

## wiiw in 2007 and beyond

In 2007 two more Central and Eastern European countries (CEECs), Bulgaria and Romania, joined the European Union and one can therefore speak of the first big wave of European Enlargement with 12 new members joining since 2004 being completed. The monitoring and the analysis of the transition in the CEECs and their preparation for their EU membership has been a major line of research activity of wiiw since the beginning of transition in the 1989. The end of 2007 also saw the first CEE country, Slovenia, joining the European Monetary Union (EMU) and this will be followed by most others over the coming 6-8 years.

Given that a number of important thresholds have been crossed in the European integration process, this naturally leads to two sets of questions which will occupy wiiw research over the coming years. The first set of questions deals with the impact of the last waves of enlargement upon European patterns of growth, the design of economic policies at the national and European levels to deal with the increased heterogeneity of the integrated European economy and the further challenges in macro-economic, micro-economic and social policies which lie in store for the CEE economies as they face the challenges of further deepening of their integration within the European Union.

The second set of questions deals with the differentiated group of European economies which have either not achieved EU membership so far or for whom that goal is not realistic in the near or medium-term future. Amongst the first group are the economies of the Western Balkans which are very likely to join over the next 6-8 years and where the principal questions relate to whether they are following the pattern of economic development of the CEECs in terms of catching-up processes, improving labour market conditions, regional uneven

development, the revamp of the social policy set-up etc. The second group includes a recognised EU candidate country, Turkey, which has started EU membership negotiations but where the outcome is far from clear, as well as other economies which have declared a strong interest in EU membership, Ukraine, Georgia, and Moldova. For this group of economies as well as for others, such as the economies of the Caucasus, the question arises as to the EU's longer-term policies with respect to Enlargement, neighbourhood, and other forms of tighter or looser integration. There is also the issue whether these economies will be characterised by a different longer-term pattern of economic development, such as the much stronger reliance on energy and raw material exports. In this context, the relationship to Russia has been of specific concern to wiiw's research agenda and this extends to other energy-rich states in Central Asia which are of great interest from the point-of-view of energy supplies and energy security.

The third direction of research are questions related more generally to global economic developments, particularly in areas in which wiiw over the past decade has built up expertise in relation to its analysis of transition economies and where the insights gained from comparative analysis have proved useful to analyse patterns of economic development at the global level. Topics in this field extend to patterns of catching-up, to regional economic integration, to the determinants and effects of foreign direct investment flows, to outsourcing and its impact on labour markets, to exchange rate regimes and policies, etc. We have also built up expertise and contributed to the analysis of the ongoing international trade policy negotiations (the Doha Round) and are participating in international research networks on the fast developing area of trade in services.

Now to the major wiiw research activities over the past year: particularly remarkable was our success to participate in and also to coordinate large EU research projects in which our comparative strength and in depth knowledge of New Member States (NMS) and of EU's 'neighbourhood' (of 'Wider Europe') allows us to contribute to an EU- and Europe-wide research agenda which fully faces the challenges of a much wider and more heterogeneous European economic space. Thematically we have been well placed to contribute to issues of trade and production specialisation in the Wider Europe, industrial restructuring and relocation, productivity and competitiveness, labour market developments with a particular emphasis on skills, regional patterns of growth, migration, agriculture, EU budgetary issues and cohesion policy, EMU membership and exchange rate policy. In all these areas we have won major EU research contracts either in the context of the EU Research Framework Programmes (see INDEUNIS, MICRO-DYN, EUKLEMS, DIME, GARNET) or in the form of background research contracts from various EU Directorates. Work in these areas has strengthened our linkages with other, well-known research institutes across Europe.

In the area of international economics we have strengthened our capacity of trade policy research (Professor Joe Francois has joined us as a Senior Research Fellow). We have set up (jointly with WIFO and WSR; on

the basis of a large grant from the Ministry of the Economy) a 'Research Platform International Economics' (FIW) which coordinates research projects, provides access to databases to Austrian researchers and organises research and policy workshops on a range of topics in international economics. So far a large research conference took place as well as workshops on the Doha Round, FDI, outsourcing and the effects of enlargement on Austria's trade structure, as well as international migration. wiiw also runs two well attended seminar series ('International Economics' and 'Integration in a Wider Europe') and was able to attract two outstanding lecturers in the 'Global Economy Lecture' series (organised jointly with OENB): Professor Robert Feenstra spoke on 'Globalization and its Impact on Labour' and Professor Barry Eichengreen on 'Solving the IMF's Existential Crisis').

2007 was hence a very successful year for the institute and I wish to thank its staff for the tremendous engagement they have shown in the work of the institute. We are also grateful to the ever-widening circle of collaborators in other research institutions as well as the many other people interested in our research both in Austria and abroad for supporting us and motivating us in our work.

*Michael A. Landesmann  
Scientific Director, wiiw*