

## Economic Transitions in the MENA Region: What Can We Learn From CESEEs ?

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### Countries covered:

#### ■ MENA:

(Syria SYR, Jordan JOR, Palestinian Authority PAL, Lebanon LEB, Egypt EGY, Libya LIB, Tunisia TUN, Algeria ALG, Morocco MOR)

#### ■ CESEE:

- EU NMS (Bulgaria BG, Czech Rep CZ, Estonia EE, Hungary HU, Latvia LV, Lithuania LT, Poland PL, Romania RO, Slovakia SK, Slovenia SI)
- SEE (Albania AL, Bosnia-Herzegovina BiH, Kosovo KO, Serbia RS)
- CIS (Belarus BY, Russia RU, Ukraine UA, Moldova MD, Armenia AR, Azerbaijan AZ, Georgia GE)

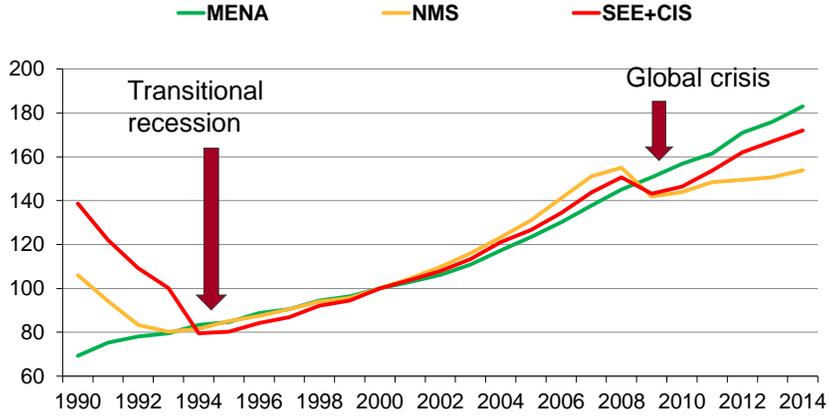
**Topics covered:**

- Reform agenda
- Economic and structural comparisons
- Growth and development levels
- Foreign trade and Foreign Direct Investments (FDI)
- Regional and EU integration
- Transition challenges ahead
- Conclusions, lessons and prospects

**Reform agenda**

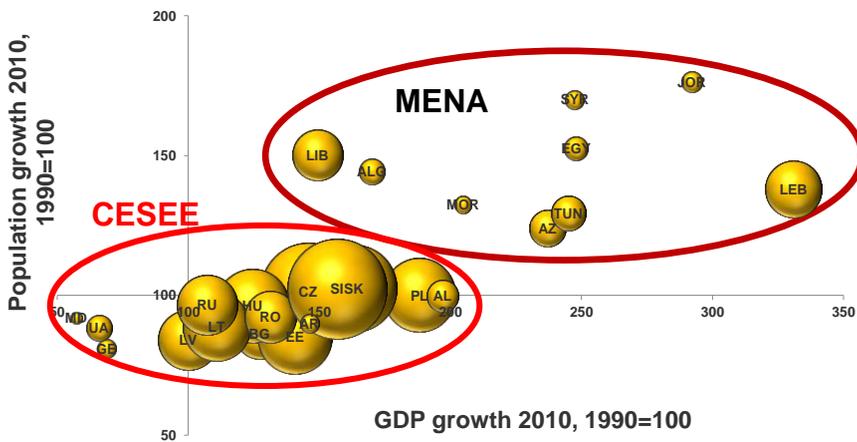
- Liberalisation
  - prices, foreign trade, exchange rate, current and capital account transactions
- Privatization
  - small and large enterprises, restitutions, vouchers, sales to domestic and foreign owners
- Washington Consensus (fast reforms)
- Institutional reforms (delayed and difficult)
  - EU acquis, „return to Europe“ for CEE
  - missing anchor for FSU

GDP growth in MENA and CESEE, 1990-2014  
2000=100, unweighted averages



Sources: National statistics, wiiw, Eurostat, IMF WEO Update (May 2013).

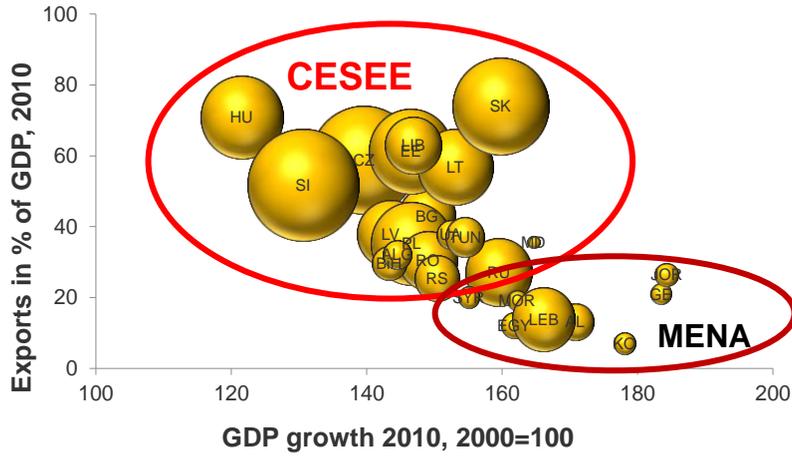
GDP, population growth (1990-2010) and development levels (bubbles correspond to GDP per capita at PPP, EUR, year 2010)



Source: national statistics, wiiw, Eurostat, AMECO, IMF, The World Bank.

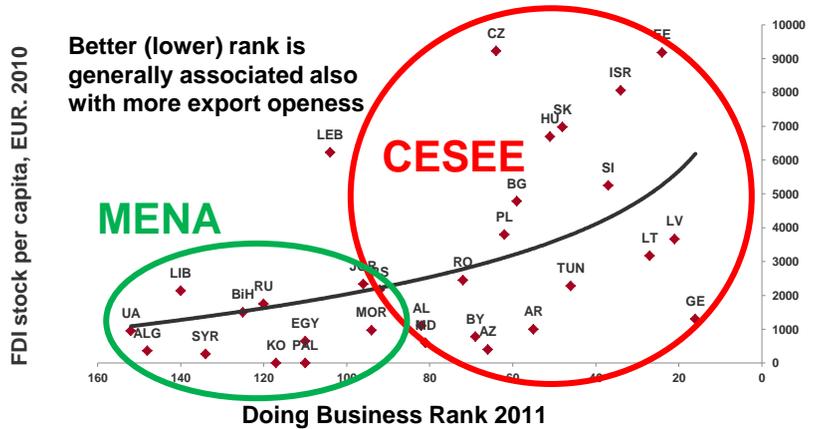
GDP growth, exports in GDP and development level

(bubbles correspond to GDP per capita at PPP, EUR, year 2010)

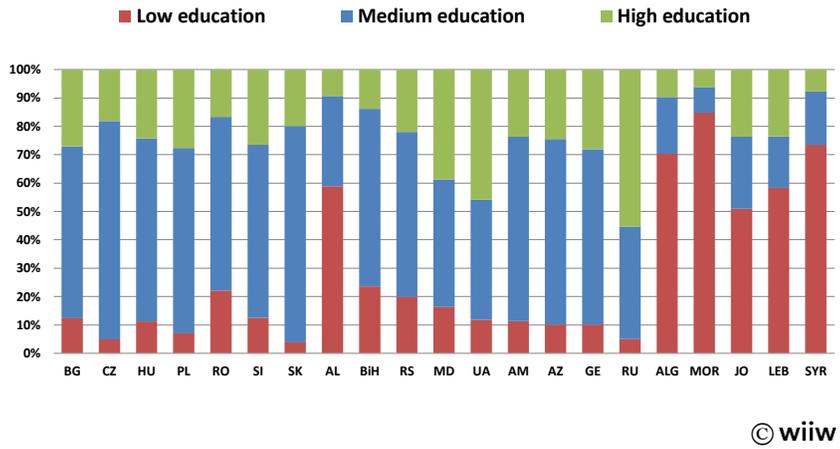


Source: national statistics, wiiw, Eurostat, AMECO, IMF, The World Bank.

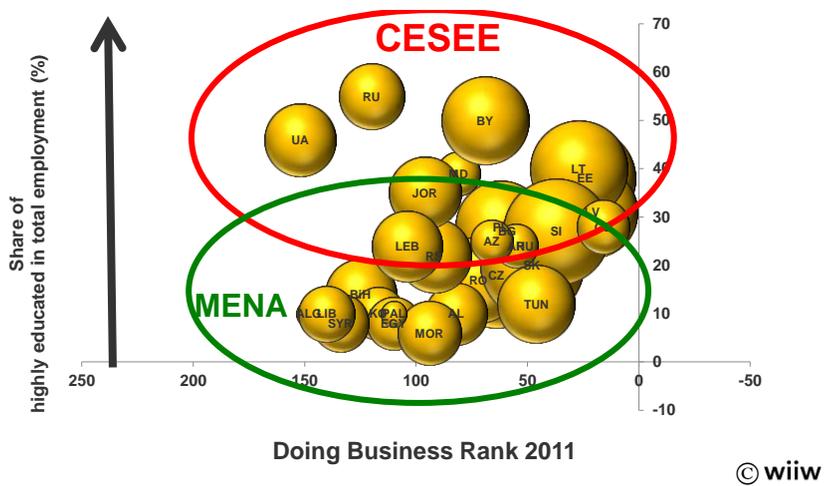
FDI stocks per capita and Ease of Doing Business, selected MENA and CESEE



Employment by educational attainment: CESEE (exc AI) have much better educated workers than MENA countries



MENA and CESEE: Ease of Doing Business, employment skills and manufacturing exports per capita (log, bubbles)



### **Challenges, lessons and prospects for MENA (I):**

- Disappointing economic growth, high unemployment and popular disillusion spark unrest
- After reform: transformational recessions next ?
- Trade restructuring, diversification (via FDI) and job creation urgently needed
- But: this requires improvements in business climate
- intra-MENA trade integration and cooperation helpful !
- AA and Eastern Partnership with the EU ?
- Pan-Islamic integration as a reform anchor ?

### **Challenges, lessons and prospects for MENA (II):**

- Huge asymmetry in EU-MENA economic relations
- EU has little direct economic interests in MENA - except for energy and curbing migration (fears)
- Despite nearly 20 years of Policy Dialogue, AA/FTA with most MENA (ex Libya) are not really helpful
- EU can help mostly with advice and aid (e.g. lessons from CESEE transitions), but watch for MENA demography !
- Instability, social and political unrest hamper transition.

### **Challenges, lessons and prospects for MENA (III):**

- improving governance, transparency and accountability is crucial;
- increasing social and economic inclusion needed;
- modernization, supporting private sector development and job creation;
- fostering the regional and global (EU) integration;
- But: no realistic (EU or other) reform anchor for MENA !
- Thus: be prepared for long transition periods and likely setbacks !

**THANK YOU FOR  
YOUR ATTENTION !**