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# The Impact of Transition and Economic Integration on Manufacturing Employment Change: An Assessment for the Regions of the European Union New Member-States

(paper submitted for the Young Scientists' Session)

## Abstract:

The spatial and structural dynamics generated (or released) in the contexts of the interacting processes of transition and economic integration have already left a clear mark in the economic landscape of the EU new member-states (NMS).

The trade-adjusted shift-share analysis, an extension of the traditional shift-share analysis, is performed in order to evaluate the impact of these processes on the EU NMS regional manufacturing employment change. Despite its non-theoretical character, the method allows for valuable results to be drawn on the issue.

The analysis is conducted at the NUTS III spatial level on the basis of manufacturing data according to NACE 2-digit classification for the period 1991-2000. This is a period of extreme importance since it includes both the shocks and the upsets of the early transition and the more recent trends of the pre-accession period. The analysis focuses on the manufacturing sector due to its significance in the former politico-economic regime and due to the high pressures that this sector has encountered afterwards.

Based on the available statistical data, the analysis is conducted for the regions of Bulgaria, Romania, Hungary, Estonia and Slovenia. These regions constitute a highly heterogeneous group since areas with different economic, demographic and geographic characteristics are represented.

**Key-Words**: EU new member-states, regional manufacturing employment change, trade-adjusted shift-share analysis

## 1. Introduction.

After the collapse of the bi-polar world, the ensuing EU new member-states (NMS)<sup>1</sup>, has been experiencing the impact of the processes of transition, from central planning to free market economy, and integration, into the economic space of the EU, as pre-conditions for historical (re)unification and economic catch-up with the prosperous Western European (EU-15) countries (Petrakos et al, 2000). The dynamics generated (released) under these interacting market-driven processes, that are still in motion, have resulted to a shock reflected in key economic indicators of the EU NMS, causing important changes in their economic structures. The old structures of internal organization and external relations collapsed and being replaced, often in a painful and forceful way, as the outcome of the activation of market forces and the adoption of certain political alternatives (Cornett, 1999).

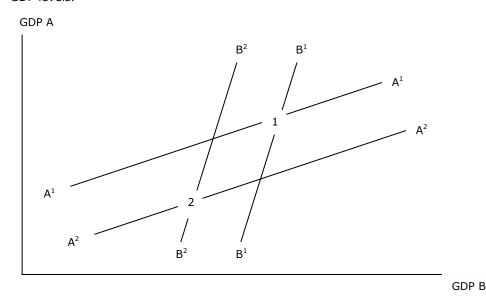
During the socialist period the EU NMS were under the Soviet dominance being members of the Council for Mutual Economic Assistance (COMECON). COMECON had almost no economic transaction with the rest of the world. Its break-up, after the collapse of the Soviet system, lead the ensuing EU NMS to a state of economic downturn and isolation. The trade activity in the context of COMECON was not based on a clear price mechanism and, as a result, the prices inside the COMECON were significantly different from the international (outside the COMECON) prices. In most of the cases, the low quality industrial products were hyper-valued concerning the trade activity between the COMECON member-states (Krugman and Obstfeld, 1995).

The harmonization with the international prices deteriorated the EU NMS terms of trade, during the pre-accession period, as the payments were conducted in "strong" currencies i.e. the US dollar or the German mark. The price competition in the international, free, markets decreased the interdependence among the EU NMS with negative impact on their GDP levels (Diagram 1). Under the COMECON context, the EU NMS were interdependent. The higher the GDP of a COMECON country (A) the higher its imports from another COMECON country (B) with positive effects concerning the GDP level of latter (country B). When the COMECON countries (A and B) started to trade (extensively) with non-COMECON countries the point of balance changed (from point 1 to point 2) with negative impact on their GDP levels.

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<sup>&</sup>lt;sup>1</sup> These are the countries of Slovenia, Hungary, Slovakia, Czech Rep., Poland, Latvia, Lithuania and Estonia that became EU members in May 2004, and the countries of Bulgaria and Romania that are going to become EU members in January 2007.

Diagram 1: The deterioration of the EU NMS terms of trade and the negative impact on their GDP levels.



Source: Krugman and Obstfeld (1995:501) / Own elaboration

In the early period of transition, the EU NMS experienced, indeed, a major fall in their GDP figures. Despite the partial reversal of this trend in the respective late period, the EU NMS still recorded significant hysterisis comparing both to the EU-15 economy and to their previous respective figures (Table 1). With the exception of Slovenia that has GDP levels comparable to the respective of the countries of the European South, the gap with the EU-15 countries is wide signifying the existence of an "east-west" pattern of development in the enlarged EU (Petrakos et al, 2004). Characteristic is the fact that in the year 2000, only the countries of Central Europe presented higher or slightly smaller GDP figures comparing to the respective of the year 1990.

Table 1: The EU NMS economic performance, Year 2000

|            | GDP       | Per Capita GDP |
|------------|-----------|----------------|
|            | GDP90=100 | PCGDPEU-15=100 |
| BULGARIA   | 67        | 7.4            |
| ROMANIA    | 76        | 7.9            |
| CZECH REP. | 95        | 24.0           |
| HUNGARY    | 99        | 21.9           |
| POLAND     | 122       | 19.6           |
| SLOVAKIA   | 100       | 17.5           |
| SLOVENIA   | 109       | 43.4           |
| ESTONIA    | 77        | 18.0           |
| LATVIA     | 60        | 14.5           |
| LITHUANIA  | 62        | 15.4           |

Source: Data from REGIO Database (EUROSTAT) / Own elaboration

The sector of manufacturing has been affected the most (Table 2), mainly due to its inherent significance in the former regime (Gàcs, 2003) and, of course, due to the changes that has undergone afterwards (Bevan et al, 2001). A series of transition policies – privatizations of the industrial enterprises and deregulations of the markets – were implemented in the sector, with the restructuring of the industrial base as the ultimate purpose.

Table 2: The evolution of industrial output and industrial employment in the EU NMS, Years 1990 and 2000

|            | INDUSTRIA | L OUTPUT | INDUSTRIAL EMPLOYMENT |            |  |
|------------|-----------|----------|-----------------------|------------|--|
|            | (millions | s of €)  | (thousands of e       | employees) |  |
|            | 1990      | 2000     | 1990                  | 2000       |  |
| BULGARIA   | 3.799     | 2.158    | 585                   | 364        |  |
| ROMANIA    | 18.806    | 9.723    | 1.742                 | 887        |  |
| CZECH REP. | 17.986    | 14.550   | 1.717                 | 1.425      |  |
| HUNGARY    | 23.027    | 10.592   | 1.355                 | 1.029      |  |
| POLAND     | 42.052    | 30.866   | 3.528                 | 3.170      |  |
| SLOVAKIA   | 2.371     | 4.576    | 677                   | 538        |  |
| SLOVENIA   | 5.630     | 4.904    | 357                   | 263        |  |
| ESTONIA    | 1.287     | 901      | 243                   | 151        |  |
| LATVIA     | 585       | 1.003    | 384                   | 188        |  |
| LITHUANIA  | 4.909     | 2.160    | 592                   | 320        |  |

Source: Data from REGSTAT Database (ZEI) / Own elaboration

The study of impact of integration and transition on the EU NMS structural patterns has recently attracted the attention of the relative scientific literature as development prospects and spatial imbalances seem to be affected by structural parameters. This strand of literature, however, despite its growing importance has not yet fully understood the pre-accession experience of the EU NMS, especially at the regional level (Resmini and Traistaru, 2003; Petrakos and Kallioras, 2006).

The aim of the paper is to evaluate the impact of the processes of integration and transition on the EU NMS regional manufacturing employment change with the performance of the trade-adjusted shift-share analysis. This method, which is an extension of the traditional shift-share analysis, allows for valuable results to be drawn on the issue despite its non-theoretical background. The analysis is conducted at the NUTS III spatial level on the basis of manufacturing data according to NACE 2-digit classification for the period 1991-2000. This is a period of extreme importance since it includes both the shocks and the upsets of the early transition and the more recent trends of the pre-accession period. Based on the available statistical data, the analysis is conducted for the regions of Bulgaria, Romania, Hungary, Estonia and Slovenia. These regions constitute a highly heterogeneous group since areas with different economic, demographic and geographic characteristics are represented.

## 2. The trade-adjusted shift-share analysis method for employment change.

The national economy is not the appropriate benchmark for the measurement of the changes occurred in the sub-national economies as international trade becomes increasingly important. This is one serious point of criticism concerning the traditional shift-share analysis method. Markusen et al (1991) in order to overcome to deal with such a criticism proposed a shift-share formulation where the conventional national-growth and industry-mix components are further disaggregated to account for regional employment growth resulting from changes in exports, imports and domestic demand. In addition, since output has been used as the base against which the relative importance of both imports and exports has been measured, the national-growth and industry-mix components have been further extended to account for possible effects on employment due to productivity gains. That is, it represents hypothetical losses in employment in cases where output growth leads to disproportionately smaller employment growth.

In the study of Markusen et al (1991) there have been some typographical errors that prevent the reader to fully comprehend the proposed methodology. These errors have offered the opportunity for a fertile discussion of this methodological proposition in the literature (Dinc and Haynes, 1998a; 1998b). Noponen et al (1998) account for these errors and respond to the comments raised in the literature. This section describes the methodology proposed by Markusen et al (1991) and further clarified in Noponen et al (1998).

Let E be standing for employment, i for manufacturing branches, r for regions, 0 for base year, t for terminal year. The change in regional manufacturing employment is given by  $\Delta E^r = \sum_i E_{i0}^r e_i^r$ , where  $e_i^r = \frac{E_{it}^r - E_{i0}^r}{E_{i0}^r}$ . The regional employment change is decomposed as

$$\Delta E^{r} \equiv \sum_{i} E_{i0}^{r} e^{r} + \sum_{i} E_{i0}^{r} (e_{i} - e) + \sum_{i} E_{i0}^{r} (e_{i}^{r} - e_{i})$$
national moment industrial industrial

where 
$$e_i = \frac{\sum\limits_r E^r_{ir} - E^r_{i0}}{\sum\limits_r E^r_{ir}}$$
 and  $e = \frac{\sum\limits_i \sum\limits_r E^r_{it} - E^r_{i0}}{\sum\limits_i \sum\limits_r E^r_{ir}}$ .

The trade adjusted shift share analysis is funded on the relationship

$$Q = D + X - M$$

where  $\mathcal Q$  is the value of manufacturing production,  $\mathcal D$  is the domestic demand ( D=Q-X+M , is the apparent consumption),  $\mathcal X$  stands for the exports and  $\mathcal M$  stands for the imports.

The national component of the trade adjusted shift-share analysis is given by

$$\sum_{i} E_{i0}^{r} e = \sum_{i} E_{i0}^{r} (e + q - q) = \sum_{i} E_{i0}^{r} q + \sum_{i} E_{i0}^{r} (e - q),$$

where q is the national-level growth of the total manufacturing output. The growth can be further decomposed as,  $q = \frac{Q_i - Q_0}{Q_0} = \frac{(D_i + X_i - M_i) - (D_0 + X_0 - M_0)}{Q_0} = \frac{dD_0 + xX_0 - mM_0}{Q_0}$ ,

where  $d = \frac{D_t - D_0}{D_0}$  represents growth in the domestic demand,  $x = \frac{X_t - X_0}{X_0}$ 

represents growth in the total manufacturing exports, and  $m=\frac{M_{_t}-M_{_0}}{M_{_0}}$  represents

growth in the total manufacturing imports. The national component is fully decomposed as

$$\sum_{i} E_{i0}^{r} e = \sum_{i} E_{i0}^{r} (d \frac{D_{0}}{Q_{0}}) + \sum_{i} E_{i0}^{r} (x \frac{X_{0}}{Q_{0}}) + \sum_{i} E_{i0}^{r} (m \frac{M_{0}}{Q_{0}}) + \sum_{i} E_{i0}^{r} (e - q),$$

with the last factor to represent the component of the national labor productivity.

The industry-mix component of the trade adjusted shift-share analysis is given by

$$\sum_{i} E_{i0}^{r}(e_{i}-e) = \sum_{i} E_{i0}^{r}(ei-e+q_{i}-q-q_{i}+q) = \sum_{i} E_{i0}^{r}(q_{i}-q) + \sum_{i} E_{i0}^{r}((e_{i}-e)-(q_{i}-q)), \quad \text{where}$$

 $q_i$  is the national-level growth of the output of each manufacturing sector i. The term

$$\sum_i E_{i0}^r ig(q_i - qig)$$
 can be further decomposed as

$$\sum_{i} E_{i0}^{r} \left( \frac{Q_{it} - Q_{i0}}{Q_{i0}} - \frac{Q_{t} - Q_{0}}{Q_{0}} \right) = \sum_{i} E_{i0}^{r} \left[ \left( d_{i} \frac{D_{i0}}{Q_{i0}} + x_{i} \frac{X_{i0}}{Q_{i0}} - m_{i} \frac{M_{i0}}{Q_{i0}} \right) - \left( d \frac{D_{0}}{Q_{0}} + x \frac{X_{0}}{Q_{0}} - m \frac{M_{0}}{Q_{0}} \right) \right],$$

where 
$$d_i=\frac{D_{it}-D_{i0}}{D_{i0}}$$
 ,  $x_i=\frac{X_{it}-X_{i0}}{X_{i0}}$  ,  $m_i=\frac{M_{it}-M_{i0}}{M_{i0}}$  is the national-level growth of the

changes in the domestic demand, the exports and the imports of each manufacturing sector *i*. The industry-mix component of the trade-adjusted shift-share analysis is fully decomposed as

$$\sum_{i} E_{i0}^{r}(e_{i}-e) = \sum_{i} E_{i0}^{r}(d_{i}\frac{D_{i0}}{Q_{i0}} - d\frac{D_{0}}{Q_{0}}) + \sum_{i} E_{i0}^{r}(x_{i}\frac{X_{i0}}{Q_{0}} - x\frac{X_{0}}{Q_{0}}) - \sum_{i} E_{i0}^{r}(m_{i}\frac{M_{i0}}{Q_{0}} - m\frac{M_{0}}{Q_{0}}) + \sum_{i} E_{i0}^{r}((e_{i}-e) - (q_{i}-q)),$$

with the last factor to represent the component of the national labor productivity for each manufacturing sector *i*.

The competitive-shift component in the trade-adjusted shift share analysis remains the same as in the original version of the method, keeping the form

$$\sum_{i} E_{i0}^{r} (e_i^r - e_i).$$

The national component of the trade-adjusted shift-share analysis has, thus, four subcomponents, namely "national exports", "national imports", "national domestic demand", and "national labor productivity". These would represent the hypothetical effect if employment were to expand proportionately to national exports, the effects on employment through national imports substituting for domestic production, the effects on employment through a residual effect of national demand shifts, and a correction factor as productivity gains may lead to employment losses if output growth leads to disproportionately smaller job growth.

The industry-mix component of the modified shift-share method also has four subcomponents, namely "exports industry-mix", "imports industry-mix", "domestic industry-mix", and "labor productivity industry-mix". The first represents a hypothetical employment effect as if a region's industries expanded proportionally to national export sales in those industries. The second provides for the hypothetical employment effect through import substitution for local industries. The third accounts for the residual effect of domestic demand on local industries, and the fourth accounts for possible effects on employment in cases where a region's industrial structure has outperformed or lagged behind the nation's productivity growth.

The positive sign of the "exports industry-mix" subcomponent indicates that  $\frac{X_{it}-X_{i0}}{Q_{i0}}-\frac{X_t-X_0}{Q_0}\succ 0 \ .$  This relationship can be considered as an increase of the

sectoral exports greater than the increase of the exports of the total manufacturing, at the national level, when both factors are positive with the first being higher than the second one. This relationship can be considered as an increase of the sectoral exports and a decrease of the exports of the total manufacturing, at the national level, when only the first factor is positive. This relationship can be considered as a decrease of the sectoral exports lower than the decrease of the exports of the total manufacturing, at the national level, when both factors are negative with the first being higher than the second one. The exact opposite things stand when the sign of the "exports industry-mix" subcomponent is negative.

The positive sign of the "imports industry-mix" subcomponent indicates that  $\frac{M_{it}-M_{i0}}{Q_{i0}}-\frac{M_{t}-M_{0}}{Q_{0}}\succ0~.$  This relationship can be considered as an increase of the

sectoral imports greater than the increase of the imports of the total manufacturing, at the national level, when both factors are positive with the first being higher than the second one. This relationship can be considered as an increase of the sectoral imports and a decrease of the imports of the total manufacturing, at the national level, when only the first factor is positive. This relationship can be considered as a decrease of the sectoral imports lower than the decrease of the imports of the total manufacturing, at the national level, when both factors are negative with the first

being higher than the second one. The exact opposite things stand when the sign of the "imports industry-mix" subcomponent is negative.

The positive sign of the "labor productivity industry-mix" subcomponent indicates that  $(e_i-q_i)-(e-q)\prec 0 \Rightarrow (q_i-e_i)-(q-e)\succ 0$ . This relationship can be considered as an increase of the sectoral labor productivity greater than the increase of the labor productivity of the total manufacturing, at the national level, when both factors are positive with the first being higher than the second one. This relationship can be considered as an increase of the sectoral labor productivity and a decrease of the labor productivity of the total manufacturing, at the national level, when only the first factor is positive. This relationship can be considered as a decrease of the sectoral labor productivity lower than the decrease of the labor productivity of the total manufacturing, at the national level, when both factors are negative with the first being higher than the second one. The exact opposite things stand when the sign of the "labor productivity industry-mix" subcomponent is negative.

It becomes evident that the employment effects attributed to domestic demand, exports and imports shifts are all hypothetical. The basic assumption is that output-based measures are translated into jobs as if employment to output ratios had remained constant over the period studied. The labor productivity components come into play to account (as correction factors) for possible shifts of employment-output ratios during the period. Thus, a national labor-productivity component may be negative (positive) if over the study period output growth has outpaced (lagged behind) employment growth at the national level.

## 3. Regional manufacturing employment change in the EU new memberstates: An assessment with the performance of the trade-adjusted shiftshare analysis method.

The results of the performance of the traditional shift-share analysis method for the regions of Bulgaria, Romania, Hungary, Slovenia and Estonia<sup>2</sup> (Tables 4-8) and the results of the decomposition of the "exports industry-mix" (Tables 9-13), the "imports industry-mix" (Tables 14-18) and the "labor productivity industry-mix" (Tables 19-23) subcomponents, for the period 1991-2000, are extremely enlightening concerning the impact of economic integration and transition<sup>3</sup> on manufacturing employment change<sup>4</sup>.

<sup>&</sup>lt;sup>2</sup> The names of the regions of Bulgaria, Romania, Hungary, Slovenia and Estonia are provided in Table 3, in the Appendix.

<sup>&</sup>lt;sup>3</sup> The notion of integration incorporates that of transition since the impact of these two processes is inextricable, concerning the EU NMS, during the pre-accession period.

<sup>&</sup>lt;sup>4</sup> Tables 4-23 are in the Appendix

The decomposition of the "exports industry-mix" subcomponent reveals that in all EU NMS regions under survey the impact of the industry mix is positive concerning the manufacturing employment changes through the increases of exports. The positive sign of the subcomponent reveals that the exports increases in the sectors that each region is specialized are higher than the increases of the exports of the total manufacturing, at the national level. The negative sign of the subcomponent reveals that the exports increases in the sectors that each region is specialized are lower than the increases of the exports of the total manufacturing, at the national level. In both cases the impact is positive, even though in the case of the negative signs it can be supported that essentially the impact is negative since the positive impact at the regional level is lower comparing to positive impact at the national level.

The decomposition of the "imports industry-mix" subcomponent reveals that in all EU NMS regions under survey the impact of the industry mix is negative concerning the manufacturing employment changes through the increases of imports. The positive sign of the subcomponent reveals that the imports increases in the sectors that each region is specialized are higher than the increases of the imports of the total manufacturing, at the national level. The negative sign of the subcomponent reveals that the imports increases in the sectors that each region is specialized are lower than the increases of the imports of the total manufacturing, at the national level. In both cases the impact is negative, even though in the case of the negative signs it can be supported that essentially the impact is positive since the negative impact at the regional level is lower comparing to negative impact at the national level.

The decomposition of the "labor productivity industry-mix" subcomponent reveals that in all EU NMS regions under survey the levels of industrial output were increased at rates higher than the levels of industrial employment. This evolution is equivalent to losses in potential job positions even though under a certain perspective can be considered positive since this loss can be attributed to productivity gains (output increases). The positive sign of the subcomponent reveals that the productivity increases in the sectors that each region is specialized are higher than the increases of the labor productivity of the total manufacturing, at the national level. The negative sign of the subcomponent reveals that the productivity increases in the sectors that each region is specialized are lower than the increases of the labor productivity of the total manufacturing, at the national level. In both cases the impact is negative. However, things would have been worse, if this loss could not be attributed to productivity gains as, especially, in the case of the positive signs.

## 4. Conclusions.

The results of the trade-adjusted shift-share analysis provide the evaluation of the impact of the interacting processes of economic integration and transition on the EU NMS regional manufacturing employment changes. The industrial employment losses in the regions of Bulgaria and Romania and in many regions of Hungary, Slovenia and Estonia reveal that the positive impact of the exports increases did not manage to surpass the respective negative impact of the imports increases. This is an indication that these EU NMS regions have been vulnerable to deteriorating terms of trade pertaining to most manufacturing sectors during the pre-accession period. It appears that these regions did not manage to recover jobs lost due to increased international competition and due to the implemented restructuring policies. In the majority of the regions of Hungary and Slovenia, however, significant part of this negative impact can be attributed to productivity increases. This is not the situation, at least not in the same degree, for the majority of the regions of Bulgaria, Romania and Estonia. The positive manufacturing employment changes in the other EU NMS regions under survey can be considered as the result of the strength of their industrial mixes to the pressures of the competitive economic environment as the positive impact of the exports increases managed to surpass the respective negative impact of the imports increases.

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## Appendix.

Table 3: Names of the regions of Bulgaria, Romania, Hungary, Slovenia and Estonia

| BU  | LGARIA (BG) | RO    | MANIA (RO) | H   | UNGARY (HU)               |     | SLOVENIA (SI)     | EST | ONIA (EE) |
|-----|-------------|-------|------------|-----|---------------------------|-----|-------------------|-----|-----------|
|     |             |       |            |     | GYOR - MOSON -            |     |                   |     | POHJA -   |
| 043 | BLAGOEVGRAD | 012   | BOTOSANI   | 031 | SOPRON                    | 001 | POMURSKA          | 001 | EESTI     |
|     |             |       |            |     |                           |     |                   |     | KESK -    |
| 055 | SMOLYAN     | 013   | IASI       | 032 | VAS                       | 002 | PODRAVSKA         | 006 | EESTI     |
|     |             |       |            |     |                           |     |                   |     | KIRDE -   |
| 056 | KARDZHALI   | 015   | SUCEAVA    | 041 | BARANYA                   | 003 | KOROSKA           | 007 | EESTI     |
|     |             |       |            |     |                           |     |                   |     | LAANE -   |
| 044 | PERNIK      | 016   | VASLUI     | 042 | SOMOGY                    | 009 | GORENJSKA         | 004 | EESTI     |
|     |             |       |            |     | BNMS -                    |     |                   |     | LOUNA -   |
| 045 | KUYSTENDIL  | 024   | GALATI     | 071 | KISKUN                    | 00B | GORISKA           | 800 | EESTI     |
|     |             |       |            |     | KOMAROM -                 |     |                   |     |           |
| 053 | HASKOVO     | 025   | TULCEA     | 022 | ESZTERCOM                 | 00C | OBALNO – KRASKA   |     |           |
|     |             |       | CARAS -    |     |                           |     |                   |     |           |
| 061 | BURGAS      | 052   | SEVERIN    | 033 | ZALA                      | 004 | SAVINJSKA         |     |           |
|     |             |       |            |     | BORSOD - ABAUJ            |     |                   |     |           |
| 063 | YAMBOL      | 064   | MARAMURES  | 051 | <ul><li>ZEMPLEN</li></ul> | 006 | SPODNJEPOSAVSKA   |     |           |
|     |             |       |            |     |                           |     | NOTRANJSKO        |     |           |
| 011 | VILDIN      | 023   | COSTANTA   | 053 | NOGRAD                    | 00A | - KRASKA          |     |           |
|     |             |       |            |     | HAJDU -                   |     | JUGOVZHODNA       |     |           |
| 012 | MONTANA     | 032   | CALARASI   | 061 | BIHAR                     | 00D | SLOVENIJA         |     |           |
|     |             |       |            |     | SZABOLCS -                |     |                   |     |           |
|     |             |       |            |     | SZATMAR -                 |     |                   |     |           |
| 013 | VRATSA      | 034   | GIURGIU    | 063 | BEREG                     | 00E | OSREDNJESLOVENSKA |     |           |
| 021 | PLEVEN      | 037   | TELEORMAN  | 072 | BEKES                     | 005 | ZASAVSKA          |     |           |
| 025 | RUSSE       | 041   | DOLJ       | 073 | CSONGRAD                  |     |                   |     |           |
| 032 | DOBRICH     | 043   | MEHEDINTI  | 011 | BUDAPEST                  |     |                   |     |           |
| 036 | SILISTRA    | 044   | OLT        | 012 | PEST                      |     |                   |     |           |
| 022 | LOVECH      | 051   | ARAD       | 021 | FEJER                     |     |                   |     |           |
|     | VELIKO      |       |            |     |                           |     |                   |     |           |
| 023 | TARNOVO     | 054   | TIMIS      | 023 | VESZPREM                  |     |                   |     |           |
| 024 | GABROVO     | 061   | BIHOR      | 043 | TOLNA                     |     |                   |     |           |
|     |             |       | SATU       |     |                           |     |                   |     |           |
| 031 | VARNA       | 065   | MARE       | 052 | HEVES                     |     |                   |     |           |
|     |             |       |            |     | JASZ - NAGYKUN            |     |                   |     |           |
| 033 | SHUMEN      | 011   | BNMAU      | 062 | - SZOLNOK                 |     |                   |     |           |
| 034 | TURGOVISHTE | 014   | NEAMT      |     |                           |     |                   |     |           |
| 035 | RAZGRAD     | 021   | BRAILA     |     |                           |     |                   |     |           |
|     | SOFIA       |       |            |     |                           |     |                   |     |           |
| 041 | STOLITSA    | 022   | BUZAU      |     |                           |     |                   |     |           |
| 042 | SOFIA       | 026   | VRANCEA    |     |                           |     |                   |     |           |
| 051 | PLOVDIV     | 031   | ARGES      |     |                           |     |                   |     |           |
|     | STARA       |       |            |     |                           |     |                   |     |           |
| 052 | ZAGORA      | 033   | DAMBOVITA  |     |                           |     |                   |     |           |
| 054 | PAZARDZHIK  | 035   | IALOMITA   |     |                           |     |                   |     |           |
| 062 | SLIVEN      | 036   | PRAHOVA    |     |                           |     |                   |     |           |
|     |             | 042   | GORJ       |     |                           |     |                   |     |           |
|     |             | 045   | VALCEA     |     |                           |     |                   |     |           |
|     |             | 053   | HUNEDOARA  |     |                           |     |                   |     |           |
|     |             |       | BISTRITA - |     |                           |     |                   |     |           |
|     |             | 062   | NASAUD     |     |                           |     |                   |     |           |
|     |             | 063   | CLUJ       |     |                           |     |                   |     |           |
|     |             | 066   | SALAJ      |     |                           |     |                   |     |           |
|     |             | 071   | ALBA       |     |                           |     |                   |     |           |
|     |             | 072   | BRASOV     |     |                           |     |                   |     |           |
|     |             | 073   | COVASNA    |     |                           |     |                   |     |           |
|     |             | 074   | HARGHITA   |     |                           |     |                   |     |           |
|     |             | 075   | MURES      |     |                           |     |                   |     |           |
|     |             | 076   | SIBIU      |     |                           |     |                   |     |           |
|     |             |       |            |     |                           |     |                   |     |           |
|     |             | 081 + | BUCURESTI  |     |                           |     |                   |     |           |
|     |             | 082   | + ILFOV    |     |                           |     |                   |     |           |
|     |             |       |            |     |                           |     |                   |     |           |

082 + ILFOV
Source: www.europa.eu.int/comm/eurostat

Table 4: Results of the trade-adjusted shift-share analysis for the regions of Bulgaria, Period 1991-2000

|       | CHANCE  | NA         | TIONAL C | OMPONEN | Т       |                    | INDUST  | RY MIX  |         | COMPETITIVE |
|-------|---------|------------|----------|---------|---------|--------------------|---------|---------|---------|-------------|
|       | CHANGE  | DOMESTIC I | EXPORTS  | IMPORTS | PROD/TY | DOMESTIC<br>DEMAND | EXPORTS | IMPORTS | PROD/TY | SHIFT       |
| BG011 | -5.654  | 68         | 300      | -329    | -3.873  | 744                | 142     | -51     | -574    | -2.080      |
| BG012 | -6.491  | 95         | 421      | -462    | -5.432  | 277                | 39      | 17      | -301    | -1.146      |
| BG013 | -6.975  | 102        | 452      | -495    | -5.828  | 563                | 100     | -18     | -498    | -1.352      |
| BG021 | -6.492  | 100        | 443      | -486    | -5.717  | 163                | 13      | 38      | -231    | -815        |
| BG022 | -7.881  | 157        | 697      | -764    | -8.991  | -316               | -60     | 20      | 1       | 1.376       |
| BG023 | -6.361  | 123        | 545      | -597    | -7.027  | 0                  | 1       | -5      | -161    | 761         |
| BG024 | -5.693  | 113        | 501      | -550    | -6.469  | -382               | -80     | 44      | 104     | 1.025       |
| BG025 | -7.725  | 148        | 657      | -720    | -8.474  | 287                | 53      | -16     | -381    | 720         |
| BG031 | -8.354  | 147        | 653      | -716    | -8.420  | 680                | 132     | -51     | -637    | -142        |
| BG032 | -6.550  | 96         | 424      | -465    | -5.474  | 47                 | -17     | 65      | -147    | -1.079      |
| BG033 | -5.927  | 106        | 471      | -517    | -6.082  | 1.126              | 205     | -51     | -871    | -316        |
| BG034 | -1.989  | 40         | 178      | -195    | -2.294  | 81                 | 4       | 24      | -102    | 274         |
| BG035 | -5.404  | 88         | 391      | -429    | -5.042  | 1.216              | 226     | -65     | -907    | -882        |
| BG036 | -3.725  | 52         | 232      | -254    | -2.989  | 40                 | -8      | 39      | -89     | -747        |
| BG041 | -25.070 | 542        | 2.402    | -2.635  | -30.994 | 1.778              | 368     | -197    | -1.880  | 5.545       |
| BG042 | -9.965  | 154        | 682      | -748    | -8.803  | 88                 | 12      | 5       | -257    | -1.098      |
| BG043 | -12.727 | 227        | 1.007    | -1.104  | -12.991 | -481               | -114    | 90      | 24      | 615         |
| BG044 | -5.246  | 87         | 385      | -422    | -4.963  | 850                | 181     | -108    | -675    | -581        |
| BG045 | -7.872  | 116        | 513      | -562    | -6.614  | 226                | 30      | 19      | -294    | -1.305      |
| BG051 | -15.580 | 330        | 1.461    | -1.603  | -18.856 | -510               | -104    | 51      | -96     | 3.747       |
| BG052 | -4.640  | 100        | 444      | -487    | -5.734  | -616               | -99     | -8      | 265     | 1.495       |
| BG053 | -4.037  | 91         | 403      | -441    | -5.194  | 633                | 96      | 24      | -523    | 876         |
| BG054 | -16.295 | 240        | 1.063    | -1.166  | -13.713 | 880                | 128     | 46      | -875    | -2.898      |
| BG055 | -3.461  | . 60       | 266      | -291    | -3.428  | 232                | 25      | 35      | -223    | -136        |
| BG056 | -2.719  | 50         | 223      | -244    | -2.873  | 353                | 53      | 14      | -291    | -4          |
| BG061 | -5.898  | 116        | 515      | -565    | -6.641  | 1.440              | 262     | -64     | -1.087  | 126         |
| BG062 | -6.736  | 90         | 397      | -435    | -5.118  | 85                 | 1       | 35      | -167    | -1.623      |
| BG063 | -3.947  | 55         | 244      | -267    | -3.143  | 282                | 47      | 0       | -254    | -911        |

Table 5: Results of the trade-adjusted shift-share analysis for the regions of Romania, Period 1991-2000

|       | CHANCE   | IN.                | ATIONAL C | OMPONENT | Ī       |                    | INDUST  | RY MIX  |         | COMPETITIVE |
|-------|----------|--------------------|-----------|----------|---------|--------------------|---------|---------|---------|-------------|
|       | CHANGE   | DOMESTIC<br>DEMAND | EXPORTS   | IMPORTS  | PROD/TY | DOMESTIC<br>DEMAND | EXPORTS | IMPORTS | PROD/TY | SHIFT       |
| RO011 | -16.169  | -6.480             | 797       | -589     | -10.430 | 1.994              | 51      | 62      | -724    | -849        |
| RO012 | -10.058  | -3.802             | 468       | -346     | -6.119  | 992                | 44      | 29      | -373    | -952        |
| RO013 | -18.340  | -7.731             | 951       | -703     | -12.444 | 227                | 13      | 6       | -83     | 1.424       |
| RO014 | -23.282  | -8.141             | 1.001     | -740     | -13.105 | 1.932              | 5       | 63      | -670    | -3.627      |
| RO015 | -25.923  | -9.185             | 1.130     | -835     | -14.784 | 4.351              | 200     | 127     | -1.644  | -5.282      |
| RO016 | -7.839   | -3.189             | 392       | -290     | -5.134  | 89                 | 22      | 1       | -44     | 314         |
| RO021 | -10.938  | -4.206             | 517       | -382     | -6.769  | 53                 | 4       | 1       | -19     | -138        |
| RO022 | -23.251  | -7.996             | 984       | -727     | -12.871 | 902                | -26     | 32      | -290    | -3.256      |
| RO023 | -17.064  | -6.185             | 761       | -562     | -9.955  | -220               | -17     | -6      | 92      | -971        |
| RO024 | -10.991  | -5.717             | 703       | -520     | -9.202  | -619               | -74     | -14     | 270     | 4.182       |
| RO025 | -5.284   | -2.264             | 279       | -206     | -3.645  | 525                | 12      | 16      | -189    | 189         |
| RO026 | -7.545   | -3.296             | 405       | -300     | -5.305  | 1.070              | 44      | 32      | -400    | 205         |
| RO031 | -19.926  | -12.922            | 1.589     | -1.175   | -20.799 | -2.050             | -70     | -62     | 769     | 14.793      |
| RO032 | -5.020   | -1.750             | 215       | -159     | -2.816  | 531                | 12      | 17      | -192    | -878        |
| RO033 | -18.717  | -6.185             | 761       | -562     | -9.956  | -2.558             | -91     | -77     | 956     | -1.003      |
| RO034 | -2.365   | -789               | 97        | -72      | -1.270  | 137                | 6       | 4       | -51     | -426        |
| RO035 | -4.329   | -1.492             | 184       | -136     | -2.402  | 743                | 30      | 22      | -278    | -1.000      |
| RO036 | -28.535  | -9.927             | 1.221     | -902     | -15.979 | -1.574             | -127    | -42     | 640     | -1.846      |
| RO037 | -6.878   | -2.579             | 317       | -234     | -4.152  | 61                 | -1      | 2       | -19     | -273        |
| RO041 | -23.465  | -8.624             | 1.061     | -784     | -13.881 | -1.344             | -37     | -42     | 498     | -313        |
| RO042 | -9.925   | -3.424             | 421       | -311     | -5.512  | -552               | -21     | -17     | 208     | -717        |
| RO043 | -4.916   | -2.543             | 313       | -231     | -4.093  | -151               | 12      | -6      | 46      | 1.738       |
| RO044 | -11.033  | -4.249             | 523       | -386     | -6.839  | -136               | -27     | -2      | 69      | 15          |
| RO045 | -8.699   | -4.163             | 512       | -378     | -6.700  | 623                | 12      | 20      | -222    | 1.598       |
| RO051 | -15.333  | -6.448             | 793       | -586     | -10.378 | 914                | 65      | 25      | -358    | 641         |
| RO052 | -6.402   | -2.803             | 345       | -255     | -4.511  | -469               | -37     | -12     | 190     | 1.151       |
| RO053 | -13.050  | -4.808             | 591       | -437     | -7.740  | 67                 | -53     | 7       | 16      | -693        |
| RO054 | -33.014  | -13.342            | 1.641     | -1.213   | -21.475 | 778                | 61      | 20      | -304    | 819         |
| RO061 | -19.546  | -9.576             | 1.178     | -871     | -15.414 | 1.583              | 86      | 45      | -603    | 4.026       |
| RO062 | -10.595  | -4.403             | 541       | -400     | -7.086  | 623                | 32      | 18      | -235    | 316         |
| RO063 | -39.262  | -14.682            | 1.806     | -1.335   | -23.633 | 1.202              | -66     | 45      | -364    | -2.235      |
| RO064 | -11.091  | -5.312             | 653       | -483     | -8.550  | 1.544              | 59      | 46      | -574    | 1.525       |
| RO065 | -11.797  | -4.426             | 544       | -402     | -7.125  | 700                | 38      | 20      | -266    | -878        |
| RO066 | -2.070   | -2.287             | 281       | -208     | -3.681  | 895                | 2       | 29      | -311    | 3.209       |
| RO071 | -11.108  | -4.922             | 605       | -447     | -7.922  | -471               | -17     | -14     | 179     | 1.901       |
| RO072 | -35.494  | -14.392            |           | -1.308   | -23.165 |                    | -210    |         |         |             |
| RO073 | -6.739   | -3.411             |           | -310     | -5.491  | 300                | 30      |         |         |             |
| RO074 | -11.275  | -4.987             |           |          |         |                    | 80      | 54      |         |             |
| RO075 | -27.859  | -10.868            |           |          | -17.494 |                    | 42      |         |         |             |
| RO076 | -26.165  | -11.065            |           | -1.006   |         | 269                | 10      | 8       |         |             |
| RO08  | -165.288 | -52.812            |           | -4.801   | -85.008 | -10.007            | -302    | -307    |         | -22.267     |

Table 6: Results of the trade-adjusted shift-share analysis for the regions of Hungary, Period 1991-2000

|       | CHANGE  | N.A             | NATIONAL COMPONENT |          |          |                    | INDUSTRY MIX |         |         |         |
|-------|---------|-----------------|--------------------|----------|----------|--------------------|--------------|---------|---------|---------|
|       | CHANGE  | DOMESTIC DEMAND | EXPORTS            | IMPORTS  | PROD/TY  | DOMESTIC<br>DEMAND | EXPORTS      | IMPORTS | PROD/TY | SHIFT   |
| HU011 | -91.400 | 68.996          | 337.201            | -294.586 | -113.641 | -12.433            | 98.434       | -74.275 | -8.841  | -92.256 |
| HU012 | 1.214   | 8.271           | 40.422             | -35.313  | -13.623  | -2.565             | 6.225        | -2.924  | -550    | 1.272   |
| HU021 | 16.697  | 4.301           | 21.022             | -18.365  | -7.085   | -557               | 6.768        | -5.404  | -612    | 16.628  |
| HU022 | 10.118  | 3.140           | 15.347             | -13.407  | -5.172   | 2.107              | -4.230       | 1.632   | 256     | 10.446  |
| HU023 | 7.687   | 4.346           | 21.241             | -18.557  | -7.159   | 3.874              | -2.237       | -1.881  | 15      | 8.044   |
| HU031 | 10.190  | 7.021           | 34.314             | -29.977  | -11.564  | -3.263             | 5.168        | -1.299  | -423    | 10.214  |
| HU032 | 17.772  | 2.219           | 10.847             | -9.476   | -3.656   | -590               | -2.010       | 2.359   | 163     | 17.915  |
| HU033 | 5.597   | 3.007           | 14.698             | -12.841  | -4.953   | 225                | -4.373       | 3.631   | 329     | 5.874   |
| HU041 | 1.318   | 3.301           | 16.132             | -14.093  | -5.437   | 1.589              | -7.553       | 5.075   | 554     | 1.752   |
| HU042 | 4.043   | 1.791           | 8.751              | -7.645   | -2.949   | -143               | -1.421       | 1.395   | 104     | 4.160   |
| HU043 | 3.977   | 1.491           | 7.286              | -6.365   | -2.455   | 487                | -3.122       | 2.266   | 233     | 4.157   |
| HU051 | -10.969 | 8.649           | 42.269             | -36.927  | -14.245  | 10.948             | -9.913       | -2.155  | 392     | -9.986  |
| HU052 | 2.006   | 2.474           | 12.090             | -10.562  | -4.074   | -191               | 843          | -550    | -96     | 2.073   |
| HU053 | 6.494   | 1.648           | 8.056              | -7.038   | -2.715   | 1.073              | 151          | -1.200  | -67     | 6.585   |
| HU061 | -1.026  | 5.462           | 26.694             | -23.321  | -8.996   | -1.509             | -1.423       | 2.759   | 103     | -795    |
| HU062 | 1.719   | 3.898           | 19.053             | -16.645  | -6.421   | -2.623             | 3.023        | -50     | -222    | 1.705   |
| HU063 | 1.294   | 3.247           | 15.867             | -13.862  | -5.347   | 1.867              | -5.907       | 3.348   | 405     | 1.677   |
| HU071 | 3.849   | 4.689           | 22.914             | -20.019  | -7.722   | 100                | -5.808       | 5.020   | 435     | 4.240   |
| HU072 | 1.762   | 3.299           | 16.124             | -14.087  | -5.434   | 878                | -7.559       | 5.786   | 577     | 2.177   |
| HU073 | 3.602   | 3.858           | 18.853             | -16.470  | -6.354   | 656                | -5.584       | 4.268   | 408     | 3.966   |

Table 7: Results of the trade-adjusted shift-share analysis for the regions of Slovenia, Period 1991-2000

|       | CHANGE  | NATIONAL COMPONENT   |         |         |         | INDUSTRY MIX    |         |         |         | COMPETITIVE |
|-------|---------|----------------------|---------|---------|---------|-----------------|---------|---------|---------|-------------|
|       | CHANGE  | DOMESTIC E<br>DEMAND | EXPORTS | IMPORTS | PROD/TY | DOMESTIC DEMAND | EXPORTS | IMPORTS | PROD/TY | SHIFT       |
| SI001 | 1.888   | 2.916                | 7.898   | -7.580  | -3.682  | 450             | -2.728  | 2.370   | 78      | 2.166       |
| SI002 | 4.103   | 4.775                | 12.930  | -12.410 | -6.028  | 575             | 63      | -461    | 70      | 4.589       |
| SI003 | 809     | 1.509                | 4.087   | -3.923  | -1.905  | 515             | 756     | -1.108  | 27      | 851         |
| SI004 | 416     | 4.697                | 12.719  | -12.208 | -5.929  | 1.180           | 1.124   | -1.937  | 82      | 689         |
| SI005 | -35     | 607                  | 1.645   | -1.579  | -767    | -159            | 697     | -571    | -8      | 99          |
| SI006 | 1.329   | 738                  | 1.999   | -1.919  | -932    | 121             | -936    | 837     | 23      | 1.398       |
| SI009 | -3.962  | 5.253                | 14.225  | -13.653 | -6.632  | 702             | -156    | -336    | 83      | -3.449      |
| SI00A | 1.096   | 727                  | 1.969   | -1.890  | -918    | 280             | -25     | -174    | 19      | 1.107       |
| SI00B | 441     | 2.106                | 5.702   | -5.473  | -2.658  | -1.578          | 519     | 620     | -47     | 1.250       |
| SI00C | 681     | 991                  | 2.685   | -2.577  | -1.252  | -118            | 287     | -196    | 2       | 858         |
| SI00D | 1.030   | 2.918                | 7.901   | -7.584  | -3.683  | -327            | 29      | 211     | 16      | 1.548       |
| SI00E | -14.869 | 18.870               | 51.098  | -49.043 | -23.821 | -2.926          | -1.772  | 3.874   | 95      | -11.244     |

Table 8: Results of the trade-adjusted shift-share analysis for the regions of Estonia, Period 1991-2000

|       | CHANGE  | NA                   | TIONAL C | OMPONENT | -       | INDUSTRY MIX    |         |         |         | COMPETITIVE<br>SHIFT |
|-------|---------|----------------------|----------|----------|---------|-----------------|---------|---------|---------|----------------------|
|       |         | DOMESTIC I<br>DEMAND | EXPORTS  | IMPORTS  | PROD/TY | DOMESTIC DEMAND | EXPORTS | IMPORTS | PROD/TY | 31111                |
| EE001 | -48.386 | 128.733              | 91.560   | -212.799 | -49.416 | -199            | 780     | -3.288  | 2.205   | -5.962               |
| EE004 | 1.512   | 5.939                | 4.224    | -9.817   | -2.280  | -622            | 196     | 570     | -64     | 3.366                |
| EE006 | -17.194 | 51.757               | 36.812   | -85.556  | -19.868 | 5.345           | -2.064  | -3.050  | -118    | -453                 |
| EE007 | 287     | 4.165                | 2.963    | -6.885   | -1.599  | -511            | 95      | 788     | -224    | 1.495                |
| EE008 | -1.017  | 8.188                | 5.824    | -13.536  | -3.143  | -938            | 283     | 921     | -131    | 1.515                |

Table 9: Decomposition of the "exports industry-mix" subcomponent for the regions of Bulgaria, Period 1991-2000

|                | (1)  | (2)  |                |
|----------------|--|--|----------------|
|                | ` ,  | (-)  |                |
|                | $\sum_{i} E_{i0}^{r} (\frac{X_{it} - X_{i0}}{Q_{i0}})$ | $\sum_{i} E_{i0}^{r} \left( \frac{X_{t} - X_{0}}{Q_{0}} \right)$ | (1) (2)        |
| BG011          | <i>i</i> ≥ <i>i</i> 0 441                              | 298  | (1)-(2)<br>142 |
|                | 457  | 417  | 39             |
| BG012<br>BG013 | 548  | 448  | 100            |
| BG013          | 452  | 439  | 13             |
| BG021          | 628  | 688  | -60            |
| BG022          | 540  | 538  | -60<br>1       |
| BG023          | 415  | 495  | -80            |
| BG024          | 703  | 650  | -60<br>53      |
| BG023          | 703  | 646  | 132            |
| BG031          | 404  | 421  | -17            |
| BG032          | 674  | 469  | 205            |
| BG033          | 181  | 176  | 203<br>4       |
| BG035          | 615  | 389  | 226            |
| BG035          | 222  | 230  | -8             |
| BG030          | 2.744  | 2.377  | 368            |
| BG042          | 687  | 675  | 12             |
| BG043          | 881  | 995  | -114           |
| BG044          | 562  | 381  | 181            |
| BG045          | 538  | 508  | 30             |
| BG051          | 1.339  | 1.444  | -104           |
| BG052          | 338  | 437  | -99            |
| BG053          | 496  | 400  | 96             |
| BG054          | 1.182  | 1.054  | 128            |
| BG055          | 289  | 264  | 25             |
| BG056          | 274  | 222  | 53             |
| BG061          | 775  | 512  | 262            |
| BG062          | 394  | 393  | 1              |
| BG063          | 288  | 242  | 47             |

Table 10: Decomposition of the "exports industry-mix" subcomponent for the regions of Romania, Period 1991-2000

|                | (1)   | (2)                               |         |
|----------------|---|-----------------------------------|---------|
|                | $\sum_{i} E_{i0}^{r} (\frac{X_{ii} - X_{i0}}{Q_{i0}}) \sum_{i} I$ | $E_{i0}^r(\frac{X_t - X_0}{Q_t})$ | (1) (5) |
| DO011          | <i>l</i>  | 20                                | (1)-(2) |
| RO011          | 858   | 808                               | 51      |
| RO012          | 515   | 471                               | 44      |
| RO013<br>RO014 | 973<br>1.025  | 960<br>1.019                      | 13<br>5 |
| RO015          | 1.336   | 1.136                             | 200     |
| RO016          | 416   | 394                               | 200     |
| RO021          | 527   | 522                               | 4       |
| RO021          | 974   | 1.000                             | -26     |
| RO023          | 752   | 770                               | -17     |
| RO024          | 642   | 716                               | -74     |
| RO025          | 294   | 282                               | 12      |
| RO026          | 453   | 409                               | 44      |
| RO031          | 1.535   | 1.605                             | -70     |
| RO032          | 230   | 218                               | 12      |
| RO033          | 677   | 768                               | -91     |
| RO034          | 104   | 98                                | 6       |
| RO035          | 215   | 185                               | 30      |
| RO036          | 1.115   | 1.242                             | -127    |
| RO037          | 320   | 321                               | -1      |
| RO041          | 1.033   | 1.070                             | -37     |
| RO042          | 405   | 426                               | -21     |
| RO043          | 326   | 314                               | 12      |
| RO044          | 503   | 531                               | -27     |
| RO045          | 530   | 518                               | 12      |
| RO051          | 863   | 797                               | 65      |
| RO052          | 314   | 351                               | -37     |
| RO053          | 551   | 604                               | -53     |
| RO054          | 1.715   | 1.654                             | 61      |
| RO061          | 1.272   | 1.186                             | 86      |
| RO062          | 577   | 546                               | 32      |
| RO063          | 1.771   | 1.837                             | -66     |
| RO064          | 719   | 660                               | 59      |
| RO065          | 586   | 548                               | 38      |
|                |   |                                   |         |
| RO066          | 290   | 288                               | 2       |
| RO071          | 594   | 611                               | -17     |
| RO072          | 1.574   | 1.783                             | -210    |
| RO073          | 451   | 422                               | 30      |
| RO074          | 698   | 618                               | 80      |
| RO075          | 1.395   | 1.353                             | 42      |
| RO076          | 1.385   | 1.375                             | 10      |
| RO08           | 6.253   | 6.555                             | -302    |

Table 11: Decomposition of the "exports industry-mix" subcomponent for the regions of Hungary, Period 1991-2000

| -     | (1)   | (2)                                     |         |
|-------|---|---|---------|
|       | $\sum_{i} E_{i0}^{r} (\frac{X_{it} - X_{i0}}{Q_{i0}}) \sum_{i}$ | $\sum E_{i0}^r (\frac{X_t - X_0}{Q_0})$ | (1)-(2) |
| HU011 | 435.636   | 337.201                                 | 98.434  |
| HU012 | 46.646  | 40.422                                  | 6.225   |
| HU021 | 27.790  | 21.022                                  | 6.768   |
| HU022 | 11.116  | 15.347                                  | -4.230  |
| HU023 | 19.004  | 21.241                                  | -2.237  |
| HU031 | 39.481  | 34.314                                  | 5.168   |
| HU032 | 8.838   | 10.847                                  | -2.010  |
| HU033 | 10.325  | 14.698                                  | -4.373  |
| HU041 | 8.579   | 16.132                                  | -7.553  |
| HU042 | 7.330   | 8.751                                   | -1.421  |
| HU043 | 4.164   | 7.286                                   | -3.122  |
| HU051 | 32.356  | 42.269                                  | -9.913  |
| HU052 | 12.932  | 12.090                                  | 843     |
| HU053 | 8.207   | 8.056                                   | 151     |
| HU061 | 25.271  | 26.694                                  | -1.423  |
| HU062 | 22.076  | 19.053                                  | 3.023   |
| HU063 | 9.960   | 15.867                                  | -5.907  |
| HU071 | 17.106  | 22.914                                  | -5.808  |
| HU072 | 8.566   | 16.124                                  | -7.559  |
| HU073 | 13.269  | 18.853                                  | -5.584  |

Table 12: Decomposition of the "exports industry-mix" subcomponent for the regions of Slovenia, Period 1991-2000

|       | (1)  | (2)  |         |
|-------|--|--|---------|
|       | $\sum_{i} E_{i0}^{r} (\frac{X_{it} - X_{i0}}{Q_{i0}})$ | $\sum_{i} E_{i0}^{r} \left( \frac{X_{t} - X_{0}}{Q_{0}} \right)$ | (1)-(2) |
| SI001 | 5.170  | 7.898  | -2.728  |
| SI002 | 12.993   | 12.930   | 63      |
| SI003 | 4.843  | 4.087  | 756     |
| SI004 | 13.843   | 12.719   | 1.124   |
| SI005 | 2.342  | 1.645  | 697     |
| SI006 | 1.063  | 1.999  | -936    |
| SI009 | 14.069   | 14.225   | -156    |
| SI00A | 1.944  | 1.969  | -25     |
| SI00B | 6.221  | 5.702  | 519     |
| SI00C | 2.972  | 2.685  | 287     |
| SI00D | 7.930  | 7.901  | 29      |
| SI00E | 49.326   | 51.098   | -1.772  |

Table 13: Decomposition of the "exports industry-mix" subcomponent for the regions of Estonia, Period 1991-2000

|       | (1)  | (2)  |         |
|-------|--|--|---------|
|       | $\sum_{i} E_{i0}^{r} (\frac{X_{it} - X_{i0}}{Q_{i0}})$ | $\sum_{i} E_{i0}^{r} \left( \frac{X_{t} - X_{0}}{Q_{0}} \right)$ | (1)-(2) |
| EE001 | 92.340   | 91.560   | 780     |
| EE004 | 4.420  | 4.224  | 196     |
| EE006 | 34.748   | 36.812   | -2.064  |
| EE007 | 3.058  | 2.963  | 95      |
| EE008 | 6.107  | 5.824  | 283     |

Table 14: Decomposition of the "imports industry-mix" subcomponent for the regions of Bulgaria, Period 1991-2000

|       | (1)  | (2)   |            |
|-------|--|---|------------|
|       | $\sum E^r \left( \frac{M_{it} - M_{i0}}{M_{it}} \right)$ | $\sum E^r \left(\frac{M_i - M_0}{M_i}\right)$         |            |
|       | $\sum_{i} E_{i0} \left( \frac{1}{Q_{i0}} \right)$        | $\sum_{i} E_{i0}^{\cdot} \left( \frac{}{Q_0} \right)$ | F(4) (2)]  |
| DC011 |  |   | -[(1)-(2)] |
| BG011 | 380  | 329   | -51        |
| BG012 | 445  | 462   | 17         |
| BG013 | 514  | 495   | -18        |
| BG021 | 448  | 486   | 38         |
| BG022 | 744  | 764   | 20         |
| BG023 | 602  | 597   | -5         |
| BG024 | 506  | 550   | 44         |
| BG025 | 736  | 720   | -16        |
| BG031 | 767  | 716   | -51        |
| BG032 | 400  | 465   | 65         |
| BG033 | 568  | 517   | -51        |
| BG034 | 171  | 195   | 24         |
| BG035 | 494  | 429   | -65        |
| BG036 | 216  | 254   | 39         |
| BG041 | 2.832  | 2.635   | -197       |
| BG042 | 743  | 748   | 5          |
| BG043 | 1.015  | 1.104   | 90         |
| BG044 | 529  | 422   | -108       |
| BG045 | 543  | 562   | 19         |
| BG051 | 1.552  | 1.603   | 51         |
| BG052 | 495  | 487   | -8         |
| BG053 | 418  | 441   | 24         |
| BG054 | 1.120  | 1.166   | 46         |
| BG055 | 256  | 291   | 35         |
| BG056 | 230  | 244   | 14         |
| BG061 | 629  | 565   | -64        |
| BG062 | 400  | 435   | 35         |
| BG063 | 267  | 267   | 0          |

Table 15: Decomposition of the "imports industry-mix" subcomponent for the regions of Romania, Period 1991-2000

|       | (1)  | (2)                                |            |
|-------|--|------------------------------------|------------|
|       | $\sum F_{i}^{r} \left( \frac{M_{it} - M_{i0}}{M_{it}} \right)$ | $\sum F^r (\frac{M_i - M_0}{M_i})$ |            |
|       | $\sum_{i} E_{i0} \left( Q_{i0} \right)$                        | $\sum_{i} E_{i0} ( Q_0 )$          | -[(1)-(2)] |
| RO011 | 538  | 600                                | 62         |
| RO012 | 320  | 349                                | 29         |
| RO013 | 706  | 712                                | 6          |
| RO014 | 695  | 758                                | 63         |
| RO015 | 715  | 841                                | 127        |
| RO016 | 291  | 292                                | 1          |
| RO021 | 386  | 387                                | 1          |
| RO022 | 712  | 744                                | 32         |
| RO023 | 577  | 571                                | -6         |
| RO024 | 547  | 533                                | -14        |
| RO025 | 193  | 209                                | 16         |
| RO026 | 272  | 303                                | 32         |
| RO031 | 1.253  | 1.190                              | -62        |
| RO032 | 146  | 162                                | 17         |
| RO033 | 647  | 570                                | -77        |
| RO034 | 69   | 73                                 | 4          |
| RO035 | 115  | 137                                | 22         |
| RO036 | 965  | 923                                | -42        |
| RO037 | 236  | 238                                | 2          |
| RO041 | 835  | 793                                | -42<br>17  |
| RO042 | 332  | 316                                | -17        |
| RO043 | 238<br>396   | 232<br>394                         | -6<br>-2   |
| RO045 | 365  | 385                                | 20         |
| RO051 | 566  | 590                                | 25         |
| RO052 | 273  | 261                                | -12        |
| RO053 | 443  | 450                                | 7          |
| RO054 | 1.205  | 1.226                              | 20         |
| RO061 | 834  | 879                                | 45         |
|       |  |                                    |            |
| RO062 | 387  | 405                                | 18         |
| RO063 | 1.321  | 1.366                              | 45         |
| RO064 | 443  | 489                                | 46         |
| RO065 | 387  | 406                                | 20         |
| RO066 | 185  | 214                                | 29         |
| RO071 | 468  | 454                                | -14        |
| RO072 | 1.534  | 1.322                              | -212       |
| RO073 | 305  | 312                                | 7          |
| RO074 | 404  | 458                                | 54         |
| RO075 | 948  | 1.004                              | 57         |
| RO076 | 1.012  | 1.020                              | 8          |
| RO070 | 5.167  | 4.860                              | -307       |

Table 16: Decomposition of the "imports industry-mix" subcomponent for the regions of Hungary, Period 1991-2000

| _     | (1)  | (2)           |            |
|-------|--|---------------|------------|
|       | $\sum F_i^r (M_{it} - M_{i0}) \sum F_i^r$            | $(M_i - M_0)$ |            |
|       | $\sum_{i}^{n} Z_{i0}$ $Q_{i0}$ $\sum_{i}^{n} Z_{i0}$ | $Q_0$         | -[(1)-(2)] |
| HU011 | 368.750  | 294.475       | -74.275    |
| HU012 | 38.225   | 35.301        | -2.924     |
| HU021 | 23.762   | 18.358        | -5.404     |
| HU022 | 11.774   | 13.405        | 1.632      |
| HU023 | 20.435   | 18.553        | -1.881     |
| HU031 | 31.266   | 29.967        | -1.299     |
| HU032 | 7.115  | 9.474         | 2.359      |
| HU033 | 9.208  | 12.838        | 3.631      |
| HU041 | 9.017  | 14.092        | 5.075      |
| HU042 | 6.248  | 7.643         | 1.395      |
| HU043 | 4.098  | 6.364         | 2.266      |
| HU051 | 39.077   | 36.922        | -2.155     |
| HU052 | 11.109   | 10.558        | -550       |
| HU053 | 8.236  | 7.036         | -1.200     |
| HU061 | 20.555   | 23.314        | 2.759      |
| HU062 | 16.688   | 16.639        | -50        |
| HU063 | 10.512   | 13.860        | 3.348      |
| HU071 | 14.995   | 20.015        | 5.020      |
| HU072 | 8.299  | 14.085        | 5.786      |
| HU073 | 12.199   | 16.467        | 4.268      |

Table 17: Decomposition of the "imports industry-mix" subcomponent for the regions of Slovenia, Period 1991-2000

|       | (1)   | (2)   |            |
|-------|---|---|------------|
|       | $\sum_{i} E_{i0}^{r} (\frac{M_{it} - M_{i0}}{Q_{i0}}) \sum_{i} E_{i0}^{r} ($ | $\sum_{i} E_{i0}^{r} (\frac{M_{i} - M_{0}}{Q_{0}})$ | -[(1)-(2)] |
| SI001 | 5.210   | 7.580   | 2.370      |
| SI002 | 12.872  | 12.410  | -461       |
| SI003 | 5.031   | 3.923   | -1.108     |
| SI004 | 14.145  | 12.208  | -1.937     |
| SI005 | 2.150   | 1.579   | -571       |
| SI006 | 1.082   | 1.919   | 837        |
| SI009 | 13.989  | 13.653  | -336       |
| SI00A | 2.063   | 1.890   | -174       |
| SI00B | 4.853   | 5.473   | 620        |
| SI00C | 2.773   | 2.577   | -196       |
| SI00D | 7.372   | 7.584   | 211        |
| SI00E | 45.169  | 49.043  | 3.874      |

Table 18: Decomposition of the "imports industry-mix" subcomponent for the regions of Estonia, Period 1991-2000

|           | (1)   | (2)                                   |            |
|-----------|---|---------------------------------------|------------|
|           | $\sum E_{i0}^r (\frac{M_{it} - M_{i0}}{Q})$ | $\sum E_{i0}^r (\frac{M_i - M_0}{Q})$ |            |
|           | $i$ $Q_{i0}$                                | $i$ $\mathcal{Q}_0$                   | -[(1)-(2)] |
| EE001 CAP | 216.087                                     | 212.799                               | -3.288     |
| EE004 BNM | 9.247                                       | 9.817                                 | 570        |
| EE006 BEU | 88.606                                      | 85.556                                | -3.050     |
| EE007 BEU | 6.098                                       | 6.885                                 | 788        |
| EE008 BNM | 12.615                                      | 13.536                                | 921        |

Table 19: Decomposition of the "labor productivity industry-mix" subcomponent for the regions of Bulgaria, Period 1991-2000

|       | (1)                               | (2)                        |         |
|-------|-----------------------------------|----------------------------|---------|
|       | $\sum_{i} E_{i0}^{r} (e_i - q_i)$ | $\sum_{i} E_{i0}^{r}(e-q)$ | (1)-(2) |
| BG011 | -4.448                            | -3.873                     | -574    |
| BG012 | -5.733                            | -5.432                     | -301    |
| BG013 | -6.326                            | -5.828                     | -498    |
| BG021 | -5.948                            | -5.717                     | -231    |
| BG022 | -8.991                            | -8.990                     | 1       |
| BG023 | -7.188                            | -7.027                     | -161    |
| BG024 | -6.365                            | -6.469                     | 104     |
| BG025 | -8.855                            | -8.474                     | -381    |
| BG031 | -9.057                            | -8.420                     | -637    |
| BG032 | -5.621                            | -5.474                     | -147    |
| BG033 | -6.953                            | -6.082                     | -871    |
| BG034 | -2.396                            | -2.294                     | -102    |
| BG035 | -5.949                            | -5.042                     | -907    |
| BG036 | -3.079                            | -2.989                     | -89     |
| BG041 | -32.874                           | -30.994                    | -1.880  |
| BG042 | -9.060                            | -8.803                     | -257    |
| BG043 | -12.967                           | -12.991                    | 24      |
| BG044 | -5.638                            | -4.963                     | -675    |
| BG045 | -6.908                            | -6.614                     | -294    |
| BG051 | -18.952                           | -18.856                    | -96     |
| BG052 | -5.469                            | -5.734                     | 265     |
| BG053 | -5.717                            | -5.194                     | -523    |
| BG054 | -14.588                           | -13.713                    | -875    |
| BG055 | -3.651                            | -3.428                     | -223    |
| BG056 | -3.164                            | -2.873                     | -291    |
| BG061 | -7.729                            | -6.641                     | -1.087  |
| BG062 | -5.285                            | -5.118                     | -167    |
| BG063 | -3.396                            | -3.143                     | -254    |

Table 20: Decomposition of the "labor productivity industry-mix" subcomponent for the regions of Romania, Period 1991-2000

|           | (1)  | (2)                             |         |
|-----------|--|---------------------------------|---------|
|           | $\sum E_{:\circ}^r(e_{\cdot}-a_{\cdot})$                             | $\sum E_{ro}^{r}(e-a)$          |         |
|           | $\sum_{i} \Delta_{i0} \left( \mathbf{e}_{i}  \mathbf{q}_{i} \right)$ | $\sum_{i} \Delta_{i0}(e^{-iq})$ | (1)-(2) |
| RO011 INT | -11.154  | -10.430                         | -724    |
| RO012 BEX | -6.492   | -6.119                          | -373    |
| RO013 BEX | -12.527  | -12.444                         | -83     |
| RO014 INT | -13.775  | -13.105                         | -670    |
| RO015 BEX | -16.428  | -14.784                         | -1.644  |
| RO016 BEX | -5.178   | -5.134                          | -44     |
| RO021 INT | -6.788   | -6.769                          | -19     |
| RO022 INT | -13.162  | -12.871                         | -290    |
| RO023 BNM | -9.863   | -9.955                          | 92      |
| RO024 BEX | -8.932   | -9.202                          | 270     |
| RO025 BEX | -3.834   | -3.645                          | -189    |
| RO026 INT | -5.705   | -5.305                          | -400    |
| RO031 INT | -20.030  | -20.799                         | 769     |
| RO032 BNM | -3.008   | -2.816                          | -192    |
| RO033 INT | -9.000   | -9.956                          | 956     |
| RO034 BNM | -1.321   | -1.270                          | -51     |
| RO035 INT | -2.679   | -2.402                          | -278    |
| RO036 INT | -15.338  | -15.979                         | 640     |
| RO037 BNM | -4.171   | -4.152                          | -19     |
| RO041 BNM | -13.382  | -13.881                         | 498     |
| RO042 INT | -5.303   | -5.512                          | 208     |
| RO043 BNM | -4.048   | -4.093                          | 46      |
| RO044 BNM | -6.770   | -6.839                          | 69      |
| RO045 INT | -6.922   | -6.700                          | -222    |
| RO051 BNM | -10.737  | -10.378                         | -358    |
| RO052 BEX | -4.321   | -4.511                          | 190     |
| RO053 INT | -7.724   | -7.740                          | 16      |
| RO054 BNM | -21.779  | -21.475                         | -304    |
| RO061 BNM | -16.017  | -15.414                         | -603    |
| RO062 INT | -7.322   | -7.086                          | -235    |
| RO063 INT | -23.996  | -23.633                         | -364    |
| RO064 BEX | -9.124   | -8.550                          | -574    |
| RO065 BNM | · -7.391   | -7.125                          |         |
| RO066 INT | -3.993   |                                 |         |
| RO071 INT | -7.743   |                                 |         |
| RO072 INT | -20.601  | -23.165                         |         |
| RO072 INT | -5.613   |                                 |         |
| RO073 INT | -8.717   |                                 |         |
|           |  |                                 |         |
| RO075 INT | -18.151  |                                 |         |
| RO076 INT | -17.903  |                                 |         |
| RO08 CAP  | -81.288<br>Data from REGST   | -85.008                         |         |

Table 21: Decomposition of the "labor productivity industry-mix" subcomponent for the regions of Hungary, Period 1991-2000

|       | (1)                         | (2)                  |         |
|-------|-----------------------------|----------------------|---------|
|       | $\sum E_{i0}^r (e_i - q_i)$ | $\sum E_{i0}^r(e-q)$ |         |
|       | $\frac{2}{i}$ to $i$        | <i>i i</i>           | (1)-(2) |
| HU011 | -122.820                    | -113.979             | -8.841  |
| HU012 | -14.213                     | -13.663              | -550    |
| HU021 | -7.718                      | -7.106               | -612    |
| HU022 | -4.932                      | -5.187               | 256     |
| HU023 | -7.165                      | -7.180               | 15      |
| HU031 | -12.021                     | -11.599              | -423    |
| HU032 | -3.503                      | -3.667               | 163     |
| HU033 | -4.639                      | -4.968               | 329     |
| HU041 | -4.899                      | -5.453               | 554     |
| HU042 | -2.854                      | -2.958               | 104     |
| HU043 | -2.230                      | -2.463               | 233     |
| HU051 | -13.895                     | -14.288              | 392     |
| HU052 | -4.182                      | -4.086               | -96     |
| HU053 | -2.790                      | -2.723               | -67     |
| HU061 | -8.920                      | -9.023               | 103     |
| HU062 | -6.662                      | -6.440               | -222    |
| HU063 | -4.958                      | -5.363               | 405     |
| HU071 | -7.310                      | -7.745               | 435     |
| HU072 | -4.874                      | -5.450               | 577     |
| HU073 | -5.964                      | -6.372               | 408     |

Table 22: Decomposition of the "labor productivity industry-mix" subcomponent for the regions of Slovenia, Period 1991-2000

|       | (1)                         | (2)                  |         |
|-------|-----------------------------|----------------------|---------|
|       | $\sum E_{i0}^r (e_i - q_i)$ | $\sum E_{i0}^r(e-q)$ |         |
|       | i                           | i                    | (1)-(2) |
| SI001 | -3.551                      | -3.629               | 78      |
| SI002 | -5.899                      | -5.969               | 70      |
| SI003 | -1.864                      | -1.891               | 27      |
| SI004 | -5.796                      | -5.878               | 82      |
| SI005 | -772                        | -764                 | -8      |
| SI006 | -894                        | -917                 | 23      |
| SI009 | -6.483                      | -6.565               | 83      |
| SI00A | -890                        | -909                 | 19      |
| SI00B | -2.684                      | -2.637               | -47     |
| SI00C | -1.239                      | -1.241               | 2       |
| SI00D | -3.632                      | -3.648               | 16      |
| SI00E | -23.486                     | -23.580              | 95      |

Table 23: Decomposition of the "labor productivity industry-mix" subcomponent for the regions of Estonia, Period 1991-2000

|       |     | (1)                      | (2)                  |         |
|-------|-----|--------------------------|----------------------|---------|
|       |     | $\sum E_{i0}^r(e_i-q_i)$ | $\sum E_{i0}^r(e-q)$ |         |
|       |     | i                        | i                    | (1)-(2) |
| EE001 | CAP | -47.235                  | -49.439              | 2.205   |
| EE004 | BNM | -2.344                   | -2.281               | -64     |
| EE006 | BEU | -19.990                  | -19.872              | -118    |
| EE007 | BEU | -1.823                   | -1.599               | -224    |
| EE008 | BNM | -3.275                   | -3.145               | -131    |