

Panel: Lessons from Accession - The Case of Austria

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My introductory remarks will evolve around the following points:

1. I will (briefly) address the economic and institutional evolution of Austria in the five years prior to EU entry (i.e. from the time of the formal application - July 1989 - to the end of 1994). The accession to EU and our participation in the EMS and the ERM will be dealt with as well. This period also covers the final stages of financial liberalization (1990) and Austria's participation in the European Economic Area (1994). Except for 1991 and 1992 it was a period of healthy, quite equilibrated real growth coupled with rapid structural adjustment. These experiences are relevant for the (first tier) candidate countries, which are expected to join the EU in about four years' time, as the expectation of accession may drive the economic and institutional change.
2. My main focus will be the period 1995 - 2000, when Austria digested the entry into the EU and integrated into the Single Market. We estimate that EU accession raised the Austrian growth rate by about 1/2 percent p.a., thus producing significant positive welfare effects. Yet, the Single Market has not been fully implemented up to now. Some of these issues will be discussed. Furthermore, the efforts to meet the Maastricht convergence criteria to qualify for stage 3 of EMU will be dealt with. I will argue that it was relatively easy to meet the inflation, interest rate and exchange rate criteria, but there was a struggle to fulfill the fiscal criteria. I will also touch upon legal convergence in the context of the necessary adaptation of the Austrian National Bank Act, which will also be a requirement for the candidate countries prior to EU entry.
3. Austria was a catching-up country relative to Germany from the end of World War 2 up to 1990, when Austria's per capita GDP overtook that of Germany. The particular timing of the end of the catching-up process but not its direction was heavily influenced by German unification. I will deal with issues of real convergence in this context.
4. I will close by drawing some potential lessons that can be drawn from the Austrian experience.