

JOINT BUSINESS STATEMENT
5th Ministerial Conference on A Regional Framework for Investment in South East Europe
Investment Compact for South East Europe
Vienna, 26 - 27 June 2006

On the occasion of the 5th Ministerial Conference of Ministers from South East Europe, this Statement is presented to Participants by the **Business Advisory Council for South East Europe** (BAC SEE) and the **Regional Network of Foreign Investor Councils** active in South East European Countries, including the **Foreign Investor Councils of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Romania, and Serbia**, jointly with the **Business and Industry Advisory Committee to the OECD** (BIAC).

PREAMBLE

Endorsing the view that policy coherence and continuity are fundamental to sustained economic growth and increased competitiveness in the South East European Region (“the Region”)

Affirming that a predictable and unambiguous legislative, judicial, regulatory and institutional environment is crucial to creating a suitable investment climate;

Welcoming the expressed political commitment of SEE countries to the institutionalisation of regional cooperation and the conclusions of the meetings of the Stability Pact, held in Belgrade on May 30, 2006;

Warmly receiving the Memorandum of Understanding for a single Free Trade Agreement;

Acknowledging the political wisdom demonstrated by all parties involved in the resolution of pending political and constitutional questions;

Urging Governments, the European Commission, donors, International Financial Institutions, Multilateral Development Banks and the broader international community to enhance efforts for regional co-operation, ownership and integration with the European Union (EU);

Calling for tangible actions by all actors involved in the development process,

Business recommends the following priorities for trade and investment facilitation:

RECOMMENDATIONS

1. **Complete basic infrastructure networks.** This should be accomplished through the realisation of projects already identified and accepted by the international community since 1999 (worth cca. five billion US dollars) as well as others that may be necessary. Clear project priorities remain to be identified in the fields of energy, transport, telecommunications, environment, and water management. Procurement processes based on international and European standards and consultations and partnerships between the public and private sector (PPPs) are integral to this process. Governments should recognise the risk that energy production and transmission may become a critical issue within the Region. Measures should be taken to mitigate this risk at both the regional and international levels.
2. **Maximise the benefits of the single Free Trade Agreement.** Governments should elaborate of a pro-active FDI attraction strategy which:
 - a. provides an enabling environment for greenfield investment
 - b. addresses transparency concerns
 - c. reduces time and cost for permits
 - d. works towards the elimination of non tariff barriers to trade (NTBs)
 - e. utilises the available development instruments of the EU and IFIs
 - f. aims to improve the investment image of the region as an integrated market of 55 million consumers, that may also become a major exporter to the East and West
3. **Clarify all regulations and processes governing the land ownership regime.** This includes completing cadastres and land registers and having clear regulations and procedures regarding:
 - a. changing the use of land
 - b. fee structures for lease of land and facilities

- c. rights and obligations of municipal authorities
 - d. the disposal of low cost land to enterprises for new greenfield investments;
4. **Enhance the mobility of citizens, students and employees.** Co-ordinated efforts are needed to:
- a. facilitate the obtaining of visas to the EU and within the region
 - b. harmonise labour legislation
 - c. facilitate the issuance of work and residency permits
 - d. introduce sufficient flexibility to the labour regime to enhance the competitive advantage of the labour market;
5. **Step up the fight against corruption.** Corruption is an obstacle to doing business in SEE and undermines investment and economic growth. Governments should focus on implementing strong, comprehensive anti-corruption programmes. Special emphasis should be placed on corruption in public procurement, tax administration and customs through the systematic application of the law and monitoring of results.
6. **Build on human capital.** Investment in education and vocational training is greatly needed. Policy should focus on improving managerial and e-skills, competitiveness, and on meeting demand in the labour market. In the public sector, capacity building for the judiciary and public administration is called for. Special emphasis should be placed on introducing and enforcing a code of ethics and fighting corruption.

In addition to these specific reform priorities, Business generally recommends that Government emphasise the implementing existing and future economic reforms, providing appropriate public information regarding reform implementation, and ensuring the transparency of the investment environment.

COMMITMENT

Business is committed to a constructive partnership and dialogue with the Governments of the Region in order to help create a better understanding of practical economic and legal reforms required and support the political leadership and resolve needed for their implementation.

Business is committed to report on progress made in 2006 with the above issues at the 6th Annual Ministerial Conference of the Investment Compact for South East Europe in 2007.

Vienna, Austria, 27 June 2006