CENTROPE Regional Development Report

Technical Report on Forecasting for the CENTROPE Region

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October 2012

Austrian Institute of Economic Research, Institute of Economic Research Slovak Academy of Sciences
Commissioned by ARGE Centrope
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Abstract

This report surveys the forecasting quality of the Cambridge Econometrics forecasts used in the CENTROPE Regional Development Report project and derives first estimates of total factor productivity for the CENTROPE regions. While forecasts from Cambridge Econometrics for the CENTROPE aggregate seem to be informative of future growth developments, forecasts for individual regions and sectors must be interpreted with much greater care in all cases except for those of the Austrian CENTROPE and service sector development. Furthermore the report confirms the large productivity differences among CENTROPE regions. These differences are, however, smaller when accounting for total factor productivity than when considering labour productivity. In addition the economic recession of 2009 led to a decline in productivity growth across the CENTROPE regions. In this recession the service sector seems to have played a stabilising role. This highlights the importance of the service sector during economic declines.

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2012/284/S/WIFO project no: 5610

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