Cross Border Co-operation and Potentials of Southeastern Europe
Coming up…

• BAC SEE Introduction
• Regional profile
• Regional investment record
• Obstacles to investment
• Opportunities for investment
• Conclusion
Business Advisory Council for SEE

BAC SEE is an **advisory body** established in 1996, aiming to voice the views, concerns and inputs of the **private sector** in the SEE reconstruction and development process.

It’s a business network of some 40 reputable individuals representing most recognized **regional and international investors** with activities and experience in the key sectors for SEE economic and social development prospects.

The role of the BAC is to **provide input** and **advise business community** and **regional policy makers** (RCC, national governments, EC, IFIs, IGOs) on wider and specific SEE agenda topics.

More on BAC SEE at [www.bacsee.net](http://www.bacsee.net)
Remote Southeast Europe
GDP Growth (%) excluding Greece and Turkey
Foreign economic assistance and aid (US $m)
Cumulative FDI net inflows
1988 – 2006 (US $m)

- Bosnia
- Bulgaria
- Croatia
- Greece
- FYROM
- Moldova
- Romania
- Serbia
- Slovenia
- Turkey

Bosnia: 340,124
Bulgaria: 19,209,1
Croatia: 3,658,7
FYROM: 2,220,2,9
Moldova: 2,476,63
Romania: 1,617,703
Serbia: 1,150,97
Slovenia: 1,055,85
Turkey: 604,4

Total: 10,613,094
Emerging and Contemporary Southeast Europe
Current projects in:
• electricity networks
• oil pipelines
• gas pipelines
Pan-European Communication Corridors
Ease of Doing Business in SEE

Economy rankings—ease of doing business
Eastern Europe—compared with global best practice

Ranking on the ease of doing business

- Singapore (1)
- Estonia
- Latvia
- Lithuania
- Slovakia
- Hungary
- Bulgaria
- Romania
- Slovenia
- Czech Republic
- Poland
- Macedonia, FYR
- Montenegro
- Serbia
- Moldova
- Croatia
- Bosnia and Herzegovina
- Albania

Note: The ease of doing business index averages economy rankings on the 10 topics covered in Doing Business 2008.
Source: Doing Business database.
Doing Business Obstacles

- Existence of corrupt practices
- Ineffective judiciary – rule of law
- Access to finance
- Infrastructure quality
- Application of effective know-how and innovation in everyday business
- Inflexibility of labor laws
- Operational restrictions by way of acquiring permits, licenses, etc.
- Predictability, stability and transparency of the taxation regime
- Implementation of trade agreements
CEFTA

- Central European Free Trade Agreement
- Originally established in 1992 between Poland, Hungary, the Czech Republic and Slovakia, CEFTA was joined by Slovenia in 1996, Romania in 1997 and Bulgaria in 1999, aiming to liberalize trade relations between parties, partly as preparation for EU integration
- Between 2000-2006 a network of 31 bilateral free trade agreements developed between SEE transition countries. In 2005 all countries agreed to the development of a single agreement, leading to negotiations and the subsequent signing of the treaty in 2006, which came into force in 2007.
- Current members are: Albania, Bosnia-Herzegovina, FYROM, Croatia, Serbia, UNMIK/Kosovo, Moldova and Montenegro, while the original members disengaged given EU membership
- CEFTA Secretariat in Brussels
Doing business incentives

- Demonstrated commitment and willingness to pursue EU membership
- Growing regional political (SEECP) and market (CEFTA) integration
- Progress of democratic reforms and market liberalization
- Public agencies and private sector networks facilitating cross border business, trade and investments
- White Schengen and visa liberalization for mobility of skilled labor
- Size of the regional market and potential export to rest of CEE and the CIS markets
- New investment and business opportunities, including the regional market
Public – Private Partnerships

- Allow governments to steer and the private sector to row
- Pools for new technology, management expertise, and investment capital, especially FDI
- Promote investment in infrastructure and social policies
- Foster productivity, competition, transparency, decentralization and market liberalization
- Innovative financing mechanisms in times of fiscal debts and crisis
Summary...

- SEE is a region that has overcome a very difficult and violent transition from totalitarianism to democracy, from a centrally planned to an open market and from isolation to international competition.

- The core foundations have been laid for the improvement of the business and investment climate, but a lot of work still remains in this learning process.

- The private sector has a key role to play in future regional growth and competitiveness.
RESOURCES: