

NEWS

EU-Russia FTA Report Presented in Brussels

“Both Russia and the EU would benefit from a bilateral free trade agreement in the future, particularly if it is a deep one,” write the authors of a recent study on the **Economic Feasibility and General Economic Impact of a Free Trade Agreement (FTA) between the European Union and the Russian Federation**.

The report recommends an FTA which, apart from removing import tariffs, would involve a substantial reduction of non-tariff barriers, approximation of the regulatory regime for many goods and service markets and improvements in customs procedures and regulations.

Members of the CASE team, coordinated by Maryla Maliszewska, presented the results of the study to the European Commission on July 6th. The study was commissioned by the EC’s Directorate-General for Trade. The study has not been made publicly available yet.

CASE chosen to carry out new CIS projects

Following on the successful completion of the EU-Russia FTA study, the EC’s DG Trade has chosen CASE to conduct a study of potential free trade agreements between the European Union and Armenia and Georgia. The project, which will be coordinated by Maryla Maliszewska, will be conducted in 2007-2008.

Separately, a second CASE team, led by Wojciech Paczynski, has been selected by the EC’s Directorate-General of Economic and Financial Affairs to prepare a study of the role of the energy sector in the economies of the CIS states. This project will be carried out in 2007 and in the first quarter of 2008.

Lessons in Poverty Reduction from Europe

Europe has, in the last decades, experienced a number of success stories in moving out of poverty and onto sustainable economic growth. The secret of success has been the push towards economic integration and the adoption of economic reforms at the local, national, and regional levels conducive to economic growth. The recipient countries of development assistance have much to learn from the European experience – argue Abdur Chowdhury, Director of the Economic Analysis Division and Technical Cooperation Unit and Paolo Garonna, Deputy Executive Secretary of UNECE (United Nations Economic Commission for Europe) in **Effective Foreign Aid, Economic Integration and Subsidiarity: Lessons from Europe**.



Chowdhury and Garonna speak at CASE conference

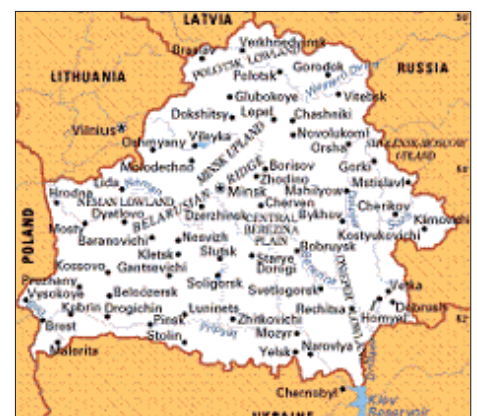
Chowdhury and Garonna propose an alternative approach to development assistance policies – economic integration and subsidiarity, which provides the conditions necessary for ODA to produce higher rates of economic growth on a sustainable basis. The paper, now available in the CASE Studies and Analyses Series, was presented at the „Winds of Change” conference which took place in Kyiv on March 23 - 24, 2007.

Video from Kyiv Conference Now Online

Excerpts from Chowdhury and Garonna’s conference presentation during Session 6, as well as all other sessions and key note speeches, are now available for online viewing at <http://www.video.case.com.pl/>. Other conference speakers included Anders Aslund, Leszek Balcerowicz, Marek Dabrowski, Michael Emerson, Alan Gelb, Jean Pisani-Ferry, Martin Wolf, Wing Thyee Woo, and many other notable economists and political scientists.

CASE Belarus Joins CASE Network

On May 31st, representatives of CASE, CASE Ukraine and IPM Research Center established the newest daughter organization in the CASE network: CASE Belarus. The executive director is Sierż Naŭrodski and the deputy director is Alexander Chubrik. CASE Belarus research activities will focus on transition challenges facing the Belarusian economy. The CASE network includes organizations in Ukraine, Moldova, Kyrgyzstan, Georgia, and Belarus.



EVENTS

Three Year Health Project Culminates in Brussels Conference

On June 28-29, scholars from the 18 institutions in the ENEPRI network (European Network of Economic Policy Research Institutes) gathered at the Centre for European Policy Studies in Brussels to present their findings at the final conference of the AHEAD project (Ageing, Health Status and Determinants of Health Expenditure).

The CASE team, led by Stanislaw Golinowska, focused on the current state of health in the new EU member states, analyzing the factors determining an individual's state of health. At the conference, Dr. Golinowska and Ewa Kocot presented their paper, (co-authored with Agnieszka Sowa), **Development Scenarios for Health Expenditure in the Accession Economies: Comparative report on Bulgaria, Estonia, Hungary, Poland and Slovakia**. The health care sector projections in this paper show how factors external to the health care system (demographic, economic) influence future trends in revenue and expenditure development. Predicted revenues, expenditures, and the public health care sector balance are presented in relation to economic growth.



Stanislaw Golinowska

AHEAD is a three-year research project on the future evolution of health expenditure in the enlarged European Union, which aims to investigate the factors driving health care expenditures, with a particular focus on ageing.

The Untapped Potential of EU-India Trade

EU-India Trade and Investment Development Programme (TIDP) staff spoke to members of the Polish business community at an event organized by CASE on July 6th at the Polish Business Roundtable. Panelists from India's Ministry of Commerce, TIDP, and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) discussed investment opportunities available in India and highlighted potential areas for cooperation.



Although the EU is an important trading partner for India, accounting for 22% of Indian exports and 17% of imports in 2004-05, India's share of EU trade remains small at around 1.5%. Similarly, while the EU accounts for 25% of India's Foreign Direct Investment (FDI) approvals and 13% of actual FDI inflows, it makes up less than 0.02% of the EU's

total FDI. TIDP aims to improve the trade and investment environment between the EU and India through a strategic partnership.

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Rapidly Aging Populations in Eastern Europe and CIS

At a June 26th seminar co-hosted by CASE and the World Bank Office in Poland, panelists led a lively discussion on the potential economic threat of rapidly aging populations in Eastern Europe and the former Soviet Union. Mukesh Chawla, one of the World Bank's lead economists, presented the World Bank report **From Red to Gray: the 'Third Transition' of Aging Populations in Eastern Europe and the Former Soviet Union**.

The authors of the report predict the region's population will shrink by 24 million in the next twenty years. This is the only region in the world facing the combined challenges of 'rapid aging, relatively poor populations and an incomplete transition to mature market economies.' Stanislaw Golinowska and Marek Gora, social policy experts from CASE, offered their comments and critiques of the report.



Jacek Wojciechowski (World Bank, Poland), Mukesh Chawla (World Bank), Ewa Balcerowicz (CASE)

Upcoming Events:

5 - 6 Sept. (Sanaa, Yemen) Marek Dabrowski and Artur Radziwill will deliver key policy recommendations for Yemen's integration with the Gulf Cooperation Council to the Deputy Prime Minister and other government officials.

13-14 Sept. XXII AIEL Conference of Labour Economics (Naples, Italy) Mateusz Walewski and Ainura Uzagalieva will present their papers in session A2: Labour market adjustment in the new EU member states: the role of institutions

PEOPLE

Scholar in the Spotlight: Jerzy Wisniewski



Jerzy Wiśniewski

In the past year, Jerzy Wisniewski has brought new life to education projects at CASE. Prior to working with us, he was a senior civil servant in the Polish Ministry of Education (1990-2006). His areas of expertise include evidence-based policy research, development of educational statistics and indicators, regional and local strategies for social capital development (European Structural Funds), and VET reform in EU candidate and neighbourhood countries.

At CASE, Jerzy Wisniewski has led a series of meetings at which former education ministers of Poland gather to debate possible solutions to the problem of weak linkages between evidence-based research and current education policy. Wisniewski hopes the group will be able to design a permanent mechanism that could help bridge this gap. One of the first outcomes of this series of meetings has been a contributing chapter on Poland in the new OECD book, **Evidence in Education: Linking Research and Policy**. The book focuses on the "challenge of effective brokering between education policy makers and researchers" in all OECD countries. See the OECD online bookshop for a short summary, table of contents and purchasing information. The chapter on Poland is available for download on the CASE website.



Congratulations to Oleksandr Rohozynsky on his PhD Defense

We wish to congratulate Aleksandr Rohozynsky on the successful defense of his PhD thesis, **Developing a Safety Net for Ukraine**, which he completed at the Rand Graduate School in Santa Monica, USA, with the guidance of Jacob Klerman, Susan Gates and Marek Dąbrowski. Mr. Rohozynsky is the former executive director of CASE Ukraine (2003-2006) and was the 2004 CASE scholarship recipient. We look forward to continuing to work with him on future CASE projects.



Aleks Rohozynsky

"A Glimpse of Thailand" at CASE

If you happen to visit CASE soon, you will have the chance to see our current photo exhibition on display: **A Glimpse of Thailand**.



These colorful photos were taken by Dorota Warakomska, a well-known Polish journalist, world traveler, and friend of CASE. The photos will be on display through September.



Summer picnic

On June 23rd, CASE staff, family and friends gathered for a summer picnic in a Warsaw park. The group of nearly sixty people, including ten children and three dogs, enjoyed an array of barbecued meats, salads and delicious desserts. Our events coordinator, Joanna Binienda, planned a full schedule of games and contests. Magdalena Rokicka showed a slide show of photos from her recent trip to Peru. Despite the variable weather conditions, the festivities lasted until late evening.

PUBLICATIONS

2006 Annual Report Available Online



The 2006 Annual Report highlights key achievements of the last year, including: becoming a thought leader on EU relations with the Eastern Neighbourhood, developing into a trusted provider of expertise for the EC and national governments, becoming a key supporter of the Polish government in development assistance through a partnership with the Ministry of Foreign Affairs

(MFA), expanding and diversifying the CASE research team and office staff, increasing revenues and endowment funds, and strengthening network activities. The report also describes the 2006 research program, provides a summary of financial data, and gives information on the numerous events held and publications produced throughout the year. It is available for download on the CASE homepage.

Current Account Imbalances in Euro Area

A real appreciation of the euro against the currencies of its main trading partners appears to have a substantial effect on the Euro area's net exports in the long run, though the immediate effect is small – write Alan Ahearne, Brigit Schmitz and Juergen von Hagen in Studies and Analyses paper no. 345: **Current Account Imbalances in the Euro Area**. The authors argue that the adjustment to a real appreciation of the euro would not be equally distributed across Euro area countries. In particular, Germany would bear the largest share of the adjustment, while the other Euro area economies would be relatively unaffected.

The paper was presented at the Winds of Change conference by Juergen von Hagen. A video of the presentation is available at <http://www.video.case.com.pl/>.

New paper on Eastern Neighborhood

CASE Report No. 73 **State of the Art: The Nexus between European Neighbourhood Policy and Justice and Home Affairs** is part of work package nine (Cooperation in the Area of Justice, Freedom and Security) of the ENEPO project (EU Eastern Neighbourhood: Economic Potential and Future Development).

Authors Elspeth Guild, Viktoriya Khasson, and Miriam Mir of CEPS assess the European Neighbourhood Policy from the perspectives of migration, asylum and borders. They include an annotated list of key legal and political documents on ENP and Justice and Home Affairs. For more information about the ENEPO project and a full list of publications, see the project subpage on www.case.com.pl.

Books and Book Chapters

Promoting Evidence-based Policy in Education: The Case of Poland J. Wisniewski [in:] **Evidence in Education: Linking Research and Policy**, OECD, Paris: 2007.

Articles in Economic Journals

Changes in Ownership Concentration in Mass Privatised Firms: Evidence from Poland and the Czech Republic, Corporate Governance. An International Review, 15 (4).

I. Grosfeld, I. Hashi

CASE Reports

No. 72 Bosnia and Herzegovina: Meeting Copenhagen Economic Criteria for Accession to the EU

R. Antczak, M. Antczak, K. Kostrzewa, R. Markuš, W. Paczyński

No. 73 State of the Art: The Nexus Between European Neighbourhood Policy and Justice and Home Affairs

E. Guild, V. Khasson, M. Mir

Studies and Analyses

No. 345 Current Account Imbalances in the Euro Area

A. Ahearne, B. Schmitz, J. von Hagen

No. 346 Effective Foreign Aid, Economic Integration and Subsidiarity: Lessons from Europe

A. Chowdhury, P. Garonna

No. 347 Corporate Governance Formation in Poland, Kyrgyzstan, Russia, and Ukraine

P. Kozarzewski

No. 348 Investing in Health Institutions in Transition Countries

S. Golinowska, A. Sowa

BRE-CASE

No. 90 SEPA – bankowa rewolucja

(Single Euro Payments Area - A Revolution in Banking)

E-briefs

4/2007 The Potential of SMEs in Belarus

S. Naurodski

5/2007 The Impact of EU Accession on Poland's Economy

E. Balcerowicz