



ICEG EUROPEAN CENTER

Newsletter 2003/1

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Introduction

The European Center of the International Center for Economic Growth (ICEG) releases periodically its Newsletter, in which it informs its recipients about the latest research outcomes, new research and country programs, upcoming events organized by the center. More information about the activities, including most of the research output in downloadable format can be obtained from our web-site at www.icegec.org.

We would be pleased to receive comments on the newsletter, the web-site and especially on programs and their outputs. In case you would like to write us on these issues, please send the technical information to the web-master at webmaster@icegec.org, while the remarks, notes and questions to the office address at office@icegec.org.

I. Events

Conference on “Expected Effects of EU Accession on Visegrád Countries”

ICEG European Center and the Hungarian-American Chamber of Commerce (AMCHAM) (www.amcham.hu) organized a joint conference on the sector effects of EU accession in Visegrad countries. The Conference took place on March 20-21, 2003 in Hilton WestEnd Budapest.

The conference assessed the likely effects the EU accession would have on the four Visegrád countries with a special focus at the impact on machinery, chemical, pharmaceutical and electric energy industries, the banking sector and telecommunications of these countries. Due to their role in GDP the effects of EU accession and entry to the Single Market on these sectors have a key role in determining the costs and benefits of the accession for the whole economy.

The two day meeting had both plenary and panel sessions: in the former keynote speakers addressed the general effects of EU Accession, while in the latter the sector studies were discussed with experts, representatives of business and financial community.

The background studies of the conference were prepared by the ICEG European Center. They analyze the costs and benefits of accession in Czech Republic, Hungary, Poland and Slovakia at the level of individual sectors and also at the whole economy.

More details about the conference are available under [Events/Forthcoming Events/AMCHAM-ICEG Conference on EU Accession](#) part of our web site.

Conference on Exchange Rate Alternatives During EU Accession

ICEG European Center organized a High Level Scientific Conference supported from the FP 5 Program of the European Union on 27-30 November in Budapest on exchange rate issues related to EU enlargement. The purpose of the conference was to present theoretical and

empirical analyses on exchange rate policies and the choice of exchange rate regime in pre-accession economies during the enlargement of the European Union.

The conference had four sessions. The first one covered recent theoretical and empirical research on the choice of exchange rate regimes, while the second assessed the recent experiences of pre-accession economies with exchange rate arrangements. The third session of the meeting discussed the major exogenous shocks that effect exchange rate policies during EU enlargement, while the last session was devoted to the assessment of appropriate exchange rate regimes for pre-accession economies.

Altogether more than 40 papers were presented, including from several keynote speakers. The conference was attended by almost 90 leading economists, policy makers, representatives of international financial organizations. The papers, together with the program, list of attendees, project description are available from [Events/Conferences/Exchange Rate Strategies During EU Enlargement](#) part of our web site.

II. New Projects

Factors and Impacts in the Information Society: a Prospective Analysis in the Candidate Countries

ICEG European Center and its partners in the consortium have been awarded a contract from the European Community represented by the Institute for Prospective Technological Studies (IPTS) of the Joint Research Center (JRC) to carry out a project on **Factors and Impacts in the Information Society: a Prospective Analysis in the Candidate Countries**.

The purpose of the project is to give a comprehensive overview of the level of development of the information society technologies (IST) in the 13 candidate countries, to assess the ways IST will effect future economic and social development, present alternative scenarios for the future development of IST, and provide policy recommendations concerning the acceleration of the growth of IST in candidate countries.

The first part of the project consists of preparing 13 national monographs related to the possibilities and potential of the Information Society Technologies (IST afterwards) in the Candidate Countries and their expected positive and negative effect on these economies and the enlarged EU 25+ in general.

The second part of the project covers the combination of the 13 Candidate Country studies to an integrated and prospective report assessing and discussing the future outlook for the Information Society in the Candidate Countries and in Enlarged Europe 25+. This synthesis report would present policy conclusions for both the current and future expected members of the enlarged Europe.

The background of the project and its detailed description can be found on our homepage. More information about the project is available from Anna Renáta Jaksa at rajaksa@axelero.hu.

Russia project

ICEG European Center together with Tinbergen Institute, Amsterdam and the New Economy School, Moscow has been awarded a grant to carry out a project on the Central European and Russian economies.

The partnership between the mentioned institutions will carry out research in three areas. The first is related to the analysis of the restructuring of financial sector and the process of financial deepening. The second research area is associated with the institutional and macroeconomic aspects of disinflation in the Central European economies and Russia. The final question addressed is the trade integration of Central European economies and Russia. In the case of the former group of countries the integration to European Union, while in the latter to the WTO is analyzed.

The proposed research areas are partly overlapping allowing systematic analysis of underlying issues, while in some areas the experiences of Central European economies could be considered in Russia. The research is based on the extensive review of the existing literature, on country studies followed by comprehensive summary studies with conclusions and policy suggestions.

The background of the project and its detailed description can be found on our homepage. More information about the project is available from Anna Renáta Jaksa at rajaksa@axelero.hu e-mail address.

Floating Exchange Rate Arrangements and EMU Membership in Pre-Accession Economies

The recent years saw a shift in pre-accession economies towards more flexible exchange rate arrangements following recent currency crises in emerging economies and problems with earlier adopted exchange rate regimes.

The project describes the first experiences with the operation of free and managed floating regimes and the main challenges these regimes face prior to EMU-accession. The program will assess the relevance of the major fears concerning the use of flexible arrangements, the links between the exchange rate regime and macroeconomic variables (inflation, capital flows, real and nominal exchange rates, etc.) and the changes in monetary and fiscal policies in pre-accession economies.

Besides analysing the recent lessons the research program focuses on future challenges for flexible arrangements, represented by increasing capital flows, convergence play, conflicts between real and nominal convergence prior EMU membership. The program assesses how flexible regimes contribute to EMU accession and how they perform compared with other arrangements.

The program includes 2 country studies on Poland and Hungary, and a comparative paper which brings in other economies and makes some region specific conclusions on the operation of floating regimes and challenges faced by them prior EMU membership. More information on the program and the studies is available from the web site or from Pál Gáspár at pgaspar@axelero.hu.

III. New Working Papers

The ICEG European Center has published some new working papers that have been prepared under its programs. The working papers can be downloaded in .pdf format for free from the web-site of the center at <http://www.icegec.org/publications/workingpapers>.

Daniel Gros - Alexandr Hobza: Exchange Rate Variability as an OCA Criterion: Are the Candidates Ripe for the Euro? *February 2003*

Velimir Sonje: The Impact of Unofficial Dollarization / Euroisation on the Choice of Exchange Rate Regime: Lessons for EU Accession Countries *February 2003*

Tomáš Holub: Importing Low Inflation via Pegged Exchange Rates, Currency Boards and Monetary Unions *February 2003*

Andrius Bogdanovičius: Lithuania's experience linking National Currency to Euro *February 2003*

Gunther Schnabl: The Emergence of the Euro Zone: An Informal Euro Standard as a First Step for EMU Membership of the Central and Eastern European Countries *February 2003*

Jürgen von Hagen: The Role of Exchange Rate Policies in the Determination of Capital Controls in Transition Economies *February 2003*

Andreas Freytag: Exchange Rate Arrangements, Economic Policy and Inflation: empirical Evidence for Latin America *February 2003*

Michael Frömmel - Franziska Schobert: Nominal Anchors in EU Accession Countries – Recent Experiences *February 2003*

Hubert Gabrisch: Financial Fragility and Exchange Rate Arrangements of EU Candidate Countries *December 2002*

Elisabeth Ledrut - Lúcio Vinhas de Souza: Alternative Paths Towards EMU: estimations for the Accession Countries *December 2002*

Jean-Sébastien Pentecôte - Marc-Alexandre Sénégas: ERM-II anchoring on the Way to the EMU: more Notional than Real Effects? *December 2002*

Dubravko Mihaljek: The Balassa-Samuelson Effect in Central Europe: A Dissaggregated Analysis *December 2002*

Peter Bofinger - Timo Wollmerhäuser: Managed Floating: Theory, Practice

IV. News of the Month – new analyses

New analyses can be downloaded from the homepage of the Center.

News of the Month Nr. 9 March, 2003.

Czech unemployment, modified Hungarian inflation target, Russian foreign trade, Bulgarian macroeconomic problems, and Ukrainian growth in 2003.

News of the Month Nr. 8 February, 2003.

Exchange rate developments and policy issues in Poland, Hungary, Slovakia, the Ukraine and Croatia.

News of the Month Nr. 7 January, 2003.

Brief analyses and outlooks for inflation in Bulgaria, Croatia, Poland, Slovenia and the Ukraine.

News of the Month Nr. 6 October, 2002.

Growth prospects in the Czech Republic and Slovakia, output performance in Romania and Estonia.

For more information on our studies please contact either our web-site or Balázs Kovács at b_kovacs@axelero.hu

For additional information on the activities of ICEG European Center please contact Pál Gáspár, Regional Director at pgaspar@axelero.hu or icegec@axelero.hu