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**OWNERSHIP STRUCTURE
AND EXTERNAL SECTOR
IN TRANSITION ECONOMIES:
THE CASE OF POLAND**

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Through fast-paced and massive privatization programs combined with widespread liberalization of cross-border capital flows a large group of emerging economies, mainly in Eastern Europe and Latin America, recently changed their ownership structure. Specifically, these economies moved towards a new system where foreign holdings dominate the core of their industry and banking.

There is no economic theory to conceptualize such a foreign-majority property relationship. Until recently such a systemic arrangement, further combined with capital control liberalization, was an abstraction. Due to relative novelty, there is only scarce empirical evidence to analyze such an unusual property structure and to further feed theoretical work.

Given the traditional vulnerability of emerging economies to trade imbalances and foreign indebtedness, the implications of a foreign-dominated property structure for the external sector are of special importance. This is the case in particular because the elimination of this

vulnerability has been one of the principal justifications for allowing foreigners to gain a majority ownership position.

The article investigates the external-sector implications of a foreign-dominated ownership structure in Eastern Europe, where this type of systemic regime is most advanced. Lessons from Eastern Europe, however, should be applicable to most of Latin America, which is rapidly moving in the same systemic direction, particularly in the banking sector.

1. Economics of Radical Privatization

Only ten years ago, Eastern Europe operated a centrally planned system, where markets were severely closed to the rest of the world and ownership of capital was almost exclusively public. In a matter of just a few years, however, the region has become one of the most open to foreign business and most of the public assets – capital – have been privatized since as well.

This process privatization of state-owned assets was preceded by an intense economic debate on its optimal pathways, judged in terms of both their efficiency and equity. Proponents of efficiency favored techniques ensuring maximum prices and thus the best selection of agents. Equity proponents preferred techniques that ignore both of these advantages for the sake of widespread – democratic – ownership distribution through vouchers.

Implicit in these economic discussions was the assumption that the privatization of state-owned industry and banking was going to benefit mostly nationals. This was most obvious in the case of even division of income-generating assets among citizens. The call for price maximization was in turn motivated by the concern that the state receives the highest income possible in order to fund society-wide programs.

These debates have proven important for the choice of privatization models, e.g., Hungary and Poland chose predominantly for sales (i.e., direct sales, public offerings or leveraged-buyouts) while Czechs and Russians chose to rely mostly on voucher-type programs. These choices have turned out to be largely irrelevant for the actual outcomes of the privatization, since neither model benefited the majority of nationals they were intended to benefit.

The majority of assets in nearly all East European countries have been transferred to foreigners (Hunya: 2000), most rapidly in those of

them that like Hungary and Poland chose sales of assets. By the end of 1999, foreigners controlled 75 percent of their banking and foreign shares of the industry were 70 percent and 50 percent, respectively. With some outstanding assets still available for sale, these shares may actually increase further.

In those countries where voucher-type programs took the center stage, the extent of foreign ownership is still lower but systematically approaching Hungary's model of ownership. For instance, already 55 percent of Czech banking has been turned over to foreign investors, and the last major one is being sold to foreigners as well. In turn, foreign holdings in Czech industry reached 35-40 percent in the year 2000 and keep increasing.

By turning over the majority of public assets to foreign investors, the equity principle has been neglected, but so has been the efficiency principle. This is because state-owned assets have been transferred to foreign investors at heavily discounted prices, and again, the choice between the two main techniques proved largely irrelevant for the levels of compensation.

Until now, no comprehensive analysis of asset pricing has been conducted for Eastern Europe. The major limiting factor is the lack of information regarding capital asset valuations. Protected by the confidentiality clause, data on individual transactions in the banking and industry is largely unavailable. Aggregate figures for these sectors are difficult to come by as well since official sources offer mostly data of secondary importance.

There is also a quality problem, since individual valuations are hindered by poor accounting practices as well as by the lack of developed capital markets to offer market-tested indicators of capital value. Imprecise accounting also undermines aggregate statistics on the value of national capital stock. Price volatility – high inflation -- has further complicated asset valuation, both at the individual and aggregate levels.

However, a relatively simple calculation allows for a rough macroeconomic estimate of the hypothetical capital asset value. The starting point is the figure on the contribution of banking and industry – the two sectors where privatization is concentrated upon -- to the national product. Multiplying this contribution by the capital/output ratio for these sectors gives an approximate value of the assets concerned.

In Poland, for instance, the banking and industry annually contribute to about half of the national product. Taking the most recent figure, Poland's national product totals \$ 160 billion -- therefore \$ 80 billion is contributed by the two sectors. Assuming that capital/output ratio is close to average for industrial economies, i.e., amounts to 3/1, the estimated total value of capital is $3/1 \times \$ 80$ billion, or \$ 240 billion.

Poland transferred about half of the banking and industry sectors to foreign investors for \$ 12 billion, so it can be reasonably assumed that for all of the assets the state would charge \$ 24 billion. This implies that assets of Polish banking and industry have been priced by the state at 10 percent of the hypothetical value, in other words at a discount of 90 percent (for more detailed quantification and other methods of calculation see: Poznanski: 2000).

Of course, this is only a preliminary calculation that can be further refined, e.g., by raising income from sales, since the above figure reflects revenue collected by the state but not other payments, such as stock purchases. However, if one goes this way, these state revenues from privatization should be corrected down to account for various financial incentives offered to foreign buyers (e.g., tax relief, tariff exemptions).

While the precise extent of price discounts of privatized state assets is certainly debatable, the conventional wisdom is that in Eastern Europe such price discounts are in fact commonplace. There are also many competing economic explanations offered for those pricing practices, though the prevailing opinion among transition specialists is that, at least in principle, such discounts are quite rational and therefore justified.

One of the most frequent arguments is that the post-1990 market reforms have revealed that Eastern Europe's capital stock is largely worthless due to the excess build-up of capital stock by the communist planners. It is said to be largely useless particularly because of this so-called over-industrialization engineered by obsessive communist planners, so that much of the inherited capital had to be scrapped (e.g., Schaffer: 1997).

However, the above view of the communist legacy stays in a conflict with the almost equally widespread position that before 1990 Eastern Europe suffered from years of inadequate investing, at least going back to 1980, when foreign debt problems suddenly erupted. Due to this under-investing, much of the region's capital stock had been used

up and represented only some marginal economic value to the profit-seeking buyers.

The other frequently made argument is that Eastern Europe entered 1990 with an economy in such a poor general condition that nothing else but the immediate sale of assets offered a chance to avoid an economic catastrophe. Immediate sale, however, required that the state had to accept low prices in order to be more than compensated by the production gains from the superior use of capital by new non-public owners.

It could therefore be that the price discounts on privatized capital, even as great as indicated, have not been unavoidable as curse of recently defeated communism, but instead they are in fact policy-related. Rather than simply looking for objective conditions, or economic imperatives, one should also try to focus on the largely, or exclusively, independently contrived preferences of those in charge of the reforms.

Specifically, it could be argued for the sake of a wider discussion that the choice of fast-paced privatization by Poland's post-communist leaders itself might have caused a glut of assets for sale, there in turn leaving out cash-short domestic buyers. In addition, with the excess supply of assets for sale, even foreign investors had to be lured by price discounts (often backed with additional financial incentives, such as tax relief, tariff exemption etc.)

It could also well be that because of this self-generated glut of state-owned assets, states – as the sellers – put themselves in an impossible predicament. States had entered into divestment with virtually no experience and minimal support staffs. With the fast-paced strategy, states rendered themselves with little time to acquire proper skills, including those for professionally evaluating assets and drafting contracts.

2. Implications for the External Sector.

Turning to the impact of the above identified property structure on the external sector, one cannot examine the relative contribution of foreign- and domestic-owned companies to trade deficits alone. This has been the traditional approach to studying the implications of foreign investment for host economies. Given this property structure, one also has to analyze the implications of profit/dividend remittance from foreign holdings.

Eastern Europe, as a group, showed considerable trade surpluses right through 1989. Since 1990, however, only few countries have continued to generate trade surpluses. Eventually, heavy trade deficits have become almost a norm in the whole region, with the notable exception of Slovenia. This pattern is to be surely found in Czech Republic, Hungary and Poland, where at this point foreign ownership buildup is most advanced (an by far more than in Slovenia).

For instance, combining both official and unofficial flows, Poland moved from a modest trade surplus in 1990 to a major surplus in 1992, representing about 12 percent of national product. Initially this appeared to be evidence that the reforms were effective if not for the fact that in 1993 the surplus was gone, and by the end of 1999 the trade deficit, measured in the same manner, reached 12 percent of the national product.

This massive shift in the external balance has had nothing to do with some unfavorable shifting of the terms-of trade. Rather, structural reasons are responsible for this shift, namely a sudden increase in import dependence and primarily in intermediate goods. This increase can be linked to the recent expansion of the foreign sector, since it is this sector that brings a disproportional share of intermediate imports.

The share of intermediate-goods category in total imports into Poland reached 66 percent in 1994 and has oscillated around this level since. In this year, imports of intermediate goods represented 25 percent of the overall use of intermediate goods. Companies with foreign ownership already accounted for 53 percent of these imports in 1998 (Podkaminer: 2000).

At the same time, foreign-owned companies in Poland tend to concentrate more on domestic sales than do other companies. This could be a temporary condition but so far this inner-bias leads to a greater trade deficit. It is estimated that foreign-owned companies are responsible for 60 percent of Poland's trade deficit, which exceeds their relative presence in the entire production as well as in total trade.

Furthermore, at least Poland's privatization process provides evidence that in many cases, with the turning over of particular industrial sectors to foreign investors, these sectors will shift from a net-export position to a net-import position. For example, until 1989, the automotive sector alone produced a trade surplus while at present it produces a deficit close to \$ 2.1 billion.

The willingness of the reformers to allow unlimited buying of domestic assets has been based on the conviction that there is a

fundamental difference between borrowing and allowing investment from abroad. They hoped that, because of this difference, they would be able to tap into foreign capital without falling into financial troubles similar to those caused by foreign borrowing conducted in the last decade of communism.

There is some merit to this more favorable look at foreign investment, since of course, when money is borrowed from abroad it is the responsibility of the borrower to make sure that the money is properly used to beef-up exports so that repayment is assured. However, when capital is invested directly in a given country, it is responsibility of the foreign investor to ensure that funds are utilized this way

This has not been the exclusive reason for the reformers' enthusiasm for foreign investment. Another is the view that while foreign borrowing imposes a financial burden on the borrower economy, foreign direct investments including investing through capital acquisitions is not a burden. Thus, turning over assets to foreigners will have the aforementioned positive impact only on the export side.

However, the economic reality of capital markets is that, while foreign credits earn interest that has to be paid by borrowers abroad, foreign capital holdings earn profits/dividends that have to be paid to the owners abroad as well. It does not matter in what form this capital comes from abroad since it always arrives for the same reason of earning income to be realized by foreign owners wherever they happen to reside.

Profits/dividends can be reinvested and thus stay in the host-country but it is unrealistic to assume that this is likely to continue indefinitely. This is unrealistic even if investment conditions in a given country are most favorable. The ultimate purpose of investing in capital is to consume the earnings and if owners are from abroad, in order to consume the proceeds they have to be transferred abroad.

The first country to learn this lesson was Hungary in 1997, when it saw transfers of profits and dividends reach about \$ 0.7 billion plus another \$ 0.5 billion in consulting fees paid to foreign providers. Since then, annual outflow has remained at similar levels, though the related transfers may increase. Once the initial costs of updating assets acquired through privatization are covered, foreign investors may afford larger outflows (Hunya, 1998).

At least in the case of Hungary, with the conclusion of privatization, the inflow of foreign capital has been quickly balanced

out with the outflow of income from foreign capital. While the conclusion of privatization has greatly reduced foreign interest in bringing additional investment into Hungary, the income-related transfers have increased enough to equal the additional investment from abroad.

Eastern Europe is just learning that, similar to the late communist policy of borrowing from abroad, the recent policy of allowing strong foreign direct presence runs the risk of locking its economies into excessive external debts. Interestingly, as in the past an exemplary case of driving the economy into unacceptably high foreign debt is Poland (Hungary and Romania also falling in the high-debt category).

The most criticized communist period is that of 1970-1980, under Gierek. To the critics, this was the period of excessive and misguided borrowing abroad. Gierek left Poland with a total debt of \$ 21 billion in 1980 and excessive payments so that in 1989, by the end of the communist system, the debt reached \$ 41 billion. The debt was seen by post-communist reformers as the single most pressing challenge to overcome.

Unmoved by this experience, however, reformers have allowed the debt to continuously increase even though – in a political gesture by the western creditors – right at the start of reforms some of the debt was forgiven. The combined foreign debt reached \$ 66 billion in 2000, approaching nearly 45 percent of the national product. While this is not unmanageable, there are no signs that this build-up will stop anytime soon.

The recent level of foreign indebtedness is actually higher in relative terms than during Gierek's period, when the total outstanding debt stood at less than 20 percent of the national product. The debt is also relatively more burdensome than at the end of the communist-era in 1989, when the foreign debt represented less than 35 percent of the national product of Poland (Poznanski 1996).

Gierek's period is being criticized for ill-directed borrowing since apparently an insufficient part of foreign funding was directed towards imports of consumer goods rather than investment goods for expanding production, particularly in the exporting sectors. However, since 1989, only 15 percent of total imports has been investment goods, so that the building of export capacities is limited, possibly even more than under Gierek.

The situation found in Poland is quite characteristic of the entire region, even in those places where communist debts in 1989 were small.

Romania falls in this category, even though in 1980 its was as heavily exposed to foreign debt as Hungary and Poland. The debt of Romania in 1980 was \$ 10 billion, but – after draconian measures were implemented causing major social depravation – it was close to zero in 1989 (presumably setting a true world record in debt repayment).

Similar to Poland, Romanian the post-1989 foreign borrowing has been less investment-oriented than the borrowing conducted by the late communist regimes. However, while in Poland increasing indebtedness has been accompanied by considerable production expansion, in Romania, as previously indicated, transition has been marked by a cycle of recessions, so that national product is 20 percent below the 1989 level.

3. Intervention Capabilities.

With external liberalization, particularly in the realm of capital mobility, an economy becomes more vulnerable to external shocks so that – paradoxically – interventionist actions on the part of the states are necessary (see Rodrick 1999). Not less but more Keynesian policy is required, but in contrast to Western Europe, external liberalization in Eastern Europe undermines states in a way that greatly limits their ability to conduct such policy.

In order for foreign direct investment to act as a positive force it should strengthen the tax base of the host state, so that the state is at least able of conducting – Keynesian-style – fiscal policy, smoothing possible outside shocks. Inflow of foreign investment should strengthen the tax base as long as such investment raises productivity and production, so that the tax base (i.e., corporate income tax, or capital gain tax) is expanded.

So far, productivity gains are evident but there is little evidence of any positive impact on the tax base. This can be attributed in part to the fact that Eastern Europe adopted an aggressive policy for attracting foreign investors. As part of this policy, foreign investors have been offered generous tax relief packages, as in Poland, where this amounts to 3-6 years or longer (often compounded with investment incentives).

Another reason for low tax contributions from foreign-owned companies in Poland is that they have been showing low or no profits. Thus, they will pay little or no corporate tax, which is the main, albeit diminishing, tax burden for them to clear with the state (until 1997 corporate tax equaled 40 percent of profit, then it was lowered to 36 percent in 1998 and again to 28 percent in 1999).

According to Rosati (2001), there are reasons to believe that profits of foreign companies are underreported. While their productivity is twice as high as that of domestic companies, the latter show profits and pay corporate taxes accordingly. However, in Rosati's view, this should not be a reason for concern, since the state has been shifting its revenues from income taxation to sale taxation.

Whatever the merit, it is important to know the extent to which foreign companies avoid taxation by showing lower profits than are actually the case. No official analysis is available but Rutkowski (2001) has recently produced initial estimates on these practices. For this, he compared reported profits with hypothetical profits based on average profit rates on direct foreign investment worldwide.

In 1996, with \$ 9.2 billion of capital, foreign firms showed \$ 244 million of profit but at average profit average rate of 7 percent, profits should be worth \$ 640 million. In 1997, with \$ 14.6 billion of capital, losses were \$ 25 million, however profits should reach 1.4 billion. In 1998, capital was \$ 21.5 billion, losses were \$ 260 million but profits should reach \$ 2.1 billion. In 1999, capital was at \$ 27.4 billion, losses at \$ 450 million, but profit should be worth \$ 2.1 billion.

This study should be considered a conservative one, since, at least for the time being, foreign direct investment in Poland very likely earns profits that are considerably above average profit earnings worldwide, particularly when compared to those of Western Europe. Consequently, if the rate of profits earned in Poland was assumed to be twice as high – at 14 percent – then the hypothetical profits should be doubled as well.

In addition, related losses to the state budget might be higher than those reported by Rutkowski. He shows that with a 28 percent corporate tax rate, foreign companies avoided contributing to the budget \$ 0.6 billion in 1999. But with the suggested corrections, the actual avoidance could be double his estimate, i.e., as high as \$ 1.2 billion if the average profit rate is doubled, or even \$ 2.4 billion with the higher figure for capital value.

In fact, the disparity between reported and hypothetical profits from foreign corporations indicates not only the extent to which tax payments are avoided but also the potential for undisclosed transfers of profits abroad. In Rutkowski's estimates, the gap for 1996-1999 reached \$ 6.7 billion but if the assumed rate of profit is doubled than this figure increases to \$ 13.4 billion for 1996-1999 (and \$ 5.2 billion in 1999 alone).

While problems with collecting taxes from foreign corporations undermine states' ability to conduct fiscal policy, the foreign-owned sector puts considerable constraint on states' monetary policy as well. This is not only the result of greatly liberalized capital movements but also of the fact that, as indicated previously, much of the region's financial sectors have been sold to foreign companies.

Under the existing regulations, money supply is largely in the hands of foreign-owned banks whose credit-generating potential may be largely independent of the state's interest rate manipulations. This will be the case as long as these banks enjoy basically unlimited access to credit from their mother-companies abroad, which is cheaper – or more accessible – than internal discount rates dictate.

Until recently, foreign-owned banks are primarily serving foreign-owned producers, with whom they often share long-term

relations. These banks provide a venue for the local foreign producers to borrow abroad and Poland is a fitting example. Of the \$ 23 billion private debt accumulated by Poland since 1990, it is estimated that approximately \$ 12 billion has been borrowed by the foreign sector.

In the case of Poland one of the reasons for heavy foreign borrowing is that real interest rates, that is corrected for inflation, and discount rates are extremely high. During the last three years these rates have been on average three times higher than those in the Czech Republic or Hungary, and are also three times higher than those typically within European Union.

These rates are kept high since Poland has become increasingly dependent on the inflow of foreign funding to finance the public deficit, both external and internal. The situation is very critical since total public debt (if various “hidden” budgetary obligations are included) has recently approached 60 percent of the national product, usually considered a crisis level (Nieckarz 2001).

Under these circumstances, any efforts by the central bank to stimulate the economy by lowering discount rates may prove idle not only because of the economy’s openness to foreign credit, but also because lower rates may trigger capital flight and financial collapse, similar to what was suffered by Thailand and Malaysia in 1997 (or to the earlier crisis in Mexico, in 1994).

No financial crisis has happened under the foreign-majority ownership structure, however, but one should be prepared for a crisis and contemplate the prospect of recovery by a state initiated bailout of depressed banks. Since banks are mostly foreign owned, this bailout would, of course, mean a transfer of taxpayer money to those banks, and thus, their headquarters abroad.

One also wanders, what kind of incentives would have to be provided for the foreign-owned banks under the existing system to make sure that they operate in a prudent way. Specifically, that the banks do not operate on the assumption that host-country states will assume any financial cost to avoid the wrecking of their banking without taking the most drastic step – re-nationalization.

Conclusions

The major point made here is that turning over to predominantly foreign stakeholders may help to reduce external vulnerability but only

if certain conditions are met. At least in Eastern Europe, along with asset transfers considerable trade deficits have occurred, largely due to the foreign sector's high dependence on imports and concentration on domestic sales.

Since allowing foreign-majority ownership of capital thereby reassigns claims to profit made in Eastern Europe to non-residents, the established property structure puts additional pressure on the balance-of-payments. Financing of profit transfers requires that additional income be earned through exports, which inherently raises the prospects of foreign-sector crises.

Faced with an increased risk of foreign-sector vulnerability, East European economies, specifically their states, are less equipped to cope with eventual crises. Due to their overwhelming size – or scale -- as well as multi-tier national structures, foreign-owned companies are by far more difficult for the state to control than the normally smaller and more locally oriented domestic ones.

Turning over assets to foreign owners has, at least so far, visibly reduced tax bases for state budgets beyond what tax-relief programs would have produced on their own. While concentrated in the most profitable segments, foreign companies have systematically shown losses, thus avoiding tax payments as well as possible restrictions on remittance.

While tax-collection problems limit fiscal policy, monetary policy is limited by the aforementioned fact that most of the East European banking sector has been transferred over to foreign ownership. Consequently, open market operations are complicated by the fact that the banks are mainly foreign affiliates with unrestricted, and difficult to trace, access to credit sources from their headquarters abroad.

All of these problems are not symptomatic of capital liberalization, and perhaps not even of foreign-dominated ownership. They are mainly reflective of greatly reduced capacities of East European states. The outcomes are problematic because states are incapable of ensuring that extent of foreign holdings is controlled and that the benefits of foreign presence are properly weighted against the costs.

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ANNEX

Table 1

**Share of Foreign Owners in the Manufacturing Sector
by Main Indicators, 1998
(percent)**

Country	Equity capital	Employment	Investment	Sales	Exports sales
Czech Republic	27.9	19.6	41.6	31.5	47.0
Estonia	40.1	20.8	32.9	28.2	35.2
Hungary	72.4	44.9	78.7	70.0	85.9
Slovakia (1996)	16.9	11.7	24.3	21.6	-
Slovenia	21.6	13.1	24.3	24.2	32.9
Poland	43.2	26.0	51.0	40.6	52.4

Source: all country data from G. Hunya, 2000, except for Slovakia's data which comes from G.Hunya, *Developments in Foreign Direct Investment and Privatization, Monthly Report*, Vienna: The Vienna Institute for International Economic Studies, No.5. For Poland also look at: M.Baltowski, *Prywatyzacja przedsiębiorstw państwowych*, Warszawa, 1998

Table 2
Market Share of Branches and Subsidiaries
of Foreign Credit Institutions as a Percentage of the
Total Assets of Domestic Credit Institutions, End – 1997

	From European Union		From third countries		Total
	Branches	Subsidiaries	Branches	Subsidiaries	
Belgium	9.0	19.2	6.9	1.2	36.3
Germany	0.9	1.4	0.7	1.2	4.3
Spain	4.8	3.4	1.6	1.9	11.7
France 1/	2.5	...	2.7	...	9.8
Ireland	17.7	27.8	1.2	6.9	53.6
Italy	3.6	1.7	1.4	0.1	6.8
Luxemburg	19.4	71.1	1.4	8.1	99.9
Netherlands	2.3	3.0	0.5	1.9	7.7
Austria	0.7	1.6	0.1	1.0	3.3
Portugal	2.5	6.8	0.1	1.0	10.5
Finland	7.1	0.0	0.0	0.0	7.1
Weighted Average	3.4	...	1.6	...	12.7

Source: European Central Bank, “Possible Effects of EMU on the EU banking System in the Medium- to Long Term, 1999 (February)
1/ 1996 figures

Table 3
Current Account Balances in East European Economies, 1987-1999
(Million dollars)

Country	1987	1988	1989	1990	1991	1992	1993
Bulgaria				- 1710	-77	-360	-1098
Czech R.				-122	1708	-456	456
Hungary				127	267	324	-3455
Poland				716	-1359	-269	-2868
Romania				-3254	-1012	-1506	-1174
Slovakia				-776	-786	173	-601
Slovenia				518	129	978	191

Country	1994	1995	1996	1997	1998	1999	2000
Bulgaria	-32	-26	16	427	-61	-663	
Czech R.	-787	-1369	-4292	-3211	-1336	-1058	
Hungary	-3911	-2480	-1678	-981	-2298	-2076	
Poland	677	5310	-1371	-4312	-6858	-11 628	
Romania	-428	-1774	-2571	-2137	-2968	-1303	
Slovakia	665	391	-2098	-1952	-2059	-1074	
Slovenia	600	-23	39	37	-4	-581	

Source: Economic Survey of Europe, No. 1, Geneva: Economic Commission for Europe, 2000

Table 4
Balance of Merchandise Trade in East European Economies, 1987-1999
(Billion dollars)

Country	1987	1988	1989	1990	1991	1992	1993
Bulgaria	-0.381	-0.577	-0.674	-0.352	0.732	-0.538	-1.352
Czech R.	...	...	...	...	...	-1.601	-0.154
Hungary	-0.276	0.627	0.810	0.934	-1.223	-0.442	-3.727
Poland	1.409	1.586	1.724	5.672	-0.619	-2.955	-4.555
Romania	2.225	3.610	2.242	-2.320	-1.528	-1.897	-1.630
Slovakia	...	...	...	...	...	-0.389	-0.874
Slovenia	0.035	0.365	0.192	-0.609	-0.257	0.540	-0.418

Country	1994	1995	1996	1997	1998	1999	2000
Bulgaria	-0.336	-0.293	-0.184	0.008	-764	-1.491	
Czech R.	-1.545	-3.992	-5.739	-4.784	-2.438	-2.018	
Hungary	-3.853	-2.599	-2.440	-2.134	-2.701	-2.996	
Poland	-4.326	-6.156	-12.697	-16.558	-18.825	-18.522	
Romania	-0.958	-2.368	3.351	-2.849	-3.536	-1.887	
Slovakia	0.080	-0.129	-2.290	-1.983	-2.231	-0.999	
Slovenia	-0.476	-1.176	-1.111	-0.998	-1.048	-1.409	

Source: Economic Survey of Europe, No. 1, Geneva: Economic Commission for Europe, 2000