



2012:
The Return of the Baltic Tigers?
ECR 10 November 2011

Morten Hansen

Head of Economics Department
Stockholm School of Economics in Riga
morten.hansen@sseriga.edu

Then (prior to 2008):
The *Baltic Tigers*

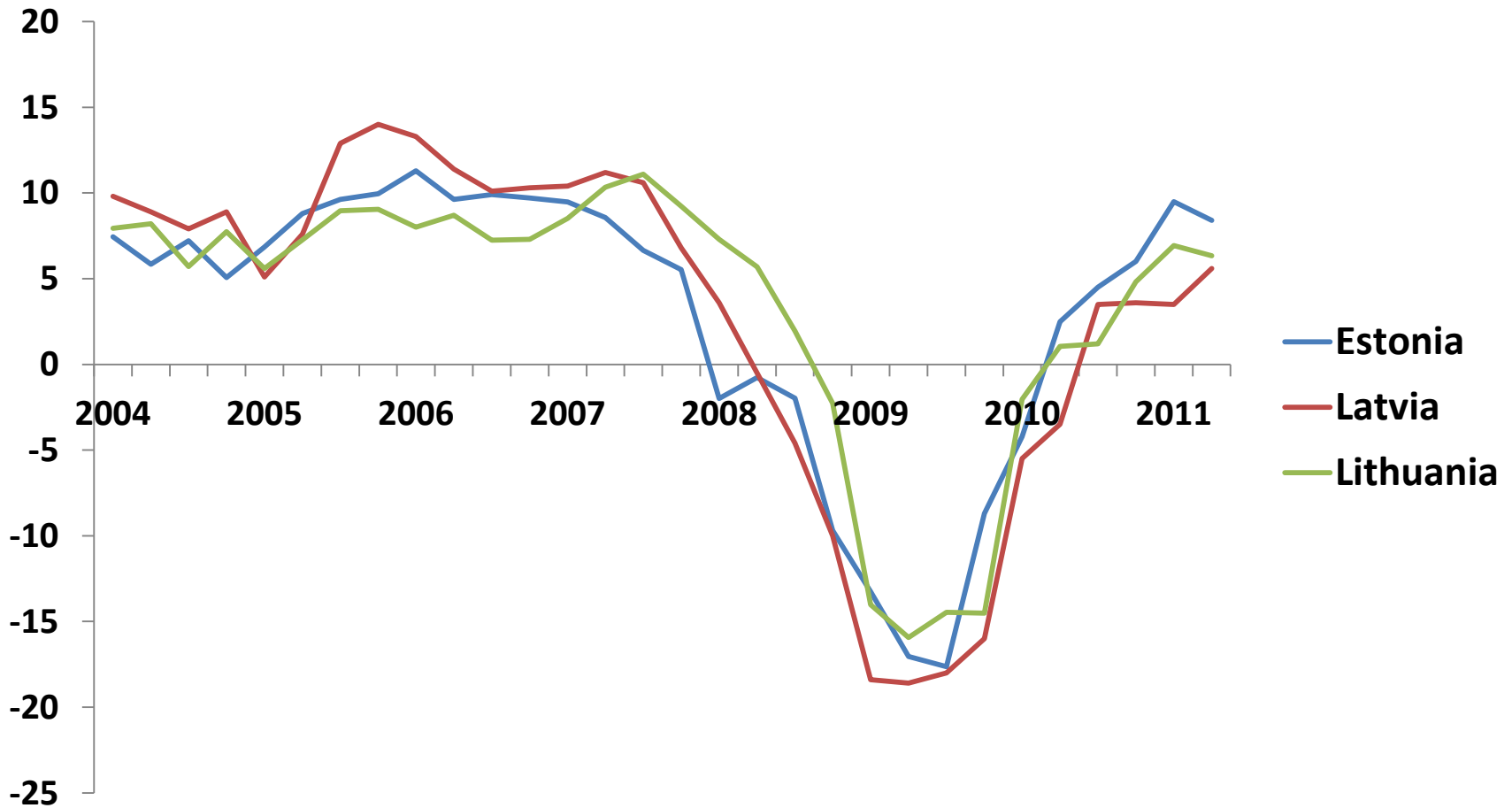


Now....
 (“Bankruptcy prices”)



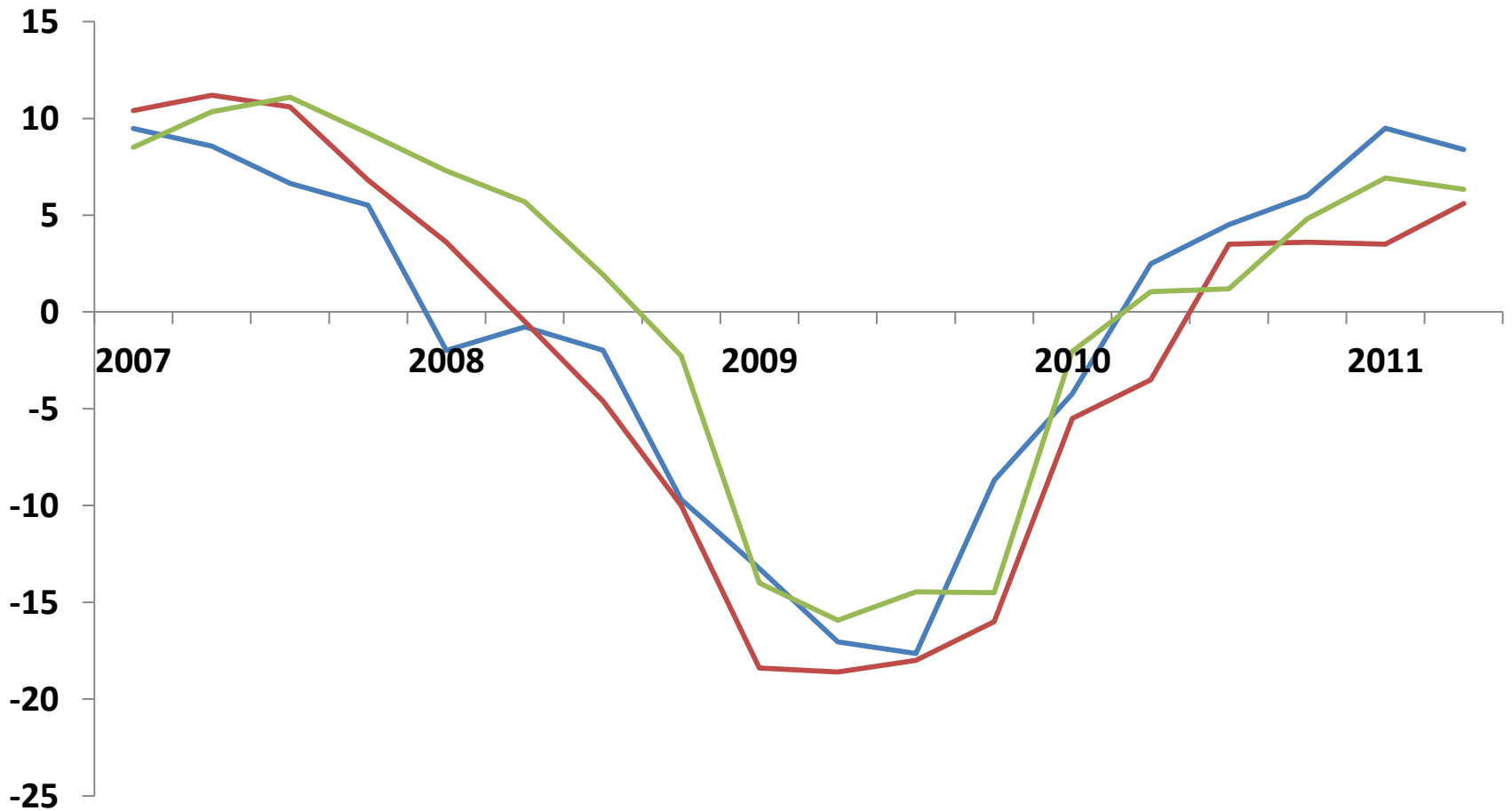
Economic growth in the Baltics

From massive boom to massive bust to...???



Economic growth in the Baltics

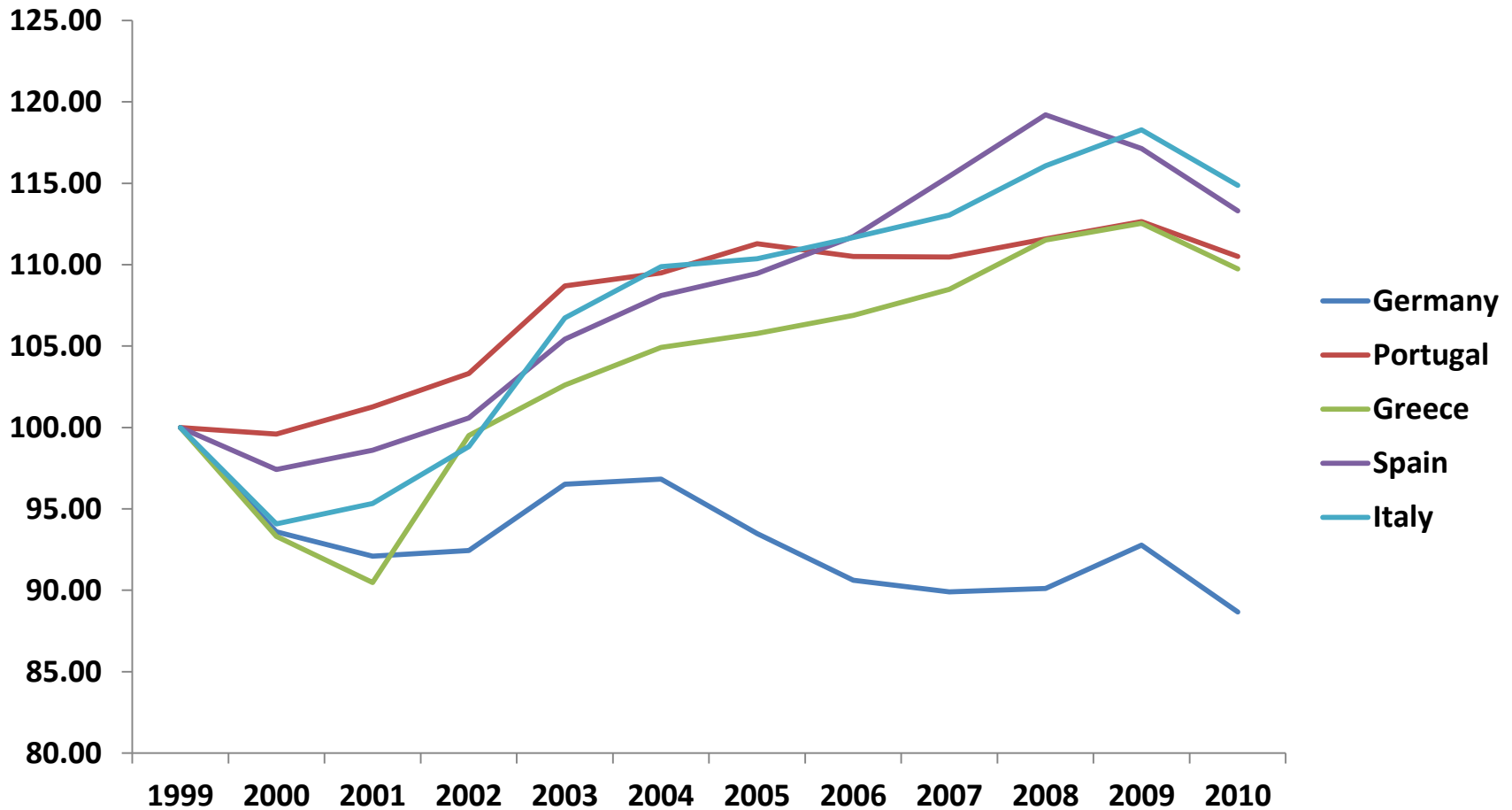
Non-synchronized development



Real Effective Exchange Rate (REER)

Competitiveness measure

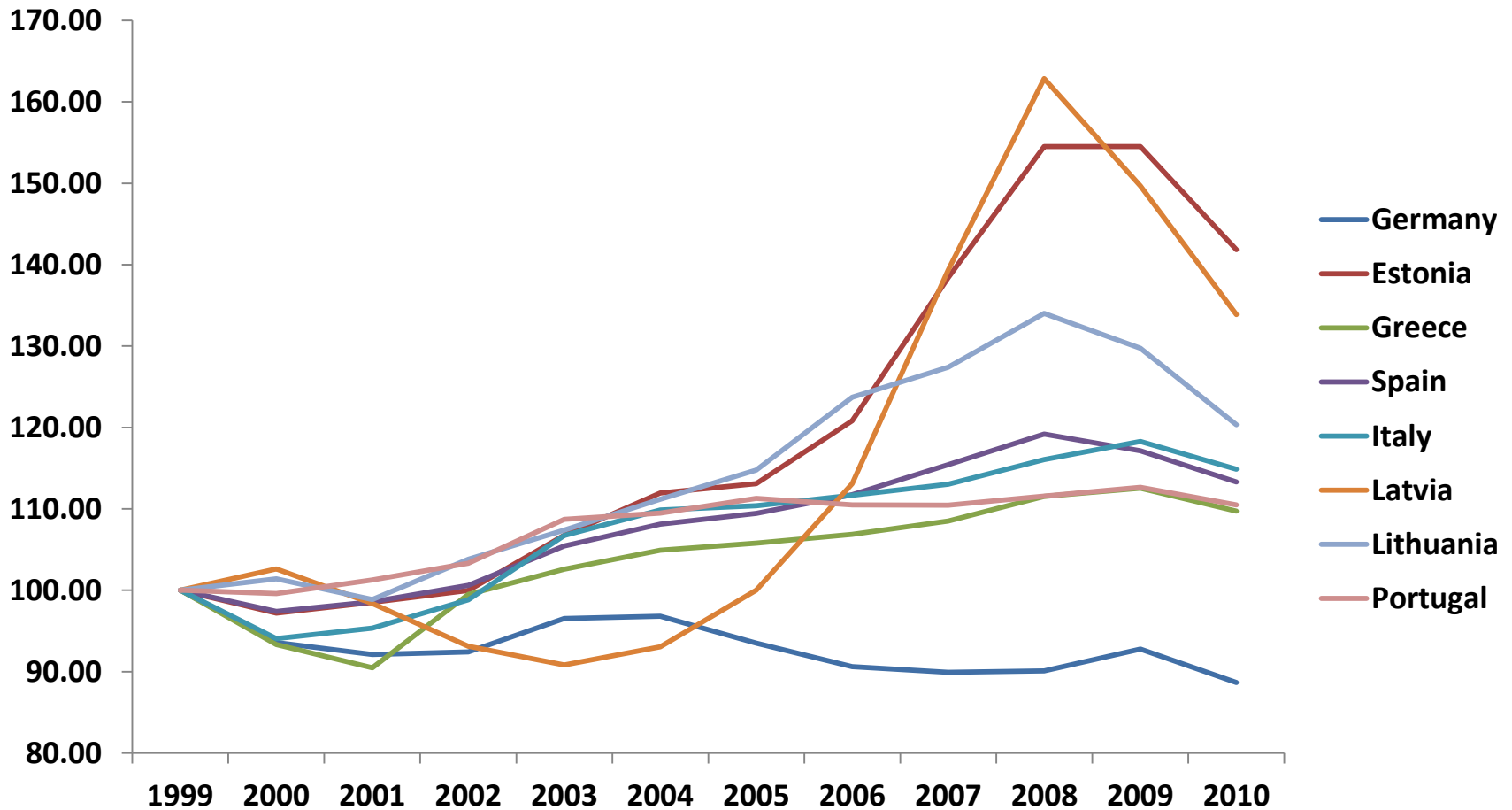
Germany and the PIGS



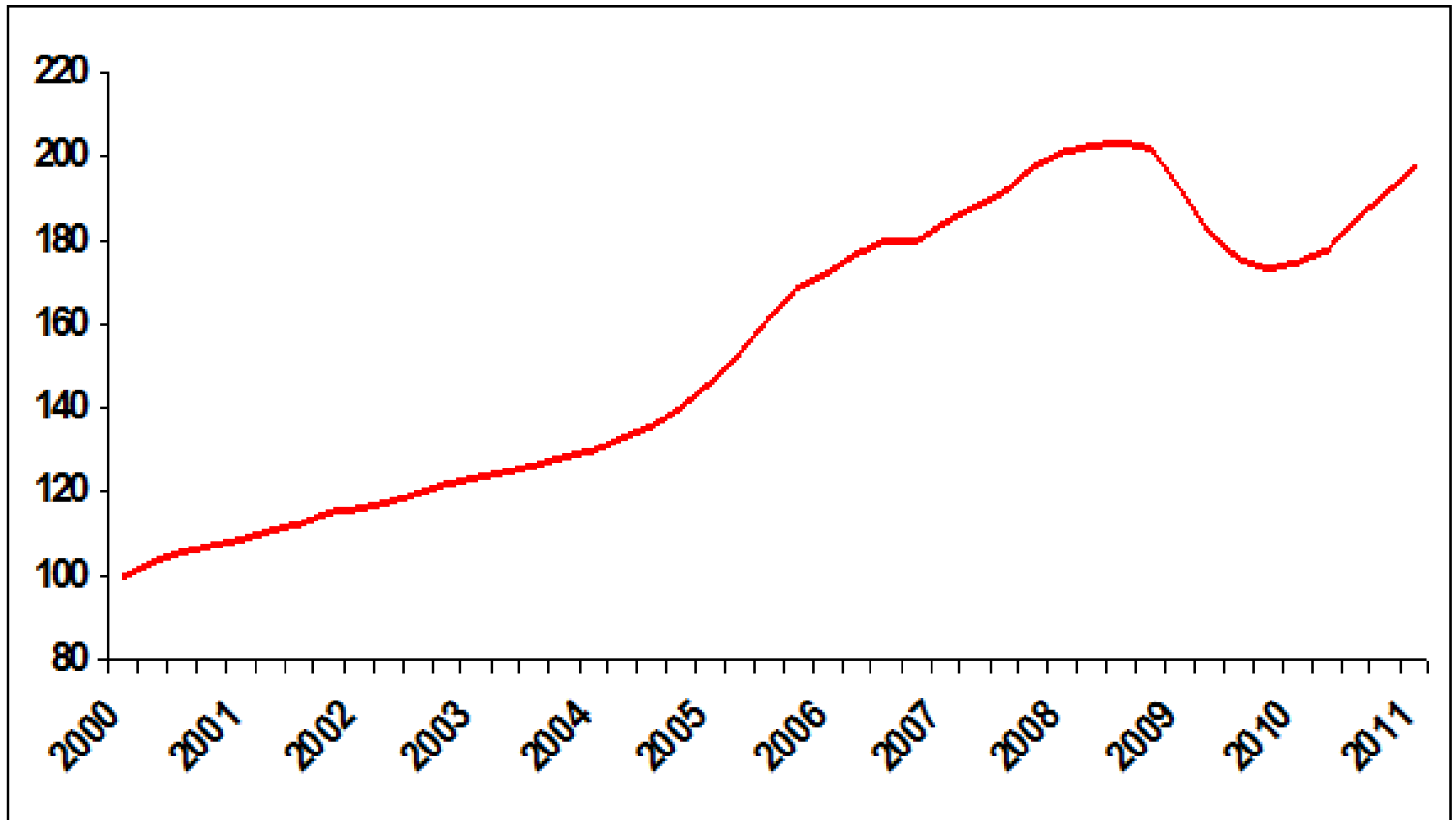
Real Effective Exchange Rate (REER)

Competitiveness measure

Germany, the **PIGS** and the **Baltics**



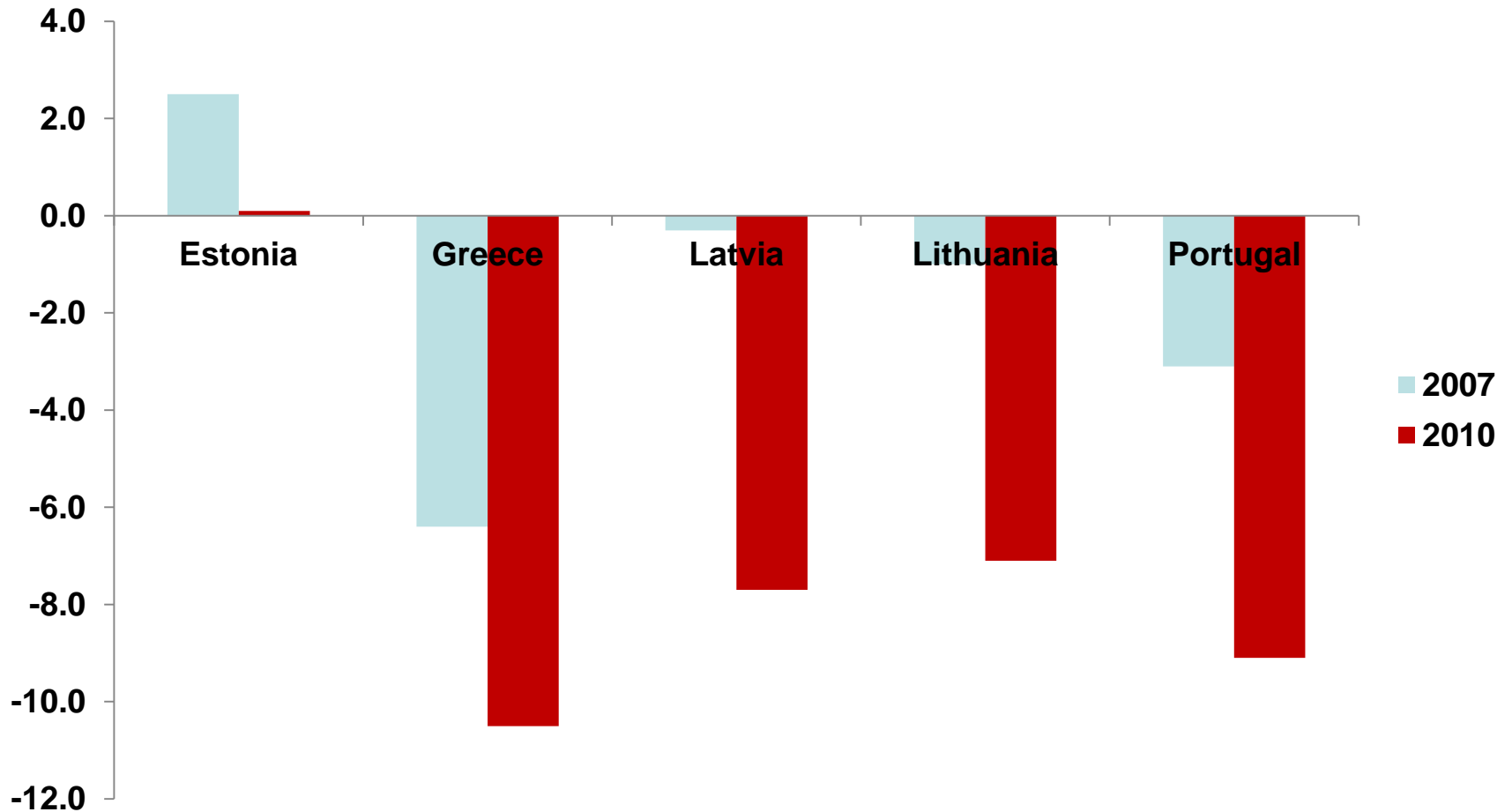
Latvian **exports**, constant prices, quarterly data,
seasonally adjusted, 2000 = 100



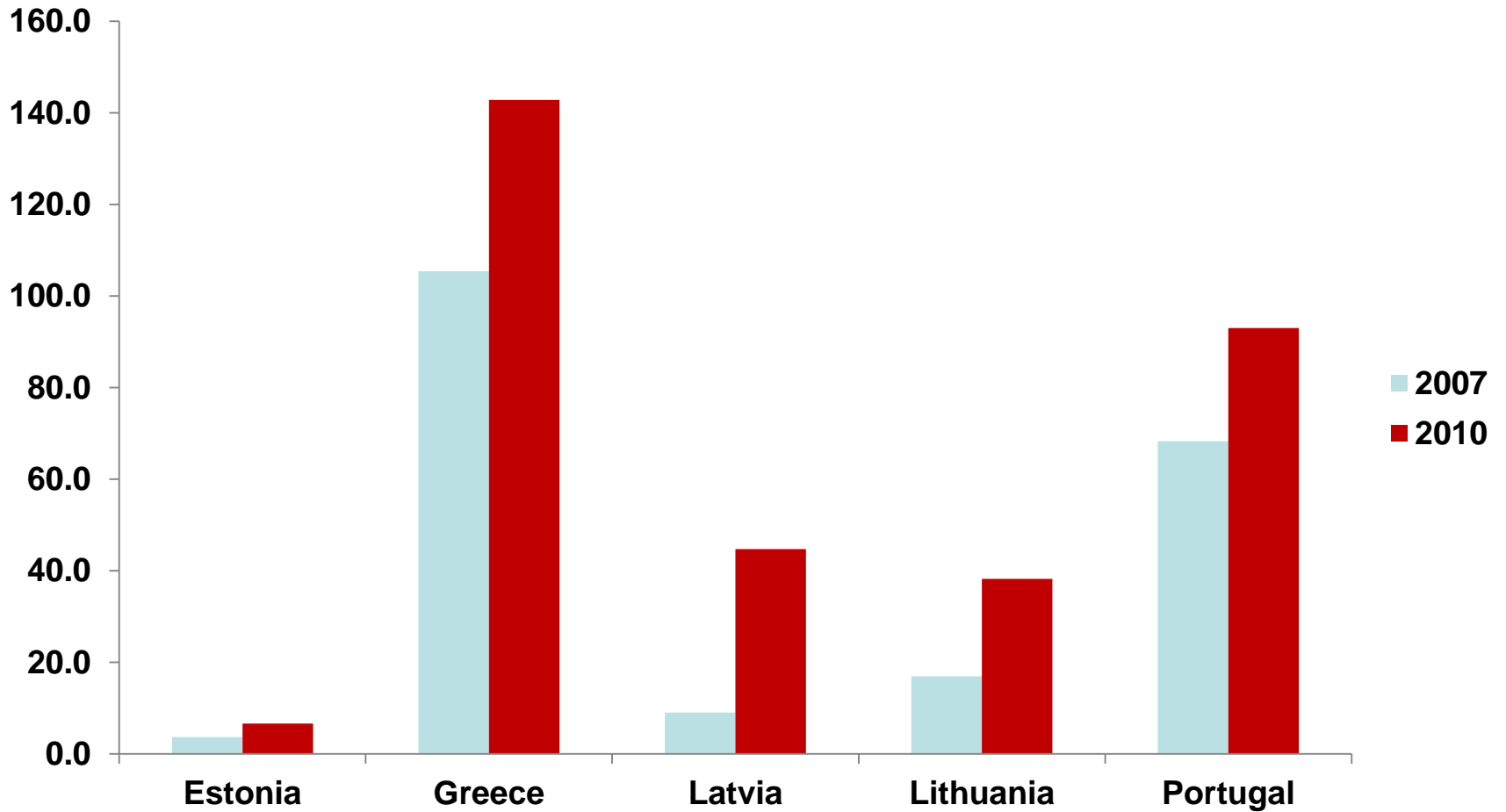
Lessons for Greece from the Baltics



Government budget deficit, % of GDP

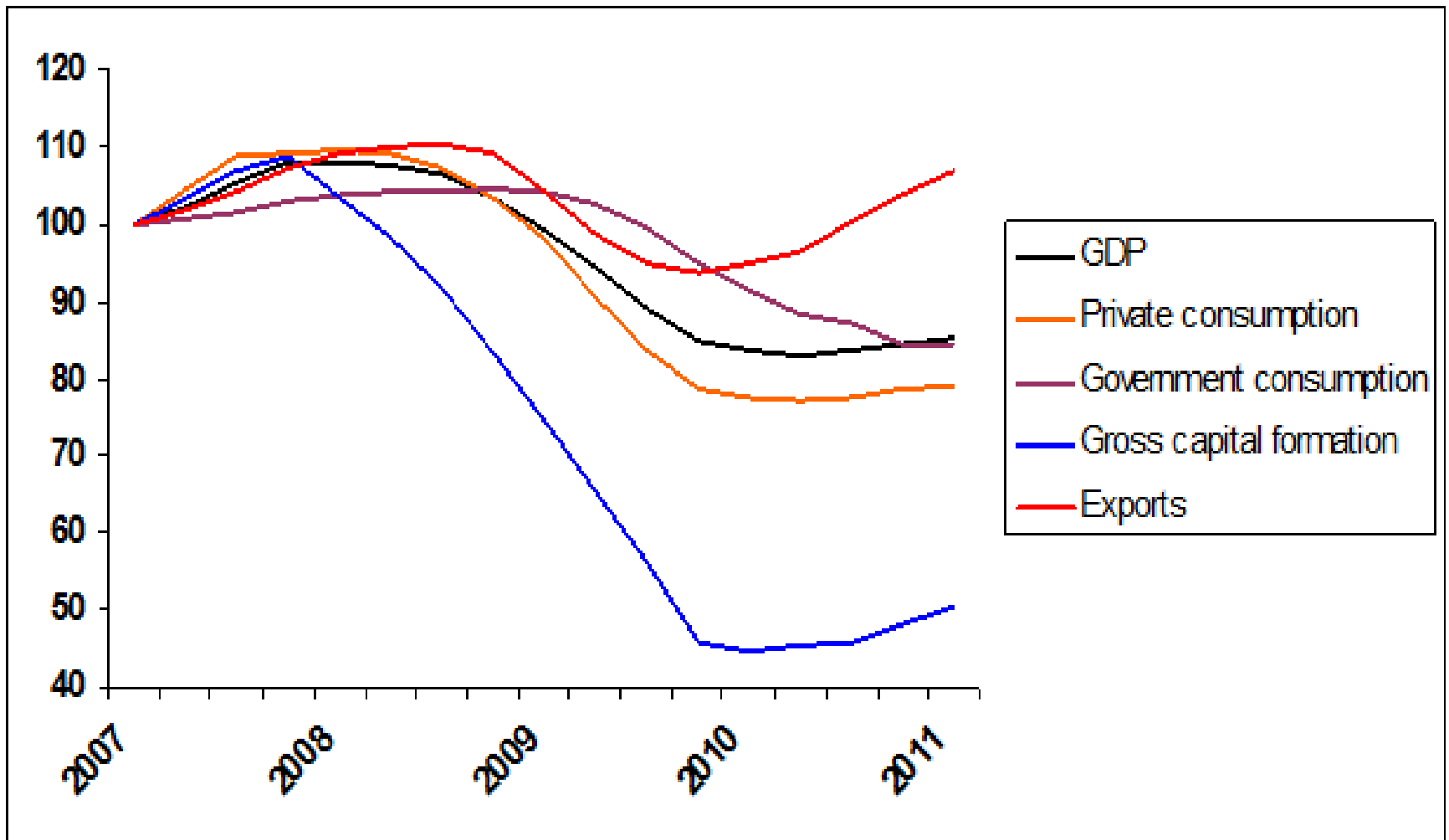


Government debt, % of GDP



Latvia: GDP and its demand components

2007 Q1 = 100



2012: Return of the Baltic Tigers?



No....

But positive growth is forecast:

EE 5.0%

LV 2.8%

LT 3.8%

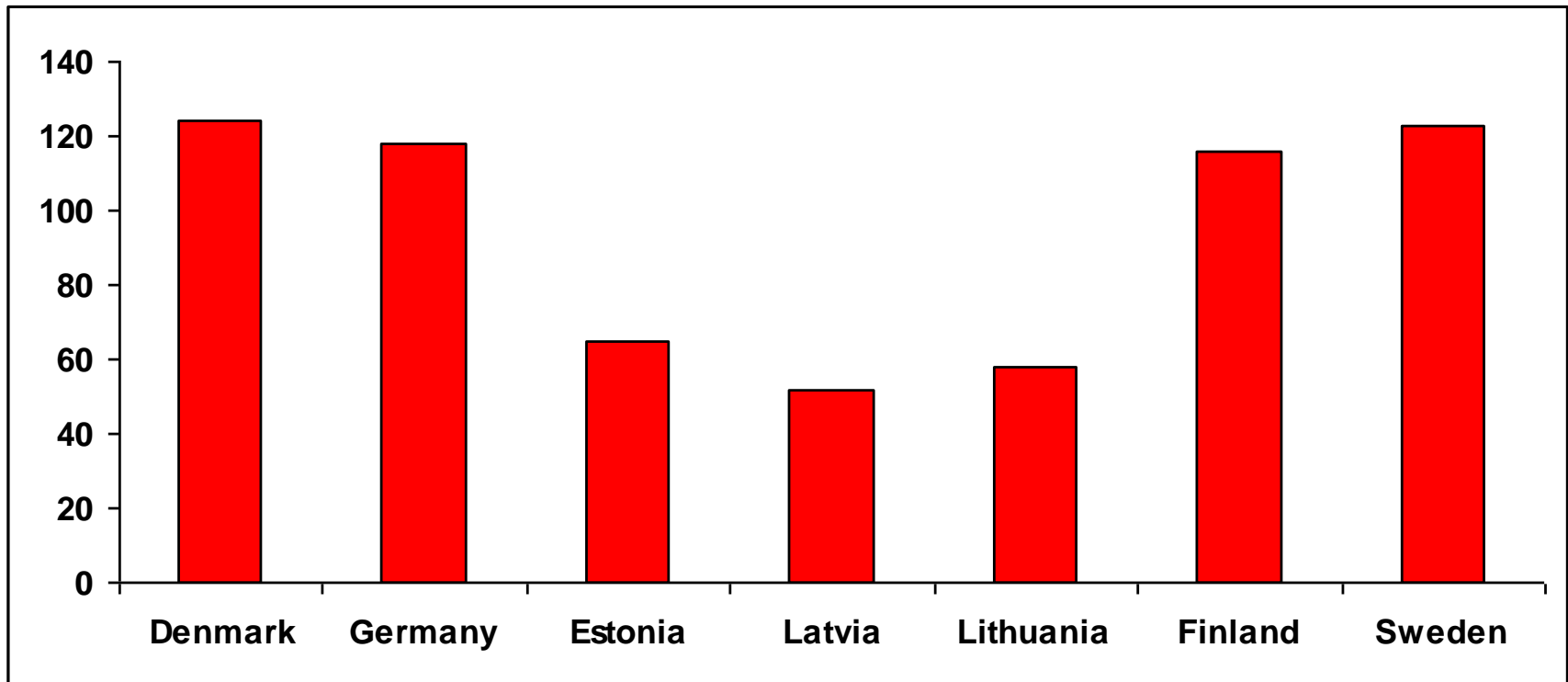
**But in the hands of trading partners,
not least what happens in the
eurozone**

Cannot rule out a small recession

GDP per capita, 2010, EU27 = 100

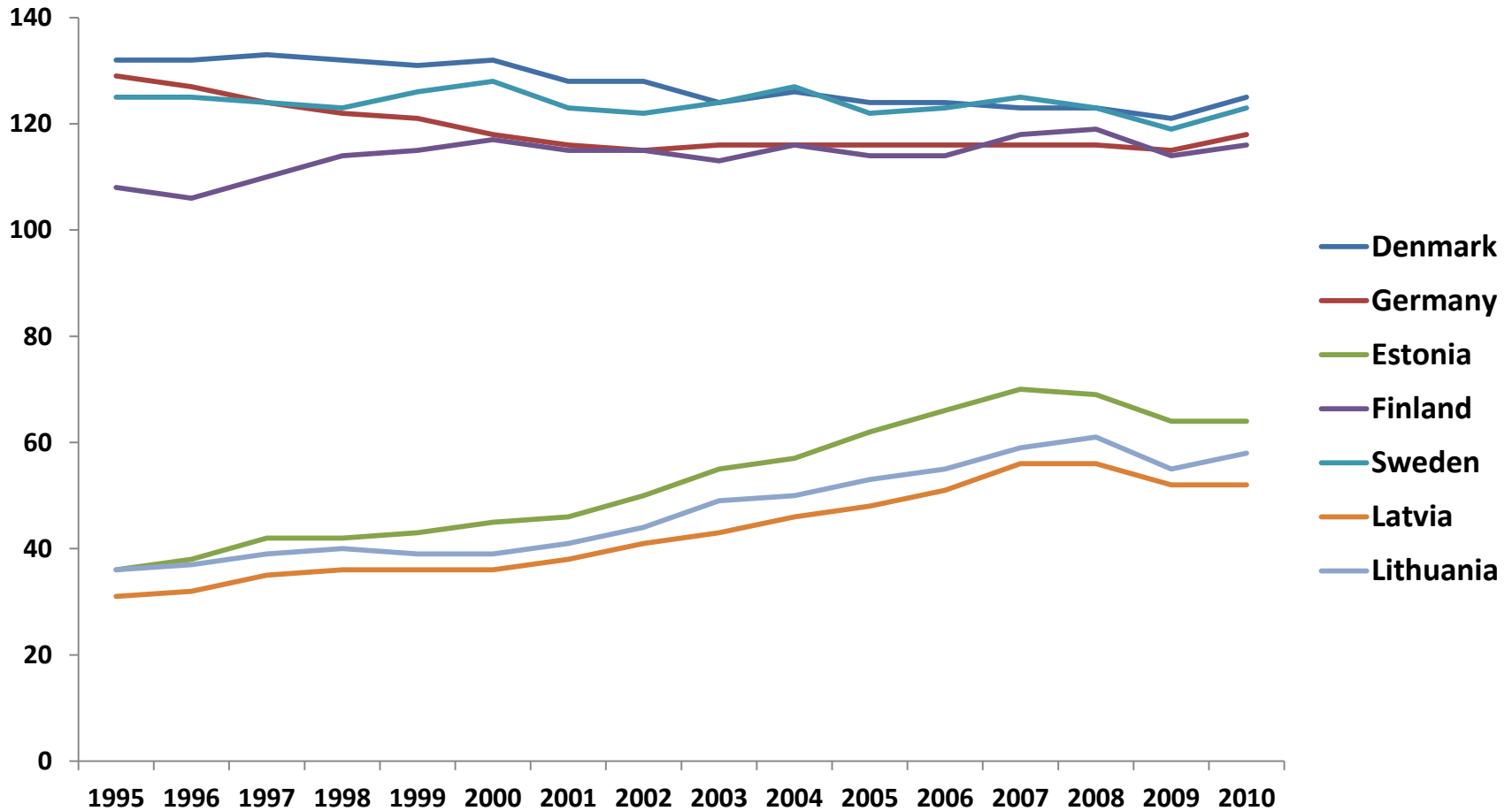
EU Baltic Sea countries

- lots of scope for growth in the Baltics



GDP per capita, EU27 = 100

Convergence is still far away – **and it is not automatic!!!**



Warning!!!



The Baltics have
“growth
potential” ...

Yes....

Just like Greece
has “reform
potential” ...

Thank you for your attention!
Questions and comments are welcome



**Stockholm School of
Economics in Riga**

Founded 1994