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Monitoring Report 2006

INSTITUTE FOR WORLD ECONOMICS
OF THE HUNGARIAN ACADEMY OF SCIENCES

Monitoring Report 2006

About the second year of the eight new Central and Eastern European Member States in the European Union

1 May 2005 – 1 May 2006

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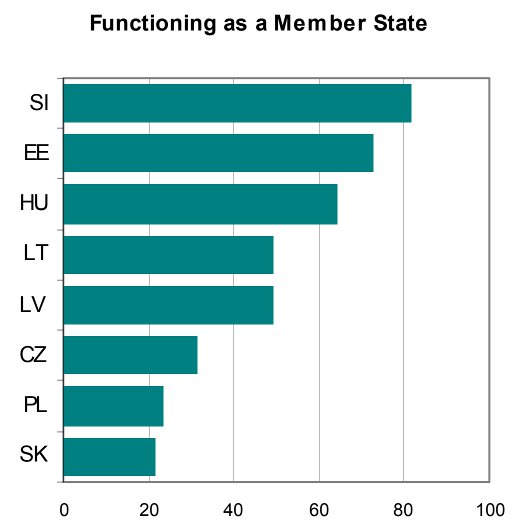
1. FOREWORD

Continuing the enterprise launched last year, the Institute for World Economics of the Hungarian Academy of Sciences has this year published again the comparative analysis of those transition countries that became full members of the European Union two years ago. The study thus further explores these eight countries: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. The group of monitored countries will be enlarged as soon as new entrants from the Central and Eastern European region become EU members.

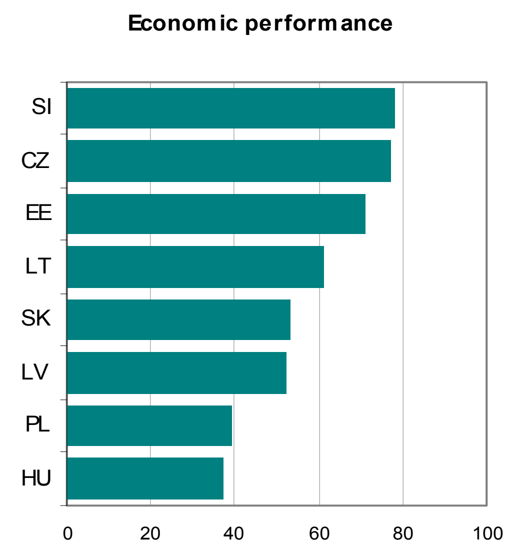
As the criteria involving democracy, rule of law, functioning market economy, legal and institutional preparedness became the consequently applied conditionality of membership, the compliance with these criteria can be perceived as the necessary level of EU-maturity. This implies that after accession the focus must be shifted from measuring EU-preparedness to "measuring" the performance of the new entrants as EU member states. The continuous comparative analysis of the new member states' adaptation to the new situation is equally important for the decision-makers, think-tanks, economic actors, or the citizens themselves. The measuring of the new members' integration performance can only be reliable when analysing the process itself. This study thus paints a much more sophisticated picture than previously, and the next years' analyses (to be based on unfolding trends) will point to even more subtle tendencies.

The eight country studies on the new members' performance were written in a uniform structure based on a uniform set of aspects. These were: political and social issues, the country's performance as a member state, economic developments and competitiveness, preparedness for economic and monetary union and finally the given society's stance vis-à-vis the EU.

The eight country studies are followed by a summary highlighting the most important experiences of the second year of EU membership. This is followed by the last chapter describing the complex, two-dimensioned index applied by the research team with the aim of facilitating the country comparison. The index introduced last year and further refined this year is composed of two sets of aspects. The first set of aspects comprises: political stability, corruption perception, absorption rate, infringements with reasoned opinion, and the number of occupied positions in the European administration – as the index of functioning as a member state.



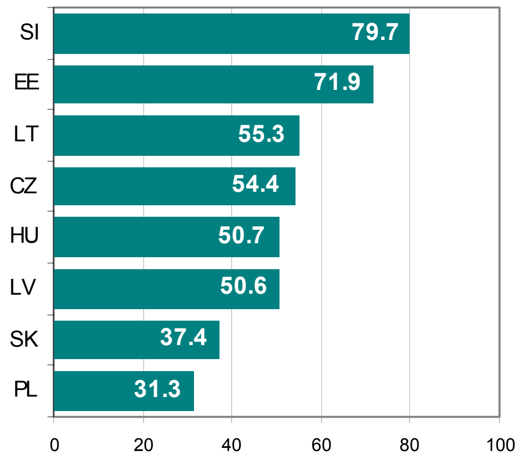
The second set of aspects contains: GDP growth, GDP per capita, productivity rate, external trade balance, the rates of unemployment and activity, as well as the four convergence criteria – as the index of economic performance.



The primary aim of the applied index (unavoidably containing some subjective aspects too) is not really to rank the monitored countries, but rather to help express in a "numerical" way their continuous performance in the EU. The annual "ranking" may however serve as a mirror for the new member states, while the analyses behind the index can provide a plethora of lessons concerning the more as well as the less successful performance.

The Index of Performance as a Member State (PMS Index) for 2006 shows that Slovenia steadily leads the group closely followed by Estonia. Next in the row is the middle-group where we find Lithuania, the Czech Republic, Hungary and Latvia, while to the lowest third belong Slovakia and Poland.

Performance as a Member State
PMS Index



The country analyses are based on uniform (thus easily comparable) sources – i.e. Eurostat statistics, national convergence programs submitted to the European Commission, the web sites of the monitored countries' governments and central banks, the European Commission's general data about the eight countries, as well as their legal transposition data, infringement registration and the Commission's new innovation index; the corruption indices of Transparency International, the HDI rates of the United Nations, the opinion polls of Eurobarometer, the latest EU-25 Watch of the Institut für Europäische Politik, Berlin, as well as analytical information from Bruxinfo, the first Hungarian electronic EU Newsletter.

The authors of the country studies were: *Gábor Túry* (Czech Republic), *Judit Szilágyi* (Estonia), *Gábor Lakatos* (Hungary), *Sándor Meisel* (Latvia), *Csaba Weiner* (Lithuania), *Anna Wisniewski* (Poland), *András Székely-Doby* (Slovakia), *András Bakács* (Slovenia). The authors of the PMS Index were: *Tamás Szemlér* and *András Székely-Doby*.

The second Monitoring Report of the Institute for World Economics was completed and closed on the 18th of May 2006.

2. SUMMARISING MAJOR TRENDS

On the second anniversary of the European Union's enlargement to 25 member states one can assert that not only did the new member states not hinder the functioning of the organisation, but quite on the contrary. They proved to be constructive partners to the old member states and active players in the Union institutions. Thus – according to the fourth Copenhagen criterion – not only do they not slow down the process of European integration, but most of them rather favour its deepening (e.g. support for the Constitutional Treaty, or for the freedom to provide services) and further widening – often with greater commitment than the old member states. It should also be emphasized that the new members are still in the phase of learning in regards to making use of the rights and complying with the obligations of membership. In this context, different degrees of performance can be identified (just as is the case of the old member states).

2.1. POLITICAL STABILITY

All of the new member states are well functioning parliamentary democracies. However, the nature of internal political stability differs from country to country. In Slovakia, the initially four-party, today only two-party central-right minority government's term of office is slowly expiring. On the upcoming (pre-scheduled) elections in June a party called

SMER has good chances to win but the composition of the future governing coalition is hard to predict. Elections will be held in the same month also in the Czech Republic, as a result of which (according to opinion polls) the civic-conservative-green forces might sack the central-left government, which has already experienced a series of political setbacks including twice replacing the prime minister. While in Slovenia the internal political stability could be considered as best practice (even if the ruling centre-right government's more liberal economic policy is being challenged by social opposition), the biggest new member state, Poland does not enjoy similarly balanced internal politics. After having won the elections of September 2005, the two right-wing parties (with a serious anti-corruption program) were not able to agree on the formation of a joint government coalition. Thus, one of them (the Party of Law and Justice) formed a minority government and for the sake of stability engaged in an informal – and from May 2006 in a formal – cooperation with two radical parties. As highly interesting "case studies" can be mentioned the Baltic states which, having regained independence and sovereignty only 15 years ago, are living with their 11th (Latvia), 12th (Estonia) and 13th (Lithuania) government. Nevertheless, this volatility did not bring about new elections almost every year and is due to the frequent intra-party, as well as inter-party fluctuation of personal and political influences. Although perhaps rather unstable, this Baltic "speciality" does not necessarily entail instability neither in legislation, nor in execution and governance. On the contrary, Hungary enjoys a seemingly high political stability (as each government completed its four-years term of office). In turn, the internal political atmosphere is rather confrontative, lacking nation-wide consensus on most key areas. Moreover, the present state of the public budget might increase social tensions in the months and years ahead.

Besides internal political stability it must be mentioned that not every new member state could satisfactorily settle its relations with immediate neighbours. The Slovene-Croatian bilateral relations are overshadowed by several unsettled issues, such as the sea border delimitation, the status of the Krsko nuclear power plant, or the unfinished interstate highways. The small Baltic states' relationship with Russia cannot be called unclouded either (especially with regards to construction of the Russian-German gas-pipeline evading the Baltics and Poland). A further example is the situation of the Hungarian minorities in the neighbouring countries – most recently in Serbia. Of course, the settling of such disputes, or the easing of such tensions is not only a challenge for the states concerned, but also for the EU itself. It is all-important how far the Union will be able to develop its problem-solving and mediating capacities in the future.

2.2. SOCIAL LANDSCAPE

As regards the eight new member states' social landscape, including living standards, internal social heterogeneity, employment (activity) or the situation of ethnic and national minorities – all these countries are struggling with a number of problems, even if the tendency seems to be rather improving than worsening. In the year 2005 (as compared to 2004), thanks to high economic growth, the gross national income per capita rose in every new member state, even if to different degree and having started from different base-levels. Taking EU25 average as 100, in the poorest member state, Latvia, this indicator increased by 4 percentage points: from the extremely low 42.8 percent to 46.8 percent. In the ranking of living standard (upwards) the Latvians are followed by the Poles, the Lithuanians, the Slovaks, the Estonians, and Hungarians (with 61.9 percent). The level of 75 percent of Community average – that is the threshold of "underdevelopment" according to Union rules – was exceeded in 2005 by Slovenia only (with its income rate of 80.9 percent), while the Czech Republic came close to it (73.5 percent). At the same time, practically all these countries struggle with significant regional differences between the highly prosperous centre(s) and the regions lagging behind. This represents a major problem especially in the Czech Republic, Slovakia, or Poland (old industrial plants) but the phenomenon is not unknown in the Baltic states or Hungary either.

Increasing the activity rate and fighting unemployment is a high priority for each and every government. Despite the economic growth registered in every new member state in 2005, growth could result in lower unemployment rates only in six countries, while in Slovenia this figure remained unchanged (6.3 percent) and increased only in Hungary (from 6.1 to 7.2 percent). It must be stressed that, while in 2004 four of the eight countries were struggling with two-digit unemployment rates (Poland: 19 percent, Slovakia: 18.2 percent, Lithuania: 11.4 percent, Latvia: 10.4 percent), by 2005 these two latter countries managed to push down this rate to one-digit levels (to 8,3 and 9 percent respectively). According to 2005 data only two countries, Poland and Slovakia keep on struggling with high levels (17.7 and 16.4 percent) of unemployment not without serious social tensions. It is not by chance that – short of job opportunities at home – exactly these two countries (plus Lithuania with its very low wage levels) have the highest number of migrant workers moving towards the other (old and new) member states. Thus, declining unemployment figures have to be associated with higher outflow of labour. Regarding the equally important activity rates (the average of EU25 in 2005 reaching 70.2, for the EU15 71 percent, but still well below the Lisbon target of 75 percent) the best performers are Slovenia, the Czech Republic and Estonia, with their rates slightly over 70 percent. In contrast, Latvia, Lithuania and Poland have activity levels below 70 percent but above 64 percent. By far the lowest (although compared to 2004 slightly improving) figure was registered in Hungary (61.3 percent).

As far as the minority issue concerned, it is primarily the problematic situation of the Roma population (e.g. extremely high unemployment, low education and life expectancy) in the Visegrad countries that has to be managed/improved. In the case of the Baltic states (especially Latvia and Estonia) the status of the Russian speaking population should be settled. Besides that, also Slovenia has national minorities of around one hundred thousand persons, of which only the relatively tiny indigenous Hungarian and Italian minorities enjoy special rights, unlike the different minorities from ex-Yugoslavia. Finding solutions for the minority issues belong to the exclusive national competences. Even the old member states have developed different (more, or less successful) practices. With the "hibernation" of the European Constitutional Treaty, there is currently no chance to develop common EU rules on minorities – although Hungary had successfully lobbied for it to be integrated into the document.

Social landscape

	GDP/capita	Unemployment	Activity rate
	2005, PPS	*%*	*%*
EU25	*100*	*8.7*	*70.2*
EU15	*108.2*	*7.9*	*71*
Czech Rep.	73.5	7.9	70.4
Estonia	54.9	7.9	70.1
Poland	49.8	17.7	64.4
Latvia	46.8	9.0	69.6
Lithuania	51.0	8.3	68.4
Hungary	61.9	7.2	61.3
Slovakia	54.2	16.4	68.9
Slovenia	80.9	6.3	70.7

2.3. INTEGRATION PERFORMANCE

The integration-related performance of the eight new member states has been scrutinised from different aspects. Among these figure factors that can be described in a numerical way and those which cannot. A good example for the latter is the degree to which a new member state was able to assert its national interests at the EU level. Although the example of the old member states shows that there is no necessary correlation between the size of a country and its influence – from among the new member countries it is exactly Poland which proved to be the most successful in this respect. Breaking with its previously rather inflexible attitude (see the case with the Council votes), Warsaw managed to pursue a more pragmatic approach to European politics in 2005. Its main successes are the high share from the 2007-2013 budget, the location of the new European Border Guard Agency in Poland, or the Polish initiative for developing an EU-level strategy for energy security.

To the numerical aspects belong the number of hired European officials, the transposition rate of European directives as well as the number of infringements with reasoned opinion launched against a country, the use of Union assistance (absorption of Structural Funds and agricultural direct payments to be "measured" indirectly via changes in farmers' real income).

As regards the number of European officials, most of new member states reached a level harmonising with their population size (Slovakia, the Czech Republic) or exceeded it (Slovenia, the Baltic states and to a lesser degree Hungary too). In contrast to these examples, Polish figures are farthest behind its population weight since Poland with half of the eight new member states' total population presently occupies around one third of the jobs available in the EU administration.

When entering the EU, the new member states have also joined a legal Community. Since then these countries no longer adapt themselves to European norms from outside, the one major advantage being their becoming active players in shaping new legislation. The disadvantage of this situation is, however, that the application of Community law as well as any breach of it are falling under much tighter control than before, entailing infringement procedures and even lawsuits before the European Court of Justice. Although all the examined countries have high rates of transposition of Community directives by the deadline (similarly to the old member states, steadily above 98 percent) the European Commission expects a performance of 100 percent from all member countries. Closest to this expectation is Lithuania with its 99.7 percent as of 8 March 2006. In the ranking of 25 countries Poland occupies the 4th Latvia the 6th and Hungary the 7th place, while Slovenia and Slovakia are in the middle (13th and 14th place), and the worst performers in this respect are Estonia and the Czech Republic. By April 2006 most infringements with reasoned opinions were initiated by the European Commission against the Czech Republic (in 41 cases). Somewhat less reasoned opinions were sent to Slovakia and Poland (24-24), and Slovenia and Latvia (19-19). Estonia was involved in 18, while Hungary "only" in 12 cases, the best performer being Lithuania with one single case. The new member states have so far been sent to the European Court of Justice in a few (12) cases for non-application of Community law, of which most lawsuits were launched against Slovakia (5) and the Czech Republic (4) – signalling a certain alarm for both countries on the second anniversary of membership.

Interestingly, and according to data from December 2005, these two countries together with Poland have been the least successful in using structural assistance (meaning 16.1 percent for the Czech Republic, 19.1 percent for Poland and 19.8 percent in the Slovak case). The two best performers have been Estonia and Slovenia, even if until the indicated date their rate stood only at 28.3 and 27.4 percent respectively. Lithuania, Hungary and Latvia can be found between these two groups with their rates of 21.4, 22.5 and 23.8 percent. It is not only structural assistance that is coming from the EU to the member states, but there are also direct payments (transferred in a less bureaucratic way) to the farmers. In this respect, according to European Commission data, by 2005 the most spectacular income growth (as compared to

Integration performance

	No. and share of European officials	Absorption rates of Structural Funds	Legal transposition (index, ranking)	Infringements (number of reasoned opinions)
	January 2006	*December 2005*	*March 2006*	*April 2006*
Czech Rep.	216 (14.2)	16.1	98.14 (21.)	41
Estonia	110 (7.2)	28.3	98.57 (20.)	18
Poland	445 (29.2)	19.1	99.40 (4.)	24
Latvia	102 (6.7)	23.8	99.22 (6.)	19
Lithuania	125 (8.2)	21.4	99.70 (1.)	1
Hungary	285 (18.7)	22.5	99.18 (7.)	12
Slovakia	130 (8.5)	19.8	98.81 (14.)	24
Slovenia	108 (7.1)	27.4	98.88 (13.)	19

2000) took place in Estonia, Latvia, Poland and Lithuania – EU assistance being, of course, just one factor of increased income.

2.4. ECONOMY AND COMPETITIVENESS

Viewing economic developments as a general and continuing trend, all new member states reported by far higher growth rates than the average of the EU15. Even the countries with the lowest growth performance (Poland with 3.2, Slovenia with 3.9 and Hungary with 4.1 percent) considerably exceeded the modest 1.5 average growth rate of the Fifteen. Less favourable, however, is the fact that the pace of growth slowed down in all three above mentioned countries as compared to 2004. In turn, the Baltic states continued to be on the wing in 2005. Lithuania's economy expanded by 7.5 percent, Estonia by 9.8 percent, and Latvia by 10.2 percent, while the Czech and the Slovak economies experienced a spectacular growth too, with 6 percent each.

The investment mood – with the exception of Poland – was significantly stronger in all new members as compared to the Union average scaled down by the old member states. While the latter data did not reach 20 percent of GDP in 2005 (19.8 percent), the rates of the newcomers stood between 22.3 percent for Lithuania and 29.9 percent for Latvia. The eight new member states attracted altogether some EUR 25 billion in 2005. The highest amounts targeted the Czech Republic (8.8 billion), Poland (6.1 billion) and Hungary (5.4 billion). These three countries received EUR 20.3 billion, or about four fifth of total FDI. A particularly strong FDI increase could be registered (as compared to 2004) in both the Czech Republic and Hungary, while there was a drop in the case of Poland. From this point of view, the fourth place is occupied by small Estonia, which in 2005 attracted nearly three times more (EUR 2.2 billion) foreign direct investments than in 2004. A modest increase was also registered in Lithuania, while foreign capital seemed to show a decreasing interest for Slovakia, Slovenia and Latvia. The development of the investment activities also indicates that some countries started to experience two-way street capital flows. Namely, not only do they attract FDI, but their companies have been gradually becoming investors, especially in the neighbourhood. From this point of view Hungary is leading the group of the new member states in total amount of stock and flow, while Slovenia is the largest investor in per capita capital export terms.

All new members are small and medium-sized economies, showing a high degree of openness and an average 75 percent trade-related interdependence with the Union markets. Although economic growth in 2005 has predominantly been export-driven, import needs remain significant. In this context, the most vulnerable country is Latvia whose external trade deficit reached 14.3 percent of GDP in 2005. The other two Baltic states have high (although slightly shrinking) external trade deficits too, pointing to these countries' structural problems and large import needs. From among the Central European EU members only Slovakia accumulated a bigger deficit (4.4 percent of GDP) while the Czech Republic was the only country having external surplus regarding the exchange of goods and services in 2005.

In the second year of EU membership there were no new spectacular "conquests" of markets as compared to the first year, when many new member states managed to significantly increase their exports towards the other newcomers. In other words, the trade-creating effect of joining the customs union is likely to fade away. As regards the export structure of the eight new members, the picture is rather varied. The Czech Republic's traditionally main export goods are machinery and transport equipment – enjoying a share of over 50 percent of total exports, and the major trade partner traditionally remaining Germany. Similarly, Poland is mainly exporting machinery and equipments, its main importers being Germany, France and Italy. In turn, in 2005 Polish agricultural exports experienced a very dynamic growth vis-à-vis the other Visegrad countries. Estonia's main export partner is Finland, and its main export products belong to the categories of machinery, electronics, telecommunication equipment and timber industry. Latvia's export is traditionally characterised by wood and timber industry, metallurgy, and raw materials, but the increasing agricultural, machinery and electric equipment exports in 2005 point to the Latvian economy's gradual restructuring. The major export partner for Lithuania is Russia, followed by Latvia and Germany. In 2005 the share of the old member states decreased while the importance of the new members and that of Russia slightly increased. The main export goods of Lithuania are raw materials, electric machinery and transport equipment, as well as furniture and textiles. Slovakia is highly intertwined with the EU in terms of trade, its most important partner being Germany (with a share of the quarter of exports and imports). In both exports and imports the main traded goods are machinery and transport equipment. As regards the structure of relations, the share of the new members is relatively high, and has had an increasing trend lately (in 2005 making up 30 percent of total imports and 27 percent of total exports). The Slovene export structure did not change significantly from 2004 to 2005. In both years the leading export goods have been transport equipment (mainly due to Renault's plant in Slovenia). The very tight relations between Slovenia and the EU are well demonstrated by the fact that from among the eight countries the highest share of intra-industrial trade is conducted by Slovenia. For Hungary, the year 2005 has been a favourable year from the point of view of external trade, especially vis-à-vis the other new member states and less towards the Fifteen. Within the general picture, external competitiveness of the agricultural sector continued to deteriorate, while the export growth of machinery (representing the highest share of added value) remained unbroken. The considerably high external trade deficit in 2005 was caused primarily by Hungary's growing energy import-dependence and, parallely, by the rising world market prices of energy sources.

Economic growth, investments and trade performance tell a lot about a country's competitiveness. However, this image can further be refined by such indicators as labour force productivity or the given country's innovation performance. Concerning the former, it can be pointed out that (even if to a different degree) labour productivity increased in all new member states from 2004 to 2005. The closest figures to EU25 average have been reported by Slovenia (76.6 percent), Hungary (70.1 percent) and the Czech Republic (68,6 percent). In these countries a significant real convergence can be registered. In turn, the poorest performers in this field are Latvia (45.8 percent) and Lithuania (51.3 percent). Furthermore, regarding the innovation capacities – a key factor in the 21st century – the research team applied the complex indicator developed by the European Commission, when assessing the new countries' performance. This index mainly responded to the "expectations" although brought about one surprise, ranking the economically very well performing Czech Republic on the 20th place in the EU25. In this context, the best place could be reached by Estonia (13th), mainly due to its outstanding performance in the field of information society.

Economy and competitiveness

	GDP growth	Growth of ULC	Productivity per employee	Innovation Index	FDI inflow	External trade balance
	y-on-y		*EU25=100*	*Ranking*	*Bn. EUR*	*%/GDP*
EU25	*1.6*	*-0.3*	*100*	*…*	*…*	*0.7*
EU15	*1.5*	*-0.1*	*105.8*	*…*	*…*	*0.8*
Czech Rep.	6.0	-3.5	68.6	20	8.837	2.1
Estonia	9.8	-2.1	54.2	13	2.232	-6.1
Poland	3.2	0.2	62.7	21	6.132	-0.4
Latvia	10.2	-3.3	45.8	24	0.516	-14.3
Lithuania	7.5	-2.0	51.3	19	0.807	-7.0
Hungary	4.1	-1.4	70.1	15	5.356	-1.3
Slovakia	6.0	0.5	62.1	22	0.521	-4.4
Slovenia	3.9	1.7	76.6	14	0.427	-0.4

Estonia was followed by Slovenia and Hungary, all of them preceding some old member states.

The analysis of macroeconomic and integration-related performance is closely linked to the aspect of preparedness for economic and monetary union and the introduction of the single currency.

2.5. PREPAREDNESS FOR EMU

Without any doubt, in 2005-2006 the best performer was Slovenia which – after having complied with all convergence criteria – may introduce the euro by 1 January 2007 (for which the country made all necessary preparations in terms of logistics and communication). At the other end of the range is placed Hungary, which out of the three monetary and two fiscal criteria complied in 2005 only with one of the fiscal criteria (the limit of public debt). Nevertheless, even the latter was only reached in nominal terms (58.4 percent), since according to the Maastricht Treaty not only compliance with the key figures, but also the continuous and sustained convergence towards them is obligatory. In contrast, the Hungarian debt showed an increasing and not decreasing trend from 2004 to 2005. Compared to the other countries analysed, also the budget deficit reached a very high level – increasing from 4.5 percent in 2004 to 6.1 percent in 2005 relative to the GDP. It seems that the inflation and interest rate criteria can be managed more successfully as they converge faster to the Maastricht thresholds. At the same time, besides complying with the indicated monetary criteria, entering the Hungarian currency to the European exchange rate mechanism should be put on the agenda.

From among the eight new member states it seems that the smaller ones will join the eurozone earlier (after Slovenia, in 2008 Lithuania and Estonia, followed by Latvia and Slovakia a year later). From the bigger three countries the Czech Republic (with its spectacular efforts to reduce the budget deficit from 11.7 percent of GDP in 2003, to 2.6 percent in 2005) might first introduce the euro in 2010 – a target date officially still maintained by Hungary as well. According to the current timetable, the last country to join in is Poland, which officially set the target date for 2011. The lagging performance of the above mentioned countries is demonstrated by the fact that (in contrast to the other five countries) none of them introduced its national currency into ERM II, the European exchange rate regime serving as a "waiting room" before entering the eurozone.

Maastricht convergence criteria

	HICP	Government deficit	Government debt	Long term interest rates	Exchange rate policy
	% y-on-y	*%/GDP*		*10 y*	
reference value	*2.5*	*-3.0*	*60*	*5.3*	
Czech Republic	1.6	-2.6	30.5	3.5	managed floating
Estonia	4.1	1.6	4.8	4.0	ERM II
Poland	2.2	-2.5	42.5	5.2	floating
Latvia	6.9	0.2	11.9	3.9	ERM II
Lithuania	2.7	-0.5	18.7	3.7	ERM II
Hungary	3.5	-6.1	58.4	6.6	target zone (EUR)
Slovakia	2.8	-2.9	34.5	3.5	ERM II
Slovenia	2.5	-1.8	29.1	3.8	ERM II

2.6 PUBLIC OPINION ON THE EU

Finally, when analysing the experiences of membership, the perception of the EU by the public should not be ignored either. An interesting

Public opinion: EU membership good thing

	2004	2005
	%	
Czech Republic	45	44
Estonia	52	41
Poland	50	54
Latvia	40	36
Lithuania	69	57
Hungary	49	39
Slovakia	57	50
Slovenia	52	43

phenomenon (although quite similar to previous enlargements) is the general disappointment and lowering support for membership in the second year. From among the eight new member states the only exception is Poland, where the rate of those positively assessing EU-membership increased from 50 percent in 2004 to 54 percent in 2005. The Czechs (usually called Euro-sceptics) did not change their minds really, as support for EU membership stagnated (with 45 percent in 2004 and 44 percent in 2005).

In contrast, support in all other countries dropped dramatically (not rarely by 10-12 percentage points). As a result, the lowest support for EU membership was registered in Latvia (36 percent) and Hungary (39 percent).

There is, however, another interesting phenomenon. To the question ”has your country profited from EU membership?” a much higher share of the citizens answered positively. The least enthusiastic in this respect were Hungarians (with only 41 percent answering yes), but all the rest was at the 50 percent level (Latvians) or higher. 62 percent of the Slovaks, 63 percent of the Polish, and as high as 70 percent of the Lithuanians confirmed that their respective countries benefited from membership in the European Union.

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