

Preface

Regional economic integration is a much debated issue among analysts and policymakers and has gained particular interest with the European Union's envisaged deepening – the introduction of a single currency – and widening – the inclusion of East European countries – of its integration process. Interest in the prospects of regional integration has been spurred further by the surge of the “new regionalism” in Latin America and the Pacific-wide integration effort of APEC members including the United States, Japan, China, Taiwan, Malaysia, Australia and a dozen other countries bordering the Pacific Ocean.

The challenges that this new wave of regional integration arrangements poses to developing as well as industrial countries has led the Forum on Debt and Development (Fondad) to embark on a three-year research project which aims to explore how regional integration as well as multilateral cooperation can be promoted, in a mutually reinforcing manner. In this book, the research on Eastern European integration – and the discussion of it by a prominent group of researchers and policymakers at a conference in Prague – is put together. It is a follow-up to the previous volumes on Latin America and Africa (see the list of Fondad publication at the end of the book).

When the countries of Central and Eastern Europe embarked on their transition from communist regimes to democratic market economies at the end of the 1980s, new opportunities for regional integration were presented to both these countries and the European Union (EU). With the collapse of the communist regimes, the general mood in these countries has been to move away from the Eastern region towards the West, resulting in a sharp shift of trade and other economic relations from the East to the West.

The rapprochement between Eastern and Western Europe has led to the conclusion of the so-called Europe Agreements between the EU and ten Central and Eastern European countries – Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. The implementation of these Agreements can be seen as an important step towards Eastern Europe's integration into the European Union.

The ultimate aim of the Europe Agreements is that these ten countries

of Central and Eastern Europe will become members of the EU. However, this path of integration is not the only option available to them. At the same time, they can and do in fact seek cooperation among themselves, as the free trade agreements among the Baltics as well as among the Central European countries demonstrate. Finally, these countries also make serious efforts to integrate as smoothly as possible in the global Bretton Woods system. In this book, the integration of Central and Eastern Europe is therefore analysed at both the regional, sub-regional and global level.

A hot issue being discussed at the moment within the EU is whether the Union should be deepened and widened at the same time. Though most politicians still publicly declare that both objectives should be pursued, it seems unlikely that eastern enlargement will become reality soon. But this bleak perspective for rapid eastern enlargement does not make it less urgent for researchers and public and private policymakers in both East and West Europe to discuss the economic conditions for successful integration. This book aims at making a contribution to that important debate.

The European Union's main reason for eastern enlargement is that it will bring more security in Europe. As one of the contributors to this book observes, "What is the European Union all about? Ultimately to achieve post-war reconciliation and ensure peace in Europe." In fact, Central and Eastern Europe's integration is the definitive test case of Europe's – all of Europe's – resolve to deal effectively with the important political, economic and social issues of the 20th century. It is in this spirit that those who contribute to this book have made an effort to assess the intricacies of Eastern European integration.

We are grateful for the solid and frank contributions by the participants in the Prague conference. Special thanks go to Zdeněk Drábek and Jan Kláček who have been of great help in preparing the conference; and Julie Bivin and Adriana Bulnes who assisted in the publishing of this book. Fondad gratefully acknowledges the co-sponsoring of the Prague conference by the Swedish International Development Cooperation Agency, the Institute of Economics of the Czech National Bank, and the European Union's Phare ACE Programme 1996. Fondad is also grateful for the generous support of the Dutch Ministry of Foreign Affairs.

Jan Joost Teunissen
Director
April 1997