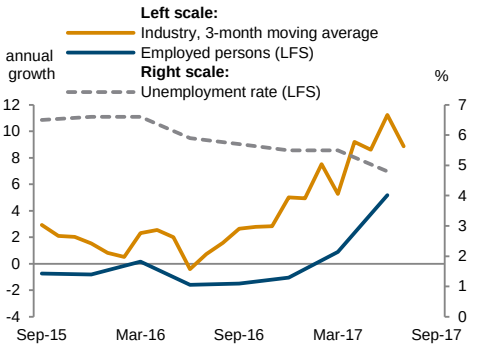
Romania

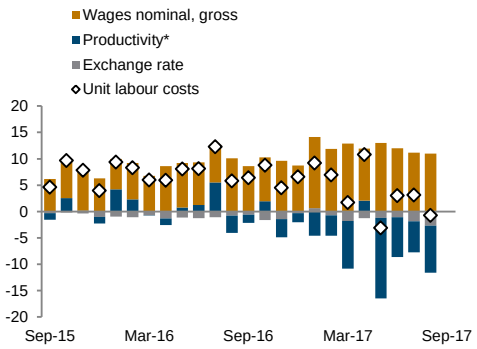
Real GDP growth and contributions
year-on-year



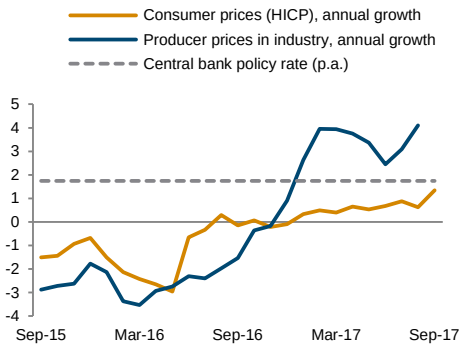
Real sector development
in %



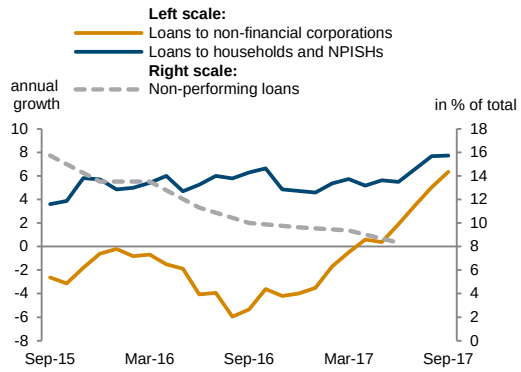
Unit labour costs in industry
annual growth rate in %



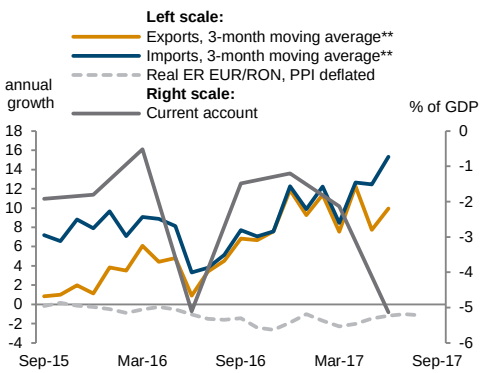
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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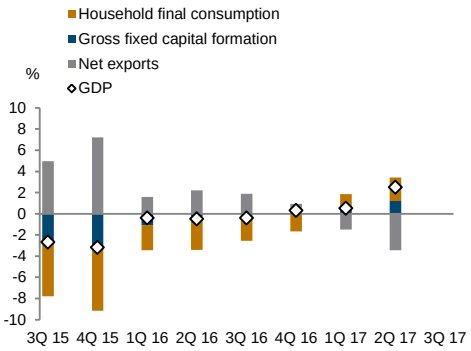
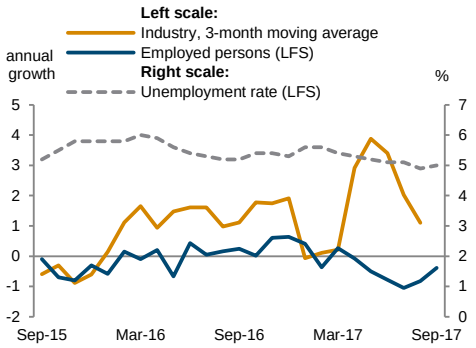
Russia

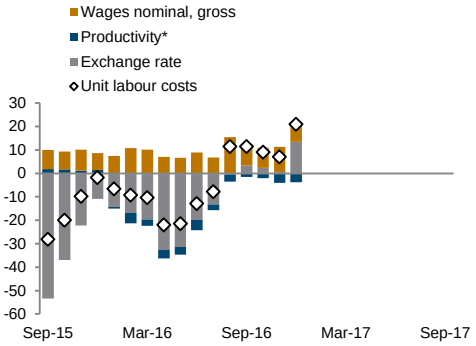
Real GDP growth and contributions
year-on-year



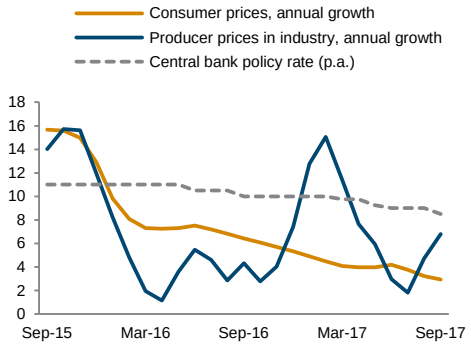
Real sector development
in %



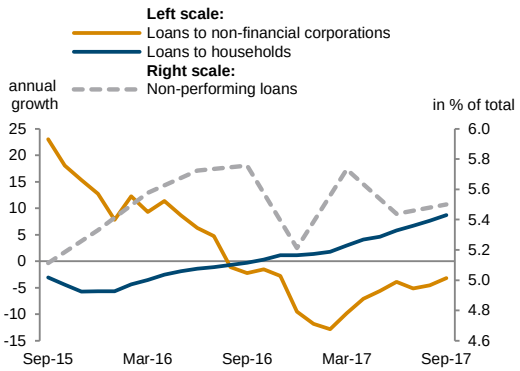
Unit labour costs in industry
annual growth rate in %



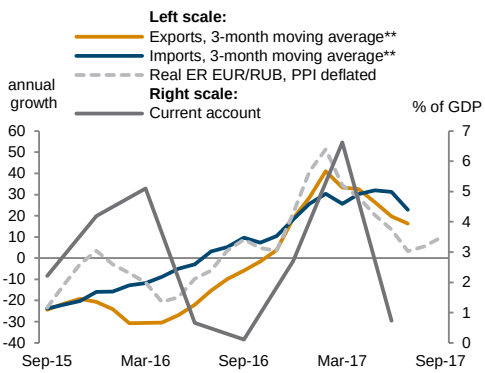
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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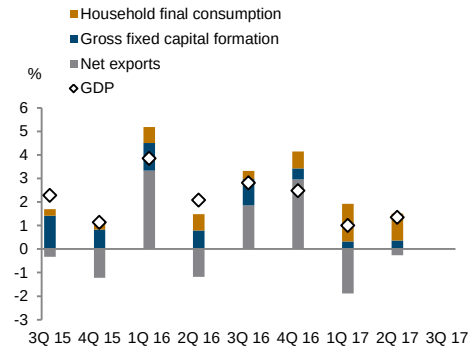
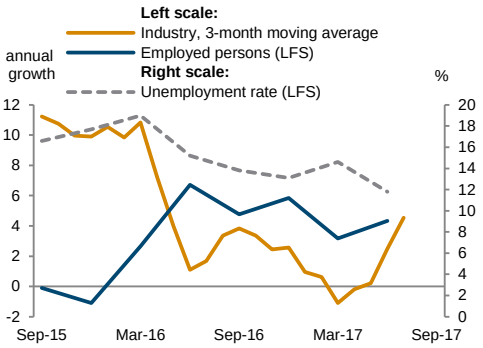
Serbia

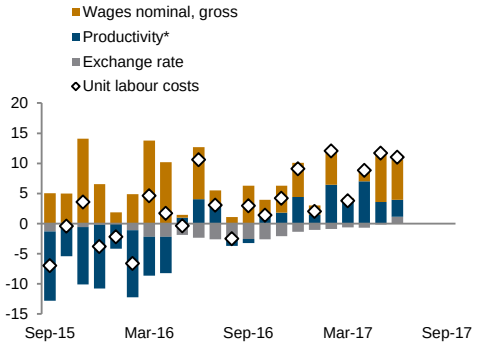
Real GDP growth and contributions
year-on-year



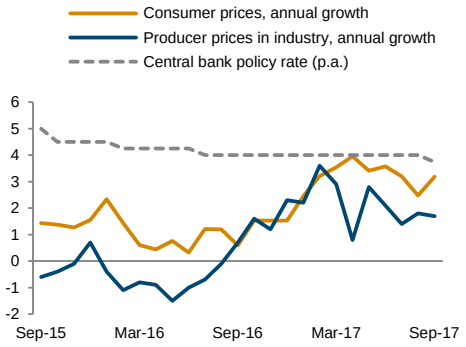
Real sector development
in %



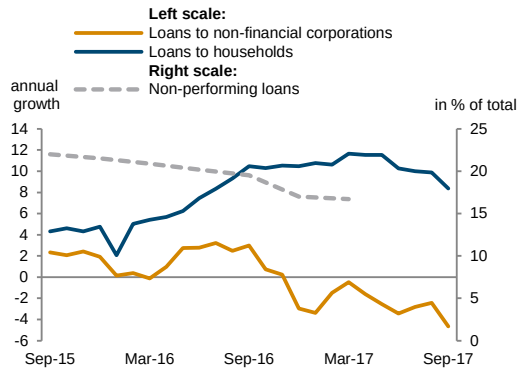
Unit labour costs in industry
annual growth rate in %



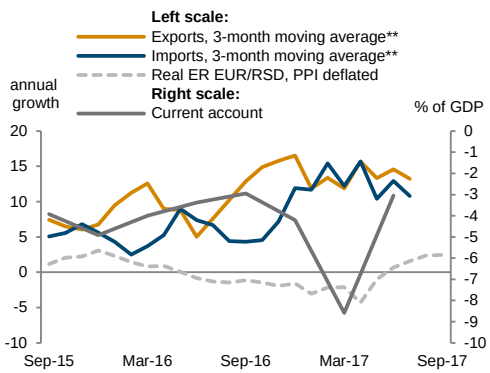
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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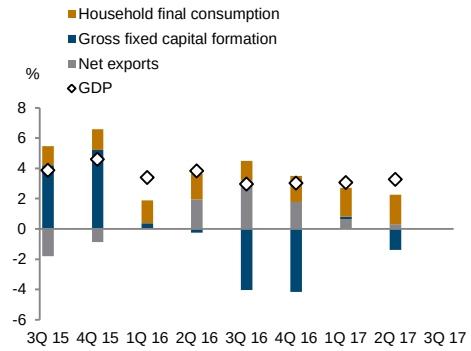
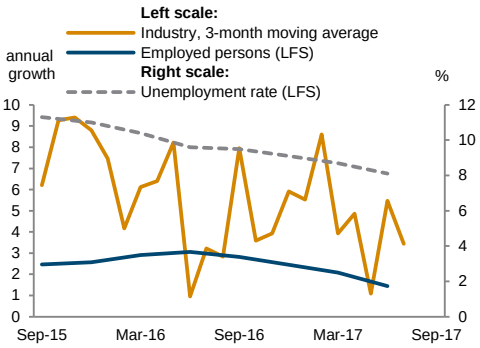
Slovakia

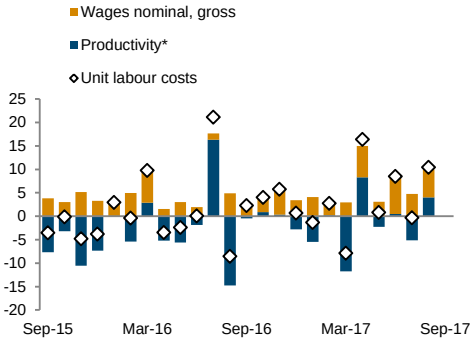
Real GDP growth and contributions
year-on-year



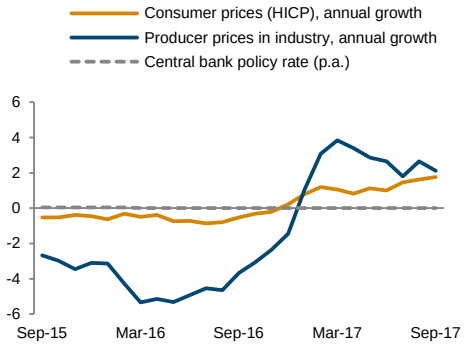
Real sector development
in %



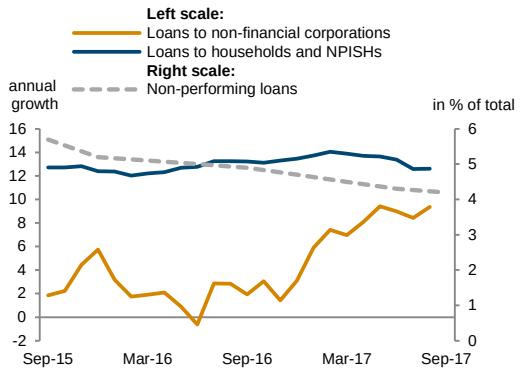
Unit labour costs in industry
annual growth rate in %



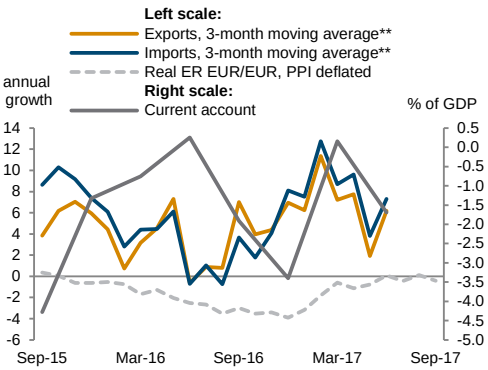
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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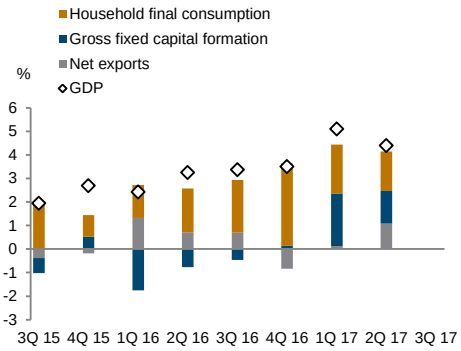
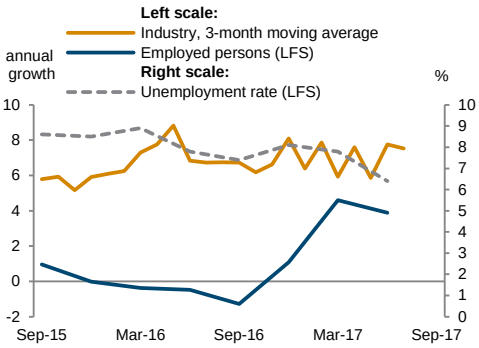
Slovenia

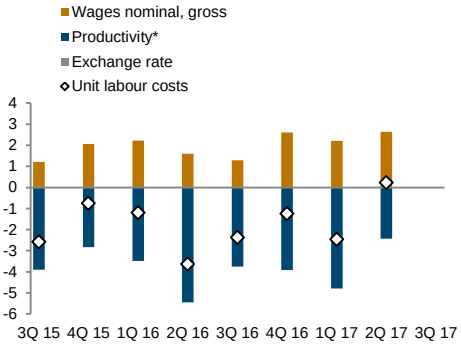
Real GDP growth and contributions
year-on-year



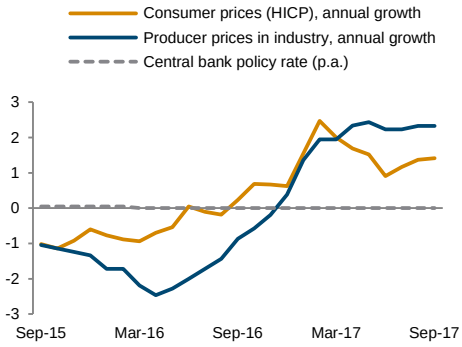
Real sector development
in %



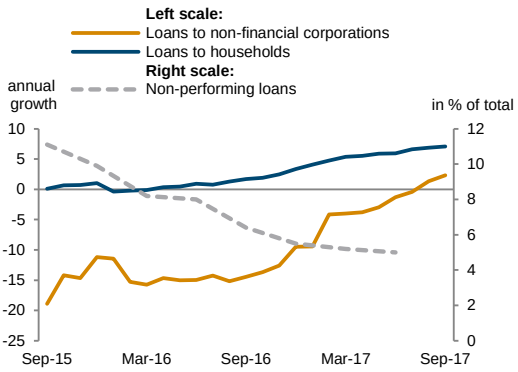
Unit labour costs in industry
annual growth rate in %



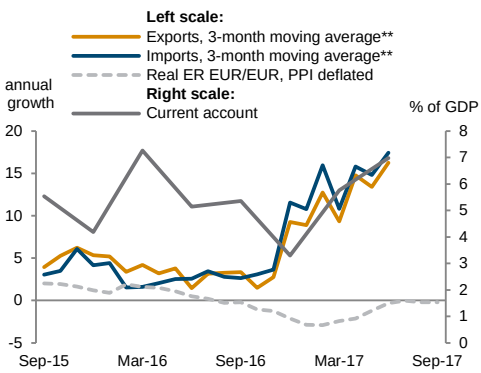
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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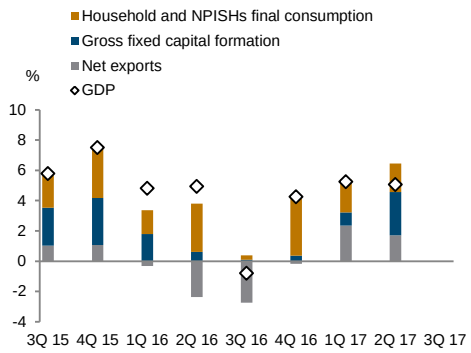
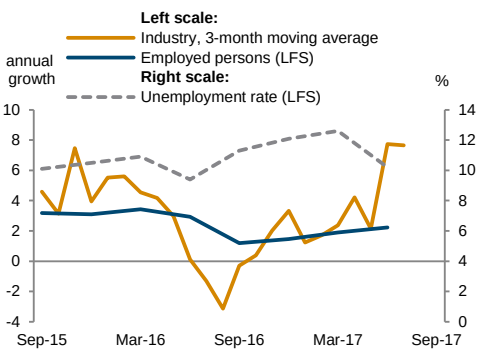
Turkey

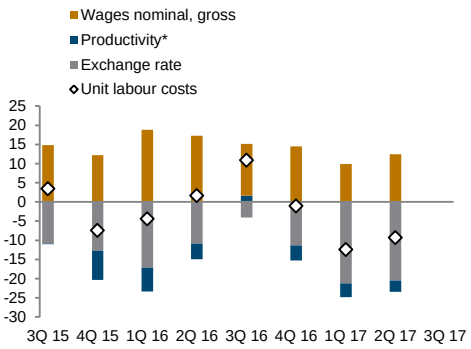
Real GDP growth and contributions
year-on-year



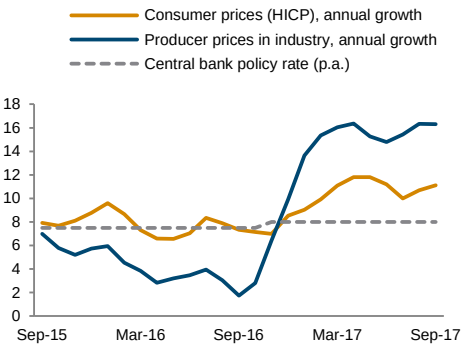
Real sector development
in %



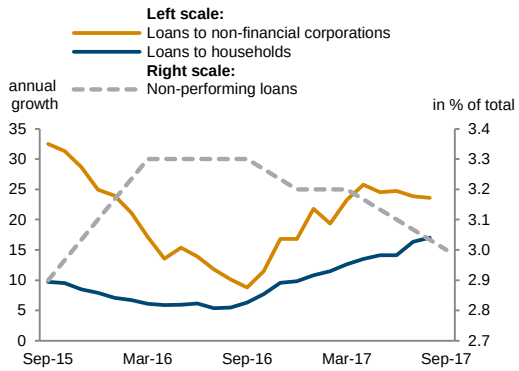
Unit labour costs in industry
annual growth rate in %



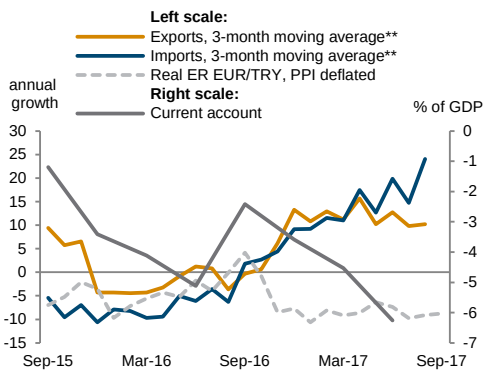
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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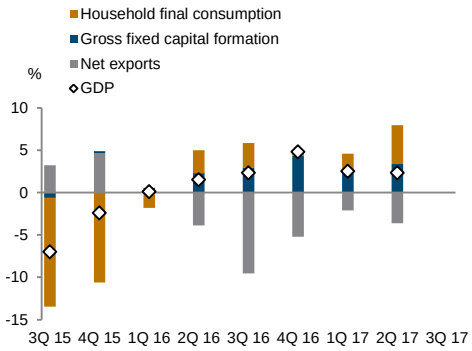
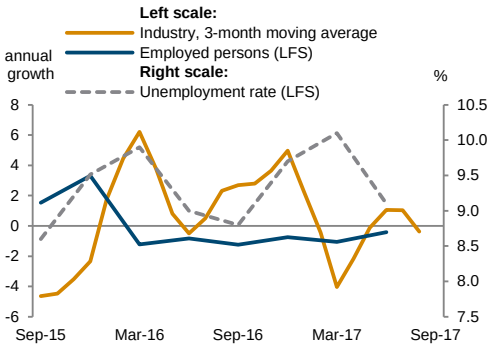
Ukraine

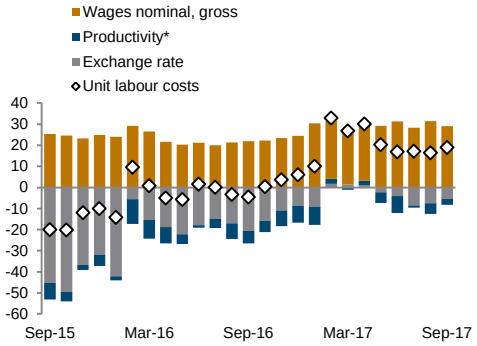
Real GDP growth and contributions
year-on-year



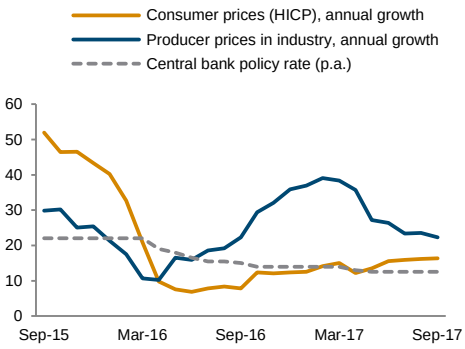
Real sector development
in %



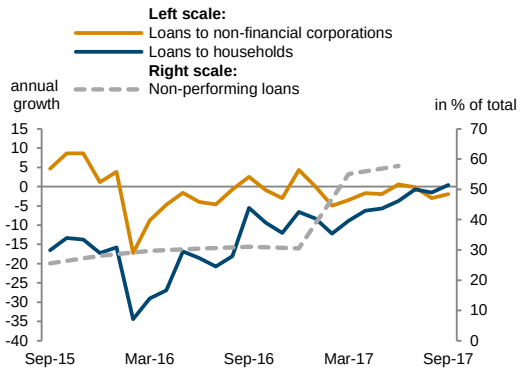
Unit labour costs in industry
annual growth rate in %



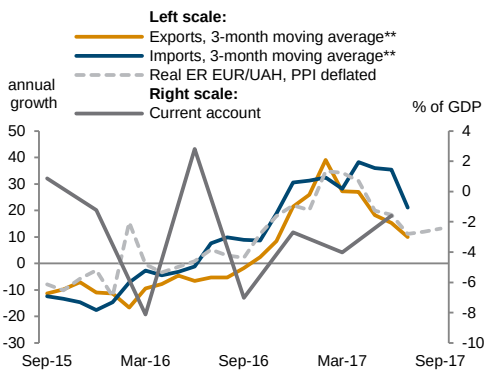
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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