

1989–2009: the rise of the Lithuanian Baltic tiger?

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Introduction

Baltic tiger

„NAME the country with the highest growth rate in Europe last year ...“



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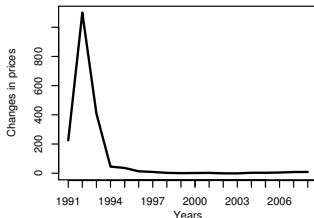
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- land reform;
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1998 Russian financial crisis

- GDP decreased 4.1% in 1999;
- export markets shifted from East to West:
 - 1997 exports to former USSR – 45%;
 - 2005 exports to East – 18%, to EU – 65%.

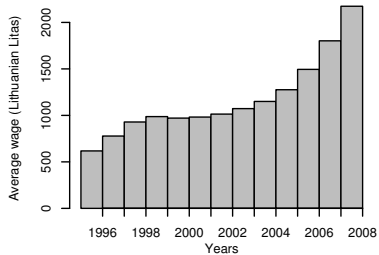
Accession to the European Union and economics growth 2000–2008

- €1 = 3.4528 Lt;
- GDP per capita:
47.0% in 2003;
61.6% in 2008.
- unemployment rate:
12.4% in 2003;
4.4% in 2007.

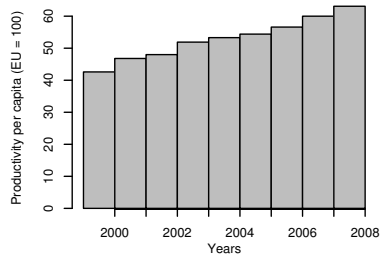


pav.: Change in prices 1991–2008

Overheated economy (1)

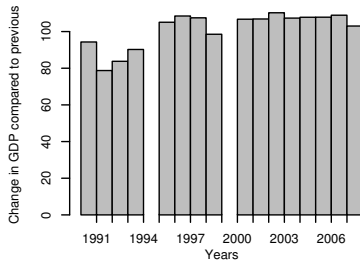


pav.: Average wage in 1996–2008
(Lithuanian Litas)

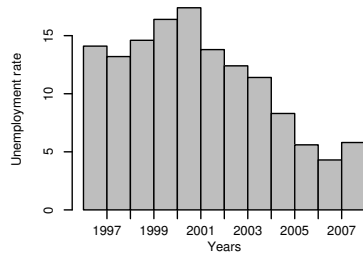


pav.: Productivity in 2000–2008

Overheated economy (2)



pav.: Change in GDP compared to previous year in 1991–2008

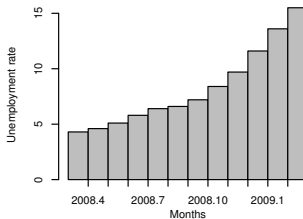


pav.: Unemployment rate in 1997–2008

The crisis and challenges ahead

Problems in the Baltic states
by „Deutsche bank“:

- 1 a real estate bubble;
- 2 wages, inflation increase,
ERMII;
- 3 fiscal policy.



pav.: Unemployment rate in April
2008 – March 2009

Conclusions

Growth triggered by streams of foreign money:

- 1 EU funds;
- 2 bank loans;
- 3 immigrants.

„Tiger“ economy title is hardly probable in the nearest future.

Questions

Thank You for the attention