



Introduction

ICEG European Center presents you its third Newsletter in 2004, in which we briefly report on our latest working papers and other publications, give a brief overview of recent projects and events, draw readers' attention to the upcoming regional conference among other news and issues. 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 the programs and their outputs. In case you would like to write to us on these issues, please send the technical information to the technical editor at bkovacs@icegec.hu, while the remarks, notes and questions to the office address at office@icegec.hu.

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Events

"Local Government Reform: Prospects and Doubts"

ICEG European Center and the Hungarian Economic Association together with the Research and Development Institute of the State Audit Office organized a joint conference on the local government reform on 16 June 2004 in Budapest.

The conference focused on the problems concerning the system of the Hungarian local governments, the ideas for solving them, the challenges of the EU accession and the potential role of local governments in the developments of the Comprehensive National Development Plan

"Public Finance Reform: When, What and How?"

ICEG European Center and the Hungarian Economic Association together with the Research and Development Institute of the State Audit Office organized a joint conference on the public finance reform on 21 April 2004 in Budapest.

The conference focused on the issues concerning the potential changes in public finance: the short term effects of a radical reform on economic growth, political and economic aspects to be considered, the ways of transforming the tax system, changes in the structure, financing and ownership in the fields of education and health-care. Featured presenters included Mr. Lajos Bokros, former Minister of Finance.

Krynica Economic Forum 2004

ICEG European Center and the Institute for Prospective Technological Studies (IPTs) organized a one day session: *"Future Outlook on the Information Society: ICT production and ICT use in New Member States and Candidate Countries of the EU"* at the Krynica Economic Forum on 11 September, 2004. The workshop featured several presentations on the development of the information society and economy in New Member States and Associated Candidate Countries.

"Trends and Prospects in the Information Society: Hungary and the New Member States"

The Hungarian Economic Association and the International Center for Economic Growth European Center (ICEG EC) organized an international conference supported by the Ministry of Informatics and Communication of the Republic of Hungary on: "Trends and Prospects in the Information Society: Hungary and the New Member States".

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

In the framework of the programme 13 country-studies have been prepared along with a Synthesis Report on regional developments. The purpose of the Hungarian conference was the exposition of the Hungarian study, the evaluation of the Synthesis Report and the introduction of the Slovak study, which has relevance for Hungary. Policy experts, representatives of international organizations, researchers, executives of companies and business federations gave presentations on the domestic and regional prospects of the Information Society.

Forthcoming Conference: South Eastern Europe between EU Enlargement 2004 and Accession

ICEG European Center plans to host an international conference on April 4-5, 2005 on the development of South Eastern Europe following the recent enlargement of the European Union and prior the expected next round of widening.

The purpose of the conference is to bring together policy makers, researchers and representatives of the business community to discuss the short to middle-term challenges and trends of the development of the seven involved countries. The conference will feature plenary as well



as topical sessions devoted to special issues, among them the following ones:

- Macroeconomic difficulties and challenges for policy makers in SEE
- Liberalization, integration and foreign trade of the region
- Privatization, capital flows, competitiveness and productivity of the major countries
- Public sector reform and welfare

The conference will feature presentations from leading policy makers, representatives of inter-

national financial institutions and the European Union, business and NGO organizations.

Besides that a call for paper will be launched soon to get academic papers from the research community on the above presented four issues. Further details on the conference will be available soon on the web site of the ICEG European Center (www.icegec.org).

Publications

Trends in the Region Factors and Impacts in the Information Society

Based on the research output from its project called "Factors and Impacts in the Information Society: A Prospective Analysis in the Acceding and Candidate Countries" a Synthesis Report has been prepared trying to identify the common factors affecting the development of information society and economy in the New Member States and Associated Candidate Countries. The study consolidates the findings of the 13 country monographs with own insights and results of other international research programs (SIBIS Report, OECD, World Bank, DG INFSO). It offers a comparative assessment of the current state of development of supply and use of the information economy in the analysed countries, the policies pursued, the major strenghts and weaknesses and the forthcoming challenges for policy makers.

Economic and Political Relations after the EU Enlargement

ICEG European Centre and the Foundation for Research on World Economy together with the support of Freedom House, UNDP and ITD Hungary organised a conference on the impact of EU Enlargement on the economic relations between the Visegrad countries and Russia, Ukraine, Belarus and Moldova. The aim of the conference was to evaluate the emerging new situation and to assess whether EU-accession of the Visegrad countries would strengthen or weaken their eco-

nomic relations with Russia and the other neighbouring countries.

The main presentations of the conference have been published in a separate book by the two organizing institutions.

ICEG EC Opinion Electricity Import Opportunities for Hungary

The purpose of this paper is to investigate potential import sources in neighbouring countries to answer the following questions. Can Hungary become more reliant on electricity import? What is the impact of these imports on the Hungarian market: is their amount insignificant enough not to change prices; great enough to lower prices and trigger a healthy competition among Hungarian producers; or could it be too large resulting in the 'crowding out' of domestic power stations?

South-Eastern European Monitor

With the support of Corvinus Rt., the ICEG European Center launched a new series, called ICEG EC – Corvinus SEE Monitor. This paper will basically focus on seven Southeast European countries. These are Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Former Yugoslav Republic of Macedonia, and Serbia and Montenegro. The bi-weekly published paper will deal with the most important economic issues related to this region which can be useful for the readership.



News of the Month

The following reports were published in recent month in **News of the Month** series

News of the Month November

Contents: Forint Appreciation: the Factors behind it and its Sustainability -- Sharp Crown appreciation, does it trigger further monetary easing? -- Monetary and fiscal developments and short-term prospects in Russia.

News of the Month October

Contents: Slightly lower GDP growth rate in the second half year, and unchanged interest rates after summer of hikes in Poland -- Ukraine: Mac-

roeconomic Trends In the Shade of Presidential Election -- Recent Trends in Oil and Gas Production in Kazakhstan.

News of the Month September

Contents: Significant budget overshoot, an other serious credibility loss -- Privatization of Financial Sector in Poland -- Rising GDP growth, monetary tightening is on the way

News of the Month Summer

Contents: Still high unemployment rate, good foreign trade statistics, and stronger then expected interest rate rise in Poland -- Slovenia joined the ERM II -- Firming SKK, war between the market and the Central Bank

Projects

Regional Patterns of FDI Inflow in Hungary

The project focused on comparing the pattern and dynamics of foreign direct investment inflows to one advanced and underdeveloped region of Hungary with the goal of detecting the possible linkages between FDI and SME development. The project included an overall assessment of the FDI inflows to Hungary, the analysis of the regional patterns of investments, the links between the foreign multinationals and local subcontractors. The project was used to assess government policies as well as to make proposals for their improvement. ICEG EC was partner in this project, which was co-ordinated by OTP Bank Rt.

The project had two major parts, which were built on each other. The first part of the project consisted of preparing the overview on the regional features of FDI inflows and their effect on the SME sector in two Hungarian regions. The second part included the contribution to the summary study and policy proposals.

Privatization Lessons in Central and Eastern Europe

The project focused on assessing the lessons from the privatisation experiences of various Central and Eastern European economies with the goal of comparing them to Hungary. The

country studies analysed the various privatisation techniques, the sequencing and speed of privatisation measures in individual countries, the effect of privatisation on fiscal balances and on the evolution of major macroeconomic indicators. The summary study gave a comparative assessment of the Hungarian privatisation practices vis -a-vis the other Central and Eastern European economies, highlighting the positive and negative elements of this process in comparative way. ICEG EC was partner in this project, which was co-ordinated by the Research and Development Institute of the State Audit Office.

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

The main goal of the project was to discover and analyze the current state of IST in the 13 candidate countries as well as to assess the likely effects in the future on the economic and social development of the candidate countries.

The project had two major parts, which were built on each other. The first part of the project consisted 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 effects on these economies and the enlarged EU 25+ in general. The second part



combined the 13 studies to an integrated and prospective report assessing and discussing the future outlook of IST in the Candidate Countries and in Enlarged Europe 25+.

Think Tank Partnership on Russian Economic Reforms

ICEG European Center together with Tinbergen Institute (Amsterdam) and New Economy School (Moscow) has been awarded a grant to carry out a project on Central European and Russian economic reforms.

The partnership carried out research in three areas: analysis of restructuring of financial sector and the process of financial deepening, institutional and macroeconomic aspects of disinflation in Central European economies and Russia, trade integration of Central European economies and Russia.

The research was based on extensive review of the existing literature, on country studies followed by comprehensive summary studies with conclusions and policy suggestions.

NENA

Development of a web-based information service through a Network of European News Agencies to enhance integration and convergence of the Candidate Countries

The aim of the project is to verify (feasibility study) the opportunity of realizing a web-based information service through the constitution of a digital network among European news agencies, with the contribution of scientific institutions. The service will provide daily news in a multilingual and multicultural context, regarding opportunities and challenges for socio-economic operators within the integration and convergence process of the new enlarged Europe.

The study intends to analyse both the supply and demand side of the information sector, identifying precisely the target and define a new business model to support financially this internet portal.