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Trade and Industry Policy Reform in Transitional Economies

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List of Abbreviations

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
cif	Carriage Insurance and Freight
CIS	Confederation of Independent States
CMEA	Council for Mutual Economic Assistance (Comecon)
CPE	Centrally-planned Economy
DFI	Direct Foreign Investment
DPRK	Democratic Peoples Republic of Korea
EC	European Community
EEC	European Economic Community
EFTA	European Free Trade Association
EPZ	Export Processing Zone
ERP	Effective Rate of Protection
fob	Free on Board
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GDR	German Democratic Republic
GMP	Gross Material Product
GNP	Gross National Product
HDI	Human Development Index
IBRD	International Bank for Reconstruction and Development
ICOR	Incremental Capital Output Ratio
IMF	International Monetary Fund
ITC	International Trade Centre
JV	Joint Venture
LDC	Less Developed Country
MVA	Manufacturing Value Added
NGO	Non-Governmental Organization
NIC	Newly Industrialising Country
OECD	Organization for Economic Cooperation and Development
PTA	Preferential Trading Agreement
R&D	Research and Development
RENAMO	Movement for National Resistance in Mozambique
SADCC	Southern African Development Coordination Conference
SET	Socialist Countries in Transition
SITC	Standard Industrial Trade Classification

List of Abbreviations

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SLORC	State Law and Order Restoration Council
SoE	State-owned Enterprises
SSE	Small-Scale Enterprises
UNCTAD	United Nations Conference on Trade and Development
UNCTC	United Nations Centre for Transnational Corporations
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
USSR	Union of Soviet Socialist Republics

Preface and Acknowledgements

This volume is concerned with the economic issues raised by the move of the socialist and ex-socialist centrally planned economies towards more market-orientated economic systems. In particular, the contributors to the book examine the key role that trade and industrial sector policy reforms are likely to play in the process of transition.

The transitional process itself continues to be a topic of debate, both in terms of the concept itself and in terms of the means by which it is to be achieved. Prior to the 1980s, there was little previous experience either with countries relinquishing 'socialism' or totally abandoning central planning. The People's Republic of China led the way in 1978, followed by other Asian and African economies in the mid-1980s, and Eastern European economies and the former Soviet Union (USSR) towards the latter part of the 1980s. To varying degrees, these economies have undergone major economic reforms, which have lessened the direct control that governments exercised over economic affairs and have led to greater reliance being placed on the market mechanism.

There are differences of opinion concerning the speed with which reforms should be implemented and the relative emphasis to be given to specific reforms, as well as to their sequencing. There is also controversy concerning the extent to which economic reforms should be preceded or accompanied by political changes. Again, the degree to which countries have undertaken political reforms varies widely. Most of all, however, there is disagreement over the relative importance of stabilization and structural adjustment programmes. Proponents of the former tend to minimize the difficulties that may be encountered in establishing the institutions and economic environment necessary for a market-orientated economy. Those that emphasize the need for structural adjustment focus on supply-side issues but are often excessively 'price-ist' and underestimate the problems that constrain the emergence of a dynamic private sector. The relationship between the state and the market rarely features in these controversies.

The contributions to this volume throw some light on these issues through a number of carefully documented case studies which examine the way various countries have approached reform, with particular reference

to the industrial and trade sectors. Most of the papers on which the chapters are based were delivered at a Workshop on trade and industry policy reform in transitional economies organised by the Development Studies Association Industry and Trade Study Group held at the University of Manchester.

The manuscript was mainly prepared by Lesley Bernardis of the Institute for Development Policy and Management (IDPM). The efficiency of her work and her patience with the Editors are more than gratefully acknowledged. Thanks go also to Jayne Hindle of IDPM and Sue Hilton, Sue Massey and Ann de Maestri of the School of Economic Studies.

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