

# Utjecaj makroekonomskih politika na prerađivačku industriju u Hrvatskoj

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# The Impact of Macroeconomic Policies on Manufacturing Production in Croatia

RESEARCH PAPER

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## Abstract

In this paper, we analyse the impact of macroeconomic policies on manufacturing production in Croatia. We use multiple regressions in order to assess how personal consumption, investments, interest rates, the real effective exchange rate, government consumption, fiscal deficit and foreign demand affect the output of 22 manufacturing sectors. The analysis is conducted on quarterly data from 1998:1q to 2008:3q. The results suggest that changes in fiscal conditions, the real effective exchange rate and personal consumption mostly affect low technological intensity industries. Production in high technological intensity industries is, in general, elastic to changes in investments, foreign demand and fiscal policy. Fiscal policy seems particularly important for manufacturing output, both in terms of the magnitude of fiscal elasticities and shorter time lags. Production in low technological intensity industries on average increases with the exchange rate depreciation, while in high and medium-high technological intensity industries it contracts as a result of depreciation.

**Keywords:** manufacturing, monetary policy, fiscal policy, regression analysis, Croatia

**JEL classification:** C22, E63, L16, L60

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# 1 Introduction

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Manufacturing is one of the most important sectors of every economy. In terms of size, the share of manufacturing in total value added in 2007 in EU-27 economies and in Croatia amounted to 17.1 and 15.1 percent respectively,<sup>1</sup> which suggests that manufacturing accounts for a significant portion of overall economic activity. Manufacturing is also the most important tradable sector of the economy, which in turn means that it is often the most competitive sector. The significance of manufacturing also stems from the fact that it is the carrier of innovation, research and development activities that eventually spill over to other sectors and result in an increased productivity.

Besides industry specific factors and industrial policy, macroeconomic conditions are the most influential drivers of manufacturing growth (European Commission, 2009a). The term “macroeconomic conditions” usually assumes domestic business cycle fluctuations, foreign demand, interest and exchange rates, taxes, government expenditure and relative prices. The empirical literature on the relationship between manufacturing and macroeconomic policies is very scarce, especially when looking at particular manufacturing industries. Moreover, there has been no empirical research on the effects of macroeconomic conditions on manufacturing output in Croatia. This is somewhat surprising given the fact that monetary policy (and the exchange rate in particular) is often considered to be the main reason for the weak performance of manufacturing.

The aim of this paper is to determine which macroeconomic factors drive output in the Croatian manufacturing. In order to detect the most important determinants, we take two approaches. First, we model the changes in 22 manufacturing industries as a function of changes in macroeconomic conditions. Then we aggregate manufacturing output in order to obtain the output of four groups of manufacturing industries classified according to their global technological intensity. This enables us to detect whether the responses to changes in macroeconomic conditions are related to

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<sup>1</sup> Eurostat, <http://ec.europa.eu/eurostat/>.



characterised by high and medium-high, medium-low and low level of technological intensity.

This kind of classification provides important insights into the structure of manufacturing regarding the application of technology and knowledge.<sup>3</sup> Finally, we calculated changes in industry shares in total value added that had occurred from 1997 to 2007 in order to grasp the sectoral dynamics and trends in the use of the technology. The results are presented in Table 1.

Table 1 shows that the structure of the Croatian manufacturing is a reversed image of the European manufacturing. While the industries that intensively use technology account for the largest portion of value added in the EU, the largest share of value added in Croatia relates to low technological intensity industries. For example, Croatian industries characterised by high and medium-high technological intensity in 2007 produced 23.7 percent of manufacturing total value added, while in EU-25 those industries produced 44.9 percent of value added. Moreover, the value added of high and medium-high technological intensity industries for Croatia is overestimated because industry D35 (production of other transport equipment) consists mostly of shipbuilding (D35.1), which is classified as a medium-low technological intensity industry, as opposed to EU-25 where D35 mostly encompasses production requiring high and medium-high level of technology (namely aerospace and train production). Unlike in EU-25, the industries characterised by a low level of technological intensity dominate the entire manufacturing sector in Croatia. In 2007, the share of those industries in value added reached 54.7 percent, while in EU-25 it stood at 30 percent. In 2007, the share of industries requiring a medium-low technological intensity in EU-25 and Croatia was similar, 25.1 and 21.6 percent respectively.

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<sup>3</sup> One must note that although the European Commission uses the same classification (European Commission, 2007) as in Table 1, it differs somewhat from the OECD classification of industries according to global technological intensity. Namely, the OECD classification requires a lower level of data aggregation, which is not provided by Eurostat or the Central Bureau of Statistics of the Republic of Croatia. For details on the OECD classification, see Appendix.

Level of technological intensity	Sector	EU-25			CROATIA		
		Share in TVA 1997 (in %)	Share in TVA 2007 (in %)	Change 1997-2007 (in p.p)	Share in TVA 1997 (in %)	Share in TVA 2007 (in %)	Change 1997-2007 (in p.p)
High and medium-high	D24	10.3	10.5	0.1	10.1	6.0	-4.2
	D29	10.7	11.4	0.7	3.4	4.7	1.3
	D30, D31, D32, D33	12.0	12.1	0.2	8.5	7.7	-0.8
	D34, D35	9.9	11.0	1.0	6.5	5.3	-1.2
		<b>High and medium-high level of technological intensity</b>	<b>42.9</b>	<b>44.9</b>	<b>2.0</b>	<b>28.5</b>	<b>23.7</b>
Medium-low	D23	1.6	2.2	0.5	3.8	1.1	-2.8
	D25	4.7	4.5	-0.2	3.2	2.7	-0.5
	D26	4.7	4.5	-0.2	5.2	7.6	2.5
	D27, D28	13.3	14.0	0.7	7.0	10.2	3.3
		<b>Medium-low level of technological intensity</b>	<b>24.3</b>	<b>25.1</b>	<b>0.8</b>	<b>19.2</b>	<b>21.6</b>
Low	D15, D16	11.7	11.8	0.1	25.5	26.2	0.7
	D17, D18	4.8	3.3	-1.5	7.4	4.9	-2.5
	D19	1.0	0.7	-0.3	1.6	1.5	-0.1
	D20	2.3	2.1	-0.2	2.2	3.4	1.2
	D21, D22	9.0	8.2	-0.8	10.7	15.0	4.3
	D36, D37	4.0	3.9	-0.1	4.9	3.7	-1.2
		<b>Low level of technological intensity</b>	<b>32.8</b>	<b>30.0</b>	<b>-2.8</b>	<b>52.3</b>	<b>54.7</b>

Source for original data: Eurostat and Central Bureau of Statistics of the Republic of Croatia.

Changes in value added shares from 1997 to 2007 also suggest that the structure of the Croatian manufacturing industry is rapidly deteriorating. The deterioration is even more worrisome if one takes into account that the European manufacturing is actually losing pace with other developed economies, notably the USA and Japan (European Commission, 2007). Namely, industries requiring a high technological intensity are on average growing twice as fast in the USA and Japan than in EU-25.

Compared to 1997, industries of high and medium-high technological intensity in Croatia decreased their share in value added by 4.8 percentage points in 2007. At the same time, those industries in EU-25 increased its share in value added by 2.0 percentage points. When one observes the industries characterised by low technological intensity, the opposite is true. Croatian industries increased their share by 2.4 percentage points in ten years, while the share of low technological intensity industries in European countries declined by 2.8 percentage points.

When analysing particular industries of high and medium-high technological intensity, one notices that in EU-25 all industries have increased their share in manufacturing value added. However, in the case of Croatia that has occurred only in the case of D29 (production of machinery and equipment). One reason for the success is the fact that this industry consists of a significant number of foreign-owned enterprises that engage intensively in exports. All other industries requiring a high and medium-high technological intensity decreased their share, with D24 (production of chemicals and chemical products) being the most notable example.<sup>4</sup> Industries that have increased their share in value added in Croatia are concentrated in a low and medium-low technological section. The most propulsive industries have been D21-D22 (production of paper, paper products and publishing) and D27-D28 (production of metal and fabricated metal products).

This analysis suggests that the Croatian manufacturing is lagging behind global trends. Therefore, in this paper we will assess whether macroeconomic

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<sup>4</sup> *Unfavourable developments in this industry are mostly due to bad performance of the largest companies within the industry; namely Pliva, Petrokemija and Dioki.*

policies have contributed to such adverse developments. Moreover, we will explore whether macroeconomic policies can be used in order to boost activity in the manufacturing sector and increase its competitiveness. We put a special emphasis on the impact of the exchange rate on industrial activity because exchange rate developments are often held responsible for manufacturing sector deficiencies. However, this paper does not explore the effects of microeconomic policies (such as industrial policy or policies directed to research, development and innovation) on manufacturing output.<sup>5</sup>

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### 3 Literature Review

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Since macroeconomic policies are important determinants of economic growth, economists have become interested in studying the relationship between output and macroeconomic policies. In order to detect what drives output growth, researchers have tested how different macroeconomic policy proxies, such as interest rates, fiscal deficits, investment and exchange rates, affect output. One must note that the majority of empirical research is focused on the macroeconomic determinants of overall output and not on manufacturing output in particular. However, since the manufacturing represents a significant portion of economic activity and the growth of manufacturing output is closely correlated to overall output growth, results of the empirical research on the macroeconomic determinants of overall output can also be applied on manufacturing output.

Kormendi and Meguire (1985) examine which macroeconomic variables are related to economic growth, using observations for forty-seven countries over forty-year period. They find a negative correlation between economic growth and money supply. On the other hand, investment-to-income ratio exhibits positive correlation with output. Using a cross-country analysis, Levine and Renelt (1992) confirm that investments greatly affect output growth. As for fiscal indicators, they find no correlation with output growth. Fischer (1993) applies cross-sectional and panel regressions trying to prove

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<sup>5</sup> For example, Aralica (2007) addresses these issues.



that inflation, large budget deficits and distorted foreign exchange markets hamper output growth. The results imply that inflation reduces growth by reducing investment; larger budget surpluses are associated with faster economic growth; undistorted foreign exchange market is convenient for growth. Bruce and Turnovsky (1999) design a simple endogenous growth model using fiscal indicators like tax rates and government consumption. They conclude that a reduction in government involvement on the market (by cutting taxes or lowering consumption) boosts output growth. Adam and Bevan (2001) take a step further and construct an overlapping generation model using a panel of 45 developing countries over the period 1970-1999. By examining the relation between fiscal deficits and growth, they find a specific budget deficit threshold of 1.5 percent of GDP. Their recommendation for conducting fiscal policy is thus to reduce deficits to this level in order to exhaust a potential growth pay-off.

Instead of constructing growth models for output and macroeconomic variables, we can look at the effect of the same macroeconomic variables on manufacturing output. We can construct a model for each specific industrial sector in order to analyse manufacturing production on a more disaggregated level. European Commission (2009a; 2009b) conducted such an analysis for twenty-five EU countries. In that study, fluctuations in GDP and employment, interest rates, exchange rates, government spending, corporate tax rates, the change in relative prices, consumption, investment, exports, imports and intermediate demand are used to construct a model for each industrial sector. The findings imply that real interest rates have a robust negative correlation with manufacturing output growth.<sup>6</sup> Exchange rate fluctuations are important only for exporting sectors, with appreciation having a dampening effect on output. As for the demand side variables, exports and intermediate demand are the two most important manufacturing output drivers, while imports and government expenditure have very little impact on growth in manufacturing. The results for New Member States are somewhat different when it comes to the effect of fiscal

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<sup>6</sup> *The study explores all sectors (not just the manufacturing), but we only present the results for manufacturing.*



prices for individual manufacturing industries as an explanatory variable. However, this variable did not appear significant, so it was excluded from the estimation.

We expect to find that an expansive monetary policy increases manufacturing output, while an expansive fiscal policy decreases it. Moreover, a pick-up in domestic and foreign demand should boost output. Regarding the exchange rate, both outcomes are possible. Namely, one should expect that the real effective exchange rate depreciation should increase output, especially in exporting industries. But given the fact that Croatia is a highly euroised economy, with manufacturing enterprises borrowing with a foreign currency clause and having a large import component in manufacturing goods, exchange rate depreciation may also have a contractionary effect on manufacturing output.

Data used in the analysis range from the first quarter 1998 to the third quarter 2008, providing altogether 43 observations. We could not include the latest data for two reasons. Firstly, the methodology for calculating GDP and its components was revised in the last quarter 2008 in order to include the shadow economy. Since the new GDP series includes only observations starting from the year 2000, we use the old series with data available from 1997. Secondly, at the beginning of 2009 the Central Bureau of Statistics changed the classification of manufacturing industries to NACE Revision 2, but it did not publish individual manufacturing industry series for the period prior to 2009. For this reason, we use the series applying the old NACE Revision 1.1 classification, for which data are available from 1992 to the end of 2008. Interest rates, personal consumption, investments, government consumption and the fiscal deficit are expressed in first differences, while the other series (real effective exchange rate, manufacturing production and the GDP of top five export partners) are in log-differences. Instead of prior seasonal adjustment, seasonal dummies are used in the regression analysis to control for seasonal oscillations.

As far as our modelling strategy is concerned, we apply a general-to-specific approach. At the beginning, we estimate a general unrestricted model, in which we regress the production volume index of a given manufacturing



As far as fiscal policy is concerned, the regression results suggest that fiscal policy proxied either by the changes in government spending or the fiscal deficit is crowding out manufacturing industries. That is in line with European Commission (2009b), which found that an expansionary fiscal policy in ten New Member States reduces manufacturing output. However, we must note that, when fiscal policy is proxied by government consumption, crowding out is more prevalent in industries requiring low and medium-low technological intensity like D16 (production of tobacco), D17 (production of textiles), D18 (production of clothes), D19 (production of leather and footwear), D20 (production of wood), D21 (production of paper) and D25 (production of rubber and plastic products). Overall, the magnitude of government consumption elasticities is rather large (ranging from -0.59 in the case of D20 to -2.94 in the case of D16). In other three industries (D24 - production of chemicals, D31 - production of electrical machinery and apparatus, D32 - production of radio, television and communication equipment and apparatus), the government consumption coefficient is positive, implying that government consumption actually boosts output. When compared to government spending, fiscal deficit elasticities are relatively low in the absolute term, but in most cases they also suggest that fiscal policy expansion leads to manufacturing output contraction. The results also indicate that fiscal policy lags are on average somewhat shorter than monetary policy lags. In most cases, fiscal policy changes affect manufacturing output in two quarters.<sup>9</sup>

The impact of personal consumption on manufacturing output is almost entirely limited to industries characterised by low technological efficiency. This should not come as a surprise given the fact that these industries make products for final consumption. An increase in personal consumption leads to the expansion of output in D15 (food production), D18 (production of clothes), D20 (production of wood) and D22 (publishing). These coefficients are quite similar across industries and range from 0.22 in D20 to 0.67 in D15. Personal consumption also influences output in D25 (production of rubber and plastic products), which is an industry requiring a medium low technological intensity. On the other hand, investments explain the

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<sup>9</sup> Please refer to Table A4 in Appendix.



Table 2 Elasticities of Production in Manufacturing Industries

	Domestic demand		Monetary policy		Exchange rate#	Fiscal policy		Foreign demand
	Personal consumption (% of GDP)	Investments (% of GDP)	Real short-run interest rate (in %)	Real long-run interest rate (in %)		Government consumption (% of GDP)	Fiscal deficit (% of GDP)	
D15	0.675*	-	-	-0.767*	-	-	-	-
D16	0.507*	-	-	-	3.025**	-2.349**	-	-
D17	-	-	-0.33**	-	1.348*	-2.940**	-	-
D18	0.606*	-	-	-	2.091*	-1.069*	-	0.462*
D19	-	-	-	-1.317*	2.147*	-1.890*	-	-
D20	0.217*	-	-0.636*	-	2.650*	-0.887*	-	-
D21	-	-	-	-	-	-0.591*	-	-
D22	0.542**	-	-	-1.543*	-	-0.933*	-	-
D23	-	-	-	-	-	-	0.209*	-
D24	-	-	-	-	-	-	0.383**	-
D25	0.241*	-	-	-	-	3.115*	-	-
D26	-	0.906*	-	-0.79**	1.571*	-1.812*	-	0.257*
D27	-	0.702*	-	-	-1.931**	-	-	-
D28	-	-	-	-	-	-	0.193**	-
D29	-	-	-	-1.652*	-3.393*	-2.061*	-	0.226*
D30	-	-	-	-	-	-	-	-
D31	-	-	-0.497**	-	-2.871*	-	-	1.239*
D32	-	3.138**	-	-	-	2.279*	-	0.366*
D33	-	1.810*	-1.477*	-	-4.00**	-	-	-
D34	-	-	-	-	2.705**	-	-0.571*	-
D35	-	0.385**	-	-	-	-	-	0.244**
D36	-	-	-	-	1.688*	-	-	0.313*

Notes: # - an increase signifies depreciation; \* p-value less than 0.05; \*\* p-value less than 0.1.

Please note that numbers represent elasticities and not coefficients. To calculate coefficients for variables expressed as percentages, divide elasticities by 100 or see Appendix.

Source: Authors' calculation.





Technological intensity of manufacturing industries	Domestic demand		Monetary policy		Exchange rate#	Fiscal policy		Foreign demand
	Personal consumption (% of GDP)	Investments (% of GDP)	Real short-run interest rate (in %)	Real long-run interest rate (in %)		Government consumption (% of GDP)	Fiscal deficit (% of GDP)	
Low	0.273*	-	-	-	0.871**	-1.208*	-	-
Medium-low	-	-	-	-0.659*	-	-0.422*	-	-
Medium-high	-	-	-	-	-4.318*	1.550**	-	-
High	-	1.652**	-	-	-	-1.613**	-	0.436**

Notes: # - an increase signifies depreciation; \* p-value less than 0.05; \*\* p-value less than 0.1. Please note that numbers represent elasticities and not coefficients. To calculate coefficients for variables expressed in percentages, divide elasticities by 100 or see Appendix.

Source: Authors' calculations.



elasticities can only be compared to government spending elasticities, which indicates that fiscal policy and exchange rate developments are probably two most important factors driving output in manufacturing sector.

If the aim of policy-makers is to boost manufacturing output in Croatia, from the macroeconomic perspective it would be more advisable to reduce the role of the Government than to use the exchange rate. Namely, since the nominal exchange rate is relatively fixed due to a large exchange rate risk inherent to the Croatian economy and because different manufacturing industries react differently to the real effective exchange rate developments, the exchange rate policy would probably not be an effective tool for boosting manufacturing output. However, any macroeconomic policy or even a mix of macroeconomic policies will most likely not be enough to tackle issues related to manufacturing production. Instead, if one wants to permanently increase manufacturing output and enhance the industrial structure in order to increase the value added of industries characterised by high and medium-high technological intensity, a shift in fiscal policy must be accompanied by other measures. Namely, various horizontal measures removing entry and exit barriers and promoting innovation, transfer of technologies, foreign direct investments and competition in the manufacturing sector should go along with a different strategy for subsidy allocation and changes in educational system, agricultural and energy policy.

## Appendix

Table A1 <b>Data Sources and Description</b>	
D15	Production of food products and beverages; source: CBS.
D16	Production of tobacco products; source: CBS.
D17	Production of textiles; source: CBS.
D18	Production of wearing apparel; dressing and dyeing of fur; source: CBS.
D19	Production of tanning and dressing of leather, manufacture of luggage, handbags, saddlery, harness and footwear; source: CBS.
D20	Production of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials; source: CBS.
D21	Production of pulp, paper and paper products; source: CBS.
D22	Production of publishing, printing and reproduction of recorded media; source: CBS.
D23	Production of coke, refined petroleum products and nuclear fuel; source: CBS.
D24	Production of chemicals and chemical products; source: CBS.
D25	Production of rubber and plastic products; source: CBS.
D26	Production of other non-metallic mineral products; source: CBS.
D27	Production of basic metals; source: CBS.
D28	Production of fabricated metal products, except machinery and equipment; source: CBS.
D29	Production of machinery and equipment n.e.c.; source: CBS.
D30	Production of office machinery and computers; source: CBS.
D31	Production of electrical machinery and apparatus n.e.c.; source: CBS.
D32	Production of radio, television and communication equipment and apparatus; source: CBS.
D33	Production of medical, precision and optical instruments, watches and clocks; source: CBS.
D34	Production of motor vehicles, trailers and semi-trailers; source: CBS.
D35	Production of other transport equipment; source: CBS.
D36	Production of furniture; manufacturing n.e.c.; source: CBS.
pc	Personal consumption, in constant 1997 prices - as a share of GDP; source for original data: CBS.
i	Investment, in constant 1997 prices - as a share of GDP; source for original data: CBS.
ir_sr	Real money market interest rates on overnight credits: real interest rates are calculated by subtracting monthly year-on-year consumer inflation from the short-term interest rates; source for original data: CNB and CBS.
ir_lr	Real interest rates on kuna long-term credits indexed to foreign currency and granted to enterprises: real interest rates are calculated by subtracting monthly year-on-year consumer inflation from the long-term interest rates; source for original data: CNB and CBS.
reer	Real effective exchange rate; source for original data: CNB, CBS and the OECD Main Economic Indicators database.
g	Government consumption – in constant (1997) prices - as a share of GDP; source for original data: CBS.
def	Budget deficit – consolidated general government deficit as a share of GDP; source: Ministry of Finance of the Republic of Croatia and CBS.
gdpp	Weighted average of GDP, (chain linked, reference year 2000) of Croatia's main export partners expressed in EUR: Germany, Italy, Slovenia, USA and Austria (Bosnia and Herzegovina and Serbia are excluded due to the lack of data). Weights are determined on the basis of destination structure of Croatian merchandise exports for each year. The composite GDP is expressed in EUR; source for original data: CBS, Eurostat and the IMF International Financial Statistics.
l	Production of manufacturing goods requiring low technological intensity. Weighted average of D15, D16, D17, D19, D20, D21, D22 and D36. Weights determined according to the share of a respective industry in manufacturing value added; source for original data: CBS.
ml	Production of manufacturing goods requiring a medium-low technological intensity. Weighted average of D23, D25, D26, D27, D28 and D35. Weights determined according to the share of a respective industry in manufacturing value added; source for original data: CBS.

mh	Production of manufacturing goods requiring a medium-high technological intensity. Weighted average of D29, D31 and D34. Weights determined according to the share of a respective industry in manufacturing value added; source for original data: CBS.
h	Production of manufacturing goods requiring a high technological intensity. Weighted average of D24, D30, D32 and D33. Weights determined according to the share of a respective industry in manufacturing value added; source for original data: CBS.
Dummies	Dummies are used in order to capture seasonal effects.

Data sources: CBS – <http://www.dzs.hr>; CNB – <http://www.hnb.hr>; Eurostat – <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>; IMF - <http://www.imfstatistics.org/imf/>; Ministry of Finance of the Republic of Croatia – <http://www.mfin.hr>; OECD – <http://stats.oecd.org/mei/>.

Note: CBS – Central Bureau of Statistics of the Republic of Croatia; CNB – Croatian National Bank.

	OECD classification	Modified classification
D15	LTI	LTI
D16	LTI	LTI
D17	LTI	LTI
D18	LTI	LTI
D19	LTI	LTI
D20	LTI	LTI
D21	LTI	LTI
D22	LTI	LTI
D23	MLTI	MLTI
D24*	24.4 (pharmaceuticals) - HTI the rest - MHTI	HTI
D25	MLTI	MLTI
D26	MLTI	MLTI
D27	MLTI	MLTI
D28	MLTI	MLTI
D29	MHTI	MHTI
D30	HTI	HTI
D31	MHTI	MHTI
D32	HTI	HTI
D33	HTI	HTI
D34	MHTI	MHTI
D35**	35.1 (shipbuilding) – MLTI 35.3 (aerospace) – HTI the rest - MHTI	MLTI
D36***	36.1 (furniture) – LTI the rest - MLTI	LTI

Note: HTI – high technological intensity, MHTI – medium-high technological intensity, MLTI – medium-low technological intensity, LTI – low-technological intensity; \* In 2007 pharmaceutical companies had in Croatia the highest share in total revenues of D24, hence we have classified D24 as HTI industry; \*\* In 2007 shipbuilding companies in Croatia had the highest share in total revenues of D35, hence we classified D35 as MLI industry; \*\*\* In 2007 companies producing furniture in Croatia had the highest share in total revenues of D36, hence we classified D36 as LTI industry.

Source: Eurostat, [http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/Annexes/reg\\_hrst\\_base\\_an3.pdf](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/reg_hrst_base_an3.pdf).

## Table A3 Regression Results

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.00808	0.00580	1.393	0.1736
pc_2	0.00675***	0.00044	15.486	0.0000
pc_5	0.00263***	0.00060	4.409	0.0001
ir_lr_3	-0.00767***	0.00269	-2.854	0.0076
S_dummy1	-0.05476***	0.01554	-3.524	0.0013
S_dummy3	0.03608***	0.00746	4.837	0.0000
Adjusted R-squared = 0.95758		F-statistic = 137.6926***		
Number of obs. = 37		ARCH 1-1 test: $F(1,22) = 7.3472$ [0.4997]		
LL = 162.82464		Portmanteau(6): $\chi^2(5) = 0.4583$ [0.7655]		
sigma = 0.01340		Jarque-Bera test = 3.1054 [0.2117]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.056350***	0.018817	2.994553	0.0055
pc_5	0.005073**	0.001935	2.621928	0.0136
reer_5	3.025327*	1.594363	1.897514	0.0674
g_1	-0.023492*	0.012153	-1.932995	0.0627
g_5	-0.029404*	0.016635	-1.767656	0.0873
S_dummy2	-0.121143***	0.038050	-3.183749	0.0034
S_dummy3	-0.136310***	0.041553	-3.280411	0.0026
Adjusted R-squared = 0.179298		F-statistic = 2.310818***		
Number of obs. = 37		ARCH 1-1 test: $F(1,22) = 21.0957$ [0.0490]		
LL = 68.95192		Portmanteau(6): $\chi^2(5) = 0.5849$ [0.6770]		
sigma = 0.041684		Jarque-Bera test = 1.3297 [0.5143]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to heteroscedasticity, White's correction has been applied.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.020578***	0.002710	7.594513	0.0000
ir_sr_5	-0.003298*	0.001806	-1.826194	0.0772
reer_5	1.347809**	0.533556	2.526089	0.0167
g_5	-0.010688***	0.002773	-3.854970	0.0005
S_dummy2	-0.090771***	0.010156	-8.937913	0.0000
Adjusted R-squared = 0.754613		F-statistic = 28.67678***		
Number of obs. = 37		ARCH 1-1 test: $F(1,22) = 1.1671$ [0.9917]		
LL = 92.74082		Portmanteau(6): $\chi^2(5) = 3.7762$ [0.0141]		
sigma = 0.021219		Jarque-Bera test = 1.8841 [0.3898]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to autocorrelation, Newey-West's correction has been applied.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.06316***	0.01187	-5.322	0.0000
pc_4	0.00606***	0.00139	4.344	0.0001
reer_2	2.09063**	0.88929	2.351	0.0255
g_1	-0.01890**	0.00768	-2.463	0.0197
gdpf_4	0.46202***	0.16207	2.851	0.0078
S_dummy1	0.14420***	0.03015	4.783	0.0000
S_dummy3	0.05447**	0.02284	2.385	0.0236
Adjusted R-squared = 0.52611		F-statistic = 3.880594***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 13.6226 [0.1909]		
LL = 134.41342		Portmanteau(6): Chi <sup>2</sup> (5) = 0.0613 [0.9926]		
sigma = 0.02937		Jarque-Bera test = 0.5628 [0.7547]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.02245***	0.00594	3.780	0.0006
ir_lr_2	-0.01317**	0.00614	-2.144	0.0397
reer_2	2.14742**	0.84093	2.554	0.0156
g_3	-0.00887***	0.00304	-2.914	0.0065
S_dummy2	-0.07901***	0.01361	-5.804	0.0000
Adjusted R-squared = 0.49147		F-statistic = 9.303752***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 5.1748 [0.6386]		
LL = 134.21014		Portmanteau(6): Chi <sup>2</sup> (5) = 0.4247 [0.7895]		
sigma = 0.02859		Jarque-Bera test = 3.8070 [0.1490]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.023069***	0.005221	4.418823	0.0001
pc_4	0.002174***	0.000605	3.591190	0.0011
ir_sr_1	-0.006359***	0.001750	-3.634263	0.0010
reer_2	2.649806***	0.826844	3.204721	0.0031
g_2	-0.005907***	0.002023	-2.919125	0.0065
S_dummy2	-0.068275***	0.010029	-6.807763	0.0000
Adjusted R-squared = 0.792027		F-statistic = 28.41988***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 17.4193 [0.0425]		
LL = 91.71268		Portmanteau(6): Chi <sup>2</sup> (5) = 1.8677 [0.1451]		
sigma = 0.022166		Jarque-Bera test = 1.4675 [0.4801]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to heteroscedasticity, White's correction has been applied.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.010273*	0.006119	1.678914	0.1023
g_4	-0.009328***	0.002635	-3.539863	0.0012
S_dummy2	-0.026943***	0.009647	-2.792934	0.0085
Adjusted R-squared = 0.130791		F-statistic = 3.708494***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 11.2065 [0.0474]		
LL = 77.28062		Portmanteau(6): Chi <sup>2</sup> (5) = 1.2073 [0.3325]		
sigma = 0.031263		Jarque-Bera test = 20.9835 [0.0000]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to heteroscedasticity, White's correction has been applied.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.01732	0.02059	-0.841	0.4070
pc_3	0.00542*	0.00288	1.884	0.0693
pc_4	0.00475**	0.00214	2.219	0.0342
ir_lr_4	-0.01543**	0.00568	-2.716	0.0109
def_5	0.00209**	0.00098	2.139	0.0407
S_dummy1	-0.01348	0.03114	-0.433	0.6682
S_dummy2	0.12809**	0.05000	2.562	0.0157
Adjusted R-squared = 0.72880		F-statistic = 17.07054***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 5.9801 [0.8169]		
LL = 138.93837		Portmanteau(6): Chi <sup>2</sup> (5) = 0.3328 [0.8529]		
sigma = 0.02599		Jarque-Bera test = 5.6858 [0.0583]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.033273***	0.007602	-4.377033	0.0001
def_5	0.003827*	0.002250	1.700633	0.0984
S_dummy1	0.006063	0.021078	0.287658	0.7754
S_dummy2	0.117226***	0.022284	5.260644	0.0000
Adjusted R-squared = 0.475754		F-statistic = 11.89003***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 1.6157 [0.8060]		
LL = 58.41658		Portmanteau(6): Chi <sup>2</sup> (5) = 2.9665 [0.0360]		
sigma = 0.052836		Jarque-Bera test = 1.0000 [0.6065]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to autocorrelation, Newey-West's correction has been applied.



$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.052823**	0.021697	2.434538	0.0207
g_3	0.031145***	0.010680	2.916273	0.0064
S_dummy1	0.029200	0.031013	0.941564	0.3535
S_dummy2	-0.177757***	0.044338	-4.009142	0.0003
S_dummy3	-0.038209	0.032610	-1.171697	0.2500
Adjusted R-squared = 0.392207		F-statistic = 6.807663***		
Number of obs. = 37		ARCH 1-1 test: $F(1,22) = 7.5322$ [0.1840]		
LL = 63.47527		Portmanteau(6): $\text{Chi}^2(5) = 4.5935$ [0.0056]		
sigma = 0.046799		Jarque-Bera test = 0.1372 [0.9337]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to autocorrelation, Newey-West's correction has been applied.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.00842*	0.00446	1.888	0.0681
pc_4	0.00241***	0.00070	3.452	0.0016
g_4	-0.01812***	0.00441	-4.104	0.0003
gdpf_4	0.25710**	0.10620	2.421	0.0213
S_dummy3	-0.04484***	0.01137	-3.945	0.0004
Adjusted R-squared = 0.71838		F-statistic = 10.76546***		
Number of obs. = 37		ARCH 1-1 test: $F(1,22) = 6.7704$ [0.4532]		
LL = 146.64199		Portmanteau(6): $\text{Chi}^2(5) = 0.4725$ [0.7554]		
sigma = 0.02043		Jarque-Bera test = 2.0897 [0.3517]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.04523***	0.00988	-4.576	0.0001
i_4	0.00906**	0.00394	2.299	0.0289
ir_lr_3	-0.00790*	0.00475	-1.664	0.1070
reer_2	1.57074**	0.76376	2.057	0.0488
def_1	-0.00210**	0.00089	-2.357	0.0254
S_dummy1	-0.03994***	0.01429	-2.795	0.0091
S_dummy2	0.16490***	0.01629	10.120	0.0000
S_dummy3	0.08080***	0.02159	3.742	0.0008
Adjusted R-squared = 0.94646		F-statistic = 101.6175***		
Number of obs. = 37		ARCH 1-1 test: $F(1,22) = 12.5084$ [0.3267]		
LL = 145.00655		Portmanteau(6): $\text{Chi}^2(5) = 0.8713$ [0.4975]		
sigma = 0.02243		Jarque-Bera test = 2.8120 [0.2451]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.02168***	0.00764	-2.836	0.0078
i_3	0.00702***	0.00254	2.762	0.0093
reer_1	-1.93131*	1.00586	-1.920	0.0635
S_dummy2	0.08358***	0.01722	4.853	0.0000
Adjusted R-squared = 0.38166		F-statistic = 9.503774***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 4.4020 [0.4931]		
LL = 129.34375		Portmanteau(6): Chi <sup>2</sup> (5) = 1.8144 [0.1576]		
sigma = 0.03211		Jarque-Bera test = 0.2553 [0.8802]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.03983***	0.00666	5.980	0.0000
def_3	0.00193*	0.00115	1.683	0.1021
gdpr_4	0.22591**	0.08428	2.680	0.0115
S_dummy1	-0.08237***	0.01164	-7.076	0.0000
S_dummy3	-0.04646***	0.01125	-4.129	0.0002
Adjusted R-squared = 0.65294		F-statistic = 14.73951***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 8.9480 [0.1765]		
LL = 134.81674		Portmanteau(6): Chi <sup>2</sup> (5) = 1.0918 [0.3830]		
sigma = 0.02812		Jarque-Bera test = 1.6491[0.4384]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.07379***	0.02623	2.813	0.0087
d29_1	-0.52942***	0.13421	-3.945	0.0005
ir_lr_5	-0.01652**	0.00786	-2.102	0.0444
reer_1	-3.39323**	1.31970	-2.571	0.0155
g_4	-0.02061*	0.01052	-1.959	0.0598
S_dummy1	-0.10289***	0.02478	-4.153	0.0003
S_dummy2	-0.05887	0.04418	-1.333	0.1931
S_dummy3	-0.11678**	0.05183	-2.253	0.0320
Adjusted R-squared = 0.510809		F-statistic = 13.53027***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 0.2682 [0.9844]		
LL = 125.95559		Portmanteau(6): Chi <sup>2</sup> (5) = 0.5426 [0.7062]		
sigma = 0.03754		Jarque-Bera test = 1.9096 [0.3849]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.09150**	0.03468	2.638	0.0126
gdpf_5	2.01541***	0.53614	3.759	0.0007
S_dummy2	-0.13768**	0.05838	-2.358	0.0244
S_dummy3	-0.29881***	0.07223	-4.137	0.0002
Adjusted R-squared = 0.34772		F-statistic = 7.397128***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 4.0773 [0.3956]		
LL = 74.07903		Portmanteau(6): Chi <sup>2</sup> (5) = 0.6951 [0.6024]		
sigma = 0.14300		Jarque-Bera test = 10.3180 [0.0057]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.06854***	0.00858	7.992	0.0000
ir_lr_3	-0.00497*	0.00291	-1.711	0.0975
reer_5	-2.87056***	1.01799	-2.820	0.0084
g_3	0.02279***	0.00702	3.248	0.0029
gdpf_4	0.36600**	0.14645	2.499	0.0182
S_dummy1	-0.08546***	0.01696	-5.039	0.0000
S_dummy3	-0.18241***	0.02514	-7.255	0.0000
Adjusted R-squared = 0.76436		F-statistic = 13.34216***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 12.0128 [0.2842]		
LL = 130.28720		Portmanteau(6): Chi <sup>2</sup> (5) = 1.3618 [0.2793]		
sigma = 0.03283		Jarque-Bera test = 0.0274 [0.9864]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.14168***	0.05131	2.761	0.0095
i_3	0.03138*	0.01687	1.860	0.0721
g_5	0.05266***	0.01822	2.890	0.0069
S_dummy1	-0.46420***	0.14863	-3.123	0.0038
S_dummy3	-0.06805	0.06201	-1.097	0.2807
Adjusted R-squared = 0.23180		F-statistic = 1.430972		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 6.8645 [0.3336]		
LL = 83.64470		Portmanteau(6): Chi <sup>2</sup> (5) = 1.6776 [0.1880]		
sigma = 0.11213		Jarque-Bera test = 0.1967 [0.9063]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.02535*	0.01356	1.869	0.0710
i_4	0.01810***	0.00590	3.068	0.0044
ir_sr_2	-0.01477***	0.00522	-2.832	0.0081
reer_4	-4.00007*	2.03010	-1.970	0.0578
def_2	-0.00571**	0.00242	-2.355	0.0250
S_dummy2	-0.13479***	0.04156	-3.243	0.0028
Adjusted R-squared = 0.35795		F-statistic = 2.129455**		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 6.9776 [0.6394]		
LL = 106.43444		Portmanteau(6): Chi <sup>2</sup> (5) = 0.2952 [0.8781]		
sigma = 0.06154		Jarque-Bera test = 1.1521 [0.5621]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.05169***	0.01012	5.108	0.0000
reer_3	2.70483*	1.37327	1.970	0.0576
gdpr_2	0.24395*	0.12441	1.961	0.0587
S_dummy1	-0.02028	0.01929	-1.052	0.3008
S_dummy3	-0.13030***	0.01706	-7.638	0.0000
Adjusted R-squared = 0.66582		F-statistic = 11.28253***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 7.7494 [0.2570]		
LL = 119.27949		Portmanteau(6): Chi <sup>2</sup> (5) = 0.5106 [0.7285]		
sigma = 0.04280		Jarque-Bera test = 2.5546 [0.2788]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.01291**	0.00582	2.219	0.0335
i_4	0.00385*	0.00198	1.945	0.0604
gdpr_5	0.31270***	0.09664	3.236	0.0028
S_dummy3	-0.04792***	0.01551	-3.090	0.0040
Adjusted R-squared = 0.44099		F-statistic = 8.684783***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 7.9698 [0.1579]		
LL = 137.56768		Portmanteau(6): Chi <sup>2</sup> (5) = 1.3002 [0.2969]		
sigma = 0.02571		Jarque-Bera test = 2.3070 [0.3155]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.04214***	0.00995	4.235	0.0002
reer_2	1.68835**	0.80061	2.109	0.0429
S_dummy1	-0.04270***	0.01304	-3.275	0.0025
S_dummy2	-0.02609*	0.01306	-1.998	0.0543
S_dummy3	-0.07066***	0.01318	-5.363	0.0000
Adjusted R-squared = 0.42691		F-statistic = 6.162026***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 5.7385 [0.3325]		
LL = 136.41884		Portmanteau(6): $\chi^2(5) = 0.5045$ [0.7328]		
sigma = 0.02693		Jarque-Bera test = 0.8551 [0.6521]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.040979***	0.009874	-4.150120	0.0003
pc_4	0.002732**	0.001315	2.078152	0.0463
pc_5	0.002384*	0.001219	1.955291	0.0599
reer_4	0.871131*	0.429419	2.028626	0.0515
g_5	-0.012082***	0.002180	-5.542368	0.0000
S_dummy1	0.119067***	0.016722	7.120236	0.0000
S_dummy2	0.057934**	0.022085	2.623170	0.0136
Adjusted R-squared = 0.896518		F-statistic = 52.98108***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 16.1011 [0.0968]		
LL = 115.5935		Portmanteau(6): $\chi^2(5) = 1.3451$ [0.2849]		
sigma = 0.011817		Jarque-Bera test = 0.8447 [0.6555]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance. Due to heteroscedasticity, White's correction has been applied.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.00045	0.00446	0.101	0.9201
ir_lr_3	-0.00659*	0.00365	-1.805	0.0805
g_4	-0.00422**	0.00199	-2.121	0.0417
S_dummy1	-0.03355***	0.00796	-4.214	0.0002
S_dummy2	0.04586***	0.00842	5.444	0.0000
Adjusted R-squared = 0.74755		F-statistic = 32.42482***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 5.9123 [0.4331]		
LL = 148.87154		Portmanteau(6): $\chi^2(5) = 0.6989$ [0.6002]		
sigma = 0.01924		Jarque-Bera test = 1.0724 [0.5850]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	0.13007***	0.03026	4.298	0.0002
reer_5	-4.31807***	1.00660	-4.290	0.0002
g_2	0.01550*	0.00783	1.979	0.0570
g_5	0.02262**	0.00964	2.346	0.0258
S_dumy1	-0.18878***	0.04192	-4.503	0.0001
S_dumy2	-0.12324**	0.05218	-2.362	0.0249
S_dumy3	-0.15580***	0.02535	-6.145	0.0000
Adjusted R-squared = 0.79223		F-statistic = 23.87819***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 6.9796 [0.6392]		
LL = 139.07028		Portmanteau(6): Chi <sup>2</sup> (5) = 0.2100 [0.9301]		
sigma = 0.02589		Jarque-Bera test = 0.0117[0.9942]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. The number following the name of seasonal dummy indicates the quarter. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

$\Delta$ Contribution	Coefficient	Standard error	t-value	p-value
Constant	-0.01066	0.00718	-1.485	0.1471
i_4	0.01652***	0.00322	5.127	0.0000
g_2	-0.01613***	0.00464	-3.478	0.0014
gdpr_5	0.43606***	0.15110	2.886	0.0068
Adjusted R-squared = 0.48876		F-statistic = 8.895149***		
Number of obs. = 37		ARCH 1-1 test: F(1,22) = 4.9704 [0.5476]		
LL = 119.36570		Portmanteau(6): Chi <sup>2</sup> (5) = 0.5424 [0.7060]		
sigma = 0.04205		Jarque-Bera test = 3.2026 [0.2016]		

Source: Authors' calculations.

Notes: p-values are given in brackets. The number of time lags follows the variable name. \*\*\*1 percent significance, \*\*5 percent significance and \*10 percent significance.

	Domestic demand		Monetary policy		Exchange rate	Fiscal policy		Foreign demand
	Personal consumption (% of GDP)	Investments (% of GDP)	Real short-run interest rate (in %)	Real long-run interest rate (in %)	Real effective exchange rate	Government consumption (% of GDP)	Fiscal deficit (% of GDP)	GDP of top five export partners
D15	2 5	-	-	3	-	-	-	-
D16	5	-	-	-	5	1 5	-	-
D17	-	-	5	-	5	5	-	-
D18	4	-	-	-	2	1	-	4
D19	-	-	-	2	2	3	-	-
D20	4	-	1	-	2	2	-	-
D21	-	-	-	-	-	4	-	-
D22	3 4	-	-	4	-	-	5	-
D23	-	-	-	-	-	-	1	-
D24	-	-	-	-	-	3	-	-
D25	4	-	-	-	-	4	-	4
D26	-	4	-	3	2	-	1	-
D27	-	3	-	-	1	-	-	-
D28	-	-	-	-	-	-	3	4
D29	-	-	-	5	1	4	-	-
D30	-	-	-	-	-	-	-	5
D31	-	-	3	-	5	3	-	4
D32	-	3	-	-	-	5	-	-
D33	-	4	2	-	4	-	2	-
D34	-	-	-	-	3	-	-	2
D35	-	4	-	-	-	-	-	5
D36	-	-	-	-	2	-	-	-

Source: Authors' calculations.

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