



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
International economic and financial affairs
Economic affairs within the candidate countries and Western Balkans.
Economic policy related to enlargement (ECFIN-D-1)

Current update: 6 April 2006

Next update: July 2006



CANDIDATE AND PRE-ACCESSION COUNTRIES' ECONOMIES QUARTERLY

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* Bulgaria and Romania enjoy acceding country status.

BULGARIA *



COMMENTS

Recent political and other developments

The second review under the IMF stand-by arrangement was successfully concluded on 4 April. This follows an agreement earlier in the year between the IMF and the Bulgarian authorities on the macroeconomic policy stance and a number of structural reform measures to be implemented in 2006, in particular as regards labour market and education reform. As part of the agreement, the Bulgarian government revised its fiscal target for 2006 from a balanced budget to a 3% of GDP surplus. The Bulgarian National Bank will also aim at bringing down credit growth to below 20% this year.

On a number of pending privatisation projects some progress has been made recently. In March, the Parliament approved the privatisation strategy for Bulgaria Air, while in February the Bulgartabac Holding announced plans to sell all of its tobacco processing plants. The privatisation agency successfully concluded negotiations in March with the second-highest bidder for the thermal power plant in Varna, and also chose a preferred buyer for the River Shipping Company.

A new Law on Business Registration was adopted by Parliament on 24 March, taking business registration out of the courts and turning it into an administrative procedure.

On 1 March, Moody's upgraded Bulgaria's foreign currency rating to Baa3.

The National Revenue Agency (NRA) started operating in January 2006 centralising responsibilities for the collection of taxes and social security contributions.

Output and demand

After the summer floods and the related significant drop in real GDP growth in the third quarter, growth rebounded again in the fourth quarter to 5.5%. For the whole year, real GDP growth thus slowed down slightly to 5.5% from

5.7% in 2004. This is mainly the result of the weaker performance in agriculture which contracted by 8.6%, whereas growth in industry and services remained robust at around 7%.

On the demand side, gross fixed capital formation grew particularly strongly at a rate of 21.5% in the fourth quarter and 19% for the whole year. The highest contribution to growth came again from private consumption which grew by 7.4% in 2005. Thanks to a reduction in the fourth quarter by almost 5% compared to 2004, government consumption grew at a more moderate rate of 2.2% in 2005. Although growth of exports of goods and services picked up again in the fourth quarter from a temporary low in the previous quarter, economic growth remained unbalanced and net exports continued to make a strong negative contribution to real GDP growth.

Industrial production growth also picked up again slightly in the fourth quarter. But this could not prevent a pronounced slow-down to below 7% in 2005 from over 17% a year earlier. Flood-related disruptions, high oil prices and less favourable developments in the markets for steel products seem to be the main factors behind this decrease.

Industrial confidence continued to weaken in the first quarter of 2006 for the third quarter in a row. This also seems to be mainly a reflection of persistently high energy prices and higher inflation, which also negatively affects consumer confidence.

Labour market

Due to seasonal factors, unemployment (ILO methodology) increased slightly again in the fourth quarter but still remained below 10%. It reached 10.1% on average in 2005, down from 12% in 2004. Employment growth remained strong also in the fourth quarter, but decelerated to 2% for the whole year due to the weaker expansion in the first half.

* Bulgaria enjoys acceding country status.

According to National Statistical Institute data, nominal monthly average wage inflation slowed down further to below 7% in the fourth quarter, implying an average real wage growth of below 2% in 2005.

International transactions

Although the gap between the growth of imports and exports of goods narrowed substantially in the fourth quarter, the trade deficit (in % of GDP) increased considerably by more than 5 percentage points in 2005, reflecting mainly higher import prices for energy and increasing imports of investment goods, but also a slow-down in exports of agricultural products, steel and clothing.

In line with the widening trade deficit and a lower surplus in the services balance, the current account deficit increased to 11.8% of GDP from 5.8% in 2004. Net FDI inflows, especially in the form of Greenfield investments, held up relatively well, but falling privatisation-related FDI inflows nevertheless implied a decline in FDI both in absolute terms and as a share of GDP. The coverage ratio of the current account deficit by FDI thus fell to around 75%. These latest figures on the trade and current account deficit as well as FDI for 2004 and 2005 reflect major revisions due to methodological changes on the recording of wage income abroad and imports of goods at fob prices.

Prices

Consumer price inflation (interim HICP) increased considerably towards the end of 2005 due to higher prices for energy, food and certain services. End-of-year inflation thus reached 6.5%, up from 4.1% in 2004, while average inflation declined from 6.1% to 5.0%. Inflation accelerated further in the beginning of 2006, and especially in February, as a result of major increases in excise duties on alcohol and cigarettes.

Monetary and financial indicators

The downward trend in credit growth continued since the introduction of de facto ceilings in April 2005 and a further tightening from January. Credit growth to non-financial corporations and households slowed down to 34% year-on-year until the end of 2005 and declined further to below 30% until February 2006.

Short-term interest rates remained stable at around 2.7% for the whole year 2005, but have recently picked up slightly following similar interest rate hikes in the euro area. Government bond yields also followed this trend and increased somewhat in February and March.

Stock markets remained strong and the index of the Sofia stock exchange (SOFIX) increased again by more than 5% until the end of the first quarter (compared to the end of 2005).

In view of the currency board which pegs the lev to the euro, the Bulgarian currency followed the development of the euro vis-à-vis the US dollar. As a consequence, the nominal effective exchange rate continued to depreciate gradually throughout 2005.

General government balance

The general government balance (ESA 95) showed an increased surplus of 3.1% in 2005, reflecting revenue over-performance as a result of strong growth and improved revenue collection, as well as efforts to contain the current account deficit by restraining public expenditure growth especially in the last quarter of 2005. Following a series of early debt redemptions to the IMF and the World Bank between December 2005 and February 2006, the Fiscal Reserve Account has fallen slightly, but still amounts to around 10% of GDP.

In line with the budget surplus and strong GDP growth, the ratio of general government debt to GDP (ESA 95 methodology) decreased further and dropped below 30% in 2005, compared to 38.6% in 2004 and more than 66% still in 2001.

TABLE

European Commission, ECFIN-D-1



BULGARIA

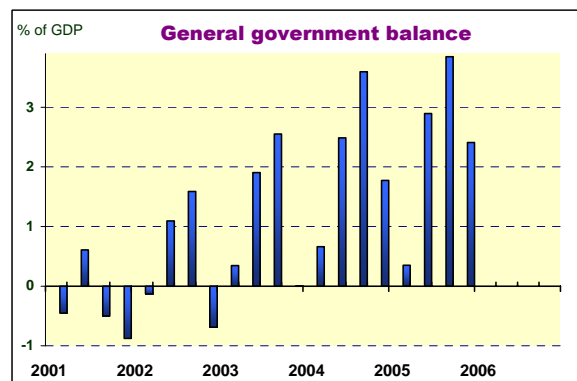
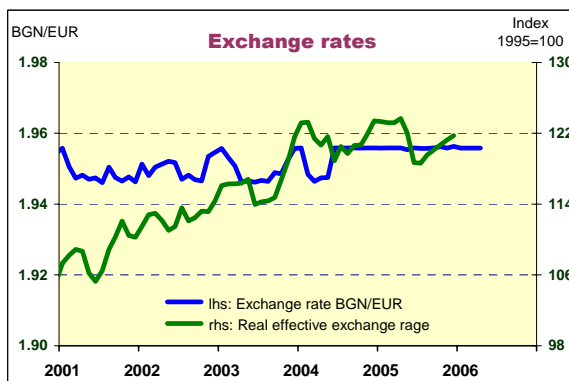
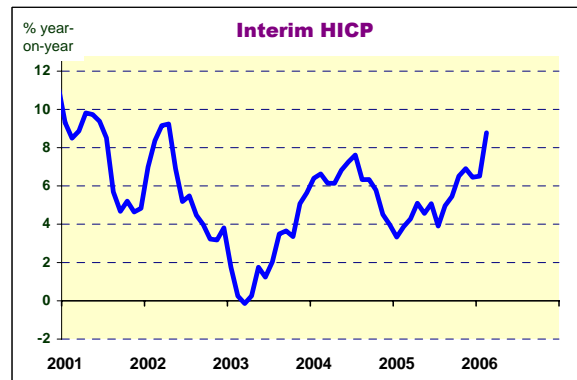
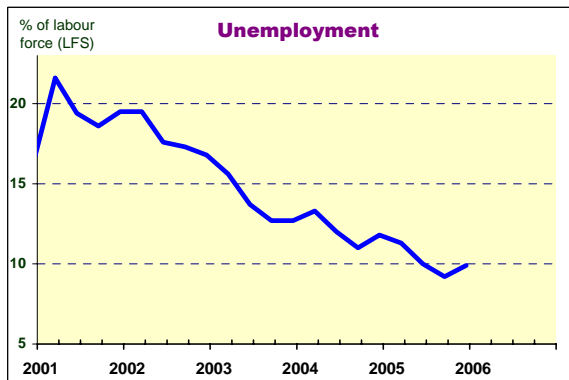
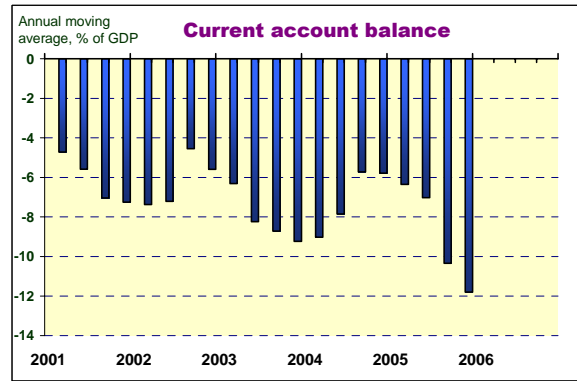
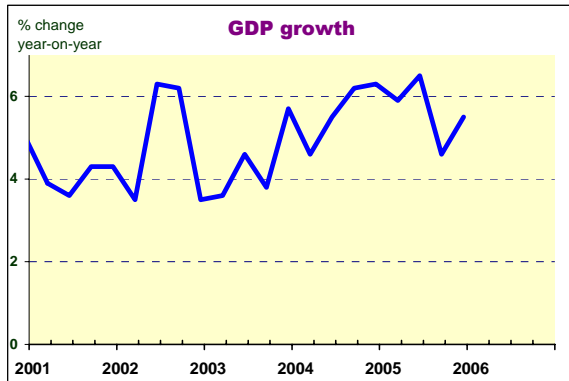
		2001	2002	2003	2004	2005	200502	200503	200504	200601	200601	200602	200603
							Q2	Q3	Q4	Q1	Jan	Feb	Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	-6.2	-5.2	-2.1	0.1	1.5	2.0	1.6	1.1	-1.3	-1.3	-1.4	-1.1
Industrial production ^{1.2}	Ann. % ch	2.2	4.6	14.0	17.1	6.7	7.3	5.0	7.7	:	7.7	:	:
Gross domestic product ^{1.3}	Ann. % ch	4.1	4.9	4.5	5.7	5.5	6.5	4.6	5.5	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	-31.2	-31.7	-27.7	-25.6	-22.2	-25.3	-29.5	-31.8	-30.4	-33.3	-31.6
Private consumption ^{1.5}	Ann. % ch	4.6	3.4	7.1	4.9	7.4	5.8	9.4	7.1	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	23.3	8.5	13.9	13.5	19.0	16.9	24.0	21.5	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	2.4	1.5	2.4	2.6	4.2	3.0	4.3	4.2	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	19.8	17.8	13.7	12.0	10.1	10.0	9.2	9.9	:	:	:	:
Employment ^{2.2}	Ann. % ch	-3.4	1.5	3.5	3.1	2.0	1.3	2.4	2.4	:	:	:	:
Wages ^{2.3}	Ann. % ch	8.3	6.6	6.2	7.0	7.0	8.3	7.0	6.4	:	:	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	8.8	6.1	10.0	19.7	18.4	21.5	10.6	21.4	:	27.5	:	:
Imports of goods ^{3.2}	Ann. % ch	14.7	3.5	14.4	23.3	26.4	24.4	32.6	25.6	:	36.5	:	:
Trade balance ^{3.3}	% of GDP	-11.7	-10.2	-12.5	-15.1	-20.4	-16.5	-19.2	-20.4	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	55.6	53.1	53.6	58.0	60.8	59.9	59.9	60.8	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	63.1	59.8	63.0	68.2	77.4	72.0	75.0	77.4	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-7.3	-5.6	-9.2	-5.8	-11.8	-7.0	-10.3	-11.8	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	5.9	5.8	10.3	11.5	8.7	8.4	13.5	8.7	:	N.A.	N.A.	N.A.
4 Prices													
Interim HICP ^{4.1}	Ann. % ch	7.4	5.8	2.3	6.1	5.0	4.9	4.8	6.6	:	6.5	8.8	:
GDP Deflator ^{4.2}	Ann. % ch	7.0	3.9	2.3	5.1	4.1	4.1	4.7	4.3	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	3.6	1.3	4.9	6.0	6.9	6.8	6.7	7.8	:	4.4	5.6	:
Import prices ^{4.4}	Ann. % ch	-1.7	-3.9	-4.4	7.5	9.0	5.8	11.6	12.8	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	5.1	4.9	3.6	3.3	2.7	2.7	2.7	2.7	2.8	2.7	2.8	2.9
Bond yield ^{5.2}	% p.a.	7.1	6.7	5.4	4.8	3.5	3.5	3.2	3.4	3.6	3.4	3.6	3.8
Stock markets ^{5.3}	Index	94.6	143.1	324.7	534.0	813.0	768.3	834.3	828.7	870.5	866.2	875.5	869.9
M3 ^{5.4}	Ann. % ch	27.6	17.7	16.6	22.5	27.3	27.4	27.3	26.0	:	20.0	21.1	:
Exchange rate BGN/EUR ^{5.5}	Value	1.95	1.95	1.95	1.95	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96
Nominal eff. exchange rate ^{5.6}	Index	106.5	110.9	117.0	118.8	117.0	117.6	116.3	115.5	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	1.9	0.1	0.3	1.9	3.1	2.9	3.8	2.4	:	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	66.2	54.0	46.1	38.6	29.9	37.7	33.9	32.7	:	N.A.	N.A.	N.A.

CHARTS

European Commission, ECFIN-D-1



BULGARIA





COMMENTS

Recent political and other developments

In the context of combating corruption, the Romanian authorities started investigations against some prominent public figures, such as the ex-PM Adrian Nastase, the current deputy PM George Copos and Dan Ioan Popescu, minister in the former social-democrat government. After having lost the support of his party, Adrian Nastase resigned from the second seat in the socialist PSD and from the speaker position in the Lower House of the Parliament. The ruling block PNL-PD managed to gather enough votes in the Parliament so that the liberal Bogdan Olteanu could be elected as Adrian Nastase's replacement. The PNL-PD block, the core of the governing coalition had craved for a long time to replace Nastase from the top of the Lower House, but their success was shadowed by the line taken by the junior ruling partner, the Conservative Party during the vote. The PC appointed its own candidate and did not support the coalition's contender, thus exacerbating internal tensions in the coalition.

In late-January 2006 the IMF carried out an Article IV Consultation, thereby signalling that the framework of co-operation was no longer the SBA. The consultation pointed to widening macroeconomic imbalances, continued fiscal consolidation despite some elements of pro-cyclical fiscal policy and inconsistencies in the conduct of monetary policy. Data for 2005 shows that economic growth became more balanced as the growth of private consumption gradually decelerated and the current account deficit did not deteriorate significantly, being covered by non-debt creating inflows to a large extent.

Output and demand

After real GDP growth of 8.4% in 2004 boosted by an exceptionally vast harvest, growth slowed to 4.1% in 2005 mainly due to the negative impact of widespread floods and acceleration of structural changes affecting the industrial

activity. Value added declined by 13.9% in agriculture and recorded a modest increase of 2.5% in industry. The rapid appreciation of the exchange rate and the increasing energy prices stepped up the restructuring of the industry and redirected output growth towards higher value-added sectors such as the automotive, oil processing or furniture industries. Gross fixed capital formation increased most strongly by 13% due to exceptionally high investments in the private sector. It outpaced private consumption that gradually decelerated its growth over 2005 to 9.7% from 14.2% in 2004 and underwent a substitution of self-consumption for purchases of new goods. Imports have again expanded more than exports and the loss of momentum in export growth from 13.9% in 2004 to 7.6% in 2005 is a consequence of both the adverse shocks affecting the Romanian economy in 2005 and the appreciation of the exchange rate.

Labour market

Registered unemployment increased from 5.9% in December 2005 to 6.2% in January 2006 but was still lower than the unemployment rate of 6.4% registered one year earlier. Based on seasonally adjusted Labour Force Survey data, the unemployment rate has increased from 7.7% to 8.1 from the third to fourth quarter of 2005. Total working-age employment declined by 2.1% in the third quarter of 2005 compared to one year earlier. National data show that employment was 2.4% higher in January 2006 than one year earlier. Average net nominal wages in January 2006 were 14.2% higher than one year before. Deflated by consumer price inflation, average net real wages in January grew by 5.1% compared to one year before.

International transactions

The trade deficit increased to 9.9% of GDP in 2005 from 8.8% in 2004, as the export growth of 17.5% was outpaced by the import growth of 23.9%. During the first two months of 2006, the trade deficit widened to around 10% of GDP

* Romania enjoys acceding country status.

while exports and imports increased by 22.6%, and 30.5%, respectively. Export growth was led by the automotive, oil processing and machinery sectors while imports were propelled by the purchase of crude oil, transport equipment and machinery. The current account deficit widened to 8.7% of GDP in 2005 from 8.4% in 2004 of which more than 85% was covered by net FDI and portfolio investments.

In 2004, net inflows of FDI spurred to 8.4% of GDP, mainly due to a number of major privatisations. In 2005, net FDI was still strong at around 6.6% of GDP, especially as a large part of inflows were green-field investments. The central bank continues to accumulate large foreign exchange reserves, covering by the end of 2005 6.4 months of imports. In 2005 external debt inched up by 2 % points to 34.5% of GDP.

Prices

In 2005, consumer prices rose on average by 9%, down from 11.9% in 2004. The end-year inflation stood at 8.6%, missing the target of 7.5% within a +/- 1% band which had been initially set at 6% by the central bank. In January 2006, the rise in producer prices decelerated to 10.4% year-on-year from 15.4% in January 2005, which was caused mainly by lower price increases for intermediary goods, among which prices of metallurgical products had the highest impact.

Although the central bank switched to inflation targeting in August 2005 it continued to pursue other objectives, primarily attempting to contain the current account deficit, reduce the appreciation of the exchange rate and shift lending from foreign into domestic currency. As a result, the monetary policy became accommodating when the sterilisation operations were scaled down in order to reduce interest rates and deter speculative inflows. The increase in administered prices and public sector wages, the peak in budgetary expenditures from December 2005 and the increased borrowing capacity of households rendered the disinflation task of the central bank more difficult.

Monetary and financial indicators

After having eased its interest rate policy and sterilisation operations until November 2005 in an attempt to stem growing capital inflows and reallocate lending from foreign into domestic

currency, the central bank decided during that month to step up the sterilisation of excess liquidity. On 21 December, the central bank raised the minimum reserve requirement on foreign currency-denominated liabilities from 30% to 35% and further tightened control over liquidity in order to reduce credit growth and counter growing inflationary pressures. The tightening of monetary policy continued in February, when the monetary policy rate was raised from 7.5% to 8.5% p.a. and effectively used as sterilisation rate. In addition the minimum reserve requirement on foreign currency-denominated liabilities was further raised to 40%.

The gradual tightening of prudential and administrative measures in the banking system, reinforced since late-September 2005, could not prevent a reacceleration of private sector credit growth to real 38.2% in February 2006 compared to 21.7% one year before. The central bank's measures to contain lending in foreign currency were successful in decelerating its growth to real 17.1% in February, but favoured an acceleration of the domestic currency component that grew by real 69.1% in February.

After an increase by 51% in 2005, the index of the Bucharest stock exchange rose by around 14% in the first quarter of 2006.

General government balance

The general government balance declined to 0.8% of GDP in 2005 from 1% of GDP in 2004, including the accommodation of flood repairs of about 0.8% of GDP. In ESA 95 terms the adjustment was more visible as the deficit was reduced to 0.4% of GDP in 2005 from 1.3% of GDP in 2004. The stock of public debt continued to diminish by almost 3 % points to around 15.2% of GDP. The loss of profit and income tax revenues of about 1% of GDP following the introduction of the flat tax rate was compensated by an increase in revenue collections from VAT, social contributions and customs duties. Overall the revenue and expenditure-to-GDP ratios remained broadly unchanged from 2004 to 2005, while capital spending declined by around 0.2% of GDP.

TABLE

European Commission, ECFIN-D-1



ROMANIA

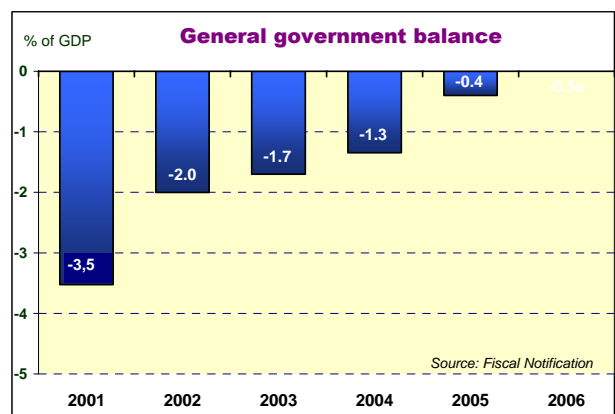
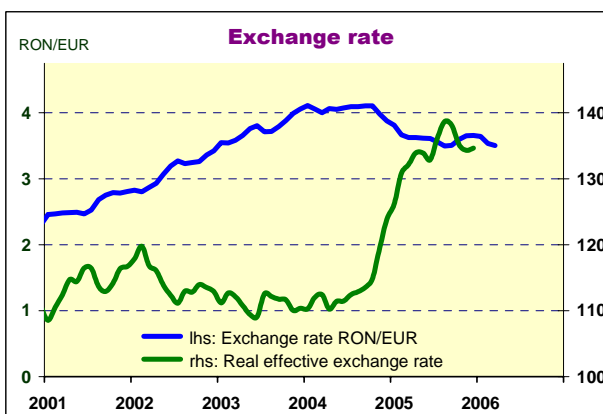
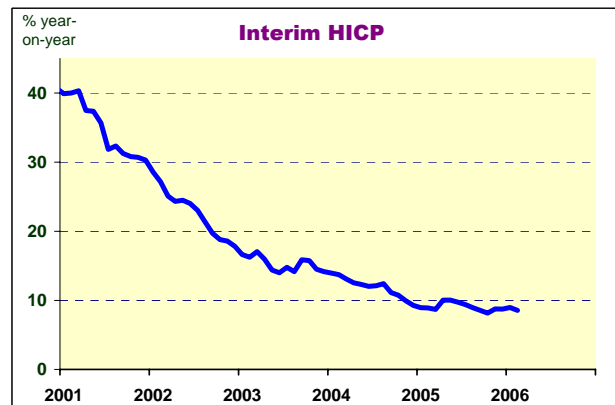
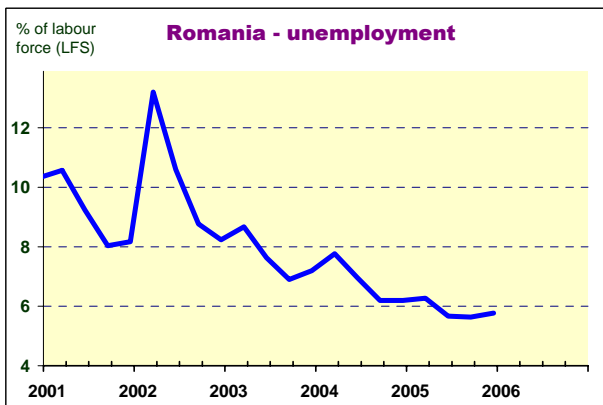
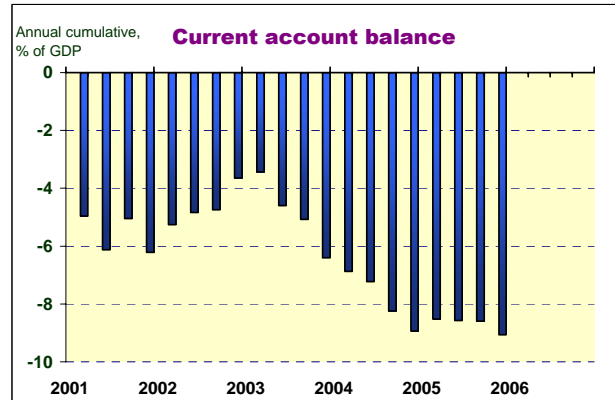
		2001	2002	2003	2004	2005	200502 Q2	200503 Q3	200504 Q4	200601 Q1	200601 Jan	200602 Feb	200603 Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	-0.7	-1.1	8.3	4.9	0.5	-2.1	-1.0	1.6	1.7	1.5	1.3	2.3
Industrial production ^{1.2}	Ann. % ch	8.2	6.0	3.1	5.3	2.0	3.0	1.5	2.0	:	4.2	:	:
Gross domestic product ^{1.3}	Ann. % ch	5.7	5.1	5.2	8.4	4.1	4.5	2.4	4.3	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	-28.2	-28.5	-18.4	-22.5	-21.8	-24.7	-26.6	-27.4	-30.1	-27.6	-24.6
Private consumption ^{1.5}	Ann. % ch	6.8	4.8	8.3	12.9	9.0	11.6	7.7	6.4	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	10.1	8.2	8.6	10.8	13.0	8.9	10.8	21.3	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	1.9	0.4	0.7	0.7	N.A.	0.7	0.2	-0.4	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	9.0	N.A.	7.6	6.8	5.8	5.7	5.6	5.8	:	6.2	6.3	:
Employment ^{2.2}	Ann. % ch	1.1	N.A.	-4.5	0.8	2.6	3.1	2.4	2.3	:	2.4	:	:
Wages ^{2.3}	Ann. % ch	40.9	26.8	25.4	22.5	23.7	24.2	24.4	23.2	:	14.2	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	12.9	15.3	6.4	21.3	17.5	15.7	19.7	17.2	:	16.9	27.4	:
Imports of goods ^{3.2}	Ann. % ch	22.1	8.6	12.3	24.0	23.9	24.0	25.2	24.4	:	26.9	31.9	:
Trade balance ^{3.3}	% of GDP	-7.4	-5.7	-7.5	-8.8	-9.8	-9.6	-9.7	-10.3	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	33.3	35.4	34.7	35.9	33.0	34.6	33.9	33.0	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	41.1	41.1	42.2	45.0	43.4	44.4	43.7	43.4	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-5.5	-3.3	-5.8	-8.4	-8.7	-8.6	-8.6	-9.1	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	2.9	2.5	3.6	8.4	6.6	6.1	5.6	6.8	:	N.A.	N.A.	N.A.
4 Prices													
Interim HICP ^{4.1}	Ann. % ch	34.5	22.5	15.3	11.9	9.0	9.9	9.0	8.5	:	8.9	8.5	:
GDP Deflator ^{4.2}	Ann. % ch	39.6	24.6	25.2	16.3	12.5	14.1	11.0	:	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	42.0	24.8	19.7	18.6	12.5	14.0	11.1	10.8	:	10.4	:	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	40.9	27.3	17.7	19.1	8.4	8.4	7.4	5.4	7.2	6.4	7.4	7.7
Bond yield ^{5.2}	% p.a.	34.7	22.3	14.2	12.8	7.5	7.6	7.3	:	:	0.0	0.0	0.0
Stock markets ^{5.3}	Index	9628.8	10264.0	10951.2	19797.2	16028.5	13615.3	12990.6	14622.1	:	:	:	:
M2 ^{5.4}	Ann. % ch	42.9	40.6	30.5	32.3	41.5	45.7	40.8	39.2	:	35.8	31.4	:
Exchange rate RON/EUR ^{5.5}	Value	2.60	3.12	3.75	4.05	3.62	3.62	3.52	3.63	3.56	3.64	3.53	3.50
Nominal eff. exchange rate ^{5.6}	Index	63.8	54.5	47.3	44.3	49.2	49.4	50.3	48.6	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	-3.5	-2.0	-1.7	-1.3	-0.4	-0.8	0.4	:	:	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	23.2	23.8	20.7	18.0	15.2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.



CHARTS

European Commission, ECFIN-D-1

ROMANIA



CROATIA



COMMENTS

Recent political and other developments

Following the official start of EU accession negotiations on 3rd October 2005, the screening process is proceeding according to schedule.

On 29 March, the IMF Board approved the second review under the current pre-cautionary stand-by programme as well as an extension of the programme until mid-November 2006.

On 1st April, the Croatian Ministry of Finance submitted the 2006 Fiscal Notification, which for the first time reported deficit and debt figures on the basis of ESA 95 standards. According to this, the general government deficit was reduced from 5% in 2004 to 3.9% in 2005.

Output and demand

Economic growth in the last quarter of 2005 was 4.8%, slightly down from the slightly above 5% growth in the second and third quarter. Economic activity in the last quarter was particularly driven by strong investment growth which accelerated to close to 10% from an average of around 3% in the first three quarters of 2005. For the year as a whole, real GDP increased by 4.3%, up from 3.8% in 2004 and significantly stronger than expected. Growth in 2005 was mainly driven by domestic demand, in particular by stronger private investment growth and higher public consumption, while private consumption growth decelerated, resulting from a continued relatively tight stance of monetary policy. Exports of goods and services in 2005 grew by 4.6% in real terms, while imports increased by 3.5%. Net external demand contributed with a meagre 0.1 percentage points to real growth, compared to 0.4 percentage points in 2004. The contribution of gross fixed capital formation increased from 1.2 to 1.4 percentage points, while the contribution of private consumption declined from 2.3 to 2.1 percentage points. Recent high frequency indicators suggest a continuation of a rather strong economic performance in early 2006. Industrial production volume growth accelerated in January and February to 5.9% and 7.3%,

respectively, following a 5.1% growth in 2005. Retail trade increased by 3.6% year on year in real terms in January.

Labour market

The officially registered unemployment rate increased slightly to 18.3% in February 2006, compared to 18% at end-2005, which may be largely due to seasonal factors. Annual average unemployment in 2005 stood at 18%, unchanged from the 2004 average, suggesting no significant changes to the domestic labour market situation. This is confirmed by official employment data for 2005 which show a mild decline in total employment. On the other hand, most recent labour force survey data suggest a decline in the unemployment rate (to 13.1% in the first half of 2005, as compared to 13.8% in the first half of 2004) and a slight employment growth over the same period.

Average gross wages growth accelerated somewhat in the last quarter of 2005, to 4.6% year on year, as compared to 4.1% in the previous quarter. However, for the year 2005 as a whole, the average growth of gross wages stood at 4.4%, significantly lower than the rate of 6.1% in 2004. Deflated by average consumer price changes, this translates into a real wage increase of 1.3% in 2005. In January 2006, average gross wages were 6.2% higher than in the same month of the previous year. This translate into a real wage increase of 2.6% year on year in this month.

International transactions

According to most recent data published by the Croatian National Bank, the current account deficit increased to 6.3% in 2005, up from 5.2% of GDP a year before. A significant trade deficit (24.1% of GDP, up from 23.7% in 2004) was not fully compensated for a by the surplus in services (17.1% of GDP, up from 16.4% in 2004). Moreover, a higher income balance deficit (3.1% of GDP as compared to 2.3% in 2004) and a lower surplus in transfers (4.0%

instead of 4.4%) added to the increase of the current account deficit.

According to data released by the Statistical Office, the cumulative merchandise trade deficit in January and February 2006 increased significantly by around 40% year on year, as merchandise imports grew stronger (29.5%) than exports (20%).

Net FDI inflows grew by around 50% in 2005 to 3.7% of GDP, as compared to 2.6% of GDP in 2004, providing for coverage of 59% of the current account deficit.

At end-2005, official reserve assets of the Croatian National Bank stood at a comfortable level of EUR 7,438 million, reflecting a nominal increase of around 16% as compared to end-2004, and equivalent to around 5.1 months of 2005 imports of goods and services. Following a significant increase in the external debt to GDP ratio from 77.6% at end-2003 to 82.1% at end-2004, the growth of external debt slowed, supported by a shift of government borrowing from external to domestic markets. The stock of external debt nevertheless further increased to around 85% of GDP by end-2005, due to an acceleration of commercial bank borrowing abroad towards the end of 2005.

Prices

Average annual consumer price inflation increased significantly from 2.1% in 2004 to 3.3% in 2005, as a result of shocks on the supply side, resulting in higher prices for energy (oil), transport and food. Consumer prices increased further to 3.5% in February 2006 (twelve months moving average). Industrial producer price inflation slightly declined to 2.8% in February compared to 3% in 2005.

Monetary and financial indicators

Despite a continuation of tight monetary policies, since mid-2005 there has been a slight acceleration of annual growth of credit and money aggregates, fuelled by strong commercial bank borrowing abroad. Year-on-year growth of M4 accelerated from 8.2% in 2004 to 9.6% in 2005, and stood at 9.4% in January 2006. Annual domestic credit growth increased from 14% in 2004 to 17.2% in 2005. At the same time, year on year commercial bank lending to

households has been growing stronger (20.3%) than lending to enterprises (14.3%).

Average (three months) interest rates have declined from 5.8% in the third quarter to 5.3% in January and 5% in February 2006. Average lending rates for credits that are not indexed to a foreign currency have continued to decline through 2005 from 11.4% in December 2004 to 9.9% in December 2005. Average lending rates with a foreign exchange clause declined from 6.9% to 6.2% in the same period, while the average euro lending rate remained at around 5.3%.

During 2005, the exchange rate of the Kuna vis-à-vis the euro appreciated by 1.4% in nominal terms. In January, the Kuna slightly appreciated by 0.2% months on months, and 2.6% year on year. In nominal effective terms, the Kuna remained rather stable in the twelve months to February 2006. Preliminary data suggest that the real effective exchange rate (deflated with consumer prices) appreciated by 4% during 2005.

General government balance

Fiscal consolidation continued through 2005 and in early 2006. According to officially released budget data, the general government deficit in 2005 as calculated according to the modified accrual basis (GFS 1986) amounted to HRK 9,324 million or 4.2% of expected GDP in 2005. This was fully in line with the adopted budget framework and with the policy targets set under the Pre-Accession Economic Programme and the current IMF stand-by. Favourable trends continued in January and February with revenues having risen stronger than expected (by 15.6% year on year) and spending in line with budget plans. The budget framework for 2006 foresees a further reduction of the deficit to 3.5% of GDP in 2006. This will however require an acceleration of structural reforms, in particular in the area of health care, social welfare spending and state aid to enterprises. The stock of public debt continued to grow to 45.5% of GDP by end-December 2005, up from 44.8% at end-2004.

TABLE

European Commission, ECFIN-D-1



CROATIA

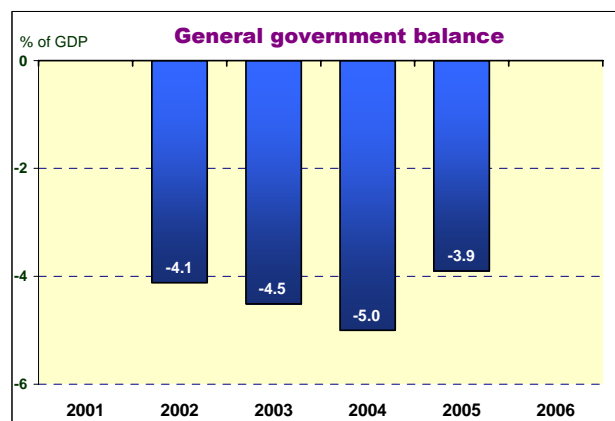
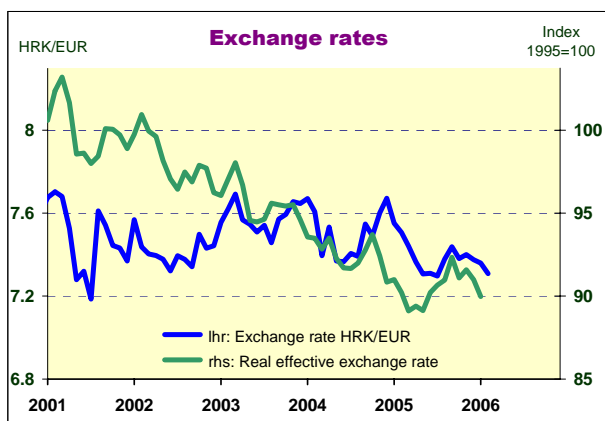
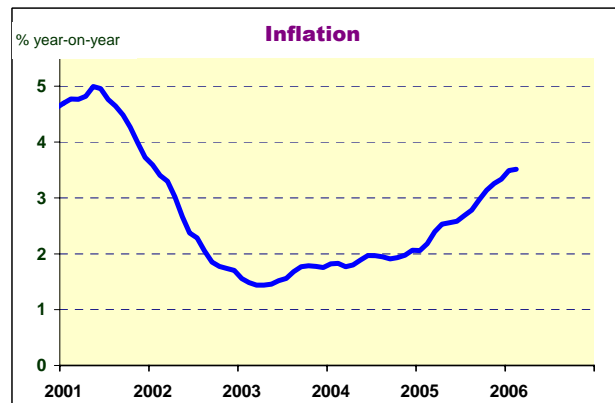
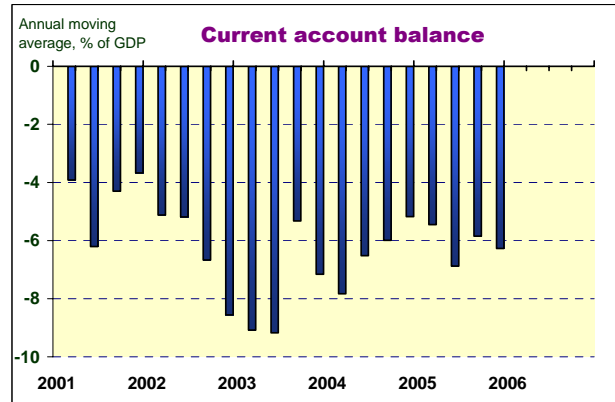
		2001	2002	2003	2004	2005	200502	200503	200504	200601	200601	200602	200603
							Q2	Q3	Q4	Q1	Jan	Feb	Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	6.0	5.5	4.0	3.6	5.1	9.0	5.4	5.5	:	5.9	7.3	:
Gross domestic product ^{1.3}	Ann. % ch	4.4	5.6	5.3	3.8	4.3	5.1	5.2	4.8	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	4.5	7.7	4.6	3.9	3.4	4.4	3.8	3.2	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	7.1	13.9	24.7	4.4	4.8	3.2	5.8	9.9	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	1.6	4.8	2.5	2.3	2.7	3.0	2.8	2.7	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	16.3	15.2	14.7	14.2	:	18.0	17.0	17.8	:	18.3	18.3	:
Employment ^{2.2}	Ann. % ch	-5.4	4.4	0.1	1.6	:	-0.7	-0.3	0.1	:	1.4	1.5	:
Wages ^{2.3}	Ann. % ch	1.3	8.7	5.1	6.1	4.4	4.5	4.1	4.6	:	6.2	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	4.7	-1.3	7.6	17.3	8.3	15.1	7.8	8.4	:	:	:	:
Imports of goods ^{3.2}	Ann. % ch	14.6	12.6	13.9	5.1	9.1	9.9	10.5	10.7	:	:	:	:
Trade balance ^{3.3}	% of GDP	-20.7	-24.4	-26.6	-23.7	-24.1	-23.7	-23.9	-24.1	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	48.4	45.3	47.1	47.4	47.1	47.0	47.3	47.1	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	54.5	56.4	57.9	56.7	55.8	56.4	55.9	55.8	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-3.7	-8.6	-7.2	-5.2	-6.3	-6.9	-5.8	-6.3	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	5.9	2.7	6.7	2.6	3.7	3.6	4.1	3.7	:	N.A.	N.A.	N.A.
4 Prices													
CPI ^{4.1}	Ann. % ch	3.7	1.7	1.8	2.1	3.3	3.0	3.4	3.8	:	3.5	3.5	:
GDP Deflator ^{4.2}	Ann. % ch	4.0	3.6	3.9	3.3	3.2	3.0	3.2	3.5	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	3.7	-0.5	1.9	3.5	3.0	3.1	2.0	2.3	:	2.9	2.8	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	N.A.	4.6	5.4	7.3	6.2	5.7	6.8	5.8	4.9	5.3	5.0	4.3
Bond yield ^{5.2}	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Stock markets ^{5.3}	Index	971.0	1166.8	1128.9	1284.5	1920.5	1777.2	1937.9	2016.1	2223.9	2090.9	2147.9	2433.0
M4 ^{5.4}	Ann. % ch	31.6	30.8	11.4	8.2	9.6	9.4	9.7	10.5	:	9.4	9.3	:
Exchange rate HRK/EUR ^{5.5}	Value	7.48	7.42	7.58	7.50	7.40	7.33	7.37	7.39	:	7.36	7.31	:
Nominal eff. exchange rate ^{5.6}	Index	100.0	97.8	94.9	91.7	90.5	89.5	90.4	91.6	:	90.9	90.5	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP		-4.1	-4.5	-5.0	-3.9	:	:	:	:	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP		40.9	43.7	44.2	42.1	:	:	:	:	N.A.	N.A.	N.A.

CHARTS

European Commission, ECFIN-D-1



CROATIA



THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA



COMMENTS

Recent political and other developments

On 3 January, the 2006 central government budget was adopted by Parliament. The budget envisages a central government deficit of 0.6% of GDP, compared to an estimated surplus of 0.7% of GDP in 2005. This target is in line with the medium term fiscal framework agreed in the new IMF Stand-by Agreement, which had been approved on 1 September 2005.

On 4 January, a one-stop registration procedure for new companies has been established. This system should reduce the duration for founding a new company from 48 days to 5 days only. The establishment of this system is an important step in improving the business climate and in facilitating job creation.

On 13 February, the IMF concluded its 1st SBA review mission. Overall, mission chief Griffiths expressed his satisfaction with the economic performance, stressing the acceleration of economic and employment growth, the impressive fiscal performance and progress with structural reforms. However, the health sector and delays in privatisation and regulatory reform are seen as a matter of concern. The discussion in the board is foreseen for the second half of April. The upcoming Art. IV consultation is scheduled for mid-May.

On 17 March, a 90% share in the power distribution utility ESM was sold to the Austrian Energy Provider EVN, offering €225 million (about 5% of GDP) and further investment of €96 million (2% of GDP) within the next 3 years.

Output and demand

In 2005, real GDP growth was 4.0%, similar to the increase by 4.1% in 2004. Preliminary data point to exports and gross investments as the most dynamic elements of the economy, increasing by 7.4% and 1.5%, respectively. Final consumption remained subdued with an increase of 0.8%, compared to 6.0% the year before. Imports increased by 5.8%, reflecting the high import content of exports and investment. The main sectors contributing to economic growth

where manufacturing and mining, wholesale and retail and transport. Construction output shrank by 0.3%. For 2006 and 2007, economic growth could further accelerate towards 4½%, based on improvements in the investment environment and strengthened consumer confidence.

Industrial production, which accounts for some 15% of total value added, rose by 7.2% in 2005, after a decline by 2.2% the year before. This strong fluctuation reflects the temporary closure of a few, significant production sites due to changes in ownership in 2004 and the reopening of production in those plants in mid-2005. This has helped to boost industrial output levels, by 13.5% in the second quarter of 2005 and by 6% in the third quarter. In the fourth quarter, the output increase was 4.2%.

Labour market

Unemployment is declining, but still is on a high level. According to labour force survey data, unemployment has declined during 2005, decreasing from of 38.7% of the labour force to 36.5% in the fourth quarter of 2005. Besides seasonal effect, government measures to support job creation probably have contributed to this decline in unemployment.

The trend of decelerating wage growth appears to continue. After strong growth of nominal gross wages in the post-crisis period 2002-2004, wage growth moderated to 2.7% in 2005. However, towards the end of the year, nominal wages started to increase again, reaching 3.8% growth in the fourth quarter of 2005.

International transactions

Current account data indicates a significant improvement in the external balance during 2005, with a decline in the current account deficit from nearly 8% of GDP in 2004 to 1½% in 2005. About half of the improvement is due to higher exports, whose share increased from 31% of GDP in 2004 to 36% of GDP in 2005. Net private transfers increased from 13.3% of GDP in 2004 to 17.6%, adding another 4¼ percentage points to the improvement in the current account. Foreign direct investment declined

slightly, from 2.8% of GDP in 2004 to 1.7% in 2005.

Latest trade data confirms the picture of an improved export performance. Nominal exports increased by 22% in 2005, while imports rose by 10% only. The strong increase of exports is largely based on the export of iron and steel, which accounted for 28% of total exports and which increased by nearly 38%. The export of clothes and textiles, which accounted for 25% of total exports, rose by about 2% only.

At the end of December 2005, official reserve assets of the National Bank stood at a level of EUR 1.1 billion, equivalent to slightly less than approximately 4 months of 2005 imports of goods and services. End-December gross external debt stood at some 38 % of GDP.

Prices

Consumer prices increased by 0.5% on average in 2005, compared to a decline by 0.4% in 2004. Important factors behind this low increase in consumer prices are declining food prices as a result of import liberalisation due to the countries accession to WTO. However, during the year, higher prices for energy led to an acceleration of prices towards the end of the year, with a year-on-year CPI increase by 1.2% in December. During the first quarter of 2006, this trend of stronger price increases continued, with a CPI increase of 2.8%, compared to the same period in 2005. The authorities expect an annual average inflation of about 2% for 2006.

Monetary and financial indicators

Monetary conditions remained tight during 2005 with average weighted lending rates of some 12%, while interest rates on deposits were at about 6%. Credit growth to the private sector continued to be high, at some 21% during 2005. Year on year growth of M4 was 15% by end-December.

The exchange rate of the Denar has remained largely unchanged against the euro on a level of 61.2 MKD/EUR. The National Bank intends to maintain its current peg vis-à-vis the EUR.

Foreign exchange reserves amounted to EUR 969.4 mio by end-January, which corresponds to about 3.8 months of imports only. The authorities and the IMF have agreed to use the proceeds of the ESM privatisation (about 5% of GDP) to strengthen FX reserves. This transaction would increase the import coverage to about 4 ½ months.

End-February 2006, the gross external debt increased to 36.6% of the projected full-year GDP. This reflects the sale of a 10-year government Eurobond worth EUR 150 million, which were used to buyback London Club debt. The rating of the Eurobond issue was BB/Positive by Fitch and BB+ by S&P.

General government balance

Central government revenues increased by about 8% in 2005, while central government expenditures rose by 6%. As a result, the general government balance registered a surplus of about 0.3% of GDP in 2005, compared to a balanced general government budget in 2004. The original fiscal target has envisaged a deficit of some 0.4% of GDP in 2005. The main reason for the better than expected fiscal performance are better than expected revenues while planned public investment remained below expectations.

As a result of the sale of the EUR 150 mio Eurobond, the general government debt ratio increased to 41% of GDP at the end of 2005. However, after the buyback of London Club debt at the beginning of 2006, the ratio has declined to some 37.3% of the projected full-year GDP.

TABLE



European Commission, ECFIN-D-1

The former Yugoslav Republic of Macedonia

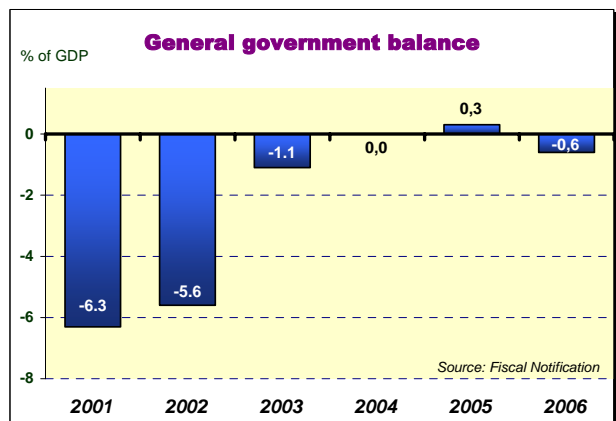
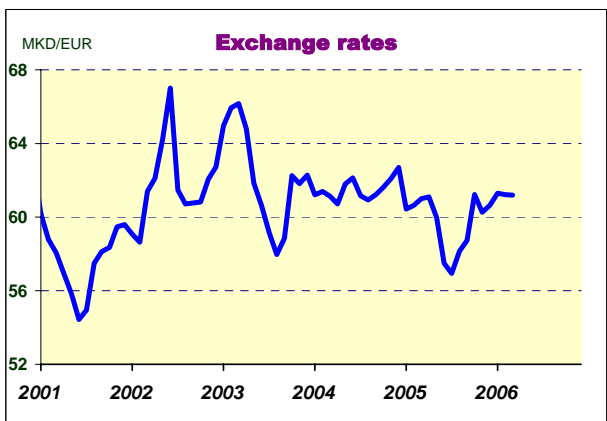
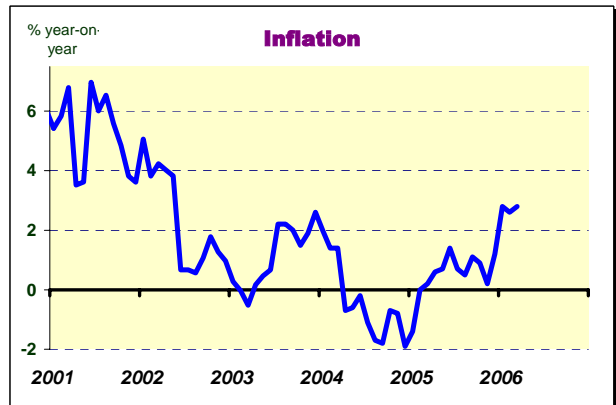
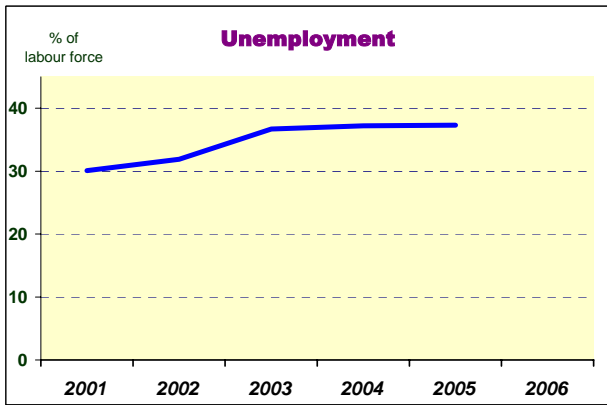
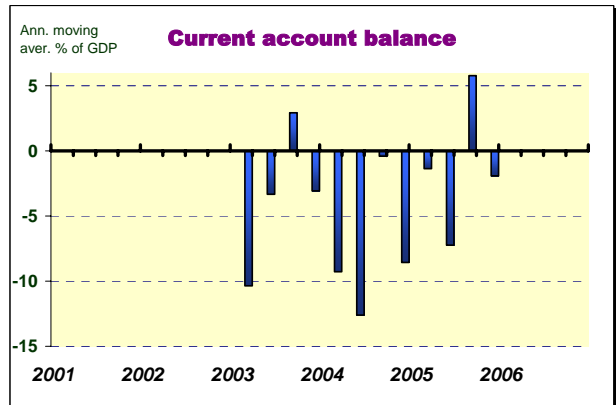
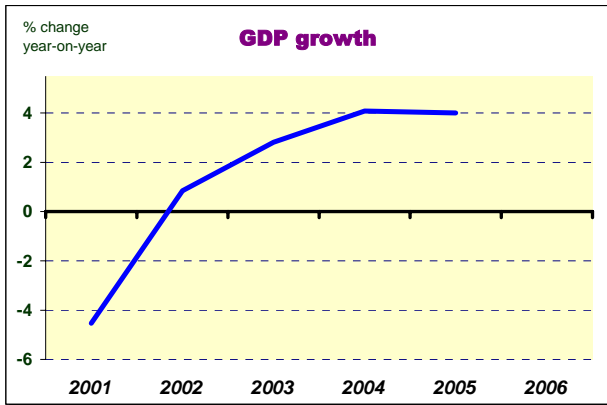
		2001	2002	2003	2004	2005	200502 Q2	200503 Q3	200504 Q4	200601 Q1	200601 Jan	200602 Feb	200603 Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	:	:	:	:	:	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	-3,0	5,3	4,7	-2,2	7,2	13,5	6,0	4,2	:	1,8	-2,2	:
Gross domestic product ^{1.3}	Ann. % ch	-4,5	0,9	2,8	4,1	4,0	5,0	4,1	3,8	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	:	:	:	:	:	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	-11,6	12,5	-1,5	6,2	:	:	:	:	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	-8,6	17,6	1,1	10,9	:	:	:	:	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	4,2	4,0	3,2	3,7	:	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	30,1	31,9	36,7	37,2	37,3	37,4	36,5	36,5	:	:	:	:
Employment ^{2.2}	Ann. % ch	9,0	-6,3	-2,9	-4,1	4,4	2,1	6,1	11,4	:	:	:	:
Wages ^{2.3}	Ann. % ch	3,5	6,9	4,8	4,0	2,7	1,1	2,2	3,8	:	7,4	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	-12,5	-3,6	22,5	22,4	22,0	39,0	14,3	:	:	:	:	:
Imports of goods ^{3.2}	Ann. % ch	-19,1	17,8	15,6	25,9	11,3	24,6	8,8	:	:	:	:	:
Trade balance ^{3.3}	% of GDP	-14,1	-21,4	-18,4	-20,9	-18,6	-22,4	-16,9	-20,1	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	42,7	38,0	37,9	40,2	44,4	40,6	47,8	:	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	56,6	58,2	54,8	60,5	63,8	62,9	64,0	:	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-6,5	-9,5	-3,5	-7,9	1,4	-7,2	5,8	-1,9	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	11,8	2,1	2,0	2,8	0,5	2,2	1,3	0,7	:	N.A.	N.A.	N.A.
4 Prices													
CPI ^{4.1}	Ann. % ch	5,5	1,8	1,2	-0,4	0,5	0,9	0,8	0,7	2,7	2,8	2,6	2,8
GDP Deflator ^{4.2}	Ann. % ch	3,6	3,4	0,3	1,3	:	:	:	:	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	N.A.	N.A.	-0,2	1,2	2,0	2,7	4,5	:	:	:	:	:
Import prices ^{4.4}	Ann. % ch	:	:	:	:	:	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (deposit) ^{5.1}	% p.a.	10,0	9,2	6,7	6,5	5,7	:	:	5,6	:	:	:	:
Bond yield/T- Bills 3 M, Average ^{5.2}	% p.a.	:	:	:	8,5	10,0	10,5	10,4	:	:	:	:	:
Stock markets ^{5.3}	Index	1.000,0	1.094,7	1.178,7	1.351,6	1.940,6	1.988,2	2.028,9	:	:	:	:	:
M4 ^{5.4}	Ann. % ch	61,7	-9,8	16,0	16,3	15,1	21,5	13,7	15,1	:	:	:	:
Exchange rate MKD/EUR ^{5.5}	Value	60,91	60,98	61,26	61,32	61,34	61,4	61,2	61,2	61,2	61,3	61,2	61,2
Nominal eff. exchange rate ^{5.6}	Index	:	:	:	:	:	:	:	:	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	-6,3	-5,6	-1,1	0,0	0,3	:	:	:	:	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	48,8	42,9	39,0	36,6	40,9	:	:	:	:	N.A.	N.A.	N.A.

CHARTS

European Commission, ECFIN-D-1



The former Yugoslav Republic of Macedonia



TURKEY



COMMENTS

Recent political and other developments

Turkey's EU entry talks have started on 3 October with a screening exercise, whereby Turkish legislation is compared to the EU *acquis communautaire*. The legal framework is broken down in 35 chapters. This first stage is dealt with simultaneously for Turkey and Croatia, and should be finished by mid-October.

The IMF Board concluded in December 2005 the first and second review of the Stand-By Arrangement (2005-2007). The third review has been delayed, since it is linked to the parliament's approval of the social security reform laws. The government had pledged in the letter of intent that those laws would be approved by end-Jan and by mid-Feb, respectively.

President Sezer rejected the government's candidate for the central bank governor. The President did not say why he vetoed Mr. Buyukdeniz, who is the general manager of an Islamic bank, but sufficed to say that he was not an appropriate choice. As markets perceived such as an increase in political risk, stock exchange indices and TRY exchange rates showed an increased volatility.

Output and demand

Annual real GDP growth fell from 8.9% in 2004 to 7.4% in 2005.

Gross fixed capital formation strongly rose by 24.0% last year. Driven by lower interest rates and rising consumer lending, private consumption also outpaced overall growth and rose by 8.8% year-on-year. Export growth slowed down significantly, from over 14% in the first quarter of the year to 8.5% in the whole year. Imports grew at 11.5% during the whole of 2005, and as a result the foreign contribution to growth worsened.

The slowdown in GDP growth was accompanied by slowing growth of industrial production, from 9.8% in 2004 to 6.5% in 2005. However, business survey indicators showed a significant

pick-up in industrial confidence since autumn 2005, and the downward trend in consumer confidence seen the second and third quarter was reversed in the final quarter of last year.

Labour market

The small decline in the jobless rate observed in the first half of 2005, which stemmed mainly from growth in shorter-term employment in the agricultural sector of seasonal nature, appears to be reversed. The official unemployment rate stood at 10.6% in the last quarter of 2005, slightly higher than a year earlier.

The economic recovery has, since early 2004, caused acceleration in wage growth throughout the economy. The trend continued in 2005. Real wages per worked hour in the manufacturing sector increased in 2004 and 2005 by respectively 13.4% and 12.2 year-on-year. The government fulfilled its commitment to increase the 2005 average civil-servant pay by 10.7% in nominal terms. Hence, public sector real wage growth grew by 2.7% in 2005.

International transactions

Robust economic growth, low inflation, a strong lira and falling interest rates caused imports to grow very strongly in 2004 and 2005. Recently, however, merchandise import growth fell from rates of over 30% in the first quarter to 16% year-on year in February 2006. Interestingly, this slowdown has been observed solely in imports of capital and consumption goods, while intermediary goods continued to perform well.

In tandem, export growth slowed from roughly 20% in the beginning of 2005 to a mere 2.2% in February 2006, which is partly explained by the strength of the Turkish lira and the previous rapid boost in exports. However, exports of textile products and apparel, which represent about 20% of total exports, appeared to have suffered from WTO liberalization as they grew by only 1.0% in the 2005. The external deficits

continued to widen; the trade deficit increased from 7.9% of GDP in 2004 to 8.4% in 2005.

However, due strong tourism receipts (up by almost 40% compared to 2004) the current account deficit seems to have widened much less, from 5.2% of GDP in 2004 to 5.8% of GDP in 2005.

As in 2004, a large part of the deficit continued to be financed by short-term investment, mainly portfolio investment and trade credits. Inflows of foreign direct investment (FDI) had in previous years relatively small.

However, privatisation receipts picked up significantly in 2005 which contributed to a quadrupling of net FDI (2.5% of GDP), in part due to the successful privatization of Turkish Telekom. The new owner of a 55% stake in the national telecom operator, Oger telecom, a joint project of Telecom Italia and a Saudi group, paid almost €5.5billion.

Prices

After rapid disinflation during the past three years, its pace has been falling significantly in 2005, mainly due to the appreciation of the lira, and by increasing energy prices.

CPI inflation fell from 8.7% year-on-year in February 2005 to 8.2% in the same month of 2006, slightly up after having met the end-2005 objective of 8%. Producer prices rose by only 5.3% last year, compared to 10.6% in the year to February 2005.

Monetary and financial indicators

Lower interest rates, increased competition and a better functioning banking sector in the aftermath of the 2001 financial crisis have fuelled strong growth in domestic credit. Particularly striking has been the increase in consumer credit, which in lira terms almost doubled in 2004. The growth stemmed primarily from loans typically for automobile purchases and credit card borrowing.

Measures taken to slow down credit growth seem to have had some effect as consumer credit growth fell back to less than 20% year-on-year in nominal terms in the fourth quarter of 2005.

Mortgage loans rose particularly strongly, by one third in flow terms and almost 50% in stock terms compared to 2004.

Turkish interbank rates (TRLibor) have fallen gradually from levels of 30-50% in 2003, in line with Central Bank rates and government bond yields. Since the beginning of 2005, the central bank cut its benchmark rates by a cumulative 650 basis points to 13.5%. In February 2006, interest rates on deposits amounted to 19-20% with very little differences for one to twelve months maturities, down from about 23% one year earlier.

The Istanbul Stock Exchange Index rebounded strongly by 60% in both 2004 and 2005. The ISE-100 index reached 42900 in early April 2006 compared to 26000 one year earlier. The upward trend was rather stable during the whole of 2005, although volatility has increased markedly in recent weeks.

General government balance

In 2005, the budget deficit narrowed to 1.2% of GDP (2006 fiscal notification and ESA 95 definition, equal to 2% using national methodology). General government gross fixed capital formation amounted to a relatively high 4.3% of GDP.

In 2005, fiscal discipline continued to be very strong. The cash budget balance narrowed by 68.1% year-on-year in real terms, on the back of 38.5% real decrease in the interest expenditures. Other expenditures increased by 10.5%, mainly due to significantly higher than budgeted shortages in the social security system.

For 2006 and 2007, the government has announced that it plans to keep its primary budgetary surplus stable at 6½ % of GNP.

General government gross debt came down to below 70% of GDP by the end of 2005, after 77% of GDP at the end of 2004 (fiscal notification, ESA 95).

TABLE

European Commission, ECFIN-D-1



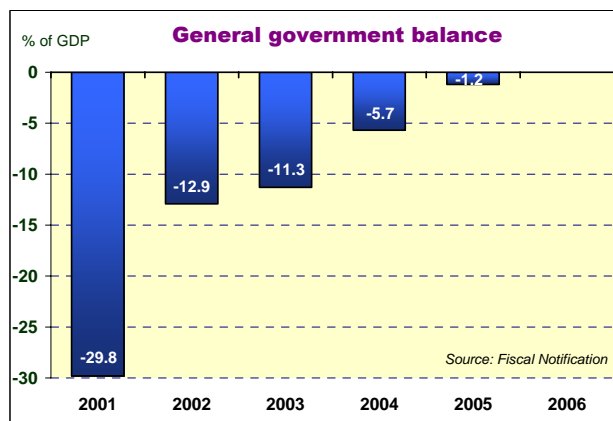
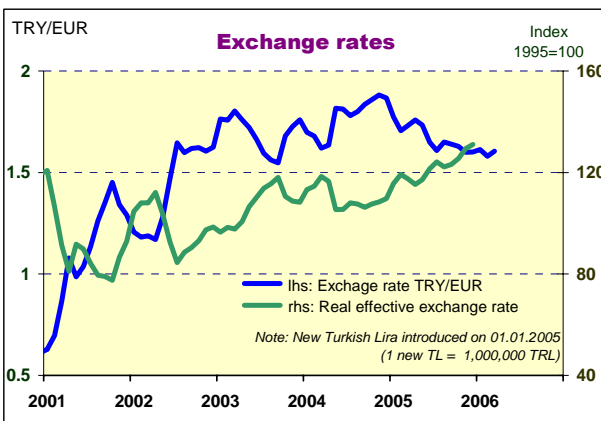
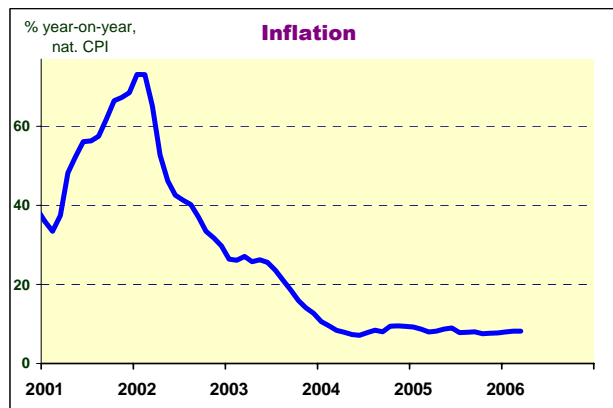
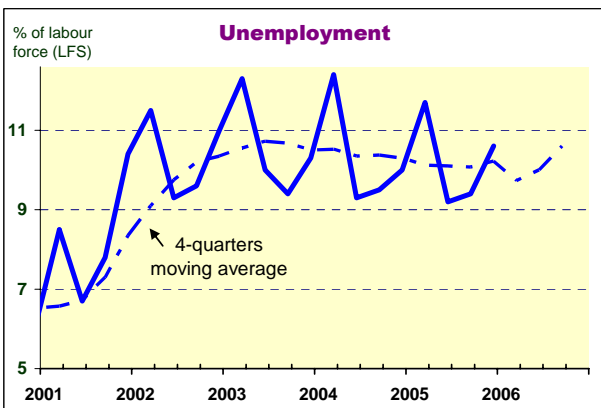
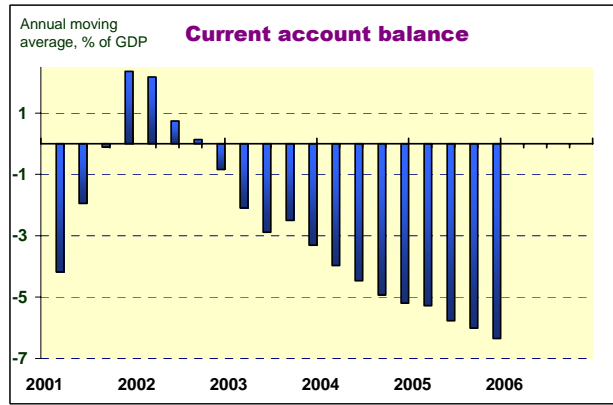
		2001	2002	2003	2004	2005	200502	200503	200504	200601	200601	200602	200603
							Q2	Q3	Q4	Q1	Jan	Feb	Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	76.8	102.0	104.1	106.8	102.8	102.5	102.0	102.7	:	100.0	100.6	:
Industrial production ^{1.2}	Ann. % ch	-8.7	9.4	8.7	9.8	5.4	3.0	4.5	8.1	:	-4.5	:	:
Gross domestic product ^{1.3}	Ann. % ch	-7.5	7.9	5.8	9.0	7.4	5.5	7.7	9.5	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	106.7	100.1	99.9	97.4	99.0	:	101.7	101.1	:
Private consumption ^{1.5}	Ann. % ch	-9.2	2.1	6.6	10.1	8.8	3.9	10.4	16.7	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	-31.5	-1.1	10.0	32.4	24.0	20.0	30.6	33.0	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	-1.4	4.7	7.3	7.9	5.2	7.8	6.8	5.2	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	8.4	10.4	10.5	10.3	10.2	9.2	9.4	10.6	:	:	:	:
Employment ^{2.2}	Ann. % ch	0.0	-0.3	-0.8	2.0	1.7	2.4	-0.2	0.3	:	:	:	:
Wages ^{2.3}	Ann. % ch	31.8	37.2	23.0	13.4	12.2	12.4	12.5	11.4	:	:	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	11.9	16.7	27.6	30.9	14.5	15.2	11.6	8.6	:	-3.5	:	:
Imports of goods ^{3.2}	Ann. % ch	-24.0	24.5	34.5	40.7	19.5	20.0	20.4	15.4	:	12.4	16.1	:
Trade balance ^{3.3}	% of GDP	-2.6	-4.0	-5.8	-7.9	-8.0	-8.4	-8.8	-9.0	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	33.7	29.2	27.4	28.9	27.4	28.9	28.0	27.4	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	31.3	30.7	30.7	34.7	34.0	34.9	34.3	34.0	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	2.4	-0.8	-3.3	-5.2	-5.8	-5.8	-6.0	-6.4	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	2.0	0.5	0.5	0.7	2.4	0.5	1.0	2.4	:	N.A.	N.A.	N.A.
4 Prices													
CPI ^{4.1}	Ann. % ch	54.4	45.0	21.6	8.6	8.2	8.6	7.9	7.6	8.1	7.9	8.1	8.2
GDP Deflator ^{4.2}	Ann. % ch	54.7	44.3	22.5	9.8	5.4	4.0	12.8	1.8	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	61.6	50.1	22.7	14.6	5.9	6.6	4.3	2.3	4.9	5.1	5.3	4.2
Import prices ^{4.4}	Ann. % ch	:	:	:	:	:	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	74.7	50.5	37.7	24.3	20.4	20.0	20.5	20.4	:	20.0	19.5	:
Bond yield ^{5.2}	% p.a.	:	:	:	:	:	:	:	:	:	:	:	:
Stock markets ^{5.3}	Index	10127	11013	12312	19899	29353	25248	30158	35317	44283	43441	45436	43972
M4 ^{5.4}	Ann. % ch	56.0	36.5	31.9	40.9	30.9	28.2	35.3	37.2	:	43.3	41.0	:
Exchange rate TRY/EUR ^{5.5}	Value	1.09	1.43	1.69	1.77	1.67	1.71	1.63	1.61	1.60	1.61	1.58	1.60
Nominal eff. exchange rate ^{5.6}	Index	41.5	31.0	27.5	26.7	28.0	27.4	28.6	28.8	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	-29.8	-12.9	-11.3	-5.7	-1.2	:	:	:	:	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	105.2	93.0	85.1	76.9	69.6	:	:	:	:	N.A.	N.A.	N.A.

CHARTS

European Commission, ECFIN-D-1



TURKEY



TABLE

European Commission, ECFIN-D-1



ALBANIA

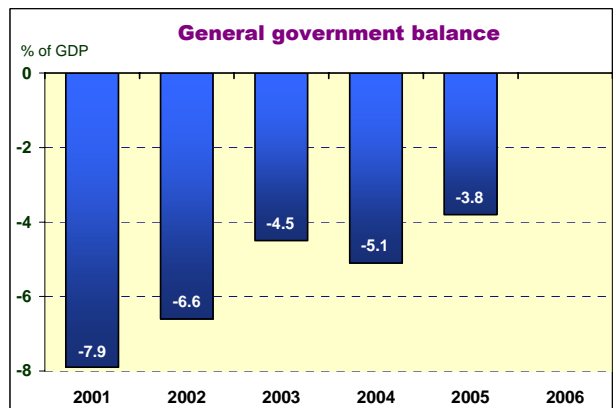
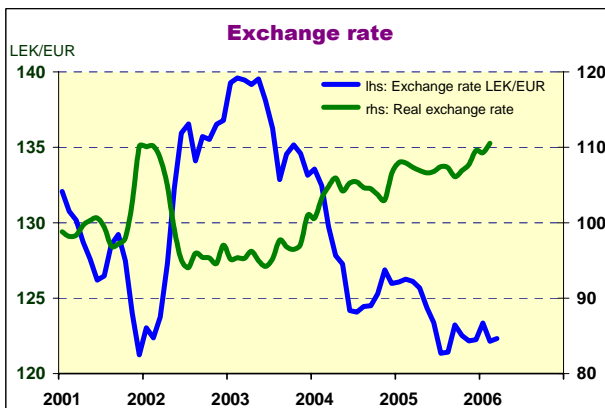
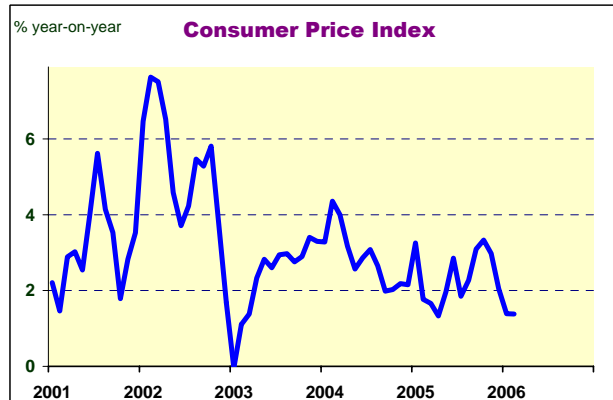
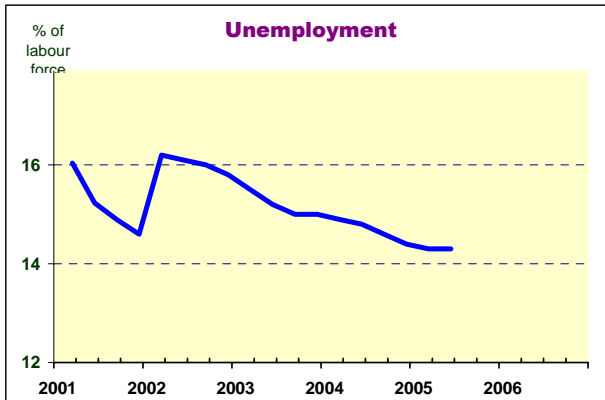
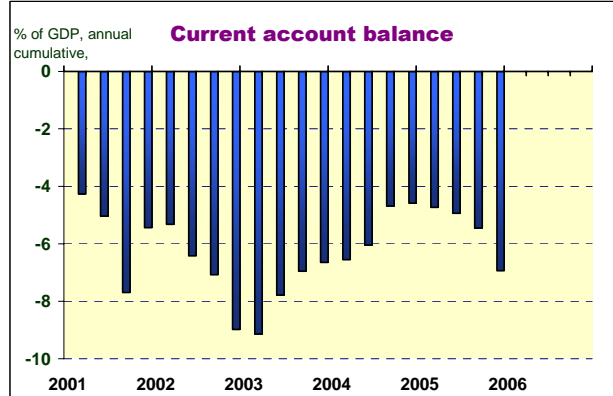
		2001	2002	2003	2004	2005	200502	200503	200504	200601	200601	200602	200603
							Q2	Q3	Q4	Q1	Jan	Feb	Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Gross domestic product ^{1.3}	Ann. % ch	7.1	4.3	5.7	6.7	:	:	:	:	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	1.3	0.8	-1.8	:	:	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	15.2	16.0	15.2	14.7	:	14.3	:	:	:	:	:	:
Employment ^{2.2}	Ann. % ch	0.4	-14.1	0.9	-0.4	:	1.1	:	:	:	:	:	:
Wages ^{2.3}	Ann. % ch	15.9	22.7	8.5	16.5	:	9.8	:	:	:	:	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	19.3	8.4	35.4	34.9	9.2	15.0	9.6	-3.1	:	:	:	:
Imports of goods ^{3.2}	Ann. % ch	23.7	11.6	20.1	23.1	9.1	6.3	13.5	3.7	:	:	:	:
Trade balance ^{3.3}	% of GDP	37.8	38.5	33.1	33.2	:	36.4	37.0	37.7	29.2	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	18.2	19.3	19.8	:	:	:	:	:	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	38.5	43.7	43.8	:	:	:	:	:	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-5.0	-8.6	-6.0	-4.3	-6.9	-4.9	-5.4	-6.9	-6.0	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	4.8	3.0	2.6	3.9	3.2	3.1	3.0	3.2	2.5	N.A.	N.A.	N.A.
4 Prices													
CPI ^{4.1}	Ann. % ch	3.1	5.2	2.4	2.9	2.4	2.0	2.4	2.8	:	1.4	1.4	:
GDP Deflator ^{4.2}	Ann. % ch	3.7	2.6	7.4	2.0	:	7.9	7.9	7.9	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	-5.4	6.5	6.2	10.8	5.1	4.0	2.4	1.9	:	:	:	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	7.7	9.6	8.7	6.8	5.6	5.1	5.9	5.8	:	5.3	:	:
Bond yield ^{5.2}	% p.a.	10.5	11.7	10.7	8.9	7.5	6.8	8.2	7.6	:	6.8	:	:
Stock markets ^{5.3}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
M2 ^{5.4}	Ann. % ch	13.1	12.2	7.6	8.2	11.7	13.8	11.6	9.7	:	8.5	:	:
Exchange rate LEK/EUR ^{5.5}	Value	127.70	131.66	136.80	127.17	123.73	124.47	121.99	122.31	122.60	123.34	122.14	122.32
Nominal eff. exchange rate ^{5.6}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	-7.9	-6.6	-4.5	-5.1	-3.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	67.6	65.0	61.8	56.5	54.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

CHARTS

European Commission, ECFIN-D-1



ALBANIA



TABLE

European Commission, ECFIN-D-1



BOSNIA AND HERZEGOVINA

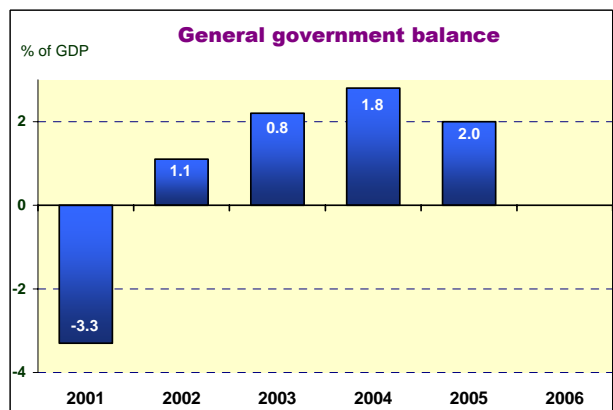
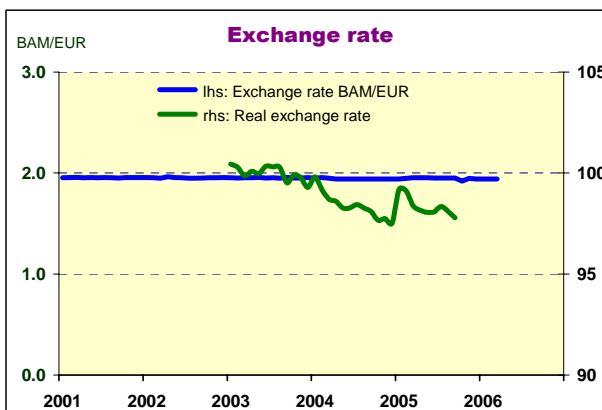
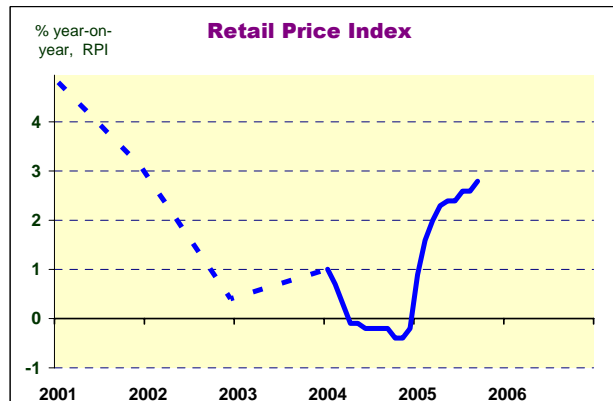
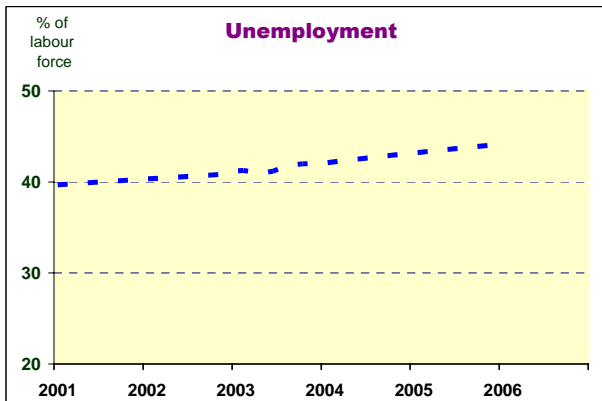
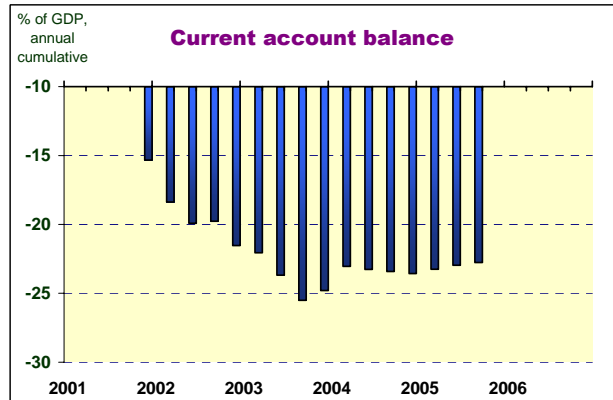
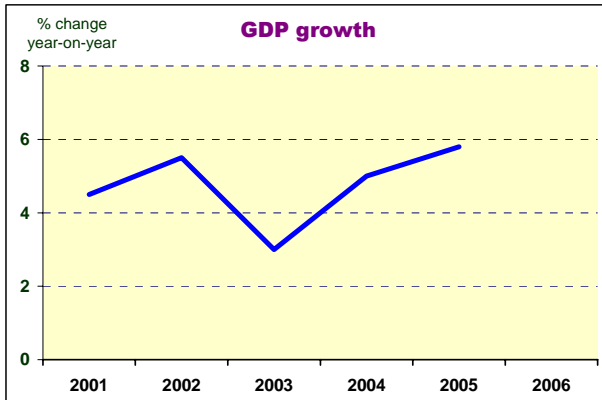
		2001	2002	2003	2004	2005	200502	200503	200504	200601	200601	200602	200603
							Q2	Q3	Q4	Q1	Jan	Feb	Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Gross domestic product ^{1.3}	Ann. % ch	4.5	5.5	3.0	5.0	5.8e	:	:	:	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	40.3	40.9	42.0	43.1	44.1	:	:	:	:	:	:	:
Employment ^{2.2}	Ann. % ch	-2.3	1.9	-0.5	:	:	:	:	:	:	:	:	:
Wages ^{2.3}	Ann. % ch	20.5	1.4	8.4	4.3	6.1	4.9	6.2	7.8	:	:	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	3.4	-7.9	11.5	28.7	:	34.4	22.3	:	:	:	:	:
Imports of goods ^{3.2}	Ann. % ch	8.3	2.5	6.0	7.6	:	13.4	11.0	:	:	:	:	:
Trade balance ^{3.3}	% of GDP	-59.0	-59.2	-58.4	-55.4	:	-55.5	-55.5	:	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	32.6	28.9	30.3	35.3	:	38.0	39.4	:	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	-87.2	-84.4	-84.9	-86.2	:	-87.4	-88.3	:	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-15.0	-21.2	-24.5	-23.3	:	-23.0	-22.8	:	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	2.4	4.7	5.4	7.3	:	6.6	5.8	:	:	N.A.	N.A.	N.A.
4 Prices													
RPI ^{4.1}	Ann. % ch	-1.6	-2.6	0.2	-0.2	:	2.4	2.8	:	:	:	:	:
GDP Deflator ^{4.2}	Ann. % ch	4.6	0.8	2.6	0.5	:	:	:	:	:	N.A.	N.A.	N.A.
Producer prices ^{4.3}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Bond yield ^{5.2}	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Stock markets ^{5.3}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
M2 ^{5.4}	Ann. % ch	31.4	66.7	4.8	19.9	:	18.5	17.5	:	:	:	:	:
Exchange rate BAMB/EUR ^{5.5}	Value	1.954	1.953	1.953	1.944	1.947	1.953	1.951	1.936	1.941	1.941	1.941	1.941
Nominal eff. exchange rate ^{5.6}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	-3.3	1.1	2.2	2.8	2.0	:	:	:	:	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	40.0	36.8	32.7	30.7	:	:	:	:	:	N.A.	N.A.	N.A.

CHARTS

European Commission, ECFIN-D-1



BOSNIA AND HERZEGOVINA



TABLE

R. SERBIA (SCG)

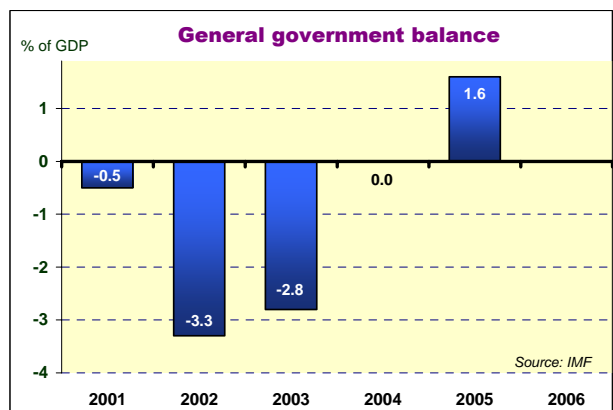
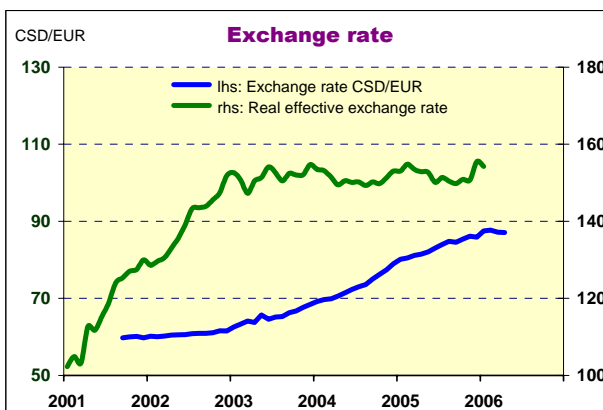
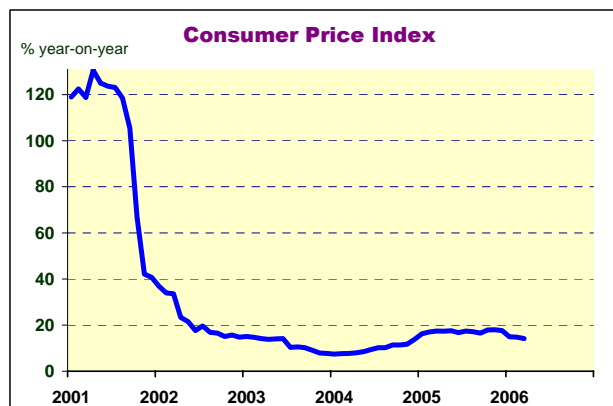
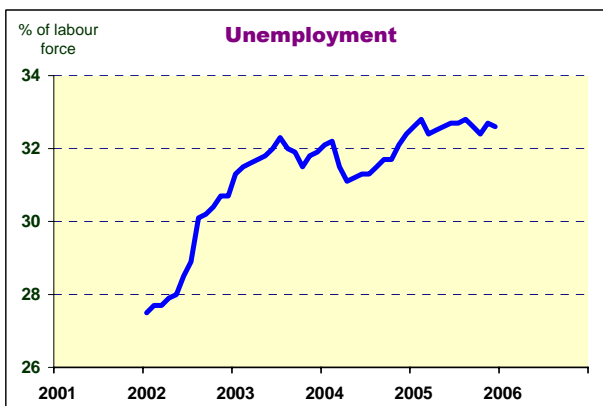
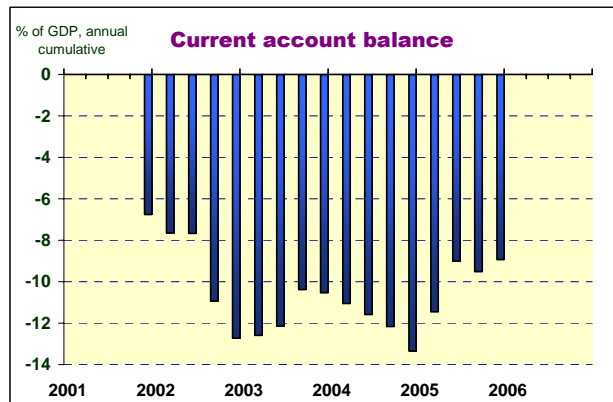
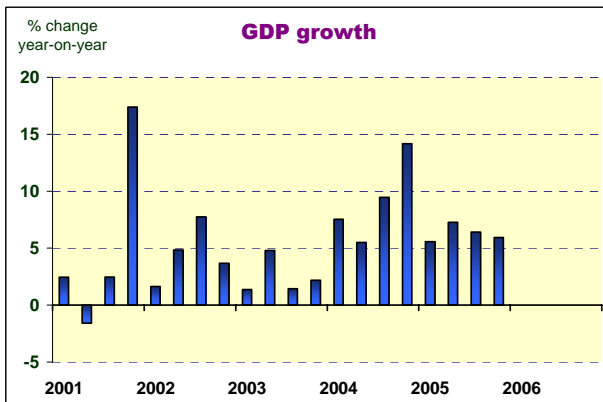
European Commission, ECFIN-D-1

		2001	2002	2003	2004	2005	200502 Q2	200503 Q3	200504 Q4	200601 Q1	200601 Jan	200602 Feb	200603 Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	N.A.	-5.2	-3.0	7.1	1.3	-1.5	3.2	2.7	:	0.8	:	:
Gross domestic product ^{1.3}	Ann. % ch	5.1	4.5	2.4	9.3	6.3	7.3	6.4	5.9	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	12.2	13.3	14.6	18.5	:	32.6	32.7	32.6	:	:	:	:
Employment ^{2.2}	Ann. % ch	N.A.	N.A.	-1.2	0.2	0.4	0.0	0.2	1.1	:	:	:	:
Wages ^{2.3}	Ann. % ch	2.3	1.7	1.3	0.5	0.8	0.9	0.8	0.8	:	0.9	1.0	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	N.A.	20.4	2.7	57.3	19.2	46.2	17.4	-9.3	:	18.0	:	:
Imports of goods ^{3.2}	Ann. % ch	N.A.	30.7	15.9	49.4	-6.7	2.4	6.9	-17.0	:	38.7	:	:
Trade balance ^{3.3}	% of GDP	64.3	60.5	51.1	66.3	:	66.6	66.1	63.0	48.7	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-5.9	-12.0	-10.1	-12.8	-8.3	-9.0	-9.5	-8.9	-6.9	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	1.6	3.3	6.6	4.3	5.9	5.6	6.9	6.2	4.6	N.A.	N.A.	N.A.
4 Prices													
RPI ^{4.1}	Ann. % ch	94.3	21.4	11.7	9.8	17.7	17.2	17.1	17.9	:	:	:	:
GDP Deflator ^{4.2}	Ann. % ch	94.4	25.2	16.7	10.3	23.4	22.5	23.3	23.8	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	N.A.	10.7	5.9	9.5	13.0	11.3	13.0	15.5	:	15.5	:	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	N.A.	N.A.	N.A.	21.3	17.2	18.8	14.8	14.6	:	:	:	:
Bond yield ^{5.2}	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Stock markets ^{5.3}	Index	N.A.	N.A.	N.A.	N.A.	1493.8	1497.7	1545.6	1595.7	1635.9	1594.8	1634.6	1678.4
M3 ^{5.4}	Ann. % ch	N.A.	N.A.	29.1	31.4	39.0	38.6	41.9	41.7	:	:	:	:
Exchange rate CSD/EUR ^{5.5}	Value	N.A.	60.74	65.29	73.10	83.25	82.17	84.45	85.80	87.48	87.52	87.71	87.20
Nominal eff. exchange rate ^{5.6}	Index	96.8	101.5	97.3	93.5	92.4	93.9	90.5	88.6	:	98.8	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	-0.5	-3.3	-2.8	0.0	1.6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	N.A.	85.4	79.2	67.3	52.1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

CHARTS

R. SERBIA (SCG)

European Commission, ECFIN-D-1



TABLE

R. MONTENEGRO (SCG)

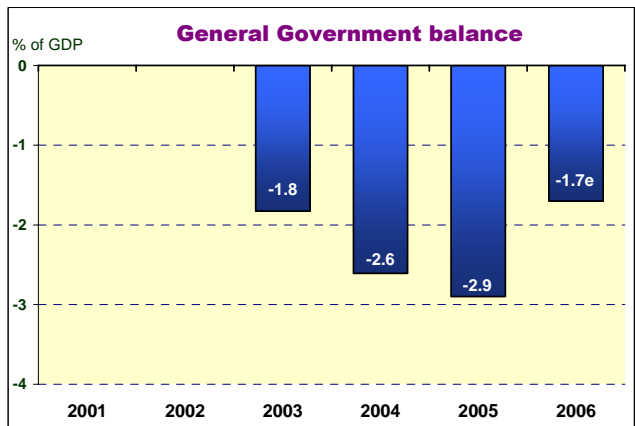
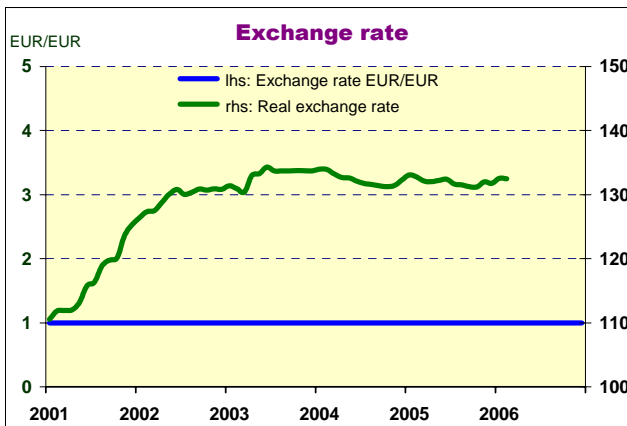
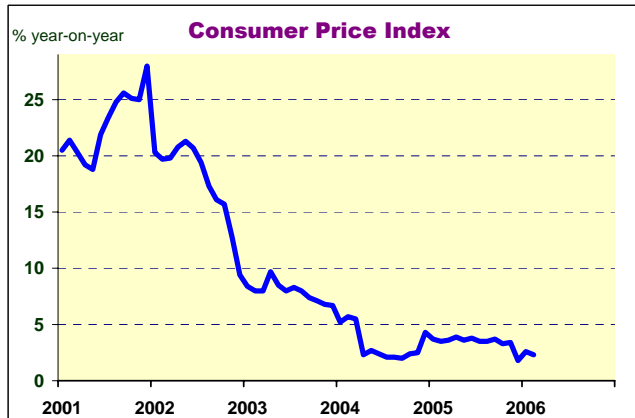
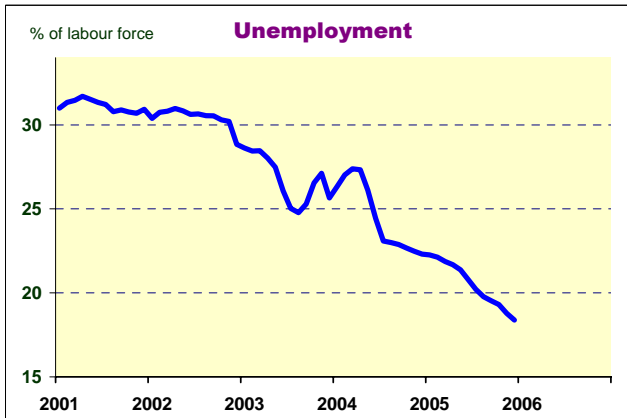
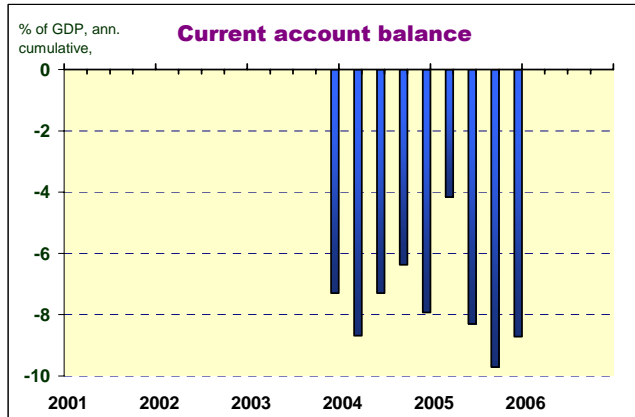
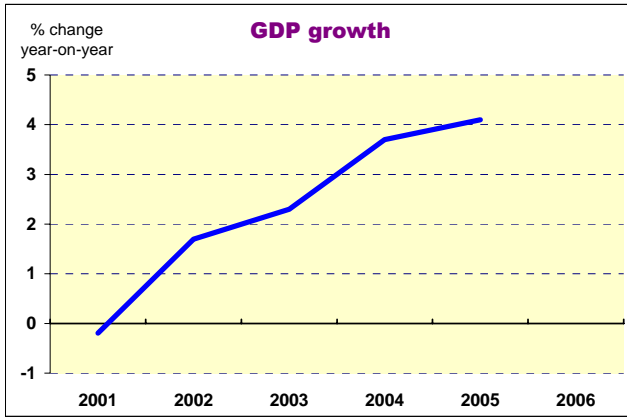
European Commission, ECFIN-D-1

		2001	2002	2003	2004	2005	200502 Q2	200503 Q3	200504 Q4	200601 Q1	200601 Jan	200602 Feb	200603 Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	N.A.	0.6	1.9	13.8	-1.9	-4.8	2.6	1.9	:	6.1	-4.0	:
Gross domestic product ^{1.3}	Ann. % ch	-0.2	1.7	2.3	3.7	4.1	:	:	:	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	4.7	6.4	:	:	:	:	:	:	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	16.7	-16.1	:	:	:	:	:	:	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	4.7	2.4	:	:	:	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	30.9	28.8	25.7	22.3	18.4	20.8	19.5	18.4	:	:	:	:
Employment ^{2.2}	Ann. % ch	-19.4	-0.3	-3.3	29.9	2.0	-0.6	1.6	2.0	:	:	:	:
Wages ^{2.3}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	7.8	5.5	8.1	12.4	:	10.5	18.3	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	N.A.	37.1	-16.1	67.1	-3.9	-15.7	1.9	6.7	:	:	:	:
Imports of goods ^{3.2}	Ann. % ch	N.A.	3.4	-15.7	37.9	8.3	29.5	32.7	2.6	:	:	:	:
Trade balance ^{3.3}	% of GDP	-39.2	-32.6	-25.1	-27.1	-30.8	-28.1	-31.9	-31.3	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	40.0	37.0	:	:	:	:	:	:	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	64.5	62.6	:	:	:	:	:	:	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	-15.7	-12.6	-7.1	-7.8	-8.6	-8.3	-9.7	-8.7	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	0.9	6.9	2.7	3.3	22.8	14.9	17.2	23.2	:	N.A.	N.A.	N.A.
4 Prices													
CPI ^{4.1}	Ann. % ch	28.0	9.4	6.7	4.3	1.8	3.8	3.7	1.8	:	2.6	2.3	:
GDP Deflator ^{4.2}	Ann. % ch	22.0	2.9	7.8	3.4	2.9	:	:	:	:	N.A.	N.A.	N.A.
Producer prices ^{4.3}	Ann. % ch	15.1	0.7	8.2	3.6	3.5	1.7	2.1	3.5	:	:	:	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	N.A.	N.A.	N.A.	10.7	1.2	:	:	1.2	:	:	:	:
Bond yield ^{5.2}	% p.a.	N.A.	N.A.	N.A.	8.3	3.1	:	4.1	2.1	:	0.7	:	:
Stock markets ^{5.3}	Index	N.A.	N.A.	1000.3	1758.3	5670.5	4373.4	5880.0	9764.4	10338.5	10425.9	10340.0	10249.7
M21 ^{5.4}	Ann. % ch	N.A.	N.A.	N.A.	11.4	40.5	43.5	42.3	52.0	:	:	:	:
Exchange rate EUR/EUR ^{5.5}	Value	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Nominal eff. exchange rate ^{5.6}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	N.A.	N.A.	-1.8	-2.6	-2.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	N.A.	80.6	44.6	43.8	42.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

CHARTS

R. MONTENEGRO (SCG)

European Commission, ECFIN-D-1



TABLE

KOSOVO

European Commission, ECFIN-D-1

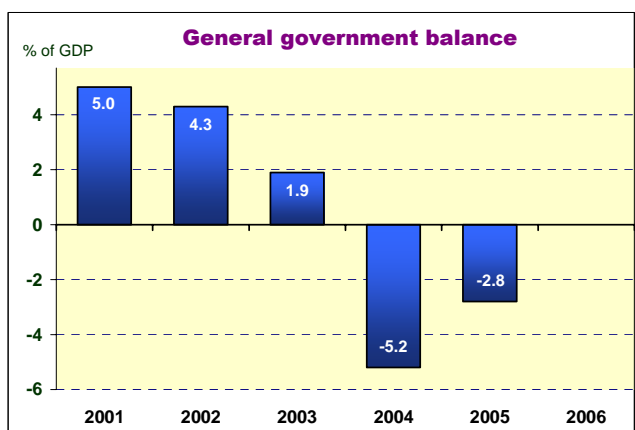
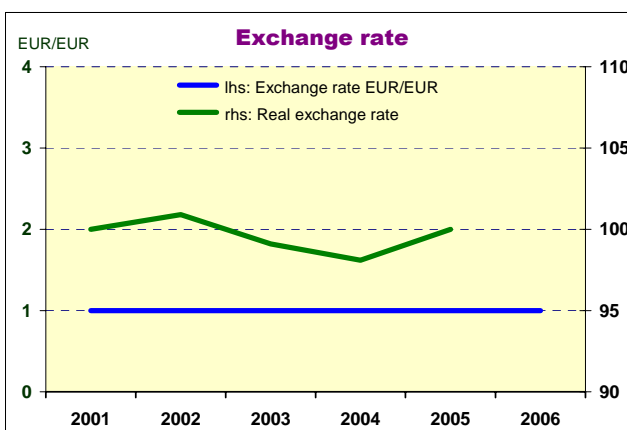
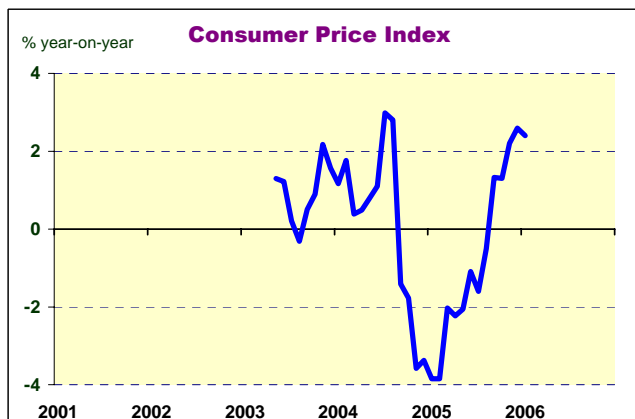
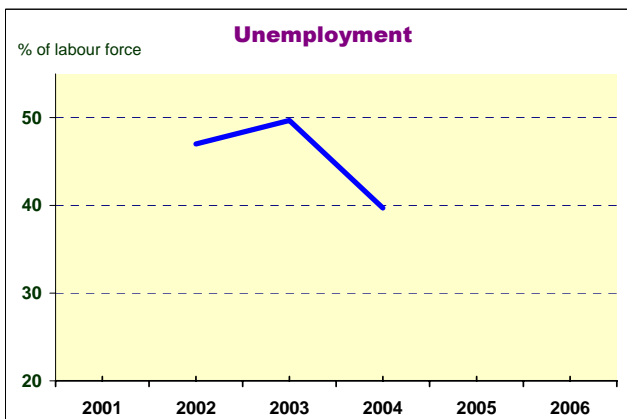
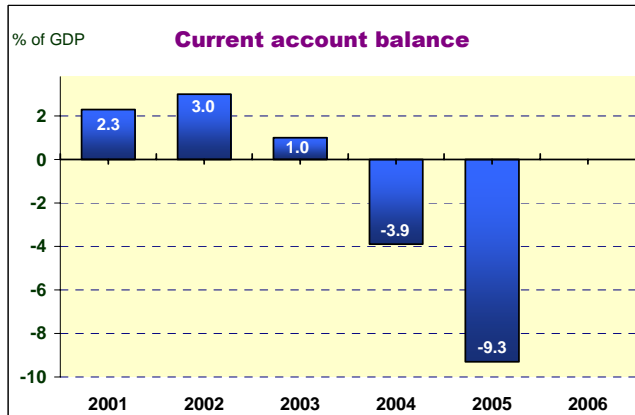
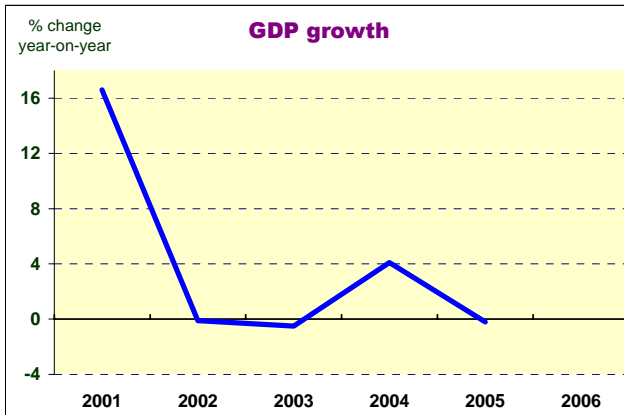
(AS DEFINED BY UNSCR 1244)

		2001	2002	2003	2004	2005	200502	200503	200504	200601	200601	200602	200603
							Q2	Q3	Q4	Q1	Jan	Feb	Mar
1 Output and demand													
Industrial confidence ^{1.1}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Industrial production ^{1.2}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Gross domestic product ^{1.3}	Ann. % ch	16.6	-0.1	-0.5	4.1	-0.2	:	:	:	:	N.A.	N.A.	N.A.
Consumer confidence ^{1.4}	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Private consumption ^{1.5}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Gross fixed capital formation ^{1.6}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
Change in stocks ^{1.7}	% of GDP	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market													
Unemployment ^{2.1}	%	N.A.	47.0	49.7	39.7	:	:	:	:	:	:	:	:
Employment ^{2.2}	Ann. % ch	N.A.	N.A.	N.A.	4.7	:	:	:	:	:	:	:	:
Wages ^{2.3}	Ann. % ch	N.A.	N.A.	2.0	9.3	:	:	:	:	:	:	:	:
3 International transactions													
Exports of goods ^{3.1}	Ann. % ch	N.A.	161.4	31.2	56.2	-13.5	3.4	-3.6	-35.0	:	8.1	:	:
Imports of goods ^{3.2}	Ann. % ch	N.A.	24.9	13.3	9.8	11.0	20.8	18.7	-5.7	:	-9.8	:	:
Trade balance ^{3.3}	% of GDP	-27.6	-33.3	-37.3	-39.6	-45.9	-43.3	-45.6	-45.6	:	N.A.	N.A.	N.A.
Exports goods and services ^{3.4}	% of GDP	15.3	12.9	12.0	11.7	12.2	:	:	:	:	N.A.	N.A.	N.A.
Imports goods and services ^{3.5}	% of GDP	52.2	44.3	41.9	42.2	44.4	:	:	:	:	N.A.	N.A.	N.A.
Current account balance ^{3.6}	% of GDP	2.3	3.0	1.0	-3.9	-9.3	:	:	:	:	N.A.	N.A.	N.A.
Direct investment (FDI, net) ^{3.7}	% of GDP	N.A.	N.A.	0.1	0.9	2.8	:	:	:	:	N.A.	N.A.	N.A.
4 Prices													
CPI ^{4.1}	Ann. % ch	N.A.	N.A.	1.6	-3.4	2.6	-1.1	1.3	2.6	:	2.4	:	:
GDP Deflator ^{4.2}	Ann. % ch	N.A.	2.5	1.2	-2.2	-2.9	:	:	:	:	:	:	:
Producer prices ^{4.3}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Import prices ^{4.4}	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
5 Monetary and financial indicators													
Interest rate (3 months) ^{5.1}	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Bond yield ^{5.2}	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
Stock markets ^{5.3}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
M2 ^{5.4}	Ann. % ch	55.4	-13.2	2.8	12.1	1.0	4.2	3.9	1.0	:	3.3	:	:
Exchange rate EUR/EUR ^{5.5}	Value	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Nominal eff. exchange rate ^{5.6}	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	:	:	:	:	:
6 Government balance and debt													
General government balance ^{6.1}	% of GDP	5.0	4.3	1.9	-5.2	-2.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
General government debt ^{6.2}	% of GDP	:	:	:	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

CHARTS

KOSOVO (AS DEFINED BY UNSCR 1244)

European Commission, ECFIN-D-1





Recent economic developments in acceding countries – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Industry survey, average of balances to replies on production expectations, order books, and stocks (the latter with inverted sign)	Ecwin/Reuters
1.2.	Industrial production	Annual percentage change, volume (index 2000), excluding construction	Ecwin/Reuters
1.3.	Gross domestic product	Annual percentage change, volume (compared to previous year)	Ecwin/Reuters
1.4.	Consumer confidence indicator	Consumer survey, average of balances to replies on five questions	Ecwin/Reuters
1.5.	Private consumption	Annual percentage change, volume (compared to previous year)	Ecwin/Reuters
1.6.	Gross fixed capital formation	Annual percentage change, volume (compared to previous year)	Ecwin/Reuters
1.7.	Change in stocks	In percent of GDP, volume (compared to previous year)	Ecwin/Reuters
2 Labour market			
2.1.	Unemployment	In percent of total labour force, ILO definition, seasonally adjusted, Labour Force Survey data	Ecwin/Reuters
2.2.	Employment	Annual percentage change, Labour Force Survey data	Ecwin/Reuters
2.3.	Wages	Annual percentage change; average wages and salaries by economic activity	Ecwin/Reuters
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, mio. BGN, fob	Ecwin/Reuters
3.2.	Imports of goods	Annual percentage change, mio. BGN, fob	Ecwin/Reuters
3.3.	Trade balance	In percent of GDP, fob-fob	Ecwin/Reuters
3.4.	Exports goods and services	In percent of GDP, volume (compared to previous year)	Ecwin/Reuters
3.5.	Imports goods and services	In percent of GDP, volume (compared to previous year)	Ecwin/Reuters
3.6.	Current account balance	In percent of GDP	Ecwin/Reuters
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, Moving average of direct investment in reporting economy minus direct investment abroad	Ecwin/Reuters
4. Prices			
4.1.	Interim HICP	Annual percentage change, interim harmonized index of consumer prices	Ecwin/Reuters
4.2.	GDP deflator	Annual percentage change, implicit GDP price deflator	Ecwin/Reuters
4.3.	Producer prices	Annual percentage change, index 2000	Ecwin/Reuters
4.4.	Import prices	Annual percentage change, index (compared to previous year)	Ecwin/Reuters
5. Monetary and financial indicators			
5.1.	Interest rate	Percent p.a., 3-month interbank money market rate, period averages	Ecwin/Reuters
5.2.	Bond yield	Percent p.a., lowest level prevailing on the secondary market, gross of tax, with around 10 years' residual maturity	Ecwin/Reuters
5.3.	Stock markets	SOFIX index (last value)	Ecwin/Reuters
5.4.	M3	Annual percentage change	Ecwin/Reuters
5.5.	Exchange rate BGL/EUR	Period averages	Ecwin/Reuters
5.6.	Nominal eff. exchange rate	Index 1999, period averages	Ecwin/Reuters
6. Government balance and debt			
6.1.	General government balance	In percent of GDP, net lending (+) or net borrowing (-) general government, ESA 95 methodology. Quarterly data on a cash basis.	Nat. sources
6.2.	General government debt	In percent of GDP, ESA 95 methodology	Nat. sources



Recent economic developments in acceding countries – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Industry survey, average of balances to replies on production expectations, order books, and stocks (the latter with inverted sign)	Ecwin/Reuters
1.2.	Industrial production	Annual percentage change, volume (index 2000), excluding construction	Ecwin/Reuters
1.3.	Gross domestic product	Annual percentage change, volume (1995 prices). National sources for 2004 data.	Ecwin/Reuters
1.4.	Consumer confidence indicator	Consumer survey, average of balances to replies on five questions	Ecwin/Reuters
1.5.	Private consumption	Annual percentage change, volume (1995 prices)	Ecwin/Reuters
1.6.	Gross fixed capital formation	Annual percentage change, volume (1995 prices)	Ecwin/Reuters
1.7.	Change in stocks	In percent of GDP, volume (1995 prices)	Ecwin/Reuters
2 Labour market			
2.1.	Unemployment	In percent of total labour force, harmonised definition, seasonally adjusted	Ecwin/Reuters
2.2.	Employment	Annual percentage change, Labour Force Survey data	Ecwin/Reuters
2.3.	Wages	Annual percentage change; net average salary earning	Ecwin/Reuters
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, mio. EUR, fob	Ecwin/Reuters
3.2.	Imports of goods	Annual percentage change, mio. EUR, fob	Ecwin/Reuters
3.3.	Trade balance	In percent of GDP, fob-fob	Ecwin/Reuters
3.4.	Exports goods and services	In percent of GDP, volume (1995 prices)	Ecwin/Reuters
3.5.	Imports goods and services	In percent of GDP, volume (1995 prices)	Ecwin/Reuters
3.6.	Current account balance	Cumulative, end of period, in percent of GDP	Ecwin/Reuters
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, direct investment in reporting economy minus direct investment abroad	Ecwin/Reuters / Nat. sources
4. Prices			
4.1.	Interim HICP	Annual percentage change, interim harmonized index of consumer prices	Ecwin/Reuters
4.2.	GDP deflator	Annual percentage change, implicit GDP price deflator	Ecwin/Reuters
4.3.	Producer prices	Annual percentage change, index (as compared to the same period of previous year)	Ecwin/Reuters
4.4.	Import prices	Annual percentage change, index (previous year equals 100)	Eurostat
5. Monetary and financial indicators			
5.1.	Interest rate	3 months, BUBID-BUBOR average	Ecwin/Reuters / Nat. sources
5.2.	Bond yield	Percent p.a., Interest-bearing government bonds, average rate. 2-years government bond yields. There is not yet a substantial Romanian bonds market for 3-years terms or above.	Ecwin/Reuters / Nat. sources
5.3.	Stock markets	BET index (points)	Ecwin/Reuters
5.4.	M2	Annual percentage change, Broad money, end of period	Ecwin/Reuters
5.5.	Exchange rate ROL/EUR	Period averages	Ecwin/Reuters
5.6.	Nominal eff. exchange rate	Index 1999, period averages	Ecwin/Reuters
6. Government balance and debt			
6.1.	General government balance	In percent of GDP, net lending (+) or net borrowing (-) general government, ESA 95 methodology.	Ecwin/Reuters
6.2.	General government debt	In percent of GDP, ESA 95 methodology	Eurostat / Nat. sources



Recent economic developments in candidate countries – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Not available	N.A.
1.2.	Industrial production	Annual percentage change, volume, excluding construction	Ecwin/Reuters
1.3.	Gross domestic product	Annual percentage change, volume (1997 prices)	Ecwin/Reuters
1.4.	Consumer confidence indicator	Not available	N.A.
1.5.	Private consumption	Annual percentage change, volume (1997 prices)	Ecwin/Reuters
1.6.	Gross fixed capital formation	Annual percentage change, volume (1997 prices)	Ecwin/Reuters
1.7.	Change in stocks	In percent of GDP, volume (1997 prices)	Ecwin/Reuters
2 Labour market			
2.1.	Unemployment	In percent of total labour force, Labour Force Survey definition for annual data. Monthly and quarterly data are based on official data on registered employment and unemployment	Ecwin/Reuters
2.2.	Employment	Annual percentage change, Labour Force Survey definition for annual data. Monthly and quarterly data are based on official data on registered employment and unemployment	Ecwin/Reuters
2.3.	Wages	Annual percentage change; average gross wages (nominal amount in kuna)	Ecwin/Reuters
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, mio. USD, fob	Ecwin/Reuters
3.2.	Imports of goods	Annual percentage change, mio. USD, cif	Ecwin/Reuters
3.3.	Trade balance	In percent of GDP, fob-cif	Ecwin/Reuters
3.4.	Exports goods and services	In percent of GDP, volume (1997 prices)	Ecwin/Reuters
3.5.	Imports goods and services	In percent of GDP, volume (1997 prices)	Ecwin/Reuters
3.6.	Current account balance	In percent of GDP, rolling four quarter for quarterly data	Ecwin/Reuters
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised data	Ecwin/Reuters
4. Prices			
4.1.	Interim CPI	Annual average percentage change, HICP not yet available for Croatia	Ecwin/Reuters
4.2.	GDP deflator	Annual percentage change	Ecwin/Reuters
4.3.	Producer prices	Annual percentage change, without construction, index 2001	Ecwin/Reuters
4.4.	Import prices	Not available	N.A.
5. Monetary and financial indicators			
5.1.	Interest rate	Zagreb Interbank 3 month - middle rate	Ecwin/Reuters
5.2.	Bond yield	Not available	N.A.
5.3.	Stock markets	CROBEX index	Ecwin/Reuters
5.4.	M4	Annual percentage change, M4 (Broadest money)	Ecwin/Reuters
5.5.	Exchange rate HRK/EUR	Period averages, midpoint exchange rates	Ecwin/Reuters
5.6.	Nominal eff. exchange rate	Index 2001, period averages	Ecwin/Reuters
6. Government balance and debt			
6.1.	General government balance	In percent of GDP	Nat. sources
6.2.	General government debt	In percent of GDP	Nat. sources



Recent economic developments in candidate countries – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Not available	
1.2.	Industrial production	Annual percentage change, volume, excluding construction	SSO
1.3.	Gross domestic product	Annual percentage change, volume (previous year prices)	SSO
1.4.	Consumer confidence indicator	Not available	
1.5.	Private consumption	Annual percentage change, volume (previous year prices)	SSO
1.6.	Gross fixed capital formation	Annual percentage change, volume (previous year prices)	SSO
1.7.	Change in stocks	In percent of GDP, volume (previous year prices)	SSO
2 Labour market			
2.1.	Unemployment	In percent of total labour force, Labour Force Survey definition for annual data, registered otherwise	SSO
2.2.	Employment	Annual percentage change, Labour Force Survey definition for annual data, registered otherwise	SSO
2.3.	Wages	Annual percentage change; average gross wages (nominal amount in Denar)	SSO
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, fob	NBRM
3.2.	Imports of goods	Annual percentage change, cif	NBRM
3.3.	Trade balance	In percent of GDP, fob-cif	NBRM
3.4.	Exports goods and services	In percent of GDP, volume	SSO
3.5.	Imports goods and services	In percent of GDP, volume	SSO
3.6.	Current account balance	In percent of GDP, rolling four quarter for quarterly data	NBRM
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised data	NBRM
4. Prices			
4.1.	CPI	Annual average percentage change, HICP not yet available for fYRoM	SSO/Ecowin/Reuters
4.2.	GDP deflator	Annual percentage change	SSO
4.3.	Producer prices	Annual percentage change, industrial products	SSO
4.4.	Import prices	Not available	SSO
5. Monetary and financial indicators			
5.1.	Interest rate	Interest rate on 3 month Denar deposits	NBRM
5.2.	Bond yield	Not available	NBRM
5.3.	Stock markets	MSE Index (MBI-10)	Macedonian SE
5.4.	M4	Annual percentage change, M4 (Broadest money)	NBRM
5.5.	Exchange rate MKD/EUR	Averages, spot close	Ecowin/Reuters
5.6.	Nominal eff. exchange rate		
6. Government balance and debt			
6.1.	General government balance	In percent of GDP	MoF
6.2.	General government debt	In percent of GDP	MoF



Recent economic developments in candidate countries – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Industry survey, confidence index real sector	Nat. sources
1.2.	Industrial production	Annual percentage change, volume (index 1997), excluding construction	Ecwin/Reuters
1.3.	Gross domestic product	Annual percentage change, volume (1987 prices)	Ecwin/Reuters
1.4.	Consumer confidence indicator	Consumer tendency survey	Nat. sources
1.5.	Private consumption	Annual percentage change, volume (1987 prices)	Ecwin/Reuters
1.6.	Gross fixed capital formation	Annual percentage change	Ecwin/Reuters
1.7.	Change in stocks	In percent of GDP	Ecwin/Reuters
2 Labour market			
2.1.	Unemployment	In percent of total labour force, Labour Force Survey data	Ecwin/Reuters
2.2.	Employment	Annual percentage change, Labour Force Survey data	Ecwin/Reuters
2.3.	Wages	Annual percentage change; index of real earning per production workers in manufacturing industry	Nat. sources
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, mio. USD, fob	Ecwin/Reuters
3.2.	Imports of goods	Annual percentage change, mio. USD, cif	Ecwin/Reuters
3.3.	Trade balance	In percent of GDP, annualised moving average	Ecwin/Reuters
3.4.	Exports goods and services	In percent of GDP	Ecwin/Reuters
3.5.	Imports goods and services	In percent of GDP	Ecwin/Reuters
3.6.	Current account balance	In percent of GDP, annualised moving average	Ecwin/Reuters
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised moving average of direct investment in reporting economy minus direct investment abroad	Ecwin/Reuters
4. Prices			
4.1.	CPI	Annual percentage change, index 1994, Interim HICP is not available	Ecwin/Reuters
4.2.	GDP deflator	Annual percentage change	Ecwin/Reuters
4.3.	Producer prices	Annual percentage change, wholesale prices index (1994)	Ecwin/Reuters
4.4.	Import prices	Annual percentage change, index (1994)	Ecwin/Reuters
5. Monetary and financial indicators			
5.1.	Interest rate	Percent p.a., Interest rates on deposits, weighted averages of 3-months deposit	Ecwin/Reuters
5.2.	Bond yield	Not available	N.A.
5.3.	Stock markets	ISE index, trading volume (business), January 1986 = 1 Turkish Lira	Ecwin/Reuters
5.4.	M3	Annual percentage change	Ecwin/Reuters
5.5.	Exchange rate YTL/EUR	Period averages	Eurostat
5.6.	Nominal eff. exchange rate	Index 1999, period averages	Eurostat
6. Government balance and debt			
6.1.	General government balance	In percent of GDP	Nat. sources
6.2.	General government debt	In percent of GDP, ESA 95 methodology	Nat. sources



Recent economic developments – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Not available.	Ecowin/Reuters
1.2.	Industrial production	Not available.	
1.3.	Gross domestic product	Annual percentage change, volume. Annual data.	
1.4.	Consumer confidence indicator	Not available.	
1.5.	Private consumption	Not available.	
1.6.	Gross fixed capital formation	Annual data	
1.7.	Change in stocks	In percent of GDP. Annual data.	
2 Labour market			
2.1.	Unemployment	In percent of total labour force.	Ecowin/Reuters
2.2.	Employment	Annual percentage change.	Ecowin/Reuters
2.3.	Wages	Average monthly wages in State sector.	Ecowin/Reuters
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, mio. USD.	Ecowin/Reuters
3.2.	Imports of goods	Annual percentage change, mio. USD.	Ecowin/Reuters
3.3.	Trade balance	In percent of GDP, annualised moving average.	Ecowin/Reuters
3.4.	Exports goods and services	In percent of GDP. Annual data.	Ecowin/Reuters
3.5.	Imports goods and services	In percent of GDP. Annual data.	Ecowin/Reuters
3.6.	Current account balance	In percent of GDP, annualised moving average.	Ecowin/Reuters
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised moving average of Net Foreign Direct Investment, mio. USD.	Ecowin/Reuters
4. Prices			
4.1.	Interim CPI	Consumer Prices, All Items, Total. Annual percentage change.	Ecowin/Reuters
4.2.	GDP deflator	Implicit GDP deflator. Annual percentage change.	Ecowin/Reuters
4.3.	Producer prices	Annual percentage change, Total, index (1998).	
4.4.	Import prices	Not available.	
5. Monetary and financial indicators			
5.1.	Interest rate	Treasury Bills, 3 Month Auction, Yield.	Ecowin/Reuters
5.2.	Bond yield	Treasury Bills, 12 Month Auction, Yield.	Ecowin/Reuters
5.3.	Stock markets	Not available.	Ecowin/Reuters
5.4.	M4	Annual percentage change.	
5.5.	Exchange rate LEK/EUR	Period averages.	
5.6.	Nominal eff. exchange rate	Not available.	
6. Government balance and debt			
6.1.	General government balance	In percent of GDP	Nat. sources
6.2.	General government debt	In percent of GDP	Nat. sources



Recent economic developments – Explanatory notes				
No.	Indicator	Note	Source	
1 Output and demand				
1.1.	Industrial confidence indicator	Not available.	Ecowin/Reuters	
1.2.	Industrial production	Not available.		
1.3.	Gross domestic product	Annual percentage change.		
1.4.	Consumer confidence indicator	Not available.		
1.5.	Private consumption	Not available.		
1.6.	Gross fixed capital formation	Not available.		
1.7.	Change in stocks	Not available.		
2 Labour market				
2.1.	Unemployment	Registered, in percent of total labour force.	CBBH	
2.2.	Employment	Registered, annual percentage change.	CBBH	
2.3.	Wages	Annual percentage change, average gross wages, BAM.	Ecowin/Reuters	
3. International Transactions				
3.1.	Exports of goods	Annual percentage change, mio. BAM, General merchandise, FOB	Ecowin/Reuters	
3.2.	Imports of goods	Annual percentage change, mio. BAM, General merchandise, FOB	Ecowin/Reuters	
3.3.	Trade balance	In percent of GDP, annualised data.	Ecowin/Reuters	
3.4.	Exports goods and services	In percent of GDP, estimated from Balance of Payments data.	Ecowin/Reuters	
3.5.	Imports goods and services	In percent of GDP, estimated from Balance of Payments data.		
3.6.	Current account balance	In percent of GDP, annualised data.		
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised data.		
4. Prices				
4.1.	Interim CPI	Retail price index.		CBBH
4.2.	GDP deflator	Implicit GDP deflator. Annual percentage change.		
4.3.	Producer prices	Not available.		
4.4.	Import prices	Not available.		
5. Monetary and financial indicators				
5.1.	Interest rate	Not available.	Ecowin/Reuters	
5.2.	Bond yield	Not available.		
5.3.	Stock markets	Not available.		
5.4.	M2	Annual percentage change, M2 (broadest money).		
5.5.	Exchange rate BAM/EUR	Period averages, spot rates, close.		
5.6.	Nominal eff. exchange rate	Not available.		
6. Government balance and debt				
6.1.	General government balance	In percent of GDP. Certain data from the local level not included.	CBBH	
6.2.	General government debt	In percent of GDP. As there is no domestic debt; all debt reported is external.	CBBH	

R. SERBIA (SCG)

Explanatory notes

Recent economic developments – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Not available.	Ecwin/Reuters Ecwin/Reuters
1.2.	Industrial production	Annual percentage change, index (2004).	
1.3.	Gross domestic product	Annual percentage change at constant (average) prices 2002. Production approach.	
1.4.	Consumer confidence indicator	Not available.	
1.5.	Private consumption	Not available.	
1.6.	Gross fixed capital formation	Not available.	
1.7.	Change in stocks	Not available.	
2 Labour market			
2.1.	Unemployment	In percent of total labour force, Labour Force Survey definition for annual data. Monthly and quarterly data are based on official data on registered employment and unemployment	Ecwin/Reuters
2.2.	Employment	Annual percentage change, Labour Force Survey definition for annual data. Monthly and quarterly data are based on official data on registered employment and unemployment	Ecwin/Reuters
2.3.	Wages	Annual percentage change; average growth rate, real.	Ecwin/Reuters
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, mio. USD, fob.	Ecwin/Reuters
3.2.	Imports of goods	Annual percentage change, mio. USD, cif.	Ecwin/Reuters
3.3.	Trade balance	In percent of GDP, fob-cif, annualised data.	Ecwin/Reuters
3.4.	Exports goods and services	Not available.	Ecwin/Reuters
3.5.	Imports goods and services	Not available.	
3.6.	Current account balance	In percent of GDP, annualised data.	
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised data.	Ecwin/Reuters
4. Prices			
4.1.	Interim CPI	Annual average percentage change, retail prices, total, index (2004).	Ecwin/Reuters
4.2.	GDP deflator	Implicit GDP deflator. Annual percentage change.	Ecwin/Reuters
4.3.	Producer prices	Annual percentage change, total, index (2000).	
4.4.	Import prices	Not available.	
5. Monetary and financial indicators			
5.1.	Interest rate	Treasury Bills, 3 month, yield, average, CSD.	Ecwin/Reuters
5.2.	Bond yield	Not available.	Ecwin/Reuters
5.3.	Stock markets	Belgrade Stock Exchange, BELEXfm index, price return, close, CSD.	
5.4.	M3	Annual percentage change, M3 (broad money), CSD.	
5.5.	Exchange rate CSD/EUR	Spot Rates, close, period average.	Ecwin/Reuters
5.6.	Nominal eff. exchange rate	Period average, moving base year, CSD.	Ecwin/Reuters
6. Government balance and debt			
6.1.	General government balance	Consolidated GG, Overall balance including grants. In percent of GDP	IMF
6.2.	General government debt	Public sector debt. In percent of GDP	IMF

R. MONTENEGRO (SCG) Explanatory notes

Recent economic developments – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Not available.	
1.2.	Industrial production	Annual percentage change	Ecwin/Reuters
1.3.	Gross domestic product	Annual percentage change, annual data, chain index.	MONSTAT
1.4.	Consumer confidence indicator	Not available.	
1.5.	Private consumption	Annual percentage change, annual data, chain index.	MONSTAT
1.6.	Gross fixed capital formation	Annual percentage change, annual data, chain index.	MONSTAT
1.7.	Change in stocks	Annual percentage change, annual data.	MONSTAT
2 Labour market			
2.1.	Unemployment	In percent of active population.	Ecwin/Reuters
2.2.	Employment	Annual percentage change of registered employment.	Ecwin/Reuters
2.3.	Wages	Annual percentage change, average gross wages (nominal, in EUR).	Ecwin/Reuters
3. International Transactions			
3.1.	Exports of goods	Annual percentage change, thou. EUR.	Ecwin/Reuters
3.2.	Imports of goods	Annual percentage change, thou. EUR.	Ecwin/Reuters
3.3.	Trade balance	In percent of GDP, annualised data.	Ecwin/Reuters
3.4.	Exports goods and services	Annual data.	MONSTAT
3.5.	Imports goods and services	Annual data.	MONSTAT
3.6.	Current account balance	In percent of GDP, annualised data.	Ecwin/Reuters
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, annualised data.	Ecwin/Reuters
4. Prices			
4.1.	Interim CPI	Retail Prices index, annual average percentage change, moving base year.	Ecwin/Reuters
4.2.	GDP deflator	Implicit GDP deflator. Annual percentage change.	Ecwin/Reuters
4.3.	Producer prices	Annual percentage change.	Ecwin/Reuters
4.4.	Import prices	Not available.	
5. Monetary and financial indicators			
5.1.	Interest rate	Treasury Bills, 3 Month, auction, yield, average.	Ecwin/Reuters
5.2.	Bond yield	Treasury Bills, 6 Month, auction, yield, average.	Ecwin/Reuters
5.3.	Stock markets	NEX20 Index, Close.	Ecwin/Reuters
5.4.	M21	Annual percentage change, M21 (Broadest money)	Ecwin/Reuters
5.5.	Exchange rate EUR/EUR	Use of the Euro since March 2002.	
5.6.	Nominal exchange rate	Not available.	
6. Government balance and debt			
6.1.	General government balance	In percent of GDP	Min. of Finance
6.2.	General government debt	In percent of GDP	Min. of Finance

KOSOVO

(AS DEFINED BY UNSCR 1244)

Explanatory notes

Recent economic developments in – Explanatory notes			
No.	Indicator	Note	Source
1 Output and demand			
1.1.	Industrial confidence indicator	Not available.	IMF
1.2.	Industrial production	Not available.	
1.3.	Gross domestic product	Annual percentage change.	
1.4.	Consumer confidence indicator	Not available.	
1.5.	Private consumption	Not available.	
1.6.	Gross fixed capital formation	Not available.	
1.7.	Change in stocks	Not available.	
2 Labour market			
2.1.	Unemployment	In percent of total labour force.	Statistical Office of Kosovo (SOK)
2.2.	Employment	Annual percentage change of number of employees according to the Tax Register.	Statistical Office of Kosovo (SOK)
2.3.	Wages	Annual percentage change, average monthly wages according to the Tax Register.	Statistical Office of Kosovo (SOK)
3. International Transactions			
3.1.	Exports of goods	Annual percentage change.	Statistical Office of Kosovo (SOK)
3.2.	Imports of goods	Annual percentage change.	Statistical Office of Kosovo (SOK)
3.3.	Trade balance	In percent of GDP.	Statistical Office of Kosovo (SOK)
3.4.	Exports goods and services	In percent of GDP.	IMF
3.5.	Imports goods and services	In percent of GDP.	IMF
3.6.	Current account balance	In percent of GDP, Annual data.	IMF
3.7.	Direct investment (<i>FDI, net</i>)	In percent of GDP, Annual data.	IMF
4. Prices			
4.1.	Interim CPI	Annual average percentage change, index (May 2002 = 100)	Statistical Office of Kosovo (SOK)
4.2.	GDP deflator	Annual percentage change.	
4.3.	Producer prices	Not available.	
4.4.	Import prices	Not available.	
5. Monetary and financial indicators			
5.1.	Interest rate	Not available.	Banking and Payments authority (BPK)
5.2.	Bond yield	Not available.	
5.3.	Stock markets	Not available.	
5.4.	M2	Annual percentage change, M2 (Broadest money)	
5.5.	Exchange rate EUR/EUR		
5.6.	Nominal eff. exchange rate	Not available.	
6. Government balance and debt			
6.1.	General government balance	In percent of GDP	IMF
6.2.	General government debt		