



Introduction

ICEG European Center presents its first Newsletter in 2006, 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.

NEXT STEPS IN DEVELOPING INFORMATION SOCIETY SERVICES IN THE NEW MEMBER STATES. THE CASE OF eLEARNING

The project focuses on the eLearning developments within the New Member States, the evolution, current state and the underlying factors behind this eService. The research also provides policy options and highlights the main R&D challenges (both technical and non-technical) for eLearning in the NMS.

NEXT STEPS IN DEVELOPING INFORMATION SOCIETY SERVICES IN THE NEW MEMBER STATES. THE CASES OF eGOVERNMENT AND eHEALTH

The project aims at stock-taking of the developments of the above mentioned two eServices in the New Member States and based on these, to prepare 'drivers and barriers' analyses to determine the underlying factors relevant for eGovernment and eHealth. The research also provides policy options and highlights the main R&D challenges (both technical and non-technical) for these domains.

EPI RESEARCH CAPACITY DEVELOPMENT

Within the framework of the project, ICEG European Center provided research mentoring for the research capacity development component of the **EPI (Economic Policy Institutes) Network** organised by UNDP. The target group was young researchers from various CIS research institutes. The topics of the individual research projects run by the target researchers included:

- Assessment of remittances of migrant labourers made from abroad and their impact on macroeconomic indicators of the Kyrgyz economy
- Impact of international migration and remittances on economic development and poverty in Uzbekistan
- The study of the relation between economic growth and poverty in the

Azerbaijan Republic

- How can financial systems spur growth in transition economies?
- Privatisation experiences in some of the CEE and CIS countries. Lessons for Belarus.
- Promoting MSE development for sustainable growth and poverty reduction in Uzbekistan

REGIONAL CLUSTER DEVELOPMENT PROGRAM

The aim of the project was to examine the role of the cluster development in the economic competitiveness of the West-Danubian region of Hungary, and to provide policy advice for regional policy makers. The project has reviewed the theory of clusterisation and the international literature in this domain. The project also analysed the best practice of several Central and South European countries regarding cluster development. The next step was to provide an overview of the economy and competitiveness of the region and to select - based on the appropriate indicators - the sectors in which the clusterisation has high potential for West - Danubia. Finally, the study provided policy advices for the fostering of cluster - development.

EXTERNAL FINANCING OF HUNGARIAN SMALL AND MEDIUM - SIZED ENTERPRISES BETWEEN 2000 - 2005

The project aimed at analysing the access of small and medium - sized enterprises to sources of external financing including loans, leasing and factoring services between 2000 and 2005. The project involves data collection and processing as well as interviews with experts at financial institutions and regulatory bodies.



THE CONDITIONS AND POSSIBILITIES OF CLUSTERIZATION IN THE HOUSEHOLD APPLIANCES INDUSTRY IN NORTHERN HUNGARY

The project aimed to identify the main networks among household appliances manufacturers and their main suppliers, local governments and other public actors in the Northern Hungary region. The project was based on the finding of 40 interviews. The interviews conducted by the staff of ICEG EC targeted the companies of the household appliances industry.

The project proposes several recommendations for the Hungarian decision makers how to provide better conditions for clusterization in order to increase the local value added.

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 until June 2006 six reports:

- Quarterly Report on the Eight New Member States 2006/1 and 2006/2
- Quarterly Report on the South-Eastern European States 2006/1 and 2006/2
- Quarterly Report on the Hungarian economy 2006/1 and 2006/2

SOUTH-EASTERN EUROPEAN MONITOR

SEE Monitor 2006/5.

High economic growth in the SEE region in the last five years -- Accession of Bulgaria and Romania on 1 January 2007: realistic? -- Increasing inflation in Bulgaria -- Significant drop in economic growth in Romania

SEE Monitor 2006/4.

ICEG EC Quarterly Forecast on Southeast European Countries: 2006 first quarter -- Kosovo

in the way to final status -- Slowly decreasing unemployment rate in Croatia -- Foreign trade gap widens in Bulgaria

SEE Monitor 2006/3.

Heading to "EUROPE"? Stabilisation and association agreement in Serbia and Montenegro -- Real estate market of Bulgaria -- Albania signed the Stabilisation and Association Agreement -- Tourism sector in Bulgaria

SEE Monitor 2006/2.

Bulldozer initiative – "50 Economic reforms in 150 days" -- The Former Yugoslav Republic of Macedonia and the European Integration -- Bulgaria and Romania: one year to accession -- Bulgaria faces a lasting demographic crisis

SEE Monitor 2006/1.

ICEG EC Quarterly forecast on the 7 Southeast European Countries: Winter 2005 --- Balanced Budget 2006 is planned in Bulgaria --- VAT introduction in Bosnia and Herzegovina --- Foreign Direct Investment in Serbia

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 2006 the following 6 issues were published.

News of the Month, January 2006

Contents: Slovakia's 2004 Year Reforms Fructify -- Recent Update of The Czech Convergence Program-- Russia Hopes to Join WTO by The End of 2006 -- Ukrainian-Russian Gas Dispute is Temporarily Finished

News of the Month, February 2006

Contents: Stagnating Inward FDI Performance in Belarus -- Russia and Ukraine: the Causes and Effects of a Protracted Demographic Crisis -- Agreements for Cooperation between Central-Asian Countries -- Unemployment Rate in Slovakia is the Second



News of the Month, March 2006

Contents: Fluctuant Inward FDI - Slovakia -- Strengthening Ties Between Russia and China in Terms of Trade and Energy -- Russian-Ukrainian Trade: Road Not Yet Smooth to CEA -- Ukrainian Inward FDI Doubled in 2005

News of the Month, April 2006

Contents: Revolutionary Actions Needed in Public Finances of Hungary -- Good Prospects in Polish Construction Industry -- Demographic Situation and Trends of The Visegradians -- Emerging New Energy Strategy in Ukraine?

News of the Month, May 2006

Contents: Information Society in the V4 Countries -- Revenue Redistribution in Hungary - Analysis of Government Income and Spending -- Estonian Tax-system

News of the Month, June 2006

Contents: Government Debt in the Baltic States: Fortunate Transition or Prudent Fiscal Policy? -- Introduction of the Euro in Slovenia -- Permanent and Relatively High Inward FDI in Armenia -- Decelerating, but Still High Real GDP Growth Rate in Kazakhstan

Events

PAST EVENTS

Financial Summit III, Last Chance: Public Finances Reform

The Hungarian Business Leaders Forum (HBLF) and ICEG European Center organized a high-level one-day conference on the reform of public finances in Hungary. Former ministers, international experts, leading economist business executives and the academic community presented their views on the structural problems of public finances. The keynote speaker of the conference was Marek Belka, former Prime Minister of Poland and 6 current and former

ministers of finance and economy expressed their views together with academics about the reform questions.

Growth and Jobs: Challenges to the Lisbon Strategy and European Competitiveness

The Annual Conference of ICEG European Center was organised on 6-7th of April 2006. The purpose of the conference was to discuss the state of European competitiveness and Lisbon strategy. The conference focused on four major issues vital for growth and competitiveness of the European Union and especially the New Member States:

- Evolution of growth and productivity in the enlarged Europe, causes of country failures and successes
- Reform of public finances and the role of public sector
- The impact of information society technologies on European competitiveness and growth
- The contribution of future enlargement to European competitiveness

ICT - E - commerce, productivity and growth in Hungary and in the region

The first AMCHAM - ICEG EC Morning Presentation took place on the 17th of May at the Budapest Stock Exchange. The title of the first presentation was "ICT - E-commerce, productivity and growth in Hungary and in the region", and was held by Pál Gáspár.

The presentation reviewed the ICT sector can contribute to competitiveness and growth. It covered the experiences of the EU 15 and the Asian fast growing economies, addressed the Hungarian situation and suggested what steps economic policy should take to increase ICTs contribution to economic growth.

Critical Decisions after Elections

ICEG European Center and the American Chamber of Commerce in Hungary (AMCHAM) organised this conference on 16th of June 2006. The aim of the conference was to discuss the short-term stabilisation and medium-term adjustment issues faced by the new Hungarian Government with the representatives of the business community, researchers and economic



analysts.

Three discussion panels were organised around the following topics:

- Fiscal Adjustment and Stabilisation
- Convergence Program, Entry into the Euro zone
- Competitive Tax Regime and the Flat Tax

FORTHCOMING EVENTS

Financial Summit IV, Challenges – Breaking the Mould?

The Hungarian Business Leaders Forum and ICEG European Center will organize a high-level one-day conference on 28 August „Financial Summit IV: Challenges- Breaking the mould?“ István Stumpf and Lajos Bokros will be again the keynote speakers. Current and former ministers, Governor of the National Bank of Hungary, international experts, leading economists, business executives and the academic community will present their views on the challenges faced by the Hungarian Government is reforming public finances.

International Economic Forum - Krynica - 6-9 September 2006: "European Challenges: The Question of Europe's Identity"

The Institute for Prospective Studies (IPTS) and ICEG European Center organise a three day workshop at the Krynica Economic Forum. This year's contribution of the two institutes is based on past and current research about Knowledge Society developments in an Enlarged Europe. The successive panels will aim at better understanding and identifying Knowledge Society strategies for the European countries that would support their economic and social development.

In particular, the panels will address the question of the development trajectories of the New European Member States and Candidate Countries towards the Knowledge Society, taking into account both their present specificities and the changing global context. The panels are organized around three major themes: Growth, Innovation and Services.

Timing of Euro zone accession, preconditions and affects on the economy

The second event of the AMCHAM - ICEG EC Morning Presentation Series will take place at the end of September. The title of the second presentation is "Timing of Euro zone accession, preconditions and affects on the economy", and will be held by András Oszlay, Research Fellow at ICEG European Center.