PATTERNS OF STRUCTURAL CHANGE. THE CASE OF THE CZECH REPUBLIC AND SLOVAKIA, 1993-2009.

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Abstract

This paper uses statistical data from national account to explore the important factors of development of industry structure in the Czech Republic and Slovakia in transition.
Structural profile of the Czech economy is chosen as a relevant benchmark for multi-industry examination, which focuses on identifying similarities or differences between the industrial structures of countries. The approach is based on gross value added and employment.
The paper reviews some results of industrial restructuring and shows some interesting interindustry and intraindustry differences in this respect. By computing structural deviation and structural indexes (Herfindahl's index, Kugman's index and index of concentration) the paper provides quantitative insight into the formation of the structure of Czech and Slovak economies. The results suggest that implementation of extensive structural changes have significantly changed structural profile of each country and they have contributed to the convergence of their structural profile. These changes include, for instance, increase in the share of real estate activities, retail trade and repair of vehicles, other services activities, education and human health services and the decline of the share of agriculture and mining and quarrying. Increase in the share of education and health services was not so dynamic in Slovakia, thereby Slovakia achieved lower share of value added in these industry compared with the Czech Republic. Slovak proportion of value added in agricultural is, even after realization of structural trend of deagrarianization, still high compared with the proportion of Czech Republic. A disaggregated view of the industry showed that a significant dominance of Slovak industry is based on low-tech industrial division such as manufacture of basic metals and metal products, while the Czech Republic is dominated in high-tech industrial division.