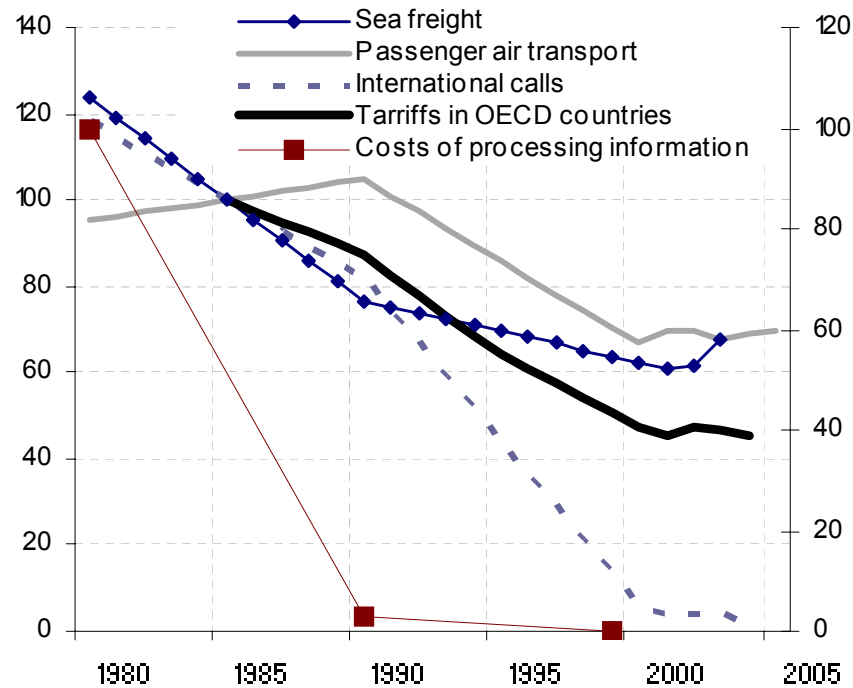


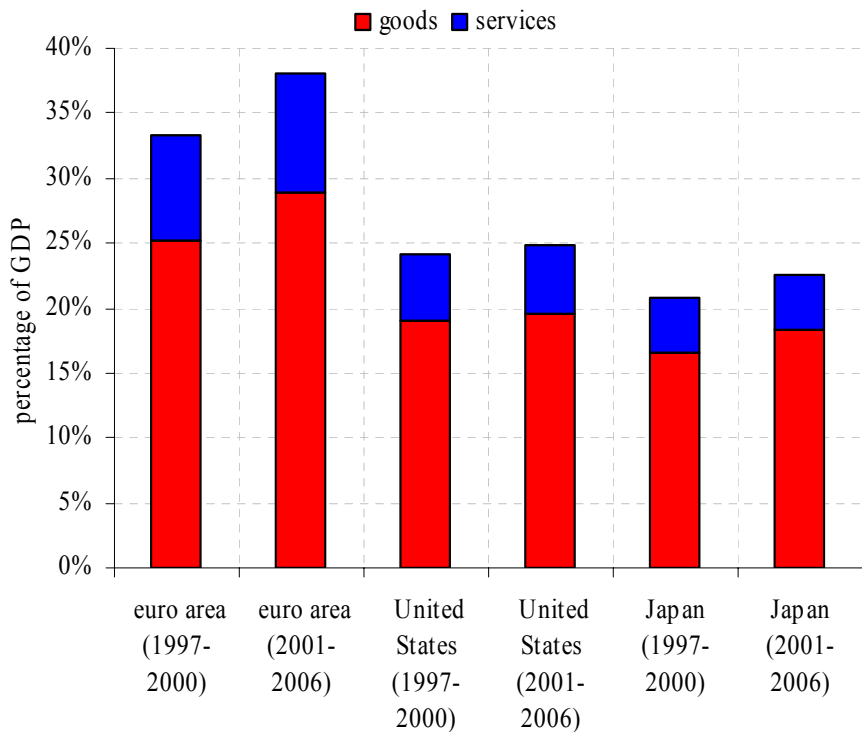
Chart I: Costs of transport, information processing costs, and tariffs (Index, 1985-100)



Source: OECD.

Note: Tariffs are median of national mean bound tariffs for OECD countries, Sea freight is average international freight charges per tonne, passenger air transport is average airline revenue per passenger mile/US import air passenger fares; international calls is cost of a three-minute call from New York to London, costs of processing information is cost of computing an average operation (sum and multiplication).

Chart 2a:
Openness of the euro area, the United States and Japan

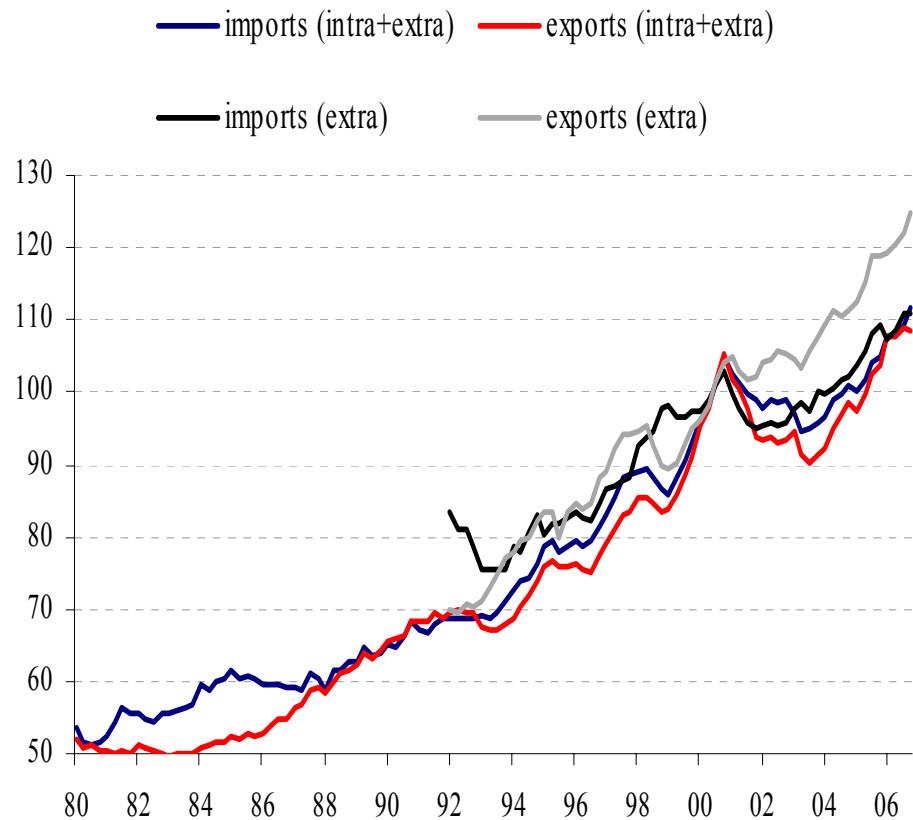


Source: ECB calculations.

Note: The degree of openness is measured as exports plus imports as a percentage of GDP, average 1997-2006. Euro area based on extra euro area trade.

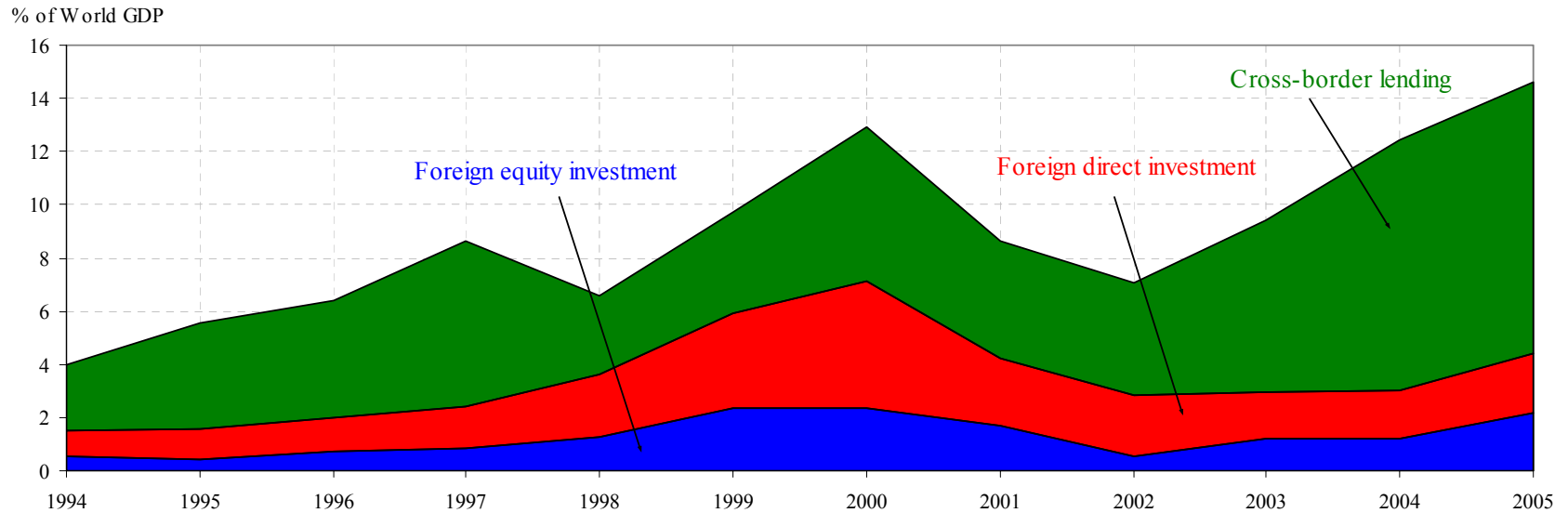
Chart 2b:
Total and extra-euro area imports and exports divided by GDP

(quarterly data; indices; 2000=100; volumes)



Source: ECB calculations.

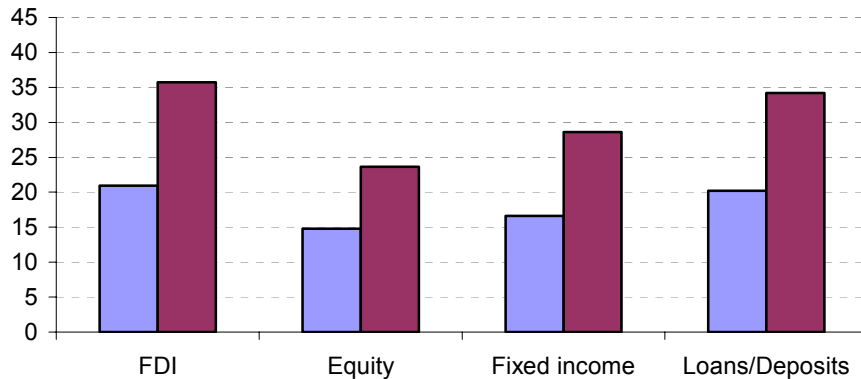
Chart 3: Inward capital flows in the OECD countries



Euro area foreign assets

(as percentage of GDP)

■ 1999 ■ 2006



Euro area foreign liabilities

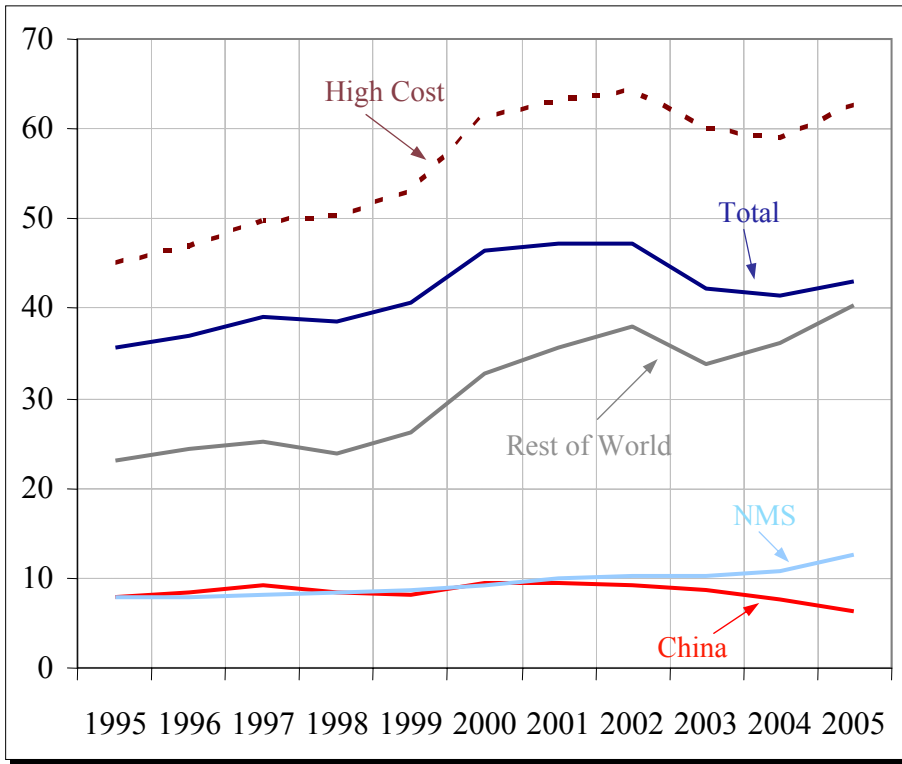
(as percentage of GDP)

■ 1999 ■ 2006



Chart 4a: China and NMS have lower import price level

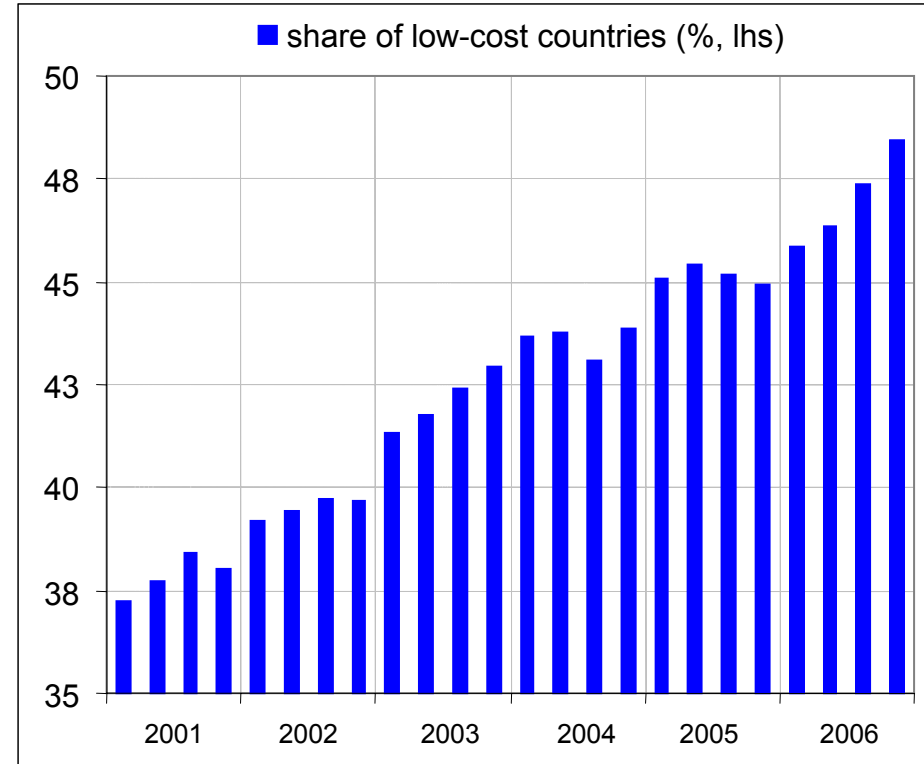
(euros per kg of EA manufacturing imports)



Source: Eurostat Comext data and ECB staff calculations.
Note: Latest observation refers to 2005.

Chart 4b: Rising share of low-cost countries in euro area imports

(values in euro; % of extra-EA imports)



Source: Eurostat, ECB staff calculations
Note: Latest observation refers to Q4 2006. Low-cost countries consists of 15 countries and regions (including ASEAN, NMS, CIS, China, India, etc).

Table I

Impact of low-cost countries on extra-EA manuf. import prices

Decomposition of low-cost effect

*(annual average 1996-2004, percentage points unless
otherwise indicated)*

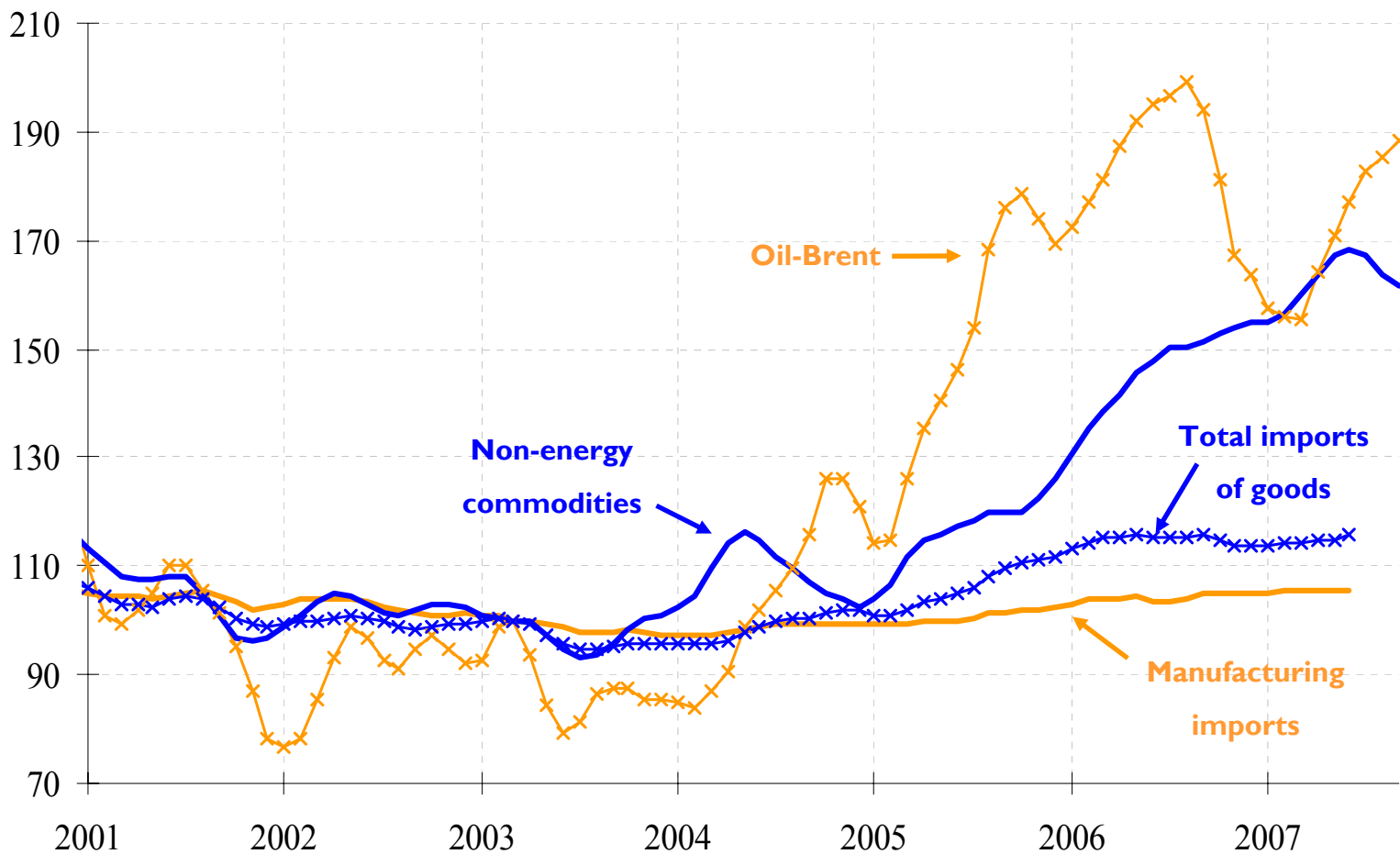
Low-cost effect (aggregate direct effect)	-2.1
Share effect	-1.6
Of which:	
China	-0.8
NMS	-0.7
Rest of low-cost	0.0
Price effect	-0.5
Of which:	
China	-0.2
NMS	-0.2
Rest of low-cost	-0.1

Sources: ECB staff calculations.

Note: “Share effect” captures the impact of rising import share and relatively low price level of low cost import suppliers (1.6 pp per annum); “price effect” captures impact of relatively lower import price inflation of low cost countries (0.5 pp per annum).

Chart 5 Extra-euro area import and commodity prices

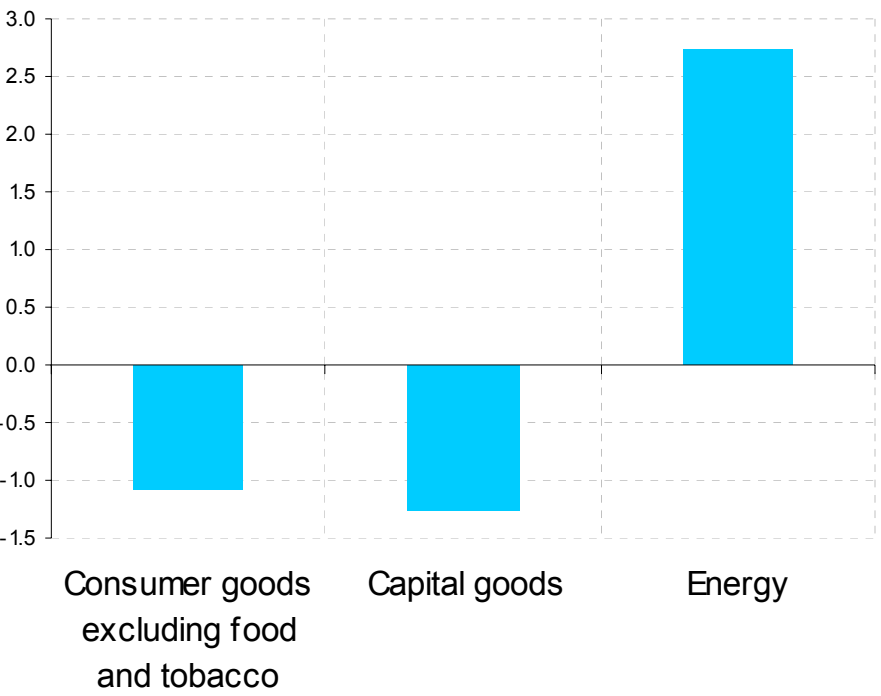
(indices: 2003M1=100, 3-month moving avg.)



Sources: ECB, HWWA and Eurostat.

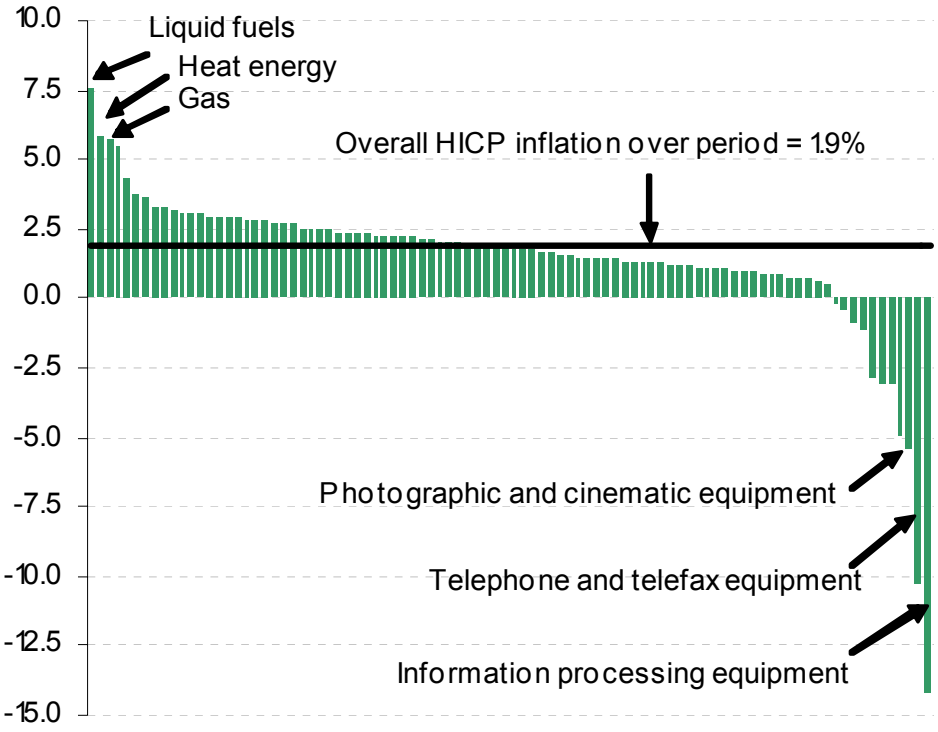
Note: Last observation relates to dates from July 2007 to September 2007. All prices are in euro.

Chart 6a:
Producer prices: Evolution of selected sub-indices relative to overall index
(Difference between annualised growth rate over 1996-2006 in component relative to overall index, %)



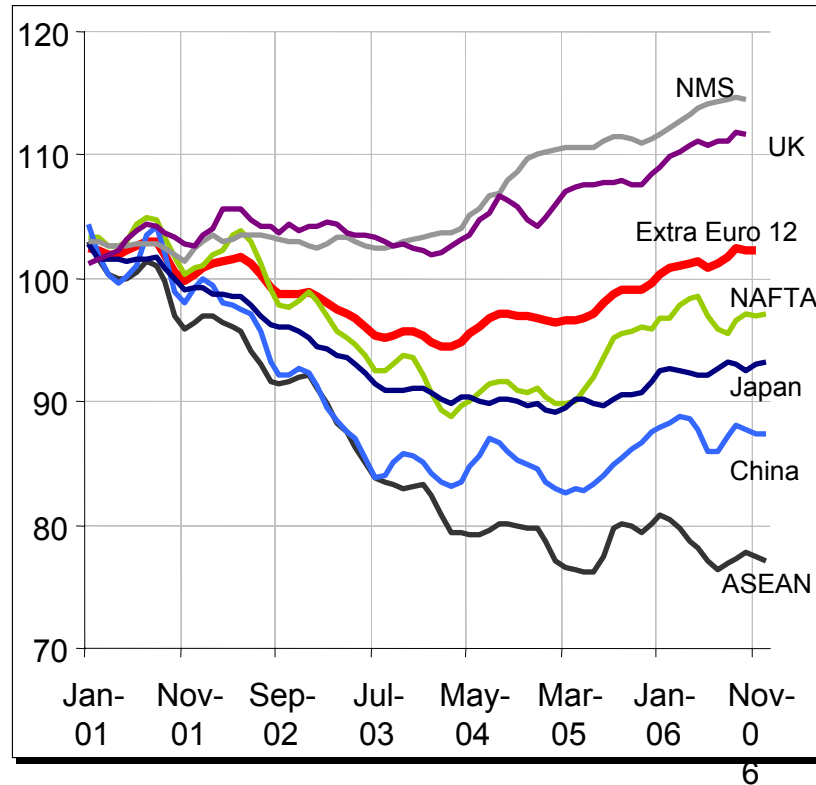
Source: ECB calculations based on Eurostat data.

Chart 6b:
Consumer prices: average price changes in euro area HICP subcomponents
(average annual change over 1996-2006, %)



Source: ECB calculations based on Eurostat data.
 Note: Data for 92 HICP subcomponents.

Chart 7
Recent developments in extra-EA manuf. import prices
by import supplier
(monthly data, unit value indices, 3MMA, Euro)



Sources: ECB, HWWA and Eurostat.

Note: Last observation relates to dates ranging from Nov. 2006 to March 2007.