



Introduction

ICEG European Center presents its second Newsletter in 2005, in which we report on our latest working papers and other publications, give a brief overview of recent projects and events, draw readers' attention to the past and upcoming conferences. Further detailed information about our activities, publications is available from our web-site at www.icegec.org.

We would be pleased to receive comments on the Newsletter, the web-site and also on our programs, publications. In case you wish to write us, please send technical information to the technical editor at efrecot@icegec.hu, while the remarks, notes and questions to the office address at office@icegec.hu.

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Selected Projects

ICEG European Center has participated in various international and national research projects. Some of them are presented briefly below.

REGIONAL ASPECTS OF COMPETITIVENESS

Related to the preparation of the Competitiveness Strategy, this research program assessed the factors determining growth and competitiveness of the 7 NUTS-II regions in Hungary. Within the project broad-based studies and assessments were prepared on the institutional, supply-side factors of growth, the major strengths and weaknesses of the regions' competitiveness. Based on these assessments the studies suggested areas for policy intervention, especially in relation to the use of EU and local development funds.

The summary study assessed the differences and similarities between the regions in terms of their factors of growth, required policy measures and proposed a framework for dividing region related development funds between the sectoral and regional Operative Programmes in the 2007-2013 budget periods.

COMPETITIVENESS STRATEGY

ICEG European Center - together with her partners - assessed in this project the factors of competitiveness of the Hungarian economy. The main goals of the research were to determine what are the major driving factors of Hungary's competitiveness, what is the contribution of economic policies to competitiveness and what should be the optimal use of Structural and Cohesion Funds to strengthen competitiveness.

Within the framework of the project background studies were prepared on the supply-side, institutional and policy related factors of

competitiveness, on the lessons that can be learned from the experiences of successfully converging economies and about short- to medium-term policy measures that should be implemented in Hungary to increase competitiveness of the economy.

PAPERS ON ENERGY POLICY

Two papers on energy policy were written, which were eventually published by the client in order to improve the knowledge of economic policymakers on the energy industry. The first study assessed the technological and economic characteristics of the electricity industry, summarized the main theoretic reasons and practical methods of state intervention, compared different models of electricity systems and reviewed the international experience of electricity market liberalisation. The second paper described the main models of wholesale electricity trade with special focus on the role of energy exchanges in Western European countries. Both papers were written in Hungarian.

NATIONAL BROADBAND STRATEGY 2005

ICEG European Center has participated in the project initiated by the Ministry of Informatics and Communication titled "National Broadband Strategy 2005". We have prepared two studies, "Evaluation of macroeconomics effects of broadband development in international comparison and in Hungary" and "International best practice in broadband policy".



Events

KRYNICA ECONOMIC FORUM 2005

On 9 September 2005, as part of the International Economic Forum in Krynica, Poland, a special session on Information Society and the role of ICT in the New Member States has been organised jointly by IPTS (Institute for Prospective Technological Studies, DG Joint Research Centre, European Commission) and ICEG EC.

FINANCIAL SUMMIT II

The purpose of the conference was to discuss the most important questions, open problems and alternative opinions concerning the structural reform of public finances.

Mr Istvan Stumpf and Mr. Lajos Bokros were the main speakers of the conference. The agenda also included the reform of human infrastructure, pension system, healthcare, tax system and legal infrastructure. For the first time, leading representatives of foreign embassies shared their opinions about the current assessment of our country and the needed reform measures.

THE GLOBAL ECONOMY, THE EURO ZONE, AND THE NEW MEMBER STATES, A REGIONAL PERSPECTIVE ON THE IMF'S WORLD ECONOMIC OUTLOOK

Ms. Schadler and Mr. Rosenberg presented the highlights of the IMF's World Economic Outlook - a review of global economic developments and near-term projections which will be released in late-September—focusing on the implications for the economies of Central Europe and the Baltic's.

COMPETITIVENESS IN THE NEW MEMBER STATES: THE CASE OF HUNGARY

The Confederation of Hungarian Employers and Industrialists and ICEG European Center organised a conference on 18th of November

2005, in the European Economic and Social Committee, Brussels. The aim of the conference was to overview the competitive strengths and weaknesses of the New Member States, with a special regard to Hungary. The invited speakers evaluated the position of Hungary in comparison with the New Member States and EU 15 with regard to the Lisbon indicators, FDI and relocation of investments, the region's wage, cost and price competitiveness and the role of ICT in enhancing competitiveness.

Publications

QUARTERLY REPORTS AND FORECASTS

ICEG European Center prepares short-term forecasts on growth, inflation, internal and external balance and major macroeconomic trends in the eight new EU member states and in the South Eastern European countries. It has prepared in the second half of 2005 six reports:

- Quarterly Report on the Eight New Member States 2005/3 and 2005/4
- Quarterly Report on the South-Eastern European States 2005/3 and 2005/4
- Quarterly Report on the Hungarian economy 2005/3 and 2005/4

South- Eastern European Monitor

SEE Monitor 2005/7.

Conference on "South Eastern Europe after EU Enlargement and before Accession" --- Competitiveness of Bulgaria using fixed exchange rate --- Bulgarian tourism industry --- The plans of the Albanian privatization process.

SEE Monitor 2005/8.

More EU Assistance for the Western Balkans -- One Step Closer to EU Membership -- Bulgaria Reached Record GDP Growth in 2004 -- The development of public and external debt in Croatia

SEE Monitor 2005/9.



EU Begins Talks with Serbia and Montenegro -- Tax Regimes in the FYR of Macedonia and Serbia and Montenegro -- Tax Regimes in Albania and Bosnia-Herzegovina -- Interest Rate Policy in Romania: 10 Percent Off in 5 Months

SEE Monitor 2005/10.

Tax regimes in Bulgaria, Croatia and Romania -- The impacts of general election on the economic policy of Bulgaria -- Worsening Current Account Balance in Romania -- The attractive Bulgaria -- prominent FDI inflow in 2004

SEE Monitor 2005/11.

Agricultural Sector in South Eastern European Countries I: Albania, Bulgaria and Romania -- Balance of Payments in Bosnia and Herzegovina - New Leu and the Future in Romania -- Croatia's Accession Negotiation with EU -- Developments in European Integration

SEE Monitor 2005/12.

The British EU-Presidency and the Prospect of the Future Enlargement of the EU -- Credit boom and increasing external vulnerability in Bulgaria and Romania -- High ISPA subsidy for Romania -- A Further Step Towards Europe -- Introducing VAT In Bosnia and Herzegovina

SEE Monitor 2005/13-14.

The Powerful Nature: The Romanian Floods -- Current Account Development: Big Problem at First Glance -- VAT increase in Romania: a Makeshift -- The Start of the Improvement in the Albanian Electricity Sector

SEE Monitor 2005/15.

Bulgaria and Romania en route to the European Union -- Agricultural Sector in South Eastern European Countries II.-- Romania: Slower Economic Growth in the first half of 2005

SEE Monitor 2005/16.

ICEG EC Quarterly forecast on the Southeast European Countries (Q3 2005) -- Outlook for 2005 and 2006 -- (Un)employment in the Southeast European Countries I.-II. -- GDP

Growth Rate of Bulgaria in the first half of 2005

SEE Monitor 2005/17.

Intra-regional trade in Southeast Europe(SEE) -- Inflation in Bulgaria in 2005 and 2006 -- Still high foreign direct investments inflow in the Romanian economy -- Deep overview of FDI movements in Croatia

SEE Monitor 2005/18.

Bulgaria: Inflation rate is the critical issue with regard to joining EMU after EU accession -- Strong sector with strong performance: Tourism in Croatia -- Inflation in Serbia and Montenegro in 2005-2006 -- The EU-Albania relations : The present engagement of the SAA

SEE Monitor 2005/19.

Foreign Direct Investments in the Southeast European (SEE) Countries in comparison with the 8 New Member States (NMS8) -- Croatia :on the way on accession --The role of World Bank credits in the FYR of Macedonia

SEE Monitor 2005/20.

Business Climate in Southeast European (SEE) countries in comparison with the New Member States -- Romania: Development of the inflation rate --Tightening of credit expansion in Bulgaria

Quarterly Report on the Eight New Member States

Short-term forecasts on growth, inflation, internal and external balance and major macroeconomic trends in the five Central European and three Baltic States, 1 report in the third quarter and an other one in the fourth quarter.

Quarterly Report on the South-Eastern European States

Short-term forecasts on growth, inflation, internal and external balance and major macroeconomic trends in the South Eastern European countries, 1 report in the third quarter and an other one in the fourth quarter.



WORKING PAPERS

Pál Gáspár - Renáta Anna Jaksa: Broadband Developments in the New Member States: Experiences and Problems

NEWS OF THE MONTH

The monthly publication News of the Month includes 4-5 brief analyses dealing with underlying macroeconomic and microeconomic issues in the CIS countries and New Member States. In 2005 the following issues were published.

News of the Month, October 2005

Contents: Price stability in The Czech Republic -- Hungary – the dilemma of agricultural and rural development subsidies -- Oil production and the economy of Russia -- Worsening economic performance in Ukraine

News of the Month, November 2005

Contents: Significant Performance of Inward FDI Hungary-Overview of Polish Labour Market: Decreasing Unemployment and Low Wage Growth -Russian GDP Growth Rate Softened to 5,5% - Decelerating, but Still High Inflation in Ukraine

News of the Month, December 2005

Contents: Buoyant Economic Growth by the Baltic Tigers -- Slovakia is in The Exchange Rate Mechanism II. -- Continuously Surpassing Inward FDI in Kazakhstan