

Table A1: Input data for growth accounting in aggregate economy

Estonia	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
employment (labor force survey)	826.3	810.6	766.7	705.2	681.5	633.4	619.3	617.2	606.4	579.3	572.6	577.8	585.4	594.3
GDP volume			106.9	97.8	95.9	100.0	103.9	114.1	119.4	118.6	127.3	135.5	143.6	150.4
GFCF (95 constant prices)		16211.1	9131.4	9561.3	10163.1	10576.4	11778.6	13846.4	15407.2	13134.6	14885.4	16705.7	19400.3	21819.7
Latvia	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
employment (official estimates)	1409.0	1397.0	1294.0	1205.0	1083.0	1046.0	1018.0	1037.0	1043.0	1038.0	1038.0	1037.0	1006.0	
employment (labor force survey)	<i>1312.8</i>	<i>1301.6</i>	<i>1205.7</i>	<i>1122.7</i>	<i>1009.1</i>	<i>974.6</i>	948.5	990.5	986.2	968.4	941.2	962.1	988.9	1006.9
GDP volume	203.3	182.2	118.7	101.0	101.7	100.0	103.7	112.4	117.7	121.1	129.3	139.6	148.1	159.1
GFCF (95 constant prices)	1496.9	539.9	384.7	323.9	326.5	354.9	434.0	524.0	754.5	724.2	868.8	1016.6	1122.6	1180.86
Lithuania	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
employment (official estimates)	1852.7	1897.6	1855.2	1778.2	1675.0	1643.6	1659.0	1669.2	1656.1	1647.5	1586.0	1521.8	1582.7	
employment (labor force survey)	<i>1743.5</i>	<i>1785.7</i>	<i>1745.8</i>	<i>1673.4</i>	<i>1576.3</i>	<i>1546.7</i>	<i>1561.2</i>	1570.8	1597.6	1598.4	1398.0	1351.9	1406.1	1438.0
GDP volume	172.4	162.7	128.1	107.3	96.8	100.0	104.7	112.0	120.2	118.1	122.8	130.0	139.4	151.9
GFCF (95 constant prices)						5459.7	6291.3	7833.8	9100.7	8242.3	7508.2	8690.0	9346.7	10795.4

Sources: IMF International Financial Statistics, ILO labor statistics database and national statistical offices. Employment data is in thousands of employees.

Investment data is in millions of 1995 local currency units. Employment data in italics calculated using growth rates for the official estimates of employment.

* non-final data

Table A2: Estimates of capital stock (end of year data)

Latvia	1995	1996	1997	1998	1999	2000	2001	2002
nominal GDP	2340.9	2830.23	3301.57	3624.01	3857.54	4364.13	4840.38	5189.87
fixed tangibe and intangible assets	2083.31	2242.73	2659.82	3310.17	3618.64	4037.54	4203.44	4528.43
Capital-output ratio	0.89	0.79	0.81	0.91	0.94	0.93	0.87	0.87
Net investments (enterprise data)		159.42	417.09	650.36	308.47	418.90	165.89	324.99
Net investments (N.A. data)		208.50	269.20	510.00	490.00	623.00	686.43	715.92
Ratio of net investments (Enterprise data/N.A. data)		0.76	1.55	1.28	0.63	0.67	0.24	0.45
Estonia	1995	1996	1997	1998	1999	2000	2001	2002
nominal GDP (excl. value added of sectors not covered in fixed asset data)	34005.9	44245.5	54229.5	62810.6	64835.6			
fixed tangibe and intangible assets	31834.9	38581.8	49994.3	78319.3	81193.3			
Capital-output ratio	0.94	0.87	0.92	1.25	1.25			
Net investments (enterprise data)		6746.91	11412.5	28325.1	2873.99			
Net investments (N.A. data)		8288.5	10451	11650	7594.5			
Ratio of net investments (Enterprise data/N.A. data)		0.81	1.09	2.43	0.38			
Lithuania	1995	1996	1997	1998	1999	2000	2001	2002
nominal GDP (excl. value added of sectors not covered in fixed asset data)						41233.0	44063.8	47136
fixed tangibe and intangible assets						36668.2	39027.6	38742.6
Capital-output ratio						0.89	0.89	0.82
Net investments (enterprise data)							2830.8	3072.2
Net investments (N.A. data)							3117.19	3715.27
Ratio of net investments (Enterprise data/N.A. data)							0.90813	0.82691

Sources: Data is obtained from publication "Financial indicators of enterprises" for each country, various issues. All data in millions of nominal national currency units. Data for Estonia not available after 1999. Net investments from N.A. data obtained as gross investments-consumption of fixed capital (see Table A8 for the underlying data).

Table A3: Growth rates of output, employment and investments

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Accumulat ed growth, 1996-02	Average yearly growth, 1996-02
Estonia															
GDP growth				-0.020	0.042	0.038	0.093	0.045	-0.006	0.070	0.063	0.058	0.046	0.362	0.052
Employment growth	-0.019	-0.056	-0.084	-0.034	-0.073	-0.023	-0.003	-0.018	-0.046	-0.012	0.009	0.013	0.015	-0.079	-0.011
Capital stock growth		0.157	0.134	0.120	0.106	0.106	0.116	0.114	0.070	0.078	0.084	0.094	0.098	0.664	0.095
Gross fixed investments/GDP		0.209	0.242	0.268	0.259	0.267	0.280	0.296	0.249	0.254	0.265	0.285	0.302	-	0.271
Latvia															
GDP growth	-0.110	-0.429	-0.161	0.006	-0.017	0.036	0.080	0.046	0.028	0.066	0.076	0.059	0.072	0.393	0.056
Employment growth	-0.009	-0.077	-0.071	-0.107	-0.035	-0.027	0.043	-0.004	-0.018	-0.028	0.022	0.027	0.018	0.015	0.002
Capital stock growth	0.101	0.039	0.017	0.016	0.023	0.042	0.061	0.107	0.083	0.099	0.109	0.107	0.098	0.608	0.087
Gross fixed investments/GDP		0.112	0.138	0.149	0.152	0.183	0.188	0.273	0.252	0.265	0.270	0.264	0.255	-	0.242
Lithuania															
GDP growth	-0.058	-0.239	-0.177	-0.103	0.032	0.046	0.068	0.070	-0.017	0.038	0.058	0.070	0.086	0.332	0.047
Employment growth	0.024	-0.023	-0.042	-0.060	-0.019	0.009	0.006	0.017	0.001	-0.134	-0.034	0.039	0.022	-0.095	-0.014
Capital stock growth					0.075	0.085	0.107	0.115	0.080	0.056	0.068	0.068	0.079	0.579	0.083
Gross fixed investments/GDP		0.230	0.231	0.231	0.214	0.214	0.230	0.242	0.222	0.188	0.202	0.204	0.208	-	0.215

Sources: see Table A1 and authors' calculations. Capital stock growth calculations based on capital-output ratio of 1.5 in 1995 and depreciation rate of 0.08.

* non-final data

Table A4: Contribution of capital , labor and TFP to output growth

														Accumulated contribution	
Estonia	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	1996-02	1994-02
growth of GDP				-0.020	0.042	0.038	0.093	0.045	-0.006	0.070	0.063	0.058	0.046	0.362	0.383
contribution of capital				0.040	0.035	0.035	0.038	0.038	0.023	0.026	0.028	0.031	0.032	0.219	0.294
(%)				-198	84	91	41	84	-366	37	44	54	70	61	77
contribution of labor				-0.023	-0.049	-0.015	-0.002	-0.012	-0.031	-0.008	0.006	0.009	0.010	-0.053	-0.125
(%)				114	-117	-39	-2	-26	483	-11	10	15	22	-15	-33
contribution of TFP				-0.037	0.056	0.019	0.057	0.019	0.001	0.052	0.029	0.018	0.004	0.196	0.215
(%)				184	134	48	61	42	-17	74	46	31	8	54	56
Latvia	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*	1996-02	1994-02
growth of GDP	-0.110	-0.429	-0.161	0.006	-0.017	0.036	0.080	0.046	0.028	0.066	0.076	0.059	0.072	0.393	0.382
contribution of capital	0.033	0.013	0.006	0.005	0.008	0.014	0.020	0.035	0.027	0.033	0.036	0.035	0.032	0.201	0.213
(%)	-30	-3	-3	83	-45	39	25	76	98	49	47	60	45	51	56
contribution of labor	-0.006	-0.051	-0.048	-0.072	-0.023	-0.018	0.029	-0.003	-0.012	-0.019	0.015	0.018	0.012	0.010	-0.085
(%)	5	12	30	-1106	140	-50	36	-6	-44	-29	19	31	17	2	-22
contribution of TFP	-0.138	-0.390	-0.119	0.073	-0.001	0.040	0.031	0.014	0.013	0.053	0.026	0.005	0.028	0.182	0.254
(%)	125	91	74	1124	5	112	39	30	46	80	34	9	38	46	66
Lithuania	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*	1996-02	1994-02
growth of GDP					0.032	0.046	0.068	0.070	-0.017	0.038	0.058	0.070	0.086	0.332	
contribution of capital					0.025	0.028	0.035	0.038	0.026	0.018	0.022	0.023	0.026	0.191	
(%)					78	62	52	54	-154	48	39	32	31	58	
contribution of labor					-0.013	0.006	0.004	0.011	0.000	-0.090	-0.022	0.026	0.015	-0.064	
(%)					-40	14	6	16	-2	-234	-39	38	18	-19	
contribution of TFP					0.020	0.011	0.028	0.021	-0.044	0.110	0.058	0.021	0.045	0.205	
(%)					62	25	42	30	256	286	100	30	52	62	

Sources: authors' calculations

* non-final data

Table A5: Adjusted wage share based on GDP at current factor prices

	1995	1996	1997	1998	1999	2000	2001	2002	Average
Estonia	0.71	0.68	0.67	0.64	0.67	0.63	0.61	0.60	0.65
Latvia	0.67	0.69	0.70	0.68	0.66	0.60	0.59	0.59	0.65
Lithuania	0.47	0.46	0.48	0.49	0.51	0.48	0.45	0.45	0.47

Sources: Eurostat

Table A6: Sensitivity of growth accounting results for 1996-2002

	1	2	3	4	5	6	7
	Baseline case	K/Y=1.3	K/Y=1.7	Time-varying income shares	Time-varying depreciation rate	Time-varying income shares and depreciation rate	Employment adjusted for hours worked
Estonia							
annual growth of GDP	0.052	0.052	0.052	0.052	0.052	0.052	0.052
contribution of capital	0.031	0.036	0.027	0.034	0.030	0.033	0.031
(%)	61	70	53	65	59	63	61
contribution of labor	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.010
(%)	-15	-15	-15	-15	-15	-15	-19
contribution of TFP	0.028	0.023	0.032	0.026	0.029	0.027	0.030
(%)	54	45	62	50	56	52	59
Latvia							
annual growth of GDP	0.056	0.056	0.056	0.056	0.056	0.056	0.056
contribution of capital	0.029	0.033	0.025	0.032	0.028	0.031	0.029
(%)	51	60	44	56	50	55	51
contribution of labor	0.001	0.001	0.001	0.001	0.001	0.001	-0.004
(%)	2	2	2	2	2	2	-7
contribution of TFP	0.026	0.021	0.030	0.023	0.027	0.024	0.031
(%)	46	38	54	41	48	43	56
Lithuania							
annual growth of GDP	0.047	0.047	0.047	0.047	0.047	0.047	0.047
contribution of capital	0.027	0.032	0.023	0.043	0.023	0.036	0.027
(%)	58	68	49	91	48	76	58
contribution of labor	-0.009	-0.009	-0.009	-0.006	-0.009	-0.006	-0.013
(%)	-19	-19	-19	-14	-19	-14	-28
contribution of TFP	0.029	0.025	0.033	0.011	0.034	0.018	0.033
(%)	62	52	70	22	72	38	71

Sources: authors' calculations. Time varying income shares taken from Table A5. Time varying depreciation rates from Table A8.

Table A7: Capital-output ratios and the implied return on capital

Estonia	1994	1995	1996	1997	1998	1999	2000	2001	2002
K/Y, baseline case	1.41	1.50	1.61	1.64	1.76	1.90	1.92	1.96	2.03
Return on capital, baseline case	0.23	0.22	0.21	0.20	0.19	0.17	0.17	0.17	0.16
K/Y, data based parameter values	1.40	1.50	1.62	1.66	1.77	1.89	1.89	1.92	1.99
Return on capital, data based parameter values	0.19	0.19	0.20	0.20	0.20	0.17	0.19	0.20	0.20
Latvia									
K/Y, baseline case		1.50	1.51	1.48	1.57	1.66	1.72	1.77	1.86
Return on capital, baseline case		0.22	0.22	0.23	0.21	0.20	0.19	0.19	0.18
K/Y, data based parameter values		1.50	1.51	1.49	1.57	1.66	1.71	1.76	1.84
Return on capital, data based parameter values		0.22	0.20	0.20	0.20	0.21	0.23	0.23	0.23
Lithuania									
K/Y, baseline case	1.44	1.50	1.56	1.62	1.73	1.91	1.94	1.95	1.95
Return on capital, baseline case	0.23	0.22	0.21	0.21	0.19	0.17	0.17	0.17	0.17
K/Y, data based parameter values		1.50	1.54	1.57	1.65	1.80	1.80	1.78	1.77
Return on capital, data based parameter values		0.35	0.35	0.33	0.31	0.27	0.29	0.31	0.31

Sources: authors' calculations. 'Baseline case' series use capital stock growth rates from Table A3 and assume that capital-output ratio in 1995 is 1.5. Return on capital calculated using a capital income share equal to 0.33. 'Data based parameter values' use depreciation rates from Table A8 and assume a capital-output ratio of 1.5 in 1995. Return on capital calculated using capital income shares from Table A5.

**Table A8: Estimates of depreciation rates based on consumption of fixed capital
(current prices)**

Estonia	1995	1996	1997	1998	1999	2000	2001	2002
Consumption of fixed capital	4579.5	5726.8	7511.4	10111	11428.5	13208.7	14326.1	14616.5
Gross fixed capital formation	10576.4	14015.3	17962.4	21761	19023	22193.2	25912.6	30815.1
Capital stock (K/Y=1.5 in 1995 assumed)	61345.2	81282.86	99067.93	119510.3	130144.3	142958.6	160316.4	180366.3
Depreciation rate	0.075	0.070	0.076	0.085	0.088	0.092	0.089	0.081
Latvia								
Consumption of fixed capital	286.9	304.3	344.5	469.5	490	528.5	611.07	644.68
Gross fixed capital formation	354.9	512.8	613.7	979.5	980	1151.5	1297.5	1360.6
Capital stock (K/Y=1.5 in 1995 assumed)	3524	4014	4601	5428	5983	6421	6902	7503
Depreciation rate	0.081	0.076	0.075	0.086	0.082	0.082	0.089	0.086
Lithuania								
Consumption of fixed capital	2860.6	4219.1	5067.2	5648.9	6020.0	6300.5	6667.4	6833.9
Gross fixed capital formation	5459.7	6901.6	9049.0	10723.1	9614.2	8565.3	9784.6	10549.2
Capital stock (K/Y=1.5 in 1995 assumed)	37171.5	43459.7	49744.8	55813.9	58850.0	59820.0	62159.6	65874.8
Depreciation rate	0.077	0.097	0.102	0.101	0.102	0.105	0.107	0.104

Sources: IMF International Financial Statistics and authors' calculations. Also see sources in Table A1.

All data, except depreciation rates, in millions of current local currency units.

Table A9: Aggregate employment by age groups (as a fraction of total employment)

Age group	1995	1996	1997	1998	1999	2000	2001	2002	2002-1995
Estonia									
15-24	0.128	0.123	0.123	0.120	0.109	0.110	0.109	0.097	-0.031
25-34	0.242	0.237	0.238	0.236	0.237	0.244	0.237	0.233	-0.009
35-49	0.397	0.405	0.402	0.401	0.403	0.393	0.397	0.397	0.000
50+	0.232	0.235	0.237	0.243	0.250	0.253	0.257	0.273	0.040
Latvia									2002-1996
15-24		0.125	0.119	0.111	0.111	0.105	0.102	0.108	-0.017
25-34		0.250	0.255	0.256	0.249	0.253	0.251	0.246	-0.004
35-49		0.393	0.388	0.398	0.401	0.403	0.406	0.392	-0.001
50+		0.232	0.238	0.235	0.239	0.239	0.241	0.254	0.022
Lithuania									2002-1998
15-24				0.110	0.104	0.090	0.083	0.085	-0.025
25-34				0.271	0.271	0.267	0.271	0.268	-0.003
35-49				0.404	0.405	0.414	0.420	0.424	0.020
50+				0.215	0.221	0.229	0.226	0.223	0.008

Sources: National statistical offices.

Table A10: Input data for growth accounting in traded and nontraded sectors

Estonia	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
traded sector													
employment (labor force survey)	412.2	388.4	351.6	292.6	266.4	246.8	233.1	217	210.3	194.2	192.3	191.3	185.1
VA (constant prices of 1995)						12141	12281	13458	13679	13221	14600	15412	17019
GFCF (95 constant prices, NSO data)		8725	3255	3293	3010	3176	3571	3960	5207	4418	4765	5407	6280
nontraded sector													
employment (labor force survey)	414.1	422.2	415.1	412.6	415.1	386.6	386.2	400.2	396.1	385.1	380.3	386.5	400.3
VA (constant prices of 1995)						26634	28124	31174	33117	33571	35869	38243	40428
GFCF (95 constant prices, NSO data)		7486	5877	6268	7153	7400	8208	9887	10200	8717	10120	11298	13121
Latvia													
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
traded sector													
employment (official estimates)	636	619	587	513	436	407	388	402	376	360	347		
employment (labor force survey)	<i>607.8</i>	<i>591.6</i>	<i>561.0</i>	<i>490.3</i>	<i>416.7</i>	<i>389.0</i>	370.8	417.4	396.1	353.8	329	331.4	345.5
VA (constant prices of 1995)	2043	2041	1170	855.4	772.1	771.5	771.4	856.6	872.9	827.8	876.9	954.7	1010
GFCF (95 constant prices, NSO)						87.89	103.3	150.2	203	217.3	228.8	267.8	313.9
nontraded sector													
employment (official estimates)	773	778	707	692	647	639	630	635	667	678	691		
employment (labor force survey)	<i>708.8</i>	<i>713.4</i>	<i>648.3</i>	<i>634.6</i>	<i>593.3</i>	<i>586.0</i>	577.7	573.1	590.1	614.6	612.2	630.7	643.4
VA (constant prices of 1995)	2117	1642	1204	1181	1278	1243	1306	1408	1496	1585	1698	1835	1954
GFCF (95 constant prices, NSO)						225.8	371.9	446.5	609.9	553.5	715	750.9	825.5
Lithuania													
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
traded sector													
employment (official estimates)	941.5	904.4	899.2	857.8	769	740.3	734.7	699.1	687.1	658.9	635	575	
employment (labor force survey)	<i>893.4</i>	<i>858.2</i>	<i>853.3</i>	<i>814.0</i>	<i>729.7</i>	<i>702.5</i>	<i>697.2</i>	663.4	675.4	653.1	552.4	515	543.9
VA (constant prices of 1995)					7960	8721	9369	9956	10592	9811	10366	11294	11899
GFCF (95 constant prices, NSO)						1866	2330	2812	3134	3072	2676	2943	3086
nontraded sector													
employment (official estimates)	911.2	993.2	956	920.4	906	903.3	924.3	970.1	969	988.6	951	946.8	
employment (labor force survey)	<i>852.3</i>	<i>929.0</i>	<i>894.2</i>	<i>860.9</i>	<i>847.4</i>	<i>844.9</i>	<i>864.6</i>	907.4	922.2	945.3	845.6	836.9	862.2
VA (constant prices of 1995)					13472	13939	14391	15499	16688	16848	17355	18251	19596
GFCF (95 constant prices, NSO)						3594	3961	5021	5967	5170	4832	5747	6261

Sources: VA and investment data is from various publications of National Statistical offices. Employment data from ILO labor statistics database. Employment data is in thousands of employees. Investment and value added data is in millions of 1995 local currency units. Employment data in italics calculated using growth rates for the official estimates of employment.

Table A11: Growth rates of output, employment and investments in traded and nontraded sectors

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Accumu-lated growth 1996-2002	Average 1996-2002
Estonia														
traded sector														
GDP growth						0.012	0.091	0.016	-0.034	0.099	0.054	0.099	0.338	0.048
Employment growth	-0.059	-0.100	-0.184	-0.094	-0.076	-0.057	-0.072	-0.031	-0.080	-0.010	-0.005	-0.033	-0.288	-0.041
Capital stock growth					0.057	0.065	0.071	0.102	0.062	0.064	0.073	0.084	0.521	0.074
Gross fixed investments/VA					0.26	0.29	0.29	0.38	0.33	0.33	0.35	0.37	-	0.34
nontraded sector														
GDP growth						0.054	0.103	0.060	0.014	0.066	0.064	0.056	0.417	0.060
Employment growth	0.019	-0.017	-0.006	0.006	-0.071	-0.001	0.036	-0.010	-0.028	-0.013	0.016	0.035	0.035	0.005
Capital stock growth					0.139	0.132	0.143	0.121	0.075	0.086	0.090	0.100	0.747	0.107
Gross fixed investments/VA					0.28	0.29	0.32	0.31	0.26	0.28	0.30	0.32	-	0.30
Latvia														
traded sector														
GDP growth	-0.001	-0.557	-0.313	-0.102	-0.001	0.000	0.105	0.019	-0.053	0.058	0.085	0.057	0.270	0.039
Employment growth	-0.027	-0.053	-0.135	-0.163	-0.069	-0.048	0.118	-0.052	-0.113	-0.073	0.007	0.042	-0.118	-0.017
Capital stock growth					-0.027	-0.016	0.014	0.045	0.048	0.048	0.062	0.076	0.277	0.040
Gross fixed investments/VA					0.11	0.13	0.18	0.23	0.26	0.26	0.28	0.31	-	0.24
nontraded sector														
GDP growth	-0.254	-0.310	-0.019	0.079	-0.028	0.050	0.076	0.060	0.057	0.069	0.078	0.063	0.452	0.065
Employment growth	0.006	-0.096	-0.021	-0.067	-0.012	-0.014	-0.008	0.029	0.041	-0.004	0.030	0.020	0.094	0.013
Capital stock growth					0.043	0.109	0.122	0.160	0.110	0.137	0.120	0.116	0.874	0.125
Gross fixed investments/VA					0.18	0.28	0.32	0.41	0.35	0.42	0.41	0.42	-	0.37
Lithuania														
traded sector														
GDP growth					0.091	0.072	0.061	0.062	-0.077	0.055	0.086	0.052	0.311	0.044
Employment growth	-0.040	-0.006	-0.047	-0.109	-0.038	-0.008	-0.050	0.018	-0.034	-0.167	-0.070	0.055	-0.256	-0.037
Capital stock growth					0.041	0.064	0.082	0.086	0.070	0.043	0.049	0.049	0.443	0.063
Gross fixed investments/VA					0.21	0.25	0.28	0.30	0.31	0.26	0.26	0.26	-	0.27
nontraded sector														
GDP growth					0.0341	0.0319	0.0742	0.0739	0.0095	0.0296	0.0503	0.0711	0.341	0.049
Employment growth	0.086	-0.038	-0.038	-0.016	-0.003	0.023	0.048	0.016	0.025	-0.111	-0.010	0.030	0.020	0.003
Capital stock growth					0.1024	0.1016	0.1258	0.1348	0.086	0.0636	0.0793	0.0803	0.671	0.096
Gross fixed investments/VA					0.26	0.28	0.32	0.36	0.31	0.28	0.31	0.32	-	0.31

Sources: see Table A10. Capital stock growth in each sector calculations based on capital-output ratio of 1.5 in 1995 and depreciation rate of 0.08.

Table A12: Growth accounting in traded and nontraded sectors (1996-2002)

Estonia	Nontraded sector	Traded sector
growth of GDP	0.417	0.338
contribution of capital	0.246	0.172
(%)	59	51
contribution of labor	0.023	-0.193
(%)	6	-57
contribution of TFP	0.148	0.359
(%)	35	106
Latvia		
growth of GDP	0.452	0.270
contribution of capital	0.288	0.092
(%)	64	34
contribution of labor	0.063	-0.079
(%)	14	-29
contribution of TFP	0.101	0.258
(%)	22	95
Lithuania		
growth of GDP	0.341	0.311
contribution of capital	0.222	0.146
(%)	65	47
contribution of labor	0.014	-0.171
(%)	4	-55
contribution of TFP	0.106	0.336
(%)	31	108

Sources: authors' calculations

Table A13: Adjusted wage share in manufacturing based on GDP at current factor prices

	1995	1996	1997	1998	1999	2000	2001	2002	Average
Estonia	0.75	0.71	0.71	0.65	0.68	0.63	0.63	0.64	0.68
Latvia	0.60	0.60	0.66	0.77	0.74	0.73	0.64	0.61	0.67
Lithuania	0.48	0.50	0.51	0.48	0.60	0.50	0.48	0.51	0.51

Sources: Eurostat

Table A14: Growth accounting in selected sectors of economic activity (1996-2002)

		Wholesale and retail trade	Transport, storage and communications	Manufacturing	
Estonia					
tradability		0.10	0.19	0.55	0.82
growth of GDP		0.650	0.393	0.551	0.563
contribution of capital		0.321	0.296	0.354	0.265
	(%)	49	75	64	47
contribution of labor		0.080	0.050	-0.105	-0.139
	(%)	12	13	-19	-25
contribution of TFP		0.248	0.048	0.301	0.437
	(%)	38	12	55	78
Latvia					
tradability		0.01	0.14	0.49	0.74
growth of GDP		0.606	0.728	0.365	0.425
contribution of capital		0.516	0.509	0.273	0.254
	(%)	85	70	75	60
contribution of labor		0.134	0.104	0.000	-0.112
	(%)	22	14	0	-26
contribution of TFP		-0.045	0.115	0.092	0.283
	(%)	-7	16	25	67
Lithuania					
tradability		0.09	0.17	0.46	0.75
growth of GDP		0.113	0.460	0.290	0.445
contribution of capital		0.425	0.576	0.226	0.144
	(%)	375	125	78	32
contribution of labor		-0.083	0.035	-0.077	-0.103
	(%)	-73	8	-26	-23
contribution of TFP		-0.229	-0.150	0.141	0.405
	(%)	-203	-33	48	91

Sources: authors' calculations. Tradability calculated as (exports+imports)/(gross output) using 1998 input-output table for Latvia and Lithuania and 1997 input-output table for Estonia.

Table A15: Capital-output ratios in selected sectors of economic activity (end of 1995)

	Estonia	Latvia	Lithuania (end of 2000)
Manufacturing	1.32	1.00	1.22
Construction	0.51	0.69	0.62
Wholesale and retail trade, etc.	0.95	0.66	0.51
Transport, storage and communication	1.69	2.03	1.74

Sources: Authors' calculations. Data from publication "Financial indicators of enterprises" for each country.