2. Full Report of Research Activities and Results

2.1 Background
The project was intended to analyse the dual impact of the enlargement of the EU and monetary union on the economies of Central and Eastern Europe, with special reference to the Balkan economies and the Baltic States. The project was conceived of as comprising three distinct strands of enquiry on the impact of exclusion from EU and EMU on:

(i) monetary and macroeconomic stability of the applicant countries (Nuti);
(ii) the volume and structure of trade flows (Smith), and
(iii) FDI receipts to the applicant countries (Estrin).

The combination of these studies would form a variety potential outcomes for the enlargement process ranging from:

- a virtuous cycle of monetary and exchange stability, successful attraction of FDI, enterprise restructuring and increased trade integration associated with successful integration into existing EU structures, to
- a vicious cycle of monetary instability, low FDI, low trade integration and modest enterprise restructuring associated with exclusion from the EU.

The project team worked together as a coherent research group to explain the causal factors behind these and other scenarios.

2.2 Objectives
Professor Nuti’s component of this project was envisaged as comparing the differential impact of EMU and EU enlargement on the economies that are expected to be included in the first round of EU enlargement and on those that are expected to be excluded. The research would therefore ultimately attempt to ascertain whether enlargement and monetary union will exacerbate existing divisions, or will create new divisions, within Europe.

The project also planned to analyse the impact of exclusion from the EU on inward investment, trade relations and competition policy in the states that are expected to be excluded from the first round of enlargement. It was intended to examine the impact inclusion/exclusion from the EU on the volume and structure of FDI to individual countries (Professor Estrin’s component) and on the structure of CEEC exports to the EU (Professor Smith’s component). The team hypothesised that regions failing to attract FDI could be forced to depend on other forms of cooperation including outward processing arrangements which embody exports of labour-intensive goods, which in turn depend on low wages to preserve competitiveness. The study was thus envisaged to involve an analysis of foreign investment to the region using a combination of statistical and case study approaches and a study of the trade relations between the CEECs and the EU using the Eurostat COMEXT database. The research would therefore draw on the work of Saul Estrin (LBS) who would provide comparative material for two important excluded countries, Croatia and the Ukraine, and would be able to draw both on his earlier work on both competition and FDI, and on parallel work of his on industrial restructuring and privatisation in these two countries. This would include detailed analysis of the impact of FDI at the enterprise level involving a case study approach and interviews with officials from the privatisation ministries in the targeted countries. Alan Smith (SSEES) was to be responsible for the estimation and comparative analysis of changes in the structure of trade flows between the east European countries and the
EU in the period since the collapse of communism. The project was to be assisted by Urmas Varblane from the University of Tartu and Peter Westin (RECEP, Moscow), neither of whom were directly funded from the award. Unfortunately, due to alternative commitments neither was able to contribute significantly to this project.

There were thus four clear objectives from this research:

1. Formulation of scenarios for the relationship between macroeconomic performance, foreign direct investment, enterprise restructuring and trade integration on the one hand, and EU inclusion, potential inclusion and exclusion on the other;
2. To understand the relationship between macroeconomic performance, monetary stability and EU inclusion/exclusion;
3. To investigate the impact of EU inclusion or exclusion on the structure of trade and quality gaps in central and eastern Europe;
4. To analyse the relationship between FDI, trade flows and enterprise restructuring in the included, potentially included or excluded economies of central and eastern Europe.

As the results section below illustrates, these objectives were met by the team. The only significant omission was the firm-level case study element of Professor Estrin’s component. As is often the case as research moves from proposal to implementation, it became clear that a more macroeconomic and data intensive mode of analysis of FDI provided a more rigorous and fruitful line of enquiry.

2.3 Methods
Although fulfilment of the Maasticht Treaty’s criteria of monetary and fiscal convergence are not a precondition of EU accession, commitment eventually to join EMU is. EMU membership for the successful new EU member is expected to be subject to an additional lag for the necessary convergence to take place. Hence three types of exclusion over time are automatically defined, in order of decreasing intensity:

- Exclusion *sine die* from EU membership and therefore from EMU;
- Temporary exclusion from EU and EMU, awaiting the beginning of negotiations or pending such negotiations, depending on the accession status of each country;
- Exclusion of new (and possibly some of the incumbent) EU members from EMU, at least temporarily.

By analysing macroeconomic data and details of policy stances, the project explored the relations between macroeconomic performance and monetary stability on the one hand resulting from potential EMU membership and the impact of exclusion on the other. This section of the project drew on the recent work of Professor Mario Nuti (LBS), on European integration and enlargement, the results being presented in Habib (2001). Professor Nuti also provided comparative material on Poland — the largest, and arguably most significant, candidate for both EU and EMU accession. In this regard Professor Nuti’s work on the Polish Zloty (Nuti, 2000c) provided important lessons on the performance of alternative exchange rate regimes through the pre-accession phase.

The realisation of positive benefits from integration with the EU in the period before membership is granted will depend on the degree to which the EU market is opened to CEEC exports and the structure of investment (including FDI). Carlin and Landesmann (1997) demonstrate that the emerging market economies of central Europe, which have made the greatest progress in economic reform and enterprise performance, have proved more responsive
to the competitive pressures of the EU market, while other economies such as Romania, Bulgaria and the former Soviet Republics have made little or no improvement in their export structures. Consequently, the gap in the economic performance and output quality between first-tier entrants and the remaining CEECs is widening. This project team anticipated that exclusion of the Balkan/FSU economies would contribute to a further widening of the gap, and sought to investigate this possibility throughout the research project.

Nevertheless, there are also concerns about the ability of the first-tier entrants to withstand the competitive pressures demanded by EU entry. A study conducted by the World Bank (Aturupane, Djankov and Hoekman (1997)) indicates that the level of intra-industry trade between the EU-9 and the CEECs is higher than that in bilateral trade between the EU-9 and other non-European partners except the USA and Japan. However, this trade is almost exclusively concentrated in vertically-differentiated products with the CEECs predominantly exporting lower quality, labour intensive products. The study also shows that the level of intra-industry trade between the EU-9 and the CEECs remained static between 1990-95. It found strong evidence to support the argument that the volume of vertically-differentiated intra-industry trade was highly correlated with the level of FDI and that the latter was largely explained by labour-intensity linked to low wages. This can be interpreted as indicating that the structure of CEEC exports to the EU is closely linked to FDI, which (in the case of potential exports) is primarily attracted by low-wage costs, which is in turn affected by exchange rate policy.

In this regard, Alan Smith analysed the comparative changes in the structure of trade flows between the East European economies and the EU in the period since the collapse of communism. In so doing, Professor Smith utilised the COMEXT database, acquired by SSEES through outside funding. In utilising this database, the project was able to identify changes in the technological level of the structure of imports and exports of the individual CEECs to/from the EU since the collapse of communism and identify the impact of trade with the EU on the demand for factors of production for the individual CEECs (e.g. exports and imports of products based on primary goods, labour-intensive goods, skill-intensive goods and capital intensive goods). The project also examined the differences in export structures of the candidate countries to the EU, through the estimation of indices for revealed comparative advantage, export specialisation and for intra and inter-industry trade and the analysis of price and quality differentials within intra-industry trade. The research also considered the relationship between exports of specific products to the EU and to the rest of the world (utilising CEEC official statistical sources) to estimate whether this trade is complementary (indicating economies of scale) or competitive (indicating regional diversification in the presence of quality gaps and/or EU barriers to trade) (see Smith, 2000a). Dr Rachael Walker provided research assistance to assist in the downloading of data and in the computation of indices. Moreover, Dr Walker extended the analysis to consider alternative measures of comparative changes in the quality gap of export trade (see Walker, 2001)

The 'New Economic Geography' (Krugman, 1991) indicates that the 'agglomeration' effects of improved integration can result in advantages for 'first-movers' who benefit from internal and external economies of scale that cannot be realised by 'latecomers' who are forced to compete on grounds of lower prices and wages for similar goods. Thus exclusion from the EU in the first round of enlargement, which could discourage multinational investment, could force these economies into long-term dependence on exports of low-wage products and hinder their competitiveness in third markets. Although FDI also had disadvantages for host countries (e.g. the growth in FDI to Spain has also contributed to sourcing inputs from the EU at the expense of domestic production, (Single Market Review p 12), FDI bestows benefits to host countries that are not provided by outward processing arrangements which offer the major alternative form of
market access for CEECs. The project therefore analysed disaggregated data to consider the impact of EU inclusion and exclusion on FDI, industrial restructuring output, the quality of output, and trade flows at the sectoral and enterprise level. Through linking changes in the commodity composition of exports and imports to FDI flows. Saul Estrin and Alan Smith analysed the interrelationship between FDI, outward processing, trade flows and income levels (see Bevan, Estrin and Smith, 2001).

Professor Estrin, together with project research fellow Dr Alan Bevan, studied the relationship between the sectoral and geographical structure of foreign direct investment, and its relation to economic (and transition) performance, and progress in accession and the adoption of EU legislation (including competition policy). As envisaged in the project proposal, this analysis relied heavily on published FDI data, particularly that published by the Organisation for Economic Cooperation and Development (OECD) in its *International Direct Investment Statistics Yearbook*. Professor Estrin and Dr Bevan utilised this source to compile a panel dataset of FDI flows from each of the most significant group of established market economies to each of the accession candidates of central and eastern Europe, the Ukraine and the Russian Federation. This data was supplemented with macroeconomic data on the market and transition economies from such sources as the International Financial Statistics Yearbook, published by the International Monetary fund. This dataset was utilised in three distinct ways:

(i) Descriptive analysis of the disaggregated patterns of FDI flows to the transition countries from each market economy, their sectoral patterns, significance for the transition economies and relation to trade flows (c.f. Bevan, Estrin and Smith, 2001).

(ii) Panel data analysis of the macroeconomic determinants of FDI flows to the transition economies, and the role of announcements of progress in EU accession (c.f. Bevan and Estrin, 2000);

(iii) Econometric analysis of the role of transition progress in the attraction of FDI inflows to the transition economies, particularly considering the influence of elements of the Aquis Communautaire on FDI receipts — particularly competition policy (c.f. Bevan, Estrin and Mayer, 2000; Bevan, Estrin and Grabbe, 2001).

2.4 Results
Smith (2000a) analyses the structure and content of trade flows between the EU and the Central and East European (CEE) associate members of the EU in order to assess the competitiveness of the industrial sectors of the CEE economies. The principal findings are that: CEE exports to the EU-15 are strongly concentrated in labour-intensive and resource-intensive sectors; CEE exports to the EU still reflect the structure of their exports to the former Soviet Union; there is marked disparity between the structure of exports of the individual CEE economies which broadly reflects the first and second wave distinction; Hungary has been, by far, the most successful in improving the qualitative standard of its exports to the EU. This partly reflects the higher level of FDI into the ‘first tier’ economies, although capital inflows have also financed imported consumer goods which have displaced domestic production. Smith (2000b) examines the impact of the structure of exports on macroeconomic performance in Romania. The failure to restructure industry has resulted in an export structure that is excessively geared towards labour-intensive exports, the majority of which are produced under outward-processing agreements. This acts as a bottleneck to economic growth, stimulating the growth of imports which cannot be covered by
exports. The problem is aggravated by low levels of capital inflows. Bevan, Estrin and Smith (2001) find that FDI inflows may have contributed significantly to imports of capital goods from the EU, and hence low FDI countries may have suffered relatively. Poland is a notable exception in this regard, as despite receiving high levels of FDI it appears to have utilised domestic sources of capital goods.

Bevan and Estrin (2000) utilise the detailed panel dataset that has been established under this grant. The paper establishes that FDI inflows to Central and Eastern Europe have been driven by: country risk, unit labour costs, host market size and gravity factors. In turn, country risk is found to be influenced by private sector development, industrial development, the government balance, reserves and corruption. By introducing structural shift dummy variables for key announcements of progress in EU accession the paper shows that announcements have impacted directly upon FDI receipts but have not influenced country credit ratings. The Agenda 2000 announcement by the European Commission appears to have induced a bifurcation between the 'first wave' transition countries and the remainder of the sample. The underlying dynamics of the process illustrate that increases in FDI improve country credit ratings with a lag, hence increasing future FDI receipts. Consequently the paper suggests that the accession progress has the potential to induce virtuous cycles for the frontrunners but may have serious consequences for the accession laggards. Bevan, Estrin and Meyer (2000) use the same dataset to examine the influence of institutional development on FDI inflows to the transition economies. The paper finds that aggregate institutional development has enhanced FDI receipts. Examining disaggregated development indicators identifies specific institutions that positively influence FDI: private sector development, banking sector reform, price, foreign exchange and trade liberalisation, and legal development. Conversely non-bank financial sector development and competition policy is found not to enhance FDI. Moreover, the analysis highlights that Russian FDI receipts have suffered from a gap between extensiveness and effectiveness of legal reform. Bevan, Estrin and Grabbe (2001) consider the implications of these results for EU policy towards the accession countries.

Bevan (2000) suggests that the costs of Hungarian accession to the EU while significant, may not be as great as previously anticipated. Under two alternative scenarios, the paper argues that the more important consideration is the potential uneven distribution of the net costs between incumbent EU member states — a potential which must be addressed by the EU in order to harness support for the accession process. Bevan, Estrin, Hare and Stcm (2001) confirms that microeconomic disruption during transition contributed to the severe and largely unreversed output collapse in the former Soviet Union relative to the CEECs. The results however suggest that the overriding problem stemmed from the loss of input supply from the COMECON member states, and hence while the CEECs were able to rapidly adapt to hard currency international trade, the FSU states’ failure to do so has contributed to their relatively poor performance.

Nuti (1999) argues that the pension so-called “time bomb” has been somewhat exaggerated both in advanced market economies and transition economies. Nuti (2000b) regards Belarus not as a transition economy but as a command economy; its performance has been overestimated and is not sustainable without further reforms. Nuti (2000a) assesses the Polish zloty exchange rate regime in 1990-99 (from fixed to increasingly flexible) as a qualified success. The regime has under-performed in three major respects: initial undervaluation, costly sterilisation and/or inflationary expansion following capital inflows attracted by high interest rates, and unnecessary policy reversals (with repeated, market driven nominal revaluations occurring with the broadening of the crawling band, following nominal devaluations forced at an excessive crawling rate).
Nuti (2000c) considers the issue of euroisation in CEE, either before or instead of EMU membership, where countries are unable or unwilling to join EMU. This is understood as either the replacement of domestic currency or its irrevocable fixed link through a Currency Board. The paper outlines the likely benefits from replicating membership of a currency area in this manner, including: lower transactions costs; greater trade and investment integration; lower interest rates; eliminating exchange rate turbulence, and hence vulnerability, and the ability to borrow in the same currency in which expenditure is denominated. Potential costs include: the need for large currency reserves to replace or back the national currency; the possibility that financial crises may still occur if demand for foreign exchange exceed the amount of primary money, and that real revaluation, if required, will translate into domestic inflation when the nominal exchange rate is fixed. He concludes that estimation of the net benefits require a carefully examination of these relevant factors and empirical measurement of their relative weights in specific countries at a given time.

Habib (2001) discusses the issue of euroisation - the unilateral adoption of the euro as legal tender - in five Central and Eastern European Countries. The sample consists of the three front-runners - Czech Republic, Hungary and Poland - a runner-up - Bulgaria - and a laggard - Romania - in the accession to the European Union (EU) and Economic Monetary Union (EMU). A preliminary survey of the current fixed-versus-flexible exchange rates debate shows that the adoption of another country's currency involves specific costs and benefits that are beyond the scope of the classical Optimum Currency Area theory. In order to evaluate the case for euroisation, the examination of the standard OCA criteria is integrated with an analysis of the financial vulnerability of these economies and estimates of the seigniorage, which is foregone once that a country abandons its currency. Moreover, an early adoption of the euro has to be assessed in the political framework of accession to the EU and EMU, and within the institutional constraints set by the Maastricht Treaty. On this respect, EU policy-makers revealed hostility towards a hypothetical decision to euroise before entering the EU and EMU. The paper concludes that an early switch to the euro is probably a too risky choice for the front-runners, while only for Bulgaria this option could present a net gain.

Walker (2001a) suggests that closing the quality gap between the ten Eastern European (CEE-10) economies and the EU is essential if the CEE-10 region is to be able to withstand competition within the European single market. The study calculates unit value measures of exports from the CEE-10 to the EU for two years, 1995 and 1998, at the SITC 3-digit level. The findings reveal a complex picture of changes in the quality of exports over the period. When aggregated measures are calculated for the technology classes, then significant quality improvements, especially in the high-tech sectors, would seem to have taken place over the period for the more advanced reformers in the region, with the exception of Poland. Yet, this finding is not born out by the calculations that use different methods of grouping the unit value scores and more disaggregated estimations. Although, Hungary experienced an increase in its unit value score for exports in the basic manufactures, other sectors reveal a decline in quality competitiveness. Poland's performance in improving its quality of high-tech exports during the period is also particularly disappointing and seems to hold regardless of the method of estimation used. Of further concern is the number of exporting industries that revealed structural problems in trading with the EU over the period across all the main manufacturing sectors in the region, but especially in the chemical industries. The findings suggest that these economies still require considerable effort and financial assistance if they are to become quality competitive as demanded by EU membership.
The three strands of the project are brought together in Devan, Estrin and Smith [1], which establishes the links between trade restructuring and FDI, and shows the bifurcation in performance between the leading and the laggard countries of CEE. Similarly, the country studies on Romania and the former Yugoslavia serve to unify material on trade, FDI and foreign exchange with specific examples from these nations in markedly different circumstances.

Habib (2000) reviewed the state of the economy and the economic system of the Federal Republic of Yugoslavia after a decade of wars, economic sanctions and aborted reforms. The discounted present value of GDP lost as a result of the Kosovo war is estimated at US$ 20bn. Continuous policy reversals, short time horizon in policy making and political uncertainty trapped the FRY economy into a vicious circle of low income, low savings and investment, low productivity growth and therefore continued low income. In 1999 GDP was less than half the 1990 level. The new government is facing formidable tasks.

Bibliography


2.5 Activities
Team members have made several study visits to the countries of focus throughout the course of this award. Many of these visits have been combined with formal presentations of our work at international conferences. Presentations of research work have included:


- Nuti, Belarus alternative: reform versus transition, Ministry of the Economy, Minsk, 29 June 1999

- Smith and Estrin at the opening One Europe or Several? conference, University of Birmingham, 24 September 1999

- Estrin, Ownership and Corporate Governance in Ukrainian Firms, conference on Restructuring in Ukrainian Firms, organised by the Institute of Reform, Kiev, 7-8 October 1999

- Estrin, contribution to the plenary session Southeast Europe Economic Reforms and EU Integration at the Southeast Europe Economic Forum, Sofia, 18-20 October 1999

- Estrin, Evidence About EU Enlargement, CEPR conference, Brussels, 18 November 1999


21
• Smith, *Competitiveness of the East European Exports to the EU Market* at the workshop ‘Poland and the Transformation in Europe: The Role of Foreign Direct Investment’, Senate House, University of London, 26 November 1999

• Nuti and Uvalic, *The Impact of Investment Funds on Corporate Governance in Mass Privatisation Schemes: Czech Republic, Poland, Slovenia* at the ECPD International Study Group on Transition and Privatisation Third Meeting, Ohrid, 26 and 27 November 1999


• Nuti, *Transition Laggards: Belarus and Uzbekistan* seminar at London Business School, 1 December 1999


• Bevan ‘On Competitiveness and EU Accession to DGIII’ at a workshop at the DGIII, European Commission, Brussels, February 2000.

• Bevan, Estrin, Nuti and Smith presented work on FDI, Trade and Macroeconomic Policy in the Accession Countries as an invited panel at the Citizenship and Exclusion conference of the Society for the Advancement of Socio-Economics, London School of Economics, 7-10 July 2000.

• Bevan presented ‘Institution Building and the Integration of Eastern Europe in International Production’ (by Bevan, Estrin and Meyer), at the Academy of Management Annual Conference, Toronto, 9 August 2000

• At a WIIW meeting on South East Europe, in Vienna in September 2000, Nuti presented his paper on Euroisation and Habib his paper on the FRYeconomy.

• Bevan presented ‘The Determinants of Foreign Direct Investment in the Transition Economies’ (by Bevan and Estrin) to Brunel University, September 2000, the University of Sussex OEOS Conference, September 2000, the Economist Intelligence Unit, October 2000, and the European Bank for Reconstruction and Development, March 2001

• Estrin also presented ‘Institution Building and the Integration of Eastern Europe in International Production’ (by Bevan, Estrin and Meyer), at the Academy of International Business in Phoenix, Arizona in November 2000.

• Nuti and Estrin contributed presentations on FDI and Euroisation to a workshop on the Ukraine (organised under the OEOS programme) at LSE in December 2000

• Estrin presented work on FDI and EU Accession to the No. 10 Policy Unit, February 2001
Walker presented ‘The Use of Unit Values as an Indicator of the Competitiveness of Exports of the Central and East European Economies’ at SSSEES/UCL seminar, February 2001.


Finally, Mario Nuti arranged a major international conference ‘When is a National Currency a Luxury’ which took place at London Business School on 16 and 17 March 2001. This conference brought together a prestigious group of policy makers, central bankers, academics and business people, and provided a high profile outlet for the results of this project. Presentations were given by, among others, Ronald McKinnon (Stanford), Phillipe Larrain (PUC and Harvard), Daniel Gros (CEPS), Mario Blejer (IMF) and Fabrizio Coricelli (Siena). The high point of the conference was a Panel of Central Bank high officials, Governors and ex-Governors — Charles Goodhart (LSE and former member of the Bank of England Monetary Policy Committee), Eduard Hochreiter (Austrian National Bank), Peter Sinclair (Bank of England), Ulan Sarbanov (Chairman of the National Bank of Kyrgyzstan), Zdenek Tuma (Governor of the Czech National Bank), Tomas Holub (adviser to Zdenek Tuma) and Marko Skreb (ex-Governor of the Central Bank of Albania) — on exchange rate regimes from their perspective. A selection of conference papers are being prepared for publication in the journal Economics of Transition.

In addition, the team presented the project results at a closing conference held at London Business School on 31 May 2001. This event took the form of an academic conference by day, and a tightly focussed business/policy session in the evening. Professor Jim Roll kindly chaired the evening session which was a great success and helped to broaden the dissemination beyond the academic community. Moreover, the results of our research have been, and will continue to be made available on the Centre for New and Emerging Markets website (www.london.edu/cnem).

2.6 Outputs

This project has produced a large number of publications, which are detailed in the REGARD submission. For the purposes of this report, we merely summarise the publication details of those papers referred to in the results section above.


of Transition, Vol.9, No.1 pp.105-114


Bevan, Estrin and Smith (2001) ‘Foreign Direct Investment, Trade and EU Enlargement’, currently under submission to Comparative Economic Studies, with revised version forthcoming as a chapter in project monograph


Smith (2000a), The Return to Europe: Problems of Integrating the East European Economies into the European Union. Macmillan, pp xiv +213


Walker (2001b) ‘After Romania’s Wasted decade, How Many Corners Left to Turn?’, LBS Conference Paper

The datasets that were constructed and were utilised under this project were fundamental to the success of the research. However, we are concerned that the commercial nature of the compiled information precludes us from being able to deposit them in the ESRC Data Archive, as this may constitute an infringement of copyright. We have therefore sought clarification from the Director of the Data Archive, and are currently awaiting instructions.
2.7 Impacts

The project team has been very successful in bringing research to the attention of non-academic audiences. Among such events:

- Estrin has presented his work on EU enlargement and FDI to an assembled panel from Swedbank, in Paris.

- Bevan and Estrin's work has been presented to the Economist Intelligence Unit, the CBI (OEOS roundtable and following discussion), the European Bank for Reconstruction and Development, and the Number 10 Policy Unit and economists at leading European companies (e.g. BP Amoco, Unilever, American Express Bank, Fiat). This work has been extensively cited by the Economist Intelligence Unit in their research report 'World Investment Prospects' (ISBN 0 86218 145 3) and the Economic Analysis Division of the United Nations Economic Commission for Europe in their paper 'FDI and the Macroeconomy in the Transition Economies', prepared for UN/ECE Regional Conference, Financing for Development (in co-operation with the EBRD and UNCTAD), Geneva, 6-7 December 2000 and in Chapter 5 of the UN/ECE Economic Survey of Europe Issue 01/01/

- Bevan has summarised the implications of his research with Estrin in 'Eastern Europe/EU: Transition Traps', Oxford Analytica East Europe Brief in December 2000.

- Nuti presented his thoughts on accession and EMU to a panel at the Foreign and Commonwealth Office. This latter event was organised by the One Europe or Several? programme, and hence dissemination to individuals outside of the academic community has thus also benefited from being part of this programme.

- Walker has presented her work on 'The Use of Unit Values as an Indicator of the Competitiveness of Exports of the Central and East European Economies' at a SSSEES/UCL seminar in February 2001, to an academic and policy audience including representatives from the DTI.

2.8 Future Research Priorities

The most significant research priority in the immediate future concerns the team's intention to publish one or two monographs containing results of the research under this project. Smith has offered to serve as editor on the first such publication, which will be based upon the papers presented at the closing conference, and will either be submitted to the SSEES series or in the Palgrave series under the OEOS programme. The team is currently preparing a proposal for this book.

Given the depth of material prepared by the team, we are considering a second book which would comprise of country studies, with an overarching framework. As noted above, the team has prepared studies of Belarus, the Federal Republic of Yugoslavia, Romania, Uzbekistan, Poland, and the successor Balkan states.
Several papers are also planned: Habib intends to revise and submit his paper on 'Euroisation in Central and Eastern Europe' to the OEOS series; Bevan, Estrin and Nuti intend to produce a paper contrasting the experiences of Belarus and Ukraine during the accession negotiation phase; Walker and Smith intend to combine Walker's work on competitiveness with Smith's work on factor intensity from 1995-98, for submission to the OEOS working paper series. Two further paper are planned from this dataset, examining the issue of competitiveness and trade developments in more detail.