

The UNECE Post-Transition Economic Policy Forum

1. Motivation

Almost 15 years after the start of economic and political transformation, the former centrally planned economies have made enormous progress in democratisation and market reforms. It is now widely accepted that the process of transition from plan to market by and large is nearing its end in the most advanced countries. At the same time, the region has become more heterogeneous, as transition advanced at varying speed in the different countries: while a group of advanced reformers is at the doorsteps of the European Union, other countries are still struggling with basic systemic and structural reforms. Despite that, and despite the increasing divergence of this region, economic and political transformation is continuing in most of these countries, although in different form and scale. More generally, all economies and societies, even the highly developed industrialized countries in the UNECE region, are indeed in a process of continuous evolution and change. With the upcoming EU enlargement, this process will enter into a new phase: on the one hand, the new EU members will turn a page in their transformation while, on the other hand, the new geopolitical realities in Europe will pose new challenges for the economies both within and outside the enlarged EU.

Transition from plan to market was an unprecedented challenge both for the societies that undertook this change and for policy makers who were to guide this process. The start of transition initiated an extensive debate both on the general paradigm of the process and on the sequencing and speed of the reforms that shaped it. The new phase of economic and political change in the UNECE region calls for refocusing this debate by modifying and adjusting its agenda to the new realities. ECE can play an important role in this. One way, which could be envisaged, is setting up an ECE Post-transition Economic Policy Forum.

2. A UNECE Post-Transition Economic Policy Forum: Objectives

The UNECE Post-Transition Economic Policy Forum (PTEPF) will be a networking activity combining research and policy dialogue centred on a group of outstanding experts. The expert group will initiate and conduct research on major economic issues and problems that are specific to the present stage of development in the countries that underwent transition from plan to market. It will also initiate and take a leading role in a policy-oriented debate on issues related to the ongoing economic changes in the UNECE region, including the widening and deepening of economic cooperation and integration. The detailed agenda of the PTEPF will be decided through a process of consultations with the UNECE Secretariat. The main objective of the PTEPF will be, on the basis of policy-oriented research and open policy debates, to formulate policy recommendations and advice to governments. The PTEPF will also benefit from a dialogue with the UNECE Secretariat on economic policy issues. The main outcome of the PTEPF activities will be policy relevant documents, conclusions and recommendations widely disseminated to UNECE member governments in various forms including publications and seminars.

3. The format of the Post-Transition Economic Policy Forum

A. The PTEPF will concentrate on the policy research undertaken by an expert group and open policy dialogue on these topics. The PTEPF Expert Group will be of a relatively small size, which will facilitate its operation by lessening reasonable division of labour burden with the preparation of outputs

and allowing efficient debates and exchange of views. The PTEPF Expert Group would hold informal meetings: (1) to establish the PTEPF Expert Group agenda; (2) to discuss the agreed policy issues and (3) to discuss papers (chapters of publications) prepared by individual experts. The frequency of the meetings could be twice a year. Between meetings the Expert Group would work in a detached manner on the areas agreed upon and would communicate whenever needed.

B. On the basis of proposals drafted by the PTEPF Expert Group open policy debates will be organized. The debates will involve outstanding academics engaged in policy-oriented research and policy advice, senior economists from various institutions including governments and the private sector. The format of the open policy debates could be that of a Policy Dialogue Seminar held once a year, preferably in autumn.

4. Topics to be addressed by the Post-Transition Economic Policy Forum

As already noted, due to various factors including different achievements in transformation, the group of former centrally planned economies is very heterogeneous in terms of stage of transition, integration to the European and world economy, accession to the EU, etc. This implies a very broad set of issues and problems that could possibly be addressed within the PTEPF. One possible way to deal with this problem could be to identify sub-sets of issues and problems that are specific for certain sub-groups of countries. While the actual agenda of research and policy dialogue within PTEPF will be finalized after discussion in the PTEPF expert group, one possible way to structure research and policy debates could be the following:

(a) *Acceding countries with post-transition economies.*

The perspective of EU accession was the engine of economic and political transformation in the acceding countries. They are now recognized by the EU as market economies. At the same time these economies retain some post-transition specificities and still face a long catching up process. The EU accession will confront them with new challenges and will require some important political decisions. The issues to be discussed can include:

- Catching-up: what are the optimal policies?
- The EMU accession: when and how?
- How to respond to the Lisbon Agenda 2010?
- The EU social model and the new member states.

(b) *South-east Europe (SEE): rising hopes and how to deliver?*

- SEE: divergence or convergence?
- Restoration or further disruption of SEE economic cooperation?
- Stabilization and Association Agreements with the EU: is there a need for re-negotiation?
- Strategies for meeting the Millennium Development Goals and Poverty Reduction Strategy Papers: ways to promote economic and social developments
- Prospects for the EU accession

(c) *CIS: strengthening the economies in the region*

- Progress in reforms: what next?
- Are the Partnership and Cooperation Agreements with the EU an engine for reforms?
- Economic cooperation within the CIS and the EU: from bilateralism to multilateralism
- The impact of EU enlargement on the CIS economies and new neighbourhood policy
- Is "Wider Europe" wide enough?

- WTO accession

(d) Further challenges

- The transition towards a knowledge-based economy
- Towards a free trade area in a Wider Europe
- Prospects for more security, stability and prosperity: increased role of the ECE region in the world economy

5. Expected output

The expected output of the project will be a series of publications (discussion papers, Seminar proceedings, policy guidelines, etc.) which will be published by UNECE in various formats, both electronically (on the UNECE website) and in hard copy. These publications will be disseminated widely to UNECE member governments, to policy advisers and to the academia, which will ensure that the project message will reach a wide audience of potential users.

6. Linkage to Current UNECE Activity

The Economic Analysis Division in the UNECE currently monitors the economic performance of the 55 member countries with special emphasis on the countries in Eastern and Central Europe and the CIS. The work of the PTEPF would supplement the economic analysis performed at the UNECE and would act as an independent advisory body to the UNECE Secretariat on economic policy issues.

7. Duration

The expected duration of the project is two years, starting in 2004.

8. Participants

Participation in the work of PTEPF will be structured and carried on at two levels: 1) expert group and 2) open policy debates. The Expert Group will be composed of outstanding academics with an established career in policy oriented research and/or policy-making experience at the national or international level. UNECE has already conducted a series of preliminary discussions with a group of such experts, who have expressed their interest in participating in PTEPF. Among these experts are:

John Eatwell, Director of Cambridge Endowment for Research in Finance and President, Queens' College

Michael Ellman, Professor, Department of Microeconomics, University of Amsterdam.

Mats Karlsson, Vice President, The World Bank

Domenico Mario Nuti, Professor, London Business School and University of Rome "La Sapienza"

Judith Shapiro, Professor, New Economic School, Moscow

Kemal Dervis, Former Economy Minister, Turkey

Michael Dauderstädt, Friedrich Ebert Foundation

Charles Wyplosz, Professor, Graduate Institute for International Studies, Geneva.

Branko Milanovic, The World Bank.

Michael Landesmann, Director of Research, WIIW.

Daniel Daianu, Romanian Institute of Free Enterprise, Bucharest; former Minister of Finance of Romania.

Dariusz Rosati; former Member of Monetary Policy Council of the National Bank of Poland; former Minister of Foreign Affairs of Poland.

A wider group of experts with more diverse expertise both from academic and private sector, as well as government representatives, will participate in the open policy debates.

9. Secretariat to the PTEPF

UNECE will provide secretarial support for the project. The Economic Analysis Division (EAD) of UNECE will maintain a constant dialogue with the Expert Group on substantive issues and will provide general administrative support.