



# Growth and Competitiveness of EU8+2

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## Trends

- Low income economies tend to grow faster
  - Since the national economies work with little capital, the marginal product of capital and the rate of growth is large
  - FDI can increase overall productivity of the host economy
- But: Closing the income gap will not come automatically



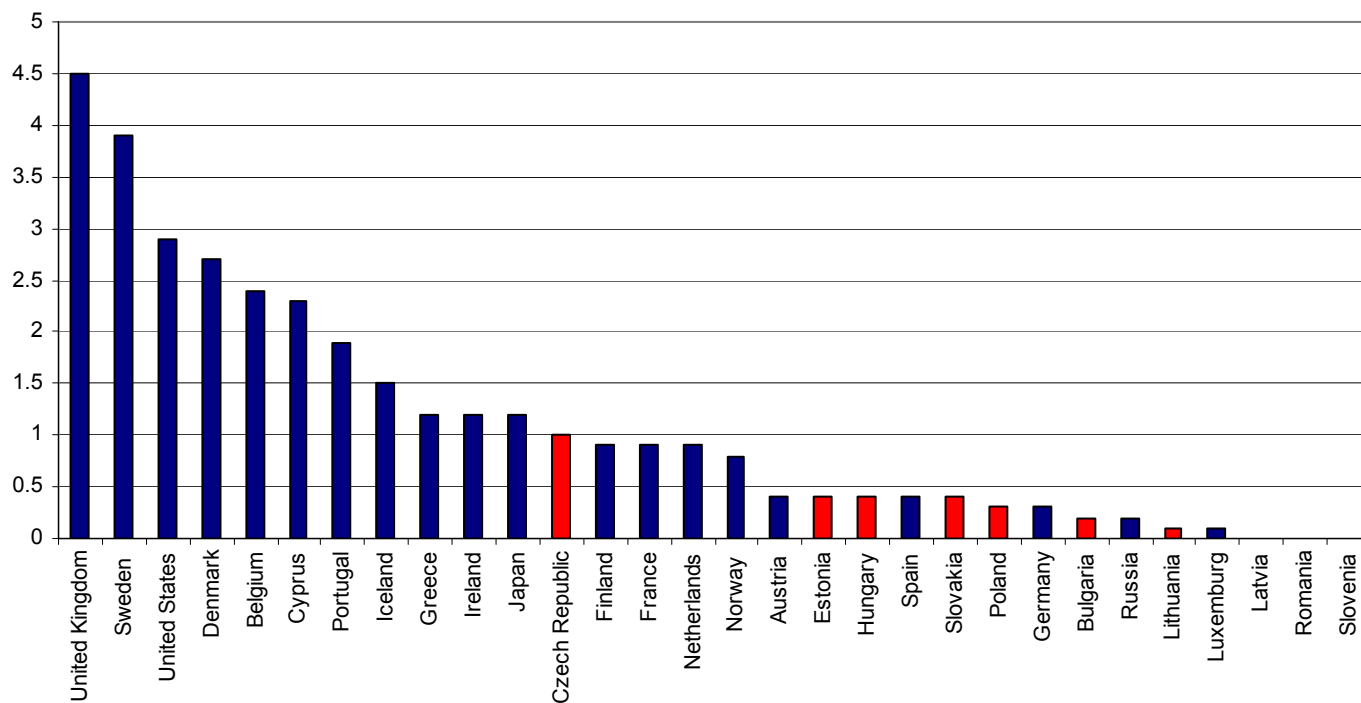
## Main driving forces

- Export
- Gross fixed capital formation
- FDI →
- And what about R&D?





## Business enterprise R&D expenditure (percentage of GDP)



Source: Eurostat

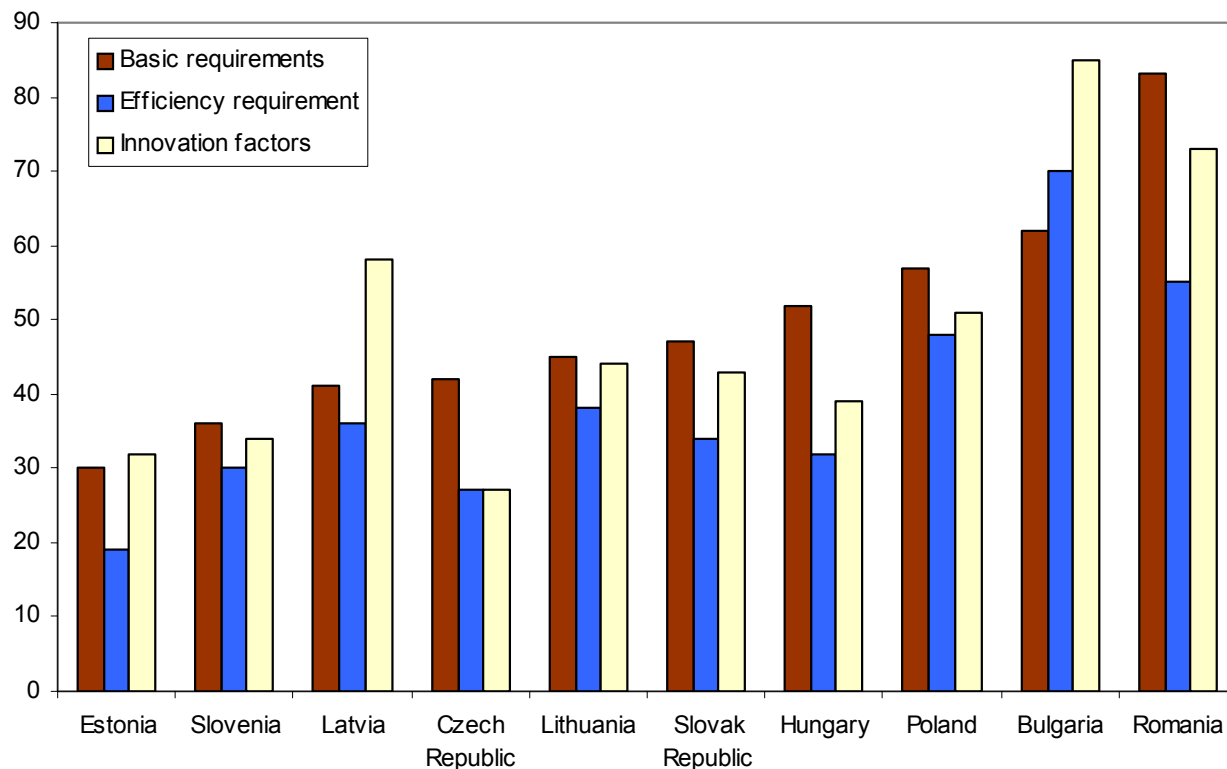


## R&D

„Since the EU8 are not yet at the technological frontier, in the short term lower R&D spending does not necessarily hamper their chances of catching up,, (ECB, 2007)



# Global Competitiveness Index, 2006



Source: World Economic Forum



## Future - tasks

- Credible economic framework
  - Monetary and fiscal policy
  - Business environment
- Develop human infrastructure
  - Education
  - Structural labour market problems
- Horizontal: Effective use of Structural Funds



**Thank you for your attention!**

**Szabolcs Erdős**

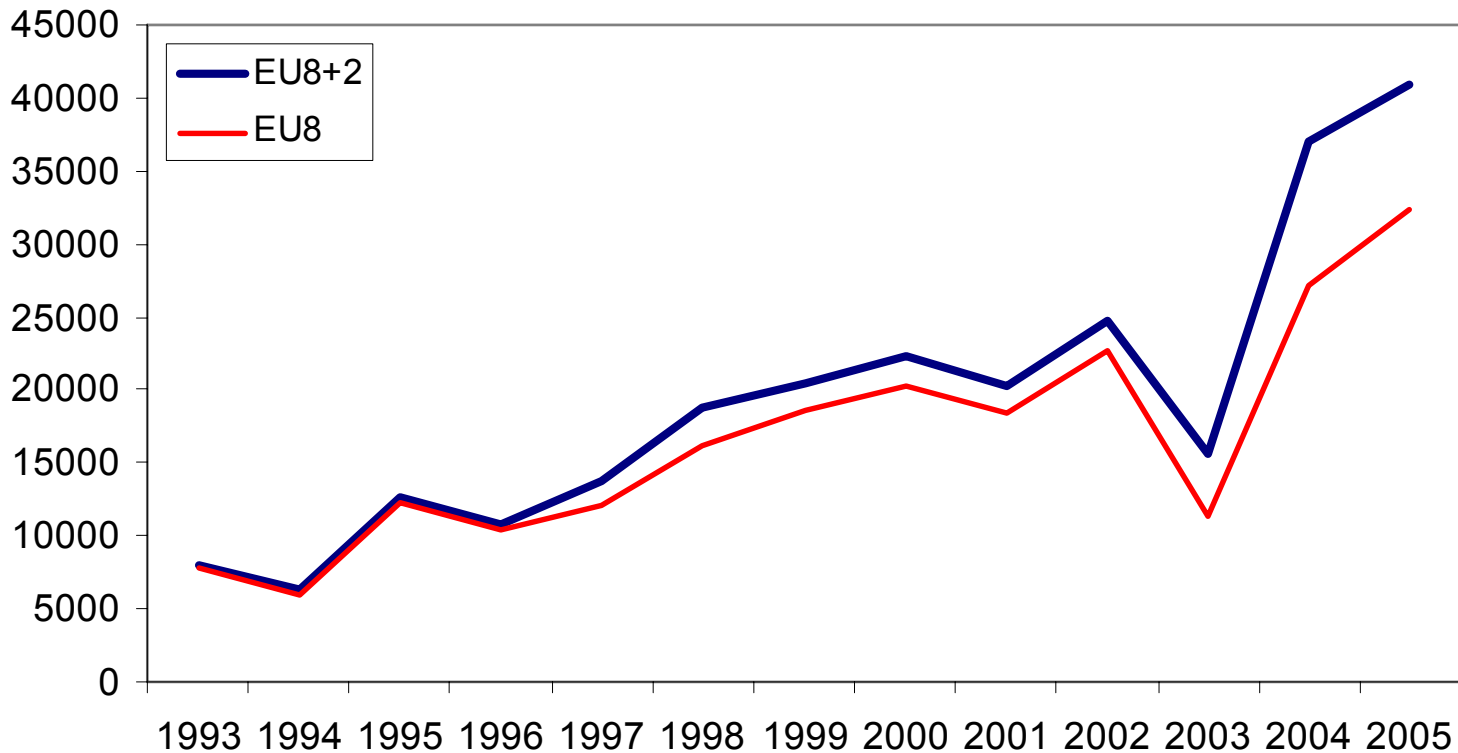
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# FDI flow (USD in current prices in million)

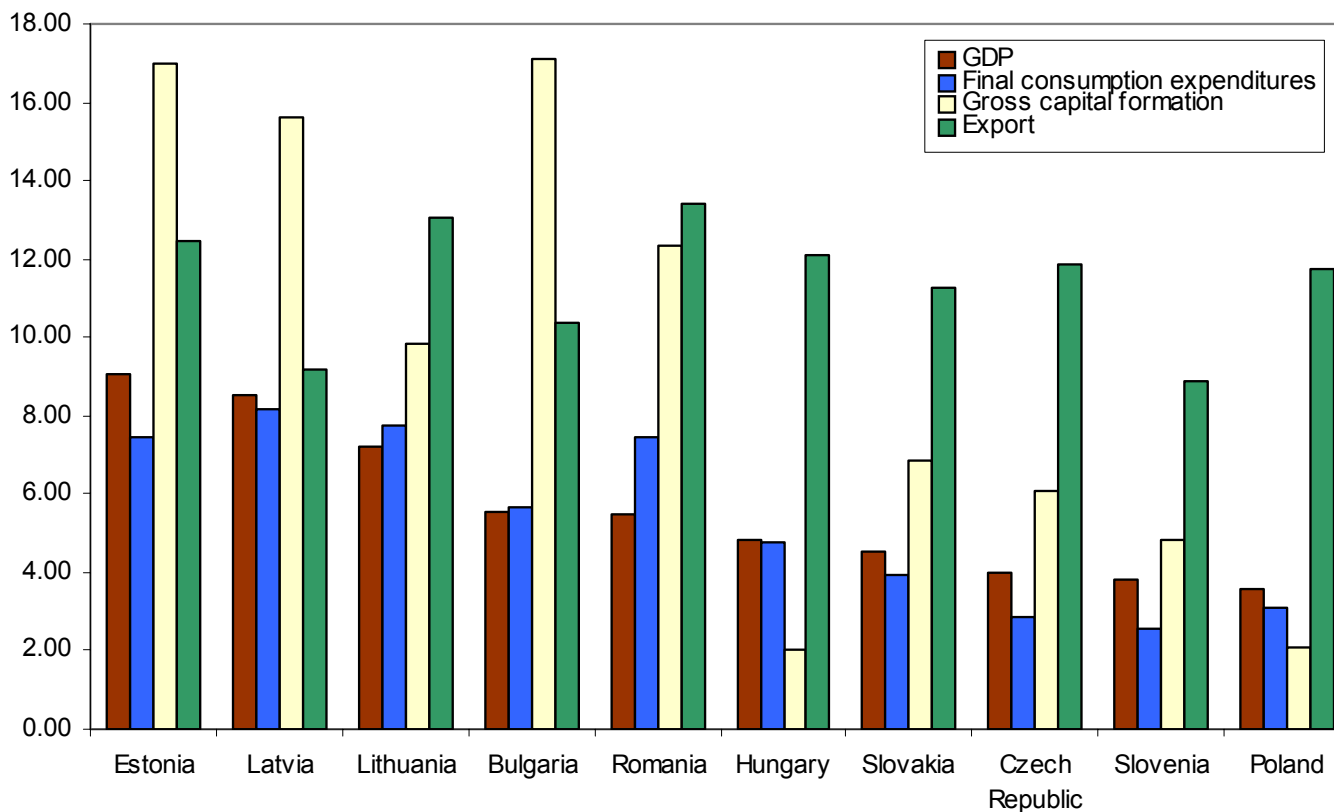


Source: World Economic Forum

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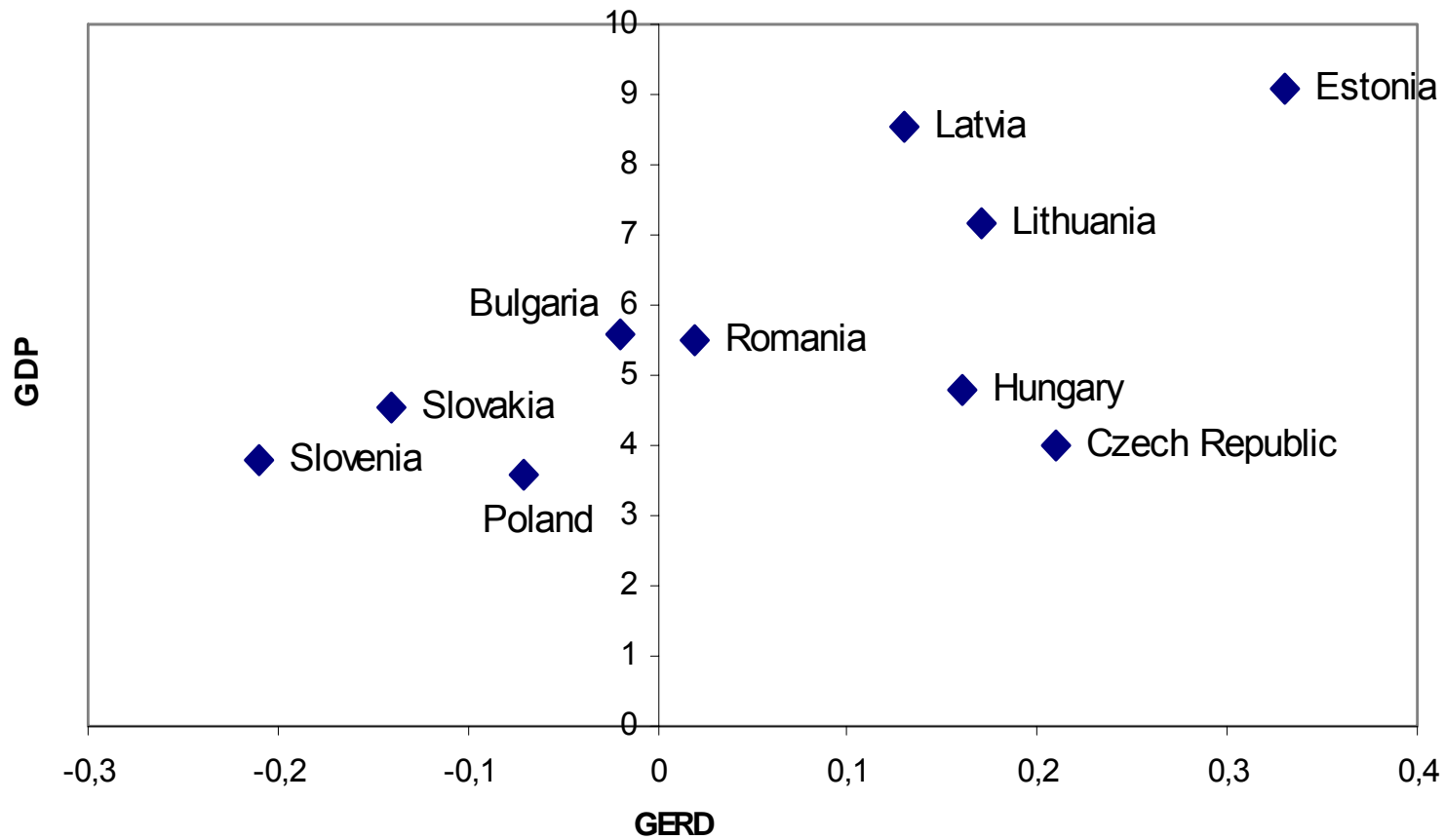


# Average growth rate (2000-2006)



Source: Eurostat

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Source: Eurostat

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