

Q3/2012

CESEE Research Update

Foreign Research Division

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<http://ceec.oenb.at>

The CESEE Research Update is released quarterly by the Foreign Research Division of the Oesterreichische National Bank (OeNB). The aim of this newsletter is to inform readers about OeNB research and analysis output on Central, Eastern and Southeastern Europe (CESEE) as well as past and forthcoming CESEE-related events.

Foreign Research Division

OeNB

Highlights of This Issue

- The latest issue of the OeNB's quarterly publication "Focus on European Economic Integration" has just been released (see p. 6)
- The **71st East Jour Fixe**, hosted by the OeNB on July 9, 2012, reviewed Slovenia's first five years in the euro area and looked at the possible effects on its ability to cope with the recent crisis (see p. 2).
- **The Joint Vienna Institute celebrated its 20th anniversary** with the conference "The Way Forward: Central, Eastern & Southeastern Europe" in Vienna on July 12 and 13, 2012 (see p. 2).
- **Recent results from the OeNB Euro Survey** show a deterioration of trust in the euro, while respondents in eight out of ten CESEE countries currently assess the U.S. dollar to be more stable than the euro (see p. 3).
- The OeNB invites entries from young economists from CESEE countries for the **Olga Radzyner Award** for research on topics of European economic integration (see p. 5).
- The OeNB invites applications from external researchers to take part in a **Visiting Research Program** established by the OeNB's Economic Analysis and Research Department (see p. 5).
- The CEEI 2012 "Achieving Balanced Growth in the CESEE Countries," to be held in November, will focus on the importance of sustainable economic policies in times of crisis (see p. 10).

71st East Jour Fixe¹

Slovenia: The First Five Years in Monetary Union

The 71st East Jour Fixe, hosted by the OeNB on July 9, 2012, dealt with Slovenian experience of euro adoption and the possible effects of euro area membership on Slovenia's ability to cope with the recent crisis. Five years' membership in the monetary union, almost coinciding with five years since the onset of the crisis provided an opportunity for stock-taking, evaluating the successes, possible mistakes and future challenges which may prove a useful lesson for other CESEE countries planning to join the euro area in the future. Distinguished academics, central bankers and representatives of international institutions contributed to the event.

The keynote address, delivered by Mejra Festic, Vice Governor of the Bank of Slovenia, gave an overview of macroeconomic developments in recent years in Slovenia and of the challenges stemming from them: deterioration of cost competitiveness, lack of funding for both the banking and the corporate sector, the need to strengthen the capital position of Slovenian banks, as well as necessity of fiscal consolidation and structural reforms.

The first session provided further in-depth analysis of these macroeconomic challenges. The panelists tried to identify reasons why Slovenia has not yet started to recover from the recession, unlike other CESEE countries and presented a dim macroeconomic outlook for 2012 and 2013. Results of an econometric model of the Slovenian economy simulating three possible remedies to the aging problem (increase of the retirement age, decrease of pension replacement rate and higher social security contribution rate) showed that none of these measures alone would suffice to keep the Slovenian public finances sustainable in the

long run. In the short to medium-run, permanent fiscal consolidation measures would have to be introduced, together with a binding medium-term budgetary framework. Risk from the financial sector stemming from interlinkages between the sovereign and the banks, e.g. needs for further recapitalisation, should be mitigated.

The second session focused on structural reforms after joining the euro area and suggested that Slovenia could foster economic adjustment by boosting spending on active labor market policies, tackling labor market dualism and by limiting further minimum wage increases, as well as liberalizing its product markets. A presentation comparing Slovenia to its peers implied that participation in the euro area had no apparent structural impact on Slovenian banking sector, which, nevertheless is in need of improvements in its profitability, asset quality and capital adequacy. The role of the state in Slovenian banking sector should also be reconsidered.

The concluding statement stressed that for policy to react adequately to imbalances, a timely and correct identification of the source of these imbalances (demand vs. supply shocks) is necessary and that, moreover, buffers should be built up in the "good times" in order to effectively counteract crises.

¹ The presentations and workshop program are available at <http://ceec.oenb.at> (Events). A more detailed wrap-up of the workshop was published in the current issue of Focus on European Economic Integration, Q3/12.

[Focus on European Economic Integration Q3/12](#)

Happy Birthday JVI!

Celebrating the 20th Anniversary of the Joint Vienna Institute

The Joint Vienna Institute (JVI) celebrated its 20th anniversary with the conference "The Way Forward: Central, Eastern & Southeastern Europe" in Vienna on July 12 and 13, 2012. The event also marked the farewell of JVI Director Eduard Hochreiter, who headed the JVI successfully for the last six years. In the run-up to this anniversary event, the JVI had launched an essay and video contest to highlight the role that education and training in general, and the JVI in particular, play in helping countries manage their transition from planned to market-based economies. In a festive ceremony,

Eduard Hochreiter presented Ms. Albina Demollari from Albania with the award for best essay and Ms. Irene Melnikova from Belarus with the award for the best video.

The speakers at the anniversary conference included leading representatives of the IMF, the European Commission, national central banks and government ministries from Austria and CESEE countries, including Leszek Balcerowicz, former president of the National Bank of Poland, Ardian Fullani, Governor of the Bank of Albania, Michael Landesmann, wiiw Research Director,

Jacques de Larosière, former EBRD president, Thomas Wieser, Chairman of the EU's Economic and Financial Committee, and Simeon Djankov, the Bulgarian minister of finance.

In their introductory words, Austrian Finance Minister Maria Fekter, IMF Deputy Managing Director Nemat Shafik and OeNB Governor Ewald Nowotny underlined the unique character of the JVI and the particular suitability of Vienna as its location. They also pointed out that the impressive career paths of many JVI graduates had proved that the JVI's course program has been successful. Apart from that, the recent crisis had highlighted the need for flexibility in the training program as well as the high practical relevance of bidirectional learning between East and West.

The conference also served as a platform for discussing the teaching content and ways out of the current crisis. There was a broad consensus among the panelists on the causes of the crisis – excessive internal and external imbalances, which manifested themselves in asset bubbles, a loss of competitiveness and soaring private and public debt. The discussants also identified a need to redefine the growth model, as under the old system, growth concentrated mainly on nontradables and was driven by large capital inflows (and thus, rapid credit growth), leading to large macroeconomic imbalances (including current account deficits, a decline in reserve-coverage ratios, etc.). A new growth model should be more reliant on domestic funding. As regards the international trend toward greater financial market regulation, a new growth model in CESEE should also strive to reduce the vulnerability of the financial sector to shocks in Western Europe.

OeNB Euro Survey:

Households' trust in the local currency, the euro and the USD

The use of a secondary currency is *inter alia* driven by the credibility of the local currency vis-à-vis safe haven currencies. In CESEE, in particular in SEE, the euro has been the predominant safe haven currency. However, with the on-going sovereign debt crisis trust in the euro has been deteriorating, raising the question whether households will shift their portfolios to the local currencies or a different safe haven currency.

Recent evidence from the OeNB Euro Survey provides a snapshot of CESEE households' assessments of the stability of their local currencies vis-à-vis the euro and – for the first time – the U.S. dollar. All respondents were

asked the following three questions: "Over the next five years the local currency / euro / U.S. dollar will be very stable and trustworthy." Structural reforms should aim at promoting flexibility and innovation in the economy in an increasingly international and intertwined environment. This aspect was also emphasized by keynote speaker Philippe Aghion from Harvard University, who underlined the role of the "smart" state in promoting innovation and future economic growth, in particular with regard to the process of transition from an imitation-led to an innovation-led economy. The Baltic countries can serve as an example of a rapid adjustment process. Many speakers also emphasized the growth potential of the CESEE region, pointing out the importance of the availability of capital, considering that there has never been catching up without strong credit growth. The lessons learned from the crisis include the awareness that countermeasures against imbalances should be taken, in particular enhancing financial – including banking – supervision and unbundling the state and the financial sector.

The JVI was originally founded with the aim of temporarily supporting the countries of Central, Eastern and Southeastern Europe (CESEE) and the Commonwealth of Independent States (CIS) in their transition; however, soon the need for a long-term training program became apparent. Today, the JVI's primary members and sponsors are the IMF, the Austrian Ministry of Finance and the OeNB. The OeNB contributes more than ten courses a year to the JVI's training program.

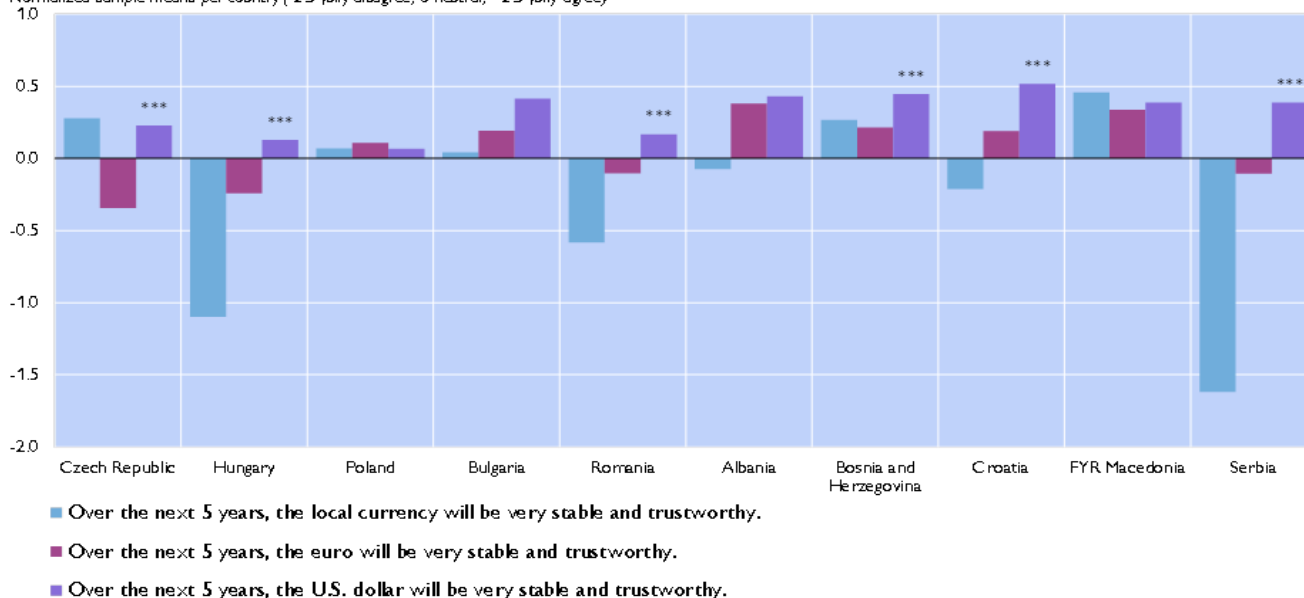
[Joint Vienna Institute](#)

asked the following three questions: "Over the next five years the local currency / euro / U.S. dollar will be very stable and trustworthy."

When interpreting the results, one needs to bear in mind that the question is rather broad in its design and measures a range of factors influencing households' trust in the respective currency: it is highly correlated with households' exchange rate and inflation expectations but also captures their general assessment of the current economic and political situation. Chart 1 shows the respective responses to the questions.

Trust in the Future Stability of the Local Currency, the Euro and the U.S. Dollar

Normalized sample means per country (-2.5 fully disagree, 0 neutral, +2.5 fully agree)



Source: OeNB Euro Survey, Spring 2012.

Note: Respondents were asked whether they agreed or disagreed on a scale from 1 (fully agree) to 6 (fully disagree) to the statement above. ***, **, * denotes that the difference between trust in the euro and trust in the U.S. dollar is significant at the 1, 5 and 10-percent level.

In Hungary, Romania and in particular Serbia the majority of respondents expects the local currency to be unstable. By contrast, respondents in the Czech Republic, Bosnia and Herzegovina and the Former Yugoslav Republic (FYR) of Macedonia assess the local currencies as stable. Only in five out of ten countries, trust in the future stability of the euro is *clearly* ahead of trust in the future stability of the local currencies. Again, the exceptions are the Czech Republic, Bosnia and Herzegovina and FYR of Macedonia, which fits well with the fact that the *koruna* appreciated against the euro while Bosnia and Herzegovina is operating a currency board and FYR Macedonia successfully maintained a stable exchange rate. In comparison, the U.S. dollar is ahead of local currencies in eight out of ten countries. Furthermore, in all countries, except Poland, respondents currently assess the U.S. dollar as more stable than the euro. In Hungary, Romania and Serbia the U.S. dollar is in fact the only currency that the majority of respondents consider stable and trustworthy.

As noted above, households' decisions regarding the currency composition of their portfolios are only *inter alia* influenced by their trust in the respective currencies. For example, network effects will play a role. Therefore, these descriptive results should not be interpreted as signifying an actual shift in the currency composition of households' portfolios. On the contrary, Euro Survey data at present do not show any major adjustments regarding the currency composition of households' portfolios.

The OeNB Euro Survey has been conducted since fall 2007 on a semi-annual basis in 10 Central, Eastern and Southeastern European countries. It gathers information on the use of the euro among households with regard to cash holdings, savings and loans and provides a picture, how households evaluate the current and future economic situation of their country as well as of the household itself. For further information on the survey and related publications please visit ceec.oenb.at.



Call for Applications: Visiting Research Program

The Oesterreichische Nationalbank (OeNB) invites applications from external researchers for participation in a Visiting Research Program established by the OeNB's Economic Analysis and Research Department. The purpose of this program is to enhance cooperation with members of academic and research institutions (preferably post-doc) who work in the fields of macro-economics, international economics or financial economics and/or with a regional focus on Central, Eastern and Southeastern Europe.

The OeNB offers a stimulating and professional research environment in close proximity to the policymaking process. Visiting researchers are expected to collaborate with the OeNB's research staff on a prespecified topic and to participate actively in the department's internal seminars and other research activities. They will be provided with accommodation on demand and will, as a rule, have access to the department's computer resources. Their research output may be published in one of the

department's publication outlets or as an OeNB Working Paper. Research visits should ideally last between 3 and 6 months, but timing is flexible.

Applications (in English) should include

- a curriculum vitae,
- a research proposal that motivates and clearly describes the envisaged research project,
- an indication of the period envisaged for the research visit, and
- information on previous scientific work.

Applications for 2013 should be e-mailed to eva.gehringer-wasserbauer@oenb.at by November 1, 2012. Applicants will be notified of the jury's decision by mid-December. The following round of applications will close on May 1, 2013.

See also: http://www.oenb.at/en/geldp_volksw/zentral_osteuropa/News/020_visitingresearchprogram/visiting_research_program.jsp#tcm:16-236305

Call for Entries: Olga Radzyner Award 2012 for Scientific Work on European Economic Integration

The Oesterreichische Nationalbank (OeNB) has established an award to commemorate Olga Radzyner, former Head of the OeNB's Foreign Research Division, who died in a tragic accident in August 1999. The award is bestowed on young economists for excellent research on topics of European economic integration and is conferred annually. In 2012, four applicants are eligible to receive a single payment of EUR 3,000 each from an annual total of EUR 12,000.

Submitted papers should cover European economic integration issues and be in English or German. They should not exceed 30 pages and should preferably be in the form of a working paper or scientific article. Authors shall submit their work before their 35th birthday and shall be citizens of any of the following countries: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, FYR Macedonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia or Ukraine. Previous winners of the Olga Radzyner Award, ESCB central bank employees as well

as current and former OeNB staff are not eligible. In case of co-authored work, each of the co-authors has to fulfill all the entry criteria.

Authors shall send their submissions either by electronic mail to eva.gehringer-wasserbauer@oenb.at or by postal mail – with the envelope marked “Olga Radzyner Award” – to the Oesterreichische Nationalbank, Foreign Research Division, Otto-Wagner-Platz 3, POB 61, 1011 Vienna, Austria. Entries for the 2012 award should arrive at the OeNB by September 17, 2012, at the latest. Together with their submissions, applicants shall provide copies of their birth or citizenship certificates and a brief CV.

For detailed information, please visit the OeNB's website at http://www.oenb.at/en/ueber_die_oenb/foerderung/stipendien/radzyner/teilnahme/teilnahme.jsp or contact Ms. Eva Gehringer-Wasserbauer in the OeNB's Foreign Research Division either by e-mail (eva.gehringer-wasserbauer@oenb.at) or by phone (+43-1-40420-5205).

OeNB Publications

Focus on European Economic Integration Q3/12

Walch, N., Wörz, J., “The Impact of Country Risk Ratings and of the Status of EU Integration on FDI Inflows in CESEE Countries”, p.8-26.

We analyze the determinants of foreign direct investment (FDI) inflows in the ten EU Member States, plus Croatia, in Central, Eastern and Southeastern Europe (CESEE) over the period from 1995 to 2011, with a particular focus on the effects of country risk ratings and the EU integration status on a country's attractiveness for FDI. We distinguish between twelve different risk ratings and seven stages of integration (non-EU country, potential candidate country, candidate country, negotiating country, EU Member State, ERM II member country and euro area country). Using quarterly data, we identify the market size and cost factors as the most important determinants, suggesting that market- and efficiency-seeking FDI were the most prevalent forms of FDI in the region. The host country's


infrastructural environment also has the expected positive effect on FDI inflows. The effects of risk ratings turn out to be nonlinear in the sense that improvements in intermediate risk levels have the largest positive effect on FDI, while this effect diminishes in the case of upgrades at the highest levels. Turning to the status of EU integration, a more advanced stage represents an additional bonus over pure cost- and market-related factors, but only up to the onset of the global financial and economic crisis.

JEL classification: C33, F15, F21

Keywords: Foreign direct investment, European integration, country risk ratings.

[Focus on European Economic Integration Q3/12](#)

Shortly after publication of this article, Nadja Walch was killed in a tragic accident. Nadja's untimely death has left us bereft of an open-minded and engaging personality and a highly talented researcher at the beginning of a promising career. She will be sorely missed. With this message, we would like to offer our deepest condolences to her family.



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Studies

The Impact of Country Risk Ratings and of the Status of EU Integration on FDI Inflows in CESEE Countries
Nadja Walch, Julia Wörz

Non-Price Competitiveness Gains of Central, Eastern and Southeastern European Countries in the EU Market
Konstantins Benkovskis, Julia Wörz

Banking Sector Concentration and Firm Indebtedness: Evidence from Central and Eastern Europe
Mariya Hake

Event Wrap-Ups

71st East Jour Fixe – Slovenia: The First Five Years in Monetary Union
Compiled by Jamila Urvoa

[Focus on European Economic Integration Q3/12](#)

Benkovski, K., Wörz, J., “Non-Price Competitiveness Gains of Central, Eastern and Southeastern European Countries in the EU Market”, p.27-47.

We propose an export price indicator adjusted for non-price factors as a more meaningful measure of a country's competitiveness than traditional indicators. Our starting point is the approach developed by Broda and Weinstein (2006), who adjust price developments for changes in varieties of imported products. We relax their assumption of unchanged quality over time and use the proposed index to analyze the momentum of export prices of the ten CESEE EU members which acceded in 2004 and 2007. The index is calculated using data from Eurostat Comext at the highly disaggregated eight-digit CN product level. Our analysis spans the time period 1999 to 2011, thus including the recent global recession period in 2009. The results show that all CESEE-10 countries experienced a loss in price competitiveness, but

that the loss was much smaller than is usually suggested by traditional CPI- or ULC-based real effective exchange rate measures. Although relative export prices (unit values) increased more strongly in the CESEE-10 countries as compared to their competitors, the average quality of their goods increased even more strongly, thus fully compensating for the rise in prices. These improvements in non-price competitiveness were pronounced in all CESEE-10 countries.

JEL classification: C43, F12, F14, L15

Keywords: Non-price competitiveness, quality, relative export price, new EU Member States

[Focus on European Economic Integration Q3/12](#)

Hake, M., “Banking Sector Concentration and Firm Indebtedness: Evidence from Central and Eastern Europe”, p.48-68.

Using data from the Amadeus firm-level database, this paper explores the impact of banking sector concentration on corporate debt in the manufacturing sectors in eight Central, Eastern and Southeastern European (CESEE) countries in the precrisis period 2002–2007. Our findings indicate that banking sector concentration has a positive effect, raising firm debt. This confirms the predictions of the relationship lending theory. However, in the CESEE countries with the most concentrated banking markets – such as Estonia and Lithuania – the effect on the corporate leverage ratio is found to be negative. We also show that young firms increase their leverage, while mature firms reduce their

dependence on external financing when banking markets are more concentrated. Furthermore, the positive impact of banking sector concentration is weakened by EU accession and greater stock market capitalization, which can be explained by the financial deepening process and the improved availability of alternative sources of external finance.

JEL classification: G21, G32, O52

Keywords: Firm leverage, banking sector concentration, Central, Eastern and Southeastern Europe, firm-level data

[Focus on European Economic Integration Q3/12](#)

Other OeNB Publications

Bachmann, E., Hameter, M., Lahnsteiner, M. (2012), “Austrian Banks’ Intragroup Lending to Central, Eastern and Southeastern European Subsidiaries”, (in German). Statistiken Q3/2012, p. 47-58.

The direct cross-border credit exposure vis-à-vis borrowers in Central, Eastern and Southeastern European (CESEE) countries is one of the main characteristics of the Austrian banking sector. At the same time, Austrian banks' direct cross-border credit exposure is an important factor for macrofinancial stability, particularly in those borrower countries where this exposure has reached macroeconomically relevant dimensions. This study shows that Austrian banks grant a considerable part of direct cross-border credit to affiliated borrowers in CESEE, in particular to their own bank subsidiaries. As data on banks' intragroup cross-

border credit are not shown separately in the balance of payments and in international investment position statistics, this kind of data is hardly publicly available. We close part of this gap by systematically presenting pertinent data based on the Austrian Central Credit Register. Recent years' discussions about Austrian banks' business models and about possibly destabilizing capital outflows from CESEE countries underpin the relevance of this topic.

[Statistiken Q3/12](#)

Abstracts from Other CESEE-Related Publications

Fidrmuc, J., Hake, M., Stix, H. (2012), “Households’ Foreign Currency Borrowing in Central and Eastern Europe”, forthcoming in *Journal of Banking and Finance*.

Foreign currency loans represent an important feature of recent financial developments in CEECs. This might pose a serious challenge for macroeconomic stability. Against this background, we study the determinants of foreign currency loans of households, using data on the behavior of households in nine CEECs. Our results reveal that foreign currency loans are driven by households’ lack of trust in the stability of the local currency and in domestic financial institutions.

Moreover, special factors including remittances and expectations of euro adoption play an important role in selected regions. The financial crisis reduced foreign currency borrowing, but there is some indication this effect might be only temporary.

JEL classification: G18; G21; C25

Keywords: Foreign currency loans; Loan plans; Dollarization; Euroization; Monetary credibility; Trust; CEECs

Martin, R., Wörz, J. (2012), “Competition and Inflation in Central, Eastern and Southeastern Europe: A Sectoral Analysis”, forthcoming in *Comparative Economic Studies*.

Using the Amadeus firm-level database, this paper examines sector-specific competition in a number of Central, Eastern and Southeastern European (CESEE) countries and its impact on price developments. Using returns on assets (RoA) as indicator for the intensity of competition across 20 industries in 11 CESEE countries over 1999-2007 we find evidence for a downward impact of more intense competition on inflation in a number of sectors which are of considerable

importance for overall consumer price developments in these countries. This finding implies that at least in some sectors CESEE governments may be able to contribute to ‘taming’ inflation by ensuring a high level of competition.

JEL classification: C23, D40, L11, L52

Keywords: Competition, Inflation, Central, Eastern and Southeastern Europe, firm-level data

OeNB Courses at the Joint Vienna Institute (JVI)

For further details see: http://www.jvi.org/fileadmin/jvi_files/JVI_Program2012.pdf

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| October 1-5, 2012 | Economic and Monetary Integration in Europe: CIS –Related Aspects |
| November 19-23, 2012 | Macro-Financial Stability in Central, Eastern and Southeastern Europe |
| March 5 - 9, 2012 | Institutional Challenges for Candidate and Potential Candidate Countries on the Road to the EU and EMU |

Upcoming and Recent Events

The following events are organized by the OeNB and cover CESEE relevant topics. Please note that attendance is by invitation only. If you are interested in participating in one or more of the events, please send an e-mail to ceec@oenb.at.

Upcoming

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Oct. 4-5, 2012 | 10 th Emerging Markets Workshop |
| Oct. 22, 2012 | Global Economy Lecture 2012, John van Reenen, London School of Economics, "Trade Induced Technical Change? The Impact of Chinese Imports on Innovation, IT and Productivity" |
| Nov. 26 - 27, 2012 in Helsinki | Conference on European Economic Integration (CEEI) 2012 "Achieving balanced growth in the CESEE countries" Jointly organized by Suomen Pankki and the Oesterreichische Nationalbank (OeNB) |

Recent

| | |
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| July 9, 2012 | OeNB's 71 st East Jour Fixe: "Slovenia: The first five years in monetary union" |
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Research Update Q3 2012:

Economic Analysis and Research Department of the OeNB

To find out more about OeNB economic research and analysis topics as well as past and forthcoming OeNB events ranging beyond CESEE-related research, see the next issue of the OeNB's Research Update, which is due to be released in October 2012.

http://www.oenb.at/en/presse_pub/period_pub/volkswirtschaft/newsletter/einleitung.jsp

Announcement

Conference on European Economic Integration (CEEI) 2012

“Achieving Balanced Growth in the CESEE Countries”

Jointly organized by the Oesterreichische Nationalbank (OeNB)
and Suomen Pankki – Finlands Bank

November 26 and 27, 2012, Helsinki, Finland

By invitation only



CONFERENCE ASPECTS

Following last year's successful cooperation, the annual Conference on European Economic Integration (CEEI) will once more be organized jointly by Suomen Pankki – Finlands Bank and the Oesterreichische Nationalbank (OeNB). The setting will be exceptional, as the OeNB has accepted the return invitation of Suomen Pankki to hold the CEEI abroad at the Hilton Helsinki Strand Hotel in Finland.

Governor Marek Belka (Narodowy Bank Polski), Vice-Governor Diana Dragutinović (Narodna banka Srbije), Deputy Governor Karolina Ekholm (Sveriges Riksbank), Governor Ardo Hansson (Eesti Pank), Vice-President Olli Rehn (European Commission), Director Debora Revoltella (European Investment Bank), Professor Anne Sibert (Birkbeck, University of London) and Professor Konstantin Sonin (New Economic School, Moscow), among others, have accepted our invitation to speak at the CEEI 2012.

The CEEI 2012 will focus on the importance of sustainable economic policies and of institutions promoting such policies. Achieving sustainable economic growth is of utmost importance in solving the current economic problems. In many cases, countries' economic difficulties are not just a result of adverse external shocks or even mistakes in economic policy, but rather reflect long-term problems inherent in economic and political institutions. The CEEI 2012 will provide a forum for policymakers as well as academic and non-academic experts to discuss the prerequisites of balanced and sustainable economic development in the CESEE region, and also elsewhere. Topics covered range from the most recent challenges for the banking sector to the unwinding of large external imbalances.

For more information, please visit BOFIT at http://www.suomenpankki.fi/bofit_en/tutkimus/tyopajat/Pages/CEEI2012.aspx?hl=CEEI

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