



**Third Meeting of the South East Europe Investment Committee
OECD, Paris, 23 May 2008
Closing Remarks of the Special Co-ordinator, Erhard Busek**

Check against delivery

I am very pleased to have an opportunity to join you all at this third meeting of the SEE Investment Committee, even if I am a little late!

This Committee is yet another example of the South Eastern European region taking greater ownership for co-operation processes that benefit all members by stimulating economic development and bringing the region into line with international norms and standards.

This is fully in accordance with the shift of responsibility for promoting regional co-operation from the internationally driven Stability Pact to the regionally owned (and named!) Regional Cooperation Council. I am very proud to stand here alongside Hido Biscevic the Secretary General of the RCC and I can guarantee you that he and his staff will provide you with the support you need to implement the ambitious work programme that you have agreed today.

Of course the region will not be alone in implementing this reform programme - the substantial presence of the international community here today – the EC, international organisations and bilateral donors is a strong signal of the support you can rely on as you intensify further your reform efforts.

And these reforms are vital. We all know that SEE is experiencing strong economic growth – with an average annual increase in GDP of 6% - something many EU economies would love! You have also secured substantial amounts of foreign investment. However much of this growth has been jobless growth – driven by privatisation and increased productivity.

The high unemployment rates in many countries of the region particularly the high rates of youth and long-term unemployed must be addressed if we are to ensure political, economic and social stability in the region. Thus I cannot emphasise enough the importance of implementing comprehensive and consistent policy reforms that will further improve the overall business climate and contribute to better social cohesion. And much remains to be done.

I am delighted to see that the SEE Investment Committee has adopted such a comprehensive approach, establishing Working Groups in classic areas such as investment promotion as well as the vitally important area of human capital and anti-corruption. Your plans to expand the Investment Reform Index to new areas such as financial market development and infrastructure and to intensify your co-operation with CEFTA will allow this “Reform Bible” to be even more valuable to both the region and the international community.

The Stability Pact has developed initiatives in all the areas I have just mentioned and I am confident that through the RCC you can develop and strengthen linkages with all of these so as to enhance the impact of your efforts.

You have also recognised the importance of involving the business community as you develop and implement policies. Promoting and strengthening dialogue between the government structures and the business community in South Eastern Europe has been



one of my key objectives and I am pleased to see how close the relationships are between organisations such as the Business Advisory Council and the Investment Compact.

As you may know the Stability Pact formally handed over responsibility to the RCC on 27 February and we will formally close our doors and turn off the lights on 30 June. Therefore, with your permission, I would like to take this opportunity on behalf of my Working Table II colleagues and myself to thank some of our key partners who have contributed so much to the success of this Stability Pact initiative.

The critical need to promote investment was recognised right from the start of the Stability Pact and the OECD immediately volunteered to manage such an initiative. Over the years, this initiative has evolved from the OECD monitoring the reforms to this excellent tripartite monitoring, priority setting and implementation programme we have today. Deputy Secretary General I would like to thank you for ensuring that the excellent auspices of the OECD have been made available to South Eastern Europe. I must express my appreciation for the consistent support of Rainer Geiger who has been the Co-Chair of this initiative since its establishment.

I also want to thank Anthony O'Sullivan and his hard working team at the OECD's Investment Compact. I understand that your work in South Eastern Europe is now being used as a model for co-operation in the Middle East and North Africa and I think this is a wonderful advertisement for both the region and your innovative work.

I have been always very proud that my home country - Austria - has consistently co-chaired and supported this initiative since the start. I would like to pay tribute to the efforts of Manfred Schekulin who like Rainer has co-chaired the Investment Compact. I hope this continues!

I would also like to pay tribute to Serbia's chairmanship which has contributed significantly to enhanced regional ownership of this initiative despite the sometimes difficult political climate.

Obviously the Investment Compact and the SEE Investment Committee's activities would be extremely limited if it did not have strong support from interested bilateral donors. There is a long list of individual donors over the life of this initiative so I will just highlight some of the "long-term supporters" – the USA, Ireland, Norway and Switzerland. I am glad that the EC's support for this important area is increasing and I understand that Romania and Bulgaria are now both actively benefiting from the support of the Investment Compact and contributing financially to its activities - a sure sign of success.

Finally, I would like to thank all the officials from the SEE countries who have worked so hard on this initiative and who are acting as both excellent ambassadors for investment in the region and as the architects of much needed policy reforms.

As the Stability Pact exits the stage, I am very proud that such a strong initiative exists, one that by forging links with other regional initiatives can really make a significant contribution to improving the economic and social standards in the region. I am also very confident that the Pact's successor, the RCC will provide you with the political and technical support that you need in this important "production".

Thank you again for your dedication to South Eastern Europe and good luck with Act II.